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# FIMS: A New Monitoring System for Banking Institutions

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*Rebel A. Cole, of the Board's Division of Research and Statistics; Barbara G. Cornyn, of the Board's Division of Banking Supervision and Regulation; and Jeffery W. Gunther, of the Federal Reserve Bank of Dallas's Financial Industry Studies Department, prepared this article.*

One of the primary responsibilities of bank regulatory agencies is to minimize the financial loss to the Bank Insurance Fund that results from the failure of insured depository institutions. To discharge this responsibility, bank regulators evaluate the financial performance and condition of depository institutions and initiate prompt corrective actions when they find signs of distress. In the evaluation, regulators use a combination of on-site examinations and off-site monitoring systems.

In 1993, the Federal Reserve instituted the Financial Institutions Monitoring System (FIMS), which is significantly more accurate than previous off-site monitoring systems in identifying financially troubled banking institutions. This article gives the background of FIMS, describes the new system, and explains how it improves on previous systems.

## BACKGROUND

As a result of the National Bank Acts of 1863 and 1864, the United States has a dual banking system in which some banks are federally chartered and some are state chartered. The primary bank supervisor and regulator of federally chartered (national)

banks is the Office of the Comptroller of the Currency, whereas the responsibility for the supervision and regulation of state-chartered banks is shared by the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the fifty state banking agencies. The primary supervisor and regulator of bank holding companies is the Federal Reserve. Depending upon their activities, bank holding companies may also be subject to regulation by other government agencies, including the Securities and Exchange Commission and the Office of Thrift Supervision.

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), the bank regulators generally must examine all banks on-site at least once each year; before FDICIA, banks were examined less frequently, except for the state-chartered banks regulated by the Federal Reserve, which were in general subject to annual examinations. FDICIA does not require annual inspections of bank holding companies. According to Federal Reserve policy, bank holding companies that are in sound financial condition are subject to less frequent on-site inspections than are state member banks.

During an on-site examination, regulators visit an institution's offices to evaluate the institution's financial soundness and compliance with laws and regulatory policies, to assess the quality of the institution's management team, and to evaluate the institution's systems of internal control.<sup>1</sup> After the examination, regulators assign the institution a rating that summarizes its financial condition and performance. The rating is known by the acronym

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NOTE. This article summarizes the work of a Systemwide Surveillance Task Force composed of economists, examiners, and financial analysts from the Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco as well as from the Board of Governors in Washington. We are especially grateful to David Barker and Dale Harrington, who contributed extensively to the project. We also thank David Jones, Myron Kwast, and Sally Davies, who provided comments on earlier drafts.

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1. The American Institute of Certified Public Accountants Committee on Working Procedures defines internal control as follows: "Internal control comprises the plan of organization and all of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to subscribed managerial policies."

### The Uniform Financial Institutions Rating System

In 1979, federal banking regulatory agencies adopted the Uniform Financial Institutions Rating System as a common way to rate the financial condition of federally insured depository institutions. The system helps identify institutions whose condition warrants special supervisory attention. Under this system, each institution receives a uniform, composite supervisory rating based upon an evaluation of financial performance, condition, operating soundness, and regulatory compliance.

The composite rating of a bank is based upon an on-site evaluation of five critical dimensions of performance—capital adequacy, asset quality, management, earnings, and liquidity; hence the acronym CAMEL, which has become the popularized name for this rating system.

A similar system, known as BOPEC, is used to determine the composite rating for a bank holding company. In the BOPEC system, the composite rating is based upon an evaluation of five elements of the bank holding company—the bank subsidiaries, other (nonbank) subsidiaries, the parent company, consolidated earnings, and consolidated capital adequacy.

In both the CAMEL and BOPEC systems, each component is assigned a rating on a scale of 1 to 5 in descending order of performance:

- 1—strong performance
- 2—satisfactory performance
- 3—performance that is flawed to some degree

4—marginal performance that is significantly below average

5—unsatisfactory performance that is critically deficient and in need of immediate remedial action.

Once the five component ratings have been determined, the composite CAMEL or BOPEC rating is assigned as a summary measure and used by bank regulators as the primary indicator of financial condition.

Composite ratings are assigned on a scale of 1 to 5; 1 indicates that an institution is of least supervisory concern, and 5 indicates that an institution is of most supervisory concern. The five composite rating levels are set forth as follows in the Commercial Bank Examination Manual produced by the Board of Governors of the Federal Reserve System:

1—an institution that is basically sound in every respect

2—an institution that is fundamentally sound, but with modest weaknesses

3—an institution with financial, operational, or compliance weaknesses that give cause for supervisory concern

4—an institution with serious financial weaknesses that could impair future viability

5—an institution with critical financial weaknesses that render the probability of failure extremely high in the near term.

CAMEL, which refers to the five components of the rating system—capital, asset quality, management, earnings, and liquidity (see box “The Uniform Financial Institutions Rating System”).

Between on-site examinations, regulators monitor financial institutions off site using computer-based systems. These monitoring systems typically analyze the financial information that each institution must report to regulators quarterly.

Two circumstances in the 1970s prompted the development of such monitoring systems. First, the large number of banking organizations in the United States—more than 14,000 banks and 1,500 bank holding companies as of year-end 1975—and the growing complexity of their financial reports increased the difficulty of systematically analyzing each institution. Second, technological advances in the fields of computer science and data processing

significantly reduced the cost of analyzing information. In addition, a precipitous rise in the 1980s in the number of bank failures made clear the need for auxiliary means of supervising banks (see box “The Pattern of Bank Failures since 1980”).

### BANK REGULATORY SURVEILLANCE SYSTEMS

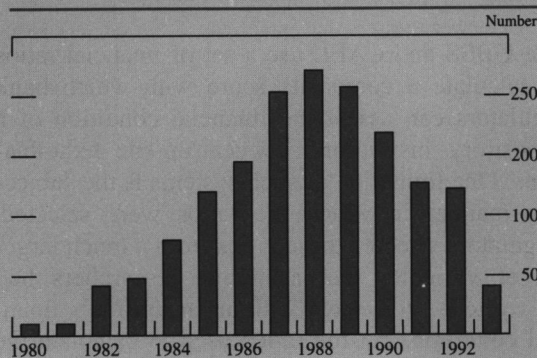
Over the past two decades, various monitoring systems have been developed, but their objectives have generally been the same—to identify developing financial problems at banking institutions between examinations in order to set priorities for the allocation of scarce examination and other supervisory resources. Output from the systems is used to accelerate the on-site examinations of institutions showing financial deterioration; to identify

### The Pattern of Bank Failures since 1980

From the mid-1930s until the early 1980s, relatively few banks failed, and losses to the deposit insurance fund were minimal. No more than 20 banks failed in any year. The Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA) set in motion the removal of ceilings on the interest rates that institutions could pay on savings and time accounts and removed or weakened barriers separating commercial banks, thrift institutions, and credit unions. With increased competition, depository institutions weakened by the deep recession of 1981–82 failed at increasingly higher rates (chart). In 1982, 42 banks failed. In each successive year, bank failures rose until 1988, when they peaked at 221. Since then, the number of failures has declined each year; however, it remained in triple digits through 1992, when 122 banks failed. In 1993, bank failures fell to only 41.

From 1982 through 1992, a total of 1,442 banks failed—more than 10 percent of all banks in the United States at the beginning of that period.

Failures of FDIC-insured banks, 1980-93



the areas of most supervisory concern in those institutions scheduled for examination; and to allocate the more experienced examiners to troubled institutions.

### Uniform Bank Surveillance Screen

Since the mid-1970s, the Federal Reserve System has monitored the financial performance and condition of banking organizations by screening financial ratios calculated from the Reports of Condition and Income (Call Report) filed quarterly by each

banking organization.<sup>2</sup> To improve this monitoring effort, the Federal Reserve System in the mid-1980s adopted the Uniform Bank Surveillance Screen (UBSS) as its primary surveillance system. With some changes, the UBSS remained in service until 1993, when it was replaced by FIMS. The UBSS used financial data from regulatory reports to identify individual institutions whose financial ratios had deteriorated relative to the averages of their respective “peer groups,” institutions with similar sizes of assets.<sup>3</sup> The effectiveness of this system, however, was limited by certain methodological weaknesses.

The UBSS was structured around six financial ratios computed from quarterly Call Report data. For both banks and bank holding companies, the first four ratios—tier 1 capital, net income, net liquid assets, and the sum of past due and nonaccrual loans (each expressed as a percentage of total assets)—were the components of a primary surveillance screen.<sup>4</sup> (A surveillance screen uses a set of financial ratio values to identify, or screen, institutions whose condition warrants special supervisory attention.) Within each peer group, the four financial ratios for each institution were sorted from best to worst, and percentile rankings relative to the peer group were calculated. The four ranks were summed to form a bank’s composite score, with each rank receiving equal weight in the summation. The resulting composite scores were used to calcu-

2. For a description of the bank surveillance systems used by regulators during the 1970s and early 1980s, see Barron H. Putnam, “Early Warning Systems and Financial Analysis in Bank Monitoring: Concepts of Financial Monitoring,” Federal Reserve Bank of Atlanta, *Economic Review* (November 1983), pp. 6–13.

3. The UBSS defined nine peer groups based upon bank asset size: \$10 million or less, \$10 million–\$25 million, \$25 million–\$50 million, \$50 million–\$100 million, \$100 million–\$300 million, \$300 million–\$1 billion, \$1 billion–\$3 billion, \$3 billion–\$10 billion, and greater than \$10 billion. A tenth peer group was defined as banks chartered during the previous five years.

4. For banks, asset growth during the previous four quarters and interest paid on volatile liabilities as a percentage of average volatile liabilities were used as supplemental surveillance screens. For bank holding companies, parent company cash flow and double leverage were used as supplemental surveillance screens. As with the four primary ratios, each supplemental screening ratio was converted to a percentile ranking, and institutions with the highest rankings were placed on the exception list for additional off-site analysis and, potentially, for supervisory action. For details on capital standards, see Allan D. Brunner and William B. English, “Profits and Balance Sheet Developments at U.S. Commercial Banks in 1992,” *Federal Reserve Bulletin*, vol. 79 (July 1993), pp. 661–62.

late composite percentile rankings within each peer group. These composite percentile rankings served as the basis of the primary surveillance screen. Institutions with the highest composite percentile rankings were placed on an "exception list." Institutions on this list were subjected to more in-depth, off-site analysis by Federal Reserve Bank staff.

The UBSS was supplemented by the quarterly Uniform Bank Performance Report and the Bank Holding Company Performance Report, both from the Federal Financial Institutions Examination Council. These reports are analytical tools created for bank and bank holding company supervisory personnel. In a concise format, they show the effect of management decisions and economic conditions on a banking organization's financial performance and balance sheet composition. The data on performance and balance sheet composition contained in the reports can aid in decisions about capital adequacy, asset quality, earnings, liquidity, and asset and liability management. Each quarterly report shows financial information for multiple time periods. The financial data are presented in the form of ratios, percentages, and dollar amounts. Each report also shows corresponding average data for the institution's peer group along with information identifying how the data ranked the institution relative to its peers.

If this off-site analysis led to the conclusion that the financial condition of an institution had worsened significantly since its most recent on-site examination, a suitable supervisory response was developed and implemented, including contact with the institution's management to obtain additional information and acceleration of the institution's next scheduled on-site examination.

### *CAEL System*

During the mid-1980s, the FDIC developed a surveillance system known as CAEL, which is methodologically similar to the UBSS. The acronym CAEL refers to four CAMEL component ratings that the system evaluates—capital, asset quality, earnings, and liquidity. The system does not provide a management rating. Like the UBSS, CAEL is based upon quarterly bank Call Report data; but whereas the UBSS calculated a composite percent-

tile ranking, CAEL calculates off-site surrogates for CAMEL ratings.

CAEL ratings are calculated in a manner similar to that by which the surveillance scores were calculated in the UBSS, although the calculation of CAEL ratings is considerably more complex and involves many more financial ratios. Like the UBSS, the CAEL system divides banks into peer groups based upon asset size and calculates percentile rankings for four sets of financial ratios that correspond to the four component ratings. Each of the four component ratings is calculated as a weighted average of the corresponding set of financial ratios. The composite CAEL rating is calculated as a weighted average of the four component ratings. Both the ratios used to calculate the ratings and the weights associated with each ratio are determined by a panel of bank examiners. CAEL remains in place today as the FDIC's primary off-site surveillance system.<sup>5</sup>

### *Limitations of the UBSS and CAEL*

The UBSS and CAEL use a set of financial ratios to calculate a composite score with which bank regulators can assess the financial condition of a depository institution between on-site examinations. One limitation of such systems is the subjective manner in which the ratios were selected. Regulators selected these ratios from a much larger set of variables that academic researchers had shown to be correlated with an institution's financial condition, but the ratios used to calculate the surveillance scores were not statistically validated as being sufficiently inclusive to produce accurate off-site assessments of risk. In fact, other ratios, when combined with those of these systems, produce superior assessments of risk.

A related limitation is the manner in which each ratio was weighted. These weights, which were fixed across estimation periods, were determined subjectively rather than by rigorous statistical testing. The UBSS applies equal weights to each of the four financial ratios used to construct the composite surveillance score. CAEL applies a system of weights determined by a panel of senior examiners.

5. The Office of the Comptroller of the Currency relies upon a set of financial ratio screens as its primary surveillance system.

Even if the selected financial ratios contained all the information necessary for an accurate assessment of risk, improper weighting of those ratios would reduce the accuracy of estimation. Moreover, even if optimal weights had initially been assigned, the failure to adjust for temporal shifts would also have reduced estimation accuracy.

A third limitation of these systems is the reliance upon peer-group analysis. Both systems divide banks into peer groups based upon asset size because the average values of key financial ratios are significantly different for banks of different sizes. Without a peer-group analysis, differences in the financial ratios associated solely with bank size could be mistakenly interpreted as differences in financial condition. Because performance is measured relative to that of other banks of similar size, however, systemic changes in the performance either of peer groups or of the banking system as a whole are not incorporated into the composite surveillance scores. Hence, if an entire peer group deteriorates, the percentile scores of individual banks within that peer group may not change, even though the banks have become riskier.

With peer group analysis, an additional complication arises when the size of an institution changes in a manner that places it in a larger or smaller peer group than it was in during the previous quarter. In such a case, the institution's percentile scores may change significantly, even if its financial condition has not changed.

## FIMS

Addressing the limitations of the previous off-site bank monitoring systems, FIMS provides two complementary surveillance scores based upon two distinct econometric models—the FIMS rating and the FIMS risk rank. The FIMS rating is an assessment of a bank's current condition, whereas the FIMS risk rank is a longer-term assessment of the bank's expected future condition.

The FIMS rating represents an estimate, based upon the most recent Call Report data, of what a bank's CAMEL rating would be if it were assigned during the current quarter. Because the relationship between financial ratios and CAMEL ratings may change over time, the FIMS rating model is updated each quarter. The updates reflect the most

recent relationship between financial ratios derived from the two most recent quarters of bank Call Report data and supervisory ratings based upon the most recent on-site examination. Empirical testing indicates that using data from the two most recent quarters to estimate the historical relationship maximizes the classification accuracy of the rating model.

The FIMS risk rank represents an estimate, based upon a bank's financial condition as measured by the most recent Call Report data, of the probability that a bank will fail during the subsequent two years.<sup>6</sup> Like the FIMS rating model, the risk rank model is updated quarterly to determine which ratios to include and how to weight these ratios. But the risk rank model is updated using financial ratios derived from Call Report data from the same quarter two years previously and information classifying banks as failing or surviving during the intervening period. This procedure enables the risk rank model to incorporate change over time and produces a much longer-term assessment of a bank's financial viability than does the FIMS rating model.

## Estimation Techniques

Both the FIMS rating and risk rank are based upon variables representing categories of financial condition. The FIMS rating is based upon the composite CAMEL rating, which can take on integer values from 1 to 5; the FIMS risk rank is based upon a variable that has only two values—0 for failure and 1 for survival. Because such variables represent categories of condition, standard estimation techniques (such as ordinary-least-squares regression analysis) do not provide accurate results. To account for the statistical characteristics of categorical variables, FIMS uses specialized "limited

6. "Failure" is defined as encompassing not only those institutions declared equity insolvent by their primary regulator during the two-year period but also those that are classified as "critically undercapitalized" at the end of the period. The latter group is included to identify institutions for which FDICIA mandates "prompt corrective action." In general, that legislation requires regulators to close critically undercapitalized institutions within ninety days. Critical undercapitalization is defined as a ratio of tangible equity to average assets of less than 2 percent.

dependent variable" estimation techniques to produce its two surveillance scores.<sup>7</sup>

### *Explanatory Variables*

In the literature on financial economics, the numerous studies that model the financial condition of depository institutions show a relatively consistent set of variables to be related to bank financial condition.<sup>8</sup> These variables, which generally include measures of capital adequacy, asset quality, earnings, and liquidity, form the basis for the off-site monitoring systems used by both the Federal Reserve and the FDIC.

To develop FIMS, staff members of the Federal Reserve System selected from the financial literature and the financial ratios commonly used in examination reports approximately thirty financial and structure variables that they considered most likely to be useful in estimating the CAMEL rating and the probability of failure. They tested an additional set of variables measuring regional economic conditions. For the FIMS rating model, the prior-period composite CAMEL rating and the prior-period management component rating were also

tested as explanatory variables. The prior-period composite rating was included in the model because the proportion of banks for which the CAMEL rating changes from one examination to the next is less than one-third. The prior-period management component rating was chosen to augment the ability of financial and structure variables to incorporate the management dimension of bank performance into the FIMS rating.

All of the potential explanatory variables except for the prior-period examination rating and the measures of regional economic conditions can be calculated with bank Call Report data (table 1). Income statement variables are based upon data from the previous four quarters. For each variable that is a financial ratio, a four-quarter rate of change is included in the FIMS models. These rates of change are defined as the difference in the values of the current and year-before values of each ratio's numerator, divided by the year-before value of assets.

From this set of potential explanatory variables comes a subset of variables that produces the best estimates of the CAMEL ratings. This subset is selected using a step-wise procedure that evaluates the explanatory power of the entire set of independent variables and sequentially removes from consideration those variables that do not significantly improve estimates of the historical relationship.<sup>9</sup>

A similar procedure is employed in selecting the explanatory variables for estimating the risk rank. From the large set of potential explanatory variables, the subset of variables that produces the best estimate of the probability of failure is chosen. As with the FIMS rating model subset, this subset is selected with a step-wise procedure that first evaluates the explanatory power of the entire set of

7. The ordinal-level logistic regression methodology is used to produce the FIMS rating whereas the binary logistic regression methodology—a special case of the more general ordinal-level methodology—is used to produce the FIMS risk rank.

Each bank receives a set of five estimates representing the probabilities that the next composite examination rating will be equal to 1, 2, 3, 4, or 5. The FIMS rating—or estimated CAMEL rating—is obtained from this set of estimates as the sum of the five possible ratings, each weighted by its estimated probability.

Each bank also receives a single estimate representing the probability that the bank will fail within two years. This estimated failure probability is used to rank banks according to riskiness.

The statistical underpinnings of these methodologies are described in G.S. Maddala, *Limited-Dependent and Qualitative Variables in Econometrics* (Cambridge University Press, 1983). See pp. 22–27 for a description of the binary logistic regression methodology and pp. 46–49 for the ordinal-level logistic regression methodology.

8. For a review of this literature, see Asli Demircuc-Kunt, "Deposit-Institution Failures: A Review of the Empirical Literature," Federal Reserve Bank of Cleveland, *Economic Review*, vol. 25 (Fourth Quarter, 1989), pp. 2–18. Three more recent articles on predicting bank failure are James B. Thomson, "Modeling the Bank Regulator's Closure Option: A Two-Step Logit Regression Approach," *Journal of Financial Services Research* (May 1992), pp. 5–23; Rebel A. Cole and Jeffery W. Gunther, "Separating the Likelihood and Timing of Bank Failure," *Journal of Banking and Finance* (forthcoming); and David S. Jones and Kathy Kuester King, "The Implementation of Prompt Corrective Action: An Assessment," *Journal of Banking and Finance* (forthcoming).

9. To validate this methodology, staff members tested each of the explanatory variables for statistical significance in estimating the CAMEL rating in each quarter from December 1989 through March 1992, a total of ten different estimation periods. Empirical testing verified that inclusion of variables that are not statistically significant often degrades the model's ability to produce accurate estimates for banks not included in the sample used to estimate the model, that is, "out-of-sample" estimates. Empirical testing also has shown that inclusion of variables that consistently are statistically significant improves the ability of FIMS to estimate examination ratings out of sample. In the present context, out-of-sample estimation uses the relationship between the dependent and explanatory variables estimated during one period to estimate events during the subsequent period. Out-of-sample tests comparing predicted and actual outcomes are useful because they most closely resemble the manner in which the model is actually used.

1. Variables for the FIMS rating model

Variable	Description
Loans past due 30-89 days	Loans past due 30-89 days and still accruing interest divided by assets
Loans past due 90 or more days	Loans past due 90 days or more and still accruing interest divided by assets
Nonaccrual loans	Nonaccrual loans divided by assets
Foreclosed real estate	Foreclosed real estate divided by assets
Tangible capital	Equity less goodwill divided by assets
Net income	Net income before extraordinary items less gains or losses on sale of securities divided by assets
Investment securities	Book value of investment securities divided by assets
Reserves	Allowance for loan and lease loss divided by assets
Jumbo CDs	Domestic certificates of deposit (CDs) greater than or equal to \$100,000 divided by assets
Net liquid assets	Net liquid assets divided by assets
UBSS asset growth percentile score	Percentile ranking score of growth in total assets over the past four quarters based upon the UBSS system
Volatile liability expense	Interest paid on volatile liabilities divided by average volatile liabilities
UBSS composite percentile score	Composite percentile ranking score based upon the UBSS system
Net charge-offs	Charge-offs less recoveries divided by assets
Brokered deposits	Binary variable equal to 1 if the ratio of brokered deposits to total assets is greater than 1 percent and equal to 0 otherwise
Noninterest expense	Noninterest expense divided by assets
Core deposits	Total deposits less domestic CDs equal to or greater than \$100,000, brokered domestic deposits less than \$100,000, and foreign deposits divided by assets
Insider loans	Loans to insiders divided by assets
Dividends	Dividends divided by assets
Age	Log of the age of the bank
Size	Log of the current level of assets
Provisions	Provisions for loan and lease loss divided by assets
C&I loans	Commercial and industrial loans divided by assets
Commercial real estate	Commercial real estate loans divided by assets
Consumer loans	Loans to individuals divided by assets
Agricultural loans	Loans for agricultural production divided by assets
Unemployment	Unemployment rate, state level
Income per capita	Personal income divided by labor force, state level
Permits per capita	Housing permits issued divided by labor force, state level

not significantly improve estimates of the probability of failure.<sup>10</sup>

*Estimating the Historical Relationship between Call Report Data and CAMEL Ratings*

The directions of the estimated historical relationships between the explanatory variables and the CAMEL ratings are shown in table 2. Only variables that are statistically significant in each of the ten quarters are shown. Eleven explanatory variables are statistically significant in each period analyzed. Four of these variables relate to asset quality—the ratios to assets of loans past due 30-89 days and still accruing interest, of loans past due 90 or more days and still accruing interest, of nonaccrual loans, and of foreclosed real estate. Each asset-quality variable is positively related to the numerical CAMEL rating, indicating that higher values of these variables are associated with worse CAMEL ratings.

Of the remaining seven variables that are significant in every period tested, three are negatively

10. This methodology was validated through separate estimations using year-end Call Report data from 1984-88 to determine failures in the two years subsequent to the Call Report date. Out-of-sample estimation accuracy was evaluated for each of these five estimations.

2. Effects of explanatory variables on the FIMS rating

Variable	Effect <sup>1</sup>
Loans past due 30-89 days	Worse
Loans past due 90 or more days	Worse
Nonaccrual loans	Worse
Foreclosed real estate	Worse
Tangible capital	Better
Net income	Better
Investment securities	Better
UBSS asset growth percentile score	Worse
UBSS composite percentile score	Worse
Prior management rating	Worse
Prior composite CAMEL rating	Worse

1. "Worse" indicates that higher values of the variable are associated with worse CAMEL ratings; "better" indicates that higher values of the variable are associated with better CAMEL ratings.

independent variables and then sequentially removes from consideration those variables that do

related to the numerical CAMEL rating—the ratios to assets of tangible capital, net income less security gains and losses, and investment securities—indicating that higher values for these variables are associated with better CAMEL ratings. These three variables measure the capital, earnings, and liquidity position of an institution, corresponding to three of the five components of the CAMEL rating system.

The remaining four variables significant in every period are positively related to the numerical CAMEL rating. The UBSS asset-growth and composite percentile rankings are consistently positive, indicating that higher values of these variables are associated with worse CAMEL ratings; also consistently positive are the prior management CAMEL component rating and the prior composite CAMEL rating, indicating that a bank's current rating is a function of its previous ratings. Indeed, a review of the sample banks' ratings reveals that the examination rating of a bank is the same as its previous rating in more than two-thirds of all cases analyzed.

Several additional variables are statistically significant in at least one but no more than five of the ten periods analyzed. Empirical analysis revealed, however, that inclusion of these additional variables in the model does not significantly improve the accuracy of out-of-sample estimation; in most cases, their inclusion usually degrades such accuracy. Of considerable interest is the finding that the regional economic variables tested do not significantly improve out-of-sample estimation. Further analysis indicated that, by themselves, these variables have considerable explanatory power but that this power is attenuated by the inclusion of bank-specific variables in the model.

#### *Estimating the Historical Relationship between Call Report Data and Bank Failure*

The directions of the estimated historical relationship between the explanatory variables and the incidence of bank failure are shown in table 3. Only the nine explanatory variables that are statistically significant in each period examined are included in the table. Four of these variables relate to asset quality—the ratios to assets of loans past due 30–89 days and still accruing interest, of loans

#### 3. Effects of explanatory variables on the FIMS risk rank

Variable	Effect <sup>1</sup>
Loans past due 30–89 days	Higher
Loans past due 90 or more days	Higher
Nonaccrual loans	Higher
Foreclosed real estate	Higher
Tangible capital	Lower
Net income	Lower
Reserves	Lower
Investment securities	Lower
Jumbo CDs	Higher

1. "Higher" indicates that higher values of the variable are associated with higher probabilities of failure; "lower" indicates that higher values of the variable are associated with lower probabilities of failure

past due 90 or more days and still accruing interest, of nonaccrual loans, and of foreclosed real estate. Higher levels of each of these variables are associated with a greater likelihood of failure (see note 6 for definition).

Of the remaining five variables, four are consistently negative—the ratios to assets of tangible capital, net income, allowance for loan loss, and investment securities—indicating that higher levels of each are associated with a lower likelihood of failure. The coefficient of the final variable—the ratio of domestic certificates of deposit greater than or equal to \$100,000 to assets—is positive, indicating that higher levels of this variable are associated with a greater likelihood of failure. This finding is consistent with the financial literature on bank failure, which provides evidence that high-risk banks use volatile liabilities as a funding mechanism to a greater extent than other banks and that these funds can be quickly withdrawn as a bank's condition deteriorates, causing liquidity problems.

#### ACCURACY OF CLASSIFICATION

For a surveillance model, the most meaningful measure of accuracy is the ability to classify institutions correctly in a future period rather than the ability to classify institutions correctly in previous periods. Therefore, the following procedure was used to assess the accuracy of the FIMS models. Parameter estimates were generated by applying

the econometric models to Call Report data from the beginning of a given period and to data from events (that is, examinations or bank failures) occurring during that period. These parameter estimates were then applied to Call Report data from the beginning of the subsequent period to generate classification for events occurring during that subsequent period. Finally, these classifications were compared with actual events that occurred during the subsequent period.

For example, to assess the accuracy of the FIMS rating model, parameter estimates were generated using data from the March and June Call Report and corresponding examination data from the quarters ending in June and September. These parameter estimates were then applied to September Call Report data to generate estimates of the CAMEL ratings assigned after examinations based upon the September Call Report data.<sup>11</sup> Finally, the esti-

mates based upon the September Call Report data were compared with the actual ratings assigned during examinations based on the same data. This procedure was repeated for ten different estimation periods.

A similar procedure was used to assess the accuracy of the FIMS risk rank model. For example, parameter estimates were generated using data from the December 1984 Call Report and data classifying banks as failing during or surviving through 1985-86. These parameter estimates were then applied to December 1986 Call Report data to classify banks as failing during or surviving through 1987-88. Finally, the classifications based upon the December 1986 data were compared with the actual status of banks at the end of 1988. This procedure was repeated for five different estimation periods.

11. Three official dates are associated with an examination: the date the examination begins, the date the examination ends, and the date of the Call Report data used by the examiners in assigning a supervisory rating. For purposes of estimating and evaluating the accuracy of the FIMS rating model, supervisory ratings are identified by the date of the Call Report data; typically, regulators also identify examinations by that date.

*FIMS Rating Model:  
Estimating the CAMEL Ratings*

The broadest measure of estimation accuracy in estimating the CAMEL rating is the ability

4. Accuracy of the FIMS rating and the UBSS composite score in estimating the subsequent-quarter composite CAMEL rating

Actual CAMEL rating	Estimated CAMEL rating										Total
	1		2		3		4		5		
	UBSS	FIMS	UBSS	FIMS	UBSS	FIMS	UBSS	FIMS	UBSS	FIMS	
<i>1</i>											
Number of banks ...	3,313	4,387	2,295	1,268	48	2	2	0	0	1	5,658
Percentage .....	58.6	77.5	40.6	22.4	.8	.0	.4	.0	.0	.0	100
<i>2</i>											
Number of banks ...	2,212	1,339	9,280	11,039	1,970	1,415	343	21	14	5	13,819
Percentage .....	16.0	9.7	67.2	79.9	14.3	10.2	2.5	.2	.1	.0	100
<i>3</i>											
Number of banks ...	100	23	1,991	1,188	1,707	2,919	762	503	939	20	4,653
Percentage .....	2.2	.5	42.8	25.5	36.7	62.7	16.4	10.8	2.0	.4	100
<i>4</i>											
Number of banks ...	8	0	360	82	732	576	711	1,156	248	245	2,059
Percentage .....	.4	.0	17.5	4.0	35.6	28.0	34.5	56.1	12.0	11.9	100
<i>5</i>											
Number of banks ...	2	0	22	6	104	27	255	161	249	438	632
Percentage .....	.3	.0	3.5	1.0	16.5	4.3	40.4	25.5	39.4	69.3	100
<i>Failed</i>											
Number of banks ...	1	0	4	0	23	1	73	5	161	256	262
Percentage .....	.4	.0	1.5	.0	8.8	.4	27.9	1.9	61.5	97.7	100
<i>Total</i>											
Number of banks ...	5,636	5,749	13,952	13,583	4,584	4,940	2,146	1,846	765	965	27,083
Percentage .....	20.8	21.2	51.5	50.2	16.9	18.2	7.9	6.8	2.8	3.6	100

NOTE. Based upon bank Call Report data for each quarter from December 1989 through March 1992.

to classify correctly the actual CAMEL ratings of individual banks. To assess the accuracy of the FIMS rating model, one can compare its ratings classifications to those derived from the UBSS—the surveillance system that FIMS replaced. This comparison measures how often each system's estimated quarterly CAMEL rating corresponds with the actual CAMEL rating assigned by examiners based upon the same financial data (table 4).

Table 4 combines classification results from ten separate quarterly estimates based upon the Call Reports from December 1989 through March 1992. For example, the parameters generated from Call Report data for the second and third quarters of 1989 were used to estimate ratings assigned from Call Report data for the fourth quarter of 1989; parameters generated from Call Report data for the third and fourth quarters of 1989 were used to estimate ratings assigned from Call Report data for the first quarter of 1990; and so forth. A total of 27,083 ratings estimates were made.

The FIMS estimates were identical to the subsequently assigned CAMEL rating for 74.6 percent of examinations. Less than 0.5 percent of the estimates were more than one level better than the actual rating, whereas 12.1 percent of the FIMS estimates were exactly one level better than the subsequently assigned CAMEL rating. FIMS was most accurate in estimating CAMEL ratings of 1 (77.5 percent) and 2 (79.9 percent). It also was extremely accurate in identifying banks that failed during the subsequent quarter. Of the 262 failing banks included in the sample, 97.7 percent received a FIMS rating of 5, 1.9 percent received a 4, and the remaining 0.4 percent received a 3; none received a FIMS rating of 1 or 2.

Also in table 4 are the out-of-sample estimation accuracy results for the UBSS. Although the UBSS was not designed specifically to estimate the CAMEL ratings of banks, it did provide a score for each bank, and this score can be used to estimate the examination rating. If all banks are ranked by their UBSS score, CAMEL rating estimates based on the distribution of actual CAMEL ratings can be assigned. For example, if 20 percent of the banks in the sample are 1-rated, 50 percent are 2-rated, 20 percent are 3-rated, 5 percent are 4-rated, and 5 percent are 5-rated, then banks with UBSS scores in the 1st–20th percentiles are classified as 1-rated, and banks with UBSS scores in the 96th–100th

percentiles are classified as 5-rated; banks in intervening percentile ranges receive the corresponding ratings.

When ratings estimates were assigned in this manner, the UBSS estimate was equal to the actual CAMEL rating 56.9 percent of the time. Approximately 19.4 percent of the UBSS rating estimates were one level better than the actual CAMEL rating, whereas 2.3 percent of the rating estimates were more than one level better than the actual rating. Like FIMS, the UBSS was most accurate in estimating CAMEL ratings of 1 (58.6 percent) and 2 (67.2 percent), but these percentages were much lower than those for FIMS (77.5 percent and 79.9 percent, respectively.) The UBSS also was much less accurate than FIMS in identifying banks that failed during the subsequent quarter. Of the 262 failing banks in the UBSS sample, only 61.5 percent received a 5-rating; 27.9 percent received a 4-rating; 8.8 percent received a 3-rating; and 1.9 percent received a 1- or 2-rating.

#### *FIMS Rating Model: Identifying Unsatisfactory Banks*

Regulators often divide banks into two broad groups—those that are satisfactory and those that are unsatisfactory. In defining satisfactory banks, regulators typically label banks with CAMEL ratings of 1 or 2 as satisfactory and banks with ratings of 3, 4, and 5 as unsatisfactory. As a second measure of estimation accuracy, this classification scheme was used to analyze the ability of the FIMS rating model and the UBSS to classify banks correctly as satisfactory or unsatisfactory.

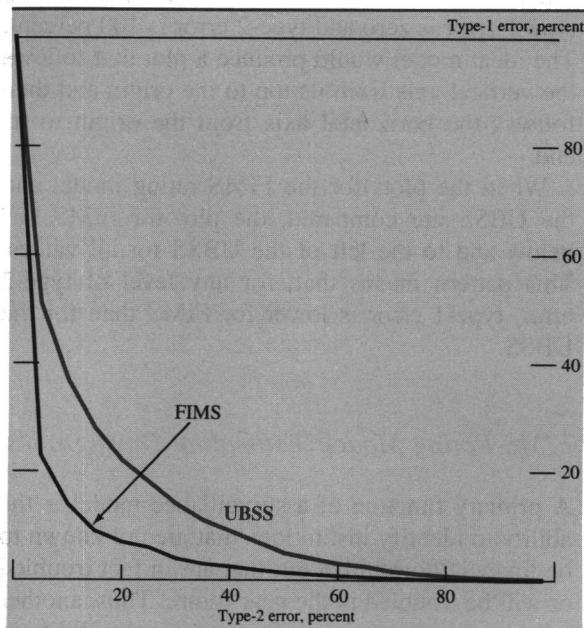
Two types of errors can be made in using an off-site monitoring system to classify banks in this manner. First, banks that actually are unsatisfactory can be misclassified by the system as satisfactory. Misclassification of unsatisfactory banks as satisfactory is referred to as a “type-1 error.” The second type of error is to misclassify satisfactory banks as unsatisfactory, a “type-2 error.” The cost of a type-1 error can be high because it can result in a bank failure that might have been prevented by early supervisory intervention. The cost of a type-2 error is usually much lower because it is limited to the sum of the unnecessary expenditure of supervisory or examination resources on a healthy bank

and the costs of examination that are borne by the bank.

The accuracy of the FIMS rating model and of the UBSS in identifying satisfactory and unsatisfactory banks is compared in table 5. FIMS incorrectly identified approximately 17.1 percent of the unsatisfactory banks as satisfactory (type-1 error) while incorrectly identifying 7.4 percent of the satisfactory banks as unsatisfactory (type-2 error). The UBSS incorrectly identified approximately 32.7 percent of the unsatisfactory banks as satisfactory (type-1 error) and incorrectly identified 12.2 percent of the satisfactory banks as unsatisfactory (type-2 error).

The information in table 5 is based on the assumption that a FIMS rating model score of 2.5 differentiates satisfactory banks (scores of 2.5 or less) from unsatisfactory banks (scores greater than 2.5). The ability of the FIMS rating model and the UBSS to identify unsatisfactory banks can be increased by adjusting the cutoff score between satisfactory and unsatisfactory downward from 2.5. For example, FIMS scores of 2.3 or less could be classified as satisfactory, whereas scores greater than 2.3 could be classified as unsatisfactory. Such an adjustment would increase the number of banks classified correctly as unsatisfactory and decrease type-1 error, but at the cost of decreasing the number of satisfactory banks correctly classified and increasing type-2 error. A larger percentage of the unsatisfactory banks would be identified, but a larger percentage of satisfactory banks would be misclassified.

1. Comparison of type-1 and type-2 error rates in distinguishing satisfactory and unsatisfactory banks through FIMS and UBSS



NOTE. A type-1 error is the classification of an unsatisfactory bank (CAMEL 3, 4, or 5) as satisfactory; a type-2 error is the classification of a satisfactory bank (CAMEL 1 or 2) as unsatisfactory.

Chart 1 demonstrates this trade-off graphically for the FIMS rating model and for the UBSS. Each line in the figure starts at the upper left corner because labeling no banks as unsatisfactory implies that all of the truly unsatisfactory banks are mislabeled, so that type-1 error is 100 percent and type-2 error is zero. Similarly, each line in chart 1

5. Ability of the FIMS rating and UBSS composite score to correctly identify satisfactory and unsatisfactory banks

Actual CAMEL rating	Estimated CAMEL rating				Total
	Unsatisfactory		Satisfactory		
	UBSS	FIMS	UBSS	FIMS	
<i>Unsatisfactory</i>					
Number .....	5,118	6,307	2,488	1,299	7,606
Percentage .....	67.3	82.9	32.7	17.1	100
<i>Satisfactory</i>					
Number .....	2,377	1,444	17,100	18,033	19,477
Percentage .....	12.2	7.4	87.8	92.6	100
<i>Total</i>					
Number .....	7,495	7,751	19,588	19,332	27,083
Percentage .....	28.6	28.6	71.4	71.4	100

NOTE. A "satisfactory bank" is a bank with a composite CAMEL rating of 1 or 2, whereas an "unsatisfactory bank" is a bank with a composite CAMEL rating of 3, 4, or 5. These results are based upon FIMS ratings

calculated using bank Call Report data from each quarter from December 1989 through March 1992 and upon the composite CAMEL ratings assigned in each subsequent quarter.

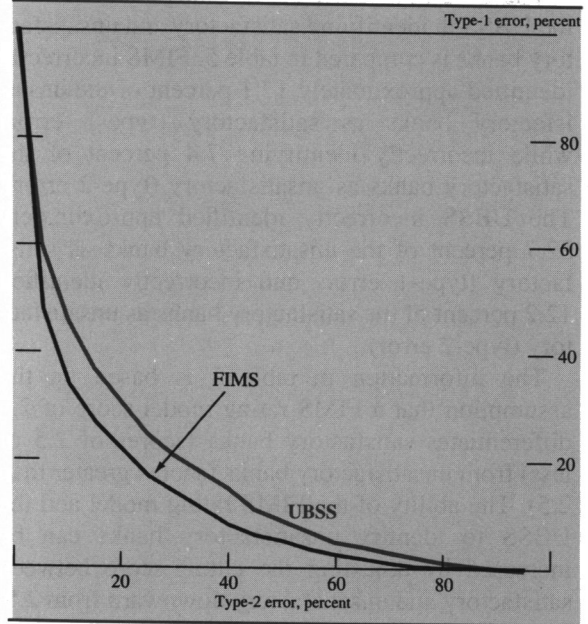
ends at the lower right corner, because labeling all banks as unsatisfactory implies that none of the satisfactory banks are correctly labeled, so that type-1 error is zero and type-2 error is 100 percent. The ideal model would produce a plot that follows the vertical axis from its top to the origin and then follows the horizontal axis from the origin to its end.

When the plots for the FIMS rating model and the UBSS are compared, the plot for FIMS lies below and to the left of the UBSS for all values. This pattern means that, for any level of type-2 error, type-1 error is lower for FIMS than for the UBSS.

*FIMS Rating Model: Estimating Downgrades*

A primary function of a surveillance model is the ability to identify institutions that are not known to be financially troubled but that are in fact troubled or will be troubled in the near future. Thus, another criterion for the success of a model is the ability to identify those banks that are rated satisfactory (CAMEL 1 or 2) but that will be downgraded to unsatisfactory (CAMEL 3, 4, or 5) in the near term. Once again, a trade-off exists between type-1 and type-2 error rates (table 6). In this case, a type-1 error occurs when the model incorrectly classifies a downgraded bank, and a type-2 error occurs when the model misclassifies a bank that is not downgraded.

2. Comparison of type-1 and type-2 error rates in identifying the downgrading of banks through FIMS and UBSS



NOTE. A type-1 error is the failure to identify the downgrading of a bank; a type-2 error is the false identification of a downgrading.

According to table 6, FIMS incorrectly labeled 58.8 percent of downgraded banks as satisfactory (type-1 error) and incorrectly labeled only 2.7 percent of the CAMEL 1- or 2-rated banks as a downgrade (type-2 error). By comparison, the UBSS incorrectly labeled 55.5 percent of downgraded

6. Ability of the FIMS rating and the UBSS composite score to identify banks downgraded from a composite CAMEL rating of 1 or 2 to a composite CAMEL rating of 3, 4, or 5

Actual CAMEL rating	Estimated CAMEL rating				Total
	Unsatisfactory		Satisfactory		
	UBSS	FIMS	UBSS	FIMS	
<i>1 or 2</i>					
Number .....	2,002	481	16,092	17,613	18,094
Percentage .....	11.1	2.7	88.9	97.3	100
<i>3, 4, or 5 (downgrade)</i>					
Number .....	1,019	757	818	1,080	1,837
Percentage .....	45.5	41.2	55.5	58.8	100
<i>Total</i>					
Number .....	3,021	1,238	16,910	18,693	19,931
Percentage .....	15.2	6.2	84.8	93.8	100

NOTE. Based upon FIMS ratings calculated with bank Call Report data from each quarter from December 1989 through March 1992 and upon the composite CAMEL ratings assigned in each subsequent quarter. Sample

includes only banks that had previously been rated as satisfactory; therefore total is smaller than that in tables 4 and 5.

banks as satisfactory (type-1 error) and incorrectly labeled 11.1 percent of the CAMEL 1- or 2-rated banks as downgrades (type-2 error). Hence, the type-1 error rate for the UBSS is slightly less than that of FIMS, but the type-2 error rate is much greater than that of FIMS.

As with the distinction between satisfactory and unsatisfactory tested earlier, comparing the type-1 versus type-2 error trade-off over all possible cut-off values is a more revealing test. Such a comparison of FIMS and the UBSS in identifying downgraded banks versus satisfactory banks appears in chart 2. As before, the plot for FIMS lies below and to the left of that for the UBSS for all values, demonstrating that, for any level of type-2 error, type-1 error is lower for FIMS than for the UBSS.

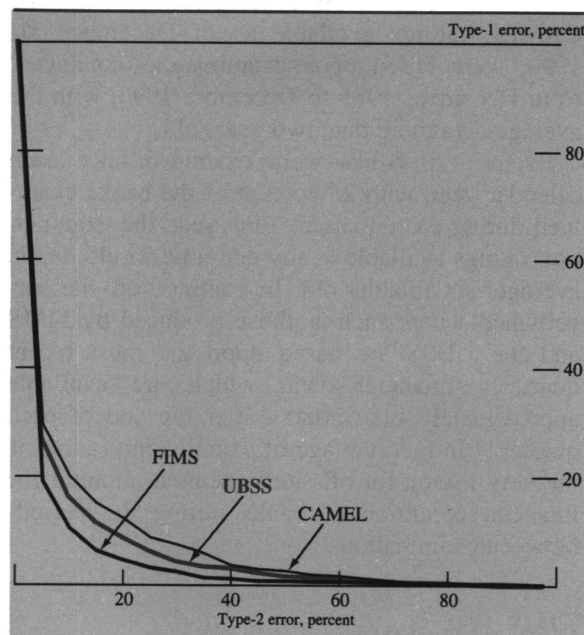
#### *FIMS Risk Rank Model: Accuracy in Estimating Bank Failures*

To assess the accuracy of the FIMS risk rank model in estimating the likelihood of bank failures, out-of-sample estimates of the probability of failure within a two-year period were calculated using binary logistic regression methodology. The accuracy of out-of-sample estimation was assessed over the five two-year periods beginning with year-ends 1986–90. For comparison, estimates of failure over these same two-year periods were constructed for the UBSS by ranking banks from worst to best based upon their UBSS composite percentile scores. Altogether, 48,306 estimates were made over the five periods.

As an additional test of accuracy, banks were ranked by their CAMEL rating as of year-ends 1988, 1989, and 1990 to see how well the CAMEL rating estimated failures during the subsequent two-year period relative to FIMS and the UBSS. Over these periods, a total of 32,306 estimates were made using each system.

The type-1 and type-2 error rates for each system were calculated and are plotted in chart 3. In this chart, the vertical axis represents the proportion of failing banks incorrectly identified as surviving (type-1 error), and the horizontal axis represents the proportion of surviving banks incorrectly identified as failing (type-2 error). The lines plotted on these axes represent the trade-off between these two types of error.

3. Comparison of type-1 and type-2 error rates in identifying bank failures through FIMS, UBSS, and CAMEL



NOTE: A type-1 error is the failure to identify the failure of a bank; a type-2 error is the false identification of a bank failure.

The classification accuracy for each of the three models is good, as indicated by the high degree of curvature in the plots. The plots demonstrate that the FIMS rating model is more accurate than the UBSS or CAMEL, as the FIMS curve lies below and to the left of the UBSS and CAMEL curves. For example, when 5 percent of the surviving banks are misclassified, FIMS misclassifies 20 percent of the failing banks. In comparison, the UBSS misclassifies 28 percent of the failing banks and CAMEL misclassifies 32 percent of the failing banks. When 10 percent of the surviving banks are misclassified, FIMS misclassifies 9 percent of the failing banks; the UBSS, 16 percent; and CAMEL, 22 percent. With the current population of approximately 11,000 banks, to reduce the percentage of misclassified failing banks to 9 percent the UBSS and CAMEL would have to misclassify approximately 800 more and 1,300 more surviving banks as failed, respectively, than would FIMS.

The relatively poor performance of the CAMEL rating is most probably attributable to the fact that CAMEL ratings available at any given date are based upon information that is more dated than that

for the off-site monitoring systems. In many cases, these examinations occurred more than a year before the date of interest. For example, the CAMEL ratings available as of December 31, 1990, were based upon examinations conducted from December 1985 to December 1990, with the average data more than two years old.

Even if all banks were examined once each calendar year, with 25 percent of the banks examined during each quarter of the year, the examination ratings available at any one time would be, on average, six months old. In contrast, off-site surveillance scores such as those produced by FIMS and the UBSS are based upon the most recent quarterly financial data, which are available approximately two months after the end of each quarter.<sup>12</sup> In fact, the age of examination ratings is the very reason for off-site systems to monitor the financial condition of banks during the periods between examinations.

#### *FIMS AS A SURVEILLANCE MODEL FOR BANK HOLDING COMPANIES*

As part of its regulatory responsibilities, the Federal Reserve is responsible for supervising bank holding companies. The Federal Reserve uses the so-called BOPEC system for rating the financial condition of bank holding companies as determined from on-site inspections. A BOPEC rating consists of a composite rating derived from five component ratings plus a separate management rating. The five component ratings are for the "bank," "other," "parent," "earnings," and "capital" components (hence the acronym BOPEC). The first three components refer to the three segments of the consolidated bank holding company—its bank subsidiaries covered by the Bank Insurance Fund, its other subsidiaries, and its parent company. As with the CAMEL rating, each component rating and the composite rating are scaled from 1 to 5. The separate management rating, however, has only three levels—"S" for satisfactory, "F" for fair, and "U" for unsatisfactory. Thus, a bank holding company receiving the highest possible ratings would have a BOPEC of "11111/1-S."

12. For expositional purposes, this discussion assumes that only one date is associated with each examination when, in actuality, three are. See note 11.

FIMS provides the Federal Reserve with a means for estimating the bank component of the BOPEC rating. Because the bank component rating is very highly correlated with the composite BOPEC rating, this estimate can serve as an off-site surveillance rating for bank holding companies. For a multibank holding company, the FIMS rating is calculated as the asset-weighted average of its subsidiary banks' FIMS ratings. For a one-bank holding company, it is the same as the subsidiary bank's rating.

FIMS also provides a risk rank for the combined bank portion of bank holding companies. Like the FIMS rating for bank holding companies, the FIMS risk rank for a multibank holding company is calculated as the asset-weighted average of its subsidiary banks' FIMS risk ranks, whereas for a unitary bank holding company it is the same as the subsidiary bank's risk rank. Because bank assets comprise the vast majority of a bank holding company's consolidated assets, these asset-weighted risk-rank averages should provide a fairly reliable off-site assessment of a bank holding company's financial condition when used in conjunction with off-site monitoring of the nonbank subsidiaries and consolidated organization.

#### *CONCLUSION*

The Financial Institutions Monitoring System has been developed to provide the Federal Reserve System with estimates of the financial condition of commercial banks and savings banks insured by the Bank Insurance Fund between on-site examinations. FIMS has several advantages over the Federal Reserve's previous off-site surveillance systems and the expert-based models used by other federal regulators.

First and most important, the accuracy of the new system in estimating the financial condition of banks as indicated both by subsequent on-site examination ratings and by subsequent failures is superior to that of the Federal Reserve's previous model.

Second, the new system provides objective measures of a bank's financial condition. Both the variables and the variable weights that are used to calculate these measures are determined by rigorous statistical testing rather than by subjective judgment.

Third, the new system provides a consistent measure of banks' financial condition. Both models that make up the new system can be calculated for each bank.

Fourth, the new system provides a timely measure of financial condition. The FIMS rating and risk rank for an individual bank can be calculated as soon as the bank files its quarterly Call Report rather than later, when enough quarterly Call Report data are available to calculate meaningful peer-group averages.

Fifth, the new system is more flexible than alternative systems. Explanatory variables can be added to or deleted from FIMS with minimal revisions to software or procedures. The UBSS and CAEL use fixed sets of financial ratios to calculate the surveillance scores, and any change in these ratios would require considerable revision to the surveillance system. The greater flexibility of FIMS should enable staff members at the Board and the Reserve Banks to continue to improve the new system's accuracy over time as experimentation with different variables continues and as feedback from end-users is incorporated into the system. Moreover, because the coefficients on the explanatory variables change each quarter in reflection of the

changing conditions in the banking industry, FIMS should continue to be more accurate than existing alternative systems.

Finally, the new system can identify deterioration or improvement in the banking industry within peer groups and systemwide. Unlike systems that rely upon peer-group rankings, FIMS measures absolute as well as relative changes in financial condition.

Preliminary testing has indicated that the methodology used to estimate the composite CAMEL rating produces estimates of the five component CAMEL ratings that are as accurate as estimates of the composite CAMEL rating. By providing estimates of component ratings as well as of the composite rating, FIMS could be used to better focus examination efforts on the dimensions of performance that appear to require the most urgent supervisory attention.

FIMS is also being tested for possible use on foreign banks. Most problematic is the assessment of the accuracy of the results, given the lack of CAMEL ratings for foreign banks. Comparison of FIMS ratings for foreign banks with alternative measures of risk, however, suggest that the FIMS approach is a promising avenue of research. □

# Industrial Production and Capacity Utilization: A Revision

*Richard D. Raddock, of the Board's Division of Research and Statistics, prepared this article.*

The Federal Reserve index of industrial production (IP) and the related measures of capacity and utilization have been revised starting with January 1991.<sup>1</sup> The revised indexes incorporate new or updated data and, beginning with January 1992, updated weights. The new weights used for adding up the series are derived from value added by industries in 1992 rather than in 1987. Value added in 1987, however, still provides the base weights to calculate annual growth of IP from 1987 to 1992, and the production and related capacity indexes continue to be expressed as a percentage of output in 1987 (chart 1).

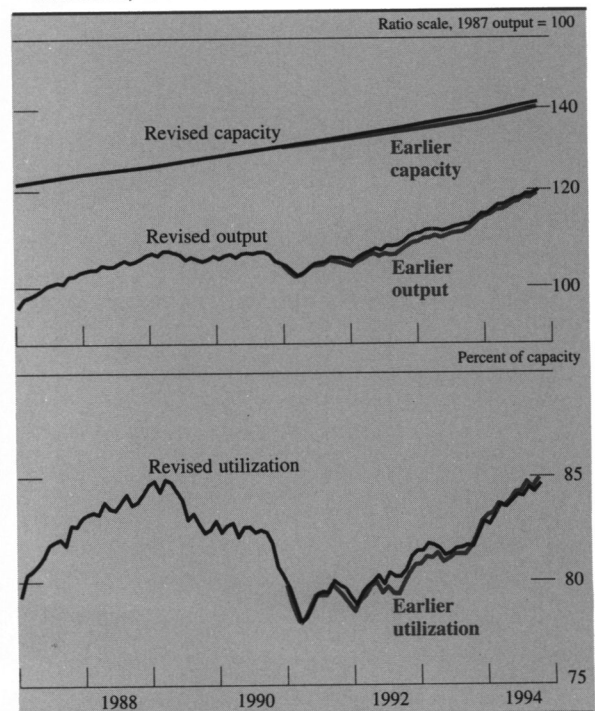
The new estimates of production incorporate preliminary results of the 1992 Census of Manufactures, annual physical data on mining for 1992 and 1993, and updated monthly source data, seasonal factors, and productivity relationships. The revisions to capacity and utilization reflect the new IP indexes, updated estimates of capital stocks for manufacturing, and new information provided mainly by trade associations on physical capacity and utilization for selected industries. The updated capital stocks incorporate new data on actual manufacturing investment in 1992 and revised estimates of investment in 1993 and 1994 based on surveys of capital spending plans by manufacturers.

For the third quarter of 1994, the revised IP index is 118.8 percent of output for total industry in 1987, compared with the level of 118.4 percent reported previously (table 1.A.)<sup>2</sup> The revised

capacity index is 140.9 percent of output in 1987, compared with the level of 140.0 percent reported previously. As a result, the rate of capacity utilization—the ratio of production to capacity—has been revised down about one-third of a percentage point to an estimated 84.3 percent in the third quarter of 1994.

When compared with the earlier estimates, the revised IP index shows stronger growth in 1991 and 1992 and slower growth in 1993 and 1994 (table 2). The upward revision to IP growth in 1992 largely reflects the incorporation of the new Census of Manufactures data. The slower growth now shown for 1993 and 1994 is due chiefly to the introduction of the 1992 value-added weights.

1. Revised and earlier industrial output, capacity, and utilization, 1987–94



NOTE. Seasonally adjusted, monthly data through October 1994.

1. Although the revisions of the individual capacity indexes and utilization rates begin in 1991, small revisions to some aggregates extend back to 1987 for technical reasons. This aspect of the revision is discussed later.

2. The figures for August through October of this year are subject to further revision in the upcoming monthly statistical releases.

The new 1992 weights, a key aspect of the revision, have substantially reduced the relative share of output of computers in the total index, a reduction that follows from the rapid decline in the relative price of computing power between 1987 and 1992. The smaller weight now given to the fast-growing computer industry explains, in large part, the slower growth in 1993 and 1994 shown by the revised indexes for business equipment and for total manufacturing (table 3). By contrast, indexes for these groups excluding computers are largely unaffected by the shift to 1992 valuation, and revisions to these aggregates indicate that the picture of industrial activity during the past two years has been little changed, on balance, by the revision.

Annual growth of industrial capacity has been revised up for 1991, 1992, and 1993. By the fourth quarter of 1993, capacity utilization is unchanged from the earlier estimate (tables 4 and 5). The faster growth of capacity through 1993 is the result of the revised gain in IP over the period as well as a faster rate of capital formation by manufacturers. Capital stock estimates have been raised, in large part, because the 1992 Census of Manufactures shows investment spending by manufacturers to have been stronger than survey data had previously indicated.

The average upward revision to capacity growth for total manufacturing is 0.2 percentage point a year over the past four years. As with the produc-

### 1.A. Revised data for industrial production, capacity, and utilization for total industry, 1987-94<sup>1</sup>

Seasonally adjusted data except as noted

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter				Annual avg. <sup>2</sup>
													1	2	3	4	
Industrial production (percentage change)																	
1987	-.3	1.4	.4	.5	.6	.9	.4	.3	-2	1.3	.1	.7	5.5	8.1	5.2	6.5	4.9
1988	.3	.2	.0	.8	-.3	.0	.6	.6	-.5	.3	.6	.6	3.8	3.0	2.9	3.0	4.4
1989	.3	-.5	.9	.0	-.3	-.3	-1.0	.5	-.4	-.4	.4	.7	3.9	.3	-4.4	-.2	1.5
1990	-.5	.5	.3	-.7	.7	.2	-.2	.3	.0	-.5	-1.3	-.4	2.1	1.1	1.6	-5.2	.0
1991	-.5	-.9	-1.0	.5	.8	.9	.3	.1	.9	-1.0	.0	-.4	-8.1	1.7	6.3	1.5	-1.7
1992	-.3	.9	.6	.5	.5	-.3	.9	-1	.2	.6	1.0	.5	.9	5.8	3.4	6.2	3.2
1993	.2	.6	.1	.0	-.2	.3	.4	.2	.3	.1	.9	.9	5.1	.7	3.3	5.3	4.1
1994	.0	.8	.9	.1	.5	.6	.2	.7	.0	.6	...	...	7.1	6.0	5.0	...	...
Industrial production																	
1987	96.5	97.9	98.2	98.8	99.4	100.3	100.6	100.9	100.7	102.1	102.2	102.8	97.5	99.5	100.8	102.3	100.0
1988	103.2	103.4	103.4	104.3	104.0	104.0	104.6	105.2	104.7	105.0	105.6	106.3	103.3	104.1	104.8	105.6	104.4
1989	106.6	106.2	107.1	107.1	106.7	106.4	105.3	105.8	105.4	105.0	105.4	106.1	106.6	106.7	105.5	105.5	106.0
1990	105.5	106.1	106.4	105.7	106.5	106.7	106.5	106.8	106.8	106.3	105.0	104.5	106.0	106.3	106.7	105.3	106.0
1991	104.0	103.1	102.1	102.6	103.5	104.4	104.7	104.8	105.7	105.6	105.6	105.2	103.1	103.5	105.1	105.5	104.3
1992	104.9	105.8	106.4	106.9	107.5	107.2	108.1	108.0	108.2	108.8	109.9	110.4	105.7	107.2	108.1	109.7	107.6
1993	110.6	111.3	111.4	111.4	111.1	111.5	112.0	112.2	112.5	112.7	113.7	114.7	111.1	111.3	112.2	113.7	112.0
1994	114.7	115.6	116.6	116.7	117.4	118.0	118.2	119.1	119.1	119.8	...	...	115.7	117.4	118.8	...	...
Capacity																	
1987	121.6	121.8	122.0	122.2	122.4	122.6	122.8	123.0	123.2	123.4	123.6	123.8	121.8	122.4	123.0	123.6	122.7
1988	123.9	124.1	124.2	124.4	124.5	124.7	124.8	125.0	125.1	125.3	125.4	125.5	124.1	124.5	125.0	125.4	124.7
1989	125.7	125.9	126.1	126.3	126.5	126.7	126.9	127.1	127.3	127.5	127.7	127.9	125.9	126.5	127.1	127.7	126.8
1990	128.1	128.3	128.5	128.7	128.9	129.1	129.3	129.5	129.7	129.9	130.1	130.3	128.3	128.9	129.5	130.1	129.2
1991	130.5	130.7	130.9	131.1	131.3	131.5	131.7	132.0	132.2	132.4	132.6	132.8	130.7	131.3	132.0	132.6	131.6
1992	133.0	133.3	133.5	133.7	134.0	134.2	134.4	134.7	134.9	135.1	135.4	135.6	133.3	134.0	134.7	135.4	134.3
1993	135.8	136.1	136.3	136.5	136.8	137.0	137.2	137.5	137.7	137.9	138.2	138.4	136.1	136.8	137.5	138.2	137.1
1994	138.7	139.0	139.3	139.7	140.0	140.3	140.6	140.9	141.3	141.6	...	...	139.0	140.0	140.9	...	...
Utilization																	
1987	79.3	80.3	80.5	80.8	81.2	81.8	81.9	82.0	81.8	82.7	82.7	83.1	80.1	81.3	81.9	82.8	81.5
1988	83.2	83.3	83.2	83.8	83.5	83.4	83.8	84.2	83.7	83.8	84.2	84.6	83.3	83.6	83.9	84.2	83.7
1989	84.8	84.3	84.9	84.8	84.3	83.9	83.0	83.3	82.8	82.3	82.5	82.9	84.7	84.3	83.0	82.6	83.7
1990	82.4	82.7	82.8	82.1	82.6	82.6	82.4	82.5	82.4	81.8	80.7	80.2	82.6	82.5	82.4	80.9	82.1
1991	79.7	78.9	78.0	78.3	78.8	79.4	79.5	79.4	80.0	79.8	79.6	79.2	78.9	78.8	79.6	79.6	79.2
1992	78.8	79.4	79.7	80.0	80.3	79.9	80.4	80.2	80.2	80.6	81.2	81.5	79.3	80.0	80.3	81.1	80.2
1993	81.5	81.8	81.7	81.6	81.2	81.4	81.6	81.6	81.7	81.7	82.3	82.9	81.7	81.4	81.6	82.3	81.7
1994	82.7	83.2	83.7	83.6	83.8	84.1	84.1	84.5	84.3	84.6	...	...	83.2	83.8	84.3	...	...

1. Estimates from August 1994 through October 1994 are subject to further revision in the upcoming monthly releases.

2. Annual averages of industrial production are calculated from not seasonally adjusted indexes.

tion index, the use of 1992 value-added weights reduces the contribution to aggregate indexes made by the rapidly expanding computer industry. The upward revision to growth of capacity for manufacturing excluding the computer industry is larger in each year since 1991.

By the third quarter of 1994, capacity utilization in manufacturing is 83.6 percent, 0.4 percentage point lower than the rate previously reported. Although figures for some of the individual series changed noticeably, the revised estimates for the major aggregates on balance are not appreciably different from the earlier ones. Among primary-processing industries, operating rates are now estimated to have been slightly higher. The rubber and

plastics products, stone, clay, and glass, paper, and fabricated metals industries contributed to the increase; however, downward revisions to operating rates in the primary chemical, petroleum, and textiles industries largely offset those increases. Among advanced processors, overall utilization is lower because of downward revisions in a number of industries, especially printing and publishing and furniture and fixtures.

Capacity estimates for mining and utilities are little changed. Utilization rates in mining and in gas utilities for the third quarter of 1994 are higher than the estimates reported earlier, whereas the operating rate for electric utilities is essentially the same as the earlier rate.

### 1.B. Revised data for industrial production, capacity, and utilization for manufacturing industries, 1987-94<sup>1</sup>

Seasonally adjusted data except as noted

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter				Annual avg. <sup>2</sup>
													1	2	3	4	
<b>Industrial production (percentage change)</b>																	
1987	-.6	1.7	.5	.4	.7	.9	.4	.0	.2	1.0	.4	.6	6.3	8.6	5.6	6.8	6.0
1988	.2	.1	.2	.7	-.1	.0	.5	.4	.0	.1	.9	.6	3.6	3.3	3.0	4.4	4.7
1989	.8	-.9	.6	.2	-.5	-.2	-1.2	.4	-.4	-.5	.3	.2	4.3	-.3	-5.3	-1.3	1.6
1990	-.1	.9	.4	-.9	.5	.0	-.3	.5	-.1	-.6	-.2	-.5	3.7	.2	1.0	-5.5	-.3
1991	-.8	-.9	-1.1	.6	.7	1.0	.4	.2	1.1	-.1	-.1	-.2	-9.3	1.3	7.6	2.1	-2.0
1992	-.2	1.0	.7	.4	.5	-.2	.9	.0	.1	.5	1.1	.4	2.4	6.0	4.1	6.0	3.9
1993	.5	.5	.1	.1	-.2	.2	.5	.1	.4	.1	1.1	1.1	6.1	1.3	2.9	6.4	4.5
1994	-.3	.8	1.1	.3	.5	.3	.4	.9	.0	.7	...	...	7.2	7.3	5.4	...	...
<b>Industrial production</b>																	
1987	96.2	97.8	98.3	98.7	99.4	100.3	100.7	100.7	100.9	102.0	102.4	103.0	97.4	99.4	100.8	102.5	100.0
1988	103.2	103.4	103.6	104.3	104.2	104.2	104.7	105.1	105.2	105.3	106.2	106.8	103.4	104.2	105.0	106.1	104.7
1989	107.7	106.7	107.3	107.6	107.1	106.8	105.5	106.0	105.6	105.1	105.4	105.6	107.2	107.2	105.7	105.4	106.4
1990	105.5	106.5	107.0	106.0	106.6	106.6	106.3	106.9	106.8	106.2	104.9	104.4	106.3	106.4	106.6	105.1	106.1
1991	103.6	102.7	101.6	102.1	102.8	103.9	104.4	104.5	105.7	105.5	105.4	105.3	102.6	103.0	104.9	105.4	103.9
1992	105.1	106.1	106.9	107.3	107.8	107.7	108.6	108.6	108.7	109.3	110.5	110.9	106.0	107.6	108.7	110.3	108.0
1993	111.5	112.0	112.2	112.3	112.1	112.3	112.9	112.9	113.4	113.6	114.8	116.1	111.9	112.3	113.1	114.8	112.9
1994	115.8	116.7	118.0	118.4	119.0	119.3	119.8	120.8	120.9	121.8	...	...	116.8	118.9	120.5	...	...
<b>Capacity</b>																	
1987	121.2	121.5	121.7	121.9	122.2	122.4	122.7	122.9	123.2	123.4	123.7	123.9	121.5	122.2	122.9	123.7	122.6
1988	124.1	124.3	124.5	124.7	124.9	125.1	125.3	125.5	125.7	125.9	126.0	126.2	124.3	124.9	125.5	126.0	125.2
1989	126.5	126.7	127.0	127.2	127.4	127.7	127.9	128.2	128.4	128.7	128.9	129.2	126.7	127.4	128.2	128.9	127.8
1990	129.4	129.6	129.8	130.1	130.3	130.5	130.7	130.9	131.2	131.4	131.6	131.8	129.6	130.3	130.9	131.6	130.6
1991	132.1	132.3	132.5	132.8	133.0	133.2	133.5	133.7	133.9	134.2	134.4	134.6	132.3	133.0	133.7	134.4	133.4
1992	134.9	135.2	135.5	135.7	136.0	136.3	136.6	136.8	137.1	137.4	137.7	137.9	135.2	136.0	136.8	137.7	136.4
1993	138.2	138.5	138.8	139.1	139.3	139.6	139.9	140.2	140.4	140.7	141.0	141.3	138.5	139.3	140.2	141.0	139.7
1994	141.6	142.0	142.3	142.7	143.1	143.4	143.8	144.2	144.5	144.9	...	...	142.0	143.1	144.2	...	...
<b>Utilization</b>																	
1987	79.3	80.5	80.7	80.9	81.3	81.9	82.1	81.9	81.9	82.6	82.8	83.1	80.2	81.4	82.0	82.8	81.6
1988	83.2	83.1	83.2	83.6	83.4	83.3	83.6	83.8	83.7	83.7	84.3	84.6	83.2	83.5	83.7	84.2	83.6
1989	85.2	84.2	84.6	84.6	84.0	83.7	82.5	82.7	82.2	81.7	81.8	81.8	84.6	84.1	82.5	81.7	83.2
1990	81.6	82.2	82.4	81.5	81.8	81.7	81.3	81.6	81.4	80.8	79.7	79.2	82.0	81.7	81.4	79.9	81.3
1991	78.4	77.6	76.6	76.9	77.3	78.0	78.2	78.2	78.9	78.7	78.4	78.2	77.6	77.4	78.4	78.4	78.0
1992	77.9	78.5	78.9	79.0	79.3	79.0	79.5	79.4	79.3	79.6	80.3	80.4	78.4	79.1	79.4	80.1	79.2
1993	80.7	80.9	80.8	80.8	80.5	80.5	80.7	80.6	80.8	80.7	81.4	82.2	80.8	80.6	80.7	81.4	80.9
1994	81.8	82.2	82.9	83.0	83.2	83.2	83.3	83.8	83.6	84.0	...	...	82.3	83.1	83.6	...	...

For notes, see table 1.A.

REVISIONS TO PRODUCTION  
BY MARKET GROUP

In examining industrial production by major market group, the revisions to the level of output of consumer goods for the 1991–93 period were small (table 2). Over the first three quarters of 1994, output of consumer durables, particularly motor vehicles, is now estimated to have risen faster than previously estimated. But the larger gain has been more than offset by slower growth in production of consumer nondurables, which is more heavily weighted. Output of durable consumer goods helped fuel the recovery and expansion from the 1991 trough until early 1994 (chart 2), with gains initially concentrated in trucks and appliances and then broadening to include other durable goods. After reaching exceptionally high levels in early 1994, however, output of automobiles and light trucks slowed. Output of some popular models, particularly sport utility vehicles, was limited by effective capacity constraints. Production of consumer durables other than automotive products

advanced at a rate of about 5½ percent in both 1993 and the first three quarters of 1994, a little less than the rate of growth reported before the revision. Growth in output of consumer nondurable goods has averaged only about 2 percent a year since 1990, essentially the same as was reported previously.

