VOLUME 79 □ NUMBER 9 □ SEPTEMBER 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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Monetary Policy Report to the Congress

Report submitted to the Congress on July 20, 1993, pursuant to the Full Employment and Balanced Growth Act of 1978[1]

MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1993 AND 1994

In February, when the Federal Reserve prepared its monetary policy plans for 1993, the broad trends in the economy appeared favorable. After a hesitant beginning, the economic expansion had picked up steam in the latter part of 1992, while inflation seemed still to be headed downward. Most members of the Federal Open Market Committee and nonvoting presidents anticipated that 1993 would be a good year for growth and would also see further progress toward price stability.

As the year has unfolded, however, the economy's performance has fallen short of these expectations. Economic growth has slowed appreciably from the pace late last year; in part, this has reflected a retreat in business and consumer confidence and the effects on our trade balance of weakness in a number of other industrial countries. Like most private forecasters, the Board members and Bank presidents generally have trimmed their projections of growth in real gross domestic product for the year as a whole, although they continue to foresee increases in output large enough to extend the reduction in the unemployment rate that began last summer. Events on the price side also have been disappointing. The inflation rate in the first part of this year was higher than in late 1992. There is evidence that some of the pickup in the consumer price index may have reflected difficulties in seasonal adjustment, and price data for the past couple of months have been much more favorable. Nonetheless, a broad array of indicators points to a leveling out of the underlying inflation trend.

In this circumstance, and with short-term interest rates unusually low, especially when compared with inflation, the Federal Reserve recognized a need to be alert to the possibility that the balance of risks in the economy could shift soon in a direction dictating some firming of policy; failure to act in a timely manner could lead to a buildup of inflationary pressures, to adverse reactions in financial markets, and ultimately to the disruption of the growth process. To this point, however, the moderate thrust of aggregate demand and considerable slack in the economy, taken together with the more subdued price data of late, do not suggest that a sustained upswing in inflation is at hand. Accordingly, the Federal Reserve has not adjusted its monetary policy instruments.

The pace of economic growth in the final quarter of 1992 was not expected to be sustained, but the slowing in the first quarter of 1993 was surprisingly sharp. With the exception of business fixed investment, the slowdown cut across the major categories of final demand. After stepping up their spending in late 1992, consumers became more pessimistic about their economic prospects and more cautious in their spending decisions; the uncertainty surrounding the efforts to reduce the federal deficit may have been a factor in the weakening of household sentiment. Housing activity, which also had been exceptionally strong late last year, hit a lull—even before the March blizzard on the East Coast—and real defense purchases plunged. Moreover, net exports deteriorated sharply, as exports declined and imports surged; the drop in exports was attributable in part to continued weak growth in some other industrial countries and in part was an adjustment to the big increase in late 1992.

The more recent statistical indicators, taken together, point to a resumption of moderate growth in real GDP in the second quarter. Most notably, on the positive side, the increase in aggregate hours

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

worked for the quarter as a whole—a useful indicator of movements in overall output—was the largest of the current expansion. Sales of motor vehicles also exhibited considerable vigor. But other key indicators were less robust. In particular, after allowing for the effects of the blizzard, consumer spending on items other than motor vehicles was lackluster, and housing activity improved only modestly. In the manufacturing sector, orders generally remained soft, and factory output, after having posted solid gains over the preceding seven months, is estimated to have declined somewhat over May and June.

Broad measures of inflation picked up in early 1993, with monthly increases through April in the upper part of the range of the past couple of years. Although readings on consumer and producer prices were much more favorable in May and June, the cumulative price and wage data for the year to date suggest that underlying inflation has flattened out, after having trended down over the preceding two years. Excluding the especially volatile food and energy components, the twelve-month change in the CPI has held in the range of 3¼ to 3½ percent since the summer of 1992.

In financial markets, short-term interest rates have changed little so far in 1993, while intermediate- and long-term interest rates have fallen ¾ to 1 percentage point, reaching their lowest levels in more than twenty years. The decline in longer-term rates seems largely to have been a response to the enhanced prospects for credible fiscal restraint, though the slower pace of economic expansion may also have played a role. Falling interest rates have helped stock market indexes set new records. Despite a decline in the dollar versus the yen, the average value of the dollar on a trade-weighted basis relative to G-10 currencies has risen, on balance, since the end of 1992. Although foreign intermediate-term interest rates have been down, on average, about as much as U.S. interest rates, short-term rates abroad have decreased substantially relative to U.S. rates, as foreign monetary authorities have taken steps to bolster weak economies.

Declining U.S. market interest rates contributed to robust growth in narrow measures of money and in reserves over the first half of the year, but broad monetary aggregates were very weak and their velocities continued to show exceptional increases. Credit demands on depositories remained quite subdued relative to spending, considerable depository credit was funded from nonmonetary sources, and savers continued to demonstrate a marked preference for capital market instruments over money stock assets.

In part because of the drop in bond and stock yields, as well as the desire to strengthen balance sheets, corporate borrowers have continued to concentrate credit demands on long-term securities markets, using the proceeds in part to repay bank loans; business loans at banks have not grown this year, although there were tentative signs of a pickup over May and June. Total lending and credit growth at banks has risen only slightly from the depressed pace of 1992, and these institutions have therefore not needed to pursue deposits. Thrifts have continued to contract but at a much slower pace than in recent years.

Banks have eased lending standards for smaller firms for several quarters, and they recently relaxed standards for medium- and large-sized firms as well. An increased willingness to lend on the part of banks has been associated with considerably more comfortable capital positions. Banks have continued to strengthen their balance sheets by issuing large volumes of equity and subordinated debt while retaining a substantial amount of earnings. As a result, the portion of the industry that is well-capitalized (taking account of supervisory ratings as well as capital ratios) increased from about one-third at the end of 1991 to more than two-thirds by March 1993.

In turning to equity and other nondeposit funds, banks have reduced the share of depository credit that is financed by monetary liabilities. Depositors, for their part, have continued to shift funds into capital markets, attracted by still-high returns in these markets relative to earnings on deposits. Inflows into bond and equity mutual funds have run at record levels this year, and banks have facilitated investing in mutual fund products by increasingly offering them in their lobbies. As a consequence of these various forces, M2 increased at only a ¾ percent annual rate from its fourth-quarter 1992 average through June, while M3 fell slightly. The sum of M2 and estimated household holdings of long-term mutual funds grew at about a 4¾ percent rate from the fourth quarter through June, a pace little changed from that of recent years.

Debt growth has edged up this year, despite a deceleration in nominal spending, perhaps buoyed by improvements in financial positions achieved over the past few years by both borrowers and lenders. Investment outlays are estimated to have exceeded the internal funds of corporations for the first time in two years, while household borrowing has picked up relative to spending. In addition, Treasury financing needs have remained heavy. Nevertheless, nonfinancial debt has grown at only a 5 percent rate this year.

Monetary Objectives for 1993 and 1994

In reviewing the annual ranges for the monetary aggregates in 1993, the Federal Open Market Committee (FOMC) noted that the relationship of broadly defined money to income has continued to depart from historical patterns. The annual velocities of these aggregates last fell in 1986, and their prolonged upward movements since then strongly suggest breaks from previous long-run trends of flat velocity for M2 and slowly decreasing velocity for M3. The rise in the velocity measures has been particularly surprising in the last four years, a period of declining interest rates, normally associated with a reduction in velocity.

In February, anticipating that further balance sheet restructuring and portfolio shifts from deposits to mutual funds would result in further increases in velocity, the FOMC lowered the 1993 growth ranges for M2 and M3 by ½ percentage point from the provisional ranges set in July 1992. In fact, velocities of the broad monetary aggregates have been especially strong; in the first quarter of 1993, the velocities of M2 and M3 posted substantial increases of 6¼ percent and 8 percent, respectively, and appear to have recorded additional, but smaller, gains in the second quarter. As a consequence, at its meeting this month, the Committee reduced the 1993 range for M2 by an additional percentage point and the range for M3 by another ½ percentage point, leaving them at 1 to 5 percent for M2 and 0 to 4 percent for M3.

The reductions of these growth ranges represented further technical adjustments in response to actual and anticipated increases in velocity and not a shift in monetary policy, which remains focused on fostering sustainable economic expansion while making continued progress toward price stability. With further substantial increases in velocities, continued sluggish expansion of M2 and M3, which are now at the lower ends of their revised ranges, would be consistent with an acceptable track for the economy. Also at the July meeting, the annual monitoring range for the domestic nonfinancial debt aggregate was reduced by ½ percentage point, to 4 to 8 percent; growth in this aggregate is likely to continue to be roughly in line with that of nominal GDP.

Although the future behavior of the velocities of broad money aggregates was recognized to be difficult to predict with precision at a time of ongoing structural changes in the financial sector, it appeared likely that the forces contributing to the unusual strength in velocities would continue for some time, and the FOMC carried forward the revised 1993 ranges for the monetary and debt aggregates to 1994 as well. With considerable uncertainty persisting about the relationship of the monetary aggregates to spending, the behavior of the aggregates relative to their annual ranges will likely be of limited use in guiding policy over the next eighteen months, and the Federal Reserve will continue to utilize a broad range of financial and economic indicators in assessing its policy stance.

1. Ranges for growth of monetary and debt aggregates [1]
Percent

Aggregate	1992	1993 As of February	1993 As of July	1994
M2	2½–6½	2–6	1–5	1–5
M3	1–5	½–4½	0–4	0–4
Debt [2]	4½–8½	4½–8½	4–8	4–8

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Domestic nonfinancial sector.

Economic Projections for 1993 and 1994

The members of the Board of Governors and the Reserve Bank presidents, all of whom participate in the deliberations of the FOMC, generally anticipate that economic activity will strengthen in the second half of 1993 and continue to expand moderately in 1994. The growth of output is likely to be accompanied by further gains in productivity, but increases in employment are projected to be large enough to keep the unemployment rate moving down. Inflation is not expected to change materially over this period.

The economic growth forecasted by the Board members and Reserve Bank presidents for 1993 is somewhat weaker than that forecasted in February, mainly because of the shortfall in real growth in the first quarter. Most expect output gains over the balance of the year to be large enough to result in a four-quarter change in real gross domestic product in the range of 2¼ percent to 2¾ percent; for 1994, the central tendency of the forecasts spans a range of 2½ to 3¼ percent. The civilian unemployment rate, which averaged 7 percent in the second quarter of 1993, is projected to fall to the area of 6¾ percent by the fourth quarter of this year and to drop slightly further over the course of 1994.

Recent developments in the financial sphere should be conducive to the sustained increases in spending projected for the quarters ahead. The financial positions of many households and businesses have continued to improve, and banks are showing signs of greater willingness to make loans. Short-term interest rates are relatively low, and the appreciable declines in long-term interest rates over the past several months should further the process of balance sheet adjustment and are anticipated to provide considerable impetus to business investment and residential construction. It is likely that business investment also will continue to be bolstered by the ongoing push to improve products and boost efficiency through the use of state-of-the-art equipment. Moreover, with at least a moderate pickup in average growth in foreign industrial countries, the external sector should be exerting a less negative influence on economic activity in the United States.

Despite the improvement in financial conditions, there are reasons to be cautious about the near-term outlook. Efforts this year to bring the federal budget deficit under control already have helped to ease pressures on long-term interest rates, and a successful agreement to reduce deficits significantly will produce substantial benefits over the longer run. But such actions also are expected to exert some restraint on aggregate demand this year and next. Government outlays for defense will continue to contract, extending the dislocations and disruptions that have been evident for some time in industries and regions that depend heavily on military spending. Prospects for higher taxes may already be influencing the behavior of some households and businesses, and the constraint is likely to intensify in 1994. In addition, uncertainties about prospective federal policies reportedly are weighing on businesses and consumers; although the outcome of the congressional budget deliberations will be known shortly, uncertainties about health care reform are not anticipated to be resolved fully for some time.

Most Board members and Bank presidents expect the rise in the consumer price index over the four quarters of 1993 to be in the range of 3 percent to 3¼ percent, about the same as the increase over the four quarters of 1992. At this stage, the food and energy sectors are not expected to have much effect, on balance, on the broad price measures in 1993, but the flooding in the Midwest raises the risk of higher food prices in the quarters ahead. For 1994, the central tendency forecast is for CPI infla-

2. Economic projections of FOMC members and other FRB presidents for 1993 and 1994
Percent

Item	1993		1994	
	Range	Central tendency	Range	Central tendency
Change, fourth quarter to fourth quarter[1]				
Nominal GDP	4¾–6¼	5–5¾	4½–6¾	5–6½
Real GDP	2–3½	2¼–2¾	2–3¼	2½–3¼
Consumer price index[2]	3–3½	3–3¼	2–4¼	2–3½
Average level, fourth quarter				
Unemployment rate[3]	6½–7	6¾	6¼–7	6½–6¾

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

2. All urban consumers.

3. Civilian labor force.

tion in the range of 3 to 3½ percent, not much different than in 1992 and 1993.

The fundamentals remain consistent with additional disinflation; businesses continue to focus on controlling costs, and slack in labor and product markets is anticipated to decrease only gradually in the period ahead. However, the disappointing price performance in the first half of the year suggests that further progress will not come easily—in part perhaps because inflation expectations remain high. Lowering inflation and inflation expectations over time, and achieving sustained reductions in long-term interest rates, will depend importantly on a monetary policy that remains committed to fostering further progress toward price stability. The performance of prices and the economy also will depend on government policies in other areas. Namely, a sound fiscal policy, a judicious approach to foreign trade issues, and regulatory policies that preserve flexibility and minimize the costs they impose are crucial to reestablishing the disinflation trend of the past couple of years and allowing the economy to perform at its full potential.

The Administration has not yet released the mid-year update to its economic and budgetary projections. However, statements by Administration officials suggest that the revised forecasts for real growth and inflation in 1993 and 1994 are not likely to differ significantly from those of the Federal Reserve.

THE PERFORMANCE OF THE ECONOMY IN 1993

Economic activity has continued to advance in fits and starts. After posting robust gains in the second half of 1992, real GDP rose at an annual rate of less than 1 percent in the first quarter of 1993. The slowing in activity was evident in a broad range of production and spending indicators. The more recent data suggest that the economy expanded at a firmer pace in the second quarter, although growth probably was not as rapid as in the second half of last year.

To some extent, the slackening in economic activity in the first quarter of 1993 can be interpreted as a payback after two quarters of strong growth. In particular, much of the slowing was in consumer spending, where large gains in the second half of 1992 had outpaced income growth by a substantial margin. In addition, there was a sharp contraction in defense spending; although real defense purchases clearly will remain on a downtrend for some time, the first-quarter plunge followed a spurt in the second half of 1992 and is not likely to be repeated in coming quarters. In the external sector, exports declined in the first quarter after a big increase late last year, while imports rose markedly. Activity was also depressed, especially in the housing sector, by unusually bad weather last winter.

Moderate growth in real GDP appears to have resumed in the second quarter. Nonetheless, experience thus far in 1993 has underscored that the impediments to a more rapid pace of economic expansion over the near term remain sizable. Besides defense cutbacks, the process of balance sheet adjustment goes on, as do the restructuring efforts under way at many large firms. Moreover, the continued disappointing economic performance of some major foreign industrial countries is taking a toll on U.S exports. Finally, uncertainties about prospective federal policies on a variety of fronts, although difficult to measure, are reportedly making some businesses and consumers reluctant to make major hiring and spending commitments.

News on the price side was also worrisome in the first half of the year. Month-to-month movements in prices were on the high side through April, but they moderated in May and June. The more favorable recent data helped to ease concerns that a significant pickup in inflation was under way. Nonetheless, the disinflation process seemingly has stalled, with underlying inflation, as measured by the twelve-month change in the CPI excluding food and energy, holding in a narrow band between 3¼ percent and 3½ percent since last summer.

The Household Sector

Growth of consumer spending on goods and services continued in a stop-and-go pattern in early 1993: It hit a lull in the first quarter after surging in the second half of 1992. Averaging through the quarterly data, consumption grew at about a 3 percent annual rate over those three quarters, and available data point to a moderate increase in the second quarter. Housing activity appears to have revived in recent months, after sagging earlier in the year.

Consumer spending increased only about 1 percent at an annual rate in real terms in the first quarter. Outlays for goods were especially weak, down at about a 2 percent annual rate; although a part of the drop was probably attributable to the severe blizzard on the East Coast in March, signs of some retreat in spending had already appeared in January and February. Meanwhile, spending on services remained on the moderate uptrend that had been evident for the past few years.

Spending rose appreciably in April, spurred by a post-blizzard bounce-back in outlays for motor vehicles and other goods. Demand for motor vehicles remained strong through June, resulting in an average sales pace for the quarter of almost 14½ million units (annual rate)—the highest since early 1990. Sales were boosted by the replacement needs of households that put off buying vehicles during the 1990–91 recession and the early recovery period. In addition, price increases—at least for models with domestic nameplates, which have accounted for almost all of the rise in sales this year—have been relatively small, and financing terms favorable. Meanwhile, real spending on goods other than motor vehicles appears to have posted a moderate gain for the quarter as a whole, and outlays for services rose slowly through May.

The downshift in overall spending growth this year does not appear to be attributable to any worsening of the current trends in household incomes and financial positions, but it has coincided with a deterioration in consumer confidence. In contrast to the ebullience evident last fall, surveys conducted by the University of Michigan and the Conference Board this year have found respondents more pessimistic about their job and income prospects. Spending may also have been crimped by smaller-than-usual tax refunds—or larger tax bills—this year. Although the change in withholding schedules in March 1992 raised workers' take-home pay, and thus provided the wherewithal to fund additional purchases last year, many households may well have found themselves less liquid than usual in early 1993. More fundamentally, the slowing in spending appears to reflect a return to trend after a surge that outstripped the rise in real disposable income in the second half of last year. Indeed, after having risen somewhat over the preceding couple of years, the personal saving rate dropped from 5¼ percent in the second quarter of 1992 to 4½ percent in the fourth quarter, in the lower part of the range of recent years. The saving rate retraced some of that decline in the first quarter, but it appears to have fallen back in the spring.

Real disposable income has remained on the moderate uptrend that has been evident for the past several quarters: In May, it stood about 2¼ percent above the level of a year earlier. Growth in wages and salaries has stayed relatively sluggish despite the firmer pace of employment growth this year. Meanwhile, transfer payments have continued to expand, although recent increases have been diminished by a drop in unemployment insurance benefits as the number of unemployed has declined. Interest income, which fell appreciably over 1992, has only edged down thus far this year.

Household financial positions have continued to show signs of improvement. The value of household assets has been buoyed by the rising stock market, while debt growth has remained moderate. Moreover, reductions in interest rates have continued to lower debt-servicing burdens; when measured in relation to disposable income, the repayment burden has fallen back to the levels of the mid-1980s. The incidence of financial stress among households also appears to have eased further. Delinquency rates on consumer loans generally dropped again in the first quarter and are down significantly from their recent peaks, and delinquencies on home mortgages are at the low end of the range of the past decade.

Housing activity turned surprisingly soft in the first quarter, after a burst at the end of 1992. However, the most recent monthly indicators suggest that the sector remains on a path of gradual expansion. In the single-family area, both starts and sales of new homes fell back at the beginning of the year and remained below trend through March. Single-family starts rebounded in April and edged up further in May, lifting the average level for the two months about 5 percent above the first-quarter pace; new home sales gyrated in the spring but also were higher, on average, than in the first quarter.

Undoubtedly, some of the recent improvement reflects a reversal of transitory factors that damped homebuilding in the first quarter. The East Coast blizzard delayed both builders and their customers in March; in addition, the weather for the nation as a whole was slightly worse than usual in January and February. Lumber prices ran up sharply between October and March: As measured by the producer price index, prices rose about one-third over that period, and spot market quotes for some lumber products more than doubled. The jump in lumber costs, which has since been reversed, seems not to have left much of a mark on the prices recorded in sales transactions; indeed, the inability of builders to pass along the cost increases may have accounted for some of the disruption in construction activity.

In any event, low mortgage rates clearly are helping to stimulate housing demand. Interest rates on fixed-rate home mortgages, like most other long-term interest rates, fell to near their twenty-year lows last winter and have since declined further; initial rates on adjustable-rate mortgages have been the lowest since these loans first became widely available at the beginning of the 1980s. Given the trends in house prices, these interest rates have pushed the cost of home purchase—as measured by the share of household income needed to make the mortgage payments on an average home—to the lowest levels since the mid-1970s.

Nonetheless, the trends in house prices this year—small rises in some markets, declines in others—have not been a uniform positive for demand, mainly because they have muted the investment motive for owning a home. Moreover, although most respondents to the Michigan survey in recent months reported that it was a good time to buy a house, only about one-third of those who already owned homes thought it was a good time to sell. In fact, industry reports suggest that first-time homebuyers have accounted for an unusually large share of all home purchases in the past two years, and that sales and prices in many localities have been strongest at the lower end of the market.

Construction of multifamily housing this year has been at its lowest level since the 1950s. These structures—most of which are intended for rental use—now account for less than 5 percent of total residential investment expenditures, compared with a figure of about 15 percent in the mid-1980s. Despite the reduced production in the past several years, vacancy rates and rents have not yet shown clear signs of tightening for the nation overall. By contrast, improvements to all existing housing units have trended up over the past year and now account for nearly one-fourth of total residential construction expenditures.

The Business Sector

Developments in the business sector generally were favorable in the first half of 1993. Business fixed investment, which continued to grow briskly, was boosted by ample profits and cash flow, the relatively low cost of capital, and ongoing efforts to improve productivity. Meanwhile, business balance sheets strengthened further as growth of business debt remained relatively slow and many firms continued to take advantage of lower bond yields and high stock prices to enhance liquidity by funding out short-term liabilities.

Real business fixed investment increased at a 13 percent annual rate in the first quarter of 1993. Real outlays for equipment posted another healthy gain, and investment in structures, which had been on a protracted decline for some time, was about unchanged for a second quarter. The indicators in hand suggest that real business fixed investment remained strong in the second quarter.

Equipment spending has continued to be a mainstay of economic growth. It rose at an annual rate of about 18 percent in real terms in the first quarter, after a 12½ percent rise over the course of 1992. Real outlays for computers and related devices have continued to soar; since early 1991, they have roughly doubled, boosted by product innovations, extensive price-cutting by computer manufacturers, and the ongoing efforts of businesses to achieve efficiencies through the utilization of new information-processing technologies. However, demand for other, more traditional types of equipment also began to grow around the middle of 1992 and continued to expand in early 1993. Domestic purchases of aircraft spurted in the first quarter; but, given the financial problems besetting the airlines, this increase will likely be reversed in coming quarters.

Investment in nonresidential structures appears to be stabilizing after several years of steep declines. Construction outlays were essentially flat in real terms over the fourth and first quarters, and the advance indicators suggest that the bottom has been reached or is close at hand. Trends within the construction sector have been divergent. In the office sector, the excess of unoccupied space remains huge, and spending continues to contract. However, spending for commercial structures other than office buildings, which also had fallen sharply over the past several years, has apparently turned the corner because of both the stronger pace of retail sales over the past year and the ongoing shift of retailing activity to large suburban stores. Outlays for industrial construction have not exhibited the normal cyclical rebound—mainly because utilization of existing capacity has tightened only gradually—but they seem, at least, to be leveling out. Meanwhile, activity in the public utilities sector has continued to trend up, mainly because of capacity expansion at electric utilities but also because of the installation of pollution abatement technology, which the Clean Air Act requires be in place by 1995. In contrast, drilling activity remains depressed.

Nonfarm business inventories, which had shown only small changes, on net, since the middle of 1991, rose considerably last winter and spring. Although the buildup early in the year was likely motivated in part by the need to replenish stocks drawn down by surprisingly strong sales in late 1992, some of the recent increase may be attributable to softer-than-expected sales. Notably, the inventory–sales ratio for non-auto retail stores remained in May around the high end of the range of recent years. By contrast, inventories at factories and at wholesale trade establishments generally seem to be reasonably well aligned with sales.

After advancing markedly over the course of 1992, economic profits of U.S. corporations were little changed overall in the first quarter of 1993. The pretax profits earned by nonfinancial corporations on their domestic operations weakened after a fourth-quarter surge, but they still stood nearly 35 percent above the cyclical low reached in 1991; the upswing in these profits over the past two years has reflected primarily a combination of moderation in labor costs and reductions in net interest expenses. Domestic profits of financial corporations have been buffeted in recent quarters by the losses that insurance companies sustained from major natural disasters; without such losses, domestic financial profits in the first quarter would have surpassed the high reached in the first quarter of 1992.

The farm economy has been beset by numerous weather disruptions so far this year. In the first quarter, severe weather in some regions retarded livestock production and damaged fruit and vegetable crops. In many regions, spring planting was hampered by wet weather, and, in parts of the Midwest, continued heavy rains around mid-year caused major flooding. Because of the planting delays and the floods, uncertainties about acreage and yields are considerably greater than usual for this time of year, and farmers in the flooded regions obviously have suffered financial losses.

Despite the weather-related supply disruptions, farm income and farm financial conditions for the nation as a whole seem to have held up reasonably well in the first half of 1993. On average, farm prices in the first half were slightly above those of a year earlier, with declines for farm crops being offset by higher prices for livestock. Farm subsidies, which have been running well above their 1992 pace, have been lifting farm income and cash flow, and farm investment in new machinery has picked up. The recent jump in crop prices—a consequence of the flooding—will boost the incomes of the many farm producers whose crops are still in good condition.

The Government Sector

Governments at all levels continue to struggle with budgetary difficulties. At the federal level, the unified budget deficit over the first eight months of fiscal year 1993—the period from October to May—totaled $212 billion, somewhat less than during the comparable period of fiscal 1992. However, excluding deposit insurance and adjusting for the inflow of contributions to the Defense Cooperation Account in fiscal 1992, the eight-month deficit was about $230 billion in both fiscal years. In the main, the underlying deficit has failed to drop because the restraint in discretionary spending that was legislated in 1990 and the deficit-closing effects of stronger economic activity have been offset by continued large increases in spending for entitlement programs.

In total, federal outlays in the first eight months of fiscal 1993 were only about 2 percent higher than during the same eight months of fiscal 1992. Outlay growth was damped significantly by a sharp swing in net outlays for deposit insurance that was attributable largely to the improved health of depository institutions. In fact, so far this year, receipts from insurance premiums and proceeds from sales of assets taken over by the government have exceeded by $18½ billion the gross outlays to resolve troubled institutions. Defense spending was also quite weak in the first eight months of fiscal 1993. Outlays for Medicare and Medicaid continued to rise rapidly; however, the increase so far this year—about 10 percent—was only half as large as the one in the preceding year. The deceleration in health care spending appears to stem, in part, from federal regulations issued in 1992 that limit the states' ability to shift Medicaid costs to the federal government.

Federal purchases of goods and services—the part of federal spending included directly in gross domestic product—declined at an annual rate of 18 percent in real terms in the first quarter of 1993. A sharp decrease in defense spending more than accounted for the drop. Real defense purchases have been falling noticeably since early 1991, but the decline has been erratic; at least part of the first-quarter plunge can be interpreted as a correction after a few quarters of surprisingly strong spending. Meanwhile, real nondefense purchases have been almost flat over the past couple of quarters.

Federal receipts in the first eight months of fiscal 1993 were about 5 percent greater than in the same period of a year earlier; the rise was roughly the same as that in nominal GDP. Boosted by the upswing in business profits, corporate taxes rose sharply. However, they account for less than one-tenth of total receipts, and growth in other categories was only moderate in the aggregate.

States and localities continue to face sizable budget deficits: As measured in the national income and product accounts (NIPA), the combined deficit (net of social insurance funds) in the sector's operating and capital accounts has been stuck around $40 billion since late 1990. These outsized deficits have persisted despite ongoing efforts by many governments to adjust spending and taxes. As at the federal level, deficit reduction has been complicated by the upsurge in payments to individuals for health and income support; in the first quarter of 1993, state and local transfer payments for Medicaid and Aid to Families with Dependent Children (in nominal terms) were nearly 20 percent above those of a year earlier.

The deficit-reduction efforts of state and local governments in recent quarters have been concentrated on the spending side. Their purchases of goods and services were nearly flat in real terms in the first quarter of 1993 and have changed little, on net, since early 1992. Outlays for construction, which fell at an annual rate of 7 percent, on average, in the fourth and first quarters, have been especially weak. For all major categories except sewer and water, outlays in recent months have been running significantly below year-earlier levels. State and local employment has continued to expand at the somewhat slower pace that has been evident since 1991, while these governments have continued to hold the line on wages and benefits. The approximately 3½ percent increase in state and local compensation rates over the year ended in March was similar to the rise for workers in private industry; by contrast, in the 1980s, state and local workers received increases that, on average, were more than 1 percentage point per year greater than those in private industry.

Receipts of state and local governments, restrained by the relatively tepid cyclical upswing in the sector's tax bases, have grown only moderately over the past year. Also, these governments have lately been reluctant to raise taxes, after the sizable hikes they enacted in 1990 and 1991. All told, the sector's own-source general receipts, which comprise income, corporate, and indirect business taxes, rose 5 percent over the four quarters ended in the first quarter of 1993, an increase about the same as that in nominal GDP.

The External Sector

Since December 1992, the trade-weighted foreign exchange value of the dollar has risen about 5 percent, on balance, in terms of the currencies of the other Group of Ten (G-10) countries. This net increase has reflected much larger movements in the dollar's value against individual currencies: In particular, a sharp decline against the Japanese yen was more than offset by substantial increases against major European currencies.

Relative to the monthly average for December 1992, the dollar has declined nearly 15 percent against the yen to record lows, prompting heavy Japanese official purchases of dollars and moderate dollar purchases by U.S. authorities. The strengthening of the yen has occurred despite the weak performance of the Japanese economy and market expectations that Japanese short-term interest rates will remain near historically low levels over the next year; it seems to be based largely on the perception that Japan's external surplus, which has grown rapidly over this period, is not sustainable.

Against the German mark, the dollar has risen almost 10 percent since December, reflecting a substantial easing of German interest rates and the expectation of further declines in light of the sharp contraction in German economic activity. The dollar has also appreciated against other European currencies, and it has remained little changed against the Canadian dollar.

Economic activity in the major foreign industrial countries generally has been sluggish so far this year. The recovery in Canada now seems to be reasonably well established, and real GDP in the United Kingdom has been growing slowly. However, continental Europe remained in recession in the first quarter, with a sizable reduction in real GDP in western Germany; recent indicators point to continued weakness in the second quarter. After falling for much of 1992, Japanese real GDP advanced in the first quarter, a rise in large part reflecting the effects of earlier fiscal measures; however, indicators for the second quarter are mixed, and the appreciation of the yen will likely result over time in a drag on net exports.

Unemployment rates have continued to rise (into the double-digit range in many instances) in the countries still in recession; even in the countries showing signs of recovery, unemployment has remained high. Partly as a consequence, wage pressures have ebbed, and underlying inflation has continued to decelerate, on average. A notable exception is western Germany, where the CPI rose more than 4 percent over the twelve months ended in June, partly because of an increase in the value-added tax early this year and large increases in the prices of housing services.

In contrast to the overall weakness of activity in foreign industrial countries, real growth so far this year in major developing countries, especially in Asia, appears to have remained at around the strong pace of 1992.

After expanding rapidly at the end of 1992, real merchandise exports declined during the first quarter of 1993, but they bounced back to their fourth-quarter 1992 high in April and May. Shipments to developing countries, which had risen sharply over 1992, dropped back during the January-to-May period. In the aggregate, exports to industrial countries rose somewhat in the first five months of 1993, but Canada and the United Kingdom accounted for most of the increase.

Real merchandise imports, extending the rapid pace of growth recorded over the four quarters of 1992, rose sharply over the first five months of 1993. Trade in computers continued to soar and was responsible for about one-third of the increase in merchandise imports. More broadly, imports were boosted by the rapid growth of U.S. domestic final demand in the second half of 1992 and inventory restocking this year. In addition, the prices of non-oil imports, reflecting the lagged effects of the appreciation of the dollar during the last quarter of 1992, fell somewhat in the first quarter; much of that decline appears to have been reversed in the second quarter. The price of oil imports fluctuated in a relatively narrow range over the first half of 1993. Mild weather and strong OPEC production pushed oil prices down early in the year, but prices subsequently retraced the decline on signs that OPEC would effectively curb production. Recently, oil prices have dropped on Kuwait's decision not to participate in OPEC's quota allocations for the third quarter and speculation that Iraq may be allowed to resume exporting sooner than had been expected.

The merchandise trade deficit widened to $116 billion (at an annual rate) in the first quarter of 1993, nearly $10 billion greater than in the second half of 1992; it increased somewhat further in April and May, on average. With moderate increases in net income from direct investments and a slight further widening of the surplus on net service transactions, the deficit in the current account deficit rose somewhat less than the trade deficit, to $89 billion (annual rate) in the first quarter, compared with $83 billion in the second half of 1992.

Net capital inflows recorded in the first quarter of 1993 were largely attributable to substantial increases in foreign official assets held in the United States, particularly in those of some newly industrializing Asian economies and of certain Latin American countries. Net private capital inflows were relatively small. Private foreigners added significantly to their holdings of U.S. securities, particularly Treasury bonds. However, U.S. net purchases of foreign bonds reached record levels, and net purchases of foreign stocks, although down from peak levels reached in the last half of 1992, remained heavy. New bond issues by foreigners in the United States also were very strong.

Capital inflows associated with foreign direct investment in the United States recovered substantially in the first quarter but remained far below the peaks reached in 1989. Foreign direct investment in the United States apparently has been deterred by unfavorable returns realized on earlier investments and by financial market conditions less favorable to acquisitions. In contrast, capital outflows associated with U.S. direct investment abroad remained strong.

Labor Market Developments

The labor market showed signs of improvement in the first half of 1993. According to the payroll survey, employment increased about 1 million; this number compares with a rise of about 600,000 over the second half of last year and brings the total increase since the cyclical low in 1991 to about 2 million.

Nonetheless, job gains have continued to fall far short of the norms set by earlier business cycle expansions. For example, only in May did payroll employment return to its pre-recession peak, two years after the cyclical trough; by contrast, recessionary job losses typically have been reversed within the first year of the expansion. Job growth has continued to be restrained by the temperate pace of economic activity and employers' ongoing efforts to improve productivity. In addition, firms are confronting cost pressures associated with sizable increases in health insurance premiums and in other fringe benefits; uncertainties about the future course of government policies may also be contributing to the reluctance of some firms to expand their permanent full-time work forces.

Moreover, firms are relying increasingly on temporary workers, in part because doing so affords them greater flexibility in responding to fluctuations in demand for their products. Indeed, employment at personnel supply firms, which consist largely of temporary-help agencies, rose more than 150,000 between December and June. Over the past two years, the increase has been about 500,000; thus, although these firms currently account for less than 2 percent of total payroll employment, they are responsible for one-quarter of the increase in total employment over this period.

Job gains in the first half of 1993 also reflected a continuation of the steady uptrend in employment in health services. In addition, gains occurred at trade establishments, construction payrolls improved with the recent stronger housing activity, and there were scattered increases in services other than health and personnel supply.

Meanwhile, manufacturing employment declined further, on balance, over the first six months of the year. Although factory output increased steadily through April, firms relied mainly on a combination of productivity improvements and longer workweeks to meet their output objectives; in May and June, output decreased somewhat. Job losses in the first half were concentrated in the durable goods sector, with particular weakness at producers of aircraft and motor vehicles. Since its last peak in January 1989, manufacturing employment has fallen about 1¾ million; layoffs in defense-related industries (those industries that depend on defense expenditures for at least 50 percent of their output) have accounted for about one-fifth of the decrease in total factory payrolls.

Employment as measured by the monthly survey of households rose about 900,000 over the first six months of the year—essentially the same as in the payroll series. The number of unemployed fell appreciably at the beginning of the year, and the civilian unemployment rate dropped from 7.3 percent in December to 7.0 percent in February; it has shown little change since that time.

The civilian labor force expanded only moderately over the first six months of 1993—less than 1 percent at an annual rate. Labor force growth continued to be damped by the relatively small increase in the working-age population. In addition, perceptions of meager employment opportunities evidently continued to deter many potential job seekers. The labor force participation rate, which measures the percentage of the working age population that is either employed or looking for work, spurted in late spring; however, this spurt followed a sharp decline earlier in the year, and the level at mid-year was about the same as that in late 1992.

Output-per-hour in the nonfarm business sector declined at an annual rate of 1½ percent in the first quarter, echoing the sharp deceleration in output. Nonetheless, the first-quarter drop followed a string of sizable increases; all told, the rise in productivity over the year ended in the first quarter of 1993 was 1½ percent—smaller than the gains recorded earlier in the economic expansion but still noticeably larger than the norms for the past decade. Productivity growth in the manufacturing sector, where downsizing and restructuring efforts have been under way for some time, has continued to be especially impressive, totaling more than 5 percent over the past year.

Labor compensation has tilted up of late. The employment cost index for private industry—a measure that includes wages and benefits—rose at an annual rate of 4¼ percent over the first three months of the year. Even so, the data are volatile, and the total increase since March 1992 amounted to only 3½ percent; by contrast, this index had risen 4¼ percent over the preceding twelve months, and, as recently as early 1990, the twelve-month change had exceeded 5 percent. The increase in wages over the past year was less than 3 percent, whereas the cost of fringe benefits, pushed up by the steep rise in the cost of medical insurance and by higher payments for workers' compensation, rose more rapidly. Primarily because of the drop in productivity, unit labor costs deteriorated markedly in the first quarter, but they still were up less than 2 percent over the past year.

Price Developments

Inflation exhibited considerable month-to-month volatility in the first half of the year. Broad measures of inflation picked up somewhat in early 1993, with monthly readings through April in the upper part of the range of the past couple of years. However, price changes at the consumer and the producer levels were small in May and June. Cutting through the monthly data, the disinflation process evident in 1991 and 1992 seems to have stalled, with underlying inflation, as measured by the twelve-month change in the CPI excluding food and energy, holding in the range of 3¼ percent to 3½ percent that has prevailed since last summer. The total CPI, held down by essentially flat energy prices, has risen 3 percent over the past twelve months.

The CPI for food increased at an annual rate of 2 percent in the first half of 1993, a shade above the rate of increase during 1992. Meat prices jumped sharply during the first few months of the year as production fell short of year-earlier levels. In addition, the prices of fresh vegetables were boosted during the spring by weather-related production setbacks in several regions of the country. By late spring, these supply problems had abated, and the June CPI brought price declines in food categories where the sharpest upward pressures previously had been evident. Since the end of June, however, farm crop prices have moved up in response to the severe flooding in the Midwest. The increases in crop prices have already been reflected in the form of large advances in some commodity price indexes and have raised the possibility that renewed upward pressures on consumer food prices could soon emerge.

Consumer energy prices changed little, on net, over the first half of the year. With world oil markets remaining relatively quiescent, the price of West Texas intermediate generally fluctuated between $18 and $20 per barrel but has weakened recently. Retail prices for refined petroleum products changed fairly little on the whole through April and dropped, on balance, in May and June. Residential natural gas prices rose considerably over the first half, in part because of inventory adjustments associated with last winter's colder-than-usual weather; although recent declines in wellhead prices suggest that some of the increase at the retail level may be retraced in coming months, over the longer haul, natural gas prices are being supported by an ongoing shift toward the use of cleaner-burning fuels.

All told, the CPI excluding food and energy increased at an annual rate of 3½ percent over the first half of the year, after rising 3 percent over the second half of 1992. The CPI for goods soared in January and February, with large increases reported for several items. Apparel prices jumped early in the year, in part because strong sales in late 1992 limited the need for post-Christmas markdowns.

Some retailers may also have seen opportunities to widen profit margins on other merchandise; the recent decrease in prices of home furnishings, for example, suggests that not all of these increases stuck.

Increases in prices of non-energy services were steadier but also somewhat larger than in 1992. Part of the step-up was in shelter costs, which account for about half of non-energy services and had posted some unsustainably small increases last summer. However, the substantial deceleration in medical care prices (for both goods and services) that has been in train over the past few years extended into 1993. In fact, the CPI for medical care rose only about 6 percent over the twelve months ended in June; this increase was among the smallest of the past decade.

To some extent, the higher underlying CPI inflation rates in the first half of 1993 may be a statistical phenomenon that will be reversed in the second half: Indeed, over the past several years, price increases early in the year have tended to exceed those for the year as a whole, even after seasonal adjustment by the Bureau of Labor Statistics. But, even allowing for this phenomenon, inflation seems to have leveled out. The lack of further deceleration is puzzling in light of the considerable slack in labor and product markets. One possible explanation is that the pickup in economic activity late last year may have triggered a round of price increases; if so, some deceleration in prices is likely in the wake of the subdued performance of the economy in the first half. Another may be the apparent failure of inflation expectations, as measured by various surveys of consumers and businessmen, to reflect fully the reduction in actual inflation over the past few years; although the survey measures vary considerably, respondents seem to share a sense that inflation has bottomed out.

Prices received by domestic producers have slowed in recent months, after undergoing a pickup earlier in the year. All told, the twelve-month change in the producer price index for finished goods other than food and energy was less than 2 percent in June, down somewhat from a year earlier. At earlier stages of processing, where price movements tend to track cyclical fluctuations in demand, prices of intermediate materials (excluding food and energy) firmed a little early in the year, but they subsequently moderated; although the pattern was exaggerated by the spike in lumber prices, it was evident for some other materials as well. In commodity markets, prices of precious metals have moved up sharply over the past couple of months, and some scattered increases have been evident elsewhere. More broadly, however, industrial commodity prices were down slightly, on net, over the first half of the year.

MONETARY AND FINANCIAL DEVELOPMENTS IN 1993

Monetary policy in 1993 has been directed toward the goal of sustaining the economic expansion while preserving and extending the progress made toward price stability in recent years. In the first half of the year, economic activity slowed markedly from the very rapid pace of the fourth quarter, while inflation indicators fluctuated widely. Although inflation readings were a source of concern for the Federal Open Market Committee, the intensification of price pressures did not seem likely to be sustained over an extended period, and reserve conditions were kept unchanged. With short-term rates steady, prices of fixed-income securities were buoyed by prospects for significant fiscal restraint and by a slowing of the economic expansion, although fears of a pickup in inflation at times prompted partial reversals in bond rates. Yield spreads on private securities relative to Treasury rates remained historically narrow, and stock price indexes set new records.

The monetary aggregates have been sluggish this year, as both the share of depository institutions in overall debt finance and the proportion of depository credit funded with monetary liabilities have fallen further. The reduced role for depositories largely reflects weak demands for loans and deposits by the public. Corporate borrowers have continued to issue heavy volumes of stocks and bonds in part to pay down bank debt, while households have withdrawn deposits to invest in bond and equity funds that finance, among others, corporate issuers. After two years of no growth, bank loans weakened further early this year, but increased fairly vigorously in May and June, posting a small net gain for the first six months of the year. The growth of nonfinancial sector debt so far this year has edged up from the subdued pace of 1992, despite a deceleration of nominal spending, as investment spending is estimated to have exceeded the internal funds of corporations, household borrowing has picked up relative to spending, and Treasury financing needs have remained heavy.

The Implementation of Monetary Policy

Early in the year, incoming data suggested that the faster pace of economic activity that had emerged in the third quarter of 1992 had been maintained through year-end. Indicators of industrial production, retail sales, business fixed investment, and residential construction activity all posted solid gains. Financial impediments to the expansion appeared to be diminishing as the balance sheets of households, business firms, and financial institutions continued to improve, although money and credit growth remained weak. Wage and price data suggested a continuing trend toward lower inflation. Intermediate- and long-term interest rates had declined somewhat, in part reflecting a view that the new Administration's fiscal stimulus package was likely to be modest and that material reductions in future deficits were in prospect. The economic outlook remained clouded, however, by uncertainties regarding details of fiscal policy plans, continued restructuring and downsizing of large businesses, and lingering restraints on credit supplies. At its early February meeting, the FOMC decided that its directive to the Federal Reserve Bank of New York regarding domestic open market operations should retain a symmetric stance regarding possible reactions over the intermeeting period to incoming indicators; such a directive, which implied no presumption in how quickly changes in operations should be made toward tightness or ease, had been instituted in December, following directives that had been biased toward easing over much of the previous two years.

Economic activity appeared to decelerate in the early months of the year, however, in part because of adverse weather conditions, with softness in retail sales, housing starts, and nonresidential construction. Bank credit was failing to expand significantly, while broad money was declining because of temporary factors and a weak underlying trend. Although short-term interest rates were little changed, bond markets rallied further on weaker economic activity and improved prospects for fiscal restraint, which would reduce the government's demand for credit. Long-term rates fell to the lowest levels in almost twenty years in early March, before backing up somewhat on reports of a second month of substantial increases in consumer and producer prices. The drop in interest rates buoyed stock markets to record highs and contributed to a small decline in the weighted-average value of the dollar. The dollar depreciated substantially against the yen, as market attention focused on Japan's growing trade surplus.

Signs of price pressures were a concern for the FOMC, but the fundamentals of continued slack in labor and capital utilization, subdued unit labor costs, and protracted weakness in credit and broad money suggested that a higher trend inflation rate was not setting in. With the economy slowing, reserve pressures were kept unchanged and a symmetric policy directive was retained at the meeting in March.

After pausing in March, producer and consumer prices leaped again in April. Long-term interest rates backed up further in response; the price of gold surged, and the dollar fell more rapidly. With the Japanese authorities buying dollars in foreign exchange markets, the U.S. Treasury and the Federal Reserve also purchased dollars for yen in late April. After extended weakness, the monetary aggregates jumped in early May by more than could be explained by temporary factors.

At its May meeting, the FOMC was confronted with weak output growth and intensified inflation readings. It was difficult to identify reasons for this juxtaposition. Price increases by business firms in early 1993 could have reflected optimism engendered by strong demand conditions in the second half of 1992 or an upward adjustment of inflation expectations. However, considerable slack remained in labor and product markets, and the pace of economic activity had slowed markedly. The Committee concluded that no policy adjustment was needed at its meeting, but the risks of increased inflation and inflation expectations warranted a directive that contemplated a relatively prompt tightening of reserve pressures if signs of intensifying inflation continued to multiply.

The subsequent readings on inflation for May and June were subdued; moreover, evidence of heightened inflation expectations did not emerge in markets for fixed-income securities. Consequently, the stance of monetary policy was not changed following the May FOMC meeting. The dollar rebounded on foreign exchange markets in June and early July in the wake of the fall of the Japanese government and evidence that economic conditions in Europe had deteriorated further.

On balance, since the beginning of the year, short-term interest rates are little changed, while intermediate- and long-term rates have fallen ¾ to 1 percentage point, reaching the lowest levels in more than twenty years. In particular, the thirty-year Treasury bond has reached a low of 6.54 percent, while the ten-year Treasury note has touched 5.71 percent, its lowest level since 1971. The interest rate on fixed-rate thirty-year mortgages has dropped to 7.16 percent, a record low in the twenty-two year history of the series. The fall in intermediate-term interest rates in the United States was roughly matched on average abroad, and the trade-weighted value of the dollar in terms of G-10 currencies has increased about 5 percent from its December average, as overseas economies weakened and foreign short-term rates declined substantially.

Monetary and Credit Flows

Growth of the broad money measures was quite slow over the first half of 1993, falling below the subdued pace of 1992, and leaving them near the lower arms of the revised growth cones for 1993. This deceleration did not, however, reflect a moderation in overall credit flows or a tightening in financial conditions. Rather, it resulted from a further diversion of credit flows from depository institutions as well as continued financing of depository credit through capital accumulation rather than deposits. Indeed, growth of the debt of all nonfinancial sectors is estimated to have edged up this year—to 5 percent—despite an apparent slowing in nominal GDP. Continued substantial demand for credit by the federal government as well as more comfortable financial positions and consequent signs of a greater willingness to borrow and lend by private sectors likely supported debt expansion. Nevertheless, overall debt growth remains in the lower portion of its revised 4 to 8 percent annual range for 1993. Nonfederal debt growth has expanded at a still-modest 3¼ percent pace, after two years of even weaker growth.

Taking advantage of low long-term interest rates and the strong stock market, businesses have issued an exceptionally large volume of bonds and equity; the proceeds have been used mainly to refund other marketable debt and repay bank loans. Stresses associated with the restructuring of the economy and the earlier buildup of debt linger. However, downgradings of corporate debt by rating agencies have dropped well below the peak levels of a few years ago, and a growing number of firms have received upgradings, as corporate cash flows have strengthened substantially relative to interest expenses.

Debt service burdens of households also have continued to decline relative to disposable income, as households have repaid high interest debt or taken advantage of lower rates to refinance. Indeed, the decline in long-term interest rates during the year has brought a new surge of refinancings of mortgages. With balance sheets improved, households have become somewhat more willing to borrow, and consumer credit has begun growing moderately after two years of weakness. Some of that growth, though, may reflect heavy promotion of credit cards carrying special incentives for use in transactions, such as "frequent-flier miles" or merchandise discounts. Net mortgage debt is estimated to have grown only a bit more than the low rate of 1992.

Gross issuance of state and local government debt has been particularly robust this year. However, refunding volume has accounted for nearly 70 percent of the offerings, compared with about 45 percent in 1992, a record year for refundings. Net debt of state and local governments has grown only moderately again in 1993. The budgetary situations of some state and local governments have improved, as tax receipts have been stronger than expected, but severe financial problems remain in other locales.

With corporate borrowers still relying heavily on financing through capital markets, and depository lending spreads over market rates remaining high, the trend decline in the share of total credit flows provided by depository institutions was extended through the first half of 1993. From the fourth quarter of 1992 to June, bank credit expanded at a 4¼ percent annual rate, only a slight pickup from the sluggish pace of the previous two years. Securities acquisitions accounted for most of the expansion, as loans increased at only a 1¾ percent rate. The growth of securities portfolios at banks in part reflects additions to holdings of securitized mortgage and consumer loans; bank financing of consumer spending and real estate transactions is thus stronger than indicated by bookings of loans in those sectors. Although commercial and industrial loans have been about flat on balance so far this year, a few signs of easing in bank lending terms and conditions have recently emerged, and business loans rebounded in May and June. Judging by business loan growth at smaller banks so far this year, a pickup has occurred in lending to smaller nonfinancial firms. Thus, the continuing weakness in overall business loan growth does not appear to be driven primarily by restrictive supply conditions but rather by the preference of larger firms to fund through capital markets.

Lower market interest rates over the past few years have helped strengthen the financial positions of banks and thrifts. The lower rates have resulted in capital gains on securities and improved interest margins—as deposit rates have fallen more than lending rates. Lower rates also have helped bank borrowers by decreasing interest expenses and boosting economic activity, thereby reducing loan loss provisions for banks. Banks posted record earnings in 1992 and remained very profitable in early 1993; prices of their shares on equity markets have risen substantially.

Thrift institutions have continued to contract in 1993, though at a much slower pace than over the past four years. A lack of funding for the Resolution Trust Corporation caused a hiatus in the closure of institutions under its conservatorship. However, privately operated thrifts have not expanded and the industry continues to consolidate.

Slower growth in nominal GDP, moderate demand for credit relative to spending, and the reduced share of credit provided by depositories have all contributed to the lack of significant growth in the broad monetary aggregates this year. Another factor inhibiting money growth has been continued substantial funding of bank and thrift assets with subordinated debt and equity issues as well as with retained earnings—all a byproduct of ongoing efforts to build capital positions. Only about one-third of the industry (by asset volume) had capital ratios and supervisory ratings high enough at the end of 1991 to be considered well-capitalized, but more than two-thirds was so positioned by early 1993. About $10 billion was added to bank equity and subordinated debt during the first quarter, a pace about the same as that in 1992; data on new debt and equity issues indicate another sizable gain over the second quarter.

Depositories have also recently relied more heavily on other nondeposit sources of funds. Weak economies and credit demand abroad have prompted the U.S. offices of foreign banks to draw more funding from overseas and the domestic offices of U.S. banks to reduce foreign lending this year. Overall shifts from deposits to other sources of funding may be driven partly by regulatory inducements—including higher insurance premiums on deposits and incentives to bolster capital. But changes in investor preferences from short-term deposits to longer-term debt and equity may also be playing a role in motivating the restructuring of bank and thrift sources of funds.

Greater reliance by borrowers on capital markets has been facilitated by concurrent shifts in saving preferences away from monetary assets and into capital market investments. Such portfolio realignments are evident in record inflows to bond and stock mutual funds, and money balances were also likely invested directly in stocks and bonds. The incentives for what appears to be an extraordinary adjustment of household portfolios are varied. Interest rates paid on retail time deposits, NOW accounts, and money market deposit accounts (MMDAs) have fallen well below any rate offered since the inception of deregulated deposits in the early 1980s, and savings deposit rates are now the lowest in more than thirty years. The shock effect

3. Distribution of assets of domestic commercial banks, by adjusted capital category [1]

Percent

Capital category	End of year		March 1993
	1991	1992	
Well capitalized	34	68	70
Adequately capitalized	45	22	20
Undercapitalized	21	10	10

1. Capital categories adjusted for overall supervisory rating according to the rule of thumb of downgrading a bank by one category for a low examination rating by its supervisory agency (CAMEL 3, 4, or 5).

of historically low deposit interest rates caused many depositors to investigate alternative investments. With the yield curve extraordinarily steep, much higher returns have been available in recent years on longer-term investments. A bond or stock mutual fund offers investors a chance to earn these higher yields and still enjoy liquidity features, including in some cases a check-writing facility. However, investment in such a mutual fund carries with it a higher risk of loss as well, because unlike monetary assets, its principal value fluctuates with market prices. Indeed, the higher yield on bonds relative to short-term instruments probably anticipates some capital losses. Whether all households accurately assess relative risks when comparing returns recently earned on mutual funds with those on money balances remains an open question.

Shifts into mutual funds have become much easier and less costly for households, most notably because many banks have begun offering mutual funds for sale in their lobbies. While many banks now offer discount brokerage services, a survey by the Federal Reserve found that larger banks have recently been making special efforts to promote mutual fund investments among their depositors. An increasing number of banks have sponsored their own mutual funds or entered into exclusive sales relationships with nonbank sponsors of funds. Some banks have promoted these products as a defensive measure to retain long-run relationships with valued depositors. In other cases, however, banks have promoted funds as part of a strategy to earn fee income without booking assets, thereby avoiding the need to raise additional capital.

Substitution between money and long-term mutual funds appears to have become evident in the aggregate data in recent years. There was little increase in such funds from 1987 through 1990, but inflows have surged since then, at the same time that accretions to M2 balances have declined. A comparison of the quarterly growth rates of M2 and the sum of M2 and bond and stock funds shows that growth of the sum has not weakened as dramatically as that of M2 over the last two and half years; it has averaged nearly a 5 percent annual rate, compared with less than 2 percent for M2. Although adding mutual funds and M2 together captures some substitution out of M2 in recent years, the total remains quite volatile, indicating that other forces have affected both M2 and mutual funds. Partly as a consequence, the relationship of the total to aggregate spending is subject to considerable uncertainty. Investments in bond and stock funds are themselves subject to potentially volatile capital gains and losses. More fundamentally, with the public's holdings of mutual funds now vastly expanded, its responses to a variety of interest rate and stock price movements has yet to be tested.

Because weakness in the demand for broad money has resulted largely from shifts of portfolio preferences rather than changes in spending intentions, it has not been reflected in comparable weakness in nominal GDP. Furthermore, the effects of a declining share for depositories in overall credit growth have been substantially offset by increased funding through capital markets, where households now invest a larger share of wealth. The velocity of M2 has been subject to extraordinary and unpredictable surges that have reduced the value of M2 as a guide to policy. Traditional models of velocity based on the difference between short-term market interest rates and interest rates on deposits and money market mutual funds, and even broader models that take account of longer-term interest rates and after-tax loan rates faced by households, cannot explain the full 4 percent rise in M2 velocity in 1992, nor what may be a somewhat faster rate of increase in the first half of 1993.

Money growth in the first quarter was depressed in part by the effects of several temporary factors, including distortions of seasonal factors and a lull in mortgage refinancing. A renewed surge of mortgage refinancing began to bolster demand deposits and MMDAs in April, as mortgage servicers increased balances temporarily before making remittances to investors in mortgage-backed securities. The seasonal-factor distortions began to reverse that month as well. However, substantial shortfalls in individual nonwithheld tax payments relative to recent years produced an offsetting restraint to money growth in April, as the buildup of balances required to pay taxes was smaller than that incorporated into seasonal factors. Even excluding estimated effects of these special factors, however, underlying growth of money through the first four months of the year was far weaker than historical relationships would suggest.

Despite continued heavy inflows to bond and equity funds in May, the monetary aggregates surged, boosted in part by a reversal of the tax effects and an intensification of mortgage refinancing activity. However, the aggregates decelerated substantially in June, and by more than might be suggested by a waning of tax and mortgage refinancing effects.

In 1993, household portfolio adjustments differed somewhat from their previous pattern. In the past, the realignment of household wealth toward capital market investments had mainly involved shifts from money market mutual funds and small time deposit accounts. At the same time, outflows from those accounts had also gone into NOW and savings deposits, the interest rates on which were falling only slowly as market rates declined. This year, the sum of all these M2 balances has fallen at about the same rate as in 1992, but a slower runoff of small time deposits and money funds has been offset by a sharp deceleration in the growth of NOW and savings deposits. Catch up declines in interest rates on liquid deposits may account for part of their slower growth. Some nontransactions balances held in NOW and MMDA deposits have likely been shifted into bond and equity funds. It may be that some depositors who do not ordinarily shop for small rate advantages have been induced to make basic portfolio adjustments because of the historically low deposit interest rates and the increased ease of making investments in capital market instruments.

Partly as a result, narrow measures of money have decelerated this year, but their expansion has remained rapid. M1 has grown at a 9½ percent rate from the fourth quarter of 1992 through June, compared with 14¼ percent in 1992. Reserves, now held exclusively against transaction deposits, have grown at an 11 percent pace compared with 20 percent in 1992. The monetary base has slowed by much less, because of continued strong foreign demand for currency this year.

With reduced strength in its M1 component, and in savings and MMDAs, as well as continued runoffs of small time deposits and retail money funds, M2 has grown at only a ¾ percent annual rate from the fourth quarter of 1992 through June 1993, well below the lower end of its growth cone set in February. The FOMC monitored the behavior of M2 carefully over the first half of the year, but in light of actual and expected strength of velocity,

4. Growth of money and debt

Percent

Period	M1	M2	M3	Domestic nonfinancial debt	
				Total	Nonfederal
Annual, fourth quarter to fourth quarter[1]					
1980	7.4	8.9	9.5	9.5	9.0
1981[2]	5.4 (2.5)	9.3	12.3	10.0	9.7
1982	8.8	9.1	9.9	9.3	7.4
1983	10.4	12.2	9.9	11.4	8.8
1984	5.5	8.1	10.8	14.3	13.9
1985	12.0	8.7	7.6	13.8	13.3
1986	15.5	9.3	8.9	14.0	13.7
1987	6.3	4.3	5.8	10.1	10.4
1988	4.3	5.3	6.4	9.2	9.6
1989	.6	4.7	3.7	8.2	8.5
1990	4.3	4.0	1.8	6.8	5.9
1991	8.0	2.8	1.1	4.4	2.5
1992	14.3	1.8	.3	4.8	2.9
Semiannual (annual rate)[3]					
1993:H1	8.7	.1	−.7	5.1	3.3
Quarter (annual rate)[4]					
1993:Q1	6.6	−2.0	3.8	4.4	3.0
Q2	10.6	2.2	2.4	5.7	3.6
Fourth quarter 1992 average to June 1993 average (annual rate)[5]	9.5	.8	−.3	5.1	3.3

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. M1 adjusted for shift to NOW accounts in 1981.
3. From average for 1992:Q4 to average for 1993:Q2 (for debt, estimated with data through May).
4. From average for preceding quarter to average for quarter indicated (for debt, estimated with data through May).
5. For debt, to May 1993 average.

the Committee determined that actions to boost M2 growth were not needed to achieve its underlying objectives for prices and the economy. The aggregate is near the lower arm of the revised annual growth cone established in July, and if velocity continues to increase substantially, M2 may well come in toward the lower end of the revised growth range for the year.

