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

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# The Mexican Peso Crisis: Implications for International Finance

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*Edwin M. Truman, Staff Director of the Board's Division of International Finance, prepared this article.*

On December 20, 1994, the government of Mexico announced the devaluation of its currency, surprising financial markets and precipitating the so-called Mexican peso crisis. The devaluation came after three years during which Mexico had followed an exchange rate policy of maintaining the peso within a well-defined band against the U.S. dollar. During 1994, this policy had come under pressure as the Mexican current account deficit rose to about \$29 billion (8 percent of Mexican gross domestic product), Mexico's international reserves declined about two-thirds, and the government of Mexico issued more than \$25 billion of peso-denominated short-term debt whose face value was indexed to the U.S. dollar. The devaluation on December 20 failed to stabilize peso financial markets; two days later, the Mexican authorities were forced to allow the peso to float freely, and its external value plummeted. In response, monetary and fiscal policies were tightened significantly, and Mexico received an unprecedented package of external financial support from the International Monetary Fund, the Exchange Stabilization Fund of the U.S. Department of the Treasury, the Federal Reserve, the Bank of Canada, and the Bank for International Settlements.

While the Mexican peso crisis has raised legitimate questions about Mexican economic policies before and during the events of December 1994 and January 1995, its propagation through international financial markets has also pointed to broader questions about the international institutional and financial environment. This article considers the implications for international finance of the Mexican experience. It focuses on these implications from three distinct and somewhat stylized perspectives: the creditors and their markets, the countries receiving large capital inflows, and the functioning of the international financial system.

This three-way perspective is somewhat arbitrary and, therefore, not entirely satisfactory. First, it is oversimplified, particularly to the extent that it identifies creditors with investors in industrial countries, recipients of capital inflows (net or gross) with developing countries, and the international financial system with the governments (and the central banks) of creditor countries and with the international financial institutions that are held responsible for its smooth operation. In today's liberalized financial markets, potential creditors include investors in developing countries, industrial countries are large-scale recipients of international capital flows, and authorities both in developing countries and in industrial countries have a stake in the efficient and effective functioning of the international financial system. Thus, the notion that it is either appropriate or desirable for developed countries to operate under one set of rules while developing countries operate under another is increasingly off the mark.

Second, the origins of the Mexican peso crisis can be traced, in part, to trends in the globalization of finance over the past decade, trends with respect to the technology of markets, the liberalization of financial systems, and diversification of investors' portfolios. Whether these factors or Mexico's economic policy decisions, or neither, were more important in determining what happened in Mexico in late 1994 and early 1995 does not need to be agreed upon for the sake of my argument. I stipulate merely that the behavior of financial markets during the Mexican crisis has more in common with their behavior during the European monetary crises of 1992 and 1993 and the bond market collapse in 1994 than many observers may be willing to contemplate or acknowledge.<sup>1</sup> Moreover, the similarities between the economic policies contributing to the Mexican crisis and those

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NOTE. An earlier version of this article was prepared for and presented at the Aspen Institute seminar "The Future of the World Economy" in August 1995.

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1. Chairman Alan Greenspan testified before the Congress on January 26, 1995, that "although the speed of transmission of positive economic events has been an important plus for the world in recent years, it is becoming increasingly obvious—and Mexico is the first major case—that significant mistakes in macroeconomic policy also reverberate around the world at a prodigious pace." Statement before the Committee on Foreign Relations, U.S. Senate, *Federal Reserve Bulletin*, vol. 81 (March 1995), p. 261.



contributing to the European monetary crises attest that the former was not a unique or unidimensional event.<sup>2</sup>

Third, establishing the lessons to be learned from the Mexican experience is complex, particularly as there is no consensus on the factors behind the crisis. The International Monetary Fund (IMF) has listed three major views regarding such factors—adverse domestic political and external economic shocks, an unsustainable external position, and domestic policy slippages—and has noted that these views are not mutually exclusive.<sup>3</sup> Moreover, the IMF's list of explanations largely omits economic and financial trends and developments originating outside Mexico. In part because there is no consensus on the factors behind the Mexican crisis, there is no consensus about what should have been done or not done during the crisis. Therefore, the lessons one person draws from the crisis are likely to be quite different from those another person draws.

### THE CREDITORS AND THEIR MARKETS

The summary overview of capital flows to developing countries shown in table 1 incorporates several trends that have emerged since the early 1970s. First is the decline in the role for official capital inflows. Although not shown separately, these inflows are included in the "other" category, and in recent years their importance in total capital inflows to developing countries in Asia and the Western Hemisphere has declined substantially. Regarding total net capital inflows to all developing countries, borrowing from official creditors declined from \$20 billion per year between 1987 and 1990 (60 percent of total net flows) to \$16 billion per year between 1991 and 1994 (11 percent of total net flows).<sup>4</sup>

2. These parallels are much too interesting, complex, and controversial to be explored extensively in this article, but they are important to an understanding of today's financial world.

3. International Monetary Fund, "Factors behind the Financial Crisis in Mexico," *World Economic Outlook* (May 1995), pp. 90–97.

4. These data are compiled on a different basis from that used for table 1 and among other things include "exceptional financing," which is important and comes from the official sector even for the more advanced developing countries. The comparable figures for developing countries in the Western Hemisphere are net borrowing from official creditors of \$7.9 billion per year from 1987 to 1990 and net repayments of \$0.7 billion per year from 1991 to 1994. Finally, for twenty-two countries classified by the IMF as market borrowers, net inflows from official creditors were \$2.6 billion per year from 1987 to 1990 (14 percent of the total) and \$3.2 billion per year from 1991 to 1994 (3.6 percent of total) (IMF, *World Economic Outlook*, tables A33, A34, and A35).

Second is the apparent decline in the role of commercial banks. Net flows directly involving foreign commercial banks (also included in the "other" entries) were the principal source of capital inflows from 1973 to 1982 for developing countries in Asia and the Western Hemisphere. During the debt-crisis period of the 1980s, countries in the latter group

#### 1. Average annual net capital flows to developing countries, selected periods, 1973–94

Billions of U.S. dollars

Area	1973–76	1977–82	1983–89	1990–94
<i>All developing countries</i>				
Total capital inflows .....	14.8	30.5	8.8	104.8
Foreign direct investment				
plus portfolio investment ..	-1.8	.7	19.8	82.7
Foreign direct investment ....	3.7	11.2	13.3	39.1
Portfolio investment .....	-5.5	-10.5	6.5	43.6
Other <sup>1</sup> .....	16.6	29.8	-11.0	22.2
<i>In Asia</i>				
Total capital inflows .....	6.7	15.8	16.7	52.2
Foreign direct investment				
plus portfolio investment .....	1.4	3.3	6.6	35.8
Foreign direct investment .....	1.3	2.7	5.2	23.4
Portfolio investment ....	.1	.6	1.4	12.4
Other <sup>1</sup> .....	5.3	12.5	10.1	16.3
<i>In Western Hemisphere</i>				
Total capital inflows .....	13.0	26.3	-16.6	40.0
Foreign direct investment				
plus portfolio investment .....	2.4	6.9	3.2	38.5
Foreign direct investment .....	2.2	5.3	4.4	11.9
Portfolio investment ....	.2	1.6	-1.2	26.6
Other <sup>1</sup> .....	10.6	19.4	-19.8	1.5
<i>Other developing countries</i>				
Total capital inflows .....	-4.9	-11.6	8.7	12.7
Foreign direct investment				
plus portfolio investment .....	-5.6	-9.5	10.0	8.3
Foreign direct investment .....	.2	3.2	3.7	3.8
Portfolio investment ....	-5.8	-12.7	6.3	4.6
Other <sup>1</sup> .....	.7	-2.1	-1.3	4.3
<i>Mexico</i>				
Total capital inflows .....	n.a.	9.7	-2.1	21.2
Foreign direct investment				
plus portfolio investment .....	n.a.	2.3	.1	18.7
Foreign direct investment ....	n.a.	1.6	1.2	4.9
Portfolio investment .....	n.a.	.7	-1.1	13.8
Other <sup>1</sup> .....	n.a.	7.4	-2.2	2.5

NOTE. Flows exclude exceptional financing from the International Monetary Fund or International Bank for Reconstruction and Development as well as bilateral official or private-sector reschedulings or arrears.

A number of countries do not report assets and liabilities separately. For these countries, it is assumed that there are no outflows, so that liabilities are set equal to the net value. To the extent that this assumption is not valid, the data underestimate the gross value.

Adjustments are also made to net out the effects of bonds exchanged for commercial bank loans in debt and debt service reduction operations and to provide additional detail on selected private capital flows.

Regional classifications correspond to those in the International Monetary Fund's *International Finance Statistics* but exclude capital exporting countries such as Kuwait and Saudi Arabia; "other developing countries" are those in the Africa regional grouping and the Middle East and Europe grouping.

n.a. Not available.

1. Consists of net lending to the official sector (including general government and the monetary authority) and net lending to the private sector by banks and institutions such as insurance companies and pension funds.

SOURCE. International Monetary Fund, World Economic Outlook database.

experienced a reversal of such flows; and during the first half of the 1990s, bank flows played only a moderate role. These data, however, do not reveal the extent to which commercial and investment banks were involved in intermediating international capital flows. Although these institutions are heavily involved in the placement and arrangement of portfolio capital flows, the data include as banking flows only assets that are booked on the balance sheets of those financial institutions. For example, when the peso crisis erupted in December 1994, Mexican commercial banks had about \$4 billion in certificates of deposit outstanding to nonresidents; an overwhelming proportion of those deposits had been placed or brokered by foreign financial institutions.

Third is the absolute and relative rise in importance of net foreign direct investment. This trend reflects a widespread belief that this type of capital inflow has advantages in terms of both relative stability and the countercyclical nature of the associated servicing requirements; consequently, a more hospitable attitude in recipient countries toward such inflows has developed over the past decade or so.

Fourth is the dramatic increase in net portfolio investment. These flows take many forms, including investments in equity markets as well as investments in marketable debt instruments—denominated in domestic as well as in foreign currencies. In considering the implications of the recent Mexican experience, one must distinguish among these subcategories of portfolio investments because the investments involve a variety of risks—price risk, liquidity risk, and exchange rate risk. Broadly speaking, two types of investor are behind those flows: direct holders of the instruments in question and indirect holders through investment trusts or mutual funds. Whatever their type, investors seek to maximize their return given their appetite for risk. Unlike many direct investors, portfolio investors often have relatively near-term horizons—that is, the future that concerns them is a relatively brief period of time—regardless of the maturity of the underlying instruments. Unlike direct investors and traditional commercial bank lenders, they assume that they can liquidate their investments fairly quickly in well-developed trading markets. Moreover, near-term relative rates of return are important, as perhaps are considerations of capital gains and losses, for some instruments.

Fifth is the differing patterns of net capital flows across developing countries and groups of developing countries. The Asian countries have long received a larger proportion of their net inflows through foreign direct investment. The Western Hemisphere

countries experienced a reversal of inflows from banks in the 1980s (embedded in “other” in table 1), and they were relatively large beneficiaries of net portfolio inflows during the first half of the 1990s.

Finally, the pattern of net flows to Mexico has been broadly the same as that for the group of Western Hemisphere developing countries.<sup>5</sup>

### *The Unfolding of the Peso Crisis*

The lessons that observers draw from the Mexican experience for the creditors and their markets greatly depend on the perceived uniqueness of Mexico's circumstances.<sup>6</sup> As we have seen, portfolio capital flows were important for Mexico, but they were also important to other countries in Latin America. In the Mexican case, however, the portfolio inflows were concentrated in instruments with relatively short maturities that were also readily transferable. Moreover, by the time the crisis hit, a large proportion of those instruments were tesobonos—short-term obligations of the Mexican government whose peso value was linked to the value of the dollar. At the end of 1993, foreigners also were very large holders of cetes—short-term government securities whose value was not linked to the dollar.

Indeed, one of the curiosities of the Mexican experience was that, over the course of 1994, international investors (Mexican as well as foreign) as a group sold cetes but willingly purchased tesobonos, instruments paying a much lower interest rate than that of cetes but a higher rate than that of similar U.S. government obligations. This trend continued even after mid-1994, when it became clear that the outstanding stock of tesobonos was larger than Mexico's foreign exchange holdings. By definition, the return associated with cetes involved both an exchange rate and a credit (transfer) risk, whereas the return associated with tesobonos involved principally the latter; but both risks were substantial.<sup>7</sup>

5. In 1990–94, net portfolio investment was about two-thirds of net capital inflows to Mexico and the developing countries of the Western Hemisphere and was just under a quarter for developing countries in Asia.

6. The same qualification applies to the lessons for the recipients of capital inflows and for the international financial system.

7. For example, at the end of November 1994, the ninety-one-day cetes rate was 15.60 percent, a spread of 988 basis points over the U.S. three-month Treasury bill rate of 5.72 percent, whereas the ninety-one-day tesobono rate was 7.49, a spread of only 177 basis points. Technically, some exchange risk was originally associated with tesobonos because their principal was only indexed to the dollar; but the principal was paid in pesos, and the holder had to handle or cover the conversion of the pesos into dollars.



Another observation about the Mexican situation may help to explain the relatively large ex ante gap between the rate on cetes and that on tesobonos: Since 1976, the international financial community, led by the U.S. authorities, had come to the financial assistance of Mexico on numerous occasions. The size and novelty of these operations may have suggested to investors that Mexico was a different, if not unique, sovereign borrower. An alternative explanation is that investors did not fully appreciate that tesobonos were a potential indirect claim on Mexico's international reserves.

Nevertheless, when the crisis broke, a large number of geographically dispersed investors were caught holding short-term claims on Mexico that could not be serviced without incurring a massive short-run depreciation of the peso. The investors realized that their investment strategies had been based on one or more false premises concerning the nature of Mexico's exchange rate regime or the probability that they could liquidate their holdings before any crisis hit. Also, although this explanation is difficult to prove, investors may have believed that "bondholders" would not be affected in a crisis because, even during the severe debt crises of the 1980s, there were only isolated instances of failures by countries to meet the original terms of this type of obligation. Finally, investors may have excessively embraced the so-called Washington consensus that the policy regimes in Mexico and similar countries had fundamentally changed in a direction that would produce sustained, rapid economic expansion.<sup>8</sup>

In actuality, holders of some types of portfolio claims on Mexico suffered losses in 1994-95, and holders of other claims did not. Holders of equity securities suffered losses, or at least paper losses. The Mexican stock market dropped two-thirds in dollar terms between December 19, 1994, and March 9, 1995, when it hit its low, and as of the end of January 1996 was still about one-third below its level before the peso's devaluation. The remaining foreign and domestic holders of cetes also suffered losses in dollar terms when their instruments matured over the course of 1995.

Holders of the tesobonos have not in the end suffered losses; the Mexican government has been able to honor its obligations, initially paying out pesos and meeting the resulting demand for dollars out of its reserves and later paying off foreign holders of tesobonos directly in dollars. However, on a

marked-to-market basis, holders of tesobonos suffered nontrivial, but temporary, paper losses as well as did holders of other, longer-dated Mexican debt instruments such as Brady bonds.<sup>9</sup> Nevertheless, the widespread perception is that portfolio investors in Mexican paper suffered no losses as a consequence of the peso crisis and, on the whole, that they were well-rewarded for the limited risks taken.

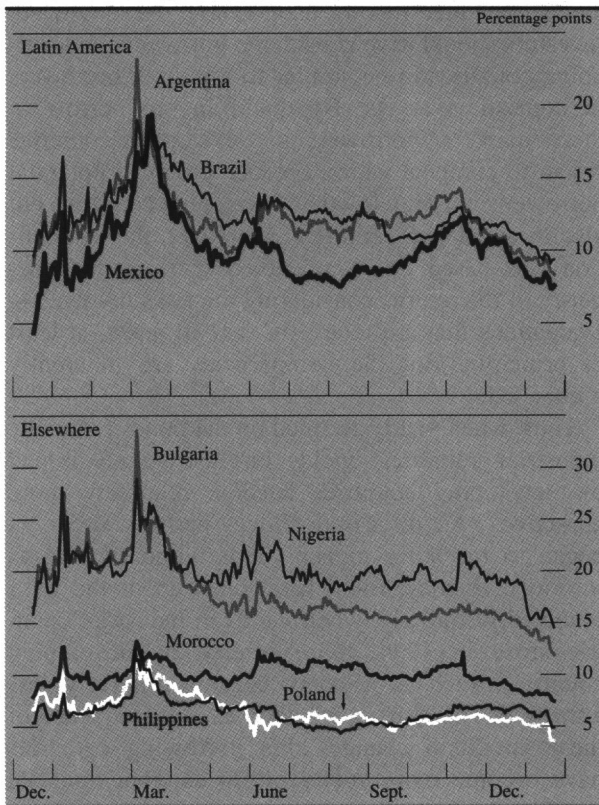
When the crisis erupted, investors panicked, not only investors in the Mexican stock market and in Mexico's debt instruments but also investors in similar instruments issued by borrowers in other countries, especially countries in the same part of the world or perceived to be in similar circumstances. These contagion sales of assets were induced by at least two forces. First, as perceived risks rose and expected returns fell, individual investors wanted to disinvest. Second, institutional holders such as mutual funds, faced with actual or threatened redemptions, liquidated their holdings not only of Mexican paper but also of the paper of other countries, especially if they could do so while limiting their capital losses. These patterns can be seen in the sympathetic movements in the stripped yields on Brady bonds of various countries in Latin America and elsewhere (chart 1).

