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Recent Trends in Retail Fees and Services of Depository Institutions

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The availability of retail banking services and the fees that depository institutions charge consumers for them have received increased attention in recent years. This attention may have been prompted by the trend toward the separate pricing of services and changes in the environment in which depository institutions operate. Concern over the potentially adverse effect of one particular change in the regulatory environment—that of increased premiums paid for deposit insurance by depository institutions—led the Congress, in section 1002 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, to require the Board of Governors of the Federal Reserve System to report annually on discernible changes in the availability of retail banking services and in the level of their fees. Section 1002 further specified that the annual reports to the Congress be based on annual surveys of samples of insured depository institutions that are representative of all such institutions in terms of size and location.

The Federal Reserve has commissioned a survey and issued a report for each of the five years from 1989 to 1993.[1] All of these surveys were conducted by telephone with the same procedures and by the same private survey organization operating under contract with the Federal Reserve Board. To keep the length of the interviews manageable and to improve the accuracy of the results, they were conducted for only one product category at a time. With some variation in numbers from year to year, roughly 150 members of the Bank Insurance Fund (mostly commercial banks) and 180 members of the Savings Association Insurance Fund (mostly savings and loan associations) were chosen for each survey; they were picked randomly each year from each of seven regions of the country encompassing all fifty states and the District of Columbia and from five size groupings covering all institution sizes (see the appendix for more detail).

Statistical analysis of the survey results produced, for the entire population of banks and savings associations in the United States, estimates of the level of service availability and the level and incidence of fees at the time of each annual survey. This article reports a selection of those estimates for the 1989–93 period. In most cases, the change that occurred between the first and the last survey is also reported, along with an indication of the statistical significance of the change.[2]

Several findings are noteworthy. First, the availability of consumer services in general has not declined. Indeed, the availability of a few increased sharply. Second, observed changes in consumer fees varied substantially by type of fee. Fees associated with special actions, such as those imposed on checks returned for insufficient funds, on overdrafts, and on stop-payment orders, exhibited consistently large increases that exceeded the rate of inflation; the evidence for other types of fees is more mixed (see box for data from another source on trends in overall revenue from fees on both consumer and business deposit accounts).

TRENDS IN THE AVAILABILITY OF SERVICES

Survey information on the proportion of banks and savings associations that offered various retail ser-

1. The surveys of automated teller machine services and safe deposit box services were conducted in 1988 instead of 1989.

2. Broadly speaking, the levels of statistical significance indicate the minimum probability that, given the change observed for the sampled institutions, a change in the same direction occurred for the entire population of such institutions.

vices over time is available for the following services: auto loans, non-interest-bearing checking accounts, negotiable order of withdrawal (NOW) accounts (which are interest-bearing checking accounts), savings accounts, money orders and cashiers checks, the return of canceled checks, automated teller machines (ATMs), and safe deposit boxes.

Data on checking and savings accounts include the availability of no-fee versions of those accounts. Cashiers checks are close substitutes for money orders, so the reported data cover the proportion of banks and savings associations offering either of these instruments rather than the proportion offering each.

Services at Banks

Throughout the five-year period, most of the above retail services were offered by more than 90 percent of banks (table 1). The exceptions are ATM services and NOW accounts. ATMs began appearing in significant numbers in the 1970s, and NOW accounts were not authorized for banks until 1980. Although the availability of ATMs at banks was up a statistically significant 16 percentage points over the period, one-fourth of banks still did not offer them in 1993. The availability of NOW accounts rose a statistically significant 7 percentage points over the period, and the estimated proportion of banks that offered them during the past two years exceeded 90 percent.

During the survey period, the no-fee version of each of the three deposit accounts shown in table 1 was offered by only a small minority of banks. The availability of no-fee noninterest checking was the only one of the three to have changed a statistically significant amount over the period, rising 5 percentage points.

Overall, the availability of four of the eight broad service categories for banks rose a statistically significant amount—new-car loans, NOW accounts, money orders or cashiers checks, and ATM services; and no banking service showed a statistically significant decline in availability.

Services at Savings Associations

For savings associations, the only surveyed services consistently offered by more than 90 percent of all institutions throughout the period were savings accounts and money orders or cashiers checks.

1. The proportion of banks and savings associations that offer selected retail services, 1989–93

Percent except as noted

Service	Banks 1989	Banks 1990	Banks 1991	Banks 1992	Banks 1993	Banks Change, 1989–93[1]	Savings associations 1989	Savings associations 1990	Savings associations 1991	Savings associations 1992	Savings associations 1993	Savings associations Change, 1989–93[1]
New-car loans	94.6	96.1	98.5	91.0	98.1	3.5*	58.6	60.0	61.1	58.4	72.7	14.1**
Noninterest checking accounts	96.8	99.4	98.8	97.0	98.6	1.8	37.1	48.9	48.0	52.2	51.3	14.2**
No-fee account	3.2	4.4	4.9	3.0	8.4	5.2**	6.0	9.7	7.4	12.8	12.0	6.0**
NOW accounts	83.6	81.5	81.6	91.3	90.7	7.1**	88.8	85.9	75.5	83.8	84.7	–4.1
No-fee account	2.5	1.4	1.5	3.3	2.0	–.5	6.7	3.4	3.1	2.0	3.7	–3.0
Savings accounts	100.0	99.8	99.8	98.3	99.9	–.1	99.7	98.3	92.6	99.1	99.4	–.3
No-fee account	12.8	7.1	3.5	8.4	11.1	–1.7	15.6	6.4	7.9	1.3	1.5	–14.1**
Money orders or cashiers checks	95.2	100.0	98.8	99.6	99.9	4.7**	93.2	96.9	94.5	90.3	91.0	–2.2
Return of canceled checks	99.1	98.0	91.6	87.7	96.6	–2.5	90.2	85.3	78.8	89.0	89.0	–1.2
ATM (automated teller machine) services[2]	56.9	63.6	62.3	58.4	73.2	16.3**	44.7	45.0	56.6	57.9	45.4	.7
Safe deposit boxes[2]	95.0	98.3	92.9	91.6	96.2	1.2	43.7	48.7	42.7	47.7	50.8	7.1**

NOTE. * Significant at the 90 percent confidence level.
** Significant at the 95 percent confidence level.

1. Percentage points.
2. Data reported for 1989 gathered in 1988.

Relative to the availability observed at banks, the estimated proportions of savings associations offering noninterest checking, ATM services, and safe deposit boxes were particularly low, barely rising above 50 percent during the period.

The smaller proportion of savings associations offering noninterest checking accounts may stem from the fact that savings associations, unlike banks, were generally restricted from providing these accounts before the 1980s; their availability rose a statistically significant 14 percentage points over the five survey years, a change that, along with other factors, may reflect a reaction to the previous restriction. Other services whose availability changed statistically significant amounts over the five years were new-car loans (a rise of 14 percentage points) and safe deposit boxes (a rise of 7 percentage points). The increased availability of car loans and safe deposit boxes suggests that the offerings of savings associations are in some respects becoming more like those of banks.

As they were at banks, accounts entailing no fees were rare at savings associations. Statistically significant changes in the availability of the accounts were, however, more pronounced at savings institutions, where the proportion offering no-fee noninterest checking rose 6 percentage points and the proportion offering no-fee savings accounts fell 14 percentage points. These data suggest that, to the extent that savings associations offer no-fee accounts, they are switching such offerings away from savings toward noninterest checking accounts.

The Incidence and Level of Service Fees

The fees charged for various types of retail banking services and changes in them over time differ considerably. Dividing service fees into three different types provides a manageable way to deal with the variations; these types are (1) fees associated with maintaining and using various kinds of deposit accounts, (2) fees associated with specialized services or actions such as stop-payment orders, and (3) fees charged for the use of ATM services.

Deposit Accounts

Analysis of the fees charged in connection with deposit accounts must, at the very least, account for the distinctions among noninterest checking accounts, NOW accounts, and savings accounts. Even within these categories, however, accounts can differ considerably. In the case of noninterest checking, for example, accounts can differ in terms of the nonchecking services provided, the minimum balances that depositors must maintain to qualify for various fee levels, and the mix of fees charged. In the case of savings accounts, to take another example, fees can depend on whether the account is a passbook savings account or a statement savings account and on minimum balance requirements. Therefore, the characteristics of accounts must be specified when comparing the levels of fees over time. The following discussion presents information on three types of noninterest checking accounts, one type of NOW account, and two types of savings accounts. Data on the proportion of institutions offering each of these accounts is included to indicate prevalence.

Noninterest Checking

The following three fee structures are reported for noninterest checking accounts: (1) a monthly fee when balances fall below a minimum, (2) a monthly fee and a per-check charge when balances fall below a minimum, and (3) a monthly fee and, in some versions, also a charge per check, regardless of the account balance (table 2).

Single-balance, single-fee. A single-balance, single-fee account involves no fee if a minimum balance is maintained; otherwise the account incurs a single monthly fee with no other charges. The estimated proportion of institutions offering this account has changed sharply from one year to the next, perhaps because of changes in the structure of fees that would cause the account to be reclassified. At least at banks, however, it is one of the more common types of noninterest checking accounts.

For banks, the average monthly fee and the average minimum balance required to avoid the fee did not change a statistically significant amount over the period, and the average minimum balance required to open the account dropped a statistically significant 46 percent. At savings associations, however, where this type of account appears to be less common, the average monthly fee rose a statistically significant 17 percent over the period, compared with a 16 percent rise in the consumer price index (CPI) in the same period.[3] The estimated average minimum balance needed to avoid the fee or to open the account at savings associations varied sharply during the period, but the differences between the 1989 and 1993 levels were not statistically significant.

Single-balance, single-fee, check-charge. A single-balance, single-fee, check-charge account has a monthly fee and a charge per check for balances below a defined minimum, and no fee or check charge for balances above the minimum. Thus, this account differs from the single-balance, single-fee account in that failure to maintain a prescribed minimum balance brings a charge per

3. The CPI used throughout is the urban index, all items. Comparisons with the CPI are intended to indicate how fees and minimum balances changed in relation to changes in the prices of other common consumer items.

2. Average fees and average minimum balances for selected checkable accounts at banks and savings associations, 1989–93

Dollars except as noted

Account	Banks						Savings associations					
	1989	1990	1991	1992	1993	Percent change, 1989–93	1989	1990	1991	1992	1993	Percent change, 1989–93
NONINTEREST CHECKING												
Single balance and fee[1]												
Percent offering	30.5	27.1	50.9	54.4	38.0	. . .	12.4	15.9	25.4	16.6	22.9	. . .
Monthly fee	6.02	5.69	5.68	5.34	5.90	–2.0	4.70	4.73	5.53	5.46	5.50	17.0**
Minimum balance												
To avoid fee	499.76	463.41	461.85	455.36	426.68	–14.6	440.62	305.96	564.17	482.15	335.35	–23.9
To open	232.48	147.37	125.06	245.70	125.91	–45.8*	111.41	125.94	128.08	176.39	101.80	–8.6
Single balance, single fee, and a check charge[2]												
Percent offering	28.8	29.3	11.4	8.2	23.7	. . .	1.6	4.2	1.8	5.0	3.9	. . .
Monthly fee	3.24	3.93	3.47	3.16	4.02	24.1	. . .	4.99	. . .	. . .	. . .	. . .
Check charge	.21	.20	.24	.21	.20	–4.8	. . .	.20	. . .	. . .	. . .	. . .
Minimum balance												
To avoid fee	382.74	362.53	312.59	416.13	421.64	10.2	. . .	314.65	. . .	. . .	. . .	. . .
To open	123.93	116.09	101.63	211.46	103.99	–16.1	. . .	70.99	. . .	. . .	. . .	. . .
Fee-only[3]												
Percent offering	16.9	22.3	29.6	21.3	41.7	. . .	7.9	11.7	10.4	16.9	18.4	. . .
Monthly fee	3.32	3.09	3.75	3.60	4.81	44.9**	4.29	4.14	3.60	4.02	3.51	–18.2*
Percent, of those offering, charging a check charge	68.6	76.6	62.1	77.6	50.2	. . .	17.7	26.5	79.9	21.9	44.4	. . .
Check charge	.35	.27	.30	.37	.35	.0	. . .	. . .	.40	. . .	.45	. . .
Minimum balance to open	60.13	65.42	79.68	80.17	73.86	22.8	140.60	76.68	265.83	75.69	46.32	–67.1**
NOW ACCOUNTS												
Single balance and fee[1]												
Percent offering	43.7	43.2	49.0	52.0	50.4	. . .	44.5	55.0	45.0	44.2	49.5	. . .
Average monthly fee	7.05	7.67	7.84	7.32	7.78	10.4*	5.31	6.00	6.99	6.26	6.50	22.4**
Minimum balance												
To avoid fee	1,098.62	1,111.03	1,090.70	1,307.69	971.10	–11.6*	498.44	493.16	865.34	648.67	633.54	27.1**
To open	803.53	606.62	711.85	1,037.98	686.41	–14.6	289.78	278.74	340.03	315.34	306.55	5.8

NOTE. The change in the consumer price index between August 1989 and December 1993 was 16.1 percent. Average fees are calculated only for those institutions that offer the account.

. . . Data are not applicable or are insufficient to report.

* Significant at the 90 percent confidence level.

** Significant at the 95 percent confidence level.

1. A monthly fee for balances below the minimum, no monthly fee for balances above the minimum, and no other charges.

2. A monthly fee for balances below the minimum, no monthly fee for balances above the minimum, and a charge per check.

3. A monthly fee, no minimum balance to eliminate the fee, and a charge per check in some cases.

check as well as a monthly fee. The proportion of banks offering this kind of account, which has varied considerably from one year to the next, has sometimes approached 30 percent; the variability may be a result of changes in account characteristics that cause the account to be reclassified.

The average monthly fee charged holders of this type of account at banks is considerably smaller than that charged account holders when a charge per check is not levied. This circumstance illustrates the importance of defining accounts narrowly so that changes in different aspects of an account's fee structure do not mask the true trend in any given type of fee over time.

In the case of this account, the estimated average monthly fee charged at banks increased substantially, from $3.24 in 1989 to $4.02 in 1993. This 24 percent increase is greater than the 16 percent increase in the CPI during the period, but, like changes in the other reported features of the account, is not statistically significant. Because of the small number of savings associations found to offer accounts with this fee structure, reliable information on the fees and minimum balances associated with this account at savings associations cannot be reported for most years during this period.

Fee-only. The fee-only noninterest checking account levies a monthly fee regardless of the account balance and may also impose a per-check charge. From one-half to three-fourths of the banks that offered the account over the five survey years imposed the check charge. The fee-only account appears to be one of the more common of the noninterest checking accounts offered at banks, where approximately 40 percent are estimated to have offered it in 1993. It appears to be increasing in popularity at savings associations as well, where nearly 20 percent of institutions were offering it in 1993 and where the average minimum balance to open dropped a statistically significant 67 percent over the period.

The trends in the monthly fees charged for this account differ considerably between banks and savings associations. At banks, average fees increased by a statistically significant 45 percent, from $3.32 in 1989 to $4.81 in 1993, a change that is nearly three times that of the CPI during the period. At savings associations, however, the monthly fees declined a statistically significant 18 percent during the same period.

These sharp changes in the observed monthly fee exaggerate the change in overall fees charged the account holder, because the estimated proportion of institutions levying a charge per check changed in the opposite direction during the same period. At banks, it declined from about 70 percent to about 50 percent, while it increased from about 18 percent to about 45 percent at savings associations. These countertrends again illustrate some of the problems involved in assessing fee changes associated with maintaining and using accounts of various types.

NOW Accounts

NOW (negotiable order of withdrawal) accounts are checking accounts that pay interest and, as a result, can have fees that differ from those observed for noninterest checking. Like noninterest accounts, they can differ considerably in terms of the balances that depositors must maintain to qualify for various fee levels and the mix of fees charged the account holder. The most common type of fee structure associated with NOW accounts, both at banks and at savings associations, is one in which the institution charges no fee if the account holder maintains a minimum balance; otherwise, the institution levies one monthly fee with no per-check charge.

The estimated proportion of banks and savings associations offering this type of account has not changed by a statistically significant amount over the survey years (table 2). Statistically significant changes did occur over the period, however, in the average monthly fee charged account holders who failed to maintain sufficient balances; it rose about 10 percent at banks and about 22 percent at savings associations, compared with the 16 percent rise in the CPI over the same period. The average minimum balance to avoid this fee fell a statistically significant 12 percent at banks and rose a statistically significant 27 percent at savings associations.

The monthly fee, minimum balance to avoid a fee, and minimum balance to open for NOW accounts have long been higher at banks than at savings associations. Over the survey period, savings associations appear to have been catching up with banks in terms of the monthly fee and average minimum balance to avoid a fee on this account. At both types of institution, monthly fees and average minimum balances are clearly higher for this type of account than they are for any of the listed noninterest checking accounts. The fact that NOW accounts pay the account holder interest is likely a major reason for this difference.

Savings Accounts

The 1989 survey of savings accounts was not compatible with later surveys, so information on savings accounts is presented only for the 1990–93 period (table 3). The two major types of savings accounts are the passbook account and the statement savings account. The most common fee structure imposes one monthly fee if a specified minimum balance is not maintained; otherwise, no fee is assessed.

The proportion of institutions offering statement savings accounts with this fee structure increased by statistically significant amounts between 1990 and 1993: from about 40 percent to more than 50 percent at banks and from less than 30 percent to about 40 percent at savings associations (statistical significance not shown in table). The estimated average monthly fee charged account holders who did not maintain a minimum balance was roughly $2 at the beginning and end of the period. The average minimum balance required to open the account rose sharply at savings associations, but the change was not statistically significant.

The proportion of institutions offering passbook savings accounts with the "single-balance and fee" structure rose by small and statistically insignificant amounts during the period. The average monthly fee charged passbook account holders that do not maintain balances sufficient to avoid the fee was about equal at banks and savings associations in 1990 and about 15 percent to 20 percent lower than the fee for the statement savings account. By 1993 the fee for the passbook account was up somewhat at banks but had risen a statistically significant 38 percent at savings associations, four times the 8.9 percent change in the CPI during the 1990–93 period. By 1993 the spread at banks between the average fees estimated for passbook and statement savings accounts had narrowed, while at savings associations, the average fee for passbook accounts actually surpassed the average fee for statement accounts.

Summary

The data on fees for deposit accounts present a mixed picture, with charges up sharply over the five years for some types of accounts but not

3. Average fees and average minimum balances for selected "single-balance and fee" savings accounts at banks and savings associations, 1990–93

Dollars except as noted

Savings account	Banks					Savings associations				
	1990	1991	1992	1993	Percent change, 1990–93	1990	1991	1992	1993	Percent change, 1990–93
Statement										
Percent offering	39.3	39.1	34.5	52.2	. . .	26.2	22.2	31.9	38.8	. . .
Monthly fee	1.92	2.46	2.04	1.89	–1.6	2.02	2.41	2.00	2.18	7.9
Minimum balance										
To avoid fee	190.56	206.08	171.96	188.89	–.9	157.52	215.27	164.07	187.56	19.1
To open	116.75	96.49	100.31	125.56	7.5	77.62	109.50	128.72	135.07	74.0
Passbook										
Percent offering	26.3	30.8	35.2	34.3	. . .	32.8	29.8	35.7	38.6	. . .
Monthly fee	1.62	1.73	1.45	1.74	7.4	1.73	2.05	2.37	2.38	37.6**
Minimum balance										
To avoid fee	124.84	165.36	98.03	122.07	–2.2	148.54	166.27	139.88	147.41	–.8
To open	98.87	104.91	67.05	86.05	–13.0	97.85	115.45	105.36	101.65	3.9

NOTE. Single-balance and fee accounts impose a monthly fee for balances below the minimum, no monthly fee for balances above the minimum, and no other charges. Average fees are calculated only for those institutions that offer the account. The change in the consumer price index between December 1990 and December 1993 was 8.9 percent.

. . . Not applicable.

** Significant at the 95 percent confidence level.

The Growth in Service Charges on Deposits: Evidence from Another Source

The changes over time in the fee income received by depository institutions depend in a complex way on changes in the fees charged, changes in the proportion of institutions charging fees, changes in minimum balance requirements, and changes in the mix and usage of services offered, which may in turn reflect changes in fees, minimum balance requirements, and other factors. Data on the total revenue that banks receive through service charges on deposits are available from the income statements filed by banks (see table). These data are collected for all insured domestic commercial banks and nondeposit trust companies and include revenues obtained from many of the fees presented in tables 2 though 5, including the fees associated with account maintenance and use, fees for NSF checks and deposit items returned, and ATM transaction fees. These data, however, do not distinguish between revenues from service charges on business accounts and revenues from service charges on consumer accounts.

These data show that bank revenues from service charges on deposits increased substantially between 1989 and 1993, rising from about $10 billion in 1989 to about $15 billion in 1993. Scaling these figures by the consolidated assets of banks can help correct for the changing size of the banking industry; as a proportion of assets, bank revenues from service charges on deposits increased from 0.32 percent to 0.42 percent during the period. Measured this way, such revenue was more important to smaller banks than larger ones, but the increase over the period was more pronounced for larger banks.

Other types of revenues and the costs, both interest and noninterest, that depository institutions must incur to provide deposit services are not included in these figures. Thus, while the information is useful in documenting the growing importance of revenue from service fees on deposits, it does not indicate the profits earned by depository institutions from providing deposit services.

Revenues from service fees on deposits, all insured domestic commercial banks and nondeposit trust companies, 1989–93

Measure	1989	1990	1991	1992	1993
Total (millions of dollars)	10,235	11,423	12,818	14,117	14,869
As a percentage of average net consolidated assets					
All banks	.32	.34	.38	.41	.42
Banks ranked by assets					
Ten largest	.21	.23	.26	.30	.30
11th through 100th	.30	.34	.40	.44	.46
101st through 1,000th	.35	.37	.40	.44	.44
Smaller than 1,000th	.41	.42	.44	.45	.45

SOURCE. William B. English and Brian K. Reid, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1993," *Federal Reserve Bulletin*, vol. 80 (June 1994), pp. 497–507.

others. The picture for minimum balance requirements is clearer, with little evidence of a substantial general increase over the survey period; indeed, such requirements appear to have fallen in some cases, although estimates exhibit substantial volatility from one year to the next.

Specialized Services or Actions

The evidence on fees associated with specialized services or actions is quite different from that on deposit accounts. The trend appears to be a good deal more uniform (table 4), with average fees rising by statistically significant percentages and faster than the change in the CPI in most cases.

Money Orders

For money orders, the proportion of institutions that charge and the average charge can differ, depending on whether the purchaser is a customer of the institution, that is, on whether the purchaser has an account there. During the period from 1989 to 1993, a small and declining minority of banks and savings associations offered their customers money orders free of charge, and virtually all of them charged noncustomers. In general, fees charged noncustomers by both banks and savings associations in 1993 averaged about $2.25, compared with an average of about $1.75 for customers in that year.

Between 1989 and 1993, fees for money orders rose fairly steadily at both types of institution. At banks, where the prices for money orders were higher than at savings associations at the beginning of the period, estimated average fees rose about the same percentage as the CPI; by rising at two to three times the rate of inflation, average fees at savings associations nearly caught up to those at banks by 1993.[4]

4. In table 4, any increase of at least 22 percent in the average fee is greater, by a statistically significant amount, than the 15.7 percent increase in the CPI during the period; the confidence level in each case is at least 90 percent.

Stop-Payment Orders

By 1993, virtually all banks and savings associations charged their customers for stop-payment orders, at an average of about $13. As in the case of money orders, the average fee at savings associations, initially lower than that at banks, rose faster than at banks and significantly faster than the CPI, catching up to the average bank fee by the end of the period.

NSF Checks and Overdrafts

A check drawn on an account with insufficient funds may or may not be honored by the paying bank. When not honored, it is called an NSF (not sufficient funds) check; when honored, it is called an overdraft and represents an extension of credit. Throughout the period, virtually all depository institutions charged for NSF checks, and although

4. Incidence and average level of fees for selected special services and actions at banks and savings associations, 1989–93

Dollars except as noted

Item	Banks						Savings associations					
	1989	1990	1991	1992	1993	Percent change, 1989–93	1989	1990	1991	1992	1993	Percent change, 1989–93
Money orders												
For own customers												
Percent charging	96.3	98.2	95.9	99.1	99.4	. . .	89.3	86.7	96.3	92.1	93.3	. . .
Fee	1.56	1.63	1.74	1.74	1.80	15.4**	1.24	1.28	1.56	1.64	1.70	37.1**
For noncustomers												
Percent charging	100.0	100.0	100.0	100.0	100.0	. . .	100.0	100.0	100.0	97.3	100.0	. . .
Fee	1.96	2.21	2.37	2.01	2.27	15.8**	1.47	1.49	2.02	1.91	2.31	57.1**
Stop-payment orders												
Percent charging	97.8	97.2	98.4	100.0	100.0	. . .	99.6	99.9	100.0	100.0	99.5	. . .
Fee	10.88	11.21	12.35	11.81	12.91	18.7**	10.07	10.73	12.11	12.01	13.27	31.8**
NSF checks												
Percent charging	98.4	100.0	99.0	100.0	100.0	. . .	99.8	98.7	99.7	100.0	100.0	. . .
Fee	12.62	13.00	14.17	14.26	15.65	24.0**	13.23	14.25	15.41	14.95	16.36	23.7**
Overdrafts												
Percent charging	93.0	96.5	95.3	92.3	100.0	. . .	91.8	92.8	93.6	98.0	99.6	. . .
Fee	12.06	12.49	13.87	14.27	15.54	28.9**	12.70	13.97	15.03	15.18	15.39	21.2**
Deposit items returned												
Percent charging	47.3	47.1	34.6	55.6	65.5	. . .	68.1	61.8	61.1	70.4	71.2	. . .
Fee	5.38	4.61	5.49	4.97	6.08	13.0	8.19	8.03	6.97	7.52	7.97	–2.7
Safe deposit box (3 x 5-inch face)												
Yearly fee[1]	13.88	15.59	16.95	17.07	15.94	14.8**	16.57	17.45	17.05	18.05	18.56	12.0*

NOTE. Average fees are calculated only for those institutions that charge. The change in the consumer price index between December 1989 and December 1993 was 15.7 percent.

. . . Not applicable.

* Significant at the 90 percent confidence level.

** Significant at the 95 percent confidence level.

NSF Not sufficient funds.

1. Data reported for 1989 gathered in 1988.

a small minority of institutions did not charge for overdrafts at the beginning of the period, virtually all did at the end.

The increases in the fees charged for NSF checks and overdrafts at both banks and savings associations were statistically significant and greater in percentage terms than the change in the CPI during the period. By 1993, average fees were about $16.

Deposit Items Returned

When a customer deposits a check that is returned by the paying bank (because of insufficient funds, for example), the bank in which it was deposited may charge the customer a fee. The levying of such charges is controversial. Many have argued that it is not the depositor's fault that the check is drawn on insufficient funds and that charging the depositor in such cases is therefore unreasonable. Others argue that such fees may provide a useful incentive for depositors not to accept checks thought likely to be returned for insufficient funds and that depository institutions have a right to recover their costs in ways available to them.

Whatever the merits of these arguments, the percentage of banks charging for the return of deposit items rose a statistically significant amount, from 47 percent in 1989 to 65 percent in 1993 (statistical significance not shown in table). Savings associations exhibited a much smaller, statistically insignificant increase. Of those institutions that levied a fee, the average charge at banks in 1993 was less than half of the charge for NSF checks, while it was about half of the NSF charge at savings associations. Among the special fees surveyed, this was the only one whose average did not rise a statistically significant amount; indeed, at savings associations, the estimated average charge did not rise at all over the period.

Safe Deposit Boxes

Although the provision of safe deposit boxes to customers for the safekeeping of valuables is not the primary function of depository institutions, the service is a tradition, particularly at banks. A major problem in reporting the fees for the rental of safe deposit boxes is the many sizes typically offered, each of which can carry a different fee. So that annual rental fees can be compared for the same box size over time, fee estimates are reported only for the most common type of box, which has a face measuring approximately 3 inches by 5 inches.

In 1993, fees charged by banks for the yearly rental of such boxes averaged about $16, while they averaged about $18.50 at savings associations. Between 1988 and 1993, these fees appear to have risen at rates that were somewhat smaller than the change in the CPI during the period.[5]

ATM Services

A multiplicity of fees may be assessed for services rendered by automated teller machines. Depository institutions may levy a yearly fee as well as impose fees for various types of ATM transactions. Transaction fees may differ depending on whether the transaction is a withdrawal, a deposit, or a balance inquiry and, most importantly, on whether the customer uses the institution's own ATM (an "on us" transaction) or another institution's ATM (an "on others" transaction). The surveys elicited information on all of these aspects of ATM fees; data were collected for the years 1988 and 1990–93.

Survey results indicate that only a fairly small minority of institutions charge their customers an annual fee for the use of ATM services (table 5)—an estimated 14 percent of banks and 9 percent of savings associations in 1993. In recent years, this fee has been in the neighborhood of $10 to $12 per year. Because so few surveyed institutions charged this fee, the sharp declines in the average fee at both banks and savings associations are not statistically significant.

Transaction fees have been the most important area of change in the pricing of ATM services. The most striking change over the past few years has been the substantial, statistically significant increase in the proportion of institutions charging for "on others" transactions (statistical significance not shown in table). The estimated proportion of institutions charging for withdrawals "on

5. Because the first survey of safe deposit boxes was conducted in July 1988, rather than in 1989, the percentage change in the CPI from December 1988 to December 1993, 21.9 percent, is used here.

others," for example, increased by half, in the case of banks, from 1988 to 1993 and doubled, in the case of savings associations, over the same period. Other types of "on others" transactions exhibit similar increases.

In contrast, a relatively small and declining proportion of institutions charge for "on us" transactions.[6] The distinction between the fees charged for "on others" and "on us" transactions may be partly explained by the fact that an "on others" transaction typically requires the customer's institution to pay the ATM network as well as the owner of the ATM, neither of which payment is required in the case of "on us" transactions.

The average fee for "on others" transactions in 1993 was about 90 cents at banks and between 80 cents and 90 cents at savings associations. The number of banks and savings associations found to charge for "on us" transactions was too small to permit reliable estimates of the average fee for these transactions for many of the years examined. What evidence is available, however, suggests that fees charged for "on us" transactions were substantially lower than for "on others" transactions, particularly at banks.

Except in the case of withdrawals "on others" at savings associations, estimated average ATM transaction fees did not rise as much as the CPI, which increased about 22 percent between the dates of the earliest and latest surveys.[7] Savings associations appear to have been catching up to banks for fees charged for withdrawals "on others"—their fees were lower than those charged by banks in 1988 and grew at a faster rate over the period.

6. The declines in the proportion of institutions charging for withdrawals "on us" are statistically significant for both banks and savings associations.

7. The registered 29 percent increase in the average fee for withdrawals "on others" at savings associations is not statistically greater than the 21.9 percent increase in the CPI during the period.

5. Incidence and average level of fees for automated teller machine services at banks and savings associations, 1988–93
Dollars except as noted

Fee	Banks						Savings associations					
	1988	1990	1991	1992	1993	Percent change, 1988–93	1988	1990	1991	1992	1993	Percent change, 1988–93
Yearly fee												
Percent charging	12.4	5.8	10.3	19.5	14.1	...	5.3	16.1	23.0	15.6	8.6	...
Fee	19.45	10.95	9.97	8.10	10.52	−45.9	...	17.96	11.41	9.39	11.64	...
Fee for transactions on others												
Withdrawals												
Percent charging	50.1	61.7	79.6	65.8	76.4	...	33.5	40.3	63.2	81.1	68.0	...
Fee	.85	.90	.92	.91	.92	8.2	.69	.85	.87	.81	.89	29.0**
Deposits												
Percent charging	34.5	50.2	67.0	42.7	71.0	...	23.6	34.9	46.5	66.6	59.7	...
Fee	.88	.87	.88	.93	.90	2.3	.70	.81	.95	.79	.82	17.1*
Balance inquiry												
Percent charging	...	51.6	72.5	52.0	71.9	...	...	30.4	54.4	69.8	61.3	...
Fee	...	.87	.91	.84	.90	...	...	.74	.84	.82	.82	...
Fee for transactions on us												
Withdrawals												
Percent charging	10.9	9.4	8.3	8.5	3.6	...	17.6	19.3	13.7	11.9	8.7	...
Fee	.27	.51	.39	...	...	...	.51	.64	...	...	...	...
Deposits												
Percent charging	3.9	5.7	4.7	3.4	2.8	...	12.2	18.5	9.4	8.5	7.9	...
Fee	...	...	.38	...	...	...	...	...	...	...	...	...
Balance Inquiries												
Percent charging	...	3.3	6.3	3.2	2.8	...	...	14.1	10.4	8.5	6.2	...
Fee	...	...	.34	...	...	...	...	...	...	...	...	...

NOTE. No data were collected for 1989. Transactions are "on others" when the machine used is not that of the customer's institution. Average fees are calculated only for those institutions that charge. The change in the consumer price index between July 1988 and December 1993 was 21.9 percent.

... Data are not applicable, or are insufficient to report, or are not comparable across surveys.

* Significant at the 90 percent confidence level.

** Significant at the 95 percent confidence level.

SUMMARY

To date, the Federal Reserve has sponsored five annual surveys of the availability of retail services at depository institutions and the fees charged for these services. An analysis of the resulting data yields several generalizations. First, there is little evidence that the availability of retail banking services as measured has declined during the period between 1989 and 1993, and for a few services, availability has increased sharply. Second, the trend in fees charged for these services depends on the category of fee.

For fees associated with the maintenance and use of deposit accounts, substantial increases can be observed for some types of accounts but not others. For most of the accounts examined, there is little evidence of a substantial, general increase in the minimum balances required to avoid fees or open the account.

For fees associated with specialized services or actions, the overall picture is a good deal more uniform, with average fees rising faster in percentage terms than the change in the CPI in most cases. For most items examined, the estimated proportion of depository institutions charging such fees also rose over the period.

For ATM fees, the most striking development has been the increase in the proportion of institutions charging for "on others" transactions, rather than the changes in average fees, which, with one exception, do not appear to have exceeded the change in the CPI during the period.

APPENDIX: DESIGN OF THE SURVEYS

The data employed in this article were obtained through telephone interviews conducted by Moebs Services, of Lake Bluff, Illinois, under contract with the Board of Governors of the Federal Reserve System. As in all surveys, errors in reporting are possible. To minimize these errors, results obtained by trained interviewers were, after every ten interviews, submitted to one of the several officials in Moebs Services with extensive experience in retail banking. A discrepancy or suspected error resulted in a second phone call to the surveyed institution.

The statistical design of the survey, developed for Moebs by Professor George Easton, of the University of Chicago, consists of a stratified systematic sample, treated as a stratified random sample, with seven geographic regions and five size classifications serving as the strata. Because selection probabilities differ by region and size class, the inverses of the selection probabilities were employed as weights. These weights were then employed to obtain the population estimates reported in tables 1 through 5. □

Treasury and Federal Reserve Foreign Exchange Operations

This report describes Treasury and System foreign exchange operations for the period from May through June 1994. It was prepared by Peter R. Fisher, Senior Vice President, Federal Reserve Bank of New York, and Manager for Foreign Operations, System Open Market Account. Ladan Archin was primarily responsible for preparation of the report.[1]

During the May–June period, the dollar declined 4.0 percent against the German mark, 3.0 percent against the Japanese yen, and 2.7 percent on a trade-weighted basis.[2] The dollar opened the period at DM1.6548 and ¥101.75, and closed the period at DM1.5869 and ¥98.50. The Federal Reserve Bank of New York's Foreign Exchange Desk intervened twice during the period on behalf of the U.S. monetary authorities, purchasing $1,250 million on May 4 and $1,560 million on June 24. On both occasions, the Desk intervened as part of a concerted operation to support the dollar.

THE UNITED STATES INITIATES A CONCERTED OPERATION

In the weeks leading up to the reporting period, the dollar declined against the mark and the yen in increasingly volatile trading. On the last business day of the previous period, the U.S. monetary authorities intervened in the foreign exchange market.

On May 4, in early European trading, the dollar reached a new six-month low of DM1.6330, before recovering to approximately DM1.6470 after Bundesbank President Tietmeyer stated that too strong an appreciation of the mark against the dollar was not in the interest of the German economy. At about 8:30 a.m., the Desk, joined by eighteen other central banks, entered the market to purchase dollars against the yen and the mark. Shortly after this initial round of intervention, Treasury Secretary Bentsen released the following statement confirming the intervention:

> I am concerned by recent developments in the exchange markets. This Administration sees no advantage in an undervalued currency.
> The monetary authorities of the major countries are joining this morning in concerted intervention. These operations reflect our view that recent movements in exchange markets have gone beyond what is justified by economic fundamentals.

After the Secretary's statement, the dollar reached its intraday highs of DM1.6645 and ¥102.40. The Desk continued to purchase dollars against the mark and the yen throughout the morning, concluding the operation at midday. The dollar closed the day at DM1.6530 and ¥101.83. In total, the Desk purchased $1,250 million, of which $750 million was against the mark and $500 million was against the yen. These amounts were equally divided between the Federal Reserve and the U.S. Treasury's Exchange Stabilization Fund (ESF).

EXPECTATIONS OF FUTURE INTEREST RATES BEGIN TO CHANGE

In the week after the intervention, the dollar gradually firmed against both the mark and the yen. This firming occurred as market participants came to expect that central banks would follow up on their intervention operations with interest rate changes that would also have the effect of supporting the dollar.

In early May, the Bank of Japan was more accommodative in its money market operations, as

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

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

reflected in a decline in the overnight call money rate to an historical low of 2.03 percent. On May 11, the Bundesbank reduced its discount and Lombard rates 50 basis points to 4.5 percent and 6.0 percent respectively. On May 17, the Federal Reserve announced the Board of Governors' decision to raise the discount rate 50 basis points. At the same time, the Federal Reserve announced a decision by the Federal Open Market Committee (FOMC) to provide a corresponding increase of pressure on bank reserves, resulting in an increase of 50 basis points in the federal funds rate. The Federal Reserve Board's statement that the interest rate changes made up to this date in 1994 had "substantially remove[d] the degree of monetary accommodation which prevailed throughout 1993" reduced market participants' expectations for further near-term rate increases in the United States. Similarly, the size of the Bundesbank's interest rate cuts lowered expectations for further official reductions in interest rates in Germany. Thus, after these official interest rate changes, expected interest rate differentials, which had widened quite substantially in the dollar's favor in early May, began to narrow rapidly.

The dollar subsequently moved lower against the mark and traded in a narrow range for the rest of the month as market participants reassessed the likelihood that interest rate changes would lead to dollar appreciation. This period of reassessment was encouraged by the comments of various Bundesbank officials, who indicated that further changes in official interest rates might not occur. At the same time, several data releases in Germany, particularly the figures on industrial production for April and first-quarter gross domestic product, encouraged market participants to view the outlook for the German economy more optimistically.

The Dollar Strengthens against the Yen, but Then Moves Lower

In late May and early June, the dollar posted modest gains against the yen when U.S.–Japanese trade relations showed signs of progress. On May 24, the United States and Japan reopened the framework trade talks that were suspended on February 11. In subsequent days, press reports and various official comments led market participants to regard settlement of a range of trade issues between the United States and Japan as more likely. As this view became increasingly widespread, the dollar strengthened against the yen, reaching its period high of ¥105.50 on June 6.

However, the yen appreciated after comments on June 7 and 8 by senior Administration officials indicating that the United States had not changed its goals in the trade talks and was prepared to impose trade sanctions if the framework talks failed. Several other factors also appeared to strengthen the yen. First, although the accommodative money market operations by the Bank of Japan in May had led some market participants to expect a reduction in the Bank of Japan's Official Discount Rate (ODR), these expectations started to unwind by the first week of June, as Japanese government bond yields rose and the Bank of Japan returned to a more neutral stance. Moreover, the June 10 release of the Tankan business survey, as well as subsequent comments by Japanese officials, suggested that the Japanese economy had bottomed out and was poised for a recovery. Also in early June, expectations grew that the Hata government would face a no-confidence vote as soon as the budget process for fiscal year 1994–95 was completed and, consequently, that the Japanese political situation would further delay trade negotiations and the implementation of fiscal measures in Japan.

The Mark and the Swiss Franc Begin to Strengthen

With the dollar declining against the yen and the market reassessing the prospects of dollar appreciation against the mark, a series of events in mid-June caused a sudden strengthening of the mark and the Swiss franc. Over the weekend of June 11–12, tensions with North Korea mounted, leading to market anxiety about Japan's proximity to the peninsula and uncertainty about the likely U.S. policy response. On Sunday, June 12, German Chancellor Kohl's party, the Christian Democratic Union (CDU), performed better than expected in elections for the European parliament, a development that appeared to promise greater continuity in German policies after the fall national elections. Then, on Monday, June 13, Swiss National Bank

President Lusser said that further interest rate cuts in Switzerland would not be forthcoming, even though inflationary pressures in the Swiss economy remained muted. This combination of events prompted substantial flows into Swiss francs and German marks, leading to a broad-based appreciation of those currencies. After initially breaking lower against the Swiss franc, the U.S. currency soon came under selling pressure against the mark and eventually against the yen. In this environment, market participants became increasingly anxious about the dollar's near-term prospects and began to question the U.S. Administration's level of concern about the U.S. currency.

On Friday, June 17, in extremely thin market conditions, the dollar fell more than two pfennigs after the breach of DM1.6280, an important technical level, and on headlines reporting views of a private sector research economist that, in the absence of a high real interest rate policy in the United States, the dollar could fall 10 percent against the mark over the next eighteen months. During the day, the dollar dropped to DM1.6065, its lowest level since October 1993. The dollar's sharp price adjustment took place in a very short period, giving market participants little opportunity to adjust their positions and putting added pressure on the dollar as the next week began.

The Dollar Falls Sharply Against the Yen

Liquidations of long-dollar positions against the yen abruptly pushed the dollar down by more than two yen to a new low of ¥99.85 during Tuesday, June 21. As the dollar reached new lows, a negative sentiment and technical conditions became self-reinforcing with market participants increasingly interpreting the dollar's movements as reflecting a lack of confidence in U.S. economic policies. The dollar was supported briefly by Secretary Bentsen's statement on June 22:

> I am concerned by recent movements in the exchange markets. We are carefully monitoring developments. We continue to be in close communication with our G-7 partners, and we continue to be prepared to act as appropriate.
>
> Ultimately, what is important is the fundamental strength of our economy, and I am very confident in the outlook. We are now in the midst of the first investment-led recovery from a low-inflation base in 30 years. And there is increased evidence of recovery abroad. We share with the Fed and with our G-7 partners the common goal of sustaining recovery with low inflation.

On the same day, Federal Reserve Chairman Greenspan, testifying before the House Budget Committee, said that the U.S. monetary authorities "cannot be indifferent to major movements in our currency."

On Thursday, June 23, however, there was renewed selling pressure on the dollar. Market anxiety about the risk of a rapid downward movement of the dollar, especially against the yen, was reflected in options markets, where dollar puts began to trade at an extraordinarily high premium over equally out-of-the-money dollar calls. The dollar closed that day at DM1.6024 and ¥101.22. On Friday, June 24, during Asian and European trading, the dollar again began to move lower against the mark and the yen, reaching lows of DM1.5855 and ¥99.93, while U.S. and European bond yields rose and European stock markets declined.

On Friday morning, the Desk entered the market shortly before 9:30 a.m. to purchase dollars against the mark and the yen. Sixteen other central banks joined the Desk in a concerted intervention. Soon after the Desk entered the market, Treasury Secretary Bentsen confirmed the intervention, stating the following:

> Our actions today in cooperation with our G-7 partners and other monetary authorities reflect a shared concern about recent developments in financial markets. We look forward to continued cooperation to maintain the conditions necessary for sustained economic expansion with low inflation.

The Desk continued purchasing dollars through late morning. However, market participants sold

1. Foreign exchange holdings of U.S. monetary authorities at period-end

Millions of dollars

Item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
German marks	13,350.0	7,753.3
Japanese yen	8,996.6	12,466.9
Total	**22,346.5**	**20,220.2**

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

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

Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of April 29, 1994	4,163.4	3,804.9
Realized profits and losses, April 29–June 30, 1994	310.4[1]	229.8[1]
Valuation profits and losses on outstanding assets and liabilities as of June 30, 1994	4,458.2	4,253.8

NOTE. Data are on a value-date basis.

1. This figure represents net realized profit on intervention sales of German marks and Japanese yen.

3. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, June 30, 1994	Drawings during period
Austrian National Bank	250	0
National Bank of Belgium	1,000	
Bank of Canada	2,000	
National Bank of Denmark	250	
Bank of England	3,000	
Bank of France	2,000	
Deutsche Bundesbank	6,000	
Bank of Italy	3,000	
Bank of Japan	5,000	
Bank of Mexico	3,000	
Netherlands Bank	500	
Bank of Norway	250	
Bank of Sweden	300	
Swiss National Bank	4,000	
Bank for International Settlements		
Dollars against Swiss francs	600	
Dollars against other authorized European currencies	1,250	0
Total	32,400	0

the dollar aggressively during the operation, especially against the mark, and at noon the dollar traded at DM1.5855 and ¥100.40. Shortly after 12:30 p.m., the Desk entered the market for a final round of intervention, purchasing dollars against both marks and yen. In total, the Desk purchased $1,560 million, of which $950 million was against the German mark and $610 million was against the Japanese yen. These amounts were equally divided between the Federal Reserve and the ESF. The dollar closed the day at DM1.5835 and ¥100.35. U.S. bond and stock prices closed the day sharply lower as market participants perceived that the risk of interest rate changes in the aftermath of the intervention had increased.

In the week after the intervention, the dollar steadied against most European currencies, and U.S. stock and bond markets initially regained some of the losses recorded on Friday. The dollar traded in a range of ¥98 to ¥101. The resignation of Prime Minister Hata on June 25 and the subsequent election of Tomiichi Murayama, the head of the Socialist party, as the new prime minister on June 29 buoyed the yen, as market participants anticipated that political uncertainty in Japan would delay progress in bilateral trade negotiations on both trade disputes with the United States and the enactment of further economic stimulus measures in Japan. On June 30, the final day of the period, the dollar traded to a new post–World War II low of ¥98.35 before rebounding slightly to close the period at ¥98.50. Against the mark, the dollar closed the period at DM1.5869.

RESERVE POSITION

Intervention operations during the May–June period totaled $2.81 billion, divided equally between the Federal Reserve and the U.S. Treasury's Exchange Stabilization Fund (ESF). However, because operations conducted on the last business day of April settled in early May, intervention operations settling in May and June totaled $3.51 billion. This full settlement amount was also divided equally between the Federal Reserve and the ESF. During the period, the Federal Reserve and the ESF realized total profits of $310.4 million and $229.8 million respectively on intervention sales based on historical cost-of-acquisition exchange rates.

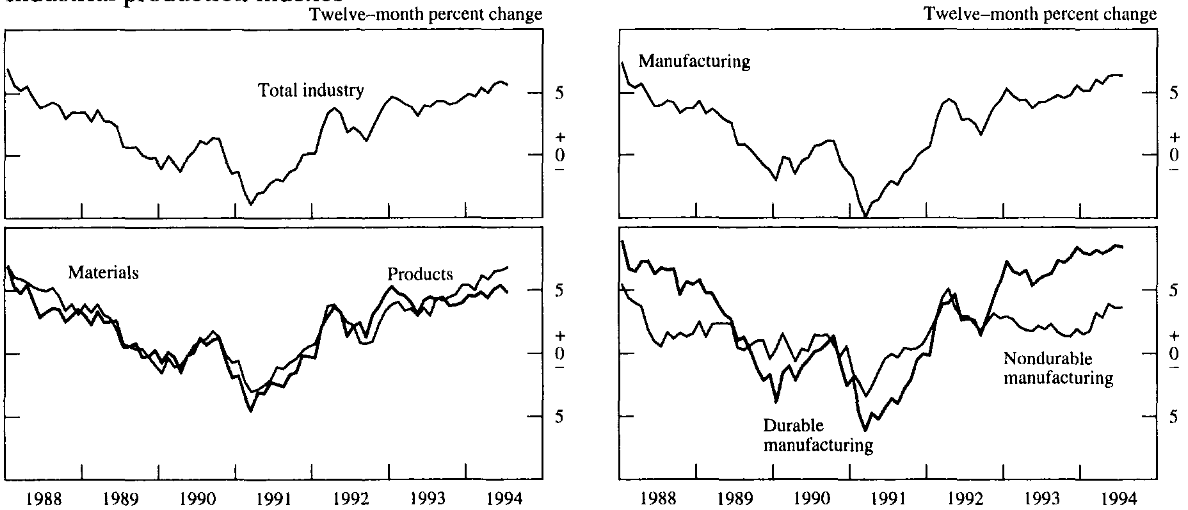
At the end of the period, the current value of the foreign exchange reserve holdings of the Federal Reserve and the ESF were $22.3 billion and $20.2 billion respectively. The U.S. monetary authorities regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. A portion of the balance is invested in foreign government securities. As of June 30, the Federal Reserve and the ESF each held, either directly or under repurchase agreements, $12.0 billion in foreign government securities. □

Industrial Production and Capacity Utilization for July 1994

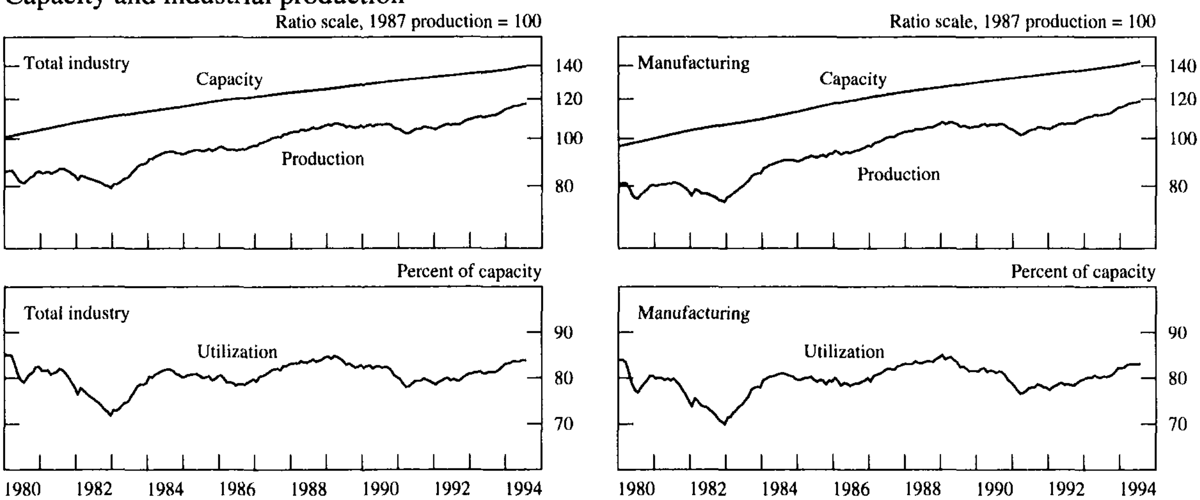
Released for publication August 15

Industrial production advanced 0.2 percent in July after an increase of 0.5 percent in June. The most significant gains occurred in business equipment and related parts as well as in durable consumer goods other than motor vehicles. A decline in the generation of electricity from its unusually high level in June, coupled with some strike activity, reduced the July gain in the total index about 0.2 percentage point. At 117.2 percent of its 1987 average, industrial production was 5.6 percent

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, July 1994

Category	Industrial production, index, 1987=100								
	1994				Percentage change				
					1994[1]				July 1993 to July 1994
	Apr.[r]	May[r]	June[r]	July[p]	Apr.[r]	May[r]	June[r]	July[p]	
Total	**116.0**	**116.3**	**116.9**	**117.2**	**.1**	**.3**	**.5**	**.2**	**5.6**
Previous estimate	116.1	116.3	116.8	...	.2	.1	.5	...	...
Major market groups									
Products, total[2]	114.7	114.9	115.4	115.7	.0	.2	.5	.2	4.8
Consumer goods	111.2	111.3	112.3	112.7	−.7	.1	.9	.4	3.5
Business equipment	146.3	146.7	147.3	147.9	.5	.3	.4	.5	9.9
Construction supplies	101.8	102.5	102.4	102.3	2.1	.7	−.1	−.1	6.1
Materials	117.9	118.4	119.1	119.3	.2	.4	.6	.2	6.8
Major industry groups									
Manufacturing	117.7	118.1	118.3	118.7	.4	.3	.1	.4	6.3
Durable	122.5	122.5	122.6	123.3	.6	.0	.2	.5	8.5
Nondurable	111.8	112.7	112.9	113.1	.1	.8	.1	.2	3.6
Mining	99.9	99.1	99.5	98.6	.4	−.8	.3	−.9	2.3
Utilities	114.4	114.7	120.6	119.2	−3.0	.2	5.2	−1.2	1.0

Category	Capacity utilization, percent								MEMO Capacity, percentage change, July 1993 to July 1994
	Average, 1967–93	Low, 1982	High, 1988–89	1993	1994				
				July	Apr.[r]	May[r]	June[r]	July[p]	
Total	**81.9**	**71.8**	**84.8**	**81.3**	**83.7**	**83.7**	**83.9**	**83.9**	**2.4**
Manufacturing	81.2	70.0	85.1	80.3	83.1	83.1	83.0	83.1	2.8
Advanced processing	80.6	71.4	83.3	78.9	81.5	81.3	81.3	81.5	3.4
Primary processing	82.2	66.8	89.1	83.8	86.9	87.5	87.2	87.1	1.2
Mining	87.4	80.6	87.0	86.6	90.3	89.6	90.0	89.2	−.6
Utilities	86.7	76.2	92.6	88.2	84.8	84.8	89.2	88.0	1.2

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

higher in July than it was a year earlier. The utilization of total industrial capacity, which has changed little since March, remained at 83.9 percent.

When analyzed by market group, the data show that the output of consumer goods increased 0.4 percent in July, even though the production of automotive products declined 1.3 percent. The output of other consumer durables rose 2.9 percent, with gains in the output of appliances, television sets, and other household durables. Drops in the production of gasoline and residential electricity held the overall rise in consumer nondurables to 0.3 percent. Falling sales of residential electricity reversed only a fraction of the double-digit gain that had accounted for much of the overall increase in the production of consumer goods in June.

The output of business equipment, which advanced 0.5 percent, continues to be a source of strength, despite the flattening in motor vehicle production, the strike at a major producer of construction and mining equipment, and the continuing weakness in the aircraft industry. The gains in information processing and related equipment and in sectors of industrial equipment that were not affected by the strike were widespread and substantial. The output of defense and space equipment again declined significantly.

The production of construction supplies, which had risen sharply during the spring, edged down for a second month. The output of business supplies, held down by a partial retreat in sales of commercial electricity, was little changed.

The increases in the output of materials, which had been very rapid through March, have been slowed by declines in the production of consumer durable parts used to make vehicles. Gains in equipment parts, however, especially semiconductors and computer parts, have been robust and have accounted for much of the 0.7 percent rise in the output of durable goods materials in July. The production of nondurable goods materials advanced 0.3 percent, after a 0.3 percent decline in June; gains in the output of paper and paperboard accounted for the rise. Declines in coal production and electricity generation caused the output of energy materials to fall about 1 percent, thereby reversing half its gain in June.

When analyzed by industry group, the data show that manufacturing production rose 0.4 percent in July, with much of the gain in durable goods such as machinery, instruments, and furniture and fixtures; the output of transportation equipment fell 1.6 percent. Among nondurables, the production of paper and products and food rose noticeably. With output growth approximately equaling estimated capacity growth in recent months, the rate of capacity utilization in manufacturing has remained at about 83 percent since March. Utilization rates in primary-processing industries, such as textiles, lumber, petroleum products, and iron and steel, remained well above their 1967–93 averages. In general, utilization rates in advanced-processing industries were closer to their long-run averages than the rates in primary-processing industries.

The output in mining fell 0.9 percent, with declines in coal and oil and gas well drilling. Production at utilities fell 1.2 percent. □

Statements to the Congress

Statement by Edward W. Kelley, Jr., Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 13, 1994

Thank you for the opportunity to present the Federal Reserve's views on the plans of the Department of the Treasury to further protect U.S. currency from the threat of future counterfeiting. I have attached to my statement responses to the questions raised in your letter of invitation.[1] I would request that they become part of the record. My remarks this morning will focus on the reasons the Federal Reserve fully supports the design improvements being considered by the Treasury.

Counterfeiting is foremost a serious crime—but one with a special dimension. For if counterfeiting were to take place in very large volumes, it might undermine public confidence in the genuine currency and might, in extreme circumstances, also threaten the nation's economic stability. For these reasons, our government must be ever alert to opportunities to improve both its enforcement of anticounterfeiting laws and the design of its currency.

The United States has the benefit of a vigorous, and highly effective, enforcement of counterfeiting laws by the U.S. Secret Service. We have also had a largely effective currency design, particularly with the addition in 1991 of two additional security features aimed at reducing the threat of color-copier counterfeiting. Thanks to good law enforcement and to a good design, as well as to a watchful public, the current level of counterfeiting activity is only about $20 million per year, or only about 10 cents per capita passed on to the U.S. public. Thus counterfeiting has no discernible impact on the overall economy and places no constraint on the formulation or implementation of monetary policy.

Nevertheless, the security features of the current design are probably not adequate to deal with the counterfeiting threat of the future, which seems likely to be dominated by rapidly improving reprographic technologies, especially computer-based scanners, printers, and copiers, that will be available to large numbers of people and that will require little operator skill. We are also concerned about increasingly sophisticated counterfeiting by dedicated criminals and by a greater proportion of this activity taking place outside the United States. Accordingly, the Federal Reserve strongly supports the Treasury Department's efforts to incorporate additional security features to currency now to be better prepared for threats of the future.

To provide some context for the committee's consideration of this design-improvement effort, I would like to comment on three related matters: (1) the importance to the Treasury and to taxpayers, in financial terms, of the Federal Reserve's currency-issue function, (2) the worldwide role of U.S. currency and therefore the importance of maintaining worldwide confidence in it, and (3) steps that the Federal Reserve might take to ensure prompt distribution of the newly designed notes.

Currency issuing is highly profitable for governments because the issuance of non-interest-bearing central bank currency liabilities gives rise, correspondingly, to comparable holdings of earning assets by the central bank. The Federal Reserve System's balance sheet shows currency liabilities, and corresponding earning assets, of about $357 billion. At a portfolio return of about 5.3 percent in 1993, the assets associated with currency outstanding generated about $18 billion in gross income for the Federal Reserve System and therefore accounted for most of the approx-

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

imately $16 billion of 1993 net Federal Reserve earnings paid to the Treasury.

The needs of the domestic U.S. economy, however, do not account for all, or even most, of the $357 billion dollars of Federal Reserve notes in circulation. Our currency is widely accepted and used outside the United States, and in a few nations it even plays a leading role as a substitute for the domestic currency. We do not have hard data on the amount of currency held abroad, and estimates are necessarily imprecise. Research by Board staff members indicates that probably more than half, and perhaps in excess of 60 percent, of the $357 billion of U.S. currency may be in use outside the United States. Evidence also suggests that the percentage of U.S. currency held abroad has tended to increase in recent years. The worldwide demand for our currency contributes in a very important way to the direct financial benefits that taxpayers derive from the issuance of Federal Reserve notes—perhaps to the extent of 60 percent, or $10 billion annually, of the approximately $16 billion earned through currency issuance. In effect, by holding our currency, citizens of the rest of the world are making an interest-free loan to the United States.

We cannot take for granted the choice of U.S. currency as both a store of value and a medium of exchange in nations whose economic or political situations make their own currencies less attractive for those purposes. There are other currencies and other instruments that would serve the purpose. The choice of U.S. currency is most of all a consequence of the esteem and confidence in which the U.S. government, its political traditions, and its economic performance are held. Whether that esteem and confidence are maintained in the future depends primarily on the fiscal and monetary policies that are pursued here over the long term. The preference for U.S. currency abroad, however, and the associated financial benefits also depend on confidence in the Federal Reserve notes themselves and could be diminished by widespread concern about the genuineness of U.S. currency.

Against this background, the Federal Reserve is preparing now for the challenges of active distribution of the newly designed notes when they become available and a prompt replacement of the Federal Reserve notes currently in circulation—on a worldwide basis.

Let me not be misunderstood, however. *The Federal Reserve would not support, and has no plans for, a recall, demonetization, cancellation, or any other cessation of legal tender status of U.S. currency. All genuine U.S. currency now in circulation, whenever issued, is legal tender and should continue to be legal tender.*

For replacing Federal Reserve notes in circulation within the United States, it is likely that the Federal Reserve will follow the general approach it has used in issuing the Series-1990 $100, $50, $20, $10, and $5 notes, which, as you know, provided improved counterfeit deterrence in the form of a security thread and microprinting.

In the case of $100 and $50 notes, which have an average life of more than five years, we knew that we would need to replace the outstanding Federal Reserve notes more promptly than on a business-as-usual basis. For those denominations, the Federal Reserve began paying into circulation only the Series-1990 notes as soon as the Bureau of Engraving and Printing had shipped a sufficient inventory of them to each of the Federal Reserve banks and branches (which was in August 1991 for $100 notes and in February 1992 for $50 notes). That is, all pre-1990 $100 and $50 notes deposited at Federal Reserve Banks were withdrawn from circulation even if their quality level might ordinarily have permitted their reissuance. As a result of that procedure, Series-1990 notes now comprise more than 80 percent of the receipts of $100 and $50 notes at Federal Reserve Banks and therefore more than 80 percent of the general domestic circulation of those denominations.

Series-1990 notes of the $20 and $10 denominations were first paid into circulation by Reserve Banks in October 1992 and November 1992 respectively. Because those denominations have an average life of only two and one-half to three years, the Federal Reserve has retired the pre-1990 notes on a business-as-usual basis; that is, they are withdrawn only when they are judged to be too worn or soiled for further circulation. As a result of this procedure, we have achieved a replacement rate comparable to that of the $100 and $50 notes. Series-1990 notes now comprise about 60 percent of those denominations in deposits at Federal Reserve Banks and therefore in general domestic circulation.

For replacing Federal Reserve notes used outside the United States, a more active approach may be required for the newly designed series. In contrast with the 80 percent replacement rate domestically, we estimate, for example, that only 50 percent of the $100 notes circulating abroad and only 65 percent of the $50 notes abroad are Series-1990 notes. Even though these lower replacement rates may, to some extent, be attributable to the 1990-Series not being visibly very different from the earlier series, and the more visible changes in the newly designed notes may generate a greater public demand for them, the present replacement procedure may not be considered sufficient for the newly designed notes. The Federal Reserve is therefore considering the benefits and costs of a number of available options for expediting the replacement of notes that are outside the United States when the newly designed notes become available. No decisions have been made, except that there will be no recall or demonetization of existing currency.

In conclusion, I would like to thank the committee for this opportunity, and again let me reiterate that the Federal Reserve fully supports the design improvements being considered by the Treasury. It would further the interests of the United States to enhance its currency by making it as secure from counterfeiting in the future as it has been in the past. □

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Bipartisan Commission on Entitlement and Tax Reform, Washington, D.C., July 15, 1994

The U.S. economy has recently been experiencing the ideal combination of rising activity, falling unemployment, and slowing inflation. But we cannot let this good behavior lull us into neglecting the underlying problems of our economy that may prevent it from reaching its fullest potential over the longer run. One of the most important of these problems is the prospect for federal budget deficits to begin rising once again as we move into the next century. The effects of these deficits may not be obvious to every observer, but they are there, they are serious, and they will get worse the longer we take to address them.

Since we veered away, in the early 1960s, from the allegedly simplistic notion that budget balance should be the hallmark of sound fiscal policy, we have been struggling with deficits that have no precedent in our peacetime history. The large structural federal budget deficits that have emerged in recent decades seem to persist despite considerable efforts to reduce them.

Some of these recent efforts by the executive and legislative branches, especially the imposition of spending caps, in fact have been helpful and have lowered the trajectory of deficit growth. But much remains to be done. The deep reduction in defense spending will come to an end later in this decade. At that point the underlying trend of civilian spending, mainly entitlements, will emerge as the dominant budget force. On the basis of current law and policy, entitlements are programmed to grow at a rate that will surely exceed growth of the tax base, threatening a destabilizing escalation of deficits as a percentage of nominal gross domestic product.

Increasing the tax base or tax rates cannot solve this problem, for it would take enormous increases to fund the rising outlays, and even such increases would only postpone the inevitable because growth in tax revenue cannot indefinitely exceed the growth in income. Moreover, the disincentive effects of rising tax rates would eventually choke off economic growth and reduce the tax base. Therefore, there is no alternative to scaling back growth in federal spending if we are to avoid growing deficits as we move into the next century. Those deficits would cause financial stress and instability that would create great hardship.

Deficits are damaging because they pull resources away from private investment, reducing the rate of growth of the nation's capital stock. This, in turn, means less capital per worker than would otherwise be the case and engenders, over the long run, a slower growth in labor productivity and, with it, a slower growth in our standard of living.

To some degree, the effects of federal budget deficits over the past decade or so have been muted by two circumstances that are unlikely to persist in the future. First, to the extent that these budget deficits could not be financed from our meager level of savings, we imported savings from abroad. But it has become increasingly clear that reliance on foreign sources of savings is not desirable—or perhaps even possible—over extended periods. As these sources are reduced, other sources must be found, or demands on domestic savings must be curtailed.

Second, we may be undergoing a once-in-a-generation improvement in the way we use our scarce domestic savings. As I have outlined elsewhere, the extraordinary advances in computer software and hardware appear to be enabling us to employ our resources, both capital and labor, more efficiently. This development may be imparting a decided uptilt to the growth of labor productivity, obscuring, at least for a while, the effect of the shortfall in capital investment on the growth of our standard of living.

Of course, the government should pursue opportunities to encourage the private sector to sustain this faster pace of improvement in productivity. It can remove impediments to prudent risk-taking, reverse inappropriate regulation that undermines investment incentives, seek to lower international trade barriers to foster growth in global income, and improve the functioning of our labor markets. These initiatives will mean higher standards of living at any given level of the structural budget deficit.

But these measures will not substitute for a direct approach to resolving the underlying deficit problem. This problem has become too severe to grow our way out of it. As our population continues to age over the coming decades, entitlements will become an increasing share of our budget outlays and of our national income. Taken separately, these programs have wide support among the American people. But, in total, they are far more costly than people recognize. If we continue to borrow to pay for them, the resultant high real interest rates will curtail the growth in living standards.

The process by which government deficits divert resources from private investment is only one of the many ways that the activities of the federal government inevitably preempt or redirect the use of private-sector resources. Apart from deficit spending, on- or off-budget, the most important ways the government can reallocate resources are tax-financed spending; regulation mandating private activities, such as pollution control or safety equipment installation, that are financed by industry through the issuance of debt instruments; and government guarantees of private borrowing.

When the government finances its activities with taxes, the capacity of individuals and businesses to spend is directly reduced, thereby diverting resources from private purchases. The other financing methods divert resources in a more indirect manner and operate mainly through their effects on interest rates. When the federal government finances its budget deficit, for example, it increases the demands for scarce savings, thereby pushing up interest rates. Similarly, the demand for credit increases and interest rates rise when a business needs to borrow to finance a government-mandated activity, or when the government reduces the costs of borrowing to certain investors by guaranteeing their loans. Government and government-mandated spending is insensitive to these higher interest rates.

Purely private activities, on the other hand, are, to a greater or lesser extent, responsive to interest rates. The demand for housing, for example, falls off as mortgage interest rates rise. Inventory demand is a function of short-term interest rates, and the level of interest rates, as they are reflected in the cost of capital, is a key element in the decision about whether to expand or modernize productive capacity. Thus, to the extent that more resources are demanded in an economy than are available to be financed, interest rates will rise until sufficient excess demand is finally crowded out. The crowded-out demand will not, of course, be that of the federal government, directly or indirectly, because government demand does not respond to rising interest rates. Rather, real interest rates will rise to the point that purely private borrowing is reduced sufficiently to allow the entire requirements of the federal on- and off-budget deficit, and all its collateral guarantees and mandated activities, to be met.

How much rates must rise to bring the demand and supply for savings into balance depends on how responsive the demand of private borrowers is to those rates. Whatever the responsiveness of private demand, rates must rise enough to crowd out a sufficient amount of private-sector investment. There is no alternative to a diversion of real resources from the private to the public sector. In the short run, interest rates can be held down if the Federal Reserve accommodates the excess demand for funds through a more expansionary monetary policy. But this will only foster greater inflation and economic instability; ultimately, it will have little, if any, effect on the allocation of real resources between the private and public sectors.

