VOLUME 79 □ NUMBER 10 □ OCTOBER 1993

FEDERAL RESERVE BULLETIN

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

The *Federal Reserve Bulletin* is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by S. Ellen Dykes, the Graphics Center under the direction of Peter G. Thomas, and Publications Services supervised by Linda C. Kyles.

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For the intermeeting period ahead, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that retained a bias toward possible firming of reserve conditions during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the directive indicated that slightly greater reserve restraint would be acceptable or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with modest growth in M2 and M3 over the third quarter.

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U.S. Branches and Agencies of Foreign Banks: A New Look

Henry S. Terrell, of the Board's Division of International Finance, prepared this article.

Branches and agencies of non-U.S. banks have been active in U.S. banking markets for the past two decades. Initially, these U.S.-based offices of foreign banks served primarily the credit and other banking needs of U.S. affiliates of their home-country customers. They also tended to be active in the broad domestic U.S. interbank market, using that market as a source of funds, an outlet for investments, and an element in their general liquidity management. In recent years, many foreign banks have expanded their customer base by actively soliciting business from U.S. companies, competing in terms of price and quality of service, and in some cases by purchasing loans to U.S. customers that were originated by U.S. banks. Foreign bank branches and agencies have shown considerable diversity in their approaches to U.S. markets, and their activities cannot be described with simple generalizations.

U.S. ACTIVITY OF FOREIGN BANKS, 1973–92: TWO DECADES OF GROWTH

From year-end 1973, the first year for which the Federal Reserve collected data, through year-end 1992, the reported assets of branches and agencies of foreign banks located in the United States grew from $25 billion to more than $700 billion. Over the same period, assets at domestic offices of U.S. banks increased about threefold, to more than $3 trillion. U.S. branches and agencies of foreign banks currently account for about 18 percent of the assets of all banking offices in the United States, up from 3 percent at year-end 1973.

Asset growth did not proceed at an even rate over the two decades. Between year-end 1973 and year-end 1990, the assets of U.S. branches and agencies of foreign banks grew rapidly, at an average annual rate of nearly 21 percent, and in no year was asset growth less than 8 percent. Between year-end 1990 and year-end 1992, in contrast, annual growth averaged only 6.5 percent. The slowdown in asset growth occurred against a backdrop of a slowing U.S. economy, an economic slowdown in the home countries of some of the banks, and concerns about meeting the enhanced capital standards required of their consolidated banking entity. Nevertheless, the growth of assets of foreign bank branches and agencies in the United States exceeded the sluggish growth of assets of domestic offices of U.S. banks, which increased less than 1 percent over the two years.

The reported slowdown in asset growth at foreign bank branches and agencies between year-end 1990 and year-end 1992 differed widely with respect to the home countries of these institutions. Over the two-year period, the assets of U.S. offices of Japanese banks declined about 8 percent, largely because of problems at their parent banks resulting from increasing levels of problem assets and the impact of the decline in the Japanese stock market on the value of their equity holdings. By contrast, the reported assets of U.S. branches and agencies of banks of other foreign countries increased nearly 45 percent, and their share of total foreign bank branch and agency assets increased from 40 percent at year-end 1990 to 52 percent at year-end 1992. Not all the rapid asset growth at U.S. branches and agencies of non-Japanese banks was due to an expansion of their U.S. business, however; some of the growth reflected the transfer of business from offshore offices to branches and agencies located in the United States. These transfers, or rebookings, were largely a response to a change in the reserve requirements for banking offices located in the United States: In December

1990, the requirement for their large time deposits and Eurocurrency borrowings was reduced to zero.[1]

Throughout the two decades of growth, the Federal Reserve collected detailed balance sheet data for the branches and agencies of foreign banks located in the United States. Data on deposits and loans at these offices were included in data on U.S. monetary and credit aggregates, as U.S. offices of foreign banks offer deposit and credit services to nonbank U.S. customers that are virtually identical to those offered by domestic U.S. banks. Where appropriate, these balance sheet data also aided in supervision of these offices and were used in studies of structural competitive issues in U.S. banking markets. Until March 1993, the data collected by the Federal Reserve covered only the assets and liabilities directly on the books of the branches and agencies of foreign banks located in the United States; transactions on the books of the offshore branches were not covered.

Changing Legislative Environment

The growth of reported foreign bank activity in U.S. markets over the 1970s and 1980s led to enactment of federal legislation governing these banks' U.S. activities. Before passage of the International Banking Act of 1978 (IBA), the U.S. activities of foreign banks were governed only by state laws. The IBA, in implementing a federal legislative framework, established a policy of national treatment for U.S. offices of foreign banks by (1) limiting any new multistate branching activities to activities more comparable to those of U.S. banks, (2) placing the foreign bank offices under the same reserve requirements that apply to U.S. banks, (3) limiting foreign bank involvement in U.S. securities and other U.S. nonbanking activities, and (4) making federal deposit insurance available to U.S. offices of foreign banks if they chose to engage in retail banking.[2]

In 1991, in response to a request by the Federal Reserve for broader supervisory powers over the substantially expanded U.S. activities of foreign banks, Congress passed the Foreign Bank Supervision Enhancement Act (FBSEA). FBSEA increased the Federal Reserve's supervisory powers over foreign banks by (1) requiring Federal Reserve review before a foreign bank enters or expands in the United States, (2) tightening the standards for entry and expansion that must be considered by the Federal Reserve (for example, a foreign parent bank must be subject to consolidated home-country supervision before entry or expansion in the United States can be approved), (3) requiring Federal Reserve Board approval of U.S. representative offices of foreign banks and, (4) requiring that each U.S. office of a foreign bank be examined at least once a year by the Federal Reserve.[3]

Banking from Offshore Banking Centers

For many years, both U.S.-chartered banks and foreign banks have conducted extensive activities at branches in offshore banking centers, principally the Bahamas and the Cayman Islands. The activities of offshore branches of U.S. banks, both in the aggregate and with respect to transactions with U.S.-based residents, have been monitored closely through regular monthly and quarterly statistical reports collected by the Federal Reserve from all foreign branches of U.S. banks, including branches in offshore centers. The data from foreign branches of U.S. banks serve a variety of purposes, including improving information on deposits and credit transactions of U.S.-based customers for monetary policy, and in some cases have assisted in the supervision of U.S. banks. Data on overnight Eurodollar deposits of U.S. residents are included in the U.S. monetary aggregate M2, while data on other (term) Eurodollar deposits held by U.S. residents are included in the broader U.S. monetary aggregate M3.[4]

1. For detailed information on such transfers, see David C. Lund, "Foreign Banking in the United States," in U.S. Department of Commerce, *Foreign Direct Investment in the United States: An Update* (Department of Commerce, June 1993), pp. 40–50.

2. See Sydney J. Key and James M. Brundy, "Implementation of the International Banking Act," *Federal Reserve Bulletin*, vol. 65 (October 1979), pp. 785–96.

3. See Ann E. Misback, "The Foreign Bank Supervision Enhancement Act of 1991," *Federal Reserve Bulletin*, vol. 79 (January 1993), pp. 1–14.

4. Data for M3 collected by the Federal Reserve are augmented by data on liabilities to nonbank U.S. residents at offices of non-U.S. banks in the United Kingdom and Canada through statistical cooperation with the Bank of England and the Bank of Canada.

Offshore Branches of U.S. Banks

Over the past decade, the year-end assets of branches of U.S. banks in the Bahamas and the Cayman Islands, the two offshore centers where U.S. banks conduct the preponderance of their foreign branch transactions with U.S. residents, averaged about $150 billion (table 1).[5] Since the late 1980s, about two-thirds of the assets and liabilities of these branches arose from transactions with U.S. residents, mainly the branches' parent banks. Over the same period, these branches' claims on nonbank U.S. residents averaged only about $20 billion, a figure that has grown little in the past five years and is quite small relative to total loans to nondepository institutions by the domestic offices of U.S. banks of about $1.2 trillion.

The year-end liabilities of branches of U.S. banks in the Bahamas and the Cayman Islands to nonbank U.S. residents averaged about $40 billion over the past decade; dollar-denominated deposits payable in overnight funds accounted for about half that amount. Offshore branches are an attractive booking location for deposits for both U.S. banks and their U.S. customers because in some instances these deposits are not subject to reserve requirements and deposit insurance premia; avoidance of the costs of required reserves and deposit insurance allows the branches to offer higher interest rates on deposits. Relative to deposits at domestic offices of U.S. banks, nonbank U.S. residents' deposits at offshore branches of U.S. banks are quite small.

5. U.S. banks operate branches in other international banking centers, such as Hong Kong, Singapore, and London.

Offshore Branches of Foreign Banks

For a number of years, foreign banks have also offered banking services to nonbank U.S. residents from offices outside the United States, including offices licensed in offshore banking centers. In many instances, these banking services, though booked offshore, are marketed to U.S. customers from offices of the foreign banks located in the United States. Some of the same general incentives that induced U.S. residents to place deposits at offshore branches of U.S. banks existed for making deposits at offshore offices of non-U.S. banks. Before the Eurocurrency reserve requirements were reduced to zero in December 1990, non-U.S. banks had an additional advantage in booking loans to U.S. borrowers at offshore branches: Such loans were not subject to the Federal Reserve's Eurocurrency reserve requirements, whereas loans to U.S. borrowers booked at foreign branches of U.S. banks were potentially subject to the 3 percent Eurocurrency reserve requirement.[6] State-licensed branches and agencies of foreign banks have addi-

6. Loans to U.S. borrowers by foreign branches of U.S. banks were subject to the reserve requirement if the U.S. bank was a *net* borrower from its foreign branches. If the domestic office of the U.S. bank was a net lender to its foreign branches, the Eurocurrency reserves applied only to the excess of foreign branch loans to U.S. borrowers over net domestic office funding of branches.

1. Assets and liabilities of branches of U.S. banks in the Bahamas and the Cayman Islands, 1983–93
Billions of dollars

Date	Total assets	Claims on U.S. residents: Parent bank	Claims on U.S. residents: Other banks	Claims on U.S. residents: Nonbanks	Liabilities to U.S. residents: Parent bank	Liabilities to U.S. residents: Other banks	Liabilities to U.S. residents: Nonbanks: Total	Liabilities to U.S. residents: Nonbanks: Overnight
December 31, 1983	152.1	48.7	26.6	n.a.	51.0	16.1	44.3	13.6
1984	146.8	49.4	11.5	16.3	47.2	13.9	41.9	12.6
1985	142.1	50.6	11.2	13.1	45.6	12.8	46.2	21.7
1986	142.6	54.6	11.2	12.3	49.5	11.7	44.9	20.6
1987	160.3	60.0	14.3	11.0	53.2	17.2	43.5	20.5
1988	170.6	73.4	13.1	18.8	62.9	11.5	47.9	19.4
1989	176.0	87.9	15.1	21.3	75.2	8.9	40.8	17.9
1990	162.3	77.9	11.9	23.2	74.9	4.5	35.3	20.3
1991	168.5	81.7	10.9	22.8	79.4	10.2	40.4	24.4
1992	147.4	66.6	7.8	21.8	67.3	10.4	34.1	23.0
March 31, 1993	148.9	72.8	7.4	20.4	59.7	11.5	39.2	22.6

n.a. Not available.

SOURCE. Federal Reserve Board.

tional incentives for booking transactions offshore, as some states impose capital equivalence and asset maintenance requirements, and all foreign banks have an incentive for booking transactions offshore when states and localities tax their U.S. activities.

Before 1993, scattered data on the transactions of non-U.S. banks with U.S. residents from offshore offices were available, but data were not collected regularly. In early 1983, the Federal Reserve conducted a one-time survey of loans to and deposits from nonbank U.S. residents on the books of offshore branches of non-U.S. banks at the end of 1982. Conducted through contacts with the U.S. branch or agency offices of the foreign bank, the survey indicated that at the end of 1982, the offshore branches of these offices had $18 billion in commercial and industrial loans to U.S. borrowers on their books, compared with about $57 billion on the books of the branches and agencies located in the United States. The survey also indicated that dollar-denominated deposits of nonbank U.S. residents at offshore branches of these non-U.S. banks amounted to $31.2 billion, about one-third of their U.S. branch and agency deposit liabilities. Data collected annually since 1989 by the Banking Supervision Department of the Cayman Islands Government also indicate that foreign banks in that offshore center conduct a large volume of transactions with U.S. residents.

New Reporting Requirement for Foreign Banks

The volume of transactions at offshore branches of foreign banks is large, a large proportion of the transactions are with U.S. residents, and decision-making about such matters as credit extension, interest rate pricing, accounting, and other customer-related activities often is located at the banks' U.S. branches or agencies. Therefore, the Federal Reserve, on behalf of the Federal Financial Institutions Examination Council (FFIEC), recently implemented new requirements for reporting on the offshore activities of non-U.S. banks that have related U.S. offices. As of March 31, 1993, data on assets and liabilities of offshore branches of non-U.S. banks that are managed or controlled by a U.S. branch or agency of the same parent bank must be reported on a supplement to the regular quarterly report of assets and liabilities (Call Report) for branches and agencies (form FFIEC 002s). The new data are expected to serve some of the same purposes served by data collected from offshore branches of U.S. banks. The primary reason for collecting the data is to improve estimates of deposits and credits of U.S. residents. The information will be available to supervisory personnel. It will also contribute to a more accurate estimate of the size and nationality structure of foreign bank participation in U.S. markets.

The new quarterly supplements covering the activities of these branches are filed by U.S. branches and agencies of foreign banks. To the extent that the loans and deposits at these offshore branches are transactions with U.S. customers, they are virtually indistinguishable from similar loans and deposits on the books of the banks' U.S. branches and agencies, except for a booking convention. Therefore, the new data will give a much more accurate picture of the extent of foreign bank business with U.S. customers and improve the database on the banking transactions of U.S. residents.

Because some non-U.S. banks that operate offshore branches do not have branches and agencies in the United States, and because some non-U.S. banks operating both in the United States and in offshore centers do not manage or control their offshore branches from their U.S. offices, the sample of reporting banks, though large, does not cover all banking transactions with U.S. residents undertaken by all non-U.S. banks in these offshore centers. However, this gap in coverage may not be significant. The lack of a related U.S. agency or branch, or the lack of management or control of the offshore branch from outside the United States, can be assumed to limit the extent to which these nonreporting offshore branches of non-U.S. banks are conducting day-to-day transactions with U.S.-based customers.

Data from the First Quarterly Reports

The first quarterly supplemental reports of offshore activities were received from 132 foreign banking organizations, including 73 of the world's 100 largest non-U.S. banks. Reported assets and liabilities of these offshore branches at the end of

March 1993 amounted to $329 billion—more than twice the assets reported by offshore branches of U.S. banks (table 2). Nine-tenths of this amount was reported by branches of non-U.S. banks licensed in the Cayman Islands. Most of the remainder was reported by branches licensed in the

2. Assets and liabilities of offshore branches of non-U.S. banks, by location, March 31, 1993[1]

Billions of dollars

Account	Location of offshore branch			
	All locations	Cayman Islands	Bahamas	All other locations[2]
ASSETS				
Claims on U.S.-domiciled offices of related depository institutions denominated in U.S. dollars	86.3	82.3	4.0	*
Claims on all other U.S. addresses denominated in U.S. dollars	137.7	125.9	10.4	1.4
Balances due from nonrelated depository institutions	7.1	6.2	.8	.1
Remaining maturities of one day or under continuing contract ("overnight")	1.0	.8	.1	.1
All other maturities ("term")	6.1	5.4	.7	*
Securities	16.5	15.4	1.1	*
U.S. Treasury and federal agencies	4.9	4.7	.2	*
Other securities	11.6	10.7	.9	*
Loans	110.2	101.1	8.0	1.3
Real estate	13.0	12.2	.8	*
To nonrelated depository institutions	3.8	2.6	1.2	*
Commercial and industrial	78.7	72.1	5.6	1.0
Other	15.0	14.3	.5	.2
Other claims	3.7	3.2	.5	*
Claims on all U.S. addressees denominated in currencies other than U.S. dollars	10.3	9.7	.5	.1
Claims on home-country addressees denominated in any currency	41.3	35.5	5.7	.1
Related depository institutions	23.3	21.2	2.0	.1
Nonrelated depository institutions	4.6	4.0	.6	*
Home-country government and official institutions	7.4	5.3	2.1	*
Others	6.0	5.0	1.0	*
Claims on all other non-U.S. addressees denominated in any currency	47.7	37.4	10.2	.1
All other assets	5.9	5.7	.2	*
Total assets	329.0	296.5	31.1	1.4
LIABILITIES				
Liabilities to U.S.-domiciled offices of related depository institutions denominated in U.S. dollars	68.2	62.9	5.0	.3
Liabilities to all other U.S. addressees denominated in U.S. dollars	119.4	111.5	7.6	.3
To nonrelated depository institutions in the U.S.	28.4	26.7	1.6	.1
Remaining maturities of one day or under continuing contract ("overnight")	8.9	8.7	.2	*
All other maturities ("term")	19.5	18.0	1.4	.1
To all other U.S. addressees	91.0	84.8	6.0	.2
Remaining maturities of one day or under continuing contract ("overnight")	27.9	24.8	2.9	.2
All other maturities ("term")	63.1	60.0	3.1	*
Liabilities to all U.S. addressees denominated in currencies other than U.S. dollars	13.6	13.2	.5	*
Liabilities to home-country addressees denominated in any currency	47.2	39.2	7.7	.3
Related depository institutions	35.2	28.4	6.5	.3
Nonrelated depository institutions	3.0	2.5	.5	*
Home-country government and official institutions	3.0	2.4	.6	*
Others	6.0	5.9	.1	*
Liabilities to all other non-U.S. addressees denominated in any currency	73.2	62.7	9.8	.7
All other liabilities	7.4	7.0	.4	*
Total liabilities	329.0	296.5	31.1	1.4

1. Excludes assets and liabilities of subsidiary commercial banks operated by non-U.S. banks in offshore banking centers. In this and subsequent tables, components may not sum to totals because of rounding.

2. Panama, Netherlands Antilles, and Turks and Caicos Islands.

* Less than $50 million.

SOURCE. Federal Financial Institutions Examination Council.

Bahamas; very small amounts of activity were reported by branches in the other offshore centers—Panama, the Netherlands Antilles, and Turks and Caicos Islands.

Approximately two-thirds of the total reported assets of these offshore branches were dollar-denominated claims on U.S. residents. The largest categories of assets were (1) dollar-denominated claims of $86 billion on the branches' related U.S. branches and agencies, mainly intrabank funding of lending by related U.S. branches and agencies of Japanese banks, and (2) dollar-denominated commercial and industrial loans to U.S. companies of nearly $80 billion, about four times as much as was reported at the end of 1982 in the Federal Reserve survey cited earlier. Lending to U.S. businesses by offshore branches of non-U.S. banks was also about four times as large as the lending to all nonbank U.S. residents by offshore branches of U.S. banks.

Assets of other types held by these offshore branches of non-U.S. banks generally were fairly small. Interbank claims on nonrelated depository institutions in the United States, both loans to and balances due from nonrelated depository institutions, amounted to only about $12 billion, or 4 percent of total assets, a relatively small component for multinational banks that tend to be active in interbank markets. These offshore branches of non-U.S. banks held $16.5 billion in securities issued by U.S. residents (including U.S. Treasury and federal agencies), $13 billion in real estate loans to U.S. residents, and about $10 billion in non-dollar denominated claims on U.S. residents, the latter reflecting primarily transactions with their related U.S. offices.

Offshore branches of non-U.S. banks also engaged in transactions with non-U.S. residents. About $40 billion, or one-eighth of their assets, were claims on residents of their home countries.[7] More than half these home-country claims were claims on the banks' parent offices. In addition, these branches reported approximately $48 billion in claims on third-country residents (that is, residents of neither the United States nor their home country) for which no customer detail was provided; a large proportion of these third-country claims likely also represented intrabank transfers of funds.[8]

Nearly two-thirds of the liabilities of offshore branches of non-U.S. banks on March 31, 1993, were dollar-denominated liabilities either to their related U.S. branch or agency or to nonrelated parties in the United States. More than $90 billion, or about three-fourths of their dollar-denominated liabilities to nonrelated parties in the United States, were overnight or term liabilities to nonbank U.S. residents, more than twice as much as reported by offshore branches of U.S. banks. This pattern for liabilities is consistent with the pattern for assets and suggests that the offshore branches of foreign banks were not heavily involved in interbank markets.

The offshore branches of non-U.S. banks also obtained funds from non-U.S. sources. In the aggregate, they obtained about $47 billion from home-country residents, largely their parent offices; relatively little came from nonbank residents in their home countries. In addition, they had liabilities of about $73 billion to third-country parties, an unknown but presumably large proportion of which was owed to their related branches operating in other financial centers, such as related branches in London or other international funding centers.

OFFSHORE FOREIGN BANKING IN PERSPECTIVE

Comparisons of data on assets and liabilities from the new supplemental report with similar data for branches and agencies of foreign banks located in the United States, and with data for U.S. banks, put the activities of the offshore branches of non-U.S. banks into perspective (table 3). Unlike U.S. banks, which book the preponderance of their transactions with U.S. residents at their domestic offices, non-U.S. banks book a large proportion of their transactions with U.S. residents at their offshore offices.

Adding the new data on offshore activities to existing data on branches and agencies increases by nearly 50 percent the estimate of total U.S. assets of

7. For example, a reporting branch of a Canadian bank dealing with customers resident in Canada.

8. For example, an offshore branch of a Canadian bank in the Cayman Islands may be using that branch to fund its London branch.

foreign banks, to more than $1 trillion. The estimate of their total loans increases $110 billion, or one-third, and the estimate of their commercial and industrial loans to U.S. businesses increases nearly $80 billion, or more than one-half, to more than $220 billion. On the liabilities side, inclusion of data for offshore branches nearly doubles the estimate of the deposits of nondepository U.S residents (individuals, partnerships, and corporations) at non-U.S. banks; the additional amount includes nearly $28 billion in overnight deposits and more than $63 billion in term deposits.

Comparable data for U.S.-chartered commercial banks are also given in table 3. The first column for U.S. banks gives data for large U.S. banks that have foreign offices and thus would appear to be the principal competitors of the large multinational foreign banks operating in the United States. The second column for U.S. banks gives data for all U.S.-chartered banks. Both sets of data for U.S. banks cover their transactions with U.S. residents from all domestic and foreign offices. The new data show that the branches and agencies of foreign banks operating in the United States, in combination with their branches in offshore banking centers, had about 30 percent as much in total assets as all U.S. banks. With commercial and industrial loans to U.S. borrowers of more than $220 billion, these offices of foreign banks have extended about one-half as much in business loans to U.S. residents as all U.S.-chartered banks. The new data on deposit liabilities of reporting offshore branches also increase estimates of foreign bank participation in U.S. markets both in percentage terms and in absolute amounts. Foreign bank assets and liabilities are even higher relative to the large (mainly money-center) banks who are the foreign banks' principal competitors.

The new data have also helped refine estimates of foreign banks' "share" of lending in U.S. markets. Foreign banks' share of lending can be measured in several ways, depending on assumptions about the location of the banking office extending the loan, the residence of the borrower (U.S. or foreign), and the currency in which the loan is denominated. Beyond issues of definition are more general issues of what a lending share in a geographically defined market means in a world of integrated global banking and capital markets, where businesses can either borrow from banks or issue securities in a variety of centers, and can alternatively use home-country companies or foreign subsidiaries as the nominal borrowing vehicle. Measures of market share in national banking markets are heavily influenced by preferences of borrowers and lenders as to where transactions are booked, as well as by choices between obtaining bank loans or issuing securities. Therefore, such measures by themselves are not meaningful indicators of the competitive presence of foreign banks.

The traditional approach to estimating market share from data made available by the Federal Reserve has been to measure foreign banks' share of business loans to all domestic and foreign borrowers, by all foreign-controlled banking offices in the United States, in all currencies. This traditional measure (which includes lending by domestically chartered U.S. commercial bank subsidiaries of

3. Selected assets and liabilities of banking offices, March 31, 1993
Billions of dollars

	Non-U.S. banks[1]			U.S.-chartered commercial banks[2]	
	At U.S. branches and agencies	At offshore branches	Total	Large banks[3]	All banks
Total assets	683.1	329.0	1,012.1	1,919.7	3,487.3
All loans	291.3	110.4	401.7	1,116.5	2,008.5
Commercial and industrial[4]	143.7	78.7	222.4	297.4	455.2
Real estate	49.4	13.0	62.4	391.2	860.2
Liabilities to nondepository U.S. residents	94.3	91.0	185.3	991.4	2,209.4
Overnight	4.5	27.9	32.4	335.5	679.5
Term	89.8	63.1	152.9	655.9	1,529.9

1. Includes U.S. branches and agencies of foreign banks and reporting branches of foreign banks in offshore banking centers; excludes banking subsidiaries of foreign banks in the United States and in offshore centers.
2. Includes transactions at domestic offices and all foreign offices.
3. U.S.-chartered commercial banks with foreign offices.
4. To U.S. borrowers; for offshore branches, includes only loans denominated in U.S. dollars.

SOURCE. Federal Financial Institutions Examination Council.

foreign banks not included in the foreign bank data in table 3) indicates that on March 31, 1993, offices of foreign banks located in the United States together had about 35 percent of such loans booked by all banking offices located in the United States. Adjusting the numerator of that share to include business loans (denominated in U.S. dollars) to U.S. borrowers by offshore branches of non-U.S. banks, and adjusting the denominator to include both that lending and business lending to U.S. borrowers by foreign offices of U.S. banks, results in an estimated foreign bank lending share of about 42 percent.

NATIONALITY STRUCTURE: A CHANGING PICTURE

The new data on banking activities of offshore offices of non-U.S. banks modify estimates of the distribution of foreign bank participation in U.S. markets by nationality of the parent bank. The following discussion focuses primarily on loans to U.S. businesses and deposits from nonbank U.S. residents, two lines of banking activity for which direct customer contact, and therefore a U.S. presence, is important.

Table 4 summarizes the effects of the new data on the nationality distribution of foreign bank activity in U.S. markets. On the asset side, the new data reduce the estimated share of foreign bank lending to U.S. businesses of Japanese banks from more than one-half to a proportion closer to one-third. About two-thirds of the decline in the share of Japanese banks was accounted for by an increase in the shares of French, German, and British banks. On the liabilities side, adding the new data for offshore branches changes the nationality share in deposits relatively little, with declines in Canadian and French banks' shares partially offset by increases in British and Japanese banks' shares.

Japanese Banks: More Involved in Deposit Business and a Smaller Share of Lending

Throughout most of the 1980s, the U.S. activities of foreign banks were heavily influenced by the activities of U.S. branches and agencies of Japanese banks. Between year-end 1980 and year-end 1990, Japanese bank branches and agencies in the United States accounted for more than 80 percent of the reported growth in commercial and industrial lending to U.S. businesses by all foreign bank branches and agencies in the United States, and their share of total foreign bank activity in the United States soared. The share of Japanese bank branch and agency lending to U.S. businesses in total foreign bank branch and agency lending of all types increased from slightly less than one-third in 1980

4. Nationality share of foreign bank activity in the United States and from offshore banking centers, March 31, 1993
Percent

Country of parent bank	Lending to U.S. businesses		Deposits from nonbank U.S. residents	
	By U.S. branches and agencies	By U.S. branches and agencies and offshore branches	At U.S. branches and agencies	At U.S. branches and agencies and offshore branches
Japan	54.1	36.3	31.6	33.5
France	7.7	11.6	18.9	14.6
Germany	2.1	6.9	15.4	15.3
Canada	9.4	10.5	8.4	5.0
Switzerland	7.4	8.5	6.5	6.1
United Kingdom	1.2	5.7	3.0	5.2
Subtotal	81.9	79.5	83.7	79.6
Australia	.6	2.2	1.5	2.5
Austria	.1	1.1	1.3	1.3
Belgium	*	1.2	.7	1.6
Italy	3.8	3.8	2.7	3.9
Netherlands	6.1	4.2	5.4	4.8
Subtotal	10.6	12.5	11.6	14.1
All others	7.5	8.0	4.8	6.3
Total	100.0	100.0	100.0	100.0

* Less than 0.05 percent.

SOURCE. Federal Financial Institutions Examination Council.

to well over two-thirds in 1990, before declining to slightly more than one-half in early 1993 (chart 1). In contrast, other types of assets of Japanese bank branches and agencies, particularly interbank claims, increased much less as a share of total foreign bank activity in the United States, and by March 1993 that share was little different from its 1980 level.

Chart 2 scales the growth of business lending by U.S. offices of Japanese banks (end-of-quarter data in U.S. dollars) to the growth of Japanese foreign trade, defined as the sum of total Japanese imports and exports (quarterly data in U.S. dollars). This scaling was motivated by previous research that observed a statistical correlation between lending at U.S. offices of Japanese banks and Japan's total international trade.[9] That correlation is due to the nature of this lending: Lending by U.S. offices of Japanese banks often financed the foreign trade (typically invoiced in dollars) of large Japanese companies. Had Japanese international trade and Japanese branch and agency lending to U.S. businesses grown at the same rate over time, the curve in chart 2 for commercial and industrial loans would be a flat line at 100.

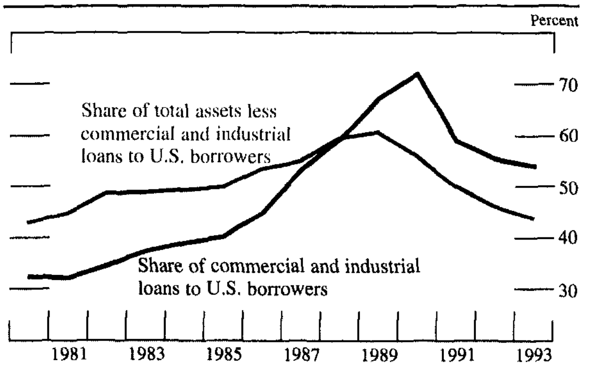
Between mid-1980 and 1983, Japanese external trade and lending by U.S. offices of Japanese banks retained a roughly proportional relationship, with the ratio of lending to trade rising only slightly through the middle of 1983. Starting in the second half of 1983 and continuing until 1989, business lending by U.S. offices of Japanese banks expanded much more rapidly than did Japanese external trade, and by June 1989 the ratio of U.S. office loans to trade was approximately five times as large as in June 1980, suggesting clearly that during the later period factors other than external trade were the principal determinants of lending at U.S. offices of Japanese banks.

Chart 2 also plots the quarterly average Nikkei stock index. The rapid runup of the index between 1984 and 1989 paralleled the expansion of Japanese bank lending in the United States. This statistical association is not surprising, as the increase in the market valuation of the stocks in the Nikkei index improved the capital position of Japanese banks because they were able to count unrealized gains (up to 45 percent) on their equity holdings as tier 2 capital. This period of rapid increase in Japanese bank lending in U.S. markets was characterized by large purchases of loans originated by other banks, primarily U.S. banks.

The sharp decline in the Nikkei index beginning in early 1990 affected the ability of Japanese banks to compete in U.S. markets because it reduced the capital positions of their parent banks and raised their costs of acquiring additional capital through offerings of their own stock. With a time lag, these U.S. offices of Japanese banks began to reduce their lending to U.S. companies; the lag reflects the time it took to reduce the absolute amount of loans without incurring a major loss.

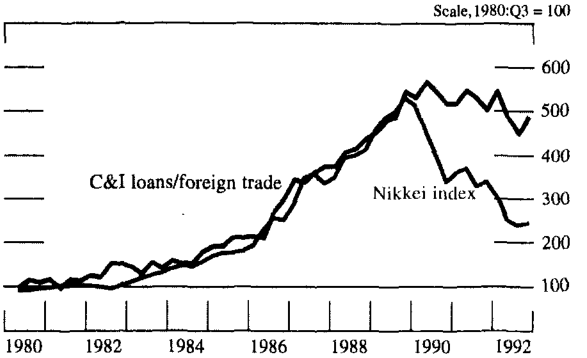
9. See Henry S. Terrell, Robert S. Dohner, and Barbara R. Lowrey, "The United States and United Kingdom Activities of Japanese Banks: 1980–1988," *North American Review of Economics and Finance*, vol. 1 (1990), pp. 53–73.

1. Japanese bank share of activity of U.S. branches and agencies of foreign banks, 1980:Q2–1993:Q1[1]



1. Excludes lending by offshore branches.

2. Commercial and industrial lending by U.S. branches and agencies of Japanese banks relative to Japanese foreign trade, and Nikkei index, 1980:Q3–1992:Q4[1]



1. Lending excludes lending by offshore branches. Foreign trade is total imports plus exports.

5. U.S. activity of U.S. branches and agencies of banks of selected foreign countries, 1985–93[1]
Billions of dollars

Date	Assets			Liabilities	
	Total assets	Commercial and industrial loans to U.S. residents	Claims on unrelated banks in U.S.	Deposits from nonbank U.S. residents	To unrelated banks in U.S.
			Japanese banks		
December 31, 1985	151.2	20.1	41.0	8.3	51.6
1986	208.3	30.2	60.5	15.2	69.4
1987	252.3	45.6	63.4	17.3	85.2
1988	307.8	60.9	71.3	22.6	89.4
1989	361.1	78.4	88.7	29.7	111.6
1990	373.0	90.1	81.7	24.3	110.5
1991	364.3	84.3	75.8	33.5	100.5
1992	344.3	81.7	76.8	28.6	97.9
March 31, 1993 traditional	315.4	77.7	67.9	29.8	87.3
1993 augmented	365.8	80.7	68.0	62.0	97.3
			French banks		
December 31, 1985	17.4	3.2	4.8	2.4	3.6
1986	18.7	3.6	4.8	2.2	4.0
1987	21.1	3.7	4.2	1.8	4.1
1988	25.0	4.0	4.3	2.3	4.9
1989	25.4	3.8	4.2	3.0	4.0
1990	31.9	4.0	6.8	3.3	3.8
1991	53.8	7.6	8.6	12.7	5.3
1992	73.4	10.8	8.1	17.7	6.7
March 31, 1993 traditional	77.2	11.1	8.4	17.8	6.8
1993 augmented	119.3	25.8	8.9	27.0	10.1
			German banks		
December 31, 1985	8.8	1.3	2.3	1.5	.9
1986	11.1	1.9	3.2	2.2	1.2
1987	13.5	1.6	4.7	2.5	.7
1988	13.0	2.1	3.5	2.1	.8
1989	15.6	2.4	4.9	2.5	1.2
1990	15.7	2.3	3.8	2.5	1.3
1991	23.3	1.9	4.4	9.5	1.2
1992	30.8	2.4	4.5	12.5	1.2
March 31, 1993 traditional	32.0	3.0	4.6	14.5	1.7
1993 augmented	76.6	15.4	6.5	28.3	2.0

Table 5 shows how the new supplemental information collected from offshore branches of Japanese banks changes the picture of the types of business activities conducted in the United States by Japanese banks. U.S. offices of Japanese banks have historically had very large domestic interbank transactions in both assets and liabilities, and from 1985 through 1992 they raised large amounts of funds, net, in U.S. interbank markets.[10] They tended to fund a relatively small portion of their assets (less than 10 percent) with deposits from nonbank U.S. residents.

Augmenting the traditional data with the new data from branches in offshore banking centers suggests several significant differences. The new data increase the estimate of assets of U.S.-run offices of Japanese banks at the end of March 1993 only $50 billion, or about 16 percent, with a negligible increase of $3 billion, or 4 percent, in estimated lending to U.S. businesses. On the funding side, however, the data covering offshore branches indicate more than twice as much in total deposits from nonbank U.S. residents. The new data indicate that Japanese banks also borrowed an additional $10 billion, net, in U.S. interbank markets than was

10. Interbank assets consist of cash and amounts due from banks, federal funds sold, and deposits placed at depository institutions. Interbank liabilities include federal funds borrowed, deposits owed to depository institutions, and borrowings from depository institutions.

5.—Continued
Billions of dollars

Date	Assets: Total assets	Assets: Commercial and industrial loans to U.S. residents	Assets: Claims on unrelated banks in U.S.	Liabilities: Deposits from nonbank U.S. residents	Liabilities: To unrelated banks in U.S.
	Canadian banks				
December 31, 1985	29.5	9.0	2.5	4.5	8.4
1986	31.0	9.8	2.7	5.0	7.1
1987	32.7	8.8	2.8	5.6	5.6
1988	27.9	8.2	2.3	5.5	3.7
1989	26.7	6.6	1.8	3.2	3.1
1990	27.8	5.5	2.5	2.9	2.6
1991	43.0	13.4	1.6	7.1	4.7
1992	44.3	14.4	2.9	9.2	3.6
March 31, 1993 traditional	44.6	13.5	2.6	7.9	2.8
1993 augmented	70.0	23.4	2.8	9.2	6.2
	Swiss banks				
December 31, 1985	18.3	2.5	4.5	2.4	.5
1986	24.2	3.9	7.0	3.6	1.5
1987	28.0	6.3	6.3	2.2	1.2
1988	23.9	4.9	6.1	1.7	1.1
1989	18.2	2.9	4.5	1.6	.7
1990	25.6	2.6	4.9	2.5	.5
1991	38.7	9.1	6.8	6.0	1.4
1992	44.0	10.2	6.0	7.0	1.7
March 31, 1993 traditional	40.6	10.7	6.2	6.1	1.6
1993 augmented	62.2	18.8	6.2	11.3	2.8
	British banks				
December 31, 1985	15.1	3.7	2.4	2.6	1.4
1986	16.4	4.4	2.4	1.8	2.7
1987	16.1	4.4	3.4	2.6	1.6
1988	15.7	4.7	2.4	1.7	1.6
1989	14.5	3.4	2.8	1.0	1.2
1990	17.8	2.5	3.5	.8	1.1
1991	25.7	2.5	2.9	2.3	2.6
1992	23.2	1.5	2.5	2.4	2.3
March 31, 1993 traditional	21.9	1.7	3.4	2.8	1.8
1993 augmented	47.6	12.6	3.6	9.7	2.7

1. Data for 1985–92 and data labeled traditional are for branches and agencies located in the United States; data labeled 1993 augmented are for offshore branches as well as U.S. branches and agencies.

SOURCE. Federal Financial Institutions Examination Council.

estimated from data covering only branches and agencies located in the United States.

residents and were small net borrowers, rather than small net placers, in U.S. interbank markets.

French Banks: More Loans and More Deposits

The new data increase the estimate of assets of U.S. offices of French banks as of March 31, 1993, more than 50 percent and more than double the estimate of business loans by French banks to U.S. borrowers. With U.S. assets of nearly $120 billion, French banks ranked second among non-U.S. banks in U.S. markets. The new data indicate that French banks had more than $25 billion in deposits from U.S.

German Banks: More Loans and More Deposits

The new data more than double the estimated U.S.-based assets of German banks as of March 31, 1993, and increase the estimate of their U.S. business lending fivefold, from $3 billion to more than $15 billion. On the liabilities side, German banks had about twice as much in deposits from nonbank U.S. residents than was previously estimated. The new data do not change the estimate that German banks are small net placers of funds in domestic U.S. interbank markets, a position they have maintained consistently over time.

Canadian Banks: More Loans

The new data increase the estimate of assets of U.S.-based offices of Canadian banks by three-fourths. Estimated business loans to U.S. residents by Canadian banks increased by the same proportion despite the fact that in 1991 one large Canadian bank shifted a large amount of commercial and industrial loans from its offshore branch to a U.S. office. The new data suggest that Canadian banks were slightly larger net borrowers in U.S. interbank markets than was previously estimated. They do not appear to have a significant amount of deposits from nonbank U.S. residents at their offshore offices. The reason that these offshore branches had relatively little in U.S.-resident deposits is that Canadian banks have a locational advantage over European and Japanese banks in booking such deposits at their head offices because of the similarity of time zones and ease of direct communication with the United States.[11]

Swiss Banks: More Loans and More Deposits

Until fairly recently, U.S. offices of Swiss banks lent relatively little to U.S. companies. In 1991, the reported amount of loans to U.S. companies by Swiss banks increased greatly, as loans from offshore branches of Swiss banks were rebooked to their U.S. offices. The new data indicate that even after that rebooking, Swiss banks still had about three-fourths as much in U.S. business loans at their offshore offices as they had on the books of their U.S. branches and agencies. The new data nearly double the estimate of deposits from U.S. residents at U.S.-based offices of Swiss banks. Adding in data from the new supplemental report confirm a tendency of Swiss banks, on balance, to be net placers of funds in domestic U.S. interbank markets.

British Banks: More Loans and More Deposits

The traditional data for branches and agencies alone indicate a very small role for U.S. branches and agencies of British banks in both lending to U.S. businesses and deposit-taking from nonbank U.S. residents. The new data covering offshore branches of British banks belie these conclusions. Adding these data more than doubles the estimate of total assets of U.S.-based British banks, increases more than sevenfold estimated lending to U.S. businesses, and more than triples estimated deposits from nonbank U.S. residents. The new data confirm the general impression that British banks are small net placers of funds in domestic U.S. interbank markets.

SUMMARY AND CONCLUSION

Collecting data on the assets and liabilities of offshore branches of non-U.S. banks will enhance the Federal Reserve's ability to monitor, on a quarterly basis, a major source of banking transactions with U.S. residents. The new information will improve the interpretation of domestic credit and deposit aggregates and will also aid in evaluating the response of foreign banking institutions to various policy measures, such as changes in reserve requirements. Besides improving aggregate banking statistics, the new data will enhance the quality of information on the size, composition, and nationality structure of foreign bank activity in U.S. markets. The first quarterly supplementary reports, which provide data as of March 31, 1993, indicate that foreign banks are more active in U.S. markets than was previously estimated, and that shares of foreign bank activity by nationality are different from the shares revealed by data covering only branches and agencies located in the United States.

11. As of March 31, 1993, Canadian banks located in Canada had on their books about $11 billion in U.S. dollar-denominated deposits from nonbank U.S. residents.

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Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report describes Treasury and System foreign exchange operations for the period from May through July 1993. It was presented by Margaret L. Greene, Senior Vice President and Deputy Manager for Foreign Operations of the Federal Reserve Bank of New York. Frank Keane was primarily responsible for preparation of the report.[1]

The dollar appreciated against most major currencies during the May–July period, more than reversing its decline earlier in the year. It rose 9.9 percent against the German mark, for example, and 6.6 percent on a trade-weighted average basis.[2] The one major exception was the dollar's performance relative to the Japanese yen: The dollar extended its earlier decline against this currency by dropping 5.8 percent and hitting successive new lows in June and July.

These exchange rate movements occurred in a context of cumulating evidence that several major industrialized countries were experiencing less growth than had been expected at the start of the year. At the same time, central banks in many of these countries, including the Federal Reserve, demonstrated by their actions and policy statements that they remained cautious about the extent to which they would provide more monetary accommodation, and long-term interest rates continued to decline in the United States and in most Group of Ten (G-10) countries.

The U.S. authorities intervened on three occasions during the period, purchasing a total of $1,067.5 million against the yen to show that they were willing to cooperate with other monetary authorities as appropriate and were not favoring a weak dollar as a matter of policy.

RESUMPTION OF THE DOLLAR'S DEPRECIATION AGAINST THE YEN

During the first few weeks of the period, the dollar was relatively stable against the yen, trading cautiously around ¥111, after having declined about 11 percent against the yen earlier in the year. Market participants had taken note of Japan's widening trade surplus and tried to assess the extent to which the exchange rate might be expected to adjust to help redress this growing imbalance. In April, just before the period under review, the U.S. monetary authorities had intervened in the exchange market. They had also issued a public statement that underscored the Administration's belief that exchange rates should reflect economic fundamentals and that attempts to artificially influence or manipulate

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, July 31, 1993
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
Deutsche Bundesbank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements	
Dollars against Swiss francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

1. The charts for the report are available from Publications Services, Board of Governors of the Federal Reserve System, mail stop 158, Washington, DC 20551.

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

exchange rates were inappropriate. However, with the passage of time, intense trade negotiations with Japan, and the release on May 19 of U.S. trade data that were worse than expected, many market participants came again to believe that a dollar decline against the yen would be welcomed by the U.S authorities.

In this context, the yen again began to strengthen against the dollar as well as all other currencies. In the weeks between the beginning of May and June 15, the yen's strength was reflected in a decline of the dollar against the yen of 5.6 percent from ¥111.05 to a low of ¥104.80 and a drop of the mark against the yen of 8.5 percent from ¥70.09 to a low of ¥64.12. For much the same reasons as in April, the U.S. monetary authorities intervened as the dollar moved lower on three days—May 27, May 28, and June 8— buying $200 million, $492.5 million, and $375 million respectively, against the yen. These operations were shared equally between the Federal Reserve and the Treasury's Exchange Stabilization Fund (ESF).

About mid-June the yen temporarily reversed course and the dollar rose to a high of ¥111.80 when the Miyazawa government lost a confidence vote in the Diet, an event that presaged the end of thirty-eight years of Liberal Democratic Party rule in Japan. For a time, market participants were uncertain whether trade negotiations would continue in the midst of a change in leadership. They were also unsure about what changes in economic policy might emerge from this unusual government transition. But then the dollar eased below ¥110 as market participants focused on the upcoming Economic Summit of the Group of Seven (G-7) in Tokyo on July 7–9.

Although the dollar received some lift from the perception that greater-than-expected progress on trade negotiations was made around the time of the summit, the dollar's gains against the yen proved temporary. During the balance of the period under review, market participants came to believe that achieving near-term progress on trade issues with Japan would be difficult. Also, anxieties about the effects of the change in leadership on Japan's economic policy began to dissipate. Moreover, with the renewal of exchange rate pressure in Europe, market participants bid up the yen as Japanese and other investors hedged their assets denominated in European currencies. As a result of these factors, the dollar again declined against the yen as the period ended, recording a historic low against the yen of ¥104.23 on July 30.

Appreciation of the Dollar against the Mark and Other European Currencies on the Expectation of Narrowing Interest Rate Differentials

The dollar, as well as many other currencies, was firming against the German mark, especially during June when the market focused on growing evidence of recession, a widening fiscal deficit, and high labor costs in Germany. From the beginning of May to the end of June, the dollar rose against the mark nearly 8 percent. During this period market participants expected that the German Bundesbank would continue to ease short-term interest rates in response to the weakening German economy. These expectations contributed not only to the firming of the dollar against the mark, but also to a general diminishing of strains within the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) that permitted other European countries, either within or outside the ERM, to rebuild their foreign currency reserves, lower interest rates, or do both. Indeed, on July 1 the Bundesbank announced a reduction in its official discount and Lombard rates of 50 and 25 basis points to 6.75 and 8.25 percent respectively.

As July progressed, however, it became evident that further easing of German interest rates would come only gradually and cautiously. Germany's money market rates continued to trend downward during the month. The Bundesbank accepted a drop in the rate at which it routinely supplies liquidity to the banking system and announced a further reduction in its Lombard rate of ½ percentage point to 7.75 percent. However, the Bundesbank did not further reduce the discount rate, an adjustment that many market participants had expected and hoped might pave the way for a new round of official interest rate cuts throughout Europe.

Under these circumstances, other European currencies came under increasing selling pressure as market participants came to question how long European monetary authorities could justify using interest rates to support existing ERM parities in the face of high unemployment and slowing or negative growth. During the month, pressures within the ERM intensified. Several currencies fell toward their intervention floors against the mark, leading to a decision on August 1 to widen temporarily, by a significant amount, the obligatory intervention bands in the ERM.

The dollar was at times caught up in these pressures as market participants attempted to gauge the effect of these developments and of possible policy responses on the dollar–mark exchange rate. On balance, the dollar benefited somewhat as investors either hedged exposures resulting from investments in European currencies other than the mark or otherwise turned to the dollar as a refuge from the currency turmoil in Europe. As a result, the dollar firmed on balance during July, gaining roughly another 2 percent, to close near the period high at DM1.7410.

2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations[1]
Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1993	4,152.0	3,221.8
Realized, April 30– July 31, 1993	128.0	127.7
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1993	3,226.6	3,005.5

1. Data are on a value-date basis.

OTHER OPERATIONS

The Federal Reserve and the Treasury's Exchange Stabilization Fund (ESF) realized profits of $128.0 million and $127.7 million respectively, from the sales of yen in the market during the period. Cumulative bookkeeping or valuation gains on outstanding foreign currency balances as of the end of July were $3,226.6 million for the Federal Reserve and $3,005.5 million for the ESF.

The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of liquidity and credit quality. A portion of the balances is invested in securities issued by foreign governments. As of the end of July, the Federal Reserve and the ESF held either directly or under repurchase agreements $9,784.6 million and $10,115.8 million, respectively, in foreign government securities valued at end-of-period exchange rates. □

Staff Studies

The staff members of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. From time to time the studies that are of general interest are published in the Staff Studies series and summarized in the FEDERAL RESERVE BULLETIN. *The analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by members of their staffs.*

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STUDY SUMMARY

THE DEMAND FOR TRADE CREDIT: AN INVESTIGATION OF MOTIVES FOR TRADE CREDIT USE BY SMALL BUSINESSES

Gregory E. Elliehausen and John D. Wolken

Prepared as a staff study in spring 1993

Trade credit—credit extended by a seller who does not require immediate payment for delivery of a product—is an important source of funds for business customers. In 1987, such credit accounted for about 15 percent of the liabilities of nonfarm nonfinancial businesses in the United States, approximately the same percentage of liabilities as these firms' nonmortgage loans from banks. Trade credit apparently is especially important for small businesses: In the same year, it accounted for about 20 percent of small firms' liabilities.

Businesses that choose to finance their purchases through trade credit have several options for payment: They may pay the supplier promptly and in so doing receive a cash discount; wait until the bill's due date and consequently pay the interest cost implicit in forgoing the cash discount, at a rate frequently higher than the rate on credit from institutional lenders; or pay late, after the bill's due date, and thereby risk incurring additional costs in the form of explicit interest charges or penalties, or both. Although trade credit is an important source of funds for small businesses, little has been known about the reasons business customers use it.

Theoreticians have linked the use of trade credit to a transaction motive—a desire to realize economies in cash management—and to a financing motive—use of trade credit because credit from other sources, particularly from financial institutions, is limited. These theories are not mutually exclusive, yet no earlier study has integrated the two in a single theoretical or empirical model. Previous studies have focused on one or the other of the motives, and available empirical evidence on trade credit use, especially by small businesses, is limited.

This paper presents a model of trade credit demand that incorporates both the transaction and financing theories of trade credit use. The model relates characteristics of the firm to trade credit use associated with either the transaction or the financing motive. One important feature of the model is a link between trade credit use and credit rationing. This link permits an empirical test for the presence of rationing in markets for business credit.

The model of trade credit demand was used to analyze small businesses' decisions about using trade credit at all, about making late payments, and about the amount of trade credit to use. The data came from the National Survey of Small Business Finances, a one-time survey of a nationally representative sample of about 3,400 businesses having 500 or fewer employees that were operating at the end of December 1987. (The survey was conducted in 1988–89 for the Board of Governors of the Federal Reserve System and the U.S. Small Business Administration.)

The results suggest that both the transaction and financing motives explain small businesses' use of trade credit. Characteristics of firms associated with the transaction motive—notably, a relatively large volume of purchases and relatively great variability in the timing of delivery of the purchases—were significantly related to a greater probability of using trade credit and a greater dollar amount of trade credit outstanding. Similarly, firm characteristics associated with a financing motive—relatively higher business and financial risk, among others—were significantly related not only to a greater probability of using trade credit and a greater dollar amount of trade credit outstanding, but also to a greater probability that the firm made some percentage of its payments on trade credit after the due date. These results are consistent with the predictions of theoretical models of transaction and financing motives for trade credit use.

The results suggest that the financing motive does not stem from the substitutability of trade credit and institutional credit. Instead, firms having relatively large amounts of short-term institutional credit were also the largest users of trade credit. This finding is consistent with the hypothesis that small businesses are subject to credit rationing by financial institutions: Firms with already-high levels of debt from financial institutions, facing limitations on additional institutional credit, turn to trade credit as a source of additional credit despite the high implicit interest cost.

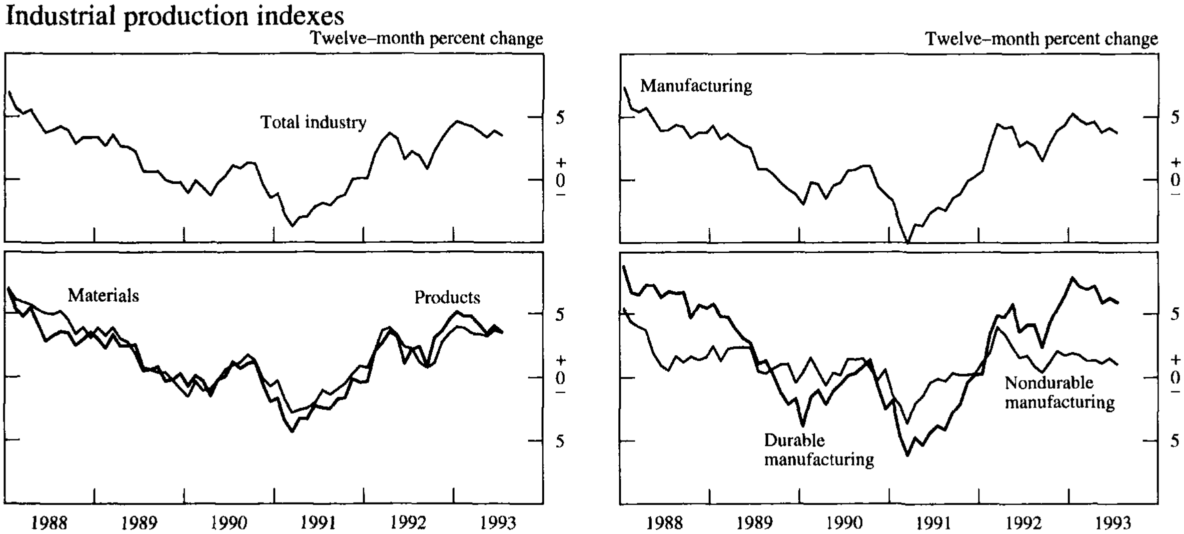
Also investigated using the model of trade credit demand was the relative importance of the transaction and financing motives. The size of the financing component of trade credit demand ranged from about two-fifths to one-half the estimated size of the transaction component. Clearly, each motive accounts for a sizable portion of total trade credit demand. Thus, both the transaction motive and the financing motive appear to be economically significant determinants of trade credit use. □

Industrial Production and Capacity Utilization for July 1993

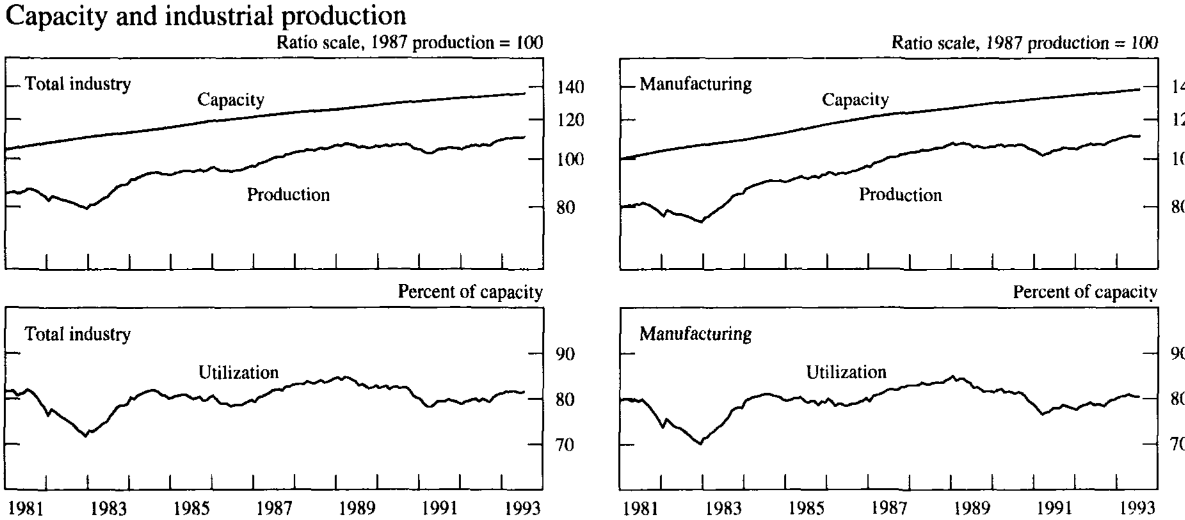
Released for publication August 16

Industrial production, which edged down in May and June, increased 0.4 percent in July. Although the output of automobiles and light trucks declined again, the production of consumer goods, equipment, and materials advanced, and hot weather during July boosted the use of electricity. At 110.6 percent of its 1987 annual average, total industrial production was 0.2 percentage point above its level in April and 3.5 percent above its year-earlier level. Utilization of total industrial

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization[1]

Category	Industrial production, index, 1987=100								
	1993				Percentage change				
					1993[2]				July 1992 to July 1993
	Apr.[r]	May[r]	June[r]	July[p]	Apr.[r]	May[r]	June[r]	July[p]	
Total	**110.4**	**110.2**	**110.2**	**110.6**	**.3**	**-.2**	**-.1**	**.4**	**3.5**
Previous estimate	110.4	110.3	110.1	...	.3	.0	-.2	...	...
Major market groups									
Products, total[3]	109.6	109.4	109.1	109.5	.2	-.3	-.3	.4	3.5
Consumer goods	108.1	107.5	107.1	107.4	-.5	-.5	-.4	.3	2.4
Business equipment	134.8	135.2	135.1	135.4	1.0	.3	-.1	.2	9.5
Construction supplies	96.4	97.7	96.4	97.1	.0	1.3	-1.3	.7	3.0
Materials	111.5	111.5	111.8	112.3	.6	-.1	.3	.5	3.5
Major industry groups									
Manufacturing	111.4	111.1	111.0	111.1	.6	-.2	-.1	.2	3.8
Durable	115.0	114.8	114.4	114.7	.8	-.2	-.4	.3	5.9
Nondurable	106.9	106.6	106.8	106.8	.3	-.4	.2	.0	1.0
Mining	96.4	96.9	96.2	95.9	1.2	.5	-.7	-.3	-2.6
Utilities	114.4	114.3	116.0	119.8	-2.9	.0	1.5	3.3	7.7
	Capacity utilization, percent								MEMO Capacity, percentage change, July 1992 to July 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				July	Apr.[r]	May[r]	June[r]	July[p]	
Total	**81.9**	**71.8**	**84.8**	**80.0**	**81.7**	**81.5**	**81.3**	**81.5**	**1.6**
Manufacturing	81.2	70.0	85.1	78.9	80.9	80.6	80.4	80.4	1.8
Advanced processing	80.7	71.4	83.3	77.3	79.5	79.2	78.8	78.8	2.2
Primary processing	82.2	66.8	89.1	82.6	84.3	84.1	84.2	84.2	.8
Mining	87.4	80.6	87.0	87.6	86.4	86.9	86.3	86.1	-.9
Utilities	86.7	76.2	92.6	84.8	86.4	86.3	87.5	90.3	1.2

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

capacity rose to 81.5 percent, a level about equal to the average rate for the first half of the year.

When analyzed by market group, the data show that the output of consumer goods rose 0.3 percent, with a rise in the production of nondurables more than offsetting a slight drop in the output of durables. Among consumer durable goods, the output of automotive products fell more than 2 percent for the third consecutive month, but the production of appliances and television sets rebounded. The output of consumer nondurables advanced 0.4 percent, with strong growth in sales of residential electricity; decreases in the production of clothing, gasoline, and paper products slowed the overall pickup in nondurables.

The production of equipment edged up in July, as declines in the output of defense equipment and oil and gas well drilling largely offset the small gain in business equipment. The output of business equipment rose 0.2 percent, with increases in the output of information processing, communications, and industrial equipment more than offsetting a decrease in motor vehicle assemblies.

The output of construction supplies, which on balance had not changed from March to June, increased 0.7 percent. The output of industrial materials rose 0.5 percent in July, largely because of gains in semiconductors, computer parts, and the generation of electricity. The production of nondurable materials edged down.

When analyzed by industry group, the data show that within manufacturing, output increased 0.2 percent; excluding motor vehicles and parts, it rose 0.4 percent. Production in nondurable manufacturing was unchanged on balance. Durable manufacturing rose 0.3 percent, with increases of 1 percent or more in the machinery and lumber industries. At 80.4 percent, the utilization of manufacturing capacity was the same as in June and equal to the January–February average. The operating rate for advanced-processing industries held steady at 78.8 percent in July; the rate for primary-processing industries was also unchanged, at 84.2 percent.

The output at mines fell 0.3 percent because of the continued coal strike and a decline in the drilling of oil and gas wells. The output at utilities rose 3.3 percent after having gained 1.5 percent in June. □

Statement to the Congress

Statement by William L. Rutledge, Senior Vice President, Federal Reserve Bank of New York, before the Subcommittee on Consumer Credit and Insurance and the Subcommittee on General Oversight, Investigations, and the Resolution of Failed Financial Institutions of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, August 10, 1993

In my comments today, I will focus primarily on the supervisory process we have followed in implementing the Community Reinvestment Act (CRA). I will address four areas: (1) our current examination approach; (2) the kinds of problems we have been finding; (3) what we can do to cause those problems to be corrected; and (4) how we are trying to make the examination process more effective. I will close with a few observations on trends in the ways in which banks have been satisfying their CRA obligations.

SUPERVISORY PROCESS

Examination Approach

The Federal Reserve Bank of New York supervises thirty-seven state member banks that are subject to the CRA, performing a comprehensive examination approximately every eighteen months. Work before the on-site examination includes extensive statistical analyses of a bank's Home Mortgage Disclosure Act (HMDA) data and plotting of the data on maps to demonstrate the geographic distribution of loan approvals and denials. Once in the bank, our examiners review procedures, interview bank personnel, and critically evaluate hundreds of loan files. The examinations are conducted by specialized Federal Reserve staff members—examiners whose training and responsibilities are directed exclusively to the review of bank compliance with the CRA and to such other consumer statutes as the Equal Credit Opportunity Act.

Types of Shortcomings Found

Our overall sense from these examinations is that when less-than-satisfactory performance is found, it is frequently characterized by shortcomings in two key areas. The first is a failure to commit significant dollars to lending and investing for community development. Within that category, I would include specially structured loans, investments, and grants directed to enhancing the long-term viability of a bank's community; such credits and grants normally entail innovative underwriting standards, some public funds, or the participation of not-for-profit organizations. Although some banks, including some large wholesale-oriented ones, have been very active in this area, others have done very little.

The second typical shortcoming is the failure to achieve an appropriate geographic distribution of mortgage and small business loan products throughout a bank's community. The bank either has failed to deliver its credit products within its delineated community—focusing instead on extending credit to more distant locales--or it has not adequately served the low- to moderate-income neighborhoods within its delineated community.

Enforcement Process

When our examiners find these or other shortcomings in a bank's performance, the findings are presented to the bank's senior management and its board of directors. Our examination report provides our rating of performance, details the problems found, and presents actions we believe should be pursued to remedy the problems. We require that the bank respond in writing, laying out its remedial program. If there is a downgrade in the rating, we also shorten the time period until the next examination—sometimes to as short as six months, depending on the severity of the problems.

The composite rating and the evaluation in support of it are required to be made public by both the bank and ourselves, contributing to the incentive of bank management to address its problems as quickly as possible.

It is our experience that when a bank's board of directors and its senior management are presented with negative findings, they typically take actions to improve that performance. In this District, of the thirty-seven state banks, there have been five instances in the past two years when a bank that had been rated less than satisfactory improved to satisfactory.

The other key factor in enforcing CRA compliance is the applications process. Banks with general shortcomings in their CRA performance have effectively been foreclosed from expanding their bank operations. Although the Board of Governors has denied only a handful of applications on CRA grounds, numerous other applications have been withdrawn, or proposals abandoned without the filing of an application, because of this approach.

In some instances, a banking organization with some limited specific shortcoming in its CRA performance has been allowed to expand if it has made specific commitments to the Board of Governors to address that shortcoming. We draw a distinction between commitments that have been made to the Board and commitments that may have been made to a private group but not to the Board. The former set of commitments is always closely monitored to ensure compliance. The banks with commitments to the Board are subjected to specific reporting requirements, and our examiners review the extent to which the commitments have been satisfied as an integral part of the examinations process. Failure to fulfill a Board commitment is grounds for taking specific remedial action, including the possible imposition of civil money penalties.

On the other hand, commitments made to a private party, but not to the Board, are not matters that are enforced by the Board. However, actions taken in satisfaction of such commitments, such as the providing of funding, will be considered during examinations as part of the bank's overall CRA performance.

Improving the Examinations Process

We are continuously looking for ways to strengthen the examinations process. For example, we at the the New York Fed have been at work to develop sophisticated statistical approaches to direct our examination resources to individual banks, and individual credit files, in which home mortgage discrimination appears most likely. We are using the richer HMDA data now available as an initial source and then supplementing the analysis with additional data from those banks in which race appears, in the initial analysis, to be a statistically significant factor. If race is still a statistically significant factor after inclusion of the additional variables, we then develop statistically matched pairs of approved white applicants and denied minority applicants for review of individual credit files.

In addition, we and the other federal banking regulators are exploring whether quantitative performance standards can and should be more strongly built into the assessment process. Clearly, the lack of specific performance guidelines has caused frustration for all involved in the process and has created at least the potential for the supervisory focus to be too heavily on form and not enough on substance. The recent request by President Clinton to the federal supervisory agencies to develop more objective, performance-based assessment standards is a clear reflection of the concern. We were already in the process of conducting such a review ourselves and expect to be heavily involved in the response to the President's request.

The resolution of the issue is not an easy one, and the challenge will be to strike the right balance. Beyond the obvious concern of avoiding credit allocation, too much specificity could lead to minimalist strategies and stifle the development of innovative approaches to CRA compliance.

CURRENT TRENDS

We have seen some banks taking innovative approaches. Historically, to many people community reinvestment has been almost synonymous with mortgage lending, but increasingly it is now recognized that small businesses are central to the growth and vitality of communities. Some bankers have responded by developing mechanisms to work through local government agencies and intermediaries to improve their delivery of loans to small businesses and microenterprises. For example, in an effort to provide small businesses and fledgling entrepreneurs with greater access to capital, seven banks are participating with New York City's Borough Development Corporations in the Regional Economic Development Assistance Corporation (REDAC) Mini Loan Program.

On the mortgage front, some bankers have developed innovative approaches to try to address the troubling disparities in the denial rate that have persisted, even when increased flexibility in underwriting standards has been built into their mortgage programs. Two steps strike us as particularly important: (1) consumer education in the complexities of the mortgage application process and home ownership; and (2) a mechanism to provide a second, and even a third, look at applications that have been denied.

Sometimes these steps have been facilitated through cooperative arrangements. For example, twelve banks serving New York City have recently formed a coalition to administer an affordable mortgage program. Besides committing mortgage funds with no fixed upper limit, they have committed $1 million per year for three years to fund a program for credit counseling and consumer education. They have also established a mechanism in which denied applicants will be re-reviewed by the other bank participants. □

Announcements

PROPOSED ACTIONS

The Federal Reserve Board issued for public comment on August 20, 1993, proposed amendments to Regulation A (Extensions of Credit by Federal Reserve Banks) to implement section 142 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) regarding limits on Federal Reserve bank credit. Comments were requested by September 24, 1993.

The Federal Reserve Board also requested public comment on August 23, 1993, on proposed amendments to Regulation S (Reimbursement to Financial Institutions for Providing or Assembling Financial Records; Recordkeeping Requirements for Certain Financial Records) regarding enhanced recordkeeping requirements for certain wire transfers by financial institutions. These amendments would incorporate by reference certain proposed provisions of 31 CFR 103.33(e), (f), and (g). Comments were requested by October 4, 1993.

CHANGE IN BOARD STAFF

The Federal Reserve Board announced on August 30, 1993, that MaryEllen A. Brown, Assistant to the General Counsel and the Board's ethics official, would retire at the end of August. □

Minutes of the Federal Open Market Committee Meeting of July 6–7, 1993

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., on Tuesday, July 6, 1993, at 2:30 p.m. and continued on Wednesday, July 7, 1993, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. Mullins[1]
Mr. Angell
Mr. Boehne
Mr. Keehn
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. McTeer
Mr. Oltman[2]
Ms. Phillips
Mr. Stern

Messrs. Broaddus, Jordan, Forrestal, and Parry, Alternate Members of the Committee

Messrs. Hoenig, Melzer, and Syron, 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. Patrikis, Deputy General Counsel
Mr. Prell, Economist
Mr. Truman, Economist

Messrs. R. Davis, Lang, Lindsey, Promisel, Rolnick, Rosenblum, Scheld, Siegman, Simpson, and Slifman, Associate Economists

Mr. McDonough, Manager of the System Open Market Account

Ms. Greene, Deputy Manager for Foreign Operations
Ms. Lovett, Deputy Manager for Domestic Operations
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Stockton, Associate Director, Division of Research and Statistics, Board of Governors
Ms. Danker, Assistant Director, Division of Monetary Affairs, Board of Governors
Messrs. Small,[3] and Whitesell,[4] Section Chiefs, Division of Monetary Affairs, Board of Governors
Ms. Kusko,[4] Senior Economist, Division of Research and Statistics, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. Beebe, J. Davis, T. Davis, Goodfriend, and Ms. Tschinkel, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Cleveland, Kansas City, Richmond, and Atlanta respectively

Mr. McNees, Vice President, Federal Reserve Bank of Boston, Messrs. Coughlin and Guentner, Assistant Vice Presidents, Federal Reserve Banks of St. Louis and New York respectively

By unanimous vote, the minutes for the meeting of the Federal Open Market Committee held on May 18, 1993, were approved.

The Manager of the System Open Market Account reported on developments in foreign exchange markets and on System transactions in foreign currencies during the period May 18, 1993,

1. Acting Vice Chairman in Mr. Corrigan's absence.

2. First Vice President, Federal Reserve Bank of New York, attending as alternate member for Mr. Corrigan.

3. Attended portion of meeting relating to a discussion of the uses of a broad monetary aggregate that includes bond and stock mutual funds.

4. Attended portion of meeting relating to the Committee's discussion of the economic outlook and its longer-run growth objectives for monetary and debt aggregates.

through July 6, 1993. By unanimous vote, the Committee ratified these transactions.

The Deputy Manager for Domestic Operations reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period May 18, 1993, through July 6, 1993. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic outlook, the ranges for the growth of money and debt in 1993 and 1994, 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.

The information reviewed at this meeting provided a mixed reading on the economy, but on balance the available data suggested that the expansion had picked up somewhat during the second quarter from the very slow pace of the first quarter. Employment statistics, while tending to soften in June, pointed to considerable strength for the second quarter as a whole, although recent spending indicators suggested a much more moderate expansion. Consumer and producer price inflation slowed substantially in May, but prices had risen at a faster rate over the first five months of the year than over the second half of 1992.

Total nonfarm payroll employment changed little in June after registering substantial gains in April and May. For the second quarter as a whole, the increase in employment matched that of the first quarter. Manufacturing employment, which was about unchanged over the first quarter, declined somewhat in June for a third straight month. Construction payrolls edged lower after rising appreciably over the preceding two months, and job gains in the services industries were considerably smaller in June than those recorded earlier in the year. The civilian unemployment rate backed up to 7.0 percent in June.