The business equipment group has been a major source of strength since late 1991. Although the rate of growth of output in this sector revised down in 1993 and 1994 because of the reduced weight of computers, the output index for information processing and related equipment continued to grow at a double-digit rate. Output of industrial, farm, and service industry equipment and of office furniture also grew rapidly in 1993 and 1994. Of the major subgroups within business equipment, only the production of transit equipment is lower in the third quarter of 1994 than it was two years earlier; the steep drop in output of commercial aircraft and parts exceeded gains in business vehicles and railroad equipment. The downsizing of the defense and space equipment sector has cut its level of

2. Revised rates of growth in industrial production, by major market group, 1990–94<sup>1</sup>

Market group	Revised rate of growth <sup>1</sup> (percent)					Difference between revised and earlier growth rates (percentage points)				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Total index .....	-.2	.2	4.0	3.6	6.0	.0	.5	.8	-.6	-.5
Products, total .....	-.4	-.1	4.3	2.9	5.1	.0	.5	.4	-1.0	-.8
Final products .....	-.1	.6	4.6	2.8	4.7	.0	.7	.5	-1.0	-1.3
Consumer goods .....	-1.8	2.5	3.4	2.1	3.5	.0	.2	.2	.3	-.7
Durable consumer goods .....	-8.3	5.4	6.5	8.2	5.0	.0	.4	.1	-.9	1.2
Automotive products .....	-11.7	5.3	11.9	11.5	4.3	.0	.3	.2	-1.1	2.3
Other .....	-5.4	5.4	2.3	5.4	5.6	.0	.5	.2	-.5	.2
Nondurable consumer goods .....	.1	1.8	2.6	.7	3.1	.0	.2	.2	.9	-1.2
Equipment .....	2.3	-2.0	6.3	3.9	6.5	.0	1.1	1.1	-2.5	-1.8
Business equipment .....	3.0	.8	9.0	6.9	10.0	.0	1.3	.3	-3.0	-1.4
Industrial .....	-1.4	-6.7	3.5	6.0	9.9	.0	-.8	-.1	1.8	-1.8
Information processing and related .....	6.2	4.5	16.5	10.6	13.6	.0	3.4	.1	-5.0	-2.5
Transit .....	7.0	7.9	1.1	-2.7	-1.5	.0	.2	2.2	-4.4	2.3
Other .....	-2.2	-5.3	6.7	11.8	13.6	.0	-.5	.4	1.2	2.1
Defense and space equipment .....	-.9	-8.1	-6.0	-9.8	-11.5	.0	.6	4.3	-.3	-3.1
Intermediate products .....	-1.6	-2.5	3.3	3.4	6.5	.0	.0	.2	-.7	.9
Construction supplies .....	-4.3	-3.6	4.3	6.2	7.9	.0	.9	.9	.3	2.1
Business supplies .....	.2	-1.9	2.8	1.9	5.6	.0	-.7	-.1	-1.1	.1
Materials .....	.2	.7	3.7	4.6	7.5	.0	.6	1.5	-.2	.0
Durable .....	-.1	.9	6.2	7.4	10.2	.0	1.2	2.8	-.8	-.3
Nondurable .....	.7	.7	2.1	4.0	5.3	.0	-.5	.0	.2	-.1
Energy materials .....	.2	.2	-.1	-.9	3.1	.0	.3	-.2	.1	.4
Aggregates, excluding computer and office equipment										
Total index .....	-.5	.0	3.4	3.1	5.7	.0	.4	1.1	.1	.0
Business equipment .....	1.5	-.4	5.3	3.8	8.8	.0	.6	1.5	.3	.5

1. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified in the column heading. For 1994, the growth

rates, at an annual rate, are calculated from the fourth quarter of 1993 to the third quarter of 1994.

production about a third since early 1990, nearly as much as was reported before the revision.

For intermediate products, the new figures show the same solid advance over the past few years reported earlier. Output of construction supplies is now estimated to have risen more strongly, with the upward revisions since the fourth quarter of 1991 cumulating to 3.5 percent by the third quarter of 1994. In contrast, the output index for general business supplies grew less overall than was reported before.

The revised production index for industrial materials, like the unrevised index, shows accelerating growth in the past two years; output rose at an annual rate of 7.5 percent over the first three quarters of 1994. Growth has been concentrated in durable materials used in equipment and in consumer durables, particularly motor vehicles.

### TECHNICAL ASPECTS OF THE REVISION

#### Value-Added Weights for 1992

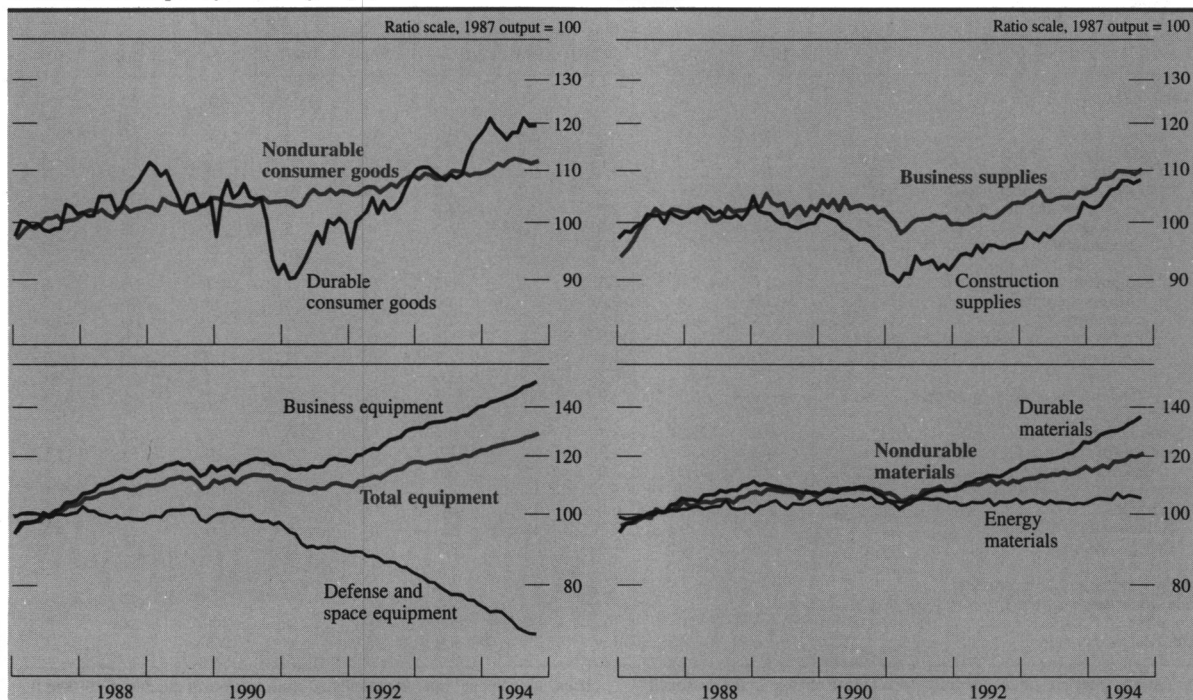
The index of industrial production is a linked quantity index that is calculated according to the

Laspeyres formula.<sup>3</sup> Value added in 1992 determines the base weights for 1992 forward; value added in 1987 continues to provide the base weights to calculate annual growth from 1987 to 1992. Indexes based on the 1992 weight base have been linked to 1987-based indexes at the beginning of 1992 to form a continuous time series expressed as percentages of output in 1987.

Total industrial value added in 1992 was \$1.7 trillion, of which durable manufacturing contributed 45 percent; nondurable manufacturing, 40 percent; mining, 7 percent; and utilities, 8 percent (table 6). The 1992 Censuses of Manufactures and Mineral Industries provided measures of value added by individual manufacturing and mining industries in 1992. Value-added estimates for electric and gas utilities were compiled from income and expense information published by the Department of Energy, the Edison Electric Institute, and the American Gas Association.

3. See Board of Governors of the Federal Reserve System, *Industrial Production—1986 Edition* (Board of Governors, 1986), pp. 22–23 and chapter 5, “Aggregation,” pp. 59–65, for a discussion of the methodology of the industrial production index.

#### 2. Industrial output by market groups, 1987–94



NOTE. Seasonally adjusted, monthly data through October 1994.

The ratio of value added in an industry to total value added in manufacturing, mining, and utilities indicates the proportionate contribution of that industry to total industrial production. The value-added proportions for 1992 were introduced in this revision to combine the production indexes beginning in 1992. Updated weights allow reasonably current price relationships to determine the relative importance of the series in the index.

As discussed earlier, the most notable result of the introduction of 1992 weights is to reduce the effect of the rapidly rising output of the computer and office equipment industry (SIC 357) on total industrial production since 1992. Previously, the proportion of SIC 357 in total IP, which was based on 1987 price relationships, had grown from 2.3 percent in 1987 to 3.7 percent in 1992 and to 4.7 percent in 1993. The proportion for SIC 357

3. Revised rates of growth in industrial production, by major industry group, 1990-94

Industry group	SIC group <sup>1</sup>	Revised rate of growth <sup>2</sup> (percent)					Difference between revised and earlier growth rates (percentage points)				
		1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Total index		-2	.2	4.0	3.6	6.0	.0	.5	.8	-.6	-.5
Manufacturing		-2	.2	4.6	4.2	6.6	.0	.5	1.0	-.8	-.6
Primary processing		-1.2	-.6	3.8	5.1	5.6	.0	.1	1.0	.1	.3
Advanced processing		.2	.6	5.0	3.7	7.1	.0	.7	1.0	-1.3	-1.0
Durable manufacturing		-.7	.0	5.8	6.3	8.2	.0	.9	1.5	-1.4	-.3
Lumber and products	24	-8.5	-.2	7.3	5.7	3.0	.0	-.9	-1.1	.7	1.6
Furniture and fixtures	25	-4.2	-1.0	5.5	4.5	10.8	.0	.2	1.8	-1.3	.3
Stone, clay, and glass products	32	-3.3	-6.8	5.7	5.0	4.6	.0	-.1	.6	-.3	2.3
Primary metals	33	.9	-2.9	1.1	6.8	5.1	.0	.5	.3	-.7	2.4
Iron and steel	331,2	2.9	-5.2	1.6	8.2	1.2	.0	.0	.3	-1.2	.7
Raw steel		5.6	-8.2	1.7	5.9	-1.1	.0	.0	.0	.0	.0
Nonferrous	333-6,9	-2.0	.6	.3	5.1	10.5	.0	1.3	.1	.4	4.1
Fabricated metal products	34	-3.0	-1.4	4.5	4.9	8.6	.0	.9	3.5	-.7	.1
Industrial machinery and equipment	35	1.7	-1.2	11.3	14.1	13.4	.0	1.5	-2.0	-3.3	-2.4
Computer and office equipment	357	11.0	5.6	30.6	33.5	17.9	.0	3.6	-1.2	-.4	-2.7
Electrical machinery	36	-.2	4.0	11.4	13.1	17.2	.0	1.5	6.2	2.2	-.6
Transportation equipment	37	-1.2	1.2	2.3	.5	.1	.0	.6	2.5	-3.1	1.0
Motor vehicles and parts	371	-7.2	10.2	11.7	14.0	3.9	.0	.8	1.2	-2.6	.1
Autos and light trucks		-11.1	12.7	8.8	14.9	1.4	.0	.4	-2.4	-2.1	.7
Aerospace and miscellaneous	372-6,9	4.1	-5.8	-6.3	-14.4	-5.3	.0	.4	3.7	-3.6	2.1
Instruments	38	2.0	.7	.5	-2.1	4.6	.0	1.2	.5	.7	.3
Miscellaneous	39	-1.1	.5	.6	3.8	7.5	.0	-.2	-.1	1.7	2.7
Nondurable manufacturing		.4	.5	3.2	1.8	4.7	.0	.0	.4	.3	-.9
Foods	20	1.7	.8	1.9	2.1	2.9	.0	-.2	.0	1.5	-1.3
Tobacco products	21	.0	-12.1	10.0	-15.5	22.1	.0	-2.6	.3	.0	1.7
Textile mill products	22	-5.2	5.6	4.4	1.4	4.2	.0	-1.1	-.7	-.2	-1.5
Apparel products	23	-4.6	5.9	.0	-1.2	3.6	.0	1.5	-.1	.5	-1.0
Paper and products	26	2.6	1.8	-.4	7.2	2.7	.0	.6	-.5	1.6	-.9
Printing and publishing	27	-.7	-2.4	2.1	-.2	3.5	.0	-.3	-1.0	-1.4	-1.0
Chemicals and products	28	1.4	.5	4.4	3.0	5.2	.0	-.2	1.1	.7	-1.8
Petroleum products	29	-.1	-2.0	3.3	2.5	-1.4	.0	-1.1	-.2	-.1	.7
Rubber and plastics products	30	.6	3.2	8.4	6.0	9.8	.0	2.0	3.5	1.2	-.3
Leather and products	31	-7.5	-5.7	5.3	-4.8	-.3	.0	-1.4	5.2	-1.4	.6
Mining		2.6	-3.1	.3	-.8	2.5	.0	.3	.8	.0	1.0
Metal mining	10	4.4	.2	5.8	.7	-4.4	.0	-.3	.7	-5.8	3.8
Coal mining	12	1.4	-2.5	-.7	-3.3	9.2	.0	.0	.0	-.1	.3
Oil and gas extraction	13	3.0	-3.3	-.6	-.9	1.4	.0	.2	.5	.4	.7
Stone and earth minerals	14	.6	-5.1	4.8	2.7	5.7	.0	2.4	4.2	.7	2.3
Utilities		-2.0	2.6	1.9	1.1	2.8	.0	.2	.0	.2	-.2
Electric	491,3pt	-.6	1.5	1.9	.6	3.6	.0	.3	-.2	.2	-1.0
Gas	492,3pt	-6.8	6.8	1.9	3.2	-.2	.0	-.1	.6	.4	2.4
Aggregate, excluding computer and office equipment											
Manufacturing		-.6	.0	3.8	3.5	6.3	.0	.4	1.2	-.1	-.1

1. Standard Industrial Classification.  
 2. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth

quarter of the year specified in the column heading. For 1994, the growth rates are calculated from the fourth quarter of 1993 to the third quarter of 1994.

based on 1992 Census measures of value added, however, is only about half the proportion before the revision: 1.7 percent in 1992 and 2.2 percent in 1993. The reduced weight of SIC 357 in the total index reflects the decline in the cost of computing power between 1987 and 1992.

To facilitate comparisons with data expressed in 1987 dollars, a supplementary set of measures combined with weights based on the market value of products in 1987 is published in the monthly statistical release (table 7 of the G.17 statistical release). These gross value of product

#### 4. Revised rates of growth in capacity, by major industry group, 1990-94

Industry group	SIC code <sup>1</sup>	Revised rate of growth <sup>2</sup> (percent)					Difference between revised and earlier growth rates (percentage points)				
		1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Total index .....		1.9	1.9	2.1	2.1	2.5	.0	.2	.4	.2	.0
Manufacturing .....		2.1	2.1	2.4	2.4	2.9	.0	.2	.4	.2	.0
Primary processing .....		1.7	1.2	1.4	1.4	1.8	.0	.1	.4	.3	.7
Advanced processing .....		2.2	2.5	2.9	2.8	3.3	-.1	.3	.5	.1	-.3
Durable processing .....		2.1	2.5	2.6	2.6	3.3	.0	.7	.5	.0	-.3
Lumber and products .....	24	.6	-.3	.3	.7	1.3	.0	-.4	.1	.0	.6
Furniture and fixtures .....	25	2.2	.9	1.6	2.4	2.7	.0	.2	.8	1.1	1.4
Stone, clay, and glass products .....	32	.6	.2	.5	1.0	1.4	-.1	-.1	-.4	-.1	.4
Primary metals .....	33	.6	-.6	-1.0	-.6	.3	.0	.4	.4	.6	.8
Iron and steel .....	331,2	.9	-1.2	-2.3	-1.0	.5	.0	.0	.0	.9	1.3
Raw steel .....		.0	-1.6	-2.6	-3.7	-2.7	.0	.0	-.4	-1.7	-1.9
Nonferrous .....	333-6,9	.2	.4	.7	.0	-.1	.2	1.0	.8	.1	.1
Fabricated metal products .....	34	.3	.4	.9	.9	.9	.0	.5	1.1	1.1	1.1
Industrial machinery and equipment .....	35	4.7	5.5	4.8	4.4	5.3	.0	.2	-.5	-1.5	-3.9
Computer and office equipment .....	357	15.3	15.4	15.6	14.4	15.1	.0	1.0	2.2	.4	-5.9
Electrical machinery .....	36	3.6	5.7	6.6	7.5	8.9	.0	3.0	3.7	2.5	2.1
Transportation equipment .....	37	1.1	1.3	1.5	.5	1.4	.1	.5	-.5	-.8	.3
Motor vehicles and parts .....	371	1.5	3.0	3.2	2.5	3.9	.4	1.3	-.3	-1.1	-.5
Autos and light trucks .....		.8	1.0	2.4	.8	3.4	.0	.0	-2.4	-2.9	-1.5
Aerospace and miscellaneous .....	372-6,9	.7	-.2	-.3	-1.6	-1.3	-.1	-.1	-.7	-.6	1.0
Instruments .....	38	1.3	1.2	1.2	1.3	1.4	.0	-.1	-.2	-.2	.1
Miscellaneous .....	39	1.6	1.5	3.5	3.2	3.4	.0	-.2	1.8	1.6	2.0
Nondurable manufacturing .....		2.1	1.7	2.2	2.2	2.3	.0	-.3	.4	.5	.4
Foods .....	20	1.4	1.9	2.2	2.2	2.1	.0	-.2	-.3	-.3	-.7
Tobacco products .....	21	-.4	-.5	-.7	1.0	.7	.0	-.1	-.3	1.4	1.0
Textile mill products .....	22	1.6	.5	1.2	1.7	2.0	.0	-.5	.2	.0	.0
Apparel products .....	23	.1	-.4	.9	.0	.3	.0	.1	1.7	.8	1.0
Paper and products .....	26	3.0	2.3	1.9	1.6	1.7	.1	-.1	.1	.0	.2
Printing and publishing .....	27	2.9	1.3	1.7	1.7	1.3	.0	-.3	1.0	1.0	.2
Chemicals and products .....	28	2.6	2.6	3.5	3.3	3.6	.1	-.3	.9	.9	1.1
Petroleum products .....	29	.9	-.8	-1.3	-.5	-.4	.0	.0	.0	.0	.0
Rubber and plastics products .....	30	4.0	3.5	4.4	4.4	4.6	.0	.1	1.1	1.4	1.8
Leather and products .....	31	-.3	-.3	-.2	-.2	-.2	.0	-.3	1.2	1.1	1.7
Mining .....		-1.2	-.3	-1.1	-1.4	-.5	.2	.3	-.1	-.3	.1
Metal mining .....	10	5.1	2.3	2.5	1.7	.8	-.2	.1	.9	.2	-1.7
Coal mining .....	12	2.1	2.1	1.0	1.1	1.1	.0	.0	.0	.0	.1
Oil and gas extraction .....	13	-2.6	-1.0	-2.1	-2.4	-1.1	.4	.5	-.2	-.4	.4
Stone and earth minerals .....	14	-.1	-.5	.5	.0	-.2	.0	.0	.7	.1	-.4
Utilities .....		2.4	1.3	1.2	1.1	1.2	.0	-.1	.0	.1	-.1
Electric .....	491,3pt	3.2	1.8	1.5	1.4	1.4	.0	.0	.0	.0	-.2
Gas .....	492,3pt	.0	.0	.0	.0	.2	.0	.0	.0	.0	.3
<i>Aggregates, excluding computer and office equipment</i>											
Total index .....		1.5	1.5	1.8	1.8	2.2	.1	.3	.6	.5	.6
Manufacturing .....		1.6	1.6	2.1	2.1	2.5	.0	.2	.7	.5	.7

1. Standard Industrial Classification.

2. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified in the column heading. For 1994, the annual growth rates are calculated from the fourth quarter of 1993 to the third quarter of 1994.

NOTE. Primary processing manufacturing includes textile mill products; paper and products; industrial chemicals, synthetic materials, and fertilizers;

petroleum products; rubber and plastics products; lumber and products; primary metals; fabricated metals; and stone, clay, and glass products. Advanced processing manufacturing includes foods, tobacco products, apparel products, printing and publishing, chemical products and other agricultural chemicals, leather and products, furniture and fixtures, industrial and commercial machinery and computer equipment, electrical machinery, transportation equipment, instruments, and miscellaneous manufactures.

figures, expressed in billions of 1987 dollars, cover goods leaving the industrial sector—consumer goods, equipment, and construction and business supplies. Industrial materials are excluded to avoid double counting. The 1987 gross value weights have not been revised.

### Changes in Series Structure

The structure of the index of industrial production, which comprises 255 individual series, remains essentially unchanged. One series was added, and one was deleted beginning in 1992. First, the

### 5. Revised capacity utilization rates, by major industry group

Industry group	SIC code <sup>1</sup>	Revised rate (percent of capacity)						Difference between revised and earlier growth rates (percentage points)			
		1967-93 avg.	1988-89 high	1990-91 low	1992:Q4	1993:Q4	1994:Q3	1990-91 low	1992:Q4	1993:Q4	1994:Q3
Total index .....		81.9	84.9	78.0	81.1	82.3	84.3	-.1	.6	.0	-.3
Manufacturing .....		81.2	85.2	76.6	80.1	81.4	83.6	.0	.7	-.1	-.4
Primary processing .....		82.3	89.0	77.9	82.8	85.8	88.1	-.2	.5	.4	.1
Advanced processing .....		80.7	83.5	76.2	79.0	79.7	81.8	.2	.9	-.2	-.6
Durable manufacturing .....		79.1	84.0	73.7	78.0	80.8	83.4	-.1	1.1	.1	.0
Lumber and products .....	24	83.1	93.3	76.3	86.0	90.4	91.4	.2	-1.3	-.7	-.1
Furniture and fixtures .....	25	81.7	86.8	71.0	78.3	79.9	84.5	-.6	.7	-1.1	-1.8
Stone, clay, and glass products .....	32	77.9	83.8	71.5	76.4	79.4	81.3	-.1	.9	.8	1.9
Primary metals .....	33	80.0	92.8	74.0	81.9	88.0	91.0	-.4	-.3	-1.4	-.4
Iron and steel .....	331.2	79.7	95.7	72.1	82.3	90.0	90.1	.0	.3	-1.6	-2.0
Raw steel .....		79.3	92.7	71.4	82.1	90.3	91.1	.0	.3	1.9	3.2
Nonferrous .....	333-6.9	80.8	88.7	75.0	81.4	85.6	92.3	-.8	-.9	-.7	1.8
Fabricated metal products .....	34	77.3	82.0	71.8	76.6	79.7	84.1	-.2	2.1	.9	.3
Industrial machinery and equipment .....	35	80.9	84.0	72.5	77.6	84.9	89.5	1.1	.4	-.8	.2
Computer and office equipment .....	357	80.6	84.4	64.5	74.2	86.6	88.0	1.1	-.2	-.8	1.0
Electrical machinery .....	36	80.4	84.9	76.6	80.3	84.5	89.0	-.8	.7	.4	-1.2
Transportation equipment .....	37	75.0	84.4	70.2	75.6	75.6	74.7	-.3	2.5	.8	1.2
Motor vehicles and parts .....	371	75.7	85.1	57.6	75.9	84.4	84.1	.3	1.0	.0	.4
Autos and light trucks <sup>2</sup> .....			89.1	53.3	75.8	86.4	84.6	-.3	-.1	.8	2.1
Aerospace and miscellaneous .....	372-6.9	75.7	88.4	79.4	75.3	65.5	63.5	.9	4.1	1.3	1.9
Instruments .....	38	82.1	81.2	76.7	77.4	74.7	76.5	.6	1.5	2.1	2.3
Miscellaneous .....	39	75.5	80.1	73.5	73.4	73.8	75.9	.6	-1.5	-1.4	-1.0
Nondurable manufacturing .....		83.5	86.7	80.4	82.8	82.4	83.9	.0	.0	-.2	-1.0
Foods .....	20	82.3	83.3	80.5	81.1	81.0	81.5	-.3	.2	1.5	1.2
Tobacco products .....	21	91.3	102.4	77.1	90.4	75.6	87.4	-2.2	-2.1	-2.9	-3.1
Textile mill products .....	22	86.1	92.1	78.9	88.8	88.5	89.9	.4	-1.2	-1.3	-2.3
Apparel products .....	23	81.1	84.2	75.1	80.1	79.1	81.0	.2	-.4	-.7	-1.9
Paper and products .....	26	89.7	94.8	86.5	87.7	92.5	93.2	.2	.0	1.3	.6
Printing and publishing .....	27	86.3	92.3	78.7	80.2	78.7	80.0	.2	-1.5	-3.5	-4.3
Chemicals and products .....	28	80.0	85.9	78.9	80.9	80.7	81.6	-.4	.1	-.1	-1.8
Petroleum products .....	29	85.5	88.5	83.7	89.1	91.8	91.1	-.8	-1.2	-1.4	-.9
Rubber and plastics products .....	30	83.9	90.5	78.4	86.1	87.5	90.6	.1	3.5	3.4	2.2
Leather and products .....	31	82.0	83.8	74.7	84.1	82.4	83.6	-1.7	2.2	.2	-.5
Mining .....		87.3	86.5	86.0	87.6	88.1	89.9	-.8	.1	.3	.9
Metal mining .....	10	78.2	87.9	80.6	85.9	85.1	81.9	.6	.0	-5.1	-1.3
Coal mining .....	12	86.9	91.4	82.9	83.1	79.5	84.2	.0	.0	-.1	-.1
Oil and gas extraction .....	13	88.0	86.1	86.8	89.1	90.5	91.9	-1.1	-.8	-.1	.1
Stone and earth mineral .....	14	84.2	90.0	79.4	84.3	86.6	90.5	1.6	4.8	5.4	7.3
Utilities .....		86.7	92.6	83.2	86.4	86.5	87.5	.1	.2	.4	.3
Electric .....	491,3pt	88.8	94.8	86.5	88.1	87.4	88.9	.2	.1	.3	-.2
Gas .....	492,3pt	82.5	85.5	68.3	80.4	82.9	82.6	.0	.3	.6	1.9
Aggregates, excluding computer and office equipment											
Total index .....		81.6	85.0	78.3	81.1	82.1	84.2	-.2	.4	.1	-.3
Manufacturing .....		80.9	85.3	77.0	80.3	81.4	83.5	-.1	.6	.2	-.3

1. Standard Industrial Classification.

2. Series begins in 1977.

NOTE. The "high" columns refer to periods in which utilization generally peaked; the "low" columns refer to recession years in which utilization

generally bottomed out. The monthly highs and lows are specific to each series, and all did not occur in the same month.

“Business vehicles” series, which was formerly an individual IP series based on heavy and medium trucks and a share of light trucks, has been separated into two individual series, one for medium and heavy trucks and the other for business light trucks. Each of these series is based on monthly assemblies in units. The weight associated with medium and heavy truck production in the index reflects the higher prices of these vehicles relative to prices for light trucks.

Second, the separate series for metal barrels has been deleted because the Census Bureau eliminated its quarterly Current Industrial Report for metal

barrels. A single monthly series based on shipments of metal cans now represents all of SIC 341—metal cans and shipping containers. The annual levels of this series have been adjusted to reflect production of cans, barrels, and other metal shipping containers.

#### *New Data in the Revised Production Indexes*

The new estimates of production incorporate preliminary results of the 1992 Census of Manufactures, which in combination with estimates of out-

#### 6. Value added and annual proportions in industrial production, by major industry group

Industry group	SIC code <sup>1</sup>	Previous			Revised			
		1987 value-added proportion	1992 IP proportion	1993 IP proportion	1987 value-added proportion	1992 value-added proportion	1992 IP index	1993 IP proportion
Total index		100.0	100.0	100.0	100.0	100.0	107.6	100.0
Manufacturing		84.3	84.5	84.9	84.3	85.5	108.0	85.9
Primary processing		27.1	26.4	26.3	27.1	26.5	104.6	26.5
Advanced processing		57.1	58.1	58.6	57.1	59.0	109.7	59.3
Durable manufacturing		46.5	46.7	47.9	46.5	45.1	109.3	46.0
Lumber and products	24	2.1	1.9	1.9	2.1	2.0	95.8	2.0
Furniture and fixtures	25	1.5	1.3	1.4	1.5	1.4	99.1	1.4
Stone, clay, and glass products	32	2.4	2.2	2.1	2.4	2.1	95.3	2.1
Primary metals	33	3.3	3.2	3.2	3.3	3.1	101.9	3.1
Iron and steel	331,2	1.9	1.9	1.9	1.9	1.7	105.1	1.8
Raw steel		.1	.1	.1	.1	.1	101.2	.1
Nonferrous	333-6,9	1.4	1.3	1.3	1.4	1.4	97.6	1.3
Fabricated metal products	34	5.4	4.9	4.9	5.4	5.0	98.8	5.1
Industrial machinery and equipment	35	8.5	9.9	11.1	8.5	7.9	124.6	8.6
Computer and office equipment	357	2.3	3.7	4.7	2.3	1.7	172.8	2.2
Electrical machinery	36	6.9	7.5	8.0	6.9	7.3	121.9	8.0
Transportation equipment	37	9.9	9.6	9.3	9.9	9.6	105.1	9.3
Motor vehicles and parts	371	4.8	4.8	5.2	4.8	4.8	107.4	5.2
Autos and light trucks		2.5	2.4	2.6	2.5	2.5	101.9	2.7
Aerospace and miscellaneous	372-6,9	5.1	4.8	4.1	5.1	4.8	103.0	4.1
Instruments	38	5.1	5.1	4.8	5.1	5.4	106.3	5.2
Miscellaneous	39	1.3	1.3	1.2	1.3	1.3	106.3	1.3
Nondurable manufacturing		37.8	37.8	37.0	37.8	40.5	106.5	39.9
Foods	20	8.8	8.9	8.6	8.8	9.4	107.0	9.3
Tobacco products	21	1.0	1.0	.8	1.0	1.6	96.5	1.4
Textile mill products	22	1.8	1.8	1.8	1.8	1.8	103.9	1.7
Apparel products	23	2.3	2.0	2.0	2.3	2.2	95.0	2.1
Paper and products	26	3.6	3.7	3.7	3.6	3.6	108.9	3.6
Printing and publishing	27	6.5	6.1	6.0	6.5	6.8	97.2	6.6
Chemicals and products	28	8.8	9.4	9.3	8.8	9.9	114.7	9.9
Petroleum products	29	1.3	1.3	1.3	1.3	1.4	102.1	1.4
Rubber and plastics products	30	3.2	3.3	3.4	3.2	3.5	115.6	3.6
Leather and products	31	.3	.3	.2	.3	.3	89.0	.3
Mining		8.0	7.4	7.0	8.0	6.8	98.9	6.5
Metal mining	10	.3	.5	.5	.3	.4	163.8	.4
Coal mining	12	1.2	1.3	1.2	1.2	1.0	108.2	.9
Oil and gas extraction	13	5.8	5.1	4.8	5.8	4.7	93.2	4.5
Stone and earth minerals	14	.7	.6	.6	.7	.6	99.0	.6
Utilities		7.7	8.1	8.1	7.7	7.7	111.9	7.7
Electric	491,3pt	6.1	6.4	6.3	6.1	6.1	111.7	6.1
Gas	492,3pt	1.6	1.7	1.7	1.6	1.6	112.7	1.6

1. Standard Industrial Classification.

put from the 1991 Annual Survey of Manufactures (ASM), are the most important sources of the data used in the revised annual indexes of production in manufacturing. After deflation with revised BEA price indexes, these data indicate that manufacturing output increased about 4 percent from 1991 to 1992—about a percentage point more than was previously reported.

The Bureau of the Census conducts a manufacturing census every five years and an annual survey in each of the four years between the censuses. The annual surveys are probability-based samples designed to represent the entire manufacturing universe. Although they collect some of the same industry statistics as the census, coverage in the annual surveys erodes between economic censuses, and successive annual estimates increasingly understate levels of manufacturing activity. As a result, measures of change in a series from an ASM year to the following census year (such as 1991 to 1992) are overstated unless a correction for the shortfall, or “drift,” in the annual survey is made.

In conjunction with a revision of industrial production, capacity, and capacity utilization published in May 1993, Federal Reserve staff conducted research to assess the likely size and the annual and industry composition of shortfalls in ASM output estimates from 1988 to 1991.<sup>4</sup> The work yielded explicit ASM “drift” assumptions for each year from 1988 to 1991, which were incorporated in that IP revision. In the aggregate, these assumptions appear close to the Bureau of the Census’s preliminary estimate of the actual shortfall in the annual surveys.<sup>5</sup> The final Census tabulations and research required to determine the final annual and industry composition of the total shortfall will not be available for another year.

The revisions to the individual production indexes also incorporate (1) monthly, quarterly, and annual physical product data that were not available in time for inclusion in the monthly publications during the past year, particularly data for a

portion of mining industries for 1992 and 1993; (2) revisions to monthly input data and output series based on monthly input measures; and (3) new seasonal adjustment factors fitted through June 1994 or later.

Input measures, either monthly production worker hours or kilowatt hours of electricity consumed by industry, are used to estimate monthly production indexes for more than half of industrial production. The input-based series were revised in three ways. First, the monthly data for hours of production workers were revised by the Bureau of Labor Statistics to reflect the benchmarking of monthly employment data to the number of employees covered by unemployment insurance in March 1993. The benchmarking raised employment in manufacturing and mining. Second, the data for consumption of electric power by industry were revised to reflect some final figures that were previously estimated, some SIC reclassification of sales by utilities, and some new data on cogeneration of electricity. Third, new productivity factors were applied to input data since 1991, based on productivity trends derived from annual input and output data through 1992.

Monthly physical output measures in tons, barrels, and so on have also been updated. For many series, the monthly product data are not comprehensive and may cover only part of the output of an industry. In such cases, the updated monthly product data are adjusted to annual levels by using more comprehensive annual indexes of output such as those based on the Annual Survey and Census of Manufactures.

### *Revised Estimates of Industrial Capacity*

The capacity indexes, which are designed to accompany the production indexes, have also been revised. The new IP indexes as well as updated capital stocks and the latest utilization rates from various sources were key factors in updating the capacity indexes. The latest Census survey of manufacturing plant utilization, a major source, provides utilization rates through only the fourth quarter of 1992. Census estimates for 1993 and 1994 will not be available until late 1995. Nonetheless, some industries provide utilization rates as well as output and capacity data expressed in physi-

4. Carol Corrado and Joe Matthey, “Use of Census Data in Benchmarking Manufacturing IP,” memorandum (Board of Governors of the Federal Reserve System, Division of Research and Statistics, April 1993).

5. David Cartwright and Brian Greenberg, “Annual Survey of Manufactures/Census of Manufactures Drift Evaluation,” paper presented to the Census Advisory Committee of Professional Associations (September 1994).

cal units, and these data were updated for a number of industries. The revised data cover such items as raw steel, copper, some chemicals, the assembly of automobiles and light trucks, and the generation of electricity.

Updated measures of real net capital stock for manufacturing have been estimated by the perpetual inventory method. Elements included in these estimations are (1) time series of investment in new equipment and structures by three-digit manufacturing industries; (2) corresponding decompositions of the annual investment data into twenty-eight asset types; (3) asset-type deflators and service lives; and (4) estimates of losses in capital efficiency due to discards and economic decay as assets age.

Revisions to the growth of constant-dollar net capital stocks since 1990 are the result of incorporating preliminary current-dollar expenditures on new capital by industry from the 1992 Census of Manufactures, revised estimates by the Bureau of Economic Analysis of both current-dollar new investment and related price deflators by asset type for 1990 through the third quarter of 1994, and revised estimates for 1993 and 1994 of investment in new plant and equipment by manufacturing industries. Taken together, this new information led to higher estimates of the growth of the real capital stock for the 1992–94 period.

### *Weights, Linking, and Utilization*

The value-added proportions that are applied to the individual capacity indexes when they are summed

into aggregate indexes are the same weights that are used to combine series in the production index. For the period since 1987, value-added proportions for 1987 are used from 1987 to 1992 and 1992 proportions for 1992 forward. The linking of each aggregate index to form a continuous time series expressed as a percentage of 1987 output involves calculating a constant, called a link factor, that shifts the level of the 1992-based index to the level of the 1987-based index in the January 1992 link period. Output and capacity indexes for each aggregate industry group are independently linked, and the link factor for each is independently calculated.

For the most part, the link factors for output and capacity are nearly the same. When they differ, such differences can affect the level of utilization for the industry group. In particular, linking tends to raise or lower utilization rates when (1) the relative prices (and the value-added weights) of series, such as computers, certain metals, or crude oil, change significantly and (2) the utilization rate of the affected component series is noticeably different from the utilization rate of the group of which the affected series is a part.

To avoid any distortion of utilization rates caused by linking aggregate indexes in January 1992, the level of linked capacity in 1992 was raised or lowered relative to linked output so that the final utilization rate in 1992 is restored to the appropriate, unlinked rate. The adjustment to capacity was then distributed evenly between the appropriate 1987 and 1992 levels so that the “correct” utilization rates are shown for the base years and no discontinuities in capacity result. □

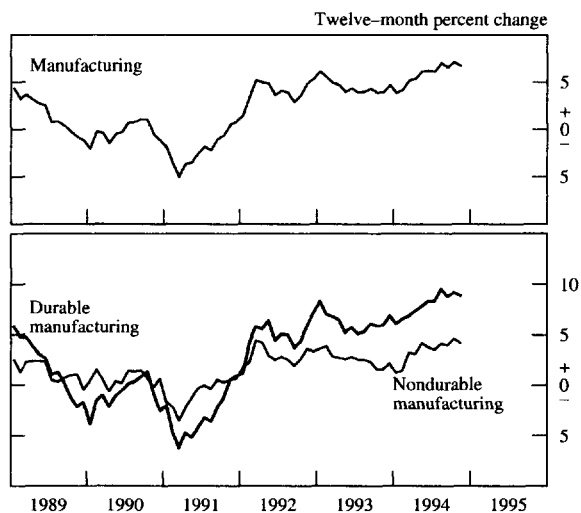
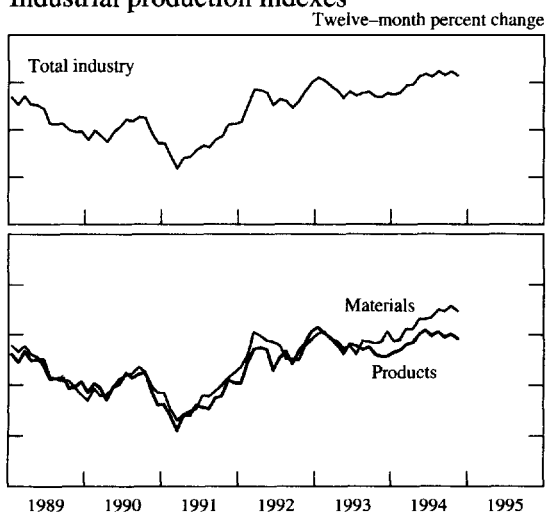
# Industrial Production and Capacity Utilization for November 1994

Released for publication December 14

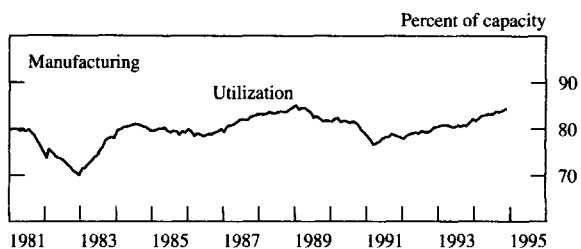
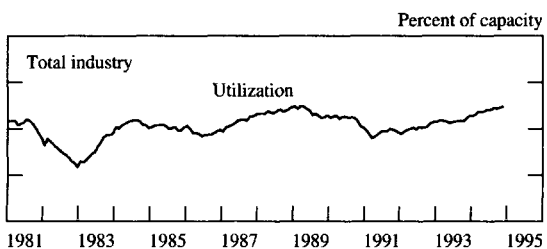
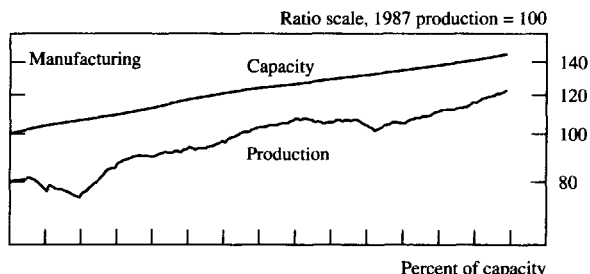
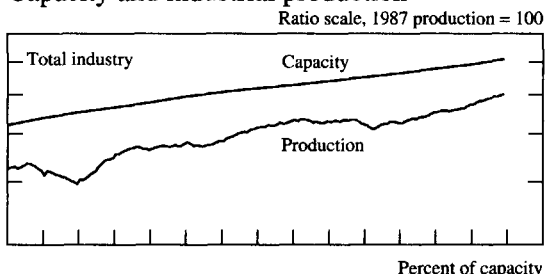
Industrial production rose 0.5 percent in November after a similar gain in October. The increase in output was broadly based, apart from a decline in production at utilities because of unseasonably mild

weather. Motor vehicle production, which had been lackluster during the first few months of the new model year, increased nearly 3 percent. The output of business equipment other than motor vehicles again advanced noticeably, and the production of construction supplies posted a sizable gain. The

## Industrial production indexes



## Capacity and industrial production



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

## Industrial production and capacity utilization, November 1994

Category	Industrial production, index, 1987 = 100								
	1994				Percentage change				Nov. 1993 to Nov. 1994
					1994 <sup>1</sup>				
	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct. <sup>r</sup>	Nov. <sup>p</sup>	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct. <sup>r</sup>	Nov. <sup>p</sup>	
<b>Total</b> .....	<b>119.1</b>	<b>119.0</b>	<b>119.6</b>	<b>120.2</b>	<b>.8</b>	<b>-.1</b>	<b>.5</b>	<b>.5</b>	<b>5.7</b>
Previous estimate .....	119.1	119.1	119.8	...	.7	.0	.6	...	...
<i>Major market groups</i>									
Products, total <sup>2</sup> .....	116.7	116.4	116.9	117.4	.5	-.2	.4	.5	4.6
Consumer goods .....	113.8	113.1	113.0	113.6	.4	-.6	-.2	.6	2.7
Business equipment .....	148.9	149.2	151.2	152.2	1.4	.2	1.3	.7	10.1
Construction supplies .....	108.2	108.5	109.1	109.9	.3	.2	.6	.8	8.8
Materials .....	122.8	123.0	123.8	124.5	1.2	.2	.6	.6	7.4
<i>Major industry groups</i>									
Manufacturing .....	120.9	120.9	121.6	122.6	.9	.0	.6	.8	6.7
Durable .....	127.0	127.3	128.3	129.7	1.4	.2	.8	1.1	8.9
Nondurable .....	114.0	113.8	114.2	114.6	.4	-.2	.4	.4	4.2
Mining .....	100.0	100.1	99.7	99.1	-.2	.2	-.4	-.6	.9
Utilities .....	118.8	117.5	116.7	114.8	-.1	-1.1	-.7	-1.6	-1.6
Capacity utilization, percent									MEMO Capacity, per- centage change, Nov. 1993 to Nov. 1994
Average, 1967-93	Low, 1982	High, 1988-89	1993	1994					
			Nov.	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct. <sup>r</sup>	Nov. <sup>p</sup>		
<b>Total</b> .....	<b>81.9</b>	<b>71.8</b>	<b>84.9</b>	<b>82.3</b>	<b>84.5</b>	<b>84.3</b>	<b>84.5</b>	<b>84.7</b>	<b>2.7</b>
Previous estimate .....	...	...	...	...	84.5	84.3	84.6	...	...
<i>Manufacturing</i>									
Advanced processing .....	80.7	71.4	83.5	79.7	82.1	81.9	82.1	82.5	3.5
Primary processing .....	82.3	66.8	89.0	85.8	88.3	88.2	88.5	89.2	2.0
Mining .....	87.3	80.6	86.5	87.9	89.7	89.8	89.4	88.9	-.2
Utilities .....	86.7	76.2	92.6	87.0	87.8	86.7	86.0	84.6	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.

output of materials also rose sharply, led by gains in the production of parts for motor vehicles and equipment. Industrial production in November, at 120.2 percent of its 1987 average, was 5.7 percent higher than it was a year earlier. The substantial growth in output boosted capacity utilization to 84.7 percent, its highest level since April 1989.

When analyzed by market groups, the data show that the output of consumer goods rose 0.6 percent in November after declines in each of the two previous months. The production of durables other than motor vehicles rose 1 percent, an increase mainly reflecting a pickup in the output of appliances. The production of nondurable consumer goods has been sluggish in recent months; on balance, the production of most major categories has changed little. The production of business equip-

ment excluding autos and trucks rose 0.6 percent, as the output of industrial machinery and information equipment, particularly computers, increased further; during the past twelve months, the output in this sector has risen 11 percent. The production of materials advanced 0.6 percent. The most sizable gains were in durables, particularly those related to the motor vehicle and equipment industries. Among nondurables, the production of paper and textiles rose, while the output of chemicals was little changed. The output of energy materials was reduced further, in part because of the weather-related decline in electricity generation.

When analyzed by industry group, the data show that manufacturing output rose 0.8 percent in November to a level 6.7 percent higher than that of a year ago. Gains in production were most pro-

nounced among durables. Factory utilization was 84.4 percent, up 3 percentage points over the past year but still about  $\frac{3}{4}$  percentage point below its recent peak in January 1989. The utilization rate in the primary-processing industries rose 0.7 percentage point, to 89.2 percent, just a bit above the high reached in January 1989. Lumber, petroleum, non-ferrous metals, and rubber and plastics products contributed most to the current gain; operating rates in all of these industries are above their 1988–89 highs. Utilization for advanced-processing

industries rose 0.4 percentage point, to 82.5 percent, but remains about 1 percentage point below its 1988–89 high. Among advanced-processing industries, the operating rate for motor vehicles and parts increased sharply. Utilization rates for industrial and electrical machinery rose significantly as well. Operating rates at utilities fell 1.4 percentage points. Operating rates at mines also declined last month but were still a bit above those of a year earlier. □

# Announcements

## *CHANGE IN THE DISCOUNT RATE*

The Federal Reserve Board on November 15, 1994, approved an increase in the discount rate from 4 percent to 4¾ percent, effective that day.

In a related move, the Federal Open Market Committee decided that the increase in the discount rate should be reflected fully in interest rates in reserve markets.

These measures were taken against the background of evidence of persistent strength in economic activity and high and rising levels of resource utilization. In these circumstances, the Federal Reserve views these actions as necessary to keep inflation contained and thereby foster sustainable economic growth.

In taking the discount rate action, the Board approved requests submitted by the boards of directors of the Federal Reserve Banks of New York, St. Louis, Kansas City, and San Francisco. The Board subsequently approved similar requests by the boards of directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Minneapolis, and Dallas, effective November 16, 1994; and by the boards of directors of the Federal Reserve Banks of Philadelphia and Chicago, effective November 17. The discount rate is the interest rate that is charged depository institutions when they borrow from their District Federal Reserve banks.

## *AVAILABILITY OF 1995 FEE SCHEDULES FOR SERVICES PROVIDED BY THE FEDERAL RESERVE BANKS*

The Federal Reserve Board announced on November 22, 1994, the 1995 fee schedules for services provided by the Federal Reserve Banks. The fees become effective January 3, 1995.

The fee schedules apply to check, automated clearinghouse, funds transfer and net settlement, book-entry securities, noncash collection, and

special cash services, and for electronic connections to the Federal Reserve. The 1995 fee schedules are available from the Reserve Banks.

In 1995, total costs for priced services, including float, a portion of special project costs, and the private sector adjustment factor (PSAF), are projected to be \$727.4 million. Total revenue is projected to be \$763.4 million, resulting in net income of \$36.0 million, compared with a targeted return on equity of \$31.5 million.

At the same time, the Board has approved the 1995 PSAF for Reserve Bank priced services of \$94.7 million, a decrease of \$8.9 million, or 8.6 percent, from the \$103.6 million targeted in 1994.

The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been earned had the Federal Reserve's priced services been provided by a private business firm.

## *INCREASES IN AMOUNTS OF TRANSACTION ACCOUNTS COVERED BY RESERVE REQUIREMENTS, RESERVABLE LIABILITIES, AND CUTOFF LEVELS FOR DEPOSIT REPORTING*

The Federal Reserve Board announced on November 22, 1994, an increase from \$51.9 million to \$54.0 million in the net transaction accounts to which a 3 percent reserve requirement will apply in 1995.

The Board also changed from \$4.0 million to \$4.2 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of 0 percent.

Also, the Board increased the deposit cutoff levels that are used in conjunction with the exemption level to determine the frequency and detail of deposit reporting required for each institution from \$55.0 million to \$55.4 million for nonexempt depository institutions and from \$44.8 million to \$45.1 million for exempt depository institutions.

## DAYLIGHT OVERDRAFTS

Shown below are data on daylight overdrafts of depository institutions. The data cover two-week periods ending on the date indicated and are not seasonally adjusted. Daylight overdrafts are negative balances in the reserve or clearing accounts of all depository institutions at Federal Reserve Banks. Daylight overdrafts are measured at the end of each minute (hh:mm:59) during the standard operating day of the Fedwire funds transfer system

(8:30:00 a.m. eastern time to 6:30:59 p.m. eastern time), for a total of 601 measurements per operating day. Positive balances in reserve or clearing accounts do not offset overdrafts in any of the calculations described below.

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

### Daylight overdrafts of depository institutions at Federal Reserve Banks and related fees

Millions of dollars except as noted

Date	Daylight overdraft fees (dollars) <sup>1</sup>	Biweekly average of daily figures		
		Average per-minute daylight overdraft <sup>2</sup>	Peak daylight overdraft <sup>3</sup>	MEMO Composite peak daylight overdraft <sup>4</sup>
<i>1993</i>				
Oct. 27 .....	...	80,076	144,874	211,581
Nov. 10 .....	...	78,824	137,840	203,237
Nov. 24 .....	...	79,617	143,844	215,721
Dec. 8 .....	...	67,646	115,256	181,468
Dec. 22 .....	...	63,765	109,192	176,177
<i>1994</i>				
Jan. 5 .....	...	59,295	105,591	168,008
Jan. 19 .....	...	68,949	125,443	193,981
Feb. 2 .....	...	72,184	128,501	191,464
Feb. 16 .....	...	72,093	130,320	190,618
Mar. 2 .....	...	71,756	124,206	192,453
Mar. 16 .....	...	64,533	113,606	180,466
Mar. 30 .....	...	68,204	120,015	185,443
Apr. 13 .....	...	63,216	112,120	175,475
Apr. 27 .....	699,681	38,923	64,234	127,458
May 11 .....	799,911	44,009	71,069	143,452
May 25 .....	871,823	46,397	78,689	154,562
June 8 .....	759,520	45,343	75,772	150,160
June 22 .....	745,570	42,299	72,397	142,774
July 6 .....	718,203	43,903	72,143	147,034
July 20 .....	762,412	43,160	69,086	143,019
Aug. 3 .....	764,542	43,144	68,477	144,863
Aug. 17 .....	750,314	42,443	72,889	143,469
Aug. 31 .....	767,339	43,273	73,181	147,016
Sept. 14 .....	652,983	41,419	72,359	140,205
Sept. 28 .....	655,227	39,381	65,659	138,858
Oct. 12 .....	661,073	42,796	66,703	144,311
Oct. 26 .....	696,804	41,106	66,946	144,713
Nov. 9 .....	680,599	40,448	68,574	142,201
Nov. 23 .....	660,887	43,247	71,137	154,614

1. For the two-week period ending on the date shown. On April 14, 1994, the Federal Reserve began charging depository institutions a fee for daylight overdrafts in their reserve or clearing accounts.

For each day, the chargeable overdraft is the institution's average per-minute daylight overdraft for that day less a daily deductible amount. An institution's average per-minute daylight overdraft for a given day is the sum of its overdrafts at the end of each minute in the standard operating day of the Fedwire funds transfer system divided by the number of such minutes. The deductible amount for each institution is 10 percent of its risk-based capital. The rate assessed against the chargeable overdraft is equivalent to an annual rate of 24 basis points (0.24 percent) times the fraction of the 24-hour day in which Fedwire operates (currently 10/24).

Two-week fees of \$25 or less are waived; neither waived fees nor daylight overdraft penalty fees are included in these totals.

2. The average per-minute daylight overdraft for a given day is the sum of average per-minute daylight overdrafts for all institutions on that day. See note 1 for the definition of an institution's average per-minute daylight overdraft.

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

4. The composite peak daylight overdraft for a given day is the sum of each institution's largest end-of-minute daylight overdraft on that day, regardless of the time at which it was incurred. This measure is provided for consistency with previously released data on daylight overdrafts and will not be routinely provided in the future.

### *ISSUANCE OF GUIDELINES RELATED TO REAL ESTATE APPRAISALS*

On November 7, 1994, the Federal Reserve Board and other financial institutions regulatory agencies issued guidelines to address supervisory matters relating to real estate appraisals and evaluations used to support real estate related financial transactions.

The guidelines provide guidance to examining personnel and federally regulated institutions about prudent appraisal and evaluation policies and practices.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires the agencies to adopt regulations on the preparation and use of appraisals by federally regulated financial institutions.

These jointly issued guidelines supersede each of the agencies' appraisal and evaluation guidelines issued in 1992.

### *REGULATION E: INTERIM RULE*

The Federal Reserve Board adopted on November 19, 1994, an interim rule to amend its Regulation E (Electronic Fund Transfers). The rule will

give financial institutions more flexibility in identifying consumer accounts on receipts at automated teller machines (ATMs).

As amended by the interim rule, which took effect December 1, 1994, the regulation will no longer require that terminal receipts uniquely identify the consumer's account or card. This change will allow institutions to truncate the number on the receipt and help protect consumers and financial institutions against fraudulent fund withdrawals. In some fraud schemes, criminals are manufacturing counterfeit ATM cards using valid account numbers from receipts discarded by consumers at ATMs. They then withdraw funds by using the personal identification number that, without the consumer's knowledge, they have observed the consumer enter at the ATM.

### *PROPOSED ACTIONS*

The Federal Reserve Board on November 29, 1994, published for public comment proposed changes to its Regulation Z (Truth in Lending), requiring new disclosures for reverse mortgages as set forth in the Home Ownership and Equity Protection Act of 1994. Comments were requested by January 18, 1995. □

# Minutes of the Federal Open Market Committee Meeting Held on September 27, 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, September 27, 1994, at 9:00 a.m.

*Present:*

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

Messrs. Hoenig, Melzer, and Moskow, and  
Ms. Minehan, 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

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. Beebe, Goodfriend, Lindsey, Mishkin,  
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  
Mr. Hooper, Assistant Director, Division of  
International Finance, Board of Governors  
Ms. Low, Open Market Secretariat Assistant,  
Division of Monetary Affairs, Board of  
Governors

Ms. Browne, Messrs. Davis, Dewald, Lang,  
Rolnick, Rosenblum, and Vander Wilt,  
Senior Vice Presidents, Federal Reserve  
Banks of Boston, Kansas City, St. Louis,  
Philadelphia, Minneapolis, Dallas, and  
Chicago respectively

Mr. Sniderman, Vice President, Federal Reserve  
Bank of Cleveland

Ms. Krieger, Assistant Vice President, Federal  
Reserve Bank of New York

*Secretary's Note:*

Advice had been received of the election of Michael H. Moskow by the boards of directors of the Federal Reserve Banks of Cleveland and Chicago as alternate member of the Federal Open Market Committee for the period September 1, 1994, through December 31, 1994, and that he had executed his oath of office.

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on August 16, 1994, were approved.

By unanimous vote, the Committee elected Frederic S. Mishkin as Associate Economist from the Federal Reserve Bank of New York, to serve until the next election at the first meeting of the Committee after December 31, 1994, with the understanding that in the event of the discontinuance of his official connection with the Federal Reserve Bank of New York he would cease to have any

official connection with the Federal Open Market Committee.

The Manager for Foreign Operations reported on developments in foreign exchange markets during the period since the August meeting. There were no System open market transactions in foreign currencies during this period, and thus no vote was required of the Committee.

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 August 16, 1994, through September 26, 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 the pace of economic expansion remained substantial, though it appeared to have moderated slightly in recent months. Final sales, especially of consumer goods, had firmed during the summer months while inventory investment apparently had slowed after a second-quarter surge. Manufacturing activity, bolstered by a pickup in production of motor vehicles, had been rising briskly, and the trend of payroll hiring remained strong. Increases in broad indexes of consumer and producer prices had been somewhat larger in recent months, and prices of materials had remained under considerable upward pressure.

Nonfarm payroll employment advanced appreciably further in August, though at a somewhat less rapid rate than the average pace in earlier months of the year. The slowdown in hiring in August was concentrated in retail trade, where employment was little changed after large gains in the two preceding months, and in construction, where it fell slightly. In manufacturing, employment was up considerably after essentially no change in July; while much of the strength was related to a pickup in the production of motor vehicles, hiring was up in a number of other industries as well. The average

workweek of production or nonsupervisory workers declined in August from July's relatively high level, but for the two months combined the average hours worked was well above the second-quarter level. Both household employment and the labor force surged in August, and the civilian unemployment rate was unchanged at 6.1 percent.

Industrial production rose sharply in August after sizable gains in previous months. The August advance reflected a large increase in manufacturing output that was partly offset by declines in mining production and electricity generation; much of the strength in manufacturing resulted from a large rise in the output of motor vehicles stemming from unusually rapid retooling for the new model year. Elsewhere in manufacturing, production of office and computing equipment continued to expand briskly, and output of industrial equipment was up significantly. Total utilization of industrial capacity rose further in August from already high levels.

Consumer spending remained on a solid upward trend. Retail sales rose considerably in August after holding steady in July. Sales of goods other than motor vehicles registered sizable increases in both July and August. Sales of motor vehicles, which had been constrained in recent months by shortages of popular domestic models, rebounded in August. Housing starts in July and August averaged slightly less than their second-quarter rate. Single-family starts had leveled off in recent months after declining earlier in the year; multifamily starts, though erratic from month to month, had been drifting higher.

The limited data available for the third quarter suggested that growth of real business fixed investment, though still strong, continued to slow from the very rapid pace of 1993. Shipments of non-defense capital goods declined in July, offsetting much of a large June advance. However, orders for nondefense capital goods were up significantly on balance in June and July, pointing to continued brisk expansion in business spending on durable equipment. Nonresidential construction activity increased further in July, and permits for such construction remained on a mild uptrend.

The growth in business inventories slowed markedly in July after surging in the second quarter. The July deceleration reflected a sizable reduction in retail inventories, principally automotive and general merchandise stocks. For the retail sector as a

whole, the inventory-to-sales ratio declined sharply in July to about the middle of the range seen in recent years. At the wholesale level, inventories increased substantially, both in July and over the second quarter, and the overall inventory-to-sales ratio edged up in July toward the middle of the range for this ratio in recent years. Inventory investment also picked up in manufacturing, where much of the July accumulation represented stocks of materials, supplies, and work-in-progress. The run-up in stocks was accompanied by a drop in factory shipments, and as a result, the inventory-shipments ratio recorded an unusually steep rise.

The nominal deficit on U.S. trade in goods and services widened substantially further in July after a large increase in the second quarter. The value of exports of goods and services slipped in July from a relatively high level in June, while the value of imports in July changed little from June. Economic activity in all of the foreign G-7 industrial countries except Japan expanded rapidly in the second quarter, and available indicators suggested that strong growth continued on average in the third quarter. In Japan, activity contracted in the second quarter, reflecting weakness in consumption and business investment; the limited data available for the third quarter suggested that growth in that country might have resumed.

Consumer prices rose a little faster in July and August than their average pace for the first half of the year. The recent pickup in consumer inflation reflected large increases in energy prices as well as somewhat higher food prices; excluding the food and energy components, consumer price advances had remained moderate. Prices rose briskly at the producer level in July and August as prices of finished energy goods surged and prices of finished foods turned up after declining over the first half of the year. For items other than finished foods and energy, the increase over the July-August period was a little faster than in the first half of the year. Recent data indicated little change in wage trends. Average hourly earnings of production or nonsupervisory workers rose in August at about the rate observed over the previous twelve months.

At its meeting on August 16, 1994, the Committee adopted a directive that called for increasing somewhat the degree of pressure on reserve positions, taking account of a possible rise in the discount rate. The Committee did not include in the

directive any presumption about further adjustments to policy during the intermeeting period. Accordingly, the directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with modest growth in M2 and M3 over coming months.

Immediately after the conclusion of the August meeting, the Board of Governors approved a  $\frac{1}{2}$ -percentage-point increase in the discount rate to a level of 4 percent. The Committee permitted the full amount of the increase to pass through to interest rates in the market for reserves, and the federal funds rate rose about  $\frac{1}{2}$  percentage point to an average of around  $4\frac{3}{4}$  percent. As indicated in an announcement released on the day of the meeting, the Committee did not anticipate that further policy tightening was likely to be needed for a time, given the substantial nature of the policy move. Accordingly, open market operations over the intermeeting period were conducted with a view to maintaining the less accommodative degree of pressure on reserve positions implemented just after the August meeting, and the federal funds rate remained near  $4\frac{3}{4}$  percent. In accordance with the usual cresting of seasonal demands for discount credit at this time of the year, adjustment plus seasonal borrowing rose over much of the period but began to edge lower subsequently. Borrowing averaged near anticipated levels.

Most market interest rates were up somewhat on balance since the August meeting. Short-term rates, which had risen before the meeting in anticipation of a smaller policy move, increased modestly further after the Federal Reserve tightened and then changed little over the next several weeks. Subsequently, however, these rates began to move higher in response to incoming economic data that were seen as pointing to the potential for greater inflation in the future and hence to further firming in reserve conditions. Long-term yields fell after the policy tightening, but these declines were erased within a few days, and rates later rose noticeably further in response to the incoming data. Most major indexes of equity prices were up on balance

over the intermeeting period despite price declines near the end of the period.

The trade-weighted value of the dollar in terms of the other G-10 currencies depreciated somewhat over the intermeeting period. Bearish sentiment toward the dollar in the foreign exchange markets appeared to be influenced importantly by continuing concerns about inflation trends in the United States compared with those in other major industrial countries.

M2 and M3 declined in August after expanding moderately in July, and data available for September pointed to little further change in either aggregate. The August decline in M2 reflected weakness in most of its liquid components that may have been induced to a considerable extent by the rise, which began early this year, in the opportunity costs of holding such accounts. The decline in M3 was associated with a sharp drop in institution-only money funds in response to the increase in market yields, but the weakness in this broader aggregate was limited by the brisk issuance of large-denomination time deposits as banks continued to rely on managed liabilities to fund credit growth. For the year through August, M2 and M3 grew at rates slightly above the lower ends of their respective ranges for 1994. Total domestic nonfinancial debt continued to expand at a moderate rate in recent months.

The staff forecast prepared for this meeting suggested that growth in economic activity would slow appreciably over the next several quarters, dropping briefly below the rate of increase in the economy's potential output. According to a staff analysis, the economy already was operating at its long-run capacity, and the forecast assumed that monetary policy would not accommodate any continuing tendency for aggregate demand to expand at a pace that could foster sustained higher inflation. Growth in consumer expenditures was projected to moderate next year as spending on consumer durables lost some momentum in the context of diminishing pent-up demands, the rise in borrowing costs, and smaller gains in income. After an extended period of very rapid increases, growth in business fixed investment also was expected to slow appreciably, partly reflecting less favorable financial conditions and partly the slower pace of output growth. Homebuilding would be damped by higher financing costs, though activity in this sector

was expected to remain well above the depressed levels reached in recent years. With the economy operating close to its long-run potential, no further reduction in the core rate of inflation was anticipated over the forecast horizon. Consumer price inflation was projected to be elevated over the near term—by some pass-through of the ongoing run-up in materials prices and by higher import prices—before settling down again.

In the Committee's discussion of current and prospective economic conditions, members commented on continuing indications of a robust expansion in business activity, with output near maximum sustainable levels. They still viewed significant slowing in the pace of the expansion as a reasonable expectation, though they acknowledged that signs of such slowing currently were limited and in particular that the most recent data indicated a greater probability of somewhat more strength in aggregate demand than had appeared to be developing during the late spring and early summer. The policy tightening actions implemented earlier in the year seemed to have elicited only a mild response thus far in interest-sensitive sectors of the economy. However, much of the retarding effects of those actions, including the recent sizable tightening in August, probably had not yet been felt in the economy. In light of the strength of aggregate demand and lags in the effects of policy, the risks of some rise in inflation rates probably had increased. How large this rise might be or when it might be reversed was very difficult to predict at this point. However, indications of a persisting pickup in inflation would be a matter of considerable concern, and further developments would need to be monitored with special care in light of the Committee's longstanding commitment to containing inflation and moving over time toward price stability to foster the maximum, sustainable performance of the economy.

In their review of developments across the nation, members commented on high levels of business activity in many regions and many of them referred to increasing reports of scarcities of specific types of labor resources. After softening earlier in many areas, business conditions appeared to have strengthened in a number of regions during recent weeks while displaying little change or continued moderate growth elsewhere. Robust expansion in manufacturing activity, especially in the

motor vehicle and related industries, was a notable feature of recent business developments. On the financial side, the overall expansion of credit had remained moderate, but many members stressed the ready availability of financing from increasingly aggressive bank lenders. Moreover, despite higher interest rates, capital markets were providing continued support to a wide variety of borrowers. The constraints on the availability of credit and the reluctance of many borrowers to incur new debt, factors that had tended to retard the recovery during its earlier stages, had given way to a financial climate that might even be providing an extra impetus to spending.

With regard to the outlook for activity in key sectors of the economy, consumer spending had been more buoyant than expected over recent months and members saw such spending as likely to be reasonably well maintained. Some moderation in its growth over the quarters ahead seemed likely, however, as pent-up demands increasingly were satisfied and housing-related purchases of consumer durables tended to moderate. Members cited anecdotal evidence of fairly brisk retail sales in many areas recently and associated optimism among retail business contacts. Recent survey results indicated that consumer sentiment remained favorable. Sales of motor vehicles were expected to continue the improvement noted in August as supply shortages were met through increased production.

Business fixed investment was viewed as likely to rise substantially further over the next several quarters, but the rate of growth had been moderating this year and probably would diminish further in conjunction with the projected slowing in overall demand. The expansion in expenditures for business equipment had slowed considerably this year from an extremely rapid rate in 1993 and could be expected to moderate somewhat further. At the same time, nonresidential construction was slowly trending higher as firms facing capacity constraints sought to expand their production facilities.

The prospects for inventory investment remained a key uncertainty in the outlook in that developments in this sector could well have an important bearing on the extent of the anticipated slowing in the expansion of overall economic activity over the next few quarters. The surge in inventory investment in the second quarter clearly was unsustain-

able, but some members questioned whether the expected cutback in inventory accumulation would be sizable over the near term. Continuing strength in new orders and anecdotal reports did not point to a desire to reduce inventories and suggested that much of the second-quarter buildup probably had been intended. Indeed, in the context of increasing backlogs and lagging deliveries that pointed to growing capacity constraints, many business firms might seek to build "safety stocks" to avoid supply disruptions that would interfere with production schedules. At the same time, the trend toward "just in time" inventory management—even if temporarily arrested as safety stocks were increased—would help to limit a potentially excessive buildup in inventories that would present a threat later to the sustainability of the expansion.

Members cited anecdotal evidence tending to support statistical indications of some weakening in housing markets, and they generally anticipated that the rise that had occurred in mortgage interest rates would exert a further damping effect on housing activity over the year ahead. However, against the background of the still relatively favorable affordability of housing and the likelihood of some further pent-up demand, only a moderate drop in overall homebuilding activity seemed likely.

A number of members expressed the view that the external sector was likely to contribute to the expansion of domestic economic activity in light of the depreciation in the value of the dollar and indications of stronger economic growth in foreign industrial nations. However, relatively rapid expansion in foreign economic activity would add to pressures on world commodity prices at least for a time. One member expressed concern about the potential, albeit uncertain, effects on the exchange value of the dollar of developments unrelated to the conduct of monetary policy, such as the ongoing trade negotiations with Japan and forthcoming elections in Germany.

In their discussion of various factors bearing on the outlook for inflation, members noted that some measures of inflation had picked up recently and that many private forecasters anticipated higher inflation in 1995 than in 1994. The worsening of inflation could perhaps be viewed as reflecting increasing capacity constraints in the face of recent growth in overall demand at a pace above the economy's long-run potential. From this perspec-

tive, the future path of inflation would depend importantly on the extent to which the expansion in overall activity would in fact abate from an unsustainable pace. Some members expressed particular concern that if above-trend growth did not moderate soon, existing inflationary pressures and inflationary expectations would quickly become more pronounced and inflation would gather momentum. Thus far, however, price pressures remained concentrated in the early stages of production. As evidenced by broad measures of prices and anecdotal information obtained from numerous business contacts, the pass-through of the higher costs of materials to the prices of final goods had been muted in what business executives continued to describe as highly competitive markets. The ability of business firms to hold down price increases in turn reflected to a marked degree their successful efforts to control unit costs through ongoing gains in productivity. Moreover, with profit margins currently at high levels, business firms facing competitive market conditions had some leeway to absorb rising costs. Increasingly tight labor markets in many parts of the country had not resulted in higher overall wage inflation, but members reported some upward pressure on the wages of certain categories of workers in strong demand. One member expressed the view that continued moderation in price and wage increases also might reflect in some measure a shift in price and wage-setting behavior attributable to the credibility of the Committee's anti-inflationary stance in recent years. A number of members commented that the sluggish-to-moderate growth of a wide variety of money and credit measures provided some assurance that, to date, monetary policy had not laid the basis for a sustained upturn in inflation. Nonetheless, the members concluded that the potential for additional inflation remained substantial and, from a monetary policy standpoint, rendered especially urgent the ongoing assessment of inflation trends.

In the Committee's discussion of policy for the period ahead, most of the members agreed on the desirability of maintaining a steady policy course, at least for the near term. In light of the appreciable tightening of policy approved in August, the members had anticipated that no further policy change was likely to be required for a period, and at this juncture they generally continued to feel that the recent evidence did not warrant an immediate

further tightening. Even so, the ongoing inflow of information on the performance of the economy continued to indicate a significant potential for higher inflation down the road, and for many members this suggested that additional monetary restraint could well be needed at some time. A key uncertainty in this regard related to the restraining effects of the policy moves implemented earlier this year; these actions appeared to have exerted less restraint to date than had been anticipated, but appreciable lagged effects from those actions—indeed, perhaps a large part of those effects—could still be expected. At this time, it was extremely difficult to evaluate whether the earlier tightening moves were exerting a lesser effect than usual or it simply was more delayed, or whether the members might have misjudged the underlying strength of the expansion. In the view of many members, the information that would become available during the intermeeting period should provide a firmer basis for judging the course of the economy and the risks of greater inflation. Should incoming information point to a greater likelihood that price pressures would intensify, the Committee would need to act promptly and forcefully to avert an upward ratcheting of inflationary expectations and actual inflation that would be difficult to reverse. Consequently, while views differed with regard to the likely need for some policy tightening over the weeks immediately ahead, the members generally supported a shift from the symmetry in the August directive to asymmetry toward restraint. Some members indicated that they could accept an asymmetric directive, but they expressed misgivings about the use of such an instruction in the directive because they felt it was subject to misunderstanding in financial markets and could add to uncertainty about Committee intentions. One member favored an immediate move to somewhat greater reserve restraint because the available evidence in his view already suggested an upturn in inflationary expectations and the prospect of a significant rise in inflation.

