VOLUME 82 □ NUMBER 5 □ MAY 1996

FEDERAL RESERVE BULLETIN

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

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U.S. International Transactions in 1995

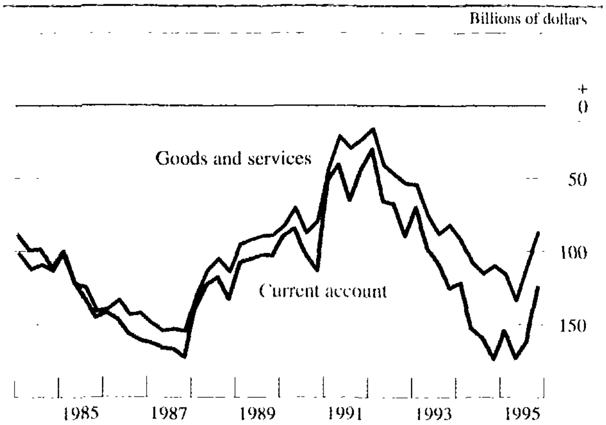
Allan D. Brunner, of the Board's Division of International Finance, prepared this article. Virginia Carper provided research assistance.

The U.S. current account deficit widened only slightly in 1995 following three years of substantial increases. The deficit flattened over the course of the year, and it narrowed sharply in the fourth quarter, as imports of goods and services flagged while exports picked up (chart 1). The same factors underlying these developments should cause the U.S. external deficit in 1996 to remain close to its 1995 level.

Although the balance on trade in goods and services widened in 1995, by $5 billion, the increase was the smallest since the balance began deteriorating again in 1992 (table 1). The values of exports and imports grew rapidly and at about the same rate, but net exports fell because the initial value of imports was somewhat higher than the initial value of exports. A small trade surplus with Mexico in 1994 turned into a large deficit last year following the peso crisis and a substantial contraction in Mexican aggregate demand. The trade deficit with Canada also worsened as Canadian growth slowed markedly. In contrast, net shipments to Japan picked up significantly following a rise in the exchange value of the yen in 1994 and early last year.

In quantity terms, the rates of growth of both imports and exports of goods and services slowed markedly from robust rates in 1994, in line with slower economic activity in the United States and abroad. Still, export growth increased steadily throughout the year, largely in response to the strength of economic activity abroad as well as to a stabilization of exports to Mexico. In contrast, import growth sagged in the second half of the year as a result of developments in the U.S. domestic economy

1. U.S. external balances, 1984–95



NOTE. The data are quarterly at seasonally adjusted annual rates. Current account data exclude foreign cash grants received in 1990–92.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

1. U.S. external balances, 1990–95
Billions of dollars

Item	1990	1991	1992	1993	1994	1995	Change, 1994–95
Trade in goods and services, net	-80.0	-29.4	-39.5	-74.8	-106.2	-111.4	-5.2
Goods, net	-109.0	-74.1	-96.1	-132.6	-166.1	-174.5	-8.4
Services, net	29.0	44.7	56.6	57.8	59.9	63.1	3.2
Investment income, net	20.7	15.1	10.1	9.0	-9.3	-11.4	-2.1
Portfolio investment, net	-35.2	-40.5	-41.5	-47.3	-54.4	-70.6	-16.2
Direct investment, net	55.9	55.6	51.6	56.3	45.1	59.1	14.0
Unilateral transfers, net	-33.4	6.9	-32.1	-34.1	-35.8	-30.1	5.7
Foreign cash grants to the United States	17.0	42.5	1.3	.0	.0	.0	.0
Other transfers, net	-50.4	-35.6	-33.4	-34.1	-35.8	-30.1	5.7
Current account balance	-92.7	-7.4	-61.5	-99.9	-151.2	-152.9	-1.7
MEMO:							
Current account balance excluding foreign cash grants	-109.7	-49.9	-62.8	-99.9	-151.2	-152.9	-1.7

NOTE. In this and the tables that follow, components may not sum to totals because of rounding.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

and a small increase in the relative price competitiveness of U.S. goods in domestic markets.

The balance on investment income declined about $2 billion last year. The deterioration was due entirely to a growing deficit in net portfolio investment income, the result of a continued worsening of the U.S. net portfolio investment position and increases in interest rates in the United States in late 1994 and early 1995. In contrast, net direct investment income increased last year. Both receipts from U.S. direct investment abroad and payments on foreign direct investment in the United States increased rapidly, but the increase in receipts was larger because U.S. direct investment assets abroad are larger than foreign direct investment assets in the United States and because the rates of return reported by U.S. investors abroad were larger and increased more than the rates of return earned by foreign investors in the United States.

The current account balance was buoyed somewhat last year by a temporary $6 billion reduction in net unilateral transfers to foreigners. Most of the reduction was due to a transient drop in government grants to foreign countries: Because of U.S. government shutdowns in late 1995, government grants that were scheduled to be disbursed in the fourth quarter were delayed until the beginning of 1996.

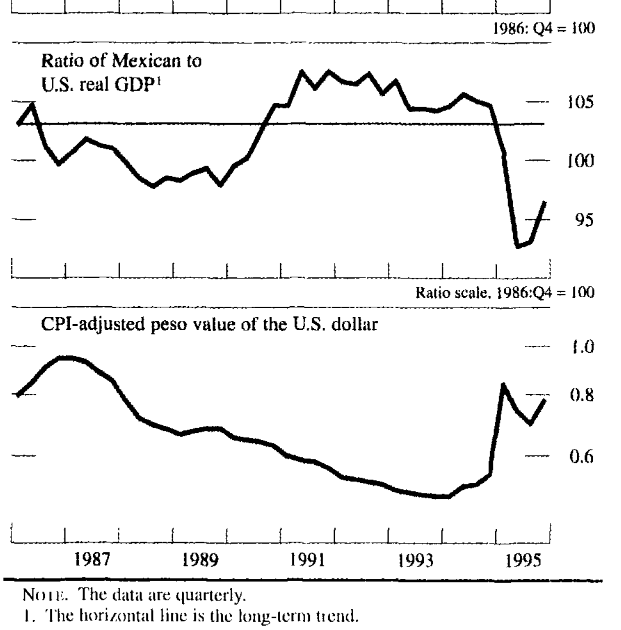
Counterbalancing the continued large current account deficit in 1995 were a large recorded net inflow of capital and a large positive statistical discrepancy, which comprises some combination of unrecorded net capital flows and unrecorded net current account receipts. Much of the recorded net capital inflow was in the form of a record increase in foreign official holdings in the United States, a result of both foreign exchange intervention by certain industrialized countries and substantial reserve accumulation by several developing countries in Asia and Latin America. Private foreign assets in the United States increased sharply, but the increase was about matched by additions to private U.S. assets abroad.

MAJOR ECONOMIC INFLUENCES ON U.S. INTERNATIONAL TRANSACTIONS

The U.S. deficit in traded goods and services widened considerably between 1991 and 1995, but the increase last year was much less than in other recent years. These developments are consistent with recent movements in the two most important determinants of trade flows: relative rates of economic growth and relative price competitiveness. Although the U.S. economy in 1995 grew at about the same pace as the economies of its major trading partners, as has been true historically, the increase in U.S. income had a larger effect on expenditures on foreign goods and services than the comparable increase in foreign income had on expenditures on U.S. goods and services. This effect was offset somewhat by a small improvement in U.S. price competitiveness last year, which helped make U.S. goods and services more attractive at home relative to imports and, to a lesser extent, more attractive in foreign markets.

Financial and economic developments in Mexico in late 1994 and in 1995 also had important effects on U.S. trade. From 1991 through the third quarter of 1994, the U.S. balance on trade in goods and services with Mexico was in surplus, averaging nearly $4 billion per year, as the Mexican economy grew somewhat faster than the U.S economy and the price of U.S. goods relative to the price of Mexican goods fell (chart 2). Following the December 1994 collapse of the peso, the trade balance deteriorated rapidly, resulting in a deficit of about $15 billion for 1995.

2. Historical perspective on the U.S. trade balance with Mexico and its proximate determinants, 1986–95



NOTE. The data are quarterly.
1. The horizontal line is the long-term trend.

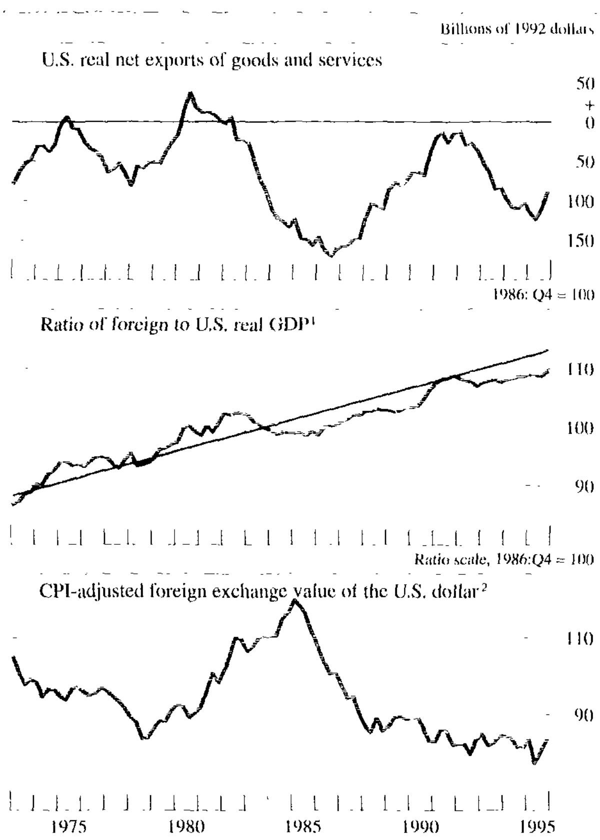
The deterioration of the trade balance was due in part to the direct effects of the real depreciation of the peso relative to the dollar, which decreased the relative attractiveness of U.S exports to Mexico and may also have increased U.S. demand for less-expensive Mexican goods and services. Probably a more important factor in the decline, however, was a sharp contraction of Mexican aggregate demand resulting from efforts by the Mexican government to tighten monetary conditions, maintain wage restraint, and reduce government spending.

Relative Rates of Economic Growth

The relationship between the U.S. trade balance in goods and services and relative rates of economic growth in other countries is most evident when the balance is compared with deviations of the ratio of foreign GDP to U.S. GDP from its historical trend (chart 3, top and middle panels). The ratio's rising trend means that the output of foreign countries has grown faster, on average, than that of the United States. The trade balance has tended to be closely related to deviations from the trend because of close historical associations between U.S. exports and foreign GDP and between U.S. imports and U.S. GDP. Positive deviations from the trend (that is, ratios higher than the trend ratio) indicate that foreign economies are growing even faster relative to the U.S. economy than has been true on average, and, therefore, positive deviations are generally associated with U.S. trade balance surpluses. Similarly, negative deviations are usually associated with trade balance deficits, though they have a somewhat larger effect on net trade than do positive deviations of the same magnitude because U.S. imports are more responsive to changes in U.S. GDP than are U.S. exports to changes in foreign GDP.

Although there have been periods (such as the 1980s) when swings in relative prices were a more important determinant of the trade balance than relative economic growth, more recently, movements in U.S. price competitiveness, as measured by the price-adjusted exchange value of the dollar (chart 3, bottom panel), have been quite modest and the trade balance has tended to move more in line with relative rates of GDP growth. In 1995, the economies of the United States and its major trading partners slowed markedly, to about the same rate of growth. Still, the trade balance deficit widened somewhat for the year as a whole, owing to the greater responsiveness of U.S. expenditures on imports to changes in domestic income compared with the responsiveness of foreign

3. Historical perspective on the U.S. trade balance and its proximate determinants, 1973–95



Note. The data are quarterly.

1. Foreign GDP is a weighted average of the GDPs of the foreign G-10 countries; see notes to table 2 for details. The straight line is the long-term trend.

2. The index is based on the foreign G-10 countries—Belgium–Luxembourg, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, and the United Kingdom—and eight developing countries—Brazil, Hong Kong, Korea, Malaysia, Mexico, the Philippines, Singapore, and Taiwan.

expenditures on U.S. exports to changes in foreign income.

The U.S. economy slowed to a 1¼ percent rate of expansion in 1995 after growing at a 3½ percent rate in 1994 (table 2). The slower growth was due partly to efforts by businesses to reduce the pace of inventory accumulation after a burst of stockpiling in 1994. Final sales also slowed last year, as the growth of expenditures by both households and businesses slowed from elevated rates of increase in 1994. Although the growth of real expenditures on imported goods and services slowed, to a 4¼ percent rate in 1995 from 11½ percent in 1994, imports continued to expand more rapidly than the pace of overall domestic spending.

The growth of real GDP in major foreign industrial countries other than Japan slowed sharply in 1995 from the robust rates of 1994. In Canada, where economic activity had been particularly vigorous through the end of 1994, the slowdown reflected weaker U.S. growth and Canadian macroeconomic policies directed toward improving the fiscal balance and preventing the reemergence of inflationary pressures. In Germany and the other European economies, appreciation of their currencies relative to the U.S. dollar in 1994 and in early 1995 and efforts to reduce public sector deficits contributed to the decline in the rate of real output growth. Japan, in contrast, showed some tentative signs of recovery late in 1995 after almost no growth during the previous three years.

Economic growth in the major developing countries also slowed on average in 1995 from the strong pace of 1994. The substantial contraction of economic activity in Mexico had important effects on U.S. trade, as noted earlier, but real output also slowed in other developing countries, including Argentina. The economies of the newly industrialized Asian countries—Malaysia, Korea, and Taiwan, for example—continued to grow rapidly in 1995, at about the same rate as in 1994. Although growth in most of these countries was driven by a strong expansion of internal demand, especially for investment, most countries also benefited from very fast export growth. The marked acceleration of exports was due at least in part to a real depreciation of those countries' currencies against the yen and key European currencies early in the year.

2. Growth of real GDP in the United States and selected foreign economies, 1993–95

Percent change, fourth quarter to fourth quarter

Country	1993	1994	1995[1]
United States	**2.2**	**3.5**	**1.2**
Total foreign	**2.8**	**4.5**	**2.0**
Industrial countries[2]	1.8	3.9	1.4
Canada	3.1	5.4	.6
Western Europe	.6	3.7	1.6
Japan	–.5	.4	2.2
Developing countries[3]	5.2	6.0	3.4
Asia	7.8	8.0	7.5
Latin America	1.9	3.4	–1.6
Mexico	.8	4.0	–6.6
Other Latin America	2.9	2.9	3.0

NOTE. Aggregate measures are weighted by bilateral shares in U.S. nonagricultural merchandise exports in 1987–89.

1. Data for 1995 are partly estimated.

2. The industrial countries index includes Australia and New Zealand in addition to Canada, Japan, and Western Europe. The index for Western Europe comprises Belgium, France, Germany, Italy, the Netherlands, Sweden, Switzerland, the United Kingdom, Austria, Denmark, Finland, Greece, Ireland, Norway, Portugal, Spain, and Turkey.

3. The developing countries in the index for Asia are the Peoples Republic of China, Hong Kong, Korea, Malaysia, Mexico, the Philippines, Singapore, and Taiwan. The countries in "Other Latin America" are Argentina, Brazil, Chile, and Venezuela.

SOURCE. Various national sources.

U.S. Price Competitiveness

U.S. external performance is also influenced by the price competitiveness of those U.S. goods and services that compete against foreign imports in domestic markets and against other goods and services in foreign markets. U.S. goods and services gained some ground in domestic markets last year: The relative price of imported goods rose slightly, as price increases for imported goods just outpaced price increases for domestic goods (chart 4). U.S. exports have also become more competitive in world markets in recent years. Higher prices for foreign goods and services (especially in developing countries) relative to the prices of U.S. exports were the primary contributor to this development, though the significant depreciation of the foreign exchange value of the dollar in 1994 and 1995 also played a part.

Developments in Trade in Goods and Services

Although the values of both exported and imported goods and services increased markedly last year, the value of imports rose somewhat more, causing the deficit in goods and services to widen slightly. In quantity terms, however, the rates of growth of both exports and imports slowed, in line with the slowing of the U.S. and foreign economies. (See the box for a discussion of the effects of using chain-type measures on the measurement of trade quantities as well as prices.)

4. Relative prices of exports and imports, 1987–95

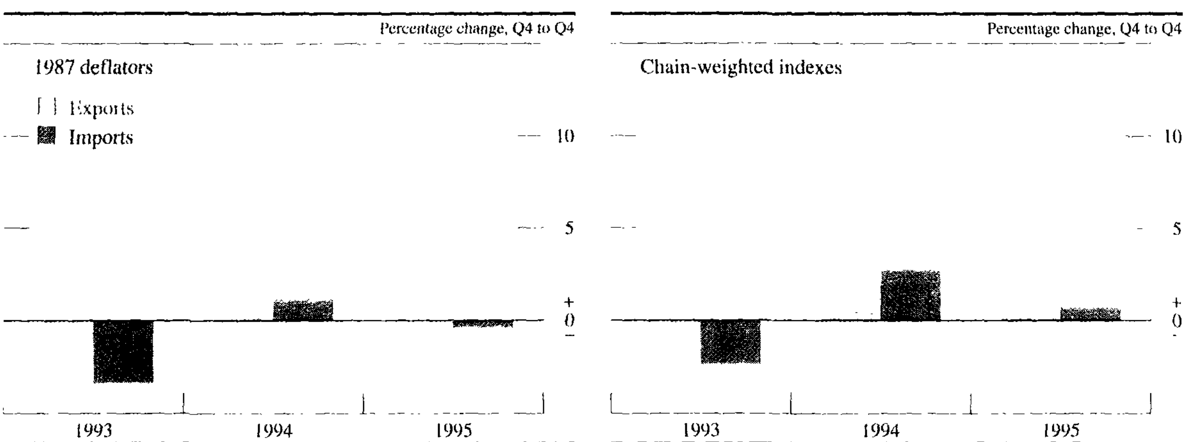
NOTE. For exports, the index is the ratio of foreign prices to U.S. export prices of nonagricultural products, excluding computers. For imports, the index is the ratio of U.S. import prices of non-oil imports, excluding computers, to the U.S. GDP deflator. The data are quarterly.

Chain-Type Measures of U.S. Trade

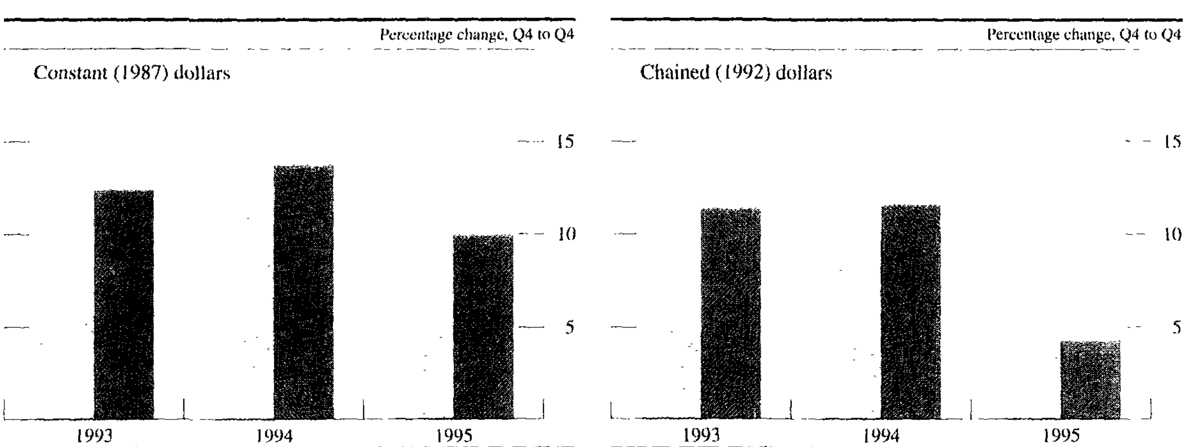
In 1995, the U.S. Department of Commerce's Bureau of Economic Analysis began computing quantity and price indexes for the various categories of U.S trade and for other measures of U.S. economic activity on a chain-type basis. Previously, quantity measures were calculated on a constant-dollar basis and price indexes on a fixed-weight basis (specifically, as price deflators). The old measures did not allow for the effects of changes in relative prices or changes in the composition of goods and services over time. In contrast, chain-type measures are calculated using weights that shift over time, with weights for a particular time period based on prices and quantities in adjacent years.

Although the move to chain-type measures had some quantitative effects on the measurement of trade movements, it changed the qualitative nature of these data very little. For the past several years, changes in quantities of exports and imports, when calculated on a constant (1987) dollar basis, were by far the most important factor in the rise in the value of exports and imports and in the widening of the deficit in traded goods and services, whereas changes in prices of exports and imports played only a small role (chart, left panels). When calculated on a chain-type basis, changes in the prices of exports and imports show somewhat faster growth, although measured trade movements are still dominated by changes in quantities (chart, right panels). The more rapid rises in prices produced by the chain-type calculations are due mainly to a decrease in the weight assigned to computers, whose prices have fallen precipitously in recent years; in the chained (1992) dollar series, computers are given about half the weight they were given in the constant (1987) dollar series.

Change in Trade Prices



Change in Trade Quantities



3. U.S. international trade in goods and services, 1993–95

Billions of dollars

Item	1993	1994	1995
Balance on goods and services	–76	–106	–111
Exports of goods and services	645	701	784
Services	188	199	209
Goods	457	503	575
Agricultural	44	47	57
Computers	29	33	40
Aircraft and parts	33	31	26
Other capital	120	141	168
Consumer	55	60	64
Automotive products	52	58	61
Industrial supplies	112	122	146
Other	12	11	13
Imports of goods and services	719	807	895
Services	130	139	146
Goods	589	669	749
Petroleum and products	51	51	55
Computers	38	46	56
Other capital	114	138	166
Consumer	134	146	160
Automotive products	102	118	124
Industrial supplies	101	114	129
Foods and other	48	55	59

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

Robust Expansion of Exports

The value of exported goods and services rose almost 12 percent last year, the fastest rate of increase since 1989 (table 3). Most of the increase was due to a rapid expansion of exported goods (especially capital goods and industrial supplies); exports of services advanced at a pace similar to that seen in recent years. Although the pace of economic activity slowed for many U.S. trading partners, demand for U.S. goods and services increased in most major regions of the world (table 4). The rate of growth of exports to industrial countries accelerated, with exports to Japan growing more than 20 percent and exports to Western Europe rebounding to a 15 percent rate of expansion. Exports to developing countries in Asia and in Latin America (other than Mexico) were also very robust. In contrast, exports to Mexico contracted 10 percent, following a 21 percent increase in 1994.

4. U.S. exports of goods to its major trading partners, 1993–95

Billions of dollars

Importing region	1993	1994	1995	Percent change, 1994–95
Total	**457**	**503**	**575**	**14**
Industrial countries[1]	268	293	335	14
Canada	101	115	128	11
Western Europe	111	115	132	15
Japan	47	52	63	21
Developing countries[2]	188	209	240	15
Asia	96	104	130	25
Latin America	78	92	96	4
Mexico	42	51	46	–10
Other Latin America	37	41	50	22

1. See note 2 to table 2.
2. See note 3 to table 2.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

Almost half the increase in export value came from rapid growth in the price of goods and services, as export prices were pushed up somewhat faster than in recent years. Growth in the quantity of exports (measured in chained (1992) dollars) picked up as the year progressed and totaled 6½ percent from the fourth quarter of 1994 to the fourth quarter of 1995 (table 5). The bulk of the 1995 increase was in exports of capital goods. High levels of investment spending in foreign countries, especially in Asia, led to a nearly 20 percent increase in exports of machinery. Machinery exports to Asian countries other than Japan advanced at a 30 percent rate, with Malaysia and other newly industrializing economies (especially Hong Kong, Korea, Singapore, and Taiwan) accounting for most of the increase. Shipments of machinery to Latin America were lackluster, primarily because shipments to Mexico contracted slightly. Exports of computers and semiconductors accounted for nearly two-thirds of the increase in machinery exports, with the rest of the increase in a wide range of other machines. The growth of capital goods exports was held back only slightly by a further decline in aircraft exports.

Exports of goods and services other than capital goods, which accounted for about two-thirds of exports last year, grew more slowly as a result of the slower pace of consumption spending in industrialized countries. Exports of consumer goods grew only 2 percent, down from a double-digit rate of growth in 1994. Canada, Japan, and Asia (mostly Hong Kong and Korea) each accounted for about one-fourth of the increase in exported consumer goods; exports to Mexico declined more than 15 percent. Automotive

5. Change in the quantity of U.S. exports, 1993–95

Percent change, fourth quarter to fourth quarter

Type of export	1993	1994	1995
All exports	**5.0**	**10.2**	**6.5**
Services	4.7	5.4	3.3
Goods	5.1	12.3	7.7
Agricultural	5.7	18.0	–2.9
Computers	22.9	28.5	49.0
Aircraft and parts	–9.8	–16.9	–16.7
Other capital	14.1	22.2	16.8
Consumer	4.9	13.0	2.1
Automotive products	9.4	10.3	–5.2
Industrial supplies	.2	7.6	6.5
Other	–1.4	2.5	2.4

NOTE. Quantities are measured in chained (1992) dollars.

SOURCE. U.S. Department of Commerce, Bureau of the Census.

exports (including automotive parts to be assembled and shipped back to the United States) contracted at a 5 percent rate, owing to a slowdown in the U.S. and world auto markets. Notably, exports of automotive products to Japan jumped nearly a third, although the initial level of exports to Japan was relatively low. Exports of automotive products to Mexico contracted sharply.

Agricultural exports remained at an elevated level following a large jump in late 1994. Bountiful U.S. harvests in 1994 and robust world demand in 1995 (especially from Asia) resulted in vigorous shipments throughout much of the year, although exports faltered somewhat in the second half of the year following lower-than-expected 1995 harvests in the United States. The quantity of exported industrial supplies other than agricultural products grew 6½ percent last year, about the same pace as in 1994. Exports of services slowed to a 3 percent rate of expansion, likely because of the slowdown in economic activity in industrial countries.

Rapid Growth of Imports

The value of imported goods and services rose rapidly last year, only somewhat more slowly than in 1994. A significant portion of the increase was due to a $12 billion surge in imports from Mexico. More than half the increase in the total value of imports was due to higher prices. The quantity of imports rose 4¼ percent in 1995, considerably more slowly than the double-digit rates of growth in 1993 and 1994 (table 6). The slowdown reflected slower U.S. economic growth and, to a lesser extent, somewhat higher import prices relative to the prices of domestic goods.

The sharpest increase was in the quantity of imported capital goods, which grew about 20 percent in 1995 compared with 30 percent in 1994.

6. Change in the quantity of U.S. imports, 1993–95

Percent change, fourth quarter to fourth quarter

Type of import	1993	1994	1995
All imports	**11.4**	**11.6**	**4.3**
Services	8.7	.0	5.1
Goods	12.0	14.2	4.2
Petroleum and products	10.0	–.2	–.3
Computers	40.0	36.9	42.3
Other capital	14.1	19.0	11.5
Consumer	8.5	11.2	.3
Automotive products	9.2	15.8	–11.8
Industrial supplies	11.7	14.7	–1.0
Foods and other	6.6	4.4	3.5

NOTE. Quantities are measured in chained (1992) dollars.

SOURCE. U.S. Department of Commerce, Bureau of the Census.

Imports of computers continued to expand rapidly, and imports of capital goods other than computers—semiconductors and industrial and service machinery, for example—also posted sharp gains.

Imports of goods other than capital goods grew much more slowly in 1995 than did imports of capital goods. Imports of consumer goods grew less than 1 percent, the slowest rate of increase since 1992, because of slowing imports of consumer durable goods. Imports of consumer goods from Mexico and China accounted for much of the increase, while imports from Japan were flat.

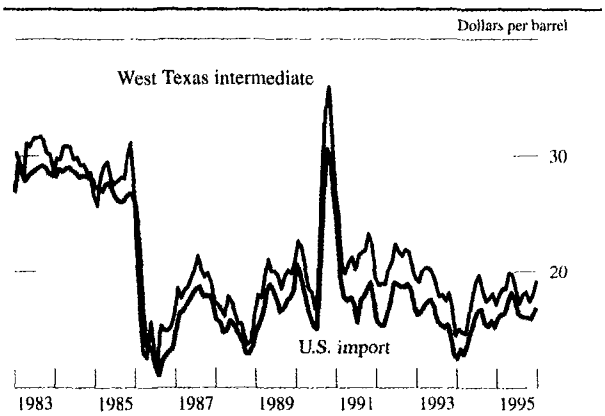
Automotive imports contracted last year for the first year since 1990, in line with the sharp slowdown in U.S. automobile sales. Imports of automotive products from Mexico remained strong, but imports from Canada were sluggish and imports from Japan contracted sharply. Imported quantities of industrial supplies were also weak, despite marked declines in the price of these products (especially metals).

Oil Imports

The value of oil imports rose more than 7 percent from 1994 to 1995, as a $1.73 per barrel (12 percent) increase in the average price of imported oil more than offset a nearly 4 percent decline in the volume imported. With the increase, the price returned to the midpoint of its post–Gulf War trading range from depressed levels in early 1994.

Changes in the prices of imported oil have tended to mirror changes in spot oil prices (West Texas intermediate) with a lag of several weeks (chart 5). Spot prices fell during the fourth quarter of 1994 and began 1995 near $17 per barrel. The decline was

5. Oil prices, 1983–95



NOTE. The data are monthly.

SOURCE. *Petroleum Intelligence Weekly*, various issues; and U.S. Department of Commerce, Bureau of Economic Analysis.

7. U.S. oil consumption, production, and imports, selected years, 1980–95

Millions of barrels per day

Item	1980	1985	1992	1993	1994	1995[1]
Consumption	17.1	15.7	17.0	17.2	17.7	17.7
Production	10.8	11.2	9.8	9.6	9.4	9.4
Imports	6.9	5.1	7.9	8.6	9.0	8.8

1. Estimates.

SOURCE. U.S. Department of Energy, Energy Information Administration.

due to a warmer-than-normal winter as well as to increases in non–OPEC oil production, especially in the North Sea. Two major factors temporarily increased prices during the year. The first was a protracted labor strike in Brazil, which trimmed roughly 600,000 barrels per day from non–OPEC oil production and led to price rises through May, to nearly $20 per barrel. During the summer, prices declined, reflecting concerns about an overabundant supply on world oil markets. Then Gulf of Mexico hurricanes decreased October production roughly 600,000 barrels per day, and with colder-than-normal weather, prices rose to $19 per barrel in December. Import prices mirrored these spot price changes and averaged $16.32 per barrel in 1995, $1.73 above the average for 1994.

The quantity of oil imports edged down from a rate of 9 million barrels per day in 1994 to 8.8 million barrels per day in 1995 (table 7). The decrease reflected a small drawdown of stocks; U.S. oil consumption and production changed little during the year.

Developments in the Nontrade Current Account

The balance on investment income declined about $2 billion last year, but the decline was more than offset by a temporary $6 billion reduction in net unilateral transfers abroad (table 1). The deterioration in net investment income was due entirely to a larger deficit in net portfolio investment income; net direct investment income increased.

8. U.S. net investment income, 1992–95

Billions of dollars

Item	1992	1993	1994	1995
Investment income, net	10	9	−9	−11
Portfolio investment income, net	−42	−47	−54	−71
Receipts	67	58	70	90
Private	59	53	66	86
Government	7	5	4	5
Payments	108	105	124	161
Private	68	63	77	99
Government	41	42	47	61
Direct investment income, net	52	56	45	59
Receipts	52	62	68	91
Payments	0	5	23	32

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

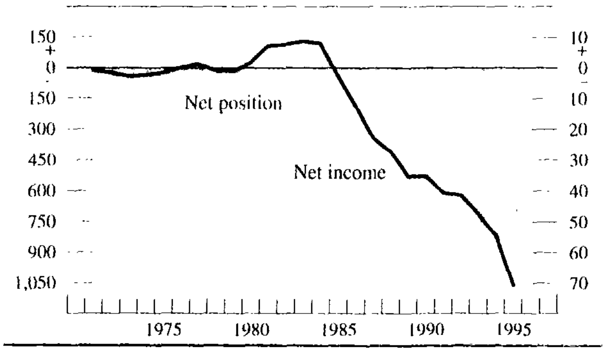
Net Portfolio Investment Income

The balance on portfolio income registered a deficit of $71 billion last year, significantly larger than the $54 billion deficit recorded in 1994 (table 8). The balance on portfolio income has been in deficit since 1985 (chart 6), and the size of the deficit has broadly mirrored the net portfolio investment position. The net portfolio position deteriorated further last year, accounting for somewhat less than half the increase in the deficit on portfolio income. The remainder of the increase was due to a rise in the effective rate of return on the net portfolio position, with rates of return on both portfolio assets and liabilities rising, reflecting higher short-term U.S. interest rates in late 1994 and early 1995 (chart 7).

Net Direct Investment Income

The balance on direct investment income rebounded last year, increasing nearly $14 billion after declining

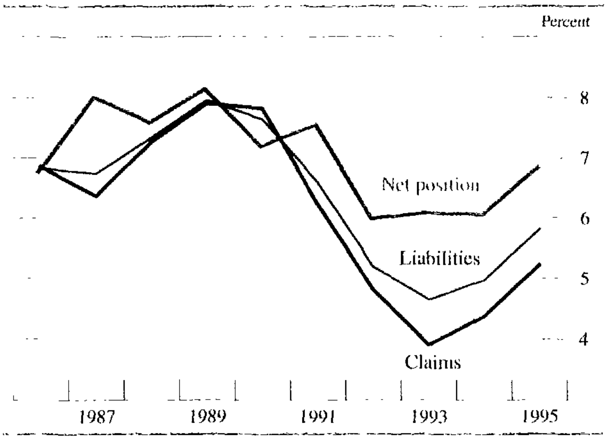
6. Net portfolio investment: Position and income, 1971–95



NOTE. The data are annual averages. The year-end position for 1995 was constructed by adding the recorded portfolio investment flows during 1995 to the recorded year-end position for 1994.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and the Federal Reserve Board.

7. Rates of return on portfolio investment, 1986–95



NOTE. For the net position, the data are the ratio of net investment income (receipts minus payments) to net position (claims minus liabilities). For claims (or liabilities), the data are the ratio of total receipts (or payments) to claims (or liabilities).

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and the Federal Reserve Board.

$11 billion in 1994 (table 8). The recovery was more than accounted for by a $23 billion jump in receipts on U.S. direct investment abroad. Receipts have tended to fluctuate somewhat with cycles of foreign economic activity and with changes in exchange rates, but they have generally increased with the growth of the U.S. direct investment position abroad (chart 8). The bulk of the improvement in receipts was due to a higher rate of return on U.S. direct investment (table 9), although receipts also benefited from an increase in the level of U.S. direct investment abroad.

Payments on foreign direct investment in the United States also increased in 1995, from $23 billion to $32 billion, thus continuing the recovery from the very depressed levels recorded in the early 1990s. Such payments did not grow between 1988 and 1993, despite continued increases in the foreign direct investment position in the United States (chart 8). Although payments have been boosted in recent years by somewhat higher rates of return on the foreign direct investment position in the United States—bringing the level of payments to record high levels—rates of return remain quite low and are well below their 1977–80 average (table 9).

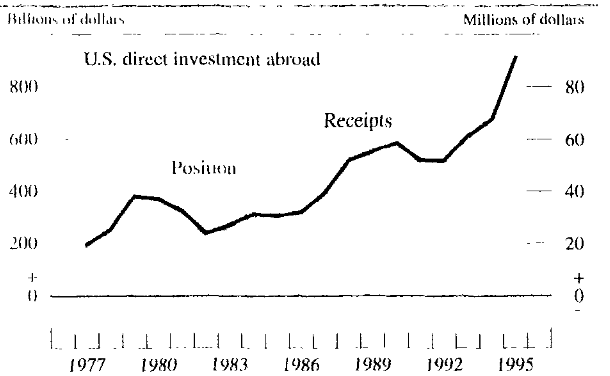
Unilateral Transfers

Net unilateral transfers to foreigners—which include government grants and pension payments as well as net private transfers to foreigners—declined nearly $6 billion last year, to $30 billion (table 1). Most of the decrease was due to a temporary drop in government grants to foreign countries: Because of U.S. government shutdowns, government grants that were scheduled to be paid in the fourth quarter of 1995 were delayed until the beginning of 1996.

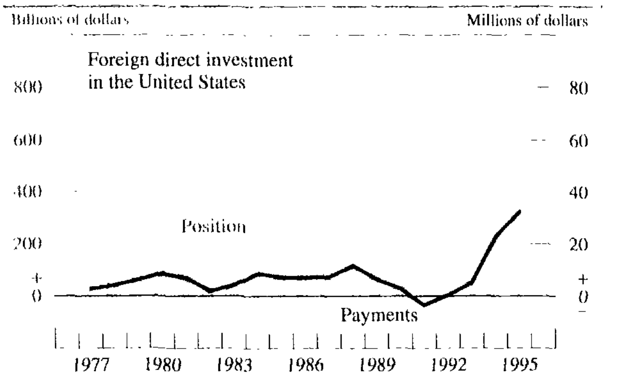
CAPITAL ACCOUNT TRANSACTIONS

The large U.S. current account deficit in 1995 was balanced by a large recorded net capital inflow and by a positive statistical discrepancy in the international transactions accounts, which comprises both unrecorded net capital inflows and unrecorded current account transactions (table 10). Most of the large recorded capital inflow was due to a record $110 billion increase in foreign official holdings in the United

8. Direct investment: Position and income, 1977–95



NOTE. The position data are period averages using the current-cost measures as of year-end for the current and previous years. The year end data for 1995 were constructed by adding the recorded direct investment flows during 1995 to the recorded year-end position for 1994



SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and the Federal Reserve Board.

9. Rates of return on direct investment, 1977–95

Percent

Item	1977–80	1981–88	1989	1990	1991	1992	1993	1994	1995[1]
U.S. investment abroad									
Current	9.9	8.0	10.2	10.0	8.3	8.0	9.0	9.2	11.3
Market	n.a.	n.a.	7.3	7.5	6.7	6.4	6.8	6.5	8.3
Foreign investment in the United States									
Current	7.0	3.1	1.6	.6	–.7	.1	1.0	4.1	5.2
Market	n.a.	n.a.	1.4	.5	–.6	.1	.7	3.0	4.0

NOTE. The rates of return are calculated as follows: The numerator is direct investment receipts or payments, from the U.S. international transactions accounts. The denominator is the average of year-end figures for the value of direct investment for the current and previous years.

1. The year-end values of claims and liabilities that appear in the denominators are estimates constructed by adding the recorded direct investment flows during 1995 to the recorded year-end positions for 1994.

n.a. Not available.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts and U.S. international investment position.

States, reflecting both intervention on the part of certain industrial countries to support the foreign exchange value of the dollar and substantial reserve accumulation by several developing countries in Asia and Latin America.

Net purchases of U.S. securities by private foreigners were also quite large in 1995, reflecting the continued trend toward internationalization of securities markets. Net purchases of U.S. Treasury securities by private foreigners amounted to $99 billion, far exceeding net purchases in previous years. In 1995, as in 1994, much of the foreign activity in the U.S. Treasury securities markets was channeled through Caribbean financial centers, reflecting in part the activities of hedge funds. A large portion of the net purchases of Treasury securities from the Caribbean appears to have been financed by repurchase agreements, accounting for a large part of the capital outflows reported by banks and securities dealers. Net purchases of U.S. corporate and other bonds were also at record high levels, in part reflecting the intensive use of the Eurobond markets by U.S. corporations. Foreign net purchases of U.S. corporate stocks (excluding stock swaps associated with cross-border mergers) were well below previous peaks despite the rapid rise in U.S. stock prices in 1995, which has in the past tended to attract capital flows from abroad.

U.S. net purchases of foreign securities in 1995 rebounded strongly after a very weak first quarter. For the year as a whole, net purchases of stocks from Japan accounted for almost 40 percent of total U.S. purchases of foreign stocks. U.S. investors apparently

10. Composition of U.S. capital flows, 1991–95

Billions of dollars

Item	1991	1992	1993	1994	1995	Change, 1994–95
Current account balance	–7	–62	–100	–151	–153	–2
Official capital, net	26	43	70	44	100	56
Foreign official assets in the United States	17	41	72	39	110	71
U.S. official reserve assets	6	4	–1	5	–10	–15
Other U.S. government assets	3	–2	0	0	0	0
Private capital, net	10	45	–7	121	46	–75
Net inflows reported by U.S. banking offices	3	36	51	115	–39	–154
Securities transactions, net	9	17	–38	43	100	57
Private foreign net purchases of U.S. securities	56	64	104	93	194	101
Treasury securities	19	37	24	34	99	65
Corporate and other bonds[1]	27	31	61	56	82	26
Corporate stocks	10	–4	19	3	13	10
U.S. net purchases of foreign securities	–46	–46	–142	–50	–94	–44
Stocks	–32	–31	–61	–43	–47	–4
Bonds	–15	–15	–81	–7	–47	–40
Direct investment, net	–10	–21	–32	0	–22	–22
Foreign direct investment in the United States	22	18	41	49	75	26
U.S. direct investment abroad[1]	–32	–39	–73	–49	–97	–48
Other	8	14	12	–37	7	44
Statistical discrepancy	–29	–26	36	–14	7	21

1. For 1991 and 1992, transactions with finance affiliates in the Netherlands Antilles are excluded from direct investment outflows and included in foreign purchases of U.S. securities. This adjustment was discontinued in 1993 on the assumption that by then virtually all the Eurobonds issued by Netherlands Antilles had come due.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

had little interest in adding to their holdings of stocks or bonds from emerging markets in Latin America, in the wake of increased perceptions of risk resulting from the Mexican peso crisis.

Direct investment inflows reached $75 billion in 1995, surpassing the previous record level, with mergers and acquisitions adding substantially to the inflow of funds from foreign direct investors in the United States. U.S. direct investment abroad, which totaled $97 billion, was even larger than foreign direct investment in the United States and also surpassed previous peak levels. Mergers and acquisitions, as well as privatizations abroad, contributed to the outflow.

PROSPECTS FOR 1996

The U.S. external deficit in 1996 is expected to be near its 1995 level. A pickup in economic activity for our major trading partners should support expansion of exports of U.S. goods and services. Recent data also indicate that economic activity in the United States has picked up a bit in the early part of this year, suggesting a pace of import growth similar to that in 1995. Despite a small appreciation of the exchange value of the dollar in the first quarter, the United States appears to be holding on to its recent gains in international price competitiveness. Although the deficit in the balance on portfolio income is expected to grow larger this year, following a further deterioration in the net portfolio investment position, the increase is likely to be more than offset by an increase in net direct investment income, assuming that U.S. investors continue to earn high rates of return on their investments abroad similar to the rates earned in 1995. Net unilateral transfers to foreigners will be boosted in 1996 by those transfers that did not take place in the fourth quarter of last year. □

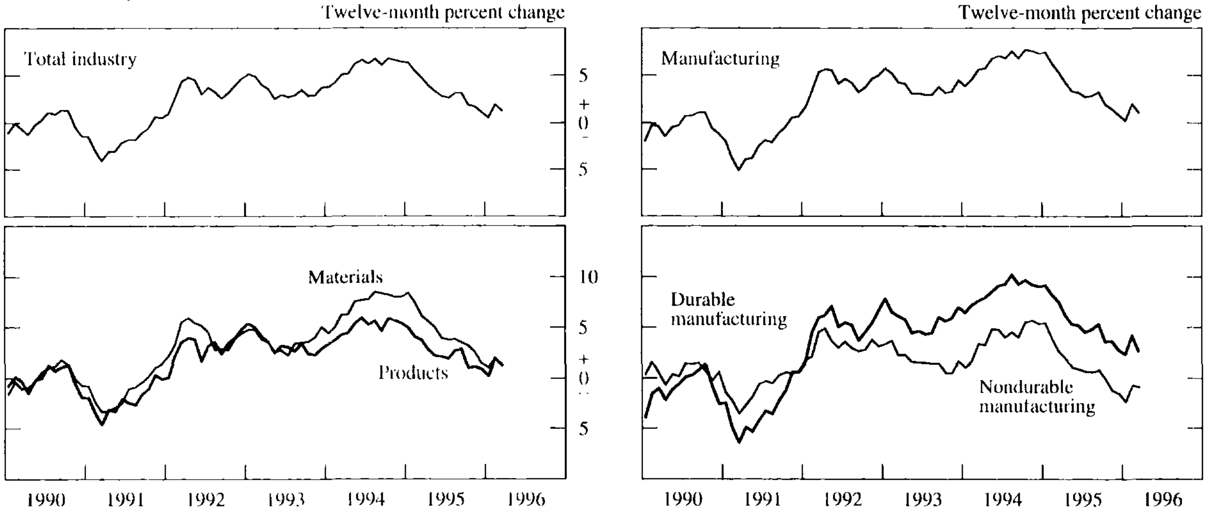
Industrial Production and Capacity Utilization for March 1996

Released for publication April 16

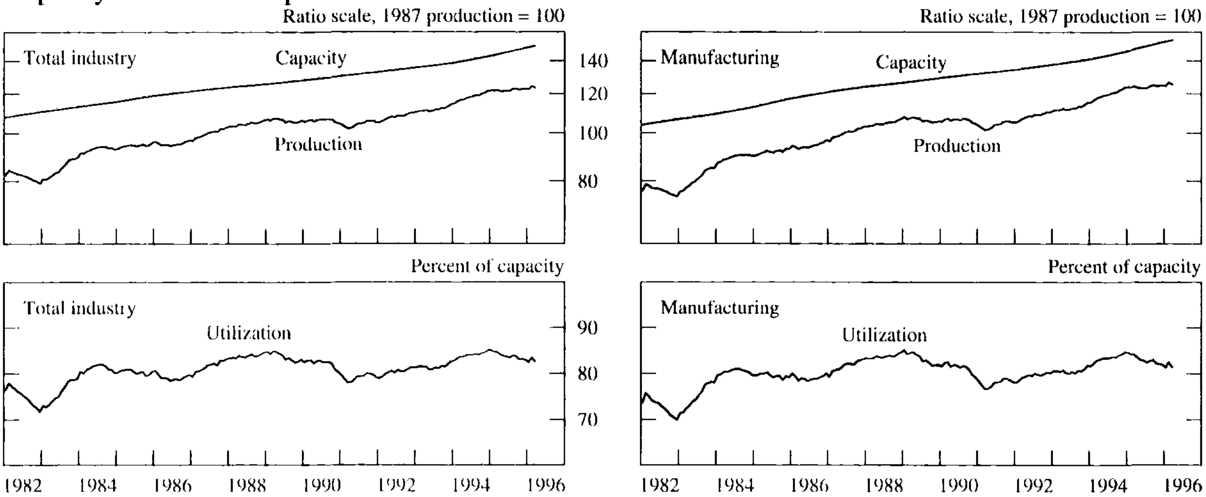
Industrial production declined 0.5 percent in March after a revised gain of 1.3 percent in February. A strike-related drop in motor vehicle assemblies and parts production more than accounted for the decrease in output. Excluding the production of motor vehicles and parts, which dropped about 15 percent, industrial production rose 0.3 percent.

Despite the effects of the strike, overall industrial production grew at an annual rate of 2.7 percent in the first quarter, up from 0.6 percent in the preceding quarter. The quarterly pickup largely reflects the bounceback in the production of aircraft and parts, which was sharply curtailed during the fourth quarter by a strike at a major producer. At 123.5 percent of its 1987 average, industrial production in March was 1.3 percent higher than it was in March 1995; exclud-

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, March 1996

Category	Industrial production, index, 1987=100				Percentage change				
	1995	1996			1995[1]	1996[1]			Mar. 1995 to Mar. 1996
	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[p]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[p]	
Total	**122.8**	**122.5**	**124.1**	**123.5**	**.2**	**.3**	**1.3**	**.5**	**1.3**
Previous estimate	122.7	122.1	123.7	...	.1	.4	1.2	...	...
Major market groups									
Products, total[2]	119.2	118.6	120.6	119.9	.3	.4	1.7	.5	1.2
Consumer goods	115.7	114.3	116.2	115.1	.2	1.2	1.6	.9	-.2
Business equipment	158.4	160.6	164.7	162.9	1.0	1.4	2.5	1.1	5.0
Construction supplies	110.5	108.0	110.3	110.7	1.6	2.2	2.1	.4	1.4
Materials	128.4	128.4	129.5	128.9	.0	.0	.8	.4	1.4
Major industry groups									
Manufacturing	124.8	124.5	126.4	125.4	.3	-.3	1.5	.8	1.1
Durable	134.8	134.9	137.6	135.7	.4	.1	2.0	1.4	2.7
Nondurable	113.8	113.0	114.0	114.0	.1	.7	.9	.1	.9
Mining	98.1	97.0	98.5	100.4	-.2	1.2	1.6	2.0	.1
Utilities	125.1	125.7	124.3	125.1	-.3	.5	1.1	.7	4.9

Category	Capacity utilization, percent								Memo Capacity, percentage change, Mar. 1995 to Mar. 1996
	Average, 1967–95	Low, 1982	High, 1988–89	1995		1996			
				Mar.	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[p]	
Total	**82.1**	**71.8**	**84.9**	**84.6**	**82.8**	**82.3**	**83.2**	**82.5**	**3.8**
Previous estimate	...	...	...	...	82.7	82.1	82.9	...	..
Manufacturing	81.4	70.0	85.2	84.0	81.9	81.3	82.3	81.4	4.3
Advanced processing	80.7	71.4	83.5	81.9	80.2	79.7	81.1	79.9	4.9
Primary processing	82.6	66.8	89.0	88.9	85.8	85.2	85.2	85.1	2.8
Mining	87.4	80.6	86.5	89.6	87.6	86.5	87.9	89.6	.1
Utilities	86.9	76.2	92.6	88.6	92.2	92.6	91.4	92.0	1.1

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.

1. Change from preceding month.

2. *Contains components in addition to those shown.*

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ing the output of motor vehicles and parts, the gain was 2.5 percent. Capacity utilization dropped 0.7 percentage point, to 82.5 percent.

When analyzed by market group, the data show that the output of consumer goods declined 0.9 percent. The production of automotive products fell 11 percent, and the production of other durable consumer goods eased fractionally after a partial rebound in February. The output of consumer nondurable goods, such as foods and utility output for residential use, gained 0.4 percent.

The production of business equipment declined 1.1 percent. The drop in assemblies of business vehicles caused the output of transit equipment to plunge 11.6 percent. The output of industrial equipment dipped 0.7 percent after a sizable gain of 1.6 percent in February. Led by another strong increase in the production of computer and office equipment, the output of information processing equipment advanced further. The output of business equipment rose at an annual rate of 14.7 percent in the first quarter after having barely increased in the fourth quarter; the swing largely reflects the fourth-quarter strike and the first-quarter return to work at a major aircraft producer.

The output of construction supplies, which rose 0.4 percent in March, was up at an annual rate of 2 percent in the first quarter, down from 6 percent in the fourth quarter of 1995. The production of materials declined 0.4 percent in March, with the weakness concentrated in the durable goods materials used to make motor vehicles. The production of basic metals and parts for equipment, which includes parts for aircraft and components for high-technology equipment, rose. The output of nondurable goods materials, such as paper and textiles, advanced 0.5 percent. The production of energy materials, led by a gain in coal mining, increased 1.0 percent.

When analyzed by industry group, the data show that manufacturing output declined 0.8 percent; excluding motor vehicles and parts, production rose 0.2 percent. Although production in durable manufacturing fell 1.4 percent because of the strike in the motor vehicle and parts industry, production rose for steel, computers, other transportation equipment, lumber and products, and instruments. The output of nondurables was little changed, as gains and losses were fairly evenly spread among industries. The production in mining increased 2 percent, and output at utilities rose 0.7 percent.

The factory operating rate, which had rebounded 1 percentage point in February, fell 0.9 percentage point, to 81.4 percent. The utilization rate for motor vehicles and parts—included in the advanced-processing grouping—dropped from 78.2 percent to 66.4 percent and accounted for most of the overall decline in utilization in manufacturing. Among other advanced-processing industries, the changes in utilization were mixed. The utilization rate for primary-processing industries edged down 0.1 percentage point. Rates remain elevated for primary metals, machinery, and petroleum refining. In mining, the utilization rate rose 1.7 percentage points; gains were sizable in coal mining and oil and gas well drilling. The operating rate for utilities reversed half of February's decline. □

NOTICE

Updated estimates of industrial capacity for 1995 and 1996 will be included in the G.17 press release scheduled to be published on May 15, 1996. The updated estimates will incorporate the data on actual and planned investment by manufacturing industries that were reported in the Census Bureau's *Investment Plans Survey* issued in late March. The updates affect the capacity utilization rates as of the beginning of 1995.

Statements to the Congress

Statement by Richard Spillenkothen, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Committee on Banking and Financial Services, U.S. House of Representatives, March 13, 1996

Thank you for the opportunity to discuss the Federal Reserve's efforts to increase the focus of examiners and other supervisory personnel on the risk management procedures of banking organizations. The subject of "risk management" has attracted much attention in recent years both in the financial community and among the U.S. bank supervisory agencies and is a timely topic for discussion with this committee. Improvements in risk management procedures have clearly affected the way in which many banks manage their activities and the agencies review them. Advances in risk management techniques have also permitted expanded product lines and more efficient services, while providing methodologies that, if used properly, can enable institutions to better control the risks associated with ever more complex financial instruments and growing volumes of transactions.

Risk management is the process of identifying, measuring, reporting, and controlling risks, which banks and other businesses have always done. In that sense, it is nothing new. What is new is the technology that has facilitated product innovation and the application of financial theory to the development of new products. Many of the new products are highly complex and are not best addressed by examination on a transaction-by-transaction basis or by simply verifying balance sheet values. Moreover, these products highlight the importance of managing a broad range of risk in addition to traditional credit risk. These risks include potential exposure to market, liquidity, operational, legal, reputational, and other risks.

Increasingly, therefore, the Federal Reserve has engaged in a concentrated effort to focus the attention of examiners on evaluating the adequacy of a bank's processes for identifying, managing, and controlling all of its risks when developing conclusions about the overall safety and soundness of the institution. While management processes at all banks may deserve more attention, this focus is particularly important at large institutions that conduct substantial volumes of transactions daily, deal in highly complex instruments, and can significantly alter their risk profiles on relatively short notice.

Let me emphasize that the traditional approach of evaluating the quality of a bank's existing assets (that is, its loans and investments) remains highly important to the Federal Reserve's supervisory process. Our long-standing practice of reviewing credit risk in a bank's portfolio (including the counterparty credit risk in derivative instruments) is *not* being de-emphasized. While recent attention has focused lately on trading activities and complex instruments, the possibilities for misadventures extend throughout a bank, and we cannot forget the lessons of the past. Not long ago, large institutions were experiencing serious problems with excessive commercial real estate lending—problems brought about by policies and lending practices that were inconsistent with market realities and principles of sound credit risk management. In addition to asset quality, our examiners will continue to focus on other important and traditional financial indicators, such as capital adequacy, earnings, and liquidity.

Still, technology and innovation have presented banks with new ways of both taking and managing risks. With the advent of off-balance-sheet, over-the-counter derivative instruments, for example, institutions of all sizes can adjust their yields, risks, and liquidity much easier and quicker than they could before, with either positive or negative results. Accordingly, by itself, an assessment of the quality of a bank's loans, investments, and other balance sheet values at a point in time no longer provides the assurance it once did that a sound institution is likely to remain sound in the future. Losses at Barings PLC and other institutions have shown how rapidly the financial strength and condition of a bank can change and demonstrate that it is essential for management to implement and enforce sound controls and risk management practices that are appropriate for the activities the firm conducts. In the Barings case, it was not risky instruments or credit risk but poor controls over the actions of a rogue trader that broke the bank. Indeed, a breakdown or an absence of internal controls or risk management systems has been the fundamental cause of recent financial problems at several institutions.

Bank supervisors cannot be everywhere; nor can they prevent every problem. Moreover, too much supervision and government oversight would simply stifle innovation and lead to a less competitive and responsive financial system. Relying more on supervisory techniques that encourage banks to adopt procedures to prevent excessive risk-taking—while keeping in place fundamental prudential safeguards such as adequate capital cushions—minimizes our intrusion while at the same time enhancing safety and soundness.

Management and the institutions themselves, not supervisors, must be the principal source for detecting and deterring abusive and unsound practices through adequate internal controls and operating procedures. Particularly at large institutions, market discipline can also play an important role, provided the institutions make adequate disclosures. By emphasizing these points through focused, risk-oriented examination procedures and efforts that promote sound disclosure and accounting standards, supervisors hope to increase the likelihood that a bank's activities will remain sound for the long term.

With that background, let me illustrate some of the changes taking place within the industry and the manner in which they are affecting our supervisory practices.

Advances in Risk Management at Banking Institutions

Advances in computerization and communications, globalization of financial markets, and the resulting competition have all served to develop opportunities, inspire change, and bring about more efficient use of scarce resources. Throughout the 1980s and 1990s, for example, the market for securitized assets grew rapidly—driven by the need for financial institutions to maximize their use of capital and fueled by banking assets ranging from auto to commercial loans. Financial derivatives also grew dramatically, as institutions found new ways to reallocate risks and rewards to where they were most valued. In the process, identifying and managing financial risk has become more complex.

It is, indeed, pressures created by market events that have brought about many of the advances in risk management that we have seen, and these advances have contributed to a more efficient and financially stronger banking system. For example, during the past five years, U.S. banks have been forced to improve their management of market risks as their trading activities became more complex and quadrupled in volume. Institutions have enhanced their information systems to report trading positions on a more timely basis and have also developed more sophisticated risk measurement techniques, such as the "value at risk" (VaR) measure currently used by many large trading institutions. This measure considers historical volatilities of market movements in calculating the probability of material and adverse changes in the market values of trading portfolios over the near term. Although specific techniques for calculating VaR differ among institutions and continue to evolve, such measures represent a significant advance in the management and measurement of market risks.

While no one should underestimate the potential risks in trading and derivatives activities, I would note that the overall experience of U.S. banks in this area has been favorable and that it has not been a source of material problems to the banking system. Even in the isolated cases in which we have seen large trading losses, as with Barings and Daiwa, the problems have related to fundamental violations of the basic tenets of sound internal controls, such as inadequate separation of duties, not with the inherent complexities of the instruments involved.

Moreover, credit risk, the risk that a borrower will default, has always been the most important risk to commercial banks and has also been a difficult risk for bankers to measure and control—whether or not it entails derivatives instruments. Nevertheless, here, too, opportunities for stronger risk management practices are growing daily as, again, technology makes more things possible. For example, through their own direct efforts and those of national consulting firms, banks are significantly improving their loan analysis and internal credit risk ratings to facilitate more efficient loan pricing and internal capital allocation relative to risk. Many banks are also devoting more resources to identifying correlations among default risks so that their risks can be diversified more effectively and managed on a portfolio basis.

Changes in Bank Supervision

All aspects of our supervisory process are undergoing changes in response to advances in risk management and industry innovation, including capital adequacy guidelines, the examination and surveillance process, and efforts to promote more public disclosure and appropriate accounting conventions. These and other initiatives are discussed briefly below and are listed in the attachment.[1] Taken together, these efforts should improve both the efficiency and the quality of the supervision process while also reducing the related costs to the banking system.

The Federal Reserve has always placed much importance on strong capital adequacy among banks and sought nearly a decade ago to develop and promote capital standards that acknowledged changing practices within the banking system and that were more sensitive to a bank's risk profile. The previous primary capital standard served its purpose of strengthening capital ratios, especially among the nation's largest banks, but had clear limitations. The existing risk-based capital standard that was adopted by the Basle Committee on Banking Supervision (Basle Committee) in 1988 provided a mechanism, missing in the earlier standard, for addressing the growing volume of off-balance-sheet transactions and also distinguished among broad categories of credit risk in instruments booked on the balance sheet.

While the current requirement is, itself, still crude in many respects, it has given supervisors and the banking system a framework for evaluating capital adequacy that is more responsive to the level of credit risk than had previously existed in regulatory standards, and it continues to evolve to meet changing needs. For example, within the last two years, the risk-based capital standard has been amended to tailor capital requirements to a broader range of off-balance-sheet risks and to recognize practices within the financial industry to reduce credit exposures through netting arrangements.

Supervisors are also adapting the standard to take advantage of improvements in risk measurement methodologies to address market risks in trading activities, that is, the risk to an institution's trading position resulting from adverse movements in interest rates, foreign exchange rates, or commodity or equity prices. Such market risks were not covered by the risk-based capital agreement in 1988. Although appropriate rulemaking procedures remain to be finalized in the United States, the Federal Reserve and the other U.S. banking agencies expect in the coming months to adopt new standards that will permit large U.S. trading banks to use their internal "value-at-risk" models, subject to examiner oversight, to determine their future capital requirements for market risk. Recognizing not only the advances in risk measurement but also the importance of sound risk management practices, this forthcoming standard will require large trading institutions to meet certain *quantitative* and *qualitative* criteria. The quantitative requirements produce a level of consistency necessary for a capital standard, while the qualitative requirements provide specific standards for managing trading risks that include the following elements of sound risk management practice:

- A risk control unit that is independent of the trading function
- A regular program for backtesting the bank's performance to validate the accuracy of the VaR measure
- Procedures for periodic stress testing to evaluate the impact on a bank's condition of highly unusual market moves
- Documented internal policies, controls, and procedures
- Independent reviews of the risk management process by internal auditors.

At the end of February, the Board of Governors approved for public comment the final element of the market risk proposal that deals with "backtesting" the accuracy of a bank's internal model. We expect to complete the rulemaking process for this proposal this spring and to implement the new requirements by the end of 1997.

The vast majority of all derivative transactions of U.S. banking organizations are held in the trading accounts of the largest banks and, thus, will be covered by these *market risk* capital requirements and principles of sound management. As traded instruments, they are also marked-to-market daily, actively managed, and incorporated into the institution's risk management reports. Derivative instruments are also subject to the counterparty *credit risk* provisions of the existing Capital Accord and continue to be subject to examiner review from that perspective as well.

In placing a high importance on the management process for trading and derivative activities, the Federal Reserve recognizes that these activities can rapidly change an institution's risk profile and transmit problems from one institution to another. Consequently, we have worked with our colleagues domestically and abroad to expand the amount of information available to supervisors so that they can identify more efficiently institutions at which strong risk management and control procedures are most important. Early last year the U.S. banking agencies significantly enhanced the information about derivatives in their bank Call Reports to address the capital amendments mentioned earlier and to obtain other information about the underlying nature of derivatives' risks.

1. The attachment to this statement is available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

These efforts also contributed, last year, to a "joint framework for supervisory information" about trading and derivatives activities of banks and securities firms that was adopted by the Basle Committee and the International Organisation of Securities Commissions (IOSCO).

Other supervisory initiatives involve promoting and reinforcing sound risk management practices throughout the banking industry, training examiners in the underlying concepts of risk management and measurement, requiring more extensive "scoping" of a bank's risk profile before an examination, and providing examiners with the technology and guidance they need to make their efforts more efficient.

Evaluating Risk Management

One important step that reflects our increasing focus on risk management and controls is our recent decision to assign a formal rating to these areas in connection with on-site examinations beginning this year. While supervisors have long reviewed internal controls during examinations, the rating process will increase the focus on risk management and is intended to highlight both the quantitative and qualitative aspects of a bank's system for identifying, measuring, monitoring, and controlling its risks.

The rating of risk management will not alter the way in which our examiners apply the interagency CAMEL rating framework, but it will serve as a more solid foundation for determining the overall management component of that system. Moreover, we are also working with our colleagues from the other federal banking agencies to develop a consistent framework for incorporating market risks (including interest rate risk and foreign exchange risk) as well as risk management policies and practices more formally into the bank rating system.

Promoting Sound Practices

In many respects, the increased focus on risk management begins by identifying the practices that we expect banks to follow and that we direct our examiners to evaluate. While much is not new, the expansion of the more complex trading and derivatives activities has encouraged the Federal Reserve to formalize its expectations regarding sound risk management practices in several areas.

In all cases, of course, supervisory expectations may vary significantly, depending upon the size and complexity of the institution's activities. Large banks, for example, will normally be expected to have more formal policies, procedures, limits, and management information systems than smaller banks and must have more sophisticated measures of the risks they take. Nevertheless, all institutions are expected to follow basic sound management practices that are appropriate for their unique circumstances and the nature and level of the risks they take, whether those risks involve innovative and complex instruments or traditional forms of loans. This flexibility will inherently require judgment on the part of examiners and other supervisory personnel when assessing the adequacy of a bank's policies and procedures.

Since 1993, we have issued a series of instructions, policy statements, and examination manuals that have stressed the importance of managing all risks inherent in the business of banking, including market and credit risks, liquidity, legal, and reputational risks, and, quite important, operational risks. In these documents and throughout our supervisory process, we are emphasizing these four basic elements of sound risk management:

- *An active oversight role by bank boards of directors and senior management.* Directors, in particular, need not be experts in complex banking matters, but they should receive adequate information about their institution's risks that are measured and described in terms they understand and should communicate to management their tolerance for accepting risks. Directors and senior managers must ensure that the risks of new products are fully understood and that adequate controls are in place before new products are initiated. They also have the ongoing responsibility of ensuring that their directives are adequately implemented and enforced throughout the institution.
- *Adequate policies, limits, and procedures.* These elements should be tailored to the activities of the institution and should provide specific guidance regarding the nature and volume of risks the bank may take. Limits should be consistent with the board's willingness to take risks and with the institution's available capital and overall ability to manage its risks.
- *Adequate risk measurement, monitoring, and management information systems.* An institution should be able to identify and measure its material risks and clearly communicate their nature and level to senior management on a timely basis. Reports should identify instances in which established limits have been exceeded and should prompt appropriate corrective actions. The sophistication of the risk measures should be commensurate with the nature of the institution's activities.

• *Adequate internal controls and audits.* Having an internal control process that monitors adherence to established policies and procedures is critical to the sound conduct of a bank's activities. The complexity of control procedures may vary significantly among institutions, but to be effective they should all involve an appropriate segregation of duties, be administered by qualified personnel, and be conducted with sufficient independence, scope, and frequency. Especially at large institutions, examiners will be directing more attention to the independence of internal auditors and their ability to monitor and test the reliability of management information systems and compliance with internal policies and controls.

These principles are highly consistent with those promoted by the Group of Thirty in its 1993 report recommending sound practices in derivatives activities of financial institutions. Indeed, they are practices that virtually any business should employ in managing and controlling its risks. In that sense, efforts by the banking agencies to review and promote such practices should serve only to strengthen the financial condition and management process at banking organizations and to reduce the exposure a bank's activities may present to the federal safety net. This focus on risk management (particularly at large institutions) should in no way reduce the effectiveness of banking organizations to compete, either domestically or abroad.

I also would stress that while it is important for an institution to identify and document the policies, procedures, and controls it needs, simply maintaining the proper documentation is meaningless if the procedures and controls are not implemented in practice. Consequently, a critical aspect of evaluating risk management and control procedures is testing and validating the strength and integrity of the procedures and checking the extent to which they are understood and followed throughout the institution. Such validation efforts must be conducted by individuals who have proper levels of organizational independence and expertise, such as internal or external auditors, on-site examiners, or managers or other professionals within the institution with no direct connection to the activity being reviewed.

More Efficient Examinations

In addition to the actions I have outlined, the Federal Reserve has undertaken other initiatives to make the supervision process more efficient and risk-focused, while reducing the burden on banking organizations. For example, through administrative changes and by making greater use of available technology, we are increasing the time devoted to planning and preparing for an examination in order to tailor the examination to the unique circumstances and risk profile of individual institutions.

Both the planning and the on-site examination effort will be helped significantly with the introduction of the Examiner Workstation, which has been recently developed by the Federal Reserve System. This automated system, which is being tested in cooperation with state and federal banking agencies, permits examiners to download data directly from a bank's computer, analyze portfolios on their personal computers, and identify concentrations and other characteristics within the bank's loan portfolio. As a result, examiners should be able to reduce materially the amount of time they spend on manual operations and should be able to devote more time to identifying and evaluating risks. The Federal Reserve is also making greater use of loan-sampling techniques to test the accuracy of internal loan risk-rating systems and to improve the efficiency of the examination process.

In addition to these steps, we are also engaged in an ongoing, in-depth review of our examination and supervisory processes. Our long-term objective is to make the examination process even more risk-focused, cost-effective, and burden-sensitive without sacrificing the quality of our examinations and their ability to identify and evaluate fundamental safety and soundness considerations.

The risk orientation of our supervisory process also benefits from other factors. Recently we have supplemented information from our senior lending officer survey by initiating a quarterly survey of bank examiners that will give us more timely "hands-on" feedback on important developments relating to credit quality and management practices in banking organizations.

Training

Although examiners review the risk management process in all activities of a bank, most of the recent efforts of the Federal Reserve to train examiners about risk management practices have been directed at the more rapidly evolving activities of banks—particularly those involving market risks. These activities include trading and derivatives activities and those of typical asset-liability committees (ALCOs), which oversee a bank's investment portfolios and overall management of interest rate risk. In these areas, the Federal Reserve has significantly expanded its formal capital markets training programs to address risk management, including internal controls, at all levels of examiner expertise.

Capital Markets Coordinators

In recent years, the Federal Reserve's training and capital market surveillance efforts have been facilitated by capital markets coordinators at each Reserve Bank. These individuals, who are officers or senior examiners, keep abreast of market activities of institutions in their Districts and meet together quarterly to discuss supervisory policies and practices and to share their insights and experiences with coordinators from other Reserve Banks. They also participate actively in planning and staffing examinations and have helped significantly in developing and directing conferences and training programs that focus on the risk management of trading and derivatives activities. The Board staff has worked closely with these coordinators in developing examiner guidance and in implementing surveillance screens for monitoring and evaluating interest rate risk. We are also working with the other federal banking agencies to revise the Call Report to further strengthen our oversight and supervisory efforts in this area.

The Federal Reserve's capital market supervisory activities also benefit greatly from the experiences and insights of its research economists and payment system experts, at both the Board and the Reserve Banks. These individuals complement the skills and perspectives of supervisory personnel and contribute to a stronger supervisory process. Their contributions are particularly helpful with respect to risk management and market risk issues, which are likely to become even more important to supervisors in the future as market practices, risk management procedures, and financial innovations continue to evolve at a rapid pace.

Disclosure and Accounting Standards

While capital requirements and supervisory oversight are important in maintaining a financially sound banking and financial system, market discipline can also help greatly in stifling undesired behavior and reinforcing supervisory efforts to encourage sound risk management practices. For that reason, the Federal Reserve has worked at both the domestic and international levels to promote adequate and more uniform standards of supervisory reporting and disclosure, particularly with respect to internationally active banking organizations. We are also supporting the accounting profession in improving accounting and disclosure standards.

CONCLUSION

Efforts of the Federal Reserve to expand the review of a bank's risk management process are important, particularly in the case of large institutions and those with material holdings of derivatives and other complex instruments. These institutions and activities must be well managed or they will present unacceptable risks to the federal safety net. Our examiners will be devoting more attention than in the past to reviewing a bank's processes and controls, whether they relate to transactions or products new to the bank or to traditional lending activities. Although our goal is to ensure that risk management practices are commensurate with risks, we want to encourage all institutions to keep abreast of new techniques for improving their management of risks.

The greater attention given to risk management should not, however, be overstated and viewed as a more dramatic change than it is. Strong management procedures can go far in preventing problems throughout a bank, but evaluating their real worth is difficult without judging the bank's results. Assessing "old fashioned lending" and evaluating loan quality and the adequacy of bank capital and loan-loss reserves will remain paramount.

Of course, no set of supervisory procedures will detect or prevent *all* problems, and that should not be our goal. In the past, some banks—large and small—have had difficulties because of poor policies and procedures and have failed as a result, typically because of bad loans. Human nature being what it is, there will undoubtedly be more problems ahead—both for banks engaged in traditional lending activities and for those involved in trading and derivatives activities. Our job as supervisors should be to limit the frequency and scope of these problems and ensure that they do not present unacceptable risks to bank customers, the financial system, or the federal safety net. Toward that purpose, we will continue our efforts to review and improve supervisory techniques and encourage sound risk management practices, while recognizing that banks must take risks if they are to be in a position to serve their customers and communities and fulfill their role in the nation's economy.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, March 26, 1996

I would like to begin by expressing my appreciation to President Clinton for nominating me for another term as Chairman of the Board of Governors of the Federal Reserve System. I am honored at the confidence he has shown in me and pledge to him, to you, and to the American people that if I am confirmed I will continue to do my best to merit that confidence.

I also want to thank you for scheduling this hearing so expeditiously. I like to think that I have had a good, productive relationship with this committee and the Congress during my tenure at the Federal Reserve. If you and the Senate choose to confirm my nomination, I intend to continue to work closely with you and your colleagues in both houses on the many issues confronting our financial system and our economy.

As you know, I have come before you frequently to discuss a variety of specific issues related to the conduct of monetary policy and to banking and financial markets. I thought it appropriate on this occasion to step back from day-to-day concerns and take a bit of a longer view of the forces, especially the evidently more rapid pace of technological change and innovation, that will affect how the Federal Reserve carries out its legislative mandates over the years ahead.

Last month, my testimony was concentrated on the impact of these forces on the economy. Today I want to address their effects on the Federal Reserve in three main areas of responsibility—supervision and regulation of banks, stewardship of the payments system, and monetary policy.

The way we supervise financial institutions is an area in which technology is both creating problems and simultaneously giving us and the institutions we supervise the tools to solve them. New instruments and changing business practices have made obsolete in many respects our previous emphasis on balance sheets in examinations. A generation ago, a month-old balance sheet was fairly indicative of the current state of an institution. Today, owing to the proliferation of transactions, a day-old balance sheet can be obsolete. Moreover, much of what is important for the health of an institution never finds its way onto the balance sheet, except ultimately through its bottom line effect on capital. Accordingly, banks and other intermediaries are relying increasingly on statistical models to measure and manage risk. By monitoring these models and by using them to test for vulnerabilities, the Federal Reserve can leverage off of this trend to enhance our own capabilities to ensure a safe and sound banking system.

Ultimately, the smooth functioning of our financial markets and economy rests on the payments system. The Congress recognized this when it created the Federal Reserve, making improvements to the payments system one of our preeminent tasks in 1913. We have not lost sight of that objective, but it has been complicated by the speed and volume of transactions within the United States and between the United States and other countries. Because large shocks can be transmitted rapidly around the world, a breakdown in the payments system anywhere can have adverse effects on the United States.

Here again, technology is being harnessed to reduce the risk of a breakdown, especially by shortening the time that passes between when a transaction is initiated and when it is settled. Events occurring in that period that prevent the completion of the transaction can threaten the stability of the financial system. We have been able to reduce the interval between initiating and finalizing many types of securities transactions, and I expect that reducing it further will be a high priority in years to come. Ideally we seek a system in which a transaction would be settled when it was initiated. Facilities to do that, however, are costly. Sometimes it is better to accept a minor system risk owing to float than to invest in resources required to eliminate it. Fortunately, technology is rapidly reducing costs, perhaps enabling the real world to approach more closely the ideal.

We in the United States have a special responsibility because the dollar is the world's leading currency, and a breakdown in dollar payments would have repercussions far beyond our borders as well as at home. Maintaining the key role of the dollar is important to American growth and standards of living. Because foreigners want to invest in dollar securities, our markets are more liquid and our interest rates are lower than they otherwise would be. Because foreigners are willing to hold vast amounts of U.S. currency, the interest costs of funding the U.S. government debt is reduced \$10 billion to \$15 billion yearly.

A sound payments system is only one of our responsibilities as the central bank for the world's leading currency. Just as essential is a sound currency—one whose value is not eroding significantly or erratically. But price stability is not an objective you have given monetary policy just to satisfy international investors. Rather, the fundamental reason for this goal is that its fulfillment is an essential element in enabling the economy to reach its full potential.

A challenge we at the Federal Reserve face, as we have discussed on a number of occasions, is to assess how innovation and technical change are affecting the workings of the economy and its response to monetary policy actions. Indeed, technological change has begun to be felt at the very beginning of the policy implementation process, enabling depositories to avoid holding non-interest-earning required reserves and shrinking the reserve base through which we work; we are looking at how we may have to adapt to this development.

Change always presents problems. Nonetheless, I look forward to the opportunity, if you confirm my nomination, to continue to work with you, the President, and my colleagues at the Federal Reserve to help the American people realize the full benefits our innovative and entrepreneurial spirit can bestow.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, March 27, 1996

I appreciate the opportunity to appear before this committee once again. As you know, I discussed current economic conditions and the outlook rather extensively in appearances before House and Senate Banking committees just over a month ago. Today, I would like to provide a brief update of comments that I made then and reiterate my views on some key issues that are important for our nation's economic prospects over the medium term.

A month ago, the economy clearly had been perceived as soft over the latter part of 1995 and the early weeks of 1996. There were uncertainties, however, about both the factors that might have given rise to the softness in activity and the degree to which that softness might persist.

Although not all of the uncertainties have been resolved, recent data have confirmed the expectation that a good bit of the economic sluggishness of late 1995 was related to inventory investment. The efforts of businesses to reestablish more desirable relationships between their holdings of inventories and their actual and prospective levels of sales held down production. Toward the end of last year, the inventory adjustments reached a point at which stocks actually were being reduced in the aggregate. Although January, with its unusually severe weather, apparently resulted in goods being bottled up for a time in some parts of the economy, the underlying picture, as best we can discern, seems to be one in which much, but perhaps not all, of the needed inventory correction already has been accomplished.

Ultimately, of course, the inventories that businesses want to hold will depend on the growth of final demand. At present, there are some factors, such as high consumer debt levels, that still may be working to restrain spending. But the recent data seem to indicate that those restraining influences are not so strong as to seriously jeopardize the continued expansion of the economy. Data for February showed increases in sales of motor vehicles and other types of goods that are purchased at retail, and housing starts rose further last month. In the business sector, real outlays for fixed capital still appear to be trending up.

The labor market reports for February provided additional evidence that the economy is moving past the disruptions that had slowed it in previous months. Payroll employment surged in February, more than reversing the losses of January, and the unemployment rate, after having ticked up in January, dropped back last month. It is possible that the February data may have exaggerated the strength of the labor market to some extent, as we have not seen a similar degree of strength in other labor market indicators, such as initial claims for unemployment insurance. But even so, the current economic expansion seems to have exhibited staying power. The strike that has recently affected the motor vehicle industry is likely to result in additional volatility over the near term, but like the disruptions of this past winter, it should not have a great impact on underlying trends in the economy.

The most recent reports on inflation also have been reasonably encouraging. Price increases at the consumer level have been moderate, on average, in the early part of 1996, and the twelve-month change in the consumer price index has remained near recent lows. In addition, producer prices have been well behaved early this year; the prices of finished goods changed little over the first two months of the year, and materials prices in the producer price index continued to edge down. While monetary policy, as always, will need to be alert to inflation risks as we move forward, the recent economic data suggest that the economy should be able to continue operating at a high level of resource utilization, sustaining growth without risking a reversal of progress that has been made toward the goal of price stability.

As I noted last month, structural forces may be assisting us in this regard. Introduction of new technologies into a wide variety of production processes is affecting production costs and business pricing throughout the economy. Successive generations of these new technologies are being quickly embodied in the nation's capital stock, and older technologies are, at a somewhat slower pace, being phased out. As a consequence, the nation's capital stock is turning over at an increasingly rapid pace, not primarily because of physical deterioration but as a reflection of technological and economic obsolescence.

A major challenge that we face during this period of rapid technical change is that of altering, with minimal disruption, not only the existing organizational structures and production methods of firms but, even more important, the skills of the labor force. At present, the more rapid advance of information and communications technology and the associated acceleration in the turnover of the capital stock are being mirrored in a brisk restructuring of firms. In line with their adoption of new organizational structures and technologies, many enterprises are finding that their needs for various forms of labor are evolving just as quickly. In some cases, job skills that were adequate only five years ago are no longer as relevant. Partly for that reason, most corporate restructurings have involved a significant number of permanent dismissals.

It would be neither feasible nor desirable to try to restrain the technical forces that lie behind the huge structural changes that are playing themselves out in the business world and in the workplace. But we can take steps that will help ease the transition between the old and the new. Firms and employees alike need to recognize that obtaining the potential rewards of the new technologies in the years ahead will require a renewed commitment to effective education and training, especially on-the-job training. Such a commitment is essential if we are to prevent the disruptions to lives and to the nation's capacity to produce that arise from mismatches between jobs and workers. We need to improve the preparation for the job market our schools do, but even better schools are unlikely to be able to provide adequate skills to support a lifetime of work. Indeed, ensuring that our labor force has the ongoing education and training necessary to compete in an increasingly sophisticated world economy is a critical task for the years ahead.

Fortunately, economic successes of the past decade or so have put us in a better position to meet the challenges that remain. We have made significant and fundamental gains in macroeconomic performance in recent years that enhance the prospects for maximum sustainable economic growth. Inflation, as measured by the consumer price index, has been gradually reduced from a peak of more than 13 percent in 1979 to about 2½ percent last year. Lower rates of inflation have brought a variety of benefits to the economy, including lower long-term interest rates, a sense of greater economic stability, an improved environment for household and business planning, and more robust investment in capital expenditures. Hopefully, the years ahead will see further progress against inflation and the eventual achievement of price stability.

We have also made considerable progress on the fiscal front. Over the past ten years and especially since 1993, our elected political leaders, through sometimes prolonged and even painful negotiations, have been successful in reaching several agreements that have significantly narrowed the budget deficit. But more remains to be done. As I have emphasized many times, lower budget deficits are the surest and most direct way to increase national saving. Higher national saving would help to reduce real interest rates further, promoting more rapid accumulation of productive capital embodying recent technological advances. Agreement is widely shared that attaining a higher national saving rate quite soon is crucial, particularly in view of the anticipated shift in the nation's demographics in the first few decades of the next century. As recent events in financial markets seem to have demonstrated, delay in taking meaningful action on the budget comes at a cost. Although the backup of long-term interest rates this year surely has been in large part a reflection of an economy on firmer footing than many market participants had thought, long-term rates also have been affected by perceptions in the market that priorities may be shifting away from deficit reduction.

Lower inflation and reduced budget deficits will by no means solve all of the economic problems we face. But the achievement of price stability and federal budget balance or surplus will provide the best possible macroeconomic climate in which the nation can address other economic challenges, including those that arise as side effects of the otherwise beneficial and highly desirable process of technological advance.

Statement of the Board of Governors of the Federal Reserve System with Regard to Coverage by Regulation E of Electronic Benefit Transfers, submitted for the record to the Committee on Banking and Financial Services, U.S. House of Representatives, March 27, 1996

The Board has been asked to comment on its position with regard to the coverage under the Electronic Fund Transfer Act (EFTA), and the Board's Regulation E, of electronic benefit transfer (EBT) programs. Government benefits that are delivered electronically include food stamps, Aid to Families with Dependent Children, and social security benefits. Under amendments to Regulation E that the Board adopted in February 1994, such EBT programs will be subject to modified Regulation E requirements scheduled to take effect on a mandatory basis on March 1, 1997 (see attached February 24, 1994 notice).[1]

The Board adopted the amendments covering EBT programs pursuant to its authority under 904(c) and (d) of the EFTA. Section 904(c) provides that the rules issued by the Board "may contain such classifications, differentiations, or other provisions . . . as in the judgment of the Board are necessary or proper to effectuate the purposes of this title, [or] to prevent circumvention or evasion thereof. . . ." Section 904(d) provides that if EFT services "are made available to consumers by a person other than a financial institution holding a consumer's account, the Board shall by regulation assure that the disclosures, protections, responsibilities, and remedies created by this title are made applicable to such persons and services." The legislative history of the EFTA provides guidance on the Board's authority to determine if particular services should be covered by the act. A Senate Banking Committee report, in discussing section 904(c), stated that "since no one can foresee EFT developments in the future, regulations would keep pace with new services and assure that the act's basic protections continue to apply." (Senate Report 915, 95 Cong., 2 Sess. (GPO, 1978)).

In adopting the amendments, the Board noted its belief that the strong similarity of EBT systems and other EFT services, the act's legislative history, and the language of the EFTA and Regulation E supported coverage of EBT programs under the act and regulation. The Board stated that, from a recipient's viewpoint, an EBT system functions much the same as if the recipient had an ordinary checking account with direct deposits of government benefits and with automated teller machine and point of sale service available to access the benefits and that all consumers using EFT services should receive substantially the same protection under the EFTA and Regulation E, absent a showing that compliance costs outweigh the need for consumer protections. The Board noted that it recognized that benefit program agencies were concerned about the operational and cost impacts of coverage, specifically in the areas of liability for unauthorized transfers and error resolution, but believed that the cost data presented to support exemptions in these areas were not definitive. In response to concerns expressed by the states about the potential impact of Regulation E on EBT programs and at the request of the Federal Electronic Benefits Task Force, which represents all the major federal agencies with benefit programs, the Board delayed the date of mandatory compliance with the final rule for a three year period—to March 1, 1997—so that states could continue to explore opportunities for provision of services through EBT.