Industrial production increased in May at the relatively subdued rate recorded in March and April; for June, the limited data available suggested a modest decline in output. In May, assemblies of motor vehicles declined after holding steady over the two previous months. Among other manufactured goods, the production of business equipment, led by computers and industrial equipment, recorded another brisk advance whereas the output of non-auto consumer goods continued to expand sluggishly. Total utilization of industrial capacity was unchanged in May for a third straight month.

Real personal consumption expenditures edged higher in May after a sizable rebound in April from weather-related weakness. On balance, however, consumer spending had increased only slightly thus far this year. Outlays for new cars and light trucks advanced in May to their highest level since January 1990 and apparently remained near that elevated level in June. In addition, spending for nonenergy services had increased substantially in recent months. By contrast, energy consumption had fallen from the especially high levels of late winter, and outlays for nondurable goods in May were still below their fourth-quarter level. Housing starts increased in April and May from a depressed first-quarter pace, with most of the rise attributable to starts of single-family dwellings.

Shipments of nondefense capital goods in May retraced only a portion of a sizable April decline. However, for the two months combined, shipments of such goods were above the average for the first quarter and apparently remained on an upward trend that began early in 1992. The upward trajectory for spending on machinery and on electrical and communications equipment seemed to have reflected improved cash flows for the business sector and a declining cost of capital, and incoming data suggested that outlays for business equipment would increase further over the months ahead. Nonresidential construction activity was unchanged over the first quarter but picked up slightly on balance over April and May. Office building rose over the two months, while construction of nonoffice commercial structures was little changed and industrial building activity was down sharply.

Business inventories recorded another appreciable rise in April, and available data pointed to a further increase in May. In manufacturing, inventory accumulation stepped up in April and May after changing little in the first quarter; the ratio of stocks to shipments edged higher in each month and was only slightly above the very low level reached early in 1993. In the wholesale trade sector, inventories advanced at a slower rate in May than in April, and the inventory-to-sales ratio fell to the low end of the range for the past three years. The buildup of retail inventories slowed considerably in April, and with sales rebounding from the effect of March storms, the inventory-to-sales ratio declined for the retail sector. Nonetheless, the ratio still was near the high end of its range for the past several years.

The nominal U.S. merchandise trade deficit for April was unchanged from March, with both imports and exports declining slightly. However, the April deficit was substantially above the average for the first quarter, reflecting sizable increases in imports of capital goods, automotive products, consumer goods, and oil. The value of exports in April was only slightly above the first-quarter average. Recent indicators pointed to further weakness in economic activity in continental Europe thus far this year. By contrast, economic recovery appeared to be continuing in the United Kingdom and Canada. In Japan, economic activity was up appreciably in the first quarter, but available data suggested that this strength had not carried over to the second quarter.

Changes in producer and consumer prices were small in May following sizable increases earlier in the year. Producer prices of finished goods were unchanged in May, as declines in prices of finished consumer food and energy products offset small advances in prices of other finished goods. Excluding the food and energy components, producer prices had risen more rapidly thus far in 1993 than they had in the second half of 1992. At the consumer level, prices of items other than food and energy rose only slightly in May, but this measure of inflation also had risen faster this year than in the second half of last year. Labor costs likewise had evidenced a quickened pace of increases this year. Average hourly earnings of production or nonsupervisory workers rose substantially in May after edging lower in April, and these earnings had grown more rapidly over the first five months of 1993 than over the preceding six months.

At its meeting on May 18, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions but that included a tilt toward possible firming of reserve conditions during the intermeeting period. Accordingly, the directive indicated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint would be acceptable or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with appreciable growth of the broader monetary aggregates over the second quarter.

Open market operations were directed toward maintaining the existing degree of pressure on reserve positions throughout the intermeeting period. Several upward adjustments were made to expected levels of adjustment plus seasonal borrowing during the period in anticipation of stepped-up demand for seasonal credit during the crop-growing season; borrowing averaged near expected levels over the period. The federal funds rate remained close to 3 percent over the period, although quarter-end pressures in money markets pushed the rate higher for a brief period at the end of June.

Other short-term interest rates also were little changed on balance over the period since the May meeting. Early in the period, unexpectedly robust employment data for May, coupled with media reports about the monetary policy stance adopted at the May meeting, led to some upward pressure on money market interest rates. Subsequently, however, this pressure abated in response to the release of data suggesting slower inflation and a somewhat weaker outlook for the economy. These developments along with the progress in the Congress toward adoption of a deficit-reduction package fostered a decline in bond yields; buoyed by the drop in yields, major indexes of stock prices rose over the intermeeting period in spite of disappointing second-quarter earnings reports by several major companies.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies increased on balance over the intermeeting period. After depreciating somewhat through the end of May, the dollar recovered in early June when U.S. money market interest rates moved higher. The dollar rose more strongly over the last half of June, principally in response to actual and expected monetary easing abroad. The rise in the dollar over the intermeeting interval reflected sizable appreciations against European currencies, especially the German mark. The dollar continued to fall against the Japanese yen through the middle of June, in the process setting several new lows, before recovering a little over the remainder of the period.

After contracting during the first quarter, M2 and M3 expanded appreciably over the second quarter. Most of this growth, which was especially pronounced in May, reflected strength in M1 and occurred despite continued heavy outflows to bond and equity funds. The May surge resulted in part from a strong pickup in mortgage refinancing activity and a reversal of the depressing effect in April of relatively damped individual nonwithheld tax payments on the seasonally adjusted level of liquid deposits. The growth of the broader aggregates moderated substantially in June, and by more than might have been suggested by the waning of these mortgage and tax influences. For the year through June, growth of both M2 and M3 was below the lower ends of the ranges for 1993 that the Committee had established in February. This sluggishness reflected ongoing changes in asset preferences and financing patterns rather than restrictive financial conditions. The velocity of M2 was estimated to have increased at a rate of about 4½ percent over the first half of the year after a 4 percent rise in 1992. Total domestic nonfinancial debt expanded somewhat further through April.

The staff projection prepared for this meeting suggested moderate growth in economic activity and modest reductions in margins of unemployed labor and capital through 1994. The projection assumed the enactment of a federal budget bill that implied a moderately restrictive fiscal policy over the forecast horizon. As in earlier staff projections, lower interest rates were expected to support appreciable gains in interest-sensitive expenditures, including housing, consumer durables, and business equipment. Private spending also would be buttressed by a favorable financial environment associated with strengthened balance sheets and reduced debt burdens and by the apparently increasing willingness of banking institutions to make new loans. Export demand was likely to remain constrained over the near term by the weakness in the economies of several major industrial countries, but some improvement in foreign demand was anticipated later as those economies started to strengthen. The outlook for moderate growth and continuing slack in resource utilization suggested considerably more subdued price increases than had occurred in the early months of 1993.

In the Committee's discussion, the members generally agreed that ongoing economic developments remained consistent with moderate but sustained growth in economic activity. No sector of the economy seemed poised at this juncture to provide strong impetus to the expansion, but a promising basis for further growth was seen in the much improved financial condition of many households and business firms. Lower long-term interest rates, which had contributed to the improvement in balance sheets, were likely as well to bolster housing and business capital spending more directly. While the expansion now appeared to be firmly established, a number of members cautioned that it was subject to some downside risks, notably those associated with the still uncertain outlook for government budget and other policies. The possibility of higher taxes, associated with the deficit reduction legislation currently under consideration in the Congress and with the forthcoming proposals for national health care reform, was widely reported to be damping spending. With regard to the outlook for inflation, the most recent data on prices offered some encouragement that the earlier upturn in key measures of inflation might prove to be temporary, especially in the context of still ample margins of unutilized labor and other production resources. Even so, given generally held expectations among the public that inflation was not likely to decline and might in fact trend higher, many members concluded that for now the disinflationary trend might have been arrested or, at least, that further progress toward price stability would be quite difficult to achieve over the next several quarters.

In conformance with the usual practice at meetings when the Committee considers its longer-run objectives for growth of the monetary and debt aggregates, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members provided individual projections of growth in real and nominal GDP, the rate of unemployment, and the rate of inflation for the years 1993 and 1994. In light of the experience in the first half of the year, forecasts of real growth in

1993 had been revised down somewhat since February, while projections of inflation had been raised. The central tendency of the forecasts of the rate of expansion in real GDP in 1993 was now 2¼ to 2¾ percent for the year as a whole; for 1994, these projections had a central tendency of 2½ to 3¼ percent. With regard to the expansion of nominal GDP, the forecasts converged on growth rates of 5 to 5¾ percent for 1993 and 5 to 6½ percent for 1994. Given the projections of a moderate uptrend in economic activity and expectations of some further gains in labor productivity, the forecasts incorporated only a small decline in unemployment to rates of around 6¾ percent in the fourth quarter of 1993 and only slightly lower by the fourth quarter of 1994. For the rate of inflation, as measured by the CPI, the projections had a central tendency of 3 to 3¼ percent in 1993 and 3 to 3½ percent in 1994, reflecting little change in both years from the rate of inflation experienced in 1992.

Members commented that the improved prospects for significant reductions in the federal deficit had played an important role in fostering the declines in longer-term interest rates that had occurred since the latter part of 1992; the lower rates were having positive effects on spending decisions in a number of interest-sensitive sectors of the economy as well as on balance sheets more generally. At the same time, the prospects for higher taxes—accentuated by uncertainties about their size and incidence—were widely reported to be inhibiting spending decisions by business firms and might also be adding to cautious consumer attitudes. Some of the anecdotal evidence suggested that uncertainties associated with the potential impact of the still unannounced proposals for health care reform were making many businesses especially cautious, notably in their hiring decisions. Adding to the effects of anticipated federal legislation were concerns in various parts of the country about further cuts in defense spending and the impact of additional reductions in state and local expenditures or of increases in state and local taxes. Some members observed that the fiscal policy legislation before the Congress appeared to have generated a perhaps exaggerated degree of concern, and passage of this legislation might have a generally favorable effect on business and consumer sentiment.

Turning to the outlook for individual sectors of the economy, members referred to indications of an upturn in consumer spending in recent months, but they also noted that survey results and anecdotal reports still suggested generally cautious consumer attitudes. The prospects for increased taxes might be having some negative effect on consumer confidence, but consumers remained especially concerned about the outlook for jobs and incomes as defense cutbacks continued and many firms, notably larger business establishments, took further steps to restructure and downsize their operations. To an important extent the improvement in retail sales in the second quarter was associated with stronger sales of motor vehicles that, in the view of at least some members, appeared to reflect previously postponed replacement demand rather than a major shift in consumer attitudes. In any event, moderate growth in consumer spending was likely to be maintained in the context of the improved financial condition and the related reduction in debt-service burdens of many households. Further growth in overall employment, in line with that achieved in the first half of the year, would if it persisted provide important support toward sustaining the expansion of consumer spending and thus the growth of the economy more generally.

With regard to the outlook for business fixed investment, members reported that many firms were scaling back or putting on hold their capital spending plans pending a resolution of the business tax proposals under consideration in the Congress. Nonetheless, business spending for equipment still constituted a relatively robust sector of the economy, at least according to the data available to date. To a considerable extent, such spending reflected ongoing efforts to improve the quality of products and the efficiency of business operations while holding down the number of employees, and the members saw this trend as likely to continue. In general, other business capital spending had remained sluggish, although construction activity other than office building appeared to have picked up in parts of the country. The prospects for housing construction, though not ebullient, were viewed as more promising particularly in light of the declines in mortgage interest rates to relatively low levels. The improved financial position of many potential homebuyers also provided a basis for anticipating stronger housing markets. Despite these favorable factors, however, overall housing activity had improved only modestly in recent months as homebuyers tended to remain cautious, and at least in some areas housing developers continued to report that they were encountering difficulties in securing construction finance. On balance, housing construction seemed likely to provide some impetus to the expansion in coming quarters.

Relatively weak economic conditions in a number of foreign industrial countries were likely to continue to limit U.S. exports, which had declined since the end of 1992. Indeed, available data supplemented by reports from a variety of contacts suggested that business conditions had remained quite weak or had worsened in a number of foreign industrial nations. Even so, business contacts in some parts of the United States indicated that foreign demand for their products was still quite robust. Business activity abroad, which already was trending higher in a few industrial nations, was viewed as likely to strengthen more generally over the year ahead, with positive effects on overall U.S. exports.

Turning to the outlook for inflation, members commented that despite favorable readings recently, a wide range of price and wage data had suggested some acceleration in the rate of inflation during the early months of the year. To some extent, the indications of intensified inflation might have been the result of difficulties with seasonal adjustments or other temporary factors, but there were reports of some successful efforts by business firms to raise prices following the spurt in demand and the rise in capacity utilization toward the end of 1992. These price developments were disappointing and suggested to many members that the disinflationary trend might have been arrested, at least for now, though the economic fundamentals remained consistent with a resumption of some further downward movement in the rate of inflation. With regard to those fundamentals, many members saw significant, albeit diminished, slack in labor and product markets as likely to persist over the forecast horizon, given their current forecasts of moderate expansion in economic activity. Other favorable factors in the inflation outlook included efforts by businesses to hold down costs and increase productivity by restructuring their operations and investing in new, more productive equipment. Unfortunately, these favorable elements in the underlying economic situation seemed at odds with the apparently widely held view by the public that inflation would not diminish and indeed was likely to increase and that in any event current inflation levels were tolerable. Such expectations and attitudes would tend to temper the gains against inflation, if any, over the forecast horizon by their effects on the pricing and wage behavior of business firms and employees and the reactions of consumers toward rising prices. This inflationary climate underscored the importance of credible government policies—monetary, fiscal, trade, and regulatory—that encouraged reduced inflation over time.

In keeping with the requirements of the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act), the Committee at this meeting reviewed the ranges for growth in the monetary and debt aggregates that it had established in February for 1993, and it decided on tentative ranges for growth in those aggregates in 1994. The current ranges for the period from the fourth quarter of 1992 to the fourth quarter of 1993 included expansion of 2 to 6 percent for M2 and ½ to 4½ percent for M3. A monitoring range for growth of total domestic nonfinancial debt had been set at 4½ to 8½ percent for 1993.

In the Committee's discussion, the members focused on the issue of whether or not to lower the ranges further. In February, the ranges for M2 and M3 had been reduced by ½ percentage point in the expectation that continuing rechanneling of credit demands and savings flows into securities markets and away from depository institutions would result in further increases in velocity, the ratio of nominal GDP to monetary measures such as M2 or M3. In fact, the strength of these forces was underestimated to some extent. Substantial increases occurred in the velocity of both M2 and M3, especially in the first quarter, that were reflected in weak bank credit and huge inflows into bond and stock mutual funds. In the circumstances, the expansion of both aggregates through midyear was below the lower ends of the reduced ranges established by the Committee for the year. According to a staff analysis, the developments boosting M2 and M3 velocity could be expected to persist over the balance of 1993. Such an outcome would imply monetary growth for the year as a whole slightly below the Committee's current ranges, even if the growth of nominal GDP picked up in the second half of the year as implied by the central tendency of the members' forecasts.

In light of this expectation, many of the members indicated their support of a proposal to lower the M2 and M3 ranges further for 1993 and on a tentative basis to retain the reduced ranges for 1994. It was emphasized during the discussion that the reductions were intended solely as technical adjustments to reflect expected increases in velocity and that the lower ranges did not imply any tightening of monetary policy. Rather, the reductions in the ranges would serve to align them with monetary growth rates that were more likely to be associated with a satisfactory economic performance. Indeed, M2 and M3 growth consistent with most members' forecasts might still leave the expansion of those aggregates near the lower ends of their reduced ranges for the year; at the same time, the probability of a surge in monetary growth to levels above the new ranges appeared remote. In this connection, some members commented that the uncertainties surrounding the behavior of M2 and M3 might well persist for some time. The value of these aggregates in guiding policy seemed to have diminished in 1992 and 1993, and the Committee needed to continue to rely on its evaluation of a broad array of other financial and economic developments in its assessment of an appropriate course for monetary policy. The members did not rule out the possibility that a more normal or predictable relationship between money and economic activity might be restored once the current process of balance sheet adjustments was completed, the yield curve flattened, and some stabilization in the intermediation function of depository institutions emerged. In the view of a few members, moreover, the lower range proposed for M2 might in fact be more consistent with the rate of monetary growth that would be needed over the long term to sustain price stability and satisfactory economic expansion, if the earlier relationships between broad money growth and economic performance were to reemerge.

Many of these members commented that the considerations underlying the desirability of a technical adjustment to the ranges for this year applied to 1994 as well, and they therefore supported extending the reduced ranges to 1994 on a tentative basis subject to review early next year. Monetary growth outcomes somewhat higher within these ranges might be anticipated in association with the somewhat faster economic growth and essentially unchanged rate of inflation that most members had forecast for next year.

Several members indicated that while they could accept reductions in the 1993 ranges, they nonetheless preferred to retain the existing ranges. One reason given for this preference was that the prospective performance of the broad monetary aggregates in relation to developments in the economy was not sufficiently understood to warrant the specification of new ranges. Indeed, a change might be misinterpreted as implying more knowledge about velocity relationships than the Committee in fact possessed and could set up expectations that the Committee would put greater and, depending on emerging circumstances, perhaps undesirable emphasis on achieving monetary growth within the new ranges. Moreover, to the extent that some observers interpreted the ranges as the Committee's proxies for presumed nominal GDP objectives, an erroneous conclusion could be reached that the Committee had decided on a reduced target level of nominal GDP even though the Committee had not in fact framed its objectives in terms of GDP targets. On balance, while these members did not view this choice as a matter of great consequence in current circumstances, they concluded that it was marginally preferable to retain the ranges for this year, and if necessary, to accept and explain the reasons for a shortfall once the latter were more clearly established. The members who preferred to retain the current ranges agreed that there were plausible arguments on both sides of this issue and they could accept a proposal to reduce the ranges for both 1993 and 1994.

In light of the limited reliance that the members felt they could place on the behavior of the current monetary aggregates, the Committee at this meeting reviewed the possible advantages of a newly constructed measure of money. This measure involved the addition of bond and stock mutual funds to M2 as currently defined. There were indications that the shares of such funds had become closer substitutes for M2, and large portfolio shifts into such funds seemed to account for much of the weakness in M2 and its uncertain relationship to income and the longer-run behavior of prices. After examining the properties of this measure and reviewing its past behavior in relation to key indicators of economic performance, the members concluded that it would not enhance the formulation or implementation of monetary policy, at least at this point. However, the members agreed that mutual funds flows should continue to be monitored for their effects on M2 and that the relevant data should be made available to outside analysts.

At the conclusion of its discussion, the Committee voted to lower the M2 range that it had established in February by an additional 1 percentage point and to reduce the M3 range by another ½ percentage point, bringing the M2 range to 1 to 5 percent and that for M3 to 0 to 4 percent for 1993. The Committee also voted to reduce the annual monitoring range for growth of total domestic nonfinancial debt by ½ percentage point to 4 to 8 percent. The members anticipated that this debt aggregate would continue to grow at a rate that was roughly in line with that of nominal GDP. The Committee approved the following statement for inclusion in its 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 lowered the ranges it had established in February for growth of M2 and M3 to ranges of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee anticipated that developments contributing to unusual velocity increases would persist over the balance of the year and that money growth within these lower ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt also was lowered to 4 to 8 percent for the year.

Votes for this action: Messrs. Greenspan, Mullins, Angell, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Oltman, Ms. Phillips, and Mr. Stern. Votes against this action: None. Absent: Mr. Corrigan. (Mr. Oltman voted as alternate for Mr. Corrigan.)

For the year 1994, the Committee approved provisional ranges that were unchanged from the reduced levels for 1993. Accordingly, the Committee voted to incorporate the following statement regarding the 1994 ranges in its domestic policy directive.

> For 1994, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1993 to the fourth quarter of 1994, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the monitoring range for growth of total domestic nonfinancial debt at 4 to 8 percent for 1994. 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, Mullins, Angell, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Oltman, Ms. Phillips, and Mr. Stern. Votes against this action: None. Absent: Mr. Corrigan. (Mr. Oltman voted as alternate for Mr. Corrigan.)

In the Committee's discussion of policy for the period until the next meeting, most of the members indicated that they saw little or no reason to change monetary policy in either direction. The most recent information on the performance of the economy was mixed, and this together with questions about the course of fiscal policy contributed to considerable uncertainty about the outlook. Even so, the members felt that the evidence pointed on the whole to a sustained rate of economic expansion. The latest price statistics provided some encouragement that the apparent intensification of inflation in earlier months of the year might have abated. For now, therefore, nearly all the members saw the balance of factors bearing on the course of economic activity and the outlook for inflation as calling for an unchanged degree of pressure on reserve positions.

According to a staff analysis prepared for this meeting, the growth of M2 could be expected to slow markedly in the months ahead from its pace over the second quarter. The projected deceleration was mainly associated with some unwinding of the second-quarter bulge in mortgage refinancings along with further heavy inflows to bond and stock mutual funds. The expansion of M3 appeared likely to be held down by weaker bank credit extensions as alternative sources of funds in the capital markets attracted more borrowers. On balance, modest growth of both M2 and M3 would keep them close to the lower ends of their downward-revised ranges through September.

Some members cautioned that despite the very sluggish behavior of the broad measures of money thus far this year, monetary policy was relatively expansive as evidenced by a variety of other indicators including the growth in narrow measures of money and reserves and the very low levels of money market interest rates. Indeed, in the view of several members, in a period characterized by indications of some worsening in inflationary expectations, a policy course that maintained steady conditions in reserve markets could be said to have become more accommodative as the federal funds rate, in real terms after adjustment for expected inflation, moved down from an already low level. Accordingly, while current monetary policy seemed likely to support further economic expansion, the Committee needed to remain alert to the potential for intensifying inflation. At some point the current policy stance could well begin to foster greater price pressures. One member urged a prompt move toward restraint, given the prospect in his view that further progress toward price stability was unlikely with the current, quite stimulative, stance of monetary policy.

A majority of the members, taking account of the current stance of monetary policy, favored a proposal to retain the bias toward possible tightening that the Committee had adopted at the May meeting. In this connection, some commented that while the need for any policy adjustment during the period ahead seemed somewhat remote, the next policy move was more likely to be in the direction of some firming than toward easing. Other members suggested that a symmetrical directive might be more consistent with current economic conditions and the related outlook for a steady policy course over the near term. These members agreed, however, that a return to symmetry so soon after the adoption of a directive that was biased toward restraint could convey a misleading impression that recent developments had increased the Committee's concerns about the sustainability of the expansion or that the Committee had become less committed to a disinflationary policy course. Accordingly, these members indicated that they could support an asymmetric directive at this point. Several members observed that a number of key economic measures were scheduled for release during the intermeeting period and that the data in question should provide a firmer basis for evaluating the performance of the economy and a desirable course for monetary policy.

At the conclusion of the Committee's discussion, all but one of the members indicated that they preferred or found acceptable a directive that called for maintaining the existing degree of pressure on reserve positions and that retained a bias toward possible firming of reserve conditions during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater reserve restraint would be acceptable or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with modest growth in the broader monetary aggregates over the third quarter.

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 economic expansion has picked up somewhat in recent months from the very slow pace of the first quarter. Total nonfarm payroll employment changed little in June after registering substantial gains in April and May, and the civilian unemployment rate edged up to 7.0 percent in June. Industrial production has changed little on balance over the last few months. Real consumer expenditures edged higher in May after a sizable rise in April but have increased only slightly thus far this year. Housing starts turned up in April from a depressed first-quarter pace and rose somewhat further in May. Incoming data suggest a continued brisk advance in outlays for business equipment, while nonresidential construction has remained soft. The nominal U.S. merchandise trade deficit was about unchanged in April but substantially larger than its average rate in the first quarter. Consumer and producer prices were about unchanged in May, but for the year to date inflation has been more rapid than in the second half of 1992.

Short-term interest rates have changed little since the Committee meeting on May 18 while bond yields have declined somewhat. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies increased on balance over the intermeeting period.

After contracting during the first quarter, M2 and M3 expanded appreciably over the second quarter. For the year through June, growth of the two aggregates was below the lower ends of the ranges established by the Committee for 1993. Total domestic nonfinancial debt expanded somewhat further through April.

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 lowered the ranges it had established in February for growth of M2 and M3 to ranges of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee anticipated that developments contributing to unusual velocity increases would persist over the balance of the year and that money growth within these lower ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt also was lowered to 4 to 8 percent for the year. For 1994, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1993 to the fourth quarter of 1994, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the monitoring range for growth of total domestic nonfinancial debt at 4 to 8 percent for 1994. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint would or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in the broader monetary aggregates over the third quarter.

Votes for this action: Messrs. Greenspan, Mullins, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Oltman, Ms. Phillips, and Mr. Stern. Vote against this action: Mr. Angell. Absent: Mr. Corrigan. (Mr. Oltman voted as alternate for Mr. Corrigan.)

Mr. Angell dissented because he favored a prompt move to tighten policy. In his view, monetary policy was overly expansive at this point as evidenced by what he viewed as excessive liquidity in financial markets, the negative level of real short-term interest rates, and the disappointing lack of progress toward lower inflation this year. Given indications of worsening inflationary expectations, such as the substantial rise in the price of gold, as well as projections of an increase in inflation, a policy that led to a steady federal funds rate in fact implied a further easing of an already stimulative monetary policy. In these circumstances, a tightening of policy would not involve any significant risk to the expansion but would foster changes in financial conditions and the outlook for inflation that would be more consistent with renewed progress toward price stability in 1994 and later. Declining inflation around the world and a stronger trend of productivity growth in the United States, among other factors, were providing a favorable environment for further disinflation, but those developments needed to be supported and validated by appropriate monetary policy action.

At this meeting, the Committee reviewed its practices with regard to the release of information to the public. This review was undertaken in response to media reports of the purported results of the May meeting before the Committee had made public any information about that meeting. In its discussion, the Committee reaffirmed its longstanding rules governing the confidentiality of FOMC information, including the schedule that calls for releasing the minutes of a Committee meeting, along with an explanation of the Committee's decisions, a few days after the next meeting. These rules are designed to safeguard the Committee's flexibility to make needed adjustments to policy and also to provide adequate time to prepare a full report of the context and rationale for its decisions. Committee members emphasized the potential for inadvertent leaks of information in the course of general conversations with representatives of the news media or others concerning the members' views about economic developments or monetary policy. The members agreed that particular care needed to be taken for some period before and after each of its meetings.

It was agreed that the next meeting of the Committee would be held on Tuesday, August 17, 1993.

The meeting adjourned at 12:25 p.m. on Wednesday, July 7, 1993.

Donald L. Kohn,
Secretary

Legal Developments

FINAL RULE—AMENDMENT TO REGULATIONS H, K, AND Y

The Board of Governors is amending 12 C.F.R. Parts 208, 211, and 225, its Regulations H, K, and Y (Membership of State Banking Institutions in the Federal Reserve System; International Banking Operations; Bank Holding Companies and Change in Bank Control; Criminal Referral Report). An interagency task force has designed a uniform multi-agency criminal referral form in order to facilitate compliance with financial institutions' criminal activity reporting requirements, to enhance law enforcement agencies' ability to investigate and prosecute the matters reported in the criminal referrals, and to develop and maintain a new interagency database. This uniform criminal referral form will replace the various criminal referral forms that are currently being used by Federal bank, thrift and credit union regulatory agencies and by the banking organizations they supervise. The purpose of the proposed regulation is to create a uniform criminal referral reporting requirement for all domestic and foreign financial institutions operating in the United States.

Effective October 6, 1993, 12 C.F.R. Parts 208, 211, and 225 are amended as follows:

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

1. The authority citation for 12 C.F.R. Part 208 is revised to read as follows:

Authority: 12 U.S.C. 248(a) and (c), 321–328, 461, 481–486, 601, 611, 814, 1818, 1823(j) and 1831o.

2. Section 208.20 is added to read as follows:

Section 208.20—Reports of crimes and suspected crimes.

(a) *Purpose.* This section applies to known or suspected crimes involving state member banks. This section ensures that law enforcement agencies are notified by means of criminal referral reports when unexplained losses or known or suspected criminal acts are discovered. Based on these reports, the Federal government will take appropriate measures and will maintain an interagency database that is derived from these reports.

(b) *Institution-affiliated party. Institution-affiliated party* means any institution-affiliated party as that term is defined in sections 3(u) and 8(b)(3) and (4) of the FDIA (12 U.S.C. 1813(u) and 1818(b)(3) and (4)).

(c) *Reports Required.* A state member bank shall file a criminal referral report using a standardized form (the "Form"),[1] in accordance with instructions for the Form, in every situation where:

(1) The State member bank suspects one of its directors, officers, employees, agents, or other institution-affiliated parties of having committed or aided in the commission of a crime;

(2) There is an actual or potential loss to the state member bank (before reimbursement or recovery) of more than $1,000 where the State member bank has a substantial basis for identifying a possible suspect or group of suspects and the suspect(s) is not a director, officer, employee, agent, or institution-affiliated party of the State member bank;

(3) There is an actual or potential loss to the state member bank (before reimbursement or recovery) of $5,000 or more and where the State member bank has no substantial basis for identifying a possible suspect or group of suspects; or

(4) The State member bank suspects that it is being used as a conduit for criminal activity, such as money laundering or structuring transactions to evade the Bank Secrecy Act reporting requirements.

(d) *Time for Reporting.* (1) A state member bank shall file the report required by paragraph (c) of this section no later than 30 calendar days after the date of detection of the loss or the known or suspected criminal violation or activity. If no suspect has been identified within 30 calendar days after the date of the detection of the loss or the known, attempted or suspected criminal violation or activity, reporting may be delayed an additional 30 calendar days or

1. Copies of the Form (FR 2230) are available from the Federal Reserve Banks. The Form may be prepared using a computer shell that is distributed by the Board.

until a suspect has been identified; but in no case shall reporting of known or suspected crimes be delayed more than 60 calendar days after the date of the detection of the loss or the known, attempted or suspected criminal violation or activity. When a report requirement is triggered by the identification of a suspect or group of suspects, the reporting period commences with the identification of each suspect or group of suspects.

(2) When a State member bank detects a pattern of crimes committed by an identifiable individual, the State member bank shall file a report no later than 30 calendar days after the aggregated amount of the crimes exceeds $1,000.

(3) In situations involving violations requiring immediate attention or where a reportable violation is ongoing, the State member bank shall immediately notify by telephone the appropriate law enforcement agency and the appropriate Federal Reserve Bank in addition to filing a timely written report.

(e) *Reporting to State and Local Authorities.* State member banks are encouraged to file copies of the Form with State and local authorities where appropriate.

(f) *Exceptions.* A State member bank need not file the Form:

(1) For those robberies and burglaries that are reported to local law enforcement authorities; and

(2) For lost, missing, counterfeit or stolen securities if a report is filed pursuant to the reporting requirements of 17 C.F.R. 240.17f-1.

(g) *Retention of Records.* A State member bank shall maintain copies of any Form that it filed and the originals of all related documents for a period of 10 years from the date of the report.

(h) *Notification to Board of Directors.* The management of a State member bank shall promptly notify its board of directors of any report filed pursuant to this section.

(i) *Penalty.* Failure to file a report in accordance with the instructions on the Form and this regulation may subject the State member bank, its directors, officers, employees, agents, or other institution-affiliated parties to supervisory action.

Part 211—International Banking Operations

1. The authority citation for 12 C.F.R. Part 211 is revised to read as follows:

Authority: 12 U.S.C. 221 *et seq.*, 1818, 1841 *et seq.*, 3101 *et seq.*, 3901 *et seq.*, and Pub. L. 100–418, 102 Stat. 1384 (1988).

2. Section 211.8 is added to read as follows:

Section 211.8—Reports of crimes and suspected crimes.

(a) An Edge corporation or any branch or subsidiary thereof or an Agreement corporation or branch or any subsidiary thereof shall file a criminal referral form in accordance with the provisions of section 208.20 of the Board's Regulation H, 12 C.F.R. 208.20.

3. Section 211.24 is amended by adding a new paragraph (f) to read as follows:

Section 211.24—Nonbanking activities of foreign banking organizations.

* * * * *

(f) *Reports of Crimes and Suspected Crimes.* Except for a federal branch or a federal agency or a state branch that is insured by the Federal Deposit Insurance Corporation, a branch or agency or a representative office of a foreign bank operating in the United States shall file a criminal referral form in accordance with the provisions of section 208.20 of the Board's Regulation H, 12 C.F.R. 208.20.

Part 225—Bank Holding Companies and Change in Bank Control

1. The authority citation for 12 C.F.R. Part 225 is revised to read as follows:

Authority: 12 U.S.C. 1817(j)(13); 1818(b); 1844(b); 3106 and 3108; and Pub. L. 98–181, title IX.

2. Section 225.4 is amended by adding a new paragraph (g) to read as follows:

Section 225.4—Corporate practices.

* * * * *

(g) *Criminal referral report.* A bank holding company or any nonbank subsidiary thereof, or a foreign bank that is subject to the BHC Act or any nonbank subsidiary of such foreign bank operating in the United States, shall file a criminal referral form in accordance with the provisions of section 208.20 of the Board's Regulation H, 12 C.F.R. 208.20.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

AmSouth Bancorporation
Birmingham, Alabama

Order Approving the Acquisition of a Bank Holding Company

AmSouth Bancorporation, Birmingham, Alabama ("AmSouth"), 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 all the voting shares of Charter Banking Corp., St. Petersburg, Florida, ("Charter"), and thereby indirectly acquire First Gulf Bank, Gulfport, Florida ("First Gulf Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 30,788 (1993)). 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.

AmSouth, with total consolidated assets of $10.9 billion, operates four subsidiary banks in Alabama, Florida, and Tennessee.[2] AmSouth is the sixth largest commercial banking organization in Florida, controlling deposits of $1.4 billion, representing 1.2 percent of total deposits in commercial banking organizations in the state.[3] Charter is the 68th largest commercial banking organization in Florida, controlling deposits of $102.6 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, AmSouth would remain the sixth largest commercial banking organization in Florida, controlling deposits of $1.5 billion, representing 1.2 percent of total deposits in commercial banks in the state.[4]

AmSouth and Charter compete directly in the Tampa Bay Area banking market.[5] Upon consummation of this proposal, AmSouth would become the eighth largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $507.8 million, representing 2.1 percent of total deposits in depository institutions in the market.[6] After considering the number of competitors remaining in the market, the relatively small increase in concentration as measured by the Herfindahl–Hirschman Index ("HHI"),[7] market shares, and all other facts of record, the Board concludes that consummation of this proposal would not result in a significantly adverse effect on competition in the Tampa Bay Area banking market or any other relevant banking market.

Convenience and Needs Considerations

In reviewing 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 the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institu-

1. Upon consummation of this proposal, Charter will merge into AmSouth and First Gulf Bank will merge into AmSouth's subsidiary bank, AmSouth Bank of Florida, Pensacola, Florida ("AmSouth Florida").

2. Asset data are as of December 31, 1992.

3. State deposit data are as of June 30, 1992.

4. The Board previously has determined that the interstate banking statute of Florida permits an Alabama bank holding company to acquire banking organizations in Florida (*see SouthTrust Corporation*, 74 *Federal Reserve Bulletin* 56 (1988)), and AmSouth currently operates a commercial bank in Florida. Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § (d)).

5. The Tampa Bay Area banking market is approximated by Hernando, Hillsborough, Pasco, and Pinnelas Counties.

6. Market data are as of June 30, 1992. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

7. The HHI in this market would increase 1 point to 1456. 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 moderately concentrated. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anti-competitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

tion's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[8]

In this regard, the Board has received comments critical of AmSouth's record of performance under the CRA from the Center for Research on Human Rights, Birmingham, Alabama, and the National Community Reinvestment Network ("Protestants"). Protestants allege that AmSouth has not met the convenience and needs of low- and moderate-income African-American residents in Jefferson County and Birmingham, Alabama, and that AmSouth has not made direct investments in inner-city neighborhoods.[9]

The Board has carefully reviewed the CRA performance records of AmSouth, Charter, and their subsidiary banks, as well as the comments received regarding this application, AmSouth's responses to those comments, 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").[10]

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[11] The record in this case indicates that all of AmSouth's subsidiary banks have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance. AmSouth's lead subsidiary bank, AmSouth Bank, N.A., Birmingham, Alabama ("AmSouth Bank"), which includes Birmingham and Jefferson County in its delineated service area, received an "outstanding" rating for CRA performance from its primary regulator, the Office of the Comptroller of the Currency ("OCC"), in October 1992.[12] This rating reflects an improvement from the "satisfactory" rating received in July 1990. In addition, First Gulf Bank received a "satisfactory" rating from the FDIC in April 1992.

B. Other Aspects of CRA Performance

Lending and Investment Programs. Since the 1990 Order, AmSouth Bank has taken various steps to increase the availability of credit to its delineated community and to address disparities in its lending. AmSouth Bank offers a variety of products and services, such as first-time real estate mortgage loans, rehabilitation loans, small business loans, and home improvement loans, that are specifically designed to help meet the credit needs of its communities, including low- and moderate-income neighborhoods. In July 1992, AmSouth Bank established a low-income mortgage loan program that applies more flexible underwriting criteria than are used for conventional mortgages. Through June 1993, this program has resulted in the origination of 703 loans totaling $28 million. AmSouth also has committed to extend an additional $25 million in home mortgage loans to families earning less than 80 percent of the median income of their local community. In addition, as of July 1992, AmSouth Bank and AmSouth Mortgage Company, Birmingham, Alabama ("AmSouth Mortgage"), had $681 million in residential first-mortgage loans outstanding and $51 million in residential second-mortgage loans outstanding in the communities they serve.

AmSouth Bank is the largest investor in the Alabama Small Business Investment Company ("SBIC"), having contributed $415,000 of the $1 million fund.[13] AmSouth Bank also is the lead contributor in a multibank Community Development Corporation which, from June 1990 to March 1993, extended 112 loans totaling $4 million.

In addition, AmSouth Bank originates various government sponsored or guaranteed loans including FHA and VA mortgage loans, government-backed

8. 12 U.S.C. § 2903.

9. Protestants made substantially similar allegations relating to AmSouth's record of performance under the CRA in connection with AmSouth's application to acquire First Bank of Maury County, Columbia, Tennessee. *See AmSouth Bancorporation*, 76 *Federal Reserve Bulletin* 957 (1990) (the "1990 Order"). In reviewing those comments in 1990, the Board stated that it would monitor AmSouth's progress under the CRA in future applications to expand its deposit-taking facilities.

10. 54 *Federal Register* 13,742 (1989).

11. 54 *Federal Register* at 13,745.

12. AmSouth's other subsidiary banks have received the following CRA ratings: AmSouth Bank of Florida, Pensacola, Florida, received an "outstanding" rating from the FDIC in January 1993; AmSouth Bank of Tennessee, Nashville, Tennessee, received a "satisfactory" rating from the FDIC in September 1992; and AmSouth Bank of Walker County, Jasper, Alabama, received a "satisfactory" rating from the FDIC in January 1991. AmSouth Bank of Georgia, Summerville, Georgia, opened for business in February 1993 and has not yet had a CRA examination.

13. From April 1988 to December 1992, this SBIC extended 40 loans totaling $3.7 million.

education loans, and SBA-guaranteed loans for small businesses. As of July 31, 1992, AmSouth Bank had 30,157 FHA/VA loans outstanding totaling $819 million in Alabama, and had provided 15,541 government-backed education loans totaling $66.6 million. As of June 22, 1992, AmSouth Bank had 108 outstanding SBA loans totaling $18.7 million.

AmSouth participates in the Birmingham Community Development Corporation, Inc., a lending program, and has led efforts to establish multi-bank Community Development Corporations ("CDCs") in Mobile and Huntsville, Alabama. AmSouth Bank also has representatives on the boards of various organizations that assist minority businesses in acquiring credit including the Birmingham City Wide Local Development Corporation, the Minority Enterprise Small Business Investment Company, and the Birmingham Business Assistance Network.

In mid-1992, AmSouth Bank initiated the organization of the Montgomery Area Loan Fund, a consortium of eight banks, to provide small business development financing and capital for community development. AmSouth Bank also participated in the formation of the Greater Huntsville Loan Fund, a consortium of six area banks. In 1992, AmSouth Bank extended $265,000 in capital and lines of credit to this fund. In addition, AmSouth Bank supports municipal projects throughout Alabama.

Policies and Programs. The record indicates that AmSouth has put in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. Although primary responsibility for monitoring CRA compliance has been assigned to the Audit Committee, the board of directors has established a corporate CRA policy and reviews the performance of each subsidiary bank's management. The board of directors receives annual reports from each subsidiary bank detailing efforts to meet the requirements of CRA, and the Audit Committee reviews all CRA self-assessment reports and any signed written comments concerning a subsidiary bank's CRA performance. AmSouth also has established an Office of Community Affairs to:

(1) Ensure that each subsidiary bank fulfills its obligations under CRA;
(2) Train AmSouth officers on the requirements of CRA;
(3) Coordinate corporate CRA programs; and
(4) Evaluate the reasonableness of each subsidiary bank's CRA statement and community delineation.

A City President in each of AmSouth's delineated communities is responsible for ascertaining local credit needs and keeping staff informed of CRA-related issues and the requirements of consumer protection and fair lending laws.[14] In AmSouth's most recent CRA examination, examiners noted that AmSouth Bank's ascertainment program showed improvement because of the implementation of a credit needs assessment call program that targets community contacts and specifically gathers information on credit needs. In Birmingham, AmSouth Bank has established contact with local politicians, minority and small business organizations, civic and religious leaders, local realtors, and corporate individuals. AmSouth Bank also has hired a research firm to conduct a telephone survey of local consumers, and encourages employee involvement in local community groups.

AmSouth's Corporate Marketing Department has developed overall goals, strategies, and action plans designed to ensure that marketing and advertising programs reach all segments of the communities to be served. In particular, AmSouth Bank markets available products and services through sales calling programs and through the local media, including minority-owned radio stations and newspapers. Directors of AmSouth Bank also attend meetings of various community groups to inform members of available credit services.

C. HMDA Analysis

Protestants allege generally that data which AmSouth's subsidiary banks are required to file under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") show that AmSouth has not met the credit needs of low- and moderate-income and minority communities in Birmingham, Alabama. In this regard, the Board noted in the 1990 Order that AmSouth Bank's HMDA data for 1984-1989 showed disparities between the bank's lending in low- to moderate-income census tracts as compared with lending in high-income census tracts.

The Board has carefully reviewed HMDA data filed by AmSouth Bank and AmSouth Mortgage for the years 1990 through 1992 in the Birmingham MSA.[15] These data show improvement in AmSouth's record of lending in low- to moderate-income and minority communities. For example, data indicate that there has been an increase in the number of loan applications received by AmSouth from residents of low- to moderate-income census tracts as well as an increase in the

14. AmSouth also maintains an Office of Consumer Compliance to ensure compliance with all fair lending and consumer protection laws.

15. All 1992 HMDA data used in this analysis is preliminary data. The Birmingham MSA includes Jefferson County, Alabama.

number of loans originated in low- to moderate-income census tracts by AmSouth. These data also show that, at the same time that the number of loan applications from residents of low- to moderate-income census tracts increased, the disparity in the ratio of loan originations to loan applications in low- to moderate-income census tracts has decreased compared with the same ratio in high-income census tracts served by AmSouth.[16]

AmSouth also has shown improvement in its record of lending to minority communities. In particular, HMDA data indicate an increase in the number of loan applications received from African-Americans and in the number of loans originated to African-Americans, as well as a decrease in the percentage of denied African-American loan applications. AmSouth also has improved the ratio of loans originated to African-Americans as compared to loans originated to white residents in the Birmingham MSA.[17] The Board notes that HMDA data also indicate that mortgage loans made by AmSouth to African-Americans, as a percentage of total mortgage loans originated by AmSouth, exceeds the aggregate percentage of mortgages made by all lenders in the Birmingham MSA. In addition, AmSouth has originated a higher percentage of its total loans in low- to moderate-income census tracts to minority low- to moderate-income census tracts than all lenders in this aggregate.

Since the 1990 Order, AmSouth has undertaken a number of steps to address disparities in its record of lending to low- and moderate-income and minority communities. In June 1992, AmSouth conducted a telephone survey in low- and moderate-income census tracts in various cities, including Birmingham, Alabama. As a result of this survey, AmSouth Bank hired minority loan originators in Birmingham, Huntsville, and Mobile, Alabama, and developed a training program to ensure that all of its lending officers provide fair and equal treatment to all loan applicants.

16. In 1990, AmSouth received 281 loan applications from residents of low- to moderate-income tracts and originated 59 percent (165) of these loans. In 1991, AmSouth received 302 loan applications from residents of low- to moderate-income tracts and originated 66 percent (199). In 1992, AmSouth received 503 loan applications from residents of low- to moderate-income tracts and originated 68 percent (341). Over this period, AmSouth originated approximately 84 percent of the loan applications submitted by residents of high-income census tracts.

17. In 1990, AmSouth received 457 loan applications from African-American residents and originated 56 percent (257) of these loans. In 1991, AmSouth received 578 loan applications from African-American residents and originated 61 percent (350). In 1992, AmSouth received 627 loan applications from African-American residents and originated 65 percent (409). Over this period, AmSouth originated approximately 83 percent of loan applications submitted by white residents in the Birmingham MSA. In addition, data for these years indicate that the denial rate for African-American loan applications decreased from 36 percent to 24 percent.

To further address approval rate disparities, AmSouth Bank initiated a secondary review process for all minority purchase-money loan applications that are denied. As a result of this secondary review process, during the period June 1992 through December 1992, 27 applications have been approved, providing $1.7 million in new loans. AmSouth also retained an outside consultant to review all 1990 loan applications and the consultant determined that disparities in the approval rates between minority and non-minority mortgage loan applicants were not the result of illegal discrimination.

D. Conclusion Regarding the Convenience and Needs Factor

The Board has carefully considered the entire record, including comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. The Board also has considered the results of AmSouth Bank's most recent CRA examination conducted in October 1992 by the OCC. This examination indicated that AmSouth Bank has achieved a reasonable penetration in all segments of its local communities, and found no evidence of illegal discrimination in AmSouth Bank's lending practices.

Based on a review of the entire record of performance of AmSouth and its subsidiary banks, the Board believes that the efforts of AmSouth and its subsidiary banks to help meet the credit needs of all segments of the communities they serve, including low- and moderate-income and minority communities, are consistent with approval. The Board recognizes, however, that HMDA data indicate that some disparities in lending to low- and moderate-income and minority residents remain. In this regard, the Board will continue to monitor AmSouth's efforts in meeting the credit needs of all its communities, including low- and moderate-income and minority neighborhoods, and consider those efforts in future applications. Based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance of AmSouth, Charter, and their subsidiary banks, are consistent with approval of this application.[18]

18. Protestants have requested that the Board hold a public meeting or hearing on this application. The Board is not required under section 3(b) of the BHC Act to hold a hearing on an application unless the appropriate banking authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the OCC has not recommended denial of the proposal.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application, and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, *Other Considerations*

The Board also concludes that the financial and managerial resources and future prospects of AmSouth, Charter, and their subsidiary banks, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval.

Based on all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by AmSouth with all the commitments made in connection with this application. For the purpose of this action, these commitments and conditions will both be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law. The Board's approval also is conditioned upon AmSouth Florida obtaining the approval of the FDIC to merge with First Gulf Bank.

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

By order of the Board of Governors, effective August 23, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

interested parties have had a sufficient opportunity to present written submissions, and have submitted substantial written comments that have been considered by the Board. On the basis of all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on this application is hereby denied.

Dickinson Bancorporation, Inc.
Dickinson, North Dakota

Order Approving Acquisition of a Bank

Dickinson Bancorporation, Inc., Dickinson, North Dakota ("Dickinson"), 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 all the voting shares of First National Bank of Bowman, Bowman, North Dakota ("Bowman Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 11,411 (1993)). 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.

Dickinson is the 20th largest commercial banking organization in North Dakota, controlling deposits of $70.9 million, representing approximately 1 percent of total deposits in commercial banks in the state.[1] Bowman Bank is the 27th largest commercial banking organization in North Dakota, controlling deposits of $50.4 million, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Dickinson would become the ninth largest commercial banking organization in North Dakota. Dickinson and Bowman Bank do not compete directly in any banking market. Accordingly, based on all the facts of record in this case, consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

The Board has carefully considered the comments of a bank holding company ("Commenter") currently involved in litigation with Dickinson over the ownership of a minority (21.1 percent) interest in Dickinson's subsidiary bank, Liberty National Bank and Trust Company, Dickinson, North Dakota ("Liberty Bank").[2] In particular, the Commenter alleges that the financial projections by Dickinson do not take into account Commenter's minority interest in Liberty Bank and rely on Bowman Bank as a source of funds. In addition, Commenter asserts that Liberty Bank's managerial resources will be impaired as a result of the Bowman Bank acquisition.

The Board has carefully reviewed the financial aspects of this proposal on the basis of Dickinson owning all or, in the alternative, 78.1 percent of Liberty Bank, and without regard to dividends from Bowman Bank. In either event, Dickinson would be

1. State deposit data are as of December 31, 1992.

2. In a transaction approved in 1990 by the bank's primary regulator, the Office of the Comptroller of the Currency ("OCC"), Liberty Bank merged over Commenter's objection with a *de novo* national bank wholly owned by Dickinson and thereby "cashed out" Commenter's minority interest in Liberty Bank. Commenter sued Dickinson in federal district court, and the court held that mergers in which minority shareholders were "cashed out" were not authorized under the National Bank Act. This decision was recently reversed on appeal by a federal appellate court, which found the transaction permissible under the OCC's interpretation of the National Bank Act. Commenter has questioned Liberty Bank's payment of legal fees associated with this litigation. Dickinson has reimbursed Liberty Bank for its legal fees with the understanding that this reimbursement will be returned if Dickinson prevails in the litigation.

able to service its acquisition debt consistent with the Board's guidelines. The Board also has considered the managerial resources and capabilities of Dickinson and Liberty Bank, and Dickinson's proposed management plan for Bowman Bank, in light of all information in the record, including the assessment of managerial resources contained in reports of examination from Liberty Bank's primary regulator, the OCC. On the basis of all facts of record, the Board concludes that Commenter's objections do not warrant denial of this proposal, and that the financial and managerial resources and future prospects of the institutions involved are consistent with approval of the application.

Considerations relating to the convenience and needs of the communities to be served, and other supervisory factors the Board must consider under section 3 of the BHC Act are also consistent with approval of this application.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on Dickinson's compliance with the commitments made in connection with this application. All of the commitments and conditions relied upon by the Board in reaching its decision are both conditions imposed in writing in connection with the Board's findings and decision and, as such, may be enforced in proceedings under applicable law. The transaction approved in this Order shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 2, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

First United Bank Group, Inc.
Albuquerque, New Mexico

Ford Bank Group, Inc.
Lubbock, Texas

Ford Bank Group Holdings, Inc.
Wilmington, Delaware

Order Approving Acquisition of Banks

First United Bank Group, Inc., Albuquerque, New Mexico, Ford Bank Group, Inc., Lubbock, Texas, and Ford Bank Group Holdings, Inc., Wilmington, Delaware (together "Ford"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Texas Commerce Bank National Association, Lubbock, Texas ("TCB-Lubbock").[1] Ford also has applied to establish a *de novo* bank subsidiary, Midland National Bank, Midland, Texas ("Midland").[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 33,097 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Ford has consolidated assets of approximately $3.4 billion, and controls 19 banks in Texas and New Mexico.[3] Upon consummation of this proposal, Ford would become the 16th largest commercial banking organization in Texas, controlling deposits of $1.3 billion, representing approximately 1 percent of the deposits in commercial banks in the state.[4]

Competitive Effects

In every bank holding company application to acquire a bank, the Board must consider the competitive aspects of the proposal. In this regard the Board has carefully reviewed comments opposing the proposal from an individual ("Protestant"). In particular, Protestant contends that this proposal will materially lessen competition for all banking activities in Lubbock, Texas. Ford and TCB-Lubbock compete in the Lubbock County banking market.[5]

Ford is the largest depository institution[6] in the

1. First United Bank Group owns Ford Bank Group which is a multi-bank holding company that owns Ford Bank Group Holdings. TCB-Lubbock will be merged into First National Bank of West Texas, Lubbock, Texas ("FNB-West Texas"), a wholly owned subsidiary of Ford.

2. Midland will purchase certain assets and assume certain liabilities from Texas Commerce Bank National Association, Midland, Texas.

3. Asset data are as of June 30, 1993.

4. Market deposit data are as of June 30, 1992.

5. The Lubbock County banking market is approximated by Lubbock County, Texas.

6. In this context, depository institutions include commercial banks, savings banks, and savings associations. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City*

Lubbock banking market, controlling deposits of $610 million, representing 24.9 percent of total deposits in depository institutions in the market ("market deposits"). TCB-Lubbock is the fifth largest depository institution in the market, controlling deposits of $171.2 million, representing 7 percent of market deposits. Upon consummation of this proposal, Ford would remain the largest depository institution in the Lubbock banking market, controlling deposits of $781.2 million, representing 31.9 percent of market deposits.[7] The Herfindahl-Hirschman Index ("HHI") would increase by 347 points to 1761, and therefore not exceed the threshold standards in the Department of Justice's revised guidelines.[8]

A number of other factors also indicate that this proposal would not have an adverse effect on competition. For example, upon consummation of this proposal, fourteen depository institutions, including one national commercial banking organization, would continue to serve the market. In addition, the legal barriers to entry are low. Texas permits statewide branch banking and nationwide interstate banking, which facilitates entry into the market for potential competitors.

Ford's acquisition of Midland also would not have an adverse effect on competition in the Midland banking market because Ford currently does not control deposits in this market.[9] Ford would become the second largest depository institution in the Midland banking market, controlling deposits of $265 million, representing 20 percent of market deposits.

Based on all the facts of record, and for the reasons discussed above, the Board believes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Ford, its subsidiaries, TCB-Lubbock, and Midland, are consistent with approval of this proposal. Convenience and needs considerations and the other supervisory factors that the Board is required to consider under section 3 of the BHC Act, also are consistent with approval.[10]

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made by Ford in connection with this application. For purposes of this action, these commitments and conditions relied on 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.

Corporation, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). In considering the competition offered by thrifts in all banking markets in this case, thrift deposits are weighted at 50 percent.

7. Protestant also has expressed concern that this transaction would lessen competition among the trust departments operating in Lubbock. For the reasons explained in previous decisions, the Board continues to believe that the competitive analysis of bank expansion proposals should be based on the availability of the cluster of banking services to a range of customers in the local banking market. *See SouthTrust Corporation*, 78 *Federal Reserve Bulletin* 710, 713 (1992); *First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52, 53 (1991); *United States v. Philadelphia National Bank*, 374 U.S. 321 (1963). Protestant has provided no data supporting treatment of trust services as a separate product market. In any event, the Board has considered the effect of this proposal on trust services, and given the availability of these services by depository institutions and others, and the broad geographical market for these services, the Board has determined that this proposal would not have a significantly adverse effect on competition for trust services in the Lubbock banking market.

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

9. The Midland banking market is approximated by Midland County, Texas.

10. Protestant has expressed concern about the future employment of individuals who worked at TCB-Lubbock. In response, Ford has stated that four of the six officers who worked at TCB-Lubbock have accepted offers of employment with FNB-West Texas. One of the remaining officers has been offered employment at another Texas Commerce Bank subsidiary. FNB-West Texas also plans to hire most of the remaining employees of TCB-Lubbock. Ford has committed to provide full severance benefits for those few employees of TCB-Lubbock who ultimately are affected by the acquisition.

In addition, Protestant believes that this merger would cause the closing of an office building in downtown Lubbock, and, therefore, adversely affect the development of the downtown area. Protestant also has asked that no merger be permitted without requiring the present management of TCB-Lubbock to investigate the possibility of local investors buying the bank. Ford has stated that TCB-Lubbock currently occupies a portion of one office building in downtown Lubbock and that this acquisition will not affect the economic vitality of the downtown area. Protestant has not stated any reason why the sale of TCB-Lubbock to non-local investors should adversely impact the convenience and needs considerations that the Board is required to examine under the BHC Act. The Board notes that the majority of the senior management from TCB-Lubbock has accepted employment at FNB-West Texas. In addition, the Board expects that Ford will continue to meet its statutory obligation to serve the convenience and needs of Lubbock after this acquisition. Based on all the facts of record, the Board does not believe that these comments cause the balancing of the convenience and needs factors to be inconsistent with approval of this proposal.

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

By order of the Board of Governors, effective August 30, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

PNC Bank Corp.
Pittsburgh, Pennsylvania

Order Approving Acquisition of a Bank

PNC Bank Corp., Pittsburgh, Pennsylvania ("PNC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire The Massachusetts Company, Boston, Massachusetts ("TMC").[1]

Notice of this application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 31,714 (1993)). 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.

PNC, with total consolidated assets of $51.5 billion, operates 13 subsidiary banks in Pennsylvania, Kentucky, Ohio, Indiana, New Jersey, and Delaware.[2] Upon consummation of this proposal, PNC would become the tenth largest commercial banking organization in Massachusetts, controlling deposits of $644.6 million, representing approximately 1.2 percent of the deposits in commercial banks in the state.[3]

Financial, Managerial, and Competitive Considerations

The Board concludes that the financial and managerial factors and future prospects of PNC and TMC, and other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this application. The competitive factors under section 3 also are consistent with approval.

Convenience and Needs Considerations

In considering an application under the BHC Act, the Board is required to consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory agency to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institutions," and to take that record into account in its evaluation of bank holding company applications.[4]

In this regard, the Board has received comments from the Pittsburgh Community Reinvestment Group supporting PNC's application to purchase TMC. The Board also has received comments from the United Paperworkers International Union ("Protestant") alleging that 1991 Home Mortgage Disclosure Act ("HMDA") data indicate that PNC rejects minority mortgage applicants at rates far higher than white applicants.[5] The Board has carefully reviewed the CRA performance record of PNC, as well as all comments received, the responses to those comments, and all the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[6]

1. TMC became a bank for purposes of the BHC Act upon enactment of the Competitive Equality in Banking Act of 1987 ("CEBA"), but its ownership by The Travelers Corporation was grandfathered under section 101(c) of CEBA.
2. Asset and state banking data are as of March 31, 1993.
3. The Board previously has determined that the interstate banking statute of Massachusetts permits a Pennsylvania bank holding company to acquire banking organizations in Massachusetts. *See Mellon Bank Corporation*, 79 *Federal Reserve Bulletin* 626 (1993). Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § (d)).
4. 12 U.S.C. § 2903.
5. The HMDA requires banks to report certain information regarding loan applications, approvals, and denials to the various banking agencies and the public. This information includes data on the race, gender, and income of individual loan applicants, as well as the location of the property securing the potential loan, and a description of the application.
6. 54 *Federal Register* 13,742 (1989).

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[7] In this case, the Board notes that all of PNC's 13 subsidiary banks received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance.[8] In addition, TMC received a "satisfactory" rating during its most recent examination of its CRA performance conducted by the FDIC in August 1991.

B. Analysis of HMDA Data and Other Lending Activities

The Board has carefully reviewed the 1991 HMDA data reported by PNC in light of the Protestant's comments. These data indicate that, as a general matter, PNC has extended a significant number and percentage of home mortgage loans in low- and moderate-income neighborhoods. In certain neighborhoods, however, the data reflect disparities between the loan rejection rates for minority applicants when compared to white applicants.

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

The Board notes that the most recent CRA examinations of all 13 PNC subsidiary banks found no evidence of illegal discrimination or other illegal credit practices.[9] In this regard, examiners randomly selected and reviewed the banks' loan documentation, including files for rejected loans.

The Board also notes that PNC has taken a number of steps to address the disparities in its HMDA data. For example, PNC affiliates have fair mortgage lending programs that include credit counseling, second loan reviews, sensitivity training, special mortgage products, marketing to minorities, minority business goals, and compliance monitoring. In 1992, PNC Bank-Pittsburgh created the Community Mortgage Department which is a specialized unit dedicated to originating and underwriting mortgage loans in Pittsburgh.

PNC has worked with community groups in all markets to establish or renew support for local credit counseling programs to help minority and low-income applicants. In Pittsburgh, this initiative led to the development of the Community Lender Credit Program designed to provide comprehensive credit and financial education to low-income Pittsburgh residents. In Dayton, PNC participates in Neighbor to Neighbor, Inc., a program designed to provide technical assistance services, training and financial resource development to neighborhood-based development corporations.

PNC offers special mortgage products to attract minority customers. For example, the Neighborhood Mortgage Program in Pittsburgh and similar programs in other markets, offer reduced interest rates, points and fees, higher acceptable debt-to-income and loan-to-value ratios and specialized credit histories for borrowers who normally do not use credit. In Cincinnati, PNC met with community groups and enhanced its Open Door Mortgage program to better meet minority credit needs. These enhancements included a zero downpayment requirement for the lowest income homebuyers, flexible underwriting criteria and reduced interest rates.

PNC affiliates help meet the credit needs of small businesses through loans, investments, and technical assistance. For example, PNC banks in Pennsylvania have committed $1 million to the Keystone Minority Capital Fund which will be managed by local minority enterprise corporations in Pittsburgh and Philadelphia. The Fund will provide both start-up and development financing to Black, Hispanic, and Asian owned businesses. In Philadelphia, PNC worked with the His-

7. *Id.* at 13,745.

8. PNC's lead subsidiary bank, PNC Bank, N.A., Pittsburgh, Pennsylvania, is the product of a merger between Pittsburgh National Bank, Pittsburgh, Pennsylvania, Provident National Bank, Philadelphia, Pennsylvania, and Marine Bank, Erie, Pennsylvania. At present, the consolidated PNC Bank, N.A. has not received a CRA exam rating, but the former Pittsburgh National Bank had received an "outstanding" rating for two years in a row from the Office of the Comptroller of the Currency ("OCC") prior to the merger and Provident National Bank also received an "outstanding" rating from the OCC. Marine Bank did not receive a public CRA rating from the Federal Deposit Insurance Corporation ("FDIC").

9. Protestant identified PNC Bank of Pittsburgh, Central Trust of Ohio, and Provident National Bank as PNC subsidiaries that reject minority mortgage applicants at rates higher than for white applicants. PNC Bank of Pittsburgh and Provident National Bank are now part of PNC Bank, N.A., Pittsburgh, Pennsylvania. Central Trust is now part of PNC Bank, Ohio, N.A., Cincinnati, Ohio.

panic Chamber of Commerce to establish a special multibank micro-business loan pool. In 1992, PNC made over $150 million available in new credit to small businesses located in low- and moderate-income neighborhoods. PNC banks also provide Small Business Administration ("SBA") loans and have been named preferred lenders under the SBA Preferred Lender Program.

PNC also helps meet the credit needs of its communities through its participation in programs such as Project HOPE. This program is designed to help unemployed and underemployed homeowners, who are having difficulty meeting mortgage payments and risk foreclosure, keep their homes. Further, PNC also has helped to develop affordable rental housing for low-income communities. For example, PNC made over $50 million in loans to non-profit developers of affordable rental housing in 1992 and provided over $10 million in equity investments in affordable rental projects during that time.

C. Additional Elements of CRA Performance

In addition to HMDA data and other lending activities, the Board also has considered other elements of the CRA performance of PNC. The record indicates that PNC has in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. In evaluating a bank's CRA program the Board examines factors such as, but not limited to, a bank's corporate CRA policies, its ascertainment of community needs and its marketing efforts.

PNC has in place the types of corporate policies necessary to ensure a successful CRA program. For example, PNC Bank-Pittsburgh has a CRA Policy committee, whose membership includes the chief executive officer, that exercises policy supervision for the CRA program at the bank. The committee's responsibilities include internal audit examinations designed to verify that compliance with CRA regulatory requirements is consistently met. PNC affiliates also prepare annual CRA Business Plans designed to meet the requirements of the PNC CRA Model Compliance Program. The Model Compliance Program establishes minimum standards and encompasses compliance with each of the 12 CRA regulatory assessment factors used by bank supervisory agencies.

A major focus of PNC's ascertainment of community credit needs is through outreach to community-based organizations. PNC requires that subsidiary banks regularly meet with community leaders. Ascertainment findings are then analyzed by senior management to determine if new products need to be developed.

PNC markets its CRA-related products through a wide variety of media. In addition to traditional media advertising, PNC utilizes minority newspaper advertisements and spots on minority radio stations. For example, PNC officers in Cincinnati have been guests on a minority radio station to discuss the bank's special mortgage products for minorities and low- and moderate-income individuals. In Pittsburgh, PNC has sponsored radio and television shows on minority owned stations. PNC also has advertised in Spanish when appropriate for a particular market.

D. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all the facts of record, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. In considering PNC's CRA record, the Board has examined PNC's record of lending to minorities, including HMDA data, as well as other aspects of PNC's CRA performance, such as the various types of lending programs offered by PNC, its subsidiaries' CRA ratings, PNC's corporate CRA policies, and its ascertainment and marketing efforts. Based on a review of the entire record of this application, including the most recent CRA performance examinations of the institutions involved in this case, the Board believes that the efforts of PNC to help meet the credit needs of all segments of the communities served, including low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of this application.

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

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

By order of the Board of Governors, effective August 4, 1993.

Voting for this action: Governors Kelley and LaWare under authority specifically delegated by the Board of Governors.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Commerzbank Aktiengesellschaft Frankfurt am Main, Federal Republic of Germany

Order Approving Application to Engage in Futures Commission Merchant Activities and Other Nonbanking Activities

Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany ("Applicant"), a foreign banking organization subject to the provisions of the Bank Holding Company Act ("BHC Act"),[1] has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to engage *de novo* through its subsidiary, CB Clearing, Inc., Chicago, Illinois ("Company"),[2] in clearing trades of institutional customers relating to futures contracts and options on futures contracts that have been executed by nonaffiliated floor brokers, and in other futures commission merchant ("FCM") and related nonbanking activities. In particular, Company proposes to engage in the following nonbanking activities:

(1) Acting as a FCM for nonaffiliated persons in the execution and clearance, and in the clearance without execution, on the Chicago Mercantile Exchange ("CME") and the Board of Trade of the City of Chicago ("CBOT") of futures contracts and options on futures contracts for bullion, foreign exchange, government securities, certificates of deposit, and other money market instruments that a bank may buy or sell in the cash market for its own account, pursuant to section 225.25(b)(18) of the Board's Regulation Y (12 C.F.R. 225.25(b)(18));

(2) Acting as a FCM for nonaffiliated persons in the execution and clearance, and in the clearance without execution, of Standard and Poor's 500 Stock Price Index futures and options on such futures traded on the CME and The Bond Buyer Municipal Bond Index futures, options on The Bond Buyer Municipal Bond Index futures, and Major Market Index Maxi Stock Index futures traded on the CBOT;[3]

(3) Acting as a FCM for nonaffiliated persons in the purchase and sale on customer order, through omnibus accounts on certain major futures exchanges other than the CME and the CBOT, of futures contracts and options on futures contracts for bullion, foreign exchange, government securities, certificates of deposit, other money market instruments that a bank may buy or sell in the cash market for its own account, and those futures contracts and options on futures contracts listed in the Appendix;[4] and

(4) Data processing and transmission services, pursuant to section 225.25(b)(7) of the Board's Regulation Y (12 C.F.R. 225.25(b)(7)).

Applicant has committed that Company will conduct these activities in accordance with the provisions and subject to the limitations of Regulation Y (12 C.F.R. 225.25(b)(18) and 225.25(b)(7)).[5]

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (57 *Federal Register* 22,769 (1992)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of approximately $149.2 billion, is the fourth largest banking organization in the Federal Republic of Germany and the 35th largest banking organization in the world.[6] In the United States, Applicant operates branches in New York, New York; Chicago, Illinois; and Los Angeles, California; and an agency in Atlanta, Geor-

1. As a foreign banking organization operating branches and an agency in the United States, Applicant is subject to certain provisions of the BHC Act by operation of section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)).

2. Applicant owns 62.5 percent of the voting shares of Company. The remaining voting shares are owned by senior management officials of Company.

3. Company currently conducts the same FCM clearing activities described in the proposal for affiliated persons pursuant to section 4(c)(1)(C) of the BHC Act (12 U.S.C. § 1843(c)(1)(C)) and section 225.22(a)(1) of the Board's Regulation Y (12 C.F.R. 225.22(a)(1)).

4. Company would not become a member of any of the exchanges identified for this activity, or any other exchange except for the CME and the CBOT, without prior notice to and, if required, approval by the Federal Reserve System. *See* SR Letter No. 93-27 (FIS) (May 21, 1993).

5. The Board notes that Company would not trade for its own account except for the purpose of hedging a cash position in the related financial instrument as permitted by Regulation Y (*see* 12 C.F.R. 225.25(b)(18)(ii)) or to offset or liquidate a clearing error arising in the normal course of business. The Board considers such trading for the purpose of correcting clearing errors to be incidental to the permissible FCM activities under Regulation Y and the Board's previous orders, and therefore to be consistent with approval of this application.

6. Asset and ranking data are as of December 31, 1991, and employ exchange rates then in effect.

gia. In addition to these banking operations, Applicant owns a finance company, Commerzbank U.S. Finance, Inc., Wilmington, Delaware, and, pursuant to the grandfather provisions of section 8(c) of the International Banking Act of 1978 (12 U.S.C. § 3106(c)), engages in investment banking and securities brokerage activities through Commerzbank Capital Markets Corporation, New York, New York ("CCMC").

Company has registered as a FCM with the Commodity Futures Trading Commission ("CFTC"), and therefore is subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*) and the CFTC. In addition, Company is a member of the National Futures Association, and Company and its officers have obtained the memberships necessary for Company to become a clearing member of the CME and the CBOT.

Proposed Activities

Applicant seeks authority for Company to execute and clear trades as a FCM on the CME and the CBOT. In addition, Applicant seeks authority for Company to clear trades of sophisticated institutional investors[7] that have been executed by nonaffiliated floor brokers. In particular, Company proposes to accept for clearance orders of its customers that have been executed by preapproved execution groups pursuant to so-called "give-up agreements".[8] Applicant expects that, initially, this clearing-only FCM activity will be the primary activity of Company, and that Company will provide only limited execution services.[9] Company would not be the primary clearing firm for any non-clearing member on the CBOT, and would not qualify any non-clearing member on the CME.[10]

Company also proposes to conduct FCM activities through omnibus customer trading accounts established in its own name with clearing members of the exchanges on which Company would not itself be a clearing member.[11] These omnibus accounts would be used for customers of Company wishing to purchase or sell contracts on such exchanges, and would be divided into segments reflecting separately the positions of each such customer. Using these omnibus accounts, Company could, as agent for customers, purchase and sell contracts described in section 225.25(b)(18) of Regulation Y or listed in the Appendix through a clearing member of the relevant exchange. Alternatively, a customer of Company could place orders for such contracts, for its segment of an omnibus account, directly with the clearing firm with which Company maintains the omnibus account.