In the course of the Committee's discussion, a number of members commented that the behavior of the monetary and credit aggregates should be taken into account in the evaluation of the current stance of monetary policy. While various money and related measures had for many years proved unreliable to a greater or lesser extent in gauging

economic prospects, the weak growth in a wide array of these measures could not be entirely disregarded as a possible indicator of the degree of monetary restraint and argued for caution in implementing any further policy tightening. One member noted, however, that the slow growth in the narrow measures of reserves and money followed an extended period of rapid expansion and their recent weakness might not be indicative of constrained liquidity at this point. Moreover, the ready availability of bank credit and the receptivity of financial markets more generally argued that many borrowers, including small and medium-sized businesses, currently had access to ample financing.

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

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

The information reviewed at this meeting suggests that the pace of economic expansion, though perhaps moderating slightly in recent months, remains substantial. Nonfarm payroll employment advanced appreciably further in August, and the civilian unemployment rate was unchanged at 6.1 percent. Reflecting strength in motor vehicles, industrial production rose sharply in August after posting sizable gains in other recent months, and capacity utilization moved up further from already high levels. Retail sales were up considerably in August, boosted by a rebound in sales of durable goods, including motor vehicles. Housing starts rose in August but were unchanged from their second-quarter level.

Orders for nondefense capital goods point to a continued strong expansion in spending on business equipment; permits for nonresidential construction remain on a mild uptrend. Inventory accumulation appears to have moderated recently after surging in the second quarter. The nominal deficit on U.S. trade in goods and services widened in July from its second-quarter average. Prices of materials have remained under upward pressure, and increases in broad indexes of consumer and producer prices have been somewhat larger in recent months.

On August 16, 1994, the Board of Governors approved an increase in the discount rate from 3½ to 4 percent, and the Committee agreed that this increase would be allowed to show through completely to interest rates in reserve markets. Most market interest rates are up somewhat on balance since the August meeting. The trade-weighted value of the dollar in terms of the other G-10 currencies depreciated somewhat over the intermeeting period.

M2 and M3 declined in August after expanding moderately in July; for the year through August, M2 and M3 grew at rates slightly above the bottom of their ranges for 1994. Total domestic nonfinancial debt has continued to expand 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 July reaffirmed the ranges it had established in February 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 maintained at 4 to 8 percent for the year. For 1995, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1994 to the fourth quarter of 1995, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the associated monitoring range for growth of domestic nonfinancial debt at 3 to 7 percent for 1995. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, somewhat greater reserve restraint would or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in M2 and M3 over the balance of the year.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Forrestal, Jordan, Kelley, LaWare, Lindsey, and Parry and Mses. Phillips and Yellen.  
Vote against this action: Mr. Broaddus.

Mr. Broaddus dissented because he believed that a prompt move to somewhat greater monetary restraint was needed at this point. In his view, the current stance of monetary policy was overly accommodative in light of the signs of increasing price pressures and rising inflationary expectations that were associated with the continuing strength of the economic expansion and high levels of capacity utilization. In this situation, a delay in implement-

ing some monetary policy tightening would incur a substantial risk of a further increase in inflationary expectations and could make it more costly to achieve the Committee's longer-term anti-inflationary goals.

It was agreed that the next meeting of the Committee would be held on Tuesday, November 15, 1994.

The meeting adjourned at 1:00 p.m.

Donald L. Kohn  
Secretary

# Legal Developments

## *FINAL RULE—AMENDMENT TO REGULATION A*

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks; Change in Discount Rate), to reflect its approval of an increase in the basic discount rate at each Federal Reserve Bank. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

Effective November 18, 1994, 12 C.F.R. Part 201 is amended as follows. The rate changes for adjustment credit were effective on the dates specified in 12 C.F.R. 201.51.

### *Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)*

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

*Authority:* 12 U.S.C. 343 *et seq.*, 347a, 347b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. Section 201.51 is revised to read as follows:

#### **Section 201.51—Adjustment credit for depository institutions.**

The rates for adjustment credit provided to depository institutions under section 201.3(a) are:

Federal Reserve Bank	Rate	Effective
Boston .....	4.75	November 16, 1994
New York .....	4.75	November 15, 1994
Philadelphia .....	4.75	November 17, 1994
Cleveland .....	4.75	November 16, 1994
Richmond .....	4.75	November 16, 1994
Atlanta .....	4.75	November 16, 1994
Chicago .....	4.75	November 17, 1994
St. Louis .....	4.75	November 15, 1994
Minneapolis .....	4.75	November 16, 1994
Kansas City .....	4.75	November 15, 1994
Dallas .....	4.75	November 16, 1994
San Francisco .....	4.75	November 15, 1994

3. Section 201.52(b) is revised to read as follows:

#### **Section 201.52—Extended credit for depository institutions.**

\* \* \* \* \*

(b) *Extended credit.* For extended credit to depository institutions under section 201.3(c), for credit outstanding for more than 30 days, a flexible rate will be charged that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for adjustment credit, as set out in section 201.51, plus one-half percentage point. At the discretion of the Federal Reserve Bank, the 30-day time period may be shortened.

## *FINAL RULE—AMENDMENT TO REGULATION D*

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions), to increase the amount of transaction accounts subject to a reserve requirement ratio of three percent, as required by section 19(b)(2)(C) of the Federal Reserve Act, from \$51.9 million to \$54.0 million of net transaction accounts. This adjustment is known as the low reserve tranche adjustment. The Board has increased from \$4.0 million to \$4.2 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent. This action is required by section 19(b)(11)(B) of the Federal Reserve Act, and the adjustment is known as the reservable liabilities exemption adjustment. The Board is also increasing the deposit cutoff levels that are used in conjunction with the reservable liabilities exemption to determine the frequency of deposit reporting from \$55.0 million to \$55.4 million for nonexempt depository institutions and from \$44.8 million to \$45.1 million for exempt institutions. (Nonexempt institutions are those with total reservable liabilities exceeding \$4.2 million while exempt institutions are those with total reservable liabilities not exceeding \$4.2 million.) Thus nonexempt institutions with total deposits of \$55.4 million or more will be required to report weekly while nonexempt institutions with total deposits less than \$55.4 million may report quarterly. Similarly, exempt institutions with total deposits of \$45.1 million or more will be required to report quarterly while exempt institutions with total deposits less than \$45.1 million may report annually.

Effective December 20, 1994, 12 C.F.R. Part 204 is amended as follows. For depository institutions that report weekly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will be effective on the reserve computation period that begins Tuesday, December 20, 1994, and on the corresponding reserve maintenance

period that begins Thursday, December 22, 1994. For institutions that report quarterly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will be effective on the reserve computation period that begins Tuesday, December 20, 1994, and on the corresponding reserve maintenance period that begins Thursday, January 19, 1995. For all depository institutions, the deposit cutoff level will be used to screen institutions in the second quarter of 1995 to determine the reporting frequency for the twelve-month period that begins in September 1995.

**Part 204—Reserve Requirements of Depository Institutions (Regulation D)**

1. The authority citation for Part 204 continues to read as follows:

*Authority:* 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. In section 204.9 paragraph (a) is revised to read as follows:

**Section 204.9—Reserve requirement ratios.**

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve Requirement <sup>1</sup>
Net transaction accounts \$0 to \$54.0 million Over \$54.0 million	3 percent of amount \$1,620,000 plus 10 percent of amount over \$54.0 million
Nonpersonal time deposits	0 percent
Eurocurrency liabilities	0 percent

1. Before deducting the adjustment to be made by the next paragraph.

(2) *Exemption from reserve requirements.* Each depository institution, Edge or agreement corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transactions accounts subject to the low reserve tranche in paragraph (a)(1) of this section not in excess of \$4.2 million determined in accordance with section 204.3 (a)(3) of this part.

**FINAL RULE—AMENDMENT TO REGULATION H**

The Board of Governors is amending 12 C.F.R. Part 208, its Regulation H (Membership of State Banking Institutions in the Federal Reserve System), to remove the requirement that a state member bank publish its reports of condition. The amendment implements section 308 of the Riegle Com-

munity Development and Regulatory Improvements Act of 1994, which contains a number of measures to reduce the burden of federal regulation on depository institutions.

Effective November 10, 1994, 12 C.F.R. Part 208 is amended to read as follows:

**Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)**

1. The authority citation for Part 208 is revised to read as follows:

*Authority:* 12 U.S.C. 36, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1823(j), 1828(o), 1831o, 1831p-1, 3105, 3310, 3331–3351 and 3906–3909; 15 U.S.C. 78b, 781(b), 781(g), 781(j), 78o-4(c)(5), 78q, 78q-1 and 78w; 31 U.S.C. 5318.

- 2. Section 208.10 is amended as follows:
  - a. The section heading is revised;
  - b. Paragraphs (a) and (b) are removed; and
  - c. The paragraph designation and heading for paragraph (c) are removed.

The revised Section heading reads as follows:

**Section 208.10—Waiver of reports of affiliates.**

\* \* \* \* \*

3. In Subpart A, footnotes 11 through 13 are redesignated as footnotes 9 through 11, respectively.

4. Section 208.17 is amended by removing the undesignated text following paragraph (a)(2).

**ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT**

**Orders Issued Under Section 3 of the Bank Holding Company Act**

Abrams Centre Bancshares, Inc.,  
Dallas, Texas

**Order Approving the Formation of a Bank Holding Company**

Abrams Centre Bancshares, Inc., Dallas, Texas (“Abrams Centre”), has applied under section 3 of the Bank Holding Company Act (“BHC Act”) (12 U.S.C. § 1842) to acquire Abrams Centre National Bank, Dallas, Texas (“Bank”), and thereby become a bank holding company.<sup>1</sup>

1. Abrams Centre will acquire Bank by merging Bank with and into New Abrams Bank, Dallas, Texas, an interim, wholly owned subsidiary of Abrams Centre.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 12,927 (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.

Abrams Centre is a nonoperating company formed for the purpose of acquiring Bank. Bank is the 455th largest commercial banking organization in Texas, controlling deposits of \$41.3 million, representing less than 1 percent of total deposits in commercial banks in the state.<sup>2</sup> 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 of this proposal.

The Board has received comments from an individual ("Protestant") about the acquisition debt proposed to be incurred in this case. Protestant also alleges that management officials have improperly borrowed from Bank, and that these loans have prevented Bank from adequately meeting the credit needs of its communities.<sup>3</sup> The Board has carefully reviewed these comments in light of all facts of record, including responses by Bank and information from Bank's primary regulator, the Office of the Comptroller of the Currency ("OCC").

The Board notes that Bank is currently in compliance with all applicable capital requirements, and that Abrams Centre would be in compliance with all applicable capital requirements upon consummation of this proposal. Abrams Centre's projections for retiring the debt to be assumed as part of this transaction are consistent with the Board's policy relating to the assumption of debt by small bank holding companies in formation.<sup>4</sup>

The record in this case indicates that Bank has appropriate procedures in place to ensure compliance with Federal laws and regulations, including regulations relating to loans to officers and directors. Recent examinations of Bank by the OCC indicate that Bank is well managed and that Bank is in compliance with applicable laws and regulations. Additionally, these examinations indicate that Bank has not violated any applicable law or regulation regarding lending

to officers and directors.<sup>5</sup> For these reasons, and based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Abrams Centre and Bank, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with 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.<sup>6</sup>

The Board has carefully reviewed the CRA performance record of Bank, the comments received on this application, Bank's response to those comments, and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").<sup>7</sup> 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.<sup>8</sup> The Board notes that Bank received a "satisfactory" rating from the OCC at its most recent examination for CRA performance as of August 1, 1994. Moreover, the record in this case indicates that the loans Bank has extended to insiders, which account for an insignificant amount of Bank's total loan portfolio,<sup>9</sup> have not hindered Bank's efforts to meet the credit needs of its community.

For the reasons discussed above, the Board concludes, on the basis of all the facts of record, that considerations relating to the convenience and needs of the community to be served, including Bank's record of performance under the CRA, 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

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

3. Protestant also challenges the competence and experience of two proposed directors on the basis of civil actions filed over a twenty-year period against these individuals as a result of their personal business dealings. There is no evidence in the record of this case that indicates that the involvement of these individuals in these actions, almost all of which have been resolved, reflects adversely on their competence, experience or integrity as directors of Abrams Centre.

Additionally, Protestant asserts that Abrams Centre did not provide notice of this proposal in the community in which Protestant resides. The record in this case indicates that in addition to publishing notice of this proposal in the *Federal Register*, the local newspaper publication requirements set forth in the Board's regulations were properly followed by the applicant in this case. See 12 C.F.R. 262.3(b).

4. See 12 C.F.R. Part 225, Appendix C.

5. The OCC has been apprised of the allegations made by Protestant pertaining to excessive or inappropriate lending to Bank officers and directors, and has indicated to the Board that there is no evidence to substantiate these allegations.

6. 12 U.S.C. § 2903.

7. 54 *Federal Register* 13,742 (1989).

8. *Id.* at 13,745.

9. Loans to officers, directors, and shareholders constituted approximately 1 percent of Bank's average total loans as of June 30, 1994.

hereby is, approved.<sup>10</sup> The Board's approval is expressly conditioned on compliance with all the commitments made by Abrams Centre in connection with this application. 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 shall not be consummated before the fifteenth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 15, 1994.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

## Regions Financial Corporation Birmingham, Alabama

### *Order Approving Acquisition of a Bank*

Regions Financial Corporation, Birmingham, Alabama ("Regions"), 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 Union Bank & Trust Company, Montgomery, Alabama ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 42,048 (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.

10. The Board has carefully considered Protestant's request for a public hearing or meeting in connection with this application. Section 3(b) of the BHC Act does not require the Board to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the OCC has not recommended denial of the proposal.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). In the Board's view, all interested parties have had ample opportunity to submit their views, and written submissions have been received. Based on all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case, and the request for a public hearing or meeting on this application are denied.

Regions is the largest commercial banking organization in Alabama, controlling deposits of approximately \$6.8 billion, representing approximately 18 percent of the total deposits in commercial banking organizations in the state.<sup>1</sup> Bank is the eighth largest commercial banking organization in the state, controlling deposits of approximately \$324.1 million, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Regions would control deposits of approximately \$7.1 billion, representing 18.9 percent of total deposits in commercial banking organizations in the state.

Regions and Bank compete directly in the Montgomery, Alabama, banking market.<sup>2</sup> Regions is the largest commercial banking organization in the market, controlling deposits of \$906.2 million, representing 28.7 percent of total deposits in commercial banking organizations in the market.<sup>3</sup> Bank is the fourth largest commercial banking organization in the market, controlling deposits of \$324.1 million, representing 10.3 percent of total deposits in commercial banking organizations in the market. Upon consummation of this proposal, Regions would control deposits of \$1.2 billion, representing 39 percent of total deposits in commercial banking organizations in the market. The Herfindahl-Hirschman Index ("HHI") would increase by 588 points to 1987.<sup>4</sup>

A number of factors indicate that the increase in the concentration level in the Montgomery banking market, as measured by the HHI, tends to overstate the competitive effect of this proposal. For example, 15 commercial banking organizations, including the eight largest banking organizations in Alabama, would remain as competitors in the market.<sup>5</sup> Moreover, the Montgomery banking market has a number of features that make it attractive for entry.<sup>6</sup> Two

1. All banking data are as of June 30, 1994.

2. The Montgomery, Alabama, banking market is approximated by Montgomery, Autauga, Lowndes, and Elmore Counties, and the town of Tallassee, all in Alabama.

3. No thrift institutions operate in the Montgomery banking market.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is 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.

5. Bank's competitive position in this market appears to be declining. Bank's total assets have declined by almost 22 percent from year-end 1990 to mid-year 1994. The dollar volume of loans that Bank made during this period declined by 24.3 percent and its commercial lending declined by approximately 41 percent.

6. The Montgomery MSA is the third largest of the state's ten MSA banking markets in amount of deposits. The Montgomery MSA's ratios of per capita income and deposits per banking office exceed the average of other Alabama MSAs and the averages for the state as a whole. In addition, recent

*de novo* banks were chartered in the Montgomery banking market in 1989 and 1992. In addition, two out-of-market firms entered the Montgomery market in 1992 and 1994 through the acquisition of existing banking firms that had the majority of their assets in this market. Legal barriers to entry into the market are low, because Alabama permits statewide branching and is part of the Southeast regional banking pact, which allows bank holding companies in 12 other southeastern states and the District of Columbia to acquire banks in Alabama.

The Department of Justice also has considered the potential anticompetitive impact of the proposal, and has not indicated that the transaction is likely to result in significantly adverse competitive effects. After considering the number of competitors that would remain in the market, the attractiveness of the market for entry, 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 the concentration of banking resources in the Montgomery banking market, or in any relevant banking market.

The financial and managerial resources and future prospects of Regions and Bank, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval. Considerations relating to the convenience and needs of the community to be served also are consistent with approval.

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

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

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

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

population growth, deposit growth, and population per banking office ratios in the Montgomery MSA exceed comparable state averages.

## Union Planters Corporation Memphis, Tennessee

### *Order Approving the Acquisition of a Bank Holding Company*

Union Planters Corporation, Memphis, Tennessee ("Union Planters"), 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 of the voting shares of Mid South Bancshares, Inc., Paragould, Arkansas ("Mid South"), and thereby indirectly acquire Security Bank, Paragould, Arkansas, and Farmers and Merchants Bank, Reyno, Arkansas.<sup>1</sup>

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 41,763 (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.

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank outside the bank holding company's home state 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."<sup>2</sup> For purposes of the Douglas Amendment, Union Planters' home state is Tennessee.

The Board previously has determined that the interstate banking statutes of Arkansas permit a Tennessee bank holding company to acquire established banking organizations in Arkansas.<sup>3</sup> Based on all the facts of record, the Board has determined that its approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon Union Planters receiving all required state regulatory approvals.

Union Planters, with total deposits of \$6.2 billion, controls 43 commercial banks and savings associations in Arkansas, Alabama, Kentucky, Mississippi, and Tennessee. Union Planters is the eighth largest commercial banking organization in Arkansas, controlling approximately \$492.8 million in depos-

1. Union Planters will acquire Mid South by merging it with Union Planters's wholly owned subsidiary, MSB Acquisition Company, Inc., which has applied to become a bank holding company in connection with this application.

2. 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 conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

3. *Union Planters Corporation*, 76 *Federal Reserve Bulletin* 474 (1990). Under Arkansas law, a bank holding company within a region that includes Tennessee, may acquire an Arkansas bank, if that state has reciprocal statutes, and the Arkansas bank to be acquired has been in existence and continuously operated for more than ten years. Security Bank and Farmers and Merchants Bank have been in existence for more than ten years. Ark. Code Ann. § 23-32-1802, 1804 (Michie 1994).

its, representing 2.2 percent of total deposits in commercial banks in the state.<sup>4</sup> Mid South is the 34th largest commercial banking organization in Arkansas, controlling approximately \$114.4 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposal, Union Planters would become the sixth largest commercial banking organization in Arkansas, controlling 11 banks, with approximately \$607.3 million in deposits, representing 2.8 percent of total deposits in commercial banks in the state.

Union Planters and Mid South do not compete directly in any banking market. Accordingly, consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

The Board also concludes that financial and managerial resources and future prospects of Union Planters, Mid South, and their respective subsidiary banks, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.<sup>5</sup>

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

The acquisition of Mid South shall not be consummated before the thirtieth calendar day following the effective date of this order, unless such period is shortened with the consent of the Attorney General, 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 November 7, 1994.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

4. Deposit and state data are as of June 30, 1993. These figures are adjusted to reflect mergers approved through August 13, 1994.

5. Union Planters' record of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) has been reviewed in detail in the order approving the application by Union Planters to acquire Grenada Sunburst System Corporation, Grenada, Mississippi. See *Union Planters Corporation*, 81 *Federal Reserve Bulletin* 49 (1995).

### *Orders Issued Under Section 4 of the Bank Holding Company Act*

CS Holding  
Zurich, Switzerland

Credit Suisse  
Zurich, Switzerland

#### *Order Approving Application to Engage De Novo in Advisory Activities with Respect to Futures and Options on Futures and Foreign Exchange*

CS Holding and Credit Suisse, both of Zurich, Switzerland ("Applicants"), foreign banks subject to the provisions of the Bank Holding Company Act ("BHC Act"), have applied, pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), to engage *de novo*, through their subsidiary, BEA Associates, New York, New York ("Company"),<sup>1</sup> in the following nonbanking activities:

- (i) Acting as a commodity trading adviser ("CTA") in providing investment advice with respect to futures and options on futures on bullion, foreign exchange, government securities, certificates of deposit, money market instruments, and other financial instruments previously approved by the Board,<sup>2</sup> pursuant to section 225.25(b)(19) of Regulation Y (12 C.F.R. 225.25(b)(19)); and
- (ii) Providing advice and transactional services with respect to foreign exchange, pursuant to section 225.25(b)(17) of Regulation Y (12 C.F.R. 225.25(b)(17)).

Applicants have committed that Company will conduct these activities in accordance with the provisions and subject to the limitations of Regulation Y (12 C.F.R. 225.25(b)(19) and 225.25(b)(17)).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (57 *Federal Register* 30,737 (1992); 58 *Federal Register* 32,708 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Credit Suisse, with total consolidated assets of approximately \$156 billion, is the second largest banking organization in Switzerland and the 36th largest banking organization in the world.<sup>3</sup> In the United States, Credit Suisse

1. Applicants own 80 percent of the equity interest in Company, a general partnership. The remaining equity interest is owned by BEA Associates, Inc., New York, New York, which is wholly owned by its employees.

2. See SR Letter 93-27 (May 21, 1993).

3. Asset and ranking data are as of December 31, 1993, and employ exchange rates then in effect.

operates branches in New York, New York, and Los Angeles, California, an agency in Miami, Florida, and representative offices in Atlanta, Georgia; Chicago, Illinois; Houston, Texas; Miami, Florida; and San Francisco, California. In addition, Applicants engage indirectly in a number of permissible nonbanking activities in the United States, and, pursuant to section 8(c) of the International Banking Act of 1978 (12 U.S.C. § 3106(c)), engage in certain investment banking and securities brokerage activities through two other companies.<sup>4</sup>

The Board has previously determined by regulation that the commodity advisory and foreign exchange transactional activities described above are closely related to banking for purposes of section 4(c)(8) of the BHC Act.<sup>5</sup> In order to approve this proposal, the Board also must find that the performance of the proposed activities by Company "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Based on all the facts of record, including the commitments made by Applicants regarding the conduct of the proposed activities, the Board has determined that the performance of the proposed activities by Company can reasonably be expected to produce benefits to the public that would outweigh any possible adverse effects of this proposal. The Board expects that consummation of the proposal would provide added service and convenience to Applicants' customers and that the *de novo* entry of Company into the market for the proposed services in the United States would increase the level of competition among providers of those services. Moreover, Applicants have committed to conduct these activities within the limitations provided in Board regulations. There is no evidence in the record to indicate that consummation of this proposal, subject to the commitments noted above, would result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that are not outweighed by the expected public benefits of the proposal. In making this determination, the Board has considered the financial and managerial resources of Applicants and its subsidiaries, including Company, and the effect of this proposal upon such resources, and has concluded that these factors are consistent with approval of this application.<sup>6</sup>

4. These companies are Swiss American Securities, Inc., and Credit Suisse Asset Management, Inc., both of New York, New York.

5. See 12 C.F.R. 225.25(b)(19) and 225.25(b)(17).

6. See 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987). The Board notes that Applicants' capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a United States banking organization.

Based on all the facts of record, including all the commitments made by Applicants, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on Applicants' compliance with all the commitments made in connection with this application and with the conditions and limitations discussed in this order. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, the commitments and conditions relied on in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

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

Voting for this action: Chairman Greenspan, Vice Chairman Blinder and Governors Kelley, LaWare, Lindsey, Phillips, and Yellen.

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

Huntington Bancshares Incorporated  
Columbus, Ohio

Huntington Bancshares Kentucky, Inc.  
Columbus, Ohio

*Order Approving the Acquisition of a Savings Association*

Huntington Bancshares Incorporated ("Huntington") and its wholly owned subsidiary, Huntington Bancshares Kentucky, Inc. ("Huntington Kentucky"), both of Columbus, Ohio, bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of Regulation Y (12 C.F.R. 225.23) to acquire by merger FirstFed Northern Kentucky Bancorp, Inc. ("FirstFed"), and thereby acquire its wholly owned subsidiary, First Federal Bank for Savings of Northern Kentucky ("Savings Bank"), both of Covington, Kentucky.<sup>1</sup>

1. Applicant proposes to merge FirstFed into Huntington Kentucky and, immediately thereafter, merge Savings Bank into The Huntington Bank, Inc.,

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 43,586 (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.

The Board has determined by regulation 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.<sup>2</sup> 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. Huntington has committed to conform all activities of Savings Bank to the requirements of section 4 of the BHC Act and Regulation Y.

In considering an application under section 4(c)(8) of the BHC Act, the Board is required to determine whether the performance of the activity by an affiliate of a holding company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Huntington, with total consolidated assets of \$16.4 billion, controls 10 depository institutions in eight states.<sup>3</sup> Huntington is the 21st largest depository organization in Kentucky, controlling \$325.4 million in deposits, representing less than 1 percent of the total deposits in depository institutions in the state.<sup>4</sup> FirstFed is the 29th largest depository organization in Kentucky, controlling \$203.2 million in deposits, representing less than 1 percent of the total deposits in depository institutions in the state. Upon consummation of this proposal, Huntington would become the 16th largest depository organization in the state, controlling deposits of \$528.6 million, representing approximately 1.3 percent of the total deposits in depository institutions in Kentucky.

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Covington, Kentucky ("Kentucky Bank"), a wholly owned bank subsidiary of Huntington Kentucky. The Federal Deposit Insurance Corporation has approved the merger of Savings Bank into Kentucky Bank under the Bank Merger Act.

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

3. Asset data are as of June 30, 1994.

4. State deposit data are as of December 31, 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. 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 Savings Bank would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of Huntington'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).

Huntington and FirstFed compete directly in the Cincinnati, Ohio, banking market ("Cincinnati banking market").<sup>5</sup> After consummation of this proposal, numerous competitors would remain in the market, and the increase in market concentration, as measured by the Herfindahl-Hirschman Index ("HHI"), would not exceed the Department of Justice Merger Guidelines.<sup>6</sup> Based on all the facts of record, including the number of competitors remaining in the market and Huntington's resulting market share, the Board concludes that the consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Cincinnati banking market or in any other relevant banking market.

#### *Convenience and Needs Considerations*

In considering an application to acquire a savings association under section 4 of the BHC Act, the Board reviews the records of performance of the relevant institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").<sup>7</sup> The Board notes that all of Huntington's subsidiary banks and savings associations that have been examined for CRA performance<sup>8</sup> received an "outstanding" or "satisfactory" rating from their primary regulator in their most recent examinations for CRA performance.<sup>9</sup> Based on these and all other facts of record, the Board concludes that

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5. The Cincinnati banking market is approximated by Clermont and Hamilton Counties and portions of Browne, Butler, and Warren Counties in Ohio; Boone, Campbell, Grant, Kenton, and Pendleton Counties in Kentucky; and Dearborn County in Indiana.

6. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 100 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 institutions. The resulting HHI in the Cincinnati banking market would be 1218, and the change in the HHI caused by this proposal would be *de minimis*.

7. The Board previously has determined that the CRA by its terms generally does not apply to applications by bank holding companies to acquire nonbanking companies under section 4(c)(8) of the BHC Act. *The Mitsui Bank, Ltd.*, 76 *Federal Reserve Bulletin* 381 (1990). The Board also has stated that, unlike other companies that may be acquired by bank holding companies under section 4(c)(8) of the BHC Act, savings associations are depository institutions, as that term is defined in the CRA, and thus acquisitions of savings associations are subject to review under the express terms of the CRA. *Norwest Corporation*, 76 *Federal Reserve Bulletin* 873 (1990).

8. Huntington Federal Savings Bank of Illinois, Chicago, Illinois, was chartered December 15, 1993, and has not been examined for CRA performance by the Office of Thrift Supervision, its primary regulator.

9. In its most recent examination for CRA performance, Huntington's lead bank, The Huntington National Bank, Columbus, Ohio ("Ohio Bank"), received a "satisfactory" rating from its primary regulator, the Office of the Comptroller of the Currency ("OCC"). The examination, however, identified certain areas of concern that Ohio Bank has agreed to address completely, and the Board expects Huntington and Ohio Bank to fully implement corrective actions to address these areas of concern. The Board will continue

considerations relating to the record of performance under the CRA are consistent with approval of this application. The financial and managerial resources of Huntington and its subsidiaries and FirstFed and its subsidiaries also are consistent with approval. The Board also finds that consummation of this proposal is not 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 outweighed by public benefits, such as the added convenience and services to be provided to Savings Bank customers as a result of their access to an array of services, programs, and locations not currently offered by Savings Bank, that are expected from this proposal.

Based on the foregoing and all the facts of record, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Huntington's application to acquire FirstFed. Accordingly, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Huntington with all the commitments and conditions made in connection with this application. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b)(3) (12 C.F.R. 225.7 and 225.23(b)(3)), and to the Board's authority to require any such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. Both the commitments and conditions relied on by the Board in reaching this decision in this case are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

This transaction may 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 Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 14, 1994.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

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

#### Union Planters Corporation Memphis, Tennessee

#### *Order Approving the Acquisition of a Bank Holding Company*

Union Planters Corporation, Memphis, Tennessee ("Union Planters"), 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 of the voting shares of Grenada Sunburst System Corporation, Grenada, Mississippi ("Grenada"), and thereby indirectly acquire its subsidiary banks, Sunburst Bank, Grenada, Mississippi ("SBM"), and Sunburst Bank, Baton Rouge, Louisiana ("SBL").

Union Planters 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 Grenada's wholly owned subsidiary, Sunburst Financial Group, Inc., Grenada, Mississippi ("Sunburst Financial"), and thereby engage nationwide in the following nonbanking activities:

- (1) Providing securities brokerage and investment advisory services on a combined basis ("full-service securities brokerage"), pursuant to sections 225.25(b)(4) and (15)(ii) of Regulation Y (12 C.F.R. 225.25(b)(4) and (15)(ii)); and
- (2) Purchasing and selling all types of securities as a "riskless principal" on the order of customers.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 43,840 (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.

Union Planters, with total consolidated assets of \$7.6 billion, operates 43 subsidiary banks and thrift institutions in Alabama, Arkansas, Kentucky, Mississippi and Tennessee.<sup>1</sup> Union Planters is the seventh largest commercial banking organization in Mississippi, controlling deposits of \$444.6 million, representing approximately 2.1 percent of the total deposits in commercial banking organizations in the state. Grenada, with total consolidated assets of \$2.5 billion, is the third largest commercial banking organization in Mississippi, controlling deposits of \$1.8 billion, representing 8.4 percent of total deposits in commercial banking organizations in the

to monitor Huntington's progress in correcting these areas in future applications to acquire depository facilities.

1. All asset and state deposit data are as of June 30, 1994. These figures are adjusted to reflect mergers approved through September 1, 1994.

state. Upon consummation of this proposal, Union Planters would become the third largest commercial banking organization in Mississippi, controlling deposits of \$2.2 billion, representing approximately 10.5 percent of total deposits in commercial banking organizations in the state.

#### *Douglas Amendment Analysis*

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."<sup>2</sup> For purposes of the Douglas Amendment, the home state of Union Planters is Tennessee.<sup>3</sup>

Mississippi and Louisiana 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.<sup>4</sup> Under Tennessee's interstate banking statute, an out-of-state bank holding company may acquire a Tennessee bank or bank holding company if the laws of the state in which the acquiring bank holding company is located allow Tennessee bank holding companies to acquire banks and bank holding companies in that state, subject to any conditions, restrictions, requirements, or other limitations that would apply to such acquisitions but would not apply to an in-state acquisition in that state.<sup>5</sup> The Mississippi and Louisiana state banking supervisors have indicated that the reciprocity requirements under their respective statutes are satisfied by the Tennessee statute. 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 con-

ditioned upon Union Planters receiving all required state regulatory approvals.

#### *Competitive Considerations*

Union Planters and Grenada own depository institutions that compete directly in the Memphis, Tennessee, banking market and in the Mississippi banking markets of Cleveland, Coahoma County, Oxford, Tallahatchie County, and Tupelo. The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets in light of all the facts of record, including the number of competitors remaining in these markets, the increase in the concentration of total deposits in depository institutions<sup>6</sup> in these markets ("market deposits") as measured by the Herfindahl-Hirschman Index ("HHI"),<sup>7</sup> and certain commitments made by Union Planters.

Upon consummation of the proposal, Union Planters would remain the largest depository institution in the Coahoma County banking market ("Coahoma banking market")<sup>8</sup> and become the largest depository institution in the Tallahatchie County banking market ("Tallahatchie banking market").<sup>9</sup> Both of these markets would be considered highly concentrated under the Department of Justice Merger Guidelines and Union Planters would control more than 60 percent of the market deposits in each market.<sup>10</sup> In order to mitigate the adverse competitive effect that would result from consummation of this proposal in these two markets, Union Planters has committed to divest Union Planters's branch located in

2. 12 U.S.C. § 1842(d).

3. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

4. See Miss. Code Ann. § 81-8-1, *et seq.* (1989); La. Rev. Stat. Ann. § 6:531 *et seq.* (West Supp. 1994). Under the Mississippi Regional Banking Institutions statute, bank holding companies within a defined region, which includes Tennessee, are permitted to acquire a Mississippi bank holding company provided that the applicant's home state authorizes the acquisition of banks in that state by a Mississippi bank or bank holding company under conditions no more restrictive than those imposed by the laws of Mississippi. Mississippi law also imposes certain other conditions, including that the bank to be acquired has been in continuous operation for at least five years, that have been satisfied in this case. The Louisiana Interstate Banking laws authorize any out-of-state bank holding company to acquire a bank holding company or bank in Louisiana if the Commissioner of Financial Institutions for the state of Louisiana determines that the law of the state in which the out-of-state bank holding company has its principal place of business permits Louisiana bank holding companies to acquire banks and bank holding companies in that state.

5. Tenn. Code Ann. § 45-12-102 *et seq.* (1993).

6. In this context, depository institutions include commercial banks and savings associations. Market deposit 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). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. See, e.g., *First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

7. 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.

8. The Coahoma banking market is approximated by Coahoma County, Mississippi.

9. The Tallahatchie banking market is approximated by Tallahatchie County, Mississippi.

10. In the Coahoma banking market, the HHI would increase 2550 points to 5966 and Union Planters would control 72 percent of market deposits upon consummation. In the Tallahatchie banking market, consummation of the proposal would increase the HHI 1147 points to 4932 and Union Planters would control 63.2 percent of market deposits.

Tutwiler, Mississippi (in the Tallahatchie banking market), Grenada's largest branch located in Clarksdale, Mississippi, and Grenada's branch located in Lula, Mississippi, both in the Coahoma banking market, to out-of-market depository institutions.<sup>11</sup> The proposed divestitures would preserve the number of depository institutions that compete in these markets and consummation of this proposal would not exceed the threshold levels in the Department of Justice Merger Guidelines.<sup>12</sup> In the Memphis, Tennessee, banking market and the Mississippi banking markets of Cleveland, Oxford, and Tupelo,<sup>13</sup> consummation of this proposal also would not exceed the threshold standards in these Guidelines.<sup>14</sup> In addition, numerous competitors would remain in all of these markets.

As in other cases, the Board also sought comments from the United States Attorney General's Office, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General, OCC, and FDIC have not objected to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects in any relevant banking market in which Union Planters and Grenada compete. Based on all the facts of record, including the proposed divestitures, the relatively small changes in market concentration as measured by the HHI, and the number of remaining competi-

tors, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or concentration of banking resources in any of the relevant banking markets in which Union Planters and Grenada compete.

#### *Convenience and Needs Considerations*

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank expansion proposals.<sup>15</sup>

In connection with these applications, the Board has received comments from several organizations ("Protestants") criticizing the record of performance and commitment of Union Planters and Grenada under the CRA in helping to meet community credit needs.<sup>16</sup> In particular, Protestants maintain that 1993 data collected under the Home Mortgage Disclosure Act ("HMDA") indicate that Union Planters's lead subsidiary bank, Union Planters National Bank, Memphis, Tennessee ("UPNB"), illegally discriminates against African-American borrowers in applications for first mortgages, refinancings and home improvement loans.<sup>17</sup> Protestants also question the outreach and marketing efforts of UPNB and Grenada to the African-American community, and contend that UPNB does not have a sufficient number of branches in minority and low- and moderate-income areas.<sup>18</sup> Finally, Protestants believe that SBM's less-than-satisfactory CRA performance rating, and the absence of specific steps by UPNB to address

11. Union Planters has committed to submit to the Board, prior to consummation of its acquisition of Grenada, a binding contract acceptable to the Board for the sale of these branches. Union Planters also has committed that if it does not execute such a contract before consummation, it will transfer these branches to an independent trustee upon consummation, who will be authorized to supervise the operations of these branches and instructed to promptly find a suitable buyer without regard to price. Union Planters also has committed to submit to the Board, prior to consummation of the acquisition, an executed trust agreement acceptable to the Board stating the terms of this divestiture. The Board's action on the application is expressly conditioned on compliance with these commitments.

12. Upon completion of the proposed divestitures, in the Coahoma banking market, Union Planters would control 44 percent of the total market deposits, and the HHI would increase 86 points to 3502. In the Tallahatchie banking market, Union Planters proposes to divest its own branch and acquire Grenada's current operations; thus, the proposal would not have any effect on the number of competitors in the market. In this market, Union Planters would control 52.2 percent of the total market deposits, and the HHI would remain 3785.

13. The Memphis, Tennessee, banking market is approximated by Fayette, Shelby and Tipton Counties in Tennessee, Crittenden County, Arkansas, and De Soto and Tate Counties in Mississippi; the Cleveland banking market is approximated by Bolivar County and the northern half of Sunflower County, both in Mississippi; the Oxford banking market is approximated by Lafayette, Panola and Yalobusha Counties, all in Mississippi; and the Tupelo banking market is approximated by Lee and Prentiss Counties, both in Mississippi.

14. Union Planters would remain the second largest depository institution in the Memphis banking market, controlling 15.5 percent of market deposits, and the HHI would increase by 16 points to 1197. Union Planters would become the second largest depository institution in the Cleveland banking market, controlling 22.6 percent of market deposits, and the HHI would increase by 171 points to 1838. Union Planters would remain the largest depository institution in the Oxford banking market, controlling 27.7 percent of market deposits, and the HHI would increase by 319 points to 1609. Union Planters would become the sixth largest depository institution in the Tupelo banking market, controlling 3.4 percent of market deposits, and the HHI would increase by 5 points to 2404.

15. 12 U.S.C. § 2903.

16. These organizations include the National Community Reinvestment Coalition, Lafayette County Chapter of the Mississippi NAACP, Mississippi Human Services Agenda, North Mississippi Rural Legal Services Corporation, Mid-South Peace and Justice Center, and Memphis Branch NAACP.

17. Protestants support their allegations by comparing UPNB's lending data to data submitted by the three largest Memphis-based financial institutions in various categories, including the total dollar amount of lending to African Americans and to census tracts with a majority of African-American residents, and the amount of loans to African Americans as the percentage of the bank's total lending. One Protestant also has noted that UPNB has been sued for illegal discrimination as the result of an individual loan denial.

18. Protestants specifically criticize UPNB's relocation of its headquarters from downtown Memphis to a suburb.

identified deficiencies at the bank, should warrant denial of the applications.<sup>19</sup>

The Board has carefully reviewed the CRA performance records of Union Planters, Grenada, and their respective subsidiary banks; all comments received regarding these applications; Union Planters's and Grenada's responses to those comments; and all other relevant facts of record in light of the CRA, the Board's regulations, and the Agency CRA Statement.<sup>20</sup>

### *Record of Performance Under the CRA*

#### A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.<sup>21</sup> The Board notes that UPNB received a "satisfactory" rating from its primary federal regulator, the OCC, at its most recent publicly available examination for CRA performance in May 1992 ("1992 Examination"). The OCC has recently concluded another examination of UPNB, and has preliminarily rated its record of CRA performance "satisfactory." Union Planters's remaining 42 subsidiary banks and thrifts received either "outstanding" or "satisfactory" ratings from their primary regulators in the most recent examinations of their CRA performance.<sup>22</sup> As previously noted, SBM's CRA performance was rated "needs to improve" by its primary federal regulator, the FDIC, as of October 1993. Grenada's other subsidiary, SBL, was rated "satisfactory" for CRA performance by the FDIC as of October 1992.

#### B. HMDA Data and Lending Practices

The Board has carefully reviewed Union Planters's 1993 and preliminary 1994 HMDA data in light of Protestants's concerns. In general, these data indicate that Union Planters has improved its lending record of home mortgage loans to low- and moderate-income and minority borrowers. For

example, these data indicate an increase in the number of loan applications received by UPNB from residents of low- to moderate-income census tracts as well as an increase in the number of mortgage loans originated in low- and moderate-income census tracts by UPNB. UPNB also has shown improvement in its record of lending to communities with predominately minority populations. In particular, HMDA data indicate an increase in the number of loan applications received from African Americans and in the number of loans originated to African Americans, as well as a decrease in the percentage of denied African-American loan applications. The improving trends in the 1993 HMDA data are confirmed by the preliminary 1994 HMDA data.<sup>23</sup> The preliminary 1994 HMDA data show that UPNB sustained its level of lending to low- and moderate-income census tracts and increased its number of home purchase loans to African-American borrowers. However, the data also reflect some disparities in the rate of loan originations, denials, and applications by racial group or income level.

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

The Board has carefully reviewed Protestants's allegations of illegal discriminatory practices in UPNB's lending activities in light of publicly available and other information from the OCC, the bank's primary regulator. In this regard, the 1992 Examination found that credit criteria are generally applied in a nondiscriminatory manner in evaluating applications. Examiners also found no evidence of any practices or procedures that would discourage applications for available credit from any geographical segment of its delineated community. Moreover, the 1992 Examination found that UPNB's delineation of its local communities was reasonable and did not arbitrarily exclude low- to moderate-income areas. Examiners also noted that training programs were in place to guide employees regarding fair lending.

UPNB has initiated a number of steps to increase its lending to low- and moderate-income and minority borrowers. For example, UPNB has a second review process in place for any mortgage application that is denied. The purpose of this program is to ensure that mortgage applications from all applicants, including low- and moderate-income and minority applicants, have received fair consideration.

19. One Protestant suggests that the Board should convene a forum with community groups and interested parties for the purpose of establishing specific time tables and performance goals. Another Protestant believes that no progress was made with UPNB under a written agreement with that group. The Board has indicated in previous orders and in the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA 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 Agency CRA Statement requires depository institutions to enter into agreements with particular organizations. See *Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

20. 54 *Federal Register* 13,742 (1989).

21. *Id.* at 13,745.

22. Of these institutions, 35 received a CRA performance rating of "satisfactory," and seven received a CRA performance rating of "outstanding."

23. The preliminary 1994 HMDA data are through September 30, 1994.

UPNB also has several lending programs designed to improve its lending to minorities and low- and moderate-income communities. In particular, UPNB developed a new mortgage product targeted to low- and moderate-income consumers in 1992. To date, the bank has originated 89 loans totaling approximately \$3.4 million, to low- and moderate-income customers under this program. In addition, through UPNB's involvement in the New Day Development Project, UPNB has committed approximately \$15 million to originate down payment assistance and mortgage financing loans in the Raleigh-Frayser area of Memphis, a low- and moderate-income neighborhood. During the first quarter of 1994, UPNB has approved six loans under this project, totaling \$327,700, and 16 additional loans totaling \$856,588 are under review. UPNB senior management also has approved the establishment of a \$5 million pool to be used to place secondary market loans to creditworthy minority applicants who may not meet traditional underwriting criteria.

UPNB also actively engages in small business lending, and it currently has over \$48.9 million in loans outstanding to small businesses. Approximately \$16.2 million has been loaned to small businesses located in low- and moderate-income census tracts, including \$4.8 million of this amount loaned to businesses owned by African Americans. UPNB is a certified lender with the Small Business Administration ("SBA"), and has over \$6.7 million in outstanding SBA loans, as of January 31, 1994. In addition, UPNB engages in several micro-revolving loan funds for small businesses.

### C. Ascertainment and Outreach Efforts

UPNB uses several methods to ascertain community credit needs, including questionnaires, direct contacts and community outreach programs. For example, UPNB ascertains the credit needs of communities through direct contacts with civic and community-based organizations, community Boards, religious groups, trade and special interest groups, and government entities. These outreach efforts include joint efforts with community organizations. In particular, UPNB is actively involved with the Black Business Association of Memphis to develop programs, projects and activities designed to promote the development of minority businesses in the community, and the Memphis Multi-Bank Community Development Corporation to aid in the renovation, improvement and construction of housing for low- and moderate-income individuals in Memphis. Bank representatives also participate in meetings with numerous organizations, and serve on the boards of directors of organizations that represent low- and moderate-income neighborhoods, small businesses and minority consumers and other special interest groups. In this regard, UPNB has met with the Shelby County Reinvestment Coalition quarterly since 1987, and intends to continue these meetings.

Moreover, the bank's outreach efforts also include educational programs for the public. For example, UPNB has provided free seminars on home buying, credit repair, and financial budgeting and planning at local churches, hotels and libraries. UPNB has developed a "Home Buyers Guide" to educate potential home buyers on the mortgage loan process. UPNB also uses direct mail to realtors and seminar attendees to inform individuals of UPNB's products and services.

UPNB markets its products and services through a variety of advertising activities, including print media, direct mail, and radio and television advertising. These activities include marketing efforts targeted to African-American customers. For example, UPNB advertises in the "Tri-State Defender" and "Silver Star," African-American owned newspapers circulated primarily in the African-American community. UPNB also targets the African-American community by advertising on radio stations owned by African Americans.

### D. Branch Locations

The 1992 Examination found that UPNB operated full-service branches, limited service branches and automated teller machines ("ATMs") at locations reasonably accessible to all segments of its community, including low- to moderate-income neighborhoods. Examiners concluded that products and services provided at these facilities were suitable for the needs of the community.<sup>24</sup>

The 1992 Examination also noted that the bank had a comprehensive branch closing/service reduction policy that serves to minimize their impact. In addition, UPNB's record of opening and closing offices was not deemed to have had an adverse impact on the level of services provided within its communities.

Although UPNB has moved its headquarters from downtown Memphis, the bank continues to maintain a branch bank located one block away from its previous headquarters. Moreover, the bank received approval from the OCC in 1994 to open another full-service branch in downtown Memphis. In addition, UPNB has two full-service branches in the Whitehaven area in Memphis, which serves low- and moderate-income census tracts. UPNB also has recently installed five new ATMs in low- and moderate-income and minority areas of Memphis.

24. Examiners noted that during 1991, several branches in the Memphis area were designated as "Home Buyers Centers" with personnel in these branches receiving additional training in housing-related financing. The 1992 Examination concluded that the locations of these branches, including some in communities that serve low- to moderate-income neighborhoods, served to better accommodate customers in the community.

### E. Efforts to Address SBM's CRA Performance Rating

Union Planters has in place the types of policies and procedures that the Board and other Federal bank supervisory agencies have indicated contribute to an effective CRA program, and it has committed to implement these policies and programs at SBM after consummation of the proposal. These policies include provisions that make the board of directors of each subsidiary of Union Planters responsible for implementing and overseeing the bank's CRA program. In the case of UPNB, the bank has a CRA officer who is responsible for administering UPNB's CRA program and reporting to the board of directors. The CRA officer chairs an internal CRA Committee with other senior management that meets monthly to review UPNB's CRA program. UPNB's board of directors also has appointed a director's CRA committee which meets quarterly to review UPNB's CRA activities. Each subsidiary reports at least annually to Union Planters's Director of Compliance on its CRA activities and performance. Union Planters's policies also require periodic reports on progress in improving the CRA performance of any of its subsidiaries with a less-than-satisfactory rating. The Board notes that several institutions acquired by Union Planters with less-than-satisfactory CRA performance ratings later improved to satisfactory ratings after being consolidated within its programs.<sup>25</sup>

Upon consummation of this proposal, Union Planters has committed to review Grenada's CRA statements, performance summaries, and training programs, and to ensure that SBM receives a "satisfactory" rating at its next CRA examination.<sup>26</sup> The Board expects Union Planters to take steps that will address the areas of weakness identified in the FDIC's most recent examination of SBM. In addition, Union Planters must submit to the Federal Reserve Bank of St. Louis ("Reserve Bank"), when delivered to the FDIC, a copy of the plan to address the weaknesses in the CRA performance record of SBM identified by the FDIC. Union Planters also is required to report quarterly to the Reserve Bank, beginning with the quarter in which the plan is implemented. Union Planters's progress in remedying these deficiencies will be taken into account in connection with future applications by Union Planters to acquire depository institutions.

25. Steiner Bank, Steiner, Alabama, was acquired on November 30, 1989; Security Trust Federal Savings & Loan Association, Knoxville, Tennessee, was acquired on January 1, 1993; and First Southern Bank, Earle, Arkansas, was acquired on August 1, 1994.

26. Union Planters also proposes to contract with an independent third party to perform an extensive supplemental review of SBM's CRA program. This third party contractor has performed fair lending reviews of three of Union Planters's largest subsidiary banks as part of Union Planters's ongoing monitoring of its CRA activities.

### F. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record, including the comments filed in this case, in reviewing the convenience and needs factors under the BHC Act. Based on a review of the entire record of performance, including information provided by Protestants and Union Planters, the CRA performance examinations and other information from the banks's primary regulators, and Union Planters's commitments and the conditions in this order, the Board believes that the efforts of Union Planters and Grenada to help meet the credit needs of all segments of the communities served by their subsidiary banks, including low- and moderate-income neighborhoods, are consistent with approval. For these reasons, and based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance records of the companies and banks involved in these proposals, are consistent with approval of these applications.<sup>27</sup>

#### *Other Considerations*

The Board also concluded that the financial and managerial resources and future prospects of Union Planters, Grenada, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Union Planters also has applied, pursuant to section 4(c)(8) of the BHC Act, to engage in investment advisory, securities brokerage and riskless principal activities. The Board has previously determined by regulation that the proposed full service brokerage activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.<sup>28</sup> Union Planters has committed that it will conduct these activities in accordance with the Board's regulations and orders approving these activities for bank holding companies.

27. Protestants have requested a public hearing or meeting to discuss the proposed acquisition of Grenada. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Mississippi Department of Banking and Consumer Finance has not recommended denial of the proposal.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, Protestants have had ample opportunity to and have presented written submissions, and Protestants have not identified facts that are material to the Board's decision and that are in dispute. Therefore, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case, and the request for a public meeting or hearing on this application is denied.

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

"Riskless principal" is the term used in the securities business to refer 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.<sup>29</sup> "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, under this proposal, Sunburst Financial 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 Sunburst Financial has a contractual agreement to place the securities as agent of the issuer. Sunburst Financial 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 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.<sup>30</sup> The Board also previously has determined that purchasing and selling securities on the order of investors as a "riskless principal" does not constitute underwriting or dealing in securities for purposes of section 20 of the Glass-Steagall Act (12 U.S.C. § 377), and, accordingly, that revenue derived from these activities is not subject to the 10 percent revenue limitation on underwriting and dealing in ineligible securities.<sup>31</sup> In order to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, Union Planters has committed that Sunburst Financial will conduct its "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*.<sup>32</sup>

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

30. 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*").

31. See *Bankers Trust Order*.

32. See *J.P. Morgan Order*; *Bankers Trust Order*. Among the prudential limitations detailed more fully in those orders are that Sunburst Financial will maintain specific records that will clearly identify all "riskless principal" transactions, and that Sunburst Financial will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal," Sunburst Financial 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, Sunburst Financial 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, Sunburst Financial will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Union Planters or any of its affiliates.

In every case 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 those resources.<sup>33</sup> Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval.

In order to approve this application, the Board also must determine that the performance of the proposed activities by Sunburst Financial "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). In considering Union Planters's acquisition of these nonbanking activities of Grenada, 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.

### Conclusion

Based on the foregoing, including the commitments made to the Board by Union Planters in connection with applications, and in light of all the facts of record, the Board has determined that these applications should be, and hereby are, approved.<sup>34</sup> The Board's approval is specifically conditioned upon compliance by Union Planters with all commitments made in connection with these applications as well as the conditions discussed in this order and in the above-referenced orders.

The Board's determinations as to the nonbanking activities to be conducted by Union Planters are subject to all the conditions in the Board's Regulation Y, including those in sections 225.7 and 225.23(b)(3) (12 C.F.R. 225.7 and

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

34. One Protestant maintains that UPNB discriminates against African Americans in its employment practices. In this regard, the Board notes that because UPNB 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 Union Planters and its other subsidiaries are subject to these equal opportunity and affirmative action requirements.

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

The acquisition of Grenada's subsidiary banks shall not be consummated before the thirtieth calendar day following the effective date of this order, unless such period is shortened with the consent of the Attorney General, and the banking and the nonbanking transactions shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

#### ORDERS ISSUED UNDER BANK MERGER ACT

Marine Midland Bank  
Buffalo, New York

##### *Order Approving the Acquisition of Branches*

Marine Midland Bank, Buffalo, New York ("Marine Midland"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to acquire six New York State retail branch banking offices of Hongkong and Shanghai Banking Corporation Limited, Hong Kong ("HSBC"), and to establish branches at these existing offices under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*).<sup>1</sup> Marine Midland and HSBC are both wholly owned by HSBC Holdings plc, London, England ("Holdings").

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of

Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the proposal were requested from the United States Attorney General ("Attorney General"), the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the Bank Merger Act and the Federal Reserve Act.

Marine Midland controls deposits of \$12.5 billion, representing approximately 5 percent of the total deposits in commercial banks in New York.<sup>2</sup> The HSBC branches control deposits of \$409.2 million. Upon consummation of this proposal, Marine Midland would remain the fifth largest commercial banking organization in New York, controlling deposits of \$12.9 billion, representing approximately 5.3 percent of total deposits in commercial banks in the state. Marine Midland and HSBC are affiliated institutions. This proposal represents a reorganization of the corporate structure of Holdings, and would not result in any expansion of its U.S. operations. The Attorney General has indicated that this proposal is not likely to result in a significantly adverse effect on competition in any relevant banking market, and neither the OCC nor the FDIC has objected to consummation of this transaction. Based on all the facts of record, including the foregoing, 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.

##### *Convenience and Needs Considerations*

In acting on an application under the Bank Merger Act, the Board is required to consider the convenience and needs of the communities to be served, and to take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the 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 under the Bank Merger Act.<sup>3</sup>

The Board has received comments from the Concerned Citizens of Westchester County New York, White Plains,

1. The proposed acquisition would be effected through a purchase of assets and assumption of liabilities. The locations of the branch offices to be acquired are set forth in the Appendix.

2. Deposit data are as of June 30, 1994.

3. 12 U.S.C. § 2903.

New York ("Protestant"), that criticize the CRA performance record of Marine Midland.<sup>4</sup> Protestant believes that Marine Midland does not address the credit needs of minorities in all the geographic areas that it serves, and that Marine Midland does not offer all its credit products on an equal basis. Specifically, Protestant alleges that Marine Midland's 1993 Home Mortgage Disclosure Act ("HMDA") data show that the bank has not adequately addressed the mortgage needs of African-American communities in Westchester County. Protestant also alleges that Marine Midland does not advertise its credit products in African-American communities and does not participate in first-time home-buyers seminars sponsored by various community organizations in Westchester.

In considering the convenience and needs factor under the Bank Merger Act, the Board has carefully reviewed the entire record of CRA performance of Marine Midland, all comments received, Marine Midland's response to those comments, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").<sup>5</sup>

### *Record of CRA Performance*

#### A. Evaluation 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.<sup>6</sup> The Board notes that Marine Midland received a "satisfactory" rating from the OCC for CRA performance as of March 31, 1992. Since December 31, 1993, Marine Midland has been a member of the Federal Reserve System, and recently has been examined for CRA performance by the Federal Reserve Bank of New York ("Reserve Bank"). Marine Midland received a CRA examination rating of "satisfactory" from the Reserve Bank at its most recent CRA examination as of January 31, 1994 ("1994 Examination").

#### B. Other Aspects of CRA Performance

*HMDA Data and Lending Practices.* The Board has carefully reviewed Marine Midland's 1992 and 1993 HMDA data for Westchester County in light of Protestant's con-

cerns.<sup>7</sup> In general, these data show that Marine Midland has improved its HMDA lending record to African-American borrowers. In particular, the 1993 HMDA data indicate an increase in the number of loan applications received from and the loan originations to African Americans. However, the data also reflect some disparities in the rate of loan originations, denials, and applications by racial group or income level.

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

The 1994 Examination found that Marine Midland's loan policies and underwriting criteria were reasonable and did not discriminate on any prohibited basis. Specifically, examiners noted that the loan terms, qualifying ratios and underwriting guidelines for residential mortgage loans were reasonable and comparable with industry standards. The examination also noted that Marine Midland used a second review program for all declined residential mortgage applications, in which underwriting supervisors reviewed the original underwriter's decision and must concur in order for an application to be denied.

The 1994 Examination did not find any practices that were intended to discourage credit applications. Examiners noted that Marine Midland solicited credit applications from all segments of its communities, including low- and moderate-income areas. Moreover, the 1994 Examination found that the bank's credit practices complied with the substantive provisions of antidiscrimination laws and regulations. Examiners also found that Marine Midland generally had a reasonable geographic distribution of residential mortgage and home improvement loans and applications from low- and moderate-income census tracts throughout the bank's delineated service areas.

Marine Midland offers several special mortgage programs to its communities. Since 1990, the bank has participated in the Federal National Mortgage Association's Community Homebuyers and FannieNeighbors programs. Both programs provide for flexible down payment methods which are only available to borrowers who do not exceed 100 percent of the Department of Housing and Urban Development's median income guidelines. Marine Midland recently

4. Protestant's comments were received after the close of the comment period. Under the Board's Rules of Procedure, the Board may, in its discretion, take into consideration comments received after the comment period has expired. 12 C.F.R. 262.3(e).

5. 54 *Federal Register* 13,742 (1989).

6. *Id.* at 13,745.

7. The Board has reviewed the HMDA data for both Marine Midland and Marine Midland Mortgage Corporation.

started its own Affordable Housing Loan Program to target low- and moderate-income borrowers who do not qualify for the other residential lending programs. The bank has committed \$10 million to this program to finance residential mortgage loans and an additional \$300,000 to assist in financing down payments for these loans.

Marine Midland also participates in several governmentally insured loan programs. Marine Midland has been named one of the top two Small Business Administration ("SBA") lenders for New York State during 1992 and 1993, and continues to hold the SBA's preferred lender status for its commitment to small business lending. In addition to SBA lending, Marine Midland offers Veteran's Administration, FHA 203B, and State of New York Mortgage Association loans, for borrowers who meet the programs's income requirements.

The 1994 Examination found that Marine Midland participates in various community development programs across New York State and provides loans and lines of credit to a wide variety of local organizations that support housing, economic development, rehabilitation or small business development. From July 1992 to July 1994, the bank's community development financing totalled \$27.1 million. In particular, as of December 31, 1993, Marine Midland had \$1.3 million in loans outstanding under a \$2.7 million line of credit to organizations dedicated to the construction and rehabilitation of affordable housing and permanent mortgage loans for low- and moderate-income multi-family housing in New York City, Westchester County and the Lower Hudson Valley, all in New York. Examiners also found that many of the bank's officers and employees provided technical assistance to organizations located throughout New York State that promote community development programs.

*Ascertainment and Marketing.* Marine Midland ascertains community credit needs in various ways. For example, the bank has a directed call program, and its officers and employees participate in a number of community organizations.<sup>8</sup> Moreover, in June 1993, Marine Midland conducted a CRA survey in five New York State markets using a random sample of consumers residing in low- and moderate-income zip codes to determine the level of awareness of the bank and its products and services.

Marine Midland markets its products and services primarily through advertisements in daily newspapers, local weekly news and trade publications, and some journals and special audience publications that focus on specific minority groups and low- and moderate-income areas. In Westchester County, Marine Midland has advertised in several newspapers and a radio station oriented towards predominantly minority communities. The bank also conducts

banking seminars in its delineated communities and participates in affordable housing fairs sponsored by the Long Island Board of Realtors, the Federal National Mortgage Association and the New York State Housing Coalition.

### C. Conclusion

In reviewing the convenience and needs factor under the Bank Merger Act, the Board has carefully considered the entire record, including Protestant's comments and the bank's CRA record of performance. In light of all facts of record, the Board believes that the efforts of Marine Midland to help meet the credit needs of all segments of its communities, including low- and moderate-income neighborhoods, as well as all other convenience and needs considerations, are consistent with approval of this proposal.

### *Other Considerations*

The Board also has concluded that the financial and managerial resources and future prospects of Marine Midland, and all other supervisory factors the Board must consider under the Bank Merger Act, are consistent with approval. The Board also has considered the factors it is required to consider when reviewing applications to establish branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*), and has determined that those factors are consistent with approval of the establishment of Marine Midland branches at the present sites of the HSBC branch offices.

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

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

By order of the Board of Governors, effective November 21, 1994.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

8. The 1994 Examination noted that the directed call program reached 66 organizations involved with affordable housing development, community development and rehabilitation. In addition, Marine Midland's officers and employees participated in a number of community organizations.

## Appendix

### *Branch offices to be acquired:*

- (1) 254 Canal Street, New York, New York 10013
- (2) 50 Bowery, New York, New York 10013
- (3) 29 Bowery, New York, New York 10002
- (4) 40-52 Main Street, Flushing, New York 11354
- (5) 36-54 Main Street, Flushing, New York 11354
- (6) 87-03 Queens Boulevard, Elmhurst, New York 11373

### *ORDERS ISSUED UNDER FEDERAL RESERVE ACT*

Citizens State Bank  
Arlington, South Dakota

#### *Order Approving Establishment of a Branch*

Citizens State Bank, Arlington, South Dakota ("Bank"), a state member bank, has applied under section 9 of the Federal Reserve Act (the "Act") (12 U.S.C. § 321) to establish a branch office at 108 East Main Street, Castlewood, South Dakota.

Notice of this application, affording interested persons an opportunity to submit comments, has been published. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors contained in the Federal Reserve Act.

Bank, with assets of approximately \$27.9 million,<sup>1</sup> has one office at its headquarters in Arlington. This proposal represents Bank's first branch office.

In acting on branch applications, the Act requires the Board to consider the financial condition of the applying bank, the general character of its management, and whether the corporate powers exercised are consistent with the Act.<sup>2</sup> The Board has reviewed these factors in light of comments opposing this proposal from another bank with a branch in Castlewood ("Protestant") and comments from an individual (the "Individual Protestant") criticizing Bank's current president. Protestant maintains that Bank does not have the financial resources to support the proposed branch and that the Castlewood community would be unable to support a competitor institution. Protestant also contends that Bank does not have the technological capacity to serve the credit needs of the community.

The Board has carefully considered Protestant's comments in light of all the facts of record, including financial information provided by Bank and information contained in reports of examination by Bank's primary federal regulator, the Federal Reserve Bank of Minneapolis ("Reserve

Bank"), that demonstrate Bank's satisfactory financial condition. Based on this review, the Board concludes that Bank has the financial resources to support the proposed branch.

The Board also has reviewed the record before the South Dakota Division of Banking and Finance, including a hearing before an administrative law judge, which shows support in the community for Bank's proposed branch.<sup>3</sup> In addition, Bank has a satisfactory record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").<sup>4</sup> Bank will also provide automated teller machine services, and intends subsequently to establish drive-up facilities, as part of this proposal. Bank is a certified Farmers Home Administration ("FmHA") lender and will promote FmHA guaranteed loan programs in Castlewood.

Based on all the facts of record, including Protestant's comments and Bank's responses, supervisory examination information, and evidence from the state's branch approval proceedings, the Board does not believe that Protestant's comments warrant denial of this application.

Comments from the Individual Protestant criticize Bank's current president by alleging that Bank improperly has denied Individual Protestant's wife promotional opportunities as an employee of Bank, and rejected a loan for Individual Protestant's business. These comments have been carefully considered in light of all the facts of record, including information provided by Bank, reports of examination, and other information from the Reserve Bank that specifically evaluate Bank's management. Based on this review, and all the facts in this application, the Board does not believe that the circumstances described in Individual Protestant's comments warrant denial of this application.<sup>5</sup>

The Board concludes that all the factors required to be considered under section 9 of the Act and the Board's regulations to establish a branch, including the financial condition of the applicant, the general character of its management, and the proposed exercise of corporate powers, are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Bank with all the commitments made in connection with these applications. For purposes of this action, these commitments and conditions are considered conditions imposed in writing by the Board

3. Protestant also objected to Bank's proposal in the public hearing held as part of the state proceedings. The administrative law judge concluded in these proceedings that there was sufficient community need to support Bank's Castlewood branch and that Bank had the financial and managerial resources to operate the proposed branch.

4. Bank's most recent examination for CRA performance by the Reserve Bank was as of October 1993.

5. The Board also notes that civil courts have the authority to provide this commenter with appropriate remedies if he is able to establish grounds for such remedies.

1. Asset data are as of June 30, 1994.

2. See 12 U.S.C. § 322.

in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This branch shall be in operation no later than one year 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 November 14, 1994.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

### *ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT*

#### *By the Board*

#### First Security Bank Fort Lupton, Colorado

#### *Order Approving Applications to Purchase Certain Assets and Assume Certain Liabilities of a Savings and Loan Association and the Establishment of Branches*

First Security Bank, Fort Lupton, Colorado ("FSB"), a state member bank, proposes to acquire certain assets and assume certain liabilities of seven Colorado branches of World Savings and Loan Association, Oakland, California ("World").<sup>1</sup> To effect this proposal, FSB has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act"), and section 5(d)(3) of the FDI Act (12 U.S.C. § 1815(d)(3)), as amended by the Riegle Community Development and Regulatory Improvement Act of 1994, Pub. L. No. 103-325, 319, 108 Stat. 2160 (1994).<sup>2</sup> FSB also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) to establish and operate branch offices at five of these locations.<sup>3</sup>

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

1. See Appendix for list of World branches to be acquired.

2. Because FSB, a state member bank, is a member of the Bank Insurance Fund and is acquiring deposits of branches of World, a member of the Savings Association Insurance Fund, prior Board approval also is required under section 5(d)(3) of the FDI Act. This section requires the Board to follow the procedures and consider the factors set forth in the Bank Merger Act.

3. FSB proposes to merge the Brush and Yuma, Colorado, branches of World into FSB's existing branches. The remaining five branches will become new branches of FSB.

(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 Thrift Supervision ("OTS"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all the facts of record in light of the factors set forth in the Bank Merger Act, section 5(d)(3) of the FDI Act, and section 9 of the Federal Reserve Act.

FSB is a bank subsidiary of Pinnacle Bancorp, Inc., Central City, Nebraska ("Pinnacle"). Pinnacle, with consolidated assets of \$1.1 billion, is the 13th largest banking organization in Colorado, controlling total deposits of \$274.4 million, representing approximately 1 percent of total deposits in depository institutions in the state.<sup>4</sup> Under this proposal, FSB would acquire seven Colorado branches of World, which control deposits of \$174.5 million, representing less than 1 percent of deposits in depository institutions in the state. Upon acquisition of these branches, Pinnacle would become the eighth largest depository institution in Colorado, controlling deposits of \$448.9 million, representing 1.6 percent of total deposits in depository institutions in the state.

#### *Competitive Considerations*

FSB and World compete directly in the Morgan/Washington County<sup>5</sup> and the Yuma County<sup>6</sup> banking markets, both in Colorado.<sup>7</sup> Upon consummation of the proposal, FSB would become the largest depository institution in the Morgan/Washington banking market,<sup>8</sup> controlling \$106.3 million in deposits in depository institutions in the market ("market deposits"), representing 28.7 percent of market deposits. The Herfindahl-Hirschman Index ("HHI") would increase by 349 points to 1998.

A number of factors indicate that the increase in concentration levels in both of these markets, as measured by the

4. Asset, deposit, and market data are as of June 30, 1994. In this context, depository institutions include commercial banks, savings banks, and savings associations.

5. The Morgan/Washington County banking market is defined by Morgan and Washington Counties in Colorado.

6. The Yuma County banking market is defined by Yuma County, Colorado.

7. FSB has also received approval to open a *de novo* branch in the Logan County, Colorado, banking market where World has a branch that would be acquired under this proposal. If the *de novo* branch opens before the acquisition is completed, some existing competition would be eliminated, however, any effect on competition from this structural change would be minimal. In light of all facts of record, the Board concludes that the acquisition of the branches of World would not have a significant effect on competition in that banking market.

8. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See *WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because World's branches would be transferred to FSB under this proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. See *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

HHI, tend to overstate the competitive effects of this proposal. In the Morgan/Washington banking market, nine competitors would remain following consummation of the proposal,<sup>9</sup> including two institutions that would control 24.9 percent and 19.9 percent of the market, respectively. In addition, over the last two years, World has experienced an average deposit loss of 6.1 percent per year while almost all of its competitors have shown gains in deposits. Moreover, entry by out-of-state bank holding companies into a Colorado banking market is permitted under Colorado law.<sup>10</sup> Colorado also permits limited statewide *de novo* branching,<sup>11</sup> and in 1993, a bank from an adjacent county entered the Morgan/Washington banking market *de novo*.<sup>12</sup>

Consummation of the proposal in the Yuma County banking market would not exceed the Department of Justice guidelines. FSB would become the second largest depository institution in the Yuma County banking market, controlling \$46.1 million in deposits, representing 29.3 percent of market deposits. The HHI would increase by 189 points to 3072. In addition, FSB proposed to acquire the smallest market participant, and after consummation of the proposal, the largest depository institution in the market would continue to control over 40 percent of the market deposits.

As noted above, the Board sought comments from the United States Attorney General, the OTS, and the FDIC on the competitive effects of this proposal. The Attorney General has indicated that the proposal is not likely to have a significantly adverse effect on competition in any relevant banking market. Neither the OCC nor the FDIC has objected to the acquisition. On the basis of all the other facts of record, and for the reasons discussed above, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition or on the concentration of banking resources in any relevant banking market.