Various bills relating to the status of EBT programs under the EFTA have been introduced in the Congress. H.R.4, the "Personal Responsibility and Work Opportunity Act of 1995," which was passed by the Congress and vetoed by the President, contains provisions to exempt EBT programs that distribute needs-tested benefits and are established or administered by states or localities. After careful weighing of congressional intent, consumer rights and the concerns about the impact of Regulation E coverage on development of EBT systems, the Board believes that coverage of EBT programs is required under the law as it currently exists. The Board recognizes that the Congress may well want to reexamine the issues regarding the scope of EFTA coverage in light of developments since its enactment in 1978 and to balance competing objectives in light of changing national priorities. In particular, the Board believes it would be useful for the Congress to address whether or not EBT programs should be exempted from the EFTA. However, if an exemption is limited to particular categories of EBT programs—or to EBT programs administered at the state and local level as may be the case under H.R.4 and similar proposals—varying rules for different government benefit programs would result. This could make it difficult to implement the multipurpose, one-card, unified national delivery system envisioned by the Federal Electronic Benefits Transfer Task Force, established in response to Vice President Gore's 1993 *Report of the National Performance Review.* □

1. The attachment to this statement is available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Announcements

MEETING OF THE CONSUMER ADVISORY COUNCIL

The Federal Reserve Board announced on March 8, 1996, that the Consumer Advisory Council would meet on Thursday, March 28, in a session open to the public. The council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

APPROVAL OF A VOLUNTARY CHECK-FRAUD SURVEY

The Federal Reserve Board on March 13, 1996, approved conducting a one-time, voluntary check-fraud survey.

The responses to the survey will help the Board to fulfill the congressional mandate to accomplish the following:

- Determine whether there is a pattern of significant increases in losses related to check fraud at depository institutions attributable to the provisions of the Expedited Funds Availability Act (EFAA)
- Consider whether an extension by one day of the period between the deposit of a local check and the availability of funds for withdrawal would be effective in reducing the volume of losses related to check fraud
- Make recommendations for legislative actions.

The survey forms were mailed to a random sample of approximately 5,200 depository institutions and requested data on check-fraud losses for the period January 1, 1995, through December 31, 1995. The data obtained from all respondents will be combined to provide an estimate of total check-fraud losses in the banking industry.

To provide comprehensive information to the Congress, the Board encouraged all institutions receiving the survey to participate, even if they incurred no losses due to check fraud during 1995. Completed survey questionnaires were due on April 12, 1996.

JOINT AMENDMENT TO A RECORDKEEPING RULE IN ACCORDANCE WITH THE BANK SECRECY ACT

The Federal Reserve Board and the Department of the Treasury on March 26, 1996, jointly issued amendments to their rule that requires enhanced recordkeeping related to certain funds transfers by financial institutions, in accordance with the Bank Secrecy Act.

The amendments revise the rule's definitions and make technical conforming changes to the substantive provisions of the rule to conform the definitions of the parties to an international funds transfer to their meanings under Article 4A of the Uniform Commercial Code. These changes are intended to reduce the confusion of banks and nonbank financial institutions as to the applicability of the recordkeeping rule and to reduce the cost of complying with the rule's requirements.

The Board and the Treasury have also deferred the effective date of the recordkeeping rule from April 1, 1996, to May 28, 1996. In addition, the Board has deferred the effective date of subpart B of Regulation S (Reimbursement to Financial Institutions for Assembling or Providing Financial Records), which cross-references the recordkeeping requirements.

APPROVAL OF FINAL REVISIONS TO THE OFFICIAL STAFF COMMENTARY TO REGULATION Z

The Federal Reserve Board on March 28, 1996, published final revisions to its official staff commentary to Regulation Z (Truth in Lending).

The changes provide guidance mainly on issues relating to reverse mortgages and mortgages bearing rates above a certain percentage or fees above a certain amount. The update also addresses issues of general interest, such as a card issuer's responsibilities when a cardholder asserts a claim or defense relating to a merchant dispute.

The final rule was effective April 1, 1996; however, compliance is optional until October 1, 1996.

PROPOSED ACTION

The Federal Reserve Board along with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation on March 7, 1996, requested comment on a proposal to amend an outstanding proposal to incorporate a measure for market risk into the risk-based capital guidelines for banks and bank holding companies (banking organizations), which was issued in July 1995. Comments were requested by April 8, 1996.

ESTABLISHMENT OF A FEDERAL RESERVE HOME PAGE ON THE WORLD WIDE WEB

The Federal Reserve Board announced on March 25, 1996, that it had established a home page on the World Wide Web to provide a wide variety of information to the general public. Initially, the Board's home page (http://www.bog.frb.fed.us) provides the following:

- An introductory statement of the role of the Federal Reserve
- The text of *Purposes and Functions*, a book that explains the mission and operations of the Federal Reserve System
- A listing of Board publications and how to order them
- An explanation of Board and System material available through the U.S. Commerce Department economic bulletin board
- A brief definition of each Federal Reserve regulation
- Links to other Federal Reserve web sites operated by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Chicago, Minneapolis, St. Louis, and Dallas.

Other features will be added in the future. These will include speeches and testimony of Board members, the minutes and schedule of meetings of the Federal Open Market Committee, the Beige Book, statistics gathered by the System including historical data, press releases, banking matters including a listing of all applications received and actions taken, the *Federal Reserve Bulletin,* and the Board's *Annual Report.*

CHANGES IN BOARD STAFF

The Federal Reserve Board announced the retirement, effective April 1, 1996, of Anthony V. DiGioia, Assistant Director in the Division of Human Resources Management, after seventeen years of service.

The Board also announced the retirement, effective April 12, 1996, of Laura M. Homer, Assistant Director in the Division of Banking Supervision and Regulation, after nearly twenty-five years of service. □

Minutes of the Federal Open Market Committee Meeting Held on January 30–31, 1996

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., starting on Tuesday, January 30, 1996, at 2:30 p.m. and continuing on Wednesday, January 31, 1996, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Boehne
Mr. Jordan
Mr. Kelley
Mr. Lindsey
Mr. McTeer
Ms. Phillips
Mr. Stern
Ms. Yellen

Messrs. Broaddus, Guynn, Moskow, and Parry, Alternate Members of the Federal Open Market Committee

Messrs. Hoenig, Melzer, and Ms. Minehan, Presidents of the Federal Reserve Banks of Kansas City, St. Louis, and Boston respectively

Mr. Kohn, Secretary and Economist
Mr. Bernard, Deputy Secretary
Mr. Coyne, Assistant Secretary
Mr. Gillum, Assistant Secretary
Mr. Mattingly, General Counsel
Mr. Prell, Economist
Mr. Truman, Economist

Messrs. Lang, Lindsey, Mishkin, Promisel, Rolnick, Rosenblum, Siegman, Simpson, Sniderman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors
Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Slifman, Associate Director, Division of Research and Statistics, Board of Governors
Mr. Rosine,[1] Senior Economist, Division of Research and Statistics, Board of Governors
Mr. Reid,[1] Economist, Division of Monetary Affairs, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Mr. Beebe, Ms. Browne, Messrs. Davis, Dewald, Goodfriend, and Hunter, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Boston, Kansas City, St. Louis, Richmond, and Chicago respectively
Mses. Krieger and Rosenbaum, Vice Presidents, Federal Reserve Banks of New York and Atlanta respectively

In the agenda for this meeting, it was reported that advices of the election of the following members and alternate members of the Federal Open Market Committee for the period commencing January 1, 1996, and ending December 31, 1996, had been received and that the named individuals had executed their oaths of office.

The elected members and alternate members were as follows:

William J. McDonough, President of the Federal Reserve Bank of New York, with Ernest T. Patrikis, First Vice President of the Federal Reserve Bank of New York, as alternate;
Edward G. Boehne, President of the Federal Reserve Bank of Philadelphia, with J. Alfred Broaddus, Jr., President of the Federal Reserve Bank of Richmond, as alternate;
Jerry L. Jordan, President of the Federal Reserve Bank of Cleveland, with Michael H. Moskow, President of the Federal Reserve Bank of Chicago, as alternate;
Robert D. McTeer, President of the Federal Reserve Bank of Dallas, with Jack Guynn, President of the Federal Reserve Bank of Atlanta, as alternate;
Gary H. Stern, President of the Federal Reserve Bank of Minneapolis, with Robert T. Parry, President of the Federal Reserve Bank of San Francisco, as alternate.

1. Attended portions of meeting relating to the Committee's review of the economic outlook and establishment of its monetary and debt ranges for 1996.

By unanimous vote, the following officers of the Federal Open Market Committee were elected to serve until the election of their successors at the first meeting of the Committee after December 31, 1996, with the understanding that in the event of the discontinuance of their official connection with the Board of Governors or with a Federal Reserve Bank, they would cease to have any official connection with the Federal Open Market Committee:

Alan Greenspan	Chairman
William J. McDonough	Vice Chairman
Donald L. Kohn	Secretary and Economist
Normand R.V. Bernard	Deputy Secretary
Joseph R. Coyne	Assistant Secretary
Gary P. Gillum	Assistant Secretary
J. Virgil Mattingly, Jr.	General Counsel
Thomas C. Baxter, Jr.	Deputy General Counsel
Michael J. Prell	Economist
Edwin M. Truman	Economist

Richard W. Lang, David E. Lindsey, Frederic S. Mishkin, Larry J. Promisel, Arthur J. Rolnick, Harvey Rosenblum, Charles J. Siegman, Thomas D. Simpson, Mark S. Sniderman, and David J. Stockton, Associate Economists

By unanimous vote, the Federal Reserve Bank of New York was selected to execute transactions for the System Open Market Account until the adjournment of the first meeting of the Committee after December 31, 1996.

By unanimous vote, Peter R. Fisher was selected to serve at the pleasure of the Committee as Manager, System Open Market Account, on the understanding that his selection was subject to being satisfactory to the Federal Reserve Bank of New York.

Secretary's note: Advice subsequently was received that the selection of Mr. Fisher as Manager was satisfactory to the board of directors of the Federal Reserve Bank of New York.

By unanimous vote, the Authorization for Domestic Open Market Operations shown below was reaffirmed.

AUTHORIZATION FOR DOMESTIC OPEN MARKET OPERATIONS

Reaffirmed January 30, 1996

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, to the extent necessary to carry out the most recent domestic policy directive adopted at a meeting of the Committee:

(a) To buy or sell U.S. Government securities, including securities of the Federal Financing Bank, and securities that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States in the open market, from or to securities dealers and foreign and international accounts maintained at the Federal Reserve Bank of New York, on a cash, regular, or deferred delivery basis, for the System Open Market Account at market prices, and, for such Account, to exchange maturing U.S. Government and Federal agency securities with the Treasury or the individual agencies or to allow them to mature without replacement; provided that the aggregate amount of U.S. Government and Federal agency securities held in such Account (including forward commitments) at the close of business on the day of a meeting of the Committee at which action is taken with respect to a domestic policy directive shall not be increased or decreased by more than $8.0 billion during the period commencing with the opening of business on the day following such meeting and ending with the close of business on the day of the next such meeting;

(b) When appropriate, to buy or sell in the open market, from or to acceptance dealers and foreign accounts maintained at the Federal Reserve Bank of New York, on a cash, regular, or deferred delivery basis, for the account of the Federal Reserve Bank of New York at market discount rates, prime bankers acceptances with maturities of up to nine months at the time of acceptance that (1) arise out of the current shipment of goods between countries or within the United States, or (2) arise out of the storage within the United States of goods under contract of sale or expected to move into the channels of trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods; provided that the aggregate amount of bankers acceptances held at any one time shall not exceed $100 million;

(c) To buy U.S. Government securities, obligations that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States, and prime bankers acceptances of the types authorized for purchase under 1(b) above, from dealers for the account of the Federal Reserve Bank of New York under agreements for repurchase of such securities, obligations, or acceptances in 15 calendar days or less, at rates that, unless otherwise expressly authorized by the Committee, shall be determined by competitive bidding, after applying reasonable limitations on the volume of agreements with individual dealers; provided that in the event Government securities or agency issues covered by any such agreement are not repurchased by the dealer pursuant to the agreement or a renewal thereof, they shall be sold in the market or transferred to the System Open Market Account; and provided further that in the event bankers acceptances covered by any such agreement are not repurchased by the seller, they shall continue to be held by the Federal Reserve Bank or shall be sold in the open market.

2. In order to ensure the effective conduct of open market operations, the Federal Open Market Committee authorizes and directs the Federal Reserve Banks to lend U.S. Government securities held in the System Open Market Account to Government securities dealers and to banks participating in Government securities clearing arrangements conducted through a Federal Reserve Bank, under such instructions as the Committee may specify from time to time.

3. In order to ensure the effective conduct of open market operations, while assisting in the provision of short-term investments for foreign and international accounts maintained at the Federal Reserve Bank of New York, the Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York (a) for System Open Market Account, to sell U.S. Government securities to such foreign and international accounts on the bases set forth in paragraph l(a) under agreements providing for the resale by such accounts of those securities within 15 calendar days on terms comparable to those available on such transactions in the market; and (b) for New York Bank account, when appropriate, to undertake with dealers, subject to the conditions imposed on purchases and sales of securities in paragraph l(c), repurchase agreements in U.S. Government and agency securities, and to arrange corresponding sale and repurchase agreements between its own account and foreign and international accounts maintained at the Bank. Transactions undertaken with such accounts under the provisions of this paragraph may provide for a service fee when appropriate.

By unanimous vote, the Authorization for Foreign Currency Operations shown below was reaffirmed.

AUTHORIZATION FOR FOREIGN CURRENCY OPERATIONS

Reaffirmed January 30, 1996

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, for System Open Market Account, to the extent necessary to carry out the Committee's foreign currency directive and express authorizations by the Committee pursuant thereto, and in conformity with such procedural instructions as the Committee may issue from time to time:

A. To purchase and sell the following foreign currencies in the form of cable transfers through spot or forward transactions on the open market at home and abroad, including transactions with the U.S. Treasury, with the U.S. Exchange Stabilization Fund established by Section 10 of the Gold Reserve Act of 1934, with foreign monetary authorities, with the Bank for International Settlements, and with other international financial institutions:

Austrian schillings	Italian lire
Belgian francs	Japanese yen
Canadian dollars	Mexican pesos
Danish kroner	Netherlands guilders
Pounds sterling	Norwegian kroner
French francs	Swedish kronor
German marks	Swiss francs

B. To hold balances of, and to have outstanding forward contracts to receive or to deliver, the foreign currencies listed in paragraph A above.

C. To draw foreign currencies and to permit foreign banks to draw dollars under the reciprocal currency arrangements listed in paragraph 2 below, provided that drawings by either party to any such arrangement shall be fully liquidated within 12 months after any amount outstanding at that time was first drawn, unless the Committee, because of exceptional circumstances, specifically authorizes a delay.

D. To maintain an overall open position in all foreign currencies not exceeding $25.0 billion. For this purpose, the overall open position in all foreign currencies is defined as the sum (disregarding signs) of net positions in individual currencies. The net position in a single foreign currency is defined as holdings of balances in that currency, plus outstanding contracts for future receipt, minus outstanding contracts for future delivery of that currency, i.e., as the sum of these elements with due regard to sign.

2. The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	3,000
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against authorized European currencies other than Swiss francs	1,250

Any changes in the terms of existing swap arrangements, and the proposed terms of any new arrangements that may be authorized, shall be referred for review and approval to the Committee.

3. All transactions in foreign currencies undertaken under paragraph 1.A. above shall, unless otherwise expressly authorized by the Committee, be at prevailing market rates. For the purpose of providing an investment return on System holdings of foreign currencies, or for the purpose of adjusting interest rates paid or received in connection with swap drawings, transactions with foreign central banks may be undertaken at non-market exchange rates.

4. It shall be the normal practice to arrange with foreign central banks for the coordination of foreign currency transactions. In making operating arrangements with foreign central banks on System holdings of foreign currencies, the Federal Reserve Bank of New York shall not commit itself to maintain any specific balance, unless authorized by the Federal Open Market Committee. Any agreements or understandings concerning the administration of the accounts maintained by the Federal Reserve Bank of New York with the foreign banks designated by the Board of Governors under Section 214.5 of Regula-

tion N shall be referred for review and approval to the Committee.

5. Foreign currency holdings shall be invested insofar as practicable, considering needs for minimum working balances. Such investments shall be in liquid form, and generally have no more than 12 months remaining to maturity. When appropriate in connection with arrangements to provide investment facilities for foreign currency holdings, U.S. Government securities may be purchased from foreign central banks under agreements for repurchase of such securities within 30 calendar days.

6. All operations undertaken pursuant to the preceding paragraphs shall be reported promptly to the Foreign Currency Subcommittee and the Committee. The Foreign Currency Subcommittee consists of the Chairman and Vice Chairman of the Committee, the Vice Chairman of the Board of Governors, and such other member of the Board as the Chairman may designate (or in the absence of members of the Board serving on the Subcommittee, other Board members designated by the Chairman as alternates, and in the absence of the Vice Chairman of the Committee, his alternate). Meetings of the Subcommittee shall be called at the request of any member, or at the request of the Manager, System Open Market Account ("Manager"), for the purposes of reviewing recent or contemplated operations and of consulting with the Manager on other matters relating to his responsibilities. At the request of any member of the Subcommittee, questions arising from such reviews and consultations shall be referred for determination to the Federal Open Market Committee.

7. The Chairman is authorized:

A. With the approval of the Committee, to enter into any needed agreement or understanding with the Secretary of the Treasury about the division of responsibility for foreign currency operations between the System and the Treasury;

B. To keep the Secretary of the Treasury fully advised concerning System foreign currency operations, and to consult with the Secretary on policy matters relating to foreign currency operations;

C. From time to time, to transmit appropriate reports and information to the National Advisory Council on International Monetary and Financial Policies.

8. Staff officers of the Committee are authorized to transmit pertinent information on System foreign currency operations to appropriate officials of the Treasury Department.

9. All Federal Reserve Banks shall participate in the foreign currency operations for System Account in accordance with paragraph 3 G(1) of the Board of Governors' Statement of Procedure with Respect to Foreign Relationships of Federal Reserve Banks dated January 1, 1944.

By unanimous vote, the Foreign Currency Directive shown below was reaffirmed.

Foreign Currency Directive

Reaffirmed January 30, 1996

1. System operations in foreign currencies shall generally be directed at countering disorderly market conditions, provided that market exchange rates for the U.S. dollar reflect actions and behavior consistent with the IMF Article IV, Section 1.

2. To achieve this end the System shall:

A. Undertake spot and forward purchases and sales of foreign exchange.

B. Maintain reciprocal currency ("swap") arrangements with selected foreign central banks and with the Bank for International Settlements.

C. Cooperate in other respects with central banks of other countries and with international monetary institutions.

3. Transactions may also be undertaken:

A. To adjust System balances in light of probable future needs for currencies.

B. To provide means for meeting System and Treasury commitments in particular currencies, and to facilitate operations of the Exchange Stabilization Fund.

C. For such other purposes as may be expressly authorized by the Committee.

4. System foreign currency operations shall be conducted:

A. In close and continuous consultation and cooperation with the United States Treasury;

B. In cooperation, as appropriate, with foreign monetary authorities; and

C. In a manner consistent with the obligations of the United States in the International Monetary Fund regarding exchange arrangements under the IMF Article IV.

By unanimous vote, the Procedural Instructions with Respect to Foreign Currency Operations shown below were reaffirmed.

Procedural Instructions with Respect to Foreign Currency Operations

Reaffirmed January 30, 1996

In conducting operations pursuant to the authorization and direction of the Federal Open Market Committee as set forth in the Authorization for Foreign Currency Operations and the Foreign Currency Directive, the Federal Reserve Bank of New York, through the Manager, System Open Market Account ("Manager"), shall be guided by the following procedural understandings with respect to consultations and clearances with the Committee, the Foreign Currency Subcommittee, and the Chairman of the Committee. All operations undertaken pursuant to such clearances shall be reported promptly to the Committee.

1. The Manager shall clear with the Subcommittee (or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

A. Any operation that would result in a change in the System's overall open position in foreign currencies exceeding \$300 million on any day or \$600 million since the most recent regular meeting of the Committee.

B. Any operation that would result in a change on any day in the System's net position in a single foreign currency exceeding \$150 million, or \$300 million when the operation is associated with repayment of swap drawings.

C. Any operation that might generate a substantial volume of trading in a particular currency by the System, even though the change in the System's net position in that currency might be less than the limits specified in 1.B.

D. Any swap drawing proposed by a foreign bank not exceeding the larger of (i) $200 million or (ii) 15 percent of the size of the swap arrangement.

2. The Manager shall clear with the Committee (or with the Subcommittee, if the Subcommittee believes that consultation with the full Committee is not feasible in the time available, or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

A. Any operation that would result in a change in the System's overall open position in foreign currencies exceeding $1.5 billion since the most recent regular meeting of the Committee.

B. Any swap drawing proposed by a foreign bank exceeding the larger of (i) $200 million or (ii) 15 percent of the size of the swap arrangement.

3. The Manager shall also consult with the Subcommittee or the Chairman about proposed swap drawings by the System and about any operations that are not of a routine character.

Agreement to "Warehouse" Foreign Currencies

At its meeting on January 31–February 1, 1995, the Committee had approved an increase from $5 billion to $20 billion in the amount of eligible foreign currencies that the System was prepared to "warehouse" for the Treasury and the Exchange Stabilization Fund (ESF). The purpose of the warehousing facility, which has been in place for many years, is to supplement the U.S. dollar resources of the Treasury and the ESF for financing purchases of foreign currencies and related international operations. The enlargement of the warehousing agreement was intended to facilitate U.S. participation in the Multilateral Program to Restore Financial Stability in Mexico, announced by President Clinton on January 31, 1995, by warehousing up to $20 billion in German marks and Japanese yen held by the Treasury through the ESF. The Committee had agreed that it would review each year the need to maintain this level of warehousing authority in light of the progress and requirements of the program.

The Treasury and the Exchange Stabilization Fund had made no use of the warehousing facility over the past year. Nevertheless, consistent with Federal Reserve support for the program of assistance to Mexico, the members agreed that it was appropriate to postpone consideration of an adjustment in the overall size of the facility at least until the end of the disbursement phase of the Mexican program currently scheduled for August 1996. Accordingly, the Committee reaffirmed the warehousing authority by unanimous vote.

By unanimous vote, the Program for Security of FOMC Information was amended to conform it to the treatment of transcripts of FOMC meetings and the procedures that the Committee had been following for some time in regard to redactions of confidential information in transcripts and other documents that are released to the public after five years. In addition, the Committee agreed to amend the program so that the automatic extension of Federal Reserve staff access to confidential material after six months could be suspended for certain particularly sensitive documents.

On January 23, 1996, the continuing rules, resolutions, and other instruments of the Committee had been distributed with the advice that, in accordance with procedures approved by the Committee, they were being called to the Committee's attention before the January 30–31 organization meeting to give members an opportunity to raise any questions they might have concerning them. Members were asked to indicate if they wished to have any of the instruments in question placed on the agenda for consideration at this meeting, and no requests for such consideration were received.

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on December 19, 1995, were approved.

The Manager of the System Open Market Account reported on recent developments in foreign exchange markets. He indicated that the swap line drawing by the Bank of Mexico had been repaid in full on January 29, 1996. The Committee ratified that transaction by unanimous vote.

The Manager also reported on recent developments in domestic financial markets and on System open market transactions in U.S. government securities and federal agency obligations during the period December 19, 1995, through January 30, 1996. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic and financial outlook, the ranges for the growth of money and debt in 1996, and the implementation of monetary policy over the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below, followed by the domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York.

Only a limited amount of new information was available for this meeting because of delays in government releases; that which was available, along with anecdotal commentary, suggested that the economy had been growing relatively slowly in recent months. Consumer spending had expanded modestly on balance, growth in business investment in capital goods appeared to have slackened somewhat recently, and housing demand seemed to have leveled out. Slower growth in final sales was leading to inventory buildups in a few industries, and these buildups, together with the disruptions from government shutdowns and severe weather, were having a restraining effect on economic activity. The demand for labor was still growing at a moderate pace, though, and the unemployment rate remained relatively low. The recent data on prices and wages had been mixed, but there was no firm evidence of a change in underlying inflation trends.

Nonfarm payroll employment continued to expand moderately in December; the gain was in line with the average monthly increase for 1995. Employment in manufacturing, boosted by the settlement of a strike at a major aircraft manufacturer, reversed the declines of October and November. Construction payrolls rose further in December, despite unfavorable weather in some parts of the country. Job growth remained solid in much of the services industry, although employment at personnel supply firms was little changed. The civilian unemployment rate remained at 5.6 percent in December.

Industrial production edged up in December and for the fourth quarter as a whole advanced only slightly; industrial activity remained sluggish in January according to the limited statistical information that was available. In December, manufacturing output rose a bit in association with an increase in motor vehicle assemblies and aircraft production. Elsewhere in manufacturing, the growth of output of office and computing equipment slowed somewhat from the rapid pace of previous months, and the production of defense and space equipment and of nondurable consumer goods registered sizable declines. The output of utilities was boosted somewhat in December by the effect of colder-than-average temperatures on the demand for heating services. Utilization of total industrial capacity fell slightly but remained at a moderately elevated level.

Retail sales continued to grow at a relatively modest rate in December, and the fourth-quarter increase was considerably smaller than those of the previous two quarters. In the fourth quarter, lower spending at general merchandisers offset much of the sales gains registered at automotive dealerships, furniture and appliance stores, and building and supply outlets. Consumer surveys indicated some deterioration in consumer confidence in January. Recent indicators of housing demand and activity were mixed. Sales of new homes edged still lower in November (latest data available), and sales of existing homes declined by a larger amount in December than in November. However, housing starts rebounded in November from a sizable October decline, and conditions in mortgage markets remained quite favorable, led by a further decline in rates.

The sparse statistical data available on business fixed investment, along with anecdotal information, suggested a moderation recently in the expansion of business spending on capital goods, including some slowing of investment in computers. Investment in transportation equipment, however, apparently had held up well in the fourth quarter. Incoming data on construction contracts pointed to some slowing in the growth of nonresidential building activity from a relatively brisk pace during most of 1995.

The information available on business inventories suggested that inventory imbalances might have emerged in a few sectors in association with weaker-than-expected sales. Motor vehicle inventories were at elevated levels compared with sales in late 1995, and manufacturers responded by offering incentive packages on new cars and trucks and by adjusting downward their January production schedules. Data on manufacturing and retail trade inventories for November had been delayed, but published information on inventories held by wholesale distributors indicated a decline in that month, reversing part of October's sizable run-up. Much of the decline occurred in nondurable goods, although machinery distributors also reported a sizable liquidation. The inventory–sales ratio for the wholesale trade sector edged down in November but remained near the high end of its range in recent years.

The nominal deficit on U.S. trade in goods and services narrowed in October from its average rate in the third quarter. The value of imports declined more than the value of exports. Much of the contraction in imports reflected reductions in oil and automotive products that more than offset another strong rise in computer goods. For exports, an advance in machinery exports to record levels was outweighed by a reduction in shipments of agricultural and automotive products. Available data on economic activity in the major foreign industrial countries suggested that the pace of expansion in Europe had slowed further on average while growth in Japan had picked up a little.

Recent data suggested little change in underlying inflation trends. Consumer prices increased slightly in December after having been unchanged in November; food prices were quiescent over the two-month period while energy prices rose on balance, with a December rebound more than offsetting a sizable November drop. Excluding food and energy items, consumer prices were up modestly over the November–December period and for all of 1995 advanced slightly more than in 1994. Producer prices of finished goods were up considerably in November and December after having risen slowly in earlier months; in large part, the price increases late in the year reflected sharp upward movements in both finished foods and finished energy prices. For 1995, producer prices of finished goods other than food and energy rose at a subdued pace, though somewhat more than in 1994. Commodity prices had been mixed recently after having trended down earlier. Average hourly earnings of production and nonsupervisory workers increased somewhat in December after having been unchanged in November. Increases in average hourly earnings had been trending up over the past several years.

At its meeting on December 19, 1995, the Committee adopted a directive that called for some slight easing in the degree of pressure on reserve positions, which was expected to result in a decline in the federal funds rate from around 5¾ percent to around 5½ percent. The directive did not include a presumption about the likely direction of any adjustments to policy during the intermeeting period. Accordingly, the directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth of M2 and M3 over coming months.

After the meeting, open market operations were directed initially toward implementing the slight easing in the degree of reserve pressure that had been adopted by the Committee and thereafter toward maintaining this new reserve posture. Operations were complicated by large swings in reserve demands associated with year-end pressures and the adverse effects of unusually severe winter weather on check clearings. Although the federal funds rate exhibited somewhat greater volatility than normal over the period, it nonetheless averaged close to the expected level of 5½ percent. The occasional periods of firmness in reserve market conditions contributed to higher adjustment plus seasonal borrowing, on average, over the period.

Most market interest rates had declined somewhat further over the period after the December 19 meeting. Rates moved lower immediately after the policy easing action, and most fell still more on balance over the remainder of the intermeeting interval in response to incoming information about the economy and the prospects for fiscal policy, at least in the near term. Both were seen as suggesting slower economic expansion for a time and an increased likelihood of additional easing of monetary policy in coming months. With bond yields down on balance, and occasionally approaching two-year lows, major indexes of equity prices advanced sharply further.

The trade-weighted value of the dollar in terms of the other G-10 currencies continued to rise over the intermeeting period despite the decline in U.S. interest rates. The dollar's upward movement against the German mark and other European currencies was associated with increasing indications of further weakening of economic expansion in key European countries and greater declines in interest rates in those countries than in the United States. The dollar's appreciation relative to the Japanese yen appeared to be related in part to a narrowing of Japan's trade and current account surpluses. The dollar was unchanged on balance against the Canadian dollar, while the Mexican peso rose considerably in relation to the dollar.

Growth of M2 and M3 strengthened in December and January. The pickup in M2 growth partly reflected the effect of recent declines in short-term interest rates; those declines had made money market instruments less attractive relative to household savings accounts in M2, whose offering rates tend to be adjusted downward with a considerable lag. In addition, the flattening of the term structure of interest rates had lessened the comparative attractiveness of bond mutual funds, which had continued to experience only light inflows. Faster growth of M3 in December and January was associated with both the pickup in M2 expansion and the issuance of additional large time deposits to help finance a noticeable step-up in bank loan demand in January. The expansion of M2 from the fourth quarter of 1994 to the fourth quarter of 1995 was in the upper half of the Committee's annual range, and M3 grew at the upper end of its range. Growth of total domestic nonfinancial debt had been moderate in recent months, and for the year was near the midpoint of this aggregate's monitoring range.

The staff forecast prepared for this meeting suggested that economic activity would expand at a relatively slow pace over the near term. This forecast was not materially different from that prepared for the December meeting, except for a slightly weaker outlook for the current quarter that was related in part to an inventory correction and the effects of unusually severe winter weather on spending and output. Over the remainder of the two-year forecast horizon, the economy was expected to grow generally along its estimated potential. Consumer spending was anticipated to keep pace with the growth of disposable income; concerns about job security remained and consumer debt burdens had risen further, but the still-ample availability of credit and the substantial rise in the value of household equity holdings would support additional increases in consumption. The further decline in mortgage rates recently from already-favorable levels would help to sustain homebuilding activity at a relatively high level. With sales and profits projected to grow more slowly, and with utilization of existing capacity having eased considerably, business investment in new equipment and structures was expected to expand at a more moderate rate. In light of the recent strengthening of the dollar, the external sector was expected to exert a small restraining influence on real activity over the projection period as a whole. Much uncertainty still surrounded the fiscal outlook, but the recent impasse in the budget negotiations between the Administration and the Congress suggested a lower degree of fiscal restraint over coming years than had been assumed in the previous forecast. Given the projected outlook, rates of utilization of labor and capital resources and of inflation were not expected to change materially.

In the Committee's discussion of current and prospective economic activity, members noted a number of temporary factors that were retarding the expansion. The weakness in business activity this winter was to some extent the result of the partial shutdown of the federal government and the severe storms in a number of regions; both clearly were transitory influences on the economy. Growth of economic activity also was being constrained by production cutbacks stemming from efforts to bring stocks into better alignment with disappointing sales in a number of industries. Even so, in the absence of major overhangs in inventories of business equipment and consumer durables, and given favorable conditions in financial markets, members believed that a resumption of moderate, sustainable growth after a relatively brief period of weakness was the most likely outlook for the economy. At the same time, many observed that the risks to such an outcome did not seem balanced. A number of concerns, including the extent of the damping effects of high debt loads and employment uncertainty on consumption and questions about the sources of further export growth, suggested the possibility of sluggish expansion, while possible developments on the upside were more difficult to identify. With resource use unlikely to vary appreciably, the members generally expected no significant change in the underlying inflation picture over the year ahead. The recent performance of inflation had some encouraging aspects, and the odds on greater price pressures seemed relatively small at this time.

In keeping with the practice at meetings when the Committee establishes its long-run ranges for growth of the money and debt aggregates, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members had prepared individual projections of economic activity, the rate of unemployment, and inflation for the year 1996. Measured on the basis of chain-weighted indexes, the forecasts of the growth in real GDP had a central tendency of 2 to 2¼ percent and a full range of 1½ to 2½ percent for the period from the fourth quarter of 1995 to the fourth quarter of 1996. The members and nonmember presidents generally anticipated that economic expansion in line with their forecasts would be associated with employment growth close to that of the labor force. Accordingly, their forecasts of the civilian rate of unemployment in the fourth quarter of 1996 were near the current level, with a central tendency of 5½ to 5¾ percent and a full range of 5½ to 6 percent. Projections of the rate of inflation, as reflected in the consumer price index, had a central tendency of 2¾ to 3 percent; that central tendency was on the high side of the outcome for 1995—when the rise in the index was held down by damped increases in food prices and declines in energy prices—but a few of the forecasts anticipated a slightly lower rate of inflation.

In their review of developments across the nation, the Federal Reserve Bank presidents reported modest growth in most major areas of the country. Many referred, however, to an admixture of strengths and weaknesses in their local economies, and a majority observed that on balance growth in regional business activity appeared to have slowed in the last few months. In keeping with the data available for the nation as a whole, the slowing seemed to be concentrated in manufacturing and especially at firms producing motor vehicles and parts. Some presidents referred to relatively negative, or at least cautious, sentiment among many of their business contacts.

Much of the recent softening in economic activity appeared to arise from production cutbacks in various sectors of the economy in which involuntary accumulation of inventories seemed to have occurred as a result of weaker sales trends in the past few months. The members expected this inventory adjustment process to have a relatively pronounced effect on production and overall business activity in the current quarter and perhaps to some extent in the second. While a greater-than-expected inventory adjustment with spreading effects through the economy could not be ruled out, the underlying strength of demand was likely to be sufficient to restore and sustain moderate growth in overall economic activity as the current inventory and production adjustments subsided.

With regard to consumer spending, members referred to overall indications of lackluster retail sales during the holiday season and into January. The anecdotal commentary on retail sales attributed some of the recent weakness in a number of areas to the clearly temporary effects of unusually severe winter weather and the partial shutdown of the federal government. The members anticipated that moderate growth in retail sales would resume, though some felt that the consumer sector might remain vulnerable on the downside. The consumer spending outlook was complicated by a number of crosscurrents. Negative factors cited by the members included ongoing concerns about job security that were being sustained by a continuing stream of workforce reduction announcements by major business concerns, increased consumer debt burdens that were showing up in rising delinquency rates on some types of loans, and the apparent satisfaction of much of the earlier pent-up demand for consumer durables. On the positive side, reduced interest rates, still readily available credit, and the accumulation of financial wealth from the sharp rise in stock and bond prices were seen as likely to support continuing gains in consumer spending.

Further increases in business fixed investment were viewed as a likely prospect for the year ahead, though the growth of such investment probably would be well below the strong pace experienced earlier in the current cyclical expansion. Anecdotal reports indicated continuing strength in nonresidential construction in some parts of the country, but declining rates of capacity utilization augured reduced growth going forward. The expansion of investment in producers' durable equipment also was expected to slow, but from a pace that had seemed unsustainable. While appreciable further growth could be expected in expenditures for high-tech equipment as business firms continued to focus on improving the efficiency of their operations in a highly competitive environment, spending for other types of equipment was likely to be sluggish. Members noted in particular the prospects for weaker business spending for motor vehicles, especially for heavy trucks. However, the fundamental determinants of investment in business equipment, including the reduced cost of financing such investment, remained positive and this sector of the economy should continue to provide considerable impetus to the expansion.

The members also viewed the considerable decline that had occurred in mortgage interest rates and the ample availability of housing finance as key factors in their forecasts of sustained residential construction at relatively high levels. Adverse weather conditions appeared to have retarded homebuilding activity in a number of areas in recent weeks, but several members commented that underlying trends in housing demand were favorable and that residential construction had remained relatively strong in several parts of the country.

The outlook for fiscal policy was uncertain, especially with regard to whether longer-term spending and taxation measures would be enacted to implement the goal of a balanced federal budget by the year 2002. For the year immediately ahead, however, the members continued to anticipate considerable restraint in federal spending, partly as a byproduct of the current budget debate between the Congress and the Administration. With regard to the external sector of the economy, prospects for economic growth in major trading partners—led by developments in Europe—appeared to have weakened, and the recent appreciation of the dollar in the foreign exchange markets also might tend to damp net exports. Consequently, several members saw downside risks in the foreign trade sector over the year ahead.

The members anticipated that inflation would remain contained in 1996, but they did not expect significant progress toward more stable prices. They referred to crosscurrents bearing on the outlook for wages and prices in the year ahead. Factors pointing to potentially higher inflation included increased pressures on food prices stemming from disappointing harvests in some areas and relatively low grain supplies. More generally, resource utilization was expected to remain high and greater pressures could emerge in labor and product markets. Members noted that one broad measure of wages had picked up and that there was a small rise in the number of anecdotal reports indicating that labor shortages were contributing to higher wages in some parts of the country. In addition, unusually muted increases in the costs of worker benefits had been holding down overall compensation costs, and this pattern might not persist. On the other hand, high levels of resource utilization had been associated for some time with lower rates of growth in costs than would have been anticipated on the basis of historical experience. In particular, a general sense of job insecurity in a period of major business restructurings was holding down increases in labor compensation. In an environment of strong competition, which was preventing many businesses from passing on rising costs through higher prices, firms continued to focus on efforts to control costs by improving the efficiency of their operations, and this was helping to hold down inflation. An apparent decline in inflationary expectations also would provide a moderating influence on inflation trends in the period ahead. While most of the members saw little reason to anticipate appreciably lower inflation over the year ahead, they also viewed the odds on a pickup in inflation as fairly low; they could see possible reasons for optimism on the long-run trend in inflation; and they generally remained confident that further progress toward price stability would be made over the longer term.

In keeping with the requirements of the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act), the Committee reviewed the ranges for growth of the monetary and debt aggregates in 1996 that it had established on a tentative basis at its meeting in July 1995. The tentative ranges included expansion of 1 to 5 percent for M2 and 2 to 6 percent for M3, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The monitoring range for growth of total domestic nonfinancial debt was provisionally set at 3 to 7 percent for 1996. The tentative ranges for 1996 were unchanged from the actual ranges for 1995. In July, the range for M3 had been raised 2 percentage points to reflect developments that seemed to be fostering a return to the historical pattern of somewhat faster growth in M3 than in M2.

In their discussion, the members took note of a staff analysis which indicated that monetary expansion consistent with the moderate growth of nominal GDP that the members were projecting for 1996 most likely would be around the upper ends of the tentative ranges adopted last July. M2 and M3 velocity over the past couple of years had conformed more closely on balance with historical patterns, and the projections assumed that this behavior would continue in 1996. In light of the experience of earlier years, however, when the velocities of these aggregates had exhibited pronounced atypical behavior, substantial uncertainty still surrounded any projections of monetary expansion and the linkage between particular rates of money growth and the basic objectives of monetary policy.

Most members endorsed a proposal to adopt the relatively low ranges for growth of M2 and M3 in 1996 that the Committee had set on a tentative basis in July 1995. These members favored retention of the tentative ranges because they could be viewed as benchmarks for money growth that would be associated with price stability, assuming behavior of velocity in line with historical experience, and a reaffirmation of those ranges would underscore the Committee's commitment to a policy of achieving price stability over the longer term. Some members also noted that any adjustment of these ranges to align them more fully with projections of money growth consistent with the Committee's expectations for expansion of the economy and prices in 1996 could be misinterpreted. Such an action might be seen as suggesting that the Committee had a greater degree of confidence in the relationship between money growth and broad measures of economic performance than was warranted by its current understanding of that relationship or that the Committee was now placing greater emphasis on the broad monetary aggregates as a gauge of the thrust of monetary policy.

Two members favored somewhat higher growth ranges for M2 and M3 in 1996. They noted that the expansion of these broad aggregates was anticipated to be around the upper ends of their tentative ranges, and perhaps even higher, given the Committee's expectations for the performance of the economy and prices. In their view, the higher ranges would be more consistent with what they saw as the Committee's obligations under the Federal Reserve Act to set ranges consistent with expected or desired economic outcomes for the year, and the reasons for establishing those ranges could easily be set forth and understood as an appropriate technical adjustment that would not imply any lessened commitment to the Committee's price stability goal.

The Committee unanimously preferred to retain the 3 to 7 percent range for total domestic nonfinancial debt in 1996. This position took account of a staff projection indicating that the debt aggregate was likely to continue to grow at a rate generally in line with the expansion of nominal GDP, although some moderation in private credit demands was anticipated and there were indications that lenders were no longer easing their terms and conditions for granting credit to consumers and businesses.

At the conclusion of its discussion, the Committee voted to approve without change the tentative ranges for 1996 that it had established in July of last year. In keeping with its usual procedures under the Humphrey-Hawkins Act, the Committee would review its ranges at midyear, or sooner if interim conditions warranted, in light of the growth and velocity behavior of the aggregates and ongoing economic and financial developments. Accordingly, the following longer-run policy statement for 1995 was approved for inclusion in the domestic policy directive:

> The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at this meeting established ranges for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The monitoring range for growth of total domestic nonfinancial debt was set at 3 to 7 percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

> Votes for this action: Messrs. Greenspan, McDonough, Boehne, Jordan, Kelley, McTeer, Ms. Phillips, and Mr. Stern. Votes against this action: Mr. Lindsey and Ms. Yellen.

Mr. Lindsey and Ms. Yellen dissented because they preferred somewhat higher ranges for M2 and M3. They recognized that the relationships between the ranges for the monetary aggregates and broad measures of economic performance were subject to substantial uncertainty, but ranges higher than those adopted on a tentative basis in July 1995 were more likely to encompass monetary expansion consistent with the central tendency of members' current forecasts of nominal GDP growth for 1996. Raising the ranges for M2 and M3 would in their view conform those ranges more closely with the provisions in the Federal Reserve Act that require the System to communicate to the Congress its objectives and plans for the growth of the aggregates for the calendar year. They believed the Committee could readily explain that such an adjustment to the ranges did not represent a lessened commitment to its price stability goal or an increased emphasis on the monetary aggregates in policy formulation.

The Committee also discussed alternatives to the monetary aggregates for communicating its intentions with regard to the course of inflation over the longer run. Some members thought that explicit numerical goals or forecasts for inflation over a period of years would have several important benefits, including enhanced credibility that could reduce the costs of achieving price stability and greater flexibility to respond to the emergence of economic weakness by easing policy for a limited period of time without arousing inflation concerns. Other members, while endorsing fully the long-term goal of price stability, had a number of reservations about implementing such proposals, especially at this time. Based on experience in the United States and elsewhere, many were skeptical about the payoff in terms of greater credibility or flexibility in policy implementation. Moreover, they believed that substantially more study and deliberation were required to explore fully the alternatives and the consequences of changes in the way the Committee formulated and communicated its objectives. They also thought that any such assessment would need to take account of the prospects for, or disposition of, closely related legislation that was now being considered in the Congress. The Committee did not take any action on this issue at this meeting, but it recognized that the matter would need to be revisited from time to time.

In the Committee's discussion of policy for the intermeeting period ahead, the members supported a proposal calling for some slight easing in reserve conditions. Although a pickup to an acceptable rate of expansion was seen as the most likely course for the economy in coming quarters, the risks of a shortfall in growth were believed to be significant. At the same time, while most members were forecasting high levels of resource use and little change in the rate of inflation this year, they saw only a very limited risk that a slight easing move might foster higher inflation under prevailing circumstances, and some felt that there were favorable prospects for a slightly improved inflation performance. Under the circumstances, a slight decrease was warranted in the real federal funds rate from a level that a number of members considered still a bit to the firm side—a stance that seemed less appropriate in light of the reduced threat over the last year of a pickup in inflation. One member pointed out that such a decrease would tend to counter the effects on aggregate demand of the recent rise in the foreign exchange value of the dollar, which might continue to move higher if interest rate declines expected by the markets were not forthcoming. It was noted that postponing a decision in this uncertain economic climate could be defended on the ground that more evidence was needed to ascertain whether the weakness in the economy was quite temporary or more lasting; if it was the former, inflationary pressures could re-emerge at lower interest rates. On the other hand, a few members commented that the currently sluggish performance of the economy could be read as calling for a more pronounced easing move, but they preferred a cautious approach to policy in light of current inflation trends and the uncertainties that surrounded their forecasts of some strengthening in the economy.

The Chairman informed the Committee that he had asked the members of the Board of Governors to convene immediately after this meeting to consider a reduction of ¼ percentage point in the discount rate. Such a reduction had been proposed by a total of six Federal Reserve Banks at this point. Given the easing in reserve markets favored by the Committee and the possibility of a lower discount rate, the members did not believe that a further policy move was likely to be needed during the intermeeting period. Accordingly, they favored an unbiased directive that did not incorporate a presumption about the likely direction of any adjustments to policy during the next several weeks. In keeping with its usual practice, the Committee did not rule out the possibility of an intermeeting policy change on the basis of unanticipated economic or financial developments.

At the conclusion of the Committee's discussion, all the members supported a directive that called for a slight reduction in the degree of pressure on reserve positions and that did not include a bias about the likely direction of an adjustment to policy during the intermeeting period, should unanticipated developments warrant a change in policy. Accordingly, the Committee decided that in the context of its long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with moderate growth in M2 and M3 over coming months.

At the conclusion of the meeting, the Federal Reserve Bank of New York was authorized and directed, until instructed otherwise by the Committee, to execute transactions in the System Account in accordance with the following domestic policy directive:

The information reviewed at this meeting suggests that the economy has been growing rather slowly in recent months. Nonfarm payroll employment continued to expand moderately in December, and the civilian unemployment rate remained at 5.6 percent. Industrial production increased only slightly further in the fourth quarter. Growth of consumer spending was modest, on balance, over the past several months. Housing starts rebounded in November from a sizable October decline. Orders for nondefense capital goods point to a moderation in the expansion of spending on business equipment, and nonresidential construction has risen appreciably further. The nominal deficit on U.S. trade in goods and services narrowed in October from its average rate in the third quarter. There has been no clear change in underlying inflation trends.

Most market interest rates have declined somewhat since the Committee meeting on December 19. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies has risen further over the intermeeting period.

Growth of M2 and M3 strengthened in December and January. From the fourth quarter of 1994 to the fourth quarter of 1995, M2 expanded in the upper half of its range and M3 grew at the upper end of its range. Growth in total domestic nonfinancial debt has been moderate in recent months, placing this aggregate near the midpoint of its monitoring range for the year.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at this meeting established ranges for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The monitoring range for growth of total domestic nonfinancial debt was set at 3 to 7 percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to decrease slightly the existing degree of pressure on reserve positions, taking account of a possible reduction in the discount rate. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with moderate growth in M2 and M3 over coming months.

Votes for short-run policy: Messrs. Greenspan, McDonough, Boehne, Jordan, Kelley, Lindsey, McTeer, Ms. Phillips, Mr. Stern, and Ms. Yellen. Votes against this action: None.

It was agreed that the next meeting of the Committee would be held on Tuesday, March 26, 1996.

The meeting adjourned at 12:00 p.m.

Donald L. Kohn
Secretary

Legal Developments

Joint Final Rule—Amendment to the Bank Secrecy Act Regulations

The Financial Crimes Enforcement Network ("FinCEN") of the Department of the Treasury ("Treasury") and the Board of Governors of the Federal Reserve System ("Board") jointly have adopted amendments to their final rule that requires enhanced recordkeeping related to certain funds transfers and transmittals of funds by financial institutions ("the joint rule"). These amendments revise the joint rule's definitions and make technical conforming changes to the substantive provisions of the joint rule to conform the definitions of the parties to an international transfer to their meanings under Article 4A of the Uniform Commercial Code (U.C.C. 4A). The revised definitions will also affect the provisions of a Treasury companion rule, adopted in January 1995, known as the travel rule, which requires financial institutions to include in transmittal orders certain information that must be maintained under the joint rule. The amendments are intended to reduce confusion of banks and nonbank financial institutions as to the applicability of the joint rule and the travel rule and to reduce the cost of complying with the rules' requirements. The Treasury and the Board believe that the amendments will not have a material adverse effect on the rules' usefulness in law enforcement investigations and proceedings. The amendments should not affect a bank's responsibilities under the rules with respect to domestic funds transfers.

Effective May 28, 1996, 31 C.F.R. Part 103 is amended as follows:

Part 103—Financial Recordkeeping and Reporting of Currency and Foreign Transactions

1. The authority citation for Part 103 is revised to read as follows:

Authority: 12 U.S.C. 1829b and 1951-1959; 31 U.S.C. 5311-5330.

2. Section 103.11 is amended by revising paragraphs (e), (w), (y) introductory text, (aa), (bb), (dd), (kk) introductory text, (ll), and (mm) to read as follows:

Section 103.11—Meaning of terms.

* * * * *

(e) *Beneficiary's bank.* The bank or foreign bank identified in a payment order in which an account of the beneficiary is to be credited pursuant to the order or which otherwise is to make payment to the beneficiary if the order does not provide for payment to an account.

* * * * *

(w) *Originator's bank.* The receiving bank to which the payment order of the originator is issued if the originator is not a bank or foreign bank, or the originator if the originator is a bank or foreign bank.

* * * * *

(y) *Payment order.* An instruction of a sender to a receiving bank, transmitted orally, electronically, or in writing, to pay, or to cause another bank or foreign bank to pay, a fixed or determinable amount of money to a beneficiary if:

* * * * *

(aa) *Receiving bank.* The bank or foreign bank to which the sender's instruction is addressed.

(bb) *Receiving financial institution.* The financial institution or foreign financial agency to which the sender's instruction is addressed. The term receiving financial institution includes a receiving bank.

* * * * *

(dd) *Recipient's financial institution.* The financial institution or foreign financial agency identified in a transmittal order in which an account of the recipient is to be credited pursuant to the transmittal order or which otherwise is to make payment to the recipient if the order does not provide for payment to an account. The term recipient's financial institution includes a beneficiary's bank, except where the beneficiary is a recipient's financial institution.

* * * * *

(kk) *Transmittal order.* The term transmittal order includes a payment order and is an instruction of a sender to a receiving financial institution, transmitted orally, electronically, or in writing, to pay, or cause another financial institution or foreign financial agency to pay, a fixed or determinable amount of money to a recipient if:

* * * * *

(ll) *Transmittor.* The sender of the first transmittal order in a transmittal of funds. The term transmittor includes an originator, except where the transmittor's financial institution is a financial institution or foreign financial agency other than a bank or foreign bank.

(mm) *Transmittor's financial institution.* The receiving financial institution to which the transmittal order of the transmittor is issued if the transmittor is not a financial institution or foreign financial agency, or the transmittor if the transmittor is a financial institution or foreign financial agency. The term transmittor's financial institution includes an originator's bank, except where the originator is a transmittor's financial institution other than a bank or foreign bank.

* * * * *

3. In section 103.33, paragraphs (e) introductory text, (e)(1)(i) introductory text, (e)(1)(ii), (e)(1)(iii), (e)(6)(i)(A) through (e)(6)(i)(G), (e)(6)(ii), (f) introductory text, (f)(1)(i) introductory text, (f)(1)(ii), (f)(1)(iii), (f)(6)(i)(A) through (f)(6)(i)(G) and (f)(6)(ii) are revised to read as follows:

Section 103.33— Records to be made and retained by financial institutions.

* * * * *

(e) *Banks.* Each agent, agency, branch, or office located within the United States of a bank is subject to the requirements of this paragraph (e) with respect to a funds transfer in the amount of $3,000 or more:

(1) *Recordkeeping requirements.* (i) For each payment order that it accepts as an originator's bank, a bank shall obtain and retain either the original or a microfilm, other copy, or electronic record of the following information relating to the payment order:

* * * * *

(ii) For each payment order that it accepts as an intermediary bank, a bank shall retain either the original or a microfilm, other copy, or electronic record of the payment order.

(iii) For each payment order that it accepts as a beneficiary's bank, a bank shall retain either the original or a microfilm, other copy, or electronic record of the payment order.

* * * * *

(6) *Exceptions.* * * *

(i) * * *

(A) A bank;

(B) A wholly owned domestic subsidiary of a bank chartered in the United States;

(C) A broker or dealer in securities;

(D) A wholly owned domestic subsidiary of a broker or dealer in securities;

(E) The United States;

(F) A state or local government; or

(G) A federal, state or local government agency or instrumentality; and

(ii) Funds transfers where both the originator and the beneficiary are the same person and the originator's bank and the beneficiary's bank are the same bank.

(f) *Nonbank financial institutions.* Each agent, agency, branch, or office located within the United States of a financial institution other than a bank is subject to the requirements of this paragraph (f) with respect to a transmittal of funds in the amount of $3,000 or more:

(1) *Recordkeeping requirements.* (i) For each transmittal order that it accepts as a transmittor's financial institution, a financial institution shall obtain and retain either the original or a microfilm, other copy, or electronic record of the following information relating to the transmittal order:

* * * * *

(ii) For each transmittal order that it accepts as an intermediary financial institution, a financial institution shall retain either the original or a microfilm, other copy, or electronic record of the transmittal order.

(iii) For each transmittal order that it accepts as a recipient's financial institution, a financial institution shall retain either the original or a microfilm, other copy, or electronic record of the transmittal order.

* * * * *

(6) *Exceptions.* * * *

(i) * * *

(A) A bank;

(B) A wholly owned domestic subsidiary of a bank chartered in the United States;

(C) A broker or dealer in securities;

(D) A wholly owned domestic subsidiary of a broker or dealer in securities;

(E) The United States;

(F) A state or local government; or

(G) A federal, state or local government agency or instrumentality; and

(ii) Transmittals of funds where both the transmittor and the recipient are the same person and the transmittor's financial institution and the recipient's financial institution are the same broker or dealer in securities.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Barretville Corporation
Barretville, Tennessee

Order Approving the Formation of a Bank Holding Company

Barretville Corporation, Barretville ("Barretville"), has applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. § 1842) ("BHC Act") to become a bank holding company by acquiring 39.4 percent of the voting shares of Somerville Bank and Trust Company, Somerville ("Somerville Bank"), both in Tennessee. The shares currently are owned by Barretville Bank and

Trust Company, Barretville, Tennessee ("Barretville Bank"), and Barretville would become a wholly owned subsidiary of Barretville Bank.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 67,359 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Barretville Bank is the 31st largest commercial banking organization in Tennessee, controlling total deposits of approximately $177 million, representing less than 1 percent of total deposits in commercial banks in the state.[1] Somerville Bank is the 74th largest commercial banking organization in Tennessee, controlling total deposits of approximately $90 million, representing less than 1 percent of total deposits in commercial banks in the state. Barretville Bank and Somerville Bank both compete in the Memphis banking market. This proposal represents a reorganization by Barretville Bank of its ownership interest in Somerville Bank, and would not result in the acquisition by Barretville Bank of any additional banking assets. Based on all the facts of record, the Board concludes that the proposal would not have a significantly adverse effect on competition in any relevant banking market.

The Board previously has stated, and continues to believe, that ownership of a depository institution by another depository institution raises serious policy concerns. Although banks are not precluded under the BHC Act from owning other banks, the Board's policy since 1978 has been to discourage the ownership of a bank by another bank.[2]

This policy is based on a recognition that the use of insured deposits to make such acquisitions is inappropriate because the depositors of the parent bank would bear the risk of failure of the subsidiary bank that should be borne, and in the case of a nonbank parent company is borne, by the parent bank's shareholders. The parent bank also would be required to serve as a source of strength for the subsidiary bank.[3] In addition, when a parent bank uses insured deposits rather than new equity capital to make a bank acquisition, the parent bank would generally continue with the same amount of capital as before the acquisition, thereby resulting in a structure that is financially less secure.

The Board has carefully reviewed this policy in light of the facts presented by this application. Barretville Bank's ownership of its interest in Somerville Bank predates the enactment of the BHC Act in 1956.[4] Barretville Bank became a bank holding company only as a consequence of the passage of the Bank Holding Company Act Amendments of 1970, and was registered on August 19, 1971. Barretville Bank has not increased its interest in Somerville Bank since it became a bank holding company, and would not increase its interest in Somerville Bank or any other bank through this proposal.[5] This proposal represents only a reorganization that would insert a registered bank holding company between Barretville Bank and Somerville Bank. Barretville is being formed, and this application has been filed, at the request of the Federal Deposit Insurance Corporation ("FDIC"), Barretville Bank's primary federal supervisor, to conform the bank's ownership structure to section 24 of the Federal Deposit Insurance Act ("FDI Act").[6] Barretville Bank and Somerville Bank are well capitalized, and, based on all the facts of record, including supervisory information, both banks appear to be in satisfactory condition.

Based on the foregoing and other facts of record, the Board has concluded that the financial and managerial resources and future prospects of Barretville and its subsidiary banks, as well as considerations relating to the convenience and needs of the community to be served and other supervisory factors the Board is required to consider under section 3 of the BHC Act are consistent with approval. Accordingly, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance with all the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 18, 1996.

1. Statewide deposit data are as of June 30, 1995.

2. *See, e.g., Depositors Trust Company*, 64 *Federal Reserve Bulletin* 213 (1978); *The Bank of Tokyo, Ltd.*, 78 *Federal Reserve Bulletin* 685 (1988).

3. *See* 12 C.F.R. 225.4(a).

4. Barretville Bank acquired its interest in Somerville Bank prior to 1948.

5. Barretville Bank does not own more than 5 percent of the voting shares of any bank or bank holding company other than Somerville Bank.

6. Section 24 of the FDI Act prohibits state banks after December 19, 1992, from retaining an equity investment that is not permissible for a national bank, unless the insured state bank retains the equity investment in a majority owned subsidiary. *See* 12 U.S.C. § 1831a(c); *see also* 12 C.F.R. 362.3. Barretville Bank's equity investment in Somerville Bank would not be permissible for a national bank. *See* 12 U.S.C. § 24 (Seventh); *see also* 12 C.F.R. 1.7(b). Accordingly, Barretville Bank may retain its interest in Somerville Bank only if the FDIC approves its transfer to a majority-owned subsidiary, as this proposal represents. The FDIC has approved this transaction, subject to the formation of a bank holding company to hold Barretville Bank's equity investment in Somerville Bank.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

First Southern Bancorp, Inc.
Stanford, Kentucky

Order Approving Acquisition of Shares of a Bank Holding Company

First Southern Bancorp, Inc., Stanford, Kentucky ("First Southern"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire up to 24.99 percent of the voting shares of Casey County Bancorp, Inc. ("Casey") and thereby indirectly acquire an interest in Casey's wholly owned subsidiary bank, Casey County Bank, both of Liberty, Kentucky.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 66,971 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

First Southern, with consolidated assets of approximately $206 million, is the 28th largest commercial banking organization in Kentucky, controlling deposits of approximately $179 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Casey, with consolidated assets of approximately $79 million, is the 91st largest commercial banking organization in Kentucky, controlling approximately $66 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.

Casey has objected to this proposal. Casey contends that First Southern would attempt to control Casey and would divert the attention of Casey's management from the operation of Casey.

As noted above, First Southern proposes to acquire less than 25 percent of the voting shares of Casey. The Board previously has indicated that the acquisition of less than a controlling interest in a bank or bank holding company is not a normal acquisition for a bank holding company.[2] The requirement in section 3(a)(3) of the BHC Act that the Board's approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank suggests, however, that Congress contemplated the acquisition by bank holding companies of between 5 percent and 25 percent of the voting shares of a bank or a bank holding company.[3] Nothing in section 3(c) of the BHC Act, moreover, requires denial of an application solely because a bank holding company proposes to acquire less than a controlling interest in a bank or bank holding company. Accordingly, the Board previously has approved the acquisition by a bank holding company of less than a controlling interest in a bank or bank holding company.[4]

First Southern has stated that it does not propose to control Casey and will not control Casey without obtaining the prior approval of the Board. First Southern has made a number of commitments that are similar to commitments previously relied on by the Board in determining that an investing bank holding company would not be able to exercise a controlling influence over another bank holding company or bank for purposes of the BHC Act.[5] First Southern has committed not to exercise or attempt to exercise a controlling influence over the management or policies of Casey or any of its subsidiaries; not to seek or accept representation on the board of directors of Casey or any of its subsidiaries; and not to have any representative of First Southern serve as an officer, agent, or employee of Casey or any of its subsidiaries. First Southern also has committed not to attempt to influence the dividend policies, loan decisions or operations of Casey or any of its subsidiaries. The Board has adequate supervisory authority to monitor First Southern's compliance with its commitments, and expressly retains authority to initiate a control proceeding against First Southern if facts presented later indicate that First Southern or any of its subsidiaries or affiliates in fact controls Casey for purposes of the BHC Act.[6] Based on these commitments and all other facts of record, it is the Board's judgment that First Southern would not acquire control of Casey for purposes of the BHC Act through consummation of this proposal.

The Board's inquiry, however, does not end with its finding that First Southern would not control Casey. The Board previously has stated that noncontrolling interests in directly competing banks or bank holding companies may raise serious questions under the BHC Act.[7] The Board has noted that one company need not acquire control of an-

1. Asset and deposit data are as of September 30, 1995.

2. *See, e.g., North Fork Bancorporation, Inc.*, 81 *Federal Reserve Bulletin* 734 (1995) ("*North Fork*"); *State Street Boston Corporation*, 67 *Federal Reserve Bulletin* 862 (1981).

3. 12 U.S.C. § 1842(a)(3); 12 C.F.R. 225.11(c).

4. *See, e.g., North Fork* (acquisition of 19.9 percent of the voting shares of a bank holding company); *Mansura Bancshares, Inc.*, 79 *Federal Reserve Bulletin* 37 (1993) ("*Mansura*") (acquisition of 9.7 percent of the voting shares of a bank holding company); and *SunTrust Banks, Inc.*, 76 *Federal Reserve Bulletin* 542 (1990) ("*SunTrust*") (acquisition of up to 24.99 percent of the voting shares of a bank).

5. *See, e.g., Mansura* at 39. The commitments provided by First Southern are set forth in the Appendix.

6. Casey contends that First Southern contacted a number of shareholders of Casey with an offer to acquire shares of Casey and, therefore, indicated an intent to acquire control of Casey. The BHC Act and the Board's Regulation Y do not prohibit a bank holding company from making an offer to purchase more than 5 percent of the voting securities of a bank or bank holding company as long as the bank holding company obtains Board approval before acquiring the shares. There is no evidence that First Southern acquired more than 5 percent of the voting shares of Casey without receiving the Board's approval. Moreover, as explained above, First Southern has stated that it does not intend to exercise control over Casey and has made a number of commitments to the Board designed to limit the possibility that First Southern could exercise control over Casey.

7. *See, e.g., North Fork; Mansura;* and *SunTrust*.

other company in order to substantially lessen competition between them and that the specific facts of each case will determine whether a minority investment would have significant anticompetitive effects.[8] It is possible, for example, that the acquisition of a substantial ownership interest in a competitor or a potential competitor of the acquiring firm might alter the market behavior of both firms in such a way as to weaken or eliminate independence of action between the organizations and increase the likelihood of cooperative operations.[9]

First Southern and Casey compete directly in the Danville, Kentucky, banking market ("Danville banking market").[10] First Southern is the second largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of approximately $103 million, representing approximately 17 percent of total deposits in depository institutions in the market ("market deposits").[11] Casey is the fourth largest depository institution in the market, controlling deposits of approximately $62 million, representing approximately 11 percent of market deposits. As a combined organization, First Southern would be the largest depository institution in the Danville banking market, controlling deposits of approximately $165 million, representing approximately 28 percent of market deposits. The Herfindahl Hirschman Index ("HHI") would increase 370 points to 1648.[12] Numerous competitors would remain in the market. Thus, even if the Board were to conclude that First Southern would control Casey after consummation of this proposal, the elimination of competition between the two entities would not substantially lessen competition in any relevant banking market. In light of all the facts of record, the Board concludes that competitive considerations are consistent with approval.

The Board also concludes that the managerial and financial resources and future prospects of the organizations involved in this proposal are consistent with approval.[13] The convenience and needs factor and the other supervisory factors the Board must consider under section 3 of the BHC Act also are consistent with approval.[14]

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

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

By order of the Board of Governors, effective March 4, 1996.

Voting for this action: Chairman Pro Tempore Greenspan and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

First Southern will not, directly or indirectly:

(1) Take any action that would cause Casey or any of its subsidiaries to become a subsidiary of First Southern.

8. *Id.*

9. *See Mansura* at 38.

10. The Danville banking market consists of Boyle and Lincoln counties, the Lancaster and Bryantsville divisions of Garrard County, and the northern portion of Casey County, all in Kentucky.

11. Market share data are as of June 30, 1994, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

12. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

13. Casey contends that First Southern engaged in a tender offer for Casey's shares without complying with applicable rules of the Securities and Exchange Commission ("SEC"). *See* 17 C.F.R. 240.14d-1 *et seq.* Based on a review of the record, and after consulting with staff of the SEC, which is the federal agency with primary jurisdiction over matters dealing with tender offers, the Board concludes that Casey has not provided sufficient facts or information to support its allegation that First Southern is or was engaged in a tender offer. The Board has provided the SEC with a copy of Casey's allegation for consideration, and the Board retains the authority to consider this matter in connection with its evaluation of future applications by First Southern or in the context of its general supervisory jurisdiction over First Southern if any violations of applicable law are substantiated.

14. The subsidiary banks of First Southern and Casey received "satisfactory" ratings under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") from their primary federal supervisors at their most recent CRA performance evaluations. Casey contends that the acquisition by another bank holding company of control of Casey is not in the best interest of Casey's employees and shareholders and the communities served by Casey and its subsidiary bank. As discussed above, First Southern has stated that, after consummation of the proposal, it would be a passive investor in Casey and would not control or attempt to control Casey; and that it would not attempt to alter the policies or operations of Casey.

(2) Acquire or retain shares of Casey that would cause the combined interests of First Southern, its affiliates, officers, and directors to equal or exceed 25 percent of the outstanding voting shares of Casey.
(3) Exercise or attempt to exercise a controlling influence over the management or policies of Casey or any of its subsidiaries.
(4) Seek or accept representation on the board of directors of Casey or any of its subsidiaries.
(5) Serve, or have or seek to have any representative of First Southern serve, as an officer, agent, or employee of Casey or any of its subsidiaries.
(6) Propose a director or a slate of directors in opposition to any nominee or slate of nominees proposed by management or the board of directors of Casey.
(7) Solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Casey.
(8) Attempt to influence Casey's or any of its subsidiaries' dividend policies; loan, credit, or investment decisions; pricing of services; personnel decisions; operations activities, including the location of any offices or branches or their hours of operation, etc.; or any similar activities or decisions of Casey or any of its subsidiaries.
(9) Enter into any banking or nonbanking transactions with Casey, except that First Southern may establish and maintain deposit accounts with Casey or the bank subsidiaries of Casey, provided that the aggregate balance of all such deposit accounts does not exceed $500,000, and provided that the accounts are maintained on substantially the same terms as those prevailing for comparable accounts of persons unaffiliated with Casey.
(10) Dispose or threaten to dispose of shares of Casey in any manner as a condition of specific action or non-action by Casey or any of its subsidiaries.

The Governor and Company of the Bank of Ireland Dublin, Ireland

Order Approving Acquisition of Banks

The Governor and Company of the Bank of Ireland, Dublin, Ireland ("BOI"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) for approval to acquire 23.5 percent of the voting shares and control of Citizens Financial Group, Inc., Providence, Rhode Island ("Citizens"), and Citizens' subsidiary banks, Citizens Savings Bank and Citizens Trust Company, both of Providence, Rhode Island, and Citizens Bank of Massachusetts, Boston, Massachusetts.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (61 *Federal Register* 1760 (1996)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

BOI, with approximately $31.8 billion in total consolidated assets, is the second largest banking organization in Ireland and the 191st largest banking organization in the world.[2] BOI operates a branch in New York. Holdings, with approximately $4.2 billion in total consolidated assets, is the 101st largest commercial banking organization in the United States and controls less than 1 percent of total banking assets in the United States. Holdings operates one subsidiary bank in New Hampshire. RBS Group, with approximately $80.8 billion in total consolidated assets, is the sixth largest banking organization in Great Britain and the 92d largest banking organization in the world. RBS Group's only direct subsidiary, RBS, operates a branch in New York and an agency in California. Citizens, with approximately $10.2 billion in total consolidated assets, is the 60th largest commercial banking organization in the United States and controls less than 1 percent of total banking assets in the United States. Citizens operates subsidiary banks in Rhode Island and Massachusetts. After consummation of this proposal, Citizens would become the 36th largest commercial banking organization in the United States and would control less than 1 percent of total banking assets in the United States.

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.[3] These conditions are met in this case.[4] In view of all the facts of

1. Citizens would be considered a subsidiary of BOI. Citizens currently is a wholly owned subsidiary of The Royal Bank of Scotland plc ("RBS"), which is a wholly owned subsidiary of The Royal Bank of Scotland Group plc ("RBS Group"), both of Edinburgh, Scotland. As part of this proposal, BOI would merge its wholly owned subsidiary bank holding company, Bank of Ireland First Holdings, Inc., Manchester, New Hampshire ("Holdings"), into Citizens. As a result, Citizens would acquire control of Holdings's wholly owned subsidiary bank, First NH Bank, Manchester, New Hampshire ("First NH"). In consideration for the merger, BOI would receive newly issued shares of the voting stock of Citizens, thereby reducing the shareholding interest of RBS and RBS Group in Citizens to 76.5 percent. RBS Group, RBS, and Citizens have filed applications under the BHC Act to acquire Holdings and First NH. *See The Royal Bank of Scotland Group plc*, 82 *Federal Reserve Bulletin* 428 (1996).

2. Asset and domestic ranking data are as of September 30, 1995. Foreign ranking data are as of December 31, 1994.

3. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of BOI is New Hampshire.

4. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). BOI is adequately capitalized and adequately managed. The requirement of Massachusetts law that BOI make a percentage of its assets available for call by a state-sponsored housing entity has been satisfied. Upon consummation, BOI and its affiliates would control less than 10 percent of the total amount of deposits of insured depository

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

Competitive Considerations

Holdings and Citizens compete directly in the Boston banking market.[5] Holdings is the 13th largest banking or thrift organization ("depository organization") in the market, controlling deposits of approximately $449 million, representing less than 1 percent of total deposits in depository institutions in the market ("market deposits").[6] Citizens is the sixth largest depository organization in the market, controlling deposits of approximately $3.1 billion, representing 4.7 percent of market deposits. After consummation of this proposal, Citizens would become the fifth largest depository organization in the market, controlling deposits of approximately $3.6 billion, representing 5.4 percent of market deposits. The market would remain moderately concentrated, as measured by the Herfindahl Hirschman Index ("HHI"),[7] and numerous competitors would remain. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in the Boston banking market or any other relevant banking market.

Financial, Managerial, and Other Supervisory Considerations

Under section 3 of the BHC Act, as amended by the Foreign Bank Supervision Enhancement Act of 1991,[8] the Board may not approve any application by a company that involves a foreign bank unless the bank is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country."[9] BOI's home country is Ireland, where it is engaged in extensive banking and nonbanking activities. The Central Bank of Ireland ("Central Bank") is the home country supervisor for BOI.

The Board has previously determined, in connection with an application by BOI under section 3 of the BHC Act and the International Banking Act (12 U.S.C. § 3101 *et seq.*) ("IBA") that BOI was subject to home country supervision by the Central Bank.[10] Based on all the facts of record, the Board has determined that the requirements of section 3(c)(3)(B) of the BHC Act regarding comprehensive, consolidated supervision are met in this case.

In addition, BOI has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on the operations of BOI and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. BOI also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary in order to enable it to make any information available to the Board. In light of these commitments and other facts of record, the Board has concluded that BOI has provided adequate assurances of access to any appropriate information the Board may request. For these reasons, and based on all the facts of record, the Board concludes that the supervisory factors it is required to consider under section 3 of the BHC Act are consistent with approval.

The Board also must take into account the financial condition of a foreign bank that files a section 3 application.[11] BOI must comply with capital standards that conform to the Basle Capital Accord, as implemented by the Republic of Ireland. BOI's capital exceeds the minimum standards, and is equivalent to capital that would be required of a United States banking organization. The financial and managerial resources of BOI, Holdings, and First NH are considered consistent with approval of this proposal. Factors relating to the convenience and needs of the communities served by Holdings, Citizens, and their respective subsidiaries are consistent with approval, as are

institutions in the United States, and less than the applicable state limit on deposits in Massachusetts.

5. The Boston banking market is approximated by the Boston RMA and the towns of Greenville, Lyndeborough, Mason, and New Ipswich in Hillsborough County, all in New Hampshire.

6. Market share data are as of June 30, 1994, and include acquisitions consummated after that date. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

7. After consummation of this proposal, the HHI would increase by 6 points to 1020. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non depository financial entities.

8. Pub. L. No. 102-242, § 201 *et seq.*, 105 Stat. 2286 (1991).

9. 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. 12 C.F.R. 225.13(b)(5). Regulation K provides that a foreign bank may be considered to be subject to consolidated supervision if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank, including the relationship of the bank to its affiliates, to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 C.F.R. 211.24(c)(1)(ii).

10. *See Bank of Ireland*, 81 *Federal Reserve Bulletin* 511 (1995).

11. *See* 12 C.F.R. 225.13(b)(1).

the other supervisory factors the Board is required to consider under section 3 of the BHC Act.[12]

Conclusion

Based on the foregoing and all other facts of record, including all the commitments provided by BOI and its affiliates in connection with this proposal, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is specifically conditioned on compliance by BOI and its affiliates with all the commitments made in connection with this proposal and with the conditions referred to in this order. Should any restrictions on access to information on the operations or activities of BOI and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by BOI or its affiliates with applicable federal statutes, the Board may require termination of any of BOI's or its affiliates' direct or indirect activities in the United States. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 6, 1996.

Voting for this action: Chairman Pro Tempore Greenspan and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

12. The Board has received a comment from a community organization commending First NH for its record of support for economic development and the production of housing for low- and moderate-income households in New Hampshire and stating the commenter's expectations for future efforts by Citizens and First NH in these and other areas of community development. The Board notes that First NH received a rating of "outstanding" in its most recent examination for performance by the Federal Deposit Insurance Corporation ("FDIC"), its primary supervisor, under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"), as of December 1994. In addition, each subsidiary bank of Citizens was rated "outstanding" by the FDIC as of its most recent examination for CRA performance.

The Royal Bank of Scotland Group plc
Edinburgh, Scotland

The Royal Bank of Scotland plc
Edinburgh, Scotland

Citizens Financial Group, Inc.
Providence, Rhode Island

Order Approving Merger of Bank Holding Companies

The Royal Bank of Scotland Group plc ("RBS Group") and The Royal Bank of Scotland plc ("RBS"), both of Edinburgh, Scotland, and Citizens Financial Group, Inc., Providence, Rhode Island ("Citizens"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) for approval for Citizens to merge with Bank of Ireland First Holdings, Inc. ("Holdings"), and thereby acquire control of Holdings' subsidiary bank, First NH Bank ("First NH"), both of Manchester, New Hampshire.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (61 *Federal Register* 1760 (1996)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

RBS Group, with approximately $80.8 billion in total consolidated assets, is the sixth largest banking organization in Great Britain and the 92nd largest banking organization in the world.[2] RBS Group's only direct subsidiary, RBS, operates a branch in New York and an agency in California. Citizens, with approximately $10.2 billion in total consolidated assets, is the 60th largest commercial banking organization in the United States and controls less than one percent of total banking assets in the United States. Citizens operates subsidiary banks in Rhode Island and Massachusetts. Holdings's parent company, The Governor and Company of the Bank of Ireland, Dublin, Ireland ("BOI"), with approximately $31.8 billion in total consolidated assets, is the second largest banking organization in Ireland and the 191st largest banking organization in the world. BOI operates a branch in New York. Holdings, with approximately $4.2 billion in total consolidated assets, is the 101st largest commercial banking organization in the United States and controls less than 1 percent of total

1. Citizens is a wholly owned subsidiary of RBS, which is a wholly owned subsidiary of RBS Group. Holdings is a wholly owned subsidiary of The Governor and Company of the Bank of Ireland, Dublin, Ireland ("BOI"). In connection with this proposal, Citizens would issue additional shares of its voting stock to BOI, which would result in RBS Group's owning 76.5 percent and BOI's owning 23.5 percent of the voting shares of Citizens. BOI has filed an application under the BHC Act to acquire its interest in Citizens. *See The Governor and Company of the Bank of Ireland*, 82 *Federal Reserve Bulletin* 426 (1996).

2. Asset and domestic ranking data are as of September 30, 1995. Foreign ranking data are as of December 31, 1994.

banking assets in the United States. Holdings operates one subsidiary bank in New Hampshire. On consummation of this proposal, Citizens would become the 36th largest commercial banking organization in the United States and would control less than 1 percent of total banking assets in the United States.

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.[3] These conditions are met in this case.[4] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

Citizens and Holdings compete directly in the Boston banking market.[5] Citizens is the sixth largest banking or thrift organization ("depository organization") in the market, controlling deposits of approximately $3.1 billion, representing 4.7 percent of total deposits in depository institutions in the market ("market deposits").[6] Holdings is the 13th largest depository organization in the market, controlling deposits of approximately $449 million, representing less than 1 percent of market deposits. After consummation of this proposal, Citizens would become the fifth largest depository organization in the market, controlling deposits of approximately $3.6 billion, representing 5.4 percent of market deposits. The market would remain moderately concentrated, as measured by the Herfindahl-Hirschman Index ("HHI"),[7] and numerous competitors would remain. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in the Boston banking market or any other relevant banking market.

Financial, Managerial, and Other Supervisory Considerations

Under section 3 of the BHC Act, as amended by the Foreign Bank Supervision Enhancement Act of 1991,[8] the Board may not approve any application by a company that involves a foreign bank unless the bank is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.[9] RBS Group is the parent company for various banking and nonbanking companies, including a subsidiary bank located in the United Kingdom. The Bank of England is the home country supervisor for RBS Group.

The Board previously has determined, in connection with an application by RBS Group under section 3 of the BHC Act and the International Banking Act (12 U.S.C. § 3101 *et seq.*) ("IBA"), that RBS Group was subject to home country supervision by the Bank of England.[10] The RBS Group also is subject to supervision in the United Kingdom by self-regulatory organizations that act under authority delegated by the Department of Trade and Industry to the Securities and Investment Board, which estab-

3. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of RBS Group, RBS, and Citizens is Rhode Island.

4. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). RBS Group, RBS, and Citizens are adequately capitalized and adequately managed. First NH has been in existence and continuously operated for more than five years, the minimum period of time required under New Hampshire law. Upon consummation of this proposal, RBS Group 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 the applicable deposit limit in New Hampshire.

5. The Boston banking market is approximated by the Boston RMA and the towns of Greenville, Lyndeborough, Mason, and New Ipswich in Hillsborough County, all in New Hampshire.

6. Market share data are as of June 30, 1994, and include acquisitions consummated after that date. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

7. After consummation of this proposal, the HHI would increase by 6 points to 1020. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

8. Pub. L. No. 102-242, § 201 *et seq.*, 105 Stat. 2286 (1991).

9. 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. 12 C.F.R. 225.13(b)(5). Regulation K provides that a foreign bank may be considered to be subject to consolidated supervision if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank, including the relationship of the bank to its affiliates, to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 C.F.R. 211.24(c)(1)(ii).

10. *See The Royal Bank of Scotland Group plc*, 79 *Federal Reserve Bulletin* 1060 (1993) ("*RBS Group Order*"). The Board has made a similar determination for several other United Kingdom banks under the IBA. *See also West Merchant Bank*, 81 *Federal Reserve Bulletin* 519 (1995); *Singer & Friedlander, Ltd.*, 79 *Federal Reserve Bulletin* (1993); *Coutts & Co., A.G.*, 79 *Federal Reserve Bulletin* 636 (1993).

lishes general principles that the self-regulatory organizations apply to firms engaged in particular types of investment and insurance activities. These principles ensure that RBS Group or the relevant subsidiary is fit and proper to perform the investment or insurance activities and conforms to certain prudential standards, such as minimum capital requirements.[11] Based on all the facts of record, the Board has determined that the requirements of section 3(c)(3)(B) of the BHC Act regarding comprehensive, consolidated supervision are met in this case.

In addition, RBS Group has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on the operations of RBS Group and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal laws. RBS Group also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary in order to enable RBS Group to make any information available to the Board. In light of these commitments and other facts of record, the Board has concluded that RBS Group has provided adequate assurances of access to any appropriate information the Board may request. For these reasons and based on all the facts of record, the Board concludes that the supervisory factors it is required to consider under section 3 of the BHC Act are consistent with approval.

The Board also taken into account the financial condition of a foreign bank that files a section 3 application.[12] RBS Group must comply with capital standards that conform to the Basle Capital Accord, as implemented by the United Kingdom. RBS Group's capital exceed the minimum standards and is equivalent to capital that would be required of a United States banking organization. The financial and managerial resources of RBS Group, RBS, Citizens, and their subsidiary banks are considered consistent with approval of this proposal. Factors relating to the convenience and needs of the communities served by Citizens, Holdings, and their respective subsidiaries are consistent with approval, as are the other supervisory factors the Board is required to consider under section 3 of the BHC Act.[13]

Conclusion

Based on the foregoing and all other facts of record, including all the commitments made by RBS Group and its affiliates in connection with this proposal, the Board has determined that the applications should be, and hereby are, approved. The Board's approval of this proposal is specifically conditioned on compliance by RBS Group and its affiliates with all the commitments made in connection with this proposal and with the conditions referred to in this order. Should any restrictions on access to information on the operations or activities of RBS Group and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by RBS Group or its affiliates with applicable federal statutes, the Board may require termination of any of RBS Group's or any of its affiliates' direct or indirect activities in the United States. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 6, 1996.

Voting for this action: Chairman Pro Tempore Greenspan and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

CoreStates Financial Corp
Philadelphia, Pennsylvania

Order Approving the Merger of Bank Holding Companies

CoreStates Financial Corp, Philadelphia, Pennsylvania ("CoreStates"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Meridian

11. The self-regulatory organizations that supervise these investment and insurance activities are the Securities and Futures Authority ("SFA"), the Investment Management Regulatory Organization ("IMRO"), the Life Assurance and Unit Trust Regulatory Organization ("LAUTRO"), and the Financial Intermediaries, Managers, and Brokers Regulatory Association ("FIMBRA"). In *RBS Group Order*, the Board considered the supervision by SFA and IMRO of the securities and investment activities of RBS Group and its subsidiaries, and the supervision by LAUTRO and FIMBRA of the marketing of life insurance and related products by RBS Group and its subsidiaries.

12. *See* 12 C.F.R. 225.13(b)(1).

13. The Board received a comment from a community organization commending First NH for its record of support for economic development and the production of housing for low- and moderate-income households in New Hampshire and stating the commenter's expectations for future efforts by Citizens and First NH in these and other areas of community development. The Board notes that First NH received a rating of "outstanding" in its most recent examination for performance by the Federal Deposit Insurance Corporation ("FDIC"), its primary supervisor, under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"), as of December 1994. In addition, each subsidiary bank of Citizens was rated "outstanding" by the FDIC as of its most recent examination for CRA performance.

Bancorp, Inc., Reading, Pennsylvania ("Meridian"),[1] and thereby indirectly acquire Meridian's subsidiary banks: Meridian Bank, Reading, Pennsylvania ("Meridian Bank"); Meridian Bank, New Jersey, Cherry Hill, New Jersey; and Delaware Trust Company, Wilmington, Delaware.[2] CoreStates also has requested 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) of its notice to acquire the nonbanking subsidiaries of Meridian listed in the Appendix and thereby engage nationwide in permissible nonbanking activities.[3]

CoreStates also requested approval under section 25 of the Federal Reserve Act (12 U.S.C. §§ 601–604a) and section 211.3(a)(3) of the Board's Regulation K (12 C.F.R. 211.3(a)(3)) of its notice to establish a branch in the Cayman Islands, British West Indies, through the acquisition of Meridian Bank's branch at that location.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 67,135 (1995)). The time for filing comments has expired, and the Board has considered the applications and notices and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act and the Federal Reserve Act.