In the end, the wealth of Mexico's external creditors as a group was only marginally affected by losses following the crash of the peso. The principal reasons were that the investors were numerous and that Mexican paper was not a large portion of any final, non-Mexican investor's total portfolio; a secondary reason was that some of the investors benefited from the actions taken to stave off a larger crisis. However, the Mexican situation was not unique. As long as no major institution or group of institutions is heavily invested in claims on such a country or a group of similarly situated countries, creditors and their markets are likely to suffer only limited damage. Consequently, they are unlikely to be motivated to act in concert with the issuer to limit losses on their investments; they have every incentive to step back from their investments and to dispose of them quickly, thereby adding to pressures in financial markets. On a global basis, portfolio investments in developing countries amounted to about \$250 billion as of the

8. See Paul Krugman, "Dutch Tulips and Emerging Markets," *Foreign Affairs*, vol. 74 (July/August 1995), pp. 28-44.

9. Brady bonds are obligations of the Mexican government issued in 1990 in exchange for commercial bank claims. They were issued at an interest rate or principal amount reduced from that of the original obligations, and their principal and short-run interest payments are backed by collateral held at the Federal Reserve Bank of New York in the form of U.S. Treasury securities. They are called Brady bonds after former Secretary of the Treasury Nicholas Brady, who put forward the plan that led to their issuance.

1. Secondary market yields on stripped Brady bonds of selected countries, Dec. 1994–Jan. 1996



NOTE. Yields of Brady par bonds stripped of U.S. Treasury collateral on principal and interest.

end of 1994 (table 1). Although this number is large, it represents less than  $\frac{1}{2}$  percent of total portfolio holdings of investors in industrial countries.<sup>10</sup> Although investors would not have been happy losing, say, half the value of their investments in developing countries, even that result was likely to impose only small aggregate losses in terms of wealth, welfare, and demand.<sup>11</sup>

One circumstance is clear in Mexico's case and in that of many other countries as well: the lowered concentration and importance of commercial banks.

10. As of 1992, the total GDP of high-income countries was three times U.S. GDP; and as of year-end 1994, the financial wealth of U.S. households equaled \$18 trillion. If the wealth-GDP ratio for all high-income countries is the same as the U.S. ratio, financial wealth of households in high-income countries equaled about \$54 trillion when the peso crisis broke out (International Bank for Reconstruction and Development, *World Development Report*, Oxford University Press, 1994; and Federal Reserve, U.S. flow of funds accounts).

11. However, portfolio investments in these markets could become a larger share of global portfolios. Moreover, in terms of global growth, the indirect consequences of the hypothesized loss in value in early 1995 might have been substantial.

The situation in 1994–95 contrasts with that in the debt crisis of the early 1980s, when a small number of international commercial banks—roughly twenty-five in total—held a major share of Mexico's debt. In 1982, commercial banks accounted for 70 percent of Mexico's external debt, and claims on Mexico by the top nine U.S. commercial banks amounted to 50 percent of their capital. At the end of 1994, foreign commercial banks held less than 40 percent of Mexico's international debt, and claims on Mexico by the top nine U.S. commercial banks represented only 15 percent of their capital. Had Mexico defaulted this time, the consequences for those institutions would have been painful but not life-threatening.

### *Implications for the Creditors*

The 1994–95 Mexican peso crisis is likely to be unique in at least one respect: In future liquidity crises, holders of large portfolio claims on the country facing the crisis are much less likely to avoid capital losses by relying on official actions that extend large-scale financial assistance to the country in question. The fundamental point is that the scale of potential financial assistance needed to stave off a full-blown crisis in Mexico has proved to be much larger than anyone could have imagined as recently as 1994, and the scale of any similar operation in the future (even allowing for the special circumstances of the Mexican case) is likely to be larger than the official sector will be able or willing to assemble. Moreover, as noted above, the widespread perception, whether accurate or not, is that many portfolio investors were inappropriately protected from the consequences of their investment decisions.

A further implication of the Mexican experience is that investors will be, or at least should be, more careful in the future. At a minimum, they should improve their early-warning systems. Many investors reportedly did not understand developments in Mexico in 1993–94; if they had, they would not have invested so heavily in tesobonos.

On the other hand, many of the investors, or at least their advisors, did in fact understand what was happening in Mexico in 1994; and either the managers of the investments ignored those developments, or they believed that they could divest before a full-blown crisis erupted. Just as in the European monetary crises of 1992 and 1993, many investors were mistaken. Thus, a third implication of the Mexican peso crisis is that institutions need to pay more attention to their risk-management systems in the broadest sense of that term. High or rising yields on



debt instruments should serve as signals to their holders that compensation is being paid in advance for the costs of a possible default or capital loss.

Holders of portfolio claims on developing countries, as well as the financial institutions involved in placing the instruments (whether or not they continue to hold any in their own portfolios), should not expect that the next sovereign liquidity crisis will unfold in the same way the Mexican crisis did. Their planning should have two dimensions: They should expect to take more extensive losses, and, in part to improve the risk-reward trade-off, they may want to consider how they might participate responsibly in the ex post resolution of crisis situations should these situations occur.

### *THE RECIPIENTS OF CAPITAL INFLOWS*

The changing pattern of international capital flows has both a supply side and a demand side. The previous section presented primarily the demand for a different mixture of investments than had been characteristic of the 1970s or 1980s; this section presents the supply side.

From the standpoint of the recipient countries, the 1990s opened up new opportunities to attract foreign capital. Those new opportunities were, in part, the consequence of changes in the political and social philosophies that governed the economic policies of the recipient countries.<sup>12</sup> These countries became more hospitable to foreign direct investment by relaxing restrictions, rewriting discriminatory regulations, and reworking the landscape of the public sector through massive privatization programs that, in turn, caused portfolio investments in equity securities to become more attractive. The forces of economic reform led to more flexible economies, economies that in principle were better equipped to respond to shocks. However, the investments involved two-way risks, at least potentially, because the recipient countries to some extent became more exposed to the risk of a sharp change in investor sentiment. Funds that easily flowed in and financed current account deficits could also easily seek to flow out if conditions or perceptions changed.

The proposition about the increased risk to the recipient country is debatable, and it deserves closer scrutiny than it can receive here. However, an illustration may suffice. To induce foreign investors to hold

claims on developing countries in the form of marketable debt instruments, the recipient countries had to compensate investors for the potential risks involved. Investors should have considered borrowers in developing countries to be similar to high-risk borrowers in domestic markets. By qualifying to borrow in these markets, borrowers in developing countries began to compete with a broader group of potential borrowers, not only in other developing countries but also in developed countries. Moreover, the competition was based on judgments concerning the adequacy of the returns considering the risks involved—evaluations that are relatively easy to make, at least in principle. But the comparisons are inherently multisided.

Thus, when yields declined on the bonds issued by industrial countries, yields on instruments issued by developing countries became relatively more attractive. (As discussed above, perhaps investors began to reach for higher yields without being as informed as they might have been about the risks involved.) Similarly, when yields in industrial countries rose in 1994, those offered by developing countries, such as Mexico, became relatively less attractive. The issue is whether, as a consequence of these structural changes, the borrowing countries have become more vulnerable to external financial shocks.

### *Lessons for the Capital Recipients*

The principal lesson from the 1994–95 peso crisis for recipients of capital inflows derives from the size, scope, and speed of the crisis once it broke. By the standards of the 1980s, this was a new world.

The 1982 Mexican crisis took about six months to develop from the peso's devaluation in February to mid-August, when it became clear that the Mexican authorities would be unable to service their sovereign obligations. Not until December were mechanisms more or less fully in place to contain the situation. About \$3½ billion in official bridge loans in August sufficed to buy time to establish more permanent solutions, but three months passed before an agreement with the IMF was completed to repay those loans.<sup>13</sup>

In 1994–95, the pre-crisis period lasted about a month, from mid-November to mid-December. An \$18 billion package of promised short-term financial

12. Some have argued that the "Washington consensus" on policies may have been overblown or overinterpreted in terms of its short-term implications for growth.

13. Bridge loans are short-term official credits extended with an assured source of repayment, usually from international financial institutions such as the IMF and World Bank.

assistance was developed within two (holiday) weeks, but by mid-January it was clear that the classical, 1982 type of approach had failed to arrest the downward spiral of confidence. The U.S. Administration sought, and initially received, support from congressional leaders for a \$40 billion program of guarantees for Mexican government borrowings in international markets to refinance its short-term dollar and dollar-linked debt. That approach was abandoned on January 31 in favor of the approach now being followed. Thus, the crisis phase lasted a mere six weeks; after another six weeks, around mid-March, confidence began to return to Mexico (see chart 1). Of course, important differences between Mexico in 1982 and Mexico in 1995 make comparisons somewhat problematic. No one should doubt, however, that the 1982 approach quickly proved to be inadequate in 1994–95, whether or not it deserved that fate.

A second lesson from the Mexican experience is merely a variation on a familiar, long-standing theme: If a country is going to run a large current account deficit financed by net private capital inflows, it must ensure that the funds are being wisely invested. This is the first principle for any type of borrowing. In the international context, it is relatively easy to articulate but extremely difficult to apply. However, Mexico's current account deficit was clearly being driven partly by a decline in national savings from more than 18 percent of GDP in 1988–90 to less than 14 percent of GDP in 1994, and there was essentially no change in gross domestic investment.<sup>14</sup> Thus, Mexico's domestic savings rate was relatively low, and when the Mexican economy increased its reliance on foreign savings, very little of the foreign money went to increased domestic investment.<sup>15</sup>

Three lessons of the Mexican experience pertain to other aspects of governmental policy. First, countries should not be tempted to try to sustain overvalued exchange rates too long; this principle is also easy to articulate but not so easy to apply. Second, and an easier lesson to apply, countries should avoid excessive reliance on short-term borrowing; because foreign as well as domestic investors buy internal as well as external debt, this lesson clearly applies to both areas of debt management. Third, when a country must devalue or otherwise change its exchange-rate regime, it should make compensating and complementary changes in other macroeconomic

policies. In the Mexican case, these changes were not made immediately, either because the authorities were paralyzed by their governmental transition as President Zedillo succeeded President Salinas or because they did not understand the fundamental issue. Supporting the latter interpretation is the fact that the Mexicans did not request IMF support until the first week of January.

A final lesson from the Mexican experience is more of a question than a firm conclusion. Has the changing nature of international capital flows left recipient countries more vulnerable to shocks? On the negative side, one can argue that countries can more easily attract capital flows and that, because they are now more open and more flexible, they can more easily do without the capital inflows and adjust to their loss with less (not zero, but less) pain—at least as measured in terms of lost output. On the affirmative side, the unforgiving nature of capital markets may seem to imply that countries are more susceptible to severe punishment (in terms, again, of lost output) for small policy errors, although this increased market discipline may contribute to more responsible policies.<sup>16</sup> As a practical matter, whether borrowing countries are more vulnerable to shocks today or not, they are less likely to receive much cooperation from their creditors in helping to cope with a crisis once it has erupted because individual creditors are more numerous and dispersed and have less of a stake in the success or failure of efforts to resolve or contain a financial crisis.

### *Policy Implications for Capital Recipients*

Regardless of where one comes down on the issue of whether capital-importing developing countries are more vulnerable to shocks in today's globalized capital markets, one implication for the recipients of large-scale net capital inflows is that the authorities in these countries will need to pay a good deal more attention than they have in the recent past to potential shocks, both external and internal. They will need to develop their own early warning systems, which should differ from, and be independent of, the early warning systems that investors or official international financial organizations use because the requirements and risks are inherently different.

14. IMF, "Factors behind the Financial Crisis in Mexico," p. 92.

15. At least according to the aggregate statistics. Arguably, with the increased flexibility and openness of the Mexican economy, the actual investments were more efficient and productive in the 1990s than earlier.

16. This lesson involving today's global financial markets is far from unique to Mexico's situation. It is central to the evaluation of the European monetary crises of 1992 and 1993 and the behavior of bond markets in 1994. It is also subject to dispute.



Strengthening the domestic banking system is key to shock-proofing the economies of the borrowing countries. Such shock-proofing is clearly needed, whether because (1) those banking systems lack the managerial or financial strength to exploit liberalized financial markets effectively, (2) national supervisory systems are underdeveloped, or (3) international capital flows exert discipline over macroeconomic policies (with consequent strains on banking systems). In the Mexican case, all three rationales were present. The newly privatized banks lacked strength and managerial experience, the effective maturity of their foreign currency liabilities was much less than that of their corresponding assets, the supervisory system was underdeveloped, and the weaknesses of the banking system contributed to the reluctance of the authorities to take the macroeconomic policy steps that would have been necessary to contain the peso crisis once a devaluation appeared inevitable.

A second set of implications relates to macroeconomic policies in the countries receiving capital inflows. Many advocates of the use of exchange rates as nominal anchors for expectations about economic policies have been forced by recent events to retreat somewhat from their advocacy; it would be unfortunate if the pendulum now swung to the other extreme of absolutely freely floating exchange rates. The search for a workable, happy medium must continue.

At the same time, recipient countries will need to rethink the way they calibrate their monetary policies, their debt management policies, and their fiscal policies. Fiscal policy has a role to play in striking the proper balance between savings and investment—that is, with respect to judging and achieving a sustainable current account balance—not only in industrial-country recipients of net capital inflows like the United States but also in developing countries like Mexico.<sup>17</sup>

Faced with unwanted capital inflows, as Mexico was in 1992 and 1993, countries confront difficult choices. One choice is to tighten fiscal policy further, even if tightening involves running a substantial fiscal surplus. Another is to allow the real exchange rate to appreciate. A third choice is to sterilize capital inflows and build up reserves, an approach that often

has negative fiscal consequences, as interest receipts on external reserve holdings are less than interest payments on domestic obligations. A fourth possibility is resorting to controls on capital inflows. A fifth is some combination of the above.

The capital controls “solution” has attracted increased favorable attention in some quarters in the aftermath of the Mexican crisis.<sup>18</sup> However, in many cases, only countries with sound macroeconomic policies and high domestic savings rates can afford to limit capital inflows, and even they pay a price by distorting intertemporal decisionmaking. Moreover, when these countries do restrict some kinds of inflows (for example, short-term borrowing), they are reluctant to restrict other kinds of flows (for example, into stock markets or in the form of trade credits). Once the possibility of allowing some forms of short-term or portfolio capital inflows is opened up, the nature of any ensuing crisis is at most a matter of degree. Finally, the notion that capital controls are a good idea for developing countries but a bad idea for developed countries runs counter to the observation that at the margin these two groups of countries cannot and should not be distinguished.<sup>19</sup>

#### THE FUNCTIONING OF THE INTERNATIONAL FINANCIAL SYSTEM

The principal change in the functioning of the international financial system in recent years has been the diminished role of governments. This trend is evident not only in the privatization and market-opening reforms in the non-industrial world but also in the deregulation in the industrial world. The Ministry of Finance no longer has quite the unchallenged power and influence it once had in Japan, and financial markets have become increasingly deregulated in all industrial countries.<sup>20</sup>

18. For example, the 64th Annual Report, 1994–95 of the Bank for International Settlements said that “emerging economies should perhaps be . . . more prudent in dismantling controls on short-term capital inflows” (p. 210).

19. Lawrence Summers, the Treasury Department’s Under Secretary for International Affairs during the crisis, has expressed my bias with his characteristic zing: “It is clear that we would all rather live in countries in which capital is trying to get in, rather than in countries from which capital is trying to get out. That suggests that countries should be very cautious about imposing capital controls with the objective of discouraging capital inflows” (Lawrence H. Summers, Remarks at Symposium on Capital Flows, Jerusalem, Israel, April 3, 1995).

20. One does not need to go so far as to argue that central bankers are like the little Dutch boy with his finger in the dike against the onslaught of stateless money as Steven Solomon does in his book *The Confidence Game* (Simon and Schuster, 1995) to recognize that the international financial system has changed.

17. William Cline points out in his retrospective look at the debt crises of the 1980s that the flaw in former British Chancellor of the Exchequer Nigel Lawson’s dictum that current account deficits do not matter so long as they are accompanied by balanced budgets or surpluses applies equally to developing countries and developed countries, and he correctly diagnosed this flaw as applying to the Mexican case well before the crisis broke. William R. Cline, *International Debt Reexamined* (Washington: Institute for International Economics, 1995).

This trend toward deregulation has been driven by some of the same forces that are behind the globalization of financial markets and financial flows: technological change and improvements in global communications. These forces have also facilitated the relative rise in the importance of securities markets and the relative decline in the role of depository institutions as direct financial intermediaries (that is, as institutions that book both assets and liabilities on their balance sheets).

No trend toward increased volatility has been observed in those markets for financial assets that have been freely functioning for extended periods of time—for example, the market for U.S. Treasury securities and spot markets among the major currencies. Recorded volatility has, however, increased in markets that previously were controlled; whereas in the earlier era prices were tightly controlled, so that sharp movements were ruled out or transactions were never consummated, now prices are allowed to respond to shocks.

As noted above, the authorities have responded to these developments with a mixture of fear and awe. At one extreme, their concern about the scale of potential disturbances sometimes appears to handcuff them in their efforts to implement appropriate macroeconomic policies. At the other extreme, they have sought to exploit new opportunities, including new ways of raising money. Could the Brady bond market have developed without the debt crisis of the 1980s and without the financial technology to support it? Without this market to provide valuation benchmarks for trading in securities of developing countries, would it have been as easy for borrowers to price and come to market with other securities? These are difficult questions on which to reach firm conclusions. However, my answer to both questions is negative.