Let me conclude by emphasizing that time is no longer on our side. Any presumption that the deficit is benign is clearly false. This is especially the case with so low a private saving rate. Under current law, the deficit will begin to climb again by the end of the decade. Moreover, demographic trends imply an inexorable upward path for government expenditures as the next century unfolds. Allowing this to happen courts a marked sapping of our economy's vitality. The longer we wait, the more draconian the remedies will have to be. We must particularly eschew moving our programs off-budget. This is mere bookkeeping. There is no way around the need to deal with the allocation of real resources, and we must address that fact head-on.

I recognize that it is difficult to deal with a problem whose symptoms are hard to detect and whose full-blown effects seem to be years or decades away. But financial markets have a way of bringing future problems into the present. Long-term interest rates are higher now because markets are anticipating rising deficits in the next century. Those higher long-term rates reflect both a greater inflation premium and an expectation of higher real short-term rates in the future as government spending increasingly crowds out private spending. As I noted earlier, higher interest rates hinder capital formation and leave future generations poorer.

We are already paying for our failure to come fully to grips with our long-term budget problem. Further delay will only raise the total size of the bill that will eventually come due. □

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 20, 1994

I appreciate this opportunity to discuss with you recent economic developments and the Federal Reserve's conduct of monetary policy.[1]

The favorable performance of the economy continued in the first half of 1994. Economic growth was strong, unemployment fell appreciably, and inflation remained subdued. To sustain the expansion, the Federal Reserve adjusted monetary policy over recent months so as to contain potential inflation pressures.

Our actions this year can be understood by reference to policy over the previous several years. Through that period, the Federal Reserve moved toward and then maintained for a considerable time a purposefully accommodative stance of policy. During 1993, that stance was associated with low levels of real short-term interest rates—around zero. We judged that low interest rates would be necessary for a time to overcome the effects of a number of factors that were restraining the economic expansion, including heavy debt burdens of households and businesses and tighter credit policies of many lenders. By early this year, however, it became clear that many of these impediments had diminished and that the economy had consequently gained considerable momentum. In these circumstances, it was no longer appropriate to maintain an accommodative policy. Indeed, history

1. See "Monetary Policy Report to the Congress," in the August 1994 issue, pp. 681–701.

strongly suggests that maintenance of real short-term rates at levels prevailing last year ultimately would have fueled inflationary pressures.

Accordingly, the Federal Open Market Committee (FOMC) at its meeting in early February decided to move away from its accommodative posture by tightening reserve market conditions. Given the level of real short-term rates and the evident momentum in the economy, it seemed likely that a substantial cumulative adjustment of policy would be needed. However, Committee members recognized that financial markets were not fully prepared for this action. About five years had passed since the previous episode of monetary firming, and a number of market participants in designing their investment strategies seemed to give little weight to the possibility that interest rates would rise; instead, many apparently extrapolated the then-recent, but highly unusual, extended period of low short-term interest rates, fairly steady capital gains on long-term investments, and relatively stable conditions in financial markets. Many Committee members were concerned that a marked shift in the stance of policy, though necessary, could precipitate an exaggerated reaction in financial markets.

With this in mind, we initially tightened reserve conditions only slightly—just enough to raise the federal funds rate ¼ percentage point. And the financial markets did indeed react sharply, with substantial increases in longer-term interest rates and declines in stock prices. Markets remained unsettled for several months, and we continued to move cautiously in March and April in the process of moving away from our accommodative stance. By mid-May, however, a considerable portion of the adjustment in portfolios to the new rate environment appeared to have taken place. With financial markets evidently better prepared to absorb a larger move, the Federal Reserve could substantially complete the removal of the degree of monetary accommodation that prevailed throughout 1993. The Board raised the discount rate ½ percentage point, a move that was fully passed through to reserve market conditions by the FOMC. Overall, the federal funds rate increased 1¼ percentage points during the first half of the year, and real short-term rates likely rose a similar amount. Partly to minimize any market confusion about the extent of, and rationale for, our moves, the Federal Reserve has announced each action and, in relevant instances, provided an explanation. At its meeting in early July, the FOMC faced considerable uncertainty about the pace of expansion and pressures on prices going forward, and it made no further adjustment in its policy stance.

Nonetheless, it is an open question whether our actions to date have been sufficient to head off inflationary pressures and thus maintain favorable trends in the economy. Labor demand has been quite strong, pointing to robust growth in production and incomes. To be sure, some hints of moderation in the growth of domestic final demand have appeared, and the recent indications of accelerating inventory accumulation may suggest an unwanted backing up of stocks. Conversely, the inventory accumulation may reflect pressures on firms that had brought inventories down to suboptimal levels and now need to replenish them. In the latter case, stock building may continue at an above-normal rate, supporting production for quite some time. Moreover, the improving economic conditions of our trading partners should add impetus to aggregate demand from the external sector.

How these forces balance out in the coming months could be critical in determining whether inflation will remain in check, for the amount of slack in the economy, though difficult to judge, appears to have become relatively small. Concerns that productive capacity could come under pressure and prices accelerate are already evident in commodity and financial markets, including the foreign exchange market. An increase of inflation would come at considerable cost: We would lose hard-won ground in the fight against inflation expectations—ground that would be difficult to recapture later; our long-run economic performance would be impaired by the inefficiencies associated with higher inflation if it persisted; and harsher policy actions would eventually be necessary to reverse the upsurge in inflationary instabilities. We are determined to prevent such an outcome and are currently monitoring economic and financial data carefully to assess whether additional adjustments are appropriate.

The economic figures that have formed the backdrop for our policy actions so far this year confirm that a rapid expansion has been in progress. Following growth at an annual rate of 7 percent in the fourth quarter of last year, real gross domestic product rose at nearly a 3½ percent rate in the first quarter. A conceptually equivalent measure of aggregate output, gross domestic income, exhibited even larger gains in the fourth and first quarters. At this stage, available data leave some uncertainty regarding the pace of economic activity over the past three months. Nonetheless, the evidence in hand makes it reasonably clear that growth remained appreciably above its longer-run trend. The robust expansion over the first half of 1994 has been reflected in substantial increases in employment. Since last December, nonfarm payrolls have risen by 1¾ million workers, bringing the gain in jobs since the expansion got under way to 5 million. Reflecting this hiring, the civilian unemployment rate has fallen to 6 percent.

Although labor markets have tightened considerably in recent months, aggregate measures of wage and compensation rates have not yet evidenced persuasive signs of acceleration. Similarly, the increases in the consumer price index excluding food and energy, at about a 3 percent rate over the past six months, have remained near last year's pace, although the overall CPI has risen at a reduced rate of about 2½ percent. To be sure, price pressures have been manifest at earlier stages of processing: Costs of many commodities and materials have been climbing, in some cases reflecting the tightening of industrial capacity utilization, which is now at its highest level in five years. But these pressures have been offset by favorable trends in unit labor costs resulting from marked improvements in productivity—especially in manufacturing—in recent years.

The accumulating evidence of stronger-than-expected economic growth here and abroad, combined with changing expectations of policy actions by the Federal Reserve as well as other central banks, prompted considerable increases in long-term interest rates in occasionally volatile markets over the first half of the year. Market participants concluded that, with aggregate demand stronger, higher real rates would be necessary to hold growth to a sustainable pace. Inflation expectations may also have been revised higher, as the performance of the economy seemed to make further near-term progress against inflation less likely and raised questions about whether price pressures might intensify.

To a degree, the very volatility of markets probably augmented the backup in long-term interest rates. One of the effects of the extended market rallies of recent years was to promote a rather complacent view among investors about the risks of holding long-term assets. In response, they gradually increased the proportions of their portfolios devoted to stocks and bonds, driving up their prices still further and narrowing risk spreads. But when developments earlier this year surprised investors and diminished their confidence in predicting future market conditions, they pulled back from long positions in securities until returns rose to compensate them for the additional price risk.

The recent weakness in bond prices was not limited to the United States but was accompanied by a surge in foreign interest rates. This surge was particularly informative; ordinarily one would expect that as interest rates go up in one nation, they would not increase to the same extent in others because exchange rates also would be expected to adjust. The initial jump in foreign interest rates was a sign of the extraordinary increase in uncertainty as, evidently, investors attempted to reduce their price-sensitive long positions by selling stocks and bonds regardless of currency denomination or economic conditions in the nation of issuance. Roughly concurrently, moreover, signs that the slump in some foreign industrial economies was ending were also becoming apparent. As a result, market participants anticipated stronger credit demands abroad and a reduced likelihood of further easing by some foreign central banks, and intermediate- and longer-term rates in many of our trading partners rose as much as or more than in the United States.

Rising foreign interest rates and concerns in markets about the prospects for reduced trade tensions and about U.S. inflation contributed to considerable activity directed at rebalancing international investment portfolios. One effect of this activity appears to have been a substantial decline of the foreign exchange value of the dollar on net over the past six months. Foreign exchange rates are key prices in the U.S. economy, with significant implications for the volumes of exports and imports as well as for the prices of imports and domestically produced items that compete with imports. The foreign exchange value of the dollar can also provide useful insights into inflation expectations. If we conduct an appropriate monetary policy—and appropriate economic policies more generally—we shall achieve our goals of solid economic growth and price stability, and such economic results will ensure that dollar-denominated assets remain attractive to global investors, which is essential to the dollar's continuing role as the world's principal reserve currency.

Rising interest rates and considerable volatility in financial markets do not seem to have slowed overall credit flows this year. At an annual rate of about 5¼ percent through May, domestic nonfinancial sector debt has increased within its 4 percent to 8 percent monitoring range. The composition of debt growth, however, has differed from the patterns of the previous few years. Expansion of federal debt has slowed as the actions of the Congress and the Administration as well as cyclical forces have narrowed the budget deficit considerably. The total debt of businesses, households, and state and local governments, by contrast, has risen this year at a brisker pace, though growth has remained quite moderate in comparison with the average experience of recent decades. The pickup this year indicates both that private borrowers have become less cautious about taking on debt and that lenders have become more comfortable lending to them. Although household debt–income ratios remain high, debt–service burdens have fallen appreciably, partly reflecting the refinancing of mortgages at lower interest rates. The lower debt burdens evidently have fostered a more favorable attitude toward credit among households, and consumer installment borrowing has accelerated, with strong growth of consumer loans at banks. Banks have been increasingly willing to extend credit, easing their terms and standards on business loans considerably. In addition, some firms have turned to banks for financing because of the turbulence in bond and stock markets this spring. Total bank lending has strengthened materially and, with continued acquisitions of securities, total bank credit has picked up as well. Nonetheless, growth of the monetary aggregates remains damped, as banks have relied heavily on nondeposit sources of funds to finance loan growth.

Expansion of M2 has been quite slow this year, leaving this aggregate near the lower end of its 1 percent to 5 percent annual range. M3 actually has edged down, and thus is just below its 0 percent to 4 percent range for 1994. The weakness in the broader aggregates has not been reflected in the growth of income again this year, representing a continuation of the substantial increases in velocity that we have experienced over the past few years. The factors behind this behavior, however, have changed somewhat. The diversion of savings funds from deposits to bond and stock mutual funds, which sharply depressed money growth in past years, seems to have slowed substantially; the experience with capital losses this spring apparently has heightened some investors' appreciation of the risks of such instruments. On the other hand, rising short-term market interest rates, combined with the usual lag in the adjustment of deposit rates, have been a significant restraint on growth of the aggregates this year, in contrast with 1992 and 1993.

The increases in market rates this year have exerted a particular drag on the narrower monetary aggregates, as well as on the closely related reserves and monetary base measures. M1 has expanded at only a 4 percent rate so far this year, compared with 10½ percent increases in each of the previous two years. M1's velocity has continued to fluctuate sharply, limiting its usefulness in formulating and interpreting monetary policy. The growth of M1 this year would have been even lower were it not for continued heavy demands for U.S. currency abroad. Flows of currency overseas have an even greater effect proportionately on the monetary base, which has grown rapidly this year despite declines in the reserves of depository institutions.

In reviewing its ranges for money growth in 1994, the FOMC noted that further increases in velocity of M2 and M3 were likely. Although yields on deposits will probably continue to rise further in lagged response to increases in market rates, the wider rate disadvantage of deposits is likely to persist, and savers will continue to redirect flows into market instruments. As a result, growth of both aggregates near the lower bounds of their 1994 ranges is considered to be consistent with achieving our objectives for economic performance, and the ranges were left unchanged.

The Committee also decided on a provisional basis to carry forward the current ranges for the monetary aggregates to 1995. We were not confident that we could predict with sufficient accuracy the money-income relationships that were likely to prevail next year to modify the ranges. Moreover, further permanent reductions of the monetary ranges did not seem necessary, as those ranges are already low enough to be consistent with the goal of price stability and maximum sustainable economic growth, assuming an eventual return to more stable velocity behavior. From that point of view, we felt that maintenance of the current monetary ranges would give the clearest indication of the long-run intentions of policy.

Regarding domestic nonfinancial sector debt, we made no adjustment to this year's monitoring range but elected to set a provisional monitoring range for 1995 of 3 percent to 7 percent, a percentage point lower than this year's. A lower range would conform with some deceleration in nominal income, in the process of containing inflation and ultimately making progress toward price stability. The reduction is not intended to signal an increased emphasis on the debt measure, but it is supported by our view that rapid debt growth, if sustained, can eventually lead to significant imbalances that are inimical to stable, noninflationary growth. As usual, we shall review carefully all of the provisional ranges for 1995 in February.

Given the rapid pace of financial change, considerable uncertainties continue to attend the relationships of all of the aggregates to the performance of the economy and inflation, and we do not expect in the near term to increase the weight accorded in policy formulation to these measures. However, the processes of portfolio reallocation that have generated these recent shifts may be slowing. We shall continue to monitor monetary growth, and financial flows more generally, for information about the course of the economy and prices in coming to decisions regarding adjustments to the stance of monetary policy.

We expect that expansion of money and credit within the ranges we have established will be consistent with continuation of good economic performance. With appropriate monetary policies, the Board members and Reserve Bank presidents see the economy settling into more moderate rates of growth over the next six quarters and inflation remaining relatively subdued. Specifically, the central tendencies of our forecasts are for real GDP to expand 3 percent to 3¼ percent over 1994 and 2½ percent to 2¾ percent next year. The consumer price index is projected to increase 2¾ percent to 3 percent this year. In 1995, inflation may be about the same as in 1994 or slightly higher; the recent depreciation in the dollar is likely to put upward pressure on inflation over the next year if it is not reversed. With the pace of hiring likely to about match that of labor force growth, the unemployment rate is expected to remain close to its recent level.

You also asked for economic projections for 1996. I fully appreciate your purpose in requesting this information. However, my colleagues and I do not think we can best communicate our policy intentions through additional numerical forecasts. Rather, we believe our intentions are best conveyed in terms of our declared objective of fostering as much growth of output and employment as can be achieved without placing destabilizing inflationary pressures on productive resources. There is considerable uncertainty about what that goal implies for the expansion of GDP and rates of unemployment.

That said, it may be useful to note that the assumptions underlying the medium-term projections provided to you by the Administration and the Congressional Budget Office (CBO) are within the mainstream of thinking among academics and private business economists. These projections do not attempt to anticipate cyclical movements but instead represent estimates of the likely performance of the economy in the neighborhood of its potential. The Administration, for example, projected in its most recent forecast that the economy will expand at a 2.5 percent rate in the second half of the 1990s and unemployment will average 6.1 percent. These projections are consistent with common estimates of the economy's potential growth rate and fall within the range of typical estimates of the so-called "natural rate" of unemployment.

Uncertainties around these estimates arise because identifying economic relationships is always difficult, partly owing to limitations of the data. But more fundamentally, all policymakers recognize that notions of potential GDP growth and the natural rate of unemployment are considerable simplifications, useful in conceptual models but subject to a variety of real world complications. Our economy is a complex, dynamic system, comprising countless and diverse households, firms, services, products, and prices, interacting in a multitude of markets. Estimates of macroeconomic relationships, as best we can make them, are useful starting points for analysis—but they are just starting points.

Given questions about the aggregate relationships, policymakers need to look below the surface, in markets themselves, for evidence of tightness that might indicate whether inflationary pressures are indeed building. One important source of such evidence is the reports we receive from our Reserve Banks through their extensive contacts in their communities. These reports are released to the public in the "beige book" and are updated—frequently on the basis of confidential information from individual firms and financial institutions—by the Reserve Bank officials at our meetings and through normal intermeeting communications. Another source of useful information is individual industries and trade groups, which provide many timely indicators that are sensitive to supply-demand conditions in particular sectors.

If the economy were nearing capacity, we would expect to see certain patterns in the statistical and anecdotal information with increasing frequency and intensity. Reports of shortages of skilled labor, strikes, and instances of difficulties in finding workers in specific regions all would be more likely. To attract additional workers, employers would presumably step up their use of want ads and might begin to use nonstandard techniques, such as signing or recruiting bonuses. More firms might choose to bring on less skilled workers and train them on the job. All of these steps in themselves could add to costs and suggest developing inflationary imbalances. As firms experienced difficulty in expanding production to meet rising demand, we would also expect to see increasingly frequent signs of shortages of goods as well as labor. Businesses might have difficulty in obtaining certain materials. Vendor performance would deteriorate, and lead times on deliveries of new orders would increase. Pressures on supplies of materials and commodities would be reflected in rising prices of these items.

Of course, we would not expect to see these phenomena occur simultaneously throughout the economy—quite the contrary. And, to a degree, these symptoms occur in a few sectors even in noninflationary economies. But a noticeable step-up in their incidence could constitute evidence of an incipient inflationary process.

In recent months, we have seen some of these signs. There are reports of shortages of some types of labor—construction workers and truck drivers, for instance. Indexes of vendor performance have deteriorated considerably, and manufacturers are paying higher prices for materials used in their production processes. As yet, these sorts of indications do not seem to be widespread across the economy. Nonetheless, we shall need to be particularly alert to these emerging signs in considering further adjustments to policy in the period ahead.

Financial flows may also impart useful warnings of price pressures. For example, persistent unsustainably low real interest rates might prompt very rapid credit growth, as expectations of price increases led households and firms to accelerate purchases of durable goods and equipment and finance these expenditures by stepping up the pace of borrowing. Although consumer borrowing has accelerated considerably of late, overall debt growth has so far remained moderate.

In light of the uncertainties about aggregate measures of our economic potential, the Federal Reserve cannot rely heavily on any one estimate of either the natural rate of unemployment or potential GDP growth. Most important, we have no intention of setting artificial limits on employment or growth. Indeed, the Federal Reserve would be pleased to see more rapid output growth and lower unemployment than projected by forecasters such as the CBO and the Administration—provided they were sustainable and consistent with approaching price stability. I should note, however, that most Federal Reserve policymakers would *not* regard the inflation projections of these other forecasters, which generally do not foresee further progress toward price stability over the medium term, as a desirable outcome.

A more significant issue for economic policymakers than the precise values of such estimates is what can be done to maximize sustainable employment and economic growth. We need, for example, to give careful attention to the problem of unemployment, as noted by the Group of Seven leaders at their recent summit. We could raise output and living standards around the world and at the same time ease many social problems if more people were working. Here at home, nearly 8 million Americans are looking for work. At this stage of the business cycle—having experienced almost forty months of expansion and particularly strong growth recently—most of this unemployment probably is not due to a shortfall in aggregate demand. Rather, a good deal of it is likely "frictional," reflecting the ordinary process of workers moving between jobs, or "structural," resulting from longer-term mismatches between workers and available jobs. Monetary policy, which works mainly by influencing aggregate demand, is not suited to addressing such problems. But we ought to be encouraging other measures to increase the flexibility of our workforce and labor markets. Improving education and training and facilitating better and more rapid matching of workers with jobs are essential elements in making more effective use of the U.S. labor force. Just as important, the Congress should avoid enacting policies that create impediments to the efficient movement of individuals across regions, industries, and occupations, or that unduly discourage the hiring of those seeking work. Competitive markets have shown a remarkable ability to create rising standards of living when left free to function.

The Congress and the Administration also can continue to contribute to the growth of our economy's capital and productivity through a sound fiscal policy. The extension of the spending caps in last year's budget agreement was a significant step in putting fiscal policy on a more sustainable long-run path. Budget deficit reduction has proved to be particularly timely, by reducing the government's claim on savings just as households and firms are seeking more capital to finance investments. But under current law, the deficit as a percentage of GDP will begin to expand again as we move into the next century, with unacceptable consequences for financial stability and economic growth. The primary cause of this increase will be federal outlays, which will almost surely again be rising at a pace that will exceed the growth of our tax base. Only by reducing the growth in spending is ultimate balance achievable.

As I have emphasized many times, the Federal Reserve can also contribute to the achievement of our overriding goal—maximum sustainable economic growth—by pursuing and ultimately achieving a stable price level. Without the uncertainties engendered by inflation, households and firms are better able to plan for the future. And firms focus on maximizing profitability by holding down costs and increasing productivity rather than by using inflationary conditions to support price increases. There is some evidence to suggest that the stronger trend of productivity growth we have witnessed over the recent past is due, at least partly, to the beneficial effects of low rates of inflation.

Our nation has made considerable progress in putting the economy on a sound footing in the past few years. To preserve and extend these advances, our monetary and fiscal policies will need to remain disciplined and focused on our long-term objectives; we would be foolish to squander our recent gains for near-term benefits that would prove ephemeral. Indeed, by fostering progress toward price stability, achieving lower federal budget deficits, and encouraging competitive markets both here and abroad, we will help ensure the continued vitality of our nation's economy now and for many years into the future. □

Chairman Greenspan presented similar testimony before the Subcommittee on Economic Growth and Credit Formation of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 22, 1994.

Announcements

JANET L. YELLEN: APPOINTMENT AS A MEMBER OF THE BOARD OF GOVERNORS

On April 22, 1994, President Clinton announced his intention to nominate Janet L. Yellen as a member of the Board of Governors. Dr. Yellen was subsequently confirmed by the Senate on August 11 and took the oath of office, administered by Chairman Greenspan, on August 12. The text of the White House announcement appears on page 724 of the August 1994 *Federal Reserve Bulletin.*

APPROVAL OF APPLICATIONS BY SEVEN U.S. BANKING ORGANIZATIONS TO ESTABLISH OPERATIONS IN MEXICO

The Federal Reserve Board on July 27, 1994, approved applications of seven U.S. banking organizations to establish operations in Mexico under provisions of the North American Free Trade Agreement (NAFTA).

NAFTA permits a U.S. or Canadian investor to acquire a Mexican bank subsidiary or to form a financial group. Mexican regulations provide that applications to establish banking subsidiaries or groups must be submitted by July 31. Additional applications could also be accepted later.

Applications approved by the Board were the following:

- Citibank Overseas Investment Corp., New Castle, Delaware, to establish a financial holding company, Grupo Financiero Citibank, S.A.
- Morgan Guaranty International Finance Corp., New York, to establish a financial holding company, J.P. Morgan Grupo Financiero, S.A.
- Chemical International Finance, Ltd., New York, to establish a financial holding company, Grupo Financiero Chemical, S.A.
- Republic National Bank of New York, to establish a commercial bank subsidiary, Republic National Bank of New York (Mexico)
- Chase Manhattan Overseas Banking Corp., Wilmington, Delaware, to establish a commercial bank subsidiary, Chase Manhattan Bank (Mexico)
- NationsBank Overseas Corp., Charlotte, North Carolina, to establish a commercial bank subsidiary, NationsBank de Mexico
- BankAmerica International Financial Corp., San Francisco, to establish a commercial bank subsidiary, Bank of America Mexico, S.A.

ADOPTION OF SUPERVISORY STATEMENT TO HELP EASE FINANCIAL STRESS IN AREAS AFFECTED BY FLOODING

The Federal Reserve Board on July 29, 1994, announced a series of steps designed to help ease financial stress in areas affected by recent flooding in Alabama, Florida, and Georgia.

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 borrower's principal dwelling.

DECISION BY THE BOARD ON THE PARTICIPATION OF THE FEDERAL RESERVE BANKS IN THE ELECTRONIC FEDERAL TAX PAYMENT SYSTEM

The Federal Reserve Board determined that the responsibilities for the development and operation of the new Electronic Federal Tax Payment System (EFTPS) do not represent the best role for the central bank. Consequently, the Federal Reserve Banks will not submit a formal response to the Treasury's Invitation for Expressions of Interest (IEI) for the EFTPS.

As fiscal agents of the United States, the Federal Reserve Banks will continue to work closely with the Treasury to improve the tax collection mechanism and to support the Treasury's implementation of the new system. The new electronic tax system will not affect the Federal Reserve's current responsibility to operate the Treasury tax and loan program.

EFTPS is designed to modernize the federal tax payment system by collecting electronically more than 100 million tax payments per year from businesses and quarterly estimated filers. It also will provide the Treasury and the Federal Reserve with the information needed to manage the Treasury's cash flows and to carry out monetary policy. Responses to the IEI were due July 13.

REGULATION Y: FINAL AMENDMENTS AND PROPOSAL FOR AN ADDITIONAL AMENDMENT

The Federal Reserve Board on July 27, 1994, announced adoption of final amendments to the antitying provisions of Regulation Y (Bank Holding Companies and Change in Bank Control). The Board also proposed for public comment an additional amendment to the antitying provisions.

Section 106(b) of the Bank Holding Company Act Amendments of 1970 generally prohibits a bank from tying its own products, or tying its products to those of an affiliate. The Board's Regulation Y applies section 106 to bank holding companies and their nonbank subsidiaries as if they were banks. A statutory exception to these requirements allows a bank to discount any product or service on condition that a customer obtain a traditional bank product (a loan, discount, deposit, or trust service) from that bank.

The final rule extends this statutory exception to allow bank holding company affiliates, bank and nonbank, to offer package discounts on traditional bank products. The final rule also permits bank holding company affiliates to offer a discount on securities brokerage services on condition that a customer obtain a traditional bank product from itself or from an affiliate. The final rule becomes effective September 2, 1994.

The proposed rule would permit a bank holding company or its nonbank subsidiary to offer a discount on its products on condition that a customer obtain any other product from that company or subsidiary or from any of its nonbank affiliates. This exception would apply only when none of the packaged products is being offered by a bank. Comments on the proposed rule are due September 17, 1994.

PROPOSED ACTIONS

The Federal Reserve Board on July 5, 1994, extended the comment period on its proposal to amend Regulation DD (Truth in Savings) dealing with crediting and compounding practices that would produce an annual percentage yield (APY) reflecting the time value of money. At the same time, the Board published an alternative approach for APY calculations that would allow institutions to disclose an APY equal to the contract interest rate on time accounts with maturities greater than one year that do not compound interest but pay interest at least annually. Comments on both the proposal and the alternative approach were requested by September 6.

The Federal Reserve Board on July 6, 1994, requested public comment on a proposal to provide an alternative to the current test used to measure whether a section 20 subsidiary is in compliance with the "engaged principally" criterion of section 20 of the Glass–Steagall Act. Section 20 prohibits a member bank from being affiliated with a company that is "engaged principally" in underwriting and dealing in ineligible securities. Comments were requested by August 12, 1994.

The Federal Reserve Board on July 13, 1994, requested public comment on a proposal to update its policies on "Privately Operated Large-Dollar Funds Transfer Networks" and "Offshore Dollar-Clearing and Netting Systems" and integrate those policies into a single policy statement on "Privately Operated Large-Dollar Multilateral Netting Systems." Comments are requested by October 17, 1994.

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

The Federal Reserve Board on July 22, 1994, published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations (OTC List). Also published was a revised List of Foreign Margin Stocks (Foreign List) for foreign equity securities that meet the criteria in Regulation T (Credit by Brokers and Dealers). These lists are published for the information of lenders and the general public. They were effective August 8, 1994, and supersede the previous lists that were effective May 9, 1994. The next publication of the lists is scheduled for October 1994.

The changes that have been made to the revised OTC List, which now contains 3,992 OTC stocks, are as follows:

- Two hundred twenty-six stocks have been included for the first time, 174 under National Market System (NMS) designation
- Thirty-five stocks previously on the List have been removed for substantially failing to meet the requirements for continued listing
- Sixty-four stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

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

The Foreign List specifies those foreign equity securities that are eligible for margin treatment at broker-dealers. There was one addition but no deletions to the Foreign List, which now contains 684 foreign equity securities.

CHANGES IN BOARD STAFF

The Board of Governors announced on August 4, 1994, the appointments of Thomas A. Connors and Catherine L. Mann to the official staff as Assistant Directors in the Division of International Finance.

Mr. Connors joined the Board's staff in September 1977 as an economist in the International Development Section. In 1982–83, he was on leave as an adviser and assistant to the U.S. Executive Director at the International Monetary Fund. After returning to the Board, he became a senior economist in the International Development Section and was named chief in 1987. Mr. Connors received his Ph.D. from the University of Michigan.

Ms. Mann first joined the Board's staff in 1984 as an economist in the U.S. International Transactions Section. In 1991–92, she was on leave as a Senior Staff Economist at the Council of Economic Advisers. She returned to the Board as a senior economist in the U.S. International Transactions Section. She received her Ph.D. from the Massachusetts Institute of Technology.

The Board of Governors announced on August 5, 1994, the promotion of Louise L. Roseman from Assistant Director to Associate Director in the Division of Reserve Bank Operations and Payment Systems. Ms. Roseman joined the Board's staff in 1985 and was promoted to the official staff as Assistant Director in 1987. □

Minutes of the Federal Open Market Committee Meeting Held on May 17, 1994

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 17, 1994, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Broaddus
Mr. Forrestal
Mr. Jordan
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. Parry
Ms. Phillips

Messrs. Hoenig, Keehn, and Melzer, Alternate Members of the Federal Open Market Committee

Messrs. Boehne, McTeer, and Stern, Presidents of the Federal Reserve Banks of Philadelphia, Dallas, and Minneapolis respectively

Ms. Minehan, First Vice President, Federal Reserve Bank of Boston

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

Messrs. Goodfriend, Lindsey, Promisel, Simpson, Stockton, and Ms. Tschinkel, Associate Economists

Ms. Lovett, Manager for Domestic Operations, System Open Market Account
Mr. Fisher, Manager for Foreign Operations, System Open Market Account

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Slifman, Associate Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Ms. Johnson, Assistant Director, Division of International Finance
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Mr. Bennett, Ms. Browne, Messrs. Davis, Lang, Rolnick, Rosenblum, and Scheld, Senior Vice Presidents, Federal Reserve Banks of New York, Boston, Kansas City, Philadelphia, Minneapolis, Dallas, and Chicago respectively

Mr. Judd and Ms. White, Vice Presidents, Federal Reserve Banks of San Francisco and New York respectively
Messrs. Altig and Coughlin, Assistant Vice Presidents, Federal Reserve Banks of Cleveland and St. Louis respectively

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on March 22, 1994, were approved.

The Manager for Foreign Operations reported on developments in foreign exchange markets and on System open market transactions in foreign currencies during the period March 22, 1994, through May 16, 1994. By unanimous vote, the Committee ratified these transactions.

The Manager for Domestic Operations reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period March 22, 1994, through May 16, 1994. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic and financial 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 economic activity had expanded substantially on balance thus far in 1994. Favorable business expectations and buoyant consumer sentiment in the context of stronger gains in employment appeared to have sustained strong growth in domestic final demand. Broad measures of inflation had remained subdued and labor cost increases had been moderate, though prices of industrial materials had continued to rise.

Nonfarm payroll employment increased sharply in March and April, in part reflecting a rebound in industries affected by earlier severe winter weather; for the first four months of the year, the average monthly rise exceeded the improved pace of the fourth quarter. Further large advances in employment in the March–April period were recorded in the services sector, notably at personnel supply services firms; hiring in construction was strong after earlier weather-related losses; and the number of jobs in manufacturing continued to expand, although at a somewhat slower pace than in previous months. The civilian unemployment rate registered another slight decline in April, to 6.4 percent, and the average workweek of production or nonsupervisory workers remained at an unusually high level.

Industrial production was up appreciably further in April, with increases widespread across sectors. The pace of motor vehicle assemblies slowed, but much of the indicated slowdown reflected the effects of seasonal adjustment, which called for increases at a time when manufacturing operations already were at levels close to capacity. Output of public utilities fell again, as electricity generation dropped with the return to less severe weather patterns. Rates of industrial capacity utilization had risen rapidly in recent months and were at very high levels in many industries—especially in motor vehicles, petroleum refining, lumber, and primary metals.

Retail sales were estimated to have fallen in April after two months of very large increases. Despite the April decline, which was widespread by type of retail outlet, outlays were considerably above the first-quarter average. Sales of new and existing homes posted significant gains in March although they remained below their fourth-quarter averages. Housing starts decreased slightly in April but were well above the depressed winter pace. The third consecutive monthly gain in multifamily starts was more than offset by a decline in single-family starts.

Real business fixed investment continued to increase rapidly in the first quarter, but at a less robust pace than in the fourth quarter of 1993. Outlays for producers durable equipment posted another sizable advance, spending for computing equipment surged again, and purchases of most other types of equipment also continued to trend up. Moreover, business demand for automobiles and trucks remained strong. Outlays for nonresidential structures declined sharply in the first quarter, although construction activity showed some recovery in March after the disruptions associated with severe weather during January and February.

Business inventories declined in March, reversing part of the large run-up in stocks that had occurred in the first two months of the year. For the first quarter as a whole, inventories rose at a slightly slower pace than in the second half of last year. In manufacturing, the accumulation in the first quarter retraced much of the drawdown that had taken place in previous months; the inventory-to-shipments ratio, already at a low level, edged still lower. Wholesale inventories were down on balance over the first quarter, with a large March decline more than retracing increases earlier in the year; the ratio of inventories to sales was well below the range prevailing over the last several years. Retail inventories expanded modestly in the first quarter, and the inventory-to-sales ratio fell slightly.

The nominal deficit on U.S. trade in goods and services was larger on average in January and February than it had been in the fourth quarter. The value of exports in the January–February period was sharply below the unusually strong level in the fourth quarter but was slightly higher than the levels recorded in the first three quarters of 1993. Exports were down in virtually all major trade categories; one important exception was semiconductors, for which exports continued to trend higher. Imports in the two-month period fell by less than exports; nearly all of the decline reflected reduced oil imports. Available indicators for the first quarter pointed to recovery in economic activity at a moderate pace on average in the major foreign industrial countries. Signs of recovery ranged from quite tentative in Japan to relatively well established in the United Kingdom and Canada.

Indexes of consumer and producer prices had increased slightly thus far in 1994. In April, consumer prices posted their smallest rise since January; food prices were up a bit further, but energy prices retraced their March run-up. Excluding the food and energy components of the index, consumer prices edged up in April, and over the twelve months ending in April these prices increased less than they had over the previous twelve months. Producer prices of finished goods declined a little in April as prices of finished foods and energy moved down; for items other than food and energy, prices were up slightly in April and for the twelve months ending in April. At earlier stages of processing, the index of producer prices of crude materials other than food and energy was substantially above its year-ago level, despite a small drop in April. At the intermediate stage, the prices of some important construction materials had increased sharply although, overall, prices of nonfood, nonenergy goods had risen only modestly over the past twelve months.

Increases in labor costs continued to moderate in early 1994. The employment cost index for private industry workers rose more slowly in the first quarter of 1994 than in any quarter of 1993. The slowdown reflected more moderate growth in both wages and salaries and benefit costs. Hourly compensation increased at a slightly slower pace over the twelve months ending in March 1994 than over the previous year. In April, average hourly earnings of production or nonsupervisory workers on nonfarm payrolls increased moderately after having changed little over February and March.

At its meeting on March 22, 1994, the Committee adopted a directive that called for a slight increase in the degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustment to policy during the intermeeting period. The directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth of M2 and M3 over the first half of 1994.

Immediately after the meeting, open market operations were directed toward implementing the slightly less accommodative degree of reserve pressure sought by the Committee. Subsequently, on April 18, against the background of incoming data suggesting considerable momentum and diminishing slack in the economy and of indications that financial markets were less likely to be destabilized by a further policy action, the degree of accommodation in reserve pressures was reduced a little further. The federal funds rate rose ¼ percentage point, to 3½ percent, after the initial policy action; following the second policy move, the funds rate went up another ¼ percentage point and generally remained near 3¾ percent. Over the intermeeting period, adjustment plus seasonal borrowing averaged slightly above anticipated levels.

Most market interest rates increased by more than the federal funds rate over the period since the March meeting, with the largest increases occurring at intermediate maturities. Weakness in the dollar as well as the release of data suggesting considerable vigor in economic activity appeared to have contributed to the upward pressure on market rates. The bank prime rate was raised ¾ percentage point, to 6¾ percent, while major indexes of stock prices fell substantially.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined somewhat further on balance over the intermeeting period. The dollar's depreciation occurred despite the implementation of less accommodative policy actions in the United States and monetary easing moves in several key foreign countries. Market concerns about political developments in Japan as well as a worsened outlook for progress toward more open trading relationships and for a more stimulative fiscal policy in that country contributed to downward pressure on the dollar. Against the backdrop of a falling dollar, U.S. authorities conducted intervention operations on April 29 and again on May 4. The latter operations were coupled with a statement by Treasury Secretary Bentsen indicating that intervention was being undertaken in response to recent movements in exchange markets that had gone beyond what could be justified by economic fundamentals and was being conducted in concert with operations by other major countries. Subsequent to these actions, the dollar retraced part of its earlier decline.

Growth of M2 and M3 turned up, on balance, in March and April despite the rising short-term opportunity costs of holding deposits. The strengthening of these aggregates seemed to be related to a reassessment by households of the relative attractiveness of investing in capital market instruments; capital losses sparked substantial net redemptions at bond mutual funds over March and April that were accompanied by a surge in flows to retail money market funds and slower runoffs of small time deposits. For the year through April, M2 expanded at a rate somewhat below the middle of its range for 1994, and M3 at a pace somewhat above the lower end of its range. Total domestic nonfinancial debt continued to expand at a moderate rate over recent months.

The staff forecast prepared for this meeting suggested that economic activity, after rebounding from the disruptions caused by adverse weather conditions earlier in the year, would expand in the second half of 1994 at a rate close to the growth of the economy's potential. Consumer spending, which had outpaced gains in household income for some time, was projected to slow to a growth rate more in line with the expansion of income; with pent-up demands apparently reduced and somewhat higher interest rates exerting a damping effect, much of the slowing was expected to be centered on outlays for durable goods. Business fixed investment would be restrained by the slower growth of business output and the associated moderation of corporate cash flows but would continue to advance at a faster rate than overall economic activity. Homebuilding was projected to remain at a pace that was relatively robust compared with the rate of recent years, though a bit below that of the fourth quarter. The restraint on output growth from federal spending cutbacks and weak export demand was expected to diminish somewhat. In light of limited margins of slack in labor and product markets over the forecast horizon, little or no further reduction in the core rate of inflation was anticipated.

In the Committee's discussion of current and prospective developments, members commented on widespread indications, both statistical and anecdotal, of considerable momentum in the economic expansion. Business activity seemed to be rebounding smartly from the disruptive effects of unusually severe winter weather, and it appeared that the expansion over the first half of the year was likely to be a little stronger than had been expected at the time of the March meeting. A deceleration in activity still seemed to be in train for the second half, but the extent of such a slowing was an important source of uncertainty in the outlook. The members continued to see moderate growth at a rate in line with or slightly above the economy's potential as the most likely prospect, but the overall momentum of the expansion and the still accommodative stance of monetary policy suggested that there was an appreciable risk of faster growth for a period, with consequent implications for greater pressures on resources. At the same time, the members saw relatively few signs of the kinds of imbalances that would pose a significant downside potential for the economy, although some cautioned that the rise in long-term interest rates, recently weaker data on production and sales, and continuing anxiety about job security in an environment of corporate restructuring contributed elements of fragility to what was otherwise a healthy outlook. The near-term prospects for inflation were favorable. Wage and price trends generally remained moderate; the persisting high rate of business investment bode well for further enhancements of productivity; and competitive pressures, including those from imported goods, were restraining efforts by firms to raise prices. The members were concerned, however, that in an environment in which slack in the economy already had been reduced to a fairly low level and could decline further in the quarters ahead, inflation could begin to rise unless monetary policy were adjusted further from its accommodative stance.

In their comments about developments across the nation, members took note of the considerable strength in economic conditions in many parts of the country. However, they also recognized that some parts of the nation were experiencing relatively subdued growth and that economic activity remained depressed in other areas such as Southern California and Hawaii. The strong forward momentum in the economy was most clearly evident in interest-sensitive sectors, including motor vehicles, other durable goods, and housing. The rise in interest rates over the course of recent months was cited by business contacts as a potential source of restraint on interest-sensitive expenditures, but thus far relatively few contacts had reported actual examples of adverse interest rate effects on spending. While higher rates would constrain aggregate demand going forward, their effects probably would be offset in part by more aggressive lending practices at banks and other institutions. At the same time, reports of industries that were operating at or near capacity limits were becoming more numerous, and capacity constraints were said to be limiting some sales.

With regard to the outlook for key sectors of the economy, consumer expenditures were viewed by many members as likely to be well maintained, particularly for motor vehicles and other consumer durables. Reports from various parts of the country indicated that sales had tended in many areas to exceed retailers' expectations by a considerable margin in recent months. Some members noted, however, that sales had been less ebullient since late winter and cited factors that might work to restrain somewhat the growth of consumer spending. These included high and rising debt levels, declines in household wealth owing to the drop in stock and bond prices, and the effects on consumer confidence of ongoing workforce reductions associated with business restructuring. Higher interest rates also might limit the pace at which pent-up demands would continue to be satisfied. On balance, in the view of a number of members, growth in consumer spending seemed likely to moderate to a pace close to the growth in incomes.

Members expected business fixed investment to continue to expand at a pace substantially above that of the economy as a whole. With production straining capacity limits in a number of industries and firms striving for cost savings and productivity improvements to maintain their competitiveness, real outlays for producers' durable equipment were likely to stay on a strong upward trend despite an anticipated deceleration in business output and the recently increased cost of external capital associated with higher interest rates and lower equity prices. It was noted in this connection that order books at producers of capital equipment had grown considerably. Nonresidential construction appeared to be rebounding from the disruptive effects of unusually severe winter weather conditions; however, the pattern of construction activity across the nation was mixed, with some areas of the country displaying considerable strength in activity and other areas still depressed. The construction of office buildings for the most part remained at very low levels, but anecdotal reports indicated that markets for office space, especially those that had been hard hit in recent years, seemed to be improving considerably in some locales. Business inventories remained quite lean by historical standards, and some reports suggested that efforts to augment stocks had been negated by strong sales. With survey reports indicating that order backlogs had grown and lead times on materials deliveries had lengthened, the possibility was increasing that desired inventory ratios might be adjusted upward and some pickup in inventory investment might get under way, especially in manufacturing where stocks-to-sales ratios recently had fallen to new lows.

Residential construction was indicated to be robust across much of the country, with activity picking up rapidly in the aftermath of the unusually severe winter. The affordability of housing remained high by historical standards, and the appeal of home ownership had been enhanced somewhat by the apparent firming of house prices over the past year. In these circumstances, housing activity had been well sustained, although there were some indications that the higher mortgage rates now prevailing had begun to damp residential investment.

The foreign trade sector was expected to continue to exert some drag on economic growth, but the members saw this as likely to lessen as an anticipated gradual pickup in economic activity among key trading partners bolstered demand for U.S. exports while imports were restrained by a projected moderation in the growth of U.S. domestic demand. In the view of one member, the export sector would tend to sustain and perhaps become an important stimulus to growth in the United States as earlier declines in the dollar, taken in conjunction with technological improvements and higher product quality, enhanced the competitiveness of U.S. exports.

In their discussion of the outlook for prices and wages, the members noted that broad measures of inflation remained subdued and increases in labor costs had been moderate. Nevertheless, they continued to be concerned that inflation could begin to rise if growth in excess of potential were to persist and margins of unutilized production resources were to shrink further, or even disappear. Production already had reached capacity limits in a number of industries, including motor vehicles and steel, and prices of some raw materials and intermediate goods had risen substantially over the past year. Ongoing efforts to expand production capacity through productivity-enhancing investment and the hiring of additional workers were likely to be of some help in meeting growing demands, but an increasing number of contacts were reporting that business firms were taking advantage of opportunities to adjust prices upward. There also were indications of shortages of qualified workers in some labor markets or industries, but to date there were only limited signs of upward wage pressures and these did not seem to signal a near-term emergence of general upward cost pressures on prices. Indeed, even with sales strong, many business contacts were reporting that intense competition, in part from imports, was curbing or negating efforts to raise prices. Firms were continuing to look primarily to improvements in productivity and quality to bolster their profit margins, although there also were reports that price discounting was lessening and that sales promotions were becoming less frequent. Price and wage pressures were most clearly evident and widespread in the construction industry, where resource constraints appeared to be most pronounced.

In the Committee's discussion of monetary policy for the period until the meeting in early July, the members favored prompt further action to remove much of the remaining accommodation in the stance of monetary policy, at least as measured by real short-term interest rates. Many members commented that the expansion was on a solid and self-sustaining basis and appeared to have more underlying strength than they had foreseen earlier. The stimulative effects of an expansionary monetary policy had become increasingly apparent—especially in business purchases of capital equipment and consumer spending on housing, motor vehicles, and other consumer durables. At the same time, the constraints on economic expansion that had been associated with business restructuring activities, widespread efforts to strengthen balance sheets, and other retarding forces had diminished considerably. The financial health of the banking system was greatly improved, and banking institutions had evidenced a growing willingness to make new loans. Moreover, the demand for bank loans, which had been sluggish for several years, now appeared to be on the rise. While a series of small steps earlier this year had already reduced the degree of accommodation in monetary policy and inflation was subdued for the time being, the members were concerned that continued policy accommodation could be expected to lead before long to growing pressures on production resources and to a fresh outbreak of inflation.

In the circumstances, all the members agreed that a further tightening action was needed at this point; and, in order to better ensure that the remaining degree of policy accommodation had been largely removed, the adjustment should fully reflect the ½ percentage point increase in the discount rate that the Board of Governors was expected to approve later in the day. The actions taken earlier in the year had been modest in size because of concerns that more aggressive steps might generate substantial uncertainty and undue disruptions in financial markets, with adverse consequences for the economy. Even though financial markets remained volatile, speculative sentiment and holdings seemed to have been reduced to a marked extent, and financial markets appeared to be in a much better position to absorb needed policy adjustments. Accordingly, a stronger action probably would not produce an unduly adverse market response and could well have a settling effect on the markets. A number of members cautioned that the Committee could not be sure that today's policy actions, along with those implemented earlier this year, had produced a policy stance that would foster economic growth at a sustainable, noninflationary pace. Thus, the Committee would have to remain alert to economic and financial developments that might signal the need for further tightening.

In the Committee's discussion of possible intermeeting adjustments to the degree of reserve pressure, all but one of the members indicated a preference for retaining a symmetric directive. Symmetry would be consistent with a judgment that further policy adjustment likely would not be needed during the intermeeting period ahead and, in particular, that additional tightening would not be triggered unless inflation pressures greater than those currently anticipated were to emerge. The adoption of a symmetric directive would not preclude an intermeeting consultation and possible adjustment by the Chairman on behalf of the Committee if such were warranted by intermeeting developments. One member expressed a preference for an asymmetric directive. In his view, a symmetric directive might be mistakenly interpreted both in the United States and abroad as a signal that the Committee believed that policy neutrality definitely had been achieved and that there was no need to allow for the possibility of further tightening.

At the conclusion of the Committee's policy discussion, all the members indicated they could support a directive that called for increasing somewhat the degree of pressure on reserve positions, taking account of a possible increase in the discount rate, and that did not include a presumption about the likely direction of any adjustment to policy 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 or slightly lesser reserve restraint might be acceptable during the intermeeting period. According to a staff analysis, the reserve conditions contemplated at this meeting would be consistent with modest growth in M2 and M3 over coming months.

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

The information reviewed at this meeting suggests that economic activity has expanded substantially on balance thus far in 1994. Nonfarm payroll employment increased sharply in March and April, in part reflecting a rebound in sectors affected by severe winter weather; the civilian unemployment rate fell slightly further in April, to 6.4 percent. Industrial production was up appreciably in April after a strong rise over the previous two quarters. Advance data on retail sales indicate a decline in April, after very large increases in February and March. Housing starts fell slightly in April but remained well above the depressed winter pace. Orders for nondefense capital goods point to a continued strong uptrend in spending on business equipment, while nonresidential building has shown some recovery after severe weather disrupted construction during January and February. The nominal deficit on U.S. trade in goods and services widened on average in January and February from the fourth-quarter rate. Increases in broad indexes of consumer and producer prices remained moderate through April, though prices of industrial materials continued to rise.

Market interest rates have posted large additional increases since the Committee meeting on March 22, 1994. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined somewhat further on balance over the intermeeting period.

Growth of M2 and M3 picked up on average in March and April; for the year through April, M2 expanded at a rate somewhat below the middle of its range for 1994 and M3 at a pace somewhat above the bottom of its range. Total domestic nonfinancial debt has expanded at a moderate rate in recent months.

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 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1993 to the fourth quarter of 1994. The Committee anticipated that developments contributing to unusual velocity increases could persist during the year and that money growth within these ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt was set at 4 to 8 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 increase somewhat the existing degree of pressure on reserve positions, taking account of a possible increase in the discount rate. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Broaddus, Forrestal, Jordan, Kelley, LaWare, Lindsey, Parry, and Ms. Phillips. Votes against this action: None.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, July 5–6, 1994.

The meeting adjourned at 12:45 p.m.

Donald L. Kohn
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 and deletions from the previous OTC List and an addition to the Foreign List.

Effective August 8, 1994, 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 and an addition to the Foreign List.

Deletions from the List of Marginable OTC Stocks

Stocks Removed for Failing Continued Listing Requirements

Ampex Corporation: Class A, $.01 par common

Biogen, Inc.: Warrants (expire 06-30-94)

Cambridge Biotech Corporation: $.01 par common
CAPX Corporation: Class A, Warrants (07-30-95)
Chariot Entertainment, Inc.: No par common
Chemdesign Corporation: $.01 par common
Chester Holdings Limited: $.001 par common
Community Bancshares, Inc.: $1.00 par common
Comptronix Corporation: $.01 par common; 6¾% convertible subordinated debentures

Excel Technology, Inc.: Class A, Warrants (expire 09-30-97)

Fibronics International, Inc.: $.05 par common

Geonex Corporation: $.01 par common

Healthwatch, Inc.: $.01 par common; Class A, Warrants (expire 10-31-94); Class B, Warrants (expire 10-31-94)

Innovo Group, Inc.: $.01 par common
Interpharm Laboratories, Ltd.: Ordinary Shares, NIS; $.001 par value

Lidak Pharmaceuticals: Class B, Warrants (expire 05-08-95)
Lunn Industries, Inc.: $.01 par common

Medical Imaging Centers of America, Inc.: No par common
Mutual Federal Savings Bank: $1.00 par common

New England Realty Associates Limited Partnership: Depositary receipts evidencing units of limited partnership interest

Quadrex Corporation: $.01 par common

Regal Communications Corporation: $.001 par common
Regent Bancshares Corporation: Series A, $.10 par convertible preferred
Reliable Life Insurance Company: Class A, $1.00 par common

Sanborn, Inc.: $.01 par common
Science Dynamics Corporation: $.01 par common
Shopsmith, Inc.: No par common
Sym-Tek Systems, Inc.: No par common

USA Classic, Inc.: $.01 par common

Wetterau Properites, Inc.: $.01 par common

Williams Industries, Inc.: $.10 par common

Xsirius Inc.: $.01 par common

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

Advanced Interventional Systems, Inc.: No par common
Allied Clinical Laboratories, Inc.: $.01 par common
Alpine Meadows of Tahoe, Inc.: $.25 par common

Bankworcester Corporation (Massachusetts): $.10 par common

Carl Karcher Enterprises, Inc.: No par common
Centex Telemanagement, Inc.: $.01 par common
Citizens, Inc.: Class A, $1.00 par common
CMS/Data Corporation: $.01 par common
Cooker Restaurant Corporation: No par common
Cragin Financial Corporation: $.01 par common
Curaflex Health Services, Inc.: $.001 par common

Digital Communications Technology Corporation: $.000025 par common

Electromedics, Inc.: $.05 par common
Energy Ventures, Inc.: $1.00 par common
Envirofil, Inc.: $.001 par common

Farm & Home Financial Corp.: $.01 par common
Federal Savings Bank, The (Connecticut): $.01 par common
First Eastern Corporation: $10.00 par common
Fortune Bancorp, Inc. (Florida): $.01 par common; Series A, 8% par convertible preferred
Franklin Electronic Publishers, Inc.: No par common

Gateway Financial Corporation: $.01 par common
General Cable Corporation: $1.00 par common
Globalink, Inc.: $.01 par common
Grand Casinos, Inc.: $.01 par common
Grand Valley Gas Company: $.0125 par common
GWC Corporation: $.01 par common

Healthinfusion, Inc.: $.01 par common
Home Federal Bancorp of Missouri Inc.: $.01 par common
Home Nutritional Services, Inc.: No par common
HS Resources, Inc.: $.001 par common

Independence Bancorp, Inc. (Pennsylvania): $2.50 par common
Interspec, Inc.: $.001 par common

Johnstown Savings Bank (Pennsylvania): $1.00 par common

Kaydon Corporation: $.10 par common

Lake Shore Bancorp, Inc. (Illinois): No par common
LGF Bancorp, Inc. (Illinois): $.01 par common

Marcus Corporation, The: $1.00 par common
Mark Controls Corporation: $.01 par common
Medisys, Inc.: $.01 par common

Neworld Bancorp, Inc. (Massachusetts): $1.00 par common

Omni Films International, Inc.: $.01 par common
On the Border Cafes, Inc.: $.02 par common

Park National Corporation: $4.00 par common
Pennsylvania Enterprises, Inc.: No par common
Peoples Bancorp of Worcester, Inc.: $.10 par common
Peoples Westchester Savings Bank (New York): $1.00 par common
Pinpoint Retail Solutions, Inc.: No par common

Radiation Systems, Inc.: $1.00 par common
Republic Pictures Corporation: $.01 par common

Security Savings Bank, FSB (Michigan): $1.00 par common
Softimage Inc.: No par common
Software Toolworks, Inc., The: $.01 par common
Star Banc Corporation (Ohio): $5.00 par common
Stephen Company, The: $.01 par common
Summit Health Ltd.: No par common

Takecare, Inc.: $.10 par common
Termiflex Corporation: $.10 par common

Uniflex, Inc.: $.10 par common
United Wisconsin Services, Inc.: No par common

Valley Bancorporation (Wisconsin): $.50 par common
VSB Bancorp, Inc. (New Jersey): $.01 par common

Washington Bancorp, Inc. (New Jersey): $.10 par common
West Mass Bankshares, Inc. (Massachusetts): $.10 par common

Additions to the List of Marginable OTC Stocks

ABC Bancorp (Georgia): $1.00 par common
Able Telcom Holding Corporation: $.001 par common

ABR Information Services, Inc.: $.01 par common
Acres Gaming Incorporated: $.01 par common
Activision, Inc.: $.0001 par common
All American Communications, Inc.: $.0001 par common
Allegiance Banc Corporation (Maryland): $1.00 par common
Alternative Resources Corporation: $.01 par common
American Buildings Company: $.01 par common
American Eagle Outfitters, Inc.: No par common
American Electronic Components, Inc.: No par common
American Homestar Corporation: $.05 par common
American National Savings Bank, F.S.B. (Maryland): $1.00 par common
American Publishing Company: Class A, $.01 par common
American Resource Corporation, Inc.: $.01 par common
Apogee, Inc.: $.01 par common
Applied Laser Systems: Class A; No par common
Ariad Pharmaceuticals, Inc.: Units (expire 05-20-99)
Ascend Communications, Inc.: $.001 par common
Atria Software, Inc.: $.01 par common
Aurtex, Inc.: $.001 par common
Automated Telephone Management Systems, Inc.: Series A, $1.00 par cumulative convertible preferred

Banponce Corporation: Series A, No par 8.35% noncumulative preferred
BCB Financial Services Corporation: $2.50 par common
Bellwether Exploration Company: No par common
Bettis Corporation: $.01 par common
Bio-Plexus, Inc.: No par common
Boyd Bros. Transportation Inc.: $.001 par common
Bradley Pharmaceuticals, Inc.: Class A, No par common; Class A, Warrants (expire 11-12-96); Class B, Warrants (expire 11-12-96); Class D, Warrants (expire 12-09-96)
Brooklyn Bancorp, Inc. (New York): $.01 par common
Buckhead America Corporation: $.01 par common

C-Cube Microsystems, Inc.: $.001 par common
Cadiz Land Company, Inc.: $.01 par common
Cambridge Soundworks, Inc.: No par common
Careerstaff Unlimited, Inc.: $.0001 par common
Carrollton Bancorp (Maryland): $10.00 par common
Cascade Bancorp (Oregon): No par common
CDP Technologies, Inc.: $.01 par common
CFW Communications Company: No par common
Chinatek, Inc.: $.001 par common
Cinar Films, Inc.: No par common
Cinergi Pictures Entertainment Inc.: $.01 par common
CNB Financial Corporation: $5.00 par common
Coherent Communications Systems Corporation: $.01 par common
Cole Taylor Financial Group, Inc.: $.01 par common
Community First Bankshares, Inc. (North Dakota): Depositary shares
Computalog Ltd.: No par common
Consolidated Graphics, Inc.: $.01 par common
Consolidated Ramrod Gold Corporation: No par common
Consolidated Technology Group Ltd.: $.01 par common
Continental Waste Industries, Inc.: $.001 par common
Credit Depot Corporation: $.001 par common
Crop Growers Corporation: $.01 par common
Crown Casino Corporation: $.01 par common
Cypros Pharmaceutical Corporation: Class A, Warrants (expire 11-03-97)

Data Broadcasting Corporation: $.01 par common
Daw Technologies, Inc.: $.01 par common
Deeptech International Inc.: $.01 par common
Designatronics Incorporated: $.04 par common
DeWolfe Companies Inc., The: $.01 par common
Diametrics Medical, Inc.: $.01 par common
Diplomat Corporation: $.0001 par common
Doubletree Corporation: $.01 par common
DT Industries, Inc.: $.01 par common

Educational Development Corporation: $.20 par common
Emco Limited: No par common

Fairfax Bank & Trust Company (Virginia): $1.25 par common
FHP International Corporation: Series A, $.05 par cumulative convertible preferred
Financing for Science International, Inc.: $.01 par common; Warrants (expire 05-19-99)
First State Corporation: $1.00 par common
Fluoroscan Imaging Systems, Inc.: $.0001 par common; Warrants (expire 07-11-99)
FNB Corp.: $2.50 par common
Foilmark, Inc.: $.01 par common
Fore Systems, Inc.: $.01 par common
Fresh America Corporation: $.01 par common
Frontier Natural Gas Corporation: 12% par convertible preferred
Fusion Systems Corporation: $.01 par common

Gaming World International, Inc.: $.01 par common; Class A, redeemable purchase warrants (expire 05-10-99)
Gardner Denver Machinery Inc.: $.01 par common
Geerlings & Wade, Inc.: $.01 par common

Genemedicine Inc.: $.001 par common
Geoworks: No par common
GFS Bancorp, Inc. (Iowa): $.01 par common
Gold Enterprises, Inc.: $.01 par common
Group Technologies Corporation: $.01 par common
Guilford Pharmaceuticals Inc.: $.01 par common

HMG Worldwide Corporation: $.01 par common
HMN Financial Inc.: $.01 par common
Hummingbird Communications, Ltd.: No par common

Imax Corporation: No par common
Indigo N.V.: NLG $.04 par common
Inhale Therapeutic Systems: No par common
Integrity Music Inc.: Class A, $.01 par common
International Microcomputer Software, Inc.: No par common
Internet Communications Corporation: No par common
Interscience Computer Corporation: No par common; Warrants (expire 11-15-96)
Investment Technology Group, Inc.: $.01 par common

Jefferson Smurfit Corporation: $.01 par common
Jos. A. Bank Clothiers, Inc.: $.01 par common

KBK Capital Corporation: $.01 par common
Kelley Oil Corporation: $1.50 par convertible exchangeable preferred
Kenetech Corporation: Depositary shares

Lajolla Pharmaceutical Company: $.01 par common; Warrants (expire 06-03-99)
Lake Ariel Bancorp, Inc. (Pennsylvania): $.42 par common
Lazer-Tron Corporation: No par common
Leeds Federal Savings Bank (Maryland): $1.00 par common
Long Island Bancorp, Inc. (New York): $.01 par common

MacKenzie Financial Corporation: No par common
Marisa Christina, Incorporated: $.01 par common
Mark Solutions, Inc.: $.01 par common
Mastec Inc.: $.10 par common
Matewan Bancshares, Inc. (West Virginia): $1.00 par common
Maxwell Shoe Company, Inc.: Class A, $.01 par common
McMoran Oil & Gas Company: $.01 par common
Medical Control, Inc.: $.01 par common; Warrants (expire 05-13-96)
Medisense, Inc.: $.01 par common
Medmarco, Inc.: $.001 par common
Merix Corporation: No par common
Metrotrans Corporation: $.01 par common
Micom Communications Corporation: $.0000001 par common
Micro-Integration Corporation: $.01 par common
Microelectronic Packaging Inc.: No par common
Mid Continent Bancshares, Inc. (Kansas): $.10 par common
Midisoft Corporation: No par common
Mity-Lite, Inc.: $.01 par common
MK Rail Corporation: $.01 par common
MLX Corporation: $.01 par common
Model Imperial, Inc.: $.01 par common
Monroc, Inc.: $.01 par common
Moviefone, Inc.: Class A, $.01 par common
Moxham Bank Corporation (Pennsylvania): $2.00 par common
MTL, Inc.: $.01 par common
Multicare Companies, Inc.: $.01 par common

Nam Tai Electronics, Inc.: Redeemable common share purchase warrants (expire 09-29-96)
Network Peripherals, Inc.: $.001 par common
New West Eyeworks, Inc.: $.01 par common
Noble Roman's, Inc.: No par common
North American Palladium Ltd.: No par common
Northfield Laboratories, Inc.: $.01 par common
Norwalk Savings Society (Connecticut): $.01 par common
NPS Pharmaceuticals Inc.: $.001 par common
Numar Corporation: $.01 par common

Octagon, Inc.: $.01 par common; Class A, Warrants (expire 02-16-99)
Odwalla, Inc.: No par common
Oxigene, Inc.: $.01 par common

Pacific Rehabilitation & Sports Medicine Inc.: $.01 par common
Packaging Research Corporation: $.01 par common
Parallel Petroleum Corporation: $.01 par common
PC Docs Group International: No par common
PDS Financial Corporation: $.01 par common
Pediatric Services of America, Inc.: $.01 par common
Penn National Gaming, Inc.: $.01 par common
Petromet Resources Limited: No par common
Pharmacia Corporation: American Depositary Receipts
Physician Sales & Service, Inc.: $.01 par common
PM Agri-Nutrition Group Limited: $.01 par common
Positive Response Television, Inc.: No par common
Potters Savings & Loan Company, The (Ohio): $1.00 par common
Project Software & Development Inc.: $.01 par common

Proxymed Pharmacy, Inc.: $.001 par common

Q-Steaks, Inc.: $1.00 par common
Quintiles Transnational Corporation: $.01 par common
Quizno's Franchise Corporation: $.001 par common
Quorum Health Group Inc.: $.01 par common

Radica Games Limited: $.01 par common
Rawlings Sporting Goods Company, Inc.: $.01 par common
Reddi Brake Supply Corporation: $.0001 par common
Richey Electronics, Inc.: $.001 par common
Rocky Mountain Chocolate Factory, Inc.: $.03 par common
Royal Gold, Inc.: $.01 par common

Saber Software Corporation: $.01 par common
Safety Components International, Inc.: $.01 par common
SBC Technologies, Inc.: $.10 par common
Scott's Liquid Gold, Inc.: $.10 par common
Seven Hills Financial Corporation: No par common
Sho-Me Financial Corporation: $.01 par common
Sigma Circuits, Inc.: $.001 par common
Simpson Manufacturing Co., Inc.: No par common
Software Professionals, Inc.: No par common
Southern Financial Federal Savings Bank (Virginia): $8.00 par common
Southern Security Life Insurance Company: Class A, $1.00 par common
Statefed Financial Corporation: $.01 par common
Sterling Financial Corporation: Series A, $1.00 par cumulative convertible preferred
Stratosphere Corporation: $.01 par common; Warrants (expire 02-22-99)
Sun International Hotels Limited: Series A, No par common
Sunstates Corporation: $.33⅓ par common; $3.75 par cumulative preferred
Supertel Hospitality, Inc.: $.01 par common

Targeted Genetics Corporation: $.01 par common
Telepanel Systems, Inc.: No par common
Telescan, Inc.: $.01 par common
TF Financial Corporation: $.10 par common
Theratx, Incorporated: $.001 par common
Thermodyne Holdings Corporation: $.01 par common
Transaction Network Services, Inc.: $.01 par common
Transworld Home Healthcare, Inc.: Warrants (expire 12-07-97)
Trend-Lines, Inc.: $.01 par common
Tripos, Inc.: $.01 par common
Troy Hill Bancorp, Inc. (Pennsylvania): $.01 par common

United Federal Savings Bank (North Carolina): $.01 par common
United Services Advisors, Inc.: Non-voting, $.05 par preferred

Valujet Airlines, Inc.: $.01 par common
Variflex, Inc.: $.001 par common
Vermont Teddy Bear Co., Inc.: $.05 par common
Vitamin Specialties Corporation: $.001 par common

Wavefront Technologies, Inc.: No par common
West Coast Bancorp (Oregon): $2.00 par common
WestAmerica Bancorporation (California): No par common
WFS Bancorp, Inc. (Kansas): $.01 par common
Winstar Communications, Inc.: $.01 par common
Winston Hotels, Inc.: $.01 par common
WSB Bancorp, Inc. (Missouri): $.01 par common

Xenova Group plc: American Depositary Receipts (Units expire 07-08-95)

Addition to the List of Foreign Margin Stocks

Sino Land Co., Ltd: HK $1.00 par ordinary shares

FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control). The Board is adopting a final rule amending the anti-tying provision of Regulation Y to permit a bank or a bank holding company to offer a discount on a loan, discount, deposit, or trust service (a "traditional bank product"), or on securities brokerage services, on condition that the customer obtain a traditional bank product from an affiliate.

Effective September 2, 1994, 12 C.F.R. Part 225 is amended as follows:

Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

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

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3907, 3909, 3310, and 3331-3351.

2. In section 225.4, paragraph (d) is removed and paragraphs (e) through (f) are redesignated as paragraphs (d) through (e).

3. A new section 225.7 is added to part 225 to read as follows:

Section 225.7—Tying restrictions.

(a) *Applicability to nonbanks.* A bank holding company and any nonbanking subsidiary conducting an activity authorized under section 225.23 of this regulation may not in any manner extend credit, lease or sell property of any kind, provide any service, or fix or vary the consideration for any of these transactions subject to any condition or requirement that, if imposed by a bank, would constitute an unlawful tie-in arrangement under section 106 of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971, 1972(1)).

(b) *Exceptions.* Subject to the limitations of paragraph (c), the Board has adopted the following exceptions to the anti-tying restrictions of section 106 of the Bank Holding Company Act Amendments of 1970 and paragraph (a) of this section.

(1) *Traditional bank products.* A bank holding company or any bank or nonbank subsidiary thereof may vary the consideration charged for a traditional bank product on the condition or requirement that a customer also obtain a traditional bank product from an affiliate.

(2) *Securities brokerage services.* A bank holding company or any bank or nonbank subsidiary thereof may vary the consideration charged for securities brokerage services on the condition or requirement that a customer also obtain a traditional bank product from that bank holding company or bank or nonbank subsidiary, or from any affiliate of such company or subsidiary.

(c) *Limitations on exceptions.*

(1) The exceptions of this section shall apply only if all products involved in the tying arrangement are separately available for purchase.

(2) Any exception granted pursuant to this section shall terminate upon a finding by the Board that the arrangement is resulting in anticompetitive practices.

(d) *Definitions.* For purposes of this section:

(1) *Traditional bank product* means a loan, discount, deposit, or trust service.

(2) *Affiliate* has the meaning given such term in section 2(k) of the Bank Holding Company Act (12 U.S.C. 1841(k)).

(3) *Securities brokerage services* means those activities authorized by the Board pursuant to section 225.25(b)(15) of Regulation Y (12 C.F.R. 225.25(b)(15)).