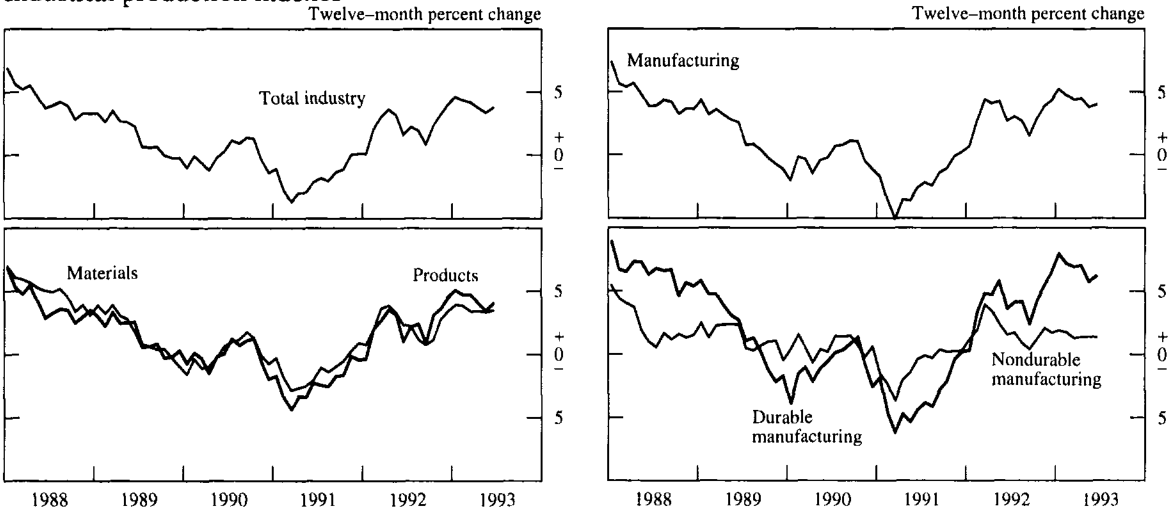
The non-M2 portion of M3 has declined this year at nearly the same pace as that of the previous two years. Large time deposits have continued to fall, and the halt in reductions in short-term rates has ended the rapid growth of institutional money funds, as their slower-adjusting yields have come down to their usual relationship to market interest rates. From the fourth quarter of 1992 through June, M3 fell at about a ¼ percent annual rate; it lies slightly below its revised annual growth cone. □

Industrial Production and Capacity Utilization for June 1993

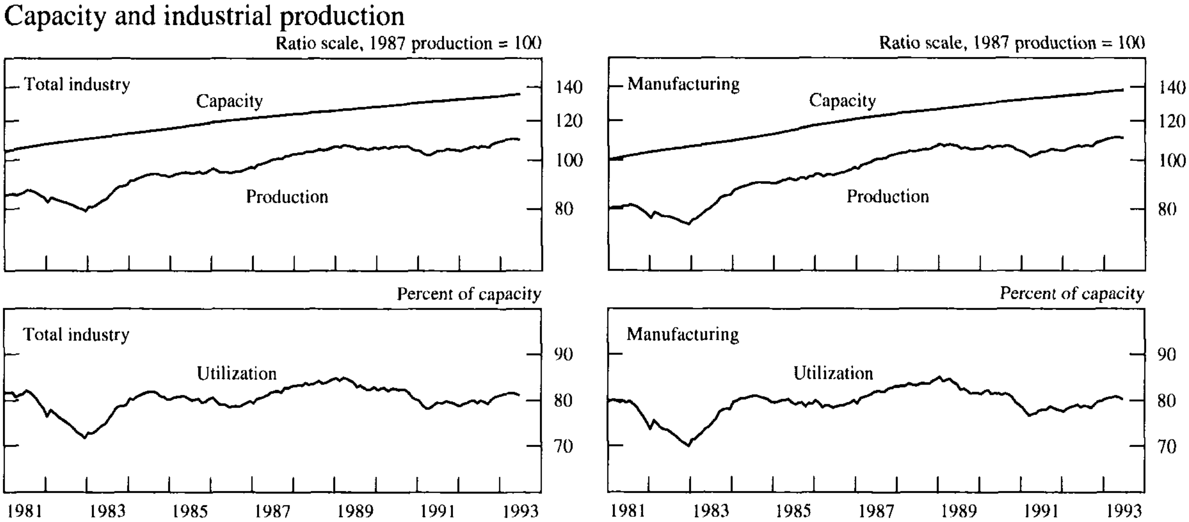
Released for publication July 16

Industrial production, which was unchanged in May, declined 0.2 percent in June. The output of consumer goods, construction supplies, and materials decreased; the production of business equipment, which posted significant advances earlier this year, edged up for a second month. At 110.1 percent of its 1987 annual average, total industrial production was the same in June as it had been in March but was 3.8 percent above its year-earlier level. For the second quarter as a whole, industrial

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, June. 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]				June 1992 to June 1993
	Mar.[r]	Apr.[r]	May[r]	June[p]	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**110.1**	**110.4**	**110.3**	**110.1**	**.2**	**.3**	**.0**	**−.2**	**3.8**
Previous estimate	110.1	110.2	110.4	. . .	.2	.2	.2	. . .	. . .
Major market groups									
Products, total[3]	109.5	109.5	109.4	109.1	.3	.1	−.1	−.3	4.0
Consumer goods	108.6	108.3	107.9	107.1	.0	−.3	−.4	−.7	2.9
Business equipment	133.4	134.4	134.7	134.9	1.3	.8	.2	.1	10.6
Construction supplies	96.4	95.9	96.9	96.3	−1.1	−.5	1.1	−.7	2.9
Materials	110.9	111.6	111.6	111.6	.0	.6	.0	−.1	3.5
Major industry groups									
Manufacturing	110.8	111.3	111.2	110.8	.3	.5	−.1	−.3	4.0
Durable	114.1	114.8	114.7	114.3	.3	.6	−.1	−.4	6.2
Nondurable	106.6	107.0	106.9	106.6	.2	.3	−.1	−.3	1.3
Mining	95.3	96.4	96.9	96.3	−.6	1.2	.6	−.7	−.8
Utilities	117.8	115.0	114.9	116.4	.2	−2.4	.0	1.3	5.8

Category	Capacity utilization, percent								Memo Capacity, percentage change, June 1992 to June 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				June	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**81.9**	**71.8**	**84.8**	**79.5**	**81.6**	**81.7**	**81.5**	**81.2**	**1.6**
Manufacturing	81.2	70.0	85.1	78.6	80.6	80.9	80.7	80.3	1.8
Advanced processing	80.7	71.4	83.3	77.0	79.3	79.5	79.2	78.8	2.2
Primary processing	82.2	66.8	89.1	82.2	83.8	84.2	84.1	83.8	.8
Mining	87.4	80.6	87.0	86.3	85.3	86.4	86.9	86.4	−.9
Utilities	86.7	76.2	92.6	83.9	89.0	86.8	86.7	87.8	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.

production rose at a 1.9 percent annual rate, down from 5.5 percent in the first quarter. Utilization of total industrial capacity eased again in June, to 81.2 percent.

When analyzed by market group, the data show that the output of consumer goods fell 0.7 percent; the bulk of the decline was in the production of consumer durables. Assemblies of both automobiles and light trucks were cut for a second month. Moreover, sizable drops in the output of appliances and room air conditioners contributed to a 1.5 percent decrease in the output of other durable consumer goods. The production of nondurable consumer goods declined for the third consecutive month. In June, reductions in the output of clothing, food, and automotive gasoline more than offset an increase in sales of residential electricity.

The small gain in the production of business equipment reflected a continued increase in the output of information-processing equipment that offset another drop in transit equipment. The production of defense and space equipment continued to contract and has fallen 9 percent in the past twelve months. Because of a sharp drop in lumber production, the output of construction supplies decreased 0.7 percent in June, after having risen more than 1 percent in May. Over the past two months, the production of both durable and nondurable materials has changed little, while the output of energy materials has fallen because of the widening coal strike.

When analyzed by industry group, the data show that within manufacturing, output decreased 0.3 percent; capacity utilization slipped 0.4 percentage point, to 80.3 percent, which was about the same rate as in January and nearly 1 percentage point below the 1967–92 average. Utilization in advanced-processing industries declined to

78.8 percent in June, about 2 percentage points below its longer-run average. Although the operating rate for primary-processing industries also declined, it remained 1.6 percentage points above its longer-run average.

The output of both durable and nondurable goods slackened in June. The weakness in durables was concentrated in motor vehicles, aircraft, and lumber. Motor vehicle output, which fell off after having held steady in the first part of 1993, remained well above its year-ago level. In contrast, aircraft output has fallen for nearly two years. Small declines were widespread among nondurable manufacturing industries in June, with only printing and publishing and chemicals increasing.

The output at mines fell 0.7 percent, with the production cut in coal and other mining industries far exceeding a gain in the drilling of oil and gas wells. The output at utilities rose 1.3 percent. □

Statement to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Growth and Credit Formation of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 20, 1993

Thank you for this opportunity to discuss the Federal Reserve's semiannual monetary policy report to the Congress.[1] My remarks this morning will cover current monetary policy and economic settings as well as the Federal Reserve's longer-term strategy for contributing, to the best of its abilities, to the nation's economic well-being.

As economic expansion has progressed somewhat fitfully, our earlier characterization of the economy as facing stiff headwinds has appeared increasingly appropriate. Doubtless the major headwind in this regard has been the combined efforts of households, businesses, and financial institutions to repair and rebuild their balance sheets after the damage inflicted in recent years as weakening asset values exposed excessive debt burdens.

But there have been other headwinds as well. The builddown of national defense has cast a shadow over particular industries and regions of the nation. Spending on nonresidential real estate dropped dramatically in the face of overbuilding and high vacancy rates and has remained in the doldrums. At the same time, corporations across a wide range of industries have been making efforts to pare employment and expenses to improve productivity and their competitive positions. These efforts have been prompted, in part, by innovative technologies that have been applied to almost every area of economic endeavor and have boosted investment. However, their effect on jobs and wages through much of the expansion has also made households more cautious spenders.

In the past several years, as these influences have restrained the economy they have been balanced, in part, by the accommodative stance of monetary policy and, more recently, by declines in longer-term interest rates as the prospects for credible federal deficit cuts improved. From the time monetary policy began to move toward ease in 1989 until now, short-term interest rates have dropped more than two-thirds and long-term rates have also declined substantially. All along the maturity spectrum, interest rates have come down to their lowest levels in twenty or thirty years, aiding the repair of balance sheets, bolstering the cash flow of borrowers, and providing support for interest-sensitive spending.

The process of easing monetary policy, however, had to be closely controlled, and generally gradual, because of the constraint imposed by the marketplace's acute sensitivity to inflation. As I pointed out in my February testimony to the Congress, this constraint did not exist in earlier years. Before the late 1970s, financial market participants and others apparently believed that although inflationary pressures might surface occasionally, the institutional structure of the U.S. economy simply would not permit sustained inflation. But as inflation and, consequently, long-term interest rates soared into the double digits at the end of the 1970s, investors became painfully aware that they had underestimated the economy's potential for inflation. As a result, monetary policy in recent years has had to remain alert to the possibility that an ill-timed easing could be undone by a flare-up of inflation expectations, pushing long-term interest rates higher and short-circuiting essential balance sheet repair.

The cumulative monetary easing over the past four years has been very substantial. Since last September, however, no further steps have been

1. See "Monetary Policy Report to the Congress," in this issue.

taken, as the stance of policy has appeared broadly appropriate to the evolving economic circumstances.

That stance has been quite accommodative, especially judging by the level of real short-term interest rates in the context of moderate economic growth, on average. Short-term real interest rates have been about zero over the past three quarters. In maintaining this accommodative stance, we have been persuaded by evidence of persistent slack in labor and product markets, increasing international competitiveness, and a decided absence of excessive credit and money expansion. The forces that engendered past inflationary episodes appear to have been lacking to date.

Yet some of the readings on inflation earlier this year were disturbing. It appeared that prices might be accelerating despite product market slack and an unemployment rate that was noticeably above estimates of the so-called "natural" rate of unemployment—that is, the rate at which price pressures remain roughly constant. In the past, the existing degree of slack in the economy had been consistent with continuing disinflation.

History tells us, however, the inflation outcome depends not only on the amount of slack remaining in labor and product markets but on other factors as well, including the rate at which that slack is changing. If the economy is growing rapidly, inflation pressures can arise, even in the face of excess capacity, as temporary bottlenecks emerge and as workers and producers raise wages and prices in anticipation of continued strengthening in demand. Near the end of last year, about the time many firms probably were finalizing their plans for 1993, sales and capacity utilization were moving up markedly and optimism about future economic activity surged. This optimism may well have set in motion a wave of price increases, which showed through to broad measures of prices earlier this year.

Moreover, inflation expectations, at least by some measures, appear to have tilted upward this year, possibly contributing to price pressures. The University of Michigan survey of consumer attitudes, for example, reported an increase in the inflation rate that is expected to prevail over the next twelve months from about 3¾ percent in the fourth quarter of last year to nearly 4½ percent in the second quarter. Preliminary data imply some easing of such expectations earlier this month, but the sample from which those data are derived is too small to be persuasive. Moreover, the price of gold, which can broadly reflect inflationary expectations, has risen sharply in recent months. And at times this spring, bond yields spiked higher when incoming news about inflation was most discouraging.

The role of expectations in the inflation process is crucial. Even expectations not validated by economic fundamentals can themselves add appreciably to wage and price pressures for a considerable period, potentially derailing the economy from its growth track.

Why, for example, despite an above-normal rate of unemployment and permanent layoffs, have uncertainties about job security not led to further moderation in wage increases? The answer appears to lie, at least in part, in the deep-seated anticipations understandably harbored by workers that inflation is likely to reaccelerate in the near term and undercut their real wages.

The Federal Open Market Committee (FOMC) became concerned that inflation expectations and price pressures, unless contained, could raise long-term interest rates and stall economic expansion. Consequently, at its meeting in May, while affirming the more accommodative policy stance in place since last September, the FOMC also deemed it appropriate to initiate a so-called asymmetric directive. With its bias in the direction of a possible firming of policy over the intermeeting period, this directive did not prejudge that action would be taken—and indeed none was taken. But it did indicate that further signs of a potential deterioration of the inflation outlook would merit serious consideration as to whether short-term rates needed to be raised slightly from their relatively low levels to ensure that financial conditions remained conducive to sustained growth.

Certainly the May and June price figures have helped assuage concerns that new inflationary pressures had taken hold. Nonetheless, on balance, the news on inflation this year must be characterized as disappointing. Despite disinflationary forces and continued slack, the rate of inflation has at best stabilized, rather than easing further as past relationships would have suggested.

In assessing the stance of monetary policy and the likelihood of persistent inflationary pressures, the FOMC took into account the downshift in the pace of economic expansion earlier this year. This downshift left considerable remaining slack in the economy and promised that the adverse price movements prompted by the acceleration in growth late last year would likely diminish.

Although a slowdown from the unsustainably rapid growth in the latter part of last year had been anticipated, the deceleration was greater than expected. A surprisingly precipitous drop in defense spending, a sharp deterioration in net exports, a major blizzard, and some inevitable retrenchment by consumers converged to yield only meager gains in output in the first quarter. But growth apparently picked up in the second quarter, and nearly one million net new jobs were created over the first half of the year. Smoothing through the quarterly pattern, the economy appears to have accelerated gradually over the past two years, to maintain a pace of growth that should yield further reductions in the unemployment rate. Consequently, the evidence remains consistent with our diagnosis that the underlying forces at work are keeping the economy generally on a moderate upward track. However, as I have often emphasized, not all the old economic and financial verities have held in the current expansion, and changes in fiscal policy will have uncertain effects in the future. Thus, caution remains appropriate in assessing the path for the economy.

Financial conditions have improved considerably, lessening the need for balance sheet restructuring that has been damping economic activity for several years. By no means is the process over, but good progress has been made. On the one hand, debt service burdens, eased by lower interest rates and lower debt–equity ratios, have fallen substantially in both the business and household sectors. On the other hand, the economies of several of our major trading partners have been quite weak, constraining the growth of demand for our exports.

Although expectations of a significant, credible decline in the budget deficit have induced lower long-term interest rates and favorably affected the economy, the positive influence thus far is apparently being at least partly offset by some business spending reductions as a consequence of concerns about the effects of pending tax increases.

It seems that the *prospective* cuts in the deficit are having a variety of substantial economic effects, well in advance of any *actual* change in taxes or in projected outlays. Moreover, uncertainty about the final shape of the package may itself be injecting a note of caution into private spending plans. In addition, uncertainty about the outlook for health care reform may be affecting spending at least in that industry.

To be sure, the conventional wisdom is that budget deficit reduction restrains economic growth for a time, and I suspect that is probably correct. However, over the long run, conventional wisdom points in the opposite direction. In fact, one can infer that recent declines in long-term interest rates are bringing forward some of these anticipated long-term gains. As a consequence, the timing and magnitude of any net restraint from deficit reduction are uncertain. Patently, the overall economic effect of fiscal policy, especially when combined with the uncertainties of the forthcoming health care reform package, has imparted several unconventional unknowns to the economic outlook.

However, assuming that we constructively resolve over time the major questions about federal budget and health care policies, with further waning of earlier restraints on growth the U.S. economy should eventually emerge healthier and more vibrant than in decades. The balance sheet restructuring of both financial and nonfinancial establishments in recent years should leave the various sectors of the economy in much better shape and better able to weather untoward developments. Similarly, the ongoing efforts by corporations to pare expenses are putting our firms and our industries in a better position to compete both within the U.S. market and globally. And after a period of some dislocation the contraction in the defense sector will ultimately mean a freeing-up of resources for more productive uses. Finally, a credible and effective fiscal package would promise an improved outlook for sustained lower long-term interest rates and a better environment for private sector investment. All told, the productive capacity of the economy will doubtless be higher and its resilience greater.

Over the past two years, the forces of restraint on the economy have changed, but real growth has continued, with one sector of the economy after another taking the lead. Against this background, Federal Reserve Board governors and Reserve Bank presidents project that the U.S. economy will remain on the moderate growth path it has been following as the expansion has progressed. Their forecasts for real GDP average about 2½ percent from the fourth quarter of 1992 to the fourth quarter of 1993 and cluster around 2½ percent to 3¼ percent over the four quarters of 1994. Reflecting this moderate rise and the outlook for labor productivity, unemployment is generally expected to edge lower, to about 6¾ percent by the end of this year and to perhaps a shade lower by the end of next year. For this year as a whole, FOMC participants see inflation at or just above 3 percent, and most of them have about the same forecast for next year.

Besides focusing on the outlook for the economy at its July meeting, the FOMC, as required by the Humphrey–Hawkins Act, set ranges for the growth of money and debt for this year and, on a preliminary basis, for 1994. One premise of the discussion of the ranges was that the uncharacteristically slow growth of the broad monetary aggregates in the past couple years—and the atypical increases in their velocities—would persist for a while longer. M2 has been far weaker than income and interest rates would have predicted. Indeed, if the historical relationships between M2 and nominal income had remained intact, the behavior of M2 in recent years would have been consistent with that of an economy in severe contraction. To an important degree, the behavior of M2 has reflected structural changes in the financial sector: The thrift industry has downsized by necessity, and commercial banks have pulled back as well, largely reflecting the burgeoning loan losses that followed the lax lending of earlier years. With depository credit weak, there has been little bidding for deposits, and depositors in any case have been drawn to the higher returns on capital market instruments. Inflows to bond and stock mutual funds have reached record levels, and, to the extent that these inflows have come at the expense of growth in deposits or money market mutual funds, the broad monetary aggregates have been depressed.

In this context, the FOMC lowered the 1993 ranges for M2 and M3—to 1 percent to 5 percent and 0 percent to 4 percent respectively. This lowering represents a reduction of 1 percentage point in the M2 range and ½ percentage point for M3. Even with these reductions, we would not be surprised to see the monetary aggregates finish the year near the lower ends of their ranges.

As I emphasized in a similar context in February, the lowering of the ranges is purely a technical matter; it does not indicate, nor should it be perceived as, a shift of monetary policy toward restraint. It is indicative merely of (1) the state of our knowledge about the factors depressing the growth of the aggregates relative to spending, (2) the course of the aggregates to date, and (3) the likelihood of various outcomes through the end of the year. Although the lowering of the range reflects our judgment that shifts out of M2 will persist, the upper end of the revised range allows for a resumption of more normal behavior or even some unwinding of M2 shortfalls. The FOMC also lowered the 1993 range for debt of the domestic nonfinancial sectors ½ percentage point, to 4 percent to 8 percent. The debt aggregate is likely to come in comfortably within its new range, as it continues growing about in line with nominal GDP. The new ranges for growth of money and debt in 1993 were carried over on a preliminary basis into 1994.

In reading the longer-run intentions of the FOMC, one should interpret the specific ranges cautiously. The historical relationships between money and income and between money and the price level have largely broken down, depriving the aggregates of much of their usefulness as guides to policy. At least for the time being, M2 has been downgraded as a reliable indicator of financial conditions in the economy, and no single variable has yet been identified to take its place.

At one time, M2 was useful both to guide Federal Reserve policy and to communicate the thrust of monetary policy to others. Even then, however, a wide range of data was routinely evaluated to assure ourselves that M2 was capturing the important elements in the financial system that would affect the economy. The FOMC never single-mindedly adhered to a narrow path for M2, but persistent and sizable deviations of that aggregate from expectations were a warning sign that policy and the economy might not be interacting in a way that would produce the desired results. The so-called "P-star" model, developed in the late 1980s, embodied a long-run relationship between M2 and prices that could anchor policy over extended periods of time. But that long-run relationship also seems to have broken down with the persistent rise in M2 velocity.

M2 and P-star may reemerge as reliable indicators of income and prices once (1) the yield curve has returned to a more normal configuration, (2) borrowers' balance sheets have been restored and traditional credit demands resume, (3) savers have adjusted to the enhanced availability of alternative investments, and (4) depositories finally have reached a comfortable size relative to their capital and earnings. In the meantime, the process of probing a variety of data to ascertain underlying economic and financial conditions has become even more essential to formulating sound monetary policy. This general approach obviously has its weaknesses. When one examines many indicators, one can always find some that counsel against actions that later appear to have been necessary.

In these circumstances, it is especially prudent to focus on longer-term policy guides. One important guidepost is real interest rates, which have a key bearing on longer-run spending decisions and inflation prospects.

In assessing real rates, the central issue is their relationship to an equilibrium interest rate, specifically the real rate level that, if maintained, would keep the economy at its production potential over time. Rates persisting above that level, history tells us, tend to be associated with slack, disinflation, and economic stagnation, and rates below that level tend to be associated with eventual resource bottlenecks and rising inflation, which ultimately engender economic contraction. Maintaining the real rate around its equilibrium level should have a stabilizing effect on the economy, directing production toward its long-term potential.

The level of the equilibrium real rate—or more appropriately the equilibrium term structure of real rates—cannot be estimated with a great deal of confidence, though it can be estimated with enough confidence to be useful for monetary policy. Real rates, of course, are not directly observable but must be inferred from nominal interest rates and estimates of inflation expectations. The most important real rates for private spending decisions almost surely are the longer maturities. Moreover, the equilibrium rate structure responds to the ebb and flow of underlying forces affecting spending. So, for example, in recent years the appropriate real rate structure doubtless has been depressed by the headwinds of balance sheet restructuring and fiscal retrenchment. Despite the uncertainties about the levels of equilibrium and actual real interest rates, rough judgments about these variables can be made and used in conjunction with other indicators in the monetary policy process. Currently, short-term real rates, most directly affected by the Federal Reserve, are not far from zero; long-term rates, set primarily by the market, are appreciably higher, judging from the steep slope of the yield curve and reasonable suppositions about inflation expectations. This configuration indicates that market participants anticipate that short-term real rates will have to rise as the headwinds diminish if substantial inflationary imbalances are to be avoided.

Although our guides for policy may have changed recently, our goals have not. As I have indicated many times to this committee, the Federal Reserve seeks to foster maximum sustainable economic growth and rising standards of living. And in that endeavor, the most productive function the central bank can perform is to achieve and maintain price stability.

Inflation is counterproductive in many ways. Of particular importance, increased inflation has been found to be associated with reduced growth of productivity, apparently in part because it confounds relative price movements and obscures price signals. Compounding this negative effect, under the current tax code, inflation raises the effective taxation of savings and investment, discouraging the process of capital formation.

Because productivity growth is the only source of lasting increases in real incomes and because even small changes in growth rates of productivity can accumulate over time to large differences in living standards, productivity growth's association with inflation is of key importance to policymakers.

The link between the control of inflation and the growth of productivity underscores the importance of providing a stable backdrop for the economy. Such an environment is especially important for an increasingly dynamic market economy, such as ours, in which technology and telecommunications are advancing rapidly. New firms, new products, new jobs, new industries, and new markets are continually being created, and they are unceremoniously displacing the old ones. The U.S. economy is a dynamic system that is always renewing itself. It is extraordinary that the system overall is as stable as it is, considering the persistent process of change in the structure of our economy. For example, a frequently cited figure is the two million new jobs that have been created since the end of 1991. This is a net change, however, which masks the many millions of people who found, lost, and changed jobs over the same period. Currently, people are being hired at a pace of approximately 400,000 per week, while job losses are running modestly below that figure. Such vast churning in the nation's labor markets is a normal and ultimately a productive process.

Central planning of the type that prevailed in postwar Eastern Europe and the Soviet Union represented one attempt to fashion an economic system that eliminated this competitive churning and its presumed wastefulness. But when that system eliminated the risk of failure, it also stifled the incentive to innovate and to prosper. Central planning fostered stasis: In many respects, the eastern bloc economies marched in place for more than four decades.

Risk-taking is crucial in the process that leads to a vital and progressive economy. Indeed, it is a necessary condition for wealth creation. In a market economy, competition and innovation interact; those firms that are slow to innovate or to anticipate the demands of the consumer are soon left behind. The pace of churning differs by industry, but it is present in all. At one extreme, firms in the most high tech areas must remain constantly on the cutting edge, as products and knowledge rapidly become obsolete. Many products that were at technology's leading edge, say five years ago, are virtually unsalable in today's markets. In high tech fields, leadership can shift rapidly. In some markets in which American firms were losing share just a few years ago, we have regained considerable dominance. In one case, U.S. firms have seized a commanding lead in just two years in the new laptop computer market, and now these firms account for more than 60 percent of U.S. sales last year, triple the figure for Japanese firms.

More generally, it appears that the pace of dynamism has been accelerating. One indication is that the average economic life expectancy of new capital equipment has been falling. The average life of equipment purchased in 1982, for example, was 16½ years. By 1992 that figure had declined to 14½ years, a decline more than twice as large as that over the preceding decade. In addition, telecommunications technology is obviously quickening the decisionmaking process in both financial and product markets.

In such a rapidly changing marketplace, the agile survive by being flexible. One aspect of this flexibility has been the spread of "just-in-time" inventory controls at manufacturing firms. Partly as a result of innovations in inventory control techniques, the variability of inventories relative to total output appears to be on a downtrend.

The possibility of failure has productive side effects, encouraging economic agents to do their best to succeed. But there are nonproductive and unnecessary risks as well. There is no way to avoid risk altogether, given the inherently uncertain outcomes of all business and household decisions. But many uncertainties and risks do not foster economic progress, and when feasible should be suppressed. A crucial risk in this category is that induced by inflation. To allow a market economy to attain its potential, the unnecessary instability engendered by inflation must be quieted.

A monetary policy that aims at price stability permits low long-term interest rates and helps provide a stable setting to foster the investment and innovation by the private sector that are key to long-run economic growth. In pursuing our objectives, we must remain acutely aware that the structure of the economy has been changing and growing ever more complex. The relationships between the key variables in the economy are always shifting to a degree, and this evolution presents an ongoing challenge to the business leader, to the econometric modeler, and to those responsible for the conduct of economic policy.

Clearly, the behavior of many of the forces acting on the economy over the course of the last business cycle has been different from what had gone before. The sensitivity of inflation expectations has been heightened, and, as recent evidence suggests, businesses and households may be becoming more forward-looking with respect to fiscal policies as well.

I believe we are on our way toward reestablishing the trust in the purchasing power of the dollar that is crucial to maximizing and fulfilling the productive capacity of this nation. However, the public clearly remains to be convinced. Survey responses and financial market prices embody expectations that the current lower level of inflation not only will not be bettered, but it will not even persist. But there are glimmers of hope that trust is reemerging. For example, issuers have found receptive markets in recent months for fifty-year bonds. This had not happened in decades. The reopening of that market may be read as one indication that some investors once again believe that inflationary pressures will remain subdued.

It is my firm belief that, with fiscal consolidation and with the monetary policy path that we have charted, the United States is well positioned to remain at the forefront of the world economy well into the next century. □

Chairman Greenspan presented identical testimony before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 22, 1993.

Announcements

APPOINTMENT OF NEW PRESIDENT OF THE FEDERAL RESERVE BANK OF NEW YORK

The Federal Reserve Bank of New York announced on July 16, 1993, that William J. McDonough, who had been Executive Vice President at that Bank, had been appointed President, effective July 19, 1993. Mr. McDonough will succeed E. Gerald Corrigan, who retired.

Mr. McDonough, fifty-nine, had been Executive Vice President of the New York Reserve Bank's financial markets group and the manager of open market operations for the Federal Reserve System's Federal Open Market Committee. He was chosen as the New York Federal Reserve Bank's eighth chief executive by the Bank's board of directors, and his appointment was confirmed on July 16, 1993, by the Federal Reserve's Board of Governors.

He joined the Bank in January 1992, after a twenty-two-year career at First Chicago Corp. and its bank, First National Bank of Chicago. He retired from First Chicago in 1989 as vice chairman of the board and a director of the bank holding company.

Mr. Corrigan announced his retirement plans in January. He had been president of the Federal Reserve Bank of New York since January 1985.

ACTIONS TO EASE FINANCIAL STRESS IN AREAS IN THE MIDWEST AFFECTED BY FLOODING

The Federal Reserve Board announced on July 23, 1993, a series of steps designed to help ease financial stress in areas affected by flooding in the Midwest.

A supervisory statement adopted by the Board encourages financial institutions to work constructively with borrowers who are experiencing difficulty because of the flooding.

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

The Board also waived appraisal regulations for real estate related transactions affected by the flooding, and temporarily amended its Regulation Z (Truth in Lending) to provide relief under waiver rules so that borrowers may gain ready access to loan funds when they use their primary dwelling as collateral for a loan.

Under the right of rescission, a borrower normally has three business days to cancel a loan contract when it is secured by the borrowers's principal dwelling.

ERRATUM: BULLETIN *TABLE 1.27*

The second part of table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," on page A23 of the August issue of the *Bulletin* was printed incorrectly. The previous month's data, for the period March 3, 1993, through April 28, 1993, were printed instead of the current data for that issue. The correct data, for the period March 31, 1993, through May 26, 1993, are shown opposite, on page 857.

AVAILABILITY OF REVISED LISTS OF OTC MARGIN STOCKS AND OF FOREIGN MARGIN STOCKS

The Federal Reserve Board published on July 23, 1993, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations. It also published the List of Foreign Margin Stocks for foreign equity securities that met the criteria in Regulation T (Credit by Brokers and Dealers).

The lists are effective August 9, 1993, and supersede the previous lists that were effective May 10, 1993.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

Account	1993								
	Mar. 31r	Apr. 7	Apr. 14	Apr. 21	Apr. 28r	May 5	May 12	May 19	May 26
LIABILITIES									
46 Deposits	1,102,691	1,118,220r	1,126,069r	1,095,355r	1,101,564	1,121,688	1,113,730	1,099,404	1,102,585
47 Demand deposits	268,659	269,695r	279,838r	260,032r	272,144	276,890	271,034	263,571	269,154
48 Individuals, partnerships, and corporations	221,814	221,337r	230,158r	211,797r	220,729	225,521	222,326	215,697	218,244
49 Other holders	46,845	48,358	49,680	48,234r	51,416	51,370	48,708	47,874	50,910
50 States and political subdivisions	8,891	8,371	8,727	8,997	9,214	10,049	8,652	9,093	8,925
51 U.S. government	2,347	2,048	3,343	3,590	2,737	2,130	1,795	1,879	2,162
52 Depository institutions in the United States	20,348	22,061	21,916	21,496r	23,068	23,008	21,980	21,115	22,006
53 *Banks in foreign countries*	5,083	4,929	4,962	4,884	4,821	5,639	5,163	5,191	5,591
54 Foreign governments and official institutions	712	1,177	687	646	613	652	615	749	631
55 Certified and officers' checks	9,463	9,772	10,046	8,622	10,963	9,891	10,502	9,847	11,596
56 Transaction balances other than demand deposits[4]	119,220	122,088	122,233	118,945	114,964	119,701	117,197	116,916	116,411
57 Nontransaction balances	714,812	726,437	723,997	716,378	714,456	725,097	725,499	718,918	717,021
58 *Individuals, partnerships, and corporations*	692,241	702,918r	700,707r	691,264r	689,728	699,585	699,430	692,816	690,682
59 Other holders	22,571	23,519r	23,290r	25,114r	24,728	25,512	26,070	26,101	26,339
60 States and political subdivisions	20,151	20,513r	20,251r	20,349r	20,474	20,750	21,364	21,399	21,539
61 U.S. government	487	492	495	2,199	1,603	2,200	2,206	2,211	2,270
62 Depository institutions in the United States	1,597	2,183r	2,208r	2,232r	2,318	2,229	2,159	2,152	2,191
63 Foreign governments, official institutions, and banks	336	332	336	333	332	333	341	339	339
64 Liabilities for borrowed money[5]	282,295	278,080r	282,550r	292,849r	287,695	280,649	287,083	288,744	292,143
65 *Borrowings from Federal Reserve Banks*	707	0	0	0	0	0	0	0	0
66 Treasury tax and loan notes	11,625	2,830	4,372r	28,877	22,358	16,196	12,268	14,392	12,777
67 Other liabilities for borrowed money[6]	269,963	275,249r	278,178r	263,972r	265,337	264,453	274,815	274,353	279,366
68 Other liabilities (including subordinated notes and debentures)	112,144	103,572r	103,633r	101,848r	105,371	106,865	109,332	104,660	109,029
69 **Total liabilities**	**1,497,130**	**1,499,871r**	**1,512,252r**	**1,490,053r**	**1,494,630**	**1,509,202**	**1,510,146**	**1,492,808**	**1,503,757**
70 Residual (total assets less total liabilities)[7]	145,015	145,298r	146,488r	146,918r	146,173	146,512	147,236	147,289	146,831
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,338,668	1,348,529r	1,350,364r	1,347,422r	1,345,002	1,357,422	1,355,028	1,352,960	1,346,336
72 Time deposits in amounts of $100,000 or more	103,994	108,547r	108,300r	109,310r	107,956	109,578	109,150	107,904	107,577
73 Loans sold outright to affiliates[9]	869	876	875	875	872	871	867	866	864
74 Commercial and industrial	447	447	447	447	443	442	438	437	437
75 Other	422	429	429	429	428	428	428	428	426
76 Foreign branch credit extended to U.S. residents[10]	23,225	23,227	23,321	23,464	23,333	23,298	23,479	23,182	23,051
77 Net due to related institutions abroad	−12,368	−13,190r	−16,201r	−12,016	−8,995	−11,242	−8,661	−13,626	−9,699

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.

The Foreign List specifies those foreign equity securities that are eligible for margin treatment at broker–dealers. One security was deleted from the Foreign List, which now contains 300 foreign equity securities, and no additions were made.

The changes that have been made to the revised OTC List, which now contains 3,388 OTC stocks, are as follows:

- One hundred ninety-one stocks have been included for the first time, 150 under National Market System (NMS) designation
- Thirty stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing
- Thirty-two stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

The Board publishes the OTC List for the information of lenders and the general public. It includes all over-the-counter securities designated by the Board pursuant to its established criteria as well as all OTC stocks designated as NMS securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for October 1993.

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

Minutes of the Federal Open Market Committee Meeting of May 18, 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, May 18, 1993, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. Corrigan, Vice Chairman
Mr. Angell
Mr. Boehne
Mr. Keehn
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. McTeer
Mr. Mullins
Ms. Phillips
Mr. Stern

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

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

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

Messrs. R. Davis, Lang, Lindsey, Promisel, Rolnick, Rosenblum, Scheld, Siegman, 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. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Stockton, Associate Director, Division of Research and Statistics, Board of Governors
Mr. Hooper, Assistant Director, Division of International Finance, Board of Governors
Mr. Small,[1] Section Chief, Division of Monetary Affairs, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. T. Davis, Dewald, and Goodfriend, Senior Vice Presidents, Federal Reserve Banks of Kansas City, St. Louis, and Richmond respectively

Ms. Browne, Mr. Judd, and Mses. Rosenbaum and White, Vice Presidents, Federal Reserve Banks of Boston, San Francisco, Atlanta, and New York respectively

Mr. Eberts, Assistant Vice President, Federal Reserve Bank of Cleveland

By unanimous vote, the minutes for the meeting of the Federal Open Market Committee held on March 23, 1993, were approved.

The Deputy Manager for Foreign Operations reported on developments in foreign exchange markets and on System transactions in foreign currencies during the period March 23, 1993, through May 17, 1993. By unanimous vote, the Committee ratified these transactions.

The Manager of the System Open Market Account reported on developments in domestic

1. Attended portion of meeting relating to a report on a study entitled "Operating Procedures and the Conduct of Monetary Policy: Conference Proceedings," edited by Marvin Goodfriend and David Small. This two-volume study has been designated Working Studies 1, Parts 1 and 2, of the Federal Reserve Board's Finance and Economic Discussion Series.

financial markets and on System open market transactions in government securities and federal agency obligations during the period March 23, 1993, through May 17, 1993. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic outlook 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 suggested that the pace of the economic expansion had slowed in recent months. Business outlays for durable equipment had remained strong, but consumer spending had been quite sluggish, reflecting limited gains in employment and real labor income and diminished optimism about near-term economic prospects. Additionally, U.S. exports continued to be constrained by the disappointing performance of the major foreign industrial economies. Available data indicated relatively modest growth in payroll employment and industrial production over recent months. Despite the considerable slack in the economy, increases in wages and prices had been appreciably larger thus far in 1993 than in the second half of last year.

Total nonfarm payroll employment rose only slightly on balance over March and April after registering sizable increases in the first two months of the year. Strong job gains in the services industry, notably in business and health services, were offset in considerable measure by job losses in manufacturing and construction in March and April. In manufacturing, reductions in payrolls were widespread, with particularly large declines at manufacturers of transportation equipment. Construction employment recovered only partially in April from the weather-related decline in March. The civilian unemployment rate remained at 7.0 percent.

Industrial production, after having posted solid gains in previous months, was little changed in March and April. Part of the recent sluggishness reflected a decline in utility output following a weather-related runup in February, but manufacturing output also grew more slowly. In the transportation industry, motor vehicle assemblies edged down and production of civilian aircraft remained weak over March and April. Elsewhere, the output of consumer goods other than motor vehicles was about unchanged, and the continuing strength in the computer industry contrasted with sluggish production of other types of business equipment. Total utilization of industrial capacity changed little over the two months.

Retail sales increased substantially in April, reversing the weather-related decline in March; automotive dealers reported large sales gains in April, and expenditures at other retail outlets retraced part of the March decrease. For the year to date, however, retail sales had been lackluster after the strong increases of the latter part of 1992. Housing starts picked up in April; both single-family and multifamily starts rebounded from weather-depressed March levels.

Business fixed investment advanced further during the first quarter of 1993, with another sizable rise in outlays for equipment outweighing continued weakness in nonresidential construction. Shipments of nondefense capital goods during the first quarter were paced by another sharp increase in shipments of office and computing equipment. By contrast, business spending for transportation equipment generally exhibited little strength; although sales of heavy trucks continued to trend up, outlays for complete aircraft apparently edged down further. Recent data on orders for nondefense capital goods other than aircraft suggested further expansion in business spending for equipment in the near term. Nonresidential construction activity was mixed in the first quarter. Office construction declined considerably further in response to the depressing effects of a continuing overhang of unoccupied space. On the other hand, building activity in the public utilities sector continued to trend up, and the construction of commercial structures other than office buildings increased for a second consecutive quarter.

Business inventories appeared to have risen in the first quarter. Manufacturing inventories expanded in both February and March after a series of declines that began early in the fall; much of the recent advance occurred in the durable goods sector, where shipments were strong, and the ratio of inventories to shipments fell for manufacturing as a whole. Wholesale inventories increased appreciably in March. However, the inventory-to-sales ratio for the sector moved up only slightly, and it remained near the low end of its range over the past two years. In the retail sector, available data indicated that inventories rose appreciably over January and February but that the inventory-to-sales ratio remained in the narrow range that had prevailed over the preceding year.

The nominal U.S. merchandise trade deficit in February was unchanged from its January level, reflecting little change in total exports and total imports. For January–February combined, however, the trade deficit was slightly below its average level for the fourth quarter, with both exports and imports down considerably from their fourth-quarter levels. Much of the drop in exports reflected a reversal of an earlier, largely transitory runup in aircraft and automotive products. The decline in imports was spread across all major trade categories; imports of aircraft and miscellaneous industrial supplies dropped appreciably, and imports of consumer goods fell further. Recent indicators pointed to further weakness in economic activity in continental Europe and Japan through the first quarter. Elsewhere, the recovery in the United Kingdom appeared to be firming, and growth continued at a modest pace in Canada.

Producer prices of finished goods rose more rapidly in March and April, partly as a result of sharp increases in the prices of finished energy goods in March and in the prices of finished foods in April. Excluding the food and energy components, producer prices advanced over the first four months of 1993 at a faster pace than in 1992. At the consumer level, the increase in prices of nonfood, non-energy items over the March–April period was smaller than the outsized change over the first two months of the year; nevertheless, averaging over the first four months of the year, the rate of increase in consumer prices was higher than in 1992. The deceleration of labor costs also appeared to have stalled in 1993. Average hourly earnings of production or nonsupervisory workers had grown more rapidly thus far this year than in 1992, and total hourly compensation of private industry workers rose at a faster pace in the first quarter of 1993 than in any quarter of last year.

At its meeting on March 23, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustments to policy 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 or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with a resumption of moderate growth in M2 and M3 over the second quarter.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. Expected levels of adjustment plus seasonal borrowing were raised during the period in anticipation of some increase in seasonal borrowing. Adjustment plus seasonal borrowing was near or a little above expected levels, except for a surge at the end of the first quarter, and the federal funds rate remained close to the 3 percent level that had prevailed for an extended period.

Short-term interest rates changed little over the period since the March meeting. Long-term rates rose considerably early in the period when a sharp increase in average hourly earnings and some upward pressure on commodity prices sparked fears among market participants of a buildup in inflation pressures. Subsequently, despite growing doubts about the fate of the deficit reduction program, bond yields declined in response to a series of more favorable readings on price behavior and to indications of a slowing of the economic expansion. Adverse news about consumer and producer prices rekindled inflation concerns late in the period, and bond rates once again moved higher. On balance, most long-term market rates rose somewhat over the period. Despite unexpectedly favorable earnings reports for many firms, major indexes of stock prices were narrowly mixed over the period.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined somewhat on balance over the intermeeting period. The dollar depreciated considerably more against the Japanese yen than against the German mark. A variety of factors contributed to the dollar's weakness, including indications of renewed sluggishness in U.S. economic activity, diminished prospects for a fiscal stimulus package, and market perceptions over much of the intermeeting period of limited official support for concerted actions to support the dollar against the yen. After falling to a historical low against the yen in late April, the dollar tended to stabilize following Treasury Secretary Bentsen's clarification of the Administration's exchange rate policy and intervention purchases of dollars against yen in a coordinated operation. Later in the period, the dollar rose somewhat against European currencies as the outlook for economic activity in Europe became more pessimistic.

M2 contracted slightly on balance over March and April, while M3 was unchanged over the two months; both monetary aggregates increased substantially in early May. Much of the weakness in M2 over the March–April period owed to a smaller volume of nonwithheld tax payments in April of this year that reduced the need for a buildup in deposits to fund these payments. Abstracting from this temporary depressant, weak underlying growth in M2 continued to reflect the relatively attractive returns available on capital market instruments such as bond and stock mutual funds, which experienced heavy inflows during the two-month period. Total domestic nonfinancial debt expanded somewhat further through March.

The staff projection prepared for this meeting suggested that economic activity would grow at a moderate pace and that such growth would foster a gradual reduction in margins of unemployed labor and capital. The projection continued to incorporate the essential elements of the Administration's fiscal package, excluding that portion of the short-run stimulus initiative that seemed unlikely to be enacted by the Congress. Although the outlook for fiscal policy now seemed somewhat more contractionary than earlier, the sizable declines in long-term interest rates that had occurred in recent months were expected to support substantial additional gains in business and residential investment. Moreover, the increasingly favorable financial environment associated with expected further easing of credit supply constraints and the ongoing strengthening of balance sheets would tend to buttress private spending on housing, consumer durables, and business equipment. Increases in export demand would be damped in the near term by the continuing weakness in the economies of the major industrialized countries. The persisting slack in resource utilization was expected to be associated with a return to more subdued price increases after a spurt earlier in the year.

In the Committee's discussion of current and prospective economic conditions, the members focused with some concern on the evidence of a slower economic expansion and a higher rate of inflation since late 1992. While recent indicators of economic activity were disappointing, the expansion nonetheless appeared to have sustainable momentum and the members generally viewed moderate growth in line with, or perhaps a bit below, their February forecasts as a reasonable expectation. At the same time, several emphasized that the outlook was subject to substantial uncertainty stemming to an important extent from the unsettled course of legislation aimed at reducing the federal deficit. Members expressed particular concern about the rise in various measures of inflation over the past several months. The increase seemed to reflect temporary factors and a worsening in inflationary expectations rather than any significant change in economic fundamentals. Accordingly, it was premature in the view of many members to conclude that the inflationary trend had tilted upward. Even so, higher inflation expectations, if sustained, would be detrimental to economic performance, and the risks of an uptrend in inflation clearly had increased.

In their review of business developments across the nation, members continued to report uneven conditions ranging from apparently moderate gains in some parts of the country to mixed or marginally declining activity in others. Business confidence had deteriorated in many areas and firms were trimming or putting on hold new or expanded spending programs pending a resolution of federal tax and spending proposals, including prospective health care reform, and the outcome of proposed tax legislation in some states as well. Cautious business attitudes were reflected in continuing efforts to constrain costs and to hold down or reduce employment levels, notably of permanent workers in light of the large nonwage costs associated with full-time workers. Accordingly, while some job growth was occurring, especially outside major firms and the defense sector, business firms generally appeared disposed to continue to meet increases in demand through overtime work and temporary workers, and members anticipated that such attitudes were likely to persist in the absence of a major improvement in business confidence.

As reflected in the available data for the national economy, anecdotal reports from around the country suggested generally lackluster retail sales over the first four months of the year. To an extent, this development probably involved some retrenchment in consumer spending following an unsustainable surge during the latter part of 1992. In some parts of the country, unusually severe weather conditions also had served to hold down retail sales earlier this year, and recovery from that slowdown had tended to be limited thus far, especially outside the automotive sector. Looking ahead, the members continued to anticipate that consumer spending would provide moderate support for a sustained economic expansion.

Despite the cautious business attitudes about the economic outlook, spending for business equipment had continued to help maintain the expansion. Encouraged in part by relatively low interest rates, receptive financial markets, and the more aggressive lending policies of some depository institutions, many firms were upgrading equipment to reduce costs and improve their product offerings. Concurrently, however, numerous firms reported that they were holding off on making major new investment commitments and in some cases were revising down earlier expansion plans in light of prevailing economic uncertainties, notably those generated by the current legislative debate about federal taxes and spending. Nonresidential construction remained uneven and on the whole relatively subdued across the nation. The construction of new office structures was likely to stay depressed in much of the country as overcapacity continued to be worked down, but members saw indications of some strengthening in industrial and commercial building activity and in public works projects in some areas.

Turning to the outlook for the nation's trade balance, some members referred to quite gloomy assessments from business contacts and other sources regarding current economic conditions in a number of major industrial nations and the associated prospect of little or no growth in U.S. exports to such countries. While total U.S. exports might continue to expand, reflecting sizable gains in some parts of the world, imports probably would grow at a somewhat faster pace, given moderate expansion in domestic demand in line with the members' expectations. At the same time, members expressed concern about the potential impact of growing protectionist sentiment on current trade negotiations and on the longer-run outlook for domestic industries and parts of the country that relied on foreign trade.

With regard to the inflation situation, members commented that it remained difficult to find a satisfactory explanation for the faster-than-projected increases in price measures thus far this year. Although temporary anomalies seemed to be involved, including measurement problems and special factors boosting some prices, higher inflation expectations also might have been playing a key role. The latter seemed to have intensified in the last month or two, perhaps as a result of growing concerns that significant deficit-reduction legislation might not be enacted. Strong competitive pressures in many markets, including competition from foreign producers, still appeared to be restraining or precluding price increases by many business firms, but efforts to raise prices seemed to be encountering somewhat less resistance recently than earlier in the economic expansion. Some price increases appeared to be associated with the earlier surge in demand, and in the case of one key industry higher prices had been facilitated by the implementation of import restrictions. The downtrend in labor compensation inflation also seemed to have stalled in recent months. Against this background, a considerable degree of uncertainty surrounded the outlook for inflation and the members differed to some extent with regard to the most likely outcome. A number of members, while they did not rule out the possibility of a more favorable result, stressed the risk that a faster rate of inflation might well tend to be sustained. Others gave more emphasis to the still considerable slack in labor and product markets and to the restrained growth in broad measures of money and credit. In this view, an inflation rate in the quarters ahead more in line with their earlier forecasts was still a reasonable expectation even though the average rate for the year as a whole was likely to be higher than they had forecast at the start of the year.

In the Committee's discussion of policy for the intermeeting period ahead, many of the members commented that recent price and wage developments were troubling but did not point persuasively at this juncture toward an extended period of higher inflation. In light of underlying economic and financial conditions, the upturn in inflation expectations and the somewhat quickened pace of inflation might well prove to be temporary. The economy was expanding, but the pace had slowed in recent months. On the other hand, the potential for a sustained increase in the rate of inflation could not be dismissed. Waiting too long to counter any emerging uptrend in inflation or further worsening in inflationary expectations would exacerbate inflationary pressures and require more substantial and more disruptive policy moves later. Indeed, in one view sensitive commodity prices and other key measures of inflation already indicated the need for a prompt move toward restraint, especially in the context of the Committee's objective of fostering progress toward price stability. However, the other members all supported a proposal to maintain an unchanged degree of pressure on reserve positions at this time.

In the course of the Committee's discussion, the members took account of a staff analysis that pointed to a considerable pickup in the growth of M2 and M3 over the months of May and June. Such strengthening, which appeared to have emerged in early May, was associated in part with the reversal of earlier tax-related distortions and with a surge in prepayments of mortgage-backed securities. Monetary growth was expected to revert to a more modest pace over subsequent months, and the members recognized that in any event the interpretion of monetary growth rates needed to be approached with considerable caution in a period when traditional relationships of such growth to aggregate measures of economic performance were not reliable. In present circumstances, M2 and M3 no longer seemed to be good barometers of underlying liquidity, which appeared to be ample. One member expressed the view that the relatively robust growth of M1 and reserves served as a better indicator of the thrust of monetary policy than did the broader monetary aggregates.

In the view of a majority of the members, wage and price developments over recent months were sufficiently worrisome to warrant positioning policy for a move toward restraint should signs of intensifying inflation continue to multiply. In addition to new information on prices and costs, such signs could include developments in markets affected by inflation psychology, such as those for bonds, foreign exchange, and sensitive commodities, all of which would need to be monitored carefully. These members supported a directive that incorporated a greater predilection to tighten than to ease over the intermeeting period. Given the special nature of current inflation concerns and attendant uncertainties, however, the Committee agreed with a proposal by the Chairman that an intermeeting consultation would be appropriate in the event that a tightening move were to be contemplated during this period. If a policy tightening action were not needed, an asymmetric directive would nonetheless underscore the Committee's concern about recent inflation readings and its judgment that a policy to encourage progress toward price stability would promote sustained economic growth. In the event that a tightening action became necessary, such action could help to moderate inflationary expectations, with positive implications over time for long-term interest rates and the performance of the economy. Monetary policy would still be stimulative after a modest tightening move in that such a move would leave short-term interest rates close to or even below their year-ago levels in real terms, given the interim rise in inflation.

Some members preferred to retain a directive that did not incorporate a presumption about the likely direction of a change in policy, if any, during the intermeeting period. They were concerned that adopting a biased directive might prove to be an overreaction to temporary factors and to a short-lived upturn in inflationary sentiment that was not warranted by underlying economic conditions. They noted that, if called for by intermeeting developments, a move toward restraint could be implemented from a symmetric directive. More fundamentally, they believed that the circumstances surrounding the recent performance of the economy and the uncertainties about price developments suggested the need for considerable caution before any policy tightening was implemented and that such a policy move should be carried out only in the light of information that pointed clearly to the emergence of higher inflation. Nonetheless, all but one of these members could accept an asymmetric directive on the understanding that the Committee would have a chance to discuss any possible policy action.

At the conclusion of the Committee's discussion, all but two of the members indicated that they preferred or could accept a directive that called for maintaining the existing degree of pressure on reserve positions and that included 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 appreciable growth in the broader monetary aggregates over the second 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 slowed in recent months. Total nonfarm payroll employment rose only slightly over March and April after registering sizable increases earlier in the year, and the civilian unemployment rate remained at 7.0 percent. Industrial production was little changed in March and April after posting solid gains in previous months. Retail sales increased substantially in April but were about unchanged on balance for the year to date. Housing starts picked up in April. Incoming data on orders and shipments of nondefense capital goods suggest a further brisk advance in outlays for business equipment, while nonresidential construction has remained soft. The nominal U.S. merchandise trade deficit in January–February was slightly below its average level in the fourth quarter. Increases in wages and prices have been appreciably larger this year than in the second half of 1992.

Short-term interest rates have changed little since the Committee meeting on March 23 while bond yields have risen somewhat. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined somewhat on balance over the intermeeting period.

After contracting during the first quarter, M2 was unchanged in April while M3 turned up; both aggregates increased substantially in early May. Total domestic nonfinancial debt expanded somewhat further through March.

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 its meeting in February established ranges for growth of M2 and M3 of 2 to 6 percent and ½ to 4½ percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee expects that developments contributing to unusual velocity increases are likely to persist during the year. The monitoring range for growth of total domestic nonfinancial debt was set at 4½ to 8½ percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to 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 appreciable growth in the broader monetary aggregates over the second quarter.

Votes for this action: Messrs. Greenspan, Corrigan, Keehn, Kelley, LaWare, Lindsey, McTeer, Mullins, Ms. Phillips, and Mr. Stern. Votes against this action: Messrs. Angell and Boehne.

Mr. Angell dissented because he believed that the persisting indications of rising inflation and the related deterioration in inflationary psychology called for a prompt move to tighten monetary policy. In his view, low real interest rates, a very steep yield curve, a surprisingly weak exchange value of the dollar along with the confirming price behavior of inflation-sensitive commodities such as gold underscored the need for Committee action to signal the System's continuing commitment to the eventual achievement of price stability. In his opinion, progress toward lower inflation was not likely in 1993 and 1994 in the absence of a monetary policy that was sufficiently restrictive to check inflationary expectations. He added that history demonstrated that a monetary policy focused primarily on developments in the real economy ran the risk of waiting too long to counter a worsening in inflationary expectations and thus requiring more substantial and possibly more disruptive policy changes later.

Mr. Boehne supported a steady policy course, but he dissented because he objected to a directive that was biased toward tightening. Although recent developments suggested that inflation would be somewhat higher and real growth somewhat lower during the year than had been expected earlier, he did not believe recent data indicated a fundamental shift in the outlook for inflation or the economy. He was concerned that adopting a biased directive might prove to be an overreaction to temporary factors affecting the inflation rate and inflationary sentiment. In his view, underlying economic conditions did not point toward an extended period of higher inflation. While the pace of economic growth conceivably could quicken, it seemed just as likely that the tempo of business and consumer spending could diminish in the face of uncertainty about the stance of fiscal policy, particularly with regard to potential tax increases. Given these uncertainties, he had a strong preference for keeping an open mind about possible Committee action during the intermeeting period and, accordingly, favored a balanced policy directive.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, July 6–7, 1993.

The meeting adjourned at 1:50 p.m.

Normand Bernard
Deputy Secretary

Legal Developments

Final Rule—Amendments to Regulations G, T, U and X

The Board of Governors is amending 12 C.F.R. Parts 207, 220, 221 and 224, its Regulations G, T, U and X (Securities Credit Transactions; List of Marginable OTC Stocks; List of Foreign Margin Stocks). The List of Marginable OTC Stocks (OTC List) is composed of stocks traded over-the-counter (OTC) in the United States that have been determined by the Board of Governors of the Federal Reserve System to be subject to the margin requirements under certain Federal Reserve regulations. The List of Foreign Margin Stocks (Foreign List) is composed of foreign equity securities that have met the Board's eligibility criteria under Regulation T. The OTC List and the Foreign List are published four times a year by the Board. This document sets forth additions to or deletions from the previous Foreign List. Both Lists were published on April 27, 1993 and effective on May 10, 1993.

Effective August 9, 1993, accordingly, pursuant to the authority of sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78g and 78w), and in accordance with 12 C.F.R. 207.2(k) and 207.6 (Regulation G), 12 C.F.R. 220.2(u) and 220.17 (Regulation T), and 12 C.F.R. 221.2(j) and 221.7 (Regulation U), there is set forth below a listing of deletions from and additions to the OTC List, and one deletion from the Foreign List.