### *Lessons for the Financial Authorities*

The principal lesson from the Mexican experience for the functioning of the international financial system is that the authorities must now rethink how they interact with the market in crisis situations. As noted earlier, gone are the days when the G-10 central banks could quickly assemble a bridge loan that would serve to stabilize expectations about the situation in a major borrowing country. Also gone are the days when the Managing Director of the IMF and the Chairman of the Board of Governors of the Federal Reserve System could gather representatives of the major private international financial institutions in a

room and easily convince them that a systemic crisis is, first and foremost, a crisis for their own institutions. The number of important players is now much larger, and each perceives that it has less of a stake in the successful resolution of a crisis situation. Thus, when the Mexican authorities in December 1994 called upon the commercial banks to assemble a line of credit to help Mexico cope with what appeared to be a liquidity crisis, the commercial bankers' principal focus was on the terms of the deal rather than on the rationale for the deal. Whether this judgment was short-sighted or mistaken is open to debate.

A closely related lesson concerns the lack of consensus in the official community about the nature of the Mexican crisis and whether it involved so-called systemic risk. From a broad perspective, the situation contained four possible elements of systemic risk.

First was the risk to banking systems in countries other than Mexico; this narrow definition of systemic risk focuses on depository institutions that are the core of monetary and payment systems and that have access to governmental safety nets for depository institutions. Although bank claims on Mexico were a smaller share of Mexico's debt in early 1995 than in 1982, a full-blown Mexican crisis, which could have affected a number of other major borrowing countries, could have been a real threat to at least some national banking systems.<sup>21</sup>

Second was the risk to the broader international financial system, covering not only depository institutions but other types of financial institutions and extending to stock and bond markets around the globe. As argued previously, the loss of financial wealth as a consequence of contagion from the Mexican crisis was not likely to have been large enough by itself to have had a major impact on wealth, welfare, or demand in the industrial countries; but such adverse financial or psychological effects could not be ruled out.

Third was the risk to economic activity around the world, the possibility not only that the Mexican economy might go into a deep and prolonged recession with negative spillover effects but also that the Mexican crisis might spread to other borrowers and impart a global deflationary impetus of considerable size. From the perspective of the end of December 1994, this risk was seen as neither very large nor very troublesome after the vigorous growth in most of the

21. According to data from the Bank for International Settlements, which are not fully comparable for the two dates, bank claims on developing countries that are not members of the Organization of Petroleum Exporting Countries rose from \$247 billion in December 1982 to \$489 billion in December 1994.



industrial countries in 1994; against the early 1996 background of slowing growth in many industrial countries (several still with high unemployment rates) and deep fissures in the Japanese financial system, this risk might be evaluated differently.

Finally, there was the risk to the global trend toward market-oriented reforms that had swept the developing world over the previous decade, drawing into the mainstream not only other countries in Latin America and the economies in transition in East and Central Europe and the former Soviet Union but also countries such as China and India. What if the authorities in Mexico (a country seen at the forefront of this trend) concluded from their experience that they had chosen the wrong model and then reverted to a model emphasizing nonmarket solutions? What would be the reaction in other formerly like-minded countries? Whether this consideration is relevant under the heading of "systemic risk" is debatable, but the authorities in most major borrowing countries did sit down in January 1995 to consider the implications of the Mexican situation for their economic and financial strategies.<sup>22</sup>

The fundamental issue is not primarily that all these elements of systemic risk were present in the Mexican situation, although I think they were. The point is that in the Mexican case there was no consensus on the nature or size of the systemic risk involved, nor is there likely to be in future cases. Consequently, the lack of consensus in the official community, as well as in private financial markets, on what to do about the situation is not surprising.<sup>23</sup>

A final lesson from the Mexican experience concerns the issue of transparency and markets, because these affect the way the global financial system functions. In the absence of full and accurate information, markets tend to trade on the basis of false premises, and investors react violently when the truth or a new rumor surfaces. In retrospect, the Mexican authorities were clearly less than fully forthcoming about their economic and financial situation; they were more transparent than critics in the market have argued, but they were not as transparent as they might have been. For example, until early 1995, Mexico announced its international reserve position only three times a year or when otherwise convenient. A more understand-

able failing, given that financial authorities are often behind the curve in such matters, is that the Mexican authorities chose to prevent the development of forward or futures market contracts in pesos. Nevertheless, this policy was inconsistent with other elements of market-oriented reform in Mexico. Some observers would like to see financial sector reforms in countries like Mexico phased in more slowly. Others argue that in the Mexican case the absence of financial market facilities such as a forward or futures market to absorb pressures associated with the peso's devaluation was one (but only one) of the reasons that the peso crisis of 1994-95 was more virulent than the European monetary crisis of 1992.

### *Policy Implications for the International Financial System*

The first implication of the Mexican experience for the international financial system is that effective collective action requires a broader consensus on the nature of systemic risks in these types of situations. An evaluation should take full account of the moral hazard implications—that is, feedback effects on decisions by borrowers, investors, and international financial institutions—of adopting too broad or explicit a definition of systemic risk. What were the stakes for the international financial system and the world economy as Mexico was forced to devalue the peso in December 1994? What were the potential systemic implications? The U.S. authorities did not see them the same way that the authorities in some of the other major countries did.<sup>24</sup>

The second implication is that efforts to understand the functioning of financial markets and to safeguard their integrity should not be confined to markets in the industrial countries. Here, again, the Mexican experience reveals the continuum extending from the most sophisticated trading in foreign exchange markets involving the major currencies to domestic financial markets in developing countries.

Third is the implication for preventive activities. How best can the international financial community (private-sector as well as public-sector, including the international financial institutions) increase the probability that situations like the Mexico crisis either will not arise or will not involve such massive shocks to the economy of the country directly involved or to

22. Again, see Krugman for a contrarian view: the Mexican peso crisis marked a healthy "beginning of the deflation of the Washington consensus" ("Dutch Tulips and Emerging Markets," p. 31).

23. This lack of consensus was exacerbated by the apparent success, by mid-1995, of international efforts to stabilize Mexico's external financial situation. Some have argued that such success proves that the official response to the Mexican crisis was not necessary, while others have argued, incorrectly in my view, the reverse.

24. This is not a clean distinction because disagreements about the nature of the threat were mixed with disagreements about whose responsibility it was to meet the threat.

the world economy and financial system? Among the elements of better prevention are increased transparency and provision of data to markets, and three types of early warning system—one for the recipient country, one for the market participants, and one for the official international financial organizations.

Fourth, assuming that prevention is only 90 percent of any cure (at best), what scope should there be for international rescue operations in such circumstances? Here the beginning of a consensus is in the communiqué that came out of the Halifax Summit of Heads of State and Government of the Group of Seven Countries in July 1995.<sup>25</sup> Few object to the principle that multilateral financial support should be potentially available to deal with certain crisis situations. However, considerable differences of view exist about how to define those crisis situations, about whether it is realistic (in light of trends in international financial markets) to think that the multilateral institutions can mobilize enough financial resources to deal with the “next Mexico” or the “fifth Mexico” thereafter, and moreover, about how

to deal with these situations without distorting incentives with respect to decisions of the various players (the moral hazard issue).

A search for a better way to manage these crises might proceed on the assumption that all crises will not, and perhaps should not, be preventable. But the analysis might also assume that decisionmakers will perceive a need to manage a crisis so that it does minimal damage to the functioning of the international financial system and the world economy; in other words, the option of leaving the country to work out its problems with the market will not be attractive in most circumstances. Finally, the analysis might assume that external emergency resources may well be inadequate to handle all such situations.

Under these assumptions, the answer to the question of whether there should be a better way to handle these crises obviously is yes. But such an obvious answer to a complex question suggests the need to examine the stated assumptions. At the same time, more orderly workout arrangements to govern international debt crises should be examined. For example, would an officially sanctioned standstill procedure that potentially would govern all external financial relations of a country in a crisis situation be either feasible or desirable?<sup>26</sup> Any prediction as to the results of such an examination is premature; however, they are more likely to be evolutionary than revolutionary.

25. From the Halifax communiqué:

If prevention fails, financial market distress requires that multilateral institutions and major economies be able to respond where appropriate in a quick and coordinated fashion. Financing mechanisms must operate on a scale and with the timeliness required to manage shocks effectively. In this context we urge the IMF to: establish a new standing procedure—“Emergency Financing Mechanism”—which would provide faster access to Fund arrangements with strong conditionality and larger up-front disbursements in crisis situations. To support this procedure, we ask: the G-10 and other countries with the capacity to support the system to develop financing arrangements with the objective of doubling as soon as possible the amount currently available under the GAB [General Arrangements to Borrow] to respond to financial emergencies.

26. The Halifax communiqué cautiously endorsed such an examination: “Recognizing the complex legal and other issues posed in debt crisis situations by the wide variety of sources of international finance involved, we would encourage further review by G-10 Ministers and Governors of other procedures that might also usefully be considered for their orderly resolution.”



# Treasury and Federal Reserve Foreign Exchange Operations

*This quarterly report describes Treasury and System foreign exchange operations for the period from October through December 1995. It was presented by Peter R. Fisher, Executive Vice President, Federal Reserve Bank of New York, and Manager for Foreign Operations, System Open Market Account. Soo J. Shin was primarily responsible for preparation of the report.<sup>1</sup>*

During the fourth quarter of 1995, the dollar appreciated modestly, strengthening 3.7 percent against the Japanese yen and 0.5 percent against the German

mark. The dollar also rose 0.6 percent on a trade-weighted basis against other Group of Ten (G-10) currencies.<sup>2</sup> Toward the end of the quarter, the dollar consolidated in increasingly narrow ranges, and trading activity declined as market participants reduced their appetite for risk before year-end. The U.S. monetary authorities did not undertake any intervention operations during the quarter. In other operations, the U.S. Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve System received repayments from Mexico of \$350 million each on their respective short-term swap arrangements, and

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

2. The dollar's movements on a trade-weighted basis in terms of other G-10 currencies are measured using an index developed by staff at the Board of Governors of the Federal Reserve System.

## 1. Foreign exchange holdings of U.S. monetary authorities, based on current exchange rates

Millions of dollars

Item	Balance, Sept. 30, 1995	Quarterly changes in balances by source				Balance, Dec. 31, 1995
		Net purchases and sales <sup>1</sup>	Impact of sales <sup>2</sup>	Investment income	Currency valuation adjustments <sup>3</sup>	
FEDERAL RESERVE						
Deutsche marks .....	13,429.8	.0	.0	132.6	-47.8	13,514.7
Japanese yen .....	7,152.9	.0	.0	9.3	-289.8	6,872.4
Mexican pesos <sup>4</sup> .....	956.2	-362.4	.0	12.4	-4.3 <sup>5</sup>	601.9
Interest receivables <sup>6</sup> .....	114.1	...	...	...	...	113.5
Other cash flow from investments <sup>7</sup> .....	...	...	...	...	...	-3.3
Total .....	21,653.0	...	...	...	...	21,099.1
U.S. TREASURY						
EXCHANGE STABILIZATION FUND						
Deutsche marks .....	6,795.1	.0	.0	67.5	-24.2	6,838.4
Japanese yen .....	10,509.3	.0	.0	4.4	-425.6	10,088.1
Mexican pesos <sup>4</sup> .....	11,500.0	-608.9	.0	258.9	.0 <sup>5</sup>	11,150.0
Interest receivables <sup>6</sup> .....	304.0	...	...	...	...	302.6
Other cash flow from investments <sup>7</sup> .....	...	...	...	...	...	-12.7
Total .....	29,108.5	...	...	...	...	28,366.4

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

1. Purchases and sales include foreign currency sales and purchases related to official activity, swap drawings and repayments, and warehousing.

2. Calculated using marked-to-market exchange rates; represents the difference between the sale exchange rate and the most recent revaluation exchange rate. Realized profits and losses on sales of foreign currencies, computed as the difference between the historic cost-of-acquisition exchange rate and the sale exchange rate, are shown in table 2.

3. Foreign currency balances are marked to market monthly at month-end exchange rates.

4. See table 4 for a breakdown of Mexican swap activities. Note that the investment income on Mexican swaps is sold back to the Bank of Mexico.

5. Valuation adjustments on peso balances do not affect profit and loss because the effect is offset by the unwinding of the forward contract at the repayment date. Note that the ESF does not mark to market its peso holdings, but the Federal Reserve System does.

6. Interest receivables for the ESF are revalued at month-end exchange rates. Interest receivables for the Federal Reserve System are carried at cost and are not marked to market until interest is paid.

7. Cash flow differences from payment and collection of funds between quarters.

they renewed the same arrangements in the amount of \$650 million each for an additional ninety days.

### *SUBDUED YEAR-END MARKET ACTIVITY*

The dollar opened the quarter at DM 1.4273 and ¥99.55 and proceeded to fluctuate between DM 1.3808 and DM 1.4550 and ¥99.28 and ¥104.12 during the period. In the environment of limited risk-taking witnessed during the quarter, countervailing political and economic developments in the United States and other countries helped keep the dollar in these relatively narrow ranges. The dollar closed the quarter at DM 1.4339 and ¥103.20.

### *GRADUAL APPRECIATION OF THE DOLLAR AGAINST THE YEN*

The dollar modestly extended its gains against the yen from the previous quarter as the wide differential in interest rates and signs of reduced trade imbalances between the United States and Japan continued to favor the dollar. In addition, the prospects for fiscal consolidation in the United States combined with a better U.S. economic outlook relative to other major economies also helped to support market sentiment for the dollar.

As in the previous quarter, market participants continued to anticipate increased private capital outflows from Japan as a result of low domestic interest rates and the sizable amount of domestic debt maturing in the fourth quarter. The substantial decrease in Japan's current account surplus also contributed to the negative sentiment toward the yen. Furthermore, most Japanese exporters were perceived to be absent from the marketplace, having already filled their hedging requirements. On the other hand, Japanese institutional investors reportedly purchased dollars in conjunction with acquisitions of U.S. government securities. Amidst these factors the dollar rose to the quarter's high of ¥104.12 on November 2.

The dollar also benefited, in part, from market perceptions of a weak Japanese banking system and of a lack of transparency in Japanese bank accounting practices and disclosures of nonperforming loans. After several Japanese banks were downgraded by a credit rating agency, short-term funding costs for nearly all Japanese banks increased sharply, exacerbated by year-end funding pressures. Stress on the Japanese banking system was highlighted by problems related to Daiwa Bank's operations in the United States and the lack of a resolution to the

troubled housing loan corporations (jusen). These concerns were manifested in additional premia on yen- and dollar-denominated LIBOR (London Interbank Offered Rate) deposits that Japanese banks had to pay to borrow money. Although the Japan premium subsequently receded, concerns about the health of the Japanese banking system continued to linger through the remainder of the quarter.

### *TENSIONS AMONG CURRENCIES IN THE EUROPEAN UNION*

As the quarter began, the dollar eased against the mark. Among the factors adversely affecting the dollar, tensions among currencies in the European Union (EU) remained most discernible. These strains sporadically escalated as public sector strikes against social-security-reform measures intensified in France, and uncertainty in Italy regarding the future of Prime Minister Dini's government threatened to jeopardize the 1996 budget process. In late October, as these events increasingly drew the attention of market participants, the German mark generally strengthened against other EU currencies. Subsequently the dollar sustained losses against the mark to reach the quarter's low of DM 1.3808. Later, however, the French government demonstrated its commitment to preserve the core social-security-reform measures, and

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

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
<i>Valuation profits and losses on outstanding assets and liabilities, Sept. 30, 1995</i>		
Deutsche marks .....	2,939.8	1,079.0
Japanese yen .....	2,016.4	2,964.7
<b>Total .....</b>	<b>4,956.3</b>	<b>4,043.7</b>
<i>Realized profits and losses from foreign currency sales, Sept. 30–Dec. 31, 1995</i>		
Deutsche marks .....	.0	.0
Japanese yen .....	.0	.0
<b>Total .....</b>	<b>.0</b>	<b>.0</b>
<i>Valuation profits and losses on outstanding assets and liabilities, Dec. 31, 1995<sup>1</sup></i>		
Deutsche marks .....	2,892.0	1,054.8
Japanese yen .....	1,726.6	2,539.2
<b>Total .....</b>	<b>4,618.6</b>	<b>3,593.9</b>

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

1. Valuation profits or losses are not affected by peso holdings, which are canceled by forward contracts.



Italy's 1996 budget process advanced. As a result, the mark reversed its earlier trend and weakened against other European currencies. In turn, this weakening trend helped the dollar to recover against the mark.

### EXPECTATIONS OF LOWER INTEREST RATES IN EUROPE

As the quarter progressed, expectations that European interest rates would decline, bolstered by evidence of slowing economic growth and subsiding inflationary pressures in major European countries, boosted the dollar to the quarter's high of DM 1.4550 against the mark on December 8. Subsequently central banks in Germany, the United Kingdom, France, and several other European countries lowered their official interest rates 25–50 basis points in December, a development that led market participants to expect further easing.

### 3. Currency arrangements

Millions of dollars

Institution	Amount of facility	Outstanding, Dec. 31, 1995
<b>FEDERAL RESERVE RECIPROCAL CURRENCY ARRANGEMENTS</b>		
Austrian National Bank .....	250	0
National Bank of Belgium .....	1,000	↑
Bank of Canada .....	2,000	
National Bank of Denmark .....	250	
Bank of England .....	3,000	
Bank of France .....	2,000	↓
Deutsche Bundesbank .....	6,000	
Bank of Italy .....	3,000	
Bank of Japan .....	5,000	0
Bank of Mexico <sup>1</sup>		
Regular swaps .....	3,000	650
Temporary swaps .....	3,000	0
Netherlands Bank .....	500	↑
Bank of Norway .....	250	
Bank of Sweden .....	300	
Swiss National Bank .....	4,000	↓
<i>Bank for International Settlements</i>		
Dollars against Swiss francs .....	600	
Dollars against other authorized European currencies .....	1,250	0
<b>Total .....</b>	<b>35,400</b>	<b>650</b>
<b>U.S. TREASURY EXCHANGE STABILIZATION FUND CURRENCY ARRANGEMENTS</b>		
Deutsche Bundesbank .....	1,000	0
Bank of Mexico <sup>1</sup>		
Regular swaps .....	3,000	650
United Mexican States <sup>1</sup>		
Medium-term swaps .....		10,500
<b>Total<sup>1</sup> .....</b>		<b>11,150</b>

1. Facilities available to Mexico comprise short-term swaps between the Bank of Mexico and both the Federal Reserve and the ESF, as well as medium-term swaps and government guarantees between the government of Mexico and the ESF. The total amount available from both medium-term swaps and government guarantees is \$20 billion, less any outstanding drawings on the short-term facilities.