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

The 1855 Bancorp New Bedford, Massachusetts

Order Approving the Formation of a Bank Holding Company

The 1855 Bancorp, New Bedford, Massachusetts ("Bancorp"),[1] has applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act"), to become a bank holding company by acquiring all the voting shares of Compass Bank for Savings, New Bedford, Massachusetts ("CBS").[2] Notice of these applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 24,158 (1994)). 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.[3]

Bancorp is a nonoperating company formed for the purpose of acquiring CBS. CBS is the 26th largest commercial banking organization in Massachusetts, controlling deposits of $617 million, representing less than 1 percent of total deposits in financial institutions in the state.[4] Bancorp and CBS do not compete directly in any banking market. Based on all the facts of record, the Board believes that consummation of the proposal would not result in any significantly

1. During the processing of this application, Bancorp changed its name from Compass Bancorp to The 1855 Bancorp.

2. The proposed transaction is a corporate reorganization of CBS from a Massachusetts-chartered mutual savings bank into a mutual holding company, as permitted by section 3(g) of the BHC Act. Bancorp also has applied pursuant to section 3(a)(3) of the BHC Act for prior approval to retain direct ownership of approximately 9.74 percent of the voting shares of Mayflower Co-operative Bank, Middleborough, Massachusetts.

3. The Board notes that CBS currently acts as agent in the sale of savings bank life insurance in Massachusetts, and, as a necessary predicate thereto, holds less than 5 percent of the voting stock in the Savings Bank Life Insurance Company of Massachusetts, a domestic stock life insurance company established by the Commonwealth of Massachusetts (collectively, "SBLI activities"). *See* Mass. Gen. Laws Ann. ch. 178A, §§ 2 and 4 (West Supp. 1993). Upon consummation of the proposed transaction, Bancorp would continue to engage through CBS in SBLI activities in accordance with Massachusetts law and section 24(e) of the Federal Deposit Insurance Act (12 U.S.C. § 1831a(e)).

4. State data are as of June 30, 1993.

adverse effects on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The Board has carefully considered comments from Compass Bancshares, Inc., Birmingham, Alabama ("Protestant"), maintaining that the name "Compass Bank for Savings" illegally infringes on its subsidiary's trademarked name "Compass Bank." Protestant believes that the similar names would cause investor confusion in securities markets and the banking industry.

In reviewing applications filed under section 3 of the BHC Act, the Board is limited to considering the specific factors set forth in the BHC Act.[5] Neither the language of the BHC Act nor its legislative history indicates that the similarity of names of banking organizations is a consideration under the BHC Act. Legislation outside the context of the BHC Act suggests that this issue should be addressed through laws not administered by federal banking agencies.[6]

State banking regulators have indicated that the name of Applicant's subsidiary bank is consistent with Massachusetts banking law. Moreover, Applicant and Protestant compete in banking markets that are distant from each other, and the names of the two bank holding companies are distinctly different. Applicant's securities are not registered under federal securities laws, and if they are registered in the future, the Securities and Exchange Commission has the statutory authority to address issues of potential investor confusion. Finally, the Lanham Trademark Act (15 U.S.C. § 1051 *et seq.*) provides Protestant with adequate remedies if Protestant can establish that Applicant has, in fact, violated the use of Protestant's registered trademark. Based on all the facts in this case, the Board does not believe that Protestant's comments warrant denial of this proposal.

The Board also concludes that the financial and managerial resources and future prospects of Bancorp and CBS, and the convenience and needs and other supervisory factors that the Board is required to consider under section 3 of the BHC Act, are consistent with approval of this proposal.

5. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (8th Cir. 1973). The BHC Act requires the Board to consider the competitive effects of a proposal, the financial and managerial resources and future prospects of the organizations involved, the convenience and needs of the communities to be served and other supervisory factors.

6. In repealing the statutory authority of the Office of the Comptroller of the Currency to approve the names of national banks in 1982, Congress noted that "Any confusion between bank names shall be resolved under other laws, including the federal Lanham [Trademark] Act and state statutory and common law principles of unfair competition." S. Rpt. No. 97-536, 97th Cong., 2d Sess. at 28.

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

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

By order of the Board of Governors, effective July 7, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Falcon Bancorp, Inc.
Anadarko, Oklahoma

Order Approving Formation of a Bank Holding Company

Falcon Bancorp, Inc., Anadarko, Oklahoma ("Falcon"), 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 by acquiring all the voting shares of Anadarko Bancshares, Inc., Anadarko, Oklahoma ("Anadarko"), and thereby indirectly acquire Anadarko Bank and Trust Company, Anadarko, Oklahoma ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (59 *Federal Register* 23,206 (1994)). 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.

Falcon is a non-operating company formed for the purpose of acquiring Anadarko. Bank is the 168th largest banking organization in Oklahoma, controlling approximately $36.9 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.[1] Based on all the facts of record, the

1. State banking data are as of March 31, 1994.

Board has concluded that consummation of this proposal would not result in 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 Falcon, Anadarko, and Bank, and the convenience and needs and other supervisory factors the Board must consider under section 3(c) of the BHC Act, also are consistent with approval.[2]

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by Falcon with all the commitments made in connection with this application and with the conditions in this order. 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 proposal 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 25, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

2. In connection with this proposal, the Board received comments on behalf of a minority shareholder of Anadarko ("Protestants") maintaining that the proposal would adversely affect the financial condition of Bank. The Board has carefully reviewed Protestants' comments in light of information from relevant reports of examination regarding Bank's current financial condition. In addition, the Board notes that Falcon's debt service projections and *pro forma* debt-to-equity ratio are reasonable and consistent with the Board's guidelines. Protestants also contend that the minority stockholders who would receive payment in preferred stock would realize less economic benefit than the majority stockholders who would have their debt assumed by Falcon. Courts have held that the Board does not have the authority under the BHC Act to deny an application on the basis of the valuation of an offer to shareholders, which in this case is governed by Oklahoma State law. *Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). Therefore, based on all facts of record, the Board concludes that Protestants' comments do not warrant denial of this application.

Fleet Financial Group, Inc.
Providence, Rhode Island

Order Approving Acquisition of a Bank Holding Company

Fleet Financial Group, Inc., Providence, Rhode Island ("Fleet"), 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 Sterling Bancshares Corporation ("Sterling") and thereby indirectly acquire Sterling's subsidiary bank, Sterling Bank ("Bank"), an FDIC-insured savings bank, both of Waltham, Massachusetts.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 11,078 (1994)). 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.

Fleet is the fifth largest commercial banking organization in Massachusetts, controlling approximately $6.2 billion in deposits, representing 6.1 percent of the total deposits in commercial banking organizations in the state.[2] Sterling is the 24th largest commercial banking organization in Massachusetts, controlling approximately $638 million in deposits, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this transaction, Fleet would remain the fifth largest commercial banking organization in Massachusetts, controlling approximately $6.8 billion in deposits, representing 6.7 percent of the total deposits in commercial banking organizations in the state.

Douglas Amendment Analysis

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits a bank holding company from acquiring a bank outside its home state "unless the acquisi-

1. Fleet proposes to merge with Sterling, with Fleet to be the surviving entity. Immediately thereafter, Fleet proposes to transfer the common stock of Bank to Fleet Banking Group, Inc., Providence, Rhode Island ("FBG"), a subsidiary bank holding company of Fleet that owns all outstanding shares of Fleet Bank of Massachusetts, National Association ("Fleet-MA"), and to merge Bank into Fleet-MA. In connection with this proposal, FBG has applied under section 3 of the BHC Act to acquire Bank, and Fleet-MA has applied to the Office of the Comptroller of the Currency ("OCC") to acquire Bank under the Bank Merger Act (12 U.S.C. § 1828(c)).

Fleet also has requested approval to acquire an option to purchase up to 17 percent of the outstanding shares of Sterling upon the occurrence of certain triggering events. This option will expire upon consummation of this proposal.

2. Deposit data are as of June 30, 1993.

tion of . . . a State bank by an out-of-State bank holding company 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." For purposes of the Douglas Amendment, Fleet's home state is Rhode Island.[3]

Massachusetts and Rhode Island have enacted banking statutes that permit out-of-state bank holding companies to acquire banks in these states provided that the home state of the acquiring bank holding company permits the acquisition of banks in that state on a reciprocal basis.[4] The Board has previously determined that Massachusetts law authorizes a Rhode Island bank holding company to acquire a Massachusetts bank or bank holding company.[5] The Massachusetts and Rhode Island banking supervisors have preliminarily indicated that the reciprocity requirements under their respective statutes are satisfied in this case. In light of the foregoing, and based on an analysis of the interstate banking statutes involved, the Board has determined that its approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon Fleet receiving all required state regulatory approvals.

Competitive Factors

Fleet and Sterling compete directly in the Boston banking market.[6] Upon consummation of this proposal, Fleet would remain the fifth largest commercial or thrift organization ("depository institution") in the market, controlling deposits in the market of approximately $4.9 billion, representing 8 percent of total deposits in depository institutions in the market,[7] and the market would remain unconcentrated as measured by the Herfindahl-Hirschman Index ("HHI").[8] After considering Fleet's resulting market share, the number of competitors remaining in the market, the relatively small increase in concentration as measured by the HHI, and all other facts of record, the Board concludes that consummation of the proposal would not result in a significantly adverse effect on competition or concentration of banking resources in the Boston banking market or any other relevant banking market.

Convenience and Needs Factors

The Board received several comments concerning Fleet's performance in serving the convenience and needs of its local communities. Union Neighborhood Assistance Corporation, Boston, Massachusetts, supports Fleet's application on the basis of the INCITY lending program that Fleet has instituted, which includes lending programs targeted to low- and moderate-income families and families without access to conventional sources of credit, and the additional commitments Fleet has made to address criticisms of certain mortgage lending practices of Fleet Finance, Inc., Atlanta, Georgia ("Fleet Finance"), a nonbanking mortgage subsidiary. Massachusetts Affordable Housing Alliance, Boston, Massachusetts, noted Fleet-MA's participation in Massachusetts' Soft Second program, which offers state subsidies and flexible underwriting criteria for second mortgage loans to be used to provide the down payment for low- and moderate-income homebuyers, but expressed concern over Fleet's decision to reduce its participation in this program in favor of Fleet's INCITY program. In response to these comments, Fleet has committed

3. 12 U.S.C. § 1842(d). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally located 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 such banking subsidiaries are largest.

4. *See* Mass. Gen. L. ch. 167A § 2 (1993); R.I. Gen. Laws § 19-30-02 (1987). Both states include savings banks in their definition of bank. Mass. Gen. L. ch. 167A § 1(a) (1993); R.I. Gen. Laws § 19-30-1(a) (1987). Massachusetts law also prohibits an out-of-state bank holding company from controlling more than 25 percent of deposits held by all state and federally chartered banks in Massachusetts. Mass. Gen. L. ch. 167A § 2 (1993). In this case, Fleet would control less than 7 percent of the deposits held by Massachusetts banks.

5. *See Citizens Financial Group, Inc.*, 74 *Federal Reserve Bulletin* 496 (1988); *Fleet Financial Group, Inc.*, 70 *Federal Reserve Bulletin* 834 (1984). The Board also has previously determined that Rhode Island law authorizes a Massachusetts bank holding company to acquire a Rhode Island bank or bank holding company. *See Bank of Boston Corporation*, 70 *Federal Reserve Bulletin* 737 (1984).

6. The Boston banking market is approximated by the Boston Metropolitan Statistical Area ("MSA"), together with the townships of Greenville, Lyndeboro, and New Ipswich in New Hampshire.

7. Market share deposit data are based on calculations in which 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). Market share data are as of June 30, 1993.

8. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is below 1000 is considered unconcentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating 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. After consummation of the proposed transaction, the HHI in the Boston banking market would increase by 6 points to 826.

$15 million to the Soft Second program for the next three years.[9]

One commenter ("Massachusetts Protestant") opposes Fleet's proposal, alleging that the loan collection practices of an indirect nonbanking subsidiary of Fleet, RECOLL Management Corporation, Boston, Massachusetts ("RECOLL"), are harmful to the communities in which RECOLL operates, and that Fleet has earned profits from the improper mortgage lending practices of its Georgia subsidiary, Fleet Finance. Another commenter ("Georgia Protestant") has asserted that all claims were not satisfied by Fleet in its settlement of claims against Fleet Finance.[10]

The Board notes that RECOLL serves as agent for the Federal Deposit Insurance Corporation ("FDIC") for the collection of loans that the FDIC acquired upon the failure of certain New England banks. RECOLL and the FDIC have taken steps to address many of the criticisms of Massachusetts Protestant, including instituting a formal program to pursue loan workout opportunities before commencing collection efforts. The operations and policies of RECOLL also are subject to review and approval by an oversight panel consisting of two FDIC and one Fleet representative, and RECOLL is subject to examination by an internal audit committee that reports to the oversight panel and is subject to visitation by FDIC examiners, the FDIC's inspector general, and the United States General Accounting Office. The FDIC has determined that RECOLL's collection activities satisfy all applicable FDIC guidelines.[11]

The Board also has previously considered the issues raised by the alleged improper mortgage lending practices of Fleet Finance in Georgia and elsewhere, as well as the steps taken by Fleet to address them.[12] As noted in the Fleet Order, Fleet has taken a number of steps to address the issues raised by these allegations, including discontinuing its practice of purchasing individual loans from third parties (except for packages in bulk from regulated financial institutions or the Resolution Trust Corporation), and instituted significant changes in senior management and management practices. In addition, Fleet has entered into a substantial settlement agreement with the Georgia attorney general. The Board has previously directed Fleet to inform it promptly of each material development in Fleet Finance's pending litigation, and of any future claims or lawsuits involving similar allegations, and Fleet has done so.

In addition, the Board has reviewed Fleet's record of performance under the Community Reinvestment Act ("CRA") in assisting to meet the credit needs of its local communities in relation to the convenience and needs of the communities to be served, and the comments submitted by community organizations commending certain aspects of Fleet's CRA performance record. The Board also has carefully reviewed all the allegations of the Protestants in light of the results of the most recent CRA and safety and soundness examinations of Fleet by the Federal Reserve Bank of Boston and of Fleet's subsidiary banks in Massachusetts, Rhode Island, and Connecticut by the OCC, their primary federal banking regulator.[13] Based on this information and all the facts of record in this case, the Board concludes that these comments do not warrant denial of these applications and that the convenience and needs and managerial considerations are consistent with approval of these applications. The financial resources

9. Fleet proposes to allocate $9 million of its commitment to Boston and the remaining $6 million to the rest of the state. As the rationale for this allocation, Fleet notes that it also has committed under its INCITY program to provide $75 million over three years to Boston residents for home mortgage loans with flexible underwriting and reduced down payment requirements, and believes that the INCITY program will achieve greater market penetration than the Soft Second program will.

10. The Board received a comment maintaining that the interest rate Fleet charges on the funds it makes available to the Massachusetts Housing Partnership Fund ("MHP") is too high. In response to this comment, Fleet has committed to make these funds available on terms comparable to those offered to MHP by major out-of-state financial institutions that have recently entered the state. In addition, the Board notes that MHP has advised the Massachusetts Commissioner of Banks that the terms of Fleet's provision of additional funds to MHP, which Fleet is required under the Massachusetts interstate banking law to make in connection with this proposal, are satisfactory. *See* Mass. Gen. L. ch. 167A § 4 (1993).

11. Massachusetts Protestant further alleges that RECOLL has made insufficient efforts to employ firms owned by women and minorities. In awarding subcontracts, RECOLL is required to carry out the women-and minority-owned firm contracting policies of the FDIC as mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. *See* 12 C.F.R. 361.10; 12 U.S.C. § 1833e(c). The FDIC has determined that RECOLL's subcontracting policies satisfy all applicable FDIC guidelines.

12. *See Fleet Bank of New York*, 80 *Federal Reserve Bulletin* 170 (1994) ("Fleet Order").

13. Massachusetts Protestant also alleges that RECOLL has employed improper mortgage foreclosure and loan collection practices against him and his business interests. Another commenter ("Rhode Island Protestant") has made similar allegations against another Fleet subsidiary, Fleet National Bank, Providence, Rhode Island. Fleet has denied any wrongdoing in its dealings with Massachusetts Protestant and Rhode Island Protestant. The Board notes that Massachusetts Protestant and Rhode Island Protestant have raised, or have had the opportunity to raise, these allegations before courts with the jurisdiction to provide them a remedy, if appropriate. An additional commenter ("Connecticut Protestant") alleges, on the basis of his unsuccessful attempt to obtain certain trust services from another Fleet subsidiary, Fleet Bank, N.A., Hartford, Connecticut, that Fleet lacks the managerial resources to serve the convenience and needs of its communities. Fleet contends that its personnel exercised reasonable business judgment by requiring Connecticut Protestant to provide additional information and by seeking review by legal counsel as a prerequisite to accepting Connecticut Protestant's account. Finally, Rhode Island Protestant and Connecticut Protestant express concern that Fleet's managerial resources may be impaired as a result of its program to reduce personnel and operating expenses.

of Fleet; the future prospects of Fleet, Sterling, and their subsidiaries; and other supervisory factors the Board must consider under section 3 of the BHC Act also 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.[14] The Board's approval of this application is specifically conditioned upon compliance with all of the commitments made in connection with this application. For purposes of this action, these commitments will be considered conditions imposed in writing by the Board in connection with the Board's findings and decision 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 Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 7, 1994.

Voting for this action: Chairman Greenspan and Governors Kelley, Lindsey, and Phillips. Abstaining from this action: Vice Chairman Blinder. Absent and not voting: Governor LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

14. Rhode Island Protestant has requested that the Board hold a public hearing to consider Fleet's record of fulfilling its community development related commitments. Section 3(b) of the BHC Act does not require the Board to hold a hearing or meeting on an application unless the appropriate supervisory authority of the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Board has not received such a recommendation.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, Rhode Island Protestant has had an opportunity to present written submissions, and has submitted substantial written comments that have been considered by the Board. In light of all the facts of record, the Board has determined that a public hearing or meeting is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, Rhode Island Protestant's request for a public hearing or meeting on this application is denied.

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

Order Approving Formation of a Bank Holding Company

G.B. Financial Services, Inc. ("G.B. Financial"), 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 by acquiring an additional 40 percent, for a total of 60 percent, of the voting shares of Greenbush Bancshares, Inc., ("Greenbush"), a one-bank holding company that controls 97 percent of the voting shares of Greenbush State Bank ("Greenbush Bank"), all of Greenbush, Minnesota.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 18,410 (1994)). 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.

G.B. Financial currently owns approximately 20 percent of the voting shares of Greenbush. Greenbush is the 216th largest commercial banking organization in Minnesota, controlling deposits of $29 million, representing less than 1 percent of total deposits in commercial banks in the state.[2] Greenbush is the third largest commercial banking organization in the Roseau, Minnesota, banking market, controlling deposits of $25.5 million, representing approximately 14.6 percent of total deposits in commercial banks in the market.[3]

This proposal represents the formation of a one-bank holding company, which generally does not raise competitive concerns.[4] Since August 1993, the directors of G.B. Financial and Greenbush also have served as directors of Border Bancshares, Inc., ("Border"), a one-bank holding company that controls Badger State Bank, ("Badger Bank"), which also operates in the Roseau banking market.[5] The Board has considered

1. G.B. Financial also proposes to acquire 2 percent of Greenbush Bank, which it will sell to Greenbush as part of this transaction.
2. State deposit data are as of December 31, 1993.
3. Market data are as of June 30, 1993. The Roseau banking market is approximated by Roseau County, Minnesota. No thrift institutions operate in the market.
4. If the proposal involved a merger or acquisition of a bank holding company, an analysis of competitive effect would be required.
5. In addition, eight shareholders currently control 59.7 percent and 32.4 percent of the voting shares of Greenbush and Border, respectively. There is no indication in this case that the common shareholders of G.B. Financial were acting in concert under circumstances that would require a notice under the Change in Bank Control Act, or that Border in any manner controlled the election of the directors at G.B. Financial within the prior approval requirements of the BHC Act.

this fact in light of the other facts in this case.[6] The Board notes that a substantial number of Greenbush's shares would be owned by shareholders who would not be shareholders of G.B. Financial and would not, therefore, receive the benefits associated with the formation of a holding company. Approximately 37 percent of the shares of G.B Financial would be owned by new shareholders who are unaffiliated with Border, and the shareholders who own the largest number of shares of G.B. Financial are not the largest shareholders of Border and own less than 15 percent of Border. Moreover, this proposal represents only the formation of a shell bank holding company over one of the banks.[7] Thus, unlike in certain previous cases, this proposal would not appear to strengthen or solidify the affiliation of Greenbush and Border.[8]

In view of all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in this or any relevant banking market.[9]

The financial and managerial resources and future prospects of G.B. Financial, Greenbush, and Greenbush Bank are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served and the other factors the Board must consider under section 3 of the BHC Act are also consistent with approval.

Based on all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by G.B. Financial with all the commitments made in connection with this application. For the purpose of this action, the commitments and conditions relied upon by the Board in reaching its 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 Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 13, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

6. In other cases involving common share ownership and/or interlocking directorates of banking organizations, the Board has considered the competitive effects of a proposal at the time of the application and at the time that the banking organizations came under common share ownership or interlocking directorates. *See Mid-Nebraska Bancshares, Inc.*, 64 *Federal Reserve Bulletin* 589 (1978), *aff'd, Mid-Nebraska Bancshares, Inc. v. Board of Governors of the Federal Reserve System*, 627 F.2d 266 (D.C. Cir. 1980).

7. The Board expresses no opinion on the competitive effects of combining the two banks under a single bank holding company.

8. *See Mid-Nebraska Bancshares, Inc.*, 64 *Federal Reserve Bulletin* 589 (1978), *aff'd, Mid-Nebraska Bancshares, Inc. v. Board of Governors of the Federal Reserve System*, 627 F.2d 266 (D.C. Cir. 1980).

9. The level of concentration as measured by the Herfindahl-Hirschman Index ("HHI") in the Roseau banking market increased 255 points to 3988 as a result of the August 1993 affiliation. 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 anticompetitive effects, unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice views the proposal as a corporate reorganization and has no objection to the application.

Mark Twain Bancshares, Inc.
St. Louis, Missouri

Order Approving the Acquisition of a Bank Holding Company

Mark Twain Bancshares, Inc., St. Louis, Missouri ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire up to 100 percent of the voting shares of C.B. Bancshares, Inc., St. Louis, Missouri ("C.B. Bancshares"), and thereby indirectly acquire Century Bank, Des Peres, Missouri ("Century Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 8478 (1994)). 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.

Applicant, with total consolidated assets of $2.4 billion, controls subsidiary banks in Missouri, Illinois, and Kansas.[2] Applicant is the sixth largest commercial banking organization in Missouri, control-

1. Applicant proposes to merge its non-operating subsidiary ("Interim Subsidiary") with C.B. Bancshares. Following consummation of this proposal, Interim Subsidiary would be merged into Applicant. In addition, Applicant anticipates merging Century Bank with Applicant's lead bank, Mark Twain Bank, Ladue, Missouri ("Mark Twain Bank"). Mark Twain Bank's primary regulator, the Federal Deposit Insurance Corporation ("FDIC"), has approved this bank merger under the Bank Merger Act (12 U.S.C. § 1828(c)).

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

ling deposits of $1.7 billion, representing 3.1 percent of total deposits in commercial banks in the state.[3] C.B. Bancshares is the 91st largest commercial banking organization in Missouri, controlling deposits of $63.5 million, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would remain the sixth largest commercial banking organization in Missouri, controlling deposits of $1.7 billion, representing 3.2 percent of total deposits in commercial banks in the state.

Applicant and C.B. Bancshares compete directly in the St. Louis, Missouri, banking market.[4] Upon consummation of this proposal, Applicant would remain the fifth largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $1.6 billion, representing 5.9 percent of total deposits in depository institutions in the market.[5] After considering the number of competitors remaining in the market, the relatively small increase in concentration as measured by the Herfindahl–Hirschman Index ("HHI"),[6] market shares, and all other facts of record, the Board concludes that consummation of this proposal would not result in a significantly adverse effect on competition or concentration of banking resources in the St. Louis, Missouri, banking market or any other relevant banking market.

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

4. The St. Louis, Missouri, banking market is approximated by the city of St. Louis; St. Louis, Jefferson, and St. Charles Counties, Missouri; St. Clair County, Illinois, excluding Lenzburg and Marissa townships; plus portions of Franklin County, Missouri (Boles and Calvey townships), Madison County, Illinois (Godfrey, Foster, Alton, Wood River, Fort Russell, Chouteau, Edwardsville, Venice, Granite City, Nameoki, Collinsville, Jarvis, Pin Oak, and Hamel townships), and Monroe County, Illinois (Columbia, Moredock, New Harmony, Waterloo, Harrisonville, and Bluff townships).

5. 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 regularly has included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

6. The HHI in this market would increase 3 points to 1037. 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.

The FDIC's examination of Mark Twain Bank noted a number of violations of the Bank Secrecy Act.[7] While this matter continues to be under review by the relevant agencies, Mark Twain Bank has taken a number of steps to address these violations, including making improvements in its training and auditing procedures. The FDIC believes that these improvements, when fully implemented, would be adequate, and, on this basis, has approved the merger of Mark Twain Bank and Century Bank. The Board expects that Mark Twain Bank and Applicant will fully implement these programs and take any other steps necessary to ensure compliance with the Bank Secrecy Act. The FDIC will monitor the implementation and success of these programs at Mark Twain Bank through the examination process to ensure Mark Twain Bank's compliance with the Bank Secrecy Act. In addition, the Federal Reserve Bank of St. Louis will monitor Applicant's procedures designed to ensure compliance with the Bank Secrecy Act at its subsidiary banks.

In light of the primary regulator's review and decision in this matter, and all other facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicant, C.B. Bancshares, and their subsidiary banks are consistent with approval. Factors relating to the convenience and needs of the community to be served and other supervisory factors the Board must consider under section 3 of the BHC Act also are consistent with approval.

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

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

By order of the Board of Governors, effective July 13, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

7. *See* 31 U.S.C. § 5311 *et seq.* and 31 C.F.R. 103.11 *et seq.*

NorthWest Indiana Bancorp
Munster, Indiana

Order Approving the Formation of a Bank Holding Company

NorthWest Indiana Bancorp, Munster, Indiana ("NorthWest Indiana"), has applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1) *et seq.*) ("BHC Act") to become a bank holding company by acquiring all the voting shares of Peoples Bank SB, Munster, Indiana ("Peoples Bank"). Peoples Bank will be formed as successor to Peoples Bank, A Federal Savings Bank, Munster, Indiana ("Peoples FSB"), by converting from a federal stock savings bank to an Indiana-chartered stock savings bank pursuant to section 5(d)(2)(G) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(2)(G)).[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 22,852 (1994)). 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.

NorthWest Indiana is a nonoperating company formed for the purpose of acquiring Peoples Bank. Peoples FSB is the 35th largest depository institution in Indiana, controlling deposits of approximately $201 million, representing less than 1 percent of total deposits in banking and thrift organizations ("depository institutions") in the state.[2] Peoples FSB operates in the Gary-Hammond banking market,[3] controlling 2.2 percent of the total deposits in depository institutions in the market.[4] Based on all the facts of record, the Board believes that consummation of the proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the record of the depository institution under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the 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.[5]

The Board has received comments in favor of and opposing this proposal. A number of comments from community development organizations, developers of low- and moderate-income housing, and government officials commended Peoples FSB's efforts in its community. These commenters noted with approval the leadership role that officers of Peoples FSB have played on advisory committees, the initiative that Peoples FSB has shown in its support of housing developers' applications for public grants, tax credits, and subsidies, and its responsiveness as a lender. The Board also has received comments from the Northwest Indiana Community Reinvestment Alliance ("Protestant") criticizing Peoples FSB's efforts to meet local credit needs through reinvestment, particularly in Gary and Hammond, Indiana.

In assessing the impact of this proposal under the convenience and needs factor, the Board has carefully reviewed all relevant facts of record, including comments from Protestant, Peoples FSB, and other commenters, in light of Peoples FSB's record of performance under the CRA.

1. This provision of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 permits a savings association to convert to a bank charter provided the resulting bank remains a Savings Association Insurance Fund ("SAIF") member. Following the conversion, Peoples Bank will continue to be SAIF insured. The Office of Thrift Supervision ("OTS") and the Indiana Department of Financial Institutions have approved this conversion.

2. Deposit data are as of March 31, 1994.

3. The Gary-Hammond banking market is approximated by Lake County, Porter County with the exception of Pine Township, and Cass, Clinton, Dewey, New Durham, and Prairie Townships in La Porte County, all in Indiana.

4. Market data are as of June 30, 1993. 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). Because the deposits of Peoples FSB will be transferred to a chartered bank under the proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990); *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992).

5. *See* 12 U.S.C. § 2903.

CRA Performance Record of Peoples FSB

Initially, the Board notes that Peoples FSB received an "outstanding" rating from the Office of Thrift Supervision, its primary federal banking regulator, at its most recent examination for CRA performance as of June 21, 1993 (the "1993 Examination").[6] Examiners found that Peoples FSB's performance in originating residential mortgage loans, housing rehabilitation loans, and home improvement loans throughout its delineated community was "very good." The 1993 Examination also characterized Peoples FSB's participation in governmentally insured or guaranteed loan programs for housing,[7] its marketing and outreach programs,[8] and its participation and investments in local community development and redevelopment programs all as "very good." For example, the institution assisted Northwest Indiana Habitat for Humanity to obtain the first grants for housing rehabilitation made by the Federal Home Loan Bank of Indianapolis through its Affordable Housing Program. Peoples FSB also has loaned $1.1 million to the East Chicago Urban Enterprise Association, Inc., a state government entity created to revitalize areas of East Chicago, and helped obtain additional grants to build a joint child and senior day care facility in an economically depressed area of East Chicago. In addition, the thrift has pledged $180,000 to fund the rehabilitation of a 12-unit apartment building near downtown Hammond, and has provided long-term financial support to the Local Initiative Support Coalition in Gary. Peoples FSB also has provided over $1 million of the financing required by the Community Reinvestment Project of East Chicago to rehabilitate 1,780 housing units in East Chicago.

The Board also has carefully reviewed the 1992 and 1993 Home Mortgage Disclosure Act ("HMDA") data for Peoples FSB. These data show a low percentage of HMDA-related loan applications from African-Americans, who represent approximately 24 percent of the population in Peoples FSB's delineated community. These data also show that the denial rate for loans to purchase one-to-four-family housing units in low- and moderate-income census tracts is significantly lower than the denial rate for such loans by lenders in the aggregate, and that Peoples FSB's percentage of loan applications by and loan originations among low- and moderate-income borrowers increased from 1992 to 1993 and is comparable to the percentage of such loan applications and originations for lenders in the aggregate.

The 1993 Examination found no evidence of any illegal discriminatory credit practices or other practices intended to discourage credit applicants. In addition, Peoples FSB has initiated steps to strengthen its outreach and its lending performance in communities with predominantly minority populations. For example, the thrift will replace its branch in East Chicago with a new facility that has been designed with the assistance of community leaders in order to increase its accessibility to minority and lower- income customers in Gary and Hammond, as well as East Chicago, who traditionally have had limited contact with financial institutions. Peoples FSB also plans to introduce a new home mortgage product featuring a 5 percent down payment requirement as part of a mailing targeted to low- and moderate-income census tracts in Gary, Hammond, and East Chicago. Management of Northwest Indiana expects that these steps will help improve lending by Peoples FSB in minority and low- and moderate-income communities. NorthWest Indiana must submit reports semiannually to the Federal Reserve Bank of Chicago for the next year describing its progress in strengthening its performance in HMDA-related lending. Its progress will be assessed in connection with future applications to expand its deposit-taking facilities.

The Board has carefully considered all the facts of record, including the comments filed in this case, in reviewing the convenience and needs factors under the BHC Act. Based on a review of the entire record of this application, including the most recent CRA performance examination of Peoples FSB, the Board believes that the efforts of Peoples FSB to help meet the credit needs of all segments of the community it serves, including minority and low- and moderate-income neighborhoods, and all other convenience and needs considerations, are consistent with approval of this application.

6. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act 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. 54 *Federal Register* 13,742, 13,745 (1989). Protestant contends that this rating is too high in light of the alleged deficiencies in Peoples FSB's community reinvestment efforts.

7. These programs included loans for rehabilitating existing housing through local community development groups, subsidies for the construction of new housing for low- and moderate-income families, participation in the Indiana Housing Authority's Mortgage Credit Certificate Program, and sponsorship of programs under the Federal Home Loan Bank Affordable Housing Program. Peoples FSB also supports the Community Reinvestment Project of East Chicago's program to make home mortgages for amounts as low as $10,000, with down payments as low as 5 percent.

8. Examiners found that the institution's marketing efforts reach throughout its delineated community by a variety of media advertising, including newspapers targeted to minority readers. In addition, Peoples FSB sponsors an annual homebuyers seminar, offers financial workshops in low- and moderate-income neighborhoods upon request, and distributes its seminar materials to realtors. Peoples FSB plans to expand its homebuyers seminar to include separate presentations in each of its major market areas.

Other Considerations

The Board also finds that the financial and managerial resources and future prospects of Northwest Indiana and Peoples Bank and the 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 all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance with all the commitments made by NorthWest Indiana in connection with this application and upon the receipt by NorthWest Indiana and Peoples Bank of all required regulatory approval. The Board's approval also is conditioned upon NorthWest Indiana submitting reports semiannually to the Federal Reserve Bank of Chicago as described above. 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.

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

By order of the Board of Governors, effective July 1, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Banco Bilbao Vizcaya, S.A.
Bilbao, Spain

Order Approving an Application to Engage in Securities-Related Activities

Banco Bilbao Vizcaya, S.A., Bilbao, Spain ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage indirectly, through Probursa International Incorporated, New York, New York ("Company"),[1] in the following securities-related activities:

(1) Providing investment advisory services pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4));

(2) Providing securities brokerage services, related securities credit activities consistent with the Board's Regulation T (12 C.F.R. 220), and incidental activities, such as, offering custodial services, individual retirement accounts, and cash management services pursuant to section 225.25(b)(15) of Regulation Y (12 C.F.R. 225.25(b)(15));

(3) Providing securities brokerage and investment advisory services on a combined basis ("full service brokerage") pursuant to section 225.25(b)(15) of Regulation Y (12 C.F.R. 225.25(b)(15)), including exercising investment discretion on behalf of institutional customers;

(4) Purchasing and selling, on the order of customers, all types of securities as a "riskless principal"; and

(5) Acting as agent in the private placement of all types of securities and providing related advisory services.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 1947 (1994)). 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.

Applicant, with total consolidated assets equivalent to approximately $80.5 billion, is the largest commercial banking organization in Spain.[2] In the United States, Applicant controls a bank in Mayaguez, Puerto Rico; a bank in Santa Fe, New Mexico; a branch in New York, New York; and an agency in Miami, Florida. 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 ("NASD"). As such, Company is subject to the recordkeeping, 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.

1. Company is a wholly owned subsidiary of Grupo Financiero Probursa, S.A. de C.V., Mexico City, Mexico, a subsidiary of Applicant that engages in various activities outside the United States.

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

Investment Advisory and Securities Brokerage Activities

The Board has previously determined by regulation that the proposed investment advisory, securities brokerage, and full service brokerage activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[3] Applicant has committed that it will conduct these activities in accordance with the Board's regulations and orders approving these activities for bank holding companies.

Private Placement and "Riskless Principal" Activities

Private placement involves the placement of new issues of securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent 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 to the public. Applicant has committed that Company would not privately place registered securities, and would only place securities with "institutional customers" as defined in section 225.2(g) of Regulation Y (12 C.F.R. 225.2(g)).

"Riskless principal" refers to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security from a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[4] "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, under this proposal, Company would not act as a "riskless principal" in selling securities at the order of a customer that is the issuer of the securities to be sold, or in any transaction in which Company has a contractual agreement to place the securities as agent of the issuer. Company also would not act as a "riskless principal" in any transaction involving a security for which it makes a market.

The Board previously has determined by order that, subject to a number of prudential limitations that address the potential for conflicts of interests, unsound banking practices, and other adverse effects, the proposed private placement and riskless principal activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[5] The Board also previously has determined that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a "riskless principal", do not constitute underwriting or dealing in securities for purposes of section 20 of the Glass–Steagall Act, and, accordingly, that revenue derived from these activities is not subject to the 10 percent revenue limitation on underwriting and dealing in ineligible securities.[6] In order to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, Applicant has committed that Company will conduct its private placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* Order and the *J.P. Morgan* Order,[7] as modified to reflect Applicant's status as a foreign bank.[8]

Financial Factors, Managerial Resources, and Other Considerations

In every application under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[9] In this case, the Board notes that Applicant meets the rele-

3. *See* 12 C.F.R. 225.25(b)(4)(i)-(iv) and (b)(15).

4. *See* Securities and Exchange Commission Rule 10b-10. 17 C.F.R. 240.10b-10(a)(8)(i).

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

6. *See Bankers Trust* Order.

7. *See J.P. Morgan* Order; *Bankers Trust* Order, 75 *Federal Reserve Bulletin* at 829. Among the prudential limitations detailed more fully in those orders are that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and Company will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal," Company will engage only in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold, will not act as "riskless principal" in any transaction involving a security for which it makes a market, nor hold itself out as making a market in the securities that it buys and sells as a "riskless principal." Moreover, Company will not engage in "riskless principal" transactions on behalf of any foreign affiliates that engage in securities dealing activities outside the United States, and will not act as "riskless principal" for registered investment company securities. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Applicant or any of its affiliates. With respect to private placement activities, Applicant has committed that Company will not privately place registered investment company securities or securities of investment companies that are advised by Applicant or any of its affiliates.

8. *See Sumitomo Bank, Limited*, 77 *Federal Reserve Bulletin* 339 (1991); *Creditanstalt-Bankverein*, 77 *Federal Reserve Bulletin* 183 (1991); *The Royal Bank of Scotland Group PLC*, 76 *Federal Reserve Bulletin* 886 (1990); *Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990).

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

vant risk-based capital standards consistent with the Basle Accord, and has capital equivalent to that which would be required of a United States banking organization. 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. The record in this case indicates that approval of this proposal should provide added convenience to Applicant's customers, and contribute to continued competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and other facts of record, and subject to the commitments made by Applicant, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved, subject to all the terms and conditions set forth in this order, and in the above noted Board regulations and orders that relate to these activities. The Board's determination is also subject to all the terms and 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 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 this application, including the commitments discussed in this order and the conditions set forth in this order and in the above noted Board regulations and orders. These commitments and conditions shall both be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 7, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Creditanstalt-Bankverein Vienna, Austria

Order Approving an Application to Engage in Investment Advisory Services

Creditanstalt-Bankverein, Vienna, Austria ("Applicant"), a foreign bank subject to the provisions 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(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)) to engage through a joint venture in investment advisory activities pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4)).[1] Applicant proposes to become a limited partner through its wholly owned subsidiary, Creditanstalt International Advisers Group, Inc., New York, New York, in Gulfstream Global Investors, Ltd., Dallas, Texas ("Company"), a partnership in which Tull, Doud, Marsh & Triltsch, Inc., Dallas, Texas ("TDMT"), serves as general partner and The Sail Company, Dallas, Texas ("Sail"), serves as limited partner. Company would conduct the proposed activities throughout the United States and abroad.[2]

1. Specifically, Company would:
(1) Serve as investment adviser (as defined in section 2(a)(20) of the Investment Company Act of 1940, 15 U.S.C. § 80a-2(a)(20)) to an investment company registered under that act, including sponsoring, organizing, and managing a closed-end investment company;
(2) Provide portfolio investment advice to any other person; and
(3) Furnish general economic information and advice, general economic statistical forecasting services and industry studies. *See* 12 C.F.R. 225.25(b)(4)(ii), (iii), and (iv). This proposal is similar to Applicant's proposal to engage in investment advisory activities through a joint venture with Steinberg Asset Management, Inc., previously approved by the Board. *See Creditanstalt-Bankverein*, 80 *Federal Reserve Bulletin* 143 (1994).

2. Sail currently owns a 49 percent interest in Company. Applicant would acquire a 24.5 percent limited partnership interest in Company

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 26,500 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of $48.4 billion, is the 97th largest banking organization in the world.[3] In the United States, Applicant operates a branch in New York, New York, and representative offices in Atlanta, Georgia, and San Francisco, California.[4] Applicant also engages in permissible nonbanking activities in the United States and abroad.

The Board previously has determined by regulation that providing investment advisory services is closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[5] Applicant has stated that Company will engage in these activities in accordance with the Board's regulations.

In prior decisions, the Board has expressed concern that joint ventures could potentially lead to a matrix of relationships between co-venturers and their affiliates that could break down the legally mandated separation of banking and commerce, create the possibility of conflicts of interests and other adverse effects that the BHC Act was designed to prevent, or impair or give the appearance of impairing the ability of the banking organization to function effectively as an independent and impartial provider of credit.[6] Further, joint ventures must be carefully analyzed for any possible adverse effects on competition and on the financial condition of the banking organization involved in the proposal.

Currently, TDMT and Sail engage only in investment advisory activities that are permissible for a bank holding company, but affiliates of Sail engage in a variety of activities that are not permissible for a bank holding company.[7] Applicant has committed that no employee, officer, or director of Sail or any of its affiliates would serve as an employee, officer, or director of Applicant or any affiliate of Applicant, including Company. In addition, Applicant has committed to notify the Federal Reserve Bank of New York if Company, Sail or TDMT determines to engage in any activity that is impermissible for a bank holding company under the BHC Act, or if Company, TDMT, Sail, or any affiliate of Sail determines to engage in any securities underwriting or dealing activity that is impermissible for a state member bank under the Glass–Steagall Act. Furthermore, Applicant has committed to seek Board approval of Applicant's retention of its interest in Company should the activities of TDMT, Sail, or their affiliates be inconsistent with the Board's order approving this application. Based on these and other commitments, the Board believes that the structure of the joint venture in this case is consistent with the provisions of section 4 of the BHC Act and prior Board cases.

In order to approve this application, the Board also is required to determine that the performance of the proposed activities by Applicant can reasonably be expected to produce benefits to the public that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[8] Under the framework established in this and other Board decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as an undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Moreover, the Board has determined that performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh any adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

In weighing these factors 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 proposal on these resources. In this case, the Board notes that Applicant meets the relevant risk-based capital standards consistent with the Basle Accord, and has capital equivalent to that which would be required for United States banking organizations. In view of these and other facts of record, the Board has determined that the financial factors are consistent with approval of this application. The managerial resources of Applicant and its subsidiaries also are consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, ap-

from Sail, and TDMT would remain general partner with a 51 percent interest in Company.

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

4. Under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)), a foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States is subject to the BHC Act as if it were a bank holding company.

5. *See* 12 C.F.R. 225.25(b)(4).

6. *See, e.g., The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 577 (1989); *Amsterdam-Rotterdam Bank, N.V.*, 70 *Federal Reserve Bulletin* 835 (1984).

7. Sail is an indirect wholly owned subsidiary of the Rosewood Corporation ("Rosewood"), which engages through several subsidiaries in a variety of commercial and industrial activities that are impermissible for a bank holding company. Neither Rosewood nor any of its affiliates engages in any securities underwriting or dealing activities.

8. 12 U.S.C. § 1843(c)(8).

prove the application subject to the terms and conditions set forth in this order, and in the Board regulations and orders noted above. The Board's determination also is subject to all the terms and conditions set forth in its 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 it 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 is specifically conditioned on compliance with all the commitments made in this application, including the commitments discussed in this order and the conditions set forth in the orders noted above. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 27, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

First Union Corporation
Charlotte, North Carolina

Order Approving Applications to Acquire and Merge a Savings Association Into a Subsidiary Bank

First Union Corporation, Charlotte, North Carolina ("First Union"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire BancFlorida Financial Corporation, a savings and loan holding company ("BFC"), and its subsidiary savings association, BancFlorida, a Federal Savings Bank ("BancFlorida"), both of Naples, Florida. First Union also has requested Board approval for its subsidiary bank, First Union National Bank of Florida, Jacksonville, Florida ("Bank"), to acquire through merger BancFlorida pursuant to section 5(d)(3) of the Federal Deposit Insurance Act, 12 U.S.C. § 1815(d)(3)(A)(ii) (the "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).[1]

Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a Savings Association Insurance Fund member and any Bank Insurance Fund ("BIF") member, if the acquiring or resulting institution is a BIF-insured subsidiary of a bank holding company, and in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act, the "Bank Merger Act" (12 U.S.C. § 1828(c)).[2] This transaction is also subject to review under the Bank Merger Act by the Office of the Comptroller of the Currency ("OCC"), the primary regulator for Bank.[3]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 23,206 (1994)). As required by 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 mergers were requested from the United States Attorney General, the OCC, and the Federal Deposit Insurance Corporation. 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 4(c)(8) of the BHC Act, the Bank Merger Act and section 5(d)(3) of the FDI Act.

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[4] In making this determination, the Board required that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act. First Union has committed to conform all activities of BancFlorida to the requirements of section 4 of the BHC Act and Regulation Y.[5]

1. First Union proposes that BFC will be acquired by, and merged into, First Union's wholly owned subsidiary, First Union Corporation of Florida, prior to the merger of BancFlorida into Bank.

2. 12 U.S.C. § 1815(d)(3)(E). These factors include considerations relating to competition, the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served. 12 U.S.C. § 1828(c).

3. The OCC has preliminarily approved this proposal.

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

5. BancFlorida engages through subsidiaries in real estate activities that would not be permissible for a bank holding company under the BHC Act. First Union has committed to terminate all impermissible real estate activities within two years of consummation of the proposal, and not to undertake any new real estate projects during this time.

First Union, with consolidated assets of $72.3 billion, controls eight banks in North Carolina; Georgia; South Carolina; Florida; Virginia; Washington, D.C.; Maryland; and Tennessee.[6] First Union is the second largest commercial banking organization in Florida, with its subsidiary depository institutions controlling $21.4 billion in deposits, representing approximately 12.3 percent of the total deposits in depository institutions in the state.[7] BancFirst controls $1.18 billion in deposits, representing less than one percent of the total deposits in depository institutions in Florida. Upon consummation of this proposal, First Union would remain the second largest commercial banking organization in the state, controlling deposits of $22.6 billion, representing approximately 13 percent of the total deposits in depository institutions in Florida.

First Union and BancFlorida compete directly in five banking markets in Florida.[8] The Board has carefully reviewed the competitive effects of this proposal in light of the number of remaining competitors, the market share of each competitor, and the relatively small increase in market concentration in each of these markets as measured by the Herfindahl–Hirschman Index ("HHI").[9] Based on all the facts of record, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition or the concentration of banking resources in these or any relevant banking markets.

The financial and managerial resources and future prospects of First Union and its bank subsidiaries and BancFlorida are consistent with approval. Considerations relating to the convenience and needs of the communities to be served, including the record of Bank under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*),[10] also are consistent with approval of this proposal under the factors the Board is required to consider under the Bank Merger Act.

In addition, the record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not likely to be outweighed by the public benefits of this proposal. Accordingly, 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 First Union's application to acquire BancFlorida.

The Board also has considered the additional factors it must review under section 5(d)(3) of the FDI Act. In this regard, the record in this case reflects 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) First Union and Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) Because Bank is located in Florida and is merging with a Florida savings association, the proposed transaction would comply with the Douglas Amendment if BancFlorida were a state bank that First Union was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

6. Asset data are as of March 31, 1994.

7. State and market deposit data are as of June 30, 1993. 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. Bank 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); *Natural City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of BancFlorida would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of First Union's *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Bank, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n. 9 (1990).

8. These markets are the Fort Myers, Highlands County, Naples, Port Charlotte, and Sarasota banking markets.

9. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating 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. In all markets except the Highland County banking market, consummation of this proposal would not result in a highly concentrated market above 1800 points, or cause the HHI to increase by more than 50 points. The post-merger HHI in the Highland County banking market would increase 9 points to 2389.

10. The Board received a comment from a minority contractor ("Protestant"), who claims that Bank discriminated against him in its administration of a loan to finance the renovation of a church. Bank claims that it eventually funded the entire loan, and that its dispute with Protestant derived from the work performed and not from any illegal or discriminatory action. This matter is currently the subject of pending litigation.

In considering this comment, the Board notes that Bank received a "satisfactory" rating for CRA performance from its primary federal regulator, the OCC, at its most recent examination in April 1992. This examination noted that Bank had not engaged in any illegal discriminatory credit practices, and that Bank had a satisfactory record of investing in community development projects. The OCC has indicated that its inquiry into this matter, initiated at the request of Protestant, is ongoing. For these reasons, and based on all the facts of record, the Board concludes that Protestant's comments do not warrant denial of this proposal.

Based on the foregoing and all the facts of record, the Board has determined that the applications should be, and hereby are, approved.[11] The Board's approval of this proposal is specifically conditioned on compliance by First Union with the commitments made in connection with these applications and upon First Union and Bank receiving all necessary federal and state approvals, including the approval of the OCC under the Bank Merger Act. 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 Board's determination also is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

The merger of Bank and BancFlorida shall not be consummated before the thirtieth calendar day following the effective date of this order, and neither transaction shall 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 1, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

11. Protestant has requested that the Board hold a public hearing or meeting on this proposal. The Board's rules provide that a hearing is required under section 4 of the BHC Act only if there are disputed issues of material fact that cannot be resolved in some other manner. In addition, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, Protestant has had sufficient opportunity to present written submissions, and has submitted substantial written comments that have been considered by the Board. The merits of the dispute regarding Protestant's loan is already the subject of a public hearing in a court with full authority to resolve that matter. On the basis of all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in these applications, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on these applications is hereby denied.

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

BankAmerica Corporation
San Francisco, California

Order Approving the Merger of Bank Holding Companies

BankAmerica Corporation, San Francisco, California ("BankAmerica"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Continental Bank Corporation, Chicago, Illinois ("Continental"), also a bank holding company, and thereby indirectly acquire Continental Bank, Chicago, Illinois ("Continental Bank").[1] BankAmerica also has applied under section 4(c)(8) of the BHC Act to acquire the lending, trust company, and asset management and collection subsidiaries of Continental.[2]

In addition, BankAmerica has requested approval under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and section 211.5(c) of Regulation K (12 C.F.R. 211.5(c)) to acquire all the foreign subsidiaries, joint ventures, and portfolio investments of Continental held under section 4(c)(13) of the BHC Act. BankAmerica also has requested approval under section 25A of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*) ("Edge Act") to acquire Continental International Finance Corporation, Chicago, Illinois, and Continental Bank International, Chicago, Illinois, each a corporation chartered under the Edge Act, and all the foreign subsidiaries, joint ventures, and portfolio investments of those corporations.

Notice of the applications, affording interested persons an opportunity to submit comments on the proposal, has been published (59 *Federal Register* 22,851 (1994)). The time for filing comments has expired, and the Board has considered the applications and all

1. In connection with this proposed merger, BankAmerica also has requested Board approval under section 3 of the BHC Act to exercise an option to acquire up to 19.9 percent of the voting shares of Continental. This option would become moot upon consummation of the proposed merger.

2. In particular, BankAmerica has applied to acquire Continental Equity Capital Corporation, Continental Illinois Commercial Corporation, and Continental Illinois Energy Development Corporation, all of Chicago, Illinois, and thereby engage in lending activities pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)); Continental Illinois Trust Company of Florida, N.A., Boca Raton, Florida, and thereby engage in trust company functions pursuant to section 225.25(b)(3) of Regulation Y (12 C.F.R. 225.25(b)(3)); and Repechage Partners Ltd., Chicago, Illinois ("Repechage"), and thereby engage in asset management, servicing, and collection activities. *See Continental Bank Corporation*, 79 *Federal Reserve Bulletin* 888 (1993).

comments received in light of the factors set forth in the BHC Act and the Edge Act.

BankAmerica, with total consolidated assets of approximately $197.2 billion,[3] is the second largest commercial banking organization in the United States, and controls banking subsidiaries in Alaska, Arizona, California, Idaho, Nevada, New Mexico, New York, Oregon, Texas, and Washington. In addition, BankAmerica controls a thrift subsidiary, Bank of America, FSB, Portland, Oregon ("FSB"), which has substantial operations in Hawaii. BankAmerica also engages through subsidiaries in a broad range of permissible nonbanking activities in the United States, and maintains various banking and nonbanking operations abroad. Continental, with total consolidated assets of approximately $22.8 billion, is the 34th largest commercial banking organization in the United States and the second largest commercial banking organization in Illinois. Upon consummation of this proposal, BankAmerica would become the second largest commercial banking organization in Illinois, controlling domestic deposits of $8.9 billion, representing approximately 6.4 percent of total deposits in commercial banks in the state.

Douglas Amendment Analysis

Section 3(d) of the BHC Act ("Douglas Amendment") prohibits the Board from approving an application by a bank holding company to acquire any interest in a bank located outside the applicant's home state[4] unless the 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 purposes of the Douglas Amendment, the home state of BankAmerica is California and the home state of Continental is Illinois.

The statute laws of Illinois permit an out-of-state bank holding company, such as BankAmerica, to merge with an Illinois bank holding company and acquire control of an Illinois bank, provided that the out-of-state bank holding company's home state would permit the acquisition by an Illinois bank holding company of banks and bank holding companies located in that state on a reciprocal basis, and certain other conditions are satisfied.[6] California law also permits the acquisition of California banks and bank holding companies by out-of-state organizations, if, among other things, there is substantial reciprocity between California and the home state of the acquiring company.[7] The Illinois Commissioner's Office and California banking authorities have indicated generally that their respective statutes satisfy these reciprocity requirements.[8] In light of the foregoing, and based on all the facts of record, the Board has concluded that approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is specifically conditioned, however, upon BankAmerica's receipt of all required state regulatory approvals.

Convenience and Needs Considerations

In acting on an application under the BHC Act to acquire a depository institution, 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]

The Board has received comments relating to this proposal from a number of organizations, including community and economic development groups. Several commenters have expressed support for the merger of BankAmerica and Continental, and have indicated their belief that BankAmerica would maintain and strengthen Continental's commitment to low- and moderate-income neighborhoods and community development initiatives. Two local business organizations ("Protestants") have objected to this proposal.

3. Asset, deposit, and ranking data are as of March 31, 1994.

4. Under the Douglas Amendment, a bank holding company's home state is the state in which the operations of its banking subsidiaries were principally conducted on July 1, 1966, or the date on which it became a bank holding company, whichever is later. 12 U.S.C. § 1842(d). The operations of a bank holding company are considered principally conducted in that state in which the total deposits of all its banking subsidiaries are largest.

5. 12 U.S.C. § 1842(d).

6. *See* Ill. Rev. Stat. ch. 205, para. 10/3.02, 10/3.071 (Smith-Hurd 1993).

7. *See* Cal. Fin. Code §§ 3753, 3756 (West Supp. 1994).

8. Illinois law also requires, among other things, that the bank commissioner make certain findings, including a determination that net public benefits would result from the acquisition. *See* Ill. Rev. Stat. ch. 205, para. 10/3.02, 3.071 (Smith-Hurd 1993). The Board notes that the Illinois interstate banking statute was recently amended to eliminate a number of previously existing requirements. *See* Illinois House Bill 4096, §§ 15, 20 (effective June 29, 1994).

9. 12 U.S.C. § 2903.

One of these commenters, based in San Francisco, criticized BankAmerica's record of home mortgage lending to African-Americans and investments in economic development organizations in the African-American community. The other Protestant, based in Chicago, criticized Continental's record of providing banking services and products to low- and moderate-income minority communities, and maintains that Continental has a poor record of investment involving these communities, minority residents, and minority business owners.

In its consideration of the convenience and needs factor under the BHC Act, the Board has carefully reviewed the entire record of CRA performance of BankAmerica, its subsidiary banks, Continental, and Continental Bank, all comments received with respect to these applications, BankAmerica's responses to those comments, and all the other facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[10]

Record of CRA Performance

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.[11] In this case, the Board notes that all of BankAmerica's subsidiary banks that were evaluated for CRA performance received "outstanding" or "satisfactory" ratings from their primary regulators during their most recent examinations. In particular, BankAmerica's lead subsidiary bank, Bank of America National Trust and Savings Association, San Francisco, California ("Bank of America-California"), representing approximately 74 percent of the total consolidated assets of BankAmerica and its principal banking subsidiary in California, received an "outstanding" rating from its primary federal regulator, the Office of the Comptroller of the Currency ("OCC"), at its most recent examination for CRA performance as of January 1994 ("1994 Exam"). Continental Bank received a "satisfactory" rating from the OCC at its most recent examination for CRA performance as of March 1992.[12]

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

11. *Id.* at 13,745.

12. Continental Bank was chartered as a national bank until June 29, 1994, when it became an Illinois-chartered bank with membership in the Federal Reserve System.

The Board recently reviewed the CRA performance record of the BankAmerica organization, including Bank of America-California, in connection with BankAmerica's application to acquire Liberty Bank, Honolulu, Hawaii, and concluded that this record was consistent with approval of the proposal.[13] As noted in the Liberty Order, Bank of America-California offers a variety of credit products and services designed to assist in meeting the credit needs of low- and moderate-income and minority neighborhoods within its delineated community, including the "Neighborhood Advantage" and "BASIC" loan programs for housing and consumer credit. The bank also participates in a number of government-sponsored credit programs, including offering Farmers Home Administration and Small Business Administration ("SBA") loans for small businesses. In addition, as noted in the Liberty Order, the bank recently introduced a loan program offering flexible underwriting criteria and a simplified application process for minority and women business owners.

B. HMDA Data and CRA-Related Lending Record

The Board has carefully reviewed the 1992 and preliminary 1993 data filed by Bank of America-California under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") in light of allegations by the San Francisco-based Protestant that the bank has an inadequate record of home mortgage lending in the African-American community.[14] These data indicate that Bank of America-California made a substantial number of home mortgage loans to African-Americans in California.[15] However, these data also reveal some disparities in lending and denial rates for African-American applicants compared with other groups.

The Board is concerned when an institution's record indicates disparities in lending to minority applicants, and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race.

13. *See BankAmerica Corporation*, 80 *Federal Reserve Bulletin* 623 (1994) ("Liberty Order").

14. In addition to general allegations regarding Bank of America-California's home lending record in California, this Protestant has raised questions about the lending practices of the bank in specific neighborhoods, including Bayview/Hunters Point and East Oakland. In 1993, Bank of America-California originated mortgage loans to low- and moderate-income African-American borrowers in each of these neighborhoods.

15. In particular, Bank of America-California made over 5,000 housing-related loans to African-Americans in California in 1992 and 1993 combined.

The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining that an institution has engaged in illegal discrimination in making lending decisions.

In this regard, the 1994 Exam included a fair lending examination of residential loan files. The OCC found no evidence of illegal discrimination or other illegal credit practices, or any other practices designed to discourage applications for credit, and concluded that the bank did not engage in disparate treatment of minority applications. The OCC also determined that the board of directors and senior management of the bank had developed effective written policies and procedures to support nondiscriminatory lending decisions, and that these policies and procedures were implemented through objective underwriting criteria, the bank's compliance and audit program, and regular training of bank personnel at all levels on fair lending laws and regulations.

Bank of America-California has taken a number of steps to assist in meeting the housing-related credit needs of low- and moderate-income and minority borrowers. For example, the bank's "Neighborhood Advantage" program to provide affordable home mortgage financing, including financing for low- and moderate-income borrowers and neighborhoods, which OCC examiners noted had been strongly marketed and was effective in broadening the bank's lending base, generated over 30,000 loans in 1992 and 1993 for a total of more than $3.5 billion. These and other initiatives are part of BankAmerica's 1992 corporate-wide commitment to provide $12 billion over a ten-year period for housing loans in low- and moderate-income census tracts and for lower-income and minority borrowers, funding for the development and long-term financing of low-income housing, consumer loans for lower-income households, and government-guaranteed and conventional small business loans. BankAmerica has allocated $8 billion of this commitment to California and $4 billion to all other states.

This initiative has assisted Bank of America-California in providing a number of lending programs designed to assist in meeting the full range of credit needs in low- and moderate-income communities. For example, under its "Advantage Business Credit" program, which offers loans of up to $50,000 and credit lines of up to $75,000 to small businesses, the bank made 3,300 loans through the first three quarters of 1993, totalling over $100 million. In the same period, the bank also made over 4,000 other small business loans of less than $50,000, for a total of over $90 million, and more than 2,800 conventional small business loans, totalling $492 million. In the area of consumer installment credit, during the first three quarters of 1993, Bank of America-California made over 5,400 loans under its "BASIC" program for middle-income borrowers and low- and moderate-income borrowers and neighborhoods, totalling $123 million, and an additional 16,000 loans to low- and moderate-income borrowers in the aggregate amount of $290 million. The record also indicates that the bank approved over 20,000 housing-related loans in 1992 and 1993 in low- and moderate-income census tracts.[16]

Bank of America-California has also participated in a variety of community and economic development initiatives to benefit low- and moderate-income neighborhoods in California. The OCC concluded in the 1994 Exam that the performance of Bank of America-California in this area was "excellent," and noted that the combined efforts of this bank and Bank of America Community Development Bank ("BACDB") had resulted in significant contributions to residential and economic development in California. The bank's community and economic development efforts focus on small business lending programs, including programs specifically designed for women- and minority-owned businesses,[17] and the provision and arrangement of municipal government financing.

In addition to SBA programs and more traditional small business lending efforts, the bank has initiated special programs such as the Small Business Investment Program in Los Angeles. This $25 million program was created and developed in a very short period of time after the civil disturbances in that city in April 1992, and was designed to provide long-term financing for small businesses adversely affected by those events. Loans of less than $100,000 were made avail-

16. In general, the record indicates that Bank of America–California has made tangible efforts to lend in low- and moderate-income and minority communities. In addition to special lending programs targeted to low- and moderate-income and minority borrowers, the OCC found that the bank had ongoing, productive communications with a wide range of community-based and social service organizations and small business associations. In addition, the OCC indicated that the bank's marketing programs are designed to reach wide segments of the delineated community, and include multilingual advertisements appearing in general circulation newspapers and magazines, as well as community and ethnic newspapers. In 1991, the bank introduced a Spanish language promotional kit including posters, print advertisements, brochures, and video materials for use in bank branches. The bank also has targeted advertising campaigns directed to the African-American community.

17. For example, the bank has established the Minority- and Women-Owned Business Enterprise Financing Program, which provides loans and credit lines of up to $100,000 to small businesses owned by women and minorities. The record of this application also indicates that BACDB made 114 SBA loans in California in 1993, totalling approximately $35 million. Approximately 44 percent of these loans were made to women-or minority-owned businesses.

able to locally owned businesses and to businesses that principally employed local residents. A total of more than $20 million in loan balances was outstanding under this program at the time of the 1994 Exam.

These efforts of Bank of America-California have been supplemented by the community development efforts of BACDB, which in 1993 provided more than $125 million in financing for low-income housing projects, and made major contributions to other organizations engaged in the development of affordable housing. The OCC particularly noted BACDB's $70 million equity investment in the Local Initiatives Support Coalition and its creation of a $3 million community housing fund, which is designed to provide pre-development financing for non-profit developers of affordable housing. The record of this application also indicates that BankAmerica has made substantial investments in organizations engaged in minority business development, including Opportunity Capital Partners ($15 million), the Minority Enterprise Fund ($3 million), and Founders National Bank of Los Angeles ($1 million), as well as investments in the California Community Reinvestment Corp. and other multi-bank consortia.

C. Record of Performance of Continental Bank

The Chicago-based Protestant criticized the CRA record of Continental Bank, particularly on investments in minority communities, residents, and businesses. The Board notes that Continental Bank focuses on providing credit and other banking services to business customers, and does not engage in residential or other consumer lending, or other retail banking businesses. While the CRA does not require a bank to extend any particular type of credit, an institution such as Continental Bank is not relieved of its obligation to comply with the CRA.[18]

Continental Bank, together with its subsidiary, Continental Community Development Corporation, Chicago, Illinois ("CCDC"), achieved a "satisfactory" rating from the OCC for its record of CRA performance primarily through lending to small businesses,[19] providing funding for affordable housing,[20] and engaging in community development activities.[21] In general, the OCC found that the bank solicited credit applications from all segments of its delineated community, including low- and moderate-income areas, and noted that a significant portion of the bank's 1991 loans were extended to businesses located in these areas. The 1992 Exam did not find any practices to discourage applications for the types of credit offered by the bank, or any other illegal discriminatory practices.[22]

Although Continental Bank would continue its strategy of primarily servicing business customers after consummation, BankAmerica will implement a number of its CRA policies at this institution. For example, Continental Bank would become subject to BankAmerica's continuing board resolution establishing for all of its banking subsidiaries the goal of achieving and maintaining an "outstanding" rating for CRA performance. In addition, BankAmerica's ten-year quantitative CRA funding goals would be expanded to incorporate goals established for Continental Bank's delineated community. Annual lending goals for this community would be established by the organization, and would be undertaken jointly by Continental Bank and by a newly opened Chicago branch of BankAmerica's thrift subsidiary, FSB. The record indicates that this branch of FSB would function as a special purpose facility devoted to community development and other CRA-related activities.[23]

18. *See Continental Bank Corporation*, 75 *Federal Reserve Bulletin* 304 (1989).

19. The OCC noted in the 1992 Examination that lending to small businesses was coordinated through the bank's Community Business Team. This division, like CCDC, was created in 1990 in response to identified needs in the bank's community. The OCC also noted that, in addition to coordinating targeted ascertainment and marketing efforts, the Community Business Team devoted significant efforts to assisting prospective borrowers in understanding, applying for, and obtaining credit under traditional underwriting standards. As a result, small business lending has increased from loans totalling $8.6 million in 1991 to loans totalling $18.1 million in 1993.

20. Continental Bank and CCDC, in addition to providing direct loans for home improvement and housing rehabilitation, and participating in government-sponsored programs for multifamily real estate projects, also support affordable housing initiatives through loans to and equity investments in developers of low- and moderate-income housing. Since the 1992 Exam, the bank has increased its funding commitments to home improvement and rehabilitation efforts coordinated through organizations such as the Community Investment Corporation (to a total of $60 million) and the Chicago Home Improvement Program (to a total of $27 million). In addition, affordable housing loans (other than loans through these two organizations) increased from $4.3 million in 1991 to $24.3 million in 1993.

21. The OCC stated that these community development activities included lending and equity investments made directly by CCDC, participation in loan programs implemented through community-based organizations, and technical assistance to organizations involved in community development activities. The OCC also stated that the Continental Foundation played a significant role in the bank's community development activities by providing grants to community organizations involved in economic development and affordable housing activities. Economic development lending for 1991, 1992, and 1993 combined totalled more than $40 million.

22. The OCC also noted that the bank provided adequate training to support nondiscrimination in lending and credit practices, and performed periodic reviews to assess the adequacy of its training, policies, and practices in this area.

23. FSB would provide community development loans and investments, loans for affordable housing projects, loans offered through local government-assisted rehabilitation programs, and loans offered through government-sponsored small business lending programs, including the SBA's 7A and 504 loan programs for small businesses (including minority-owned small businesses).

Moreover, Continental Bank's CRA program, plans, and activities would be monitored by the Corporate Community Development Department of Bank of America-California (which has organization-wide CRA oversight responsibilities) ("CCDD"), and would become subject to other CRA program review procedures of the BankAmerica organization (including periodic on-site reviews). Management of Continental Bank would also receive support and assistance from CCDD for the development and execution of its CRA program. BankAmerica also would continue Continental Bank's efforts to increase lending in low- and moderate-income and minority neighborhoods. Moreover, BankAmerica specifically intends to increase Continental Bank's volume of small business lending.

Conclusion Regarding Convenience and Needs Factor

In considering the overall CRA performance records of BankAmerica, its subsidiary banks, Continental, and Continental Bank, the Board has carefully considered the entire record in this case, including the public comments received. Based on a review of the entire record of performance, including Protestants' comments, BankAmerica's responses to those comments, and relevant reports of examination, the Board has concluded that convenience and needs considerations, including relevant CRA performance records, are consistent with approval of these applications. As discussed in this order, BankAmerica plans to enhance the CRA-related activities of Continental Bank and FSB in the bank's delineated community. The Board believes that these plans, when viewed in the context of the outstanding or satisfactory CRA performance ratings of BankAmerica's subsidiary banks, support approval of this proposal.[24]

Other Considerations

BankAmerica and Continental do not compete in any banking market. Based on this consideration and all the other facts of record, the Board has concluded that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. On the basis of all the facts of record, including the representations and commitments furnished by BankAmerica, the Board also has concluded that the financial and managerial resources and future prospects of BankAmerica, Continental, 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.