Deletions from the List of Marginable OTC Stocks

Stocks Removed for Failing Continued Listing Requirements

American Integrity Corporation: $.01 par common

American Rice, Inc.: $1.00 par common

Aspen Imaging International, Inc.: No par common

Auto-Trol Technology: $.01 par common

Bioplasty, Inc.: $.01 par common

Blue Ridge Real Estate Company/Big Boulder Corporation: Paired certificates

Boston Digital Corporation: $.10 par common

Cardinal Distribution, Inc.: 7-1/4% convertible subordinated debentures

Community Financial Corp.: $.01 par common

Erly Industries, Inc.: $1.00 par common

F & C International, Inc.: No par common

Fonic Inc.: Warrants (expire 05–20–93)

GHA Group, Inc.: Class B, $.01 par common

Great American Communications Company: $.01 par common

Horizon Resources Corporation: $.01 par common

In-Store Advertising, Inc.: $.01 par common

Independent BankGroup, Inc.: $1.00 par common

Intellicorp, Inc.: $.001 par common

Kentucky Central Life Insurance Company: Class A, non-voting, $1.00 par common

Masstor Systems Corporation: $.001 par common

Metallurgical Industries, Inc.: Class A, $.10 par common

National Medical Waste, Inc.: $.01 par common

Nationwide Cellular Service, Inc.: Warrants (expire 06–01–93)

Norsk Data A.S.: American Depositary Receipts for Class B, non-voting shares

Optek Technology, Inc.: $.01 par common

Scios Nova Inc.: Class C, Warrants (expire 06–30–93)

Spectrum Information Technologies, Inc.: Class A, Warrants (expire 06–11–93)

Sungard Data Systems Inc.: 8-1/4% convertible subordinated debentures

TSL Holdings, Inc.: $.01 par common

Vest, H.D., Inc.: Warrants (expire 05–21–93)

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

Bank of East Tennessee: $2.00 par common
Brand Companies, Inc., The: $.10 par common

Cardinal Financial Group, Inc.: $.10 par common
CB&T Financial Corporation: $1.00 par common
CFS Financial Corporation: $1.00 par common
Colorado National Bankshares, Inc.: No par common

Financial Federal Corporation: $.50 par common
First Community Bancorp Inc.: $1.00 par common

Goldtex, Inc.: $.10 par common
Grancare Inc.: No par common
Gull Laboratories, Inc.: $.001 par common

Hall-Mark Electronics Corporation: $.01 par common
Home Federal Savings Bank (Colorado): $1.00 par common
Horizon Financial Services, Inc.: $1.00 par common

Jimbo's Jumbos, Incorporation: $.001 par common

Key Centurion Bancshares, Inc.: $3.00 par common

Manitowoc Company, Inc.: $.01 par common
Midsouth Corporation: $.20 par common
Multibank Financial Corporation: $6.25 par common

Northeast Bancorp, Inc.: $5.00 par common
Nucorp, Inc.: $.05 par common

Pulitzer Publishing Company: $.01 par common

Qual-Med, Inc.: $.01 par common

Ranch Industries, Inc.: $1.00 par common
Regency Cruises Inc.: $.001 par common
Republic Capital Group, Inc.: $.10 par common

Security Tag Systems, Inc.: $.001 par common
Society for Savings Bancorp, Inc.: $1.00 par common
Southern California Water Company: $5.00 par common
Southwestern Electric Service Co.: $1.00 par common
Sundowner Offshore Services, Inc.: $.01 par common

Western Financial Corporation: $1.00 par common

Additions to the List of Marginable OTC Stocks

3DO Company, The: $.01 par common

Abraxas Petroleum Corporation: $.01 par common
Absolute Entertainment, Inc.: No par common
ABT Building Products Corporation: $.01 par common
ACS Enterprises, Inc.: $.05 par common
Action Performance Companies, Inc.: $.01 par common; Warrants (expire 04-27-98)
AER Energy Resources, Inc.: No par common
AGCO Corporation: Depositary Shares
Alcide Corporation: $.01 par common
Aldila, Inc.: $.01 par common
Alpha 1 Biomedicals, Inc.: Warrants (expire 02-28-97)
American National Petroleum Company: $.01 par common
American Safety Razor Company: $.01 par common
American Savings Bank of Florida: $.01 par common
Amerihost Properties, Inc.: $.005 par common
Amtran, Inc.: No par common
Auspex Systems, Inc.: $.001 par common

Bancfirst Ohio Corp.: $10.00 par common
Banco de Galicia y Buenos Aires S.A.: American Depositary Shares
Bankunited Financial Corporation (Florida): Series 1993, $.01 par non-cumulative convertible preferred
Barrett Business Services, Inc.: $.01 par common
Base Ten Systems, Inc.: Class B, $1.00 par common
Bell Microproducts Inc.: $.01 par common
Black Hawk Gaming & Development Co., Inc.: $.001 par common; Class A, Warrants (expire 12-31-94); Class B, Warrants (expire 06-30-96)
Blyth Holdings, Inc.: $.01 par common
Broadband Technologies, Inc.: $.01 par common

California Culinary Academy, Inc.: No par common
Cambridge Technology Partners (Massachusetts), Inc.: $.01 par common
Care Enterprises, Inc.: $.01 par common
Catalyst Semiconductor, Inc.: No par common
CDW Computer Centers, Inc.: $.01 par common
Celestial Seasonings, Inc.: $.01 par common
Charter Bancshares, Inc. (Texas): $1.00 par common
Chattahoochee Bancorp, Inc. (Georgia): $1.00 par common
Citizens Bancshares, Inc. (Ohio): No par common
Citizens Federal Bank, A Federal Savings Bank (Florida): 8-3/4 Series A, non-cumulative preferred
Clayton Williams Energy, Inc.: $.10 par common
Coastal Financial Corporation (South Carolina): $.01 par common
Commercial Bank of New York: $5.00 par common

Communication Intelligence Corporation: $.01 par common
Concurrent Computer Corporation: $.01 par common
CPI Aerostructures, Inc.: $.001 par common; Warrants (expire 09–16-95)
CTL Credit, Inc.: $.01 par common
Cypros Pharmaceutical Corporation: No par common
Cyrk, Inc.: $.01 par common

D.I.Y. Home Warehouse, Inc.: No par common
Daig Corporation: $.01 par common
Delta and Pine Land Company: $.10 par common
Discovery Zone, Inc.: $.01 par common
Donnkenny, Inc.: $.01 par common
Dovatron International, Inc.: $.01 par common
Drug Emporium, Inc.: 7.75% convertible debentures (due 2014)

Eagle Holdings, Inc.: No par common
ECCS, Inc.: $.01 par common
Edunetics Ltd.: Ordinary Shares, NIS .06 par value
Electroglas, Inc.: $.01 par common
Electronic Retailing Systems International, Inc.: $.01 par common
Equinox Systems, Inc.: $.01 par common
Erox Corporation: No par common
Evergreen Media Corporation: Class A, No par common
Excalibur Holding Corporation: $.00001 par common

F & M Bancorporation, Inc. (Wisconsin): $.01 par common
Far East National Bank (California): $1.25 par common
FFBS Bancorp, Inc. (Mississippi): $.01 par common
FFY Financial Corp. (Ohio): $.01 par common
Fidelity New York F.S.B.: $.01 par common
Flir Systems, Inc.: $.01 par common
Fourth Shift Corporation: $.01 par common
Frozen Food Express Industries, Inc.: $1.50 par common
Future Healthcare, Inc.: No par common

GAB Bancorp (Indiana): $10.00 par common
General Communication, Inc.: Class A, No par common
Genzyme Transgenics Corporation: $.01 par common
George Mason Bankshares, Inc. (Virginia): $1.66 par common
Geotek Industries: $.01 par common
Gold Reserve Corporation: No par common
Gotham Apparel Corporation: $.001 par common
Ground Round Restaurants, Inc.: $.1667 par common
Growth Financial Corp. (New Jersey); $1.00 par common

Hallmark Healthcare Corporation: Class A, $.01 par common
Hamilton Financial Services Corporation: $.01 par common
Harmony Holdings, Inc.: $.01 par common
Harry's Farmers Market, Inc.: Class A, $.01 par common
Healthdyne Technologies, Inc.: $.01 par common
HEI Inc.: $.05 par common
Hollywood Casino Corporation: $.01 par common
Horizon Bancorp, Inc. (West Virginia): $1.00 par common
Huntco Inc.: Class A, $.01 par common
Hyde Athletic Industries, Inc.: Class B, $.33-⅓ par common

Image Business Systems Corporation: $.01 par common
Independence Bancorp, Inc. (New Jersey): $1.667 par common
Industrial Scientific Corporation: $.10 par common
Information Resource Engineering, Inc.: $.01 par common
Interlinq Software Corporation: $.01 par common
International Imaging Materials, Inc.: $.01 par common
International Tourist Entertainment Corp.: $.001 par common
IRG Technologies, Inc.: $.01 par common
IVF America, Inc.: $.01 par common; Series A, $1.00 par cumulative convertible preferred

Jabil Circuit, Inc.: $.01 par common
Jackson County Federal Bank, A Federal Savings Bank (Oregon): $1.00 par common

Kent Financial Services, Inc.: $.10 par common

Laser Vision Centers, Inc.: $.01 par common
Laurel Savings Association (Pennsylvania): $1.00 par common
LCI International, Inc.: $.01 par common
LF Bancorp, Inc. (Mississippi): $.01 par common
Lottery Enterprises, Inc.: $.01 par common
Lunn Industries, Inc.: $.01 par common

Magnetic Technologies Corporation: $.15 par common
Mariner Health Group, Inc.: $.01 par common
Martin Color-Fi, Inc.: No par common
MBLA Financial Corporation (Missouri): $.01 par common
Medical Care America, Inc.: 7% convertible debentures (due 2015)
Megahertz Corporation: $.004 par common
Megatest Corporation: $.001 par common

Metatec Corporation: Class A, $.01 par common
Metro Financial Corporation (Georgia): $1.00 par common
MFS Communications Company, Inc.: $.01 par common
Microcarb Inc.: $.01 par common
Mississippi Valley Bancshares, Inc. (Missouri): $1.00 par common

National Convenience Stores, Inc.: Warrants (expire 03-09-98)
National Home Centers, Inc.: $.01 par common
Northern Springs Co., Inc.: Class A, $.01 par common
Northstar Health Services, Inc.: $.01 par common
Northwestern Steel and Wire Company: $.01 par common
Norwood Promotional Products, Inc.: No par common

O'Reilly Automotive, Inc.: $.01 par common
Old America Stores, Inc.: $.01 par common
OPTI, Inc.: No par common

Pacific International Services Corporation: No par common
Papa John's International, Inc.: $.01 par common
Paul Harris Stores, Inc.: $.01 par common
People's Bank (Connecticut): 8.5% Series A, No par convertible preferred
People's Choice TV Corp.: $.01 par common
Petroleum Geo-Services A/S: American Depositary Receipts
Phycor, Inc.: 6.5% convertible subordinated debentures (due 2003)
Pinnacle Micro, Inc.: $.001 par common
Pittencrieff Communications, Inc.: $.01 par common
Primadonna Resorts, Inc.: $.01 par common
Projectavision, Inc.: $.0001 par common

Quad Systems Corporation: $.03 par common
Quality Projects, Inc.: $.00001 par common

Random Access, Inc.: $.0001 par common
Re Capital Corporation: $.10 par common
Regal Cinemas, Inc.: No par common
Regional Acceptance Corporation: No par common
Reliable Life Insurance Company, The: Class A, $1.00 par common
Reno Air, Inc.: $.01 par common
Resource Mortgage Group, Inc. (South Carolina): $.01 par common
Rexall Sundown, Inc.: $.01 par common
Rhodes, Inc.: $.01 par common
Robert Mondavi Corporation, The: Class A, No par common
Rochester Community Savings Bank, The: Series B, $1.00 par non-cumulative convertible preferred

Safety 1st, Inc.: $.01 par common
Sanmina Corp.: $.01 par common
Santa Cruz Operation, Inc., The: No par common
Satcon Technology Corporation: $.01 par common
Seaman Furniture Company, Inc.: $.01 par common
Shiloh Industries, Inc.: $.01 par common
Signal Technology Corporation: $.01 par common
Silver King Communications, Inc.: $.01 par common
Sodak Gaming, Inc.: $.01 par common
Spectrum Signal Processing Inc.: No par common
St. Francis Capital Corporation: $.01 par common
Stanley Furniture Company, Inc.: $.02 par common
State Financial Services Corporation: Class A, $.10 par common
Station Casinos, Inc.: $.01 par common
Stolt Comex Seaway S.A.: $2.00 par common
Summit Bancshares, Inc. (Texas): $2.50 par common
Suncoast Savings & Loan Assoc. FSA: Series A, $5.00 par non-cumulative convertible preferred
Sundance Homes, Inc.: $.01 par common
Sunglass Hut International, Inc.: $.01 par common
Supreme International Corporation: $.01 par common
Swisher International, Inc.: $.01 par common; Warrants (expire 04-21-96)

T R Financial Corp.: $.01 par common
Telor Ophthalmic Pharmaceuticals, Inc.: $.001 par common
Therapeutic Discovery Corporation/ALZA Corporation: Units (expire 12-31-99)
Titan Holdings, Inc.: $.01 par common
Tital Wheel International, Inc.: No par common
Touchstone Applied Science Associates, Inc.: $.0001 par common
Trico Bancshares (California): No par common

United Mobile Homes, Inc.: $.10 par common

Valley Bancorp, Inc. (Pennsylvania): $5.00 par common

West Coast Bancorp, Inc. (Florida): $1.00 par common
Wind River Systems, Inc.: $.01 par common

Zaring Homes, Inc.: No par common

Deletion from the List of Foreign Margin Stocks

Joshin Denki Company, Ltd.: ¥ 50 par common

FINAL RULE—AMENDENT TO REGULATION Z

The Board of Governors is amending 12 C.F.R. Part 226, its Regulation Z (Truth in Lending), to provide a temporary exception to Regulation Z provisions that prohibit the use of a preprinted form by a creditor to obtain a consumer's waiver of the right to rescind certain home-secured loans when loan proceeds are needed immediately to meet a consumer's bona fide personal financial emergency. Generally, Regulation Z requires a mandatory three-day waiting period on rescindable transactions before funds can be disbursed. In addition, a consumer's need to obtain funds immediately shall be regarded as a bona fide personal financial emergency for purposes of Regulation Z for transactions secured by consumers' principal dwellings located in areas of the Midwest recently declared to be major disaster areas because of extensive flooding. The exception expires one year from the date the area was declared a major disaster.

Effective July 29, 1993, 12 C.F.R. Part 226 is amended as follows (the Board is publishing only those sections of the regulation that are affected by the changes):

Part 226—Truth in Lending

1. The authority citation for Part 226 continues to read:

Authority: Truth in Lending Act, 15 U.S.C. 1604 and 1637(c)(5); sec. 1204 (c), Competitive Equality Banking Act, 12 U.S.C. 3806.

Subpart B—Open-End Credit

2. Section 226.15 paragraph (e) is revised to read as follows:

Section 226.15—Right of Rescission.

* * * * *

(e) *Consumer's waiver of right to rescind.*

(1) The consumer may modify or waive the right to rescind if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency. To modify or waive the right, the consumer shall give the creditor a dated written statement that describes the emergency, specifically modifies or waives the right to rescind, and bears the signature of all the consumers entitled to rescind. Printed forms for this purpose are prohibited, except as provided in paragraph (2) of this section.

(2) The need of the consumer to obtain funds immediately shall be regarded as a bona fide personal financial emergency provided that the dwelling securing the extension of credit is located in an area declared during June through September 1993, pursuant to 42 U.S.C. 5170, to be a major disaster area because of severe storms and flooding in the Midwest.[36a] In this instance, creditors may use printed forms for the consumer to waive the right to rescind. This exemption to paragraph (e)(1) of this section shall expire one year from the date an area was declared a major disaster.

3. Section 226.16 is amended by redesignating existing footnotes 36a and 36b as footnotes 36b and 36c, respectively.

Subpart C—Closed-End Credit

4. Section 226.23 paragraph (e) is revised to read as follows:

Section 226.23—Right of Rescission.

* * * * *

(e) *Consumer's waiver of right to rescind.*

(1) The consumer may modify or waive the right to rescind if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency. To modify or waive the right, the consumer shall give the creditor a dated written statement that describes the emergency, specifically modifies or waives the right to rescind, and bears the signature of all the consumers entitled to rescind. Printed forms for this purpose are prohibited, except as provided in paragraph (2) of this section.

(2) The need of the consumer to obtain funds immediately shall be regarded as a bona fide personal financial emergency provided that the dwelling securing the extension of credit is located in an area declared during June through September 1993, pursuant to 42 U.S.C. 5170, to be a major disaster area because of severe storms and flooding in the Midwest.[48a] In this instance, creditors may use printed forms for the consumer to waive the right to rescind. This exemption to paragraph (e)(1) of this section shall expire one year from the date an area was declared a major disaster.

36a. A list of the affected areas will be maintained by the Board. Such areas now include parts of Iowa, Illinois, Minnesota, Missouri, Nebraska, South Dakota, and Wisconsin.

48a. A list of the affected areas will be maintained by the Board. Such areas now include parts of Illinois, Iowa, Minnesota, Missouri, Nebraska, South Dakota, and Wisconsin.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Banc One Corporation
Columbus, Ohio

Banc One Colorado Corporation
Denver, Colorado

Order Approving Merger of Bank Holding Companies and Acquisition of Bank

Banc One Corporation, Columbus, Ohio ("Banc One"), and its wholly owned subsidiary, Banc One Colorado Corporation, Denver, Colorado ("Banc One Colorado", and, together with Banc One, "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Colorado Western Bancorp, Inc., Montrose, Colorado ("Colorado Western"), and thereby indirectly acquire Colorado Western's sole subsidiary, The First National Bank of Montrose, Montrose, Colorado ("Montrose Bank").[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 26,785 (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.

Banc One, with $73.7 billion in total consolidated assets, is the eighth largest commercial banking organization in the United States, controlling $59.6 billion in deposits.[2] Banc One operates 78 subsidiary banks in Ohio, Indiana, Michigan, Wisconsin, Illinois, Texas, Colorado, Kentucky, Arizona, California, Utah, and West Virginia. Banc One Colorado, with $2.8 billion in total assets, is the fourth largest commercial banking organization in Colorado, controlling six bank subsidiaries with $2.4 billion in total deposits, representing approximately 8.8 percent of total deposits in commercial banks in the state. Colorado Western, with $73.3 million in total assets, is the 52d largest commercial banking organization in Colorado, controlling $65.9 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.[3]

Competitive Considerations

Banc One and Colorado Western compete in the Montrose County, Colorado, banking market ("Montrose banking market").[4] Bank One Western is the sixth largest depository institution[5] in this market, controlling deposits of $18.1 million, representing approximately 5.3 percent of total deposits in depository institutions in the market ("market deposits").[6] Montrose Bank is the second largest depository institution in the market, controlling deposits of $61.4 million, representing approximately 18.1 percent of market deposits. Upon consummation of this proposal, Banc One would become the second largest banking organization in the Montrose banking market, controlling deposits of $79.5 million, representing approximately 23.4 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 192 points to 2221.[7]

1. The transaction is structured as a merger of Colorado Western with and into Banc One Colorado. Applicants also intend to merge Montrose Bank with and into Bank One, Western Colorado, N.A., Salida, Colorado ("Bank One Western"). This bank merger has been approved by the Office of the Comptroller of the Currency ("OCC") pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)).

2. Asset and deposit data are as of March 31, 1993, and reflect acquisitions consummated since that date.

3. Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication." 12 U.S.C. § 1842(d). Colorado's interstate banking statute permits out-of-state bank holding companies nationwide to acquire banking organizations located in Colorado, subject to specified statutory requirements and a certification by state banking officials that the acquisition satisfies such requirements. *See* Colo. Rev. Stat. § 11–6.4–103 (1992). The record in this case indicates that Banc One's proposal satisfies all relevant statutory criteria, and the Colorado banking authorities have issued a certification confirming this fact. For these reasons, the Board has concluded that Banc One is authorized under the laws of Colorado to acquire Colorado Western and Montrose Bank. Accordingly, Board approval of this proposal is not prohibited by the Douglas Amendment.

4. The Montrose banking market is approximated by Montrose County, Ouray County, and San Miguel County, all in Colorado.

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

6. Market share data are as of June 30, 1992.

7. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered 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, as a general matter, a bank merger or acquisition will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the transaction 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

Ten depository institutions will remain in operation in the Montrose banking market upon consummation of this proposal. The largest such depository institution is a subsidiary of a large, regional bank holding company, and controls more than 35 percent of market deposits. The Board also has considered that Colorado permits interstate banking nationwide, and, therefore, that there are a large number of potential entrants into this market. In this regard, the Montrose banking market is relatively attractive to potential entrants, as evidenced by the fact that several banking organizations, including two *de novo* banks, have commenced operations in the market in the past several years. Finally, the Board sought comments on the competitive effects of this proposal from both the Department of Justice and the OCC. The Department of Justice has indicated that it does not believe the acquisition of Montrose Bank by Banc One would have a significantly adverse effect on competition in any relevant market, and the OCC has not provided any objection to consummation of the proposal or indicated that the proposal would have any significant adverse competitive effects.[8] On the basis of the foregoing considerations and all the other facts of record, the Board has concluded that consummation of Applicants' proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in the Montrose banking market or any other relevant banking market.

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.*) ("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 consistently with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of applications.[9]

In connection with these applications, the Board has received comments from The Main Street Business Association ("Protestant") objecting to this proposal. Protestant criticizes generally the CRA performance record of the Banc One organization, and raises issues regarding the record of Banc One's lead subsidiary bank in Ohio, Bank One, Columbus, N.A., Columbus, Ohio ("Bank One Columbus"), including the bank's record of small business lending in minority neighborhoods.[10]

The Board has carefully reviewed the CRA performance records of Banc One and its subsidiary banks, the comments presented by Protestant and Banc One's responses to those comments, as well as 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").[11]

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.[12] In this regard, Bank One Columbus received an "outstanding" rating in its most recent publicly available examination report for CRA performance conducted by the OCC as of May 1991 (the "1991 examination"). Bank One Western also received an "outstanding" rating from the OCC at its most recent examination conducted as of February 1993. Overall, the most recent CRA performance examinations for Banc One's subsidiary banks show 28 "outstanding" ratings, 48 "satisfactory" ratings, and 2 ratings of "needs to improve", one of which was assigned by the OCC to Bank One Cleveland at its most recent examination conducted as of April 1993.[13]

implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

8. In addition, the Board notes that the OCC has approved the merger Montrose Bank with and into Bank One Western pursuant to the Bank Merger Act.

9. *See* 12 U.S.C. § 2903.

10. In addition, Protestant believes that there may exist some inconsistencies in the OCC's examination ratings for CRA performance by Banc One's subsidiary banks, and has encouraged the Board to examine factors in addition to these ratings. In this regard, Protestant cites data concerning denial rates of Bank One Columbus and Bank One Cleveland, N.A., Cleveland, Ohio ("Bank One Cleveland"), to African-American applicants for conventional home mortgages.

11. 54 *Federal Register* 13,742 (1989).

12. 54 *Federal Register* at 13,745 (1989).

13. The second rating of "needs to improve" was assigned to Nicholas County Bank, Summersville, West Virginia, at its most recent examination conducted by the Federal Deposit Insurance Corporation as of December 1991, before this institution was acquired by Banc One.

The Board also has considered the CRA performance record of Montrose Bank, including the most recent CRA performance examination conducted by the OCC.

B. Recent Review of Banc One's CRA Record

In addition to considering the record of CRA performance examinations of Montrose Bank and Banc One's subsidiary banks, the Board has carefully considered the actual CRA-related policies, procedures, and programs instituted and in place at these organizations. In this regard, the Board notes that in connection with Banc One's recent application to acquire Valley National Corporation, Phoenix, Arizona ("Valley National"), and certain of Valley National's banking and nonbanking subsidiaries, the Board conducted a thorough review of the CRA performance record of the Banc One organization.[14] The Board's review included consideration of numerous comments received with respect to that proposal from various community organizations and other members of the public, including Protestant. In the Valley National Order, the Board concluded that the overall CRA performance record of the Banc One 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 Banc One's proposal to acquire the Valley National organization.

C. Record of Bank One Columbus

In the area of small business lending, Bank One Columbus maintains credit relationships with over 2,700 small businesses in the Columbus MSA with annual revenues of $10 million or less. At the 1991 examination, the OCC concluded that the bank is an active small business lender, and originated a reasonable volume of small business loans. The OCC noted that Bank One Columbus is a very active participant in small business lending programs sponsored by the Small Business Administration and state and local government agencies. In 1990, the bank closed 45 loans under these programs, totalling more than $4.7 million.

The Board also has noted that a substantial portion of the bank's small business loans are made to emerging businesses with annual revenues of less than $1 million. For example, in 1992 Bank One Columbus made 744 loans to such businesses for a total of $39.8 million. Of these loans, 151 were to businesses in low- and moderate-income areas, in the aggregate amount of $9.1 million. The record also indicates that a substantial portion of these loans were to businesses in predominantly minority areas. Through the first three quarters of 1992, 9 percent of such loans were made in minority areas. Minority areas represent approximately 10 percent of the census tracts in the Columbus MSA. The Board also notes that the bank's approval and denial rates for such small business loans in minority areas is approximately the same as that for small business credit applicants located in areas where minorities represent less than 10 percent of the population.

As noted previously, Bank One Columbus received an "outstanding" rating for CRA performance at the most recent publicly available examination concluded by the OCC. The record of these applications demonstrates that Banc One and Bank One Columbus have in place the types of policies and procedures that the Board and the other federal bank supervisory agencies have indicated contribute to an effective CRA program. Many of these policies and procedures, particularly those instituted at the Banc One corporate level, were discussed in the Valley National Order. The Board has specifically reviewed the policies and procedures instituted at the Columbus bank in its consideration of these applications. In this regard, the OCC concluded at the 1991 examination that the bank's board of directors is actively involved in the CRA program, and has adopted appropriate CRA policies, including policies regarding the allocation of resources and the establishment of an effective program structure. In addition, a committee of the board of directors meets quarterly to review and discuss matters relating to CRA performance. The bank's internal CRA committee, comprised of the CRA Officer, senior management, and officers representing various divisions of the bank, meets monthly to provide guidance for the CRA program. These and other policies and procedures employed by Bank One Columbus are designed to ensure an effective CRA program that includes involvement by senior management and the board of directors.

Bank One Columbus has instituted an ascertainment program to identify and respond to community credit needs. At the 1991 examination, the OCC concluded that this ascertainment program included all areas of the bank's delineated community. Bank One Columbus has established a comprehensive officer calling program to establish and maintain contacts with individuals and organizations throughout the community. The calling program is overseen by the bank's CRA

14. *See Banc One Corporation*, 79 *Federal Reserve Bulletin* 524 (1993) ("Valley National Order").

Officer and by the internal CRA committee. Other significant ascertainment efforts include meetings of the bank's Community Advisory Council, various types of marketing surveys and analyses, and community outreach activities by various levels of bank personnel. The OCC also concluded that the bank has shown flexibility in developing credit products to meet ascertained credit needs.

Bank One Columbus also has instituted a marketing program designed to inform all segments of its community of the bank's services and credit products. The OCC's 1991 examination found that the bank's marketing program was comprehensive and covered all areas of the bank's delineated community, including low- and moderate-income neighborhoods. The bank uses general circulation and special media to target particular segments of the community. Other marketing efforts include seminars for potential customers for consumer and small business credit.

As indicated in the Valley National Order, Bank One Columbus offers a wide range of credit products for homeowners, consumers, and small businesses, including products offered through governmental loan programs such as those sponsored by the Federal Housing Administration, the Veterans Administration, the Small Business Administration, and the Ohio Housing Finance Agency.[15] At the 1991 examination, the OCC concluded that the bank's lending record demonstrated reasonable market penetration in all segments of its service communities, including low- and moderate-income areas.

With respect to housing-related lending, Bank One Columbus made 1,479 mortgage loans in 1991, for a total of $117 million.[16] Of these loans, 345 were to low- and moderate-income borrowers, in the aggregate amount of $10.7 million. The bank also is an active home-improvement lender, having made 2,767 such loans in 1991 for a total of $31 million within the Columbus MSA. Low- and moderate-income borrowers received 1,227 of these home improvement loans, for a total of approximately $8.4 million. Bank One Columbus also makes a substantial number of other types of consumer loans. For example, the OCC concluded at the 1991 examination that the bank was a very active lender under guaranteed student loan programs, having made over 13,000 student loans for approximately $23 million from September 1, 1990, through March 31, 1991.

The OCC also concluded that the bank had an excellent record of participation in community development and redevelopment activities within its service areas. In addition to investing in state and local bond issues for housing projects, economic development, and other purposes, Bank One Columbus has funded development projects within its community, and, through Banc One Community Development Corporation, has invested or committed funds to various community organizations engaged in activities related to affordable housing, including the Columbus Housing Partnership and the Ohio Equity Fund.

The Board also has reviewed data reported by Bank One Columbus, as well as Banc One's other subsidiary banks, under the Home Mortgage Disclosure Act ("HMDA"). These data indicate some disparities in approvals and denials of loan applications according to racial and ethnic group and income status in the areas served by these banks. Because all banks are obligated to adopt and implement lending practices that ensure not only safe and sound lending but also 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 credit 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 that the community delineation of Bank One Columbus 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. In this regard, 13.4 percent of the bank's 1991 housing-related loans were made to minorities, a proportion that is higher than the 12.6 percent of the Columbus MSA population that is minority. The Board also has noted that at the 1991 examination, the OCC found no evidence that the bank engages in illegal discrimination or other illegal credit practices. The record also indicates that Bank One Columbus supports its antidiscrimination policies and procedures with employee compliance training.

15. The Board has noted that in 1990, the bank made 85 housing loans through programs sponsored by the FHA, VA, and OHFA, for a total of $4.5 million.

16. These figures are for conventional purchase money mortgages, FHA and VA loans, and refinancings, and include loans originated by Banc One Mortgage Corporation in Bank One Columbus service areas.

D. Initiatives by Bank One Cleveland

In the Valley National Order, the Board stated that it expected Banc One to take steps that would address the areas of weakness identified in the OCC's most recent examination of Bank One Cleveland. The Board also required Banc One to submit to the Board, when delivered to the OCC, a copy of its plan to address these deficiencies in the CRA record of Bank One Cleveland, and further required Banc One to submit quarterly progress reports with respect to this improvement plan.

The Board has reviewed the CRA corrective action plan for Bank One Cleveland, as well as the first quarterly progress report on the plan, in its consideration of these applications. The corrective action plan calls for the bank to evaluate existing CRA-related programs with a view toward achieving a more equitable distribution of credit throughout its service communities. To this end, the bank will conduct a thorough geographic analysis of its consumer and residential real estate lending patterns, and has established provisional quantitative indicators to measure credit distribution throughout its market. The bank also will conduct an evaluation of existing credit products and lending programs. This evaluation will include assessments of marketing and advertising programs, as well as the ability of existing loan products to meet identified community credit needs. The bank also will establish lending targets for each underserved area that has been identified as an area of market opportunity, and will develop specific strategies to achieve these objectives.

Since the Valley National Order was issued, Bank One Cleveland has introduced several new loan products designed to meet the credit needs of low- and moderate-income communities, including:

(1) A home mortgage product with low down payment requirements and flexible underwriting criteria;
(2) A mortgage loan product that will cover both acquisition costs and rehabilitation costs;
(3) A secured home improvement loan product; and
(4) A mortgage loan for one-to-eight unit rental properties.

The Board also notes that Bank One Cleveland has recruited a new CRA Officer, who reports directly to the chief executive officer and board of directors of the bank. This CRA Officer will coordinate the efforts of an expanded staff, including regional CRA coordinators, a community lending officer, and a low- and moderate-income market analyst. In addition, members of the bank's senior management have been assigned to a reorganized CRA Management Committee. The bank also has established an additional Community Advisory Council, which will focus exclusively on credit needs in the City of Cleveland. The Board will continue to monitor implementation of these and other steps developed by Banc One and Bank One Cleveland, and continues to expect Banc One and Bank One Cleveland to implement these steps fully.[17]

E. Conclusion Regarding Convenience and Needs Factor

The Board has carefully considered all the facts of record, including the comments received, in reviewing the convenience and needs factor under the BHC Act. Based on a review of the entire record, including information provided by Protestant and the results of the most recent CRA performance examinations conducted by the relevant primary regulators, as well as the information that was also relevant to and considered in the Valley National Order, the Board believes that the efforts of Banc One and Colorado Western to help meet the credit needs of all segments of the communities served by their subsidiary banks, including low- and moderate-income neighborhoods, as well as all other convenience and needs considerations, are consistent with approval of this proposal.

Other Considerations

On the basis of all the facts of record, including the representations and commitments furnished by Applicants, the Board has concluded that the financial and managerial resources and future prospects of Banc One, Colorado Western, and their respective subsidiaries, and all other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. This approval is expressly conditioned upon compliance by Applicants with all the commitments made in connection with these applications and with the conditions referenced in this Order. The commitments and conditions relied on by

17. The Board also notes that Banc One and Mayor White of Cleveland have announced a joint initiative between Bank One Cleveland and the city designed to enhance an expansion of financial services in targeted areas. Under this initiative, Bank One Cleveland committed to introduce a variety of credit products, and to seek to employ the services of a homebuyer counseling provider to assist low- and moderate-income residents of Cleveland in applying for residential loans at the bank. In addition, the initiative provides that the bank will undertake a cooperative effort with the city to finance new housing development in targeted areas. Moreover, Bank One Cleveland will conduct feasibility studies of sites identified by the city for possible new branch locations.

the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

First Financial Corporation
Terre Haute, Indiana

Order Approving the Merger of Bank Holding Companies

First Financial Corporation, Terre Haute, Indiana ("First Financial"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)(5)) to merge with Parke Bancorp, Rockville, Indiana, and thereby to acquire the Parke State Bank, Rockville, Indiana ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 13,266 (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.

First Financial is the 11th largest commercial banking organization in Indiana, controlling deposits of approximately $826.5 million, representing 1.7 percent of total deposits in commercial banks in the state.[1] Parke Bancorp is the 88th largest commercial banking organization in the state, controlling deposits of $66.9 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First Financial would remain the 11th largest commercial banking organization in the state with deposits of $893.4 million, representing approximately 1.9 percent of total deposits in commercial banking organizations in the state.

1. Deposit data are as of June 30, 1992.

First Financial and Bank compete directly in the Terre Haute, Indiana, banking market.[2] First Financial is the largest depository institution in the market, controlling deposits of $708.3 million, representing 46.3 percent of total deposits in depository institutions in the market ("market deposits").[3] Bank is the smallest depository institution in the market, with market deposits of $9.4 million, representing less than 1 percent of total deposits in depository institutions in the market. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 56 points to 2781.[4]

Although consummation of this proposal would result in some increase in market concentration as measured by the HHI, nine depository institutions, including seven commercial banking organizations, would remain in the market. These commercial bank competitors include two of the largest commercial banking organizations in the state. In addition, several aspects of the Terre Haute banking market make it an attractive banking market for potential banking competitors to enter.[5] Indiana has nationwide reciprocal interstate banking and permits *de novo* branch entry by commercial banks in contiguous counties and by thrifts from anywhere in the state, thus facilitating entry into the market by potential competitors. In this regard, several out-of-market banking firms have entered the Terre Haute banking market since 1985.

In light of the relatively small increase in market concentration and First Financial's market share, the number of competitors remaining in the market, the

2. The Terre Haute banking market is approximated by Clay and Vigo Counties; Clinton and Helt townships in Vermillion County; Florida, Jackson, and Raccoon townships in Parke County; and Curry, Fairbanks, and Jackson townships in Sullivan County, all in Indiana.

3. Market data are as of June 30, 1992. In this context, depository institutions include commercial banks and savings banks. 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). In considering the competition offered by thrifts in the Terre Haute banking market, market share data are based on calculations in which the deposits of two thrift institutions in the market are included at 50 percent.

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

5. For example, the Terre Haute banking market is one of the state's 11 Metropolitan Statistical Areas and ranks third in deposits per banking office and third in recent growth of market deposits.

attractiveness of the market to potential entrants, and other facts of record in this case, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Terre Haute banking market, or in any other relevant banking market.

Considerations relating to the financial and managerial resources and future prospects of First Financial, Parke, and their subsidiary banks, and other supervisory factors that the Board is required to consider under section 3 of the BHC Act, also are consistent with approval of this application. The Board also finds that considerations relating to the convenience and needs of the communities to be served are consistent with approval.

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 of this transaction is specifically conditioned upon compliance with the commitments given in connection with this application. For the purposes of this action, the commitments and conditions relied on in reaching this decision are both considered to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable laws. 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 Chicago, pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), 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 M & D Holding Company ("M & D") and thereby indirectly acquire First State Bank of Spring Lake Park ("Bank"), both of Spring Lake Park, Minnesota.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 26,785 (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.

Norwest, with total consolidated assets of $45.5 billion, operates 85 banking subsidiaries located in 13 states.[2] Norwest is the second largest commercial banking organization in Minnesota, controlling deposits of approximately $10.1 billion, representing 23.1 percent of the deposits in commercial banks in the state.[3] M & D is the 113th largest commercial banking organization in Minnesota, controlling $48.2 million in deposits, representing less than 1 percent of the deposits in commercial banks in the state. Upon consummation of the proposal, Norwest would remain the second largest commercial banking organization in Minnesota, controlling deposits of $10.2 billion, representing 23.2 percent of the total deposits in commercial banks in the state.

Competitive Considerations

Norwest and M & D compete directly in the Minneapolis-St. Paul banking market.[4] Norwest is the second largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $7.4 billion, representing 27.8 percent of total deposits in depository institutions in the market ("market deposits").[5] M & D is the 46th largest depository institution in the market, controlling approximately $48.2 million in deposits, representing

1. Norwest proposes to acquire Bank by merging M & D into Norwest and subsequently merging Bank into a newly chartered national bank, to operate under the name of Bank of Spring Lake Park, N.A. The proposed Bank merger is subject to approval by the Office of the Comptroller of the Currency ("OCC") under the Bank Merger Act (12 U.S.C. § 1828(c)).

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

3. State and market share data are as of June 30, 1992.

4. The Minneapolis-St. Paul banking market is comprised of Anoka, Hennepin, Ramsey, Washington, Carver, Scott, and Dakota Counties, and portions of Chisago, Le Sueur, Sherburne, and Wright Counties in Minnesota, and the town of Hudson in St. Croix County in Wisconsin.

5. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board 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).

0.18 percent of market deposits.[6] Upon consummation of this proposal, Norwest would remain the second largest depository institution in the market, controlling deposits of $7.5 billion, representing 28 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 10 points to 2026.[7]

The Board previously has indicated that merger transactions in the Minneapolis-St. Paul banking market involving one of the two largest depository institutions in the market warrant close review because of the size of these institutions relative to other market competitors.[8] In this case, M & D is one of the smaller depository organizations in the Minneapolis-St. Paul banking market, controlling 0.18 percent of market deposits. Even considering the effect on market concentration in light of previous acquisitions by the two largest depository institutions, this proposal would not have a significantly adverse competitive effect in the market. In addition, 103 competitors will remain in the market, including 93 commercial banks and 10 thrifts.

The Minneapolis-St. Paul banking market is a major urban area and is attractive for entry. Seven commercial banking institutions, including two banks chartered *de novo* in 1990, and one thrift institution have entered the market since early 1988. Moreover, one of the commercial banking institutions that has entered the market during this period has become the fourth largest depository institution in the market. Minnesota has relaxed its restrictions on interstate banking acquisitions, which has increased the number of potential entrants into the market.[9] In addition, banks with their principal office within the seven-county area that comprises most of the Minneapolis-St. Paul banking market may establish detached facilities (branches) through mergers elsewhere within these seven counties without being subject to the five-branch limitation otherwise imposed under Minnesota law.[10]

In light of all the facts in this case, including the number of competitors remaining in the market, the size of M & D, and other facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of resources in the Minneapolis-St. Paul banking market or any other relevant banking market.

Other Considerations

The Board concludes that the financial and managerial resources and future prospects of Norwest, its subsidiaries, and M & D are consistent with approval. The Board also concludes that considerations relating to the convenience and needs of the communities to be served and the other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.[11]

Based on all the facts of record, including the commitments made by Norwest in connection with this application, 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 in connection with this application. The commitments and conditions relied on by the Board in reaching its decision are both deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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6. In addition to Bank, the owners of M & D also control First Bank Coon Rapids, Coon Rapids, Minnesota ("Coon Rapids Bank"), with deposits of $62 million in the Minneapolis-St. Paul banking market. The owners have reached a separate agreement to sell their interest in Coon Rapids Bank to another bank holding company that already is in the market.

7. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. 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 increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository financial entities.

8. *See First Bank System, Inc.*, 79 *Federal Reserve Bulletin* 50 (1993). In this regard, acquisitions by either of these two banking organizations of a series of depository organizations with relatively small market shares could, on a cumulative basis, lead to significant anti-competitive effects.

9. *See* Reciprocal Interstate Banking Act, Minn. Stat. Ann. § 48.90 *et seq.*

10. *See* Minn. Stat. Ann. § 49.34, subd. 2(b).

11. The Board has received a comment from a former customer of Norwest Bank Mesabi, N.A., Virginia, Minnesota ("Norwest Mesabi"), alleging improper acts by bank personnel in connection with a foreclosure proceeding initiated by Norwest Mesabi on real estate collateral securing several of the commenter's loans. Norwest denies these allegations and notes that Norwest Mesabi's right to take title to the real estate collateral has been litigated by the commenter in Minnesota state court. The Board also notes that the commenter's allegations are currently under investigation by Norwest Mesabi's primary federal banking regulator, the OCC, which has the statutory authority to take appropriate actions if the commenter's allegations can be verified. This commenter also generally asserts that Norwest Mesabi's lending practices do not meet the requirements of the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The Board notes that Norwest Mesabi received a "satisfactory" rating from the OCC at its most recent examination for CRA performance, and 84 of the 85 subsidiary banks of Norwest received a "satisfactory" or "outstanding" rating from their primary federal banking regulator at their most recent examination for CRA performance. The remaining bank, which represents less than 1 percent of Norwest's total consolidated assets, has taken appropriate steps to address the weaknesses in its CRA program. In light of all the facts of record, including relevant examination reports, the Board does not believe that these comments warrant denial of this application.

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

By order of the Board of Governors, effective July 15, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governors Angell, Kelley, and LaWare

We disagree with the Board's action in this case. In light of previous acquisitions by this company and the other large depository institution in the Minneapolis-St. Paul banking market, we believe that this proposal would continue the trend towards a substantial concentration of banking resources in this market.

In previous cases we have noted that the Minneapolis-St. Paul market is unusual among major banking markets in that the two largest depository institutions control over 60 percent of market deposits. These institutions have over the years increased their dominant position in the market through acquisitions of competitors rather than through *de novo* expansion. For example, the third largest competitor in the market was recently acquired by one of the two market leaders with the result that the largest remaining depository institution competing with the two market leaders is a thrift controlling market deposits of less than 5 percent.

The two market leaders have been permitted to diminish competition in the Minneapolis-St. Paul market through absorption of competitors because the traditional analysis applied by the Board does not give sufficient weight to the competitive effects of a series of acquisitions by these institutions. In this regard, the two largest institutions in this market could acquire virtually every remaining competitor without reaching the threshold level for challenge under the Board's methodology.

This proposal is the ninth acquisition of a competitor made by the two dominant companies in the market in the last five and one-half years. These companies have increased through a series of acquisitions their market share by 16 percentage points and market concentration as measured by the Herfindahl-Hirschman Index ("HHI") by 714 points. This proposal is the fourth acquisition for Norwest in the last five and one-half years and represents through a series of acquisitions an increase of 8 percentage points in market share and of 291 points in market concentration as measured by the HHI.

Under these circumstances, we believe that any additional acquisition in this market by these companies would result in a substantial lessening of competition and we would not approve any further acquisitions by them in this market in the absence of a significant change in the market's structure.

July 15, 1993

Pinnacle Bancorp, Inc.
Central City, Nebraska

Order Approving the Acquisition of a Bank Holding Company and the Merger of Banks

Pinnacle Bancorp, Inc., Central City, Nebraska ("Pinnacle"), 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 Windsor Bancorporation, Inc. ("Windsor"), and thereby indirectly acquire Bank of Windsor ("Bank"), both of Windsor, Colorado. Pinnacle also has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge Bank with The First Security Bank of Windsor, Windsor, Colorado ("First Security Bank"), a subsidiary bank of Pinnacle.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 26,785 (1993)). 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 BHC Act and the Bank Merger Act.[2]

Pinnacle, with consolidated assets of $893.9 million, controls 15 banks in Nebraska, Colorado, Wyoming, and Kansas.[3] Pinnacle is the 19th largest commercial banking organization in Colorado, controlling deposits

1. Following consummation of this proposal, Bank will be merged into First Security Bank. The surviving bank will be renamed Bank of Colorado, Windsor, Colorado.
2. *See* 12 U.S.C. § 1842(c), 1828(c)(5).
3. Asset data are as of December 31, 1992.

of $157.8 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[4] Windsor is the 147th largest commercial banking organization in Colorado, controlling deposits of $20.5 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Pinnacle would become the 15th largest commercial banking organization in Colorado, controlling deposits of $178.3 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.

Douglas Amendment

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire any bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[5] For the purposes of the Douglas Amendment, the home state of Pinnacle is Nebraska.[6]

Colorado law permits a bank holding company located outside of Colorado to acquire a bank in Colorado, subject to certain conditions.[7] After reviewing this proposal, the Colorado State Banking Board has determined that Pinnacle's proposed acquisition of Windsor is permissible under Colorado law, and has approved this acquisition. Accordingly, Board approval of this proposal is not prohibited by the Douglas Amendment.

Definition of the Relevant Banking Market

The BHC Act and the Bank Merger Act provide that the Board may not approve a proposal submitted under these statutes if the proposal would result in a monopoly or the effect of the proposal may be substantially to lessen competition in any relevant banking market, 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."[8] In evaluating the competitive factors in this case, the Board has carefully considered comments from a number of individuals ("Protestants") who maintain that the proposal would result in significantly adverse competitive effects in the market for banking services in the town of Windsor, Colorado ("Windsor"). Bank and First Security Bank are the only two banking organizations located in Windsor.

The Board and the courts have found that the relevant banking market for analyzing the competitive effects of a proposal must reflect commercial and banking realities and must consist of the local area where local customers can practicably turn for alternatives.[9] The Board has considered all the facts in this case, including comments from the Protestants, and concludes that the relevant geographic market to evaluate the competitive effects of this proposal is the area that includes all of Weld County, Colorado, except the towns of Erie, Fort Lupton, Frederick, and Keenesburg (hereinafter referred to as the "Greeley banking market").

Windsor, a town of approximately 5,000 in Weld County, is 12 miles northwest of Greeley. Greeley has a population of more than 60,000 and is the business center of Weld County. Travel time to Greeley from Windsor is relatively short, and data on traffic patterns collected by the Colorado Highway Department indicate that there is substantial commuting between Greeley and the western portions of Weld County, including Windsor.

Greeley also has been designated as a Rand McNally Basic Trading Center for the area that includes Windsor, because Greeley serves as a center for shopping by residents of that area. This Trading Center designation is based on a determination that consumers in this area ordinarily travel to Greeley to purchase retail goods.[10]

Residents of Windsor are informed of available practicable alternatives for banking services in the Greeley banking market through commercial advertising. For example, the daily newspaper in Greeley, *The Greeley Tribune*, has a paid circulation in Windsor of approximately 1,200, reaching more than half of the

4. State deposit data are as of December 31, 1992.
5. 12 U.S.C. § 1842(d).
6. 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.
7. *See* Colo. Rev. Stat. § 11-6.4-103 (Supp. 1992). *See also First Western Corporation*, 79 *Federal Reserve Bulletin* 69, 72 (1993) (approval of the acquisition of a Colorado bank by a Nebraska bank holding company).
8. 12 U.S.C. §§ 1842(c), 1828(c)(5).
9. *See St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673, 674 (1982).
10. In this regard, Windsor has no supermarkets and only one small grocery store. Trading Centers such as Greeley also are viewed as serving their surrounding areas with various specialized services, such as medical care, entertainment, higher education and a daily newspaper.

2,000 households in Windsor. In addition, bankers interviewed by the Federal Reserve Bank of Kansas City in Greeley confirm that their institutions are in competition with banks in Windsor,[11] and that the residents of Windsor consider Greeley banks as their primary alternatives for banking services outside Windsor.

After review of this data and the other facts of record, the Board believes that the record indicates that customers in Windsor reasonably can and do turn to providers of banking services throughout the Greeley banking market. Based on all the facts of record, the Board finds that the relevant geographic market in this case is the Greeley banking market as defined above.

Competitive Effects in the Greeley Banking Market

Pinnacle is the fifteenth largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $16.6 million, representing 2 percent of total deposits in depository institutions in the market ("market deposits").[12] Windsor is the fourteenth largest depository institution in the market, controlling deposits of $17.5 million, representing 2.2 percent of market deposits. Upon consummation of this proposal, Pinnacle would become the fifth largest depository institution in the Greeley banking market, controlling deposits of $34.1 million, representing 4.2 percent of market deposits. Sixteen competitors would remain in the Greeley banking market, including subsidiary banks of two large interstate banking organizations, each with market shares exceeding 20 percent. The banking market would remain moderately concentrated, and the Herfindahl-Hirschman Index ("HHI") would increase by nine points to 1551.[13]

The Attorney General, the OCC, and the FDIC have not objected to consummation of this proposal or indicated that the proposal would have any significantly adverse competitive effects. Accordingly, in light of the small increase in concentration, the number of competitors remaining in the market, and other facts of record, the Board concludes that consummation of this proposal is not likely to result in any significantly adverse effect on competition in the Greeley banking market or any other relevant banking market.

Other Considerations

The Board concludes that the financial and managerial resources, supervisory factors, and future prospects of Pinnacle and Windsor are consistent with approval of these applications. The Board also finds that considerations relating to the convenience and needs of the communities to be served are consistent with approval.[14]

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance with all of the commitments made by Pinnacle in connection with these applications. 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.

This transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the

11. The Reserve Bank surveyed all the banks headquartered in Greeley.

12. 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).

13. 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.

14. Several Protestants have alleged in general terms that this proposal is not in the best interests of the community served by Bank and First Security Bank and, in particular, the elderly residents of Windsor. The Board notes that both Bank and First Security Bank received "satisfactory" ratings during their most recent examinations for performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) from their primary regulators (Bank—Federal Reserve Bank of Kansas City as of June 1992; First Security Bank—FDIC as of July 1992). In this regard, examiners found that the lending record of both banks, including small business lending, satisfactorily assisted in meeting the credit needs of the community, including low- and moderate-income areas.

The record also indicates that First Security Bank offers a variety of banking services to customers, age 59 or over, including a no-fee checking account that features free money orders, travelers checks, safety deposit boxes, and notary service. Based on all facts of record, including reports of examination, the Board does not believe that the comments warrant denial of these applications.

Federal Reserve Bank of Kansas City, pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Rice Insurance Agency, Inc.
Strasburg, Colorado

Order Approving Acquisition of Bank

Rice Insurance Agency, Inc., Strasburg, Colorado ("Rice"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire 90.1 percent of the voting shares of The Byers State Bank, Byers, Colorado ("Byers Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 27,573 (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.

Rice operates one subsidiary bank in Colorado. The principal shareholders of Rice control other banks that operate in Colorado and New Mexico (collectively, the "Moore Chain"). The Moore Chain is the 16th largest commercial banking organization in Colorado, controlling $169.3 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.[2] Byers Bank is the 158th largest commercial banking organization in Colorado, controlling $17.4 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, the Moore Chain would become the 15th largest commercial banking organization in Colorado, controlling $186.7 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.

Competitive Considerations

The BHC Act provides that the Board may not approve a proposal submitted under section 3 of the BHC Act if:

(1) The proposal would result in a monopoly in any relevant banking market, or

(2) The effect of the proposal may be substantially to lessen competition in any relevant banking market, 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."[3]

The Board has received comments from several members of the Byers community ("Protestants") objecting to Rice's proposed acquisition of Byers Bank on competitive grounds. These objections are based upon Protestants' concerns that consummation of the proposal would have anticompetitive effects in the market for banking services in the area currently served by Byers Bank. Protestants contend that the acquisition would eliminate competition in this relatively rural area.[4]

Definition of the Relevant Banking Market

The Board and the courts have found that the relevant banking market for analyzing the competitive effects of a proposal must reflect commercial and banking realities and must consist of the local area where the banks involved offer their services and where local customers can practicably turn for alternatives.[5] In determining the relevant geographic market in this case, the Board has carefully considered all the facts of record, including Protestants' comments and data collected by the Federal Reserve Bank of Kansas City and Board staff.

A number of factors in this case indicate that the communities served by Strasburg Bank and Byers Bank are, as an economic matter, part of the Denver metropolitan area. Bennett, Strasburg, and Byers are relatively small communities, each having a population of fewer than 2,000 persons.[6] Few services or employment opportunities are available locally. For example, among the three communities there are no

1. Rice intends to merge Byers Bank with and into Rice's sole subsidiary, The First National Bank of Strasburg, Strasburg, Colorado ("Strasburg Bank"). This bank merger is subject to the approval of the Office of the Comptroller of the Currency ("OCC") pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)).

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

3. 12 U.S.C. § 1842(c)(1).

4. Protestants assert that the anticompetitive effects of the proposal could include a reduction of banking services in Byers, as well as increased fees and less competitive interest rates, all to the detriment of the local economy.

5. *See St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673, 674 (1982).

6. Population data are based on 1990 U.S. Census data.

supermarkets, automobile dealerships, or hospitals, and only one physician, dentist, and pharmacist. The more developed portion of the Denver metropolitan area is the nearest location where these and other services and employment opportunities are readily available. In addition, each of these communities is a part of the Denver, Colorado, Primary Metropolitan Statistical Area ("Denver PMSA")[7] as defined by the United States government. A PMSA represents a core geographic area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core.[8] The Board also notes that these communities are a part of the television and other media markets of the Denver area.

In addition, commuting data indicate that a substantial portion of the labor force of these communities travels to Denver or adjacent areas for employment.[9] For example, Byers, which is the furthest of these communities from Denver, has a local labor force of 403 persons. Of these persons, 282 were employed outside Byers, and 234 commuted for at least a half-hour to work. The Board notes that, in view of the presence of Interstate 70, Denver and adjacent areas are accessible to the Byers population within this time frame. Highway vehicle counts confirm that much of the local labor force travels toward Denver for employment. Vehicle counts along Interstate 70 between these communities and Denver are substantially greater than highway vehicle counts east of Byers.[10]

After review of these data and the other facts of record, the Board believes that customers in Bennett, Strasburg, and Byers, and other eastern portions of the Denver PMSA, practicably can turn to providers of banking services in more urban portions of the metropolitan area. Based on all the facts of record, the Board has determined that the relevant geographic market within which to evaluate the competitive effects of this proposal is the Denver, Colorado, banking market ("Denver banking market").[11]

Competitive Effects in the Denver Banking Market

The Moore Chain is the 13th largest commercial banking organization in the Denver banking market, controlling deposits of $158.2 million, representing approximately 1.1 percent of total deposits in depository institutions[12] in the market ("market deposits").[13] Byers Bank is the 62d largest depository institution in the market, controlling deposits of $16.2 million, representing less than 1 percent of market deposits. Upon consummation of this proposal, the Moore Chain would remain the 13th largest depository institution in the Denver banking market, controlling deposits of $174.4 million, representing approximately 1.2 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 1 point to 831.[14]

Numerous depository institutions would remain in operation in the Denver banking market upon consummation of this proposal. In addition, the Board sought comments on the competitive effects of this proposal from both the Department of Justice and the OCC. Neither the Department of Justice nor the OCC objected to consummation of the proposal or indicated that the proposal would have any significant adverse competitive effects. On the basis of the foregoing considerations and all the other facts of record, the Board has concluded that consummation of the proposed bank acquisition would not result in any significantly adverse effect on competition or the concen-

7. Strasburg Bank and Byers Bank operate in the eastern portion of the Denver PMSA. The Denver PMSA is comprised of Adams County, Arapahoe County, Denver County, Douglas County, and Jefferson County, all in Colorado. Strasburg Bank has offices in Bennett, Colorado, and Strasburg, Colorado, and the sole office of Byers Bank is located in Byers, Colorado. Each of these towns is situated along a major highway, Interstate 70, between 15 and 30 miles east of Aurora, Colorado, a Denver suburb. Interstate 70 connects these towns to Aurora and Denver.

8. Executive Office of the President, Office of Management and Budget, *Uses of Metropolitan Areas by Federal Agencies*, p. 1 (June 30, 1993). The Board notes that a PMSA, such as the Denver PMSA, is a component part of a larger metropolitan area usually referred to as a Consolidated Metropolitan Statistical Area.

9. Commuting data are derived from 1990 U.S. Census data, and were obtained from the Denver Regional Council of Governments.

10. In addition, the Board notes that the more developed portions of the Denver MSA are expanding eastward toward these communities. In this regard, the Board notes that a major international airport is being constructed less than 15 miles from Bennett. Both the construction and operation of this facility are expected to result in expanded employment opportunities and greater economic integration of these portions of the Denver PMSA.

11. The Denver banking market is approximated by the Denver RMA; the Boulder RMA; the non-RMA portions of Adams County, Arapahoe County, and Boulder County; the southern portion of Weld County, including the towns of Erie, Fort Lupton, Frederick, and Kennesburg; and the town of Parker in Douglas County.

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

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

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

tration of banking resources in the Denver banking market or any other relevant banking market.

Convenience and Needs Considerations

The Board also has evaluated considerations relating to the convenience and needs of the communities to be served. In this regard, the Board has carefully considered Protestants' comments praising the convenience, services, and other aspects of Byers Bank, and expressing concern that these positive features of Byers Bank will be diminished if this proposal is consummated.

In response to these comments, Rice has stated that it will retain many of the personnel currently employed by Byers Bank. Rice also has stated that it is committed to serve its entire customer base, and has noted that, as a branch of Strasburg Bank, the Byers operation will be able to offer significantly larger lending limits to its consumer and business customers.

The Board also has noted that Strasburg Bank received a "satisfactory" rating for performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") from the OCC at its most recent examination conducted as of February 1993, and that Rice has committed to implement the CRA programs and policies of Strasburg Bank at the acquired institution in Byers.

On the basis of the foregoing considerations and all the other facts of record, the Board has concluded that considerations relating to the convenience and needs of the communities to be served, including matters relating to CRA performance, are consistent with approval of this proposal.

Other Considerations

On the basis of all the facts of record, including all the representations and commitments furnished in this case, the Board also has concluded that the financial and managerial resources and future prospects of Rice, Strasburg Bank, and Byers Bank, as well as affiliated organizations in the Moore Chain, and all other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

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

The acquisition 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 Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 14, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

SouthTrust Corporation
Birmingham, Alabama

Order Approving the Merger of Bank Holding Companies

SouthTrust Corporation, Birmingham, Alabama, and SouthTrust of Covington County, Inc., Opp, Alabama (together, "SouthTrust"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire County Bancshares, Inc., Troy, Alabama ("CBI"), and thereby acquire indirectly CBI's subsidiary bank, Pike County Bank, Troy, Alabama.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 28,878 (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.

SouthTrust, with consolidated assets of approximately $13.4 billion, controls 41 subsidiary banks in Alabama, Florida, Georgia, North Carolina, South Carolina, and Tennessee.[2] SouthTrust is the second largest commercial banking organization in Alabama, controlling deposits of approximately $6.1 billion, representing 18.1 percent of total deposits in commercial banking organizations in the state.[3] CBI is the 40th largest commercial banking organization in Alabama,

1. SouthTrust proposes to acquire CBI by merging CBI into SouthTrust of Covington County, Inc., and subsequently merging Pike County Bank with SouthTrust's subsidiary bank, SouthTrust Bank, N.A., Montgomery, Alabama ("SouthTrust Bank").
2. Asset data are as of March 31, 1993.
3. Deposit data are as of June 30, 1992.

controlling deposits of $86.2 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of the proposed transaction, SouthTrust would remain the second largest commercial banking organization in Alabama, controlling deposits of $6.2 billion, representing 18.4 percent of total deposits in commercial banking organizations in the state.

SouthTrust and CBI compete directly in the Pike County banking market.[4] SouthTrust is the smallest of the six commercial banking organizations in the market, controlling deposits of approximately $15.5 million, representing 4.6 percent of total deposits in commercial banks in the market ("market deposits").[5] CBI is the second largest commercial banking organization in the market, controlling deposits of approximately $86.2 million, representing 25.9 percent of market deposits. Upon consummation of this proposal, SouthTrust would become the second largest commercial banking organization in the Pike County banking market, controlling deposits of approximately $101.6 million, representing approximately 30.5 percent of the total deposits in commercial banks in the market. The Herfindahl–Hirschman Index ("HHI") would increase by 240 points to 2608.[6]

A number of factors indicate that the increase in concentration levels in the Pike County banking market as measured by the HHI tends to overstate the competitive effects of this proposal. For example, upon consummation of this proposal, five commercial bank competitors, including the third largest bank holding company in the state, would continue to serve the market. The Pike County market also has experienced a decrease in concentration in recent years; between 1989 and 1992, the market HHI for commercial banks decreased by 177 points.

The Board also notes that the Pike County banking market is relatively attractive for entry. The economy of Pike County is relatively diverse for a predominantly rural community. The deposit growth rate and the deposits per banking office exceed comparable state averages. In addition, the legal barriers to entry for the market are low. Alabama permits statewide branching, and is part of the Southeast Regional Banking Pact,[7] which allows bank holding companies in other Southeast Regional Pact states to acquire banks in Alabama.

The Board has sought comments from the Attorney General on the competitive effects of this proposal. The Attorney General reviewed the competitive effects of the proposal in the context of the merger of Pike County Bank and SouthTrust Bank under the Bank Merger Act and has indicated that the proposal is not likely to result in any significantly adverse competitive effects in any market.