The positive effect on the dollar stemming from expectations of lower European interest rates was partly offset by increasing expectations of monetary easing in the United States, where signs of somewhat slower economic growth and subdued inflationary pressures persisted. On December 19 the Federal Reserve reduced the federal funds rate 25 basis points. Subsequently, expectations of monetary easing in Europe outpaced expectations in the United States and remained a dollar-supportive factor.

### UNCERTAINTIES SURROUNDING THE U.S. BUDGET NEGOTIATIONS

Throughout the quarter, the apparent consensus on achieving a balanced budget in the United States was viewed by market participants as a positive development for U.S. asset markets. At times, however, particularly toward the end of the quarter, concerns about the ceiling on the U.S. Treasury's borrowing authority somewhat impeded the dollar's gains. In the U.S. government securities market, the protracted impasse in budget negotiations raised concerns about possible disruptions in the regular Treasury auction schedule and contractions in the supply of Treasury securities. Because foreign exchange market participants generally did not take significant dollar positions based on the potential outcome of the budget negotiations, however, the net effect of these concerns on the dollar was muted.

### NORTH AMERICAN DEVELOPMENTS

In Canada financial markets were volatile preceding the referendum on Quebec independence. In the third week of October, the Canadian dollar fell to a four-month low of Can\$1.3790 against the U.S. dollar as opinion polls indicated an even split between "yes" and "no" votes. After the secessionist referendum was defeated, the Canadian dollar recovered, but given the narrow margin of defeat, focus turned immediately to the possibility of another referendum in the near future.

After the referendum, market participants increasingly anticipated monetary easing by the Bank of Canada, and the Canadian dollar resumed its weakening trend against the U.S. dollar. On December 20 the Bank of Canada lowered its overnight call rate 25 basis points after the Federal Reserve's policy easing. The Canadian dollar traded calmly for the remainder of the month.

4. Drawings/rollovers and repayments (–) by Mexican monetary authorities

Millions of dollars

Item	Out-standing, Sept. 30, 1995	Oct.	Nov.	Dec.	Out-standing, Dec. 31, 1995
<i>Reciprocal currency arrangements with the Federal Reserve Bank of Mexico</i>					
Regular .....	1,000	–350 –650 <sup>1</sup> 650 <sup>1</sup>	0	0	650
<i>Currency arrangements with the U.S. Treasury Exchange Stabilization Fund</i>					
Bank of Mexico					
Regular .....	1,000	–350 –650 <sup>1</sup> 650 <sup>1</sup>	0	0	650
Medium-term .....	10,500	0	0	0	10,500

NOTE. Data are on a value-date basis.

1. Remainder of February 2 drawing was renewed on October 30 for an additional ninety days.

In Mexico financial markets encountered abrupt selling pressures in the first half of the quarter as political concerns and worse-than-expected economic data rekindled doubts about the timing of and prospects for economic recovery. The ensuing selloff was exacerbated by the reluctance among many investors to hold Mexican assets toward year-end. Near the end of the quarter, the Mexican monetary authorities tightened liquidity conditions and purchased pesos in the foreign exchange market to dampen volatility. The Mexican financial markets stabilized, and the peso, at NP 7.70, closed the quarter 17.2 percent weaker against the dollar.

#### MEXICAN SWAP ACTIVITY

On October 11 Mexico made partial repayment on its short-term swap arrangements with the U.S. monetary authorities. A total of \$700 million was repaid, divided evenly between the Federal Reserve System and the ESF. Subsequently the respective short-term arrangements, with principal amounts totaling \$1.3 billion, were renewed on October 30 for ninety days.

#### TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE RESERVES

The U.S. monetary authorities did not undertake any intervention operations this quarter. At the end of the quarter, the current values of the German mark and Japanese yen reserve holdings of the Federal Reserve System and the ESF were \$20.5 billion and \$17.0 billion respectively. The U.S. monetary authorities invest all of their foreign currency balances in a variety of official instruments that yield market-related rates of return and that have a high degree of liquidity and credit quality. A significant portion of these holdings are invested in German and Japanese government-issued securities. As of December 31 the Federal Reserve and the ESF held \$7.3 billion and \$10.9 billion, respectively, in German and Japanese government securities either directly or under repurchase agreement.<sup>3</sup> In addition, the ESF held \$10.5 billion equivalent in nonmarketable Mexican government securities in connection with the medium-term swap arrangement. □

3. This sentence is corrected and revised from the original text of the "Treasury and Federal Reserve Foreign Exchange Operations" report released February 7, 1996.

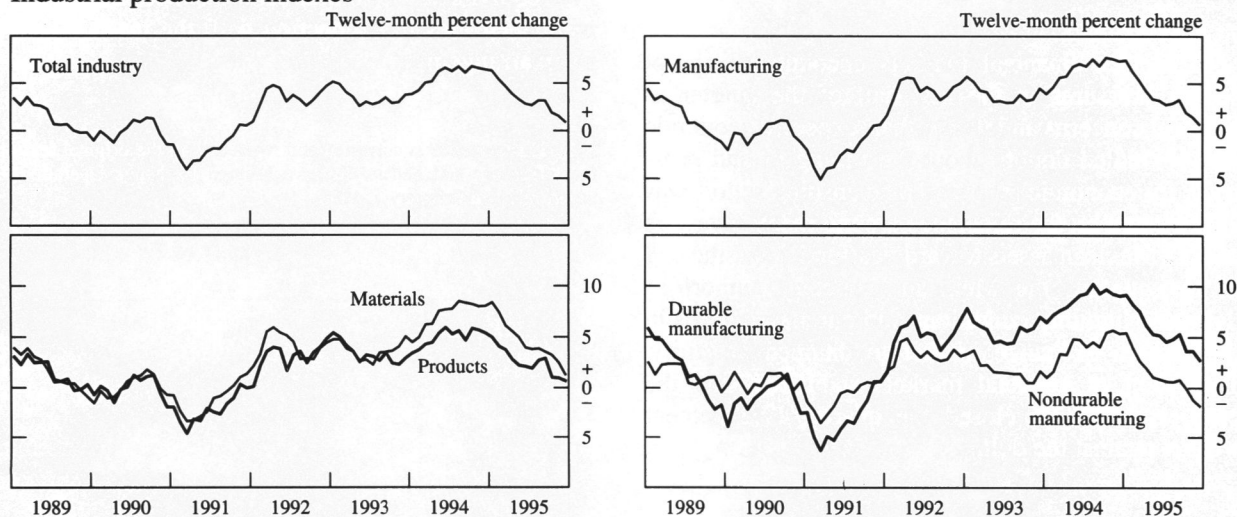
# Industrial Production and Capacity Utilization for January 1996

*Released for publication February 16*

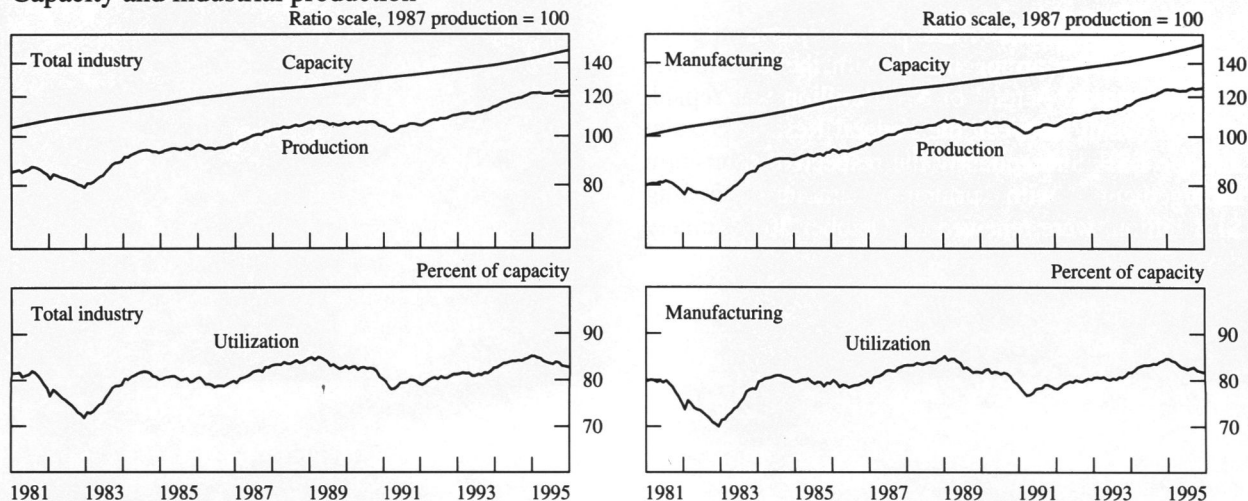
Industrial production declined 0.6 percent in January after slight gains in the previous two months. The output of most major market groups decreased, partly as a result of the blizzard that hit the East Coast early in January. The production of motor vehicles and parts dropped 4 percent, with a portion of the curtailment occurring during the week of the storm. The

output of business equipment rose 1 percent, boosted by further gains in the production of computers and a return to a near-normal level of output for aircraft production; the latter had been sharply curtailed by a strike at a major aircraft producer from early October to mid-December. The increase in aircraft and parts boosted total output 0.1 percent in January. At 121.9 percent of its 1987 average, industrial production was about unchanged from January 1995.

## Industrial production indexes



## Capacity and industrial production



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



## Industrial production and capacity utilization, January 1996

Category	Industrial production, index, 1987 = 100								
	1995			1996	Percentage change				
					1995 <sup>1</sup>			1996	Jan. 1995 to Jan. 1996
	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec. <sup>r</sup>	Jan. <sup>p</sup>	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec. <sup>r</sup>	Jan. <sup>p</sup>	
Total .....	122.2	122.4	122.6	121.9	-.5	.2	.2	-.6	.1
Previous estimate .....	122.3	122.7	122.8	...	-.4	.3	.1	...	...
Major market groups									
Products, total <sup>2</sup> .....	118.3	118.6	119.0	118.2	-.9	.3	.3	-.6	-.2
Consumer goods .....	114.9	115.5	115.3	113.6	-1.0	.6	-.2	-1.4	-1.6
Business equipment .....	156.5	156.8	158.5	160.0	-1.1	.2	1.1	1.0	4.5
Construction supplies .....	108.3	109.2	110.6	109.1	-.1	.8	1.3	-1.4	-.6
Materials .....	128.1	128.3	128.2	127.6	.0	.1	.0	-.5	.4
Major industry groups									
Manufacturing .....	124.4	124.5	124.7	124.0	-.4	.1	.1	-.6	-.1
Durable .....	133.5	134.3	134.8	134.2	-.7	.6	.4	-.5	1.8
Nondurable .....	114.3	113.8	113.5	112.6	.0	-.5	-.3	-.7	-2.6
Mining .....	98.2	98.1	98.0	97.7	-1.8	-.1	-.1	-.3	-2.9
Utilities .....	121.6	123.3	124.1	123.0	-.9	1.4	.6	-.9	4.9
Capacity utilization, percent									MEMO Capacity, per- centage change, Jan. 1995 to Jan. 1996
Average, 1967-95	Low, 1982	High, 1988-89	1995				1996		
			Jan.	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec. <sup>r</sup>	Jan. <sup>p</sup>		
Total .....	82.1	71.8	84.9	85.1	82.9	82.8	82.7	81.9	3.9
Previous estimate .....	...	...	...	...	83.0	83.0	82.8	...	...
Manufacturing .....	81.4	70.0	85.2	84.6	82.1	82.0	81.8	81.0	4.4
Advanced processing .....	80.7	71.4	83.5	82.5	80.5	80.3	80.1	79.3	4.9
Primary processing .....	82.6	66.8	89.0	89.7	86.0	85.9	85.6	85.0	2.9
Mining .....	87.4	80.6	86.5	89.8	87.6	87.5	87.4	87.2	.1
Utilities .....	86.9	76.2	92.6	87.3	89.8	90.9	91.4	90.6	1.1

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

1. Change from preceding month.

2. Contains components in addition to those shown.

r Revised.

p Preliminary.

Capacity utilization dropped 0.8 percentage point in January, to 81.9 percent.

When analyzed by market group, the data show that the output of consumer goods declined 1.4 percent; the drop in motor vehicle assemblies accounted for about one-third of the decline. In other categories, such as goods for the home, production also was weak, exacerbated by the effects of the storm. Apart from the ongoing strength in computers and the bounceback in aircraft, the output of business equipment declined about ½ percent mainly because of the drop in motor vehicles; the production of industrial equipment remained sluggish, having changed little, on balance, since last August.

With a sharp drop in the production of lumber and plywood, the output of construction supplies fell 1.4 percent. The production of materials declined 0.5 percent. The output of durable goods materials decreased 0.3 percent, with mixed results among the major subcategories. The output of parts for consumer durables, mainly motor vehicles and appli-

ances, fell; the production of parts for equipment, which includes parts for aircraft and components for high-technology equipment, was about unchanged. However, the output of basic metals rose as the production of steel increased. The production of nondurable goods materials dropped sharply because of continued weakness in the output of textiles, paper, and chemicals. The production of energy materials also declined; coal mining, which had been disrupted during the week of the storm, fell about 5 percent.

When analyzed by industry group, the data show that manufacturing output declined 0.6 percent, held down, in part, by the negative effects of the blizzard; the reduction in motor vehicles and parts production accounted for about half of the overall decline. Among durables, the production of steel and computers increased sharply, but the output of most other major industries declined. Among nondurables, production in all major industries fell, with sizable declines occurring in textiles and apparel. Production in mining fell 0.3 percent, and the output at utilities



declined 0.9 percent. Electricity generation declined, with demand for the month as a whole not as much above normal as it had been in December.

The factory operating rate dropped 0.8 percentage point, to 81.0 percent, its lowest level since November 1993. Utilization rates were down for all manufacturing industries except for petroleum and products. For advanced-processing industries, the

utilization rate fell 0.8 percentage point, to 79.3 percent, and was more than 1 percentage point below its 1967–95 average. For primary-processing industries, the rate declined 0.6 percentage point, to 85.0 percent, but remained more than 2 percentage points above its long-run average. In mining, the utilization rate declined 0.2 percentage point, and the operating rate for utilities was down 0.8 percentage point. □

# Announcements

## *POLICY ACTIONS BY THE BOARD OF GOVERNORS AND BY THE FEDERAL OPEN MARKET COMMITTEE*

The Federal Reserve on January 31, 1996, announced the following policy actions:

- The Board of Governors approved a reduction in the discount rate from  $5\frac{1}{4}$  percent to 5 percent, effective immediately.
- In a related move, the Federal Open Market Committee agreed that the reduction would be reflected fully in interest rates in the reserve markets. This is expected to result in a reduction in the federal funds rate of 25 basis points, from about  $5\frac{1}{2}$  percent to about  $5\frac{1}{4}$  percent.

Moderating economic expansion in recent months has reduced potential inflationary pressures going forward. With price and cost trends already subdued, a slight easing of monetary policy is consistent with contained inflation and sustainable growth.

In taking the discount action, the Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Minneapolis, and Dallas. Subsequently the Board approved actions by the Board of Directors of the Federal Reserve Bank of San Francisco, also effective January 31, and by the Boards of Directors of the Federal Reserve Banks of Boston, Richmond, Chicago, and Kansas City, effective February 1, and by the Board of Directors of the Federal Reserve Bank of St. Louis, effective February 5.

## *APPOINTMENTS OF NEW MEMBERS TO THE THRIFT INSTITUTIONS ADVISORY COUNCIL*

The Federal Reserve Board on January 2, 1996, announced the names of five new members of its Thrift Institutions Advisory Council and designated a new president and vice president of the council for 1996.

The council is an advisory group made up of twelve representatives from thrift institutions. The

panel was established by the Board in 1980 and includes savings and loan, savings bank, and credit union representatives. The council meets at least four times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

The new council president for 1996 is Ms. E. Lee Beard, President and CEO, First Federal Savings & Loan Association, Hazleton, Pennsylvania. The new vice president is Mr. David F. Holland, Chairman, President, and CEO, Boston Federal Savings Bank, Boston, Massachusetts.

The five new members, named for two-year terms that began January 1, are the following:

Barry C. Burkholder, President and CEO, Bank United of Texas FSB, Houston, Texas.

Michael T. Crowley, Jr., President and CEO, Mutual Savings Bank, Milwaukee, Wisconsin.

Douglas A. Ferraro, President and CEO, Bellco First Federal Credit Union, Englewood, Colorado.

Charles R. Rinehart, Chairman and CEO, Home Savings of America, FSB, Irwindale, California.

Ronald W. Stimpson, President and CEO, Leader Federal Bank for Savings, Memphis, Tennessee.

## *APPOINTMENTS OF NEW MEMBERS TO THE CONSUMER ADVISORY COUNCIL*

The Federal Reserve Board on January 19, 1996, named nine new members to its Consumer Advisory Council to replace those members whose terms have expired and designated a new chairman and vice chairman of the council for 1996.

The Consumer Advisory Council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its duties under the Consumer Credit Protection Act and on other consumer-related matters. The thirty-member council, with staggered three-year terms of office, meets three times a year at the Board's offices in Washington, D.C.