BankAmerica also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire certain domestic nonbanking subsidiaries of Continental. These subsidiaries are engaged in activities that the Board has determined, by regulation or order, to be closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[25] BankAmerica proposes to conduct these activities in accordance with the Board's regulations and orders, and the commitments previously furnished by Continental with respect to the asset management and related activities of Repechage.[26]

In order to approve this proposal, the Board also must find that the performance of the proposed activities by these subsidiaries "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 entities 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 has concluded that the balance of the public interest factors it is required to consider under section 4(c)(8) of the BHC Act is favorable, and consistent with approval of BankAmerica's section 4 applications.

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24. One Protestant has asked that the Board hold a public hearing on this application. The Board is not required under section 3 of the BHC Act to hold a public hearing unless the primary supervisor for the bank to be acquired disapproves the proposal, which has not occurred in this case.

Generally, under the Board's rules, the Board may, in its discretion, hold a public meeting or hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered Protestant's request. In the Board's view, Protestant has had ample opportunity to present written submissions, and has, in fact, submitted written comments that have been considered by the Board. In light of these and other considerations, the Board has determined that a public hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public hearing in this case is denied.

25. *See* 12 C.F.R. 225.25(b)(1) and (b)(3) (certain lending and trust company activities); *Continental Bank Corporation*, 79 *Federal Reserve Bulletin* 888 (1994) (asset management, servicing, and collection activities).

26. *See Continental Bank Corporation*, 79 *Federal Reserve Bulletin* 888 (1993). BankAmerica also has agreed to abide by all the conditions and limitations set forth in this order.

The Board has also considered BankAmerica's proposal to acquire Continental International Finance Corporation and Continental Bank International, and all of their respective investments under the Edge Act. Based on all the facts of record, and for the reasons discussed in this order, the Board believes that all of the factors it must consider under the Edge Act and Regulation K are consistent with approval of this proposal.

In addition, the Board has considered BankAmerica's proposal to acquire the investments held by Continental pursuant to section 4(c)(13) of the BHC Act. On the basis of all the facts of record, the Board has determined that all relevant factors it must consider under the BHC Act and Regulation K are consistent with approval of this proposal.

Based on the foregoing and all the other facts of record, the Board has determined that the applications should be, and hereby are, approved.[27] This approval is specifically conditioned upon compliance by BankAmerica with all of the commitments made in connection with this application and with the conditions referenced in this order. The Board's determination with respect to the proposed domestic nonbanking activities also is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The banking acquisitions 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 the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 18, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

27. The San Francisco Protestant has criticized BankAmerica's record with respect to the use of African-American contractors and the hiring and promotion of African-American employees. In this regard, the Board notes that because Bank of America-California employs more than 50 people, serves as a depository of government funds, and acts as agent in selling or redeeming U.S. savings bonds and notes, it is required by Department of Labor regulations to:

(1) File annual reports with the Equal Employment Opportunity Commission; and

(2) Have in place a written affirmative action compliance program which states its efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel. *See* 41 C.F.R. 60-1.7(a), 60-1.40. The record also indicates that BankAmerica and its other subsidiaries are subject to these equal opportunity and affirmative action requirements.

Fifth Third Bancorp
Cincinnati, Ohio

Fifth Third Kentucky Bank Holding Company
Louisville, Kentucky

The Fifth Third Bank of Central Kentucky, Inc.
Chamberland, Kentucky

Order Approving the Acquisition of a Savings Association, Formation of a Bank Holding Company, and Application to Become a Member of the Federal Reserve System

Fifth Third Bancorp, Cincinnati, Ohio ("Fifth Third"), proposes to acquire The Cumberland Federal Savings Bank, Louisville, Kentucky ("Cumberland"), and transfer a portion of Cumberland's assets and liabilities to Fifth Third's bank subsidiary, The Fifth Third Bank of Central Kentucky, Inc., Lexington, Kentucky ("Bank"), which would be renamed The Fifth Third Bank of Kentucky, Inc., and would relocate its main office to Louisville, Kentucky. The remainder of Cumberland's assets and liabilities would be retained by Cumberland, which would be renamed The Fifth Third Savings Bank of Western Kentucky, F.S.B., and would relocate its main office to Mayfield, Kentucky.

Fifth Third proposes to accomplish this acquisition through a series of transactions, and has filed several applications with the Board. Fifth Third has applied under section 4(c)(8) of the Bank Holding Company Act ("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 Cumberland.[1] Bank has applied under sec-

1. Fifth Third also has acquired an option to purchase up to 19.9 percent of the voting shares of The Cumberland Federal Bancorporation, Inc., Louisville, Kentucky, the holding company for Cumberland, which would expire upon consummation of this proposal.

tion 18(c) of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. § 1828(c)) ("Bank Merger Act") to acquire certain assets and assume certain liabilities of Cumberland, and under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) to become a member of the Federal Reserve System and to establish branches at several locations at which Cumberland operates branches.[2]

Bank and Cumberland would be controlled by an intermediate holding company, Fifth Third Kentucky Bank Holding Company, Louisville, Kentucky ("Fifth Third Kentucky"), and Fifth Third Kentucky has applied under sections 3 and 4 of the BHC Act to control these institutions. Because these proposed transactions involve the acquisition of assets from a Savings Association Insurance Fund member by a Bank Insurance Fund subsidiary of a bank holding company, Fifth Third, Fifth Third Kentucky, and Bank also have applied under section 5(d)(3) of the FDI Act (12 U.S.C. § 1815(d)(3)), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388 (1991), to acquire the Cumberland assets.[3]

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). Reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation ("FDIC"), and the Office of Thrift Supervision ("OTS"). 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, the Bank Merger Act, and the Federal Reserve Act.

Fifth Third, with total consolidated assets of $12 billion, controls nine commercial banks in Ohio, Indiana, and Kentucky and a savings bank in Florida.[4] Fifth Third is the 14th largest depository institution[5] in Kentucky, controlling total deposits of $556 million, representing approximately 1.4 percent of total deposits in depository institutions in the state. Cumberland is the seventh largest depository organization in Kentucky, controlling deposits of $850 million, representing approximately 2.1 percent of total deposits in depository institutions in the state. Upon consummation of the proposed transaction, Fifth Third would become the fifth largest depository institution in Kentucky, controlling deposits of $1.4 billion, representing approximately 3.5 percent of total deposits in depository institutions in the state.

Competitive Considerations

Bank and Cumberland compete directly in the Lexington, Kentucky, banking market ("Lexington banking market").[6] Bank is the eighth largest depository institution in the market,[7] controlling deposits of $110.1 million, representing approximately 3.1 percent of total deposits in depository institutions in the market ("market deposits"). Cumberland is the 23rd largest depository institution in the market, controlling deposits of $27.7 million, representing less than 1 percent of market deposits. Upon consummation of this proposal, Fifth Third would remain the eighth largest depository institution in the market, controlling deposits of $137.8 million, representing approximately 3.9 percent of market deposits. The Lexington banking market would remain moderately concentrated as measured by the Herfindahl–Hirschman Index ("HHI"),[8] and 25 depository institutions would compete in the market following the acquisition. Based on all the facts of record in this case, including the level of market concentration and the number of competitors that would remain in the market, the Board believes that consummation of this proposal would not have a

2. These branches are set forth in the Appendix.
3. In reviewing such proposals, the Board is required to follow the procedures and consider the factors set forth in the Bank Merger Act.
4. Asset and deposit data are as of December 31, 1993.
5. Depository institutions include commercial banks, savings banks, and savings associations.

6. The Lexington banking market comprises Bourbon, Clark, Fayette, Jessamine, Powell, Scott, and Woodford Counties in Kentucky.
7. Market share data are as of June 30, 1993. 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 that are not controlled by a commercial banking organization 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 Cumberland would be controlled by a commercial banking organization upon consummation of this proposal, these deposits are included at 100 percent in the calculation of Fifth Third's post-consummation share of market deposits. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).
8. Under the Revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is 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. The resulting HHI in the Lexington banking market would be 1566, and the change caused by this proposal would be *de minimis*.

significantly adverse effect on competition or the concentration of banking resources in the Lexington banking market or in any other relevant banking market.

Convenience and Needs Considerations

In acting on these applications under the relevant banking statutes, the Board must consider the records of performance of the institutions involved under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[9]

In this regard, the Board has reviewed comments submitted by the Community Reinvestment Alliance of Lexington, Inc., Lexington, Kentucky ("Protestant"). Protestant alleges generally that Bank and Cumberland should increase their efforts to serve the credit needs of low- and moderate-income individuals through agreements with community groups like Protestant.

In light of these comments, the Board has carefully considered Fifth Third's and Cumberland's record of performance under the CRA and the programs that they have in place to serve community needs. Initially, the Board notes that all of Fifth Third's subsidiary banks and its savings bank received "outstanding" or "satisfactory" ratings from their primary regulators in their most recent examinations for CRA performance.[10] In particular, Bank, which will acquire approximately 75 percent of Cumberland's assets[11] and continue to serve the Lexington, Kentucky community from Cumberland's current locations, received an "outstanding" rating from its primary federal regulator, the FDIC, in its most recent examinations for CRA performance as of April 1993. In addition, Cumberland received an "outstanding" rating for CRA performance from the OTS as of December 1993. Examiners found no evidence of illegal discrimination or illegal credit practices at either Bank or Cumberland.[12]

Examiners found that Bank affirmatively solicits credit applications from all segments of the community it serves and specifically focuses on low- and moderate-income areas. The FDIC report noted that Bank made over 90 percent of its loans to residents of its delineated community and approved 90 percent of the applications it received from minority applicants for Home Mortgage Disclosure Act ("HMDA") related loans. Through its Good Neighbor Program, introduced in March 1992, Bank offers home mortgage loans to low- and moderate-income borrowers featuring below-market interest rates, reduced down payment requirements, no points, financed closing costs, and nontraditional underwriting requirements. From March 1992 through June 1994, Bank made 3,244 loans totalling approximately $180 million under this program. Bank also participates in a variety of community development programs, including lending $715,000 for the construction of 30 low- and moderate-income single-family homes in Bourbon County, Kentucky, and participating in the Bluegrass Micro-Enterprise Fund to provide flexible, nontraditional financing to small businesses in Fayette County, Kentucky.

Examiners also concluded that Cumberland made a high percentage of its home mortgage, home improvement, and consumer loans within its delineated community and offered or participated in a number of programs that assisted in meeting the community credit needs for housing and consumer-related loans. The examination found that Cumberland participated extensively in governmentally insured, guaranteed, or subsidized housing loan programs. During 1992, Cum-

9. 12 U.S.C. § 2903.

10. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Interagency Policy Statement") provides that a CRA exam 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 (54 *Federal Register* 13,742, 13,745 (1989)).

11. Approximately $900 million of Cumberland's assets will be acquired by Bank. The remaining assets of approximately $300 million will be retained by Cumberland, which will be relocated to Mayfield, Kentucky.

12. Protestant alleges that Cumberland discriminated against a specific physically disabled borrower on the basis of race in connection with an application made through Cumberland for a low interest rate mortgage loan offered by the Kentucky Housing Corporation ("KHC"), a state agency, under a program to provide financial assistance to low-income borrowers with unique housing needs. Fifth Third responds that all underwriting and interest rate decisions in this transaction were made by KHC (and not by Cumberland) and that Cumberland submitted the loan to KHC with the interest rate requested by the borrower. Cumberland's primary federal regulator, the OTS, investigated Protestant's allegations and found no evidence that Cumberland engaged in any illegal discriminatory credit practices. Protestant also believes that Cumberland illegally discriminated against another home mortgage applicant, but the record indicates that this case was heard by the Lexington-Fayette Urban County Human Rights Commission, which found that this individual did not present a *prima facie* case of discrimination and dismissed the complaint. The individual has taken no further action against Cumberland. Based on all the facts of record, including information in relevant examination reports, the Board concludes that these comments do not warrant denial of these applications.

berland made $6.7 million of FHA loans, $2.7 million of VA loans, and $4.4 million of loans through KHC, and the volume of its lending under these programs increased 18 percent during the first eleven months of 1993. The examination also found that Cumberland participated in a number of projects to benefit low- and moderate-income members of the community, including obtaining funds from the Federal Home Loan Bank of Cincinnati through its Affordable Housing Program to lend at a reduced rate to Habitat for Humanity to purchase and rehabilitate homes in Lexington for low-income homebuyers.

The Board has indicated in previous orders and in the Interagency Policy Statement that communication by depository institutions with community groups provides a valuable method of assessing and determining how best to address the credit needs of the community. However, neither the CRA nor the Interagency Policy Statement require depository institutions to enter into agreements with particular organizations. Accordingly, the Board's review has focused on the programs and policies Bank and Cumberland have in place to serve the credit needs of their community. In this case, the facts discussed above and the other facts of record indicate that Bank, Cumberland, and the other depository institution subsidiaries of Fifth Third have programs to help serve the credit needs of their communities.

For the foregoing reasons, and based on all the facts of record in this case, including Protestant's comments and Fifth Third's response, the Board concludes that Protestant's comments do not warrant denial of these applications, and that convenience and needs considerations, including the CRA records of Bank and Cumberland, are consistent with approval of this application.

Other Considerations

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[13] In making this determination, the Board requires savings associations acquired by bank holding companies to conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act and Regulation Y. Fifth Third and Fifth Third Kentucky have committed to conform all activities of Cumberland to these requirements.[14]

The Board also concludes that the financial and managerial resources and future prospects of Fifth Third, Fifth Third Kentucky, Bank, and Cumberland are consistent with approval of these applications. Other supervisory factors that the Board is required to consider under section 3 of the BHC Act also are consistent with approval. The Board also has considered the specific factors it must review under section 5(d)(3) of the FDI Act, and 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) Fifth Third, Fifth Third Kentucky, Bank, and Cumberland currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) The proposed transaction would comply with the interstate banking provision of the BHC Act if Cumberland were a state bank that Fifth Third was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).[15]

The Board also has considered the factors it is required to consider when reviewing applications for membership pursuant to section 9 of the Federal Reserve Act and section 208.4 of the Board's Regulation H, and finds those factors, including capital requirements and considerations related to management character and quality, to be consistent with approval.[16] The Board also believes that all the factors required to be considered for the establishment and operation of branches under the Federal Reserve Act are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is

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

14. Fifth Third and Fifth Third Kentucky have committed that all impermissible real estate activities will be divested or terminated within two years of consummation of the proposal, that no new impermissible projects or investments will be undertaken during this period, and that capital adequacy guidelines will be met excluding specified real estate investments. Fifth Third and Fifth Third Kentucky also have committed that any impermissible securities or insurance activities conducted by Cumberland will cease on or before consummation of this proposal. Cumberland may continue to service any impermissible insurance policies for two years after the consummation of this proposal, but may not renew policies.

15. *See* Section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, requiring that the statutory laws of the state where the acquired bank is located expressly authorize the proposed acquisition. The Board previously has concluded that the laws of Kentucky expressly authorize the acquisition of Kentucky banks by Ohio bank holding companies. *See Fifth Third Bancorp*, 72 *Federal Reserve Bulletin* 47 (1986). *See also* Cooperative Agreement and Determination of Reciprocity between the Commonwealth of Kentucky and the State of Ohio, dated October 17, 1985. The Kentucky Commissioner of Financial Institutions has approved the acquisition of assets and assumption of liabilities by Bank from Cumberland and the establishment by Bank of additional branches.

16. *See* 12 U.S.C. §§ 322 and 1816; 12 C.F.R. 208.4.

specifically conditioned upon compliance by Fifth Third, Fifth Third Kentucky, Bank, and Cumberland with the commitments made in connection with these applications. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) 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. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition of Bank by Fifth Third Kentucky may not be consummated before the thirtieth calendar day after the effective date of this order, and the transaction may not be consummated 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 Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 27, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

Branches of The Cumberland Federal Savings Bank to Be Acquired by The Fifth Third Bank of Central Kentucky, Inc.

1960 Cave Mill Road, Bowling Green, Kentucky
1148 College Street, Bowling Green, Kentucky
2600 Ring Road, Elizabethtown, Kentucky
1269 U.S. 127 Bypass, Frankfort, Kentucky
475 Versailles Road, Frankfort, Kentucky
628 South College Street, Harrodsburg, Kentucky
606 North Lincoln Boulevard, Hodgenville, Kentucky
2034 South Highway 53, LaGrange, Kentucky
901 East Main Street, Lexington, Kentucky
501 Southland Drive, Lexington, Kentucky
2600 Bank Street, Louisville, Kentucky
1270 Bardstown Road, Louisville, Kentucky
2443 Bardstown Road, Louisville, Kentucky
4700 Bardstown Road, Louisville, Kentucky
6900 Bardstown Road, Louisville, Kentucky
2040 Bashford Manor Lane, Louisville, Kentucky
3039 Breckenridge Lane, Louisville, Kentucky
200 West Broadway, Louisville, Kentucky
3640 Brownsboro Road, Louisville, Kentucky
8700 Dixie Highway, Louisville, Kentucky
10437 Dixie Highway, Louisville, Kentucky
4008 Dutchmans Lane, Louisville, Kentucky
3014 South Fourth Street, Louisville, Kentucky
1812 Heaton Road, Louisville, Kentucky
220 Holiday Manor, Louisville, Kentucky
291 Hubbards Lane, Louisville, Kentucky
101 North Hurstbourne Lane, Louisville, Kentucky
515 West Market Street, Louisville, Kentucky
5393 New Cut Road, Louisville, Kentucky
5533 New Cut Road, Louisville, Kentucky
8003 Preston Highway, Louisville, Kentucky
2312 South Preston Street, Louisville, Kentucky
3905 Seventh Street Road, Louisville, Kentucky
4090 Shelbyville Road, Louisville, Kentucky
10400 Shelbyville Road, Louisville, Kentucky
12501 Shelbyville Road, Louisville, Kentucky
4026 Taylorsville Road, Louisville, Kentucky
9080 Taylorsville Road, Louisville, Kentucky
101 East Second Street, Maysville, Kentucky
305 North Twelfth Street, Suite D, Murray, Kentucky
531 Frederica Street, Owensboro, Kentucky
3205 Frederica Street, Owensboro, Kentucky
1691 Gallatin Road, Scottsville, Kentucky
529 Main Street, Shelbyville, Kentucky

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank Holding Company

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Copper Bancshares, Inc. ("Copper"), and thereby indirectly acquire American National Bank of Silver City ("American National"), both of Silver City, New Mexico. Norwest also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) for its subsidiary, Norwest Mortgage, Inc., Minneapolis, Minnesota, to acquire the mortgage origination and servicing assets of American National pursuant to section 4(c)(8) of the BHC Act and section

225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25 (b)(1)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 24,158 and 30,005 (1994)). 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 and 4 of the BHC Act.

Norwest, with total consolidated assets of approximately $56.2 billion, operates 88 banks in 15 states.[1] Norwest is the second largest commercial banking organization in New Mexico, controlling deposits of $1.6 billion, representing approximately 14.7 percent of total deposits in commercial banking organizations in the state. Copper is the 26th largest commercial banking organization in New Mexico, controlling deposits of $89.1 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Norwest would remain the second largest commercial banking organization in New Mexico, controlling deposits of $1.7 billion, representing approximately 15.5 percent of total deposits in commercial banking organizations in the state.[2]

Norwest and Copper do not compete directly in any relevant banking markets. Based on all the facts of record, the Board concludes that the acquisition of Copper and its subsidiary bank would not result in any significantly adverse effects on competition in any relevant banking market. The Board also concludes that the financial and managerial resources and future prospects of Norwest, Copper, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval of this application.[3]

Norwest also has applied for approval to acquire the mortgage origination and servicing assets of American National pursuant to section 4 of the BHC Act. As noted above, the Board previously has determined that these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y, and Norwest proposes to conduct these activities in accordance with the Board's regulations. In addition, the record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Based on all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by Norwest with all the commitments made in connection with these applications. The determinations as to the nonbanking activities are subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (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 the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For the purpose of this action, these commitments and conditions relied upon by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of Copper shall not be consummated before the thirtieth calendar day following the effective date of this order, and neither transaction shall be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 1, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

1. Asset and state deposit data are as of December 31, 1993.

2. The Board has previously determined that the interstate banking statute of New Mexico permits a Minnesota bank holding company to acquire banking organizations in New Mexico (*see Norwest Corporation*, 80 *Federal Reserve Bulletin* 160 (1994)), and Norwest currently operates a commercial bank in New Mexico. Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § 1842(d)).

3. The Board adopts the findings and conditions relating to this factor discussed in the Board's order regarding Norwest's acquisition of LaPorte Bancorp, Hammond, Indiana, 80 *Federal Reserve Bulletin* 844 (1994).

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank Holding Company

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of LaPorte Bancorp, Hammond, Indiana ("LaPorte"), and thereby indirectly acquire LaPorte Bank and Trust Company, LaPorte, Indiana ("LaPorte Bank"). Norwest also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire, through certain nonbanking subsidiaries of Norwest, the mortgage origination and servicing, discount brokerage, and government securities underwriting operations of LaPorte Bank pursuant to section 4(c)(8) of the BHC Act and sections 225.25(b)(1), (15), and (16) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1), (15), and (16)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 17,377 and 30,004 (1994)). 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 and 4 of the BHC Act.

Norwest, with total consolidated assets of $56.2 billion, operates 88 banks in 15 states.[1] Norwest is the sixth largest commercial banking organization in Indiana, controlling deposits of $1.7 billion, representing approximately 3.4 percent of the total deposits in commercial banking organizations in the state. LaPorte, with total consolidated assets of $141.6 million, is the 50th largest commercial banking organization in Indiana, controlling deposits of $128.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Norwest would remain the sixth largest commercial banking organization in Indiana, controlling deposits of $1.9 billion, representing approximately 3.6 percent of total deposits in commercial banking organizations in the state.[2]

1. Asset and state deposit data are as of December 31, 1993.

2. The Board has previously determined that the interstate banking statute of Indiana permits a Minnesota bank holding company to acquire banking organizations in Indiana (*see Norwest Corporation*, 76 *Federal Reserve Bulletin* 386 (1990)), and Norwest currently operates a commercial bank in Indiana. Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § 1842(d)).

Norwest and LaPorte compete directly in the LaPorte, Indiana, banking market.[3] Norwest is the 13th largest banking or thrift organization ("depository institution"), in this market controlling deposits of $17 million, representing approximately 1.6 percent of total deposits in depository institutions in the market ("market deposits").[4] LaPorte is the fourth largest depository institution in the market, controlling deposits of $129.4 million, representing approximately 12.2 percent of market deposits. Upon consummation of this proposal, Norwest would become the third largest depository institution in the LaPorte banking market, controlling deposits of $146.4 million, representing approximately 13.8 percent of the market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 39 points to 1409.[5]

Based on all the facts of record, including the number of competitors that would remain in the LaPorte banking market, and the relatively small increase in the market concentration and market share, the Board has concluded that consummation of Norwest's proposal would not result in any significantly adverse effects on competition in the LaPorte banking market or any other relevant banking market.

Convenience and Needs Considerations

In reviewing every application to acquire a bank under the BHC Act, the Board is required to consider the convenience and needs of the communities to be served, and to take into account the record of the

3. The LaPorte banking market consists of LaPorte County except for Cass, Clinton, Dewey, New Durham, and Prairie townships; Pine township in Porter County; Olive and Warren townships in St. Joseph County, all in Indiana; and Galien, New Buffalo, Three Oaks, and Weesaw townships in Berrien County, Michigan.

4. Market data are as of June 30, 1993. 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).

5. 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 anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

relevant depository institution under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The Board has received comments from Legal and Safety Employer Research (Division of the Western States Pipe Trades) ("Protestant") maintaining that Norwest's lending policies in Colorado have supported out-of-state businesses with deposits collected in Colorado at the expense of small businesses in its local lending community.[6] Specifically, Protestant alleges that Norwest's small-business lending policies have adversely affected small businesses in the Denver, Colorado, area,[7] and contends that these policies would have an adverse effect on small businesses in Indiana if Norwest acquires LaPorte. The Board has carefully reviewed all the facts of record, including these comments and responses from Norwest, in light of Norwest's record of performance under the CRA.

Norwest has policies in place at its affiliated banks that encourage meeting the credit needs of local businesses whose access to credit may be limited to local sources. For example, Norwest banks direct their business lending activities to their delineated service communities, and lending decisions are made by each affiliate bank. The 1993 CRA performance examination of Norwest Denver ("1993 Examination"), conducted by the Office of the Comptroller of the Currency ("OCC") (Norwest Denver's primary regulator), concluded that the bank affirmatively addresses the credit needs of small businesses in its delineated community.[8] Examiners noted that approximately 71 percent of Norwest Denver's $429 million in commercial loans were extended to small businesses as of December 31, 1992. The OCC also characterized Norwest Denver as occupying a leadership role in identifying and participating in government-insured loan programs for small businesses.[9] In addition, the OCC noted that Norwest Denver participates in loans with other governmental and nonprofit organizations, such as the Mayor's Office of Economic Development, Greater Denver Local Development Corporation, Community Development Agency, and the State of Colorado, that provide funds for start-up businesses and businesses with special financial needs.

Norwest acquired its Indiana subsidiary bank, Norwest Bank Indiana, N.A. ("Norwest Indiana"), in February 1993. The bank's commercial lending is primarily to small businesses and agricultural producers within its delineated CRA markets. Approximately 82 percent of Norwest Indiana's $475.9 million in commercial loans has been extended to small businesses as of March 31, 1994. Norwest Indiana is an SBA-Approved Lender, and also participates in the Indiana Statewide Certified Development Corporation, which is designed to stimulate commercial and industrial expansion. In addition, Norwest Indiana has committed $250,000 to the City of Fort Wayne Community Development Corporation, which provides loans to small businesses that do not meet traditional bank requirements. Norwest Indiana also actively participates in several organizations that provide funding and counseling to minority small business owners. Norwest will apply its CRA policies and programs to LaPorte Bank, including its Community Marketing Initiative, which requires each subsidiary bank to develop an outreach program to provide for an ongoing assessment of community financial service needs.

The Board has carefully considered the entire record, including Protestant's comments in this case, in reviewing the convenience and needs factor under the BHC Act. Based on all the facts of record, the Board does not believe that these comments warrant denial of these applications and the Board concludes that convenience and needs considerations, including the record of Norwest and its subsidiary banks in meeting the credit needs of all segments of the communities served, including low- and moderate-income neighborhoods, are consistent with approval of this proposal.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Norwest,

6. The Board approved the acquisition by Norwest of United Banks of Colorado, Inc., Denver, Colorado, in 1991. *Norwest Corporation*, 77 *Federal Reserve Bulletin* 343 (1991). On January 1, 1994, 16 Norwest affiliated banks in the Denver metropolitan area merged into Norwest Bank Denver, N.A., Denver, Colorado ("Norwest Denver"). The new entity was renamed Norwest Bank Colorado, N.A. ("Norwest Colorado"). All 16 of these banks had received satisfactory or outstanding CRA rating from their primary regulators at their most recent examinations for CRA performance.

7. Protestant cites a commercial loan to a Colorado construction company that does business outside the state as an example of Norwest's policies of supporting out-of-state investments with locally obtained deposits. Norwest notes that the loan was made prior to Norwest's acquisition of United Banks.

8. Norwest Denver received an "outstanding" rating from the OCC for CRA performance as of March 4, 1993. Norwest Denver was the largest Norwest bank serving the Denver metropolitan area and accounted for approximately 50 percent of the assets of Norwest Colorado after the 1994 consolidation.

9. Norwest Denver was a certified Small Business Administration ("SBA") lender, and in 1992, had $2.9 million in outstanding SBA loans to customers. In 1993, Norwest Denver was designated the SBA's "Number 1 Preferred Lender" in Colorado based on its volume of SBA loans. As of the SBA's fiscal year ending in September 1993, Norwest Denver approved $7.4 million in SBA loans. Norwest expects to retain Norwest Denver's SBA Preferred Lender designation for Norwest Colorado.

LaPorte, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval.

Norwest has applied for approval to engage in certain nonbanking activities pursuant to section 4 of the BHC Act. As noted above, the Board previously has determined that these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y, and Norwest proposes to conduct these activities in accordance with the Board's regulations. The record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Based on all the facts of record, including the commitments made by Norwest, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by Norwest with all the commitments made in connection with these applications. The determinations as to the nonbanking activities are subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (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 the Board finds it necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For the purpose of this action, the commitments and conditions relied upon by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 1, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Banco de Galicia y Buenos Aires
Buenos Aires, Argentina

Order Approving Establishment of a Branch

Banco de Galicia ("Bank"), Buenos Aires, Argentina, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a federally licensed branch in New York, New York. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York, New York (*New York Post*, August 28, 1992). The time for filing comments has expired and the Board has considered all comments received.

Bank is the second largest private commercial bank in Argentina with consolidated assets of $4.4 billion as of December 31, 1993. Two-thirds of Bank's shares are held by eleven companies and the other shares are widely held. Bank provides a full range of retail and wholesale banking services in Argentina, as well as securities trading and investment banking services.

Bank has three nonbank subsidiaries in Argentina, a subsidiary in Uruguay engaged in financial services and an indirect subsidiary in the Cayman Islands. Bank maintains representative offices in Brazil and Chile. Bank's foreign operations are controlled from its head office in Buenos Aires. Bank also has a representative office in New York, which would be closed upon the opening of the proposed branch.

Bank does not engage in nonbanking activities in the United States and would be a qualifying foreign banking organization under Regulation K after establishing the proposed branch. 12 C.F.R. 211.23(b).

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess adequately the application. The Board also must determine that the foreign bank applicant 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(c)(1). The IBA and Regulation K also permit the Board to take into account additional standards. 12 U.S.C. § 3105(d)(3)-(4), 12 C.F.R. § 211.24(c)(2).

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

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

The Argentine Central Bank ("Central Bank") is the bank supervisory authority in Argentina and, as such, is the home country supervisor of Bank. The Central Bank performs its supervisory function through the Superintendency of Financial Entities. The Central Bank is authorized to approve and revoke bank licenses, set capital and liquidity requirements, approve the establishment of domestic or overseas offices or subsidiaries, and approve new banking activities. The Central Bank is also responsible for enforcement of laws regulating banking activities.

In the last several years, the Central Bank undertook a comprehensive review of its system of bank supervision and, following that review, a number of significant changes and enhancements of its system were made. Under the enhanced system, the Central Bank obtains information on Bank's operations through on-site examinations and its review of audit and financial reports submitted by Bank. Bank is subject to two types of on-site reviews, comprehensive inspections and partial inspections. Comprehensive inspections include a review of internal controls, credit policy, portfolio risk, capital and reserve requirements, transactions with related institutions, and foreign exchange operations and foreign currency transactions. Comprehensive inspections also include an analysis of the independent external auditor's review of Bank's operations and an evaluation of management's ability to operate the bank in a safe and sound manner. Partial inspections have a more specific scope and are used to evaluate potential weaknesses that may need more immediate attention. Bank is scheduled for a comprehensive inspection at least once a year.

In addition to the on-site inspections conducted by the Central Bank, complete external audits are conducted annually of Bank's operations, including the operations of its subsidiaries, focusing on areas such as asset quality, internal controls, the preparation of financial statements and compliance with Central Bank regulations. Bank's external auditor is also required to prepare quarterly financial reports.

Bank is also required by the Central Bank to have adequate internal control procedures in order effectively to monitor and control its world wide activities. Bank conducts annual internal audits of its domestic and foreign operations, including the operations of its foreign subsidiaries, and prepares periodic reports on the results of such audits. These reports are reviewed by Central Bank examiners. Bank also uses quarterly and annual audits conducted by its external and internal auditors to monitor the operations of its Uruguayan and Cayman subsidiaries. As noted above, Bank's internal controls are reviewed by Bank's external auditor and by Central Bank examiners.

The Central Bank receives information and monitors the condition of Bank and its affiliates through financial reporting requirements and the imposition of investment restrictions and lending limits. Bank files daily, monthly, quarterly, and annual reports with the Central Bank, which address matters such as asset balances, earnings performance, asset and liability structure, credit risk of large borrowers, and financial transactions with affiliates. Bank's monthly, quarterly, and annual financial statements are consolidated to include the operations of its domestic and foreign subsidiaries. As noted above, Bank's external auditors, in their annual audit, review Bank's preparation of its financial statements and compliance with the Central Bank's regulations.

1. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisor:
(i) Ensures that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtains information on the condition of the bank and its subsidiaries and offices outside the home country through regular examination reports, audit reports, or otherwise;
(iii) Obtains information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receives from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluates prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

The Central Bank imposes certain investment and lending limits on Bank in its dealings with its affiliates, senior management and directors. As a general matter, Bank's equity participations in, together with loans to, any affiliate may not exceed five percent of Bank's capital, nor more than 20 percent of its capital when aggregated with all loans granted to its directors and senior management. Lending restrictions are monitored by the Central Bank through monthly reporting requirements and inspections. An independent auditor must review and verify the information set out in such reports and provide a statement to the Central Bank on the reasonableness of the financing disclosed.

Based on all the facts of record, which include the information described above, the Board concludes that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

In considering this application, the Board also has taken into account the additional standards set forth in the section 7 of the IBA and in Regulation K. 12 U.S.C. § 3105(d)(3)-(4), 12 C.F.R. 211.24(c)(2). Bank has received the consent of its home country supervisor to establish the proposed branch. In addition, the Central Bank has agreed to cooperate in providing the Board with information on Bank's operations.

Argentina has not adopted the risk-based capital standards of the Basle Capital Accord. Minimum capital requirements that are similar to the Basle capital standards, however, are established by the Central Bank for all Argentine banks based, in part, on the rating assigned to the bank by the Central Bank. Bank has provided information on its capital as it would be calculated under the Basle standards. Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and financial resources of Bank are also considered consistent with approval of the proposed branch. Bank appears to have the experience and capacity to conduct banking operations in the United States through the proposed branch. In addition, Bank has established controls and procedures for its U.S. office to ensure compliance with U.S. law.

Finally, with respect to access to information about Bank's operations, the Board has reviewed the relevant provisions of law in the jurisdictions in which Bank has material operations and has communicated with appropriate government authorities concerning access to information. Bank has committed that it will make available to the Board such information on the operations of Bank and its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law. To the extent that the provision of such information may be prohibited by law, Bank has committed to cooperate with the Board in obtaining any necessary consents or waivers that might be required from third parties in connection with disclosure of certain necessary 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 branch should be, and hereby is, approved. Should any restrictions on access to information about the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of 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.[2] 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 18, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

2. The Board's authority to approve the establishment of the proposed branch office parallels the continuing authority of the Office of the Comptroller of the Currency ("OCC") to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the OCC to license the proposed branch office of Bank in accordance with any terms or conditions that the OCC may impose.

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

By the Secretary of the Board

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

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Keystone Financial, Inc., Harrisburg, Pennsylvania	Citizens Savings Association, Clarks Summit, Pennsylvania	Northern Central Bank, Williamsport, Pennsylvania	July 1, 1994

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

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

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

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Benz Holding Company, Melvin, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Melvin Savings Bank, Melvin, Iowa	June 24, 1994
Decatur Corporation, Leon, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Citizens Bank, Leon, Iowa	June 24, 1994
Dunn Shares, Inc., Eagle Grove, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Security Savings Bank, Eagle Grove, Iowa	June 24, 1994
Farmers and Merchants Bancorp, Winterset, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Farmers and Merchants State Bank, Winterset, Iowa	June 24, 1994
FDH Bancshares, Inc., Little Rock, Arkansas	Grant Federal Savings Bank, Sheridan, Arkansas	Citizens First Bank, Little Rock, Arkansas	June 27, 1994
Firstar Corporation, Milwaukee, Wisconsin Firstar Corporation of Iowa, Des Moines, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Firstar Bank Des Moines, N.A., Des Moines, Iowa	June 24, 1994
First National Security Company, DeQueen, Arkansas	United Federal Savings Bank, Springdale, Arkansas	Bank of Ashdown, N.A., Ashdown, Arkansas	July 14, 1994

FDICIA Orders—Continued

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
F & M Shares Corp., Eagle Grove, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Farmers & Merchants Savings Bank, Manchester, Iowa	June 24, 1994
F.N.B. Corporation, Hermitage, Pennsylvania	Dollar Savings Association, New Castle, Pennsylvania	First National Bank of Pennsylvania, Hermitage, Pennsylvania	June 29, 1994
FSB Bancorp, Inc., Breckenridge, Michigan	Standard Federal Bank, Troy, Michigan	Farmers State Bank of Breckenridge, Breckenridge, Michigan	July 1, 1994
GNB Bancorporation, Grundy Center, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Grundy National Bank, Grundy Center, Iowa	June 24, 1994
Greene Investment Company, Coon Rapids, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Home State Bank, Jefferson, Iowa	June 24, 1994
Hawkeye Bancorporation, Des Moines, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Hawkeye Bank of Centerville, N.A., Centerville, Iowa	June 24, 1994
Hawkeye Bancorporation, Des Moines, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Hawkeye Bank of Des Moines, Des Moines, Iowa	June 24, 1994
Henderson Citizens Bancshares, Inc., Henderson, Texas Henderson Citizens Delaware Bancshares, Inc., Dover, Delaware	Pacific Southwest Bank, F.S.B., Corpus Christi, Texas	Citizens National Bank of Henderson, Henderson, Texas	July 13, 1994
Heritage Bancshares Group, Inc., Minneapolis, Minnesota Geiger Corporation, Minneapolis, Minnesota	United Federal Savings Association of Iowa, Des Moines, Iowa	Heritage Bank, N.A., Holstein, Iowa	June 24, 1994
Liberty Bancorporation, Durant, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Bennett State Bank, Bennett, Iowa	June 24, 1994
Loof Investment Company, Grand Junction, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Peoples Trust & Savings Bank, Grand Junction, Iowa	June 24, 1994
Mahaska Investment Company, Oskaloosa, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Mahaska State Bank, Oskaloosa, Iowa	June 24, 1994
M&I Mid-State Bank, N.A., Stevens Point, Wisconsin	Valley Bank Western, F.S.B., Sparta, Wisconsin	M&I Marshall & Ilsley Corporation, Milwaukee, Wisconsin	July 8, 1994

FDICIA Orders—Continued

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Norwest Corporation, Minneapolis, Minnesota	United Federal Savings Association of Iowa, Des Moines, Iowa	Norwest Bank Iowa, N.A., Des Moines, Iowa	June 24, 1994
Peoples Bancorporation of Northwest Iowa, Inc., Rock Valley, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Peoples Bank & Trust, Rock Valley, Iowa	June 24, 1994
Royal Bank of Scotland Group plc, Edinburgh, United Kingdom Royal Bank of Scotland plc, Edinburgh, United Kingdom Citizens (U.K.) Limited, Edinburgh, United Kingdom Citizens Financial Group, Inc., Providence, Rhode Island Citizens Corporation, Providence, Rhode Island	Old Stone Federal Savings Bank, Providence, Rhode Island	Citizens Trust Company, Providence, Rhode Island Citizens Savings Bank, Providence, Rhode Island	July 8, 1994
Van Buren Bancorporation Employee Stock Ownership Plan, Keosauqua, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	Van Buren Bancorporation, Keosauqua, Iowa	June 24, 1994
West Bancorporation, Inc., West Des Moines, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa	West Des Moines State Bank, West Des Moines, Iowa	June 24, 1994

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
West One Bancorp, Boise, Idaho	National Security Bank Holding Company, Newport, Oregon	July 12, 1994

Section 4

Applicant(s)	Bank(s)	Effective Date
HSBC Holdings, PLC, London, United Kingdom HSBC Holdings BV, Amsterdam, The Netherlands Marine Midland Banks, Inc., Buffalo, New York	Government Pricing Information System, Inc., New York, New York	July 20, 1994

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
Arvest Bank Group, Inc., Bentonville, Arkansas	First Bancshares, Inc., Bartlesville, Oklahoma	St. Louis	July 1, 1994
The Bank Holding Company, Griffin, Georgia	First Community Bank of Henry County, McDonough, Georgia	Atlanta	July 20, 1994
Capital Commerce Bancorp, Inc., Milwaukee, Wisconsin	Milwaukee Western Bank, Milwaukee, Wisconsin	Chicago	July 14, 1994
Central Financial Bancorp, Inc., Lorena, Texas Central Delaware Financial Bancorp, Inc., Dover, Delaware	Bank of Troy, Troy, Texas	Dallas	July 6, 1994
Commercial BancShares, Incorporated, Parkersburg, West Virginia	Hometown Bancshares, Inc., Middlebourne, West Virginia	Richmond	June 30, 1994
CoreStates Financial Corp, Philadelphia, Pennsylvania	New Clayton Bank, Wilmington, Delaware	Philadelphia	July 1, 1994
Erick Bancshares, Inc., Erick, Oklahoma	Erick Bancorporation, Inc., Erick, Oklahoma	Kansas City	June 30, 1994
First Citizens BancShares, Inc., Raleigh, North Carolina	Bank of Marlinton, Marlinton, West Virginia	Richmond	July 19, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First Holding Company of Park River, Inc., Park River, North Dakota	Lamb's Bancorporation, Inc., Michigan, North Dakota	Minneapolis	July 8, 1994
First National Bancorp, Gainesville, Georgia	Barrow Bancshares, Inc., Winder, Georgia	Atlanta	June 30, 1994
GNB Bancshares, Inc., Gainesville, Texas Guaranty National Bancshares, Inc., Wilmington, Delaware	Lake Cities Financial Corporation, Lake Dallas, Texas	Dallas	July 18, 1994
Hibernia Corporation, New Orleans, Louisiana	First Bancorp of Louisiana, Inc., West Monroe, Louisiana	Atlanta	July 1, 1994
Hibernia Corporation, New Orleans, Louisiana	First Continental Bancshares, Inc., Gretna, Louisiana	Atlanta	July 1, 1994
Mellon Bank Corporation, Pittsburgh, Pennsylvania	Glendale Bancorporation, Voorhees Township, New Jersey	Cleveland	July 12, 1994
Potomac Bancshares, Inc., Charles Town, West Virginia	Bank of Charles Town, Charles Town, West Virginia	Richmond	June 29, 1994
Republic Bancorp, Inc., Owosso, Michigan	Horizon Savings Bank, Beachwood, Ohio	Chicago	June 30, 1994
Regions Financial Corporation, Birmingham, Alabama	First Community Bancshares, Inc., Rome, Georgia	Atlanta	July 1, 1994
Southwest Banks, Inc., Naples, Florida	Cape Coral National Bank, Cape Coral, Florida	Atlanta	July 7, 1994
Summit Bancshares, Ltd., Olney, Illinois	First National Bank in Olney, Olney, Illinois	St. Louis	July 1, 1994
Triangle Bancorporation, Berry, Alabama	The Bank of Carbon Hill, Carbon Hill, Alabama Bank of Berry, Berry, Alabama Bank of Parrish, Parrish, Alabama	Atlanta	July 1, 1994
Vancouver Bancorp, Vancouver, Washington	Bank of Vancouver, Vancouver, Washington	San Francisco	July 7, 1994
Williamsburg Bancorp, Inc., Corbin, Kentucky	Williamsburg National Bank, Williamsburg, Kentucky	Cleveland	July 6, 1994

Section 4

Applicant(s)	Nonbanking Activity/ Company	Reserve Bank	Effective Date
Banco Santander, S.A., Santander, Spain	First Inter-Bancorp, Inc., Fishkill, New York	New York	July 1, 1994
Bank of Montreal, Toronto, Ontario, Canada Bankmont Financial Corp., Chicago, Illinois	Government Pricing Information System, Inc., New York, New York	Chicago	July 20, 1994
The Bank of New York Company, Inc., New York, New York	to engage *de novo* in making, acquiring, or servicing loans or other extensions of credit	New York	July 20, 1994
BNCCorp, Inc., Bismarck, North Dakota	to engage *de novo* in providing management consulting to nonaffiliated bank and nonbank depository institutions	Minneapolis	July 8, 1994
BWC Financial Corp., Walnut Creek, California	BWC Mortgage Services, San Ramon, California	San Francisco	July 18, 1994
Carolina First Corporation, Greenville, South Carolina	to engage *de novo* in constructing and operating a low-income housing project for elderly persons through a 50% interest in a limited partnership	Richmond	July 6, 1994
Cherokee Bancorp, Inc., Jacksonville, Texas	TexasEast Bank Services, Inc., Longview, Texas	Dallas	July 6, 1994
FDH Bancshares, Inc., Little Rock, Arkansas	New Federal Savings Bank, Sheridan, Arkansas	St. Louis	June 27, 1994
First Alliance Bancorp, Inc., Marietta, Georgia	Interim Alliance Corporation D/B/A Alliance Finance, Smyrna, Georgia	Atlanta	July 7, 1994
First Fidelity Bancorporation, Newark, New Jersey	First Inter-Bancorp Inc., Lawrenceville, New Jersey	Philadelphia	July 1, 1994
First of America Bank Corporation, Kalamazoo, Michigan	First of America Securities, Inc., Kalamazoo, Michigan	Chicago	June 30, 1994
J.P. Morgan & Co. Incorporated, New York, New York	Big City Forest, Inc., New York, New York	New York	June 24, 1994

Section 4—Continued

Applicant(s)	Nonbanking Activity/ Company	Reserve Bank	Effective Date
Mahaska Investment Company, Oskaloosa, Iowa	United Savings Association of Iowa, Des Moines, Iowa Central Valley Savings, FSB, Ottumwa, Iowa	Chicago	June 24, 1994
Mellon Bank Corporation, Pittsburgh, Pennsylvania	Stone Trust Company, Tipton, Pennsylvania	Cleveland	July 8, 1994
National Commerce Bancorporation, Memphis, Tennessee	NBC Bank, FSB, Knoxville, Tennessee	St. Louis	July 12, 1994
Norwest Corporation, Minneapolis, Minnesota	Legacy Mortgage, Centerville, Ohio Heritage Realtors, Centerville, Ohio	Minneapolis	July 21, 1994
Norwest Corporation, Minneapolis, Minnesota	to engage *de novo* in real estate and personal property appraising activities	Minneapolis	July 8, 1994
Rock Rivers Bancorp, Rock Rapids, Iowa	United Federal Savings Association of Iowa, Des Moines, Iowa Midwest Federal Savings Bank, Rock Rapids, Iowa	Chicago	June 24, 1994
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding N.V., Amsterdam, The Netherlands ABS AMRO Bank N.V., Amsterdam, The Netherlands	Lease Plan (U.S.A.) Inc., Atlanta, Georgia	Chicago	July 1, 1994

Sections 3 and 4

Applicant(s)	Nonbanking Activity/ Company	Reserve Bank	Effective Date
Horizon Bancorp Employee Stock Ownership Plan, Michigan City, Indiana	Horizon Bancorp, Michigan City, Indiana	Chicago	July 15, 1994
Norwest Financial Special Services, Inc., Des Moines, Iowa	Norwest Financial, Inc., Des Moines, Iowa Dial National Bank, Des Moines, Iowa	Minneapolis	July 21, 1994

Applications Approved Under Bank Merger Act

By the Secretary of the Board

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

Applicant(s)	Bank(s)	Effective Date
Sun Bank of Ocala, Ocala, Florida	Sun Bank of Gainesville, Gainesville, Florida	July 18, 1994

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
Ambassador Bank of the Commonwealth, Allentown, Pennsylvania	Lafayette Bank, Easton, Pennsylvania	Philadelphia	July 6, 1994
M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin	Valley Bank Milwaukee, Milwaukee, Wisconsin M&I Greater Milwaukee Bank, Milwaukee, Wisconsin M&I Wauwatosa State Bank, Wauwatosa, Wisconsin	Chicago	June 28, 1994
OMNIBANK Southeast, Denver, Colorado	OMNIBANK Arvada, Arvada, Colorado OMNIBANK University Hills, Denver, Colorado	Kansas City	July 11, 1994
United Bank of Philadelphia, Philadelphia, Pennsylvania	Ukainian Federal Savings and Loan Association, Philadelphia, Pennsylvania	Philadelphia	June 24, 1994

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.

National Title Resource Agency v. Board of Governors, No. 94–2050 (8th Cir., filed April 28, 1994). Petition for review of Board's order, issued under section 4 of the Bank Holding Company Act, approving the application of Norwest Corp., Minneapolis, Minnesota, to acquire Double Eagle Financial Corp., Phoenix, Arizona, and its subsidiary, United Title Agency, Inc., and thereby engage in title insurance agency activities and real estate settlement services (80 *Federal Reserve Bulletin* 453). The Board's brief was filed July 7, 1994.

Scott v. Board of Governors, No. 94–4117 (10th Cir.), filed April 28, 1994. Appeal of dismissal of action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes.

Beckman v. Greenspan, No. CV 94–41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. The Board's motion to dismiss was filed May 19, 1994.

DLG Financial Corp. v. Board of Governors, No. 94–10078 (5th Cir., filed January 20, 1994). Appeal of district court dismissal of appellants' action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and for money damages on a variety of tort and contract theories. The case has been consolidated on appeal with *Board of Governors v. DLG Financial Corp.*, Nos. 93–2944 and 94–20013 (5th Cir., filed December 14, 1993 and December 31, 1993), an appeal of a temporary restraining order and a preliminary injunction obtained by the Board freezing assets of a corporation and an individual pending administrative adjudication of civil money penalty assessments by the Board. Oral argument on the consolidated appeal was held June 1, 1994.

Richardson v. Board of Governors, et al., No. 94–4020 (10th Cir.), filed January 14, 1994. Appeal of dismissal of action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. The Board's brief was filed June 3, 1994.

Scott v. Board of Governors, No. 94–0104 (D. D.C., filed January 21, 1994). Petition for review of a Board order approving the application of Society Corporation, Cleveland, Ohio, to merge with KeyCorp, Albany, New York (80 *Federal Reserve Bulletin* 253 (1994)).

Board of Governors v. Oppegard, No. 93–3706 (8th Cir., filed November 1, 1993). Appeal of district court order ordering appellant Oppegard to comply with prior order requiring compliance with Board prohibition and civil money penalty orders. Oral argument was held June 16, 1994. On July 6, 1994, the Court of Appeals affirmed the district court order.

Jackson v. Board of Governors, No. CV-N-93-401-ECR (D. Nev., filed June 14, 1993). Pro se action for violation of a prisoner's civil rights. On November 26, 1993, the Board filed a motion to dismiss.

First National Bank of Bellaire v. Board of Governors, No. H-93-1708 (S.D. Texas, filed June 8, 1993). Action to enjoin possible enforcement actions by Board of Governors and other bank regulatory agencies. On March 8, 1994, the district court granted the agencies' motion to dismiss; on June 20, 1994, the court denied plaintiff's motion for reconsideration.

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. On July 19, 1994, the court granted the Board's motion to dismiss.

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

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. The Board's motion for partial summary judgment was filed on January 4, 1994.

CBC, Inc. v. Board of Governors, No. 93–1458 (U.S. Supreme Court, filed March 17, 1994). 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. On November 30, 1993, the Court of Appeals for the 10th Circuit denied the petition for review, and the plaintiffs' petition for *certiorari* was denied on June 6, 1994.

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.

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 Order Issued by the Board of Governors

Donald R. Horton
Dallas, Texas

The Federal Reserve Board announced on July 12, 1994, the issuance of a combined Consent Order to Cease and Desist and of Assessment of a Civil Money Penalty against Donald R. Horton, the majority shareholder and a former director of Provident Bancorp of Texas, Inc., Dallas, Texas, a registered bank holding company.

Membership of the Board of Governors of the Federal Reserve System, 1913–94

APPOINTIVE MEMBERS[1]

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

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	
Susan M. Phillips	Chicago	Dec. 2, 1991	
Alan S. Blinder	Philadelphia	June 27, 1994	
Janet L. Yellen	San Francisco	Aug. 12, 1994	

Chairmen[4]

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

Vice Chairmen[4]

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

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

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

Comptrollers of the Currency

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

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

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

3. Successor took office on this date.

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

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics—Continued

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Feb.	1994 Mar.	1994 Apr.	1994 May	1994 June
Reserves of depository institutions[2]									
1 Total	12.5	14.2	3.1	−4.3	3.2	−3.4	−7.4	−3.9	−5.3
2 Required	12.4	14.1	2.5	−3.6	9.5	.0	−11.2	.8	−9.3
3 Nonborrowed	11.0	15.6	3.7	−5.3	3.3	−3.1	−8.8	−5.4	−8.0
4 Monetary base[3]	10.6	9.8	10.2	8.4	13.4	9.3	6.3	8.2	7.6
Concepts of money, liquid assets, and debt[4]									
5 M1	12.0	9.4	6.0	2.0	5.3[r]	4.1[r]	−1.2	2.0	3.9
6 M2	2.5	2.3	1.8	1.5	−1.3	4.7	2.4[r]	.4[r]	−3.0
7 M3	1.0	2.6[r]	.2	−.1	−7.7[r]	2.2[r]	2.4[r]	−1.8[r]	−.9
8 L	1.0	1.9	2.3[r]	n.a.	−2.9[r]	−.1[r]	4.2[r]	−1.0	n.a.
9 Debt	6.0[r]	5.1[r]	5.8[r]	n.a.	4.7	5.5[r]	4.4	4.2	n.a.
Nontransaction components									
10 In M2[5]	−1.7	−.8	−.1	1.2	−4.4	5.0	4.1[r]	−.3[r]	−6.2
11 In M3 only[6]	−6.7	4.0[r]	−8.8[r]	−8.7	−42.3[r]	−12.0[r]	2.1[r]	−14.2[r]	11.1
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	4.9	3.6	4.3	−3.3	1.5	−1.4[r]	−3.0[r]	−6.1[r]	−7.3
13 Small time[7]	−10.6	−7.4	−5.2	.1	−4.1	−3.4	−2.6	6.2	7.0
14 Large time[8,9]	−7.7	−.4	−3.6	−3.3	−23.6	−17.5	−3.1	19.6[r]	.0
Thrift institutions									
15 Savings, including MMDAs	2.3	−.4	.5[r]	.2	−1.1[r]	5.3	2.2	−2.2[r]	−10.0
16 Small time[7]	−14.0	−9.5	−11.5	−7.3	−13.4	−7.3	−6.2	−7.0	−5.1
17 Large time[8,9]	−4.5	−6.7	−9.3	−7.6	−5.8	−15.6	5.9	−27.5	6.0
Money market mutual funds									
18 General purpose and broker–dealer	−1.8	1.2	−.1	17.7	−14.1	16.4	45.1	12.0	−19.1
19 Institution-only	−10.5	8.8	−26.7	−22.8	−98.4	3.4	−2.7	−52.2	1.4
Debt components[4]									
20 Federal	9.2	5.5	7.1	n.a.	5.2	9.0	2.9	4.2	n.a.
21 Nonfederal	4.8[r]	4.9[r]	5.4[r]	n.a.	4.6	4.2[r]	4.9[r]	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						
	1994			1994						
	Apr.	May	June	May 18	May 25	June 1	June 8	June 15	June 22	June 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	382,420	382,772r	387,309	382,315	382,564r	384,024	386,677	385,440	388,362	387,367
U.S. government securities[2]										
2 Bought outright—System account	341,226	343,765	349,265	343,419	344,147	343,723	350,047	348,867	350,769	348,221
3 Held under repurchase agreements	2,452	1,376	880	1,449	1,716	2,905	0	0	0	1,705
Federal agency obligations										
4 Bought outright	4,115	4,019	3,955	4,022	4,016	3,977	3,977	3,955	3,952	3,938
5 Held under repurchase agreements	99	414	93	136	942	836	0	0	0	129
6 *Acceptances*	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	61	65	69	122	30	57	27	13	84	107
8 Seasonal credit	55	134	224	133	148	172	180	192	242	278
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	628	398r	606	446	21r	501	541	300	962	526
11 Other Federal Reserve assets	33,783	32,600r	32,219	32,588	31,543r	31,852	31,904	32,112	32,353	32,463
12 Gold stock	11,052	11,052	11,052	11,052	11,052	11,053	11,052	11,052	11,052	11,052
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	22,350r	22,424r	22,496	22,421r	22,441r	22,461	22,475	22,489	22,503	22,517
ABSORBING RESERVE FUNDS										
15 Currency in circulation	370,762r	374,200r	378,795	374,068r	374,057r	377,210	378,370	378,639	378,545	379,136
16 Treasury cash holdings	376	373	357	375	373	361	358	358	357	355
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,701	6,174	6,120	5,997	5,287	4,683	4,993	4,826	7,064	7,561
18 Foreign	248	185	192	205	215	166	184	176	172	182
19 Service-related balances and adjustments	6,371	6,089r	5,890	6,055r	6,015r	5,975	5,878	5,839	5,926	5,871
20 Other	311	304	296	318	282	292	300	300	314	274
21 Other Federal Reserve liabilities and capital	10,386	10,426	10,781	10,440	10,489	10,566	10,791	10,756	10,712	10,758
22 Reserve balances with Federal Reserve Banks[3]	29,685	26,516r	26,443	26,349r	27,358r	26,303	27,348	26,106	26,844	24,817

	End-of-month figures			Wednesday figures						
	Apr.	May	June	May 18	May 25	June 1	June 8	June 15	June 22	June 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	381,576	386,797r	396,534	381,730	383,882r	387,823	386,066	387,637	388,715	388,927
U.S. government securities[2]										
2 Bought outright—System account	343,079	344,365	347,644	342,512	346,899	344,960	349,019	351,146	351,581	347,643
3 Held under repurchase agreements	0	4,405	10,059	2,016	375	4,405	0	0	0	3,979
Federal agency obligations										
4 Bought outright	4,047	3,977	3,920	4,022	3,977	3,977	3,977	3,952	3,952	3,920
5 Held under repurchase agreements	0	1,300	580	955	725	1,300	0	0	0	300
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	151	76	415	48	35	40	19	19	319	96
8 Seasonal credit	82	164	286	140	165	178	178	205	263	284
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	47r	473r	869	638	41r	994	836	95	123	482
11 Other Federal Reserve assets	34,169r	32,038r	32,762	31,400	31,665r	31,969	32,037	32,220	32,477	32,223
12 Gold stock	11,053	11,052	11,052	11,052	11,053	11,052	11,052	11,053	11,052	11,052
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	22,382r	22,461r	22,531	22,421r	22,441r	22,461	22,475	22,489	22,503	22,517
ABSORBING RESERVE FUNDS										
15 Currency in circulation	370,701r	377,939r	382,156	374,618r	375,736r	378,861	379,184	379,353	379,094	381,560
16 Treasury cash holdings	378	361	353	373	361	358	358	357	356	353
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,965	5,675	9,356	5,131	5,594	3,126	5,229	5,530	6,682	6,435
18 Foreign	171	174	604	178	222	177	163	178	166	163
19 Service-related balances and adjustments	6,322	5,975r	6,141	6,055r	6,015r	5,975	5,878	5,839	5,926	5,871
20 Other	312	278	286	314	297	295	345	307	393	270
21 Other Federal Reserve liabilities and capital	10,189	10,836	11,825	10,295	10,291	10,506	10,586	10,553	10,530	10,634
22 Reserve balances with Federal Reserve Banks[3]	26,990	27,091r	27,414	26,258r	26,879r	30,058	25,867	27,078	27,140	25,226

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									
	1991	1992	1993	1993	1994					
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June
1 Reserve balances with Reserve Banks[2]	26,659	25,368	29,374	29,374	27,817	26,922	27,396	29,614	26,790	26,504
2 Total vault cash[3]	32,509	34,542	36,812	36,812	37,907	36,295	35,585	35,215	35,892	36,898
3 Applied vault cash[4]	28,872	31,172	33,484	33,484	34,254	32,671	32,208	32,027	32,483	33,422
4 Surplus vault cash[5]	3,637	3,370	3,328	3,328	3,653	3,624	3,377	3,188	3,409	3,476
5 Total reserves[6]	55,532	56,540	62,858	62,858	62,072	59,593	59,605	61,641	59,273	59,927
6 Required reserves	54,553	55,385	61,795	61,795	60,624	58,454	58,638	60,489	58,358	58,821
7 Excess reserve balances at Reserve Banks[7]	979	1,155	1,063	1,063	1,448	1,140	967	1,151	915	1,106
8 Total borrowings at Reserve Banks[8]	192	124	82	82	73	70	55	124	200	333
9 Seasonal borrowings	38	18	31	31	15	15	24	57	134	226
10 Extended credit[9]	1	1	0	0	0	0	0	0	0	0

Reserve classification	Biweekly averages of daily figures for weeks ending on date indicated									
	1994									
	Mar. 2	Mar. 16	Mar. 30	Apr. 13	Apr. 27	May 11	May 25	June 8[r]	June 22	July 6
1 Reserve balances with Reserve Banks[2]	27,811	27,139	27,434	29,641	30,212	26,702	26,848	26,816	26,473	26,248
2 Total vault cash[3]	34,617	36,654	34,667	35,434	34,748	36,447	35,320	36,209	37,227	37,012
3 Applied vault cash[4]	31,282	33,105	31,440	32,268	31,599	32,983	31,952	32,806	33,689	33,572
4 Surplus vault cash[5]	3,335	3,549	3,227	3,167	3,150	3,464	3,368	3,403	3,538	3,440
5 Total reserves[6]	59,093	60,244	58,874	61,909	61,810	59,684	58,800	59,622	60,162	59,819
6 Required reserves	57,942	59,192	58,013	61,012	60,350	58,871	57,881	58,531	59,264	58,335
7 Excess reserve balances at Reserve Banks[7]	1,151	1,052	861	897	1,460	814	919	1,092	898	1,484
8 Total borrowings at Reserve Banks[8]	45	39	68	125	114	170	216	218	266	568
9 Seasonal borrowings	15	17	32	40	64	102	141	176	217	292
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.
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	1994, week ending Monday								
	May 2	May 9	May 16	May 23	May 30	June 6	June 13	June 20	June 27
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	65,833	68,573	68,148	66,700	66,665	67,500	67,573	65,141	65,682
2 For all other maturities	12,976	12,781	12,765	12,498	12,504	12,187	12,150	12,166	12,446
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	18,933	18,210	20,401	23,418	20,452	20,999	22,330	24,392	23,238
4 For all other maturities	19,425	20,093	21,017	21,742	21,704	21,848	22,032	22,501	23,410
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	20,226	22,298	23,630	24,001	22,351	22,637	21,846	22,452	21,499
6 For all other maturities	33,846	33,538	29,969	29,841	34,067	33,957	35,588	33,263	31,207
All other customers									
7 For one day or under continuing contract	30,306	29,046	30,238	31,458	31,843	30,919	31,013	30,298	30,184
8 For all other maturities	16,845	15,869	15,570	16,644	16,442	16,620	16,842	17,076	16,695
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	52,788	48,864	53,700	50,909	50,373	52,253	49,992	49,898	54,868
10 To all other specified customers[2]	22,402	21,618	24,802	23,001	23,592	23,430	20,999	21,942	19,863

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 8/5/94	Effective date	Previous rate	On 8/5/94	Effective date	Previous rate	On 8/5/94	Effective date	Previous rate
Boston	3.5	5/17/94	3.0	4.50	8/4/94	4.50	5.00	8/4/94	5.00
New York		5/17/94			8/4/94			8/4/94	
Philadelphia		5/17/94			8/4/94			8/4/94	
Cleveland		5/18/94			8/4/94			8/4/94	
Richmond		5/17/94			8/4/94			8/4/94	
Atlanta		5/17/94			8/4/94			8/4/94	
Chicago		5/17/94			8/4/94			8/4/94	
St. Louis		5/17/94			8/4/94			8/4/94	
Minneapolis		5/17/94			8/4/94			8/4/94	
Kansas City		5/17/94			8/4/94			8/4/94	
Dallas		5/17/94			8/4/94			8/4/94	
San Francisco	3.5	5/17/94	3.0	4.50	8/4/94	4.50	5.00	8/4/94	5.00

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 Aug. 5, 1994	3.5	3.5

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit[2]	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$51.9 million	3	12/21/93
2 More than $51.9 million[4]	10	12/21/93
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 21, 1993, the exemption was raised from $3.8 million to $4.0 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. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks. Accounts subject to such limits 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. 21, 1993, for institutions reporting quarterly and weekly, the amount was increased from $46.8 million to $51.9 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1991	1992	1993	1993		1994				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	20,158	14,714	17,717	5,911	1,394	0	1,264	900	1,101	1,395
2 Gross sales	120	1,628	0	0	0	0	0	0	0	0
3 Exchanges	277,314	308,699	332,229	27,641	33,536	28,986	28,709	33,163	28,881	29,807
4 Redemptions	1,000	1,600	468	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	3,043	1,096	1,223	0	189	0	0	147	209	155
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	24,454	36,662	31,368	5,158	2,910	0	4,063	0	2,316	0
8 Exchanges	−28,090	−30,543	−36,582	−7,641	−2,910	−639	−1,985	−3,605	−907	0
9 Redemptions	1,000	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	6,583	13,118	10,350	100	2,619	0	0	1,413	2,817	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,211	−34,478	−27,140	−4,689	−2,910	776	3,447	0	1,607	0
13 Exchanges	24,594	25,811	0	5,341	2,910	639	1,145	3,605	907	0
Five to ten years										
14 Gross purchases	1,280	2,818	4,168	0	1,008	0	0	1,103	1,117	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,037	−1,915	0	−272	0	−776	−616	0	709	0
17 Exchanges	2,894	3,532	0	2,300	0	0	550	0	0	0
More than ten years										
18 Gross purchases	375	2,333	3,457	0	826	0	0	618	896	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,209	−269	0	−197	0	0	0	0	0	0
21 Exchanges	600	1,200	0	0	0	0	325	0	0	0
All maturities										
22 Gross purchases	31,439	34,079	36,915	6,011	6,035	0	1,264	4,181	6,140	1,550
23 Gross sales	120	1,628	0	0	0	0	0	0	0	0
24 Redemptions	1,000	1,600	468	0	0	616	0	0	440	0
Matched transactions										
25 Gross sales	1,570,456	1,482,467	1,475,085	109,941	137,645	132,872	124,125	155,950	120,393	137,458
26 Gross purchases	1,571,534	1,480,140	1,475,941	112,772	136,821	133,468	124,270	155,625	134,051	137,195
Repurchase agreements										
27 Gross purchases	310,084	378,374	475,447	38,493	33,751	25,818	33,693	38,490	19,741	21,517
28 Gross sales	311,752	386,257	470,723	34,072	29,577	29,348	37,425	38,115	25,041	17,112
29 Net change in U.S. Treasury securities	29,729	20,642	42,027	13,263	9,386	−3,550	−2,323	4,232	14,058	5,691
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	5	0	0	0	0	0	0	0	0	0
32 Redemptions	292	632	1,072	15	81	202	102	108	180	70
Repurchase agreements										
33 Gross purchases	22,807	14,565	35,063	2,841	2,211	2,600	3,277	3,160	728	4,195
34 Gross sales	23,595	14,486	34,669	2,861	1,615	3,106	3,636	3,170	878	2,895
35 Net change in federal agency obligations	−1,085	−554	−678	−35	515	−708	−461	−118	−330	1,230
36 Total net change in System Open Market Account	**28,644**	**20,089**	**41,348**	**13,228**	**9,901**	**−4,258**	**−2,784**	**4,114**	**13,728**	**6,921**