Based on all the facts of record in this case, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or concentration of banking resources in the Pike County banking market or in any other relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of SouthTrust, CBI and their subsidiary banks 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.

Based on the foregoing, and other facts of the record, and subject to the commitments made by SouthTrust in this case, the Board has determined that this application should be, and hereby is, approved. The Board's approval of this proposal is specifically conditioned on compliance with the commitments made by SouthTrust in connection with this application and with the conditions referenced in this Order. 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 transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of the Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 14, 1993.

4. The Pike County banking market is approximated by Pike County, Alabama.

5. No thrift organizations operate in the Pike County banking market.

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

7. The Alabama Regional Reciprocal Banking Act of 1986 defines the "region" to include the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia. Ala. Code § 5–13A-2(10) (Supp. 1987).

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

AMCORE Financial, Inc. Rockford, Illinois

Order Approving an Application to Act as Agent in the Private Placement of Securities

AMCORE Financial, Inc., Rockford, Illinois ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied, pursuant to 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), for its wholly owned subsidiary, AMCORE Investment Banking, Inc., Rockford, Illinois ("Company"), to act as agent for issuers in the private placement of all types of securities.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 13,493 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.[1]

Applicant, with total consolidated assets of $1.2 billion, is the 18th largest commercial banking organization in Illinois.[2] Applicant operates five banking subsidiaries in Illinois, and engages in a variety of permissible nonbanking activities.

Private Placement Activities

Private placement involves the placement of new securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent for the issuer in soliciting purchasers, and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933, and are offered only to financially sophisticated institutions and individuals and not the public. Applicant will not privately place registered securities and will only place securities with customers who qualify as accredited investors.

The Board previously has determined by Order that, subject to prudential limitations that address the potential for conflicts of interests, unsound banking practices, or other adverse effects, the proposed private placement activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[3] The Board also previously has determined that acting as agent in the private placement of securities does not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act, and that revenue derived from these activities is not subject to the 10 percent revenue limitation on bank-ineligible securities underwriting and dealing.[4] In order to address the potential for conflicts of interests, unsound banking practices, and other adverse effects, Applicant has committed that Company will conduct its private placement activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* and *J.P. Morgan* orders.[5]

Applicant has requested a modification of these limitations to allow Company to have one of three directors in common with an AMCORE subsidiary bank.[6] The prohibition against interlocks originally was intended to preclude a member bank from engaging in impermissible securities activities, to prevent common control of the decision-making process within a bank and its securities affiliate, and to protect investors against potential conflicts of interest where one individual is required to advance the differing objectives of a bank and its securities affiliate.

These concerns do not appear to be significant in this application. The applicant is not seeking authority to engage in securities underwriting or dealing activities. The Board has ruled that private placement activities conducted directly by a bank do not constitute "underwriting" or "dealing" in securities, be-

1. The Board received a joint comment from two organizations maintaining that Applicant's record of lending to African-American-owned businesses in southwest Rockford is deficient under the Community Reinvestment Act ("CRA"). The Board previously has determined that the CRA by its terms generally does not apply to applications by bank holding companies to acquire nonbanking companies under section 4(c)(8) of the BHC Act. *See The Mitsui Bank, Limited*, 76 *Federal Reserve Bulletin* 381 (1990).

2. Data are as of December 31, 1992.

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

4. *See Bankers Trust*.

5. *See Bankers Trust; J.P. Morgan*. Among the restrictions governing private placement activities are that Company will not privately place registered investment company securities, and will not privately place any securities of investment companies that are advised by Applicant or any of its affiliates.

6. The director who will serve on the boards of both the bank and Company also will serve as an officer of Applicant. In addition, another director of Company will serve as an officer of Applicant.

cause these activities do not involve a "public offering" of the securities and are conducted solely as agent.[7] All the proposed activities could be performed directly by Applicant's subsidiary banks. Consequently, in this instance a management interlock is not prohibited by the Glass–Steagall Act. Because Company has no salesman's stake in the securities it recommends, the potential for conflicts of interest is substantially mitigated. Moreover, it is unlikely that investors would confuse Company with Applicant's subsidiary banks, because the customers of Company will be sophisticated "institutional customers."

Under these circumstances, the Board believes that a prohibition against director interlocks is not required by law, and the requested director interlock between Company and Applicant's subsidiary bank would be appropriate.[8]

Financial Factors, Managerial Resources, and Other Considerations

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of Applicant and its subsidiaries and the effect of the transaction on these resources.[9] Based on the facts of this case, the Board concludes that financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

In order to approve this application, the Board is required to determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that outweigh adverse effects under the proper incident to banking standard of section (4)(c)(8) of the BHC Act. Under the framework established in this Order and prior decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In addition, the Board expects that the *de novo* entry of Company into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section (c)(8) of the BHC Act.

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

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Continental Bank Corporation
Chicago, Illinois

Order Approving Application to Engage De Novo in Asset Management, Servicing, and Collection Activities

Continental Bank Corporation, Chicago, Illinois ("Continental"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3)

7. *Statement Concerning Applicability of the Glass–Steagall Act to the Commercial Paper Placement Activities of Bankers Trust Company* (June 4, 1985), *aff'd sub nom. Securities Industry Association v. Board of Governors*, 807 F.2d 1052 (D.C. Cir. 1986), *cert. denied*, 483 U.S. 1005 (1987).

8. *See First Eastern Corporation*, 76 *Federal Reserve Bulletin* 764 (1990).

9. *See* 12 C.F.R. 225.24.

of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), to engage *de novo* in asset management, servicing, and collection activities through its wholly owned subsidiary Repechage Partners Ltd., Chicago, Illinois ("Repechage").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 34,436 (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 4(c)(8) of the BHC Act.

Continental, with total consolidated assets of approximately $22 billion, is the second largest banking organization in Illinois.[1] Continental operates one subsidiary bank and engages directly and through subsidiaries in a variety of nonbanking activities.

Repechage would provide asset management services to the Resolution Trust Corporation ("RTC") and the Federal Deposit Insurance Corporation ("FDIC").[2] In addition, Repechage proposes to provide these services to unaffiliated third party investors that purchase pools of assets assembled by the RTC or the FDIC from troubled financial institutions, and generally to unaffiliated financial and non-financial institutions with troubled assets. Under the proposal, neither Continental nor Repechage would directly or indirectly acquire an ownership interest in the assets that they manage or in the institutions for which they provide asset management services. In addition, Repechage would not engage in providing real property management or real estate brokerage services as part of its proposed activities.[3]

The Board has previously determined that, within certain parameters, providing asset management services for assets originated by financial institutions[4] and their bank holding company affiliates is an activity that is closely related to banking for purposes of the BHC Act.[5] Continental proposes to conduct all asset management activities under the same terms, and subject to the same conditions as in previous Board orders regarding this activity.[6] For example, Continental has committed that it will not own the stock of, or be represented on the board of directors of, any unaffiliated institution for which Repechage provides asset management services or own the assets under management. In addition, Continental has committed that Repechage will not establish policies or procedures of general applicability for the institutions whose assets it manages, and that the services of Repechage for unaffiliated institutions would be limited to asset management, servicing, and collection activities.[7]

Continental proposes to engage in asset management activities for assets originated by non-financial institutions as well as financial institutions.[8] These assets, however, would be limited to the types of assets that a financial institution would have the authority to originate.[9] Accordingly, the Board believes that Continental would have the expertise to engage in the management of these types of assets, regardless of the originating entity, and that the proposal is within the scope of the asset management approval in the Board's prior orders.[10] For these reasons, the Board concludes that Continental's proposed activities are closely related to banking.

1. Data are as of March 31, 1993.

2. Asset management encompasses the liquidation (or other disposition) of loans and their underlying collateral, including real estate and other assets acquired through foreclosure or in satisfaction of debts previously contracted ("DPC property"). Specific individual activities include: classifying and valuing loan portfolios; filing reviews of loan documentation; developing collection strategies; negotiating renewals, extensions, and restructuring agreements; initiating foreclosure, bankruptcy, and other legal proceedings, where appropriate; and developing and implementing market strategies for the sale or refinancing of individual loans and for the packaging and sale of whole or securitized loan portfolios. In addition, Continental would conduct and review (either directly or through independent contractors) appraisals and environmental inspections; provide asset valuations; perform cash-flow and asset-review analyses; contract with and supervise independent property managers; and lease (either directly or through independent contractors) real estate and other DPC property. Continental also would dispose of DPC property by developing and implementing marketing strategies for the sale of DPC property, either individually or packaged for investors or developers.

3. Continental will contract with independent third parties to obtain these services for assets under the management of Repechage.

4. Financial institutions include banks, savings associations, and credit unions.

5. *See First Interstate Bancorp*, 77 *Federal Reserve Bulletin* 334 (1991); *Banc One Corporation*, 77 *Federal Reserve Bulletin* 331 (1991); *NCNB Corporation*, 77 *Federal Reserve Bulletin* 124 (1991); *First Florida Banks, Inc.*, 74 *Federal Reserve Bulletin* 771 (1988).

6. *Id.*

7. Continental also would provide these services for a limited period of time. The Board notes that, while Continental would manage the assets on an ongoing basis, the owner of the assets would retain the right to make all final decisions regarding asset dispositions and to terminate Continental as asset manager.

8. These assets include: real estate; commercial, consumer and other loans; equipment leases; and extensions of credit. Non-financial institutions include pension funds, leasing companies, finance companies, and investment companies formed to engage in asset management activities.

9. These assets would include: equipment leases that conform to section 225.25(b)(5) of the Board's Regulation Y (12 C.F.R. 225.25(b)(5)); loans secured by equipment and equipment acquired through foreclosure or in satisfaction of such leases and loans; consumer loans financing manufactured housing, vessels, vehicles, and residences; asset-based commercial loans; factored accounts receivables; and collateral for the aforementioned types of loans acquired through foreclosure or in satisfaction of such loans. Prior approval of the Board would be required before providing asset management services in connection with pools of assets of the type impermissible for a financial institution to originate.

10. *See, e.g., The Dai-Ichi Kangyo Bank, Ltd.*, 79 *Federal Reserve Bulletin* 131 (1993).

The Board is also required to determine whether the performance of the proposed activity by Continental is a proper incident to banking—that is, whether the proposed activity "can reasonably be expected to produce benefits, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Consummation of the proposal can reasonably be expected to result in public benefits. Continental's proposal would facilitate the disposal of assets of financial institutions in receivership as well as financial and non-financial institutions with troubled financial assets. Moreover, the efficient disposition of such assets can reasonably be expected to produce benefits to the public. Repechage would own no equity in the institutions for which it provides asset management services or in the assets it manages. Continental's *de novo* entry into the market would increase competition for these services.

Continental has indicated that it may, in certain instances, seek approval to acquire institutions whose assets are being managed by Repechage. In previous cases, the Board has expressed concern that a bank holding company might obtain confidential information in providing its asset management services that would give the bank holding company a competitive advantage over other institutions in the bidding process for the failed institution under management.[11] The Board also noted that such information could give the managing bank holding company a competitive advantage over the ultimate acquiror of the failed institution in markets where they both compete.

To address these concerns, Continental has committed to establish and implement procedures to preserve the confidentiality of information obtained in the course of providing asset management services.[12] These procedures would prevent the use of information obtained by Repechage through its asset management activities in preparing any bid that Continental may prepare to acquire an institution managed by Repechage, and would prevent Continental from competing unfairly against the winning bidder.

There is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The financial and managerial resources of Continental and its subsidiaries are also consistent with approval. Accordingly, on the basis of all the facts of record and commitments made by Continental, the Board concludes that the public benefits that would result from approval of this application outweighs 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.

Based upon the foregoing and all the other facts of record, including commitments made by Continental and conditions in this order, the Board has determined that this application should be, and hereby is, approved. The Board's approval is expressly conditioned upon compliance with all the commitments made by Continental in connection with this application and the conditions referred to in this order and the orders mentioned above. 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 determination is also subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective July 26, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

National Commerce Bancorporation
Memphis, Tennessee

Order Approving the Acquisition of a Savings Association and the Sale of Credit-Related Insurance

National Commerce Bancorporation, Memphis, Tennessee ("NCB"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC

11. *See, e.g., NCNB Corporation,* 77 *Federal Reserve Bulletin* 124 (1991).
12. Continental's procedures will be subject to review by the Federal Reserve System.

Act"), has applied pursuant to 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 First Federal Savings Bank, Belzoni, Mississippi ("FFSB"). FFSB would be owned by NCB in accordance with section 225.25(b)(9) of the Board's Regulation Y (12 C.F.R. 225.25(b)(9)). NCB also has applied, pursuant to section 4(c)(8) of the BHC Act, to sell, indirectly through FFSB, credit insurance as principal, agent or broker (including home mortgage redemption insurance) that is:

> (A) Directly related to an extension of credit by NCB or any of its subsidiaries; and
>
> (B) Limited to assuring the repayment of the outstanding balance due on the extension of credit[1] in the event of the death, disability, or involuntary unemployment of the debtor.

This activity is permissible for bank holding companies under the Board's Regulation Y, and NCB proposes to conduct these activities in accordance with the Board's regulations. 12 C.F.R. 225.25(b)(8)(i).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 30,789 (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 is closely related to banking and permissible for bank holding companies. 12 C.F.R. 225.25(b)(9). 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 of the BHC Act.[2] As noted above, the proposed insurance activities are related to extensions of credit and are permissible activities under the Board's regulations.

Following the acquisition of FFSB, NCB proposes to establish branches of FFSB in Roanoke, Virginia, and in other states. Neither the BHC Act nor the Board's regulations currently restrict the ability of a savings association owned by a bank holding company to establish interstate branches. The regulations adopted by the Office of Thrift Supervision ("OTS") permit federally chartered savings associations to operate interstate branches, under certain circumstances, with the approval of the OTS.[3] The Board's action in this matter is conditioned upon compliance by FFSB with all applicable laws governing its activities and branching, including all applicable OTS regulations.

In considering an application under section 4(c)(8) of the BHC Act, the Board is required to determine that the applicant's ownership and operation of the acquired company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

NCB, with total consolidated assets of approximately $2.3 billion, controls three banks in Tennessee.[4] NCB is the seventh largest banking organization in Tennessee, controlling deposits of $1.7 billion, representing 3.9 percent of total deposits in commercial banking organizations in the state.[5] FFSB is the 21st largest thrift organization in Mississippi, controlling deposits of $4.3 million, representing less than 1 percent of total deposits in thrift institutions in the state.[6]

The banking subsidiaries of NCB and FFSB do not compete in any of the same banking markets. Accordingly, the Board concludes that this proposal would not have a significantly adverse effect on competition in any relevant banking market. The financial and managerial resources of NCB, its subsidiaries, and FFSB also are consistent with approval.

In light of the facts of record, the Board concludes that NCB's proposal would not significantly affect competition in any relevant market. Furthermore, there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practice. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of NCB's application to engage in this activity.

1. "Extension of credit" includes direct loans to borrowers, loans purchased from other lenders, and leases of real or personal property so long as the leases are nonoperating and full payout leases that meet the requirements of section 225.25(b)(5) of the Board's Regulation Y (12 C.F.R. 225.25(b)(5)).

2. In this regard, NCB has committed that FFSB will not engage in any activity not permitted for bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.

3. Board approval also may be required in certain circumstances under the provisions of section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23).

4. Asset data are as of March 31, 1993.

5. State commercial bank deposit data are as of June 30, 1992.

6. State thrift deposit data are as of June 30, 1992.

Based on the foregoing, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by NCB with all of the commitments and conditions made in connection with this application. This determination also is subject to all of the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and 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 it finds necessary to assure compliance with, or prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. All the commitments and conditions relied on in reaching this decision in this case are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

NationsBank Corporation
Charlotte, North Carolina

Order Approving Application to Engage De Novo in Underwriting and Dealing in All Types of Debt and Equity Securities on a Limited Basis, and Certain Foreign Exchange-Related Activities

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 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 wholly owned subsidiary, NationsBanc Capital Markets, Inc., Charlotte, North Carolina ("Company"), in the following nonbanking activities:

(1) Underwriting and dealing in, to a limited extent, all types of debt and equity securities (other than securities issued by open-end investment companies), including without limitation sovereign debt securities, corporate debt securities, debt securities convertible into equity securities, debt securities issued by a trust or other vehicle secured by or representing interests in debt obligations, preferred stock, common stock, American Depositary Receipts, and other direct and indirect equity ownership interests in corporations and other entities; and

(2) Providing foreign exchange advisory and transactional services while also taking positions in foreign exchange, for hedging purposes only, for its own account.

NationsBank proposes to conduct these activities throughout the United States.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 33,273 (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 4(c)(8) of the BHC Act.

NationsBank, with total consolidated assets of $122 billion, is the fifth largest commercial banking organization in the United States, and operates bank subsidiaries in North Carolina, Texas, Georgia, Virginia, Maryland, the District of Columbia, Tennessee, Kentucky, Florida, South Carolina, and Delaware.[1] Company currently is engaged in limited bank-ineligible securities underwriting and dealing activities that are permissible under section 20 of the Glass–Steagall Act (12 U.S.C. § 377).[2] Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.[3]

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

2. In particular, Company has authority to underwrite and deal in, to a limited extent, certain municipal revenue bonds, 1–4 family mortgage-backed securities, commercial paper, and consumer receivable-related securities (together with the types of securities which Company now seeks authority to underwrite and deal in, collectively, "bank-ineligible securities").

3. Company currently has authority to conduct a variety of securities-related activities, including:

(1) Underwriting and dealing in securities that state member banks are authorized to underwrite and deal in under sections 5(c) and 16 of the Glass–Steagall Act (12 U.S.C. §§ 335 and 24(7)), pursuant to section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16));

(2) Providing securities brokerage and investment advisory services, on both a separate and combined basis, pursuant to sections 225.25(b)(4) and (b)(15) of Regulation Y (12 C.F.R. 225.25(b)(4) and (b)(15));

Underwriting and Dealing Activities

The Board has determined that, subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, the proposed underwriting and dealing activities involving bank-ineligible securities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[4] NationsBank has committed that Company will conduct the proposed underwriting and dealing activities using the same methods and procedures, and subject to the same prudential limitations, as were established by the Board in the Section 20 Orders. The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[5] NationsBank has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to this 10 percent revenue test.[6]

The Board has reviewed the capitalization of NationsBank and Company in accordance with the standards set forth in the Section 20 Orders, and finds the capitalization of each to be consistent with approval. With respect to the capitalization of Company, this determination is based upon all the facts of record, including NationsBank's projections with respect to the volume of Company's underwriting and dealing activities in bank-ineligible securities. The Federal Reserve Bank of Richmond has reviewed the operational and managerial infrastructure of Company, including its computer, audit, and accounting systems, and internal risk management procedures and controls. The Reserve Bank has determined that Company has established an operational and managerial infrastructure for underwriting and dealing in all types of debt securities that is adequate to ensure compliance with the requirements of the Section 20 Orders. On the basis of the Reserve Bank's review and all the facts of record, the Board has determined that Company has in place, with respect to its proposal to underwrite and deal in all types of debt securities, the managerial and operational infrastructure and other policies and procedures necessary to comply with the requirements of the Section 20 Orders and this order. Accordingly, the Board concludes that financial and managerial considerations are consistent with approval of the proposal for Company to underwrite and deal in all types of debt securities on a limited basis.

With respect to the proposed underwriting and dealing activities involving equity securities, NationsBank has informed the Board that it does not intend that Company engage in these activities in the first year after approval of this proposal. Accordingly, and in light of all the facts of record, the Board's approval of NationsBank's proposal that Company engage in these activities is conditioned upon a satisfactory determination that Company's operational and managerial infrastructure and policies and procedures relating to underwriting and dealing in equity securities are adequate to ensure compliance with the requirements of the Section 20 Orders following a second review by the Reserve Bank.

In order to approve this proposal, the Board also must determine that the performance of the proposed underwriting and dealing activities by Company can reasonably be expected to produce public benefits that

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

(4) Buying and selling all types of securities on customer order as a "riskless principal".

See NCNB Corporation, 76 *Federal Reserve Bulletin* 864 (1990); *NCNB Corporation*, 75 *Federal Reserve Bulletin* 520 (1989). *See also NCNB Corporation*, 78 *Federal Reserve Bulletin* 141, 158 n. 86 (1991), and *NCNB Corporation*, 78 *Federal Reserve Bulletin* 92, 93–94 (1991).

4. *See Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. den.*, 486 U.S. 1059 (1988) (collectively, "Section 20 Orders").

5. *See id.* Compliance with the 10 percent revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993), and the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). In this regard, the Board notes that NationsBank has not adopted the Board's alternative indexed revenue test to measure compliance with the 10 percent limitation on bank-ineligible securities activities, and, absent such election, will continue to employ the Board's original 10 percent revenue standard.

6. NationsBank also has proposed that Company engage in certain other activities in connection with the proposed underwriting and dealing activities, including certain securities clearing and investment advisory activities. NationsBank maintains that these additional activities are incidental to the proposed underwriting and dealing activities. In this regard, the Board notes that Company may provide services that are necessary incidents to the proposed underwriting and dealing activities, provided that any activities conducted as a necessary incident to the bank-ineligible securities activities must be treated as part of the bank-ineligible securities activities unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activities independently. Until such approval is obtained, any revenues from the incidental activities must be counted as ineligible revenues subject to the 10 percent revenue limitation set forth in the Section 20 Orders, as modified by the Modification Orders.

would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework and conditions established in this and prior decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Moreover, the Board expects that the *de novo* entry of Company into the market for the proposed services in the United States would provide added convenience to NationsBank's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by NationsBank can reasonably be expected to produce public benefits that will outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Accordingly, and for the reasons set forth in the Section 20 Orders, the Board concludes that NationsBank's proposal to engage through Company in the proposed underwriting and dealing activities is consistent with the Glass–Steagall Act, and is so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act, provided that NationsBank limits Company's activities as specified in this order and the Section 20 Orders, as modified by the Modification Orders.

Foreign Exchange-Related Activities

The Board previously has determined by regulation that the provision of foreign exchange advisory and transactional services is an activity so closely related to banking as to be a proper incident thereto within the meaning of the BHC Act, provided that the activity is conducted through a separately incorporated subsidiary of the bank holding company which, *inter alia*, does not take positions in foreign exchange for its own account. *See* 12 C.F.R. 225.25(b)(17). Company will conduct the proposed foreign exchange advisory and transactional services in accordance with the limitations set forth in Regulation Y, except that Company will take positions in foreign exchange for its own account for purposes of hedging its proposed underwriting and dealing activities. Bank holding companies have been authorized to take positions in foreign exchange for hedging purposes,[7] and the Board has previously noted that in conducting foreign exchange operations, commercial banks do combine the functions of giving advice, executing transactions, and taking positions in foreign exchange.[8] Accordingly, the Board concludes that NationsBank's proposal to conduct foreign exchange advisory and transactional activities in a nonbanking subsidiary which also takes positions in foreign exchange for hedging purposes only is closely related to banking within the meaning of the BHC Act.

In regard to the proper incident to banking standard of section 4(c)(8) of the BHC Act, the limitation in Regulation Y on taking positions in foreign exchange in combination with providing foreign exchange advisory and transactional services is based upon the potential conflict of interest involved in conducting these activities on a combined basis.[9] In order to address the potential for conflicts of interest which could arise from the combined conduct of these activities in one nonbanking subsidiary, NationsBank has committed that Company's personnel engaged in trading foreign exchange for hedging purposes will not have access to information about the foreign exchange activities of customer representatives. Similarly, Company's customer representatives will not have access to information about the foreign exchange activities of its hedging traders. The Board also notes that Company will only take foreign exchange positions for purposes of hedging its proposed underwriting and dealing activities. On the basis of these and other commitments furnished by NationsBank and all the other facts of record, the Board believes that Company's conduct of the proposed foreign exchange-related activities is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.[10] Moreover, the Board expects that the *de novo* entry of Company into the market for the proposed services in the United States would provide added convenience to NationsBank's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance

7. *See, e.g., The Nippon Credit Bank, Ltd.*, 75 *Federal Reserve Bulletin* 308 (1989). *See also* 12 C.F.R. 225.142.

8. *See Hongkong and Shanghai Banking Corporation, et al.*, 69 *Federal Reserve Bulletin* 221, 223 (1983).

9. *See The Nippon Credit Bank, Ltd., supra*, at 310; *Hongkong and Shanghai Banking Corporation, et al., supra*, at 223.

10. The Board notes that it previously has approved proposals for a nonbanking subsidiary to take positions in foreign exchange while also providing general information, statistical forecasting, and limited general advice regarding foreign exchange. *See The Long-Term Credit Bank of Japan, Limited*, 79 *Federal Reserve Bulletin* 347, 349 (1993); *The Bank of Tokyo, Ltd.*, 76 *Federal Reserve Bulletin* 654, 656–657 (1990).

of the proposed activities by NationsBank can reasonably be expected to produce public benefits that will outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

On the basis of the foregoing and all the facts of record, including the commitments furnished by NationsBank, the Board has determined that the application should be, and hereby is, approved, subject to all the terms and conditions of this order and the Section 20 Orders, as modified by the Modification Orders. The Board's approval of this proposal extends only to activities conducted within the limitations of those Orders and this order, including the Board's reservation of authority to establish additional limitations to ensure that Company's activities are consistent with safety and soundness, conflicts of interests, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in the Section 20 Orders is not within the scope of the Board's approval and is not authorized for Company.

The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(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 ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this application, including the commitments discussed in this Order, and the conditions set forth in the above-noted Board regulations and orders. 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.

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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 26, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

Meridian Bancorp, Inc.
Reading, Pennsylvania

Order Approving Acquisition of a Bank Holding Company

Meridian Bancorp, Inc., Reading, Pennsylvania ("Meridian"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of Commonwealth Bancshares Corporation ("Commonwealth"), and thereby to acquire indirectly Commonwealth's subsidiary bank, Commonwealth Bank ("Commonwealth Bank"), both of Williamsport, Pennsylvania.[1] Meridian's wholly owned subsidiary state member bank, Meridian Bank, Reading, Pennsylvania ("Meridian Bank"), also has applied for the Board's approval under section 18(c) of the Federal Deposit Insurance Act (the "Bank Merger Act") to merge with Commonwealth Bank, and, under sections 9 and 24A of the Federal Reserve Act, to establish additional branches and invest in bank premises.[2]

Meridian also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Susquehanna Life Insurance Company, Phoenix, Arizona ("Susquehanna Life"), and thereby engage in the sale of credit-related insurance pursuant to 12 C.F.R. 225.25(b)(8)(i), and Commonwealth Bancshares Community Development Corporation, Williamsport, Pennsylvania ("Commonwealth CDC"), and thereby engage in community development activities pursuant to 12 C.F.R. 225.25(b)(6).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 28,878 (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 section 3(c) of the BHC Act, the Bank Merger Act, and the Federal Reserve Act. As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General,

1. In connection with Meridian's proposed acquisition of Commonwealth, Meridian also has requested Board approval under section 3 of the BHC Act to acquire an option to purchase up to 19.9 percent of the voting shares of Commonwealth. This option will become moot upon consummation of Meridian's application to acquire Commonwealth.

2. Meridian will establish branches at each of the locations set forth in the Appendix.

the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

Meridian, with $12 billion in consolidated assets, controls subsidiary banks located in Pennsylvania, Delaware, and New Jersey.[3] Meridian controls deposits of $9 billion in Pennsylvania and is the fifth largest commercial banking organization in that state. Commonwealth, with deposits of $1.6 billion, is the fourteenth largest commercial banking organization in Pennsylvania.[4] Upon consummation of the transaction, Meridian would become the fourth largest commercial banking organization in Pennsylvania, controlling deposits of approximately $10.6 billion in the state, representing 8.1 percent of deposits in commercial banks in Pennsylvania. Meridian and Commonwealth do not compete directly in any banking market. Based on all the facts of record, the Board has concluded that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Meridian and Commonwealth, and their subsidiary banks, the convenience and needs of the communities to be served, and the other factors that the Board must consider under section 3 of the BHC Act and the Bank Merger Act, are consistent with approval.[5] Meridian Bank also has applied under sections 9 and 24A of the Federal Reserve Act to establish branches and invest in branch premises. The Board has considered the factors it is required to consider when reviewing applications pursuant to these sections of the Federal Reserve Act and finds those factors to be consistent with approval.

Meridian also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire Susquehanna Life, a company that provides credit-related life and disability insurance issued in connection with extensions of credit by Commonwealth, and Commonwealth CDC, a company that makes equity and debt investments in corporations or projects designed primarily to promote community welfare in north central Pennsylvania. These activities are permissible for bank holding companies under the Board's Regulation Y,[6] and Meridian proposes to conduct these activities in accordance with the Board's regulations.

In order to approve this application, the Board also must find that the performance of the proposed activities by Susquehanna Life and Commonwealth CDC "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 expects that the continuance of these activities by these nonbanking subsidiaries would maintain the level of competition among providers of these services. In addition, there is no evidence in the record that consummation of this proposal would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) of the BHC Act is favorable, and consistent with approval of Meridian's section 4 application.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. This approval is specifically conditioned upon compliance by Meridian with all the commitments made in connection with this application. The Board's determination with respect to its nonbanking activities also is subject to all of 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 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 shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The banking acquisition approved in this Order shall not be consummated before the thirtieth calendar day after the effective date of this Order, and the proposal shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by

3. Asset and deposit data are as of June 30, 1992.

4. These data include deposits of Valley Community Bank, Kingston, Pennsylvania, which Commonwealth has received approval to acquire.

5. The Board has received a comment from a former customer of Commonwealth Bank alleging improper alterations of a mortgage that is the subject of a foreclosure proceeding by the bank. The Board has carefully considered these comments in light of all facts of record, including relevant reports of examination by Commonwealth Bank's primary federal regulator, the Federal Reserve Bank of Philadelphia, and Commonwealth Bank's loan documentation policies, which Meridian states are consistent with the policies to be established upon consummation of this proposal. The Board notes that these policies specifically address alterations of commercial loan documents and provide audit procedures to review for compliance. In light of all the facts of record, the Board does not believe that commenter's allegations warrant denial of these applications.

6. *See* 12 C.F.R. 225.25(b)(8)(i) and 225.25(b)(6).

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

By order of the Board of Governors, effective July 26, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Meridian Bank has applied pursuant to section 9 of the Federal Reserve Act to establish branches at the following locations:

(1) Turner Street, Austin, Pennsylvania
(2) Main Street, Beech Creek, Pennsylvania
(3) 20 West Main Street, Canton, Pennsylvania
(4) 302 North East Street, Coudersport, Pennsylvania
(5) 100 North Academy Avenue, Geisinger Medical Center, Danville, Pennsylvania*
(6) 608 Continental Boulevard, Danville, Pennsylvania
(7) 101 Mill Street, Danville, Pennsylvania
(8) 12 West Valley Avenue, Elysburg, Pennsylvania
(9) R.D. No. 1, Box 100A, Route 267, Friendsville, Pennsylvania
(10) 30 West Street, Galeton, Pennsylvania
(11) Route 14 North, South Creek Township, Gillett, Pennsylvania
(12) Route 11, Mountain View Plaza, Great Bend, Pennsylvania
(13) 32–42 North Main Street, Hughesville, Pennsylvania
(14) Main and Walnut Streets, Howard, Pennsylvania
(15) 222 Allegheny Street, Jersey Shore, Pennsylvania
(16) R.R. No. 1, Routes 92 and 106, Kingsley, Pennsylvania
(17) 541 Pierce Street, Kingston, Pennsylvania
(18) Lake Como Road and Route 370, Lakewood, Pennsylvania
(19) 53 Main Street, Lawrenceville, Pennsylvania
(20) Box 150, Main Street, LeRaysville, Pennsylvania
(21) 239 Market Street, Lewisburg, Pennsylvania
(22) Route 15 and Loan Road, Lewisburg, Pennsylvania
(23) Route 45 and Fairground, Lewisburg, Pennsylvania*
(24) Pennsylvania Avenue, Little Meadows, Pennsylvania
(25) 448 Bellfonte Avenue, Lock Haven, Pennsylvania
(26) 25 East Main Street, Lock Haven, Pennsylvania
(27) 50 South Main Street, Mansfield, Pennsylvania
(28) R.D. No. 2, Box 41D, Route 328, Millerton, Pennsylvania
(29) 14 South Front Street, Milton, Pennsylvania
(30) 537 Mahoning Street, Milton, Pennsylvania
(31) 355 Broad Street, Montoursville, Pennsylvania
(32) 780 Broad Street, Montoursville, Pennsylvania*
(33) R.D. No. 1, Route 87 and Beltway, Montoursville, Pennsylvania
(34) 10 Public Avenue, Montrose, Pennsylvania
(35) Route 706, Montrose, Pennsylvania
(36) 49 West Third Street, Mount Carmel, Pennsylvania
(37) 50 West Third Street, Mount Carmel, Pennsylvania
(38) Box 80, Lycoming Mall, Muncy, Pennsylvania
(39) Lycoming Mall, Muncy, Pennsylvania*
(40) 20 South Main Street, Muncy, Pennsylvania
(41) Rear 405, South Main Street, Old Forge, Pennsylvania
(42) 1 South Main Street, Pittston, Pennsylvania
(43) Route 11, Pittston Plaza By-Pass, Pittston, Pennsylvania
(44) 300 Highway 315, Pittston Township, Pennsylvania
(45) Route 54 and Mill Street, Riverside, Pennsylvania*
(46) 364 Erie Avenue, Renovo, Pennsylvania
(47) 102 Desmond Street, Sayre, Pennsylvania
(48) 430 North Keystone Avenue, Sayre, Pennsylvania*
(49) 51 Academy Street, Shinglehouse, Pennsylvania
(50) Route 29 South, South Montrose, Pennsylvania*
(51) 251 Market Street, South Williamsport, Pennsylvania
(52) Main Street, Springville, Pennsylvania
(53) 1300 North Atherton Street, State College, Pennsylvania
(54) 2200 South Atherton Street, State College, Pennsylvania
(55) 121 South Pugh Street, State College, Pennsylvania
(56) 133 Main Street, Susquehanna, Pennsylvania
(57) Jackson Street, Thompson, Pennsylvania
(58) 111–113 Main Street, Towanda, Pennsylvania
(59) Main and Exchange Streets, Troy, Pennsylvania
(60) 109 Main Street, Watsontown, Pennsylvania
(61) 61 Main Street, Wellsboro, Pennsylvania
(62) 16 Main Street, Wellsboro, Pennsylvania
(63) 801 Wyoming Avenue, West Pittston, Pennsylvania
(64) 100 Main Street, Westfield, Pennsylvania
(65) 12 South Main Street, Wilkes-Barre, Pennsylvania

(66) 1100 Grampian Boulevard, Williamsport, Pennsylvania*
(67) 1916 Lycoming Creek Road, Williamsport, Pennsylvania
(68) 301 Shiffler Avenue, Williamsport, Pennsylvania
(69) 325 Washington Boulevard, Williamsport, Pennsylvania*
(70) 101 West Third Street, Williamsport, Pennsylvania
(71) 1005 West Third Street, Williamsport, Pennsylvania*

* Denotes automated teller machines owned or leased by Commonwealth Bank.

R. Banking Limited Partnership Oklahoma City, Oklahoma

Order Approving the Formation of a Bank Holding Company

R. Banking Limited Partnership, Oklahoma City, Oklahoma ("R. Banking"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company within the meaning of the BHC Act by acquiring from 21.8 percent to 100 percent of the ten bank holding companies ("Holding Companies") and their subsidiary banks ("Banks") listed in the Appendix of this Order.[1] R. Banking also has applied under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Holding Companies and thereby engage in credit insurance activities pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y (12 C.F.R. 225.25(b)(8)(i)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 29,874 (1992)). 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) and 4(c)(8) of the BHC Act.

R. Banking is a nonoperating limited partnership formed for the purpose of acquiring Holding Companies. Upon consummation of the proposal, R. Banking would become the third largest banking organization in Oklahoma, controlling deposits of $783 million, representing approximately 3.3 percent of total deposits in commercial banking organizations in the state.[2]

All of the banks to be acquired operate in different banking markets except for BancFirst and McLoud Bank, which operate in the Oklahoma City banking market.[3] The Oklahoma City banking market would remain unconcentrated after consummation of this proposal,[4] and numerous competitors would remain in the market. Accordingly, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

The Board has carefully reviewed the financial and managerial resources and future prospects factors under the BHC Act in light of comments submitted by an individual ("Protestant"). Protestant generally alleges that financial considerations associated with the proposal are not consistent with approval and that a principal of R. Banking ("Principal") has engaged in unsafe and unsound banking practices at banking institutions currently or formerly controlled by Principal. Protestant also claims that this transaction will adversely affect the value of other shareholders' stock.

The Board initially notes that the proposal represents a reorganization of certain interests in several bank holding companies into a single holding company structure and does not change the existing ownership interests of other shareholders in the holding companies. In this regard, the principal shareholders would continue to own their interest in the same proportion as they do now, and the proposal would simply permit ownership through a partnership rather than individually. Protestant presents no information on how this reorganization will affect other shareholders. In addition, the Board has considered Protestant's comments regarding the financial aspects of the proposal in light of all the facts of record and concludes that these comments do not warrant denial of the applications.

The Board has reviewed court documents regarding transactions that serve as the basis of Protestant's allegations of unsafe and unsound practices, as well as relevant examination information regarding these transactions. The Board has also consulted with the

1. This transaction constitutes a reorganization of a chain banking organization.

2. All deposit data are as of June 30, 1991.

3. The Oklahoma City banking market is defined as the Oklahoma City Ranally Metro Area.

4. Upon consummation of the proposal, the Herfindahl–Hirschman Index ("HHI") in the Oklahoma City banking market will increase less than 1 point to 531. 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 under 1000 is considered to be unconcentrated. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated, and 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 anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

Federal Deposit Insurance Corporation, the primary regulator of the banks involved, and law enforcement agencies regarding these transactions. In addition, the Board has considered the history of management by Principal at other banks in the chain. In light of these and all the facts of record, the Board does not believe considerations relating to the managerial factor warrant denial of these applications.

Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of R. Banking, as well as other factors the Board must consider under section 3 of the BHC Act, are consistent with approval.

R. Banking also has applied pursuant to section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Holding Companies and thereby engage in credit insurance activities. The Board has determined by regulation (12 C.F.R. 225.25(b)(8)(i)) that this activity is closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.

In order to approve an application under section 4(c)(8) of the BHC Act, the Board also is required to determine that the performance of the proposed activities by R. Banking "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 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. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of R. Banking's application to acquire the nonbanking subsidiaries of Holding Companies.

Based on the foregoing and other facts of record, and subject to the commitments made by R. Banking in this case, the Board has determined that the applications should be, and hereby are, approved. This approval is specifically conditioned on compliance by R. Banking with all of the commitments made in connection with these applications and with the conditions referenced in this Order. The determinations as to R. Banking's nonbanking activities are also subject to all the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as it finds necessary to assure compliance with, or prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, all of these commitments and conditions are considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

The acquisition of Holding Companies shall not be consummated before the thirtieth calendar day after the effective date of this Order, and the acquisition of Holding Companies and nonbanking companies shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 8, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Bank Holding Companies to be Acquired by R. Banking Limited Partnership:

(1) BancFirst Corporation (47.6 percent), and its subsidiary, BancFirst, both of Oklahoma City, Oklahoma;
(2) Buffalo Bancshares, Inc. (42.7 percent), and its subsidiary, Oklahoma State Bank, both of Buffalo, Oklahoma;
(3) Commerce Bancorporation, Inc. (45.9 percent), and its subsidiary, Bank of Commerce, both of McLoud, Oklahoma;
(4) Coweta Bancshares, Inc. (100 percent), and its subsidiary, Security Bank, both of Coweta, Oklahoma;
(5) Dewey County Bancorporation, Inc. (33.7 percent), and its subsidiary, Dewey County State Bank, both of Taloga, Oklahoma;
(6) Erick Bancorporation, Inc. (66 percent), and its subsidiary, First American Bank, both of Erick, Oklahoma;
(7) First Stratford Bancorporation, Inc. (88.2 percent), and its subsidiary, First American Bank, Stratford, Oklahoma;
(8) Johnston County Bancshares, Inc. (46.7 percent), and its subsidiary, Bank of Johnston County, both of Tishomingo, Oklahoma;
(9) Weatherford Bancorporation, Inc. (34.3 percent),

and its subsidiary, United Community Bank, both of Weatherford, Oklahoma; and

(10) Wilburton Bancorporation, Inc. (21.8 percent), and its subsidiary, Wilburton State Bank, both of Wilburton, Oklahoma.

Orders Issued Under International Banking Act

Banque Transatlantique
Paris, France

Order Approving Establishment of a Representative Office

Banque Transatlantique, Paris, France ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Washington, D.C. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application affording interested persons an opportunity to submit comments has been published in a newspaper of general circulation in Washington, D.C. (*The Washington Times*, September 9, 1992). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with $786.9 million in consolidated assets,[1] is a commercial bank chartered in France. Bank's only office outside France is a representative office in London.[2] Bank does not engage, directly or indirectly, in any nonbanking activities in the United States. The proposed representative office would engage in traditional representational functions, including promoting Bank's name, products and services to potential customers and serving as a liaison between customers and Bank's offices in France. Bank is a subsidiary of Credit Industriel et Commercial de Paris ("CIC Paris"), which owns 61 percent of Bank.[3]

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

The Board has previously stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office because representative offices do not engage in a banking business and cannot take deposits or make loans (*see* 58 *Federal Register* 6348, 6351 (1993)). In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to establishment of branches and agencies, subject to the following considerations. With respect to supervision by home country authorities, a foreign bank that proposes to establish a representative office must be subject to a significant degree of supervision by its home country supervisor. Among the factors the Board may consider are the extent to which there is regular review of a substantial portion of the bank's operations by the home country supervisor through examination, review of external audits, or a comparable method; submission of periodic reports relating to financial performance; and assurance that the bank itself has a system of internal monitoring and control that enables bank management to administer properly the bank's operations. The home country supervisor must also have indicated that it does not object to the establishment of the representative office in the United States.

A foreign bank's financial and managerial resources will be reviewed to determine whether its financial condition and performance demonstrate that it is capable of complying with applicable laws and has an operating record that would be consistent with the establishment of a representative office in the United States. If the financial condition of the foreign bank significantly differs from international norms, the foreign bank would be evaluated to determine whether such difference could be justified in the context of the operations of the applicant and the proposed representative office. All foreign banks, whether operating through branches, agencies or representative offices, will be required to provide adequate assurances of access to information on the operations of bank and its affiliates necessary to determine compliance with U.S. laws.

In this case, with respect to the issue of supervision

1. Data are as of December 31, 1992, unless otherwise noted.

2. Bank has five subsidiaries that engage in real estate lending, management and distribution of mutual funds, holding of bank premises, and provision of French goods and services overseas. None of these subsidiaries operates in the United States.

3. Credito Italiano, an Italian government-controlled commercial bank, owns 20 percent of Bank. All the shares of CIC Paris are owned by Union Europeene de CIC, ("CIC"), a commercial bank chartered in France. Societe Centrale de Groupment des Assurances Nationales, a French government-controlled holding company, directly owns CIC.

by home country authorities, the Board has considered the following information. Bank, as well as its parent banks, CIC Paris and CIC, are subject to the supervisory authority of the French Ministry of Finance, the Bank of France, the National Credit Counsel, the Credit Establishment Committee, and the Banking Commission. The Bank of France, which has authority regarding, *inter alia*, the proposed expansion of operations of credit institutions, has indicated that it does not object to Bank's establishment of the representative office. The Banking Commission, which has primary responsibility for supervising Bank, monitors its compliance with French law and regulatory standards as well as its financial condition. The Banking Commission reviews periodic financial reports submitted by Bank and annual reports prepared by independent auditors.[4] Bank is required to file annual, semiannual and quarterly financial reports with the Banking Commission. Audited consolidated financial statements of Bank are submitted to the Banking Commission annually. Bank's quarterly and semiannual reports include unaudited balance sheets and income statements, and basic financial statements and key financial ratios covering such areas as risk-based capital, liquidity, foreign exchange, and concentration of credit. In addition to reviewing these reports, the Banking Commission meets with Bank management on a regular basis.

Examiners from the Bank of France perform on-site examinations of Bank on behalf of the Banking Commission. The examinations of Bank are performed approximately once every five years and take approximately three months to complete. A written report is provided to Bank, and Bank is requested to forward a copy of the report to its statutory auditors. Bank's board of directors is required to meet to discuss the examination's findings. The examiners also meet with Bank's statutory auditors during the examination. The examination includes review of Bank's loan portfolio, deposit composition, banking services, securities and portfolio management activities, operations and profitability. If any problems are detected, the Banking Commission has the authority to conduct more frequent examinations and to require additional information from Bank at any time.

Bank is required to maintain records on all of its subsidiaries and operations worldwide. Bank represents that it has procedures and policies in place to monitor and control its worldwide activities in accordance with regulatory requirements. Bank conducts annual internal audits of its offices and subsidiaries. Based on all the facts of record, which include the information described above, the Board concludes that factors relating to the supervision of Bank by its home country supervisors are consistent with approval of the proposed representative office. Factors relating to the supervision of CIC and CIC Paris are also consistent with approval.

The Board has also found that Bank engages directly in the business of banking outside of the United States through its commercial banking operations in France. Bank has provided the Board with the information necessary to assess the application through submissions that address relevant issues.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, the Bank of France has indicated that it does not object to Bank's establishing the proposed representative office.

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

Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law. If the disclosure of such information is prohibited by law, Bank and its ultimate parent have committed to cooperate with the Board to obtain approvals or consents that may be required for the Board to gain access to information that the Board may request. The Board has reviewed the restrictions on disclosure of information in France, and has communicated with certain government authorities regarding access to information. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this Order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved.

4. Bank's auditors are chosen from a list of firms approved by the Banking Commission. Representatives from these firms meet frequently with the Banking Commission to discuss general banking issues.

If any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of the Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this Order. The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices, and its affiliates.

By order of the Board of Governors, effective July 26, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

State Financial Services Corporation
Hales Corners, Wisconsin

Order Approving Application to Acquire a Branch of a Savings Bank

State Financial Services Corporation, Hales Corners, Wisconsin ("State Financial"), proposes to purchase certain assets and assume certain liabilities of the Waukesha branch office of North Shore Savings Bank, FSB, Brookfield, Wisconsin ("North Shore Bank"), through State Financial's wholly owned, nonmember, state-chartered bank subsidiary, Eastbrook State Bank, Brookfield, Wisconsin ("Eastbrook Bank"). State Financial has requested Board approval of this transaction 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, § 501, 105 Stat. 2236, 2388 (1991)). Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a bank owned by a bank holding company and a savings association, or branch of a savings association, in which the resulting institution is insured by the Bank Insurance Fund, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c) ("the Bank Merger Act")). 12 U.S.C. § 1815(d)(3)(E).[1] This transaction is also subject to review under the Bank Merger Act by the Federal Deposit Insurance Corporation ("FDIC"), which is the primary banking regulator for Eastbrook Bank. The FDIC has recently announced its approval of the transaction.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). 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 FDIC. 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.

State Financial is the 21st largest commercial banking organization in Wisconsin, controlling deposits of $174.0 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] The Waukesha branch office of North Shore Bank controls deposits of $17.9 million, representing less than 1 percent of total deposits in thrift institutions in the state. Upon consummation of the proposed transaction, State Financial would become the 20th largest commercial banking organization in Wisconsin, controlling deposits of $191.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.

State Financial and North Shore Bank compete in the Milwaukee banking market.[3] State Financial is the 15th largest depository institution in that market,[4]

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

2. Bank deposit and state data are as of June 30, 1992. Thrift deposit data are as of June 30, 1991.

3. The Milwaukee banking market is approximated by Milwaukee County, Waukesha County, Ozaukee County, and portions of Jefferson County, Racine County, Walworth County, and Washington County, all in Wisconsin.

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

controlling deposits of $169.4 million, representing approximately 1 percent of total deposits in depository institutions in the market ("market deposits").[5] The Waukesha branch office of North Shore Bank controls deposits of $8.9 million, representing less than 1 percent of market deposits. Upon consummation of this proposal, State Financial would control $187.3 million in deposits, representing approximately 1 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for this market would remain unchanged at 1120 points.[6] Based on all the facts of record in this case, including the relatively small increase in market share and the *de minimis* effect on market concentration as measured by the HHI, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Milwaukee banking market. The Board also concludes that consummation of this proposal would not have a significantly adverse effect on competition in any other relevant banking market.

Convenience and Needs Considerations

In analyzing the convenience and needs factor, the Board has considered the comments of the Fair Lending Coalition, Milwaukee, Wisconsin ("Protestant"), submitted in connection with this application. Protestant alleges that State Financial is not satisfactorily meeting the convenience and needs of the communities it serves because:

(1) State Financial's subsidiary banks exclude from their service community delineations large portions of Milwaukee's central city specifically defined by the City of Milwaukee Comptroller ("the City of Milwaukee") as a "Target Area";[7] and

(2) Protestant believes that the 1990 and 1991 Home Mortgage Disclosure Act ("HMDA") data indicate that State Financial's subsidiary banks have failed to meet the credit needs of African-Americans, Hispanics, and the residents of the Target Area.[8]

In assessing the impact of this proposal on the convenience and needs of the communities to be served, the Board also has considered the programs that State Financial has in place to serve community needs, and the programs that State Financial proposes to implement in connection with this acquisition. The Board also has taken into account the past record of performance of the State Financial organization under the Community Reinvestment Act ("CRA").

In addition, the Board has considered that the FDIC has also reviewed the CRA record of the banks involved in this transaction in light of the comments submitted by Protestant, and has approved the merger of the bank with North Shore Bank under the Bank Merger Act.

A. CRA Examinations

All of State Financial's subsidiary banks have received "satisfactory" ratings from their primary regulators in their most recent examinations for CRA performance.[9] In this regard, Eastbrook Bank, chartered in 1990 and acquired by State Financial in July 1992, received a "satisfactory" rating in the examination of its CRA performance by the FDIC as of February 16, 1993 ("1993 examination"). North Shore Bank received a "satisfactory" rating from its primary regulator, the Office of Thrift Supervision, in December 1991.

the Waukesha branch office of North Shore Bank will be transferred to a commercial bank under this proposal, those deposits are included at 100 percent 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).

5. Market data are as of June 30, 1991.

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

7. The City of Milwaukee has defined this area as having the following four characteristics:

(1) Median assessed property value of one- and two-family dwellings is less than or equal to 80 percent of the median assessed property value of similar dwellings in the City of Milwaukee;

(2) Median family income of the area is less than or equal to 80 percent of the median family income of the City of Milwaukee;

(3) The proportion of owner-occupied dwellings in the area is less than or equal to 80 percent of the proportion of owner-occupied dwellings in the City of Milwaukee; and

(4) The vacancy rate of dwellings in the area is greater than or equal to 120 percent of the vacancy rate in the City of Milwaukee.

8. In particular, Protestant notes that of the 152 residential loans made by State Financial's subsidiary banks in the Milwaukee Metropolitan area in 1991, none of the loans was made in the Target Area or to African-Americans or Hispanics. Protestant also alleges that North Shore Bank's record of residential lending in the Target Area and to African-Americans and Hispanics is inadequate.

9. The following subsidiaries, all located in Wisconsin, received "satisfactory" CRA performance ratings as follows:

(1) Edgewood State Bank, Greenfield ("Edgewood Bank"), from the FDIC as of November 23, 1992;

(2) University National Bank, Milwaukee ("University Bank"), from the OCC as of September 30, 1990; and

(3) State Bank, Hales Corners ("State Bank"), from the FDIC as of February 17, 1993.

B. Reasonableness of Delineated Communities

Protestant has raised questions regarding whether the delineated service communities for State Financial's subsidiary banks improperly excludes the Milwaukee Comptroller's Target Area for the central city. A bank's delineated community under the CRA is "that local area or areas around each office or group of offices where [the bank] makes a substantial portion of its loans and all other areas equidistant from its offices or those areas."[10] In the case of small banks like the State Financial subsidiaries, the CRA permits the banks to delineate communities that consist of portions of Standard Metropolitan Statistical Areas ("SMSA") or counties reasonably expected to be served by the institution.

State Financial has undertaken a number of steps to ensure that its delineated communities encompass all appropriate low- and moderate-income neighborhoods, including census tracts located in the City of Milwaukee's Target Area. Eastbrook Bank's delineated community is in the Western portion of the Milwaukee SMSA, which is five miles from the Target Area. University Bank, which is a subsidiary of State Financial located near the Target Area, currently serves 16 of the Target Area's census tracts.[11] State Financial has committed to expand the number of Target Area census tracts served in this area by University Bank to 41. Moreover, Eastbrook Bank would add four low- and moderate-income or minority census tracts to its delineated area as a result of this acquisition.[12] The delineated service communities for State Financial's remaining banks, Edgewood Bank and State Bank, were found to be appropriate in their most recent examination for CRA performance by the primary supervisor for these banks.

C. HMDA Data and Lending Practices

The Board has carefully reviewed available 1990 and 1991 HMDA data of the State Financial subsidiary banks and North Shore Bank in light of Protestant's comments.[13] While these data show denial rates that vary according to race, none of the recent CRA performance examinations found any evidence of illegal discrimination or illegal credit practices.[14]

In addition, the Board notes that State Financial has taken steps designed to increase its lending activities in low- and moderate-income and minority areas, including the Target Area. For example, State Financial has committed that University Bank will originate $1 million of residential loans in the Target Area within the next five years. At least 60 percent of these loans will be to owner-occupants. State Financial has further committed that University Bank will participate in various initiatives in the Target Area with officials of the Eastside Housing Action Coalition ("ESHAC")[15] and the North Central Branch of the Metropolitan Milwaukee YMCA.

D. Other Aspects of CRA Performance

Eastbrook Bank employs a variety of methods to assist in ascertaining and marketing credit products to its entire community. These efforts include a customer call program in which bank officers contact area customers regarding local credit needs. Reports of these contacts are reviewed by the president of Eastbrook Bank regularly, as well as by its board of directors on a monthly basis. Eastbrook Bank also contacts local community organizations to ascertain community credit needs,[16] and intends to expand these contacts to include local government officials, churches, and other community organizations. Eastbrook Bank's marketing efforts include local newspapers and radio stations and special advertising in various church bulletins.

Eastbrook Bank also offers a variety of consumer loans and mortgage loans for purchase or construction of one- to four-family dwelling units. With respect to small business lending, Eastbrook Bank participates in a number of government programs designed to help meet the credit needs of small business owners. For

10. 12 C.F.R. 228.4(b)(2).

11. The OCC has preliminarily indicated that this service area addresses concerns noted in University Bank's 1990 CRA examination.

12. Applicant has also committed to amend Eastbrook Bank's CRA statement to reflect Eastbrook's current delineated area and its focus on consumer lending. The FDIC has preliminarily indicated that the changes will adequately address its comments in the 1993 examination.

13. Since Eastbrook Bank was not required to file HMDA reports until 1992, 1990 and 1991 data were unavailable.

14. Although the Board is concerned when the record of an institution indicates disparities in lending to minority applicants, the Board recognizes that HMDA data alone provide a limited measure of any given institution's lending in the communities that the institution serves. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively demonstrating whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

15. ESHAC is an organization that provides rental housing, housing rehabilitation, youth activities, youth counseling, and commercial rehabilitation in Milwaukee's central city. University Bank's involvement with ESHAC began in 1980 when the bank's president served as a director of ESHAC. During the 1980's, University Bank served as a lender to ESHAC for housing rehabilitation purposes.

16. In this regard, Eastbrook Bank has met with First Heritage Management Company, which operates Heritage Place, a local housing complex for the elderly. As a result of these meetings, the bank has determined a need for personal banking services, and is in the process of assessing the feasibility of such a service.

example, the bank recently approved a Small Business Administration guaranteed loan and a Wisconsin Business Development Finance Corporation 504 program debenture for a total of $1.4 million. The bank also has invested $750,000 in mortgage-related federal agency bonds.