CoreStates, with total consolidated assets of approximately $28.9 billion, operates subsidiary banks in Pennsylvania, New Jersey, and Delaware.[4] CoreStates is the 27th largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets in the United States, and is the third largest commercial banking organization in Pennsylvania, controlling approximately $14.1 billion in deposits, representing 10.5 percent of all deposits in commercial banking organizations in the state ("state deposits").[5] CoreStates also engages in a number of permissible nonbanking activities nationwide. Meridian, with total consolidated assets of approximately $14.6 billion, operates subsidiary banks in Pennsylvania, New Jersey, and Delaware. Meridian is the 41st largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets in the United States. Meridian is the fifth largest commercial banking organization in Pennsylvania, controlling approximately $9.5 billion in deposits, representing 7.1 percent of state deposits. Meridian also engages in a number of permissible nonbanking activities nationwide.

After consummation of this proposal, CoreStates would be the 18th largest commercial banking organization in the United States, with total consolidated assets of approximately $43.5 billion, and would control 1.2 percent of total banking assets in the United States, and less than 1 percent of total deposits in banks and savings associations insured by the Federal Deposit Insurance Corporation. After consummation of this proposal and completion of the proposed branch divestitures, CoreStates would become the second largest commercial banking organization in Pennsylvania, controlling approximately $23.5 billion in deposits, representing 17.6 percent of state deposits.[6]

Interstate Analysis

Section 3(d) of the BHC Act, as amended by section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met. For purposes of the BHC Act, the home state of CoreStates is Pennsylvania.[7] As noted above, Meridian controls banks in Pennsylvania, New Jersey, and Delaware. The conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[8] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive and Other Considerations

CoreStates and Meridian operate subsidiary banks in Pennsylvania, New Jersey, and Delaware. CoreStates and Meridian compete directly in ten banking markets in these

1. CoreStates and Meridian also have granted to each other an option to purchase up to 19.9 percent of the voting shares of the other organization on the occurrence of certain circumstances, and have applied for the Board's approval to exercise these options. These options would become moot on consummation of this proposal.

2. CoreStates also has applied to acquire Meridian's noncontrolling investment in 24.9 percent of the voting shares of First Commercial Bank of Philadelphia and 6.7 percent of the voting shares of United Bank of Philadelphia, both of Philadelphia, Pennsylvania. CoreStates has agreed to comply with commitments made by Meridian in connection with Meridian's acquisition of these interests. *See* Board letter dated March 20, 1992, to Timothy F. Demers, Esq.

3. In connection with this proposal, Meridian Bank would be merged into CoreStates's lead subsidiary bank, CoreStates Bank, N.A., Philadelphia, Pennsylvania ("CoreStates Bank"). CoreStates Bank has filed an application with the Office of the Comptroller of the Currency ("OCC") for approval of the bank merger.

4. Asset data are as of September 30, 1995, and take into account transactions approved by the Board after this date.

5. Deposit data are as of June 30, 1995.

6. On consummation of this proposal, CoreStates would become the fourth largest commercial banking organization in New Jersey, controlling approximately $5.2 billion in state deposits, and the third largest commercial banking organization in Delaware, controlling approximately $1.2 billion in state deposits.

7. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is the state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

8. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). CoreStates is adequately capitalized and adequately managed. Meridian's subsidiary banks have been in existence and have continuously operated for at least the minimum period of time required under applicable state law. In addition, on consummation of this proposal, CoreStates and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits of insured depository institutions in New Jersey or Delaware. All other requirements of section 3(d) of the BHC Act also would be met on consummation of this proposal.

states.[9] On consummation of the proposal, eight of these banking markets would remain unconcentrated or moderately concentrated,[10] and the level of concentration in one market would remain unchanged, as measured by the Herfindahl-Hirschman Index ("HHI").[11] In addition, numerous competitors would remain in these markets.

In the Berks County banking market,[12] CoreStates is the third largest banking or thrift organization ("depository institution"), controlling deposits of approximately $554 million, representing 11.8 percent of total deposits in depository institutions in the market ("market deposits"). Meridian is the largest depository institution in the market, controlling deposits of approximately $1.9 billion, representing 40.6 percent of market deposits. On consummation of this proposal, CoreStates would become the largest depository institution in the market, controlling deposits of approximately $2.4 billion, representing 52.4 percent of market deposits. The HHI in the market would increase by 957 points to 3061.

In order to mitigate the potential anticompetitive effects of this acquisition in the Berks County banking market, CoreStates has committed to divest 10 branches with deposits of approximately $413 million to one or more acquirors whose purchase of branches would not substantially lessen competition.[13] On consummation of the proposed divestitures, the HHI in the Berks County market would increase by no more than 200 points to 2304.

A number of other factors mitigate the potential effect of this proposal on competition in the Berks County banking market. Sixteen commercial banking organizations would remain in the market, including a *de novo* commercial bank that entered the market in 1988 and now is the sixth largest depository institution in the market. Moreover, data indicate the Berks County banking market is attractive for entry. These data show that the population of Berks County grew 7.7 percent from 1980 to 1990, and 3.6 percent from 1990 to 1995, compared to less than 1 percent and 1.6 percent during these respective periods for Pennsylvania as a whole. The median household income in Berks County is also the tenth highest among 67 counties in the state.[14]

The Board also considered the views of the Justice Department and the Pennsylvania Attorney General. The Justice Department has advised the Board that, subject to completion of the divestitures proposed by CoreStates, the proposal would not result in a significantly adverse effect on competition in any relevant banking market.[15] The Pennsylvania Attorney General also has reviewed the competitive effects of the proposal and similarly has concluded that, subject to completion of the proposed divestitures, the proposal would not result in significantly adverse effects on competition in any banking market in Pennsylvania.

Based on all the facts of record, including the commitments made in connection with this application, and for the reasons discussed in this order, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market.[16]

9. These are the Berks County, Harrisburg, Lancaster, Lehigh Valley, Philadelphia, Scranton/Wilkes Barre, and York banking markets in Pennsylvania; the Vineland and Metropolitan New York/New Jersey banking markets in New Jersey; and the Wilmington banking market in Delaware.

10. Market share data are as of June 30, 1995. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

11. The HHI in these markets would increase as follows: Harrisburg (89 points to 1064); Lancaster (158 points to 1260); Lehigh Valley (136 points to 1360); Philadelphia (266 points to 1471); Scranton/Wilkes-Barre (13 points to 1140); York (38 points to 1100); Vineland (154 points to 1551); and Metropolitan New York/New Jersey (1 point to 706). The Wilmington banking market HHI would remain unchanged at 1933 points. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is less than 1000 is considered to be unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial institutions.

12. The Berks County banking market is approximated by Berks County, Pennsylvania.

13. CoreStates has committed to execute, prior to consummation of this proposal, agreements to sell these branches to one or more depository institutions in a sale that would not cause the increase in the market share following the divestiture to exceed Justice Department guidelines. CoreStates also has committed that the divestitures will be completed within 180 days of consummation and, if they are not, that it will transfer the unsold branches to an independent trustee that is acceptable to the Board and will be instructed to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991). CoreStates has committed to submit to the Board, prior to consummation, an executed trust agreement acceptable to the Board.

14. Population per banking office is 3,011 in Berks County, compared to an average of 2,860 persons per banking office in Pennsylvania as a whole and 2,767 persons per banking office in MSAs in the state. *Rand McNally Commercial Atlas* (1995). The average dollar volume of deposits per banking office in Berks County is $43.6 million, compared to an average of $37.8 million per banking office in Pennsylvania as a whole and $32.5 million per banking office in MSAs in the state.

15. In reaching this conclusion, the Justice Department required the divestiture of one branch with deposits of $31 million located in Lebanon, Pennsylvania, in addition to the divestitures discussed above.

16. In analyzing the competitive effects of this proposal, the Board reviewed comments received from an individual maintaining that the elimination of a competitor would adversely affect the deposit insurance coverage provided to customers of both institutions generally, and in the Lehigh Valley banking market specifically. A comment from another individual alleged that Meridian Bank's size and share

This determination is conditioned on completion of the divestitures proposed by CoreStates in connection with this proposal.

The Board also has concluded in light of all the facts of record that the financial and managerial resources[17] and future prospects of CoreStates, Meridian, and their respective subsidiaries, as well as the other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval.[18]

Convenience and Needs Considerations

In acting on an applications under section 3 of the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operations of such institution," and to take that record into account in the evaluation of bank expansion proposals.[19]

In reviewing the effect of this proposal on convenience and needs, the Board carefully considered comments from an individual who generally maintains that the management of CoreStates and Meridian are indifferent to the needs of the public[20] and that branch closings resulting from the proposal would have an adverse effect on the community.[21] The Board has reviewed the CRA performance records of CoreStates and Meridian, comments and CoreStates's responses, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[22]

The Board has carefully considered the CRA performance records of the subsidiary banks of CoreStates and Meridian, respectively, including in particular the relevant reports of examinations of CRA performance. The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[23] CoreStates's lead bank, CoreStates Bank, received a CRA performance rating of "outstanding" from its primary federal supervisor, the OCC, at its most recent examination for CRA performance as of August 21, 1995 ("1995 Examination"). Meridian's lead bank, Meridian Bank, also received a CRA performance rating of "outstanding" from the Federal Reserve Bank of Philadelphia at its most recent examination for CRA performance as of June 20, 1994.[24] All other subsidiary banks of CoreStates and Meridian received either "outstanding" or "satisfactory" ratings at their most recent CRA performance examinations.

of market deposits permitted it to have an adverse influence on the financial management of county and municipal governments in Berks County by encouraging local government entities to incur excessive amounts of public debt and to enter into publicly financed economic redevelopment projects that interfere with private business initiatives.

17. In reviewing financial and managerial factors, the Board carefully considered comments alleging that a nonbanking lending subsidiary of CoreStates acted improperly in two commercial bankruptcy cases in which it was a creditor and that Meridian Bank attempted to collect from the commenter on a debt not legally owed. The facts of record do not support the allegations concerning the two bankruptcy proceedings involving CoreStates or the allegations regarding the collection efforts of Meridian Bank. The Board also notes that such matters are within the jurisdiction of the bankruptcy court or the court in which the collection efforts are maintained to provide relief if the allegations can be substantiated.

The Board also considered comments that a nonbanking investment advisory subsidiary of Meridian failed to disclose a conflict of interest to certain of its clients concerning low-quality debentures purchased for their accounts. The Securities and Exchange Commission ("SEC") investigated this incident and has taken the actions it deems appropriate to enforce the federal securities laws. The record indicates that Meridian voluntarily reimbursed its clients for any losses sustained when the conflict of interest was discovered at its investment advisory subsidiary. No current employees of Meridian were disciplined in the 1995 proceeding before the Securities and Exchange Commission as a result of this incident, and all the recommendations made by an independent auditor to improve the operations of the subsidiary have been implemented. These allegations involve isolated instances in the overall operations of CoreStates and Meridian, and have been considered by the Board in light of all the facts of record, including reports of examination assessing the managerial resources of CoreStates and Meridian.

18. An individual commenter also alleged that Meridian Bank and other commercial business interests in Berks County have manipulated local government economic redevelopment projects for private gain. The facts of record do not support the commenter's conclusion that Meridian Bank has acted improperly in its dealings with local government officials in Berks County.

19. 12 U.S.C. § 2903.

20. In particular, this individual alleges that Meridian Bank has failed to fulfill its public representations that it would support the redevelopment of the downtown area of Reading, Pennsylvania.

21. This commenter also maintains that the merger would result in vacant real estate at locations currently occupied by CoreStates and Meridian as separate institutions.

22. 54 *Federal Register* 13,742 (1989).

23. 54 *Federal Register* at 13,742.

24. Examiners noted that Meridian Bank's community development activities include efforts focusing on Reading, Pennsylvania. The bank supports the Greater Berks Development Fund, a fund designed to improve the local economy of Reading and Berks County by providing financing for the acquisition, construction, and renovation of manufacturing facilities. In 1990, Meridian Bank established the Meridian Community Partnership Development Corporation, which makes debt and equity investments in corporations and projects that foster community redevelopment, including economic development in specific geographic areas in Pennsylvania. CoreStates Bank also participates in homebuyer assistance programs focused on Reading. These include the PINES project, offered in partnership with Neighborhood Housing Services and three other banks, and the Purchase/Rehab Mortgage Plan, offered by the bank in Berks County and limited additional areas.

The 1995 Examination concluded that CoreStates Bank's geographic distribution of credit applications and credit extensions demonstrated reasonable penetration in all segments of the bank's community, including low- and moderate-income areas. Examiners also noted that credit ascertainment efforts included ongoing contact with community representatives and that products offered effectively responded to the credit needs of the community.[25] CoreStates Bank also uses a variety of methods to inform all parts of its community of credit products available, including efforts through its Community Development Department that focus on direct contact with community leaders and specialty advertisements in ethnically diverse community newspapers.

CoreStates Bank's Regional Urban Lending department offers a number of mortgage products to assist in meeting the credit needs of low- and moderate-income individuals. These programs include the Delaware Valley Mortgage Plan, which features flexible underwriting standards. CoreStates Bank originated 762 loans, totalling $27.9 million, under this program in 1994 as compared to 568 loans, totalling $17.3 million, originated in 1993. Other mortgage programs assisting low- and moderate-income borrowers include the Philadelphia Rehabilitation Plan, the Homestart Program, and the 100% City Program.

Examiners also noted that CoreStates Bank actively participated in government sponsored lending programs. The bank offers two expedited loan programs sponsored by the Small Business Administration, the LOWDOC and the FAST TRACK programs.[26] In addition, CoreStates Bank participates in the Philadelphia Housing Authority's Action Loan Program, which provides financing to homeowners who meet certain income requirements and who may not have equity in their homes.[27] The bank also participates in several funds, including the Philadelphia Small Business Micro Loan Fund and the Hispanic Chamber Small Business Micro Loan Fund, that are designed to make small loans to businesses in amounts of $5,000 to $25,000 for working capital and improvements. The 1995 Examination also found that CoreStates Bank consistently maintained a high level of participation in community development projects throughout its delineated community.

CoreStates has indicated that it does not have a final branch closing plan and cannot estimate how many branches in low- and moderate-income census tracts would be closed or consolidated. According to CoreStates, over half of the branches under consideration for closure would be less than one mile from another CoreStates branch. The Board has carefully reviewed CoreStates's record of closing branches under its branch closing policy. Examiners noted in the 1995 Examination that the bank has a well defined branch closing policy, the key criteria of which include service availability, community views, and CRA considerations. During the evaluation period for the 1995 Examination, none of the 32 branches closed by the bank were in low- or moderate-income areas.

The Board also notes that recent amendments to the Federal Deposit Insurance Act require an insured depository institution to submit a notice of any proposed branch closing to the appropriate federal banking agency no later than 90 days before the date of the proposed branch closing.[28] Customers of the insured depository institution also must be notified. The Joint Agency Policy Statement on Branch Closings ("Joint Policy Statement") requires that the notice: (1) identify the branch to be closed and specify the proposed date of closing; (2) provide a detailed statement of the reasons for the decision to close the branch; and (3) provide statistical or other information in support of such reasons consistent with the institution's written policy for branch closings.[29]

The Board has carefully considered all the facts of record, including the comments received, in reviewing the convenience and needs factor under the BHC Act.[30] Based on a review of the entire record of performance of CoreStates and Meridian, the Board concludes that their records of helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, are consistent with approval of these applications.

25. One commenter contended that the proposal would reduce the availability of banking products for low- and moderate-income banking customers. The Board notes that CoreStates Bank offers several basic and low-cost products and services, such as a no-fee checking account for senior citizens and a "no frills" checking account with a low monthly maintenance fee and a small minimum opening balance, and would offer these products following consummation of this proposal.

26. Total small-business loans outstanding at year-end 1994 were $344.1 million, as compared to $134 million in total small-business loans outstanding at year-end 1993.

27. In 1994, CoreStates Bank originated 24 of these loans totalling $325,000.

28. *See* section 228 of the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, 105 Stat. 2308 (1991), which added a new section 39 to the Federal Deposit Insurance Act (codified at 12 U.S.C. § 1831r-1).

29. 58 *Federal Register* 49,083 (1993). The Joint Policy Statement also provides that the branch closing notice procedure does not apply to the movement of a branch within its immediate neighborhood that does not substantially affect the nature of the branch's business or the customers it serves. Movements over short distances are viewed essentially as branch consolidations or relocations under the Joint Policy Statement.

30. A commenter maintained that the community would be adversely affected by job losses resulting from the proposal, particularly in Berks County. The Board has previously concluded that the effect of a proposed acquisition on employment in a community is not among the factors included in the BHC Act. *See Wells Fargo & Company*, 82 *Federal Reserve Bulletin* 445 (1996). The convenience and needs factor under the BHC Act has been consistently interpreted by the federal banking agencies, the courts, and Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. The Board also notes that CoreStates indicates that it has taken several steps to help minimize job losses. For example, CoreStates has instituted a limited hiring freeze to preserve as many open positions as possible for employees whose positions are eliminated, and implemented a program to identify and train such employees who have job skills directly applicable to other business lines in CoreStates. CoreStates also has indicated that it will provide enhanced severance benefits and outplacement services to employees who cannot be immediately placed.

Nonbanking Activities

CoreStates also requested Board approval, pursuant to section 4(c)(8) of the BHC Act, to acquire the nonbanking subsidiaries of Meridian listed in the Appendix and thereby engage in the nonbanking activities described therein. Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board previously has determined by regulation and order that the proposed activities are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[31] CoreStates has committed that it will conduct all the proposed activities in accordance with the Board's regulations and the Meridian Order.

In order to approve these notices, the Board also must determine that the acquisition of Meridian's nonbanking subsidiaries and performance of the proposed activities by CoreStates "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, or unsound banking practices." As part of the Board's evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on such resources. Based on all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval.

The Board also concludes, on the basis of the facts of record, that this proposal should enable CoreStates to provide greater convenience and improved services to its customers. In addition, while CoreStates operates subsidiaries that engage in several of these activities in competition with Meridian, the record indicates that there are numerous providers of these services and that the markets for these services are unconcentrated. There is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

CoreStates also requested approval under section 25 of the Federal Reserve Act (12 U.S.C. §§ 601–604a) and section 211.3(a)(1) of the Board's Regulation K (12 C.F.R. 211.3(a)(1)) for approval to establish a branch in the Cayman Islands, at the location of the Meridian Bank branch that CoreStates would acquire as a result of this transaction. The Board has considered the factors it is required to consider when reviewing an application to establish a branch pursuant to section 25 of the Federal Reserve Act and, based on all the facts of record, and for the reasons discussed in this order, finds these factors to be consistent with approval.

Conclusion

Based on the foregoing and all other facts of record, including all the commitments provided by CoreStates in connection with this proposal, the Board has determined that the applications and notices should be, and hereby are, approved. The Board's approval is expressly conditioned on compliance by CoreStates with all the commitments made by CoreStates in connection with this proposal and with the conditions referred to in this order, including the commitment of CoreStates to divest certain branches. The Board's determination on the proposed nonbanking activities also are subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasions of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

The acquisitions of Meridian's subsidiary banks under this proposal shall not be consummated before the fifteenth calendar day following the effective date of this order, and the banking and nonbanking transactions 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 Philadelphia, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 25, 1996.

Voting for this action: Chairman Pro Tempore Greenspan and Governors Kelley, Lindsey, Phillips, and Yellen.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

Nonbanking Subsidiaries of Meridian to Be Acquired by CoreStates

(1) McGlinn Capital Management, Inc., Wyomissing, Pennsylvania, and thereby engage in investment advisory and private placement activities. *See Meridian Bancorp, Inc.*, 80 *Federal Reserve Bulletin* 736 (1994);

(2) Meridian Acceptance Corporation, Trenton, New Jersey, and thereby engage in automobile purchase financing activ-

31. *See* 12 C.F.R. 225.25(b)(1), (3), (4), (8)(i), (15)(i), and (16); *Meridian Bancorp, Inc.*, 80 *Federal Reserve Bulletin* 736 (1994) (investment advisory and private placement activities) ("*Meridian Order*").

ities pursuant to section 225.25(b)(1) of the Board's Regulation Y;

(3) Meridian Asset Management, Inc., Malvern, Pennsylvania, and thereby engage in trust activities pursuant to section 225.25(b)(3) of the Board's Regulation Y;

(4) Meridian Commercial Finance Corporation, Philadelphia, Pennsylvania, and thereby engage in commercial lending activities pursuant to section 225.25(b)(1) of the Board's Regulation Y;

(5) Meridian Investment Company, Malvern, Pennsylvania, and thereby engage in investment advisory activities pursuant to section 225.25(b)(4) of the Board's Regulation Y;

(6) Meridian Life Insurance Company, Phoenix, Arizona, and thereby engage in credit-related insurance underwriting activities pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y;

(7) Meridian Securities, Inc., Reading, Pennsylvania, and thereby engage in securities brokerage and related advisory activities pursuant to section 225.25(b)(15)(i) and (ii) of the Board's Regulation Y, and underwriting and dealing in government obligations and money market instruments pursuant to section 225.25(b)(16) of the Board's Regulation Y;

(8) Meridian Trust Company, Malvern, Pennsylvania, and thereby engage in trust activities pursuant to section 225.25(b)(3) of the Board's Regulation Y;

(9) Meridian Trust Company of California, San Francisco, California (in dissolution), and thereby engage in trust activities pursuant to section 225.25(b)(3) of the Board's Regulation Y.

The Mitsubishi Bank, Limited Tokyo, Japan

Order Approving Acquisition of Banks, Establishment of Branches, Agencies, and Representative Offices, and Notice to Engage in Nonbanking Activities

The Mitsubishi Bank, Limited, Tokyo, Japan ("Mitsubishi"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for Board approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire The Bank of Tokyo, Ltd., Tokyo, Japan ("Bank of Tokyo"), also a bank holding company, and its subsidiary banks, Union Bank, San Francisco, California ("Union Bank"); The Chicago-Tokyo Bank, Chicago, Illinois ("CTB"); and The Bank of Tokyo Trust Company, New York, New York ("BOTT").[1] Mitsubishi also has applied for Board 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 subsidiaries of Bank of Tokyo (*see* Appendix) and thereby engage nationwide in permissible nonbanking activities.

Mitsubishi also proposes to acquire all branches, agencies, and representative offices of Bank of Tokyo in the United States. Accordingly, Mitsubishi has applied under sections 5(a) and 7(d) of the International Banking Act (12 U.S.C. §§ 3103(a) and 3105(d)) ("IBA") and section 211.24 of the Board's Regulation K (12 C.F.R. 211.24) to establish branches in Los Angeles and San Francisco, California; Chicago, Illinois; New York, New York; Portland, Oregon; and Seattle, Washington; and agencies in Coral Gables, Florida; Atlanta, Georgia; and Honolulu, Hawaii. In addition, Mitsubishi has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) and section 211.24 of Regulation K (12 C.F.R. 211.24) to establish representative offices in Washington, D.C.; and Dallas and Houston, Texas.

Mitsubishi also has given notice under sections 211.4 and 211.5 of Regulation K (12 C.F.R. 211.4 and 211.5) to acquire BOT North America International, Inc., New York, New York ("BOTNA"), an Agreement corporation under section 25 of the Federal Reserve Act (12 U.S.C. §§ 601–604a).[2] In addition, BanCal has given notice under section 25 of the Federal Reserve Act and section 211.3 of Regulation K (12 C.F.R. 211.3) to acquire the foreign branches of Union Bank in Guam, the Commonwealth of the Northern Mariana Islands, and the Cayman Islands.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published in the *Federal Register* (60 *Federal Register* 62,858 (1995)) and in a newspaper of general circulation in each community where Mitsubishi would establish a branch, agency, or representative office as a result of this transaction.[3] The time for filing comments has expired, and the Board has considered the applications and notices and all comments received in light of the factors set forth in the BHC Act, the Federal Reserve Act, and the IBA.

Mitsubishi, with approximately $553 billion in consolidated assets, is the sixth largest banking organization in the world and controls less than 1 percent of total banking

1. Mitsubishi would merge with Bank of Tokyo, with Mitsubishi as the surviving corporation. As part of this proposal, Union Bank would transfer all of its banking assets and liabilities to Mitsubishi's subsidiary bank, The Bank of California, N.A., San Francisco, California ("BanCal"), and BanCal would change its name to Union Bank of California, N.A. ("UBC"). The Office of the Comptroller of the Currency ("OCC") approved this transfer on December 29, 1995. After consummation of this proposal, UBC would continue to be owned by an intermediate bank holding company that is 81-percent owned by Mitsubishi.

2. BOTNA, a wholly owned subsidiary of Bank of Tokyo, holds 100 percent of the voting shares of Bank of Tokyo Mexico, S.A., Mexico City, Mexico.

3. Notices were published in the following communities: Los Angeles, California (*The Los Angeles Times*, February 12, 1996); San Francisco, California (*The San Francisco Chronicle*, February 11, 1996); Washington, D.C. (*The Washington Post*, February 11, 1996); Coral Gables, Florida (*The Miami Herald*, February 11, 1996); Atlanta, Georgia (*The Atlanta Journal and Constitution*, February 12, 1996); Honolulu, Hawaii (*The Honolulu Advertiser*, February 12, 1996); Chicago, Illinois (*The Chicago Tribune*, February 11, 1996); New York, New York (*The New York Times*, February 12, 1996); Portland, Oregon (*The Oregonian*, February 11, 1996); Dallas, Texas (*The Dallas Morning News*, February 11, 1996); Houston, Texas (*The Houston Chronicle*, February 11, 1996); and Seattle, Washington (*The Seattle Times*, February 12, 1996).

assets in the United States.[4] In addition to its subsidiary bank in California, Mitsubishi operates the following banking institutions in the United States: branches in Los Angeles, California; Chicago, Illinois; and New York, New York; an agency in Houston, Texas; and representative offices in San Francisco, California; Atlanta, Georgia; Minneapolis, Minnesota; Columbus, Ohio; Portland, Oregon; and Seattle, Washington. Mitsubishi also engages in a number of permissible nonbanking activities nationwide.

Bank of Tokyo, with approximately $273 billion in consolidated assets, is the 22d largest banking organization in the world and controls less than 1 percent of total banking assets in the United States. In addition to its subsidiary banks in California, Illinois, and New York, Bank of Tokyo operates the following banking institutions in the United States: branches in Chicago, Illinois; Portland, Oregon; and Seattle, Washington); agencies in Los Angeles and San Francisco, California; Coral Gables, Florida; Atlanta, Georgia; Honolulu, Hawaii; New York, New York; and Dallas, Texas; and representative offices in Washington, D.C., and Houston, Texas.

On consummation of this proposal, the resulting institution, which would be renamed Bank of Tokyo-Mitsubishi, Ltd. ("BTM"), would become the largest banking organization in the world, with consolidated assets of approximately $826 billion, and would control less than 1 percent of total banking assets in the United States.[5] BTM would remain a qualifying foreign banking organization under section 211.23(b) of Regulation K (12 C.F.R. 211.23(b)).

Interstate Analysis

As part of this proposal, Mitsubishi would acquire CTB, located in Illinois, and BOTT, located in New York. Section 3(d) of the BHC Act, as amended by section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act"), 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.[6] The conditions are met in this proposal,[7] and in view of all the facts of record, the Board is permitted to approve the acquisition of BOTT and CTB under section 3(d) of the BHC Act.

Mitsubishi also proposes to establish state-licensed branches in Oregon and Washington. Under section 5(a)(2) of the IBA, as amended by section 104 of the Riegle-Neal Act, a foreign bank, with the approval of the Board and the appropriate state banking supervisor, may establish and operate a state-licensed branch or agency in any state outside the home state of the foreign bank to the extent a state bank with the same home state as the foreign bank could do so under section 44 of the Federal Deposit Insurance Act ("FDI Act").[8]

Section 44 of the FDI Act permits the Board to approve a merger transaction under the Bank Merger Act between state banks with different home states prior to June 1, 1997, if the home state of each bank, as of the date of the Board's approval, expressly permits interstate merger transactions with all out-of-state banks on an equal basis.[9] California and Oregon law satisfy this requirement.[10] All other applicable conditions of section 44 of the FDI Act also are met in this proposal.[11] In view of all the facts of record,[12] the

4. Asset and ranking data are as of September 30, 1995.

5. Assets held by non-FDIC insured depository institutions are not included in this calculation.

6. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is the state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of Mitsubishi is California.

7. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). As discussed more fully elsewhere in this order, Mitsubishi is adequately capitalized and adequately managed. On consummation of this proposal, BTM and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Illinois or New York. Bank of Tokyo's subsidiary banks in Illinois and New York have been in existence and continuously operated for the minimum period of time required under Illinois and New York law, respectively.

8. 12 U.S.C. § 3103(a)(2) and (a)(5); 12 U.S.C. § 1831u. The home state of a foreign bank with a branch, agency, subsidiary commercial lending company, or subsidiary bank in more than one state is the state selected by the foreign bank from among such states. 12 U.S.C. § 3103(c)(1). For purposes of the IBA, the home state of Mitsubishi is California. In connection with this proposal, Bank of Tokyo has given notice to the Board under section 211.22(b) of Regulation K (12 C.F.R. 211.22(b)) of its intention to change its home state to Oregon before consummation of this proposal.

9. 12 U.S.C. § 1831u(a)(3)(A).

10. *See* 1995 Cal. Stat. ch. 480, § 3820 *et seq.*; 1995 Or. Laws S.B. 308, § 3.

11. Section 5(a) of the IBA requires that certain conditions of section 44 of the FDI Act be met in order for the Board to approve an interstate banking transaction under section 5(a)(2) of the IBA. 12 U.S.C. § 3103(a)(3)(C) (referring to sections 44(b)(1), 44(b)(3) and 44(b)(4) of the FDI Act, 12 U.S.C. §§ 1831u(b)(1), (b)(3) and (b)(4)). As discussed more fully elsewhere in this order, each of Mitsubishi and Bank of Tokyo was adequately capitalized as of the date these applications and notices were filed, and, upon consummation of this proposal, BTM would continue to be adequately capitalized and adequately managed. Bank of Tokyo's branch in Portland, Oregon, has been in existence and continuously operated for the minimum period of time required under Oregon law. Community reinvestment considerations, as discussed more fully elsewhere in this order, also are consistent with approval. All other applicable requirements of section 44 of the FDI Act also would be met on consummation of this proposal.

12. In connection with its change of its home state, Bank of Tokyo is required under section 211.22(b)(2) of Regulation K (12 C.F.R. 211.22(b)(2)) to conform all domestic branches and investments in banks that it acquired in reliance on its original selection of California as its home state to the domestic branches and investments in banks that would have been permissible had it originally selected Oregon as its home state. Based on a review of Bank of Tokyo's domestic branches and investments in banks in the United States and the relevant federal and state law concerning interstate banking at all relevant times, the Board has determined that, consistent with the requirements of Regulation K, Bank of Tokyo could retain all its branches and investments in banks in the United States after changing its home state to Oregon.

Board is permitted to approve this proposal if the remaining criteria of section 5(a) of the IBA are met.[13]

In addition, under section 5(a)(7) of the IBA, the Board may approve an application by a foreign bank to establish and operate an agency or a state-licensed branch that receives only deposits that may be received by an Edge Act corporation under section 25A of the Federal Reserve Act (12 U.S.C. §§ 611–631) ("limited branch") in any state outside its home state, provided that the operation and establishment of the agency or limited branch is expressly permitted by the state in which it would be located and is approved by the relevant state banking supervisor.[14] Under this proposal, Mitsubishi would establish agencies outside its home state in Florida, Georgia, and Hawaii and limited branches outside its home state in Illinois and New York. Based on a review of the relevant statutory law of each of these states, and subject to the condition that Mitsubishi receive the approval of the state banking supervisor in each of these states, the Board has determined that Mitsubishi may establish agencies and limited branches in these states when it satisfies the other conditions in the IBA.

Under section 10(d) of the IBA, the Board is prohibited from approving the establishment of a representative office in any state in contravention of state law.[15] Based on a review of the relevant statutory law of the District of Columbia and Texas, the Board has determined that Mitsubishi's establishment of representative offices is consistent with the laws of these states.

Competitive Considerations

Mitsubishi is the seventh largest commercial banking organization in California, controlling one bank with deposits of $3.5 billion, representing approximately 1.5 percent of total deposits in commercial banking organizations in the state.[16] Bank of Tokyo is the fourth largest commercial banking organization in California, controlling one bank with deposits of $13.5 billion, representing approximately 5.9 percent of total deposits in commercial banking organizations in the state. On consummation of this proposal, BTM would become the third largest commercial banking organization in California, with deposits of $17 billion, representing approximately 7.5 percent of total deposits in commercial banking organizations in the state.

The subsidiary banks of Mitsubishi and Bank of Tokyo compete directly in nine banking markets in California.[17] After consummation of this proposal, all these banking markets would remain unconcentrated or moderately concentrated[18] as measured by the Herfindahl–Hirschman Index ("HHI"),[19] and numerous competitors would remain in each of the markets. Based on all the facts of record, the Board concludes that consummation of the proposal would not result in a significantly adverse effect on competition in any relevant banking market.

Financial, Managerial, and Other Supervisory Considerations

A. Evaluation under the BHC Act

In order to approve an application by a foreign bank to acquire a United States bank or bank holding company, the Board must determine under the BHC Act and Regulation Y that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.[20] The Board also must determine that the foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with applicable law.[21]

13. The Riegle-Neal Act provides that a bank resulting from an interstate merger may, with Board approval, retain and operate, as a branch, any office that any bank involved in the merger transaction operated as a main office or branch immediately before the merger transaction. 12 U.S.C. § 1831u(d)(1). The Washington banking authorities do not object to the retention and operation of the Washington branch after the merger. Accordingly, the Board is authorized to approve the establishment by Mitsubishi of a branch in Seattle, Washington. Bank of Tokyo's branches in Illinois and New York, which are limited purpose branches under the Federal Reserve Act, are discussed below.

14. 12 U.S.C. § 3103(a)(7).

15. 12 U.S.C. § 3107(d).

16. Deposit data are as of September 30, 1995.

17. These banking markets are the Bakersfield RMA, Fresno RMA, Los Angeles RMA, Palm Springs RMA, Riverside-San Bernardino RMA, Sacramento RMA, San Diego RMA, San Francisco-Oakland RMA, and Stockton RMA.

18. Market data are as of June 30, 1994. Market share data are based on calculations in which deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market concentration on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

19. The HHI would increase in each of the markets as follows: Bakersfield (3 points to 1717), Fresno (11 points to 1542), Los Angeles (6 points to 909), Palm Springs (6 points to 1223), Riverside-San Bernardino (13 points to 1513), Sacramento (3 points to 1359), San Diego (27 points to 1243), San Francisco-Oakland (13 points to 1442), and Stockton (4 points to 1332). Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is less than 1000 is considered to be unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial institutions.

20. *See* 12 U.S.C. § 1842(c)(3)(B); 12 C.F.R. 225.13(b)(5).

21. *See* 12 U.S.C. § 1842(c)(3)(A); 12 C.F.R. 225.13(b)(4).

The Board considers a foreign bank to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the bank's relationship to any affiliate, to assess the bank's overall financial condition and compliance with law and regulation.[22] In making its determination concerning this proposal, the Board considered the following information.

Mitsubishi is subject to the regulatory and supervisory authority of the Japanese Ministry of Finance ("MOF") and the Bank of Japan. The Board previously has determined in connection with applications involving other Japanese banks that the banks were subject to comprehensive, consolidated home country supervision.[23] Mitsubishi is supervised on substantially the same terms and conditions as the other Japanese banks. Recently, the MOF announced plans to enhance its bank supervision in a number of areas, including strengthening on-site inspections; establishing more comprehensive guidelines for internal audits, controls, and risk management; increasing enforcement tools for distressed banking institutions; and promoting closer information exchanges with foreign supervisory authorities. Based on all the facts of record, the Board has determined that Mitsubishi is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

Mitsubishi also has committed to make available to the Board such information on its operations and the operations of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the BHC Act, and other applicable federal law. To the extent that the provision of such information may be prohibited by law, Mitsubishi has committed to cooperate with the Board to obtain any consents or waivers from third parties that may be required to permit disclosure. In light of these commitments and other facts of record, and subject to the conditions of this order, the Board concludes that Mitsubishi has provided adequate assurances of access by the Board to any necessary information it may request.[24] For these reasons, and based on all the facts of record, the Board concludes that the supervisory factors it must consider under section 3 of the BHC Act are consistent with approval.[25]

The Board also must consider the financial condition of a foreign bank that files an application under section 3 of the BHC Act.[26] Mitsubishi and Bank of Tokyo must comply with capital standards that conform to the Basle Capital Accord, as implemented by Japan. Mitsubishi's and Bank of Tokyo's capital exceeds these minimum standards and is equivalent to the capital required of a United States banking organization.[27]

Based on the foregoing and all the facts of record, the Board has determined that the financial and managerial resources and future prospects of Mitsubishi, Bank of Tokyo, and their subsidiaries, are consistent with approval of this proposal, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

B. Evaluation under the IBA

In order to approve an application by a foreign bank to establish a branch or agency, regardless of its location, the Board must determine under the IBA and Regulation K that each of the foreign bank and any parent foreign bank engages directly in the business of banking outside the United States and that the foreign bank has furnished to the Board the information it needs to assess the application

22. In assessing this standard, the Board considers, among other factors, the extent to which the foreign bank's home country supervisor:

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

(ii) Obtains information on the condition of the foreign bank and its subsidiaries and offices outside the home country through regular reports of examination, audit reports, or otherwise;

(iii) Obtains information on the dealings and relationships between the foreign bank and its affiliates, both foreign and domestic;

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

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

The Board considers the foregoing to be indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

23. *See The Sumitomo Bank, Limited,* 82 *Federal Reserve Bulletin* 365 (1996); *Bank of Tokyo,* 81 *Federal Reserve Bulletin* 279 (1995).

24. Inner City Press/Community on the Move ("Protestant") has raised issues about the supervision of the offshore branches of Union Bank to be acquired by BanCal. The Board notes that three of the four offshore branches of Union Bank are full-service branches, and that all the offshore branches of Union Bank, including its "shell" branch in the Cayman Islands, would be subject to consolidated supervision by federal banking supervisors. Based on all the facts of record, including reports of examinations concerning these offshore branches, the Board believes that the supervisory concerns raised by Protestant are not present in this case.

25. Protestant contends that published press reports, including accounts of certain actions by a Bank of Tokyo employee in Japan, indicate lax supervision and inadequate internal controls on the part of Japanese banks and Japanese banking regulators. Protestant also cites the consent order entered into by the Board and The Daiwa Bank, Limited, Osaka, Japan ("Daiwa"), to terminate the banking operations of Daiwa in the United States. The Board has considered these comments, and in particular, the comments as they relate to the institutions involved in this acquisition, in light of all the facts of record, including supervisory information from Japanese banking supervisors. The employee's actions were detected by Bank of Tokyo and Bank of Tokyo conducted an internal review of procedures and investigation to detect similar incidents and found no other defalcations. The matter appears to be an isolated incident solely involving the institution to be acquired.

26. *See* 12 C.F.R. 225.13(b)(1).

27. Protestant has questioned whether the financial statements of Mitsubishi and Bank of Tokyo accurately reflect their financial condition in view of news stories concerning economic and banking conditions in Japan and the exposure of Bank of Tokyo to losses resulting from the liquidation of *jusen* companies (real estate-related liabilities). The Board has taken these comments into consideration in reviewing the overall financial condition of Mitsubishi and Bank of Tokyo.

adequately.[28] The Board also must determine that each of the foreign bank and any parent foreign bank are subject to comprehensive supervision or regulation on a consolidated basis by their home country supervisor.[29] Section 5(a) of the IBA also establishes additional criteria that must be met in order for the Board to approve the establishment of branches outside a foreign bank's home state under section 5(a)(2) of the IBA.

Mitsubishi engages directly in the business of banking outside the United States through its extensive banking operations in Japan, Asia, Europe, and elsewhere. Mitsubishi also has provided the Board with the information necessary to assess the application adequately. As noted above, the Board has concluded that Mitsubishi is subject to comprehensive supervision on a consolidated basis by its home country supervisors.

The Board also has taken into account the additional standards set forth in section 7 of the IBA (12 U.S.C. § 3105(d)(3) and (4)) and section 211.24(c)(2) of Regulation K (12 C.F.R. 211.24(c)(2)). In this regard, the MOF and the Bank of Japan have no objection to the establishment of the proposed branches, agencies, and representative offices.

As noted above, Mitsubishi has capital that exceeds the minimum standards of the Basle Capital Accord and is considered to be equivalent to that required of a U.S. banking organization. Mitsubishi has the experience and capacity to support the proposed offices and has established controls and procedures for the proposed offices to ensure compliance with U.S. law. After consummation of the proposed merger and establishment of the foreign bank offices described above under the IBA, Mitsubishi would continue to be adequately capitalized and managed. Based on the record, the Board has determined that financial and managerial factors are consistent with approval of the proposed offices.

As noted above, the Board has concluded that Mitsubishi has provided adequate assurances of access to any necessary information the Board may request. Mitsubishi also has filed applications and notices with state banking supervisors in every state in which it would acquire an office of Bank of Tokyo, and none of the states has objected to this proposal.

Finally, with respect to the proposed establishment by Mitsubishi of branches outside its home state pursuant to section 5(a)(2) of the IBA, the Board has determined that the additional conditions specified in section 5(a)(3) of the IBA are satisfied.[30]

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of applications.[31]

The Board received a number of comments supporting this proposal,[32] including comments from community-based organizations in New York and Chicago that commended the CRA performance records of BOTT and CTB, particularly their participation in lending programs to support the rehabilitation and purchase of housing for low- and moderate-income households and provision of grants to support the operating budgets of community organizations. Two umbrella community-based groups in California, representing a number of smaller community organizations, also commended a community reinvestment pledge made by BanCal and Union Bank to invest $11.25 billion in California community development activities. Under this pledge, the two banks have agreed to lend 4.5 percent of their combined assets (which equal approximately $25 billion) each year for 10 years to assist inner-city small businesses, multi-family housing development, low- and moderate-income homebuyers, and rural housing development. Guidance in administering the pledge will be pro-

28. 12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24(c)(1).

29. *Id.* In acting on an application to establish a representative office, the Board must take into account the standards applicable to the establishment of a branch, agency, or commercial lending company. 12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2). Because Mitsubishi has applied to establish branches and agencies as well as representative offices, the Board has made its findings with respect to the proposed representative offices in accordance with the stricter standards applicable to branch and agency applications.

30. The Board finds, pursuant to section 5(a)(3)(B) of the IBA, that the financial resources of Mitsubishi are equivalent to those required for a domestic bank to receive approval for interstate branching under section 44 of the FDI Act. 12 U.S.C. § 3103(a)(3)(B). The Board also has consulted with the Department of the Treasury concerning capital equivalency and, as discussed above, has determined that Mitsubishi's filings with state authorities, as well as factors under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) relevant in this context, are consistent with the proposed establishment of interstate branches under section 5(a)(2) of the IBA.

31. *See* 12 U.S.C. § 2903. The Board also must consider relevant CRA factors in acting on an interstate merger under section 5(a)(3)(C) of the IBA, as well as any relevant requirements under state community reinvestment laws. Other than with respect to Mitsubishi's ownership of BanCal, Mitsubishi is not currently subject to federal or state community reinvestment laws.

32. Protestant contends that the Board should give little weight to comments in favor of this proposal from organizations that receive grants from Mitsubishi or Bank of Tokyo. The Board has considered the comments from all commenters supporting or opposing this proposal in light of the full record in this case and the factors the Board is required to consider under the BHC Act and other relevant statutes.

vided by an advisory committee made up of community residents where the banks operate.

Comments opposing the proposal were received from Inner City Press/Community on the Move ("Protestant").[33] These comments criticize the amount of CRA-related lending by BOTT and CTB in their respective delineated communities. Protestant also expressed concern that the announced branch closings resulting from this proposal would have an adverse effect on the convenience and needs of the communities served by BanCal and Union Bank.[34]

The Board has carefully reviewed the CRA performance records of Mitsubishi and Bank of Tokyo, and their respective subsidiary banks, particularly the relevant reports of examinations of the CRA performance records of these institutions. The Board also has carefully considered the comments received on this proposal, as well as Mitsubishi's responses to those comments. The Board has reviewed this information, and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[35]

A. CRA Performance Evaluations of the Subsidiary Banks of Mitsubishi and Bank of Tokyo

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports of these examinations will be given great weight in the applications process.[36] The Board notes that all the subsidiary banks of Mitsubishi and Bank of Tokyo received "outstanding" or "satisfactory" ratings in their most recent CRA performance examinations.

Mitsubishi's subsidiary bank, BanCal, received a "satisfactory" rating in its most recent examination for CRA performance by its primary federal supervisor, the OCC, as of January 23, 1996 ("1996 BanCal Examination"). Bank of Tokyo's lead subsidiary bank, Union Bank ("Union Bank"), received an "outstanding" rating in its most recent examination for CRA performance by its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), as of October 30, 1995 ("1995 UB Examination"). BOTT received an "outstanding" rating for CRA performance from the FDIC, as of December 28, 1994 ("1994 BOTT Examination"), and CTB received a "satisfactory" rating for CRA performance from the FDIC, as of August 22, 1994 ("1994 CTB Examination").[37]

B. CRA Performance Records of Union Bank and BanCal

Union Bank's record. The 1995 UB Examination found a reasonable distribution of credit extensions, applications, and denials in all segments of Union Bank's communities, including low- and moderate-income census tracts. Marketing efforts included direct mail advertising to low- and moderate-income households within a mile of a Union Bank branch, featuring low-cost checking and savings products, homebuyer assistance programs, and consumer loans.[38] Senior management and the board of directors of the bank analyzed the bank's reports of the geographical distribution of loan products and loan denials in establishing new loan products, policies, marketing strategies, and outreach efforts.

Examiners also noted that Union Bank participated in several government-sponsored housing and small business loan programs, including the FNMA Community Home Buyer Program, FHA Title I Home Improvement Loan Program, SBA 504 and 7A Programs, and California Pollution Control Finance Authority Program. Union Bank also participated in several housing and economic development projects, including a community development corporation in the south central area of Los Angeles and a revolving loan pool to provide permanent financing for the development of housing for low-income and very low-income households. Union Bank also provided construction financing for several multi-unit apartment projects for low- and moderate-income households.

BanCal's record. The 1996 BanCal Examination found that the bank actively sought applications and extended credit throughout its delineated communities, including low- and moderate-income areas, and that the distribution of loans, including mortgage and consumer loans, also was reasonable. Bank management conducted a geographical analysis of lending patterns at least annually and used the information to plan CRA programs and develop marketing strategies. BanCal participated in several loan pools to provide community development, affordable housing, and

33. An individual also commented that the proposal would be detrimental to consumers in general.

34. Protestant also argues that Bank of Tokyo should be required to file an application under section 3 of the BHC Act to acquire deposits of Daiwa Bank Trust Company, New York, New York ("Daiwa Bank"). Bank of Tokyo has acquired no deposits from Daiwa Bank but only agreed to consider applications from Daiwa Bank customers to establish new accounts at BOTT. This arrangement does not come within the filing requirements of the BHC Act.

35. 54 *Federal Register* 13,742 (1989).

36. *Id.* at 13,745.

37. Examiners noted that CTB's performance could be improved by increasing the percentage of loans within its delineated community. CTB has increased its CRA-related lending in its delineated community, and Mitsubishi and Bank of Tokyo have established a goal to double CTB's aggregate CRA-related lending within three to five years, with approximately equal emphasis on housing and community development loans and small business loans. Protestant maintains that these goals are too vague and unenforceable. The Board has carefully reviewed these issues in light of all the facts of record, including CTB's overall satisfactory performance rating, supervisory information received from the FDIC, and other aspects of CTB's CRA performance record.

38. Once every 12 to 18 months, Union Bank prepared a report of consumer loans and deposits in each census tract in all counties in which the bank operated a branch, and focused additional marketing efforts on increasing consumer loans in census tracts with low loan penetration.

small business financing, with an aggregate commitment of $17.6 million. From 1994 to September 30, 1995, BanCal also made 114 direct loans to small businesses, totaling $17.1 million, and 543 home purchase loans, totaling $56 million, to homebuyers in low- and moderate-income areas under the bank's Community Outreach Program.

Branch closings. Mitsubishi has identified 21 branches it proposes to consolidate or close after consummation of this proposal. Ten of the branches are in low- or moderate-income census tracts, and five of these ten branches are in minority census tracts. One branch is in a middle-income census tract with a predominately minority population. Each of these branches would be consolidated with a UBC branch, located within one-half mile, that would remain open after consummation of this proposal. Mitsubishi also stated that the consolidation of branches was discussed with local community-based organizations.

One other branch proposed to be closed is located in a middle-income census tract with a predominately minority population and is more than one mile but less than two miles from another UBC branch that would remain open. The final decision on this branch is subject to the branch closing policy of BanCal. The policy requires the bank to contact community groups whenever a proposed branch closing would have a significantly adverse impact on the availability of banking services in a community, and to evaluate carefully the comments of community groups and integrate them into the bank's final decision and implementation plans. Actions that may be taken to minimize the impact of a branch closing on a neighborhood, and the presence of other financial institutions in the neighborhood, also must be considered. BanCal's branch closing policy, and the effect of branches closed under this policy on the availability of banking products and services to the communities involved, were reviewed by examiners in the bank's most recent CRA performance examination and found to be satisfactory.

C. CRA Performance Records of BOTT and CTB

The Board notes that BOTT and CTB focus on providing credit and other banking services to corporate customers. They do not engage in residential or other consumer lending, except to accommodate employees of their corporate customers, or engage in other retail banking businesses, and both institutions were considered by their primary federal supervisor to be engaged in wholesale banking activities.[39] Institutions like BOTT and CTB, however, are required to comply with the CRA, and their CRA performance record has been carefully reviewed in light of their business strategy.[40]

BOTT's record. BOTT has taken a number of steps that are consistent with its business strategy to help meet the credit needs of its community. For example, the bank participates as a lender or investor in large-scale housing or community development programs sponsored by local government and private organizations, and provides grants to several community organizations to help cover their operating costs. As of September 30, 1994, the bank had $13.9 million of loans and $7.4 million of commitments outstanding to support the community development programs of several organizations in New York City. These programs included more than $7 million invested in a loan pool administered by a small business investment corporation primarily to fund loans to purchase taxicab medallions and provide working capital to various small minority-owned commercial establishments.

BOTT has $1.4 million of loans and $4.9 million of loan commitments outstanding under a program sponsored by the New York City Housing Partnership to help develop housing for sale at below-market cost to low- and moderate-income households and $1.3 million of loans and $1.9 million of commitments outstanding to Community Preservation Corporation, a nonprofit corporation that combines public and private financing to construct and rehabilitate low- and moderate-income housing in New York City, Long Island, and the Hudson River valley. In addition, BOTT committed $100,000 to the Closing Assistance for Homebuyers Program sponsored by Neighborhood Housing Services of New York, Inc., which provides loans to assist first-time low- and moderate-income homebuyers to meet down payment and closing cost requirements.

The bank also holds a $100,000 certificate of deposit at Community Capital Bank, a commercial bank in Brooklyn operated primarily to serve the housing and small business credit needs of low- and moderate-income neighborhoods. BOTT has provided credit enhancements since 1988 for $32 million of New York State Housing Finance Agency bonds used to finance the construction of 732 housing units for low- and moderate-income households. In addition,

39. Institutions like BOTT and CTB will not be evaluated as wholesale institutions after July 1, 1997, unless they are designated as a "wholesale bank" by their primary supervisor under the new CRA regulations (60 *Federal Register* 22,156 (1995)). Before that date, large depository institutions with a wholesale business strategy may continue to be evaluated under the current CRA regulations or elect to be designated as a "wholesale bank" and evaluated under the "community development test" in the new CRA regulations.

40. *See Continental Bank Corporation*, 75 *Federal Reserve Bulletin* 304 (1989). Protestant maintains that the lending activities of BOTT and CTB should be considered nationwide in evaluating their CRA performance record. Protestant also contends that BOTT's currently delineated community should be expanded to include upper Manhattan, the Bronx, and Brooklyn. The geographic scope of both institutions' delineated communities and the banks' efforts to help meet credit needs within those communities were reviewed in their most recent CRA performance evaluations. After an on-site review of the banks' activities and local communities by their primary federal supervisor, the geographic scope of these areas was found to be reasonable and the banks' overall CRA performance record within these areas was found to be outstanding for BOTT and satisfactory for CTB. The Board believes that an assessment of an institution's delineated community can most effectively be considered in an on site examination by the institution's primary federal supervisor, and that this process provides a better opportunity to consider whether an institution's delineated community reflects illegal discrimination in light of all the institution's lending activities.

BOTT provides grants up to $5,000 to nonprofit groups that help to address housing needs, facilitate neighborhood stabilization and provide job training and drug rehabilitation.[41]

CTB's record. CTB has adopted a CRA action plan for reaching residents of low- and moderate-income areas of its community, and its board of directors and senior management regularly review CRA activities and are active in maintaining contact with and participating in programs that assist in community development outside the bank's business strategy.

CTB has taken several steps to support community development in Chicago in a manner that is consistent with its lending focus. The bank provided a $1.5 million revolving loan to Community Investment Corporation to help finance the construction and rehabilitation of housing for low-income households, and committed $800,000 to Neighborhood Housing Services of Chicago, Inc., for housing rehabilitation and neighborhood stabilization in low- and moderate-income neighborhoods. CTB also committed $1.9 million to a program to finance the purchase of fast-food restaurant franchises by low- and moderate-income franchise operators.

In addition, CTB committed $1.5 million to a loan pool with 46 lenders that is administered to provide financing for rental housing for low- and moderate-income households. The bank also maintains a below-market rate certificate of deposit for $250,000 at South Shore Bank, a commercial bank in Chicago operated primarily to finance the rehabilitation of multi-family housing units and provide small business loans in the Chicago area. The bank purchased $250,000 of municipal bonds from the City of Chicago and $1.6 million of revenue bonds issued by the Illinois Housing Development Authority for its Affordable Housing Program. CTB also provides grants to support the operating budgets of nonprofit organizations that help meet housing needs and facilitate economic development.[42]

D. Conclusion on Convenience and Needs Considerations

The Board has carefully considered all the facts of record, including the comments received from all commenters and Mitsubishi's response to those comments, the CRA performance records of the subsidiary banks of Mitsubishi and Bank of Tokyo, including relevant reports of examination from their primary federal supervisors. The Board also has considered that neither the CRA nor the BHC Act require that an institution meet the credit and other banking needs of a community in specific ways or provide specific types of products or services. Both statutes, and their implementing regulations, give a banking institution the freedom to develop its own business strategy and products. Based on a review of the entire record, the Board concludes that convenience and needs considerations, including the CRA records of performance of both organizations' subsidiary banks, are consistent with approval of this proposal.[43]

Nonbanking Activities

Mitsubishi also has given notice under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Bank of Tokyo listed in the Appendix and thereby engage in the nonbanking activities described therein, and Union Bank has given notice to retain its nonbanking subsidiaries listed in the Appendix and continue to engage in the nonbanking activities described therein. Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has previously determined by regulation or order, subject to certain prudential limitations, that each of the activities described in the Appendix is closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[44] Mitsubishi has provided the Board with all the commitments the Board obtained in other cases in which it has approved a bank holding company to engage in these activities, and Mitsubishi has committed to conduct these activities in accordance with the Board's regulations and prior orders.

In order to approve this proposal, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposed transaction 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.[45] As part of the Board's evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on such resources.[46] On the basis of the record, the Board believes that this proposal should enable BTM to provide greater convenience and improved services to its customers. In addition, while Mitsubishi oper-

41. The bank made $139,000 in grants under this program in 1994.

42. For example, the bank gave a grant of $50,000 to Non Profit Financial Corporation, an organization that provides bridge financing for small, nonprofit organizations.

43. Protestant has expressed concern about Mitsubishi's plans to manage BOTT, an insured depository institution subject to the CRA. As part of this proposal, BTM intends to merge Mitsubishi's subsidiary trust company, Mitsubishi Bank Trust Company of New York, New York, New York, into BOTT, with BOTT as the survivor. Mitsubishi has indicated that the variety of community initiatives that have been undertaken by BOTT will be continued and enhanced under BOTT's recently established long-term CRA performance goals. Under these goals, BOTT intends to double its level of CRA-related lending over the next three to five years.

44. *See, e.g., The Bank of Tokyo, Ltd.*, 76 *Federal Reserve Bulletin* 654 (1990); *The Bank of Tokyo, Ltd.*, 76 *Federal Reserve Bulletin* 536 (1990).

45. *See* 12 U.S.C. § 1843(c)(8).

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

ates subsidiaries engaged in nonbanking activities that compete with several of the nonbanking subsidiaries of Bank of Tokyo and Union Bank, the markets for these services are unconcentrated, and there are numerous providers of these services. As a result, consummation of this proposal would have a *de minimis* effect on competition for these services, and the Board concludes that the proposal would not have a significantly adverse effect on competition in any relevant market.

There also is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would not be outweighed by the public benefits reasonably to be expected to result from this proposal. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of this proposal.

Mitsubishi also has given notice of its intention to acquire BOTNA, a corporation operating under section 25 of the Federal Reserve Act. Based on all the facts of record, the Board concludes that the financial and managerial resources of Mitsubishi are consistent with the acquisition of this corporation. This proposal also would result in the continuation of the international services currently provided by this organization and would be in the public interest. Accordingly, the Board finds that the continued operation of BOTNA by BTM is consistent with the Federal Reserve Act and Regulation K.

BanCal also has given notice pursuant to section 25 of the Federal Reserve Act (12 U.S.C. §§ 601–604a) and section 211.3 of Regulation K (12 C.F.R. 211.3) to acquire the branches of Union Bank in Guam, the Commonwealth of the Northern Mariana Islands, and the Cayman Islands. The Board has considered the factors it is required to consider when reviewing a notice to establish branches under section 25 of the Federal Reserve Act and, based on all the facts of record, finds these factors to be consistent with approval.

Conclusion

Based on the foregoing and all other facts of record, including all the commitments provided by Mitsubishi in connection with this proposal, the Board has determined that the applications and notices should be, and hereby are, approved. The Board's approval of this proposal is specifically conditioned on compliance by Mitsubishi and BTM with all the commitments made in connection with this proposal and with the conditions referred to in this order.[47] If any restrictions on access to information on the operations or activities of BTM and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Mitsubishi or its affiliates with applicable federal statutes, the Board may require termination of any of Mitsubishi's or any of its affiliates' direct or indirect activities in the United States. The Board's determination on the proposed nonbanking activities also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The banking acquisitions under this proposal 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 by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 8, 1996.

Voting for this action: Chairman Pro Tempore Greenspan, and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

Nonbanking Subsidiaries of Bank of Tokyo to Be Acquired by Mitsubishi

(1) BOT Financial Corp., Boston, Massachusetts, and thereby engage in making, acquiring, or servicing loans, pursuant to section 225.25(b)(1); providing investment or financial advice, pursuant to section 225.25(b)(4); leasing activities (directly and through its wholly owned subsidiary, BFC Assets, Inc., Boston, Massachusetts), pursuant to section 225.25(b)(5); and providing data processing and data transmission services, pursuant to section 225.25(b)(7) of the Board's Regulation Y; and

(2) BOT Securities, Inc., New York, New York, and thereby engage in making, acquiring, or servicing loans, pursuant to section 225.25(b)(1); providing investment or financial advice, pursuant to section 225.25(b)(4); providing brokerage

47. The Board's authority to approve the establishment of the proposed foreign bank offices parallels the continuing authority of state banking supervisors to license offices of a foreign bank. The Board's approval of these applications and notices does not supplant the authority of the relevant state banking supervisors to license the proposed offices in accordance with any terms or conditions that such state banking supervisors may impose.

services, separately and in combination with investment advisory services, pursuant to section 225.25(b)(15); underwriting and dealing in bank eligible dealer securities, pursuant to section 225.25(b)(16); providing general information and statistical forecasting with respect to foreign exchange markets, pursuant to section 225.25(b)(17); acting as a futures commission merchant, pursuant to section 225.25(b)(18) of the Board's Regulation Y; and trading for its own account in certain foreign exchange spot, forward, futures, and options transactions, pursuant to *The Bank of Tokyo, Ltd.*, 76 *Federal Reserve Bulletin* 654 (1990).

Nonbanking Subsidiaries of Union Bank to Be Acquired by Mitsubishi

(1) Bankers Commercial Corporation, San Diego, California, and thereby engage in making, acquiring, or servicing loans, pursuant to section 225.25(b)(1); providing investment or financial advice, pursuant to section 225.25(b)(4); leasing activities, pursuant to section 225.25(b)(5); and providing data processing and data transmission services, pursuant to section 225.25(b)(7) of the Board's Regulation Y;

(2) Stanco Properties, Inc., San Francisco, California, and thereby engage in escrow and custodial activities, pursuant to section 225.25(b)(3) of the Board's Regulation Y;

(3) UB Leasing, Inc., Los Angeles, California, and thereby engage in making, acquiring, or servicing loans, pursuant to section 225.25(b)(1); providing investment or financial advice, pursuant to section 225.25(b)(4); leasing activities, pursuant to section 225.25(b)(5); and providing data processing and data transmission services, pursuant to section 225.25(b)(7) of the Board's Regulation Y;

(4) UB Mortgage Corp., San Francisco, California, and thereby engage in servicing loans, pursuant to section 225.25(b)(1) of the Board's Regulation Y; and

(5) Unionbanc Leasing Corp., Los Angeles, California, and thereby engage in making, acquiring, or servicing loans, pursuant to section 225.25(b)(1); providing investment or financial advice, pursuant to section 225.25(b)(4); leasing activities, pursuant to section 225.25(b)(5); and providing data processing and data transmission services, pursuant to section 225.25(b)(7) of the Board's Regulation Y.

Wells Fargo & Company
San Francisco, California

Order Approving the Acquisition of a Bank Holding Company and its Nonbanking and Foreign Subsidiaries

Wells Fargo & Company, San Francisco, California ("Wells Fargo"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*), has filed various applications and notices seeking the Board's approval to acquire First Interstate Bancorp, Los Angeles, California ("First Interstate"),[1] and First Interstate's bank and nonbank subsidiaries.[2] Applications and notices have been filed under sections 3, 4(c)(8), and 4(c)(13) of the BHC Act (12 U.S.C. §§ 1842, 1843(c)(8) and (13)), and section 25 of the Federal Reserve Act (12 U.S.C. § 601).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 58,627 and 62,859 (1995)). In light of the extensive public interest in this proposal, the Board held a series of public meetings to provide interested persons an opportunity to present written information and oral testimony on the proposal (Press Releases dated January 4 and 16, 1996). Seven public meetings were held, beginning on January 22, 1996, in San Francisco and Los Angeles, California.[3]

The Board received comments on the proposal from approximately 834 commenters, 311 of whom testified at the public meetings. Written comments were received from approximately 523 commenters who did not testify at the public meetings and from 166 commenters who testified at the meetings. The time for filing comments has expired, and the Board has considered the applications and notices and all comments received in light of the factors set forth in the BHC Act, the Federal Reserve Act, and regulations promulgated thereunder.

Wells Fargo, with total consolidated assets of approximately $49.9 billion, operates subsidiary banks in California and a credit card bank in Arizona.[4] Wells Fargo is the 17th largest commercial banking organization in the United States, controlling approximately 1.2 percent of total banking assets in the United States and is the second largest depository institution in California, controlling approximately $37.3 billion in deposits, representing 13 percent of all deposits in depository institutions in the state ("state deposits").[5] Wells Fargo also engages in a number of permissible nonbanking activities nationwide. First Interstate, with total consolidated assets of approximately $55.1 billion, operates subsidiary banks in 13 states. First Interstate is the 14th largest commercial banking organization in the United States, controlling approximately 1.3 percent of total banking assets in the United States. First Interstate is the third largest depository institution in California, controlling approximately $20.9 billion in deposits, representing 7.3 percent of state deposits.

1. First Interstate would merge with and into Wells Fargo, with Wells Fargo as the surviving corporation.

2. First Interstate's subsidiary banks are listed in Appendix A. First Interstate's nonbank and foreign subsidiaries are listed in Appendix B.

3. Two of these meetings were held in connection with the application filed by First Bank System, Minneapolis, Minnesota ("First Bank"), to acquire First Interstate. First Bank subsequently withdrew its application. The Board has considered all comments regarding the CRA performance of Wells Fargo or First Interstate that were made in connection with First Bank's application.

4. Asset data are as of September 30, 1995.

5. Depository institutions include commercial banks, savings banks, and savings associations. State deposit data are as of June 30, 1995, and are based on calculations in which the deposits of thrift institutions are included at 50 percent.

After consummation of the proposal, Wells Fargo would be the seventh largest commercial banking organization in the United States, with total consolidated assets of approximately $102.5 billion, and would control approximately 2.5 percent of the total banking assets in the United States, and 2.6 percent of the total deposits in banks and savings associations insured by the Federal Deposit Insurance Corporation ("FDIC"). After consummation of the proposal and completion of the proposed branch divestitures, Wells Fargo would remain the second largest depository institution in California, controlling approximately $55.7 in deposits, representing 19.4 percent of state deposits.[6]

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met. For purposes of the BHC Act, Wells Fargo's home state is California.[7] As noted above, First Interstate controls banks in Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. The conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[8] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Considerations

This proposal represents a significant acquisition involving the combination of the second and third largest banking organizations in California, organizations that together control 20.3 percent of all deposits in California and compete in 47 markets throughout the state.[9] These organizations are among the largest providers of banking services in these markets and have a significant competitive influence in many markets. Accordingly, the Board has taken special care to analyze whether the combination of these organizations would have a significantly adverse effect on competition in any relevant banking market.

In evaluating the competitive effects of this proposal, the Board carefully considered the information and views presented by commenters. The Board received approximately 316 comments from individuals and organizations regarding the competitive impact of this proposal. Many commenters argued that the proposal would eliminate one of only three major banking competitors in California, and would result in reduced availability of consumer financial services, higher prices for banking services, less flexible credit underwriting standards, and lower deposit rates.[10] Commenters also contended that there would be fewer lenders for small- and medium-sized businesses in many banking markets, resulting in a reduction in the availability of, and higher costs for, business credit.[11]

In accordance with its policy, the Board has analyzed the competitive effects of this combination in each market in which the two organizations operate using the deposit-based Herfindahl Hirschman Index ("HHI") and the HHI levels set out in the revised Department of Justice Merger Guidelines ("DOJ Guidelines").[12] The Board notes that these HHI levels are only guidelines that are used by the Board and the other banking agencies to help identify cases that are in need of a more detailed competitive analysis to assure that the proposal does not have a significantly adverse effect on competition in any relevant market.

Where the HHI or other data regarding the competitive environment indicate that a combination is likely to have a

6. Deposit and market data are as of June 30, 1995. Asset and deposit data take into account Wells Fargo's commitments to divest certain assets and deposits, which are discussed later in this order.

7. 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, 1966, or the date on which the company became a bank holding company, whichever is later.

8. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Wells Fargo is adequately capitalized and adequately managed. First Interstate's subsidiary banks have been in existence and have continuously operated for at least the minimum period of time required under applicable state law. In addition, upon consummation of this proposal, Wells Fargo and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits of insured depository institutions in Arizona, or any other applicable state deposit limit. All other requirements of section 3(d) of the BHC Act also would be met after consummation of this proposal.

9. A description of these banking markets is contained in Appendix C. Wells Fargo and First Interstate do not operate insured depository institutions in the same banking markets in any state other than California.

10. Some commenters also stated generally that the effect of the proposal on the convenience and needs of the community would be adverse due to branch closures, job losses, real estate vacancies, and less price competition and, consequently, that convenience and needs factors in this case would not outweigh the anticompetitive effects. Several California cities also commented that the merger would result in less competition and higher cost for government deposit services because Wells Fargo is not an approved state government depository.

11. Commenters also believed there would be a reduction in the availability of banking services in low- and moderate-income areas, neighborhoods with predominantly African-American residents, and other underserved areas, particularly in Los Angeles, and reduced competition for affordable housing construction loans, resulting in increased fees for such credit. These comments also are addressed in the convenience and needs discussion, *infra*.

12. Under the revised DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is less than 1000 is considered unconcentrated and a market in which the post merger HHI is between 1000 and 1800 is considered moderately concentrated. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Department of Justice (the "DOJ") is likely to challenge a merger that increases the HHI by more than 50 points. The DOJ has informed the Board that a bank acquisition or merger generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The DOJ has stated that the higher than normal threshold for anti-competitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

significant effect on competition, the Board must determine whether the effect of the combination on competition is significantly adverse. A proposal that fails to pass the HHI market screen may nonetheless be approved because other information, such as data regarding the strength of the remaining competitors or the likelihood of potential entry into the market, may indicate that the proposal would not have a significantly adverse effect on competition. Similarly, in the case of a proposal that passes the screen, information, such as data about the nature of competition in the market, may indicate that the proposal would likely have an adverse effect on competition.

In this case, the combination of Wells Fargo and First Interstate, without divestitures, would not pass the traditional screen in a number of markets and would appear to have a significantly adverse effect on competition in a number of markets. Wells Fargo has proposed to divest 61 branches representing deposits of approximately $2.5 billion to address these potential competitive effects.[13] As illustrated by the table in Appendix D, after taking account of the divestitures proposed by Wells Fargo, the proposal would meet the initial screen in all markets in which Wells Fargo and First Interstate compete.[14]

In considering whether these divestitures are sufficient to offset the otherwise significantly adverse competitive effects of the combination and the concerns raised by commenters in writing and at the public meetings, the Board looked at a number of factors. The Board considered the effect of the proposal on small business lending, agricultural lending, correspondent banking services, and other services that were of concern to commenters. The Board also analyzed pricing data for loans and deposits in California and the effect of previous mergers between large banking organizations on the average prices for certain banking products and services in California.

In addition, the Board paid special attention to the size and the quality of the proposed divestitures. As noted above, the divestitures would cause the resulting HHI in each banking market to be well within the level specified in the Board's initial screen. Importantly, Wells Fargo has committed that these divestitures would be to a purchaser that will continue to make commercial loans, including middle-market, small business and agricultural loans, in these markets and would be in a transaction that would be consistent with the DOJ Guidelines.

The Board also notes that numerous competitors, including the largest banking organizations in California, will remain in nearly all of these markets following consummation of this proposal. In addition, numerous large thrifts operate in California and have the potential to become active participants or entry points for other participants in these markets. Thrift institutions in California appear especially focused on mortgage lending activities and are not strong providers of commercial loans, including small business loans. Nevertheless, the Board believes it is significant that these alternative franchises operate in California and, specifically, in many of the markets in question in this case. Finally, many of these markets are attractive for entry and California has in place legislation that permits out of state banking organizations to acquire banks throughout the state.

The Board also has considered the views of the Department of Justice ("DOJ") and the Attorney General of California. The DOJ has advised the Board that, subject to completion of the divestitures proposed by Wells Fargo, the proposal would not result in a significantly adverse effect on competition in any relevant banking market. The Attorney General of California has also reviewed the competitive effects of the proposal and has similarly concluded that, subject to completion of the proposed divestitures, the proposal would not result in significantly adverse effects in competition in any banking market in California.

Based on all of the facts of record, including the analysis discussed in this order, and in reliance on the commitments discussed above as well as the other commitments made in connection with this application, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition in any relevant banking market. This determination is subject to completion of the divestitures as proposed by Wells Fargo in connection with this application.[15] In addition, Wells Fargo must obtain final contracts of sale for all relevant offices prior to consummation of its acquisition of First Interstate.

13. Wells Fargo has committed to execute sales agreements for each of the proposed divestitures prior to consummation of this proposal, and to complete these divestitures within 180 days of consummation. Wells Fargo also has committed that, in the event it is unsuccessful in completing these divestitures within 180 days of consummation, it will transfer the unsold branches to an independent trustee that is acceptable to the Board and that will be instructed to sell the branches promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991). In addition, Wells Fargo has committed to submit to the Board, prior to consummation of the acquisition, an executed trust agreement acceptable to the Board stating the terms of these divestitures.

14. Market share data used for the table in Appendix D are based on calculations in which the deposits controlled by thrift institutions are included at 50 percent.

15. The Board has considered comments suggesting that Wells Fargo should be required to divest five branches in San Diego to a locally owned bank, with two of those branches in low-income communities. The proposed divestitures have been structured to maintain significant competition to Wells Fargo in providing banking products and services in the relevant banking markets. There is no evidence in the record to suggest that this proposal would prevent the establishment of any other bank to serve minority and low- and moderate-income communities or impair the ability of existing banks to serve such communities. As discussed in this order, the Board also has considered carefully Wells Fargo's record in helping to meet the credit needs of the communities that it serves, including minority and low- and moderate-income communities and the Board or another federal banking agency must consider the Community Reinvestment Act record of any institution that acquires these branches from Wells Fargo.

Financial, Managerial and Future Prospects Considerations

The Board has reviewed the financial resources of the companies and banks involved in this proposal and the effect of the proposed acquisition on the future prospects of these organizations in light of all the facts of record, including the views expressed by Wells Fargo and commenters. The proposed transaction represents a substantial acquisition for Wells Fargo, which will more than double the size of the organization.

The Board notes that Wells Fargo, First Interstate, and their subsidiary banks are in satisfactory financial condition, and are expected to remain so after consummation of this transaction. Although the purchase accounting adjustments for this transaction would result in the booking of significant amounts of goodwill and other intangibles,[16] the Board notes that Wells Fargo would fully fund the purchase price with the issuance of stock, and that its consolidated capital ratios would exceed the "well capitalized" thresholds after consummation of this transaction. Moreover, Wells Fargo has indicated that it believes its earnings would remain strong as a result of new opportunities for revenue growth, greater geographic diversification of its risk profile, and significant cost savings and operational efficiencies. Wells Fargo also has indicated that it believes the merger would result in a stronger company that can operate more efficiently to provide enhanced services to its customers and communities.

Based on all the facts of record, including a review of relevant reports of examination and all comments that have been received relating to the financial factors in this proposal, the Board concludes that financial considerations, including the future prospects of Wells Fargo, are consistent with approval. The Board also has reviewed the managerial resources of Wells Fargo in light of comments received on this proposal,[17] and has concluded that based on all the facts of record, including examination reports and other supervisory information, managerial factors are consistent with approval.

16. Several commenters stated that Wells Fargo's net cost savings assumptions are overly optimistic. Other commenters have criticized Wells Fargo's use of the purchase accounting method or maintained that the management of First Interstate would receive excessive severance packages compared to nonmanagement employees.

17. Several commenters objected to the loss of management functions located in Southern California. Other commenters raised concerns that the management of Wells Fargo does not have the experience to operate a multi-state bank holding company. Wells Fargo has indicated that it intends to operate corporate headquarters in San Francisco and Los Angeles, and that one or more of the senior corporate officers would be based in Los Angeles. After consummation of the proposal, Wells Fargo would expand its board of directors by up to seven seats, which would be filled by current members of First Interstate's board of directors.

Convenience and Needs Considerations

In acting on applications under section 3 of the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- to moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank expansion proposals.

A. Public Comments on Convenience and Needs

As noted above, the Board held a series of public meetings at which interested persons could present testimony on the convenience and needs factors and the CRA performance records of the depository institutions in this case. The Board also provided commenters who commented during the public comment period an extended period of time in which to submit their views.[18] A substantial majority of the comments received by the Board, including the comments presented by the 311 commenters who appeared at the public meetings, related to the convenience and needs aspects of the proposal. These commenters included representatives of community-based and nonprofit organizations, small business owners, customers of Wells Fargo and First Interstate, First Interstate employees, local and state government officials, members of the United States Congress, and individuals.[19]

Approximately 135 commenters supported the proposal or commented favorably about the CRA performance record of Wells Fargo.[20] More than 600 commenters either opposed the proposal, requested that the Board approve the

18. The Board also considered additional comments filed after the close of the public comment period. Under the Board's Rules of Procedure, the Board may in its discretion take into consideration the substance of such comments. 12 C.F.R. 262.3(e).

19. Several individual commenters opposed this proposal on the basis of their particular business dealings with Wells Fargo. The Board believes that such isolated instances should be considered in light of all the facts of record pertaining to Wells Fargo's CRA performance. The complaints have been sent to the bank's primary supervisor, the Office of the Comptroller of the Currency ("OCC").

20. The commenters included: (1) The Greenlining Institute, San Francisco, California; (2) National Community Reinvestment Network, Boston, Massachusetts; (3) the Asian Business Association Incorporated, San Francisco, California; (4) the Phoenix Urban League, Phoenix, Arizona; (5) Los Angeles Community Reinvestment Center, Los Angeles, California; (6) American GI Forum of California, Santa Maria, California; (7) the Black Business Association of Southern California, Los Angeles, California; and (8) the California Hispanic Chamber of Commerce, San Francisco, California.

merger subject to conditions suggested by the commenter, or expressed concerns about the CRA performance record of Wells Fargo or First Interstate.[21] Commenters presented information on a number of aspects of the CRA performance records of the banks involved, including the following:[22]

Small business lending. A number of commenters applauded Wells Fargo's participation in special loan programs, particularly in programs for businesses owned by women and government-sponsored small business loan programs. Other commenters noted that Wells Fargo had provided assistance to their small businesses, including business advice and increased lines of credit, which permitted expansion. Some commenters stated that Wells Fargo was the only bank willing to lend to their start-up ventures.

Other commenters believed that Wells Fargo was unresponsive to the needs of small business, and that the types of loans and level of personalized services were inferior to the small business activities of First Interstate. Some commenters contended that the bank's participation in certain small business lending programs sponsored by state and federal government agencies and nonprofit organizations was inadequate. Commenters also asserted that Wells Fargo did not sufficiently ascertain the credit needs or market its available loans and services to small businesses owned by minorities in certain areas of California. A few commenters contended that Wells Fargo's management practices, such as limited lending authority for branch managers, frequent changes in branch personnel, and inadequate branch facilities, were not conducive to small business lending activities.

Housing-related lending. Wells Fargo was commended by some commenters for a strong record of lending to affordable housing projects in California. Commenters explained that the unique nature of some of these projects made financing difficult to obtain. In addition, some commenters favorably noted Wells Fargo's financial support of housing-related financing through intermediaries and loan pools on a local and national level.

Commenters opposing the proposal characterized efforts by Wells Fargo and First Interstate in home mortgage lending as inadequate to meet the housing-related credit needs of low- and moderate-income ("LMI") and minority borrowers in California and other states served by the institutions. Those commenters criticized the decision by both institutions to cease direct origination of mortgage loans and to refer residential mortgage borrowers to joint ventures maintained with unaffiliated third parties. One commenter stated that data filed under the Home Mortgage Disclosure Act ("HMDA") and other lending data from Wells Fargo and First Interstate indicated disparate lending patterns for LMI and minority borrowers, and inadequate outreach and marketing efforts to minority residents in certain areas.

Community development lending. A number of community-based and nonprofit organizations supported the proposal because of Wells Fargo's community reinvestment programs and projects. Other commenters maintained that Wells Fargo provided less financial support to lending programs sponsored by community-based organizations, lending consortia, and community development corporations than First Interstate, and that the loss of First Interstate's support would have a significantly adverse effect on community redevelopment efforts.[23] Those commenters also believed that after consummation of the proposal the level of community redevelopment activities in California would be less than the level of activities provided by Wells Fargo and First Interstate as independent organizations.

Community reinvestment pledge. Many commenters commended the 10-year/$45 billion community reinvestment pledge proposed by Wells Fargo in connection with this proposal. They pointed out that it was the largest and most comprehensive pledge made by a banking organization, and they believed that specific allocations under the pledge, such as the $25 billion for small business loans and $8.5 billion for commercial loans to middle market businesses, would significantly benefit LMI areas and small businesses in California. Other commenters noted that Wells Fargo had a record of meeting or exceeding its prior community development pledges.

Some commenters criticized the pledge as lacking criteria for making funding decisions, and they raised questions about its enforceability. Those commenters contended that Wells Fargo should be required to form partnerships with community based organizations to decide how the funds would be allocated. Some commenters noted that Wells Fargo had not indicated a plan to address the credit needs

21. The commenters included: (1) California Reinvestment Committee, San Francisco, California; (2) Association of Community Organizations for Reform Now, Washington, D.C.; (3) Black State Employees Association of Texas, Inc., Dallas, Texas; (4) Washington Reinvestment Alliance, Seattle, Washington; (5) Nevada Fair Housing Center, Inc., Las Vegas, Nevada; (6) Sacramento Housing & Redevelopment Agency, Sacramento, California; (7) National Association for the Advancement of Colored People, Los Angeles, California; (8) Small Business Finance Corp, San Diego, California; (9) Communities for Accountable Reinvestment, Los Angeles, California; (10) National Community Reinvestment Coalition, Washington, D.C.; (11) East Bay Housing Organizations, Oakland, California; (12) Coalition for Women's Economic Development, Los Angeles, California; (13) members of the U.S. House of Representatives; (14) several members of California's Senate and General Assembly; and (15) officials from several local communities, including mayors, members of city councils, and representatives of local government agencies.

22. Other issues raised by commenters commending or criticizing the CRA performance record of the institutions involved or discussing the effect of the proposal on the convenience and needs factor also have been carefully considered by the Board. Many of these comments are addressed throughout this order.

23. Some commenters questioned whether specific CRA related commitments that had been made by First Interstate would be honored by Wells Fargo. Other commenters expressed concern that First Interstate's strong record of charitable contributions in large urban areas like Los Angeles would not be continued by Wells Fargo.

of areas outside California that were currently served by First Interstate.[24]

Branches and branch closings. A number of commenters raised issues about Wells Fargo's emphasis on providing banking services through "alternative distribution points" in local supermarkets. Some commenters argued that Wells Fargo's strategy of focusing on delivering banking products and services electronically and through supermarket facilities would impede access to these products and services by unsophisticated people and would disproportionately disadvantage elderly and immigrant customers, as well as residents in LMI, minority, and rural areas. Other commenters contended that this approach did not adequately serve LMI areas and areas with predominately minority residents because these areas are not generally served by supermarkets. The commenters also maintained that many communities would be adversely affected by Wells Fargo's announced decision to close a large number of First Interstate's "brick and mortar" branches in connection with this acquisition.[25] Some commenters believed that the level of service provided by Wells Fargo at its branches to small business and retail customers was less personalized, and generally inferior to, that of First Interstate.[26]

B. CRA Performance Evaluations of Wells Fargo and First Interstate

The Board has carefully reviewed the CRA performance records of Wells Fargo and First Interstate and their subsidiary depository institutions, particularly the relevant reports of examinations of the CRA performance. The Board also has carefully considered the comments and testimony presented at the public meetings and in written submissions,[27] as well as Wells Fargo's responses to those comments. The Board has reviewed this information and all other relevant facts of record, in light of the CRA, the fair lending laws[28] and other relevant credit-related laws, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[29]

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[30] Wells Fargo's lead bank, Wells Fargo Bank N.A., San Francisco, California ("Wells Fargo Bank"), which controls more than 97.6 percent of Wells Fargo's total assets, received a CRA performance rating of "outstanding" from its primary federal supervisor, the Office of the Comptroller of the Currency ("OCC"), at its most recent examination for CRA performance as of April 1994 ("Wells Fargo Examination").[31] This represents Wells Fargo Bank's third consecutive outstanding CRA performance rating since January 1991.

First Interstate's lead bank, First Interstate Bank of California, Los Angeles, California ("FICAL"), which controls almost half of First Interstate's total assets, received a CRA performance rating of "outstanding" from the Federal Reserve Bank of San Francisco ("Reserve Bank") at its most recent examination for CRA performance as of August 1995 ("FICAL Examination"). All other subsidiary banks of First Interstate received either "outstanding" or "satisfactory" ratings in their most recent CRA performance examinations by the OCC, their primary federal supervisor.[32]

24. A few commenters maintained that Wells Fargo should meet with community-based organizations and reach agreements to provide loans, grants or assistance in specific amounts, or to participate in particular programs or projects. While communications by depository institutions with community groups provide a valuable method of assessing and determining how an institution can best address the credit needs of the community, the Board believes that the CRA does not require that a depository institution enter into agreements with any organization. Accordingly, in reviewing the proposal, the Board has focused on the programs and policies that Wells Fargo has in place to serve the credit needs of its communities. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

25. Some commenters raised concerns that Wells Fargo's plans to close a number of First Interstate branches would result in a large number of vacant buildings in California, which would fall into a state of disrepair or become targets for graffiti. One commenter also criticized Wells Fargo's maintenance of properties that it acquired in satisfaction of debts previously contracted in the southern sector of Dallas, Texas. In response to these concerns, Wells Fargo stated that it has and would continue to maintain the properties that it occupies or owns in a responsible manner, and would pursue opportunities for effective use of the branches to be closed.

26. Several commenters believed that Wells Fargo's efforts to attract and hire minority and women vendors are inadequate and stated that Wells Fargo should acquire more goods and services from businesses owned by women and minorities. Some of the commenters maintained that Wells Fargo should implement minority vendor outreach programs to inform minority vendors about opportunities and should conduct seminars to introduce minority vendors to available contracting opportunities. Wells Fargo indicated that it encourages the use of Minority/Women/Disabled Owned Business Enterprise vendors throughout the company. Wells Fargo also has indicated its intention to develop, within the next year, purchasing goals for Minority/Women/Disabled Owned Business Enterprise vendors, and has set a long-term goal of purchasing 40 percent of its goods and services from businesses owned by women, minorities, and disabled individuals.