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		
	1994					1994		
	June 1	June 8	June 15	June 22	June 29	Apr. 30	May 31	June 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,052	11,052	11,053	11,052	11,052	11,053	11,052	11,052
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	352	343	337	324	302	429	357	301
Loans								
4 To depository institutions	218	197	224	582	381	234	240	701
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	3,977	3,977	3,952	3,952	3,920	4,047	3,977	3,920
8 Held under repurchase agreements	1,300	0	0	0	300	0	1,300	580
9 **Total U.S. Treasury securities**	**349,365**	**349,019**	**351,146**	**351,581**	**351,622**	**343,079**	**348,770**	**357,703**
10 Bought outright[2]	344,960	349,019	351,146	351,581	347,643	343,079	344,365	347,644
11 Bills	165,893	169,951	172,079	172,513	168,575	164,167	165,297	168,576
12 Notes	138,686	138,686	138,686	138,686	138,686	137,445	138,686	138,686
13 Bonds	40,381	40,381	40,381	40,381	40,381	41,467	40,381	40,381
14 Held under repurchase agreements	4,405	0	0	0	3,979	0	4,405	10,059
15 **Total loans and securities**	**354,861**	**353,194**	**355,322**	**356,115**	**356,222**	**347,360**	**354,287**	**362,903**
16 Items in process of collection	8,890	6,178	6,007	5,419	4,998	4,571	2,412	4,537
17 Bank premises	1,058	1,058	1,060	1,061	1,061	1,055	1,058	1,061
Other assets								
18 Denominated in foreign currencies[3]	22,353	22,370	22,386	22,403	21,659	23,149	22,349	22,408
19 All other[4]	8,548	8,548	8,742	9,049	9,295	9,967	8,673	9,330
20 **Total assets**	**415,131**	**410,762**	**412,925**	**413,441**	**412,606**	**405,602**	**408,207**	**419,610**
LIABILITIES								
21 Federal Reserve notes	357,110	357,410	357,559	357,271	359,698	349,127	356,197	360,280
22 **Total deposits**	**39,646**	**37,642**	**39,149**	**40,570**	**37,732**	**41,922**	**39,306**	**43,604**
23 Depository institutions	36,049	31,905	33,134	33,329	30,864	33,474	33,186	33,358
24 U.S. Treasury—General account	3,126	5,229	5,530	6,682	6,435	7,965	5,675	9,356
25 Foreign—Official accounts	177	163	178	166	163	171	174	604
26 Other	295	345	307	393	270	312	278	286
27 Deferred credit items	7,869	5,123	5,664	5,069	4,541	4,363	1,868	3,901
28 Other liabilities and accrued dividends[5]	3,084	3,176	3,164	3,128	3,230	2,763	3,106	3,626
29 **Total liabilities**	**407,709**	**403,351**	**405,536**	**406,038**	**405,202**	**398,176**	**400,477**	**411,411**
CAPITAL ACCOUNTS								
30 Capital paid in	3,518	3,522	3,523	3,521	3,523	3,479	3,517	3,523
31 Surplus	3,401	3,401	3,401	3,401	3,401	3,401	3,401	3,401
32 Other capital accounts	503	488	465	480	481	546	811	1,275
33 **Total liabilities and capital accounts**	**415,131**	**410,762**	**412,925**	**413,441**	**412,606**	**405,602**	**408,207**	**419,610**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	373,415	374,763	375,986	380,346	381,850	367,031	372,886	382,449
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	421,172	422,358	423,702	425,145	426,742	419,336	420,983	427,534
36 LESS: Held by Federal Reserve Banks	64,062	64,948	66,143	67,874	67,044	70,209	64,787	67,254
37 Federal Reserve notes, net	357,110	357,410	357,559	357,271	359,698	349,127	356,197	360,280
Collateral held against notes, net:								
38 Gold certificate account	11,052	11,052	11,053	11,052	11,052	11,053	11,052	11,052
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	338,040	338,340	338,488	338,201	340,628	330,056	337,126	341,210
42 **Total collateral**	**357,110**	**357,410**	**357,559**	**357,271**	**359,698**	**349,127**	**356,197**	**360,280**

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		
	1994					1994		
	June 1	June 8	June 15	June 22	June 29	Apr. 29	May 31	June 30
1 **Total loans**	**218**	**198**	**224**	**582**	**381**	**234**	**240**	**701**
2 Within fifteen days[1]	84	61	151	549	340	196	155	549
3 Sixteen days to ninety days	134	137	73	33	40	38	85	152
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**	**349,365**	**349,019**	**351,146**	**351,581**	**351,622**	**343,079**	**344,365**	**347,644**
10 Within fifteen days[1]	20,510	12,419	21,786	22,166	22,360	11,062	10,423	4,966
11 Sixteen days to ninety days	83,033	84,883	77,645	77,819	81,653	89,445	88,120	81,476
12 Ninety-one days to one year	103,708	109,604	109,601	109,482	105,494	99,783	103,708	117,289
13 One year to five years	83,725	83,725	83,725	83,725	83,725	84,250	83,725	85,524
14 Five years to ten years	25,264	25,264	25,264	25,264	25,264	24,961	25,264	25,264
15 More than ten years	33,125	33,125	33,125	33,125	33,125	33,578	33,125	33,125
16 **Total federal agency obligations**	**5,277**	**3,977**	**3,952**	**3,952**	**4,220**	**4,047**	**3,977**	**3,920**
17 Within fifteen days[1]	1,325	24	32	192	465	130	266	165
18 Sixteen days to ninety days	386	676	644	484	490	528	386	490
19 Ninety-one days to one year	1,132	842	842	842	839	955	891	839
20 One year to five years	1,833	1,833	1,830	1,830	1,826	1,833	1,833	1,826
21 Five years to ten years	577	577	579	579	575	577	577	575
22 More than ten years	25	25	25	25	25	25	25	25

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

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

Billions of dollars, averages of daily figures

Item	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May	1994 June
					Seasonally adjusted							
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	41.77	45.53	54.34	60.48	60.32	60.48	60.60	60.76	60.59	60.22	60.02	59.75
2 Nonborrowed reserves[4]	41.44	45.34	54.22	60.39	60.23	60.39	60.53	60.69	60.53	60.09	59.82	59.42
3 Nonborrowed reserves plus extended credit[5]	41.47	45.34	54.22	60.39	60.23	60.39	60.53	60.69	60.53	60.09	59.82	59.42
4 Required reserves	40.11	44.55	53.19	59.41	59.22	59.41	59.16	59.62	59.62	59.06	59.10	58.65
5 Monetary base[6]	293.16	317.12	350.61	385.86	384.03	385.86	389.61	393.96	397.01	399.09	401.83	404.36
					Not seasonally adjusted							
6 Total reserves[7]	43.07	46.98	56.06	62.37	60.67	62.37	62.04	59.53	59.50	61.40	58.97	59.56
7 Nonborrowed reserves	42.74	46.78	55.93	62.29	60.58	62.29	61.96	59.46	59.44	61.27	58.77	59.22
8 Nonborrowed reserves plus extended credit[5]	42.77	46.78	55.93	62.29	60.58	62.29	61.96	59.46	59.44	61.27	58.77	59.22
9 Required reserves[8]	41.40	46.00	54.90	61.31	59.57	61.31	60.59	58.39	58.53	60.25	58.06	58.45
10 Monetary base[9]	296.68	321.07	354.55	390.59	384.29	390.59	391.00	390.86	394.15	399.76	400.26	404.70
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	59.12	55.53	56.54	62.86	61.30	62.86	62.07	59.59	59.61	61.64	59.27[r]	59.93
12 Nonborrowed reserves	58.80	55.34	56.42	62.78	61.21	62.78	62.00	59.52	59.55	61.52	59.07[r]	59.59
13 Nonborrowed reserves plus extended credit[5]	58.82	55.34	56.42	62.78	61.21	62.78	62.00	59.52	59.55	61.52	59.07[r]	59.59
14 Required reserves	57.46	54.55	55.39	61.80	60.20	61.80	60.62	58.45	58.64	60.49	58.36	58.82
15 Monetary base[12]	313.70	333.61	360.90	397.62	391.14	397.62	397.89	397.93	400.78	406.32	406.59	410.93
16 Excess reserves[13]	1.66	.98	1.16	1.06	1.10	1.06	1.45	1.14	.97	1.15	.92	1.11
17 Borrowings from the Federal Reserve	.33	.19	.12	.08	.09	.08	.07	.07	.06	.12	.20	.33

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	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1994 Mar.	1994 Apr.	1994 May	1994 June
	Seasonally adjusted							
Measures[2]								
1 M1	826.4	897.7	1,024.8	1,128.4	1,142.4	1,141.3	1,143.2	1,146.9
2 M2	3,353.0	3,455.3	3,509.0	3,567.4	3,582.7	3,590.0r	3,591.3r	3,582.3
3 M3	4,125.7	4,180.4	4,183.1r	4,230.0r	4,214.5r	4,222.9r	4,216.7r	4,213.5
4 L	4,974.8	4,992.9	5,057.2r	5,132.5r	5,139.5r	5,157.7r	5,153.3	n.a.
5 Debt	10,669.5r	11,144.2r	11,722.1r	12,317.3r	12,485.3r	12,530.8r	12,575.0	n.a.
M1 components								
6 Currency[3]	246.7	267.1	292.2	321.4	332.4	334.8	337.6	340.3
7 Travelers checks[4]	7.8	7.7	8.1	7.9	8.0	8.1	8.1	8.1
8 Demand deposits[5]	277.9	290.0	339.6	384.8	390.0	388.9	385.9r	386.6
9 Other checkable deposits[6]	294.0	332.8	384.9	414.3	411.9	409.5	411.6	411.8
Nontransaction components								
10 In M2[7]	2,526.6	2,557.6	2,484.3	2,439.1	2,440.3	2,448.7r	2,448.1r	2,435.4
11 In M3[8]	772.7	725.2	674.1r	662.6r	631.8r	632.9r	625.4r	631.2
Commercial banks								
12 Savings deposits, including MMDAs	582.1	665.5	754.6	785.3	790.2r	788.2	784.2r	779.4
13 Small time deposits[9]	611.3	602.9	508.7	468.5	462.6	461.6	464.0	466.7
14 Large time deposits[10, 11]	368.6	342.4	292.8	277.1	270.0	269.3	273.7r	273.7
Thrift institutions								
15 Savings deposits, including MMDAs	338.3	375.6	429.0	430.2	431.7r	432.5r	431.7	428.1
16 Small time deposits[9]	563.2	464.5	361.8	317.1	308.6	307.0	305.2	303.9
17 Large time deposits[10]	120.9	83.4	67.5	61.8	60.9	61.2	59.8	60.1
Money market mutual funds								
18 General purpose and broker–dealer	355.5	370.4	352.0	348.8	348.4	361.5	365.1	359.3
19 Institution-only	135.0	181.0	201.5	197.0	177.4	177.0	169.3	169.5
Debt components								
20 Federal debt	2,490.7	2,763.8	3,068.4	3,327.6	3,375.4	3,383.6r	3,395.4	n.a.
21 Nonfederal debt	8,178.8r	8,380.4r	8,653.6r	8,989.7r	9,109.9r	9,147.2r	9,179.7	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	843.8	916.7	1,046.7	1,153.8	1,131.9	1,153.3	1,133.2	1,143.1
23 M2	3,366.0	3,470.4	3,527.6	3,590.0	3,581.1	3,607.4r	3,576.6r	3,578.2
24 M3	4,135.5	4,191.9	4,198.3r	4,249.4r	4,214.5r	4,238.6r	4,207.7r	4,210.1
25 L	4,997.2	5,018.0	5,087.7r	5,167.4r	5,143.4r	5,166.9r	5,130.0	n.a.
26 Debt	10,667.1r	11,141.5r	11,723.9r	12,319.7r	12,460.1r	12,505.1r	12,545.8	n.a.
M1 components								
27 Currency[3]	249.5	269.9	295.0	324.9	330.7	334.4	337.3	340.6
28 Travelers checks[4]	7.4	7.4	7.8	7.6	7.8	7.8	7.9	8.3
29 Demand deposits[5]	289.9	303.1	355.1	402.6	380.7	390.3	378.9	383.6
30 Other checkable deposits[6]	297.0	336.3	388.9	418.6	412.9	420.8	409.0r	410.6
Nontransaction components								
31 In M2[7]	2,522.3	2,553.7	2,480.9	2,436.3	2,449.1	2,454.1r	2,443.4r	2,435.1
32 In M3[8]	769.5	721.6	670.6r	659.4r	633.4r	631.3r	631.1r	631.9
Commercial banks								
33 Savings deposits, including MMDAs	580.8	664.0	752.9	783.9	791.3	790.6	784.8	782.1
34 Small time deposits[9]	610.5	601.9	507.8	467.6	462.1	461.2	463.0	466.3
35 Large time deposits[10, 11]	367.7	341.3	291.7	276.0	269.8	268.6	276.0r	275.6
Thrift institutions								
36 Savings deposits, including MMDAs	337.6	374.8	428.1	429.4	432.3r	433.8r	432.1r	429.6
37 Small time deposits[9]	562.4	463.8	361.2	316.4	308.3	306.7	304.5	303.6
38 Large time deposits[10]	120.6	83.1	67.2	61.6	60.9	61.0	60.3	60.6
Money market mutual funds								
39 General purpose and broker–dealer	353.8	368.5	350.2	347.2	357.4	367.2	364.5	357.1
40 Institution-only	134.7	180.4	200.4	195.8	180.5	176.2	171.0	166.3
Repurchase agreements and Eurodollars								
41 Overnight	77.3	80.6	80.7	91.9	97.8	94.6r	94.6r	96.3
42 Term	158.3	130.1	126.8r	142.3r	138.2r	142.0r	139.4r	143.7
Debt components								
43 Federal debt	2,491.3	2,765.0	3,069.8	3,329.5	3,374.4	3,376.8r	3,379.7	n.a.
44 Nonfederal debt	8,175.7r	8,376.5r	8,654.0r	8,990.3r	9,085.7r	9,128.3r	9,166.0	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	1991 Dec.	1992 Dec.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May[r]	1994 June
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	1.92	1.89	1.86	1.84	1.82	1.82	1.81	1.83	1.83
2 Savings deposits[2]	4.30	2.88	2.49	2.48	2.46	2.46	2.43	2.43	2.45	2.50	2.54
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.63	2.64	2.65	2.65	2.68	2.76	2.87	2.99	3.08
4 92 to 182 days	4.41	3.16	2.91	2.92	2.91	2.90	2.94	3.02	3.13	3.28	3.36
5 183 days to 1 year	4.59	3.37	3.11	3.13	3.13	3.14	3.18	3.27	3.42	3.64	3.76
6 More than 1 year to 2½ years	4.95	3.88	3.54	3.54	3.55	3.56	3.61	3.69	3.87	4.12	4.26
7 More than 2½ years	5.52	4.77	4.27	4.28	4.29	4.31	4.35	4.46	4.67	4.89	5.02
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	1.98	1.95	1.87	1.89	1.88	1.83	1.86	1.86	1.89
9 Savings deposits[2]	4.97	3.20	2.68	2.65	2.63	2.62	2.64	2.63	2.65	2.67	2.69
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	2.75	2.73	2.70	2.69	2.69	2.71	2.72	2.77	2.84
11 92 to 182 days	4.92	3.44	3.05	3.03	3.02	3.03	3.04	3.08	3.13	3.21	3.41
12 183 days to 1 year	4.99	3.61	3.34	3.32	3.31	3.33	3.34	3.37	3.47	3.67	3.92
13 More than 1 year to 2½ years	5.23	4.02	3.68	3.69	3.66	3.72	3.76	3.85	3.96	4.12	4.38
14 More than 2½ years	5.98	5.00	4.57	4.60	4.62	4.61	4.66	4.75	4.85	5.08	5.24
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	289,813	297,329	305,223	293,806	295,573	297,496	293,888	292,797	290,301
16 Savings deposits[2]	652,058	738,253	765,372	770,609	766,413	771,559	776,204	779,340	771,869	773,170	767,485
17 Personal	508,191	578,757	595,715	598,200	597,838	606,615	611,725	615,875	611,720	612,648	608,113
18 Nonpersonal	143,867	159,496	169,657	172,408	168,575	164,944	164,479	163,465	160,149	160,522	159,372
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	30,022	29,730	29,455	29,312	29,578	29,539	29,467	29,950	28,745
20 92 to 182 days	158,605	127,831	108,504	109,228	110,069	109,110	109,444	107,407	105,615	104,400	102,737
21 183 days to 1 year	209,672	163,098	149,758	147,334	146,565	144,037	143,624	144,022	146,733	148,102	150,959
22 More than 1 year to 2½ years	171,721	152,977	139,042	139,315	141,223	141,204	141,006	139,946	139,313	140,764	144,011
23 More than 2½ years	158,078	169,708	183,790	180,972	181,528	182,193	181,240	180,973	181,977	180,381	181,640
24 IRA/Keogh Plan deposits	147,266	147,350	144,776	145,002	143,985	143,875	143,409	142,002	142,448	142,047	142,457
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	10,548	10,852	11,151	10,796	10,870	11,078	11,051	11,052	10,826
26 Savings deposits[2]	71,215	81,786	77,995	77,948	80,115	78,660	78,016	78,701	78,982	78,817	77,430
27 Personal	68,638	78,695	74,737	74,664	77,035	75,445	74,756	75,444	75,717	75,474	74,250
28 Nonpersonal	2,577	3,091	3,258	3,284	3,079	3,215	3,260	3,257	3,265	3,344	3,179
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	2,839	2,778	2,793	2,737	2,735	2,671	2,697	2,702	2,617
30 92 to 182 days	21,686	17,345	13,131	12,926	12,946	13,094	13,165	13,177	13,058	12,822	12,545
31 183 days to 1 year	29,715	21,780	17,441	17,178	17,426	17,418	17,436	17,511	17,504	17,444	17,350
32 More than 1 year to 2½ years	25,379	18,442	16,124	15,995	16,546	16,281	16,338	16,180	16,453	16,477	16,541
33 More than 2½ years	18,665	18,845	19,657	19,645	20,464	20,630	20,939	21,110	21,454	21,546	21,120
34 IRA/Keogh Plan accounts	23,007	21,713	19,601	19,382	19,356	19,395	19,474	19,447	19,860	19,772	19,511

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	1991[2]	1992[2]	1993[2]	1993		1994[r]			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,741.7	313,251.6	334,793.7	358,503.0	367,734.8	349,574.2	371,865.9	393,877.0	349,686.7
2 Major New York City banks	137,337.2	165,484.5	171,312.0	187,022.4	189,024.1	183,245.0	200,050.9	210,684.5	184,377.0
3 Other banks	140,404.5	147,767.2	163,481.7	171,480.6	178,710.7	166,329.2	171,815.0	183,192.5	165,309.7
4 Other checkable deposits[4]	3,643.1	3,781.5	3,486.8	3,598.6	3,809.5	3,426.9	3,785.2	3,882.2	3,555.4
5 Savings deposits (including MMDAs)[5]	3,206.4	3,310.6	3,507.3	3,740.5	3,933.6	3,595.3	4,056.9	3,918.6	3,461.5
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	803.7	826.0	786.5	803.0	826.9	771.4	823.3	873.6	771.9
7 Major New York City banks	4,267.1	4,794.5	4,200.6	4,352.2	4,550.0	4,268.2	4,674.4	4,798.4	4,232.5
8 Other banks	448.1	428.9	424.8	425.0	443.3	405.5	420.2	450.1	403.7
9 Other checkable deposits[4]	16.2	14.4	11.9	12.0	12.6	11.3	12.6	12.9	11.9
10 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.8	5.1	4.6	5.2	5.0	4.4
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,752.4	313,416.8	334,775.6	344,140.1	380,187.5	349,669.7	345,587.2	406,826.5	347,130.6
12 Major New York City banks	137,307.2	165,595.0	171,283.5	180,990.2	194,541.0	181,971.7	187,904.4	218,783.5	181,272.6
13 Other banks	140,445.2	147,821.9	163,492.1	163,149.9	185,646.4	167,698.0	157,682.8	188,043.0	165,858.1
14 Other checkable deposits[4]	3,645.2	3,784.4	3,485.2	3,370.1	3,888.9	3,745.4	3,480.4	3,889.2	3,762.4
15 Savings deposits (including MMDAs)[5]	3,209.2	3,310.0	3,505.8	3,511.8	4,066.4	3,780.8	3,616.8	3,882.8	3,637.1
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	803.6	826.3	786.5	754.8	820.6	759.5	783.2	923.4	764.8
17 Major New York City banks	4,269.0	4,803.5	4,197.9	4,129.6	4,387.8	4,047.8	4,319.0	5,140.2	4,228.8
18 Other banks	448.1	429.0	424.9	395.9	443.1	403.7	396.4	472.4	403.5
19 Other checkable deposits[4]	16.2	14.4	11.9	11.2	12.7	12.1	11.6	12.9	12.3
20 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.5	5.2	4.8	4.6	5.0	4.6

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.
Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. As of January 1994, other checkable deposits (OCDs) previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.
5. Money market deposit accounts.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1993	1994						1994			
	June	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June	June 8	June 15	June 22	June 29
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,037.9	3,104.7	3,124.3[r]	3,138.4[r]	3,166.0	3,192.9	3,198.0	3,206.1	3,195.5	3,209.7	3,200.5	3,215.2
2 Securities in bank credit	892.2	910.9	925.0	930.1	950.1	967.0	965.3	967.2	960.8	968.4	966.0	972.2
3 U.S. government securities	710.3	726.8[r]	732.4[r]	732.4[r]	747.9	759.4	752.6	753.5	750.0	756.5	751.6	755.0
4 Other securities	181.9	184.2	192.6	197.7[r]	202.2	207.6	212.7	213.6	210.9	211.9	214.4	217.2
5 Loans and leases in bank credit[2]	2,145.8[r]	2,193.8	2,199.3[r]	2,208.3[r]	2,215.9	2,225.8	2,232.7	2,239.0	2,234.7	2,241.4	2,234.5	2,243.0
6 Commercial and industrial	592.5	583.4[r]	588.3[r]	590.6[r]	595.3	601.9	606.2	608.6	605.3	609.7	609.5	609.7
7 Real estate	913.2	940.9	942.2[r]	941.1[r]	941.1	943.4	944.8	950.6	949.0	949.5	950.6	953.2
8 Revolving home equity	75.1	73.2	73.0	73.1	73.2	73.2	73.6	74.0	73.9	73.9	74.1	74.2
9 Other	838.1	867.7	869.2[r]	868.0[r]	868.0	870.2	871.2	876.6	875.1	875.5	876.5	879.0
10 Consumer	371.1[r]	391.1[r]	394.0[r]	397.4[r]	401.6	407.7	410.9	414.2	411.8	412.5	414.4	417.6
11 Security[3]	73.0	87.6[r]	81.1[r]	82.4[r]	83.5	77.1	77.7	76.4	79.1	79.8	72.7	74.0
12 Other	196.0	190.9[r]	193.7[r]	196.8[r]	194.4	195.7	193.1	189.1	189.5	189.9	187.3	188.5
13 Interbank loans[4]	160.6	153.0	153.7	153.4[r]	145.8	146.0	156.8	157.8	162.9	149.0	160.7	159.4
14 Cash assets[5]	215.6	219.2	219.6	225.4	216.8	210.4	218.1	217.3	213.6	230.5	215.2	206.0
15 Other assets[6]	218.3	214.4	220.1[r]	222.3[r]	222.7	228.3	232.2	229.4	228.9	230.8	229.5	227.5
16 **Total assets[7]**	**3,571.7**	**3,633.0**	**3,660.0**	**3,682.2**	**3,694.2**	**3,720.1**	**3,747.6**	**3,752.9**	**3,743.4**	**3,762.4**	**3,748.2**	**3,750.1**
Liabilities												
17 Deposits	2,519.6	2,537.8	2,537.2	2,530.8	2,516.1	2,505.7	2,518.6	2,504.8	2,504.3	2,531.9	2,495.1	2,483.6
18 Transaction	781.8	819.1	815.9	818.1	814.4	801.5	813.4	810.2	806.6	837.0	802.3	791.3
19 Nontransaction	1,737.9	1,718.8	1,721.2[r]	1,712.7[r]	1,701.8	1,704.2	1,705.2	1,694.6	1,697.8	1,694.9	1,692.8	1,692.3
20 Large time	359.1	349.8	348.1[r]	339.9	331.7	334.4	337.1	333.4	334.8	334.4	332.1	332.1
21 Other	1,378.8	1,368.9	1,373.1	1,372.8	1,370.0	1,369.8	1,368.0	1,361.3	1,362.9	1,360.5	1,360.7	1,360.2
22 Borrowings	520.5	522.4	543.2	541.1	552.1	576.4	578.6	578.7	567.9	567.4	585.8	591.2
23 From banks in the U.S.	160.3	152.4	150.2[r]	149.7	141.8	144.8	158.7	157.4	164.2	149.8	155.5	159.5
24 From nonbanks in the U.S.	360.2	370.0	392.9	391.5[r]	410.3	431.6	419.9	421.3	403.7	417.6	430.3	431.6
25 Net due to related foreign offices	89.7	119.4	116.0	136.0	157.7	172.5	173.8	185.7	181.9	180.1	192.6	187.9
26 Other liabilities[8]	152.9	143.1	155.7	162.5	159.7	164.7	168.8	163.9	166.0	164.0	162.5	162.2
27 **Total liabilities**	**3,282.8**	**3,322.7**	**3,352.1**	**3,370.5**	**3,385.6**	**3,419.3**	**3,439.8**	**3,433.1**	**3,420.2**	**3,443.4**	**3,436.0**	**3,424.9**
28 Residual (assets less liabilities)[9]	288.9	310.3	307.9	311.8	308.6	300.8	307.8	319.7	323.2	319.0	312.3	325.2
	Not seasonally adjusted											
Assets												
29 Bank credit	3,033.8	3,120.4[r]	3,125.3[r]	3,137.0[r]	3,164.8	3,191.3	3,187.0	3,201.0	3,191.2	3,208.7	3,194.4	3,206.8
30 Securities in bank credit	888.9	910.4	920.9	930.0	953.5	968.0	961.2	963.2	960.5	964.5	962.5	964.8
31 U.S. government securities	708.3	726.3	728.4[r]	731.2[r]	751.6	761.5	749.7	750.9	750.5	753.4	750.2	749.4
32 Other securities	180.6	184.1[r]	192.5[r]	198.9[r]	201.9	206.5	211.5	212.3	210.0	211.1	212.3	215.4
33 Loans and leases in bank credit[2]	2,144.9	2,209.9	2,204.4[r]	2,207.0[r]	2,211.4	2,223.3	2,225.9	2,237.8	2,230.7	2,244.1	2,231.9	2,242.0
34 Commercial and industrial	593.5	585.3[r]	587.5[r]	589.8[r]	598.2	604.9	607.8	609.6	606.4	609.7	610.9	610.9
35 Real estate	913.8	944.0[r]	940.7[r]	937.7[r]	937.4	941.5	945.1	951.1	949.7	950.6	949.3	954.3
36 Revolving home equity	75.0	73.5	73.1	72.9	72.5	72.7	73.3	73.9	73.6	73.8	74.0	74.2
37 Other	838.8	870.6	867.6	864.8	864.8	868.8	871.8	877.2	876.2	876.8	875.3	880.1
38 Consumer	369.4[r]	395.4[r]	398.4[r]	398.6[r]	398.8	404.5	409.6	412.3	409.6	410.5	412.9	415.8
39 Security[3]	71.3[r]	89.5[r]	83.4[r]	87.0[r]	85.7	79.8	73.7	74.6	74.3	82.6	71.3	70.6
40 Other	197.0	195.6[r]	194.4[r]	193.9[r]	191.3	192.7	189.6	190.2	190.6	190.8	187.4	190.4
41 Interbank loans[4]	157.9	161.3	157.9	154.2[r]	145.7	147.4	152.1	155.6	159.2	152.2	151.2	159.1
42 Cash assets[5]	212.9	232.5	224.6	219.9	211.5	207.7	215.6	215.0	203.9	232.7	203.9	209.9
43 Other assets[6]	215.9	218.5	222.5[r]	221.8[r]	221.3	224.7	229.3	226.8	224.9	227.7	224.0	228.9
44 **Total assets[7]**	3,559.9	3,673.7[r]	3,672.7[r]	3,675.3	3,685.6	3,713.9	3,726.3	3,740.7	3,721.5	3,763.3	3,715.8	3,747.1
Liabilities												
45 Deposits	2,519.9	2,566.6	2,540.5	2,520.5	2,507.8	2,512.3	2,507.3	2,506.4	2,511.2	2,552.8	2,467.6	2,480.7
46 Transaction	778.3	853.6	825.5	808.9	802.8	809.8	802.0	808.6	803.2	851.9	774.8	791.9
47 Nontransaction	1,741.6	1,713.1	1,714.9[r]	1,711.6	1,705.0	1,702.5	1,705.3	1,697.9	1,708.0	1,700.9	1,692.7	1,688.9
48 Large time	362.4	346.0	344.6	340.2[r]	334.3	335.5	341.1	336.2	339.8	338.2	335.2	332.0
49 Other	1,379.2	1,367.0	1,370.3	1,371.3	1,370.7	1,367.0	1,364.2	1,361.6	1,368.2	1,362.7	1,357.6	1,356.9
50 Borrowings	520.6	532.4	545.1	545.5	546.2	561.2	567.6	581.7	564.8	563.8	596.3	601.7
51 From banks in the U.S.	158.0	159.6	155.9	152.1	143.2	146.3	152.1	155.6	159.2	152.2	151.2	159.1
52 From nonbanks in the U.S.	362.6	372.8	389.3[r]	393.4	403.0	414.9	415.5	426.1	405.6	411.6	445.1	442.6
53 Net due to related foreign offices	84.1	126.5	124.2	139.0	162.3	171.5	179.4	181.0	172.5	176.7	183.3	191.0
54 Other liabilities[8]	149.7	146.6	158.0	162.6	159.5	159.1	164.3	160.2	161.5	159.5	157.4	161.7
55 **Total liabilities**	**3,274.3**	**3,372.1**	**3,367.8[r]**	**3,367.6**	**3,375.8**	**3,404.0**	**3,418.6**	**3,429.3**	**3,409.9**	**3,452.8**	**3,404.6**	**3,435.1**
56 Residual (assets less liabilities)[9]	285.6	301.6[r]	305.0	307.7	309.8	309.8	307.7	311.4	311.6	310.5	311.2	311.9

Footnotes appear on last page.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1993	1994						1994			
	June	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June	June 8	June 15	June 22	June 29
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,699.6	2,772.0[r]	2,793.0[r]	2,801.2[r]	2,826.3	2,841.2	2,847.6	2,856.7	2,847.4	2,858.6	2,854.3	2,863.9
58 Securities in bank credit	818.6	833.6	846.5	850.1	869.3	876.8	874.0	872.3	867.3	872.4	871.4	876.7
59 U.S. government securities	660.4	673.4[r]	678.5[r]	676.9[r]	691.4	696.0	692.1	690.6	687.6	692.8	689.6	691.5
60 Other securities	158.2	160.2[r]	168.0[r]	173.3	177.9	180.9	181.8	181.7	179.7	179.6	181.8	185.2
61 Loans and leases in bank credit[2]	1,881.0	1,938.4[r]	1,946.5[r]	1,951.1[r]	1,957.0	1,964.3	1,973.6	1,984.4	1,980.1	1,986.2	1,982.9	1,987.2
62 Commercial and industrial	438.7	435.5	440.2[r]	442.4[r]	444.2	448.1	451.0	454.3	451.3	454.0	456.0	455.7
63 Real estate	863.3	894.7	897.4[r]	896.7	897.2	900.9	902.6	908.6	906.9	907.3	908.7	911.3
64 Revolving home equity	75.1	73.2	73.0	73.1	73.1	73.2	73.6	74.0	73.9	73.9	74.1	74.2
65 Other	788.2	821.5	824.4[r]	823.6	824.1	827.7	829.1	834.6	833.0	833.4	834.7	837.1
66 Consumer	371.1[r]	391.1[r]	394.0[r]	397.4[r]	401.6	407.7	410.9	414.2	411.8	412.5	414.4	417.6
67 Security[3]	48.8[r]	58.1[r]	54.6[r]	54.7[r]	55.8	49.8	51.6	50.0	52.3	53.9	47.9	46.4
68 Other	159.1[r]	159.0[r]	160.3[r]	160.0[r]	158.1	157.9	157.5	157.2	157.8	158.5	155.8	156.2
69 Interbank loans[4]	136.1	133.5[r]	135.3	130.4	125.8	124.3	133.2	133.5	134.5	130.4	134.9	134.7
70 Cash assets[5]	187.9	193.8	194.5	200.9	191.4	184.3	190.9	191.1	186.8	205.5	189.2	179.0
71 Other assets[6]	172.4	171.7	175.4	175.8[r]	176.9	182.3	182.8	180.0	179.1	182.8	180.6	177.4
72 **Total assets[7]**	**3,135.4**	**3,212.7**	**3,240.6**	**3,251.1**	**3,263.3**	**3,274.7**	**3,297.0**	**3,303.6**	**3,290.4**	**3,319.7**	**3,301.3**	**3,297.1**
Liabilities												
73 Deposits	2,361.4	2,379.4	2,381.6	2,381.5	2,375.3	2,362.2	2,374.5	2,367.0	2,364.7	2,394.7	2,359.1	2,345.6
74 Transaction	770.7	808.2	805.0	806.7	802.9	790.7	802.6	799.2	795.7	825.7	791.9	779.9
75 Nontransaction	1,590.7	1,571.2	1,576.6	1,574.9	1,572.4	1,571.5	1,572.0	1,567.8	1,569.0	1,569.0	1,567.2	1,565.8
76 Large time	217.9	208.9	210.3	208.6	207.2	207.5	208.9	209.0	210.3	210.2	209.0	207.0
77 Other	1,372.8	1,362.3	1,366.3	1,366.3	1,365.2	1,364.0	1,363.1	1,358.7	1,358.7	1,358.8	1,358.2	1,358.7
78 Borrowings	396.3	417.2	437.2	440.3	455.6	475.1	474.6	470.7	457.8	461.4	479.3	482.3
79 From banks in the U.S.	115.8	121.9	120.2[r]	121.7	117.3	116.9	127.2	124.0	128.7	117.7	122.7	125.8
80 From nonbanks in the U.S.	280.4	295.3	317.0	318.6[r]	338.3	358.2	347.4	346.7	329.1	343.8	356.6	356.5
81 Net due to related foreign offices	−14.6	1.7	3.4	3.2	14.0	21.1	25.2	32.6	27.9	32.1	36.0	34.6
82 Other liabilities[8]	110.8	104.7	113.2	119.1	117.9	122.9	125.7	122.0	123.3	122.9	121.4	120.1
83 **Total liabilities**	**2,853.8**	**2,903.0**	**2,935.5**	**2,944.1**	**2,962.7**	**2,981.3**	**3,000.1**	**2,992.3**	**2,973.7**	**3,011.1**	**2,995.9**	**2,982.6**
84 Residual (assets less liabilities)[9]	281.6	309.7[r]	305.1	307.0	300.6	293.5	296.9	311.3	316.7	308.5	305.4	314.5
	Not seasonally adjusted											
Assets												
85 Bank credit	2,698.8	2,778.7	2,786.1[r]	2,797.4[r]	2,821.2	2,841.8	2,842.7	2,855.3	2,847.5	2,861.6	2,850.1	2,859.8
86 Securities in bank credit	817.7	830.9	840.1	849.4[r]	870.0	879.1	871.5	871.4	869.7	872.4	870.7	872.1
87 U.S. government securities	660.0	670.7[r]	672.4[r]	675.7[r]	693.0	699.6	690.9	690.1	690.2	692.3	689.7	688.0
88 Other securities	157.6	160.3	167.8	173.6[r]	177.0	179.5	180.6	181.3	179.5	180.1	181.0	184.2
89 Loans and leases in bank credit[2]	1,881.1	1,947.8[r]	1,946.0[r]	1,948.0[r]	1,951.2	1,962.7	1,971.2	1,983.9	1,977.8	1,989.2	1,979.4	1,987.6
90 Commercial and industrial	439.8[r]	435.5	437.7[r]	441.6[r]	446.2	450.8	453.6	455.4	452.7	455.1	456.9	456.3
91 Real estate	864.1[r]	898.0	896.0[r]	893.1	893.4	899.1	903.1	909.3	907.8	908.7	907.4	913.0
92 Revolving home equity	75.0	73.5	73.1	72.9	72.5	72.7	73.3	73.9	73.6	73.8	74.0	74.2
93 Other	789.2	824.5[r]	822.9[r]	820.2	820.9	826.4	829.8	835.5	834.3	834.9	833.5	838.8
94 Consumer	369.4[r]	395.4[r]	398.4[r]	398.6[r]	398.8	404.5	409.6	412.3	409.6	410.5	412.9	415.8
95 Security[3]	48.2	57.4[r]	54.1[r]	56.8[r]	56.9	52.3	49.4	49.3	49.8	56.2	46.6	45.1
96 Other	159.6[r]	161.5[r]	159.6[r]	157.8[r]	155.9	156.1	155.5	157.6	157.9	158.8	155.4	157.5
97 Interbank loans[4]	134.6	138.8[r]	138.4	132.6	126.5	126.3	129.1	132.7	134.5	134.6	128.8	132.5
98 Cash assets[5]	185.1	206.8	199.7	196.0	186.6	182.5	189.4	188.6	177.6	207.2	178.0	182.0
99 Other assets[6]	171.4	173.8	176.6	175.1	176.0	179.6	181.0	178.9	176.3	180.9	176.8	180.2
100 **Total assets[7]**	3,129.4	3,239.4	3,243.3	3,243.3	3,252.7	3,273.1	3,284.6	3,297.9	3,278.4	3,326.5	3,276.0	3,297.0
Liabilities												
101 Deposits	2,357.1	2,411.4	2,386.6	2,370.4	2,363.8	2,367.6	2,360.1	2,364.6	2,367.4	2,411.9	2,327.1	2,339.0
102 Transaction	767.3	842.5	814.3	797.5	791.8	799.2	791.6	797.7	792.7	841.2	764.4	780.0
103 Nontransaction	1,589.8	1,569.0	1,572.2	1,572.8	1,572.1	1,568.4	1,568.5	1,567.0	1,574.7	1,570.7	1,562.7	1,559.1
104 Large time	217.3	207.5	208.8	208.6[r]	206.6	206.8	209.5	208.5	211.5	210.1	208.6	204.1
105 Other	1,372.4	1,361.4	1,363.4	1,364.2	1,365.4	1,361.6	1,359.0	1,358.4	1,363.3	1,360.5	1,354.1	1,354.9
106 Borrowings	396.9	425.8	439.1	446.2	450.3	461.3	467.9	474.2	455.7	457.2	490.5	493.6
107 From banks in the U.S.	115.1	126.7	124.9	124.9	118.6	119.2	123.4	123.7	125.5	120.8	121.4	126.2
108 From nonbanks in the U.S.	281.9	299.1	314.2[r]	321.3[r]	331.7	342.1	344.6	350.5	330.2	336.4	369.1	367.3
109 Net due to related foreign offices	−15.0	−1.8	3.0	5.4	16.0	20.6	31.1	32.9	28.6	31.9	34.3	36.9
110 Other liabilities[8]	107.9	107.4	114.5	118.6	117.9	118.3	121.8	118.7	564.8	563.8	596.3	601.7
111 **Total liabilities**	**2,846.9**	**2,942.8**	**2,943.1**	**2,940.6**	**2,948.0**	**2,967.9**	**2,980.8**	**2,990.5**	**2,970.7**	**3,020.0**	**2,968.7**	**2,989.0**
112 Residual (assets less liabilities)[9]	282.5	296.6	300.1	302.8	304.6	305.1	303.8	307.5	307.7	306.6	307.3	308.0

Footnotes appear on following page.

NOTES TO TABLE 1.26

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks; New York State investment companies, and Edge Act and agreement corporations (foreign-related institutions). Excludes international banking facilities. Data are Wednesday values, or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

2. Excludes federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

3. Consists of reserve repurchase agreements with broker-dealers and loans to purchase and carry securities.

4. Consists of federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

5. Includes vault cash, cash items in process of collection, demand balances due from depository institutions in the United States, balances due from Federal Reserve Banks, and other cash assets.

6. Excludes the due-from position with related foreign offices, which is included in lines 25, 53, 81, and 109.

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

8. Excludes the due-to position with related foreign offices, which is included in lines 25, 53, 81, and 109.

9. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1994								
	May 4	May 11	May 18	May 25[r]	June 1	June 8	June 15	June 22	June 29
ASSETS									
1 Cash and balances due from depository institutions	108,992	103,871	104,052[r]	105,717	146,103	103,790	130,236	106,464	107,796
2 U.S. Treasury and government securities	314,962	312,872	312,382	308,294	312,391	310,559	312,442	310,030	308,672
3 Trading account	26,163	25,766	26,647	23,803	25,362	24,030	24,660	21,900	20,971
4 Investment account	288,800	287,106	285,735	284,492	287,029	286,530	287,782	288,130	287,701
5 Mortgage-backed securities[1]	87,663[r]	86,957[r]	86,273[r]	87,501	89,633	89,401	89,195	91,367	91,224
All others, by maturity									
6 *One year or less*	49,351	48,347	49,534	48,645	49,612	50,283	50,512	50,036	50,106
7 One year through five years	79,969[r]	79,792[r]	78,372[r]	77,811	77,031	76,520	78,205	77,820	78,100
8 More than five years	71,817	72,011	71,556	70,536	70,753	70,326	69,870	68,907	68,271
9 Other securities	92,486	91,418	91,274	92,259	92,320	91,107	91,648	92,852	95,774
10 Trading account	1,776	1,806	1,868	2,237	1,980	1,947	1,878	1,902	2,009
11 Investment account	57,935	57,857	57,723	57,999	58,194	58,148	58,109	57,818	58,086
12 State and political subdivisions, by maturity	21,734	21,720	21,692	21,725	21,659	21,640	21,567	21,622	21,505
13 One year or less	4,467	4,448	4,437	4,439	4,508	4,534	4,517	4,555	4,470
14 More than one year	17,267	17,272	17,256	17,286	17,152	17,106	17,049	17,067	17,035
15 Other bonds, corporate stocks, and securities	36,201	36,137	36,031	36,274	36,535	36,507	36,543	36,196	36,581
16 Other trading account assets	32,775	31,754	31,683	32,022	32,146	31,013	31,660	33,132	35,679
17 Federal funds sold[2]	92,311	97,088	96,788	95,067	96,279	97,544	101,158	93,807	96,773
18 To commercial banks in the United States	59,730	65,662	62,999	62,466	62,848	64,080	64,358	65,394	68,947
19 To nonbank brokers and dealers	26,757	25,995	28,147	27,560	27,376	27,610	31,307	23,411	22,609
20 To others[3]	5,824	5,432	5,642	5,041	6,055	5,854	5,493	5,002	5,218
21 Other loans and leases, gross	1,052,720[r]	1,052,437[r]	1,052,664[r]	1,051,333	1,061,310	1,055,742	1,063,641	1,062,945	1,068,013
22 Commercial and industrial	293,567[r]	291,799[r]	291,822[r]	291,695	293,491	291,129	293,611	295,156	294,503
23 Bankers acceptances and commercial paper	2,964	3,101	3,197	3,100	3,131	3,182	3,264	3,067	3,150
24 *All other*	290,602[r]	288,698[r]	288,625[r]	288,596	290,359	287,947	290,347	292,088	291,353
25 U.S. addressees	288,717[r]	286,871[r]	286,801[r]	286,780	288,500	286,151	288,584	290,354	289,619
26 Non-U.S. addressees	1,886	1,827	1,823	1,816	1,860	1,797	1,764	1,735	1,735
27 Real estate loans	423,994[r]	425,881[r]	423,891	423,546	426,275	427,266	426,862	426,021	428,777
28 Revolving, home equity	43,856	43,941	44,119	44,161	44,259	44,233	44,380	44,496	44,625
29 All other	380,138[r]	381,940[r]	379,772	379,385	382,017	383,033	382,482	381,525	384,152
30 To individuals for personal expenditures	213,213[r]	213,538[r]	214,400[r]	214,122	215,004	213,342	214,546	216,220	217,549
31 To financial institutions	36,692[r]	36,044[r]	36,384[r]	36,320	38,348	37,490	38,584	37,924	38,743
32 Commercial banks in the United States	16,832	16,241	17,117	17,205	18,072	17,395	18,601	18,781	19,505
33 Banks in foreign countries	2,313[r]	2,214[r]	2,563[r]	2,675	3,168	3,001	3,131	2,969	2,799
34 Nonbank financial institutions	17,548[r]	17,589[r]	16,705[r]	16,439	17,108	17,094	16,852	16,174	16,439
35 For purchasing and carrying securities	15,860[r]	16,323[r]	16,178	17,101	15,943	16,121	18,874	17,604	16,874
36 To finance agricultural production	6,141	6,175	6,231	6,254	6,279	6,292	6,328	6,355	6,440
37 To states and political subdivisions	12,003[r]	11,882[r]	11,857	11,849	11,807	11,748	11,825	11,794	12,042
38 To foreign governments and official institutions	1,015	992	1,112	1,088	1,014	977	952	1,075	1,009
39 All other loans[4]	22,989[r]	22,522[r]	23,434[r]	21,995	25,593	23,741	24,391	22,892	24,069
40 Lease-financing receivables	27,245	27,281	27,356	27,363	27,556	27,637	27,669	27,906	28,006
41 LESS: Unearned income	1,648[r]	1,656[r]	1,657	1,659	1,623	1,622	1,635	1,645	1,636
42 Loan and lease reserve[5]	34,921	35,063	35,054	35,026	34,979	34,991	35,090	34,996	34,690
43 Other loans and leases, net	1,016,150	1,015,718	1,015,952[r]	1,014,648	1,024,708	1,019,129	1,026,916	1,026,305	1,031,686
44 Other assets	168,171	168,066	160,067[r]	155,517	161,198	157,930	161,648	156,328	158,315
45 **Total assets**	**1,793,073**	**1,789,033**	**1,780,515[r]**	**1,771,502**	**1,833,000**	**1,780,060**	**1,824,048**	**1,785,786**	**1,799,016**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1994								
	May 4	May 11	May 18	May 25[r]	June 1	June 8	June 15	June 22	June 29
LIABILITIES									
46 Deposits	1,134,591	1,128,951	1,118,666[r]	1,115,806	1,170,057	1,132,674	1,172,735	1,109,738	1,118,440
47 Demand deposits	292,867	288,046	281,481[r]	281,056	328,192	288,481	330,438	277,171	289,942
48 Individuals, partnerships, and corporations	243,931	241,927	235,192[r]	234,799	268,645	243,194	258,220	232,430	243,678
49 Other holders	48,936	46,119	46,289[r]	46,257	59,548	45,287	72,219	44,741	46,264
50 States and political subdivisions	10,286	8,631	8,633	8,908	9,682	7,547	9,388	8,876	8,632
51 U.S. government	2,093	1,939	1,893	1,736	4,120	1,908	23,161	2,259	2,366
52 Depository institutions in the United States	21,854	20,354	20,363[r]	21,216	30,459	20,268	24,805	18,692	19,163
53 Banks in foreign countries	5,500	5,282	5,125	4,891	5,432	5,920	5,280	5,017	5,498
54 Foreign governments and official institutions	585	631	795	546	645	583	623	906	724
55 Certified and officers' checks	8,618	9,282	9,479[r]	8,959	9,210	9,060	8,962	8,990	9,881
56 Transaction balances other than demand deposits[4]	125,789	123,406	122,636	121,465	125,954	125,768	126,148	121,593	121,265
57 Nontransaction balances	715,935	717,498	714,548[r]	713,284	715,911	718,425	716,148	710,975	707,233
58 Individuals, partnerships, and corporations	693,148	694,356	691,192[r]	689,884	692,580	694,911	693,063	688,144	685,756
59 Other holders	22,787	23,142	23,356[r]	23,401	23,331	23,514	23,084	22,830	21,477
60 States and political subdivisions	17,852	18,113	18,343	18,371	18,298	18,702	18,193	17,958	17,378
61 U.S. government	2,678	2,706	2,684	2,692	2,571	2,551	2,522	2,500	2,151
62 Depository institutions in the United States	1,882	1,940	1,944[r]	1,961	2,080	1,877	1,942	1,944	1,548
63 Foreign governments, official institutions, and banks	376	383	385	377	382	383	428	428	400
64 Liabilities for borrowed money[5]	350,074	349,626	343,566	334,060	346,327	335,784	337,125	362,774	362,757
65 Borrowings from Federal Reserve Banks	0	0	0	0	0	0	0	0	0
66 Treasury tax and loan notes	32,497	30,528	13,676	8,823	11,441	2,666	6,500	29,476	33,360
67 Other liabilities for borrowed money[6]	317,577	319,098	329,889	325,237	334,886	333,118	330,625	333,298	329,398
68 Other liabilities (including subordinated notes and debentures)	144,649	147,004	154,771[r]	158,239	150,202	145,632	148,059	146,321	151,061
69 **Total liabilities**	**1,629,314**	**1,625,581**	**1,617,002[r]**	**1,608,105**	**1,666,587**	**1,614,090**	**1,657,918**	**1,618,833**	**1,632,259**
70 Residual (total assets less total liabilities)[7]	163,759	163,452	163,513	163,398	166,413	165,970	166,130	166,953	166,757
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,475,918[r]	1,471,913[r]	1,472,991[r]	1,467,282	1,481,379	1,473,478	1,485,930	1,475,459	1,480,780
72 Time deposits in amounts of $100,000 or more	96,505	96,682	96,112	96,731	95,997	97,953	96,819	95,234	91,349
73 Loans sold outright to affiliates[9]	700	700	699	698	698	693	691	690	681
74 Commercial and industrial	329	328	328	328	328	328	328	328	328
75 Other	371	371	371	370	370	365	363	363	354
76 Foreign branch credit extended to U.S. residents[10]	22,141	22,283	22,598	22,399	22,395	22,341	22,218	22,104	22,044
77 Net owed to related institutions abroad	15,503	16,963	30,309	35,913	27,070	23,609	26,696	28,948	31,617

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	1994								
	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
ASSETS									
1 Cash and balances due from depository institutions	16,347	16,652	17,210	17,097	17,075	17,032	16,423	16,787	18,082
2 U.S. Treasury and government agency securities	39,482	39,227	38,317	37,429	38,693	39,618	40,042	39,806	40,295
3 Other securities	10,136	10,584	10,725	11,057	10,994	10,608	10,750	10,895	10,830
4 Federal funds sold[1]	24,474	25,961	23,110[r]	26,134	27,294	27,435	23,898	26,416	29,026
5 To commercial banks in the United States	7,028	8,062	7,152	8,879	5,872	8,299	4,312	7,039	9,419
6 To others[2]	17,446	17,900	15,958[r]	17,255	21,422	19,136	19,586	19,377	19,607
7 Other loans and leases, gross	157,997	157,427	158,021[r]	157,348	156,391	155,440	155,902	155,067	155,954
8 Commercial and industrial	98,363[r]	98,403[r]	99,158	99,542	99,268	98,863	99,058	99,014	99,125
9 Bankers acceptances and commercial paper	3,662	3,662	3,444	3,476	3,315	3,246	3,255	3,279	3,250
10 All other	94,701[r]	94,741[r]	95,714	96,066	95,953	95,617	95,803	95,735	95,875
11 U.S. addressees	91,009[r]	91,053[r]	91,896	92,165	92,196	91,891	91,950	91,766	91,920
12 Non-U.S. addressees	3,693	3,688	3,818	3,901	3,757	3,727	3,853	3,969	3,955
13 Loans secured by real estate	27,777	27,750	27,747	27,718	27,689	27,674	27,579	27,646	27,229
14 To financial institutions	23,833[r]	23,361[r]	23,318[r]	22,327	22,139	22,083	21,949	21,779	22,147
15 Commercial banks in the United States	5,488	5,322	5,445	5,280	5,206	5,532	5,392	5,444	5,509
16 Banks in foreign countries	1,867	1,795	1,865[r]	1,847	1,873	1,840	1,647	1,639	1,684
17 Nonbank financial institutions	16,478[r]	16,244[r]	16,008	15,200	15,061	14,711	14,910	14,696	14,954
18 For purchasing and carrying securities	3,761	3,755	3,636	3,706	3,260	2,878	3,350	2,798	3,524
19 To foreign governments and official institutions	570	642	557	528	469	404	396	358	351
20 All other	3,692	3,515	3,606	3,526	3,565	3,538	3,571	3,471	3,579
21 Other assets (claims on nonrelated parties)	33,643	35,176	33,620	33,307	34,631	34,257	32,770	33,270	34,250
22 **Total assets**[3]	**302,571**	**305,815**	**302,697**	**303,449**	**307,028**	**307,048**	**302,720**	**303,463**	**309,424**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	92,586	91,598	92,217	93,318	91,960	89,084	88,451	86,928	88,801
24 Demand deposits[4]	4,194	4,325	4,220	4,433	4,670	4,352	4,559	4,350	5,194
25 Individuals, partnerships, and corporations	3,432	3,405	3,476	3,510	3,697	3,501	3,579	3,524	4,103
26 Other	762	920	745	923	972	852	980	826	1,091
27 Nontransaction accounts	88,391	87,273	87,997	88,885	87,290	84,732	83,892	82,578	83,607
28 Individuals, partnerships, and corporations	59,778	58,653	58,639	58,783	57,149	55,477	55,092	54,285	54,848
29 Other	28,613	28,619	29,358	30,102	30,141	29,254	28,799	28,293	28,759
30 Borrowings from other than directly-related institutions	66,352	70,452	68,569	67,610	72,888	75,676	75,187	73,435	75,320
31 Federal funds purchased[5]	32,658	34,485	29,976	30,762	36,255	39,093	38,465	36,331	36,586
32 From commercial banks in the United States	6,977	9,392	5,980	6,866	7,676	10,754	9,495	8,007	9,077
33 From others	25,681	25,093	23,996	23,896	28,579	28,339	28,970	28,324	27,508
34 Other liabilities for borrowed money	66,352	70,452	68,569	67,610	72,888	75,676	75,187	73,435	75,320
35 To commercial banks in the United States	6,378	6,776	6,438	6,243	6,764	6,450	6,455	6,480	7,217
36 To others	27,317	29,191	32,156	30,604	29,869	30,133	30,266	30,623	31,518
37 *Other liabilities to nonrelated parties*	30,459	31,013	30,748	30,359	30,306	30,365	29,271	28,873	30,514
38 **Total liabilities**[6]	**302,571**	**305,815**	**302,697**	**303,449**	**307,028**	**307,048**	**302,720**	**303,463**	**309,424**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	219,574	219,816	217,576	217,810	222,294	219,271	220,887	219,702	221,176
40 Net owed to related institutions abroad	92,683	91,965	89,470	91,087	89,924	89,267	86,876	93,006	93,802

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. Includes net due from related institutions abroad for U.S. branches and agencies of foreign banks having a net "due from" position.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. Includes net owed to related institutions abroad for U.S. branches and agencies of foreign banks having a net "due to" position.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1993	1994				
	1989	1990	1991	1992	1993	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**525,831**	**562,656**	**528,832**	**545,619**	**555,075**	**555,075**	**559,443**	**560,352**	**557,129**	**553,355**	**559,229**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	183,622	214,706	212,999	226,456	218,947	218,947	219,350	221,649	214,722	205,267	211,799
3 Bank-related (not seasonally adjusted)[3]	n.a.	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	210,930	200,036	182,463	171,605	180,389	180,389	182,075	186,318	194,527	199,803	197,812
5 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	131,279	147,914	133,370	147,558	155,739	155,739	158,018	152,385	147,880	148,285	149,618
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**62,972**	**54,771**	**43,770**	**38,194**	**32,348**	**32,348**	**31,792**	**30,994**	**31,061**	**31,775**	**29,867**
By holder											
8 Accepting banks	9,433	9,017	11,017	10,555	12,421	12,421	11,410	11,258	11,727	11,643	11,533
9 Own bills	8,510	7,930	9,347	9,097	10,707	10,707	9,953	10,248	10,758	10,888	10,601
10 Bills bought from other banks	924	1,087	1,670	1,458	1,714	1,714	1,457	1,010	969	755	932
Federal Reserve Banks[7]											
11 Foreign correspondents	1,066	918	1,739	1,276	725	725	869	753	693	625	465
12 Others	52,473	44,836	31,014	26,364	19,202	19,202	19,513	18,983	18,641	19,507	17,869
By basis											
13 Imports into United States	15,651	13,095	12,843	12,209	10,217	10,217	10,649	10,707	10,554	10,834	10,396
14 Exports from United States	13,683	12,703	10,351	8,096	7,293	7,293	7,123	6,872	6,708	6,723	6,367
15 All other	33,638	28,973	20,577	17,890	14,838	14,838	14,020	13,414	13,800	14,217	13,104

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
1991— Jan. 1	10.00	1991	8.46	1992— Jan.	6.50	1993— Apr.	6.00
2	9.50	1992	6.25	Feb.	6.50	May	6.00
Feb. 4	9.00	1993	6.00	Mar.	6.50	June	6.00
May 1	8.50			Apr.	6.50	July	6.00
Sept. 13	8.00	1991— Jan.	9.52	May	6.50	Aug.	6.00
Nov. 6	7.50	Feb.	9.05	June	6.50	Sept.	6.00
Dec. 23	6.50	Mar.	9.00	July	6.02	Oct.	6.00
		Apr.	9.00	Aug.	6.00	Nov.	6.00
1992— July 2	6.00	May	8.50	Sept.	6.00	Dec.	6.00
		June	8.50	Oct.	6.00		
1994— Mar. 24	6.25	July	8.50	Nov.	6.00	1994— Jan.	6.00
Apr. 19	6.75	Aug.	8.50	Dec.	6.00	Feb.	6.00
May 17	7.25	Sept.	8.20			Mar.	6.06
		Oct.	8.00	1993— Jan.	6.00	Apr.	6.45
		Nov.	7.58	Feb.	6.00	May	6.99
		Dec.	7.21	Mar.	6.00	June	7.25
						July	7.25

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year; figures are averages of business day data unless otherwise noted

Item	1991	1992	1993	1994				1994, week ending				
				Mar.	Apr.	May	June	May 27	June 3	June 10	June 17	June 24
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.69	3.52	3.02	3.34	3.56	4.01	4.25	4.22	4.27	4.13	4.21	4.19
2 Discount window borrowing[2,4]	5.45	3.25	3.00	3.00	3.00	3.24	3.50	3.50	3.50	3.50	3.50	3.50
Commercial paper[3,5,6]												
3 1-month	5.89	3.71	3.17	3.63	3.81	4.28	4.36	4.33	4.37	4.32	4.34	4.36
4 3-month	5.87	3.75	3.22	3.85	4.05	4.57	4.57	4.55	4.60	4.52	4.53	4.56
5 6-month	5.85	3.80	3.30	4.08	4.40	4.92	4.86	4.89	4.94	4.82	4.79	4.82
Finance paper, directly placed[3,5,7]												
6 1-month	5.73	3.62	3.12	3.53	3.71	4.19	4.27	4.23	4.28	4.23	4.23	4.27
7 3-month	5.71	3.65	3.16	3.71	3.94	4.44	4.44	4.42	4.48	4.40	4.41	4.43
8 6-month	5.60	3.63	3.15	3.70	4.03	4.45	4.50	4.49	4.52	4.48	4.48	4.51
Bankers acceptances[3,5,8]												
9 3-month	5.70	3.62	3.13	3.73	3.96	4.45	4.45	4.41	4.44	4.38	4.39	4.46
10 6-month	5.67	3.67	3.21	3.96	4.27	4.77	4.73	4.72	4.75	4.64	4.65	4.74
Certificates of deposit, secondary market[3,9]												
11 1-month	5.82	3.64	3.11	3.56	3.75	4.23	4.30	4.28	4.30	4.26	4.26	4.29
12 3-month	5.83	3.68	3.17	3.77	4.01	4.51	4.52	4.49	4.52	4.43	4.46	4.52
13 6-month	5.91	3.76	3.28	4.03	4.38	4.90	4.85	4.84	4.90	4.75	4.76	4.85
14 Eurodollar deposits, 3-month[3,10]	5.86	3.70	3.18	3.75	4.00	4.51	4.51	4.49	4.50	4.44	4.45	4.51
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	5.38	3.43	3.00	3.50	3.68	4.14	4.14	4.18	4.15	4.11	4.12	4.16
16 6-month	5.44	3.54	3.12	3.78	4.09	4.60	4.55	4.61	4.61	4.51	4.50	4.57
17 1-year	5.52	3.71	3.29	4.11	4.57	5.03	4.98	5.00	5.04	4.89	4.90	5.00
Auction average[3,5,11]												
18 3-month	5.42	3.45	3.02	3.52	3.74	4.19	4.18	4.23	4.23	4.15	4.16	4.18
19 6-month	5.49	3.57	3.14	3.79	4.13	4.64	4.58	4.63	4.67	4.53	4.55	4.55
20 1-year	5.54	3.75	3.33	4.03	4.30	4.77	5.03	n.a.	5.01	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	5.86	3.89	3.43	4.32	4.82	5.31	5.27	5.29	5.31	5.16	5.18	5.30
22 2-year	6.49	4.77	4.05	5.00	5.55	5.97	5.93	5.94	5.94	5.80	5.86	5.99
23 3-year	6.82	5.30	4.44	5.40	5.99	6.34	6.27	6.30	6.29	6.13	6.21	6.32
24 5-year	7.37	6.19	5.14	5.94	6.52	6.78	6.70	6.73	6.70	6.54	6.65	6.76
25 7-year	7.68	6.63	5.54	6.28	6.80	7.01	6.91	6.94	6.90	6.76	6.87	6.97
26 10-year	7.86	7.01	5.87	6.48	6.97	7.18	7.10	7.14	7.09	6.97	7.08	7.17
27 20-year	n.a.	n.a.	6.29	7.00	7.40	7.54	7.51	7.54	7.50	7.39	7.50	7.57
28 30-year	8.14	7.67	6.59	6.91	7.27	7.41	7.40	7.40	7.36	7.27	7.38	7.46
Composite												
29 More than 10 years (long-term)	8.16	7.52	6.45	6.90	7.32	7.47	7.43	7.46	7.42	7.30	7.41	7.50
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.56	6.09	5.38	5.29	5.44	5.62	5.76	5.72	5.74	5.75	5.76	5.77
31 Baa	6.99	6.48	5.82	5.74	5.87	6.02	6.15	6.11	6.12	6.13	6.15	6.16
32 *Bond Buyer* series[14]	6.92	6.44	5.60	5.91	6.23	6.19	6.11	6.13	6.09	5.96	6.04	6.16
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	9.23	8.55	7.54	7.78	8.17	8.28	8.27	8.27	8.26	8.16	8.25	8.33
Rating group												
34 Aaa	8.77	8.14	7.22	7.48	7.88	7.99	7.97	7.98	7.96	7.85	7.94	8.02
35 Aa	9.05	8.46	7.40	7.69	8.08	8.19	8.17	8.18	8.16	8.06	8.14	8.23
36 A	9.30	8.62	7.58	7.82	8.22	8.32	8.30	8.31	8.31	8.20	8.27	8.36
37 Baa	9.80	8.98	7.93	8.13	8.52	8.62	8.65	8.62	8.61	8.51	8.63	8.73
38 A-rated, recently offered utility bonds[16]	9.32	8.52	7.46	7.82	8.20	8.37	8.30	8.30	8.19	8.21	8.32	8.41
MEMO												
Dividend-price ratio[17]												
39 Preferred stocks[18]	8.17	7.46	6.89	7.07	7.33	7.44	n.a.	7.43	7.43	7.42	7.46	7.46
40 Common stocks	3.24	2.99	2.78	2.78	2.90	2.89	n.a.	2.86	2.85	2.83	2.81	2.85

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 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. 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.
18. Data for the preferred stock yield was discontinued as of June 29, 1994.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1991	1992	1993	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May	1994 June
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	206.35	229.00	249.71	257.53	255.93	257.73	262.11	261.97	257.32	247.97	249.56	251.21
2 Industrial	258.16	284.26	300.10	306.61	310.84	313.22	320.92	322.41	318.08	304.48	307.58	308.66
3 Transportation	173.97	201.02	242.68	254.04	262.96	268.11	278.29	276.67	265.68	250.43	244.75	246.64
4 Utility	92.64	99.48	114.55	120.49	115.08	114.97	112.67	116.22	107.72	105.04	102.89	103.27
5 Finance	150.84	179.29	216.55	228.18	214.08	216.00	218.71	217.12	211.02	208.12	211.30	215.89
6 Standard & Poor's Corporation (1941–43 = 10)[1]	376.20	415.75	451.63	463.90	462.89	465.95	472.99	471.58	463.81	447.23	450.90	454.83
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	360.32	391.28	438.77	472.73	472.41	465.95	481.14	476.25	465.72	437.01	437.54	436.08
Volume of trading (thousands of shares)												
8 New York Stock Exchange	179,411	202,558	263,374	280,503	277,886	259,457	313,223	307,269	311,096	301,242	269,812	265,341
9 American Stock Exchange	12,486	14,171	18,188	21,279	18,436	17,461	19,211	19,630	19,481	15,805	15,727	18,400
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**36,660**	**43,990**	**60,310**	**56,690**	**59,760**	**60,310**	**61,250**	**62,020**	**61,960**	**60,700**	**59,870**	**59,550**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,290	8,970	12,360	10,270	10,940	12,360	12,125	12,890	13,185	13,175	12,715	12,340
12 Cash accounts	19,255	22,510	27,715	22,450	23,560	27,715	26,020	25,665	26,190	24,800	23,265	27,995

	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					
	1991	1992	1993	1994					
				Jan.	Feb.	Mar.	Apr.	May	June
U.S. budget[1]									
1 Receipts, total	1,054,272	1,090,453	1,153,226	122,966	72,874	93,108	141,326	83,546	138,124
2 On-budget	760,388	788,027	841,292	94,396	46,879	64,612	104,311	55,367	106,014
3 Off-budget	293,885	302,426	311,934	28,570	25,995	28,496	37,015	28,179	32,110
4 Outlays, total	1,323,793	1,380,856	1,408,484[r]	107,718	114,440	125,423	123,872	115,600	122,923
5 On-budget	1,082,106	1,128,518	1,141,897[r]	83,527	88,523	100,260	100,625	89,729	107,966
6 Off-budget	241,687	252,339	266,587	24,191	25,918	25,163	23,247	25,871	14,956
7 Surplus or deficit (−), total	−269,521	−290,403	−255,258[r]	15,248	−41,566	−32,315	17,454	−32,054	15,202
8 On-budget	−321,719	−340,490	−300,605[r]	10,869	−41,644	−35,648	3,686	−34,362	−1,952
9 Off-budget	52,198	50,087	45,347	4,379	77	3,333	13,768	2,308	17,154
Source of financing (total)									
10 Borrowing from the public	276,802	310,918	248,619	−6,933	31,633	26,511	−21,801	27,649	1,898
11 Operating cash (decrease, or increase (−))	−1,329	−17,305	6,283	−8,089	19,666	−6,461	−4,124	21,537	−23,797
12 Other[2]	−5,952	−3,210	356[r]	−226	−9,733	12,265	8,471	−17,132	6,697
MEMO									
13 Treasury operating balance (level, end of period)	41,484	58,789	52,506	57,812	38,146	44,607	48,731	27,194	50,991
14 Federal Reserve Banks	7,928	24,586	17,289	21,541	4,886	6,181	7,965	5,675	9,356
15 Tax and loan accounts	33,556	34,203	35,217	36,271	33,259	38,426	40,766	21,519	41,635

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds, (federal old-age survivors insurance and federal disability insurance) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and Office of Management and Budget, *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 1992	Fiscal year 1993[r]	Calendar year 1992 H1	Calendar year 1992 H2	Calendar year 1993 H1	Calendar year 1993 H2	Calendar year 1994 Apr.	Calendar year 1994 May	Calendar year 1994 June
RECEIPTS									
1 **All sources**	**1,090,453**	**1,153,226**	**540,484**	**593,212**	**582,054**	**651,944**	**141,326**	**83,546**	**138,124**
2 Individual income taxes, net	475,964	509,680	246,938	255,556	262,073	274,736	60,038	24,384	58,123
3 Withheld	408,352	430,217	215,584	209,517[r]	228,429	225,387	34,979	35,706	37,724
4 Presidential Election Campaign Fund	30	28	10	25	2	63	17	12	9
5 Nonwithheld	149,342	154,982	39,288	113,510[r]	41,765	117,928	47,201	5,359	21,985
6 Refunds	81,760	75,546	7,942	67,468	8,114	68,642	22,160	16,692	1,596
Corporation income taxes									
7 Gross receipts	117,951	131,548	58,022	69,044	68,266	80,536	21,994	3,847	29,812
8 Refunds	17,680	14,027	7,219	7,198	6,514	6,933	1,408	1,030	697
9 Social insurance taxes and contributions, net	413,689	428,300	192,599	227,177	206,174	248,301	50,323	46,540	41,509
10 Employment taxes and contributions[2]	385,491	396,939	180,758	208,776	192,749	228,714	47,348	35,749	40,853
11 Self-employment taxes and contributions[3]	24,421	20,604	3,988	16,270	4,335	20,762	13,754	1,577	3,813
12 Unemployment insurance	23,410	26,556	9,397	16,074	11,010	17,301	2,605	10,426	290
13 Other net receipts[4]	4,788	4,805	2,445	2,326	2,417	2,284	370	364	366
14 Excise taxes	45,569	48,057	23,456	23,398	25,994	26,444	4,050	5,253	4,596
15 Customs deposits	17,359	18,802	9,497	8,860	10,215	9,500	1,479	1,620	1,711
16 Estate and gift taxes	11,143	12,577	5,733	6,494	6,617	8,197	2,378	1,342	1,068
17 Miscellaneous receipts[5]	26,459	18,273	11,458	9,879	9,227	11,164	2,472	1,589	2,003
OUTLAYS									
18 **All types**	**1,380,856**	**1,408,484**	**723,527**	**673,915**	**728,200**	**709,976**	**123,872**	**115,600**	**122,923**
19 National defense	298,350	291,086	155,231	140,535	146,177	133,739	24,501	19,509	24,197
20 International affairs	16,107	16,826	9,916	6,565	10,534	5,800	1,554	917	582
21 General science, space, and technology	16,409	17,030	8,521	7,996	8,904	8,502	1,238	1,415	1,596
22 Energy	4,500	4,319	3,109	2,462	1,641	2,036	316	325	261
23 Natural resources and environment	20,025	20,239	11,467	8,592	11,077	9,179	1,463	1,519	1,670
24 Agriculture	15,205	20,443	8,852	11,872	7,335	7,451	1,641	1,112	320
25 Commerce and housing credit	10,083	−22,725	−7,697	−14,537	−1,724	−5,114	−702	1,564	1,016
26 Transportation	33,333	35,004	18,425	16,076	20,375	16,772	2,620	2,869	3,151
27 Community and regional development	6,838	9,051	4,464	4,929	5,606	5,592	938	843	1,184
28 Education, training, employment, and social services	45,248	50,012	21,241	24,080[r]	25,515	18,976	3,694	3,841	3,797
29 Health	89,497	99,415	47,232	49,882	52,631	53,121	8,410	9,074	9,729
30 Social security and Medicare	406,569	435,137	232,109	195,933	223,735	232,777	37,872	37,955	43,367
31 Income security	196,958	207,257	98,382	107,870[r]	103,163	109,103	20,957	15,796	13,139
32 Veterans benefits and services	34,138	35,720	18,561	16,385	19,848	16,686	3,930	1,666	3,011
33 Administration of justice	14,426	14,955	7,238	7,482	7,448	7,718	1,230	1,277	1,136
34 General government	12,990	13,009	8,223	5,205	6,565	5,076	−148	1,279	1,715
35 Net interest[6]	199,421	198,811	98,692	99,635	99,963	99,844	17,080	17,671	15,880
36 Undistributed offsetting receipts[7]	−39,280	−37,386	−20,628	−17,035	−20,407	−17,308	−2,721	−3,032	−2,827

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, U.S. government contributions for employee retirement, and certain asset sales.