Katharine W. McKee, Associate Director of the Center for Community Self-Help in Durham, North Carolina, was designated chairman. Her term will run

through December 1996. Julia M. Seward, Vice President and Corporate Community Reinvestment Officer for Signet Bank in Richmond, Virginia, was designated vice chairman. Her term on the council ends in December 1997.

The nine new members are the following:

Richard S. Amador  
Los Angeles, California

Mr. Amador is President and CEO of CHARO Community Development Corporation, a diversified community and economic development nonprofit corporation. The corporation has the following subsidiaries: CHARO Entrepreneurial Business Center, CHARO Housing Development Corporation, CHARO Career Center, CHARO Environmental Services, MidCity Plant Growers, MidCity Property Management, CHARO Child Care Centers, and CHARO Industries, a light industrial assembly and packaging plant. Mr. Amador currently serves on the Los Angeles Economic Task Force and the Los Angeles Legal Corps. Over the years he has held numerous other federal, state, and local appointments, including the Mayor's Blue Ribbon Committee on Affordable Housing, the President's Commission on Manpower Policy, and the California State Job Training and Placement Services Board (which he served as Chairman). He is also a past President of the Latin Business Association.

Heriberto Flores  
Springfield, Massachusetts

Mr. Flores has served as President and CEO of the Brightwood Development Corporation (BDC) since 1989. BDC was founded in 1982 to bring housing and economic development in Springfield's North End through partnerships among lenders, government officials, and area businesses. Mr. Flores has brought micro-loans for small minority businesses and home ownership to North End's mostly Hispanic population. With assets of more than \$25 million in property, BDC has a portfolio that includes a newly constructed \$2.5 million shopping center, La Plaza del Mercado, and a \$3 million neighborhood medical clinic, El Centro de Salud Medico, Inc., will be completed this winter. Mr. Flores also serves as executive director of the New England Farm Workers' Council, a \$17 million nonprofit service agency that administers educational, training, and assistance programs throughout New England. He is on the Board of Trustees of the University of Massachusetts. Mr. Flores has served on the board of directors of the Minority Enterprise Investment Corporation, which reviews and grants loans to minority businesses in Massachusetts.

Francine C. Justa  
New York, New York

Dr. Justa is Executive Director of New York City's Neighborhood Housing Services, a member of the Neighborhood Reinvestment Corporation's national network. Her sixty-five-member staff operates six community-based NHS programs, a homeownership center, and citywide lending programs with a corporate budget and loan funds totaling \$22 million. She also co-chairs the National Homeownership Campaign, an affordable-housing program for low-

income borrowers that encompasses homebuyer education, appropriate lending products, credit quality, and early-intervention credit counseling as well as inspection services and home maintenance training programs. Dr. Justa was previously the director of the NHS of Kensington/Windsor Terrace in Brooklyn. Before that, she was an adjunct assistant professor at Queens College, City University of New York (CUNY), and taught undergraduate and graduate courses in housing, neighborhoods, and community organizations. She received a Ph.D. from CUNY's Graduate School and University Center in 1984.

Errol T. Louis  
Brooklyn, New York

Mr. Louis is Treasurer and Manager of the Central Brooklyn Federal Credit Union, which he cofounded in 1993. He previously served as associate director of the National Federation of Community Development Credit Unions, where he managed a grant- and program-related investment from the Ford Foundation to strengthen the capacity of credit unions in low-income communities throughout the United States. He received a bachelor's degree from Harvard University and a master's degree from Yale University and is completing a doctoral dissertation at Yale on the role of credit in urban development. Mr. Louis is an active participant on the New York City CRA Task Force and the Coalition for Sound Community Lending. He also serves on the boards of the National Association of Community Development Loan Funds and the Non-profit Facilities Fund.

William N. Lund  
Falmouth, Maine

Mr. Lund is Acting Director of the Office of Consumer Credit Regulation for the State of Maine and was administrator of its predecessor agency, the Bureau of Consumer Credit Protection, for eight years. His agency enforces the Maine Consumer Credit Code and regulates mortgage company licensing, credit sales and consumer loans, debt collection, and credit reporting. The agency conducts annual compliance examinations of several hundred mortgage company, collection agency, retail creditor, and credit reporting agency offices. Mr. Lund just completed a term as president of the National Association of Consumer Credit Administrators, the organization of state consumer credit regulators from the United States and Canada. He is past president of the Association of Uniform Consumer Credit Code States, which consists of regulators from states whose credit laws are based on the Uniform Consumer Credit Code. Mr. Lund received a law degree from the University of Maine School of Law.

Margot Saunders  
Washington, D.C.

Ms. Saunders is Managing Attorney for the Washington office of the National Consumer Law Center (NCLC). In this capacity, she represents the interests of low-income consumers before the Congress on credit and utilities matters and provides assistance to local legal service organizations, private attorneys, government agencies, and others around the nation. NCLC, which is based in Boston, publishes a comprehensive set of consumer law manuals and conducts national and state consumer-law training



conferences; NCLC areas of expertise include Truth in Lending, mortgage foreclosures, consumer credit, and student loans. Before joining NCLC in 1991, Ms. Saunders was an attorney with the North Carolina Legal Services Resource Center and the Governor's Advocacy Council for Children and Youth, in Raleigh, and with the Legal Aid Society of Northwest North Carolina, in Winston-Salem. Ms. Saunders received a law degree from the University of North Carolina School of Law.

Gregory D. Squires  
Milwaukee, Wisconsin

Mr. Squires is a Professor in the Department of Sociology at the University of Wisconsin-Milwaukee. His research has focused on the racial effects of urban redevelopment initiatives and mortgage lending and property insurance redlining. Mr. Squires served three years as president of the board of the Northwest Side Community Development Corporation in Milwaukee. He is a member of the advisory board to the Metropolitan Milwaukee Fair Housing Council and a consultant to the Fair Lending Coalition in Milwaukee. For the past two years he has been on leave from the university to head the newly created Insurance Unit in HUD's Office of Fair Housing and Equal Opportunity, which developed policies clarifying the application of the Fair Housing Act to the property insurance industry. Before joining the University of Wisconsin, he was a research analyst with the U.S. Commission on Civil Rights. Mr. Squires received Ph.D. and master's degrees from Michigan State University and a bachelor's degree from Northwestern University.

George P. Surgeon  
Arkadelphia, Arkansas

Mr. Surgeon is President and CEO of Southern Development Bancorporation (Southern) and President and CEO of Elk Horn Bank and Trust Company of Arkadelphia. He is also Executive Vice President of the Shorebank Corporation in Chicago, a post he has held since 1985. Southern's primary purpose is to serve as the catalyst for economic development in rural and other less developed communities in Arkansas to benefit lower-income residents. Since beginning operations in 1988, the bank holding company and its nonbank affiliates have originated \$37 million in nontraditional development investments in rural Arkansas. Mr. Surgeon also serves as a director of the Arkadelphia Chamber of Commerce and a member of the advisory council of the U.S. Small Business Administration for the Little Rock region. Mr. Surgeon has also served on the Community Development Lending Subcommittee of the American Bankers Association.

Theodore J. Wysocki, Jr.  
Chicago, Illinois

Mr. Wysocki is Executive Director of CANDO—the Chicago Association of Neighborhood Development Organizations. CANDO is the largest citywide economic development coalition in the United States, with 80 community-based nonprofit organizations and more than 123 affiliate members (including more than 40 banks). It has been the primary advocate for industrial retention and retail expansion in Chicago neighborhoods and has worked with the city's Department of Planning and Devel-

opment to designate twelve "Model Industrial Corridors." CANDO's City-Wide Development Corporation has packaged 130 loans for more than \$42 million in private financing. Its Self-Employment Loan Fund, which makes loans under \$10,000 for start-up and businesses, has loaned more than \$145,000 to minority or women entrepreneurs. Before joining CANDO, Mr. Wysocki was with the National Training and Information Center (NTIC). Mr. Wysocki is Secretary of the National Community Reinvestment Coalition. He serves on Chicago's Empowerment Zone Coordinating Council and is a longstanding member of the Neighborhood Lending Review Boards for both First-Chicago-NBD and Harris Bank.

Other Council members, whose terms continue through 1996 and 1997, are listed below (together with the expiration date of each one's term of office).

Thomas R. Butler, President and Chief Operating Officer, NOVUS Services, Inc., Riverwoods, Illinois, December 31, 1997.

Robert A. Cook, Partner, Venable, Baetjer and Howard, Baltimore, Maryland, December 31, 1997.

Alvin J. Cowans, President and CEO, McCoy Federal Credit Union, Orlando, Florida, December 31, 1996.

Elizabeth G. Flores, Senior Vice President, Laredo National Bank, Laredo, Texas, December 31, 1996.

Emanuel Freeman, President, Greater Germantown Housing Development Corporation, Philadelphia, Pennsylvania, December 31, 1997.

David C. Fynn, Manager of Regulatory Risk, National City Corporation, Cleveland, Ohio, December 31, 1997.

Robert G. Greer, Vice Chairman, Northern Trust Bank of Texas, N.A., Houston, Texas, December 31, 1997.

Kenneth R. Harney, Journalist, Washington Post Writers Group, Chevy Chase, Maryland, December 31, 1997.

Gail K. Hillebrand, Litigation Counsel, West Coast Regional Office, Consumers Union of U.S., Inc., San Francisco, California, December 31, 1997.

Terry Jorde, President and CEO, Towner County State Bank, Cando, North Dakota, December 31, 1997.

Eugene I. Lehrmann, President, American Association of Retired Persons, Madison, Wisconsin, December 31, 1997.

Ronald A. Prill, Vice President, Credit, Dayton Hudson Corporation, Minneapolis, Minnesota, December 31, 1997.

Lisa Rice-Coleman, Executive Director, Fair Housing Center, Toledo, Ohio, December 31, 1997.

John R. Rines, President, General Motors Acceptance Corporation, Detroit, Michigan, December 31, 1997.

Anne B. Shlay, Associate Director, Institute for Public Policy Studies, Temple University, Philadelphia, Pennsylvania, December 31, 1996.

Reginald J. Smith, President, United Missouri Mortgage Company, Kansas City, Missouri, December 31, 1996.

John E. Taylor, President and CEO, The National Community Reinvestment Coalition, Washington, D.C., December 31, 1996.

Lorraine VanEtten, Vice President and Community Lending Officer, Standard Federal Bank of Troy, Troy, Michigan, December 31, 1996.

Lily K. Yao, Chairman and CEO, Pioneer Federal Savings Bank, Honolulu, Hawaii, December 31, 1996.

#### *AMENDMENT TO THE RISK-BASED CAPITAL STANDARD OF THE BASLE COMMITTEE ON BANKING SUPERVISION*

The Basle Committee on Banking Supervision on January 19, 1996, issued an amendment to its risk-based capital standard to address market risks for internationally active banks. The amendment is contained in the following three documents:

- Overview of the Amendment to the Capital Accord to Incorporate Market Risks
- Amendment to the Capital Accord to Incorporate Market Risks
- Supervisory Framework for the Use of "Back-testing" in Conjunction with the Internal Models Approach to Market Risk Capital Requirements.

The amendment covers risks in foreign exchange and commodities transactions and in traded debt and equity instruments. It was issued for public comment by the committee in April 1995 and by the U.S. federal banking agencies in July. The amendment will become effective at the end of 1997 after completion of appropriate rulemaking procedures in participating countries.

The documents may be obtained by contacting Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

#### *AVAILABILITY OF TRANSCRIPTS OF MEETINGS OF THE FEDERAL OPEN MARKET COMMITTEE*

The Federal Reserve on January 23, 1996, made available for public inspection transcripts of meetings of the Federal Open Market Committee (FOMC) that were held during 1990. The package includes transcripts of eight regularly scheduled meetings and four telephone conference calls.

Procedures adopted by the FOMC early last year provide for the public release of transcripts for an entire year with a five-year lag. Minutes of each

meeting are issued with an approximate six-week lag, while decisions made at each meeting are announced that day.

The 1990 transcripts have been lightly edited to enhance readability and to redact confidential material, such as information pertaining to individual foreign central banks and private business information.

Copies of the transcripts are available from the Board's Freedom of Information Office, Room MP-500, Federal Reserve Board, Washington, DC 20551 (202) 452-3684.

#### *AVAILABILITY OF PRELIMINARY FIGURES ON OPERATING INCOME OF THE FEDERAL RESERVE BANKS*

Preliminary figures announced on January 17, 1996, indicate that operating income of the Federal Reserve Banks amounted to \$25.395 billion during 1995. Net income before payment of dividends, additions to surplus, and payments to the Treasury totaled \$23.896 billion. About \$23.382 billion was paid to the U.S. Treasury during 1995.

Federal Reserve System income is derived primarily from interest earned on U.S. government securities that the Federal Reserve has acquired through open market operations. Income from the provision of financial services amounted to \$739 million.

Operating expenses of the twelve Reserve Banks and branches totaled \$1.695 billion. In addition, earnings credits in the amount of \$249 million were granted to depository institutions under the Monetary Control Act of 1980. Assessments to Reserve Banks for Board expenditures totaled \$160.5 million, and the cost of currency amounted to \$370 million.

Net additions to income amounted to \$894 million. Net additions to income resulted primarily from unrealized gains on assets denominated in foreign currencies to reflect current market exchange rates. Statutory dividends to member banks were \$230.5 million.

Under the policy established by the Board of Governors at the end of 1964, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the U.S. Treasury as interest on Federal Reserve notes.

#### *REGULATION K: FINAL RULE*

The Federal Reserve Board issued on January 24, 1996, a final rule implementing amendments to the

Board's Regulation K (International Banking Operations) to permit the establishment of U.S. representative offices by certain foreign banks through prior notice procedures.

These prior notice procedures are designed to permit foreign banks that meet certain requirements to establish representative offices without the need to file a formal application with the Board. The rule was effective immediately.

Also, the amendments clarify that only those foreign banking organizations subject to the International Banking Act and the Bank Holding Company Act may establish under general consent procedures a representative office to engage in limited administrative functions in connection with their existing U.S. banking operations.

Lastly, the Board has determined to review and act upon inquiries by "special purpose government banks" seeking exemptions from regulation under the Foreign Bank Supervision Enhancement Act on the basis that they do not fall within the definition of "foreign bank" under Regulation K. Such inquiries will be handled on a case-by-case basis.

#### ***POLICY MODIFICATIONS REGARDING ARRANGEMENTS FOR THIRD-PARTY ACCESS TO FEDWIRE***

The Federal Reserve Board on January 25, 1996, announced that it had approved policy modifications to address Fedwire third-party access arrangements involving a service provider that is located outside the United States. These changes were effective February 1, 1996.

In general, foreign service provider arrangements will be subject not only to the conditions applicable to domestic service provider arrangements but also to several additional conditions related to information and examination access. These incremental requirements are intended to ensure that the Federal Reserve's oversight of Fedwire is not diminished or inappropriately limited by activity conducted outside the United States and that the Federal Reserve's supervisory objectives are met.

#### ***FINAL RULE FOR BANKING ORGANIZATIONS' REPORTING OF SUSPICIOUS ACTIVITIES***

The Federal Reserve Board announced on February 5, 1996, a final rule to simplify the process for reporting suspected crimes and suspicious activities by banking organizations supervised by the Federal Reserve. The final rule is effective April 1, 1996.

The rule was developed by the Federal Reserve, the other federal banking agencies, and the Financial Crimes Enforcement Network of the U.S. Department of the Treasury (FinCEN).

The rule significantly reduces reporting burdens, while at the same time improving the ability of law enforcement authorities to investigate and prosecute criminal offenses involving the nation's financial institutions.

The new suspicious activity reporting rule accomplishes the following:

- Combines the current criminal referral rules of the Federal Reserve and the other federal banking agencies with FinCEN's suspicious activity reporting requirements relating to money laundering offenses
- Creates a uniform reporting form and instructions for the new "Suspicious Activity Report" (SAR) for use by banking organizations to report all violations
- Requires the filing of only one form with FinCEN
- Enables a filer, through computer software that will be provided by the Federal Reserve to all of the domestic and foreign banking organizations it supervises, to prepare an SAR on a computer and file it by magnetic media, such as a computer diskette or tape
- Raises the thresholds for mandatory reporting in two categories and creates a threshold for the reporting of suspicious transactions related to money laundering and violations of the Bank Secrecy Act to reduce the reporting burdens of banking organizations
- Emphasizes recent changes in the law that provide a safe harbor from civil liability to banking organizations and their employees for reporting of known or suspected criminal offenses or suspicious activities.

Substantially identical rules on reporting suspicious activity are being issued by FinCEN, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration.

#### ***REQUEST FOR COMMENTS ON RULES UNDER TRUTH IN LENDING***

The Federal Reserve Board on January 29, 1996, requested public comment on whether the rules under Truth in Lending provide adequate protection for consumers seeking home equity lines of credit. Comments were requested by April 1.



### *PUBLICATION OF INVESTMENT GUIDE ON COMMUNITY DEVELOPMENT*

The Federal Reserve Board announced on January 4, 1996, publication of *Community Development Investments: A Guide for State Member Banks and Bank Holding Companies*, along with an annual update of community development investments by bank holding companies.

The new *Guide* provides an overview of policies and procedures governing the formation of community development corporations (CDCs) and other uses of equity investments for community development purposes.

The *Guide* also covers key regulatory and strategic issues that financial institutions should address when making investments in CDCs, low-income housing limited partnerships, or other community development entities and projects that benefit low- and moderate-income communities.

The *Guide* revises an earlier publication, originally issued in 1991, to reflect changes to the Federal Reserve Act authorizing community development investments for state member banks, and a new interpretation of Regulation Y (Bank Holding Companies and Change in Bank Control) for community development investments by bank holding companies. The *Guide* discusses the conditions under which institutions may make community development investments without obtaining prior approval from the Federal Reserve and those circumstances when prior approval must be sought.