27. Some commenters maintained that the number of commenters supporting this proposal should be discounted because many of them had received grants or other services from Wells Fargo. The description in this order of the number of commenters does not represent a weighing by the Board of the comments. The Board has considered the testimony and written submissions of all commenters supporting and opposing this proposal in light of the full record in this case and the factors the Board is required to consider under the BHC Act.

28. The Equal Credit Opportunity Act (15 U.S.C. § 1691 *et seq.*) ("ECOA") and the Fair Housing Act (42 U.S.C. § 3601 *et seq.*) are collectively referred to as "fair lending laws."

29. 54 *Federal Register* 13,742 (1989).

30. 54 *Federal Register* at 13,742.

31. Wells Fargo Bank, N.A., Phoenix, Arizona, a *de novo* credit card bank formed in 1995, and Wells Fargo HSBC Trade Bank, N.A., San Francisco, California, a *de novo* bank approved by order dated September 18, 1995 (81 *Federal Reserve Bulletin* 1037 (1995)), have not been examined for CRA performance.

32. The ratings are set forth in Appendix E.

C. Wells Fargo Bank's CRA Performance Record

In general. The Wells Fargo Examination found that the bank's community delineation was reasonable and did not arbitrarily exclude LMI neighborhoods. Examiners noted that Wells Fargo Bank's geographic distribution of credit extensions, applications, and denials was reasonable, and that the distribution of consumer and business credit was consistent with demographic patterns in the bank's community. Wells Fargo has stated that the delineated community for the combined institution would consist of all areas currently included in the delineated community of each institution.

The Wells Fargo Examination found that the bank's ascertainment of community credit needs, which consisted of community contacts, outreach programs, and an annual internal bank-wide survey of credit needs, was extensive.[33] Examiners also concluded that the bank's marketing program was designed to inform all members of the community of its credit services, including specific advertising and alternate marketing methods to reach LMI individuals.[34] For example, the bank advertised mortgage products in Spanish and English and printed product brochures in English, Spanish, Korean, Chinese, and Vietnamese. The Wells Fargo Examination also found that the bank had engaged in several direct mail campaigns to market its mortgage, consumer, and small business loan products.[35] These direct mail efforts included a joint campaign in Spanish with a local Los Angeles company experienced in marketing to the Hispanic community in central Los Angeles. Wells Fargo Bank also participated in numerous conferences, seminars, and community activities, several of which specifically focused on small businesses owned by women and minorities.

Small business lending. Wells Fargo Bank's business strategy for lending activities focuses on commercial and corporate lending. The strategy includes an emphasis on small business lending.[36] Wells Fargo Bank made 24,957 new small business loans, totalling approximately $1.2 billion, in 1994, and 28,660 new small business loans, totalling approximately $1.1 billion, through September 30, 1995.[37] Of these loans, 6,487, totalling approximately $351 million, were made to borrowers in LMI census tracts in 1994. During the first nine months of 1995, the bank made 7,540 loans, totalling approximately $303 million, to borrowers in LMI census tracts.

Under its Community and Economic Development Loan Program ("CEDL Program"), Wells Fargo Bank offers a number of business loan products, including loans to small businesses, businesses owned by minorities and women, and small farms.[38] Examiners concluded that the bank's performance in lending to small businesses and small farms was strong.

Wells Fargo Bank is actively involved in a number of other small business lending programs.[39] In particular, the Wells Fargo Examination noted that the bank strongly supported state legislation to create the California Capital Access Program ("CalCAP"), which allows small businesses that do not qualify for traditional bank financing to raise capital through a loan funded jointly by the state and the bank.[40] Since April 1994, Wells Fargo Bank has made approximately 1,000 small business loans under CalCAP, totalling $140 million. In addition, examiners noted that the bank is the largest Small Business Administration ("SBA") 504 lender in California.[41] Other Wells Fargo Bank special lending programs include an alliance with the National Association of Women Business Owners to provide a new $1 billion loan fund for women business owners nationwide and a Minority Business Loan Outreach Program to facilitate loans to minority business communities in California. In addition, in 1995, Wells Fargo Bank

33. Examiners noted that the bank's management maintained ongoing and productive contacts with a wide range of organizations, including federal, state, and local public officials; community, minority, and consumer groups; affordable housing developers; small business owners; and nonprofit agencies. Information derived from these contacts was used in the development of new products as well as in modifications to existing products.

34. Several commenters criticized Wells Fargo Bank's outreach and marketing efforts to minority residents in certain geographic areas.

35. One commenter contended that Wells Fargo Bank does not market its small business loans in the South Bronx, New York. Wells Fargo Bank indicated that the bank acquires small business prospect lists from national third party suppliers and uses internal selection criteria that are not limited geographically by zip code or census tract. While Wells Fargo Bank is located in California and does not operate any offices in New York state, the bank reported that, in 1995, it sent 9,789 solicitations for revolving small business lines of credit to small businesses in the South Bronx.

36. Wells Fargo Bank defines small businesses as businesses with annual revenues of $5 million or less. The Bank indicated that more than 80 percent of its 1995 small business loans in California were for $50,000 or less.

37. This includes Small Business Administration, California Capital Access Program, small farm loans, and loans made under other government guaranteed lending programs. Early in 1995, the bank announced a goal of $2 billion for new loans to small businesses in California by the end of 1995. Wells Fargo Bank indicated that preliminary results of 1995 loan approvals show that the bank exceeded its $2 billion small business lending goal by approximately $1.7 million.

38. Wells Fargo Bank defines small farms as farms with annual revenues of $1 million or less.

39. Wells Fargo Bank originates small business loans through its branches, by telephone, through direct mail solicitations, and through the use of specialized business financing officers, who are trained specifically to help small business owners. In addition, Wells Fargo indicated that its National Business Banking Center, a new telephone banking center, allows small business customers to address all their banking needs 24 hours a day, seven days a week, with a telephone call. For example, small business customers can handle account maintenance, funds transfers, problem resolution, credit line increases, consultations, and overdraft notification, and can open new accounts by using the National Business Banking Center.

40. CalCAP assists small businesses by using public money to attract private sector financing and by providing timely decisions on the government's guarantee.

41. The SBA 504 loan program offers greater underwriting flexibility and longer terms on real estate and major equipment. The bank's data show it made 295 SBA 504 loans, totalling $125.7 million, in 1994, and 324 SBA 504 loans, totalling $128.9, through November 30, 1995. Wells Fargo Bank also offers several other types of SBA loans.

committed to make a total of $50 million in senior secured bank loans for projects funded by the Los Angeles Community Development Bank ("LACDB"), which is scheduled to open in 1996. The LACDB is a multi-bank, city and federal effort to provide venture capital to small businesses to finance business expansion in the economically disadvantaged areas of South Central Los Angeles and the San Fernando Valley.

Wells Fargo Bank also has provided investments, contributions, and technical assistance for several organizations that provide micro-loans and/or start-up small business financing. These organizations include the Kern Small Business Loan Fund, Operation Hope, the Pasadena Enterprise Center, the San Francisco Renaissance, Assign International, the Black Economic Development Task Force, Inc., the City Heights Community Development Corporation, and the Community Financial Resource Center. In particular, the bank recently announced a $500,000 investment in the Vermont Slauson Community Development Corporation, which provides micro-lending for start-up small businesses in South Central Los Angeles.

Housing-related lending. Wells Fargo Bank participates in various affordable housing activities, including lending to developers of city-sponsored, nonprofit and for-profit housing development projects. For example, the Wells Fargo Examination noted that Wells Fargo Bank had committed $106 million to the development of 1,507 affordable housing units in 20 development projects in 1994. Examiners also found that Wells Fargo Bank had provided a $2.5 million capital investment in the California Equity Fund, a nonprofit affiliate of the Local Initiatives Support Corporation ("LISC"), which provides equity for the development of low-income housing projects throughout California; approximately $2 million in capital contributed to organizations that sponsor affordable housing or small business loan pools; and a $6.2 million line of credit to the San Diego Housing Commission for a loan pool to support rehabilitation in LMI communities. In addition, examiners noted that Wells Fargo Bank had committed $50 million to a $300 million lending pool established by the Bay Area Residential Investment and Development Group to fund the construction of up to 5,000 very low-, low-, and moderate-income housing units.

Since the Wells Fargo Examination, the bank continued to provide construction financing for affordable housing, including the extension of 63 affordable housing-related loan commitments, totalling $270 million, through September 30, 1995. Wells Fargo Bank also stated that it committed over $30 million to the California Community Reinvestment Corporation's ("CCRC") revolving loan pool, which provides funds for permanent financing of affordable housing projects. CCRC has funded over 10,000 units of housing in California since 1989, and Wells Fargo Bank is the second largest investor in the CCRC. In addition, Wells Fargo Bank made a $1 million contribution to LISC in 1995 to finance nonprofit community development corporations, to construct affordable housing, and to provide services in low-income urban and rural communities in California.[42] Wells Fargo also offered mortgage products under the CEDL Program that feature no points, no application fees, and downpayments as low as 5 percent.

In April 1995, Wells Fargo Bank announced a joint venture with Norwest Mortgage, Inc. ("Norwest Mortgage"), called Towne Square, Inc. ("Towne Square"), whereby Norwest Mortgage will underwrite and fund and Wells Fargo Bank will service residential mortgage loans made to Wells Fargo Bank customers.[43] First Interstate has entered into a similar arrangement with PHH Mortgage Co. ("PHH").

A number of commenters argued that these joint ventures indicate that Wells Fargo Bank is no longer committed to serving the mortgage credit needs of its communities and, consequently, that the bank's performance under the CRA is inadequate. The Board notes that the CRA contemplates that depository institutions may choose to focus on addressing particular credit needs of the community consistent with the bank's overall business strategy, and that the CRA does not require banks to provide any specific type of loan product or to participate in any specific type of loan program. As explained above, Wells Fargo Bank has focused its activities principally on commercial lending and has established and implemented significant commercial lending programs throughout its delineated community. The joint venture with Norwest Mortgage is an attempt by Wells Fargo Bank to assure that customers throughout its delineated community continue to have access to mortgage credit, while allowing Wells Fargo Bank to focus its attention on the small business credit needs of it community.[44] Moreover, Wells Fargo Bank is a substantial source of credit for the construction of affordable housing.

The Board also has reviewed HMDA data in considering comments relating to the past mortgage origination activities of both institutions. Those data indicate that from 1993 to 1994 Wells Fargo Bank increased its percentage of loan originations to minorities from 25.7 percent to 40.5 percent

42. Wells Fargo Bank estimated that approximately one-third of its loans for construction financing of affordable housing have supported affordable housing in rural areas. The bank also indicated that it is actively involved in financing rural self-help housing projects sponsored by the Farmers Home Mortgage Administration and the California Housing Finance Agency.

43. Wells Fargo Bank believes that the joint venture will result in many benefits to its customers, including mortgage loans with more flexible underwriting criteria under an arrangement with the Federal National Mortgage Association, access to Norwest Mortgage's Federal Housing Administration ("FHA") and Veterans Administration ("VA") loan programs, easier application and approval processes, and the introduction of a counseling program for new homebuyers.

44. Several commenters have criticized the lending records of these joint ventures in LMI census tracts and census tracts with predominately minority populations in various cities. Wells Fargo responds that Norwest Mortgage was selected for its joint venture after careful consideration of Norwest Mortgage's lending activities involving LMI and minority borrowers. In particular, Wells Fargo notes that Norwest Mortgage has been recognized for its mortgage activities by the U.S. Department of Housing and Urban Development and ranks as one of the top five FHA lenders in 1994. Wells Fargo also intends to review First Interstate's joint venture with PHH to determine if it should be retained.

and to LMI minority borrowers from 5 percent to 11.2 percent.[45] From 1993 to 1994, FICAL also increased its percentage of loan originations to minority borrowers from 21.3 percent to 27.8 percent, and to LMI minority borrowers from 4.5 percent to 6.7 percent.[46] However, HMDA data also indicate that there are disparities in the denial rates for both banks according to race.

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

Because of the limitations of HMDA data, the Board has carefully reviewed other information, particularly examination reports that provide an on-site evaluation of compliance by these institutions with fair lending laws. The most recent examinations of Wells Fargo Bank and FICAL found no practices that were intended to discourage credit applications nor were there any findings of prohibited discrimination or other illegal credit practices.[47] Both institutions were found to be in compliance with applicable fair lending laws and regulations.[48] Examiners noted moreover, that Wells Fargo Bank's board and senior management had written policies and procedures that effectively support compliance with fair lending laws, and that the bank's personnel at all levels receive regular training on compliance with fair lending laws and regulations. The Wells Fargo Examination also found that the bank actively solicited applications for its credit products throughout its delineated community.

Community development and other lending. The Wells Fargo Examination found that the bank engaged in a variety of community development activities, including loans totalling approximately $400 million for community revitalization and job retention initiatives since 1991, donation of office space to community-based organizations, and sponsorship of educational seminars and credit-related trade shows. Examiners also noted that Wells Fargo Bank engaged in a number of programs to assist disaster relief throughout California. For example, the bank provided grants, low-interest loans, and unsecured loans to support fire, rainstorm, and earthquake relief. In addition, Wells Fargo Bank participated in the Rebuild Los Angeles Community Lending Corporation, which was formed in 1992 after the civil disturbances in Los Angeles.

Wells Fargo Bank indicated that it also provides economic development contributions to programs that increase the supply and availability of entry-level employment opportunities and that help provide employees entering the workforce with current workplace skills. In addition, the bank stated that it provides both staff and financial contributions to organizations that offer credit education and counseling services, such as the Los Angeles Community Financial Resource Center and Consumer Credit Counselors.[49]

Wells Fargo Bank also offers a variety of consumer products designed to help meet the credit needs of its LMI communities, including the Installment Loan Low Income Finance Terms and Credit Card Low Income Finance Terms products (collectively, "L.I.F.T. loans"), and Secured Credit Cards. L.I.F.T. loans, which are extended only to low-income borrowers, feature low minimum loan amounts starting at $500, and offer smaller monthly payments through longer terms. Wells Fargo Bank indicated that it set a $10 million goal for originating both auto and consumer L.I.F.T. loans in 1995, and noted that, through October 31, 1995, the bank made 9,116 consumer L.I.F.T. loans, totalling $31.6 million.[50]

Community reinvestment pledge. In connection with this proposal, Wells Fargo announced a 10-year, $45 billion community reinvestment pledge ("CRA Pledge").[51] The major elements of the CRA Pledge include the following:

(1) $7 billion in affordable housing and community development, including construction financing for af-

45. The bank also reported an increase in loan applications for the acquisition of properties located in LMI census tracts and census tracts with predominantly minority populations and from minority applicants for the review period, despite a decline in these applications *for lenders in the aggregate.*

46. From 1993 to 1994, the percentage of applications from African Americans increased from 2.9 percent to 4.4 percent, Hispanics from 8.5 percent to 12.6 percent, and Asians from 3.8 percent to 4.1 percent.

47. Several commenters made general allegations that Wells Fargo violated fair lending laws.

48. One commenter's allegations regarding First Interstate's compliance with fair lending laws were considered by the Board in the *First Interstate Bancorp*, 80 *Federal Reserve Bulletin* 1016 (1994) (order dated September 22, 1994) ("*Sacramento Saving Order*"), and for the reasons discussed in that order, which are incorporated herein, were determined not to warrant denial of the application. The recent FICAL Examination noted two technical violations of the ECOA. Examiners, however, determined that the violations were isolated and did not adversely affect the bank's performance under the CRA.

49. In response to commenters who expressed concern that certain types of loans, loan programs, or investments offered by First Interstate would cease after consummation of the proposal, Wells Fargo stated that it will review all existing First Interstate lending commitments, programs, and investments, as well as its own CRA-related activities, and would continue to participate in those activities that work best in assisting to meet community needs.

50. Wells Fargo Bank indicated that, in 1994, it originated 1,387 consumer L.I.F.T. loans, totalling approximately $4.1 million, in LMI census tracts, and that during the first nine months of 1995, it originated 2,606 consumer L.I.F.T. loans, totalling approximately $7.9 million.

51. Several commenters characterized Wells Fargo's pledge as a public relations strategy designed to win public opinion and contended that the pledge is too vague and is largely unenforceable. The Board's consideration of Wells Fargo's record of CRA performance is based on all the facts of record, and Wells Fargo's pledge for future performance is only one aspect of this consideration.

fordable housing development, and non-residential community/economic development projects that offer neighborhood stabilization and job growth;
(2) $8.5 billion in commercial loans to middle market businesses in support of economic development, including loans to businesses which are at least 50-percent owned and controlled by minorities, women, or disabled individuals, and loans to businesses located within established Enterprise or Empowerment Zones;
(3) $25 billion in small business loans to businesses generally smaller than those served by the Commercial Banking Group,[52] and small farm loans;
(4) $2 billion in residential second mortgage loans to one-to-four unit owner-occupied properties located in low-income census tracts, or to LMI borrowers regardless of property location;[53]
(5) $2 billion in consumer loans to low-income individuals who do not meet the standard underwriting requirements for a loan, but have established some credit and employment history; and
(6) $500 million in equity investments in community development projects.

In addition to its CRA Pledge, Wells Fargo also has pledged that the organization would make at least $300 million in corporate contributions over 10 years, 75 percent of which would be devoted to community economic development projects, social services for the disadvantaged, and educational efforts primarily designed to benefit low-income, disabled, and minority students.[54]

Wells Fargo notes that its 1990 pledge of $1 billion in CRA-related lending over seven years under its CEDL Program was exceeded in two and a half years. In addition, in April 1993, Wells Fargo pledged $5 billion in CRA-related lending over ten years, and projects that the goal will be exceeded in approximately three years.[55]

Branches and branch closings. A number of commenters have raised concerns that the branch closures projected by Wells Fargo in connection with this proposal would have an adverse effect on access to banking services, particularly in LMI communities. Many commenters also expressed concern with Wells Fargo Bank's general strategy of closing traditional "brick and mortar" branches in favor of smaller in-store branches and banking centers. These commenters contended that the in-store banking centers would not serve the needs of customers as well as traditional branches, particularly small business customers and residents of LMI communities. In addition, some commenters expressed concern that Wells Fargo's focus on electronic banking facilities, including banking by personal computer, would not serve the needs of the elderly, the disabled, non-English speaking individuals, people without access to or familiarity with electronic facilities, and LMI neighborhoods.

The Board has carefully considered these and the other comments regarding branching in light of the facts of record. Wells Fargo has indicated that it has not finally determined either the number or location of branches that will be closed or consolidated as a result of this transaction. Wells Fargo has explained that a decision regarding branch closures and consolidations cannot be made until it has had an opportunity to obtain and evaluate data regarding customer usage of various facilities. Wells Fargo has provided a preliminary indication of branch locations that are, or are expected to be, under review. More than 55 percent of the branches under review are within one-half mile of another traditional full-service branch operated by Wells Fargo, more than 75 percent are within one mile of another full-service branch, and approximately 93 percent are within 1.5 miles of a traditional full service Wells Fargo branch. Nearly all of the offices under review are also within closer proximity to an in-store banking facility.

Wells Fargo has indicated that it would follow its existing branch closure policy before closing any branches acquired in this transaction. Under this policy, the bank's Community Development Department must analyze a number of factors before determining that a branch may be closed. These factors include identifying the impact of the branch closure on customers, evaluating alternative locations and facilities to service customers, analyzing patterns of customer usage, and analyzing a number of real estate issues, including the attractiveness and usefulness of the facility. An important element of the branch closure policy is an on-site visit to the branch and the affected neighborhood by a member of the bank's Community Development Department to assess the potential effect of a branch closure on the availability of banking services in the community before a decision is made whether to close the branch. A member of the bank's Community Development Department also responds to concerns expressed by community representatives about proposed branch closings and assists in determining actions that can be taken to mitigate those concerns.

The Wells Fargo Examination found that the bank's record of opening and closing branches reflected responsiveness to the needs of its community, and that branch closures did not adversely affect access to the bank's loan products and services.[56] Examiners noted that the bank's

52. Wells Fargo's Commercial Banking Group generally markets credit to businesses with annual sales in excess of $5 million.

53. Several commenters maintained that Wells Fargo's CRA Pledge does not meet the needs of LMI rural areas, particularly in central California and outside California.

54. Wells Fargo also intends to honor all the charitable contribution commitments made by FICAL to date.

55. Wells Fargo contends that the CRA Pledge increases the amount of community lending for both institutions. Wells Fargo notes that, in 1993, FICAL announced a separate 10-year/$2 billion lending pledge which, when added to Wells Fargo's earlier pledge of $5 billion, would make the aggregate CRA-related lending goals for both institutions $7 billion.

56. One commenter claimed that Wells Fargo Bank closed a large number of branches since the bank's last CRA examination, and that the Board should review the impact of these closures on the convenience and needs of the community. Wells Fargo indicated that, in recent years, the bank has closed a number of branches, but has

formal branch closure policy requires management to consider the potential impact on the community before closing a branch, and that the bank refrains from closing branches in areas where there are no other Wells Fargo Bank branches nearby.

In order to address the specific concerns raised by commenters regarding branch closures that may result from this proposal, Wells Fargo indicated that it will not close branches in LMI communities without offering alternative facilities to meet the needs of the surrounding neighborhood.[57] In addition, Wells Fargo stated that it is continuing to identify opportunities for new banking outlets in low-income communities, independent of this proposal,[58] and would consider locations other than supermarkets in areas where no major supermarkets are available. Wells Fargo also indicated that it would continue to be flexible in the design of in-store banking outlets to accommodate community needs, including small business needs.[59]

As noted above, a number of commenters also expressed concern about the strategy followed by Wells Fargo of converting traditional branch bank locations to banking centers in supermarkets. Wells Fargo has explained that its overall strategy is to increase the number, access, and convenience of distribution points for banking services so that it can better serve its communities.[60] A major component of this strategy is to offer products and services through in-store branches and in-store banking centers.[61] The supermarket branches and banking centers operated by Wells Fargo typically are open for longer hours than traditional branches and typically are staffed with bank personnel seven days a week as well as during evening hours on weeknights. Personnel at supermarket branches and banking centers accept loan applications and assist customers in applying for loans, opening new accounts, answering questions regarding banking services, and assisting customers in using the ATMs and telephone services. In-store branches and banking centers focus on providing banking products and services to retail customers.

Wells Fargo currently addresses the credit needs of commercial customers, including small business customers, through a combination of business loan representatives who operate out of regional business loan centers and full service branches. Wells Fargo expects to continue to emphasize its business loan representatives as the direct contacts for business lending activities. In addition to direct contacts with business loan representatives, Wells Fargo will accept small business loan applications at all of its in-store branches and banking centers. Wells Fargo also stated that it will continue to attempt to ensure that a traditional branch is located within a reasonable distance to areas with a high concentration of small retail businesses that need coin and cash services. In addition, Wells Fargo is planning to open Merchant Banking Centers that are tailored to the specific needs of small businesses and will offer a full line of business services, including coin and teller services.

D. First Interstate's CRA Performance Record

Record in California. The FICAL Examination found that the bank's community delineation was reasonable and did not exclude any LMI areas that the bank would be expected to serve. Examiners also concluded that FICAL effectively markets its products and services in a manner that ensures that all segments of its local communities are aware of those products, including advertisements in English, Mandarin, and Spanish in various local print media.[62] FICAL also conducts various direct mailing campaigns with prospect lists developed by outside agencies and from its existing customer base.

FICAL engages in lending activities through a number of programs designed to help meet the credit needs of its local communities, including LMI neighborhoods.[63] Examiners noted that FICAL had exceeded its 1993 10-year/$2 billion lending commitment to make loans to

established a greater number of banking outlets than it has closed, in an effort to expand its distribution system and enhance customer convenience and accessibility.

57. Wells Fargo indicated that, in addition to major supermarket chains, it has entered into arrangements with smaller grocery store operations. In addition, where there is no grocery store branch alternative, Wells Fargo maintained that it would not close a traditional branch unless there is a convenient traditional branch nearby.

58. For example, Wells Fargo indicated that it was in the process of opening three new banking outlets in South Central Los Angeles.

59. Wells Fargo indicated that it is committed to using technology to improve its level of service and variety of products, and to meet the needs of customers for alternative delivery systems. Wells Fargo indicated that, because residents in LMI communities may not yet be able to use new technology to obtain banking services, it would rely on other delivery systems in those communities, including an increased number of staffed banking outlets.

60. For example, Wells Fargo indicated that, in 1995, it increased its number of banking outlets by 54 percent, and now has a total of 974 distribution points in California as compared to 633 in 1994. Wells Fargo estimated that, by year-end 1996, the bank will have approximately 1,318 banking outlets in California.

61. An in-store branch is staffed with 4–6 full time banking officers, and generally can conduct the full range of retail banking services available at a traditional branch. An in-store banking center is equipped with an ATM, a 24-hour telephone line to Wells Fargo Bank's customer service center, and a sales kiosk, is staffed by a bank officer, and can conduct the full range of retail banking services available at a traditional branch, other than check cashing and merchant coin and currency services.

62. One commenter alleged that FICAL does not effectively market its products and services in LMI areas and communities with predominantly minority residents and that the bank lacks an effective mechanism to measure the success of its marketing efforts.

63. Several commenters contended that First Interstate has not complied with the commitments made in the *Sacramento Savings Order*. Commenters also raised concerns about whether Wells Fargo would continue to comply with commitments made in the Sacramento Savings case and in connection with First Interstate's acquisition of San Diego Financial Corporation, San Diego, California, *First Interstate Bancorp*, 80 *Federal Reserve Bulletin* 351 (1994). Based on all the facts of record, including information from Wells Fargo and supervisory reports of the Federal Reserve Bank of San Francisco ("Reserve Bank"), the Board concludes that First Interstate has complied substantially with the commitments made in the *Sacramento Savings Order*.

assist in programs for the construction and acquisition of low-income single and multi-family housing, state and federally guaranteed loan programs, small business development and expansion, and nonprofit community-based organizations.[64] The bank also committed $50 million to fund a portfolio loan program, the Mortgage Assistance Program ("MAP"), with flexible underwriting criteria for nonconforming mortgage loans.[65] In addition, examiners noted that FICAL offers several other specialized mortgage programs to help meet the needs of LMI individuals, including:

(1) The Down Payment Assistance Program, which offers below-market interest rates,

(2) The Home Buyers Assistance Program, which allows downpayments to consist of a gift from a family member or a grant, and

(3) The Community Advancement Program, which is available to residences in LMI or predominantly minority neighborhoods.

These mortgage products also finance up to 95 percent of the appraisal value of the home.[66] In addition, FICAL actively participates in FHA, VA, and Farmers Home Administration loan programs.[67]

The FICAL Examination also found an increase in the bank's level of small business lending.[68] In addition, examiners noted favorably FICAL's small business lending activities through its Government Guaranteed Lending Unit and its support of the statewide California Economic Development Lending Initiative ("CEDLI"), a small business loan consortium.[69] FICAL participates in community development lending activities through two specialized lending units in its Community Lending Department, the Economic Development Unit[70] and the Affordable Housing Unit.[71] FICAL also offers First Interstate's Responsive Specialized Terms ("F.I.R.S.T.") consumer loan program to meet the special needs of low-income borrowers who may not meet standard underwriting criteria.[72]

Record in other states. The Board also has considered First Interstate's CRA performance record in states outside California, and in particular, Nevada, Oregon, and Washington, in light of comments received.[73] As noted above, all of First Interstate's subsidiary banks in these states received either "outstanding" or "satisfactory" ratings from the OCC in their most recent examinations for CRA performance (collectively, "OCC Examinations").[74]

The OCC Examinations found that the community delineations for all of First Interstate's subsidiary banks outside of California were generally reasonable and did not exclude any LMI neighborhoods. None of the banks was found to have engaged in illegal credit practices or practices that discouraged applications for credit. Examiners also determined that the banks' ascertainment efforts were effective, and that marketing activities were generally adequate and, in some cases, commendable. The banks engaged in various lending activities and community development programs to help meet the credit needs of its communities, including LMI neighborhoods. Examiners indicated that all these banks offered some type of program to support affordable housing and small business lending in their communities, and that all banks participated to some extent in federal and local government-sponsored loan programs. The OCC Examinations, moreover, found that many of First Interstate's subsidiary banks were actively involved in community development lending programs in conjunction with local nonprofit organizations or community development corporations.

The FI Nevada Examination determined that the bank had been active in its efforts to address a significant portion of the identified credit needs in its delineated community, and found that the bank's loans for residential mortgages, housing rehabilitation, home improvement, small business, and small farms were available throughout the community.

64. FICAL's 1994 lending goal was $214 million ($110 million in mortgage lending, $17 million in affordable housing, $70 million in small business lending, and $17 million in government guaranteed lending). FICAL originated more than $371 million in loans in 1994.

65. In 1994, FICAL funded $16.9 million under the MAP program, and the bank funded an additional $3.1 million under the program, as of August 1995.

66. One commenter alleged that denial rates under this program were too high.

67. Examiners noted that FICAL funded 298 FHA and VA loans, totalling approximately $24 million in 1994 (includes applications received in 1993 and funded in 1994).

68. One commenter criticized FICAL's small business lending as insufficient for an institution of its size. The FICAL Examination noted that, in the first two quarters of 1995, the bank extended 11,738 small business loans, totalling $265 million, compared to 10,095 small business loans, totalling approximately $65 million, in the first two quarters of 1994. FICAL defines small business loans as loans in principal amounts of $250,000 or less.

69. Wells Fargo has agreed to honor FICAL's commitments to CEDLI.

70. The Economic Development Unit extends credit to organizations providing basic social services, promoting economic development and creating jobs in low-income areas, such as nonprofit groups and organizations owned by minorities or women and new and expanding businesses. The FICAL Examination noted that this unit had originated 41 loans, totalling $14.5 million, and has made seven loan commitments, totalling $8.6 million, since the bank's last CRA performance examination in April 1994.

71. The Affordable Housing unit provides financing to developers of affordable housing for LMI households, including the construction of new properties and the rehabilitation of existing properties. The FICAL Examination noted that this unit originated 27 loans, totalling over $132 million, since the bank's last CRA performance examination in April 1994.

72. F.I.R.S.T. loans have longer terms and provide for lower monthly payments than standard personal loans and can be unsecured personal loans.

73. Wells Fargo also indicated that it intends to meet with community-based organizations outside California to discuss CRA-related issues in areas outside of California that are served by First Interstate.

74. The dates of the CRA examinations for subsidiaries operating in Nevada, Oregon and Washington are: First Interstate Bank of Nevada, Las Vegas, Nevada, in September 1994 ("FI Nevada Examination"); First Interstate Bank of Oregon, Portland, Oregon, in November 1994 ("FI Oregon Examination"); and First Interstate Bank of Washington, Seattle, Washington in November 1994 ("FI Washington Examination").

In addition, the FI Nevada Examination noted that the bank offered a number of credit products to meet the credit needs of its delineated community, including:

(1) Loans under the State of Nevada Good Neighbors Program, which provides below market rate mortgages for LMI applicants,

(2) The City of Henderson Home Improvement Loan, which focuses on owner-occupied houses for low-income borrowers in Henderson, and

(3) Small business loans.

The FI Oregon Examination found that the bank had a strong level of loan originations, with a majority of loans in its delineated community, and strong lending performance in LMI areas, small business loans, and consumer loans. Examiners also found that the bank provided products that were responsive to the needs of its communities, including consumer loans in amounts as small as $300, a streamlined small business loan program for loans up to $250,000, the use of alternative credit history for a variety of consumer loan products, and no-minimum-amount mortgage loans.

The FI Washington Examination also found that the bank had a high level of loan originations in its delineated community and a commitment to lend to individuals in LMI areas and small businesses. In addition, the FI Washington Examination noted that the bank's overall level of lending showed strong growth in all major loan categories. For example, from June 30, 1993, through June 30, 1994, the bank generated more than $41.2 million in small business loans of $100,000 or less.

E. Effect on Employment

The Board received a number of comments expressing concern that the proposal would result in substantial job losses among First Interstate's employees and would adversely affect the California economy. The BHC Act specifically enumerates the factors the Board may consider in reviewing a proposal under that Act. These factors relate to the effect of the proposal on competition, the financial and managerial resources of the institutions involved, certain supervisory factors, and the convenience and needs of the communities served by the institutions involved. The effect of the proposed acquisition on employment in a community is not among the factors included in the BHC Act. The convenience and needs factor has been consistently interpreted by the federal banking agencies, the courts, and Congress to relate to the effect of a proposal on the availability and quality of banking services in the community.

The Board notes in this case that Wells Fargo has indicated that it will provide support to displaced employees and has taken several steps to minimize any adverse effects of this proposal on employment or the economy. For example, Wells Fargo has initiated a hiring freeze in October 1995, and has established special programs, such as relocation assistance, training, and incentives, to reassign employees into growth areas of the company. Wells Fargo also has indicated that severance payments and outplacement assistance, such as career counseling and job search support, will be offered to employees. Wells Fargo also has announced plans to increase its lending to small businesses, particularly small businesses located in California, which Wells Fargo believes will help create additional job opportunities in its community.

Conclusion Regarding Convenience and Needs Considerations

The Board recognizes that this proposal represents a major transaction that will affect many communities, particularly in California.[75] Consideration of the effect of this proposal on the convenience and needs of communities is an important component of the Board's review of this proposal. As explained above, the information in this case demonstrates that Wells Fargo has a strong record of helping to meet the convenience and needs of the communities that it serves. This record of performance has been demonstrated over time and has been strongly rated through the course of several examinations. Numerous commenters, including many community representatives and organizations as well as individual customers, have provided testimonials regarding the efforts made by Wells Fargo.

First Interstate also has demonstrated a strong commitment to its communities. Wells Fargo has indicated that it will review the CRA-related programs initiated by First Interstate, and will continue to participate in those activities that work best in assisting to meet community needs. Differences in the business strategies between the two organizations will likely result, however, in changes in the types of and manner in which banking products and services will be provided to customers of First Interstate and the communities that it serves. A significant number of commenters have expressed concern about these potential

75. Several commenters maintained that the proposed merger would have a significant impact in areas outside California, and that the Board should hold public meetings or hearings in these areas, such as Dallas and Houston, Texas, and Portland, Oregon. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, neither the OCC nor any appropriate state supervisory authority has recommended denial.

Under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered these requests in light of all the facts of record. As explained above, the Board held seven public meetings on this proposal at which 311 commenters provided testimony. In the Board's view, commenters have had ample opportunity to submit their views and have, in fact, submitted substantial materials that have been considered by the Board in acting on the application and notices. Commenters' requests fail to demonstrate why their written submissions and oral testimony do not adequately present their allegations. Based on all the facts of record, the Board has determined that additional public hearings or meetings are not necessary to clarify the factual record or otherwise warranted in this case, and, accordingly, the requests for additional public hearings or meetings on the application are denied.

changes and the effects they may have on the availability and quality of banking services in their communities.

However, neither the CRA nor the BHC Act require that an institution help to meet the credit and other banking needs of a community in specific ways or provide specific types of products or services. Both Acts, and the regulations implementing those Acts, provide a banking institution with freedom to develop its own business strategy and product offering.

As noted above, the record in this case shows that Wells Fargo is making and has made very strong efforts to help meet the credit needs of its communities and has indicated its commitment generally to continue those efforts. In connection with this proposal, Wells Fargo also has announced plans to strengthen its efforts further.

The Board has carefully weighed the concerns expressed by commenters, including concerns about branch closures, the continuation of First Interstate programs, the availability of various banking products and services, and the effect of this proposal on various communities, and the information obtained through the examination process as well as information supplied by Wells Fargo and other commenters regarding the record of Wells Fargo in meeting the credit and banking needs of its communities, Wells Fargo's record of providing banking services to customers through traditional and nontraditional means, and Wells Fargo's plans for strengthening the products and services that it makes available to the community.[76] The Board believes, after considering all of these facts of record, including consideration of the assessments of performance of relevant institutions under the CRA and the information provided by commenters, that the convenience and needs factors in this case are consistent with approval. The Board will continue to monitor and review the performance efforts made by Wells Fargo in future applications. In this regard, the Board will monitor Wells Fargo's implementation of its branch closing policy in connection with the consolidation and closing of First Interstate branches and the effect of the branching strategy announced by Wells Fargo on the availability of banking services and convenience and needs of the community.

Other Considerations

Wells Fargo also has filed notice under section 4(c)(8) of the BHC Act to acquire First Interstate Resource Finance Associates, Newport Beach, California, and thereby engage in making, acquiring, and servicing loans, and First Interstate's voting interest in Star System, Inc., a California nonprofit mutual benefit corporation, and thereby engage in providing data transmission services through an electronic funds transfer network. The Board previously has determined by regulation that the proposed activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[77] Wells Fargo has committed that it will conduct these activities in accordance with the Board's regulations and orders approving these activities for bank holding companies.[78]

In order to approve these notices, the Board also must determine that the acquisition of First Interstate's nonbanking subsidiaries and performance of the proposed activities by Wells Fargo "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[79] Wells Fargo maintains that consummation of the proposal would expand the products and services that it offers its customers. The record in this case indicates that there are numerous providers of these lending and data processing services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Wells Fargo also has applied under section 25 of the Federal Reserve Act (12 U.S.C. § 601) and section 211.3(a)(1) of the Board's Regulation K (12 C.F.R. 211.3(a)(1)), to establish branches in the following locations, which are First Interstate branches that Wells Fargo would acquire as a result of the merger: London, United Kingdom; Seoul, South Korea; and Taipei, Taiwan. The Board has considered the factors it is required to consider when reviewing applications for establishing branches pursuant to section 25 of the Federal Reserve Act and, based

76. Some commenters believed that, because the First Bank proposal was withdrawn, the comment period should have been reopened to allow the public to comment solely on the Wells Fargo proposal, and that Wells Fargo should be required to file a new application to acquire First Interstate. The Board is required under applicable law and its processing procedures to act on applications submitted under the BHC Act within specified time periods. The Board notes, moreover, that the commenters and Wells Fargo have had ample opportunity, including seven public meetings, to submit information for the record and have, in fact, provided substantial submissions. As discussed above, the Board has carefully reviewed the record in this case, including information provided by commenters and Wells Fargo about its CRA performance since the most recent performance examinations of its subsidiary banks and information relating to the possible effects of this merger on the convenience and needs of the communities to be served. Moreover, the Board considered all comments on the performance record of Wells Fargo, including comments made at the public meetings, in connection with the First Bank application that was withdrawn. Although Wells Fargo provided additional information on this proposal, no new application was required because of the withdrawal of the First Bank application. Based on all the facts of record, the Board concludes that the record is sufficient to act on this proposal at this time, and that delay or denial of this proposal on the grounds of informational insufficiency is not warranted.

77. *See* 12 C.F.R. 225.25 (b)(1) and (7).

78. Wells Fargo also has committed that it will not reactivate any currently inactive subsidiaries of First Interstate without first obtaining the Board's approval.

79. 12 U.S.C. § 1843(c)(8).

on all the facts of record and for the reasons discussed in this order, finds those factors to be consistent with approval.

Wells Fargo also has provided notice under sections 211.5(b)(2)(i) and 211.5(c)(2) of the Board's Regulation K (12 C.F.R. 211.5(b)(2)(i) and 211.5(c)(2)), of its proposed acquisition of 100 percent of the First Interstate Bank of Canada, Toronto, Canada. In addition, Wells Fargo has provided notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13) and section 211.5(c)(2) of Regulation K (12 C.F.R. 211.5(c)(2)) of its intention to acquire 100 percent of certain foreign subsidiaries of First Interstate.[80]

Conclusion

Based on the foregoing, including the commitments made to the Board by Wells Fargo in connection with the applications and notices, and in light of all the facts of record, the Board has determined that the applications and notices should be, and hereby are, approved.[81] The Board's approval is specifically conditioned on compliance by Wells Fargo with all commitments made in connection with the applications and notices as well as the conditions discussed in this order.

80. Under section 211.5(d)(6) of Regulation K (12 C.F.R. 211.5(d)(6)), these subsidiaries, listed in Appendix B, hold and own property or problem assets associated with First Interstate's prior operations in London. Wells Fargo has committed that it will not reactivate any inactive foreign subsidiary of First Interstate or foreign branch of FICAL without prior approval from the Board.

81. Several commenters also alleged that Wells Fargo Bank does not have a sufficient number of African Americans and other minorities in senior management and that it discriminates against minorities in its employment practices. Other commenters alleged that the proposal would result in a loss of jobs that currently are held by minorities and women. One commenter asserted that First Interstate engaged in employment discrimination. Wells Fargo indicated that it formed a Cultural Diversity Committee in 1990, staffed by senior managers who report directly to the Chairman, to recommend ways to attract, retain, and promote employees and managers who reflect the communities that it serves. Wells Fargo stated that it annually reviews its affirmative action plans, and noted that, as of the third quarter 1995, 30 percent of Wells Fargo's officials and managers were minorities and 58 percent were women. Moreover, Wells Fargo indicated that 35 percent of its current board of directors are minorities or women.

The Board notes that, because Wells Fargo Bank employs more than 50 people, serves as a depository of government funds, and acts as an agent in selling or redeeming U.S. savings bonds and notes, it is required by regulations of the Department of Labor to:

(1) file annual reports with the Equal Employment Opportunity Commission ("EEOC"); and

(2) have in place a written affirmative action compliance program which states efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

See 41 C.F.R. 60-1.7(a), 60-1.40. The Board also notes that, pursuant to regulations of the Department of Labor, Wells Fargo, as the parent company, also is required to file an annual report with the EEOC covering all employees in its entire corporate structure. The EEOC has jurisdiction for determining whether companies are in compliance with the equal employment statutes. The Board is not aware of any finding or adjudication of illegal employment practices to date by Wells Fargo or First Interstate.

The Board's determination as to the nonbanking activities to be conducted by Wells Fargo is subject to all the conditions in the Board's Regulation Y, including those in sections 225.7 and 225.23(g) (12 C.F.R. 225.7 and 225.23(g)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

The acquisition of First Interstate's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and the banking and nonbanking transactions shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 6, 1996.

Voting for this action: Chairman Pro Tempore Greenspan, and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix A

First Interstate subsidiary banks:

(1) First Interstate Bank of Alaska, National Association, Anchorage, Alaska

(2) First Interstate Bank of Arizona, National Association, Phoenix, Arizona

(3) First Interstate Bank of California, Los Angeles, California

(4) First Interstate Bank of Denver, National Association, Denver, Colorado

(5) First Interstate Bank of Englewood, National Association, Englewood, Colorado

(6) First Interstate Bank of Idaho, National Association, Boise, Idaho

(7) First Interstate Bank of Montana, National Association, Kalispell, Montana

(8) First Interstate Bank of Nevada, National Association, Las Vegas, Nevada

(9) First Interstate Bank of New Mexico, National Association, Santa Fe, New Mexico

(10) First Interstate Bank of Oregon, National Association, Portland, Oregon

(11) First Interstate Bank of Texas, National Association, Houston, Texas

(12) First Interstate Bank of Utah, National Association, Salt Lake City, Utah

(13) First Interstate Bank of Washington, National Association, Seattle, Washington

(14) First Interstate Bank of Wyoming, National Association, Casper, Wyoming

(15) First Interstate Bank, Ltd., Los Angeles, California

(16) First Interstate Central Bank, Calabasas, California

Appendix B

Wells Fargo has filed notices under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of First Interstate including:

(1) Star Systems, Inc., California, and thereby engage in data processing activities, pursuant to 12 C.F.R. 225.25(b)(7); and

(2) First Interstate Resource Finance Associates, Newport Beach, California, and thereby engage in making, acquiring, and servicing loans, pursuant to 12 C.F.R. 225.25(b)(1).

Wells Fargo has provided notice under section 4(c)(13) of the BHC Act to acquire the foreign subsidiaries of First Interstate including:

(1) FIL Holding Co., London, England, and thereby hold property or other problem assets, pursuant to 12 C.F.R. 211.5(d)(6);

(2) First Interstate Holding (UK) Ltd., London, England, and thereby hold property or other problem assets, pursuant to 12 C.F.R. 211.5(d)(6); and

(3) First Interstate Services Co. (UK) Ltd., London, England, and thereby hold property or other problem assets, pursuant to 12 C.F.R. 211.5(d)(6).

Appendix C

Description of California Banking Markets in Which Wells Fargo and First Interstate Compete

Auburn	Western Placer County outside of the modified Sacramento Ranally Metropolitan Area ("RMA")
Bakersfield	Bakersfield RMA, plus Shafter, Arvin, and Buttonwillow
Chico	Chico RMA, plus Magalia, Surham, and Paradise
Davis	Davis RMA, plus Dixon
Delano	Northern Kern County north of the Bakersfield RMA
El Centro	Central Imperial County outside of the Calexico RMA
Eureka-Arcata	Eureka-Arcata RMA, plus Scotia and Ferndale
Fairfield-Vacaville	Fairfield-Vacaville RMA, plus Winters
Fresno	Fresno RMA, plus Kinsburg, Selma, Kerman, and Caruthers
Grass Valley	Western Nevada County
Hemet	Hemet RMA
Kings County	Kings County
Lancaster	Lancaster RMA, plus Rosamond
Los Angeles	Los Angeles RMA, plus Rancho Santa Margarita
Los Banos	Southwestern Merced County outside the modified Merced RMA
Madera	Western Madera County
Merced	Merced RMA, plus Livingston
Modesto	Modesto RMA, plus Escalon, Hughson, Ripon, and Oakdale
Monterey-Seaside	Monterey-Seaside RMA
Napa	Napa RMA, plus St. Helena
Oceanside	Oceanside RMA, plus Bonsall and Fallbrook
Oroville	Southern Butte County outside the modified Chico RMA
Oxnard-Ventura	Oxnard-Ventura RMA, plus Fillmore, Santa Paula, Ojai, and Riru
Palm Springs	Palm Springs RMA, plus Yucca Valley, Joshua Tree, Twentynine Palms, Indio, Coachella, and La Quinta
Placerville	Western El Dorado County outside the Sacramento RMA
Porterville	Porterville RMA
Redding	Redding RMA
Riverside-San Bernardino	Riverside-San Bernardino RMA, plus Lake Arrowhead, Blue Jay, Perris, Nuevo, Beaumont, and Banning
Sacramento	Sacramento RMA, plus Lincoln
Salinas	Salinas RMA, plus Soledad and Gonzales
San Diego	San Diego RMA
San Francisco-Oakland-San Jose	San Francisco-Oakland-San Jose RMA
San Luis Obispo	San Luis Obispo County excluding the Santa Maria RMA
Santa Barbara	Santa Barbara RMA
Santa Cruz	Santa Cruz RMA
Santa Maria	Santa Maria RMA, plus Guadalupe
Santa Rosa	Santa Rosa RMA, plus Healdsburg
Sonoma	Southern Sonoma County outside of the modified Santa Rosa RMA
Stockton	Stockton RMA, plus Lodi, Linden, Lockeford, Manteca, Galt, Walnut Grove, and Woodbridge
Sun City	Western Riverside County outside the Riverside RMA and the Hemet RMA
Tehama County	Tehama County
Tracy	Western San Joaquin County outside the modified Stockton RMA
Turlock	Southwestern Stanislaus County outside the modified Modesto RMA, plus part of northwestern Merced County

Victorville	Southwestern San Bernardino County north of the Riverside RMA	Woodland	Yolo County outside the modified Davis, Sacramento, and Fairfield-Vacaville RMAs
Visalia	Visalia RMA, plus Tulare, Exeter, Woodlake, Three Rivers, and Lindsay	Yuba City-Marysville	Yuba City-Marysville RMA, plus Live Oak

Appendix D
Summary of Market Shares for California Banking Markets

Market	Pre-Divestiture			Amount divested (Millions of dollars)	HHI post-divestiture[1]	Change	Pro forma market share[1]	Pro forma rank/competitors[1]
	HHI before	HHI after	Change					
Auburn	1337	1557	220	44.3	1337	0	14.6	1/9
Bakersfield	1579	2214	634	254.0	1632	53	23.1	1/12
Chico	1377	1797	421	74.8	1488	111	22.3	2/11
Davis	1732	2036	304	52.9	1732	0	15.2	3/7
Dalano	2547	3529	982	47.5	2547	0	20.5	4/3
El Centro	2032	2428	396	35.8	2124	92	21.5	2/6
Eureka-Arcata	1971	2024	54	0	2024	54	17.3	3/6
Fairfield–Vacaville	1468	1726	258	0	1726	258	23.7	2/10
Fresno	1740	1817	78	0	1817	78	14.3	2/17
Grass Valley	1458	1679	221	48.0	1458	0	13.8	2/12
Hemet	960	1031	70	13.8	1003	42	11.3	3/13
Kings County	1493	1735	243	22.4	1493	0	23.3	1/9
Lancaster	1478	1815	337	53.5	1564	86	20.1	2/8
Los Angeles	879	1014	135	0	1014	135	16.5	2/186
Los Banos	2351	2839	488	18.6	2351	0	27.5	2/5
Madera	1956	2404	448	28.9	1956	0	25.5	2/6
Merced	1672	1891	219	15.8	1788	116	19.7	3/7
Modesto	964	1146	182	0	1146	182	22.2	1/22
Monterey-Seaside	1282	1683	401	73.9	1394	112	24.2	1/13
Napa	1239	1326	87	0	1326	87	17.8	3/11
Oceanside	1291	1559	268	46.1	1412	121	20.9	2/14
Oroville	1505	1771	266	39.1	1505	0	12.5	3/7
Oxnard–Ventura	1348	1672	324	160.4	1445	97	20.7	2/22
Palm Springs	1012	1197	184	112.4	1056	44	14.4	2/21
Placerville	1318	1652	334	49.5	1318	0	14.9	3/9
Porterville	2236	2408	172	0	2408	172	18.7	2/5
Redding	1334	1518	184	0	1518	184	19.2	2/9
Riverside-San Bernardino	1444	1519	76	0	1519	76	12.6	2/37
Sacramento	1156	1639	483	525.6	1345	189	26.1	1/38
Salinas	1500	1620	120	0	1620	120	21.6	2/10
San Diego	1153	1488	336	582.1	1333	181	23.6	1/49
San Francisco Oakland San Jose	1403	1514	111	16.1	1513	110	21.7	2/107
San Luis Obispo	1427	1464	37	0	1464	37	10.1	4/12
Santa Barbara	1515	1573	58	0	1573	58	12.2	3/15
Santa Cruz	1247	1350	76	0	1350	76	15.5	3/12
Santa Maria	1407	1437	30	0	1437	30	8.9	4/11
Santa Rosa	944	1010	66	0	1010	66	13.3	3/16
Sonoma	1511	1711	200	15.5	1511	0	24.9	1/9
Stockton	974	1110	136	0	1110	136	18.0	1/21
Sun City	1203	1452	249	48.7	1270	67	18.1	2/14
Tehama County	1750	1941	191	0	1941	191	21.0	2/5
Tracy	1584	1972	388	21.4	1584	0	25.4	1/7
Turlock	1212	1567	355	42.7	1300	88	21.1	1/11
Victorville	1068	1133	65	0	1133	65	12.1	3/15
Visalia	1478	1588	110	0	1588	110	16.3	2/13
Woodland	1588	1938	350	35.3	1588	0	22.7	2/8
Yuba City–Marysville	1351	1840	488	61.4	1469	118	23.5	1/11

NOTE. APPROXIMATE TOTAL DIVESTITURE: $2.5 billion.

1. All post-divestiture HHI calculations and pro forma information assume that branches would be divested to out-of-market firms.

Appendix E
First Interstate CRA Performance Examination Ratings

First Interstate subsidiary banks	CRA rating from the OCC	Date
First Interstate Bank of Alaska, N.A., Anchorage, Alaska	satisfactory	11/1/94
First Interstate Bank of Arizona, N.A., Phoenix, Arizona	outstanding	8/2/94
First Interstate Bank of Denver, N.A., Denver, Colorado	satisfactory	9/8/94
First Interstate Bank of Englewood, N.A., Englewood, Colorado	outstanding	12/9/93
First Interstate Bank of Idaho, N.A., Boise, Idaho	satisfactory	8/9/93
First Interstate Bank of Montana, N.A., Kalispell, Montana	satisfactory	11/1/94
First Interstate Bank of Nevada, N.A., Las Vegas, Nevada	satisfactory	9/13/94
First Interstate Bank of New Mexico, N.A., Santa Fe, New Mexico	satisfactory	11/19/93
First Interstate Bank of Oregon, N.A., Portland, Oregon	outstanding	11/1/94
First Interstate Bank of Texas, N.A., Houston, Texas	satisfactory	7/30/93
First Interstate Bank of Utah, N.A., Salt Lake City, Utah	satisfactory	11/18/93
First Interstate Bank of Washington, N.A., Seattle, Washington	satisfactory	11/1/94
First Interstate Bank of Wyoming, N.A., Casper, Wyoming	satisfactory	10/15/93

Applications Approved Under Bank Holding Company Act
By the Secretary of the Board

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

Section 3

Applicant(s)	Bank(s)	Effective Date
First Commerce Corporation, New Orleans, Louisiana	Louisiana Independent Bankshares, Inc., Baton Rouge, Louisiana First National Banker's Bank, Baton Rouge, Louisiana	March 19, 1996

Applications Approved Under Bank Holding Company Act
By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Caldwell Holding Company, Columbia, Louisiana	Citizens Progressive Bank, Columbia, Louisiana	Dallas	March 11, 1996

Section 3– Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Dartmouth Capital Group, Inc., Encinitas, California Dartmouth Capital Group, L.P., Encinitas, California SDN Bancorp, Inc., Encinitas, California	Liberty National Bank, Huntington Beach, California	San Francisco	February 15, 1996
Executive Bancshares, Inc., Paris, Texas	Collin County National Bank, McKinney, Texas	Dallas	March 6, 1996
F & M National Corporation, Winchester, Virginia	FB&T Financial Corporation, Fairfax, Virginia	Richmond	March 14, 1996
Fidelity Company, Dyersville, Iowa	Valley State Bank (In Organization), Guttenberg, Iowa	Chicago	February 28, 1996
First Valley Bank Group, Inc., Harlingen, Texas	Pharr Financial Corporation, Pharr, Texas Security State Bank, Pharr, Texas	Dallas	March 13, 1996
First Valley Delaware Financial Corporation, Dover, Delaware	Pharr Financial Corporation, Pharr, Texas Security State Bank, Pharr, Texas	Dallas	March 13, 1996
Gateway Bancshares, Inc., *Ringgold, Georgia*	Gateway Bank and Trust, *Ringgold, Georgia*	Atlanta	February 23, 1996
Heritage Financial Corporation, Lawrenceville, Illinois	Heritage National Bank, Lawrenceville, Illinois	St. Louis	March 6, 1996
JWL - GSW, Ltd., Houston, Texas	Gulf Southwest Bancorp, Inc., Houston, Texas Gulf Southwest Nevada Bancorp, Inc., Reno, Nevada Merchants Bank, Houston, Texas	Dallas	March 12, 1996
Matewan Bancshares, Inc., Williamson, West Virginia	Bank One, Pikeville, N.A., Pikeville, Kentucky	Richmond	February 15, 1996
NBE Bancshares, Inc., Earlville, Illinois	Pinnacle Bancshares, Incorporated, Paw Paw, Illinois State Bank of Paw Paw, Illinois Paw Paw, Illinois	Chicago	March 4, 1996
Nebraska Bankshares, Inc., Farnam, Nebraska	Stockmens Financial Corporation, Rushville, Nebraska	Kansas City	February 28, 1996
Norwest Corporation, Minneapolis, Minnesota	Benson Financial Corporation, San Antonio, Texas	Minneapolis	March 19, 1996
Norwest Corporation, Minneapolis, Minnesota	Regional Bank of Colorado, N.A., Rifle, Colorado	Minneapolis	March 19, 1996
Otto Bremer Foundation, St. Paul, Minnesota Bremer Financial Corporation, St. Paul, Minnesota	First American Bank of Wahpeton, Wahpeton, North Dakota	Minneapolis	February 13, 1996
Premier Bancshares, Inc., La Grange, Texas	Premier Holdings - Nevada, Inc., Carson City, Nevada La Grange State Bank, *La Grange, Texas*	Dallas	March 6, 1996
Premier Holdings - Nevada, Inc., Carson City, Nevada	La Grange State Bank, La Grange, Texas	Dallas	March 6, 1996

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Private Bancorporation, Inc., Minneapolis, Minnesota	Private Bank Minnesota, Minneapolis, Minnesota	Minneapolis	February 15, 1996
Puget Sound Bancorp, Port Orchard, Washington	First National Bank of Port Orchard, Port Orchard, Washington	San Francisco	February 22, 1996
Quinlan Bancshares, Inc., Quinlan, Texas	Citizens State Bank, Royse City, Texas	Dallas	February 26, 1996
Regions Financial Corporation, Birmingham, Alabama	First Gwinnett Bancshares, Inc., Norcross, Georgia	Atlanta	March 6, 1996
Stockmens Financial Corporation, Rushville, Nebraska	Stockmens Management Company, Rushville, Nebraska Leffler Bank Holding Company, Sidney, Nebraska Nebraska State Bank, Cozad, Nebraska	Kansas City	February 28, 1996
Taylor Bancshares, Inc., North Mankato, Minnesota	First National Bank of Fairfax, Fairfax, Minnesota	Minneapolis	March 6, 1996
Wilson Bancshares, Inc., Wilson, Kansas	The Wilson State Bank, Wilson, Kansas	Kansas City	February 27, 1996

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banc One Corporation, Columbus, Ohio	Banc One Leasing Corporation, Columbus, Ohio	Cleveland	March 4, 1996
Beulah Bancorporation, Inc., Sioux Falls, South Dakota	To engage *de novo* in making and servicing loans	Minneapolis	February 27, 1996
Farmers Bancshares, Inc., Hardinsburg, Kentucky	Breckinridge Loan, Inc., Hardinsburg, Kentucky *Farmers Bancshares Finance Corp., Inc.*, Hardinsburg, Kentucky	St. Louis	February 16, 1996
First Financial Bancorp, Hamilton, Ohio	First Finance Mortgage Company of Southwestern Ohio, Fairfield, Ohio	Cleveland	March 14, 1996
Heartland Bancshares, Inc., Lenox, Iowa	To engage in making and servicing loans	Chicago	March 13, 1996
Lake Benton Bancorporation, Inc., Sioux Falls, South Dakota	To engage *de novo* in making and servicing loans	Minneapolis	February 27, 1996
Mercantile Bancorporation Inc., St. Louis, Missouri	Metro Savings Bank, F.S.B., Wood River, Illinois Metro Financial Service Corporation, Inc., Wood River, Illinois	St. Louis	February 16, 1996
National Commerce Bancorporation, Memphis, Tennessee	USI Alliance Corp., Memphis, Tennessee	St. Louis	February 13, 1996
Notice of Progressive Growth Corp., Gaylord, Minnesota	Progressive Service Corp., Gaylord, Minnesota Synectic Solutions, Inc., Gaylord, Minnesota	Minneapolis	February 28, 1996
Pembina County Bankshares, Ltd., Cavalier, North Dakota	To commence *de novo* in the extension of credit to borrowers of its subsidiary bank	Minneapolis	February 27, 1996

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
PNC Bank Corp., Pittsburgh, Pennsylvania	First Data Corporation, Hackensack, New Jersey	Cleveland	March 18, 1996
Regions Financial Corporation, Birmingham, Alabama	First Federal Bank of Northwest Georgia, Federal Savings Bank, Cedartown, Georgia	Atlanta	February 27, 1996
United Bankshares, Inc., Charleston, West Virginia	Eagle Bancorp, Inc., Charleston, West Virginia	Richmond	March 6, 1996

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Prairieland Employees Stock Ownership Plan, Bushnell, Illinois	Prairieland Bancorp, Bushnell, Illinois	Chicago	March 8, 1996

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
The Bank of Waverly, Waverly, Virginia	First Union National Bank of Virginia, Roanoke, Virginia	Richmond	February 15, 1996
Chippewa Valley Bank, Rittman, Ohio	First National Bank of Ohio, Akron, Ohio	Cleveland	February 23, 1996
Farmers Bank of Maryland, Annapolis, Maryland	First Virginia Bank-Maryland, Upper Marlboro, Maryland	Richmond	February 29, 1996
First Virginia Bank - Commonwealth, Grafton, Virginia	First Virginia Bank of Tidewater, Norfolk, Virginia	Richmond	February 29, 1996
The Ohio Bank, Findlay, Ohio	Society National Bank, Cleveland, Ohio	Cleveland	February 22, 1996
The Security Dollar Bank, Niles, Ohio	National City Bank, Northeast, Akron, Ohio	Cleveland	February 29, 1996
Texas State Bank, McAllen, Texas	The Border Bank, Hidalgo, Texas First State Bank and Trust Company, Mission, Texas	Dallas	March 13, 1996
Westamerica Bank, San Rafael, California	Napa Valley Bank, Napa, California	San Francisco	March 8, 1996

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.

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.

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.

Research Triangle Institute v. Board of Governors, No. 1:96CV00102 (M.D.N.C., filed February 12, 1996). Contract dispute.

In re: Subpoena Duces Tecum, Misc. No. 96-MS-43(TPJ) (D. D.C., filed February 7, 1996). Motion to enforce a subpoena issued to the Board seeking, among other things, bank examination material. On March 18, 1996, the matter was stayed pending the disposition of the application for a writ of certiorari from *In re: Bankers Trust Co.,* 61 F.3d 465 (6th Cir. 1996).

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.

Hotchkiss v. Board of Governors, No. 3:96CV7033 (N.D. Ohio, filed January 19, 1996). Appeal of order of bankruptcy court granting Board's motion for summary judgment in adversary proceeding challenging dischargeability of Board consent order. The Board's brief is due April 1, 1996.

Menick v. Greenspan, No. 95-CV-01916 (D. D.C., filed October 10, 1995). Complaint alleging sex, age, and handicap discrimination in employment.

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.

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.

Board of Governors v. Scott, Misc. No. 95–127 (LFO/PJA) (D. D.C., filed April 14, 1995). Application to enforce an administrative investigatory subpoena for documents and testimony. On August 3, 1995, the magistrate judge issued an order granting in part and denying in part the Board's application. On September 18, 1995, the intervenor moved for reconsideration of a portion of the magistrate's ruling.

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. Oral argument was heard on February 2, 1996.

Jones v. Board of Governors, No. 95–1142 (D.C. Cir., filed March 3, 1995). Petition for review of a Board order dated February 2, 1995, approving the applications by First Commerce Corporation, New Orleans, Louisiana, to merge with City Bancorp, Inc., New Iberia, Louisiana, and First Bankshares, Inc., Slidell, Louisiana. Oral argument was heard on February 27, 1996. On March 26, 1996, the court denied the petition for review.

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

Banque Worms, S.A.
Paris, France

The Federal Reserve Board announced on March 21, 1996, the issuance of an Order of Assessment of a Civil Money Penalty against Banque Worms, S.A., Paris, France, and Banque Worms Capital Corporation, New York, New York, and the execution of a Written Agreement by and among Banque Worms, Banque Worms Capital Corporation, and the Federal Reserve Bank of New York.

The Daiwa Bank, Limited
Osaka, Japan

The Federal Reserve Board announced on March 22, 1996, the issuance of an Order against The Daiwa Bank, Limited, Osaka, Japan.

Swiss Bank Corporation
Basle, Switzerland

The Federal Reserve Board announced on March 6, 1996, the issuance of an Order of Assessment of a Civil Money Penalty against Swiss Bank Corporation, Basle, Switzerland.

Written Agreements Approved by Federal Reserve Banks

Northern Bancorp, Inc.
Woburn, Massachusetts

The Federal Reserve Board announced on March 8, 1996, the execution of a Written Agreement by and among the Federal Reserve Bank of Boston; the Office of the Commissioner of Banks of the Commonwealth of Massachusetts; Northern Bancorp, Inc., Woburn, Massachusetts ("Northern"); James J. Mawn, President and director of Northern; and Robert L. McCrensky, a director of Northern.

Directors of Federal Reserve Banks and Branches

Regional decentralization and a combination of governmental and private characteristics are important hallmarks of the uniqueness of the Federal Reserve System. Under the Federal Reserve Act, decentralization was achieved by division of the country into twelve regions called Federal Reserve Districts, and the establishment in each District of a separately incorporated Federal Reserve Bank with its own board of directors. The blending of governmental and private characteristics is provided through ownership of the stock of the Reserve Bank by member banks in its District, which also elect the majority of the board of directors, and by the general supervision of the Reserve Banks by the Board of Governors, an agency of the federal government. The Board also appoints a minority of each board of directors. Thus, there are essential elements of regional participation and counsel in the conduct of the System's affairs for which the Federal Reserve relies importantly on the contributions of the directors of the Federal Reserve Banks and Branches.

The following list of directors of Federal Reserve Banks and Branches shows for each director the class of directorship, the principal business affiliation, and the date the current term expires. Each Federal Reserve Bank has nine members on its board of directors: The member banks elect the three Class A and three Class B directors, and the Board of Governors appoints the three directors in Class C. Directors are chosen without discrimination as to race, creed, color, sex, or national origin.

Class A directors of each Reserve Bank represent the stockholding member banks of the Federal Reserve District. Class B and Class C directors represent the public and are chosen with due, but not exclusive, consideration to the interests of agriculture, commerce, industry, services, labor, and consumers; they may not be officers, directors, or employees of any bank. In addition, Class C directors may not be stockholders of any bank. The Board of Governors designates annually one Class C director as chairman of the board of directors of each District Bank and designates another Class C director as deputy chairman.

Each of the twenty-five Branches of the Federal Reserve Banks has a board of either seven or five directors, a majority of whom are appointed by the parent Federal Reserve Bank; the others are appointed by the Board of Governors. One of the Board's appointees is designated annually as chairman of the board of that Branch in a manner prescribed by the parent Federal Reserve Bank.

The names of the chairman and deputy chairman of the board of directors of each Reserve Bank and of the chairman of each Branch are published monthly in the *Federal Reserve Bulletin*.[1]

1. The current list appears on page A86 of this *Bulletin*.

DISTRICT 1—BOSTON

		Term expires December 31
Class A		
G. Kenneth Perine	President and Chief Executive Officer, National Bank of Middlebury, Middlebury, Vermont	1996
Jane C. Walsh	President, Northmark Bank, North Andover, Massachusetts	1997
Marshall N. Carter	Chairman and Chief Executive Officer, State Street Bank and Trust Company, Boston, Massachusetts	1998
Class B		
Stephen L. Brown	Chairman and Chief Executive Officer, John Hancock Mutual Life Insurance Company, Boston, Massachusetts	1996
Edward Dugger III	President and Chief Executive Officer, UNC Ventures, Inc., Boston, Massachusetts	1997
Robert R. Glauber	Adjunct Lecturer, John F. Kennedy School of Government, Harvard University, Cambridge, Massachusetts	1998
Class C		
John E. Flynn	Executive Director, The Quality Connection, East Dennis, Massachusetts	1996
Jerome H. Grossman	Health Quality, Inc., Boston, Massachusetts	1997
William C. Brainard	Chairman, Department of Economics, Yale University, New Haven, Connecticut	1998

		Term expires December 31
DISTRICT 2—NEW YORK		
Class A		
J. William Johnson	Chairman and Chief Executive Officer, The First National Bank of Long Island, Glen Head, New York	1996
J. Carter Bacot	Chairman and Chief Executive Officer, The Bank of New York, New York, New York	1997
Robert G. Wilmers	Chairman, President, and Chief Executive Officer, Manufacturers and Traders Trust Company, Buffalo, New York	1998
Class B		
Sandra Feldman	President, United Federation of Teachers, New York, New York	1996
Eugene R. McGrath	Chief Executive Officer, Consolidated Edison Company of New York, Inc., New York, New York	1997
William C. Steere, Jr.	Chairman and Chief Executive Officer, Pfizer Inc., New York, New York	1998
Class C		
John C. Whitehead	Chairman, AEA Investors Inc., New York, New York	1996
Thomas W. Jones	Vice Chairman, President, and Chief Operating Officer, Teachers Insurance and Annuity Association–College Retirement Equities Fund, New York, New York	1997
Peter G. Peterson	Chairman, The Blackstone Group, New York, New York	1998
BUFFALO BRANCH		
Appointed by the Federal Reserve Bank		
Louise C. Woerner	Chairman and Chief Executive Officer, HCR, Rochester, New York	1996
William E. Swan	President and Chief Executive Officer, Lockport Savings Bank, Lockport, New York	1997
Mark W. Adams	Owner and Operator, Adams Poultry Farm, Naples, New York	1997
George W. Hamlin IV	President and Chief Executive Officer, The Canandaigua National Bank and Trust Company, Canandaigua, New York	1998
Appointed by the Board of Governors		
Joseph J. Castiglia	Former President and Chief Executive Officer, Pratt & Lambert United, Inc., Buffalo, New York	1996
Louis J. Thomas	Director, United Steelworkers of America, Buffalo, New York	1997
Bal Dixit	President and Chief Executive Officer, Newtex Industries, Inc., Victor, New York	1998
DISTRICT 3—PHILADELPHIA		
Class A		
Terry K. Dunkle	Chairman, United States National Bank, Johnstown, Pennsylvania	1996
Dennis W. DiLazzero	President and Chief Executive Officer, Minotola National Bank, Vineland, New Jersey	1997
Albert B. Murry	President and Chief Executive Officer, Lebanon Valley National Bank, Lebanon, Pennsylvania	1998
Class B		
J. Richard Jones	President and Chief Executive Officer, Jackson–Cross Company, Philadelphia, Pennsylvania	1996
Robert D. Burris	President and Chief Executive Officer, Burris Foods, Inc., Milford, Delaware	1997
Howard E. Cosgrove	Chairman, President, and Chief Executive Officer, Delmarva Power and Light Company, Wilmington, Delaware	1998

DISTRICT 3—PHILADELPHIA—Continued

		Term expires December 31
Class C		
Joan Carter	President and Chief Operating Officer, UM Holdings Ltd., Haddonfield, New Jersey	1996
Donald J. Kennedy	Business Manager, International Brotherhood of Electrical Workers, Local Union No. 269, Trenton, New Jersey	1997
Charisse R. Lillie	Partner, Ballard Spahr Andrews & Ingersoll, Philadelphia, Pennsylvania	1998

DISTRICT 4—CLEVELAND

Class A		
Alfred C. Leist	Chairman, President, and Chief Executive Officer, The Apple Creek Banking Company, Apple Creek, Ohio	1996
David S. Dahlmann	President and Chief Executive Officer, Southwest National Corporation, Greensburg, Pennsylvania	1997
David A. Daberko	Chairman and Chief Executive Officer, National City Corporation, Cleveland, Ohio	1998
Class B		
Thomas M. Nies	President, Cincom Systems, Inc., Cincinnati, Ohio	1996
Michele Tolela Myers	President, Denison University, Granville, Ohio	1997
I.N. Rendall Harper, Jr.	President and Chief Executive Officer, American Micrographics Company, Inc., Monroeville, Pennsylvania	1998
Class C		
Robert Y. Farrington	Executive Secretary Treasurer, Ohio State Building and Construction Trades Council, Columbus, Ohio	1996
G. Watts Humphrey, Jr.	President, GWH Holdings, Inc., Pittsburgh, Pennsylvania	1997
A. William Reynolds	Chief Executive, Old Mill Group, Hudson, Ohio	1998

CINCINNATI BRANCH

Appointed by the Federal Reserve Bank		
Judith G. Clabes	Director, Special Projects, Scripps Howard, Cincinnati, Ohio	1996
Phillip R. Cox	President, Cox Financial Corporation, Cincinnati, Ohio	1996
Jerry A. Grundhofer	Chairman, President, and Chief Executive Officer, Star Banc Corporation, Cincinnati, Ohio	1997
Jean R. Hale	President and Chief Executive Officer, Pikeville National Bank & Trust, Pikeville, Kentucky	1998
Appointed by the Board of Governors		
John N. Taylor, Jr.	Chairman and Chief Executive Officer, Kurz-Kasch, Inc., Dayton, Ohio	1996
C. Wayne Shumate	Chairman and Chief Executive Officer, Kentucky Textiles, Inc., Paris, Kentucky	1997
Thomas Revely III	President and Chief Executive Officer, Cincinnati Bell Supply Co., Cincinnati, Ohio	1998

PITTSBURGH BRANCH

Appointed by the Federal Reserve Bank		
Randall L.C. Russell	President and Chief Executive Officer, Ranbar Technology, Inc., Glenshaw, Pennsylvania	1996
Wesley W. von Schack	Chairman, President, and Chief Executive Officer, DQE, Pittsburgh, Pennsylvania	1996
Thomas J. O'Shane	President and Chief Executive Officer, First Western Bancorp, Inc., New Castle, Pennsylvania	1997
Edward V. Randall, Jr.	President and CEO/Pittsburgh, PNC Bank, N.A., Pittsburgh, Pennsylvania	1998

		Term expires December 31
DISTRICT 4—CLEVELAND—Continued		
PITTSBURGH BRANCH—Continued		
Appointed by the Board of Governors		
Sandra L. Phillips	Executive Director, Pittsburgh Partnership for Neighborhood Development, Pittsburgh, Pennsylvania	1996
John T. Ryan III	Chairman, President, and Chief Executive Officer, Mine Safety Appliances Company, Pittsburgh, Pennsylvania	1997
Gretchen R. Haggerty	Vice President and Treasurer, USX Corporation, Pittsburgh, Pennsylvania	1998
DISTRICT 5—RICHMOND		
Class A		
Robert M. Freeman	Chairman and Chief Executive Officer, Signet Banking Corporation, Richmond, Virginia	1996
Philip L. McLaughlin	President and Chief Executive Officer, Horizon Bancorp, Inc., Greenbrier Valley National Bank, Lewisburg, West Virginia	1997
George A. Didden III	Chairman and Chief Executive Officer, The National Capital Bank of Washington, Washington, D.C.	1998
Class B		
Paul A. DelaCourt	Chairman, The North Carolina Enterprise Corporation, Raleigh, North Carolina	1996
L. Newton Thomas, Jr.	Senior Vice President (Retired), ITT/Carbon Industries, Inc., Charleston, West Virginia	1997
Craig A. Ruppert	President and Owner, The Ruppert Companies, Ashton, Maryland	1998
Class C		
Stephen Brobeck	Executive Director, Consumer Federation of America, Washington, D.C.	1996
Claudine B. Malone	President, Financial & Management Consulting, Inc., McLean, Virginia	1997
Robert L. Strickland	Chairman, Lowe's Companies, Inc., Winston-Salem, North Carolina	1998
BALTIMORE BRANCH		
Appointed by the Federal Reserve Bank		
Morton I. Rapoport, M.D.	President and Chief Executive Officer, University of Maryland Medical System, Baltimore, Maryland	1996
Thomas J. Hughes	President and Chief Executive Officer, Navy Federal Credit Union, Vienna, Virginia	1997
F. Levi Ruark	Chairman, President, and Chief Executive Officer, The National Bank of Cambridge, Cambridge, Maryland	1997
Jeremiah E. Casey	Chairman, First Maryland Bancorp, Baltimore, Maryland	1998
Appointed by the Board of Governors		
Michael R. Watson	President, Association of Maryland Pilots, Baltimore, Maryland	1996
Rebecca Hahn Windsor	Chairman and Chief Executive Officer, Hahn Transportation, Inc., New Market, Maryland	1997
Daniel R. Baker	President and Chief Executive Officer, Tate Access Floors, Inc., Jessup, Maryland	1998
CHARLOTTE BRANCH		
Appointed by the Federal Reserve Bank		
Jim M. Cherry, Jr.	President and Chief Executive Officer, Williamsburg First National Bank, Kingstree, South Carolina	1996
Dorothy H. Aranda	President, Dohara Associates, Inc., Hilton Head Island, South Carolina	1997
J. Walter McDowell	President and Chief Executive Officer, Wachovia Bank of North Carolina, N.A., Winston–Salem, North Carolina	1997
William G. Stevens	President and Chief Executive Officer, Greenwood Bank & Trust, Greenwood, South Carolina	1998

DISTRICT 5—RICHMOND—Continued		*Term expires December 31*
CHARLOTTE BRANCH—Continued		
Appointed by the Board of Governors		
Dennis D. Lowery	Chief Executive Officer and Chairman, Continental Ltd., Charlotte, North Carolina	1996
Joan H. Zimmerman	President, Southern Shows, Inc., Charlotte, North Carolina	1997
James O. Roberson	President, Research Triangle Foundation of North Carolina, Research Triangle Park, North Carolina	1998

DISTRICT 6—ATLANTA

Class A		
James B. Williams	Chairman and Chief Executive Officer, SunTrust Banks, Inc., Atlanta, Georgia	1996
D. Paul Jones, Jr.	Chairman and Chief Executive Officer, Compass Bancshares, Inc., Birmingham, Alabama	1997
Waymon L. Hickman	Chairman and Chief Executive Officer, First Farmers and Merchants National Bank, Columbia, Tennessee	1998
Class B		
Andre M. Rubenstein	Chairman and Chief Executive Officer, Rubenstein Brothers, Inc., New Orleans, Louisiana	1996
Maria Camila Leiva	Executive Vice President, Miami Free Zone Corporation, Miami, Florida	1997
Larry W. Kinderman	President and Chief Executive Officer, Stockham Valves and Fittings, Inc., Birmingham, Alabama	1998
Class C		
Daniel E. Sweat, Jr.	Program Director, The America Project, Atlanta, Georgia	1996
Hugh M. Brown	President and Chief Executive Officer, BAMSI, Inc., Titusville, Florida	1997
David R. Jones	President and Chief Executive Officer, Atlanta Gas Light Company, Atlanta, Georgia	1998

BIRMINGHAM BRANCH

Appointed by the Federal Reserve Bank		
Julian W. Banton	Chairman, President, and Chief Executive Officer, SouthTrust Bank of Alabama, N.A., Birmingham, Alabama	1996
Marlin D. Moore, Jr.	Chairman, Pritchett–Moore, Inc., Tuscaloosa, Alabama	1997
Columbus Sanders	President, Consolidated Industries, Inc., Huntsville, Alabama	1997
J. Stephen Nelson	Chairman and Chief Executive Officer, First National Bank of Brewton, Brewton, Alabama	1998
Appointed by the Board of Governors		
Donald E. Boomershine	President, The Better Business Bureau of Central Alabama, Inc. and the Counties of the Wiregrass, Birmingham, Alabama	1996
D. Bruce Carr	International Representative, Laborers' International Union of North America, Gadsden, Alabama	1997
Patricia B. Compton	President, Patco, Inc., Georgiana, Alabama	1998

DISTRICT 6—ATLANTA—Continued

Term expires December 31

JACKSONVILLE BRANCH

Appointed by the Federal Reserve Bank

William G. Smith, Jr.	President and Chief Executive Officer, Capital City Bank Group, Tallahassee, Florida	1996
Terry R. West	Chief Executive Officer, Jax Navy Federal Credit Union, Jacksonville, Florida	1997
Arnold A. Heggestad	Chester Holloway Professor of Entrepreneurship, University of Florida, Gainesville, Florida	1997
Royce B. Walden	Vice President, Ward Bradford & Company, Orlando, Florida	1998

Appointed by the Board of Governors

Joan Dial Ruffier	General Partner, Sunshine Cafes, Orlando, Florida	1996
Patrick C. Kelly	Chairman and Chief Executive Officer, Physician Sales & Service, Inc., Jacksonville, Florida	1997
Judy Jones	Executive Director, Florida Black Business Investment Board, Tallahassee, Florida	1998

MIAMI BRANCH

Appointed by the Federal Reserve Bank

Pat L. Tornillo, Jr.	Executive Vice President, United Teachers of Dade, Miami, Florida	1996
Steven C. Shimp	President, O-A-K/Florida, Inc., Fort Myers, Florida	1996
Carlos A. Migoya	South Florida Regional President, First Union National Bank of Florida, Miami, Florida	1997
E. Anthony Newton	President and Chief Executive Officer, Island National Bank and Trust Company, Palm Beach, Florida	1998

Appointed by the Board of Governors

Michael T. Wilson	President, Vinegar Bend Farms, Inc., Belle Glade, Florida	1996
Kaaren Johnson-Street	Vice President, Diversity Business Enterprise, Burger King Corporation, Miami, Florida	1997
R. Kirk Landon	Chairman, American Bankers Insurance Group, Miami, Florida	1998

NASHVILLE BRANCH

Appointed by the Federal Reserve Bank

Williams E. Arant, Jr.	Chairman, First Knoxville Bank, Knoxville, Tennessee	1996
Jack J. Vaughn	President, Hospitality & Attractions Group, Gaylord Entertainment Company, Nashville, Tennessee	1997
John E. Seward, Jr.	President and Chief Executive Officer, Paty Lumber Company, Inc., Piney Flats, Tennessee	1997
Dale W. Polley	President, First American National Bank, Nashville, Tennessee	1998

Appointed by the Board of Governors

Paula Lovell	President, Lovell Communications, Inc., Nashville, Tennessee	1996
James E. Dalton, Jr.	President and Chief Executive Officer, Quorum Health Group, Inc., Brentwood, Tennessee	1997
Frances F. Marcum	Chairman and Chief Executive Officer, Micro Craft, Inc., Tullahoma, Tennessee	1998

DISTRICT 6—ATLANTA—Continued

Term expires December 31

NEW ORLEANS BRANCH

Appointed by the Federal Reserve Bank

Howard C. Gaines	Chairman and Chief Executive Officer, First National Bank of Commerce, New Orleans, Louisiana	1996
Angus R. Cooper II	Chairman and Chief Executive Officer, Cooper/T. Smith Corporation, Mobile, Alabama	1997
Kay L. Nelson	President, Nelson Capital Corporation, New Orleans, Louisiana	1997
Howell N. Gage	Chairman and Chief Executive Officer, Merchants Bank, Vicksburg, Mississippi	1998

Appointed by the Board of Governors

Victor Bussie	President, Louisiana AFL-CIO, Baton Rouge, Louisiana	1996
Jo Ann Slaydon	President, Slaydon Consultants and Insight Productions and Advertising, Baton Rouge, Louisiana	1997
Lucimarian Roberts	President, Mississippi Coast Coliseum Commission, Biloxi, Mississippi	1998

DISTRICT 7—CHICAGO

Class A

David W. Fox	Chairman and Chief Executive Officer (Retired), Northern Trust Corporation and The Northern Trust Company, Chicago, Illinois	1996
Stefan S. Anderson	Chairman, President, and Chief Executive Officer, First Merchants Corporation, Muncie, Indiana	1997
Arnold C. Schultz	Chairman, President, and Chief Executive Officer, Grundy National Bank, Grundy Center, Iowa	1998

Class B

A. Charlene Sullivan	Associate Professor of Management, Krannert Graduate School of Management, Krannert Center, Purdue University, West Lafayette, Indiana	1996
Thomas C. Dorr	President and Chief Executive Officer, Dorr's Pine Grove Farm Co., Marcus, Iowa	1997
Donald J. Schneider	President, Schneider National, Inc., Green Bay, Wisconsin	1998

Class C

Robert M. Healey	Member, Illinois State Labor Relations Board, Chicago, Illinois	1996
Lester H. McKeever, Jr.	Managing Partner, Washington, Pittman & McKeever, Chicago, Illinois	1997
Arthur C. Martinez	Chairman and Chief Executive Officer, Sears, Roebuck & Co., Hoffman Estates, Illinois	1998

DETROIT BRANCH

Appointed by the Federal Reserve Bank

William E. Odom	Chairman and Chief Executive Officer, Ford Motor Credit Company, Dearborn, Michigan	1996
Charles E. Allen	President and Chief Executive Officer, Graimark Realty Advisors, Inc., Detroit, Michigan	1996
Charles R. Weeks	Chairman and Chief Executive Officer, Citizens Banking Corporation, Flint, Michigan	1997
Richard M. Bell	President and Chief Executive Officer, The First National Bank of Three Rivers, Three Rivers, Michigan	1998

DISTRICT 7—CHICAGO—Continued

Term expires December 31

DETROIT BRANCH—Continued

Appointed by the Board of Governors

Florine Mark	President and Chief Executive Officer, The WW Group, Inc., Farmington Hills, Michigan	1996
John D. Forsyth	President and Chief Executive Officer, University of Michigan Hospitals, Ann Arbor, Michigan	1997
Stephen R. Polk	Chairman and Chief Executive Officer, R.L. Polk & Co., Detroit, Michigan	1998

DISTRICT 8—ST. LOUIS

Class A

W.D. Glover	Chairman and Chief Executive Officer, First National Bank of Eastern Arkansas, Forrest City, Arkansas	1996
Michael A. Alexander	Chairman and President, The First National Bank of Mount Vernon, Mount Vernon, Illinois	1997
Douglas M. Lester	Chairman and Chief Executive Officer, Trans Financial Bank, N.A., Bowling Green, Kentucky	1998

Class B

Warren R. Lee	President, United Benefit Services, Inc., Louisville, Kentucky	1996
Sandra B. Sanderson	President and Chief Executive Officer, Sanderson Plumbing Products, Inc., Columbus, Mississippi	1997
Richard E. Bell	President and Chief Executive Officer, Riceland Foods, Inc., Stuttgart, Arkansas	1998