Based on these and other facts of record, the Board concludes that convenience and needs considerations, including the CRA performance records of State Financial, Eastbrook Bank, and North Shore Bank, are consistent with approval of this application.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of State Financial and North Shore Bank 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) State Financial and North Shore Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) Since Eastbrook Bank is in Wisconsin and is acquiring certain assets and assuming certain liabilities of a Wisconsin federal savings bank, the proposed transaction would comply with the Douglas Amendment if North Shore Bank were a state bank that State Financial 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. The Board's approval of this application is conditioned upon State Financial'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 proposal presented to the Board by State Financial, 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 the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 8, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

By Federal Reserve Banks

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
Liberty Holding Company, Inc., Pensacola, Florida	Liberty Bank of Fort Walton, Fort Walton Beach, Florida	Liberty Bank, Pensacola, Florida	July 9, 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
Firstbank Holding Company of Colorado, Lakewood, Colorado FirstBank Holding Company of Colorado Employee Stock Ownership Plan, Lakewood, Colorado	FirstBank Holding Company of California, Lakewood, Colorado	July 28, 1993
United Bankshares, Inc., Charleston, West Virginia	Financial Future Corporation, Ceredo, West Virginia	July 8, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/ Company	Effective Date
National City Corporation, Cleveland, Ohio	Ohio Bancorp, Youngstown, Ohio Cortland Bancorp, Cortland, Ohio Florida Trust Services of Ohio Bancorp, Naples, Florida	July 22, 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
American Bancorp of Oklahoma, Inc., Edmond, Oklahoma	Texas Guaranty National Bank, Houston, Texas	Kansas City	July 6, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
CCB Corporation, Kansas City, Missouri	Acquisition Corporation, Leawood, Kansas	Kansas City	June 30, 1993
Central Financial Corporation, Columbia, Pennsylvania	Farmers First Savings Bank, Columbia, Pennsylvania	Philadelphia	June 24, 1993
Central Mortgage Bancshares, Inc., Kansas City, Missouri	Blue Springs Bank, Blue Springs, Missouri	Kansas City	July 26, 1993
Centura Banks, Inc., Rocky Mount, North Carolina	Interim Bank, Forest City, North Carolina	Richmond	July 7, 1993
Chemical Financial Corporation, Midland, Michigan	Key State Bank, Owosso, Michigan	Chicago	July 21, 1993
Columbia Banking System, Inc., Bellevue, Washington	Columbia National Bankshares, Inc., Longview, Washington	San Francisco	July 6, 1993
J.E. Coonley Company, Hampton, Iowa	Sheffield Savings Bank, Sheffield, Iowa	Chicago	July 21, 1993
Firstar Corporation, Milwaukee, Wisconsin F.W.S.F. Corporation, Milwaukee, Wisconsin	Athens Bancorp, Inc., Wausau, Wisconsin Bank of Athens, Wausau, Wisconsin	Chicago	July 1, 1993
First Community Financial Corporation, Elgin, Illinois	First Community Bank, Elgin, Illinois	Chicago	July 15, 1993
First State Bancshares of DeKalb County, Inc., Fort Payne, Alabama	First State Bank of DeKalb County, Fort Payne, Alabama	Atlanta	July 16, 1993
FMB Bancshares, Inc., Lakeland, Georgia	United Bankshares, Inc., Nashville, Georgia	Atlanta	July 1, 1993
Huntington Bancshares, Incorporated, Columbus, Ohio Huntington Bancshares West Virginia, Inc., Columbus, Ohio	Commerce Banc Corporation, Charleston, West Virginia	Cleveland	July 9, 1993
Independent Bankshares, Inc., Abilene, Texas Independent Financial Corp., Dover, Delaware	The Winters State Bank, Winters, Texas	Dallas	July 26, 1993
Lansing Financial Corporation, Lansing, Kansas	The First State Bank of Lansing, Lansing, Kansas	Kansas City	July 16, 1993
Mark Twain Bancshares, Inc., St. Louis, Missouri	Parkway Financial, Inc., Overland Park, Kansas	St. Louis	June 23, 1993
Marquette Bancshares, Inc., Minneapolis, Minnesota	First State Holding Company, Coon Rapids, Minnesota	Minneapolis	July 21, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Montgomery Bancshares, Inc., Montgomery, Illinois	Bank of Montgomery, Montgomery, Illinois	Chicago	July 21, 1993
Northeast Bancorp, Inc., Brandon, South Dakota	Wilmot State Bank, Wilmot, South Dakota	Minneapolis	July 13, 1993
Nowata Bancshares, Inc., Nowata, Oklahoma	The First National Bank of Nowata, Nowata, Oklahoma	Kansas City	July 14, 1993
Paloma Bancshares, Inc., Paloma, Illinois	Western Illinois Bancorp, Inc., Blandinsville, Illinois	St. Louis	June 25, 1993
Prestige Financial Corp., Flemington, New Jersey	Prestige State Bank, Flemington, New Jersey	New York	June 25, 1993
Rolla Holding Company, Inc., Rolla, North Dakota	First National Bank, Hettinger, North Dakota	Minneapolis	July 19, 1993
Southeast Capital Corporation ESOP, Idabel, Oklahoma	Southeast Capital Corporation, Idabel, Oklahoma	Kansas City	July 2, 1993
South Plains Financial, Inc., Morton, Texas	South Plains Delaware Financial Corporation, Dover, Delaware Morton Financial Corporation, Morton, Texas South Plains Financial Corporation, Dover, Delaware Hub Financial Corporation, Lubbock, Texas	Dallas	July 19, 1993
SouthTrust Corporation, Birmingham, Alabama	SouthTrust Bank, F.S.B., Concord, North Carolina	Atlanta	July 9, 1993
Susquehanna Bancshares, Inc., Lititz, Pennsylvania	Central Financial Corporation, Columbia, Pennsylvania	Philadelphia	June 24, 1993
Western Bancshares, Inc., Van Horn, Texas	First State Bank, Loraine, Texas	Dallas	July 13, 1993
Wisconsin Bancshares, Inc., Newport, Minnesota	Security Bancorporation, Inc., Newport, Minnesota	Minneapolis	July 16, 1993

Section 4

Applicant(s)	Nonbanking Activity/ Company	Reserve Bank	Effective Date
BB&T Financial Corporation, Wilson, North Carolina	Southeast Switch, Inc., Maitland, Florida	Richmond	July 15, 1993
Centura Banks, Inc., Rocky Mount, North Carolina	CFS Venture Corporation, Rocky Mount, North Carolina	Richmond	July 8, 1993
CoreStates Financial Corp., Philadelphia, Pennsylvania	CoreStates Community Development Corporation, Philadelphia, Pennsylvania	Philadelphia	July 20, 1993
Fifth Third Bancorp, Cincinnati, Ohio	Shelby County Bancorp, Shelbyville, Indiana	Cleveland	July 20, 1993
Menomonie Financial Services, Inc., Menomonie, Wisconsin	to engage *de novo* in the activities of data processing and providing management consulting to nonaffiliated depository institutions	Minneapolis	July 8, 1993
Mountain Parks Financial Corporation, Minneapolis, Minnesota	Mountain Parks Data Corp., Golden, Colorado	Kansas City	July 12, 1993
U.S. Trust Corporation, New York, New York	CTMC Holding Company, Portland, Oregon	New York	July 7, 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
Colorado National Bank—Grand Junction, Grand Junction, Colorado	Colorado National Bank—Glenwood, Glenwood Springs, Colorado	Kansas City	June 30, 1993
F & M Bank—Winchester, Winchester, Virginia	The Farmers and Merchants National Bank of Hamilton, Hamilton, Virginia	Richmond	June 30, 1993
Interim Bank, Forest City, North Carolina	Centura Bank, Rocky Mount, North Carolina	Richmond	July 7, 1993

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
New Bank, Morristown, Tennessee	United Southern Bank of Morristown, Morristown, Tennessee	Atlanta	July 9, 1993
Sun Bank of Tampa Bay, Tampa, Florida	The Hillsboro Sun Bank, Plant City, Florida	Atlanta	June 30, 1993
Union Bank and Trust Company, Bowling Green, Virginia	Dominion Bank, N.A., Roanoke, Virginia	Richmond	July 7, 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 Board's motion to dismiss was filed July 2, 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.

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 Orders Issued by the Board of Governors

Colonial Bancshares, Inc.
Des Peres, Missouri

The Federal Reserve Board announced on July 19, 1993, the issuance of a Cease and Desist Order against Colonial Bancshares, Inc., Des Peres, Missouri, and Kenneth Davis, Kenneth Tiemeyer, David Fairchild, and John Weber, institution-affiliated parties of Colonial Bancshares, Inc.

The Dollar Savings and Trust Company
Youngstown, Ohio

The Federal Reserve Board announced on July 23, 1993, the issuance of a Cease and Desist Order against The Dollar Savings and Trust Company, Youngstown, Ohio.

Dan S. Geiger
Beverly Hills, California

The Federal Reserve Board announced on July 19, 1993, the issuance of an Order of Assessment of a Civil Money Penalty against Dan S. Geiger, an institution-affiliated party of First Pacific Bancorp, Inc., Beverly Hills, California.

International Bancshares, Inc.
Gladstone, Missouri

The Federal Reserve Board announced on July 19, 1993, the issuance of a Cease and Desist Order against International Bancshares, Inc., Gladstone, Missouri.

Written Agreements Approved by Federal Reserve Banks

American Pacific Bank
Aumsville, Oregon

The Federal Reserve Board announced on July 13, 1993, the execution of a Written Agreement among the Federal Reserve Bank of San Francisco, the Administrator of the Division of Finance and Corporate Securities of the State of Oregon, and the American Pacific Bank, Aumsville, Oregon.

The Dollar Savings and Trust Company
Youngstown, Ohio

The Federal Reserve Board announced on July 23, 1993, the execution of a Written Agreement among The Dollar Savings and Trust Company, Youngstown, Ohio, the Federal Reserve Bank of Cleveland, and the Superintendent of Banks for the State of Ohio.

Glendale Bancorporation
Voorhees, New Jersey

The Federal Reserve Board announced on July 13, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Philadelphia and Glendale Bancorporation, Voorhees, New Jersey.

Ohio Bancorp
Youngstown, Ohio

The Federal Reserve Board announced on July 23, 1993, the execution of a Written Agreement among Ohio Bancorp, Youngstown, Ohio, the parent bank holding company of The Dollar Savings and Trust Company, Youngstown, Ohio, the Federal Reserve Bank of Cleveland, and the Superintendent of Banks for the State of Ohio.

Financial and Business Statistics

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Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
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	Feb.	Mar.	Apr.[r]	May	June
Reserves of depository institutions[2]									
1 Total	9.3	25.8	9.3	10.8	5.6	5.3	.7	36.5	5.1
2 Required	9.9	25.3	8.7	12.4	9.3	3.0	3.3	39.5	7.0
3 Nonborrowed	8.4	27.1	9.5	10.6	8.3	4.3	1.1	35.5	3.8
4 Monetary base[3]	10.5	12.6	9.1	9.8	8.5	8.9	7.6	13.8	10.9
Concepts of money, liquid assets, and debt[4]									
5 M1	11.7	16.8	6.6	10.6	−.2	2.6[r]	9.2	27.6	7.3
6 M2	.8	2.7	−1.9[r]	2.2	−4.0[r]	−.9	.6	10.7[r]	2.2
7 M3	.1	−.2	−3.8	2.4	−1.6[r]	−1.3	3.2	8.5[r]	−1.3
8 L	1.1	1.6[r]	−2.5[r]	n.a.	−1.2[r]	−.6	4.0	10.0	n.a.
9 Debt	4.9	4.3	4.4	n.a.	3.9	5.5	5.8	6.1	n.a.
Nontransaction components									
10 In M2[5]	−3.2	−2.8	−5.4[r]	−1.4	−5.5[r]	−2.4	−3.0	3.5[r]	−.1
11 In M3 only[6]	−3.5	−14.4	−13.0[r]	3.2	11.0[r]	−3.3[r]	16.8	−2.9[r]	−19.5
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	10.9	12.9	1.6	4.6	2.7[r]	−2.9	3.2	13.8[r]	6.9
13 Small time[7]	−17.4	−17.2[r]	−7.6	−6.7	3.3[r]	−2.9	−9.1	−10.3	−10.2
14 Large time[8,9]	−18.6	−18.4	−17.9	.1	−12.3	−20.9	21.3	3.4[r]	−14.5
Thrift institutions									
15 Savings, including MMDAs	9.2	8.7	−.2	1.0	−10.0	−5.1	2.3	9.6	3.1
16 Small time[7]	−18.6	−21.7	−19.0[r]	−11.2	−24.1	−12.3[r]	−9.3	−5.9[r]	−13.3
17 Large time[8,9]	−14.9	−11.3	−17.3	−7.5	−28.6	−18.3	13.0	−14.7[r]	−11.2
Money market mutual funds									
18 General purpose and broker–dealer	−7.4	−4.2	−10.1	−.8	−21.2	−1.8	−5.0	17.4	−1.4
19 Institution-only	32.9	−19.4	−14.1	.5	25.5	−5.9	−3.0	14.4	−27.8
Debt components[4]									
20 Federal	10.7	6.0	8.6	n.a.	5.3	15.0	10.9	10.9	n.a.
21 Nonfederal	3.0	3.7	2.9	n.a.	3.4	2.2	4.0	4.3	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						
	Apr.	May	June	May 19	May 26	June 2	June 9	June 16	June 23	June 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	344,222	346,081[r]	354,054	344,923	348,867	347,506	351,713	350,351	354,576	361,081
U.S. government securities[2]										
2 Bought outright—System account	303,316	305,421	312,928	305,724	305,947	305,007	311,167	313,630	314,888	314,052
3 Held under repurchase agreements	3,293	2,598	3,537	904	5,686	5,473	3,401	0	2,351	7,754
Federal agency obligations										
4 Bought outright	5,106	5,086	5,050	5,095	5,084	5,054	5,054	5,054	5,054	5,035
5 Held under repurchase agreements	25	117	220	114	390	34	152	0	178	581
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	29	43	55	8	20	27	7	5	19	202
8 Seasonal credit	40	83	143	87	93	97	105	130	160	185
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	618	435[r]	468	671	161	57	422	412	402	650
11 Other Federal Reserve assets	31,794	32,298	31,652	32,319	31,485	31,757	31,405	31,119	31,525	32,622
12 Gold stock	11,054	11,054	11,056	11,054	11,054	11,053	11,054	11,055	11,058	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	21,605	21,657	21,718	21,657	21,671	21,685	21,699	21,713	21,727	21,741
ABSORBING RESERVE FUNDS										
15 Currency in circulation	335,293	338,480	342,797	338,604	338,602	341,189	342,816	342,988	342,701	342,877
16 Treasury cash holdings	514	497	469	498	488	488	481	481	461	448
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,062	5,851	8,781	5,937	6,110	5,984	4,468	5,364	9,667	16,256
18 Foreign	241	272	238	268	196	332	186	225	206	218
19 Service-related balances and adjustments	6,391	6,193	6,224	6,296	6,324	6,297	6,238	6,135	6,209	6,295
20 Other	317	310	284	322	312	305	278	284	274	291
21 Other Federal Reserve liabilities and capital	9,148	9,509	9,360	9,243	9,267	9,235	9,369	9,440	9,379	9,301
22 Reserve balances with Federal Reserve Banks[3]	26,933	25,699[r]	26,692	24,485	28,311	24,433	28,648	26,220	26,481	26,212
	End-of-month figures			Wednesday figures						
	Apr.	May	June	May 19	May 26	June 2	June 9	June 16	June 23	June 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	343,696	346,958[r]	368,869	342,687	356,734	349,642	349,213	351,462	362,036	368,869
U.S. government securities[2]										
2 Bought outright—System account	305,381	304,494	313,143	305,540	306,148	305,878	311,994	314,658	313,453	313,143
3 Held under repurchase agreements	0	5,347	15,056	35	11,930	6,163	312	0	10,261	15,056
Federal agency obligations										
4 Bought outright	5,095	5,054	5,032	5,095	5,054	5,054	5,054	5,054	5,054	5,032
5 Held under repurchase agreements	0	0	949	10	1,120	140	75	0	993	949
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	20	37	1,357	5	19	8	3	12	22	1,357
8 Seasonal credit	63	92	177	94	93	110	116	144	181	177
9 Extended credit	2	0	0	0	0	0	0	0	0	0
10 Float	619	52[r]	232	895	351	594	455	414	−229	232
11 Other Federal Reserve assets	32,517	31,881	32,924	31,012	32,019	31,694	31,204	31,180	32,301	32,924
12 Gold stock	11,054	11,053	11,057	11,054	11,054	11,053	11,053	11,058	11,058	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	21,629	21,685	21,741	21,657	21,671	21,685	21,699	21,713	21,727	21,741
ABSORBING RESERVE FUNDS										
15 Currency in circulation	335,907	340,867	344,154	338,568	339,528	342,437	343,054	342,993	342,643	344,154
16 Treasury cash holdings	505	489	432	489	483	481	481	481	451	432
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,273	5,787	28,386	6,080	5,369	6,751	5,238	8,605	13,673	28,386
18 Foreign	221	194	286	263	246	451	203	292	186	286
19 Service-related balances and adjustments	6,048	6,297[r]	6,295	6,296	6,324	6,297	6,238	6,135	6,209	6,295
20 Other	291	300	297	323	311	307	274	348	268	297
21 Other Federal Reserve liabilities and capital	9,847	9,263	8,705	9,094	9,139	9,045	9,294	9,238	9,240	8,705
22 Reserve balances with Federal Reserve Banks[3]	24,305	24,518[r]	21,131	22,302	36,077	24,630	25,202	24,158	30,169	21,131

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	1992	1993					
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	25,368	23,636	23,515	24,383	26,975	25,968	26,462
2 Total vault cash[3]	31,789	32,510	34,535	34,535	35,991	33,914	33,293	32,721	33,462	34,106
3 Applied vault cash[4]	28,884	28,872	31,172	31,172	32,368	30,368	29,912	29,567	30,133	30,776
4 Surplus vault cash[5]	2,905	3,638	3,364	3,364	3,623	3,546	3,381	3,154	3,329	3,330
5 Total reserves[6]	59,120	55,532	56,540	56,540	56,004	53,882	54,296	56,541	56,101[r]	57,238
6 Required reserves	57,456	54,553	55,385	55,385	54,744	52,778	53,083	55,445	55,104	56,325
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,155	1,155	1,260	1,104	1,213	1,096	996[r]	913
8 Total borrowings at Reserve Banks[8]	326	192	124	124	165	45	91	73	121	181
9 Seasonal borrowings	76	38	18	18	11	18	26	41	84	142
10 Extended credit[9]	23	1	1	1	1	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending on date indicated									
	1993									
	Mar. 3	Mar. 17	Mar. 31	Apr. 14	Apr. 28	May 12	May 26	June 9[r]	June 23	July 7
1 Reserve balances with Reserve Banks[2]	24,335	24,029	24,747	26,612	27,586	25,228	26,396	26,543	26,352	26,578
2 Total vault cash[3]	32,163	34,487	32,343	33,218	32,010	34,225	32,728	33,685	34,237	34,385
3 Applied vault cash[4]	28,902	30,944	29,098	29,995	28,960	30,816	29,455	30,391	30,897	31,030
4 Surplus vault cash[5]	3,261	3,543	3,245	3,223	3,050	3,409	3,273	3,294	3,341	3,355
5 Total reserves[6]	53,237	54,973	53,845	56,607	56,546	56,044	55,851	56,933	57,248	57,608
6 Required reserves	52,666	53,683	52,572	55,763	55,160	55,217	54,649	56,109	56,477	56,300
7 Excess reserve balances at Reserve Banks[7]	571	1,290	1,273	844	1,387	828	1,202	824	772	1,308
8 Total borrowings at Reserve Banks[8]	56	93	98	38	99	142	105	118	158	311
9 Seasonal borrowings	20	22	32	31	47	71	90	101	145	190
10 Extended credit[9]	0	0	0	0	1	1	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 3	May 10	May 17	May 24	May 31	June 7	June 14	June 21	June 28
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	68,032	68,197	69,117	65,952	70,624	74,804	76,818	72,102	67,613
2 For all other maturities	13,709	13,490	13,227	12,864	12,825	13,802	14,807	14,560	13,505
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	16,829	15,975	18,618	21,775	18,376	19,975	18,784	19,191	20,843
4 For all other maturities	19,943	19,771	21,278	20,739	20,968	21,003	21,028	18,699	19,745
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	12,017	12,028	12,650	13,386	13,028	15,690	15,708	13,790	11,380
6 For all other maturities	26,812	26,127	26,634	27,626	27,872	28,435	28,888	27,625	27,186
All other customers									
7 For one day or under continuing contract	24,272	22,777	23,066	23,164	24,170	23,262	25,386	24,028	23,209
8 For all other maturities	14,152	13,650	13,877	13,886	14,364	14,441	14,530	14,457	15,108
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	42,605	41,271	40,746	39,174	43,503	44,107	43,067	44,117	41,742
10 To all other specified customers[2]	22,042	22,351	23,830	20,707	20,169r	23,201	24,632	25,825	21,259

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 7/30/93	Effective date	Previous rate	On 7/30/93	Effective date	Previous rate	On 7/30/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.10	7/22/93	3.15	3.60	7/22/93	3.65
New York		7/2/92			7/22/93			7/22/93	
Philadelphia		7/2/92			7/22/93			7/22/93	
Cleveland		7/6/92			7/22/93			7/22/93	
Richmond		7/2/92			7/22/93			7/22/93	
Atlanta		7/2/92			7/22/93			7/22/93	
Chicago		7/2/92			7/22/93			7/22/93	
St. Louis		7/7/92			7/22/93			7/22/93	
Minneapolis		7/2/92			7/22/93			7/22/93	
Kansas City		7/2/92			7/22/93			7/22/93	
Dallas		7/2/92			7/22/93			7/22/93	
San Francisco	3	7/2/92	3.5	3.10	7/22/93	3.15	3.60	7/22/93	3.65

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 July 30, 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]	Requirements	
	Percent 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 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 were 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 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	24,739	20,158	14,714	1,064	3,669	0	0	0	121	349
2 Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3 Exchanges	241,086	277,314	308,699	25,468	29,562	24,542	19,832	23,796	30,124	26,610
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	461	0	0	0	279	244	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	25,638	24,454	36,662	7,160	2,777	561	2,892	4,303	1,950	4,108
8 Exchanges	-27,424	-28,090	-30,543	-4,615	-1,570	-1,202	-6,044	-2,602	-1,100	-4,013
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	4,172	200	0	0	1,441	2,490	0
11 Gross sales	200	0	0	0	0	0	0	0	0	0
12 Maturity shifts	-21,770	-21,211	-34,478	-6,800	-2,777	-64	-2,617	-4,303	-1,630	-3,652
13 Exchanges	25,410	24,594	25,811	3,415	1,570	882	4,564	2,602	800	3,245
Five to ten years										
14 Gross purchases	0	1,280	2,818	1,176	100	0	0	716	1,147	0
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shifts	-2,186	-2,037	-1,915	-187	0	-497	-98	0	-320	-333
17 Exchanges	789	2,894	3,532	800	0	0	1,000	0	300	468
More than ten years										
18 Gross purchases	0	375	2,333	947	0	0	0	705	1,110	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	-1,681	-1,209	-269	-173	0	0	-177	0	0	-123
21 Exchanges	1,226	600	1,200	400	0	0	480	0	0	300
All maturities										
22 Gross purchases	25,414	31,439	34,079	7,820	3,969	0	0	3,141	5,111	349
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	115,020	144,232	114,543	111,491	146,563	127,115	124,462
26 Gross purchases	1,363,434	1,571,534	1,480,140	117,020	142,578	116,510	113,349	143,049	128,924	123,227
Repurchase agreements										
27 Gross purchases	219,632	310,084	378,374	42,373	48,904	34,768	28,544	37,815	30,197	33,987
28 Gross sales	202,551	311,752	386,257	39,117	44,697	42,231	25,889	33,714	36,953	28,640
29 Net change in U.S. Treasury securities	24,886	29,729	20,642	13,075	6,521	-5,497	4,513	3,728	163	4,461
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	0	121	103	85	101	28	41
Repurchase agreements										
33 Gross purchases	41,836	22,807	14,565	2,760	1,601	2,237	1,107	1,811	197	2,105
34 Gross sales	40,461	23,595	14,486	2,506	1,224	2,868	832	1,519	764	2,105
35 Net change in federal agency obligations	1,192	-1,085	-554	254	256	-734	190	191	-595	-41
36 Total net change in System Open Market Account	**26,078**	**28,644**	**20,089**	**13,329**	**6,777**	**-6,231**	**4,703**	**3,918**	**-431**	**4,420**

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 2	June 9	June 16	June 23	June 30	Apr. 30	May 31	June 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,053	11,053	11,058	11,058	11,057	11,054	11,053	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	424	421	425	427	408	487	441	408
Loans								
4 To depository institutions	118	119	156	202	1,534	84	129	1,534
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	5,054	5,054	5,054	5,054	5,032	5,095	5,054	5,032
8 Held under repurchase agreements	140	75	0	993	949	0	0	949
9 **Total U.S. Treasury securities**	**312,041**	**312,306**	**314,658**	**323,714**	**328,199**	**305,381**	**309,841**	**328,199**
10 Bought outright[2]	305,878	311,994	314,658	313,453	313,143	305,381	304,494	313,143
11 Bills	144,531	150,647	153,311	152,106	151,796	144,034	143,148	151,796
12 Notes	123,870	123,870	123,870	123,870	123,870	123,936	123,870	123,870
13 Bonds	37,477	37,477	37,477	37,477	37,477	37,411	37,477	37,477
14 Held under repurchase agreements	6,163	312	0	10,261	15,056	0	5,347	15,056
15 **Total loans and securities**	**317,354**	**317,555**	**319,868**	**329,964**	**335,714**	**310,560**	**315,025**	**335,714**
16 Items in process of collection	9,196	5,763	5,924	5,145	5,522	5,359	4,473	5,522
17 Bank premises	1,039	1,040	1,040	1,041	1,041	1,034	1,039	1,041
Other assets								
18 Denominated in foreign currencies[3]	22,811	22,846	22,668	22,726	22,334	23,043	23,143	22,334
19 All other[4]	7,892	7,482	7,551	8,652	9,614	8,550	7,820	9,614
20 **Total assets**	**377,787**	**374,178**	**376,553**	**387,030**	**393,709**	**368,106**	**371,013**	**393,709**
LIABILITIES								
21 Federal Reserve notes	321,657	322,257	322,187	321,793	323,253	315,270	320,112	323,253
22 **Total deposits**	**38,888**	**37,547**	**39,528**	**51,244**	**56,693**	**38,365**	**37,279**	**56,693**
23 Depository institutions	31,379	31,832	30,282	37,118	27,724	30,579	31,000	27,724
24 U.S. Treasury—General account	6,751	5,238	8,605	13,673	28,386	7,273	5,787	28,386
25 Foreign—Official accounts	451	203	292	186	286	221	194	286
26 Other	307	274	348	268	297	291	300	297
27 Deferred credit items	8,197	5,080	5,600	4,753	5,059	4,624	4,358	5,059
28 Other liabilities and accrued dividends[5]	2,216	2,366	2,336	2,340	2,229	2,220	2,217	2,229
29 **Total liabilities**	**370,958**	**367,250**	**369,651**	**380,131**	**387,233**	**360,479**	**363,966**	**387,233**
CAPITAL ACCOUNTS								
30 Capital paid in	3,300	3,289	3,291	3,287	3,288	3,260	3,300	3,288
31 Surplus	3,054	3,054	3,054	3,054	3,038	3,054	3,054	3,038
32 Other capital accounts	475	584	557	559	150	1,313	693	150
33 **Total liabilities and capital accounts**	**377,787**	**374,178**	**376,553**	**387,030**	**393,709**	**368,106**	**371,013**	**393,709**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	319,112	323,213	324,459	324,112	314,236	310,903	313,505	314,236
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Bank)	382,302	383,619	384,889	385,805	385,553	378,585	382,009	385,553
36 LESS: Held by Federal Reserve Bank	60,645	61,362	62,702	64,012	62,301	63,315	61,897	62,301
37 Federal Reserve notes, net	321,657	322,257	322,187	321,793	323,253	315,270	320,112	323,253
Collateral held against notes, net:								
38 Gold certificate account	11,053	11,053	11,058	11,058	11,057	11,054	11,053	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	302,586	303,186	303,111	302,717	304,178	296,198	301,040	304,178
42 **Total collateral**	**321,657**	**322,257**	**322,187**	**321,793**	**323,253**	**315,270**	**320,112**	**323,253**

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 2	June 9	June 16	June 23	June 30	Apr. 30	May 31	June 30
1 **Total loans**	**118**	**119**	**156**	**202**	**1,534**	**84**	**129**	**1,534**
2 Within fifteen days[1]	33	33	145	183	1,447	54	82	1,447
3 Sixteen days to ninety days	85	86	11	19	87	30	47	87
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**	**312,041**	**312,306**	**314,658**	**323,714**	**328,199**	**305,381**	**304,494**	**328,199**
10 Within fifteen days[1]	19,630	10,327	18,248	27,122	29,971	11,295	8,196	29,971
11 Sixteen days to ninety days	74,732	77,360	71,674	71,631	74,113	74,524	79,097	74,113
12 Ninety-one days to one year	94,361	101,300	101,418	101,643	101,750	95,254	94,431	101,750
13 One year to five years	71,613	71,613	71,613	71,613	70,660	72,915	71,065	70,660
14 Five years to ten years	21,606	21,606	21,606	21,606	21,606	21,471	21,606	21,606
15 More than ten years	30,099	30,099	30,099	30,099	30,099	29,922	30,099	30,099
16 **Total federal agency obligations**	**5,194**	**5,129**	**5,054**	**6,047**	**5,981**	**5,095**	**5,054**	**5,981**
17 Within fifteen days[1]	165	100	237	1,230	1,179	115	301	1,179
18 Sixteen days to ninety days	527	829	592	592	612	643	527	612
19 Ninety-one days to one year	1,412	1,110	1,135	1,135	1,132	1,177	1,136	1,132
20 One year to five years	2,237	2,237	2,213	2,213	2,181	2,307	2,237	2,181
21 Five years to ten years	711	711	736	736	736	711	711	736
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					
					Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	40.49	41.77	45.53	54.35	53.82	54.35	54.67	54.92	55.17	55.20	56.88	57.12
2 Nonborrowed reserves[4]	40.23	41.44	45.34	54.23	53.71	54.23	54.50	54.88	55.07	55.12	56.76	56.94
3 Nonborrowed reserves plus extended credit[5]	40.25	41.46	45.34	54.23	53.71	54.23	54.50	54.88	55.07	55.12	56.76	56.94
4 Required reserves	39.57	40.10	44.56	53.20	52.77	53.20	53.41	53.82	53.95	54.10	55.88	56.21
5 Monetary base[6]	267.73	293.19	317.17	350.80	347.83	350.80	353.22	355.73	358.37	360.64	364.78	368.09
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.06	54.08	56.06	55.97	53.81	54.18	56.37	55.88	56.96
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	53.97	55.93	55.80	53.77	54.09	56.29	55.76r	56.78
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.93	53.97	55.93	55.80	53.77	54.09	56.29	55.76r	56.78
9 Required reserves[8]	40.85	41.40	46.00	54.90	53.04	54.90	54.71	52.71	52.96	55.27	54.88	56.05
10 Monetary base[9]	271.18	296.68	321.07	354.55	347.89	354.55	354.41	353.18	356.00	361.64	364.09	368.75
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	54.67	56.54	56.00	53.88	54.30	56.54	56.10	57.24
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	54.56	56.42	55.84	53.84	54.20	56.47	55.98	57.06
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	54.56	56.42	55.84	53.84	54.20	56.47	55.98	57.06
14 Required reserves	61.89	57.46	54.55	55.39	53.62	55.39	54.74	52.78	53.08	55.45	55.10	56.33
15 Monetary base[12]	292.55	313.70	333.61	360.90	354.25	360.90	360.88	359.56	362.59	368.18	370.47	375.21
16 Excess reserves[13]	.92	1.66	.98	1.16	1.04	1.16	1.26	1.10	1.21	1.10	1.00	.91
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.10	.12	.17	.05	.09	.07	.12	.18

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 Mar.	1993 Apr.[r]	1993 May	1993 June
	Seasonally adjusted							
Measures[2]								
1 M1	794.6	827.2	899.3	1,026.6	1,035.3[r]	1,043.2	1,067.2	1,073.7
2 M2	3,233.3	3,345.5	3,445.8	3,496.9[r]	3,472.9[r]	3,474.6	3,505.7[r]	3,512.1
3 M3	4,056.1	4,116.7	4,168.1	4,166.4[r]	4,131.0[r]	4,142.1	4,171.6[r]	4,167.1
4 L	4,886.1	4,966.6[r]	4,982.2	5,043.6[r]	5,010.6[r]	5,027.3	5,069.1	n.a.
5 Debt	10,086.5[r]	10,755.3[r]	11,219.3	11,779.7	11,903.2	11,960.9	12,021.3	n.a.
M1 components								
6 Currency[3]	222.7	246.7	267.2	292.3	299.0	301.4	304.0	306.8
7 Travelers checks[4]	6.9	7.8	7.8	8.1	8.0	8.1	8.2	8.0
8 Demand deposits[5]	279.8	278.2	290.5	340.9	342.0	347.3	359.2	360.7
9 Other checkable deposits[6]	285.3	294.5	333.8	385.2	386.3[r]	386.3	395.7[r]	398.2
Nontransaction components								
10 In M2[7]	2,438.7	2,518.3	2,546.6	2,470.2[r]	2,437.5[r]	2,431.5	2,438.6[r]	2,438.4
11 In M3[8]	822.8	771.2	722.3	669.6	658.2[r]	667.4	665.8[r]	655.0
Commercial banks								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	754.0[r]	756.0	764.7	769.1
13 Small time deposits[9]	534.9	610.3	601.5	506.9[r]	502.8	499.0	494.7	490.5
14 Large time deposits[10, 11]	387.7	368.7	341.3	290.2	275.9	280.8	281.6[r]	278.2
Thrift institutions								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	424.8	425.6	429.0	430.1
16 Small time deposits[9]	617.8	562.0	463.2	363.2	347.5[r]	344.8	343.1	339.3
17 Large time deposits[10]	161.1	120.9	83.4	67.3	64.5	65.2	64.4	63.8
Money market mutual funds								
18 General purpose and broker–dealer	317.4	350.5	363.9	342.3	333.1	331.7	336.5	336.1
19 Institution-only	108.8	135.9	182.1	202.3	200.9	200.4	202.8	198.1
Debt components								
20 Federal debt	2,249.5	2,493.4	2,764.8	3,069.0	3,128.5	3,156.8	3,185.5	n.a.
21 Nonfederal debt	7,837.0[r]	8,261.9[r]	8,454.5	8,710.7	8,774.7	8,804.1	8,835.8	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	811.5	843.7	916.4	1,045.8	1,030.8	1,058.4	1,057.9[r]	1,073.1
23 M2	3,245.1	3,357.0	3,457.9	3,511.1[r]	3,479.7[r]	3,498.1	3,490.1[r]	3,507.7
24 M3	4,066.4	4,126.3	4,178.1	4,178.5[r]	4,141.0[r]	4,161.1	4,158.1[r]	4,162.3
25 L	4,906.0	4,988.0[r]	5,004.2	5,068.1[r]	5,024.2[r]	5,045.2	5,043.9	n.a.
26 Debt	10,073.4[r]	10,743.9[r]	11,209.4	11,771.3	11,863.5	11,919.1	11,974.3	n.a.
M1 components								
27 Currency[3]	225.3	249.5	269.9	295.0	297.9	301.4	304.4	307.5
28 Travelers checks[4]	6.5	7.4	7.4	7.8	7.8	7.8	7.9	8.2
29 Demand deposits[5]	291.5	289.9	302.9	355.3	336.4	350.7	352.1	359.6
30 Other checkable deposits[6]	288.1	296.9	336.3	387.7	388.8[r]	398.6	393.5	397.9
Nontransaction components								
31 In M2[7]	2,433.6	2,513.2	2,541.5	2,465.3[r]	2,448.9[r]	2,439.7	2,432.2[r]	2,434.6
32 In M3[8]	821.4	769.3	720.1	667.4	661.3[r]	663.0	668.0[r]	654.6
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	757.5	760.8	765.8	772.4
34 Small time deposits[9]	533.8	610.5	602.0	507.7[r]	502.1	497.8	492.4	488.6
35 Large time deposits[10, 11]	386.9	367.7	340.1	289.1	276.8	280.0	283.3[r]	279.8
Thrift institutions								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	426.8	428.3	429.6	432.0
37 Small time deposits[9]	616.2	562.1	463.6	363.8	347.0[r]	343.9	341.6[r]	338.0
38 Large time deposits[10]	162.0	120.6	83.1	67.1	64.7	65.0	64.8[r]	64.2
Money market mutual funds								
39 General purpose and broker–dealer	315.7	348.4	361.5	340.0	342.2	337.9	334.8	333.0
40 Institution-only	109.1	136.2	182.4	202.4	203.6	199.5	203.0	194.3
Repurchase agreements and Eurodollars								
41 Overnight	77.5	74.7	76.3	73.9	73.2	71.0	68.0[r]	70.6
42 Term	178.4	158.3	130.1	126.3	136.3[r]	138.6	139.6[r]	139.8
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,121.4	3,142.9	3,161.1	n.a.
44 Nonfederal debt	7,826.0[r]	8,252.5[r]	8,444.4	8,701.5	8,742.1	8,776.2	8,813.2	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[r]					
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	4.89	3.76	2.39	2.36	2.33	2.32	2.27	2.21	2.16	2.12	2.09
2 Savings deposits[2]	5.84	4.30	2.94	2.90	2.88	2.85	2.80	2.73	2.68	2.65	2.61
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	6.94	4.18	2.89	2.91	2.90	2.86	2.81	2.75	2.72	2.70	2.68
4 92 to 182 days	7.19	4.41	3.11	3.14	3.16	3.13	3.08	3.03	2.99	2.98	2.98
5 183 days to 1 year	7.33	4.59	3.30	3.34	3.37	3.35	3.29	3.22	3.19	3.18	3.18
6 More than 1 year to 2½ years	7.42	4.95	3.78	3.83	3.88	3.88	3.83	3.74	3.67	3.64	3.64
7 More than 2½ years	7.53	5.52	4.60	4.70	4.77	4.72	4.59	4.52	4.47	4.47	4.44
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	5.38	4.44	2.57	2.52	2.45	2.40	2.37	2.32	2.25	2.21	2.14
9 Savings deposits[2]	6.01	4.97	3.29	3.22	3.20	3.17	3.14	3.05	2.97	2.93	2.88
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	7.64	4.68	3.08	3.10	3.13	3.06	3.01	2.95	2.91	2.87	2.85
11 92 to 182 days	7.69	4.92	3.41	3.42	3.44	3.38	3.35	3.28	3.23	3.19	3.17
12 183 days to 1 year	7.85	4.99	3.56	3.59	3.61	3.58	3.57	3.52	3.48	3.45	3.43
13 More than 1 year to 2½ years	7.91	5.23	3.90	3.93	4.02	3.94	3.89	3.83	3.88	3.79	3.80
14 More than 2½ years	7.99	5.98	4.84	4.88	5.00	5.02	4.97	4.89	4.84	4.78	4.74
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	209,855	244,637	267,709	275,465	286,541	277,271	279,944	288,410	281,208	284,404	288,425
16 Savings deposits[2]	570,270	652,058	736,057	740,841	738,253	733,836	742,952	748,311	745,627	754,043	755,131
17 Personal	n.a.	508,191	570,532	575,399	578,757	579,701	585,189	591,784	587,301	591,694	592,890
18 Nonpersonal	n.a.	143,867	165,525	165,442	159,496	154,135	157,764	156,527	158,327	162,348	162,241
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	50,189	47,094	39,472	38,985	38,474	38,256	36,738	35,519	34,743	33,423	31,778
20 92 to 182 days	168,044	158,605	128,683	127,636	127,831	128,083	128,209	125,778	122,306	119,365	115,267
21 183 days to 1 year	221,007	209,672	171,263	166,995	163,098	160,630	159,631	158,337	157,143	156,938	155,398
22 More than 1 year to 2½ years	150,188	171,721	155,668	153,784	152,977	151,905	151,798	147,958	147,030	144,944	144,752
23 More than 2½ years	139,420	158,078	168,556	168,586	169,708	169,371	172,362	177,735	179,006	180,077	178,738
24 IRA/Keogh Plan deposits	131,006	147,266	147,664	147,319	147,350	147,069	146,841	146,673	145,492	144,736	144,636
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	8,404	9,624	10,126	10,642	10,871	9,858	9,821	10,219	9,894	10,037	10,402
26 Savings deposits[2]	64,456	71,215	81,022	82,919	81,786	79,271	79,649	77,340	76,910	77,489	77,544
27 Personal	n.a.	68,638	77,798	79,667	78,695	76,337	76,634	74,382	74,020	74,505	74,623
28 Nonpersonal	n.a.	2,577	3,224	3,252	3,091	2,934	3,016	2,957	2,889	2,984	2,921
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	5,724	4,146	3,695	3,895	3,867	3,541	3,468	3,194	3,161	3,113	3,022
30 92 to 182 days	25,864	21,686	17,298	17,632	17,345	16,088	15,857	14,445	14,308	14,157	13,818
31 183 days to 1 year	37,929	29,715	23,085	22,888	21,780	20,627	20,301	19,048	18,753	18,549	18,434
32 More than 1 year to 2½ years	26,103	25,379	19,330	19,258	18,442	17,524	17,387	16,835	16,426	16,275	16,088
33 More than 2½ years	20,243	18,665	19,128	19,543	18,845	18,461	18,759	18,550	18,632	18,780	19,025
34 IRA/Keogh Plan accounts	23,535	23,007	22,069	22,265	21,713	21,320	21,260	20,096	19,975	19,902	19,845

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 Nov.	1992 Dec.	1993 Jan.[r]	1993 Feb.[r]	1993 Mar.	1993 Apr.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,157.5	277,758.0	315,806.1	322,187.1	331,038.8	300,602.9	331,126.3	331,026.3[r]	324,877.0
2 Major New York City banks	131,699.1	137,352.3	165,572.7	173,393.4	176,089.1	159,191.7	176,683.2	166,866.6	163,542.4
3 Other banks	145,458.4	140,405.7	150,233.5	148,793.7	154,949.8	141,411.3	154,443.1	164,159.7[r]	161,334.6
4 Other checkable deposits[4]	3,349.0	3,645.5	3,788.1	3,610.0	3,683.9	3,292.5	3,601.4	3,572.6[r]	3,579.3
5 Savings deposits including MMDAs[5]	3,483.3	3,266.1	3,331.3	3,497.2	3,407.3	3,032.3	3,363.3	3,562.8[r]	3,510.2
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	797.8	803.5	832.4	796.1	830.5	746.5	817.3	811.3[r]	792.0
7 Major New York City banks	3,819.8	4,270.8	4,797.9	4,624.0	4,693.3	4,154.7	4,525.8	4,129.1	4,120.9
8 Other banks	464.9	447.9	435.9	405.2	429.1	388.1	421.9	446.6	435.5
9 Other checkable deposits[4]	16.5	16.2	14.4	12.9	13.1	11.6	12.6	12.5	12.7
10 Savings deposits including MMDAs[5]	6.2	5.3	4.7	4.7	4.6	4.1	4.5	4.8	4.7
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,290.5	277,715.4	315,808.2	308,015.6	340,982.1	304,760.9	303,619.8	339,172.4[r]	324,768.4
12 Major New York City banks	131,784.7	137,307.2	165,595.0	167,578.4	179,987.6	159,198.8	161,174.1	170,855.0	161,923.2
13 Other banks	145,505.8	140,408.3	150,213.3	140,437.2	160,994.5	145,562.0	142,445.7	168,317.4[r]	162,845.2
14 Other checkable deposits[4]	3,346.7	3,645.6	3,788.1	3,351.3	3,849.3	3,596.2	3,296.7	3,630.2[r]	3,799.5
15 Savings deposits including MMDAs[5]	3,483.0	3,267.7	3,329.0	3,240.4	3,588.0	3,248.8	3,080.3	3,529.2[r]	3,727.3
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	798.2	803.4	832.5	754.3	815.2	738.2	771.7	854.5	786.7
17 Major New York City banks	3,825.9	4,274.3	4,803.5	4,494.4	4,418.1	3,936.3	4,213.4	4,385.4	4,108.4
18 Other banks	465.0	447.9	436.0	378.5	426.5	390.9	401.1	470.2	436.1
19 Other checkable deposits[4]	16.4	16.2	14.4	12.1	13.5	12.4	11.6	12.6	13.0
20 Savings deposits including MMDAs[5]	6.2	5.3	4.7	4.4	4.8	4.4	4.1	4.7	4.9

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 on 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						1993					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June
	Seasonally adjusted											
1 **Total loans and securities[1]**	**2,886.9**	**2,902.2**	**2,917.4**	**2,926.0**	**2,932.4**	**2,937.6**	**2,933.4**	**2,937.7**	**2,950.7[r]**	**2,960.8**	**2,982.9**	**3,006.8**
2 U.S. government securities	619.2	632.6	640.6	647.3	651.4	657.1	656.9	667.3	681.5[r]	691.5	694.3	704.5
3 Other securities	177.9	178.2	178.2	178.8	177.3	176.0	174.0	175.3[r]	177.0	177.7	178.4	177.9
4 Total loans and leases[1]	2,089.8	2,091.4	2,098.6	2,099.8	2,103.8	2,104.6	2,102.5[r]	2,095.1[r]	2,092.2[r]	2,091.5	2,110.3	2,124.3
5 *Commercial and industrial*	602.5	601.4	601.2	600.8	600.5	597.6	598.0[r]	596.1	592.4[r]	589.6	592.5	594.2
6 Bankers acceptances held[2]	6.5	6.5	6.3	7.5	7.9	7.8	7.5	8.7	8.9	9.0	9.6	9.5
7 Other commercial and industrial	596.0	594.9	594.9	593.3	592.6	589.9	590.5[r]	587.3[r]	583.4[r]	580.5	582.9	584.6
8 U.S. addressees[3]	585.3	584.3	583.6	582.6	582.3	580.2	580.9	577.5[r]	573.3[r]	570.8	573.2	575.6
9 Non-U.S. addressees[3]	10.7	10.6	11.3	10.7	10.3	9.7	9.7	9.8	10.1	9.7	9.6	9.0
10 Real estate	881.5	883.1	886.8	890.7	892.5	892.4	889.9	887.8	888.1[r]	887.6	893.8	900.0
11 Individual	358.6	357.4	357.0	355.8	355.4	355.5	358.2	360.4	360.8[r]	362.6	365.7	366.9
12 Security	60.5	61.6	64.0	64.7	64.2	64.8	63.0	61.7	62.5	60.8	66.9	69.4
13 Nonbank financial institutions	41.5	42.0	44.0	43.9	44.7	43.6	45.0[r]	44.8[r]	44.5	45.3	45.9	45.7
14 Agricultural	34.9	35.3	35.2	35.1	35.2	35.0	34.5	34.3	34.0	33.7	33.8	33.7
15 State and political subdivisions	26.2	25.9	25.8	25.4	25.1	24.8	24.2	23.7	23.4	23.1	23.3	23.3
16 *Foreign banks*	7.7	7.2	7.9	7.6	7.5	7.7	7.7	8.5	8.1	8.0	8.1	8.2
17 Foreign official institutions	2.2	2.3	2.5	2.4	2.8	2.8	2.8	3.0	2.9	2.9	2.8	2.9
18 Lease-financing receivables	30.8	30.8	31.0	30.8	30.9	30.9	30.3	30.4	30.3	30.3	30.7	30.9
19 All other loans	43.2	44.3	43.2	42.6	45.0	49.5	48.8	44.5	45.3	47.7	46.8	49.1
	Not seasonally adjusted											
20 **Total loans and securities[1]**	**2,876.1**	**2,894.5**	**2,914.9**	**2,925.2**	**2,939.0**	**2,947.4**	**2,935.5**	**2,940.5**	**2,954.5[r]**	**2,962.3**	**2,977.9**	**3,006.5**
21 U.S. government securities	615.3	631.3	638.7	645.1	654.1	655.8	657.3	670.8[r]	687.3[r]	693.3	693.2	702.3
22 Other securities	176.8	178.1	177.9	179.2	178.3	176.2	174.6	175.5[r]	176.7[r]	177.2	177.9	177.4
23 Total loans and leases[1]	2,084.0	2,085.0	2,098.3	2,100.9	2,106.6	2,115.4	2,103.6	2,094.1[r]	2,090.6[r]	2,091.8	2,106.8	2,126.8
24 Commercial and industrial	601.5	597.6	597.6	598.4	600.8	600.6	596.5	595.2[r]	595.6[r]	592.5	594.2	596.0
25 Bankers acceptances held[2]	6.3	6.3	6.2	7.4	8.2	8.0	7.7	9.1	9.0	8.9	9.5	9.4
26 Other commercial and industrial	595.2	591.4	591.4	591.0	592.6	592.5	588.8[r]	586.1[r]	586.5[r]	583.6	584.7	586.6
27 U.S. addressees[3]	584.2	580.5	580.3	580.7	582.8	583.0	579.2	576.3	576.5[r]	573.9	575.1	576.8
28 Non-U.S. addressees[3]	11.0	10.8	11.1	10.3	9.8	9.5	9.6	9.8	10.0	9.8	9.6	9.8
29 Real estate	881.6	883.7	887.6	891.5	893.9	893.7	889.6	886.0	885.5[r]	886.5	893.9	900.3
30 Individual	356.4	356.9	358.6	356.2	356.3	360.0	362.3	360.4	358.4[r]	359.9	363.9	365.1
31 Security	58.0	59.4	62.5	64.2	63.5	65.5	64.5	64.6[r]	64.6	64.1	63.9	69.0
32 Nonbank financial institutions	41.3	41.8	43.5	43.5	45.0	45.6	45.2[r]	44.6	44.2	44.7	45.3	46.3
33 Agricultural	35.8	36.5	36.7	36.1	35.2	34.8	33.6	33.0	32.6[r]	32.8	33.5	34.2
34 State and political subdivisions	26.1	25.9	25.9	25.5	25.2	24.8	24.0	23.6	23.5	23.1	23.3	23.3
35 *Foreign banks*	7.8	7.0	8.1	7.8	7.8	8.2	7.7	8.4	7.8	7.7	7.9	8.0
36 Foreign official institutions	2.2	2.3	2.5	2.4	2.8	2.8	2.8	3.0	2.9	2.9	2.8	2.9
37 Lease-financing receivables	30.6	30.6	30.8	30.8	30.8	30.9	30.7	30.6	30.5	30.4	30.7	30.9
38 All other loans	42.6	43.2	44.6	44.4	45.4	48.6	46.6	44.6[r]	45.0	47.2	47.4	50.9

1. Adjusted to exclude loans to commercial banks in the United States.
2. Includes nonfinancial commercial paper held.
3. 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[r]						1993					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Seasonally adjusted											
1 Total nondeposit funds[2]	297.4	302.3	309.3	303.4	307.5	311.4	311.1[r]	309.7[r]	319.6[r]	328.3	324.1[r]	332.1
2 Net balances owed to related foreign offices[3]	62.2	61.5	63.9	62.6	67.3	71.1	74.1	73.3	79.1	88.2[r]	83.1	84.4
3 Borrowings from other than commercial banks in United States[4]	235.2	240.8	245.4	240.8	240.2	240.4	236.9[r]	236.3[r]	240.6	240.1[r]	241.0[r]	247.8
4 Domestically chartered banks	147.4	151.7	153.4	154.6	153.9	154.8	155.4[r]	155.5[r]	159.8	164.4[r]	162.5	168.7
5 Foreign-related banks	87.8	89.2	91.9	86.2	86.4	85.6	81.6	80.9	80.8	75.6	78.5	79.1
	Not seasonally adjusted											
6 Total nondeposit funds[2]	291.9	297.3	303.8	305.7	312.8	311.4	309.9[r]	313.9[r]	324.4[r]	324.5	328.8[r]	331.2
7 Net balances owed to related foreign offices[3]	58.9	57.7	61.6	63.8	68.9	75.2	76.7	75.2[r]	79.8	85.3[r]	85.3	82.4
8 Domestically chartered banks	−6.6	−9.2	−11.2	−13.4	−12.4	−15.0	−15.8	−10.6	−7.0	−9.5	−9.8	−15.4
9 Foreign-related banks	65.5	66.9	72.7	77.2	81.4	90.2	92.5	85.7	86.8	94.8[r]	95.1	97.8
10 Borrowings from other than commercial banks in United States[4]	232.9	239.6	242.3	241.9	243.9	236.2	233.2[r]	238.8[r]	244.6[r]	239.2[r]	243.5[r]	248.8
11 Domestically chartered banks	144.3	150.5	152.3	155.8	158.3	153.8	152.3[r]	157.2[r]	162.6[r]	162.4[r]	164.1[r]	168.5
12 Federal funds and security RP borrowings[5]	140.1	146.7	148.4	152.2	154.2	149.9	148.7[r]	154.0[r]	159.3	159.0[r]	160.3	164.7
13 Other[6]	4.2	3.9	3.8	3.6	4.1	4.0	3.6	3.2	3.3	3.5	3.8[r]	3.8
14 Foreign-related banks[6]	88.7	89.1	90.0	86.1	85.5	82.3	80.9	81.6	82.0	76.8	79.4	80.3
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	387.7	385.8	383.2	375.7	371.3	366.5	359.9	358.4	355.7	355.0	356.2	352.4
16 Not seasonally adjusted	387.4	387.1	383.6	374.9	371.1	365.5	358.0	358.0	356.5	354.2	357.9	353.9
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	23.1	28.0	24.1	21.5	20.7	20.4	25.6	23.6	18.8	24.2	19.1	26.2
18 Not seasonally adjusted	19.6	22.4	28.6	21.9	16.5	19.5	33.1	29.5	17.4	20.3	20.3	26.6

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 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								
	May 5r	May 12r	May 19r	May 26r	June 2	June 9	June 16	June 23	June 30
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,123,682	3,126,037	3,122,233	3,119,586	3,156,959	3,165,855	3,177,550	3,147,184	3,162,824
2 Investment securities	833,066	833,365	830,586	827,496	838,119	838,891	835,650	834,503	840,103
3 U.S. government securities	669,498	669,437	666,738	665,010	676,005	677,499	675,293	673,547	676,925
4 Other	163,568	163,928	163,848	162,487	162,114	161,391	160,356	160,956	163,178
5 Trading account assets	39,679	36,011	40,591	36,429	43,947	43,587	43,448	45,503	33,814
6 U.S. government securities	25,640	22,142	25,330	21,413	28,805	27,421	27,598	29,153	19,088
7 Other securities	2,676	2,488	2,649	2,844	2,405	2,495	2,296	2,619	2,732
8 Other trading account assets	11,363	11,382	12,612	12,173	12,737	13,671	13,554	13,730	11,993
9 Total loans	2,250,937	2,256,661	2,251,057	2,255,660	2,274,892	2,283,377	2,298,453	2,267,178	2,288,908
10 Interbank loans	148,653	150,431	147,552	151,751	154,282	163,804	161,710	149,257	155,329
11 Loans excluding interbank	2,102,284	2,106,230	2,103,505	2,103,909	2,120,611	2,119,573	2,136,743	2,117,921	2,133,578
12 Commercial and industrial	594,882	592,577	593,431	593,465	598,110	593,562	597,780	594,718	597,218
13 Real estate	890,884	894,640	892,670	893,720	897,566	899,737	900,730	897,705	902,840
14 Revolving home equity	74,339	74,416	74,382	74,500	74,505	74,449	74,867	74,757	74,822
15 Other	816,546	820,224	818,289	819,221	823,061	825,287	825,864	822,948	828,018
16 Individual	362,371	363,258	363,719	364,875	365,216	364,449	364,106	365,019	366,472
17 All other	254,147	255,755	253,685	251,849	259,718	261,825	274,127	260,479	267,049
18 Total cash assets	211,777	215,102	199,981	216,950	240,658	213,838	217,639	211,167	219,261
19 Balances with Federal Reserve Banks	29,306	35,087	24,594	38,277	27,645	27,083	26,530	32,905	23,826
20 Cash in vault	29,357	31,573	31,804	32,609	32,810	32,261	32,207	32,436	33,152
21 Demand balances at U.S. depository institutions	32,065	30,487	29,895	30,680	35,943	32,069	31,706	29,762	30,355
22 Cash items	81,914	78,835	74,090	74,857	101,670	79,719	83,190	73,303	86,505
23 Other cash assets	39,134	39,121	39,598	40,527	42,590	42,708	44,006	42,761	45,423
24 Other assets	276,743	270,765	273,830	268,455	288,925	278,541	282,400	272,884	279,821
25 **Total assets**	**3,612,202**	**3,611,904**	**3,596,044**	**3,604,990**	**3,686,541**	**3,658,234**	**3,677,589**	**3,631,235**	**3,661,906**
Liabilities									
26 Total deposits	2,510,585	2,498,297	2,478,437	2,481,930	2,549,635	2,520,120	2,530,874	2,472,343	2,507,409
27 Transaction accounts	774,213	760,951	747,850	753,296	807,875	778,456	791,150	746,965	795,187
28 Demand, U.S. government	3,564	3,011	3,133	3,331	4,225	3,501	7,487	3,161	4,281
29 Demand, depository institutions	40,210	38,621	38,019	38,961	45,779	39,281	39,962	37,674	38,447
30 Other demand and all checkable deposits	730,439	719,319	706,698	711,005	757,871	735,674	743,701	706,130	752,459
31 Savings deposits (excluding checkable)	760,815	763,898	758,811	758,309	769,140	772,890	770,404	760,900	759,265
32 Small time deposits	621,495	620,726	619,332	618,035	618,209	616,658	616,871	615,026	615,412
33 Time deposits over $100,000	354,061	352,723	352,443	352,290	354,410	352,115	352,449	349,452	337,545
34 Borrowings	488,740	490,736	500,672	497,098	506,257	512,421	529,506	527,897	508,883
35 Treasury tax and loan notes	18,546	14,143	16,620	14,738	18,785	4,890	30,676	35,240	31,241
36 Other	470,194	476,593	484,052	482,360	487,472	507,531	498,830	492,657	477,642
37 Other liabilities	330,976	339,094	333,636	342,771	344,949	338,165	331,627	344,836	359,176
38 **Total liabilities**	**3,330,302**	**3,328,127**	**3,312,745**	**3,321,800**	**3,400,841**	**3,370,706**	**3,392,007**	**3,345,076**	**3,375,468**
39 Residual (assets less liabilities)[3]	281,900	283,777	283,299	283,190	285,700	287,528	285,582	286,159	286,438

Footnotes appear on following page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures—Continued

Millions of dollars

Account	1993								
	May 5[r]	May 12[r]	May 19[r]	May 26[r]	June 2	June 9	June 16	June 23	June 30
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,781,597	2,779,891	2,774,645	2,770,751	2,804,229	2,811,430	2,821,731	2,787,725	2,797,738
41 Investment securities	761,059	762,531	759,952	756,870	766,639	768,815	765,833	765,722	767,445
42 U.S. government securities	620,722	622,008	619,484	617,159	626,386	628,146	625,030	624,891	626,741
43 Other	140,337	140,524	140,467	139,710	140,253	140,669	140,804	140,831	140,704
44 Trading account assets	39,679	36,011	40,591	36,429	43,947	43,587	43,448	45,503	33,814
45 U.S. government securities	25,640	22,142	25,330	21,413	28,805	27,421	27,598	29,153	19,088
46 Other securities	2,676	2,488	2,649	2,844	2,405	2,495	2,296	2,619	2,732
47 Other trading account assets	11,363	11,382	12,612	12,173	12,737	13,671	13,554	13,730	11,993
48 Total loans	1,980,860	1,981,349	1,974,102	1,977,452	1,993,643	1,999,028	2,012,450	1,976,501	1,996,480
49 Interbank loans	130,299	128,086	126,334	129,700	133,279	137,455	143,350	123,137	128,582
50 Loans excluding interbank	1,850,561	1,853,263	1,847,768	1,847,752	1,860,363	1,861,573	1,869,100	1,853,364	1,867,898
51 Commercial and industrial	441,791	439,602	438,991	439,371	441,019	438,261	439,886	438,002	439,875
52 Real estate	842,326	846,215	844,241	845,217	849,283	851,500	852,007	849,690	855,085
53 Revolving home equity	74,339	74,416	74,382	74,500	74,505	74,449	74,867	74,757	74,822
54 Other	767,988	771,799	769,859	770,718	774,778	777,051	777,140	774,933	780,263
55 Individual	362,371	363,258	363,719	364,875	365,216	364,449	364,106	365,019	366,472
56 All other	204,073	204,189	200,818	198,289	204,846	207,364	213,101	200,652	206,466
57 Total cash assets	185,189	188,209	174,171	190,206	213,525	185,042	189,556	182,077	188,878
58 Balances with Federal Reserve Banks	28,808	34,279	24,195	37,487	27,234	26,404	26,046	32,034	23,018
59 Cash in vault	29,328	31,542	31,774	32,579	32,778	32,229	32,176	32,401	33,119
60 Demand balances at U.S. depository institutions	30,599	28,711	28,581	29,231	34,509	30,665	30,471	28,549	29,012
61 Cash items	79,796	76,633	71,901	72,811	99,367	77,012	81,286	71,153	83,793
62 Other cash assets	16,658	17,044	17,721	18,100	19,637	18,731	19,578	17,941	19,936
63 Other assets	177,655	177,060	173,580	170,075	185,079	176,409	181,623	180,214	181,760
64 **Total assets**	**3,144,441**	**3,145,159**	**3,122,396**	**3,131,032**	**3,202,833**	**3,172,881**	**3,192,910**	**3,150,017**	**3,168,376**
Liabilities									
65 Total deposits	2,357,417	2,345,383	2,325,554	2,328,358	2,393,450	2,366,149	2,375,030	2,316,782	2,353,649
66 Transaction accounts	763,345	749,048	737,255	742,161	796,570	766,543	780,226	736,364	782,531
67 Demand, U.S. government	3,564	3,010	3,133	3,331	4,225	3,501	7,486	3,160	4,280
68 Demand, depository institutions	37,422	35,829	35,225	36,161	42,890	36,292	37,022	34,825	35,323
69 Other demand and all checkable deposits	722,359	710,209	698,897	702,669	749,455	726,751	735,718	698,379	742,928
70 Savings deposits (excluding checkable)	756,572	759,570	754,516	754,007	764,751	768,571	765,932	756,587	754,999
71 Small time deposits	619,332	618,617	617,215	615,933	616,090	614,565	614,778	612,929	613,332
72 Time deposits over $100,000	218,168	218,149	216,567	216,258	216,041	216,471	214,094	210,901	202,787
73 Borrowings	370,377	378,521	380,727	382,237	385,843	383,537	400,881	414,353	385,996
74 Treasury tax and loan notes	18,546	14,143	16,620	14,738	18,785	4,890	30,676	35,240	31,241
75 Other	351,831	364,378	364,107	367,499	367,058	378,647	370,205	379,113	354,755
76 Other liabilities	137,965	140,696	136,034	140,464	141,057	138,885	134,635	135,941	145,511
77 **Total liabilities**	**2,865,759**	**2,864,599**	**2,842,315**	**2,851,059**	**2,920,350**	**2,888,571**	**2,910,546**	**2,867,075**	**2,885,156**
78 Residual (assets less liabilities)[3]	278,683	280,559	280,082	279,973	282,483	284,310	282,364	282,941	283,220