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 1995.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1992			1993				1994	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**4,001**	**4,083**	**4,196**	**4,250**	**4,373**	**4,436**	**4,562**	**4,576**	
2 Public debt securities	3,985	4,065	4,177	4,231	4,352	4,412	4,536		
3 Held by public	2,977	3,048	3,129	3,188	3,252	3,295	3,382		
4 Held by agencies	1,008	1,016	1,048	1,043	1,100	1,117	1,154		
5 Agency securities	16	18	19	20	21	25	27	n.a.	n.a.[r]
6 Held by public	16	18	19	20	21	25	27		
7 Held by agencies	0	0	0	0	0	0	0		
8 **Debt subject to statutory limit**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**	
9 Public debt securities	3,890	3,972	4,085	4,139	4,256	4,315	4,445	4,491	
10 Other debt[1]	0	0	0	0	0	0	0	0	
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,370	4,900	4,900	4,900	

1. Consists of guaranteed debt of U.S. Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCES. U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Treasury Bulletin*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1990	1991	1992	1993	1993		1994	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**3,364.8**	**3,801.7**	**4,177.0**	**4,535.7**	**4,411.5**	**4,535.7**	n.a.	
By type								
2 Interest-bearing	3,362.0	3,798.9	4,173.9	4,532.3	4,408.6	4,532.3	4,572.6	
3 Marketable	2,195.8	2,471.6	2,754.1	2,989.5	2,904.9	2,989.5	3,042.9	
4 Bills	527.4	590.4	657.7	714.6	658.4	714.6	721.2	
5 Notes	1,265.2	1,430.8	1,608.9	1,764.0	1,734.2	1,764.0	1,802.5	
6 Bonds	388.2	435.5	472.5	495.9	497.4	495.9	504.2	
7 Nonmarketable[1]	1,166.2	1,327.2	1,419.8	1,542.9	1,503.7	1,542.9	1,529.7	n.a.
8 State and local government series	160.8	159.7	153.5	149.5	149.5	149.5	145.5	
9 Foreign issues[2]	43.5	41.9	37.4	43.5	42.5	43.5	42.7	
10 Government	43.5	41.9	37.4	43.5	42.5	43.5	42.7	
11 Public	.0	.0	.0	.0	.0	.0	.0	
12 Savings bonds and notes	124.1	135.9	155.0	169.4	167.0	169.4	172.6	
13 Government account series[3]	813.8	959.2	1,043.5	1,150.0	1,114.3	1,150.0	1,138.4	
14 Non-interest-bearing	2.8	2.8	3.1	3.4	2.9	3.4	3.3	
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	828.3	968.7	1,047.8	1,153.5	1,116.7	1,153.5		
16 Federal Reserve Banks	259.8	281.8	302.5	334.2	325.7	334.2		
17 Private investors	2,288.3	2,563.2	2,839.9	3,047.7	2,983.0	3,047.7		
18 Commercial banks	171.5	233.4	294.0	316.0	313.3	316.0		
19 Money market funds	45.4	80.0	79.4	80.5	75.2	80.5		
20 Insurance companies	142.0	168.7	197.5	216.0	215.5	216.0		
21 Other companies	108.9	150.8	192.5	213.0	215.6	213.0	n.a.	n.a.
22 State and local treasuries	490.4	520.3	534.8	564.0	558.0	564.0		
Individuals								
23 Savings bonds	126.2	138.1	157.3	171.9	169.1	171.9		
24 Other securities	107.6	125.8	131.9	137.9	136.7	137.9		
25 Foreign and international[5]	458.4	491.8	549.7	623.3	592.3	623.3		
26 Other miscellaneous investors[6]	637.7	651.3	702.4	725.0	707.2	725.0		

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	1994			1994, week ending								
	Mar.	Apr.	May	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. Treasury securities												
1 Bills	54,077	50,420	53,959	51,478	48,474	60,154	54,849	53,818	50,452	50,648	41,667	56,695
Coupon securities, by maturity												
2 Less than 3.5 years	60,771	56,202	64,646	59,398	69,921	70,575	66,277	52,536	49,432	42,344	52,200	46,717
3 3.5 to 7.5 years	45,280	40,471	41,824	39,568	37,687	42,854	48,613	38,913	41,164	33,232	43,648	35,945
4 7.5 to 15 years	31,297	29,625	33,634	32,551	42,686	37,108	29,259	24,255	28,622	23,099	22,888	21,841
5 15 years or more	19,964	15,977	15,926	17,584	17,133	17,484	14,965	12,428	14,911	13,381	14,493	13,484
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	12,927	12,901	14,460	13,424	13,393	14,007	15,825	15,430	12,365	12,841	13,240	14,978
7 3.5 to 7.5 years	664	504	526	434	385	553	657	572	630	320	474	573
8 7.5 years or more	536	623	519	513	700	578	444	315	808	468	1,277	718
Mortgage-backed												
9 Pass-throughs	24,765	25,873	23,722	22,004	29,273	27,324	18,754	19,778	26,652	25,042	19,329	18,590
10 All others[3]	3,409	3,053	2,400	2,507	3,258	2,425	1,877	1,867	2,308	2,223	2,140	1,709
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	137,235	123,507	134,896	125,505	140,471	147,846	140,327	111,996	115,711	103,466	112,026	113,328
Federal agency securities												
12 Debt	2,023	2,143	1,916	2,514	2,283	1,502	1,708	1,786	1,710	1,926	2,431	2,178
13 Mortgage-backed	12,317	13,076	11,232	10,880	12,039	13,400	9,479	9,970	11,094	12,688	10,421	9,496
Customers												
14 U.S. Treasury securities	74,155	69,188	75,091	75,073	75,429	80,330	73,635	69,952	68,870	59,237	62,870	61,354
Federal agency securities												
15 Debt	12,104	11,884	13,588	11,858	12,194	13,636	15,218	14,531	12,093	11,703	12,560	14,091
16 Mortgage-backed	15,857	15,849	14,889	13,631	20,492	16,349	11,151	11,674	17,867	14,577	11,047	10,803
FUTURES AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	3,733	3,904	3,715	3,281	3,341	3,315	6,166	1,942	3,866	4,513	4,555	2,409
Coupon securities, by maturity												
18 Less than 3.5 years	3,399	2,535	3,389	3,034	3,701	3,315	3,522	3,194	2,586	2,326	3,849	2,067
19 3.5 to 7.5 years	2,465	1,941	2,373	2,150	2,282	2,037	3,098	2,166	2,265	2,085	3,298	1,886
20 7.5 to 15 years	5,013	4,367	5,301	5,125	6,416	5,316	5,065	4,316	5,164	3,199	4,392	3,125
21 15 years or more	14,204	12,689	12,982	13,653	14,074	13,297	12,881	10,848	11,618	10,138	13,059	11,880
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	181	105	59	100	64	17	55	80	64	320	317	146
23 3.5 to 7.5 years	133	126	33	31	50	65	3	12	42	61	38	34
24 7.5 years or more	80	35	39	19	58	39	45	22	68	183	283	263
Mortgage-backed												
25 Pass-throughs	25,161	22,207	19,060	18,605	29,441	20,732	11,611	13,645	19,545	25,616	13,788	11,057
26 Others[3]	1,522	1,022	789	1,001	691	823	951	510	490	460	535	469
OPTIONS TRANSACTIONS[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	3,428	3,767	4,118	3,105	4,717	4,968	4,536	2,544	3,183	2,165	2,818	2,083
28 3.5 to 7.5 years	1,253	877	762	570	904	498	1,151	574	1,243	418	679	606
29 7.5 to 15 years	1,297	1,091	1,243	844	1,177	1,368	1,510	1,133	1,551	789	1,151	1,629
30 15 years or more	2,133	1,654	2,343	1,440	2,069	2,732	3,110	1,917	2,240	2,138	2,139	1,522
Federal agency, mortgage-backed securities												
31 Pass-throughs	801	747	528	559	705	394	417	589	751	455	253	440

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages are based on the number of trading days in the period. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.
Dealers report cumulative transactions for each week ending Wednesday.
2. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.
3. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).
4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.
5. Options transactions are purchases or sales of put-and-call options, whether arranged on an organized exchange or in the over-the-counter market, and include options on futures contracts on U.S. Treasury and federal agency securities.
NOTE. In tables 1.42 and 1.43, "n.a." indicates that data are not published because of insufficient activity.
Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and federal agency securities, mortgage-backed, other than pass-throughs—are no longer available because activity is insufficient.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1994			1994, week ending							
	Mar.	Apr.	May	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	4,792	12,752	8,513	13,755	12,975	4,177	1,746	12,767	9,707	9,922	3,663
Coupon securities, by maturity											
2 Less than 3.5 years	-18,921	-21,399	-12,383	-16,680	-14,038	-16,886	-7,329	-8,228	-9,538	-10,448	-6,625
3 3.5 to 7.5 years	-25,482	-26,208	-20,053	-21,939	-23,055	-23,503	-16,796	-15,068	-15,933	-18,156	-12,145
4 7.5 to 15 years	-4,212	-7,653	-9,990	-10,052	-6,765	-10,543	-11,699	-11,072	-12,107	-13,105	-14,203
5 15 years or more	2,016	-3,026	-6,375	-5,701	-6,305	-7,376	-5,453	-6,816	-5,884	-5,803	-6,124
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	8,925	8,667	8,982	10,178	7,544	7,991	9,582	10,318	8,754	14,472	10,919
7 3.5 to 7.5 years	4,707	5,728	5,204	5,572	5,292	5,575	4,996	4,665	4,879	4,650	4,163
8 7.5 years or more	4,174	5,276	4,630	5,404	4,574	4,850	4,462	4,120	4,452	4,390	4,239
Mortgage-backed											
9 Pass-throughs	51,257	44,711	36,379	33,569	43,369	36,402	34,541	32,217	47,880	44,700	37,029
10 All others[4]	32,642	33,965	34,307	38,006	35,419	32,901	31,595	35,347	36,017	34,108	33,358
Other money market instruments											
11 Certificates of deposit	2,431	2,728	2,756	3,791	2,765	3,240	1,834	2,564	2,493	3,511	3,113
12 Commercial paper	5,489	5,398	5,759	6,451	4,895	5,322	5,545	7,063	4,596	8,740	5,462
13 Bankers acceptances	553	589	548r	574	411	568	514	706	540	589	562
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	2,030	2,133	-1,286	942	-870	-1,975	-2,350	-1,210	-4,384	-5,494	-8,531
Coupon securities, by maturity											
15 Less than 3.5 years	2,739	1,579	5	542	-397	-74	192	-10	-679	-658	1,768
16 3.5 to 7.5 years	3,115	2,536	2,118	2,624	2,990	2,790	1,046	1,228	1,879	4,389	1,682
17 7.5 to 15 years	10,710	7,992	5,277r	8,087	6,152	4,449	4,316	4,469	1,955	580	179
18 15 years or more	-10,009	-7,551	-5,625r	-6,231	-6,168	-4,590	-6,563	-4,699	-3,576	-3,236	-2,950
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	126	79	9	-18	-7	23	-15	55	-85	-168	286
20 3.5 to 7.5 years	127	91	-27	-2	-25	-18	-47	-32	-11	4	-8
21 7.5 years or more	-157	-62	23	14	43	33	26	-12	82	159	495
Mortgage-backed											
22 Pass-throughs	-39,342	-32,719	-22,553	-22,020	-27,287	-21,996	-20,199	-20,782	-35,875	-32,343	-25,556
23 All others[4]	9,561	7,039	1,052	162	1,416	1,055	2,946	-991	-956	-182	809
24 Certificates of deposit	-186,475	-154,901	-148,150	-157,263	-139,404	-176,418	-140,456	-128,274	-108,564	-122,652	-108,843
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	292,435	275,469	282,976	267,732	287,508	305,958	273,486	272,112	269,352	263,715	252,777
26 Term	398,126	396,537	377,460	375,066	389,128	358,758	390,249	372,344	403,069	403,414	399,332
Repurchase agreements											
27 Overnight and continuing	479,210	447,713	469,689	452,442	466,892	503,904	451,996	465,177	463,032	470,896	448,108
28 Term	375,510	376,304	351,134	347,232	368,673	322,076	374,982	339,352	374,865	374,335	376,367
Securities borrowed											
29 Overnight and continuing	155,484	152,707	160,263	156,096	160,022	162,316	162,109	158,772	158,301	155,653	154,502
30 Term	39,830	35,824	30,886	29,923	30,729	29,800	32,026	31,647	32,292	36,351	40,310
Securities loaned											
31 Overnight and continuing	4,579	3,591	3,533	3,061	3,366	3,803	3,617	3,632	2,923	3,019	5,437
32 Term	348	306	573	373	322	415	552	1,208	1,226	1,281	3,489
Collateralized loans											
33 Overnight and continuing	20,074	24,153	21,179	21,564	22,206	21,513	18,994	21,886	24,869	28,071	25,600
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	200,306	197,715	211,581r	197,248	206,664	226,047	214,619	206,451	203,050	200,702	188,304
35 Term	348,058	340,574	327,691r	317,435	335,092	312,477	345,599	322,752	346,464	349,876	350,673
Repurchase agreements											
36 Overnight and continuing	244,375	232,199	244,382r	226,400	239,950	257,419	243,133	247,790	250,586	241,146	240,388
37 Term	286,309	286,839	275,999r	271,650	293,001	254,480	293,725	263,488	286,493	287,330	294,181

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data.

2. Securities positions are reported at market value.

3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions of mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day.

7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1989	1990	1991	1992	1993	1994			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**411,805**	**434,668**	**442,772**	**483,970**	**570,711**	**581,886**	**592,751**	**604,421**[r]	**0**
2 Federal agencies	35,664	42,159	41,035	41,829	45,193	44,988	44,753	44,291	44,390
3 Defense Department[1]	7	7	7	7	6	6	6	6	6
4 Export-Import Bank[2,3]	10,985	11,376	9,809	7,208	5,315	5,315	5,315	4,853	4,853
5 Federal Housing Administration[4]	328	393	397	374	255	80	99	114	0
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,445	6,948	8,421	10,660	9,732	9,732	9,732	9,732	9,732
8 Tennessee Valley Authority	17,899	23,435	22,401	23,580	29,885	29,855	29,601	29,586	29,676
9 *United States Railway Association*[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	375,428	392,509	401,737	442,141	525,518	536,898	547,998	560,130	0
11 Federal Home Loan Banks	136,108	117,895	107,543	114,733	141,577	139,241	137,862	147,309	153,539
12 Federal Home Loan Mortgage Corporation	26,148	30,941	30,262	29,631	49,993	61,245	70,482	62,908	65,621
13 Federal National Mortgage Association	116,064	123,403	133,937	166,300	201,112	203,013	206,493	216,430	218,845
14 Farm Credit Banks[8]	54,864	53,590	52,199	51,910	53,123	52,621	52,839	52,433	52,672
15 Student Loan Marketing Association[9]	28,705	34,194	38,319	39,650	39,784	40,861	40,407	41,120	0
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**134,873**	**179,083**	**185,576**	**154,994**	**128,187**	**125,182**	**123,304**	**120,103**	**118,386**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	10,979	11,370	9,803	7,202	5,309	5,309	5,309	4,847	4,847
21 Postal Service[6]	6,195	6,698	8,201	10,440	9,732	9,732	9,732	9,732	9,732
22 Student Loan Marketing Association	4,880	4,850	4,820	4,790	4,760	2,760	1,760	0	0
23 Tennessee Valley Authority	16,519	14,055	10,725	6,975	6,325	6,075	6,075	6,075	6,075
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	53,311	52,324	48,534	42,979	38,619	38,619	38,619	38,209	37,839
26 Rural Electrification Administration	19,265	18,890	18,562	18,172	17,578	17,511	17,512	17,360	17,360
27 Other	23,724	70,896	84,931	64,436	45,864	45,176	43,667	43,880	42,533

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	1991	1992	1993	1993		1994					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues, new and refunding**[1]	**154,402**	**215,191**	**279,945**	**18,094**	**24,520**	**16,560**	**14,698**	**15,461**	**10,129**	**12,388**	**14,779**
By type of issue											
2 General obligation	55,100	78,611	90,599	6,422	6,542	4,622	4,365	7,371	3,469	4,029	5,556
3 Revenue	99,302	136,580	189,346	11,672	17,978	11,000	8,553	8,090	6,660	8,359	9,223
By type of issuer											
4 State	24,939	25,295	28,285	885	1,265	1,235	921	3,302	1,013	1,158	1,733
5 Special district or statutory authority[2]	80,614	129,686	164,169	10,992	16,485	10,672	10,263	6,145	5,235	8,085	9,335
6 Municipality, county, or township	48,849	60,210	84,972	4,528	6,770	4,653	3,514	6,014	3,881	3,145	3,711
7 **Issues for new capital**	**116,953**	**120,272**	**91,434**	**6,734**	**9,543**	**5,558**	**8,774**	**10,114**	**8,147**	**9,125**	**9,726**
By use of proceeds											
8 Education	21,121	22,071	17,098	1,416	1,227	1,573	2,292	1,859	2,102	1,933	1,945
9 Transportation	13,395	17,334	9,571	979	429	293	1,223	401	1,453	1,037	2,033
10 Utilities and conservation	21,039	20,058	11,802	687	1,454	480	243	540	707	423	856
11 Social welfare	25,648	21,796	n.a.	n.a.	2,171	825	1,660	1,670	1,502	2,099	1,275
12 Industrial aid	8,376	5,424	6,381	673	1,272	392	1,316	470	601	657	935
13 Other purposes	30,275	33,589	29,519	1,820	2,990	5,558	8,774	5,174	1,782	2,976	2,682

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	1991	1992	1993	1993			1994				
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[r]	May
1 **All issues**[1]	**465,246**	**559,827**	**765,721**	**55,944**[r]	**54,736**[r]	**44,344**[r]	**57,803**[r]	**47,041**	**51,852**[r]	**34,197**	**44,130**
2 **Bonds**[2]	**389,822**	**471,502**	**642,543**	**45,409**[r]	**43,137**[r]	**33,813**[r]	**52,076**[r]	**39,293**	**42,649**[r]	**28,774**	**40,526**
By type of offering											
3 Public, domestic	286,930	378,058	487,924	42,446[r]	39,448[r]	32,232[r]	46,632[r]	31,976	40,075[r]	25,631	33,777
4 Private placement, domestic[3]	74,930	65,853	116,240	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,962	27,591	38,379	2,963	3,689	1,582	5,444	7,317	2,574	3,143	6,749
By industry group											
6 Manufacturing	86,628	82,058	88,002	3,273	3,334	3,068	4,785[r]	3,586	2,416	2,051	2,277
7 Commercial and miscellaneous	36,666	43,111	60,443	6,306	3,078	2,525	2,869	2,153	3,020[r]	1,040	2,396
8 Transportation	13,598	9,979	10,756	1,416	648	895	693	100	920[r]	97	150
9 Public utility	23,944	48,055	56,272	2,585	1,763	2,336	2,466[r]	1,768	1,632[r]	546	995
10 Communication	9,431	15,394	31,950	2,991	1,015	2,001	2,592[r]	2,115	2,090	1,298	934
11 Real estate and financial	219,555	272,904	395,121	28,840[r]	33,299[r]	22,989[r]	38,671[r]	29,572	32,571[r]	23,742	33,774
12 **Stocks**[2]	**75,424**	**88,325**	n.a.	**10,535**	**11,599**	**10,531**	**5,727**	**7,748**	**9,203**[r]	**5,423**	**3,604**
By type of offering											
13 Public preferred	17,085	21,339	20,533	2,549	1,385	650	1,592	1,318	1,969	2,248	695
14 Common	48,230	57,118	90,559	7,987	10,209	9,881	4,135	6,430	7,234[r]	3,176	2,910
15 Private placement[3]	10,109	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	24,111	22,723	22,271	2,121	2,169	2,267	1,564	1,807	2,891	2,669	↑
17 Commercial and miscellaneous	19,418	20,231	25,761	1,842	3,061	1,970	1,516	1,682	1,547	785	
18 Transportation	2,439	2,595	2,237	128	221	162	78	703	980	106	n.a.
19 Public utility	3,474	6,532	7,050	1,103	371	129	293	203	480	75	
20 Communication	475	2,366	3,439	18	1,074	1,603	n.a.	120	0	0	↓
21 Real estate and financial	25,507	33,879	49,889	5,323	4,486	4,381	2,397	3,844	4,381[r]	1,781	1,375

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1992	1993	1993			1994				
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
1 **Sales of own shares**[2]	**647,055**	↑	**74,490**	**72,865**	**89,775**	**98,679**	**78,032**	**87,381**	**71,164**	**65,218**
2 Redemptions of own shares	447,140		47,168	51,306	62,764	61,829	56,235	73,395	61,925	55,148
3 Net sales[3]	199,915		27,322	21,559	27,011	36,849	21,797	13,986	9,239	10,070
4 **Assets**[4]	**1,056,310**	n.a.	**1,411,628**	**1,416,841**	**1,510,047**	**1,572,907**	**1,561,705**	**1,500,745**	**1,510,827**	**1,529,547**
5 Cash[5]	73,999		104,301	103,352	100,209	110,022	113,975	112,399	118,221	120,107
6 Other	982,311	↓	1,307,327	1,303,489	1,409,838	1,462,879	1,447,730	1,388,347	1,392,606	1,409,440

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993	1992			1993				1994
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[r]
1 Profits with inventory valuation and capital consumption adjustment	369.5	407.2	466.6	411.7	367.5	439.5	432.1	458.1	468.5	507.9	478.0
2 Profits before taxes	362.3	395.4	449.4	409.5	357.9	409.9	419.8	445.6	443.8	488.4	474.2
3 Profits tax liability	129.8	146.3	174.0	153.0	130.1	155.0	160.9	173.3	169.5	192.5	186.7
4 Profits after taxes	232.5	249.1	275.4	256.5	227.8	254.9	258.9	272.3	274.3	295.9	287.5
5 Dividends	137.4	150.5	169.0	146.1	155.2	162.9	167.5	168.5	169.7	170.3	171.8
6 Undistributed profits	95.2	98.6	106.4	110.4	72.7	92.0	91.4	103.9	104.6	125.6	115.7
7 Inventory valuation	4.9	−5.3	−7.1	−13.7	−7.8	4.9	−12.7	−12.2	1.0	−4.3	−16.2
8 Capital consumption adjustment	2.2	17.1	24.3	16.0	17.4	24.7	25.1	24.7	23.8	23.9	20.0

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	1992	1993	1994[1]	1992	1993				1994		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2[1]	Q3[1]
1 **Total nonfarm business**	**546.60**	**585.64**	**634.02**	**559.24**	**564.13**	**579.79**	**594.11**	**604.51**	**619.11**	**637.14**	**639.71**
Manufacturing											
2 Durable goods industries	73.32	81.33	90.12	73.30	79.11	80.88	81.99	83.35	86.98	92.42	90.86
3 Nondurable goods industries	100.69	97.84	101.49	103.56	95.94	96.21	100.18	99.04	99.06	102.54	101.21
Nonmanufacturing											
4 Mining	8.88	10.03	10.75	8.47	8.89	9.10	11.14	10.98	11.30	10.34	10.79
Transportation											
5 Railroad	6.67	6.23	6.79	7.04	6.00	6.00	5.91	7.01	6.69	6.07	7.10
6 Air	8.93	6.43	4.07	7.60	7.30	6.54	6.92	4.95	4.27	4.53	4.02
7 Other	7.04	9.22	10.50	6.97	9.17	9.04	8.88	9.78	10.94	9.50	11.04
Public utilities											
8 Electric	48.22	52.26	52.62	49.57	49.92	50.51	52.74	55.88	48.63	53.30	54.85
9 Gas and other	23.99	23.46	25.03	24.50	23.59	24.04	22.88	23.33	24.26	24.01	25.19
10 Commercial and other[2]	268.84	298.83	332.65	278.24	284.21	297.46	303.47	310.20	326.98	334.44	334.65

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	1991	1992	1993	1992		1993				1994
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
ASSETS										
1 Accounts receivable, gross[2]	480.6	482.1	476.1	473.9	482.1	469.6	469.3	467.6	476.1	488.1
2 Consumer	121.9	117.1	117.5	116.7	117.1	111.9	111.3	112.6	117.5	120.1
3 Business	292.9	296.5	290.1	288.5	296.5	289.6	290.7	287.8	290.1	299.0
4 Real estate	65.8	68.4	68.6	68.8	68.4	68.1	67.2	67.2	68.6	69.0
5 LESS: Reserves for unearned income	55.1	50.8	49.0	50.8	50.8	47.4	47.5	47.9	49.0	49.1
6 Reserves for losses	12.9	15.8	11.0	12.0	15.8	15.5	13.8	11.1	11.0	11.4
7 Accounts receivable, net	412.6	415.5	416.1	411.1	415.5	406.6	408.0	408.6	416.1	427.6
8 All other	149.0	150.6	177.3	146.5	150.6	155.0	156.6	169.7	177.3	177.9
9 **Total assets**	**561.6**	**566.1**	**593.4**	**557.6**	**566.1**	**561.6**	**564.6**	**578.3**	**593.4**	**605.5**
LIABILITIES AND CAPITAL										
10 Bank loans	42.3	37.6	25.3	38.1	37.6	34.1	29.5	25.8	25.3	25.2
11 Commercial paper	159.5	156.4	159.2	153.2	156.4	149.8	144.5	149.9	159.2	165.9
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	34.5	37.8	46.1	34.9	37.8	41.9	46.4	47.9	46.1	45.2
15 Not elsewhere classified	191.3	195.3	199.9	191.4	195.3	195.1	195.8	198.1	199.9	205.3
16 All other liabilities	69.0	71.2	91.1	73.7	71.2	74.2	81.3	87.6	91.1	94.3
17 Capital, surplus, and undivided profits	64.8	67.8	71.7	68.1	67.8	66.6	67.1	68.9	71.7	69.7
18 **Total liabilities and capital**	**561.2**	**566.1**	**593.4**	**559.4**	**566.1**	**561.7**	**564.6**	**578.3**	**593.4**	**605.6**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1991	1992[r]	1993[r]	1993[r]	1994[r]				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
	Seasonally adjusted								
1 **Total**	**519,716[r]**	**530,603**	**537,947**	**537,947**	**541,123**	**544,335**	**554,342**	**557,121**	**561,434**
2 Consumer	154,951[r]	157,075	162,057	162,057	161,846	161,446	163,493	163,763	164,735
3 Real estate[2]	65,925[r]	68,555	68,731	68,731	68,966	69,438	69,669	69,815	71,402
4 Business	298,840[r]	304,972	307,159	307,159	310,312	313,451	321,180	323,543	325,297
	Not seasonally adjusted								
5 **Total**	**523,354[r]**	**534,934**	**542,700**	**542,700**	**541,316**	**542,894**	**553,810**	**558,208**	**559,140**
6 Consumer	155,908[r]	158,398	163,629	163,629	162,140	161,367	163,484	164,257	163,485
7 Motor vehicles	63,415	57,605	55,274	55,274	56,509	56,963	57,797	59,458	56,614
8 Other consumer[3]	58,522	59,522	62,189	62,189	61,427	61,132	62,264	63,387	64,161
9 Securitized motor vehicles[4]	23,361[r]	29,734	36,024	36,024	34,190	33,451	33,173	31,328	32,623
10 Securitized other consumer[4]	10,610	11,537	10,141	10,141	10,013	9,821	10,250	10,084	10,087
11 Real estate[2]	65,760	68,410	68,577	68,577	69,385	69,446	69,005	70,114	70,920
12 Business	301,686[r]	308,127	310,495	310,495	309,791	312,081	321,321	323,837	324,736
13 Motor vehicles	90,613	87,456	90,172	90,172	88,377	90,668	95,719	97,727	100,131
14 Retail[5]	22,957	19,303	16,024	16,024	16,965	17,514	19,162	19,632	19,790
15 Wholesale[6]	31,216	29,962	31,067	31,067	27,975	29,435	31,070	31,059	31,019
16 Leasing	36,440	38,191	43,081	43,081	43,437	43,720	45,487	47,036	49,322
17 Equipment	141,399	151,607	148,858	148,858	147,915	147,425	149,721	151,150	152,050
18 Retail	30,962	32,212	33,266	33,266	33,109	33,033	33,861	34,602	35,429
19 Wholesale[6]	9,671	8,669	8,007	8,007	7,996	7,972	8,281	8,295	8,403
20 Leasing	100,766	110,726	107,585	107,585	106,810	106,420	107,579	108,253	108,219
21 Other business[7]	60,900	57,464	51,054	51,054	50,821	51,489	53,596	53,352	50,443
22 Securitized business assets[4]	8,774[r]	11,599	20,411	20,411	22,679	22,499	22,285	21,607	22,111
23 Retail	576	1,120	2,483	2,483	2,343	2,245	2,119	2,058	2,406
24 Wholesale	5,285	5,756	9,727	9,727	12,437	13,084	13,090	13,098	13,348
25 Leasing	2,913[r]	4,723	8,201	8,201	7,899	7,170	7,076	6,451	6,357

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	1991	1992	1993	1993	1994					
				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)	155.0	158.1	163.1	167.9	168.1	157.9	167.8	166.1	171.6	172.6
2 Amount of loan (thousands of dollars)	114.0	118.1	123.0	128.7	127.9	124.1	131.0	127.6	132.2	130.0
3 Loan-to-price ratio (percent)	75.0	76.6	78.0	79.2	78.0	80.2	80.2	79.3	78.5	78.0
4 Maturity (years)	26.8	25.6	26.1	26.8	27.2	27.0	27.6	26.7	27.6	26.5
5 Fees and charges (percent of loan amount)[2]	1.71	1.60	1.30	1.10	1.18	1.16	1.20	1.16	1.45	1.30
Yield (percent per year)										
6 Contract rate[1]	9.02	7.98	7.02	6.74	6.77	6.67	6.81	7.13	7.20	7.41
7 Effective rate[1,3]	9.30	8.25	7.24	6.92	6.95	6.85	6.99	7.31	7.43	7.62
8 Contract rate (HUD series)[4]	9.20	8.43	7.37	7.26	7.13	7.54	8.31	8.56	8.61	8.72
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	9.25	8.46	7.46	7.52	7.05	7.59	8.57	8.63	8.63	9.03
10 GNMA securities[6]	8.59	7.71	6.65	6.58	6.45	6.72	7.40	7.93	8.05	8.01
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	122,837	142,833	172,791	190,861	194,441	196,078	197,770	201,542	206,147	208,180
12 FHA/VA insured	21,702	22,168	22,876	23,857	23,796	23,789	24,226	25,088	25,303	25,390
13 Conventional	101,135	120,664	149,914	167,004	170,645	172,289	173,544	176,454	180,844	182,790
Mortgage transactions (during period)										
14 Purchases	37,202	75,905	92,037	12,123	7,919	5,427	5,820	6,677	7,238	4,386
Mortgage commitments (during period)										
15 Issued[7]	40,010	74,970	92,537	8,461	6,159	4,858	8,683	4,788	3,801	4,268
16 To sell[8]	7,608	10,493	5,097	209	664	525	136	90	281	1
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	24,131	29,959	42,789	55,012	56,067	57,245	58,498	59,352	60,799	62,232
18 FHA/VA insured	484	408	327	321	319	318	315	309	304	n.a.
19 Conventional	23,283	29,552	42,462	54,691	55,747	56,928	59,184	59,043	60,495	n.a.
Mortgage transactions (during period)										
20 Purchases	99,965	191,125	229,242	29,396	22,611	17,840	15,970	14,589	10,629	8,341
21 Sales	92,478	179,208	208,723	26,607	21,253	16,719	14,486	14,175	10,228	8,097
Mortgage commitments (during period)[9]										
22 Contracted	114,031	261,637	274,599	24,176	31,393	12,880	22,533	22,765	9,586	7,252

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	1990	1991	1992	1993				1994
				Q1	Q2	Q3	Q4	Q1p
1 **All holders**	**3,762,872**	**3,924,782**	**4,049,256**	**4,059,221**	**4,108,890**	**4,166,286**	**4,208,512**	**4,247,007**
By type of property								
2 One- to four-family residences	2,616,288	2,780,044	2,959,558	2,975,768	3,034,781	3,096,443	3,146,832	3,189,641
3 Multifamily residences	309,369	306,410	295,417	294,045	291,272	290,679	290,553	289,273
4 Commercial	758,313	759,023	713,862	708,966	702,210	698,435	690,388	687,126
5 Farm	78,903	79,306	80,419	80,442	80,627	80,730	80,739	80,967
By type of holder								
6 Major financial institutions	1,914,315	1,846,726	1,769,187	1,753,045	1,765,176	1,769,014	1,766,633	1,747,288
7 Commercial banks[2]	844,826	876,100	894,513	891,755	910,989	922,596	940,253	937,966
8 One- to four-family	455,931	483,623	507,780	507,497	526,817	538,919	558,583	555,434
9 Multifamily	37,015	36,935	38,024	37,425	38,058	37,633	38,436	38,166
10 Commercial	334,648	337,095	328,826	326,853	325,519	325,201	322,373	323,120
11 Farm	17,231	18,447	19,882	19,980	20,595	20,843	20,862	21,245
12 Savings institutions[3]	801,628	705,367	627,972	617,163	612,458	609,563	598,348	584,352
13 One- to four-family	600,154	538,358	489,622	480,415	480,722	478,324	469,689	457,679
14 Multifamily	91,806	79,881	69,791	70,608	68,303	68,552	67,823	67,348
15 Commercial	109,168	86,741	68,235	65,808	63,111	62,367	60,531	59,029
16 Farm	500	388	324	332	322	320	305	297
17 Life insurance companies	267,861	265,258	246,702	244,128	241,729	236,855	228,032	224,970
18 One- to four-family	13,005	11,547	11,441	11,316	11,195	10,967	10,534	10,387
19 Multifamily	28,979	29,562	27,770	27,466	27,174	26,620	25,568	25,211
20 Commercial	215,121	214,105	198,269	196,100	194,012	190,061	182,553	180,001
21 Farm	10,756	10,044	9,222	9,246	9,348	9,206	9,376	9,371
22 Federal and related agencies	239,003	266,146	286,263	287,081	298,991	309,579	321,486	325,835
23 Government National Mortgage Association	20	19	30	45	45	43	22	20
24 One- to four-family	20	19	30	37	38	37	15	13
25 Multifamily	0	0	0	8	7	7	7	7
26 Farmers Home Administration[4]	41,439	41,713	41,695	41,529	41,446	41,424	41,386	41,209
27 One- to four-family	18,527	18,496	16,912	16,536	16,133	15,714	15,303	14,870
28 Multifamily	9,640	10,141	10,575	10,650	10,739	10,830	10,940	11,037
29 Commercial	4,690	4,905	5,158	5,187	5,250	5,347	5,406	5,399
30 Farm	8,582	8,171	9,050	9,156	9,324	9,533	9,739	9,903
31 Federal Housing and Veterans' Administrations	8,801	10,733	12,581	13,027	12,945	11,797	12,215	11,344
32 One- to four-family	3,593	4,036	5,153	5,631	5,635	4,850	5,364	4,738
33 Multifamily	5,208	6,697	7,428	7,396	7,311	6,947	6,851	6,606
34 Resolution Trust Corporation	32,600	45,822	32,045	27,331	21,973	19,925	17,284	14,241
35 One- to four-family	15,800	14,535	12,960	11,375	8,955	8,381	7,203	6,312
36 Multifamily	8,064	15,018	9,621	8,070	6,743	6,002	5,327	4,190
37 Commercial	8,736	16,269	9,464	7,886	6,275	5,543	4,754	3,739
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	104,870	112,283	137,584	141,192	151,513	160,721	166,642	172,343
40 One- to four-family	94,323	100,387	124,016	127,252	137,340	146,009	151,310	156,576
41 Multifamily	10,547	11,896	13,568	13,940	14,173	14,712	15,332	15,767
42 Federal Land Banks	29,416	28,767	28,664	28,536	28,592	28,810	28,460	28,181
43 One- to four-family	1,838	1,693	1,687	1,679	1,682	1,695	1,675	1,658
44 Farm	27,577	27,074	26,977	26,857	26,909	27,115	26,785	26,523
45 Federal Home Loan Mortgage Corporation	21,857	26,809	33,665	35,421	42,477	46,859	55,476	58,498
46 One- to four-family	19,185	24,125	31,032	32,831	39,905	44,315	52,929	55,942
47 Multifamily	2,672	2,684	2,633	2,589	2,572	2,544	2,547	2,556
48 Mortgage pools or trusts[5]	1,079,103	1,250,666	1,425,546	1,462,181	1,473,323	1,514,002	1,546,818	1,602,595
49 Government National Mortgage Association	403,613	425,295	419,516	421,514	413,166	415,076	414,066	423,446
50 One- to four-family	391,505	415,767	410,675	412,798	404,425	405,963	404,864	414,194
51 Multifamily	12,108	9,528	8,841	8,716	8,741	9,113	9,202	9,251
52 Federal Home Loan Mortgage Corporation	316,359	359,163	407,514	420,932	422,882	430,089	439,029	457,577
53 One- to four-family	308,369	351,906	401,525	415,279	417,646	425,154	434,494	453,407
54 Multifamily	7,990	7,257	5,989	5,654	5,236	4,935	4,535	4,170
55 Federal National Mortgage Association	299,833	371,984	444,979	457,316	465,220	481,880	495,525	507,376
56 One- to four-family	291,194	362,667	435,979	448,483	456,645	473,599	486,804	498,489
57 Multifamily	8,639	9,317	9,000	8,833	8,575	8,281	8,721	8,887
58 Farmers Home Administration[4]	66	47	38	34	32	30	28	26
59 One- to four-family	17	11	8	7	6	6	5	5
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	24	19	17	16	15	14	13	12
62 Farm	26	17	13	11	11	10	10	9
63 Private mortgage conduits	59,232	94,177	153,499	162,385	172,023	186,927	198,171	214,171
64 One- to four-family	53,335	84,000	132,000	137,000	145,000	158,000	164,000	177,000
65 Multifamily	731	3,698	6,305	6,665	7,407	7,991	8,701	9,481
66 Commercial	5,166	6,479	15,194	18,720	19,616	20,936	25,469	27,689
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	530,452	561,244	568,260	556,913	571,400	573,691	573,576	571,289
69 One- to four-family	349,491	368,874	378,739	367,632	382,637	384,510	384,060	382,938
70 Multifamily	85,969	83,796	85,871	86,026	86,235	86,512	86,565	86,597
71 Commercial	80,761	93,410	88,699	88,396	88,412	88,966	89,289	88,137
72 Farm	14,232	15,164	14,951	14,859	14,117	13,703	13,662	13,618

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required, are estimated mainly by the Federal Reserve. Line 64, from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1991[r]	1992[r]	1993[r]	1993	1994[r]				
				Dec.[r]	Jan.	Feb.	Mar.	Apr.	May
	Seasonally adjusted								
1 **Total**	**728,398**	**729,932**	**795,573**	**795,573**	**800,912**	**805,787**	**817,173**	**827,288**	**837,701**
2 Automobile	260,574	257,890	281,504	281,504	283,453	284,388	287,912	292,738	295,617
3 Revolving	245,631	257,453	287,970	287,970	290,807	294,461	299,218	304,381	308,449
4 Other	222,193	214,590	226,099	226,099	226,651	226,938	230,043	230,168	233,635
	Not seasonally adjusted								
5 **Total**	**744,243**	**746,452**	**813,864**	**813,864**	**808,010**	**805,015**	**812,477**	**821,754**	**830,474**
By major holder									
6 Commercial banks	340,713	330,088	368,549	368,549	367,883	366,712	369,710	376,379	380,456
7 Finance companies	121,904	117,050	117,463	117,463	117,936	118,095	120,061	122,845	120,775
8 Credit unions	90,302	91,693	101,634	101,634	100,554	100,984	102,683	104,153	106,377
9 Retailers	39,832	42,079	47,382	47,382	44,986	43,164	43,088	42,866	n.a.
10 Savings institutions	41,373	37,049	38,078	38,078	38,328	38,578	38,828	39,078	39,255
11 Gasoline companies	4,362	4,365	4,212	4,212	4,189	3,952	3,769	3,980	n.a.
12 Pools of securitized assets[2]	103,293	121,388	130,503	130,503	128,081	127,193	127,785	125,543	129,106
By major type of credit[3]									
13 Automobile	261,046	258,572	282,291	282,291	282,418	283,429	287,476	291,352	294,122
14 Commercial banks	112,666	109,623	123,358	123,358	124,238	124,449	126,949	130,104	132,979
15 Finance companies	63,415	57,605	55,274	55,274	56,509	56,963	57,797	59,458	56,614
16 Pools of securitized assets[2]	28,588	33,888	39,490	39,490	37,426	36,599	36,613	34,531	35,836
17 Revolving	259,001	271,369	303,430	303,430	296,852	294,112	296,023	300,457	304,447
18 Commercial banks	138,005	132,966	149,527	149,527	145,673	144,274	145,701	149,265	149,954
19 Retailers	34,712	36,629	41,378	41,378	39,057	37,293	37,191	36,966	n.a.
20 Gasoline companies	4,362	4,365	4,212	4,212	4,189	3,952	3,769	3,980	n.a.
21 Pools of securitized assets[2]	63,333	74,931	79,887	79,887	79,444	79,597	79,768	79,927	82,064
22 Other	224,196	216,511	228,143	228,143	228,740	227,474	228,978	229,945	231,905
23 Commercial banks	90,042	87,499	95,664	95,664	97,972	97,989	97,060	97,010	97,523
24 Finance companies	58,489	59,445	62,189	62,189	61,427	61,132	62,264	63,387	64,161
25 Retailers	5,120	5,450	6,004	6,004	5,929	5,871	5,897	5,900	n.a.
26 Pools of securitized assets[2]	11,372	12,569	11,126	11,126	11,211	10,997	11,404	11,085	11,206

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	1991	1992	1993	1993		1994				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.14	9.29	8.09	7.63	n.a.	n.a.	7.54	n.a.	n.a.	7.76
2 24-month personal	15.18	14.04	13.47	13.22	n.a.	n.a.	12.89	n.a.	n.a.	12.96
3 120-month mobile home	13.70	12.67	11.87	11.55	n.a.	n.a.	11.56	n.a.	n.a.	11.60
4 Credit card	18.23	17.78	16.83	16.30	n.a.	n.a.	16.06	n.a.	n.a.	16.15
Auto finance companies										
5 New car	12.41	9.93	9.48	8.96	8.80	7.55	8.93	9.13	9.71	9.92
6 Used car	15.60	13.80	12.79	12.41	12.33	12.02	12.23	12.68	13.25	13.51
OTHER TERMS[3]										
Maturity (months)										
7 New car	55.1	54.0	54.5	54.5	54.0	52.9	54.4	54.0	53.8	53.5
8 Used car	47.2	47.9	48.8	48.4	48.3	50.0	50.3	50.1	50.0	50.6
Loan-to-value ratio										
9 New car	88	89	91	91	90	91	91	92	92	93
10 Used car	96	97	98	98	98	98	99	99	99	99
Amount financed (dollars)										
11 New car	12,494	13,584	14,332	14,839	15,097	15,330	14,904	14,821	15,067	15,194
12 Used car	8,884	9,119	9,875	10,230	10,349	10,434	10,449	10,427	10,477	10,606

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1989	1990	1991	1992	1993	1992		1993				1994
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**723.0**	**631.0**	**475.5**	**582.4**	**592.3**	**611.1**	**529.5**	**382.6**	**719.2**	**584.2**	**683.2**	**620.0**
By sector and instrument												
2 U.S. government	146.4	246.9	278.2	304.0	256.1	299.1	240.1	229.6	348.2	177.2	269.6	195.9
3 Treasury securities	144.7	238.7	292.0	303.8	248.3	290.1	237.4	226.4	344.1	160.9	261.9	197.2
4 Budget agency issues and mortgages	1.6	8.2	-13.8	.2	7.8	9.0	2.7	3.2	4.1	16.2	7.7	-1.3
5 Private	576.6	384.1	197.3	278.4	336.2	312.0	289.4	153.1	370.9	407.0	413.6	424.1
By instrument												
6 Tax-exempt obligations	65.3	57.3	69.6	65.7	60.4	75.8	42.4	62.4	67.2	48.3	63.9	60.5
7 Corporate bonds	73.8	47.1	78.8	67.5	75.3	61.7	54.0	85.7	75.7	72.6	67.4	51.0
8 Mortgages	269.1	188.7	165.1	120.8	155.4	134.8	94.0	74.9	171.5	206.7	168.6	184.0
9 Home mortgages	212.5	177.2	166.0	176.0	187.1	203.3	172.8	100.1	211.6	229.9	206.7	206.7
10 Multifamily residential	12.0	3.4	-2.5	-11.1	-6.3	-11.2	-27.8	-6.5	-12.0	-4.4	-2.3	-6.9
11 Commercial	47.3	8.9	.9	-45.5	-25.7	-57.8	-51.5	-18.9	-28.9	-19.2	-35.8	-16.7
12 Farm	-2.7	-.8	.7	1.3	.3	.6	.5	.1	.7	.4	.0	.9
13 Consumer credit	49.5	13.4	-13.1	9.3	49.0	13.5	48.3	19.2	22.9	60.7	93.3	49.5
14 Bank loans n.e.c.	36.4	4.2	-46.8	-5.6	4.7	-24.0	21.3	-39.7	31.7	6.9	20.0	36.7
15 Commercial paper	21.4	9.7	-18.4	8.6	10.0	9.3	25.4	-27.1	33.7	23.8	9.7	-27.4
16 Other loans	61.0	63.6	-37.8	12.1	-18.8	40.8	4.1	-22.3	-31.6	-11.9	-9.2	69.7
By borrowing sector												
17 Household	276.7	207.7	168.4	215.0	247.8	217.9	266.5	109.2	251.1	324.3	306.5	255.2
18 Nonfinancial business	236.3	121.9	-33.4	4.0	23.0	20.6	-12.2	-27.8	50.8	30.6	38.3	96.7
19 Farm	.5	1.8	2.4	1.2	1.9	-.2	-1.9	-2.7	3.1	4.4	2.7	3.8
20 Nonfarm noncorporate	49.4	19.4	-24.5	-39.4	-25.6	-37.3	-51.0	-32.7	-31.4	-24.1	-14.3	29.7
21 Corporate	186.5	100.7	-11.3	42.1	46.7	58.2	40.7	7.5	79.1	50.3	49.8	63.2
22 State and local government	63.5	54.5	62.3	59.4	65.4	73.5	35.1	71.7	69.1	52.1	68.8	72.2
23 Foreign net borrowing in United States	10.2	23.9	13.9	24.2	47.7	37.8	-.6	50.3	39.3	82.4	19.0	7.6
24 Bonds	4.9	21.4	14.1	17.3	60.5	20.3	22.2	75.6	42.4	84.5	39.3	43.8
25 Bank loans n.e.c.	-.1	-2.9	3.1	2.3	.7	3.9	-10.3	1.6	6.5	1.0	-6.3	6.1
26 Commercial paper	13.1	12.3	6.4	5.2	-9.0	13.1	-12.1	-21.7	-.6	-1.6	-12.0	-49.0
27 U.S. government and other loans	-7.6	-7.0	-9.8	-.6	-4.5	.5	-.4	-5.3	-9.0	-1.5	-2.0	6.7
28 **Total domestic plus foreign**	**733.1**	**654.9**	**489.4**	**606.6**	**640.0**	**649.0**	**528.8**	**432.9**	**758.5**	**666.6**	**702.2**	**627.6**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**213.7**	**193.5**	**150.4**	**216.4**	**239.0**	**304.1**	**174.8**	**145.4**	**131.5**	**385.7**	**293.2**	**408.7**
By instrument												
30 U.S. government-related	149.5	167.4	145.7	155.8	157.2	169.3	131.8	165.8	62.7	273.7	126.4	322.7
31 Government-sponsored enterprises securities	25.2	17.1	9.2	40.3	80.6	67.7	33.6	32.2	68.8	167.8	53.4	160.0
32 Mortgage pool securities	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	-6.1	105.9	73.0	181.9
33 Loans from U.S. government	.0	-.1	.0	.0	.0	.0	-.1	.0	.0	.0	.0	-19.2
34 Private	64.2	26.1	4.6	60.6	81.8	134.8	42.9	-20.3	68.8	112.0	166.8	86.0
35 Corporate bonds	37.3	40.8	56.8	65.3	70.8	81.2	79.4	54.6	55.7	97.3	75.7	81.8
36 Mortgages	.5	.4	.8	.0	3.8	.4	.0	.9	2.7	6.2	5.5	5.4
37 Bank loans n.e.c.	6.0	1.1	17.1	-4.8	-9.9	17.5	-19.8	-21.2	-5.9	-14.0	1.5	8.6
38 Open market paper	31.3	8.6	-32.0	-.7	-6.2	17.5	-6.5	-73.1	-17.3	-9.7	75.5	4.5
39 Loans from Federal Home Loan Banks	-11.0	-24.7	-38.0	.8	23.3	18.1	-10.1	18.6	33.5	32.3	8.6	-14.3
By borrowing sector												
40 Government sponsored enterprises	25.2	17.0	9.1	40.2	80.6	67.7	33.5	32.2	68.8	167.8	53.4	140.8
41 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	-6.1	105.9	73.0	181.9
42 Private	64.2	26.1	4.6	60.6	81.8	134.8	42.9	-20.3	68.8	112.0	166.8	86.0
43 Commercial banks	-1.4	-.7	-11.7	8.8	5.6	12.1	14.5	5.4	10.1	6.2	.8	7.0
44 Bank holding companies	6.2	-27.7	-2.5	2.3	8.1	6.6	.8	21.1	1.3	-2.2	12.2	4.1
45 Funding corporations	13.8	12.5	-13.6	1.6	-10.7	-7.7	-31.1	-51.9	8.2	-13.2	14.0	-22.2
46 Savings institutions	-15.1	-30.2	-44.5	-6.7	11.1	11.2	-14.4	7.9	17.7	18.4	.6	-9.0
47 Credit unions	.0	.0	.0	.0	.2	.0	.1	.0	.3	.3	.1	.1
48 Life insurance companies	.0	.0	.0	.0	.2	.2	-.2	.1	.6	-.1	.4	.0
49 Finance companies	27.4	24.0	18.6	-3.6	-5.0	21.2	19.9	-33.1	-38.6	16.0	35.8	56.2
50 Mortgage companies	3.0	-4.0	5.7	.1	4.0	14.4	-6.4	-10.4	15.9	2.4	8.0	-5.9
51 Real estate investment trusts (REITs)	1.3	1.0	1.6	.1	3.3	2.3	-5.1	-1.4	2.5	6.1	5.9	6.0
52 Issuers of asset-backed securities (ABSs)	28.9	51.1	51.0	58.0	64.9	74.3	64.8	41.9	50.7	78.1	89.0	49.7

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

Transaction category or sector	1989	1990	1991	1992	1993	1992		1993				1994
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
53 **Total net borrowing, all sectors**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3**	**889.9**	**1,052.3**	**995.4**	**1,036.3**
54 U.S. government securities	295.8	414.4	424.0	459.8	413.3	468.5	372.0	395.3	410.9	450.9	396.0	537.8
55 Tax-exempt securities	65.3	57.3	69.6	65.7	60.4	75.8	42.4	62.4	67.2	48.3	63.9	60.5
56 Corporate and foreign bonds	116.0	109.2	149.6	150.1	206.6	163.3	155.6	215.9	173.8	254.4	182.4	176.7
57 Mortgages	269.6	189.1	165.8	120.8	159.2	135.3	93.9	75.7	174.2	212.9	174.1	189.4
58 Consumer credit	49.5	13.4	−13.1	9.3	49.0	13.5	48.3	19.2	22.9	60.7	93.3	49.5
59 Bank loans n.e.c.	42.3	2.4	−26.6	−8.1	−4.5	−2.5	−8.8	−59.3	32.3	−6.2	15.2	51.3
60 Open market paper	65.9	30.7	−44.0	13.1	−5.1	39.9	6.8	−121.9	15.7	12.5	73.2	−71.9
61 Other loans	42.4	31.8	−85.6	12.2	.0	59.3	−6.6	−9.1	−7.1	18.8	−2.6	43.0
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**−59.6**	**22.2**	**210.6**	**284.0**	**423.7**	**297.7**	**300.3**	**296.0**	**462.2**	**491.7**	**445.1**	**320.8**
63 Mutual funds	38.5	67.9	150.5	206.7	310.8	235.2	217.7	240.9	357.5	337.6	307.2	217.5
64 Corporate equities	−98.1	−45.7	60.1	77.3	112.9	62.5	82.6	55.1	104.7	154.1	137.8	103.3
65 Nonfinancial corporations	−124.2	−63.0	18.3	27.0	22.9	12.0	14.0	8.6	24.8	28.7	29.5	2.0
66 Financial corporations	8.8	9.9	11.2	19.6	25.1	15.7	21.1	14.5	25.9	26.7	33.2	30.0
67 Foreign shares purchased in United States	17.2	7.4	30.7	30.6	64.9	34.8	47.5	31.9	54.0	98.6	75.1	71.3

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	1989	1990	1991	1992	1993	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3**	**889.9**	**1,052.3**	**995.4**	**1,036.3**
2 Private domestic nonfinancial sectors	122.6	162.8	−16.1	65.3	−62.8	−105.4	87.0	−79.8	−82.4	−94.8	5.8	306.5
3 Households	78.6	140.1	−49.7	37.0	−67.9	−135.7	66.6	−83.9	−82.5	−110.7	5.4	260.4
4 Nonfarm noncorporate business	−.7	−1.7	−4.2	−2.4	−2.5	−2.0	−1.0	−3.7	−3.0	−2.2	−1.0	−4.4
5 Nonfinancial corporate business	13.6	−5.3	4.3	36.3	12.3	46.5	36.9	−4.0	10.6	42.7	.0	24.1
6 State and local governments	31.1	29.6	33.5	−5.7	−4.8	−14.1	−15.5	11.8	−7.5	−24.6	1.3	26.4
7 U.S. government	−3.1	33.7	10.5	−12.0	−18.6	−26.7	−13.3	−24.7	−28.5	−15.4	−5.9	−41.7
8 Foreign	84.4	82.1	25.6	100.8	128.2	78.1	87.8	74.0	93.4	138.3	207.2	112.8
9 Financial sectors	742.9	569.9	619.8	668.8	832.2	1,006.9	542.1	608.9	907.4	1,024.2	788.3	658.7
10 Government sponsored enterprises	−4.1	16.4	14.2	69.0	90.2	73.0	71.7	14.6	134.1	145.1	66.7	77.9
11 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	−6.1	105.9	73.0	181.9
12 Monetary authority	−7.3	8.1	31.1	27.9	36.2	15.7	48.3	44.5	32.6	28.2	39.5	51.5
13 Commercial banking	177.2	125.1	84.3	94.8	143.2	148.0	73.3	86.4	153.4	131.9	201.1	169.6
14 U.S. commercial banks	146.1	94.9	39.2	69.8	150.5	123.5	66.0	100.4	142.0	147.0	212.7	108.7
15 Foreign banking offices	26.7	28.4	48.5	16.5	−9.8	5.2	4.8	−12.5	−.7	−17.2	−8.7	50.2
16 Bank holding companies	2.8	−2.8	−1.5	5.6	−.1	16.4	−.6	−4.3	9.5	−.4	−5.1	8.6
17 Banks in U.S. affiliated areas	1.6	4.5	−1.9	2.9	2.6	3.0	3.0	2.9	2.6	2.5	2.3	2.1
18 Private nonbank finance	452.9	270.0	353.7	361.6	486.0	668.6	250.4	329.9	593.3	613.0	407.9	177.8
19 Thrift institutions	−86.6	−153.3	−123.0	−59.5	−13.3	−42.6	−15.0	−33.3	−5.2	10.3	−24.9	10.1
20 Insurance	257.4	181.6	234.3	177.9	192.4	261.4	161.6	257.0	172.9	261.6	78.1	65.9
21 Life insurance companies	101.8	94.4	83.2	82.4	109.5	85.1	103.7	122.1	108.0	117.1	90.6	119.6
22 Other insurance companies	29.7	26.5	32.3	12.7	9.4	−2.8	8.3	8.9	10.6	8.6	9.7	19.7
23 Private pension funds	81.1	17.2	85.3	37.3	40.2	99.9	8.4	118.0	11.1	91.9	−60.1	−104.9
24 State and local government retirement funds	44.7	43.5	33.5	45.5	33.3	79.2	41.2	8.0	43.2	44.0	37.9	31.5
25 Finance n.e.c.	282.2	241.7	242.3	243.2	306.9	449.7	103.8	106.2	425.7	341.1	354.7	101.9
26 Finance companies	32.0	28.4	−12.1	1.7	−5.4	4.0	24.0	−34.0	−22.8	8.1	27.2	64.9
27 Mortgage companies	6.1	−8.0	11.4	.1	−.4	28.9	−12.8	−50.3	64.9	−1.9	−14.2	−12.0
28 Mutual funds	23.8	41.4	90.3	123.7	164.0	156.9	119.2	130.2	193.4	168.4	163.9	45.5
29 Closed-end funds	6.3	.0	15.2	12.3	11.4	8.7	13.1	8.9	13.0	11.0	12.7	12.5
30 Money market funds	67.1	80.9	30.1	1.3	12.9	8.5	−26.1	−65.0	51.5	11.5	53.6	−46.3
31 Real estate investment trusts (REITs)	.5	−.7	−1.0	.4	.6	−.3	−.1	.2	.8	1.0	.2	.7
32 Brokers and dealers	96.3	34.9	49.0	40.2	57.1	180.3	−90.2	79.5	66.7	69.0	13.4	−37.9
33 Asset-backed securities issuers (ABSs)	27.7	49.9	49.0	55.5	63.6	72.0	59.2	41.4	49.6	80.9	82.5	50.3
34 Bank personal trusts	22.4	14.8	10.4	8.0	3.1	−9.3	17.3	−4.7	8.6	−7.0	15.5	24.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3**	**889.9**	**1,052.3**	**995.4**	**1,036.3**
Other financial sources												
36 Official foreign exchange	24.8	2.0	−5.9	−1.6	.8	−8.5	5.1	3.4	−4.0	1.7	2.2	6.0
37 Treasury currency and special drawing rights certificates	4.1	2.5	.0	−1.8	.4	.2	−7.7	.3	.4	.4	.7	.7
38 Life insurance reserves	28.8	25.7	25.7	27.3	50.6	41.5	26.3	53.6	39.5	59.5	49.6	49.6
39 Pension fund reserves	309.7	158.1	358.8	227.8	235.4	291.7	267.0	332.9	224.2	304.1	80.3	−65.8
40 Interbank claims	−16.5	34.2	−3.7	48.1	32.9	79.8	50.0	26.2	48.3	14.8	42.4	156.3
41 Deposits at financial institutions	284.8	98.1	48.2	9.3	85.7	174.1	−142.7	−.4	219.6	−14.6	138.3	33.7
42 Checkable deposits and currency	6.1	44.2	75.8	122.8	119.5	200.4	93.5	25.0	232.2	96.3	124.4	78.0
43 Small time and savings deposits	100.4	59.0	16.7	−60.8	−79.8	−83.6	−37.8	−155.9	−57.3	−73.0	−33.0	−24.5
44 Large time deposits	13.9	−65.7	−60.8	−80.0	−16.1	−52.9	−84.2	1.9	−17.5	−57.3	8.7	−31.8
45 Money market fund shares	90.1	70.3	41.2	3.9	15.8	−22.4	−32.9	−37.7	66.5	−15.8	50.3	−1.7
46 Security repurchase agreements	77.8	−24.2	−16.5	33.6	67.2	89.6	−67.1	180.3	17.6	78.7	−7.9	21.7
47 Foreign deposits	−3.6	14.6	−8.2	−10.2	−20.9	43.0	−14.2	−13.9	−21.9	−43.5	−4.2	−8.0
48 Mutual fund shares	38.5	67.9	150.5	206.7	310.8	235.2	217.7	240.9	357.5	337.6	307.2	217.5
49 Corporate equities	−98.1	−45.7	60.1	77.3	112.9	62.5	82.6	55.1	104.7	154.1	137.8	103.3
50 Security credit	15.6	3.5	51.4	4.2	61.9	82.8	5.5	39.7	38.3	77.2	92.6	13.4
51 Trade debt	59.4	32.1	−2.2	54.9	53.4	54.0	33.0	29.2	43.0	57.6	83.8	30.3
52 Taxes payable	2.0	−4.5	−8.5	7.9	3.7	6.7	10.3	3.4	9.3	−4.2	6.2	3.0
53 Noncorporate proprietors' equity	−31.1	−35.5	−12.5	−5.7	−18.5	−27.5	10.5	−10.1	−20.3	−8.4	−35.2	−103.4
54 Investment in bank personal trusts	23.1	21.5	29.8	−7.5	13.8	−55.4	−35.2	−27.7	24.8	32.4	25.7	17.1
55 Miscellaneous	292.1	98.2	169.9	195.7	281.7	202.6	211.8	190.4	423.7	177.8	335.0	188.3
56 **Total financial sources**	**1,883.8**	**1,306.5**	**1,501.3**	**1,665.5**	**2,104.7**	**2,092.8**	**1,437.9**	**1,515.2**	**2,398.9**	**2,242.4**	**2,262.3**	**1,686.2**
Floats not included in assets (−)												
57 U.S. government checkable deposits	8.4	3.3	−13.1	.7	−1.5	4.4	−3.6	.1	6.2	−6.4	−5.8	−5.9
58 Other checkable deposits	−3.2	2.5	2.0	1.6	−3.8	−11.7	2.3	−1.8	−1.4	−5.6	−6.3	−9.1
59 Trade credit	−1.9	2.5	8.1	18.5	17.7	40.2	1.2	−8.6	28.6	10.7	39.9	1.6
Liabilities not identified as assets (−)												
60 Treasury currency	−.2	.2	−.6	−.2	−.2	−.2	−.1	−.2	−.2	−.2	−.2	−.1
61 Interbank claims	−4.4	1.6	26.2	−4.9	4.2	−7.8	−1.7	11.4	−5.7	−16.5	27.7	−17.5
62 Security repurchase agreements	32.4	−31.5	5.2	31.1	69.3	43.5	23.4	154.9	14.1	66.7	41.4	−24.9
63 Taxes payable	2.3	.5	.4	6.9	−1.3	24.1	4.0	−17.4	21.2	−.1	−9.1	−18.7
64 Miscellaneous	−77.8	−23.6	−32.1	−21.1	−46.6	1.2	49.3	−77.2	−31.0	−61.3	−16.8	110.3
65 **Total identified to sectors as assets**	**1,928.2**	**1,351.0**	**1,505.2**	**1,632.8**	**2,067.0**	**1,999.2**	**1,363.1**	**1,454.1**	**2,367.2**	**2,255.0**	**2,191.5**	**1,650.7**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1990	1991	1992	1993	1992		1993				1994
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,692.0**	**11,160.6**	**11,747.2**	**12,347.0**	**11,580.6**	**11,747.2**	**11,826.0**	**11,995.0**	**12,142.4**	**12,347.0**	**12,478.8**
By lending sector and instrument											
2 U.S. government	2,498.1	2,776.4	3,080.3	3,336.5	2,998.9	3,080.3	3,140.2	3,201.2	3,247.3	3,336.5	3,387.7
3 Treasury securities	2,465.8	2,757.8	3,061.6	3,309.9	2,980.7	3,061.6	3,120.6	3,180.6	3,222.6	3,309.9	3,361.4
4 Budget agency issues and mortgages	32.4	18.6	18.8	26.6	18.1	18.8	19.6	20.6	24.7	26.6	26.3
5 Private	8,193.9	8,384.3	8,666.9	9,010.5	8,581.7	8,666.9	8,685.8	8,793.8	8,895.1	9,010.5	9,091.1
By instrument											
6 Tax-exempt obligations	1,062.1	1,131.6	1,197.3	1,257.8	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,257.8	1,270.0
7 Corporate bonds	1,008.2	1,086.9	1,154.4	1,229.8	1,140.9	1,154.4	1,175.9	1,194.8	1,212.9	1,229.8	1,242.5
8 Mortgages	3,715.4	3,880.4	4,001.6	4,163.6	3,979.4	4,001.6	4,017.9	4,066.9	4,122.7	4,163.6	4,200.7
9 Home mortgages	2,580.6	2,746.6	2,922.7	3,115.8	2,880.8	2,922.7	2,944.8	3,003.8	3,065.4	3,115.8	3,158.6
10 Multifamily residential	305.5	303.0	291.9	286.0	298.9	291.9	290.7	287.7	286.6	286.0	284.3
11 Commercial	750.8	751.7	706.5	681.0	719.4	706.5	702.0	694.8	689.9	681.0	676.8
12 Farm	78.4	79.1	80.4	80.7	80.3	80.4	80.4	80.6	80.7	80.7	81.0
13 Consumer credit	813.0	799.9	809.2	858.3	784.5	809.2	793.7	802.3	821.7	858.3	849.9
14 Bank loans n.e.c.	747.8	701.0	695.6	700.3	686.2	695.6	683.0	691.8	691.5	700.3	707.5
15 Commercial paper	116.9	98.5	107.1	117.8	108.2	107.1	113.9	124.0	123.2	117.8	125.1
16 Other loans	730.6	685.9	701.6	683.0	696.1	701.6	691.5	688.3	681.2	683.0	695.3
By borrowing sector											
17 Household	3,594.8	3,762.7	3,978.0	4,231.8	3,900.1	3,978.0	3,981.2	4,054.5	4,143.4	4,231.8	4,264.9
18 Nonfinancial business	3,728.5	3,688.7	3,696.7	3,721.0	3,698.6	3,696.7	3,697.4	3,715.9	3,711.3	3,721.0	3,753.4
19 Farm	134.9	134.8	136.0	137.9	137.6	136.0	133.1	136.3	138.3	137.9	136.6
20 Nonfarm noncorporate	1,219.0	1,192.3	1,154.5	1,128.9	1,165.1	1,154.5	1,145.3	1,139.3	1,130.6	1,128.9	1,135.0
21 Corporate	2,374.6	2,361.6	2,406.1	2,454.3	2,395.8	2,406.1	2,419.1	2,440.3	2,442.4	2,454.3	2,481.8
22 State and local government	870.5	932.8	992.2	1,057.7	983.1	992.2	1,007.2	1,023.4	1,040.5	1,057.7	1,072.9
23 **Foreign credit market debt held in United States**	**285.1**	**298.9**	**313.8**	**361.6**	**312.9**	**313.8**	**324.8**	**336.3**	**355.6**	**361.6**	**361.8**
24 Bonds	115.4	129.5	146.9	207.3	141.3	146.9	165.8	176.4	197.5	207.3	218.3
25 Bank loans n.e.c.	18.5	21.6	23.9	24.6	26.5	23.9	24.3	25.9	26.2	24.6	26.2
26 Commercial paper	75.3	81.8	77.7	68.7	80.7	77.7	72.3	72.1	71.7	68.7	56.5
27 U.S. government and other loans	75.8	66.0	65.4	60.9	64.4	65.4	62.5	61.9	60.2	60.9	60.9
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,977.1**	**11,459.5**	**12,061.0**	**12,708.5**	**11,893.5**	**12,061.0**	**12,150.8**	**12,331.3**	**12,498.0**	**12,708.5**	**12,840.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,559.4**	**2,709.7**	**2,941.7**	**3,186.0**	**2,889.3**	**2,941.7**	**2,974.1**	**3,010.1**	**3,104.4**	**3,186.0**	**3,284.4**
By instrument											
30 U.S. government-related	1,418.4	1,564.2	1,720.0	1,877.1	1,683.5	1,720.0	1,755.8	1,774.5	1,842.2	1,877.1	1,952.1
31 Government-sponsored enterprises securities	393.7	402.9	443.1	523.7	434.7	443.1	451.2	468.4	510.3	523.7	563.7
32 Mortgage pool securities	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
33 Loans from U.S. government	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	.0
34 Private	1,140.9	1,145.6	1,221.7	1,308.9	1,205.8	1,221.7	1,218.3	1,235.6	1,262.2	1,308.9	1,332.3
35 Corporate bonds	549.9	606.6	678.2	749.0	658.3	678.2	691.8	705.8	730.1	749.0	767.0
36 Mortgages	4.3	5.1	5.1	8.9	5.1	5.1	5.4	6.0	7.6	8.9	10.3
37 Bank loans n.e.c.	52.0	69.1	64.2	54.3	67.5	64.2	56.9	55.8	52.4	54.3	54.5
38 Open market paper	417.7	385.7	394.3	393.5	394.6	394.3	379.2	375.9	373.2	393.5	400.1
39 Loans from Federal Home Loan Banks	117.1	79.1	79.9	103.1	80.2	79.9	85.0	92.1	98.9	103.1	100.4
By borrowing sector											
40 Government-sponsored enterprises	398.5	407.7	447.9	528.5	439.5	447.9	456.0	473.2	515.1	528.5	563.7
41 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
42 Private financial sectors	1,140.9	1,145.6	1,221.7	1,308.9	1,205.8	1,221.7	1,218.3	1,235.6	1,262.2	1,308.9	1,332.3
43 Commercial banks	76.7	65.0	73.8	79.5	69.0	73.8	73.1	76.6	77.9	79.5	79.0
44 Bank holding companies	114.8	112.3	114.6	122.7	114.4	114.6	119.9	120.2	119.7	122.7	123.7
45 Funding corporations	137.9	124.3	135.2	129.9	143.0	135.2	127.6	129.7	126.4	129.9	129.6
46 Savings institutions	139.1	94.6	87.8	99.0	89.2	87.8	90.3	93.4	96.8	99.0	97.6
47 Credit unions	.0	.0	.0	.2	.0	.0	.0	.1	.2	.2	.3
48 Life insurance companies	.0	.0	.0	.2	.0	.0	.0	.2	.1	.2	.3
49 Finance companies	374.4	393.0	389.4	384.4	382.7	389.4	379.1	369.8	373.9	384.4	396.4
50 Mortgage companies	7.3	13.0	13.0	17.0	14.6	13.0	10.4	14.4	15.0	17.0	15.5
51 Real estate investment trusts (REITs)	12.4	14.0	14.1	17.4	15.3	14.1	13.7	14.4	15.9	17.4	18.9
52 Issuers of asset-backed securities (ABSs)	278.3	329.4	393.7	458.6	377.5	393.7	404.2	416.9	436.4	458.6	471.0
	All sectors										
53 **Total credit market debt, domestic and foreign**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9**	**15,341.4**	**15,602.4**	**15,894.5**	**16,125.0**
54 U.S. government securities	3,911.7	4,335.7	4,795.5	5,208.8	4,677.6	4,795.5	4,891.2	4,970.9	5,084.7	5,208.8	5,339.8
55 Tax-exempt securities	1,062.1	1,131.6	1,197.3	1,257.8	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,257.8	1,270.0
56 Corporate and foreign bonds	1,673.5	1,823.1	1,979.5	2,186.1	1,940.6	1,979.5	2,033.5	2,076.9	2,140.5	2,186.1	2,227.8
57 Mortgages	3,719.7	3,885.5	4,006.7	4,172.6	3,984.5	4,006.7	4,023.3	4,072.9	4,130.3	4,172.6	4,211.1
58 Consumer credit	813.0	799.9	809.2	858.3	784.5	809.2	793.7	802.3	821.7	858.3	849.9
59 Bank loans n.e.c.	818.3	791.7	783.7	779.2	780.2	783.7	764.3	773.5	770.1	779.2	788.1
60 Open market paper	609.9	565.9	579.0	580.0	583.6	579.0	565.4	572.0	568.2	580.0	581.7
61 Other loans	928.4	835.8	851.7	851.8	845.5	851.7	843.7	847.0	845.1	851.8	856.6