#### *Other Considerations*

The Board also concludes that the financial resources and future prospects of FSB and World, and considerations relating to the convenience and needs of the community to be served that the Board must consider under the Bank Merger Act, are consistent with approval. In addition, the Board has considered the factors it is required to consider in

applications for the establishment of branches pursuant to section 9 of the Federal Reserve Act, and finds those factors also are consistent with approval. Moreover, 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) FSB currently meets, 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 Bank Holding Company Act (12 U.S.C. § 1842(d)) if the Colorado branches of World were state banks that FSB was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of these applications is conditioned upon FSB's compliance with the commitments made in connection with these applications. This approval is further subject to FSB's obtaining any required approvals under applicable state laws. For the purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective November 28, 1994.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder and Governors Kelley, LaWare, Lindsey, Phillips, and Yellen.

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

#### Appendix

##### *Branch offices of World to be acquired by FSB:*

- (1) 190 Main Street, Akron, Colorado
- (2) 203 Clayton Street, Brush, Colorado
- (3) 401 Main Street, Fort Morgan, Colorado
- (4) 106 South Interocean Avenue, Holyoke, Colorado
- (5) 106 Cedar Street, Julesburg, Colorado
- (6) South 3rd & Ash Street, Sterling, Colorado
- (7) 315 South Main Street, Yuma, Colorado

9. After consummation of this proposal, a larger number of competitors in terms of population per competitor would remain in this banking market (3079 residents per competitor) compared to non-metropolitan banking markets in Colorado (3102 residents per competitor) according to the U.S. Census Bureau's 1992 population estimates.

10. Colorado's interstate banking statute permits out-of-state bank holding companies nationwide to acquire banking organizations located in Colorado, subject to specified statutory requirements and a certification by state banking officials that the acquisition satisfies such requirements. *See* Colo. Rev. Stat. § 11-6.4-103 (1993).

11. *See* Colo. Rev. Stat. § 11-25-103 (1993).

12. This bank was subsequently acquired by a large multi-state bank holding company.

*ACTIONS TAKEN UNDER SECTIONS 5(D)(3) AND 18(C) OF THE FEDERAL DEPOSIT INSURANCE 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.

Acquiring Bank(s)	Acquired Thrift	Reserve Bank	Approval Date
The Fifth Third Bank, Cincinnati, Ohio	Mutual Federal Savings Bank of Miamisburg, Miamisburg, Ohio	Cleveland	October 28, 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
First United Bancshares, Inc., El Dorado, Arkansas First United of Texas, Inc., Texarkana, Texas	FirstBank, Texarkana, Texas	November 16, 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
Amcore Financial, Inc., Rockford, Illinois	NBA Holding Company, Aledo, Illinois	Chicago	November 2, 1994
Ames National Corporation, Ames, Iowa	Randall-Story State Bank, Story City, Iowa	Chicago	November 10, 1994

## Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bellevue Service Company, Bellevue, Iowa	Bellevue State Bank, Bellevue, Iowa	Chicago	October 31, 1994
Bellevue State Bank Employee Stock Ownership Plan, Bellevue, Iowa	Bellevue Service Company, Bellevue, Iowa	Chicago	October 31, 1994
Citizens Bancshares, Inc., Salineville, Ohio	Unity Bancorp, Inc., New Waterford, Ohio	Cleveland	October 21, 1994
Clinton Bancorp, Inc., Clinton, Kentucky	Clinton Bank, Clinton, Kentucky	St. Louis	November 17, 1994
Community First Bankshares, Inc., Fargo, North Dakota	Minowa Bancshares, Inc., Decorah, Iowa	Minneapolis	November 1, 1994
Decatur Investment, Inc., Oberlin, Kansas	Selden Investment, Inc., Selden, Kansas	Kansas City	November 4, 1994
Delhi Bank Corp., Delhi, New York	The Delaware National Bank of Delhi, Delhi, New York	New York	November 18, 1994
Fairbanco Holding Company, Inc. ESOP, Fairburn, Georgia	Fairbanco Holding Company, Inc., Fairburn, Georgia	Atlanta	November 8, 1994
Falcon Bancshares, Inc., Laredo, Texas	Falcon National Bank, Laredo, Texas	Dallas	November 23, 1994
FirstBank Holding Company of Colorado Employee Stock Ownership Plan, Lakewood, Colorado	FirstBank Holding Company of Colorado, Lakewood, Colorado	Kansas City	November 7, 1994
First Citizens BancShares, Inc., Raleigh, North Carolina	Pace American Bank, Lawrenceville, Virginia	Richmond	October 28, 1994
Flint Creek Holding Company, Philipsburg, Montana	Flint Creek Valley Bank, Philipsburg, Montana	Minneapolis	November 9, 1994
Frandsen Financial Corporation, Forest Lake, Minnesota	Sturgeon Lake State Bank, Sturgeon Lake, Minnesota	Minneapolis	November 10, 1994
Franklin Bancorp, Inc., Minneapolis, Minnesota	Michael Bancorporation, Inc., St. Paul, Minnesota	Minneapolis	October 28, 1994
Galatia Bancorp, Inc., Galatia, Illinois	Mounds Bancorp, Inc., Mounds, Illinois	St. Louis	November 8, 1994
Gulf West Banks, Inc., St. Petersburg, Florida	Mercantile Bank, St. Petersburg, Florida	Atlanta	November 7, 1994
Heritage Bancorp, Inc., Hutto, Texas	Hutto State Bank, Hutto, Texas	Dallas	November 18, 1994
Horizon Bancshares, Inc., Pensacola, Florida	Horizon Bank of Florida, Pensacola, Florida	Atlanta	November 8, 1994
KeyCorp, Cleveland, Ohio	First Citizens Bancorp of Indiana, Anderson, Indiana	Cleveland	November 3, 1994
Mediapolis Bancorporation, Mediapolis, Iowa	Mediapolis Savings Bank, Mediapolis, Iowa	Chicago	November 16, 1994
Minnesota Valley Bancshares, Inc., Minnetonka, Minnesota	Minnwest, Inc., Monnetonka, Minnesota	Minneapolis	November 22, 1994

## Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Norwest Corporation, Minneapolis, Minnesota	Ken-Caryl Investment Company, Littleton, Colorado	Minneapolis	November 8, 1994
Norwest Corporation, Minneapolis, Minnesota	Texas National Bankshares, Inc., Midland, Texas	Minneapolis	October 28, 1994
Pinnacle Banc Group, Inc., Oak Brook, Illinois	Acorn Financial Corp, Oak Park, Illinois	Chicago	November 23, 1994
Premier Bankshares Corporation, Tazewell, Virginia	Dickenson-Buchanan Bank, Haysi, Virginia	Richmond	November 23, 1994
Randall Holding Company, Inc., Randall, Minnesota	Randall State Bank, Randall, Minnesota	Minneapolis	November 8, 1994
Raritan State Bancorp, Inc., Raritan, Illinois	Raritan State Bank, Raritan, Illinois	Chicago	November 10, 1994
Regency Bancorp, Fresno, California	Regency Bank, Fresno, California	San Francisco	November 17, 1994
Regions Corporation, Birmingham, Alabama	Regions Bank of Louisiana, Baton Rouge, Louisiana	Atlanta	October 27, 1994
Regions Financial Corporation, Birmingham, Alabama	Regions Bank of Louisiana, Baton Rouge, Louisiana	Atlanta	October 27, 1994
Regions Corporation, Birmingham, Alabama			
Riverside Acquisition Corporation, Minneapolis, Minnesota	Riverside Bancshares Corporation, Minneapolis, Minnesota	Minneapolis	November 7, 1994
Riverway Holdings, Inc., Houston, Texas	Riverway Holdings of Delaware, Inc., Wilmington, Delaware Riverway Bank, Houston, Texas	Dallas	November 23, 1994
Riverway Holdings of Delaware, Inc., Wilmington, Delaware	Riverway Bank, Houston, Texas	Dallas	November 23, 1994
Saban S.A., Panama			
RNYC Holdings Limited, Gibraltar	Republic New York Corporation, New York, New York	New York	October 28, 1994
SN, Ltd., Moab, Utah	First Western Bancorporation, Moab, Utah	San Francisco	October 26, 1994
South Pointe Financial Corporation, Marion, Illinois	South Pointe Bank, Marion, Illinois	St. Louis	November 16, 1994
Valley Financial Corporation, Roanoke, Virginia	Valley Bank, National Association, Roanoke, Virginia	Richmond	November 15, 1994
Westamerica Bancorporation, San Rafael, California	PV Financial, Modesto, California	San Francisco	November 17, 1994

## Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Alpha Financial Group, Inc., Minonk, Illinois	Alpha Insurance Services, Inc., Minonk, Illinois	Chicago	November 10, 1994
American Bancorporation, Wheeling, West Virginia	Buckeye Savings Bank, St. Clairsville, Ohio	Cleveland	October 28, 1994
Bellevue State Bank Employee Stock Ownership Plan, Bellevue, Iowa	to engage in insurance activities	Chicago	October 31, 1994
Fifth Third Bancorp, Cincinnati, Ohio	Mutual Federal Savings Bank of Miamisburg, Miamisburg, Ohio	Cleveland	October 28, 1994
First Banks, Inc., Clayton, Missouri	River Valley Holdings, Inc., Chicago, Illinois	St. Louis	October 28, 1994
First of America Bank Corporation, Kalamazoo, Michigan	F&C Bancshares, Inc., Murdock, Florida	Chicago	November 4, 1994
First of America Bank Corporation, Kalamazoo, Michigan	Presidential Holding Corporation, Sarasota, Florida	Chicago	November 2, 1994
Haugo Bancshares, Inc., Sioux Falls, South Dakota	to engage <i>de novo</i> in making, acquiring, and servicing loans for its own account	Minneapolis	November 3, 1994
Norwest Corporation, Minneapolis, Minnesota	to engage <i>de novo</i> in the following nonbanking activities in the state of Michigan: (1) consumer finance; (2) sales finance; and (3) the sale of bookkeeping, payroll, and other management financial reporting services and data processing services	Minneapolis	November 22, 1994
Norwest Financial Special Services, Inc., Des Moines, Iowa			
Norwest Financial, Inc., Des Moines, Iowa			
Provident Bancorp, Inc., Cincinnati, Ohio	West Shell Mortgage Company, Cincinnati, Ohio	Cleveland	October 31, 1994
Southern National Banks, Inc., Fort Walton Beach, Florida	First Appraisal Corporation, Fort Walton Beach, Florida	Atlanta	November 9, 1994
Stratford Bancshares, Inc., Stratford, Texas	Panhandle Management Corporation, Dumas, Texas	Dallas	November 16, 1994
Stratford Bancshares of Delaware, Inc., Wilmington, Delaware			
Summit Financial Corporation, Greenville, South Carolina	Academy Finance, Inc., Kingstree, South Carolina E-Z Loans, Inc., Lake City, South Carolina	Richmond	November 18, 1994

## Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Finger Interests Number One, Ltd., Houston, Texas	CBH, Inc., Wilmington, Delaware	Dallas	November 10, 1994
Charter Bancshares, Inc., Houston, Texas	West Loop Savings & Loan Association, Houston, Texas		
NationsBank Corporation, Charlotte, North Carolina	West Loop Savings & Loan Association, Houston, Texas	Richmond	November 10, 1994

*APPLICATIONS APPROVED UNDER BANK MERGER 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.

Applicant(s)	Bank(s)	Effective Date
Banco Popular de Puerto Rico, San Juan, Puerto Rico	The Chase Manhattan Bank, N.A., New York, New York	November 22, 1994
Humboldt Bank, Eureka, California	U.S. Bank of California Sacramento, California	November 30, 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
F & M Bank—Massanutten, Harrisonburg, Virginia	F & M Bank—Broadway, Broadway, Virginia	Richmond	November 18, 1994
New Pace American Bank, Lawrenceville, Virginia	Pace American Bank, Lawrenceville, Virginia	Richmond	October 28, 1994

Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Old Kent Bank and Trust Company, Grand Rapids, Michigan	Old Kent Bank of Big Rapids, Big Rapids, Michigan Old Kent Bank of Cadillac, Cadillac, Michigan Old Kent Bank-Central, Owosso, Michigan Old Kent Bank-East, Brighton, Michigan Old Kent Bank of Gaylord, Gaylord, Michigan Old Kent Bank of Grand Haven, Grand Haven, Michigan Old Kent Bank-Grand Traverse, Traverse City, Michigan Old Kent Bank of Hillsdale, Hillsdale, Michigan Old Kent Bank of Holland, Holland, Michigan Old Kent Bank of Ludington, Ludington, Michigan Old Kent Bank of Petoskey, Petoskey, Michigan Old Kent Bank of St. Johns, St. Johns, Michigan Old Kent Bank-Southeast, Trenton, Michigan Old Kent Bank-Southwest, Kalamazoo, Michigan	Chicago	November 21, 1994
ValliWide Bank, Fresno, California	Bank One Fresno, National Association, Fresno, California	San Francisco	November 14, 1994

*Legal Developments continued on next page.*

## 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.*

*Cavallari v. Board of Governors*, No. 94-4183 (2d Circuit, filed October 17, 1994). Petition for review of Board order of prohibition against a former outside counsel to a national bank. Petitioner's brief is due on December 9, 1994.

*Board of Governors v. MacCallum*, No. 94 Civ. 5652 (WK) (S.D. New York, filed August 3, 1994). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On August 3, 1994, the court issued an order temporarily restraining the transfer or disposition of the individual's assets. The order has been amended and continued by stipulation.

*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 (1994)). Oral argument was held November 17, 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. The action was dismissed on July 21, 1994. On August 4, 1994, the appellant filed a motion for consideration.

*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 was 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. On August 15, 1994, the court of appeals affirmed both the asset freeze order obtained by the Board and the district court's dismissal of plaintiffs' claims. The appellants filed a petition for *certiorari* on November 14, 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)). On July 29, 1994, the Board filed a motion to dismiss.

*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 August 23, 1994, the court granted the Board's motion to dismiss. The plaintiff filed a notice of appeal to the Ninth Circuit on September 22, 1994.

*Bennett v. Greenspan*, No. 93-1813 (D. D.C., filed April 20, 1993). Employment discrimination action. A jury verdict for the plaintiff was rendered on October 13, 1994. The Board's motion for a new trial on the issue of damages is pending.

*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. An order dismissing the case was entered on November 18, 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. Ghath R. Pharaon*, No. 91-CIV-6250 (S.D. New York, filed September 17, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On September 17, 1991, the court issued an order temporarily restraining the transfer or disposition of the individual's assets.

## FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Bank Saderat Iran  
Tehran

The Federal Reserve Board announced on November 29, 1994, the issuance of a Cease and Desist Order and an Order of Assessment of a Civil Money Penalty against Bank Saderat Iran, Tehran, and Bank Saderat's New York agency.

**Bank Sepah Iran  
Tehran**

The Federal Reserve Board announced on November 29, 1994, the issuance of a Civil Money Penalty against Bank Sepah Iran, Tehran.

**Earl E. Echols  
Blackshear, Georgia**

The Federal Reserve Board announced on November 10, 1994, the issuance of an Order of Assessment of a Civil Money Penalty against Earl E. Echols, a former director of The Blackshear Bank, Blackshear, Georgia.

**Thomas E. Echols  
Blackshear, Georgia**

The Federal Reserve Board announced on November 10, 1994, the issuance of an Order of Prohibition and an Order of Assessment of a Civil Money Penalty against Thomas E. Echols, a former institution-affiliated party of The Blackshear Bank, Blackshear, Georgia.

**Sebastian Bankshares, Inc.  
Barling, Arkansas**

The Federal Reserve Board announced on November 10, 1994, the issuance of Cease and Desist Orders against Sebastian Bankshares, Inc., Barling, Arkansas, and its subsidiary bank, River Valley Bank & Trust, Lavaca, Arkansas.

**WRITTEN AGREEMENTS APPROVED BY FEDERAL  
RESERVE BANKS**

**Bank Melli Iran  
Tehran**

The Federal Reserve Board announced on November 29, 1994, the execution of a Written Agreement between the Federal Reserve Bank of New York and the Superintendent of Banks of the State of New York and an Order of Assessment of a Civil Money Penalty against Bank Melli Iran, Tehran, and Bank Melli's New York and Los Angeles agencies.

**CBC Bancorp, Inc.  
Woodbridge, Connecticut**

The Federal Reserve Board announced on November 14, 1994, the execution of a Written Agreement between the Federal Reserve Bank of Boston and CBC Bancorp, Inc., Woodbridge, Connecticut.

**First State Bank of Manchester  
West Manchester, Ohio**

The Federal Reserve Board announced on November 30, 1994, the execution of a Written Agreement by and among the Federal Reserve Bank of Cleveland, the Superintendent of Banks for the State of Ohio, and the First State Bank of West Manchester, West Manchester, Ohio.

# Financial and Business Statistics

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# Guide to Tabular Presentation

## *SYMBOLS AND ABBREVIATIONS*

c	Corrected	G-10	Group of Ten
e	Estimated	GNMA	Government National Mortgage Association
n.a.	Not available	GDP	Gross domestic product
n.e.c.	Not elsewhere classified	HUD	Department of Housing and Urban Development
p	Preliminary	IMF	International Monetary Fund
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IO	Interest only
*	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)	IPCs	Individuals, partnerships, and corporations
0	Calculated to be zero	IRA	Individual retirement account
...	Cell not applicable	MMDA	Money market deposit account
ATS	Automatic transfer service	MSA	Metropolitan statistical area
BIF	Bank insurance fund	NOW	Negotiable order of withdrawal
CD	Certificate of deposit	OCD	Other checkable deposit
CMO	Collateralized mortgage obligation	OPEC	Organization of Petroleum Exporting Countries
FFB	Federal Financing Bank	OTS	Office of Thrift Supervision
FHA	Federal Housing Administration	PO	Principal only
FHLBB	Federal Home Loan Bank Board	REIT	Real estate investment trust
FHLMC	Federal Home Loan Mortgage Corporation	REMIC	Real estate mortgage investment conduit
FmHA	Farmers Home Administration	RP	Repurchase agreement
FNMA	Federal National Mortgage Association	RTC	Resolution Trust Corporation
FSLIC	Federal Savings and Loan Insurance Corporation	SAIF	Savings Association Insurance Fund
G-7	Group of Seven	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<sup>1</sup>

Monetary or credit aggregate	1993	1994			1994				
	Q4	Q1	Q2	Q3	June	July	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct.
<i>Reserves of depository institutions<sup>2</sup></i>									
1 Total	14.2	3.1	-4.4	-2.5	-4.0	2.2	-6.0	-7	-6.1
2 Required	14.1	2.5	-3.6	-2.6	-8.0	2.2	-4.0	-1.9	-8
3 Nonborrowed	15.6	3.7	-5.4	-4.2	-6.7	-3	-6.3	-1.1	-4.0
4 Monetary base <sup>3</sup>	9.8	10.2	8.4	7.3	7.7	8.1	6.3	5.4	6.7
<i>Concepts of money, liquid assets, and debt<sup>4</sup></i>									
5 M1	9.4	6.0	1.9	3.0 <sup>f</sup>	3.7	7.1 <sup>f</sup>	-2.2	1.0	-3.6
6 M2	2.3	1.9	1.9	7 <sup>f</sup>	-2.3	4.7	-2.0	-5	-1.2
7 M3	2.6	.3	.7	1.7 <sup>f</sup>	.0	6.1 <sup>f</sup>	-2.1	1.2	3.4
8 L	2.0	2.5	1.2	1.3	-1.9	7.2 <sup>f</sup>	-2.0	-2.2	n.a.
9 Debt	4.9	5.3	5.4	4.1	3.5 <sup>f</sup>	2.4 <sup>f</sup>	5.9	5.3	n.a.
<i>Nontransaction components</i>									
10 In M2 <sup>5</sup>	-8	.0	2.0	-4 <sup>f</sup>	-5.1	3.6 <sup>f</sup>	-2.0	-1.2	.0
11 In M3 only <sup>6</sup>	4.0	-8.0	-6.2	7.0 <sup>f</sup>	13.3	13.5	-2.8	10.8	28.6
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings, including MMDAs	3.6	4.3	-3.3	-4.1	-7.7	-2.2 <sup>f</sup>	-2.8	-3.6	-12.1
13 Small time <sup>7</sup>	-7.4	-5.2	.1	8.9	6.7	5.7	15.4	11.9	17.0
14 Large time <sup>8,9</sup>	-4	-2.6	-2.5 <sup>f</sup>	10.1 <sup>f</sup>	.0 <sup>f</sup>	7.0 <sup>f</sup>	14.3	21.4	29.9
<i>Thrift institutions</i>									
15 Savings, including MMDAs	-4	.5	.2	-11.1 <sup>f</sup>	-10.3	-9.3	-17.0	-16.6	-16.0
16 Small time <sup>7</sup>	-9.4	-11.5	-7.5	-2.4 <sup>f</sup>	-5.1	.0	-3.2	2.4	13.4
17 Large time <sup>8</sup>	-6.7	-8.5	-6.5	4.8	6.0	15.9	-5.9	23.6	23.2
<i>Money market mutual funds</i>									
18 General purpose and broker-dealer	1.2	-.1	17.7	1.0 <sup>f</sup>	-19.1	14.0	-2.0	-2.0	8.9
19 Institution-only	8.8	-26.7	-22.8	-6.0	1.4	9.9	-11.2	-9.9	52.9
<i>Debt components<sup>4</sup></i>									
20 Federal	6.1	7.3	5.5	3.9	4.9	1.1 <sup>f</sup>	6.1	6.1	n.a.
21 Nonfederal	4.5	4.6	5.4 <sup>f</sup>	4.1	2.9	3.0	5.8	5.1	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: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

5. Sum of (1) 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.

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, the U.S. government, and foreign banks and official institutions.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT<sup>1</sup>

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1994			1994						
	Aug.	Sept.	Oct.	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding	390,696	392,939 <sup>f</sup>	394,856	394,266	393,002	391,811	393,136	396,235	394,426	394,749
U.S. government securities <sup>2</sup>										
2 Bought outright—System account	348,753	354,429	354,275	355,484	354,977	353,810	353,769	356,211	353,754	353,467
3 Held under repurchase agreements	3,299	296	1,648	309	0	0	917	1,052	1,791	2,211
Federal agency obligations										
4 Bought outright	3,883	3,822	3,772	3,828	3,817	3,812	3,806	3,793	3,762	3,757
5 Held under repurchase agreements	880	346	349	1,000	0	0	159	559	161	448
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	26	45	20	9	60	94	49	12	10	32
8 Seasonal credit	446	448	344	424	443	472	424	381	348	303
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	522	730 <sup>f</sup>	559	535	832	467	517	444	719	535
11 Other Federal Reserve assets	32,887	32,824	33,890	32,677	32,874	33,156	33,495	33,783	33,882	33,996
12 Gold stock	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,053
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	22,636	22,698	22,758	22,688	22,702	22,716	22,730	22,744	22,758	22,772
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation	384,403	386,408	388,817	387,573	385,861	385,137	386,399	389,497	389,572	388,763
16 Treasury cash holdings	354	372	367	371	384	365	364	369	367	371
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,220	5,953	5,553	5,576	7,367	6,195	6,150	5,594	5,112	5,078
18 Foreign	188	199	192	171	179	229	263	191	177	176
19 Service-related balances and adjustments	5,551	5,156	4,851	5,134	5,101	5,099	5,032	5,054	4,697	4,715
20 Other	311	325	336	316	331	300	330	339	346	325
21 Other Federal Reserve liabilities and capital	11,187	11,178	11,724	11,144	11,151	11,384	11,853	11,851	11,420	11,672
22 Reserve balances with Federal Reserve Banks <sup>3</sup>	25,190	25,119 <sup>f</sup>	24,847	25,741	24,404	24,890	24,546	25,157	24,566	25,492 <sup>f</sup>
<b>End-of-month figures</b>			<b>Wednesday figures</b>							
	Aug.	Sept.	Oct.	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding	393,969	393,466 <sup>f</sup>	395,756	393,482	393,163	387,959	393,065	393,716	395,316	395,802
U.S. government securities <sup>2</sup>										
2 Bought outright—System account	349,110	353,010	352,313	355,896	354,496	349,846	354,761	353,925	353,103	356,241
3 Held under repurchase agreements	6,519	2,140	3,615	0	0	0	0	0	4,180	1,139
Federal agency obligations										
4 Bought outright	3,837	3,806	3,744	3,817	3,817	3,806	3,806	3,762	3,762	3,744
5 Held under repurchase agreements	1,732	370	400	0	0	0	0	0	375	500
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	35	69	17	13	301	92	12	10	11	82
8 Seasonal credit	459	436	247	432	459	478	389	373	326	288
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	317	188 <sup>f</sup>	579	539	1,085	529	421	1,804	-281	-231
11 Other Federal Reserve assets	31,960	33,448	34,841	32,785	33,005	33,209	33,677	33,841	33,840	34,039
12 Gold stock	11,054	11,054	11,053	11,054	11,054	11,054	11,054	11,054	11,053	11,053
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	22,660	22,730	22,786	22,688	22,702	22,716	22,730	22,744	22,758	22,772
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation	386,010	385,516	389,604	387,485	386,072	386,277	388,318	390,785	389,807	389,675
16 Treasury cash holdings	368	363	363	387	366	363	369	367	372	363
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,994	6,848	5,164	5,581	11,359	6,658	5,283	5,022	5,510	5,912
18 Foreign	188	342	223	192	188	399	181	165	170	178
19 Service-related balances and adjustments	5,514	5,032 <sup>f</sup>	4,790	5,134	5,101	5,099	5,032	5,054	4,697	4,715
20 Other	289	318	392	286	300	256	335	326	280	320
21 Other Federal Reserve liabilities and capital	10,864	12,012	12,584	11,003	10,948	11,181	11,657	11,182	11,247	11,452
22 Reserve balances with Federal Reserve Banks <sup>3</sup>	26,476	24,837 <sup>f</sup>	24,494	25,173	20,604	19,513	23,693	22,632	25,064	25,030

1. Amounts of cash held as reserves are shown in table 1.12, line 2.

2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.

3. Excludes required clearing balances and adjustments to compensate for float.

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1.12 RESERVES AND BORROWINGS Depository Institutions<sup>1</sup>

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1991	1992	1993	1994						
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept. <sup>f</sup>	Oct.
1 Reserve balances with Reserve Banks <sup>2</sup>	26,659	25,368	29,374	29,614	26,790	26,502	25,996	25,284	25,157	24,747
2 Total vault cash <sup>3</sup>	32,509	34,542	36,812	35,215	35,892	36,898	37,635	37,614	38,431	38,231
3 Applied vault cash <sup>4</sup>	28,872	31,172	33,484	32,027	32,483	33,422	34,096	34,052	34,794	34,754
4 Surplus vault cash <sup>5</sup>	3,637	3,370	3,328	3,188	3,409	3,476	3,539	3,562	3,637	3,476
5 Total reserves <sup>6</sup>	55,532	56,540	62,858	61,641	59,273	59,924	60,092	59,337	59,951	59,501
6 Required reserves	54,553	55,385	61,795	60,489	58,358	58,819	58,985	58,333	58,891	58,704
7 Excess reserve balances at Reserve Banks <sup>7</sup>	979	1,155	1,063	1,151	915	1,105	1,107	1,004	1,060	797
8 Total borrowings at Reserve Banks <sup>8</sup>	192	124	82	124	200	333	458	469	487	380
9 Seasonal borrowings	38	18	31	57	134	226	364	445	444	339
10 Extended credit <sup>9</sup>	1	1	0	0	0	0	0	0	0	0
Biweekly averages of daily figures for two week periods ending on dates indicated										
1994										
	July 6	July 20	Aug. 3	Aug. 17	Aug. 31	Sept. 14	Sept. 28 <sup>f</sup>	Oct. 12 <sup>f</sup>	Oct. 26	Nov. 9
1 Reserve balances with Reserve Banks <sup>2</sup>	26,239	26,908	24,703	25,594	25,099	25,720	24,641	24,824	25,023	23,786
2 Total vault cash <sup>3</sup>	37,012	37,179	38,557	38,114	36,913	38,451	38,397	38,539	37,608	39,236
3 Applied vault cash <sup>4</sup>	33,571	33,754	34,818	34,486	33,455	34,839	34,700	35,138	34,137	35,565
4 Surplus vault cash <sup>5</sup>	3,441	3,425	3,739	3,628	3,458	3,612	3,697	3,401	3,472	3,671
5 Total reserves <sup>6</sup>	59,810	60,662	59,521	60,080	58,554	60,559	59,341	59,962	59,159	59,350
6 Required reserves	58,330	59,902	58,176	59,141	57,559	59,643	58,138	58,907	58,587	58,545
7 Excess reserve balances at Reserve Banks <sup>7</sup>	1,480	760	1,346	939	995	917	1,204	1,055	572	805
8 Total borrowings at Reserve Banks <sup>8</sup>	568	412	458	442	498	447	535	433	346	351
9 Seasonal borrowings	292	357	413	430	468	437	458	403	326	223
10 Extended credit <sup>9</sup>	0	1	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 may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.

4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault

cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

5. Total vault cash (line 2) less applied vault cash (line 3).

6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).

7. Total reserves (line 5) less required reserves (line 6).

8. Also includes adjustment credit.

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

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Banks<sup>1</sup>

Millions of dollars, averages of daily figures

Source and maturity	1994, week ending Monday								
	Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
<i>Federal funds purchased, repurchase agreements, and other selected borrowings</i>									
<i>From commercial banks in the United States</i>									
1 For one day or under continuing contract .....	73,232	69,219	68,194	69,421	73,249	76,739	74,555	68,759	69,873
2 For all other maturities .....	12,222	12,379	13,519	13,863	12,920	12,492	12,889	13,879	15,923
<i>From other depository institutions, foreign banks and official institutions, and U.S. government agencies</i>									
3 For one day or under continuing contract .....	14,414	17,530	17,530	21,105	20,162	19,205	18,386	18,240	16,902
4 For all other maturities .....	24,114	22,508	21,881	21,300	21,455	20,655	20,607	22,922	22,242
<i>Repurchase agreements on U.S. government and federal agency securities</i>									
<i>Brokers and nonbank dealers in securities</i>									
5 For one day or under continuing contract .....	20,501	23,144	21,588	22,503	23,178	23,964	24,034	22,995	22,000
6 For all other maturities .....	30,996	32,875	33,104	32,287	29,333	29,910	28,918	33,192	32,215
<i>All other customers</i>									
7 For one day or under continuing contract .....	34,038	33,613	32,897	32,826	33,965	33,091	33,451	33,799	32,802
8 For all other maturities .....	16,693	16,345	16,393	17,661	16,814	16,528	16,698	17,004	17,134
<b>MEMO</b>									
<i>Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract</i>									
9 To commercial banks in the United States.....	57,438	51,871	55,427	61,185 <sup>†</sup>	60,790	58,607	59,293	56,776	59,630
10 To all other specified customers <sup>2</sup> .....	24,467	21,256	21,439	22,985	21,031	21,283	21,488	21,415	21,842

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.

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1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Federal Reserve Bank	Current and previous levels								
	Adjustment credit <sup>1</sup>			Seasonal credit <sup>2</sup>			Extended credit <sup>3</sup>		
	On 12/2/94	Effective date	Previous rate	On 12/2/94	Effective date	Previous rate	On 12/2/94	Effective date	Previous rate
Boston .....	4.75	11/16/94	4.00	5.60	11/25/94	5.20	6.10	11/25/94	5.70
New York .....		11/15/94							
Philadelphia .....		11/17/94							
Cleveland .....		11/16/94							
Richmond .....		11/16/94							
Atlanta .....		11/16/94							
Chicago .....		11/17/94							
St. Louis .....		11/15/94							
Minneapolis .....		11/16/94							
Kansas City .....		11/15/94							
Dallas .....		11/16/94							
San Francisco .....	4.75	11/15/94	4.00	5.60	11/25/94	5.20	6.10	11/25/94	5.70

Range of rates for adjustment credit in recent years<sup>4</sup>

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977 .....	6	6	1981—May 5 .....	13-14	14	1987—Sept. 4 .....	5.5-6	6
1978—Jan. 9 .....	6-6.5	6.5	8 .....	14	14	11 .....	6	6
20 .....	6.5	6.5	Nov. 2 .....	13-14	13	1988—Aug. 9 .....	6-6.5	6.5
May 11 .....	6.5-7	7	6 .....	13	13	11 .....	6.5	6.5
12 .....	7	7	Dec. 4 .....	12	12	1989—Feb. 24 .....	6.5-7	7
July 3 .....	7-7.25	7.25	1982—July 20 .....	11.5-12	11.5	27 .....	7	7
10 .....	7.25	7.25	23 .....	11.5	11.5	1990—Dec. 19 .....	6.5	6.5
Aug. 21 .....	7.75	7.75	Aug. 2 .....	11-11.5	11	1991—Feb. 1 .....	6-6.5	6
Sept. 22 .....	8	8	3 .....	11	11	4 .....	6	6
Oct. 16 .....	8-8.5	8.5	16 .....	10.5	10.5	30 .....	5.5-6	5.5
20 .....	8.5	8.5	27 .....	10-10.5	10	May 2 .....	5.5	5.5
Nov. 1 .....	8.5-9.5	9.5	30 .....	10	10	Sept. 13 .....	5-5.5	5
3 .....	9.5	9.5	Oct. 12 .....	9.5-10	9.5	17 .....	5	5
1979—July 20 .....	10	10	13 .....	9.5	9.5	Nov. 6 .....	4.5-5	4.5
Aug. 17 .....	10-10.5	10.5	22 .....	9-9.5	9	7 .....	4.5	4.5
20 .....	10.5	10.5	26 .....	9	9	Dec. 20 .....	3.5-4.5	3.5
Sept. 19 .....	10.5-11	11	Dec. 14 .....	8.5-9	8.5	24 .....	3.5	3.5
21 .....	11	11	15 .....	8.5-9	8.5	1992—July 2 .....	3-3.5	3
Oct. 8 .....	11-12	12	17 .....	8.5	8.5	7 .....	3	3
10 .....	12	12	1984—Apr. 9 .....	8.5-9	9	1994—May 17 .....	3-3.5	3.5
1980—Feb. 15 .....	12-13	13	13 .....	9	9	18 .....	3.5	3.5
19 .....	13	13	Nov. 21 .....	8.5-9	8.5	Aug. 16 .....	3.5-4	4
May 29 .....	12-13	13	26 .....	8.5	8.5	18 .....	4	4
30 .....	12	12	Dec. 24 .....	8	8	Nov. 15 .....	4-4.75	4.75
June 13 .....	11-12	11	1985—May 20 .....	7.5-8	7.5	17 .....	4.75	4.75
16 .....	11	11	24 .....	7.5	7.5	In effect Dec. 2, 1994 .....	4.75	4.75
July 28 .....	10-11	10	1986—Mar. 7 .....	7-7.5	7			
29 .....	10	10	10 .....	7	7			
Sept. 26 .....	11	11	Apr. 21 .....	6.5-7	6.5			
Nov. 17 .....	12	12	July 11 .....	6	6			
Dec. 5 .....	12-13	13	Aug. 21 .....	5.5-6	5.5			
			22 .....	5.5	5.5			

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 intrayear movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than

thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS<sup>1</sup>

Type of deposit <sup>2</sup>	Requirement	
	Percentage of deposits	Effective date
<i>Net transaction accounts</i> <sup>3</sup>		
1 \$0 million–\$54.0 million	3	12/20/94
2 More than \$54.0 million <sup>4</sup>	10	12/20/94
3 Nonpersonal time deposits <sup>5</sup>	0	12/27/90
4 Eurocurrency liabilities <sup>6</sup>	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 of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. 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. 20, 1994, the exemption was raised from \$4.0 million to \$4.2 million. 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 considered 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 of each year. Effective Dec. 20, 1994, the amount was increased from \$51.9 million to \$54.0 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<sup>1</sup>

Millions of dollars

Type of transaction and maturity	1991	1992	1993	1994						
				Mar.	Apr.	May	June	July	Aug.	Sept.
<b>U.S. TREASURY SECURITIES</b>										
<i>Outright transactions (excluding matched transactions)</i>										
<i>Treasury bills</i>										
1 Gross purchases .....	20,158	14,714	17,717	900	1,101	1,395	4,143	0	1,610	0
2 Gross sales .....	120	1,628	0	0	0	0	0	0	0	0
3 Exchanges .....	277,314	308,699	332,229	33,163	28,881	29,807	39,484	29,559	36,281	29,668
4 Redemptions .....	1,000	1,600	468	0	0	0	0	0	0	0
<i>Others within one year</i>										
5 Gross purchases .....	3,043	1,096	1,223	147	209	155	0	0	0	151
6 Gross sales .....	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts .....	24,454	36,662	31,368	0	2,316	0	1,197	0	0	0
8 Exchanges .....	-28,090	-30,543	-36,582	-3,605	-907	0	-3,192	0	0	0
9 Redemptions .....	1,000	0	0	0	0	0	0	0	0	0
<i>One to five years</i>										
10 Gross purchases .....	6,583	13,118	10,350	1,413	2,817	0	0	0	0	2,530
11 Gross sales .....	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts .....	-21,211	-34,478	-27,140	0	1,607	0	-1,197	0	0	0
13 Exchanges .....	24,594	25,811	0	3,605	907	0	3,192	0	0	0
<i>Five to ten years</i>										
14 Gross purchases .....	1,280	2,818	4,168	1,103	1,117	0	0	0	0	938
15 Gross sales .....	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts .....	-2,037	-1,915	0	0	709	0	0	0	0	0
17 Exchanges .....	2,894	3,532	0	0	0	0	0	0	0	0
<i>More than ten years</i>										
18 Gross purchases .....	375	2,333	3,457	618	896	0	0	0	0	840
19 Gross sales .....	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts .....	-1,209	-269	0	0	0	0	0	0	0	0
21 Exchanges .....	600	1,200	0	0	0	0	0	0	0	0
<i>All maturities</i>										
22 Gross purchases .....	31,439	34,079	36,915	4,181	6,140	1,550	4,143	0	1,610	4,459
23 Gross sales .....	120	1,628	0	0	0	0	0	0	0	0
24 Redemptions .....	1,000	1,600	468	0	440	0	0	0	0	11
<i>Matched transactions</i>										
25 Gross sales .....	1,570,456	1,482,467	1,475,085	155,950	120,393	137,458	133,939	125,181	170,356	151,589
26 Gross purchases .....	1,571,534	1,480,140	1,475,941	155,625	120,512	137,195	133,075	126,677	169,018	151,029
<i>Repurchase agreements</i>										
27 Gross purchases .....	310,084	378,374	475,447	38,490	19,741	21,517	10,059	28,085	44,948	4,975
28 Gross sales .....	311,752	386,257	470,723	38,115	25,041	17,112	4,405	35,374	41,199	9,354
29 Net change in U.S. Treasury securities .....	29,729	20,642	42,027	4,232	519	5,691	8,933	-5,793	4,022	-490
<b>FEDERAL AGENCY OBLIGATIONS</b>										
<i>Outright transactions</i>										
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	108	180	70	58	322	63	20
<i>Repurchase agreements</i>										
33 Gross purchases .....	22,807	14,565	35,063	3,160	728	4,195	580	9,472	8,491	3,620
34 Gross sales .....	23,595	14,486	34,669	3,170	878	2,895	1,300	8,702	8,109	4,982
35 Net change in federal agency obligations .....	-1,085	-554	-678	-118	-330	1,230	-778	448	319	-1,382
36 Total net change in System Open Market Account .....	<b>28,644</b>	<b>20,089</b>	<b>41,348</b>	<b>4,114</b>	<b>189</b>	<b>6,921</b>	<b>8,155</b>	<b>-5,345</b>	<b>4,341</b>	<b>-1,872</b>

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<sup>1</sup>

Millions of dollars

Account	Wednesday					End of month		
	1994					1994		
	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Aug. 31	Sept. 30	Oct. 31
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,054	11,054	11,054	11,053	11,053	11,054	11,054	11,053
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	339	350	352	350	348	315	360	360
<i>Loans</i>								
4 To depository institutions	570	401	384	337	370	494	504	264
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
<i>Federal agency obligations</i>								
7 Bought outright	3,806	3,806	3,762	3,762	3,744	3,837	3,806	3,744
8 Held under repurchase agreements	0	0	0	375	500	1,732	370	400
9 Total U.S. Treasury securities	349,846	354,761	353,925	357,283	357,380	355,629	355,150	355,928
10 Bought outright <sup>2</sup>	349,846	354,761	353,925	353,103	356,241	349,110	353,010	352,313
11 Bills	166,621	171,536	170,700	170,857	173,995	170,345	169,785	169,617
12 Notes	141,389	141,389	141,389	140,410	140,410	138,006	141,389	140,860
13 Bonds	41,836	41,836	41,836	41,836	41,836	40,760	41,836	41,836
14 Held under repurchase agreements	0	0	0	4,180	1,139	6,519	2,140	3,615
15 Total loans and securities	354,222	358,967	358,070	361,757	361,994	361,692	359,830	360,336
16 Items in process of collection	5,037	6,332	10,084	5,629	5,113	5,125	4,104	2,477
17 Bank premises	1,068	1,068	1,069	1,070	1,071	1,065	1,068	1,068
<i>Other assets</i>								
18 Denominated in foreign currencies <sup>3</sup>	22,690	23,206	23,223	23,239	23,257	22,624	23,197	23,922
19 All other <sup>4</sup>	9,448	9,457	9,660	9,520	9,754	8,341	9,218	9,848
20 Total assets	411,876	418,453	421,529	420,638	420,608	418,233	416,848	417,080
LIABILITIES								
21 Federal Reserve notes	364,263	366,306	368,759	367,771	367,614	364,032	363,509	367,540
22 Total deposits	32,014	34,856	33,543	36,516	36,848	38,753	37,562	35,050
23 Depository institutions	24,701	29,057	28,030	30,557	30,438	32,282	30,054	29,271
24 U.S. Treasury—General account	6,658	5,283	5,022	5,510	5,912	5,994	6,848	5,164
25 Foreign—Official accounts	399	181	165	170	178	188	342	223
26 Other	256	335	326	280	320	289	318	392
27 Deferred credit items	4,417	5,633	8,045	5,103	4,695	4,584	3,765	1,906
28 Other liabilities and accrued dividends <sup>5</sup>	3,607	3,576	3,565	3,608	3,775	3,632	3,831	3,992
29 Total liabilities	404,302	410,371	413,912	412,999	412,931	411,001	408,667	408,488
CAPITAL ACCOUNTS								
30 Capital paid in	3,607	3,614	3,618	3,639	3,641	3,588	3,608	3,643
31 Surplus	3,401	3,401	3,401	3,401	3,401	3,383	3,401	3,401
32 Other capital accounts	566	1,066	598	599	634	262	1,172	1,548
33 Total liabilities and capital accounts	411,876	418,453	421,529	420,638	420,608	418,233	416,848	417,080
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	398,798	397,222	400,556	402,593	406,989	398,851	399,937	407,851
Federal Reserve note statement								
35 Federal Reserve notes outstanding (issued to Banks)	448,609	448,780	448,721	449,559	449,975	442,669	449,006	449,946
36 LESS: Held by Federal Reserve Banks	84,346	82,474	79,962	81,787	82,361	78,637	85,498	82,406
37 Federal Reserve notes, net	364,263	366,306	368,759	367,771	367,614	364,032	363,509	367,540
<i>Collateral held against notes, net</i>								
38 Gold certificate account	11,054	11,054	11,054	11,053	11,053	11,054	11,054	11,053
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	345,191	347,234	349,687	348,700	348,543	344,960	344,437	348,469
42 Total collateral	364,263	366,306	368,759	367,771	367,614	364,032	363,509	367,540

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.

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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		
	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Aug. 31	Sept. 30	Oct. 31
<b>1 Total loans</b> .....	<b>570</b>	<b>401</b>	<b>384</b>	<b>337</b>	<b>370</b>	<b>512</b>	<b>504</b>	<b>264</b>
2 Within fifteen days <sup>1</sup> .....	510	114	99	305	342	417	264	133
3 Sixteen days to ninety days .....	60	287	285	32	29	95	240	131
4 Ninety-one days to one year .....	0	0	0	0	0	0	0	0
<b>5 Total acceptances</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
6 Within fifteen days <sup>1</sup> .....	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
<b>9 Total U.S. Treasury securities</b> .....	<b>349,846</b>	<b>354,761</b>	<b>353,925</b>	<b>357,283</b>	<b>357,380</b>	<b>355,629</b>	<b>353,010</b>	<b>352,313</b>
10 Within fifteen days <sup>1</sup> .....	9,781	17,446	16,189	19,951	16,161	18,290	5,373	10,538
11 Sixteen days to ninety days .....	82,848	80,073	80,364	84,550	84,387	83,811	87,966	83,281
12 Ninety-one days to one year .....	109,710	108,492	108,623	104,493	108,543	110,330	110,922	109,980
13 One year to five years .....	87,052	88,294	88,294	88,239	88,239	84,522	88,294	88,463
14 Five years to ten years .....	26,116	26,116	26,116	25,711	25,711	25,178	26,116	25,711
15 More than ten years .....	34,339	34,339	34,339	34,339	34,339	33,499	34,339	34,339
<b>16 Total federal agency obligations</b> .....	<b>3,806</b>	<b>3,806</b>	<b>3,762</b>	<b>4,137</b>	<b>4,244</b>	<b>5,569</b>	<b>3,806</b>	<b>3,744</b>
17 Within fifteen days <sup>1</sup> .....	230	30	18	512	619	2,022	230	119
18 Sixteen days to ninety days .....	546	771	780	661	683	448	546	725
19 Ninety-one days to one year .....	780	755	728	728	789	763	780	747
20 One year to five years .....	1,666	1,676	1,676	1,676	1,603	1,752	1,666	1,603
21 Five years to ten years .....	559	549	535	535	525	559	559	525
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<sup>1</sup>

Billions of dollars, averages of daily figures

Item	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1994							
					Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Seasonally adjusted												
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>2</sup>												
1 Total reserves <sup>3</sup>	41.77	45.53	54.34	60.48	60.59	60.33	59.91	59.71	59.82	59.52	59.48 <sup>f</sup>	59.18
2 Nonborrowed reserves <sup>4</sup>	41.44	45.34	54.22	60.39	60.53	60.21	59.71	59.37	59.36	59.05	59.00	58.80
3 Nonborrowed reserves plus extended credit <sup>5</sup>	41.47	45.34	54.22	60.39	60.53	60.21	59.71	59.37	59.36	59.05	59.00	58.80
4 Required reserves <sup>6</sup>	40.11	44.55	53.19	59.41	59.62	59.18	59.00	58.60	58.71	58.51	58.42	58.38
5 Monetary base <sup>6</sup>	293.16	317.12	350.61	385.86	397.01	399.20	401.73	404.32	407.04	409.18	411.03 <sup>f</sup>	413.34
Not seasonally adjusted												
6 Total reserves <sup>7</sup>	43.07	46.98	56.06	62.37	59.50	61.40	58.97	59.56	59.66	58.84	59.39	58.88
7 Nonborrowed reserves <sup>8</sup>	42.74	46.78	55.93	62.29	59.44	61.27	58.77	59.22	59.20	58.37	58.90	58.50
8 Nonborrowed reserves plus extended credit <sup>8</sup>	42.77	46.78	55.93	62.29	59.44	61.27	58.77	59.22	59.20	58.37	58.90	58.50
9 Required reserves <sup>9</sup>	41.40	46.00	54.90	61.31	58.53	60.25	58.06	58.45	58.55	57.84	58.33	58.08
10 Monetary base <sup>9</sup>	296.68	321.07	354.55	390.59	394.15	399.76	400.26	404.72	408.17	408.95	411.05	412.78
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>10</sup>												
11 Total reserves <sup>11</sup>	59.12	55.53	56.54	62.86	59.61	61.64	59.27	59.92	60.09	59.34	59.95 <sup>f</sup>	59.50
12 Nonborrowed reserves <sup>12</sup>	58.80	55.34	56.42	62.78	59.55	61.52	59.07	59.59	59.63	58.87	59.47	59.12
13 Nonborrowed reserves plus extended credit <sup>12</sup>	58.82	55.34	56.42	62.78	59.55	61.52	59.07	59.59	59.64	58.87	59.47	59.12
14 Required reserves <sup>13</sup>	57.46	54.55	55.39	61.80	58.64	60.49	58.36	58.82	58.99	58.33	58.89	58.70
15 Monetary base <sup>13</sup>	313.70	333.61	360.90	397.62	400.78	406.32	406.59	410.94	414.39	414.90	416.65 <sup>f</sup>	418.13
16 Excess reserves <sup>13</sup>	1.66	.98	1.16	1.06	.97	1.15	.92	1.11	1.11	1.00	1.06	.80
17 Borrowings from the Federal Reserve	.33	.19	.12	.08	.06	.12	.20	.33	.46	.47	.49	.38

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the impact on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 1), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

A14 Domestic Financial Statistics □ January 1995

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES<sup>1</sup>

Billions of dollars, averages of daily figures

Item	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1994			
					July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct.
Seasonally adjusted								
<i>Measures<sup>2</sup></i>								
1 M1 .....	826.4	897.7	1,024.8	1,128.4	1,153.1	1,151.0	1,152.0	1,148.5
2 M2 .....	3,353.0	3,455.3	3,509.0	3,568.0	3,603.5	3,597.4	3,596.0	3,592.5
3 M3 .....	4,125.7	4,180.4	4,183.1	4,232.1	4,250.5	4,242.9	4,247.2	4,259.3
4 L .....	4,974.8	4,992.9	5,057.2	5,134.5	5,188.2	5,179.4	5,170.1	n.a.
5 Debt .....	10,690.2 <sup>f</sup>	11,168.2 <sup>f</sup>	11,699.1 <sup>f</sup>	12,325.6 <sup>f</sup>	12,660.7	12,722.6	12,779.3	n.a.
<i>M1 components</i>								
6 Currency <sup>3</sup> .....	246.7	267.1	292.2	321.4	343.2	345.4	347.3	349.9
7 Travelers checks <sup>4</sup> .....	7.8	7.7	8.1	7.9	8.2	8.3	8.4	8.4
8 Demand deposits <sup>5</sup> .....	277.9	290.0	339.6	384.8	389.1	387.5	388.1	385.9
9 Other checkable deposits <sup>6</sup> .....	294.0	332.8	384.9	414.3	412.5	409.8	408.2	404.3
<i>Nontransaction components</i>								
10 In M2 <sup>7</sup> .....	2,526.6	2,557.6	2,484.3	2,439.6	2,450.4	2,446.4	2,444.0	2,443.9
11 In M3 <sup>8</sup> only .....	772.7	725.2	674.1	664.1	647.0	645.5	651.3	666.8
<i>Commercial banks</i>								
12 Savings deposits, including MMDAs .....	582.1	665.5	754.6	785.3	777.8	776.0	773.7	765.9
13 Small time deposits <sup>9, 11</sup> .....	611.3	602.9	508.7	468.5	468.8	474.8	479.5	486.3
14 Large time deposits <sup>10, 11</sup> .....	368.6	342.4	292.8	277.1	276.5	279.8	284.8	291.9
<i>Thrift institutions</i>								
15 Savings deposits, including MMDAs .....	338.3	375.6	429.0	430.2	424.7	418.7	412.9	407.4
16 Small time deposits <sup>9</sup> .....	563.2	464.5	361.8	317.2	303.8	303.0	303.6	307.0
17 Large time deposits <sup>10</sup> .....	120.9	83.4	67.5	61.8	61.2	60.9	62.1	63.3
<i>Money market mutual funds</i>								
18 General purpose and broker-dealer .....	355.5	370.4	352.0	348.8	363.5	362.9	362.3	365.0
19 Institution-only .....	135.0	181.0	201.5	197.0	170.9	169.3	167.9	175.3
<i>Debt components</i>								
20 Federal debt .....	2,490.3	2,763.3	3,067.9	3,327.4	3,419.3	3,436.6	3,454.0	n.a.
21 Nonfederal debt .....	8,199.9 <sup>f</sup>	8,404.9 <sup>f</sup>	8,631.2 <sup>f</sup>	8,998.1 <sup>f</sup>	9,241.4	9,286.0	9,325.4	n.a.
Not seasonally adjusted								
<i>Measures<sup>2</sup></i>								
22 M1 .....	843.8	916.7	1,046.7	1,153.8	1,151.0	1,144.0	1,146.1	1,147.4
23 M2 .....	3,366.0	3,470.4	3,527.6	3,590.6	3,599.8	3,589.7	3,585.5	3,590.8
24 M3 .....	4,135.5	4,191.9	4,198.3	4,251.5	4,243.5	4,238.9	4,236.5	4,253.9
25 L .....	4,997.2	5,018.0	5,087.7	5,169.4	5,173.5	5,168.7	5,158.0	n.a.
26 Debt .....	10,687.2 <sup>f</sup>	11,165.5 <sup>f</sup>	11,701.9 <sup>f</sup>	12,321.3 <sup>f</sup>	12,620.4	12,674.4	12,735.6	n.a.
<i>M1 components</i>								
27 Currency <sup>3</sup> .....	249.5	269.9	295.0	324.9	344.9	345.7	347.1	349.6
28 Travelers checks <sup>4</sup> .....	7.4	7.4	7.8	7.6	8.8	8.9	8.8	8.5
29 Demand deposits <sup>5</sup> .....	289.9	303.1	355.1	402.6	388.4	384.2	385.7	389.0
30 Other checkable deposits <sup>6</sup> .....	297.0	336.3	388.9	418.6	408.9	405.2	404.5	400.3
<i>Nontransaction components</i>								
31 In M2 <sup>7</sup> .....	2,522.3	2,553.7	2,480.9	2,436.8	2,448.8	2,445.7	2,439.4	2,443.4
32 In M3 <sup>8</sup> .....	769.5	721.6	670.6	660.9	643.7	649.2	651.0	663.1
<i>Commercial banks</i>								
33 Savings deposits, including MMDAs .....	580.8	664.0	752.9	783.9	779.6	776.6	772.4	765.2
34 Small time deposits <sup>9, 11</sup> .....	610.5	601.9	507.8	467.6	469.8	475.8	480.9	487.2
35 Large time deposits <sup>10, 11</sup> .....	367.7	341.3	291.7	276.0	276.2	281.6	285.9	291.7
<i>Thrift institutions</i>								
36 Savings deposits, including MMDAs .....	337.6	374.8	428.1	429.4	425.7	419.0	412.2	407.1
37 Small time deposits <sup>9</sup> .....	562.4	463.8	361.2	316.5	304.5	303.7	304.5	307.6
38 Large time deposits <sup>10</sup> .....	120.6	83.1	67.2	61.6	61.1	61.3	62.3	63.2
<i>Money market mutual funds</i>								
39 General purpose and broker-dealer .....	353.8	368.5	350.2	347.2	360.0	360.2	357.5	360.9
40 Institution-only .....	134.7	180.4	200.4	195.8	167.4	169.5	165.1	170.5
<i>Repurchase agreements and Eurodollars</i>								
41 Overnight and continuing .....	77.3	80.6	80.7	92.3	109.2	110.5	111.9	115.5
42 Term .....	158.3	130.1	126.8	143.8	154.0	151.6	152.5	152.9
<i>Debt components</i>								
43 Federal debt .....	2,491.3	2,765.0	3,069.8	3,329.5	3,393.9	3,418.4	3,438.4	n.a.
44 Nonfederal debt .....	8,195.9 <sup>f</sup>	8,400.6 <sup>f</sup>	8,632.1 <sup>f</sup>	8,991.8 <sup>f</sup>	9,226.5	9,256.0	9,297.2	n.a.

Footnotes appear on following page.

## NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

M2: M1 plus (1) 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: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

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

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

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

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

7. Sum of (1) 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, the U.S. government, and foreign banks and official institutions.

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1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks<sup>1</sup>

Item	1992 Dec.	1993 Dec.	1994								
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
<b>Interest rates (annual effective yields)</b>											
<b>INSURED COMMERCIAL BANKS</b>											
1 Negotiable order of withdrawal accounts	2.33	1.86	1.84	1.82	1.82	1.81	1.83	1.82	1.83	1.85	1.87
2 Savings deposits <sup>2</sup>	2.88	2.46	2.46	2.43	2.43	2.45	2.50	2.54	2.57	2.63	2.67
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
3 7 to 91 days	2.90	2.65	2.65	2.68	2.76	2.87	2.99	3.08	3.17	3.29	3.36
4 92 to 182 days	3.16	2.91	2.90	2.94	3.02	3.13	3.28	3.36	3.44	3.61	3.75
5 183 days to 1 year	3.37	3.13	3.14	3.18	3.27	3.42	3.64	3.76	3.88	4.11	4.27
6 More than 1 year to 2½ years	3.88	3.55	3.56	3.61	3.69	3.87	4.12	4.26	4.39	4.61	4.80
7 More than 2½ years	4.77	4.29	4.31	4.35	4.46	4.67	4.89	5.02	5.14	5.33	5.47
<b>BIF-INSURED SAVINGS BANKS<sup>3</sup></b>											
8 Negotiable order of withdrawal accounts	2.45	1.87	1.89	1.88	1.83	1.86	1.86	1.88	1.89	1.89	1.91
9 Savings deposits <sup>2</sup>	3.20	2.63	2.62	2.64	2.63	2.65	2.67	2.69	2.67	2.74	2.78
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
10 7 to 91 days	3.13	2.70	2.69	2.69	2.71	2.72	2.77	2.84	2.98	3.03	3.11
11 92 to 182 days	3.44	3.02	3.03	3.04	3.08	3.13	3.21	3.41	3.53	3.69	3.87
12 183 days to 1 year	3.61	3.31	3.33	3.34	3.37	3.47	3.67	3.92	4.02	4.24	4.47
13 More than 1 year to 2½ years	4.02	3.66	3.72	3.76	3.85	3.96	4.12	4.38	4.56	4.83	5.04
14 More than 2½ years	5.00	4.62	4.61	4.66	4.75	4.85	5.08	5.24	5.35	5.47	5.64
<b>Amounts outstanding (millions of dollars)</b>											
<b>INSURED COMMERCIAL BANKS</b>											
15 Negotiable order of withdrawal accounts	286,541	305,223	293,806	295,573	297,496	293,888	292,797	290,220	290,631	295,320	286,787
16 Savings deposits <sup>2</sup>	738,253	766,413	771,559	776,204	779,340	771,869	773,170	767,539	765,751	764,035	755,249
17 Personal	578,757	597,838	606,615	611,725	615,875	611,720	612,648	608,132	605,881	600,892	595,175
18 Nonpersonal	159,496	168,575	164,944	164,479	163,465	160,149	160,522	159,407	159,870	163,143	160,074
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
19 7 to 91 days	38,474	29,455	29,312	29,578	29,539	29,467	29,950	28,763	28,659	27,959	28,312
20 92 to 182 days	127,831	110,069	109,110	109,444	107,407	105,615	104,400	102,439	100,424	98,085	96,398
21 183 days to 1 year	163,098	146,565	144,037	143,624	144,022	146,733	148,102	151,165	152,216	155,964	157,253
22 More than 1 year to 2½ years	152,977	141,223	141,204	141,006	139,946	139,313	140,764	144,686	146,875	150,807	152,514
23 More than 2½ years	169,708	181,528	182,193	181,240	180,973	181,977	180,381	181,843	182,944	186,490	190,209
24 IRA and Keogh plan deposits	147,350	143,985	143,875	143,409	142,002	142,448	142,047	142,513	142,649	142,617	142,700
<b>BIF-INSURED SAVINGS BANKS<sup>3</sup></b>											
25 Negotiable order of withdrawal accounts	10,871	11,151	10,796	10,870	11,078	11,051	11,052	10,792	10,925	11,016	10,769
26 Savings deposits <sup>2</sup>	81,786	80,115	78,660	78,016	78,701	78,982	78,817	77,289	77,337	75,108	74,659
27 Personal	78,695	77,035	75,445	74,756	75,444	75,717	75,474	74,121	74,064	72,040	71,525
28 Nonpersonal	3,091	3,079	3,215	3,260	3,257	3,265	3,344	3,168	3,273	3,068	3,134
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
29 7 to 91 days	3,867	2,793	2,737	2,735	2,671	2,697	2,702	2,614	2,531	2,523	2,402
30 92 to 182 days	17,345	12,946	13,094	13,165	13,177	13,058	12,822	12,515	12,511	12,292	12,276
31 183 days to 1 year	21,780	17,426	17,418	17,436	17,511	17,504	17,444	17,310	17,591	17,593	17,928
32 More than 1 year to 2½ years	18,442	16,546	16,281	16,338	16,180	16,453	16,477	16,493	16,901	16,824	17,287
33 More than 2½ years	18,845	20,464	20,630	20,939	21,110	21,454	21,546	21,079	21,573	21,531	21,923
34 IRA and Keogh plan accounts	21,713	19,356	19,395	19,474	19,447	19,860	19,772	19,511	19,757	19,445	19,532

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 and Keogh

deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. Includes personal and nonpersonal money market deposits.

3. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER<sup>1</sup>

Debits are in billions of dollars; turnover is ratio of debits to deposits; monthly data are at annual rates

Bank group, or type of deposit	1991 <sup>2</sup>	1992 <sup>2r</sup>	1993 <sup>2</sup>	1994					
				Mar.	Apr.	May	June	July <sup>r</sup>	Aug.
<b>DEBITS</b>									
<b>Seasonally adjusted</b>									
<i>Demand deposits</i> <sup>3</sup>									
1 All insured banks	277,741.7	313,179.6	334,375.0	393,886.4	352,714.2	376,238.0	371,523.9	345,269.3	384,057.0
2 Major New York City banks	137,337.2	165,484.6	171,310.7	210,684.5	184,409.0	200,277.8	195,079.4	182,408.3	196,505.5
3 Other banks	140,404.5	147,695.1	163,064.2	183,201.9	168,305.2	175,960.2	176,444.5	162,861.0	187,551.5
4 Other checkable deposits <sup>4</sup>	3,643.1	3,780.7	3,468.9	3,882.4	3,573.7	3,868.1	3,845.3	3,502.4	3,868.1
5 Savings deposits (including MMDAs) <sup>5</sup>	3,206.4	3,310.6	3,511.0	3,918.6	3,458.4	3,530.6	3,817.0	3,444.8	3,895.1
<b>DEPOSIT TURNOVER</b>									
<i>Demand deposits</i> <sup>3</sup>									
6 All insured banks	803.7	825.8	785.4	873.5	778.6	834.0	828.6	756.3	852.4
7 Major New York City banks	4,267.1	4,794.5	4,200.5	4,798.4	4,233.3	4,714.9	4,480.9	4,074.6	4,635.6
8 Other banks	448.1	428.7	423.7	450.1	411.1	430.6	435.8	395.5	459.5
9 Other checkable deposits <sup>4</sup>	16.2	14.4	11.8	12.9	11.9	12.8	12.7	11.5	12.8
10 Savings deposits (including MMDAs) <sup>5</sup>	5.2	4.7	4.6	5.0	4.4	4.5	4.9	4.5	5.1
<b>DEBITS</b>									
<b>Not seasonally adjusted</b>									
<i>Demand deposits</i> <sup>3</sup>									
11 All insured banks	277,752.4	313,344.9	334,354.6	406,836.2	350,136.0	364,471.2	387,227.2	347,414.6	394,406.9
12 Major New York City banks	137,307.2	165,595.0	171,283.5	218,783.5	181,272.6	188,885.2	204,251.8	182,452.9	202,845.6
13 Other banks	140,445.2	147,749.9	163,071.0	188,052.6	168,863.5	175,586.0	182,975.4	164,961.6	191,561.2
14 Other checkable deposits <sup>4</sup>	3,645.2	3,783.6	3,467.5	3,889.4	3,781.8	3,685.2	3,902.5	3,508.9	3,855.9
15 Savings deposits (including MMDAs) <sup>5</sup>	3,209.2	3,310.0	3,509.5	3,882.9	3,633.8	3,567.4	3,940.0	3,562.3	3,916.6
<b>DEPOSIT TURNOVER</b>									
<i>Demand deposits</i> <sup>3</sup>									
16 All insured banks	803.6	826.1	785.4	923.3	771.4	823.3	868.4	762.0	889.5
17 Major New York City banks	4,269.0	4,803.5	4,197.9	5,140.2	4,228.8	4,449.3	4,878.2	4,150.3	4,960.2
18 Other banks	448.1	428.8	423.8	472.4	410.8	438.7	452.8	400.4	475.9
19 Other checkable deposits <sup>4</sup>	16.2	14.4	11.8	12.9	12.3	12.3	13.0	11.7	12.9
20 Savings deposits (including MMDAs) <sup>5</sup>	5.2	4.7	4.6	5.0	4.6	4.6	5.1	4.6	5.1

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 (ATSDs) 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.