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								
	May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23	June 30
ASSETS									
1 Cash and balances due from depository institutions	106,657	110,686	97,947	113,587	123,642	107,686	110,042	106,219	106,087
2 U.S. Treasury and government securities	291,533[r]	287,911[r]	289,761[r]	284,656[r]	298,769	297,489	294,662	295,586	287,115
3 Trading account	23,455	19,998	23,059	19,204	26,418	25,254	24,990	26,847	17,023
4 Investment account	268,077[r]	267,913[r]	266,703[r]	265,451[r]	272,351	272,235	269,672	268,739	270,092
5 Mortgage-backed securities[1]	84,170[r]	83,720[r]	81,567[r]	81,776[r]	82,991	83,204	82,957	82,918	84,036
All others, by maturity									
6 One year or less	42,333[r]	43,283[r]	45,217[r]	44,830[r]	46,785	47,567	48,490	47,526	45,486
7 One year through five years	73,628[r]	73,818[r]	73,738[r]	74,386[r]	74,058	73,959	71,471	71,551	70,477
8 More than five years	67,947[r]	67,092[r]	66,182[r]	64,460[r]	68,517	67,505	66,755	66,744	70,093
9 *Other securities*	55,819[r]	55,847[r]	55,889[r]	55,644[r]	55,637	55,893	55,829	56,077	56,305
10 Trading account	2,492	2,303	2,466	2,666	2,230	2,319	2,118	2,443	2,556
11 Investment account	53,328[r]	53,544[r]	53,423[r]	52,978[r]	53,407	53,575	53,711	53,635	53,749
12 State and political subdivisions, by maturity	19,777[r]	19,808[r]	19,814	19,828	19,699	19,754	19,780	19,800	19,387
13 One year or less	3,410[r]	3,455[r]	3,447[r]	3,467[r]	3,366	3,428	3,455	3,471	3,206
14 More than one year	16,367	16,354[r]	16,367[r]	16,361[r]	16,332	16,326	16,325	16,329	16,181
15 Other bonds, corporate stocks, and securities	33,551	33,735[r]	33,609[r]	33,150[r]	33,709	33,820	33,932	33,835	34,362
16 Other trading account assets	11,240	11,258	12,490	12,052	12,628	13,561	13,434	13,608	11,872
17 Federal funds sold[2]	86,252	85,455[r]	81,413	81,305	86,571	92,486	103,490	84,676	83,827
18 To commercial banks in the United States	53,820	53,475	52,407	55,686	56,298	58,088	64,049	53,995	57,389
19 To nonbank brokers and dealers	26,538	26,309[r]	24,746	20,464	24,309	27,353	31,870	23,612	20,459
20 To others[3]	5,893	5,670	4,259	5,156	5,965	7,045	7,571	7,068	5,978
21 Other loans and leases, gross	978,479[r]	980,072[r]	978,955[r]	982,237[r]	987,201	983,486	986,607	981,078	995,567
22 Commercial and industrial	277,523[r]	275,709[r]	275,228[r]	275,761[r]	277,115	274,713	276,343	275,029	276,631
23 Bankers acceptances and commercial paper	3,090	3,045	3,079	3,134	3,150	3,238	3,198	2,801	2,993
24 All other	274,433[r]	272,665[r]	272,149[r]	272,626[r]	273,964	271,475	273,144	272,228	273,638
25 U.S. addressees	272,836[r]	271,098[r]	270,644[r]	271,039[r]	272,316	269,741	271,312	270,416	271,805
26 Non-U.S. addressees	1,597	1,567	1,505	1,587	1,648	1,734	1,833	1,812	1,833
27 Real estate loans	395,631[r]	398,030[r]	395,859[r]	396,189[r]	398,365	400,463	400,332	398,515	401,296
28 Revolving, home equity	43,855[r]	43,847[r]	43,851[r]	43,904[r]	43,763	43,696	44,018	43,942	43,921
29 All other	351,776[r]	354,183[r]	352,008[r]	352,285[r]	354,602	356,767	356,314	354,573	357,376
30 To individuals for personal expenditures	185,356[r]	185,627	186,093	186,766	186,414	185,367	186,497	187,445	188,255
31 To financial institutions	35,189	34,854	35,793	36,703	39,574	38,385	37,161	35,384	37,715
32 Commercial banks in the United States	12,072	11,954	13,153	13,863	14,641	14,428	14,594	13,412	14,225
33 Banks in foreign countries	2,385	2,431	2,629	2,479	3,358	2,224	2,220	2,240	2,606
34 Nonbank financial institutions	20,731	20,470	20,011	20,361	21,574	21,733	20,347	19,733	20,884
35 For purchasing and carrying securities	16,150[r]	16,882[r]	16,752[r]	16,602[r]	14,813	15,441	16,220	16,134	19,250
36 To finance agricultural production	5,648	5,639	5,688	5,696	5,755	5,737	5,743	5,750	5,799
37 To states and political subdivisions	13,777	13,671	14,082	14,053	14,001	13,859	13,853	13,700	13,695
38 To foreign governments and official institutions	1,522	1,380	1,344	1,339	1,550	1,430	1,350	1,339	1,451
39 All other loans[4]	23,142[r]	23,735[r]	23,543[r]	24,439[r]	24,878	23,319	24,334	23,020	26,580
40 Lease-financing receivables	24,541	24,545	24,574	24,689	24,737	24,772	24,773	24,760	24,897
41 LESS: Unearned income	2,084	2,086	2,094	2,084	2,039	2,057	2,057	2,048	2,111
42 Loan and lease reserve[5]	36,447	36,384	36,401	36,313	36,579	36,657	36,634	36,413	35,618
43 Other loans and leases, net	939,948[r]	941,602[r]	940,459[r]	943,840[r]	948,584	944,772	947,915	942,616	957,838
44 Other assets	164,251[r]	164,605[r]	162,104[r]	159,492[r]	169,972	165,032	171,617	169,503	167,682
45 **Total assets**	**1,655,700[r]**	**1,657,363[r]**	**1,640,064[r]**	**1,650,576[r]**	**1,695,803**	**1,676,920**	**1,696,989**	**1,668,287**	**1,670,726**

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								
	May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23	June 30
LIABILITIES									
46 Deposits	1,121,675[r]	1,113,712[r]	1,099,371[r]	1,102,573[r]	1,142,493	1,125,960	1,135,524	1,092,820	1,114,637
47 Demand deposits	276,877[r]	271,015[r]	263,537[r]	269,142[r]	296,175	278,548	289,747	263,260	290,932
48 Individuals, partnerships, and corporations	225,207[r]	222,007[r]	215,363[r]	217,932[r]	239,334	227,108	234,529	213,379	240,455
49 Other holders	51,670[r]	49,008[r]	48,174[r]	51,210[r]	56,842	51,440	55,217	49,881	50,477
50 States and political subdivisions	10,049	8,652	9,093	8,925	9,555	8,407	9,195	9,559	9,023
51 U.S. government	2,130	1,795	1,879	2,162	2,572	2,275	5,414	2,016	2,461
52 Depository institutions in the United States	23,308[r]	22,280[r]	21,415[r]	22,306[r]	26,994	23,404	23,431	21,870	21,771
53 Banks in foreign countries	5,639	5,163	5,191	5,591	5,940	4,658	5,199	4,962	5,406
54 Foreign governments and official institutions	652	615	749	631	852	550	658	597	768
55 Certified and officers' checks	9,891	10,502	9,847	11,596	10,928	12,146	11,321	10,876	11,048
56 Transaction balances other than demand deposits[4]	119,701	117,197	116,916	116,411	121,241	120,320	120,711	116,093	118,545
57 Nontransaction balances	725,097	725,499	718,918	717,021	725,077	727,093	725,066	713,467	705,160
58 Individuals, partnerships, and corporations	699,585	699,429[r]	692,816	690,682	698,526	700,562	699,247	688,308	684,496
59 Other holders	25,512	26,070	26,101	26,339	26,551	26,531	25,819	25,158	20,664
60 States and political subdivisions	20,750	21,364	21,399	21,539	21,338	21,351	20,556	20,253	18,352
61 U.S. government	2,200	2,206	2,211	2,270	2,653	2,635	2,678	2,688	498
62 Depository institutions in the United States	2,229	2,159	2,152	2,191	2,235	2,218	2,260	1,894	1,488
63 Foreign governments, official institutions, and banks	333	341	339	339	325	327	325	324	326
64 Liabilities for borrowed money[5]	280,649	287,083	288,744	292,143	295,427	294,764	308,635	321,194	292,782
65 Borrowings from Federal Reserve Banks	0	0	0	0	0	0	0	0	1,260
66 Treasury tax and loan notes	16,196	12,268	14,391[r]	12,779[r]	16,728	3,676	27,515	31,458	27,483
67 Other liabilities for borrowed money[6]	264,453	274,815	274,353	279,365[r]	278,699	291,087	281,120	289,736	264,039
68 Other liabilities (including subordinated notes and debentures)	106,865	109,333[r]	104,660	109,029	109,460	107,170	103,375	104,493	114,033
69 **Total liabilities**	**1,509,189[r]**	**1,510,128[r]**	**1,492,775[r]**	**1,503,745[r]**	**1,547,380**	**1,527,894**	**1,547,534**	**1,518,507**	**1,521,452**
70 Residual (total assets less total liabilities)[7]	146,512	147,236	147,289	146,831	148,422	149,026	149,455	149,780	149,274
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,357,430[r]	1,355,113[r]	1,352,948[r]	1,346,345[r]	1,369,867	1,370,399	1,375,379	1,363,619	1,363,072
72 Time deposits in amounts of $100,000 or more	109,684[r]	109,258[r]	108,008[r]	107,680[r]	107,739	108,161	106,118	103,453	96,471
73 Loans sold outright to affiliates[9]	871	867	866	864	862	863	854	853	813
74 Commercial and industrial	442	438	437	437	437	437	430	428	411
75 Other	428	428	428	426	425	426	425	425	402
76 Foreign branch credit extended to U.S. residents[10]	23,333[r]	23,547[r]	23,250[r]	23,118[r]	23,715	23,320	23,026	22,929	22,643
77 Net owed to related institutions abroad	−11,323[r]	−9,001[r]	−13,967[r]	−10,039[r]	−15,779	−15,072	−23,926	−20,377	−9,667

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								
	May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23	June 30
1 Cash and balances due from depository institutions	17,361	17,608	16,845	17,458	17,694	18,839	18,181	18,974	19,843
2 U.S. Treasury and government agency securities	30,723	29,924	29,750	30,099	31,259	31,131	31,405	30,592	31,572
3 Other securities	8,988r	9,073r	9,049r	8,804r	8,436	8,001	7,470	7,740	8,665
4 Federal funds sold[1]	18,481	20,572	21,077	22,557	22,070	24,960	25,446	28,861	27,808
5 To commercial banks in the United States	3,872	5,889	5,341	5,585	5,269	7,740	3,592	7,436	7,570
6 To others[2]	14,609	14,683	15,736	16,973	16,802	17,220	21,854	21,426	20,238
7 Other loans and leases, gross	158,085r	159,484r	160,190r	159,426r	161,940	160,545	162,054	161,073	163,676
8 Commercial and industrial	95,381r	95,807r	96,548r	96,326r	98,110	97,113	97,739	97,562	98,074
9 Bankers acceptances and commercial paper	2,549	2,474	2,612	2,594	2,718	2,574	2,525	2,463	2,520
10 All other	92,831r	93,333r	93,936r	93,732r	95,392	94,539	95,214	95,099	95,554
11 U.S. addressees	89,596r	89,992r	90,508r	90,454r	92,075	91,261	91,845	91,745	92,288
12 Non-U.S. addressees	3,235r	3,342	3,428	3,278	3,317	3,277	3,368	3,353	3,266
13 Loans secured by real estate	32,201r	32,068r	32,020r	32,035r	31,847	31,858	31,889	31,627	31,471
14 To financial institutions	23,875r	24,950r	25,139r	25,094r	25,693	25,237	26,285	25,618	26,637
15 Commercial banks in the United States	5,360	5,392	5,268	5,453	5,205	5,417	5,602	5,618	5,840
16 Banks in foreign countries	1,732	1,722	1,740	1,810	1,920	1,788	1,901	1,997	2,026
17 Nonbank financial institutions	16,783r	17,836r	18,131r	17,832r	18,567	18,032	18,782	18,004	18,772
18 For purchasing and carrying securities	3,375	3,533	3,491	2,965	3,299	3,332	3,130	3,105	4,574
19 To foreign governments and official institutions	389	372	340	375	372	372	378	459	401
20 All other	2,863r	2,753	2,651	2,630	2,619	2,632	2,633	2,702	2,518
21 Other assets (claims on nonrelated parties)	33,359r	32,015r	31,820r	32,176r	31,293	31,698	30,654	30,558	31,428
22 **Total assets**[3]	**297,935**	**297,323**	**301,790**	**301,975**	**308,469**	**309,608**	**309,015**	**306,735**	**314,715**
23 Deposits or credit balances owed to other than directly related institutions	101,440	101,271	101,527	102,538	103,993	102,021	103,491	103,969	102,617
24 Demand deposits[4]	3,961	4,396	3,829	4,130	4,149	4,359	3,956	3,849	4,951
25 Individuals, partnerships, and corporations	3,134	3,111	3,056	3,332	3,088	2,915	2,968	3,060	4,057
26 Other	827	1,285	774	798	1,061	1,444	987	789	895
27 Nontransaction accounts	97,479	96,875	97,698	98,408	99,844	97,662	99,536	100,121	97,665
28 Individuals, partnerships, and corporations	68,601	68,173	68,175	68,352	69,517	67,898	68,720	69,144	67,650
29 Other	28,878	28,702	29,523	30,057	30,327	29,763	30,816	30,977	30,016
30 Borrowings from other than directly related institutions	85,582	81,673	86,786	82,644	87,088	92,885	92,669	82,619	88,518
31 Federal funds purchased[5]	44,173	39,990	42,050	38,777	42,527	45,760	51,026	41,608	50,151
32 From commercial banks in the United States	13,997	11,530	13,393	13,528	14,494	16,449	18,569	10,884	18,568
33 From others	30,176	28,460	28,657	25,249	28,033	29,311	32,457	30,724	31,582
34 Other liabilities for borrowed money	41,409	41,683	44,735	43,867	44,562	47,125	41,643	41,011	38,367
35 To commercial banks in the United States	7,363	6,871	7,533	8,064	7,848	8,125	8,000	7,954	8,464
36 To others	34,046	34,812	37,202	35,803	36,713	39,000	33,643	33,057	29,903
37 Other liabilities to nonrelated parties	30,691	31,295	30,095	30,533	30,358	30,158	28,643	29,430	31,619
38 **Total liabilities**[6]	**297,935**	**297,323**	**301,790**	**301,975**	**308,469**	**309,608**	**309,015**	**306,735**	**314,715**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	207,045r	207,771r	209,457r	209,849r	213,231	211,480	217,183	215,212	218,310
40 Net owed to related institutions abroad	49,283	54,437	50,323	54,806	51,253	50,110	50,408	61,780	60,237

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					1992	1993				
	1988	1989	1990	1991	1992	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**458,464**	**525,831**	**562,656**	**531,724**	**549,433**	**549,433**	**540,198[r]**	**527,531[r]**	**534,118[r]**	**535,966[r]**	**541,671**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	159,777	183,622	214,706	213,823	228,260	228,260	212,682[r]	202,046[r]	218,925[r]	210,230[r]	214,558
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	172,813	181,264	177,370	171,959	175,384	174,468
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	148,360	146,252[r]	148,115[r]	143,234[r]	150,352[r]	152,645
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**66,631**	**62,972**	**54,771**	**43,770**	**38,200**	**38,200**	**36,001**	**35,221**	**34,939**	**35,317**	**34,864**
By holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,561	10,561	9,121	9,878	11,036	10,688[r]	10,934
9 Own bills	8,022	8,510	7,930	9,347	9,103	9,103	7,927	8,361	9,162	9,315[r]	9,624
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,458	1,193	1,516	1,873	1,372[r]	1,310
Federal Reserve Banks[7]											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	1,276	1,317	1,169	1,108	909	690
12 Others	56,052	52,473	44,836	31,014	26,364	26,364	25,563	24,175	22,795	23,720[r]	23,239
By basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,212	12,212	11,148	11,126	11,129	10,746	10,296
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	8,096	7,740	7,547	7,304	7,629	7,901
15 All other	37,237	33,638	28,973	20,577	17,893	17,893	17,112	16,548	16,506	16,942	16,667

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		

1. 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 Mar.	1993 Apr.	1993 May	1993 June	1993, week ending May 28	June 4	June 11	June 18	June 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	8.10	5.69	3.52	3.07	2.96	3.00	3.04	3.07	3.09	2.96	3.01	3.00
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	3.15	3.13	3.11	3.19	3.15	3.18	3.20	3.18	3.20
4 3-month	8.06	5.87	3.75	3.17	3.14	3.14	3.25	3.19	3.23	3.28	3.24	3.26
5 6-month	7.95	5.85	3.80	3.24	3.19	3.20	3.38	3.30	3.34	3.41	3.34	3.39
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.15	3.06	3.05	3.12	3.09	3.07	3.15	3.12	3.14
7 3-month	7.87	5.71	3.65	3.17	3.06	3.07	3.16	3.13	3.15	3.19	3.14	3.15
8 6-month	7.53	5.60	3.63	3.14	3.07	3.07	3.16	3.13	3.15	3.17	3.15	3.15
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.07	3.05	3.06	3.16	3.12	3.16	3.21	3.13	3.16
10 6-month	7.80	5.67	3.67	3.14	3.10	3.13	3.28	3.23	3.28	3.33	3.25	3.28
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.10	3.08	3.07	3.13	3.10	3.11	3.16	3.10	3.13
12 3-month	8.15	5.83	3.68	3.11	3.09	3.10	3.21	3.16	3.21	3.25	3.17	3.21
13 6-month	8.17	5.91	3.76	3.20	3.16	3.20	3.36	3.29	3.35	3.42	3.30	3.35
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.11	3.10	3.12	3.21	3.20	3.21	3.25	3.19	3.21
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	2.95	2.87	2.96	3.07	3.06	3.06	3.10	3.05	3.09
16 6-month	7.46	5.44	3.54	3.05	2.97	3.07	3.20	3.20	3.21	3.26	3.16	3.19
17 1-year	7.35	5.52	3.71	3.20	3.11	3.23	3.39	3.39	3.44	3.46	3.33	3.37
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	2.97	2.89	2.96	3.10	3.06	3.08	3.14	3.07	3.10
19 6-month	7.47	5.49	3.57	3.08	3.00	3.07	3.23	3.19	3.22	3.30	3.19	3.19
20 1-year	7.36	5.54	3.75	3.09	3.24	3.13	3.40	n.a.	3.40	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.33	3.24	3.36	3.54	3.55	3.58	3.61	3.49	3.53
22 2-year	8.16	6.49	4.77	3.95	3.84	3.98	4.16	4.21	4.20	4.27	4.11	4.15
23 3-year	8.26	6.82	5.30	4.40	4.30	4.40	4.53	4.60	4.58	4.65	4.50	4.50
24 5-year	8.37	7.37	6.19	5.19	5.13	5.20	5.22	5.36	5.29	5.32	5.19	5.18
25 7-year	8.52	7.68	6.63	5.66	5.59	5.66	5.61	5.78	5.70	5.70	5.59	5.56
26 10-year	8.55	7.86	7.01	5.98	5.97	6.04	5.96	6.14	6.07	6.06	5.96	5.89
27 30-year	8.61	8.14	7.67	6.82	6.85	6.92	6.81	6.97	6.88	6.87	6.82	6.76
Composite												
28 More than 10 years (long-term)	8.74	8.16	7.52	6.65	6.64	6.68	6.55	6.75	6.65	6.63	6.55	6.48
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	6.96	6.56	6.09	5.42	5.47	5.47	5.35	5.66	5.33	5.42	5.33	5.41
30 Baa	7.29	6.99	6.48	5.81	5.88	5.88	5.80	6.09	5.78	5.86	5.80	5.86
31 *Bond Buyer* series[14]	7.27	6.92	6.44	5.64	5.76	5.73	5.63	5.73	5.67	5.68	5.61	5.57
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	9.77	9.23	8.55	7.83	7.76	7.78	7.66	7.82	7.74	7.72	7.66	7.61
Rating group												
33 Aaa	9.32	8.77	8.14	7.58	7.46	7.43	7.33	7.46	7.39	7.38	7.32	7.29
34 Aa	9.56	9.05	8.46	7.72	7.62	7.61	7.51	7.64	7.58	7.57	7.50	7.46
35 A	9.82	9.30	8.62	7.86	7.80	7.85	7.74	7.89	7.82	7.81	7.74	7.69
36 Baa	10.36	9.80	8.98	8.15	8.14	8.21	8.07	8.27	8.16	8.13	8.06	8.01
37 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	7.61	7.66	7.75	7.59	7.77	7.69	7.59	7.58	7.48
MEMO												
Dividend–price ratio[17]												
38 Preferred stocks	8.96	8.17	7.46	6.70	6.69	6.65	6.97	6.74	6.78	7.05	7.03	6.99
39 Common stocks	3.61	3.24r	2.99	2.76	2.82	2.77	2.81	2.77	2.77	2.82	2.82	2.84

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 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June
	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	226.97	232.84	239.47	239.75	243.41	248.12	244.72	246.02	247.16
2 Industrial	226.06	258.16	284.26	279.70	287.80	290.77	292.11	294.40	298.75	292.19	297.83	298.78
3 Transportation	158.80	173.97	201.02	192.30	204.63	212.35	221.00	226.96	229.42	237.97	237.80	234.30
4 Utility	90.72	92.64	99.48	101.62	101.13	103.85	105.52	109.45	112.53	113.78	111.21	113.27
5 Finance	133.21	150.84	179.29	181.36	189.27	196.87	203.38	209.93	217.01	216.02	209.40	209.75
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	412.50	422.84	435.64	435.40	441.76	450.15	443.08	445.25	448.06
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	371.27	387.75	392.69	402.75	409.39	418.56	418.54	429.72	436.13
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	204,787	208,221	222,736	266,011	288,540	251,170	279,778	255,843	250,230
9 American Stock Exchange	13,155	12,486	14,171	11,966	14,925	16,523	17,184	18,154	16,150	15,521	20,433	17,744
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**28,210**	**36,660**	**43,990**	**41,590**	**43,630**	**43,990**	**44,020**	**44,290**	**45,160**	**47,420**	**48,630**	**49,550**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	8,355	8,500	8,970	8,980	9,790	9,650	9,805	9,560	9,820
12 Cash accounts	19,285	19,255	22,510	18,700	19,310	22,510	20,360	22,190	21,395	21,450	21,610	22,625
	Margin requirements (percent of market value and effective date)[6]											
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

1. 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					
	1990	1991	1992	1993					
				Jan.	Feb.	Mar.	Apr.	May	June
U.S. budget[1]									
1 Receipts, total	1,031,308	1,054,265	1,090,513	112,718	66,138	83,453	132,122	70,758	128,591
2 On-budget	749,654	760,382	788,087	90,129	41,038	57,259	96,413	44,636	98,685
3 Off-budget	281,654	293,883	302,426	22,589	25,100	26,194	35,709	26,122	29,906
4 Outlays, total	1,252,691[r]	1,323,785[r]	1,380,657	82,903	113,732	128,030	124,034	107,716	117,495
5 On-budget	1,027,626[r]	1,082,098[r]	1,128,318	84,928	89,276	103,793	101,861	83,320	103,501
6 Off-budget	225,064	241,685	252,339	−2,025	24,456	24,237	22,174	24,395	13,994
7 Surplus or deficit (−), total	−221,384[r]	−269,521[r]	−290,144	29,815	−47,594	−44,577[r]	8,088	−36,957	11,096
8 On-budget	−277,974[r]	−321,719[r]	−340,231	5,201	−48,238	−46,534	−5,448	−38,684	−4,816
9 Off-budget	56,590	52,198	50,087	24,614	644	1,957	13,535	1,727	15,912
Source of financing (total)									
10 Borrowing from the public	220,101	276,802	310,918	−8,355	30,689	37,727	5,464	30,832	24,757
11 Operating cash (decrease, or increase (−))	818	−1,329	−17,305	−16,436	27,227	−2,452	−18,945	20,196	−40,288
12 Other[2]	−461	−5,981	−3,469	−5,024	−10,322	9,302	5,393	−14,071	4,435
MEMO									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	46,326	19,099	21,551	40,496	20,300	60,588
14 Federal Reserve Banks	7,638	7,928	24,586	9,572	5,350	6,752	7,273	5,787	28,386
15 Tax and loan accounts	32,517	33,556	34,203	36,754	13,749	14,799	33,223[r]	14,514	32,202

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 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. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and *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	1992 H1	1992 H2	1993 H1	1993 Apr.	1993 May	1993 June
RECEIPTS									
1 **All sources**	**1,054,265**	**1,090,513**	**519,181**	**560,350**	**540,506**	**593,780**	**132,122**	**70,758**	**128,591**
2 Individual income taxes, net	467,827	475,979[r]	234,939	236,576[r]	246,961	256,105	56,137	17,919	56,463
3 Withheld	404,152	408,352	210,552	198,868	215,591	210,066	32,691	31,264	36,198
4 Presidential Election Campaign Fund	32	30	1	20	10	25	6	5	4
5 Nonwithheld	142,693	149,430	33,296	110,995	39,371	113,482	44,755	2,281	21,774
6 Refunds	79,050	81,834[r]	8,910	73,308[r]	8,011	67,468	21,315	15,631	1,512
Corporation income taxes									
7 Gross receipts	113,599	117,949	54,016	61,682	58,022	69,044	19,272	3,022	25,627
8 Refunds	15,513	17,679	8,649	9,403[r]	7,219	7,198	1,477	646	678
9 Social insurance taxes and contributions, net	396,011	413,689	186,839	224,569	192,599	227,177	49,176	42,277	38,405
10 Employment taxes and contributions[2]	370,526	385,491	175,802	208,110	180,758	208,776	45,164	33,062	37,738
11 Self-employment taxes and contributions[3]	25,457	24,421	3,306	20,434[r]	3,988	16,270	12,183	1,620	3,139
12 Unemployment insurance	20,922	23,410	8,721	14,070	9,397	16,074	3,581	8,849	301
13 Other net receipts[4]	4,563	4,788	2,317	2,389	2,445	2,326	431	365	366
14 Excise taxes	42,430	45,570	24,429	22,389[r]	23,456	23,398	4,168	3,502	4,565
15 Customs deposits	15,921	17,359	8,694	8,146	9,497	8,860	1,544	1,419	1,642
16 Estate and gift taxes	11,138	11,143	5,507	5,701[r]	5,733	6,494	1,898	1,009	900
17 Miscellaneous receipts[5]	22,852	26,517[r]	13,406	10,690[r]	11,472	9,900	1,404	2,257	1,668
OUTLAYS									
18 **All types**	**1,323,757**	**1,380,657**	**694,364**	**704,288**	**723,367**	**673,910**	**124,034**	**107,716**	**117,495**
19 National defense	272,514	298,361	147,669	147,065	155,501	140,535	27,192	20,460	24,786
20 International affairs	16,167	16,106	7,691	8,540	9,911	6,565	536	1,410	1,024
21 General science, space, and technology	15,946	16,409	8,472	7,951	8,521	7,996	1,444	1,382	1,347
22 Energy	2,511	4,509	1,698	1,442	3,109	2,462	431	453	604
23 Natural resources and environment	18,708	20,017	11,130	8,594[r]	11,617	8,588	1,709	1,071	1,605
24 Agriculture	14,864	14,997	7,418	7,526	8,881	11,824	2,666	1,739	824
25 Commerce and housing credit	75,639	9,753	36,534	15,615	−7,843	−15,112	−3,961	−1,896	−2,523
26 Transportation	31,531	33,759	17,093	15,673	18,477	16,109	2,591	2,398	3,281
27 Community and regional development	7,432	7,923	3,783	3,903	4,540	4,935	987	862	986
28 Education, training, employment, and social services	41,479	45,248	21,114	23,767[r]	20,922	23,983	3,695	3,433	3,820
29 Health	71,183	89,570	41,459	44,164[r]	47,223	49,882	8,883	7,758	8,981
30 Social security and Medicare	373,494	406,569	193,098	205,500	232,109	195,933	37,236	35,020	41,061
31 Income security	171,618	197,867	87,693	104,537[r]	98,693	108,559	20,408	15,900	13,801
32 Veterans benefits and services	31,344	34,133	17,425	15,597	18,561	16,384	4,332	801	2,871
33 Administration of justice	12,295	14,450	6,574	7,435	7,283	7,463	1,581	1,199	1,131
34 General government	11,358	12,939	6,794	5,050	8,138	5,205	655	886	1,497
35 Net interest[6]	195,012	199,429	99,149	100,161[r]	98,549	99,635	16,585	17,420	15,464
36 Undistributed offsetting receipts[7]	−39,356	−39,280	−20,436	−18,229	−20,914	−17,035	−2,935	−2,579	−3,065

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. Treasury Department, *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	
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	296.4	302.5	305.2	
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,765.5	2,839.9	2,895.0	
18 Commercial banks	164.9	171.5	233.4	293.4	287.4	293.4	296.0	
19 Money market funds	14.9	45.4	80.0	80.6	79.8	80.6	77.6	
20 Insurance companies	125.1	142.0	168.7	190.3	185.6	190.3	194.0	
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	
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	150.3	157.3	163.6	
24 Other securities	98.7	107.6	125.8	131.9	130.9	131.9	134.1	
25 Foreign and international[5]	392.9	421.7	455.0	512.5	499.0	512.5	528.4	
26 Other miscellaneous investors[6]	520.7	674.5	691.1	746.6	722.1	746.6	766.0	

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign balances and international accounts in the United States.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

SOURCES. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1993 Mar.	1993 Apr.	1993 May	1993, week ending May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23	June 30
Immediate Transactions[2]												
By type of security												
U.S. Treasury securities												
1 Bills	43,300	41,043	42,349	38,696	30,411	50,017	40,679	55,905	44,212	44,523	35,942	47,620
Coupon securities, by maturity												
2 Less than 3.5 years	47,300	36,975	53,322	42,379	48,407	61,051	60,388	47,800	39,242	45,023	48,194	42,376
3 3.5 to 7.5 years	45,252	42,812	44,104	40,316	41,351	47,856	47,314	40,879	35,809	43,317	38,002	41,320
4 7.5 to 15 years	23,269	19,229	21,228	17,817	28,140	21,645	18,731	16,586	17,800	21,350	17,810	21,189
5 15 years or more	17,592	16,963	16,527	14,160	16,146	19,793	14,926	16,757	13,139	18,306	15,826	16,141
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	5,790	5,715	6,108	6,033	4,867	7,242	6,104	6,371	5,616	7,154	6,946	9,425
7 3.5 to 7.5 years	788	640	572	657	702	665	427	358	772	646	620	559
8 7.5 years or more	1,125	578	350	350	424	373	330	220	522	368	375	529
Mortgage-backed												
9 Pass-throughs	14,705	17,293	18,294	12,820	24,851	20,592	15,170	14,214	19,781	22,913	12,933	14,136
10 All others[3]	4,059	3,336	3,262	4,414	3,556	2,998	3,118	2,302	2,776	2,752	2,861	3,664
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	110,173	97,491	111,243	96,439	103,168	123,857	116,255	110,126	93,090	106,410	96,279	100,919
Federal agency securities												
12 Debt	1,771	1,155	1,019	1,137	1,089	876	1,013	1,035	1,005	1,147	907	1,554
13 Mortgage-backed	7,388	8,855	9,484	6,489	11,762	10,456	8,940	7,970	9,713	12,487	7,053	7,145
Customers												
14 U.S. Treasury securities	66,539	59,531	66,289	56,928	61,288	76,504	65,784	67,801	57,113	66,108	59,495	67,728
Federal agency securities												
15 Debt	5,931	5,778	6,011	5,903	4,903	7,404	5,847	5,914	5,905	7,020	7,033	8,959
16 Mortgage-backed	11,378	11,775	12,072	10,745	16,646	13,134	9,348	8,547	12,844	13,178	8,741	10,655
Futures and Forward Transactions[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	2,205	2,378	2,586	2,078	1,976	3,439	2,741	2,434	3,636	3,331	3,779	2,268
Coupon securities, by maturity												
18 Less than 3.5 years	2,348	1,942	1,937	1,947	1,526	2,168	2,012	2,100	2,113	1,785	2,121	1,638
19 3.5 to 7.5 years	2,287	1,384	1,799	1,646	1,326	1,483	2,084	2,793	2,366	1,744	1,806	1,502
20 7.5 to 15 years	3,542	2,377	3,067	2,420	3,608	2,844	2,985	3,318	3,280	3,310	2,471	2,670
21 15 years or more	11,335	9,025	10,406	8,896	8,855	12,552	10,952	10,012	9,236	10,702	8,247	8,320
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	92	102	153	67	94	320	55	219	112	340	236	199
23 3.5 to 7.5 years	103	128	73	236	100	32	20	20	34	51	42	104
24 7.5 years or more	32	33	15	7	22	17	13	9	10	175	85	98
Mortgage-backed												
25 Pass-throughs	22,141	21,378	19,462	18,768	23,463	22,108	14,529	17,298	26,016	27,446	21,243	22,362
26 Others[3]	1,471	1,463	1,743	1,479	1,968	1,900	1,636	1,551	1,434	1,280	1,068	2,003
Options Transactions[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,662	1,611	1,108	1,257	1,312	1,248	900	733	783	1,426	1,117	793
28 3.5 to 7.5 years	431	564	667	472	868	419	1,038	325	420	677	482	220
29 7.5 to 15 years	687	507	521	357	390	473	774	562	288	1,020	421	673
30 15 years or more	972	1,084	1,183	1,180	953	1,111	1,713	804	814	986	767	752
Federal agency, mortgage-backed securities												
31 Pass-throughs	586	664	465	415	674	357	333	569	871	461	411	671

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 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 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			1993, week ending							
	Mar.	Apr.	May	May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	13,550	18,483	7,999	13,757	4,818	8,062	5,285	10,408	−266	3,776	7,002
Coupon securities, by maturity											
2 Less than 3.5 years	1,628	2,928	10,275	6,038	11,219	8,007	13,584	11,734	9,691	8,957	14,549
3 3.5 to 7.5 years	−14,104	−17,023	−19,900	−16,651	−17,854	−23,033	−20,542	−20,726	−20,498	−16,896	−14,357
4 7.5 to 15 years	−10,240	−12,805	−10,222	−11,584	−6,990	−8,787	−11,841	−13,127	−11,570	−12,150	−10,155
5 15 years or more	9,342	9,248	8,228	8,447	7,707	7,439	7,687	10,600	11,233	12,062	11,268
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	6,451	6,342	5,389	4,274	5,910	3,829	6,819	5,954	6,085	6,697	7,794
7 3.5 to 7.5 years	3,332	3,178	2,798	3,510	3,197	2,617	2,379	2,370	1,610	2,233	2,303
8 7.5 years or more	4,896	3,958	2,957	3,408	3,416	2,943	2,391	2,678	2,754	2,853	2,825
Mortgage-backed											
9 Pass-throughs	33,009	34,056	29,356	22,530	40,102	29,843	28,498	21,660	36,490	44,287	39,859
10 All others[4]	25,734	25,866	27,158	27,808	26,619	25,617	27,363	29,135	26,877	24,848	24,899
Other money market instruments											
11 Certificates of deposit	3,212	3,203	3,681[r]	3,280	2,699	3,544	4,602	4,357	3,247	3,386	2,555
12 Commercial paper	6,237	5,145	6,066	4,671	5,403	5,387	7,245	7,687	6,504	7,998	5,721
13 Bankers acceptances	1,138[r]	972	862	574	739	921	921	1,159	1,024	989	994
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−5,103	−7,951	−5,222	−10,315	−8,312	−2,732	−2,851	−2,610	−2,373	−4,896	−8,102
Coupon securities, by maturity											
15 Less than 3.5 years	−568	−1,433	−1,556	−409	−1,679	−1,376	−1,408	−2,993	−3,388	−4,597	−2,900
16 3.5 to 7.5 years	4,333	4,857	4,626	4,086	4,763	5,267	4,949	3,627	3,747	3,441	3,515
17 7.5 to 15 years	2,954	4,385	4,410	4,861	3,877	5,681	3,744	3,858	3,400	1,789	1,148
18 15 years or more	−5,119	−5,103	−4,613	−4,433	−5,518	−4,244	−3,857	−5,101	−5,277	−6,256	−6,188
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	−194	−285	−209	−844	−272	18	−97	38	403	81	−104
20 3.5 to 7.5 years	−39	−50	−111	−128	−93	−71	−143	−133	−102	60	−65
21 7.5 years or more	33	−74	−85	−27	−100	−220	−20	−21	−45	93	131
Mortgage-backed											
22 Pass-throughs	−13,086	−12,900	−6,758	−3,124	−18,952	−6,724	−3,061	1,459	−13,453	−20,674	−17,761
23 All others[4]	3,376[r]	4,770	1,773	3,139	2,907	2,164	1,135	−837	977	1,930	2,615
24 Certificates of deposit	−156,617[r]	−160,960	−155,044	−144,995	−161,008	−161,550	−154,231	−148,775	−152,557	−144,525	−145,753
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	233,038	223,214	223,931[r]	216,856	228,208	235,710	209,018	229,404	223,498	228,081	217,109
26 Term	360,955	393,238	373,495[r]	387,767	409,092	357,602	365,809	342,400	375,852	394,328	392,882
Repurchase agreements											
27 Overnight and continuing	403,942	406,560	399,943	386,607	397,630	419,306	390,122	403,158	396,460	416,896	401,316
28 Term	349,516	369,281	346,717	352,304	387,153	333,158	345,364	305,395	339,048	357,665	367,531
Securities borrowed											
29 Overnight and continuing	115,244	117,774	123,353	120,427	120,229	125,020	123,144	128,611	132,690	132,367	130,809
30 Term	40,753	44,365	42,805	43,553	43,315	41,154	45,152	40,368	39,756	41,689	43,267
Securities loaned											
31 Overnight and continuing	3,504	4,762	5,055	4,484	4,668	5,358	5,581	5,007	4,311	4,997	4,662
32 Term	482	587	938	489	1,189	1,221	1,025	518	360	793	665
Collateralized loans											
33 Overnight and continuing	14,209	14,434	14,538[r]	14,622	15,839	14,596	14,483	12,630	14,508	16,428	15,735
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	156,399	148,137	146,741	140,334	142,860	152,953	141,791	156,812	152,901	155,918	152,407
35 Term	313,182	341,856	321,698	336,744	356,067	303,795	314,935	293,069	320,084	339,480	336,714
Repurchase agreements											
36 Overnight and continuing	214,034	204,658	210,160	210,027	213,256	210,595	201,427	217,574	212,836	218,737	198,694
37 Term	266,309	283,791	257,391	265,052	288,478	242,717	252,758	233,235	254,572	269,369	282,080

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 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 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	1992	1993			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**381,498**	**411,805**	**434,668**	**442,772**	**483,970**	**487,331**	**494,739**	**494,656**	**0**
2 Federal agencies	35,668	35,664	42,159	41,035	41,829	41,641	42,115	42,051	42,619
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	7,208	6,749	6,749
5 Federal Housing Administration[4]	150	328	393	397	374	231	237	259[r]	263
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	10,660	10,440	10,440
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	23,580	23,535	24,003	24,596	25,160
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	442,141	445,690	452,624	452,605	0
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	114,733	113,253	113,347	115,272	117,363
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	29,631	34,479	44,490	41,183	0
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	166,300	165,958	163,538	165,818	165,135
14 Farm Credit Banks[8]	53,127	54,864	53,590	52,199	51,910	52,264	51,502	51,630	51,210
15 Student Loan Marketing Association[9]	22,073	28,705	34,194	38,319	39,650	39,812	39,822	38,776	0
16 Financing Corporation[10]	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	690	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**142,850**	**134,873**	**179,083**	**185,576**	**154,994**	**151,059**	**147,464**	**146,097**	**140,807**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,027	10,979	11,370	9,803	7,202	7,202	7,202	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	6,975	6,825	6,825	6,675	6,675
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	42,979	41,629
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,172	18,037	18,036	17,966	18,008
27 Other	26,324	23,724	70,896	84,931	64,436	60,786	57,192	56,504	52,522

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					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues, new and refunding**[1]	**120,339**	**154,402**	**215,191**	**14,133**	**19,577**	**18,039r**	**18,285r**	**28,920r**	**20,956r**	**27,178r**	**28,529**
By type of issue											
2 General obligation	39,610	55,100	78,611	5,203	6,024	4,840	6,963	8,254	8,272	9,452	8,415
3 Revenue	81,295	99,302	136,580	8,930	13,553	13,199	11,322	20,666	12,684	17,726	20,114
By type of issuer											
4 State	15,149	24,939	25,295	1,688	2,339	1,339	3,485	2,139	1,463	2,910	3,562
5 Special district or statutory authority[2]	72,661	80,614	127,618	8,197	11,159	12,706	10,146	19,804	9,923	15,441	18,132
6 Municipality, county, or township	32,510	48,849	60,210	4,248	6,079	3,994	4,654	6,977	9,570	8,827	6,835
7 **Issues for new capital**	**103,235**	**116,953**	**120,272**	**8,028**	**8,010**	**5,604r**	**4,775r**	**9,741r**	**4,941r**	**8,681r**	**11,208**
By use of proceeds											
8 Education	17,042	21,121	22,071	1,800	1,658	1,033	1,264	1,482	833	1,596	2,208
9 Transportation	11,650	13,395	17,334	531	831	829	131	2,111	699	813	772
10 Utilities and conservation	11,739	21,039	20,058	960	1,258	894	423	538	806	955	1,629
11 Social welfare	23,099	25,648	21,796	1,070	1,121	777	618	1,556	942	1,756	2,073
12 Industrial aid	6,117	8,376	5,424	581	339	337	69	765	134	601	1,042
13 Other purposes	34,607	30,275	33,589	3,086	2,803	1,734	2,270	3,289	1,527	2,960	3,484

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				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **All issues**[1]	**340,049**	**465,243r**	n.a.	**39,280**	**35,525**	**39,424**	**50,692r**	**59,427r**	**55,929r**	**40,173r**	**43,108**
2 **Bonds**[2]	**299,884**	**389,822r**	**471,125r**	**32,314**	**31,026**	**33,375**	**45,458r**	**49,367r**	**47,091r**	**33,922r**	**34,100**
By type of offering											
3 Public, domestic	188,848	286,930r	377,681r	30,249	28,774	31,835	41,575r	47,084r	41,888r	30,718r	31,100
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	27,591r	2,066	2,252	1,540	3,884	2,283r	5,203r	3,204r	3,000
By industry group											
6 Manufacturing	51,779	86,628	81,998r	7,975	3,467	4,232	9,393	8,150	8,067	6,234r	3,950
7 Commercial and miscellaneous	40,733	36,666	42,869r	2,813	2,396	2,176	3,074	2,268	2,695	2,194r	3,450
8 Transportation	12,776	13,598	9,979r	290	0	611	316	248	1,067	123r	800
9 Public utility	17,621	23,945	48,055r	3,700	1,289	2,867	4,282	5,624	7,058	5,767r	3,000
10 Communication	6,687	9,431	15,394r	427	374	516	3,019	2,890	3,270	2,015r	2,100
11 Real estate and financial	170,288	219,750	272,830r	17,110	23,499	22,973	25,374r	30,187r	24,935r	17,588r	20,800
12 **Stocks**[2]	**40,175r**	**75,424r**	**88,324**	**6,966**	**4,499**	**6,049**	**5,234**	**10,060**	**8,838**	**6,251**	**8,698**
By type of offering											
13 Public preferred	3,998	17,085r	21,339	2,901	1,540	1,608	1,112	1,898	1,647	702	3,124
14 Common	19,442	48,230r	57,119	4,065	2,958	4,441	4,122	8,161	7,191	5,549	5,574
15 Private placement[3]	16,736	10,109	9,866	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	5,649	24,111r	22,722	1,779	288	1,468	722	2,616	1,741	1,387	1,413
17 Commercial and miscellaneous	10,171	19,418	20,231	940	1,366	2,226	1,688	2,021	2,488	1,564	2,836
18 Transportation	369	2,439	2,595	53	304	118	65	64	336	250	111
19 Public utility	416	3,474	6,532	359	150	92	310	350	743	412	753
20 Communication	3,822	475	2,365	99	22	126	0	0	7	30	279
21 Real estate and financial	19,738	25,507	33,879	3,735	2,369	2,019	2,438	5,009	3,522	2,579	3,307

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 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May
1 **Sales of own shares**[2]	**463,645**	**647,055**	**52,214**	**52,019**	**70,618**	**71,607**	**60,676**	**69,080**	**66,766**	**60,594**
2 Redemptions of own shares	342,547	447,140	37,134	34,126	51,993	46,545	39,684	47,414	46,518	38,792
3 Net sales[3]	121,098	199,915	15,080	17,893	18,625	25,062	20,992	21,666	20,248	21,802
4 **Assets**[4]	**808,582**	**1,056,310**	**983,151**	**1,019,618**	**1,056,310**	**1,082,653**	**1,116,784**	**1,154,445**	**1,178,663**	**1,219,443**
5 Cash[5]	60,292	73,999	75,808	80,247	73,999	76,764	79,763	81,536	87,140	84,993
6 Other	748,290	982,311	907,343	939,371	982,311	1,005,889	1,037,021	1,072,910	1,091,523	1,134,450

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on assets exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of dividends. Excludes reinvestment of capital gains distributions.
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 Q2	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1[r]
1 Profits with inventory valuation and capital consumption adjustment	361.7	346.3	393.8	347.3	341.2	347.1	384.0	388.4	374.1	428.5	424.2
2 Profits before taxes	355.4	334.7	371.6	332.3	336.7	332.3	366.1	376.8	354.1	389.4	393.0
3 Profits tax liability	136.7	124.0	140.2	122.9	127.0	125.0	136.4	144.1	131.8	148.5	147.2
4 Profits after taxes	218.7	210.7	231.4	209.4	209.6	207.4	229.7	232.7	222.2	241.0	245.7
5 Dividends	149.3	146.5	149.3	146.2	145.1	143.9	143.6	146.6	151.1	155.9	160.2
6 Undistributed profits	69.4	64.2	82.1	63.2	64.5	63.4	86.2	86.1	71.1	85.0	85.5
7 Inventory valuation	−14.2	3.1	−7.4	9.9	−4.8	.7	−5.4	−15.5	−9.7	1.0	−9.4
8 Capital consumption adjustment	20.5	8.4	29.5	5.1	9.3	14.1	23.3	27.0	29.7	38.1	40.6

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 Q4	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 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
ASSETS										
1 Accounts receivable, gross[2]	492.3	480.6	482.1	485.2	480.6	475.6	476.7	473.9	482.1	473.7
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	293.7
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	48.1
6 Reserves for losses	9.6	12.9	15.8	13.1	12.9	13.0	12.3	12.0	15.8	14.9
7 Accounts receivable, net	425.1	412.6	415.5	414.6	412.6	409.0	413.2	411.1	415.5	410.7
8 All other	113.9	149.0	150.6	136.4	149.0	145.5	139.4	146.5	150.6	153.0
9 **Total assets**	**539.0**	**561.6**	**566.1**	**551.1**	**561.6**	**554.5**	**552.6**	**557.6**	**566.1**	**563.7**
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	76.2
17 Capital, surplus, and undivided profits	63.7	64.8	67.8	63.8	64.8	66.0	67.1	68.1	67.8	66.7
18 **Total liabilities and capital**	**539.6**	**561.2**	**566.1**	**550.5**	**561.2**	**554.6**	**552.7**	**559.4**	**566.1**	**563.7**

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, since 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	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.r	1993 May
	Seasonally adjusted								
1 **Total**	**522,474**	**519,910**	**534,845**	**534,845**	**529,256**	**531,398**	**532,144**	**532,468**	**522,449**
2 Consumer	160,468	154,822	157,707	157,707	156,551	157,733	156,277	156,390	152,638
3 Real estate[2]	65,147	65,383	68,011	68,011	68,942	70,016	68,726	69,803	66,361
4 Business	296,858	299,705	309,127	309,127	303,763	303,649	307,141	306,276	303,450
	Not seasonally adjusted								
5 **Total**	**525,888**	**523,192**	**538,158**	**538,158**	**528,847**	**528,490**	**532,298**	**534,328**	**523,520**
6 Consumer	161,360	155,713	158,631	158,631	156,430	155,929	154,933	155,389	152,073
7 Motor vehicles	75,045	63,415	57,605	57,605	57,165	54,036	53,508	53,977	53,907
8 Other consumer[3]	58,213	58,522	59,522	59,522	58,844	58,651	58,346	58,546	55,344
9 Securitized motor vehicles[4]	19,837	23,166	29,775	29,775	28,894	32,860	32,915	32,443	32,717
10 Securitized other consumer[4]	8,265	10,610	11,729	11,729	11,527	10,383	10,164	10,423	10,105
11 Real estate[2]	65,509	65,760	68,410	68,410	68,889	69,216	68,135	69,356	66,115
12 Business	299,019	301,719	311,118	311,118	303,527	303,345	309,230	309,583	305,332
13 Motor vehicles	92,125	90,613	87,456	87,456	86,491	86,412	91,647	91,692	89,328
14 Retail[5]	26,454	22,957	19,303	19,303	19,124	17,881	16,961	17,228	16,524
15 Wholesale[6]	33,573	31,216	29,962	29,962	28,727	30,059	35,894	35,063	32,242
16 Leasing	32,098	36,440	38,191	38,191	38,640	38,472	38,792	39,400	40,562
17 Equipment	137,654	141,399	151,607	151,607	146,820	145,886	145,878	145,877	145,237
18 Retail	31,968	30,962	32,212	32,212	32,458	32,430	32,560	32,170	32,384
19 Wholesale[6]	11,101	9,671	8,669	8,669	8,582	8,318	8,656	8,642	8,556
20 Leasing	94,585	100,766	110,726	110,726	105,780	105,138	104,662	105,066	104,297
21 Other business[7]	63,773	60,900	57,464	57,464	55,760	55,962	56,153	56,144	54,487
22 Securitized business assets[4]	5,467	8,807	14,590	14,590	14,457	15,085	15,552	15,870	16,280
23 Retail	667	576	1,118	1,118	1,036	973	904	1,434	1,375
24 Wholesale	3,281	5,285	8,756	8,756	8,582	9,408	9,824	9,745	9,590
25 Leasing	1,519	2,946	4,716	4,716	4,839	4,704	4,824	4,691	5,315

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	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	154.0	158.6	159.7	156.2	150.9	153.1	185.6
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	117.7	119.5	114.5	121.5	115.0	118.8	125.3
3 Loan-to-price ratio (percent)	74.8	75.0	76.6	77.7	76.8	75.4	79.3	78.5	79.5	75.3
4 Maturity (years)	27.3	26.8	25.6	26.1	25.7	23.8	26.9	24.9	26.9	25.4
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.31	1.49	1.43	1.50	1.23	1.43	1.32
Yield (percent per year)										
6 Contract rate[1]	9.68	9.02	7.98	7.65	7.57	7.52	7.22	7.26	7.14	7.02
7 Effective rate[1,3]	10.01	9.30	8.25	7.88	7.82	7.77	7.46	7.46	7.37	7.23
8 Contract rate (HUD series)[4]	10.08	9.20	8.43	8.19	7.93	7.63	7.59	7.51	7.59	7.52
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	10.17	9.25	8.46	8.12	8.04	7.55	7.57	7.56	7.59	7.33
10 GNMA securities[6]	9.51	8.59	7.77	7.57	7.39	7.02	6.79	6.77	6.79	6.75
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	158,119	159,204	159,766	161,147	163,719	166,849	171,232
12 FHA/VA	21,028	21,702	22,168	22,593	22,640	22,573	22,700	22,682	22,691	22,656
13 Conventional	92,302	101,135	120,664	135,526	136,564	137,193	138,447	141,037	144,158	148,576
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	8,832	4,993	4,118	4,730	6,761	7,526	9,131
Mortgage commitments (during period)										
15 Issued[7]	23,689	40,010	74,970	6,185	4,189	4,177	6,644	7,764	7,791	8,697
16 To sell[8]	5,270	7,608	10,493	1,811	1,159	221	0	112	30	323
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	20,419	24,131	29,959	33,665	32,370	32,454	35,421	38,361	39,960	n.a.
18 FHA/VA	547	484	408	352	347	343	337	330	325	n.a.
19 Conventional	19,871	23,283	29,552	33,313	32,023	32,112	35,084	38,031	39,635	n.a.
Mortgage transactions (during period)										
20 Purchases	75,517	97,727	191,125	20,792	15,512	12,063	12,587	15,885	18,842	n.a.
21 Sales	73,817	92,478	179,208	19,602	16,536	12,105	10,286	13,807	17,532	18,159
Mortgage commitments (during period)[9]										
22 Contracted	102,401	114,031	261,637	32,453	17,591	23,366	21,103	20,731	18,908	n.a.

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.