Class C

Veo Peoples, Jr.	Partner, Peoples & Hale, St. Louis, Missouri	1996
Susan S. Elliott	President and Chief Executive Officer, Systems Service Enterprises, Inc., St. Louis, Missouri	1997
John F. McDonnell	Chairman, McDonnell Douglas Corporation, St. Louis, Missouri	1998

LITTLE ROCK BRANCH

Appointed by the Federal Reserve Bank

Lee Frazier	Vice President, St. Vincent Infirmary, Little Rock, Arkansas	1996
James V. Kelley	Chairman, President, and Chief Executive Officer, First United Bancshares, Inc., El Dorado, Arkansas	1996
Lunsford W. Bridges	President and Chief Executive Officer, Metropolitan National Bank, Little Rock, Arkansas	1997
Mark A. Shelton III	President, M.A. Shelton Farming Company, Altheimer, Arkansas	1998

Appointed by the Board of Governors

Janet M. Jones	President, The Janet Jones Company, Little Rock, Arkansas	1996
Robert D. Nabholz, Jr.	Chief Executive Officer, Nabholz Construction Corporation, Conway, Arkansas	1997
Betta M. Carney	Chief Executive Officer and Chairman, World Wide Travel Service, Inc., Little Rock, Arkansas	1998

DISTRICT 8—ST. LOUIS—Continued

		Term expires December 31
LOUISVILLE BRANCH		
Appointed by the Federal Reserve Bank		
Charles D. Storms	President and Chief Executive Officer, Red Spot Paint and Varnish Company, Inc., Evansville, Indiana	1996
Robert M. Hall	Owner, East Fork Growers Farm, Seymour, Indiana	1996
Thomas E. Spragens, Jr.	President, Farmers National Bank, Lebanon, Kentucky	1997
Malcolm B. Chancey, Jr.	Chairman and Chief Executive Officer, Bank One, Kentucky, N.A., Louisville, Kentucky	1998
Appointed by the Board of Governors		
John A. Williams	Chairman and Chief Executive Officer, Computer Services, Inc., Paducah, Kentucky	1996
Debbie Scoppechio	Chairman, President, and Chief Executive Officer, Creative Alliance, Inc., Louisville, Kentucky	1997
Roger Reynolds	President and Chief Executive Officer, Material Resource Planners, Inc. and Interlink Inc., Louisville, Kentucky	1998
MEMPHIS BRANCH		
Appointed by the Federal Reserve Bank		
Katie S. Winchester	President, First Citizens National Bank, Dyersburg, Tennessee	1996
Benjamin W. Rawlins, Jr.	Chairman and Chief Executive Officer, Union Planters Corporation, Memphis, Tennessee	1996
Lewis F. Mallory, Jr.	Chairman, President, and Chief Executive Officer, NBC Capital Corporation, Starkville, Mississippi	1997
Anthony M. Rampley	President and Chief Executive Officer, Arkansas Glass Container Corporation, Jonesboro, Arkansas	1998
Appointed by the Board of Governors		
Woods E. Eastland	President and Chief Executive Officer, Staple Cotton Cooperative Association, Greenwood, Mississippi	1996
Carol G. Crawley	President, Mid-South Minority Business Council, Memphis, Tennessee	1997
John V. Myers	President, Better Business Bureau, Memphis, Tennessee	1998

DISTRICT 9—MINNEAPOLIS

Class A		
Jerry B. Melby	President, First National Bank, Bowbells, North Dakota	1996
William S. Pickerign	President, The Northwestern Bank of Chippewa Falls, Chippewa Falls, Wisconsin	1997
Vacancy		1998
Class B		
Clarence D. Mortenson	President, M/C Professional Associates Inc., Pierre, South Dakota	1996
Kathryn L. Ogren	Owner, Bitterroot Motors, Missoula, Montana	1997
Dennis W. Johnson	President, TMI Systems Design Corporation, Dickinson, North Dakota	1998
Class C		
David A. Koch	Chairman, Graco, Inc., Minneapolis, Minnesota	1996
Jean D. Kinsey	Professor, Consumption Economics, and Director, Retail Food Industry Center, University of Minnesota, St. Paul, Minnesota	1997
James J. Howard	Chairman, President, and Chief Executive Officer, Northern States Power Company, Minneapolis, Minnesota	1998

Term expires December 31

DISTRICT 9—MINNEAPOLIS—Continued

HELENA BRANCH

Appointed by the Federal Reserve Bank

Donald E. Olsson, Jr.	President, Ronan State Bank, Ronan, Montana	1996
Sandra M. Stash	Manager, Montana Facilities, Atlantic Richfield Company (ARCO), Anaconda, Montana	1996
Ronald D. Scott	President and Chief Executive Officer, The First State Bank of Malta, Malta, Montana	1997

Appointed by the Board of Governors

Lane W. Basso	President, Deaconess Medical Center, Billings, Montana	1996
Matthew J. Quinn	President, Carroll College, Helena, Montana	1997

DISTRICT 10—KANSAS CITY

Class A

Lawrence W. Menefee	Chairman and Chief Executive Officer, Union Colony Bank, Greeley, Colorado	1996
Samuel P. Baird	President, Farmers State Bank & Trust Co., Superior, Nebraska	1997
William L. McQuillan	President, Chief Executive Officer, and Director, City National Bank, Greeley, Nebraska	1998

Class B

Charles W. Nichols	Managing Partner, Davison & Sons Cattle Company, Arnett, Oklahoma	1996
Jo Marie Dancik	Area Managing Partner, Ernst & Young LLP, Denver, Colorado	1997
Frank A. Potenziani	M & T Trust, Albuquerque, New Mexico	1998

Class C

Colleen D. Hernandez	Executive Director, Kansas City Neighborhood Alliance, Kansas City, Missouri	1996
A. Drue Jennings	Chairman, President, and Chief Executive Officer, Kansas City Power & Light Company, Kansas City, Missouri	1997
Hermàn Cain	Chairman and Chief Executive Officer, Godfather's Pizza, Inc., Omaha, Nebraska	1998

DENVER BRANCH

Appointed by the Federal Reserve Bank

Peter R. Decker	President, Peter R. Decker & Associates, Denver, Colorado	1996
Richard I. Ledbetter	President and Chief Executive Officer, First National Bank of Farmington, Farmington, New Mexico	1997
Clifford E. Kirk	President and Chief Executive Officer, First National Bank of Gillette, Gillette, Wyoming	1997
Albert C. Yates	President, Colorado State University, Ft. Collins, Colorado	1998

Appointed by the Board of Governors

Teresa N. McBride	President and Chief Executive Officer, McBride and Associates, Inc., Albuquerque, New Mexico	1996
Donald E. Gallegos	President, King Soopers, Denver, Colorado	1997
Peter I. Wold	Partner, Wold Oil & Gas Company, Casper, Wyoming	1998

DISTRICT 10—KANSAS CITY—Continued

Term expires December 31

OKLAHOMA CITY BRANCH

Appointed by the Federal Reserve Bank

William H. Braum	President, Braum Ice Cream Co., Oklahoma City, Oklahoma	1996
Michael S. Samis	President and Chief Executive Officer, Macklanburg-Duncan Co., Oklahoma City, Oklahoma	1997
Betty Bryant Shaull	President-Elect and Director, Bank of Cushing and Trust Company, Cushing, Oklahoma	1998
Dennis M. Mitchell	President, Citizens Bank of Ardmore, Ardmore, Oklahoma	1998

Appointed by the Board of Governors

Hans Helmerich	President and Chief Executive Officer, Helmerich & Payne, Inc., Tulsa, Oklahoma	1996
Victor R. Schock	President and Chief Executive Officer, Credit Counseling Centers, Tulsa, Oklahoma	1997
Barry L. Eller	Senior Vice President and General Manager, MerCruiser, Stillwater, Oklahoma	1998

OMAHA BRANCH

Appointed by the Federal Reserve Bank

Bruce R. Lauritzen	President, First National Bank of Omaha, Omaha, Nebraska	1996
Donald A. Leu	President and Chief Executive Officer, Consumer Credit Counseling Service, Omaha, Nebraska	1997
Thomas H. Olson	Chairman, First National Bank, Sidney, Nebraska	1997
Robert L. Peterson	Chairman, President, and Chief Executive Officer, IBP, Inc., Dakota City, Nebraska	1998

Appointed by the Board of Governors

LeRoy W. Thom	President, T–L Irrigation Company, Hastings, Nebraska	1996
Arthur L. Shoener	Executive Vice President–Operations, Union Pacific Railroad, Omaha, Nebraska	1997
Gladys Styles Johnston	Chancellor, University of Nebraska at Kearney, Kearney, Nebraska	1998

DISTRICT 11—DALLAS

Class A

Gayle M. Earls	President and Chief Executive Officer, Texas Independent Bank, Dallas, Texas	1996
Kirk A. McLaughlin	President and Chief Executive Officer, Security Bank, Ralls, Texas	1997
Dudley K. Montgomery	President and Chief Executive Officer, The Security State Bank of Pecos, Pecos, Texas	1998

Class B

J.B. Cooper, Jr.	Farmer, Roscoe, Texas	1996
Vacancy		1997
Milton Carroll	Chairman and Chief Executive Officer, Instrument Products, Inc., Houston, Texas	1998

Class C

James A. Martin	Second General Vice President, International Association of Bridge, Structural, & Ornamental Iron Workers, Horseshoe Bay, Texas	1996
Cece Smith	General Partner, Phillips–Smith Specialty Retail Group, Dallas, Texas	1997
Roger R. Hemminghaus	Chairman, President, and Chief Executive Officer, Diamond Shamrock, Inc., San Antonio, Texas	1998

DISTRICT 11—DALLAS—Continued		*Term expires December 31*
EL PASO BRANCH		
Appointed by the Federal Reserve Bank		
Ben H. Haines, Jr.	President and Chief Executive Officer, First National Bank of Dona Ana County, Las Cruces, New Mexico	1996
Veronica K. Callaghan	Vice President and Principal, KASCO Ventures, Inc., El Paso, Texas	1996
Hugo Bustamante, Jr.	Owner and Chief Executive Officer, CarLube, Inc., ProntoLube, Inc., El Paso, Texas	1997
Lester L. Parker	President and Chief Operating Officer, Bank of the West, El Paso, Texas	1998
Appointed by the Board of Governors		
Patricia Z. Holland-Branch	President and Director of Design, PZH Contract Design, Inc., El Paso, Texas	1996
Alvin T. Johnson	President, Management Assistance Corporation of America, El Paso, Texas	1997
Beauregard Brite White	Rancher, J.E. White, Jr. & Sons, Marfa, Texas	1998
HOUSTON BRANCH		
Appointed by the Federal Reserve Bank		
Judith B. Craven	President, United Way of the Texas Gulf Coast, Houston, Texas	1996
Walter E. Johnson	President and Chief Executive Officer, Southwest Bank of Texas, Houston, Texas	1996
Tieman H. Dippel, Jr.	Chairman and President, Brenham Bancshares, Inc., Brenham, Texas	1997
J. Michael Solar	Principal Attorney, Solar & Fernandes, L.L.P., Houston, Texas	1998
Appointed by the Board of Governors		
Robert C. McNair	Chairman and Chief Executive Officer, Cogen Technologies, Inc., Houston, Texas	1996
Isaac H. Kempner III	Chairman, Imperial Holly Corporation, Sugar Land, Texas	1997
Edward O. Gaylord	Chairman, EOTT Energy Corp. and General Partner, EOTT Energy Partners, L.P., Houston, Texas	1998
SAN ANTONIO BRANCH		
Appointed by the Federal Reserve Bank		
Juliet V. Garcia	President, The University of Texas at Brownsville, Brownsville, Texas	1996
Douglas G. Macdonald	President, South Texas National Bank, Laredo, Texas	1996
Calvin R. Weinheimer	President and Chief Operating Officer, Kerrville Communications Corporation, Kerrville, Texas	1997
Richard W. Evans, Jr.	Chairman and Chief Executive Officer, Frost National Bank, San Antonio, Texas	1998
Appointed by the Board of Governors		
Erich Wendl	Vice President, Webro Investment Corporation, Corpus Christi, Texas	1996
H.B. Zachry, Jr.	Chairman and Chief Executive Officer, H.B. Zachry Company, San Antonio, Texas	1997
Carol L. Thompson	President, The Thompson Group, Austin, Texas	1998

DISTRICT 12—SAN FRANCISCO

		Term expires December 31
Class A		
Richard L. Mount	Chairman, President, and Chief Executive Officer, Saratoga Bancorp, Saratoga, California	1996
Gerry B. Cameron	Chairman and Chief Executive Officer, U.S. Bancorp, Portland, Oregon	1997
Warren K.K. Luke	Vice Chairman, President, and Chief Executive Officer, Hawaii National Bank, Honolulu, Hawaii	1998
Class B		
Gary G. Michael	Chairman and Chief Executive Officer, Albertson's, Inc., Boise, Idaho	1996
Krestine Corbin	President and Chief Executive Officer, Sierra Machinery, Inc., Sparks, Nevada	1997
Stanley T. Skinner	Chairman and Chief Executive Officer, Pacific Gas and Electric Co., San Francisco, California	1998
Class C		
James A. Vohs	Chairman and Chief Executive Officer (Retired), Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals, Oakland, California	1996
Judith M. Runstad	Partner, Foster Pepper & Shefelman, Seattle, Washington	1997
Cynthia A. Parker	Executive Director, Anchorage Neighborhood Housing Services, Inc., Anchorage, Alaska	1998

LOS ANGELES BRANCH

Appointed by the Federal Reserve Bank		
Vacancy		1996
William S. Randall	Scottsdale, Arizona	1997
Antonia Hernandez	President and General Counsel, Mexican American Legal Defense and Educational Fund, Los Angeles, California	1997
Stephen G. Carpenter	Chairman and Chief Executive Officer, California United Bank, N.A., Encino, California	1998
Appointed by the Board of Governors		
Anita Landecker	Western Regional Vice President, Local Initiatives Support Corporation, Los Angeles, California	1996
David L. Moore	President, Western Growers Association, Irvine, California	1997
Anne L. Evans	Chairman, Evans Hotels, San Diego, California	1998

PORTLAND BRANCH

Appointed by the Federal Reserve Bank		
Elizabeth K. Johnson	President, TransWestern Aviation, Inc., Scappoose, Oregon	1996
Cecil W. Drinkward	President and Chief Executive Officer, Hoffman Corporation, Portland, Oregon	1996
Thomas C. Young	Chairman, President, and Chief Executive Officer, Northwest National Bank, Vancouver, Washington	1997
John D. Eskildsen	President and Chief Executive Officer, U.S. National Bank of Oregon, Portland, Oregon	1998
Appointed by the Board of Governors		
Ross R. Runkel	Professor of Law, Willamette University, Salem, Oregon	1996
Marvin R. O'Quinn	Chief Operating Officer, Providence Portland Medical Center, Portland, Oregon	1997
Carol A. Whipple	Proprietor, Rocking C Ranch, Elkton, Oregon	1998

DISTRICT 12—SAN FRANCISCO—Continued

Term expires December 31

SALT LAKE CITY BRANCH

Appointed by the Federal Reserve Bank

Nancy Mortensen	Vice President–Marketing Services, ZCMI, Salt Lake City, Utah	1996
R.D. Cash	Chairman, President, and Chief Executive Officer, Questar Corporation, Salt Lake City, Utah	1997
J. Pat McMurray	Chairman, President, and Chief Executive Officer, First Security Bank of Idaho, Boise, Idaho	1998
Roy C. Nelson	President, Bank of Utah, Ogden, Utah	1998

Appointed by the Board of Governors

Constance G. Hogland	Executive Director, Boise Neighborhood Housing Services, Inc., Boise, Idaho	1996
Gerald R. Sherratt	President, Southern Utah University, Cedar City, Utah	1997
Richard E. Davis	President and Chief Executive Officer, Salt Lake Convention & Visitors Bureau, Salt Lake City, Utah	1998

SEATTLE BRANCH

Appointed by the Federal Reserve Bank

Tomio Moriguchi	Chairman and Chief Executive Officer, Uwajimaya, Inc., Seattle, Washington	1996
John V. Rindlaub	Chairman and Chief Executive Officer, Seafirst Bank, Seattle, Washington	1996
Thomas E. Cleveland	Chairman and Chief Executive Officer, Access Business Finance, Bellevue, Washington	1997
Constance L. Proctor	Partner, Alston, Courtnage, MacAulay & Proctor, Seattle, Washington	1998

Appointed by the Board of Governors

George F. Russell, Jr.	Chairman, Frank Russell Company, Tacoma, Washington	1996
William R. Wiley	Senior Vice President, Science & Technology Policy, Battelle Memorial Institute, Richland, Washington	1997
Helen M. Rockey	President and Chief Executive Officer, Brooks Sports, Inc., Bothell, Washington	1998

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	1995				1995[r]			1996	
	Q1	Q2	Q3	Q4[r]	Oct.	Nov.	Dec.	Jan.[r]	Feb.
Reserves of depository institutions[2]									
1 Total	4.1[r]	7.5[r]	1.5[r]	6.9	10.6	10.7	.7	16.1	16.4
2 Required	4.4[r]	6.6[r]	2.5[r]	7.7	13.5	7.9	6.6	21.0	2.7
3 Nonborrowed	2.8[r]	8.2[r]	2.4[r]	6.4	9.9	9.8	.5	11.5	16.3
4 Monetary base[3]	6.0	5.8[r]	1.7	2.7	2.9	1.3	5.0	.4	4.2
Concepts of money, liquid assets, and debt[4]									
5 M1	.1	.4	1.5	5.1	8.8	3.0	4.5	6.2	2.1
6 M2	1.0[r]	3.8[r]	6.9[r]	3.9	2.3	3.6	5.5	4.9	5.0
7 M3	4.5[r]	6.3[r]	8.0	4.3	3.9	2.6	3.6	7.5	9.8
8 L	6.1[r]	7.3[r]	9.1[r]	5.8	5.6	1.1	5.3	4.8	n.a.
9 Debt	5.4[r]	7.0	4.6	4.5	4.3	6.2	3.6	2.2	n.a.
Nontransaction components									
10 In M2[5]	1.6[r]	5.8[r]	10.9[r]	8.1	7.4	6.5	9.9	9.7	8.1
11 In M3 only[6]	19.9[r]	16.9	12.1	6.1	10.4	1.2	3.9	18.4	28.8
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	12.7	6.5	9.0	13.1	12.2	10.2	23.2	28.2	16.6
13 Small time[7]	24.5	20.4	11.0	3.9	3.1	4.6	1.7	4.6	3.9
14 Large time[8,9]	11.8	13.6	13.1[r]	19.4	31.6	19.0	6.0	6.7	18.0
Thrift institutions									
15 Savings, including MMDAs	20.1	14.5	7.3	2.8	.3	6.3	2.7	3.0	6.4
16 Small time[7]	19.7	23.5	4.3	4.7	4.4	6.1	3.7	8.0	.7
17 Large time[8]	22.6	16.7	13.7[r]	8.0	11.4	4.8	4.8	16.0	3.2
Money market mutual funds									
18 Retail	8.0[r]	14.2[r]	36.9[r]	16.5	12.5	13.5	13.0	9.0	15.6
19 Institution-only	17.6	30.5	27.6	9.2	10.3	2.1	12.9	17.5	70.0
Repurchase agreements and Eurodollars									
20 Repurchase agreements[10]	32.4[r]	7.4[r]	5.0[r]	14.9	16.2	29.7	51.2	49.4	19.5
21 Eurodollars[10]	26.0	18.6	9.4	6.3	10.2	28.4	9.3	53.8	8.8
Debt components[3]									
22 Federal	5.1	5.4	4.6	2.3	2.9	4.4	.4	3.3	n.a.
23 Nonfederal	5.4	7.6[r]	4.7[r]	5.3	4.8	6.8	5.0	4.2	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						
	1995	1996		1996						
	Dec	Jan.	Feb.	Jan. 17	Jan. 24	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	420,757	416,469	408,619	416,530	412,457	409,555[r]	407,277	407,323	408,952	410,744
U.S. government securities[2]										
2 Bought outright—System account	378,548	376,397	373,807	377,756	374,412	373,871	372,294	372,280	375,178	375,090
3 Held under repurchase agreements	5,626	1,810	215	548	0	0	0	0	0	890
Federal agency obligations										
4 Bought outright	2,654	2,634	2,634	2,634	2,634	2,634	2,634	2,634	2,634	2,634
5 Held under repurchase agreements	343	590	26	643	0	0	0	0	0	109
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	139	76	27	33	12	10	28	7	8	69
8 Seasonal credit	40	5	7	3	4	5	6	8	8	8
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	1,176	2,461	1,139	2,475	2,836[r]	653	817	628	1,382	1,834
11 Other Federal Reserve assets	32,231	32,496	30,764	32,439	32,558	32,382	31,498	31,767	29,742	30,110
12 Gold stock	11,050	11,051	11,053	11,050	11,050	11,052	11,052	11,052	11,053	11,053
13 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
14 Treasury currency outstanding	23,969[r]	24,043[r]	24,104	24,039[r]	24,053[r]	24,067[r]	24,081	24,095	24,109	24,123
ABSORBING RESERVE FUNDS										
15 Currency in circulation	419,598[r]	417,900[r]	412,780	419,185[r]	415,719[r]	412,357[r]	411,927	412,404	413,270	413,351
16 Treasury cash holdings	271	247	276	225	271	271	273	274	279	279
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,762	6,298	4,953	5,548	7,218	6,963	5,493	5,204	5,137	3,883
18 Foreign	204	191	220	174	174	207	204	177	220	279
19 Service-related balances and adjustments	5,487	5,997	6,005	5,428	6,421	6,317	6,842	5,835	5,784	5,592
20 Other	366	333	386	287	310	344	408	375	393	376
21 Other Federal Reserve liabilities and capital	12,847	12,741	12,600	12,940	12,877	12,701	12,010	12,659	12,779	12,856
22 Reserve balances with Federal Reserve Banks[3]	20,410	18,024	16,724	18,000	14,738[r]	15,684[r]	15,392	15,710	16,421	19,472
	End-of-month figures			Wednesday figures						
	Dec	Jan.	Feb.	Jan. 17	Jan. 24	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	428,440	413,136[r]	409,890	426,583	408,769[r]	413,136[r]	406,608	409,636	412,823	416,515
U.S. government securities[2]										
2 Bought outright—System account	378,197	378,208	376,519	377,701	372,514	378,208	372,061	374,081	375,706	376,928
3 Held under repurchase agreements	12,762	0	0	1,500	0	0	0	0	0	6,230
Federal agency obligations										
4 Bought outright	2,634	2,634	2,634	2,634	2,634	2,634	2,634	2,634	2,634	2,634
5 Held under repurchase agreements	1,100	0	0	3,000	0	0	0	0	0	765
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	111	10	12	142	13	10	8	20	3	78
8 Seasonal credit	24	5	6	3	4	5	6	9	9	8
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	107	928[r]	396	9,237	929[r]	928[r]	273	996	4,490	749
11 Other Federal Reserve assets	33,504	31,350	30,322	32,367	32,675	31,350	31,626	31,896	29,981	30,621
12 Gold stock	11,050	11,052	11,053	11,050	11,052	11,052	11,052	11,053	11,053	11,053
13 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
14 Treasury currency outstanding	24,011[r]	24,067[r]	24,137	24,039[r]	24,053[r]	24,067[r]	24,081	24,095	24,109	24,123
ABSORBING RESERVE FUNDS										
15 Currency in circulation	424,253[r]	412,652[r]	413,951	418,666[r]	414,445[r]	412,652[r]	412,884	413,386	414,066	414,253
16 Treasury cash holdings	270	273	279	270	272	273	273	278	280	279
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,979	8,210	5,632	7,859	7,089	8,210	5,219	5,177	5,192	4,700
18 Foreign	386	165	209	166	173	165	235	173	294	167
19 Service-related balances and adjustments	6,349	6,317	5,764	5,428	6,421	6,317	6,842	5,835	5,784	5,592
20 Other	932	406	318	306	313	406	360	378	368	320
21 Other Federal Reserve liabilities and capital	12,342	11,832	13,062	12,678	12,633	11,832	12,166	12,610	12,642	12,692
22 Reserve balances with Federal Reserve Banks[3]	23,159	18,568[r]	16,033	26,466	12,696[r]	18,568[r]	13,930	17,114	19,527	23,856

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	Prorated monthly averages of biweekly averages									
	1993	1994	1995	1995					1996	
	Dec	Dec	Dec.	Aug	Sept.	Oct.	Nov	Dec	Jan [1]	Feb
1 Reserve balances with Reserve Banks[2]	29,374	24,658	20,440	20,565	20,519	20,055	20,066	20,440	17,763	16,792
2 Total vault cash[3]	36,818	40,378	42,117	40,186	40,652	40,564	40,576	42,117	44,790	42,205
3 Applied vault cash[4]	33,484	36,682	37,460	36,255	36,640	36,345	36,332	37,460	39,170	36,957
4 Surplus vault cash[5]	3,334	3,696	4,657	3,932	4,012	4,219	4,244	4,657	5,620	5,248
5 Total reserves[6]	62,858	61,340	57,900	56,819	57,159	56,400	56,397	57,900	56,934	53,749
6 Required reserves	61,795	60,172	56,622	55,832	56,209	55,319	55,454	56,622	55,449	52,898
7 Excess reserve balances at Reserve Banks[7]	1,063	1,168	1,278	988	950	1,081	943	1,278	1,485	851
8 Total borrowings at Reserve Banks[8]	82	209	257	282	278	245	204	257	38	35
9 Seasonal borrowings	31	100	40	258	252	199	73	40	7	7
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1995				1996					
	Nov 8	Nov 22	Dec 6	Dec. 20	Jan. 3	Jan 17	Jan 31[1]	Feb 14	Feb 28	Mar. 13
1 Reserve balances with Reserve Banks[2]	19,334	20,270	20,438	19,563	21,558	19,658	15,055	15,546	17,938	18,189
2 Total vault cash[3]	41,126	40,218	40,653	42,943	41,865	44,166	46,042	44,132	40,326	41,536
3 Applied vault cash[4]	36,846	36,071	36,274	38,053	37,353	39,104	39,626	38,455	35,468	36,844
4 Surplus vault cash[5]	4,280	4,148	4,379	4,890	4,513	5,062	6,416	5,677	4,858	4,692
5 Total reserves[6]	56,180	56,341	56,712	57,615	58,910	58,762	54,681	54,001	53,406	55,032
6 Required reserves	55,129	55,544	55,623	56,508	57,313	57,143	53,356	53,288	52,436	53,925
7 Excess reserve balances at Reserve Banks[7]	1,052	797	1,089	1,107	1,597	1,619	1,326	713	970	1,107
8 Total borrowings at Reserve Banks[8]	121	236	233	300	218	22	16	24	47	15
9 Seasonal borrowings	116	63	51	41	34	4	5	7	8	8
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								
	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	87,495	94,378	90,305	85,691	78,477	84,184	83,771	84,683	79,608
2 For all other maturities	17,781	14,765	14,524	13,759	14,068	13,704	13,211	13,189	13,147
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	20,342	23,127	23,688	24,098	19,658	23,281	23,504	23,102	23,785
4 For all other maturities	21,663	19,427	19,529	19,155	19,908	18,768	19,861	19,558	18,911
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	17,233	20,104	20,047	19,938	18,932	21,283	20,264	22,225	21,598
6 For all other maturities	22,925	25,774	27,454	26,854	28,083	28,316	32,043	28,315	28,358
All other customers									
7 For one day or under continuing contract	41,272	45,524	43,602	43,700	41,234	41,233	41,155	39,608	38,913
8 For all other maturities	18,286	16,154	16,790	15,799	15,225	15,369	15,691	16,552	15,665
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	64,799	68,303	64,929	65,987	60,616	59,372	58,204	60,125	57,919
10 To all other specified customers[2]	30,267	34,492	37,095	32,429	29,037	30,101	29,055	29,222	30,887

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] On 4/5/96	Adjustment credit[1] Effective date	Adjustment credit[1] Previous rate	Seasonal credit[2] On 4/5/96	Seasonal credit[2] Effective date	Seasonal credit[2] Previous rate	Extended credit[3] On 4/5/96	Extended credit[3] Effective date	Extended credit[3] Previous rate
Boston	5.00	2/1/96	5.25	5.30	3/28/96	5.30	5.80	3/28/96	5.80
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	3/28/96	5.30	5.80	3/28/96	5.80

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 Apr. 5, 1996	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–\$52.0 million[3]	3	12/19/95
2 More than \$52.0 million[4]	10	12/19/95
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, and telephone and preauthorized transfers for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are 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 Dec. 19, 1995, the amount was decreased from \$54.0 million to \$52.0 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. Effective Dec. 19, 1995, the exemption was raised from \$4.2 million to \$4.3 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1993	1994	1995	1995						
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,717	17,484	10,932	0	433	409	1,350	4,271	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	332,229	376,277	398,487	25,213	39,195	30,333	29,397	39,057	31,535	31,476
4 Redemptions	0	0	900	0	0	0	900	0	0	0
Others within one year										
5 Gross purchases	1,223	1,238	390	0	0	0	0	0	390	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	31,368	0	0	2,063	7,805	0	1,745	6,108	0	2,048
8 Exchanges	36,582	21,444	0	562	5,599	0	2,049	4,937	0	3,287
9 Redemptions	0	0	0	300	0	485	0	0	0	1,228
One to five years										
10 Gross purchases	10,350	9,168	4,966	0	0	100	0	0	2,317	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	27,140	6,004	0	-2,063	3,379	0	1,745	5,292	0	2,048
13 Exchanges	0	17,801	0	562	4,905	0	2,049	3,237	0	3,287
Five to ten years										
14 Gross purchases	4,168	3,818	1,239	0	0	0	0	400	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	0	3,145	0	0	319	0	0	816	0	0
17 Exchanges	0	2,903	0	0	1,800	0	0	1,700	0	0
More than ten years										
18 Gross purchases	3,457	3,606	3,122	0	0	100	0	0	1,884	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	0	-918	0	0	525	0	0	0	0	0
21 Exchanges	0	775	0	0	1,100	0	0	0	0	0
All maturities										
22 Gross purchases	36,915	35,314	20,649	0	433	609	1,350	4,671	4,591	0
23 Gross sales	0	0	0	0	0	0	0	0	0	0
24 Redemptions	767	2,337	2,376	0	0	0	1,385	0	0	1,228
Matched transactions										
25 Gross purchases	1,475,941	1,700,836	2,197,736	166,674	179,571	195,830	216,755	226,340	227,858	260,425
26 Gross sales	1,475,085	1,701,309	2,202,030	163,490	185,711	198,587	213,161	228,419	228,071	259,186
Repurchase agreements										
27 Gross purchases	475,447	309,276	331,694	8,527	4,130	43,286	28,825	44,569	34,325	16,040
28 Gross sales	470,723	311,898	328,497	24,851	1,075	39,896	32,980	39,876	28,546	28,802
29 Net change in U.S. Treasury securities	41,729	29,882	17,175	13,141	2,651	1,241	597	7,285	10,157	12,751
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	333	122	46	83	120	58	0
Repurchase agreements										
33 Gross purchases	35,063	52,696	36,851	711	1,610	1,434	3,740	3,763	2,888	9,793
34 Gross sales	34,669	52,696	36,776	1,172	1,510	1,459	3,605	3,973	1,788	10,893
35 Net change in federal agency obligations	380	1,002	1,228	794	22	71	52	330	1,042	1,100
36 Total net change in System Open Market Account	**41,348**	**28,880**	**15,948**	**-13,935**	**-2,673**	**1,170**	**-545**	**6,955**	**11,199**	**-13,851**

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					1995	1996	
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Dec. 31	Jan. 31	Feb. 29
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,052	11,052	11,053	11,053	11,053	11,050	11,052	11,053
2 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
3 Coin	513	535	551	550	543	424	513	547
Loans								
4 To depository institutions	15	14	29	12	86	135	15	18
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	2,634	2,634	2,634	2,634	2,634	2,634	2,634	2,634
8 Held under repurchase agreements	0	0	0	0	765	1,100	0	0
9 **Total U.S. Treasury securities**	**378,208**	**372,061**	**374,081**	**375,706**	**383,158**	**390,959**	**378,208**	**376,519**
10 Bought outright[2]	378,208	372,061	374,081	375,706	376,928	378,197	378,208	376,519
11 Bills	184,355	178,207	180,227	181,852	183,074	183,116	184,355	182,666
12 Notes	149,785	149,785	149,785	148,885	148,885	151,013	149,785	148,885
13 Bonds	44,069	44,069	44,069	44,969	44,969	44,069	44,069	44,969
14 Held under repurchase agreements	0	0	0	0	6,230	12,762	0	0
15 **Total loans and securities**	**380,857**	**374,709**	**376,744**	**378,352**	**386,643**	**394,829**	**380,857**	**379,171**
16 Items in process of collection	6,374	6,001	6,579	13,201	5,577	4,769	6,374	4,791
17 Bank premises	1,134	1,134	1,138	1,141	1,141	1,126	1,134	1,140
Other assets								
18 *Denominated in foreign currencies*[3]	19,798	19,808	19,816	19,824	19,833	21,099	19,798	20,212
19 All other[4]	10,447	10,701	10,976	8,899	9,625	11,258	10,447	8,965
20 **Total assets**	**440,344**	**434,108**	**437,024**	**443,188**	**444,582**	**454,723**	**440,344**	**436,048**
LIABILITIES								
21 Federal Reserve notes	389,371	389,610	390,120	390,786	390,952	400,935	389,371	390,640
22 **Total deposits**	**33,903**	**26,943**	**29,141**	**31,551**	**35,524**	**36,908**	**33,903**	**28,135**
23 Depository institutions	25,122	21,128	23,362	25,696	30,337	29,611	25,122	21,768
24 U.S. Treasury—General account	8,210	5,219	5,177	5,192	4,700	5,979	8,210	5,632
25 *Foreign—Official accounts*	165	235	173	294	167	386	165	209
26 Other	406	360	378	368	320	932	406	318
27 Deferred credit items	5,239	5,389	5,154	8,209	5,414	4,538	5,239	4,211
28 Other liabilities and accrued dividends[5]	4,181	4,111	4,270	4,192	4,185	4,409	4,181	4,158
29 **Total liabilities**	**432,693**	**426,053**	**428,683**	**434,738**	**436,075**	**446,790**	**432,693**	**427,144**
CAPITAL ACCOUNTS								
30 Capital paid in	3,996	4,007	4,024	4,036	4,037	3,966	3,996	4,031
31 Surplus	3,654	3,835	3,918	3,938	3,945	3,966	3,654	3,945
32 Other capital accounts	1	214	399	476	525	0	1	928
33 **Total liabilities and capital accounts**	**440,344**	**434,108**	**437,024**	**443,188**	**444,582**	**454,723**	**440,344**	**436,048**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	509,044	509,346	515,332	523,930	529,208	500,174	509,044	536,476
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	489,867	492,212	494,847	497,637	500,359	481,044	489,867	501,002
36 LESS: *Held by Federal Reserve Banks*	*100,496*	*102,602*	*104,727*	*106,851*	*109,407*	*80,109*	*100,496*	*110,362*
37 Federal Reserve notes, net	389,371	389,610	390,120	390,786	390,952	400,935	389,371	390,640
Collateral held against notes, net								
38 Gold certificate account	11,052	11,052	11,053	11,053	11,053	11,050	11,052	11,053
39 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	368,150	368,390	368,899	369,565	369,730	379,717	368,150	369,419
42 **Total collateral**	**389,371**	**389,610**	**390,120**	**390,786**	**390,952**	**400,935**	**389,371**	**390,640**

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					1995	1996	
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Dec. 31	Jan. 31	Feb. 29
1 **Total loans**	**15**	**34**	**15**	**16**	**77**	**87**	**15**	**35**
2 Within fifteen days[1]	15	30	10	15	75	85	15	32
3 Sixteen days to ninety days		4	5	7	2	2		3
4 **Total U.S. Treasury securities**	**378,208**	**372,061**	**374,081**	**375,706**	**383,158**	**378,197**	**378,208**	**376,519**
5 Within fifteen days[1]	20,294	20,849	16,830	13,271	20,393	7,580	20,294	4,962
6 Sixteen days to ninety days	84,103	81,990	83,529	87,393	87,722	93,738	84,103	87,722
7 Ninety-one days to one year	119,461	114,871	119,371	116,519	117,566	123,217	119,461	124,656
8 One year to five years	85,961	85,961	85,961	88,571	87,524	85,273	85,961	89,228
9 Five years to ten years	31,469	31,469	31,469	32,150	32,151	31,469	31,469	32,151
10 More than ten years	36,921	36,921	36,921	37,801	37,801	36,921	36,921	37,801
11 **Total federal agency obligations**	**2,634**	**2,634**	**2,634**	**2,635**	**3,399**	**2,634**	**2,634**	**2,634**
12 Within fifteen days[1]	141	0	0	365	1,180	240	141	415
13 Sixteen days to ninety days	660	859	909	544	510	474	660	510
14 Ninety-one days to one year	617	604	604	604	615	527	617	615
15 One year to five years	664	619	569	569	543	841	664	543
16 Five years to ten years	527	527	527	527	527	527	527	527
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	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	1995[r]						1996	
					July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	54.37[r]	60.52[r]	59.36[r]	56.36[r]	57.68	57.50	57.34	56.84	56.33	56.36[r]	55.61	54.85
2 Nonborrowed reserves[4]	54.24[r]	60.44[r]	59.16[r]	56.11[r]	57.31	57.22	57.07	56.59	56.13	56.11[r]	55.57	54.81
3 Nonborrowed reserves plus extended credit[5]	54.24[r]	60.44[r]	59.16[r]	56.11[r]	57.31	57.22	57.07	56.59	56.13	56.11[r]	55.57	54.81
4 Required reserves	53.21[r]	59.46[r]	58.20[r]	55.09[r]	56.59	56.51	56.39	55.76	55.39	55.09[r]	54.12	54.00
5 Monetary base[6]	351.24[r]	386.88[r]	418.72[r]	435.01[r]	429.82	430.81	431.69	432.74	433.21	435.01[r]	435.15	433.62
	Not seasonally adjusted											
6 Total reserves[7]	56.06	62.37	61.13	58.02[r]	57.50	56.94	57.30	56.56	56.57	58.02[r]	56.95	53.80
7 Nonborrowed reserves	55.93	62.29	60.92	57.76	57.13	56.66	57.03	56.31	56.37	57.76	56.91	53.77
8 Nonborrowed reserves plus extended credit[5]	55.93	62.29	60.92	57.76	57.13	56.66	57.03	56.31	56.37	57.76	56.91	53.77
9 Required reserves[8]	54.90	61.31	59.96	56.74	56.41	55.96	56.35	55.48	55.63	56.74	55.47	52.95
10 Monetary base[9]	354.55	390.59	422.51	439.03[r]	431.31	431.09	431.64	431.60	433.22	439.03[r]	435.99	430.24
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	56.54	62.86	61.34	57.90	57.39	56.82	57.16	56.40	56.40	57.90	56.93	53.75
12 Nonborrowed reserves	56.42	62.78	61.13	57.64	57.02	56.54	56.88	56.15	56.19	57.64	56.90	53.72
13 Nonborrowed reserves plus extended credit[5]	56.42	62.78	61.13	57.64	57.02	56.54	56.88	56.15	56.19	57.64	56.90	53.72
14 Required reserves	55.39	61.80	60.17	56.62	56.30	55.83	56.21	55.32	55.45	56.62	55.45	52.90
15 Monetary base[12]	360.90	397.62	427.25	444.45[r]	435.56	435.59	436.20	436.34	438.19	444.45[r]	441.94	436.21
16 Excess reserves[13]	1.16	1.06	1.17	1.28	1.09	.99	.95	1.08	.94	1.28	1.49	.85
17 Borrowings from the Federal Reserve	.12	.08	.21	.26	.37	.28	.28	.25	.20	.26	.04	.04

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	1992 Dec.	1993 Dec.	1994 Dec.	1995[r] Dec.	1995[r] Nov.	1995[r] Dec.	1996 Jan.[r]	1996 Feb.
	Seasonally adjusted							
Measures[2]								
1 M1	1,024.4	1,128.6	1,148.7	1,124.8	1,129.0	1,124.8	1,119.0	1,117.0
2 M2	3,438.7	3,494.1	3,509.4	3,660.2	3,643.6	3,660.2	3,675.0	3,690.2
3 M3	4,187.3	4,249.6	4,319.7[r]	4,572.7	4,559.0	4,572.7	4,601.3	4,638.9
4 L	5,075.8	5,164.5	5,303.7[r]	5,683.2	5,658.2	5,683.2	5,705.9	n.a.
5 Debt	11,881.7	12,516.4	13,153.2	13,871.3	13,829.6	13,871.3	13,897.1	n.a.
M1 components								
6 Currency[3]	292.9	322.4	354.9	373.2	371.6	373.2	373.6	373.3
7 Travelers checks[4]	8.1	7.9	8.5	8.9	8.9	8.9	8.9	8.9
8 Demand deposits[5]	339.1	384.3	382.4	389.8	388.2	389.8	393.5	397.4
9 Other checkable deposits[6]	384.2	414.0	402.9	353.0	360.3	353.0	343.0	337.5
Nontransaction components								
10 In M2[7]	2,414.3	2,365.4	2,360.7	2,535.4	2,514.6	2,535.4	2,556.0	2,573.3
11 In M3 only[8]	748.6	755.6	810.3[r]	912.4	915.4	912.4	926.4	948.6
Commercial banks								
12 Savings deposits, including MMDAs	754.1	785.0	751.9	775.0	760.3	775.0	793.2	804.2
13 Small time deposits[9]	509.3	470.4	505.4	576.2	575.4	576.2	578.4	576.5
14 Large time deposits[10, 11]	286.6	272.3	298.7	342.4	340.7	342.4	340.5	345.6
Thrift institutions								
15 Savings deposits, including MMDAs	433.0	433.8	397.0	359.5	360.3	359.5	358.6	360.5
16 Small time deposits[9]	361.9	317.6	318.2	359.5	358.4	359.5	357.1	357.3
17 Large time deposits[10]	67.1	61.5	64.8	75.0	74.7	75.0	76.0	76.2
Money market mutual funds								
18 Retail	356.0	358.7	388.1	465.1	460.1	465.1	468.6	474.7
19 Institution only	199.8	197.9	183.7	226.4	224.0	226.4	229.7	243.1
Repurchase agreements and Eurodollars								
20 Repurchase agreements[12]	128.1	157.5	180.8[r]	177.3	185.2	177.3	184.6	187.6
21 Eurodollars[12]	66.9	66.3	82.3	91.4	90.7	91.4	95.5	96.2
Debt components								
22 Federal debt	3,068.6	3,328.3	3,497.6	3,644.6	3,645.8	3,644.6	3,634.7	n.a.
23 Nonfederal debt	8,813.1	9,188.1	9,655.6	10,226.7	10,183.9	10,226.7	10,262.4	n.a.
	Not seasonally adjusted							
Measures[2]								
24 M1	1,046.0	1,153.7	1,174.2	1,150.7	1,136.5	1,150.7	1,127.9	1,103.3
25 M2	3,455.1	3,514.1	3,529.8	3,679.9	3,649.2	3,679.9	3,676.7	3,670.7
26 M3	4,205.3	4,271.3	4,341.5[r]	4,593.8	4,571.9	4,593.8	4,605.9	4,620.0
27 L	5,103.1	5,194.2	5,333.2[r]	5,712.7	5,671.5	5,712.7	5,719.3	n.a.
28 Debt	11,883.2	12,509.3	13,145.8	13,858.0	13,793.1	13,858.0	13,891.5	n.a.
M1 components								
29 Currency[3]	295.0	324.8	357.5	376.1	371.7	376.1	371.7	370.8
30 Travelers checks[4]	7.8	7.6	8.1	8.5	8.7	8.5	8.5	8.5
31 Demand deposits[5]	354.4	401.8	400.1	408.0	395.8	408.0	399.0	388.3
32 Other checkable deposits[6]	388.9	419.4	408.4	358.0	360.3	358.0	348.7	335.7
Nontransaction components								
33 In M2[7]	2,409.1	2,360.4	2,355.6	2,529.2	2,512.7	2,529.2	2,548.8	2,567.4
34 In M3 only[8]	750.2	757.1	811.7[r]	913.8	922.7	913.8	929.2	949.3
Commercial banks								
35 Savings deposits, including MMDAs	752.9	784.3	751.6	775.0	763.4	775.0	789.5	799.0
36 Small time deposits[9]	507.8	468.2	502.5	572.3	572.6	572.3	576.1	575.6
37 Large time deposits[10, 11]	286.2	272.1	298.5	342.3	343.6	342.3	337.8	344.1
Thrift institutions								
38 Savings deposits, including MMDAs	432.4	433.4	396.9	359.5	361.7	359.5	356.9	358.2
39 Small time deposits[9]	360.9	316.1	316.4	357.0	356.7	357.0	355.6	356.7
40 Large time deposits[10]	67.0	61.5	64.8	75.0	75.4	75.0	75.4	75.8
Money market mutual funds								
41 Retail	355.1	358.3	388.2	465.4	458.3	465.4	470.6	478.0
42 Institution-only	201.1	199.4	185.5	228.6	226.3	228.6	237.3	248.7
Repurchase agreements and Eurodollars								
43 Repurchase agreements[12]	127.2[r]	156.6[r]	179.6[r]	175.8	185.1	175.8	183.3	184.8
44 Eurodollars[12]	68.7[r]	67.6[r]	83.4[r]	92.1	92.4	92.1	95.4	95.8
Debt components								
45 Federal debt	3,069.8	3,329.5	3,499.0	3,645.9	3,635.9	3,645.9	3,634.4	n.a.
46 Nonfederal debt	8,813.4	9,179.8	9,646.8	10,212.1	10,157.2	10,212.1	10,257.1	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	1993 Dec.	1994 Dec.	1995 June	1995 July	1995 Aug	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.[r]	1996 Feb.
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	1.86	1.96	1.97	1.93	1.93	1.94	1.93	1.95	1.92	1.92	1.94
2 Savings deposits[3]	2.46	2.92	3.17	3.13	3.12	3.14	3.11	3.13	3.10	3.01	2.98
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.65	3.79	4.20	4.17	4.10	4.10	4.11	4.12	4.11	4.01	3.97
4 92 to 182 days	2.91	4.44	4.81	4.77	4.77	4.75	4.75	4.74	4.69	4.57	4.47
5 183 days to 1 year	3.13	5.12	5.27	5.18	5.15	5.14	5.15	5.12	5.03	4.92	4.79
6 More than 1 year to 2½ years	3.55	5.74	5.53	5.38	5.39	5.32	5.31	5.27	5.18	5.03	4.90
7 More than 2½ years	4.28	6.30	5.79	5.62	5.63	5.60	5.56	5.49	5.41	5.26	5.11
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	1.87	1.94	1.98	1.97	1.98	1.98	1.97	1.94	1.91	1.85	1.84
9 Savings deposits[3]	2.63	2.87	2.97	2.97	2.96	2.96	2.97	2.99	2.99	2.95	2.92
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	2.81	3.80	4.24	4.28	4.34	4.29	4.34	4.45	4.44	4.38	4.29
11 92 to 182 days	3.02	4.89	5.22	5.16	5.12	5.08	5.06	5.02	4.95	4.87	4.79
12 183 days to 1 year	3.31	5.52	5.61	5.47	5.45	5.35	5.32	5.28	5.19	5.07	4.93
13 More than 1 year to 2½ years	3.67	6.09	5.78	5.62	5.60	5.51	5.50	5.46	5.32	5.22	5.11
14 More than 2½ years	4.62	6.43	5.99	5.82	5.78	5.74	5.69	5.64	5.47	5.34	5.25
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	305,237	304,896	276,406	274,140	267,644	253,174	258,411	259,259	252,434	248,464	246,906
16 Savings deposits[3]	767,035	737,068	721,498	726,697	735,930	744,839	747,943	767,431	793,168	774,748	798,356
17 Personal	598,276	580,438	566,220	570,299	575,204	584,239	587,235	599,787	628,372	617,570	634,471
18 Nonpersonal	168,759	156,630	155,279	156,398	160,726	160,600	160,707	167,644	164,796	157,177	163,885
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	29,362	32,265	32,258	33,142	30,937	29,804	29,940	31,083	32,807	34,275	36,879
20 92 to 182 days	109,050	96,650	92,364	91,975	90,796	92,220	94,418	97,401	96,902	96,811	101,149
21 183 days to 1 year	145,386	163,062	189,110	189,011	189,565	189,338	188,859	188,043	187,828	186,068	186,561
22 More than 1 year to 2½ years	139,781	164,395	198,805	202,467	204,453	203,548	206,993	211,169	211,388	214,093	214,984
23 More than 2½ years	180,461	192,712	195,689	195,623	201,306	200,182	200,201	202,357	203,227	200,849	202,184
24 IRA and Keogh plan deposits	144,011	144,097	149,488	150,426	150,648	149,570	151,094	151,869	152,390	152,984	155,305
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	11,191	11,175	11,237	11,147	10,999	11,408	11,317	11,613	12,727	11,410	12,047
26 Savings deposits[3]	80,376	70,082	66,952	66,409	66,478	69,752	69,636	70,265	71,402	67,540	71,129
27 Personal	77,263	67,159	63,736	63,194	63,149	66,403	66,193	66,688	67,919	64,172	67,798
28 Nonpersonal	3,113	2,923	3,216	3,215	3,329	3,349	3,443	3,577	3,482	3,369	3,331
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	2,746	2,144	1,555	1,769	1,856	1,739	1,768	1,903	2,115	1,988	2,231
30 92 to 182 days	12,974	11,361	10,939	11,030	11,079	11,258	11,231	11,848	12,754	12,581	14,053
31 183 days to 1 year	17,469	18,391	21,545	21,969	22,294	24,837	25,036	25,887	27,072	26,750	28,400
32 More than 1 year to 2½ years	16,589	17,787	24,413	24,876	25,029	27,825	27,755	28,247	28,966	26,968	27,891
33 More than 2½ years	20,501	21,293	22,733	22,713	22,563	23,351	23,470	23,574	24,247	22,769	22,733
34 IRA and Keogh plan accounts	19,791	19,008	20,196	20,286	20,333	21,913	21,784	21,758	21,949	21,229	21,251

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. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

Debits are in billions of dollars; turnover is ratio of debits to deposits; monthly data are at annual rates

Bank group, or type of deposit	1993[2]	1994[2]	1995[2]	1995					
				July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	334,784.1	369,029.1	397,649.3	391,053.7	407,389.4	397,843.6	413,927.0	409,460.9	397,538.3
2 Major New York City banks	171,224.3	191,168.8	201,161.4	197,712.2	206,835.9	207,576.7	210,336.6	204,484.0	203,977.5
3 Other banks	163,559.7	177,860.3	196,487.9	193,341.5	200,553.5	190,266.9	203,590.4	204,976.9	193,560.8
4 Other checkable deposits[4]	3,481.5	3,798.6	4,207.4	3,593.7	4,236.1	4,366.8	4,690.4	4,891.5	4,595.5
5 Savings deposits (including MMDAs)[5]	3,497.4	3,766.3	4,507.8	3,986.7	4,745.4	4,898.4	5,328.6	5,679.4	5,703.6
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	785.9	817.4	874.1	849.3	887.9	858.0	907.5	905.5	852.7
7 Major New York City banks	4,198.1	4,481.5	4,867.3	4,624.7	4,970.9	5,018.0	5,269.7	5,222.3	5,069.7
8 Other banks	424.6	435.1	475.2	462.9	480.7	450.5	489.2	496.3	454.4
9 Other checkable deposits[4]	11.9	12.6	15.4	12.9	15.5	16.3	18.0	19.1	18.6
10 Savings deposits (including MMDAs)[5]	4.6	4.9	6.1	5.5	6.5	6.6	7.1	7.5	7.4
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	334,899.2	369,121.8	397,657.8	390,226.6	421,875.3	395,203.2	413,547.6	398,219.1	411,802.7
12 Major New York City banks	171,283.5	191,226.0	201,182.6	196,873.1	213,958.6	207,994.2	212,506.0	202,744.5	210,780.0
13 Other banks	163,615.7	177,895.7	196,475.3	193,353.5	207,916.7	187,209.0	201,041.7	195,474.6	201,022.7
14 Other checkable deposits[4]	3,481.7	3,795.6	4,202.6	3,525.4	4,203.3	4,431.9	4,565.4	4,566.6	4,784.8
15 Savings deposits (including MMDAs)[5]	3,498.3	3,764.4	4,500.8	4,054.1	4,750.1	4,849.1	5,075.1	5,388.7	6,013.9
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	786.1	818.2	874.6	848.2	936.7	856.4	895.4	860.5	847.5
17 Major New York City banks	4,197.9	4,490.3	4,873.1	4,657.5	5,343.0	5,069.5	5,292.2	5,046.6	4,900.9
18 Other banks	424.8	435.3	475.4	462.8	506.7	445.3	476.7	462.5	453.9
19 Other checkable deposits[4]	11.9	12.6	15.3	12.9	15.6	16.7	17.7	17.8	19.0
20 Savings deposits (including MMDAs)[5]	4.6	4.9	6.1	5.6	6.5	6.6	6.8	7.1	7.8

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. As of January 1994, other checkable deposits (OCDs), previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.

5. Money market deposit accounts.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1995	1995[r]					1996		1996			
	Feb	Aug.	Sept	Oct.	Nov.	Dec.	Jan[r]	Feb.	Feb 7	Feb 14	Feb. 21	Feb. 28
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,367.5	3,543.5	3,566.3	3,578.3	3,588.5	3,599.4	3,625.0	3,635.1	3,624.4	3,635.3	3,640.5	3,643.1
2 Securities in bank credit	939.3	980.2	984.3	987.1	988.9	991.4	990.5	995.8	995.5	993.5	996.6	1,000.3
3 U.S. government securities	724.8	708.5	708.4	713.9	715.8	712.8	704.5	717.0	714.1	714.8	717.8	723.3
4 Other securities	214.5	271.7	275.9	273.2	273.1	278.6	286.0	278.8	281.4	278.7	278.8	277.0
5 Loans and leases in bank credit[2]	2,428.2	2,563.3	2,582.0	2,591.2	2,599.6	2,608.0	2,634.5	2,639.3	2,628.9	2,641.8	2,644.0	2,642.9
6 Commercial and industrial	670.2	702.0	708.6	710.8	715.1	718.4	725.0	728.6	727.9	728.8	729.8	728.4
7 Real estate	1,021.8	1,068.1	1,072.1	1,075.4	1,076.7	1,077.2	1,083.9	1,086.7	1,085.0	1,086.3	1,087.0	1,087.9
8 Revolving home equity	76.0	78.2	78.4	78.4	78.8	79.2	79.7	79.9	79.9	79.8	79.8	80.2
9 Other	945.9	989.9	993.7	997.0	997.9	998.0	1,004.1	1,006.8	1,005.1	1,006.5	1,007.2	1,007.8
10 Consumer	459.4	485.7	489.4	489.2	491.2	493.2	497.5	497.5	496.0	496.8	499.0	498.1
11 Security[3]	73.4	84.3	86.6	86.6	86.2	82.7	83.9	84.5	79.3	88.9	83.7	86.6
12 Other	203.3	223.3	225.3	229.2	230.3	236.5	244.1	241.9	240.6	241.1	244.5	241.8
13 Interbank loans[4]	178.9	189.3	191.9	192.9	193.7	192.7	199.4	190.4	185.2	190.3	189.4	195.7
14 Cash assets[5]	213.7	211.6	214.9	222.2	216.0	223.5	232.9	218.9	220.4	214.5	229.1	212.8
15 Other assets[6]	232.0	221.5	223.8	224.5	225.2	231.6	229.1	233.4	231.4	233.1	235.2	232.8
16 **Total assets[7]**	**3,935.5**	**4,108.9**	**4,140.1**	**4,161.0**	**4,166.8**	**4,190.7**	**4,229.4**	**4,221.1**	**4,204.8**	**4,216.4**	**4,237.5**	**4,227.8**
Liabilities												
17 Deposits	2,545.9	2,616.9	2,629.6	2,642.6	2,638.2	2,653.1	2,680.0	2,673.6	2,674.8	2,672.4	2,681.8	2,663.4
18 Transaction	801.4	783.3	781.1	777.8	766.1	770.8	779.8	763.0	764.8	759.4	776.6	751.4
19 Nontransaction	1,744.5	1,833.6	1,848.5	1,864.9	1,872.1	1,882.4	1,900.2	1,910.6	1,910.0	1,913.0	1,905.2	1,912.0
20 Large time	374.6	409.5	415.9	423.7	423.2	421.9	422.0	426.0	426.1	425.2	423.6	428.9
21 Other	1,369.9	1,424.1	1,432.7	1,441.2	1,449.0	1,460.5	1,478.2	1,484.6	1,483.9	1,487.8	1,481.7	1,483.1
22 Borrowings	644.7	687.8	687.3	682.4	672.7	687.8	701.5	686.3	683.3	692.4	682.9	689.9
23 From banks in the U.S.	181.3	194.3	197.9	197.8	195.8	194.5	204.5	192.3	190.6	196.0	186.7	194.5
24 From nonbanks in the U.S.	463.4	493.5	489.5	484.6	476.9	493.3	497.1	494.1	492.7	496.4	496.2	495.4
25 Net due to related foreign offices	248.0	244.8	252.0	257.3	263.7	263.4	270.2	276.0	279.3	273.9	277.3	274.7
26 Other liabilities[8]	170.6	212.6	219.1	219.2	220.2	227.6	220.7	224.4	224.6	227.0	222.5	224.5
27 **Total liabilities**	**3,609.2**	**3,762.0**	**3,788.0**	**3,801.6**	**3,794.8**	**3,831.9**	**3,872.4**	**3,860.4**	**3,862.0**	**3,865.7**	**3,864.5**	**3,852.5**
28 Residual (assets less liabilities)[9]	326.3	346.8	352.1	359.5	372.0	358.8	357.1	360.7	342.7	350.7	373.0	375.3
	Not seasonally adjusted											
Assets												
29 Bank credit	3,359.6	3,542.1	3,571.1	3,580.0	3,594.8	3,606.9	3,615.4	3,626.6	3,618.4	3,631.3	3,623.4	3,634.8
30 Securities in bank credit	934.6	983.8	987.3	988.8	987.8	981.6	978.0	990.9	990.5	991.5	988.8	993.8
31 U.S. government securities	720.2	711.4	710.1	712.1	714.1	708.0	698.9	712.4	709.6	710.9	712.4	717.5
32 Other securities	214.4	272.4	277.2	276.7	273.6	273.6	279.0	278.5	280.9	280.5	276.4	276.3
33 *Loans and leases in bank credit[2]*	2,425.0	2,558.4	2,583.9	2,591.2	2,607.0	2,625.3	2,637.4	2,635.7	2,627.9	2,639.9	2,634.6	2,641.0
34 Commercial and industrial	668.6	698.8	704.0	706.8	713.4	716.6	722.1	726.7	724.7	726.4	726.9	728.8
35 Real estate	1,019.0	1,067.8	1,074.0	1,078.6	1,082.4	1,081.9	1,083.6	1,083.6	1,083.5	1,084.5	1,082.5	1,083.6
36 Revolving home equity	75.5	78.5	78.9	79.1	79.3	79.2	79.6	79.5	79.4	79.5	79.3	79.6
37 Other	943.5	989.3	995.2	999.5	1,003.1	1,002.7	1,004.1	1,004.2	1,004.1	1,005.0	1,003.1	1,004.1
38 Consumer	459.9	485.8	490.7	489.8	492.0	499.0	502.1	498.1	498.1	498.1	499.3	497.2
39 Security[3]	75.8	82.1	86.3	85.2	87.5	86.5	85.6	87.3	82.0	91.1	84.9	91.7
40 Other	201.8	223.9	228.8	230.8	231.7	241.3	243.9	240.0	239.5	239.7	241.1	239.8
41 Interbank loans[4]	180.6	184.5	187.8	192.1	197.0	205.0	208.1	192.6	189.3	194.9	189.4	195.7
42 Cash assets[5]	214.4	202.6	215.8	223.2	220.1	238.1	240.3	219.7	210.6	213.3	240.3	216.5
43 Other assets[6]	231.4	223.3	224.9	224.9	224.7	231.3	229.7	232.8	231.4	232.0	232.7	234.0
44 **Total assets[7]**	**3,929.5**	**4,095.6**	**4,142.5**	**4,163.5**	**4,179.8**	**4,224.4**	**4,237.0**	**4,215.1**	**4,193.1**	**4,214.9**	**4,229.2**	**4,224.4**
Liabilities												
45 Deposits	2,537.3	2,603.8	2,628.4	2,642.6	2,654.2	2,684.2	2,686.7	2,664.7	2,661.2	2,666.3	2,672.3	2,656.0
46 Transaction	794.5	769.0	779.8	778.0	779.7	805.9	791.5	755.9	752.3	754.7	769.8	746.6
47 Nontransaction	1,742.8	1,834.8	1,848.6	1,864.6	1,874.5	1,878.3	1,895.2	1,908.8	1,908.8	1,911.7	1,902.5	1,909.4
48 Large time	375.1	408.7	414.9	422.2	424.2	420.9	419.0	426.6	425.8	425.5	424.0	430.7
49 Other	1,367.6	1,426.1	1,433.7	1,442.5	1,450.3	1,457.5	1,476.2	1,482.2	1,483.0	1,486.1	1,478.5	1,478.7
50 Borrowings	644.2	686.2	693.5	688.1	681.7	692.2	688.7	680.7	669.4	682.3	681.8	691.0
51 From banks in the U.S.	183.0	188.3	190.2	192.9	197.9	207.3	211.3	193.9	191.4	196.0	190.5	196.8
52 From nonbanks in the U.S.	461.2	497.9	503.3	495.2	483.7	484.9	477.4	486.8	478.0	486.3	491.3	494.1
53 Net due to related foreign offices	249.6	243.1	247.6	258.4	262.6	264.0	277.3	278.2	272.4	272.8	286.6	283.5
54 Other liabilities[8]	170.5	212.4	219.3	218.5	222.1	222.9	222.4	225.0	225.4	227.5	221.4	226.0
55 **Total liabilities**	**3,601.6**	**3,745.5**	**3,788.9**	**3,807.7**	**3,820.6**	**3,863.3**	**3,875.0**	**3,848.5**	**3,828.3**	**3,848.9**	**3,862.0**	**3,856.3**
56 Residual (assets less liabilities)[9]	327.9	350.1	353.7	355.9	359.3	361.1	362.0	366.6	364.8	366.0	367.2	368.1

Footnotes appear on last page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]—Continued

Billions of dollars

Account	Monthly averages 1995 Feb.	1995[1] Aug.	1995[1] Sept.	1995[1] Oct.	1995[1] Nov.	1995[1] Dec.	1996 Jan.[r]	1996 Feb.	Wednesday figures 1996 Feb. 7	1996 Feb. 14	1996 Feb. 21	1996 Feb. 28
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	3,005.8	3,121.6	3,139.0	3,148.8	3,160.1	3,172.9	3,193.7	3,192.4	3,185.7	3,192.2	3,197.3	3,195.9
58 Securities in bank credit	852.0	848.2	852.7	853.1	855.2	856.2	855.6	854.1	854.3	853.5	855.4	855.1
59 U.S. government securities	659.2	641.5	642.7	647.3	648.2	645.0	641.2	644.2	642.9	643.8	645.1	646.7
60 Other securities	192.8	206.7	210.0	205.7	207.0	211.2	214.5	209.8	211.4	209.7	210.2	208.3
61 Loans and leases in bank credit[2]	2,153.9	2,273.4	2,286.3	2,295.8	2,304.9	2,316.7	2,338.1	2,338.3	2,331.4	2,338.7	2,342.0	2,340.8
62 Commercial and industrial	499.3	525.4	528.5	531.4	534.5	534.7	539.8	540.8	540.4	540.8	541.2	541.1
63 Real estate	981.6	1,030.8	1,035.2	1,038.1	1,040.1	1,041.4	1,049.2	1,053.0	1,051.2	1,052.6	1,053.1	1,054.5
64 Revolving home equity	75.9	78.2	78.4	78.4	78.8	79.2	79.7	79.9	79.9	79.8	79.8	80.2
65 Other	905.7	952.6	956.8	959.7	961.2	962.2	969.5	973.1	971.3	972.7	973.3	974.4
66 Consumer	459.4	485.7	489.4	489.2	491.2	493.2	497.5	497.5	496.0	496.8	499.0	498.1
67 Security[3]	46.8	51.0	51.7	51.6	53.6	56.4	55.8	52.5	49.8	54.7	52.3	53.4
68 Other	166.7	180.4	181.6	185.4	185.5	191.0	195.8	194.5	194.0	193.9	196.4	193.7
69 Interbank loans[4]	155.1	165.4	168.1	167.2	168.8	173.1	181.7	173.6	167.4	172.0	177.4	176.7
70 Cash assets[5]	187.5	184.4	187.9	194.0	185.8	193.0	201.3	189.1	190.8	182.9	199.3	183.8
71 Other assets[6]	177.2	170.9	171.6	172.8	173.6	178.1	175.8	177.9	176.4	178.0	179.3	177.3
72 **Total assets[7]**	**3,469.1**	**3,585.4**	**3,609.9**	**3,626.1**	**3,631.8**	**3,660.6**	**3,695.5**	**3,676.4**	**3,663.8**	**3,668.5**	**3,696.6**	**3,677.2**
Liabilities												
73 Deposits	2,395.5	2,448.4	2,458.9	2,469.8	2,471.4	2,488.4	2,519.5	2,512.5	2,514.3	2,510.6	2,524.6	2,498.7
74 Transaction	791.3	774.0	772.1	768.7	756.6	760.8	769.7	753.0	755.0	748.1	766.7	742.0
75 Nontransaction	1,604.2	1,674.4	1,686.8	1,701.1	1,714.8	1,727.7	1,749.8	1,759.6	1,759.4	1,762.5	1,757.9	1,756.7
76 Large time	236.1	250.3	255.0	260.9	267.5	269.8	271.6	273.5	274.2	273.8	273.6	272.6
77 Other	1,368.1	1,424.1	1,431.8	1,440.1	1,447.3	1,457.9	1,478.2	1,486.1	1,485.2	1,488.7	1,484.3	1,484.2
78 Borrowings	537.7	567.2	569.6	567.0	565.1	577.2	590.3	572.3	572.3	576.9	570.2	572.5
79 From banks in the U.S.	163.3	175.9	178.8	178.0	176.0	176.0	182.8	172.4	172.5	175.5	168.0	173.1
80 From nonbanks in the U.S.	374.4	391.3	390.7	389.0	389.1	401.2	407.6	399.8	399.8	401.4	402.3	399.4
81 Net due to related foreign offices	86.8	90.8	92.2	92.6	89.8	91.4	93.2	90.1	90.0	84.8	92.8	93.3
82 Other liabilities[8]	126.8	136.9	141.6	141.2	142.8	146.7	144.5	146.4	146.2	148.7	145.7	145.4
83 **Total liabilities**	**3,146.8**	**3,243.3**	**3,262.3**	**3,270.6**	**3,269.0**	**3,303.7**	**3,347.5**	**3,321.2**	**3,322.9**	**3,321.0**	**3,333.3**	**3,309.9**
84 Residual (assets less liabilities)[9]	322.3	342.1	347.6	355.5	362.8	356.9	348.0	355.2	340.9	347.5	363.3	367.2
	Not seasonally adjusted											
Assets												
85 Bank credit	2,998.0	3,118.8	3,142.8	3,153.5	3,169.7	3,178.6	3,181.7	3,184.3	3,179.1	3,187.0	3,184.6	3,186.9
86 Securities in bank credit	847.9	850.3	854.7	854.1	856.0	849.5	844.4	850.2	850.2	851.0	849.9	850.2
87 U.S. government securities	655.0	643.5	644.9	646.3	647.2	641.1	633.8	640.2	638.5	640.1	640.8	642.0
88 Other securities	192.9	206.8	209.8	207.8	208.8	208.4	210.6	210.0	211.7	210.9	209.1	208.2
89 Loans and leases in bank credit[2]	2,150.1	2,268.6	2,288.1	2,299.4	2,313.7	2,329.1	2,337.4	2,334.1	2,328.9	2,335.9	2,334.7	2,336.7
90 Commercial and industrial	498.6	521.5	524.5	528.9	533.5	532.6	536.6	540.0	538.6	539.5	540.0	541.7
91 Real estate	978.5	1,030.4	1,036.9	1,041.3	1,045.5	1,046.2	1,049.0	1,049.7	1,049.5	1,050.5	1,048.5	1,050.1
92 Revolving home equity	75.5	78.4	78.9	79.1	79.3	79.2	79.5	79.4	79.4	79.5	79.3	79.6
93 Other	903.0	952.0	958.1	962.2	966.2	967.0	969.5	970.3	970.1	971.0	969.1	970.5
94 Consumer	459.9	485.8	490.7	489.8	492.0	499.0	502.1	498.1	498.1	498.1	499.3	497.2
95 Security[3]	47.8	49.9	51.6	51.9	55.5	57.1	54.1	53.5	49.9	55.4	53.1	55.7
96 Other	165.3	180.9	184.3	187.5	187.2	194.2	195.5	192.7	192.8	192.4	193.8	192.0
97 Interbank loans[4]	158.3	161.3	163.0	164.6	172.8	184.0	189.4	177.4	174.4	178.3	177.4	177.9
98 Cash assets[5]	189.1	174.8	187.9	194.6	190.2	207.9	209.1	190.9	181.6	183.2	212.1	188.6
99 Other assets[6]	176.1	171.6	172.6	173.5	172.3	177.4	176.7	176.9	175.2	176.2	177.3	177.9
100 **Total assets[7]**	**3,465.0**	**3,569.6**	**3,609.2**	**3,629.6**	**3,648.4**	**3,691.3**	**3,700.3**	**3,672.9**	**3,653.8**	**3,668.1**	**3,694.7**	**3,674.8**
Liabilities												
101 Deposits	2,387.1	2,436.7	2,457.9	2,471.4	2,486.3	2,518.6	2,525.3	2,503.8	2,500.7	2,505.0	2,515.5	2,491.2
102 Transaction	784.5	759.7	770.2	768.7	770.0	795.6	781.3	745.8	742.3	743.5	759.9	737.2
103 Nontransaction	1,602.6	1,677.0	1,687.7	1,702.7	1,716.3	1,723.1	1,744.0	1,758.0	1,758.3	1,761.5	1,755.6	1,754.0
104 Large time	237.3	251.4	254.6	260.7	267.2	265.5	269.0	274.9	275.0	275.3	275.1	274.4
105 Other	1,365.3	1,425.6	1,433.0	1,442.0	1,449.0	1,457.6	1,475.1	1,483.1	1,483.3	1,486.2	1,480.5	1,479.6
106 Borrowings	541.1	564.1	573.2	574.7	576.1	583.3	580.8	571.1	561.3	571.4	576.1	577.7
107 From banks in the U.S.	165.6	170.0	171.0	174.5	178.4	187.6	189.5	174.9	173.5	175.8	173.6	176.3
108 From nonbanks in the U.S.	375.5	394.0	402.2	400.2	397.7	395.7	391.3	396.2	387.8	395.6	402.5	401.4
109 Net due to related foreign offices	88.6	89.1	88.7	92.0	88.4	89.3	92.9	92.3	88.5	84.5	97.9	98.9
110 Other liabilities[8]	125.6	135.8	141.7	141.6	144.4	144.9	145.1	144.9	144.3	146.9	143.8	144.7
111 **Total liabilities**	**3,142.4**	**3,225.6**	**3,261.6**	**3,279.7**	**3,295.1**	**3,336.1**	**3,344.2**	**3,312.1**	**3,294.8**	**3,307.9**	**3,333.3**	**3,312.5**
112 Residual (assets less liabilities)[9]	322.7	344.0	347.6	349.9	353.3	355.1	356.2	360.8	359.0	360.2	361.4	362.3

Footnotes appear on following page.

NOTES TO TABLE 1.26

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks; New York State investment companies, and Edge Act and agreement corporations (foreign-related institutions). Excludes international banking facilities. Data are Wednesday values, or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

2. Excludes federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

3. Consists of reserve repurchase agreements with broker dealers and loans to purchase and carry securities.

4. Consists of federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

5. Includes vault cash, cash items in process of collection, demand balances due from depository institutions in the United States, balances due from Federal Reserve Banks, and other cash assets.

6. Excludes the due-from position with related foreign offices, which is included in lines 25, 53, 81, and 109.

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

8. Excludes the due-to position with related foreign offices, which is included in lines 25, 53, 81, and 109.

9. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1996 Jan 3	Jan 10	Jan 17	Jan. 24	Jan. 31	Feb 7	Feb 14	Feb. 21	Feb 28
ASSETS									
1 Cash and balances due from depository institutions	160,189	125,982	157,574	114,680	124,466	114,156	114,434	135,342	117,264
2 U.S. Treasury and government securities	287,313	285,647	286,376	283,857	285,431	288,919	289,779	291,741	290,002
3 Trading account	25,123	25,614	26,136	22,866	23,713	25,041	26,625	29,457	27,636
4 Investment account	262,190	260,033	260,240	260,991	261,717	263,877	263,154	262,284	262,366
5 Mortgage-backed securities[1]	109,253	109,422	110,128	110,486	111,449[r]	111,233	111,554	111,866	111,686
All others, by maturity									
6 One year or less	41,356	39,877	39,562[r]	38,921[r]	38,288[r]	39,096	39,354	38,611	37,680
7 One year through five years	63,494	62,864	63,137[r]	63,688[r]	63,583[r]	64,007	63,871	61,725	62,798
8 More than five years	48,088	47,870	47,412	47,896	48,398[r]	49,542	48,374	50,082	50,203
9 Other securities	126,712	124,219	125,452	125,849	125,312	126,331	125,351	123,731	122,189
10 Trading account	2,022	1,693	1,572	1,579	1,544	1,472	1,512	1,496	1,493
11 Investment account	64,916	66,311	66,107	66,067	65,380	64,858	64,526	63,822	63,437
12 State and local government, by maturity	19,036	19,036	19,034	19,038	18,997	18,920	18,894	18,847	18,885
13 One year or less	4,473	4,455	4,441	4,442	4,424	4,344	4,341	4,309	4,291
14 More than one year	14,563	14,581	14,594	14,596	14,573	14,577	14,553	14,537	14,594
15 Other bonds, corporate stocks, and securities	45,880	47,275	47,072	47,029	46,382	45,937	45,633	44,975	44,552
16 Other trading account assets	59,774	56,216	57,773	58,202	58,388	60,002	59,312	58,413	57,259
17 Federal funds sold[2]	129,208	113,626	119,105	110,323	110,591	99,437	109,726	104,420	107,153
18 To commercial banks in the United States	89,162	75,639	83,482	73,330	74,148	62,420	69,746	67,806	70,082
19 To nonbank brokers and dealers in securities	33,045	30,551	29,494	30,575	29,894	28,656	32,119	29,421	29,951
20 To others[3]	7,001	7,437	6,128	6,418	6,549	8,361	7,862	7,192	7,119
21 Other loans and leases, gross	1,296,495	1,292,137	1,292,323	1,281,905	1,285,560	1,280,238	1,283,005	1,283,551	1,283,655
22 Commercial and industrial	351,660	348,203	349,183	349,477	352,561	351,278	351,669	351,919	352,951
23 Bankers acceptances and commercial paper	1,402	1,372	1,366	1,404	1,318	1,409	1,450	1,495	1,465
24 All other	350,258	346,832	347,817	348,073	351,242	349,868	350,218	350,424	351,485
25 U.S. addressees	347,574	344,149	345,096	345,327	348,472	347,086	347,443	347,652	348,669
26 Non-U.S. addressees	2,684	2,683	2,721	2,746	2,770	2,782	2,776	2,772	2,816
27 Real estate loans	503,704	508,026[r]	507,772[r]	505,832	506,327	507,327	507,318	504,417	505,117
28 Revolving, home equity	47,971	47,998[r]	48,050[r]	48,019	48,000	47,882	47,922	47,781	47,985
29 All other	455,734	460,028	459,722	457,813	458,327	459,445	459,396	456,635	457,132
30 To individuals for personal expenditures	255,780	255,982[r]	255,078[r]	252,221	251,132	250,113	250,065	250,181	247,835
31 To depository and financial institutions	74,024	72,530[r]	72,985	71,046	69,537	69,070	68,847	69,881	69,468
32 Commercial banks in the United States	44,798	43,943	44,792	42,887	41,267	40,599	39,487	40,410	40,573
33 Banks in foreign countries	3,691	2,983	3,108	3,701	3,153	3,263	3,209	3,655	2,788
34 Nonbank depository and other financial institutions	25,536	25,603	25,085	24,458	25,117	25,207	26,151	25,816	26,107
35 For purchasing and carrying securities	18,335	15,716	16,165	15,425	17,495	14,857	17,063	17,445	19,657
36 To finance agricultural production	6,892	6,700	6,594	6,579	6,522	6,485	6,460	6,408	6,532
37 To states and political subdivisions	10,492	10,549	10,554	10,713	10,606	10,513	10,547	10,458	10,553
38 To foreign governments and official institutions	1,136	1,364	1,196	1,182	1,159	1,154	1,228	1,140	1,281
39 All other loans	32,557	30,777	30,364	26,975	27,530	26,597	26,522	28,321	26,754
40 Lease financing receivables	41,915	42,289	42,431	42,455	42,691	42,847	43,286	43,382	43,509
41 LESS: Unearned income	1,729	1,764	1,732	1,736	1,735	1,721	1,770	1,770	1,778
42 Loan and lease reserve[3]	33,591	33,457	33,455	33,288	33,277	33,400	33,471	33,348	33,276
43 Other loans and leases, net	1,261,175	1,256,916	1,257,135	1,246,880	1,250,548	1,245,117	1,247,764	1,248,434	1,248,601
44 All other assets	143,573	141,847	142,533	138,716	142,061	138,588	141,000	139,700	141,311
45 **Total assets**	**2,108,169**	**2,048,237**	**2,088,176**	**2,020,305**	**2,038,409**	**2,012,548**	**2,028,054**	**2,043,366**	**2,026,520**

Footnotes appear on the following page.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

Account	1996								
	Jan. 3	Jan. 10	Jan. 17	Jan. 24	Jan 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
LIABILITIES									
46 Deposits	1,265,024	1,229,595	1,249,088	1,191,403	1,211,570	1,203,600	1,208,803	1,212,020	1,194,299
47 Demand deposits	358,957	323,010	341,290	299,095	316,255	299,712	304,213	314,317	298,494
48 Individuals, partnerships, and corporations	299,667	272,983	282,675	251,544	265,977	253,056	257,472	261,851	255,046
49 Other holders	59,290	50,027	58,615	47,551	50,278	46,656	46,741	52,466	43,448
50 States and political subdivisions	10,314	8,330	9,010	9,167	10,164	8,468	8,223	9,133	8,317
51 U.S government	2,738	2,235	3,528	2,384	2,382	1,999	1,949	1,494	1,709
52 Depository institutions in the United States	28,236	23,228	28,776	20,075	21,497[r]	19,743	20,010	25,727	19,880
53 Banks in foreign countries	5,213	5,615	5,171	5,204	5,615	4,929	5,300	5,410	5,842
54 Foreign governments and official institutions	649	914	619	565	709	524	693	607	553
55 *Certified and officers' checks*	12,140	9,706	11,511	10,157	9,911	10,993	10,567	10,095	7,147
56 Transaction balances other than demand deposits[4]	95,501	93,267	93,456	87,023	88,848	86,072	84,896	86,086	85,171
57 Nontransaction balances	810,566	813,318	814,342	805,286	806,467	817,817	819,695	811,617	810,634
58 Individuals, partnerships, and corporations	787,318	789,721	791,014	781,919	782,628	793,226	795,020	787,117	786,155
59 Other holders	23,248	23,597	23,328	23,366	23,839	24,591	24,675	24,500	24,479
60 States and political subdivisions	21,038	21,176	20,747	20,581	20,905	21,558	21,583	21,534	21,512
61 U.S. government	649	647	747	772	829	862	894	730	739
62 Depository institutions in the United States	1,198	1,415	1,475	1,669	1,835	1,901	1,929	1,968	1,943
63 Foreign governments, official institutions, and banks	364	359	358	344	270	270	269	269	285
64 Liabilities for borrowed money[5]	428,120	413,913	418,726	406,710	409,504	396,891	406,215	410,656	410,004
65 Borrowings from Federal Reserve Banks	170	0	130	0	0	0	0	0	0
66 Treasury tax and loan notes	5,393	4,444	10,501	23,060	21,404[r]	3,560	5,233	5,295	21,228
67 Other liabilities for borrowed money[6]	422,557	409,469	408,095	383,650	388,100[r]	393,331	400,981	405,360	388,776
68 Other liabilities (including subordinated notes and debentures)	222,939	211,286	226,170	227,098	221,315	215,939	215,868	223,966	225,510
69 **Total liabilities**	**1,916,083**	**1,854,794**	**1,893,983**	**1,825,211**	**1,842,390**	**1,816,430**	**1,830,886**	**1,846,641**	**1,829,813**
70 Residual (total assets less total liabilities)[7]	192,086	193,443	194,193	195,094	196,019	196,118	197,168	196,724	196,707
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,705,768	1,696,047	1,694,982	1,685,716	1,691,478	1,691,906	1,698,628	1,695,227	1,692,344
72 Time deposits in amounts of $100,000 or more	113,989	116,464	118,011	117,244	118,296	120,278	120,108	119,102	118,214
73 Loans sold outright to affiliates[9]	1,286	1,246	1,237	1,226	1,215	1,208	1,196	1,187	1,177
74 Commercial and industrial	277	277	277	276	275	275	275	275	275
75 Other	1,009	970	960	950	940	933	921	912	902
76 Foreign branch credit extended to U.S. residents[10]	26,955	27,812	27,364	27,143	27,814	27,584	27,767	27,990	27,714
77 Net owed to related institutions abroad	91,510[r]	80,395[r]	91,158[r]	91,156[r]	83,845	82,637	78,912	92,098	92,665

1. Includes certificates of participation, issued or guaranteed by agencies of the U.S government, in pools of residential mortgages

2. Includes securities purchased under agreements to resell.

3. Includes allocated transfer risk reserve.

4. Includes negotiable order of withdrawal (NOWs) and automatic transfer service (ATS) accounts, and telephone and preauthorized transfers of savings deposits

5. Includes borrowings only from other than directly related institutions.

6. Includes federal funds purchased and securities sold under agreements to repurchase.

7. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.