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1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS<sup>1</sup>

Billions of dollars

Account	Monthly averages							Wednesday figures				
	1993	1994						1994				
	Oct.	Apr. <sup>r</sup>	May <sup>r</sup>	June <sup>r</sup>	July <sup>r</sup>	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct.	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>ALL COMMERCIAL BANKING INSTITUTIONS</b>												
Seasonally adjusted												
<i>Assets</i>												
1 Bank credit	3,075.0 <sup>r</sup>	3,206.0	3,211.7	3,223.9	3,258.9	3,269.3	3,278.5	3,286.1	3,280.3	3,276.3	3,289.0	3,292.8
2 Securities in bank credit	899.8	976.5	972.3	975.1	978.9	971.1	966.9	957.2	955.8	951.5	958.7	961.5
3 U.S. government securities	717.4	757.4	750.5	751.4	751.2	746.2	740.1	727.8	729.0	728.5	727.8	727.0
4 Other securities	182.4	219.1	221.8	223.6	227.7	224.9	226.9	229.4	226.7	222.9	230.9	234.5
5 Loans and leases in bank credit <sup>2</sup>	2,175.2	2,229.5	2,239.4	2,248.8	2,280.0	2,298.2	2,311.6	2,329.0	2,324.6	2,324.8	2,330.3	2,331.3
6 Commercial and industrial	585.9	602.0	607.0	610.1	618.7	623.4	627.8	633.7	631.2	631.3	635.1	635.2
7 Real estate	927.0 <sup>r</sup>	946.4	948.9	956.0	962.7	971.4	978.9	983.6	981.1	981.6	983.9	984.5
8 Revolving home equity	73.8	73.4	73.7	74.1	74.2	74.4	74.7	75.0	74.7	74.8	75.1	75.2
9 Other	853.1	873.0	875.2	881.9	888.5	897.0	904.2	908.6	906.4	906.8	908.9	909.3
10 Consumer	384.7 <sup>r</sup>	408.8	412.3	416.0	424.0	430.0	434.9	441.8	440.4	441.6	442.7	441.0
11 Security <sup>3</sup>	81.8	77.0	77.5	76.2	77.7	75.0	69.2	72.1	70.6	71.2	73.7	73.2
12 Other	195.7	195.3	193.6	190.5	197.0	198.4	200.9	197.8	201.2	199.1	194.9	197.4
13 Interbank loans <sup>4</sup>	151.6	148.5	158.1	157.0	160.5	159.1	160.0	163.4	154.8	169.4	156.3	171.5
14 Cash assets <sup>5</sup>	220.4	209.1	216.1	214.5	210.9	203.3	202.4	209.7	212.0	212.5	205.9	210.4
15 Other assets <sup>6</sup>	218.5	219.8	225.5	219.9	227.2	228.6	222.4	223.1	224.2	224.4	224.3	221.1
16 Total assets <sup>7</sup>	<b>3,606.2</b>	<b>3,726.3</b>	<b>3,754.3</b>	<b>3,758.3</b>	<b>3,800.0</b>	<b>3,803.0</b>	<b>3,805.9</b>	<b>3,825.0</b>	<b>3,814.3</b>	<b>3,825.0</b>	<b>3,818.2</b>	<b>3,838.5</b>
<i>Liabilities</i>												
17 Deposits	2,523.9	2,506.6	2,520.1	2,507.0	2,513.4	2,517.0	2,520.5	2,534.5	2,534.6	2,538.7	2,523.7	2,543.5
18 Transaction	810.2	800.3	812.1	808.8	809.8	807.6	803.2	806.9	810.9	814.2	796.5	811.7
19 Nontransaction	1,713.7	1,706.3	1,707.9	1,698.2	1,703.6	1,709.4	1,717.3	1,727.6	1,723.6	1,724.5	1,727.2	1,731.8
20 Large time	346.2	335.3	338.1	334.4	339.2	342.6	348.9	357.6	353.0	355.5	358.4	360.4
21 Other	1,367.5	1,371.0	1,369.8	1,363.8	1,364.4	1,366.8	1,368.4	1,370.0	1,370.6	1,369.0	1,368.8	1,371.4
22 Borrowings	518.1	580.8	573.4	568.9	571.9	567.6	576.7	576.1	555.9	561.1	577.2	597.1
23 From banks in the U.S.	153.8	148.9	159.5	155.3	161.7	158.6	156.8	164.5	153.3	171.4	159.1	171.8
24 From nonbanks in the U.S.	364.4	431.9	413.9	413.6	410.3	409.0	419.9	411.6	402.6	389.7	418.1	425.3
25 Net due to related foreign offices	123.6	173.6	174.5	184.6	200.8	211.2	215.6	214.0	221.1	213.3	218.5	212.5
26 Other liabilities <sup>8</sup>	144.4	173.4	177.3	171.7	177.8	172.9	172.3	173.4	172.0	173.0	173.7	172.7
27 Total liabilities	<b>3,310.1</b>	<b>3,434.4</b>	<b>3,445.3</b>	<b>3,432.1</b>	<b>3,463.9</b>	<b>3,468.8</b>	<b>3,485.2</b>	<b>3,498.0</b>	<b>3,483.5</b>	<b>3,486.1</b>	<b>3,493.2</b>	<b>3,525.7</b>
28 Residual (assets less liabilities) <sup>9</sup>	296.1	292.0	309.1	326.2	336.1	334.2	320.7	327.0	330.8	338.9	325.0	312.7
Not seasonally adjusted												
<i>Assets</i>												
29 Bank credit	3,077.7 <sup>r</sup>	3,203.9	3,200.3	3,219.1	3,242.5	3,261.1	3,278.8	3,289.9	3,280.6	3,279.2	3,293.5	3,290.3
30 Securities in bank credit	902.0	977.0	967.9	971.6	972.6	970.5	968.4	961.8	958.1	956.3	963.0	964.3
31 U.S. government securities	719.1 <sup>r</sup>	759.6	747.6	749.0	745.5	745.4	741.6	729.4	730.2	729.1	730.4	727.6
32 Other securities	182.9	217.4	220.3	222.6	227.1	225.0	226.8	232.4	228.0	227.2	232.6	236.8
33 Loans and leases in bank credit <sup>2</sup>	2,175.7	2,226.9	2,232.4	2,247.4	2,269.9	2,290.6	2,310.5	2,328.2	2,322.5	2,322.8	2,330.5	2,325.9
34 Commercial and industrial	583.9	604.9	608.5	611.1	616.5	619.6	624.0	631.5	629.7	628.4	632.5	631.8
35 Real estate	929.4 <sup>r</sup>	944.5	949.3	956.5	963.5	970.4	979.1	985.3	983.3	984.7	984.9	984.9
36 Revolving home equity	74.5	72.9	73.5	73.9	74.0	74.4	75.0	75.7	75.3	75.5	75.7	75.9
37 Other	854.9 <sup>r</sup>	871.6	875.8	882.5	889.5	896.0	904.1	909.6	908.0	909.2	909.2	909.0
38 Consumer	384.6 <sup>r</sup>	405.6	411.1	414.1	421.3	429.3	436.1	441.6	440.2	440.7	442.4	441.3
39 Security <sup>3</sup>	80.6	79.6	73.4	74.3	72.5	72.4	68.3	70.9	66.4	69.3	74.2	71.2
40 Other	197.0	192.3	190.1	191.5	196.1	198.8	203.0	198.8	202.8	199.8	196.6	196.7
41 Interbank loans <sup>4</sup>	150.7	150.0	153.3	154.6	156.0	155.5	157.2	161.4	155.8	168.2	154.3	162.7
42 Cash assets <sup>5</sup>	219.7	206.5	213.6	212.2	207.5	197.7	204.0	209.0	205.9	225.9	204.1	198.5
43 Other assets <sup>6</sup>	221.0	216.4	222.6	217.3	225.4	226.9	226.2	225.6	226.3	228.9	223.3	222.4
44 Total assets <sup>7</sup>	<b>3,610.0</b>	<b>3,719.7</b>	<b>3,732.7</b>	<b>3,746.2</b>	<b>3,774.7</b>	<b>3,784.1</b>	<b>3,806.4</b>	<b>3,828.9</b>	<b>3,811.6</b>	<b>3,845.1</b>	<b>3,818.3</b>	<b>3,816.9</b>
<i>Liabilities</i>												
45 Deposits	2,515.9	2,513.2	2,508.8	2,508.6	2,507.3	2,505.4	2,517.3	2,525.6	2,536.6	2,551.5	2,507.6	2,502.0
46 Transaction	804.3	808.6	800.8	807.2	801.9	792.4	799.8	800.6	811.9	826.7	784.2	777.8
47 Nontransaction	1,711.6	1,704.6	1,708.0	1,701.4	1,705.4	1,713.0	1,717.5	1,725.0	1,724.7	1,724.8	1,723.4	1,724.2
48 Large time	342.4	336.5	342.1	337.2	339.5	344.2	348.5	353.6	350.7	351.5	353.8	355.7
49 Other	1,369.3	1,368.1	1,365.9	1,364.2	1,365.9	1,368.8	1,369.0	1,371.4	1,374.0	1,373.3	1,369.6	1,368.5
50 Borrowings	526.5	556.8	561.0	575.1	579.8	583.3	588.4	590.3	568.4	584.2	591.8	599.3
51 From banks in the U.S.	151.0	150.0	153.4	154.7	156.0	155.5	157.2	161.4	155.8	168.2	154.3	162.7
52 From nonbanks in the U.S.	375.5	406.7	407.6	420.4	423.8	427.7	431.2	429.0	416.0	437.5	437.5	436.6
53 Net due to related foreign offices	124.2	172.5	180.1	179.8	192.9	200.4	203.7	212.7	209.8	211.6	219.1	215.4
54 Other liabilities <sup>8</sup>	147.1	167.4	172.5	167.8	174.1	172.4	172.9	176.9	174.8	175.1	176.0	176.7
55 Total liabilities	<b>3,313.7</b>	<b>3,409.9</b>	<b>3,422.4</b>	<b>3,431.3</b>	<b>3,454.0</b>	<b>3,461.5</b>	<b>3,482.4</b>	<b>3,505.6</b>	<b>3,489.7</b>	<b>3,522.5</b>	<b>3,494.5</b>	<b>3,493.4</b>
56 Residual (assets less liabilities) <sup>9</sup>	296.3	309.8	310.3	315.0	320.6	322.6	324.0	323.3	321.9	322.6	323.8	323.6

Footnotes appear on last page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS<sup>1</sup>—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1994							1994			
	Oct.	Apr. <sup>f</sup>	May <sup>f</sup>	June <sup>f</sup>	July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct.	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>DOMESTICALLY CHARTERED COMMERCIAL BANKS</b>												
Seasonally adjusted												
<i>Assets</i>												
57 Bank credit	2,738.4	2,856.4	2,863.8	2,877.1	2,901.6	2,912.8	2,919.6	2,930.0	2,921.4	2,919.0	2,931.2	2,937.8
58 Securities in bank credit	822.4 <sup>f</sup>	889.0	885.3	886.2	891.5	882.5	875.9	867.8	864.4	860.9	868.0	873.4
59 U.S. government securities	665.3 <sup>f</sup>	695.5	691.8	690.8	691.2	685.8	678.8	669.7	669.3	669.0	668.9	670.3
60 Other securities	157.1	193.5	193.5	195.5	200.3	196.7	197.1	198.1	195.1	191.9	199.1	203.1
61 Loans and leases in bank credit <sup>2</sup>	1,916.0	1,967.4	1,978.5	1,990.9	2,010.1	2,030.3	2,043.7	2,062.2	2,058.1	2,058.1	2,063.2	2,064.4
62 Commercial and industrial	433.8	448.8	452.0	455.6	460.8	464.2	467.9	471.6	471.2	470.5	471.8	472.2
63 Real estate	879.6	902.9	905.7	912.8	920.4	929.3	937.1	942.9	940.2	940.8	943.1	943.9
64 Revolving home equity	73.8	73.3	73.7	74.0	74.2	74.4	74.7	75.0	74.7	74.8	75.1	75.2
65 Other	805.8	829.6	832.0	838.8	846.2	854.9	862.4	867.9	865.5	866.0	868.0	868.7
66 Consumer	384.7 <sup>f</sup>	408.8	412.3	416.0	424.0	430.0	434.9	441.8	440.4	441.6	442.7	441.0
67 Security <sup>3</sup>	56.9	49.5	51.2	49.6	46.5	47.0	43.4	46.7	44.8	45.3	48.3	48.0
68 Other	161.0	157.4	157.2	157.0	158.5	159.9	160.5	159.1	160.4	159.8	157.2	159.3
69 Interbank loans <sup>4</sup>	129.8	123.7	132.1	131.8	134.0	134.5	136.5	138.7	138.7	141.8	135.3	147.8
70 Cash assets <sup>5</sup>	193.7	183.0	189.1	188.6	185.5	179.6	180.7	187.0	189.8	189.1	183.2	186.8
71 Other assets <sup>6</sup>	173.3	172.7	173.4	167.1	171.6	173.5	168.8	168.6	170.4	169.7	169.1	166.5
72 Total assets <sup>7</sup>	<b>3,175.9</b>	<b>3,278.7</b>	<b>3,301.4</b>	<b>3,307.7</b>	<b>3,335.4</b>	<b>3,343.1</b>	<b>3,348.4</b>	<b>3,367.0</b>	<b>3,351.5</b>	<b>3,362.0</b>	<b>3,361.4</b>	<b>3,381.8</b>
<i>Liabilities</i>												
73 Deposits	2,371.4	2,363.8	2,376.4	2,369.0	2,371.3	2,371.9	2,368.5	2,374.9	2,375.5	2,380.3	2,363.1	2,382.1
74 Transaction	797.9	790.1	801.9	798.4	799.9	797.8	793.3	797.4	801.5	804.3	787.2	802.1
75 Nontransaction	1,573.5	1,573.7	1,574.5	1,570.6	1,571.5	1,574.1	1,575.2	1,577.4	1,574.0	1,576.1	1,575.9	1,579.9
76 Large time	211.8	208.5	209.9	210.1	211.4	212.5	211.2	214.4	210.9	212.8	214.5	215.6
77 Other	1,361.7	1,365.2	1,364.6	1,360.5	1,360.1	1,361.6	1,364.0	1,363.1	1,363.0	1,363.3	1,361.4	1,364.4
78 Borrowings	411.9	477.9	471.0	462.4	461.9	460.7	473.3	477.5	459.3	462.3	478.1	496.8
79 From banks in the U.S.	120.5	128.7	138.5	131.9	140.6	139.5	139.0	148.2	139.3	155.4	142.0	153.9
80 From nonbanks in the U.S.	291.4	349.2	332.5	330.5	321.4	321.2	334.2	329.2	320.0	306.9	336.1	342.9
81 Net due to related foreign offices	-6.2	21.2	25.3	32.6	44.7	53.4	59.9	64.6	68.5	61.6	71.0	64.3
82 Other liabilities <sup>8</sup>	105.6	132.0	133.7	128.9	131.5	126.5	127.1	126.5	126.0	125.7	127.3	126.3
83 Total liabilities	<b>2,882.7</b>	<b>2,994.8</b>	<b>3,006.4</b>	<b>2,993.0</b>	<b>3,009.4</b>	<b>3,012.5</b>	<b>3,028.7</b>	<b>3,043.5</b>	<b>3,029.3</b>	<b>3,029.9</b>	<b>3,039.6</b>	<b>3,069.4</b>
84 Residual (assets less liabilities) <sup>9</sup>	293.2	283.9	295.0	314.8	326.0	330.6	319.7	323.4	322.2	332.1	321.8	312.4
Not seasonally adjusted												
<i>Assets</i>												
85 Bank credit	2,743.4	2,856.5	2,858.6	2,876.1	2,893.7	2,908.5	2,923.8	2,936.4	2,928.9	2,926.6	2,936.8	2,937.7
86 Securities in bank credit	825.2 <sup>f</sup>	890.7	882.5	885.6	887.2	883.3	878.8	872.8	868.5	866.7	872.6	876.8
87 U.S. government securities	667.0	699.1	690.6	690.3	687.3	686.3	681.6	671.3	671.5	670.3	671.0	670.9
88 Other securities	158.2	191.6	191.9	195.3	199.8	197.0	197.2	201.5	197.0	196.4	201.6	205.9
89 Loans and leases in bank credit <sup>2</sup>	1,918.3	1,965.8	1,976.1	1,990.5	2,006.6	2,025.3	2,045.0	2,063.6	2,060.3	2,059.9	2,064.3	2,060.9
90 Commercial and industrial	433.2	451.5	454.7	456.6	459.4	461.3	465.3	471.0	470.8	469.4	471.2	470.9
91 Real estate	881.9 <sup>f</sup>	901.0	906.2	913.5	921.2	928.2	937.3	944.5	942.3	943.8	944.1	944.2
92 Revolving home equity	74.5	72.8	73.4	73.9	74.0	74.4	75.0	75.7	75.3	75.4	75.7	75.8
93 Other	807.4	828.2	832.7	839.6	847.2	853.8	862.2	868.8	867.0	868.3	868.4	868.3
94 Consumer	384.6 <sup>f</sup>	405.6	411.1	414.1	421.3	429.3	436.1	441.6	440.2	440.7	442.4	441.3
95 Security <sup>3</sup>	56.0	52.1	49.1	48.8	45.7	46.0	43.7	46.0	43.9	44.5	47.9	46.2
96 Other	162.5	155.6	155.2	157.4	158.9	160.4	162.7	160.4	163.2	161.5	158.6	158.4
97 Interbank loans <sup>4</sup>	128.3	125.7	128.0	131.0	129.9	132.4	133.4	136.1	128.4	139.2	131.0	138.5
98 Cash assets <sup>5</sup>	191.9	181.3	187.6	186.1	182.4	173.4	181.4	185.3	182.6	201.8	180.3	174.4
99 Other assets <sup>6</sup>	175.6	170.2	171.6	166.0	171.1	172.1	170.3	171.0	172.9	174.8	168.8	167.4
100 Total assets <sup>7</sup>	<b>3,180.4<sup>f</sup></b>	<b>3,276.7</b>	<b>3,288.8</b>	<b>3,302.3</b>	<b>3,320.6</b>	<b>3,329.3</b>	<b>3,351.6</b>	<b>3,371.9</b>	<b>3,355.9</b>	<b>3,384.9</b>	<b>3,360.2</b>	<b>3,361.2</b>
<i>Liabilities</i>												
101 Deposits	2,369.1	2,369.3	2,361.9	2,366.7	2,364.1	2,360.2	2,366.7	2,372.2	2,381.9	2,399.7	2,354.1	2,347.1
102 Transaction	791.8	798.6	790.9	796.9	791.9	782.8	789.5	791.0	802.2	816.6	774.9	768.2
103 Nontransaction	1,577.3	1,570.7	1,571.0	1,569.8	1,572.2	1,577.4	1,577.2	1,581.1	1,579.8	1,583.0	1,579.2	1,578.9
104 Large time	212.9	207.8	210.5	209.6	211.0	213.8	212.3	215.5	212.2	214.4	215.7	216.3
105 Other	1,364.4	1,362.9	1,360.5	1,360.2	1,361.2	1,363.6	1,364.9	1,365.6	1,367.5	1,368.6	1,364.4	1,362.6
106 Borrowings	417.5	455.0	461.7	468.3	469.6	475.3	483.5	489.6	468.8	483.8	490.0	498.3
107 From banks in the U.S.	117.7	130.3	134.3	132.1	134.6	136.3	138.6	145.4	141.4	152.0	138.1	145.8
108 From nonbanks in the U.S.	299.8	324.7	327.4	336.2	335.0	339.1	345.0	344.2	347.4	331.7	351.9	352.5
109 Net due to related foreign offices	-6.6	20.6	31.1	32.9	43.5	51.0	55.4	62.3	59.8	56.6	67.9	67.5
110 Other liabilities <sup>8</sup>	108.6	127.1	129.5	125.4	128.9	126.1	127.8	130.3	129.2	128.1	130.2	130.4
111 Total liabilities	<b>2,888.5</b>	<b>2,972.0</b>	<b>2,984.2</b>	<b>2,993.3</b>	<b>3,006.1</b>	<b>3,012.7</b>	<b>3,033.4</b>	<b>3,054.3</b>	<b>3,039.8</b>	<b>3,068.1</b>	<b>3,042.1</b>	<b>3,043.3</b>
112 Residual (assets less liabilities) <sup>9</sup>	291.8	304.7	304.6	309.0	314.5	316.6	318.2	317.6	316.1	316.8	318.1	317.8

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.

NOTE. Data have been benchmarked to the June 1994 Call Report. Earlier tables were benchmarked to the March 1994 Call Report.

## 1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1994								
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
ASSETS									
1 Cash and balances due from depository institutions	113,464	122,425	112,704	103,517	105,062	111,935	122,724	110,588	105,836
2 U.S. Treasury and government securities	313,539	311,900	313,457	306,558	302,159	300,939	300,425	301,546	301,946
3 Trading account	26,422	25,435	25,693	24,798	21,488	22,463	22,994	25,308	24,840
4 Investment account	287,117	286,465	287,764	281,759	280,671	278,475	277,431	276,238	277,107
5 Mortgage-backed securities <sup>1</sup>	93,048 <sup>f</sup>	92,855 <sup>f</sup>	92,511 <sup>f</sup>	91,624	92,401	91,337	91,125	91,026	90,625
All others, by maturity									
6 One year or less	49,523	49,737	50,205	44,930	44,609	43,278	42,351	41,963	42,886
7 One year through five years	77,176	76,546	77,538	78,052	77,163	76,959	77,217	77,062	77,591
8 More than five years	67,371 <sup>f</sup>	67,327 <sup>f</sup>	67,510 <sup>f</sup>	67,153	66,497	66,901	66,738	66,187	66,005
9 Other securities	103,775 <sup>f</sup>	100,989 <sup>f</sup>	101,678 <sup>f</sup>	100,955 <sup>f</sup>	103,361 <sup>f</sup>	104,622	104,282	108,951	118,990
10 Trading account	1,835	1,641	1,574	1,523	1,639	1,437	1,685	1,622	1,637
11 Investment account	61,152	61,138	61,199	60,915	61,063	61,718	61,804	61,833	61,804
State and local government, by maturity	21,420	21,411	21,459	21,453	21,466	21,544	21,520	21,643	21,651
One year or less	4,830	4,935	4,964	4,975	5,009	5,277	5,270	5,290	5,290
More than one year	16,590	16,476	16,494	16,478	16,456	16,267	16,251	16,354	16,361
13 Other bonds, corporate stocks, and securities	39,732	39,727	39,740	39,462	39,598	40,174	40,284	40,190	40,152
16 Other trading account assets	40,787 <sup>f</sup>	38,210 <sup>f</sup>	38,906 <sup>f</sup>	38,517 <sup>f</sup>	40,658 <sup>f</sup>	41,467	40,793	45,496	55,549
17 Federal funds sold <sup>2</sup>	101,872	91,795	95,072	101,662	99,586	90,122	97,636	93,058	99,002
18 To commercial banks in the United States	68,982	61,109 <sup>f</sup>	63,115 <sup>f</sup>	69,743 <sup>f</sup>	70,129 <sup>f</sup>	58,554	68,130	61,196	69,578
19 To nonbank brokers and dealers in securities	25,545	23,130 <sup>f</sup>	24,003 <sup>f</sup>	24,231 <sup>f</sup>	21,275 <sup>f</sup>	23,379	24,060	26,731	24,205
20 To others <sup>3</sup>	7,345	7,555	7,954	7,689	8,181	8,189	5,446	5,132	5,220
21 Other loans and leases, gross	1,100,977	1,097,425	1,099,987	1,105,672	1,106,914	1,113,864	1,115,804	1,116,922	1,119,232
22 Commercial and industrial	300,148	299,417	300,408	304,187	304,020 <sup>f</sup>	306,938	306,179	307,240	306,917
23 Bankers acceptances and commercial paper	3,135	3,223	3,201	3,060	2,895	2,885	3,243	3,393	3,278
24 All other	297,013	296,193	297,207	301,127	301,125 <sup>f</sup>	304,053	302,935	303,847	303,639
25 U.S. addressees	295,445	294,563	295,552	299,559	299,515 <sup>f</sup>	302,280	301,137	302,028	301,759
26 Non-U.S. addressees	1,568	1,630	1,655	1,568	1,610	1,772	1,799	1,819	1,880
27 Real estate loans	438,305	439,252	440,706	440,297	440,219 <sup>f</sup>	443,492	444,149	444,252	445,045
28 Revolving, home equity	45,194	45,194	45,272	45,381	45,505 <sup>f</sup>	45,821	45,864	46,129	46,251
29 All other	393,111	394,058	395,434	394,916	394,713 <sup>f</sup>	397,671	398,285	398,123	398,794
30 To individuals for personal expenditures	228,632	226,936	228,221	229,578	230,503	231,292	231,973	232,566	233,046
31 To depository and financial institutions	43,855	43,944	44,187	42,961	43,622 <sup>f</sup>	42,944	45,478	45,406	45,477
32 Commercial banks in the United States	23,469 <sup>f</sup>	23,580	24,076	24,337	25,464 <sup>f</sup>	25,140	26,196	26,347	26,498
33 Banks in foreign countries	3,737	3,393	3,060	3,082	2,875	2,458	3,005	2,542	2,744
34 Nonbank depository and other financial institutions	16,650	16,970	17,051	15,542	15,282	15,346	16,277	16,517	16,235
35 For purchasing and carrying securities	18,094	15,060	15,630	15,580	15,490 <sup>f</sup>	15,365	15,226	16,027	16,933
36 To finance agricultural production	6,565	6,515	6,530	6,504	6,472	6,500	6,467	6,423	6,358
37 To states and political subdivisions	11,827	11,683	11,622	11,527	11,545 <sup>f</sup>	11,488	11,549	11,571	11,572
38 To foreign governments and official institutions	980	1,157	1,032	1,170	993	940	1,050	915	920
39 All other loans <sup>4</sup>	23,667	24,426	22,468	24,655	24,662 <sup>f</sup>	24,969	23,723	22,421	22,722
40 Lease-financing receivables	28,903	29,037	29,183	29,214	29,389 <sup>f</sup>	29,938	30,011	30,101	30,242
41 Less: Unearned income	1,658	1,648	1,650	1,663	1,654	1,633	1,635	1,624	1,624
42 Loan and lease reserve <sup>5</sup>	35,081	35,156	35,170	35,155	34,789	34,651	34,754	34,565	34,528
43 Other loans and leases, net	1,064,237	1,060,621	1,063,167	1,068,854	1,070,471	1,077,580	1,079,416	1,080,734	1,083,080
44 All other assets	148,447 <sup>f</sup>	150,294 <sup>f</sup>	150,971 <sup>f</sup>	146,228 <sup>f</sup>	146,310 <sup>f</sup>	148,507	150,291	143,586	136,084
45 Total assets <sup>6</sup>	1,845,334 <sup>f</sup>	1,838,024 <sup>f</sup>	1,837,049 <sup>f</sup>	1,827,774 <sup>f</sup>	1,826,949 <sup>f</sup>	1,833,705	1,854,774	1,838,462	1,844,939

Footnotes appear on the following page.

A22 Domestic Financial Statistics □ January 1995

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

Millions of dollars, Wednesday figures

Account	1994								
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>LIABILITIES</b>									
46 Deposits .....	1,144,734	1,157,512	1,149,748	1,120,501 <sup>f</sup>	1,123,858 <sup>f</sup>	1,145,964	1,157,278	1,126,673	1,125,397
47 Demand deposits .....	299,923	305,189	300,325	281,947	290,029	299,886	311,565	284,836	283,596
48 Individuals, partnerships, and corporations .....	253,126	256,491	254,331 <sup>f</sup>	237,343	242,315 <sup>f</sup>	253,417	260,473	242,298	237,908
49 Other holders .....	46,797	48,698	45,994 <sup>f</sup>	44,604	47,714 <sup>f</sup>	46,470	51,092	42,538	45,688
50 States and political subdivisions .....	8,585	8,218	8,149	8,775	8,489	8,229	8,180	8,148	8,237
51 U.S. government .....	2,394	2,025	3,936	2,806	1,857	2,313	1,858	1,891	1,957
52 Depository institutions in the United States .....	19,738	23,081	19,691 <sup>f</sup>	17,743	19,636	21,038	25,065	18,665	18,608
53 Banks in foreign countries .....	5,792	5,559	5,155	5,543	5,669	5,144	5,819	5,021	5,293
54 Foreign governments and official institutions .....	647	654	618	648	672 <sup>f</sup>	788	848	640	733
55 Certified and officers' checks .....	9,641	9,161	8,445	9,088	11,392	8,957	9,323	8,173	10,860
56 Transaction balances other than demand deposits .....	125,112	128,815	126,934	123,109	121,227	126,520	124,360	122,944	121,733
57 Nontransaction balances .....	719,699	723,508	722,489	715,445 <sup>f</sup>	712,602 <sup>f</sup>	719,558	721,354	718,893	720,068
58 Individuals, partnerships, and corporations .....	697,373	701,456	700,766	694,638 <sup>f</sup>	691,814 <sup>f</sup>	699,043	700,730	698,457	699,485
59 Other holders .....	22,326	22,053	21,723	20,807 <sup>f</sup>	20,788 <sup>f</sup>	20,515	20,624	20,437	20,283
60 States and political subdivisions .....	17,509	17,641	17,359	16,841 <sup>f</sup>	16,762 <sup>f</sup>	16,749	16,326	16,853	16,933
61 U.S. government .....	2,440	1,986	2,000	2,001	1,999	1,678	1,776	1,724	1,711
62 Depository institutions in the United States .....	1,952	2,002	1,919	1,514 <sup>f</sup>	1,579	1,639	1,562	1,414	1,490
63 Foreign governments, official institutions, and banks .....	425	424	445	451	448 <sup>f</sup>	449	449	446	448
64 Liabilities for borrowed money <sup>5</sup> .....	364,389	342,898	351,119	371,784 <sup>f</sup>	366,975 <sup>f</sup>	346,165	358,228	362,114	361,451
65 Borrowings from Federal Reserve Banks .....	0	0	0	275	0	0	0	0	54
66 Treasury tax and loan notes .....	17,265	2,007	4,400	34,348	22,649 <sup>f</sup>	2,831	3,565	12,374	12,579
67 Other liabilities for borrowed money <sup>6</sup> .....	347,124	340,891	346,719	337,161 <sup>f</sup>	344,325 <sup>f</sup>	343,333	354,663	349,739	348,818
68 Other liabilities (including subordinated notes and debentures) .....	164,896	165,812	163,297	163,488	165,105	169,423	166,263	175,940	183,788
<b>69 Total liabilities .....</b>	<b>1,674,019</b>	<b>1,666,222</b>	<b>1,664,164</b>	<b>1,655,773<sup>f</sup></b>	<b>1,655,938</b>	<b>1,661,551</b>	<b>1,681,770</b>	<b>1,664,726</b>	<b>1,670,636</b>
70 Residual (total assets less total liabilities) <sup>7</sup> .....	171,315 <sup>f</sup>	171,802 <sup>f</sup>	172,885 <sup>f</sup>	172,002 <sup>f</sup>	171,011 <sup>f</sup>	172,154	173,004	173,736	174,302
<b>MEMO</b>									
71 Total loans and leases, gross, adjusted, plus securities <sup>8</sup> .....	1,527,712 <sup>f</sup>	1,517,419 <sup>f</sup>	1,523,003 <sup>f</sup>	1,520,767 <sup>f</sup>	1,516,427 <sup>f</sup>	1,525,853	1,523,820	1,532,935	1,543,096
72 Time deposits in amounts of \$100,000 or more .....	96,540 <sup>f</sup>	96,937 <sup>f</sup>	97,080 <sup>f</sup>	93,725 <sup>f</sup>	92,829	94,253	95,856	96,910	97,324
73 Loans sold outright to affiliates <sup>9</sup> .....	672	671	671	674	663	678	682	681	681
74 Commercial and industrial .....	326	326	329	329	329	328	339	338	322
75 Other .....	345	345	342	345	334	350	343	343	359
76 Foreign branch credit extended to U.S. residents <sup>10</sup> .....	22,961	23,332	23,167	23,259	22,688	22,756	22,857	22,369	22,734
77 Net owed to related institutions abroad .....	51,247 <sup>f</sup>	49,269 <sup>f</sup>	45,184	49,629	50,219	52,834	49,933	60,838	61,382

1. Includes certificates of participation, issued or guaranteed by agencies of the U.S. government, in pools of residential mortgages.

2. Includes securities purchased under agreements to resell.

3. Includes allocated transfer risk reserve.

4. Includes negotiable order of withdrawal (NOWs) and automatic transfer service

(ATS) accounts, and telephone and preauthorized transfers of savings deposits.

5. Includes borrowings only from other than directly related institutions.

6. Includes federal funds purchased and securities sold under agreements to repurchase.

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

8. Excludes loans to and federal funds transactions with commercial banks in the United States.

9. Affiliates include a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses.

## 1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS

## Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1994								
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>ASSETS</b>									
1 Cash and balances due from depository institutions	15,891	14,441	13,973	15,022	15,437	15,309	15,819	15,625	15,861
2 U.S. Treasury and government agency securities	41,299	41,273	41,078	41,342	40,438	40,319	40,377	40,722	38,697
3 Other securities	11,519	11,501	11,784	11,579	12,251 <sup>1</sup>	12,476	12,377	12,449	12,518
4 Federal funds sold <sup>1</sup>	30,426	24,851	28,006	29,834	30,893	28,902	29,978	27,165	26,615
5 To commercial banks in the United States	20,080	5,330	7,390	8,224	9,387	9,692	10,444	7,282	7,456
6 To others <sup>2</sup>	20,345	19,520	20,616	21,610	21,506	19,210	19,534	19,882	19,160
7 Other loans and leases, gross	159,480	158,820	159,349	160,645	159,890	159,808	160,009	161,669	161,959
8 Commercial and industrial	101,339	101,246	101,374	102,136	101,102	102,458	102,326	103,635	103,523
9 Bankers acceptances and commercial paper	3,365	3,278	3,270	3,334	3,219	3,167	3,285	3,097	2,957
10 All other	97,974	97,967	98,103	98,802	97,883	99,292	99,041	100,538	100,566
11 U.S. addressees	93,811	93,810	93,858	94,594	93,721	95,128	94,851	96,469	96,594
12 Non-U.S. addressees	4,163	4,158	4,246	4,208	4,163	4,164	4,189	4,069	3,972
13 Loans secured by real estate	26,948	26,967	26,903	26,761	26,677	26,450	26,329	26,222	26,212
14 Loans to depository and financial institutions	23,356	23,529	23,715	24,104	24,915	24,128	24,456	24,707	24,897
15 Commercial banks in the United States	4,602	4,625	4,825	4,684	4,794	4,775	4,804	4,940	5,300
16 Banks in foreign countries	1,919	1,956	1,874	2,012	1,847	2,087	2,014	2,120	2,103
17 Nonbank financial institutions	16,835	16,947	17,016	17,408	18,274	17,266	17,637	17,647	17,495
18 For purchasing and carrying securities	3,793	3,043	3,393	3,484	3,290	2,932	2,990	3,351	3,361
19 To foreign governments and official institutions	349	345	327	329	353	346	357	358	381
20 All other	3,696	3,690	3,638	3,831	3,552	3,493	3,552	3,396	3,586
21 Other assets (claims on nonrelated parties)	35,463	35,267	35,194	33,180	33,186 <sup>1</sup>	34,465	35,299	35,179	35,573
<b>22 Total assets<sup>3</sup></b>	<b>320,245</b>	<b>313,129</b>	<b>314,743</b>	<b>318,578</b>	<b>319,085</b>	<b>315,396</b>	<b>320,204</b>	<b>319,613</b>	<b>317,870</b>
<b>LIABILITIES</b>									
23 Deposits or credit balances owed to other than directly related institutions	93,292	93,843	94,454	96,499	98,065	96,518	95,876	96,895	97,885
24 Demand deposits <sup>4</sup>	4,639	4,362	4,454	4,875	5,415	4,333	4,545	4,107	4,261
25 Individuals, partnerships, and corporations	3,794	3,721	3,719	3,776	4,047	3,652	3,653	3,382	3,394
26 Other	845	641	734	1,099	1,368	682	892	725	867
27 Nontransaction accounts	88,653	89,481	90,001	91,624	92,649	92,184	91,332	92,789	93,624
28 Individuals, partnerships, and corporations	59,894	61,102	61,501	62,170	63,522	62,325	61,414	62,529	62,861
29 Other	28,759	28,379	28,499	29,453	29,127	29,859	29,917	30,260	30,763
30 Borrowings from other than directly related institutions	81,837	78,031	74,679	78,988	74,714	71,153	72,768	73,108	72,376
31 Federal funds purchased <sup>5</sup>	41,954	41,832	39,504	44,260	39,023	37,213	38,470	38,598	35,937
32 From commercial banks in the United States	10,281	7,980	7,047	9,698	8,204	5,334	6,318	6,170	6,444
33 From others	31,673	33,852	32,457	34,562	30,819	31,879	32,152	32,427	29,493
34 Other liabilities for borrowed money	39,882	36,199	35,175	34,728	35,691	33,940	34,298	34,510	36,440
35 To commercial banks in the United States	6,478	6,861	6,945	7,048 <sup>1</sup>	7,137	6,478	6,434	7,061	6,951
36 To others	33,404	29,338	28,230	27,680 <sup>1</sup>	28,555	27,462	27,864	27,449	29,489
37 Other liabilities to nonrelated parties	33,317	32,547	32,560	30,805	31,336	31,491	32,937	32,034	32,363
<b>38 Total liabilities<sup>6</sup></b>	<b>320,245</b>	<b>313,129</b>	<b>314,743</b>	<b>318,578</b>	<b>319,085</b>	<b>315,396</b>	<b>320,204</b>	<b>319,613</b>	<b>317,870</b>
<b>MEMO</b>									
39 Total loans (gross) and securities, adjusted <sup>7</sup>	228,042	226,490	228,002	230,493	229,291 <sup>1</sup>	227,038	227,492	229,782	227,034
40 Net owed to related institutions abroad	85,632	81,732	87,690	85,310	87,980	92,119	92,278	90,771	88,599

1. Includes securities purchased under agreements to resell.

2. Includes transactions with nonbank brokers and dealers in securities.

3. For U.S. branches and agencies of foreign banks having a net "due from" position, includes net due from related institutions abroad.

4. Includes other transaction deposits.

5. Includes securities sold under agreements to repurchase.

6. For U.S. branches and agencies of foreign banks having a net "due to" position, includes net owed to related institutions abroad.

7. Excludes loans to and federal funds transactions with commercial banks in the United States.

## 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1994					
	1989	1990	1991	1992	1993	Apr.	May	June	July	Aug.	Sept.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers .....	525,831	562,656	528,832	545,619	555,075	553,497	559,569	563,067	572,539	564,206	574,054
Financial companies <sup>1</sup>											
Dealer-placed paper <sup>2</sup>											
2 Total .....	183,622	214,706	212,999	226,456	218,947	207,180	213,623	214,313	222,780	214,769	214,349
3 Bank-related (not seasonally adjusted) <sup>3</sup> .....	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 <sup>4</sup>											
4 Total .....	210,930	200,036	182,463	171,605	180,389	199,803	197,812	199,168	199,175	198,598	203,156
5 Bank-related (not seasonally adjusted) <sup>3</sup> .....	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 <sup>5</sup> .....	131,279	147,914	133,370	147,558	155,739	146,514	148,134	149,586	150,584	150,839	156,549
Bankers dollar acceptances (not seasonally adjusted) <sup>6</sup>											
7 Total .....	62,972	54,771	43,770	38,194	32,348	31,775	29,867	30,659	30,390	30,448	31,164
By holder											
8 Accepting banks .....	9,433	9,017	11,017	10,555	12,421	11,643	11,533	12,334	11,608	11,543	11,299
9 Own bills .....	8,510	7,930	9,347	9,097	10,707	10,888	10,601	11,273	10,838	10,824	10,475
10 Bills bought from other banks .....	924	1,087	1,670	1,458	1,714	755	932	1,061	770	719	824
Federal Reserve Banks <sup>7</sup>											
11 Foreign correspondents .....	1,066	918	1,739	1,276	725	625	465	453	386	325	388
12 Others .....	52,473	44,836	31,014	26,364	19,202	19,507	17,869	17,872	18,396	18,580	19,477
By basis											
13 Imports into United States .....	15,651	13,095	12,843	12,209	10,217	10,834	10,396	10,625	10,956	10,486	10,985
14 Exports from United States .....	13,683	12,703	10,351	8,096	7,293	6,723	6,367	6,576	6,399	6,458	6,575
15 All other .....	33,638	28,973	20,577	17,890	14,838	14,217	13,104	13,458	13,035	13,505	13,604

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 communi-

cations, 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<sup>1</sup>

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	July .....	6.00
Feb. 2 .....	9.50	1992 .....	6.25	Feb. ....	6.50	Aug. ....	6.00
Feb. 4 .....	9.00	1993 .....	6.00	Mar. ....	6.50	Sept. ....	6.00
May 1 .....	8.50			Apr. ....	6.50	Oct. ....	6.00
Sept. 13 .....	8.00	1991—Jan. ....	9.52	May .....	6.50	Nov. ....	6.00
Nov. 6 .....	7.50	Feb. ....	9.05	June .....	6.50	Dec. ....	6.00
Dec. 23 .....	6.50	Mar. ....	9.00	July .....	6.02		
		Apr. ....	9.00	Aug. ....	6.00	1994—Jan. ....	6.00
1992—July 2 .....	6.00	May .....	8.50	Sept. ....	6.00	Feb. ....	6.00
		June .....	8.50	Oct. ....	6.00	Mar. ....	6.06
1994—Mar. 24 .....	6.25	July .....	8.50	Nov. ....	6.00	Apr. ....	6.45
Apr. 19 .....	6.75	Aug. ....	8.50	Dec. ....	6.00	May .....	6.99
May 17 .....	7.25	Sept. ....	8.20			June .....	7.25
Aug. 16 .....	7.75	Oct. ....	8.00	1993—Jan. ....	6.00	July .....	7.25
Nov. 15 .....	8.50	Nov. ....	7.58	Feb. ....	6.00	Aug. ....	7.51
		Dec. ....	7.21	Mar. ....	6.00	Sept. ....	7.75
				Apr. ....	6.00	Oct. ....	7.75
				May .....	6.00	Nov. ....	8.15
				June .....	6.00		

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most

recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

## 1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	1991	1992	1993	1994				1994, week ending				
				July	Aug.	Sept.	Oct.	Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28
<b>MONEY MARKET INSTRUMENTS</b>												
1 Federal funds <sup>1,2,3</sup>	5.69	3.52	3.02	4.26	4.47	4.73	4.76	4.66	5.07	4.62	4.72	4.72
2 Discount window borrowing <sup>2,4</sup>	5.45	3.25	3.00	3.50	3.76	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<i>Commercial paper<sup>2,5,6</sup></i>												
3 1-month	5.89	3.71	3.17	4.49	4.65	4.90	5.02	5.01	5.08	5.08	4.96	4.98
4 3-month	5.87	3.75	3.22	4.75	4.84	5.02	5.51	5.17	5.49	5.51	5.46	5.55
5 6-month	5.85	3.80	3.30	5.13	5.19	5.32	5.70	5.50	5.67	5.70	5.65	5.77
<i>Finance paper, directly placed<sup>3,5,7</sup></i>												
6 1-month	5.73	3.62	3.12	4.40	4.56	4.79	4.91	4.88	4.99	4.96	4.84	4.88
7 3-month	5.71	3.65	3.16	4.64	4.73	4.89	5.36	5.00	5.21	5.41	5.37	5.45
8 6-month	5.60	3.63	3.15	4.67	4.79	4.99	5.30	5.13	5.27	5.31	5.28	5.33
<i>Bankers acceptances<sup>3,5,8</sup></i>												
9 3-month	5.70	3.62	3.13	4.65	4.74	4.95	5.41	5.13	5.42	5.40	5.38	5.45
10 6-month	5.67	3.67	3.21	5.01	5.03	5.24	5.59	5.44	5.60	5.55	5.56	5.64
<i>Certificates of deposit, secondary market<sup>3,9</sup></i>												
11 1-month	5.82	3.64	3.11	4.45	4.60	4.85	4.98	4.97	5.05	5.03	4.91	4.94
12 3-month	5.83	3.68	3.17	4.73	4.81	5.03	5.51	5.21	5.51	5.49	5.47	5.56
13 6-month	5.91	3.76	3.28	5.15	5.17	5.40	5.79	5.60	5.77	5.73	5.74	5.87
14 Eurodollar deposits, 3-month <sup>3,10</sup>	5.86	3.70	3.18	4.74	4.80	5.01	5.52	5.26	5.54	5.56	5.45	5.55
<i>U.S. Treasury bills Secondary market<sup>1,5</sup></i>												
15 3-month	5.38	3.43	3.00	4.33	4.48	4.62	4.95	4.66	4.90	4.91	4.94	5.01
16 6-month	5.44	3.54	3.12	4.75	4.88	5.04	5.39	5.21	5.36	5.30	5.38	5.48
17 1-year	5.52	3.71	3.29	5.17	5.25	5.43	5.75	5.58	5.71	5.67	5.76	5.86
<i>Auction average<sup>3,5,11</sup></i>												
18 3-month	5.42	3.45	3.02	4.39	4.50	4.64	4.96	4.79	4.92	4.92	4.92	5.07
19 6-month	5.49	3.57	3.14	4.81	4.91	5.02	5.39	5.22	5.38	5.34	5.34	5.51
20 1-year	5.54	3.75	3.33	5.20	5.36	5.38	5.72	n.a.	n.a.	n.a.	5.72	n.a.
<b>U.S. TREASURY NOTES AND BONDS</b>												
<i>Constant maturities<sup>12</sup></i>												
21 1-year	5.86	3.89	3.43	5.48	5.56	5.76	6.11	5.92	6.07	6.04	6.10	6.22
22 2-year	6.49	4.77	4.05	6.13	6.18	6.39	6.73	6.56	6.69	6.63	6.69	6.86
23 3-year	6.82	5.30	4.44	6.48	6.50	6.69	7.04	6.87	7.02	6.95	7.01	7.16
24 5-year	7.37	6.19	5.14	6.91	6.88	7.08	7.40	7.25	7.38	7.30	7.37	7.53
25 7-year	7.68	6.63	5.54	7.12	7.06	7.28	7.58	7.44	7.57	7.48	7.54	7.70
26 10-year	7.86	7.01	5.87	7.30	7.24	7.46	7.74	7.60	7.72	7.65	7.71	7.86
27 20-year	n.a.	n.a.	6.29	7.67	7.62	7.87	8.08	7.99	8.08	8.01	8.06	8.16
28 30-year	8.14	7.67	6.59	7.58	7.49	7.71	7.94	7.83	7.91	7.86	7.92	8.03
29 Composite More than 10 years (long-term)	8.16	7.52	6.45	7.61	7.55	7.81	8.02	7.92	8.02	7.95	8.00	8.11
<b>STATE AND LOCAL NOTES AND BONDS</b>												
<i>Moody's series<sup>13</sup></i>												
30 Aaa	6.56	6.09	5.38	5.88	5.89	5.87	6.05	5.96	5.97	6.07	6.00	6.15
31 Baa	6.99	6.48	5.82	6.26	6.23	6.23	6.37	6.31	6.32	6.38	6.31	6.46
32 Bond Buyer series <sup>14</sup>	6.92	6.44	5.60	6.23	6.21	6.28	6.52	6.43	6.50	6.44	6.49	6.64
<b>CORPORATE BONDS</b>												
33 Seasoned issues, all industries <sup>15</sup>	9.23	8.55	7.54	8.42	8.36	8.60	8.83	8.73	8.82	8.76	8.80	8.91
<i>Rating group</i>												
34 Aaa	8.77	8.14	7.22	8.11	8.07	8.34	8.57	8.48	8.57	8.50	8.54	8.65
35 Aa	9.05	8.46	7.40	8.31	8.25	8.49	8.71	8.61	8.70	8.65	8.69	8.80
36 A	9.30	8.62	7.58	8.44	8.38	8.61	8.82	8.73	8.81	8.76	8.80	8.91
37 Baa	9.80	8.98	7.93	8.80	8.74	8.98	9.20	9.10	9.20	9.14	9.18	9.29
38 A-rated, recently offered utility bonds <sup>16</sup>	9.32	8.52	7.46	8.45	8.36	8.62	8.80	8.71	8.80	8.73	8.87	8.85
<b>MEMO</b>												
<i>Dividend-price ratio<sup>17</sup></i>												
39 Preferred stocks <sup>18</sup>	8.17	7.46	6.89	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
40 Common stocks	3.24	2.99	2.78	2.87	2.78	2.80	2.82	2.81	2.87	2.80	2.78	2.84

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.

2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.

3. Annualized using a 360-day year for bank interest.

4. Rate for the Federal Reserve Bank of New York.

5. Quoted on a discount basis.

6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.

7. An average of offering rates on paper directly placed by finance companies.

8. Representative closing yields for acceptances of the highest-rated money center banks.

9. An average of dealer offering rates on nationally traded certificates of deposit.

10. Bid rates for Eurodollar deposits at 11:00 a.m. London time. Data are for indication purposes only.

11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.

12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.

13. General obligations based on Thursday figures; Moody's Investors Service.

14. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moody's A1 rating. Based on Thursday figures.

15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.

16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.

17. Standard & Poor's corporate series. 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	1994								
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Prices and trading volume (averages of daily figures)												
<i>Common stock prices (indexes)</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	206.35	229.00	249.71	261.97	257.32	247.97	249.56	251.21	249.29	256.08	257.61	255.22
2 Industrial	258.16	284.26	300.10	322.41	318.08	304.48	307.58	308.66	307.34	316.56	322.19	321.53
3 Transportation	173.97	201.02	242.68	276.67	265.68	250.43	244.75	246.64	244.21	244.67	239.10	230.71
4 Utility	92.64	99.48	114.55	116.22	107.72	105.04	102.89	103.27	102.73	105.61	102.30	101.67
5 Finance	150.84	179.29	216.55	217.12	211.02	208.12	211.30	215.89	210.91	214.77	211.90	203.33
6 Standard & Poor's Corporation (1941-43 = 10)	376.20	415.75	451.63	471.58	463.81	447.23	450.90	454.83	451.40	464.24	466.96	463.81
7 American Stock Exchange (Aug. 31, 1973 = 50) <sup>2</sup>	360.32	391.28	438.77	476.25	465.72	437.01	437.54	436.08	430.10	444.89	456.31	456.25
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange	179,411	202,558	263,374	307,269	311,096	301,242	269,812	265,341	250,382	277,877	292,356	301,327
9 American Stock Exchange	12,486	14,171	18,188	19,630	19,481	15,805	15,727	18,400	14,378	15,874	18,785	20,731
Customer financing (millions of dollars, end-of-period balances)												
10 Margin credit at broker-dealers <sup>3</sup>	36,660	43,990	60,310	62,020	61,960	60,700	59,870	60,800	61,930	63,070	61,630	62,150
<i>Free credit balances at brokers<sup>4</sup></i>												
11 Margin accounts <sup>5</sup>	8,290	8,970	12,360	12,890	13,185	13,175	12,715	12,560	12,620	12,090	12,415	12,875
12 Cash accounts	19,255	22,510	27,715	25,665	26,190	24,800	23,265	28,585	25,790	24,400	25,230	24,180
Margin requirements (percent of market value and effective date) <sup>6</sup>												
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974						
13 Margin stocks	70	80	65	55	65	50						
14 Convertible bonds	50	60	50	50	50	50						
15 Short sales	70	80	65	55	65	50						

1. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.

3. Since July 1983, under the revised Regulation T, margin credit at broker-dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.

4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.

5. Series initiated in June 1984.

6. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such

credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

Effective June 8, 1988, margins were set to be the price of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

## 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1992	1993	1994	1994					
				May	June	July	Aug.	Sept.	Oct.
<i>U.S. budget<sup>1</sup></i>									
1 Receipts, total .....	1,090,453	1,153,226	1,257,187	83,546	138,124	84,827	97,338	135,895	89,024
2 On-budget .....	788,027	841,292	922,161	55,366	106,014	60,145	70,949	105,212	65,385
3 Off-budget .....	302,426	311,934	335,026	28,179	32,110	24,681	26,389	30,683	23,639
4 Outlays, total .....	1,380,856	1,408,532	1,460,557	115,602	123,275	118,025	121,608	131,903	121,472
5 On-budget .....	1,128,518	1,141,945	1,181,185	89,731	108,166	93,164	95,279	103,189	95,298
6 Off-budget .....	252,339	266,587	279,372	25,871	15,108	24,861	26,329	28,714	26,174
7 Surplus or deficit (-), total .....	-290,403	-255,306	-203,370	-32,057	14,850	-33,198	-24,270	3,993	-32,448
8 On-budget .....	-340,490	-300,653	-259,024	-34,365	-2,152	-33,018	-24,330	2,024	-29,914
9 Off-budget .....	50,087	45,347	55,654	2,308	17,002	-180	60	1,969	-2,535
<i>Source of financing (total)</i>									
10 Borrowing from the public .....	310,918	248,594	184,998	27,649	2,098	-3,245	52,350	-11,996	32,457
11 Operating cash (decrease, or increase (-)) .....	-17,305	6,283	16,564	21,537	-23,797	30,705	-9,802	-5,855	-480
12 Other .....	-3,210	429	1,808	-17,132	7,049	5,737	-18,374	13,858	471
MEMO									
13 Treasury operating balance (level, end of period) .....	58,789	52,506	35,942	27,194	50,991	20,285	30,087	35,942	36,422
14 Federal Reserve Banks .....	24,586	17,289	6,848	5,675	9,356	3,683	5,994	6,848	5,164
15 Tax and loan accounts .....	34,203	35,217	29,094	21,519	41,635	16,603	24,093	29,094	31,258

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal disability insurance) and the U.S. Postal Service.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on

gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; and U.S. Office of Management and Budget, *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS<sup>1</sup>

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1993	1994	1992	1993		1994	1994		
			H2	H1	H2 <sup>f</sup>	H1	Aug.	Sept.	Oct.
<b>RECEIPTS</b>									
<b>1 All sources</b> .....	<b>1,153,226</b>	<b>1,257,187<sup>f</sup></b>	<b>540,484</b>	<b>593,212</b>	<b>582,054</b>	<b>651,944</b>	<b>97,338</b>	<b>135,895</b>	<b>89,024</b>
2 Individual income taxes, net .....	509,680	542,738	246,938	255,556	262,073	274,736	43,170	57,964	43,239
3 Withheld .....	430,211	459,699	215,584	209,517	228,423	225,387	40,459	35,201	40,480
4 Presidential Election Campaign Fund .....	28	70	10	25	2	63	1	1	0
5 Nonwithheld .....	154,989	160,047	39,288	113,510	41,768	117,928	4,016	24,811	3,919
6 Refunds .....	75,546	77,077	7,942	67,468	8,114	68,642	1,305	2,050	1,160
Corporation income taxes									
7 Gross receipts .....	131,548	154,205	58,022	69,044	68,266	80,536	4,079	28,921	5,513
8 Refunds .....	14,027	13,820	7,219	7,198	6,514	6,933	971	1,656	2,043
9 Social insurance taxes and contributions, net .....	428,300	461,475	192,599	227,177	206,176	248,301	39,292	40,371	32,687
10 Employment taxes and contributions .....	396,939	428,810	180,758	208,776	192,749	228,714	34,020	39,614	31,263
11 Self-employment taxes and contributions .....	20,604	24,433	3,988	16,270	4,335	20,762	0	3,578	464
12 Unemployment insurance .....	26,556	28,004	9,397	16,074	11,010	17,301	4,880	346	1,073
13 Other net receipts <sup>g</sup> .....	4,805	4,661	2,445	2,326	2,417	2,284	391	411	351
14 Excise taxes .....	48,057	55,225	23,456	23,398	25,994	26,444	5,989	5,518	4,275
15 Customs deposits .....	18,802	20,099	9,497	8,860	10,215	9,500	2,039	1,799	1,848
16 Estate and gift taxes .....	12,577	15,225	5,733	6,494	6,617	8,197	1,239	1,254	1,206
17 Miscellaneous receipts <sup>h</sup> .....	18,273	22,041	11,458	9,879	9,227	11,164	2,502	1,725	2,300
<b>OUTLAYS</b>									
<b>18 All types</b> .....	<b>1,408,532<sup>f</sup></b>	<b>1,460,557</b>	<b>723,527</b>	<b>673,915</b>	<b>727,701</b>	<b>710,330</b>	<b>121,608</b>	<b>131,903</b>	<b>121,472</b>
19 National defense .....	291,086	281,451	155,231	140,535	146,660	133,739	23,711	27,657	18,801
20 International affairs .....	16,826	17,249	9,916	6,565	10,186	5,800	990	2,323	4,339
21 General science, space, and technology .....	17,030	17,602	8,521	7,996	8,880	8,502	1,654	1,772	1,115
22 Energy .....	4,319	5,398	3,109	2,462	1,663	2,036	390	987	525
23 Natural resources and environment .....	20,239	20,902	11,467	8,592	11,227	9,179	1,745	2,156	3,418
24 Agriculture .....	20,443	15,131	8,852	11,872	7,516	7,451	382	236	2,048
25 Commerce and housing credit .....	-22,725	-4,851	-7,697	-14,537	-1,490	-5,114	-3,026	2,623	858
26 Transportation .....	35,004	36,835	18,425	16,076	19,597	16,772	3,719	3,583	3,434
27 Community and regional development .....	9,051	11,877	4,464	4,929	4,288	5,592	1,138	1,469	1,171
28 Education, training, employment, and social services .....	50,012	44,730	21,241	24,080	26,760 <sup>f</sup>	18,976	4,342	5,088	3,705
29 Health .....	99,415	106,495	47,232	49,882	52,958	53,121	9,426	9,106	8,631
30 Social security and Medicare .....	435,137	464,314	232,109	195,933	223,735	232,777	39,262	39,944	37,801
31 Income security .....	207,257	213,972	98,382	107,870	102,375 <sup>f</sup>	109,103	16,848	17,101	15,275
32 Veterans benefits and services .....	35,720	37,637	18,561	16,385	19,852	16,686	3,130	4,257	1,677
33 Administration of justice .....	14,955	15,283	7,238	7,482	7,400	7,718	1,204	1,362	1,340
34 General government .....	13,009	11,348	8,223	5,205	6,531	5,076	1,325	1,292	1,261
35 Net interest <sup>o</sup> .....	198,811	202,957	98,692	99,635	99,914	99,844	18,322	16,944	18,669
36 Undistributed offsetting receipts <sup>7</sup> .....	-37,386	-37,772	-20,628	-17,035	-20,344	-17,308	-3,051	-5,996	-2,596

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. 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 U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1995*.

A30 Domestic Financial Statistics □ January 1995

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1992		1993				1994		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 Federal debt outstanding .....	4,083	4,196	4,250	4,373	4,436	4,562	4,602	4,673	4,692
2 Public debt securities .....	4,065	4,177	4,231	4,352	4,412	4,536	4,575	4,645	n.a.
3 Held by public .....	3,048	3,129	3,188	3,252	3,295	3,382	3,434	3,442	n.a.
4 Held by agencies .....	1,016	1,048	1,043	1,100	1,117	1,154	1,141	1,202	n.a.
5 Agency securities .....	18	19	20	21	25	27	26	27	n.a.
6 Held by public .....	18	19	20	21	25	27	26	27	n.a.
7 Held by agencies .....	0	0	0	0	0	0	0	0	n.a.
8 Debt subject to statutory limit .....	3,973	4,086	4,140	4,256	4,316	4,446	4,491	4,559	4,605
9 Public debt securities .....	3,972	4,085	4,139	4,256	4,315	4,445	4,491	4,559	4,605
10 Other debt <sup>1</sup> .....	0	0	0	0	0	0	0	0	n.a.
MEMO									
11 Statutory debt limit .....	4,145	4,145	4,145	4,370	4,900	4,900	4,900	4,900	4,900

1. Consists of guaranteed debt of U.S. Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCES: U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Treasury Bulletin*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1990	1991	1992	1993	1993	1994		
					Q4	Q1	Q2	Q3
1 Total gross public debt .....	3,364.8	3,801.7	4,177.0	4,535.7	4,535.7	4,575.9	4,645.8	4,689.5
By type								
2 Interest-bearing .....	3,362.0	3,798.9	4,173.9	4,532.3	4,532.3	4,572.6	4,642.5	3,091.6
3 Marketable .....	2,195.8	2,471.6	2,754.1	2,989.5	2,989.5	3,042.9	3,051.0	697.3
4 Bills .....	527.4	590.4	657.7	714.6	714.6	721.2	698.5	1,867.5
5 Notes .....	1,265.2	1,430.8	1,608.9	1,764.0	1,764.0	1,802.5	1,835.7	511.8
6 Bonds .....	388.2	435.5	472.5	495.9	495.9	504.2	501.8	1,597.9
7 Nonmarketable .....	1,166.2	1,327.2	1,419.8	1,542.9	1,542.9	1,529.7	1,591.5	137.4
8 State and local government series .....	160.8	159.7	153.5	149.5	149.5	145.5	143.4	42.0
9 Foreign issues <sup>2</sup> .....	43.5	41.9	37.4	43.5	43.5	42.7	42.2	42.0
10 Government .....	43.5	41.9	37.4	43.5	43.5	42.7	42.2	0
11 Public .....	0	0	0	0	0	0	0	176.4
12 Savings bonds and notes .....	124.1	135.9	155.0	169.4	169.4	172.6	174.9	1,211.7
13 Government account series <sup>3</sup> .....	813.8	959.2	1,043.5	1,150.0	1,150.0	1,138.4	1,200.6	3.2
14 Non-interest-bearing .....	2.8	2.8	3.1	3.4	3.4	3.3	3.2	
By holder <sup>4</sup>								
15 U.S. Treasury and other federal agencies and trust funds .....	828.3	968.7	1,047.8	1,153.5	1,153.5	1,141.7	1,203.0	
16 Federal Reserve Banks .....	259.8	281.8	302.5	334.2	334.2	342.6	357.7	
17 Private investors .....	2,288.3	2,563.2	2,839.9	3,047.7	3,047.7	3,094.6	3,088.2	
18 Commercial banks .....	171.5	233.4	294.0	316.0	316.0	344.3	350.0	
19 Money market funds .....	45.4	80.0	79.4	80.5	80.5	70.5	59.5	
20 Insurance companies .....	142.0	168.7	197.5	216.0	216.0	218.1	222.0	
21 Other companies .....	108.9	150.8	192.5	213.0	213.0	216.3	226.3	
22 State and local treasuries .....	490.4	520.3	534.8	564.0	564.0	582.8	585.0	n.a.
Individuals								
23 Savings bonds .....	126.2	138.1	157.3	171.9	171.9	175.0	177.1	
24 Other securities .....	107.6	125.8	131.9	137.9	137.9	140.1	144.0	
25 Foreign and international <sup>5</sup> .....	458.4	491.8	549.7	623.3	623.3	633.5	633.2	
26 Other miscellaneous investors <sup>6</sup> .....	637.7	651.3	702.4	725.0	725.0	714.0	693.1	

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<sup>1</sup>

Millions of dollars, daily averages

Item	1994			1994, week ending								
	July	Aug.	Sept.	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
<b>OUTRIGHT TRANSACTIONS<sup>2</sup></b>												
<i>By type of security</i>												
1 U.S. Treasury bills	48,137	52,444	52,276	46,252	47,300	49,307	54,340	57,809	50,656	52,378	58,789	52,545
Coupon securities, by maturity												
2 Five years or less	79,197	84,066	80,107	58,878	61,353	72,323	82,436	96,879	89,320	82,896	77,633	97,394
3 More than five years	38,764	50,836	40,213	38,257	34,654	42,631	41,298	41,604	39,096	39,218	41,079	46,033
4 Federal agency	15,535	15,998	17,364	18,255	16,130	15,931	16,689	19,413	19,984	17,507	16,369	16,989
5 Mortgage-backed	37,607	32,443	34,591	22,166	28,909	46,091	34,792	25,603	39,170	53,701	37,674	30,635
<i>By type of counterparty</i>												
With interdealer broker												
6 U.S. Treasury	94,926	105,411	99,496	79,274	81,260	95,778	102,620	113,259	103,050	99,394	104,095	113,645
7 Federal agency	731	685	724	881	494	844	706	753	861	485	517	718
8 Mortgage-backed	13,306	12,052	12,999	9,351	10,935	15,707	12,541	11,027	16,433	18,650	13,372	11,912
With other												
9 U.S. Treasury	71,173	81,935	73,099	64,113	62,047	68,483	75,454	83,033	76,022	75,097	73,406	82,326
10 Federal agency	14,805	15,313	16,640	17,374	15,636	15,087	15,983	18,660	19,123	17,023	15,853	16,271
11 Mortgage-backed	24,301	20,390	21,592	12,814	17,974	30,383	22,251	14,576	22,738	35,051	24,302	18,723
<b>FUTURES TRANSACTIONS<sup>3</sup></b>												
<i>By type of deliverable security</i>												
12 U.S. Treasury bills	914	814	1,157	802	912	1,177	1,552	864	1,339	1,178	1,301	890
Coupon securities, by maturity												
13 Five years or less	2,692	2,779	3,521	2,652	3,505	4,340	3,745	2,744	2,888	2,352	2,572	2,740
14 More than five years	12,198	13,615	13,548	13,196	13,263	14,221	15,102	12,001	12,417	11,078	11,431	13,980
15 Federal agency	0	0	0	0	n.a.	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
<b>OPTIONS TRANSACTIONS<sup>4</sup></b>												
<i>By type of underlying security</i>												
17 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
18 Five years or less	3,493	4,098	3,566	3,308	3,033	4,353	3,120	3,395	4,203	6,176	4,170	5,286
19 More than five years	4,068	5,162	4,714	4,493	4,144	4,767	5,033	4,420	5,664	5,696	5,101	6,257
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	791	675	523	286	410	332	704	527	768	388	447	599

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Monthly averages are based on the number of trading days in the month. Transactions are assumed evenly distributed among the trading days of the report week. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Outright transactions include immediate and forward transactions. Immediate delivery refers to purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

4. Options transactions are purchases or sales of put and call options, whether arranged on an organized exchange or in the over-the-counter market, and include options on futures contracts on U.S. Treasury and federal agency securities.

NOTE: "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing<sup>1</sup>

Millions of dollars

Item	1994			1994, week ending							
	July	Aug.	Sept.	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19
<b>Positions<sup>2</sup></b>											
<b>NET OUTRIGHT POSITIONS<sup>3</sup></b>											
<i>By type of security</i>											
1 U.S. Treasury bills .....	4,837	3,951	1,892	3,428	4,536	3,329	4,569	-2,886	-5,041	7,108	5,100
<i>Coupon securities, by maturity</i>											
2 Five years or less .....	-19,171	-10,548	-16,154	-7,890	-12,922	-17,884	-17,582	-14,920	-20,732	-19,668	-20,534
3 More than five years .....	-28,672	-23,009	-22,764	-21,785	-21,390	-21,848	-24,332	-22,864	-24,944	-25,604	-29,001
4 Federal agency .....	19,979	19,384	21,300	22,066	19,988	19,704	22,727	22,245	23,172	24,176	21,782
5 Mortgage-backed .....	45,633	42,402	37,636	39,557	39,194	36,791	36,534	37,702	38,767	38,432	36,609
<b>NET FUTURES POSITIONS</b>											
<i>By type of deliverable security</i>											
6 U.S. Treasury bills .....	-3,552	-5,172	-2,829	-4,027	-2,750	-3,160	-3,691	-2,574	182	176	-1,345
<i>Coupon securities, by maturity</i>											
7 Five years or less .....	5,623	5,561	8,285	5,257	5,912	8,943	9,721	8,156	9,710	7,595	8,109
8 More than five years .....	-616	-5,231	-1,681	-4,252	-1,649	-2,146	-1,471	-2,318	1,333	-340	-365
9 Federal agency .....	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed .....	0	0	0	0	0	0	0	0	0	0	0
<b>Financing<sup>5</sup></b>											
<i>Reverse repurchase agreements</i>											
11 Overnight and continuing .....	254,524	271,184	261,219	252,868	253,172	266,783	264,681	259,902	262,402	266,164	253,313
12 Term .....	397,646	377,559	387,909	336,402	372,589	390,638	392,971	402,932	361,674	371,325	405,719
<i>Securities borrowed</i>											
13 Overnight and continuing .....	167,116	175,069	173,812	171,565	172,181	171,039	175,703	174,406	180,525	179,441	183,088
14 Term .....	51,906	44,620	44,528	45,804	44,573	45,876	44,026	44,362	41,997	42,108	45,726
<i>Securities received as pledge</i>											
15 Overnight and continuing .....	2,313 <sup>f</sup>	2,096 <sup>f</sup>	2,015 <sup>f</sup>	2,089 <sup>f</sup>	2,128	2,055	1,885	1,917	2,283	2,214	2,150
16 Term .....	3	31	129	80	n.a.	n.a.	n.a.	129	n.a.	53	n.a.
<i>Repurchase agreements</i>											
17 Overnight and continuing .....	465,675	490,518	473,761	472,584	482,859	482,192	478,674	455,305	459,803	458,972	463,363
18 Term .....	363,779	351,975	359,336	308,801	335,528	362,393	365,882	381,660	330,918	340,792	376,463
<i>Securities loaned</i>											
19 Overnight and continuing .....	4,323	4,132	4,305	4,658	3,945	3,586	3,931	5,324	5,827	5,505	5,557
20 Term .....	1,372	1,103	835	1,164	959	671	691	1,023	820	1,104	1,363
<i>Securities pledged</i>											
21 Overnight and continuing .....	34,700 <sup>f</sup>	28,599 <sup>f</sup>	32,459 <sup>f</sup>	31,509 <sup>f</sup>	28,808	30,439	34,140	35,808	34,702	33,765	34,316
22 Term .....	1,085	4,616	4,485	6,442	4,543	4,310	4,434	4,728	4,215	3,973	3,894
<i>Collateralized loans</i>											
23 Overnight and continuing .....	20,164	22,395	18,407	21,062	18,301	20,502	18,493	16,673	17,220	17,813	21,269
24 Term .....	n.a.	n.a.	6,130	n.a.	n.a.	5,333	5,765	7,292	n.a.	n.a.	n.a.
<b>MEMO: Matched book<sup>6</sup></b>											
<i>Securities in</i>											
25 Overnight and continuing .....	207,656	233,796	224,344	213,989	222,706	226,609	228,584	218,267	228,572	221,701	226,856
26 Term .....	369,889	349,669	355,553	312,893	335,392	360,530	357,269	373,620	339,462	346,234	379,079
<i>Securities out</i>											
27 Overnight and continuing .....	268,075	290,385	282,829	270,225	286,237	284,891	288,381	272,812	279,305	271,377	281,665
28 Term .....	294,642	289,736	294,208	250,127	269,926	295,396	301,260	315,458	275,978	283,186	316,415

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

6. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1990	1991	1992	1993	1994				
					Apr.	May	June	July	Aug.
<b>1 Federal and federally sponsored agencies</b> .....	<b>434,668</b>	<b>442,772</b>	<b>483,970</b>	<b>570,711</b>	<b>619,302</b>	<b>633,366</b>	<b>646,661</b>	<b>659,206</b>	<b>674,020</b>
2 Federal agencies.....	42,159	41,035	41,829	45,193	44,390	43,681	43,040	43,416	43,861
3 Defense Department <sup>1</sup> .....	7	7	7	6	6	6	6	6	6
4 Export-Import Bank <sup>2,3</sup> .....	11,376	9,809	7,208	5,315	4,853	4,853	4,389	4,389	4,389
5 Federal Housing Administration <sup>4</sup> .....	393	397	374	255	123	131	138	82	101
6 Government National Mortgage Association certificates of participation <sup>5</sup> .....	0	0	0	0	0	0	0	0	0
7 Postal Service <sup>6</sup> .....	6,948	8,421	10,660	9,732	9,732	9,473	9,473	9,473	9,773
8 Tennessee Valley Authority.....	23,435	22,401	23,580	29,885	29,676	29,218	29,037	29,466	29,592
9 United States Railway Association <sup>8</sup> .....	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies <sup>7</sup> .....	392,509	401,737	442,141	525,518	574,912	589,685	603,621	615,790	630,159
11 Federal Home Loan Banks.....	117,895	107,543	114,733	141,577	153,539	156,955	160,822	166,137	169,284
12 Federal Home Loan Mortgage Corporation.....	30,941	30,262	29,631	49,993	65,621	71,274	73,340	78,929	81,270
13 Federal National Mortgage Association.....	123,403	133,937	166,300	201,112	218,845	223,173	227,897	230,484	237,564
14 Farm Credit Banks <sup>9</sup> .....	53,590	52,199	51,910	53,123	52,672	52,534	53,692	52,276	53,844
15 Student Loan Marketing Association <sup>9</sup> .....	34,194	38,319	39,650	39,784	44,306	45,820	47,940	48,069	48,313
16 Financing Corporation <sup>10</sup> .....	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation <sup>11</sup> .....	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation <sup>12</sup> .....	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
<b>MEMO</b>									
<b>19 Federal Financing Bank debt<sup>13</sup></b> .....	<b>179,083</b>	<b>185,576</b>	<b>154,994</b>	<b>128,187</b>	<b>118,386</b>	<b>116,092</b>	<b>115,603</b>	<b>113,689</b>	<b>112,804</b>
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank <sup>3</sup> .....	11,370	9,803	7,202	5,309	4,847	4,847	4,383	4,383	4,383
21 Postal Service <sup>6</sup> .....	6,698	8,201	10,440	9,732	9,732	9,473	9,473	9,473	9,773
22 Student Loan Marketing Association.....	4,850	4,820	4,790	4,760	0	0	0	0	0
23 Tennessee Valley Authority.....	14,055	10,725	6,975	6,325	6,075	4,675	4,375	4,375	4,375
24 United States Railway Association <sup>8</sup> .....	0	0	0	0	0	0	0	0	0
<i>Other lending<sup>14</sup></i>									
25 Farmers Home Administration.....	52,324	48,534	42,979	38,619	37,839	37,124	35,999	35,104	34,594
26 Rural Electrification Administration.....	18,890	18,562	18,172	17,578	17,360	17,419	17,357	17,372	17,402
27 Other.....	70,896	84,931	64,436	45,864	42,533	42,554	44,016	42,982	42,322

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3. On-budget since Sept. 30, 1976.

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.

8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.

9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.

10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.

11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.

12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table 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.