The companion publication—*Directory: Bank Holding Company Community Development Investments*—consists of descriptive profiles of existing CDCs and investments made by bank holding companies. Each profile includes information on the amount of initial capital invested by an institution, a description of the community development projects or activities undertaken or planned, and contact persons who can provide additional information on the organization and operations of the CDC or other community development investment activity.

In issuing the publications, the Federal Reserve also emphasized that bank holding companies or state member banks that are considering making community development investments are encouraged to consult with both the Community Affairs staff and the Applications staff at their District Federal Reserve Bank.

Single or multiple copies of both publications can be obtained by contacting the Community Affairs Office of a District Federal Reserve Bank. For fur-

ther information, contact the Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3378.

### *AVAILABILITY OF REVISED LISTS OF OVER-THE-COUNTER STOCKS AND OF FOREIGN STOCKS SUBJECT TO MARGIN REGULATIONS*

The Federal Reserve Board on January 26, 1996, published a revised list of over-the-counter stocks that are subject to its margin regulations (OTC list). Also published was a revised list of foreign equity securities (foreign list) that meet the margin criteria in Regulation T (Credit by Brokers and Dealers). These lists are published for the information of lenders and the general public.

The lists became effective February 12, 1996, and supersede the previous lists that were effective November 13, 1995. The next revision of the lists is scheduled to be effective May 1996.

The changes that were made to the revised OTC list, which now contains 4,337 OTC stocks, are as follows:

- Two hundred forty-one stocks have been included for the first time, 201 under National Market System (NMS) designation
- Forty-one stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing
- One hundred eighteen stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

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

The foreign list specifies those foreign equity securities that are eligible for margin treatment at broker-dealers. There were no additions, name changes, or deletions from the foreign list; it contains 701 foreign equity securities. □

# Minutes of the Federal Open Market Committee Meeting Held on December 19, 1995

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, December 19, 1995, at 9:00 a.m.

*Present:*

Mr. Greenspan, Chairman  
Mr. McDonough, Vice Chairman  
Mr. Blinder  
Mr. Hoenig  
Mr. Kelley  
Mr. Lindsey  
Mr. Melzer  
Ms. Minehan  
Mr. Moskow  
Ms. Phillips  
Ms. Yellen

Messrs. Boehne, Jordan, McTeer, and Stern,  
Alternate Members of the Federal Open  
Market Committee

Messrs. Broadbuss and Parry, Presidents  
of the Federal Reserve Banks of Richmond  
and San Francisco respectively

Mr. Guynn, President-elect,  
Federal Reserve Bank of Atlanta

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

Ms. Browne, Messrs. Davis, Dewald, Lindsey,  
Mishkin, Promisel, Siegman, Slifman, and  
Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Mr. Ettin, Deputy Director, Division of Research and  
Statistics, Board of Governors  
Mr. Madigan, Associate Director, Division of  
Monetary Affairs, Board of Governors  
Mr. Simpson, Associate Director, Division of  
Research and Statistics, Board of Governors

Mr. Ramm,<sup>1</sup> Section Chief, Division of Research  
and Statistics, Board of Governors

Ms. Low, Open Market Secretariat Assistant,  
Division of Monetary Affairs, Board of  
Governors

Messrs. Beebe, Goodfriend, Lang, Rosenblum,  
and Sniderman, Senior Vice Presidents, Federal  
Reserve Banks of San Francisco, Richmond,  
Philadelphia, Dallas, and Cleveland  
respectively

Ms. Rosenbaum, Vice President,  
Federal Reserve Bank of Atlanta

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

Mr. Weber, Senior Research Officer,  
Federal Reserve Bank of Minneapolis

Mr. Evans, Senior Economist,  
Federal Reserve Bank of Chicago

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on November 15, 1995, were approved.

The Report of Examination of the System Open Market Account, conducted by the Board's Division of Reserve Bank Operations and Payment Systems as of the close of business on September 29, 1995, was accepted.

The Manager of the System Open Market Account reported on developments in foreign exchange markets during the period November 15, 1995, through December 18, 1995. There were no System open market transactions in foreign currencies during this period, and thus no vote was required of the Committee.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period November 15, 1995, through December 18, 1995. By unanimous vote, the Committee ratified these transactions.

By unanimous vote, the Committee authorized the renewal until December 13, 1996, of the System's

1. Did not attend portion of meeting covering the monetary policy discussion.

regular reciprocal currency ("swap") arrangement of \$3 billion with the Bank of Mexico and the System's participation in the North American Framework Agreement with the monetary authorities of Canada and Mexico. Both were due to terminate on January 31, 1996. The additional temporary \$3 billion swap arrangement with the Bank of Mexico, approved by the Committee on February 1, 1995, would lapse on January 31, 1996, in line with its original terms.

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 available at this meeting suggested that the expansion of economic activity had slowed substantially after a strong gain in such activity during the third quarter. Data on employment and aggregate hours worked since late summer were consistent with moderate further increases in overall economic activity. Industrial production had changed little on balance after a sizable rise in the third quarter. On the spending side, robust advances in business fixed investment continued to provide considerable impetus to the economy. The available information on consumer expenditures pointed to somewhat reduced gains in recent months, and indicators of housing demand suggested on balance that activity in housing markets had tended to stabilize after several months of considerable strengthening. Consumer prices had risen relatively slowly in recent months, while increases in labor compensation had remained comparatively subdued.

Nonfarm payroll employment continued to grow at a pace roughly in line with the expansion of the labor force in recent months, with gains concentrated in the private service-producing sectors. The published information indicated some further declines in factory and government jobs in October and November. Although aggregate hours of private production workers fell in November, they remained appreciably above their average level in the third quarter. The unemployment rate edged up to 5.6 percent in November, equaling its average for the third quarter.

Industrial production was little changed on balance over October and November after a sizable increase in the third quarter. A decline in October was largely accounted for by a strike at a major aircraft manu-

facturer; that strike, very recently settled, had also exerted a slightly depressing effect on production in November. Production of motor vehicles and parts also fell, on net, in October and November. Further growth outside the aircraft and motor vehicle industries was paced by continuing strength in the production of business equipment. Outside manufacturing, the output of utilities was boosted in November by demand associated with unusually cold weather.

Business fixed investment was continuing to grow at a rapid pace, with much of the strength stemming from the persisting and vigorous expansion in spending for office and computing equipment. However, the recent gains in total business investment had moderated from the extraordinary pace evident in 1994 and early 1995, and they also were less widespread among major categories of business equipment than they had been earlier. New orders for nondefense capital goods other than computers and aircraft had leveled out, although shipments were being maintained at high levels by still-large backlogs of unfilled orders. Producers of aircraft had received very sizable new orders recently, but shipments of completed aircraft had been held back in recent months by the strike at a major firm. Outlays for nonresidential construction were continuing to advance briskly, with construction of commercial structures posting sizable increases recently. Overall drilling and mining activity also had continued to move higher, led by increased exploration for natural gas.

Total nominal retail sales rose considerably in November, more than offsetting a drop in October; over the two months, retail sales advanced at a slower pace than the average rate in the second and third quarters. Much of the November increase reflected strong gains in sales of consumer durables, including improved sales of motor vehicles. In the nondurables sector, a sizable rise in November about reversed a decline in October. Recent surveys of consumer sentiment pointed to generally positive attitudes.

After having recorded robust advances during the third quarter, most indicators of housing activity suggested little further change more recently. However, considerable strength in mortgage applications associated with lower mortgage rates, together with survey indications of an upturn in house-buying intentions, pointed to strengthening housing construction over coming months. Housing starts were down in October, the latest month for which these data were available, after a large increase in the third quarter.

Data for October indicated a sizable accumulation of business inventories. In manufacturing, stocks grew at a rate only moderately below the brisk pace



in the third quarter, and the rise continued to be concentrated in the capital goods industries. The aggregate ratio of inventories to sales in manufacturing was somewhat above the lows in late 1994 and early 1995. In the wholesale sector, a buildup in stocks of capital equipment accounted for the bulk of the accumulation in October, and the inventory-to-sales ratio in this sector remained on an uptrend. A sharp rise in retail inventories in October was led by a large increase in stocks at auto dealers and at general merchandise and apparel outlets. The inventory-to-sales ratio for the retail sector as a whole was at its high for the year, but signs of overstocking, apart from motor vehicles, were limited.

After having strengthened appreciably in the third quarter, federal government purchases were now lagging and exerting some retarding effect on overall economic activity. The decline in federal purchases in part represented the transitory effects of government shutdowns and the restraining effects of spending cuts imposed by continuing resolutions and by curtailed appropriations in bills that already had been enacted into law. At the state and local government levels, however, available data pointed to continued, relatively strong growth in purchases.

The nominal deficit on U.S. trade in goods and services changed little in September (latest data available). Measured on a quarterly average basis, however, the deficit declined substantially in the third quarter, with the reduction about equally divided between a rise in the value of exports and a drop in the value of imports. Increases in exports were widespread among the major categories of trade, while reductions in imports were concentrated in categories in which there had been large gains in the second quarter. Available data pointed to subdued growth in most of the major foreign industrial countries in the second half of 1995.

Consumer prices had risen more slowly on balance in recent months than they had during the first half of the year. In November, the total index for consumer prices was unchanged, and consumer prices excluding food and energy were up only slightly. In contrast, producer prices of finished goods registered a relatively large increase in November, and the component of this index excluding food and energy posted its largest rise since January. At the same time, prices of intermediate materials declined a bit further in November. According to recent survey results, consumers now expected less inflation over the year ahead and also over the next five to ten years. The available data on wages and worker benefits continued on balance to display a relatively subdued trend of increases in labor compensation.

At its meeting on November 15, 1995, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustments to policy during the intermeeting period. The directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth in M2 and M3 over coming months.

Open market operations were directed toward maintaining the existing degree of pressure on reserve positions throughout the intermeeting period. The federal funds rate averaged a bit above the expected rate of  $5\frac{3}{4}$  percent over the period. The bunching of settlements of several Treasury issues that had resulted from debt ceiling disruptions and the mid-December corporate tax date were among the factors exerting pressure on the funds rate. Most other short-term interest rates fell slightly, and longer-term interest rates extended earlier declines during the intermeeting period. Market expectations of some easing of monetary policy appeared to be reinforced by market interpretations of the incoming information as further evidence that overall demand would be restrained and that the risks of a pickup in inflationary pressures had diminished. Over the intermeeting interval, major indexes of stock prices continued to move higher in concert with the rise in bond prices.

The sluggish performance of the broad monetary aggregates since August continued in November. Despite the persistence of low opportunity costs associated with holding M2 assets, M2 growth was relatively modest in November after a slight contraction in October. M3 growth slowed further in November, partly as a result of a shift of funding by borrowers toward capital market instruments to take advantage of lower long-term market rates. Nonetheless, because of robust expansion earlier in the year, M2 remained in the upper half of its 1995 range through November and M3 expanded at a rate at the upper end of its range. Growth of total domestic nonfinancial debt had slowed somewhat in recent months, reflecting reduced expansion of both private and federal borrowing, and for 1995 to date, this debt measure had grown at a rate around the midpoint of its monitoring range.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 curren-

cies rose slightly further on balance over the intermeeting period. Declining interest rates in several major foreign industrial countries, evidently induced by disappointing economic growth in those countries, appeared to have a firming effect on the dollar in relation to European currencies. The dollar changed little against the Japanese yen over the period after a sharp advance earlier. The Mexican peso appreciated a bit in relation to the dollar over the period.

The staff forecast prepared for this meeting suggested that the growth of economic activity would slow substantially from the very strong pace now indicated for the third quarter. Although this forecast did not differ significantly from that prepared for the November meeting, less growth than expected earlier seemed likely in the current quarter. Over the forecast horizon, however, the economy was still projected to expand at a pace that would keep activity close to the economy's potential. The forecast anticipated that the expansion in consumer spending would slow a bit in response to diminished gains in disposable income associated with less rapid advances in spending in other sectors of the economy. The rise that had occurred in the value of financial assets held by households would be a positive factor helping to support consumer spending but one that would be offset to a degree by the difficulties of an increasing number of households in servicing their growing debts. The greater affordability of housing stemming from the earlier decline in mortgage rates was projected to help sustain homebuilding activity at a relatively high level. In the context of reduced growth in sales and profits, business investment in new equipment and structures was projected to increase more moderately after several years of rapid advance. Although indications of excess inventories were limited, slower growth in sales and ongoing efforts to reduce inventory costs were projected to lead to smaller increases in stocks over the projection period. Exports were expected to be bolstered to some extent by the projected improvement in the economies of major trading partners. Although a great deal of uncertainty still surrounded the fiscal outlook, the forecast continued to incorporate an appreciable degree of fiscal restraint. Given the projected outlook, rates of utilization of labor and capital resources would remain relatively high, and the underlying trend of price inflation was seen as unlikely to change significantly over the projection period.

In the Committee's discussion of current and prospective developments, members noted that the information that had become available since the November meeting tended to confirm earlier indications that the economic expansion had slowed appre-

ciably from the brisk pace of the summer months. The members generally agreed that the most likely course for the economy remained one of moderate growth. Expansion at or near potential was seen as the most probable outcome, associated at least in part with the favorable effects on business and consumer spending of lower interest rates, higher equity prices, and an ample availability of credit. However, a number of members expressed concern that the strength of final demands would not be sufficient to support growth near the economy's potential, absent a policy adjustment. One factor that might retard growth was a higher level of real short-term interest rates owing to the favorable performance of inflation. Members noted that consumer price increases had remained relatively subdued and below expectations in recent months, despite the generally high levels of utilization of both labor and capital resources that had prevailed through much of the year. Several commented that the effects of new technologies, gains in productivity, global competitive pressures on businesses, and restraint in wage setting might imply that inflation would edge down further. Others expressed concern that the prospects for further reductions in inflation seemed quite limited in the context of projected high levels of resource use, including tight labor markets in many parts of the country.

In the Committee's discussion of regional developments, members reported that anecdotal and other information pertaining to regional activity suggested that the moderation in nationwide economic growth was evident across most of the nation, with the rate of expansion ranging from slow to moderate in different areas of the country. Overall levels of business activity continued to vary widely, from relatively weak in some areas to comparatively robust in others. Conditions also were uneven across industries, particularly in manufacturing, where flagging auto sales and some further inventory accumulation contrasted sharply with brisk demand for a range of producers durable goods, notably office and computing equipment, and building products. Despite indications that job growth had been relatively limited, labor markets remained tight in many parts of the country and there were more, albeit still limited, reports of rising wage pressures; in some areas, however, labor market conditions appeared to have eased somewhat recently.

In their discussion of developments in key sectors of the economy, members commented that the data and the anecdotal information on consumer spending had been mixed. For the holiday season, reports indicated that retail sales had been disappointing thus far, though sales appeared to be holding up relatively well in some sections of the country and for higher-

priced luxury items more generally. Consumers had remained very cautious despite considerable promotional sales activity, perhaps anticipating even more aggressive markdowns of prices as the shopping season neared its end. Members noted that the reluctance of consumers also might be reflecting a sense of continued job insecurity in an environment of ongoing business restructuring and downsizing, higher debt service burdens and rising delinquency rates, and the satisfaction of pent-up demand for durable goods. While these factors might be exerting an inhibiting influence on consumers, the members generally viewed moderate growth in consumer spending as a reasonable expectation in the context of further projected expansion in disposable incomes. The increase in household wealth associated with the strong performance of the bond and stock markets might tend to boost consumer spending relative to disposable incomes, although one member suggested that the highly concentrated nature of wealth holdings might limit any positive effect on aggregate consumption. With regard to housing, members took note of the recent declines in single-family housing starts and sales after a strong third quarter. They remarked, however, that some of their contacts were anticipating that the declines in mortgage interest rates over recent months to their current relatively low levels would foster a wave of mortgage refinancing and a pickup in housing demand in the spring.

Business fixed investment was expected to grow at a pace appreciably below that observed in recent years but nonetheless to continue supplying considerable impetus to the expansion. Strong profits and cash flows, along with the ample availability of financing on attractive terms, were favorable factors in the outlook; on the other hand, a weakening trend in final demand, notably in consumer outlays, likely would have a negative effect on business capital spending. Several members reported that commercial and other nonresidential construction activity remained brisk in various regions around the nation. A number of members commented on business inventory developments. Overall inventories of motor vehicles were on the high side, and inventory accumulation more generally appeared to be running somewhat ahead of sales. There were no indications that serious overhangs were emerging, but there were risks that efforts to hold down stocks would damp production over the near term.

The outlook for fiscal policy continued to be clouded by the uncertainty surrounding the outcome of the debate between the Congress and the Administration. The members anticipated that the result of the debate would be considerable fiscal restraint, but the

timing of tax and spending initiatives aimed at an eventual balancing of the budget and the extent of the fiscal contraction over time could not be forecast with any precision. In the interim, much of the federal government was closed, and while federal workers were expected to get paid eventually, their spending and that of federal contractors might be damped until the situation was resolved. The members believed, however, that in light of the plans being put forward, the fiscal drag imposed by likely federal budget developments would not be unusually large over the next few years.

In reviewing the outlook for inflation, members referred to the generally favorable price and cost experience of recent months. Several pointed to subdued increases in labor compensation and to anecdotal indications that upward pressures on wages and benefits remained scattered despite tightness in many labor markets. In this environment, and with the economy expected to expand at a comparatively moderate pace over the forecast period, many members anticipated that inflation would remain relatively stable despite continuing high levels of resource utilization, and some believed that it might record a somewhat improved performance. One argument advanced in support of a possibly better performance was that the recent experience, which had been more favorable than expected given capacity utilization levels, was perhaps suggestive of the effects of rapid technological improvements on productivity, the enhanced efficiencies from greater economic specialization around the world, and the influence of heightened job insecurity on wages and prices. Another was the possible effect on future wage demands of the lower inflation expectations that now prevailed. Although no member saw greater inflation as having a high probability, several did refer to risks in that direction, including the possibility of greater pressures on resources stemming from faster than currently anticipated economic growth.