In addition, Company proposes to engage in certain financial data processing activities in connection with its FCM services, including the creation of trade data, the production of account statements and activity reports, and the balancing of clearing accounts.[12]

7. Applicant expects these institutional investors to include banks, corporations, insurance companies, and pension and investment funds, and has stated that it will not perform FCM services for customers who are not "institutional customers" as defined in 12 C.F.R. 225.2(g)(1) and (2). Company will not execute or clear contracts, or perform other FCM services, for individuals (including locals, market makers, specialists, and other professional floor traders acting for their own accounts).

8. Under a give-up agreement, the executing floor broker or execution group, pursuant to a customer's instructions, gives up the order for clearance to a clearing member other than the executing broker's primary (or qualifying) clearing firm. These agreements will describe the parameters for each customer within which Company would be obligated to accept an order for clearance. Orders not satisfying the risk and other parameters established by the relevant give-up agreement may be rejected by Company.

9. Applicant has stated that although Company would have the long-term objective of creating a full-service execution capability, Company does not intend initially to employ phone clerks or salaried floor brokers. However, at a customer's request, Company would employ "dedicated" phone clerks to enter the customer's orders into a specified exchange pit. In addition, Company eventually could employ "general" phone clerks that would compete with execution groups for the right to provide order entry and execution services.

10. *See generally* CBOT Rules 333.00(a) and 350.06; CME Rules 511 and 524.

11. An omnibus account is an arrangement between a member clearing firm of an exchange and a nonmember FCM that seeks to conduct business on that exchange. Under such an arrangement, the member clearing firm executes and clears transactions for the nonmember FCM and its customers. The omnibus account reflects all positions of the nonmember FCM's customers, but is divided into separate segments for each customer for purposes of calculating margin requirements, reporting current holdings, and other matters. Applicant has stated that this service would be provided as an accomodation to institutional customers: the customer would not need to open its own account with a clearing member, a transaction which may not be justifiable if anticipated trading activity is minimal, and Company would be able to provide each customer with a single statement describing the customer's overall futures position. Company would be financially responsible to the clearing member with which it establishes an omnibus account with respect to all trades properly made by the clearing member through the account, but would not hold an ownership interest in the traded contracts.

12. Company also proposes to engage in certain other activities which Applicant maintains are incidental to its FCM services, including the management of institutional customer funds under its control and the provision to institutional customers, on request, of general advice as to sources of information, the selection and arrangement of an appropriate execution group, the availability of computer software relating to futures and options on futures, order placement alternatives, and cost-reduction methods in the use of futures and options for hedging purposes. Applicant has stated that Company's funds management activities will consist of investing customers' earned or deposited funds (including funds deposited for purposes of satisfying margin requirements) in obligations of the United States in accordance with applicable rules of the CFTC. *See* 17 C.F.R. 1.25 *et seq.* Company would not provide investment advice relating to futures, options on futures, or any other matter. In view of Applicant's commitments and representations with respect to these incidental services, the Board has determined that such services are an integral part of Company's proposed FCM activities, including its marketing efforts on behalf thereof, and therefore necessary to the conduct of such activities.

Closely Related to Banking Standard

The Board previously has determined by regulation or order that the provision of FCM services for the futures contracts and options on futures contracts at issue in this application is an activity closely related to banking for purposes of section 4(c)(8) of the BHC Act.[13] In addition, the Board has authorized by regulation the provision of the financial data processing services proposed to be offered by Company. *See* 12 C.F.R. 225.25(b)(7).

Proper Incident to Banking Standard

In order to approve this application, the Board also must find that the performance of the proposed activities by Company "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." 12 U.S.C. § 1843(c)(8).

The Board previously has denied a proposal in which a nonbanking subsidiary of a bank holding company primarily would have cleared, but not executed, trades for professional floor traders (primarily market makers and specialists) trading for their own accounts on major securities and commodity exchanges. *See Stichting Prioriteit ABN AMRO Holding, et al.*, 77 *Federal Reserve Bulletin* 189 (1991) ("*Amro Order*"). In the *Amro Order*, the Board was concerned that, by not engaging in both the execution and clearance of a trade, the nonbanking subsidiary would have been unable to decline transactions that presented unacceptable risk. In this regard, the subsidiary would have been obligated to settle each trade entered into by one of its customers, even if the customer did not have the financial resources to honor its obligations. The Board also noted that no mechanism existed in that case by which the nonbanking subsidiary could monitor, on a contemporaneous basis, the intra-day trading activities of the floor traders who were to be its primary customers.[14] On the basis of this inability of the subsidiary to monitor and control the risks it would undertake, and in light of the fact that clearing agents must guarantee the financial performance of their customers to the clearing houses of the exchanges on which they operate, the Board concluded that the proposed activity presented substantial credit risk exposure to the parent bank holding company, and that public benefit considerations precluded approval of the applications under section 4(c)(8) of the BHC Act.

Applicant's proposal differs from the situation presented in the *Amro Order* in a number of respects. For example, in the *Amro Order*, the bank-affiliated FCM would have been the primary clearing firm for customers (market makers and other professional floor traders acting for their own accounts) who executed their own trades. As a primary clearing firm, the FCM would have been obligated to clear all trades executed by any of these customers regardless of the risk to the FCM or the ability of the customer to meet its financial obligations. In the present case, by contrast, Company would not serve as the primary or qualifying clearing firm for any broker that executes Company's clearing-only trades, or for any nonaffiliated customer. Company would clear only those trades that Company itself executes, or that other executing brokers execute and Company accepts for clearance pursuant to a customer give-up agreement.[15]

Applicant has represented that, under these give-up agreements, Company will have the contractual right to refuse to clear trades that exceed the trading parameters established by Company and contained in the give-up agreement for the particular customer concerned. As an operational matter, if a trade varies from the customer's authorized limits as set forth in the relevant give-up agreement, Company would be able to reject the trade, either by refusing to accept the order from the customer or, if the customer places the order with the executing broker and the trade is executed, by refusing to clear the trade. In this regard, the Board notes that Company will have a period of time in which to determine whether a trade already executed was within established parameters and otherwise properly authorized and, if the trade was not properly authorized, to decide whether to reject the trade for clearance.[16] In connection with Company's

13. *See* 12 C.F.R. 225.25(b)(18); *The Long-Term Credit Bank of Japan, Limited*, 74 *Federal Reserve Bulletin* 573 (1988) (Standard and Poor's 500 Stock Price Index futures, and options on such futures); *The Hongkong and Shanghai Banking Corporation, et al.*, 76 *Federal Reserve Bulletin* 770 (1990) (The Bond Buyer Municipal Bond Index futures, and options on such futures, and Major Market Index Maxi Stock Index futures). *See also* the Board's orders referred to in the Appendix.

14. *See Amro Order* at 191.

15. The Board notes that, in these circumstances, an executing broker ordinarily will have an incentive to review all trades that it gives up for clearance to a nonaffiliated clearing FCM, because the clearing FCM, pursuant to the give-up agreement, may refuse to accept the trade for clearance if the trade exceeds the customer's trading limits or otherwise does not conform to the parameters contained in the give-up agreement. In such a case, the executing broker or its primary or qualifying clearing firm would be obligated to clear the trade. The Board also notes that Company will not knowingly enter into any give-up agreement where the customer and the execution group are affiliated.

16. Under the rules of the CBOT, the pertinent execution group would be required to deliver trading cards to Company within 15 minutes after the half-hour interval during which an order was executed or 15 minutes after the close of the relevant market; because

ability to refuse to clear non-conforming trades, the Board also notes that Company would implement a computerized risk management system to monitor and control risk on both an inter-day and intra-day basis. Company's risk management department, in addition to monitoring each account on a daily basis for violations of risk parameters, will review each trade before accepting it for clearance.[17]

In addition, the Board has noted that Company's proposed customer base consists of sophisticated institutional investors.[18] Company will review the creditworthiness and other characteristics of each potential customer, and, based on such review, will approve or reject the customer and establish appropriate trading, credit, margin, and exposure limits for the customer.[19] Also, as previously noted, Company will accept for clearance only trades executed by preapproved execution groups trading on the CBOT or the CME.[20]

On the basis of the framework described in this Order, including the fact that Company will not be the primary or qualifying clearing firm for any broker that executes Company's clearing-only trades, or for any nonaffiliated customer, and the other contractual and operational distinctions between Applicant's proposal and the proposal reviewed in the *Amro Order*, as well as other facts of record, the Board has determined that credit and other risk considerations associated with the proposed clearing-only activities on the CME and the CBOT are consistent with approval of this application. In this regard, the Board notes that it recently has approved applications by two bank-affiliated FCM's to engage in clearing-only activities on these exchanges. *See Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723 (1993) ("*Northern Trust*"); *Sakura Bank, Limited*, 79 *Federal Reserve Bulletin* 728 (1993) ("*Sakura Bank*").

Based upon all the facts of record, including the foregoing considerations and the commitments made by Applicant regarding the conduct of the proposed activities and other matters,[21] the Board has determined that the performance of the proposed activities by Company can reasonably be expected to produce benefits to the public that would outweigh any possible adverse effects of this proposal. In this regard, the Board expects that consummation of the proposal will provide added service and convenience to Applicant's customers, and that the *de novo* entry of Company into the market for the proposed services in the United States will increase the level of competition among providers of those services. Moreover, there is no evidence in the record to indicate that consummation of this proposal, subject to the commitments and conditions noted in the application or in this Order, would result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest,[22] or unsound bank-

CBOT rules require that trades be submitted to the clearing corporation for matching within one hour after the end of any such half-hour interval or market close, Company would have at least 45 minutes to review a trade before it would be required to submit the trade to the CBOT Clearing Corporation for matching. *See* Memorandum of CBOT dated May 3, 1990; CBOT Clearing Corporation Submission Deadlines dated November, 1991. Under the comparable rules of the CME, Company would have at least one hour to review a trade before submitting it to the exchange's clearing house. *See* CME Clearing Member Transfer Agreement Procedures Guide dated May, 1989; Memorandum of CME Clearing House Division dated February 26, 1990.

17. Any trade not properly authorized or outside the parameters agreed to by Company would need to be reviewed by Company's officer responsible for risk management, who could decide to accept the trade despite such non-conformance. In particular, the risk manager will have authority to the extent prescribed by Company's Executive Committee to approve some trades that do not conform to general risk system parameters. Trades that would violate a customer's specific risk parameters may be accepted by the risk manager only if the trade results in a reduction of overall portfolio risk.

18. It is a condition of the Board's approval in this case that Applicant provide the Federal Reserve System with prior notice of any significant change in the characteristics of Company's customer base.

19. Company's Executive Committee will serve as a credit committee to evaluate the creditworthiness of all potential clients. This evaluation will include examination of a potential customer's current and prior financial statements, the customer's previous trading statements, and a profile of the customer's intended market usage. A review of the customer's credit standing will be conducted at least annually. The committee will have the benefit of consultations with Applicant's credit departments in Chicago and Frankfurt.

20. Applicant has stated that Company would approve an execution group only if the floor brokers and their primary or qualifying clearing firms satisfy Company's financial, managerial, and operational standards.

21. In this regard, the Board has noted that Company would employ the same credit approval and risk management procedures developed for its clearing-only activities with respect to its omnibus account customers. In particular, Company's omnibus account activities will be conducted only pursuant to agreements which impose duties on clearing firms to comply with Company's instructions as to customer trade parameters. In addition, Company would open omnibus accounts only with clearing firms that satisfied Company's financial, managerial, and operational standards. The Board has approved these omnibus account activities for other bank-affiliated FCM's. *See Northern Trust, supra; Sakura Bank, supra.*

22. Applicant has made numerous commitments designed to separate the operations of Company from the operations of CCMC, which is a securities firm that Applicant is permitted to retain under the grandfathering provisions of the International Banking Act of 1978. *See* 12 U.S.C. § 3106(c). Applicant has requested that the Board permit an individual, who is a member of the board of CCMC, to serve as chairman of Company's board of directors. This individual has general oversight authority over several subsidiaries of Applicant, and would not have daily management or operational responsibilities with respect to either CCMC or Company. Company and CCMC would not engage in any activities or transactions with or on behalf of the other company, and, with the exception of the proposed director interlock, would not maintain any other relationship of any kind. In addition, this individual would not disclose to Company any confidential information of CCMC, or vice versa. In view of the commitments and representations made by Applicant in this case, the Board has concluded that the interlock proposed in this case does not provide the potential for any significant competitive advantage or conflict of interest, and is a prudent measure to provide control and awareness of Applicant's nonbanking operations in the United States. *See Deutsche Bank AG*, 79 *Federal Reserve Bulletin* 133 (1992). Accordingly, the Board does not object to the establishment of the proposed director

ing practices, that are not outweighed by these expected public benefits. In making this determination, the Board has considered the financial and managerial resources of Applicant and its subsidiaries, including Company, and the effect of this proposal upon such resources, and has concluded that these factors are consistent with approval of this application.[23]

Based on all the facts of record, including all the commitments made by Applicant in this case and the conditions and limitations discussed in this Order, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance with all of the commitments made in connection with this application and with the conditions and limitations discussed in this Order. The Board's determination also is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) 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 assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, the commitments and conditions relied on 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 later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 2, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

interlock. Any change in the individual serving as the interlocking director, or in the responsibilities or role of this individual over the operations or management of CCMC or Company, would require prior approval by the Board.

23. *See* 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987). In this regard, the Board has noted that Applicant's capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. The Board specifically has considered the size of the investment expected to be required by this proposal in relation to Applicant's consolidated capital.

Appendix

Deutsche Terminborse GmbH:

Deutsche Aktienindex 30 stock index (DAX) futures[1]
German government bond futures[1]

Kansas City Board of Trade:

Mini Value Line futures[2]
Value Line Index futures[3]

London International Financial Futures and Options Exchange:

3-Month Eurodollar Deposit Interest Rate futures[4]
3-Month Sterling Deposit Interest Rate futures[4]
U.K. Bond futures[4]

Marche A Terme International de France:

French Government Bond Index futures[4]

New York Futures Exchange:

New York Stock Exchange Composite Index futures[3]
Options on the NYSE Composite Index futures[3]

Philadelphia Board of Trade:

National Over-The-Counter Index futures[5]

Singapore International Monetary Exchange:

Nikkei 225 Stock Average futures[6]

Tokyo International Financial Futures Exchange:

3-Month Euroyen futures[7]
3-Month Eurodollar futures[7]
Japanese Yen/U.S. dollar futures[7].

1. *Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723 (1993).
2. *Saban, S.A.*, 73 *Federal Reserve Bulletin* 224 (1987).
3. *Manufacturers Hanover Corporation*, 72 *Federal Reserve Bulletin* 144 (1985).
4. *The Hongkong and Shanghai Banking Corporation, et al.*, 76 *Federal Reserve Bulletin* 770 (1990).
5. *The Chase Manhattan Corporation*, 72 *Federal Reserve Bulletin* 203 (1986).
6. *BankAmerica Corporation*, 75 *Federal Reserve Bulletin* 78 (1988).
7. *Citicorp*, 76 *Federal Reserve Bulletin* 664 (1990).

Dissenting Statement of Governor Angell

The Board previously has required that a foreign banking organization that operates a grandfathered securities subsidiary in the United States separate completely the operations of this subsidiary from the operations of other U.S. subsidiaries of the organization engaged in activities approved under the bank Holding Company Act. The Board has required this separation to ensure that foreign banking organizations will not gain an unfair competitive advantage over domestic bank holding companies by combining impermissible activities of a grandfathered subsidiary with the permissible activities of other subsidiaries, or by otherwise using the grandfathered subsidiary to support or enhance the activities of the organization's other domestic subsidiaries.

I do not believe that allowing Commerzbank to have a director interlock between CB Clearing and CCMC is consistent with the Board's prior policy of completely separating grandfathered subsidiaries from other domestic subsidiaries of foreign banking organizations. Allowing a director interlock may, in fact, serve to undermine this policy. For this reason, I would deny this application.

August 2, 1993

First Hawaiian, Inc.
Honolulu, Hawaii

Order Approving Applications to Acquire a Savings Association and to Engage in Insurance Agency Activities

First Hawaiian, Inc., Honolulu, Hawaii ("First Hawaiian"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire Pioneer Fed BanCorp, Inc., Honolulu, Hawaii ("Pioneer"), and thereby acquire both Pioneer Federal Savings Bank, Honolulu, Hawaii ("Savings Bank"), a wholly owned, federally chartered stock savings bank subsidiary of Pioneer, and the wholly owned subsidiaries of Savings Bank.[1]

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 25,989 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[2] In making this determination, the Board required that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act. First Hawaiian has committed to conform all activities of Savings Bank to the requirements of section 4 of the BHC Act and the Board's Regulation Y.[3]

First Hawaiian is the second largest commercial bank or thrift institution ("depository institution") in Hawaii, controlling deposits of $4.7 billion, representing approximately 29.9 percent of the total deposits in commercial banking organizations in the state.[4] Pioneer is the second largest thrift institution in Hawaii, controlling deposits of $406 million, representing approximately 14.0 percent of the total deposits in thrift institutions in the state. Upon consummation of the proposal, First Hawaiian would remain the second largest depository institution in Hawaii, controlling deposits of $5.1 billion, representing approximately 27.4 percent of the total deposits in depository institutions in the state.

Competitive Considerations

Under section 4(c)(8) of the BHC Act, the Board must consider the competitive aspects of each proposal.[5] In

1. First Hawaiian will operate Savings Bank as a separate subsidiary. In connection with this proposal, Pioneer has issued to First Hawaiian an option to purchase, under certain circumstances, approximately 16.6 percent of the outstanding common stock of Pioneer. The option will terminate upon the occurrence of certain events.

Savings Bank operates three wholly owned subsidiaries: Pioneer Insurance Agency, Inc. (engaging in general insurance agency activities), Pioneer Advertising Agency, Inc. (engaging in advertising activities), and Pioneer Properties, Inc. (engaging in real property management), all located in Honolulu, Hawaii.

2. *See* 12 C.F.R. 225.25(b)(9).

3. First Hawaiian has committed to terminate all impermissible insurance activities of Pioneer Insurance Agency within two years of consummation of the proposal and to limit the insurance agency activities to those permissible pursuant to section 225.25(b)(8) of the Board's Regulation Y (12 C.F.R. 225.25(b)(8)). During this two-year period, First Hawaiian has committed to limit the agency's impermissible insurance activities to renewals of existing policies. First Hawaiian has also committed to limit Pioneer Advertising Agency's activities to those which are permissible for bank holding companies pursuant to section 225.22(a)(2)(ii) of the Board's Regulation Y (12 C.F.R. 225.22(a)(2)(ii)). Finally, First Hawaiian has committed to terminate Pioneer Properties's activities on or before consummation of this proposal.

4. All data are as of June 30, 1992.

5. Section 4(c)(8) of the BHC Act requires the Board to determine that the acquisition of Savings Bank "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair

this regard, the Board has carefully reviewed comments opposing the proposal from a competitor of Savings Bank ("Protestant") maintaining that approval of this transaction will result in significantly adverse competitive effects for banking services in Hawaii. In particular, Protestant contends that the effect of the merger on the availability of certain individual banking products, including time and savings deposits and 1–4 family mortgages, indicates that the merger would be significantly anticompetitive. Protestant also maintains that the proposed acquisition of Savings Bank will remove one of the few attractive candidates for merger among small local institutions or for some potential future acquisition by an out-of-state financial institution.

The Board has previously stated that thrift institutions must be recognized as competitors of banks because they offer the same cluster of products and services.[6] In this regard, the ability of thrifts and banks to offer their products and services in combination distinguishes them from other institutions. The Board has long held that the product market for evaluating bank mergers and acquisitions is the cluster of products and services offered by banking institutions.[7] The Supreme Court has emphasized that it is this cluster of products and services that, as a matter of trade reality, makes banking a distinct line of commerce.[8] According to the Court, this clustering facilitates the convenient access to these products and services, and vests the cluster with economic significance beyond the individual products and services that constitute the cluster.[9] The courts have continued to follow this position.[10] In addition, a recent study conducted by Board staff supports the conclusion that customers still seek to obtain this cluster of services.[11] Because thrift institutions, such as Savings Bank, offer or have the potential to offer nearly all the same products and services offered by banks, the Board believes that the cluster of services represents the appropriate product market for evaluating the acquisition of a thrift institution by a bank holding company. After considering all the facts of record in light of relevant Board and judicial precedents, the Board believes that the appropriate product market in this case is the cluster of banking products and services.[12]

First Hawaii and Pioneer compete directly in the following five Hawaiian banking markets: Eastern Hawaii Island, Honolulu, Kauai, Maui, and Western Hawaii Island.[13] Consummation of this proposal would not exceed the threshold levels of market concentration in the Justice Department merger guidelines as measured by the Herfindahl–Hirschman Index ("HHI"),[14] in all the markets except the Eastern

competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

6. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). *See also First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52, 56 - 57 (1991) ("*First Hawaiian Order*"). Protestant argues that thrifts should be weighted at the same level as commercial banks for purposes of considering the competitive effects of this proposal. For the reasons discussed in this order, the Board does not believe that the proposal would be significantly adverse if deposits of banks and thrifts are weighted equally.

7. Even assuming that deposit accounts and mortgage lending constitute separate product markets as maintained by the Protestant, the record does not demonstrate significantly adverse competitive effects in this case when the competitive effect of other institutions that offer insured deposit products, such as credit unions, and companies that offer mortgage products, such as finance companies, operating in the Hawaiian banking markets are taken into account.

8. *United States v. Philadelphia National Bank*, 374 U.S. 321, 357 (1963). *Accord United States v. Connecticut National Bank*, 418 U.S. 656 (1974); *United States v. Phillipsburg National Bank*, 399 U.S. 350 (1969) ("*U.S. v. Phillipsburg*").

9. *U.S. v. Phillipsburg*, 399 U.S. at 361.

10. *See United States v. Central State Bank*, 621 F. Supp. 1276 (W.D. Mich. 1985), aff'd per curiam, 817 F.2d 22 (6th Cir. 1987).

11. *See* Gregory E. Elliehausen and John D. Wolken, *Banking Markets and the Use of Financial Services by Small and Medium-Sized Businesses*, 76 *Federal Reserve Bulletin* 726 (1990). For a discussion of this study, *see First Hawaiian Order*, *supra* note 6, at 53–54.

12. In evaluating acquisitions of banks, the Board has weighted the measure of market share of thrift institutions at 50 percent to account for the fact that all thrifts in the market may not in fact exercise their authority to offer the full cluster of bank products and services. Because Savings Bank will be affiliated with a commercial banking organization upon consummation of this proposal, the deposits of Savings Bank are weighted equally with the deposits of insured banks in the calculation of *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

13. The Board previously has identified these five local geographic areas in Hawaii as the appropriate markets in which the effects of bank holding company expansion proposals on competition must be analyzed. *See First Hawaiian Order*, *supra* note 6, at 54; *Bancorp Hawaii, Inc.*, 76 *Federal Reserve Bulletin* 759 (1990). Protestant does not challenge this definition of the geographic market, and has provided no evidence to support a different delineation of the relevant banking markets. Moreover, the record indicates that consummation of this proposal would not exceed the levels of concentration under the Justice Department merger guidelines if Hawaii is considered as a single banking market.

14. Under the revised Department of Justice merger guidelines, a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. *See* 49 *Federal Register* 26,823 (1984). In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. Protestant maintains that this threshold, which is a standard generally applied, should be applied to this proposal. A more lenient threshold, however, is routinely applied under the merger guidelines to bank mergers and acquisitions. 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 recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities. In this case, Hawaii's limited-purpose lenders and non-depository financial entities include a number of mortgage banks affiliated with mainland based industrial companies and super-regional banks.

Hawaii Island banking market.[15] In the Eastern Hawaii Island banking market, the HHI would increase by 227 points to 2919, representing 37.5 percent of the deposits in depository institutions in the market ("market deposits") upon consummation of the proposal. First Hawaiian would become the largest depository institution in this market, controlling deposits of approximately $311.3 million.

The Board believes that there are a number of other relevant factors that must be considered in analyzing the effects of this proposal on competition in all these markets. For example, a number of depository institution competitors would remain in each market following consummation of the proposal: (1) Honolulu — 11 competitors; (2) Maui — 9 competitors; (3) Kauai — 6 competitors; (4) Western Hawaii Island — 6 competitors; and (5) Eastern Hawaii Island — 7 competitors. In addition, all five banking markets have experienced the recent entry of a very large California commercial bank competitor through the acquisition of a savings association.[16] Moreover, on average, credit unions compete in these markets on a stronger level in Hawaii than in the rest of the United States. In this regard, 127 credit unions control 14 percent of the total deposits in depository institutions in Hawaii as compared with the nationwide average for credit unions of 7 percent of such deposits. In the Eastern Hawaii Island, Western Hawaii Island, and Kauai banking markets, where the proposal would have the most significant structural effect, credit unions control 26 percent, 24 percent, and 28 percent, respectively, of the total market deposits in depository institutions.

Protestant's concerns regarding the elimination of an attractive candidate for acquisition by smaller in-market and out-of-market acquirors are substantially mitigated by the facts of record in this case. As discussed above, a number of other merger candidates remain in each market.[17] In addition, out-of-state entry by federal savings associations is permissible under applicable law, and, as discussed above, a large out-of-state commercial bank holding company recently established branches of its federal savings bank in all five banking markets.

The Board has also considered the views of the Department of Justice regarding the likely competitive effects of this proposal. The Justice Department has advised the Board that First Hawaiian's acquisition of Savings Bank is not likely to have a significantly adverse effect on competition in any of the Hawaiian banking markets.

Based on all the facts of record, including the comments submitted by Protestant and First Hawaiian's response to those comments, the Board's previous consideration of these banking markets, and the factors discussed above, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in any relevant banking market.

Other Considerations

The financial and managerial resources of First Hawaiian and its subsidiaries and Pioneer are consistent with approval. In assessing the financial factors, the Board believes that bank holding companies must maintain adequate capital at savings associations they propose to acquire. Upon consummation, Savings Bank will meet all applicable capital requirements and will meet all current and future minimum capital ratios adopted for savings association by the Office of Thrift Supervision or the Federal Deposit Insurance Corporation.

In considering First Hawaiian's acquisition of the nonbanking activities of Savings Bank, the Board notes that these subsidiaries compete in geographic markets that are regional or national in scope. These markets are served by numerous competitors, and First Hawaiian does not have a significant market share in any of these markets. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on competition in any relevant market.

Conclusion

The record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not likely to be outweighed by the public benefits of this proposal. Accordingly, on the basis of all the facts of record and commitments made by First Hawaiian, the Board concludes that the public benefits that would result from approval of these applications outweigh the potential adverse effects, and that the public interest factors it must consider under section 4(c)(8) of the BHC Act are consistent with approval.

15. Upon consummation of this proposal, the HHI and First Hawaiian's market share in these markets would increase as follows:
(1) Honolulu (61 points to 2491; 1.8 percentage points to 27.6 percent of market deposits);
(2) Maui (98 points to 3126; 2.1 percentage points to 36 percent of market deposits);
(3) Kauai (101 points to 3594; 1.5 percentage points to 44.1 percent of market deposits); and
(4) Western Hawaii Island (157 points to 3404; 2.8 percentage points to 40.7 percent of market deposits).

16. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 707 (1992).

17. Protestant is in the process of acquiring an in-market thrift institution.

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of this proposal is specifically conditioned on compliance by First Hawaiian with the commitments made in connection with these applications, as supplemented, and with previous applications.

The Board's determination also is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions 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.

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

By order of the Board of Governors, effective August 2, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Concurring Statement of Governor Angell

I concur in the Board's decision in this case. While I dissented from the Board's decision to approve a previous acquisition by First Hawaiian, Inc., Honolulu, Hawaii ("First Hawaiian"), *see First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52, 58 (1991), I believe that a number of factors differentiate this case and, on balance, warrant approval of this proposal. First, since the last acquisition by First Hawaiian, a major commercial bank holding company has entered the five Hawaiian banking markets. *See BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 707 (1992). Entry of this bank holding company should increase competition and indicates a method by which others may enter into the Hawaiian banking markets.

In addition, unlike the previous case, which involved the acquisition of a bank, Pioneer Federal Savings Bank, Honolulu, Hawaii ("Pioneer"), is a thrift institution that, while having the authority to engage in commercial lending, is not actively engaged in commercial lending. Thus, First Hawaiian's acquisition of Pioneer should increase the availability of small business loans and other types of commercial loans in the Hawaiian banking markets. For these reasons and the reasons stated in the Board's Order, I believe that consummation of this proposal would not have a significantly adverse effect on competition in any of the Hawaiian banking markets.

August 2, 1993

Dissenting Statement of Governor LaWare

I dissent from the Board's action in this case. This is the second acquisition in Hawaii for First Hawaiian, Inc., Honolulu, Hawaii ("First Hawaiian"), within the last two and one-half years. While I voted in favor of the acquisition of First Interstate of Hawaii, Inc., also of Honolulu, Hawaii, by First Hawaiian, I felt at that time that the proposal represented the upper limit of permissible concentration in these highly concentrated banking markets. This acquisition would further substantially concentrate the already highly concentrated Hawaiian banking markets, and, when viewed in light of First Hawaiian's previous acquisition, represents, in my view, a significantly adverse lessening of competition. The anti-competitive effects of this trend are particularly troubling in light of the barriers to potential competition imposed by Hawaii's decision not to permit interstate banking acquisitions. I am also unable to find any significant competitive developments in these markets that would mitigate my concerns. I would therefore deny these applications.

August 2, 1993

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

NationsBank Corporation
Charlotte, North Carolina

Order Approving the Merger of Bank Holding Companies

NationsBank Corporation, Charlotte, North Carolina ("NationsBank"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with MNC Financial, Inc., Baltimore, Maryland ("MNC"), and thereby indirectly acquire MNC's subsidiary banks:

(1) American Security Bank, National Association, Washington, D.C.;[1] and

(2) Maryland National Bank, Baltimore, Maryland.

NationsBank also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire MNC's subsidiary savings association, Virginia Federal Savings Bank, Richmond, Virginia, and thereby engage in the operation of a savings association pursuant to section 225.25(b)(9) of the Board's Regulation Y (12 C.F.R. 225.25(b)(9)). In addition, NationsBank has applied under section 4(c)(8) to acquire the shares of certain nonbanking subsidiaries owned by MNC, and listed in the Appendix to this Order. Each of these companies engages in nonbanking activities that have been authorized by the Board by order or regulation.

NationsBank also has given notice to acquire Equitable Bancorporation Overseas Finance N.V., Curacao, Netherlands Antilles, a foreign subsidiary of MNC engaged in raising funds for its parent, pursuant to section 4(c)(13) of the BHC Act (12 U.S.C. 1843(c)(13)) and the Board's Regulation K; and MNC International Bank, Baltimore, Maryland, a corporation chartered pursuant to section 25A of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*).

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 30,790 (1993)). The time for filing comments has expired, and the Board has considered these applications and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.[2]

NationsBank, with total consolidated assets of $118 billion, operates 11 subsidiary banks in Delaware, the District of Columbia, Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee, Texas, and Virginia, and holds approximately $82.7 billion in total domestic deposits. MNC, with total consolidated assets of $17 billion, controls two subsidiary banks that operate in the District of Columbia and Maryland, and holds approximately $11.7 billion in total domestic deposits. Upon consummation of this proposal, NationsBank would remain the fourth largest commercial banking organization in the United States, with consolidated assets of $134.6 billion and total domestic deposits of $94.4 billion.[3]

Interstate Banking Provisions

Section 3(d) of the BHC Act (the "Douglas Amendment") prohibits a bank holding company from acquiring a bank located outside of its home state[4] "unless the acquisition of . . . a State bank by an out-of-State bank holding company is specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication."[5] For purposes of the Douglas Amendment, the home state of NationsBank is North Carolina. The Board previously has determined that the interstate statutes of the District of Columbia and Maryland permit a bank holding company located in North Carolina to acquire banking organizations in those jurisdictions.[6] Based on a review of the relevant statutes and the facts of record, the Board has determined that approval of this proposal is not prohibited by the Douglas Amendment. This finding and the Board's action in this case are conditioned upon NationsBank receiving all required state regulatory approvals.

Competitive Considerations

NationsBank and MNC own depository institutions[7] that compete directly in the following nine banking markets: Annapolis, Baltimore, and Frederick

1. This bank is owned by American Security Corporation, Washington, D.C., a wholly owned bank holding company subsidiary of MNC that also will be acquired as part of this proposal.

2. The Board has considered comments filed after the close of the public comment period. Under the Board's rules, the Board may in its discretion, take into account the substance of such comments. 12 C.F.R. 262.3(e).

3. Deposit data and asset data are as of December 31, 1992.

4. 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. The operations of a bank holding company are considered principally conducted in that state in which the total deposits of all such banking subsidiaries are largest.

5. 12 U.S.C. § 1842(d).

6. *See Statement by the Board of Governors of the Federal Reserve System Regarding the Application by NCNB Corporation to Acquire C&S/Sovran Corporation*, 78 *Federal Reserve Bulletin* 141 (1992) ("C&S/Sovran Order"); *see also* Md. Fin. Inst. Code Ann. § 5-1001 *et seq.*; *see also* D.C. Code Ann. § 26-801 *et seq.*

7. When used in this context, depository institutions include commercial banks and savings associations. Market deposit share data, except for data for Virginia Federal Savings Bank, MNC's savings association subsidiary, are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). In this case, the deposits of Virginia Federal Savings Bank are controlled by a commercial banking organization, and would continue to be controlled by a commercial banking organization under this proposal. Accordingly, these deposits are included at 100 percent in the calculation of the pre-consummation and *pro forma* market share.

County, all in Maryland; Charlottesville, Newport News, Orange County, Richmond and Staunton, all in Virginia; and Washington, D.C. Consummation of this proposal would not exceed the levels of market concentration contained in the Department of Justice Merger Guidelines[8] in the Maryland and Washington, D.C. banking markets, or in the Virginia banking markets of Newport News and Richmond.[9]

In the Virginia banking markets of Charlottesville and Orange County, market concentration as measured by the HHI would increase above the levels prescribed in the merger guidelines.[10] In order to mitigate the anticompetitive effects that would result from consummation of this proposal in these markets, NationsBank has committed to divest certain offices of sufficient size, and in such a manner, so that the transaction would not result in an increase in market concentration that would exceed the Department of Justice guidelines.[11]

Based on all the facts of record, including the number of competitors remaining in these markets, the relatively small increase in the market concentration and market share, and NationsBank's divestiture commitments, the Board believes that consummation of this proposal would not have a significantly adverse effect on competition in the Maryland or Washington, D.C. banking markets or in the Virginia banking markets of Charlottesville, Newport News, Orange County and Richmond.

NationsBank is the second largest depository institution in the Staunton, Virginia, banking market,[12] controlling deposits of $172.5 million, representing 21.1 percent of market deposits. MNC is the seventh largest depository institution in the market, controlling deposits of $48.6 million, representing 5.9 percent of market deposits. Upon consummation of this proposal, NationsBank would remain the second largest depository institution, controlling deposits of $221.1 million, representing 24.8 percent of market deposits with eight depository institutions remaining in the market. The HHI would increase by 212 points to 1881.

The Board believes that a number of factors indicate that this increased level of concentration in the Staunton banking market, as measured by the HHI, overstates the competitive effect of this proposal. For example, eight depository institution competitors, including five of the state's ten largest bank holding companies would remain in the market. Moreover, the Staunton banking market also has a number of features that make it attractive for entry.[13] The Virginia banking statute permits statewide branching and regional bank holding company entry on a reciprocal basis. In addition, the depository institution to be acquired in this market does not offer non-real estate commercial loans or extend lines of credit to small- and/or medium-sized businesses. Moreover, since 1987, the savings association has not originated commercial real estate loans, and therefore does not compete with commercial banks in the market on an equal basis. Based on all the facts of record, and in light of these factors, the Board does not believe that consummation of this proposal would have a significantly adverse effect on competition in the Staunton banking market.

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

9. Market data are as of June 30, 1992. Upon consummation of this proposal, the HHI in the Maryland and Washington, D.C. banking markets would increase as follows:

(1) Annapolis (by 88 points to 1185, and NationsBank's market share would increase to 14.9 percent of the market deposits);
(2) Baltimore (by 102 points to 1215, and NationsBank's market share would increase to 28.4 percent of market deposits);
(3) Frederick County (by 63 points to 1545, and NationsBank's market share would increase to 11.2 percent of market deposits); and
(4) Washington, D.C. (by 270 points to 943, and NationsBank's market share would increase to 23.6 percent of market deposits).

In the Virginia banking markets, the levels of concentration would increase as follows:

(1) Newport News (by 45 points to 1232, and NationsBank's market share would increase to 17.9 percent of market deposits); and
(2) Richmond (by 90 points to 1569, and NationsBank's market share would increase to 18.8 percent of market deposits).

10. In the Charlottesville banking market, the HHI would increase by 388 points to 2275, and NationsBank's market share would increase to 34.2 percent of market deposits. In the Orange County banking market, the HHI would increase by 840 points to 4263, and NationsBank's market share would increase to 51.8 percent of market deposits.

11. NationsBank has committed to execute final sales agreements to effect these divestitures prior to the consummation of the acquisition of MNC, and to consummate these divestitures within 180 days of consummation of the acquisition of MNC. NationsBank also has committed that, in the event it is unsuccessful in completing the divestiture within 180 days of consummation of the proposal, NationsBank will transfer the relevant office or offices to an independent trustee that has been instructed to sell the office promptly. *See, e.g., BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338, 340 (1992); *United New Mexico Financial Corporation,* 77 *Federal Reserve Bulletin* 484, 485 (1991). If the proposed divestitures are made to an in-market competitor, the HHI would increase by 162 points to 2049 in the Charlottesville banking market, and the HHI would increase by 164 points to 3587 in the Orange County banking market.

12. The Staunton, Virginia, banking market is approximated by Augusta County, Virginia, and Waynesboro, Virginia.

13. For example, the Staunton banking market is the largest of 85 non-metropolitan statistical area markets in Virginia, and exceeds these markets substantially in terms of growth in deposits and population.

The Board also sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation on the competitive effects of this proposal. The Attorney General indicated that, subject to NationsBank's proposed divestitures, there would be no significantly adverse effects on competition in any relevant banking market. In light of all the facts of record, the Board concludes that the proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any of the relevant banking markets in which NationsBank and MNC compete.

Convenience and Needs Considerations

In acting upon an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank expansion proposals.[14]

In connection with these applications, the Board received comments from an organization ("Protestant") criticizing NationsBank's record of performance under the CRA in Virginia.[15] In particular, the group contends that an analysis of data collected under the Home Mortgage Disclosure Act ("HMDA") and in reports published by NationsBank indicate that Virginia's low- and moderate-income and African-American borrowers have not benefitted from NationsBank's operations in Virginia. Protestant also maintains that NationsBank has been reluctant to enter into partnerships with community and non-profit organizations and that NationsBank has not fulfilled certain commitments to improve CRA performance by targeting lending efforts as discussed by the Board in connection with the acquisition of C&S/Sovran Corporation.[16] The targeted lending areas identified by Protestant include rural development/agricultural lending, affordable multi-family housing, and rehabilitation/mortgage financing.

The Board has carefully reviewed the CRA performance record of NationsBank and MNC, and their subsidiary banks, as well as the comments and NationsBank's responses to those comments, and all the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[17]

Record of Performance Under the CRA

A. Evaluations of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[18] The Board notes that all of NationsBank's subsidiary banks were examined for CRA performance prior to the acquisition of C&S Sovran Corporation, and received "satisfactory" ratings from their primary supervisors during the most recent examinations of their CRA performance. In particular, NationsBank's lead subsidiary bank, NationsBank of North Carolina, N.A., Charlotte, North Carolina, received a "satisfactory" rating for CRA performance from the OCC in November 1991.[19] In addition, all of MNC's subsidiary banks have received

14. 12 U.S.C. § 2903.

15. Another organization in Maryland has raised issues regarding whether NationsBank would honor an existing community reinvestment agreement with MNC and enter into such agreements in the future. This commenter also has raised concerns regarding the responsiveness of NationsBank's centralized management to the credit needs of low- and moderate-income neighborhoods in Maryland. NationsBank has committed to fulfill MNC's current agreement with the group, and to coordinate future initiatives through its 10-year/$10-billion Community Investment Program rather than on an agreement-by-agreement basis. NationsBank also has stated that the Maryland bank will continue to make local lending decisions under the program.

16. *See* C&S/Sovran Order.

17. 54 *Federal Register* 13,742 (1989).

18. *Id.* at 13,745.

19. NationsBank's subsidiary banks in Delaware, Florida, Georgia, Maryland, South Carolina and Texas received "satisfactory" ratings for CRA performance from the OCC in November 1991. NationsBank's predecessor banks, the C&S/Sovran Corporation's subsidiary banks in Florida, Georgia, South Carolina, Virginia and Washington, D.C. received "satisfactory" ratings for CRA performance from the OCC in October 1991. NationsBank's predecessor bank subsidiary in Tennessee received a "satisfactory" rating for CRA performance from the Federal Reserve Bank of Atlanta in September 1991, and NationsBank's Kentucky bank subsidiary received a "satisfactory" rating for CRA performance from the Federal Reserve Bank of St. Louis in March 1992.

"satisfactory" ratings during their most recent examinations for CRA performance.[20]

B. CRA Performance Record of NationsBank

In addition to considering the record of CRA performance examinations of the subsidiary banks of NationsBank and MNC, the Board has carefully considered the actual CRA-related policies, procedures, and programs instituted and in place at these institutions. In this regard, the Board conducted a thorough review of the CRA performance record of NationsBank in the C&S Sovran Order. In that Order, the Board concluded that the overall CRA performance record of the NationsBank organization, including its CRA programs and policies, efforts to ascertain community credit needs, marketing programs, HMDA data and lending practices, and record of lending, community development, and other CRA-related activities, was consistent with approval of NationsBank's proposal to acquire C&S/Sovran. The Board also noted that it would take into account NationsBank's efforts to improve its CRA performance record through its commitment to initiate a 10-year/$10 billion Community Investment Program in future acquisitions.[21] Lending in the first year of this program totalled $2.2 billion.[22]

With regard to residential lending, NationsBank provides residential mortgage loans, housing rehabilitation loans, and home improvement loans. For example, in 1992, NationsBank's subsidiaries made 7,025 home mortgage and home improvement loans totalling $399.2 million in low- and moderate-income census tracts, and 7,543 home mortgage and home improvement loans totalling $387.2 million to minority applicants as part of its Community Investment Program.

NationsBank also engages in commercial real estate lending activities as part of this program. In 1992, NationsBank's subsidiaries made 1,353 commercial loans totalling $417.8 million, including loans to fund 6,950 single- and multi-family housing units for low- and moderate-income residents, and rehabilitation loans for retail and community centers in underserved areas.

NationsBank also has established the "Nations Housing Fund" as part of its Community Investment Program. Nations Housing Fund will provide $100 million for use in the construction of up to 4,000 low-cost housing units in inner cities and other areas throughout the United States over the next three years.

NationsBank's Community Development Corporation ("CDC") is a nonprofit subsidiary of NationsBank established to provide financing for residential and commercial developments in inner-city areas. The CDC has purchased 25 multi-family developments with the purpose of rehabilitating the units, stabilizing and increasing the number of affordable housing units, and selling the developments to local entities.

NationsBank also participates in a number of other programs designed to help meet the housing-related credit needs of low- and moderate-income borrowers. For example, NationsBank is an active participant in the Federal Housing Administration, and Veterans Administration government-insured lending programs.

With respect to small business lending, NationsBank participates in a variety of Small Business Administration ("SBA") loan programs and actively supports local small business development. In 1992, NationsBank's subsidiaries made more than 35,000 calls on small and minority-owned businesses to solicit new banking relationships and expand existing ones. Moreover, as part of its Community Investment Program, NationsBank's subsidiaries made 6,220 loans totalling $917 million to small businesses in low- and moderate-income areas, and 188 SBA loans totalling $50.7 million that year. The record also indicates that in 1992 NationsBank's subsidiaries originated 869 loans, totalling $35.9 million to agriculturally-oriented businesses and small farmers. NationsBank recently announced its plan to provide additional funding to small businesses through the establishment of a "Business Banking" unit that will target small businesses with annual revenues of less than $4 million. Business Banking has committed to lend more than $1 billion over the next three years as part of NationsBank's Community Investment Program. The unit will make

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20. Maryland National Bank, Baltimore, Maryland, and American Security Bank, National Association, Washington, D.C., each received a "satisfactory" CRA rating from the OCC in November 1992. Virginia Federal Savings Bank received a "satisfactory" rating from the Office of Thrift Supervision in April 1993.

21. This program contained a 10-year commitment to lend a minimum of $10 billion for the purposes of community development in banking markets served by NationsBank. Under this program, NationsBank targets consumers who live in low- to moderate-income areas or have an income that is less than 80 percent of the market's median income; small businesses and businesses located in low- and moderate-income areas; real estate projects in low-income areas that use low-income housing tax credits or benefit consumers with incomes less than 80 percent of the county median income; loans that support the agriculture industry, including Farmers Home Administration and other government-sponsored loans; and loans to nonprofit organizations, government agencies and other programs that serve low- and moderate-income consumers and neighborhoods.

22. NationsBank's residential and small business lending to low- and moderate-income and minority areas in Virginia are discussed in the next section. In Washington, D.C., NationsBank made 197 home mortgage and home improvement loans totalling $23.7 million in low- and moderate-income census tracts, and 102 home mortgage and home improvement loans totalling $11 million to minority applicants. Small business lending in Washington, D.C., included 145 loans of less than $500,000 for a total of $16.4 million. In Maryland, NationsBank make 260 home mortgage and home improvement loans totalling $22.7 million in low- and moderate-income census tracts, and 329 home mortgage and home improvement loans totalling $32 million to minority applicants. Small business lending in Maryland included 132 loans totalling $47.4 million to businesses in low- and moderate-income areas.

loans up to $500,000, and will target companies in over 30 communities.

C. NationsBank's CRA Performance in Virginia

The Board has reviewed the CRA performance of NationsBank of Virginia, N.A., Richmond, Virginia ("NationsBank—Va.") in light of Protestant's comments criticizing NationsBank's CRA record in Virginia.

Corporate Policies. NationsBank—Va. has in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. The bank has adopted its own community investment policy modeled on the NationsBank corporate format that includes goals, objectives, and methodology for community needs assessment, product development, strategic target marketing, internal assessment and review, management involvement, training, and community and economic development, and maintains a board of directors CRA Committee that has oversight responsibility for the bank's community reinvestment strategy and performance. The committee meets prior to each regularly scheduled board meeting to review the bank's CRA initiatives and performance. NationsBank—Va. also conducts regular CRA self-assessments, and provides CRA training to bank personnel.

Ascertainment and Marketing. NationsBank—Va. uses several methods to ascertain community credit needs, including surveys, direct contacts and community outreach programs. For example, NationsBank—Va. ascertains the credit needs of communities through direct contacts with civic and community-based organizations, nonprofit entities, religious groups, trade and special interest groups, and government agencies. These outreach efforts include joint efforts with community organizations. For example, NationsBank—Va., in conjunction with the National Association for the Advancement of Colored People, has established a Community Development Resource Center in Richmond to prepare consumers, small businesses and non-profit organizations to apply for credit, and to assist these groups in the applications process. Bank representatives also participate in meetings with numerous organizations, and serve on the boards of directors of organizations that represent low- and moderate-income neighborhoods, small businesses and minority consumers and other special interest groups. Since 1992, NationsBank—Va. has met with approximately 260 organizations. Moreover, the bank's outreach efforts also include educational programs for members of the public. For example, NationsBank—Va. participated in approximately 13 outreach programs that provided education and awareness on products and services available for small business and low- and moderate-income neighborhoods in 1992. NationsBank—Va. also provided approximately 234 credit education seminars including Home Buyer Education and Basic Banking classes.

NationsBank—Va. markets its products and services through a variety of advertising activities, including print media, direct mail, outdoor billboard advertising, and radio and television advertising.

HMDA Data and Lending Practices. The Board has carefully reviewed the HMDA data reported by NationsBank—Va. in light of Protestant's comments. These data indicate disparities in rates of housing-related loan applications, and in approvals and denials that vary by racial and ethnic group in areas served by NationsBank—Va. Because all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also assure equal access to credit by creditworthy applicants regardless of race, the Board is concerned when the record of an institution indicates disparities in lending to minority applicants. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

In this regard, the Board notes that the OCC determined at the 1991 examination of Sovran Bank, N.A., Richmond, Virginia, the predecessor of NationsBank—Va., that the community delineation of the bank was reasonable, and did not arbitrarily exclude any low- and moderate-income neighborhoods. The OCC also concluded that the bank's geographic distribution of credit applications, extensions, and denials demonstrated reasonable penetration of all segments of its local community, including low- and moderate-income and minority areas, with no evidence of exclusionary practices. The OCC also found no evidence of illegal discrimination or other illegal credit practices.

NationsBank—Va. also has taken steps under the NationsBank Community Investment Program designed to improve its lending to minorities and low- and moderate-income communities. For example, preliminary 1992 data indicate that NationsBank—Va. originated 430 home mortgage and home improvement loans totalling $5.3 million in low- and moderate-income census tracts, and 431 home mortgage and home improvement loans totalling $4.7 million to minority applicants. Moreover, NationsBank's mortgage subsidiary, NationsBank Mortgage Corporation, originated 441 home mortgage loans totalling $36 million in low- and moderate-income census tracts, and 714 home mortgage loans totalling $75.5 million to minority applicants in the state. Commercial real estate lending under the Community Investment Program in Virginia consisted of 124 loans totalling $57 million in 1992. The bank also has made a three-year commitment to the Norfolk Redevelopment and Housing Authority loan rehabilitation program, which provides homeowners in designated conservation areas with low-cost deferred loans to improve their homes. In addition, NationsBank—Va. is an active participant in the Federal Housing Administration and Veterans Administration government-insured lending programs.

NationsBank—Va. participates in a number of Small Business Administration ("SBA") loan programs and actively supports local small business development. In 1992, NationsBank—Va. made approximately 1,483 small and minority-owned businesses to solicit new banking relationships and expand existing ones. Moreover, as part of its Community Investment Program, NationsBank—Va. originated 1,196 loans totalling $80.4 million to businesses in low- and moderate-income areas and 50 SBA loans totalling $14.6 million to small businesses. The bank's rural development and agricultural lending program originated 66 loans totalling $611,000 to agriculturally-oriented businesses and small farmers in 1992.

D. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. Based on a review of the entire record of performance, including information provided by Protestant and NationsBank, the results of the most recent CRA performance examinations conducted by the relevant primary regulators, and NationsBank's progress in implementing its commitments, the Board believes that the efforts of NationsBank and MNC to help meet the credit needs of all segments of the communities served by NationsBank and MNC, including low- and moderate-income neighborhoods, as well as all other convenience and needs considerations, are consistent with approval.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of NationsBank and MNC, and their respective subsidiaries, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval.[23]

NationsBank also has applied under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of MNC. The Board has determined by regulation or order that each of the activities of these companies is closely related to banking and generally permissible for bank holding companies under section 4(c)(8) of the BHC Act, and has approved applications by MNC to own shares in each of these companies.

NationsBank operates subsidiaries engaged in nonbanking activities that compete with many of the nonbanking subsidiaries of MNC. In each case, the markets for nonbanking services are unconcentrated and there are numerous providers of these services. In light of these facts and the shares of each of these markets controlled by NationsBank and MNC, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition for these services in any relevant market.

The evidence of record does not indicate that approval of the proposed acquisition of shares of any of the nonbanking companies of MNC would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by public benefits. Accordingly, the Board has determined that the balance of public interest factors that the Board must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of NationsBank's application to acquire the nonbank subsidiaries of MNC.

NationsBank also has requested Board approval to permit American Security Insurance Corporation, Ellicott City, Maryland ("ASIC"), to continue, following its acquisition by NationsBank, to conduct insurance agency activities pursuant to section 4(c)(8)(D) of

23. The Board has received comments from two individuals relating to loan transactions at NationsBank's Florida and Virginia subsidiary banks. One commenter alleges violations under the Fair Debt Collection Practices Act in connection with a debt incurred when NationsBank of Florida purchased an insurance policy to replace the lapsed coverage on an automobile securing the bank's loan. The complaint has been referred to the bank's primary regulator, the OCC, for investigation. Another commenter contends that Nationsbank—Va. violated the Equal Credit Opportunity Act by erroneously disclosing that a credit report was used to deny the commenter's loan. The OCC has investigated this complaint and concluded that, while no credit reports were used in the evaluation of the commenter's loan, the bank considered appropriate underwriting criteria in evaluating the application.

The Board has carefully reviewed these comments in light of the relevant reports of examination for these banks. Based on all facts of record, the Board believes that these isolated incidents do not warrant denial of the applications. The Board also notes that federal law provides adequate civil remedies to the commenters if they are able to establish any improper action on the part of the banks.

the BHC Act ("Exemption D").[24] ASIC sells single-interest property and casualty insurance in Maryland, Virginia, and Washington, D.C., respectively. Exemption D permits bank holding companies to continue to engage in insurance agency activities that were "engaged in" by the bank holding company or any of its subsidiaries on "May 1, 1982." NationsBank has provided evidence that ASIC was engaged in selling these insurance lines on May 1, 1982.[25]

ASIC would remain a separate subsidiary of NationsBank, and its grandfathered insurance activities would not be conducted by any of NationsBank's other subsidiaries.[26] Based on the record, the Board has determined that ASIC may continue to engage in insurance activities pursuant to Exemption D following its acquisition by NationsBank.[27]

The Board also has considered NationsBank notice of intent to acquire Equitable Bancorporation Overseas Finance N.V. pursuant to section 4(c)(13) of the BHC Act, and MNC International Bank pursuant to section 25A of the Federal Reserve Act, and has determined that disapproval of the acquisitions is not warranted.

Conclusion

Based upon the foregoing and all the other facts of record, including commitments made by NationsBank, the Board has determined that the applications should be, and hereby are, approved. The Board's determination is subject to all the commitments made in connection with these applications as well as all the conditions set forth in the Board's Regulation Y, including the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. All the commitments and conditions relied upon by the Board in reaching its decision are conditions imposed in writing in connection with the Board's findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of banks shall not be consummated before the thirtieth calendar day following the effective date of this Order, and the acquisition of the banks and nonbanking subsidiaries of MNC 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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 2, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Nonbanking subsidiaries to be acquired:

(1) American Security Insurance Corporation, Ellicott City, Maryland, and thereby engage in insurance agency activities pursuant to § 225.25(b)(8)(iv) of the Board's Regulation Y;

(2) ASB Capital Management, Inc., Washington, D.C., and thereby engage in furnishing investment advisory services pursuant to § 225.25(b)(4) of the Board's Regulation Y;

(3) Fayette Insurance Corporation, Baltimore, Maryland, and thereby engage in the sale as agent of credit-related insurance pursuant to § 225.25(b)(8)(i) of the Board's Regulation Y;

(4) IFCO, Inc., Fayetteville, North Carolina, and thereby engage in the making and servicing of loans pursuant to § 225.25(b)(1) of the Board's Regulation Y;

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24. 12 U.S.C. § 1843(c)(8)(D). Exemption D permits a bank holding company to engage in "any insurance activity which was engaged in by the bank holding company or any of its subsidiaries on May 1, 1982." Such activities may be conducted in the grandfathered company's home state, states adjacent thereto, or any state where the company was authorized to operate an insurance business before the grandfather date. The Board has previously determined that an insurance agency that is entitled to continue to sell insurance under Exemption D does not lose its grandfathered rights if the agency is acquired by another bank holding company, provided the agency maintains its separate corporate structure and its insurance activities are not extended to other subsidiaries within the acquiror's organization. *Sovran Financial Corporation*, 73 *Federal Reserve Bulletin* 672 (1987) ("Sovran"). This determination has been upheld by the courts. *National Ass'n of Casualty and Surety Agents v. Board of Governors*, 856 F.2d 282, *reh'g denied en banc*, 862 F.2d 351 (D.C. Cir. 1988), *cert. denied*, 490 U.S. 1090 (1989).

25. This evidence was consistent with the types of evidence relied upon by the Board in previous orders in which the Board found that a company met the requirements of Exemption D. *See MidAmerican Corporation*, 76 *Federal Reserve Bulletin* 559 (1990); *Citicorp*, 76 *Federal Reserve Bulletin* 70 (1990).

26. This condition is not intended to preclude NationsBank from seeking Board approval to merge ASIC into one subsidiary or merge it into other subsidiaries of NationsBank and continue to engage through the resulting company in insurance agency activities under Exemption D if the merger is for legitimate business purposes and otherwise conforms with the limitations in this order and the requirements of the Board's regulations. *See* 12 C.F.R. 225.25(b)(8)(iv), footnote 10.

27. Pursuant to Exemption D, the insurance agency activities of ASIC may be conducted only in Maryland, Virginia, or Washington, D.C., or states in which this company lawfully engaged in insurance activities on May 1, 1982.

(5) Maryland National Mortgage Corporation, Baltimore, Maryland, and thereby engage in the making and servicing of loans pursuant to § 225.25(b)(1) of the Board's Regulation Y;
(6) Maryland National Pennsylvania Corporation, Baltimore, Maryland, and thereby engage in the making and servicing of loans pursuant to § 225.25(b)(1) of the Board's Regulation Y;
(7) Mid-Atlantic Life Insurance Company, Phoenix, Arizona, and thereby engage in the sale as principal, agent or broker of credit- related insurance pursuant to § 225.25(b)(8)(i) of the Board's Regulation Y;
(8) MN Credit Corporation, Baltimore, Maryland, and thereby engage in the making and servicing of loans pursuant to § 225.25(b)(1) of the Board's Regulation Y;
(9) MNC American Corporation, Towson, Maryland, and thereby engage in industrial banking activities pursuant to § 225.25(b)(2) of the Board's Regulation Y;
(10) MNC Credit Corp., Towson, Maryland, and thereby engage in the making and servicing of loans pursuant to § 225.25(b)(1) of Regulation Y, and the leasing of personal or real property pursuant to § 225.25(b)(5) of the Board's Regulation Y; and
(11) Prime Rate Premium Finance Corporation, Florence, South Carolina, and thereby engage in the making and servicing of loans pursuant to § 225.25(b)(1) of the Board's Regulation Y.

Saban, S.A.
Marina Bay, Gibraltar

RNYC Holdings Limited
Marina Bay, Gibraltar

Order Approving Acquisition of a Bank Holding Company

RNYC Holdings Limited, Marina Bay, Gibraltar ("RNYCH"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act")(12 U.S.C. § 1842(a)(1)) to acquire up to 28 percent of the outstanding shares of Republic New York Corporation ("RNYC"), and thereby to acquire indirectly Republic National Bank of New York and Republic Bank for Savings, all of New York, New York. RNYCH proposes to acquire the RNYC shares from Saban, S.A., Marina Bay, Gibraltar ("Saban"), a bank holding company within the meaning of the BHC Act, and Saban in turn has applied pursuant to section 3 of the BHC Act to acquire all the shares of RNYCH.[1] RNYCH also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and the Board's Regulation Y to acquire indirectly the domestic nonbanking subsidiaries of RNYC set forth in Appendix A, and under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and the Board's Regulation K to acquire indirectly the foreign banking and nonbanking subsidiaries of RNYC set forth in Appendix B. RNYCH also proposes to acquire indirectly from Saban the shares of Republic International Bank of New York, Miami, Florida, and Republic International Bank of New York (California), Beverly Hills, California, which are corporations chartered under section 25A of the Federal Reserve Act ("Edge Act") (12 U.S.C. § 611 *et seq.*).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 15,351 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c), 4(c)(8), and 4(c)(13) of the BHC Act.

RNYC, with $36.2 billion in total consolidated assets, is the seventh largest commercial banking organization in New York.[2] RNYC operates one commercial bank and one savings bank in New York, and engages directly and through its subsidiaries in a broad range of permissible nonbanking activities throughout the United States.

Considerations relating to the financial and managerial resources and future prospects of Saban, RNYCH, RNYC, and their subsidiaries, the convenience and needs of the communities to be served, the effect that consummation of this proposal will have on competition or the concentration of banking resources in any relevant banking market, and other supervisory factors that the Board is required to consider under section 3 of the BHC Act are consistent with approval of these applications. In addition, the Board has received commitments to ensure that it will have access to information on the operations or activities of Saban and RNYCH, and of their affiliates, to permit the Board to determine and enforce compliance with the BHC Act and other federal banking law. The record also indicates that the conduct of the activities that Saban, RNYCH and RNYC propose to conduct through nonbanking sub-

1. This proposal represents a corporate reorganization of Saban whereby RNYCH will be established as an intermediate holding company between Saban and RNYC. Saban also would retain direct ownership of 1.01 percent of the outstanding shares of RNYC, and would retain its interest in Safra Republic Holdings, S.A., Luxembourg City, Grand Duchy of Luxembourg.
2. Asset data are as of June 30, 1993.

sidiaries can reasonably be expected to produce public benefits that outweigh the possible adverse effects associated with this proposal. Thus, based on consideration of all the relevant facts, the Board concludes that the balance of public interest factors that it is required to consider under section 4(c)(8) of the BHC Act is consistent with approval of RNYCH's application to acquire the nonbank subsidiaries of RNYC set forth in Appendix A.

The Board also has considered RNYCH's application to acquire indirectly the foreign banking and nonbanking subsidiaries of RNYC set forth in Appendix B pursuant to section 4(c)(13) of the BHC Act, and to acquire indirectly the shares of Republic International Bank of New York and Republic International Bank of New York (California) under the Edge Act. After consideration of all the factors specified in the Board's Regulation K and based on all the facts of record, the Board has determined that disapproval of these acquisitions is not warranted.

Based on the foregoing and all the facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made in connection with these applications, and with the commitments made in previous applications to the extent such commitments are not modified or superseded by the commitments made in connection with these applications. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions 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 banking acquisitions approved in this Order shall not be consummated before the thirtieth calendar day following the effective date of this Order, and the banking and nonbanking acquisitions shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective August 18, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Domestic Nonbanking Subsidiaries Controlled and Activities Engaged in under Section 4(c)(8) and Regulation Y

Republic Clearing Corporation, New York, New York
(futures commission merchant activities)
Republic Factors Corporation, New York, New York
(factoring activities)
Republic Information and Communications Services, Inc., New York, New York
(disaster recovery product and services)
Republic New York Trust Company of Florida, National Association, North Miami, Florida
(trust and other fiduciary services)
Republic New York Mortgage Corporation, Pompano Beach, Florida
(originating and servicing mortgage loans)
Republic New York Securities Corporation, New York, New York
(providing investment advisory services and financial advisory services, securities brokerage services, purchasing and selling all types of securities as "riskless principal," and engaging in securities credit activities)

Appendix B

Foreign Banking Subsidiaries Controlled and Activities Engaged in under Section 4(c)(13) and Regulation K

Republic National Bank of New York (Luxembourg) S.A., Luxembourg City, Grand Duchy of Luxembourg
(foreign commercial banking)
Republic National Bank of New York (France) S.A., Paris, France
(foreign commercial banking)
Republic National Bank of New York (Suisse) S.A., Geneva, Switzerland
(foreign commercial banking)
Republic National Bank of New York (Guernsey) Limited, St. Peter Port, Channel Islands
(foreign commercial banking)

Republic National Bank of New York (Gibraltar) Limited, Marina Bay, Gibraltar
(foreign commercial banking)
Republic National Bank of New York (International) Limited, Nassau, Bahamas
(foreign commercial banking)
Republic National Bank of New York (Canada) Limited, Montreal, Canada
(foreign commercial banking)
Republic National Bank of New York (Cayman) Limited, Cayman Islands, British West Indies
(foreign commercial banking)
Republic National Bank of New York (Singapore) Ltd., Singapore
(foreign commercial banking)

Foreign Nonbanking Subsidiaries Controlled and Activities Engaged in under Section 4(c)(13) and Regulation K

RIBNY Overseas Investments Holding Corporation, Wilmington, Delaware
(holding company for foreign commercial banks and foreign services corporations)
Republic Overseas Banks Holding Corporation, Wilmington, Delaware
(holding company for foreign commercial banks and foreign services corporations)
Safra Republic Holdings S.A., Luxembourg City, Grand Duchy of Luxembourg
(holding company for foreign commercial banks and foreign services corporations)

Orders Issued Under Bank Merger Act

Banco Popular de Puerto Rico
Hato Rey, Puerto Rico

Order Approving the Merger of Banks

Banco Popular de Puerto Rico, Hato Rey, Puerto Rico ("Banco Popular"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to acquire certain assets and assume certain liabilities of the St. Thomas, U.S. Virgin Islands, branches and the Tortola, British Virgin Islands, branch of CoreStates Bank, N.A., Philadelphia, Pennsylvania ("Core States").[1]

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

Banco Popular is a wholly owned subsidiary of BanPonce Corporation, Hato Rey, Puerto Rico, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) and incorporated under the laws of the Commonwealth of Puerto Rico. Banco Popular, with total consolidated assets of $9.6 billion, is the largest commercial banking organization in Puerto Rico.[2] In addition to Puerto Rico and the U.S. Virgin Islands, Banco Popular operates branches in New York, Chicago and Los Angeles, and it operates two nonbanking subsidiaries in Puerto Rico.

Banco Popular is the fourth largest commercial banking organization in the U.S. Virgin Islands, controlling deposits of $166.1 million, representing 12.8 percent of the total deposits in commercial banking organizations in the U.S. Virgin Islands.[3] Upon consummation of this proposal, Banco Popular would become the largest commercial banking organization in the U.S. Virgin Islands, controlling deposits of $445.4 million, representing 34.4 percent of the total deposits in commercial banking organizations in the U.S. Virgin Islands.

Competitive Considerations

The Board may not approve any application filed under the Bank Merger Act if the effect of the proposal in any section of the country may be substantially to lessen competition, unless the Board finds that the "anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served."

1. Banco Popular also has applied to establish branches in St. Thomas, U.S. Virgin Islands, and in Tortola, British Virgin Islands, pursuant to sections 9 and 25 of the Federal Reserve Act (12 U.S.C. §§ 321 and 601) and section 211.3 of the Board's Regulation K (12 C.F.R. 211.3). In addition, Banco Popular has applied pursuant to section 24A of the Federal Reserve Act (12 U.S.C. § 371d) to make an additional investment in bank premises.

2. Asset data are as of December 31, 1992.

3. Deposit data are as of June 30, 1992, for domestic banking organizations and March 31, 1993, for foreign banking organizations.

12 U.S.C. § 1828(c)(5)(B). In this regard, the Board has received comments concerning the competitive effects of this proposal, including comments from an elected local representative in the U.S. Virgin Islands ("Protestant"), maintaining that the proposed acquisition would substantially reduce competition in the U.S. Virgin Islands.[4]

In the U.S. Virgin Islands, Banco Popular and CoreStates compete directly in the St. Thomas banking market.[5] The record indicates that thrift institutions in this market are active in commercial lending and are fully competitive with commercial banks.[6] Banco Popular is the fifth largest commercial bank or thrift institution ("depository institution") in the St. Thomas banking market, controlling deposits of $118.5 million, representing 11 percent of total deposits in depository institutions in the market ("market deposits"). CoreStates is the largest depository institution in the St. Thomas banking market, controlling deposits of $279.4 million, representing 25.9 percent of market deposits. Upon consummation of this proposal, Banco Popular would become the largest depository institution in the St. Thomas banking market, controlling deposits of $397.9 million, representing 36.9 percent of market deposits.

The Board believes that a calculation of the Herfindahl–Hirschman Index ("HHI") based on total market deposits does not accurately reflect the competitive effect of this proposal in the St. Thomas banking market because of the unique characteristics of this market.[7] In particular, the record indicates that government deposits represent a significant amount of the deposits held by CoreStates. Local government deposits may be volatile and subject to restrictive collateral requirements that often restrict a bank's ability to use these deposits for making loans or providing other banking products.[8] The Board previously has determined that individual, partnership, and corporation ("IPC") deposits may be the proper focus of the competitive analysis in mergers and acquisitions in markets, such as those including state capitals, in which government deposits constitute a relatively large share of total deposits.[9] In this case, deposits attributable to the U.S. Virgin Islands government account for substantially all the non-IPC deposits in the St. Thomas banking market, and non-IPC deposits represent approximately 23.2 percent of all market deposits.[10] In light of these and all the facts of record, the Board concludes that the competitive effects of this proposal should be considered on the basis of IPC deposits.

Banco Popular is the fifth largest depository institution in the market, controlling IPC deposits of $52.9 million, representing 6.4 percent of market deposits. CoreStates is the fourth largest depository institution in the market, controlling IPC deposits of $111.5 million, representing 13.5 percent of market

4. Protestant also raises concerns that local residents were given inadequate notice of the proposed transaction, and that Banco Popular's acquisition of the proposed branches would eliminate jobs in the U.S. Virgin Islands. As noted above, notice of the proposed transaction was published in accordance with the Bank Merger Act and the Board's Rules of Procedure. In addition, Banco Popular distributed press releases announcing the proposed transaction to all newspapers, and radio and television stations in the Virgin Islands, and has met with the Governor and Lieutenant Governor of the U.S. Virgin Islands, and the U.S. Virgin Islands Banking Board. In response to Protestant's comments regarding the possible loss of jobs, Banco Popular, as part of the branch sale agreement with CoreStates, has guaranteed that it will offer equivalent jobs and benefits to all affected CoreStates employees for a period of at least two years, and has committed to the Lieutenant Governor of the U.S. Virgin Islands that it will not close any of the acquired branches.

5. The St. Thomas banking market is approximated by the islands of St. Thomas and St. John. This definition takes into account the geographic and economic separation, identified by Protestant, between these islands and St. Croix island. Originally, this proposal included the acquisition of CoreStates's branches on St. Croix Island and Protestant raised concerns about the acquisition of these branches. The Lieutenant Governor of the U.S. Virgin Islands, who also serves as Commissioner of Banking and Insurance, commented that he had no objection to the acquisition of the St. Croix branches. Banco Popular amended its proposal to exclude the St. Croix branches and therefore the acquisition of these branches is not before the Board.

6. Commercial lending constitutes on average 6.5 percent of the total assets of these institutions, which is significantly greater than the national thrift average of 1 percent. The Board previously has recognized that thrifts in certain markets compete fully with banks and should be fully weighted in analyzing the competitive effects of bank expansion proposals. *See e.g., Fleet/Norstar Financial Group, Inc.*, 77 *Federal Reserve Bulletin* 750 (1991); *BanPonce Corporation*, 77 *Federal Reserve Bulletin* 42 (1991). Based on all the facts of record in this case, the deposits of these institutions have been weighted at 100 percent.

7. The HHI would increase 569 points to 2465. 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 moderately concentrated. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anti-competitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

8. Deposits of the Virgin Islands government are subject to an informal bidding process on a short-term basis under the supervision of the Virgin Islands Commissioner of Finance and are required to be collateralized with government securities.

9. *See*, for example, *United Bank Corporation of New York*, 66 *Federal Reserve Bulletin* 61 (1980); *Valley Bank of Nevada*, 74 *Federal Reserve Bulletin* 67 (1987).