A34 Domestic Financial Statistics □ January 1995

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1991	1992	1993	1994							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
<b>1 All issues, new and refunding<sup>1</sup></b>	<b>154,402</b>	<b>226,818</b>	<b>279,945</b>	<b>15,461</b>	<b>10,129</b>	<b>12,388</b>	<b>14,779</b>	<b>12,450</b>	<b>12,310</b>	<b>7,634</b>	<b>9,790</b>
<i>By type of issue</i>											
2 General obligation	55,100	78,611	90,599	7,371	3,469	4,029	5,556	7,110	4,177	2,309	2,891
3 Revenue	99,302	136,580	189,346	8,090	6,660	8,359	9,223	5,340	8,133	5,325	6,899
<i>By type of issuer</i>											
4 State	24,939	24,874	27,999	3,302	1,013	1,158	1,733	4,686	1,675	1,009	952
5 Special district or statutory authority <sup>2</sup>	80,614	138,327	178,714	6,145	5,235	8,085	9,335	4,931	7,963	4,962	6,511
6 Municipality, county, or township	48,849	63,617	73,232	6,014	3,881	3,145	3,711	2,833	2,672	1,663	2,327
<b>7 Issues for new capital</b>	<b>116,953</b>	<b>101,865</b>	<b>91,434</b>	<b>10,114</b>	<b>8,147</b>	<b>9,125</b>	<b>9,726</b>	<b>10,348</b>	<b>10,593</b>	<b>5,961</b>	<b>8,383</b>
<i>By use of proceeds</i>											
8 Education	21,121	18,852	16,831	1,859	2,102	1,933	1,945	1,147	2,075	883	1,596
9 Transportation	13,395	14,357	9,167	401	1,453	1,037	2,033	290	1,088	334	1,135
10 Utilities and conservation	21,039	12,164	12,014	540	707	423	856	694	784	433	1,887
11 Social welfare	25,648	16,744	13,837	1,227	1,475	2,136	1,312	1,698	2,117	1,897	n.a.
12 Industrial aid	8,376	6,188	6,862	470	601	657	935	959	1,128	403	420
13 Other purposes	30,275	33,560	32,723	5,617	1,809	2,939	2,645	5,560	3,401	2,011	2,396

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	1994							
				Feb.	Mar.	Apr.	May	June	July	Aug. <sup>f</sup>	Sept.
<b>1 All issues<sup>1</sup></b>	<b>465,246</b>	<b>559,827</b>	<b>764,509</b>	<b>47,893<sup>f</sup></b>	<b>52,881</b>	<b>35,110<sup>f</sup></b>	<b>44,262<sup>f</sup></b>	<b>49,456<sup>f</sup></b>	<b>29,591<sup>f</sup></b>	<b>38,898</b>	<b>30,923</b>
<b>2 Bonds<sup>2</sup></b>	<b>389,822</b>	<b>471,502</b>	<b>641,498</b>	<b>40,087<sup>f</sup></b>	<b>43,671</b>	<b>29,645<sup>f</sup></b>	<b>40,589<sup>f</sup></b>	<b>43,126</b>	<b>25,927<sup>f</sup></b>	<b>35,566</b>	<b>27,576</b>
<i>By type of offering</i>											
3 Public, domestic	286,930	378,058	486,879	32,770 <sup>f</sup>	41,097	26,436 <sup>f</sup>	33,414 <sup>f</sup>	38,387	22,194 <sup>f</sup>	31,160	24,403
4 Private placement, domestic <sup>3</sup>	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	7,317	2,574	3,209	7,175	4,738	3,733 <sup>f</sup>	4,406	3,172
<i>By industry group</i>											
6 Manufacturing	86,628	82,058	88,002	3,586	2,446	2,229	3,266	2,093 <sup>f</sup>	2,107	2,054	2,165
7 Commercial and miscellaneous	36,666	43,111	60,443	2,188	3,020	990	2,496	3,177	1,428 <sup>f</sup>	3,769	2,077
8 Transportation	13,598	9,979	10,756	100	920	97	150	1,082	248	315	229
9 Public utility	23,944	48,055	56,272	1,768 <sup>f</sup>	1,632	546	1,071	681	472	320	707
10 Communication	9,431	15,394	31,950	2,115	2,090	1,298	944	618	429	345	526
11 Real estate and financial	219,555	272,904	394,076	30,330	33,563	24,484 <sup>f</sup>	32,662 <sup>f</sup>	35,475 <sup>f</sup>	21,243 <sup>f</sup>	28,764	21,872
<b>12 Stocks<sup>2</sup></b>	<b>75,424</b>	<b>88,325</b>	<b>n.a.</b>	<b>7,806</b>	<b>9,210</b>	<b>5,465</b>	<b>3,674<sup>f</sup></b>	<b>6,331<sup>f</sup></b>	<b>3,664<sup>f</sup></b>	<b>3,332</b>	<b>3,348</b>
<i>By type of offering</i>											
13 Public preferred	17,085	21,339	19,898	1,318	1,969	2,248	695	1,366	599	710	555
14 Common	48,230	57,118	87,356	6,488	7,241	3,218	2,979 <sup>f</sup>	4,965 <sup>f</sup>	3,065 <sup>f</sup>	2,622	2,793
15 Private placement <sup>3</sup>	10,109	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>By industry group</i>											
16 Manufacturing	24,111	22,723	22,271	1,558	2,499	2,696	956	1,056	489	569	860
17 Commercial and miscellaneous	19,418	20,231	25,761	1,630	1,491	773	850	1,853 <sup>f</sup>	708 <sup>f</sup>	838	865
18 Transportation	2,439	2,595	2,237	589	358	106	105 <sup>f</sup>	449	75	50	223
19 Public utility	3,474	6,532	7,050	43	480	75	239	297	0	180	78
20 Communication	475	2,366	3,439	120	0	0	32	28	0	0	0
21 Real estate and financial	25,507	33,879	49,889	3,867	4,381	1,815	1,492	2,647 <sup>f</sup>	2,386	1,691	1,323

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<sup>1</sup>

Millions of dollars

Item	1992	1993	1994							
			Feb.	Mar.	Apr.	May	June	July	Aug. <sup>r</sup>	Sept.
1 Sales of own shares <sup>2</sup>	647,055	851,885	78,032	87,381	71,164	65,179	65,333	59,258	64,833	62,353
2 Redemptions of own shares	447,140	567,881	56,235	73,395	61,925	55,036	56,068	50,275	53,242	53,554
3 Net sales <sup>3</sup>	199,915	284,004	21,797	13,986	9,239	10,144	9,265	8,983	1,592	8,799
4 Assets <sup>4</sup>	1,056,310	1,510,209	1,561,705	1,500,745	1,510,827	1,529,478	1,509,998	1,552,652	1,604,961	1,587,586
5 Cash <sup>5</sup>	73,999	100,209	113,975	112,399	118,221	119,982	114,885	120,129	120,315	118,457
6 Other	982,311	1,409,838	1,447,730	1,388,347	1,392,606	1,409,496	1,395,113	1,432,523	1,484,646	1,469,129

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.  
 2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.  
 3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.

4. Market value at end of period, less current liabilities.  
 5. Includes all U.S. Treasury securities and other short-term debt securities.  
 SOURCE: Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993	1992	1993				1994		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment	390.3	405.1	485.8	432.5	442.5	473.1	493.5	533.9	508.2	546.4	557.1
2 Profits before taxes	365.2	395.9	462.4	413.5	432.7	456.6	458.7	501.7	483.5	523.1	539.2
3 Profits-tax liability	131.1	139.7	173.2	148.6	159.8	171.8	169.9	191.5	184.1	201.7	208.7
4 Profits after taxes	234.1	256.2	289.2	264.8	273.0	284.8	288.9	310.2	299.4	321.4	330.5
5 Dividends	160.0	171.1	191.7	182.1	188.2	190.7	193.2	194.6	196.3	202.5	207.9
6 Undistributed profits	74.1	85.1	97.5	82.7	84.7	94.1	95.6	115.6	103.0	118.9	122.6
7 Inventory valuation	5.8	-6.4	-6.2	2.1	-11.2	-10.0	3.0	-6.5	-12.3	-14.1	-19.6
8 Capital consumption adjustment	19.4	15.7	29.5	16.9	21.0	26.5	31.7	38.8	37.0	37.4	37.5

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 <sup>1</sup>	1993				1994			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 <sup>1</sup>
1 Total nonfarm business	546.60	586.73	638.37	563.48	578.95	594.56	604.51	619.34	637.08	651.92	645.13
<i>Manufacturing</i>											
2 Durable goods industries	73.32	81.45	92.78	78.19	80.33	82.74	83.64	86.03	91.71	98.97	94.44
3 Nondurable goods industries	100.69	98.02	99.77	95.80	97.22	99.74	98.51	99.02	102.28	98.39	99.39
<i>Nonmanufacturing</i>											
4 Mining	8.88	10.08	11.24	8.98	9.10	11.09	10.92	11.43	10.70	11.57	11.27
<i>Transportation</i>											
5 Railroad	6.67	6.14	6.72	6.16	5.94	5.89	6.55	7.46	5.36	6.65	7.40
6 Air	8.93	6.42	3.95	7.26	6.63	6.70	5.06	4.23	4.53	3.86	3.16
7 Other	7.04	9.22	10.53	8.96	8.92	8.74	10.23	10.77	9.70	10.22	11.42
<i>Public utilities</i>											
8 Electric	48.22	52.55	52.25	49.98	50.61	52.96	55.60	48.68	53.55	54.15	52.60
9 Gas and other	23.99	23.43	24.20	23.79	23.83	22.98	23.27	24.51	22.96	24.35	24.97
10 Commercial and other <sup>2</sup>	268.84	299.44	336.93	284.35	296.35	303.74	310.73	327.20	336.28	343.76	340.48

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*.

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1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities<sup>1</sup>

Billions of dollars, end of period; not seasonally adjusted

Account	1991 <sup>f</sup>	1992 <sup>f</sup>	1993 <sup>f</sup>	1992	1993 <sup>f</sup>				1994 <sup>f</sup>	
				Q4 <sup>f</sup>	Q1	Q2	Q3	Q4	Q1	Q2
<b>ASSETS</b>										
1 Accounts receivable, gross <sup>2</sup>	484.6	491.8	482.8	491.8	477.9	473.7	474.0	482.8	494.5	511.3
2 Consumer	121.7	118.3	116.5	118.3	112.6	110.6	111.0	116.5	120.1	124.3
3 Business	295.8	301.3	294.6	301.3	292.7	291.8	291.9	294.6	302.3	313.2
4 Real estate	67.1	72.2	71.7	72.2	72.5	71.4	71.1	71.7	72.1	73.8
5 LESS: Reserves for unearned income	56.1	53.2	50.7	53.2	50.1	49.7	49.5	50.7	51.2	51.9
6 Reserves for losses	13.1	16.2	11.2	16.2	15.2	10.8	11.2	11.2	11.6	12.1
7 Accounts receivable, net	415.4	422.4	420.9	422.4	412.6	413.2	413.3	420.9	431.7	447.3
8 All other	144.9	142.5	170.9	142.5	150.6	151.5	163.9	170.9	171.2	174.6
9 Total assets	560.3	564.9	591.8	564.9	563.3	564.7	577.3	591.8	602.9	621.9
<b>LIABILITIES AND CAPITAL</b>										
10 Bank loans	42.3	37.6	25.3	37.6	34.1	29.4	25.8	25.3	24.2	23.3
11 Commercial paper	159.5	156.4	159.2	156.4	149.8	144.5	149.9	159.2	165.9	171.2
<i>Debt</i>										
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	35.5	39.5	42.7	39.5	43.1	45.0	44.6	42.7	41.1	44.7
15 Not elsewhere classified	190.2	196.3	206.0	196.3	197.3	199.9	204.2	206.0	211.7	219.6
16 All other liabilities	68.4	68.0	87.1	68.0	72.5	77.8	83.8	87.1	90.5	89.9
17 Capital, surplus, and undivided profits	64.5	67.1	71.4	67.1	66.5	68.1	68.9	71.4	69.5	73.2
18 Total liabilities and capital	560.3	564.9	591.8	564.9	563.3	564.7	577.3	591.8	602.9	621.9

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<sup>1</sup>

Millions of dollars, amounts outstanding, end of period

Type of credit	1991 <sup>f</sup>	1992 <sup>f</sup>	1993 <sup>f</sup>	1994					
				Apr. <sup>f</sup>	May	June	July <sup>f</sup>	Aug. <sup>f</sup>	Sept.
<b>Seasonally adjusted</b>									
1 Total	523,824	540,679	546,020	565,290	573,851	576,239	571,470	579,032	590,528
2 Consumer	154,389	157,857	160,802	163,796	166,534	168,531	166,639	166,921	172,559
3 Real estate <sup>2</sup>	67,376	72,496	71,991	73,066	74,371	74,503	75,321	75,524	76,428
4 Business	302,060	310,325	313,226	328,428	332,946	333,205	329,510	336,587	341,542
<b>Not seasonally adjusted</b>									
5 Total	527,329	544,691	550,387	567,193	573,773	577,546	568,648	575,769	588,541
6 Consumer	155,671	159,558	162,770	164,500	165,580	167,909	164,749	166,501	172,014
7 Motor vehicles <sup>3</sup>	62,232	57,259	56,057	60,660	59,398	59,788	58,107	58,589	60,522
8 Other consumer <sup>3</sup>	59,468	61,020	60,396	62,146	62,806	64,530	65,095	66,608	69,796
9 Securitized motor vehicles <sup>4</sup>	23,361	29,734	36,024	31,328	32,623	32,705	31,848	31,787	32,372
10 Securitized other consumer <sup>4</sup>	10,610	11,545	10,293	10,366	10,753	10,886	9,699	9,517	9,324
11 Real estate <sup>2</sup>	67,132	72,243	71,727	73,297	74,215	73,755	75,379	76,012	76,589
12 Business	304,526	312,890	315,890	329,396	333,978	335,882	328,520	333,256	339,938
13 Motor vehicles	91,554	89,011	95,173	102,309	104,023	105,228	101,878	102,655	106,365
14 Retail <sup>5</sup>	23,967	20,541	18,091	20,772	20,882	21,024	20,670	20,272	21,164
15 Wholesale <sup>5</sup>	31,164	29,890	31,148	31,308	31,215	31,188	26,154	25,875	27,201
16 Leasing	36,423	38,580	45,934	50,229	51,926	53,616	55,054	56,508	58,000
17 Equipment	140,396	151,424	145,452	147,267	151,182	151,542	151,480	151,388	152,782
18 Retail	30,952	33,521	35,513	37,035	38,518	39,062	39,348	39,629	39,357
19 Wholesale	9,671	8,680	8,001	8,329	8,421	8,419	8,859	8,968	9,119
20 Leasing	99,773	109,223	101,938	101,903	104,243	104,061	103,273	102,791	104,306
21 Other business <sup>6</sup>	63,802	60,856	53,997	56,962	55,433	55,849	54,444	56,389	58,101
22 Securitized business assets <sup>4</sup>	8,774	11,599	21,268	22,858	23,340	22,663	20,718	22,824	22,690
23 Retail	576	1,120	2,483	2,058	2,406	2,619	2,480	2,656	2,564
24 Wholesale	5,285	5,756	10,584	14,349	14,577	14,240	12,817	14,147	14,411
25 Leasing	2,913	4,723	8,201	6,451	6,357	5,804	5,421	6,021	5,715

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	1994						
				Apr.	May	June	July	Aug.	Sept.	Oct.
Terms and yields in primary and secondary markets										
<b>PRIMARY MARKETS</b>										
<i>Terms<sup>1</sup></i>										
1 Purchase price (thousands of dollars).....	155.0	158.1	163.1	166.1	171.6	172.6	166.0	167.6	170.6	173.4
2 Amount of loan (thousands of dollars).....	114.0	118.1	123.0	127.6	132.2	130.0	129.0	129.3	133.7	131.9
3 Loan-to-price ratio (percent).....	75.0	76.6	78.0	79.3	78.5	78.0	79.4	79.0	79.4	78.3
4 Maturity (years).....	26.8	25.6	26.1	26.7	27.6	26.5	27.5	28.0	27.9	27.6
5 Fees and charges (percent of loan amount) <sup>2</sup> .....	1.71	1.60	1.30	1.16	1.45	1.30	1.35	1.38	1.36	1.22
<i>Yield (percent per year)</i>										
6 Contract rate <sup>3</sup> .....	9.02	7.98	7.02	7.13	7.20	7.41	7.50	7.45	7.48	7.55
7 Effective rate <sup>3,4</sup> .....	9.30	8.25	7.24	7.31	7.43	7.62	7.71	7.67	7.70	7.76
8 Contract rate (HUD series) <sup>4</sup> .....	9.20	8.43	7.37	8.56	8.61	8.72	8.64	8.68	8.96	n.a.
<b>SECONDARY MARKETS</b>										
<i>Yield (percent per year)</i>										
9 FHA mortgages (Section 203) <sup>5</sup> .....	9.25	8.46	7.46	8.63	8.63	9.03	8.65	8.66	9.10	n.a.
10 GNMA securities <sup>6</sup> .....	8.59	7.71	6.65	7.93	8.05	8.01	8.23	8.15	8.28	8.66
Activity in secondary markets										
<b>FEDERAL NATIONAL MORTGAGE ASSOCIATION</b>										
<i>Mortgage holdings (end of period)</i>										
11 Total.....	128,983	158,119	190,861	201,542	206,147	208,180	210,666	212,680	215,249	218,479
12 FHA/VA insured.....	21,796	22,593	23,857	25,088	25,303	25,390	25,477	25,604	25,800	26,226
13 Conventional.....	107,187	135,526	167,004	176,454	180,844	182,790	185,189	187,076	189,449	192,253
<i>Mortgage transactions (during period)</i>										
14 Purchases.....	37,202	75,905	92,037	6,677	7,238	4,386	4,628	4,077	4,266	5,003
<i>Mortgage commitments (during period)</i>										
15 Issued <sup>7</sup> .....	40,010	74,970	92,537	4,788	3,801	4,268	3,798	3,776	4,880	3,421
16 To sell <sup>8</sup> .....	7,608	10,493	5,097	90	281	1	0	0	0	48
<b>FEDERAL HOME LOAN MORTGAGE CORPORATION</b>										
<i>Mortgage holdings (end of period)<sup>8</sup></i>										
17 Total.....	26,809	33,665	55,012	59,352	60,799	62,232	62,993	64,118	66,478	69,340
18 FHA/VA insured.....	460	352	321	309	304	299	296	291	287	284
19 Conventional.....	26,349	33,313	54,691	59,043	60,495	61,933	62,697	63,827	66,191	69,057
<i>Mortgage transactions (during period)</i>										
20 Purchases.....	99,965	191,125	229,242	14,589	10,629	8,341	6,535	6,407	5,512	8,351
21 Sales.....	92,478	179,208	208,723	14,175	10,228	8,097	6,338	5,828	5,213	8,139
<i>Mortgage commitments (during period)<sup>9</sup></i>										
22 Contracted.....	114,031	261,637	274,599	22,765	9,586	7,252	5,820	5,649	5,035	7,288

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<sup>1</sup>

Millions of dollars, end of period

Type of holder and property	1990	1991	1992	1993			1994	
				Q2	Q3	Q4	Q1	Q2 <sup>2</sup>
<b>1 All holders</b> .....	<b>3,762,872</b>	<b>3,924,782</b>	<b>4,049,256</b>	<b>4,109,649</b>	<b>4,167,465</b>	<b>4,209,912</b>	<b>4,236,258</b>	<b>4,279,533</b>
<i>By type of property</i>								
2 One- to four-family residences .....	2,616,288	2,780,044	2,959,558	3,034,990	3,095,463	3,144,895	3,178,154	3,217,521
3 Multifamily residences .....	309,369	306,410	295,417	291,258	290,544	290,346	288,994	291,587
4 Commercial .....	758,313	759,023	713,862	702,720	700,642	693,824	688,144	688,226
5 Farm .....	78,903	79,306	80,419	80,681	80,816	80,847	80,966	82,199
<i>By type of holder</i>								
6 Major financial institutions .....	1,914,315	1,846,726	1,769,187	1,765,667	1,769,890	1,767,685	1,746,317	1,760,541
7 Commercial banks <sup>3</sup> .....	844,826	876,100	894,513	910,989	922,610	920,293	937,973	956,767
8 One- to four-family .....	455,931	483,623	507,780	526,817	537,602	556,443	554,125	568,757
9 Multifamily .....	37,015	36,935	38,024	38,058	37,652	38,630	38,456	39,074
10 Commercial .....	334,648	337,095	328,826	325,519	326,508	324,359	324,147	327,021
11 Farm .....	17,231	18,447	19,882	20,595	20,848	20,861	21,246	21,916
12 Savings institutions <sup>4</sup> .....	801,628	705,367	627,972	612,435	609,654	598,330	584,345	585,525
13 One- to four-family .....	600,154	538,358	489,622	480,696	478,456	469,959	457,982	462,122
14 Multifamily .....	91,806	79,881	69,791	68,306	68,440	67,362	66,903	66,336
15 Commercial .....	109,168	86,741	68,235	63,111	62,439	60,704	59,167	56,767
16 Farm .....	500	388	324	322	320	305	297	301
17 Life insurance companies .....	267,861	265,258	246,702	242,243	237,626	229,061	223,999	218,249
18 One- to four-family .....	13,005	11,547	11,441	11,218	11,001	10,578	10,340	10,064
19 Multifamily .....	28,979	29,562	27,770	27,227	26,701	25,676	25,098	24,426
20 Commercial .....	215,121	214,105	198,269	194,396	190,638	183,322	179,191	174,398
21 Farm .....	10,756	10,044	9,222	9,402	9,287	9,484	9,370	9,361
22 Federal and related agencies .....	239,003	266,146	286,263	298,991	309,579	321,486	325,835	332,543
23 Government National Mortgage Association .....	20	19	30	45	43	22	20	12
24 One- to four-family .....	20	19	30	38	37	15	13	12
25 Multifamily .....	0	0	0	7	7	7	7	0
26 Farmers Home Administration <sup>5</sup> .....	41,439	41,713	41,695	41,446	41,424	41,386	41,209	41,370
27 One- to four-family .....	18,527	18,496	16,912	16,133	15,714	15,303	14,870	14,459
28 Multifamily .....	9,640	10,141	10,575	10,739	10,830	10,940	11,037	11,147
29 Commercial .....	4,690	4,905	5,158	5,250	5,347	5,406	5,399	5,526
30 Farm .....	8,582	8,171	9,050	9,324	9,533	9,739	9,903	10,239
31 Federal Housing and Veterans' Administrations .....	8,801	10,733	12,581	12,945	11,797	12,215	11,344	11,169
32 One- to four-family .....	3,593	4,036	5,153	5,635	4,850	5,364	4,738	4,826
33 Multifamily .....	5,208	6,697	7,428	7,311	6,947	6,851	6,606	6,343
34 Resolution Trust Corporation .....	32,600	45,822	32,045	21,973	19,925	17,284	14,241	13,908
35 One- to four-family .....	15,800	14,535	12,960	8,955	8,381	7,203	6,312	6,030
36 Multifamily .....	8,064	15,018	9,621	6,743	6,002	5,327	4,190	4,181
37 Commercial .....	8,736	16,269	9,464	6,275	5,543	4,754	3,739	3,697
38 Farm .....	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association .....	104,870	112,283	137,584	151,513	160,721	166,642	172,343	175,377
40 One- to four-family .....	94,323	100,387	124,016	137,340	146,009	151,310	156,576	159,437
41 Multifamily .....	10,547	11,896	13,568	14,173	14,712	15,332	15,767	15,940
42 Federal Land Banks .....	29,416	28,767	28,664	28,592	28,810	28,640	28,181	28,475
43 One- to four-family .....	1,838	1,693	1,687	1,682	1,695	1,675	1,658	1,675
44 Farm .....	27,577	27,074	26,977	26,909	27,115	26,785	26,523	26,800
45 Federal Home Loan Mortgage Corporation .....	21,857	26,809	33,665	42,477	46,859	55,476	58,498	62,232
46 One- to four-family .....	19,185	24,125	31,032	39,905	44,315	52,929	55,942	59,652
47 Multifamily .....	2,672	2,684	2,633	2,572	2,544	2,547	2,556	2,580
48 Mortgage pools or trusts <sup>5</sup> .....	1,079,103	1,250,666	1,425,546	1,473,323	1,514,002	1,546,818	1,602,595	1,639,946
49 Government National Mortgage Association .....	403,613	425,295	419,516	413,166	415,076	414,066	423,446	435,709
50 One- to four-family .....	391,505	415,767	410,675	404,425	405,963	404,864	414,194	426,363
51 Multifamily .....	12,108	9,528	8,841	8,741	9,113	9,202	9,251	9,346
52 Federal Home Loan Mortgage Corporation .....	316,359	359,163	407,514	422,882	430,089	439,029	457,577	465,330
53 One- to four-family .....	308,369	351,906	401,525	417,646	425,154	434,494	453,407	461,508
54 Multifamily .....	7,990	7,257	5,989	5,236	4,935	4,535	4,170	3,822
55 Federal National Mortgage Association .....	299,833	371,984	444,979	465,220	481,880	495,525	507,376	514,855
56 One- to four-family .....	291,194	362,667	435,979	456,645	473,599	486,804	498,489	505,730
57 Multifamily .....	8,639	9,317	9,000	8,575	8,281	8,721	8,887	9,125
58 Farmers Home Administration <sup>5</sup> .....	66	47	38	32	30	28	26	22
59 One- to four-family .....	17	11	8	6	6	5	5	4
60 Multifamily .....	0	0	0	0	0	0	0	0
61 Commercial .....	24	19	17	15	14	13	12	10
62 Farm .....	26	17	13	11	10	10	9	8
63 Private mortgage conduits .....	59,232	94,177	153,499	172,023	186,927	198,171	214,171	224,030
64 One- to four-family .....	53,335	84,000	132,000	145,000	158,000	164,000	177,000	179,500
65 Multifamily .....	731	3,698	6,305	7,407	7,991	8,701	9,241	12,241
66 Commercial .....	5,166	6,479	15,194	19,616	20,936	25,469	27,689	32,289
67 Farm .....	0	0	0	0	0	0	0	0
68 Individuals and others <sup>6</sup> .....	530,452	561,244	568,260	571,668	573,994	573,923	561,511	546,503
69 One- to four-family .....	349,491	368,874	378,739	382,849	384,681	383,948	372,503	357,381
70 Multifamily .....	85,969	83,796	85,871	86,164	86,391	86,516	86,586	87,027
71 Commercial .....	80,761	93,410	88,699	88,538	89,219	89,797	88,803	88,518
72 Farm .....	14,232	15,164	14,951	14,117	13,703	13,662	13,618	13,576

1. Multifamily debt refers to loans on structures of five or more units.

2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.

3. Includes savings banks and savings and loan associations.

4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.

5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.

6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

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 for some quarters, are estimated in part by the Federal Reserve. Line 64 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT<sup>1</sup>

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1991	1992 <sup>f</sup>	1993 <sup>f</sup>	1994 <sup>f</sup>					
				Apr.	May	June	July	Aug.	Sept.
Seasonally adjusted									
1 Total	728,389 <sup>f</sup>	731,098	794,300	823,342	836,936	847,715	854,469	869,628	880,194
2 Automobile	259,594 <sup>f</sup>	257,678	282,036	293,018	298,278	303,526	305,193	309,721	315,313
3 Revolving	245,281 <sup>f</sup>	257,304	287,875	301,260	305,528	309,472	313,591	321,365	323,658
4 Other	223,514 <sup>f</sup>	216,117	224,389	229,064	233,130	234,717	235,685	238,542	241,224
Not seasonally adjusted									
5 Total	744,039 <sup>f</sup>	747,690	812,782	818,956	830,065	842,126	847,727	868,049	880,837
<i>By major holder</i>									
6 Commercial banks	340,713	330,088	368,549	376,379	380,063	386,235	393,927	404,438	410,266
7 Finance companies	121,700 <sup>f</sup>	118,279	116,453	122,806	122,204	124,318	123,202	125,197	130,318
8 Credit unions	90,302	91,694	101,634	102,718	105,718	108,183	109,838	113,122	114,961
9 Savings institutions	41,373	37,049	37,855	37,472	37,803	38,134	38,055	37,975	37,943
10 Nonfinancial business	46,658	49,184	57,637	53,756	54,505	55,374	55,775	56,496	55,967
11 Pools of securitized assets <sup>2</sup>	103,293	121,396	130,654	125,825	129,772	129,882	126,930	130,821	131,382
<i>By major type of credit<sup>3</sup></i>									
12 Automobile	259,863 <sup>f</sup>	258,226	282,825	291,957	297,172	302,874	304,026	310,925	316,930
13 Commercial banks	112,666	109,623	123,358	130,104	132,979	136,038	138,907	142,452	144,353
14 Finance companies	62,232 <sup>f</sup>	57,259	56,057	60,660	59,398	59,788	58,107	58,589	60,522
15 Pools of securitized assets <sup>2</sup>	28,588	33,888	39,490	34,531	35,836	35,817	34,436	34,584	35,149
16 Revolving	258,841 <sup>f</sup>	271,368	303,444	297,740	301,609	305,758	309,716	319,003	322,035
17 Commercial banks	138,005	132,966	149,527	149,265	149,972	153,032	156,940	161,417	165,527
18 Nonfinancial business	41,658	43,974	52,113	48,279	49,005	49,845	50,218	50,873	50,314
19 Pools of securitized assets <sup>2</sup>	63,333	74,931	79,887	79,927	82,064	82,075	81,704	85,644	85,051
20 Other	225,335 <sup>f</sup>	218,096	226,513	229,259	231,284	233,494	233,985	238,121	241,872
21 Commercial banks	90,042	87,499	95,664	97,010	97,112	97,165	98,080	100,569	100,386
22 Finance companies	59,468 <sup>f</sup>	61,020	60,396	62,146	62,806	64,530	65,095	66,608	69,796
23 Nonfinancial business	5,000	5,210	5,524	5,477	5,500	5,529	5,557	5,623	5,653
24 Pools of securitized assets <sup>2</sup>	11,372	12,577	11,277	11,367	11,872	11,990	10,790	10,593	11,182

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<sup>1</sup>

Percent per year except as noted

Item	1991	1992	1993	1994						
				Mar.	Apr.	May	June	July	Aug.	Sept.
<b>INTEREST RATES</b>										
<i>Commercial banks<sup>2</sup></i>										
1 48-month new car	11.14	9.29	8.09	n.a.	n.a.	7.76	n.a.	n.a.	8.41	n.a.
2 24-month personal	15.18	14.04	13.47	n.a.	n.a.	12.96	n.a.	n.a.	13.33	n.a.
3 120-month mobile home	13.70	12.67	11.87	n.a.	n.a.	11.60	n.a.	n.a.	12.04	n.a.
4 Credit card	18.23	17.78	16.83	n.a.	n.a.	16.15	n.a.	n.a.	16.25	n.a.
<i>Auto finance companies</i>										
5 New car	12.41	9.93	9.48	9.13	9.71	9.92	9.96	10.17	10.32	10.13
6 Used car	15.60	13.80	12.79	12.68	13.25	13.51	13.78	13.86	13.92	13.98
<b>OTHER TERMS<sup>3</sup></b>										
<i>Maturity (months)</i>										
7 New car	55.1	54.0	54.5	54.0	53.8	53.5	53.3	53.9	54.2	54.3
8 Used car	47.2	47.9	48.8	50.1	50.0	50.6	50.0	50.2	50.1	50.2
<i>Loan-to-value ratio</i>										
9 New car	88	89	91	92	92	93	94	93	93	93
10 Used car	96	97	98	99	99	99	100	100	100	100
<i>Amount financed (dollars)</i>										
11 New car	12,494	13,584	14,332	14,821	15,067	15,194	15,180	15,319	15,283	15,419
12 Used car	8,884	9,119	9,875	10,427	10,477	10,606	10,656	10,735	10,755	10,906

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.

A40 Domestic Financial Statistics □ January 1995

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS<sup>1</sup>

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1989	1990	1991	1992	1993	1992		1993				1994		
						Q4	Q1	Q2	Q3	Q4	Q1	Q2		
<b>Nonfinancial sectors</b>														
<b>1 Total net borrowing by domestic nonfinancial sectors . . . . .</b>	<b>729.0</b>	<b>635.6</b>	<b>475.8</b>	<b>536.1</b>	<b>630.5</b>	<b>456.0</b>	<b>487.3</b>	<b>757.7</b>	<b>603.2</b>	<b>673.7</b>	<b>660.0</b>	<b>491.3</b>		
<i>By sector and instrument</i>														
2 U.S. government . . . . .	146.4	246.9	278.2	304.0	256.1	242.7	240.5	336.4	173.4	274.2	210.5	122.9		
3 Treasury securities . . . . .	144.7	238.7	292.0	303.8	248.3	240.0	237.4	332.3	157.2	266.5	211.8	118.2		
4 Budget agency issues and mortgages . . . . .	1.6	8.2	-13.8	.2	7.8	2.7	3.2	4.1	16.2	7.7	-1.3	4.7		
5 Private . . . . .	582.7	388.7	197.5	232.1	374.4	213.3	246.8	421.3	429.8	399.5	449.5	368.4		
<i>By instrument</i>														
6 Tax-exempt obligations . . . . .	69.8	48.7	68.7	31.1	77.3	-15.8	88.6	127.5	65.8	27.3	4.0	-32.2		
7 Corporate bonds . . . . .	73.8	47.1	78.8	67.5	75.3	54.0	85.7	75.7	72.6	67.4	48.0	52.0		
8 Mortgages . . . . .	281.2	199.5	161.4	123.9	157.1	86.6	97.6	157.1	220.5	153.2	160.9	129.1		
9 Home mortgages . . . . .	224.5	185.6	163.8	179.5	185.3	164.9	123.0	194.5	237.3	186.6	188.7	115.6		
10 Multifamily residential . . . . .	11.5	4.8	-3.1	-11.2	-6.3	-26.5	-6.1	-11.4	-4.9	-2.6	-5.5	9.7		
11 Commercial . . . . .	47.8	9.3	.4	-45.5	-22.4	-51.4	-19.5	-26.8	-12.4	-30.9	-22.9	-1.1		
12 Farm . . . . .	-2.5	-3	.4	1.1	.4	-.5	.2	.8	.5	.1	.5	4.9		
13 Consumer credit . . . . .	45.8	16.0	-15.0	5.5	64.4	29.6	22.1	48.3	76.1	111.0	74.4	118.7		
14 Bank loans n.e.c. . . . .	27.3	.4	-40.9	-13.8	5.5	19.1	-15.8	-.3	11.5	26.7	77.9	69.1		
15 Commercial paper . . . . .	21.4	9.7	-18.4	8.6	10.0	22.3	-14.1	33.2	17.2	3.8	8.0	16.4		
16 Other loans . . . . .	63.3	67.4	-37.1	9.2	-15.2	17.5	-17.2	-20.2	-33.8	10.2	76.3	15.3		
<i>By borrowing sector</i>														
17 Household . . . . .	281.6	218.9	170.9	217.7	293.8	249.6	176.3	275.3	375.3	348.4	315.7	269.7		
18 Nonfinancial business . . . . .	233.1	123.7	-35.9	-2.0	21.1	1.9	-9.9	38.9	10.4	44.9	145.1	152.5		
19 Farm . . . . .	.6	2.3	2.1	1.0	2.0	-2.4	-2.3	2.5	4.2	3.5	2.9	10.7		
20 Nonfarm noncorporate . . . . .	40.3	10.1	-28.5	-43.9	-26.1	-53.9	-27.4	-31.7	-28.7	-16.7	15.1	23.7		
21 Corporate . . . . .	192.1	111.3	-9.6	40.9	45.2	58.2	19.7	68.1	34.9	58.0	127.1	118.1		
22 State and local government . . . . .	68.0	46.0	62.6	16.4	59.5	-38.2	80.4	107.1	44.1	6.3	-11.3	-53.8		
23 Foreign net borrowing in United States . . . . .	10.2	23.9	13.9	21.3	46.9	3.6	38.9	42.8	83.1	22.9	-64.0	-4.6		
24 Bonds . . . . .	4.9	21.4	14.1	14.4	59.4	26.0	66.5	45.3	84.5	41.4	29.0	11.1		
25 Bank loans n.e.c. . . . .	-1	-2.9	3.1	2.3	.7	-10.3	1.5	6.6	1.0	-6.3	6.0	-1.2		
26 Commercial paper . . . . .	13.1	12.3	6.4	5.2	-9.0	-12.1	-21.7	-.6	-1.6	-12.0	-101.8	-5.2		
27 U.S. government and other loans . . . . .	-7.6	-7.0	-9.8	-6	-4.2	.0	-7.5	-8.4	-.8	-.1	2.9	-9.3		
<b>28 Total domestic plus foreign . . . . .</b>	<b>739.2</b>	<b>659.4</b>	<b>489.6</b>	<b>557.4</b>	<b>677.4</b>	<b>459.6</b>	<b>526.2</b>	<b>800.5</b>	<b>686.3</b>	<b>696.7</b>	<b>596.0</b>	<b>486.7</b>		
<b>Financial sectors</b>														
<b>29 Total net borrowing by financial sectors . . . . .</b>	<b>225.1</b>	<b>202.9</b>	<b>152.6</b>	<b>237.1</b>	<b>276.0</b>	<b>198.8</b>	<b>175.6</b>	<b>168.4</b>	<b>417.7</b>	<b>342.4</b>	<b>479.4</b>	<b>329.8</b>		
<i>By instrument</i>														
30 U.S. government-related . . . . .	149.5	167.4	145.7	155.8	157.2	132.6	169.4	56.6	275.3	127.3	327.3	235.3		
31 Government-sponsored enterprises securities . . . . .	25.2	17.1	9.2	40.3	80.6	33.6	32.2	68.8	167.8	53.4	160.0	146.6		
32 Mortgage pool securities . . . . .	124.3	150.3	136.6	115.6	76.6	99.2	137.2	-12.2	107.5	73.9	186.5	88.6		
33 Loans from U.S. government . . . . .	.0	-1	.0	.0	.0	-1	.0	.0	.0	.0	-19.2	.0		
34 Private . . . . .	75.7	35.5	6.8	81.3	118.9	66.1	6.2	111.8	142.4	215.1	152.1	94.5		
35 Corporate bonds . . . . .	41.5	46.3	67.6	78.5	112.2	97.0	94.1	84.9	134.7	134.9	142.0	96.9		
36 Mortgages . . . . .	.3	.6	.5	.6	3.6	.9	1.4	1.4	6.2	5.5	.2	2.2		
37 Bank loans n.e.c. . . . .	13.5	4.7	8.8	2.2	-14.0	-24.1	-34.6	13.2	-16.5	-18.0	-18.3	-32.6		
38 Open market paper . . . . .	31.3	8.6	-32.0	-.7	-6.2	-6.5	-75.1	-16.2	-9.4	76.0	39.0	-4.3		
39 Loans from Federal Home Loan Banks . . . . .	-11.0	-24.7	-38.0	.8	23.3	-1.1	20.4	28.4	27.4	16.8	-10.8	32.3		
<i>By borrowing sector</i>														
40 Government-sponsored enterprises . . . . .	25.2	17.0	9.1	40.2	80.6	33.5	32.2	68.8	167.8	53.4	140.8	146.6		
41 Federally related mortgage pools . . . . .	124.3	150.3	136.6	115.6	76.6	99.2	137.2	-12.2	107.5	73.9	186.5	88.6		
42 Private . . . . .	75.7	35.5	6.8	81.3	118.9	66.1	6.2	111.8	142.4	215.1	152.1	94.5		
43 Commercial banks . . . . .	-1.4	-.7	-11.7	8.8	5.6	14.5	3.5	11.3	6.5	1.2	4.4	-6.1		
44 Bank holding companies . . . . .	6.2	-27.7	-2.5	2.3	8.8	.8	21.1	1.3	.5	12.2	3.5	8.2		
45 Funding corporations . . . . .	12.5	15.4	-6.5	13.2	2.9	3.6	-31.4	-1.6	7.9	36.7	47.4	-21.1		
46 Savings institutions . . . . .	-15.1	-30.2	-44.5	-6.7	11.1	-5.4	9.7	12.6	13.5	8.8	-5.6	30.6		
47 Credit unions . . . . .	.0	.0	.0	.0	.2	.1	.0	.3	.3	.1	.1	-.1		
48 Life insurance companies . . . . .	.0	.0	.0	.0	.2	-.2	.1	.6	-.1	.4	.0	.2		
49 Finance companies . . . . .	27.4	24.0	18.6	-3.6	-5.0	1.0	-24.4	-20.7	9.0	16.3	62.0	66.4		
50 Mortgage companies . . . . .	10.1	.0	-2.4	8.0	-1.0	-6.4	-25.2	32.4	-.8	-10.4	-27.6	-29.2		
51 Real estate investment trusts (REITs) . . . . .	1.4	.8	1.2	.3	3.5	-5.6	.4	1.3	6.0	6.2	1.2	3.8		
52 Issuers of asset-backed securities (ABSs) . . . . .	28.3	52.3	51.0	56.3	80.5	67.7	61.9	60.5	85.2	114.2	76.6	41.4		

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS<sup>1</sup>—Continued

Transaction category or sector	1989	1990	1991	1992	1993	1992	1993				1994	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
						All sectors						
<b>53 Total net borrowing, all sectors</b>	<b>964.4</b>	<b>862.3</b>	<b>642.2</b>	<b>794.5</b>	<b>953.4</b>	<b>658.4</b>	<b>701.8</b>	<b>968.8</b>	<b>1,104.0</b>	<b>1,039.1</b>	<b>1,075.5</b>	<b>816.5</b>
54 U.S. government securities	295.8	414.4	424.0	459.8	413.3	375.5	409.9	393.0	448.7	401.5	557.0	358.2
55 Tax-exempt securities	69.8	48.7	68.7	31.1	77.3	-15.8	88.6	127.5	65.8	27.3	4.0	-32.2
56 Corporate and foreign bonds	120.2	114.7	160.5	160.4	246.9	177.0	246.3	205.9	291.8	243.7	219.0	160.0
57 Mortgages	281.6	200.1	161.9	124.5	160.7	87.4	98.9	158.4	226.6	158.7	161.1	131.3
58 Consumer credit	45.8	16.0	-15.0	5.5	64.4	29.6	22.1	48.3	76.1	111.0	74.4	118.7
59 Bank loans n.e.c.	40.7	2.2	-29.1	-9.4	-7.8	-15.3	-48.9	19.5	-4.0	2.4	65.6	35.3
60 Open market paper	65.9	30.7	-44.0	13.1	-5.1	3.7	-110.9	16.4	6.3	67.7	-54.8	6.9
61 Other loans	44.7	35.6	-84.9	9.5	3.8	16.3	-4.3	-2	-7.2	26.9	49.2	38.3
Funds raised through mutual funds and corporate equities												
<b>62 Total net share issues</b>	<b>-60.8</b>	<b>19.7</b>	<b>215.4</b>	<b>296.0</b>	<b>436.5</b>	<b>294.8</b>	<b>344.3</b>	<b>473.5</b>	<b>494.4</b>	<b>434.0</b>	<b>219.0</b>	<b>219.5</b>
63 Mutual funds	37.2	65.3	151.5	211.9	316.8	205.4	268.9	358.0	348.9	291.5	114.0	152.7
64 Corporate equities	-98.0	-45.6	64.0	84.1	119.7	89.4	75.4	115.5	145.5	142.4	105.0	66.8
65 Nonfinancial corporations	-124.2	-63.0	18.3	27.0	20.9	14.0	8.6	24.8	28.7	21.5	-2.8	10.4
66 Financial corporations	9.0	10.0	15.1	26.4	38.2	27.7	35.2	38.6	38.2	40.9	38.3	17.5
67 Foreign shares purchased in United States	17.2	7.4	30.7	30.7	60.6	47.8	31.6	52.1	78.6	80.0	69.4	38.9

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<sup>1</sup>

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1989	1990	1991	1992	1993	1992		1993				1994		
						Q4	Q1	Q2	Q3	Q4	Q1	Q2		
<b>NET LENDING IN CREDIT MARKETS<sup>2</sup></b>														
<b>1 Total net lending in credit markets</b>	<b>964.4</b>	<b>862.3</b>	<b>642.2</b>	<b>794.5</b>	<b>953.4</b>	<b>658.4</b>	<b>701.8</b>	<b>968.8</b>	<b>1,104.0</b>	<b>1,039.1</b>	<b>1,075.5</b>	<b>816.5</b>		
2 Private domestic nonfinancial sectors	137.0	190.1	-7.5	72.0	-2.3	104.3	-40.2	-3.3	-43.9	78.1	465.9	235.0		
3 Households	94.7	157.2	-39.6	70.7	-30.9	112.0	-91.0	-70.5	-76.7	114.4	447.1	270.2		
4 Nonfarm noncorporate business	-8	-1.7	-3.7	-1.1	-3.2	-1.3	-3.0	-3.2	-3.3	-3.5	-3.6	-3.8		
5 Nonfinancial corporate business	13.7	-3.7	6.7	29.2	17.5	31.8	-2.8	16.6	40.8	15.2	33.7	39.1		
6 State and local governments	29.3	38.3	29.2	-26.8	14.4	-38.3	56.5	53.7	-4.7	-48.0	-11.2	-70.5		
7 U.S. government	-3.1	33.7	10.5	-11.9	-18.4	-16.0	-23.2	-27.1	-15.4	-7.9	-40.8	-8.2		
8 Foreign	86.6	85.5	26.6	100.5	125.8	98.3	65.6	93.2	123.7	220.5	123.9	54.2		
9 Financial sectors	743.8	553.0	612.5	633.9	848.4	471.9	699.6	905.9	1,039.7	748.3	526.5	535.6		
10 Government sponsored enterprises	-4.1	13.9	15.2	69.0	90.2	80.7	16.7	128.0	140.8	75.2	92.4	104.3		
11 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	99.2	137.2	-12.2	107.5	73.9	186.5	88.6		
12 Monetary authority	-7.3	8.1	31.1	27.9	36.2	48.2	42.5	35.7	28.2	38.5	48.8	17.9		
13 Commercial banking	177.2	125.1	80.8	95.3	142.2	63.8	100.5	133.4	146.7	188.1	187.3	117.8		
14 U.S. commercial banks	146.1	94.9	35.7	69.5	149.6	53.4	103.4	137.4	160.3	197.3	120.8	136.4		
15 Foreign banking offices	26.7	28.4	48.5	16.5	-9.8	6.5	-1.4	-14.3	-16.9	-6.5	61.4	-20.7		
16 Bank holding companies	2.8	-2.8	-1.5	5.6	0	2	-4.5	7.9	1.2	-4.8	3.0	2		
17 Banks in U.S. affiliated areas	1.6	4.5	-1.9	3.7	2.4	3.6	3.0	2.4	2.2	2.1	2.1	1.9		
18 Funding corporations	8.0	16.1	15.8	23.5	18.1	11.4	-3.8	1.1	32.4	42.6	19.5	23.5		
19 Thrift institutions	-90.0	-154.0	-123.5	-61.3	-1.7	-22.6	-30.7	16.0	21.1	-13.3	16.1	37.2		
20 Life insurance companies	101.8	94.4	83.2	79.1	105.1	100.8	124.6	97.8	111.8	86.3	50.5	77.6		
21 Other insurance companies	29.7	26.5	32.6	12.8	33.3	11.9	27.3	36.0	37.6	32.1	27.9	32.8		
22 Private pension funds	81.1	17.2	85.7	37.3	40.2	8.4	118.0	11.1	91.9	-60.1	-97.7	-42.0		
23 State and local government retirement funds	46.1	34.9	46.0	34.4	28.1	16.7	-9.3	51.5	24.4	45.9	45.5	49.4		
24 Finance companies	32.0	29.0	-12.7	1.7	-5.3	22.3	-26.9	-18.3	2.0	22.0	72.9	24.3		
25 Mortgage companies	20.1	0	11.2	1	0	-12.8	-50.4	65.1	-1.6	-13.3	-55.4	-66.2		
26 Mutual funds	23.8	41.4	90.3	123.7	164.0	96.1	148.6	194.4	174.6	138.4	-72.6	11.3		
27 Closed-end funds	6.6	-2	14.7	17.4	10.2	17.3	16.7	10.5	5.9	7.7	8.7	3.6		
28 Money market funds	63.1	80.9	30.1	1.3	12.9	-29.4	-57.3	33.3	25.3	50.3	-37.4	33.7		
29 Real estate investment trusts (REITs)	5	-7	-7	1.1	6	2.6	2	8	1.0	2	7	9.2		
30 Brokers and dealers	80.2	2.8	17.5	-6.9	9.2	-113.1	75.2	52.5	-7.8	-82.8	-55.7	-34.4		
31 Asset-backed securities issuers (ABSs)	27.1	51.1	48.9	53.8	79.1	62.1	61.4	59.4	88.0	107.7	75.8	43.6		
32 Bank personal trusts	19.7	15.9	10.0	8.0	9.5	8.3	9.1	10.0	9.9	8.9	12.9	11.7		
<b>RELATION OF LIABILITIES TO FINANCIAL ASSETS</b>														
<b>33 Net flows through credit markets</b>	<b>964.4</b>	<b>862.3</b>	<b>642.2</b>	<b>794.5</b>	<b>953.4</b>	<b>658.4</b>	<b>701.8</b>	<b>968.8</b>	<b>1,104.0</b>	<b>1,039.1</b>	<b>1,075.5</b>	<b>816.5</b>		
<i>Other financial sources</i>														
34 Official foreign exchange	24.8	2.0	-5.9	-1.6	.8	5.1	3.4	-4.0	1.7	2.2	-2	-11.2		
35 Special drawing rights certificates	3.5	1.5	0	-2.0	0	-8.0	0	0	0	0	0	0		
36 Treasury currency	6	1.0	0	2	4	3	3	4	7	7	7	6		
37 Life insurance reserves	28.8	25.7	25.7	27.3	35.2	26.3	43.6	35.3	36.6	25.5	20.0	20.1		
38 Pension fund reserves	321.2	165.1	360.3	249.7	295.8	267.9	353.4	316.8	356.0	156.9	-27.7	61.0		
39 Interbank claims	-16.2	35.4	-3.9	61.7	42.8	-14.4	70.2	126.5	-4.5	-20.9	155.5	197.0		
40 Checkable deposits and currency	6.4	43.3	86.4	113.8	117.3	51.8	99.7	214.4	73.1	81.9	173.1	-60.4		
41 Small time and savings deposits	98.7	63.7	1.5	-57.2	-70.3	-29.9	-108.5	-67.8	-68.1	-36.6	5.2	-66.5		
42 Large time deposits	16.9	-66.1	-58.5	-73.2	-23.5	-91.1	-21.6	-26.8	-59.5	13.7	-39.6	-4.8		
43 Money market fund shares	90.1	70.3	41.2	3.9	15.8	-33.4	-46.8	61.8	6	47.7	-10.9	67.8		
44 Security repurchase agreements	77.8	-24.2	-16.5	35.5	65.5	-68.7	170.7	37.9	67.8	-14.4	15.3	183.7		
45 Foreign deposits	35.7	38.2	-16.7	-7.2	-22.1	-23.2	-11.9	-17.1	-50.7	-8.6	24.9	13.9		
46 Mutual fund shares	37.2	65.3	151.5	211.9	316.8	205.4	268.9	358.0	348.9	291.5	114.0	152.7		
47 Corporate equities	-98.0	-45.6	64.0	84.1	119.7	89.4	75.4	115.5	145.5	142.4	105.0	66.8		
48 Security credit	15.6	3.5	51.4	4.2	61.9	-4	44.8	40.0	76.6	86.5	30.0	-34.1		
49 Trade debt	68.2	37.0	3.6	41.5	49.0	46.1	43.2	51.1	49.8	51.9	24.7	23.0		
50 Taxes payable	2.4	-4.8	-6.2	8.5	4.6	9.7	7.9	7.3	-1.8	4.9	13.5	3.9		
51 Noncorporate proprietors' equity	-25.8	-28.3	-3.3	18.4	-11.4	32.8	-9.0	-17.8	7.1	-25.9	-66.4	-75.1		
52 Investment in bank personal trusts	19.6	29.7	16.1	-7.1	1.6	-6.0	-4.2	-7.2	1	17.6	19.0	-8.9		
53 Miscellaneous	313.8	135.7	197.2	257.6	309.2	194.5	194.3	431.1	226.1	385.2	287.1	117.1		
<b>54 Total financial sources</b>	<b>1,985.7</b>	<b>1,410.6</b>	<b>1,530.2</b>	<b>1,764.5</b>	<b>2,262.7</b>	<b>1,312.8</b>	<b>1,875.5</b>	<b>2,624.2</b>	<b>2,309.9</b>	<b>2,241.3</b>	<b>1,918.6</b>	<b>1,463.1</b>		
<i>Floats not included in assets (-)</i>														
55 U.S. government checkable deposits	8.4	3.3	-13.1	.7	-1.5	-11.8	4.7	2.9	2.1	-15.5	-2.4	.3		
56 Other checkable deposits	-2.2	8.5	4.5	1.6	-1.3	2.2	-2.0	8.3	-5.2	-6.2	.6	-1.1		
57 Trade credit	7.0	9.1	9.7	4.1	16.0	5.0	5.2	25.1	21.9	11.7	23.1	16.3		
<i>Liabilities not identified as assets (-)</i>														
58 Treasury currency	-2	.2	-6	-2	-2	-1	-2	-2	-2	-2	-2	-2		
59 Interbank claims	-4.4	1.6	26.2	-4.9	4.2	-5.5	2.7	.5	-10.4	24.0	-27.9	4.9		
60 Security repurchase agreements	32.4	-24.0	6.2	27.9	84.6	8.9	179.6	60.8	66.6	31.3	8.3	130.0		
61 Taxes payable	2.7	.1	1.3	14.0	1.0	9.5	-6.9	18.2	1.2	-8.6	-1.0	19.9		
62 Miscellaneous	-55.6	-35.4	-45.3	-46.0	-36.1	8.4	-83.4	-65.8	-23.9	28.6	-108.8	-155.8		
<b>63 Total identified to sectors as assets</b>	<b>1,997.6</b>	<b>1,447.2</b>	<b>1,541.2</b>	<b>1,767.2</b>	<b>2,196.1</b>	<b>1,296.1</b>	<b>1,775.9</b>	<b>2,574.4</b>	<b>2,257.9</b>	<b>2,176.2</b>	<b>2,026.9</b>	<b>1,448.8</b>		

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. [001a]

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING<sup>1</sup>

Billions of dollars, end of period

Transaction category or sector	1990	1991	1992	1993	1992	1993				1994	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Nonfinancial sectors</b>											
<b>1 Total credit market debt owed by domestic nonfinancial sectors</b>	<b>10,712.6</b>	<b>11,181.5</b>	<b>11,720.7</b>	<b>12,351.9</b>	<b>11,720.7</b>	<b>11,804.0</b>	<b>12,001.1</b>	<b>12,145.0</b>	<b>12,351.9</b>	<b>12,476.5</b>	<b>12,607.7</b>
<i>By lending sector and instrument</i>											
2 U.S. government	2,498.1	2,776.4	3,080.3	3,336.5	3,080.3	3,140.2	3,201.2	3,247.3	3,336.5	3,387.7	3,395.4
3 Treasury securities	2,465.8	2,757.8	3,061.6	3,309.9	3,061.6	3,120.6	3,180.6	3,222.6	3,309.9	3,361.4	3,368.0
4 Budget agency issues and mortgages	32.4	18.6	18.8	26.6	18.8	19.6	20.6	24.7	26.6	26.3	27.4
5 Private	8,214.5	8,405.1	8,640.4	9,015.4	8,640.4	8,663.9	8,799.9	8,897.8	9,015.4	9,088.8	9,212.3
<i>By instrument</i>											
6 Tax-exempt obligations	1,039.9	1,108.6	1,139.7	1,217.0	1,139.7	1,160.7	1,201.5	1,209.2	1,217.0	1,216.8	1,218.4
7 Corporate bonds	1,008.2	1,086.9	1,154.4	1,229.8	1,154.4	1,175.9	1,194.8	1,212.9	1,229.8	1,241.8	1,254.8
8 Mortgages	3,758.5	3,920.0	4,043.9	4,201.0	4,043.9	4,053.9	4,103.6	4,159.9	4,201.0	4,227.3	4,270.0
9 Home mortgages	2,616.3	2,780.0	2,959.6	3,144.9	2,959.6	2,976.0	3,035.0	3,095.5	3,144.9	3,178.2	3,217.5
10 Multifamily residential	307.9	304.8	293.6	287.4	293.6	292.1	289.3	288.0	287.4	286.0	288.4
11 Commercial	755.4	755.8	710.3	687.8	710.3	705.4	698.7	695.6	687.8	682.1	681.8
12 Farm	78.9	79.3	80.4	80.8	80.4	80.5	80.7	80.8	80.8	81.0	82.2
13 Consumer credit	812.4	797.4	803.0	867.3	803.0	787.4	801.1	825.1	867.3	864.9	895.8
14 Bank loans n.e.c.	726.9	686.0	672.1	677.6	672.1	660.9	666.2	666.5	677.6	690.2	713.0
15 Commercial paper	116.9	98.5	107.1	117.8	107.1	113.9	124.0	123.2	117.8	129.9	135.7
16 Other loans	751.8	707.8	720.2	704.9	720.2	711.2	708.6	700.9	704.9	718.1	724.6
<i>By borrowing sector</i>											
17 Household	3,614.3	3,784.7	4,002.3	4,296.2	4,002.3	4,009.6	4,092.8	4,192.5	4,296.2	4,338.7	4,420.5
18 Nonfinancial business	3,751.7	3,709.3	3,710.5	3,732.3	3,710.5	3,707.8	3,724.9	3,720.8	3,732.3	3,767.1	3,812.5
19 Farm	135.4	135.0	136.0	138.0	136.0	133.1	136.3	138.4	138.0	136.3	141.7
20 Nonfarm noncorporate	1,147.0	1,116.4	1,074.1	1,048.0	1,074.1	1,066.6	1,059.2	1,051.3	1,048.0	1,051.0	1,057.5
21 Corporate	2,469.2	2,458.0	2,500.4	2,546.3	2,500.4	2,508.1	2,529.3	2,531.1	2,546.3	2,579.8	2,613.4
22 State and local government	848.6	911.1	927.5	987.0	927.5	946.5	982.2	984.5	987.0	983.0	979.2
<b>23 Foreign credit market debt held in United States</b>	<b>285.0</b>	<b>298.8</b>	<b>310.9</b>	<b>357.8</b>	<b>310.9</b>	<b>319.8</b>	<b>332.0</b>	<b>351.3</b>	<b>357.8</b>	<b>340.9</b>	<b>341.2</b>
24 Bonds	115.4	129.5	143.9	203.4	143.9	160.6	171.9	193.0	203.4	210.6	213.4
25 Bank loans n.e.c.	18.5	21.6	23.9	24.6	23.9	24.3	25.9	26.2	24.6	26.2	25.9
26 Commercial paper	75.3	81.8	77.7	68.7	77.7	72.3	72.1	71.7	68.7	43.3	42.0
27 U.S. government and other loans	75.7	65.9	65.3	61.1	65.3	62.7	62.0	60.3	61.1	60.8	59.9
<b>28 Total credit market debt owed by nonfinancial sectors, domestic and foreign</b>	<b>10,997.6</b>	<b>11,480.3</b>	<b>12,031.6</b>	<b>12,709.7</b>	<b>12,031.6</b>	<b>12,123.9</b>	<b>12,333.1</b>	<b>12,496.3</b>	<b>12,709.7</b>	<b>12,817.4</b>	<b>12,948.9</b>
<b>Financial sectors</b>											
<b>29 Total credit market debt owed by financial sectors</b>	<b>2,599.5</b>	<b>2,752.1</b>	<b>3,004.7</b>	<b>3,286.1</b>	<b>3,004.7</b>	<b>3,044.8</b>	<b>3,092.6</b>	<b>3,195.4</b>	<b>3,286.1</b>	<b>3,401.8</b>	<b>3,490.7</b>
<i>By instrument</i>											
30 U.S. government-related	1,418.4	1,564.2	1,720.0	1,877.1	1,720.0	1,755.8	1,774.5	1,842.2	1,877.1	1,952.1	2,016.2
31 Government-sponsored enterprises securities	393.7	402.9	443.1	523.7	443.1	451.2	468.4	510.3	523.7	563.7	600.3
32 Mortgage pool securities	1,019.9	1,156.5	1,272.0	1,348.6	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4	1,415.9
33 Loans from U.S. government	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	0	0
34 Private	1,181.1	1,187.9	1,284.8	1,409.0	1,284.8	1,289.0	1,318.2	1,353.2	1,409.0	1,449.7	1,474.5
35 Corporate bonds	572.4	640.0	724.8	836.9	724.8	748.8	770.8	804.3	836.9	870.5	895.5
36 Mortgages	4.3	4.8	5.4	8.9	5.4	5.7	6.0	7.6	8.9	9.0	9.5
37 Bank loans n.e.c.	69.6	78.4	80.5	66.5	80.5	70.3	73.4	69.2	66.5	60.3	52.0
38 Open market paper	417.7	385.7	394.3	393.5	394.3	379.3	375.9	373.2	393.5	409.4	408.9
39 Loans from Federal Home Loan Banks	117.1	79.1	79.9	103.1	79.9	85.0	92.1	98.9	103.1	100.4	108.5
<i>By borrowing sector</i>											
40 Government-sponsored enterprises	398.5	407.7	447.9	528.5	447.9	456.0	473.2	515.1	528.5	563.7	600.3
41 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4	1,415.9
42 Private financial sectors	1,181.1	1,187.9	1,284.8	1,409.0	1,284.8	1,289.0	1,318.2	1,353.2	1,409.0	1,449.7	1,474.5
43 Commercial banks	76.7	65.0	73.8	79.5	73.8	73.1	76.6	77.9	73.8	79.0	78.0
44 Bank holding companies	114.8	112.3	114.6	123.4	114.6	119.9	120.2	123.4	123.4	124.2	126.3
45 Funding corporations	145.7	139.1	161.6	169.9	161.6	162.2	166.5	166.3	169.9	190.4	190.1
46 Savings institutions	139.1	94.6	87.8	99.0	87.8	90.3	93.4	96.8	99.0	97.6	105.2
47 Credit unions	0	0	0	2	0	0	1	2	2	3	2
48 Life insurance companies	0	0	0	2	0	0	0	1	2	3	3
49 Finance companies	374.4	393.0	389.4	384.4	389.4	379.1	369.8	373.9	384.4	395.4	407.6
50 Mortgage companies	24.6	22.2	30.2	29.2	30.2	23.9	32.0	31.8	29.2	22.3	15.0
51 Real estate investment trusts (REITs)	12.4	13.6	13.9	17.4	13.9	14.0	14.4	15.8	17.4	17.7	18.7
52 Issuers of asset-backed securities (ABSs)	278.1	329.1	391.7	472.2	391.7	407.2	422.3	443.6	472.2	491.3	501.7
<b>All sectors</b>											
<b>53 Total credit market debt, domestic and foreign</b>	<b>13,597.1</b>	<b>14,232.3</b>	<b>15,036.3</b>	<b>15,995.8</b>	<b>15,036.3</b>	<b>15,168.7</b>	<b>15,425.7</b>	<b>15,691.7</b>	<b>15,995.8</b>	<b>16,219.2</b>	<b>16,439.6</b>
54 U.S. government securities	3,911.7	4,335.7	4,795.5	5,208.8	4,795.5	4,891.2	4,970.9	5,084.7	5,208.8	5,339.8	5,411.7
55 Tax-exempt securities	1,039.9	1,108.6	1,139.7	1,217.0	1,139.7	1,160.7	1,209.2	1,217.0	1,217.0	1,216.8	1,218.4
56 Corporate and foreign bonds	1,696.0	1,856.5	2,023.1	2,270.1	2,023.1	2,085.2	2,137.4	2,210.2	2,270.1	2,322.9	2,363.7
57 Mortgages	3,762.9	3,924.8	4,049.3	4,209.9	4,049.3	4,059.7	4,109.6	4,167.5	4,209.9	4,236.3	4,279.5
58 Consumer credit	812.4	797.4	803.0	867.3	803.0	787.4	801.1	825.1	867.3	864.9	895.8
59 Bank loans n.e.c.	815.0	785.9	776.6	768.8	776.6	755.4	765.6	761.9	768.8	776.8	790.9
60 Open market paper	609.9	565.9	579.0	580.0	579.0	565.5	572.0	568.2	580.0	582.6	586.5
61 Other loans	949.4	857.5	870.2	873.9	870.2	863.7	867.5	864.9	873.9	879.4	893.1

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES<sup>1</sup>

Billions of dollars except as noted, end of period

Transaction category or sector	1990	1991	1992	1993	1992		1993				1994	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>CREDIT MARKET DEBT OUTSTANDING<sup>2</sup></b>												
<b>1 Total credit market assets</b>	<b>13,597.1</b>	<b>14,232.3</b>	<b>15,036.3</b>	<b>15,995.8</b>	<b>15,036.3</b>	<b>15,168.7</b>	<b>15,425.7</b>	<b>15,691.7</b>	<b>15,995.8</b>	<b>16,219.2</b>	<b>16,439.6</b>	
2 Private domestic nonfinancial sectors	2,260.8	2,240.2	2,318.0	2,325.8	2,318.0	2,291.7	2,286.9	2,274.4	2,325.8	2,416.3	2,471.0	
3 Households	1,499.3	1,446.5	1,523.1	1,502.3	1,523.1	1,493.5	1,466.5	1,451.1	1,502.3	1,598.0	1,655.8	
4 Nonfarm noncorporate business	47.8	44.1	42.9	39.7	42.9	42.2	41.4	40.6	39.7	38.8	37.9	
5 Nonfinancial corporate business	189.6	196.2	225.4	242.9	225.4	216.0	223.1	230.3	242.9	241.9	254.7	
6 State and local governments	524.1	553.3	526.5	540.9	526.5	540.0	555.9	552.4	540.9	537.5	522.6	
7 U.S. government	239.0	246.9	235.0	216.6	235.0	229.4	223.1	218.8	216.6	206.3	204.7	
8 Foreign	918.3	958.1	1,052.7	1,174.4	1,052.7	1,061.2	1,083.4	1,117.5	1,174.4	1,205.2	1,218.1	
9 Financial sectors	10,179.0	10,787.2	11,430.6	12,279.0	11,430.6	11,586.3	11,832.3	12,080.9	12,279.0	12,391.4	12,545.8	
10 Government-sponsored enterprises	375.6	390.7	459.7	549.8	459.7	463.0	495.5	530.8	549.8	572.0	598.8	
11 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4	1,415.9	
12 Monetary authority	241.4	272.5	300.4	336.7	300.4	303.6	318.2	324.2	336.7	341.5	351.6	
13 Commercial banking	2,772.5	2,853.3	2,948.6	3,090.8	2,948.6	2,956.6	2,998.8	3,036.4	3,090.8	3,120.8	3,159.1	
14 U.S. commercial banks	2,466.7	2,502.5	2,571.9	2,721.5	2,571.9	2,589.4	2,628.5	2,670.2	2,721.5	2,743.9	2,782.3	
15 Foreign banking offices	270.8	319.2	335.8	326.0	335.8	326.7	327.1	322.3	326.0	332.4	331.6	
16 Bank holding companies	13.4	11.9	17.5	17.5	17.5	16.4	18.4	18.7	17.5	18.2	18.3	
17 Banks in U.S. affiliated areas	21.6	19.7	23.4	25.8	23.4	24.2	24.8	25.3	25.8	26.4	26.8	
18 Funding corporations	35.7	51.5	75.0	93.1	75.0	74.0	74.3	82.4	93.1	97.9	103.8	
19 Thrift institutions	1,320.5	1,192.6	1,134.5	1,132.7	1,134.5	1,124.8	1,130.0	1,136.5	1,132.7	1,134.8	1,145.4	
20 Life insurance companies	1,116.5	1,199.6	1,278.8	1,383.9	1,278.8	1,316.2	1,343.9	1,372.1	1,383.9	1,403.4	1,426.1	
21 Other insurance companies	344.0	376.6	389.4	422.7	389.4	396.3	405.3	414.6	422.7	429.6	437.8	
22 Private pension funds	607.4	693.0	730.4	770.6	730.4	759.8	762.6	785.6	770.6	746.2	735.6	
23 State and local government retirement funds	433.9	479.9	514.3	542.4	514.3	511.9	524.8	530.9	542.4	553.7	566.1	
24 Finance companies	497.6	484.9	486.6	481.3	486.6	473.7	473.5	472.0	481.3	492.8	503.1	
25 Mortgage companies	49.2	60.3	60.5	60.4	60.5	47.9	64.1	63.8	60.4	46.6	30.0	
26 Mutual funds	360.2	450.5	574.2	738.2	574.2	611.4	659.9	703.6	738.2	720.0	722.9	
27 Closed-end funds	35.6	50.3	67.7	77.9	67.7	71.9	74.5	76.0	77.9	80.1	81.0	
28 Money market funds	372.7	402.7	404.1	417.0	404.1	404.5	403.9	400.6	417.0	422.2	422.0	
29 Real estate investment trusts (REITs)	7.7	7.0	8.1	8.6	8.1	8.1	8.3	8.6	8.6	8.8	9.0	
30 Brokers and dealers	106.5	124.0	117.1	126.3	117.1	135.9	149.0	147.1	126.3	112.4	103.8	
31 Asset-backed securities issuers (ABSs)	268.9	317.8	377.9	457.0	377.9	393.2	408.1	430.1	457.0	476.0	486.9	
32 Bank personal trusts	213.4	223.5	231.5	240.9	231.5	233.7	236.2	238.7	240.9	244.2	247.1	
<b>RELATION OF LIABILITIES TO FINANCIAL ASSETS</b>												
<b>33 Total credit market debt</b>	<b>13,597.1</b>	<b>14,232.3</b>	<b>15,036.3</b>	<b>15,995.8</b>	<b>15,036.3</b>	<b>15,168.7</b>	<b>15,425.7</b>	<b>15,691.7</b>	<b>15,995.8</b>	<b>16,219.2</b>	<b>16,439.6</b>	
<i>Other liabilities</i>												
34 Official foreign exchange	61.3	55.4	51.8	53.4	51.8	54.5	53.9	55.6	53.4	56.4	54.9	
35 Special drawing rights certificates	10.0	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	
36 Treasury currency	16.3	16.3	16.5	17.0	16.5	16.6	16.7	16.8	17.0	17.1	17.3	
37 Life insurance reserves	380.0	405.7	433.0	468.2	433.0	443.9	452.7	461.9	468.2	473.2	478.2	
38 Pension fund reserves	3,484.2	4,138.3	4,516.0	4,981.5	4,516.5	4,658.1	4,739.5	4,898.0	4,981.5	4,908.4	4,926.4	
39 Interbank claims	95.3	96.4	132.8	175.9	132.8	137.3	145.0	166.9	175.9	203.5	226.2	
40 Deposits at financial institutions	5,005.3	5,044.8	5,059.1	5,141.8	5,059.1	5,055.3	5,097.1	5,088.5	5,141.8	5,157.1	5,180.7	
41 Checkable deposits and currency	934.2	1,020.6	1,134.4	1,251.7	1,134.4	1,089.1	1,168.0	1,181.9	1,251.7	1,220.5	1,231.2	
42 Small time and savings deposits	2,349.2	2,350.7	2,293.5	2,223.2	2,293.5	2,275.7	2,255.0	2,236.6	2,223.2	2,234.4	2,213.7	
43 Large time deposits	546.9	488.4	415.2	391.7	415.2	410.6	401.1	389.4	391.7	382.6	378.9	
44 Money market fund shares	498.4	539.6	543.6	559.4	543.6	556.6	549.8	547.9	559.4	582.4	576.4	
45 Security repurchase agreements	372.3	355.8	392.3	457.8	392.3	446.2	450.4	472.5	457.8	473.0	512.8	
46 Foreign deposits	304.3	289.6	280.1	258.0	280.1	277.1	272.8	260.2	258.0	264.3	267.7	
47 Mutual fund shares	602.1	813.9	1,042.1	1,429.3	1,042.1	1,134.6	1,225.8	1,342.4	1,429.3	1,439.0	1,443.1	
48 Security credit	137.4	188.9	217.3	279.3	217.3	225.0	234.7	254.5	279.3	282.8	273.9	
49 Trade debt	942.2	935.9	977.4	1,026.4	977.4	976.9	989.6	1,009.7	1,026.4	1,020.9	1,026.9	
50 Taxes payable	77.4	71.2	79.6	84.2	79.6	82.9	81.2	82.8	84.2	88.8	86.1	
51 Investment in bank personal trusts	522.1	608.3	629.6	660.9	629.6	639.0	637.6	651.2	660.9	665.7	674.1	
52 Miscellaneous	2,820.4	2,992.2	3,160.2	3,424.8	3,160.2	3,176.6	3,258.3	3,325.8	3,424.8	3,516.2	3,525.8	
<b>53 Total liabilities</b>	<b>27,751.1</b>	<b>29,609.6</b>	<b>31,360.1</b>	<b>33,746.4</b>	<b>31,360.1</b>	<b>31,777.4</b>	<b>32,365.7</b>	<b>33,053.7</b>	<b>33,746.4</b>	<b>34,056.3</b>	<b>34,361.3</b>	
<i>Financial assets not included in liabilities (+)</i>												
54 Gold and special drawing rights	22.0	22.3	19.6	20.1	19.6	19.8	20.0	20.3	20.1	20.4	20.8	
55 Corporate equities	3,530.2	4,863.6	5,462.9	6,186.5	5,462.9	5,647.3	5,683.7	5,941.7	6,186.5	6,052.2	5,877.7	
56 Household equity in noncorporate business	2,529.1	2,444.4	2,411.5	2,427.9	2,411.5	2,420.2	2,434.1	2,445.5	2,427.9	2,459.2	2,477.2	
<i>Floats not included in assets (-)</i>												
57 U.S. government checkable deposits	15.0	3.8	6.8	5.6	6.8	3.4	3.5	2.2	5.6	.3	.9	
58 Other checkable deposits	35.9	40.4	42.0	40.7	42.0	36.7	41.6	33.7	40.7	36.3	38.7	
59 Trade credit	-130.3	-129.3	-124.6	-106.9	-124.6	-135.0	-139.2	-134.8	-106.9	-113.1	-120.1	
<i>Liabilities not identified as assets (-)</i>												
60 Treasury currency	-4.1	-4.8	-4.9	-5.1	-4.9	-5.0	-5.0	-5.1	-5.1	-5.2	-5.2	
61 Interbank claims	-32.0	-4.2	-9.3	-4.7	-9.3	-5.8	-5.7	-7.8	-4.7	-7.4	-7.2	
62 Security repurchase agreements	3.0	9.2	38.1	122.7	38.1	94.9	108.0	132.6	122.7	136.7	166.7	
63 Taxes payable	17.8	17.8	25.2	33.3	25.2	14.1	23.3	22.5	33.3	26.6	22.1	
64 Miscellaneous	-261.2	-330.7	-398.4	-479.8	-398.4	-437.1	-433.7	-478.9	-479.8	-505.1	-482.9	
<b>65 Total identified to sectors as assets</b>	<b>34,188.3</b>	<b>37,337.6</b>	<b>39,679.1</b>	<b>42,775.1</b>	<b>39,679.1</b>	<b>40,298.4</b>	<b>40,910.8</b>	<b>41,896.7</b>	<b>42,775.1</b>	<b>43,019.1</b>	<b>43,123.8</b>	

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	1994								
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>f</sup>	Oct.
<b>1 Industrial production<sup>1</sup></b> .....	<b>104.1</b>	<b>106.5</b>	<b>110.9</b>	<b>115.0</b>	<b>115.9</b>	<b>116.0</b>	<b>116.6</b>	<b>117.5</b>	<b>117.8<sup>f</sup></b>	<b>118.7</b>	<b>118.6</b>	<b>119.4</b>
<i>Market groupings</i>												
2 Products, total .....	103.2	105.7	110.2	114.2	114.7	114.7	115.3	116.1	116.7	117.3 <sup>f</sup>	117.0	117.5
3 Final, total .....	105.3	108.0	112.7	117.2	117.5	117.3	117.8	118.7	119.3 <sup>f</sup>	120.1 <sup>f</sup>	119.8	120.3
4 Consumer goods .....	102.8	105.7	108.7	111.6	111.9	111.2	111.7	112.7	113.2	113.5 <sup>f</sup>	112.6	112.8
5 Equipment .....	108.9	111.2	118.5	125.3	125.7	126.2	126.6	127.5	128.0 <sup>f</sup>	129.6 <sup>f</sup>	130.2	131.1
6 Intermediate .....	96.8	99.0	102.6	105.1	105.9	106.7	107.5	108.3	108.9 <sup>f</sup>	109.0 <sup>f</sup>	108.4	109.0
7 Materials .....	105.4	107.7	111.9	116.2	117.7	117.9	118.6	119.4	119.4 <sup>f</sup>	120.8 <sup>f</sup>	121.0	122.2
<i>Industry groupings</i>												
8 Manufacturing .....	103.7	106.8	111.7	116.1	117.2	117.7	118.5	118.9	119.5	120.7	120.6	121.7
9 Capacity utilization, manufacturing (percent) <sup>2</sup> ..	77.8	78.6	80.6	82.4	83.0	83.1	83.4	83.5	83.7	84.3	84.1	84.6
10 Construction contracts <sup>3</sup> .....	89.7	97.7	103.3 <sup>f</sup>	107.0	110.0	103.0	108.0	105.0	109.0	110.0	109.0	107.0
11 Nonagricultural employment, total <sup>4</sup> .....	106.2	106.4	108.1	109.8	110.1	110.5	110.8	111.2	111.4	111.7	112.0	112.2
12 Goods-producing, total .....	96.6	94.9	93.1	94.5	94.8	95.3	95.3	95.6	95.6	95.8	95.9	96.1
13 Manufacturing, total .....	97.1	95.8	93.7	94.6	94.6	94.8	94.8	95.0	95.0	95.2	95.2	95.4
14 Manufacturing, production workers .....	96.0	94.5	93.7	95.3	95.4	95.7	95.7	96.0	96.0	96.3	96.4	96.7
15 Service-producing .....	109.4	110.5	112.8	114.6	115.0	115.4	115.7	116.1	116.5	116.8	117.1	117.3
16 Personal income, total .....	127.8	135.6	141.4	146.7	147.5	148.3	149.0	149.3	150.0	150.6	151.4	n.a.
17 Wages and salary disbursements .....	124.5	131.6	136.2	141.8	142.4	143.3	144.3	144.5	145.2	145.4 <sup>f</sup>	146.2	n.a.
18 Manufacturing .....	113.7	118.0	120.0	124.6	124.8	124.8	124.9	125.3	125.6	126.0 <sup>f</sup>	126.5	n.a.
19 Disposable personal income <sup>5</sup> .....	128.8	137.0	142.5	147.5	148.4	148.2	149.8	150.1	150.8	151.4 <sup>f</sup>	152.3	n.a.
20 Retail sales <sup>6</sup> .....	121.1	126.9	135.2	141.9	144.5	143.1	143.0	144.3	144.5	146.6 <sup>f</sup>	147.4	149.1
<i>Prices<sup>6</sup></i>												
21 Consumer (1982-84=100) .....	136.2	140.3	144.5	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5
22 Producer finished goods (1982=100) .....	121.7	123.2	124.7	124.8	124.9	125.0	125.3	125.6 <sup>f</sup>	126.0	126.6	125.5	125.8

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 not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE: Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411-35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590-605.

## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1991	1992	1993	1994								
				Mar.	Apr.	May	June	July	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct.	
<b>HOUSEHOLD SURVEY DATA<sup>1</sup></b>												
1 Civilian labor force <sup>2</sup> .....	125,303	126,982	128,040	130,580	130,747	130,774	130,248	130,457	131,189	131,343	131,836	
<i>Employment</i>												
2 Nonagricultural industries <sup>3</sup> .....	114,644	114,391	116,232	118,611	118,880	119,437	119,195	119,173	119,722	120,219	120,741	
3 Agriculture .....	3,233	3,207	3,074	3,426	3,459	3,435	3,235	3,278	3,444	3,409	3,495	
<i>Unemployment</i>												
4 Number .....	8,426	9,384	8,734	8,543	8,408	7,902	7,817	8,005	8,023	7,715	7,600	
5 Rate (percent of civilian labor force) .....	6.7	7.4	6.8	6.5	6.4	6.0	6.0	6.1	6.1	5.9	5.8	
<b>ESTABLISHMENT SURVEY DATA</b>												
6 Nonagricultural payroll employment <sup>4</sup> .....	<b>108,256</b>	<b>108,519</b>	<b>110,171</b>	<b>112,298</b>	<b>112,699</b>	<b>112,951</b>	<b>113,334</b>	<b>113,624</b>	<b>113,914</b>	<b>114,162</b>	<b>114,356</b>	
7 Manufacturing .....	18,455	18,192	17,804	17,980	18,007	18,009	18,044	18,045	18,095	18,093	18,133	
8 Mining .....	689	631	599	609	606	603	605	601	603	602	598	
9 Contract construction .....	4,650	4,471	4,571	4,806	4,893	4,907	4,927	4,944	4,942	4,970	4,975	
10 Transportation and public utilities .....	5,762	5,709	5,710	5,816	5,759	5,843	5,849	5,857	5,866	5,868	5,869	
11 Trade .....	25,365	25,391	25,849	26,039	26,165	26,190	26,328	26,439	26,484	26,565	26,627	
12 Finance .....	6,646	6,571	6,605	6,781	6,791	6,787	6,798	6,797	6,801	6,789	6,787	
13 Service .....	28,336	29,053	30,193	31,326	31,497	31,598	31,765	31,918	32,036	32,129	32,225	
14 Government .....	18,402	18,653	18,841	18,941	18,981	19,014	19,018	19,023	19,087	19,146	19,142	

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<sup>1</sup>

Seasonally adjusted

Series	1993	1994			1993	1994			1993	1994		
	Q4	Q1	Q2	Q3 <sup>f</sup>	Q4	Q1	Q2	Q3	Q4	Q1	Q2 <sup>f</sup>	Q3 <sup>f</sup>
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent) <sup>2</sup>			
1 Total industry	112.9	115.2	116.7	118.4	137.2	138.0	139.0	140.0	82.3	83.4	84.0	84.6
2 Manufacturing	114.1	116.3	118.3	120.3	140.0	140.9	142.0	143.1	81.5	82.5	83.3	84.0
3 Primary processing <sup>3</sup>	109.9	110.7	113.2	114.3	128.6	129.0	129.5	129.9	85.5	85.8	87.4	88.0
4 Advanced processing <sup>4</sup>	116.1	118.9	120.8	123.1	145.4	146.6	148.0	149.4	79.9	81.2	81.6	82.4
5 Durable goods	118.1	121.0	122.9	125.6	146.3	147.6	149.1	150.6	80.7	82.0	82.5	83.4
6 Lumber and products	104.9	103.6	105.2	106.0	115.2	115.4	115.7	115.9	91.1	89.8	90.9	91.5
7 Primary metals	109.6	109.7	113.9	111.9	122.6	122.4	122.4	122.4	89.4	89.6	93.0	91.4
8 Iron and steel	115.6	114.8	121.3	116.0	126.3	126.0	126.0	126.0	91.5	91.1	96.3	92.1
9 Nonferrous	101.4	102.7	103.7	106.2	117.6	117.5	117.5	117.5	86.2	87.4	88.3	90.4
10 Industrial machinery and equipment	152.7	158.8	164.7	170.4	178.2	181.7	186.2	190.8	85.7	87.4	88.4	89.3
11 Electrical machinery	132.6	136.4	142.0	149.9	157.7	160.3	163.3	166.3	84.1	85.1	87.0	90.2
12 Motor vehicles and parts	131.7	142.7	134.3	135.4	156.1	157.8	159.7	161.7	84.4	90.5	84.1	83.7
13 Aerospace and miscellaneous transportation equipment	85.2	82.5	82.1	80.5	132.8	132.2	131.4	130.6	64.2	62.4	62.5	61.6
14 Nondurable goods	109.2	110.5	112.7	113.8	132.1	132.7	133.4	134.0	82.6	83.2	84.5	84.9
15 Textile mill products	107.7	108.9	111.6	112.2	119.9	120.5	121.2	121.8	89.8	90.3	92.2	92.1
16 Paper and products	114.2	114.4	115.4	117.3	125.3	125.8	126.3	126.8	91.2	90.9	91.4	92.5
17 Chemicals and products	118.6	120.3	122.7	124.8	146.8	147.7	148.7	149.7	80.8	81.5	82.5	83.4
18 Plastics materials	114.4	117.6	121.3	121.0	132.0	133.0	133.9	...	86.6	88.4	90.6	...
19 Petroleum products	107.7	104.5	108.0	105.9	115.6	115.4	115.3	115.2	93.2	90.5	93.7	92.0
20 Mining	97.3	98.4	99.6	98.4	110.8	110.6	110.5	110.5	87.8	89.0	90.1	89.0
21 Utilities	115.6	119.9	116.7	118.2	134.3	134.7	135.2	135.6	86.1	89.0	86.3	87.2
22 Electric	114.8	118.2	117.6	118.8	131.7	132.2	132.8	133.3	87.2	89.4	88.6	89.1

Series	1973	1975	Previous cycle <sup>5</sup>		Latest cycle <sup>6</sup>		1993	1994					
	High	Low	High	Low	High	Low	Oct.	May	June	July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct. <sup>p</sup>
	Capacity utilization rate (percent) <sup>2</sup>												
1 Total industry	89.2	72.6	87.3	71.8	84.8	78.1	81.7	83.9	84.3	84.4	84.8	84.5	84.9
2 Manufacturing	88.9	70.8	87.3	70.0	85.1	76.7	80.8	83.4	83.5	83.7	84.3	84.1	84.6
3 Primary processing <sup>3</sup>	92.2	68.9	89.7	66.8	89.1	78.0	84.4	87.9	87.5	87.5	88.3	88.1	88.9
4 Advanced processing <sup>4</sup>	87.5	72.0	86.3	71.4	83.3	76.0	79.3	81.5	81.8	82.1	82.7	82.4	82.8
5 Durable goods	88.8	68.5	86.9	65.0	83.9	73.8	79.6	82.4	82.5	82.8	83.7	83.7	84.3
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.2	90.9	91.5	91.5	91.5	91.4	91.5	91.3
7 Primary metals	100.6	66.2	102.4	46.8	92.9	74.4	86.5	94.3	91.4	90.6	90.9	92.8	94.9
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.2	89.6	97.7	94.1	92.4	90.0	93.8	97.0
9 Nonferrous	92.9	61.3	90.5	62.2	88.9	75.8	81.8	89.1	87.3	87.9	92.3	91.2	91.8
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	83.7	71.4	84.7	88.6	88.6	89.1	89.4	89.4	89.8
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	77.3	83.6	86.9	87.7	89.5	90.3	90.7	91.8
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	84.5	57.3	79.7	82.9	82.8	80.6	86.1	84.4	84.8
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.3	78.5	64.3	62.5	62.8	62.0	61.6	61.1	61.2
14 Nondurable goods	87.9	71.8	87.0	76.9	86.8	80.4	82.5	84.8	84.8	84.9	85.1	84.6	85.0
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.5	90.0	92.5	91.8	92.1	93.0	91.3	92.3
16 Paper and products	96.9	69.0	94.2	82.0	94.9	86.3	90.1	91.9	92.8	91.3	93.9	92.3	91.8
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	79.4	80.4	83.0	82.9	83.1	83.9	83.2	84.0
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	75.3	84.4	91.7	91.4	90.6	91.0	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	84.5	93.6	94.5	92.1	91.0	92.5	92.4	93.2
20 Mining	94.4	88.4	96.6	80.6	87.0	86.8	88.4	89.6	90.2	89.3	88.9	88.9	88.7
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.1	85.6	84.9	89.3	88.0	87.1	86.4	85.8
22 Electric	99.0	82.7	88.3	78.7	94.8	86.3	86.5	87.0	91.4	90.2	88.9	88.1	87.4

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in 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, 1978-80; monthly lows, 1982.

6. Monthly highs, 1988-89; monthly lows, 1990-91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value<sup>1</sup>

Monthly data seasonally adjusted

Group	1987 pro- por- tion	1993 avg.	1993			1994									
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct. <sup>p</sup>
Index (1987 = 100)															
MAJOR MARKETS															
1 Total index .....	100.0	110.9	111.9	112.8	114.0	114.6	115.0	115.9	116.0	116.6	117.5	117.8	118.7	118.6	119.4
2 Products .....	59.5	110.2	111.2	112.1	113.0	113.6	114.2	114.7	115.3	116.1	116.7	117.3	117.0	117.5	117.5
3 Final products .....	44.8	112.7	113.8	114.6	115.4	116.2	117.2	117.5	117.3	117.8	118.7	119.3	120.1	119.8	120.3
4 Consumer goods, total .....	26.5	108.7	109.2	109.7	110.1	110.9	111.6	111.9	111.2	111.7	112.7	113.2	113.5	112.6	112.8
5 Durable consumer goods .....	5.8	110.5	112.7	115.8	118.2	119.0	120.9	118.3	117.4	115.5	116.5	117.4	120.5	118.5	118.7
6 Automotive products .....	2.7	111.6	113.8	120.2	124.9	127.7	131.7	125.3	123.3	119.2	120.2	118.5	124.1	121.7	122.3
7 Autos and trucks .....	1.7	112.2	114.9	124.9	131.5	134.6	141.0	131.1	128.6	121.4	121.9	118.3	130.0	126.2	125.8
8 Autos, consumer .....	1.1	86.1	85.2	95.4	98.8	102.0	106.7	101.0	98.3	92.4	91.5	88.4	93.6	92.1	94.9
9 Trucks, consumer .....	.6	157.3	166.4	176.0	188.0	191.0	200.4	183.3	181.2	171.6	174.4	170.1	193.0	185.4	179.4
10 Auto parts and allied goods .....	1.0	110.6	111.9	112.3	113.9	116.3	116.2	115.4	114.3	115.6	117.5	118.9	114.1	114.1	116.4
11 Other .....	3.1	109.5	111.8	112.0	112.2	111.3	111.5	112.1	112.2	113.3	113.3	116.5	117.3	115.6	115.6
12 Appliances televisions and air conditioners .....	.8	122.9	130.4	130.7	130.5	123.7	123.4	125.6	122.8	125.5	126.9	132.2	135.6	131.1	128.7
13 Carpeting and furniture .....	.9	102.2	104.1	102.5	102.8	104.0	105.5	104.5	106.9	105.6	105.6	110.0	110.7	109.4	110.7
14 Miscellaneous home goods .....	1.4	106.7	106.3	107.5	108.0	109.1	108.6	109.4	109.5	109.2	110.5	111.8	111.3	110.9	111.4
15 Nondurable consumer goods .....	20.7	108.2	108.2	107.9	107.9	108.6	109.0	110.1	109.4	110.6	111.6	112.0	111.5	110.9	111.1
16 Foods and tobacco .....	9.1	106.1	105.9	105.2	105.8	106.1	106.9	109.0	109.3	110.0	110.0	110.7	109.7	109.2	109.4
17 Clothing .....	2.6	122.5	93.3	94.3	95.1	93.8	94.4	95.8	96.5	97.6	97.3	97.7	97.1	96.7	97.3
18 Chemical products .....	3.6	122.5	122.6	122.3	122.0	121.6	123.3	125.4	123.7	125.8	127.8	128.6	129.8	128.9	130.4
19 Paper products .....	2.6	103.2	104.0	103.3	102.6	102.6	102.3	102.5	103.6	104.5	104.9	103.5	104.8	104.6	103.3
20 Energy .....	2.7	113.7	114.6	115.2	113.1	119.7	117.1	114.4	108.4	110.8	115.8	116.1	113.0	112.0	112.0
21 Fuels .....	.8	106.6	111.3	110.6	108.6	105.1	104.3	105.3	107.7	108.2	106.4	104.2	105.9	106.3	108.4
22 Residential utilities .....	2.0	116.5	115.9	117.0	114.9	125.4	122.1	117.9	108.7	111.8	119.4	120.8	115.8	114.2	113.4
23 Equipment .....	18.3	118.5	120.4	121.8	123.1	123.9	125.3	125.7	126.2	126.6	127.5	128.0	129.6	130.2	131.1
24 Business equipment .....	13.2	134.6	137.7	139.7	141.8	142.9	145.0	145.5	146.3	147.3	148.5	149.6	152.1	152.9	154.3
25 Information processing and related .....	5.5	155.8	162.0	164.5	167.2	170.1	173.5	175.2	175.6	177.1	179.0	181.3	184.4	186.3	188.5
26 Computer and office equipment .....	2.3	223.1	241.8	248.6	256.1	261.5	269.5	272.1	273.4	274.2	278.6	282.7	286.2	290.2	293.7
27 Industrial .....	3.9	112.2	112.5	113.0	114.8	114.0	114.6	116.8	118.1	119.8	120.7	122.6	123.2	124.0	125.4
28 Transit .....	2.0	136.7	136.1	141.5	142.8	145.2	147.5	141.2	139.8	136.1	137.2	132.8	138.7	136.6	137.2
29 Autos and trucks .....	1.0	134.5	139.6	150.5	154.9	161.0	166.7	156.1	153.7	146.0	147.3	143.4	156.9	153.4	153.3
30 Other .....	1.8	115.6	119.4	119.3	120.8	119.4	120.7	121.4	124.5	127.3	127.6	129.3	129.9	130.8	130.8
31 Defense and space equipment .....	4.4	74.8	72.7	72.5	71.5	71.0	69.9	69.8	68.9	68.6	67.9	67.6	67.2	67.0	
32 Oil and gas well drilling .....	.6	82.5	86.5	82.9	82.3	82.4	87.4	88.6	89.6	89.1	88.9	87.4	83.4	85.5	82.8
33 Manufactured homes .....	.2	118.9	123.4	130.4	141.1	145.3	139.7	143.6	136.2	135.9	138.1	135.7	135.5	141.7	...
34 Intermediate products, total .....	14.7	102.6	103.5	104.3	105.4	105.7	105.1	105.9	106.7	107.5	108.3	108.9	109.0	108.4	109.0
35 Construction supplies .....	5.9	96.8	98.6	99.5	101.3	100.5	98.9	99.7	101.8	102.9	102.7	103.8	104.4	104.0	104.4
36 Business supplies .....	8.8	106.5	106.7	107.5	108.1	109.2	109.3	110.0	109.9	110.6	112.0	112.3	112.0	111.3	112.2
37 Materials .....	40.5	111.9	112.8	113.9	115.5	116.0	116.2	117.7	117.9	118.6	119.4	119.4	120.8	121.0	122.2
38 Durable goods materials .....	20.5	115.5	117.5	119.1	121.5	122.2	121.9	124.1	125.2	125.9	126.3	127.3	128.8	129.8	131.9
39 Durable consumer parts .....	4.1	113.9	116.0	120.4	125.7	126.7	126.0	127.3	125.9	125.8	125.2	126.3	129.0	129.4	131.7
40 Equipment parts .....	7.4	123.4	127.0	127.5	128.6	130.7	131.6	133.9	135.9	136.9	138.8	140.4	142.2	143.7	146.1
41 Other .....	9.0	109.7	110.3	111.6	113.6	113.2	112.0	114.6	116.1	116.9	116.5	117.0	117.8	118.4	120.1
42 Basic metal materials .....	3.1	112.5	112.9	114.7	117.6	116.2	113.1	115.3	119.4	119.0	117.7	116.8	115.8	117.1	119.9
43 Nondurable goods materials .....	9.0	113.8	114.1	115.3	116.6	115.4	116.2	117.7	117.0	119.1	118.9	119.1	120.7	120.2	121.2
44 Textile materials .....	1.2	104.2	104.0	103.7	102.1	103.2	104.4	106.2	106.4	106.3	106.4	106.2	108.5	107.6	108.5
45 Paper materials .....	2.0	113.7	113.2	115.2	115.2	114.0	116.1	117.6	113.8	117.8	119.4	116.7	120.8	119.9	118.9
46 Chemical materials .....	3.8	116.9	117.2	119.1	119.9	119.7	120.4	121.6	122.2	125.3	123.1	123.6	125.3	124.5	126.5
47 Other .....	2.0	113.8	115.1	114.9	120.2	115.6	115.1	116.8	116.2	116.3	117.6	120.6	119.1	119.8	120.8
48 Energy materials .....	11.0	103.7	103.0	103.1	103.2	104.8	105.6	105.2	104.6	106.9	104.8	105.6	105.2	105.0	
49 Primary energy .....	7.3	99.1	98.2	97.6	97.5	97.3	100.2	101.1	101.4	100.4	100.5	99.9	100.5	99.8	99.6
50 Converted fuel materials .....	3.7	112.7	112.6	113.8	114.5	119.6	116.1	114.4	112.5	112.6	119.4	114.6	115.7	115.8	115.5
SPECIAL AGGREGATES															
51 Total excluding autos and trucks .....	97.2	110.6	111.5	112.2	113.2	113.7	114.0	115.2	115.4	116.2	117.1	117.5	118.1	118.1	118.9
52 Total excluding motor vehicles and parts .....	95.2	110.4	111.3	111.8	112.7	113.2	113.4	114.7	114.9	115.8	116.7	117.2	117.7	117.7	118.5
53 Total excluding computer and office equipment .....	97.7	108.2	108.8	109.6	110.6	111.1	111.3	112.1	112.2	112.9	113.6	113.9	114.7	114.5	115.2
54 Consumer goods excluding autos and trucks .....	24.8	108.5	108.8	108.6	108.7	109.3	109.6	110.6	109.9	111.1	112.1	112.9	112.3	111.6	111.9
55 Consumer goods excluding energy .....	23.8	108.2	108.6	109.0	109.8	109.9	111.0	111.6	111.5	111.8	112.3	112.9	113.5	112.6	112.9
56 Business equipment excluding autos and trucks .....	12.2	134.6	137.5	138.7	140.6	141.3	143.2	144.6	145.7	147.4	148.6	150.1	151.7	152.8	154.4
57 Business equipment excluding computer and office equipment .....	11.3	119.7	120.2	121.3	122.5	123.0	124.1	124.3	124.9	125.9	126.6	127.2	129.5	129.8	130.9
58 Materials excluding energy .....	29.5	115.0	116.5	118.0	120.0	120.1	120.1	122.1	122.7	123.8	124.0	124.8	126.4	126.9	128.6

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value<sup>1</sup>—Continued

Group	SIC code <sup>2</sup>	1987 proportion	1993 avg.	1993			1994									
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct. <sup>p</sup>
Index (1987 = 100)																
MAJOR INDUSTRIES																
59	Total index	100.0	110.9	111.9	112.8	114.0	114.6	115.0	115.9	116.0	116.6	117.5	117.8	118.7	118.6	119.4
60	Manufacturing	84.3	111.7	112.9	114.0	115.4	115.6	116.1	117.2	117.7	118.5	118.9	119.5	120.7	120.6	121.7
61	Primary processing	27.1	107.6	108.5	109.9	111.3	110.7	110.0	111.4	112.3	113.8	113.4	113.5	114.7	114.6	115.8
62	Advanced processing	57.1	113.7	115.0	116.0	117.4	117.9	119.0	119.9	120.2	120.7	121.5	122.3	123.5	123.5	124.5
63	Durable goods	46.5	114.3	116.2	118.0	120.1	120.4	120.9	121.7	122.5	122.9	123.4	124.2	126.0	126.4	127.8
64	Lumber and products	24	2.1	100.6	104.6	104.9	105.2	102.8	102.9	103.8	105.8	105.9	106.0	106.0	106.1	106.0
65	Furniture and fixtures	25	1.5	103.3	104.8	104.2	106.3	105.4	107.4	107.6	109.5	109.9	110.6	112.4	113.7	113.5
66	Stone, clay, and glass products	32	2.4	98.7	99.7	100.5	104.6	101.1	100.0	101.7	102.7	104.1	103.2	102.7	103.6	103.8
67	Primary metals	33	3.3	106.5	106.1	109.8	113.0	110.5	107.6	111.1	114.4	115.4	111.9	110.9	111.3	116.2
68	Iron and steel	331.2	1.9	111.6	113.3	114.4	119.1	115.8	111.5	117.2	122.2	123.2	118.6	116.5	113.4	118.2
69	Raw steel	1	105.7	107.2	106.2	110.9	102.0	105.8	106.0	105.3	105.7	106.3	104.7	107.0	109.9	...
70	Nonferrous	333-6.9	1.4	99.5	96.2	103.5	104.5	103.3	102.1	102.6	103.8	104.7	102.6	103.2	108.4	107.1
71	Fabricated metal products	34	5.4	99.5	100.7	102.1	102.6	103.9	103.0	104.1	105.0	105.1	106.4	107.8	108.3	108.7
72	Industrial and commercial machinery and computer equipment	35	8.5	144.1	150.3	152.0	155.7	156.3	158.8	161.4	162.8	165.0	166.3	168.6	170.5	172.0
73	Computer and office equipment	357	2.3	223.1	241.8	248.6	256.1	261.5	269.5	272.1	273.4	274.2	278.6	282.7	286.2	290.2
74	Electrical machinery	36	6.9	127.5	131.4	132.1	134.3	134.8	136.1	138.3	140.2	141.9	144.1	147.9	150.2	151.7
75	Transportation equipment	37	9.9	104.2	104.2	108.3	110.7	111.9	113.0	110.1	108.8	106.5	106.7	104.8	109.0	107.5
76	Motor vehicles and parts	371	4.8	120.7	124.1	132.4	138.5	142.1	146.1	139.9	137.5	132.5	132.8	129.9	139.3	137.1
77	Autos and light trucks	2.5	2.5	118.4	120.8	131.7	138.4	141.8	148.5	138.4	135.7	127.9	128.3	124.4	136.3	132.5
78	Aerospace and miscellaneous transportation equipment	372-6.9	5.1	88.7	85.5	85.7	84.5	83.4	82.0	82.1	81.9	82.2	82.3	81.2	80.5	79.6
79	Instruments	38	5.1	104.0	102.7	102.4	102.3	103.7	104.1	104.4	104.5	104.5	104.6	105.3	105.8	106.1
80	Miscellaneous	39	1.3	109.3	109.6	110.1	110.3	110.7	109.9	111.1	112.1	111.8	111.7	115.0	113.6	113.1
81	Nondurable goods	37.8	108.7	108.8	109.1	109.7	109.6	110.1	111.7	111.8	113.1	113.3	113.6	114.1	113.5	114.3
82	Foods	20	8.8	108.6	109.0	108.4	109.0	109.2	110.1	112.2	111.8	112.3	112.1	113.4	111.9	111.4
83	Tobacco products	21	1.0	91.0	86.4	83.3	84.3	88.2	86.7	89.4	94.1	97.4	96.8	95.0	98.2	98.6
84	Textile mill products	22	1.8	107.8	107.7	108.0	107.4	107.8	108.7	110.1	111.5	112.1	111.4	112.0	113.3	111.4
85	Apparel products	23	2.3	93.1	92.1	92.6	93.1	92.4	92.9	94.2	94.6	95.3	95.7	96.1	95.7	95.6
86	Paper and products	26	3.6	112.3	112.7	114.5	115.5	113.5	114.9	114.8	112.8	116.0	117.4	115.6	119.1	117.2
87	Printing and publishing	27	6.5	101.3	101.6	101.7	101.9	101.7	102.3	103.6	103.9	104.4	105.5	105.3	105.2	104.9
88	Chemicals and products	28	8.8	117.8	117.8	118.8	119.3	119.3	119.9	121.7	121.2	123.3	123.6	124.2	125.5	124.8
89	Petroleum products	29	1.3	104.9	108.2	107.8	107.1	104.8	104.5	104.1	108.9	109.0	106.2	104.9	106.6	106.4
90	Rubber and plastic products	30	3.2	115.9	116.5	117.8	119.3	120.3	119.7	122.5	123.0	124.6	124.9	126.6	126.8	126.9
91	Leather and products	31	3	85.0	83.9	83.5	85.1	84.8	83.1	85.1	86.0	84.3	83.2	83.6	83.8	83.5
92	Mining	8.0	97.3	98.0	96.9	96.9	97.0	98.8	99.5	99.9	99.1	99.8	98.7	98.3	98.2	98.1
93	Metal	10	3	167.6	175.8	168.5	177.3	177.8	167.4	167.3	171.3	160.3	169.8	169.8	158.8	160.4
94	Coal	12	1.2	103.8	104.4	101.1	104.7	104.0	114.4	120.4	119.8	113.2	115.0	108.6	111.4	110.7
95	Oil and gas extraction	13	5.8	92.2	92.6	91.8	90.9	91.0	91.8	91.5	91.9	92.6	92.8	92.5	92.2	92.1
96	Stone and earth minerals	14	7	93.8	94.1	98.2	93.9	94.9	97.1	96.3	96.9	99.3	97.6	99.2	97.1	97.3
97	Utilities	7.7	116.2	114.9	116.1	115.8	121.9	119.8	118.0	114.4	114.7	120.8	119.2	118.1	117.3	116.7
98	Electric	491,3PT	6.1	115.9	113.7	115.2	115.5	119.1	118.1	117.4	115.8	115.5	121.5	120.1	118.5	117.6
99	Gas	492,3PT	1.6	117.2	119.1	119.4	117.0	132.6	126.4	120.1	109.4	111.9	118.1	115.9	116.5	116.0
SPECIAL AGGREGATES																
100	Manufacturing excluding motor vehicles and parts	79.5	111.2	112.2	112.9	114.0	114.0	114.3	115.8	116.5	117.6	118.0	118.9	119.6	119.7	120.7
101	Manufacturing excluding office and computing machines	81.9	108.6	109.2	110.2	111.4	111.4	111.7	112.8	113.2	114.0	114.3	114.8	116.0	115.8	116.8
Gross value (billions of 1987 dollars, annual rates)																
MAJOR MARKETS																
102	Products, total	1,707.0	1,886.9	1,908.8	1,928.2	1,943.9	1,955.4	1,964.1	1,962.6	1,965.5	1,969.4	1,980.7	1,982.7	2,001.7	1,990.8	2,000.5
103	Final	1,314.6	1,480.7	1,498.9	1,514.9	1,525.7	1,535.0	1,547.9	1,544.5	1,541.1	1,542.9	1,551.6	1,551.8	1,569.9	1,561.7	1,569.1
104	Consumer goods	866.6	944.1	953.1	960.2	963.7	968.7	974.0	972.4	967.4	969.5	975.0	974.4	982.5	972.0	975.4
105	Equipment	448.0	536.7	545.7	554.7	561.9	566.3	573.9	572.0	573.7	573.4	576.6	577.4	587.4	589.7	593.7
106	Intermediate	392.5	406.1	410.0	413.3	418.2	420.4	416.2	418.2	424.5	426.5	429.1	431.0	431.8	429.0	431.3

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in 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	1994									
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July <sup>1</sup>	Aug. <sup>1</sup>	Sept.
<b>Private residential real estate activity (thousands of units except as noted)</b>													
<b>NEW UNITS</b>													
1 Permits authorized	949	1,095	1,199	1,474	1,312	1,252	1,313	1,380	1,357	1,316	1,337	1,354	1,425
2 One-family	754	911	986	1,181	1,071	1,054	1,068	1,069	1,083	1,046	1,034	1,046	1,052
3 Two-family or more	195	184	213	293	241	198	245	311	274	270	303	308	373
4 Started	1,014	1,200	1,288	1,612	1,271	1,328	1,519	1,471	1,491	1,358	1,439	1,463	1,497
5 One-family	840	1,030	1,126	1,383	1,125	1,121	1,271	1,211	1,200	1,163	1,219	1,176	1,228
6 Two-family or more	174	169	162	229	146	207	248	260	291	195	220	287	269
7 Under construction at end of period	606	612	680	713	716	720	732	740	748	751	758	770	779
8 One-family	434	473	543	574	577	578	585	585	582	584	585	588	594
9 Two-or-more-family	173	140	137	139	139	142	147	155	166	167	173	182	185
10 Completed	1,091	1,158	1,193	1,289	1,216	1,334	1,273	1,354	1,446	1,329	1,282	1,337	1,402
11 One-family	838	964	1,040	1,139	1,075	1,185	1,115	1,192	1,257	1,151	1,160	1,144	1,166
12 Two-or-more-family	253	194	153	150	141	149	158	162	189	178	122	193	236
13 Mobile homes shipped	171	210	254	308	316	301	308	290	292	292	286	288	301
<b>Merchant builder activity in one-family units</b>													
14 Number sold	507	610	666	817	642	697	722	673	692	628 <sup>1</sup>	635	685	703
15 Number for sale at end of period <sup>1</sup>	284	266	294	294	296	298	298	298	301	313 <sup>1</sup>	315	320	326
<b>Price of units sold (thousands of dollars)<sup>2</sup></b>													
16 Median	120.0	121.3	126.1	125.0	126.0	129.9	132.3	129.0	129.9	133.5 <sup>1</sup>	125.0	133.0	129.6
17 Average	147.0	144.9	147.6	146.4	153.4	150.7	152.8	152.9	151.8	158.4 <sup>1</sup>	145.8	153.2	152.7
<b>EXISTING UNITS (one-family)</b>													
18 Number sold	3,219	3,520	3,800	4,350	4,250	3,840	4,070	4,120	4,110	3,960	3,970	3,930	3,890
<b>Price of units sold (thousands of dollars)<sup>2</sup></b>													
19 Median	99.7	103.6	106.5	107.4	107.9	107.2	107.6	108.9	109.8	112.8	111.7	112.4	108.4
20 Average	127.4	130.8	133.1	133.7	134.6	133.3	134.4	135.5	136.6	140.9	139.3	140.6	135.2
<b>Value of new construction (millions of dollars)<sup>3</sup></b>													
<b>CONSTRUCTION</b>													
21 Total put in place	403,644	435,355	466,365	499,931	488,469	485,894	496,042	497,035	504,356	506,144	506,827	506,810	515,100
22 Private	293,536	316,115	341,101	367,271	363,852	361,895	371,681	374,091	378,235	379,345	377,694	377,473	383,254
23 Residential	157,837	187,870	210,455	228,549	229,775	233,322	236,767	238,049	241,162	240,694	239,422	238,553	239,775
24 Nonresidential	135,699	128,245	130,646	138,722	134,077	128,573	134,914	136,042	137,073	138,651	138,272	138,920	143,479
25 Industrial buildings	22,281	20,720	19,533	20,391	19,682	19,972	19,905	21,221	21,338	20,960	20,967	22,311	23,471
26 Commercial buildings	48,482	41,523	42,627	47,342	43,261	42,065	46,602	47,481	47,912	48,410	48,702	48,288	50,283
27 Other buildings	20,797	21,494	23,626	24,225	22,998	22,258	23,918	23,824	23,956	24,439	23,764	23,250	24,352
28 Public utilities and other	44,139	44,508	44,860	46,764	48,136	44,278	44,489	43,516	43,867	44,842	44,839	45,071	45,373
29 Public	110,107	119,238	125,262	132,659	124,617	123,999	124,361	122,944	126,121	126,799	129,133	129,337	131,846
30 Military	1,837	2,502	2,454	2,298	2,911	2,404	2,231	1,959	2,024	2,277	2,087	2,018	1,689
31 Highway	32,041	34,899	37,355	40,657	38,410	36,329	38,830	39,508	40,655	40,300	40,272	39,979	40,236
32 Conservation and development	5,010	6,021	5,976	5,230	5,707	6,731	5,206	5,851	5,677	4,605	5,895	5,715	6,663
33 Other	71,219	75,816	79,477	84,474	77,589	78,535	78,094	75,626	77,765	79,617	80,879	81,625	83,258

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.

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.

SOURCES: Bureau of the Census estimates for all series except (1) mobile homes, which are

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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, Oct. 1994 <sup>1</sup>
	1993 Oct.	1994 Oct.	1993 Dec.	1994			1994					
				Mar. <sup>r</sup>	June <sup>r</sup>	Sept. <sup>r</sup>	June	July	Aug.	Sept.	Oct.	
<b>CONSUMER PRICES<sup>2</sup></b> (1982-84=100)												
1 All items .....	2.8	2.6	3.3	2.5	2.5	3.6	.3	.3	.3	.2	.1	149.5
2 Food .....	2.4	2.4	4.9	-1.1	2.8	5.1	.3	.5	.4	.3	.0	145.0
3 Energy items .....	.9	.4	1.2	4.7	-4.9	10.9	.1	1.8	1.4	-7	-7	105.8
4 All items less food and energy .....	3.0	2.9	3.4	2.9	3.1	2.6	.3	.2	.3	.2	.2	158.0
5 Commodities .....	1.6	1.7	2.4	.6	4.2	.6	.4	.1	-1	.1	.0	138.3
6 Services .....	3.7	3.5	3.7	4.2	2.4	3.6	.2	.2	.4	.2	.2	169.3
<b>PRODUCER PRICES</b> (1982=100)												
7 Finished goods .....	.2	1.0	-3	3.6	-3	2.6	.1	.5	.6	-5	-5	125.8
8 Consumer foods .....	1.3	.6	5.2	-6	-5.5	3.9	.0 <sup>r</sup>	.4 <sup>r</sup>	.7	-2	-2	126.1
9 Consumer energy .....	-1.5	-2.2	-15.6	15.4	-1.0	3.2	.7 <sup>r</sup>	2.1 <sup>r</sup>	1.7	-2.9	-1.2	77.1
10 Other consumer goods .....	-7	1.7	1.5	2.0	1.5	2.0	.0	.0	.4	.1	-3	139.6
11 Capital equipment .....	1.6	1.9	.3	4.3	3.0	2.4	.1 <sup>r</sup>	.3 <sup>r</sup>	.1	.1	-1.0	134.8
<i>Intermediate materials</i>												
12 Excluding foods and feeds .....	.9	3.2	-3	2.8	3.1	5.9	.6 <sup>r</sup>	.5 <sup>r</sup>	.7	.3	.4	120.4
13 Excluding energy .....	1.4	4.1	1.6	1.9	3.9	6.2	.6	.4	.5	.6	.7	129.1
<i>Crude materials</i>												
14 Foods .....	1.9	-6.5	18.4	-4.5	-20.6	-12.9	-7 <sup>r</sup>	-2.2 <sup>r</sup>	-1.4	.2	-2.0	98.8
15 Energy .....	-4.2	-10.6	-22.1	10.1	21.0	-20.5	2.5 <sup>r</sup>	-1 <sup>r</sup>	-1	-5.3	.0	71.0
16 Other .....	9.8	13.1	15.4	22.7	-8	18.8	1.1 <sup>r</sup>	1.7 <sup>r</sup>	1.4	1.3	.9	159.2

1. Not seasonally adjusted.

2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

## 2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993	1993		1994		
				Q3	Q4	Q1	Q2	Q3
<b>GROSS DOMESTIC PRODUCT</b>								
1 Total	5,724.8	6,020.2	6,343.3	6,359.2	6,478.1	6,574.7	6,689.9	6,775.9
<i>By source</i>								
2 Personal consumption expenditures	3,902.4	4,136.9	4,378.2	4,401.2	4,469.6	4,535.0	4,586.4	4,655.3
3 Durable goods	456.6	492.7	538.0	541.9	562.8	576.2	580.3	594.7
4 Nondurable goods	1,257.8	1,295.5	1,339.2	1,340.2	1,355.2	1,368.9	1,381.4	1,402.0
5 Services	2,188.1	2,348.7	2,501.0	2,519.1	2,551.6	2,589.9	2,624.7	2,658.6
6 Gross private domestic investment	744.8	788.3	882.0	882.2	922.5	966.6	1,034.4	1,051.1
7 Fixed investment	746.6	785.2	866.7	868.3	913.5	942.5	967.0	978.7
8 Nonresidential	557.0	561.4	616.1	619.0	646.3	665.4	683.3	696.7
9 Structures	182.9	171.1	173.4	173.9	176.7	172.7	181.8	181.1
10 Producers' durable equipment	374.1	390.3	442.7	445.1	469.6	492.7	501.5	515.6
11 Residential structures	189.6	223.8	250.6	249.3	267.2	277.1	283.6	282.0
12 Change in business inventories	-1.8	3.0	15.4	13.9	9.0	24.1	67.4	72.5
13 Nonfarm	-1.2	-2.7	20.1	24.2	10.7	22.3	60.4	64.5
14 Net exports of goods and services	-19.9	-30.3	-65.3	-77.0	-71.2	-86.7	-97.6	-116.9
15 Exports	601.1	638.1	659.1	649.0	680.3	674.2	704.5	720.1
16 Imports	620.9	668.4	724.3	726.0	751.4	760.9	802.1	836.9
17 Government purchases of goods and services	1,097.4	1,125.3	1,148.4	1,152.9	1,157.2	1,159.8	1,166.7	1,186.4
18 Federal	445.8	449.0	443.6	442.7	439.8	437.8	435.1	442.9
19 State and local	651.6	676.3	704.7	710.2	717.4	722.0	731.5	743.5
<i>By major type of product</i>								
20 Final sales, total	5,726.6	6,017.2	6,327.9	6,345.4	6,469.2	6,550.6	6,622.5	6,703.5
21 Goods	2,225.7	2,292.0	2,390.4	2,381.9	2,452.6	2,489.1	2,493.7	2,531.3
22 Durable	934.2	968.6	1,032.4	1,026.8	1,072.9	1,098.2	1,099.4	1,117.8
23 Nondurable	1,291.5	1,323.4	1,358.1	1,355.1	1,379.7	1,390.9	1,394.3	1,413.6
24 Services	3,028.9	3,227.2	3,405.5	3,429.3	3,459.3	3,503.8	3,555.4	3,596.8
25 Structures	472.0	498.1	532.0	534.1	557.2	557.7	573.4	575.3
26 Change in business inventories	-1.8	3.0	15.4	13.9	9.0	24.1	67.4	72.5
27 Durable goods	-16.9	-13.0	8.6	14.9	9.0	20.6	38.2	52.6
28 Nondurable goods	15.1	16.0	6.7	-1.1	0	3.5	29.2	19.9
<b>MEMO</b>								
29 Total GDP in 1987 dollars	4,867.6	4,979.3	5,134.5	5,139.4	5,218.0	5,261.1	5,314.1	5,359.2
<b>NATIONAL INCOME</b>								
30 Total	4,608.2	4,829.5	5,131.4	5,138.5	5,262.0	5,308.7	5,430.7	n.a.
31 Compensation of employees	3,404.8	3,591.2	3,780.4	3,801.7	3,845.8	3,920.0	3,979.3	4,021.9
32 Wages and salaries	2,816.0	2,954.8	3,100.8	3,115.9	3,148.4	3,208.3	3,257.2	3,292.3
33 Government and government enterprises	545.4	567.3	583.8	586.1	587.8	595.7	601.9	604.2
34 Other	2,270.6	2,387.5	2,517.0	2,529.8	2,560.7	2,612.6	2,655.4	2,688.1
35 Supplement to wages and salaries	588.8	636.4	679.6	685.9	697.4	711.7	722.0	729.7
36 Employer contributions for social insurance	289.8	307.7	324.3	327.0	330.6	338.5	343.6	346.0
37 Other labor income	299.0	328.7	355.3	358.8	366.8	373.2	378.4	383.7
38 Proprietors' income <sup>1</sup>	376.2	418.7	441.6	420.3	462.9	471.0	471.3	465.4
39 Business and professional <sup>1</sup>	339.5	374.4	404.3	404.5	418.5	423.8	431.9	436.9
40 Farm <sup>1</sup>	36.7	44.4	37.3	15.8	44.4	47.2	39.3	28.5
41 Rental income of persons <sup>2</sup>	-10.5	-5.5	24.1	26.3	30.3	15.3	34.1	33.8
42 Corporate profits <sup>1</sup>	390.3	405.1	485.8	493.5	533.9	508.2	546.4	n.a.
43 Profits before tax <sup>3</sup>	365.2	395.9	462.4	458.7	501.7	483.5	523.1	n.a.
44 Inventory valuation adjustment	5.8	-6.4	-6.2	3.0	-6.5	-12.3	-14.1	-18.9
45 Capital consumption adjustment	19.4	15.7	29.5	31.7	38.8	37.0	37.4	37.8
46 Net interest	447.4	420.0	399.5	396.7	389.1	394.2	399.7	n.a.

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

3. For after-tax profits, dividends, and the like, see table 1.48.  
 SOURCE: U.S. Department of Commerce, *Survey of Current Business*.

## 2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993	1993		1994		
				Q3	Q4	Q1	Q2	Q3
<b>PERSONAL INCOME AND SAVING</b>								
<b>1 Total personal income</b> .....	<b>4,860.3</b>	<b>5,154.3</b>	<b>5,375.1</b>	<b>5,395.9</b>	<b>5,484.6</b>	<b>5,555.8</b>	<b>5,659.9</b>	<b>5,727.8</b>
2 Wage and salary disbursements .....	2,816.1	2,974.8	3,080.8	3,115.9	3,148.4	3,208.3	3,257.2	3,292.3
3 Commodity-producing industries .....	738.4	757.6	773.8	781.4	791.0	801.9	811.6	821.0
4 Manufacturing .....	357.4	378.3	388.4	394.9	401.6	409.4	418.8	427.8
5 Distributive industries .....	648.0	682.3	701.9	709.6	712.6	728.6	742.5	753.8
6 Service industries .....	884.2	967.6	1,021.4	1,038.8	1,057.0	1,082.0	1,101.2	1,113.2
7 Government and government enterprises .....	545.5	567.3	583.8	586.1	587.8	595.7	601.9	604.2
8 Other labor income .....	299.0	328.7	355.3	358.8	366.8	373.2	378.4	383.7
9 Proprietors' income <sup>1</sup> .....	376.2	418.7	441.6	420.3	462.9	471.0	471.3	465.4
10 Business and professional <sup>1</sup> .....	339.5	374.4	404.3	404.5	418.5	423.8	431.9	436.9
11 Farm <sup>1</sup> .....	36.7	44.4	37.3	15.8	44.4	47.2	39.3	28.5
12 Rental income of persons <sup>2</sup> .....	-10.5	-5.5	24.1	26.3	30.3	15.3	34.1	33.8
13 Dividends .....	150.5	161.0	181.3	182.8	184.1	185.7	191.7	196.9
14 Personal interest income .....	695.1	665.2	637.9	634.1	627.7	631.1	649.4	670.2
15 Transfer payments .....	770.1	860.2	915.4	921.6	931.0	947.4	957.6	968.3
16 Old-age survivors, disability, and health insurance benefits .....	382.3	414.0	444.4	446.8	452.1	463.8	470.7	476.3
17 LESS: Personal contributions for social insurance .....	236.2	248.7	261.3	263.8	266.6	276.3	279.9	282.8
18 EQUALS: Personal income .....	4,860.3	5,154.3	5,375.1	5,395.9	5,484.6	5,555.8	5,659.9	5,727.8
19 LESS: Personal tax and nontax payments .....	623.7	648.6	686.4	695.4	707.0	723.0	746.4	743.8
20 EQUALS: Disposable personal income .....	4,236.6	4,505.8	4,688.7	4,700.5	4,777.6	4,832.8	4,913.5	4,984.0
21 LESS: Personal outlays .....	4,025.0	4,257.8	4,496.2	4,518.2	4,588.2	4,657.3	4,712.4	4,785.3
22 EQUALS: Personal saving .....	211.6	247.9	192.6	182.3	189.4	175.5	201.1	198.8
<b>MEMO</b>								
<i>Per capita (1987 dollars)</i>								
23 Gross domestic product .....	19,263.3	19,489.7	19,878.8	19,871.2	20,119.1	20,235.2	20,389.7	20,506.9
24 Personal consumption expenditures .....	12,898.9	13,110.4	13,390.8	13,425.1	13,518.9	13,639.8	13,650.9	13,713.7
25 Disposable personal income .....	14,003.0	14,279.0	14,341.0	14,338.0	14,451.0	14,535.0	14,625.0	14,682.0
26 Saving rate (percent) .....	5.0	5.5	4.1	3.9	4.0	3.6	4.1	4.0
<b>GROSS SAVING</b>								
27 Gross saving .....	751.4	722.9	787.5	788.9	825.8	886.2	923.3	n.a.
28 Gross private saving .....	937.3	980.8	1,002.5	989.9	1,011.4	1,037.3	1,041.4	n.a.
29 Personal saving .....	211.6	247.9	192.6	182.3	189.4	175.5	201.1	198.8
30 Undistributed corporate profits <sup>1</sup> .....	99.2	94.3	120.9	130.3	147.9	127.7	142.3	n.a.
31 Corporate inventory valuation adjustment .....	5.8	-6.4	-6.2	3.0	-6.5	-12.3	-14.1	-18.9
<i>Capital consumption allowances</i>								
32 Corporate .....	383.3	396.8	407.8	413.3	411.1	432.2	425.9	432.3
33 Noncorporate .....	243.1	261.8	261.2	264.1	263.0	301.8	272.1	276.7
34 Government surplus, or deficit (-), national income and product accounts .....	-185.9	-257.8	-215.0	-201.0	-185.6	-151.1	-118.1	n.a.
35 Federal .....	-202.9	-282.7	-241.4	-224.9	-220.1	-176.2	-145.1	n.a.
36 State and local .....	17.0	24.8	26.3	23.9	34.5	25.2	27.0	n.a.
37 Gross investment .....	752.9	731.7	789.8	783.4	809.3	850.2	899.3	n.a.
38 Gross private domestic investment .....	744.8	788.3	882.0	882.2	922.5	966.6	1,034.4	1,051.1
39 Net foreign investment .....	8.1	-56.6	-92.3	-98.8	-113.2	-116.4	-135.1	n.a.
40 Statistical discrepancy .....	1.5	8.8	2.3	-5.5	-16.5	-36.1	-24.0	n.a.

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

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

## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted<sup>1</sup>

Item credits or debits	1991	1992	1993	1993			1994	
				Q2	Q3	Q4	Q1	Q2 <sup>P</sup>
1 Balance on current account	-6,952	-67,886	-103,896	-25,602	-27,856	-30,587	-32,317	-36,970
2 Merchandise trade balance <sup>2</sup>	-74,068	-96,097	-132,375	-33,727	-36,488	-33,169	-36,962	-41,771
3 Merchandise exports	416,913	440,361	456,866	113,787	111,736	119,679	118,018	122,670
4 Merchandise imports	-490,981	-536,458	-589,441	-147,514	-148,224	-152,848	-154,980	-164,441
5 Military transactions, net	-5,485	-3,034	-763	-129	-87	-444	-338	17
6 Other service transactions, net	51,082	58,747	57,613	14,786	14,317	13,637	12,972	14,743
7 Investment income, net	14,833	4,540	3,946	668	2,015	-590	-811	-2,495
8 U.S. government grants	23,959	-15,010	-14,620	-2,730	-3,114	-5,591	-2,371	-2,588
9 U.S. government pensions and other transfers	-3,461	-3,735	-3,785	-985	-986	-987	-968	-975
10 Private remittances and other transfers	-13,811	-13,297	-13,712	-3,486	-3,513	-3,443	-3,839	-3,901
11 Change in U.S. government assets other than official reserve assets, net (increase, -)	2,900	-1,652	-306	-281	-192	-321	490	-217
12 Change in U.S. official reserve assets (increase, -)	5,763	3,901	-1,379	822	-545	-673	-59	3,537
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-177	2,316	-537	-166	-118	-113	-101	-108
15 Reserve position in International Monetary Fund	-367	-2,692	-44	313	-48	-80	-3	251
16 Foreign currencies	6,307	4,277	-797	675	-378	-480	45	3,394
17 Change in U.S. private assets abroad (increase, -)	-60,175	-63,759	-146,213	-36,507	-34,915	-62,628	-48,667	-5,147
18 Bank-reported claims <sup>3</sup>	4,763	22,314	32,238	5,595	7,335	-9,293	-1,236	15,141
19 Nonbank-reported claims	11,097	45	-598	-87	4,838	-303	1,941	...
20 U.S. purchases of foreign securities, net	-44,740	-45,114	-119,983	-24,340	-40,777	-30,349	-24,605	-12,486
21 U.S. direct investments abroad, net	-31,295	-41,004	-57,870	-17,675	-6,311	-22,683	-24,767	-7,802
22 Change in foreign official assets in United States (increase, +)	17,199	40,858	71,681	17,492	19,259	23,962	11,530	7,869
23 U.S. Treasury securities	14,846	18,454	48,702	5,668	19,098	22,856	1,193	6,168
24 Other U.S. government obligations	1,301	3,949	4,062	1,082	1,345	970	50	2,483
25 Other U.S. government liabilities <sup>4</sup>	1,177	2,572	1,666	158	1,121	825	938	121
26 Other U.S. liabilities reported by U.S. banks <sup>5</sup>	-1,484	16,571	14,666	9,485	-2,489	-587	10,139	53
27 Other foreign official assets <sup>5</sup>	1,359	-688	2,585	1,099	184	-102	-790	-956
28 Change in foreign private assets in United States (increase, +)	80,935	105,646	159,017	34,337	52,675	66,200	83,548	34,460
29 U.S. bank-reported liabilities <sup>5</sup>	3,994	15,461	18,452	3,459	27,618	7,370	35,200	24,770
30 U.S. nonbank-reported liabilities	-3,115	13,573	14,282	7,606	1,169	4,733	5,867	...
31 Foreign private purchases of U.S. Treasury securities, net	18,826	36,857	24,849	-622	3,474	7,996	9,260	-7,662
32 Foreign purchases of other U.S. securities, net	35,144	29,867	80,068	15,025	17,445	38,008	21,258	13,447
33 Foreign direct investments in United States, net	26,086	9,888	21,366	8,869	2,969	8,093	11,963	3,905
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	-39,670	-17,108	21,096	9,739	-8,427	4,047	-14,525	-3,532
36 Due to seasonal adjustment	...	...	...	435	-6,643	103	5,810	480
37 Before seasonal adjustment	-39,670	-17,108	21,096	9,304	-1,785	3,944	-20,335	-4,012
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -)	5,763	3,901	-1,379	822	-545	-673	-59	3,537
39 Foreign official assets in United States, excluding line 25 (increase, +)	16,022	38,286	70,015	17,334	18,138	23,137	10,592	7,748
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	-4,882	5,942	-3,847	-869	-3,194	-229	-1,674	-3,965

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<sup>1</sup>

Millions of dollars; monthly data seasonally adjusted

Item	1991	1992	1993	1994						
				Mar.	Apr.	May	June	July	Aug. <sup>f</sup>	Sept. <sup>p</sup>
1 Goods and services, balance .....	-28,472	-40,384	-75,725	-6,898	-8,447	-9,381	-9,041	-11,191	-9,680	-10,128
2 Merchandise .....	-74,068	-96,097	-132,575	-11,446	-13,337	-14,271	-14,019	-15,948	-14,094	-14,604
3 Services .....	45,596	55,713	56,850	4,548	4,890	4,890	4,978	4,757	4,414	4,476
4 Goods and services, exports .....	580,127	616,924	641,677	58,387	56,402	56,397	58,362	56,327	59,943	59,673
5 Merchandise .....	416,913	440,361	456,866	42,065	40,378	40,276	42,028	40,133	44,126	43,539
6 Services .....	163,214	176,563	184,811	16,322	16,024	16,121	16,334	16,194	15,817	16,134
7 Goods and services, imports .....	-608,599	-657,308	-717,402	-65,285	-64,849	-65,778	-67,403	-67,518	-69,623	-69,801
8 Merchandise .....	-490,981	-536,458	-589,441	-53,511	-53,715	-54,547	-56,047	-56,081	-58,220	-58,143
9 Services .....	-117,618	-120,850	-127,961	-11,774	-11,134	-11,231	-11,356	-11,437	-11,403	-11,658
MEMO										
10 Balance on merchandise trade, Census basis .....	-66,723	-84,501	-115,568	-9,583	-12,045	-12,885	-13,028	-14,845	-12,758	-13,523

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE: F7900, 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	1991	1992	1993	1994						
				Apr.	May	June	July	Aug.	Sept.	Oct. <sup>p</sup>
1 Total .....	77,719	71,323	73,442	76,565	74,420	75,732	75,443	75,740	76,532	78,172
2 Gold stock, including Exchange Stabilization Fund <sup>1</sup> .....	11,057	11,056	11,053	11,053	11,052	11,052	11,052	11,054	11,054	11,053
3 Special drawing rights <sup>2,3</sup> .....	11,240	8,503	9,039	9,440	9,522	9,731	9,696	9,837	9,971	10,088
4 Reserve position in International Monetary Fund <sup>2</sup> .....	9,488	11,759	11,818	11,899	11,841	12,184	12,183	12,161	12,067	12,339
5 Foreign currencies <sup>4</sup> .....	45,934	40,005	41,532	44,173	42,005	42,765	42,512	42,688	43,440	44,692

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<sup>1</sup>

Millions of dollars, end of period

Asset	1991	1992	1993	1994						
				Apr.	May	June	July	Aug.	Sept.	Oct. <sup>p</sup>
1 Deposits .....	968	205	386	171	174	604	181	188	342	223
Held in custody										
2 U.S. Treasury securities <sup>2</sup> .....	281,107	314,481	379,394	396,495	402,170	411,580	423,715	427,574	429,819	439,854
3 Earmarked gold <sup>3</sup> .....	13,303	13,118	12,327	12,104	12,065	12,065	12,056	12,044	12,044	12,039

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.

3. Held in foreign and international accounts and valued at \$42.22 per fine troy ounce; not included in the gold stock of the United States.