In the Committee's discussion of policy for the intermeeting period ahead, all the members either favored or could accept a slight easing in the degree of pressure on reserve positions. One argument cited in favor of some easing was that the policy stance, as indexed by the prevailing real federal funds rate, was becoming somewhat restrictive as inflation and inflationary expectations moderated, leaving real short-term rates higher than anticipated. In addition, with markets expecting a reduction in the federal funds rate in coming months, an unchanged policy was likely to lead to a backup in intermediate- and long-term rates. Although there was no sign that a cumulative deterioration in economic performance was about



to get under way, the downside risks to the expansion appeared to have increased and a modest easing would better position policy to guard against the possibility that over the longer term the expansion would begin to fall short of the economy's potential, especially with fiscal policy likely to be at least moderately restrictive. In any case, the recent slowing of the economic expansion, combined with the wage and price restraint evident at current levels of resource utilization and continuing business efforts to expand capacity, suggested that there was little risk of a pickup in inflation. Indeed, the favorable inflation experience over the last half year raised the possibility of continued modest price improvement.

A number of members, though willing to accept a slight easing, preferred an unchanged policy stance. While inflation had slowed from the elevated pace observed in the early part of the year, there was little hard evidence to indicate that it would decline any further over the forecast horizon or that there had been a significant increase in the sustainable growth rate of the economy. A few members also expressed concern about the possible repercussions in financial markets of an easing action that would follow an already strong rally in bond and stock prices. In the circumstances, these members questioned whether a somewhat easier policy stance would prove consistent with the Committee's objective of fostering further progress toward price stability. Moreover, although the available evidence on the economy's current performance remained mixed, the moderation in economic growth after the third-quarter surge did not seem at this time to signal a growing shortfall of the economy from its potential. Instead, the economy was likely in this view to continue to grow at a generally acceptable rate at or near capacity, and a few members saw some potential for somewhat faster growth at a pace that over time could intensify inflationary pressures. Accordingly, they preferred to wait for further evidence on inflation trends and the performance of the economy, but they indicated that in light of the uncertainties that were involved and the small amount of easing that was proposed they would not dissent from the majority position.

With regard to possible adjustments to policy during the intermeeting period, all the members endorsed a proposal to retain an intermeeting instruction in the directive that did not incorporate any presumption about the direction of a possible intermeeting change. While such a change in policy could not be ruled out, the potential need for a further intermeeting policy adjustment appeared remote at this juncture. The risks to the outlook seemed generally in balance, and

the direction of the next policy move was not clear in the view of some members.

At the conclusion of the Committee's discussion, all the members indicated that they favored or could support a directive that called for some slight easing in the degree of pressure on reserve conditions during the intermeeting period but that contained no presumption about the likely direction of any intermeeting policy change. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater or slightly lesser monetary restraint would be acceptable during the intermeeting period. A staff analysis indicated that the reserve conditions contemplated at this meeting would be consistent with moderate growth of M2 and M3 over coming months.

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 a substantial slowing in the expansion of economic activity after a strong gain in the third quarter. Nonfarm payroll employment increased further in November, but the civilian unemployment rate edged up to 5.6 percent. Industrial production was little changed on average over October and November after a moderate rise in the third quarter. Total nominal retail sales rose somewhat on balance over October and November. Housing starts were down in October after a large increase in the third quarter. However, orders for nondefense capital goods point to substantial expansion of spending on business equipment in the near term, and nonresidential construction has risen appreciably further. Wage trends have been stable and consumer prices have risen relatively slowly on average in recent months.

Most market interest rates have declined slightly since the Committee meeting on November 15. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies has risen slightly on balance over the intermeeting period.

The substantial moderation in the growth of M2 and M3 since midsummer continued in November; however, for the year through November, M2 expanded at a rate in the upper half of its range for 1995 and M3 grew at a rate at the upper end of its range. Growth in total domestic nonfinancial debt has slowed somewhat in recent months but for the year to date remains around the midpoint of its monitoring range.

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 range it had established on January 31–February 1 for growth of M2 of 1 to 5 percent, measured from the fourth quarter of 1994 to the fourth quarter of 1995. The Committee also retained the monitoring range of

3 to 7 percent for the year that it had set for growth of total domestic nonfinancial debt. The Committee raised the 1995 range for M3 to 2 to 6 percent as a technical adjustment to take account of changing intermediation patterns. For 1996, the Committee established on a tentative basis the same ranges as in 1995 for growth of the monetary aggregates and debt, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to decrease slightly the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve

restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with moderate growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Hoenig, Kelley, Lindsey, Melzer, Ms. Minehan, Mr. Moskow, Ms. Phillips and Yellen. Votes against this action: None.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, January 30–31, 1996.

The meeting adjourned at 1:05 p.m.

Donald L. Kohn  
Secretary

# Legal Developments

## FINAL RULE—AMENDMENT TO REGULATION K

The Board of Governors is amending 12 C.F.R. Part 211, Subpart B of Regulation K (Foreign Banking Organizations), to permit the establishment of U.S. representative offices by certain foreign banks through prior notice procedures. These prior notice procedures are designed to permit foreign banks meeting certain requirements to establish representative offices without the need to file a formal application with the Board. A foreign bank that is subject to federal regulation under the Bank Holding Company Act (BHC Act), either directly or through the International Banking Act (IBA), and that the Board has previously determined is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor, or which previously has been approved for a representative office by Board order, would be permitted to establish a full service representative office by prior notice. In addition, the amendments clarify that only those foreign banking organizations subject to the IBA and the BHC Act may establish under general consent procedures a representative office to engage in limited administrative functions in connection with their existing U.S. banking operations. Lastly, the Board has determined to review and act upon inquiries by “special purpose government banks” seeking exemptions from regulation under the Foreign Bank Supervision Enhancement Act (FBSEA) on the basis that they do not fall within the definition of “foreign bank” under Regulation K. Such inquiries would be handled on a case-by-case basis.

Effective January 24, 1996, 12 C.F.R. Part 211 is amended as follows:

### Part 211—International Banking Operations (Regulation K)

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

*Authority:* 12 U.S.C. 221 *et seq.*, 1818, 1841 *et seq.*, 3101 *et seq.*, 3901 *et seq.*

2. Section 211.24 is amended by:

- a. Revising paragraphs (a)(2)(i) and (a)(2)(ii); and
- b. Redesignating paragraph (d)(3) as paragraph (d)(4), and adding a new paragraph (d)(3).

The revisions and addition read as follows:

Section 211.24—Approval of offices of foreign banks; procedures for applications; standards for approval; representative office activities and standards for approval; preservation of existing authority.

(a) \* \* \*

(2) \* \* \*

(i) *Prior notice for certain representative offices.* After providing 45 days' prior written notice to the Board, a foreign bank that is subject to the BHC Act, either directly or through section 8(a) of the IBA (12 U.S.C. 3106(a)), may establish:

(A) A regional administrative office; or

(B) A representative office, but only if the Board has previously determined that the foreign bank proposing to establish a representative office is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor, or previously has been approved for a representative office by Board order. The Board may waive the 45-day period if it finds that immediate action is required by the circumstances presented. The notice period shall commence at the time the notice is received by the appropriate Reserve Bank. The Board may suspend the period or require Board approval prior to the establishment of such an office if the notification raises significant policy, prudential or supervisory concerns.

(ii) *General consent for representative offices.* The Board grants its general consent for a foreign bank that is subject to section 8(a) of the IBA (12 U.S.C. 3106(a)), to establish a representative office that solely engages in limited administrative functions (such as separately maintaining back office support systems) that are clearly defined, are performed in connection with the United States banking activities of the foreign bank, and do not involve contact or liaison with customers or potential customers beyond incidental contact with existing customers relating to administrative matters (such as verification or correction of account information), provided that the foreign bank notifies the Board in writing within 30 days of the establishment of the representative office.

\* \* \* \* \*

(d) \* \* \*

(3) *Special purpose foreign government banks.* A foreign government-owned organization engaged in bank-

ing activities in its home country that are not commercial in nature may apply to the Board for a determination that the organization is not a *foreign bank* for purposes of this section. A written request setting forth the basis for such a determination may be submitted to the Reserve Bank of the District in which the foreign organization's representative office is located in the United States or to the Board in the case of a proposed establishment of a representative office. The Board will review and act upon each such request on a case-by-case basis.

#### ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

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

First Citizens BancShares, Inc.  
Raleigh, North Carolina

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

First Citizens BancShares, Inc., Raleigh ("Citizens"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Allied Bank Capital, Inc., Sanford ("Allied"), and indirectly acquire Allied's wholly owned subsidiaries, Summit Savings Bank, Inc., SSB, Sanford ("Summit"), and Peoples Savings Bank, Inc., SSB, Wilmington ("Peoples"), all in North Carolina.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 54,374 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Citizens, with total consolidated assets of \$7.2 billion,<sup>1</sup> controls four commercial banks in North Carolina, Virginia, and West Virginia. Allied, with total consolidated assets of \$270 million, controls two savings banks in North Carolina. Citizens is the fifth largest depository institution in North Carolina, controlling total deposits of \$5.7 billion, representing 7.5 percent of total deposits in depository institutions in the state.<sup>2</sup> Allied is the 27th largest depository institution in North Carolina, controlling total deposits of \$219.4 million, representing less than 1 percent of total deposits in depository institutions in the state. Upon consummation of this proposal, Citizens would remain the fifth largest depository institution in North Carolina, controlling total deposits of \$5.9 billion, representing

7.8 percent of total deposits in depository institutions in the state.

Citizens and Allied own depository institutions that compete directly in four banking markets in North Carolina.<sup>3</sup> Consummation of this proposal would not cause the levels of market concentration as measured by the Herfindahl-Hirschman Index ("HHI")<sup>4</sup> to exceed the Department of Justice merger guidelines in any of these banking markets,<sup>5</sup> and numerous competitors would remain in each banking market. Based on all the facts of record, the Board concludes that the consummation of this proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant market.

In light of all the facts of record, the Board also concludes that the financial and managerial resources and future prospects of Citizens, Allied, and their respective subsidiaries are consistent with approval of the proposal, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

##### *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

3. The banking markets are Sanford, Durham-Chapel Hill RMA, Raleigh RMA, and Wilmington RMA. The Sanford banking market is approximated by Lee County. The Durham-Chapel Hill RMA banking market is approximated by the Durham-Chapel Hill RMA, the rest of Durham County, the rest of Orange County (minus the portion in the Burlington RMA), and all of Chatham County. The Raleigh RMA banking market is approximated by the Raleigh RMA and the rest of Franklin, Harnett, Johnston, and Wake Counties. The Wilmington RMA banking market is approximated by the Wilmington RMA, the rest of Brunswick County and all of Pender County.

4. Market deposit data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. See *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Summit and Peoples would be controlled by a bank holding company on consummation of this proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. See *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

5. The HHIs would increase as follows after consummation of this proposal: Sanford-56 points to 1898 points; Durham-Chapel Hill RMA-no increase; Raleigh RMA-12 points to 1165 points; and Wilmington RMA-45 points to 1371 points. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The 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.

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

2. State deposit data are as of December 31, 1994. In this context, depository institutions include commercial banks, savings banks, and savings associations.



institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institutions," and to take that record into account in its evaluation of these applications.<sup>6</sup>

The Board received comments criticizing the CRA performance record of Citizens in helping to meet the mortgage and small business credit needs of low- and moderate-income and minority individuals and in investing in communities with predominately low- and moderate-income and minority residents.<sup>7</sup> In addition, Protestants assert, on the basis of data filed under the Home Mortgage Disclosure Act ("HMDA") for 1991 through 1994, that Citizens's lead subsidiary bank, First Citizens Bank-NC, Raleigh, North Carolina ("Bank"), illegally discriminates against minority borrowers.<sup>8</sup>

The Board has carefully reviewed the CRA performance record of Bank, all comments and Citizens's responses, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").<sup>9</sup>

## Record of CRA Performance

### A. Examination Record of CRA Performance

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in

the applications process.<sup>10</sup> Bank received its second consecutive "outstanding" rating in its most recent examination for CRA performance from its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC") as of April 11, 1994 (the "1994 Examination").<sup>11</sup> Citizens's other subsidiary banks all received "outstanding" or "satisfactory" CRA performance ratings in their most recent CRA performance examinations. Summit and Peoples received "satisfactory" CRA performance ratings from the FDIC in their most recent CRA performance examinations as of March 13, 1995, and February 7, 1994, respectively.

### B. HMDA and Mortgage Lending Activities

The Board has carefully reviewed 1992, 1993, and 1994 HMDA data filed by Bank in 11 MSAs in North Carolina, in light of Protestants' allegations.<sup>12</sup> These data indicate that Bank has been increasing its home mortgage lending to African-American and low- and moderate-income borrowers. For example, from 1992 to 1994, the percentage of HMDA-reportable loan applications from African Americans increased from 3 percent to 11.8 percent of total applications. In addition, the percentage of loans to African Americans increased from 2 percent to 8.8 percent of total originations from 1992 to 1994.<sup>13</sup> During this period, Bank also increased its percentage of applications from and originations to low- and moderate-income borrowers. Applications from these borrowers increased from 14.2 percent of total applications in 1992 to 17.6 percent in 1994, and originations increased from 11.9 percent of total originations to 16.9 percent of total originations.<sup>14</sup>

10. *Id.* at 13,742.

11. Protestants dispute this rating as too high and argue that this examination should not be given significant weight because Protestants believe that Bank's CRA performance in North Carolina during the period covered by the 1994 Examination was not outstanding. Protestants place significant weight on their evaluation of Bank's mortgage lending activities in North Carolina. The 1994 Examination reflects the most current assessment of Bank's CRA performance by the FDIC and is based on an on-site review of the lending performance and CRA policies of Bank. Accordingly, it has been considered in reviewing Protestants' allegations in a manner consistent with the Agency CRA Statement. The Board also has considered the HMDA data discussed in this order and Bank's activities since the 1994 Examination. The Board has forwarded Protestants' comments to the FDIC for consideration.

12. The Board also has reviewed 1993 and 1994 HMDA data filed by Summit and Peoples in light of Protestants' assertion that these two banks had a poor record of lending to low- and moderate-income and minority loan applicants in 1994.

13. Applications from African Americans increased from 134 in 1992 to 730 in 1994, and originations to African Americans increased during this time period from 73 to 443.

14. From 1992 to 1994, applications from low- and moderate-income borrowers increased from 640 to 1,090, and originations increased from 447 to 851. In addition, the lending record of Peoples and Summit also improved from 1993 to 1994. For example, the percentage of applications received by Summit from African-American borrowers increased from 5.2 percent to 12.6 percent of total applications, and originations increased from 4.1 percent to 10.3 percent of total originations. Applications received by Summit from low- and moderate-income borrowers increased from 3.7 per-

6. 12 U.S.C. § 2903.

7. Commenters opposing this proposal include the Community Reinvestment Association of North Carolina ("CRA\*NC"); the Durham Affordable Housing Coalition; The People's Alliance; Downtown Housing Improvement Corp.; North Carolina Community Development Initiative, Inc.; North Carolina Community Land Trustees; Land Loss Prevention Project; New Directions for Downtown, Inc.; Southeast Raleigh Community Development Corporation; WallTown Community Association; and the Charlotte Organizing Project (collectively "Protestants"). The Board also received comments on several issues raised by Protestants from an individual who does not object to approval of this application.

8. Protestants contend that these data indicate that Bank's level of mortgage lending to low- and moderate-income and minority borrowers, particularly African-American borrowers, has been consistently lower than that of other banks in the Metropolitan Statistical Areas ("MSAs") in which Bank operates, and has been decreasing. Protestants make similar allegations about Bank's level of performance in small business and community development lending activities. One Protestant criticized Bank's outreach efforts to its community.

9. 54 *Federal Register* 13,742 (1989).

These data also show, however, that denial rates varied by racial group. The Board is concerned when an institution's record indicates disparities in lending to minority applicants, and the Board believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community.<sup>15</sup> 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 did not find any practices that were intended to discourage credit applications and found that Bank solicited applications from all segments of the community, including individuals residing in low- and moderate-income census tracts.<sup>16</sup> Furthermore, the 1994 Examination found that Bank was in compliance with the substantive provisions of antidiscrimination laws and regulations.<sup>17</sup> The Board also notes that Bank has developed an

cent to 31.9 percent of total applications, and originations increased from 4.1 percent to 30.3 percent of total originations. The percentage of applications received by Peoples from African-American borrowers increased from 3.8 percent to 9.4 percent of total applications, and originations increased from 2.3 percent to 4.6 percent of total originations. Applications from low- and moderate-income borrowers increased from 5.5 percent to 7.9 percent of total applications, and originations increased from 3.8 percent to 4.6 percent of total originations.

15. For example, mortgage loans made in areas outside an MSA where a bank has a branch currently are not required to be reported by census tract under HMDA. Approximately 45 percent of Bank's branches are located outside an MSA. In addition, more than 400 loans made to date under Bank's Shelter Source program, a lending program designed to help low- and moderate-income individuals purchase affordable housing, have been made to borrowers residing outside an MSA.

16. Protestants maintain that in telephone inquiries for loan information by a minority applicant and non-minority applicant with similar financial qualifications, employees in eight branches of Bank treated minorities in a disparate manner. The 1994 Examination, however, found no significant weaknesses in Bank's fair lending compliance. The 1994 Examination noted that Bank has been active in addressing antidiscrimination issues, and that, during 1993, Bank used an independent consultant to evaluate 42 of its branches for evidence of disparate treatment by initial customer contact employees and lending personnel, using testers paired on the basis of sex or race.