10. On average, non-IPC deposits account for approximately 7 percent of total deposits in banks in the United States. Non-IPC deposits represent 55.4 percent of Banco Popular's total deposits and 60.1 percent of CoreStates's total deposits in the St. Thomas banking market.

deposits. Upon consummation of this proposal, Banco Popular would become the third largest depository institution in the St. Thomas banking market, controlling IPC deposits of $164.4 million, representing 19.9 percent of all IPC deposits in the market. The HHI would increase 172 points to 2191.

Four commercial banks and two thrift institutions, representing 63.1 percent of all market deposits, would remain in the market upon consummation of this transaction. Among these remaining institutions are two large bank holding companies with market shares of approximately 42.9 percent, and two foreign banking organizations with market shares of approximately 14 percent.

The Attorney General has indicated that consummation of this proposal would not have a significantly adverse effect on competition in the St. Thomas banking market. Neither the OCC nor the FDIC objected to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects. Accordingly, based on all the facts of record, including Protestant's comments and Banco Popular's response, the number of competitors remaining in the market, and the level of increase in market concentration, the Board concludes that consummation of this proposal is not likely to result in any significantly adverse effect on competition in the St. Thomas banking market or any other relevant banking market.

Other Considerations

Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of Banco Popular and CoreStates and their subsidiaries, and the convenience and needs of the community to be served, are consistent with approval of the applications filed by Banco Popular under the Bank Merger Act. In addition, the Board has reviewed Banco Popular's applications to establish branches and invest in bank premises in light of the factors it must consider under sections 9, 25, and 24A of the Federal Reserve Act, and finds those factors to be consistent with approval.

Conclusion

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

The bank merger transactions should not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 12, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

AmSouth Bancorporation
Birmingham, Alabama

Order Approving the Merger of a Savings Association With a Commercial Bank

AmSouth Bancorporation, Birmingham, Alabama ("AmSouth"), a bank holding company within the meaning of the Bank Holding Company Act, has applied to the Board for its subsidiary bank, AmSouth Bank of Florida, Pensacola, Florida ("Bank"), to acquire certain assets and assume certain liabilities of Mid-State Federal Savings Bank, Ocala, Florida ("Mid-State"), pursuant to section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3)) ("FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, § 102–242, § 501, 105 Stat. 2236, 2388 (1991). Section 5(d)(3) of the FDI Act requires the Board to review the transfer of such assets and liabilities to a bank holding company's subsidiary bank that is a Bank Insurance Fund member, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c)) ("the Bank Merger Act"). 12 U.S.C. § 1815(d)(3)(E).[1]

1. These factors include considerations relating to competition, financial and managerial resources, and future prospects of the

Notice of the application, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). Reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in the Bank Merger Act and section 5(d)(3) of the FDI Act.

AmSouth, with total consolidated assets of $11 billion, controls subsidiary banks in Alabama, Florida, and Tennessee.[2] AmSouth is the sixth largest commercial banking organization in Florida, controlling deposits of $1.5 billion, representing 1.2 percent of total deposits in commercial banking organizations in the state. Mid-State is the 17th largest thrift institution in Florida, controlling deposits of $653.8 million, representing 2 percent of total deposits in thrift institutions in the state. Upon consummation of the proposed transaction, AmSouth would become the fifth largest commercial banking organization in Florida, controlling deposits of $2.2 billion, representing 1.9 percent of total deposits in commercial banking organizations in the state.[3]

AmSouth and Mid-State compete directly in the Tampa Bay Area banking market.[4] Upon consummation of this proposal, AmSouth would become the seventh largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $604.8 million, representing 2.5 percent of total deposits in depository institutions in the market. After considering the number of competitors remaining in the market, resulting market shares, the relatively small increase in concentration as measured by the Herfindahl–Hirschman Index ("HHI"),[5] and all other facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in the Tampa Bay Area banking market or any other relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of AmSouth and Mid-State, and considerations relating to the convenience and needs of the communities to be served, are consistent with approval of this application. Moreover, the record in this case shows that:

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

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

(3) Because AmSouth is in Alabama and is acquiring certain assets and assuming certain liabilities of a Florida federal savings bank, the proposed transaction would comply with the Douglas Amendment if Mid-State were a state bank that AmSouth was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. This approval is subject to Bank obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act. The Board's approval of this application also is conditioned upon AmSouth's compliance with the commitments made in connection with this application. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law. This approval is limited to the

existing and proposed institutions, and the convenience and needs of the communities to be served. 12 U.S.C. § 1828(c).

2. Asset data are as of December 31, 1992.

3. Deposit data are as of June 30, 1992, and include AmSouth's acquisition of Charter Banking Corp., St. Petersburg, Florida, approved by the Board by Order dated August 23, 1993. *See AmSouth Bancorporation*, 79 *Federal Reserve Bulletin* 951 (1993). State deposit concentration and market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). Because Mid-State would be merged with a commercial bank under AmSouth's proposal, the deposits of Mid-State are included at 100 percent in the calculation of the *pro forma* state deposit concentration and market share. *See First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990); *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992).

4. The Tampa Bay Area banking market is approximated by Hernando, Hillsborough, Pasco, and Pinnelas Counties.

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

proposal presented to the Board by AmSouth, and may not be construed as applying to any other transaction.

This transaction may not be consummated before the thirtieth calendar day after the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority. In connection with this provision, advice of the fact of consummation should be given in writing to the Reserve Bank.

By order of the Board of Governors, effective August 23, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

By the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
Button Gwinnett Financial Corporation, Lawrenceville, Georgia	Button Gwinnett National Bank, Snellville, Georgia	The Bank of Gwinnett County, Lawrenceville, Georgia	August 11, 1993
CoBancorp, Elyria, Ohio	The Crestline Savings and Loan Association, Crestline, Ohio	PremierBank & Trust Company, Elyria, Ohio	July 30, 1993
The Colonial BancGroup, Inc., Montgomery, Alabama	First Federal Savings and Loan Association of Russell County, Phenix City, Alabama	Colonial Bank, Montgomery, Alabama	July 23, 1993
The Colonial BancGroup, Inc., Montgomery, Alabama	United Savings Bank, F.S.B., Anniston, Alabama	Colonial Bank, Montgomery, Alabama	July 30, 1993
First Alabama Bancshares, Inc., Birmingham, Alabama	First Federal Savings Bank, Marianna, Florida	Sunshine Bank, Pensacola, Florida	July 30, 1993
First Alabama Bancshares, Inc., Birmingham, Alabama	First Federal Savings Bank of DeFuniak Springs, DeFuniak Springs, Florida	Sunshine Bank, Pensacola, Florida	August 24, 1993
First Citizens BancShares, Inc., Raleigh, North Carolina	Pioneer Savings Bank, Inc., Rocky Mount, North Carolina	First Citizens Bank & Trust Company, Raleigh, North Carolina	July 29, 1993

FDICIA Orders—Continued

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
InterCounty Bancshares, Inc., Wilmington, Ohio	The Williamsburg Building and Loan Company, Williamsburg, Ohio	The National Bank and Trust Company, Wilmington, Ohio	August 23, 1993
Mountain Holding Corporation, Tucker, Georgia	Button Gwinnett National Bank, Norcross, Georgia	Mountain National Bank, Tucker, Georgia	August 11, 1993
Pueblo Bancorporation, Inc., Pueblo, Colorado	Thatcher Bank, F.S.B., Salida, Colorado	Pueblo Bank and Trust Company, Pueblo, Colorado	August 2, 1993
SouthTrust Corporation, Birmingham, Alabama	First Federal Savings and Loan Association of Russell County, Phenix City, Alabama	SouthTrust Bank of Dothan, N.A., Dothan, Alabama	July 23, 1993
Summit Bancorporation, Chatham, New Jersey	Marine View Federal Savings Bank, North Middletown, New Jersey	Summit Bank, Chatham, New Jersey	August 6, 1993
Synovus Financial Corp., Columbus, Georgia	TB&C Bancshares, Inc., Columbus, Georgia First Commercial Bancshares, Inc., Jasper, Alabama	Birmingham Federal Savings Bank, Birmingham, Alabama First Commercial Bank, Birmingham, Alabama	August 6, 1993

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

By the Secretary of the Board

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
Southern National Corporation, Lumberton, North Carolina	East Coast Savings Bank, Inc., SSB, Goldsboro, North Carolina	Southern National Bank of North Carolina, Lumberton, North Carolina	August 18, 1993

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
Southern National Corporation, Lumberton, North Carolina	East Coast Savings Bank, Inc., SSB, Goldsboro, North Carolina	August 18, 1993

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
BB&T Financial Corporation, Wilson, North Carolina	Citizens Savings Bank, SSB, Inc., Newton, North Carolina	Richmond	July 28, 1993
BB&T Financial Corporation, Wilson, North Carolina	Mutual Savings Bank of Rockingham County, SSB, Reidsville, North Carolina	Richmond	August 11, 1993
BNMHC Acquisition Corporation, New Port, Minnesota	The Bank of New Mexico Holding Company, Albuquerque, New Mexico	Kansas City	August 19, 1993
Carbon County Holding Company, Englewood, Colorado	Rawlins National Bancorporation, Inc., Denver, Colorado	Kansas City	August 19, 1993
Castle BancGroup, Inc., DeKalb, Illinois	B.O.Y. Bancorp, Inc., Yorkville, Illinois	Chicago	August 13, 1993
Castle Rock Bank Holding Company, Castle Rock, Colorado	Castle Rock Bank, Castle Rock, Colorado	Kansas City	August 6, 1993
Cherokee County Banshares, Inc., Hulbert, Oklahoma	First State Bank, Hulbert, Oklahoma	Kansas City	August 13, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Citizens Banking Corporation, Flint, Michigan	Royal Bank Group, Inc., Royal Oak, Michigan	Chicago	August 12, 1993
Citizens Holding Corporation and Bank ESOP, Keenesburg, Colorado	Citizens Holding Corporation, Keenesburg, Colorado	Kansas City	August 6, 1993
City Holding Company, Charleston, West Virginia	First National Bank, Beckley, West Virginia	Richmond	August 2, 1993
Community Bancs of Oklahoma, Inc., Tulsa, Oklahoma	Community Bank and Trust Company, Tulsa, Oklahoma	Kansas City	August 12, 1993
Community National Bank Corporation, Venice, Florida	Community National Bank of Sarasota County, Venice, Florida	Atlanta	July 30, 1993
Continental Security Bancshares, Inc., Springfield, Missouri	Deepwater State Bank, Deepwater, Missouri	Kansas City	July 23, 1993
Corte Banc Corporation, New Orleans, Louisiana	First Bank and Trust, New Orleans, Louisiana	Atlanta	July 26, 1993
D Bancorp, Inc., DeSoto, Texas	Bank of DeSoto, N.A., DeSoto, Texas	Dallas	August 19, 1993
Dairyland Bancorp, Inc., Bruce, Wisconsin	Bruce Bancshares, Inc., Bruce, Wisconsin	Minneapolis	July 29, 1993
Dakota Company, Inc., Minneapolis, Minnesota South Dakota Bancorp, Inc., Minneapolis, Minnesota South Dakota Financial Bancorporation, Inc., Minneapolis, Minnesota	O'Neill Properties, Inc., Minneapolis, Minnesota	Minneapolis	July 23, 1993
DeWitt Bancorp, Inc., DeWitt, Iowa	River Valley Bancorp, Inc., Eldridge, Iowa	Chicago	July 27, 1993
Dickinson Financial Corporation, Kansas City, Missouri	Livingston Life Insurance Company, Phoenix, Arizona	Kansas City	August 24, 1993
East Dubuque Bancshares, Inc., East Dubuque, Illinois	East Dubuque Investment Company, East Dubuque, Illinois	Chicago	August 19, 1993
Elkhart Bancorporation, Inc., Elkhart, Texas	The Elkhart State Bank, Elkhart, Texas	Dallas	August 5, 1993
Enevoldsen Management Company, Potter, Nebraska	The Potter State Bank, Potter, Nebraska	Kansas City	August 17, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Farmers State Corporation, Mountain Lake, Minnesota	Green Lake Bancorporation, Inc., Spicer, Minnesota	Minneapolis	July 30, 1993
Finger Interests Number One, Ltd., Houston, Texas	Charter Bancshares, Inc., Houston, Texas CBH, Inc., Wilmington, Delaware University National Bank, Galveston, Texas Charter National Bank-Colonial, Houston, Texas Charter Bank-Houston, Houston, Texas	Dallas	August 26, 1993
First American Corporation, Nashville, Tennessee	First American National Bank of Kentucky, Bowling Green, Kentucky	Atlanta	August 20, 1993
First Bancorp of Louisiana, Inc., West Monroe, Louisiana First Bancorp of Louisiana, Inc., Employee Stock Ownership Plan Trust, West Monroe, Louisiana	Southern National Bank at Tallulah, Tallulah, Louisiana	Dallas	July 27, 1993
First Community Bancshares, Inc., Winnfield, Louisiana	Winn Bancshares, Inc., Winnfield, Louisiana Winn State Bank and Trust Company, Winnfield, Louisiana	Dallas	August 13, 1993
First Security Bancorp, Inc., Elmwood Park, Illinois	First Security Trust & Savings Bank, Elmwood Park, Illinois	Chicago	August 18, 1993
First Sonora Bancshares, Inc., Sonora, Texas	First Sonora Delaware Bancshares, Inc., Dover, Delaware The First National Bank of Sonora, Sonora, Texas	Dallas	August 13, 1993
First Sonora Delaware Bancshares, Inc., Dover, Delaware	The First National Bank of Sonora, Sonora, Texas	Dallas	August 13, 1993
FNB Financial Services, Inc. Employee Stock Ownership Plan, Durant, Oklahoma	FNB Financial Services, Inc., Durant, Oklahoma	Kansas City	August 5, 1993
FNB, Inc., Greeley, Colorado	Poudre Valley Bank, Fort Collins, Colorado	Kansas City	August 24, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The Fort Bancorp, Inc., Fort Deposit, Alabama	First Lowndes Bank, Fort Deposit, Alabama	Atlanta	August 18, 1993
Harris Financial, MHC, Harrisburg, Pennsylvania	Harris Savings Bank, Harrisburg, Pennsylvania	Philadelphia	July 29, 1993
HeartWay Bancorporation, Wayland, Iowa	Wayland State Bank, Wayland, Iowa	Chicago	August 18, 1993
Holcomb Bancshares, Inc., Holcomb, Kansas	First National Bank of Holcomb, Holcomb, Kansas	Kansas City	August 6, 1993
Independent Bank Corporation, Ionia, Michigan	American Home Bank, Unionville, Michigan	Chicago	August 24, 1993
Industry Bancshares, Inc., Industry, Texas	Industry State Bank, Industry, Texas	Dallas	July 26, 1993
Liberty Bancorp, Inc., Oklahoma City, Oklahoma	First Edmond Bancshares, Inc., Edmond, Oklahoma	Kansas City	August 19, 1993
Missoula Bancshares, Inc., Missoula, Montana	First Security Bank of Missoula, Missoula, Montana	Minneapolis	August 4, 1993
ONBANCorp, Inc., Syracuse, New York	Franklin First Financial Corp., Wilkes-Barre, Pennsylvania	New York	July 30, 1993
Otto Bremer Foundation, St. Paul, Minnesota Bremer Financial Corporation, St. Paul, Minnesota	Valley Bancshares, Inc., Grand Forks, North Dakota	Minneapolis	August 18, 1993
Peotone Bancorp, Inc., Peotone, Illinois	Rock River Bancorporation, Inc., Oregon, Illinois	Chicago	August 10, 1993
River Valley Bancorp, Inc., Eldridge, Iowa	Valley State Bank, Eldridge, Iowa	Chicago	July 27, 1993
Saban S.A., Marina Bay, City of Gibraltar RNYC Holdings Limited, Marina Bay, City of Gibraltar Republic of New York Corporation, New York, New York	SafraCorp California, Los Angeles, California	New York	August 20, 1993
Snyder Holding Corporation, Kittanning, Pennsylvania F&A Financial Company, Kittanning, Pennsylvania	The Armstrong County Trust Company, Kittanning, Pennsylvania	Cleveland	July 28, 1993
THE Bancorp, Inc., LaGrange, Kentucky	THE BANK - Oldham County, Inc., LaGrange, Kentucky	St. Louis	August 2, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Union Bancorp, Inc., Pottsville, Pennsylvania	The Peoples State Bank, East Berlin, Pennsylvania	Philadelphia	July 26, 1993
Valentine Bancorporation, Valentine, Nebraska	The First National Bank of Valentine, Valentine, Nebraska	Kansas City	July 29, 1993
Van Buren Bancorporation Employee Stock Ownership Plan, Keosauqua, Iowa	Van Buren Bancorporation, Keosauqua, Iowa	Chicago	August 23, 1993
Wilmington Trust Corporation, Wilmington, Delaware	Freedom Valley Bank, West Chester, Pennsylvania	Philadelphia	August 13, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BB&T Financial Corporation, Wilson, North Carolina	Old Stone Bank of North Carolina, a Federal Savings Bank, High Point, North Carolina	Richmond	August 13, 1993
Chambanco, Inc., Chambers, Nebraska	to engage *de novo* in the making and servicing of loans	Kansas City	August 13, 1993
Chemical Banking Corporation, New York, New York	Bishop Trust Company, Limited, Honolulu, Hawaii	New York	August 20, 1993
Cheshire Financial Corporation, Keene, New Hampshire	Colonial Mortgage, Inc., Amherst, New Hampshire	Boston	August 12, 1993
Community Banc-Corp. of Sheboygan, Sheboygan, Wisconsin	G & H Insurance Agency, Inc., Sheboygan, Wisconsin	Chicago	August 13, 1993
Community Bankers, Inc., Granbury, Texas	Community Data Services, Inc., Cleburne, Texas	Dallas	August 2, 1993
Crestar Financial Corporation,	Richmond, Virginia Internet, Inc., Reston, Virginia	Richmond	August 11, 1993
Farmers State Corporation, Mountain Lake, Minnesota	United Prairie Insurance Agency, Slayton, Minnesota	Minneapolis	August 4, 1993
First Alabama Bancshares, Inc., Birmingham, Alabama	First Federal Enterprises, Inc., Marianna, Florida	Atlanta	July 30, 1993

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
First Citizens BancShares, Inc., Raleigh, North Carolina	Pioneer Bancorp, Inc., Rocky Mount, North Carolina	Richmond	July 29, 1993
First Union Corporation, Charlotte, North Carolina	Dominion Mortgage Corporation, Charlotte, North Carolina	Richmond	August 23, 1993
Internationale Nederlanden Group N.V., Amsterdam, The Netherlands	to engage *de novo* in investment advisory activities, securities brokerage activities and underwriting and dealing in government obligations	New York	July 29, 1993
Northern Bankshares, Inc., McFarland, Wisconsin	to engage in the making and servicing of loans	Chicago	July 28, 1993
PNC Bank Corp, Pittsburgh, Pennsylvania	PNC Asset Management Corp., Pittsburgh, Pennsylvania	Cleveland	July 26, 1993
Whitaker Bank Corporation of Kentucky, Lexington, Kentucky Whitaker Bancorp, Inc., Lexington, Kentucky	Whitaker Management Corporation, Lexington, Kentucky	Cleveland	July 26, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
First Alabama Bancshares, Inc., Birmingham, Alabama	First Federal Bancshares of DeFuniak Springs, Inc., DeFuniak, Florida First Federal Savings Bank of DeFuniak Springs, DeFuniak Springs, Florida	Atlanta	August 24, 1993

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
PremierBank & Trust, Elyria, Ohio	The Crestline Federal Savings and Loan Association, Crestline, Ohio	Cleveland	July 30, 1993
Sulphur Springs State Bank, Sulphur Springs, Texas	Wolfe City National Bank, Wolfe City, Texas	Dallas	July 29, 1993

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.

Kubany v. Board of Governors, et al., No. 93–1428 (D. D.C., filed July 9, 1993). Action challenging Board determination under the Freedom of Information Act.

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

Ezell v. Federal Reserve Board, No. 93–0361 (D. D.C., filed February 19, 1993). Action seeking damages for personal injuries arising from motor vehicle collision. The case was dismissed by the court on July 30, 1993.

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

Adams v. Greenspan, No. 93–0167 (D. D.C., filed January 27, 1993). Action by former employee under the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 concerning termination of employment.

Sisti v. Board of Governors, No. 93–0033 (D. D.C., filed January 6, 1993). Challenge to Board staff interpretation with respect to margin accounts. The Board's motion to dismiss was granted on May 13, 1993. On June 3, 1993, the petitioner filed a notice of appeal. Cross-motions for summary disposition were filed on August 13, 1993.

U.S. Check v. Board of Governors, No 92–2892 (D. D.C., filed December 30, 1992). Challenge to partial denial of request for information under the Freedom of Information Act.

CBC, Inc. v. Board of Governors, No. 92–9572 (10th Cir., filed December 2, 1992). Petition for review of civil money penalty assessment against a bank holding company and three of its officers and directors for failure to comply with reporting requirements. The Board's brief was filed on March 19, 1993.

DLG Financial Corporation v. Board of Governors, No. 392 Civ. 2086-G (N.D. Texas, filed October 9, 1992). Action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and seeking money damages on a variety of tort and contract theories. On October 9, 1992, the court denied plaintiffs' motion for a temporary restraining order. On March 30, 1993, the court granted the Board's motion to dismiss as to it, and also dismissed certain claims against the Reserve Bank. On April 29, the plaintiffs filed an amended complaint. The Board's motion to dismiss the amended complaint was filed on May 17.

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

State of Idaho, Department of Finance v. Board of Governors, No. 92–70107 (9th Cir., filed February 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from

Washington to Idaho. On June 4, 1993, the Court of Appeals denied the petition for review.

In re Subpoena Served on the Board of Governors, Nos. 91–5427, 91–5428 (D.C. Cir., filed December 27, 1991). Appeal of order of district court, dated December 3, 1991, requiring the Board and the Office of the Comptroller of the Currency to produce confidential examination material to a private litigant. On June 26, 1992, the court of appeals affirmed the district court order in part, but held that the bank examination privilege was not waived by the agencies' provision of examination materials to the examined institution, and remanded for further consideration of the privilege issue. On August 6, 1992, the district court ordered the matter held in abeyance pending settlement of the underlying action.

Board of Governors v. Kemal Shoaib, No. CV 91–5152 (C.D. California, filed September 24, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On October 15, 1991, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets.

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

FINAL ENFORCEMENT DECISION ISSUED BY THE BOARD OF GOVERNORS

On Certification of the Department of the Treasury—Office of the Comptroller of the Currency

In the Matter of a Notice to Prohibit Further Participation Against

Preston J. Brooks
Former President and Director
First National Bank of Deport, N.A.
Deport, Texas

OCC No. AA-EC-91–154

Final Decision

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

The proceeding comes before the Board in the form of a Recommended Decision by Administrative Law Judge ("ALJ") Arthur L. Shipe, issued following an administrative hearing held on September 22 and 23, 1992, in Dallas, Texas, and the filing of post-hearing briefs by the parties. In the Recommended Decision, the ALJ found that as president and chairman of the Bank, Brooks participated in violations of banking laws and engaged in an unsafe and unsound practice that caused loss to the Bank and financial gain to him. The ALJ concluded, however, that the violations did not reflect willful or continuing disregard for safety or soundness or personal dishonesty, but instead resulted from good-faith mistakes and therefore were not of a sufficiently serious character to justify Brooks's prohibition from banking.

The OCC's Enforcement and Compliance Division, which prosecuted the case, has submitted exceptions to the Recommended Decision. The OCC argues, first, that Brooks's testimony at the hearing should be stricken from the record because he refused to answer questions at a pre-hearing deposition on the basis of his rights under the Fifth Amendment. The OCC also argues that the ALJ applied erroneous legal standards in concluding that Brooks's violations of law and unsafe and unsound practices were insufficiently serious to satisfy the culpability requirements for an order of prohibition. Brooks has filed no exceptions.

Upon review of the record and the OCC's exceptions, the Board concludes that the record establishes that Brooks was responsible for a variety of substandard practices during his tenure with the Bank, and that a number of these were unsafe or unsound practices or violated regulatory restrictions, thereby satisfying the first, misconduct, test for prohibition. The Board also finds the effects test satisfied in that some of these practices resulted in financial gain to Brooks or in loss or other damage to the Bank.

The Board concludes, however, after a close review of the record including the ALJ's findings of fact, that the preponderance of the evidence does not support the OCC's allegations as to Brooks's culpability. Accordingly, the Board adopts the ALJ's findings and conclusions, except as specifically noted, and orders that this proceeding be dismissed.[1]

Statement of the Case

A. Standards for Prohibition Order

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

The FDI Act sets forth the substantive basis upon which a federal banking agency may issue against a bank official an order of prohibition from further participation in banking. In order to issue such an order pursuant to section 1818(e)(1), the Board must make each of three findings:

(1) There must be a specified type of *misconduct* — violation of law, unsafe or unsound practice,[2] or breach of fiduciary duty;[3]

(2) The misconduct must have a prescribed *effect* — financial gain or other benefit to the respondent or financial harm or other damage[4] to the institution or prejudice to the institution's depositors; and

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

"Disregard for safety or soundness" is established by participation in an unsafe or unsound practice, *i.e.* one that is contrary to prudent practices and that could expose a bank to abnormal risk of harm or loss. *In the Matter of Magee*, 78 *Federal Reserve Bulletin* 968, 974 (1992). A "continuing disregard for safety or soundness" standard is established by a mental state akin to "recklessness" in connection with a repetition of unsafe or unsound banking practices. *Brickner v. FDIC*, 747 F.2d 1198, 1203 & n.6.[5] (8th Cir. 1984). The Board has generally found that a "continuing disregard" exists when a respondent continues to engage in an unsafe or unsound course of action after the occurrence of some event, such as a warning from a regulator, that should have made him or her aware that the practice was unsafe and unsound. *See, e.g., In the Matter of Freitag*, OCC No. AA-EC-89-139 (1991). "Willful disregard" may be shown in the absence of a continuing course of conduct where the unsafe or unsound practice is such that a degree of intent greater than recklessness may be inferred. *See Brickner*, 747 F.2d at 1203.

B. Relevant Individuals and Business Entities

At all times relevant to this proceeding, the Bank was a national banking association, chartered and examined by the OCC. Recommended Finding of Fact ("RFF") RFF 1. At all times relevant to this proceeding, Brooks was chairman of the board of directors and chief executive officer of the Bank and therefore an "institution-affiliated party" under the terms of the FDI Act subject to the OCC's supervisory authority. RFF 4. Brooks was a controlling and principal shareholder of Deport Financial Company, a bank holding company, which owned 100 percent of another bank holding company, Deport Bancshares, Inc., of which the Bank was a wholly owned subsidiary. Recommended Decision ("RD") RD 3. Brooks therefore controlled both the bank holding companies and the Bank.

Discussion

A. Procedural Issues

The OCC excepts first to the ALJ's ruling that permitted Brooks to testify in his own behalf at the hearing

1. The Board notes that the Comptroller of the Currency has penalized Brooks $18,000 in a parallel civil money penalty proceeding on the basis of the illegal dividend and preferential loan charges discussed below. *In the Matter of Preston J. Brooks*, No. AA-EC-91-153, June 17, 1993.

2. An "unsafe or unsound banking practice" has been defined as a practice "deemed contrary to accepted standards of banking operations which might result in abnormal risk or loss to a banking institution or shareholder." *First Nat'l Bank of Eden v. Comptroller of the Currency*, 568 F.2d 610, 611 n.2 (8th Cir. 1978) *(per curiam)*.

3. As the OCC notes in its exceptions, the Recommended Decision misstated this standard by indicating that the misconduct prong requires both a finding of a violation of law and either an unsafe or unsound practice or breach of fiduciary duty. Recommended Decision ("RD") 32. There is no indication that this error is reflected in the ALJ's analysis or that it is anything other than a clerical error.

4. Because of statutory amendments, a slightly different standard for the effects requirement applies to conduct engaged in before August 15, 1989, but the culpability standards that are here at issue remained substantively unchanged by the amendments.

5. The *Brickner* court made clear that the standard did not encompass an "honest error of judgment," 747 F.2d at 1201, 1202, but also rejected the argument that the agency must show that the respondent intentionally did something to endanger the bank's safety. *Id.* at 1202. In *Brickner*, the respondents conceded that, after a warning from a regulator, they knew that the practices found unsafe and unsound were occurring, but failed to disclose that knowledge to the board of directors or to take other steps to prevent losses to the bank. The court found such failure to act sufficient to establish continuing disregard for safety or soundness, even though the respondents had not been directly responsible for the practices, and had received no benefit as a result. *Id.*

even though, the OCC alleges, he had evaded document discovery, failed definitively to identify himself as a witness on the prehearing witness list, and had refused to answer questions at a prehearing deposition on Fifth Amendment grounds. OCC Exceptions ("Except.") Except. 7. The OCC argues that this ruling violated the Rules of Practice and Procedure applicable to the hearing, and prejudiced the agency by unfairly denying the OCC discovery.

The OCC's Rules of Practice and Procedure require that before the hearing each party must serve upon every other party, *inter alia,* a final list of witnesses to be called to testify at the hearing, including a short summary of the expected testimony of each witness. 12 C.F.R. 19.32(a)(2). The Rule further provides that "no witness may testify . . . if such witness . . . is not listed in the prehearing submissions . . . except for good cause shown." 12 C.F.R. 19.32(b). In this case, the OCC identified its witnesses in compliance with this Rule. Brooks also filed a list of witnesses, but did not definitively identify himself as a witness, purportedly reserving the decision to testify to see whether the OCC established a *prima facie* case against him. Brooks did, however, provide a roughly three-page summary of his expected testimony in the event that he did testify.

The OCC states that "[O]n the eve of trial and out of an abundance of caution" the OCC conducted a deposition of Brooks as a potential hearing witness five days before the hearing. OCC Except. 5. The OCC asserts, without contradiction from Brooks, that at the deposition Brooks refused to answer any substantive questions on Fifth Amendment grounds. At the hearing, the OCC moved to prohibit Brooks from testifying on the basis of his failure to identify himself definitively as a witness, and because of his failure to respond to questions at the deposition. Transcript ("Tr.") 21–23. Brooks replied that his pre-hearing statement provided sufficient detail to preclude unfair surprise to the OCC, and that the OCC was at fault for noticing the deposition only on the eve of trial. Tr. 23–25. The ALJ denied the OCC's motion without explanation and permitted Brooks to testify. Tr. 25. The OCC did not move to adjourn the hearing to depose Brooks before his hearing testimony, did not cross-examine Brooks, and did not address the issue in its post-hearing brief to the ALJ. The OCC asks that the Board strike Brooks's testimony from consideration. OCC Except. 7.

In these circumstances, the Board declines to impose the extreme sanction of striking the testimony of a respondent in his own defense. The ALJ is generally vested with "all powers necessary to conduct a proceeding in a fair and impartial manner and to avoid unnecessary delay." 12 C.F.R. 19.5(a). More specifically, the ALJ is vested with the power "to consider and rule upon all procedural and other motions [other than granting a motion to dismiss] appropriate in an adjudicatory proceeding. 12 C.F.R. 19.5(b)(7). An ALJ's evidentiary rulings therefore are generally accorded deference in the absence of an abuse of discretion or manifest unfairness.

While the Board is concerned about the potential for misuse of the Fifth Amendment privilege to evade pre-hearing deposition testimony, the Board cannot conclude on the circumstances of this case, including the availability to OCC Enforcement Counsel of alternatives that were not pursued at the hearing stage, that the ALJ's decision to permit Brooks to testify rendered the proceeding manifestly unfair. Accordingly, the Board finds that the OCC has not sustained its burden of showing that the ALJ abused his discretion in permitting Brooks to testify and declines to strike Brooks's testimony.

B. Substantive Basis for Prohibition

1. *Illegal Dividend Payments.* The OCC charged that in 1989 Brooks caused the Bank to declare dividends that exceeded the amount permitted by section 60 of the National Bank Act. 12 U.S.C. § 60. The OCC alleged that this conduct warranted Brooks's prohibition from banking in that he engaged in a violation of law that resulted in financial gain to him and that involved willful or continuing disregard for the safety and soundness of the Bank.[6] The ALJ found that Brooks had violated Section 60 by causing the Bank to declare and pay excessive dividends, and that Brooks received some financial gain by reason of this violation.[7] Recommended Conclusion of Law 4; RD 32; RFF 14–18. The ALJ further found that Brooks's violation resulted from an "honest mistake" and did not evidence a willful or continuing disregard for the safety and soundness of the Bank, and therefore did not warrant his prohibition from banking.

OCC Enforcement Counsel strongly excepts to the ALJ's conclusions regarding the absence of willful or continuing disregard for safety or soundness. The OCC argues, among other things, that the record supports a finding that Brooks's actions demonstrated continuing disregard in that Brooks, in declaring an illegal dividend, recklessly failed to heed prior OCC warnings.

6. The OCC does not argue that the misconduct satisfied the alternative culpability test of "personal dishonesty". OCC Except. 50–60.

7. The dividends declared by the Bank were paid to its holding companies in order to enable them to service debt that Brooks had personally guaranteed.

While the Board generally defers to an ALJ's factual findings, especially those based on the ALJ's judgments as to the credibility of the witnesses, the Board is not bound by them, and may reach different factual findings so long as there is substantial evidence in the record to support those findings.[8]

Here, however, upon a careful review of the record, the Board concludes that while there is some record evidence supporting a finding that Brooks's conduct in causing illegal dividends meets the culpability test of section 1818(e), that evidence is outweighed by countervailing evidence showing that Brooks did not act recklessly or with willful disregard for safety and soundness. Accordingly, the Board adopts the ALJ's conclusion that the OCC did not establish that Brooks's actions with respect to the excessive dividends demonstrated willful or continuing disregard for safety or soundness.

Section 60 limits the dividends that a national bank may declare out of the "net profits" of the bank. The approval of the OCC is required if the total of the dividends in a calendar year exceeds the total of its net profits for that year combined with its retained net profits of the preceding two years (less any required transfers to surplus or a fund for the retirement of any preferred stock). 12 U.S.C. § 60(b). "Net profits" is defined by the statute as current earnings plus certain adjustments (such as actual loan recoveries) less current expenses and certain other deductions (such as actual loan losses).[9] Prior to December 1990,[10] a Federal Reserve interpretation of section 60 applicable to national banks established a uniform means of determining net profits for purposes of dividend restrictions. 12 C.F.R. 250.104 (1989). The interpretation allowed "net profits" to be computed using net income determined from the call report, with certain other additions and deductions required by the terms of section 60 (such as actual recoveries and losses). *Id.*

The record shows that Brooks was responsible for making the computations necessary to assure that dividends paid by the Bank complied with the limitations in section 60. RD 16. Beginning in at least May 1987 and continuing through at least 1990, Brooks used a consistent method to determine the amount of net profits that were eligible under section 60 to be paid out as dividends in each quarter. Respondent Exhibit ("RX") 4. Under this method, Brooks computed net profits by adding the amount of net income from the prior quarter that had not been paid out as dividends to the net income from the current quarter. *Id.* This method of computing net profits differed from the method prescribed in section 60 and described in the Board's interpretation in two ways. First, this method did not limit the amount of prior years' retained net profits used in the calculations to the previous two years, as required by the terms of section 60. Second, this method did not make the specific additions and subtractions to net income (such as actual loan recoveries and losses) required by the applicable interpretation. RX 4.[11]

The Bank paid dividends for each quarter in 1989, aggregating $143,000 for the year, using Brooks's method for calculating net profits for purposes of section 60.[12] RD 14. In January 1990, Brooks caused the holding company to refund $1,347 of the $40,000 fourth quarter 1989 dividend, which turned out to be excessive under Brooks's computation method, as a result of unexpected losses during December. RD 16.

In March 1990, the OCC, based on a routine off-site review of the Bank's filings, advised the Bank that its dividends for 1989 exceeded the section 60 limitations by over $63,000.[13] RD 16–17. Brooks then wrote to the OCC admitting the miscalculation of the permissible dividend amount, taking responsibility for the error, and asking that the OCC retroactively grant approval for the excessive dividends. RD 17. When approval was denied,[14] the board of directors, including Brooks, stipulated to the entry of a cease and desist order by

8. *Universal Camera Corp. v. NLRB*, 340 U.S. 474, 496 (1951). It is the agency, and not the ALJ, whose factual determinations are entitled to deference by a reviewing court. *Penasquitos Village, Inc. v. NLRB*, 565 F.2d 1074, 1076 (9th Cir. 1977). Thus, the Board has been upheld by reviewing courts in enforcement decisions where it has declined to adopt an ALJ's findings, both as to issues of legal interpretation (*Van Dyke v. Board of Governors*, 876 F.2d 1377, 1379 (8th Cir. 1989)), and as to issues of fact, including credibility (*Stanley v. Board of Governors*, 940 F.2d 267, 272 (7th Cir. 1991)).

9. The statute defines "net profits" as "the remainder of all earnings from current operations plus actual recoveries on loans and investments and other assets, after deducting from the total thereof all current operating expenses, actual losses, accrued dividends on preferred stock, and all Federal and state taxes". 12 U.S.C. § 60(c).

10. The interpretation was repealed in December 1990, as discussed below.

11. Although the method Brooks used to calculate net profits did not comply with section 60, there is no evidence in the record that the dividends paid by the Bank during the years 1987 and 1988 exceeded the limits in that provision. The OCC examinations of the Bank in early 1988 and early 1989 found no violations of section 60. For those years, there is no evidence that the OCC reviewed the specific computations the Bank used to apply the section 60 limitation on dividends.

12. At the end of the OCC's examination that began in February 1989, the OCC advised the Bank's board of directors that earnings for year-to-date 1989 were weak. Noting that the holding company's debt service requirements were anticipated to exceed 1988's earnings, the Report of Supervisory Activity expressly advised the Bank that "[a] careful review of 12 U.S.C. § 56 and 12 U.S.C. § 60 should be performed prior to the declaration of dividends to ensure future dividend payments do not exceed legal limitations." OCCX 5 at 3.

13. The Bank had experienced reduced earnings in the last quarter of 1989.

14. The OCC denied the request on August 3, 1990, because the dividends caused the Bank's capital to be low, because the Bank was exposed to loss from high-risk loans, and because of the OCC's concerns with the Bank's supervision and management. OCCX 70.

the OCC calling for the members of the board of directors to pay back into the bank the excessive dividends plus interest. RFF 48–49. The six directors who had voted for the excessive dividends, including Brooks, then reimbursed the Bank for the excessive dividends (but not interest on those amounts) pursuant to the order. RD 18; RFF 42.

The Board finds, as the OCC asserts, that there is evidence in the record tending to show that Brooks's use of his own method of calculating permissible dividends is considerably more serious than an "honest mistake". This evidence includes Brooks's background as a CPA and bank examiner, the OCC's repeated criticisms of Brooks's conduct at the Bank and general warning to comply with dividend restrictions, and Brooks's apparent motive to maximize dividends in light of the need to meet debt service obligations.

On balance, however, the Board finds that the weight of the evidence in the record as a whole does not support the conclusion that Brooks acted with continuing or willful disregard for the Bank's safety or soundness. Brooks testified that the method he used for computing compliance with section 60 was one he devised when he was an OCC examiner.[15] Brooks offered into evidence a sheet of calculations purporting to show how he calculated the available dividends from 1987 to 1990. RX 4. While Brooks does not except to the ALJ's finding that his dividend calculation method caused the Bank to pay dividends during 1989 that violated section 60, it does not appear that his calculation method was in all respects inherently disadvantageous to the Bank. As explained above, one of the reasons why Brooks's method was inconsistent with section 60 was that, in determining the amount of "net profits" for purposes of these restriction, Brooks failed to make the adjustments to the Bank's reported net income—adjustments for amounts added to the Bank's provision for loan loss reserves and for actual loan recoveries and charge-offs—called for by the applicable regulatory interpretation of net profits. *See* 12 C.F.R. 225.104(e)(1989). However, shortly thereafter, in December 1990, the OCC and the Board adopted new rules for computing net profits providing that, given current accounting principles and regulatory reporting procedures, these adjustments to net income should not be made.[16] Although adoption of the new rules in 1990 does not excuse the violation of section 60 in 1989, the new rules, which employ a method that coincides at least in part with the method Brooks had been using, tend to show that he was not acting in a manner that was necessarily detrimental to the Bank. Moreover, the fact that Brooks used a consistent method to calculate the section 60 limitations from at least 1987 until 1989 tends to negate the allegation that Brooks devised his calculation method solely as a means to assure high dividend levels in the face of declining earnings in 1989, so that debt service demands could be met.[17]

Other facts of record also mitigate Brooks's culpability with respect to the excessive dividends. There is no evidence that Brooks deliberately concealed his method of calculating the dividends. The OCC's previous general warnings as to capitalization and compliance with section 60, while they should have made Brooks more careful with respect to his dividend calculations, did not alert him that his specific method of computing dividends was impermissible. Moreover, Brooks promptly and on his own initiative caused the bank holding company to refund to the Bank $1,300 in January 1990 when his method indicated that the Bank dividends paid in December had been excessive in that amount.[18]

Accordingly, while the excessive dividends were a violation of law and an unsafe or unsound practice from which Brooks received financial gain, the Board concludes that, on this record, the OCC has not sustained its burden of establishing that the misconduct demonstrated the willful or continuing disregard for safety or soundness necessary for an order of prohibition.

15. Brooks testified that: "[T]he basis of my computation of the compliance sheet was the fact that when I worked for the OCC and we analyzed the change to accrual accounting, we decided that the most conservative way to compute the dividend—to restrict the dividends according to 12 U.S.C. 60 was by just taking the fully-accrued earnings and subtracting off the dividend, and then . . . taking the previous two years' excess . . . ." Tr. at 334–35. Brooks denied ever having seen the OCC's compliance worksheet that implemented 12 C.F.R. 250.104 (OCCX 42) until the OCC's 1990 examination revealed the excessive dividends. Tr. 334.

16. 12 C.F.R. 208.19(b)(2); 12 C.F.R. 5.62(c). The amended regulations did not alter the two-year limitation on use of prior year retained net profits.

17. The ALJ's conclusion as to Brooks's culpability was also based on the ALJ's finding, grounded solely on Brooks's uncorroborated testimony, that in September 1989, before all of the excessive dividends had been paid, an OCC examiner reviewed the Bank's dividend computation method. RD 19. The OCC excepts to this finding as unsupported by the weight of the evidence, arguing that the OCC examiners involved denied discussing dividends with Brooks at that time. The Board finds it unnecessary to resolve this factual dispute. Even if the OCC's version were to be accepted, there would, in the Board's judgment, still be inadequate evidence in the record to support the requisite determination of culpability.

18. The Board adopts OCC Enforcement Counsel's argument that the ALJ was in error in finding that the improper dividends were the result of Brooks's mistaken use of the cash accounting method, rather than the accrual method. There is abundant evidence that Brooks knew that the Bank used accrual accounting, as national banks have been required to do since 1976. The erroneous dividends were caused, not by a mistake over the proper accounting method, but by Brooks's failure to make the adjustments to current earnings required by the applicable interpretation and by failing to use the three-year statutory computation period.

2. *Unauthorized Real Estate Brokerage.* The OCC based this prohibition action in part on allegations that Brooks caused the Bank to exceed its statutory authority under 12 U.S.C. § 24 (seventh) to engage in banking activities by operating a real estate agency for one year, and that Brooks received benefit from its operation. RD 5–6. The ALJ found, however, that the OCC did not establish that the practice evidenced a willful or continuing disregard for safety or soundness by Brooks. RD 10–11.

The ALJ found that in 1984 the Bank's board of directors approved the establishment of a real estate brokerage in the Bank in order to sell a number of vacant houses located in the small town where the Bank was located. RD 5. Brooks, as a licensed real estate broker, was responsible for the operation of the real estate activities, which continued for one year, and which generated commissions for the Bank. RD 5–6. After an OCC examination criticized the real estate operation as an unauthorized activity for a national bank, Brooks reimbursed the Bank for the expenses of the operation borne by the Bank, and claimed the commissions generated by the sales. RD 5–6, 11.

The ALJ found that the real estate activities exceeded the authorization of the statute, but found that the violation resulted from the board of directors' mistaken belief that it was a permissible activity. RD 9. The ALJ found that the Bank conducted the activity openly, with no attempt to conceal the activities from the OCC. RD 10. Accordingly, the ALJ found that Brooks did not act with the culpability requisite to an order of prohibition. RD 11.

The OCC excepts to that conclusion, arguing that the factual record indicates that Brooks in fact commingled his real estate operations with those of the Bank, keeping the commissions earned while charging the Bank with the expenses, without the knowledge of the board of directors. OCC Except. 38–40. The OCC also argues that the mistake-of-law finding is inherently flawed in light of Brooks's previous experience as a national bank examiner. OCC Except. 42.

The Board finds that the record is insufficient to establish the precise circumstances of Brooks's involvement in the real estate operations in 1984-1985, including the circumstances bearing upon his culpability. The Board notes that the record evidence cited by the OCC tends to show that the real estate operation was entirely owned and operated by Brooks, which, if true, would not establish a violation of 12 U.S.C. § 24. Accordingly, the Board finds that the OCC has not proved its charges with respect to the real estate operations.

3. *Alleged manipulation of bank accounts.* The OCC alleged that Brooks engaged in an unsafe and unsound practice and breach of fiduciary duty in connection with alleged manipulation of the Bank's correspondent account at another bank based on four wire transfers from the account. The first two transfers were made on October 31, 1989, from the Bank's correspondent account to an account at another bank owned by a trust for which Brooks's mother was trustee and Brooks a beneficiary. RFF 55–58. The ALJ found that the transfers were made pursuant to loans approved by the board of directors, one a $5,000 loan to a bank customer that was then used to buy an automobile from Brooks, and the second, an $18,150 loan to Brooks to repay a debt to his mother. RD 19. The other two wire-transfers, in the amounts of $700 and $300, were initiated by Brooks on November 8, 1993, to transfer funds on behalf of his brother to an account held by his sister-in-law. RD 20–21. In each case, the accounts were not promptly reconciled after the transfers and remained out of balance for 14 days with respect to the first two transfers, and for 51 days with respect to the second two. RD 20–21.

The ALJ found that Brooks was not responsible for posting the wire-transferred amounts,[19] and was not aware of the delays in reconciling the account. RFF 69, 70. The ALJ therefore rejected the OCC charges that Brooks had directed that unauthorized wire transfers be made to members of his family, then tried to correct the problem with subsequently authorized loans, the proceeds of which were used to reconcile the Bank's correspondent account. Instead, the ALJ found that the transfers were authorized and that the Bank's cashier was responsible for the delays in posting the wire-transferred amounts. RD 21–24.

The Board adopts the ALJ's findings on this issue, which are based on conflicting evidence, and in part, on credibility determinations. While Brooks's actions with regard to the wire transfers were unsafe and unsound, and as discussed below embodied a preferential extension of credit, the record is insufficient to find that these actions evidenced the culpability requisite for an order of prohibition.

4. *Preferential extension of credit.* The ALJ found, as the OCC alleged, that a $18,150 loan to Brooks that funded one of the wire transfers on October 31, 1989 was preferential, and therefore a violation of 12 U.S.C. § 375b, and 12 C.F.R. 215. RD 23–25. The loan clearly constituted financial gain to Brooks. The ALJ concluded, however, that the violation did not evidence a willful or continuing disregard for safety or soundness. RD 33.

19. Indeed, the ALJ noted that the internal control policy of the Bank prohibited Brooks from making debit entries to the correspondent account for wire transfer activities that he initiated.

The Federal Reserve Act and Regulation O require that extensions of credit from banks to individuals who are bank "insiders," *i.e.*, individuals who are bank executive officers, directors, or principal shareholders, must be on substantially the same terms as are available to non-insiders. 12 U.S.C. § 375b(3); 12 C.F.R. 215.4.

The ALJ reasonably found that the loan was preferential in a number of respects. RD 23–25. Brooks wire-transferred the proceeds from the loan to an account other than his own immediately upon signing the promissory note, an action possible only because of his position with the Bank. RD 24. The value of the collateral for the loan, a 1964 Corvette and a 1984 recreational boat with outboard motor, was not supported by an appraisal or other documentation. RD 24. An OCC examination also criticized the extension of credit to Brooks because he was financially illiquid, had numerous and continuing overdraft problems, had a high level of contingent liabilities, and because his creditworthiness did not support an extension of credit on the terms applied. RD 24. The ALJ therefore found that the loan was a violation of law, a breach of Brooks's fiduciary duty, and an unsafe and unsound banking practice. While Brooks clearly received financial gain as a result of the violation, the ALJ found that he did not act with the requisite culpability to justify his prohibition.

The OCC's theory of the case was that it was Brooks's entire course of conduct with respect to the manipulation of the Bank accounts that included the preferential loan that justified his prohibition. Notice of Intention to Prohibit, Articles IV-VIII; OCC Except. 28–35. The OCC therefore did not argue that the single preferential loan, standing alone, was a basis for prohibition. In the past, the Board has found that isolated or discrete violations of the restrictions against insider-dealing do not necessarily warrant an order of prohibition, while they may readily be the subject of civil money penalties.[20] *See In the Matter of John Van Dyke*, OCC No. AA-EC-87-88 (1988) at 36. In these circumstances, the Board adopts the ALJ's conclusion that the record did not establish a basis for Brooks's prohibition with respect to the preferential loan.

Conclusion

After a close examination of the record, the Board concludes that the OCC has established by a preponderance of the evidence that Brooks engaged in misconduct—violation of laws and unsafe or unsound practices—which caused financial gain to Brooks and loss to the Bank, thereby satisfying the first two requirements for an order of prohibition. The Board is unable to conclude on this record, however, that the OCC established the third requirement, that Brooks's misconduct reflected personal dishonesty or willful or continuing disregard for safety or soundness. This conclusion in no way indicates that the OCC lacked a reasonable basis for bringing this action. Nor does this disposition excuse Brooks's actions, which clearly involved a variety of substandard practices.

Accordingly, the Board orders that this prohibition proceeding be dismissed.

By Order of the Board of Governors, this 6th day of August, 1993.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

20. The Board notes that the preferential loan was part of the basis for the Comptroller's final civil money penalty.

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Piedmont Trust Bank
Martinsville, Virginia

The Federal Reserve Board announced on August 6, 1993, the issuance of a Cease and Desist Order against the Piedmont Trust Bank, Martinsville, Virginia.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Commerce Exchange Bank
Beachwood, Ohio

The Federal Reserve Board announced on August 2, 1993, the execution of a Written Agreement among the Federal Reserve Bank of Cleveland, the Superintendent of the Ohio Division of Banks, and the Commerce Exchange Bank, Beachwood, Ohio.

Sparta State Bank
Sparta, Michigan

The Federal Reserve Board announced on August 19, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Chicago and the Sparta State Bank, Sparta, Michigan.

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Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
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
SMSA	Standard metropolitan statistical area
VA	Veterans Administration

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	1992		1993		1993				
	Q3	Q4	Q1	Q2[r]	Mar.	Apr.[r]	May[r]	June[r]	July
Reserves of depository institutions[2]									
1 Total	9.3	25.8	9.3	10.8	5.3	.7	36.5	5.1	9.4
2 Required	9.9	25.3	8.7	12.4	3.0	3.3	39.5	7.0	5.7
3 Nonborrowed	8.4	27.1	9.5	10.6	4.3	1.1	35.5	3.8	8.1
4 Monetary base[3]	10.5	12.6	9.1	9.8	8.9	7.6	13.8	10.9	9.5
Concepts of money, liquid assets, and debt[4]									
5 M1	11.7	16.8	6.6	10.5	2.6	8.9	27.4	7.3	13.6
6 M2	.8	2.7	−1.9	2.1	−.9	.5	10.3	2.4	1.8
7 M3	.1	−.2	−3.7[r]	2.3	−1.3	3.1	8.3	−1.2	−2.2
8 L	1.1	1.6	−2.4[r]	3.4	−.5[r]	4.0	9.7	1.1	n.a.
9 Debt	4.9	4.3	4.4	5.4	5.3[r]	5.2	5.7	6.4	n.a.
Nontransaction components									
10 In M2[5]	−3.2	−2.8	−5.3[r]	−1.5	−2.4	−3.1	2.9	.3	−3.3
11 In M3 only[6]	−3.5	−14.4	−13.0	3.4	−3.3	17.0	−2.2	−20.2	−23.8
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	10.9	12.9	1.6	4.6	−2.9	3.3	14.0	6.4	.8
13 Small time[7]	−17.4	−17.2	−7.9[r]	−8.0	−5.2[r]	−11.2	−10.6	−10.5	−12.8
14 Large time[8,9]	−18.6	−18.4	−17.9	.4	−20.9	21.7	3.0	−11.9	−20.2
Thrift institutions									
15 Savings, including MMDAs	9.2	8.7	−.2	.7	−5.1	2.0	9.0	2.8	2.5
16 Small time[7]	−18.6	−21.7	−17.9[r]	−10.1	−9.9[r]	−7.2	−8.3	−11.5	−12.0
17 Large time[8,9]	−14.9	−11.3	−17.3	−7.9	−18.3	11.2	−14.7	−9.3	−1.9
Money market mutual funds									
18 General purpose and broker–dealer	−7.4	−4.2	−10.1	−.4	−1.8	−4.7	18.1	−1.1	−.7
19 Institution-only	32.9	−19.4	−14.1	.5	−5.9	−3.0	14.4	−27.8	−18.8
Debt components[4]									
20 Federal	10.7	6.0	8.6	11.5	15.0	10.9	10.9	13.2	n.a.
21 Nonfederal	3.0	3.7	2.9	3.2	1.9[r]	3.2	3.9	3.9	n.a.

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

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

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

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1993			1993						
	May	June	July	June 16	June 23	June 30	July 7	July 14	July 21	July 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	346,081	354,051[r]	354,701	350,351	354,576	361,071[r]	355,464	355,871	357,374	351,105
U.S. government securities[2]										
2 Bought outright—System account	305,421	312,928	313,725	313,630	314,888	314,052	315,101	311,945	313,429	313,911
3 Held under repurchase agreements	2,598	3,537	3,235	0	2,351	7,754	2,825	5,728	5,774	0
Federal agency obligations										
4 Bought outright	5,086	5,050	5,011	5,054	5,054	5,035	5,032	5,024	5,013	4,992
5 Held under repurchase agreements	117	220	278	0	178	581	220	369	643	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	43	55	16	5	19	202	39	5	14	11
8 Seasonal credit	83	143	211	130	160	185	195	203	218	224
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	435	466[r]	490	412	402	639[r]	711	678	326	290
11 Other Federal Reserve assets	32,298	31,652	31,734	31,119	31,525	32,622	31,342	31,919	31,957	31,677
12 Gold stock	11,054	11,056	11,057	11,055	11,058	11,057	11,057	11,058	11,057	11,057
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,651[r]	21,695[r]	21,731	21,692[r]	21,701[r]	21,711[r]	21,718	21,726	21,733	21,741
ABSORBING RESERVE FUNDS										
15 Currency in circulation	338,475[r]	342,775[r]	346,485	342,967[r]	342,675[r]	342,846[r]	346,321	347,781	346,415	345,573
16 Treasury cash holdings	497	469	414	481	461	448	431	425	408	405
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,851	8,781	6,266	5,364	9,667	16,256	6,833	6,822	6,065	5,435
18 Foreign	272	238	222	225	206	218	222	192	197	253
19 Service-related balances and adjustments	6,193	6,221[r]	6,186	6,135	6,209	6,279[r]	6,249	6,192	6,208	6,141
20 Other	310	284	274	284	274	291	288	294	273	259
21 Other Federal Reserve liabilities and capital	9,509	9,360	9,232	9,440	9,379	9,301	8,953	9,287	9,325	9,306
22 Reserve balances with Federal Reserve Banks[3]	25,699	26,694[r]	26,428	26,220	26,481	26,217[r]	26,960	25,680	29,292	24,548

Factor	End-of-month figures			Wednesday figures						
	May	June	July	June 16	June 23	June 30	July 7	July 14	July 21	July 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	346,958	368,859[r]	352,092	351,462	362,036	368,859[r]	361,528	356,556	360,505	350,467
U.S. government securities[2]										
2 Bought outright—System account	304,494	313,143	314,614	314,658	313,453	313,143	313,556	313,142	312,748	312,990
3 Held under repurchase agreements	5,347	15,056	0	0	10,261	15,056	8,111	5,852	8,918	0
Federal agency obligations										
4 Bought outright	5,054	5,032	4,964	5,054	5,054	5,032	5,032	5,013	5,013	4,964
5 Held under repurchase agreements	0	949	0	0	993	949	712	200	846	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	37	1,357	11	12	22	1,357	198	4	12	9
8 Seasonal credit	92	177	223	144	181	177	196	210	225	220
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	52	221[r]	460	414	−229	221[r]	1,648	106	470	499
11 Other Federal Reserve assets	31,881	32,924	31,819	31,180	32,301	32,924	32,075	32,029	32,273	31,785
12 Gold stock	11,053	11,057	11,057	11,058	11,058	11,057	11,057	11,057	11,057	11,057
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,674[r]	21,711[r]	21,748	21,692[r]	21,701[r]	21,711[r]	21,718	21,726	21,733	21,741
ABSORBING RESERVE FUNDS										
15 Currency in circulation	340,856[r]	344,123[r]	346,113	342,972[r]	342,617[r]	344,123[r]	347,637	347,425	345,944	345,753
16 Treasury cash holdings	489	432	386	481	451	432	428	408	408	386
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,787	28,386	5,818	8,605	13,673	28,386	6,566	7,097	6,787	5,747
18 Foreign	194	286	284	292	186	286	247	203	198	234
19 Service-related balances and adjustments	6,297	6,279[r]	6,076	6,135	6,209	6,279[r]	6,249	6,192	6,208	6,141
20 Other	300	297	232	348	268	297	266	471	262	233
21 Other Federal Reserve liabilities and capital	9,263	8,705	9,349	9,238	9,240	8,705	9,099	9,237	9,187	9,153
22 Reserve balances with Federal Reserve Banks[3]	24,518	21,136[r]	24,659	24,158	30,169	21,136[r]	31,829	26,326	32,320	23,636

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1993						
	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	23,636	23,515	24,383	26,975	25,968	26,462	26,561
2 Total vault cash[3]	31,789	32,510	34,535	35,991	33,914	33,293	32,721	33,462	34,106	34,535
3 Applied vault cash[4]	28,884	28,872	31,172	32,368	30,368	29,912	29,567	30,133	30,776	31,189
4 Surplus vault cash[5]	2,905	3,638	3,364	3,623	3,546	3,381	3,154	3,329	3,330	3,347
5 Total reserves[6]	59,120	55,532	56,540	56,004	53,882	54,296	56,541	56,101	57,238	57,750
6 Required reserves	57,456	54,553	55,385	54,744	52,778	53,083	55,445	55,104	56,328r	56,661
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,155	1,260	1,104	1,213	1,096	996	911r	1,089
8 Total borrowings at Reserve Banks[8]	326	192	124	165	45	91	73	121	181	244
9 Seasonal borrowings	76	38	18	11	18	26	41	84	142	210
10 Extended credit[9]	23	1	1	1	0	0	0	0	0	0

Reserve classification	Biweekly averages of daily figures for weeks ending on date indicated									
	1993									
	Mar. 31	Apr. 14	Apr. 28	May 12	May 26	June 9	June 23	July 7r	July 21	Aug. 4
1 Reserve balances with Reserve Banks[2]	24,747	26,612	27,586	25,228	26,396	26,543	26,352	26,579	27,489	25,250
2 Total vault cash[3]	32,343	33,218	32,010	34,225	32,728	33,685	34,237	34,385	34,026	35,354
3 Applied vault cash[4]	29,098	29,995	28,960	30,816	29,455	30,391	30,897	31,032	30,772	31,883
4 Surplus vault cash[5]	3,245	3,223	3,050	3,409	3,273	3,294	3,341	3,354	3,255	3,470
5 Total reserves[6]	53,845	56,607	56,546	56,044	55,851	56,933	57,248	57,610	58,261	57,134
6 Required reserves	52,572	55,763	55,160	55,217	54,649	56,109	56,477	56,311	57,294	56,021
7 Excess reserve balances at Reserve Banks[7]	1,273	844	1,387	828	1,202	824	772	1,299	967	1,112
8 Total borrowings at Reserve Banks[8]	98	38	99	142	105	118	158	311	220	232
9 Seasonal borrowings	32	31	47	71	90	101	145	190	211	222
10 Extended credit[9]	0	0	1	1	0	0	0	0	0	0

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

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

Millions of dollars, averages of daily figures

	Source and maturity	1993, week ending Monday								
		May 31	June 7	June 14	June 21	June 28	July 5	July 12	July 19	July 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	70,624	74,804	76,818	72,102	67,613	77,333	77,723	76,026	72,614
2	For all other maturities	12,825	13,802	14,807	14,560	13,505	11,669	12,618	13,407	13,549
	From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3	For one day or under continuing contract	18,376	19,975	18,784	19,191	20,843	18,304	17,751	19,858	19,395
4	For all other maturities	20,968	21,003	21,028	18,699	19,745	17,843	20,809	20,483	18,974
	Repurchase agreements on U.S. government and federal agency securities									
	Brokers and nonbank dealers in securities									
5	For one day or under continuing contract	13,028	15,690	15,708	13,790	11,380	9,795	17,059	16,820	18,943
6	For all other maturities	27,872	28,435	28,888	27,625	27,186	28,988	45,566	44,578	44,430
	All other customers									
7	For one day or under continuing contract	24,170	23,262	25,386	24,028	23,209	23,528	24,644	24,587	26,362
8	For all other maturities	14,364	14,441	14,530	14,457	15,108	14,270	14,172	14,520	14,312
	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	43,503	44,107	43,067	44,117	41,742	49,013	43,078	42,975	43,555
10	To all other specified customers[2]	20,169	23,201	24,632	25,825	21,259	27,332	30,529	30,192	29,535

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 9/3/93	Effective date	Previous rate	On 9/3/93	Effective date	Previous rate	On 9/3/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.10	9/2/93	3.10	3.60	9/2/93	3.60
New York		7/2/92			9/2/93			9/2/93	
Philadelphia		7/2/92			9/2/93			9/2/93	
Cleveland		7/6/92			9/2/93			9/2/93	
Richmond		7/2/92			9/2/93			9/2/93	
Atlanta		7/2/92			9/2/93			9/2/93	
Chicago		7/2/92			9/2/93			9/2/93	
St. Louis		7/7/92			9/2/93			9/2/93	
Minneapolis		7/2/92			9/2/93			9/2/93	
Kansas City		7/2/92			9/2/93			9/2/93	
Dallas		7/2/92			9/2/93			9/2/93	
San Francisco	3	7/2/92	3.5	3.10	9/2/93	3.10	3.60	9/2/93	3.60

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

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

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1986—Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
In effect Sept. 3, 1993	3	3

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

	Type of deposit[2]	Requirement	
		Percentage of deposits	Effective date
	Net transaction accounts[3]		
1	$0 million–$46.8 million	3	12/15/92
2	More than $46.8 million[4]	10	12/15/92
3	Nonpersonal time deposits[5]	0	12/27/90
4	Eurocurrency liabilities[6]	0	12/27/90

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

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 15, 1992, the exemption was raised from $3.6 million to $3.8 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 15, 1992, for institutions reporting quarterly, and Dec. 24, 1992, for institutions reporting weekly, the amount was increased from $42.2 million to $46.8 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1990	1991	1992	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	24,739	20,158	14,714	3,669	0	0	0	121	349	7,280
2 Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3 Exchanges	241,086	277,314	308,699	29,562	24,542	19,832	23,796	30,124	26,610	24,821
4 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	425	3,043	1,096	0	0	0	279	244	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	25,638	24,454	36,662	2,777	561	2,892	4,303	1,950	4,108	4,002
8 Exchanges	−27,424	−28,090	−30,543	−1,570	−1,202	−6,044	−2,602	−1,100	−4,013	−2,152
9 Redemptions	0	1,000	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	250	6,583	13,118	200	0	0	1,441	2,490	0	0
11 Gross sales	200	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,770	−21,211	−34,478	−2,777	−64	−2,617	−4,303	−1,630	−3,652	−4,002
13 Exchanges	25,410	24,594	25,811	1,570	882	4,564	2,602	800	3,245	2,152
Five to ten years										
14 Gross purchases	0	1,280	2,818	100	0	0	716	1,147	0	0
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,186	−2,037	−1,915	0	−497	−98	0	−320	−333	0
17 Exchanges	789	2,894	3,532	0	0	1,000	0	300	468	0
More than ten years										
18 Gross purchases	0	375	2,333	0	0	0	705	1,110	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,681	−1,209	−269	0	0	−177	0	0	−123	0
21 Exchanges	1,226	600	1,200	0	0	480	0	0	300	0
All maturities										
22 Gross purchases	25,414	31,439	34,079	3,969	0	0	3,141	5,111	349	7,280
23 Gross sales	7,591	120	1,628	0	0	0	0	0	0	0
24 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	1,369,052	1,570,456	1,482,467	144,232	114,543	111,491	146,563	127,115	124,462	111,726
26 Gross purchases	1,363,434	1,571,534	1,480,140	142,578	116,510	113,349	143,049	128,924	123,227	113,095
Repurchase agreements										
27 Gross purchases	219,632	310,084	378,374	48,904	34,768	28,544	37,815	30,197	33,987	53,051
28 Gross sales	202,551	311,752	386,257	44,697	42,231	25,889	33,714	36,953	28,640	43,342
29 Net change in U.S. Treasury securities	24,886	29,729	20,642	6,521	−5,497	4,513	3,728	163	4,461	18,357
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	5	0	0	0	0	0	0	0	0
32 Redemptions	183	292	632	121	103	85	101	28	41	22
Repurchase agreements										
33 Gross purchases	41,836	22,807	14,565	1,601	2,237	1,107	1,811	197	2,105	2,968
34 Gross sales	40,461	23,595	14,486	1,224	2,868	832	1,519	764	2,105	2,019
35 Net change in federal agency obligations	1,192	−1,085	−554	256	−734	190	191	−595	−41	927
36 Total net change in System Open Market Account	**26,078**	**28,644**	**20,089**	**6,777**	**−6,231**	**4,703**	**3,918**	**−431**	**4,420**	**19,284**

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		
	1993					1993		
	June 30	July 7	July 14	July 21	July 28	May 31	June 30	July 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,057	11,057	11,057	11,057	11,057	11,053	11,057	11,057
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	408	376	379	386	388	441	408	398
Loans								
4 To depository institutions	1,534	394	214	237	229	129	1,534	234
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	5,032	5,032	5,013	5,013	4,964	5,054	5,032	4,964
8 Held under repurchase agreements	949	712	200	846	0	0	949	0
9 **Total U.S. Treasury securities**	**328,199**	**321,667**	**318,994**	**321,666**	**312,990**	**309,841**	**328,199**	**314,614**
10 Bought outright[2]	313,143	313,556	313,142	312,748	312,990	304,494	313,143	314,614
11 Bills	151,796	152,209	151,795	151,699	151,941	143,148	151,796	153,366
12 Notes	123,870	123,870	123,870	123,572	123,572	123,870	123,870	123,772
13 Bonds	37,477	37,477	37,477	37,477	37,477	37,477	37,477	37,477
14 Held under repurchase agreements	15,056	8,111	5,852	8,918	0	5,347	15,056	0
15 **Total loans and securities**	**335,714**	**327,805**	**324,422**	**327,762**	**318,183**	**315,025**	**335,714**	**319,813**
16 Items in process of collection	5,522	9,393	5,953	5,438	5,006	4,473	5,522	4,958
17 Bank premises	1,041	1,041	1,041	1,041	1,043	1,039	1,041	1,043
Other assets								
18 Denominated in foreign currencies[3]	22,334	22,352	22,370	22,398	22,416	23,143	22,334	22,352
19 All other[4]	9,614	8,777	8,761	8,924	8,257	7,820	9,614	8,336
20 **Total assets**	**393,709**	**388,819**	**382,001**	**385,026**	**374,368**	**371,013**	**393,709**	**375,975**
LIABILITIES								
21 Federal Reserve notes	323,253	326,723	326,486	325,005	324,786	320,112	323,253	325,149
22 **Total deposits**	**56,693**	**45,443**	**41,051**	**46,034**	**35,824**	**37,279**	**56,693**	**37,062**
23 Depository institutions	27,724	38,364	33,283	38,787	29,610	31,000	27,724	30,725
24 U.S. Treasury—General account	28,386	6,566	7,097	6,787	5,747	5,787	28,386	5,818
25 Foreign—Official accounts	286	247	203	198	234	194	286	284
26 Other	297	266	471	262	233	300	297	232
27 Deferred credit items	5,059	7,554	5,226	4,800	4,605	4,358	5,059	4,415
28 Other liabilities and accrued dividends[5]	2,229	2,328	2,331	2,288	2,236	2,217	2,229	2,369
29 **Total liabilities**	**387,233**	**382,048**	**375,095**	**378,127**	**367,450**	**363,966**	**387,233**	**368,995**
CAPITAL ACCOUNTS								
30 Capital paid in	3,288	3,293	3,294	3,297	3,296	3,300	3,288	3,299
31 Surplus	3,038	3,053	3,054	3,054	3,054	3,054	3,038	3,054
32 Other capital accounts	150	424	558	548	568	693	150	628
33 **Total liabilities and capital accounts**	**393,709**	**388,819**	**382,001**	**385,026**	**374,368**	**371,013**	**393,709**	**375,975**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	314,236	313,312	318,112	313,664	311,303	317,523	314,236	316,176
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	385,553	386,680	387,881	388,872	389,104	382,009	385,553	389,182
36 LESS: Held by Federal Reserve Banks	62,301	59,957	61,395	63,867	64,319	61,897	62,301	64,034
37 Federal Reserve notes, net	323,253	326,723	326,486	325,005	324,786	320,112	323,253	325,149
Collateral held against notes, net:								
38 Gold certificate account	11,057	11,057	11,057	11,057	11,057	11,053	11,057	11,057
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	304,178	307,647	307,411	305,930	305,710	301,040	304,178	306,073
42 **Total collateral**	**323,253**	**326,723**	**326,486**	**325,005**	**324,786**	**320,112**	**323,253**	**325,149**

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		
	1993					1993		
	June 30	July 7	July 14	July 21	July 28	May 31	June 30	July 30
1 **Total loans**	**1,534**	**394**	**214**	**237**	**229**	**129**	**1,534**	**234**
2 Within fifteen days[1]	1,447	238	52	207	210	82	1,447	103
3 Sixteen days to ninety days	87	156	162	31	19	47	87	132
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days[1]	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**328,199**	**321,667**	**318,994**	**321,666**	**312,990**	**304,494**	**328,199**	**314,614**
10 Within fifteen days[1]	29,971	19,584	20,611	24,426	15,788	8,196	29,971	7,871
11 Sixteen days to ninety days	74,113	75,869	72,075	71,274	74,606	79,097	74,113	79,998
12 Ninety-one days to one year	101,750	103,849	103,944	103,886	100,516	94,431	101,750	104,466
13 One year to five years	70,660	70,660	70,660	71,041	71,041	71,065	70,660	71,241
14 Five years to ten years	21,606	21,606	21,606	20,940	20,940	21,606	21,606	20,940
15 More than ten years	30,099	30,099	30,099	30,099	30,099	30,099	30,099	30,099
16 **Total federal agency obligations**	**5,981**	**5,744**	**5,213**	**5,859**	**4,964**	**5,054**	**5,981**	**4,964**
17 Within fifteen days[1]	1,179	727	249	996	101	301	1,179	101
18 Sixteen days to ninety days	612	831	783	682	747	527	612	747
19 Ninety-one days to one year	1,132	1,127	1,132	1,132	1,087	1,136	1,132	1,087
20 One year to five years	2,181	2,180	2,176	2,176	2,156	2,237	2,181	2,156
21 Five years to ten years	736	736	732	732	732	711	736	732
22 More than ten years	142	142	142	142	142	142	142	142

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

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

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1992	1993						
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	40.49	41.77	45.53	54.35	54.35	54.67	54.92	55.17	55.20	56.88	57.12	57.57
2 Nonborrowed reserves[4]	40.23	41.44	45.34	54.23	54.23	54.50	54.88	55.07	55.12	56.76	56.94	57.32
3 Nonborrowed reserves plus extended credit[5]	40.25	41.46	45.34	54.23	54.23	54.50	54.88	55.07	55.12	56.76	56.94	57.32
4 Required reserves	39.57	40.10	44.56	53.20	53.20	53.41	53.82	53.95	54.10	55.88	56.21	56.48
5 Monetary base[6]	267.73	293.19	317.17	350.80	350.80	353.22	355.73	358.37	360.63[r]	364.77[r]	368.07[r]	370.98
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.06	56.06	55.97	53.81	54.18	56.37	55.88	56.96	57.42
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	55.93	55.80	53.77	54.09	56.29	55.76	56.78	57.17
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.93	55.93	55.80	53.77	54.09	56.29	55.76	56.78	57.17
9 Required reserves[8]	40.85	41.40	46.00	54.90	54.90	54.71	52.71	52.96	55.27	54.88	56.05	56.33
10 Monetary base[9]	271.18	296.68	321.07	354.55	354.55	354.41	353.18	356.00	361.64	364.08[r]	368.73[r]	372.02
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	56.54	56.00	53.88	54.30	56.54	56.10	57.24	57.75
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	56.42	55.84	53.84	54.20	56.47	55.98	57.06	57.51
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	56.42	55.84	53.84	54.20	56.47	55.98	57.06	57.51
14 Required reserves	61.89	57.46	54.55	55.39	55.39	54.74	52.78	53.08	55.45	55.10	56.33	56.66
15 Monetary base[12]	292.55	313.70	333.61	360.90	360.90	360.88	359.56	362.59	368.18	370.46[r]	375.19[r]	378.48
16 Excess reserves[13]	.92	1.66	.98	1.16	1.16	1.26	1.10	1.21	1.10	1.00	.91	1.09
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.12	.17	.05	.09	.07	.12	.18	.24

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 Apr.[r]	1993 May[r]	1993 June[r]	1993 July
	Seasonally adjusted							
Measures[2]								
1 M1	794.6	827.2	899.3	1,026.6	1,043.0	1,066.8	1,073.3	1,085.5
2 M2	3,233.3	3,345.5	3,445.8	3,496.8[r]	3,475.0	3,504.8	3,511.8	3,517.2
3 M3	4,056.1	4,116.7	4,168.1	4,166.4	4,142.5	4,171.1	4,166.9	4,159.2
4 L	4,886.1	4,966.6	4,982.2	5,043.6	5,028.7	5,069.4	5,074.2	n.a.
5 Debt	10,086.5	10,755.3	11,219.3	11,779.7	11,952.5	12,009.5	12,073.1	n.a.
M1 components								
6 Currency[3]	222.7	246.7	267.2	292.3	301.4	304.0	306.8	309.6
7 Travelers checks[4]	6.9	7.8	7.8	8.1	8.1	8.2	8.0	7.9
8 Demand deposits[5]	279.8	278.2	290.5	340.9	347.3	359.1	360.6	365.8
9 Other checkable deposits[6]	285.3	294.5	333.8	385.2	386.2	395.5	397.9	402.3
Nontransaction components								
10 In M2[7]	2,438.7	2,518.3	2,546.6	2,470.2	2,432.0	2,437.9	2,438.5	2,431.7
11 In M3[8]	822.8	771.2	722.3	669.6	667.5	666.3	655.1	642.1
Commercial banks								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	756.1	764.9	769.0	769.5
13 Small time deposits[9]	534.9	610.3	601.5	506.9	497.1	492.7	488.4	483.2
14 Large time deposits[10, 11]	387.7	368.7	341.3	290.2	280.9	281.6	278.8	274.1
Thrift institutions								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	425.5	428.7	429.7	430.6
16 Small time deposits[9]	617.8	562.0	463.2	363.2	347.1	344.7	341.4	338.0
17 Large time deposits[10]	161.1	120.9	83.4	67.3	65.1	64.3	63.8	63.7
Money market mutual funds								
18 General purpose and broker–dealer	317.4	350.5	363.9	342.3	331.8	336.8	336.5	336.3
19 Institution-only	108.8	135.9	182.1	202.3	200.4	202.8	198.1	195.0
Debt components								
20 Federal debt	2,249.5	2,493.4	2,764.8	3,069.0	3,156.8	3,185.5	3,220.5	n.a.
21 Nonfederal debt	7,837.0	8,261.9	8,454.5	8,710.7	8,795.7	8,824.0	8,852.6	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	811.5	843.7	916.4	1,045.8	1,058.2	1,057.6	1,072.7	1,084.2
23 M2	3,245.1	3,357.0	3,457.9	3,511.1	3,498.5	3,489.2	3,507.4	3,513.7
24 M3	4,066.4	4,126.3	4,178.1	4,178.5	4,161.6	4,157.6	4,162.0	4,152.8
25 L	4,906.0	4,988.0	5,004.2	5,068.1	5,046.5	5,044.1	5,061.1	n.a.
26 Debt	10,073.4	10,743.9	11,209.4	11,771.3	11,910.7	11,962.5	12,025.4	n.a.
M1 components								
27 Currency[3]	225.3	249.5	269.9	295.0	301.4	304.4	307.4	311.1
28 Travelers checks[4]	6.5	7.4	7.4	7.8	7.8	7.9	8.2	8.4
29 Demand deposits[5]	291.5	289.9	302.9	355.3	350.6	352.0	359.5	365.5
30 Other checkable deposits[6]	288.1	296.9	336.3	387.7	398.5	393.2	397.6	399.2
Nontransaction components								
31 In M2[7]	2,433.6	2,513.2	2,541.5	2,465.3	2,440.3	2,431.6	2,434.7	2,429.5
32 In M3[8]	821.4	769.3	720.1	667.4	663.0	668.4	654.7	639.1
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	760.9	766.0	772.3	772.2
34 Small time deposits[9]	533.8	610.5	602.0	507.7	495.9	490.5	486.5	483.1
35 Large time deposits[10, 11]	386.9	367.7	340.1	289.1	280.1	283.3	280.4	273.7
Thrift institutions								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	428.2	429.3	431.5	432.1
37 Small time deposits[9]	616.2	562.1	463.6	363.8	346.2	343.1	340.1	337.9
38 Large time deposits[10]	162.0	120.6	83.1	67.1	64.9	64.7	64.2	63.7
Money market mutual funds								
39 General purpose and broker–dealer	315.7	348.4	361.5	340.0	338.1	335.1	333.3	332.0
40 Institution-only	109.1	136.2	182.4	202.4	199.5	203.0	194.3	191.8
Repurchase agreements and Eurodollars								
41 Overnight	77.5	74.7	76.3	73.9	71.0	67.6	70.8	72.1
42 Term	178.4	158.3	130.1	126.3	138.6	139.8	139.2	138.2
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,142.9	3,161.1	3,188.9	n.a.
44 Nonfederal debt	7,826.0	8,252.5	8,444.4	8,701.5	8,767.8	8,801.4	8,836.5	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Debt data are based on monthly averages. This sum is seasonally adjusted as a whole.