SOURCE. Line 64, 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	1992	1993				
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
	Seasonally adjusted								
1 **Total**	**738,765**	**733,510**	**741,093**	**741,093**	**744,196**	**748,765**	**751,727**	**754,719**	**753,917**
2 Automobile	284,739	260,898	259,627	259,627	258,463	260,945	261,449	261,826	263,552
3 Revolving	222,552	243,564	254,299	254,299	256,435	259,378	260,990	262,700	263,642
4 Other	231,474	229,048	227,167	227,167	229,299	228,443	229,288	230,193	226,723
	Not seasonally adjusted								
5 **Total**	**752,883**	**749,052**	**756,944**	**756,944**	**749,153**	**746,914**	**744,713**	**748,955**	**748,375**
By major holder									
6 Commercial banks	347,087	340,713	331,869	331,869	330,355	330,060	329,764	331,649	333,314
7 Finance companies	133,258	121,937	117,127	117,127	116,009	112,686	111,854	112,523	109,251
8 Credit unions	93,057	92,681	97,641	97,641	98,261	98,785	99,778	101,534	102,967
9 Retailers	43,464	39,832	42,079	42,079	40,057	38,462	38,030	38,218	38,681
10 Savings institutions	52,164	45,965	43,461	43,461	43,428	43,516	43,255	43,451	43,785
11 Gasoline companies	4,822	4,362	4,365	4,365	4,366	4,148	4,080	4,280	4,486
12 Pools of securitized assets[2]	79,030	103,562	120,402	120,402	116,677	119,257	117,952	117,300	115,891
By major type of credit[3]									
13 Automobile	284,903	261,219	259,964	259,964	257,744	259,344	259,089	260,224	262,407
14 Commercial banks	124,913	112,666	109,743	109,743	109,671	111,005	111,287	111,351	113,322
15 Finance companies	75,045	63,415	57,605	57,605	57,165	54,036	53,508	53,977	53,907
16 Pools of securitized assets[2]	24,620	28,915	33,878	33,878	32,388	36,031	36,096	36,178	35,974
17 Revolving	234,801	256,876	267,949	267,949	261,217	258,430	257,544	259,015	260,506
18 Commercial banks	133,385	138,005	132,582	132,582	129,567	127,877	128,079	129,464	130,531
19 Retailers	38,448	34,712	36,629	36,629	34,666	33,110	32,681	32,838	33,254
20 Gasoline companies	4,822	4,362	4,365	4,365	4,366	4,148	4,080	4,280	4,486
21 Pools of securitized assets[2]	45,637	63,595	74,243	74,243	71,927	72,024	70,890	69,919	69,054
22 Other	233,178	230,957	229,031	229,031	230,192	229,141	228,080	229,716	225,462
23 Commercial banks	88,789	90,042	89,544	89,544	91,117	91,178	90,398	90,834	89,461
24 Finance companies	58,213	58,522	59,522	59,522	58,844	58,651	58,346	58,546	55,344
25 Retailers	5,016	5,120	5,450	5,450	5,391	5,352	5,349	5,380	5,427
26 Pools of securitized assets[2]	8,773	11,052	12,281	12,281	12,362	11,202	10,966	11,203	10,863

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		1993				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.78	11.14	9.29	8.60	n.a.	n.a.	8.57	n.a.	n.a.	8.17
2 24-month personal	15.46	15.18	14.04	13.55	n.a.	n.a.	13.57	n.a.	n.a.	13.63
3 120-month mobile home	14.02	13.70	12.67	12.36	n.a.	n.a.	12.38	n.a.	n.a.	12.00
4 Credit card	18.17	18.23	17.78	17.38	n.a.	n.a.	17.26	n.a.	n.a.	17.15
Auto finance companies										
5 New car	12.54	12.41	9.93	9.65	9.65	10.08	10.32	9.95	9.61	9.51
6 Used car	15.99	15.60	13.80	13.37	13.66	13.72	13.90	13.21	12.74	12.61
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.6	55.1	54.0	54.1	53.6	53.9	54.3	54.6	54.5	54.4
8 Used car	46.0	47.2	47.9	47.8	47.7	49.2	49.0	49.0	48.9	48.9
Loan-to-value ratio										
9 New car	87	88	89	89	90	90	91	90	90	91
10 Used car	95	96	97	97	97	97	98	98	98	98
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	14,043	14,315	13,975	13,849	14,013	14,021	14,146
12 Used car	8,289	8,884	9,119	9,475	9,464	9,472	9,457	9,641	9,731	9,829

1. 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 Oct.	Nov.	Dec.	1993 Jan.	Feb.	Mar.	Apr.	May	June
1 **Industrial production**[1]	**106.0**	**104.1**	**106.5**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4r**	**110.3r**	**110.1**
Market groupings												
2 Products, total	105.5	103.1	105.6	107.1	107.8	108.2	108.5	109.2	109.5	109.5	109.4r	109.1
3 Final, total	107.0	105.3	108.2	110.1	111.0	111.5	111.9	112.4	112.7r	112.8r	112.6r	112.2
4 Consumer goods	103.4	102.8	105.2	106.4	107.1	107.5	107.6	108.5	108.6r	108.3r	107.9r	107.1
5 Equipment	112.1	108.9	112.7	115.4	116.7	117.2	118.1	118.0	118.7r	119.4r	119.5	119.6
6 Intermediate	101.2	96.5	97.6	97.8	98.1	98.3	98.2	99.3	99.6	99.6r	99.6	99.5
7 Materials	106.8	105.5	107.9	108.1	109.3	110.0	110.4	110.9	110.9	111.6r	111.6	111.6
Industry groupings												
8 Manufacturing	106.1	103.7	106.9	108.0	108.9	109.2	109.9	110.5	110.8r	111.3r	111.2r	110.8
9 Capacity utilization, manufacturing (percent)[2]	81.1	77.8	78.8	79.2	79.7	79.8	80.3	80.5	80.6	80.9r	80.7r	80.3
10 *Construction contracts*[3]	95.3	89.7	94.5r	*104.0*	*92.0*	*90.0*	*100.0*	*95.0*	*94.0*	*94.0*	*91.0*	*104.0*
11 Nonagricultural employment, total[4]	107.7	106.2	106.4	106.7	106.8	107.0	107.1	107.4	107.5	107.7	107.9	107.9
12 Goods-producing, total	101.2	96.6	94.9	93.2	93.2	93.2	93.2	93.5	93.3	93.1	93.2	92.9
13 Manufacturing, total	100.6	97.1	95.8	94.3	94.3	94.3	94.4	94.5	94.4	94.0	93.8	93.5
14 Manufacturing, production workers	100.2	96.3	95.3	93.9	94.0	94.1	94.3	94.5	94.4	94.0	93.8	93.5
15 Service-producing	109.8	109.3	110.0	111.0	111.2	111.4	111.6	111.9	112.0	112.4r	112.6	112.7
16 Personal income, total	122.7	127.0	133.0	135.3	135.3	136.6	137.4	137.5	138.4	138.5	139.3	n.a.
17 Wages and salary disbursements	121.3	124.4	129.0	130.5	131.2	132.3	133.1	132.9	132.8	133.3	134.6	n.a.
18 Manufacturing	113.5	113.6	115.4	116.5	116.0	118.0	117.2	117.8	117.8	118.1	118.0	n.a.
19 Disposable personal income[5]	122.9	128.0	134.7	137.0	136.8	138.2	138.8	139.0	140.0	140.1	140.9	n.a.
20 Retail sales[6]	120.2	121.3	127.1r	130.7	130.5	131.9	132.0	131.9	130.5	133.0r	133.5r	134.0
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	141.8	142.0	141.9	142.6	143.1	143.6	144.0	144.2	144.4
22 Producer finished goods (1982=100)	119.2	121.7	123.2	124.4	124.0	123.8	124.2	124.5r	124.6	125.3	125.7	125.6

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 Co., 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.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1992 Nov.	Dec.	1993 Jan.	Feb.	Mar.	Apr.	May r	June
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**189,686**	**191,329**	**193,142**	**193,847**	**194,026**	**194,159**	**194,298**	**194,456**	**194,618**	**194,767**	**194,933**
2 Labor force[1]	126,424	126,867	128,548	128,896	129,108	128,598	128,839	128,926	128,833	129,615	129,604
3 Civilian labor force	124,787	125,303	126,982	127,365	127,591	127,083	127,327	127,429	127,341	128,131	128,127
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	114,855	115,049	114,879	115,335	115,483	115,356	116,203	116,195
5 Agriculture	3,186	3,233	3,207	3,209	3,262	3,191	3,116	3,082	3,060	3,070	3,024
Unemployment											
6 Number	6,874	8,426	9,384	9,301	9,280	9,013	8,876	8,864	8,925	8,858	8,908
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.3	7.3	7.1	7.0	7.0	7.0	6.9	7.0
8 Not in labor force	63,262	64,462	64,594	64,951	64,918	65,561	65,459	65,530	65,785	65,152	65,329
ESTABLISHMENT SURVEY DATA											
9 ***Nonagricultural payroll employment***[3]	***109,782***	***108,310***	***108,434***	***108,921***	***109,079***	***109,235***	***109,539***	***109,565***	***109,820r***	***110,035***	***110,048***
10 Manufacturing	19,117	18,455	18,192	17,917	17,913	17,936	17,954	17,935	17,863r	17,820	17,767
11 Mining	710	691	635	616	613	611	600	600	600r	602	595
12 Contract construction	5,133	4,685	4,594	4,462	4,459	4,454	4,515	4,481	4,517	4,572	4,566
13 Transportation and public utilities	5,808	5,772	5,741	5,699	5,707	5,719	5,725	5,724	5,720r	5,723	5,718
14 Trade	25,877	25,328	25,120	25,466	25,522	25,609	25,726	25,707	25,758r	25,809	25,835
15 Finance	6,729	6,678	6,672	6,569	6,575	6,578	6,577	6,574	6,585r	6,590	6,587
16 Service	28,130	28,323	28,903	29,430	29,524	29,573	29,665	29,756	29,977r	30,096	30,152
17 Government	18,304	18,380	18,578	18,762	18,766	18,755	18,777	18,788	18,800r	18,823	18,828

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	Output (1987=100) 1992 Q3	1992 Q4	1993 Q1[r]	1993 Q2	Capacity (percent of 1987 output) 1992 Q3	1992 Q4	1993 Q1	1993 Q2	Capacity utilization rate (percent) 1992 Q3	1992 Q4	1993 Q1[r]	1993 Q2
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	111.1	136.0	136.6	137.2	137.8	78.7	79.6	80.5	80.6
3 Primary processing	103.7	104.7	106.4	106.8	126.4	126.6	126.8	127.1	82.1	82.7	83.9	84.0
4 Advanced processing	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	114.6	141.9	142.6	143.4	144.1	76.3	77.7	79.2	79.5
6 Lumber and products	96.0	98.5	99.7	97.0	112.4	112.5	112.6	112.7	85.4	87.6	88.5	86.1
7 Primary metals	99.7	101.5	105.0	104.2	125.3	125.0	124.9	124.9	79.6	81.2	84.1	83.4
8 Iron and steel	103.5	105.0	109.1	108.3	130.4	129.9	129.8	130.0	79.4	80.8	84.1	83.4
9 Nonferrous	94.5	96.7	99.3	98.5	118.3	118.2	118.1	117.9	79.8	81.8	84.1	83.5
10 Nonelectrical machinery	126.8	132.4	137.1	143.8	160.6	162.1	163.7	165.5	79.0	81.7	83.8	86.9
11 Electrical machinery	120.9	124.0	127.1	129.1	151.3	152.6	154.1	155.7	80.0	81.2	82.5	82.9
12 Motor vehicles and parts	103.6	111.4	120.6	118.6	152.9	154.5	155.8	156.8	67.7	72.1	77.4	75.7
13 Aerospace and miscellaneous transportation equipment	99.5	97.7	95.7	93.0	135.7	135.8	135.7	135.5	73.3	72.0	70.5	68.6
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	104.8	116.6	116.7	116.9	117.1	90.3	90.1	90.8	89.5
16 Paper and products	108.6	107.9	110.0	112.8	121.7	122.1	122.5	122.9	89.2	88.4	89.8	91.7
17 Chemicals and products	114.7	116.9	116.9	118.0	142.6	143.5	144.4	145.4	80.4	81.4	80.9	81.2
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	104.9	116.6	116.2	115.9	115.7	85.9	89.7	89.9	90.7
20 Mining	97.5	97.9	96.5	96.5	112.3	112.0	111.7	111.5	86.9	87.4	86.3	86.6
21 Utilities	110.9	114.7	116.0	115.4	131.4	131.8	132.2	132.5	84.5	87.1	87.8	87.1
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

Capacity utilization rate (percent)

Series	1973 High	1975 Low	Previous cycle[2] High	Previous cycle[2] Low	Latest cycle[3] High	Latest cycle[3] Low	1992 June	1993 Jan.	1993 Feb.	1993 Mar.[r]	1993 Apr.[r]	1993 May[r]	1993 June[p]
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.3**	**79.5**	**81.2**	**81.5**	**81.6**	**81.7**	**81.5**	**81.2**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	78.6	80.3	80.5	80.6	80.9	80.7	80.3
3 Primary processing	99.0	82.7	89.7	66.8	89.1	77.9	82.2	83.5	84.3	83.8	84.2	84.1	83.8
4 Advanced processing	99.0	82.7	86.3	71.4	83.3	76.1	77.0	78.9	79.0	79.3	79.5	79.2	78.8
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	76.1	78.9	79.4	79.5	79.8	79.6	79.1
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	83.5	88.2	90.4	87.0	86.5	86.8	85.0
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	80.6	82.3	86.5	83.4	83.5	83.4	83.4
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	79.4	82.4	87.0	82.9	83.5	83.2	83.4
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	82.3	82.2	85.9	84.3	83.6	83.6	83.4
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	77.6	82.8	83.5	85.0	86.4	86.9	87.3
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	79.3	82.0	82.5	83.1	82.9	83.1	82.7
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	69.1	77.7	77.5	76.9	77.3	75.9	73.8
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	74.2	71.2	70.6	69.8	69.3	68.7	67.9
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	81.9	82.2	82.1	82.2	82.4	82.1	81.8
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	89.1	91.5	90.8	90.1	89.1	90.0	89.3
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	89.5	88.8	90.1	90.6	92.2	91.8	91.3
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	80.9	81.1	80.4	81.3	81.1	81.2	81.3
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	86.3	86.0	85.3	87.4	87.7	85.7	85.9
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	87.2	89.0	90.3	90.4	90.1	91.4	90.6
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	86.3	87.9	85.8	85.3	86.4	86.9	86.4
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	83.9	85.4	88.9	89.0	86.8	86.7	87.8
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	85.8	87.7	90.3	90.0	88.6	88.5	89.8

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. Monthly highs, 1978 through 1980; monthly lows, 1982.

3. 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 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**106.5**	**106.0**	**106.8**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.3**	**110.1**
2 Products	60.8	105.6	104.8	105.7	105.9	105.3	107.1	107.8	108.2	108.5	109.2	109.5	109.5	109.4	109.1
3 Final products	46.0	108.2	107.1	108.1	108.9	108.1	110.1	111.0	111.5	111.9	112.4	112.7	112.8	112.6	112.2
4 Consumer goods, total	26.0	105.2	104.0	104.9	105.1	104.4	106.4	107.1	107.5	107.6	108.5	108.6	108.3	107.9	107.1
5 Durable consumer goods	5.6	102.5	102.0	102.8	101.9	100.9	104.1	105.7	107.9	110.9	111.3	111.5	112.1	110.8	108.4
6 Automotive products	2.5	99.4	99.0	98.8	99.5	97.3	103.1	104.1	108.7	112.7	111.9	111.2	112.1	109.3	106.0
7 Autos and trucks	1.5	96.9	96.5	95.3	96.0	93.5	101.5	102.9	111.7	116.8	114.6	113.4	114.3	110.1	104.9
8 Autos, consumer	.9	79.0	83.5	81.2	77.0	77.9	78.5	79.6	86.9	86.6	90.2	90.5	90.2	86.5	83.5
9 Trucks, consumer	.6	127.9	119.2	119.8	128.8	120.4	141.3	143.3	154.6	169.1	156.9	153.1	155.9	150.9	142.1
10 Auto parts and allied goods	1.0	103.7	103.2	104.6	105.3	103.7	105.9	106.0	103.8	105.8	107.4	107.5	108.5	108.1	107.9
11 Other	3.1	105.2	104.6	106.3	104.0	104.1	104.9	107.1	107.2	109.3	110.7	111.7	112.0	112.1	110.5
12 Appliances, A/C, and TV	.8	110.4	109.6	109.7	111.0	112.9	110.8	110.8	110.5	116.0	117.6	125.0	123.9	122.4	118.2
13 Carpeting and furniture	.9	99.9	98.0	101.7	97.7	98.2	98.5	103.7	105.4	105.5	106.7	104.5	105.3	108.5	107.0
14 Miscellaneous home goods	1.4	105.6	106.0	107.4	104.1	102.9	105.8	107.1	106.6	108.0	109.5	108.9	109.6	108.7	108.3
15 *Nondurable consumer goods*	20.4	105.9	104.6	105.5	106.0	105.3	107.1	107.5	107.4	106.7	107.7	107.7	107.2	107.0	106.7
16 Foods and tobacco	9.1	104.7	103.3	105.0	107.0	104.9	105.9	105.2	104.8	104.6	105.5	104.3	104.6	104.4	103.7
17 Clothing	2.6	95.0	94.5	95.1	94.0	94.3	94.5	95.9	96.0	95.7	95.0	94.6	94.8	94.6	94.1
18 Chemical products	3.5	118.7	117.6	117.3	116.5	118.5	121.1	123.3	121.7	122.4	121.1	123.7	123.1	122.7	122.3
19 Paper products	2.5	100.8	100.6	100.1	100.2	100.4	100.1	100.9	100.9	100.2	101.8	102.1	101.7	101.2	101.4
20 Energy	2.7	108.3	105.2	106.3	105.6	104.6	111.1	112.0	114.4	109.5	115.5	116.0	111.7	112.6	112.9
21 Fuels	.7	104.7	103.8	104.1	98.9	103.5	109.8	107.7	106.1	106.5	108.9	107.1	106.6	109.0	106.6
22 Residential utilities	2.0	109.6	105.8	107.2	108.2	105.1	111.6	113.6	117.5	110.7	118.0	119.5	113.6	113.9	115.3
23 Equipment	20.0	112.7	111.6	112.7	114.3	113.5	115.4	116.7	117.2	118.1	118.0	118.7	119.4	119.5	119.6
24 Business equipment	13.9	123.2	121.9	123.7	126.1	125.0	127.5	129.0	129.6	131.2	131.7	133.4	134.4	134.7	134.9
25 Information processing and related	5.6	134.7	134.3	137.4	138.5	138.2	142.2	142.9	143.2	144.4	146.1	149.1	150.4	152.4	153.9
26 Office and computing	1.9	168.3	167.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.3	209.1	214.9	220.3
27 Industrial	4.0	108.5	108.7	109.1	109.2	109.6	110.1	112.0	112.3	113.1	112.2	113.7	114.6	114.7	114.6
28 Transit	2.5	137.1	133.9	135.3	143.3	134.5	137.4	140.4	144.1	146.7	146.5	145.0	144.2	141.2	136.9
29 Autos and trucks	1.2	117.9	117.2	114.2	117.3	114.7	121.7	123.9	131.4	136.7	136.8	135.8	136.2	133.1	127.3
30 Other	1.9	104.7	99.2	100.2	105.6	107.3	108.8	110.7	109.2	112.6	113.4	114.9	117.3	116.4	117.9
31 Defense and space equipment	5.4	85.9	86.5	85.1	84.5	84.4	83.5	83.2	82.5	82.0	81.5	80.7	80.5	79.8	78.8
32 Oil and gas well drilling	.6	78.3	73.1	73.8	75.6	76.3	82.7	86.4	91.2	89.0	77.9	71.1	72.4	75.1	82.4
33 Manufactured homes	.2	99.7	90.1	101.3	96.9	100.9	110.4	118.5	128.6	129.4	127.1	116.2	114.9	112.1	112.3
34 Intermediate products, total	14.7	97.6	97.7	98.6	97.0	96.9	97.8	98.1	98.3	98.2	99.3	99.6	99.6	99.6	99.5
35 Construction supplies	6.0	93.8	93.6	94.3	94.1	93.0	94.7	95.1	94.5	94.8	97.5	96.4	95.9	96.9	96.3
36 Business supplies	8.7	8.3	100.6	101.4	99.0	99.5	99.9	100.0	100.8	100.5	100.5	101.8	102.0	101.4	101.6
37 Materials	39.2	107.9	107.8	108.5	107.6	107.4	108.1	109.3	110.0	110.4	110.9	110.9	111.6	111.6	111.6
38 Durable goods materials	19.4	108.9	108.7	109.3	108.9	107.6	109.7	111.1	111.9	113.3	114.2	114.1	114.8	115.0	114.9
39 Durable consumer parts	4.2	3.9	101.5	100.6	101.4	98.5	101.8	104.3	107.5	110.8	111.8	112.2	113.0	113.0	113.0
40 Equipment parts	7.3	116.5	116.6	117.7	117.1	116.2	118.3	119.3	119.7	120.4	121.0	121.3	122.3	123.0	123.3
41 Other	7.9	106.0	105.4	106.3	105.5	104.6	106.2	107.4	107.5	108.6	109.7	108.9	109.4	109.3	108.9
42 Basic metal materials	2.8	108.3	107.8	108.7	107.7	105.8	108.3	109.8	108.8	110.4	113.2	109.9	110.3	111.1	110.6
43 *Nondurable goods materials*	9.0	110.9	111.5	111.5	110.7	111.7	110.7	112.0	111.5	112.4	112.1	112.8	113.8	113.7	113.9
44 Textile materials	1.2	102.8	101.8	107.7	101.6	103.3	102.7	103.4	102.9	104.2	103.2	104.2	103.0	102.1	101.6
45 Pulp and paper materials	1.9	109.9	110.8	110.3	108.7	112.3	109.1	110.2	110.7	110.7	111.9	112.8	115.4	114.7	114.0
46 Chemical materials	3.8	114.2	114.8	114.1	114.5	114.5	114.4	115.6	114.6	114.9	114.6	115.6	116.0	117.3	118.1
47 Other	2.1	110.4	111.6	110.0	110.5	110.5	109.7	112.0	111.3	114.1	112.5	112.6	114.4	112.7	112.7
48 Energy materials	10.9	103.4	103.1	104.4	102.5	103.6	103.0	103.9	105.1	103.4	103.8	103.5	103.8	103.6	103.5
49 Primary energy	7.2	99.7	99.6	100.4	99.4	99.6	99.4	100.2	101.3	100.4	98.3	97.4	99.9	99.9	99.0
50 Converted fuel materials	3.7	110.6	109.9	112.3	108.7	111.4	110.0	111.1	112.4	109.1	114.6	115.4	111.5	111.0	112.2
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	106.6	106.1	107.0	106.7	106.3	107.4	108.4	108.6	108.9	109.5	109.7	110.0	110.1	110.0
52 Total excluding motor vehicles and parts	95.3	106.6	106.1	107.0	106.7	106.4	107.5	108.4	108.6	108.7	109.3	109.6	109.8	109.9	109.8
53 Total excluding office and computing machines	97.5	105.0	104.6	105.3	105.0	104.5	105.7	106.6	107.1	107.3	107.8	107.8	108.0	107.8	107.4
54 Consumer goods excluding autos and trucks	24.5	105.7	104.6	105.5	105.7	105.1	106.8	107.4	107.3	107.0	108.1	108.2	107.9	107.7	107.2
55 Consumer goods excluding energy	23.3	104.8	103.9	104.7	105.0	104.3	105.9	106.6	106.8	107.4	107.7	107.7	107.9	107.3	106.4
56 Business equipment excluding autos and trucks	12.7	123.7	122.3	124.5	126.9	125.9	128.0	129.5	129.5	130.7	131.3	133.2	134.2	134.8	135.5
57 Business equipment excluding office and computing equipment	12.0	115.7	114.3	115.6	118.1	116.1	118.1	119.7	120.1	121.0	120.6	121.6	121.8	121.2	120.5
58 Materials excluding energy	28.4	109.5	109.5	110.0	109.4	108.8	110.0	111.4	111.8	113.0	113.6	113.7	114.5	114.6	114.6

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

Group	SIC code[2]	1987 proportion	1992 avg.	1992 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1993 Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**106.5**	**106.0**	**106.8**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.3**	**110.1**
60 Manufacturing	...	84.3	106.9	106.5	107.1	107.0	106.8	108.0	108.9	109.2	109.9	110.5	110.8	111.3	111.2	110.8
61 Primary processing	...	27.1	103.8	103.7	104.3	103.5	103.3	104.1	105.1	105.0	105.8	106.9	106.4	106.9	106.9	106.7
62 Advanced processing	...	57.1	108.3	107.9	108.4	108.7	108.4	109.9	110.7	111.3	111.9	112.2	112.9	113.4	113.2	112.8
63 Durable goods	...	46.5	108.1	107.6	108.2	108.5	108.1	109.8	110.9	111.8	112.9	113.8	114.1	114.8	114.7	114.3
64 Lumber and products	24	2.1	96.4	93.8	96.6	96.6	94.7	97.8	99.8	98.0	99.3	101.8	98.0	97.4	97.9	95.8
65 Furniture and fixtures	25	1.5	99.0	94.2	97.5	99.2	100.5	100.4	102.3	103.9	105.2	106.0	107.3	108.1	107.8	108.3
66 Clay, glass, and stone products	32	2.4	96.0	95.6	96.8	95.7	96.5	96.8	97.6	98.0	97.0	98.9	98.6	99.8	98.8	98.8
67 Primary metals	33	3.3	101.1	101.2	100.6	100.5	98.0	100.5	101.6	102.4	102.8	108.0	104.2	104.3	104.1	104.1
68 Iron and steel	331,2	1.9	104.7	103.8	104.7	103.8	102.0	104.1	103.6	107.4	107.0	112.9	107.6	108.4	108.2	108.4
69 Raw steel	...	.1	101.2	101.6	101.7	99.1	98.9	99.8	102.8	104.6	103.4	105.9	102.0	102.6	105.1	...
70 Nonferrous	333–6,9	1.4	96.1	97.5	95.0	96.1	92.4	95.6	98.7	95.7	97.1	101.4	99.4	98.6	98.5	98.2
71 Fabricated metal products	34	5.4	96.7	97.1	97.0	97.0	96.5	97.5	97.6	97.8	99.8	99.7	100.3	101.0	100.2	100.3
72 Industrial and commercial machinery and computer equipment	35	8.5	124.8	123.8	125.7	126.9	127.9	130.6	132.8	133.8	135.0	136.7	139.6	142.5	143.9	145.0
73 Office and computing machines	357	2.3	168.3	167.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.3	209.1	214.9	220.3
74 Electrical machinery	36	6.9	119.8	119.3	120.7	120.6	121.5	122.6	124.4	124.8	125.8	127.1	128.5	128.6	129.4	129.2
75 Transportation equipment	37	9.9	102.6	102.7	101.4	102.4	100.5	103.0	103.6	106.3	108.4	107.8	106.9	107.0	105.6	103.6
76 Motor vehicles and parts	371	4.8	104.8	104.8	103.1	105.0	102.6	108.0	109.9	116.2	120.9	120.7	120.1	120.9	119.0	116.0
77 Autos and light trucks	...	2.2	101.4	102.7	100.8	99.7	97.9	104.1	105.4	114.4	118.2	117.8	116.9	117.5	113.1	108.1
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	100.6	100.8	99.8	100.0	98.6	98.3	97.7	97.1	96.7	95.8	94.6	93.9	93.2	91.9
79 Instruments	38	5.1	104.2	104.4	104.9	104.3	103.7	103.7	103.6	103.3	103.0	102.2	103.3	102.5	102.3	101.6
80 Miscellaneous	39	1.3	109.7	109.7	111.6	109.1	108.7	110.5	111.4	111.8	110.9	111.9	112.6	114.5	113.8	112.8
81 Nondurable goods	...	37.8	105.4	105.2	105.7	105.2	105.2	105.8	106.4	106.0	106.4	106.4	106.6	107.0	106.9	106.6
82 Foods	20	8.8	106.0	105.4	105.9	106.3	105.6	106.8	106.4	106.2	105.9	106.9	106.7	106.8	106.1	105.3
83 Tobacco products	21	1.0	99.2	96.4	101.5	115.5	101.7	102.4	101.9	96.1	100.5	99.3	92.4	96.2	98.1	98.0
84 Textile mill products	22	1.8	104.7	103.8	107.0	103.5	105.1	103.5	106.0	106.0	106.9	106.2	105.4	104.3	105.4	104.7
85 Apparel products	23	2.3	92.3	91.7	92.7	91.3	91.5	91.7	92.9	92.7	93.1	92.5	92.1	92.0	91.6	91.0
86 Paper and products	26	3.6	108.2	108.7	109.1	107.1	109.5	107.3	108.2	108.3	108.6	110.4	111.1	113.2	112.8	112.3
87 Printing and publishing	27	6.5	95.0	95.6	95.7	93.5	94.1	94.5	94.2	94.7	94.7	94.0	94.7	94.9	94.5	94.8
88 Chemicals and products	28	8.8	115.0	114.9	114.6	114.4	115.2	116.2	117.7	116.7	116.8	116.2	117.6	117.7	118.1	118.4
89 Petroleum products	29	1.3	102.0	101.8	101.5	98.0	101.1	105.3	103.9	103.4	103.2	104.7	104.7	104.3	105.7	104.7
90 Rubber and plastic products	30	3.2	109.7	109.7	110.7	110.7	108.5	109.9	111.3	111.3	113.6	112.7	112.9	113.4	112.9	112.2
91 Leather and products	31	.3	92.6	92.3	93.6	92.0	93.8	95.1	96.6	96.7	97.1	99.0	99.1	100.2	98.0	96.2
92 Mining	...	8.0	97.6	97.1	98.5	97.0	97.1	97.6	97.8	98.2	98.3	95.9	95.3	96.4	96.9	96.3
93 Metal	10	.3	161.7	157.8	156.5	165.5	159.8	168.1	171.6	158.1	167.7	163.0	158.2	163.2	170.7	167.6
94 Coal	11,12	1.2	105.5	101.9	108.0	103.9	103.6	103.8	103.5	107.9	108.2	101.7	102.3	108.2	103.8	99.5
95 Oil and gas extraction	13	5.8	92.6	93.1	93.6	91.9	92.7	92.7	92.8	93.4	92.7	90.9	90.4	90.5	91.5	91.8
96 Stone and earth minerals	14	.7	93.8	92.7	94.1	93.8	91.9	93.6	94.4	92.6	93.8	95.2	93.4	92.4	94.3	93.6
97 Utilities	...	7.7	112.0	110.0	111.2	110.4	111.2	112.7	114.7	116.8	112.8	117.5	117.8	115.0	114.9	116.4
98 Electric	491,3PT	6.1	111.6	109.5	110.8	110.0	110.9	112.6	114.1	116.4	112.9	116.5	116.3	114.5	114.6	116.3
99 Gas	492,3PT	1.6	113.2	112.0	112.8	112.1	112.0	113.2	117.3	118.2	112.4	121.4	123.3	116.7	116.2	116.9
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	106.6	107.4	107.2	107.1	108.0	108.8	108.8	109.3	109.8	110.2	110.7	110.7	110.5
101 Manufacturing excluding office and computing machines	...	81.9	105.1	104.8	105.3	105.1	104.8	105.9	106.7	107.0	107.6	108.0	108.1	108.5	108.2	107.7
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,806.4**	**1,794.6**	**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**	**1,881.5**	**1,878.0**	**1,868.4**
103 Final	...	1,314.6	1,420.1	1,408.8	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	1,486.0	1,482.8	1,473.2
104 Consumer goods	...	866.6	913.0	906.6	912.6	908.1	905.1	928.4	931.6	936.3	940.0	949.4	946.1	945.1	942.8	934.5
105 Equipment	...	448.0	507.1	502.2	504.1	509.7	510.6	519.7	525.5	530.5	536.5	536.3	538.2	540.8	540.0	538.7
106 Intermediate	...	392.5	386.4	385.9	390.1	385.0	384.2	387.4	389.6	390.7	388.4	394.5	396.0	395.5	395.2	395.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.

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 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.r	1993 Apr.r	1993 May
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,111	949	1,095	1,081	1,120	1,141	1,136	1,196	1,157	1,141	1,034	1,101	1,121
2 One-family	794	754	911	885	918	954	963	1,037	972	957	871	925	919
3 Two-or-more-family	317	195	184	196	202	187	173	159	185	184	163	176	202
4 Started	1,193	1,014	1,200	1,229	1,218	1,226	1,226	1,286	1,171	1,180	1,124	1,206	1,254
5 One-family	895	840	1,030	1,038	1,045	1,079	1,089	1,133	1,051	1,036	987	1,059	1,110
6 Two-or-more-family	298	174	169	191	173	147	137	153	120	144	137	147	144
7 Under construction at end of period[1]	711	606	612	633	637	645	641	644	641	641	635	639	647
8 One-family	449	434	473	479	485	493	498	501	506	508	502	507	513
9 Two-or-more-family	262	173	140	154	152	152	143	143	135	133	133	132	134
10 Completed	1,308	1,091	1,158	1,133	1,128	1,137	1,229	1,227	1,136	1,241	1,108	1,198	1,125
11 One-family	966	838	964	945	942	964	1,002	1,016	980	1,049	995	1,070	986
12 Two-or-more-family	342	253	194	188	186	173	227	211	156	192	113	128	139
13 Mobile homes shipped	188	171	210	202	217	228	244	266	267	262	247	241	230
Merchant builder activity in one-family units													
14 Number sold	535	507	610	625	672	637	615	662	603	597r	595	723	571
15 Number for sale at end of period[1]	321	284	265	270	267	264	262	265	266	268	271	271	278
Price of units sold (thousands of dollars)[2]													
16 Median	122.3	120.0	121.3	123.5	119.5	125.0	128.9	126.0	118.0	129.4r	125.0	126.9	128.4
17 Average	149.0	147.0	144.9	145.3	142.2	148.4	147.2	146.2	138.9	149.4r	147.0	147.1	153.4
EXISTING UNITS (one-family)													
18 Number sold	3,211	3,219	3,520	3,340	3,380	3,710	3,860	4,040	3,780	3,460	3,370	3,450	3,620
Price of units sold (thousands of dollars)[2]													
19 Median	95.2	99.7	103.6	105.0	103.5	103.4	102.7	104.2	103.1	103.6	105.1	105.8	106.1
20 Average	118.3	127.4	130.8	132.4	131.0	129.3	128.8	131.0	129.4	129.6	131.5	133.0	132.4
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**442,142r**	**403,439r**	**436,043r**	**430,350r**	**433,545r**	**442,565r**	**449,269r**	**455,239r**	**451,271r**	**453,820r**	**454,465**	**451,447**	**453,473**
22 Private	334,681r	293,536r	317,256r	312,266r	317,448r	324,842r	328,196r	335,354r	335,484r	334,801r	336,972	331,260	334,792
23 Residential	182,856	157,837	187,820r	187,297r	189,221r	194,578r	199,304r	206,417r	207,214r	205,730r	205,519	200,466	200,771
24 Nonresidential	151,825r	135,699r	129,436r	124,969r	128,227r	130,264r	128,892r	128,937r	128,270r	129,071r	131,453	130,794	134,021
25 Industrial buildings	23,849	22,281	20,720r	18,899r	19,277r	19,400r	19,246r	19,961r	19,600r	20,484r	22,152	19,519	20,087
26 Commercial buildings	62,866	48,482	41,523r	39,126r	40,398r	41,691r	41,143r	39,602r	41,414r	42,317r	41,323	42,121	42,107
27 Other buildings	21,591	20,797	21,494r	21,139r	21,978r	21,418r	21,517r	20,900r	21,123r	21,564r	21,484	22,531	23,322
28 Public utilities and other	43,519r	44,139r	45,699r	45,805r	46,574r	47,755r	46,986r	48,474r	46,133r	44,706r	46,494	46,623	48,505
29 Public	107,461r	109,900r	118,784r	118,084r	116,097r	117,723r	121,073r	119,885r	115,786r	119,019r	117,493	120,187	118,681
30 Military	2,664	1,837	2,502r	2,504r	2,503r	3,032r	2,557r	2,394r	2,621r	2,703r	2,586	2,416	2,320
31 Highway	32,108r	32,026r	34,929r	35,546r	35,545r	33,408r	37,698r	33,411r	30,648r	33,009r	33,413	34,012	31,983
32 Conservation and development	4,557r	4,861r	5,918r	5,497r	6,148r	5,790r	6,441r	8,144r	5,732r	6,688r	7,112	5,916	5,974
33 Other	68,132r	71,176r	75,435r	74,537r	71,901r	75,493r	74,377r	75,936r	76,785r	76,619r	74,382	77,843	78,404

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 Census Bureau 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. Census Bureau 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, June 1993[1]
	1992 June	1993 June	1992		1993		1993[1]					
			Sept.	Dec.	Mar.	June	Feb.	Mar.	Apr.	May	June	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.1**	**3.0**	**2.6**	**3.2**	**4.0**	**2.2**	**.3**	**.1**	**.4**	**.1**	**.0**	**144.4**
2 Food	.1	2.2	3.2	1.4	2.6	1.4	.1	.1	.4	.4	−.4	140.4
3 Energy items	2.3	.6	1.2	1.9	3.1	−3.8	−.4	.7	.2	−1.0	−.2	106.5
4 All items less food and energy	3.8	3.3	2.5	3.8	4.3	2.9	.5	.1	.4	.2	.1	151.8
5 Commodities	3.0	2.0	1.8	1.5	4.6	.6	.5	.1	.3	.0	−.1	134.9
6 Services	4.2	4.0	2.9	4.7	4.4	4.1	.4	.2	.4	.3	.2	161.5
PRODUCER PRICES (1982=100)												
7 Finished goods	1.6	1.4	1.3	−.3	3.9	1.0	.4[r]	.2[r]	.6	.0	−.3	125.6
8 Consumer foods	−1.8	1.9	4.3	3.3	−2.2	1.9	.0[r]	.0[r]	1.4	−.1	−.9	125.4
9 Consumer energy	3.3	−.7	−3.5	−10.2	17.2	−4.0	1.7	1.3	.1	−.6	−.5	80.4
10 Other consumer goods	3.0	1.7	1.5	1.2	2.9	1.4	.3	.1	.4	.2	−.3	139.7
11 Capital equipment	1.9	1.8	1.2	.6	3.4	2.2	.3[r]	.0[r]	.2	.2	.2	131.2
Intermediate materials												
12 Excluding foods and feeds	1.0	1.2	.7	−2.1	5.3	.7	.6	.3	.1	−.2	.3	117.0
13 Excluding energy	.5	1.3	1.3	−.3	4.3	.0	.5[r]	.2	.2	−.2	.1	123.6
Crude materials												
14 Foods	.0	−.1	−4.8	5.1	1.1	−.8	.0[r]	−.2[r]	2.5	.5	−3.1	107.3
15 Energy	3.9	1.4	19.8	−17.8	−9.7	18.7	−1.4[r]	.4[r]	−.6	4.8	.2	81.2
16 Other	1.9	9.5	2.2	1.9	25.0	10.2	2.0[r]	.3[r]	1.8	.4	.2	141.5

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. 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
				Q1	Q2	Q3	Q4	Q1
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,522.2**	**5,677.5**	**5,950.7**	**5,840.2**	**5,902.2**	**5,978.5**	**6,081.8**	**6,145.8**
By source								
2 Personal consumption expenditures	3,748.4	3,887.7	4,095.8	4,022.8	4,057.1	4,108.7	4,194.8	4,234.7
3 Durable goods	464.3	446.1	480.4	469.4	470.6	482.5	499.1	498.8
4 Nondurable goods	1,224.5	1,251.5	1,290.7	1,274.1	1,277.5	1,292.8	1,318.6	1,320.8
5 Services	2,059.7	2,190.1	2,324.7	2,279.3	2,309.0	2,333.3	2,377.1	2,415.1
6 Gross private domestic investment	799.5	721.1	770.4	722.4	773.2	781.6	804.3	844.0
7 Fixed investment	793.2	731.3	766.0	738.2	765.1	766.6	794.0	809.0
8 Nonresidential	577.6	541.1	548.2	531.0	550.3	549.6	562.1	573.8
9 Structures	201.1	180.1	168.4	170.1	170.3	166.1	167.0	168.0
10 Producers' durable equipment	376.5	360.9	379.9	360.8	380.0	383.5	395.1	405.8
11 Residential structures	215.6	190.3	217.7	207.2	214.8	217.0	231.9	235.2
12 Change in business inventories	6.3	-10.2	4.4	-15.8	8.1	15.0	10.3	34.9
13 Nonfarm	3.3	-10.3	2.2	-13.3	6.4	9.7	6.2	32.6
14 Net exports of goods and services	-68.9	-21.8	-30.4	-8.1	-37.1	-36.0	-40.5	-49.4
15 Exports	557.0	598.2	636.3	628.1	625.4	639.0	652.7	649.4
16 Imports	625.9	620.0	666.7	636.2	662.5	675.0	693.2	698.9
17 Government purchases of goods and services	1,043.2	1,090.5	1,114.9	1,103.1	1,109.1	1,124.2	1,123.3	1,116.6
18 Federal	426.4	447.3	449.1	445.0	444.8	455.2	451.6	441.1
19 State and local	616.8	643.2	665.8	658.0	664.3	669.0	671.7	675.4
By major type of product								
20 Final sales, total	5,515.9	5,687.7	5,946.3	5,855.9	5,894.1	5,963.5	6,071.5	6,110.8
21 Goods	2,160.1	2,192.8	2,260.3	2,233.6	2,233.2	2,258.4	2,316.1	2,309.2
22 Durable	920.6	907.6	943.9	923.6	932.3	943.8	975.8	968.8
23 Nondurable	1,239.5	1,285.1	1,316.4	1,310.0	1,300.8	1,314.6	1,340.3	1,340.4
24 Services	2,846.4	3,030.3	3,197.1	3,142.2	3,173.4	3,217.8	3,255.1	3,299.4
25 Structures	509.4	464.7	488.8	480.1	487.6	487.3	500.3	502.3
26 Change in business inventories	6.3	-10.2	4.4	-15.8	8.1	15.0	10.3	34.9
27 Durable goods	-.9	-19.3	-3.5	-19.3	9.5	2.7	-6.9	17.8
28 Nondurable goods	7.2	9.0	7.9	3.5	-1.4	12.3	17.2	17.2
MEMO								
29 **Total GDP in 1987 dollars**	**4,877.5**	**4,821.0**	**4,922.6**	**4,873.7**	**4,892.4**	**4,933.7**	**4,990.8**	**4,999.9**
NATIONAL INCOME								
30 **Total**	**4,468.3**	**4,544.2**	**4,743.4**	**4,679.4**	**4,716.5**	**4,719.6**	**4,858.0**	**4,914.2**[r]
31 Compensation of employees	3,291.2	3,390.8	3,525.2	3,476.3	3,506.3	3,534.3	3,583.7	3,628.4
32 Wages and salaries	2,742.9	2,812.2	2,916.6	2,877.6	2,901.3	2,923.5	2,963.9	2,999.8
33 Government and government enterprises	514.8	543.5	562.5	554.6	561.4	564.3	569.6	578.2
34 Other	2,228.0	2,268.7	2,354.1	2,323.0	2,339.9	2,359.1	2,394.3	2,421.6
35 Supplement to wages and salaries	548.4	578.7	608.6	598.7	605.0	610.8	619.8	628.6
36 Employer contributions for social insurance	277.4	290.4	302.9	299.4	301.5	302.9	307.6	312.0
37 Other labor income	271.0	288.3	305.7	299.2	303.6	307.9	312.2	316.5
38 Proprietors' income[1]	366.9	368.0	404.5	393.6	398.4	397.4	428.4	441.9
39 Business and professional[1]	325.2	332.2	364.9	353.6	359.9	365.9	380.4	389.0
40 Farm[1]	41.7	35.8	39.5	40.1	38.5	31.5	48.1	52.9
41 Rental income of persons[2]	-12.3	-10.4	4.7	-4.5	3.3	6.4	13.6	17.7
42 Corporate profits[1]	361.7	346.3	393.8	384.0	388.4	374.1	428.5	424.2[r]
43 Profits before tax[3]	355.4	334.7	371.6	366.1	376.8	354.1	389.4	393.0[r]
44 Inventory valuation adjustment	-14.2	3.1	-7.4	-5.4	-15.5	-9.7	1.0	-9.4
45 Capital consumption adjustment	20.5	8.4	29.5	23.3	27.0	29.7	38.1	40.6
46 Net interest	460.7	449.5	415.2	430.0	420.0	407.3	403.6	402.0

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
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,664.2**	**4,828.3**	**5,058.1**	**4,980.5**	**5,028.9**	**5,062.0**	**5,160.9**	**5,237.6**
2 Wage and salary disbursements	2,742.8	2,812.2	2,918.1	2,877.6	2,901.3	2,923.5	2,969.9	3,005.8
3 Commodity-producing industries	745.6	737.4	743.2	736.8	743.1	742.4	750.6	754.4
4 Manufacturing	556.1	556.9	565.7	559.9	564.7	565.5	572.8	576.5
5 Distributive industries	634.6	647.4	666.8	660.9	662.9	667.7	675.8	685.0
6 Service industries	847.8	883.9	945.5	925.3	933.9	949.1	973.9	988.2
7 Government and government enterprises	514.8	543.6	562.5	554.6	561.4	564.3	569.6	578.2
8 Other labor income	271.0	288.3	305.7	299.2	303.6	307.9	312.2	316.5
9 Proprietors' income[1]	366.9	368.0	404.5	393.6	398.4	397.4	428.4	441.9
10 Business and professional[1]	325.2	332.2	364.9	353.6	359.9	365.9	380.4	389.0
11 Farm[1]	41.7	35.8	39.5	40.1	38.5	31.5	48.1	52.9
12 Rental income of persons[2]	-12.3	-10.4	4.7	-4.5	3.3	6.4	13.6	17.7
13 Dividends	140.3	137.0	139.3	133.9	136.6	141.0	145.8	149.9
14 Personal interest income	694.5	700.6	670.2	684.8	675.2	663.2	657.8	656.4
15 Transfer payments	685.8	771.1	866.1	842.7	859.7	874.1	888.0	909.9
16 Old-age survivors, disability, and health insurance benefits	352.0	382.0	414.1	405.7	412.1	417.1	421.6	434.1
17 LESS: Personal contributions for social insurance	224.8	238.4	250.6	246.8	249.3	251.5	254.8	260.4
18 EQUALS: Personal income	4,664.2	4,828.3	5,058.1	4,980.5	5,028.9	5,062.0	5,160.9	5,237.6
19 LESS: Personal tax and nontax payments	621.3	618.7	627.3	619.6	617.1	628.8	643.6	656.0
20 EQUALS: Disposable personal income	4,042.9	4,209.6	4,430.8	4,360.9	4,411.8	4,433.2	4,517.3	4,581.7
21 LESS: Personal outlays	3,867.3	4,009.9	4,218.1	4,146.3	4,179.5	4,229.9	4,316.9	4,358.8
22 EQUALS: Personal saving	175.6	199.6	212.6	214.6	232.3	203.3	200.4	222.9
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,513.0	19,077.1	19,271.4	19,158.5	19,181.8	19,288.4	19,456.3	19,444.3
24 Personal consumption expenditures	13,043.6	12,824.1	12,973.9	12,930.2	12,893.3	12,973.3	13,098.4	13,092.1
25 Disposable personal income	14,068.0	13,886.0	14,035.0	14,017.0	14,021.0	13,998.0	14,105.0	14,165.0
26 Saving rate (percent)	4.3	4.7	4.8	4.9	5.3	4.6	4.4	4.9
GROSS SAVING								
27 **Gross saving**	**718.0**	**708.2**	**686.3**	**677.5**	**682.9**	**696.9**	**687.9**	**732.8[r]**
28 Gross private saving	854.1	901.5	968.8	950.1	968.1	992.1	965.0	994.8[r]
29 Personal saving	175.6	199.6	212.6	214.6	232.3	203.3	200.4	222.9
30 Undistributed corporate profits[1]	75.7	75.8	104.3	104.0	97.7	91.2	124.1	116.8[r]
31 Corporate inventory valuation adjustment	-14.2	3.1	-7.4	-5.4	-15.5	-9.7	1.0	-9.4
Capital consumption allowances								
32 Corporate	368.3	383.0	394.8	386.1	391.2	407.2	394.7	400.0
33 Noncorporate	234.6	243.1	258.6	245.3	247.0	290.4	251.8	261.2
34 Government surplus, or deficit (−), national income and product accounts	-136.1	-193.3	-282.5	-272.6	-285.2	-295.2	-277.2	-262.0
35 Federal	-166.2	-210.4	-298.0	-289.2	-302.9	-304.4	-295.5	-272.1
36 State and local	30.1	17.1	15.5	16.6	17.7	9.2	18.3	10.1
37 **Gross investment**	**723.4**	**730.1**	**720.4**	**706.5**	**713.8**	**732.0**	**729.5**	**776.3[r]**
38 Gross private domestic	799.5	721.1	770.4	722.4	773.2	781.6	804.3	844.0
39 Net foreign	-76.1	9.0	-49.9	-16.0	-59.4	-49.6	-74.7	-67.7[r]
40 **Statistical discrepancy**	**5.4**	**21.9**	**34.1**	**29.0**	**30.9**	**35.1**	**41.7**	**43.4**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item	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 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 6.
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, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1992		1993				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[p]
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	37,796	39,178	37,505	36,928	38,895	38,479	38,953
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	45,633	46,143	45,176	44,832	49,347	48,660	47,319
3 **Trade balance**	**−101,718**	**−66,723**	**−84,501**	**−7,837**	**−6,965**	**−7,672**	**−7,904**	**−10,453**	**−10,182**	**−8,366**

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	1989	1990	1991	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Total**	**74,609**	**83,316**	**77,719**	**71,323**	**71,962**	**72,847**	**74,378**	**75,644**	**76,711**	**73,968**
2 Gold stock, including Exchange Stabilization Fund[1]	11,059	11,058	11,057	11,056	11,055	11,055	11,054	11,054	11,053	11,057
3 Special drawing rights[2,3]	9,951	10,989	11,240	8,503	8,546	8,651	8,787	8,947	9,147	8,987
4 Reserve position in International Monetary Fund[2]	9,048	9,076	9,488	11,759	12,079	12,021	12,184	12,317	12,195	11,926
5 Foreign currencies[4]	44,551	52,193	45,934	40,005	40,282	41,120	42,353	43,326	44,316	41,998

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	1989	1990	1991	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 Deposits	589	369	968	205	325	296	317	221	193	286
Held in custody										
2 U.S. Treasury securities[2]	224,911	278,499	281,107	314,481	324,356	329,183	326,486	339,396	345,060	343,672
3 Earmarked gold[3]	13,456	13,387	13,303	13,686	13,077	13,074	12,989	12,924	12,854	12,829

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				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
ASSETS	All foreign countries									
1 **Total payable in any currency**	**545,366**	**556,925**	**548,999[r]**	**566,721**	**542,545**	**543,624**	**554,280**	**546,941**	**543,833**	**548,340**
2 Claims on United States	198,835	188,496	176,487[r]	177,443	166,798	169,278	172,304	171,648	164,142	161,888
3 Parent bank	157,092	148,837	137,695[r]	141,542	132,275	134,218	139,170	138,532	128,611	126,659
4 Other banks in United States	17,042	13,296	12,884	10,019	9,703	9,570	9,249	9,073	10,830	9,169
5 Nonbanks	24,701	26,363	25,908	25,882	24,820	25,490	23,885	24,043	24,701	26,060
6 Claims on foreigners	300,575	312,449	303,934	328,592	318,071	314,736	317,868	314,912	315,428	322,501
7 Other branches of parent bank	113,810	135,003	111,729	125,143	123,256	116,325	115,323	112,598	110,189	111,314
8 Banks	90,703	72,602	81,970	86,086	82,190	81,812	84,439	84,909	87,225	88,103
9 Public borrowers	16,456	17,555	18,652	20,378	20,756	19,984	19,822	18,915	18,694	18,251
10 Nonbank foreigners	79,606	87,289	91,583	96,985	91,869	96,615	98,284	98,490	99,320	104,833
11 Other assets	45,956	55,980	68,578[r]	60,686	57,676	59,610	64,108	60,381	64,263	63,951
12 **Total payable in U.S. dollars**	**382,498**	**379,479**	**364,078[r]**	**374,420**	**365,824**	**353,643**	**361,251**	**353,315**	**344,319**	**344,373**
13 Claims on United States	191,184	180,174	169,848[r]	171,938	162,125	164,681	167,773	167,051	159,541	155,951
14 Parent bank	152,294	142,962	133,662[r]	138,424	129,329	131,554	136,650	135,939	126,181	123,490
15 Other banks in United States	16,386	12,513	12,025	9,291	9,266	9,213	8,704	8,336	10,168	8,209
16 Nonbanks	22,504	24,699	24,161	24,223	23,530	23,914	22,419	22,776	23,192	24,252
17 Claims on foreigners	169,690	174,451	167,010	182,360	183,527	171,120	174,726	170,338	169,206	170,420
18 Other branches of parent bank	82,949	95,298	78,114	83,902	83,117	77,606	77,681	75,871	73,049	73,068
19 Banks	48,396	36,440	41,635	45,931	47,250	41,616	43,067	41,266	43,566	44,835
20 Public borrowers	10,961	12,298	13,685	13,995	14,313	13,883	13,710	13,068	12,537	12,244
21 Nonbank foreigners	27,384	30,415	33,576	38,532	38,847	38,015	40,268	40,133	40,054	40,273
22 Other assets	21,624	24,854	27,220[r]	20,122	20,172	17,842	18,752	15,926	15,572	18,002
	United Kingdom									
23 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**168,333**	**165,850**	**164,360**	**165,132**	**162,122**	**163,194**	**165,044**
24 Claims on United States	39,212	45,560	35,257	38,358	36,403	37,609	34,919	34,989	33,353	31,239
25 Parent bank	35,847	42,413	31,931	35,027	33,460	34,290	32,779	31,719	29,605	27,523
26 Other banks in United States	1,058	792	1,267	925	1,298	886	783	892	757	747
27 Nonbanks	2,307	2,355	2,059	2,406	1,645	2,433	1,357	2,378	2,991	2,969
28 Claims on foreigners	107,657	115,536	109,692	113,193	111,623	108,362	110,420	106,944	109,428	113,351
29 Other branches of parent bank	37,728	46,367	35,735	45,092	46,165	42,894	41,317	39,466	39,673	41,458
30 Banks	36,159	31,604	36,394	34,559	33,399	33,513	36,601	34,914	38,138	37,282
31 Public borrowers	3,293	3,860	3,306	3,370	3,329	3,059	2,542	2,531	2,755	2,420
32 Nonbank foreigners	30,477	33,705	34,257	30,172	28,730	28,896	29,960	30,033	28,862	32,191
33 Other assets	15,078	23,722	30,650	16,782	17,824	18,389	19,793	20,189	20,413	20,454
34 **Total payable in U.S. dollars**	**103,208**	**116,762**	**105,974**	**109,479**	**109,493**	**101,375**	**99,755**	**94,870**	**95,612**	**97,431**
35 Claims on United States	36,404	41,259	32,418	35,956	34,508	35,481	32,929	32,783	31,233	28,634
36 Parent bank	34,329	39,609	30,370	33,765	32,186	33,070	31,559	30,443	28,420	25,996
37 Other banks in United States	843	334	822	438	1,022	684	428	413	393	326
38 Nonbanks	1,232	1,316	1,226	1,753	1,300	1,727	942	1,927	2,420	2,312
39 Claims on foreigners	59,062	63,701	58,791	65,164	66,335	59,505	60,695	57,530	60,180	61,772
40 Other branches of parent bank	29,872	37,142	28,667	34,434	34,124	30,823	28,856	30,017	29,388	30,753
41 Banks	16,579	13,135	15,219	16,848	17,089	14,316	16,800	13,422	16,903	17,073
42 Public borrowers	2,371	3,143	2,853	2,501	2,349	2,154	1,883	1,949	1,888	1,808
43 Nonbank foreigners	10,240	10,281	12,052	11,381	12,773	12,212	13,156	12,142	12,001	12,138
44 Other assets	7,742	11,802	14,765	8,359	8,650	6,389	6,131	4,557	4,637	7,025
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**176,006**	**162,316**	**168,512[r]**	**156,176**	**147,422**	**144,894**	**151,175**	**148,867**	**143,859**	**142,184**
46 Claims on United States	124,205	112,989	115,430[r]	104,245	96,280	96,976	102,836	100,687	96,829	94,292
47 Parent bank	87,882	77,873	81,706[r]	73,856	66,608	67,219	73,825	72,841	67,190	65,568
48 Other banks in United States	15,071	11,869	10,907	8,282	7,828	7,962	7,892	7,424	9,279	7,184
49 Nonbanks	21,252	23,247	22,817	22,107	21,844	21,795	21,119	20,422	20,360	21,540
50 Claims on foreigners	44,168	41,356	45,229	44,156	44,509	41,185	40,821	41,314	40,442	41,293
51 Other branches of parent bank	11,309	13,416	11,098	8,238	7,293	7,041	7,311	6,650	6,873	6,999
52 Banks	22,611	16,310	20,174	20,122	21,212	18,464	17,440	18,797	17,662	18,442
53 Public borrowers	5,217	5,807	7,161	7,209	7,786	7,564	7,422	7,188	6,690	6,527
54 Nonbank foreigners	5,031	5,823	6,796	8,587	8,218	8,116	8,648	8,679	9,217	9,325
55 Other assets	7,633	7,971	7,853	7,775	6,633	6,733	7,518	6,866	6,588	6,599
56 **Total payable in U.S. dollars**	**170,780**	**158,390**	**163,957[r]**	**151,436**	**142,861**	**140,332**	**146,809**	**144,627**	**139,351**	**137,514**

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 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May
LIABILITIES	All foreign countries									
57 **Total payable in any currency**	**545,366**	**556,925**	**548,999r**	**566,721**	**542,545**	**543,624**	**554,280**	**546,941**	**543,833**	**548,340**
58 Negotiable certificates of deposit (CDs)	23,500	18,060	16,284	12,342	10,032	12,320	11,872	11,596	13,748	14,348
59 To United States	197,239	189,412	198,307r	188,116	189,444	175,978	184,155	187,088	176,082	174,889
60 Parent bank	138,412	138,748	136,431	131,918	134,339	122,627	124,123	125,650	114,965r	116,691
61 Other banks in United States	11,704	7,463	13,260	13,392	12,182	12,829	12,373	13,306	11,952	14,062
62 Nonbanks	47,123	43,201	48,616r	42,806	42,923	40,522	47,659	48,132	49,165r	44,136
63 To foreigners	296,850	311,668	288,254	330,315	309,704	321,297	319,638	312,417	316,661	322,140
64 Other branches of parent bank	119,591	139,113	112,033	126,018	125,160	120,179	119,601	115,535	113,845	115,189
65 Banks	76,452	58,986	63,097	74,536	62,189	67,843	70,056	68,411	68,381r	69,323
66 Official institutions	16,750	14,791	15,596	20,645	19,731	23,654	21,469	18,312	21,326	22,271
67 Nonbank foreigners	84,057	98,778	97,528	109,116	102,624	109,621	108,512	110,159	113,109r	115,357
68 Other liabilities	27,777	37,785	46,154r	35,948	33,365	34,029	38,615	35,840	37,342	36,963
69 **Total payable in U.S. dollars**	**396,613**	**383,522**	**370,710r**	**372,819**	**368,773**	**353,725**	**363,285**	**353,431**	**343,867**	**343,766**
70 Negotiable CDs	19,619	14,094	11,909	7,503	6,238	7,102	6,640	6,519	7,062	7,248
71 To United States	187,286	175,654	185,472r	175,969	178,674	164,634	172,223	175,354	163,715	161,775
72 Parent bank	132,563	130,510	129,669	124,770	127,948	116,008	117,228	119,040	107,949r	109,645
73 Other banks in United States	10,519	6,052	11,707	12,246	11,512	11,710	11,418	12,467	11,282	13,126
74 Nonbanks	44,204	39,092	44,096r	38,953	39,214	36,916	43,577	43,847	44,484r	39,004
75 To foreigners	176,460	179,002	158,993	175,791	172,189	169,595	170,756	160,774	163,149	165,162
76 Other branches of parent bank	87,636	98,128	76,601	82,957	83,700	79,144	79,594	77,685	75,682	75,313
77 Banks	30,537	20,251	24,156	28,404	26,118	23,281	25,571	21,227	22,150	22,969
78 Official institutions	9,873	7,921	10,304	12,342	12,430	14,067	14,034	10,762	12,627	12,653
79 Nonbank foreigners	48,414	52,702	47,932	52,088	49,941	53,103	51,557	51,100	52,690	54,227
80 Other liabilities	13,248	14,772	14,336r	13,556	11,672	12,394	13,666	10,784	9,941	9,581
	United Kingdom									
81 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**168,333**	**165,850**	**164,360**	**165,132**	**162,122**	**163,194**	**165,044**
82 Negotiable CDs	20,056	14,256	11,333	5,636	4,517	5,774	5,597	4,753	5,414	5,644
83 To United States	36,036	39,928	37,720	34,532	39,174	32,780	33,092	38,011	34,661	37,272
84 Parent bank	29,726	31,806	29,834	26,471	31,100	25,099	24,250	29,759	22,611	28,095
85 Other banks in United States	1,256	1,505	1,438	1,689	1,065	1,742	1,633	1,192	1,110	1,652
86 Nonbanks	5,054	6,617	6,448	6,372	7,009	5,939	7,209	7,060	10,940	7,525
87 To foreigners	92,307	108,531	98,167	113,395	107,176	111,351	110,514	104,356	108,670	106,834
88 Other branches of parent bank	27,397	36,709	30,054	35,560	35,983	35,376	35,143	33,424	33,545	31,437
89 Banks	29,780	25,126	25,541	30,609	25,231	25,965	27,227	23,985	26,082	27,184
90 Official institutions	8,551	8,361	9,670	11,438	12,090	14,188	12,938	10,531	12,342	11,752
91 Nonbank foreigners	26,579	38,335	32,902	35,788	33,872	35,822	35,206	36,416	36,701	36,461
92 Other liabilities	13,548	22,103	28,379	14,770	14,983	14,455	15,929	15,002	14,449	15,294
93 ***Total payable in U.S. dollars***	***108,178***	***116,094***	***108,755***	***105,699***	***108,214***	***100,731***	***101,342***	***95,892***	***94,159***	***96,152***
94 Negotiable CDs	18,143	12,710	10,076	4,494	3,894	4,770	4,444	3,765	4,214	4,392
95 To United States	33,056	34,697	33,003	30,204	35,417	28,545	28,874	33,552	30,170	32,457
96 Parent bank	28,812	29,955	28,260	25,160	29,957	23,767	23,097	28,405	21,145	26,631
97 Other banks in United States	1,065	1,156	1,177	906	709	1,063	1,097	707	676	1,311
98 Nonbanks	3,179	3,586	3,566	4,138	4,751	3,715	4,680	4,440	8,349	4,515
99 To foreigners	50,517	60,014	56,626	62,899	62,048	60,107	59,643	51,850	54,407	54,576
100 Other branches of parent bank	18,384	25,957	20,800	22,896	22,026	20,807	20,516	19,516	18,958	17,449
101 Banks	12,244	9,488	11,069	13,050	12,540	9,740	10,359	6,702	8,327	9,065
102 Official institutions	5,454	4,692	7,156	8,459	8,847	10,114	9,967	7,008	8,803	8,210
103 Nonbank foreigners	14,435	19,877	17,601	18,494	18,635	19,446	18,801	18,624	18,319	19,852
104 Other liabilities	6,462	8,673	9,050	8,102	6,855	7,309	8,381	6,725	5,368	4,727
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	***176,006***	***162,316***	***168,512r***	***156,176***	***147,422***	***144,894***	***151,175***	***148,867***	***143,859***	***142,184***
106 Negotiable CDs	678	646	1,173	1,939	1,350	1,355	1,142	1,713	1,692	1,812
107 To United States	124,859	114,738	130,058r	116,699	111,861	108,150	110,729	110,391	105,895	102,211
108 Parent bank	75,188	74,941	79,394	71,381	67,347	65,122	62,336	59,668	59,416r	56,566
109 Other banks in United States	8,883	4,526	10,231	10,944	10,445	10,265	10,059	11,492	10,291	11,220
110 Nonbanks	40,788	35,271	40,433r	34,374	34,069	32,763	38,334	39,231	36,188r	34,425
111 To foreigners	47,382	44,444	35,200	35,411	32,556	33,766	37,690	35,369	34,773	36,146
112 Other branches of parent bank	23,414	24,715	17,388	16,287	15,169	15,411	18,056	18,015	17,462	18,626
113 Banks	8,823	5,588	5,662	7,574	6,422	6,350	7,967	6,476	6,219	6,123
114 Official institutions	1,097	622	572	932	805	932	1,036	858	905	1,052
115 Nonbank foreigners	14,048	13,519	11,578	10,618	10,160	11,073	10,631	10,020	10,187	10,345
116 Other liabilities	3,087	2,488	2,081	2,127	1,655	1,623	1,614	1,394	1,499	2,015
117 **Total payable in U.S. dollars**	**171,250**	**157,132**	**163,789r**	**151,527**	**143,150**	**140,734**	**146,875**	**144,291**	**138,741**	**137,159**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1990	1991	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[p]
1 **Total**[1]	**344,529**	**360,530**	**394,841**[r]	**398,672**	**411,802**[r]	**413,220**[r]	**409,977**[r]	**413,255**	**423,033**
By type									
2 Liabilities reported by banks in the United States[2]	39,880	38,396	54,007	54,823	63,792	66,454	62,974	62,480	67,624
3 U.S. Treasury bills and certificates[3]	79,424	92,692	100,702	104,596	111,540	113,594	113,547	113,293	120,785
U.S. Treasury bonds and notes									
4 Marketable	202,487	203,677	211,268[r]	210,553	207,573[r]	203,209[r]	202,552[r]	205,138	201,851
5 Nonmarketable[4]	4,491	4,858	4,503	4,532	4,563	4,592	4,622	5,431	5,417
6 U.S. securities other than U.S. Treasury securities[5]	18,247	20,907	24,361	24,168	24,334	25,371	26,282	26,913	27,356
By area									
7 Western Europe[1]	167,191	168,365	184,204[r]	188,700[r]	196,232[r]	199,651[r]	187,394[r]	184,986	190,992
8 Canada	8,671	7,460	6,381	7,920	8,411	7,886	9,326	8,302	8,899
9 Latin America and Caribbean	21,184	33,554	38,945	40,015	41,388	42,502	44,509	48,970	47,592
10 Asia	138,096	139,465	154,493	152,142[r]	156,205[r]	154,009[r]	157,912[r]	159,623	164,114
11 Africa	1,434	2,092	3,779	3,565	3,705	3,866	3,919	3,782	3,782
12 Other countries[6]	7,955	9,592	7,037[r]	6,328[r]	5,859[r]	5,304[r]	6,915[r]	7,590	7,652