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	1990	1991	1992	1993	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9**	**15,341.4**	**15,602.4**	**15,894.5**	**16,125.0**
2 Private domestic nonfinancial sectors	2,246.8	2,205.8	2,288.3	2,251.9	2,209.1	2,288.3	2,266.3	2,227.9	2,208.2	2,251.9	2,312.1
3 Households	1,454.6	1,380.0	1,434.2	1,392.7	1,369.4	1,434.2	1,419.8	1,375.4	1,358.4	1,392.7	1,450.7
4 Nonfarm noncorporate business	54.9	50.7	48.3	45.8	48.1	48.3	47.0	46.3	45.6	45.8	44.4
5 Nonfinancial corporate business	175.8	180.1	216.4	228.8	199.5	216.4	208.1	214.9	220.9	228.8	226.6
6 State and local governments	561.5	595.1	589.4	584.6	592.1	589.4	591.5	591.4	583.4	584.6	590.4
7 U.S. government	239.1	247.0	235.0	216.4	239.2	235.0	229.2	223.0	218.6	216.4	206.3
8 Foreign	897.5	936.2	1,031.6	1,151.4	1,015.5	1,031.6	1,041.7	1,065.0	1,099.6	1,151.4	1,179.5
9 Financial sectors	10,153.1	10,780.3	11,447.8	12,274.8	11,319.0	11,447.8	11,587.7	11,825.4	12,075.9	12,274.8	12,427.1
10 Government-sponsored enterprises	371.8	397.7	466.7	551.0	446.3	466.7	464.1	496.7	532.0	551.0	570.5
11 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
12 Monetary authority	241.4	272.5	300.4	336.7	285.2	300.4	303.6	318.2	324.2	336.7	341.5
13 Commercial banking	2,772.5	2,856.8	2,951.6	3,094.8	2,928.2	2,951.6	2,960.9	3,003.2	3,040.2	3,094.8	3,125.8
14 U.S. commercial banks	2,466.7	2,506.0	2,575.7	2,726.2	2,560.0	2,575.7	2,594.6	2,633.8	2,674.7	2,726.2	2,748.3
15 Foreign banking offices	270.8	319.2	335.8	326.0	328.9	335.8	326.7	327.1	322.3	326.0	332.3
16 Bank holding companies	13.4	11.9	17.5	17.4	17.5	17.5	16.4	18.4	18.6	17.4	19.6
17 Banks in U.S. affiliated areas	21.6	19.7	22.5	25.1	21.8	22.5	23.3	23.9	24.5	25.1	25.6
18 Private nonbank finance	5,747.4	6,096.7	6,457.1	6,943.7	6,415.3	6,457.1	6,559.2	6,706.0	6,852.5	6,943.7	7,000.9
19 Thrift institutions	1,324.6	1,197.3	1,140.9	1,127.7	1,144.9	1,140.9	1,130.0	1,129.8	1,134.0	1,127.7	1,127.5
20 Insurance	2,473.7	2,708.0	2,874.9	3,067.3	2,854.5	2,874.9	2,943.9	2,992.3	3,057.5	3,067.3	3,086.9
21 Life insurance companies	1,116.5	1,199.6	1,282.0	1,391.5	1,264.7	1,282.0	1,317.3	1,349.5	1,378.6	1,391.5	1,426.5
22 Other insurance companies	344.0	376.3	389.0	398.4	386.9	389.0	391.2	393.8	396.0	398.4	403.4
23 Private pension funds	607.4	692.7	719.0	759.2	728.2	719.0	748.5	751.3	774.3	759.2	733.0
24 State and local government retirement funds	405.9	439.4	484.9	518.2	474.6	484.9	486.9	497.7	508.7	518.2	524.0
25 Finance n.e.c.	1,949.1	2,191.5	2,441.2	2,748.7	2,415.9	2,441.2	2,485.3	2,584.0	2,661.0	2,748.7	2,786.5
26 Finance companies	497.0	484.9	486.6	481.3	477.8	486.6	473.7	473.5	472.0	481.3	492.8
27 Mortgage companies	14.6	25.9	26.1	25.7	29.3	26.1	13.5	29.7	29.2	25.7	22.7
28 Mutual funds	360.2	450.5	574.2	738.2	550.2	574.2	611.4	659.9	703.6	738.2	754.3
29 Closed-end funds	37.1	52.4	64.6	76.0	61.3	64.6	66.9	70.1	72.8	76.0	79.1
30 Money market funds	372.7	402.7	404.1	417.0	408.2	404.1	404.5	403.9	400.6	417.0	422.2
31 Real estate investment trusts (REITs)	7.7	6.8	7.4	8.6	7.4	7.4	8.1	8.3	8.6	8.6	8.8
32 Brokers and dealers	177.9	226.9	267.1	324.2	289.6	267.1	287.0	303.6	320.9	324.2	314.7
33 Asset-backed securities issuers (ABSs)	269.1	318.1	379.9	443.5	365.1	379.9	390.2	402.6	422.9	443.5	456.0
34 Bank personal trusts	212.9	223.3	231.2	234.3	226.9	231.2	230.0	232.2	230.4	234.3	235.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9**	**15,341.4**	**15,602.4**	**15,894.5**	**16,125.0**
Other liabilities											
36 Official foreign exchange	61.3	55.4	51.8	53.4	55.4	51.8	54.5	53.9	55.6	53.4	56.4
37 Treasury currency and special drawing rights certificates	26.3	26.3	24.5	25.0	26.5	24.5	24.6	24.7	24.8	25.0	25.1
38 Life insurance reserves	380.0	405.7	433.0	483.5	426.4	433.0	446.4	456.2	471.1	483.5	495.9
39 Pension fund reserves	3,400.3	4,056.5	4,357.8	4,774.7	4,250.0	4,357.8	4,494.2	4,557.5	4,706.0	4,774.7	4,685.2
40 Interbank claims	64.0	65.2	113.1	146.3	100.7	113.1	111.1	118.1	137.6	146.3	177.9
41 Deposits at financial institutions	4,836.8	4,885.2	4,892.1	4,977.9	4,909.3	4,892.1	4,887.8	4,929.3	4,924.2	4,977.9	4,983.1
42 Checkable deposits and currency	932.8	1,008.5	1,131.0	1,250.5	1,072.0	1,131.0	1,092.2	1,169.1	1,182.6	1,250.5	1,225.0
43 Small time and savings deposits	2,336.3	2,353.0	2,292.2	2,212.4	2,303.7	2,292.2	2,262.0	2,242.2	2,223.0	2,212.4	2,215.2
44 Large time deposits	537.7	476.9	397.2	381.1	418.4	397.2	398.3	389.9	379.7	381.1	374.2
45 Money market fund shares	498.4	539.6	543.6	559.4	552.9	543.6	556.6	549.8	547.9	559.4	582.2
46 Security repurchase agreements	372.3	355.8	389.4	456.6	417.6	389.4	443.5	448.4	470.9	456.6	470.6
47 Foreign deposits	159.4	151.3	138.8	117.9	144.6	138.8	135.3	129.8	120.2	117.9	115.9
48 Mutual fund shares	602.1	813.9	1,042.1	1,429.3	965.6	1,042.1	1,134.6	1,225.8	1,342.4	1,429.3	1,503.1
49 Security credit	137.4	188.9	217.3	279.3	214.5	217.3	225.1	234.7	254.5	279.3	280.2
50 Trade debt	936.4	926.7	978.1	1,032.1	965.1	978.1	976.4	985.4	1,007.5	1,032.1	1,030.4
51 Taxes payable	77.4	68.9	76.8	80.5	74.6	76.8	79.9	77.9	79.3	80.5	83.6
52 Investment in bank personal trusts	509.9	596.7	619.1	643.9	610.9	619.1	622.5	629.1	632.8	643.9	634.4
53 Miscellaneous	2,732.4	2,884.3	3,053.7	3,273.7	3,026.7	3,053.7	3,069.9	3,160.3	3,216.1	3,273.7	3,365.8
54 **Total liabilities**	**27,300.7**	**29,143.0**	**30,862.1**	**33,093.9**	**30,408.2**	**30,862.1**	**31,251.8**	**31,794.3**	**32,454.4**	**33,093.9**	**33,446.2**
Financial assets not included in liabilities (+)											
55 Gold and special drawing rights	22.0	22.3	19.6	20.1	23.2	19.6	19.8	20.0	20.3	20.1	20.4
56 Corporate equities	3,543.7	4,869.4	5,540.6	6,120.7	4,995.4	5,540.6	5,721.3	5,741.9	6,006.6	6,120.7	5,961.9
57 Household equity in noncorporate business	2,440.6	2,344.6	2,274.5	2,228.3	2,320.3	2,274.5	2,259.8	2,261.0	2,252.6	2,228.3	2,179.3
Floats not included in assets (−)											
58 U.S. government checkable deposits	15.0	3.8	6.8	5.6	4.0	6.8	3.4	3.5	2.2	5.6	.3
59 Other checkable deposits	28.9	30.9	32.5	28.7	23.3	32.5	27.2	29.6	21.7	28.7	21.8
60 Trade credit	−146.0	−144.1	−128.5	−109.2	−149.6	−128.5	−135.7	−140.4	−139.1	−109.2	−114.1
Liabilities not identified as assets (−)											
61 Treasury currency	−4.1	−4.8	−4.9	−5.1	−4.9	−4.9	−5.0	−5.0	−5.1	−5.1	−5.2
62 Interbank claims	−32.0	−4.2	−9.3	−4.7	−5.0	−9.3	−5.6	−5.7	−7.8	−4.7	−7.4
63 Security repurchase agreements	−17.7	−12.5	18.6	88.0	33.1	18.6	72.1	79.3	100.5	88.0	96.7
64 Taxes payable	17.8	15.5	22.4	29.6	18.2	22.4	11.1	20.1	19.0	29.6	21.4
65 Miscellaneous	−213.4	−254.6	−254.9	−377.7	−273.2	−254.9	−309.5	−301.5	−342.3	−377.7	−317.8
66 **Total identified to sectors as assets**	**33,658.6**	**36,749.2**	**39,014.1**	**41,807.8**	**38,101.2**	**39,014.1**	**39,594.7**	**40,137.4**	**41,084.7**	**41,807.8**	**41,912.2**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1991	1992	1993	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May[r]	1994 June
1 **Industrial production**[1]	**104.1**	**106.5**	**110.9**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.9[r]**	**116.1**	**116.3**	**116.8**
Market groupings												
2 Products, total	103.2	105.7	110.2	111.2	112.1	113.0	113.6	114.2	114.7[r]	114.9	115.0	115.6
3 Final, total	105.3	108.0	112.7	113.8	114.6	115.4	116.2	117.2	117.5[r]	117.5	117.6	118.2
4 Consumer goods	102.8	105.7	108.7	109.2	109.7	110.1	110.9	111.6	111.9[r]	111.6	111.5	112.1
5 Equipment	108.9	111.2	118.5	120.4	121.8	123.1	123.9	125.3	125.7[r]	126.1	126.5	126.9
6 Intermediate	96.8	99.0	102.6	103.5	104.3	105.4	105.7	105.1	105.9	106.8	107.1	107.7
7 Materials	105.4	107.7	111.9	112.8	113.9	115.5	116.0	116.2	117.7[r]	117.9	118.1	118.7
Industry groupings												
8 Manufacturing	103.7	106.8	111.7	112.9	114.0	115.4	115.6	116.1	117.2[r]	117.6	117.8	118.0
9 Capacity utilization, manufacturing (percent)[2]	77.8	78.6	80.6	80.8	81.5	82.3	82.2	82.4	83.0[r]	83.0	82.9	82.8
10 Construction contracts[3]	89.7	97.7	101.1[r]	103.0	105.0	102.0	103.0	107.0	110.0	103.0	108.0	105.0
11 Nonagricultural employment, total[4]	106.2	106.4	108.1	109.0	109.2	109.5	109.6	109.8	110.1	110.5	110.8	111.2
12 Goods-producing, total	96.6	94.9	93.1	94.2	94.4	94.4	94.5	94.5	94.8	95.3	95.3	95.5
13 Manufacturing, total	97.1	95.8	93.7	94.4	94.5	94.4	94.6	94.6	94.6	94.8	94.8	94.9
14 Manufacturing, production workers	96.0	94.5	93.7	94.7	94.8	94.9	95.1	95.3	95.4	95.7	95.7	95.9
15 Service-producing	109.4	110.5	112.8	113.7	114.0	114.3	114.4	114.6	115.0	115.4	115.7	116.2
16 Personal income, total	127.6	135.3	141.7	144.1	145.0	145.9	144.9[r]	147.4[r]	148.3[r]	149.2	150.2	n.a.
17 Wages and salary disbursements	124.5	131.5	136.2	138.8	139.2	139.9	141.2	141.5	142.1	142.9	144.1	n.a.
18 Manufacturing	113.7	117.8	117.8	119.1	119.9	120.7	120.8	121.8	121.9	121.8	121.7	n.a.
19 Disposable personal income[5]	128.6	136.8	143.1	145.4	146.3	147.3	145.8[r]	148.6[r]	149.5[r]	149.5	151.4	n.a.
20 Retail sales[6]	121.1	126.9	135.2	138.7	139.6	141.1	139.3	141.9	144.5	143.1	142.5	143.4
Prices[7]												
21 Consumer (1982–84=100)	136.2	140.3	144.5	145.7	145.8	145.8	146.2	146.7	147.2	147.4	147.5	148.0
22 Producer finished goods (1982=100)	121.7	123.2	124.7	124.6	124.5	124.1	124.5	124.8	125.0	125.0	125.3	125.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5,and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1991	1992	1993	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May[r]	1994 June
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	125,303	126,982	128,040	128,662	128,898	130,667	130,776	130,580	130,747	130,774	130,248
Employment											
2 Nonagricultural industries[3]	114,644	114,391	116,232	117,218	117,565	118,639	118,867	118,611	118,880	119,437	119,195
3 Agriculture	3,233	3,207	3,074	3,114	3,096	3,331	3,391	3,426	3,459	3,435	3,235
Unemployment											
4 Number	8,426	9,384	8,734	8,330	8,237	8,696	8,518	8,543	8,408	7,902	7,817
5 Rate (percent of civilian labor force)	6.7	7.4	6.8	6.5	6.4	6.7	6.5	6.5	6.4	6.0	6.0
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,256**	**108,519**	**110,171**	**111,366**	**111,610**	**111,711**	**111,919**	**112,298**	**112,699**	**112,951**	**113,330**
7 Manufacturing	18,455	18,192	17,804	17,944	17,942	17,968	17,970	17,980	18,007	18,004	18,038
8 Mining	689	631	599	604	618	616	612	609	606	603	604
9 Contract construction	4,650	4,471	4,571	4,733	4,738	4,744	4,745	4,806	4,893	4,906	4,922
10 Transportation and public utilities	5,762	5,709	5,710	5,800	5,792	5,793	5,803	5,816	5,759	5,859	5,870
11 Trade	25,365	25,391	25,849	25,819	25,907	25,914	25,968	26,039	26,165	26,206	26,316
12 Finance	6,646	6,571	6,605	6,763	6,769	6,771	6,776	6,781	6,791	6,781	6,792
13 Service	28,336	29,053	30,193	30,816	30,926	31,004	31,129	31,326	31,497	31,577	31,763
14 Government	18,402	18,653	18,841	18,887	18,918	18,901	18,916	18,941	18,981	19,015	19,025

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.
2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.
3. Includes self-employed, unpaid family, and domestic service workers.
4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1993 Q3	1993 Q4	1994 Q1[r]	1994 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1993 Q3	1993 Q4	1994 Q1[r]	1994 Q2
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**111.1**	**112.9**	**115.2**	**116.4**	**136.5**	**137.2**	**138.0**	**139.0**	**81.4**	**82.3**	**83.4**	**83.8**
2 Manufacturing	111.8	114.1	116.3	117.8	139.2	140.0	140.9	142.0	80.3	81.5	82.5	82.9
3 Primary processing[3]	107.7	109.9	110.7	112.4	128.3	128.6	129.0	129.5	83.9	85.5	85.8	86.8
4 Advanced processing[4]	113.8	116.1	118.9	120.4	144.4	145.4	146.6	148.0	78.8	79.9	81.2	81.3
5 Durable goods	114.2	118.1	121.0	122.4	145.4	146.3	147.6	149.1	78.5	80.7	82.0	82.1
6 Lumber and products	100.8	104.9	103.6	104.1	115.0	115.2	115.4	115.7	87.6	91.1	89.8	90.0
7 Primary metals	106.7	109.6	109.7	114.0	123.0	122.6	122.4	122.4	86.8	89.4	89.6	93.1
8 Iron and steel	112.3	115.6	114.8	121.2	126.9	126.3	126.0	126.0	88.6	91.5	91.1	96.2
9 Nonferrous	98.9	101.4	102.7	104.0	117.6	117.6	117.5	117.5	84.1	86.2	87.4	88.5
10 Nonelectrical machinery	147.2	152.7	158.8	164.8	175.7	178.2	181.7	186.2	83.8	85.7	87.4	88.5
11 Electrical machinery	129.7	132.6	136.4	140.9	155.7	157.7	160.3	163.3	83.2	84.1	85.1	86.3
12 Motor vehicles and parts	112.0	131.7	142.7	133.7	154.8	156.1	157.8	159.7	72.3	84.4	90.5	83.7
13 Aerospace and miscellaneous transportation equipment	87.4	85.2	82.5	82.0	133.2	132.8	132.2	131.4	65.6	64.2	62.4	62.4
14 Nondurable goods	108.9	109.2	110.5	112.1	131.6	132.1	132.7	133.4	82.8	82.6	83.2	84.0
15 Textile mill products	108.0	107.7	108.9	111.3	119.4	119.9	120.5	121.2	90.5	89.8	90.3	91.8
16 Paper and products	111.7	114.2	114.4	113.1	124.8	125.3	125.8	126.3	89.6	91.2	90.9	89.6
17 Chemicals and products	118.6	118.6	120.3	121.9	145.9	146.8	147.7	148.7	81.2	80.8	81.5	82.0
18 Plastics materials	111.5	114.4	117.6	...	131.1	132.0	133.0	...	85.1	86.6	88.4	...
19 Petroleum products	104.0	107.7	104.5	108.5	115.7	115.6	115.4	115.3	89.9	93.2	90.5	94.1
20 Mining	96.8	97.3	98.4	99.0	111.1	110.8	110.6	110.6	87.1	87.8	89.0	89.5
21 Utilities	117.5	115.6	119.9	119.1	134.0	134.3	134.7	135.2	87.8	86.1	89.0	88.1
22 Electric	118.0	114.8	118.2	119.2	131.2	131.7	132.2	132.8	89.9	87.2	89.4	89.8

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1993 June	1994 Jan.	1994 Feb.	1994 Mar.[r]	1994 Apr.[r]	1994 May[r]	1994 June[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.1**	**81.1**	**83.2**	**83.3**	**83.8**	**83.7**	**83.6**	**83.9**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.7	80.1	82.2	82.4	83.0	83.0	82.9	82.8
3 Primary processing[3]	99.0	82.7	89.7	66.8	89.1	78.0	83.8	85.9	85.3	86.3	86.7	87.0	86.8
4 Advanced processing[4]	99.0	82.7	86.3	71.4	83.3	76.0	78.6	80.7	81.2	81.6	81.5	81.3	81.2
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	78.0	81.9	82.0	82.2	82.3	82.0	82.0
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.2	84.9	91.2	89.1	89.0	89.4	90.5	90.2
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.4	85.7	90.3	87.9	90.7	93.5	93.0	92.8
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.2	87.3	91.9	88.5	93.0	97.0	95.9	95.7
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.2	83.4	87.9	86.9	87.3	88.4	88.6	88.4
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	71.4	82.4	86.7	87.4	88.1	88.3	88.5	88.7
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	77.3	81.9	84.7	84.9	85.8	86.5	86.4	86.1
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.3	74.5	90.5	92.6	88.3	86.5	82.8	81.9
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.5	66.3	63.0	62.0	62.2	62.1	62.4	62.6
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	83.0	82.7	83.0	84.0	83.9	84.2	84.0
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.5	91.9	89.6	90.2	91.2	92.2	91.5	91.8
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.3	91.7	90.4	91.3	91.1	89.7	90.4	88.6
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	79.4	81.4	81.0	81.2	82.2	81.3	82.4	82.2
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.3	86.6	87.3	88.2	89.8	88.7	...	...
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.5	90.0	90.8	90.6	90.2	94.3	94.6	93.6
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	88.0	87.6	89.3	89.9	90.4	89.3	88.8
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.1	86.3	90.6	89.0	87.5	86.1	86.8	91.4
22 Electric	99.0	82.7	88.3	78.7	94.8	86.3	88.2	90.2	89.3	88.7	87.3	88.0	94.1

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; petroleum refining; rubber and plastics; stone, clay, and glass; and primary and fabricated metals.

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.

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

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1987 proportion	1993 avg.	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.[r]	1994 Apr.[r]	1994 May[r]	1994 June[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**110.9**	**110.4**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.9**	**116.1**	**116.3**	**116.8**
2 Products	59.5	110.2	109.6	110.4	110.4	110.6	111.2	112.1	113.0	113.6	114.2	114.7	114.9	115.0	115.6
3 Final products	44.8	112.7	112.1	112.8	112.7	113.1	113.8	114.6	115.4	116.2	117.2	117.5	117.5	117.6	118.2
4 Consumer goods, total	26.5	108.7	108.1	108.9	108.6	108.5	109.2	109.7	110.1	110.9	111.6	111.9	111.6	111.5	112.1
5 Durable consumer goods	5.8	110.5	107.2	108.2	107.3	108.7	112.7	115.8	118.2	119.0	120.9	118.3	117.8	114.6	115.0
6 Automotive products	2.7	111.6	106.5	104.3	103.9	106.7	113.8	120.2	124.9	127.7	131.7	125.3	123.2	118.8	118.4
7 Autos and trucks	1.7	112.2	105.0	100.3	99.2	104.1	114.9	124.9	131.5	134.6	141.0	131.1	128.6	121.2	119.9
8 Autos, consumer	1.1	86.1	83.5	78.2	71.8	75.4	85.2	95.4	98.8	102.0	106.7	101.0	98.3	92.3	89.0
9 Trucks, consumer	.6	157.3	142.3	138.6	146.7	153.9	166.4	176.0	188.0	191.0	200.4	183.3	181.2	171.3	173.3
10 Auto parts and allied goods	1.0	110.6	109.1	111.0	111.8	111.1	111.9	112.3	113.9	116.3	116.2	115.4	114.0	114.7	116.1
11 Other	3.1	109.5	107.7	111.6	110.2	110.4	111.8	112.0	112.2	111.3	111.5	112.1	113.0	110.8	112.0
12 Appliances, A/C, and TV	.8	122.9	115.5	130.6	124.9	126.4	130.4	130.7	130.5	123.7	123.4	125.6	127.2	121.6	123.3
13 Carpeting and furniture	.9	102.2	103.3	103.8	103.2	102.4	104.1	102.5	102.8	104.0	105.5	104.5	106.1	104.1	105.3
14 Miscellaneous home goods	1.4	106.7	106.1	105.8	106.4	106.4	106.3	107.5	108.0	109.1	108.6	109.4	109.4	109.1	110.0
15 Nondurable consumer goods	20.7	108.2	108.3	109.1	109.0	108.4	108.2	107.9	107.9	108.6	109.0	110.1	109.8	110.6	111.3
16 Foods and tobacco	9.1	106.1	106.2	107.0	107.0	105.9	105.9	105.2	105.8	106.1	106.9	109.0	109.3	109.2	109.2
17 Clothing	2.6	94.9	96.0	95.2	94.3	93.3	93.3	94.3	95.1	93.8	94.4	95.8	96.9	96.9	96.1
18 Chemical products	3.6	122.5	123.0	123.9	123.7	124.1	122.6	122.3	122.0	121.6	123.3	125.4	123.6	125.4	125.3
19 Paper products	2.6	103.2	104.7	103.7	103.1	103.2	104.0	103.3	102.6	102.6	102.3	102.5	103.6	103.8	104.7
20 Energy	2.7	113.7	111.1	114.8	115.8	115.3	114.6	115.2	113.1	119.7	117.1	114.4	111.7	115.2	120.6
21 Fuels	.8	106.6	104.7	104.0	103.8	108.0	111.3	110.6	108.6	105.1	104.3	105.3	107.7	109.4	107.2
22 Residential utilities	2.0	116.5	113.6	119.0	120.4	118.2	115.9	117.0	114.9	125.4	122.1	117.9	113.2	117.4	125.7
23 Equipment	18.3	118.5	118.0	118.5	118.6	119.8	120.4	121.8	123.1	123.9	125.3	125.7	126.1	126.5	126.9
24 Business equipment	13.2	134.6	133.9	134.6	134.8	136.3	137.7	139.7	141.8	142.9	145.0	145.5	146.2	147.0	147.7
25 Information processing and related	5.5	155.8	155.6	158.1	158.2	160.6	162.0	164.5	167.2	170.1	173.5	175.2	175.9	177.9	179.8
26 Office and computing	1.9	223.1	221.4	226.5	230.6	234.8	241.8	248.6	256.1	261.5	269.5	272.1	274.7	277.6	282.3
27 Industrial	3.9	112.2	112.4	113.6	113.3	113.2	112.5	113.0	114.8	114.0	114.6	116.8	117.7	118.9	118.9
28 Transit	2.0	136.7	133.0	127.5	126.2	129.8	136.1	141.5	142.8	145.2	147.5	141.2	139.8	135.6	134.8
29 Autos and trucks	1.0	134.5	127.2	118.9	119.6	126.5	139.6	150.5	154.9	161.0	166.7	156.1	153.7	145.9	145.0
30 Other	1.8	115.6	114.8	116.2	119.1	119.1	119.4	119.3	120.8	119.4	120.7	121.4	123.9	125.8	126.2
31 Defense and space equipment	4.4	74.8	74.9	74.6	74.0	73.7	72.7	72.5	71.5	71.0	69.9	69.9	69.7	69.1	68.7
32 Oil and gas well drilling	.6	82.5	81.2	83.5	87.0	89.7	86.5	82.9	82.3	82.4	87.4	88.6	89.6	89.1	88.9
33 Manufactured homes	.2	118.9	111.6	115.8	115.5	120.7	123.4	130.4	141.1	145.3	139.7	143.6	136.2	135.9	...
34 *Intermediate products, total*	14.7	102.6	101.8	102.9	103.3	103.0	103.5	104.3	105.4	105.7	105.1	105.9	106.8	107.1	107.7
35 Construction supplies	5.9	96.8	95.3	96.4	97.3	97.8	98.6	99.5	101.3	100.5	98.9	99.7	101.6	102.1	102.3
36 Business supplies	8.8	106.5	106.1	107.3	107.2	106.4	106.7	107.5	108.1	109.2	109.3	110.0	110.3	110.4	111.3
37 Materials	40.5	111.9	111.7	111.7	112.1	112.2	112.8	113.9	115.5	116.0	116.2	117.7	117.9	118.1	118.7
38 Durable goods materials	20.5	115.5	114.5	115.1	115.6	116.5	117.5	119.1	121.5	122.2	121.9	124.1	125.0	125.0	125.7
39 Durable consumer parts	4.1	113.9	111.0	110.3	111.4	112.6	116.0	120.4	125.7	126.7	126.0	127.3	125.9	124.9	124.3
40 Equipment parts	7.4	123.4	123.0	123.8	124.7	126.0	127.0	127.5	128.6	130.7	131.6	133.9	135.7	136.6	138.3
41 Other	9.0	109.7	109.0	110.1	109.9	110.4	110.3	111.6	113.6	113.2	112.0	114.6	115.8	115.5	115.9
42 Basic metal materials	3.1	112.5	112.0	112.0	111.2	111.7	112.9	114.7	117.6	116.2	113.1	115.3	119.4	117.3	118.0
43 Nondurable goods materials	9.0	113.8	114.3	113.7	114.6	113.6	114.1	115.3	116.6	115.4	116.2	117.7	116.9	118.3	117.4
44 Textile materials	1.2	104.2	104.9	105.5	106.1	103.1	104.0	103.7	102.1	103.2	104.4	106.2	106.4	106.0	106.3
45 Pulp and paper materials	2.0	113.7	115.7	112.4	111.5	112.7	113.2	115.2	115.2	114.0	116.1	117.6	114.7	116.5	112.4
46 Chemical materials	3.8	116.9	117.3	116.9	118.6	117.1	117.2	119.1	119.9	119.7	120.4	121.6	121.5	123.6	123.5
47 Other	2.0	113.8	112.6	113.8	114.9	114.1	115.1	114.9	120.2	115.6	115.1	116.8	116.2	117.0	117.0
48 Energy materials	11.0	103.7	104.4	103.6	103.7	103.1	103.0	103.1	103.2	104.8	105.6	105.6	105.6	104.9	106.5
49 Primary energy	7.3	99.1	100.7	98.0	98.0	98.4	98.2	97.6	97.5	97.3	100.2	101.1	101.4	100.4	100.9
50 Converted fuel materials	3.7	112.7	111.9	114.4	114.9	112.3	112.6	113.8	114.5	119.6	116.1	114.4	113.7	113.8	117.4
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	110.6	110.3	111.0	111.2	111.2	111.5	112.2	113.2	113.7	114.0	115.2	115.5	115.9	116.5
52 Total excluding motor vehicles and parts	95.2	110.4	110.2	110.9	111.1	111.1	111.3	111.8	112.7	113.2	113.4	114.7	115.0	115.4	116.1
53 Total excluding office and computing machines	97.7	108.2	107.8	108.1	108.2	108.3	108.8	109.6	110.6	111.1	111.3	112.1	112.3	112.4	112.9
54 Consumer goods excluding autos and trucks	24.8	108.5	108.3	109.5	109.3	108.8	108.8	108.6	108.7	109.3	109.6	110.6	110.4	110.8	111.6
55 Consumer goods excluding energy	23.8	108.2	107.7	108.2	107.8	107.7	108.6	109.0	109.8	109.9	111.0	111.6	111.6	111.1	111.2
56 Business equipment excluding autos and trucks	12.8	134.6	134.5	136.0	136.1	137.2	137.5	138.7	140.6	141.3	143.2	144.6	145.6	147.1	148.0
57 Business equipment excluding office and computing equipment	11.3	119.7	119.2	119.2	118.7	119.8	120.2	121.3	122.5	123.0	124.1	124.3	124.6	125.0	125.1
58 Materials excluding energy	29.5	115.0	114.4	114.7	115.3	115.6	116.5	118.0	120.0	120.1	120.1	122.1	122.5	122.9	123.2

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

Group	SIC code[2]	1987 proportion	1993 avg.	1993 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1994 Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**110.9**	**110.4**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.9**	**116.1**	**116.3**	**116.8**
60 Manufacturing	...	84.3	111.7	111.2	111.6	111.8	112.1	112.9	114.0	115.4	115.6	116.1	117.2	117.6	117.8	118.0
61 Primary processing	...	27.1	107.6	107.3	107.4	107.9	107.7	108.5	109.9	111.3	110.7	110.0	111.4	112.1	112.6	112.5
62 Advanced processing	...	57.1	113.7	113.0	113.6	113.6	114.2	115.0	116.0	117.4	117.9	119.0	119.9	120.2	120.3	120.6
63 Durable goods	...	46.5	114.3	113.0	113.7	113.9	115.0	116.2	118.0	120.1	120.4	120.9	121.7	122.3	122.2	122.7
64 Lumber and products	24	2.1	100.6	97.6	99.6	100.9	101.8	104.6	104.9	105.2	105.2	102.8	102.9	103.3	104.7	104.4
65 Furniture and fixtures	25	1.5	103.3	102.7	103.5	105.2	105.2	104.8	104.2	106.3	105.4	107.4	107.6	108.5	107.9	109.4
66 Clay, glass, and stone products	32	2.4	98.7	98.2	98.8	98.4	99.9	99.7	*100.5*	*104.6*	*101.1*	*100.0*	*101.7*	*101.3*	*101.9*	*101.8*
67 Primary metals	33	3.3	106.5	105.6	105.6	107.2	107.3	106.1	109.8	113.0	110.5	107.6	111.1	114.4	113.8	113.6
68 Iron and steel	331,2	1.9	111.6	111.1	111.9	112.8	112.4	113.3	114.4	119.1	115.8	111.5	117.2	122.2	120.9	120.6
69 Raw steel	...	.1	105.7	106.6	106.9	106.3	105.9	107.2	106.2	110.9	102.0	105.8	106.0	105.3	105.7	...
70 Nonferrous	333–6,9	1.4	99.5	98.1	97.0	99.4	100.3	96.2	103.5	104.5	103.3	102.1	102.6	103.8	104.1	103.9
71 Fabricated metal products	34	5.4	99.5	98.3	99.6	99.6	99.6	100.7	102.1	102.6	103.9	103.0	104.1	104.9	104.8	105.3
72 Industrial and commercial machinery and computer equipment	35	8.5	144.1	143.3	146.1	147.1	148.4	150.3	152.0	155.7	156.3	158.8	161.4	163.1	164.9	166.5
73 Office and computing machines	357	2.3	223.1	221.4	226.5	230.6	234.8	241.8	248.6	256.1	261.5	269.5	272.1	274.7	277.6	282.3
74 Electrical machinery	36	6.9	127.5	126.4	128.6	129.5	130.9	131.4	132.1	134.3	134.8	136.1	138.3	140.3	141.0	141.5
75 Transportation equipment	37	9.9	104.2	101.2	98.9	98.5	100.4	104.2	108.3	110.7	111.9	113.0	110.1	108.8	106.3	106.0
76 Motor vehicles and parts	371	4.8	120.7	114.7	110.2	110.6	115.1	124.1	132.4	138.5	142.1	146.1	139.9	137.5	132.2	131.4
77 Autos and light trucks	...	2.2	118.4	111.2	106.0	104.0	109.2	120.8	131.7	138.4	141.8	148.5	138.4	135.7	127.8	126.0
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	88.7	88.6	88.3	87.2	86.7	85.5	85.7	84.5	83.4	82.0	82.1	81.8	82.1	82.1
79 Instruments	38	5.1	104.0	104.4	104.8	103.2	104.0	102.7	102.4	102.3	103.7	104.1	104.4	104.0	103.7	104.4
80 Miscellaneous	39	1.3	109.3	108.5	108.8	108.8	110.3	109.6	110.1	110.3	110.7	109.9	111.1	112.1	112.0	111.7
81 Nondurable goods	...	37.8	108.7	108.9	109.1	109.2	108.5	108.8	109.1	109.7	109.6	110.1	111.7	111.8	112.4	112.2
82 Foods	20	8.8	108.6	108.8	108.8	109.6	109.0	109.0	108.4	109.0	109.2	110.1	112.2	112.2	112.1	112.1
83 Tobacco products	21	1.0	91.0	89.4	97.3	90.3	85.4	86.4	83.3	84.3	88.2	86.7	89.4	91.3	92.0	91.9
84 Textile mill products	22	1.8	107.8	109.3	108.5	108.8	106.6	107.7	108.0	107.4	107.8	108.7	110.1	111.5	110.8	111.5
85 Apparel products	23	2.3	93.1	93.6	93.6	93.2	92.1	92.1	92.6	93.1	92.4	92.9	94.2	94.9	95.2	94.9
86 Paper and products	26	3.6	112.3	114.1	111.7	112.1	111.4	112.7	114.5	115.5	113.5	114.9	114.8	113.1	114.1	112.0
87 Printing and publishing	27	6.5	101.3	101.3	101.6	100.9	101.1	101.6	101.7	101.9	101.7	102.3	103.6	104.2	104.3	104.7
88 Chemicals and products	28	8.8	117.8	118.3	118.6	118.8	118.3	117.8	118.8	119.3	119.3	119.9	121.7	120.6	122.5	122.4
89 Petroleum products	29	1.3	104.9	104.2	103.2	103.5	105.3	108.2	107.8	107.1	104.8	104.5	104.1	108.7	109.0	107.9
90 Rubber and plastic products	30	3.2	115.9	115.1	116.9	117.5	116.7	116.5	117.8	119.3	120.3	119.7	122.5	123.1	123.7	124.4
91 Leather and products	31	.3	85.0	84.7	83.8	83.6	83.5	83.9	83.5	85.1	84.8	83.1	85.1	85.8	84.3	83.2
92 Mining	...	8.0	97.3	97.9	96.4	96.6	97.4	98.0	96.9	96.9	97.0	98.8	99.5	99.9	98.8	98.2
93 Metal	10	.3	167.6	169.7	170.4	152.9	159.4	175.8	168.5	177.3	177.8	167.4	167.3	171.3	159.3	166.6
94 Coal	11,12	1.2	103.8	106.9	100.9	98.5	104.4	104.4	101.1	104.7	104.0	114.4	120.4	119.8	113.2	109.1
95 Oil and gas extraction	13	5.8	92.2	92.6	91.6	93.3	92.6	92.6	91.8	90.9	91.0	91.8	91.5	92.0	92.1	91.9
96 Stone and earth minerals	14	.7	93.8	91.3	92.7	94.1	94.5	94.1	98.2	93.9	94.9	97.1	96.3	96.9	99.2	99.2
97 Utilities	...	7.7	116.2	115.4	118.0	118.4	116.2	114.9	116.1	115.8	121.9	119.8	118.0	116.3	117.3	123.7
98 Electric	491,3PT	6.1	115.9	115.5	118.8	119.5	115.8	113.7	115.2	115.5	119.1	118.1	117.4	115.8	116.9	125.1
99 Gas	492,3PT	1.6	117.2	115.1	115.0	114.4	118.0	119.1	119.4	117.0	132.6	126.4	120.1	118.0	118.7	118.4
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	111.2	110.9	111.7	111.8	111.9	112.2	112.9	114.0	114.0	114.3	115.8	116.4	116.9	117.2
101 Manufacturing excluding office and computing machines	...	81.9	108.6	108.0	108.3	108.4	108.6	109.2	110.2	111.4	111.4	111.7	112.8	113.1	113.2	113.3
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	...	***1,707.0***	***1,886.9***	***1,871.8***	***1,878.8***	***1,878.2***	***1,886.3***	***1,908.8***	***1,928.2***	***1,943.9***	***1,955.4***	***1,964.1***	***1,962.6***	***1,971.4***	***1,967.4***	***1,972.2***
103 Final	...	1,314.6	1,480.7	1,468.2	1,471.4	1,470.0	1,479.5	1,498.9	1,514.9	1,525.7	1,535.0	1,547.9	1,544.5	1,547.1	1,542.3	1,545.0
104 Consumer goods	...	866.6	944.1	936.1	939.2	937.3	940.2	953.1	960.2	963.7	968.7	974.0	972.4	973.5	969.8	971.8
105 Equipment	...	448.0	536.7	532.1	532.2	532.7	539.2	545.7	554.7	561.9	566.3	573.9	572.0	573.6	572.4	573.2
106 Intermediate	...	392.5	406.1	403.7	407.4	408.2	406.9	410.0	413.3	418.2	420.4	416.2	418.2	424.3	425.1	427.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1991	1992	1993	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.[r]	1994 Mar.[r]	1994 Apr.[r]	1994 May
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	949	1,095	1,199	1,234	1,265	1,298	1,363	1,474	1,312	1,252	1,313	1,380	1,357
2 One-family	754	911	986	1,004	1,036	1,078	1,132	1,181	1,071	1,054	1,068	1,069	1,083
3 Two-or-more-family	195	184	213	230	229	220	231	293	241	198	245	311	274
4 Started	1,014	1,200	1,288	1,319	1,359	1,409	1,406	1,612	1,271	1,328	1,519	1,471	1,497
5 One-family	840	1,030	1,126	1,178	1,160	1,231	1,248	1,383	1,125	1,121	1,271	1,211	1,197
6 Two-or-more-family	174	169	162	141	199	178	158	229	146	207	248	260	300
7 Under construction at end of period[1]	606	612	680	662	678	686	699	713	716	720	732	741	749
8 One-family	434	473	543	534	544	551	564	574	577	578	585	585	584
9 Two-or-more-family	173	140	137	128	134	135	135	139	139	142	147	156	165
10 Completed	1,091	1,158	1,193	1,248	1,172	1,248	1,248	1,289	1,216	1,334	1,273	1,358	1,446
11 One-family	838	964	1,040	1,068	1,041	1,081	1,107	1,139	1,075	1,185	1,115	1,198	1,257
12 Two-or-more-family	253	194	153	180	131	167	141	150	141	149	158	160	189
13 Mobile homes shipped	171	210	254	247	254	260	283	308	316	301	308	290	292
Merchant builder activity in one-family units													
14 Number sold	507	610	666	645	738	723	766	817	642	697	733	708	738
15 Number for sale at end of period[1]	284	266	294	286	288	291	294	294	296	298	297	297	298
Price of units sold (thousands of dollars)[2]													
16 Median	120.0	121.3	126.1	126.6	129.4	125.0	130.0	125.0	126.0	129.9	131.0	130.0	127.0
17 Average	147.0	144.9	147.6	150.6	150.1	146.9	152.5	146.4	153.4	150.7	152.1	153.5	152.0
EXISTING UNITS (one-family)													
18 Number sold	3,219	3,520	3,800	3,860	3,990	4,030	4,120	4,350	4,250	3,840	4,070	4,120	4,110
Price of units sold (thousands of dollars)[2]													
19 Median	99.7	103.6	106.5	108.8	107.2	106.6	107.1	107.4	107.9	107.2	107.6	108.9	109.8
20 Average	127.4	130.8	133.1	135.4	133.6	133.0	133.1	133.7	134.6	133.3	134.4	135.5	136.6
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**403,644[r]**	**435,355[r]**	**466,365[r]**	**464,680[r]**	**470,756[r]**	**477,807[r]**	**490,176[r]**	**499,931[r]**	**488,469[r]**	**485,894**	**496,042**	**499,514**	**504,204**
22 Private	293,536	316,115[r]	341,101[r]	339,267[r]	342,491[r]	350,164[r]	360,386[r]	367,271[r]	363,852[r]	361,895	371,681	377,108	379,619
23 Residential	157,837	187,870[r]	210,455[r]	208,538[r]	211,452[r]	216,559[r]	222,351[r]	228,549[r]	229,775[r]	233,322	236,767	238,767	240,614
24 Nonresidential	135,699	128,245[r]	130,646[r]	130,729[r]	131,039[r]	133,605[r]	138,035[r]	138,722[r]	134,077[r]	128,573	134,914	138,341	139,005
25 Industrial buildings	22,281	20,720	19,533[r]	19,417[r]	19,565[r]	19,239[r]	19,319[r]	20,391[r]	19,682[r]	19,972	19,905	21,309	21,604
26 Commercial buildings	48,482	41,523	42,627[r]	41,836[r]	41,794[r]	43,422[r]	46,696[r]	47,342[r]	43,261[r]	42,065	46,602	47,056	46,956
27 Other buildings	20,797	21,494	23,626[r]	25,600[r]	24,813[r]	24,486[r]	24,071[r]	24,225[r]	22,998[r]	22,258	23,918	23,789	23,950
28 Public utilities and other	44,139	44,508[r]	44,860[r]	43,876[r]	44,867[r]	46,458[r]	47,949[r]	46,764[r]	48,136[r]	44,278	44,489	46,187	46,495
29 Public	110,107[r]	119,238[r]	125,262[r]	125,413[r]	128,264[r]	127,642[r]	129,790[r]	132,659[r]	124,617[r]	123,999	124,361	122,407	124,586
30 Military	1,837	2,502	2,454[r]	2,553[r]	2,471[r]	2,289[r]	2,245[r]	2,298[r]	2,911[r]	2,404	2,231	2,189	2,206
31 Highway	32,041[r]	34,899[r]	37,355[r]	35,047[r]	39,033[r]	39,654[r]	40,742[r]	40,657[r]	38,410[r]	36,329	38,830	39,147	39,215
32 Conservation and development	5,010[r]	6,021[r]	5,976[r]	5,619[r]	6,294[r]	6,301[r]	5,218[r]	5,230[r]	5,707[r]	6,731	5,206	5,723	5,424
33 Other	71,219[r]	75,816[r]	79,477[r]	82,194[r]	80,466[r]	79,398[r]	81,585[r]	84,474[r]	77,589[r]	78,535	78,094	75,348	77,741

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, June 1994[1]
	1993 June	1994 June	1993		1994		1994[1]					
			Sept.	Dec.	Mar.	June	Feb.	Mar.	Apr.	May	June	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.0**	**2.5**	**2.0**	**3.3**	**2.5**	**2.5**	**.3**	**.3**	**.1**	**.2**	**.3**	**148.0**
2 Food	2.2	2.2	2.6	4.9	−1.1	2.8	−.3	.1	.1	.3	.3	143.5
3 Energy items	.6	−.8	−4.2	1.2	4.7	−4.9	1.6	.4	−.4	−1.0	.1	105.7
4 All items less food and energy	3.3	2.9	2.1	3.4	2.9	3.1	.3	.3	.2	.3	.3	156.2
5 Commodities	2.0	1.8	.0	2.4	.6	4.2	−.1	.3	.1	.4	.4	137.3
6 Services	4.0	3.5	3.5	3.7	4.2	2.4	.4	.4	.2	.2	.2	167.1
PRODUCER PRICES (1982=100)												
7 Finished goods	1.3	.0	−2.5	−.3	3.9	−.6	.4	.2	−.1	−.1	.0	125.5
8 Consumer foods	1.9	.4	3.2	5.2	−.9	−5.5	−.3	.5	−.5	−.9	.0	125.9
9 Consumer energy	−.6	−3.1	−7.4	−15.6	16.6	−3.6	2.8	.0	−.1	−1.0	.3	78.0
10 Other consumer goods	1.6	−.4	−6.4	1.5	2.3	1.2	.0	.1	−.1	.4	−.1	138.9
11 Capital equipment	1.6	2.5	2.2	.3	4.6	3.3	.2	.3	.4	.4	.1	134.3
Intermediate materials												
12 Excluding foods and feeds	1.2	1.0	−1.0	−.3	2.8	2.8	.4	.2	.0	.2	.5	118.2
13 Excluding energy	1.4	2.1	1.0	1.6	1.6	4.2	.1r	.2	.2	.3	.6	126.3
Crude materials												
14 Foods	−.2	.5	13.1	18.4	−4.8	−20.6	.9r	−1.2r	−1.1	−3.4	−1.2	107.7
15 Energy	1.0	−5.9	−28.1	−22.1	18.9	17.5	−6.3r	7.0r	−.1	1.0	3.3	76.1
16 Other	9.7	7.3	−4.5	15.4	23.4	−2.6	2.2r	.5r	−.3	−1.1	.7	152.0

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

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993	1993				1994
				Q1	Q2	Q3	Q4	Q1[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,722.9**	**6,038.5**	**6,377.9**	**6,261.6**	**6,327.6**	**6,395.9**	**6,526.5**	**6,623.1**
By source								
2 Personal consumption expenditures	3,906.4	4,139.9	4,391.8	4,296.2	4,359.9	4,419.1	4,492.0	4,563.7
3 Durable goods	457.8	497.3	537.9	515.3	531.6	541.9	562.8	578.0
4 Nondurable goods	1,257.9	1,300.9	1,350.0	1,335.3	1,344.8	1,352.4	1,367.5	1,382.5
5 Services	2,190.7	2,341.6	2,503.9	2,445.5	2,483.4	2,524.8	2,561.8	2,603.2
6 Gross private domestic investment	736.9	796.5	891.7	874.1	874.1	884.0	934.5	970.0
7 Fixed investment	745.5	789.1	876.1	839.5	861.0	876.3	927.6	949.1
8 Nonresidential	555.9	565.5	623.7	594.7	619.1	624.9	656.0	668.4
9 Structures	182.6	172.6	178.7	172.4	177.6	179.1	185.8	178.2
10 Producers' durable equipment	373.3	392.9	445.0	422.2	441.6	445.8	470.2	490.2
11 Residential structures	189.6	223.6	252.4	244.9	241.9	251.3	271.6	280.7
12 Change in business inventories	−8.6	7.3	15.6	34.6	13.1	7.7	6.9	20.9
13 Nonfarm	−8.6	2.3	21.1	33.0	16.8	22.6	12.0	22.3
14 Net exports of goods and services	−19.6	−29.6	−63.6	−48.3	−65.1	−71.9	−69.1	−83.5
15 Exports	601.5	640.5	661.7	651.3	660.0	653.2	682.4	678.2
16 Imports	621.1	670.1	725.3	699.6	725.0	725.1	751.5	761.7
17 Government purchases of goods and services	1,099.3	1,131.8	1,158.1	1,139.7	1,158.6	1,164.8	1,169.1	1,172.9
18 Federal	445.9	448.8	443.4	442.7	447.5	443.6	440.0	440.9
19 State and local	653.4	683.0	714.6	697.0	711.1	721.2	729.2	732.0
By major type of product								
20 Final sales, total	5,731.6	6,031.2	6,362.3	6,227.1	6,314.5	6,388.2	6,519.6	6,602.2
21 Goods	2,227.0	2,305.5	2,406.4	2,362.9	2,395.0	2,401.7	2,465.8	2,504.9
22 Durable	934.3	975.8	1,037.0	1,003.5	1,037.8	1,032.9	1,073.7	1,099.3
23 Nondurable	1,292.8	1,329.6	1,369.3	1,359.3	1,357.1	1,368.8	1,392.1	1,405.6
24 Services	3,032.7	3,221.1	3,410.5	3,341.8	3,388.1	3,437.8	3,474.3	3,523.5
25 Structures	471.9	504.7	545.5	522.4	531.5	548.7	579.5	573.8
26 Change in business inventories	−8.6	7.3	15.6	34.6	13.1	7.7	6.9	20.9
27 Durable goods	−12.9	2.1	10.9	15.0	2.7	14.8	11.0	19.0
28 Nondurable goods	4.3	5.3	4.7	19.5	10.4	−7.2	−4.1	1.9
MEMO								
29 **Total GDP in 1987 dollars**	**4,861.4**	**4,986.3**	**5,136.0**	**5,078.2**	**5,102.1**	**5,138.3**	**5,225.6**	**5,269.5**
NATIONAL INCOME								
30 **Total**	**4,598.3**	**4,836.6**	**5,140.3**	**5,038.9**	**5,104.0**	**5,143.2**	**5,275.0**	**5,317.1**
31 Compensation of employees	3,402.4	3,582.0	3,772.2	3,705.1	3,750.6	3,793.9	3,839.2	3,908.4
32 Wages and salaries	2,814.9	2,953.1	3,100.5	3,054.3	3,082.7	3,115.4	3,149.6	3,202.0
33 Government and government enterprises	545.3	567.5	589.7	584.1	586.3	592.8	595.4	603.5
34 Other	2,269.6	2,385.6	2,510.8	2,470.2	2,496.3	2,522.6	2,554.2	2,598.5
35 Supplement to wages and salaries	587.5	629.0	671.7	650.7	668.0	678.5	689.6	706.4
36 Employer contributions for social insurance	290.6	306.3	321.0	312.2	321.4	323.8	326.7	334.5
37 Other labor income	296.9	322.7	350.7	338.5	346.6	354.7	362.9	371.9
38 Proprietors' income[1]	376.4	414.3	443.2	444.1	439.4	422.5	467.0	474.8
39 Business and professional[1]	339.5	370.6	397.3	388.4	392.4	397.6	410.6	416.2
40 Farm[1]	36.8	43.7	46.0	55.7	47.0	24.8	56.4	58.6
41 Rental income of persons[2]	−12.8	−8.9	12.6	7.5	12.7	13.7	16.4	3.5
42 Corporate profits[1]	369.5	407.2	466.6	432.1	458.1	468.5	507.9	478.0
43 Profits before tax[3]	362.3	395.4	449.4	419.8	445.6	443.8	488.4	474.2
44 Inventory valuation adjustment	4.9	−5.3	−7.1	−12.7	−12.2	1.0	−4.3	−16.2
45 Capital consumption adjustment	2.2	17.1	24.3	25.1	24.7	23.8	23.9	20.0
46 Net interest	462.8	442.0	445.6	450.1	443.2	444.6	444.5	452.4

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	1991	1992	1993	1993				1994
				Q1	Q2	Q3	Q4	Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,850.9**	**5,144.9**	**5,388.3**	**5,254.7**	**5,373.2**	**5,412.7**	**5,512.7**	**5,583.2**
2 Wage and salary disbursements	2,815.0	2,973.1	3,080.5	2,974.3	3,082.7	3,115.4	3,149.6	3,202.0
3 Commodity-producing industries	738.1	756.5	763.6	740.7	765.1	769.4	779.3	790.0
4 Manufacturing	557.2	577.6	577.3	559.7	580.3	581.5	587.8	595.6
5 Distributive industries	648.0	682.0	706.6	682.9	709.1	714.4	720.1	731.3
6 Service industries	883.5	967.0	1,020.6	966.6	1,022.2	1,038.8	1,054.7	1,077.1
7 Government and government enterprises	545.4	567.5	589.7	584.1	586.3	592.8	595.4	603.5
8 Other labor income	296.9	322.7	350.7	338.5	346.6	354.7	362.9	371.9
9 Proprietors' income[1]	376.4	414.3	443.2	444.1	439.4	422.5	467.0	474.8
10 Business and professional[1]	339.5	370.6	397.3	388.4	392.4	397.6	410.6	416.2
11 Farm[1]	36.8	43.7	46.0	55.7	47.0	24.8	56.4	58.6
12 Rental income of persons[2]	−12.8	−8.9	12.6	7.5	12.7	13.7	16.4	3.5
13 Dividends	127.9	140.4	158.3	157.0	157.8	159.0	159.4	160.7
14 Personal interest income	715.6	694.3	695.2	695.4	693.1	695.7	696.7	704.5
15 Transfer payments	769.9	858.4	912.1	894.4	905.5	918.5	929.8	945.0
16 Old-age survivors, disability, and health insurance benefits	382.3	413.9	438.4	433.1	435.0	439.4	446.1	457.8
17 LESS: Personal contributions for social insurance	237.8	249.3	264.3	256.6	264.5	266.8	269.2	279.1
18 EQUALS: Personal income	4,850.9	5,144.9	5,388.3	5,254.7	5,373.2	5,412.7	5,512.7	5,583.2
19 LESS: Personal tax and nontax payments	620.4	644.8	681.6	657.1	681.0	689.0	699.2	715.6
20 EQUALS: Disposable personal income	4,230.5	4,500.2	4,706.7	4,597.5	4,692.2	4,723.7	4,813.5	4,867.6
21 LESS: Personal outlays	4,029.0	4,261.5	4,516.8	4,419.7	4,483.6	4,544.0	4,620.1	4,695.3
22 EQUALS: Personal saving	201.5	238.7	189.9	177.9	208.7	179.7	193.4	172.3
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,237.9	19,518.0	19,887.4	19,744.4	19,785.4	19,868.8	20,150.1	20,270.9
24 Personal consumption expenditures	12,895.2	13,080.9	13,371.3	13,234.2	13,311.6	13,416.2	13,522.7	13,663.6
25 Disposable personal income	13,965.0	14,219.0	14,330.0	14,163.0	14,326.0	14,341.0	14,491.0	14,573.0
26 Saving rate (percent)	4.8	5.3	4.0	3.9	4.4	3.8	4.0	3.5
GROSS SAVING								
27 **Gross saving**	**733.7**	**717.8**	**780.2**	**762.0**	**766.7**	**774.3**	**817.8**	**860.9**
28 Gross private saving	929.9	986.9	1,004.8	1,024.8	988.3	988.7	1,017.5	1,027.7
29 Personal saving	201.5	238.7	189.9	177.9	208.7	179.7	193.4	172.3
30 Undistributed corporate profits[1]	102.3	110.4	123.6	103.7	116.3	129.3	145.1	119.6
31 Corporate inventory valuation adjustment	4.9	−5.3	−7.1	−12.7	−12.2	1.0	−4.3	−16.2
Capital consumption allowances								
32 Corporate	383.2	396.6	408.8	402.2	405.2	414.0	413.9	433.4
33 Noncorporate	242.8	261.3	262.5	261.0	258.1	265.7	265.1	302.5
34 Government surplus, or deficit (−), national income and product accounts	−196.2	−269.1	−224.6	−262.8	−221.5	−214.4	−199.7	−166.9
35 Federal	−203.4	−276.3	−226.4	−263.5	−222.6	−212.7	−207.0	−163.6
36 State and local	7.3	7.2	1.8	.8	1.1	−1.7	7.2	−3.2
37 **Gross investment**	**743.3**	**741.4**	**795.4**	**796.5**	**778.7**	**787.6**	**819.0**	**852.3**
38 Gross private domestic	736.9	796.5	891.7	874.1	874.1	884.0	934.5	970.0
39 Net foreign	6.4	−55.1	−96.2	−77.6	−95.4	−96.4	−115.5	−117.8
40 **Statistical discrepancy**	**9.6**	**23.6**	**15.2**	**34.4**	**12.0**	**13.3**	**1.2**	**−8.6**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1991	1992	1993	1993				1994
				Q1	Q2	Q3	Q4	Q1[p]
1 Balance on current account	−6,952	−67,886	−103,896	−19,850	−25,602	−27,856	−30,587	−31,901
2 Merchandise trade balance[2]	−74,068	−96,097	−132,575	−29,191	−33,727	−36,488	−33,169	−36,965
3 Merchandise exports	416,913	440,361	456,866	111,664	113,787	111,736	119,679	118,012
4 Merchandise imports	−490,981	−536,458	−589,441	−140,855	−147,514	−148,224	−152,848	−154,977
5 Military transactions, net	−5,485	−3,034	−763	−105	−129	−87	−444	−391
6 Other service transactions, net	51,082	58,747	57,613	14,874	14,786	14,317	13,637	13,091
7 Investment income, net	14,832	4,540	3,947	1,855	668	2,015	−590	−367
8 U.S. government grants	23,959	−15,010	−14,620	−3,186	−2,729	−3,114	−5,591	−2,427
9 U.S. government pensions and other transfers	−3,461	−3,735	−3,785	−827	−985	−986	−987	−966
10 Private remittances and other transfers	−13,811	−13,297	−13,712	−3,270	−3,486	−3,513	−3,443	−3,876
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,900	−1,652	−306	488	−281	−192	−321	446
12 Change in U.S. official reserve assets (increase, −)	5,763	3,901	−1,379	−983	822	−544	−673	−59
13 Gold	0	0	0	0	0	0	0	0
14 *Special drawing rights (SDRs)*	−177	2,316	−537	−140	−166	−118	−113	−101
15 Reserve position in International Monetary Fund	−367	−2,692	−44	−228	313	−48	−80	−3
16 Foreign currencies	6,307	4,277	−797	−615	675	−378	−480	45
17 Change in U.S. private assets abroad (increase, −)	−60,175	−63,759	−146,214	−12,164	−36,507	−34,915	−62,628	−56,325
18 Bank-reported claims[3]	4,763	22,314	32,238	28,601	5,595	7,335	−9,293	−9,062
19 *Nonbank-reported claims*	11,097	45	−598	−5,046	−87	4,838	−303	...
20 U.S. purchases of foreign securities, net	−44,740	−45,114	−119,983	−24,517	−24,340	−40,777	−30,349	−26,904
21 U.S. direct investments abroad, net	−31,295	−41,004	−57,871	−11,202	−17,675	−6,311	−22,683	−20,359
22 Change in foreign official assets in United States (increase, +)	17,199	40,858	71,681	10,968	17,492	19,259	23,962	11,353
23 U.S. Treasury securities	14,846	18,454	48,702	1,080	5,668	19,098	22,856	1,361
24 Other U.S. government obligations	1,301	3,949	4,062	665	1,082	1,345	970	50
25 Other U.S. government liabilities[4]	1,177	2,572	1,666	−438	158	1,121	825	1,096
26 Other U.S. liabilities reported by U.S. banks[3]	−1,484	16,571	14,666	8,257	9,485	−2,489	−587	9,636
27 Other foreign official assets[5]	1,359	−688	2,585	1,404	1,099	184	−102	−790
28 Change in foreign private assets in United States (increase, +)	80,935	105,646	159,017	5,804	34,337	52,675	66,200	71,774
29 U.S. bank-reported liabilities[3]	3,994	15,461	18,452	−19,995	3,459	27,618	7,370	34,118
30 U.S. nonbank-reported liabilities	−3,115	13,573	14,282	774	7,606	1,169	4,733	...
31 Foreign private purchases of U.S. Treasury securities, net	18,826	36,857	24,849	14,001	−622	3,474	7,996	9,243
32 Foreign purchases of other U.S. securities, net	35,144	29,867	80,068	9,590	15,025	17,445	38,008	20,340
33 Foreign direct investments in United States, net	26,086	9,888	21,366	1,434	8,869	2,969	8,093	8,073
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−39,670	−17,108	21,096	15,737	9,739	−8,427	4,047	4,712
36 Due to seasonal adjustment	...	...	...	6,105	435	−6,643	103	5,719
37 Before seasonal adjustment	−39,670	−17,108	21,096	9,632	9,304	−1,785	3,944	−1,007
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	5,763	3,901	−1,379	−983	822	−544	−673	−59
39 Foreign official assets in United States, excluding line 25 (increase, +)	16,022	38,286	70,015	11,406	17,334	18,138	23,137	10,257
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−4,882	5,942	−3,847	445	−869	−3,194	−229	−1,937

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1991	1992	1993	1993		1994				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 Goods and services, balance	−28,472	−40,384	−75,725	−7,534	−4,526	−7,780	−9,609	−6,875	−8,528	−9,174
2 *Merchandise*	−74,068	−96,097	−132,575	−11,522	−9,115	−11,971	−13,541	−11,450	−13,337	−14,073
3 Services	45,596	55,713	56,850	3,988	4,589	4,191	3,932	4,575	4,809	4,899
4 Goods and services, exports	580,127	616,924	641,677	54,464	56,727	53,479	52,645	58,072	56,152	56,273
5 *Merchandise*	416,913	440,361	456,866	39,364	40,953	38,530	37,426	42,060	40,378	40,449
6 Services	163,214	176,563	184,811	15,100	15,774	14,949	15,219	16,012	15,774	15,824
7 Goods and services, imports	−608,599	−657,308	−717,402	−61,998	−61,253	−61,259	−62,254	−64,947	−64,680	−65,447
8 *Merchandise*	−490,981	−536,458	−589,441	−50,886	−50,068	−50,501	−50,967	−53,510	−53,715	−54,522
9 Services	−117,618	−120,850	−127,961	−11,112	−11,185	−10,758	−11,287	−11,437	−10,965	−10,925
MEMO										
10 **Balance on merchandise trade, Census basis**	**−66,723**	**−84,501**	**−115,568**	**−9,895**	**−7,782**	**−10,850**	**−12,072**	**−9,583**	**−12,045**	**−12,678**

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. FT900, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1990	1991	1992	1993	1994					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Total**	**83,316**	**77,719**	**71,323**	**73,442**	**74,243**	**75,766**	**76,809**	**76,565**	**74,420**	**75,732**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,053	11,053	11,053	11,052	11,053	11,052	11,052
3 Special drawing rights[2,3]	10,989	11,240	8,503	9,039	9,070	9,295	9,383	9,440	9,522	9,731
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	11,818	11,906	11,974	12,135	11,899	11,841	12,184
5 Foreign currencies[4]	52,193	45,934	40,005	41,532	42,214	43,444	44,239	44,173	42,005	42,765