8. Excludes loans to and federal funds transactions with commercial banks in the United States.

9. Affiliates include a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses.

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS
Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1996								
	Jan. 3	Jan. 10	Jan. 17	Jan. 24	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
ASSETS									
1 Cash and balances due from depository institutions	18,596	18,650	18,805	19,282	18,636	17,402	18,058	16,949	16,736
2 U.S. Treasury and government agency securities	42,284	42,760	42,772	42,214	42,544	46,388	46,201	46,714	49,319
3 Other securities	40,773[r]	40,854	43,387	43,857	46,968	44,397	44,610	43,079	43,606
4 Federal funds sold[1]	27,848	32,484	31,089	29,905	27,917	28,750	31,485	25,529	31,387
5 To commercial banks in the United States	7,933	8,993	8,890	8,091	7,602	6,251	6,845	4,414	7,963
6 To others[2]	19,915	23,491	22,199	21,814	20,314	22,499	24,640	21,114	23,425
7 Other loans and leases, gross	183,946[r]	182,012	181,623	180,999	181,613	181,988	184,179	184,096	185,279
8 Commercial and industrial	118,015[r]	117,610	118,359	118,615	118,802	120,234	120,718	120,720	120,880
9 Bankers acceptances and commercial paper	4,655[r]	4,753	4,920	5,035	5,134	5,141	5,080	5,163	5,271
10 All other	113,360[r]	112,856	113,439	113,580	113,668	115,093	115,638	115,556	115,609
11 U.S. addressees	107,671[r]	107,167	107,713	107,626	107,765	109,132	109,617	109,635	109,686
12 Non-U.S. addressees	5,689	5,689	5,725	5,954	5,903	5,961	6,021	5,921	5,923
13 Loans secured by real estate	21,759	21,510	21,502	21,253	21,165	21,326	21,280	21,285	21,009
14 Loans to depository and financial institutions	30,495[r]	30,330	30,089	29,737	30,063	28,888	29,382	29,575	29,673
15 Commercial banks in the United States	2,656[r]	2,618	2,387	2,630	2,444	2,341	2,791	2,381	2,413
16 Banks in foreign countries	3,209	3,235	3,003	2,844	2,819	2,907	2,781	2,703	3,050
17 Nonbank financial institutions	24,629	24,478	24,699	24,262	24,800	23,640	23,809	24,491	24,210
18 For purchasing and carrying securities	6,807	5,267	5,033	4,732	4,888	4,891	5,781	5,850	7,027
19 To foreign governments and official institutions	633	650	612	643	587	641	735	661	661
20 All other	4,654	4,957	4,476	4,491	4,557	4,488	4,694	4,486	4,505
21 Other assets (claims on nonrelated parties)	40,739	40,274	38,941	39,981	40,209[r]	41,902	41,571	41,321	41,942
22 Total assets[3]	**380,013[r]**	**382,644**	**384,586**	**383,607**	**386,917[r]**	**388,078**	**392,354**	**385,614**	**396,525**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	102,209	102,853	101,358	100,494	100,709	101,265	100,901	99,493	104,173
24 Demand deposits[4]	4,541	4,556	4,354	4,134	4,483	4,280	4,910	4,247	3,887
25 Individuals, partnerships, and corporations	3,653	3,809	3,584	3,118	3,416	3,289	3,335	3,268	3,166
26 Other	888	747	770	1,015	1,067	991	1,576	980	721
27 Nontransaction accounts	97,668	98,297	97,004	96,360	96,226	96,985	95,991	95,246	100,287
28 Individuals, partnerships, and corporations	69,031	69,258	67,936	66,080	65,759	66,191	64,697	65,020	68,828
29 Other	28,637	29,039	29,067	30,280	30,466	30,794	31,294	30,226	31,458
30 Borrowings from other than directly related institutions	74,151	73,765	73,802	72,761	71,685	73,162	73,791	71,983	75,816
31 Federal funds purchased[5]	48,649	50,333	48,196	47,355	47,553	44,921	45,700	43,012	45,012
32 From commercial banks in the United States	10,481	10,122	10,882	9,604	11,188	7,831	9,046	7,648	10,198
33 From others	38,168	40,212	37,314	37,751	36,365	37,090	36,654	35,365	34,814
34 Other liabilities for borrowed money	25,502	23,431	25,606	25,406	24,132	28,240	28,091	28,971	30,803
35 To commercial banks in the United States	4,212	3,786	4,396	4,090	4,013	4,119	4,479	3,864	4,304
36 To others	21,290	19,646	21,210	21,316	20,119	24,122	23,612	25,107	26,500
37 Other liabilities to nonrelated parties	59,281[r]	58,626	60,148	62,936	64,667[r]	64,812	63,753	62,228	64,960
38 Total liabilities[6]	**380,013[r]**	**382,644**	**384,586**	**383,607**	**386,917[r]**	**388,078**	**392,354**	**385,614**	**396,525**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	284,261[r]	286,499	287,593	286,254	288,996	292,930	296,838	292,622	299,217
40 Net owed to related institutions abroad	118,545[r]	121,790	121,309	120,048	120,826[r]	121,589	127,658	123,983	133,321

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. For U.S. branches and agencies of foreign banks having a net "due from" position, includes net due from related institutions abroad.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. For U.S. branches and agencies of foreign banks having a net "due to" position, includes net owed to related institutions abroad.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1995[r]					1996
	1991	1992	1993	1994	1995[r]	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**528,832**	**545,619**	**555,075**	**595,382**	**674,903**	**663,032**	**670,642**	**673,241**	**669,656**	**674,903**	**685,795**
Financial companies[1]											
2 Dealer-placed paper[2], total	212,999	226,456	218,947	223,038	275,815	262,969	269,636	271,299	276,223	275,815	288,367
3 Directly placed paper[3], total	182,463	171,605	180,389	207,701	210,828	216,238	215,179	215,982	213,574	210,828	208,164
4 Nonfinancial companies[4]	133,370	147,558	155,739	164,643	188,260	183,825	185,827	185,960	179,859	188,260	189,264
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**43,770**	**38,194**	**32,348**	**29,835**							
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 will be 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
1993—Jan. 1	6.00	1993	6.00	1994—Jan.	6.00	1995—Jan.	8.50
		1994	7.15	Feb.	6.00	Feb.	9.00
1994—Mar. 24	6.25	1995	8.83	Mar.	6.06	Mar.	9.00
Apr. 19	6.75			Apr.	6.45	Apr.	9.00
May 17	7.25	1993—Jan.	6.00	May	6.99	May	9.00
Aug. 16	7.75	Feb.	6.00	June	7.25	June	9.00
Nov. 15	8.50	Mar.	6.00	July	7.25	July	8.80
		Apr.	6.00	Aug.	7.51	Aug.	8.75
1995—Feb. 1	9.00	May	6.00	Sept.	7.75	Sept.	8.75
July 7	8.75	June	6.00	Oct.	7.75	Oct.	8.75
Dec. 20	8.50	July	6.00	Nov.	8.15	Nov.	8.75
		Aug.	6.00	Dec.	8.50	Dec.	8.65
1996—Feb. 1	8.25	Sept.	6.00				
		Oct.	6.00			1996—Jan.	8.50
		Nov.	6.00			Feb.	8.25
		Dec.	6.00			Mar.	8.25

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	1993	1994	1995	1995		1996		1996, week ending				
				Nov.	Dec.	Jan.	Feb.	Jan. 26	Feb. 2	Feb. 9	Feb. 16	Feb. 23
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.02	4.21	5.83	5.80	5.60	5.56	5.22	5.44	5.53	5.21	5.09	5.17
2 Discount window borrowing[2,4]	3.00	3.60	5.21	5.25	5.25	5.24	5.00	5.25	5.21	5.00	5.00	5.00
Commercial paper[3,5,6]												
3 1-month	3.17	4.43	5.93	5.80	5.84	5.56	5.29	5.51	5.42	5.28	5.29	5.28
4 3-month	3.22	4.66	5.93	5.74	5.64	5.40	5.15	5.35	5.26	5.16	5.12	5.14
5 6-month	3.30	4.93	5.93	5.59	5.43	5.23	4.99	5.17	5.09	4.98	4.93	4.99
Finance paper, directly placed[3,5,7]												
6 1-month	3.12	4.33	5.81	5.69	5.70	5.44	5.20	5.40	5.30	5.20	5.21	5.18
7 3-month	3.16	4.53	5.78	5.59	5.47	5.25	5.00	5.19	5.08	5.01	4.99	4.99
8 6-month	3.15	4.56	5.68	5.35	5.20	5.01	4.77	4.95	4.83	4.76	4.75	4.78
Bankers acceptances[3,5,8]												
9 3-month	3.13	4.56	5.81	5.64	5.52	5.31	5.07	5.28	5.14	5.06	5.05	5.07
10 6-month	3.21	4.83	5.80	5.47	5.34	5.14	4.91	5.10	4.98	4.89	4.85	4.94
Certificates of deposit, secondary market[3,9]												
11 1-month	3.11	4.38	5.87	5.75	5.75	5.47	5.23	5.44	5.33	5.24	5.22	5.22
12 3-month	3.17	4.63	5.92	5.74	5.62	5.39	5.15	5.36	5.23	5.15	5.13	5.14
13 6-month	3.28	4.96	5.98	5.64	5.49	5.28	5.03	5.23	5.13	5.00	4.99	5.06
14 Eurodollar deposits, 3-month[3,10]	3.18	4.63	5.93	5.75	5.64	5.40	5.14	5.34	5.23	5.15	5.13	5.14
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.00	4.25	5.49	5.36	5.14	5.00	4.83	4.97	4.93	4.81	4.79	4.82
16 6-month	3.12	4.64	5.56	5.27	5.13	4.92	4.77	4.90	4.81	4.75	4.70	4.82
17 1-year	3.29	5.02	5.60	5.14	5.03	4.82	4.69	4.79	4.69	4.61	4.57	4.78
Auction average[3,5,11]												
18 3-month	3.02	4.29	5.51	5.35	5.16	5.02	4.87	4.99	5.01	4.88	4.80	4.78
19 6-month	3.14	4.66	5.59	5.29	5.15	4.97	4.79	4.88	4.90	4.79	4.71	4.75
20 1-year	3.33	5.02	5.69	5.15	5.06	4.89	4.64	n.a.	n.a.	4.64	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.43	5.32	5.94	5.43	5.31	5.09	4.94	5.05	4.93	4.85	4.81	5.04
22 2-year	4.05	5.94	6.15	5.48	5.32	5.11	5.03	5.09	4.98	4.91	4.84	5.15
23 3-year	4.44	6.27	6.25	5.57	5.39	5.20	5.14	5.18	5.10	5.03	4.94	5.28
24 5-year	5.14	6.69	6.38	5.69	5.51	5.36	5.38	5.35	5.28	5.27	5.20	5.52
25 7-year	5.54	6.91	6.50	5.83	5.63	5.54	5.64	5.53	5.50	5.51	5.46	5.81
26 10-year	5.87	7.09	6.57	5.93	5.71	5.65	5.81	5.65	5.64	5.67	5.65	5.97
27 20-year	6.29	7.49	6.95	6.33	6.12	6.11	6.30	6.11	6.11	6.17	6.16	6.46
28 30-year	6.59	7.37	6.88	6.26	6.06	6.05	6.24	6.06	6.08	6.13	6.11	6.39
Composite												
29 More than 10 years (long-term)	6.45	7.41	6.93	6.31	6.11	6.07	6.28	6.08	6.08	6.14	6.14	6.44
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	5.38	5.77	5.80	5.63	5.40	5.27	5.24	5.30	5.21	5.25	5.23	5.21
31 Baa	5.83	6.17	6.10	5.79	5.66	5.59	5.59	5.61	5.55	5.63	5.60	5.54
32 *Bond Buyer* series[14]	5.60	6.18	5.95	5.64	5.45	5.43	5.43	5.46	5.40	5.37	5.33	5.48
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	7.54	8.26	7.83	7.30	7.11	7.10	7.27	7.10	7.11	7.15	7.15	7.42
Rating group												
34 Aaa	7.22	7.97	7.59	7.02	6.82	6.80	6.99	6.81	6.82	6.87	6.86	7.13
35 Aa	7.40	8.15	7.72	7.18	6.99	6.99	7.16	7.00	7.01	7.05	7.04	7.31
36 A	7.58	8.28	7.83	7.32	7.13	7.12	7.31	7.13	7.14	7.19	7.19	7.45
37 Baa	7.93	8.63	8.20	7.68	7.49	7.47	7.63	7.47	7.46	7.50	7.50	7.77
38 A-rated, recently offered utility bonds[16]	7.46	8.29	7.86	7.30	7.10	7.09	7.31	7.11	7.22	7.18	7.28	7.47
MEMO												
Dividend-price ratio[17]												
39 Common stocks	2.78	2.82	2.56	2.37	2.30	2.31	2.22	2.30	2.25	2.21	2.20	2.22

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 Moody's' 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	1993	1994	1995	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.	1996 Feb.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	249.71	254.16	291.18	289.52	298.18	300.05	310.41	311.78	317.58	327.90	329.22	346.46
2 Industrial	300.10	315.32	367.40	366.75	379.13	379.79	390.42	389.63	398.66	412.11	413.05	435.92
3 Transportation	242.68	247.17	270.14	256.80	279.15	285.63	295.54	291.16	300.06	303.53	300.43	315.29
4 Utility	114.55	104.96	114.61	108.12	109.59	111.06	114.67	123.59	119.49	173.95	127.09	135.51
5 Finance	216.55	209.75	238.48	236.26	240.49	245.27	260.72	265.12	266.12	273.36	274.96	290.97
6 Standard & Poor's Corporation (1941–43 = 10)[1]	451.63	460.42	541.72	539.35	557.37	559.11	578.77	582.92	595.53	614.57	614.42	649.54
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	438.77	449.49	498.13	492.60	513.25	526.86	547.64	530.26	529.93	538.01	540.48	562.34
Volume of trading (thousands of shares)												
8 New York Stock Exchange	263,374	290,652	345,729	345,547	363,780	309,879	352,184	365,108	360,199	384,310	416,048	434,607
9 American Stock Exchange	18,188	17,951	20,387	24,622	23,283	21,825	25,422	17,865	16,724	21,085	21,069	27,107
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**60,310**	**61,160**	**76,680**	**66,340**	**67,600**	**71,440**	**77,076**	**75,005**	**77,875**	**76,680**	**73,530**	**77,090**
Free credit balances at brokers[4]												
11 Margin accounts[5]	12,360	14,095	16,250	13,710	13,830	13,900	14,806	14,753	15,590	16,250	14,950	15,840
12 Cash accounts	27,715	28,870	34,340	29,860	28,600	29,190	29,796	29,908	30,340	34,340	32,465	34,700

	Margin requirements (percent of market value and effective date)[6]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. 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.

2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.

3. Since July 1983, under the revised Regulation T, margin credit at broker-dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.

4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.

5. Series initiated in June 1984.

6. 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 other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934, Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

Effective June 8, 1988, margins were set to be the price of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1995				1996	
	1993	1994[r]	1995[r]	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
U.S. budget[1]									
1 Receipts, total	1,153,535[r]	1,257,745	1,355,213	143,219	95,593	90,008	138,271	142,922	89,349
2 On budget	841,601[r]	922,719	1,004,134	112,510	72,200	63,651	110,322	110,615	60,912
3 Off budget	311,934	335,026	351,079	30,709	23,393	26,357	27,949	32,307	28,437
4 Outlays, total	1,408,205[r]	1,460,914	1,519,133	135,972[r]	118,352	128,458	132,984	123,647	133,644
5 On budget	1,141,618[r]	1,181,542	1,230,469	119,796[r]	92,151	101,767	121,753	98,057	105,711
6 Off budget	266,587	279,372	288,664	30,835[r]	26,200	26,691	11,232	25,591	27,933
7 Surplus or deficit ( ), total	255,670[r]	203,169	163,920	7,247[r]	22,758	38,450	5,286	19,274	44,295
8 On budget	300,017[r]	258,823	226,335	7,412	19,951	38,116	11,431	12,558	44,799
9 Off-budget	45,347	55,654	62,415	126	-2,807	334	16,717	6,716	504
Source of financing (total)									
10 Borrowing from the public	248,594	184,998	171,288	6,618	13,353	38,339	18,358	4,747	47,022
11 Operating cash (decrease, or increase ( ))	6,283	16,564	2,007	19,820	16,755	4,911	5,610	16,959	6,297
12 Other[2]	429	1,540	5,468	19,191[r]	7,350	5,022	7,462	2,432	9,024
MEMO									
13 Treasury operating balance (level, end of period)	52,506	35,942	37,949	37,949	21,194	26,105	20,495	37,454	31,157
14 *Federal Reserve Banks*	17,289	6,848	8,620	8,620	7,018	5,703	5,979	8,210	5,632
15 Tax and loan accounts	35,217	29,094	29,329	29,329	14,176	20,402	14,515	29,243	25,525

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 1994	Fiscal year 1995	Calendar year 1994 H1	Calendar year 1994 H2	Calendar year 1995 H1	Calendar year 1995 H2	Calendar year 1995 Dec	Calendar year 1996 Jan.	Calendar year 1996 Feb.
RECEIPTS									
1 **All sources**	**1,257,737**	**1,355,213**	**652,234**	**625,557**	**710,542**	**656,400**	**138,271**	**142,922**	**89,349**
2 Individual income taxes, net	543,055	590,244	275,052	273,474	307,498	292,393	53,179	86,192	40,327
3 Withheld	459,699	499,927	225,387	240,062	251,398	256,918	50,597	55,351	46,722
4 Presidential Election Campaign Fund	70	69	63	10	58	9	0	1	7
5 Nonwithheld	160,047	175,786	117,937	42,031	132,006	43,100	3,227	31,159	3,163
6 Refunds	76,761	85,538	68,325	9,207	75,958	10,058	646	319	9,565
Corporation income taxes									
7 Gross receipts	154,205	174,422	80,536	78,392	92,132	88,302	38,954	6,381	3,797
8 Refunds	13,820	17,418	6,933	7,331	10,399	7,518	932	1,223	2,105
9 Social insurance taxes and contributions, net	461,475	484,473	248,301	220,141	261,837	224,269	37,762	42,197	38,960
10 Employment taxes and contributions[2]	428,810	451,045	228,714	206,613	228,663	211,323	37,123	40,742	36,011
11 Self-employment taxes and contributions[3]	24,433	27,127	20,762	4,135	23,429	3,557	333	2,188	278
12 Unemployment insurance	28,004	28,878	17,301	11,177	18,001	10,702	223	1,081	2,546
13 Other net receipts[4]	3,661	4,550	2,284	2,349	2,267	2,247	416	374	403
14 Excise taxes	55,225	57,484	26,444	30,062	27,452	30,014	4,870	4,241	4,308
15 Customs deposits	20,099	19,301	9,500	11,042	8,847	9,849	1,439	1,482	1,456
16 Estate and gift taxes	15,225	14,763	8,197	7,071	7,424	7,718	1,383	1,288	1,090
17 Miscellaneous receipts[5]	22,274	31,944	11,170	13,305	15,749	11,374	1,618	2,364	1,517
OUTLAYS									
18 **All types**	**1,460,841**	**1,519,133**	**710,620**	**752,151**	**760,824**	**752,505**	**132,984**	**123,647**	**133,644**
19 National defense	281,642	272,066	133,844	141,885	135,862[1]	132,954	25,376	20,243	21,691
20 International affairs	17,083	16,434	5,800	11,889	4,791[1]	6,994	431	1,089	2,604
21 General science, space, and technology	16,227	16,724	8,502	7,604	8,611	8,810	1,274	1,536	1,326
22 Energy	5,219	4,936	2,237	2,923	2,358	2,203	163	115	54
23 Natural resources and environment	21,064	22,105	10,111	11,911	10,273	12,633	1,711	1,869	1,817
24 Agriculture	15,046	9,773	7,451	7,623	4,010	3,062	708	336	345
25 Commerce and housing credit	5,118	14,441	4,962	4,270	13,936[1]	4,412	451	2,014	1,024
26 Transportation	38,066	39,350	16,739	21,835	18,193[1]	19,931	3,117	3,094	2,960
27 Community and regional development	10,454	10,641	4,571	6,283	4,858[1]	6,085	912	1,009	396
28 Education, training, employment, and social services	46,307	54,263	19,262	27,450	25,738	24,820	3,623	5,418	4,498
29 Health	107,122	115,418	53,195	54,147	58,759	57,013	8,567	8,665	9,542
30 Social security and Medicare	464,312	495,701	232,777	236,817	251,975	251,387	43,299	42,786	42,950
31 Income security	214,031	220,449	109,080	101,806	117,638[1]	104,214	19,738	17,188	23,812
32 Veterans benefits and services	37,642	37,938	16,686	19,761	19,267[1]	18,684	4,435	2,165	2,901
33 Administration of justice	15,256	16,223	7,718	7,753	8,062	8,113	1,233	1,806	1,281
34 General government	11,303	13,835	5,084	7,355	5,798[1]	7,623	1,924	391	1,575
35 Net interest[6]	202,957	232,173	99,844	109,434	116,170	119,350	19,934	20,765	19,771
36 Undistributed offsetting receipts[7]	37,772	44,455	17,308	20,066	17,632	26,994	2,683	2,812	2,855

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. Old age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. 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. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; monthly and half-year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1997*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1993	1994				1995			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**4,562**	**4,602**	**4,673**	**4,721**	**4,827**	**4,891**	**4,978**	**5,001**	**5,017**
2 Public debt securities	4,536	4,576	4,646	4,693	4,800	4,864	4,951	4,974	4,989
3 Held by public	3,382	3,434	3,443	3,480	3,543	3,610	3,635	3,653	n.a.
4 Held by agencies	1,154	1,142	1,203	1,213	1,257	1,255	1,317	1,321	n.a.
5 Agency securities	27	26	28	29	27	27	27	27	28
6 Held by public	27	26	27	29	27	26	27	27	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**4,446**	**4,491**	**4,559**	**4,605**	**4,711**	**4,775**	**4,861**	**4,885**	**4,900**
9 Public debt securities	4,445	4,491	4,559	4,605	4,711	4,774	4,861	4,885	4,900
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	4,900	4,900	4,900	4,900

1. Consists of guaranteed debt of U.S. Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCES. U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Treasury Bulletin*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1992	1993	1994	1995	1995			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**4,177.0**	**4,535.7**	**4,800.2**	**4,988.7**	**4,864.1**	**4,951.4**	**4,974.0**	**4,988.7**
By type								
2 Interest-bearing	4,173.9	4,532.3	4,769.2	4,964.4	4,860.5	4,947.8	4,950.6	4,964.4
3 Marketable	2,754.1	2,989.5	3,126.0	3,307.2	3,227.3	3,252.6	3,260.5	3,307.2
4 Bills	657.7	714.6	733.8	760.7	756.5	748.3	742.5	760.7
5 Notes	1,608.9	1,764.0	1,867.0	2,010.3	1,938.2	1,974.7	1,980.3	2,010.3
6 Bonds	472.5	495.9	510.3	521.2	517.7	514.7	522.6	521.2
7 Nonmarketable[1]	1,419.8	1,542.9	1,643.1	1,657.2	1,633.2	1,695.2	1,690.2	1,657.2
8 State and local government series	153.5	149.5	132.6	104.5	122.9	121.2	113.4	104.5
9 Foreign issues[2]	37.4	43.5	42.5	40.8	41.8	41.4	41.0	40.8
10 Government	37.4	43.5	42.5	40.8	41.8	41.4	41.0	40.8
11 Public	.0	0	.0	.0	.0	.0	0	.0
12 Savings bonds and notes	155.0	169.4	177.8	181.9	178.8	180.1	181.2	181.9
13 Government account series[3]	1,043.5	1,150.0	1,259.8	1,299.6	1,259.2	1,322.0	1,324.3	1,299.6
14 Non-interest-bearing	3.1	3.4	31.0	24.3	3.6	3.6	23.3	24.3
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	1,047.8	1,153.5	1,257.1		1,254.7	1,316.6	1,320.8	
16 Federal Reserve Banks	302.5	334.2	374.1		369.3	389.0	374.1	
17 Private investors	2,839.9	3,047.7	3,168.0		3,239.2	3,245.0	3,279.5	
18 Commercial banks	294.4	322.2	290.6		307.5	297.7	295.0	
19 Money market funds	79.7	80.8	67.6		67.7	58.7	64.2	
20 Insurance companies	197.5	234.5	242.8		249.2	253.5	255.0	
21 Other companies	192.5	213.0	226.5	n.a.	230.3	227.7	224.1	n.a.
22 State and local treasuries	476.7	508.9	440.8		402.7	375.8	370.0	
Individuals								
23 Savings bonds	157.3	171.9	180.5		181.4	182.6	183.5	
24 Other securities	131.9	137.9	150.7		161.4	161.6	162.4	
25 Foreign and international[5]	549.7	623.0	688.6		729.0	784.1	847.8	
26 Other miscellaneous investors[6]	760.2	755.4	879.9		910.0	903.4	877.5	

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign balances and international accounts in the United States.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

SOURCES. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States*; data by holder, *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1995		1996	1996, week ending									
	Nov.	Dec	Jan	Jan. 3	Jan. 10	Jan 17	Jan. 24	Jan 31	Feb 7	Feb. 14	Feb 21	Feb. 28
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	57,014	54,313	53,618	47,601	52,037	50,869	56,486	56,939	66,365	56,382	63,493	75,724
Coupon securities, by maturity												
2 Five years or less	94,461	84,303	103,365	62,937	80,614	100,864	126,171	121,484	124,315	97,119	139,440	149,129
3 More than five years	50,029	43,615	54,608	36,055	53,920	54,687	59,142	58,119	69,703	71,497	71,386	61,941
4 Federal agency	26,013	26,368	27,947	28,180	26,535	28,897	29,975	26,477	26,486	26,419	27,570	26,578
5 Mortgage backed	34,071	33,205	37,009	18,185	53,361	46,897	28,581	28,703	49,268	47,660	34,847	30,067
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	114,669	104,651	123,512	82,108	109,151	119,761	141,748	139,201	148,974	129,505	155,082	164,587
7 Federal agency	775	672	954	623	631	750	1,328	1,200	1,367	1,377	945	799
8 Mortgage-backed	12,428	12,863	12,634	6,594	16,778	16,481	10,475	9,989	16,433	17,213	14,038	10,950
With other												
9 U.S. Treasury	86,835	77,580	88,079	64,485	77,421	86,659	100,050	97,341	111,408	95,493	119,236	122,206
10 Federal agency	25,238	25,696	26,993	27,557	25,904	28,147	28,647	25,278	25,119	25,041	26,625	25,779
11 Mortgage-backed	21,643	20,342	24,375	11,591	36,584	30,416	18,107	18,714	32,835	30,447	20,809	19,117
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	764	603	451[r]	294	459	297	405	675	203	358	524	305
Coupon securities, by maturity												
13 Five years or less	2,154	2,045	1,592	1,715	1,159	1,344	2,254	1,513	1,206	1,153	3,664	3,186
14 More than five years	14,536	12,577	14,331	9,722	15,565	14,384	14,646	14,583	14,504	15,602	23,229	17,566
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	1,655	1,098	1,860	928	1,472	2,793	2,046	1,688	1,544	2,513	2,614	3,918
19 More than five years	4,668	3,898	4,109	2,828	3,853	3,832	4,862	4,345	4,066	3,874	7,542	3,653
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	1,099	862	860	954	989	919	821	685	972	1,159	2,476	909

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	1995		1996	1996, week ending								
	Nov.	Dec.	Jan.	Jan. 3	Jan. 10	Jan. 17	Jan. 24	Jan. 31	Feb. 7	Feb. 14	Feb. 21
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	11,391	16,960	9,173	7,601	14,302	14,043	6,551	2,468	7,984	7,984	1,932
Coupon securities, by maturity											
2 Five years or less	12,423	21,659	21,332	23,756	18,612	17,387	25,287	23,003	20,116	10,734	8,146
3 More than five years	9,732	11,698	14,408	12,069	11,958	14,101	15,848	16,726	12,740	8,641	14,695
4 Federal agency	21,768	22,446	23,115	25,356	24,789	24,991	23,637	18,084	25,297	23,052	21,080
5 Mortgage backed	35,869	39,509	38,362	39,621	37,124	37,785	40,213	37,788	38,760	41,553	39,944
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	5,175	2,484	2,787	2,393	3,001	3,147	2,505	2,663	2,901	2,652	2,882
Coupon securities, by maturity											
7 Five years or less	4,508	1,338	2,534	4,351	3,176	3,158	1,144	1,878	2,375	2,704	1,241
8 More than five years	17,358	17,662	12,781	14,745	10,127	13,600	14,908	11,649	10,968	16,809	5,373
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
11 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
12 Five years or less	479	1,439	931	1,058	1,443	145	273	1,808	1,829	850	1,112
13 More than five years	3,629	7,216	7,488	8,742	4,819	8,255	8,121	8,221	6,682	7,324	2,341
14 Federal agency	0	0	0	0	0	0	0	0	0	0	0
15 Mortgage backed	1,199	90	638	608	1,219	209	498	640	1,686	1,777	3,410
	Financing[5]										
Reverse repurchase agreements											
16 Overnight and continuing	249,011	240,460	258,137	247,477	248,451	253,892	243,761	291,013	261,033	272,198	269,437
17 Term	401,181	389,626	405,768	368,655	396,047	403,107	416,293	393,531	450,293	461,098	381,535
Securities borrowed											
18 Overnight and continuing	152,800	154,078	171,843	164,769	175,912	173,330	168,665	172,495	164,331	159,871	171,620
19 Term	64,611	62,835	59,920	58,637	60,169	59,834	60,040	60,188	65,626	64,365	64,703
Securities received as pledge											
20 Overnight and continuing	2,005	4,132	3,113	4,712	5,002	2,461	2,286	2,022	1,577	1,658	2,117
21 Term	56	69	53	28	39	79	47	58	315	68	77
Repurchase agreements											
22 Overnight and continuing	522,501	535,088	553,719	533,654	556,821	549,853	543,788	573,013	557,489	566,822	572,853
23 Term	370,772	355,266	368,819	340,117	351,104	366,579	405,734	364,158	412,886	434,282	342,983
Securities loaned											
24 Overnight and continuing	6,001	5,543	5,566	6,051	6,155	5,524	5,678	4,699	4,401	4,129	5,052
25 Term	2,794	1,916	1,578	1,479	1,657	1,534	1,564	1,600	1,780	2,670	2,655
Securities pledged											
26 Overnight and continuing	28,087	34,010	34,769	35,559	35,999	34,854	33,846	34,040	32,277	29,935	35,183
27 Term	4,577	5,518	5,597	4,892	5,250	5,301	5,488	6,650	6,906	6,547	7,299
Collateralized loans											
28 Overnight and continuing	17,639	12,694	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
29 Term	2,092	1,989	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30 Total	n.a.	n.a.	17,606	15,856	14,310	18,617	20,973	17,275	18,124	14,891	12,828
MEMO: Matched book[6]											
Securities in											
31 Overnight and continuing	244,861	240,188	264,459	255,769	258,116	271,371	253,080	278,995	257,499	266,238	251,446
32 Term	401,682	391,284	403,403	367,770	397,677	401,084	441,503	388,620	449,324	460,794	388,695
Securities out											
33 Overnight and continuing	313,847	311,005	334,864	310,539	339,072	328,967	330,979	350,865	338,919	341,946	341,216
34 Term	318,594	309,089	318,147	296,576	304,557	321,064	347,962	308,250	354,223	372,456	287,026

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	1991	1992	1993	1994	1995				
					Aug.	Sept	Oct	Nov	Dec
1 **Federal and federally sponsored agencies**	**442,772**	**483,970**	**570,711**	**738,928**	**801,819**	**811,182**	n.a.	n.a.	n.a.
2 Federal agencies	41,035	41,829	45,193	39,186	39,581	38,030	38,237	39,207	37,346
3 Defense Department[1]	7	7	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	9,809	7,208	5,315	3,455	2,652	2,512	2,512	2,512	2,049
5 Federal Housing Administration[4]	397	374	255	116	83	87	88	93	97
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]	8,421	10,660	9,732	8,073	8,615	7,265	7,265	7,265	5,765
8 Tennessee Valley Authority	22,401	23,580	29,885	27,536	28,225	28,160	28,366	29,331	29,429
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]	401,737	442,141	523,452	699,742	762,238	773,152	n.a.	n.a.	n.a.
11 Federal Home Loan Banks	107,543	114,733	139,512	205,817	228,299	236,851	234,192	239,034	243,194
12 Federal Home Loan Mortgage Corporation	30,262	29,631	49,993	93,279	112,341	111,610	115,626	115,603	119,961
13 Federal National Mortgage Association	133,937	166,300	201,112	257,230	275,271	277,192	280,582	289,768	299,174
14 Farm Credit Banks[8]	52,199	51,910	53,123	53,175	54,979	55,800	56,529	56,694	57,379
15 Student Loan Marketing Association[9]	38,319	39,650	39,784	50,335	51,323	51,672	51,906	50,535	47,529
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]**	**185,576**	**154,994**	**128,187**	**103,817**	**86,776**	**84,297**	**82,622**	**81,693**	**78,681**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	9,803	7,202	5,309	3,449	2,646	2,506	2,506	2,506	2,043
21 Postal Service[6]	8,201	10,440	9,732	8,073	8,615	7,265	7,265	7,265	5,765
22 Student Loan Marketing Association	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200	3,200
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	48,534	42,979	38,619	33,719	27,384	26,845	26,210	21,015	21,015
26 Rural Electrification Administration	18,562	18,172	17,578	17,392	17,276	17,276	17,045	17,141	17,144
27 Other	84,931	64,436	45,864	37,984	27,655	27,205	26,396	30,566	29,514

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[r]	1995[r] July	Aug.	Sept.	Oct	Nov.	Dec.	1996 Jan	Feb
1 **All issues, new and refunding**[1]	**279,945**	**153,950**	**147,067**	**12,110**	**13,126**	**9,750**	**13,898**	**16,839**	**16,978**	**11,340[r]**	**11,598**
By type of issue											
2 General obligation	90,599	54,404	55,963	4,466	4,592	3,482	6,184	6,194	5,489	2,652	2,063
3 Revenue	189,346	99,546	88,826	7,644	8,534	6,268	7,714	10,645	11,489	8,688	9,535
By type of issuer											
4 State	27,999	19,186	14,762	818	609	1,510	1,825	1,491	951	1,630	695
5 Special district or statutory authority[2]	178,714	95,896	92,797	9,314	8,089	5,807	8,155	10,736	11,678	6,909	7,820
6 Municipality, county, or township	73,232	38,868	37,230	1,978	4,428	2,433	3,918	4,612	4,349	2,801	3,083
7 **Issues for new capital**	**91,434**	**105,972**	**100,941**	**8,929**	**6,364**	**6,095**	**7,868**	**11,415**	**11,070**	**6,399**	**6,383**
By use of proceeds											
8 Education	16,831	21,267	24,926	2,598	1,227	1,474	1,785	3,377	2,968	2,010	2,226
9 Transportation	9,167	10,836	11,887	1,120	870	447	367	1,469	1,178	566	359
10 Utilities and conservation	12,014	10,192	10,125	623	690	569	1,780	554	1,664	422	582
11 Social welfare	13,837	20,289	19,502	1,335	1,391	1,140	1,716	2,177	1,614	930	904
12 Industrial aid	6,862	8,161	6,566	612	256	654	227	650	1,325	316	110
13 Other purposes	32,723	35,227	27,935	2,640	1,930	1,811	1,993	3,188	2,321	2,155	2,202

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCES. Securities Data Company beginning January 1993; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1993	1994	1995	1995 June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.[r]	1996 Jan.
1 **All issues**[1]	**769,088**	**583,216[r]**	n.a.	**57,054**	**36,621[r]**	**50,163[r]**	**57,258[r]**	**52,098**	**55,336**	**40,121**	**43,192**
2 **Bonds**[2]	**646,634**	**498,018[r]**	n.a.	**49,293**	**31,955[r]**	**43,911[r]**	**49,905[r]**	**43,452**	**47,568**	**34,619**	**38,500**
By type of offering											
3 Public, domestic	487,029	365,198[r]	408,806[r]	43,106	25,617	34,490[r]	43,137	36,692	43,336	32,219	30,000
4 Private placement, domestic[3]	121,226	76,065[r]	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[r]	76,910[r]	6,186	6,337[r]	9,421[r]	6,768[r]	6,760	4,232	2,399	8,500
By industry group											
6 Manufacturing	88,160	43,423	42,950[r]	6,808	4,456	4,082[r]	3,284	3,397	4,017	3,205	4,566
7 Commercial and miscellaneous	58,559	40,735[r]	37,139[r]	4,528	1,403	2,480	2,607	3,532	4,178	3,099	1,643
8 Transportation	10,816	6,867	5,727	657	10	133	908	187	225	1,240	764
9 Public utility	56,330	13,298	11,974[r]	2,675	540	640	911	1,241	485	685	2,129
10 Communication	31,950	13,340	18,158	1,745	1,520	1,240	2,829	2,389	3,333	648	848
11 Real estate and financial	400,820	379,834	369,769[r]	32,880	24,026[r]	35,335[r]	39,365[r]	32,706	35,330	25,742	28,550
12 **Stocks**[2]	**122,454**	**85,155**	n.a.	**7,761**	**4,666[r]**	**6,252**	**7,353[r]**	**8,646**	**7,768**	**5,502**	**4,692**
By type of offering											
13 Public preferred	18,897	12,570[r]	10,964[r]	742	768	1,261	1,035	836	2,210	890	2,167
14 Common	82,657	47,828	57,750[r]	7,019	3,898	5,005	6,318[r]	7,810	5,558	4,612	2,525
15 Private placement[3]	20,900	24,800	↑	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		2,345	1,306	n.a.[r]	2,389[r]	1,801	2,200	678	388
17 Commercial and miscellaneous	25,761	15,713	n.a.	2,749	2,031	1,541	2,791[r]	4,628	2,969	2,631	2,370
18 Transportation	2,237	2,203		0	0	87	32[r]	39	97	148	38
19 Public utility	7,050	2,214		209	133	91	190	60	336	322	114
20 Communication	3,439	494		0	64	0	47	0	0	0	200
21 Real estate and financial	61,004	46,733	↓	2,458	1,132	2,273	1,905[r]	2,118	2,166	1,724	1,582

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. 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	1993	1994	1995							1996
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.
1 **Sales of own shares**[2]	**851,885**	**841,286**	**74,749**	**76,081**	**72,113**	**68,694**	**72,730**	**70,499**	**94,719**	**112,332**
2 Redemptions of own shares	567,881	699,823	61,932	56,344	57,610	54,473	56,174	52,727	67,945	75,354
3 Net sales[3]	284,004	141,463	12,817	19,736	14,503	14,221	16,556	17,772	26,774	36,978
4 **Assets**[4]	**1,510,209**	**1,550,490**	**1,808,753**	**1,880,754**	**1,908,525**	**1,962,817**	**1,963,496**	**2,032,958**	**2,067,337**	**2,143,185**
5 Cash[5]	100,209	121,296	122,461	126,340	127,173	127,446	133,653	141,489	142,572	150,772
6 Other	1,409,838	1,429,195	1,686,292	1,754,415	1,781,352	1,835,371	1,829,843	1,891,470	1,924,765	1,992,414

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			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Profits with inventory valuation and capital consumption adjustment	464.5	526.5	n.a.	455.9	531.5	549.8	568.9	559.6	561.1	614.9	n.a.
2 Profits before taxes	464.3	528.2	n.a.	471.7	523.2	547.5	570.4	594.1	588.4	609.6	n.a.
3 Profits tax liability	163.8	195.3	n.a.	171.4	192.8	203.1	213.5	217.3	214.2	224.5	n.a.
4 Profits after taxes	300.5	332.9	n.a.	300.3	330.4	344.1	356.8	376.8	374.1	385.1	n.a.
5 Dividends	197.3	211.0	227.4	204.4	208.8	212.5	218.5	221.7	224.6	228.5	234.7
6 Undistributed profits	103.3	121.9	n.a.	95.9	121.7	131.6	138.3	155.1	149.6	156.6	n.a.
7 Inventory valuation	6.6	13.3	27.6	3.9	9.8	16.5	22.8	51.9	42.3	9.3	6.8
8 Capital consumption adjustment	6.7	11.6	15.9	11.8	18.1	18.8	21.3	17.4	15.0	14.6	16.5

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	1992	1993	1994	1994				1995		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
1 Accounts receivable, gross[2]	491.8	482.8	551.0	494.5	511.3	524.1	551.0	568.5	586.9	594.7
2 Consumer	118.3	116.5	134.8	120.1	124.3	130.3	134.8	135.8	141.7	146.2
3 Business	301.3	294.6	337.6	302.3	313.2	317.2	337.6	351.9	361.8	362.4
4 Real estate	72.2	71.7	78.5	72.1	73.8	76.6	78.5	80.8	83.4	86.1
5 LESS: Reserves for unearned income	53.2	50.7	55.0	51.2	51.9	51.1	55.0	58.9	62.1	61.2
6 Reserves for losses	16.2	11.2	12.4	11.6	12.1	12.1	12.4	12.9	13.7	13.8
7 Accounts receivable, net	422.4	420.9	483.5	431.7	447.3	460.9	483.5	496.7	511.1	519.7
8 All other	142.5	170.9	183.4	171.2	174.6	177.2	183.4	194.6	198.1	198.1
9 **Total assets**	**564.9**	**591.8**	**666.9**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**	**709.2**	**717.8**
LIABILITIES AND CAPITAL										
10 Bank loans	37.6	25.3	21.2	24.2	23.3	21.6	21.2	21.0	21.5	21.8
11 Commercial paper	156.4	159.2	184.6	165.9	171.2	171.0	184.6	181.3	181.3	178.0
Debt										
12 Owed to parent	39.5	42.7	51.0	41.1	44.7	50.0	51.0	52.5	57.5	59.0
13 Not elsewhere classified	196.3	206.0	235.0	211.7	219.6	228.2	235.0	254.4	264.4	272.1
14 All other liabilities	68.0	87.1	99.5	90.5	89.9	95.0	99.5	102.5	102.1	102.4[r]
15 Capital, surplus, and undivided profits	67.1	71.4	75.7	69.5	73.2	72.3	75.7	79.7	82.5	84.4
16 **Total liabilities and capital**	**564.9**	**591.8**	**666.9**	**602.9**	**621.9**	**638.1**	**666.9**	**691.4**	**709.2**	**717.8**[r]

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[r]	1995					1996
				Aug	Sept	Oct	Nov.	Dec.[r]	Jan
	Seasonally adjusted								
1 **Total**	**545,533**	**614,784**	**690,191**	**671,807**	**675,247**	**682,627**	**687,187**	**690,191**	**695,943**
2 Consumer	160,349	176,198	198,860	191,806	193,555	194,620	197,303	198,860	199,175
3 Real estate[2]	71,965	78,770	86,944	85,756	86,121	87,266	87,699	86,944	87,959
4 Business	313,219	359,816	404,387	394,245	395,571	400,741	402,185	404,387	408,810
	Not seasonally adjusted								
5 **Total**	**550,751**	**620,975**	**697,340**	**665,535**	**672,653**	**681,965**	**687,944**	**697,340**	**696,413**
6 Consumer	162,770	178,999	202,101	190,830	193,615	194,931	198,072	202,101	201,070
7 Motor vehicles	56,057	61,609	70,061	68,271	68,857	70,816	68,167	70,061	70,847
8 Other consumer[3]	60,396	73,221	81,988	77,251	77,345	77,865	78,926	81,988	81,002
9 Securitized motor vehicles[4]	36,024	31,897	33,633	31,551	31,693	30,096	34,394	33,633	32,128
10 Securitized other consumer[4]	10,293	12,272	16,419	13,757	15,720	16,154	16,585	16,419	17,093
11 Real estate[2]	71,727	78,479	86,606	86,107	86,128	87,471	87,672	86,606	88,379
12 Business	316,254	363,497	408,633	388,598	392,910	399,563	402,200	408,633	406,964
13 Motor vehicles	95,173	118,197	133,277	124,444	125,053	129,216	129,708	133,277	131,792
14 Retail[5]	18,091	21,514	25,304	23,883	25,006	25,752	24,564	25,304	25,689
15 Wholesale[6]	31,148	35,037	36,427	31,392	29,313	32,209	33,519	36,427	34,166
16 Leasing	45,934	61,646	71,546	69,169	70,734	71,255	71,625	71,546	71,937
17 Equipment	145,452	157,953	177,297	170,825	171,239	172,657	173,183	177,297	176,159
18 Retail	35,513	39,680	48,843	43,121	42,823	43,697	44,194	48,843	49,109
19 Wholesale[6]	8,001	9,678	10,266	12,278	12,210	11,581	10,889	10,266	9,233
20 Leasing	101,938	108,595	118,188	115,426	116,206	117,379	118,100	118,188	117,817
21 Other business[7]	53,997	61,495	65,363	64,941	66,111	66,238	66,678	65,363	66,840
22 Securitized business assets[4]	21,632	25,852	32,696	28,388	30,507	31,452	32,631	32,696	32,173
23 Retail	2,869	4,494	4,723	4,587	4,818	4,586	4,974	4,723	4,467
24 Wholesale	10,584	14,826	21,327	17,986	19,773	20,390	21,208	21,327	20,923
25 Leasing	8,179	6,532	6,646	5,815	5,916	6,476	6,449	6,646	6,783

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1993	1994	1995	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.	1996 Feb.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	163.1	170.4	175.8	170.4	174.8	174.3	178.6	181.7	179.2	181.7
2 Amount of loan (thousands of dollars)	123.0	130.8	134.5	130.6	131.8	133.0	136.4	140.9	135.8	143.2
3 Loan-to-price ratio (percent)	78.0	78.8	78.6	78.9	78.1	77.8	78.9	79.1	77.3	80.3
4 Maturity (years)	26.1	27.5	27.7	27.3	28.0	26.6	27.7	27.6	27.7	27.8
5 Fees and charges (percent of loan amount)[2]	1.30	1.29	1.21	1.12	1.20	1.11	1.22	1.21	1.07	1.24
Yield (percent per year)										
6 Contract rate[1]	7.03	7.26	7.65	7.56	7.50	7.39	7.27	7.20	7.15	7.00
7 Effective rate[1,3]	7.24	7.47	7.85	7.75	7.69	7.58	7.46	7.40	7.32	7.20
8 Contract rate (HUD series)[4]	7.37	8.58	8.05	7.91	7.78	7.62	7.46	7.30	7.23	7.56
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	7.46	8.68	8.18	8.03	8.03	7.61	7.51	7.52	7.11	7.57
10 GNMA securities[6]	6.65	7.96	7.57	7.49	7.26	7.16	7.01	6.82	6.71	6.85
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	190,861	222,057	253,511	238,850	241,378	246,234	249,928	253,511	255,619	257,970
12 FHA/VA insured	23,857	27,558	28,762	28,787	28,726	28,765	28,901	28,762	28,622	28,502
13 Conventional	167,004	194,499	224,749	210,063	212,652	217,469	221,027	224,749	226,997	229,468
14 Mortgage transactions purchased (during period)	92,037	62,389	56,598	5,688	5,002	7,443	6,148	6,243	4,810	5,371
Mortgage commitments (during period)										
15 Issued[7]	92,537	54,038	56,092	6,284	6,019	6,732	6,038	4,765	5,750	7,013
16 To sell[8]	5,097	1,820	360	53	9	0	10	0	3	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	55,012	72,693	107,424	91,544	94,989	99,758	102,997	107,424	111,143	114,793
18 FHA/VA insured	321	276	267	246	281	276	271	267	226[r]	225
19 Conventional	54,691	72,416	107,157	91,298	94,708	99,482	102,726	107,157	110,917[r]	114,568
Mortgage transactions (during period)										
20 Purchases	229,242	124,697	98,470	9,594	11,458	11,092	9,989	13,108	13,357	10,891
21 Sales	208,723	117,110	85,877	8,161	10,239	9,856	9,011	11,712	11,624	9,743
22 Mortgage commitments contracted (during period)[9]	274,599	136,067	118,659	10,578	12,469	10,388	11,339	14,609	12,765	10,378

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	1994	1995			
				Q4	Q1	Q2	Q3	Q4[p]
1 **All holders**	**4,092,984[r]**	**4,268,919[r]**	**4,475,242**	**4,475,242**	**4,516,816[r]**	**4,584,661[r]**	**4,660,895**	**4,724,076**
By type of property								
2 One- to four-family residences	3,037,408	3,227,633	3,432,165	3,432,165	3,466,026[r]	3,524,474[r]	3,591,013	3,640,099
3 Multifamily residences	274,234	270,796	275,304	275,304	276,398[r]	280,390[r]	284,237	289,187
4 Commercial	700,604[r]	689,296[r]	684,803	684,803	690,988[r]	695,947[r]	701,225	710,498
5 Farm	80,738	81,194	82,971	82,971	83,403[r]	83,850	84,420	84,292
By type of holder								
6 Major financial institutions	1,769,187	1,767,835	1,815,810	1,815,810	1,841,815	1,868,175	1,895,285	1,901,935
7 Commercial banks[2]	894,513	940,444	1,004,280	1,004,280	1,024,854	1,053,048	1,072,780	1,080,320
8 One- to four-family	507,780	556,538	611,697	611,697	625,378	648,705	662,126	665,044
9 Multifamily	38,024	38,635	38,916	38,916	39,746	40,593	43,003	43,522
10 Commercial	328,826	324,409	331,100	331,100	336,795	340,176	343,826	347,927
11 Farm	19,882	20,862	22,567	22,567	22,936	23,575	23,824	23,827
12 Savings institutions[3]	627,972	598,330	596,199	596,199	601,777	599,745	604,614	602,855
13 One- to four-family	489,622	469,959	477,499	477,499	483,625	482,005	489,150	488,234
14 Multifamily	69,791	67,362	64,400	64,400	63,778	64,404	63,569	62,171
15 Commercial	68,235	60,704	54,011	54,011	54,085	53,054	51,604	52,160
16 Farm	324	305	289	289	288	282	291	290
17 Life insurance companies	246,702	229,061	215,332	215,332	215,184	215,382	217,892	218,759
18 One- to four-family	11,441	9,458	7,910	7,910	7,892	7,911	8,006	8,038
19 Multifamily	27,770	25,814	24,306	24,306	24,250	24,310	24,601	24,700
20 Commercial	198,269	184,305	173,539	173,539	173,142	173,565	175,643	176,353
21 Farm	9,222	9,484	9,577	9,577	9,900	9,596	9,643	9,668
22 Federal and related agencies	286,263	328,598	323,491	323,491	319,770	315,208	314,358	310,408
23 Government National Mortgage Association	30	22	6	6	15	7	2	2
24 One- to four-family	30	15	6	6	15	7	2	2
25 Multifamily	0	7	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,695	41,386	41,781	41,781	41,857	41,917	41,858	41,791
27 One- to four-family	16,912	15,303	13,826	13,826	13,507	13,217	12,914	12,643
28 Multifamily	10,575	10,940	11,319	11,319	11,418	11,512	11,557	11,617
29 Commercial	5,158	5,406	5,670	5,670	5,807	5,949	6,096	6,248
30 Farm	9,050	9,739	10,966	10,966	11,124	11,239	11,291	11,282
31 Federal Housing and Veterans' Administrations	12,581	12,215	10,964	10,964	10,890	10,098	9,535	9,497
32 One- to four-family	5,153	5,364	4,753	4,753	4,715	4,838	4,918	4,867
33 Multifamily	7,428	6,851	6,211	6,211	6,175	5,260	4,617	4,629
34 Resolution Trust Corporation	32,045	17,284	10,428	10,428	9,342	6,456	4,889	1,700
35 One- to four-family	12,960	7,203	5,200	5,200	4,755	2,870	2,299	761
36 Multifamily	9,621	5,327	2,859	2,859	2,494	1,940	1,420	515
37 Commercial	9,464	4,754	2,369	2,369	2,092	1,645	1,170	424
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	14,112	7,821	7,821	6,730	6,039	5,015	4,303
40 One- to four-family	0	2,367	1,049	1,049	840	731	618	492
41 Multifamily	0	1,426	1,595	1,595	1,310	1,135	722	428
42 Commercial	0	10,319	5,177	5,177	4,580	4,173	3,674	3,383
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	137,584	166,642	178,059	178,059	177,615	178,462	182,229	183,782
45 One- to four-family	124,016	151,310	162,160	162,160	161,780	162,674	166,393	168,122
46 Multifamily	13,568	15,332	15,899	15,899	15,835	15,788	15,836	15,660
47 Federal Land Banks	28,664	28,460	28,555	28,555	28,065	28,005	28,151	28,019
48 One- to four-family	1,687	1,675	1,671	1,671	1,651	1,648	1,656	1,652
49 Farm	26,977	26,785	26,885	26,885	26,414	26,357	26,495	26,367
50 Federal Home Loan Mortgage Corporation	33,665	48,476	45,876	45,876	45,256	44,224	42,678	41,315
51 One- to four-family	31,032	45,929	43,046	43,046	42,122	40,963	39,244	37,463
52 Multifamily	2,633	2,547	2,830	2,830	3,134	3,261	3,434	3,852
53 Mortgage pools or trusts[5]	1,434,264	1,563,453	1,716,209	1,716,209	1,731,272	1,759,314	1,797,162	1,849,640
54 Government National Mortgage Association	419,516	414,066	450,934	450,934	454,401	457,101	463,654	472,298
55 One- to four-family	410,675	404,864	441,198	441,198	444,632	446,855	453,114	461,453
56 Multifamily	8,841	9,202	9,736	9,736	9,769	10,246	10,540	10,845
57 Federal Home Loan Mortgage Corporation	407,514	446,029	486,480	486,480	488,723	496,139	503,457	517,609
58 One- to four-family	401,525	441,494	483,354	483,354	485,643	493,105	500,504	514,796
59 Multifamily	5,989	4,535	3,126	3,126	3,080	3,034	2,953	2,813
60 Federal National Mortgage Association	444,979	495,525	530,343	530,343	533,262	543,669	559,585	582,959
61 One- to four-family	435,979	486,804	520,763	520,763	523,903	533,091	548,400	569,724
62 Multifamily	9,000	8,721	9,580	9,580	9,359	10,578	11,185	13,235
63 Farmers Home Administration[4]	38	28	19	19	14	13	12	11
64 One- to four-family	8	5	3	3	2	2	2	2
65 Multifamily	0	0	0	0	0	0	0	0
66 Commercial	17	13	9	9	7	6	5	5
67 Farm	13	10	7	7	5	5	5	4
68 Private mortgage conduits	162,217	207,806	248,433	248,433	254,871	262,393	270,454	276,763
69 One- to four-family	140,718	173,635	196,733	196,733	201,314	205,018	209,713	208,354
70 Multifamily	6,305	8,701	14,925	14,925	15,743	17,281	18,903	22,436
71 Commercial	15,194	25,469	36,774	36,774	37,814	40,094	41,838	45,972
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[6]	603,270[r]	609,032[r]	619,732	619,732	623,960[r]	641,964[r]	654,089	662,092
74 One- to four-family	447,871	455,709	461,297	461,297	464,252[r]	480,834[r]	491,954	498,452
75 Multifamily	64,688	65,397	69,602	69,602	70,305[r]	71,049[r]	71,896	72,763
76 Commercial	75,441[r]	73,917[r]	76,153	76,153	76,667[r]	77,284[r]	77,368	78,025
77 Farm	15,270	14,009	12,681	12,681	12,736	12,796	12,872	12,853

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. 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.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1993	1994	1995[r]	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.[r]	1996 Jan.
	Seasonally adjusted								
1 **Total**	**790,351**	**902,853**	**1,024,809**	**989,695**	**993,843**	**1,005,178**	**1,015,029[r]**	**1,024,809**	**1,035,114**
2 Automobile	280,566	317,237	353,326	339,770	341,155	344,671	349,138[r]	353,326	356,053
3 Revolving	286,588	334,511	395,234	379,669	382,094	387,180	390,123[r]	395,234	400,545
4 Other[2]	223,197	251,106	276,249	270,255	270,595	273,326	275,768[r]	276,249	278,516
	Not seasonally adjusted								
5 **Total**	**809,440**	**925,000**	**1,050,642**	**990,428**	**996,525**	**1,005,423**	**1,018,961[r]**	**1,050,642**	**1,045,035**
By major holder									
6 Commercial banks	367,566	427,851	464,993	451,784	449,502	451,232	453,690	464,993	459,740
7 Finance companies	116,453	134,830	152,059	145,522	146,202	148,681	147,093	152,059	151,849
8 Credit unions	101,634	119,594	132,033	128,424	129,027	130,261	130,970[r]	132,033	131,443
9 Savings institutions	37,855	38,468	38,500	38,634	38,894	38,500	38,500	38,500	38,500
10 Nonfinancial business[3]	55,296	60,957	57,497	55,723	54,177	54,607	53,139	57,497	54,702
11 Pools of securitized assets[4]	130,636	143,300	205,560	170,341	178,723	182,142	195,569	205,560	208,801
By major type of credit[5]									
12 Automobile	281,458	318,213	354,395	341,716	344,401	347,513	351,024[r]	354,395	354,313
13 Commercial banks	122,000	141,851	151,057	148,549	148,901	150,782	149,905	151,057	152,290
14 Finance companies	56,057	61,609	70,061	68,271	68,857	70,816	68,167	70,061	70,847
15 Pools of securitized assets[4]	39,481	34,918	43,666	36,681	37,476	36,453	43,240	43,666	41,901
16 Revolving	301,837	352,266	416,187	377,784	380,341	384,625	392,689[r]	416,187	409,006
17 Commercial banks	149,920	180,183	198,076	189,163	185,572	186,463	189,405	198,076	189,317
18 Nonfinancial business[3]	50,125	55,341	51,971	48,976	48,968	49,358	47,839	51,971	49,267
19 Pools of securitized assets[4]	79,878	94,376	142,721	117,729	123,749	126,739	132,978	142,721	147,083
20 Other	226,145	254,521	280,060	269,467	271,845	273,285	275,248[r]	280,060	281,716
21 Commercial banks	95,646	105,817	115,860	114,072	115,029	113,987	114,380	115,860	118,133
22 Finance companies	60,396	73,221	81,998	77,251	77,345	77,865	78,926	81,998	81,002
23 Nonfinancial business[3]	5,171	5,616	5,526	5,286	5,271	5,249	5,300	5,526	5,435
24 Pools of securitized assets[4]	11,277	14,006	19,173	15,931	17,498	18,950	19,351	19,173	19,817

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Comprises mobile home loans and all other installment 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 INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1993	1994	1995	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.09	8.12	9.57	n.a.	9.44	n.a.	n.a.	9.36	n.a.	n.a.
2 24-month personal	13.47	13.19	13.94	n.a.	13.84	n.a.	n.a.	13.80	n.a.	n.a.
Credit card plan										
3 All accounts	n.a.	15.69	16.02	n.a.	15.98	n.a.	n.a.	15.81	n.a.	n.a.
4 Accounts assessed interest	n.a.	15.77	15.79	n.a.	15.94	n.a.	n.a.	15.71	n.a.	n.a.
Auto finance companies										
5 New car	9.48	9.79	11.19	11.01	10.85	10.75	10.89	10.84	10.52	9.74
6 Used car	12.79	13.49	14.48	14.35	14.23	14.12	14.06	13.98	13.83	13.27
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.5	54.0	54.1	54.1	53.5	53.4	54.6	54.5	53.6	51.8
8 Used car	48.8	50.2	52.2	52.4	52.3	52.3	52.3	52.2	51.8	52.2
Loan-to-value ratio										
9 New car	91	92	92	92	92	92	92	92	92	92
10 Used car	98	99	99	100	99	100	99	99	99	99
Amount financed (dollars)										
11 New car	14,332	15,375	16,210	16,086	16,056	16,402	16,430	16,583	17,034	16,698
12 Used car	9,875	10,709	11,590	11,637	11,662	11,725	11,883	12,012	12,152	12,059

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1991	1992	1993	1994	1995	1994 Q2	1994 Q3	1994 Q4	1995[r] Q1	1995[r] Q2	1995[r] Q3	1995[r] Q4
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**480.6**	**545.3**	**625.9**	**617.0**	**716.7**	**581.2**	**579.9[r]**	**654.3**	**839.7**	**879.3**	**529.6**	**618.4**
By sector and instrument												
2 U.S. government	278.2	304.0	256.1	155.9	144.4	131.3	135.6	150.1	266.8	202.8	65.8	42.4
3 Treasury securities	292.0	303.8	248.3	155.7	142.9	126.6	132.8	155.7	268.0	201.2	65.4	37.2
4 Budget agency issues and mortgages	13.8	.2	7.8	.2	1.5	4.7	2.9	5.7	1.2	1.6	.4	5.1
5 Private	202.4	241.3	369.8	461.1	572.3	449.9	444.3	504.2	572.9	676.5	463.9	576.0
By instrument												
6 Municipal securities	87.8	30.5	74.8	29.3	47.2	20.7	58.4	53.8	48.2	9.5	113.0	18.0
7 Corporate bonds	78.8	67.6	75.2	23.3	75.0	37.4	15.4	6.2	55.3	99.0	60.7	84.8
8 Mortgages	158.4	130.9	157.2	196.5	243.5	194.2	203.9	213.5	217.7	236.1	278.2	242.0
9 Home mortgages	173.6	187.6	187.9	204.5	207.9	186.2	208.8	219.8	192.1	203.8	244.6	191.2
10 Multifamily residential	5.5	10.4	6.0	1.3	12.1	4.0	5.6	4.2	2.6	14.2	13.7	18.0
11 Commercial	10.0	47.8	25.0	11.1	22.1	1.1	12.7	3.4	21.2	16.3	17.6	33.4
12 Farm	.4	1.4	.5	1.8	1.3	2.9	2.2	1.4	1.7	1.8	2.3	.5
13 Consumer credit	14.8	7.3	58.9	121.2	130.8	129.8	124.8	165.2	93.8	158.1	109.6	161.8
14 Bank loans n.e.c.	40.9	13.7	3.8	72.7	99.7	58.7	97.1	77.1	146.6	97.3	85.4	69.5
15 Commercial paper	18.4	8.6	10.0	21.4	18.1	9.7	26.4	23.5	23.1	37.5	16.0	4.1
16 Other loans and advances	48.5	10.3	10.2	55.4	52.4	40.8	35.1	72.4	84.5	58.0	26.9	40.0
By borrowing sector												
17 Household	182.7	200.7	246.5	360.3	373.1	349.9	379.7	419.1	303.5	390.4	401.8	396.5
18 Nonfinancial business	61.9	19.5	61.0	144.3	250.8	139.4	130.0	153.6	316.8	302.4	178.3	205.5
19 Farm	2.1	1.3	2.0	2.8	1.7	7.8	2.4	2.0	.9	3.6	4.3	2.2
20 Nonfarm noncorporate	11.0	16.0	7.0	12.1	37.9	10.0	8.8	16.5	51.3	34.4	29.8	36.2
21 Corporate	53.0	34.1	52.0	129.3	211.1	121.7	118.8	139.1	264.6	264.3	114.1	171.5
22 State and local government	81.6	21.1	62.3	43.4	51.5	39.5	65.4	68.5	47.5	16.3	116.2	26.1
23 Foreign net borrowing in United States	14.8	22.6	68.8	20.3	67.4	34.2	19.6	33.5	61.4	40.4	97.5	70.1
24 Bonds	15.0	15.7	81.3	7.1	47.3	17.4	20.8	27.7	13.5	49.9	55.0	70.8
25 Bank loans n.e.c.	3.1	2.3	.7	1.4	8.3	4.5	4.7	.5	8.1	5.6	8.2	11.3
26 Commercial paper	6.4	5.2	9.0	-27.3	13.6	5.2	8.1	5.9	37.9	11.1	30.9	3.4
27 Other loans and advances	9.8	.6	4.2	1.6	1.8	7.1	2.2	.4	1.9	4.0	3.4	8.6
28 **Total domestic plus foreign**	**495.4**	**568.0**	**694.7**	**596.6**	**784.1**	**546.9[r]**	**599.5**	**687.8**	**901.1**	**919.7**	**627.2**	**688.5**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**154.5**	**240.1**	**290.8**	**459.4**	**455.9**	**380.1**	**419.7**	**544.8**	**264.9**	**433.6**	**461.7**	**663.5**
By instrument												
30 U.S. government related	145.7	155.8	164.2	284.3	213.6	264.5	245.7	317.5	93.0	197.7	230.1	333.5
31 Government sponsored enterprises securities	9.2	40.3	80.6	176.9	108.5	146.6	152.1	249.0	62.9	127.2	101.5	142.2
32 Mortgage pool securities	136.6	115.6	83.6	112.1	105.1	117.9	93.6	68.5	30.0	70.5	128.6	191.3
33 Loans from U.S. government	.0	.0	.0	4.8	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	8.7	84.3	126.6	175.2	242.4	115.5	174.0	227.3	172.0	236.0	231.6	329.9
35 Corporate bonds	68.8	82.8	119.8	113.4	180.8	96.4	99.5	96.5	155.7	174.2	170.2	223.1
36 Mortgages	.5	.6	3.6	9.8	5.3	12.4	12.0	4.9	5.2	5.2	5.2	5.6
37 Bank loans n.e.c.	8.8	2.2	13.0	12.3	8.0	27.4	11.7	1.9	3.0	21.2	7.1	6.6
38 Open market paper	32.0	.7	6.2	41.6	42.6	4.3	41.3	85.9	38.5	34.0	43.3	54.6
39 Other loans and advances	37.3	.6	22.4	22.6	5.7	29.8	32.8	38.1	24.5	1.3	5.9	40.1
By borrowing sector												
40 Government sponsored enterprises	9.1	40.2	80.6	172.1	108.5	146.6	152.1	249.0	62.9	127.2	101.5	142.2
41 Federally related mortgage pools	136.6	115.6	83.6	112.1	105.1	117.9	93.6	68.5	30.0	70.5	128.6	191.3
42 Private financial sectors	8.7	84.3	126.6	175.2	242.4	115.5	174.0	227.3	172.0	236.0	231.6	329.9
43 Commercial banks	10.7	7.7	4.6	9.9	9.7	10.6	23.9	4.1	6.3	18.2	9.6	4.5
44 Bank holding companies	2.5	2.3	8.8	10.3	15.3	10.1	11.5	16.0	13.3	23.8	25.2	1.3
45 Funding corporations	6.5	13.2	2.9	24.2	45.2	10.5	47.3	11.1	61.5	21.7	52.1	45.5
46 Savings institutions	44.7	7.0	11.3	12.8	3.4	5.8	14.8	36.1	18.9	7.2	5.3	34.2
47 Credit unions	.0	.0	.2	.2	.1	.2	.5	.2	.3	.1	.1	.0
48 Life insurance companies	.0	.0	.2	.3	.1	.0	.0	1.3	.0	.1	.1	.4
49 Finance companies	17.7	1.6	.2	50.2	51.6	63.6	16.3	57.3	83.1	57.2	6.5	59.6
50 Mortgage companies	2.4	8.0	.0	11.5	2.9	18.2	7.0	1.1	7.4	14.8	4.0	.0
51 Real estate investment trusts (REITs)	1.2	.3	3.4	13.7	5.4	15.3	18.8	6.3	5.2	5.2	5.2	6.0
52 Brokers and dealers	3.7	2.7	12.0	.5	5.0	.3	7.6	19.3	29.5	.1	2.1	7.7
53 Issuers of asset backed securities (ABSs)	52.9	58.6	83.0	64.5	114.1	38.5	55.4	74.5	58.8	102.2	121.6	174.1

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

Transaction category or sector	1991	1992	1993	1994	1995	1994 Q2	1994 Q3	1994 Q4	1995r Q1	1995r Q2	1995r Q3	1995r Q4
						All sectors						
54 **Total net borrowing, all sectors**	**649.9**	**808.0**	**985.5**	**1,056.0**	**1,240.0**	**927.0**	**1,019.2**	**1,232.6**	**1,166.0**	**1,353.4**	**1,088.9**	**1,351.9**
55 U.S. government securities	424.0	459.8	420.3	443.9	358.0	395.8	381.3	467.5	359.8	400.5	295.9	375.9
56 Municipal securities	87.8	30.5	74.8	29.3	47.2	20.7	58.4	53.8	48.2	9.5	113.0	18.0
57 Corporate and foreign bonds	162.5	166.1	276.3	143.8	303.0	116.4	135.7	130.4	224.5	323.1	285.9	378.7
58 Mortgages	158.9	131.5	160.8	206.3	248.8	206.6	215.9	218.4	223.0	241.4	283.4	247.6
59 Consumer credit	14.8	7.3	58.9	121.2	130.8	129.8	124.8	165.2	93.8	158.1	109.6	161.8
60 Bank loans n.e.c.	29.1	9.3	8.5	61.8	116.0	26.8	90.1	78.5	151.7	124.1	100.7	87.4
61 Open market paper	34.0	13.1	5.1	35.7	74.3	8.8	59.6	115.3	99.5	60.3	90.2	47.1
62 Other loans and advances	95.6	8.9	8.0	71.7	56.2	63.5	70.2	111.0	61.8	55.4	36.2	71.5
						Funds raised through mutual funds and corporate equities						
63 **Total net share issues**	**209.4r**	**294.9r**	**442.1r**	**150.8r**	**157.1**	**263.9r**	**113.2r**	**−81.1r**	**18.1**	**169.2**	**190.1**	**250.9**
64 Mutual funds	147.2r	209.1r	323.7r	128.9r	171.1	199.6r	129.7r	12.6r	65.1	174.1	195.7	249.7
65 Corporate equities	62.2	85.8	118.4	21.9r	14.1	64.3r	16.4r	68.5	46.9	4.9	5.6	1.2
66 Nonfinancial corporations	18.3	27.0	21.3	44.9	76.0	2.0	50.0	118.0	68.4	59.6	98.8	77.2
67 Financial corporations	13.3	28.1	36.6	24.1r	14.2	20.4r	10.5r	16.3	8.7	17.7	11.2	19.0
68 Foreign shares purchased by U.S. residents	30.7	30.7	60.5	42.7	47.8	45.9	23.1	33.2	12.8	37.0	82.0	59.4

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	1990	1991	1992	1993	1994	1994			1995[r]			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**904.1**	**649.9**	**808.0**	**985.5**	**1,056.0**	**927.0**	**1,019.2**	**1,232.6**	**1,166.0**	**1,353.4**	**1,088.9**	**1,351.9**
2 Private domestic nonfinancial sectors	216.1[r]	104.1[r]	90.2	62.7[r]	252.9[r]	255.5[r]	205.1[r]	252.0[r]	.0	158.5	124.7	−137.1
3 Households	198.1[r]	27.9[r]	84.0[r]	37.1[r]	294.8[r]	297.6[r]	283.9[r]	336.7[r]	179.7	99.4	131.5	5.3
4 Nonfarm noncorporate business	3.5	5.3	.1	6	7	1.5	.7	.9	.5	1.0	1.0	2.2
5 Nonfinancial corporate business	26.1	30.7	27.8	21.3	51.9	27.5	37.4[r]	84.1	85.2	47.5	47.3	37.5
6 State and local governments	47.6[r]	50.8	21.5[r]	3.7	−94.6[r]	71.1	117.0	−169.7	94.9	105.7	207.9	−167.1
7 U.S. government	33.7	10.5	11.9	18.4	24.2	−14.6	11.3	24.4	13.2	24.3	23.4	30.1
8 Rest of the world	86.7	13.3	98.2	128.3	134.4	65.7	137.5	210.9	244.9	325.9	352.8	159.8
9 Financial sectors	567.7[r]	522.0[r]	631.5[r]	812.8[r]	693.0[r]	620.4[r]	687.9[r]	794.0[r]	934.3	1,210.2	884.2	1,359.3
10 Government sponsored enterprises	14.0	15.1	68.8	90.2	123.2	100.9	125.4	175.2	11.2	86.9	50.8	166.8
11 Federally related mortgage pools	150.3	136.6	115.6	83.6	112.1	117.9	93.6	68.5	30.0	70.5	128.6	191.3
12 Monetary authority	8.1	31.1	27.9	36.2	31.5	24.9	29.7	30.0	16.3	20.8	11.1	24.7
13 Commercial banking	125.1	80.8	95.3	142.2	163.4	128.5	183.4	174.5	342.7	316.0	243.5	153.6
14 U.S. chartered banks	94.9	35.7	69.5	149.6	148.1	136.1	155.6	174.2	183.4	222.4	227.5	112.9
15 Foreign banking offices in United States	28.4	48.5	16.5	9.8	11.2	10.0	22.9	5.6	158.8	83.9	24.1	34.3
16 Bank holding companies	2.8	1.5	5.6	.0	.9	.2	2.7	2.4	2.0	5.7	−9.0	6.0
17 Banks in U.S. affiliated areas	4.5	1.9	3.7	2.4	3.3	2.1	2.2	8.3	2.4	4.0	1.0	4
18 Funding corporations	6.3[r]	8.2[r]	17.7	19.1[r]	27.4[r]	35.6[r]	45.5[r]	11.4[r]	47.1	9.6	−22.0	42.8
19 Thrift institutions	157.6	146.1	61.3	1.7	34.9	41.5	53.8	32.4	28.2	9.4	40.9	1.6
20 Life insurance companies	107.2	86.5	78.5	100.9	66.3	26.7	89.5	79.4	132.4	131.2	77.0	91.5
21 Other insurance companies	26.4	30.0	6.7	27.7	24.9	22.3	25.3	30.4	19.2	21.7	21.8	22.8
22 Private pension funds	54.0	35.4	41.1	45.9	47.0	49.9	42.5	74.7	58.9	57.2	47.5	61.6
23 State and local government retirement funds	32.8	41.1	23.0	19.8	29.0	46.4	11.1	36.6	62.4	3.2	53.0	12.1
24 Finance companies	29.5	9.2	7.5	−9.0	68.2	61.2	63.1	80.4	91.8	70.1	42.9	47.3
25 Mortgage companies	.0	11.2	.1	.0	22.9	36.3	14.0	2.1	14.4	29.9	7.3	.6
26 Mutual funds	36.2	80.1	126.2	159.5	7.1[r]	55.4[r]	29.3[r]	70.4[r]	28.8	21.6	51.3	162.0
27 Closed-end funds	1.3	12.8	18.2	11.0	5.5	11.6	13.6	10.0	3.5	6.4	8.4	5.0
28 Money market mutual funds	77.5	32.7	4.7	20.4	30.0[r]	26.6	57.7	53.9[r]	53.1	135.2	33.2	124.6
29 Real estate investment trusts (REITs)	.7	.7	1.1	.6	4.7	6.6	5.5	.2	1.8	1.8	1.8	1.9
30 Brokers and dealers	2.8	17.5	1.3	14.8	44.2	57.7	21.9	8.0	30.5	146.2	1.8	177.0
31 Asset-backed securities issuers (ABSs)	51.1	48.9	53.8	80.5	57.8	42.8	46.3	54.3	46.7	89.8	109.7	156.9
32 Bank personal trusts	15.9	10.0	8.0	9.5	7.1	10.2	7.7	1.4	1.6	1.8	1.5	.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 **Net flows through credit markets**	**904.1**	**649.9**	**808.0**	**985.5**	**1,056.0**	**927.0**	**1,019.2**	**1,232.6**	**1,166.0**	**1,353.4**	**1,088.9**	**1,351.9**
Other financial sources												
34 Official foreign exchange	2.0	5.9	1.6	8	5.8	14.6	.2	8.6	17.8	10.3	9.0	1.9
35 Special drawing rights certificates	1.5	.0	2.0	.0	.0	.0	.0	.0	0	.0	8.6	.0
36 Treasury currency	1.0	.0	2	.4	7	.6	.8	.7	.7	.7	.8	.0
37 Life insurance reserves	25.7	25.7	27.3	35.2	34.0	21.7	67.7	21.6	54.0	49.9	29.9	41.5
38 Pension fund reserves	243.5[r]	198.2[r]	238.6[r]	247.3[r]	248.0[r]	220.7[r]	238.0[r]	293.4[r]	302.5	310.7	214.2	166.2
39 Interbank claims	35.0	3.4	43.5	56.4[r]	89.4[r]	110.7[r]	4.1[r]	98.4[r]	17.4	28.7	41.4	56.7
40 Checkable deposits and currency	43.6	86.3	113.5	117.3	9.7	44.9	66.0	40.5	42.8	133.5	150.5	76.1
41 Small time and savings deposits	63.7	1.5	57.2	70.3	40.0	57.5	51.8	46.9	18.1	112.0	107.6	120.3
42 Large time deposits	66.1	58.5	73.2	23.5	19.6	3.6	84.0	36.5	116.8	69.2	111.5	24.7
43 Money market fund shares	68.6	41.6	4.5	20.2	43.3	34.0	56.4	86.5	59.9	233.5	121.2	154.8
44 Security repurchase agreements	24.2	16.5	43.1	71.2	78.3	166.0	86.0	51.9	161.8	130.7	85.1	65.0
45 Foreign deposits	27.9	26.5	3.5	18.5	45.8	50.6	28.1	97.9	39.2	90.6	28.0	10.0
46 Mutual fund shares	62.9[r]	147.2[r]	209.1[r]	323.7[r]	128.9[r]	199.6[r]	129.7[r]	12.6[r]	65.1	174.1	195.7	249.7
47 Corporate equities	44.6	62.2	85.8	118.4	21.9[r]	64.3[r]	16.4[r]	68.5	46.9	4.9	5.6	1.2
48 Security credit	3.5	51.4	4.6	61.4	1	20.7	−59.3	37.1	10.7	30.8	35.4	26.9
49 Trade payables	35.8[r]	31.0[r]	46.6[r]	37.8[r]	111.9[r]	114.4[r]	95.4[r]	156.3[r]	112.1	32.5	184.2	77.1
50 Taxes payable	4.8	6.2	8.5	4.5	3.0	13.1	10.1	4.3	15.5	4.0	4.4	9.3
51 Noncorporate proprietors' equity	9.8[r]	.2[r]	16.9[r]	4.0[r]	23.8[r]	36.8[r]	46.6[r]	24.2[r]	28.1	32.6	48.3	33.6
52 Investment in bank personal trusts	29.7	16.1	7.1	1.6	18.8	24.7	23.6	11.9	21.0	22.3	20.8	18.0
53 Miscellaneous	162.0[r]	277.4[r]	287.2	296.3[r]	265.9[r]	129.4[r]	269.0[r]	372.1[r]	366.0	467.2	289.2	516.6
54 **Total financial sources**	**1,580.6[r]**	**1,471.4[r]**	**1,792.8[r]**	**2,269.8[r]**	**2,133.8[r]**	**1,946.2[r]**	**1,965.5[r]**	**2,348.4[r]**	**2,512.3**	**3,273.6**	**2,385.3**	**2,827.2**
Floats not included in assets (−)												
55 U.S. government checkable deposits	3.3	13.1	7	1.5	4.8	8	7.4	24.4	13.2	16.3	3.5	−24.3
56 Other checkable deposits	8.5	4.5	1.6	1.3	2.8	3.5	3.3	2.3	3.7	3.9	3.5	4.2
57 Trade credit	11.2[r]	36.1[r]	11.3[r]	29.7[r]	3.0[r]	20.3[r]	16.0[r]	29.7[r]	25.7	19.9	6.0	41.5
Liabilities not identified as assets (−)												
58 Treasury currency	.2	.6	.2	.2	2	.2	.2	.2	.2	4	3	.9
59 Interbank claims	1.6	26.2	4.9	4.2	2.7	5.4	10.1	1.7	8	8.2	7.6	29.4
60 Security repurchase agreements	27.1[r]	9.5	3.6[r]	34.3	27.9[r]	108.1[r]	47.3[r]	83.0[r]	73.5	40.1	13.6	12.9
61 Foreign deposits	25.9	24.0	2.8	7.1	36.9[r]	56.1	39.5[r]	55.8[r]	46.0	81.7	−1.8	15.8
62 Taxes payable	1.7	1.0	10.8	10.4	8.5	6.2	10.8	.8	8.7	31.9	11.2	13.1
63 Miscellaneous	75.8[r]	8.9[r]	.8[r]	48.8[r]	109.6[r]	336.3[r]	73.1[r]	14.8[r]	226.8	125.1	32.4	5.9
64 **Total identified to sectors as assets**	**1,657.0[r]**	**1,443.8[r]**	**1,772.0[r]**	**2,250.0[r]**	**2,183.7[r]**	**2,089.3[r]**	**2,005.7[r]**	**2,254.0[r]**	**2,592.5**	**3,317.5**	**2,393.5**	**2,943.7**

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	1991	1992	1993	1994	1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,348.2**	**11,896.7**	**12,537.4**	**13,160.6**	**12,808.0**	**12,962.6**	**13,160.6**	**13,338.7[r]**	**13,544.3[r]**	**13,686.8[r]**	**13,877.3**
By sector and instrument											
2 U.S. government	2,776.4	3,080.3	3,336.5	3,492.3	3,395.4	3,432.3	3,492.3	3,557.9	3,583.5	3,603.4	3,636.7
3 Treasury securities	2,757.8	3,061.6	3,309.9	3,465.6	3,368.0	3,404.1	3,465.6	3,531.5	3,556.7	3,576.5	3,608.5
4 Budget agency issues and mortgages	18.6	18.8	26.6	26.7	27.4	28.2	26.7	26.4	26.8	26.9	28.2
5 Private	8,571.8	8,816.3	9,200.9	9,668.3	9,412.6	9,530.3	9,668.3	9,780.8[r]	9,960.8[r]	10,083.4[r]	10,240.6
By instrument											
6 Municipal securities	1,272.2	1,302.8	1,377.5	1,348.2	1,372.2	1,362.6	1,348.2	1,334.8[r]	1,329.8[r]	1,306.6[r]	1,301.1
7 Corporate bonds	1,086.9	1,154.5	1,229.7	1,253.0	1,247.6	1,251.5	1,253.0	1,266.8	1,291.6	1,306.8	1,328.0
8 Mortgages	3,957.8	4,088.7	4,260.0	4,456.5	4,345.8	4,401.9	4,456.5	4,496.8[r]	4,563.3[r]	4,638.2[r]	4,700.0
9 Home mortgages	2,849.8	3,037.4	3,227.6	3,432.2	3,318.7	3,376.0	3,432.2	3,466.0[r]	3,524.5[r]	3,591.0[r]	3,610.1
10 Multifamily residential	282.8	272.5	267.8	269.1	268.8	270.2	269.1	269.8	273.3[r]	276.8[r]	281.2
11 Commercial	745.9	698.1	683.4	672.3	676.3	673.1	672.3	677.6[r]	681.6[r]	686.1[r]	694.4
12 Farm	79.3	80.7	81.2	83.0	82.1	82.6	83.0	83.4	83.9	84.4	84.3
13 Consumer credit	797.2	804.6	863.5	984.7	891.6	929.4	984.7	987.9	1,026.5	1,060.8	1,115.5
14 Bank loans n.e.c.	686.0	672.2	676.0	748.6	705.3	724.7	748.6	781.8[r]	810.3[r]	826.0[r]	848.3
15 Commercial paper	98.5	107.1	117.8	139.2	135.7	138.7	139.2	149.8	162.9	163.3	157.4
16 Other loans and advances	673.2	686.5	676.3	738.0	714.4	721.6	738.0	762.9[r]	776.4[r]	781.8[r]	790.4
By borrowing sector											
17 Household	3,822.9	4,023.6	4,272.4	4,632.3	4,407.5	4,511.8	4,632.3	4,675.1[r]	4,780.3[r]	4,890.0[r]	5,005.4
18 Nonfinancial business	3,674.2	3,696.8	3,770.3	3,921.1	3,860.9[r]	3,885.6	3,921.1	4,004.2[r]	4,085.6[r]	4,122.6[r]	4,171.9
19 Farm	135.0	136.3	138.3	141.2	141.5	143.1	141.2	138.9	142.8	144.9	142.8
20 Nonfarm noncorporate	1,137.3	1,122.9	1,129.9	1,142.0	1,135.6	1,137.4	1,142.0	1,154.5	1,163.3[r]	1,170.4[r]	1,180.0
21 Corporate	2,401.9	2,437.6	2,502.0	2,638.0[r]	2,583.7	2,605.0	2,638.0[r]	2,710.7[r]	2,779.4[r]	2,807.3[r]	2,819.1
22 State and local government	1,074.8	1,095.9	1,158.2	1,114.8	1,144.2	1,132.8	1,114.8	1,101.6[r]	1,094.9[r]	1,070.8[r]	1,063.3
23 **Foreign credit market debt held in United States**	**299.7**	**313.1**	**381.9**	**361.6**	**348.7**	**352.4**	**361.6**	**376.8**	**387.6**	**410.7**	**429.0**
24 Bonds	130.5	146.2	227.4	234.6	222.4	227.6	234.6	237.9	250.4	264.2	281.9
25 Bank loans n.e.c.	21.6	23.9	24.6	26.1	25.1	26.3	26.1	28.2	29.6	31.6	34.4
26 Commercial paper	81.8	77.7	68.7	41.4	42.0	39.9	41.4	50.9	48.1	55.8	55.0
27 Other loans and advances	65.9	65.3	61.1	59.6	59.2	58.6	59.6	59.8	59.5	59.1	57.7
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**11,647.9**	**12,209.7**	**12,919.3**	**13,522.2**	**13,156.7**	**13,315.0**	**13,522.2**	**13,715.5[r]**	**13,931.9[r]**	**14,097.5[r]**	**14,306.3**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**2,769.2**	**3,024.9**	**3,321.0**	**3,785.7**	**3,545.3**	**3,648.1**	**3,785.7**	**3,853.5[r]**	**3,964.8[r]**	**4,078.0[r]**	**4,244.3**
By instrument											
30 U.S. government-related	1,564.2	1,720.0	1,884.1	2,168.4	2,030.5	2,089.8	2,168.4	2,192.7	2,245.0	2,300.2	2,381.9
31 Government-sponsored enterprises securities	402.9	443.1	523.7	700.6	600.3	638.3	700.6	716.3	748.1	773.5	809.1
32 Mortgage pool securities	1,156.5	1,272.0	1,355.6	1,467.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9	1,526.7	1,572.9
33 Loans from U.S. government	4.8	4.8	4.8	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,205.1	1,304.9	1,436.9	1,617.3	1,514.9	1,558.3	1,617.3	1,660.8[r]	1,719.8[r]	1,777.7[r]	1,862.3
35 Corporate bonds	649.1	738.2	858.0	969.0	920.0	944.8	969.0	1,007.9[r]	1,051.4[r]	1,094.0[r]	1,149.8
36 Mortgages	4.8	5.4	8.9	18.7	14.5	17.5	18.7	20.0	21.3[r]	22.6[r]	24.0
37 Bank loans n.e.c.	78.4	80.5	67.6	55.3	56.3	51.4	55.3	53.4[r]	58.4[r]	60.3[r]	63.3
38 Open market paper	385.7	394.3	393.5	442.8	410.3	420.5	442.8	454.1	462.8	473.6	488.0
39 Other loans and advances	87.1	86.6	108.9	131.6	113.8	122.0	131.6	125.4	125.7	127.2	137.2
By borrowing sector											
40 Government-sponsored enterprises	407.7	447.9	528.5	700.6	600.3	638.3	700.6	716.3	748.1	773.5	809.1
41 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9	1,526.7	1,572.9
42 Private financial sectors	1,205.1	1,304.9	1,436.9	1,617.3	1,514.9	1,558.3	1,617.3	1,660.8[r]	1,719.8[r]	1,777.7[r]	1,862.3
43 Commercial banks	72.3	80.0	84.6	94.5	86.7	92.6	94.5	95.0	99.9	102.2	104.1
44 Bank holding companies	112.3	114.6	123.4	133.6	126.8	129.6	133.6	137.0[r]	142.9	149.2	148.9
45 Funding corporations	139.1	161.6	169.9	199.3	191.5	200.6	199.3	221.0[r]	229.9	240.0[r]	247.1
46 Savings institutions	95.4	88.4	99.6	112.4	99.7	103.4	112.4	107.7	105.9[r]	107.2	115.8
47 Credit unions	.0	.0	.2	.5	.3	.4	.5	.4	.3	.4	.4
48 Life insurance companies	.0	.0	.2	.6	.3	.3	.6	.6	.6	.6	.5
49 Finance companies	391.9	390.4	390.5	440.7	414.2	420.9	440.7	456.7	467.2	471.9	492.3
50 Mortgage companies	22.2	30.2	30.2	18.7	20.2	18.5	18.7	16.9	20.6	21.6[r]	21.6
51 Real estate investment trusts (REITs)	13.6	13.9	17.4	31.1	24.8	29.5	31.1	32.4[r]	33.7[r]	35.0	36.5
52 Brokers and dealers	19.0	21.7	33.7	34.3	31.3	29.4	34.3	26.9	26.8	27.4	29.3
53 Issuers of asset-backed securities (ABSs)	339.3	404.2	487.2	551.6	519.2	533.0	551.6	566.3[r]	591.9[r]	622.3[r]	665.8
					All sectors						
54 **Total credit market debt, domestic and foreign**	**14,417.1**	**15,234.6**	**16,240.3**	**17,307.9**	**16,702.0**	**16,963.1**	**17,307.9**	**17,569.1[r]**	**17,896.7[r]**	**18,175.4[r]**	**18,550.6**
55 U.S. government securities	4,335.7	4,795.5	5,215.8	5,660.7	5,425.9	5,522.1	5,660.7	5,750.6	5,828.5	5,903.6	6,018.7
56 Municipal securities	1,272.2	1,302.8	1,377.5	1,348.2	1,372.2	1,362.6	1,348.2	1,334.8[r]	1,329.8[r]	1,306.6[r]	1,301.1
57 Corporate and foreign bonds	1,866.5	2,038.9	2,315.2	2,456.5	2,390.0	2,423.9	2,456.5	2,512.7[r]	2,593.4[r]	2,664.9[r]	2,759.6
58 Mortgages	3,962.6	4,094.1	4,269.0	4,475.2	4,360.3	4,419.4	4,475.2	4,516.8[r]	4,584.7[r]	4,660.9[r]	4,724.1
59 Consumer credit	797.2	804.6	863.5	984.7	891.6	929.4	984.7	987.9	1,026.5	1,060.8	1,115.5
60 Bank loans n.e.c.	785.9	776.6	768.2	830.0	786.7	804.3	830.0	863.3	898.2	917.9	946.0
61 Open market paper	565.9	579.0	580.0	623.5	587.9	599.2	623.5	654.7	673.8	692.7	700.4
62 Other loans and advances	831.0	843.1	851.1	929.1	887.4	902.2	929.1	948.1[r]	961.7[r]	968.1[r]	985.4