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1992	1993	1994						
			Mar.	Apr.	May	June	July	Aug. <sup>f</sup>	Sept. <sup>g</sup>
1 Total <sup>1</sup>	412,624	482,808	493,152	479,215	488,161	501,827 <sup>f</sup>	516,419	517,852	518,795
<i>By type</i>									
2 Liabilities reported by banks in the United States <sup>2</sup>	54,967	69,808	79,696	74,695	76,911	80,937 <sup>f</sup>	84,889	79,588	81,476
3 U.S. Treasury bills and certificates <sup>3</sup>	104,596	150,900	148,707	140,653	134,568	141,338	146,247	143,400	138,261
<i>U.S. Treasury bonds and notes</i>									
4 Marketable	210,931	212,203	215,481	214,841	226,094	228,773	233,670	242,221	246,940
5 Nonmarketable <sup>4</sup>	4,532	5,652	5,763	5,799	5,837	5,875	5,913	5,952	5,990
6 U.S. securities other than U.S. Treasury securities <sup>5</sup>	37,598	44,245	43,505	43,227	44,751	44,904	45,700	46,691	46,128
<i>By area</i>									
7 Europe <sup>1</sup>	189,230	206,921	215,065	210,417	213,549	221,957 <sup>f</sup>	227,469	226,170	224,704
8 Canada	13,700	15,285	14,018	13,901	14,505	15,996 <sup>f</sup>	18,656	18,547	19,237
9 Latin America and Caribbean	37,973	55,898	53,389	44,439	43,731	42,696	42,749	44,070	44,267
10 Asia	164,690	197,708	203,811	203,434	209,029	211,200 <sup>f</sup>	217,881	220,435	222,287
11 Africa	3,723	4,052	3,718	3,691	3,969	4,110	3,862	4,259	4,388
12 Other countries <sup>6</sup>	3,306	2,942	3,149	3,331	3,376	5,866	5,800	4,369	3,910

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 U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States<sup>1</sup>

Payable in Foreign Currencies

Millions of dollars, end of period

Item	1990	1991	1992	1993		1994	
				Sept.	Dec.	Mar.	June
1 Banks' liabilities	70,477	75,129	72,796	81,225	77,627	85,737	71,695
2 Banks' claims	66,796	73,195	62,799	59,136	59,151	72,728	55,698
3 Deposits	29,672	26,192	24,240	20,930	19,379	19,912	20,440
4 Other claims	37,124	47,003	38,559	38,206	39,772	52,816	35,258
5 Claims of banks' domestic customers <sup>2</sup>	6,309	3,398	4,432	2,494	3,058	3,655	4,182

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<sup>1</sup>

Payable in U.S. dollars

Millions of dollars, end of period

Item	1991	1992	1993	1994						
				Mar.	Apr.	May	June <sup>f</sup>	July	Aug.	Sept. <sup>g</sup>
<b>BY HOLDER AND TYPE OF LIABILITY</b>										
<b>1 Total, all foreigners</b> .....	<b>756,066</b>	<b>810,259</b>	<b>914,989</b>	<b>952,570</b>	<b>960,143</b>	<b>961,827</b>	<b>991,232</b>	<b>997,099<sup>h</sup></b>	<b>992,932<sup>i</sup></b>	<b>991,655</b>
2 Banks' own liabilities .....	575,374	606,444	621,118	648,799	666,673	664,770	685,265	697,114 <sup>f</sup>	692,663 <sup>f</sup>	704,736
3 Demand deposits .....	20,321	21,828	21,575	23,035	23,646	27,878	24,566	23,595	22,994	23,552
4 Time deposits <sup>2</sup> .....	159,649	160,385	175,117	176,973	178,224	183,171	184,473	186,400 <sup>f</sup>	185,246 <sup>f</sup>	178,093
5 Other <sup>3</sup> .....	66,305	93,237	110,117	111,444	123,797	122,681	117,368	126,973 <sup>f</sup>	117,844 <sup>f</sup>	133,079
6 Own foreign offices <sup>4</sup> .....	329,099	330,994	314,309	337,347	341,006	331,040	358,858	360,146 <sup>f</sup>	366,579 <sup>f</sup>	370,012
7 Banks' custodial liabilities <sup>5</sup> .....	180,692	203,815	293,871	303,771	293,470	297,057	305,967	299,985 <sup>f</sup>	300,269 <sup>f</sup>	286,919
8 U.S. Treasury bills and certificates <sup>6</sup> .....	110,734	127,644	176,523	173,475	167,999	161,145	171,315	170,051 <sup>f</sup>	170,579	164,321
9 Other negotiable and readily transferable instruments <sup>7</sup> .....	18,664	21,974	36,288	41,762	38,167	48,775	49,915	46,257 <sup>f</sup>	46,352	38,914
10 Other .....	51,294	54,197	81,060	88,534	87,304	87,137	84,737	83,677 <sup>f</sup>	83,338 <sup>f</sup>	83,684
11 Nonmonetary international and regional organizations <sup>8</sup> .....	8,981	9,350	10,935	8,086	5,912	8,363	8,631	7,318	4,967	6,118
12 Banks' own liabilities .....	6,827	6,951	5,639	5,641	4,328	6,437	5,256	5,511	3,972	5,141
13 Demand deposits .....	43	46	15	209	26	35	31	29	36	28
14 Time deposits <sup>2</sup> .....	2,714	3,214	2,780	2,482	2,411	2,785	3,073	3,469	2,335	2,491
15 Other <sup>3</sup> .....	4,070	3,691	2,844	2,950	1,891	3,617	2,152	2,013	1,601	2,622
16 Banks' custodial liabilities <sup>5</sup> .....	2,154	2,399	5,296	2,445	1,584	1,926	3,375	1,807	995	977
17 U.S. Treasury bills and certificates <sup>6</sup> .....	1,730	1,908	4,275	2,097	1,358	857	2,825	1,082	836	767
18 Other negotiable and readily transferable instruments <sup>7</sup> .....	424	486	1,021	338	226	1,069	548	725	159	205
19 Other .....	0	5	0	10	0	0	2	0	0	5
20 Official institutions <sup>9</sup> .....	131,088	159,563	220,708	228,403	215,348	211,479	222,275	231,136 <sup>f</sup>	222,988 <sup>f</sup>	219,737
21 Banks' own liabilities .....	34,411	51,202	64,231	66,995	64,682	64,817	67,691	73,967 <sup>f</sup>	67,465 <sup>f</sup>	71,207
22 Demand deposits .....	2,626	1,302	1,601	1,668	1,504	1,435	2,029	1,472	1,232	1,691
23 Time deposits <sup>2</sup> .....	16,504	17,939	21,654	23,943	22,064	24,398	26,029	28,052 <sup>f</sup>	26,793 <sup>f</sup>	27,542
24 Other <sup>3</sup> .....	15,281	31,961	40,976	41,384	41,114	38,984	39,633	44,443 <sup>f</sup>	39,440 <sup>f</sup>	41,974
25 Banks' custodial liabilities <sup>5</sup> .....	96,677	108,361	156,477	161,408	150,666	146,662	154,584	157,169	155,523	148,530
26 U.S. Treasury bills and certificates <sup>6</sup> .....	92,692	104,596	150,900	148,707	140,653	134,568	141,338	146,247	143,400	138,261
27 Other negotiable and readily transferable instruments <sup>7</sup> .....	3,879	3,726	5,482	12,414	9,969	12,050	13,112	10,863	11,990	10,203
28 Other .....	106	39	95	287	44	44	134	59	133	66
29 Banks <sup>10</sup> .....	522,265	547,320	582,441	611,693	624,710	628,200	645,698	649,355 <sup>f</sup>	652,352 <sup>f</sup>	646,742
30 Banks' own liabilities .....	459,335	476,117	474,695	497,795	514,901	510,790	530,866	536,263 <sup>f</sup>	536,570 <sup>f</sup>	538,286
31 Unaffiliated foreign banks .....	130,236	145,123	160,386	160,448	173,895	179,750	172,008	176,117	169,991 <sup>f</sup>	168,274
32 Demand deposits .....	8,648	10,170	9,719	10,707	11,785	15,551	12,323	11,792	11,831	10,566
33 Time deposits <sup>2</sup> .....	82,857	90,296	105,192	104,809	107,662	109,084	108,317	106,889	107,272 <sup>f</sup>	101,205
34 Other <sup>3</sup> .....	38,731	44,657	45,475	44,932	54,448	55,115	51,368	57,436	50,888 <sup>f</sup>	56,503
35 Own foreign offices <sup>4</sup> .....	329,099	330,994	314,309	337,347	341,006	331,040	358,858	360,146 <sup>f</sup>	366,579 <sup>f</sup>	370,012
36 Banks' custodial liabilities <sup>5</sup> .....	62,930	71,203	107,746	113,898	109,809	117,410	114,832	113,092 <sup>f</sup>	115,782 <sup>f</sup>	108,456
37 U.S. Treasury bills and certificates <sup>6</sup> .....	7,471	11,087	10,707	11,009	10,081	11,407	10,834	10,135	12,249	10,951
38 Other negotiable and readily transferable instruments <sup>7</sup> .....	5,694	7,555	17,020	17,404	15,684	22,081	22,347	21,446	22,049	15,488
39 Other .....	49,765	52,561	80,019	85,485	84,044	83,922	81,651	81,511 <sup>f</sup>	81,484 <sup>f</sup>	82,017
40 Other foreigners .....	93,732	94,026	100,905	104,388	114,173	113,785	114,628	109,290	112,625 <sup>f</sup>	119,058
41 Banks' own liabilities .....	74,801	72,174	76,553	78,368	82,762	82,726	81,452	81,373	84,656 <sup>f</sup>	90,102
42 Demand deposits .....	9,004	10,310	10,240	10,451	10,331	10,857	10,183	10,302	9,895	11,267
43 Time deposits <sup>2</sup> .....	57,574	48,936	45,491	45,739	46,087	46,904	47,054	47,990 <sup>f</sup>	48,846 <sup>f</sup>	46,855
44 Other <sup>3</sup> .....	8,223	12,928	20,822	22,178	26,344	24,965	24,215	23,081 <sup>f</sup>	25,915	31,980
45 Banks' custodial liabilities <sup>5</sup> .....	18,931	21,852	24,352	26,020	31,411	31,059	33,176	27,917	27,969	28,956
46 U.S. Treasury bills and certificates <sup>6</sup> .....	8,841	10,053	10,641	11,662	15,907	14,313	16,318	12,587 <sup>f</sup>	14,094	14,342
47 Other negotiable and readily transferable instruments <sup>7</sup> .....	8,667	10,207	12,765	11,606	12,288	13,575	13,908	13,223 <sup>f</sup>	12,154	13,018
48 Other .....	1,423	1,592	946	2,752	3,216	3,171	2,950	2,107	1,721	1,596
<b>MEMO</b>										
49 Negotiable time certificates of deposit in custody for foreigners .....	7,456	9,111	17,567	19,209	17,961	26,385	27,075	25,589	25,338	19,160

1. Reporting banks include all types of depository institutions, 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 quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

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<sup>1</sup>—Continued

Item	1991	1992	1993	1994						
				Mar.	Apr.	May	June	July	Aug.	Sept. <sup>P</sup>
<b>AREA</b>										
1 Total, all foreigners.....	756,066	810,259	914,989	952,570	960,143	961,827	991,232 <sup>f</sup>	997,099 <sup>f</sup>	992,932 <sup>f</sup>	991,655
2 Foreign countries.....	747,085	800,909	904,054	944,484	954,231	953,464	982,601 <sup>f</sup>	989,781 <sup>f</sup>	987,965 <sup>f</sup>	985,537
3 Europe.....	249,097	307,670	376,989	398,584	405,686	404,477	412,205 <sup>f</sup>	422,604 <sup>f</sup>	419,891 <sup>f</sup>	406,506
4 Austria.....	1,193	1,611	1,917	2,515	2,719	3,309	3,578	3,364	3,349	3,014
5 Belgium and Luxembourg.....	13,337	20,567	28,627	31,827	32,049	32,612	25,306	25,145	27,161 <sup>f</sup>	27,593
6 Denmark.....	937	3,060	4,517	3,093	3,342	3,207	3,473	2,877	2,634	2,128
7 Finland.....	1,341	1,299	1,872	1,497	1,932	1,849	2,649	2,504	1,735	2,319
8 France.....	31,808	41,411	39,741	42,010	43,147	41,982	43,246 <sup>f</sup>	41,410	41,911	43,143
9 Germany.....	8,619	18,630	26,613	31,771	32,704	27,583	33,114 <sup>f</sup>	30,838 <sup>f</sup>	31,045 <sup>f</sup>	31,888
10 Greece.....	765	913	1,519	1,425	1,160	1,453	1,377	1,153	1,199	1,227
11 Italy.....	13,541	10,041	11,559	12,786	11,915	13,015	12,771	11,537	11,733	10,769
12 Netherlands.....	7,161	7,365	16,096	17,705	16,347	18,514	18,709 <sup>f</sup>	18,458	17,213 <sup>f</sup>	18,755
13 Norway.....	1,866	3,314	2,966	2,429	2,537	3,278	4,018	3,731	3,195	2,861
14 Portugal.....	2,184	2,465	3,366	3,131	4,061	2,853	2,920	2,865	2,867	3,023
15 Russia.....	241	577	1,971	1,971	3,041	4,016	4,497	4,593	3,794	2,899
16 Spain.....	11,391	9,793	20,493	19,622	18,321	17,482	15,839 <sup>f</sup>	17,142 <sup>f</sup>	15,459	14,197
17 Sweden.....	2,222	2,953	2,572	1,451	2,532	3,443	4,043	5,710	4,152	4,654
18 Switzerland.....	37,238	39,440	41,555	39,262	40,998	40,174	38,075	41,378	43,486 <sup>f</sup>	41,312
19 Turkey.....	1,598	2,666	3,227	2,922	2,972	2,759	3,250	3,515	3,238	3,013
20 United Kingdom.....	100,292	111,805	133,936	149,656	153,906	158,962	163,339 <sup>f</sup>	171,248	174,019	160,193
21 Yugoslavia <sup>11</sup> .....	622	504	570	414	407	424	434	230	227	224
22 Other Europe and other former U.S.S.R. <sup>12</sup> .....	12,741	29,256	33,332	33,097	31,596	27,562	31,567 <sup>f</sup>	34,906	31,474	33,394
23 Canada.....	21,605	22,420	20,227	21,430	22,552	25,948	25,480 <sup>f</sup>	26,625	26,346	24,652
24 Latin America and Caribbean.....	345,529	317,228	351,356	361,546	364,556	358,829	381,060 <sup>f</sup>	375,495 <sup>f</sup>	377,632 <sup>f</sup>	384,444
25 Argentina.....	7,753	9,477	14,477	14,020	13,270	13,474	13,750	14,592	14,807	13,783
26 Bahamas.....	100,622	82,284	72,964	77,457	80,843	79,265	85,617	87,264	83,255	86,074
27 Bermuda.....	3,178	7,079	7,830	6,200	7,671	8,182	8,975	10,103 <sup>f</sup>	8,422 <sup>f</sup>	10,334
28 Brazil.....	5,704	5,584	5,301	5,258	4,880	5,572	5,708	6,259	5,695	5,729
29 British West Indies.....	163,620	153,033	184,608	191,133	195,456	188,943	206,263 <sup>f</sup>	198,280 <sup>f</sup>	204,463 <sup>f</sup>	207,986
30 Chile.....	3,283	3,035	3,183	3,576	3,832	3,286	3,523	3,353	2,988	3,407
31 Colombia.....	4,661	4,580	3,171	3,428	4,003	3,865	3,929	3,773	3,726	4,027
32 Cuba.....	2	3	33	38	9	11	11	12	13	13
33 Ecuador.....	1,232	993	880	823	846	842	812	819	847	823
34 Guatemala.....	1,594	1,377	1,207	1,170	1,157	1,137	1,143	1,206	1,141	1,101
35 Jamaica.....	231	271	410	419	495	526	475	518	531	565
36 Mexico.....	19,957	19,454	28,018	27,806	22,362	21,900	21,286	20,179	20,817 <sup>f</sup>	19,932
37 Netherlands Antilles.....	5,592	5,205	4,195	5,313	5,036	7,021	4,885	4,301	5,058	4,268
38 Panama.....	4,695	4,177	3,582	3,404	3,521	3,811	3,861	4,087	3,843	4,081
39 Peru.....	1,249	1,080	926	877	898	912	930	916	1,027	1,079
40 Uruguay.....	2,096	1,955	1,611	1,578	1,536	1,561	1,597	1,420	1,336	1,399
41 Venezuela.....	13,181	11,387	12,786	12,973	12,312	12,013	11,655	12,004 <sup>f</sup>	13,157 <sup>f</sup>	13,297
42 Other.....	6,879	6,154	6,174	6,073	6,429	6,508	6,440	6,409	6,506	6,546
43 Asia.....	120,462	143,540	144,656	152,486	149,188	152,135	148,761 <sup>f</sup>	151,317 <sup>f</sup>	152,611 <sup>f</sup>	158,380
44 China.....	2,626	3,202	4,011	5,294	6,058	5,358	6,158 <sup>f</sup>	5,018 <sup>f</sup>	4,394	5,062
45 People's Republic of China.....	11,491	8,408	10,633	9,306	8,698	9,820	8,375	8,811	8,737	8,863
46 Republic of China (Taiwan).....	14,269	18,499	17,233	18,685	19,093	21,665	19,111 <sup>f</sup>	18,777	18,722	18,881
47 Hong Kong.....	2,418	1,399	1,114	1,658	1,450	1,521	2,136	1,695	1,777 <sup>f</sup>	2,187
48 India.....	1,463	1,480	1,986	2,345	1,802	1,537	2,002	1,676 <sup>f</sup>	1,835 <sup>f</sup>	1,828
49 Indonesia.....	2,015	3,773	4,435	4,580	4,134	3,460	3,762	3,822	3,436	3,192
50 Israel.....	47,069	58,435	61,483	66,425	62,295	63,051	64,124	65,690	65,793	68,244
51 Japan.....	2,587	3,337	4,913	4,808	4,646	4,523	4,581	5,311	4,873	4,622
52 Korea (South).....	2,449	2,275	2,035	2,404	2,619	2,590	3,150	3,396	3,214	3,135
53 Philippines.....	2,252	5,582	6,137	5,985	5,550	5,788	4,851	5,222	6,364	6,503
54 Thailand.....	15,752	21,437	15,824	13,305	13,655	14,895	14,374	14,935 <sup>f</sup>	15,928	17,138
55 Middle Eastern oil-exporting countries <sup>13</sup> .....	16,071	15,713	14,852	17,551	19,188	17,927	16,137	16,964 <sup>f</sup>	17,538	18,725
56 Africa.....	4,825	5,884	6,634	5,749	5,813	6,166	6,411	6,153	6,360 <sup>f</sup>	6,278
57 Egypt.....	1,621	2,472	2,208	1,659	1,688	1,984	1,999	1,706	1,914	2,014
58 Morocco.....	79	76	99	89	76	93	78	80	82	72
59 South Africa.....	228	190	451	285	331	230	290	289	417	197
60 Zaire.....	31	19	12	11	11	8	7	8	8	9
61 Oil-exporting countries <sup>14</sup> .....	1,082	1,346	1,303	1,139	983	1,057	1,204	1,291	1,156 <sup>f</sup>	1,186
62 Other.....	1,784	1,781	2,561	2,566	2,724	2,794	2,833	2,779	2,783 <sup>f</sup>	2,800
63 Other.....	5,567	4,167	4,192	4,689	6,436	5,909	8,684	7,587	5,125	5,277
64 Australia.....	4,464	3,043	3,308	3,006	2,991	2,796	5,804	6,288	3,935	3,966
65 Other.....	1,103	1,124	884	1,683	3,445	3,113	2,880	1,299	1,190	1,311
66 Nonmonetary international and regional organizations.....	8,981	9,350	10,935	8,086	5,912	8,363	8,631 <sup>f</sup>	7,318	4,967	6,118
67 International <sup>15</sup> .....	6,485	7,434	6,850	6,375	4,249	5,634	6,647 <sup>f</sup>	5,446	3,642	4,189
68 Latin American regional <sup>16</sup> .....	1,181	1,415	3,218	330	393	909	847	612	418	1,058
69 Other regional <sup>17</sup> .....	1,315	501	867	1,381	1,270	1,820	1,137	1,260	907	871

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.

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

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

15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

16. Principally the Inter-American Development Bank.

17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States<sup>1</sup>  
Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1991	1992	1993	1994						
				Mar.	Apr.	May	June	July	Aug. <sup>†</sup>	Sept. <sup>‡</sup>
1 Total, all foreigners.....	514,339	499,437	483,216	474,969	476,239	472,522	476,500 <sup>†</sup>	469,277 <sup>†</sup>	478,429	474,649
2 Foreign countries.....	508,056	494,355	480,811	473,049	475,055	470,796	474,079 <sup>†</sup>	467,881 <sup>†</sup>	476,470	471,385
3 Europe.....	114,310	123,377	121,044	129,738	124,723	123,505	119,709 <sup>†</sup>	123,110 <sup>†</sup>	124,297	119,889
4 Austria.....	327	331	413	489	420	486	416	470	442	282
5 Belgium and Luxembourg.....	6,158	6,404	6,535	6,775	6,774	6,391	7,115	6,917	6,545	7,253
6 Denmark.....	686	707	382	612	896	1,332	539	622	464	521
7 Finland.....	1,907	1,418	598	570	647	669	699	739	511	603
8 France.....	15,112	14,723	11,490	11,481	11,398	13,092	13,763	13,278 <sup>†</sup>	16,001	14,809
9 Germany.....	3,371	4,222	7,683	8,164	9,374	8,303	7,224 <sup>†</sup>	7,887 <sup>†</sup>	9,986	8,695
10 Greece.....	553	717	679	736	720	682	661	583	657	612
11 Italy.....	8,242	9,047	8,876	7,658	6,370	6,749	6,128	6,074	5,538	5,338
12 Netherlands.....	2,546	2,468	3,063	2,945	2,575	3,272	3,003	3,006	2,948	2,831
13 Norway.....	669	355	396	531	598	605	620	751	826	650
14 Portugal.....	344	325	720	936	846	835	876	1,035	1,040	1,182
15 Russia.....	1,970	3,147	2,295	1,961	1,862	1,642	1,605	1,541	1,378	1,272
16 Spain.....	1,881	2,755	2,763	2,666	1,859	2,828	2,502	1,905	2,664	2,219
17 Sweden.....	2,335	4,923	4,100	3,443	3,313	3,420	3,411	3,632	4,194	3,933
18 Switzerland.....	4,540	4,717	6,567	8,606	5,578	6,487	6,674	9,028	6,938	5,852
19 Turkey.....	1,063	962	1,287	1,559	1,546	1,324	1,210	1,208	1,152	1,024
20 United Kingdom.....	60,395	63,430	60,939	68,175	67,347	63,110	61,166	62,478 <sup>†</sup>	61,273	60,575
21 Yugoslavia <sup>‡</sup> .....	825	569	536	376	364	361	340	274	273	258
22 Other Europe and other former U.S.S.R. <sup>‡</sup> .....	1,386	2,157	1,722	2,055	2,236	1,917	1,757	1,682	1,467	1,980
23 Canada.....	15,113	13,845	18,410	16,989	17,920	17,114	20,538 <sup>†</sup>	19,919 <sup>†</sup>	19,688	19,261
24 Latin America and Caribbean.....	246,137	218,078	224,032	220,298	219,983	219,608	221,929 <sup>†</sup>	215,931 <sup>†</sup>	223,527	220,423
25 Argentina.....	5,869	4,958	4,425	4,662	5,161	5,178	5,506	5,811	5,876	5,614
26 Bahamas.....	87,138	60,835	65,045	66,022	66,239	64,974	64,098	67,951	63,273	62,985
27 Bermuda.....	2,270	5,935	8,032	8,342	8,837	6,591	6,276	5,783 <sup>†</sup>	7,328	5,474
28 Brazil.....	11,894	10,773	11,803	12,924	11,457	11,995	11,356	10,618	10,122	10,284
29 British West Indies.....	107,846	101,507	97,993	92,252	91,700	94,150	98,045	89,474	100,454	100,721
30 Chile.....	2,805	3,397	3,614	3,640	3,455	3,353	3,419	3,327	3,410	3,412
31 Colombia.....	2,425	2,750	3,179	3,057	3,263	3,229	3,366	3,326	3,414	3,459
32 Cuba.....	0	0	0	0	0	0	0	8	0	0
33 Ecuador.....	1,053	884	673	703	679	677	707	683	604	624
34 Guatemala.....	228	262	286	289	273	291	312	308	320	310
35 Jamaica.....	158	162	195	163	191	198	194	186	210	204
36 Mexico.....	16,567	14,991	15,835	16,210	16,300	16,456	16,768	16,684 <sup>†</sup>	16,764	16,479
37 Netherlands Antilles.....	1,207	1,379	2,367	2,411	2,769	2,871	2,366	2,118	2,139	1,350
38 Panama.....	1,560	4,654	2,913	2,491	2,539	2,341	2,219	2,357	2,386	2,310
39 Peru.....	739	730	651	751	807	901	908	926	924	938
40 Uruguay.....	599	936	951	532	500	540	608	748	706	711
41 Venezuela.....	2,516	2,525	2,904	2,662	2,526	2,462	2,434	2,245	2,150	2,044
42 Other.....	1,263	1,400	3,166	3,187	3,287	3,401	3,347 <sup>†</sup>	3,378 <sup>†</sup>	3,447	3,504
43 Asia.....	125,262	131,789	110,697	99,013	105,412	103,874	104,857 <sup>†</sup>	102,360 <sup>†</sup>	102,341	105,305
44 China.....	747	906	2,299	796	843	802	784	941	754	1,167
45 People's Republic of China.....	2,087	2,046	2,628	2,162	1,817	2,024	1,948	1,786	1,807	1,257
46 Republic of China (Taiwan).....	9,617	9,642	10,864	11,666	9,903	8,996	9,783	10,031	9,877	12,873
47 Hong Kong.....	441	529	589	737	684	738	784	791	829	927
48 India.....	952	1,189	1,522	1,647	1,545	1,378	1,319	1,369	1,363	1,339
49 Indonesia.....	860	820	826	664	676	711	671 <sup>†</sup>	638 <sup>†</sup>	675	660
50 Japan.....	84,807	79,172	59,576	49,771	54,931	53,120	55,535 <sup>†</sup>	53,313 <sup>†</sup>	52,629	52,880
51 Korea (South).....	6,048	6,179	7,569	7,502	7,457	7,410	7,984	8,112	8,553	8,606
52 Philippines.....	1,910	2,145	1,408	1,307	925	914	654	514	533	561
53 Thailand.....	1,713	1,867	2,154	2,764	2,744	2,944	2,979 <sup>†</sup>	2,839 <sup>†</sup>	2,784	2,685
54 Middle Eastern oil-exporting countries <sup>§</sup> .....	8,284	18,540	14,398	14,153	16,387	18,323	16,565	16,342	16,080	15,287
55 Other.....	7,796	8,754	6,864	5,844	7,500	6,514	5,851 <sup>†</sup>	5,684 <sup>†</sup>	6,457	7,063
56 Africa.....	4,928	4,279	3,819	3,690	3,680	3,684	3,788	3,456	3,659	3,464
57 Egypt.....	294	186	196	205	206	219	281	234	229	250
58 Morocco.....	575	441	444	518	472	470	518	479	485	490
59 South Africa.....	1,235	1,041	633	565	557	575	556	492	656	559
60 Zaire.....	4	4	4	4	5	5	4	3	3	3
61 Oil-exporting countries <sup>§</sup> .....	1,298	1,002	1,128	1,210	1,207	1,211	1,239	1,194	1,189	1,103
62 Other.....	1,522	1,605	1,414	1,188	1,233	1,204	1,190	1,054	1,097	1,059
63 Other.....	2,306	2,987	2,809	3,321	3,337	3,011	3,258	3,105	2,958	3,043
64 Australia.....	1,665	2,243	2,072	1,685	1,859	1,369	1,489	1,587	1,390	1,693
65 Other.....	641	744	737	1,636	1,478	1,642	1,769	1,518	1,568	1,350
66 Nonmonetary international and regional organizations <sup>¶</sup> .....	6,283	5,082	2,405	1,920	1,184	1,726	2,421	1,396	1,959	3,264

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.

2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.

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

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

6. Excludes the Bank for International Settlements, which is included in "Other Europe."

**3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS** Reported by Banks in the United States<sup>1</sup> Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1991	1992	1993	1994						
				Mar.	Apr.	May	June	July	Aug.	Sept. <sup>P</sup>
<b>1 Total</b> .....	<b>1,605,709<sup>F</sup></b>	<b>1,550,487<sup>F</sup></b>	<b>1,458,849<sup>F</sup></b>	<b>1,470,901<sup>F</sup></b>	...	...	<b>1,474,359<sup>F</sup></b>	...	...	...
2 Banks' claims .....	514,339	499,437	483,216	474,969	476,239	472,522	476,389	468,837	478,476	...
3 Foreign public borrowers .....	37,126	31,367	28,814	25,764	25,116	22,552	21,650	21,926	22,788	...
4 Own foreign offices <sup>2</sup> .....	318,800	303,991	286,882	280,898	280,435	284,532	289,451	283,840	286,939	...
5 Unaffiliated foreign banks .....	116,602	109,342	98,030	94,809	96,903	98,186	101,789	100,484	102,270	...
6 Deposits .....	69,018	61,550	46,887	44,177	47,971	50,323	50,962	50,756	49,719	...
7 Other .....	47,584	47,792	51,143	50,632	48,932	47,863	50,827	49,728	52,551	...
8 All other foreigners .....	41,811	54,737	69,490	73,498	73,785	67,252	63,499	62,587	66,479	...
9 Claims of banks' domestic customers <sup>3</sup> .....	65,344	60,058	40,410	47,802	...	...	49,209	...	...	...
10 Deposits .....	15,280	15,452	9,619	14,022	...	...	12,579	...	...	...
11 Negotiable and readily transferable instruments <sup>4</sup> .....	37,125	31,474	17,155	20,340	...	...	23,031	...	...	...
12 Outstanding collections and other claims .....	12,939	13,132	13,636	13,440	...	...	13,599	...	...	...
MEMO										
13 Customer liability on acceptances .....	8,974	8,655	7,871	7,564	...	...	8,031	...	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States <sup>5</sup> .....	43,024	36,213	22,854	22,085	21,901	20,603	20,098	22,238	21,751	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank,

and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit 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<sup>1</sup> Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area <sup>2</sup>	1990	1991	1992	1993		1994	
				Sept.	Dec.	Mar.	June
<b>1 Total</b> .....	<b>206,903</b>	<b>195,302</b>	<b>195,119</b>	<b>189,498</b>	<b>194,794</b>	<b>193,255</b>	<b>186,007</b>
<i>By borrower</i>							
2 Maturity of one year or less .....	165,985	162,573	163,325	161,953	166,244	166,385	160,424
3 Foreign public borrowers .....	19,305	21,050	17,813	21,211	17,458	15,896	12,603
4 All other foreigners .....	146,680	141,523	145,512	140,742	148,786	150,489	147,821
5 Maturity of more than one year .....	40,918	32,729	31,794	27,545	28,550	26,870	25,583
6 Foreign public borrowers .....	22,269	15,859	13,266	10,341	10,828	9,585	8,638
7 All other foreigners .....	18,649	16,870	18,528	17,204	17,722	17,285	16,945
<i>By area</i>							
8 Maturity of one year or less							
8 Europe .....	49,184	51,835	53,300	57,240	56,300	58,786	50,907
9 Canada .....	5,450	6,444	6,091	9,819	7,542	7,291	8,155
10 Latin America and Caribbean .....	49,782	43,597	50,376	51,561	56,624	58,717	56,618
11 Asia .....	53,258	51,059	45,709	37,642	40,287	36,007	38,314
12 Africa .....	3,040	2,549	1,784	1,916	1,783	1,603	1,797
13 All other <sup>3</sup> .....	5,272	7,089	6,065	3,775	3,708	3,981	4,633
Maturity of more than one year							
14 Europe .....	3,859	3,878	5,367	4,433	4,327	3,822	3,316
15 Canada .....	3,290	3,595	3,287	2,549	2,553	2,548	2,496
16 Latin America and Caribbean .....	25,774	18,277	15,312	13,353	13,877	13,341	12,691
17 Asia .....	5,165	4,459	5,038	4,732	5,412	4,709	4,795
18 Africa .....	2,374	2,335	2,380	2,049	1,934	2,001	1,850
19 All other <sup>3</sup> .....	456	185	410	429	447	449	435

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<sup>1</sup>

Billions of dollars, end of period

Area or country	1990	1991	1992			1993			1994		
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 Total.....	320.1	343.6	358.7	344.5	346.5	361.0	377.0	388.3	403.7	488.9 <sup>f</sup>	495.3 <sup>f</sup>
2 G-10 countries and Switzerland.....	132.2	137.6	135.6	136.0	132.9	142.4	150.0	153.3	161.0	178.0	165.6 <sup>f</sup>
3 Belgium and Luxembourg.....	.0	6.0	6.2	6.2	5.6	6.1	7.0	7.1	7.4	7.9	8.6
4 France.....	10.4	11.0	11.9	15.3	15.3	13.5	14.0	12.3	11.7	16.4	18.8 <sup>f</sup>
5 Germany.....	10.6	8.3	8.8	10.9	9.3	9.9	10.8	12.4	12.6	28.7	24.3
6 Italy.....	5.0	5.6	8.0	6.4	6.5	6.7	7.9	8.7	7.6	15.5	14.0
7 Netherlands.....	.0	4.7	3.3	3.7	2.8	3.6	3.7	3.7	4.7	4.1	3.6
8 Sweden.....	2.2	1.9	1.9	2.2	2.3	3.0	2.5	2.5	2.5	2.8	2.9
9 Switzerland.....	4.4	3.4	4.6	5.2	4.8	5.3	4.7	5.6	5.9	6.3	6.5
10 United Kingdom.....	60.9	68.5	65.6	61.0	60.8	65.7	73.5	74.7	84.5	69.8	57.7 <sup>f</sup>
11 Canada.....	5.9	5.8	6.5	6.3	6.3	8.2	8.0	9.7	6.6	7.6	9.5 <sup>f</sup>
12 Japan.....	24.0	22.6	18.7	18.9	19.3	20.4	17.9	16.8	17.4	18.8	19.6 <sup>f</sup>
13 Other industrialized countries.....	22.9	22.8	25.5	25.0	24.0	25.4	27.2	26.0	24.6	41.2	43.2 <sup>f</sup>
14 Austria.....	1.4	.6	.8	.7	1.2	1.2	1.3	.6	.4	1.0	1.0
15 Denmark.....	1.1	.9	1.3	1.5	.9	.8	1.0	1.1	1.0	1.1	1.1
16 Finland.....	.7	.7	.8	1.0	.7	.7	.9	.6	.4	1.0	.8 <sup>f</sup>
17 Greece.....	2.7	2.6	2.8	3.0	3.0	2.7	3.1	3.2	3.2	3.8	4.6
18 Norway.....	1.6	1.4	1.7	1.6	1.2	1.8	1.8	2.1	1.7	1.6	1.6
19 Portugal.....	.6	.6	.5	.5	.4	.7	.9	1.0	.8	1.2	1.1
20 Spain.....	8.3	8.3	10.1	9.7	8.9	9.5	10.5	9.3	8.9	12.3	13.2
21 Turkey.....	1.7	1.4	1.5	1.5	1.3	1.4	2.1	2.1	2.1	2.4	2.1
22 Other Western Europe.....	1.2	1.8	2.0	1.5	1.7	2.0	1.7	2.2	2.6	3.0	2.8
23 South Africa.....	1.8	1.9	1.7	1.7	1.7	1.6	1.3	1.2	1.1	1.2	1.2
24 Australia.....	1.8	2.7	2.2	2.3	2.9	2.9	2.5	2.8	2.3	12.7	13.7
25 OPEC <sup>2</sup> .....	12.8	14.5	16.2	15.9	16.1	16.6	15.7	14.8	16.7	22.4 <sup>f</sup>	21.5
26 Ecuador.....	1.0	.7	.7	.7	.6	.6	.6	.5	.5	.5	.5
27 Venezuela.....	5.0	5.4	5.3	5.4	5.2	5.1	5.5	5.4	5.1	4.7	4.4
28 Indonesia.....	2.7	2.7	3.0	3.0	3.0	3.1	3.1	2.8	3.2	3.4 <sup>f</sup>	3.2
29 Middle East countries.....	2.5	4.2	5.9	5.4	6.2	6.6	5.4	4.9	6.7	12.8	12.4
30 African countries.....	1.7	1.5	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.0	1.1
31 Non-OPEC developing countries.....	65.4	63.9	68.1	72.8	72.1	74.4	76.6	77.0	82.5	93.4 <sup>f</sup>	93.9 <sup>f</sup>
<i>Latin America</i>											
32 Argentina.....	5.0	4.8	5.1	6.2	6.6	7.0	6.6	7.2	7.7	8.7	9.8
33 Brazil.....	14.4	9.6	10.6	10.8	10.8	11.6	12.3	11.7	12.0	12.5	11.8
34 Chile.....	3.5	3.6	4.0	4.2	4.4	4.6	4.6	4.7	4.7	5.1	5.1
35 Colombia.....	1.8	1.7	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.4
36 Mexico.....	13.0	15.5	16.3	17.1	16.0	16.8	16.8	17.5	17.7	18.7	18.3
37 Peru.....	.5	.4	.4	.5	.5	.4	.4	.3	.4	.5	.6
38 Other.....	2.3	2.1	2.2	2.5	2.6	2.6	2.7	2.6	3.0	2.6	2.7
<i>Asia</i>											
39 Peoples Republic of China.....	.2	.3	.3	.3	.7	.6	1.6	.5	2.0	.8	.7
40 Republic of China (Taiwan).....	3.5	4.1	4.6	5.0	5.2	5.3	5.9	6.4	7.3	7.5	7.1
41 India.....	3.3	3.0	3.8	3.6	3.2	3.1	3.1	2.9	3.2	3.6 <sup>f</sup>	3.7
42 Israel.....	.5	.5	.4	.4	.4	.5	.4	.4	.5	.4	.4
43 Korea (South).....	6.2	6.8	6.9	7.4	6.6	6.5	6.9	6.5	6.7	13.9	14.1 <sup>f</sup>
44 Malaysia.....	1.9	2.3	2.7	3.0	3.1	3.4	3.7	4.1	4.4	5.2	5.2
45 Philippines.....	3.8	3.7	3.1	3.6	3.6	3.4	2.9	2.6	3.1	3.4	3.2
46 Thailand.....	1.5	1.7	1.9	2.2	2.2	2.2	2.4	2.8	3.1	2.9	3.3
47 Other Asia.....	1.7	2.0	2.5	2.7	2.7	2.7	2.6	3.0	2.9	3.1	3.5
<i>Africa</i>											
48 Egypt.....	.4	.4	.5	.3	.2	.2	.2	.2	.4	.4	.5
49 Morocco.....	.8	.7	.7	.6	.6	.5	.6	.6	.6	.7	.7
50 Zaire.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa <sup>3</sup> .....	1.0	.7	.6	.9	1.0	.8	.9	.8	.8	1.0	.9
52 Eastern Europe <sup>4</sup> .....	2.3	2.4	3.0	3.1	3.1	2.9	3.2	3.0	3.0	3.3	3.0 <sup>f</sup>
53 Russia <sup>4</sup> .....	.2	.9	1.7	1.8	1.9	1.7	1.9	1.7	1.6	1.5	1.2
54 Yugoslavia <sup>5</sup> .....	1.2	.9	.7	.7	.6	.6	.6	.6	.6	.5	.5
55 Other.....	.9	.7	.6	.7	.6	.7	.7	.7	.9	1.4	1.4 <sup>f</sup>
56 Offshore banking centers.....	44.7	54.2	61.4	54.5	58.3	60.2	58.0	67.9	72.5	78.3 <sup>f</sup>	76.6 <sup>f</sup>
57 Bahamas.....	2.9	11.9	12.9	8.9	6.9	9.7	7.1	12.7	12.6	15.4	13.5
58 Bermuda.....	4.4	2.3	5.1	3.8	6.2	4.1	4.5	5.5	8.1	8.4	6.1
59 Cayman Islands and other British West Indies.....	11.7	15.8	19.3	16.9	21.8	17.6	15.6	15.1	16.9	17.2	20.1 <sup>f</sup>
60 Netherlands Antilles.....	7.9	1.2	.8	.7	1.1	1.6	2.5	2.8	2.3	2.7	2.4
61 Panama <sup>6</sup> .....	1.4	1.4	1.9	2.0	1.9	2.0	2.1	2.1	2.4	2.0	1.9
62 Lebanon.....	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong.....	9.7	14.4	14.9	15.2	13.8	16.7	16.9	19.1	18.7	19.7 <sup>f</sup>	21.8
64 Singapore.....	6.6	7.1	6.4	6.8	6.5	8.4	9.3	10.4	11.2	12.7	10.6
65 Other <sup>7</sup> .....	.0	.0	.0	.0	.0	.0	.0	.0	.1	.0	.0
66 Miscellaneous and unallocated <sup>8</sup> .....	39.9	48.0	48.6	36.8	39.7	38.8	46.2	46.3	43.3	72.0 <sup>f</sup>	91.0 <sup>f</sup>

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 Herzegovina, 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<sup>1</sup>

Millions of dollars, end of period

Type of liability, and area or country	1990	1991	1992	1993				1994	
				Mar.	June	Sept.	Dec.	Mar.	June <sup>p</sup>
<b>1 Total</b> .....	<b>46,043</b>	<b>44,708</b>	<b>45,260</b>	<b>46,170</b>	<b>46,514</b>	<b>48,524</b>	<b>49,136</b>	<b>51,740</b>	<b>55,316</b>
2 Payable in dollars .....	40,786	39,029	37,276	37,896	37,027	39,311	37,880	38,115	42,463
3 Payable in foreign currencies .....	5,257	5,679	7,984	8,274	9,487	9,213	11,256	13,625	12,853
<i>By type</i>									
4 Financial liabilities .....	21,066	22,518	23,590	24,239	25,100	26,731	28,254	30,111	33,277
5 Payable in dollars .....	16,979	18,104	16,780	17,178	16,935	18,705	18,175	18,481	22,424
6 Payable in foreign currencies .....	4,087	4,414	6,810	7,061	8,165	8,026	10,079	11,630	10,853
7 Commercial liabilities .....	24,977	22,190	21,670	21,931	21,414	21,793	20,882	21,629	22,039
8 Trade payables .....	10,683	9,252	9,566	9,684	9,370	9,226	8,800	8,956	9,855
9 Advance receipts and other liabilities .....	14,294	12,938	12,104	12,247	12,044	12,567	12,082	12,673	12,184
10 Payable in dollars .....	23,807	20,925	20,496	20,718	20,092	20,606	19,705	19,634	20,039
11 Payable in foreign currencies .....	1,170	1,265	1,174	1,213	1,322	1,187	1,177	1,995	2,000
<i>By area or country</i>									
<i>Financial liabilities</i>									
12 Europe .....	10,978	12,003	13,207	13,567	14,199	16,445	18,185	20,293	23,564
13 Belgium and Luxembourg .....	394	216	414	306	268	278	175	525	503
14 France .....	975	2,106	1,623	1,625	2,219	2,077	2,326	2,589	1,590
15 Germany .....	621	682	889	899	863	855	975	1,214	939
16 Netherlands .....	1,081	1,056	606	639	585	573	534	564	533
17 Switzerland .....	545	408	569	503	491	378	634	1,200	631
18 United Kingdom .....	6,357	6,528	8,430	9,035	9,118	11,694	12,925	13,595	18,151
19 Canada .....	229	292	544	604	493	663	859	508	698
20 Latin America and Caribbean .....	4,153	4,784	4,053	4,299	4,199	3,719	3,359	3,553	3,282
21 Bahamas .....	371	537	379	626	476	1,301	1,148	1,157	1,052
22 Bermuda .....	0	114	114	114	124	114	0	120	115
23 Brazil .....	0	6	19	18	18	18	18	18	18
24 British West Indies .....	3,160	3,524	2,850	2,865	2,901	1,600	1,533	1,613	1,454
25 Mexico .....	5	7	12	13	11	15	17	14	13
26 Venezuela .....	4	4	6	5	5	5	5	5	5
27 Asia <sup>2</sup> .....	5,295	5,381	5,747	5,703	6,039	5,754	5,689	5,601	5,694
28 Japan .....	4,065	4,116	4,679	4,692	4,857	4,725	4,620	4,589	4,760
29 Middle Eastern oil-exporting countries <sup>3</sup> .....	5	13	19	24	19	23	23	24	24
30 Africa .....	2	6	6	6	130	132	133	133	9
31 Oil-exporting countries <sup>4</sup> .....	0	4	0	0	123	124	123	124	0
32 All other <sup>5</sup> .....	409	52	33	60	40	18	29	23	30
<i>Commercial liabilities</i>									
33 Europe .....	10,310	8,701	7,398	6,992	6,807	7,051	6,825	6,549	6,903
34 Belgium and Luxembourg .....	275	248	298	264	269	257	240	253	254
35 France .....	1,218	1,039	700	707	775	643	648	554	711
36 Germany .....	1,270	1,052	729	650	603	571	684	577	669
37 Netherlands .....	844	710	535	537	577	601	687	628	642
38 Switzerland .....	775	575	350	472	441	536	375	387	472
39 United Kingdom .....	2,792	2,297	2,505	2,119	2,186	2,319	2,051	2,156	2,309
40 Canada .....	1,261	1,014	1,002	1,005	942	847	883	1,039	1,062
41 Latin America and Caribbean .....	1,672	1,355	1,533	1,776	1,828	1,759	1,661	1,911	2,004
42 Bahamas .....	12	3	3	11	6	4	21	8	2
43 Bermuda .....	538	310	307	429	356	340	348	493	416
44 Brazil .....	145	219	209	236	226	214	216	211	217
45 British West Indies .....	30	107	33	34	16	36	26	19	23
46 Mexico .....	475	307	457	553	659	577	485	557	705
47 Venezuela .....	130	94	142	171	172	173	126	150	194
48 Asia <sup>2</sup> .....	9,483	9,334	10,594	10,757	10,520	10,916	10,458	10,906	10,898
49 Japan .....	3,651	3,721	3,612	3,709	3,390	3,726	3,951	4,613	4,385
50 Middle Eastern oil-exporting countries <sup>3</sup> .....	2,016	1,498	1,889	1,796	1,815	1,968	1,525	1,533	1,813
51 Africa .....	844	715	568	675	665	641	463	490	523
52 Oil-exporting countries <sup>4</sup> .....	422	327	309	322	378	320	171	199	247
53 Other <sup>5</sup> .....	1,406	1,071	575	726	652	579	592	734	649

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.

2. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

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

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

5. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States<sup>1</sup>

Millions of dollars, end of period

Type of claim, and area or country	1990	1991	1992 <sup>f</sup>	1993				1994	
				Mar.	June	Sept.	Dec.	Mar.	June <sup>g</sup>
1 Total	35,348	45,262	42,286	46,753	42,589	43,199	43,603	43,447	50,407
2 Payable in dollars	32,760	42,564	39,594	43,610	39,304	39,664	40,371	40,028	46,864
3 Payable in foreign currencies	2,589	2,698	2,692	3,143	3,285	3,535	3,232	3,419	3,543
<i>By type</i>									
4 Financial claims	19,874	27,882	23,822	26,833	22,656	24,212	23,656	23,324	29,632
5 Deposits	13,577	20,080	15,136	16,732	11,966	13,499	13,272	13,852	17,585
6 Payable in dollars	12,552	19,080	14,313	15,602	10,997	12,490	12,421	12,953	16,672
7 Payable in foreign currencies	1,025	1,000	823	1,130	969	1,009	851	899	913
8 Other financial claims	6,297	7,802	8,686	10,101	10,690	10,713	10,384	9,472	12,047
9 Payable in dollars	5,280	6,910	7,762	9,045	9,541	9,605	9,328	8,407	10,978
10 Payable in foreign currencies	1,017	892	924	1,056	1,149	1,108	1,056	1,065	1,069
11 Commercial claims	15,475	17,380	18,464	19,920	19,933	18,987	19,947	20,123	20,775
12 Trade receivables	13,657	14,468	15,907	17,566	17,450	16,009	17,003	17,285	18,004
13 Advance payments and other claims	1,817	2,912	2,557	2,354	2,483	2,978	2,944	2,838	2,771
14 Payable in dollars	14,927	16,574	17,519	18,963	18,766	17,569	18,622	18,668	19,214
15 Payable in foreign currencies	548	806	945	957	1,167	1,418	1,325	1,455	1,561
<i>By area or country</i>									
<i>Financial claims</i>									
16 Europe	9,645	13,441	9,331	10,405	9,744	8,384	8,095	7,347	8,085
17 Belgium and Luxembourg	76	13	8	67	74	70	131	122	83
18 France	371	269	764	905	781	708	785	753	899
19 Germany	367	283	326	388	383	362	472	441	417
20 Netherlands	265	334	515	544	499	485	502	503	480
21 Switzerland	357	581	490	478	494	512	515	520	495
22 United Kingdom	7,971	11,534	6,252	6,991	6,579	5,230	4,527	3,916	4,638
23 Canada	2,934	2,642	1,716	2,013	1,805	1,627	1,870	2,508	3,546
24 Latin America and Caribbean	6,201	10,717	11,323	10,298	7,349	10,741	11,314	10,388	15,291
25 Bahamas	1,090	827	658	320	762	580	496	502	1,215
26 Bermuda	3	8	40	79	258	197	125	34	65
27 Brazil	68	351	686	592	590	590	599	567	359
28 British West Indies	4,635	9,056	9,297	8,397	4,803	8,176	8,759	8,143	12,855
29 Mexico	177	212	445	656	665	882	865	782	473
30 Venezuela	25	40	29	23	24	25	161	26	33
31 Asia	860	640	864	3,362	3,016	2,756	1,801	2,626	2,246
32 Japan	523	350	668	3,123	2,485	2,215	1,063	1,762	1,360
33 Middle Eastern oil-exporting countries <sup>2</sup>	8	5	3	3	10	5	3	5	2
34 Africa	37	57	83	128	125	88	99	76	74
35 Oil-exporting countries <sup>3</sup>	0	1	9	1	1	1	1	0	1
36 All other <sup>4</sup>	195	385	505	627	617	616	477	379	390
<i>Commercial claims</i>									
37 Europe	7,044	8,193	8,351	8,800	8,968	8,088	8,764	8,407	8,563
38 Belgium and Luxembourg	212	194	189	170	173	163	185	174	179
39 France	1,240	1,585	1,537	1,492	1,511	1,438	1,943	1,817	1,761
40 Germany	807	955	933	1,025	1,046	935	997	923	920
41 Netherlands	555	645	552	734	565	410	417	351	287
42 Switzerland	301	295	362	437	442	376	424	404	642
43 United Kingdom	1,775	2,086	2,094	2,363	2,562	2,288	2,252	2,219	2,338
44 Canada	1,074	1,121	1,286	1,334	1,359	1,360	1,356	1,465	1,451
45 Latin America and Caribbean	2,375	2,655	3,043	3,474	3,456	3,071	3,207	3,499	3,801
46 Bahamas	14	13	28	18	17	20	11	12	17
47 Bermuda	246	264	255	195	239	225	173	210	285
48 Brazil	326	427	357	836	788	407	462	423	494
49 British West Indies	40	41	40	17	43	39	70	58	66
50 Mexico	661	842	924	998	913	866	945	985	1,000
51 Venezuela	192	203	345	349	317	286	295	290	303
52 Asia	4,127	4,591	4,866	5,430	5,220	5,538	5,623	5,763	6,028
53 Japan	1,460	1,899	1,903	2,163	1,885	2,519	2,142	2,338	2,326
54 Middle Eastern oil-exporting countries <sup>2</sup>	460	620	693	773	673	456	657	654	601
55 Africa	488	430	554	463	516	493	492	512	484
56 Oil-exporting countries <sup>3</sup>	67	95	78	75	99	107	71	101	90
57 Other <sup>4</sup>	367	390	364	419	414	437	505	477	448

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.

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3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1992	1993	1994		1994					
			Jan. - Sept.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>P</sup>
<b>U.S. corporate securities</b>										
<b>Stocks</b>										
1 Foreign purchases	221,367	319,728	270,471	36,535	29,853	26,699	28,349	24,332	29,312	28,725
2 Foreign sales	226,503	298,145	264,690	36,290	31,654	25,113	30,249	25,174	26,400	30,136
3 Net purchases, or sales (-)	-5,136	21,583	5,781	245	-1,801	1,586	-1,900	-842	2,912	-1,411
4 Foreign countries	-5,169	21,311	5,828	247	-1,799	1,569	-1,891	-846	2,914	-1,425
5 Europe	-4,927	10,665	9,407	1,243	803	1,219	-378	-291	1,424	-1,011
6 France	-1,350	-103	124	82	-83	210	-241	-68	-22	-63
7 Germany	-80	1,647	2,732	332	252	398	119	56	73	-108
8 Netherlands	-262	-600	1,249	-155	82	176	89	357	266	55
9 Switzerland	168	2,986	1,230	79	174	30	74	82	136	-104
10 United Kingdom	-3,301	4,560	1,893	584	230	174	-322	-830	866	-638
11 Canada	1,407	-3,213	-728	-59	290	156	-529	-313	-366	63
12 Latin America and Caribbean	2,203	5,724	-1,193	-31	-1,862	-207	-839	-476	989	-625
13 Middle East <sup>1</sup>	-88	-328	-917	64	4	49	-111	-94	-281	-431
14 Other Asia	-3,943	8,198	-1,424	-1,175	-1,191	476	-143	280	1,031	588
15 Japan	-3,598	3,825	931	-117	-658	335	171	555	1,132	760
16 Africa	10	63	47	13	33	-1	6	-7	0	-19
17 Other countries	169	202	636	192	124	-123	103	55	117	10
18 Nonmonetary international and regional organizations	33	272	-47	-2	-2	17	-9	4	-2	14
<b>Bonds<sup>2</sup></b>										
19 Foreign purchases	214,922	283,800	230,280	30,717	29,756	24,955	31,789	25,166	22,963 <sup>f</sup>	19,038
20 Foreign sales	175,842	217,943	184,618	25,265	27,473	20,868	21,123	18,898	15,686	17,625
21 Net purchases, or sales (-)	39,080	65,857	45,662	5,452	2,283	4,087	10,666	6,268	7,277 <sup>f</sup>	1,413
22 Foreign countries	37,964	65,319	45,050	5,365	2,298	4,025	10,538	5,883	7,344 <sup>f</sup>	1,396
23 Europe	17,435	22,429	27,465	2,982	346	528	6,031	4,531	5,152 <sup>f</sup>	2,325
24 France	1,203	2,346	240	32	181	-3	47	21	-18	-16
25 Germany	2,480	885	-453	-64	83	-244	52	52	34	-358
26 Netherlands	540	-290	2,521	330	216	358	868	29	610	-64
27 Switzerland	-579	-627	546	131	-189	136	144	-192	-9	292
28 United Kingdom	12,421	19,529	25,778	3,343	556	894	5,624	4,409	4,497 <sup>f</sup>	1,916
29 Canada	237	1,668	1,895	-17	-16	286	422	625	519	194
30 Latin America and Caribbean	9,300	15,697	4,099	1,848	873	762	1,553	-527	-81	-1,831
31 Middle East <sup>1</sup>	3,166	3,257	979	59	7	17	339	375	157 <sup>f</sup>	-53
32 Other Asia	7,545	20,846	9,974	417	903	2,287	2,177	766	1,558	716
33 Japan	-450	11,569	4,979	-363	523	1,575	1,396	712	763	431
34 Africa	354	1,149	20	-10	55	10	9	-23	18	2
35 Other countries	-73	273	618	86	130	135	7	136	21	43
36 Nonmonetary international and regional organizations	1,116	538	612	87	-15	62	128	385	-67	17
<b>Foreign securities</b>										
37 Stocks, net purchases, or sales (-)	-32,259	-63,340	-34,814	-6,527	-1,940	-4,028	-6,715	-3,093 <sup>f</sup>	-1,258 <sup>f</sup>	691
38 Foreign purchases	150,051	245,527	303,601	37,088	33,083	30,946	31,098	29,291	33,840 <sup>f</sup>	37,346
39 Foreign sales	182,310	308,867	338,415	43,615	35,023	34,974	37,813	32,384 <sup>f</sup>	35,098 <sup>f</sup>	36,655
40 Bonds, net purchases, or sales (-)	-15,605	-69,471	-13,553	5,975	-5,565	-147	427	-2,202 <sup>f</sup>	1,360 <sup>f</sup>	-800
41 Foreign purchases	513,589	829,871	703,014	120,450	69,086	64,158	71,762	59,351	67,262 <sup>f</sup>	78,733
42 Foreign sales	529,194	899,342	716,567	114,475	74,651	64,305	71,335	61,553 <sup>f</sup>	65,902 <sup>f</sup>	79,533
43 Net purchases, or sales (-), of stocks and bonds	-47,864	-132,811	-48,367	-552	-7,505	-4,175	-6,288	-5,295 <sup>f</sup>	102 <sup>f</sup>	-109
44 Foreign countries	-51,274	-132,972	-48,329	-529	-7,461	-4,462	-6,281	-5,477 <sup>f</sup>	-81 <sup>f</sup>	418
45 Europe	-31,350	-89,390	-3,013	8,157	-40	-1,291	4,268	-2,410	-179 <sup>f</sup>	-2,906
46 Canada	-6,893	-14,997	-7,274	456	-412	436	-769	-2,041	-600	865
47 Latin America and Caribbean	-4,340	-9,229	-13,904	-2,836	-6,602	-2,421	-4,997	-1,437 <sup>f</sup>	1,528 <sup>f</sup>	5,163
48 Asia	-7,923	-15,303	-20,996	-6,718	-117	-528	-4,309	339 <sup>f</sup>	-321 <sup>f</sup>	-1,912
49 Africa	-13	-185	-187	-120	-31	-4	29	48	48	-22
50 Other countries	-755	-3,868	-2,955	532	-259	-654	-425	43	-557	-770
51 Nonmonetary international and regional organizations	3,410	161	-38	-23	-44	287	-7	182	183	-527

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).  
 2. Includes state and local government securities and securities of U.S. government

agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions<sup>1</sup>

Millions of dollars; net purchases, or sales (-) during period

Area or country	1992	1993 <sup>f</sup>	1994							
			Jan. - Sept.	Mar.	Apr.	May	June	July	Aug. <sup>f</sup>	Sept. <sup>p</sup>
1 Total estimated .....	39,288	23,401	42,357	-1,240	-13,607	19,778	-5,353	1,710 <sup>f</sup>	15,103	11,093
2 Foreign countries .....	37,935	23,175	43,155	-1,200	-12,879	19,727	-4,901	2,043 <sup>f</sup>	14,687	11,167
3 Europe .....	19,625	-2,403	23,833	2,342	-5,356	8,772	-2,702	4,891 <sup>f</sup>	8,264	3,921
4 Belgium and Luxembourg .....	1,985	1,218	556	269	-175	147	-170	-78	529	-31
5 Germany .....	2,076	-9,975	4,766	-729	-465	2,279	143	714	1,795	-243
6 Netherlands .....	-2,959	-515	304	-971	187	21	560	120	-15	-68
7 Sweden .....	-804	1,421	559	34	-154	150	257	100	-158	105
8 Switzerland .....	488	-1,501	1,969	1,385	3	-211	158	-416	-259	441
9 United Kingdom .....	24,184	6,167	10,555	723	-3,910	4,955	-5,562	4,820	5,361	3,522
10 Other Europe and former U.S.S.R. ....	-5,345	782	5,124	1,631	-842	1,431	1,912	-369 <sup>f</sup>	1,011	195
11 Canada .....	562	10,309	5,457	542	-1,662	98	-11	2,937	1,838	1,515
12 Latin America and Caribbean .....	-3,222	-4,572	-18,222	-3,428	-6,002	-2,652	-7,080	-7,273	-2,310	-666
13 Venezuela .....	539	390	-411	93	-146	-130	-9	17	-132	19
14 Other Latin America and Caribbean ..	-1,956	-5,806	-17,593	-4,204	-6,911	-2,708	-6,744	-7,663	3,172	1,487
15 Netherlands Antilles .....	-1,805	844	-218	683	1,055	186	-327	373	-5,350	-2,172
16 Asia .....	23,517	20,531	33,285	151	403	13,286	5,128	2,522	5,990	6,766
17 Japan .....	9,817	17,070	20,776	2,914	2,976	8,185	5,099	-812	3,681	3,210
18 Africa .....	1,103	1,156	58	-18	59	-29	16	5	80	200
19 Other .....	-3,650	-1,846	-1,256	-789	-321	252	-252	-1,039	825	-569
20 Nonmonetary international and regional organizations .....	1,353	226	-798	-40	-728	51	-452	-333	416	-74
21 International .....	1,018	-279	-767	5	-724	70	-395	-425	317	-61
22 Latin American regional .....	533	654	68	-37	21	-111	54	23	-4	-1
MEMO										
23 Foreign countries .....	37,935	23,175	43,155	-1,200	-12,879	19,727	-4,901	2,043 <sup>f</sup>	14,687	11,167
24 Official institutions .....	6,876	1,272	34,737	-5,051	-640	11,253	2,679	4,897 <sup>f</sup>	8,551	4,719
25 Other foreign <sup>3</sup> .....	31,059	21,903	8,418	3,851	-12,239	8,474	-7,580	-2,854	6,136	6,448
<i>Oil-exporting countries</i>										
26 Middle East <sup>2</sup> .....	4,317	-8,836	-642	33	144	-342	-495	12	621	3
27 Africa <sup>3</sup> .....	11	-5	1	0	0	0	0	0	1	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<sup>1</sup>

Percent per year, averages of daily figures

Country	Rate on Nov. 31, 1994		Country	Rate on Nov. 31, 1994		Country	Rate on Nov. 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.....	7.5	Aug. 1994	Switzerland.....	3.5	Apr. 1994
Canada.....	6.04	Nov. 1994	Japan.....	1.75	Sept. 1993	United Kingdom.....	12.0	Sept. 1992
Denmark.....	5.0	May 1994	Netherlands.....	4.5	May 1994			
France <sup>2</sup> .....	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<sup>1</sup>

Percent per year, averages of daily figures

Type or country	1991	1992	1993	1994						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars.....	5.86	3.70	3.18	4.51	4.51	4.74	4.80	5.01	5.52	5.78
2 United Kingdom.....	11.47	9.56	5.88	5.13	5.13	5.15	5.47	5.65	5.83	5.98
3 Canada.....	9.07	6.76	5.14	6.38	6.50	6.28	5.71	5.61	5.56	5.77
4 Germany.....	9.15	9.42	7.17	5.07	4.95	4.86	4.89	4.95	5.12	5.10
5 Switzerland.....	8.01	7.67	4.79	3.94	4.21	4.17	4.21	4.00	4.02	3.86
6 Netherlands.....	9.19	9.25	6.73	5.04	4.95	4.84	4.88	4.98	5.12	5.15
7 France.....	9.49	10.14	8.30	5.52	5.44	5.51	5.46	5.50	5.52	5.49
8 Italy.....	12.04	13.91	10.09	7.76	8.04	8.39	8.88	8.68	8.80	8.72
9 Belgium.....	9.30	9.31	8.10	5.27	5.33	5.53	5.47	5.34	5.15	5.09
10 Japan.....	7.33	4.39	2.96	2.17	2.12	2.14	2.28	2.31	2.33	2.33

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<sup>1</sup>

Currency units per dollar except as noted

Country/currency unit	1991	1992	1993	1994					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Australia/dollar <sup>2</sup>	77.872	73.521	67.993	73.291	73.409	74.010	74.200	73.787	75.492
2 Austria/schilling	11.686	10.992	11.639	11.446	11.027	11.010	10.904	10.695	10.838
3 Belgium/franc	34.195	32.148	34.581	33.514	32.315	32.248	31.871	31.284	31.694
4 Canada/dollar	1.1460	1.2085	1.2902	1.3836	1.3826	1.3783	1.3540	1.3503	1.3647
5 China, P.R./yuan	5.3337	5.5206	5.7795	8.6836	8.6605	8.6072	8.5581	8.5492	8.5370
6 Denmark/krone	6.4038	6.0372	6.4863	6.3786	6.1581	6.1845	6.1038	5.9479	6.0268
7 Finland/markka	4.0481 <sup>1</sup>	4.4865	5.7251	5.4241	5.1996	5.1493	4.9689	4.6866	4.7388
8 France/franc	5.6468	5.2935	5.6669	5.5597	5.3702	5.3602	5.2975	5.2025	5.2867
9 Germany/deutsche mark	1.6610	1.5618	1.6545	1.6271	1.5674	1.5646	1.5491	1.5195	1.5396
10 Greece/drachma	182.63	190.81	229.64	244.77	236.92	237.11	235.98	233.06	237.38
11 Hong Kong/dollar	7.7712	7.7402	7.7357	7.7309	7.7265	7.7272	7.7275	7.7276	7.7306
12 India/rupee	22.712	28.156	31.291	31.385	31.376	31.373	31.372	31.373	31.394
13 Ireland/pound <sup>2</sup>	161.39	170.42	146.47	149.54	152.79	152.22	154.61	158.64	156.39
14 Italy/lira	1,241.28	1,232.17	1,573.41	1,592.22	1,562.31	1,582.15	1,565.79	1,548.29	1,583.81
15 Japan/yen	134.59	126.78	111.08	102.53	98.44	99.94	98.77	98.35	98.04
16 Malaysia/ringgit	2.7503	2.5463	2.5738	2.5942	2.5948	2.5633	2.5575	2.5589	2.5604
17 Netherlands/guilder	1.8720	1.7587	1.8585	1.8242	1.7585	1.7570	1.7372	1.7028	1.7261
18 New Zealand/dollar <sup>2</sup>	57.832	53.792	54.127	59.121	60.063	60.119	60.297	60.898	62.093
19 Norway/krone	6.4912	6.2142	7.0979	7.0686	6.8560	6.8644	6.7961	6.6166	6.7297
20 Portugal/escudo	144.77	135.07	161.08	168.76	160.98	159.80	157.91	155.26	157.27
21 Singapore/dollar	1.7283	1.6294	1.6158	1.5310	1.5137	1.5045	1.4885	1.4761	1.4682
22 South Africa/rand	2.7633	2.8524	3.2729	3.6318	3.6705	3.5968	3.5570	3.5420	3.5256
23 South Korea/won	736.73	784.66 <sup>1</sup>	805.75	809.86	808.39	806.83	803.69	801.98	799.46
24 Spain/peseta	104.01	102.38	127.48	134.23	129.31	129.90	128.41	126.34	128.34
25 Sri Lanka/rupee	41.200	44.013	48.211 <sup>1</sup>	49.232	49.010	49.241	49.260	49.112	49.163
26 Sweden/krona	6.0521	5.8258	7.7956	7.7968	7.7471	7.7420	7.5227	7.2631	7.3637
27 Switzerland/franc	1.4356	1.4064	1.4781	1.3727	1.3239	1.3184	1.2892	1.2648	1.2956
28 Taiwan/dollar	26.759	25.160	26.416	27.018	26.658	26.419	26.210	26.132	26.188
29 Thailand/baht	25.528	25.411	25.333	25.137	24.977	25.021	24.968	25.001 <sup>1</sup>	24.992
30 United Kingdom/pound <sup>2</sup>	176.74	176.63	150.16	152.62	154.67	154.22	156.61	160.64	158.92
MEMO									
31 United States/dollar <sup>3</sup>	89.84	86.61	93.18	91.60	89.06	89.26	88.08	86.66	87.71

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972-76 average

world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

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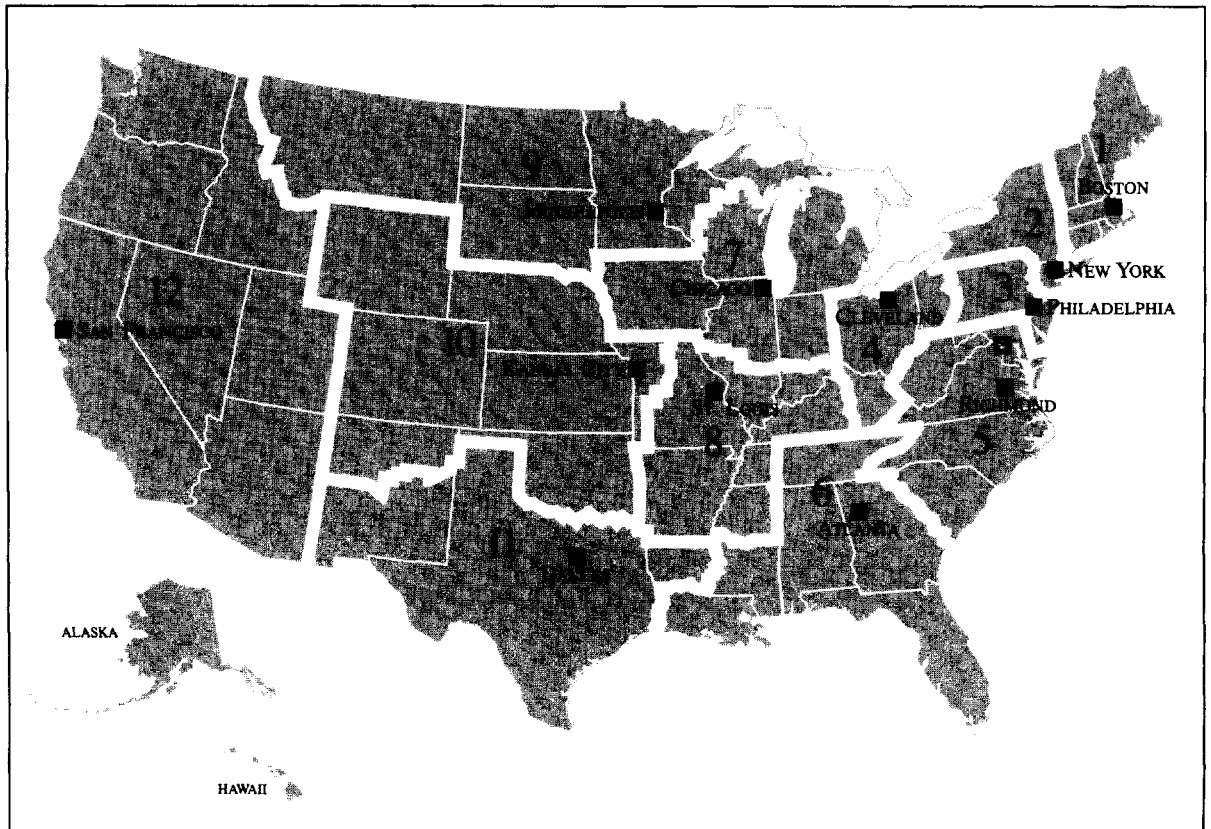
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*Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.*

Staff Studies 1–157 are out of print.

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# Maps of the Federal Reserve System



## LEGEND

### *Both pages*

- Federal Reserve Bank city
- ★ Board of Governors of the Federal Reserve System, Washington, D.C.

### *Facing page*

- Federal Reserve Branch city
- Branch boundary

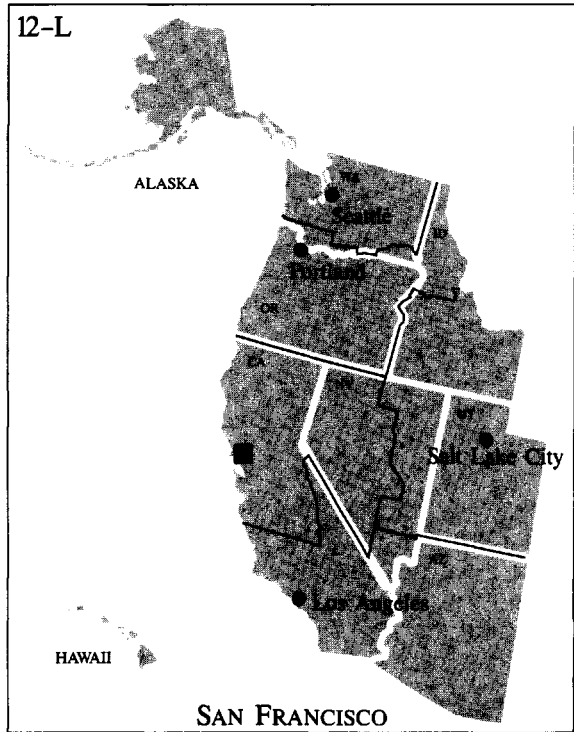
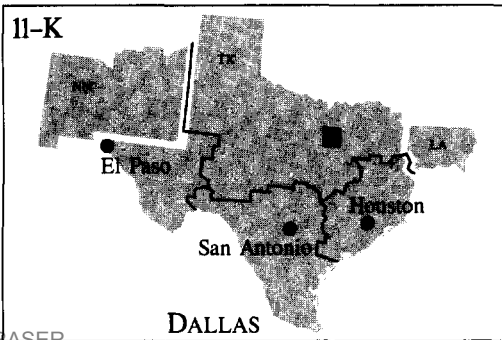
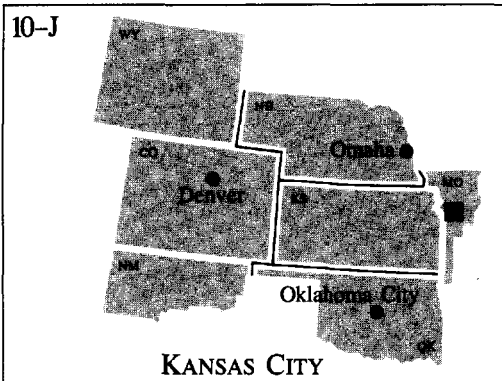
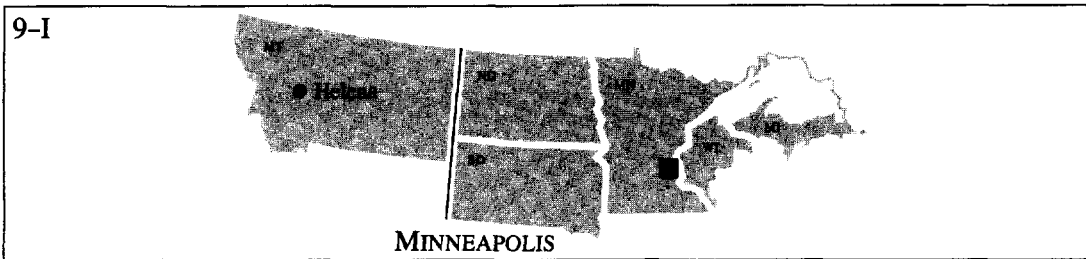
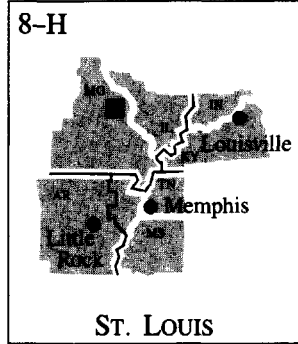
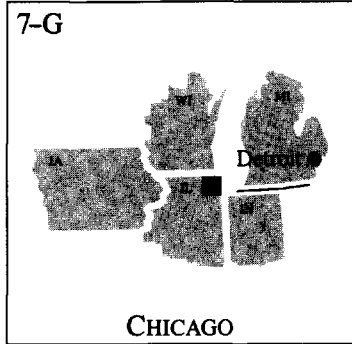
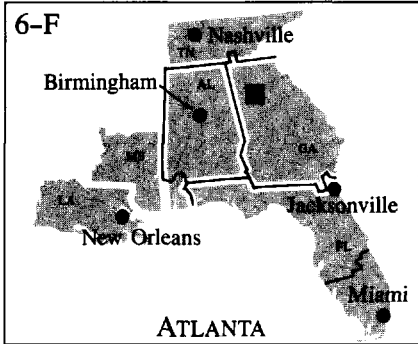
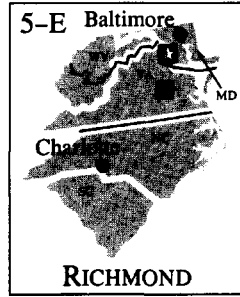
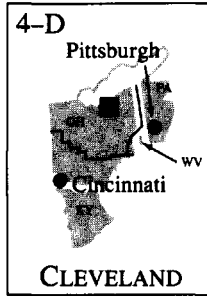
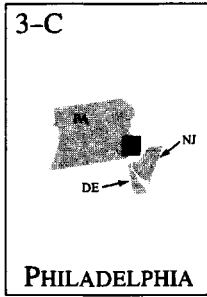
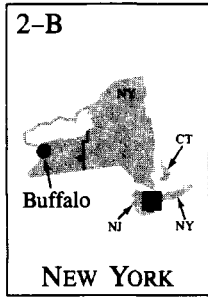
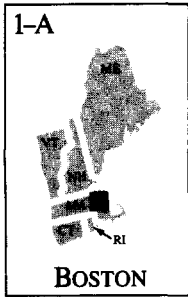
## NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the

Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.



# Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or facility	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Jerome H. Grossman William C. Brainard	Cathy E. Minehan Paul M. Connolly	
NEW YORK*	10045	Maurice R. Greenberg David A. Hamburg	William J. McDonough James H. Oltman	
Buffalo	14240	Joseph J. Castiglia		Carl W. Turnipseed <sup>1</sup>
PHILADELPHIA	19105	James M. Mead Donald J. Kennedy	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds G. Watts Humphrey, Jr.	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	John N. Taylor, Jr.		Charles A. Cerino <sup>1</sup>
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart <sup>1</sup>
RICHMOND*	23219	Henry J. Faison Claudine B. Malone	J. Alfred Broaddus, Jr. Jimmie R. Monhollon	
Baltimore	21203	Rebecca Hahn Windsor		Ronald B. Duncan <sup>1</sup>
Charlotte	28230	Harold D. Kingsmore		Walter A. Varvel <sup>1</sup>
<i>Culpeper Communications     and Records Center 22701</i>				John G. Stoides <sup>1</sup>
ATLANTA	30303	Leo Benatar Hugh M. Brown	Robert P. Forrestal Jack Guynn	
Birmingham	35283	Shelton E. Allred		Donald E. Nelson <sup>1</sup>
Jacksonville	32231	Samuel H. Vickers		Fred R. Herr <sup>1</sup>
Miami	33152	Dorothy C. Weaver		James D. Hawkins <sup>1</sup>
Nashville	37203	Paula Lovell		James T. Curry III
New Orleans	70161	Jo Ann Slaydon		Melvyn K. Purcell
				Robert J. Musso
CHICAGO*	60690	Robert M. Healey Richard G. Cline	Michael H. Moskow William C. Conrad	
Detroit	48231	J. Michael Moore		Roby L. Sloan <sup>1</sup>
ST. LOUIS	63166	Robert H. Quenon John F. McDonnell	Thomas C. Melzer James R. Bowen	
Little Rock	72203	Robert D. Nabholz, Jr.		Karl W. Ashman
Louisville	40232	Laura M. Douglas		Howard Wells
Memphis	38101	Sidney Wilson, Jr.		John P. Baumgartner
MINNEAPOLIS	55480	Gerald A. Rauenhorst Jean D. Kinsey	Gary H. Stern Colleen K. Strand	
Helena	59601	Lane Basso		John D. Johnson
KANSAS CITY	64198	Herman Cain A. Drue Jennings	Thomas M. Hoenic Richard K. Rasdall	
Denver	80217	Sandra K. Woods		Kent M. Scott <sup>1</sup>
Oklahoma City	73125	Ernest L. Holloway		David J. France
Omaha	68102	Sheila Griffin		Harold L. Shewmaker
DALLAS	75201	Cece Smith Roger R. Hemminghaus	Robert D. McTeer, Jr. Tony J. Salvaggio	
El Paso	79999	Alvin T. Johnson		Sammie C. Clay
Houston	77252	Judy Ley Allen		Robert Smith, III <sup>1</sup>
San Antonio	78295	Erich Wendl		James L. Stull <sup>1</sup>
SAN FRANCISCO	94120	Judith M. Runstad James A. Vohs	Robert T. Parry Patrick K. Barron	
Los Angeles	90051	Anita E. Landecker		John F. Moore <sup>1</sup>
Portland	97208	William A. Hilliard		E. Ronald Liggett <sup>1</sup>
Salt Lake City	84125	Gerald R. Sherratt		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema <sup>1</sup>

\*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.