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

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

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

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

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

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

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

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

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

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

Item	1990	1991	1992		1993						
			Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[r]	July
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	4.89	3.76	2.36	2.33	2.32	2.27	2.21	2.15	2.12	2.09	2.06
2 Savings deposits[2]	5.84	4.30	2.90	2.88	2.85	2.80	2.73	2.68	2.65	2.61	2.59
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	6.94	4.18	2.91	2.90	2.86	2.81	2.75	2.72	2.70	2.68	2.67
4 92 to 182 days	7.19	4.41	3.14	3.16	3.13	3.08	3.03	2.99	2.98	2.98	2.97
5 183 days to 1 year	7.33	4.59	3.34	3.37	3.35	3.29	3.22	3.19	3.18	3.18	3.18
6 More than 1 year to 2½ years	7.42	4.95	3.83	3.88	3.88	3.83	3.74	3.66	3.64	3.64	3.64
7 More than 2½ years	7.53	5.52	4.70	4.77	4.72	4.59	4.52	4.47	4.47	4.44	4.43
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	5.38	4.44	2.52	2.45	2.40	2.37	2.32	2.25	2.21	2.14	2.09
9 Savings deposits[2]	6.01	4.97	3.22	3.20	3.17	3.14	3.05	2.98	2.93	2.88	2.83
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	7.64	4.68	3.10	3.13	3.06	3.01	2.95	2.91	2.87	2.86	2.80
11 92 to 182 days	7.69	4.92	3.42	3.44	3.38	3.35	3.28	3.23	3.19	3.17	3.15
12 183 days to 1 year	7.85	4.99	3.59	3.61	3.58	3.57	3.52	3.48	3.45	3.43	3.40
13 More than 1 year to 2½ years	7.91	5.23	3.93	4.02	3.94	3.89	3.83	3.86	3.76	3.79	3.75
14 More than 2½ years	7.99	5.98	4.88	5.00	5.02	4.97	4.89	4.84	4.78	4.74	4.73
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	209,855	244,637	275,465	286,541	277,271	279,944	287,811	280,073	283,863	287,325	284,366
16 Savings deposits[2]	570,270	652,058	740,841	738,253	733,836	742,952	747,809	745,038	753,441	754,756	757,664
17 Personal	n.a.	508,191	575,399	578,757	579,701	585,189	591,388	586,863	591,211	592,508	593,478
18 Nonpersonal	n.a.	143,867	165,442	159,496	154,135	157,764	156,422	158,175	162,230	162,247	164,185
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	50,189	47,094	38,985	38,474	38,256	36,738	35,459	34,675	33,304	31,783	30,733
20 92 to 182 days	168,044	158,605	127,636	127,831	128,083	128,209	125,630	122,136	119,281	115,441	112,573
21 183 days to 1 year	221,007	209,672	166,995	163,098	160,630	159,631	158,173	156,957	156,851	155,686	155,988
22 More than 1 year to 2½ years	150,188	171,721	153,784	152,977	151,905	151,798	147,798	146,830	144,870	145,080	143,575
23 More than 2½ years	139,420	158,078	168,586	169,708	169,371	172,362	177,558	178,657	179,994	179,122	180,996
24 IRA/Keogh Plan deposits	131,006	147,266	147,319	147,350	147,069	146,841	148,515	147,463	146,670	146,888	147,020
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	8,404	9,624	10,642	10,871	9,858	9,821	10,199	9,876	10,017	10,407	10,512
26 Savings deposits[2]	64,456	71,215	82,919	81,786	79,271	79,649	77,390	76,970	77,542	77,607	78,434
27 Personal	n.a.	68,638	79,667	78,695	76,337	76,634	74,430	74,077	74,554	74,674	75,093
28 Nonpersonal	n.a.	2,577	3,252	3,091	2,934	3,016	2,961	2,893	2,987	2,932	3,341
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	5,724	4,146	3,895	3,867	3,541	3,468	3,201	3,167	3,120	3,029	2,870
30 92 to 182 days	25,864	21,686	17,632	17,345	16,088	15,857	14,468	14,328	14,174	13,840	13,758
31 183 days to 1 year	37,929	29,715	22,888	21,780	20,627	20,301	19,074	18,778	18,571	18,463	18,419
32 More than 1 year to 2½ years	26,103	25,379	19,258	18,442	17,524	17,387	16,842	16,433	16,281	16,096	16,319
33 More than 2½ years	20,243	18,665	19,543	18,845	18,461	18,759	18,564	18,646	18,798	19,041	19,246
34 IRA/Keogh Plan accounts	23,535	23,007	22,265	21,713	21,320	21,260	20,089	19,969	19,896	19,870	19,937

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include IRA/Keogh deposits and foriegn currency denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.
2. Includes personal and nonpersonal money market deposits.
3. BIF-insured savings banks include both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

Debits are in billions of dollars; turnover is ratio of debits to deposits; monthly data are at annual rates

Bank group, or type of customer	1990[2]	1991[2]	1992[2]	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,157.5	277,758.0	315,806.1	331,038.8	300,602.9	331,126.3	331,026.3	324,610.6	306,616.7
2 Major New York City banks	131,699.1	137,352.3	165,572.7	176,089.1	159,191.7	176,683.2	166,866.6	163,539.8	155,494.9
3 Other banks	145,458.4	140,405.7	150,233.5	154,949.8	141,411.3	154,443.1	164,159.7	161,070.8	151,121.8
4 Other checkable deposits[4]	3,349.0	3,645.5	3,788.1	3,683.9	3,292.5	3,601.4	3,572.6	3,586.6	3,328.1
5 Savings deposits (including MMDAs)[5]	3,483.3	3,266.1	3,331.3	3,407.3	3,032.3	3,363.3	3,562.8	3,523.3	3,436.1
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	797.8	803.5	832.4	830.5	746.5	817.3	811.3	791.6	722.2
7 Major New York City banks	3,819.8	4,270.8	4,797.9	4,693.3	4,154.7	4,525.8	4,129.1	4,120.9	3,852.8
8 Other banks	464.9	447.9	435.9	429.1	388.1	421.9	446.6	434.9	393.4
9 Other checkable deposits[4]	16.5	16.2	14.4	13.1	11.6	12.6	12.5	12.7	11.4
10 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.6	4.1	4.5	4.8	4.7	4.5
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,290.5	277,715.4	315,808.2	340,982.1	304,760.9	303,619.8	339,172.4	324,502.1	306,719.9
12 Major New York City banks	131,784.7	137,307.2	165,595.0	179,987.6	159,198.8	161,174.1	170,855.0	161,923.2	154,606.6
13 Other banks	145,505.8	140,408.3	150,213.3	160,994.5	145,562.0	142,445.7	168,317.4	162,578.9	152,113.3
14 Other checkable deposits[4]	3,346.7	3,645.6	3,788.1	3,849.3	3,596.2	3,296.7	3,630.2	3,807.3	3,243.3
15 Savings deposits, (including MMDAs)[5]	3,483.0	3,267.7	3,329.0	3,588.0	3,248.8	3,080.3	3,529.2	3,741.2	3,445.0
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	798.2	803.4	832.5	815.2	738.2	771.7	854.5	786.4	737.6
17 Major New York City banks	3,825.9	4,274.3	4,803.5	4,418.1	3,936.3	4,213.4	4,385.4	4,108.4	3,948.9
18 Other banks	465.0	447.9	436.0	426.5	390.9	401.1	470.2	435.6	403.8
19 Other checkable deposits[4]	16.4	16.2	14.4	13.5	12.4	11.6	12.6	13.0	11.2
20 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.8	4.4	4.1	4.7	5.0	4.5

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, *Division of Monetary* Affairs, Board of Governors of the Federal Reserve System, Washington, 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. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).
5. Money market deposit accounts.

1.24 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993[r] Jan.	1993[r] Feb.	1993[r] Mar.	1993[r] Apr.	1993[r] May	1993[r] June	1993[r] July
	Seasonally adjusted											
1 **Total loans, leases, and securities[2]**	**2,902.2**	**2,917.4**	**2,926.0**	**2,932.4**	**2,937.6**	**2,935.3**	**2,943.9**	**2,959.7**	**2,969.3**	**2,990.5**	**3,013.6**	**3,038.3**
2 U.S. government securities	632.6	640.6	647.3	651.4	657.1	656.5	666.2	680.0	690.0	692.6	702.8	707.6
3 Other securities	178.2	178.2	178.8	177.3	176.0	174.5	176.4	178.7	179.7	180.3	179.4	181.5
4 Total loans and leases[2]	2,091.4	2,098.6	2,099.8	2,103.8	2,104.6	2,104.4	2,101.3	2,101.1	2,099.5	2,117.6	2,131.5	2,149.2
5 Commercial and industrial	601.4	601.2	600.8	600.5	597.6	598.0	596.7	593.3	588.9	591.9	593.5	592.5
6 Bankers acceptances held[3]	6.5	6.3	7.5	7.9	7.7[r]	7.3	8.4	8.5	8.5	9.1	9.1	9.7
7 Other commercial and industrial	594.9	594.9	593.3	592.6	589.9	590.7	588.3	584.8	580.3	582.8	584.5	582.8
8 U.S. addressees[4]	584.3	583.6	582.6	582.3	580.2	581.2	578.8	575.1	571.2	573.5	575.8	573.8
9 Non-U.S. addressees[4]	10.6	11.3	10.7	10.3	9.7	9.6	9.5	9.7	9.1	9.3	8.7	9.0
10 Real estate	883.1	886.8	890.7	892.5	892.4	890.8	890.1	891.7	891.3	897.1	902.8	906.6
11 Individual	357.4	357.0	355.8	355.4	355.5	358.4	361.9	362.3	364.4	367.2	368.4	371.9
12 Security	61.6	64.0	64.7	64.2	64.8	63.5	62.8	64.3	62.6	69.0	71.9	82.1
13 Nonbank financial institutions	42.0	44.0	43.9	44.7	43.6	45.1	44.6	44.2	44.8	45.5	45.4	46.1
14 Agricultural	35.3	35.2	35.1	35.2	35.0	34.5	34.3	34.0	34.0	34.2	34.0	34.5
15 State and political subdivisions	25.9	25.8	25.4	25.1	24.8	24.2	23.8	23.7	23.4	23.5	23.5	23.7
16 Foreign banks	7.2	7.9	7.6	7.5	7.7	7.7	8.8	8.5	8.4	8.5	8.6	9.1
17 Foreign official institutions	2.3	2.5	2.4	2.8	2.8	2.9	3.2	3.2	3.2	3.1	3.3	3.3
18 Lease-financing receivables	30.8	31.0	30.8	30.9	30.9	30.4	30.6	30.6	30.7	31.0	31.3	31.7
19 All other loans	44.3	43.2	42.6	45.0	49.5	48.8	44.5	45.3	48.0	46.6	48.7	47.9
	Not seasonally adjusted											
20 **Total loans, leases, and securities[2]**	**2,894.5**	**2,914.9**	**2,925.2**	**2,939.0**	**2,947.4**	**2,937.4**	**2,946.7**	**2,963.4**	**2,970.8**	**2,985.4**	**3,013.4**	**3,026.5**
21 U.S. government securities	631.3	638.7	645.1	654.1	655.8	656.9	669.8	685.6	691.8	691.5	700.5	702.9
22 Other securities	178.1	177.9	179.2	178.3	176.2	175.0	176.6	178.4	179.1	179.8	178.9	180.4
23 Total loans and leases[2]	2,085.0	2,098.3	2,100.9	2,106.6	2,115.4	2,105.5	2,100.3	2,099.4	2,099.9	2,114.1	2,134.0	2,143.2
24 Commercial and industrial	597.6	597.6	598.4	600.8	600.6	596.4	595.9	596.5	591.8	593.6	595.3	591.4
25 Bankers acceptances held[3]	6.3	6.2	7.4	8.2	8.0	7.4	8.8	8.6	8.4	9.0	8.9	9.4
26 Other commercial and industrial	591.4	591.4	591.0	592.6	592.5	589.0	587.1	587.9	583.4	584.6	586.4	582.1
27 U.S. addressees[4]	580.5	580.3	580.7	582.8	583.0	579.5	577.5	578.4	574.2	575.4	576.9	572.7
28 Non-U.S. addressees[4]	10.8	11.1	10.3	9.8	9.5	9.5	9.5	9.5	9.2	9.2	9.5	9.3
29 Real estate	883.7	887.6	891.5	893.9	893.7	890.5	888.3	889.1	890.1	897.2	903.2	906.8
30 Individual	356.9	358.6	356.2	356.3	360.0	362.5	361.9	359.9	361.7	365.4	366.5	369.6
31 Security	59.4	62.5	64.2	63.5	65.6[r]	65.0	65.8	66.4	66.0	65.9	71.2	78.0
32 Nonbank financial institutions	41.8	43.5	43.5	45.0	45.6	45.3	44.5	43.9	44.2	44.9	46.0	45.8
33 Agricultural	36.5	36.7	36.1	35.2	34.8	33.6	32.9	32.6	33.2	33.8	34.5	35.3
34 State and political subdivisions	25.9	25.9	25.5	25.2	24.8	24.0	23.7	23.7	23.4	23.5	23.5	23.6
35 Foreign banks	7.0	8.1	7.8	7.8	8.2	7.8	8.6	8.2	8.1	8.3	8.4	9.2
36 Foreign official institutions	2.3	2.5	2.4	2.8	2.8	2.9	3.2	3.2	3.2	3.1	3.3	3.3
37 Lease-financing receivables	30.6	30.8	30.8	30.8	30.9	30.8	30.8	30.8	30.8	31.0	31.2	31.4
38 All other loans	43.2	44.6	44.4	45.4	48.6	46.6	44.6	45.0	47.4	47.3	50.8	48.9

1. All commercial banks include domestically chartered insured banks, U.S. branches and agencies of foreign banks, New York state investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered foreign banks. Data are prorated averages of Wednesday estimates for domestically chartered and foreign related institutions, based on weekly reports of a sample of domestically chartered insured banks and large branches and agencies and quarterly reports of all domestically chartered insured banks and all agencies, branches, investment companies, and Edge Act and agreement corporation engaged in banking.
2. Adjusted to exclude loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the fifty states and the District of Columbia.

1.25 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1992					1993r						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted											
1 Total nondeposit funds[2]	302.3	309.3	303.2r	306.8r	310.3r	312.8	316.0	330.8	341.3	337.2	345.8	369.6
2 Net balances owed to related foreign offices[3]	61.5	63.9	62.6	67.3	71.1	74.2	73.6	79.5	89.5	84.4	86.3	100.8
3 Borrowings from other than commercial banks in United States[4]	240.8	245.4	240.5r	239.5r	239.2r	238.6	242.5	251.4	251.8	252.8	259.5	268.8
4 Domestically chartered banks	151.7	153.4	154.6	153.9	154.8	155.5	155.8	160.6	164.4	162.4	168.6	178.1
5 Foreign-related banks	89.2	91.9	85.9r	85.6r	84.4r	83.1	86.6	90.8	87.4	90.3	90.9	90.7
	Not seasonally adjusted											
6 Total nondeposit funds[2]	297.3	303.8	305.4r	312.1r	310.3r	311.7	320.4	335.8	337.7	342.0	345.0	363.5
7 Net balances owed to related foreign offices[3]	57.7	61.6	63.8	68.9	75.2	76.8	75.4	80.2	86.6	86.6	84.3	97.5
8 Domestically chartered banks	−9.2	−11.2	−13.4	−12.4	−15.0	−15.8	−10.6	−7.0	−9.5	−9.8	−15.4	−15.3
9 Foreign-related banks	66.9	72.7	77.2	81.4	90.2	92.6	86.0	87.2	96.1	96.4	99.7	112.8
10 Borrowings from other than commercial banks in United States[4]	239.6	242.3	241.6r	243.2r	235.1r	234.9	245.0	255.6	251.1	255.4	260.7	266.0
11 Domestically chartered banks	150.5	152.3	155.8	158.3	153.8	152.4	157.6	163.4	162.4	164.0	168.4	174.4
12 Federal funds and security RP borrowings[5]	146.7	148.4	152.2	154.2	149.9	148.8	154.3	160.1	158.9	160.2	164.6	170.2
13 Other[6]	3.9	3.8	3.6	4.1	4.0	3.6	3.2	3.3	3.5	3.8	3.8	4.2
14 Foreign-related banks[6]	89.1	90.0	85.9r	84.8r	81.2r	82.4	87.4	92.2	88.7	91.4	92.3	91.6
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	385.8	383.2	375.7	371.3	366.5	359.9	358.4	355.7	355.0	356.3	352.6	344.6
16 Not seasonally adjusted	387.1	383.6	374.9	371.1	365.5	358.0	358.0	356.5	354.2	357.9	354.1	344.2
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	28.0	24.1	21.5	20.7	20.4	25.6	23.6	18.8	24.2	19.1	26.1	30.1
18 Not seasonally adjusted	22.4	28.6	21.9	16.5	19.5	33.1	29.5	17.4	20.3	20.3	26.5	25.6

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York State investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered and foreign banks.
Data in this table also appear in the Board's G.10 (411) monthly statistical release. For ordering address, see inside front cover.
2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.
3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own international banking facilities (IBFs).
4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.
5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and on quarterly or annual data reported by other banks.
6. Figures are partly averages of daily data and partly averages of Wednesday data.
7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.
8. U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures

Millions of dollars

Account	1993								
	June 2[r]	June 9[r]	June 16[r]	June 23[r]	June 30[r]	July 7	July 14	July 21	July 28
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,159,843	3,167,964	3,180,352	3,150,868	3,170,514	3,193,365	3,174,216	3,172,700	3,165,561
2 Investment securities	837,591	838,364	834,699	834,199	841,761	838,676	838,726	840,703	839,173
3 U.S. government securities	673,820	675,392	673,028	671,985	676,514	673,594	673,189	674,086	674,301
4 Other	163,770	162,972	161,670	162,214	165,246	165,082	165,537	166,617	164,872
5 Trading account assets	44,482	43,420	43,349	45,636	34,546	43,278	42,597	41,384	41,981
6 U.S. government securities	28,947	27,541	27,763	29,290	19,213	28,008	28,208	27,225	27,181
7 *Other securities*	2,362	2,450	2,244	2,564	2,677	2,883	2,854	2,578	2,983
8 Other trading account assets	13,173	13,429	13,342	13,782	12,656	12,387	11,536	11,581	11,817
9 Total loans	2,277,770	2,286,180	2,302,304	2,271,033	2,294,208	2,311,411	2,292,893	2,290,613	2,284,407
10 Interbank loans	150,640	159,573	158,957	144,920	152,271	163,066	151,521	150,714	145,393
11 Loans excluding interbank	2,127,130	2,126,608	2,143,347	2,126,114	2,141,937	2,148,345	2,141,371	2,139,899	2,139,015
12 Commercial and industrial	596,819	593,022	596,575	594,656	596,849	596,018	590,232	590,826	588,095
13 Real estate	900,603	902,630	903,518	900,624	906,206	906,802	907,353	905,469	906,122
14 Revolving home equity	74,547	74,477	74,897	74,802	74,927	74,965	74,742	74,744	74,665
15 *Other*	826,056	828,153	828,621	825,823	831,279	831,837	832,611	830,724	831,457
16 Individual	366,864	365,823	365,644	366,612	368,158	367,499	368,287	369,871	371,620
17 All other	262,844	265,133	277,610	264,222	270,724	278,027	275,500	273,733	273,178
18 Total cash assets	238,178	211,194	214,249	208,369	216,566	241,105	211,939	207,498	202,843
19 Balances with Federal Reserve Banks	27,734	27,179	26,628	33,010	23,923	33,767	29,592	34,610	26,278
20 Cash in vault	32,911	32,359	32,304	32,536	33,247	32,461	33,930	32,895	33,287
21 Demand balances at U.S. depository institutions	35,037	31,177	30,803	28,893	29,493	34,056	30,040	29,106	29,811
22 Cash items	101,256	79,347	82,798	72,972	86,139	99,198	78,044	72,527	72,903
23 Other cash assets	41,240	41,133	41,716	40,959	43,764	41,622	40,333	38,361	40,564
24 Other assets	298,946	288,598	292,317	281,943	288,030	284,817	290,805	278,962	270,828
25 Total assets	**3,696,967**	**3,667,756**	**3,686,917**	**3,641,180**	**3,675,110**	**3,719,287**	**3,676,959**	**3,659,160**	**3,639,232**
Liabilities									
26 Total deposits	2,556,940	2,527,682	2,538,834	2,479,874	2,515,498	2,554,756	2,518,173	2,479,775	2,477,392
27 Transaction accounts	806,775	777,445	790,116	745,901	794,005	817,542	783,887	758,020	759,468
28 Demand, U.S. government	4,165	3,442	7,428	3,102	4,223	3,052	3,373	2,570	2,669
29 Demand, depository institutions	45,326	38,891	39,565	37,271	38,069	44,753	37,574	38,461	39,023
30 Other demand and all checkable deposits	757,284	735,113	743,123	705,529	751,713	769,737	742,940	716,989	717,776
31 Savings deposits (excluding checkable)	771,104	774,849	772,381	762,673	761,000	772,764	772,876	765,388	763,870
32 Small time deposits	619,252	617,846	618,065	616,378	617,183	617,505	615,594	614,274	613,473
33 *Time deposits over $100,000*	359,810	357,541	358,273	354,922	343,310	346,945	345,815	342,093	340,581
34 Borrowings	507,738	513,668	530,461	529,648	510,794	532,502	523,390	526,873	502,663
35 Treasury tax and loan notes	18,775	4,879	30,666	35,230	31,232	20,386	21,342	18,165	22,368
36 Other	488,963	508,789	499,795	494,418	479,562	512,116	502,048	508,708	480,295
37 Other liabilities	347,146	340,374	333,376	346,769	361,485	345,098	347,538	362,875	369,135
38 Total liabilities	**3,411,824**	**3,381,723**	**3,402,672**	**3,356,291**	**3,387,776**	**3,432,355**	**3,389,100**	**3,369,523**	**3,349,190**
39 Residual (assets less liabilities)[3]	285,143	286,034	284,246	284,889	287,333	286,931	287,859	289,637	290,043

Footnotes appear on following page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures—Continued

Millions of dollars

Account	1993								
	June 2[r]	June 9[r]	June 16[r]	June 23[r]	June 30[r]	July 7	July 14	July 21	July 28
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,806,597	2,812,884	2,823,336	2,789,544	2,803,803	2,826,644	2,816,532	2,807,149	2,803,860
41 Investment securities	766,563	768,601	765,521	765,616	769,373	767,324	766,959	764,388	763,296
42 U.S. government securities	625,973	627,617	624,562	624,811	627,917	625,978	625,394	622,161	622,358
43 Other	140,590	140,984	140,959	140,806	141,456	141,346	141,565	142,227	140,938
44 Trading account assets	44,482	43,420	43,349	45,636	34,546	43,278	42,597	41,384	41,981
45 U.S. government securities	28,947	27,541	27,763	29,290	19,213	28,008	28,208	27,225	27,181
46 Other securities	2,362	2,450	2,244	2,564	2,677	2,883	2,854	2,578	2,983
47 Other trading account assets	13,173	13,429	13,342	13,782	12,656	12,387	11,536	11,581	11,817
48 Total loans	1,995,552	2,000,863	2,014,466	1,978,292	1,999,884	2,016,042	2,006,976	2,001,377	1,998,583
49 Interbank loans	131,511	135,901	141,880	121,330	128,125	140,111	131,575	130,482	126,163
50 Loans excluding interbank	1,864,041	1,864,963	1,872,586	1,856,962	1,871,759	1,875,931	1,875,401	1,870,895	1,872,420
51 Commercial and industrial	439,587	437,102	438,663	436,978	438,776	437,016	432,800	432,350	430,301
52 Real estate	852,153	854,089	854,682	852,306	858,073	858,770	859,934	857,958	858,559
53 Revolving home equity	74,547	74,477	74,897	74,802	74,927	74,965	74,742	74,744	74,665
54 Other	777,606	779,612	779,785	777,505	783,146	783,805	785,192	783,214	783,894
55 Individual	366,864	365,823	365,644	366,612	368,158	367,499	368,287	369,871	371,620
56 All other	205,437	207,949	213,598	201,066	206,753	212,647	214,381	210,716	211,941
57 Total cash assets	211,647	182,985	186,832	179,834	186,817	212,129	185,462	180,950	176,680
58 Balances with Federal Reserve Banks	27,163	26,338	25,983	31,974	22,952	32,838	28,941	33,443	25,697
59 Cash in vault	32,878	32,327	32,272	32,500	33,214	32,426	33,896	32,861	33,255
60 Demand balances at U.S. depository institutions	33,597	29,761	29,561	27,668	28,141	32,596	28,658	27,780	28,579
61 Cash items	98,933	76,613	80,877	70,793	83,399	96,260	75,878	70,399	70,941
62 Other cash assets	19,076	17,946	18,138	16,899	19,112	18,010	18,089	16,467	18,208
63 Other assets	185,923	177,413	182,961	181,538	181,902	183,334	184,764	179,696	176,947
64 **Total assets**	**3,204,167**	**3,173,282**	**3,193,129**	**3,150,915**	**3,172,522**	**3,222,107**	**3,186,758**	**3,167,795**	**3,157,487**
Liabilities									
65 Total deposits	2,396,111	2,369,027	2,377,927	2,319,653	2,356,825	2,399,962	2,366,855	2,330,258	2,330,960
66 Transaction accounts	795,949	765,975	779,669	735,811	781,869	804,609	772,717	746,427	749,396
67 Demand, U.S. government	4,165	3,441	7,428	3,101	4,222	3,052	3,372	2,569	2,669
68 Demand, depository institutions	42,837	36,296	37,027	34,829	35,352	41,767	35,174	35,669	36,490
69 Other demand and all checkable deposits	748,946	726,238	735,215	697,880	742,295	759,791	734,171	708,189	710,236
70 Savings deposits (excluding checkable)	766,568	770,382	767,746	758,214	756,582	768,266	768,343	760,933	759,495
71 Small time deposits	616,783	615,403	615,620	613,933	614,753	615,082	613,176	611,851	611,062
72 Time deposits over $100,000	216,812	217,266	214,893	211,696	203,622	212,005	212,620	211,047	211,008
73 Borrowings	385,527	383,054	400,439	414,063	386,391	399,917	398,304	411,350	398,968
74 Treasury tax and loan notes	18,775	4,879	30,666	35,230	31,232	20,386	21,342	18,165	22,368
75 Other	366,752	378,175	369,773	378,833	355,159	379,531	376,962	393,185	376,600
76 Other liabilities	140,415	138,197	133,547	135,340	145,002	138,327	136,769	139,579	140,545
77 **Total liabilities**	**2,922,053**	**2,890,278**	**2,911,913**	**2,869,056**	**2,888,219**	**2,938,206**	**2,901,928**	**2,881,187**	**2,870,474**
78 Residual (assets less liabilities)[3]	282,113	283,004	281,216	281,860	284,304	283,902	284,830	286,608	287,013

1. Excludes assets and liabilities of international banking facilities.
2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and agreement corporations, and New York State investment corporations majority owned by foreign banks. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.
3. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1993								
	June 2[r]	June 9[r]	June 16[r]	June 23[r]	June 30[r]	July 7	July 14	July 21	July 28
ASSETS									
1 Cash and balances due from depository institutions	124,459	108,284	109,988	106,588	106,671	126,447	107,898	105,954	102,520
2 U.S. Treasury and government securities	299,158	297,848	295,021	295,945	287,477	294,901	295,033	292,517	292,764
3 Trading account	26,418	25,254	24,990	26,847	17,026	24,853	25,856	24,980	25,039
4 Investment account	272,740	272,594	270,031	269,098	270,451	270,048	269,177	267,537	267,724
5 Mortgage-backed securities[1]	83,385	83,563	83,316	83,277	84,402	86,119	85,043	84,465	85,256
All others, by maturity									
6 One year or less	46,763	47,529	48,436	47,478	45,456	44,736	46,548	46,269	46,471
7 One year through five years	73,653	73,554	71,085	71,154	70,073	71,094	70,125	71,294	71,832
8 More than five years	68,939	67,948	67,195	67,188	70,519	68,099	67,461	65,509	64,166
9 Other securities	55,669	55,930	55,861	56,105	56,239	56,441	56,630	56,539	55,771
10 Trading account	2,267	2,355	2,149	2,470	2,580	2,787	2,758	2,482	2,887
11 Investment account	53,402	53,575	53,711	53,635	53,659	53,654	53,872	54,057	52,884
12 State and political subdivisions, by maturity	19,699	19,754	19,780	19,800	19,387	19,292	19,311	19,314	19,406
13 One year or less	3,366	3,428	3,455	3,471	3,205	3,253	3,313	3,326	3,407
14 More than one year	16,332	16,326	16,325	16,329	16,181	16,038	15,998	15,988	15,999
15 Other bonds, corporate stocks, and securities	33,703	33,820	33,932	33,835	34,273	34,363	34,561	34,743	33,478
16 Other trading account assets	12,590	12,837	12,715	12,893	11,848	11,561	10,880	10,902	11,231
17 Federal funds sold[2]	86,571	92,486	103,490	84,676	83,827	98,575	96,085	96,341	91,724
18 To commercial banks in the United States	56,298	58,088	64,049	53,995	57,399	64,614	57,249	59,008	54,445
19 To nonbank brokers and dealers	24,309	27,353	31,870	23,612	20,459	27,231	31,263	31,704	31,664
20 To others[3]	5,965	7,045	7,571	7,068	5,969	6,730	7,573	5,630	5,615
21 Other loans and leases, gross	987,040	983,175	986,174	980,542	995,092	992,640	986,307	983,472	983,371
22 Commercial and industrial	277,101	274,731	276,360	275,085	276,669	275,620	272,133	272,237	270,459
23 Bankers acceptances and commercial paper	3,150	3,238	3,198	2,801	3,003	3,392	3,246	3,238	3,211
24 All other	273,951	271,493	273,162	272,284	273,666	272,228	268,887	268,998	267,248
25 U.S. addressees	272,294	269,751	271,321	270,464	271,839	270,572	267,254	267,409	265,705
26 Non-U.S. addressees	1,657	1,742	1,841	1,820	1,827	1,656	1,633	1,590	1,544
27 Real estate loans	397,907	400,034	399,903	397,969	400,793	402,142	402,190	400,133	400,268
28 Revolving, home equity	43,763	43,696	44,018	43,942	43,973	44,018	43,730	43,743	43,747
29 All other	354,145	356,338	355,885	354,027	356,820	358,123	358,460	356,390	356,521
30 To individuals for personal expenditures	186,678	185,406	186,536	187,454	188,283	187,965	188,293	188,911	189,599
31 To financial institutions	39,574	38,385	37,161	35,384	37,791	38,588	37,851	36,770	36,243
32 Commercial banks in the United States	14,641	14,428	14,594	13,412	14,244	14,102	13,941	14,295	14,375
33 Banks in foreign countries	3,358	2,224	2,220	2,240	2,657	2,945	2,828	2,618	2,343
34 Nonbank financial institutions	21,574	21,733	20,347	19,733	20,890	21,540	21,082	19,857	19,524
35 For purchasing and carrying securities	14,813	15,441	16,220	16,136	19,267	16,839	17,128	16,311	17,241
36 To finance agricultural production	5,756	5,737	5,743	5,750	5,797	5,827	5,859	5,857	5,856
37 To states and political subdivisions	14,044	13,911	13,905	13,752	13,742	13,764	13,670	13,738	13,877
38 To foreign governments and official institutions	1,550	1,430	1,350	1,339	1,451	1,498	1,419	1,386	1,381
39 All other loans[4]	24,877	23,327	24,222	22,912	26,385	25,532	22,895	23,235	23,517
40 Lease-financing receivables	24,738	24,772	24,773	24,760	24,916	24,865	24,871	24,893	24,929
41 LESS: Unearned income	2,037	2,057	2,057	2,048	2,114	2,121	2,140	2,150	2,150
42 Loan and lease reserve[5]	36,586	36,665	36,642	36,373	35,575	35,347	35,468	35,428	35,371
43 Other loans and leases, net	948,417	944,453	947,475	942,121	957,404	955,172	948,699	945,894	945,851
44 Other assets	169,021	164,403	171,555	169,256	167,305	168,304	173,173	167,453	165,065
45 **Total assets**	**1,695,885**	**1,676,241**	**1,696,105**	**1,667,584**	**1,670,771**	**1,711,400**	**1,688,398**	**1,675,599**	**1,664,927**

Footnotes appear on the following page.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

Account	1993								
	June 2[r]	June 9[r]	June 16[r]	June 23[r]	June 30[r]	July 7	July 14	July 21	July 28
LIABILITIES									
46 Deposits	1,142,563	1,125,736	1,135,700	1,092,235	1,113,843	1,143,770	1,122,307	1,094,489	1,095,298
47 Demand deposits	296,266	278,324	289,923	262,675	290,199	301,635	283,657	265,984	269,608
48 Individuals, partnerships, and corporations	239,399	226,877	234,697	212,788	239,479	243,769	236,030	218,737	219,858
49 Other holders	56,867	51,447	55,226	49,887	50,720	57,865	47,627	47,247	49,749
50 States and political subdivisions	9,553	8,407	9,195	9,559	9,072	8,329	8,243	8,253	8,384
51 U.S. government	2,572	2,275	5,414	2,016	2,461	1,827	2,056	1,486	1,613
52 Depository institutions in the United States	27,018	23,411	23,439	21,876	21,902	26,166	21,154	21,440	22,569
53 Banks in foreign countries	5,940	4,658	5,199	4,962	5,451	5,730	5,404	5,455	5,241
54 Foreign governments and official institutions	852	550	658	597	769	2,692	581	684	615
55 Certified and officers' checks	10,932	12,146	11,321	10,876	11,065	13,122	10,190	9,929	11,326
56 Transaction balances other than demand deposits[4]	121,246	120,320	120,711	116,093	118,542	121,879	118,640	117,770	116,717
57 Nontransaction balances	725,051	727,093	725,066	713,467	705,102	720,256	720,011	710,736	708,972
58 Individuals, partnerships, and corporations	698,485	700,545	699,230	688,293	684,612	696,495	696,278	686,883	684,981
59 Other holders	26,566	26,548	25,835	25,174	20,490	23,761	23,732	23,853	23,992
60 States and political subdivisions	21,353	21,368	20,573	20,270	18,178	19,060	18,800	18,792	18,786
61 U.S. government	2,653	2,635	2,678	2,687	497	2,666	2,665	2,660	2,661
62 Depository institutions in the United States	2,235	2,218	2,260	1,894	1,488	1,719	1,944	2,082	2,230
63 Foreign governments, official institutions, and banks	325	327	325	324	326	317	322	319	315
64 Liabilities for borrowed money[5]	295,233	294,564	308,436	320,995	292,620	309,091	309,145	320,826	308,594
65 Borrowings from Federal Reserve Banks	0	0	0	0	1,260	157	0	0	0
66 Treasury tax and loan notes	16,728	3,677	27,520	31,459	27,483	17,984	18,564	15,350	19,190
67 Other liabilities for borrowed money[6]	278,505	290,888	280,916	289,536	263,877	290,950	290,581	305,477	289,405
68 Other liabilities (including subordinated notes and debentures)	109,661	107,369	103,193	104,750	114,128	107,834	106,199	108,662	109,646
69 **Total liabilities**	**1,547,457**	**1,527,670**	**1,547,329**	**1,517,979**	**1,520,592**	**1,560,695**	**1,537,650**	**1,523,978**	**1,513,538**
70 Residual (total assets less total liabilities)[7]	148,428	148,571	148,776	149,605	150,179	150,705	150,748	151,621	151,388
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,370,088	1,369,759	1,374,618	1,362,754	1,362,840	1,375,401	1,373,744	1,366,467	1,366,041
72 Time deposits in amounts of $100,000 or more	107,855	108,311	106,268	103,603	96,623	103,718	104,411	102,867	102,801
73 Loans sold outright to affiliates[9]	862	863	854	853	813	823	825	823	821
74 Commercial and industrial	437	437	430	428	411	425	404	402	402
75 Other	425	426	425	425	402	398	421	421	419
76 Foreign branch credit extended to U.S. residents[10]	23,715	23,320	23,026	22,929	22,643	22,319	22,454	22,382	22,382
77 Net owed to related institutions abroad	−15,779	−15,072	−23,926	−20,377	−9,667	−14,939	−22,413	−15,817	−15,817

1. Includes certificates of participation, issued or guaranteed by agencies of the U.S. government, in pools of residential mortgages.
2. Includes securities purchased under agreements to resell.
3. Includes allocated transfer risk reserve.
4. Includes negotiable order of withdrawal accounts (NOWs), automatic transfer service (ATS), and telephone and preauthorized transfers of savings deposits.
5. Includes borrowings only from other than directly related institutions.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
8. Excludes loans to and federal funds transactions with commercial banks in the United States.
9. Affiliates include a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses.

NOTE. Data that formerly appeared in table 1.28, Assets and Liabilities of Large Weekly Reporting Commercial Banks in New York City, can be obtained from the Board's H.4.2 (504) weekly statistical release. For ordering address, see inside front cover.

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and *Liabilities*[1]

Millions of dollars, Wednesday figures

Account	1993								
	June 2	June 9	June 16	June 23	June 30	July 7	July 14	July 21	July 28
ASSETS									
1 Cash and balances due from depository institutions	17,694	18,839	18,181	18,974	19,843	19,276	17,617	17,608	17,314
2 U.S. Treasury and government agency securities	31,226[r]	31,131	31,405	30,592	31,572	30,861	31,093	33,698	33,644
3 Other securities	8,469[r]	8,001	7,470	7,740	8,665	8,622	8,745	8,885	8,695
4 Federal funds sold[1]	22,070	24,960	25,446	28,861	27,808	29,773	26,116	27,996	25,871
5 To commercial banks in the United States	5,269	7,740	3,592	7,436	7,570	6,645	4,868	5,679	5,345
6 To others[2]	16,802	17,220	21,854	21,426	20,238	23,129	21,248	22,317	20,526
7 Other loans and leases, gross	161,910[r]	160,545	162,054	161,073	163,754[r]	162,253	160,199	160,098	159,684
8 Commercial and industrial	97,913[r]	96,936[r]	97,570[r]	97,447[r]	97,891[r]	98,219	97,631	98,062	97,467
9 Bankers acceptances and commercial paper	2,718	2,574	2,525	2,463	2,520	2,499	2,592	2,727	2,675
10 All other	95,195[r]	94,362[r]	95,045[r]	94,984[r]	95,372[r]	95,720	95,040	95,335	94,792
11 U.S. addressees	91,878[r]	91,084[r]	91,676[r]	91,631[r]	92,003[r]	92,290	91,667	91,923	91,561
12 Non-U.S. addressees	3,317	3,277	3,368	3,353	3,369[r]	3,430	3,373	3,412	3,231
13 Loans secured by real estate	31,847	31,858	31,889	31,579[r]	31,513[r]	31,366	31,099	31,106	31,085
14 To financial institutions	25,860[r]	25,414[r]	26,454[r]	25,781[r]	26,863[r]	26,677	26,620	25,772	25,753
15 Commercial banks in the United States	5,205	5,417	5,602	5,618	5,836[r]	5,974	6,034	5,375	5,171
16 Banks in foreign countries	1,920	1,788	1,901	1,997	2,026	2,059	1,979	2,136	2,067
17 Nonbank financial institutions	18,734[r]	18,209[r]	18,951[r]	18,167[r]	19,001[r]	18,644	18,607	18,261	18,514
18 For purchasing and carrying securities	3,299	3,332	3,130	3,105	4,574	2,910	2,172	2,425	2,692
19 To foreign governments and official institutions	372	372	378	459	401	385	392	433	382
20 All other	2,619	2,632	2,633	2,702	2,511[r]	2,695	2,284	2,301	2,306
21 Other assets (claims on nonrelated parties)	31,293	31,698	30,654	30,558	31,215[r]	31,473	30,869	31,182	31,186
22 **Total assets**[3]	**308,469**	**309,608**	**309,015**	**306,735**	**314,580[r]**	**311,100**	**306,679**	**307,421**	**301,318**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	103,745[r]	101,773[r]	103,491	103,969	102,618[r]	99,172	97,513	96,819	95,563
24 Demand deposits[4]	4,149	4,359	3,956	3,849	4,953[r]	5,138	4,421	4,557	3,869
25 Individuals, partnerships, and corporations	3,088	2,915	2,968	3,060	4,059[r]	3,575	3,605	3,345	3,046
26 Other	1,061	1,444	987	789	895	1,563	815	1,211	822
27 Nontransaction accounts	99,596[r]	97,414[r]	99,536	100,121	97,665	94,034	93,092	92,262	91,695
28 Individuals, partnerships, and corporations	69,270[r]	67,651[r]	68,720	69,144	67,650	64,839	64,408	64,241	63,978
29 Other	30,327	29,763	30,816	30,977	30,016	29,195	28,684	28,022	27,717
30 Borrowings from other than directly-related institutions	87,336[r]	93,133[r]	92,669	82,619	88,518	95,373	90,194	83,910	75,091
31 Federal funds purchased[5]	42,527	45,760	51,026	41,608	50,151	54,351	48,539	46,998	41,730
32 From commercial banks in the United States	14,494	16,449	18,569	10,884	18,568	20,072	15,175	11,620	12,013
33 From others	28,033	29,311	32,457	30,724	31,582	34,279	33,364	35,378	29,716
34 Other liabilities for borrowed money	44,809[r]	47,373[r]	41,643	41,011	38,367	41,022	41,655	36,912	33,361
35 To commercial banks in the United States	7,848	8,125	8,000	7,954	8,464	7,705	7,477	7,180	6,880
36 To others	36,961[r]	39,248[r]	33,643	33,057	29,903	33,318	34,177	29,731	26,481
37 Other liabilities to nonrelated parties	30,358	30,158	28,643	29,430	31,623[r]	28,860	28,751	28,757	30,126
38 **Total liabilities**[6]	**308,469**	**309,608**	**309,015**	**306,735**	**314,580[r]**	**311,100**	**306,679**	**307,421**	**301,318**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	213,201[r]	211,480	217,183	215,212	218,392[r]	218,890	215,252	219,623	217,378
40 Net owed to related institutions abroad	51,223[r]	50,110	50,408	61,780	60,097[r]	58,853	58,183	69,981	75,614

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. Includes net due from related institutions abroad for U.S. branches and agencies of foreign banks having a net "due from" position.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. Includes net owed to related institutions abroad for U.S. branches and agencies of foreign banks having a net "due to" position.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1993					
	1988	1989	1990	1991	1992	Jan.	Feb.	Mar.	Apr.	May[r]	June
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**458,464**	**525,831**	**562,656**	**531,724**	**549,433**	**540,198**	**527,531**	**534,118**	**535,966**	**541,761**	**544,107**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	159,777	183,622	214,706	213,823	228,260	212,682	202,046	218,925	210,230	214,558	221,834
3 Bank-related (not seasonally adjusted)[3]	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	194,931	210,930	200,036	183,379	172,813	181,264	177,370	171,959	175,384	174,558	171,479
5 Bank-related (not seasonally adjusted)[3]	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	103,756	131,279	147,914	134,522	148,360	146,252	148,115	143,234	150,352	152,645	150,794
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**66,631**	**62,972**	**54,771**	**43,770**	**38,200**	**36,001**	**35,221**	**34,939**	**35,317**	**34,927**	**34,149**
By holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,561	9,121	9,878	11,036	10,688	11,096	11,568
9 Own bills	8,022	8,510	7,930	9,347	9,103	7,927	8,361	9,162	9,315	9,786	10,236
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,193	1,516	1,873	1,372	1,310	1,333
Federal Reserve Banks[7]											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	1,317	1,169	1,108	909	690	613
12 Others	56,052	52,473	44,836	31,014	26,364	25,563	24,175	22,795	23,720	23,141	21,967
By basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,212	11,148	11,126	11,129	10,746	10,274	10,066
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	7,740	7,547	7,304	7,629	7,809	7,650
15 All other	37,237	33,638	28,973	20,577	17,893	17,112	16,548	16,506	16,942	16,844	16,433

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January.
7. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1990— Jan. 1	10.50	1990	10.01	1991— Jan.	9.52	1992— May	6.50
8	10.00	1991	8.46	Feb.	9.05	June	6.50
		1992	6.25	Mar.	9.00	July	6.02
1991— Jan. 2	9.50			Apr.	9.00	Aug.	6.00
Feb. 4	9.00	1990— Jan.	10.11	May	8.50	Sept.	6.00
May 1	8.50	Feb.	10.00	June	8.50	Oct.	6.00
Sept. 13	8.00	Mar.	10.00	July	8.50	Nov.	6.00
Nov. 6	7.50	Apr.	10.00	Aug.	8.50	Dec.	6.00
Dec. 23	6.50	May	10.00	Sept.	8.20		
		June	10.00	Oct.	8.00	1993— Jan.	6.00
1992— July 2	6.00	July	10.00	Nov.	7.58	Feb.	6.00
		Aug.	10.00	Dec.	7.21	Mar.	6.00
		Sept.	10.00			Apr.	6.00
		Oct.	10.00	1992— Jan.	6.50	May	6.00
		Nov.	10.00	Feb.	6.50	June	6.00
		Dec.	10.00	Mar.	6.50	July	6.00
				Apr.	6.50	Aug.	6.00

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 twenty-nine large banks, rather than the date on which the first bank made a change in the rate. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year; figures are averages of business day data unless otherwise noted

Item	1990	1991	1992	1993				1993, week ending				
				Apr.	May	June	July	July 2	July 9	July 16	July 23	July 30
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	8.10	5.69	3.52	2.96	3.00	3.04	3.06	3.13	3.10	3.01	3.09	3.03
2 Discount window borrowing[2,4]	6.98	5.45	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	8.15	5.89	3.71	3.13	3.11	3.19	3.15	3.20	3.16	3.13	3.14	3.15
4 3-month	8.06	5.87	3.75	3.14	3.14	3.25	3.20	3.25	3.19	3.18	3.19	3.22
5 6-month	7.95	5.85	3.80	3.19	3.20	3.38	3.35	3.38	3.33	3.31	3.34	3.39
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.06	3.05	3.12	3.08	3.13	3.08	3.08	3.07	3.09
7 3-month	7.87	5.71	3.65	3.06	3.07	3.16	3.12	3.15	3.11	3.11	3.12	3.14
8 6-month	7.53	5.60	3.63	3.07	3.07	3.16	3.15	3.18	3.11	3.14	3.16	3.19
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.05	3.06	3.16	3.12	3.13	3.12	3.10	3.14	3.13
10 6-month	7.80	5.67	3.67	3.10	3.13	3.28	3.26	3.25	3.24	3.23	3.29	3.29
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.08	3.07	3.13	3.10	3.12	3.11	3.09	3.10	3.10
12 3-month	8.15	5.83	3.68	3.09	3.10	3.21	3.16	3.18	3.16	3.14	3.16	3.17
13 6-month	8.17	5.91	3.76	3.16	3.20	3.36	3.34	3.34	3.32	3.30	3.35	3.39
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.10	3.12	3.21	3.17	3.19	3.14	3.18	3.15	3.19
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	2.87	2.96	3.07	3.04	3.01	3.02	3.02	3.07	3.06
16 6-month	7.46	5.44	3.54	2.97	3.07	3.20	3.16	3.11	3.11	3.13	3.20	3.21
17 1-year	7.35	5.52	3.71	3.11	3.23	3.39	3.33	3.29	3.28	3.27	3.37	3.43
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	2.89	2.96	3.10	3.05	3.05	3.01	3.04	3.05	3.10
19 6-month	7.47	5.49	3.57	3.00	3.07	3.23	3.15	3.14	3.10	3.14	3.15	3.24
20 1-year	7.36	5.54	3.75	3.24	3.13	3.40	3.42	3.40	n.a.	n.a.	n.a.	3.44
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.24	3.36	3.54	3.47	3.42	3.42	3.41	3.53	3.57
22 2-year	8.16	6.49	4.77	3.84	3.98	4.16	4.07	4.01	4.00	4.00	4.14	4.19
23 3-year	8.26	6.82	5.30	4.30	4.40	4.53	4.43	4.37	4.36	4.34	4.49	4.54
24 5-year	8.37	7.37	6.19	5.13	5.20	5.22	5.09	5.04	5.03	5.00	5.15	5.21
25 7-year	8.52	7.68	6.63	5.59	5.66	5.61	5.48	5.45	5.45	5.39	5.52	5.56
26 10-year	8.55	7.86	7.01	5.97	6.04	5.96	5.81	5.79	5.79	5.74	5.83	5.88
27 30-year	8.61	8.14	7.67	6.85	6.92	6.81	6.63	6.68	6.67	6.58	6.61	6.63
Composite												
28 More than 10 years (long-term)	8.74	8.16	7.52	6.64	6.68	6.55	6.34	6.38	6.37	6.28	6.33	6.37
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	6.96	6.56	6.09	5.47	5.47	5.35	5.27	5.25	5.25	5.28	5.23	5.34
30 Baa	7.29	6.99	6.48	5.88	5.88	5.80	5.74	5.72	5.72	5.76	5.70	5.80
31 *Bond Buyer* series[14]	7.27	6.92	6.44	5.76	5.73	5.63	5.57	5.55	5.55	5.50	5.61	5.65
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	9.77	9.23	8.55	7.76	7.78	7.66	7.50	7.55	7.53	7.46	7.49	7.50
Rating group												
33 Aaa	9.32	8.77	8.14	7.46	7.43	7.33	7.17	7.24	7.22	7.16	7.17	7.14
34 Aa	9.56	9.05	8.46	7.62	7.61	7.51	7.35	7.40	7.38	7.31	7.34	7.37
35 A	9.82	9.30	8.62	7.80	7.85	7.74	7.53	7.59	7.56	7.49	7.52	7.54
36 Baa	10.36	9.80	8.98	8.14	8.21	8.07	7.93	7.96	7.96	7.90	7.93	7.95
37 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	7.66	7.75	7.59	7.43	7.46	7.44	7.36	7.48	7.37
MEMO												
Dividend–price ratio[17]												
38 Preferred stocks	8.96	8.17	7.46	6.69	6.65	6.97	6.89	7.00	6.88	6.92	6.88	6.89
39 Common stocks	3.61	3.24	2.99	2.82	2.77	2.81	2.81	2.80	2.84	2.79	2.82	2.80

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
13. General obligations based on Thursday figures; Moody's Investors Service.
14. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Preferred stock ratio is based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratio is based on the 500 stocks in the price index.

NOTE. 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	1990	1991	1992	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	183.66	206.35	229.00	232.84	239.47	239.75	243.41	248.12	244.72	246.02	247.16	247.85
2 Industrial	226.06	258.16	284.26	287.80	290.77	292.11	294.40	298.75	292.19	297.83	298.78	295.34
3 Transportation	158.80	173.97	201.02	204.63	212.35	221.00	226.96	229.42	237.97	237.80	234.30	238.30
4 Utility	90.72	92.64	99.48	101.13	103.85	105.52	109.45	112.53	113.78	111.21	113.27	116.27
5 Finance	133.21	150.84	179.29	189.27	196.87	203.38	209.93	217.01	216.02	209.40	209.75	218.89
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	422.84	435.64	435.40	441.76	450.15	443.08	445.25	448.06	447.29
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	387.75	392.69	402.75	409.39	418.56	418.54	429.72	436.13	434.99
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	208,221	222,736	266,011	288,540	251,170	279,778	255,843	250,230	247,574
9 American Stock Exchange	13,155	12,486	14,171	14,925	16,523	17,184	18,154	16,150	15,521	20,433	17,753	17,766
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**28,210**	**36,660**	**43,990**	**43,630**	**43,990**	**44,020**	**44,290**	**45,160**	**47,420**	**48,630**	**49,550**	**49,080**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	8,500	8,970	8,980	9,790	9,650	9,805	9,560	9,820	9,585
12 Cash accounts	19,285	19,255	22,510	19,310	22,510	20,360	22,190	21,395	21,450	21,610	22,625	21,475

	Margin requirements (percent of market value and effective date)[5]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. New series since June 1984.
6. These requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

Effective June 8, 1988, margins were set to be the price of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1993					
	1990	1991	1992r	Feb.	Mar.	Apr.	May	June	July
U.S. budget[1]									
1 Receipts, total	1,031,308	1,054,264r	1,090,449	66,133r	83,447r	132,117r	70,753r	128,586r	80,639
2 On-budget	749,652r	760,380r	788,023	41,033r	57,253r	96,408r	44,631r	98,680r	57,152
3 Off-budget	281,656r	293,885r	302,426	25,100	26,194	35,709	26,122	29,906	23,487
4 Outlays, total	1,252,691	1,323,785	1,380,637	114,330r	127,422r	124,026r	107,717r	117,487r	120,216
5 On-budget	1,027,626	1,082,098	1,128,321	89,874r	103,184r	101,852r	83,322r	103,493r	96,252
6 Off-budget	225,065r	241,687r	252,316	24,456	24,237	22,174	24,395	13,994	23,964
7 Surplus or deficit (−), total	−221,384	−269,521	−290,188	−48,197r	−43,974r	8,091r	−36,963r	11,099r	−39,577
8 On-budget	−277,974	−321,719	−340,298	−48,842r	−45,931r	−5,445r	−38,690r	−4,813r	−39,099
9 Off-budget	56,590	52,198	50,110	644	1,957	13,535	1,727	15,912	−478
Source of financing (total)									
10 Borrowing from the public	220,101	276,802	310,918	30,689	37,727	5,464	30,832	24,757	1,055
11 Operating cash (decrease, or increase (−))	818	−1,329	−17,305	27,227	−2,452	−18,945	20,196	−40,288	32,447
12 Other[2]	465r	−5,952r	−3,425r	−9,719r	8,699r	5,390r	−14,065r	4,432r	6,075
MEMO									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	19,099	21,551	40,496	20,300	60,588	28,141
14 Federal Reserve Banks	7,638	7,928	24,586	5,350	6,752	7,273	5,787	28,386	5,818
15 Tax and loan accounts	32,517	33,556	34,203	13,749	14,799	33,223r	14,514	32,202	22,324

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds, (federal old-age survivors insurance and federal disability insurance) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and Office of Management and Budget, *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 1991	Fiscal year 1992	Calendar year 1991 H2	Calendar year 1992 H1	Calendar year 1992 H2	Calendar year 1993 H1	Calendar year 1993 May	Calendar year 1993 June	Calendar year 1993 July
RECEIPTS									
1 **All sources**	**1,054,264[r]**	**1,090,449[r]**	**519,165[r]**	**560,318[r]**	**540,474[r]**	**593,749[r]**	**70,753[r]**	**128,586[r]**	**80,639**
2 Individual income taxes, net	467,827	475,979	234,939	236,576	246,954[r]	256,105	17,919	56,463	37,489
3 Withheld	404,152	408,352	210,552	198,868	215,591	210,066	31,264	36,198	36,396
4 Presidential Election Campaign Fund	32	30	1	20	10	25	5	4	2
5 Nonwithheld	142,693	149,430	33,296	110,995	39,284[r]	113,482	2,281	21,774	2,759
6 Refunds	79,050	81,834	8,910	73,308	7,929[r]	67,468	15,631	1,512	1,668
Corporation income taxes									
7 Gross receipts	113,599	117,949	54,016	61,682	58,022	69,044	3,022	25,627	3,848
8 Refunds	15,513	17,679	8,649	9,403	7,219	7,198	646	678	1,154
9 Social insurance taxes and contributions, net	396,011	413,689	186,839	224,569	192,599	227,177	42,277	38,405	32,284
10 Employment taxes and contributions[2]	370,526	385,491	175,802	208,110	180,758	208,776	33,062	37,738	30,156
11 Self-employment taxes and contributions[3]	25,457	24,421	3,306	20,434	3,988	16,270	1,620	3,139	104
12 Unemployment insurance	20,922	23,410	8,721	14,070	9,397	16,074	8,849	301	1,709
13 Other net receipts[4]	4,563	4,788	2,317	2,389	2,445	2,326	365	366	419
14 Excise taxes	42,430	45,570	24,429	22,389	23,456	23,398	3,502	4,565	4,214
15 Customs deposits	15,921	17,359	8,694	8,146	9,497	8,860	1,419	1,642	1,761
16 Estate and gift taxes	11,138	11,143	5,507	5,701	5,733	6,494	1,009	900	944
17 Miscellaneous receipts[5]	22,852	26,453[r]	13,390[r]	10,658[r]	11,439[r]	9,867[r]	2,252[r]	1,662[r]	1,252
OUTLAYS									
18 **All types**	**1,323,785[r]**	**1,380,637[r]**	**694,345[r]**	**704,266[r]**	**723,365[r]**	**673,878[r]**	**107,717[r]**	**117,487[r]**	**120,216**
19 National defense	272,514	298,361	147,669	147,065	155,501	140,535	20,460	24,786	25,916
20 International affairs	16,167	16,106	7,691	8,540	9,911	6,565	1,410	1,024	1,241
21 General science, space, and technology	15,946	16,409	8,472	7,951	8,521	7,996	1,382	1,347	1,521
22 Energy	2,511	4,509	1,698	1,442	3,109	2,462	453	604	198
23 Natural resources and environment	18,708	20,017	11,130	8,594	11,601[r]	8,588	1,071	1,605	1,421
24 Agriculture	14,864	14,997	7,418	7,526	8,881	11,824	1,739	824	206
25 Commerce and housing credit	75,639	9,753	36,534	15,615	−7,846[r]	−15,112	−1,896	−2,523	−2,014
26 Transportation	31,531	33,759	17,074[r]	15,651[r]	18,464[r]	16,077[r]	2,399[r]	3,273[r]	3,250
27 Community and regional development	7,432	7,923	3,783	3,903	4,540	4,935	862	986	962
28 Education, training, employment, and social services	41,479	45,248	21,114	23,767	20,975[r]	23,983	3,433	3,820	3,113
29 Health	71,183	89,570	41,459	44,164	47,229[r]	49,882	7,758	8,981	8,023
30 Social security and Medicare	373,495	406,569	193,098	205,500	232,109	195,933	35,020	41,061	37,670
31 Income security	171,618	197,867	87,693	104,537	98,632[r]	108,559	15,900	13,801	18,665
32 Veterans benefits and services	31,344	34,133	17,425	15,597	18,561	16,384	801	2,871	4,289
33 Administration of justice	12,295	14,450	6,574	7,435	7,243[r]	7,463	1,199	1,131	1,350
34 General government	11,358	12,939	6,794	5,050	8,183[r]	5,205	886	1,497	340
35 Net interest[6]	195,012	199,429	99,149	100,161	98,575[r]	99,635	17,420	15,464	17,159
36 Undistributed offsetting receipts[7]	−39,356	−39,280	−20,436	−18,229	−20,914	−17,035	−2,579	−3,065	−3,094

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. Consists of rents and royalties for the outer continental shelf and U.S. government contributions for employee retirement.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1994*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1991			1992				1993	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**3,563**	**3,683**	**3,820**	**3,897**	**4,001**	**4,083**	**4,196**	**4,250**	n.a.
2 Public debt securities	3,538	3,665	3,802	3,881	3,985	4,065	4,177	4,231	4,352
3 Held by public	2,643	2,746	2,833	2,918	2,977	3,048	3,129	3,188	n.a.
4 Held by agencies	895	920	969	964	1,008	1,016	1,048	1,043	n.a.
5 Agency securities	25	18	19	16	16	18	19	20	n.a.
6 Held by public	25	18	19	16	16	18	19	20	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,450**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**
9 Public debt securities	3,450	3,569	3,706	3,783	3,890	3,972	4,085	4,139	4,256
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,370

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	1989	1990	1991	1992	1992		1993	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**2,953.0**	**3,364.8**	**3,801.7**	**4,177.0**	**4,064.6**	**4,177.0**	**4,230.6**	**4,352.0**
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	4,061.8	4,173.9	4,227.6	4,349.0
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,677.5	2,754.1	2,807.1	2,860.6
4 Bills	430.6	527.4	590.4	657.7	634.3	657.7	659.9	659.3
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,566.4	1,608.9	1,652.1	1,698.7
6 Bonds	348.2	388.2	435.5	472.5	461.8	472.5	480.2	487.6
7 Nonmarketable[1]	986.4	1,166.2	1,327.2	1,419.8	1,384.3	1,419.8	1,420.5	1,488.4
8 State and local government series	163.3	160.8	159.7	153.5	157.6	153.5	151.6	152.8
9 Foreign issues[2]	6.8	43.5	41.9	37.4	37.0	37.4	37.0	43.0
10 Government	6.8	43.5	41.9	37.4	37.0	37.4	37.0	43.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	148.3	155.0	161.4	164.4
13 Government account series[3]	695.6	813.8	959.2	1,043.5	1,011.0	1,043.5	1,040.0	1,097.8
14 Non-interest-bearing	21.2	2.8	2.8	3.1	2.8	3.1	3.0	2.9
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	1,047.8	1,016.3	1,047.8	1,043.2	n.a.
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	296.4	302.5	305.2	n.a.
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,765.5	2,839.9	2,895.0	n.a.
18 Commercial banks	164.9	171.5	233.4	293.4	287.4	293.4	296.0	n.a.
19 Money market funds	14.9	45.4	80.0	80.6	79.8	80.6	77.6	n.a.
20 Insurance companies	125.1	142.0	168.7	190.3	185.6	190.3	194.0	n.a.
21 Other companies	93.4	108.9	150.8	192.5	180.8	192.5	199.3	n.a.
22 State and local treasuries	487.5	490.4	520.3	534.8	529.5	534.8	536.0	n.a.
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	150.3	157.3	163.6	n.a.
24 Other securities	98.7	107.6	125.8	131.9	130.9	131.9	134.1	n.a.
25 Foreign and international[5]	392.9	421.7	455.0	512.5	499.0	512.5	528.4	n.a.
26 Other miscellaneous investors[6]	520.7	674.5	691.1	746.6	722.1	746.6	766.0	n.a.