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	1991	1992	1993	1994	1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3[r]	1995 Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**14,417.1**	**15,234.6**	**16,240.3**	**17,307.9**	**16,702.0**	**16,963.1**	**17,307.9**	**17,569.1[r]**	**17,896.7[r]**	**18,175.4**	**18,550.6**
2 Private domestic nonfinancial sectors	2,591.4	2,673.7	2,729.3	3,012.5[r]	2,824.7[r]	2,893.9[r]	3,012.5[r]	2,983.7[r]	2,929.5[r]	2,916.3	2,903.4
3 Households	1,544.3[r]	1,620.6[r]	1,646.0[r]	1,971.1[r]	1,747.4[r]	1,839.5[r]	1,971.1[r]	1,996.3[r]	1,953.1[r]	2,007.1	2,018.7
4 Nonfarm noncorporate business	38.3	38.1	38.8	39.5	39.1	39.3	39.5	39.6	39.4	39.1	38.6
5 Nonfinancial corporate business	230.0	257.8	283.7	335.6	298.5	306.8	335.6	307.2[r]	319.0[r]	306.4	323.7
6 State and local governments	778.7[r]	757.2[r]	760.8[r]	666.3[r]	739.8[r]	708.3[r]	666.3[r]	640.6[r]	618.1[r]	563.7	522.4
7 U.S. government	246.9	235.0	230.7	206.5	215.4	212.6	206.5	203.2	197.1	191.3	183.8
8 Rest of the world	928.8	1,022.8	1,146.6	1,255.7	1,205.4	1,240.7	1,255.7	1,325.3[r]	1,403.4[r]	1,492.7	1,526.6
9 Financial sectors	10,650.1	11,303.1	12,133.7	12,833.2[r]	12,456.6[r]	12,615.9[r]	12,833.2[r]	13,056.9[r]	13,366.6[r]	13,575.1	13,936.9
10 Government-sponsored enterprises	389.0	457.8	548.0	671.2	596.0	627.5	671.2	673.3	695.8	708.5	750.1
11 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9	1,526.7	1,572.9
12 Monetary authority	272.5	300.4	336.7	368.2	351.6	356.8	368.2	367.1	375.7	370.6	380.8
13 Commercial banking	2,853.3	2,918.6	3,090.8	3,254.3	3,155.9	3,203.9	3,254.3	3,327.7	3,409.8	3,472.9	3,518.2
14 U.S. chartered banks	2,502.5	2,571.9	2,721.5	2,869.6	2,780.3	2,822.3	2,869.6	2,906.5	2,963.7	3,023.7	3,056.1
15 Foreign banking offices in United States	319.2	335.8	326.0	337.1	330.8	335.5	337.1	373.6	396.0	401.1	412.4
16 Bank holding companies	11.9	17.5	17.5	18.4	18.3	19.0	18.4	17.9	19.3	17.0	18.6
17 Banks in U.S. affiliated areas	19.7	23.4	25.8	29.2	26.5	27.1	29.2	29.8	30.8	31.0	31.1
18 Funding corporations	144.8	162.5	149.5	129.8[r]	138.7[r]	130.5[r]	129.8[r]	140.2[r]	135.7[r]	134.0	125.6
19 Thrift institutions	1,192.6	1,134.5	1,132.7	1,167.6	1,146.1	1,160.4	1,167.6	1,173.4	1,177.3	1,188.1	1,187.7
20 Life insurance companies	1,224.6	1,309.1	1,420.6	1,487.0	1,449.0	1,470.7	1,487.0	1,523.1	1,557.1	1,575.5	1,595.0
21 Other insurance companies	376.6	389.4	422.7	446.4	433.1	439.1	446.4	451.8[r]	458.5[r]	464.4	471.9
22 Private pension funds	530.6	571.7	617.6	664.6	635.3	645.9	664.6	679.3[r]	693.6[r]	705.5	720.9
23 State and local government retirement funds	394.5	417.5	437.3	466.3	459.2	454.3	466.3	480.7	482.1	493.3	498.9
24 Finance companies	488.9	496.4	482.8	551.0	511.3	524.1	551.0	568.5	586.9	594.7	614.0
25 Mortgage companies	60.3	60.5	60.4	37.5	40.4	37.0	37.5	33.9[r]	41.4[r]	43.2	43.3
26 Mutual funds	440.2	566.4	725.9	718.8[r]	747.8[r]	741.8[r]	718.8[r]	715.9	721.5	735.6	770.3
27 Closed-end funds	49.5	67.7	78.6	73.1	79.0	75.6	73.1	74.0[r]	75.6[r]	77.7	78.9
28 Money market mutual funds	403.9	408.6	429.0	459.0[r]	433.5	437.9	459.0[r]	480.6	508.0	505.7	545.5
29 Real estate investment trusts (REITs)	7.0	8.1	8.6	13.3	11.9	13.3	13.3	13.8[r]	14.2[r]	14.7	15.1
30 *Brokers and dealers*	*124.0*	*122.7*	*137.5*	*93.3*	*100.8*	*95.3*	*93.3*	*101.0*	*137.5*	*137.0*	*181.3*
31 Asset-backed securities issuers (ABSs)	317.8	377.9	458.4	516.1	491.0	502.6	516.1	527.8[r]	550.3[r]	577.7	616.9
32 Bank personal trusts	223.5	231.5	240.9	248.0	245.7	247.7	248.0	248.4	248.8	249.2	249.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 **Total credit market debt**	**14,417.1**	**15,234.6**	**16,240.3**	**17,307.9**	**16,702.0**	**16,963.1**	**17,307.9**	**17,569.1[r]**	**17,896.7[r]**	**18,175.4**	**18,550.6**
Other liabilities											
34 Official foreign exchange	55.4	51.8	53.4	53.2	54.9	55.5	53.2	64.1	67.1	65.1	63.7
35 Special drawing rights certificates	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	10.2	10.2
36 Treasury currency	16.3	16.5	17.0	17.6	17.3	17.5	17.6	17.8	18.0	18.2	18.2
37 Life insurance reserves	405.7	433.0	468.2	502.2	479.9	496.8	502.2	515.7	528.1	535.6	546.0
38 Pension fund reserves	3,655.4	4,055.1	4,471.6	4,693.9	4,524.0	4,677.0[r]	4,693.9	4,895.7[r]	5,095.4[r]	5,320.1	5,435.3
39 Interbank claims	96.4	132.6	189.3[r]	279.7[r]	237.5[r]	250.1[r]	279.7[r]	271.7[r]	265.5[r]	267.4	287.0
40 Deposits at financial institutions	5,024.3	5,050.2	5,154.9	5,296.0	5,186.7	5,212.4	5,296.0	5,389.5[r]	5,572.4[r]	5,638.7	5,748.4
41 Checkable deposits and currency	1,020.9	1,134.4	1,251.7	1,242.0	1,229.9	1,205.0	1,242.0	1,193.9	1,246.3	1,200.7	1,229.5
42 Small time and savings deposits	2,350.7	2,293.5	2,223.2	2,183.3	2,214.4	2,199.1	2,183.3	2,200.1	2,222.4[r]	2,247.0	2,272.7
43 Large time deposits	488.4	415.2	391.7	411.2	379.3	402.6	411.2	441.1	456.2	486.2	491.8
44 Money market fund shares	535.0	539.5	559.6	602.9	569.2	578.7	602.9	634.0	678.5	702.7	745.3
45 Security repurchase agreements	355.8	399.9	471.1	549.4	522.1	548.1	549.4	603.4[r]	629.3[r]	655.6	660.1
46 Foreign deposits	273.5	267.7	257.6	307.1	271.9	278.9	307.1	316.9	339.6	346.6	349.1
47 Mutual fund shares	769.5	992.5	1,375.4	1,477.3	1,445.4	1,515.8	1,477.3	1,552.8	1,664.4	1,789.6	1,865.0
48 Security credit	188.9	217.7	279.0	279.0	279.1	263.9	279.0	269.5	277.9	286.2	299.6
49 Trade payables	948.3[r]	995.1[r]	1,032.8[r]	1,144.8[r]	1,059.9[r]	1,082.3[r]	1,144.8[r]	1,143.8[r]	1,158.6[r]	1,202.0	1,246.2
50 Taxes payable	71.2	79.7	84.2	87.3	82.0	86.3	87.3	93.5	88.6	91.4	88.9
51 Investment in bank personal trusts	639.3	660.6	691.3	699.4	680.0	701.1	699.4	736.3	774.6	817.0	841.7
52 Miscellaneous	4,443.8	4,791.2	5,102.9[r]	5,363.9[r]	5,239.7[r]	5,322.2[r]	5,363.9[r]	5,437.9[r]	5,510.4[r]	5,586.2	5,724.6
53 **Total liabilities**	**30,741.8[r]**	**32,718.6[r]**	**35,168.3[r]**	**37,210.2[r]**	**35,996.6[r]**	**36,652.0[r]**	**37,210.2[r]**	**37,965.3[r]**	**38,925.7[r]**	**39,803.2**	**40,725.4**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.3	19.6	20.1	21.1	20.8	21.0	21.1	22.7	22.9	22.1	22.1
55 Corporate equities	4,863.6	5,462.9	6,278.5	6,293.4	5,965.8	6,228.7	6,293.4	6,835.8	7,393.0	8,013.8	8,345.4
56 Household equity in noncorporate business	2,521.0[r]	2,458.3[r]	2,476.3[r]	2,564.6[r]	2,523.9[r]	2,550.9[r]	2,564.6[r]	2,576.8[r]	2,608.5[r]	2,622.2	2,635.6
Floats not included in assets (–)											
57 U.S. government checkable deposits	3.8	6.8	5.6	3.4	.9	1.2	3.4	4.2	2.0	.6	3.1
58 Other checkable deposits	40.4	42.0	40.7	38.0	38.7	30.6	38.0	33.3	35.7	27.3	34.2
59 Trade credit	263.1[r]	251.0[r]	215.1[r]	219.0[r]	280.2[r]	282.3[r]	219.0[r]	258.1[r]	277.1[r]	283.9	219.5
Liabilities not identified as assets (–)											
60 Treasury currency	4.7	4.9	5.1	5.4	5.2	5.3	5.4	5.4	5.5	5.6	5.8
61 Interbank claims	4.2	9.3	4.7	6.5	7.4	3.4	6.5	2.7	2.9	.1	9.1
62 Security repurchase agreements	38.4[r]	43.0[r]	77.3[r]	105.2[r]	99.3[r]	98.0[r]	105.2[r]	131.6[r]	115.0[r]	130.4	113.7
63 Foreign deposits	222.6	217.6	218.3	258.7[r]	231.4	241.3[r]	258.7[r]	270.2[r]	290.6	290.2	294.1
64 Taxes payable	17.8	25.3	26.2	24.2	21.3	22.0	24.2	7.9	21.2[r]	23.6	38.0
65 Miscellaneous	639.0[r]	514.4[r]	589.8[r]	723.9[r]	569.2[r]	612.4[r]	723.9[r]	782.6[r]	787.4[r]	802.6	785.0
66 **Total identified to sectors as assets**	**38,736.6[r]**	**41,104.3[r]**	**44,389.7[r]**	**46,614.6[r]**	**44,977.5[r]**	**45,963.0[r]**	**46,614.6[r]**	**48,002.3[r]**	**49,558.5[r]**	**51,081.2**	**52,264.7**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987 = 100, except as noted

Measure	1993	1994	1995	1995 June	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.[r]	1995 Dec.	1996 Jan.[r]	1996 Feb.
1 **Industrial production[1]**	**111.5**	**118.1**	**121.9**	**121.4**	**121.5**	**122.7**	**122.8**	**122.2**	**122.6**	**122.7[r]**	**122.1**	**123.7**
Market groupings												
2 Products, total	110.0	115.6	118.3	117.9	118.0	119.2	119.4	118.3	118.8	118.9[r]	118.4	120.0
3 Final, total	112.7	118.3	121.3	121.1	121.2	122.4	122.6	121.3	121.9	121.8[r]	121.4	123.3
4 Consumer goods	109.5	113.7	115.0	114.8	114.6	115.9	116.0	114.9	115.9	115.2[r]	113.7	115.1
5 Equipment	117.5	125.3	131.4	131.2	131.6	132.9	133.1	131.5	131.4	132.2[r]	133.9	136.4
6 Intermediate	101.8	107.3	109.0	108.2	108.5	109.4	109.5	109.2	109.3	110.1[r]	109.0	110.1
7 Materials	113.8	122.0	127.4	126.8	126.8	128.1	128.1	128.1	128.4	128.4[r]	128.0	129.3
Industry groupings												
8 Manufacturing	112.3	119.7	123.9	123.3	123.3	124.2	124.9	124.4	124.5	124.7	124.3	126.1
9 Capacity utilization, manufacturing (percent)[2]	80.6	83.3	82.9	82.6	82.3	82.6	82.8	82.1	81.9	81.8	81.2	82.1
10 Construction contracts[3]	105.1	114.2	117.5[r]	122.0	119.0[r]	123.0	120.0[r]	119.0[r]	120.0	113.0[r]	114.0	108.0
11 Nonagricultural employment, total[4]	108.4	111.3	114.4	114.3	114.3	114.6	114.7	114.8	115.0	115.1	114.9	115.6
12 Goods-producing, total	94.3	95.6	98.2	98.2	97.9	97.9	97.9	97.9	97.8	98.0	97.7	98.4
13 Manufacturing, total	94.8	95.1	96.9	97.0	96.6	96.6	96.4	96.3	96.2	96.4	96.0	96.1
14 Manufacturing, production workers	95.3	97.4	98.3	98.3	97.8	97.9	97.7	97.5	97.4	97.7	97.1	97.3
15 Service-producing	112.9	116.3	119.5	119.4	119.6	119.9	120.1	120.1	120.4	120.6	120.4	121.1
16 Personal income, total	141.3	148.3	157.4	157.0	157.9[r]	158.0[r]	158.8[r]	159.6[r]	160.0	161.0	161.2	n.a.
17 Wages and salary disbursements	136.0	142.6	150.5	149.9	151.3[r]	151.1[r]	152.0[r]	153.0[r]	152.9	153.7	153.5	n.a.
18 Manufacturing	119.3	125.0	129.3	128.8	129.0	129.3	129.6	129.5	129.5	130.0	128.1	n.a.
19 Disposable personal income[5]	142.4	149.2	157.8	157.4	158.4[r]	158.5[r]	159.3[r]	159.9[r]	160.5	161.5	161.9	n.a.
20 Retail sales[5]	134.7	145.1	152.7[r]	153.5	152.9	153.9	153.8	153.4	154.7	155.8[r]	155.6	156.8
Prices[6]												
21 Consumer (1982–84 = 100)	144.5	148.2	152.4	152.5	152.5	152.9	153.2	153.7	153.6	153.5	154.4	154.9
22 Producer finished goods (1982 = 100)	124.7	125.5	127.9	128.2	128.2	128.1	127.9	128.7[r]	128.6	129.0	129.5	129.4

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 November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991–95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. 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	1993	1994	1995	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.[r]	1996 Jan.[r]	1996 Feb.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	128,040	131,056	132,304	132,342[r]	132,298[r]	132,501[r]	132,473[r]	132,471[r]	132,352	132,903	133,018
Employment											
2 Nonagricultural industries[3]	116,232	119,651	121,460	121,423[r]	121,483[r]	121,701[r]	121,810[r]	121,739[r]	121,656	121,698	122,143
3 Agriculture	3,074	3,409	3,440	3,409	3,376[r]	3,335[r]	3,434[r]	3,323[r]	3,325	3,529	3,519
Unemployment											
4 Number	8,734	7,996	7,404	7,510[r]	7,439[r]	7,465[r]	7,229[r]	7,409[r]	7,371	7,677	7,355
5 Rate (percent of civilian labor force)	6.8	6.1	5.6	5.7	5.6	5.6	5.5	5.6	5.6	5.8	5.5
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment[4]**	**110,525**	**113,423**	**116,597**	**116,575**	**116,838**	**116,932**	**117,000**	**117,212**	**117,357**	**117,169**	**117,874**
7 Manufacturing	18,003	18,064	18,406	18,353	18,357	18,322	18,301	18,272	18,307	18,232	18,258
8 Mining	611	604	579	577	575	573	571	567	569	568	574
9 Contract construction	4,642	4,916	5,244	5,226	5,233	5,262	5,287	5,295	5,297	5,311	5,435
10 Transportation and public utilities	5,787	5,842	6,194	6,195	6,217	6,206	6,217	6,240	6,231	6,230	6,246
11 Trade	25,675	26,362	27,156	27,184	27,177	27,245	27,256	27,362	27,376	27,319	27,501
12 Finance	6,712	6,789	6,948	6,938	6,947	6,957	6,977	6,991	7,001	7,003	7,028
13 Service	30,278	31,805	32,788	32,820	32,986	33,017	33,076	33,185	33,248	33,204	33,491
14 Government	18,817	19,041	19,282	19,282	19,346	19,320	19,315	19,300	19,328	19,299	19,341

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	1995				1995				1995			
	Q1	Q2	Q3	Q4[r]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]
	Output (1987 = 100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**121.8**	**121.4**	**122.3**	**122.5**	**143.7**	**145.0**	**146.4**	**147.8**	**84.8**	**83.7**	**83.6**	**82.8**
2 Manufacturing	124.0	123.3	124.1	124.5	147.2	148.7	150.3	152.0	84.3	82.9	82.6	82.0
3 Primary processing[3]	119.1	117.7	117.1	117.1	133.4	134.4	135.4	136.4	89.3	87.6	86.5	85.9
4 Advanced processing[4]	126.3	126.0	127.5	128.1	153.8	155.6	157.5	159.5	82.2	81.0	80.9	80.3
5 Durable goods	132.0	131.1	133.0	134.2	156.8	158.9	161.1	163.4	84.2	82.7	82.5	82.1
6 Lumber and products	105.3	102.9	104.6	105.8	117.4	118.0	118.6	119.2	89.7	87.2	88.2	88.7
7 Primary metals	121.2	119.1	118.2	118.9	126.9	127.5	128.0	128.6	95.6	93.4	92.3	92.4
8 Iron and steel	125.4	121.9	121.3	121.4	130.9	131.7	132.5	133.2	95.8	92.6	91.6	91.1
9 Nonferrous	115.6	115.1	113.9	115.2	121.5	121.9	122.2	122.5	95.2	94.5	93.2	94.0
10 Industrial machinery and equipment	171.9	174.4	178.9	186.8	194.8	199.6	204.5	209.7	88.2	87.4	87.5	89.1
11 Electrical machinery	167.9	171.2	178.4	182.9	191.6	197.6	203.9	210.4	87.7	86.7	87.5	86.9
12 Motor vehicles and parts	147.7	140.5	140.7	140.5	172.1	174.2	176.4	178.7	85.8	80.6	79.8	78.6
13 Aerospace and miscellaneous transportation equipment	89.6	88.7	86.9	79.0	132.2	132.2	132.1	132.1	67.8	67.1	65.8	59.8
14 Nondurable goods	115.2	114.4	114.3	113.9	136.6	137.5	138.4	139.4	84.3	83.2	82.6	81.7
15 Textile mill products	116.4	113.7	110.9	109.4	129.1	130.1	131.1	132.1	90.2	87.5	84.6	82.8
16 Paper and products	121.0	121.2	119.5	117.9	130.6	131.5	132.5	133.4	92.7	92.1	90.2	88.4
17 Chemicals and products	125.3	124.0	124.6	126.2	153.7	154.7	155.6	156.6	81.5	80.1	80.1	80.6
18 Plastics materials	127.5	122.9	118.3	123.0	132.1	133.8	135.4	137.1	96.5	91.9	87.3	89.7
19 Petroleum products	108.3	108.0	109.2	107.7	116.0	116.2	116.4	116.6	93.3	92.9	93.8	92.4
20 Mining	100.6	100.7	100.2	98.1	112.0	112.0	112.0	112.1	89.8	89.9	89.4	87.5
21 Utilities	118.4	120.7	124.7	123.9	134.4	134.8	135.2	135.6	88.0	89.5	92.3	91.4
22 Electric	118.9	120.4	125.0	123.7	131.7	132.1	132.5	133.0	90.3	91.1	94.3	93.1

	1973	1975	Previous cycle[5]		Latest cycle[6]		1995	1995[r]				1996	
	High	Low	High	Low	High	Low	Feb.	Sept.	Oct.	Nov.	Dec	Jan.	Feb.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**84.7**	**83.6**	**82.9**	**82.9**	**82.7**	**82.1**	**82.9**
2 Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	84.2	82.8	82.1	81.9	81.8	81.2	82.1
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.0	77.9	89.3	86.8	86.0	85.9	85.7	84.9	85.7
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.1	82.0	81.1	80.5	80.3	80.1	79.6	80.6
5 Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	84.2	83.0	82.0	82.2	82.1	81.6	82.8
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.1	89.4	89.4	88.8	87.9	89.5	87.3	88.1
7 Primary metals	100.6	66.2	102.4	46.8	92.8	74.2	95.2	94.4	90.1	93.9	93.3	94.2	95.4
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.0	95.4	95.7	86.5	94.7	92.2	95.1	95.5
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.2	94.9	92.6	94.6	92.9	94.6	93.0	95.3
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	71.8	88.2	87.9	88.4	88.9	89.8	89.8	90.6
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	77.0	87.5	87.8	87.6	87.2	85.9	84.3	85.9
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	56.6	86.2	80.9	78.5	78.7	78.7	75.4	78.1
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	78.8	67.9	65.0	60.6	58.8	60.0	63.0	64.0
14 Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.3	84.1	82.4	82.2	81.6	81.3	80.7	81.2
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.8	89.8	84.1	84.3	82.5	81.7	78.1	81.7
16 Paper and products	96.9	69.0	94.2	82.0	94.8	86.7	92.7	89.2	90.0	87.1	88.0	85.9	86.3
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	79.0	81.1	80.4	81.1	80.5	80.4	80.3	80.2
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	95.6	88.7	89.4	90.3	89.5	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	84.6	93.1	94.5	91.8	92.1	93.3	94.2	95.7
20 Mining	94.4	88.4	96.6	80.6	86.5	86.1	90.0	89.2	87.6	87.7	87.2	86.8	88.1
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.1	88.2	90.7	89.8	92.5	91.9	90.7	89.6
22 Electric	99.0	82.7	88.3	78.7	94.8	86.7	90.4	92.5	93.1	93.0	93.1	92.2	91.7

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 November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991–95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. 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	1995 avg.	1995 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	1996 Jan.	Feb.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**121.9**	**121.7**	**121.9**	**121.4**	**121.3**	**121.4**	**121.5**	**122.7**	**122.8**	**122.2**	**122.6**	**122.7**	**122.1**	**123.7**
2 Products	60.6	118.3	118.3	118.5	117.7	117.5	117.9	118.0	119.2	119.4	118.3	118.8	118.9	118.4	120.0
3 Final products	46.3	121.3	121.1	121.5	120.9	120.6	121.1	121.2	122.4	122.6	121.3	121.9	121.8	121.4	123.3
4 Consumer goods, total	28.6	115.0	114.9	115.3	114.4	114.1	114.8	114.6	115.9	116.0	114.9	115.9	115.2	113.7	115.1
5 Durable consumer goods	5.6	124.2	127.3	126.0	124.9	121.6	122.3	121.4	124.0	125.8	123.4	124.9	126.2	120.4	124.6
6 Automotive products	2.5	130.7	135.3	134.4	131.7	127.1	129.1	125.3	130.7	132.9	128.5	130.5	132.8	125.4	132.6
7 Autos and trucks	1.6	131.4	138.2	137.5	132.8	127.4	129.5	123.9	132.0	133.1	128.6	129.8	132.1	123.9	133.4
8 Autos, consumer	.9	103.1	111.5	111.2	105.5	99.4	99.2	101.0	100.6	102.6	100.2	100.2	99.5	92.8	99.9
9 Trucks, consumer	.7	181.7	185.2	183.6	180.9	177.1	183.6	163.9	188.2	187.7	179.1	182.8	190.6	179.9	193.6
10 Auto parts and allied goods	.9	127.8	127.9	126.7	128.0	125.0	126.8	126.6	126.6	130.8	126.7	130.2	132.7	127.0	129.4
11 Other	3.0	118.6	120.4	118.6	119.0	116.7	116.3	118.1	118.1	119.6	118.9	119.9	120.4	115.5	117.5
12 Appliances, televisions, and air conditioners	.7	135.5	135.0	132.2	131.6	131.2	131.4	132.2	135.8	139.4	140.1	145.3	141.9	130.6	134.6
13 Carpeting and furniture	.8	105.8	108.3	106.1	109.1	103.0	101.8	107.9	104.4	106.9	105.6	104.1	107.1	102.2	104.3
14 Miscellaneous home goods	1.5	118.2	120.7	119.7	118.8	118.1	118.0	117.4	118.0	117.8	116.9	117.6	118.3	116.4	117.5
15 Nondurable consumer goods	23.0	112.8	111.9	112.7	111.8	112.4	113.1	113.0	113.9	113.7	112.9	113.8	112.6	112.2	112.9
16 Foods and tobacco	10.3	111.2	110.1	111.5	111.2	111.5	113.1	112.8	111.8	111.6	111.1	110.9	110.2	110.0	111.0
17 Clothing	2.4	94.9	98.3	98.7	96.9	96.7	94.6	93.6	93.9	93.4	92.9	91.5	89.9	88.0	90.2
18 Chemical products	4.5	131.2	129.2	129.7	126.9	127.3	128.6	128.6	132.6	134.0	135.7	135.0	135.4	135.8	136.0
19 Paper products	2.9	106.6	106.6	105.9	106.9	106.5	106.3	107.6	106.7	107.3	106.6	108.4	105.9	105.0	104.8
20 Energy	2.9	116.3	113.1	113.9	112.2	115.8	115.8	116.1	122.3	119.0	113.1	121.1	118.0	117.5	117.2
21 Fuels	.9	108.8	108.7	110.4	108.8	108.2	108.8	108.2	108.4	111.4	107.3	108.2	108.6	109.4	113.0
22 Residential utilities	2.0	119.3	114.8	115.2	113.5	119.0	118.7	119.4	128.2	122.2	115.4	126.6	121.9	120.9	118.8
23 Equipment	17.7	131.4	131.0	131.4	131.3	130.8	131.2	131.6	132.9	133.1	131.5	131.1	132.2	133.9	136.4
24 Business equipment	13.7	155.7	154.3	155.1	155.0	154.3	155.1	155.7	157.5	158.2	156.5	156.9	158.2	160.7	163.8
25 Information processing and related	5.7	198.1	188.7	191.6	194.5	193.9	196.0	197.2	201.0	203.0	206.5	208.1	209.7	213.5	218.7
26 Computer and office equipment	1.4	373.4	334.9	343.6	356.4	362.1	363.2	371.7	379.6	390.0	402.9	417.8	431.6	446.2	458.7
27 Industrial	4.0	127.4	127.2	126.9	126.1	126.5	126.2	127.1	129.1	128.7	128.6	129.1	129.1	129.3	130.4
28 Transit	2.6	136.3	145.9	145.7	142.9	139.6	140.3	139.8	138.0	137.9	122.3	119.6	124.1	130.0	133.9
29 *Autos and trucks*	1.2	140.1	147.7	146.2	141.5	137.8	139.5	139.9	141.3	143.3	135.7	134.2	135.3	129.0	136.0
30 Other	1.4	123.2	127.2	126.3	123.2	122.7	122.6	122.6	122.2	123.3	120.9	121.4	121.7	121.8	122.6
31 Defense and space equipment	3.3	65.9	68.2	67.8	67.1	66.8	66.8	66.5	66.1	65.2	61.4	62.9	62.0	61.6	61.8
32 Oil and gas well drilling	.6	87.1	88.8	87.2	89.3	90.5	86.8	88.4	89.5	88.3	83.5	83.1	83.8	85.1	89.7
33 Manufactured homes	.2	152.7	144.6	145.8	146.6	148.3	149.6	148.6	155.9	158.0	158.9	161.8	164.4	158.1	
34 Intermediate products, total	14.3	109.0	109.5	109.2	108.2	108.2	108.2	108.5	109.4	109.5	109.2	109.3	110.1	109.0	110.1
35 Construction supplies	5.3	108.2	109.5	109.2	108.0	106.6	107.2	107.3	107.0	108.4	108.3	108.7	110.4	108.0	110.5
36 Business supplies	9.0	109.6	109.6	109.3	108.5	109.4	109.1	109.5	111.0	110.3	109.9	109.9	110.1	109.8	110.0
37 Materials	39.4	127.4	127.1	127.2	127.0	127.2	126.8	126.8	128.1	128.1	128.1	128.4	128.4	128.0	129.3
38 Durable goods materials	20.8	141.5	140.2	140.3	139.8	139.8	139.7	140.2	142.3	144.1	143.9	145.3	144.9	145.2	147.4
39 Durable consumer parts	4.0	138.5	142.6	140.4	137.9	135.9	135.8	133.9	138.4	139.8	138.6	140.1	139.2	139.6	140.4
40 *Equipment parts*	7.5	163.0	155.4	157.3	158.9	160.3	161.7	161.4	167.1	169.1	169.4	171.0	170.9	171.2	175.7
41 Other	9.2	126.2	127.0	127.0	125.9	125.6	124.5	124.4	124.9	126.8	126.5	127.9	127.5	127.7	129.0
42 Basic metal materials	3.1	125.7	126.4	126.7	126.1	125.5	123.5	124.9	123.1	127.0	124.3	128.1	127.0	126.9	129.5
43 Nondurable goods materials	8.9	119.8	121.5	121.5	121.7	122.2	120.4	118.9	118.8	117.8	118.7	116.6	117.3	115.6	116.6
44 Textile materials	1.1	109.2	113.5	113.6	113.2	112.8	109.0	102.6	109.2	106.2	107.3	104.8	103.1	99.2	103.9
45 Paper materials	1.8	120.4	121.6	122.5	122.3	125.6	121.0	123.9	120.4	117.0	121.4	114.3	115.0	113.3	113.5
46 Chemical materials	3.9	124.4	125.7	125.6	125.6	126.2	125.2	124.4	123.1	123.3	122.9	122.7	122.0	121.7	122.1
47 Other	2.1	116.5	117.8	117.3	118.4	116.9	117.4	113.8	114.6	115.1	114.6	114.1	118.8	115.4	116.1
48 Energy materials	9.7	106.6	106.4	106.3	106.6	107.2	107.2	107.5	108.5	105.8	105.5	105.7	105.9	105.1	105.0
49 Primary energy	6.3	101.8	102.3	102.1	102.2	102.3	103.0	102.3	101.4	101.2	101.7	100.8	100.1	99.7	100.1
50 Converted fuel materials	3.3	116.1	114.5	114.9	115.5	116.9	115.5	118.1	122.8	115.0	113.1	115.4	116.8	116.1	115.0
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	121.5	121.1	121.3	120.9	121.0	121.1	121.2	122.3	122.4	121.9	122.3	122.3	122.0	123.3
52 Total excluding motor vehicles and parts	95.2	120.9	120.4	120.6	120.3	120.5	120.5	120.7	121.7	121.8	121.3	121.7	121.7	121.5	122.8
53 Total excluding computer and office equipment	98.2	118.2	118.4	118.5	117.9	117.8	117.8	117.8	118.9	118.9	118.1	118.4	118.3	117.6	119.0
54 Consumer goods excluding autos and trucks	27.0	113.9	113.4	113.8	113.1	113.3	113.9	114.0	114.8	114.9	114.0	115.0	114.1	113.1	113.9
55 Consumer goods excluding energy	25.7	114.9	115.1	115.4	114.6	113.9	114.7	114.5	115.1	115.7	115.1	115.3	114.9	113.3	114.9
56 Business equipment excluding autos and trucks	12.5	157.0	154.7	155.8	156.2	155.8	156.5	157.2	158.9	159.5	158.4	159.0	160.4	163.8	166.5
57 Business equipment excluding computer and office equipment	12.2	133.0	134.6	134.8	133.7	132.5	133.2	133.2	134.4	134.3	131.6	130.8	131.1	132.6	134.8
58 Materials excluding energy	29.7	134.9	134.5	133.6	134.3	134.4	133.8	133.7	135.1	136.1	136.2	136.6	136.5	136.2	138.0

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1] Continued

Group	SIC[2] code	1992 proportion	1995 avg.	1995 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	1996 Jan.	Feb.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**		**100.0**	**121.9**	**121.7**	**121.9**	**121.4**	**121.3**	**121.4**	**121.5**	**122.7**	**122.8**	**122.2**	**122.6**	**122.7**	**122.1**	**123.7**
60 Manufacturing	...	85.4	123.9	123.9	124.0	123.5	123.2	123.3	123.3	124.2	124.9	124.4	124.5	124.7	124.3	126.1
61 Primary processing	...	26.6	117.6	119.1	118.9	118.2	117.9	117.1	116.9	116.6	117.8	117.0	117.1	117.2	116.4	117.6
62 Advanced processing	...	58.9	126.8	126.2	126.5	126.0	125.7	126.3	126.3	127.8	128.2	127.9	128.0	128.3	128.0	130.1
63 Durable goods		45.0	132.5	132.1	132.2	131.6	131.1	131.5	131.5	133.2	134.4	133.5	134.3	134.8	134.6	137.2
64 Lumber and products	24	2.0	104.5	105.0	103.9	103.9	101.7	103.0	103.7	103.7	106.2	105.7	104.8	106.9	104.4	105.4
65 Furniture and fixtures	25	1.4	111.6	114.9	113.4	111.4	110.8	111.3	111.1	110.9	112.0	110.9	109.8	109.3	108.6	109.0
66 Stone, clay, and glass products	32	2.1	104.1	104.7	104.7	103.4	104.1	103.8	103.2	103.0	103.8	104.5	104.9	104.2	104.5	105.9
67 Primary metals	33	3.1	119.2	120.8	121.3	120.2	119.5	117.5	118.3	115.4	121.0	115.7	120.8	120.1	121.5	123.2
68 Iron and steel	331,2	1.7	122.4	124.9	125.8	123.5	123.0	119.2	119.3	117.7	127.0	115.1	126.1	123.1	127.1	127.9
69 Raw steel	331PT	.1	114.7	116.4	116.8	114.7	113.0	112.9	111.5	114.2	118.6	111.3	116.4	118.0	113.9	...
70 Nonferrous	333-6,9	1.4	114.8	115.3	115.4	115.7	114.8	114.9	116.5	111.9	113.2	115.8	113.8	116.0	114.1	117.0
71 Fabricated metal products	34	5.0	113.9	115.0	114.3	112.3	113.7	113.7	112.4	114.3	115.1	114.0	114.5	114.9	114.4	115.3
72 Industrial machinery and equipment	35	8.0	177.8	171.8	172.4	174.3	174.6	174.4	176.0	179.5	181.3	183.8	186.5	190.0	191.6	194.8
73 Computer and office equipment	357	1.8	373.4	334.9	343.6	356.4	362.1	363.2	371.7	379.6	390.0	402.9	417.8	431.6	446.2	458.7
74 Electrical machinery	36	7.2	173.9	167.7	169.4	169.6	171.1	173.0	175.7	178.7	180.8	182.4	183.6	182.8	181.2	186.4
75 Transportation equipment	37	9.5	113.3	118.5	118.0	115.7	113.2	113.4	111.6	114.1	114.1	109.3	108.6	109.6	108.9	112.1
76 Motor vehicles and parts	371	4.8	141.9	148.4	147.6	143.0	138.8	139.7	136.7	142.1	143.3	139.7	140.7	141.2	135.7	140.8
77 Autos and light trucks	371PT	2.5	131.3	138.6	137.9	132.9	127.3	129.2	124.3	131.6	132.8	128.4	129.6	131.5	123.3	132.7
78 Aerospace and *miscellaneous* transportation equipment	372-6,9	4.7	85.8	89.7	89.5	89.4	88.5	88.1	87.6	87.2	85.9	80.0	77.7	79.2	83.2	84.5
79 Instruments	38	5.4	110.7	110.5	110.9	111.2	109.6	110.9	110.2	111.4	111.3	111.4	111.5	110.0	110.4	111.9
80 Miscellaneous	39	1.3	122.7	124.1	123.3	122.7	122.3	123.1	121.4	122.4	122.9	122.2	123.3	123.5	122.3	123.7
81 Nondurable goods	...	40.5	114.3	114.8	115.1	114.6	114.4	114.3	114.3	114.3	114.4	114.3	113.7	113.5	112.9	113.8
82 Foods	20	9.4	115.3	114.2	115.0	115.1	115.9	116.1	115.3	115.5	115.5	115.4	114.8	114.8	115.0	115.7
83 Tobacco products	21	1.6	90.0	88.1	92.3	92.0	89.3	96.4	99.1	91.3	90.2	88.2	88.9	85.9	85.1	86.1
84 Textile mill products	22	1.8	112.6	115.9	116.2	117.2	113.6	110.4	109.9	112.4	110.5	111.1	108.9	108.2	103.6	108.5
85 Apparel products	23	2.2	95.7	99.8	99.3	97.4	97.5	95.5	94.8	94.5	94.5	93.3	92.4	91.6	89.2	91.1
86 Paper and products	26	3.6	119.8	121.0	121.1	121.2	122.4	119.9	121.3	118.6	118.5	119.7	116.2	117.7	115.1	116.0
87 Printing and publishing	27	6.8	99.4	100.3	99.3	99.2	99.0	98.6	99.0	100.5	99.8	98.9	99.3	99.0	98.5	99.0
88 Chemicals and products	28	9.9	125.0	124.7	125.0	123.5	124.0	124.4	124.0	124.4	125.3	126.7	126.0	126.1	126.2	126.4
89 Petroleum products	29	1.4	108.3	108.0	109.1	107.8	107.4	108.6	109.0	108.5	110.0	106.9	107.4	108.8	109.9	111.8
90 Rubber and plastic products	30	3.5	139.4	141.9	141.1	140.8	138.2	137.8	137.7	138.7	139.8	139.7	140.3	139.0	138.2	139.1
91 Leather and products	31	.3	81.3	85.1	85.8	82.7	83.0	81.2	78.7	80.8	80.5	79.7	78.2	76.8	76.0	77.6
92 Mining		6.9	99.9	100.8	100.3	100.6	100.5	101.0	100.7	100.0	100.0	98.2	98.3	97.8	97.3	98.8
93 Metal	10	.5	169.6	165.5	164.5	164.6	164.3	166.8	172.2	172.1	170.8	178.3	175.9	175.8	174.2	175.5
94 Coal	12	1.0	112.9	115.1	114.0	112.3	110.8	112.2	117.0	109.7	116.2	112.3	109.5	108.5	103.3	108.0
95 Oil and gas extraction	13	4.8	91.8	93.0	92.2	93.1	93.4	93.6	91.9	92.4	91.2	89.2	90.1	89.4	90.1	90.6
96 Stone and earth minerals	14	.6	112.3	111.3	114.2	112.7	111.1	111.9	113.5	111.6	113.1	112.4	110.9	112.3	111.0	115.3
97 Utilities	...	7.7	122.0	118.5	119.2	118.8	122.1	121.0	122.7	128.8	122.7	121.6	125.4	124.7	123.2	121.8
98 Electric	491,493PT	6.1	122.1	119.1	119.5	118.9	121.2	121.2	122.2	130.0	122.7	123.7	123.6	123.9	122.8	122.2
99 Gas	492,493PT	1.6	121.3	116.4	118.0	118.4	125.5	120.6	124.5	124.3	122.4	113.6	132.5	127.7	125.0	120.1
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.6	122.8	122.4	122.6	122.3	122.2	122.3	122.5	123.1	123.8	123.4	123.6	123.7	123.6	125.2
101 Manufacturing excluding office and computing machines	...	83.7	119.5	120.0	120.1	119.3	118.9	119.1	118.9	119.8	120.3	119.6	119.6	119.6	119.0	120.6
		Gross value (billions of 1992 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**		**2,002.9**	**2,245.1**	**2,246.9**	**2,252.0**	**2,236.5**	**2,231.5**	**2,239.1**	**2,238.8**	**2,257.8**	**2,268.1**	**2,240.3**	**2,255.8**	**2,261.1**	**2,246.4**	**2,283.0**
103 Final	...	1,552.2	1,748.2	1,748.6	1,755.0	1,743.1	1,737.4	1,745.6	1,743.2	1,760.5	1,768.2	1,741.9	1,756.8	1,757.1	1,747.8	1,779.9
104 Consumer goods		1,033.4	1,130.0	1,131.1	1,135.5	1,125.2	1,122.3	1,128.4	1,124.0	1,135.7	1,141.1	1,125.1	1,139.3	1,134.7	1,118.1	1,137.8
105 Equipment	...	518.8	618.2	617.5	619.5	617.9	615.1	617.1	619.2	624.8	627.1	616.7	617.5	622.4	629.7	642.2
106 Intermediate	.	450.7	496.9	498.3	497.0	493.4	494.0	493.5	495.6	497.3	499.9	498.4	499.0	504.1	498.6	503.0

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 November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991-95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16-25. 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[r]	1995 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	1996 Jan.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,199	1,375[r]	1,333	1,243	1,243	1,275	1,355	1,368	1,405	1,384	1,448	1,478	1,372
2 One-family	987	1,067[r]	999	905	930	958	1,011	1,044	1,073	1,051	1,069	1,110	1,050
3 Two-family or more	213	308[r]	334	338	313	317	344	324	332	333	379	368	322
4 Started	1,288	1,457	1,354	1,278	1,300	1,301	1,450	1,401	1,401	1,351	1,458	1,425	1,447
5 One-family	1,126	1,198	1,076	1,017	1,005	1,036	1,125	1,135	1,130	1,109	1,129	1,150	1,140
6 Two-family or more	162	259	278	261	295	265	325	266	271	242	329	275	307
7 Under construction at end of period[1]	680	762	778	762[r]	755	755[r]	762[r]	772[r]	783[r]	781[r]	790	803	813
8 One-family	543	558	549	545[r]	537[r]	533[r]	539[r]	547[r]	555[r]	560[r]	562	572	578
9 Two-family or more	137	204	229	217[r]	218[r]	222	223	225	228	221[r]	228	231	235
10 Completed	1,193	1,347	1,311	1,331[r]	1,324[r]	1,256	1,332[r]	1,247[r]	1,267[r]	1,320[r]	1,360	1,213	1,358
11 One-family	1,040	1,160	1,065	1,085[r]	1,058[r]	1,049[r]	1,034[r]	1,019[r]	1,009[r]	1,039[r]	1,081	995	1,072
12 Two-family or more	153	187	247	246[r]	266[r]	207[r]	298[r]	228[r]	258[r]	281[r]	279	218	286
13 Mobile homes shipped	251	304	340	327	335	333	337	344	352	354	355	352	352
Merchant builder activity in one-family units													
14 Number sold	666	670	665	608[r]	667	724[r]	782[r]	707[r]	684[r]	673[r]	679	685	709
15 Number for sale at end of period[1]	293	337[r]	375	349[r]	347	347	344	349	350[r]	360[r]	368	375	377
Price of units sold (thousands of dollars)[2]													
16 Median	126.5[r]	130.0[r]	133.0	134.0	133.9	133.7	131.0	134.9	130.0	135.2[r]	137.0	138.0	130.0
17 Average	147.8[r]	152.9[r]	157.6	157.8	158.0	160.2	154.2	162.0	155.6[r]	156.2[r]	160.7	165.1	152.0
EXISTING UNITS (one-family)													
18 Number sold	3,802[r]	3,946	3,807	3,470[r]	3,620[r]	3,800	3,970[r]	4,050[r]	4,090[r]	4,070[r]	4,000	3,870	3,720
Price of units sold (thousands of dollars)[2]													
19 Median	106.8[r]	109.8[r]	112.9	108.0[r]	109.1[r]	116.2	116.0[r]	117.6	114.8[r]	113.2[r]	114.3	113.9	114.8
20 Average	133.5[r]	136.7[r]	138.9	134.2	135.5[r]	143.3	142.5[r]	144.5[r]	140.2[r]	138.7	139.5	138.7	141.2
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**464,504**	**506,904**	**527,037**	**522,094**	**514,515**	**518,934**	**528,673**	**528,397**	**535,106**	**537,589**	**533,444**	**535,957**	**537,594**
22 Private	339,161	376,566	384,192	382,220	376,148	377,486	384,307	385,653	386,960	390,111	388,164	390,241	388,599
23 Residential	210,455	238,884	236,236	234,109	231,342	228,388	231,002	233,982	237,618	238,302	240,269	241,850	240,526
24 Nonresidential	128,706	137,682	147,956	148,111	144,806	149,098	153,305	151,671	149,342	151,809	147,895	148,391	148,073
25 Industrial buildings	19,533	21,121	24,154	24,707	24,760	24,416	24,399	24,202	24,096	24,940	24,554	24,130	24,810
26 Commercial buildings	42,627	48,552	55,159	55,011	51,779	55,420	57,015	55,709	55,079	56,576	55,570	57,158	55,813
27 Other buildings	23,626	23,912	23,990	23,948	24,319	23,447	24,525	24,015	23,962	24,557	23,710	23,946	23,521
28 Public utilities and other	42,920	44,097	44,653	44,445	43,948	45,815	47,366	47,745	46,205	45,736	44,061	43,157	43,929
29 Public	125,342	130,337	142,847	139,874	138,367	141,447	144,366	142,744	148,146	147,478	145,280	145,716	148,995
30 Military	2,454	2,319	2,938	2,736	2,442	2,569	3,124	3,010	3,090	3,164	3,186	3,215	3,492
31 Highway	37,431	39,882	42,221	41,158	38,657	40,875	44,274	42,902	42,942	44,416	43,277	43,792	44,195
32 Conservation and development	5,978	6,228	6,434	6,273	5,531	6,117	6,603	6,769	6,469	6,483	6,197	6,141	5,788
33 Other	79,479	81,908	91,254	89,707	91,737	91,886	90,365	90,063	95,645	93,415	92,620	92,568	95,520

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, Feb. 1996[1]
	1995 Feb.	1996 Feb.	1995				1995			1996		
			Mar.	June	Sept.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.9**	**2.7**	**3.2**	**3.5**	**1.6**	**2.4**	**.3**	**.1**	**.2**	**.4**	**.2**	**154.9**
2 Food	3.1	2.3	.3	3.6	2.7	1.9	.3	.0	.1	.1	.1	150.8
3 Energy items	1.7	1.2	−1.5	5.8	−10.5	1.9	.3	−.9	1.1	1.9	.4	104.9
4 All items less food and energy	3.0	2.9	4.1	3.0	2.8	2.2	.3	.1	.1	.3	.2	164.2
5 Commodities	1.9	1.7	2.6	.9	2.0	1.7	.2	.1	.1	.4	−.1	140.8
6 Services	3.4	3.4	4.8	4.3	3.0	2.5	.3	.2	.1	.3	.3	177.6
PRODUCER PRICES (1982=100)												
7 Finished goods	1.7	2.0	1.6	1.3	1.6	4.1	.2[r]	.2[r]	.6	.3	−.2	129.4
8 Consumer foods	1.3	1.9	−2.5	−2.5	8.8	4.4	−.1[r]	1.0[r]	.2	−.2	−.3	130.8
9 Consumer energy	2.3	1.8	3.6	1.5	−10.2	10.3	−.1[r]	−1.0[r]	3.7	2.7	−.7	78.0
10 Other consumer goods	1.5	2.3	2.6	2.9	2.3	3.1	.3[r]	.3	.2	−.1	.1	144.0
11 Capital equipment	1.9	1.7	2.7	1.8	1.8	2.7	.3[r]	.2[r]	.1	−.1	.1	138.4
Intermediate materials												
12 Excluding foods and feeds	6.3	.6	9.5	3.9	−.6	−.9	−.2	−.2[r]	.1	.1	−.3	124.8
13 Excluding energy	7.1	.4	10.5	4.2	1.5	−3.2	−.2	−.2	−.4	−.3	−.2	134.4
Crude materials												
14 Foods	−8.0	10.6	−4.6	4.0	34.8	20.4	2.4[r]	2.7[r]	−.3	−.4	−.5	115.1
15 Energy	1.9	6.6	−4.5	14.6	−21.0	15.7	−.7	2.1	2.3	7.3	−1.1	74.2
16 Other	16.4	−8.7	20.5	3.9	−17.6	−19.6	−2.4[r]	−2.0[r]	−1.0	.0	−.5	161.6

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	1994	1995			
				Q4	Q1	Q2	Q3[r]	Q4
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,550.2**	**6,931.4**	**7,247.7**	**7,080.0**	**7,147.8**	**7,196.5**	**7,298.5**	**7,348.1**
By source								
2 Personal consumption expenditures	4,454.1	4,698.7	4,923.4	4,796.0	4,836.3	4,908.7	4,960.0	4,988.8
3 Durable goods	530.7	580.9	606.5	602.7	593.0	604.0	615.8	613.2
4 Nondurable goods	1,368.9	1,429.7	1,485.2	1,459.0	1,471.6	1,486.9	1,491.4	1,491.2
5 Services	2,554.6	2,688.1	2,831.7	2,734.4	2,771.7	2,817.9	2,852.8	2,884.4
6 Gross private domestic investment	871.1	1,014.4	1,067.5	1,050.1	1,072.0	1,050.3	1,074.8	1,072.7
7 Fixed investment	850.5	954.9	1,029.3	991.4	1,013.9	1,016.3	1,036.6	1,050.5
8 Nonresidential	598.8	667.2	739.9	697.9	723.6	734.4	746.3	755.3
9 Structures	171.8	180.2	200.1	188.8	194.5	197.6	202.5	205.8
10 Producers' durable equipment	427.0	487.0	539.8	509.1	529.0	536.8	543.8	549.5
11 Residential structures	251.7	287.7	289.4	293.5	290.4	281.9	290.3	295.2
12 Change in business inventories	20.6	59.5	38.1	58.7	58.1	34.0	38.2	22.2
13 Nonfarm	20.1	45.9	40.7	55.1	60.8	36.1	41.5	24.4
14 Net exports of goods and services	−64.9	−96.4	−101.7	−99.7	−106.6	−122.4	−100.8	−76.9
15 Exports	660.0	722.0	804.5	763.6	778.6	796.9	812.5	830.1
16 Imports	724.9	818.4	906.2	863.3	885.1	919.3	913.3	907.0
17 Government consumption expenditures and gross investment	1,289.9	1,314.7	1,358.5	1,333.5	1,346.0	1,359.9	1,364.5	1,363.5
18 Federal	522.1	516.3	516.8	520.9	519.9	522.6	516.7	508.0
19 State and local	767.8	798.4	841.7	812.6	826.1	837.3	847.7	855.4
By major type of product								
20 Final sales, total	6,529.7	6,871.8	7,209.6	7,021.3	7,089.7	7,162.5	7,260.3	7,325.9
21 Goods	2,400.9	2,534.2	2,660.7	2,600.9	2,617.3	2,642.3	2,684.5	2,698.5
22 Durable	1,013.8	1,085.9	1,146.9	1,113.3	1,118.6	1,134.0	1,162.5	1,172.6
23 Nondurable	1,387.2	1,448.3	1,513.8	1,487.6	1,498.7	1,508.3	1,522.1	1,525.9
24 Services	3,581.7	3,742.4	3,921.2	3,806.3	3,852.6	3,904.5	3,943.2	3,984.6
25 Structures	547.0	595.3	627.7	614.1	619.8	615.7	632.6	642.8
26 Change in business inventories	20.6	59.5	38.1	58.7	58.1	34.0	38.2	22.2
27 Durable goods	15.7	31.9	35.3	33.1	54.4	28.5	29.2	28.9
28 Nondurable goods	4.9	27.7	2.9	25.6	3.7	5.4	9.1	−6.7
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,383.8**	**6,604.2**	**6,740.8**	**6,691.3**	**6,701.6**	**6,709.4**	**6,768.3**	**6,783.8**
NATIONAL INCOME								
30 **Total**	**5,194.4**	**5,495.1**	n.a.	**5,635.0**	**5,697.7**	**5,738.9**	**5,849.2**	n.a.
31 Compensation of employees	3,809.4	4,008.3	4,209.4	4,083.7	4,141.6	4,178.9	4,235.9	4,281.1
32 Wages and salaries	3,095.2	3,255.9	3,419.7	3,320.2	3,363.0	3,393.3	3,442.3	3,480.3
33 Government and government enterprises	584.2	602.5	621.7	608.3	616.3	619.6	624.1	626.9
34 Other	2,511.0	2,653.4	2,798.0	2,711.9	2,746.6	2,773.6	2,818.2	2,853.4
35 Supplement to wages and salaries	714.2	752.4	789.7	763.6	778.6	785.6	793.7	800.8
36 Employer contributions for social insurance	333.3	350.2	365.7	355.8	360.8	363.6	367.8	370.6
37 Other labor income	380.9	402.2	424.0	407.8	417.7	422.0	425.9	430.2
38 Proprietors' income[1]	420.0	450.9	477.9	469.4	472.0	474.7	479.6	485.2
39 Business and professional[1]	388.1	415.9	449.2	437.1	443.5	447.1	451.5	454.7
40 Farm[1]	32.0	35.0	28.7	32.3	28.5	27.6	28.1	30.6
41 Rental income of persons[2]	102.5	116.6	122.2	121.9	120.6	121.6	120.9	125.7
42 Corporate profits[1]	464.5	526.5	n.a.	568.9	559.6	561.1	614.9	n.a.
43 Profits before tax[3]	464.3	528.2	n.a.	570.4	594.1	588.4	609.6	n.a.
44 Inventory valuation adjustment	−6.6	−13.3	−27.6	−22.8	−51.9	−42.3	−9.3	−6.8
45 Capital consumption adjustment	6.7	11.6	15.9	21.3	17.4	15.0	14.6	16.5
46 Net interest	398.1	392.8	n.a.	391.1	403.9	402.6	397.8	n.a.

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	1994	1995			
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,479.2**	**5,750.2**	**6,101.0**	**5,893.9**	**5,995.5**	**6,061.9**	**6,135.6**	**6,210.9**
2 Wage and salary disbursements	3,090.6	3,241.1	3,419.7	3,318.5	3,361.6	3,393.3	3,442.3	3,481.8
3 Commodity-producing industries	781.3	825.0	858.7	846.0	856.2	855.0	859.9	863.8
4 Manufacturing	593.1	621.3	642.9	636.0	643.4	640.5	642.9	644.8
5 Distributive industries	698.4	739.3	787.8	762.7	768.8	778.6	795.4	808.5
6 Service industries	1,026.6	1,074.3	1,151.4	1,101.6	1,120.2	1,140.0	1,162.8	1,182.5
7 Government and government enterprises	584.2	602.5	621.7	608.3	616.3	619.6	624.1	626.9
8 Other labor income	380.9	402.2	424.0	407.8	417.7	422.0	425.9	430.2
9 Proprietors' income[1]	420.0	450.9	477.9	469.4	472.0	474.7	479.6	485.2
10 *Business and professional*[1]	388.1	415.9	449.2	437.1	443.5	447.1	451.5	454.7
11 Farm[1]	32.0	35.0	28.7	32.3	28.5	27.6	28.1	30.6
12 Rental income of persons[2]	102.5	116.6	122.2	121.9	120.6	121.6	120.9	125.7
13 Dividends	186.8	199.6	214.8	206.7	209.5	212.2	215.8	221.7
14 Personal interest income	647.3	661.6	714.4	678.4	701.9	713.9	717.5	724.2
15 Transfer payments	910.7	956.3	1,022.6	974.7	1,002.4	1,016.8	1,029.9	1,041.4
16 Old-age survivors, disability, and health insurance benefits	444.4	472.9	507.4	482.1	497.6	505.1	510.7	516.3
17 LESS: Personal contributions for social insurance	259.6	278.1	294.6	283.5	290.2	292.7	296.2	299.4
18 EQUALS: Personal income	5,479.2	5,750.2	6,101.0	5,893.9	5,995.5	6,061.9	6,135.6	6,210.9
19 LESS: Personal tax and nontax payments	689.9	731.4	794.6	748.1	770.0	801.5	798.1	808.3
20 EQUALS: Disposable personal income	4,789.3	5,018.8	5,306.4	5,145.8	5,225.5	5,260.4	5,337.2	5,402.5
21 LESS: Personal outlays	4,572.9	4,826.5	5,065.7	4,927.9	4,972.2	5,049.0	5,104.6	5,137.2
22 EQUALS: Personal saving	216.4	192.4	240.7	217.8	253.3	211.4	232.6	265.4
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	24,724.2	25,332.6	25,620.7[1]	25,568.6	25,559.1	25,540.2	25,695.9	25,696.2
24 Personal consumption expenditures	16,807.5	17,150.4	17,397.9[1]	17,280.5	17,280.3	17,391.7	17,465.5	17,461.0
25 Disposable personal income	18,075.0	18,320.0	18,752.0[1]	18,544.0	18,672.0	18,634.0	18,794.0	18,907.0
26 Saving rate (percent)	4.5	3.8	4.5	4.2	4.8	4.0	4.4	4.9
GROSS SAVING								
27 **Gross saving**	**938.4**	**1,055.9**	n.a.	**1,064.9**	**1,110.5**	**1,092.3**	**1,155.7**	n.a.
28 Gross private saving	964.5	1,006.0	n.a.	1,012.8	1,039.9	1,007.3	1,076.1	n.a.
29 Personal saving	216.4	192.4	240.7	217.8	253.3	211.4	232.6	265.4
30 Undistributed corporate profits[1]	103.4	120.2	n.a.	136.8	120.6	122.3	162.0	n.a.
31 Corporate inventory valuation adjustment	6.6	13.3	27.6	22.8	51.9	42.3	9.3	6.8
Capital consumption allowances								
32 Corporate	417.0	441.0	454.0	439.3	444.4	451.3	456.9	463.6
33 Noncorporate	223.1	237.7	225.1	217.3	220.2	222.4	224.7	233.3
34 Government surplus, or deficit ( ), national income and product accounts	159.8	90.2	n.a.	91.1	74.4	61.5	67.7	n.a.
35 Federal	254.7	189.9	n.a.	-190.4	173.3	160.5	161.6	n.a.
36 State and local	94.9	99.7	n.a.	99.3	99.0	99.0	93.9	n.a.
37 **Gross investment**	**993.5**	**1,087.2**	*n.a.*	**1,104.5**	**1,146.7**	**1,113.9**	**1,150.7**	*n.a.*
38 Gross private domestic investment	871.1	1,014.4	1,067.5	1,050.1	1,072.0	1,050.3	1,074.8	1,072.7
39 Net foreign investment	88.2	139.6	n.a.	161.9	144.4	160.1	148.9	n.a.
40 **Statistical discrepancy**	**55.1**	**31.3**	n.a.	**39.7**	**36.2**	**21.6**	**−5.0**	n.a.

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	1994	1995			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	99,925	-151,245	152,915	43,277	38,454[r]	-43,142[r]	40,250	31,073
2 Merchandise trade balance[2]	132,618	166,099	174,469	43,488	44,459[r]	48,654[r]	43,326	38,030
3 Merchandise exports	456,823	502,485	574,879	133,926	138,325[r]	142,667[r]	145,050	148,837
4 Merchandise imports	589,441	668,584	749,348	177,414	182,784[r]	191,321[r]	188,376	186,867
5 Military transactions, net	448	2,148	2,810	679	542	587	889	792
6 Other service transactions, net	57,328	57,739	60,242	15,332	15,013[r]	14,726[r]	15,130	15,369
7 Investment income, net	9,000	9,272	11,402	4,571	2,030[r]	2,684[r]	5,163	1,527
8 U.S. government grants	16,311	15,814	11,027	6,245	2,867	2,284	2,942	2,934
9 U.S. government pensions and other transfers	3,785	4,247	3,114	1,063	682[r]	889[r]	887	656
10 Private remittances and other transfers	13,988	15,700	15,954	3,931	3,971[r]	3,944[r]	3,951	4,087
11 Change in U.S. government assets other than official reserve assets, net (increase,)	330	-322	326	931	152	180	246	240
12 Change in U.S. official reserve assets (increase,)	1,379	5,346	9,742	2,033	5,318	2,722	1,893	191
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	537	441	808	121	867	156	362	147
15 Reserve position in International Monetary Fund	44	494	2,466	27	526	786	991	163
16 Foreign currencies	797	5,293	-6,468	2,181	3,925	1,780	1,264	501
17 Change in U.S. private assets abroad (increase,)	182,880	130,875	270,028	56,258	69,985[r]	97,453[r]	25,870	76,720
18 Bank reported claims[3]	29,947	915	59,004	16,651	29,284	39,982	14,631	4,369
19 Nonbank-reported claims	1,581	32,621	20,358	12,449	11,518	18,499	9,659	
20 U.S. purchases of foreign securities, net	141,807	49,799	93,769	15,238	6,567	21,731	33,998	31,473
21 U.S. direct investments abroad, net	72,601	49,370	96,897	11,920	22,616[r]	17,241[r]	16,162	40,878
22 Change in foreign official assets in United States (increase, +)	72,146	39,409	110,483	421	22,308	37,836	39,346	10,993
23 U.S. Treasury securities	48,952	30,723	68,773	7,470	10,131	25,169	20,489	12,984
24 Other U.S. government obligations	4,062	6,025	3,734	1,228	1,126	1,326	518	764
25 Other U.S. government liabilities[4]	1,706	2,211	1,814	692	154	506	89	1,373
26 Other U.S. liabilities reported by U.S. banks[3]	14,841	2,923	32,896	9,856	10,940	7,886	18,478	4,408
27 Other foreign official assets[5]	2,585	2,473	3,266	45	265	2,949	228	280
28 Change in foreign private assets in United States (increase, +)	176,382	251,956	315,842	85,136	72,533	86,496[r]	77,198	79,616
29 U.S. bank-reported liabilities[3]	20,859	114,396	19,906	34,676	531	12,239	21,578	29,776
30 U.S. nonbank-reported liabilities	10,489	4,324	27,578	5,242	10,113	10,527	6,938	...
31 Foreign private purchases of U.S. Treasury securities, net	24,063	33,811	99,081	25,929	29,910	30,315	37,192	1,664
32 Foreign purchases of other U.S. securities, net	79,864	58,625	94,576	10,195	15,816	20,549	30,977	27,234
33 Foreign direct investments in United States, net	41,107	49,448	74,701	19,578	17,225	12,866[r]	23,669	20,942
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	35,985	14,269	6,684	13,718	19,068[r]	19,165[r]	48,777	17,233
36 Due to seasonal adjustment	...	...	...	782	6,162[r]	317[r]	7,076	600
37 Before seasonal adjustment	35,985	14,269	6,685	12,936	12,906[r]	18,847	41,702	16,633
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase,)	1,379	5,346	9,742	2,033	5,318	2,722	1,893	191
39 Foreign official assets in United States, excluding line 25 (increase, +)	70,440	37,198	108,669	1,113	22,462	37,330	39,257	9,620
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	3,717	1,184	4,482	1,120	322	11	6,278	1,463

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[1]	1995[1] July	Aug.	Sept	Oct.	Nov.	Dec.	1996 Jan.[p]
1 Goods and services, balance	74,842	106,214	111,505	10,978	-8,256	8,070	8,165	6,837	6,958	10,267
2 Merchandise	132,618	166,101	174,555	16,177	-13,453	13,697	-13,692	12,125	12,306	15,421
3 Services	57,777	59,887	63,050	5,199	5,197	5,627	5,527	5,288	5,348	5,154
4 Goods and services, exports	644,579	701,200	783,705	63,688	66,545	67,574	66,652	67,393	68,109	66,597
5 Merchandise	456,824	502,484	574,877	46,310	49,023	49,717	48,920	49,523	50,398	48,871
6 Services	187,755	198,716	208,828	17,378	17,522	17,857	17,732	17,870	17,711	17,726
7 Goods and services, imports	719,421	807,414	895,210	74,666	-74,801	75,644	74,817	74,230	75,067	76,864
8 Merchandise	589,442	668,585	-749,432	62,487	-62,476	63,414	-62,612	61,648	62,704	64,292
9 Services	-129,979	138,829	145,778	12,179	12,325	12,230	12,205	12,582	12,363	-12,572

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	1992	1993	1994	1995 July	Aug.	Sept.	Oct.	Nov.	Dec.	1996 Jan.	Feb.[p]
1 **Total**	**71,323**	**73,442**	**74,335**	**91,534**	**86,648**	**87,152**	**86,224**	**85,755**	**85,832**	**82,717**	**84,270**
2 Gold stock, including Exchange Stabilization Fund[1]	11,056	11,053	11,051	11,053	11,053	11,051	11,051	11,050	11,050	11,052	11,053
3 Special drawing rights[2,3]	8,503	9,039	10,039	11,487	11,146	11,035	10,949	11,034	11,037	10,778	11,106
4 Reserve position in International Monetary Fund[2]	11,759	11,818	12,030	14,761	14,470	14,681	14,700	14,572	14,649	14,312	14,813
5 Foreign currencies[4]	40,005	41,532	41,215	54,233	49,979	50,385	49,524	49,099	49,096	46,575	47,298

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	1992	1993	1994	1995 July	Aug.	Sept.	Oct.	Nov.	Dec.	1996 Jan.	Feb.[p]
1 **Deposits**	**205**	**386**	**250**	**190**	**165**	**201**	**275**	**194**	**386**	**165**	**209**
Held in custody											
2 U.S. Treasury securities[2]	314,481	379,394	441,866	505,613	502,737	506,572	507,075	522,950	522,170	532,776	559,741
3 Earmarked gold[3]	13,118	12,327	12,033	11,728	11,728[r]	11,728	11,709	11,702	11,702	11,702	11,689

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	1993	1994	1995 July	1995 Aug.	1995 Sept	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.[p]
1 **Total**[1]	**482,915**	**520,828**[r]	**604,548**	**612,972**	**619,517**	**618,417**	**632,446**	**629,660**	**643,813**
By type									
2 Liabilities reported by banks in the United States[2]	69,721	73,281[r]	93,801	104,791	110,051	107,870	109,232	106,143	102,748
3 U.S. Treasury bills and certificates[3]	151,100	139,570	159,654	157,516	163,093	157,987	171,366	168,534	173,949
U.S. Treasury bonds and notes									
4 Marketable	212,237	254,059	291,132	290,768	286,243	291,948	291,033	293,684	306,299
5 Nonmarketable[4]	5,652	6,109	6,288	6,329	6,366	6,407	6,449	6,491	6,534
6 U.S. securities other than U.S. Treasury securities[5]	44,205	47,809	53,673	53,568	53,764	54,205	54,366	54,808	54,283
By area									
7 Europe[1]	207,034	215,274[r]	224,380	221,130	222,869	222,679	228,180	221,724	223,039
8 Canada	15,285	17,235	21,746	21,508	20,522	20,355	19,535	19,473	19,078
9 Latin America and Caribbean	55,898	41,492	58,126	63,383	63,424	61,335	62,060	66,206	70,064
10 Asia	197,702	236,819	290,878	297,343	303,809	305,053	311,638	310,955	320,502
11 Africa	4,052	4,179	4,309	4,433	4,684	4,761	6,086	6,296	6,924
12 Other countries	2,942	5,827	5,107	5,173	4,207	4,232	4,945	5,001	4,204

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 Mar.	1995 June	1995 Sept	1995 Dec
1 Banks' liabilities	72,796	78,259	89,661	96,190	106,715	102,160[r]	112,288
2 Banks' claims	62,799	62,017	60,279	72,694	77,171	69,312	74,615
3 Deposits	24,240	20,993	19,670	24,440	28,915	25,648	22,481
4 Other claims	38,559	41,024	40,609	48,254	48,256	43,664	52,134
5 Claims of banks' domestic customers[2]	4,432	12,854	10,587	8,732	9,890	6,274	11,095

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[r]	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**926,672**	**1,018,472**	**1,094,699**	**1,060,388**	**1,076,427[r]**	**1,074,023[r]**	**1,099,217[r]**	**1,105,264[r]**	**1,094,699**	**1,094,132**
2 Banks' own liabilities	626,919	722,155	748,784	731,017	745,680[r]	735,136[r]	762,708[r]	755,019[r]	748,784	742,733
3 Demand deposits	21,569	23,386	24,452	24,104	21,779	23,704[r]	23,161[r]	23,114	24,452	22,161
4 Time deposits[2]	175,106	186,512	192,988	191,793	197,101[r]	188,153	202,532	193,829	192,988	198,037
5 Other[3]	111,971	116,699	139,172	141,518	139,335[r]	136,550[r]	146,456[r]	154,115[r]	139,172	141,645
6 Own foreign offices[4]	318,273	395,558	392,172	373,602	387,465[r]	386,729[r]	390,559	383,961	392,172	380,890
7 Banks' custodial liabilities[5]	299,753	296,317	345,915	329,371	330,747	338,887	336,509	350,245	345,915	351,399
8 U.S. Treasury bills and certificates[6]	176,739	162,857	197,101	188,621	187,318	193,070	189,285	201,890	197,101	203,478
9 Other negotiable and readily transferable instruments[7]	36,289	42,532	52,247	44,514	45,175	47,279	47,905	50,220	52,247	46,973
10 Other	86,725	90,928	96,567	96,236	98,254	98,538	99,319	98,135	96,567	100,948
11 Nonmonetary international and regional organizations[8]	10,936	8,606	10,593	12,185	10,319[r]	13,011	10,294[r]	9,739[r]	10,593	10,337
12 Banks' own liabilities	5,639	8,176	9,901	11,114	9,015[r]	12,120	8,466[r]	8,284[r]	9,901	9,343
13 Demand deposits	15	29	21	43	40	24	77	33	21	30
14 Time deposits[2]	2,780	3,298	4,411	5,057	4,612	4,315	3,901	3,576	4,411	4,227
15 Other[3]	2,844	4,849	5,469	6,014	4,333[r]	7,781	4,488[r]	4,675[r]	5,469	5,086
16 Banks' custodial liabilities[5]	5,297	430	692	1,071	1,304	891	1,828	1,455	692	994
17 U.S. Treasury bills and certificates[6]	4,275	281	350	551	826	354	1,342	962	350	764
18 Other negotiable and readily transferable instruments[7]	1,022	149	341	520	478	537	486	493	341	230
19 Other	0	0	1	0	0	0	0	0	1	0
20 Official institutions[9]	220,821	212,851[r]	274,677	253,455	262,307	273,144	265,857	280,598	274,677	276,697
21 Banks' own liabilities	64,144	59,830[r]	82,206	75,437	83,392	85,998	83,588	85,277	82,206	84,019
22 Demand deposits	1,600	1,564	2,101	1,429	1,547	1,362	1,646	1,690	2,101	1,522
23 Time deposits[2]	21,653	23,511	30,601	29,411	31,600	32,048	30,385	30,353	30,601	27,197
24 Other[3]	40,891	34,755[r]	49,504	44,597	50,245	52,588	51,557	53,234	49,504	55,300
25 Banks' custodial liabilities[5]	156,677	153,021	192,471	178,018	178,915	187,146	182,269	195,321	192,471	192,678
26 U.S. Treasury bills and certificates[6]	151,100	139,570	168,534	159,654	157,516	163,093	157,987	171,366	168,534	173,949
27 Other negotiable and readily transferable instruments[7]	5,482	13,245	23,593	18,159	20,735	23,777	24,028	23,600	23,593	18,382
28 Other	95	206	344	205	664	276	254	355	344	347
29 Banks[10]	592,171	681,051[r]	687,416	665,993	684,265[r]	670,548[r]	699,343[r]	687,674[r]	687,416	684,390
30 Banks' own liabilities	478,755	566,161[r]	564,076	545,391	562,825[r]	547,940[r]	575,912[r]	562,374[r]	564,076	555,788
31 Unaffiliated foreign banks	160,482	170,603[r]	171,904	171,789	175,360	161,211[r]	185,353[r]	178,413[r]	171,904	174,898
32 Demand deposits	9,718	10,633	11,745	12,121	10,061	11,818[r]	11,341[r]	11,232	11,745	10,250
33 Time deposits[2]	105,262	111,171	104,195	104,477	108,855	98,861	114,650	105,675	104,195	111,098
34 Other[3]	45,502	48,799[r]	55,964	55,191	56,444	50,532[r]	59,362	61,506[r]	55,964	53,550
35 Own foreign offices[4]	318,273	395,558	392,172	373,602	387,465[r]	386,729[r]	390,559	383,961	392,172	380,890
36 Banks' custodial liabilities[5]	113,416	114,890	123,340	120,602	121,440	122,608	123,431	125,300	123,340	128,602
37 U.S. Treasury bills and certificates[6]	10,712	11,240	15,634	15,535	15,489	16,170	16,429	16,687	15,634	15,995
38 Other negotiable and readily transferable instruments[7]	17,020	14,505	13,035	10,583	10,142	9,690	9,754	13,070	13,035	13,740
39 Other	85,684	89,145	94,671	94,484	95,809	96,748	97,248	95,543	94,671	98,867
40 Other foreigners	102,744	115,964	122,013	128,755	119,536[r]	117,320	123,723	127,253	122,013	122,708
41 Banks' own liabilities	78,381	87,988	92,601	99,075	90,448[r]	89,078	94,742	99,084	92,601	93,583
42 Demand deposits	10,236	11,160	10,585	10,511	10,131	10,500	10,097	10,159	10,585	10,359
43 Time deposits[2]	45,411	48,532	53,781	52,848	52,004[r]	52,929	53,596	54,225	53,781	55,515
44 Other[3]	22,734	28,296	28,235	35,716	28,313	25,649	31,049	34,700	28,235	27,709
45 Banks' custodial liabilities[5]	24,363	27,976	29,412	29,680	29,088	28,242	28,981	28,169	29,412	29,125
46 U.S. Treasury bills and certificates[6]	10,652	11,766	12,583	12,881	13,487	13,453	13,527	12,875	12,583	12,770
47 Other negotiable and readily transferable instruments[7]	12,765	14,633	15,278	15,252	13,820	13,275	13,637	13,057	15,278	14,621
48 Other	946	1,577	1,551	1,547	1,781	1,514	1,817	2,237	1,551	1,734
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	17,567	17,895	9,098	10,179	10,409	9,938	10,290	10,064	9,098	10,479

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[r]	1995 July	Aug.	Sept.	Oct.	Nov.	Dec.	1996 Jan.[p]
AREA										
50 **Total, all foreigners**	**926,672**	**1,018,472**	**1,094,699**	**1,060,388**	**1,076,427[r]**	**1,074,023[r]**	**1,099,217[r]**	**1,105,264[r]**	**1,094,699**	**1,094,132**
51 **Foreign countries**	**915,736**	**1,009,866**	**1,084,106**	**1,048,203**	**1,066,108[r]**	**1,061,012[r]**	**1,088,923[r]**	**1,095,525[r]**	**1,084,106**	**1,083,795**
52 Europe	377,911	393,141	364,270	377,662	376,545	362,080	377,103[r]	384,238	364,270	367,840
53 Austria	1,917	3,653	3,537	3,923	3,869	5,221	1,887	4,755	3,537	3,437
54 Belgium and Luxembourg	28,670	21,978	24,815	24,803	21,598	24,039	25,192	28,357	24,815	24,881
55 Denmark	4,517	2,784	2,921	2,131	2,468	2,476	3,177	3,418	2,921	2,979
56 Finland	1,872	1,436	2,831	2,390	2,270	1,972	2,119	2,315	2,831	2,121
57 France	40,316	45,217	39,198	42,880	43,314	38,117[r]	43,134[r]	40,415[r]	39,198	39,697
58 Germany	26,685	27,191	24,085	33,794	31,257	31,390	26,362	26,798	24,085	25,975
59 Greece	1,519	1,393	2,011	2,311	2,398	2,119	2,033	2,265	2,011	1,998
60 Italy	11,759	10,885	10,670	10,223	10,823	8,947	10,251	10,759	10,670	9,616
61 Netherlands	16,096	16,033	15,212	11,743	10,685	13,107	15,609	15,541	15,212	11,055
62 Norway	2,966	2,338	1,394	1,119	2,087	1,011	1,048	1,287	1,394	1,067
63 Portugal	3,366	2,846	2,761	3,165	2,933	3,033	2,902	2,718	2,761	3,055
64 Russia	2,513	2,714	7,949	6,313	7,265	6,367	7,338	8,979	7,949	7,858
65 Spain	20,496	14,675	10,012	9,127	10,000	10,100	13,467	10,809	10,012	11,837
66 Sweden	2,738	3,094	3,245	2,209	2,896	3,167	2,035	3,720	3,245	2,555
67 Switzerland	11,560	41,956	43,610	42,192	41,644	41,406	42,588	41,178	43,610	40,834
68 Turkey	3,227	3,341	4,124	2,973	3,523	3,936	4,067	4,010	4,124	4,301
69 United Kingdom	133,993	163,793	139,438	151,341	150,784	141,577	147,148	148,384	139,438	152,627
70 Yugoslavia[11]	372	245	177	211	146	215	210	171	177	163
71 Other Europe and other former U.S.S.R.[12]	33,331	27,769	26,280	24,811	23,588	23,880[r]	22,936[r]	28,359[r]	26,280	21,484
72 Canada	20,235	24,727	26,219	28,898	28,296	28,872	35,358	27,730	26,219	28,616
73 Latin America and Caribbean	362,238	423,797	438,379	436,258	447,521[r]	434,352	439,956	436,613	438,379	436,302
74 Argentina	14,477	17,203	12,236	12,304	11,511[r]	11,180	11,539	13,034	12,236	13,524
75 Bahamas	73,820	104,002	94,622	88,731	96,017	92,850	96,287	87,719	94,622	96,500
76 Bermuda	8,117	8,145	4,897	7,092	6,794	5,996	6,589	6,561	4,897	5,028
77 Brazil	5,301	9,145	23,816	21,232	26,743	27,592	27,366	27,364	23,816	21,863
78 British West Indies	193,699	229,525	237,529	245,078[r]	244,305[r]	234,613[r]	236,053[r]	240,353[r]	237,529	234,801
79 Chile	3,183	3,126	2,825	2,677	2,890	2,698	2,571	2,696	2,825	2,978
80 Colombia	3,171	4,615	3,666	3,432	3,318[r]	3,257	3,399	3,443	3,666	3,713
81 Cuba	33	13	8	5	3	4	13	8	8	7
82 Ecuador	880	875	1,315	1,1[illegible]8	1,160	1,130	1,311	1,307	1,315	1,236
83 Guatemala	1,207	1,121	1,275	1,100	1,122	1,197	1,068	1,210	1,275	1,058
84 Jamaica	410	529	481	426	441	484	430	447	481	500
85 Mexico	28,019	12,250	24,582	21,006	22,120	22,069	20,924	21,010	24,582	23,632
86 Netherlands Antilles	4,686	5,217	4,685	6,068	4,778	5,016	5,349	5,644	4,685	4,448
87 Panama	3,582	4,551	4,264	4,641	4,998	4,682	4,561	4,287	4,264	4,030
88 Peru	929	900	974	944	1,028	909	897	916	974	1,025
89 Uruguay	1,611	1,597	1,835	1,953	1,933[r]	1,839	1,856	1,912	1,835	1,800
90 Venezuela	12,786	13,983	11,812	11,482	11,195	11,971	12,642	11,624	11,812	12,660
91 Other	6,327	6,700	7,557	6,869[r]	7,102[r]	6,835[r]	7,098[r]	7,078[r]	7,557	7,499
92 Asia	141,527	155,642	240,806	192,264	199,624	223,081[r]	222,980[r]	232,298[r]	240,806	238,146
China										
93 People's Republic of China	4,011	10,066	33,774	11,908	13,208	22,273	22,361	29,898	33,774	35,733
94 Republic of China (Taiwan)	10,627	9,844	11,706	9,165	9,838	10,253	10,729	11,365	11,706	12,310
95 Hong Kong	17,132	17,102	20,319	25,154	23,152	21,852	21,879	20,273	20,319	20,295
96 India	1,114	2,338	3,373	2,271	2,745	2,914	3,010	3,272	3,373	3,262
97 Indonesia	1,986	1,587	2,708	1,966	2,175	2,366	2,174	2,485	2,708	2,011
98 Israel	4,435	5,157	4,073	4,599	3,723	4,209	3,812	4,110[r]	4,073	4,371
99 Japan	61,466	61,284	109,192	85,843	89,117	104,315	104,566	105,546	109,192	106,727
100 Korea (South)	4,913	5,124	5,770	5,068	4,883	5,184[r]	5,368[r]	5,593	5,770	5,079
101 Philippines	2,035	2,714	3,090	2,653	2,793	2,786	2,844	2,889	3,090	2,394
102 Thailand	6,137	6,466	12,279	11,241	11,477	11,803	10,458	12,144	12,279	13,121
103 Middle Eastern oil-exporting countries[13]	15,822	15,489	15,585	16,474	15,779	16,895	17,350	16,277	15,585	14,390
104 Other	14,849	15,471	18,937	15,949	19,034	17,931	18,426	18,446	18,937	18,453
105 Africa	6,633	6,523	7,641	6,966	6,989	7,033	7,241	7,793	7,641	7,679
106 Egypt	2,208	1,879	2,136	1,840	1,924	2,127	1,948	1,907	2,136	1,848
107 Morocco	99	97	104	94	87	79	66	60	104	99
108 South Africa	151	433	739	1,002	716	467	934	1,206	739	1,217
109 Zaire	12	9	10	13	15	9	4	9	10	11
110 Oil-exporting countries[14]	1,303	1,343	1,797	1,364	1,667	1,792	1,514	1,826	1,797	1,774
111 Other	2,560	2,762	2,855	2,653	2,550	2,559	2,715	2,785	2,855	2,730
112 Other	4,192	6,036	6,791	6,155	7,133	5,594	6,315	6,853	6,791	5,212
113 Australia	3,308	5,142	5,648	5,473	5,459	4,777	5,007	5,758	5,648	4,334
114 Other	884	894	1,143	682	1,674	817	1,308	1,095	1,143	878
115 Nonmonetary international and regional organizations	10,936	8,606	10,593	12,185	10,319[r]	13,011	10,294[r]	9,739[r]	10,593	10,337
116 International[15]	6,851	7,537	8,944	10,496	8,303[r]	11,279	8,458[r]	8,415[r]	8,944	9,554
117 Latin American regional[16]	3,218	613	893	834	1,010	876	552	371	893	319
118 Other regional[17]	867	456	756	855	1,006	856	1,284	953	756	634

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[r]	1995 July	1995 Aug.	1995 Sept	1995 Oct.	1995 Nov.[r]	1995 Dec.	1996 Jan.[p]
1 **Total, all foreigners**	**488,497[r]**	**486,263**	**526,060**	**508,977**	**521,137[r]**	**515,059[r]**	**522,650[r]**	**533,896**	**526,060**	**522,758**
2 **Foreign countries**	**486,092[r]**	**481,672**	**524,208**	**507,660**	**519,720[r]**	**512,232[r]**	**520,992[r]**	**532,475**	**524,208**	**520,485**
3 Europe	123,741[r]	125,807	130,211	127,027	127,681	116,578	131,526[r]	131,665	130,211	134,175
4 Austria	112	692	565	616	685	670	880	639	565	683
5 Belgium and Luxembourg	6,532	6,738	7,557	8,073	8,257	7,056	7,103	10,691	7,557	8,365
6 Denmark	382	1,030	404	443	428	410	634	602	404	541
7 Finland	594	691	1,055	967	1,001	1,221	1,916	1,097	1,055	1,397
8 France	11,822	12,768	14,770	15,443	15,200	13,956	14,807	15,259	14,770	12,242
9 Germany	7,724	7,608	8,842	7,149	8,731	8,691	8,081	8,431	8,842	8,062
10 Greece	691	604	441	445	386	385	404	378	441	555
11 Italy	8,834	6,043	5,364	6,070	5,757	5,921	5,651	5,390	5,364	5,010
12 Netherlands	3,063	2,957	5,049	4,478	4,354	4,696	4,471	4,907	5,049	4,599
13 Norway	396	504	665	1,206	1,047	1,392	1,457[r]	1,376	665	1,098
14 Portugal	834	938	888	987	916	986	1,036	862	888	853
15 Russia	2,310	949	660	495	506	421	696	949	660	678
16 Spain	3,717	3,530	2,166	3,640	3,494	3,520	3,162	3,191	2,166	3,811
17 Sweden	4,254	4,098	2,060	3,580	2,840	2,700	2,642	2,362	2,060	2,315
18 Switzerland	6,605	7,493	7,074	7,540	7,362	7,207	6,335[r]	5,925	7,074	4,606
19 Turkey	1,301	874	785	725	768	802	830	926	785	732
20 United Kingdom	62,013[r]	66,858	67,389	63,871	64,607	54,522	69,022[r]	66,918	67,389	75,133
21 Yugoslavia[2]	473	265	147	230	230	234	233	237	147	481
22 Other Europe and other former U.S.S.R.[3]	1,784	1,167	4,330	1,069	1,112	1,788	2,166	1,525	4,330	3,014
23 Canada	18,617[r]	18,298	16,120	18,903	17,306	18,623	17,835[r]	17,015	16,120	15,679
24 Latin America and Caribbean	225,238[r]	224,060	257,356	238,847	250,189	250,335	251,307[r]	266,623	257,356	256,948
25 Argentina	4,474	5,845	6,439	6,242	6,151	6,114	6,003	6,090	6,439	6,185
26 Bahamas	63,353	66,775	59,236	59,906	61,224	62,888	55,788	60,030	59,236	60,284
27 Bermuda	8,901	8,481	5,718	6,373	8,944	6,295	5,537	8,096	5,718	5,011
28 Brazil	11,848	9,582	13,297	12,511	12,962	13,022	13,334	12,983	13,297	13,252
29 British West Indies	99,319	95,766	123,899	114,504	117,892	120,013	123,682	129,460	123,899	121,895
30 Chile	3,643	3,819	5,024	4,264	4,663	4,388	4,660	4,775	5,024	5,842
31 Colombia	3,181	4,004	4,550	4,183	4,270	4,358	4,593	4,516	4,550	4,622
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	681	681	823	768	725	805	846	847	823	841
34 Guatemala	288	366	457	340	350	361	385	424	457	439
35 Jamaica	195	258	323	277	290	287	289	285	323	299
36 Mexico	15,879[r]	17,728	18,028	17,152	16,832	16,486	16,657[r]	16,826	18,028	16,986
37 Netherlands Antilles	2,683	1,580	9,229	2,730	6,313	5,602	9,233	12,048	9,229	11,043
38 Panama	2,894	2,184	3,003	2,520	2,503	2,594	2,846	3,049	3,003	2,793
39 Peru	657	997	1,829	1,333	1,368	1,464	1,501	1,577	1,829	1,762
40 Uruguay	969	503	474	424	424	386	441	451	474	422
41 Venezuela	2,910	1,831	1,656	1,650	1,596	1,480	1,826	1,678	1,656	1,575
42 Other	3,363	3,660	3,371	3,670	3,682	3,792	3,686	3,488	3,371	3,697
43 Asia	111,775	107,350	115,298	117,212	118,264[r]	120,211[r]	114,575[r]	111,435	115,298	108,797
China										
44 People's Republic of China	2,271	836	1,023	1,206	1,163	1,316	1,241	1,069	1,023	1,014
45 *Republic of China (Taiwan)*	2,625	1,447	1,713	1,915	1,600	1,584	1,595	1,484	1,713	1,407
46 Hong Kong	10,828	9,162	12,895	14,756	14,520	15,677	12,539	10,713	12,895	13,235
47 India	589	994	1,846	1,732	1,905	1,944	1,924	1,823	1,846	1,864
48 Indonesia	1,527	1,470	1,678	1,516	1,620	1,596	1,623	1,583	1,678	1,369
49 Israel	826	688	739	749	700	712	886	728	739	668
50 Japan	60,032	59,428	61,303	61,280	63,301	63,075	61,878	60,522	61,303	55,901
51 Korea (South)	7,539	10,286	14,067	13,134	12,866[r]	12,992[r]	13,357[r]	14,107	14,067	14,345
52 Philippines	1,410	662	1,350	598	623	725	673	789	1,350	814
53 Thailand	2,170	2,902	2,581	2,670	2,594	2,594	2,568	2,538	2,581	2,376
54 Middle Eastern oil-exporting countries[4]	15,115	13,743	9,638	11,948	11,403	11,723	9,963	9,604	9,638	8,142
55 Other	6,843	5,732	6,465	5,708	5,969	6,273	6,328	6,475	6,465	7,662
56 Africa	3,861	3,028	2,727	2,907	2,826	2,705	2,783	2,732	2,727	2,798
57 Egypt	196	225	210	193	194	202	224	268	210	208
58 Morocco	481	429	514	645	653	647	457	433	514	514
59 South Africa	633	671	465	531	544	454	604	462	465	483
60 Zaire	4	2	1	7	2	2	1	1	1	3
61 Oil-exporting countries[5]	1,129	842	552	659	614	615	586	578	552	589
62 Other	1,418	859	985	872	819	785	911	990	985	1,001
63 Other	2,860	3,129	2,496	2,764	3,454	3,780	2,966	3,005	2,496	2,088
64 Australia	2,037	2,186	1,622	2,072	2,072	2,639	2,095	1,969	1,622	1,819
65 Other	823	943	874	692	1,382	1,141	871	1,036	874	269
66 Nonmonetary international and regional organizations[6]	2,405	4,591	1,852	1,317	1,417	2,827	1,658	1,421	1,852	2,273

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]	1995						1996
				July	Aug	Sept[r]	Oct[r]	Nov.[r]	Dec.	Jan.[p]
1 **Total**	**575,613[r]**	**601,615**	**648,746**	...	...	**647,660**	...		**648,746**	
2 Banks' claims	488,497[r]	486,263	526,060	508,977	521,137[r]	515,059	522,650	533,896	526,060	522,758
3 Foreign public borrowers	29,228[r]	23,410	22,468	19,734	21,449	22,292	20,888	19,376	22,468	23,090
4 Own foreign offices[2]	285,510	283,548	303,963	293,151	297,060[r]	298,240	303,979	308,911	303,963	299,864
5 Unaffiliated foreign banks	100,865	111,682	98,542	113,753	112,029	107,294	103,928	99,530	98,542	97,401
6 Deposits	49,892	59,230	37,331	59,798	57,718	50,764	47,107	42,905	37,331	35,753
7 Other	50,973	52,452	61,211	53,955	54,311	56,530	56,821	56,625	61,211	61,648
8 All other foreigners	72,894[r]	67,623	101,087	82,339	90,599[r]	87,233	93,855	106,079	101,087	102,403
9 Claims of banks' domestic customers[3]	87,116	115,352	122,686	...		132,601	...	...	122,686	
10 Deposits	41,734	64,829	57,529	...	...	66,067	...	...	57,529	...
11 Negotiable and readily transferable instruments[4]	31,186	36,008	45,265	...	...	45,190			45,265	...
12 Outstanding collections and other claims	14,196	14,515	19,892	...	...	21,544	...	...	19,892	...
MEMO										
13 Customer liability on acceptances	7,918[r]	8,427[r]	8,380	...	...	8,821	...	...	8,380	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	29,150	32,565	30,245	34,221	35,452	34,274	33,828	30,955	30,245	n.a.