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[r] June	1992[r] Sept.	1992[r] Dec.	1993[r] Mar.
1 Banks' liabilities	67,835	70,477	75,129	70,969	84,162	72,796	82,201
2 Banks' claims	65,127	66,796	73,195	58,354	72,164	62,789	64,061
3 Deposits	20,491	29,672	26,192	23,468	28,074	24,240	25,014
4 Other claims	44,636	37,124	47,003	34,886	44,090	38,549	39,047
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				
				Nov.	Dec.	Jan.	Feb.	Mar.r	Apr.r	May p
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**759,634**	**756,066**	**810,025r**	**801,930r**	**810,025r**	**802,216r**	**814,725r**	**798,117**	**791,119**	**793,006**
2 Banks' own liabilities	577,229	575,374	606,210r	603,413r	606,210r	592,754r	606,005r	586,175	581,291	574,204
3 Demand deposits	21,723	20,321	21,823r	21,935	21,823r	21,106	22,310	21,582	22,239	22,136
4 Time deposits[2]	168,017	159,649	160,374r	156,601r	160,374r	150,062r	147,284r	141,905	145,659	145,155
5 Other[3]	65,822	66,305	93,840r	96,547r	93,840r	103,910r	106,262r	99,193	103,328	106,386
6 Own foreign offices[4]	321,667	329,099	330,173r	328,330r	330,173r	317,676r	330,149r	323,495	310,065	300,527
7 Banks' custodial liabilities[5]	182,405	180,692	203,815r	198,517	203,815r	209,462r	208,720r	211,942	209,828	218,802
8 U.S. Treasury bills and certificates[6]	96,796	110,734	127,649	122,480	127,649	133,799	135,300	137,062	138,016	144,725
9 Other negotiable and readily transferable instruments[7]	17,578	18,664	21,982	21,755	21,982	22,969	20,735	22,309	21,550	23,971
10 Other	68,031	51,294	54,184r	54,282	54,184r	52,694r	52,685r	52,571	50,262	50,106
11 Nonmonetary international and regional organizations[8]	5,918	8,981	9,350	9,915	9,350	11,099	11,538	9,160	10,731	8,974
12 Banks' own liabilities	4,540	6,827	6,951	6,982	6,951	7,837	8,884	5,902	5,834	6,481
13 Demand deposits	36	43	46	58	46	39	47	196	33	35
14 Time deposits[2]	1,050	2,714	3,214	2,561	3,214	2,702r	2,311r	2,622	1,687	2,989
15 Other[3]	3,455	4,070	3,691	4,363	3,691	5,096r	6,526r	3,084	4,114	3,457
16 Banks' custodial liabilities[5]	1,378	2,154	2,399	2,933	2,399	3,262	2,654	3,258	4,897	2,493
17 U.S. Treasury bills and certificates[6]	364	1,730	1,908	2,371	1,908	2,774	2,348	2,876	4,461	1,883
18 Other negotiable and readily transferable instruments[7]	1,014	424	486	561	486	488	306	382	433	604
19 Other	0	0	5	1	5	0	0	0	3	6
20 Official institutions[9]	119,303	131,088	159,419	154,709	159,419	175,332	180,048	176,521	175,773	188,409
21 Banks' own liabilities	34,910	34,411	51,058	50,027	51,058	59,577	62,687	59,471	59,059	62,741
22 Demand deposits	1,924	2,626	1,274	1,492	1,274	1,397	1,764	1,457	1,358	1,385
23 Time deposits[2]	14,359	16,504	17,823r	17,735r	17,823r	18,685	18,996	18,727	18,853	21,416
24 Other[3]	18,628	15,281	31,961r	30,800r	31,961r	39,495	41,927	39,287	38,848	39,940
25 Banks' custodial liabilities[5]	84,393	96,677	108,361	104,682	108,361	115,755	117,361	117,050	116,714	125,668
26 U.S. Treasury bills and certificates[6]	79,424	92,692	104,596	100,702	104,596	111,540	113,594	113,547	113,293	120,785
27 Other negotiable and readily transferable instruments[7]	4,766	3,879	3,726	3,784	3,726	4,054	3,648	3,411	3,284	4,739
28 Other	203	106	39	196	39	161	119	92	137	144
29 Banks[10]	540,805	522,265	546,556r	546,350r	546,556r	522,700r	530,365r	520,516	511,473	503,753
30 Banks' own liabilities	458,470	459,335	475,340r	475,319r	475,340r	453,849r	462,769r	451,438	445,235	436,864
31 Unaffiliated foreign banks	136,802	130,236	145,167r	146,989r	145,167r	136,173r	132,620r	127,943	135,170	136,337
32 Demand deposits	10,053	8,648	10,168	10,088	10,168	9,903	10,974	10,495	10,883	11,382
33 Time deposits[2]	88,541	82,857	90,175r	87,477r	90,175r	80,351	77,823	72,422	77,457	74,035
34 Other[3]	38,208	38,731	44,824r	49,424r	44,824r	45,919r	43,823r	45,026	46,830	50,920
35 Own foreign offices[4]	321,667	329,099	330,173r	328,330r	330,173r	317,676r	330,149r	323,495	310,065	300,527
36 Banks' custodial liabilities[5]	82,335	62,930	71,216r	71,031	71,216r	68,851r	67,596r	69,078	66,238	66,889
37 U.S. Treasury bills and certificates[6]	10,669	7,471	11,087	10,444	11,087	9,685	9,296	9,976	9,908	10,837
38 Other negotiable and readily transferable instruments[7]	5,341	5,694	7,568	7,572	7,568	7,708	6,692	7,957	7,360	7,412
39 Other	66,325	49,765	52,561r	53,015	52,561r	51,458r	51,608r	51,145	48,970	48,640
40 Other foreigners	93,608	93,732	94,700r	90,956r	94,700r	93,085r	92,774r	91,920	93,142	91,870
41 Banks' own liabilities	79,309	74,801	72,861r	71,085r	72,861r	71,491r	71,665r	69,364	71,163	68,118
42 Demand deposits	9,711	9,004	10,335r	10,297	10,335r	9,767	9,525	9,434	9,965	9,334
43 Time deposits[2]	64,067	57,574	49,162r	48,828r	49,162r	48,324r	48,154r	48,134	47,662	46,715
44 Other[3]	5,530	8,223	13,364r	11,960r	13,364r	13,400r	13,986r	11,796	13,536	12,069
45 Banks' custodial liabilities[5]	14,299	18,931	21,839	19,871	21,839	21,594	21,109	22,556	21,979	23,752
46 U.S. Treasury bills and certificates[6]	6,339	8,841	10,058	8,963	10,058	9,800	10,062	10,663	10,354	11,220
47 Other negotiable and readily transferable instruments[7]	6,457	8,667	10,202	9,838	10,202	10,719	10,089	10,559	10,473	11,216
48 Other	1,503	1,423	1,579	1,070	1,579	1,075	958	1,334	1,152	1,316
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,114	7,716	9,114	9,724	9,499	9,548	9,410	9,585

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—Continued

Item	1990	1991	1992	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[p]
AREA										
1 **Total, all foreigners**	**759,634**	**756,066**	**810,025[r]**	**801,930[r]**	**810,025[r]**	**802,216[r]**	**814,725[r]**	**798,117[r]**	**791,119**	**793,006**
2 **Foreign countries**	**753,716**	**747,085**	**800,675[r]**	**792,015[r]**	**800,675[r]**	**791,117[r]**	**803,187[r]**	**788,957[r]**	**780,388**	**784,032**
3 Europe	254,452	249,097	308,418[r]	311,838[r]	308,418[r]	303,751[r]	304,752[r]	293,346[r]	298,874	313,776
4 Austria	1,229	1,193	1,611	1,356[r]	1,611	1,158	1,942	1,256	1,497	1,551
5 Belgium and Luxembourg	12,382	13,337	20,572	19,662	20,572	21,255	19,729	19,475	19,775	21,073
6 Denmark	1,399	937	3,060	1,481	3,060	1,885	2,835	1,536	1,229	2,464
7 Finland	602	1,341	1,299	1,144	1,299	1,862	2,049	2,297	2,265	2,185
8 France	30,946	31,808	41,459	39,968	41,459	34,285	32,457	31,712	31,087	33,822
9 Germany	7,485	8,619	18,631	15,401	18,631	20,685	18,934	16,107	19,803	23,959
10 Greece	934	765	910	749	910	815	758	763[r]	742	859
11 Italy	17,735	13,541	10,041	12,494	10,041	8,759	10,701	8,889[r]	8,094	8,946
12 Netherlands	5,350	7,161	7,372	8,411	7,372	8,722[r]	11,702[r]	11,409[r]	11,502	13,903
13 Norway	2,357	1,866	3,319	2,014	3,319	3,550	2,521	2,350	2,355	2,690
14 Portugal	2,958	2,184	2,465	2,255	2,465	2,518	2,508	2,489	2,476	2,674
15 Spain	7,544	11,391	9,796	10,390[r]	9,796	14,904	17,233	15,735	14,055	13,552
16 Sweden	1,837	2,222	2,986	4,424[r]	2,986	2,962	1,902	1,619	3,149	2,140
17 Switzerland	36,690	37,238	39,440	40,791	39,440	41,533	40,227	39,596	39,703	41,880
18 Turkey	1,169	1,598	2,666	2,360	2,666	2,533	2,862	2,520	2,664	2,764
19 United Kingdom	109,555	100,292	112,454[r]	117,373[r]	112,454[r]	106,739[r]	105,510[r]	106,328[r]	109,553	106,635
20 Yugoslavia[11]	928	622	504	575	504	506	512	523	507	510
21 Others in Western Europe[12]	11,689	9,274	25,834	26,690[r]	25,834	25,926	27,491	25,748	24,521	28,414
22 Russia	119	241	577	601	577	436	497	535	726	847
23 Other Eastern Europe[13]	1,545	3,467	3,422	3,699	3,422	2,718	2,382	2,459	3,171	2,908
24 Canada	20,349	21,605	22,746	22,052	22,746	21,467	22,898	25,040	22,302	21,331
25 Latin America and Caribbean	332,997	345,529	316,020[r]	312,118[r]	316,020[r]	313,754[r]	321,062[r]	318,681[r]	316,472	303,194
26 Argentina	7,365	7,753	9,477	8,716[r]	9,477	10,792	10,608	11,568	10,856	11,108
27 Bahamas	107,386	100,622	82,222[r]	86,318[r]	82,222[r]	84,777[r]	87,812[r]	83,597[r]	81,737	80,083
28 Bermuda	2,822	3,178	7,079	6,355	7,079	6,319	6,508	6,269[r]	6,135	5,431
29 Brazil	5,834	5,704	5,584	5,236[r]	5,584	5,321	5,304	5,462	5,463	5,310
30 British West Indies	147,321	163,620	151,886	145,375[r]	151,886	147,375[r]	150,063[r]	151,216[r]	147,386	138,837
31 Chile	3,145	3,283	3,035	2,931[r]	3,035	3,638	3,420	3,325	3,479	3,524
32 Colombia	4,492	4,661	4,580	4,675[r]	4,580	4,438	4,417	4,183	4,359	4,327
33 Cuba	11	2	3	11	3	2	3	3	2	12
34 Ecuador	1,379	1,232	993	1,022[r]	993	945	886	928	919	951
35 Guatemala	1,541	1,594	1,377	1,324[r]	1,377	1,311	1,311	1,382	1,352	1,324
36 Jamaica	257	231	371	271	371	294	279	309	293	289
37 Mexico	16,650	19,957	19,456	19,567[r]	19,456	20,023	21,196[r]	21,762[r]	24,896	23,356
38 Netherlands Antilles	7,357	5,592	5,205	6,098[r]	5,205	4,352	4,869	4,221	4,537	3,812
39 Panama	4,574	4,695	4,177	3,965[r]	4,177	4,013	4,214	3,927	4,154	4,077
40 Peru	1,294	1,249	1,080	1,059[r]	1,080	1,052	1,045	995	1,070	977
41 Uruguay	2,520	2,096	1,955	2,092	1,955	1,898	2,061	1,815	1,767	1,733
42 Venezuela	12,271	13,181	11,387	11,020[r]	11,387	11,106	10,984	11,446	11,511	11,644
43 Other	6,779	6,879	6,153[r]	6,083[r]	6,153[r]	6,098	6,082	6,273[r]	6,556	6,399
44 Asia	136,844	120,462	143,436[r]	136,120[r]	143,436[r]	141,633[r]	143,636[r]	140,335[r]	130,994	133,910
China										
45 People's Republic of China	2,421	2,626	3,202	2,559	3,202	3,114	3,007	2,957	3,527	3,008
46 Republic of China (Taiwan)	11,246	11,491	8,379	8,750	8,379	8,929	9,102	9,022	8,856	8,790
47 Hong Kong	12,754	14,269	18,509[r]	16,322	18,509[r]	17,588[r]	19,543[r]	17,041[r]	16,353	15,831
48 India	1,233	2,418	1,396	1,210	1,396	1,323	1,377	1,399	989	1,341
49 Indonesia	1,238	1,463	1,480	1,217	1,480	1,392	1,460	1,871	1,464	1,861
50 Israel	2,767	2,015	3,775	3,691	3,775	3,389	3,371	3,930	3,763	3,161
51 Japan	67,076	47,069	58,342[r]	55,365[r]	58,342[r]	56,009[r]	57,993	56,845	51,104	54,335
52 Korea (South)	2,287	2,587	3,336	3,698	3,336	3,444[r]	3,488[r]	3,337[r]	3,591	3,930
53 Philippines	1,585	2,449	2,275	2,223	2,275	2,350	2,746	2,774	2,785	2,458
54 Thailand	1,443	2,252	5,582	5,797	5,582	5,722	5,375	5,342	4,967	5,377
55 Middle Eastern oil-exporting countries[14]	15,829	15,752	21,446	20,266	21,446	19,877	19,897	19,718[r]	19,687	19,271
56 Other	16,965	16,071	15,714	15,022	15,714	18,496	16,277	16,099	13,908	14,547
57 Africa	4,630	4,825	5,884	6,062	5,884	5,913	6,364	6,508[r]	6,438	6,475
58 Egypt	1,425	1,621	2,472	2,601	2,472	2,756	3,077	3,084	2,938	2,922
59 Morocco	104	79	76	93	76	88	92	87	151	144
60 South Africa	228	228	190	214	190	158	319	243	246	199
61 Zaire	53	31	19	23	19	25	17	13	14	16
62 Oil-exporting countries[15]	1,110	1,082	1,346	1,402	1,346	1,125	1,135	1,239	1,294	1,368
63 Other	1,710	1,784	1,781	1,729	1,781	1,761	1,724	1,842[r]	1,795	1,826
64 Other	4,444	5,567	4,171	3,825	4,171	4,599	4,475	5,047	5,308	5,346
65 Australia	3,807	4,464	3,047	2,654	3,047	3,502	3,388	4,013	4,056	4,449
66 Other	637	1,103	1,124	1,171	1,124	1,097	1,087	1,034	1,252	897
67 Nonmonetary international and regional organizations	5,918	8,981	9,350	9,915	9,350	11,099	11,538	9,160	10,731	8,974
68 International[16]	4,390	6,485	7,434	6,764	7,434	7,864	8,857	6,116	7,590	5,428
69 Latin American regional[17]	1,048	1,181	1,415	2,248	1,415	2,327	1,738	2,021	2,223	2,412
70 Other regional[18]	479	1,315	501	903	501	908	943	1,023	918	1,134

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				
				Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[p]
1 **Total, all foreigners**	**511,543**	**514,339**	**495,761[r]**	**490,768[r]**	**495,761[r]**	**484,670[r]**	**495,033[r]**	**473,944**	**469,559**	**458,629**
2 **Foreign countries**	**506,750**	**508,056**	**490,679[r]**	**487,887[r]**	**490,679[r]**	**481,570[r]**	**490,925[r]**	**470,622**	**467,142**	**456,947**
3 Europe	113,093	114,310	124,130	122,156[r]	124,130	117,355[r]	124,763[r]	122,721	120,310	118,175
4 Austria	362	327	341	463	341	366	530	1,101	1,013	1,357
5 Belgium and Luxembourg	5,473	6,158	6,404	6,423	6,404	6,473	5,886	6,066	6,177	5,097
6 Denmark	497	686	707	1,056	707	705	785	682	645	628
7 Finland	1,047	1,907	1,419	1,230	1,419	1,275	1,226	1,010	998	885
8 France	14,468	15,112	14,847	15,718	14,847	14,012	14,670	13,340	13,141	11,614
9 Germany	3,343	3,371	4,229	5,328	4,229	5,544	5,370	5,800	5,322	6,089
10 Greece	727	553	718	598	718	670[r]	668	583	618	596
11 Italy	6,052	8,242	9,048	9,443	9,048	8,716	8,466	8,493	8,724	8,218
12 Netherlands	1,761	2,546	2,497	3,006	2,497	2,927	3,279	2,676	2,607	3,278
13 Norway	782	669	356	435	356	649	750	645	714	676
14 Portugal	292	344	325	330	325	390	494	454	513	593
15 Spain	2,668	1,881	2,772	3,481	2,772	2,593	4,158	3,889	3,642	3,441
16 Sweden	2,094	2,335	4,929	5,781[r]	4,929	5,340	5,155	4,809	4,509	4,229
17 Switzerland	4,202	4,540	4,722	3,591	4,722	4,493	4,971	4,423	4,355	4,729
18 Turkey	1,405	1,063	962	950	962	1,071	1,041	943	1,285	1,508
19 United Kingdom	65,151	60,395	63,980	59,009[r]	63,980	56,308[r]	61,433[r]	62,098	60,722	59,665
20 Yugoslavia[2]	1,142	825	569	661	569	571	567	553	551	550
21 Others in Western Europe[3]	597	789	1,706	1,019	1,706	1,607	1,607	1,780	1,316	1,455
22 Russia	530	1,970	3,147	3,174	3,147	3,154	3,154	2,906	2,889	3,080
23 Other Eastern Europe[4]	499	597	452	460	452	491	553	470	569	487
24 Canada	16,091	15,113	14,185	15,834	14,185	16,465[r]	14,972	18,356	17,090	16,461
25 Latin America and Caribbean	231,506	246,137	213,772	217,036[r]	213,772	219,079[r]	212,204[r]	202,343	200,804	194,931
26 Argentina	6,967	5,869	4,882	4,605	4,882	4,804	4,859	4,835	3,922	3,932
27 Bahamas	76,525	87,138	59,532	65,139	59,532	62,831	63,898	57,030	57,721	54,118
28 Bermuda	4,056	2,270	5,934	6,035	5,934	6,797	2,851	3,910	5,609	3,089
29 Brazil	17,995	11,894	10,733	11,581[r]	10,733	10,924	10,507	10,863	10,799	10,696
30 British West Indies	88,565	107,846	98,738	96,323[r]	98,738	101,614[r]	96,324[r]	92,666	89,191	90,023
31 Chile	3,271	2,805	3,397	3,309	3,397	3,690	3,795	3,638	3,548	3,717
32 Colombia	2,587	2,425	2,750	2,698	2,750	2,752	2,819	2,807	2,786	2,875
33 Cuba	0	0	0	0	0	0	0	0	0	0
34 Ecuador	1,387	1,053	884	926	884	853	835	809	798	760
35 Guatemala	191	228	262	255	262	240	257	274	269	256
36 Jamaica	238	158	167	162	167	170	164	168	161	158
37 Mexico	14,851	16,567	15,049	16,495	15,049	15,216	15,988	15,103	15,533	14,966
38 Netherlands Antilles	7,998	1,207	1,379	1,529	1,379	1,735	1,938	2,107	1,971	2,354
39 Panama	1,471	1,560	4,474	2,080	4,474	2,024	2,307	2,539	2,309	2,268
40 Peru	663	739	730	723	730	735	708	650	691	675
41 Uruguay	786	599	936	877	936	895	844	846	787	778
42 Venezuela	2,571	2,516	2,525	2,880	2,525	2,409	2,485	2,558	2,859	2,541
43 Other	1,384	1,263	1,400	1,419	1,400	1,390	1,625[r]	1,540	1,850	1,725
44 Asia	138,722	125,262	131,296[r]	126,181[r]	131,296[r]	121,777[r]	131,494	119,578	121,956	120,546
China										
45 People's Republic of China	620	747	906	624	906	774	892	939	1,388	881
46 Republic of China (Taiwan)	1,952	2,087	2,046	1,653	2,046	1,683	1,585	1,630	1,670	1,562
47 Hong Kong	10,648	9,617	9,673	9,287	9,673	9,145	10,298	10,542	9,215	10,419
48 India	655	441	529	539	529	532	549	443	549	489
49 Indonesia	933	952	1,189	1,135	1,189	1,323	1,292	1,469	1,432	1,386
50 Israel	774	860	820	937	820	877	809	896	1,057	814
51 Japan	90,699	84,807	78,647[r]	77,714[r]	78,647[r]	74,631[r]	79,791	67,294	71,244	71,471
52 Korea (South)	5,766	6,048	6,180[r]	6,288	6,180[r]	6,073[r]	6,753	6,938	7,048	7,206
53 Philippines	1,247	1,910	2,145	2,034	2,145	1,871	1,842	1,713	1,645	1,521
54 Thailand	1,573	1,713	1,867	1,873	1,867	1,796	1,737	1,678	1,794	1,692
55 Middle Eastern oil-exporting countries[5]	10,749	8,284	18,559	16,858	18,559	17,083	17,775	19,048	17,909	17,953
56 Other	13,106	7,796	8,735	7,239	8,735	5,989	8,171	6,988	7,005	5,152
57 Africa	5,445	4,928	4,289	4,233	4,289	4,262	4,147	3,871	3,731	3,626
58 Egypt	380	294	194	214	194	171	291	192	151	151
59 Morocco	513	575	441	443	441	421	403	396	396	420
60 South Africa	1,525	1,235	1,041	1,063	1,041	1,069	1,030	1,011	924	803
61 Zaire	16	4	4	4	4	3	3	3	3	3
62 Oil-exporting countries[6]	1,486	1,298	1,004	1,029	1,004	1,067	1,108	1,140	1,128	1,134
63 Other	1,525	1,522	1,605	1,480	1,605	1,531	1,312	1,129	1,129	1,115
64 Other	1,892	2,306	3,007	2,447	3,007	2,632	3,345	3,753	3,251	3,208
65 Australia	1,413	1,665	2,263	1,601	2,263	1,896	2,552	3,117	2,635	2,534
66 Other	479	641	744	846	744	736	793	636	616	674
67 Nonmonetary international and regional organizations[7]	4,793	6,283	5,082	2,881	5,082	3,100	4,108	3,322	2,417	1,682

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	1992r	1992r Nov.	1992r Dec.	1993 Jan.r	1993 Feb.r	1993 Mar.r	1993 Apr.r	1993 Mayp
1 **Total**	**579,044**	**579,683**	**555,799**	...	**555,799**	...	...	**525,833**	...	...
2 Banks' claims	511,543	514,339	495,761	490,768	495,761	484,670	495,033	473,944	469,559	458,629
3 Foreign public borrowers	41,900	37,126	31,245	30,849	31,245	32,972	30,349	33,631	30,631	29,483
4 Own foreign offices[2]	304,315	318,800	299,916	291,126	299,916	291,819	305,438	290,671	285,196	280,311
5 Unaffiliated foreign banks	117,272	116,602	109,788	112,308	109,788	101,868	102,737	97,320	97,805	94,729
6 Deposits	65,253	69,018	60,949	61,752	60,949	52,707	50,634	49,134	47,940	47,310
7 Other	52,019	47,584	48,839	50,556	48,839	49,161	52,103	48,186	49,865	47,419
8 All other foreigners	48,056	41,811	54,812	56,485	54,812	58,011	56,509	52,322	55,927	54,106
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	...	...	7,876	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	44,638	40,297r	33,604	33,710	33,604	36,127	36,801	36,425	33,501	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	1992r June	1992r Sept.	1992r Dec.	1993 Mar.
1 **Total**	**238,123**	**206,903**	**195,302**	**196,776**	**187,272**	**195,517**	**182,949**
By borrower							
2 Maturity of one year or less	178,346	165,985	162,573	162,382	155,072	163,873	152,965
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	131,825
5 Maturity of more than one year	59,776	40,918	32,729	34,394	32,200	31,644	29,984
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	17,785
By area							
Maturity of one year or less							
8 Europe	53,913	49,184	51,835	55,123	55,964	53,865	55,526
9 Canada	5,910	5,450	6,444	7,986	5,949	6,118	7,932
10 Latin America and Caribbean	53,003	49,782	43,597	48,983	45,241	50,316	45,117
11 Asia	57,755	53,258	51,059	41,343	40,664	45,726	37,935
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	3,139
16 Latin America and Caribbean	45,816	25,774	18,277	16,847	15,111	15,159	14,386
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	2,094
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				1992				1993
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**340.9[r]**	**320.1[r]**	**326.6[r]**	**322.3[r]**	**338.4[r]**	**343.6[r]**	**349.8[r]**	**357.4**	**343.9**	**345.6[r]**	**360.6**
2 G-10 countries and Switzerland	152.9	132.2[r]	129.3[r]	130.3[r]	135.0[r]	137.6[r]	131.1	136.3	137.5	134.0	144.1
3 Belgium and Luxembourg	6.3	5.9	6.2	6.1	5.8	6.0	5.3	6.2	6.2	5.6	5.9
4 France	11.7	10.4	9.7	10.5	11.1	11.0	10.0	12.0	15.5	15.4	13.7
5 Germany	10.5	10.6	8.8	8.3	9.7	8.3	8.4	8.8	10.9	9.3	10.0
6 Italy	7.4	5.0	4.0	3.6	4.5	5.6	5.4	8.0	6.4	6.5	6.8
7 Netherlands	3.1	3.0	3.3	3.3	3.0	4.7	4.3	3.3	3.7	2.8	3.7
8 Sweden	2.0	2.2	2.0	2.5	2.1	1.9	2.0	1.9	2.2	2.3	3.0
9 Switzerland	7.1	4.4	3.7	3.3	3.9	3.4	3.2	4.6	5.2	4.8	5.4
10 United Kingdom	67.2	60.9[r]	61.7[r]	59.5	65.6[r]	68.5	64.8	65.9	61.9[r]	61.4	66.5
11 Canada	5.4	5.9	6.8	8.2	5.8	5.8	6.6	6.7	6.7	6.6	8.6
12 Japan	32.3[r]	24.0[r]	23.2	25.1[r]	23.5[r]	22.6[r]	21.1	18.7	18.9	19.2	20.5
13 Other industrialized countries	21.0	22.9	23.5	21.3	22.1	22.8	21.5	25.5	25.1	24.1	25.6
14 Austria	1.5	1.4	1.4	1.1	1.0	.6	.8	.8	.8	1.2	1.5
15 Denmark	1.1	1.1	.9	1.2	.9	.9	.8	1.3	1.5	.9	.8
16 Finland	1.0	.7	1.0	.8	.6	.7	.8	.8	1.0	.7	.7
17 Greece	2.5	2.7	2.5	2.4	2.3	2.6	2.3	2.8	3.0	3.0	2.8
18 Norway	1.4	1.6	1.5	1.5	1.4	1.4	1.5	1.7	1.6	1.2	1.8
19 Portugal	.4	.6	.6	.6	.5	.6	.5	.5	.5	.4	.7
20 Spain	7.1	8.3	9.0	7.1	8.3	8.3	7.7	10.1	9.8	9.0	9.6
21 Turkey	1.2	1.7	1.7	1.9	1.6	1.4	1.2	1.5	1.5	1.3	1.4
22 Other Western Europe	1.0	1.2	1.2	1.1	1.3	1.8	1.5	2.0	1.5	1.7	2.0
23 South Africa	2.0	1.8	1.8	1.8	1.6	1.9	1.8	1.7	1.7	1.7	1.6
24 Australia	1.6	1.8	1.9	2.0	2.4	2.7	2.3	2.3	2.3	2.9	2.8
25 OPEC[2]	17.1	12.8	17.1	14.0	15.6	14.5[r]	15.8	16.2	15.9	16.1	16.7
26 Ecuador	1.3	1.0	.9	.9	.8	.7	.7	.7	.7	.6	.6
27 Venezuela	7.0	5.0	5.1	5.3	5.6	5.4	5.4	5.3	5.4	5.2	5.3
28 Indonesia	2.0	2.7	2.8	2.6	2.8	2.7[r]	3.0	3.0	3.0	3.0	3.1
29 Middle East countries	5.0	2.5	6.6	3.7	5.0	4.2	5.3	5.9	5.4	6.2	6.7
30 African countries	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.1	1.0
31 Non-OPEC developing countries	77.5	65.4	66.4	64.4[r]	64.7[r]	63.9[r]	69.7[r]	68.1	72.9	72.2	74.3
Latin America											
32 Argentina	6.3	5.0	4.7	4.6	4.5	4.8	5.0	5.1	6.2	6.6	7.0
33 Brazil	19.0	14.4	13.9	11.6	10.5	9.6	10.8	10.6	10.8	10.8	11.6
34 Chile	4.6	3.5	3.6	3.6	3.7	3.6	3.9	4.0	4.2	4.4	4.6
35 Colombia	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.6	1.7	1.8	1.9
36 Mexico	17.7	13.0	13.7	14.3	16.2	15.5	17.7[r]	16.3	17.1	16.0	16.8
37 Peru	.6	.5	.5	.5	.4	.4	.4	.4	.5	.5	.4
38 Other	2.8	2.3	2.2	2.0	1.9	2.1	2.2	2.2	2.5	2.6	2.6
Asia											
China											
39 Peoples Republic of China	.3	.2	.4	.6	.4	.3	.3	.3	.3	.7	.6
40 Republic of China (Taiwan)	4.5	3.5	3.6	4.1	4.1	4.1	4.8	4.6	5.0	5.2	5.3
41 India	3.1	3.3	3.5	3.0	2.8	3.0	3.6	3.8	3.6	3.2	3.1
42 Israel	.7	.5	.5	.5	.5	.5	.4	.4	.4	.4	.5
43 Korea (South)	5.9	6.2	6.8	6.9	6.5	6.8	6.9	6.9	7.4	6.6	6.5
44 Malaysia	1.7	1.9	2.0	2.1	2.3	2.3	2.5	2.7	3.0	3.0	3.3
45 Philippines	4.1	3.8	3.7	3.7	3.6	3.7	3.6	3.1	3.6	3.6	3.4
46 Thailand	1.3	1.5	1.6	1.7	1.9	1.7	1.7	1.9	2.2	2.2	2.2
47 Other Asia[3]	1.0	1.7	2.1	1.8[r]	2.0[r]	2.0[r]	2.3	2.5	2.7	2.7	2.7
Africa											
48 Egypt	.4	.4	.4	.4	.4	.4	.3	.5	.3	.2	.2
49 Morocco	.9	.8	.8	.7	.7	.7	.7	.7	.6	.6	.5
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.8	.8	.8	.7	.7	.6	.9	1.0	1.0
52 Eastern Europe	3.5	2.3	2.1	2.1	1.8	2.4	2.9	3.0	3.1	3.1	2.9[r]
53 Russia	.7	.2	.3	.4	.4	.9	1.4	1.7	1.8	1.9	1.7
54 Yugoslavia	1.6	1.2	1.0	1.0	.8	.9	.8	.7	.7	.6	.6
55 Other	1.3	.9	.8	.7	.7	.7	.6	.6	.7	.6	.7
56 Offshore banking centers	38.4[r]	44.7[r]	51.9[r]	50.2[r]	54.6[r]	54.2[r]	60.9[r]	59.4	52.3	55.0[r]	57.5
57 Bahamas	5.5	2.9[r]	8.3	6.8	6.7	11.9	14.5[r]	12.2	8.1	5.6	8.3
58 Bermuda	1.7	4.4	4.4	4.2	7.1	2.3	3.9	5.1	3.8	6.2	4.1
59 Cayman Islands and other British West Indies	9.0	11.7[r]	14.1	14.9	13.8	15.8	17.4	18.1	15.7	19.9[r]	16.4
60 Netherlands Antilles	2.3	7.9	1.1	1.4	3.9	1.2	1.0	.8	.7	1.1	1.6
61 Panama[4]	1.4	1.4	1.5	1.3	1.3	1.4[r]	1.4[r]	1.7	1.8	1.7	1.9
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.3[r]	9.7[r]	13.5[r]	14.3[r]	14.0[r]	14.4[r]	14.0[r]	15.0	15.2	13.8	16.7
64 Singapore	7.0	6.6	8.9	7.2	7.7	7.1	8.5	6.4	6.8	6.5	8.4
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	30.5[r]	39.9[r]	36.4	40.0[r]	44.4[r]	48.0[r]	47.8[r]	48.6	36.8	41.0	39.3

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. 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	1991r	1991	1992				1993
					Dec.	Mar.	June	Sept.	Dec.	Mar.p
1	**Total**	**38,764**	**46,043**	**43,453**	**43,453r**	**44,193r**	**44,109r**	**45,184r**	**43,144r**	**43,146**
2	Payable in dollars	33,973	40,786	38,061	38,061r	38,735r	37,616r	36,792r	35,739r	35,251
3	Payable in foreign currencies	4,791	5,257	5,392	5,392	5,458	6,493r	8,392r	7,405	7,895
	By type									
4	Financial liabilities	17,879	21,066	21,872	21,872r	22,185r	21,756r	23,281r	22,047r	22,290
5	Payable in dollars	14,035	16,979	17,760	17,760r	17,957r	16,714r	16,546r	15,700r	15,760
6	Payable in foreign currencies	3,844	4,087	4,112	4,112	4,228	5,042r	6,735r	6,347	6,530
7	Commercial liabilities	20,885	24,977	21,581	21,581r	22,008r	22,353r	21,903r	21,097r	20,856
8	Trade payables	8,070	10,683	8,662	8,662r	9,125r	9,715r	9,586r	9,046r	9,437
9	Advance receipts and other liabilities	12,815	14,294	12,919	12,919r	12,883r	12,638r	12,317r	12,051r	11,419
10	Payable in dollars	19,938	23,807	20,301	20,301r	20,778r	20,902r	20,246r	20,039r	19,491
11	Payable in foreign currencies	947	1,170	1,280	1,280	1,230	1,451	1,657r	1,058	1,365
	By area or country									
	Financial liabilities									
12	Europe	11,660	10,978	11,805	11,805r	12,349r	12,728r	13,767r	12,530r	12,694
13	Belgium and Luxembourg	340	394	217	217	174	194	256	434r	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	634r	738r	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	6,329r	7,238r	7,244r	7,580r	7,910r	8,331
19	Canada	610	229	267	267	283	337	320	491	551
20	Latin America and Caribbean	1,357	4,153	4,404	4,404r	4,092r	3,373r	3,462r	3,515r	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	3,144r	2,960r	2,232r	2,408r	2,342r	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	5,229r	5,642r	5,477r	5,451
28	Japan	3,299	4,065	4,102	4,102	4,107	4,136r	4,609r	4,451	4,479
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	8,126r	7,666r	7,309r	6,879r	6,704r	6,471
34	Belgium and Luxembourg	175	275	248	248	256	240	173	287	143
35	France	877	1,218	957	957r	678	659	688	663	653
36	Germany	1,392	1,270	944	944	880	702	744	621r	613
37	Netherlands	710	844	709	709	574	605	601	556	666
38	Switzerland	693	775	575	575r	543r	461r	430r	398	504
39	United Kingdom	2,620	2,792	2,310	2,310	2,445	2,404	2,262	2,250	2,041
40	Canada	1,124	1,261	990	990	1,095	1,077	1,085	892r	915
41	Latin America and Caribbean	1,224	1,672	1,352	1,352	1,701	1,803	1,496r	1,586	1,548
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	343
47	Venezuela	164	130	94	94	168	279	125r	130	158
48	Asia	7,550	9,483	9,330	9,330	9,890	10,439	11,006	10,787r	10,695
49	Japan	2,914	3,651	3,720	3,720	3,549	3,537	3,909	3,994	4,006
50	Middle Eastern oil-exporting countries[2,5]	1,632	2,016	1,498	1,498	1,591	1,778	1,813	1,792r	1,589
51	Africa	886	844	713	713	644	775	675	556	559
52	Oil-exporting countries[3]	339	422	327	327	253	389	335r	295	224
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[r]	1992[r]				1993
					Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1	**Total**	**33,173**	**35,348**	**42,233**	**42,233**	**40,899**	**41,037**	**38,345**	**38,039**	**40,567**
2	Payable in dollars	30,773	32,760	39,688	39,688	38,281	38,071	35,460	35,562	37,884
3	Payable in foreign currencies	2,400	2,589	2,545	2,545	2,618	2,966	2,885	2,477	2,683
	By type									
4	Financial claims	19,297	19,874	25,264	25,264	24,289	24,037	21,311	21,041	22,046
5	Deposits	12,353	13,577	17,290	17,290	16,262	15,056	12,436	12,615	12,774
6	Payable in dollars	11,364	12,552	16,415	16,415	15,076	13,717	11,353	11,826	11,720
7	Payable in foreign currencies	989	1,025	875	875	1,186	1,339	1,083	789	1,054
8	Other financial claims	6,944	6,297	7,974	7,974	8,027	8,981	8,875	8,426	9,272
9	Payable in dollars	6,190	5,280	7,094	7,094	7,305	8,277	7,868	7,688	8,546
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	18,521
12	Trade receivables	12,253	13,657	14,244	14,244	14,044	14,538	14,330	14,711	16,457
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	17,618
15	Payable in foreign currencies	657	548	790	790	710	923	795	950	903
	By area or country									
	Financial claims									
16	Europe	8,463	9,645	13,724	13,724	14,243	13,225	11,433	9,514	10,295
17	Belgium and Luxembourg	28	76	13	13	12	25	16	8	5
18	France	153	371	314	314	279	788	811	776	909
19	Germany	152	367	335	335	285	377	319	399	437
20	Netherlands	238	265	385	385	727	732	767	537	581
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	2,086
24	Latin America and Caribbean	8,020	6,201	7,689	7,689	6,200	6,849	6,452	8,326	5,647
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	4,213
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	8,065
38	Belgium and Luxembourg	242	212	192	192	181	255	172	184	166
39	France	964	1,240	1,542	1,542	1,560	1,561	1,739	1,392	1,385
40	Germany	696	807	940	940	933	905	870	880	916
41	Netherlands	479	555	643	643	646	666	588	541	714
42	Switzerland	313	301	295	295	323	394	294	260	414
43	United Kingdom	1,575	1,775	2,084	2,084	2,082	2,169	1,973	1,799	2,171
44	Canada	1,091	1,074	1,109	1,109	1,115	1,058	1,105	1,192	1,137
45	Latin America and Caribbean	2,184	2,375	2,562	2,562	2,544	2,653	3,113	2,827	3,255
46	Bahamas	58	14	11	11	11	9	7	18	8
47	Bermuda	323	246	263	263	272	291	245	237	194
48	Brazil	297	326	418	418	364	438	395	336	809
49	British West Indies	36	40	41	41	45	32	43	39	17
50	Mexico	508	661	801	801	865	829	942	837	898
51	Venezuela	147	192	202	202	206	251	302	317	320
52	Asia	3,570	4,127	4,558	4,558	4,343	4,456	4,300	4,649	5,248
53	Japan	1,199	1,460	1,878	1,878	1,782	1,786	1,793	1,850	2,129
54	Middle Eastern oil-exporting countries[2]	518	460	621	621	635	609	511	677	764
55	Africa	429	488	418	418	418	422	430	540	446
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	370

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[r]	1993 Jan.–May	1992[r] Nov.	1992[r] Dec.	1993 Jan.[r]	1993 Feb.[r]	1993 Mar.[r]	1993 Apr.[r]	1993 May[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	211,207	221,307	122,966	17,708	22,725	19,170	28,753	27,013	25,009	23,021
2 Foreign sales	200,116	226,428	117,433	16,426	20,382	19,353	25,980	24,548	25,329	22,223
3 **Net purchases or sales (–)**	**11,091**	**–5,121**	**5,533**	**1,282**	**2,343**	**–183**	**2,773**	**2,465**	**–320**	**798**
4 **Foreign countries**	**10,522**	**–5,154**	**5,287**	**1,279**	**2,319**	**–178**	**2,683**	**2,308**	**–328**	**802**
5 Europe	53	–4,912	2,022	368	1,505	52	2,271	975	–645	–631
6 France	9	–1,350	–225	–54	–154	–25	223	–183	–154	–86
7 Germany	–63	–65	440	46	162	91	97	103	144	5
8 Netherlands	–227	–262	187	–5	190	64	–11	68	32	34
9 Switzerland	–131	168	1,388	–39	221	205	501	356	277	49
10 United Kingdom	–352	–3,301	–559	361	705	–350	1,135	476	–1,134	–686
11 Canada	3,845	1,407	–124	42	176	–341	57	176	103	–119
12 Latin America and Caribbean	2,177	2,203	1,236	647	422	305	–235	410	241	515
13 Middle East[1]	–134	–88	–105	–219	70	–92	–65	–13	7	58
14 Other Asia	4,255	–3,943	2,147	374	122	–123	593	763	1	913
15 Japan	1,179	–3,598	–422	220	215	28	–624	250	–531	455
16 Africa	153	10	–5	–18	–7	4	27	2	–48	10
17 Other countries	174	169	116	85	31	17	35	–5	13	56
18 **Nonmonetary international and regional organizations**	**568**	**33**	**246**	**3**	**24**	**–5**	**90**	**157**	**8**	**–4**
BONDS[2]										
19 Foreign purchases	153,096	215,041	104,652	18,083	19,264	17,220	21,934	25,223	20,728	19,547
20 Foreign sales	125,637	175,560	89,117	16,318	15,391	15,454	18,896	23,275	16,233	15,259
21 **Net purchases or sales (–)**	**27,459**	**39,481**	**15,535**	**1,765**	**3,873**	**1,766**	**3,038**	**1,948**	**4,495**	**4,288**
22 **Foreign countries**	**27,590**	**38,365**	**15,948**	**1,600**	**3,328**	**1,862**	**3,164**	**2,084**	**4,536**	**4,302**
23 Europe	13,112	17,836	5,156	–494	2,118	1,090	2,143	27	1,079	817
24 France	847	1,203	1,590	–7	217	101	311	75	508	595
25 Germany	1,577	2,486	1,127	–113	857	91	52	–57	811	230
26 Netherlands	482	540	–329	144	48	–119	–133	–178	108	–7
27 Switzerland	656	–579	–355	–261	105	122	–38	11	–239	–211
28 United Kingdom	8,931	12,836	3,011	–313	962	334	2,376	–229	394	136
29 Canada	1,623	237	159	281	–38	–437	145	138	291	22
30 Latin America and Caribbean	2,672	9,300	3,285	542	513	419	482	490	632	1,262
31 Middle East[1]	1,787	3,166	1,389	515	360	300	248	263	463	115
32 Other Asia	8,459	7,545	5,814	692	119	305	149	1,216	2,082	2,062
33 Japan	5,767	–450	2,777	266	9	190	61	595	991	940
34 Africa	52	354	206	–4	302	168	27	–10	0	21
35 Other countries	–116	–73	–61	68	–46	17	–30	–40	–11	3
36 **Nonmonetary international and regional organizations**	**–131**	**1,116**	**–413**	**165**	**545**	**–96**	**–126**	**–136**	**–41**	**–14**
	Foreign securities									
37 Stocks, net purchases or sales (–)[3]	–31,967	–32,268	–16,238	–3,704	–4,376	–2,351	–1,571	–4,565	–4,006	–3,745
38 Foreign purchases	120,598	150,022	80,920	11,673	12,782	12,732	15,055	17,447	19,291	16,395
39 Foreign sales[3]	152,565	182,290	97,158	15,377	17,158	15,083	16,626	22,012	23,297	20,140
40 Bonds, net purchases or sales (–)	–14,828	–18,277	–20,100	–715	–2,866	–5,107	–9,528	–4,629	–810	–26
41 Foreign purchases	330,311	486,238	279,912	52,281	39,617	38,545	56,046	70,126	55,752	59,443
42 Foreign sales	345,139	504,515	300,012	52,996	42,483	43,652	65,574	74,755	56,562	59,469
43 **Net purchases or sales (–), of stocks and bonds**	**–46,795**	**–50,545**	**–36,338**	**–4,419**	**–7,242**	**–7,458**	**–11,099**	**–9,194**	**–4,816**	**–3,771**
44 **Foreign countries**	**–46,711**	**–53,881**	**–35,812**	**–4,492**	**–7,196**	**–6,451**	**–11,237**	**–8,925**	**–5,088**	**–4,111**
45 Europe	–34,452	–37,557	–23,875	–4,958	–4,507	–6,486	–6,669	–3,084	–2,773	–4,863
46 Canada	–7,004	–6,635	–9,020	575	–1,167	–161	–5,028	–3,034	–816	19
47 Latin America and Caribbean	759	–2,298	507	–1,672	511	195	25	68	–904	1,123
48 Asia	–7,350	–6,629	–3,043	1,529	–1,678	–394	539	–2,477	–528	–183
49 Africa	–9	–2	–226	42	–11	–7	3	–18	–18	–186
50 Other countries	1,345	–760	–155	–8	–344	402	–107	–380	–49	–21
51 **Nonmonetary international and regional organizations**	**–84**	**3,336**	**–526**	**73**	**–46**	**–1,007**	**138**	**–269**	**272**	**340**

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	1992		1993				
			Jan.–May	Nov.	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**19,865**	**39,288[r]**	**8,811**	**17,631[r]**	**14**	**439**	**–1,273**	**6,129**	**4,369**	**–853**
2 Foreign countries	19,687	37,935[r]	7,191	17,644[r]	–188	–144	–2,166	5,577	4,513	–589
3 Europe	8,663	19,625[r]	–3,056	7,267[r]	3,173	–600	–382	–3,826	1,615	137
4 Belgium and Luxembourg	523	1,985	798	370	–28	–59	45	622	–345	535
5 Germany	–4,725	2,076	–8,470	–1,584	898	697	–1,632	–2,757	–1,382	–3,396
6 Netherlands	–3,735	–2,959[r]	251	1,827	–804	–1,238	206	66	731	486
7 Sweden	–663	–804	213	668	–344	–54	258	–540	–100	649
8 Switzerland	1,007	488[r]	–2,835	1,334	213	–199	–455	–1,569	–721	109
9 United Kingdom	6,218	24,184	8,546	7,209	2,833	2,025	183	672	2,662	3,004
10 Other Western Europe	10,024	–5,995[r]	–2,028	–2,775[r]	405	–1,774	975	–509	631	–1,351
11 Eastern Europe	13	650	469	218	0	2	38	189	139	101
12 Canada	–3,019	562	7,783	–1,087	–99	3,302	82	2,490	1,386	523
13 Latin America and Caribbean	10,285	–3,222[r]	–7,489	7,270	–4,519	–1,495	445	–537	–2,015	–3,887
14 Venezuela	10	539	384	27	11	–175	179	154	74	152
15 Other Latin America and Caribbean	4,179	–1,956[r]	–6,205	2,385	415	–3,309	–1,656	–471	1,101	–1,870
16 Netherlands Antilles	6,097	–1,805	–1,668	4,858	–4,945	1,989	1,922	–220	–3,190	–2,169
17 Asia	3,367	23,517[r]	11,839	4,000	1,184	–1,136	–1,032	7,215	3,831	2,961
18 Japan	–4,081	9,817	10,177	3,383	2,201	–743	804	3,457	3,348	3,311
19 Africa	689	1,103	–173	119	0	–33	–139	–66	67	–2
20 Other	–298	–3,650[r]	–1,713	75	73	–182	–1,140	301	–371	–321
21 Nonmonetary international and regional organizations	178	1,353	1,620	–13	202	583	893	552	–144	–264
22 International	–358	1,018	354	–38	76	228	581	56	–211	–300
23 Latin American regional	–72	533	505	–31	97	270	235	1	16	–17
MEMO										
24 Foreign countries	19,687	37,935[r]	7,191	17,644[r]	–188	–144	–2,166	5,577	4,513	–589
25 Official institutions	1,190	6,876	–8,702	–620[r]	–715	–2,980	–4,364	–657	2,586	–3,287
26 Other foreign[2]	18,496	31,059[r]	15,893	18,264	527	2,836	2,198	6,234	1,927	2,698
Oil-exporting countries										
27 Middle East[2]	–6,822	4,317[r]	–2,310	407	505	–238	–1,855	811	100	–1,128
28 Africa[3]	239	11	2	0	0	8	0	0	–6	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 July 31, 1993		Country	Rate on July 31, 1993		Country	Rate on July 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	4.41	July 1993	Japan	2.5	July 1992	United Kingdom	12.0	Sept. 1992
Denmark	9.25	July 1993	Netherlands	6.0	July 1993			
France[2]	10.0	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						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	8.16	5.86	3.70	3.22	3.12	3.11	3.10	3.12	3.21	3.17
2 United Kingdom	14.73	11.47	9.56	6.88	6.10	5.91	5.90	5.91	5.83	5.88
3 Canada	13.00	9.07	6.76	7.03	6.38	5.59	5.43	5.29	4.91	4.48
4 Germany	8.41	9.15	9.42	8.50	8.29	7.85	7.81	7.41	7.51	7.12
5 Switzerland	8.71	8.01	7.67	5.52	5.34	5.05	4.97	4.97	4.99	4.62
6 Netherlands	8.57	9.19	9.25	8.00	7.98	7.47	7.43	6.98	6.64	6.45
7 France	10.20	9.49	10.14	11.69	11.70	10.89	8.73	7.48	7.19	7.72
8 Italy	12.11	12.04	13.91	12.56	11.43	11.26	11.41	10.74	10.18	9.42
9 Belgium	9.70	9.30	9.31	8.19	8.75	8.27	7.94	7.16	6.87	7.12
10 Japan	7.75	7.33	4.39	3.70	3.27	3.26	3.22	3.24	3.23	3.22

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 Feb.	Mar.	Apr.	May	June	July
1 Australia/dollar[2]	78.069	77.872	73.521	68.294	70.775	71.155	69.859	67.492	67.788
2 Austria/schilling	11.331	11.686	10.992	11.556	11.586	11.234	11.305	11.637	12.071
3 Belgium/franc	33.424	34.195	32.148	33.841	33.919	32.857	33.044	34.009	35.483
4 Canada/dollar	1.1668	1.1460	1.2085	1.2602	1.2471	1.2621	1.2698	1.2789	1.2820
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.7874	5.7455	5.7202	5.7392	5.7504	5.7756
6 Denmark/krone	6.1899	6.4038	6.0372	6.3019	6.3242	6.1339	6.1751	6.3380	6.6531
7 Finland/markka	3.8300	4.0521	4.4865	5.8534	5.9767	5.6190	5.4847	5.5674	5.7852
8 France/franc	5.4467	5.6468	5.2935	5.5594	5.5944	5.3984	5.4180	5.5700	5.8464
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.6414	1.6466	1.5964	1.6071	1.6547	1.7157
10 Greece/drachma	158.59	182.63	190.81	220.60	223.57	217.90	218.12	225.45	234.77
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7335	7.7332	7.7306	7.7290	7.7362	7.7556
12 India/rupee	17.492	22.712	28.156	30.042	31.939	31.610	31.613	31.668	31.600
13 Ireland/pound[2]	165.76	161.39	170.42	148.11	147.58	152.75	151.65	147.47	140.83
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,550.43	1,591.35	1,536.14	1,475.66	1,505.05	1,586.02
15 Japan/yen	145.00	134.59	126.78	120.76	117.02	112.41	110.34	107.41	107.69
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.6295	2.6051	2.5777	2.5661	2.5696	2.5672
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.8473	1.8507	1.7942	1.8026	1.8559	1.9299
18 New Zealand/dollar[2]	59.619	57.832	53.792	51.603	53.026	53.904	54.290	53.949	54.900
19 Norway/krone	6.2541	6.4912	6.2142	6.9779	6.9989	6.7399	6.8027	6.9986	7.3179
20 Portugal/escudo	142.70	144.77	135.07	149.89	152.17	148.25	151.89	157.63	167.87
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6463	1.6446	1.6228	1.6136	1.6175	1.6206
22 South Africa/rand	2.5885	2.7633	2.8524	3.1313	3.1790	3.1718	3.1787	3.2408	3.3518
23 South Korea/won	710.64	736.73	784.58	799.25	796.42	798.61	803.19	805.91	809.58
24 Spain/peseta	101.96	104.01	102.38	117.51	117.71	115.64	121.30	127.11	134.93
25 Sri Lanka/rupee	40.078	41.200	44.013	46.351	47.069	47.712	47.965	48.073	48.643
26 Sweden/krona	5.9231	6.0521	5.8258	7.5566	7.7362	7.4500	7.3271	7.4541	7.9802
27 Switzerland/franc	1.3901	1.4356	1.4064	1.5178	1.5206	1.4599	1.4504	1.4769	1.5147
28 Taiwan/dollar	26.918	26.759	25.160	25.837	26.026	25.987	25.978	26.267	26.682
29 Thailand/baht	25.609	25.528	25.411	25.508	25.425	25.251	25.234	25.214	25.331
30 United Kingdom/pound[2]	178.41	176.74	176.63	143.95	146.17	154.47	154.77	150.82	149.55
MEMO									
31 United States/dollar[3]	89.09	89.84	86.61	93.82	93.65	90.62	90.24	91.81	94.59

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

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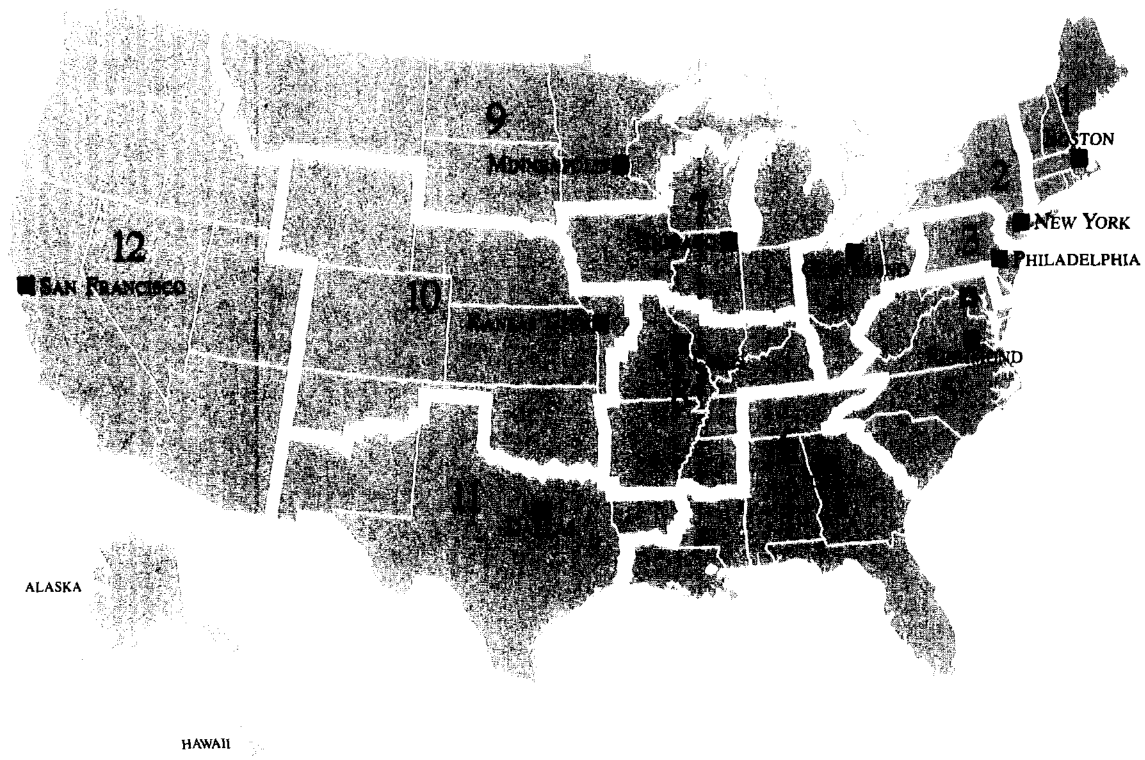

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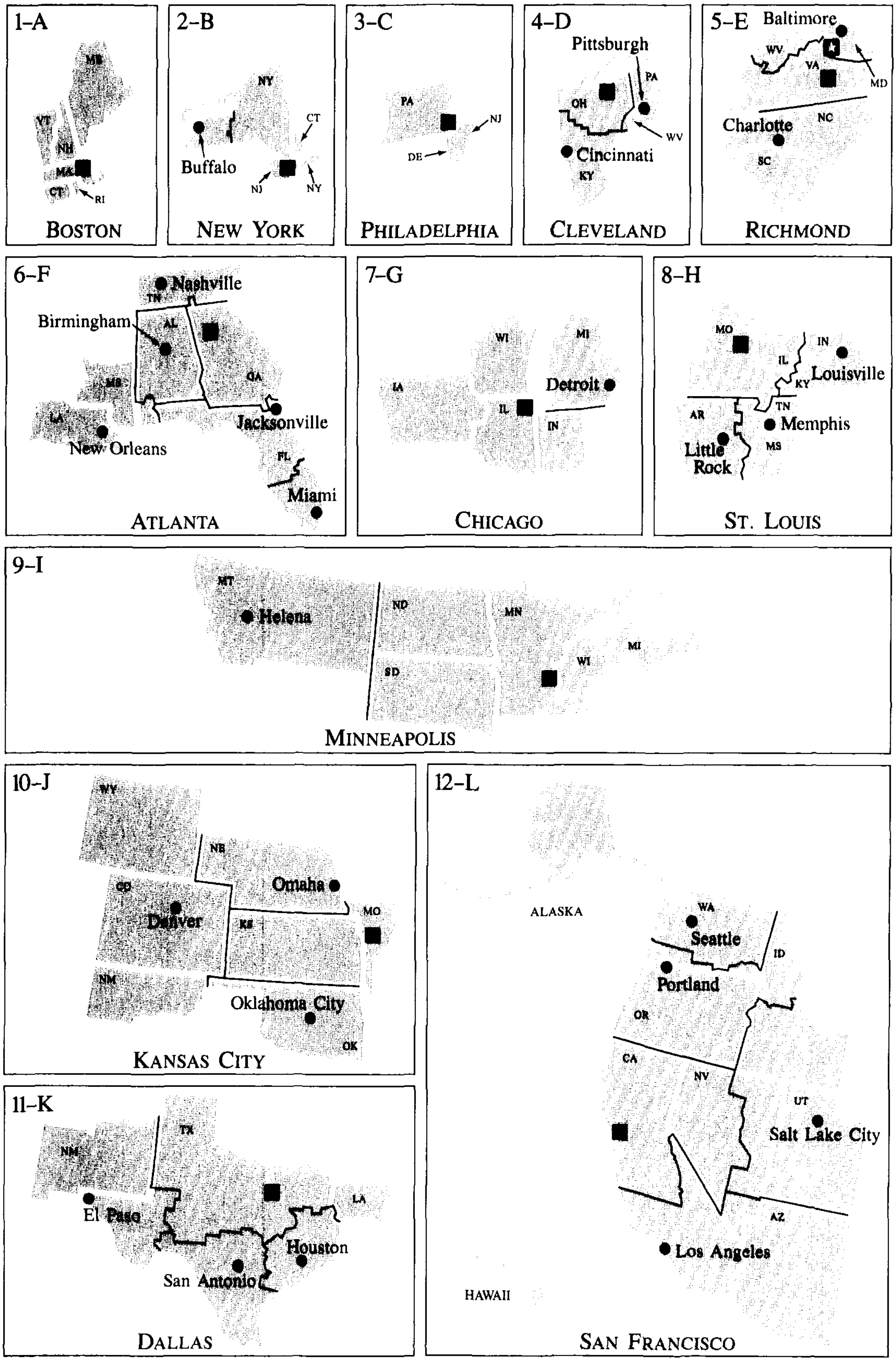
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