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1990	1991	1992	1993	1994					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 Deposits	369	968	205	386	257	190	454	171	174	604
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	379,394	388,065	393,238	399,817	396,495	402,170	411,580
3 Earmarked gold[3]	13,387	13,303	13,118	12,327	12,302	12,238	12,145	12,104	12,065	12,065

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 at face value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1991	1992	1993		1994				
			Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.	May[p]
1 **Total**[1]	**360,530**	**398,816**	**457,075**	**468,786**	**478,554**	**477,939**	**479,380**	**465,339**	**473,830**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,967	67,964	69,648	78,546	77,998	79,786	74,681	76,442
3 U.S. Treasury bills and certificates[3]	92,692	104,596	144,865	150,900	146,940	143,222	148,707	140,653	134,568
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	208,154	211,791	216,075	220,120	215,069	214,429	225,682
5 Nonmarketable[4]	4,858	4,532	5,615	5,652	5,689	5,725	5,763	5,799	5,837
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	30,477	30,795	31,304	30,874	30,055	29,777	31,301
By area									
7 Europe[1]	171,317	191,708	208,694	209,143	216,698	210,655	217,448	212,799	215,776
8 Canada	7,460	7,920	8,657	9,505	10,084	9,844	8,328	8,121	8,725
9 Latin America and Caribbean	33,554	40,025	50,420	57,960	57,671	61,313	55,451	46,487	45,779
10 Asia	139,465	152,276	182,462	185,319	187,362	189,050	191,421	191,045	196,340
11 Africa	2,092	3,565	3,650	3,894	3,681	4,043	3,560	3,533	3,811
12 Other countries[6]	6,640	3,320	3,190	2,963	3,056	3,032	3,170	3,352	3,397

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	1990	1991	1992	1993[r]			1994
				June	Sept.	Dec.	Mar.[r]
1 Banks' liabilities	70,477	75,129	72,796	75,221	81,225	77,627	85,486
2 Banks' claims	66,796	73,195	62,799	55,549	59,136	59,151	72,187
3 Deposits	29,672	26,192	24,240	20,464	20,930	19,379	18,118
4 Other claims	37,124	47,003	38,559	35,085	38,206	39,772	54,069
5 Claims of banks' domestic customers[2]	6,309	3,398	4,432	2,775	2,494	3,058	3,655

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	1991	1992	1993	1993		1994				
				Nov.	Dec.	Jan.[r]	Feb.	Mar.	Apr.[r]	May[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**756,066**	**810,259**	**911,762[r]**	**902,554[r]**	**911,762[r]**	**895,879**	**920,638[r]**	**951,083[r]**	**958,489**	**959,781**
2 Banks' own liabilities	575,374	606,444	620,865[r]	616,209	620,865[r]	609,542	631,501[r]	649,489[r]	666,899	665,122
3 Demand deposits	20,321	21,828	21,575[r]	25,466[r]	21,575[r]	23,644	24,417[r]	22,905	23,509	27,749
4 Time deposits[2]	159,649	160,385	175,117[r]	157,014[r]	175,117[r]	159,421	159,743[r]	176,747[r]	177,916	182,895
5 *Other*[3]	66,305	93,237	109,957[r]	126,826[r]	109,957[r]	129,411	136,096[r]	112,519[r]	124,531	123,492
6 Own foreign offices[4]	329,099	330,994	314,216[r]	306,903[r]	314,216[r]	297,066	311,245[r]	337,318[r]	340,943	330,986
7 Banks' custodial liabilities[5]	180,692	203,815	290,897[r]	286,345[r]	290,897[r]	286,337	289,137[r]	301,594[r]	291,590	294,659
8 U.S. Treasury bills and certificates[6]	110,734	127,644	176,430	169,729	176,430	170,694	166,980	173,137	167,891	160,573
9 Other negotiable and readily transferable instruments[7]	18,664	21,974	36,078	38,555	36,078	37,329	41,892	41,727	38,151	48,705
10 *Other*	51,294	54,197	78,389[r]	78,061[r]	78,389[r]	78,314	80,265[r]	86,730[r]	85,548	85,381
11 Nonmonetary international and regional organizations[8]	8,981	9,350	10,935[r]	12,965	10,935[r]	11,318	7,299[r]	8,086[r]	5,912	8,336
12 Banks' own liabilities	6,827	6,951	5,639[r]	9,091	5,639[r]	7,304	5,924[r]	5,641[r]	4,328	6,410
13 Demand deposits	43	46	15	34	15	172	320[r]	209	26	35
14 Time deposits[2]	2,714	3,214	2,780	2,863	2,780	3,665	2,533[r]	2,482[r]	2,411	2,758
15 *Other*[3]	4,070	3,691	2,844[r]	6,194	2,844[r]	3,467	3,071[r]	2,950[r]	1,891	3,617
16 Banks' custodial liabilities[5]	2,154	2,399	5,296	3,874	5,296	4,014	1,375	2,445	1,584	1,926
17 U.S. Treasury bills and certificates[6]	1,730	1,908	4,275	3,201	4,275	3,497	1,321	2,097	1,358	857
18 Other negotiable and readily transferable instruments[7]	424	486	1,021	672	1,021	517	54	338	226	1,069
19 Other	0	5	0	1	0	0	0	10	0	0
20 Official institutions[9]	131,088	159,563	220,548[r]	212,829	220,548[r]	225,486	221,220	228,493	215,334	211,010
21 Banks' own liabilities	34,411	51,202	64,071[r]	62,168	64,071[r]	71,531	67,369	67,085	64,668	64,348
22 Demand deposits	2,626	1,302	1,601	2,089	1,601	1,631	1,406	1,758	1,504	1,435
23 Time deposits[2]	16,504	17,939	21,654[r]	17,208[r]	21,654[r]	20,237	20,028	23,923	22,050	24,384
24 Other[3]	15,281	31,961	40,816[r]	42,871[r]	40,816[r]	49,663	45,935	41,404	41,114	38,529
25 *Banks' custodial liabilities*[5]	96,677	108,361	156,477	150,661	156,477	153,955	153,851	161,408	150,666	146,662
26 U.S. Treasury bills and certificates[6]	92,692	104,596	150,900	144,865	150,900	146,940	143,222	148,707	140,653	134,568
27 Other negotiable and readily transferable instruments[7]	3,879	3,726	5,482	5,614	5,482	6,855	10,527	12,414	9,969	12,050
28 Other	106	39	95	182	95	160	102	287	44	44
29 Banks[10]	522,265	547,320	579,467[r]	571,642[r]	579,467[r]	554,851	585,118[r]	609,371[r]	622,531	625,685
30 *Banks' own liabilities*	459,335	476,117	474,602[r]	468,526	474,602[r]	451,239	479,177[r]	497,562[r]	514,480	510,462
31 Unaffiliated foreign banks	130,236	145,123	160,386	161,623[r]	160,386	154,173	167,932[r]	160,244[r]	173,537	179,476
32 Demand deposits	8,648	10,170	9,719	13,373[r]	9,719	11,031	11,986	10,609	11,656	15,435
33 Time deposits[2]	82,857	90,296	105,192	92,265	105,192	87,788	92,401[r]	104,664[r]	107,433	108,926
34 Other[3]	38,731	44,657	45,475	55,985[r]	45,475	55,354	63,545	44,971[r]	54,448	55,115
35 Own foreign offices[4]	329,099	330,994	314,216[r]	306,903[r]	314,216[r]	297,066	311,245[r]	337,318[r]	340,943	330,986
36 *Banks' custodial liabilities*[5]	62,930	71,203	104,865[r]	103,116[r]	104,865[r]	103,612	105,941[r]	111,809[r]	108,051	115,223
37 U.S. Treasury bills and certificates[6]	7,471	11,087	10,707	10,539	10,707	9,832	11,051	10,745	10,079	11,036
38 Other negotiable and readily transferable instruments[7]	5,694	7,555	16,810	17,124	16,810	17,136	17,010	17,383	15,684	22,021
39 Other	49,765	52,561	77,348[r]	75,453[r]	77,348[r]	76,644	77,880[r]	83,681[r]	82,288	82,166
40 Other foreigners	93,732	94,026	100,812[r]	105,118	100,812[r]	104,224	107,001	105,133[r]	114,712	114,750
41 Banks' own liabilities	74,801	72,174	76,553[r]	76,424	76,553[r]	79,468	79,031	79,201[r]	83,423	83,902
42 Demand deposits	9,004	10,310	10,240[r]	9,970	10,240[r]	10,810	10,705	10,329	10,323	10,844
43 Time deposits[2]	57,574	48,936	45,491[r]	44,678	45,491[r]	47,731	44,781	45,678[r]	46,022	46,827
44 Other[3]	8,223	12,928	20,822	21,776	20,822	20,927	23,545	23,194	27,078	26,231
45 Banks' custodial liabilities[5]	18,931	21,852	24,259	28,694	24,259	24,756	27,970	25,932	31,289	30,848
46 U.S. Treasury bills and certificates[6]	8,841	10,053	10,548	11,124	10,548	10,425	11,386	11,588	15,801	14,112
47 *Other negotiable and readily transferable instruments*[7]	8,667	10,207	12,765	15,145	12,765	12,821	14,301	11,592	12,272	13,565
48 Other	1,423	1,592	946	2,425	946	1,510	2,283	2,752	3,216	3,171
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,456	9,111	17,567	17,089	17,567	17,509	17,929	19,209	17,961	26,385

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. *Excludes negotiable time certificates of deposit, which are included in* "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to head office or parent *foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of* head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. *Principally bankers acceptances, commercial paper, and negotiable time* certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. *Excludes central banks, which are included in "Official institutions."*

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1991	1992	1993[r]	1993[r]		1994				
				Nov.	Dec.	Jan.[r]	Feb.	Mar.	Apr.	May[p]
AREA										
1 **Total, all foreigners**	**756,066**	**810,259**	**911,762**	**902,554**	**911,762**	**895,879**	**920,638[r]**	**951,083[r]**	**958,489[r]**	**959,781**
2 **Foreign countries**	**747,085**	**800,909**	**900,827**	**889,589**	**900,827**	**884,561**	**913,339[r]**	**942,997[r]**	**952,577[r]**	**951,445**
3 Europe	249,097	307,670	376,532	369,394	376,532	368,666	393,566[r]	399,254[r]	406,295[r]	404,745
4 Austria	1,193	1,611	1,917	1,797	1,917	2,567	2,159	2,515	2,719	3,309
5 Belgium and Luxembourg	13,337	20,567	28,627	27,518	28,627	29,395	30,617	31,827	32,043	32,600
6 Denmark	937	3,060	4,517	4,151	4,517	5,089	4,829	3,093	3,342	3,207
7 Finland	1,341	1,299	1,872	2,250	1,872	1,843	1,737	1,495	1,932	1,849
8 France	31,808	41,411	39,704	36,637	39,704	32,243	38,426	42,010	43,137	41,962
9 Germany	8,619	18,630	26,613	27,022	26,613	27,567	30,241	31,771	32,704	27,582
10 Greece	765	913	1,519	1,698	1,519	1,338	1,463	1,425	1,160	1,453
11 Italy	13,541	10,041	11,559	10,732	11,559	10,700	12,741	12,786	11,914	13,014
12 Netherlands	7,161	7,365	16,031	14,737	16,031	17,532	17,083	17,686	16,330	18,493
13 Norway	1,866	3,314	2,966	3,167	2,966	2,533	2,340	2,429	2,537	3,278
14 Portugal	2,184	2,465	3,366	3,229	3,366	3,131	3,170	3,131	4,061	2,852
15 Russia	241	577	2,511	2,530	2,511	2,208	2,017	1,971	3,041	4,016
16 Spain	11,391	9,793	20,493	19,705	20,493	19,650	18,119	19,619	18,317	17,477
17 Sweden	2,222	2,953	2,572	2,671	2,572	2,301	2,528[r]	1,167[r]	2,532	3,074
18 Switzerland	37,238	39,440	41,533	42,446	41,533	40,796	41,000	39,244	40,988[r]	40,163
19 Turkey	1,598	2,666	3,227	2,946	3,227	3,119	3,241	2,922	2,972	2,759
20 United Kingdom	100,292	111,805	133,763	135,687	133,763	130,801	148,139[r]	150,621[r]	154,533	159,702
21 Yugoslavia[11]	622	504	570	546	570	549	428	414	407	424
22 Other Europe and former U.S.S.R.[12]	12,741	29,256	33,172	29,925	33,172	35,304	33,294[r]	33,128[r]	31,626[r]	27,531
23 Canada	21,605	22,420	20,227	24,150	20,227	20,588	23,200	21,404	22,510	25,847
24 Latin America and Caribbean	345,529	317,228	348,586	341,299	348,586	344,462	346,783[r]	359,440[r]	362,401[r]	356,687
25 Argentina	7,753	9,477	14,477	13,680	14,477	14,485	14,435	13,991	13,246	13,453
26 Bahamas	100,622	82,284	72,964	78,199	72,964	71,547	72,430	77,449	80,821	78,985
27 Bermuda	3,178	7,079	7,824	7,240	7,824	7,741	6,697	6,181	7,619[r]	8,110
28 Brazil	5,704	5,584	5,301	5,062	5,301	5,121	5,386	5,244	4,867	5,812
29 British West Indies	163,620	153,033	181,844	176,418	181,844	178,184	176,774[r]	189,260[r]	193,645[r]	187,086
30 Chile	3,283	3,035	3,183	3,447	3,183	3,551	3,726	3,572	3,829	3,283
31 Colombia	4,661	4,580	3,171	3,100	3,171	3,714	3,363	3,427	4,002[r]	3,863
32 Cuba	2	3	33	7	33	34	30	38	9	11
33 Ecuador	1,232	993	880	851	880	888	858	822	844	840
34 Guatemala	1,594	1,377	1,207	1,243	1,207	1,257	1,230	1,169	1,155	1,135
35 Jamaica	231	371	410	401	410	387	421	419	495	526
36 Mexico	19,957	19,454	28,018	21,925	28,018	27,645	30,616	27,804	22,358	21,893
37 Netherlands Antilles	5,592	5,205	4,195	4,714	4,195	5,129	6,230	5,311	5,031[r]	7,018
38 Panama	4,695	4,177	3,582	3,421	3,582	3,543	3,429	3,388	3,509	3,803
39 Peru	1,249	1,080	926	889	926	885	913	873	893	907
40 Uruguay	2,096	1,955	1,611	1,634	1,611	1,723	1,534	1,492	1,408	1,462
41 Venezuela	13,181	11,387	12,786	13,045	12,786	12,445	12,598	12,968	12,307	12,008
42 Other	6,879	6,154	6,174	6,023	6,174	6,183	6,113	6,032	6,363	6,492
43 Asia	120,462	143,540	144,656	144,469	144,656	140,062	139,562	152,462[r]	149,123[r]	152,091
China										
44 People's Republic of China	2,626	3,202	4,011	3,187	4,011	4,075	4,565	5,294	6,058	5,278
45 Republic of China (Taiwan)	11,491	8,408	10,633	10,960	10,633	9,959	9,475	9,306	8,696	9,817
46 Hong Kong	14,269	18,499	17,233	18,673	17,233	18,651	17,730	18,688	19,092	21,664
47 India	2,418	1,399	1,114	1,425	1,114	1,435	1,127	1,658	1,450[r]	1,521
48 Indonesia	1,463	1,480	1,986	1,674	1,986	1,807	1,659	2,345	1,802[r]	1,537
49 Israel	2,015	3,773	4,435	4,581	4,435	4,137	4,628	4,580	4,099	3,460
50 Japan	47,069	58,435	61,483	58,865	61,483	58,606	60,112	66,403	62,274	63,015
51 Korea (South)	2,587	3,337	4,913	4,409	4,913	4,721	4,856	4,808	4,646	4,523
52 Philippines	2,449	2,275	2,035	1,899	2,035	1,907	1,820	2,542	2,616	2,588
53 Thailand	2,252	5,582	6,137	6,231	6,137	6,156	5,838	5,985	5,550	5,788
54 Middle Eastern oil-exporting countries[13]	15,752	21,437	15,824	15,487	15,824	13,129	11,919	13,305	13,655	14,975
55 Other	16,071	15,713	14,852	17,078	14,852	15,479	15,833	17,548[r]	19,185[r]	17,925
56 Africa	4,825	5,884	6,634	5,757	6,634	5,818	6,327	5,748	5,812	6,165
57 Egypt	1,621	2,472	2,208	2,088	2,208	1,959	2,058	1,658	1,687	1,983
58 Morocco	79	76	99	110	99	94	73	89	76	93
59 South Africa	228	190	451	272	451	214	294	285	331	230
60 Zaire	31	19	12	10	12	13	8	11	11	8
61 Oil-exporting countries[14]	1,082	1,346	1,303	1,446	1,303	1,186	1,433	1,139	983	1,057
62 Other	1,784	1,781	2,561	1,831	2,561	2,352	2,461	2,566	2,724	2,794
63 Other	5,567	4,167	4,192	4,520	4,192	4,965	3,901	4,689	6,436[r]	5,910
64 Australia	4,464	3,043	3,308	3,317	3,308	3,807	2,511	3,006	2,991	2,795
65 Other	1,103	1,124	884	1,203	884	1,158	1,390	1,683	3,445[r]	3,115
66 Nonmonetary international and regional organizations	8,981	9,350	10,935	12,965	10,935	11,318	7,299[r]	8,086[r]	5,912[r]	8,336
67 International[15]	6,485	7,434	6,850	9,094	6,850	6,806	6,060[r]	6,375	4,249	5,607
68 Latin American regional[16]	1,181	1,415	3,218	3,050	3,218	3,402	357	330[r]	393[r]	909
69 Other regional[17]	1,315	501	867	821	867	1,110	882	1,381	1,270	1,820

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other 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	1991	1992	1993	1993		1994				
				Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
1 **Total, all foreigners**	**514,339**	**499,437**	**483,135[r]**	**468,985[r]**	**483,135[r]**	**470,964**	**477,605**	**474,619**	**475,846**	**472,153**
2 **Foreign countries**	**508,056**	**494,355**	**480,730[r]**	**466,784[r]**	**480,730[r]**	**467,810**	**476,011**	**472,699**	**474,662**	**470,427**
3 Europe	114,310	123,377	121,033[r]	120,647[r]	121,033[r]	114,312	124,643	129,788	124,766	123,611
4 Austria	327	331	413	501	413	720	598	489	420	486
5 Belgium and Luxembourg	6,158	6,404	6,535	5,911	6,535	5,169	6,327	6,766	6,765	6,386
6 Denmark	686	707	382	1,261	382	507	600	612	896	1,223
7 Finland	1,907	1,418	598	606	598	699	725	570	647	669
8 France	15,112	14,723	11,490	11,622	11,490	11,705	11,033	11,481	11,398	13,092
9 Germany	3,371	4,222	7,683	6,961	7,683	7,364	7,966	8,164	9,374	8,303
10 Greece	553	717	679	684	679	653	669	736	720	682
11 Italy	8,242	9,047	8,876	8,402	8,876	8,950	8,477	7,658	6,370	6,749
12 Netherlands	2,546	2,468	3,063[r]	3,606[r]	3,063[r]	3,877	2,821	2,945	2,575	3,272
13 Norway	669	355	396	598	396	738	777	531	598	605
14 Portugal	344	325	720	787	720	805	918	936	846	835
15 Russia	1,970	3,147	2,295	2,295	2,295	2,142	2,005	1,961	1,862	1,642
16 Spain	1,881	2,755	2,763	4,388	2,763	3,299	2,688	2,666	1,859	2,828
17 Sweden	2,335	4,923	4,100	3,531	4,100	3,704	3,608	3,443	3,313	3,420
18 Switzerland	4,540	4,717	6,567	5,946	6,567	7,177	4,535	8,602	5,577	6,486
19 Turkey	1,063	962	1,287	1,790	1,287	1,118	1,565	1,559	1,542	1,320
20 United Kingdom	60,395	63,430	60,928[r]	59,416[r]	60,928[r]	53,142	66,977	68,238	67,404	63,226
21 Yugoslavia[2]	825	569	536	534[r]	536	470	414	376	364	361
22 Other Europe and former U.S.S.R.[3]	1,386	2,157	1,722	1,808	1,722	2,073	1,940	2,055	2,236	2,026
23 Canada	15,113	13,845	18,408[r]	15,456[r]	18,408[r]	19,103	16,864	16,966	17,920	17,108
24 Latin America and Caribbean	246,137	218,078	223,977[r]	216,927[r]	223,977[r]	226,236	226,467	219,940	219,592	219,162
25 Argentina	5,869	4,958	4,425	4,518	4,425	4,569	4,459	4,640	5,133	5,136
26 Bahamas	87,138	60,835	65,045	63,242	65,045	66,411	65,439	66,020	66,234	64,974
27 Bermuda	2,270	5,935	8,032	7,565	8,032	10,234	9,969	8,342	8,837	6,591
28 Brazil	11,894	10,773	11,803	11,677	11,803	12,719	13,005	12,916	11,455	11,970
29 British West Indies	107,846	101,507	97,930	93,027[r]	97,930	94,355	95,230	91,938	91,387	93,834
30 Chile	2,805	3,397	3,614	3,728	3,614	3,546	3,763	3,640	3,455	3,353
31 Colombia	2,425	2,750	3,179	3,040	3,179	3,241	3,053	3,057	3,263	3,228
32 Cuba	0	0	0	0	0	0	2	0	0	0
33 Ecuador	1,053	884	673	704	673	679	722	703	679	674
34 Guatemala	228	262	286	286	286	316	294	289	273	280
35 Jamaica	158	162	195	186	195	180	176	163	191	198
36 Mexico	16,567	14,991	15,843[r]	16,073	15,843[r]	16,516	16,902	16,201	16,267	16,444
37 Netherlands Antilles	1,207	1,379	2,367	3,048	2,367	3,115	3,093	2,411	2,769	2,873
38 Panama	1,560	4,654	2,913	2,625	2,913	2,843	2,983	2,490	2,538	2,335
39 Peru	739	730	651	620	651	693	726	751	807	898
40 Uruguay	599	936	951	918	951	793	742	530	491	535
41 Venezuela	2,516	2,525	2,904	2,888[r]	2,904	2,763	2,709	2,662	2,532	2,459
42 Other	1,263	1,400	3,166	2,782	3,166	3,263	3,200	3,187	3,281	3,380
43 Asia	125,262	131,789	110,684	107,541	110,684	101,551	101,661	98,987	105,367	103,843
China										
44 People's Republic of China	747	906	2,299	706	2,299	881	842	796	843	802
45 Republic of China (Taiwan)	2,087	2,046	2,628	2,005[r]	2,628	2,611	1,487	2,159	1,815	2,024
46 Hong Kong	9,617	9,642	10,864	10,449	10,864	10,224	9,990	11,666	9,903	8,996
47 India	441	529	589	657	589	638	664	737	684	738
48 Indonesia	952	1,189	1,522	1,474	1,522	1,595	1,571	1,647	1,545	1,370
49 Israel	860	820	826	787	826	947	798	664	676	711
50 Japan	84,807	79,172	59,576	59,934	59,576	54,164	54,583	49,771	54,905	53,117
51 Korea (South)	6,048	6,179	7,556	7,148	7,556	7,373	7,518	7,479	7,441	7,402
52 Philippines	1,910	2,145	1,408	1,265	1,408	1,132	1,183	1,307	924	913
53 Thailand	1,713	1,867	2,154	2,108[r]	2,154	2,481	2,649	2,764	2,744	2,925
54 Middle Eastern oil-exporting countries[4]	8,284	18,540	14,398	13,853	14,398	12,903	13,190	14,153	16,387	18,331
55 Other	7,796	8,754	6,864	7,155	6,864	6,602	7,186	5,844	7,500	6,514
56 Africa	4,928	4,279	3,819	3,799	3,819	3,751	3,775	3,698	3,680	3,692
57 Egypt	294	186	196	218	196	203	227	205	206	219
58 Morocco	575	441	444	437	444	489	521	518	472	470
59 South Africa	1,235	1,041	633	664	633	581	558	565	557	574
60 Zaire	4	4	4	4	4	4	6	4	5	5
61 Oil-exporting countries[5]	1,298	1,002	1,128	1,119	1,128	1,169	1,197	1,210	1,207	1,211
62 Other	1,522	1,605	1,414	1,357	1,414	1,305	1,266	1,196	1,233	1,213
63 Other	2,306	2,987	2,809	2,414	2,809	2,857	2,601	3,320	3,337	3,011
64 Australia	1,665	2,243	2,072	1,873	2,072	2,030	1,692	1,684	1,859	1,369
65 Other	641	744	737	541	737	827	909	1,636	1,478	1,642
66 Nonmonetary international and regional organizations[6]	6,283	5,082	2,405	2,201	2,405	3,154	1,594	1,920	1,184	1,726

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other 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	1991	1992	1993[r]	1993[r]		1994				
				Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
1 **Total**	**579,683**	**559,495**	**523,545**	...	**523,545**	...	...	**522,421**	...	...
2 Banks' claims	514,339	499,437	483,135	468,985	483,135	470,964	477,605	474,619	475,846	472,153
3 Foreign public borrowers	37,126	31,367	28,814	29,595	28,814	30,718	26,554	25,742	25,093	22,556
4 Own foreign offices[2]	318,800	303,991	286,819	280,328	286,819	275,549	273,763	280,578	280,113	284,198
5 Unaffiliated foreign banks	116,602	109,342	98,012	91,968	98,012	91,129	97,871	94,699	96,773	98,371
6 Deposits	69,018	61,550	46,885	43,959	46,885	40,664	45,813	44,151	47,924	50,317
7 Other	47,584	47,792	51,127	48,009	51,127	50,465	52,058	50,548	48,849	48,054
8 *All other foreigners*	41,811	54,737	69,490	67,094	69,490	73,568	79,417	73,600	73,867	67,028
9 Claims of banks' domestic customers[3]	65,344	60,058	40,410	...	40,410	...	...	47,802	...	...
10 Deposits	15,280	15,452	9,619	...	9,619	...	...	14,022	...	...
11 Negotiable and readily transferable *instruments*[4]	37,125	31,474	17,155	...	17,155	...	...	20,340	...	...
12 Outstanding collections and other claims	12,939	13,132	13,636	...	13,636	...	...	13,440	...	...
MEMO										
13 Customer liability on acceptances	8,974	8,655	7,871	...	7,871	...	...	7,568	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,024	36,213	22,724	21,919	22,724	21,622	21,294	21,920	21,363	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]	1990	1991	1992	1993			1994
				June[r]	Sept.[r]	Dec.	Mar.
1 **Total**	**206,903**	**195,302**	**195,119**	**182,785**	**189,470**	**194,776[r]**	**193,187**
By borrower							
2 Maturity of one year or less	165,985	162,573	163,325	154,276	161,925	166,226[r]	166,343
3 Foreign public borrowers	19,305	21,050	17,813	17,962	21,211	17,447	15,904
4 All other foreigners	146,680	141,523	145,512	136,314	140,714	148,779[r]	150,439
5 Maturity of more than one year	40,918	32,729	31,794	28,509	27,545	28,550	26,844
6 Foreign public borrowers	22,269	15,859	13,266	11,101	10,341	10,828	9,554
7 All other foreigners	18,649	16,870	18,528	17,408	17,204	17,722	17,290
By area							
Maturity of one year or less							
8 Europe	49,184	51,835	53,300	54,376	57,240	56,299[r]	58,843
9 Canada	5,450	6,444	6,091	7,878	9,816	7,540[r]	7,284
10 Latin America and Caribbean	49,782	43,597	50,376	48,532	51,559	56,622[r]	58,664
11 Asia	53,258	51,059	45,709	38,649	37,619	40,274	35,961
12 Africa	3,040	2,549	1,784	1,712	1,916	1,783	1,611
13 All other[3]	5,272	7,089	6,065	3,129	3,775	3,708	3,980
Maturity of more than one year							
14 Europe	3,859	3,878	5,367	4,579	4,433	4,327	3,822
15 Canada	3,290	3,595	3,287	2,909	2,549	2,553	2,548
16 Latin America and Caribbean	25,774	18,277	15,312	13,674	13,353	13,877	13,319
17 Asia	5,165	4,459	5,038	4,808	4,732	5,412	4,705
18 Africa	2,374	2,335	2,380	2,050	2,049	1,934	2,001
19 All other[3]	456	185	410	489	429	447	449

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. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1990	1991	1992				1993				1994
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**320.1**	**343.6**	**351.7**	**358.7**	**344.5**	**346.5**	**361.1**	**377.0**	**388.1**	**403.7**	**496.7**
2 G-10 countries and Switzerland	132.2	137.6	130.9	135.6	136.0	132.9	142.4	150.0	153.3	161.0	177.8
3 Belgium and Luxembourg	5.9	6.0	5.3	6.2	6.2	5.6	6.1	7.0	7.1	7.4	8.0
4 France	10.4	11.0	10.0	11.9	15.3	15.3	13.5	14.0	12.3	11.7	16.4
5 Germany	10.6	8.3	8.4	8.8	10.9	9.3	9.9	10.8	12.4	12.6	28.7
6 Italy	5.0	5.6	5.4	8.0	6.4	6.5	6.7	7.9	8.7	7.6	15.5
7 Netherlands	3.0	4.7	4.3	3.3	3.7	2.8	3.6	3.7	3.7	4.7	4.1
8 Sweden	2.2	1.9	2.0	1.9	2.2	2.3	3.0	2.5	2.5	2.5	2.8
9 Switzerland	4.4	3.4	3.2	4.6	5.2	4.8	5.3	4.7	5.6	5.9	6.3
10 United Kingdom	60.9	68.5	64.7	65.6	61.0	60.8	65.7	73.5	74.7	84.5	69.8
11 Canada	5.9	5.8	6.5	6.5	6.3	6.3	8.2	8.0	9.7	6.7	7.7
12 Japan	24.0	22.6	21.1	18.7	18.9	19.3	20.4	17.9	16.8	17.4	18.5
13 Other industrialized countries	22.9	22.8	21.4	25.5	25.0	24.0	25.4	27.2	26.0	24.6	41.2
14 Austria	1.4	.6	.8	.8	.7	1.2	1.2	1.3	.6	.4	1.0
15 Denmark	1.1	.9	.8	1.3	1.5	.9	.8	1.0	1.1	1.0	1.1
16 Finland	.7	.7	.8	.8	1.0	.7	.7	.9	.6	.4	1.0
17 Greece	2.7	2.6	2.3	2.8	3.0	3.0	2.7	3.1	3.2	3.2	3.8
18 Norway	1.6	1.4	1.5	1.7	1.6	1.2	1.8	1.8	2.1	1.7	1.6
19 Portugal	.6	.6	.5	.5	.5	.4	.7	.9	1.0	.8	1.2
20 Spain	8.3	8.3	7.7	10.1	9.7	8.9	9.5	10.5	9.3	8.9	12.3
21 Turkey	1.7	1.4	1.2	1.5	1.5	1.3	1.4	2.1	2.1	2.1	2.4
22 Other Western Europe	1.2	1.8	1.5	2.0	1.5	1.7	2.0	1.7	2.2	2.6	3.0
23 South Africa	1.8	1.9	1.8	1.7	1.7	1.7	1.6	1.3	1.2	1.1	1.2
24 Australia	1.8	2.7	2.3	2.2	2.3	2.9	2.9	2.5	2.8	2.3	12.7
25 OPEC[2]	12.8	14.5	15.8	16.2	15.9	16.1	16.8	15.9	14.9	16.7	22.1
26 Ecuador	1.0	.7	.7	.7	.7	.6	.6	.6	.5	.5	.5
27 Venezuela	5.0	5.4	5.4	5.3	5.4	5.2	5.3	5.6	5.6	5.1	4.7
28 Indonesia	2.7	2.7	3.0	3.0	3.0	3.0	3.1	3.1	2.8	3.2	3.0
29 Middle East countries	2.5	4.2	5.3	5.9	5.4	6.2	6.6	5.4	4.9	6.7	12.8
30 African countries	1.7	1.5	1.4	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.0
31 Non-OPEC developing countries	65.4	63.9	69.7	68.1	72.8	72.1	74.4	76.6	77.0	82.5	93.6
Latin America											
32 Argentina	5.0	4.8	5.0	5.1	6.2	6.6	7.0	6.6	7.2	7.7	8.6
33 Brazil	14.4	9.6	10.8	10.6	10.8	10.8	11.6	12.3	11.7	12.0	12.5
34 Chile	3.5	3.6	3.9	4.0	4.2	4.4	4.6	4.6	4.7	4.7	5.1
35 Colombia	1.8	1.7	1.6	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.2
36 Mexico	13.0	15.5	17.7	16.3	17.1	16.0	16.8	16.8	17.5	17.7	18.7
37 Peru	.5	.4	.4	.4	.5	.5	.4	.4	.3	.4	.5
38 Other	2.3	2.1	2.2	2.2	2.5	2.6	2.6	2.7	2.6	3.0	2.6
Asia											
China											
39 Peoples Republic of China	.2	.3	.3	.3	.3	.7	.6	1.6	.5	2.0	.8
40 Republic of China (Taiwan)	3.5	4.1	4.8	4.6	5.0	5.2	5.3	5.9	6.4	7.3	7.5
41 India	3.3	3.0	3.6	3.8	3.6	3.2	3.1	3.1	2.9	3.2	3.9
42 Israel	.5	.5	.4	.4	.4	.4	.5	.4	.4	.5	.4
43 Korea (South)	6.2	6.8	6.9	6.9	7.4	6.6	6.5	6.9	6.5	6.7	13.9
44 Malaysia	1.9	2.3	2.5	2.7	3.0	3.1	3.4	3.7	4.1	4.4	5.2
45 Philippines	3.8	3.7	3.6	3.1	3.6	3.6	3.4	2.9	2.6	3.1	3.4
46 Thailand	1.5	1.7	1.7	1.9	2.2	2.2	2.2	2.4	2.8	3.1	2.9
47 Other Asia	1.7	2.0	2.3	2.5	2.7	2.7	2.7	2.6	3.0	2.9	3.1
Africa											
48 Egypt	.4	.4	.3	.5	.3	.2	.2	.2	.2	.4	.4
49 Morocco	.8	.7	.7	.7	.6	.6	.5	.6	.6	.6	.7
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	.7	.7	.6	.9	1.0	.8	.9	.8	.8	1.0
52 Eastern Europe	2.3	2.4	2.9	3.0	3.1	3.1	2.9	3.2	3.0	3.0	3.3
53 Russia[4]	.2	.9	1.4	1.7	1.8	1.9	1.7	1.9	1.7	1.6	1.5
54 Yugoslavia[5]	1.2	.9	.8	.7	.7	.6	.6	.6	.6	.6	.5
55 *Other*	.9	.7	.6	.6	.7	.6	.7	.7	.7	.9	1.4
56 Offshore banking centers	44.7	54.2	63.0	61.4	54.5	58.3	60.1	57.8	67.5	72.5	79.7
57 Bahamas	2.9	11.9	15.3	12.9	8.9	6.9	9.6	6.9	12.4	12.6	15.4
58 Bermuda	4.4	2.3	3.9	5.1	3.8	6.2	4.1	4.5	5.5	8.1	8.4
59 Cayman Islands and other British West Indies	11.7	15.8	18.6	19.3	16.9	21.8	17.6	15.6	15.1	16.9	16.7
60 Netherlands Antilles	7.9	1.2	1.0	.8	.7	1.1	1.6	2.5	2.8	2.3	2.7
61 Panama[6]	1.4	1.4	1.6	1.9	2.0	1.9	2.0	2.1	2.1	2.4	2.0
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.7	14.4	14.0	14.9	15.2	13.8	16.7	16.9	19.1	18.7	21.7
64 Singapore	6.6	7.1	8.5	6.4	6.8	6.5	8.4	9.3	10.4	11.2	12.7
65 Other[7]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1	.0
66 Miscellaneous and unallocated[8]	39.9	48.0	47.8	48.6	36.8	39.7	38.8	46.2	46.3	43.3	78.7

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.
2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.
6. Includes Canal Zone.
7. Foreign branch claims only.
8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type of liability and area or country	1990	1991	1992^{r}	1992	1993				
					Dec.	Mar.	June	Sept.	Dec.	Mar.^{p}
1	**Total**	**46,043**	**44,708**	**44,979**	**44,979^{r}**	**45,832^{r}**	**46,155^{r}**	**48,184^{r}**	**48,596^{r}**	**50,010**
2	Payable in dollars	40,786	39,029	37,250	37,250^{r}	37,870^{r}	37,002^{r}	39,286^{r}	37,857^{r}	37,829
3	Payable in foreign currencies	5,257	5,679	7,729	7,729^{r}	7,962^{r}	9,153^{r}	8,898^{r}	10,739^{r}	12,181
	By type									
4	Financial liabilities	21,066	22,518	23,098	23,098^{r}	23,670^{r}	24,497^{r}	26,161^{r}	27,507^{r}	28,564
5	Payable in dollars	16,979	18,104	16,754	16,754^{r}	17,152^{r}	16,910^{r}	18,680^{r}	18,152^{r}	18,458
6	Payable in foreign currencies	4,087	4,414	6,344	6,344^{r}	6,518^{r}	7,587^{r}	7,481^{r}	9,355^{r}	10,106
7	Commercial liabilities	24,977	22,190	21,881	21,881^{r}	22,162^{r}	21,658^{r}	22,023^{r}	21,089^{r}	21,446
8	Trade payables	10,683	9,252	9,777	9,777^{r}	9,915^{r}	9,614^{r}	9,456^{r}	9,007	9,510
9	Advance receipts and other liabilities	14,294	12,938	12,104	12,104^{r}	12,247^{r}	12,044^{r}	12,567^{r}	12,082^{r}	11,936
10	Payable in dollars	23,807	20,925	20,496	20,496^{r}	20,718^{r}	20,092^{r}	20,606^{r}	19,705^{r}	19,371
11	Payable in foreign currencies	1,170	1,265	1,385	1,385	1,444^{r}	1,566	1,417^{r}	1,384^{r}	2,075
	By area or country									
	Financial liabilities									
12	Europe	10,978	12,003	13,128	13,128^{r}	13,488^{r}	14,120^{r}	16,366^{r}	17,884^{r}	19,237
13	Belgium and Luxembourg	394	216	414	414	306	268	278	175	525
14	France	975	2,106	1,623	1,623^{r}	1,625^{r}	2,216	2,074	2,323	2,586
15	Germany	621	682	810	810	820	787	779	902	962
16	Netherlands	1,081	1,056	606	606	639	585	573	534	564
17	Switzerland	545	408	569	569	503	491	378	634	1,200
18	United Kingdom	6,357	6,528	8,430	8,430^{r}	9,035^{r}	9,118^{r}	11,694^{r}	12,712^{r}	12,477
19	Canada	229	292	544	544^{r}	604^{r}	492	663	859	508
20	Latin America and Caribbean	4,153	4,784	4,053	4,053	4,299	4,199	3,719	3,359	3,553
21	Bahamas	371	537	369	369	521	426	1,301	1,148	1,157
22	Bermuda	0	114	114	114	114	124	114	0	120
23	Brazil	0	6	19	19	18	18	18	18	18
24	British West Indies	3,160	3,524	2,860	2,860	2,970	2,951	1,600	1,533	1,613
25	Mexico	5	7	12	12	13	11	15	17	14
26	Venezuela	4	4	6	6	5	5	5	5	5
27	Asia	5,295	5,381	5,334	5,334^{r}	5,213^{r}	5,516^{r}	5,263^{r}	5,243^{r}	5,110
28	Japan	4,065	4,116	4,266	4,266^{r}	4,202^{r}	4,334^{r}	4,234^{r}	4,174^{r}	4,058
29	Middle East oil-exporting countries[2]	5	13	19	19	24	19	23	23	24
30	Africa	2	6	6	6	6	130	132	133	133
31	Oil-exporting countries[3]	0	4	0	0	0	123	124	123	124
32	All other[4]	409	52	33	33^{r}	60^{r}	40	18	29	23
	Commercial liabilities									
33	Europe	10,310	8,701	7,398	7,398^{r}	6,992^{r}	6,807^{r}	7,051^{r}	6,825^{r}	6,564
34	Belgium and Luxembourg	275	248	298	298^{r}	264^{r}	269^{r}	257^{r}	240	253
35	France	1,218	1,039	700	700^{r}	707^{r}	775^{r}	643^{r}	648	521
36	Germany	1,270	1,052	729	729^{r}	650	603	571	684	563
37	Netherlands	844	710	535	535	537	577	601	687	627
38	Switzerland	775	575	350	350^{r}	472^{r}	441^{r}	536^{r}	375	500
39	United Kingdom	2,792	2,297	2,505	2,505^{r}	2,119^{r}	2,186^{r}	2,319	2,051^{r}	2,133
40	Canada	1,261	1,014	1,002	1,002	1,005	942^{r}	847	883^{r}	1,039
41	Latin America and Caribbean	1,672	1,355	1,533	1,533^{r}	1,776	1,828	1,759	1,661	1,907
42	Bahamas	12	3	3	3	11	6	4	21	8
43	Bermuda	538	310	307	307	429	356	340	348	493
44	Brazil	145	219	209	209	236	226	214	216	211
45	British West Indies	30	107	33	33	34	16	36	26	19
46	Mexico	475	307	457	457	553	659	577	485	557
47	Venezuela	130	94	142	142	171	172	173	126	150
48	Asia	9,483	9,334	10,805	10,805^{r}	10,988^{r}	10,764^{r}	11,146^{r}	10,665^{r}	10,746
49	Japan	3,651	3,721	3,823	3,823^{r}	3,940^{r}	3,634^{r}	3,956^{r}	4,158^{r}	4,548
50	Middle Eastern oil-exporting countries[2,5]	2,016	1,498	1,889	1,889	1,796	1,815	1,968^{r}	1,525^{r}	1,535
51	Africa	844	715	568	568	675	665	641	463^{r}	456
52	Oil-exporting countries[3]	422	327	309	309	322	378	320	171^{r}	199
53	Other[4]	1,406	1,071	575	575	726	652	579	592	734

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	1990	1991	1992[r]	1992[r]	1993[r]				1994
				Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**35,348**	**45,262**	**42,312**	**42,312**	**46,442**	**42,203**	**42,781**	**43,115**	**42,732**
2 Payable in dollars	32,760	42,564	39,526	39,526	43,337	38,850	39,333	39,805	39,206
3 Payable in foreign currencies	2,589	2,698	2,786	2,786	3,105	3,353	3,448	3,310	3,526
By type									
4 Financial claims	19,874	27,882	23,779	23,779	26,436	22,243	23,753	23,191	23,067
5 Deposits	13,577	20,080	15,136	15,136	16,576	11,758	13,361	13,049	13,621
6 Payable in dollars	12,552	19,080	14,313	14,313	15,461	10,799	12,366	12,215	12,722
7 Payable in foreign currencies	1,025	1,000	823	823	1,115	959	995	834	899
8 Other financial claims	6,297	7,802	8,643	8,643	9,860	10,485	10,392	10,142	9,446
9 Payable in dollars	5,280	6,910	7,724	7,724	8,939	9,373	9,472	9,150	8,382
10 Payable in foreign currencies	1,017	892	919	919	921	1,112	920	992	1,064
11 Commercial claims	15,475	17,380	18,533	18,533	20,006	19,960	19,028	19,924	19,665
12 Trade receivables	13,657	14,468	15,976	15,976	17,652	17,477	16,050	16,980	16,829
13 Advance payments and other claims	1,817	2,912	2,557	2,557	2,354	2,483	2,978	2,944	2,836
14 Payable in dollars	14,927	16,574	17,489	17,489	18,937	18,678	17,495	18,440	18,102
15 Payable in foreign currencies	548	806	1,044	1,044	1,069	1,282	1,533	1,484	1,563
By area or country									
Financial claims									
16 Europe	9,645	13,441	9,315	9,315	10,382	9,715	8,371	8,042	7,347
17 Belgium and Luxembourg	76	13	8	8	67	74	70	131	122
18 France	371	269	764	764	905	781	708	749	753
19 Germany	367	283	326	326	388	383	362	472	441
20 Netherlands	265	334	515	515	544	499	485	483	503
21 Switzerland	357	581	490	490	478	494	512	506	520
22 United Kingdom	7,971	11,534	6,236	6,236	6,968	6,550	5,227	4,538	3,916
23 Canada	2,934	2,642	1,714	1,714	2,011	1,795	1,617	1,851	2,534
24 Latin America and Caribbean	6,201	10,717	11,302	11,302	9,926	6,976	10,306	10,943	10,108
25 Bahamas	1,090	827	658	658	320	742	550	496	481
26 Bermuda	3	8	40	40	79	258	197	125	34
27 Brazil	68	351	686	686	592	590	590	599	567
28 British West Indies	4,635	9,056	9,297	9,297	8,310	4,692	8,134	8,645	8,049
29 Mexico	177	212	435	435	399	455	543	634	617
30 Venezuela	25	40	29	29	23	24	25	161	26
31 Asia	860	640	864	864	3,362	3,015	2,755	1,779	2,623
32 Japan	523	350	668	668	3,123	2,485	2,215	1,063	1,769
33 Middle East oil-exporting countries[2]	8	5	3	3	3	10	5	3	5
34 Africa	37	57	79	79	128	125	88	99	76
35 Oil-exporting countries[3]	0	1	9	9	1	1	1	1	0
36 All other[4]	195	385	505	505	627	617	616	477	379
Commercial claims									
37 Europe	7,044	8,193	8,444	8,444	8,905	9,044	8,177	8,809	8,392
38 Belgium and Luxembourg	212	194	189	189	170	173	163	183	171
39 France	1,240	1,585	1,537	1,537	1,492	1,504	1,429	1,932	1,815
40 Germany	807	955	933	933	1,025	1,042	934	997	918
41 Netherlands	555	645	552	552	734	565	408	415	350
42 Switzerland	301	295	362	362	437	442	376	424	402
43 United Kingdom	1,775	2,086	2,094	2,094	2,360	2,554	2,287	2,239	2,144
44 Canada	1,074	1,121	1,281	1,281	1,329	1,356	1,357	1,350	1,441
45 Latin America and Caribbean	2,375	2,655	3,043	3,043	3,473	3,454	3,063	3,196	3,437
46 Bahamas	14	13	28	28	18	17	20	11	11
47 Bermuda	246	264	255	255	195	239	225	173	212
48 Brazil	326	427	357	357	836	788	407	460	406
49 British West Indies	40	41	40	40	17	43	39	70	58
50 Mexico	661	842	924	924	997	911	858	936	958
51 Venezuela	192	203	345	345	349	317	286	295	308
52 Asia	4,127	4,591	4,847	4,847	5,419	5,178	5,505	5,587	5,483
53 Japan	1,460	1,899	1,900	1,900	2,158	1,858	2,502	2,126	2,274
54 Middle Eastern oil-exporting countries[2]	460	620	693	693	773	673	456	656	617
55 Africa	488	430	554	554	463	515	493	492	492
56 Oil-exporting countries[3]	67	95	78	78	75	98	107	71	90
57 Other[4]	367	390	364	364	417	413	433	490	420

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	1992	1993	1994 Jan.–May	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	221,367	319,449	159,542	31,924	32,843	32,238	34,428	36,340	29,851	26,685
2 Foreign sales	226,503	297,913	153,524	28,755	28,362	28,965	30,709	37,079	31,653	25,118
3 Net purchases or sales (−)	**−5,136**	**21,536**	**6,018**	**3,169**	**4,481**	**3,273**	**3,719**	**−739**	**−1,802**	**1,567**
4 Foreign countries	**−5,169**	**21,264**	**6,080**	**3,099**	**4,457**	**3,273**	**3,786**	**−737**	**−1,800**	**1,558**
5 Europe	−4,927	10,615	8,787	1,407	2,415	2,951	3,447	379	802	1,208
6 France	−1,350	−103	−151	45	61	119	190	−587	−83	210
7 Germany	−80	1,647	2,591	130	266	1,170	440	332	252	397
8 Netherlands	−262	−603	482	−767	183	169	210	−155	82	176
9 Switzerland	168	2,986	1,041	205	338	254	505	79	173	30
10 United Kingdom	−3,301	4,510	2,620	1,470	1,078	614	1,215	389	230	172
11 Canada	1,407	−3,213	417	11	−110	314	−284	−59	290	156
12 Latin America and Caribbean	2,203	5,709	−242	941	1,058	948	910	−31	−1,862	−207
13 Middle East[1]	−88	−311	0	53	11	−100	−17	64	4	49
14 Other Asia	−3,943	8,199	−3,300	601	965	−911	−379	−1,295	−1,191	476
15 Japan	−3,598	3,826	−1,687	488	681	−800	−447	−117	−658	335
16 Africa	10	63	38	6	20	10	−17	13	33	−1
17 Other countries	169	202	380	80	98	61	126	192	124	−123
18 Nonmonetary international and regional organizations	**33**	**272**	**−62**	**70**	**24**	**0**	**−67**	**−2**	**−2**	**9**
BONDS[2]										
19 Foreign purchases	214,922	283,725[r]	131,981	28,947	28,395	24,607	22,271	30,607[r]	29,711	24,785
20 Foreign sales	175,842	217,481	111,085	21,545	17,427	19,418	18,263	25,147	27,409	20,848
21 Net purchases or sales (−)	**39,080**	**66,244[r]**	**20,896**	**7,402**	**10,968**	**5,189**	**4,008**	**5,460[r]**	**2,302**	**3,937**
22 Foreign countries	**37,964**	**65,706[r]**	**20,747**	**7,375**	**10,901**	**5,205**	**3,977**	**5,373[r]**	**2,317**	**3,875**
23 Europe	17,435	22,055	9,096	1,534	3,118	2,742	2,764	2,870[r]	363	357
24 France	1,203	2,346	206	110	145	53	−57	32	181	−3
25 Germany	2,480	883	−236	−231	−62	−101	90	−64	83	−244
26 Netherlands	540	−290	1,078	49	95	75	99	330	216	358
27 Switzerland	−579	−627	377	−80	28	176	57	131	−123	136
28 United Kingdom	12,421	19,158	8,964	2,300	2,853	1,676	2,799	3,259[r]	507	723
29 Canada	237	1,653	253	54	319	23	−141	101	−16	286
30 Latin America and Caribbean	9,300	16,493	6,039	2,650	3,681	1,638	909	1,850	875	767
31 Middle East[1]	3,166	3,257	177	432	383	161	−83	59	7	33
32 Other Asia	7,545	20,826[r]	4,757	2,765	3,137	670	480	417	903	2,287
33 Japan	−450	11,569	1,677	1,478	2,477	−95	37	−363	523	1,575
34 Africa	354	1,149	14	−2	119	−51	10	−10	55	10
35 Other countries	−73	273	411	−58	144	22	38	86	130	135
36 Nonmonetary international and regional organizations	**1,116**	**538**	**149**	**27**	**67**	**−16**	**31**	**87**	**−15**	**62**
	Foreign securities									
37 Stocks, net purchases or sales (−)[3]	−32,259	−63,320	−24,130	−6,931	−6,503	−5,860	−6,248	−6,457[r]	−1,233	−4,332
38 Foreign purchases	150,051	246,011	171,888	28,408	31,135	32,432	38,374	37,032[r]	33,081	30,969
39 Foreign sales[3]	182,310	309,331	196,018	35,339	37,638	38,292	44,622	43,489[r]	34,314	35,301
40 Bonds, net purchases or sales (−)	−15,605	−61,023	−13,476	−54	−8,158	−9,483	−4,532[r]	6,139[r]	−5,572	−28
41 Foreign purchases	513,589	839,118	420,461	87,459	79,334	84,223	85,903	118,931[r]	68,381	63,023
42 Foreign sales	529,194	900,141	433,937	87,513	87,492	93,706	90,435[r]	112,792[r]	73,953	63,051
43 Net purchases or sales (−), of stocks and bonds	**−47,864**	**−124,343**	**−37,606**	**−6,985**	**−14,661**	**−15,343**	**−10,780[r]**	**−318[r]**	**−6,805**	**−4,360**
44 Foreign countries	**−51,274**	**−124,504**	**−37,729**	**−6,994**	**−14,691**	**−15,386**	**−10,648[r]**	**−295[r]**	**−6,761**	**−4,639**
45 Europe	−31,350	−81,175	−2,867	−4,530	−4,351	−5,512	−3,568	8,122[r]	−132	−1,777
46 Canada	−6,893	−14,649	−4,139	709	−1,733	−2,741	−2,192[r]	619[r]	−316	491
47 Latin America and Caribbean	−4,340	−9,549	−15,051	−2,248	−4,566	−3,124	−327	−2,852[r]	−6,591	−2,157
48 Asia	−7,923	−15,044	−14,190	−502	−3,555	−3,171	−4,449	−6,598	565	−537
49 Africa	−13	−185	−192	0	13	−60	18	−118	−28	−4
50 Other countries	−755	−3,902	−1,290	−423	−499	−778	−130	532	−259	−655
51 Nonmonetary international and regional organizations	**3,410**	**161**	**123**	**9**	**30**	**43**	**−132**	**−23**	**−44**	**279**

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	1992	1993[r]	1994 Jan.–May	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**	**39,288**	**24,355**	**19,650**	**15,203**	**408[r]**	**1,853**	**12,995**	**−1,318[r]**	**−13,607**	**19,727**
2 Foreign countries	37,935	24,159	19,827	14,584	597[r]	1,592	12,884	−1,446	−12,879	19,676
3 Europe	19,625	−2,712	9,220	−841	400[r]	114	3,552	2,281	−5,356	8,629
4 Belgium and Luxembourg	1,985	1,218	306	22	−65	−63	128	269	−175	147
5 Germany	2,076	−10,033	2,357	−750	571	2,327	−1,055	−729	−465	2,279
6 Netherlands	−2,959	−515	−293	206	−189	52	418	−971	187	21
7 Sweden	−804	1,421	255	141	−31	−4	229	34	−154	150
8 Switzerland	488	−1,511	2,045	573	−70	313	555	1,385	3	−211
9 United Kingdom	24,184	6,055	2,157	−1,900	−511[r]	−1,888	2,455	688	−3,910	4,812
10 Other Europe and former U.S.S.R.	−5,345	653	2,393	867	695	−623	822	1,605	−842	1,431
11 Canada	562	11,252	−1,007	1,358	846	32	168	357	−1,662	98
12 Latin America and Caribbean	−3,222	−4,651	−893	2,070	−4,830	3,677	7,512	−3,428	−6,002	−2,652
13 Venezuela	539	389	−306	19	56	−358	235	93	−146	−130
14 Other Latin America and Caribbean	−1,956	−5,884	−7,845	−36	−1,061	3,118	2,860	−4,204	−6,911	−2,708
15 Netherlands Antilles	−1,805	844	7,258	2,087	−3,825	917	4,417	683	1,055	186
16 Asia	23,517	20,939	12,971	11,771	4,029	−2,152	1,191	151	403	13,378
17 Japan	9,817	17,073	9,598	5,661	649	−3,074	−1,403	2,914	2,976	8,185
18 Africa	1,103	1,156	−243	35	115	−135	−120	−18	59	−29
19 Other	−3,650	−1,825	−221	191	37	56	581	−789	−321	252
20 Nonmonetary international and regional organizations	1,353	196	−177	619	−189	261	111	128[r]	−728	51
21 International	1,018	−310	−25	855	124	455	1	173[r]	−724	70
22 Latin American regional	533	654	−4	40	−1	7	116	−37	21	−111
MEMO										
23 Foreign countries	37,935	24,159	19,827	14,584	597[r]	1,592	12,884	−1,446	−12,879	19,676
24 Official institutions	6,876	1,238	13,891	6,223	3,637	4,284	4,045	−5,051[r]	−640	11,253
25 Other foreign[2]	31,059	22,921	5,936	8,361	−3,040[r]	−2,692	8,839	3,605[r]	−12,239	8,423
Oil-exporting countries										
26 Middle East[2]	4,317	−8,543	−691	−6	84	−1,518	900	33	144	−250
27 Africa[3]	11	−5	0	0	−9	0	0	0	0	0

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

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

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

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on July 31, 1994		Country	Rate on July 31, 1994		Country	Rate on July 31, 1994	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.5	May 1994	Germany	4.5	May 1994	Norway	4.75	Feb. 1994
Belgium	4.5	May 1994	Italy	7.0	May 1994	Switzerland	3.5	Apr. 1994
Canada	6.04	July 1994	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	5.0	May 1994	Netherlands	4.5	May 1994			
France[2]	5.0	July 1994						

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	1991	1992	1993	1994 Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	5.86	3.70	3.18	3.15	3.43	3.75	4.00	4.51	4.51	4.74
2 United Kingdom	11.47	9.56	5.88	5.34	5.15	5.12	5.14	5.13	5.13	5.15
3 Canada	9.07	6.76	5.14	3.89	3.89	4.45	6.07	6.38	6.50	6.28
4 Germany	9.15	9.42	7.17	5.76	5.78	5.73	5.48	5.07	4.95	4.86
5 Switzerland	8.01	7.67	4.79	3.90	4.04	3.99	3.96	3.94	4.21	4.17
6 Netherlands	9.19	9.25	6.73	5.12	5.19	5.23	5.22	5.04	4.95	4.84
7 France	9.49	10.14	8.30	6.19	6.18	6.11	5.89	5.52	5.44	5.51
8 Italy	12.04	13.91	10.09	8.38	8.42	8.36	8.07	7.76	8.04	8.39
9 Belgium	9.30	9.31	8.10	6.88	6.39	6.10	5.84	5.27	5.33	5.53
10 Japan	7.33	4.39	2.96	2.13	2.21	2.26	2.26	2.17	2.12	2.14

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	1991	1992	1993	1994					
				Feb.	Mar.	Apr.	May	June	July
1 Australia/dollar[2]	77.872	73.521	67.993	71.611	71.087	71.565	72.433	73.291	73.409
2 Austria/schilling	11.686	10.992	11.639	12.200	11.896	11.948	11.651	11.446	11.027
3 Belgium/franc	34.195	32.148	34.581	35.768	34.862	34.979	34.108	33.514	32.315
4 Canada/dollar	1.1460	1.2085	1.2902	1.3424	1.3644	1.3830	1.3808	1.3836	1.3826
5 China, P.R./yuan	5.3337	5.5206	5.7795	8.7249	8.7241	8.7251	8.6859	8.6836	8.6605
6 Denmark/krone	6.4038	6.0372	6.4863	6.7668	6.6296	6.6642	6.4857	6.3786	6.1581
7 Finland/markka	4.0521	4.4865	5.7251	5.5930	5.5436	5.4997	5.4194	5.4241	5.1996
8 France/franc	5.6468	5.2935	5.6669	5.8955	5.7647	5.8170	5.6728	5.5597	5.3702
9 Germany/deutsche mark	1.6610	1.5618	1.6545	1.7355	1.6909	1.6984	1.6565	1.6271	1.5674
10 Greece/drachma	182.63	190.81	229.64	250.48	246.71	249.08	245.41	244.77	236.92
11 Hong Kong/dollar	7.7712	7.7402	7.7357	7.7353	7.7268	7.7269	7.7262	7.7309	7.7265
12 India/rupee	22.712	28.156	31.291	31.449	31.415	31.391	31.375	31.385	31.376
13 Ireland/pound[2]	161.39	170.42	146.47	141.91	143.40	143.42	147.12	149.54	152.79
14 Italy/lira	1,241.28	1,232.17	1,573.41	1,685.96	1,666.63	1,626.07	1,594.56	1,592.22	1,562.31
15 Japan/yen	134.59	126.78	111.08	106.30	105.10	103.48	103.75	102.53	98.44
16 Malaysia/ringgit	2.7503	2.5463	2.5738	2.7624	2.7171	2.6887	2.6169	2.5942	2.5948
17 Netherlands/guilder	1.8720	1.7587	1.8585	1.9464	1.9006	1.9074	1.8597	1.8242	1.7585
18 New Zealand/dollar[2]	57.832	53.792	54.127	57.436	57.093	56.908	58.347	59.121	60.063
19 Norway/krone	6.4912	6.2142	7.0979	7.4885	7.3419	7.3680	7.1789	7.0686	6.8560
20 Portugal/escudo	144.77	135.07	161.08	175.15	174.00	173.54	171.15	168.76	160.98
21 Singapore/dollar	1.7283	1.6294	1.6158	1.5873	1.5819	1.5628	1.5464	1.5310	1.5137
22 South Africa/rand	2.7633	2.8524	3.2729	3.4520	3.4586	3.5789	3.6346	3.6318	3.6705
23 South Korea/won	736.73	784.58	805.75	812.24	810.69	811.71	809.79	809.86	808.39
24 Spain/peseta	104.01	102.38	127.48	141.08	138.78	138.14	136.62	134.23	129.31
25 Sri Lanka/rupee	41.200	44.013	48.205	49.113	48.931	48.925	49.067	49.232	49.010
26 Sweden/krona	6.0521	5.8258	7.7956	7.9869	7.9156	7.8850	7.7181	7.7968	7.7471
27 Switzerland/franc	1.4356	1.4064	1.4781	1.4565	1.4292	1.4383	1.4125	1.3727	1.3239
28 Taiwan/dollar	26.759	25.160	26.416	26.440	26.414	26.389	26.792	27.018	26.658
29 Thailand/baht	25.528	25.411	25.333	25.382	25.325	25.268	25.212	25.137	24.977
30 United Kingdom/pound[2]	176.74	176.63	150.16	147.92	149.19	148.23	150.42	152.62	154.67
MEMO									
31 United States/dollar[3]	89.84	86.61	93.18	95.79	94.35	94.39	92.79	91.60	89.06

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).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Quarterly Data Published Irregularly, with Latest Bulletin *Reference*

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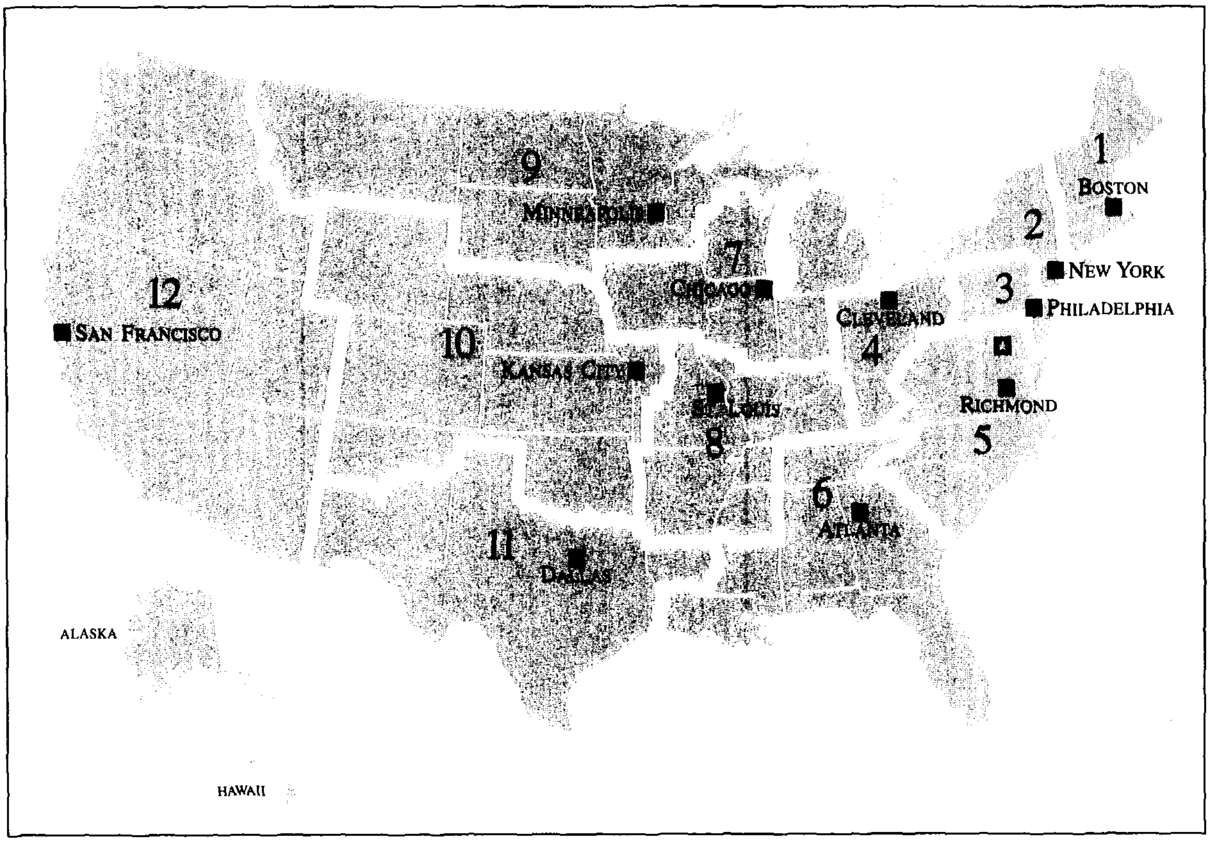

LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

— Branch boundary

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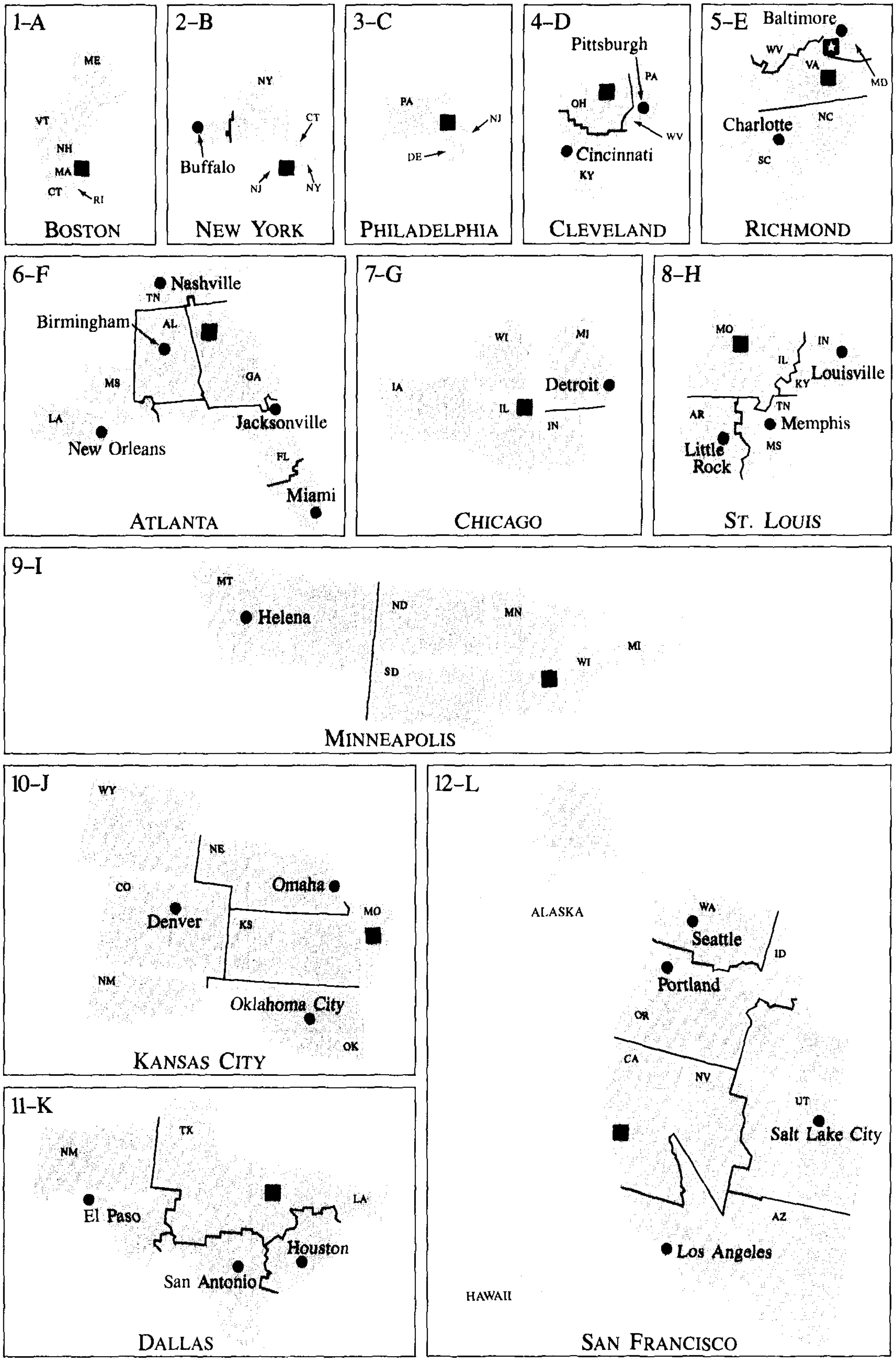
The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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