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[r]	1994	1995			
				Mar.	June	Sept	Dec.[p]
1 **Total**	**195,119**	**202,566**	**202,705**	**199,836**	**219,628[r]**	**216,646**	**221,559**
By borrower							
2 Maturity of one year or less	163,325	172,662	176,870	171,297	191,144[r]	184,482	175,766
3 Foreign public borrowers	17,813	17,828	15,597	15,792[r]	15,963[r]	14,747	14,970
4 All other foreigners	145,512	154,834	161,273	155,505[r]	175,181[r]	169,735	160,796
5 Maturity of more than one year	31,794	29,904	25,835	28,539	28,484[r]	32,164	45,793
6 Foreign public borrowers	13,266	10,874	7,670	7,689	7,726	7,721	7,492
7 All other foreigners	18,528	19,030	18,165	20,850	20,758[r]	24,443	38,301
By area							
Maturity of one year or less							
8 Europe	53,300	57,413	58,473	54,763	60,749	52,374	53,901
9 Canada	6,091	7,727	7,482	7,472	8,219	7,721	6,097
10 Latin America and Caribbean	50,376	60,490	62,477	64,073	71,732[r]	73,977	72,118
11 Asia	45,709	41,418	40,696	38,227	44,365	44,219	40,041
12 Africa	1,784	1,820	1,376	1,227	1,447	1,261	1,270
13 All other[3]	6,065	3,794	6,366	5,535	4,632	4,930	2,339
Maturity of more than one year							
14 Europe	5,367	5,310	3,901	4,533	3,704	4,170	4,733
15 Canada	3,287	2,581	2,521	3,622	3,110	2,815	2,654
16 Latin America and Caribbean	15,312	14,025	12,293	13,074	14,243[r]	17,491	27,707
17 Asia	5,038	5,606	4,744	5,228	5,493	5,707	7,983
18 Africa	2,380	1,935	1,561	1,605	1,389	1,389	1,430
19 All other[3]	410	447	815	477	545	592	1,286

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	1991	1992	1993	1994				1995			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.[p]
1 **Total**	**343.5**	**344.7**	**407.7**[r]	**478.9**[r]	**487.9**[r]	**487.3**[r]	**499.6**	**539.9**	**523.9**	**524.5**	**548.9**
2 G-10 countries and Switzerland	137.5	131.3	161.8[r]	180.8	175.4	183.8	193.0	208.3	200.3	195.3	200.2
3 Belgium and Luxembourg	.0	5.6	7.4	8.0	8.6	9.6	7.0	8.3	7.3	8.5	12.1
4 France	11.3	15.3	12.0	16.6	19.1	21.2	19.7	20.1	19.3	17.5	19.2
5 Germany	8.3	9.1	12.6	29.9	25.0	24.2	24.7	31.3	29.9	28.6	26.8
6 Italy	5.6	6.5	7.7	15.6	14.0	11.6	11.8	10.6	10.7	12.6	11.5
7 Netherlands	.0	2.8	4.7	4.1	3.6	3.5	3.6	3.6	4.3	3.9	3.3
8 Sweden	1.9	2.3	2.7	2.9	3.0	2.6	2.7	3.1	3.0	2.7	2.7
9 Switzerland	3.1	4.8	5.9	6.3	6.5	6.2	6.9	6.2	6.1	6.0	6.1
10 United Kingdom	68.4	59.7	84.3[r]	70.0	65.1	78.4	85.8	89.9	86.7	79.8	80.7
11 Canada	5.8	6.3	6.9	7.8	9.7	10.0	9.8	10.7	10.8	11.7	9.4
12 Japan	22.2	18.8	17.6	19.6	20.7	16.5	21.6	24.5	22.1	24.0	28.5
13 Other industrialized countries	22.8	24.0	25.6	42.2	42.6	42.5	45.3	43.9	43.2	49.7	50.0
14 Austria	.6	1.2	.4	1.0	1.0	1.0	1.1	.9	.7	1.2	.9
15 Denmark	.9	.9	1.0	1.1	1.1	.9	1.2	1.6	1.1	1.6	2.6
16 Finland	.7	.7	.4	1.0	.8	.8	1.0	1.1	.5	.7	.8
17 Greece	2.6	3.0	3.2	3.8	4.6	4.3	4.5	4.9	5.0	5.1	5.7
18 Norway	1.4	1.2	1.7	1.6	1.6	1.6	2.0	2.1	1.8	2.3	3.2
19 Portugal	.6	.4	.8	1.2	1.1	1.0	1.2	1.0	1.2	1.7	1.1
20 Spain	8.3	8.9	9.9	13.2	12.6	14.0	13.6	14.1	13.3	13.3	11.6
21 Turkey	1.4	1.3	2.1	2.4	2.1	1.8	1.6	1.4	1.4	2.0	1.9
22 Other Western Europe	1.8	1.7	2.6	3.1	2.8	1.0	2.7	2.5	2.6	3.0	4.7
23 South Africa	1.9	1.7	1.1	1.2	1.2	1.2	1.0	1.4	1.4	1.3	1.2
24 Australia	2.7	2.9	2.3	12.7	13.7	15.0	15.4	12.6	14.3	17.4	16.4
25 OPEC[2]	14.5	15.8	17.4	22.9	21.6	21.6	23.9	19.5	20.3	22.3	22.3
26 Ecuador	.7	.6	.5	.5	.5	.4	.5	.5	.7	.7	.7
27 Venezuela	5.4	5.2	5.1	4.7	4.5	3.9	3.7	3.5	3.5	3.0	2.7
28 Indonesia	2.7	2.7	3.3	3.4	3.2	3.3	3.8	4.0	4.1	4.4	5.0
29 Middle East countries	4.2	6.2	7.4	13.2	12.4	13.0	15.0	10.7	11.4	13.5	13.3
30 African countries	1.5	1.1	1.2	1.1	1.1	1.0	.9	.7	.6	.6	.6
31 Non-OPEC developing countries	64.3	72.6	83.1[r]	94.4[r]	94.7[r]	93.1[r]	95.9	98.4	103.6	103.5	112.0
Latin America											
32 Argentina	4.8	6.6	7.7	8.7	9.9	10.5	11.2	11.4	12.3	10.9	12.9
33 Brazil	9.6	10.8	12.0	12.7	12.0	9.3	8.1	9.2	10.0	13.1	13.1
34 Chile	3.6	4.4	4.7	5.1	5.1	5.5	6.1	6.4	7.1	6.4	6.8
35 Colombia	1.7	1.8	2.1	2.2	2.4	2.4	2.6	2.6	2.6	2.9	2.9
36 Mexico	15.5	16.0	17.8[r]	19.0[r]	18.6[r]	19.8[r]	18.4	17.8	17.6	16.3	17.3
37 Peru	.4	.5	.4	.6	.6	.6	.5	.6	.8	.7	.8
38 Other	2.1	2.6	3.1	2.8	2.7	2.8	2.7	2.4	2.6	2.6	2.8
Asia											
China											
39 People's Republic of China	.3	.7	2.0	.8	.8	1.0	1.1	1.1	1.4	1.7	1.8
40 Republic of China (Taiwan)	4.1	5.2	7.3	7.6	7.1	6.9	9.2	8.5	9.0	9.0	9.4
41 India	3.0	3.2	3.2	3.4	3.7	3.9	4.2	3.8	4.0	4.4	4.4
42 Israel	.5	.4	.5	.4	.4	.4	.4	.6	.6	.5	.5
43 Korea (South)	6.8	6.6	6.7	14.1	14.3	14.4	16.2	16.9	18.7	18.0	19.1
44 Malaysia	2.3	3.1	4.4	5.2	5.2	3.9	3.1	3.9	4.1	4.3	4.4
45 Philippines	3.7	3.6	3.1	3.4	3.2	2.9	3.3	3.0	3.6	3.3	4.1
46 Thailand	1.7	2.2	3.1	3.0	3.3	3.5	2.1	3.3	3.8	3.9	4.9
47 Other Asia	2.4	3.1	3.1	3.1	3.2	3.4	4.7	4.9	3.5	3.6	4.5
Africa											
48 Egypt	.4	.2	.4	.4	.5	.3	.3	.4	.4	.4	.4
49 Morocco	.7	.6	.7	.7	.7	.7	.6	.6	.9	.9	.7
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.7	1.0	.8	1.0	.9	.9	.8	.7	.6	.7	.9
52 Eastern Europe	2.4	3.1	3.2	3.4	3.0	3.0	2.7	2.3	1.8	3.4	4.2
53 Russia[4]	.9	1.9	1.6	1.5	1.2	1.1	.8	.6	.4	.6	1.0
54 Yugoslavia[5]	.9	.6	.6	.5	.5	.5	.5	.4	.3	.4	.3
55 Other	.7	.6	.9	1.4	1.4	1.5	1.3	1.2	1.0	2.3	2.8
56 Offshore banking centers	53.8	58.1	73.0	78.9	80.6	77.2	72.0	85.3	82.4	86.4	103.0
57 Bahamas	11.9	6.9	10.9	13.7	13.3	13.8	10.7	13.3	8.4	12.6	15.0
58 Bermuda	2.3	6.2	8.9	8.9	6.5	6.0	8.4	8.7	8.5	6.3	6.3
59 Cayman Islands and other British West Indies	15.5	21.5	18.0	17.9	23.8	21.5	19.9	19.4	23.7	23.4	32.0
60 Netherlands Antilles	1.2	1.1	2.6	3.5	2.5	1.7	1.5	.9	2.5	5.5	9.9
61 Panama[6]	1.4	1.9	2.4	2.0	1.9	1.9	1.3	1.1	1.3	1.3	1.4
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	14.3	13.9	18.7	19.7	21.8	20.3	19.9	22.4	24.1	23.7	25.1
64 Singapore	7.4	6.5	11.2	13.0	10.6	11.8	10.1	19.2	14.8	13.3	13.1
65 Other[7]	.0	.0	.1	.0	.0	.0	.1	.0	.0	.1	.1
66 Miscellaneous and unallocated[8]	17.9	39.7	43.4	55.9	69.7	65.8	66.7	82.0	72.1	63.7	56.9

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 Hercegovina, 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	1991	1992	1993	1994			1995		
				June	Sept	Dec	Mar.	June	Sept.
1 **Total**	**44,708**	**45,511**	**50,597**	**57,193**	**59,163**	**55,656**	**51,530**	**51,236**	**48,921**
2 Payable in dollars	39,029	37,456	38,728	43,410	43,412	39,645	37,246	35,530	35,169
3 Payable in foreign currencies	5,679	8,055	11,869	13,783	15,751	16,011	14,284	15,706	13,752
By type									
4 Financial liabilities	22,518	23,841	29,226	35,256	37,973	34,301	31,118	30,545	27,485
5 Payable in dollars	18,104	16,960	18,545	23,461	24,091	20,165	18,047	16,277	15,133
6 Payable in foreign currencies	4,414	6,881	10,681	11,795	13,882	14,136	13,071	14,268	12,352
7 Commercial liabilities	22,190	21,670	21,371	21,937	21,190	21,355	20,412	20,691	21,436
8 Trade payables	9,252	9,566	8,802	9,911	9,550	10,005	9,844	10,527	10,061
9 Advance receipts and other liabilities	12,938	12,104	12,569	12,026	11,610	11,350	10,568	10,164	11,375
10 Payable in dollars	20,925	20,496	20,183	19,949	19,321	19,480	19,199	19,253	20,036
11 Payable in foreign currencies	1,265	1,174	1,188	1,988	1,869	1,875	1,213	1,438	1,400
By area or country									
Financial liabilities									
12 Europe	12,003	13,387	18,810	25,396	25,614	22,018	17,880	18,571	16,746
13 Belgium and Luxembourg	216	414	175	524	661	495	612	778	347
14 France	2,106	1,623	2,539	1,590	2,241	1,727	2,046	1,101	1,365
15 Germany	682	889	975	939	1,467	1,961	1,755	1,589	1,670
16 Netherlands	1,056	606	534	533	648	552	633	530	474
17 Switzerland	408	569	634	631	633	688	883	1,056	948
18 United Kingdom	6,528	8,610	13,332	19,962	18,649	15,858	11,103	12,486	10,876
19 Canada	292	544	859	698	618	629	1,817	893	797
20 Latin America and Caribbean	4,784	4,053	3,359	3,125	3,139	3,024	3,024	2,808	2,762
21 Bahamas	537	379	1,148	1,052	1,112	926	931	851	849
22 Bermuda	114	114	0	115	15	80	149	138	144
23 Brazil	6	19	18	18	7	207	58	58	111
24 British West Indies	3,524	2,850	1,533	1,297	1,344	1,160	1,231	1,118	1,018
25 Mexico	7	12	17	13	15	0	10	3	3
26 Venezuela	4	6	5	5	5	5	5	4	3
27 Asia	5,381	5,818	5,956	5,998	8,450	8,448	8,201	8,080	6,992
28 Japan	4,116	4,750	4,887	5,064	7,248	7,314	7,182	7,153	6,308
29 Middle Eastern oil exporting countries[1]	13	19	23	24	31	35	27	25	25
30 Africa	6	6	133	9	133	135	156	151	149
31 Oil exporting countries[2]	4	0	123	0	123	123	122	122	122
32 All other[3]	52	33	109	30	19	50	10	42	39
Commercial liabilities									
33 Europe	8,701	7,398	6,827	6,887	6,868	6,773	6,642	6,776	7,263
34 Belgium and Luxembourg	248	298	239	254	287	241	271	311	349
35 France	1,039	700	655	680	744	728	612	504	528
36 Germany	1,052	729	684	670	552	604	482	556	660
37 Netherlands	710	535	688	649	674	722	536	448	566
38 Switzerland	575	350	375	473	391	327	327	432	255
39 United Kingdom	2,297	2,505	2,039	2,309	2,350	2,441	2,848	2,902	3,351
40 Canada	1,014	1,002	879	1,070	1,068	1,037	1,235	1,146	1,219
41 Latin America and Caribbean	1,355	1,533	1,658	2,000	1,783	1,857	1,368	1,836	1,607
42 Bahamas	3	3	21	2	6	19	8	3	1
43 Bermuda	310	307	350	418	200	345	260	397	219
44 Brazil	219	209	214	215	147	161	96	107	143
45 British West Indies	107	33	27	24	33	23	29	12	5
46 Mexico	307	457	481	703	672	574	356	420	357
47 Venezuela	94	142	123	192	189	276	273	204	175
48 Asia	9,334	10,594	10,980	10,832	10,370	10,741	10,151	9,978	10,275
49 Japan	3,721	3,612	4,314	4,250	4,128	4,555	4,110	3,531	3,475
50 Middle Eastern oil exporting countries[1]	1,498	1,889	1,534	1,835	1,663	1,576	1,787	1,790	1,647
51 Africa	715	568	453	510	468	428	463	481	589
52 Oil exporting countries[2]	327	309	167	241	264	256	248	252	241
53 Other[3]	1,071	575	574	638	633	519	553	474	483

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	1991	1992	1993	1994			1995		
				June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**45,262**	**45,073**	**49,159**	**52,510**	**54,833**	**57,888**	**52,218**	**58,030**	**53,646**
2 Payable in dollars	42,564	42,281	45,161	48,003	50,460	53,805	48,425	54,145	49,918
3 Payable in foreign currencies	2,698	2,792	3,998	4,507	4,373	4,083	3,793	3,885	3,728
By type									
4 Financial claims	27,882	26,509	27,771	30,234	32,236	33,897	29,606	34,567	29,862
5 Deposits	20,080	17,695	15,717	17,824	19,118	18,507	17,115	22,021	17,945
6 Payable in dollars	19,080	16,872	15,182	17,203	18,502	18,026	16,458	21,349	17,364
7 Payable in foreign currencies	1,000	823	535	621	616	481	657	672	581
8 Other financial claims	7,802	8,814	12,054	12,410	13,118	15,390	12,491	12,546	11,917
9 Payable in dollars	6,910	7,890	10,862	11,057	11,903	14,306	11,275	11,388	10,689
10 Payable in foreign currencies	892	924	1,192	1,353	1,215	1,084	1,216	1,158	1,228
11 Commercial claims	17,380	18,564	21,388	22,276	22,597	23,991	22,612	23,463	23,784
12 Trade receivables	14,468	16,007	18,425	19,475	19,825	21,158	20,415	21,312	21,657
13 Advance payments and other claims	2,912	2,557	2,963	2,801	2,772	2,833	2,197	2,151	2,127
14 Payable in dollars	16,574	17,519	19,117	19,743	20,055	21,473	20,692	21,408	21,865
15 Payable in foreign currencies	806	1,045	2,271	2,533	2,542	2,518	1,920	2,055	1,919
By area or country									
Financial claims									
16 Europe	13,441	9,331	7,299	7,372	8,914	7,936	7,630	7,923	7,840
17 Belgium and Luxembourg	13	8	134	84	115	86	146	155	160
18 France	269	764	826	995	931	800	808	731	753
19 Germany	283	326	526	459	413	540	527	355	301
20 Netherlands	334	515	502	472	503	429	606	601	522
21 Switzerland	581	490	530	539	777	523	490	514	530
22 United Kingdom	11,534	6,252	3,585	3,673	5,023	4,649	4,040	4,787	4,924
23 Canada	2,642	1,833	2,032	3,470	3,812	3,581	3,848	3,705	3,526
24 Latin America and Caribbean	10,717	13,893	16,224	16,465	16,608	19,536	16,109	21,160	15,316
25 Bahamas	827	778	1,336	1,376	1,121	2,424	940	2,355	1,552
26 Bermuda	8	40	125	39	52	27	37	85	35
27 Brazil	351	686	654	466	411	520	528	502	851
28 British West Indies	9,056	11,747	12,699	13,390	13,694	15,228	13,531	17,013	11,787
29 Mexico	212	445	872	629	691	723	583	638	487
30 Venezuela	40	29	161	32	31	35	27	27	50
31 Asia	640	864	1,657	2,221	2,176	1,871	1,504	1,231	2,160
32 Japan	350	668	892	1,344	661	953	621	467	1,404
33 Middle Eastern oil-exporting countries[1]	5	3	3	1	19	141	4	3	4
34 Africa	57	83	99	185	197	373	141	138	188
35 Oil-exporting countries[2]	1	9	1	0	0	0	9	9	6
36 All other[3]	385	505	460	521	529	600	374	410	832
Commercial claims									
37 Europe	8,193	8,451	9,105	8,976	8,810	9,540	8,947	9,190	8,896
38 Belgium and Luxembourg	194	189	184	189	178	213	199	218	224
39 France	1,585	1,537	1,947	1,788	1,766	1,881	1,790	1,669	1,706
40 Germany	955	933	1,018	940	883	1,027	977	1,023	997
41 Netherlands	645	552	423	294	331	311	324	341	338
42 Switzerland	295	362	432	686	538	557	556	612	438
43 United Kingdom	2,086	2,094	2,377	2,445	2,505	2,556	2,388	2,459	2,513
44 Canada	1,121	1,286	1,781	1,875	1,906	1,988	2,010	2,003	2,004
45 Latin America and Caribbean	2,655	3,043	3,274	3,904	3,963	4,117	4,140	4,368	4,543
46 Bahamas	13	28	11	18	34	9	17	21	101
47 Bermuda	264	255	182	295	246	234	208	210	245
48 Brazil	427	357	460	500	471	612	695	777	745
49 British West Indies	41	40	71	67	49	83	55	83	175
50 Mexico	842	924	990	1,048	1,137	1,243	1,106	1,108	1,026
51 Venezuela	203	345	293	304	388	348	295	319	325
52 Asia	4,591	4,866	6,014	6,330	6,679	6,982	6,200	6,514	6,826
53 Japan	1,899	1,903	2,275	2,498	2,591	2,655	1,911	2,010	1,998
54 Middle Eastern oil-exporting countries[1]	620	693	704	612	617	708	689	707	775
55 Africa	430	554	493	480	447	454	468	478	544
56 Oil-exporting countries[2]	95	78	72	83	61	67	71	60	74
57 Other[3]	390	364	721	711	792	910	847	910	971

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.–Jan.	1995 July	1995 Aug.	1995 Sept.	1995 Oct.	1995 Nov.	1995 Dec.	1996 Jan.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	350,593	462,884	43,574	42,444	41,908	44,450	41,492	41,937	46,479	43,574
2 Foreign sales	348,716	451,709	41,948	40,009	39,366	44,218	42,860	39,071	44,372	41,948
3 **Net purchases, or sales (−)**	**1,877**	**11,175**	**1,626**	**2,435**	**2,542**	**232**	**−1,368**	**2,866**	**2,107**	**1,626**
4 **Foreign countries**	**1,867**	**11,380**	**1,623**	**2,443**	**2,565**	**295**	**−1,328**	**2,877**	**2,109**	**1,623**
5 Europe	6,714	4,847	1,954	2,045	1,836	1,319	1,647	954	1,028	1,954
6 France	201	1,099	164	261	17	126	54	58	382	164
7 Germany	2,110	1,837	239	8	104	136	5	131	11	239
8 Netherlands	2,251	3,507	660	364	431	197	528	230	373	660
9 Switzerland	30	2,283	639	20	847	9	449	227	191	639
10 United Kingdom	840	8,001	165	1,445	2,330	1,114	878	543	1,277	165
11 Canada	1,160	1,517	645	425	10	197	74	405	175	645
12 Latin America and Caribbean	2,111	5,814	487	881	1,811	752	2,920	1,361	219	487
13 Middle East[1]	1,142	337	507	24	5	77	8	63	148	507
14 Other Asia	1,234	2,503	40	107	961	1,048	61	342	883	40
15 Japan	1,162	2,725	94	141	1,076	598	56	406	1,231	94
16 Africa	29	2	6	5	17	34	17	26	1	6
17 Other countries	771	68	52	136	123	54	17	96	7	52
18 **Nonmonetary international and regional organizations**	**10**	**−205**	**3**	**−8**	**−23**	**−63**	**−40**	**−11**	**−2**	**3**
BONDS[2]										
19 Foreign purchases	289,586	291,950[r]	26,525	23,911	24,742	27,212	26,367	31,642	21,698	26,525
20 Foreign sales	229,665	206,951	17,596	14,949	16,741	17,759	19,199	20,741	21,117	17,596
21 **Net purchases, or sales (−)**	**59,921**	**84,999[r]**	**8,929**	**8,962**	**8,001**	**9,453**	**7,168**	**10,901**	**581**	**8,929**
22 **Foreign countries**	**59,036**	**85,453[r]**	**8,887**	**9,129**	**7,982**	**9,431**	**7,236**	**10,948**	**553**	**8,887**
23 Europe	37,065	68,735[r]	5,688	6,340	5,561	6,959	6,361	9,759	1,309	5,688
24 France	242	1,143	839	7	538	63	732	101	137	839
25 Germany	657	5,806	26	51	1,163	916	113	894	236	26
26 Netherlands	3,322	1,463	156	557	45	203	204	219	101	156
27 Switzerland	1,055	494	171	317	99	343	148	101	381	171
28 United Kingdom	31,642	56,140[r]	3,803	5,063	3,775	4,511	4,542	6,999	925	3,803
29 Canada	2,958	2,569	104	169	415	349	139	20	181	104
30 Latin America and Caribbean	5,442	6,141	2,096	1,145	754	1,719	61	1,426	848	2,096
31 Middle East[1]	771	1,869	194	348	281	241	246	188	187	194
32 Other Asia	12,153	5,659	1,272	1,189	919	139	1,126	705	293	1,272
33 Japan	5,486	2,250	338	1,026	1,008	371	645	899	904	338
34 Africa	7	234	16	13	64	23	223	240	86	16
35 Other countries	654	246	63	49	12	1	140	20	69	63
36 **Nonmonetary international and regional organizations**	**885**	**−454**	**42**	**−167**	**19**	**22**	**−68**	**−47**	**28**	**42**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	48,071	50,720[r]	6,395	8,188	5,904	7,959	5,755	1,725	6,830	6,395
38 Foreign purchases	386,106	345,498[r]	33,462	28,582	30,867	28,712	29,382	30,307	32,366	33,462
39 Foreign sales	434,177	396,218[r]	39,857	36,770	36,771	36,671	35,137	32,032	39,196	39,857
40 Bonds, net purchases, or sales (−)	9,224	46,928[r]	4,439	4,079	3,755	5,206	7,580	6,235[r]	3,989	4,439
41 Foreign purchases	848,368	892,578	84,527	67,187	72,277	83,396	76,889	78,563	80,310	84,527
42 Foreign sales	857,592	939,506[r]	88,966	71,266	76,032	88,602	84,469	84,798[r]	84,299	88,966
43 **Net purchases, or sales (−), of stocks and bonds**	**57,295**	**−97,648[r]**	**−10,834**	**−12,267**	**−9,659**	**−13,165**	**−13,335**	**−7,960[r]**	**−10,819**	**−10,834**
44 **Foreign countries**	**−57,815**	**−96,843[r]**	**−10,865**	**−12,048**	**−9,486**	**−13,220**	**−13,226**	**−7,882[r]**	**−10,878**	**−10,865**
45 Europe	3,516	47,913[r]	3,943	−7,955	2,539	2,928	7,243	4,609	6,099	3,943
46 Canada	7,475	7,871[r]	2,649	1,301	851	3,471	1,311	494[r]	14	2,649
47 Latin America and Caribbean	18,334	7,071[r]	3	185	817	781	3,883	184[r]	802	3
48 Asia	24,275	33,744[r]	4,645	3,158	7,250	7,533	2,503	2,001	4,389	−4,645
49 Japan	17,427	24,773[r]	3,427	3,586	5,499	5,360	849	1,388	3,685	3,427
50 Africa	467	327[r]	96	45	34	117	5	19	44	96
51 Other countries	**−3,748**	**83[r]**	**471**	**596**	**303**	**48**	**−913**	**−613**	**470**	**471**
52 **Nonmonetary international and regional organizations**	520	805	31	219	173	55	109	78	59	31

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	1995						1996
			Jan.-Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Total estimated**	**78,801**	**133,991[r]**	**14,008**	**31,871**	**26,082**	**−11,072**	**4,819**	**15,307**	**−9,454**	**14,008**
2 Foreign countries	78,637	133,552	13,703	31,382	26,442	−11,002	4,650	14,936	9,016	13,703
3 Europe	38,542	50,000[r]	7,281	13,336	9,170	6,377	4,608	821	1,120	7,281
4 Belgium and Luxembourg	1,098	591	149	53	580	143	25	81	171	149
5 Germany	5,709	6,136	1,385	1,039	2,995	2,568	2,831	52	452	1,385
6 Netherlands	1,254	1,891	807	883	1,468	1,915	160	833	381	807
7 Sweden	794	358	45	124	100	61	92	30	285	45
8 Switzerland	481	472	76	206	515	818	174	568	664	76
9 United Kingdom	23,365	34,778[r]	1,167	7,315	7,950	5,570	5,965	1,309	4,377	1,167
10 Other Europe and former U.S.S.R.	5,841	6,718	3,742	3,822	472	−868	1,875	856	3,202	3,742
11 Canada	3,491	252	1,867	720	825	−2,284	1,864	43	208	1,867
12 Latin America and Caribbean	10,383	48,609	2,648	513	11,265	5,299	17,453	13,496	3,762	−2,648
13 Venezuela	319	2	−142	−114	359	524	92	232	61	−142
14 Other Latin America and Caribbean	20,493	25,152	8,922	1,034	5,364	1,171	3,033	3,723	4,710	8,922
15 Netherlands Antilles	10,429	23,459	11,428	407	6,260	5,946	14,512	9,541	1,009	11,428
16 Asia	47,317	32,319	6,920	16,490	7,322	10,055	6,879	107	11,843	6,920
17 Japan	29,793	16,863	2,619	6,658	5,430	4,021	10,115	1,316	5,695	2,619
18 Africa	240	1,464[r]	515	1	130	108	501	458	252	515
19 Other	570	908	232	324	360	151	47	311	275	232
20 Nonmonetary international and regional organizations	164	439[r]	305	489	−360	70	169	371	438	305
21 International	526	9[r]	210	311	140	196	2	368	347	210
22 Latin American regional	154	261	45	105	10	6	185	43	115	45
MEMO										
23 Foreign countries	78,637	133,552	13,703	31,382	26,442	11,002	4,650	14,936	9,016	13,703
24 Official institutions	41,822	39,625	12,615	16,790	364	4,525	5,705	915	2,651	12,615
25 Other foreign	36,815	93,927	1,088	14,592	26,806	−6,477	1,055	15,851	−11,667	1,088
Oil-exporting countries										
26 Middle East[2]	38	3,075	658	3,582	1,890	50	624	826	1,085	−658
27 Africa[3]	0	2	0	0	0	0	0	0	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 Mar. 31, 1996		Country	Rate on Mar. 31, 1996	
	Percent	Month effective		Percent	Month effective
Austria	3.0	Dec. 1995	Germany	3.0	Dec. 1995
Belgium	3.0	Dec. 1995	Italy	9.0	June 1995
Canada	5.25	Mar. 1996	Japan	.5	Sept. 1995
Denmark	3.75	Feb. 1996	Netherlands	2.75	Dec. 1995
France[2]	3.8	Mar. 1996	Switzerland	1.5	Dec. 1995

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	1993	1994	1995	1995				1996		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb	Mar.
1 Eurodollars	3.18	4.63	5.93	5.74	5.81	5.75	5.64	5.40	5.14	5.28
2 United Kingdom	5.88	5.45	6.63	6.71	6.69	6.61	6.42	6.31	6.13	6.02
3 Canada	5.14	5.57	7.14	6.66	6.66	6.02	5.91	5.58	5.22	5.23
4 Germany	7.17	5.25	4.43	4.09	4.00	3.91	3.82	3.51	3.26	3.25
5 Switzerland	4.79	4.03	2.94	2.67	2.15	1.98	1.94	1.65	1.61	1.68
6 Netherlands	6.73	5.09	4.30	3.85	3.88	3.73	3.58	3.20	3.00	3.09
7 France	8.30	5.72	6.43	5.86	6.73	5.74	5.47	4.56	4.29	4.14
8 Italy	10.09	8.45	10.43	10.36	10.74	10.65	10.58	10.05	9.90	9.82
9 Belgium	8.10	5.65	4.73	4.20	4.14	3.87	3.74	3.47	3.23	3.25
10 Japan	2.96	2.24	1.20	.56	.51	.54	.52	.55	.61	.60

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	1993	1994	1995	1995 Oct.	1995 Nov.	1995 Dec	1996 Jan	1996 Feb.	1996 Mar.
1 Australia/dollar[2]	67.993	73.161	74.073	75.699	74.534	74.053	74.171	75.557	77.136
2 Austria/schilling	11.639	11.409	10.076	9.955	9.974	10.142	10.296	10.321	10.391
3 Belgium/franc	34.581	33.426	29.472	29.105	29.154	29.615	30.081	30.115	30.371
4 Canada/dollar	1.2902	1.3664	1.3725	1.3458	1.3534	1.3693	1.3669	1.3752	1.3656
5 China, P.R./yuan	5.7795	8.6404	8.3700	8.3353	8.3334	8.3350	8.3384	8.3338	8.3495
6 Denmark/krone	6.4863	6.3561	5.5999	5.4912	5.4923	5.5791	5.6618	5.6749	5.7074
7 Finland/markka	5.7251	5.2340	4.3763	4.2781	4.2489	4.3361	4.4510	4.5532	4.6066
8 France/franc	5.6669	5.5459	4.9864	4.9374	4.8882	4.9565	5.0117	5.0440	5.0583
9 Germany/deutsche mark	1.6545	1.6216	1.4321	1.4143	1.4173	1.4406	1.4635	1.4669	1.4776
10 Greece/drachma	229.64	242.50	231.68	232.65	234.16	238.06	240.91	242.21	241.54
11 Hong Kong/dollar	7.7357	7.7290	7.7357	7.7317	7.7338	7.7345	7.7329	7.7323	7.7325
12 India/rupee	31.291	31.394	32.418	34.656	34.710	34.966	35.812	36.595	34.485
13 Ireland/pound[2]	146.47	149.69	160.35	161.32	160.54	159.18	158.18	158.10	157.21
14 Italy/lira	1,573.41	1,611.49	1,629.45	1,605.69	1,592.67	1,593.88	1,584.87	1,570.00	1,562.43
15 Japan/yen	111.08	102.18	93.96	100.84	101.94	101.85	105.75	105.79	105.94
16 Malaysia/ringgit	2.5738	2.6237	2.5073	2.5324	2.5389	2.5399	2.5563	2.5487	2.5417
17 Netherlands/guilder	1.8585	1.8190	1.6044	1.5846	1.5877	1.6127	1.6388	1.6424	1.6540
18 New Zealand/dollar[2]	54.127	59.358	65.625	65.899	65.224	64.996	66.195	67.495	68.079
19 Norway/krone	7.1009	7.0553	6.3355	6.2397	6.2536	6.3579	6.4275	6.4103	6.4277
20 Portugal/escudo	161.08	165.93	149.88	148.94	148.68	151.03	151.90	152.49	152.93
21 Singapore/dollar	1.6158	1.5275	1.4171	1.4231	1.4128	1.4148	1.4211	1.4115	1.4095
22 South Africa/rand	3.2729	3.5526	3.6286	3.6502	3.6499	3.6632	3.6413	3.7420	3.9293
23 South Korea/won	805.75	806.93	772.82	767.20	769.78	771.31	787.13	780.12	781.31
24 Spain/peseta	127.48	133.88	124.64	122.51	121.81	122.53	123.38	123.65	124.39
25 Sri Lanka/rupee	48.211	49.170	51.047	52.539	53.199	53.808	53.874	53.716	53.748
26 Sweden/krona	7.7956	7.7161	7.1406	6.8301	6.6088	6.6393	6.7405	6.8775	6.7318
27 Switzerland/franc	1.4781	1.3667	1.1812	1.1453	1.1437	1.1631	1.1818	1.1967	1.1959
28 Taiwan/dollar	26.416	26.465	26.495	26.925	27.257	27.315	27.406	27.485	27.400
29 Thailand/baht	25.333	25.161	24.921	25.115	25.166	25.164	25.298	25.250	25.251
30 United Kingdom/pound[2]	150.16	153.19	157.85	157.79	156.25	154.05	152.88	153.60	152.71
MEMO									
31 United States/dollar[3]	93.18	91.32	84.25	84.10	84.14	85.07	86.23	86.41	86.57

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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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 5–9, 1996[1]

Commercial and industrial loans

Type and maturity of loan	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
ALL BANKS									
1 Overnight[6]	13,640,713	7,753	...	5.94	.24	11.8	61.7	.4	Other
2 One month or less (excluding overnight)	13,851,955	1,871	17	6.37	.16	21.5	63.0	5.8	Other
3 Fixed rate	11,556,700	2,889	16	6.29	.23	19.5	58.7	6.1	Other
4 Floating rate	2,295,255	674	18	6.76	.22	32.0	84.6	3.9	Foreign
5 More than one month and less than one year	9,972,188	189	146	7.31	.16	47.7	84.8	8.8	Prime
6 Fixed rate	4,910,574	259	126	6.49	.25	35.1	82.7	12.2	Foreign
7 Floating rate	5,061,614	149	165	8.10	.18	59.9	86.8	5.6	Prime
8 Demand[7]	19,456,682	311	...	7.07	.17	44.7	60.5	5.5	Prime
9 Fixed rate	8,792,514	1,672	...	5.79	.23	15.9	49.0	7.7	Other
10 Floating rate	10,664,167	186	...	8.12	.17	68.5	70.0	3.6	Prime
11 **Total short-term**	**56,921,538**	**457**	**45**	**6.67**	**.15**	**31.7**	**65.7**	**4.9**	**Other**
12 Fixed rate (thousands of dollars)	38,900,501	1,298	27	6.08	.22	17.9	60.6	5.3	Other
13 1–99	354,339	16	127	9.77	.15	84.2	47.6	4.5	Other
14 100–499	509,988	216	102	7.60	.08	68.6	77.8	7.9	Other
15 500–999	627,405	694	61	7.03	.16	45.4	78.6	11.3	Foreign
16 1,000–4,999	5,624,317	2,399	36	6.68	.08	35.7	73.4	5.6	Other
17 5,000–9,999	5,370,005	6,645	34	6.27	.08	19.7	62.9	7.4	Other
18 10,000 or more	26,414,448	21,542	20	5.81	.13	11.3	56.8	4.6	Other
19 Floating rate (thousands of dollars)	18,021,037	191	119	7.94	.18	61.5	76.6	4.2	Prime
20 1–99	1,833,124	26	164	9.67	.05	80.5	86.1	1.5	Prime
21 100–499	3,561,980	199	154	9.10	.03	73.8	87.6	5.4	Prime
22 500–999	1,537,083	671	150	8.55	.09	66.5	90.1	7.0	Prime
23 1,000–4,999	3,960,005	1,892	119	8.10	.12	58.6	86.4	4.8	Prime
24 5,000–9,999	1,519,985	6,626	84	7.13	.20	42.2	82.4	8.6	Prime
25 10,000 or more	5,608,860	19,108	94	6.58	.25	53.3	54.2	2.0	Fed funds
			Months						
26 **Total long-term**	**7,996,293**	**290**	**46**	**7.90**	**.15**	**64.5**	**78.6**	**8.3**	**Prime**
27 Fixed rate (thousands of dollars)	2,201,220	193	51	7.90	.27	68.1	58.6	10.1	Other
28 1–99	198,295	20	43	9.79	.17	93.8	29.1	.5	Other
29 100–499	194,712	197	51	9.10	.25	85.3	50.2	6.3	Other
30 500–999	107,721	693	47	7.44	.34	71.8	76.2	7.3	Other
31 1,000 or more	1,700,492	5,039	52	7.57	.44	62.8	61.9	11.9	Other
32 Floating rate (thousands of dollars)	5,795,073	358	45	7.90	.15	63.1	86.2	7.6	Prime
33 1–99	305,194	30	39	9.56	.04	88.1	71.6	3.0	Prime
34 100–499	904,935	215	37	8.95	.03	76.3	83.2	9.4	Prime
35 500–999	608,727	675	42	8.51	.07	70.6	84.2	10.7	Prime
36 1,000 or more	3,976,217	4,390	47	7.44	.26	57.1	88.3	7.0	Foreign
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	13,287,632	9,746	...	5.86	5.69	9.7	60.7	.4	8.25
38 One month or less (excluding overnight)	13,233,783	4,327	17	6.23	6.05	19.2	62.2	5.7	8.25
39 More than one month and less than one year	6,693,269	711	135	6.27	6.12	32.4	85.8	10.3	8.30
40 Demand[7]	12,418,928	2,446	...	5.84	5.68	29.0	44.9	5.9	8.25
41 **Total short-term**	**45,633,612**	**2,413**	**34**	**6.02**	**5.86**	**21.0**	**60.5**	**4.9**	**8.26**
42 Fixed rate	37,464,802	3,908	26	5.95	5.78	15.5	60.3	5.3	8.25
43 Floating rate	8,168,810	876	92	6.36	6.19	46.4	61.8	3.0	8.28
			Months						
44 **Total long-term**	**4,295,927**	**803**	**48**	**6.70**	**6.51**	**59.1**	**78.5**	**7.9**	**8.28**
45 Fixed rate	1,387,530	476	46	6.76	6.59	63.1	62.6	15.3	8.30
46 Floating rate	2,908,397	1,196	49	6.67	6.48	57.2	86.1	4.3	8.27

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 5–9, 1996[1] —Continued

Commercial and industrial loans—Continued

Type and maturity of loan	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent): Weighted average effective[3]	Loan rate (percent): Standard error[4]	Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days						
LARGE BANKS									
1 Overnight[6]	11,415,352	9,656		5.91	.20	9.4	62.8	.3	Other
2 One month or less (excluding overnight)	10,629,994	4,311	17	6.31	.17	18.1	63.1	4.3	Other
3 Fixed rate	9,284,565	5,527	17	6.26	.17	16.3	58.8	4.5	Other
4 Floating rate	1,345,429	1,713	17	6.66	.26	30.5	92.8	2.5	Foreign
5 More than one month and less than one year	5,911,705	767	134	7.00	.14	38.7	89.6	9.4	Foreign
6 Fixed rate	3,148,029	2,608	109	6.38	.18	28.6	90.9	11.4	Foreign
7 Floating rate	2,763,676	425	161	7.70	.18	50.3	88.2	7.0	Prime
8 Demand[7]	12,814,043	535		6.50	.19	40.1	55.5	6.6	Domestic
9 Fixed rate	6,791,134	5,158	[illegible]	5.49	.25	12.5	47.9	9.8	Domestic
10 Floating rate	6,022,609	266		7.63	.19	71.3	64.2	3.1	Prime
11 **Total short-term**	**40,771,093**	**1,155**	**35**	**6.36**	**.14**	**25.6**	**64.5**	**4.6**	**Other**
12 Fixed rate (thousands of dollars)	30,639,379	5,689	22	5.97	.15	14.2	61.2	4.8	Other
13 1–99	17,217	27	133	8.34	.25	73.7	73.5	5.2	Other
14 100–499	227,503	253	81	7.31	.18	56.3	80.9	8.5	Foreign
15 500–999	390,403	699	53	6.93	.22	40.3	83.3	9.2	Foreign
16 1,000–4,999	3,980,516	2,374	33	6.62	.09	31.9	71.4	4.9	Other
17 5,000–9,999	4,153,493	6,646	33	6.25	.26	18.8	62.2	7.1	Other
18 10,000 or more	21,870,248	21,877	16	5.77	.17	9.1	58.5	4.3	Other
19 Floating rate (thousands of dollars)	10,131,713	339	114	7.52	.18	60.1	74.6	4.1	Prime
20 1–99	613,178	32	139	9.45	.05	76.4	90.4	1.3	Prime
21 100–499	1,614,338	204	151	8.97	.01	71.5	92.2	3.7	Prime
22 500–999	775,920	663	135	8.38	.07	63.1	92.8	8.2	Prime
23 1,000–4,999	2,036,685	1,930	116	7.82	.10	52.9	92.3	5.8	Prime
24 5,000–9,999	927,082	6,611	78	6.98	.26	38.4	91.0	5.4	Prime
25 10,000 or more	4,164,511	20,261	108	6.49	.43	61.1	49.6	2.7	Fed funds
			Months						
26 **Total long-term**	**5,324,265**	**860**	**47**	**7.86**	**.15**	**61.1**	**86.4**	**9.8**	**Prime**
27 Fixed rate (thousands of dollars)	1,395,880	1,764	48	7.70	.25	61.0	66.0	14.5	Domestic
28 1–99	9,623	32	42	8.90	.16	90.3	63.3	9.4	Other
29 100–499	60,114	267	42	8.36	.34	74.2	84.6	12.4	Foreign
30 500–999	54,384	686	49	7.27	.39	70.5	82.5	2.3	Other
31 1,000 or more	1,271,759	6,764	49	7.68	.55	59.8	61.5	15.2	Domestic
32 Floating rate (thousands of dollars)	3,928,385	728	47	7.92	.11	61.2	93.6	8.1	Prime
33 1–99	81,005	13	34	9.20	.07	83.6	88.2	4.2	Prime
34 100–499	533,589	234	36	8.90	.10	72.7	87.9	10.0	Prime
35 500–999	386,093	688	39	8.53	.12	65.8	93.7	10.3	Prime
36 1,000 or more	2,927,699	4,339	50	7.63	.30	57.8	94.7	7.5	Foreign
			Days	Loan rate (percent): Effective[3]	Loan rate (percent): Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	11,177,782	11,145		5.85	5.68	7.8	62.0	.3	8.25
38 One month or less (excluding overnight)	10,400,816	5,392	17	6.25	6.07	17.2	63.1	4.3	8.25
39 More than one month and less than one year	4,425,262	2,593	123	6.26	6.10	26.9	88.7	9.0	8.25
40 Demand[7]	9,636,925	3,790		5.64	5.49	30.6	42.5	7.3	8.25
41 **Total short-term**	**35,640,785**	**4,963**	**28**	**5.96**	**5.80**	**19.0**	**60.4**	**4.4**	**8.25**
42 Fixed rate	30,025,511	6,632	21	5.91	5.75	12.9	60.6	4.9	8.25
43 Floating rate	5,615,274	2,116	91	6.24	6.07	51.9	59.0	2.0	8.25
			Months						
44 **Total long-term**	**2,867,846**	**2,675**	**49**	**6.72**	**6.53**	**58.7**	**86.4**	**9.2**	**8.25**
45 Fixed rate	939,619	2,273	44	6.64	6.47	60.0	65.1	20.9	8.25
46 Floating rate	1,928,228	2,928	52	6.76	6.56	58.1	96.7	3.5	8.25

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 5–9, 1996[1]—Continued

Commercial and industrial loans—Continued

Type and maturity of loan	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	2,225,361	3,856	*	6.07	.33	23.8	56.1	1.4	Fed funds
2 One month or less (excluding overnight)	3,221,961	652	16	6.58	.20	32.9	62.7	10.6	Fed funds
3 Fixed rate	2,272,135	979	15	6.44	.28	32.4	58.5	12.6	Fed funds
4 Floating rate	949,826	363	18	6.91	.26	34.1	72.9	6.0	Foreign
5 More than one month and less than one year	4,060,483	90	163	7.76	.19	60.8	77.8	8.1	Prime
6 Fixed rate	1,762,545	99	156	6.68	.31	46.7	68.2	13.6	Other
7 Floating rate	2,297,939	84	169	8.58	.20	71.5	85.2	3.8	Prime
8 Demand[7]	6,642,639	172	*	8.17	.16	53.6	70.1	3.3	Prime
9 Fixed rate	2,001,081	508	*	6.81	.27	27.1	53.1	.7	Other
10 Floating rate	4,641,558	134	*	8.76	.16	65.0	77.5	4.4	Prime
11 **Total short-term**	**16,150,445**	**181**	**75**	**7.46**	**.16**	**47.2**	**68.6**	**5.7**	**Prime**
12 Fixed rate (thousands of dollars)	8,261,122	336	50	6.48	.25	31.8	58.6	6.9	Other
13 1–99	337,122	16	127	9.84	.16	84.7	46.2	4.4	Other
14 100–499	282,484	193	116	7.83	.24	78.6	75.3	7.4	Other
15 500–999	237,002	686	73	7.19	.55	54.0	70.8	14.9	Other
16 1,000–4,999	1,643,802	2,462	44	6.84	.45	44.7	78.3	7.2	Other
17 5,000–9,999	1,216,512	6,644	37	6.35	.31	22.7	65.7	8.6	Other
18 10,000 or more	4,544,200	20,064	44	6.01	.21	21.7	48.9	6.1	Fed funds
19 Floating rate (thousands of dollars)	7,889,323	122	125	8.48	.17	63.2	79.2	4.4	Prime
20 1–99	1,219,946	23	168	9.78	.03	82.6	84.0	1.7	Prime
21 100–499	1,947,642	196	155	9.21	.04	75.7	83.8	6.9	Prime
22 500–999	761,163	680	155	8.73	.10	70.1	87.4	5.7	Prime
23 1,000–4,999	1,923,321	1,854	125	8.40	.12	64.6	80.2	3.7	Prime
24 5,000–9,999	592,903	6,650	95	7.37	.43	48.0	68.9	13.5	Other
25 10,000 or more	1,444,349	16,415	60	6.86	.31	30.7	67.3	.0	Foreign
			Months						
26 **Total long-term**	**2,672,028**	**125**	**45**	**7.98**	**.16**	**71.2**	**63.1**	**5.3**	**Prime**
27 Fixed rate (thousands of dollars)	805,340	76	55	8.26	.25	80.3	45.7	2.5	Other
28 1–99	188,672	20	43	9.84	.17	94.0	27.3	1	Other
29 100–499	134,598	176	55	9.43	.25	90.3	34.9	3.5	Other
30 500–999	53,337	701	45	7.61	.40	73.2	69.8	12.4	Other
31 1,000 or more	428,733	2,869	61	7.27	.31	71.9	54.3	2.0	Other
32 Floating rate (thousands of dollars)	1,866,688	173	40	7.86	.20	67.2	70.7	6.5	Prime
33 1–99	224,189	27	41	9.69	.04	89.8	65.6	2.6	Prime
34 100–499	371,346	193	37	9.04	.13	81.5	76.5	8.4	Prime
35 500–999	222,634	655	45	8.47	.08	78.9	67.8	11.5	Prime
36 1,000 or more	1,048,518	4,537	40	6.92	.42	54.9	70.2	5.7	Foreign
			Days	Loan rate (percent): Effective[3]	Loan rate (percent): Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	2,109,850	5,853	*	5.91	5.74	19.7	53.9	1.5	8.25
38 One month or less (excluding overnight)	2,832,967	2,508	16	6.14	5.97	26.5	59.2	10.8	8.26
39 More than one month and less than one year	2,268,006	291	158	6.30	6.14	43.1	80.0	12.7	8.40
40 Demand[7]	2,782,003	1,098	*	6.53	6.35	23.5	53.1	1.0	8.26
41 **Total short-term**	**9,992,826**	**852**	**56**	**6.24**	**6.07**	**28.0**	**61.1**	**6.5**	**8.29**
42 Fixed rate	7,439,291	1,471	46	6.10	5.94	25.8	58.8	6.9	8.27
43 Floating rate	2,553,536	383	93	6.63	6.45	34.2	67.8	5.4	8.35
			Months						
44 **Total long-term**	**1,428,081**	**334**	**46**	**6.66**	**6.49**	**59.8**	**62.7**	**5.2**	**8.34**
45 Fixed rate	447,911	179	50	7.01	6.84	69.6	57.3	3.5	8.40
46 Floating rate	980,169	553	45	6.50	6.32	55.4	65.2	6.0	8.31

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 5–9, 1996[1]—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecured loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the survey. As of September 30, 1990 assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.

2. Average maturities are weighted by loan size; excludes demand loans.

3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.

5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate); the *federal funds* rate; *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates; and *other* base rates not included in the foregoing classifications.

6. Overnight loans mature on the following business day.

7. Demand loans have no stated date of maturity.

8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.

10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1995[1]

Millions of dollars except as noted

Item	All states: Total including IBFs[2]	All states: IBFs only[3]	New York: Total including IBFs	New York: IBFs only	California: Total including IBFs	California: IBFs only	Illinois: Total including IBFs	Illinois: IBFs only
1 **Total assets**[4]	**761,508**	**301,212**	**589,617**	**248,316**	**70,469**	**27,970**	**58,733**	**15,629**
2 Claims on nonrelated parties	682,750	149,052	528,166	123,637	65,649	11,606	54,058	8,624
3 Cash and balances due from depository institutions	120,704	89,843	108,043	78,871	4,210	3,570	6,859	6,408
4 Cash items in process of collection and unposted debits	3,190	0	3,011	0	19	0	106	0
5 Currency and coin (U.S. and foreign)	23	n.a.	16	n.a.	1	n.a.	1	n.a.
6 Balances with depository institutions in United States	74,524	52,309	66,364	15,395	3,000	2,422	1,607	4,291
7 U.S. branches and agencies of other foreign banks (including IBFs)	69,780	50,540	62,312	13,726	2,582	2,322	1,533	4,291
8 Other depository institutions in United States (including IBFs)	4,744	1,769	4,052	1,669	419	100	74	0
9 Balances with banks in foreign countries and with foreign central banks	42,263	37,533	38,026	33,676	1,158	1,148	2,138	2,118
10 Foreign branches of U.S. banks	2,169	1,558	1,937	1,552	3	3	155	155
11 Other banks in foreign countries and foreign central banks	40,094	35,976	36,090	32,124	1,156	1,145	1,983	1,963
12 Balances with Federal Reserve Banks	704	n.a.	626	n.a.	31	n.a.	7	n.a.
13 **Total securities and loans**	**413,627**	**48,541**	**286,090**	**35,759**	**55,676**	**6,958**	**39,997**	**1,736**
14 Total securities, book value	94,934	10,205	87,142	8,978	4,275	624	2,910	578
15 U.S. Treasury	26,379	n.a.	25,242	n.a.	611	n.a.	406	n.a.
16 Obligations of U.S. government agencies and corporations	25,389	n.a.	24,776	n.a.	416	n.a.	52	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	43,165	10,205	37,124	8,978	3,248	624	2,452	578
18 Securities of foreign governmental units	14,294	4,493	12,948	3,965	701	272	547	230
19 All Other	28,872	5,712	24,176	5,013	2,547	352	1,906	347
20 Federal funds sold and securities purchased under agreements to resell	53,260	5,994	49,800	5,252	1,366	514	1,478	190
21 U.S. branches and agencies of other foreign banks	11,621	3,786	10,536	3,407	564	329	252	50
22 Commercial banks in United States	13,906	92	12,753	87	483	0	359	0
23 Other	27,734	2,117	26,511	1,759	318	186	867	140
24 Total loans, gross	318,836	38,343	199,040	26,785	51,440	6,336	37,091	1,158
25 LESS: Unearned income on loans	142	7	93	4	39	2	4	0
26 EQUALS: Loans, net	318,693	38,336	198,948	26,781	51,401	6,334	37,087	1,158
Total loans, gross, by category								
27 Real estate loans	31,397	204	20,499	52	9,738	151	2,154	0
28 Loans to depository institutions	31,385	22,403	22,799	14,550	6,241	1,612	879	576
29 Commercial banks in United States (including IBFs)	13,283	7,281	7,767	3,794	4,611	3,119	479	303
30 U.S. branches and agencies of other foreign banks	12,091	7,031	6,903	3,592	4,503	3,089	393	289
31 Other commercial banks in United States	1,192	249	864	202	108	30	86	14
32 Other depository institutions in United States (including IBFs)	73	0	68	0	5	0	0	0
33 Banks in foreign countries	21,030	15,122	14,964	10,756	1,625	1,493	400	273
34 Foreign branches of U.S. banks	443	338	364	315	20	20	0	0
35 Other banks in foreign countries	20,586	14,784	14,600	10,441	1,605	1,473	400	273
36 Loans to other financial institutions	32,227	784	25,619	481	2,229	55	3,546	205
37 Commercial and industrial loans	197,330	12,640	112,798	9,578	32,240	1,464	28,881	366
38 U.S. addressees (domicile)	171,229	46	93,922	14	29,464	28	27,672	1
39 Non-U.S. addressees (domicile)	26,102	12,595	18,876	9,564	2,777	1,437	1,209	366
40 Acceptances of other banks	957	84	476	76	297	0	124	0
41 U.S. banks	113	2	85	0	11	0	0	0
42 Foreign banks	844	82	391	76	286	0	124	0
43 Loans to foreign governments and official institutions (including foreign central banks)	3,456	1,918	2,956	1,765	173	53	94	11
44 Loans for purchasing or carrying securities (secured and unsecured)	8,886	146	8,677	146	87	0	78	0
45 All other loans	5,402	136	3,425	107	435	0	1,332	0
46 Assets held in trading accounts	37,202	488	34,035	404	542	86	2,622	0
47 All other assets	47,957	4,187	40,198	3,354	3,854	478	3,103	289
48 Customers' liabilities on acceptances outstanding	9,551	n.a.	6,662	n.a.	2,030	n.a.	503	n.a.
49 U.S. addressees (domicile)	7,087	n.a.	4,684	n.a.	1,879	n.a.	354	n.a.
50 Non-U.S. addressees (domicile)	2,464	n.a.	1,978	n.a.	151	n.a.	149	n.a.
51 Other assets including other claims on nonrelated parties	38,406	4,187	33,535	3,354	1,824	478	2,600	289
52 Net due from related depository institutions[5]	78,758	152,160	61,451	124,679	4,820	16,364	4,675	7,004
53 Net due from head office and other related depository institutions[5]	78,758	n.a.	61,451	n.a.	4,820	n.a.	4,675	n.a.
54 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	152,160	n.a.	124,679	n.a.	16,364	n.a.	7,004
55 **Total liabilities**[4]	**761,508**	**301,212**	**589,617**	**248,316**	**70,469**	**27,970**	**58,733**	**15,629**
56 Liabilities to nonrelated parties	630,030	285,493	531,388	235,869	45,193	27,519	35,243	13,932

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1995[1] Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
57 Total deposits and credit balances	161,662	214,291	137,059	193,848	5,479	5,769	10,810	7,666
58 Individuals, partnerships, and corporations	111,785	15,386	91,138	10,407	4,498	599	9,389	194
59 U.S. addressees (domicile)	99,249	170	84,356	170	3,045	0	8,534	0
60 Non-U.S. addressees (domicile)	12,536	15,216	6,782	10,237	1,452	599	855	194
61 Commercial banks in United States (including IBFs)	27,644	49,966	25,103	46,224	488	1,649	1,154	1,836
62 U.S. branches and agencies of other foreign banks	16,514	46,550	15,048	43,303	184	1,487	531	1,526
63 Other commercial banks in United States	11,130	3,417	10,055	2,921	304	162	623	310
64 Banks in foreign countries	8,320	119,645	7,779	111,937	241	2,442	86	3,334
65 Foreign branches of U.S. banks	2,575	4,680	2,474	4,204	50	120	0	291
66 Other banks in foreign countries	5,745	114,965	5,305	107,733	191	2,322	86	3,043
67 Foreign governments and official institutions (including foreign central banks)	3,945	29,210	3,558	25,196	198	1,079	13	2,301
68 All other deposits and credit balances	9,609	85	9,177	84	26	0	159	1
69 Certified and official checks	359		304		28		9	
70 Transaction accounts and credit balances (excluding IBFs)	8,783		7,028		429		368	
71 Individuals, partnerships, and corporations	6,815		5,394		330		355	
72 U.S. addressees (domicile)	4,890		4,212		249		323	
73 Non-U.S. addressees (domicile)	1,925		1,182		82		32	
74 Commercial banks in United States (including IBFs)	98		92		2		0	
75 U.S. branches and agencies of other foreign banks	51		49		0		0	
76 Other commercial banks in United States	47		43		1		0	
77 Banks in foreign countries	905		720		40		1	
78 Foreign branches of U.S. banks	2		1		0		0	
79 Other banks in foreign countries	903		719		40		1	
80 Foreign governments and official institutions (including foreign central banks)	143		388		3		2	
81 All other deposits and credit balances	164		130		26		2	
82 Certified and official checks	359		304		28		9	
83 Demand deposits (included in transaction accounts and credit balances)	8,239		6,812		337		356	
84 Individuals, partnerships, and corporations	6,389		5,251		259		342	
85 U.S. addressees (domicile)	4,723		4,151		194		310	
86 Non U.S. addressees (domicile)	1,666		1,100		65		32	
87 Commercial banks in United States (including IBFs)	94		89		1		0	
88 U.S. branches and agencies of other foreign banks	50	n.a.	49	n.a.	0	n.a.	0	n.a.
89 Other commercial banks in United States	43		40		0		0	
90 Banks in foreign countries	882		699		39		1	
91 Foreign branches of U.S. banks	2		1		0		0	
92 Other banks in foreign countries	880		698		39		1	
93 Foreign governments and official institutions (including foreign central banks)	413		382		3		2	
94 All other deposits and credit balances	103		87		8		1	
95 Certified and official checks	359		304		28		9	
96 Nontransaction accounts (including MMDAs, excluding IBFs)	152,879		130,031		5,051		10,442	
97 Individuals, partnerships, and corporations	104,970		85,744		4,168		9,035	
98 U.S. addressees (domicile)	94,360		80,144		2,797		8,212	
99 Non U.S. addressees (domicile)	10,611		5,600		1,371		823	
100 Commercial banks in United States (including IBFs)	27,546		25,011		487		1,154	
101 U.S. branches and agencies of other foreign banks	16,463		14,999		184		531	
102 Other commercial banks in United States	11,083		10,012		303		622	
103 Banks in foreign countries	7,415		7,059		201		85	
104 Foreign branches of U.S. banks	2,573		2,473		50		0	
105 Other banks in foreign countries	4,842		4,586		151		85	
106 Foreign governments and official institutions (including foreign central banks)	3,502		3,170		195		11	
107 All other deposits and credit balances	9,445		9,047		0		158	
108 IBF deposit liabilities		214,291		193,848		5,769		7,666
109 Individuals, partnerships, and corporations		15,386		10,407		599		194
110 U.S. addressees (domicile)		170		170		0		0
111 Non-U.S. addressees (domicile)		15,216		10,237		599		194
112 Commercial banks in United States (including IBFs)		49,966		46,224		1,649		1,836
113 U.S. branches and agencies of other foreign banks		46,550		43,303		1,487		1,526
114 Other commercial banks in United States	n.a.	3,417	n.a.	2,921	n.a.	162	n.a.	310
115 Banks in foreign countries		119,645		111,937		2,412		3,334
116 Foreign branches of U.S. banks		4,680		4,204		120		291
117 Other banks in foreign countries		114,965		107,733		2,322		3,043
118 Foreign governments and official institutions (including foreign central banks)		29,210		25,196		1,079		2,301
119 All other deposits and credit balances		85		84		0		1

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1995[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
120 Federal funds purchased and securities sold under agreements to repurchase	75,448	18,948	66,761	15,288	5,789	2,876	2,525	643
121 U.S. branches and agencies of other foreign banks	11,235	4,346	7,849	2,720	2,532	1,469	733	123
122 Other commercial banks in United States	6,804	346	4,169	310	1,824	27	750	10
123 Other	57,409	14,257	54,743	12,259	1,434	1,381	1,042	510
124 Other borrowed money	92,884	47,212	56,043	22,420	24,614	18,406	10,338	5,424
125 Owed to nonrelated commercial banks in United States (including IBFs)	27,364	12,637	13,369	4,413	10,649	6,751	2,301	1,110
126 Owed to U.S. offices of nonrelated U.S. banks	8,147	1,179	5,312	335	1,885	713	557	102
127 Owed to U.S. branches and agencies of nonrelated foreign banks	19,218	11,458	8,057	4,078	8,764	6,038	1,744	1,008
128 Owed to nonrelated banks in foreign countries	35,608	32,936	19,544	17,102	11,373	11,238	4,020	3,995
129 Owed to foreign branches of nonrelated U.S. banks	1,781	1,628	585	518	959	929	206	181
130 Owed to foreign offices of nonrelated foreign banks	33,827	31,308	18,960	16,584	10,414	10,309	3,814	3,814
131 Owed to others	29,912	1,639	23,130	904	2,592	417	4,016	318
132 All other liabilities	85,744	5,041	77,589	4,314	3,542	467	3,904	200
133 Branch or agency liability on acceptances executed and outstanding	9,932	n.a.	6,999	n.a.	2,021	n.a.	507	n.a.
134 Trading liabilities	41,712	116	40,091	69	429	47	1,172	0
135 Other liabilities to nonrelated parties	34,100	4,925	30,500	4,245	1,092	421	2,226	200
136 Net due to related depository institutions[5]	131,478	15,719	58,317	12,447	25,275	452	23,489	1,697
137 Net owed to head office and other related depository institutions[5]	131,478	n.a.	58,317	n.a.	25,275	n.a.	23,489	n.a.
138 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	15,719	n.a.	12,447	n.a.	452	n.a.	1,697
MEMO								
139 *Non-interest-bearing balances with commercial banks in United States*	1,252	0	1,018	0	107	0	43	0
140 Holding of commercial paper included in total loans	832		772		6		35	
141 Holding of own acceptances included in commercial and industrial loans	4,957		3,735		1,016		108	
142 Commercial and industrial loans with remaining maturity of one year or less	115,255		63,756		20,684		17,639	
143 Predetermined interest rates	68,469	n.a.	38,342	n.a.	11,498	n.a.	12,578	n.a.
144 Floating interest rates	46,785		25,414		9,186		5,062	
145 Commercial and industrial loans with remaining maturity of more than one year	82,076		49,042		11,557		11,242	
146 Predetermined interest rates	19,219		11,774		2,480		3,392	
147 Floating interest rates	62,857		37,267		9,076		7,850	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1995[1] Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[4]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
148 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, including IBFs	155,853	↑	133,579	↑	5,320	↑	10,577	↑
149 Time CDs in denominations of $100,000 or more	119,470		101,917		3,717		8,353	
150 Other time deposits in denominations of $100,000 or more	28,789	n.a.	25,118	n.a.	1,005	n.a.	1,881	n.a.
151 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	7,594	↓	6,544	↓	598	↓	343	↓
	All states[2]		**New York**		**California**		**Illinois**	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
152 Market value of securities held	0	0	0	0	0	0	0	0
153 Immediately available funds with a maturity greater than one day included in other borrowed money	51,290	n.a.	25,799	n.a.	18,574	n.a.	5,735	n.a.
154 Number of reports filed[6]	526	0	251	0	119	0	47	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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A Consumer's Guide to Mortgage Lock-Ins
A Consumer's Guide to Mortgage Settlement Costs
A Consumer's Guide to Mortgage Refinancings
Home Mortgages: Understanding the Process and Your Right to Fair Lending
How to File a Consumer Complaint
Making Deposits: When Will Your Money Be Available?
Making Sense of Savings
SHOP: The Card You Pick Can Save You Money
Welcome to the Federal Reserve
When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit

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Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–157 are out of print.

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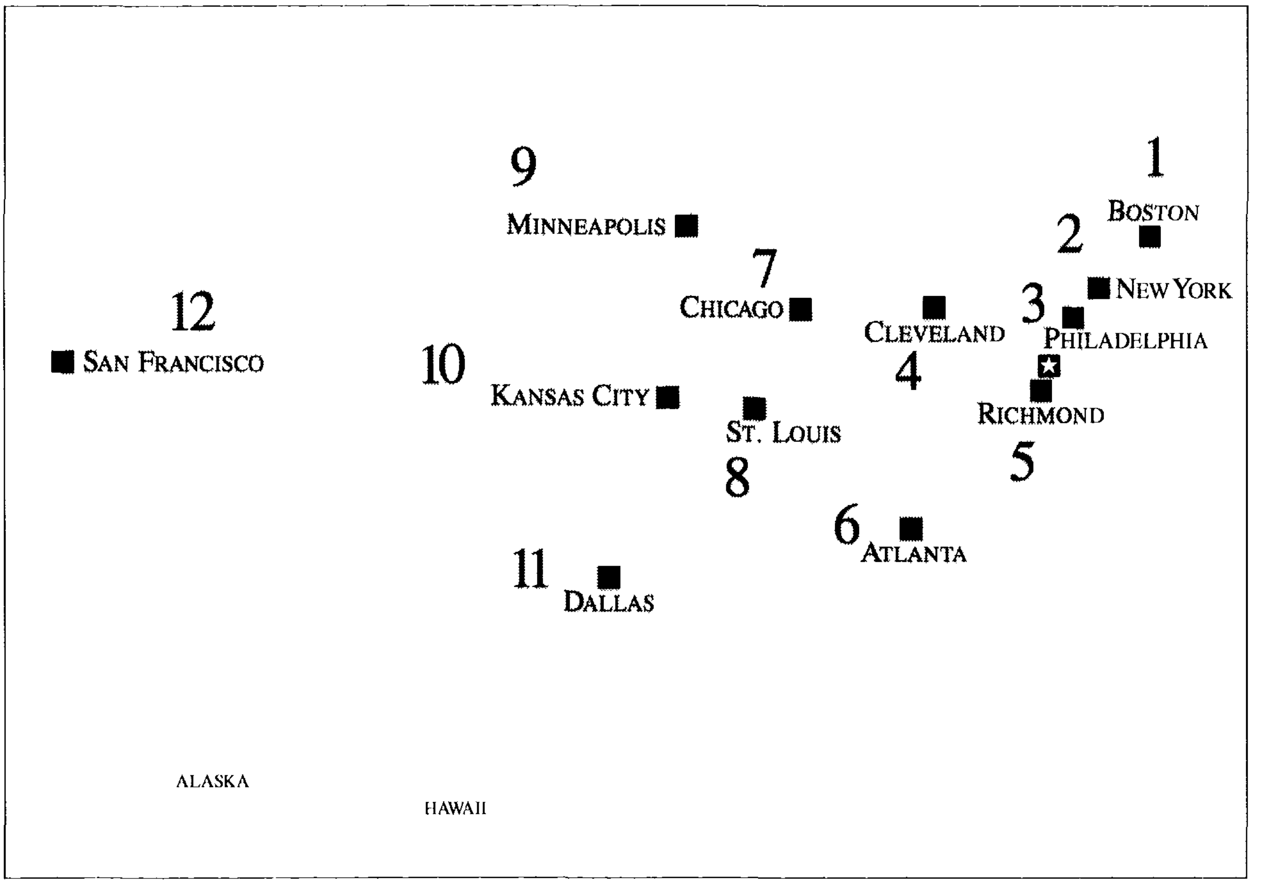
Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

✪ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

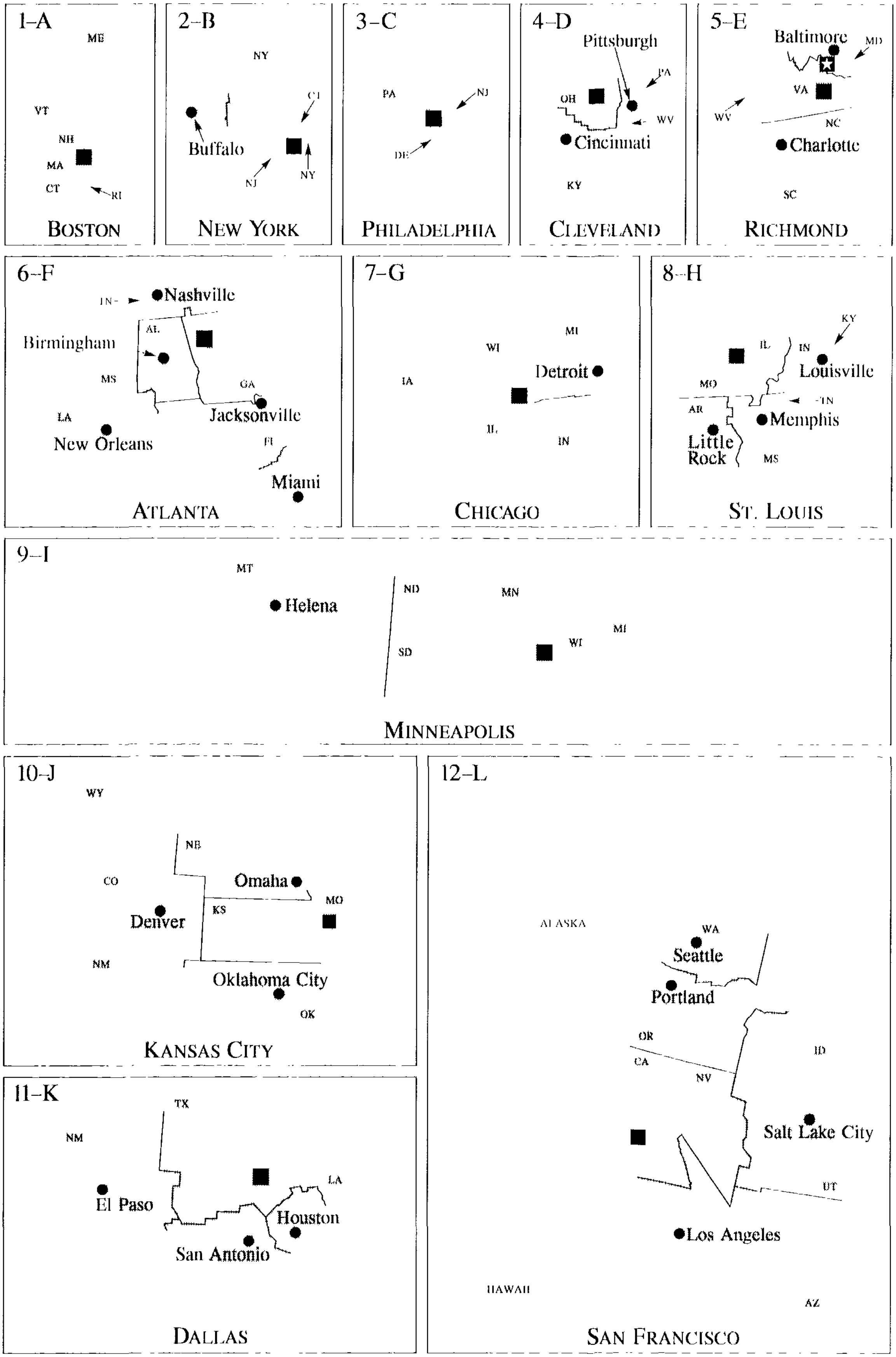
— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.


1–A
ME
VT
NH
MA
CT
RI
BOSTON
2–B
NY
Buffalo
CT
NJ
NY
NEW YORK
3–C
PA
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5–E
Baltimore
MD
VA
WV
NC
Charlotte
SC
RICHMOND
6–F
IN
Nashville
AL
Birmingham
MS
GA
LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
7–G
MI
WI
Detroit
IA
IL
IN
CHICAGO
8–H
KY
IL
IN
Louisville
MO
IN
AR
Memphis
Little Rock
MS
ST. LOUIS
9–I
MT
Helena
ND
MN
MI
SD
WI
MINNEAPOLIS
10–J
WY
NE
CO
Omaha
MO
KS
Denver
NM
Oklahoma City
OK
KANSAS CITY
11–K
TX
NM
LA
El Paso
Houston
San Antonio
DALLAS
12–L
ALASKA
WA
Seattle
Portland
OR
ID
CA
NV
Salt Lake City
UT
Los Angeles
HAWAII
AZ
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility* — Zip	Chairman / Deputy Chairman	President / First Vice President	Vice President in charge of branch
BOSTON* — 02106	Jerome H. Grossman William C. Brainard	Cathy E. Minehan Paul M. Connolly	
NEW YORK* — 10045	John C. Whitehead Thomas W. Jones	William J. McDonough Ernest T. Patrikis	
Buffalo — 14240	Joseph J. Castiglia		Carl W. Turnipseed[1]
PHILADELPHIA — 19105	Donald J. Kennedy Joan Carter	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND* — 44101	A. William Reynolds G. Watts Humphrey, Jr.	Jerry L. Jordan Sandra Pianalto	
Cincinnati — 45201	John N. Taylor, Jr.		Charles A. Cerino[1]
Pittsburgh — 15230	John T. Ryan III		Harold J. Swart[1]
RICHMOND* — 23219	Claudine B. Malone Robert L. Strickland	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore — 21203	Michael R. Watson		William J. Tignanelli[1]
Charlotte — 28230	James O. Roberson		Dan M. Bechter[1]
Culpeper — 22701			Julius Malinowski, Jr.[2]
ATLANTA — 30303	Hugh M. Brown Daniel E. Sweat, Jr.	Jack Guynn Patrick K. Barron	James M. Mckee[1]
Birmingham — 35283	Donald E. Boomershine		Fred R. Herr[1]
Jacksonville — 32231	Joan D. Ruffier		James D. Hawkins[1]
Miami — 33152	R. Kirk Landon		James T. Curry III
Nashville — 37203	Paula Lovell		Melvyn K. Purcell
New Orleans — 70161	Lucimarian Roberts		Robert J. Musso
CHICAGO* — 60690	Robert M. Healey Lester H. McKeever, Jr.	Michael H. Moskow William C. Conrad	
Detroit — 48231	John D. Forsyth		David R. Allardice[1]
ST. LOUIS — 63166	John F. McDonnell Susan S. Elliott	Thomas C. Melzer W. LeGrande Rives	
Little Rock — 72203	Janet M. Jones		Robert A. Hopkins
Louisville — 40232	John A. Williams		Thomas A. Boone
Memphis — 38101	John V. Myers		John P. Baumgartner
MINNEAPOLIS — 55480	Jean D. Kinsey David A. Koch	Gary H. Stern Colleen K. Strand	
Helena — 59601	Lane W. Basso		John D. Johnson
KANSAS CITY — 64198	Herman Cain A. Drue Jennings	Thomas M. Hoenig Richard K. Rasdall	
Denver — 80217	Peter I. Wold		Carl M. Gambs[1]
Oklahoma City — 73125	Barry L. Eller		Mark L. Mullinix
Omaha — 68102	LeRoy W. Thom		Harold L. Shewmaker
DALLAS — 75201	Cece Smith Roger R. Hemminghaus	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso — 79999	Patricia Z. Holland-Branch		Sammie C. Clay
Houston — 77252	Issac H Kempner III		Robert Smith, III[1]
San Antonio — 78295	Carol L. Thompson		James L. Stull[1]
SAN FRANCISCO — 94120	Judith M. Runstad James A. Vohs	Robert T. Parry John F. Moore	
Los Angeles — 90051	Anita E. Landecker		Temporarily vacant
Portland — 97208	Ross R. Runkel		Raymond H. Laurence
Salt Lake City — 84125	Gerald R. Sherratt		Andrea P. Wolcott
Seattle — 98124	George F. Russell, Jr.		Gordon Werkema[1]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; *Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.*

1. Senior Vice President.
2. Assistant Vice President.