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign balances and international accounts in the United States.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

SOURCES. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin.*

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1993			1993, week ending								
	Apr.	May[r]	June	June 2	June 9	June 16	June 23	June 30	July 7	July 14	July 21	July 28
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. Treasury securities												
1 Bills	41,054[r]	41,652	44,237	55,862[r]	44,212	44,523	35,942	47,620	41,568	36,212	34,723	42,280
Coupon securities, by maturity												
2 Less than 3.5 years	36,657[r]	53,473	44,081	47,800	39,242	45,023	48,194	42,376	39,191	32,744	39,286	51,734
3 3.5 to 7.5 years	42,456[r]	44,120	39,727	40,879	35,809	43,317	38,002	41,320	32,899	31,233	42,160	47,445
4 7.5 to 15 years	18,335[r]	21,112	19,269	16,586	17,800	21,350	17,810	21,189	19,449	21,097	22,148	20,233
5 15 years or more	15,130[r]	16,130	15,935	16,757	13,139	18,306	15,826	16,141	14,652	17,744	19,494	16,730
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	5,715	6,095	7,202	6,371	5,616	7,154	6,946	9,425	6,759	6,894	5,694	6,761
7 3.5 to 7.5 years	640	583	623	358	772	646	620	559	541	636	789	492
8 7.5 years or more	578	356	428	220	522	368	375	529	488	743	473	1,083
Mortgage-backed												
9 Pass-throughs	17,293	18,498	17,147	14,214	19,781	22,913	12,933	14,136	15,048	28,818	19,670	17,026
10 All others[3]	3,010[r]	3,073	2,949	2,302	2,776	2,752	2,861	3,664	2,697	4,057	3,044	3,463
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	95,038[r]	110,416	100,166	110,082[r]	93,090	106,410	96,279	100,919	89,398	84,300	97,930	113,877
Federal agency securities												
12 Debt	1,155	1,019	1,143	1,035	1,005	1,147	907	1,554	979	1,247	949	924
13 Mortgage-backed	8,855	9,560	8,997	7,970	9,713	12,487	7,053	7,145	7,984	14,663	11,065	9,106
Customers												
14 U.S. Treasury securities	58,594[r]	66,070	63,083	67,801	57,113	66,108	59,495	67,728	58,360	54,731	59,880	64,544
Federal agency securities												
15 Debt	5,778	6,015	7,110	5,914	5,905	7,020	7,033	8,959	6,809	7,026	6,007	7,412
16 Mortgage-backed	11,449[r]	12,012	11,099	8,547	12,844	13,178	8,741	10,655	9,761	18,213	11,648	11,383
FUTURES AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	2,378	2,594	3,179	2,434	3,636	3,331	3,779	2,268	2,650	2,270	3,007	2,368
Coupon securities, by maturity												
18 Less than 3.5 years	1,942	1,929	1,931	2,100	2,113	1,785	2,121	1,638	2,124	1,885	2,286	2,075
19 3.5 to 7.5 years	1,384	1,749	1,940	2,793	2,366	1,744	1,806	1,502	1,114	1,123	1,185	1,746
20 7.5 to 15 years	2,377	3,054	2,990	3,318	3,280	3,408	2,471	2,670	2,501	2,268	2,966	2,908
21 15 years or more	9,025	10,425	9,234	10,012	9,236	10,820	8,247	8,320	9,928	10,453	12,465	12,746
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	102	149	222	219	112	340	236	199	26	208	54	53
23 3.5 to 7.5 years	128	75	54	20	34	51	42	104	113	34	134	130
24 7.5 years or more	33	15	84	9	10	175	85	98	7	17	14	23
Mortgage-backed												
25 Pass-throughs	21,378	19,570	23,633	17,298	26,016	27,446	21,243	22,362	23,177	28,714	21,086	21,447
26 Others[3]	1,463	1,753	1,456	1,551	1,434	1,280	1,068	2,003	1,644	1,403	2,845	2,353
OPTIONS TRANSACTIONS[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,611	1,127	1,003	733	783	1,426	1,117	793	1,598	1,551	1,721	1,311
28 3.5 to 7.5 years	564	685	438	325	420	677	482	220	808	812	775	884
29 7.5 to 15 years	507	522	570	562	288	903	421	673	1,013	1,042	828	1,239
30 15 years or more	1,084	1,202	799	804	814	859	767	752	1,816	3,512	1,343	2,981
Federal agency, mortgage-backed securities												
31 Pass-throughs	664	460	600	569	871	461	411	671	853	533	479	344

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages are based on the number of trading days in the period. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

3. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

5. Options transactions are purchases or sales of put-and-call options, whether arranged on an organized exchange or in the over-the-counter market, and include options on futures contracts on U.S. Treasury and federal agency securities.

NOTE. In tables 1.42 and 1.43, "n.a." indicates that data are not published because of insufficient activity.

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and federal agency securities, mortgage-backed, other than pass-throughs—are no longer available because activity is insufficient.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1993 Apr.	1993 May	1993 June	1993, week ending June 2	June 9	June 16	June 23	June 30	July 7	July 14	July 21
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	18,483	7,999	5,000	10,408	−266	3,776	7,002	7,941	8,968	4,170	2,652
Coupon securities, by maturity											
2 Less than 3.5 years	2,928	10,275	10,982	11,734	9,691	8,957	14,549	10,515	13,202	11,217	6,778
3 3.5 to 7.5 years	−17,023	−19,900	−16,778	−20,726	−20,498	−16,896	−14,357	−14,235	−14,839	−17,558	−18,842
4 7.5 to 15 years	−12,805	−10,222	−10,051	−13,127	−11,570	−12,150	−10,155	−5,448	−5,764	−4,115	−6,350
5 15 years or more	9,248	8,228	11,948	10,600	11,233	12,062	11,268	13,613	11,248	13,652	10,276
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	6,342	5,389	6,554	5,954	6,085	6,697	7,794	5,813	7,203	8,555	7,155
7 3.5 to 7.5 years	3,178	2,798	2,197	2,370	1,610	2,233	2,303	2,591	2,921	2,969	3,165
8 7.5 years or more	3,958	2,957	2,921	2,678	2,754	2,853	2,825	3,321	3,602	3,644	3,455
Mortgage-backed											
9 Pass-throughs	34,056	29,356	36,731	21,660	36,490	44,287	39,859	30,596	27,987	40,975	42,297
10 All others[4]	25,866	27,158	26,354	29,135	26,877	24,848	24,899	27,997	27,817	25,601	24,298
Other money market instruments											
11 Certificates of deposit	3,203	3,681	3,280	4,357	3,247	3,386	2,555	3,625	2,727	2,488	2,337
12 Commercial paper	5,145	6,066	6,950	7,687	6,504	7,998	5,721	7,368	6,763	6,909	5,967
13 Bankers acceptances	972	862	1,048	1,159	1,024	989	994	1,152	1,286	1,273	940
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−7,951	−5,222	−5,751	−2,610	−2,373	−4,896	−8,102	−8,531	−6,953	−6,306	−6,912
Coupon securities, by maturity											
15 Less than 3.5 years	−1,433	−1,556	−3,242	−2,993	−3,388	−4,597	−2,900	−2,154	−1,714	−1,926	−1,770
16 3.5 to 7.5 years	4,857	4,626	3,462	3,627	3,747	3,441	3,515	3,098	3,033	4,348	4,212
17 7.5 to 15 years	4,385	4,410	2,013	3,858	3,400	1,789	1,148	1,187	887	1,469	6,635
18 15 years or more	−5,103	−4,613	−6,175	−5,101	−5,277	−6,256	−6,188	−7,285	−5,065	−7,885	−5,054
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	−285	−209	38	38	403	81	−104	−229	30	122	56
20 3.5 to 7.5 years	−50	−111	−33	−133	−102	60	−65	3	−11	19	−236
21 7.5 years or more	−74	−85	85	−21	−45	93	131	190	−28	27	55
Mortgage-backed											
22 Pass-throughs	−12,900	−6,916r	−15,024	1,459	−13,453	−20,674	−17,761	−12,916	−9,915	−24,769	−25,928
23 All others[4]	4,770	1,773	1,764	−837	977	1,930	2,615	2,278	1,565	756	4,754
24 Certificates of deposit	−160,960	−155,044	−149,623r	−148,775	−152,557	−144,525	−145,753	−155,901	−169,169	−173,639	−179,462
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	223,214	223,931	221,171	229,404	223,498	228,081	217,109	213,645	235,842	247,901	248,270
26 Term	393,238	373,495	370,986	342,400	375,852	394,328	392,882	329,050	383,677	414,509	404,744
Repurchase agreements											
27 Overnight and continuing	406,560	399,943	399,663	403,158	396,460	416,896	401,316	382,980	443,644	426,213	456,672
28 Term	369,281	346,717	337,604	305,395	339,048	357,665	367,531	295,376	345,353	371,666	366,221
Securities borrowed											
29 Overnight and continuing	117,774	123,353	129,101	128,611	132,690	132,367	130,809	120,678	123,247	127,851	127,866
30 Term	44,365	42,805	41,518	40,368	39,756	41,689	43,267	41,689	44,946	48,401	47,380
Securities loaned											
31 Overnight and continuing	4,762	5,055	4,774	5,007	4,311	4,997	4,662	5,058	5,200	4,721	4,937
32 Term	587	938	639	518	360	793	665	772	806	561	752
Collateralized loans											
33 Overnight and continuing	14,434	14,538	14,128r	12,630	14,508	16,428	14,579	11,427	13,600	18,267	16,190
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	148,137	146,741	149,942	156,812	152,901	155,918	152,407	136,578	151,832	157,774	168,241
35 Term	341,856	321,698	317,835	293,069	320,084	339,480	336,714	282,136	335,783	362,514	350,445
Repurchase agreements											
36 Overnight and continuing	204,658	210,160	206,698	217,574	212,836	218,737	198,694	193,416	215,874	223,597	230,084
37 Term	283,791	257,391	254,497	233,235	254,572	269,369	282,080	218,040	258,419	284,224	275,200

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data.
2. Securities positions are reported at market value.
3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions of mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.
4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).
5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.
6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day.
7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1988	1989	1990	1991	1993 Jan.	Feb.	Mar.	Apr.	May
1 **Federal and federally sponsored agencies**	**381,498**	**411,805**	**434,668**	**442,772**	**487,331**	**494,739**	**494,656**	**0**	**0**
2 Federal agencies	35,668	35,664	42,159	41,035	41,641	42,115	42,051	42,619	42,738
3 Defense Department[1]	8	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	11,033	10,985	11,376	9,809	7,208	7,208	6,749	6,749	6,749
5 Federal Housing Administration[4]	150	328	393	397	231	237	259	263	271
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,142	6,445	6,948	8,421	10,660	10,660	10,440	10,440	10,440
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	23,535	24,003	24,596	25,160	25,271
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	345,832	375,428	392,509	401,737	445,690	452,624	452,605	0	0
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	113,253	113,347	115,272	117,363	120,172
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	34,479	44,490	41,183	47,903	46,555
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	165,958	163,538	165,818	165,135	170,768
14 Farm Credit Banks[8]	53,127	54,864	53,590	52,199	52,264	51,502	51,630	51,210	51,538
15 Student Loan Marketing Association[9]	22,073	28,705	34,194	38,319	39,812	39,822	38,776	0	0
16 Financing Corporation[10]	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	0
17 Farm Credit Financial Assistance Corporation[11]	690	847	1,261	1,261	1,261	1,261	1,261	1,261	0
18 Resolution Funding Corporation[12]	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	0
MEMO									
19 **Federal Financing Bank debt**[13]	**142,850**	**134,873**	**179,083**	**185,576**	**151,059**	**147,464**	**146,097**	**140,807**	**137,215**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,027	10,979	11,370	9,803	7,202	7,202	6,743	6,743	6,743
21 Postal Service[6]	5,892	6,195	6,698	8,201	10,440	10,440	10,440	10,440	10,440
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,790	4,790	4,790	4,790	4,790
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	6,825	6,825	6,675	6,675	6,575
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	42,979	42,979	42,979	41,629	40,379
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,037	18,036	17,966	18,008	17,970
27 Other	26,324	23,724	70,896	84,931	60,786	57,192	56,504	52,522	50,318

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown on line 17.
9. Before late 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1990	1991	1992	1992	1993						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues, new and refunding[1]**	**120,339**	**154,402**	**215,191**	**19,577**	**18,039**	**18,285**	**28,920**	**20,956**	**27,178**	**28,529**	**21,603**
By type of issue											
2 General obligation	39,610	55,100	78,611	6,024	4,840	6,963	8,254	8,272	9,452	8,415	7,713
3 Revenue	81,295	99,302	136,580	13,553	13,199[r]	11,322[r]	20,666[r]	12,684[r]	17,726[r]	20,114[r]	13,890
By type of issuer											
4 State	15,149	24,939	25,295	2,339	1,339	3,485	2,139	1,463	2,910	3,562	2,944
5 Special district or statutory authority[2]	72,661	80,614	129,686[r]	11,159	12,706[r]	10,146[r]	19,804[r]	9,923[r]	15,441[r]	18,132[r]	10,043
6 Municipality, county, or township	32,510	48,849	60,210	6,079	3,994	4,654	6,977	9,570	8,827	6,835	8,616
7 **Issues for new capital**	**103,235**	**116,953**	**120,272**	**8,010**	**1,734[r]**	**2,270[r]**	**3,289[r]**	**1,527[r]**	**2,960[r]**	**3,484[r]**	**7,737**
By use of proceeds											
8 Education	17,042	21,121	22,071	1,658	1,033	1,264	1,482	833	1,596	2,208	1,723
9 Transportation	11,650	13,395	17,334	831	829	131	2,111	699	813	772	653
10 Utilities and conservation	11,739	21,039	20,058	1,258	894	423	538	806	955	1,629	922
11 Social welfare	23,099	25,648	21,796	1,121	777	618	1,556	942	1,756	2,073	1,555
12 Industrial aid	6,117	8,376	5,424	339	337	69	765	134	601	1,042	492
13 Other purposes	34,607	30,275	33,589	2,803	2,005	2,131	3,264	1,971	3,665	3,046	2,455

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	1990	1991	1992	1992		1993					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues[1]**	**340,049**	**465,243**	n.a.	**35,525**	**39,424**	**50,692**	**59,427**	**56,284[r]**	**40,173[r]**	**42,951[r]**	**65,440**
2 **Bonds[2]**	**299,884**	**389,822**	**471,125**	**31,026**	**33,375**	**45,458**	**49,367**	**47,446[r]**	**33,922[r]**	**34,253[r]**	**55,646**
By type of offering											
3 Public, domestic	188,848	286,930	377,681	28,774	31,835	41,575	47,084	42,243[r]	30,718[r]	30,924[r]	51,146
4 Private placement, domestic[3]	86,982	74,930	65,853	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,054	27,962	27,591	2,252	1,540	3,884	2,283	5,203	3,204[r]	3,329[r]	4,500
By industry group											
6 Manufacturing	51,779	86,628	81,998	3,467	4,232	9,393	8,150	8,137[r]	6,234	3,690[r]	8,292
7 Commercial and miscellaneous	40,733	36,666	42,869	2,396	2,176	3,074	2,268	2,695	2,194	3,015[r]	2,505
8 Transportation	12,776	13,598	9,979	0	611	316	248	1,067	123	685[r]	948
9 Public utility	17,621	23,945	48,055	1,289	2,867	4,282	5,624	7,058	5,767[r]	2,857[r]	5,812
10 Communication	6,687	9,431	15,394	374	516	3,019	2,890	3,270	2,015	1,820[r]	2,473
11 Real estate and financial	170,288	219,750	272,830	23,499	22,973	25,374	30,187	25,220[r]	17,588[r]	22,186[r]	35,616
12 **Stocks[2]**	**40,175**	**75,424**	n.a.	**4,499**	**6,049**	**5,234**	**10,060**	**8,838**	**6,251**	**8,698**	**9,794**
By type of offering											
13 Public preferred	3,998	17,085	21,332	1,540	1,608	1,112	1,898	1,647	702	3,124	876
14 Common	19,442	48,230	57,099	2,958	4,441	4,122	8,161	7,191	5,549	5,574	8,918
15 Private placement[3]	16,736	10,109	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	5,649	24,111	n.a.	288	1,468	722	2,616	1,741	1,387	1,413	1,982
17 Commercial and miscellaneous	10,171	19,418	n.a.	1,366	2,226	1,688	2,021	2,488	1,564	2,836	2,025
18 Transportation	369	2,439	n.a.	304	118	65	64	336	250	111	168
19 Public utility	416	3,474	n.a.	150	92	310	350	743	412	753	893
20 Communication	3,822	475	n.a.	22	126	0	0	7	30	279	65
21 Real estate and financial	19,738	25,507	n.a.	2,369	2,019	2,438	5,009	3,522	2,579	3,307	4,660

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. IDD Information Services, Inc., Securities Data Company, and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1991	1992	1992		1993					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June
1 **Sales of own shares**[2]	**463,645**	**647,055**	**52,019**	**70,618**	**71,607**	**60,676**	**69,080**	**66,766**	**60,504**	**68,371**
2 Redemptions of own shares	342,547	447,140	34,126	51,993	46,545	39,684	47,414	46,518	38,752	46,794
3 Net sales[3]	121,098	199,915	17,893	18,625	25,062	20,992	21,666	20,248	21,759	21,577
4 **Assets**[4]	**808,582**	**1,056,310**	**1,019,618**	**1,056,310**	**1,082,653**	**1,116,784**	**1,154,445**	**1,178,663**	**1,219,863**	**1,253,476**
5 Cash[5]	60,292	73,999	80,247	73,999	76,764	79,763	81,536	87,140	85,677	84,419
6 Other	748,290	982,311	939,371	982,311	1,005,889	1,037,021	1,072,910	1,091,523	1,134,186	1,169,051

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1991		1992				1993	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Profits with inventory valuation and capital consumption adjustment	361.7	346.3	393.8	341.2	347.1	384.0	388.4	374.1	428.5	424.2	n.a.
2 Profits before taxes	355.4	334.7	371.6	336.7	332.3	366.1	376.8	354.1	389.4	393.0	n.a.
3 Profits tax liability	136.7	124.0	140.2	127.0	125.0	136.4	144.1	131.8	148.5	147.2	n.a.
4 Profits after taxes	218.7	210.7	231.4	209.6	207.4	229.7	232.7	222.2	241.0	245.7	n.a.
5 Dividends	149.3	146.5	149.3	145.1	143.9	143.6	146.6	151.1	155.9	160.2	161.1
6 Undistributed profits	69.4	64.2	82.1	64.5	63.4	86.2	86.1	71.1	85.0	85.5	n.a.
7 Inventory valuation	−14.2	3.1	−7.4	−4.8	.7	−5.4	−15.5	−9.7	1.0	−9.4	−16.6
8 Capital consumption adjustment	20.5	8.4	29.5	9.3	14.1	23.3	27.0	29.7	38.1	40.6	42.6

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1991	1992	1993[1]	1991	1992				1993		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]
1 **Total nonfarm business**	**528.39**	**546.08**	**581.12**	**529.87**	**535.72**	**540.91**	**547.53**	**560.16**	**564.81**	**587.29**	**587.05**
Manufacturing											
2 Durable goods industries	77.64	73.41	77.49	76.40	74.19	74.26	71.84	73.34	79.32	78.06	75.01
3 Nondurable goods industries	105.17	100.50	100.74	102.66	99.79	97.52	100.39	104.28	95.85	104.73	102.17
Nonmanufacturing											
4 Mining	10.02	8.90	9.51	9.99	8.87	9.18	9.09	8.44	8.84	10.10	10.15
Transportation											
5 Railroad	5.95	6.77	6.71	5.44	6.65	6.50	6.87	7.08	6.01	6.68	6.87
6 Air	10.17	8.97	7.50	10.41	8.86	9.75	10.13	7.13	7.43	8.89	7.59
7 Other	6.54	7.04	9.12	6.45	6.37	7.27	7.69	6.84	9.06	8.42	9.09
Public utilities											
8 Electric	43.76	48.05	52.75	44.75	46.06	48.45	47.73	49.95	49.87	54.11	53.66
9 Gas and other	22.82	23.91	22.99	22.67	22.75	24.19	23.92	24.78	23.44	23.58	22.54
10 Commercial and other[2]	246.32	268.54	294.32	251.11	262.17	263.80	269.86	278.32	284.99	292.72	299.96

1. Figures are amounts anticipated by business.
2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1990	1991	1992	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1[r]
ASSETS										
1 Accounts receivable, gross[2]	492.3	480.6	482.1	485.2	480.6	475.6	476.7	473.9	482.1	469.6
2 Consumer	133.3	121.9	117.1	125.3	121.9	118.4	116.7	116.7	117.1	111.9
3 Business	293.6	292.9	296.5	293.7	292.9	290.8	293.2	288.5	296.5	289.6
4 Real estate	65.5	65.8	68.4	66.2	65.8	66.4	66.8	68.8	68.4	68.1
5 LESS: Reserves for unearned income	57.6	55.1	50.8	57.6	55.1	53.6	51.2	50.8	50.8	47.4
6 Reserves for losses	9.6	12.9	15.8	13.1	12.9	13.0	12.3	12.0	15.8	15.5
7 Accounts receivable, net	425.1	412.6	415.5	414.6	412.6	409.0	413.2	411.1	415.5	406.6
8 All other	113.9	149.0	150.6	136.4	149.0	145.5	139.4	146.5	150.6	155.0
9 **Total assets**	**539.0**	**561.6**	**566.1**	**551.1**	**561.6**	**554.5**	**552.6**	**557.6**	**566.1**	**561.6**
LIABILITIES AND CAPITAL										
10 Bank loans	31.0	42.3	37.6	39.6	42.3	38.0	37.8	38.1	37.6	34.1
11 Commercial paper	165.3	159.5	156.4	156.8	159.5	154.4	147.7	153.2	156.4	149.8
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	37.5	34.5	37.8	36.5	34.5	34.5	34.8	34.9	37.8	41.9
15 Not elsewhere classified	178.2	191.3	195.3	185.0	191.3	189.8	191.9	191.4	195.3	195.1
16 All other liabilities	63.9	69.0	71.2	68.8	69.0	72.0	73.4	73.7	71.2	74.2
17 Capital, surplus, and undivided profits	63.7	64.8	67.8	63.8	64.8	66.0	67.1	68.1	67.8	66.6
18 **Total liabilities and capital**	**539.6**	**561.2**	**566.1**	**550.5**	**561.2**	**554.6**	**552.7**	**559.4**	**566.1**	**561.7**

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	1990	1991	1992	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June
	Seasonally adjusted								
1 **Total**	**522,474**	**519,910**	**534,845**	**529,256**	**531,398**	**528,046**[r]	**529,552**[r]	**523,111**	**522,981**
2 Consumer	160,468	154,822	157,707	156,551	157,733	156,257[r]	156,441[r]	153,275	152,979
3 Real estate[2]	65,147	65,383	68,011	68,942	70,016	68,726	69,803	66,396	67,223
4 Business	296,858	299,705	309,127	303,763	303,649	303,062[r]	303,308[r]	303,440	302,778
	Not seasonally adjusted								
5 **Total**	**525,888**	**523,192**	**538,158**	**528,847**	**528,490**	**528,172**[r]	**531,380**[r]	**524,180**	**526,818**
6 Consumer	161,360	155,713	158,631	156,430	155,929	154,913[r]	155,440[r]	152,708	152,995
7 Motor vehicles	75,045	63,415	57,605	57,165	54,036	53,508	53,977	53,878	55,592
8 Other consumer[3]	58,213	58,522	59,522	58,844	58,651	58,346	58,546	55,433	55,737
9 Securitized motor vehicles[4]	19,837	23,166	29,775	28,894	32,860	32,904[r]	32,527[r]	33,174	31,642
10 Securitized other consumer[4]	8,265	10,610	11,729	11,527	10,383	10,155[r]	10,390[r]	10,223	10,023
11 Real estate[2]	65,509	65,760	68,410	68,889	69,216	68,135	69,356	66,150	67,230
12 Business	299,019	301,719	311,118	303,527	303,345	305,123[r]	306,584[r]	305,322	306,593
13 Motor vehicles	92,125	90,613	87,456	86,491	86,412	87,542[r]	88,692[r]	89,317	90,263
14 Retail[5]	26,454	22,957	19,303	19,124	17,881	16,961	17,228	16,513	16,995
15 Wholesale[6]	33,573	31,216	29,962	28,727	30,059	31,788[r]	32,064[r]	32,242	31,787
16 Leasing	32,098	36,440	38,191	38,640	38,472	38,792	39,400	40,562	41,481
17 Equipment	137,654	141,399	151,607	146,820	145,886	145,878	145,877	145,237	146,487
18 Retail	31,968	30,962	32,212	32,458	32,430	32,560	32,170	32,384	32,775
19 Wholesale[6]	11,101	9,671	8,669	8,582	8,318	8,656	8,642	8,556	8,482
20 Leasing	94,585	100,766	110,726	105,780	105,138	104,662	105,066	104,297	105,230
21 Other business[7]	63,773	60,900	57,464	55,760	55,962	56,153	56,144	54,487	53,987
22 Securitized business assets[4]	5,467	8,807	14,590	14,457	15,085	15,551[r]	15,870	16,281	15,856
23 Retail	667	576	1,118	1,036	973	904	1,434	1,375	1,324
24 Wholesale	3,281	5,285	8,756	8,582	9,408	9,824	9,745	9,590	9,539
25 Leasing	1,519	2,946	4,716	4,839	4,704	4,823[r]	4,691	5,316	4,993

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	1990	1991	1992	1993 Jan.	Feb.	Mar.	Apr.	May	June	July
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	158.6	159.7	156.2	150.9	153.1	185.6	168.7
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	119.5	114.5	121.5	115.0	118.8	125.3	127.4
3 Loan-to-price ratio (percent)	74.8	75.0	76.6	76.8	75.4	79.3	78.5	79.5	75.3	77.8
4 Maturity (years)	27.3	26.8	25.6	25.7	23.8	26.9	24.9	26.9	25.4	26.2
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.49	1.43	1.50	1.23	1.43	1.32	1.28
Yield (percent per year)										
6 Contract rate[1]	9.68	9.02	7.98	7.57	7.52	7.22	7.26	7.14	7.02	6.99
7 Effective rate[1,3]	10.01	9.30	8.25	7.82	7.77	7.46	7.46	7.37	7.23	7.20
8 Contract rate (HUD series)[4]	10.08	9.20	8.43	7.93	7.63	7.59	7.51	7.59	7.33r	7.31
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	10.17	9.25	8.46	8.04	7.55	7.57	7.56	7.59	7.52r	7.51
10 GNMA securities[6]	9.51	8.59	7.77	7.39	7.02	6.79	6.77	6.79	6.75	6.55
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	159,204	159,766	161,147	163,719	166,849	171,232	174,674
12 FHA/VA insured	21,028	21,702	22,168	22,640	22,573	22,700	22,682	22,691	22,656	22,761
13 Conventional	92,302	101,135	120,664	136,564	137,193	138,447	141,037	144,158	148,576	151,913
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	4,993	4,118	4,730	6,761	7,526	9,131	7,854
Mortgage commitments (during period)										
15 Issued[7]	23,689	40,010	74,970	4,189	4,177	6,644	7,764	7,791	8,697	7,760
16 To sell[8]	5,270	7,608	10,493	1,159	221	0	112	30	323	458
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	20,419	24,131	29,959	32,370	32,454	35,421	38,361	39,960	42,477	43,119
18 FHA/VA insured	547	484	408	347	343	337	330	325	319	314
19 Conventional	19,871	23,283	29,552	32,023	32,112	35,084	38,031	39,635	42,158	42,805
Mortgage transactions (during period)										
20 Purchases	75,517	99,965r	191,125	15,512	12,063	12,587	15,885	18,842	21,529	19,700
21 Sales	73,817	92,478	179,208	16,536	12,105	10,286	13,807	17,532	18,968r	18,631
Mortgage commitments (during period)[9]										
22 Contracted	102,401	114,031	261,637	17,591	23,366	21,103	20,731	18,908	28,831	21,722

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	1989	1990	1991	1992				1993
				Q1	Q2	Q3	Q4	Q1[p]
1 **All holders**	**3,537,301**	**3,751,476**	**3,890,830**	**3,933,754**	**3,967,017**	**4,003,714**	**4,035,405**	**4,059,391**
By type of property								
2 One- to four-family residences	2,392,742	2,597,175	2,741,824	2,788,987	2,833,318	2,887,877	2,940,165	2,976,623
3 Multifamily residences	307,045	310,095	307,944	308,514	304,104	300,728	293,376	289,202
4 Commercial	757,038	765,458	761,782	753,578	746,357	731,407	718,910	710,208
5 Farm	80,476	78,748	79,281	82,676	83,237	83,702	82,953	83,359
By type of holder								
6 Major financial institutions	1,931,537	1,914,315	1,846,910	1,825,983	1,803,488	1,793,505	1,769,058	1,750,365
7 Commercial banks[2]	767,069	844,826	876,284	880,377	884,598	891,484	894,549	888,395
8 One- to four-family	389,632	455,931	486,572	492,910	496,518	506,658	511,976	508,496
9 Multifamily	38,876	37,015	37,424	37,710	38,314	38,985	38,011	37,814
10 Commercial	321,906	334,648	333,852	330,837	330,229	325,934	324,681	322,166
11 Farm	16,656	17,231	18,436	18,919	19,538	19,906	19,882	19,919
12 Savings institutions[3]	910,254	801,628	705,367	682,338	659,624	648,178	627,972	620,755
13 One- to four-family	669,220	600,154	538,358	524,536	508,545	501,604	489,622	486,126
14 Multifamily	106,014	91,806	79,881	77,166	74,788	73,723	69,791	67,491
15 Commercial	134,370	109,168	86,741	80,278	75,947	72,517	68,235	66,812
16 Farm	650	500	388	358	345	334	324	327
17 Life insurance companies	254,214	267,861	265,258	263,269	259,266	253,843	246,537	241,214
18 One- to four-family	12,231	13,005	11,547	11,214	10,676	10,451	10,158	9,830
19 Multifamily	26,907	28,979	29,562	29,693	29,425	28,804	27,997	27,454
20 Commercial	205,472	215,121	214,105	212,865	210,139	205,709	199,943	195,816
21 Farm	9,604	10,756	10,044	9,497	9,026	8,878	8,439	8,114
22 Federal and related agencies	197,778	239,003	266,146	278,396	278,091	277,485	285,965	288,199
23 Government National Mortgage Association	23	20	19	19	23	27	30	45
24 One- to four-family	23	20	19	19	23	27	30	37
25 Multifamily	0	0	0	0	0	0	0	8
26 Farmers Home Administration[4]	41,176	41,439	41,713	41,791	41,628	41,671	41,695	41,724
27 One- to four-family	18,422	18,527	18,496	18,488	17,718	17,292	16,912	16,418
28 Multifamily	9,054	9,640	10,141	10,270	10,356	10,468	10,575	10,679
29 Commercial	4,443	4,690	4,905	4,961	4,998	5,072	5,158	5,226
30 Farm	9,257	8,582	8,171	8,072	8,557	8,839	9,050	9,402
31 Federal Housing and Veterans' Administrations	6,087	8,801	10,733	11,332	11,480	11,768	12,581	13,950
32 One- to four-family	2,875	3,593	4,036	4,254	4,403	4,531	5,153	6,159
33 Multifamily	3,212	5,208	6,697	7,078	7,077	7,236	7,428	7,791
34 Resolution Trust Corporation	0	32,600	45,822	49,345	44,624	37,099	32,045	27,331
35 One- to four-family	0	15,800	14,535	15,458	15,032	12,614	12,960	11,375
36 Multifamily	0	8,064	15,018	16,266	13,316	11,130	9,621	8,070
37 Commercial	0	8,736	16,269	17,621	16,276	13,356	9,464	7,886
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	99,001	104,870	112,283	118,238	122,939	126,476	137,584	141,192
40 One- to four-family	90,575	94,323	100,387	105,869	110,223	113,407	124,016	127,252
41 Multifamily	8,426	10,547	11,896	12,369	12,716	13,069	13,568	13,940
42 Federal Land Banks	29,640	29,416	28,767	28,776	28,775	28,815	28,365	28,536
43 One- to four-family	1,210	1,838	1,693	1,693	1,693	1,695	1,669	1,679
44 Farm	28,430	27,577	27,074	27,083	27,082	27,119	26,696	26,857
45 Federal Home Loan Mortgage Corporation	21,851	21,857	26,809	28,895	28,621	31,629	33,665	35,421
46 One- to four-family	18,248	19,185	24,125	26,182	26,001	29,039	31,032	32,831
47 Multifamily	3,603	2,672	2,684	2,713	2,620	2,591	2,633	2,589
48 Mortgage pools or trusts[5]	917,848	1,079,103	1,250,666	1,288,823	1,341,338	1,385,460	1,425,546	1,459,899
49 Government National Mortgage Association	368,367	403,613	425,295	421,977	422,922	422,255	419,516	421,514
50 One- to four-family	358,142	391,505	415,767	412,574	413,828	413,063	410,675	412,798
51 Multifamily	10,225	12,108	9,528	9,404	9,094	9,192	8,841	8,716
52 Federal Home Loan Mortgage Corporation	272,870	316,359	359,163	367,878	382,797	391,762	407,514	420,932
53 One- to four-family	266,060	308,369	351,906	360,887	376,177	385,400	401,525	415,279
54 Multifamily	6,810	7,990	7,257	6,991	6,620	6,362	5,989	5,654
55 Federal National Mortgage Association	228,232	299,833	371,984	389,853	413,226	429,935	444,979	457,316
56 One- to four-family	219,577	291,194	362,667	380,617	403,940	420,835	435,979	448,483
57 Multifamily	8,655	8,639	9,317	9,236	9,286	9,100	9,000	8,833
58 Farmers Home Administration[4]	80	66	47	43	43	41	38	36
59 One- to four-family	21	17	11	10	9	9	8	7
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	26	24	19	18	18	18	17	17
62 Farm	33	26	17	16	15	14	13	13
63 Private mortgage conduits	48,299	59,232	94,177	109,071	122,350	141,468	153,499	160,100
64 One- to four-family	43,325	53,335	84,000	95,600	105,700	123,000	132,000	137,000
65 Multifamily	462	731	3,698	4,686	5,796	5,796	6,305	6,858
66 Commercial	4,512	5,166	6,479	8,784	10,855	12,673	15,194	16,242
67 Farm	0	0	0	0	0	0	0	0
68 *Individuals and others*[6]	490,138	519,055	527,108	540,552	544,100	547,263	554,836	560,929
69 One- to four-family	303,181	330,378	327,704	338,676	342,832	348,252	356,451	362,853
70 Multifamily	84,800	86,695	84,842	84,932	84,698	84,272	83,617	83,306
71 Commercial	86,310	87,905	99,411	98,213	97,896	96,129	96,218	96,043
72 Farm	15,846	14,077	15,150	18,732	18,675	18,610	18,549	18,727

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources, with figures for some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the U.S. Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required, are estimated mainly by the Federal Reserve. Line 64, from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1990	1991	1992	1993 Jan.	Feb.	Mar.	Apr.	May[r]	June
					Seasonally adjusted				
1 **Total**	**738,765**	**733,510**	**741,093**	**743,584[r]**	**747,228[r]**	**750,151[r]**	**751,619[r]**	**750,867**	**758,537**
2 Automobile	284,739	260,898	259,627	258,737[r]	261,434[r]	262,324[r]	261,826	264,008	266,209
3 Revolving	222,552	243,564	254,299	255,984[r]	258,384[r]	259,661[r]	260,968[r]	261,520	264,379
4 Other	231,474	229,048	227,167	228,863[r]	227,410[r]	228,166[r]	228,824[r]	225,338	227,949
					Not seasonally adjusted				
5 **Total**	**752,883**	**749,052**	**756,944**	**748,530[r]**	**745,374[r]**	**743,153[r]**	**745,882[r]**	**745,356**	**754,907**
By major holder									
6 Commercial banks	347,087	340,713	331,869	330,355	330,060	329,764	331,649	333,314	339,215
7 Finance companies	133,258	121,937	117,127	116,009	112,686	111,854	112,523	109,311	111,330
8 Credit unions	93,057	92,681	97,641	98,261	98,785	99,778	101,534	103,019	104,766
9 Retailers	43,464	39,832	42,079	40,057	38,462	38,030	38,218	38,681	38,813
10 Savings institutions	52,164	45,965	43,461	42,805[r]	41,976[r]	41,695[r]	40,378[r]	40,079	39,864
11 Gasoline companies	4,822	4,362	4,365	4,366	4,148	4,080	4,280	4,486	4,614
12 Pools of securitized assets[2]	79,030	103,562	120,402	116,677	119,257	117,952	117,300	116,466	116,305
By major type of credit[3]									
13 Automobile	284,903	261,219	259,964	258,017[r]	259,830[r]	259,956[r]	260,224	262,861	266,166
14 Commercial banks	124,913	112,666	109,743	109,671	111,005	111,287	111,351	113,322	116,006
15 Finance companies	75,045	63,415	57,605	57,165	54,036	53,508	53,977	53,878	55,592
16 Pools of securitized assets[2]	24,620	28,915	33,878	32,388	36,031	36,096	36,178	36,431	34,701
17 Revolving	234,801	256,876	267,949	260,758[r]	257,440[r]	256,233[r]	257,308[r]	258,410	262,024
18 Commercial banks	133,385	138,005	132,582	129,567	127,877	128,079	129,464	130,531	131,824
19 Retailers	38,448	34,712	36,629	34,666	33,110	32,681	32,838	33,254	33,328
20 Gasoline companies	4,822	4,362	4,365	4,366	4,148	4,080	4,280	4,486	4,614
21 Pools of securitized assets[2]	45,637	63,595	74,243	71,927	72,024	70,890	69,919	69,054	70,842
22 Other	233,178	230,957	229,031	229,755[r]	228,105[r]	226,964[r]	228,350[r]	224,085	226,716
23 Commercial banks	88,789	90,042	89,544	91,117	91,178	90,398	90,834	89,461	91,385
24 Finance companies	58,213	58,522	59,522	58,844	58,651	58,346	58,546	55,433	55,737
25 Retailers	5,016	5,120	5,450	5,391	5,352	5,349	5,380	5,427	5,485
26 Pools of securitized assets[2]	8,773	11,052	12,281	12,362	11,202	10,966	11,203	10,981	10,762

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.
Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1990	1991	1992	1992 Dec.	1993 Jan.	Feb.	Mar.	Apr.	May	June
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.78	11.14	9.29	n.a.	n.a.	8.57	n.a.	n.a.	8.17	n.a.
2 24-month personal	15.46	15.18	14.04	n.a.	n.a.	13.57	n.a.	n.a.	13.63	n.a.
3 120-month mobile home	14.02	13.70	12.67	n.a.	n.a.	12.38	n.a.	n.a.	12.00	n.a.
4 Credit card	18.17	18.23	17.78	n.a.	n.a.	17.26	n.a.	n.a.	17.15	n.a.
Auto finance companies										
5 New car	12.54	12.41	9.93	9.65	10.08	10.32	9.95	9.61	9.51	9.45
6 Used car	15.99	15.60	13.80	13.66	13.72	13.90	13.21	12.74	12.61	12.55
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.6	55.1	54.0	53.6	53.9	54.3	54.6	54.5	54.4	54.6
8 Used car	46.0	47.2	47.9	47.7	49.2	49.0	49.0	48.9	48.9	49.0
Loan-to-value ratio										
9 New car	87	88	89	90	90	91	90	90	91	91
10 Used car	95	96	97	97	97	98	98	98	98	98
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	14,315	13,975	13,849	14,013	14,021	14,146	14,296
12 Used car	8,289	8,884	9,119	9,464	9,472	9,457	9,641	9,731	9,829	9,912

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	1988	1989	1990	1991	1992	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1
	Nonfinancial sectors											
1 Total net borrowing by domestic nonfinancial sectors	**775.8**	**740.8**	**665.0**	**461.0**	**574.4**	**411.5**	**403.8**	**672.2**	**560.3**	**486.7**	**578.2**	**539.2**
By sector and instrument												
2 U.S. government	155.1	146.4	246.9	278.2	304.0	288.4	320.4	368.9	351.9	193.4	301.7	274.7
3 Treasury securities	137.7	144.7	238.7	292.0	303.8	317.2	316.6	380.1	351.5	184.4	299.1	271.6
4 Agency issues and mortgages	17.4	1.6	8.2	−13.8	.2	−28.8	3.8	−11.2	.4	9.0	2.7	3.2
5 Private	620.7	594.4	418.2	182.8	270.4	123.1	83.4	303.3	208.5	293.2	276.5	264.4
By instrument												
6 Tax-exempt obligations	53.7	65.0	51.2	45.8	53.3	53.5	45.5	52.0	73.0	52.3	35.9	50.8
7 Corporate bonds	103.1	73.8	47.1	78.8	67.3	81.6	60.2	76.3	77.8	61.3	53.7	75.0
8 Mortgages	317.3	303.0	244.0	138.5	140.9	53.3	106.3	194.1	96.5	140.9	132.3	130.8
9 Home mortgages	241.8	245.3	219.4	144.6	198.3	135.4	128.4	225.0	140.9	212.6	214.9	180.6
10 Multifamily residential	16.7	16.4	3.7	−2.4	−14.6	−36.3	10.2	2.4	−17.7	−13.6	−29.5	−16.7
11 Commercial	60.8	42.7	21.0	−4.3	−42.9	−45.3	−32.4	−32.5	−28.9	−60.0	−50.1	−34.7
12 Farm	−2.1	−1.5	−.1	.5	.1	−.4	.0	−.8	2.2	1.9	−3.0	1.6
13 Consumer credit	50.1	41.7	17.5	−13.1	9.3	−24.8	−11.9	−2.0	−15.5	9.2	45.6	27.8
14 Bank loans n.e.c.	41.0	40.2	4.4	−33.3	−17.7	−18.2	−65.3	−22.9	−22.9	−4.5	−20.6	−5.4
15 Open market paper	11.9	21.4	9.7	−18.4	8.6	−36.3	−7.0	13.3	−3.1	.5	23.8	−9.6
16 Other	43.6	49.3	44.2	−15.6	8.6	13.8	−44.3	−7.5	2.7	33.5	5.8	−5.0
By borrowing sector												
17 State and local government	48.9	63.2	48.3	38.5	47.0	37.6	41.9	46.1	63.4	50.0	28.6	58.8
18 Household	318.6	305.6	254.2	160.2	222.6	148.3	136.5	231.5	157.9	238.0	262.8	224.1
19 Nonfinancial business	253.1	225.6	115.6	−15.9	.8	−62.8	−95.0	25.8	−12.9	5.2	−14.9	−18.4
20 Farm	−7.5	1.6	2.5	2.2	.0	1.9	−2.2	−1.4	6.6	1.0	−6.2	2.3
21 Nonfarm noncorporate	61.8	50.4	26.7	−23.4	−40.1	−65.8	−51.9	−22.9	−49.9	−38.6	−49.0	−36.9
22 Corporate	198.8	173.6	86.4	5.3	40.9	1.2	−40.9	50.0	30.5	42.8	40.3	16.2
23 Foreign net borrowing in United States	6.4	10.2	23.9	14.1	23.9	15.6	41.0	9.7	55.2	29.5	1.1	64.4
24 Bonds	6.9	4.9	21.4	14.9	17.8	15.5	22.3	4.9	21.9	21.0	23.5	76.2
25 Bank loans n.e.c.	−1.8	−.1	−2.9	3.1	2.3	1.4	6.5	1.5	14.1	3.9	−10.3	1.8
26 Open market paper	8.7	13.1	12.3	6.4	5.2	16.0	14.9	−8.0	27.8	13.1	−12.1	−21.7
27 U.S. government loans	−7.5	−7.6	−6.9	−10.2	−1.4	−17.2	−2.7	11.4	−8.5	−8.6	.0	8.0
28 Total domestic plus foreign	**782.2**	**750.9**	**688.9**	**475.1**	**598.2**	**427.1**	**444.8**	**681.8**	**615.5**	**516.2**	**579.3**	**603.5**
	Financial sectors											
29 Total net borrowing by financial sectors	**211.4**	**220.1**	**187.1**	**138.4**	**226.0**	**146.0**	**170.0**	**155.9**	**233.8**	**277.7**	**236.4**	**228.5**
By instrument												
30 U.S. government-related	119.8	151.0	167.4	150.0	167.1	156.0	158.5	137.4	222.8	165.6	142.7	172.3
31 Sponsored-credit-agency securities	44.9	25.2	17.1	9.2	40.2	20.6	32.6	11.5	48.3	67.7	33.5	35.4
32 Mortgage pool securities	74.9	125.8	150.3	140.9	126.9	135.5	125.9	125.9	174.4	97.9	109.2	137.0
33 Loans from U.S. government	.0	.0	−.1	.0	.0	.0	−.1	.0	.0	.0	.0	.0
34 Private	91.7	69.1	19.7	−11.6	58.8	−10.0	11.6	18.5	11.0	112.1	93.7	56.2
35 Corporate bonds	16.2	46.8	34.4	54.3	51.5	31.8	50.6	11.4	14.9	73.5	106.1	98.0
36 Mortgages	.3	.0	.3	.9	.0	.4	2.1	−.4	.1	.3	.2	−.1
37 Bank loans n.e.c.	.6	1.9	1.2	3.2	7.2	10.2	4.5	8.2	3.9	5.4	11.3	3.1
38 Open market paper	54.8	31.3	8.6	−32.0	−.7	−16.7	−12.7	8.8	−13.4	11.6	−9.7	−64.4
39 Loans from Federal Home Loan Banks	19.7	−11.0	−24.7	−38.0	.8	−35.7	−33.0	−9.5	5.7	21.3	−14.2	19.6
By borrowing sector												
40 Sponsored credit agencies	44.9	25.2	17.0	9.1	40.2	20.6	32.5	11.5	48.3	67.7	33.5	35.4
41 Mortgage pools	74.9	125.8	150.3	140.9	126.9	135.5	125.9	125.9	174.4	97.9	109.2	137.0
42 Private	91.7	69.1	19.7	−11.6	58.8	−10.0	11.6	18.5	11.0	112.1	93.7	56.2
43 Commercial banks	−3.0	−1.4	−1.1	−13.3	4.5	−9.2	−14.1	7.2	.8	1.6	8.3	6.4
44 Bank affiliates	5.2	6.2	−27.7	−2.5	2.3	−6.8	9.6	2.7	−8.2	10.5	4.0	8.1
45 Savings and loan associations	19.9	−14.1	−29.9	−39.5	−4.7	−41.1	−25.1	−20.3	2.7	10.0	−11.2	10.0
46 Mutual savings banks	1.9	−1.4	−.5	−3.5	1.8	−5.5	−8.7	4.3	.3	8.3	−5.6	6.1
47 Finance companies	31.5	59.7	35.6	7.8	16.4	11.8	12.8	1.1	−20.0	28.6	55.9	−12.6
48 Real estate investment trusts (REITs)	3.6	−1.9	−1.9	.9	.6	−.3	3.6	1.1	.9	1.3	−.9	1.0
49 Securitized credit obligation (SCO) issuers	32.5	22.0	45.2	38.5	38.0	41.1	33.3	22.4	34.5	52.0	43.2	37.1

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

Transaction category or sector	1988	1989	1990	1991	1992	1991		1992				1993
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
50 **Total net borrowing, all sectors**	**993.6**	**971.0**	**876.0**	**613.5**	**824.2**	**573.1**	**614.8**	**837.8**	**849.4**	**793.9**	**815.7**	**832.0**
51 U.S. government securities	274.9	297.3	414.4	428.3	471.1	444.4	479.0	506.3	574.7	359.0	444.4	447.1
52 State and local obligations	53.7	65.0	51.2	45.8	53.3	53.5	45.5	52.0	73.0	52.3	35.9	50.8
53 Corporate and foreign bonds	126.3	125.5	102.9	147.9	136.6	128.9	133.2	92.6	114.5	155.8	183.3	249.2
54 Mortgages	317.5	303.0	244.3	139.4	141.0	53.7	108.4	193.6	96.6	141.1	132.5	130.7
55 Consumer credit	50.1	41.7	17.5	−13.1	9.3	−24.8	−11.9	−2.0	−15.5	9.2	45.6	27.8
56 Bank loans n.e.c.	39.9	41.9	2.8	−26.9	−8.2	−6.7	−54.3	−13.2	−4.9	4.9	−19.6	−.5
57 Open market paper	75.4	65.9	30.7	−44.0	13.1	−37.0	−4.9	14.1	11.2	25.2	2.0	−95.7
58 Other loans	55.8	30.6	12.4	−63.9	8.0	−39.0	−80.1	−5.6	−.2	46.3	−8.4	22.5
	External corporate equity funds raised in United States											
59 **Total net share issues**	**−118.4**	**−65.7**	**22.1**	**198.9**	**279.6**	**232.5**	**268.5**	**263.6**	**291.7**	**286.8**	**276.5**	**342.8**
60 Mutual funds	6.1	38.5	67.9	150.5	215.4	182.5	195.9	183.5	236.2	233.3	208.4	274.4
61 All other	−124.5	−104.2	−45.8	48.4	64.3	50.0	72.6	80.1	55.5	53.6	68.1	68.4
62 Nonfinancial corporations	−129.5	−124.2	−63.0	18.3	26.8	19.0	48.0	46.0	36.0	11.0	14.0	27.0
63 Financial corporations	4.1	2.7	9.8	.0	6.4	−3.2	1.7	4.1	8.5	7.9	5.0	7.8
64 Foreign shares purchased in United States	.9	17.2	7.4	30.2	31.2	34.1	22.9	29.9	11.0	34.7	49.1	33.6

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992	1991		1992				1993
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**993.6**	**971.0**	**876.0**	**613.5**	**824.2**	**573.1**	**614.8**	**837.8**	**849.4**	**793.9**	**815.7**	**832.0**
2 Private domestic nonfinancial sectors	226.2	209.6	203.8	31.8	75.0	−131.1	−25.9	162.4	118.0	−166.4	186.1	−20.4
3 Households	198.9	179.5	172.3	.4	79.9	−170.1	−67.8	181.9	105.3	−159.0	191.5	−1.5
4 Nonfarm noncorporate business	3.1	−.8	−1.4	−2.3	−2.2	−1.9	−2.8	−1.9	−2.6	−2.2	−2.2	−2.0
5 Nonfinancial corporate business	5.7	12.9	6.6	17.5	8.8	28.8	26.6	−1.4	11.8	10.6	14.3	−9.2
6 State and local governments	18.6	17.9	26.2	16.3	−11.5	12.1	18.2	−16.1	3.4	−15.9	−17.6	−7.7
7 U.S. government	−10.6	−3.1	33.7	10.0	−12.7	−2.1	−17.9	13.9	−24.9	−27.0	−12.8	−16.7
8 Foreign	96.3	74.1	58.4	42.6	95.3	37.3	71.0	88.4	139.2	63.4	90.3	86.1
9 Financial sectors	681.8	690.4	580.2	529.1	666.5	669.0	587.6	573.0	617.0	924.0	552.1	783.1
10 Sponsored credit agencies	37.1	−.5	16.4	14.2	68.7	31.7	19.7	93.1	39.9	76.5	65.3	16.9
11 Mortgage pools	74.9	125.8	150.3	140.9	126.9	135.5	125.9	125.9	174.4	97.9	109.2	137.0
12 Monetary authority	10.5	−7.3	8.1	31.1	27.9	48.1	22.3	33.2	9.8	10.8	57.8	49.6
13 Commercial banking	157.1	176.8	125.4	84.0	91.9	82.4	104.3	98.9	58.4	157.4	53.1	131.7
14 U.S. commercial banks	127.1	145.7	95.2	38.9	69.5	26.5	45.6	91.9	.5	132.0	53.4	103.9
15 Foreign banking offices	29.4	26.7	28.4	48.5	16.5	56.7	61.3	.6	58.6	6.5	.4	27.9
16 Bank affiliates	−.1	2.8	−2.8	−1.5	5.7	2.4	−1.1	6.4	−.6	18.5	−1.6	−1.2
17 Banks in U.S. possession	.7	1.6	4.5	−1.9	.3	−3.3	−1.5	.0	−.1	.4	.8	1.1
18 Private nonbank finance	402.2	395.7	279.9	259.0	351.1	371.3	315.3	222.0	334.5	581.3	266.8	447.9
19 Thrift institutions	119.0	−91.0	−151.9	−144.9	−61.7	−176.8	−49.5	−113.1	−81.4	−40.5	−11.8	−14.7
20 Savings and loan associations	87.4	−93.9	−143.9	−140.9	−76.7	−156.3	−83.3	−137.9	−92.4	−38.5	−38.1	−32.5
21 Mutual savings banks	15.3	−4.8	−16.5	−15.5	−1.4	−30.8	11.5	7.6	−7.4	−13.0	7.4	−9.5
22 Credit unions	16.3	7.7	8.5	11.5	16.4	10.3	22.3	17.2	18.5	11.0	18.9	27.3
23 Insurance	186.2	207.7	188.5	219.5	178.9	259.0	159.2	110.7	183.9	247.1	174.0	192.8
24 Life insurance companies	103.8	93.1	94.4	83.2	89.7	73.8	13.2	80.6	81.9	96.5	99.9	74.3
25 Other insurance companies	29.2	29.7	26.5	34.7	17.3	36.8	32.1	33.1	22.2	2.5	11.2	9.4
26 Private pension funds	18.1	36.2	16.6	64.7	36.9	115.0	96.9	−32.2	49.7	109.8	20.3	60.6
27 State and local government retirement funds	35.1	48.7	51.0	37.0	35.0	33.4	17.0	29.2	30.0	38.2	42.6	48.5
28 Finance n.e.c.	96.9	278.9	243.3	184.4	233.9	289.2	205.6	224.4	232.0	374.8	104.5	269.8
29 Finance companies	49.2	69.3	41.6	−22.5	21.5	−5.4	−54.9	39.2	−22.3	8.5	60.5	11.1
30 Mutual funds	11.9	23.8	41.4	90.3	132.3	117.1	124.8	99.1	169.0	150.7	110.4	161.0
31 Money market funds	10.7	67.1	80.9	30.1	1.3	1.1	53.8	65.8	−24.8	−16.3	−19.2	−16.8
32 Real estate investment trusts (REITs)	.9	.5	−.7	−1.0	.6	−.6	−1.9	.3	2.6	−.3	−.1	.8
33 Brokers and dealers	−8.2	96.3	34.9	49.0	40.2	135.8	50.5	−2.4	73.0	180.3	−90.2	76.5
34 Securitized credit obligation (SCOs) issuers	32.5	22.0	45.2	38.5	38.0	41.1	33.3	22.4	34.5	52.0	43.2	37.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**993.6**	**971.0**	**876.0**	**613.5**	**824.2**	**573.1**	**614.8**	**837.8**	**849.4**	**793.9**	**815.7**	**832.0**
Other financial sources												
36 Official foreign exchange	4.0	24.8	2.0	−5.9	−1.6	−15.5	−5.0	3.5	−6.5	−8.5	5.1	7.6
37 Treasury currency and special drawing rights	.5	4.1	2.5	.0	−1.8	.4	.5	.1	.3	.2	−7.7	.3
38 Life insurance reserves	25.3	28.8	25.7	24.5	29.9	19.4	19.2	30.5	28.4	33.3	27.5	27.6
39 Pension fund reserves	193.6	221.4	186.8	268.6	232.9	344.1	244.2	125.5	178.6	325.8	301.6	286.1
40 Interbank claims	2.9	−16.5	34.2	−3.7	50.5	99.9	−32.5	55.4	22.1	118.0	6.4	80.2
41 Deposits at financial institutions	259.9	290.0	96.8	61.1	14.5	27.3	47.8	73.5	−77.2	194.2	−132.4	99.3
42 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.7	104.5	114.4	88.6	92.8	202.7	106.8	31.9
43 Small time and savings deposits	120.8	96.7	59.9	16.7	−61.1	−42.4	13.0	−29.9	−89.3	−83.0	−42.1	−111.4
44 Large time deposits	53.6	17.6	−66.7	−60.9	−79.7	−78.1	−117.4	−78.8	−104.9	−54.8	−80.4	−3.7
45 Money market fund shares	21.9	90.1	70.3	41.2	3.9	4.0	26.8	110.2	−42.3	−13.0	−39.1	33.4
46 Security repurchase agreements	23.5	78.3	−23.5	−16.4	34.1	36.3	16.0	10.2	118.9	77.1	−69.7	152.2
47 Foreign deposits	−3.1	1.1	12.6	4.6	−5.5	3.0	−5.0	−26.9	−52.5	65.2	−8.0	−3.0
48 Mutual fund shares	6.1	38.5	67.9	150.5	215.4	182.5	195.9	183.5	236.2	233.3	208.4	274.4
49 Corporate equities	−124.5	−104.2	−45.8	48.4	64.3	50.0	72.6	80.1	55.5	53.6	68.1	68.4
50 Security credit	3.0	15.6	3.5	51.4	4.2	82.4	120.7	−72.1	−5.3	84.9	9.3	31.9
51 Trade debt	89.2	60.0	44.1	10.4	52.5	47.6	−7.3	71.1	38.8	64.8	35.1	38.3
52 Taxes payable	5.3	2.0	−.5	−9.0	7.8	13.1	−3.2	10.6	9.4	−.6	11.7	.1
53 Noncorporate proprietors' equity	−31.2	−32.5	−39.3	−2.7	−4.3	43.2	4.8	−16.7	10.7	−18.2	7.0	−12.3
54 Miscellaneous	222.3	269.9	120.5	136.8	186.3	39.0	204.4	181.9	260.8	225.2	77.3	166.1
55 **Total financial sources**	**1,650.2**	**1,772.7**	**1,374.3**	**1,343.9**	**1,674.7**	**1,506.5**	**1,477.1**	**1,564.6**	**1,601.2**	**2,099.8**	**1,433.0**	**1,900.2**
Floats not included in assets (−)												
56 U.S. government checking deposits	1.6	8.4	3.3	−13.1	.7	23.9	−73.1	4.4	−11.7	−5.3	15.3	−6.2
57 Other checkable deposits	.8	−3.2	2.5	2.0	1.6	−2.1	−6.1	16.7	2.5	−13.9	1.1	−18.4
58 Trade credit	.9	.6	21.5	15.0	22.4	23.8	−7.1	24.3	−7.8	55.3	17.7	11.1
Liabilities not identified as assets (−)												
59 Treasury currency	−.1	−.2	.2	−.6	−.2	−.2	−.1	−.4	−.1	−.3	−.1	−.1
60 Interbank claims	−3.0	−4.4	1.6	26.2	−5.5	28.4	.2	13.4	−15.1	−2.6	−17.7	10.8
61 Security repurchase agreements	−29.8	23.9	−34.8	10.4	11.5	36.9	44.0	−46.5	86.3	26.1	−19.8	122.4
62 Taxes payable	6.3	2.3	6.5	5.6	14.4	23.4	11.4	1.6	24.5	15.3	16.3	−10.3
63 Miscellaneous	4.4	−95.6	−13.8	−34.1	−38.6	−195.7	182.3	−119.0	−95.7	27.6	32.8	−92.5
64 **Total identified to sectors as assets**	**1,670.7**	**1,841.0**	**1,387.5**	**1,332.5**	**1,668.5**	**1,568.1**	**1,325.7**	**1,670.2**	**1,618.4**	**1,997.7**	**1,387.6**	**1,883.4**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1989	1990	1991	1992	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,087.1**	**10,760.8**	**11,222.9**	**11,801.3**	**11,095.2**	**11,222.9**	**11,353.6**	**11,488.0**	**11,634.5**	**11,801.3**	**11,897.1**
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,687.2	2,776.4	2,859.7	2,923.3	2,998.9	3,080.3	3,140.2
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,669.6	2,757.8	2,844.0	2,907.4	2,980.7	3,061.6	3,120.6
4 Agency issues and mortgages	24.2	32.4	18.6	18.8	17.6	18.6	15.8	15.9	18.1	18.8	19.6
5 Private	7,835.9	8,262.6	8,446.6	8,720.9	8,408.0	8,446.6	8,493.9	8,564.7	8,635.6	8,720.9	8,756.9
By instrument											
6 Tax-exempt obligations	1,004.4	1,055.6	1,101.4	1,154.7	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6	1,154.7	1,164.8
7 Corporate bonds	926.1	973.2	1,051.9	1,119.2	1,036.9	1,051.9	1,071.0	1,090.4	1,105.8	1,119.2	1,138.0
8 Mortgages	3,647.5	3,907.3	4,045.7	4,190.2	4,020.3	4,045.7	4,088.7	4,122.0	4,158.6	4,190.2	4,214.3
9 Home mortgages	2,515.1	2,760.0	2,904.6	3,102.9	2,873.6	2,904.6	2,951.8	2,996.1	3,050.7	3,102.9	3,139.4
10 Multifamily residential	304.4	305.8	303.3	288.7	300.8	303.3	303.9	299.5	296.1	288.7	284.6
11 Commercial	742.6	757.6	753.3	710.4	761.4	753.3	745.2	737.9	722.9	710.4	701.7
12 Farm	85.3	84.0	84.5	88.2	84.5	84.5	87.9	88.5	88.9	88.2	88.6
13 Consumer credit	791.8	809.3	799.9	809.2	790.1	799.9	777.6	776.9	784.5	809.2	794.0
14 Bank loans n.e.c.	760.7	758.0	724.7	707.0	734.1	724.7	713.7	710.3	705.7	707.0	700.9
15 Open market paper	107.1	116.9	98.5	107.1	107.0	98.5	110.4	112.0	108.2	107.1	114.9
16 Other	598.4	642.6	624.5	633.5	630.3	624.5	620.8	624.5	627.3	633.5	630.2
By borrowing sector											
17 State and local government	815.7	864.0	902.5	949.6	891.4	902.5	911.3	925.9	942.3	949.6	961.6
18 Household	3,508.2	3,780.6	3,944.5	4,167.0	3,897.0	3,944.5	3,970.3	4,023.0	4,087.8	4,167.0	4,191.5
19 Nonfinancial business	3,512.0	3,618.0	3,599.6	3,604.3	3,619.6	3,599.6	3,612.3	3,615.8	3,605.5	3,604.3	3,603.8
20 Farm	139.2	140.5	140.1	143.8	141.7	140.1	141.3	145.1	146.2	143.8	142.3
21 Nonfarm noncorporate	1,177.5	1,204.2	1,180.7	1,140.6	1,191.3	1,180.7	1,174.5	1,163.5	1,150.8	1,140.6	1,130.7
22 Corporate	2,195.3	2,273.4	2,278.7	2,319.9	2,286.7	2,278.7	2,296.5	2,307.2	2,308.5	2,319.9	2,330.8
23 **Foreign credit market debt held in United States**	**254.8**	**278.6**	**292.7**	**307.3**	**282.2**	**292.7**	**282.3**	**298.3**	**306.6**	**307.3**	**319.5**
24 Bonds	88.0	109.4	124.2	142.0	118.6	124.2	125.4	130.9	136.2	142.0	161.1
25 Bank loans n.e.c.	21.4	18.5	21.6	23.9	20.0	21.6	22.0	25.5	26.5	23.9	24.4
26 Open market paper	63.0	75.3	81.8	77.7	78.0	81.8	70.5	77.4	80.7	77.7	72.3
27 U.S. government loans	82.4	75.4	65.2	63.7	65.6	65.2	64.4	64.5	63.3	63.7	61.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,341.9**	**11,039.4**	**11,515.7**	**12,108.6**	**11,377.5**	**11,515.7**	**11,635.9**	**11,786.3**	**11,941.1**	**12,108.6**	**12,216.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,333.0**	**2,524.2**	**2,670.3**	**2,897.0**	**2,618.4**	**2,670.3**	**2,701.2**	**2,758.1**	**2,828.6**	**2,897.0**	**2,946.6**
By instrument											
30 U.S. government-related	1,249.3	1,418.4	1,574.3	1,741.5	1,531.1	1,574.3	1,603.8	1,658.3	1,702.0	1,741.5	1,779.7
31 Sponsored credit-agency securities	373.3	393.7	402.9	443.1	394.7	402.9	405.7	417.8	434.7	443.1	451.9
32 Mortgage pool securities	871.0	1,019.9	1,166.7	1,293.5	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5	1,322.9
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.9	4.8	4.8	4.8	4.8	4.8	4.8
34 Private	1,083.7	1,105.8	1,095.9	1,155.6	1,087.3	1,095.9	1,097.4	1,099.8	1,126.6	1,155.6	1,167.0
35 Corporate bonds	491.9	528.2	584.2	627.2	572.8	584.2	581.3	583.7	602.3	627.2	650.0
36 Mortgages	3.4	4.2	5.1	5.1	4.6	5.1	5.0	5.0	5.1	5.1	5.1
37 Bank loans n.e.c.	37.5	38.6	41.8	49.0	39.0	41.8	41.6	43.7	44.5	49.0	47.6
38 Open market paper	409.1	417.7	385.7	394.3	387.0	385.7	393.2	390.5	394.6	394.3	379.3
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	83.9	79.1	76.3	76.9	80.2	79.9	85.0
By borrowing sector											
40 Sponsored credit agencies	378.3	398.5	407.7	447.9	399.5	407.7	410.5	422.6	439.5	447.9	456.8
41 Mortgage pools	871.0	1,019.9	1,166.7	1,293.5	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5	1,322.9
42 Private financial sectors	1,083.7	1,105.8	1,095.9	1,155.6	1,087.3	1,095.9	1,097.4	1,099.8	1,126.6	1,155.6	1,167.0
43 Commercial banks	77.4	76.3	63.0	67.4	64.6	63.0	60.8	61.7	63.3	67.4	64.8
44 Bank affiliates	142.5	114.8	112.3	114.6	110.6	112.3	115.0	112.7	114.4	114.6	118.7
45 Savings and loan associations	145.2	115.3	75.9	71.1	79.0	75.9	71.2	70.3	70.9	71.1	74.8
46 Mutual savings banks	17.2	16.7	13.2	15.1	15.2	13.2	13.5	14.3	16.2	15.1	15.7
47 Finance companies	504.2	539.8	547.5	563.8	543.3	547.5	546.7	541.6	549.1	563.8	559.8
48 Real estate investment trusts (REITs)	10.1	10.6	12.3	13.6	11.2	12.3	12.7	13.2	13.7	13.6	14.1
49 Securitized credit obligation (SCO) issuers	187.1	232.3	271.9	309.9	263.6	271.9	277.5	286.1	299.1	309.9	319.2
	All sectors										
50 **Total credit market debt, domestic and foreign**	**12,674.9**	**13,563.6**	**14,186.0**	**15,005.6**	**13,995.8**	**14,186.0**	**14,337.1**	**14,544.4**	**14,769.7**	**15,005.6**	**15,163.3**
51 U.S. government securities	3,495.6	3,911.7	4,345.9	4,817.0	4,213.5	4,345.9	4,458.7	4,576.8	4,696.0	4,817.0	4,915.0
52 State and local obligations	1,004.4	1,055.6	1,101.4	1,154.7	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6	1,154.7	1,164.8
53 Corporate and foreign bonds	1,506.0	1,610.7	1,760.4	1,888.5	1,728.3	1,760.4	1,777.8	1,805.0	1,844.2	1,888.5	1,949.0
54 Mortgages	3,650.9	3,911.5	4,050.8	4,195.4	4,024.9	4,050.8	4,093.8	4,127.0	4,163.7	4,195.4	4,219.4
55 Consumer credit	791.8	809.3	799.9	809.2	790.1	799.9	777.6	776.9	784.5	809.2	794.0
56 Bank loans n.e.c.	819.6	815.1	788.2	780.0	793.2	788.2	777.3	779.5	776.6	780.0	772.8
57 Open market paper	579.2	609.9	565.9	579.0	572.0	565.9	574.1	579.9	583.6	579.0	566.4
58 *Other loans*	827.5	839.9	773.5	781.9	784.7	773.5	766.3	770.7	775.5	781.9	781.8

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

	Transaction category or sector	1989	1990	1991	1992	1991		1992				1993
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	CREDIT MARKET DEBT OUTSTANDING[2]											
1	**Total credit market assets**	**12,674.9**	**13,563.6**	**14,186.0**	**15,005.6**	**13,995.8**	**14,186.0**	**14,337.1**	**14,544.4**	**14,769.7**	**15,005.6**	**15,163.3**
2	Private domestic nonfinancial sectors	2,440.5	2,644.2	2,552.8	2,622.8	2,666.2	2,552.8	2,559.5	2,561.6	2,551.6	2,622.8	2,599.4
3	Households	1,710.1	1,882.3	1,760.5	1,835.5	1,897.3	1,760.5	1,784.6	1,773.4	1,776.1	1,835.5	1,829.5
4	Nonfarm noncorporate business	56.4	55.0	52.6	50.4	52.6	52.6	51.4	50.8	50.2	50.4	49.2
5	Nonfinancial corporate business	180.3	186.9	203.4	212.3	186.3	203.4	192.1	204.2	197.7	212.3	198.8
6	State and local governments	493.7	519.9	536.2	524.7	530.0	536.2	531.4	533.3	527.6	524.7	521.9
7	U.S. government	205.1	238.7	246.2	233.5	252.0	246.2	250.2	245.3	238.1	233.5	229.8
8	Foreign	734.2	792.4	835.1	930.8	817.2	835.1	857.2	892.0	908.2	930.8	943.7
9	Financial sectors	9,295.1	9,888.3	10,552.0	11,218.5	10,260.3	10,552.0	10,670.2	10,845.5	11,071.8	11,218.5	11,390.4
10	Sponsored credit agencies	367.2	383.6	397.7	466.4	389.0	397.7	419.9	429.0	446.3	466.4	470.2
11	Mortgage pools	871.0	1,019.9	1,166.7	1,293.5	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5	1,322.9
12	Monetary authority	233.3	241.4	272.5	300.4	264.7	272.5	271.8	282.6	285.2	300.4	303.6
13	Commercial banking	2,643.9	2,769.3	2,853.3	2,945.2	2,817.8	2,853.3	2,860.6	2,882.9	2,922.9	2,945.2	2,961.1
14	U.S. commercial banks	2,368.4	2,463.6	2,502.5	2,571.9	2,488.7	2,502.5	2,514.0	2,521.9	2,556.7	2,571.9	2,587.0
15	Foreign banking offices	242.3	270.8	319.2	335.8	297.5	319.2	313.3	328.2	328.9	335.8	336.5
16	Bank affiliates	16.2	13.4	11.9	17.6	11.6	11.9	13.6	13.1	17.5	17.6	17.4
17	Banks in U.S. possession	17.1	21.6	19.7	20.0	20.0	19.7	19.7	19.7	19.8	20.0	20.2
18	Private nonbank finance	5,179.7	5,474.1	5,861.7	6,212.9	5,657.2	5,861.7	5,924.8	6,015.4	6,155.0	6,212.9	6,332.7
19	Thrift institutions	1,484.9	1,335.5	1,190.7	1,129.0	1,205.1	1,190.7	1,161.8	1,143.1	1,133.7	1,129.0	1,124.8
20	Savings and loan associations	1,088.9	945.1	804.2	727.5	826.1	804.2	771.1	748.8	737.9	727.5	720.8
21	Mutual savings banks	241.1	227.1	211.5	210.2	208.7	211.5	213.4	211.6	208.3	210.2	207.8
22	Credit unions	154.9	163.4	174.9	191.3	170.2	174.9	177.3	182.7	187.4	191.3	196.2
23	Insurance	2,140.3	2,329.1	2,676.8	2,855.7	2,508.7	2,676.8	2,709.0	2,757.3	2,818.1	2,855.7	2,908.9
24	Life insurance companies	1,013.1	1,116.5	1,199.6	1,289.4	1,201.4	1,199.6	1,224.3	1,247.1	1,270.3	1,289.4	1,313.0
25	Other insurance companies	317.5	344.0	378.7	396.0	370.7	378.7	387.0	392.5	393.1	396.0	398.3
26	Private pension funds	394.7	431.3	624.2	661.1	466.6	624.2	616.1	628.5	656.0	661.1	676.2
27	State and local government retirement funds	414.9	437.4	474.3	509.3	470.1	474.3	481.6	489.1	498.7	509.3	521.5
28	Finance n.e.c.	1,554.5	1,809.4	1,994.3	2,228.2	1,943.5	1,994.3	2,053.9	2,115.0	2,203.1	2,228.2	2,298.9
29	Finance companies	617.1	658.7	635.5	656.9	647.5	635.5	640.5	641.2	640.7	656.9	654.8
30	Mutual funds	307.2	360.2	450.5	582.8	421.4	450.5	478.8	522.0	557.5	582.8	626.6
31	Money market funds	291.8	372.7	402.7	404.1	389.5	402.7	424.0	413.5	408.8	404.1	404.5
32	Real estate investment trusts (REITs)	8.4	7.7	6.8	7.4	7.2	6.8	6.8	7.5	7.4	7.4	7.6
33	Brokers and dealers	142.9	177.9	226.9	267.1	214.3	226.9	226.3	244.6	289.6	267.1	286.2
34	Securitized credit obligation (SCOs) issuers	187.1	232.3	271.9	309.9	263.6	271.9	277.5	286.1	299.1	309.9	319.2
	RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35	**Total credit market debt**	**12,674.9**	**13,563.6**	**14,186.0**	**15,005.6**	**13,995.8**	**14,186.0**	**14,337.1**	**14,544.4**	**14,769.7**	**15,005.6**	**15,163.3**
	Other liabilities											
36	Official foreign exchange	53.6	61.3	55.4	51.8	52.9	55.4	52.7	54.4	55.4	51.8	54.5
37	Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.2	26.3	26.3	26.4	26.5	24.5	24.6
38	Life insurance reserves	354.3	380.0	402.0	431.9	397.2	402.0	409.6	416.7	425.0	431.9	438.8
39	Pension fund reserves	3,210.5	3,303.0	4,208.8	4,573.7	3,717.7	4,208.8	4,226.3	4,278.7	4,418.1	4,573.7	4,688.0
40	Interbank claims	32.4	64.0	65.2	115.4	60.9	65.2	67.2	70.8	101.6	115.4	123.5
41	Deposits at financial institutions	4,644.6	4,741.4	4,802.5	4,817.0	4,769.5	4,802.5	4,796.4	4,785.1	4,829.9	4,817.0	4,818.6
42	Checkable deposits and currency	888.6	932.8	1,008.5	1,131.0	948.3	1,008.5	984.3	1,032.3	1,071.6	1,131.0	1,093.2
43	Small time and savings deposits	2,265.4	2,325.3	2,342.0	2,281.0	2,339.7	2,342.0	2,340.9	2,314.7	2,293.3	2,281.0	2,259.7
44	Large time deposits	615.4	548.7	487.9	408.4	517.1	487.9	469.7	438.7	428.8	408.4	409.2
45	Money market fund shares	428.1	498.4	539.6	543.6	533.1	539.6	572.0	557.2	553.2	543.6	556.6
46	Security repurchase agreements	403.2	379.7	363.4	397.5	368.9	363.4	375.1	401.0	425.4	397.5	444.9
47	Foreign deposits	43.9	56.6	61.2	55.6	62.4	61.2	54.4	41.3	57.6	55.6	54.9
48	Mutual fund shares	566.2	602.1	813.9	1,050.2	744.2	813.9	860.4	928.3	971.2	1,050.2	1,155.7
49	Security credit	133.9	137.4	188.9	217.3	158.1	188.9	194.6	193.3	214.5	217.3	224.8
50	Trade debt	903.9	938.0	940.9	1,003.6	935.3	940.9	939.8	944.9	987.7	1,003.6	993.6
51	Taxes payable	81.8	81.4	72.3	80.1	71.9	72.3	77.4	72.7	75.8	80.1	82.6
52	Miscellaneous	2,508.3	2,678.8	2,817.3	2,931.8	2,733.9	2,817.3	2,834.5	2,876.0	2,911.5	2,931.8	2,953.8
53	**Total liabilities**	**25,188.3**	**26,577.2**	**28,579.6**	**30,303.0**	**27,663.7**	**28,579.6**	**28,822.3**	**29,191.8**	**29,786.8**	**30,303.0**	**30,721.8**
	Financial assets not included in liabilities (+)											
54	Gold and special drawing rights	21.0	22.0	22.6	19.6	22.1	22.6	22.7	23.2	24.5	19.6	19.8
55	Corporate equities	3,819.7	3,506.6	4,357.9	4,827.2	4,170.5	4,357.9	4,461.9	4,404.7	4,576.8	4,827.2	4,964.0
56	Household equity in noncorporate business	2,524.9	2,449.4	2,366.0	2,260.8	2,493.4	2,366.0	2,365.5	2,346.4	2,322.2	2,260.8	2,260.9
	Floats not included in assets (−)											
57	U.S. government checking deposits	6.1	15.0	3.8	6.8	19.8	3.8	.9	1.4	4.0	6.8	3.4
58	Other checkable deposits	26.5	28.9	30.9	32.5	23.6	30.9	29.5	32.6	23.3	32.5	22.2
59	Trade credit	−159.7	−148.0	−138.5	−105.9	−157.7	−138.5	−135.3	−149.5	−131.3	−105.9	−104.0
	Liabilities not identified as assets (−)											
60	Treasury currency	−4.3	−4.1	−4.8	−5.0	−4.7	−4.8	−4.9	−4.9	−5.0	−5.0	−5.0
61	Interbank claims	−31.0	−32.0	−4.2	−9.9	−4.7	−4.2	−1.8	−4.0	−5.9	−9.9	−7.5
62	Security repurchase agreements	11.5	−23.3	−12.9	−2.8	−10.6	−12.9	−11.4	5.8	16.7	−2.8	41.4
63	Taxes payable	20.6	21.8	18.9	32.0	17.6	18.9	14.7	20.9	25.4	32.0	29.2
64	Miscellaneous	−251.1	−247.3	−458.5	−558.3	−300.6	−458.5	−458.1	−476.5	−527.9	−558.3	−540.0
65	**Total identified to sectors as assets**	**31,935.2**	**32,944.3**	**35,891.3**	**38,021.1**	**34,767.1**	**35,891.3**	**36,238.9**	**36,540.2**	**37,311.0**	**38,021.1**	**38,526.9**

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	1990	1991	1992	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May[r]	1993 June[r]	1993 July
1 **Industrial production**[1]	**106.0**	**104.1**	**106.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.2**	**110.6**
Market groupings												
2 Products, total	105.5	103.1	105.6	107.8	108.2	108.5	109.2	109.5	109.6[r]	109.4	109.1	109.5
3 Final, total	107.0	105.3	108.2	111.0	111.5	111.9	112.4	112.7	112.8	112.5	112.3	112.5
4 Consumer goods	103.4	102.8	105.2	107.1	107.5	107.6	108.5	108.6	108.1[r]	107.5	107.1	107.4
5 Equipment	112.1	108.9	112.7	116.7	117.2	118.1	118.0	118.7	119.7[r]	119.8	119.7	119.9
6 Intermediate	101.2	96.5	97.6	98.1	98.3	98.2	99.3	99.6	100.0[r]	99.6	99.2	100.1
7 Materials	106.8	105.5	107.9	109.3	110.0	110.4	110.9	110.9	111.5[r]	111.5	111.8	112.3
Industry groupings												
8 Manufacturing	106.1	103.7	106.9	108.9	109.2	109.9	110.5	110.8	111.4[r]	111.1	111.0	111.1
9 Capacity utilization, manufacturing (percent)[2]	81.1	77.8	78.8	79.7	79.8	80.3	80.5	80.6	80.9	80.6	80.4	80.4
10 Construction contracts[3]	95.3	89.7	95.1[r]	92.0	90.0	100.0	95.0	94.0	94.0	91.0	104.0	98.0
11 Nonagricultural employment, total[4]	107.3[r]	106.2	106.4	106.8	107.0	107.1	107.4	107.5	107.7	107.9	108.0	108.2
12 Goods-producing, total	101.2	96.6	94.9	93.2	93.2	93.2	93.5	93.3	93.1	93.2	93.0	93.0
13 Manufacturing, total	100.6	97.1	95.8	94.3	94.3	94.4	94.5	94.4	94.0	93.8	93.5	93.5
14 Manufacturing, production workers	100.2	96.3	95.3	94.0	94.1	94.3	94.5	94.4	94.0	93.8	93.6	93.5
15 Service-producing	109.8	109.3	110.0	111.2	111.4	111.6	111.9	112.0	112.4	112.6	112.8	113.0
16 Personal income, total	122.7	127.0	133.0	135.3	136.6	137.4	137.5	138.4	138.6[r]	139.4	139.3	n.a.
17 Wages and salary disbursements	121.3	124.4	129.0	131.2	132.3	133.1	132.9	132.8	133.4[r]	134.7	134.5	n.a.
18 Manufacturing	113.5	113.6	115.4	116.0	118.0	117.2	117.8	117.8	118.3[r]	118.2	118.1	n.a.
19 Disposable personal income[5]	122.9	128.0	134.7	136.8	138.2	138.8	139.0	140.0	140.2[r]	140.8	140.7	n.a.
20 Retail sales[6]	120.2	121.3	127.2[r]	130.5	131.9	132.0	131.9	130.5	133.0	133.9	134.2	134.4
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	142.0	141.9	142.6	143.1	143.6	144.0	144.2	144.4	144.4
22 Producer finished goods (1982=100)	119.2	121.7	123.2	124.0	123.8	124.2	124.5	124.7[r]	125.3	125.7	125.6	125.3

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**189,686**	**191,329**	**193,142**	**194,026**	**194,159**	**194,298**	**194,456**	**194,618**	**194,767**	**194,933**	**195,104**
2 Labor force[1]	126,424	126,867	128,548	129,108	128,598	128,839	128,926	128,833	129,615	129,604	129,541
3 Civilian labor force	124,787	125,303	126,982	127,591	127,083	127,327	127,429	127,341	128,131	128,127	128,070
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	115,049	114,879	115,335	115,483	115,356	116,203	116,195	116,262
5 Agriculture	3,186	3,233	3,207	3,262	3,191	3,116	3,082	3,060	3,070	3,024	3,039
Unemployment											
6 Number	6,874	8,426	9,384	9,280	9,013	8,876	8,864	8,925	8,858	8,908	8,769
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.3	7.1	7.0	7.0	7.0	6.9	7.0	6.8
8 Not in labor force	63,262	64,462	64,594	64,918	65,561	65,459	65,530	65,785	65,152	65,329	65,563
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	***109,419***[r]	***108,256***[r]	***108,519***[r]	***109,079***	***109,235***	***109,539***	***109,565***	***109,820***	***110,058***[r]	***110,102***	***110,264***
10 Manufacturing	19,117	18,455	18,192	17,913	17,936	17,954	17,935	17,863	17,827[r]	17,772	17,759
11 Mining	709[r]	689[r]	631[r]	613	611	600	600	600	602	596	594
12 Contract construction	5,120[r]	4,650[r]	4,471[r]	4,459	4,454	4,515	4,481	4,517	4,577[r]	4,570	4,594
13 Transportation and public utilities	5,793[r]	5,762[r]	5,709[r]	5,707	5,719	5,725	5,724	5,720	5,719[r]	5,709	5,717
14 Trade	25,774[r]	25,365[r]	25,391[r]	25,522	25,609	25,726	25,707	25,758	25,827[r]	25,857	25,907
15 Finance	6,709[r]	6,646[r]	6,571[r]	6,575	6,578	6,577	6,574	6,585	6,588[r]	6,588	6,600
16 Service	27,934[r]	28,336[r]	29,053[r]	29,524	29,573	29,665	29,756	29,977	30,099[r]	30,173	30,252
17 Government	4,305[r]	4,355[r]	4,403[r]	18,766	18,755	18,777	18,788	18,800	18,819[r]	18,837	18,841

1. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.
2. Includes self-employed, unpaid family, and domestic service workers.
3. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1984 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	1992 Q3	1992 Q4	1993 Q1	1993 Q2[r]	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**106.5**	**108.3**	**109.7**	**110.3**	**133.7**	**134.2**	**134.8**	**135.3**	**79.7**	**80.7**	**81.4**	**81.5**
2 Manufacturing	107.0	108.7	110.4	111.2	136.0	136.6	137.2	137.8	78.7	79.6	80.5	80.7
3 Primary processing[3]	103.7	104.7	106.4	107.0	126.4	126.6	126.8	127.1	82.1	82.7	83.9	84.2
4 Advanced processing[4]	108.5	110.6	112.3	113.1	140.6	141.3	142.1	142.9	77.2	78.3	79.0	79.2
5 Durable goods	108.3	110.8	113.6	114.7	141.9	142.6	143.4	144.1	76.3	77.7	79.2	79.6
6 Lumber and products	96.0	98.5	99.7	97.2	112.4	112.5	112.6	112.7	85.4	87.6	88.5	86.2
7 Primary metals	99.7	101.5	105.0	104.9	125.3	125.0	124.9	124.9	79.6	81.2	84.1	84.0
8 Iron and steel	103.5	105.0	109.1	109.4	130.4	129.9	129.8	130.0	79.4	80.8	84.1	84.2
9 Nonferrous	94.5	96.7	99.3	98.8	118.3	118.2	118.1	117.9	79.8	81.8	84.1	83.8
10 Nonelectrical machinery	126.8	132.4	137.1	143.5	160.6	162.1	163.7	165.5	79.0	81.7	83.8	86.7
11 Electrical machinery	120.9	124.0	127.1	129.5	151.3	152.6	154.1	155.7	80.0	81.2	82.5	83.2
12 Motor vehicles and parts	103.6	111.4	120.6	117.9	152.9	154.5	155.8	156.8	67.7	72.1	77.4	75.2
13 Aerospace and miscellaneous transportation equipment	99.5	97.7	95.7	93.4	135.7	135.8	135.7	135.5	73.3	72.0	70.5	68.9
14 Nondurable goods	105.4	106.1	106.5	106.8	128.7	129.1	129.6	130.1	81.9	82.1	82.2	82.1
15 Textile mill products	105.2	105.2	106.2	106.1	116.6	116.7	116.9	117.1	90.3	90.1	90.8	90.6
16 Paper and products	108.6	107.9	110.0	111.6	121.7	122.1	122.5	122.9	89.2	88.4	89.8	90.8
17 Chemicals and products	114.7	116.9	116.9	118.2	142.6	143.5	144.4	145.4	80.4	81.4	80.9	81.3
18 Plastics materials	110.5	106.6	111.7	...	128.3	128.8	129.5	...	86.2	82.8	86.2	86.4
19 Petroleum products	100.2	104.2	104.2	103.8	116.6	116.2	115.9	115.7	85.9	89.7	89.9	89.8
20 Mining	97.5	97.9	96.5	96.5	112.3	112.0	111.7	111.5	86.9	87.4	86.3	86.5
21 Utilities	110.9	114.7	116.0	114.9	131.4	131.8	132.2	132.5	84.5	87.1	87.8	86.7
22 Electric	110.6	114.3	115.2	115.1	127.9	128.5	129.0	129.4	86.4	89.0	89.3	88.9

Series	1973 High	1975 Low	Previous cycle[2] High	Previous cycle[2] Low	Latest cycle[3] High	Latest cycle[3] Low	1992 July	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[r]	1993 June[r]	1993 July[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.3**	**80.0**	**81.5**	**81.6**	**81.7**	**81.5**	**81.3**	**81.5**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	78.9	80.5	80.6	80.9	80.6	80.4	80.4
3 Primary processing[3]	99.0	82.7	89.7	66.8	89.1	77.9	82.6	84.3	83.8	84.3	84.1	84.2	84.2
4 Advanced processing[4]	99.0	82.7	86.3	71.4	83.3	76.1	77.3	79.0	79.3	79.5	79.2	78.8	78.8
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	76.4	79.4	79.5	79.9	79.7	79.2	79.3
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	86.0	90.4	87.0	87.1	86.6	84.9	85.7
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	80.2	86.5	83.4	83.6	83.3	85.2	85.1
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	80.2	87.0	82.9	83.4	83.2	86.0	86.2
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	80.3	85.9	84.3	83.9	83.6	84.0	83.4
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	78.5	83.5	85.0	86.6	86.9	86.7	87.7
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	80.0	82.5	83.1	83.1	83.3	83.0	84.2
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	67.7	77.5	76.9	77.0	75.3	73.3	70.4
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	73.5	70.6	69.8	69.5	69.1	68.1	68.0
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	82.2	82.1	82.2	82.3	81.9	82.0	81.9
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	91.8	90.8	90.1	89.0	91.2	91.6	91.0
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	89.7	90.1	90.6	92.2	90.3	90.0	89.9
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	80.5	80.4	81.3	81.2	81.3	81.5	81.8
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	87.6	85.3	87.4	87.7	85.7	85.9	86.5
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	86.9	90.3	90.4	90.1	89.6	89.6	89.0
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	87.6	85.8	85.3	86.4	86.9	86.3	86.1
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	84.8	88.9	89.0	86.4	86.3	87.5	90.3
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	86.7	90.3	90.0	88.6	88.3	89.8	93.3

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization Since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; petroleum refining; rubber and plastics; stone, clay, and glass; and primary and fabricated metals.

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.

5. Monthly highs, 1978 through 1980; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1987 proportion	1992 avg.	1992 July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**106.5**	**106.8**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.2**	**110.6**
2 Products	60.8	105.6	105.7	105.9	105.3	107.1	107.8	108.2	108.5	109.2	109.5	109.6	109.4	109.1	109.5
3 Final products	46.0	108.2	108.1	108.9	108.1	110.1	111.0	111.5	111.9	112.4	112.7	112.8	112.5	112.3	112.5
4 Consumer goods, total	26.0	105.2	104.9	105.1	104.4	106.4	107.1	107.5	107.6	108.5	108.6	108.1	107.5	107.1	107.4
5 Durable consumer goods	5.6	102.5	102.8	101.9	100.9	104.1	105.7	107.9	110.9	111.3	111.5	112.2	110.9	108.0	108.0
6 Automotive products	2.5	99.4	98.8	99.5	97.3	103.1	104.1	108.7	112.7	111.9	111.2	112.1	109.7	105.9	103.6
7 Autos and trucks	1.5	96.9	95.3	96.0	93.5	101.5	102.9	111.7	116.8	114.6	113.4	114.3	110.1	105.0	100.2
8 Autos, consumer	.9	79.0	81.2	77.0	77.9	78.5	79.6	86.9	86.6	90.2	90.5	90.2	86.5	83.5	78.1
9 Trucks, consumer	.6	127.9	119.8	128.8	120.4	141.3	143.3	154.6	169.1	156.9	153.1	155.9	150.9	142.3	138.6
10 Auto parts and allied goods	1.0	103.7	104.6	105.3	103.7	105.9	106.0	103.8	105.8	107.4	107.5	108.5	109.1	107.3	109.3
11 Other	3.1	105.2	106.3	104.0	104.1	104.9	107.1	107.2	109.3	110.7	111.7	112.3	111.9	109.9	111.8
12 Appliances, A/C, and TV	.8	110.4	109.7	111.0	112.9	110.8	110.8	110.5	116.0	117.6	125.0	124.3	121.9	116.1	122.3
13 Carpeting and furniture	.9	99.9	101.7	97.7	98.2	98.5	103.7	105.4	105.5	106.7	104.5	106.2	108.8	108.1	108.6
14 Miscellaneous home goods	1.4	105.6	107.4	104.1	102.9	105.8	107.1	106.6	108.0	109.5	108.9	109.6	108.3	107.6	107.9
15 Nondurable consumer goods	20.4	105.9	105.5	106.0	105.3	107.1	107.5	107.4	106.7	107.7	107.7	106.9	106.6	106.9	107.3
16 Foods and tobacco	9.1	104.7	105.0	107.0	104.9	105.9	105.2	104.8	104.6	105.5	104.3	103.9	103.6	104.1	104.3
17 Clothing	2.6	95.0	95.1	94.0	94.3	94.5	95.9	96.0	95.7	95.0	94.6	94.9	94.4	94.2	93.7
18 Chemical products	3.5	118.7	117.3	116.5	118.5	121.1	123.3	121.7	122.4	121.1	123.7	123.1	123.0	122.8	124.3
19 Paper products	2.5	100.8	100.1	100.2	100.4	100.1	100.9	100.9	100.2	101.8	102.1	101.7	101.8	102.2	100.5
20 Energy	2.7	108.3	106.3	105.6	104.6	111.1	112.0	114.4	109.5	115.5	116.0	111.5	110.9	111.9	114.3
21 Fuels	.7	104.7	104.1	98.9	103.5	109.8	107.7	106.1	106.5	108.9	107.1	106.6	106.5	105.8	105.6
22 Residential utilities	2.0	109.6	107.2	108.2	105.1	111.6	113.6	117.5	110.7	118.0	119.5	113.4	112.6	114.2	117.7
23 Equipment	20.0	112.7	112.7	114.3	113.5	115.4	116.7	117.2	118.1	118.0	118.7	119.7	119.8	119.7	119.9
24 Business equipment	13.9	123.2	123.7	126.1	125.0	127.5	129.0	129.6	131.2	131.7	133.4	134.8	135.2	135.1	135.4
25 Information processing and related	5.6	134.7	137.4	138.5	138.2	142.2	142.9	143.2	144.4	146.1	149.1	150.6	152.9	154.2	156.2
26 Office and computing	1.9	168.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.3	209.5	214.7	219.0	222.7
27 Industrial	4.0	108.5	109.1	109.2	109.6	110.1	112.0	112.3	113.1	112.2	113.7	115.0	115.0	114.9	115.7
28 Transit	2.5	137.1	135.3	143.3	134.5	137.4	140.4	144.1	146.7	146.5	145.0	145.0	142.5	137.9	133.1
29 Autos and trucks	1.2	117.9	114.2	117.3	114.7	121.7	123.9	131.4	136.7	136.8	135.8	136.2	133.1	127.2	118.8
30 Other	1.9	104.7	100.2	105.6	107.3	108.8	110.7	109.2	112.6	113.4	114.9	117.5	116.2	116.9	116.2
31 Defense and space equipment	5.4	85.9	85.1	84.5	84.4	83.5	83.2	82.5	82.0	81.5	80.7	80.5	79.7	78.6	78.4
32 Oil and gas well drilling	.6	78.3	73.8	75.6	76.3	82.7	86.4	91.2	89.0	77.9	71.1	72.4	75.1	82.4	81.0
33 Manufactured homes	.2	99.7	101.3	96.9	100.9	110.4	118.5	128.6	129.4	127.1	116.2	114.9	112.1	113.6	...
34 Intermediate products, total	14.7	97.6	98.6	97.0	96.9	97.8	98.1	98.3	98.2	99.3	99.6	100.0	99.6	99.2	100.1
35 Construction supplies	6.0	93.8	94.3	94.1	93.0	94.7	95.1	94.5	94.8	97.5	96.4	96.4	97.7	96.4	97.1
36 Business supplies	8.7	100.1	101.4	99.0	99.5	99.9	100.0	100.8	100.5	100.5	101.8	102.5	100.9	101.1	102.1
37 Materials	39.2	107.9	108.5	107.6	107.4	108.1	109.3	110.0	110.4	110.9	110.9	111.5	111.5	111.8	112.3
38 Durable goods materials	19.4	108.9	109.3	108.9	107.6	109.7	111.1	111.9	113.3	114.2	114.1	114.9	114.8	115.1	115.4
39 Durable consumer parts	4.2	101.5	100.6	101.4	98.5	101.8	104.3	107.5	110.8	111.8	112.2	112.6	111.6	111.7	110.4
40 Equipment parts	7.3	116.5	117.7	117.1	116.2	118.3	119.3	119.7	120.4	121.0	121.3	122.7	123.3	124.2	125.5
41 Other	7.9	106.0	106.3	105.5	104.6	106.2	107.4	107.5	108.6	109.7	108.9	109.5	109.3	109.1	109.4
42 Basic metal materials	2.8	108.3	108.7	107.7	105.8	108.3	109.8	108.8	110.4	113.2	109.9	110.3	110.9	111.8	111.9
43 Nondurable goods materials	9.0	110.9	111.5	110.7	111.7	110.7	112.0	111.5	112.4	112.1	112.8	113.8	113.5	114.2	114.1
44 Textile materials	1.2	102.8	107.7	101.6	103.3	102.7	103.4	102.9	104.2	103.2	104.2	102.7	104.3	105.7	104.4
45 Pulp and paper materials	1.9	109.9	110.3	108.7	112.3	109.1	110.2	110.7	110.7	111.9	112.8	115.3	112.4	112.2	112.1
46 Chemical materials	3.8	114.2	114.1	114.5	114.5	114.4	115.6	114.6	114.9	114.6	115.6	116.1	116.8	118.2	118.5
47 Other	2.1	110.4	110.0	110.5	110.5	109.7	112.0	111.3	114.1	112.5	112.6	114.2	113.7	113.3	113.2
48 Energy materials	10.9	103.4	104.4	102.5	103.6	103.0	103.9	105.1	103.4	103.8	103.5	103.4	103.5	103.6	104.9
49 Primary energy	7.2	99.7	100.4	99.4	99.6	99.4	100.2	101.3	100.4	98.3	97.4	99.9	101.2	100.7	101.4
50 Converted fuel materials	3.7	110.6	112.3	108.7	111.4	110.0	111.1	112.4	109.1	114.6	115.4	110.3	108.2	109.2	111.8
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	106.6	107.0	106.7	106.3	107.4	108.4	108.6	108.9	109.5	109.7	110.1	110.0	110.1	110.7
52 Total excluding motor vehicles and parts	95.3	106.6	107.0	106.7	106.4	107.5	108.4	108.6	108.7	109.3	109.6	109.9	109.8	109.9	110.6
53 Total excluding office and computing machines	97.5	105.0	105.3	105.0	104.5	105.7	106.6	107.1	107.3	107.8	107.8	108.0	107.7	107.5	107.9
54 Consumer goods excluding autos and trucks	24.5	105.7	105.5	105.7	105.1	106.8	107.4	107.3	107.0	108.1	108.2	107.6	107.4	107.3	108.0
55 Consumer goods excluding energy	23.3	104.8	104.7	105.0	104.3	105.9	106.6	106.8	107.4	107.7	107.7	107.6	107.1	106.6	106.7
56 Business equipment excluding autos and trucks	12.7	123.7	124.5	126.9	125.9	128.0	129.5	129.5	130.7	131.3	133.2	134.6	135.3	135.8	136.8
57 Business equipment excluding office and computing equipment	12.0	115.7	115.6	118.1	116.1	118.1	119.7	120.1	121.0	120.6	121.6	122.2	121.8	121.0	120.7
58 Materials excluding energy	28.4	109.5	110.0	109.4	108.8	110.0	111.4	111.8	113.0	113.6	113.7	114.6	114.4	114.8	115.0

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

Group	SIC code[2]	1987 proportion	1992 avg.	1992 July	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[r]	1993 June[r]	1993 July[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**106.5**	**106.8**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.2**	**110.6**
60 Manufacturing	...	84.3	106.9	107.1	107.0	106.8	108.0	108.9	109.2	109.9	110.5	110.8	111.4	111.1	111.0	111.1
61 Primary processing	...	27.1	103.8	104.3	103.5	103.3	104.1	105.1	105.0	105.8	106.9	106.4	107.1	106.9	107.1	107.2
62 Advanced processing	...	57.1	108.3	108.4	108.7	108.4	109.9	110.7	111.3	111.9	112.2	112.9	113.4	113.1	112.8	113.0
63 Durable goods	...	46.5	108.1	108.2	108.5	108.1	109.8	110.9	111.8	112.9	113.8	114.1	115.0	114.8	114.4	114.7
64 Lumber and products	24	2.1	96.4	96.6	96.6	94.7	97.8	99.8	98.0	99.3	101.8	98.0	98.1	97.7	95.7	96.7
65 Furniture and fixtures	25	1.5	99.0	97.5	99.2	100.5	100.4	102.3	103.9	105.2	106.0	107.3	108.8	108.4	108.2	108.9
66 Clay, glass, and stone products	32	2.4	96.0	96.8	95.7	96.5	96.8	97.6	98.0	97.0	98.9	98.6	99.8	100.1	100.4	100.4
67 Primary metals	33	3.3	101.1	100.6	100.5	98.0	100.5	101.6	102.4	102.8	108.0	104.2	104.4	104.1	106.4	106.2
68 Iron and steel	331,2	1.9	104.7	104.7	103.8	102.0	104.1	103.6	107.4	107.0	112.9	107.6	108.4	108.1	111.8	112.1
69 Raw steel	...	.1	101.2	101.7	99.1	98.9	99.8	102.8	104.6	103.4	105.9	102.0	102.6	105.1	106.8	...
70 Nonferrous	333–6,9	1.4	96.1	95.0	96.1	92.4	95.6	98.7	95.7	97.1	101.4	99.4	98.9	98.5	99.0	98.2
71 Fabricated metal products	34	5.4	96.7	97.0	97.0	96.5	97.5	97.6	97.8	99.8	99.7	100.3	101.4	100.6	100.2	100.2
72 Industrial and commercial machinery and computer equipment	35	8.5	124.8	125.7	126.9	127.9	130.6	132.8	133.8	135.0	136.7	139.6	142.8	143.8	144.0	146.1
73 Office and computing machines	357	2.3	168.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.3	209.5	214.7	219.0	222.7
74 Electrical machinery	36	6.9	119.8	120.7	120.6	121.5	122.6	124.4	124.8	125.8	127.1	128.5	129.0	129.7	129.7	131.9
75 Transportation equipment	37	9.9	102.6	101.4	102.4	100.5	103.0	103.6	106.3	108.4	107.8	106.9	106.9	105.5	103.3	101.2
76 Motor vehicles and parts	371	4.8	104.8	103.1	105.0	102.6	108.0	109.9	116.2	120.9	120.7	120.1	120.4	118.1	115.1	110.9
77 Autos and light trucks	...	2.2	101.4	100.8	99.7	97.9	104.1	105.4	114.4	118.2	117.8	116.9	117.5	113.1	108.2	102.7
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	100.6	99.8	100.0	98.6	98.3	97.7	97.1	96.7	95.8	94.6	94.2	93.6	92.3	92.0
79 Instruments	38	5.1	104.2	104.9	104.3	103.7	103.7	103.6	103.3	103.0	102.2	103.3	102.6	102.6	102.3	102.1
80 Miscellaneous	39	1.3	109.7	111.6	109.1	108.7	110.5	111.4	111.8	110.9	111.9	112.6	114.3	113.1	111.9	112.2
81 Nondurable goods	...	37.8	105.4	105.7	105.2	105.2	105.8	106.4	106.0	106.4	106.4	106.6	106.9	106.6	106.8	106.8
82 Foods	20	8.8	106.0	105.9	106.3	105.6	106.8	106.4	106.2	105.9	106.9	106.7	106.7	106.0	106.4	106.4
83 Tobacco products	21	1.0	99.2	101.5	115.5	101.7	102.4	101.9	96.1	100.5	99.3	92.4	90.2	91.7	92.3	90.9
84 Textile mill products	22	1.8	104.7	107.0	103.5	105.1	103.5	106.0	106.0	106.9	106.2	105.4	104.2	106.8	107.4	106.7
85 Apparel products	23	2.3	92.3	92.7	91.3	91.5	91.7	92.9	92.7	93.1	92.5	92.1	92.0	91.3	91.1	91.0
86 Paper and products	26	3.6	108.2	109.1	107.1	109.5	107.3	108.2	108.3	108.6	110.4	111.1	113.1	111.0	110.8	110.8
87 Printing and publishing	27	6.5	95.0	95.7	93.5	94.1	94.5	94.2	94.7	94.7	94.0	94.7	95.6	94.5	94.7	94.2
88 Chemicals and products	28	8.8	115.0	114.6	114.4	115.2	116.2	117.7	116.7	116.8	116.2	117.6	117.8	118.1	118.7	119.4
89 Petroleum products	29	1.3	102.0	101.5	98.0	101.1	105.3	103.9	103.4	103.2	104.7	104.7	104.3	103.6	103.6	102.8
90 Rubber and plastic products	30	3.2	109.7	110.7	110.7	108.5	109.9	111.3	111.3	113.6	112.7	112.9	113.6	113.8	113.1	114.0
91 Leather and products	31	.3	92.6	93.6	92.0	93.8	95.1	96.6	96.7	97.1	99.0	99.1	100.1	98.2	96.9	96.6
92 Mining	...	8.0	97.6	98.5	97.0	97.1	97.6	97.8	98.2	98.3	95.9	95.3	96.4	96.9	96.2	95.9
93 Metal	10	.3	161.7	156.5	165.5	159.8	168.1	171.6	158.1	167.7	163.0	158.2	162.5	169.2	163.0	164.0
94 Coal	11,12	1.2	105.5	108.0	103.9	103.6	103.8	103.5	107.9	108.2	101.7	102.3	108.2	106.6	103.6	101.6
95 Oil and gas extraction	13	5.8	92.6	93.6	91.9	92.7	92.7	92.8	93.4	92.7	90.9	90.4	90.5	90.9	91.3	91.2
96 Stone and earth minerals	14	.7	93.8	94.1	93.8	91.9	93.6	94.4	92.6	93.8	95.2	93.4	92.3	94.0	91.8	92.7
97 Utilities	...	7.7	112.0	111.2	110.4	111.2	112.7	114.7	116.8	112.8	117.5	117.8	114.4	114.3	116.0	119.8
98 Electric	491,3PT	6.1	111.6	110.8	110.0	110.9	112.6	114.1	116.4	112.9	116.5	116.3	114.5	114.3	116.4	121.1
99 Gas	492,3PT	1.6	113.2	112.8	112.1	112.0	113.2	117.3	118.2	112.4	121.4	123.3	113.9	114.3	114.7	115.2
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	107.4	107.2	107.1	108.0	108.8	108.8	109.3	109.8	110.2	110.8	110.7	110.7	111.2
101 Manufacturing excluding office and computing machines	...	81.9	105.1	105.3	105.1	104.8	105.9	106.7	107.0	107.6	108.0	108.1	108.6	108.2	107.9	108.0
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,806.4**	**1,806.8**	**1,802.7**	**1,799.9**	**1,835.6**	**1,846.7**	**1,857.5**	**1,864.9**	**1,880.2**	**1,880.3**	**1,882.8**	**1,874.8**	**1,870.0**	**1,870.2**
103 Final	...	1,314.6	1,420.1	1,416.7	1,417.8	1,415.7	1,448.1	1,457.1	1,466.8	1,476.4	1,485.7	1,484.3	1,485.6	1,479.8	1,475.3	1,472.9
104 Consumer goods	...	866.6	913.0	912.6	908.1	905.1	928.4	931.6	936.3	940.0	949.4	946.1	943.6	938.6	936.2	935.6
105 Equipment	...	448.0	507.1	504.1	509.7	510.6	519.7	525.5	530.5	536.5	536.3	538.2	541.9	541.2	539.1	537.3
106 Intermediate	...	392.5	386.4	390.1	385.0	384.2	387.4	389.6	390.7	388.4	394.5	396.0	397.3	395.0	394.6	397.3

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.

A revision of the industrial production index and the capacity utilization rates was released in May 1993. See "Industrial Production, Capacity, and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1990	1991	1992	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May	1993 June
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,111	949	1,095	1,120	1,141	1,136	1,196	1,157	1,141	1,034	1,101	1,121	1,115
2 One-family	794	754	911	918	954	963	1,037	972	957	871	925	919	925
3 Two-or-more-family	317	195	184	202	187	173	159	185	184	163	176	202	190
4 Started	1,193	1,014	1,200	1,218	1,226	1,226	1,286	1,171	1,180	1,124	1,206	1,248	1,246
5 One-family	895	840	1,030	1,045	1,079	1,089	1,133	1,051	1,036	987	1,059	1,107	1,078
6 Two-or-more-family	298	174	169	173	147	137	153	120	144	137	147	141	168
7 Under construction at end of period[1]	711	606	612	637	645	641	644	641	641	635	637	644	648
8 One-family	449	434	473	485	493	498	501	506	508	502	506	513	517
9 Two-or-more-family	262	173	140	152	152	143	143	135	133	133	131	131	131
10 Completed	1,308	1,091	1,158	1,128	1,137	1,229	1,227	1,136	1,241	1,108	1,222	1,136	1,145
11 One-family	966	838	964	942	964	1,002	1,016	980	1,049	995	1,075	998	976
12 Two-or-more-family	342	253	194	186	173	227	211	156	192	113	147	138	169
13 Mobile homes shipped	188	171	210	217	228	244	266	267	262	247	241	230	237
Merchant builder activity in one-family units													
14 Number sold	535	507	610	672	637	615	662	603	597	602[r]	698	611	678
15 Number for sale at end of period[1]	321	284	265	267	264	262	265	266	268	270[r]	271	276	278
Price of units sold (thousands of dollars)[2]													
16 Median	122.3	120.0	121.3	119.5	125.0	128.9	126.0	118.0	129.4	125.0	127.0	129.0	122.3
17 Average	149.0	147.0	144.9	142.2	148.4	147.2	146.2	138.9	149.4	146.6[r]	148.1	153.2	145.7
EXISTING UNITS (one-family)													
18 Number sold	3,211	3,219	3,520	3,380	3,710	3,860	4,040	3,780	3,460	3,370	3,450	3,620	3,680
Price of units sold (thousands of dollars)[2]													
19 Median	95.2	99.7	103.6	103.5	103.4	102.7	104.2	103.1	103.6	105.1	105.8	106.5	109.3
20 Average	118.3	127.4	130.8	131.0	129.3	128.8	131.0	129.4	129.6	131.5	133.0	132.8	137.4
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**442,142**	**403,439**	**436,043**	**433,545**	**442,565**	**449,269**	**455,239**	**451,271**	**453,820**	**454,465**	**449,733**	**454,609**	**460,055**
22 Private	334,681	293,536	317,256	317,448	324,842	328,196	335,354	335,484	334,801	336,972	329,014	333,388	334,504
23 Residential	182,856	157,837	187,820	189,221	194,578	199,304	206,417	207,214	205,730	205,519	197,833	198,852	200,564
24 Nonresidential	151,825	135,699	129,436	128,227	130,264	128,892	128,937	128,270	129,071	131,453	131,181	134,536	133,940
25 Industrial buildings	23,849	22,281	20,720	19,277	19,400	19,246	19,961	19,600	20,484	22,152	19,498	20,150	19,549
26 Commercial buildings	62,866	48,482	41,523	40,398	41,691	41,143	39,602	41,414	42,317	41,323	42,302	42,466	42,062
27 Other buildings	21,591	20,797	21,494	21,978	21,418	21,517	20,900	21,123	21,564	21,484	22,508	23,189	23,235
28 Public utilities and other	43,519	44,139	45,699	46,574	47,755	46,986	48,474	46,133	44,706	46,494	46,873	48,731	49,094
29 Public	107,461	109,900	118,784	116,097	117,723	121,073	119,885	115,786	119,019	117,493	120,719	121,221	125,551
30 Military	2,664	1,837	2,502	2,503	3,032	2,557	2,394	2,621	2,703	2,586	2,399	2,327	2,209
31 Highway	32,108	32,026	34,929	35,545	33,408	37,698	33,411	30,648	33,009	33,413	34,534	34,418	37,649
32 Conservation and development	4,557	4,861	5,918	6,148	5,790	6,441	8,144	5,732	6,688	7,112	5,944	6,118	6,221
33 Other	68,132	71,176	75,435	71,901	75,493	74,377	75,936	76,785	76,619	74,382	77,842	78,358	79,472

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, July 1993[1]
	1992 July	1993 July	1992		1993		1993[1]					
			Sept.[r]	Dec.[r]	Mar.[r]	June[r]	Mar.	Apr.	May	June	July	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.2**	**2.8**	**2.6**	**3.2**	**4.0**	**2.2**	**.1**	**.4**	**.1**	**.0**	**.1**	**144.4**
2 Food	.5	2.3	3.2	1.4	2.6	1.4	.1	.4	.4	−.4	.0	140.3
3 Energy items	3.2	−.2	1.2	1.9	3.1	−3.8	.7	.2	−1.0	−.2	.0	105.8
4 All items less food and energy	3.7	3.2	2.5	3.8	4.3	2.9	.1	.4	.2	.1	.1	152.0
5 Commodities	3.0	1.8	1.8	1.5	4.6	.6	.1	.3	.0	−.1	.0	134.4
6 Services	4.0	3.9	2.9	4.7	4.4	4.1	.2	.4	.3	.2	.2	162.2
PRODUCER PRICES (1982=100)												
7 *Finished goods*	1.7	1.3	1.3	−.3	4.3	.6	.3[r]	.5[r]	.0	−.3	−.2	125.3
8 Consumer foods	−1.4	1.8	4.3	3.3	−1.6	1.3	.2[r]	1.3[r]	−.1	−.9	−.1	125.0
9 Consumer energy	3.7	−1.2	−3.5	−10.2	16.6	−3.5	1.1[r]	.3[r]	−.6	−.5	−1.0	79.4
10 Other consumer goods	2.8	1.6	1.5	1.2	3.2	1.2	.1	.4	.2	−.3	.1	139.7
11 Capital equipment	1.7	1.9	1.2	.6	4.4	1.2	.2[r]	−.1[r]	.2	.2	.1	131.2
Intermediate materials												
12 Excluding foods and feeds	1.3	.9	.7	−2.1	5.7	.3	.4[r]	.0[r]	−.2	.3	−.2	116.7
13 Excluding energy	.8	1.2	1.3	−.3	4.7	−.3	.2	.1[r]	−.2	.1	.1	123.6
Crude materials												
14 Foods	−.1	2.6	−4.8	5.1	1.9	−1.5	.0[r]	2.3[r]	.5	−3.1	1.2	107.7
15 Energy	3.4	−4.7	19.8	−17.8	−10.1	19.3	.3[r]	−.5[r]	4.8	.2	−4.9	77.2
16 Other	3.3	9.4	2.2	1.9	24.3	10.9	.1[r]	2.0[r]	.4	.2	.6	142.2

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	1990	1991	1992	1992			1993	
				Q2	Q3	Q4	Q1	Q2
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,522.2**	**5,677.5**	**5,950.7**	**5,902.2**	**5,978.5**	**6,081.8**	**6,145.8**	**6,206.9**
By source								
2 Personal consumption expenditures	3,748.4	3,887.7	4,095.8	4,057.1	4,108.7	4,194.8	4,234.7	4,301.0
3 Durable goods	464.3	446.1	480.4	470.6	482.5	499.1	498.8	519.3
4 Nondurable goods	1,224.5	1,251.5	1,290.7	1,277.5	1,292.8	1,318.6	1,320.8	1,329.7
5 Services	2,059.7	2,190.1	2,324.7	2,309.0	2,333.3	2,377.1	2,415.1	2,452.0
6 Gross private domestic investment	799.5	721.1	770.4	773.2	781.6	804.3	844.0	831.3
7 Fixed investment	793.2	731.3	766.0	765.1	766.6	794.0	809.0	825.0
8 Nonresidential	577.6	541.1	548.2	550.3	549.6	562.1	573.8	593.1
9 Structures	201.1	180.1	168.4	170.3	166.1	167.0	168.0	171.9
10 Producers' durable equipment	376.5	360.9	379.9	380.0	383.5	395.1	405.8	421.3
11 Residential structures	215.6	190.3	217.7	214.8	217.0	231.9	235.2	231.9
12 Change in business inventories	6.3	−10.2	4.4	8.1	15.0	10.3	34.9	6.3
13 Nonfarm	3.3	−10.3	2.2	6.4	9.7	6.2	32.6	8.6
14 Net exports of goods and services	−68.9	−21.8	−30.4	−37.1	−36.0	−40.5	−49.4	−49.9
15 Exports	557.0	598.2	636.3	625.4	639.0	652.7	649.4	662.1
16 Imports	625.9	620.0	666.7	662.5	675.0	693.2	698.9	712.0
17 Government purchases of goods and services	1,043.2	1,090.5	1,114.9	1,109.1	1,124.2	1,123.3	1,116.6	1,124.4
18 Federal	426.4	447.3	449.1	444.8	455.2	451.6	441.1	440.6
19 State and local	616.8	643.2	665.8	664.3	669.0	671.7	675.4	683.8
By major type of product								
20 Final sales, total	5,515.9	5,687.7	5,946.3	5,894.1	5,963.5	6,071.5	6,110.8	6,200.5
21 Goods	2,160.1	2,192.8	2,260.3	2,233.2	2,258.4	2,316.1	2,309.2	2,350.7
22 Durable	920.6	907.6	943.9	932.3	943.8	975.8	968.8	1,008.2
23 Nondurable	1,239.5	1,285.1	1,316.4	1,300.8	1,314.6	1,340.3	1,340.4	1,342.5
24 Services	2,846.4	3,030.3	3,197.1	3,173.4	3,217.8	3,255.1	3,299.4	3,343.5
25 Structures	509.4	464.7	488.8	487.6	487.3	500.3	502.3	506.3
26 Change in business inventories	6.3	−10.2	4.4	8.1	15.0	10.3	34.9	6.3
27 Durable goods	−.9	−19.3	−3.5	9.5	2.7	−6.9	17.8	−5.6
28 Nondurable goods	7.2	9.0	7.9	−1.4	12.3	17.2	17.2	11.9
MEMO								
29 **Total GDP in 1987 dollars**	**4,877.5**	**4,821.0**	**4,922.6**	**4,892.4**	**4,933.7**	**4,990.8**	**4,999.9**	**5,019.5**
NATIONAL INCOME								
30 **Total**	**4,468.3**	**4,544.2**	**4,743.4**	**4,716.5**	**4,719.6**	**4,858.0**	**4,914.2**	n.a.
31 Compensation of employees	3,291.2	3,390.8	3,525.2	3,506.3	3,534.3	3,583.7	3,628.4	3,669.4
32 Wages and salaries	2,742.9	2,812.2	2,916.6	2,901.3	2,923.5	2,963.9	2,999.8	3,034.8
33 Government and government enterprises	514.8	543.5	562.5	561.4	564.3	569.6	578.2	580.3
34 Other	2,228.0	2,268.7	2,354.1	2,339.9	2,359.1	2,394.3	2,421.6	2,454.5
35 Supplement to wages and salaries	548.4	578.7	608.6	605.0	610.8	619.8	628.6	634.5
36 Employer contributions for social insurance	277.4	290.4	302.9	301.5	302.9	307.6	312.0	313.7
37 Other labor income	271.0	288.3	305.7	303.6	307.9	312.2	316.5	320.8
38 Proprietors' income[1]	366.9	368.0	404.5	398.4	397.4	428.4	441.9	442.7
39 Business and professional[1]	325.2	332.2	364.9	359.9	365.9	380.4	389.0	394.4
40 Farm[1]	41.7	35.8	39.5	38.5	31.5	48.1	52.9	48.4
41 Rental income of persons[2]	−12.3	−10.4	4.7	3.3	6.4	13.6	17.7	24.6
42 Corporate profits[1]	361.7	346.3	393.8	388.4	374.1	428.5	424.2	n.a.
43 Profits before tax[3]	355.4	334.7	371.6	376.8	354.1	389.4	393.0	n.a.
44 Inventory valuation adjustment	−14.2	3.1	−7.4	−15.5	−9.7	1.0	−9.4	−16.6
45 Capital consumption adjustment	20.5	8.4	29.5	27.0	29.7	38.1	40.6	42.6
46 Net interest	460.7	449.5	415.2	420.0	407.3	403.6	402.0	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	1990	1991	1992	1992			1993	
				Q2	Q3	Q4	Q1	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,664.2**	**4,828.3**	**5,058.1**	**5,028.9**	**5,062.0**	**5,160.9**	**5,237.6**	**5,288.6**
2 Wage and salary disbursements	2,742.8	2,812.2	2,918.1	2,901.3	2,923.5	2,969.9	3,005.8	3,034.8
3 Commodity-producing industries	745.6	737.4	743.2	743.1	742.4	750.6	754.4	760.2
4 Manufacturing	556.1	556.9	565.7	564.7	565.5	572.8	576.5	579.3
5 Distributive industries	634.6	647.4	666.8	662.9	667.7	675.8	685.0	691.0
6 Service industries	847.8	883.9	945.5	933.9	949.1	973.9	988.2	1,003.3
7 Government and government enterprises	514.8	543.6	562.5	561.4	564.3	569.6	578.2	580.3
8 Other labor income	271.0	288.3	305.7	303.6	307.9	312.2	316.5	320.8
9 Proprietors' income[1]	366.9	368.0	404.5	398.4	397.4	428.4	441.9	442.7
10 Business and professional[1]	325.2	332.2	364.9	359.9	365.9	380.4	389.0	394.4
11 Farm[1]	41.7	35.8	39.5	38.5	31.5	48.1	52.9	48.4
12 Rental income of persons[2]	−12.3	−10.4	4.7	3.3	6.4	13.6	17.7	24.6
13 Dividends	140.3	137.0	139.3	136.6	141.0	145.8	149.9	150.7
14 Personal interest income	694.5	700.6	670.2	675.2	663.2	657.8	656.4	654.9
15 Transfer payments	685.8	771.1	866.1	859.7	874.1	888.0	909.9	922.0
16 Old-age survivors, disability, and health insurance benefits	352.0	382.0	414.1	412.1	417.1	421.6	434.1	436.9
17 LESS: Personal contributions for social insurance	224.8	238.4	250.6	249.3	251.5	254.8	260.4	261.9
18 EQUALS: Personal income	4,664.2	4,828.3	5,058.1	5,028.9	5,062.0	5,160.9	5,237.6	5,288.6
19 LESS: Personal tax and nontax payments	621.3	618.7	627.3	617.1	628.8	643.6	656.0	664.2
20 EQUALS: Disposable personal income	4,042.9	4,209.6	4,430.8	4,411.8	4,433.2	4,517.3	4,581.7	4,624.5
21 LESS: Personal outlays	3,867.3	4,009.9	4,218.1	4,179.5	4,229.9	4,316.9	4,358.8	4,424.7
22 EQUALS: Personal saving	175.6	199.6	212.6	232.3	203.3	200.4	222.9	199.8
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,513.0	19,077.1	19,271.4	19,181.8	19,288.4	19,456.3	19,444.3	19,469.3
24 Personal consumption expenditures	13,043.6	12,824.1	12,973.9	12,893.3	12,973.3	13,098.4	13,092.1	13,180.3
25 Disposable personal income	14,068.0	13,886.0	14,035.0	14,021.0	13,998.0	14,105.0	14,165.0	14,172.0
26 Saving rate (percent)	4.3	4.7	4.8	5.3	4.6	4.4	4.9	4.3
GROSS SAVING								
27 **Gross saving**	**718.0**	**708.2**	**686.3**	**682.9**	**696.9**	**687.9**	**732.8**	n.a.
28 Gross private saving	854.1	901.5	968.8	968.1	992.1	965.0	994.8	n.a.
29 Personal saving	175.6	199.6	212.6	232.3	203.3	200.4	222.9	199.8
30 Undistributed corporate profits[1]	75.7	75.8	104.3	97.7	91.2	124.1	116.8	n.a.
31 Corporate inventory valuation adjustment	−14.2	3.1	−7.4	−15.5	−9.7	1.0	−9.4	−16.6
Capital consumption allowances								
32 Corporate	368.3	383.0	394.8	391.2	407.2	394.7	400.0	403.3
33 Noncorporate	234.6	243.1	258.6	247.0	290.4	251.8	261.2	258.4
34 Government surplus, or deficit (−), national income and product accounts	−136.1	−193.3	−282.5	−285.2	−295.2	−277.2	−262.0	n.a.
35 Federal	−166.2	−210.4	−298.0	−302.9	−304.4	−295.5	−272.1	n.a.
36 State and local	30.1	17.1	15.5	17.7	9.2	18.3	10.1	n.a.
37 **Gross investment**	**723.4**	**730.1**	**720.4**	**713.8**	**732.0**	**729.5**	**776.3**	**758.5**
38 Gross private domestic	799.5	721.1	770.4	773.2	781.6	804.3	844.0	831.3
39 Net foreign	−76.1	9.0	−49.9	−59.4	−49.6	−74.7	−67.7	n.a.
40 **Statistical discrepancy**	**5.4**	**21.9**	**34.1**	**30.9**	**35.1**	**41.7**	**43.4**	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	1990	1991	1992	1992				1993
				Q1	Q2	Q3	Q4	Q1[p]
1 Balance on current account	−91,861	−8,324	−66,400	−6,685	−18,253	−17,775	−23,687	−22,249
2 Merchandise trade balance[2]	−109,033	−73,802	−96,138	−17,763	−24,801	−27,612	−25,962	−29,068
3 Merchandise exports	389,303	416,937	440,138	108,347	108,306	109,493	113,992	111,627
4 Merchandise imports	−498,336	−490,739	−536,276	−126,110	−133,107	−137,105	−139,954	−140,695
5 Military transactions, net	−7,834	−5,851	−2,751	−571	−727	−617	−836	−383
6 Other service transactions, net	38,485	51,733	59,163	14,619	14,378	15,898	14,265	15,006
7 Investment income, net	20,348	13,021	6,222	4,419	907	1,703	−806	273
8 U.S. government grants	−17,434	24,073	−14,688	−2,788	−3,234	−2,783	−5,883	−3,412
9 U.S. government pensions and other transfers	−2,934	−3,461	−3,735	−830	−1,118	−940	−846	−971
10 Private remittances and other transfers	−13,459	−14,037	−14,473	−3,770	−3,659	−3,424	−3,619	−3,694
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,307	2,905	−1,609	−275	−293	−305	−737	309
12 Change in U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	−1,057	1,464	1,952	1,542	−983
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−192	−177	2,316	−172	−168	−173	2,829	−140
15 Reserve position in International Monetary Fund	731	−367	−2,692	111	1	−118	−2,685	−228
16 Foreign currencies	−2,697	6,307	4,277	−996	1,631	2,243	1,398	−615
17 Change in U.S. private assets abroad (increase, −)	−44,280	−68,643	−53,253	303	−9,866	−12,445	−31,243	−2,639
18 Bank-reported claims[3]	16,027	3,278	24,948	17,795	4,050	6,584	−3,481	33,921
19 Nonbank-reported claims	−4,433	1,932	4,551	5,339	1,294	−3,214	1,132	...
20 U.S. purchases of foreign securities, net	−28,765	−44,740	−47,961	−8,493	−8,276	−13,787	−17,405	−26,578
21 U.S. direct investments abroad, net	−27,109	−29,113	−34,791	−14,338	−6,934	−2,028	−11,489	−9,982
22 Change in foreign official assets in United States (increase, +)	34,198	17,564	40,684	21,124	21,008	−7,378	5,931	10,990
23 U.S. Treasury securities	29,576	14,846	18,454	14,916	11,240	−323	−7,379	1,039
24 Other U.S. government obligations	667	1,301	3,949	464	1,699	912	874	710
25 Other U.S. government liabilities[4]	2,156	1,542	2,542	58	678	864	943	−210
26 Other U.S. liabilities reported by U.S. banks[3]	3,385	−1,484	16,427	5,573	7,466	−7,831	11,219	8,046
27 Other foreign official assets[5]	−1,586	1,359	−688	113	−75	−1,000	274	1,404
28 Change in foreign private assets in United States (increase, +)	70,976	65,875	88,895	−1,290	23,442	33,828	32,914	8,600
29 U.S. bank-reported liabilities[3]	16,370	−11,371	18,609	−3,339	−528	23,647	−1,171	−22,048
30 U.S. nonbank-reported liabilities	7,533	−699	741	926	979	1,553	−2,717	...
31 Foreign private purchases of U.S. Treasury securities, net	−2,534	18,826	36,893	623	10,168	4,870	21,232	14,179
32 Foreign purchases of other U.S. securities, net	1,592	35,144	30,274	4,613	10,453	2,730	12,478	10,635
33 Foreign direct investments in United States, net	48,015	23,975	2,378	−4,113	2,370	1,028	3,092	5,834
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	30,820	−15,140	−12,218	−12,120	−17,502	2,123	15,280	5,973
36 Due to seasonal adjustment	...	...	...	4,878	653	−6,754	1,222	5,726
37 Before seasonal adjustment	30,820	−15,140	−12,218	−16,998	−18,155	8,877	14,058	247
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	−1,057	1,464	1,952	1,542	−983
39 Foreign official assets in United States, excluding line 25 (increase, +)	32,042	16,022	38,142	21,066	20,330	−8,242	4,988	11,199
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,707	−4,882	5,857	2,583	−2,113	3,051	2,336	639

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[p]
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	39,178	37,505	36,928	38,895	38,479	38,930	37,648
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	46,143	45,176	44,832	49,347	48,660	47,306	49,710
3 **Trade balance**	**−101,718**	**−66,723**	**−84,501**	**−6,965**	**−7,672**	**−7,904**	**−10,453**	**−10,182**	**−8,376**	**−12,062**

1. Government and nongovernment shipments of merchandise between foreign countries and the fifty states, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. Foreign Trade Zones. Data exclude (1) shipments among the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. affiliated insular areas, (2) shipments to U.S. Armed Forces and diplomatic missions abroad for their own use, (3) U.S. goods returned to the United States by its Armed Forces, (4) personal and household effects of travelers, and (5) in-transit shipments. Data reflect the total arrival of merchandise from foreign countries that immediately entered consumption channels, warehouses, or U.S. Foreign Trade Zones (general imports). Import data are Customs value; export data are F.A.S. value. Since 1990, data for U.S. exports to Canada have been derived from import data compiled by Canada; similarly, in Canadian statistics, Canadian exports to the United States are derived from import data compiled by the United States. Since Jan. 1, 1987, merchandise trade data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents.

Data in this table differ from figures for merchandise trade shown in the U.S. balance of payments accounts (table 3.10, lines 2 through 4) primarily for reasons of coverage. For both exports and imports, a large part of the difference is the treatment of military sales and purchases. The military sales to foreigners (exports) and purchases from foreigners (imports) that are included in this table as merchandise trade are shifted, in the balance of payments accounts, from "merchandise trade" into the broader category "military transactions."

SOURCE. (U.S. Department of Commerce, Bureau of the Census), FT900, *U.S. Merchandise Trade.*

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1990	1991	1992	1993						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**	**83,316**	**77,719**	**71,323**	**71,962**	**72,847**	**74,378**	**75,644**	**76,711**	**73,968**	**74,139**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,055	11,055	11,054	11,054	11,053	11,057	11,057
3 Special drawing rights[2,3]	10,989	11,240	8,503	8,546	8,651	8,787	8,947	9,147	8,987	8,905
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	12,079	12,021	12,184	12,317	12,195	11,926	12,083
5 Foreign currencies[4]	52,193	45,934	40,005	40,282	41,120	42,353	43,326	44,316	41,998	42,094

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1990	1991	1992	1993						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 Deposits	369	968	205	325	296	317	221	193	286	284
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	324,356	329,183	326,486	339,396	345,060	343,672	343,378
3 Earmarked gold[3]	13,387	13,303	13,686	13,077	13,074	12,989	12,924	12,854	12,829	12,756

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.

3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1989	1990	1991	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
ASSETS	All foreign countries									
1 **Total payable in any currency**	**545,366**	**556,925**	**548,999**	**542,545**	**543,624**	**554,280**	**546,941**	**543,833**	**548,340**	**562,355**
2 Claims on United States	198,835	188,496	176,487	166,798	169,278	172,304	171,648	164,142	161,888	175,758
3 Parent bank	157,092	148,837	137,695	132,275	134,218	139,170	138,532	128,611	126,659	140,757
4 Other banks in United States	17,042	13,296	12,884	9,703	9,570	9,249	9,073	10,830	9,169	9,498
5 Nonbanks	24,701	26,363	25,908	24,820	25,490	23,885	24,043	24,701	26,060	25,503
6 Claims on foreigners	300,575	312,449	303,934	318,071	314,736	317,868	314,912	315,428	320,980[r]	316,503
7 Other branches of parent bank	113,810	135,003	111,729	123,256	116,325	115,323	112,598	110,189	111,314	111,708
8 Banks	90,703	72,602	81,970	82,190	81,812	84,439	84,909	87,225	88,103	85,775
9 Public borrowers	16,456	17,555	18,652	20,756	19,984	19,822	18,915	18,694	18,251	18,183
10 Nonbank foreigners	79,606	87,289	91,583	91,869	96,615	98,284	98,490	99,320	103,312[r]	100,837
11 Other assets	45,956	55,980	68,578	57,676	59,610	64,108	60,381	64,263	65,472[r]	70,094
12 **Total payable in U.S. dollars**	**382,498**	**379,479**	**364,078**	**365,824**	**353,643**	**361,251**	**353,315**	**344,319**	**344,373**	**355,063**
13 Claims on United States	191,184	180,174	169,848	162,125	164,681	167,773	167,051	159,541	155,951	169,237
14 Parent bank	152,294	142,962	133,662	129,329	131,554	136,650	135,939	126,181	123,490	137,446
15 Other banks in United States	16,386	12,513	12,025	9,266	9,213	8,704	8,336	10,168	8,209	8,638
16 Nonbanks	22,504	24,699	24,161	23,530	23,914	22,419	22,776	23,192	24,252	23,153
17 Claims on foreigners	169,690	174,451	167,010	183,527	171,120	174,726	170,338	169,206	170,390[r]	168,795
18 Other branches of parent bank	82,949	95,298	78,114	83,117	77,606	77,681	75,871	73,049	73,068	73,015
19 Banks	48,396	36,440	41,635	47,250	41,616	43,067	41,266	43,566	44,835	43,633
20 Public borrowers	10,961	12,298	13,685	14,313	13,883	13,710	13,068	12,537	12,244	12,049
21 Nonbank foreigners	27,384	30,415	33,576	38,847	38,015	40,268	40,133	40,054	40,243[r]	40,098
22 Other assets	21,624	24,854	27,220	20,172	17,842	18,752	15,926	15,572	18,032[r]	17,031
	United Kingdom									
23 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**165,850**	**164,360**	**165,132**	**162,122**	**163,194**	**165,044**	**173,158**
24 Claims on United States	39,212	45,560	35,257	36,403	37,609	34,919	34,989	33,353	31,239	37,038
25 Parent bank	35,847	42,413	31,931	33,460	34,290	32,779	31,719	29,605	27,523	33,059
26 Other banks in United States	1,058	792	1,267	1,298	886	783	892	757	747	1,006
27 Nonbanks	2,307	2,355	2,059	1,645	2,433	1,357	2,378	2,991	2,969	2,973
28 Claims on foreigners	107,657	115,536	109,692	111,623	108,362	110,420	106,944	109,428	111,830[r]	109,528
29 Other branches of parent bank	37,728	46,367	35,735	46,165	42,894	41,317	39,466	39,673	41,458	40,130
30 Banks	36,159	31,604	36,394	33,399	33,513	36,601	34,914	38,138	37,282	36,681
31 Public borrowers	3,293	3,860	3,306	3,329	3,059	2,542	2,531	2,755	2,420	2,342
32 Nonbank foreigners	30,477	33,705	34,257	28,730	28,896	29,960	30,033	28,862	30,670[r]	30,375
33 Other assets	15,078	23,722	30,650	17,824	18,389	19,793	20,189	20,413	21,975[r]	26,592
34 **Total payable in U.S. dollars**	**103,208**	**116,762**	**105,974**	**109,493**	**101,375**	**99,755**	**94,870**	**95,612**	**97,431**	**100,422**
35 Claims on United States	36,404	41,259	32,418	34,508	35,481	32,929	32,783	31,233	28,634	34,110
36 Parent bank	34,329	39,609	30,370	32,186	33,070	31,559	30,443	28,420	25,996	31,265
37 Other banks in United States	843	334	822	1,022	684	428	413	393	326	533
38 Nonbanks	1,232	1,316	1,226	1,300	1,727	942	1,927	2,420	2,312	2,312
39 Claims on foreigners	59,062	63,701	58,791	66,335	59,505	60,695	57,530	60,180	61,742[r]	60,479
40 Other branches of parent bank	29,872	37,142	28,667	34,124	30,823	28,856	30,017	29,388	30,753	30,287
41 Banks	16,579	13,135	15,219	17,089	14,316	16,800	13,422	16,903	17,073	16,647
42 Public borrowers	2,371	3,143	2,853	2,349	2,154	1,883	1,949	1,888	1,808	1,804
43 Nonbank foreigners	10,240	10,281	12,052	12,773	12,212	13,156	12,142	12,001	12,108[r]	11,741
44 Other assets	7,742	11,802	14,765	8,650	6,389	6,131	4,557	4,637	7,055[r]	5,833
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**176,006**	**162,316**	**168,512**	**147,422**	**144,894**	**151,175**	**148,867**	**143,859**	**142,184**	**148,422**
46 Claims on United States	124,205	112,989	115,430	96,280	96,976	102,836	100,687	96,829	94,292	101,580
47 Parent bank	87,882	77,873	81,706	66,608	67,219	73,825	72,841	67,190	65,568	73,494
48 Other banks in United States	15,071	11,869	10,907	7,828	7,962	7,892	7,424	9,279	7,184	7,651
49 Nonbanks	21,252	23,247	22,817	21,844	21,795	21,119	20,422	20,360	21,540	20,435
50 Claims on foreigners	44,168	41,356	45,229	44,509	41,185	40,821	41,314	40,442	41,293	40,407
51 Other branches of parent bank	11,309	13,416	11,098	7,293	7,041	7,311	6,650	6,873	6,999	7,009
52 Banks	22,611	16,310	20,174	21,212	18,464	17,440	18,797	17,662	18,442	18,087
53 Public borrowers	5,217	5,807	7,161	7,786	7,564	7,422	7,188	6,690	6,527	6,334
54 Nonbank foreigners	5,031	5,823	6,796	8,218	8,116	8,648	8,679	9,217	9,325	8,977
55 Other assets	7,633	7,971	7,853	6,633	6,733	7,518	6,866	6,588	6,599	6,435
56 **Total payable in U.S. dollars**	**170,780**	**158,390**	**163,957**	**142,861**	**140,332**	**146,809**	**144,627**	**139,351**	**137,514**	**143,340**

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]—Continued

Account	1989	1990	1991	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June
LIABILITIES	All foreign countries									
57 **Total payable in any currency**	**545,366**	**556,925**	**548,999**	**542,545**	**543,624**	**554,280**	**546,941**	**543,833**	**548,340**	**562,355**
58 Negotiable certificates of deposit (CDs)	23,500	18,060	16,284	10,032	12,320	11,872	11,596	13,748	14,348	14,154
59 To United States	197,239	189,412	198,307	189,444	175,978	184,155	187,088	176,082	174,889	186,139
60 Parent bank	138,412	138,748	136,431	134,339	122,627	124,123	125,650	114,965	116,691	129,291
61 Other banks in United States	11,704	7,463	13,260	12,182	12,829	12,373	13,306	11,952	14,062	13,514
62 Nonbanks	47,123	43,201	48,616	42,923	40,522	47,659	48,132	49,165	44,136	43,334
63 To foreigners	296,850	311,668	288,254	309,704	321,297	319,638	312,417	316,661	322,140	318,962
64 Other branches of parent bank	119,591	139,113	112,033	125,160	120,179	119,601	115,535	113,845	115,189	115,725
65 Banks	76,452	58,986	63,097	62,189	67,843	70,056	68,411	68,381	69,323	67,249
66 Official institutions	16,750	14,791	15,596	19,731	23,654	21,469	18,312	21,326	22,271	22,466
67 Nonbank foreigners	84,057	98,778	97,528	102,624	109,621	108,512	110,159	113,109	115,357	113,522
68 Other liabilities	27,777	37,785	46,154	33,365	34,029	38,615	35,840	37,342	36,963	43,100
69 **Total payable in U.S. dollars**	**396,613**	**383,522**	**370,710**	**368,773**	**353,725**	**363,285**	**353,431**	**343,867**	**343,766**	**356,781**
70 Negotiable CDs	19,619	14,094	11,909	6,238	7,102	6,640	6,519	7,062	7,248	8,138
71 To United States	187,286	175,654	185,472	178,674	164,634	172,223	175,354	163,715	161,775	172,373
72 Parent bank	132,563	130,510	129,669	127,948	116,008	117,228	119,040	107,949	109,645	121,631
73 Other banks in United States	10,519	6,052	11,707	11,512	11,710	11,418	12,467	11,282	13,126	12,862
74 Nonbanks	44,204	39,092	44,096	39,214	36,916	43,577	43,847	44,484	39,004	37,880
75 To foreigners	176,460	179,002	158,993	172,189	169,595	170,756	160,774	163,149	165,162	166,136
76 Other branches of parent bank	87,636	98,128	76,601	83,700	79,144	79,594	77,685	75,682	75,313	75,783
77 Banks	30,537	20,251	24,156	26,118	23,281	25,571	21,227	22,150	22,969	23,446
78 Official institutions	9,873	7,921	10,304	12,430	14,067	14,034	10,762	12,627	12,653	12,951
79 Nonbank foreigners	48,414	52,702	47,932	49,941	53,103	51,557	51,100	52,690	54,227	53,956
80 Other liabilities	13,248	14,772	14,336	11,672	12,394	13,666	10,784	9,941	9,581	10,134
	United Kingdom									
81 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**165,850**	**164,360**	**165,132**	**162,122**	**163,194**	**165,044**	**173,158**
82 Negotiable CDs	20,056	14,256	11,333	4,517	5,774	5,597	4,753	5,414	5,644	6,566
83 To United States	36,036	39,928	37,720	39,174	32,780	33,092	38,011	34,661	37,272	39,514
84 Parent bank	29,726	31,806	29,834	31,100	25,099	24,250	29,759	22,611	28,095	30,410
85 Other banks in United States	1,256	1,505	1,438	1,065	1,742	1,633	1,192	1,110	1,652	1,097
86 Nonbanks	5,054	6,617	6,448	7,009	5,939	7,209	7,060	10,940	7,525	8,007
87 To foreigners	92,307	108,531	98,167	107,176	111,351	110,514	104,356	108,670	106,834	106,731
88 Other branches of parent bank	27,397	36,709	30,054	35,983	35,376	35,143	33,424	33,545	31,437	32,275
89 Banks	29,780	25,126	25,541	25,231	25,965	27,227	23,985	26,082	27,184	25,854
90 Official institutions	8,551	8,361	9,670	12,090	14,188	12,938	10,531	12,342	11,752	12,139
91 Nonbank foreigners	26,579	38,335	32,902	33,872	35,822	35,206	36,416	36,701	36,461	36,463
92 Other liabilities	13,548	22,103	28,379	14,983	14,455	15,929	15,002	14,449	15,294	20,347
93 **Total payable in U.S. dollars**	**108,178**	**116,094**	**108,755**	**108,214**	**100,731**	**101,342**	**95,892**	**94,159**	**96,152**	**98,465**
94 Negotiable CDs	18,143	12,710	10,076	3,894	4,770	4,444	3,765	4,214	4,392	5,462
95 To United States	33,056	34,697	33,003	35,417	28,545	28,874	33,552	30,170	32,457	34,523
96 Parent bank	28,812	29,955	28,260	29,957	23,767	23,097	28,405	21,145	26,631	28,747
97 Other banks in United States	1,065	1,156	1,177	709	1,063	1,097	707	676	1,311	847
98 Nonbanks	3,179	3,586	3,566	4,751	3,715	4,680	4,440	8,349	4,515	4,929
99 To foreigners	50,517	60,014	56,626	62,048	60,107	59,643	51,850	54,407	54,576	53,288
100 Other branches of parent bank	18,384	25,957	20,800	22,026	20,807	20,516	19,516	18,958	17,449	17,691
101 Banks	12,244	9,488	11,069	12,540	9,740	10,359	6,702	8,327	9,065	8,311
102 Official institutions	5,454	4,692	7,156	8,847	10,114	9,967	7,008	8,803	8,210	8,812
103 Nonbank foreigners	14,435	19,877	17,601	18,635	19,446	18,801	18,624	18,319	19,852	18,474
104 Other liabilities	6,462	8,673	9,050	6,855	7,309	8,381	6,725	5,368	4,727	5,192
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	**176,006**	**162,316**	**168,512**	**147,422**	**144,894**	**151,175**	**148,867**	**143,859**	**142,184**	**148,422**
106 Negotiable CDs	678	646	1,173	1,350	1,355	1,142	1,713	1,692	1,812	1,535
107 To United States	124,859	114,738	130,058	111,861	108,150	110,729	110,391	105,895	102,211	108,736
108 Parent bank	75,188	74,941	79,394	67,347	65,122	62,336	59,668	59,416	56,566	64,156
109 Other banks in United States	8,883	4,526	10,231	10,445	10,265	10,059	11,492	10,291	11,220	11,567
110 Nonbanks	40,788	35,271	40,433	34,069	32,763	38,334	39,231	36,188	34,425	33,013
111 To foreigners	47,382	44,444	35,200	32,556	33,766	37,690	35,369	34,773	36,146	36,563
112 Other branches of parent bank	23,414	24,715	17,388	15,169	15,411	18,056	18,015	17,462	18,626	18,927
113 Banks	8,823	5,588	5,662	6,422	6,350	7,967	6,476	6,219	6,123	6,382
114 Official institutions	1,097	622	572	805	932	1,036	858	905	1,052	1,025
115 Nonbank foreigners	14,048	13,519	11,578	10,160	11,073	10,631	10,020	10,187	10,345	10,229
116 Other liabilities	3,087	2,488	2,081	1,655	1,623	1,614	1,394	1,499	2,015	1,588
117 **Total payable in U.S. dollars**	**171,250**	**157,132**	**163,789**	**143,150**	**140,734**	**146,875**	**144,291**	**138,741**	**137,159**	**143,450**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1990	1991	1992	1993					
			Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[p]
1 **Total**[1]	**344,529**	**360,530**	**398,672**	**411,802**	**413,220**	**409,997**[r]	**413,459**	**424,366**	**427,644**
By type									
2 Liabilities reported by banks in the United States[2]	39,880	38,396	54,823	63,792	66,454	62,994[r]	62,608	68,293	72,419
3 U.S. Treasury bills and certificates[3]	79,424	92,692	104,596	111,540	113,594	113,547	113,293	120,785	119,860
U.S. Treasury bonds and notes									
4 Marketable	202,487	203,677	210,553	207,573	203,209	202,552	205,262	202,216	201,451
5 Nonmarketable[4]	4,491	4,858	4,532	4,563	4,592	4,622	5,431	5,417	5,451
6 U.S. securities other than U.S. Treasury securities[5]	18,247	20,907	24,168	24,334	25,371	26,282	26,865	27,655	28,463
By area									
7 Western Europe[1]	167,191	168,365	188,700	196,232	199,651	187,394	184,938	191,243	191,073
8 Canada	8,671	7,460	7,920	8,411	7,886	9,326	8,302	8,899	8,297
9 Latin America and Caribbean	21,184	33,554	40,015	41,388	42,502	44,509	49,070	48,056	48,470
10 Asia	138,096	139,465	152,142	156,205	154,009	157,932[r]	159,775	164,732	169,319
11 Africa	1,434	2,092	3,565	3,705	3,866	3,919	3,782	3,782	3,620
12 Other countries[6]	7,955	9,592	6,328	5,859	5,304	6,915	7,590	7,652	6,863

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1989	1990	1991	1992			1993
				June	Sept.	Dec.	Mar.[r]
1 Banks' liabilities	67,835	70,477	75,129	70,969	84,162	72,796	82,995
2 Banks' claims	65,127	66,796	73,195	58,354	72,164	62,789	64,077
3 Deposits	20,491	29,672	26,192	23,468	28,074	24,240	24,948
4 Other claims	44,636	37,124	47,003	34,886	44,090	38,549	39,129
5 Claims of banks' domestic customers[2]	3,507	6,309	3,398	4,375	3,987	4,432	2,625

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	1990	1991	1992	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[p]
HOLDER AND TYPE OF LIABILITY										
1 ***Total, all foreigners***	**759,634**	**756,066**	**810,025**	**810,025**	**802,216**	**814,725**	**798,447[r]**	**791,382[r]**	**793,068**	**820,712**
2 Banks' own liabilities	577,229	575,374	606,210	606,210	592,754	606,005	586,505[r]	581,554[r]	574,306	597,393
3 Demand deposits	21,723	20,321	21,823	21,823	21,106	22,310	21,582	22,239	22,140	21,455
4 Time deposits[2]	168,017	159,649	160,374	160,374	150,062	147,284	143,999[r]	147,948[r]	147,734	151,813
5 Other[3]	65,822	66,305	93,840	93,840	103,910	106,262	97,064[r]	101,099[r]	104,469	108,545
6 Own foreign offices[4]	321,667	329,099	330,173	330,173	317,676	330,149	323,860[r]	310,268[r]	299,963	315,580
7 Banks' custodial liabilities[5]	182,405	180,692	203,815	203,815	209,462	208,720	211,942	209,828	218,762	223,319
8 U.S. Treasury bills and certificates[6]	96,796	110,734	127,649	127,649	133,799	135,300	137,062	138,016	144,725	144,066
9 Other negotiable and readily transferable instruments[7]	17,578	18,664	21,982	21,982	22,969	20,735	22,309	21,550	23,931	30,061
10 Other	68,031	51,294	54,184	54,184	52,694	52,685	52,571	50,262	50,106	49,192
11 *Nonmonetary international and regional organizations*[8]	5,918	8,981	9,350	9,350	11,099	11,538	9,295[r]	10,731	8,934	9,130
12 Banks' own liabilities	4,540	6,827	6,951	6,951	7,837	8,884	6,037[r]	5,834	6,481	6,070
13 Demand deposits	36	43	46	46	39	47	196	33	35	19
14 Time deposits[2]	1,050	2,714	3,214	3,214	2,702	2,311	2,722[r]	1,687	2,989	3,407
15 Other[3]	3,455	4,070	3,691	3,691	5,096	6,526	3,119[r]	4,114	3,457	2,644
16 Banks' custodial liabilities[5]	1,378	2,154	2,399	2,399	3,262	2,654	3,258	4,897	2,453	3,060
17 *U.S. Treasury bills and certificates*[6]	364	1,730	1,908	1,908	2,774	2,348	2,876	4,461	1,883	2,320
18 Other negotiable and readily transferable *instruments*[7]	1,014	424	486	486	488	306	382	433	564	740
19 Other	0	0	5	5	0	0	0	3	6	0
20 Official institutions[9]	119,303	131,088	159,419	159,419	175,332	180,048	176,541[r]	175,901[r]	189,078	192,279
21 Banks' own liabilities	34,910	34,411	51,058	51,058	59,577	62,687	59,491[r]	59,187[r]	63,410	62,677
22 Demand deposits	1,924	2,626	1,274	1,274	1,397	1,764	1,457	1,358	1,385	2,203
23 Time deposits[2]	14,359	16,504	17,823	17,823	18,685	18,996	18,747[r]	18,981[r]	21,516	19,232
24 Other[3]	18,628	15,281	31,961	31,961	39,495	41,927	39,287	38,848	40,509	41,242
25 *Banks' custodial liabilities*[5]	84,393	96,677	108,361	108,361	115,755	117,361	117,050	116,714	125,668	129,602
26 U.S. Treasury bills and certificates[6]	79,424	92,692	104,596	104,596	111,540	113,594	113,547	113,293	120,785	119,860
27 Other negotiable and readily transferable instruments[7]	4,766	3,879	3,726	3,726	4,054	3,648	3,411	3,284	4,739	9,602
28 Other	203	106	39	39	161	119	92	137	144	140
29 Banks[10]	540,805	522,265	546,556	546,556	522,700	530,365	520,891[r]	511,808[r]	503,131	524,472
30 Banks' own liabilities	458,470	459,335	475,340	475,340	453,849	462,769	451,813[r]	445,570[r]	436,242	458,562
31 Unaffiliated foreign banks	136,802	130,236	145,167	145,167	136,173	132,620	127,953[r]	135,302[r]	136,279	142,982
32 Demand deposits	10,053	8,648	10,168	10,168	9,903	10,974	10,495	10,883	11,386	9,910
33 Time deposits[2]	88,541	82,857	90,175	90,175	80,351	77,823	74,446[r]	79,707[r]	76,459	83,174
34 Other[3]	38,208	38,731	44,824	44,824	45,919	43,823	43,012[r]	44,712[r]	48,434	49,898
35 Own foreign offices[4]	321,667	329,099	330,173	330,173	317,676	330,149	323,860[r]	310,268[r]	299,963	315,580
36 Banks' custodial liabilities[5]	82,335	62,930	71,216	71,216	68,851	67,596	69,078	66,238	66,889	65,910
37 U.S. Treasury bills and certificates[6]	10,669	7,471	11,087	11,087	9,685	9,296	9,976	9,908	10,837	10,546
38 Other negotiable and readily transferable instruments[7]	5,341	5,694	7,568	7,568	7,708	6,692	7,957	7,360	7,412	7,755
39 Other	66,325	49,765	52,561	52,561	51,458	51,608	51,145	48,970	48,640	47,609
40 *Other foreigners*	93,608	93,732	94,700	94,700	93,085	92,774	91,720[r]	92,942[r]	91,925	94,831
41 Banks' own liabilities	79,309	74,801	72,861	72,861	71,491	71,665	69,164[r]	70,963[r]	68,173	70,084
42 Demand deposits	9,711	9,004	10,335	10,335	9,767	9,525	9,434	9,965	9,334	9,323
43 Time deposits[2]	64,067	57,574	49,162	49,162	48,324	48,154	48,084[r]	47,573[r]	46,770	46,000
44 Other[3]	5,530	8,223	13,364	13,364	13,400	13,986	11,646[r]	13,425[r]	12,069	14,761
45 Banks' custodial liabilities[5]	14,299	18,931	21,839	21,839	21,594	21,109	22,556	21,979	23,752	24,747
46 U.S. Treasury bills and certificates[6]	6,339	8,841	10,058	10,058	9,800	10,062	10,663	10,354	11,220	11,340
47 Other negotiable and readily transferable instruments[7]	6,457	8,667	10,202	10,202	10,719	10,089	10,559	10,473	11,216	11,964
48 Other	1,503	1,423	1,579	1,579	1,075	958	1,334	1,152	1,316	1,443
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,114	9,114	9,724	9,499	9,548	9,412[r]	9,585	10,389

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills *issued to official institutions of foreign countries.*
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1990	1991	1992	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
AREA										
1 **Total, all foreigners**	**759,634**	**756,066**	**810,025**	**810,025**	**802,216**	**814,725**	**798,447[r]**	**791,382[r]**	**793,068[r]**	**820,712**
2 **Foreign countries**	**753,716**	**747,085**	**800,675**	**800,675**	**791,117**	**803,187**	**789,152[r]**	**780,651[r]**	**784,134[r]**	**811,582**
3 Europe	254,452	249,097	308,418	308,418	303,751	304,752	293,412[r]	298,984[r]	313,834[r]	325,001
4 Austria	1,229	1,193	1,611	1,611	1,158	1,942	1,256	1,497	1,525[r]	1,496
5 Belgium and Luxembourg	12,382	13,337	20,572	20,572	21,255	19,729	19,475	19,775	21,099[r]	21,817
6 Denmark	1,399	937	3,060	3,060	1,885	2,835	1,536	1,229	2,464	3,088
7 Finland	602	1,341	1,299	1,299	1,862	2,049	2,297	2,265	2,185	2,580
8 France	30,946	31,808	41,459	41,459	34,285	32,457	31,712	31,087	33,825[r]	33,736
9 Germany	7,485	8,619	18,631	18,631	20,685	18,934	16,107	19,912[r]	23,959	22,752
10 Greece	934	765	910	910	815	758	763	742	859	819
11 Italy	17,735	13,541	10,041	10,041	8,759	10,701	8,889	8,094	9,089[r]	10,402
12 Netherlands	5,350	7,161	7,372	7,372	8,722	11,702	11,409	11,502	13,903	11,271
13 Norway	2,357	1,866	3,319	3,319	3,550	2,521	2,350	2,355	2,690	2,840
14 Portugal	2,958	2,184	2,465	2,465	2,518	2,508	2,489	2,476	2,674	2,764
15 Spain	7,544	11,391	9,796	9,796	14,904	17,233	15,735	14,055	13,588[r]	15,484
16 Sweden	1,837	2,222	2,986	2,986	2,962	1,902	1,619	3,149	2,140	2,336
17 Switzerland	36,690	37,238	39,440	39,440	41,533	40,227	39,596	39,703	41,880	40,558
18 Turkey	1,169	1,598	2,666	2,666	2,533	2,862	2,520	2,664	2,761[r]	2,496
19 United Kingdom	109,555	100,292	112,454	112,454	106,739	105,510	106,394[r]	109,553	106,638[r]	116,035
20 Yugoslavia[11]	928	622	504	504	506	512	523	507	510	512
21 Others in Western Europe[12]	11,689	9,274	25,834	25,834	25,926	27,491	25,748	24,521	28,292[r]	30,051
22 Russia	119	241	577	577	436	497	535	726	847	1,129
23 Other Eastern Europe[13]	1,545	3,467	3,422	3,422	2,718	2,382	2,459	3,172[r]	2,906[r]	2,835
24 Canada	20,349	21,605	22,746	22,746	21,467	22,898	25,040	22,302	21,331	20,017
25 Latin America and Caribbean	332,997	345,529	316,020	316,020	313,754	321,062	318,718[r]	316,594[r]	303,209[r]	311,543
26 Argentina	7,365	7,753	9,477	9,477	10,792	10,608	11,568	10,956[r]	11,229[r]	11,199
27 Bahamas	107,386	100,622	82,222	82,222	84,777	87,812	83,607[r]	81,737	80,063[r]	80,673
28 Bermuda	2,822	3,178	7,079	7,079	6,319	6,508	6,269	6,135	5,297[r]	6,064
29 Brazil	5,834	5,704	5,584	5,584	5,321	5,304	5,462	5,463	5,335[r]	4,934
30 British West Indies	147,321	163,620	151,886	151,886	147,375	150,063	151,243[r]	147,408[r]	138,866[r]	146,674
31 Chile	3,145	3,283	3,035	3,035	3,638	3,420	3,325	3,479	3,524	3,550
32 Colombia	4,492	4,661	4,580	4,580	4,438	4,417	4,183	4,359	4,337[r]	4,379
33 Cuba	11	2	3	3	2	3	3	2	2[r]	3
34 Ecuador	1,379	1,232	993	993	945	886	928	919	951	915
35 Guatemala	1,541	1,594	1,377	1,377	1,311	1,311	1,382	1,352	1,323[r]	1,397
36 Jamaica	257	231	371	371	294	279	309	293	289	341
37 Mexico	16,650	19,957	19,456	19,456	20,023	21,196	21,762	24,896	23,351[r]	22,295
38 Netherlands Antilles	7,357	5,592	5,205	5,205	4,352	4,869	4,221	4,537	3,812	4,057
39 Panama	4,574	4,695	4,177	4,177	4,013	4,214	3,924[r]	4,147[r]	4,067[r]	3,732
40 Peru	1,294	1,249	1,080	1,080	1,052	1,045	995	1,070	977	979
41 Uruguay	2,520	2,096	1,955	1,955	1,898	2,061	1,815	1,767	1,733	1,767
42 Venezuela	12,271	13,181	11,387	11,387	11,106	10,984	11,446	11,511	11,644	12,237
43 Other	6,779	6,879	6,153	6,153	6,098	6,082	6,276[r]	6,563[r]	6,409[r]	6,347
44 Asia	136,844	120,462	143,436	143,436	141,633	143,636	140,427[r]	131,025[r]	133,940[r]	143,464
China										
45 People's Republic of China	2,421	2,626	3,202	3,202	3,114	3,007	2,957	3,527	3,008	2,885
46 Republic of China (Taiwan)	11,246	11,491	8,379	8,379	8,929	9,102	9,042[r]	8,884[r]	8,790	9,638
47 Hong Kong	12,754	14,269	18,509	18,509	17,588	19,543	17,041	16,353	15,832[r]	16,212
48 India	1,233	2,418	1,396	1,396	1,323	1,377	1,399	989	1,341	1,312
49 Indonesia	1,238	1,463	1,480	1,480	1,392	1,460	1,871	1,464	1,861	2,132
50 Israel	2,767	2,015	3,775	3,775	3,389	3,371	3,930	3,763	3,161	2,764
51 Japan	67,076	47,069	58,342	58,342	56,009	57,993	56,917[r]	51,107[r]	54,365[r]	62,687
52 Korea (South)	2,287	2,587	3,336	3,336	3,444	3,488	3,337	3,591	3,929[r]	3,840
53 Philippines	1,585	2,449	2,275	2,275	2,350	2,746	2,774	2,785	2,458	2,933
54 Thailand	1,443	2,252	5,582	5,582	5,722	5,375	5,342	4,967	5,377	5,233
55 Middle Eastern oil-exporting countries[14]	15,829	15,752	21,446	21,446	19,877	19,897	19,718	19,687	19,272[r]	20,325
56 Other	16,965	16,071	15,714	15,714	18,496	16,277	16,099	13,908	14,546[r]	13,503
57 Africa	4,630	4,825	5,884	5,884	5,913	6,364	6,508	6,438	6,474[r]	6,529
58 Egypt	1,425	1,621	2,472	2,472	2,756	3,077	3,084	2,938	2,922	2,784
59 Morocco	104	79	76	76	88	92	87	151	144	181
60 South Africa	228	228	190	190	158	319	243	246	198[r]	265
61 Zaire	53	31	19	19	25	17	13	14	16	15
62 Oil-exporting countries[15]	1,110	1,082	1,346	1,346	1,125	1,135	1,239	1,294	1,368	1,332
63 Other	1,710	1,784	1,781	1,781	1,761	1,724	1,842	1,795	1,826	1,952
64 Other	4,444	5,567	4,171	4,171	4,599	4,475	5,047	5,308	5,346	5,028
65 Australia	3,807	4,464	3,047	3,047	3,502	3,388	4,013	4,056	4,449	4,078
66 Other	637	1,103	1,124	1,124	1,097	1,087	1,034	1,252	897	950
67 Nonmonetary international and regional organizations	5,918	8,981	9,350	9,350	11,099	11,538	9,295[r]	10,731	8,934[r]	9,130
68 International[16]	4,390	6,485	7,434	7,434	7,864	8,857	6,251[r]	7,590	5,388[r]	5,612
69 Latin American regional[17]	1,048	1,181	1,415	1,415	2,327	1,738	2,021	2,223	2,412	2,318
70 Other regional[18]	479	1,315	501	501	908	943	1,023	918	1,134	1,200

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Since December 1992, has included, in addition, all former parts of the *U.S.S.R. (except Russia), and Bosnia-Hercegovina, Croatia,* and Slovenia.
13. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
14. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
15. Comprises Algeria, Gabon, Libya, and Nigeria.
16. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
17. *Principally the Inter-American Development Bank.*
18. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

	Area and country	1990	1991	1992	1992	1993					
					Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[p]
1	**Total, all foreigners**	**511,543**	**514,339**	**495,761**	**495,761**	**484,670**	**495,033**	**475,969[r]**	**469,454**	**459,319**	**482,058**
2	**Foreign countries**	**506,750**	**508,056**	**490,679**	**490,679**	**481,570**	**490,925**	**472,647[r]**	**467,037**	**457,637**	**480,044**
3	Europe	113,093	114,310	124,130	124,130	117,355	124,763	122,490[r]	120,309	118,174	121,817
4	Austria	362	327	341	341	366	530	894[r]	1,013	941	1,080
5	Belgium and Luxembourg	5,473	6,158	6,404	6,404	6,473	5,886	6,273[r]	6,177	5,513	5,955
6	Denmark	497	686	707	707	705	785	682	645	628	731
7	Finland	1,047	1,907	1,419	1,419	1,275	1,226	1,010	998	885	1,238
8	France	14,468	15,112	14,847	14,847	14,012	14,670	13,235[r]	13,141	11,614	11,809
9	Germany	3,343	3,371	4,229	4,229	5,544	5,370	5,725[r]	5,322	6,089	6,223
10	Greece	727	553	718	718	670	668	583	618	596	568
11	Italy	6,052	8,242	9,048	9,048	8,716	8,466	8,418[r]	8,724	8,218	9,229
12	Netherlands	1,761	2,546	2,497	2,497	2,927	3,279	2,676	2,607	3,278	2,750
13	Norway	782	669	356	356	649	750	645	714	676	788
14	Portugal	292	344	325	325	390	494	454	513	593	670
15	Spain	2,668	1,881	2,772	2,772	2,593	4,158	3,859[r]	3,642	3,441	3,604
16	Sweden	2,094	2,335	4,929	4,929	5,340	5,155	4,809	4,509	4,229	4,065
17	Switzerland	4,202	4,540	4,722	4,722	4,493	4,971	4,348[r]	4,355	4,729	4,167
18	Turkey	1,405	1,063	962	962	1,071	1,041	943	1,285	1,508	1,585
19	United Kingdom	65,151	60,395	63,980	63,980	56,308	61,433	62,227[r]	60,721	59,664	62,025
20	Yugoslavia[2]	1,142	825	569	569	571	567	553	551	550	548
21	Others in Western Europe[3]	597	789	1,706	1,706	1,607	1,607	1,780	1,316	1,455	1,190
22	Russia	530	1,970	3,147	3,147	3,154	3,154	2,906	2,889	3,080	3,046
23	Other Eastern Europe[4]	499	597	452	452	491	553	470	569	487	546
24	Canada	16,091	15,113	14,185	14,185	16,465	14,972	18,287[r]	16,977	16,393	16,688
25	Latin America and Caribbean	231,506	246,137	213,772	213,772	219,079	212,204	204,144[r]	200,437	195,315	212,401
26	Argentina	6,967	5,869	4,882	4,882	4,804	4,859	4,844[r]	3,931	3,942	4,065
27	Bahamas	76,525	87,138	59,532	59,532	62,831	63,898	57,593[r]	57,909	54,456	59,185
28	Bermuda	4,056	2,270	5,934	5,934	6,797	2,851	3,910	5,609	3,089	4,319
29	Brazil	17,995	11,894	10,733	10,733	10,924	10,507	10,871[r]	10,806	10,705	12,312
30	British West Indies	88,565	107,846	98,738	98,738	101,614	96,324	93,856[r]	88,964	90,023	97,269
31	Chile	3,271	2,805	3,397	3,397	3,690	3,795	3,638	3,551	3,717	3,632
32	Colombia	2,587	2,425	2,750	2,750	2,752	2,819	2,807	2,786	2,875	2,825
33	Cuba	0	0	0	0	0	0	0	0	0	1
34	Ecuador	1,387	1,053	884	884	853	835	819[r]	807	770	771
35	Guatemala	191	228	262	262	240	257	274	269	256	506
36	Jamaica	238	158	167	167	170	164	168	161	165	184
37	Mexico	14,851	16,567	15,049	15,049	15,216	15,988	15,115[r]	15,534	14,967	15,422
38	Netherlands Antilles	7,998	1,207	1,379	1,379	1,735	1,938	2,098[r]	1,971	2,354	3,011
39	Panama	1,471	1,560	4,474	4,474	2,024	2,307	2,541[r]	2,311	2,260	2,384
40	Peru	663	739	730	730	735	708	650	691	675	657
41	Uruguay	786	599	936	936	895	844	846	787	778	904
42	Venezuela	2,571	2,516	2,525	2,525	2,409	2,485	2,558	2,495	2,542	2,803
43	Other	1,384	1,263	1,400	1,400	1,390	1,625	1,556[r]	1,855	1,741	2,151
44	Asia	138,722	125,262	131,296	131,296	121,777	131,494	120,066[r]	122,296	120,886	122,020
	China										
45	People's Republic of China	620	747	906	906	774	892	939	1,388	881	1,880
46	Republic of China (Taiwan)	1,952	2,087	2,046	2,046	1,683	1,585	1,630	1,670	1,562	1,835
47	Hong Kong	10,648	9,617	9,673	9,673	9,145	10,298	10,563[r]	9,215	10,419	9,706
48	India	655	441	529	529	532	549	443	549	489	475
49	Indonesia	933	952	1,189	1,189	1,323	1,292	1,469	1,432	1,386	1,526
50	Israel	774	860	820	820	877	809	896	1,057	814	777
51	Japan	90,699	84,807	78,647	78,647	74,631	79,791	67,761[r]	71,584	71,811	71,220
52	Korea (South)	5,766	6,048	6,180	6,180	6,073	6,753	6,938	7,048	7,152	7,421
53	Philippines	1,247	1,910	2,145	2,145	1,871	1,842	1,713	1,645	1,521	1,402
54	Thailand	1,573	1,713	1,867	1,867	1,796	1,737	1,678	1,794	1,763	1,865
55	Middle Eastern oil-exporting countries[5]	10,749	8,284	18,559	18,559	17,083	17,775	19,048	17,909	17,937	17,437
56	Other	13,106	7,796	8,735	8,735	5,989	8,171	6,988	7,005	5,151	6,476
57	Africa	5,445	4,928	4,289	4,289	4,262	4,147	3,907[r]	3,767	3,661	3,809
58	Egypt	380	294	194	194	171	291	192	151	151	178
59	Morocco	513	575	441	441	421	403	396	396	420	416
60	South Africa	1,525	1,235	1,041	1,041	1,069	1,030	1,011	924	803	746
61	Zaire	16	4	4	4	3	3	3	3	3	3
62	Oil-exporting countries[6]	1,486	1,298	1,004	1,004	1,067	1,108	1,140	1,128	1,134	1,166
63	Other	1,525	1,522	1,605	1,605	1,531	1,312	1,165[r]	1,165	1,150	1,300
64	Other	1,892	2,306	3,007	3,007	2,632	3,345	3,753	3,251	3,208	3,309
65	Australia	1,413	1,665	2,263	2,263	1,896	2,552	3,117	2,635	2,534	2,574
66	Other	479	641	744	744	736	793	636	616	674	735
67	Nonmonetary international and regional organizations[7]	4,793	6,283	5,082	5,082	3,100	4,108	3,322	2,417	1,682	2,014

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 and Eastern European countries not listed in line 23. Since December 1992, has included, in addition, all former parts of the U.S.S.R. (except Russia), and Bosnia-Hercegovina, Croatia, and Slovenia.
4. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Claim	1990	1991	1992	1992	1993					
				Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[p]
1 **Total**	**579,044**	**579,683**	**555,799**	**555,799**	...	...	**527,858**	...	...	...
2 Banks' claims	511,543	514,339	495,761	495,761	484,670	495,033	475,969	469,454	459,319	482,058
3 Foreign public borrowers	41,900	37,126	31,245	31,245	32,972	30,349	33,631	30,266	29,579	28,547
4 Own foreign offices[2]	304,315	318,800	299,916	299,916	291,819	305,438	292,938	285,497	280,950	296,726
5 Unaffiliated foreign banks	117,272	116,602	109,788	109,788	101,868	102,737	97,073	97,837	94,719	95,530
6 Deposits	65,253	69,018	60,949	60,949	52,707	50,634	48,778	47,808	47,339	46,858
7 Other	52,019	47,584	48,839	48,839	49,161	52,103	48,295	50,029	47,380	48,672
8 All other foreigners	48,056	41,811	54,812	54,812	58,011	56,509	52,327	55,854	54,071	61,255
9 Claims of banks' domestic customers[3]	67,501	65,344	60,038	60,038	...	...	51,889	...	...	...
10 Deposits	14,375	15,280	15,452	15,452	...	...	12,000	...	...	...
11 Negotiable and readily transferable instruments[4]	41,333	37,125	31,454	31,454	...	...	27,283	...	...	...
12 Outstanding collections and other claims	11,792	12,939	13,132	13,132	...	...	12,606	...	...	...
MEMO										
13 Customer liability on acceptances	13,628	8,974	8,700	8,700	...	...	7,959	...	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	44,638	40,297	33,604	33,604	36,127	36,801	36,425	32,962	33,816	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.
Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1989	1990	1991	1992			1993
				June	Sept.	Dec.	Mar.[r]
1 **Total**	**238,123**	**206,903**	**195,302**	**196,776**	**187,272**	**195,517**	**182,703**
By borrower							
2 Maturity of one year or less	178,346	165,985	162,573	162,382	155,072	163,873	152,704
3 Foreign public borrowers	23,916	19,305	21,050	20,400	17,739	17,689	21,140
4 All other foreigners	154,430	146,680	141,523	141,982	137,333	146,184	131,564
5 Maturity of more than one year	59,776	40,918	32,729	34,394	32,200	31,644	29,999
6 Foreign public borrowers	36,014	22,269	15,859	15,165	13,314	13,268	12,199
7 All other foreigners	23,762	18,649	16,870	19,229	18,886	18,376	17,800
By area							
Maturity of one year or less							
8 Europe	53,913	49,184	51,835	55,123	55,964	53,865	55,295
9 Canada	5,910	5,450	6,444	7,986	5,949	6,118	7,890
10 Latin America and Caribbean	53,003	49,782	43,597	48,983	45,241	50,316	45,154
11 Asia	57,755	53,258	51,059	41,343	40,664	45,726	37,910
12 Africa	3,225	3,040	2,549	2,127	2,183	1,784	1,680
13 All other[3]	4,541	5,272	7,089	6,820	5,071	6,064	4,775
Maturity of more than one year							
14 Europe	4,121	3,859	3,878	6,752	6,624	5,380	4,896
15 Canada	2,353	3,290	3,595	3,158	3,227	3,290	3,117
16 Latin America and Caribbean	45,816	25,774	18,277	16,847	15,111	15,159	14,387
17 Asia	4,172	5,165	4,459	5,018	4,853	5,015	5,033
18 Africa	2,630	2,374	2,335	2,356	2,107	2,390	2,130
19 All other[3]	684	456	185	263	278	410	436

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Maturity is time remaining to maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1989	1990	1991 June	1991 Sept.	1991 Dec.	1992 Mar.	1992 June	1992 Sept.	1992 Dec.	1993 Mar.	1993 June[p]
1 **Total**	**340.9**	**320.1**	**322.3**	**338.4**	**343.6**	**349.8**	**357.4**	**343.9**	**345.6**	**361.8[r]**	**378.5**
2 G-10 countries and Switzerland	152.9	132.2	130.3	135.0	137.6	131.1	136.3	137.5	134.0	143.8[r]	151.3
3 Belgium and Luxembourg	6.3	5.9	6.1	5.8	6.0	5.3	6.2	6.2	5.6	6.1[r]	7.0
4 France	11.7	10.4	10.5	11.1	11.0	10.0	12.0	15.5	15.4	13.6[r]	13.8
5 Germany	10.5	10.6	8.3	9.7	8.3	8.4	8.8	10.9	9.3	9.9[r]	10.8
6 Italy	7.4	5.0	3.6	4.5	5.6	5.4	8.0	6.4	6.5	6.7[r]	7.6
7 Netherlands	3.1	3.0	3.3	3.0	4.7	4.3	3.3	3.7	2.8	3.7	3.7
8 Sweden	2.0	2.2	2.5	2.1	1.9	2.0	1.9	2.2	2.3	3.0	2.5
9 Switzerland	7.1	4.4	3.3	3.9	3.4	3.2	4.6	5.2	4.8	5.3[r]	4.8
10 United Kingdom	67.2	60.9	59.5	65.6	68.5	64.8	65.9	61.9	61.4	66.5	75.3
11 Canada	5.4	5.9	8.2	5.8	5.8	6.6	6.7	6.7	6.6	8.6	8.1
12 Japan	32.3	24.0	25.1	23.5	22.6	21.1	18.7	18.9	19.2	20.4[r]	17.8
13 Other industrialized countries	21.0	22.9	21.3	22.1	22.8	21.5	25.5	25.1	24.1	25.5[r]	27.2
14 Austria	1.5	1.4	1.1	1.0	.6	.8	.8	.8	1.2	1.2[r]	1.3
15 Denmark	1.1	1.1	1.2	.9	.9	.8	1.3	1.5	.9	.8	1.0
16 Finland	1.0	.7	.8	.6	.7	.8	.8	1.0	.7	.7	.9
17 Greece	2.5	2.7	2.4	2.3	2.6	2.3	2.8	3.0	3.0	2.8	3.1
18 Norway	1.4	1.6	1.5	1.4	1.4	1.5	1.7	1.6	1.2	1.8	1.8
19 Portugal	.4	.6	.6	.5	.6	.5	.5	.5	.4	.7	.9
20 Spain	7.1	8.3	7.1	8.3	8.3	7.7	10.1	9.8	9.0	9.5[r]	10.5
21 Turkey	1.2	1.7	1.9	1.6	1.4	1.2	1.5	1.5	1.3	1.4	2.2
22 Other Western Europe	1.0	1.2	1.1	1.3	1.8	1.5	2.0	1.5	1.7	2.0	1.8
23 South Africa	2.0	1.8	1.8	1.6	1.9	1.8	1.7	1.7	1.7	1.6	1.3
24 Australia	1.6	1.8	2.0	2.4	2.7	2.3	2.3	2.3	2.9	2.9[r]	2.5
25 OPEC[2]	17.1	12.8	14.0	15.6	14.5	15.8	16.2	15.9	16.1	16.9[r]	15.9
26 Ecuador	1.3	1.0	.9	.8	.7	.7	.7	.7	.6	.6	.6
27 Venezuela	7.0	5.0	5.3	5.6	5.4	5.4	5.3	5.4	5.2	5.3	5.6
28 Indonesia	2.0	2.7	2.6	2.8	2.7	3.0	3.0	3.0	3.0	3.1	3.1
29 Middle East countries	5.0	2.5	3.7	5.0	4.2	5.3	5.9	5.4	6.2	6.7	5.4
30 African countries	1.7	1.7	1.5	1.5	1.5	1.4	1.4	1.4	1.1	1.1[r]	1.2
31 Non-OPEC developing countries	77.5	65.4	64.4	64.7	63.9	69.7	68.1	72.9	72.2	74.2[r]	77.3
Latin America											
32 Argentina	6.3	5.0	4.6	4.5	4.8	5.0	5.1	6.2	6.6	7.0	6.6
33 Brazil	19.0	14.4	11.6	10.5	9.6	10.8	10.6	10.8	10.8	11.6	12.5
34 Chile	4.6	3.5	3.6	3.7	3.6	3.9	4.0	4.2	4.4	4.6	4.3
35 Colombia	1.8	1.8	1.6	1.6	1.7	1.6	1.6	1.7	1.8	1.9	1.9
36 Mexico	17.7	13.0	14.3	16.2	15.5	17.7	16.3	17.1	16.0	16.8	16.9
37 Peru	.6	.5	.5	.4	.4	.4	.4	.5	.5	.4	.4
38 Other	2.8	2.3	2.0	1.9	2.1	2.2	2.2	2.5	2.6	2.6	3.4
Asia											
China											
39 Peoples Republic of China	.3	.2	.6	.4	.3	.3	.3	.3	.7	.6	1.6
40 Republic of China (Taiwan)	4.5	3.5	4.1	4.1	4.1	4.8	4.6	5.0	5.2	5.3	5.9
41 India	3.1	3.3	3.0	2.8	3.0	3.6	3.8	3.6	3.2	3.1	3.1
42 Israel	.7	.5	.5	.5	.5	.4	.4	.4	.4	.5	.4
43 Korea (South)	5.9	6.2	6.9	6.5	6.8	6.9	6.9	7.4	6.6	6.5	6.9
44 Malaysia	1.7	1.9	2.1	2.3	2.3	2.5	2.7	3.0	3.0	3.3	3.7
45 Philippines	4.1	3.8	3.7	3.6	3.7	3.6	3.1	3.6	3.6	3.4	2.9
46 Thailand	1.3	1.5	1.7	1.9	1.7	1.7	1.9	2.2	2.2	2.2	2.4
47 Other Asia[3]	1.0	1.7	1.8	2.0	2.0	2.3	2.5	2.7	2.7	2.7	2.6
Africa											
48 Egypt	.4	.4	.4	.4	.4	.3	.5	.3	.2	.2	.2
49 Morocco	.9	.8	.7	.7	.7	.7	.7	.6	.6	.5	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.8	.8	.7	.7	.6	.9	1.0	.8[r]	.9
52 Eastern Europe	3.5	2.3	2.1	1.8	2.4	2.9	3.0	3.1	3.1	2.9	3.3
53 Russia	.7	.2	.4	.4	.9	1.4	1.7	1.8	1.9	1.7	1.9
54 Yugoslavia	1.6	1.2	1.0	.8	.9	.8	.7	.7	.6	.6	.6
55 Other	1.3	.9	.7	.7	.7	.6	.6	.7	.6	.7	.8
56 Offshore banking centers	38.4	44.7	50.2	54.6	54.2	60.9	59.4	52.3	55.0	59.0[r]	58.0
57 Bahamas	5.5	2.9	6.8	6.7	11.9	14.5	12.2	8.1	5.6	8.7[r]	6.9
58 Bermuda	1.7	4.4	4.2	7.1	2.3	3.9	5.1	3.8	6.2	4.1	4.5
59 Cayman Islands and other British West Indies	9.0	11.7	14.9	13.8	15.8	17.4	18.1	15.7	19.9	17.6[r]	16.1
60 Netherlands Antilles	2.3	7.9	1.4	3.9	1.2	1.0	.8	.7	1.1	1.6	2.5
61 Panama[4]	1.4	1.4	1.3	1.3	1.4	1.4	1.7	1.8	1.7	1.9	1.9
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.3	9.7	14.3	14.0	14.4	14.0	15.0	15.2	13.8	16.7	16.8
64 Singapore	7.0	6.6	7.2	7.7	7.1	8.5	6.4	6.8	6.5	8.4	9.2
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	30.5	39.9	40.0	44.4	48.0	47.8	48.6	36.8	41.0	39.3	45.5

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type of liability and area or country	1989	1990	1991	1991	1992				1993
					Dec.	Mar.	June	Sept.	Dec.	Mar.
1	**Total**	**38,764**	**46,043**	**43,453**	**43,453**	**44,193**	**44,109**	**45,184**	**43,144**	**43,966**
2	Payable in dollars	33,973	40,786	38,061	38,061	38,735	37,616	36,792	35,739	36,015
3	Payable in foreign currencies	4,791	5,257	5,392	5,392	5,458	6,493	8,392	7,405	7,951
	By type									
4	Financial liabilities	17,879	21,066	21,872	21,872	22,185	21,756	23,281	22,047	22,674
5	Payable in dollars	14,035	16,979	17,760	17,760	17,957	16,714	16,546	15,700	16,109
6	Payable in foreign currencies	3,844	4,087	4,112	4,112	4,228	5,042	6,735	6,347	6,565
7	Commercial liabilities	20,885	24,977	21,581	21,581	22,008	22,353	21,903	21,097	21,292
8	Trade payables	8,070	10,683	8,662	8,662	9,125	9,715	9,586	9,046	9,873
9	Advance receipts and other liabilities	12,815	14,294	12,919	12,919	12,883	12,638	12,317	12,051	11,419
10	Payable in dollars	19,938	23,807	20,301	20,301	20,778	20,902	20,246	20,039	19,906
11	Payable in foreign currencies	947	1,170	1,280	1,280	1,230	1,451	1,657	1,058	1,386
	By area or country									
	Financial liabilities									
12	Europe	11,660	10,978	11,805	11,805	12,349	12,728	13,767	12,530	12,995
13	Belgium and Luxembourg	340	394	217	217	174	194	256	434	299
14	France	258	975	2,106	2,106	1,997	2,324	2,785	1,608	1,610
15	Germany	464	621	682	682	666	634	738	740	751
16	Netherlands	941	1,081	1,056	1,056	1,025	979	980	606	639
17	Switzerland	541	545	408	408	355	490	627	569	503
18	United Kingdom	8,818	6,357	6,329	6,329	7,238	7,244	7,580	7,910	8,632
19	Canada	610	229	267	267	283	337	320	491	551
20	Latin America and Caribbean	1,357	4,153	4,404	4,404	4,092	3,373	3,462	3,515	3,544
21	Bahamas	157	371	537	537	396	343	220	349	594
22	Bermuda	17	0	114	114	114	114	115	114	114
23	Brazil	0	0	6	6	8	10	18	19	18
24	British West Indies	724	3,160	3,144	3,144	2,960	2,232	2,408	2,342	2,142
25	Mexico	6	5	7	7	7	8	12	12	13
26	Venezuela	0	4	4	4	4	4	5	6	5
27	Asia	4,151	5,295	5,338	5,338	5,366	5,229	5,642	5,477	5,534
28	Japan	3,299	4,065	4,102	4,102	4,107	4,136	4,609	4,451	4,562
29	Middle East oil-exporting countries[2]	2	5	13	13	13	10	17	19	24
30	Africa	2	2	6	6	7	0	5	6	6
31	Oil-exporting countries[3]	0	0	4	4	6	0	0	0	0
32	All other[4]	100	409	52	52	88	89	85	28	44
	Commercial liabilities									
33	Europe	9,071	10,310	8,126	8,126	7,666	7,309	6,879	6,704	6,661
34	Belgium and Luxembourg	175	275	248	248	256	240	173	287	143
35	France	877	1,218	957	957	678	659	688	663	669
36	Germany	1,392	1,270	944	944	880	702	744	621	613
37	Netherlands	710	844	709	709	574	605	601	556	666
38	Switzerland	693	775	575	575	543	461	430	398	532
39	United Kingdom	2,620	2,792	2,310	2,310	2,445	2,404	2,262	2,250	2,156
40	Canada	1,124	1,261	990	990	1,095	1,077	1,085	892	929
41	Latin America and Caribbean	1,224	1,672	1,352	1,352	1,701	1,803	1,496	1,586	1,620
42	Bahamas	41	12	3	3	13	8	3	6	18
43	Bermuda	308	538	310	310	493	409	338	293	437
44	Brazil	100	145	219	219	230	212	115	203	107
45	British West Indies	27	30	107	107	108	73	85	57	87
46	Mexico	323	475	304	304	375	475	322	444	385
47	Venezuela	164	130	94	94	168	279	125	130	167
48	Asia	7,550	9,483	9,330	9,330	9,890	10,439	11,006	10,787	10,840
49	Japan	2,914	3,651	3,720	3,720	3,549	3,537	3,909	3,994	4,007
50	Middle Eastern oil-exporting countries[2,5]	1,632	2,016	1,498	1,498	1,591	1,778	1,813	1,792	1,723
51	Africa	886	844	713	713	644	775	675	556	574
52	Oil-exporting countries[3]	339	422	327	327	253	389	335	295	236
53	Other[4]	1,030	1,406	1,070	1,070	1,012	950	762	572	668

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1989	1990	1991	1991	1992				1993
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**33,173**	**35,348**	**42,233**	**42,233**	**40,899**	**41,037**	**38,345**	**38,039**	**41,016[r]**
2 Payable in dollars	30,773	32,760	39,688	39,688	38,281	38,071	35,460	35,562	38,291[r]
3 Payable in foreign currencies	2,400	2,589	2,545	2,545	2,618	2,966	2,885	2,477	2,725[r]
By type									
4 Financial claims	19,297	19,874	25,264	25,264	24,289	24,037	21,311	21,041	22,051[r]
5 Deposits	12,353	13,577	17,290	17,290	16,262	15,056	12,436	12,615	12,714[r]
6 Payable in dollars	11,364	12,552	16,415	16,415	15,076	13,717	11,353	11,826	11,658[r]
7 Payable in foreign currencies	989	1,025	875	875	1,186	1,339	1,083	789	1,056[r]
8 Other financial claims	6,944	6,297	7,974	7,974	8,027	8,981	8,875	8,426	9,337[r]
9 Payable in dollars	6,190	5,280	7,094	7,094	7,305	8,277	7,868	7,688	8,611[r]
10 Payable in foreign currencies	754	1,017	880	880	722	704	1,007	738	726
11 Commercial claims	13,876	15,475	16,969	16,969	16,610	17,000	17,034	16,998	18,965[r]
12 Trade receivables	12,253	13,657	14,244	14,244	14,044	14,538	14,330	14,711	16,901[r]
13 Advance payments and other claims	1,624	1,817	2,725	2,725	2,566	2,462	2,704	2,287	2,064
14 Payable in dollars	13,219	14,927	16,179	16,179	15,900	16,077	16,239	16,048	18,022[r]
15 Payable in foreign currencies	657	548	790	790	710	923	795	950	943[r]
By area or country									
Financial claims									
16 Europe	8,463	9,645	13,724	13,724	14,243	13,225	11,433	9,514	10,218[r]
17 Belgium and Luxembourg	28	76	13	13	12	25	16	8	6[r]
18 France	153	371	314	314	279	788	811	776	905[r]
19 Germany	152	367	335	335	285	377	319	399	378[r]
20 Netherlands	238	265	385	385	727	732	767	537	566[r]
21 Switzerland	153	357	591	591	682	780	602	507	493
22 United Kingdom	7,496	7,971	11,445	11,445	11,669	8,789	7,915	6,130	6,838
23 Canada	1,904	2,934	2,716	2,716	2,753	2,533	2,245	1,721	2,095[r]
24 Latin America and Caribbean	8,020	6,201	7,689	7,689	6,200	6,849	6,452	8,326	5,720[r]
25 Bahamas	1,890	1,090	758	758	493	523	1,099	618	302
26 Bermuda	7	3	8	8	12	12	65	40	79
27 Brazil	224	68	144	144	143	134	396	496	592
28 British West Indies	5,486	4,635	6,304	6,304	5,124	5,759	4,449	6,530	4,286[r]
29 Mexico	94	177	212	212	212	244	239	286	235
30 Venezuela	20	25	40	40	34	32	26	29	23
31 Asia	590	860	675	675	642	975	727	846	3,263
32 Japan	213	523	385	385	380	728	481	683	3,066
33 Middle East oil-exporting countries[2]	8	8	5	5	3	4	4	3	8
34 Africa	140	37	57	57	60	57	71	79	128
35 Oil-exporting countries[3]	12	0	1	1	0	0	1	9	1
36 All other[4]	180	195	403	403	391	398	383	555	627
Commercial claims									
37 Europe	6,209	7,044	7,935	7,935	7,842	8,087	7,742	7,442	8,269[r]
38 Belgium and Luxembourg	242	212	192	192	181	255	172	184	167[r]
39 France	964	1,240	1,542	1,542	1,560	1,561	1,739	1,392	1,396[r]
40 Germany	696	807	940	940	933	905	870	880	939[r]
41 Netherlands	479	555	643	643	646	666	588	541	724[r]
42 Switzerland	313	301	295	295	323	394	294	260	426[r]
43 United Kingdom	1,575	1,775	2,084	2,084	2,082	2,169	1,973	1,799	2,277[r]
44 Canada	1,091	1,074	1,109	1,109	1,115	1,058	1,105	1,192	1,185[r]
45 Latin America and Caribbean	2,184	2,375	2,562	2,562	2,544	2,653	3,113	2,827	3,375[r]
46 Bahamas	58	14	11	11	11	9	7	18	18[r]
47 Bermuda	323	246	263	263	272	291	245	237	195[r]
48 Brazil	297	326	418	418	364	438	395	336	818[r]
49 British West Indies	36	40	41	41	45	32	43	39	17
50 Mexico	508	661	801	801	865	829	942	837	962[r]
51 Venezuela	147	192	202	202	206	251	302	317	336[r]
52 Asia	3,570	4,127	4,558	4,558	4,343	4,456	4,300	4,649	5,281[r]
53 Japan	1,199	1,460	1,878	1,878	1,782	1,786	1,793	1,850	2,146[r]
54 Middle Eastern oil-exporting countries[2]	518	460	621	621	635	609	511	677	766[r]
55 Africa	429	488	418	418	418	422	430	540	451[r]
56 Oil-exporting countries[3]	108	67	95	95	75	73	60	78	75
57 Other[4]	393	367	387	387	348	324	344	348	404[r]

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction and area or country	1991	1992	1993 Jan.– June	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[r]	1993 June[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	211,207	221,307	147,373	22,725	19,170	28,753	27,013	25,090	23,083	24,264
2 Foreign sales	200,116	226,428	141,034	20,382	19,353	25,980	24,548	25,417	22,299	23,437
3 **Net purchases or sales (−)**	**11,091**	**−5,121**	**6,339**	**2,343**	**−183**	**2,773**	**2,465**	**−327**	**784**	**827**
4 **Foreign countries**	**10,522**	**−5,154**	**6,065**	**2,319**	**−178**	**2,683**	**2,308**	**−335**	**788**	**799**
5 Europe	53	−4,912	2,430	1,505	52	2,271	975	−646	−621	399
6 France	9	−1,350	−291	−154	−25	223	−183	−154	−86	−66
7 Germany	−63	−65	518	162	91	97	103	141	4	82
8 Netherlands	−227	−262	97	190	64	−11	68	32	35	−91
9 Switzerland	−131	168	1,570	221	205	501	356	280	50	178
10 United Kingdom	−352	−3,301	−372	705	−350	1,135	476	−1,140	−689	196
11 Canada	3,845	1,407	−681	176	−341	57	176	91	−132	−532
12 Latin America and Caribbean	2,177	2,203	1,307	422	305	−235	410	246	509	72
13 Middle East[1]	−134	−88	−129	70	−92	−65	−13	7	56	−22
14 Other Asia	4,255	−3,943	3,218	122	−123	593	763	2	910	1,073
15 Japan	1,179	−3,598	−194	215	28	−624	250	−530	452	230
16 Africa	153	10	15	−7	4	27	2	−48	10	20
17 Other countries	174	169	−95	31	17	35	−5	13	56	−211
18 **Nonmonetary international and regional organizations**	**568**	**33**	**274**	**24**	**−5**	**90**	**157**	**8**	**−4**	**28**
BONDS[2]										
19 Foreign purchases	153,096	215,041	128,742	19,264	17,220	21,934	25,223	20,850	19,336	24,179
20 Foreign sales	125,637	175,560	105,872	15,391	15,454	18,896	23,275	15,802	15,286	17,159
21 **Net purchases or sales (−)**	**27,459**	**39,481**	**22,870**	**3,873**	**1,766**	**3,038**	**1,948**	**5,048**	**4,050**	**7,020**
22 **Foreign countries**	**27,590**	**38,365**	**23,244**	**3,328**	**1,862**	**3,164**	**2,084**	**5,069**	**4,082**	**6,983**
23 Europe	13,112	17,836	7,941	2,118	1,090	2,143	27	1,612	599	2,470
24 France	847	1,203	1,578	217	101	311	75	508	595	−12
25 Germany	1,577	2,486	725	857	91	52	−57	811	230	−402
26 Netherlands	482	540	−463	48	−119	−133	−178	108	−7	−134
27 Switzerland	656	−579	−419	105	122	−38	11	−239	−219	−56
28 United Kingdom	8,931	12,836	6,425	962	334	2,376	−229	975	−66	3,035
29 Canada	1,623	237	554	−38	−437	145	138	291	20	397
30 Latin America and Caribbean	2,672	9,300	5,049	513	419	482	490	632	1,262	1,764
31 Middle East[1]	1,787	3,166	1,591	360	300	248	263	463	115	202
32 Other Asia	8,459	7,545	7,903	119	305	149	1,216	2,082	2,062	2,089
33 Japan	5,767	−450	3,640	9	190	61	595	991	940	863
34 Africa	52	354	208	302	168	27	−10	0	21	2
35 Other countries	−116	−73	−2	−46	17	−30	−40	−11	3	59
36 **Nonmonetary international and regional organizations**	**−131**	**1,116**	**−374**	**545**	**−96**	**−126**	**−136**	**−21**	**−32**	**37**
	Foreign securities									
37 Stocks, net purchases or sales (−)[3]	−31,967	−32,268	−21,720	−4,376	−2,351	−1,571	−4,565	−4,022	−3,768	−5,443
38 Foreign purchases	120,598	150,022	99,298	12,782	12,732	15,055	17,447	19,292	16,404	18,368
39 Foreign sales[3]	152,565	182,290	121,018	17,158	15,083	16,626	22,012	23,314	20,172	23,811
40 Bonds, net purchases or sales (−)	−14,828	−18,277	−27,271	−2,866	−5,107	−9,528	−4,629	−1,268	−420	−6,319
41 Foreign purchases	330,311	486,238	349,570	39,617	38,545	56,046	70,126	55,768	58,795	70,290
42 Foreign sales	345,139	504,515	376,841	42,483	43,652	65,574	74,755	57,036	59,215	76,609
43 **Net purchases or sales (−), of stocks and bonds**	**−46,795**	**−50,545**	**−48,991**	**−7,242**	**−7,458**	**−11,099**	**−9,194**	**−5,290**	**−4,188**	**−11,762**
44 **Foreign countries**	**−46,711**	**−53,881**	**−48,527**	**−7,196**	**−6,451**	**−11,237**	**−8,925**	**−5,569**	**−4,521**	**−11,824**
45 Europe	−34,452	−37,557	−34,906	−4,507	−6,486	−6,669	−3,084	−3,255	−5,273	−10,139
46 Canada	−7,004	−6,635	−10,297	−1,167	−161	−5,028	−3,034	−816	19	−1,277
47 Latin America and Caribbean	759	−2,298	1,011	511	195	25	68	−903	1,122	504
48 Asia	−7,350	−6,629	−3,419	−1,678	−394	539	−2,477	−528	−182	−377
49 Africa	−9	−2	−217	−11	−7	3	−18	−18	−186	9
50 Other countries	1,345	−760	−699	−344	402	−107	−380	−49	−21	−544
51 **Nonmonetary international and regional organizations**	**−84**	**3,336**	**−464**	**−46**	**−1,007**	**138**	**−269**	**279**	**333**	**62**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.
3. In a July 1989 merger, the former stockholders of a U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1991	1992	1993 Jan.–June	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[r]	1993 June[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**19,865**	**39,288**	**3,238**	**14**	**439**	**–1,273**	**6,129**	**4,255**	**–761**	**–5,551**
2 Foreign countries	19,687	37,935	1,403	–188	–144	–2,166	5,577	4,416	–479	–5,801
3 Europe	8,663	19,625	–1,548	3,173	–600	–382	–3,826	1,517	188	1,555
4 Belgium and Luxembourg	523	1,985	954	–28	–59	45	622	–387	647	86
5 Germany	–4,725	2,076	–9,570	898	697	–1,632	–2,757	–1,382	–3,396	–1,100
6 Netherlands	–3,735	–2,959	–142	–804	–1,238	206	66	731	486	–393
7 Sweden	–663	–804	886	–344	–54	258	–540	–100	649	673
8 Switzerland	1,007	488	–1,946	213	–199	–455	–1,569	–719	108	888
9 United Kingdom	6,218	24,184	10,633	2,833	2,025	183	672	2,659	2,948	2,146
10 Other Western Europe	10,024	–5,995	–2,808	405	–1,774	975	–509	576	–1,355	–721
11 Eastern Europe	13	650	445	0	2	38	189	139	101	–24
12 Canada	–3,019	562	7,915	–99	3,302	82	2,490	1,386	522	133
13 Latin America and Caribbean	10,285	–3,222	–8,893	–4,519	–1,495	445	–537	–2,020	–3,880	–1,406
14 Venezuela	10	539	389	11	–175	179	154	74	152	5
15 Other Latin America and Caribbean	4,179	–1,956	–5,479	415	–3,309	–1,656	–471	1,096	–1,863	724
16 Netherlands Antilles	6,097	–1,805	–3,803	–4,945	1,989	1,922	–220	–3,190	–2,169	–2,135
17 Asia	3,367	23,517	6,270	1,184	–1,136	–1,032	7,215	3,837	3,014	–5,628
18 Japan	–4,081	9,817	9,813	2,201	–743	804	3,457	3,348	3,311	–364
19 Africa	689	1,103	–92	0	–33	–139	–66	67	–2	81
20 Other	–298	–3,650	–2,249	73	–182	–1,140	301	–371	–321	–536
21 Nonmonetary international and regional organizations	178	1,353	1,835	202	583	893	552	–161	–282	250
22 International	–358	1,018	726	76	228	581	56	–228	–318	407
23 Latin American regional	–72	533	611	97	270	235	1	16	–17	106
MEMO										
24 Foreign countries	19,687	37,935	1,403	–188	–144	–2,166	5,577	4,416	–479	–5,801
25 Official institutions	1,190	6,876	–9,102	–715	–2,980	–4,364	–657	2,710	–3,046	–765
26 Other foreign[2]	18,496	31,059	10,505	527	2,836	2,198	6,234	1,706	2,567	–5,036
Oil-exporting countries										
27 Middle East[2]	–6,822	4,317	–4,681	505	–238	–1,855	811	114	–1,070	–2,443
28 Africa[3]	239	11	2	0	8	0	0	–6	0	0

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

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

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

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on Aug. 31, 1993		Country	Rate on Aug. 31, 1993		Country	Rate on Aug. 31, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.25	July 1993	Germany	6.75	July 1993	Norway	7.5	July 1993
Belgium	6.0	July 1993	Italy	9.0	July 1993	Switzerland	4.5	July 1993
Canada	4.99	Aug. 1993	Japan	2.5	July 1992	United Kingdom	12.0	Sept. 1992
Denmark	9.25	July 1993	Netherlands	5.75	July 1993			
France[2]	6.75	July 1993						

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	1990	1991	1992	1993 Feb.	Mar.	Apr.	May	June	July	Aug.
1 Eurodollars	8.16	5.86	3.70	3.12	3.11	3.10	3.12	3.21	3.17	3.14
2 United Kingdom	14.73	11.47	9.56	6.10	5.91	5.90	5.91	5.83	5.88	5.79
3 Canada	13.00	9.07	6.76	6.38	5.59	5.43	5.29	4.91	4.48	4.56
4 Germany	8.41	9.15	9.42	8.29	7.85	7.81	7.41	7.51	7.12	6.49
5 Switzerland	8.71	8.01	7.67	5.34	5.05	4.97	4.97	4.99	4.62	4.56
6 Netherlands	8.57	9.19	9.25	7.98	7.47	7.43	6.98	6.64	6.45	6.27
7 France	10.20	9.49	10.14	11.70	10.89	8.73	7.48	7.19	7.72	7.47
8 Italy	12.11	12.04	13.91	11.43	11.26	11.41	10.74	10.18	9.42	9.20
9 Belgium	9.70	9.30	9.31	8.75	8.27	7.94	7.16	6.87	7.12	8.95
10 Japan	7.75	7.33	4.39	3.27	3.26	3.22	3.24	3.23	3.22	3.03

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	1990	1991	1992	1993					
				Mar.	Apr.	May	June	July	Aug.
1 Australia/dollar[2]	78.069	77.872	73.521	70.775	71.155	69.859	67.492	67.788	67.767
2 Austria/schilling	11.331	11.686	10.992	11.586	11.234	11.305	11.637	12.071	11.926
3 Belgium/franc	33.424	34.195	32.148	33.919	32.857	33.044	34.009	35.483	35.997
4 Canada/dollar	1.1668	1.1460	1.2085	1.2471	1.2621	1.2698	1.2789	1.2820	1.3074
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.7455	5.7202	5.7392	5.7504	5.7756	5.7899
6 Denmark/krone	6.1899	6.4038	6.0372	6.3242	6.1339	6.1751	6.3380	6.6531	6.8984
7 Finland/markka	3.8300	4.0521	4.4865	5.9767	5.6190	5.4847	5.5674	5.7852	5.8289
8 France/franc	5.4467	5.6468	5.2935	5.5944	5.3984	5.4180	5.5700	5.8464	5.9329
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.6466	1.5964	1.6071	1.6547	1.7157	1.6951
10 Greece/drachma	158.59	182.63	190.81	223.57	217.90	218.12	225.45	234.77	237.73
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7332	7.7306	7.7290	7.7362	7.7556	7.7517
12 India/rupee	17.492	22.712	28.156	31.939	31.610	31.613	31.668	31.600	31.611
13 Ireland/pound[2]	165.76	161.39	170.42	147.58	152.75	151.65	147.47	140.83	139.05
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,591.35	1,536.14	1,475.66	1,505.05	1,586.02	1,603.87
15 Japan/yen	145.00	134.59	126.78	117.02	112.41	110.34	107.41	107.69	103.72
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.6051	2.5777	2.5661	2.5696	2.5672	2.5516
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.8507	1.7942	1.8026	1.8559	1.9299	1.9073
18 New Zealand/dollar[2]	59.619	57.832	53.792	53.026	53.904	54.290	53.949	54.900	55.264
19 Norway/krone	6.2541	6.4912	6.2142	6.9989	6.7399	6.8027	6.9986	7.3179	7.3611
20 Portugal/escudo	142.70	144.77	135.07	152.17	148.25	151.89	157.63	167.87	173.36
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6446	1.6228	1.6136	1.6175	1.6206	1.6102
22 South Africa/rand	2.5885	2.7633	2.8524	3.1790	3.1718	3.1787	3.2408	3.3518	3.3654
23 South Korea/won	710.64	736.73	784.58	796.42	798.61	803.19	805.91	809.58	811.96
24 Spain/peseta	101.96	104.01	102.38	117.71	115.64	121.30	127.11	134.93	138.67
25 Sri Lanka/rupee	40.078	41.200	44.013	47.069	47.712	47.965	48.073	48.643	48.750
26 Sweden/krona	5.9231	6.0521	5.8258	7.7362	7.4500	7.3271	7.4541	7.9802	8.0405
27 Switzerland/franc	1.3901	1.4356	1.4064	1.5206	1.4599	1.4504	1.4769	1.5147	1.4973
28 Taiwan/dollar	26.918	26.759	25.160	26.026	25.987	25.978	26.267	26.682	26.951
29 Thailand/baht	25.609	25.528	25.411	25.425	25.251	25.234	25.214	25.331	25.192
30 United Kingdom/pound[2]	178.41	176.74	176.63	146.17	154.47	154.77	150.82	149.55	149.16
MEMO									
31 United States/dollar[3]	89.09	89.84	86.61	93.65	90.62	90.24	91.81	94.59	94.33

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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- Federal Reserve Regulatory Service, $250.00 per year.
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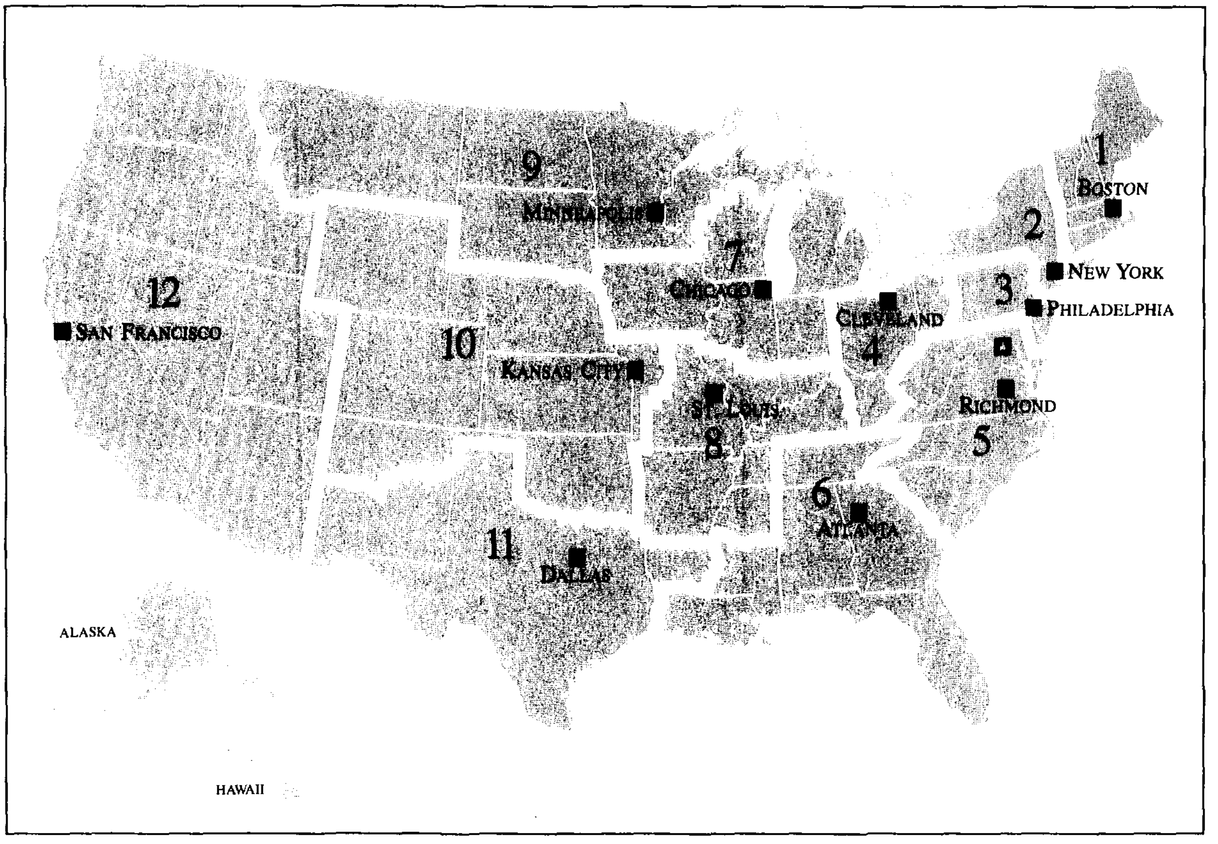
Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

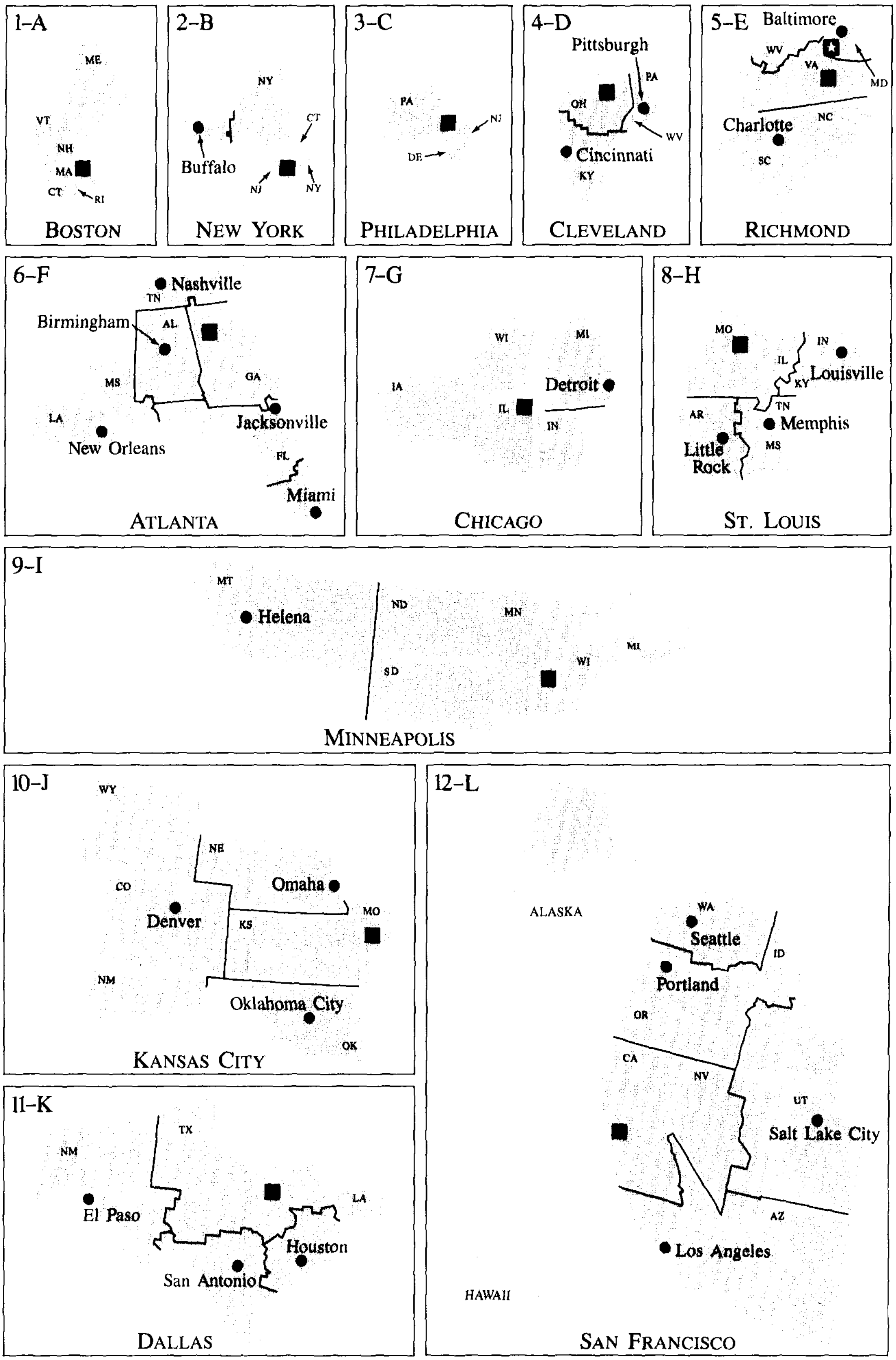
— Branch boundary

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.



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PA
NJ
DE
PHILADELPHIA
4-D
Pittsburgh
PA
OH
WV
Cincinnati
KY
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5-E
Baltimore
WV
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MD
Charlotte
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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 Warren B. Rudman	Richard F. Syron Cathy E. Minehan	
NEW YORK*	10045	Ellen V. Futter Maurice R. Greenberg	William J. McDonough James H. Oltman	
Buffalo	14240	Joseph J. Castiglia		James O. Aston
PHILADELPHIA	19105	Jane G. Pepper James M. Mead	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds G. Watts Humphrey, Jr.	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	Marvin Rosenberg		Charles A. Cerino[1]
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart[1]
RICHMOND*	23219	Anne Marie Whittemore Henry J. Faison	J. Alfred Broaddus, Jr. Jimmie R. Monhollon	
Baltimore	21203	Rebecca Hahn Windsor		Ronald B. Duncan[1]
Charlotte	28230	Anne M. Allen		Walter A. Varvel[1]
Culpeper Communications and Records Center	*22701*			John G. Stoides[1]
ATLANTA	30303	Edwin A. Huston Leo Benatar	Robert P. Forrestal Jack Guynn	Donald E. Nelson[1]
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Nashville	37203	James R. Tuerff		Melvyn K. Purcell
New Orleans	70161	Lucimarian Roberts		Robert J. Musso
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Memphis	38101	Seymour B. Johnson		John P. Baumgartner
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Helena	59601	James E. Jenks		John D. Johnson
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Portland	97208	William A. Hilliard		E. Ronald Liggett[1]
Salt Lake City	84125	Gary G. Michael		Andrea P. Wolcott
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1. Senior Vice President.