17. Protestants contend that technical violations of the Fair Housing Act ("FHA"), the Equal Credit Opportunity Act ("ECOA") (collectively, "fair lending laws") and HMDA cited in Bank's CRA performance examinations constitute a pattern and practice of fair lending law violations. Protestants also cite, as evidence of illegal discrimination, an internal memorandum by a Bank officer admonishing employees to improve compliance.

Bank has taken steps to insure that such violations do not occur in the future. For example, in late 1994, Bank engaged an independent consulting firm to assist in revising its compliance policies and procedures, and Bank revised its entire HMDA data collection and reporting program in 1994 and 1995. In addition, Bank centralized its compliance functions in a single Compliance Department in November 1994, and created a separate position of Lending Compliance Officer. The Board has reviewed all facts of record, including reports

internal second review program for declined mortgage applications to determine whether the applicant qualified for the loan requested or might qualify for some other mortgage loan product offered by Bank.<sup>18</sup> Bank provides continuous training in fair lending and CRA compliance.<sup>19</sup> In addition, with the help of a consulting firm, Bank developed a two-day diversity training program that more than 700 Bank officers have attended since January 1994.

The Board also notes that Bank has developed special loan products to address the needs of low- and moderate-income borrowers. For example, Bank, in consultation with one of the Protestants, introduced the Shelter Source loan product in 1991. This product permits low down payments and closing costs, and offers flexible underwriting criteria. Bank originally committed \$15 million over a three-year period to this program, and committed an additional \$20 million in 1993. Bank has originated more than \$39 million in Shelter Source loans since 1991, including 250 loans in 1994. Bank also offers special affordable housing loan products through a Farmers Home Administration ("FmHA") program and the Fannie Mae Community Home Buyers Program, and originated 670 loans totalling almost \$32 million under these programs in 1994.

### C. Other Lending Programs and Investment in Community Development

Bank indicates that it is primarily a small business lender. As of November 1995, 70 percent of Bank's commercial loans were for principal amounts of \$80,000 or less, and almost 90 percent were for principal amounts of \$250,000 or less. Bank also actively participates in government-guaranteed loan programs through three Small Business Administration ("SBA") programs and programs sponsored by the FmHA. Bank qualifies under SBA's Certified Lender Program to give three-day processing on SBA-guaranteed loans, and participates in the SBA's LOWDOC program. Bank also participates in the SBA 504 program, which provides 100 percent financing and flexible underwriting criteria. As of November 1995, Bank reported 18 SBA loans under this program, for a total original principal balance of \$6.8 million. As of this same date, Bank also

of examination and other supervisory information provided by the FDIC relating to the FDIC's review of corrective actions taken by Bank.

18. Bank uses a third level of review by senior management to evaluate the effectiveness of the second review process and to help it assess and address issues relating to Bank's underwriting criteria, loan policies and procedures, and training. Protestants maintain that 30 to 40 percent of the loan denials are reversed by the third review, thereby indicating systemic problems in Bank's underwriting and approval procedures. Bank responds that the third review is used principally for the purpose of making appropriate modifications to its lending standards. For example, as a result of this review by senior management, Bank developed more liberal household income standards under the Shelter Source program.

19. Bank held a week-long "train the trainer" fair lending compliance program for approximately 100 senior retail lending officers and department managers. These officers then conducted three-day training sessions that were attended by all of Bank's lending officers.

had 38 FmHA loans outstanding, for a total original principal balance of \$15 million. In addition, as of December 18, 1995, the Bank had originated 889 small farm loans, totalling \$87.5 million. Bank representatives meet with organizations such as the North Carolina Association of Minority Businesses and the North Carolina Institute of Minority Businesses to assist in ascertaining the credit needs of minority businesses. Bank also has sponsored roundtable discussions with individuals from businesses owned by minorities and women, and has held four seminars to assist minorities in starting and operating businesses.

As the result of a special task force evaluation, Bank made several changes in its small business lending program, which include improvements to its credit underwriting and approval process to provide for faster credit decisions. When fully implemented, Bank's new program will be structured to accommodate new businesses and businesses that are expanding their operations.

The 1994 Examination found that Bank had a satisfactory awareness of community development opportunities and maintains a high level of participation in community development projects. For example, Bank committed to provide \$1.2 million of the total \$12 million in financing made available by a consortium of financial institutions for multi-family housing projects for low-income families and the elderly administered by the Community Investment Corporation of North Carolina. Bank has made loans in excess of \$500,000 for such projects since 1993. In addition, Bank participated in four projects sponsored by the Monroe-Union County Community Development Corporation, including a \$120,000 line of credit for construction of six affordable homes for low- and moderate-income residents of Union County. Also in 1993, Bank committed \$200,000 to the Downtown Lincolnton Loan Pool, which offers loans to renovate downtown properties, and \$200,000 to the Newton Downtown Redevelopment Commission Loan Pool. Bank participates with the City of Winston-Salem and eleven other lenders in a \$1,700,000 Tandem Loan Program that fosters neighborhood revitalization by financing the purchase and rehabilitation of owner-occupied housing. In December 1993, the Bank made a loan to the Standard Development Company for the construction of seven low- to moderate-income housing units in Mount Airy. Bank, along with the City of Asheville's Housing Authority, also financed the purchase and rehabilitation of a 26-unit rental complex near downtown Asheville. Bank also participates in the Elizabeth City Revitalization Loan Pool.

Bank provided a grant to the City of Wilson for administration costs to help develop the Freeman Place Project, an inner-city, single-family housing development for households whose members earn 70 percent or less of the county median family income.<sup>20</sup> Bank also worked with the Or-

ange Community Housing Corporation Assistance Program to provide first mortgage financing for borrowers earning 80 percent or less of the county median income, and helped Project Homestead CDC of Greensboro, North Carolina, provide affordable housing assistance for low income families.

#### D. Other Aspects of CRA Performance

The 1994 Examination found that Bank engaged in extensive efforts to ascertain the credit needs of the communities it serves through its officer call program and used the information it gathers to develop new products or modify existing products to serve these communities.<sup>21</sup> For example, one series of ascertainment calls resulted in Bank's developing a special loan product to help meet the need for affordable housing in a rural county. Bank's ascertainment efforts are managed directly by its regional CRA committees, which communicate with numerous government officials, affordable housing developers, low-income consumers and nonprofit agencies, and other minority and consumer groups.<sup>22</sup> Bank markets its small business products through newspaper and radio advertising, direct mail, loan officer calls, contacts with government agencies, and participation in and sponsorship of small business conferences. Examiners also found that Bank markets its Shelter Source affordable housing products to low- and moderate-income and minority consumers by using advertising that focuses on these potential borrowers, such as advertisements in newspapers with high percentages of minority readers.<sup>23</sup>

The 1994 Examination found that Bank's record of opening and closing branches was satisfactory. Bank has a policy concerning procedures to open, close, or modify the hours of any branch office. In the event of a branch closing, the policy requires an impact study analyzing the reason for closing the branch and the proximity of other branches owned by Citizens and other financial institutions. Bank offers a number of low-cost services at all branch offices,

21. Protestants allege that Bank's redesignation of its service community to an area encompassing a five-mile radius around each of its branches will adversely affect low- and moderate-income and minority residents and indicates that Bank will provide unequal levels of service to these residents outside its delineated community. The redesignation of Bank's service community was in response to comments from FDIC examiners during the 1994 Examination. The Board also notes that Bank's new designated communities include contiguous low-income and minority census tracts.

22. One Protestant criticized Bank's outreach to the Protestant's community. The 1994 Examination stated that Bank created 30 area CRA committees and 118 local advisory boards that function as liaison between the community and Bank, and that Bank seeks to have the local advisory boards represent the population in the communities. In addition, each of the area CRA committees develops a CRA action plan which includes contacts with key individuals and organizations in the area. The area CRA committees are required to call on each contact included on their contact list at least annually.

23. Bank has committed a minimum of 5 percent of its total advertising budget to advertising focused on low- and moderate-income and minority customers. During 1993, Bank spent approximately 10.8 percent of its budget on this type of advertising.

20. Bank also provides first mortgage financing under the Shelter Source loan program for eligible borrowers seeking to acquire housing in this development. Two such mortgages, totalling \$72,000, were originated in 1995.

including checking and savings accounts with no monthly service charge for senior citizens; low-cost basic checking accounts; and check cashing services for recipients of government checks.

### E. Conclusion Regarding Record of CRA Performance

The Board has carefully considered all the facts of record, including Protestants' comments, in reviewing the CRA performance record of Citizens's subsidiary banks.<sup>24</sup> Based on a review of the entire record of performance, including the information provided by Protestants and Citizens,<sup>25</sup> and relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA performance records of the institutions involved in this proposal, are consistent with approval of this application.

Based on the foregoing and all other facts of record, the Board has determined that the application should be, and hereby is, approved.<sup>26</sup> The Board's approval is expressly

24. One Protestant criticizes Bank for failing to comply with all the terms of its 1991 CRA performance agreement with CRA\*NC. This Protestant also contends that Citizens made misleading statements about the agreement during the processing of this application. Bank responds that it used its best efforts to comply with all the terms of the agreement, but did not meet some of the goals due to factors beyond its control. The Board previously has noted that neither the CRA nor the Agency CRA Statement requires depository institutions to enter into agreements with particular organizations, and that agreements between banking organizations and community-based groups are private arrangements that are not enforceable by the Board. *Fleet Financial Group*, 82 *Federal Reserve Bulletin* 50 (1996). Accordingly, in reviewing this proposal, the Board has focused on the programs and policies that Bank has in place to serve the credit needs of its entire community.

25. CRA\*NC has requested that the Board delay action on this application until after it meets with the FDIC to discuss the 1994 Examination. In addition, Protestants assert that the Board should require Citizens to furnish additional information to the Board and Protestants regarding certain aspects of Bank's CRA performance and fair lending compliance, including data about Bank's non-MSA mortgage lending, descriptions of the nature of Bank's relationships with local housing agencies and community groups, and information concerning branch locations and loan-to-deposit ratios. A commenter states that the Board should arrange for independent telephone and in-lobby testing for discriminatory practices at Bank, and should condition any approval on a requirement that Citizens engage an independent research firm to test regularly for discriminatory practices at Bank. The Board is required by the BHC Act and Board rules to act on applications submitted under section 3 of the BHC Act within specified time periods. As previously noted, the Board's action is based on all the facts of record, including, not only the 1994 Examination, but also the Bank's activities since this examination and all of its CRA and fair lending practices, procedures and policies. Furthermore, as noted above, Bank has already employed a consultant to test the manner in which Bank employees deal with customers and its compliance with fair lending laws. Based on all the facts of record, the Board concludes that the record is sufficient to act on this application at this time and that delay or, in the alternative, denial on the grounds of informational insufficiency of this application is not warranted. Furthermore, in view of the programs and policies already in place at Bank, the Board does not believe the proposed conditions are warranted in this case.

26. Protestants requested that the Board hold a public meeting or hearing on this application to clarify factual disputes and present

conditioned on Citizens compliance with all the commitments made 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.

This proposal 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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 17, 1996.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

Huntington Bancshares, Incorporated  
Columbus, Ohio

Huntington Bancshares Florida, Inc.  
Columbus, Ohio

### *Order Approving the Acquisition of Banks*

Huntington Bancshares, Incorporated, and Huntington Bancshares Florida, Inc., both of Columbus, Ohio (collectively, "Huntington"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act

certain facts as part of the record. In particular, Protestants maintain that Citizens made misleading statements about Bank's efforts under the 1991 CRA performance agreement with CRA\*NC and the parties' negotiations over a new agreement, and about Bank's community development activities and its third review process. 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 proposal. The appropriate supervisory authority has not objected to approval of this application. Generally, under its rules, the Board may, in its discretion, hold a public meeting or hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). In the Board's view, all parties have had ample opportunity to submit their comments, including the opportunity to supplement their comments after the close of the comment period, and Protestants have submitted written comments that have been considered by the Board. Protestants have failed to demonstrate why such submissions are inadequate in this case to present their views. 12 C.F.R. 262.3(e). For these reasons, and 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. Accordingly, Protestants' request for a public meeting or hearing on this application is denied.



(12 U.S.C. § 1842) to acquire all the voting shares of Peoples Bank of Lakeland, Lakeland, Florida ("Bank").<sup>1</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 55,579 (1995)). 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 of the BHC Act.

Huntington, with total consolidated assets of \$20.2 billion, operates subsidiary banks in Ohio, Michigan, Indiana, Kentucky, West Virginia, and Florida, and engages directly and through subsidiaries in a broad range of permissible nonbanking activities.<sup>2</sup> Huntington is the 21st largest commercial banking organization in Florida, controlling deposits of approximately \$476.9 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.<sup>3</sup> Bank, with total consolidated assets of \$523.3 million, is the 24th largest commercial banking organization in Florida, controlling deposits of approximately \$430.6 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. On consummation of this proposal, Huntington would become the 12th largest commercial banking organization in Florida, controlling deposits of approximately \$907.5 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.

#### Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met.<sup>4</sup> These conditions are met in this case.<sup>5</sup> In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

1. Bank would be merged into The Huntington National Bank of Lakeland, Lakeland, Florida ("HNB-Lakeland"), a *de novo* to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)). As part of this proposal, Huntington also has applied under section 3 of the BHC Act to acquire HNB-Lakeland.

2. Asset data are as of June 30, 1995.

3. State deposit data are as of September 30, 1995.

4. 12 U.S.C. § 1842(d). Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Huntington's home state for purposes of the BHC Act is Ohio.

5. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Huntington's subsidiary banks are adequately capitalized and adequately managed. Bank has been in existence and continuously operated for the minimum periods of time required under Florida law. In addition, on consummation of this proposal, Huntington and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Florida. All other requirements of section 3(d) of the BHC Act also would be met on consummation of this proposal.

#### Other Considerations

Huntington and Bank do not compete directly in any relevant banking market. Based on all the facts of record, the Board has concluded that consummation of this proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market. The financial and managerial resources and future prospects of Huntington and Bank are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

#### Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, 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>6</sup>

The Board received comments from the Cincinnati Branch of the National Association for the Advancement of Colored People ("Protestant") criticizing the CRA record of performance of Huntington's lead subsidiary bank, The Huntington National Bank, Columbus, Ohio ("HNB"). Protestant maintains, on the basis of 1994 data filed under the Home Mortgage Disclosure Act ("HMDA"), that HNB's efforts in ascertainment, marketing and lending have been inadequate to meet the credit needs of residents in low- and moderate-income and minority neighborhoods in Cincinnati.<sup>7</sup>

6. 12 U.S.C. § 2903.

7. Protestant also refers to a 1995 settlement agreement between a mortgage lending subsidiary of HNB, The Huntington Mortgage Company ("Mortgage Company"), and the Department of Justice involving Mortgage Company's policy of allowing its employees to share with Mortgage Company in any excess in origination charges or interest rates above Mortgage Company's base rates ("overages"). An examination by the OCC in August 1994 showed that Huntington had taken steps to address concerns about the effects of the overages practice. In addition, the agreement between Mortgage Company and the Department of Justice recognized that Mortgage Company had developed and implemented new procedures and standards to monitor the pricing of residential first mortgage loans, and permitted Mortgage Company to resume its overages practice on all loan products as long as the overages were limited to no more than 1 percent of the loan amount. Based on all the facts of record, the Board does not believe that Protestant's comments warrant denial of this proposal.

The Board has carefully reviewed the CRA performance records of Huntington, its subsidiaries, and Bank; all comments received; responses to those comments by Huntington; 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>8</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 reports of these examinations will be given great weight in the applications process.<sup>9</sup> The Board notes that HNB received a "satisfactory" rating from its primary federal supervisor, the OCC, as of August 1994 ("1994 Examination").<sup>10</sup> Huntington's remaining subsidiary banks received either "outstanding" or "satisfactory" ratings from their primary federal supervisors in the most recent examinations of their CRA performance. Bank also was rated "satisfactory" for CRA performance by its primary federal supervisor, the Federal Deposit Insurance Corporation, as of September 1993.

#### B. HMDA Data and Lending Activities

The Board has carefully reviewed 1993 and 1994 HMDA data for HNB and Mortgage Company for Hamilton County in the Cincinnati Metropolitan Statistical Area ("MSA") in light of Protestant's comments. These data indicate that, although overall home purchase applications received by HNB declined, the total number of home purchase applications received by HNB from African Americans increased, and HNB's applications from African Americans, as a percentage of total applications received, was higher than the aggregate percentage received by all HMDA reporters. The number of loans to African Americans also increased during this period.

Home purchase loan applications received by HNB from applicants in low- and moderate-income census tracts in Hamilton County, as a percentage of total loan applications, increased slightly in 1994. In the entire Cincinnati MSA, the total number of all HMDA loan applications (home purchase, refinancings, and home improvement

loans) received by HNB from applicants in low- and moderate-income census tracts has increased. For example, the percentage of total HMDA loan applications received by HNB from applicants in low- and moderate-income census tracts doubled from 1993 to 1994.

The 1994 Examination found no evidence that HNB had violated antidiscrimination laws or regulations or engaged in illegal discriminatory practices. OCC examiners also considered HNB to have generally solicited credit applications throughout its delineated community, and the examiners' analysis of the geographic distribution of loans made by HNB reflected a reasonable penetration of all segments of the market in communities such as Cleveland, Columbus, Dayton, Lima, Mansfield, and Toledo.<sup>11</sup> In the Cincinnati MSA, HNB has taken steps to increase the geographic distribution of loans. For example, HNB has two full-time business originators assigned to the inner-city communities. Examiners also noted that HNB is attempting to increase penetration levels in low- and moderate-income communities in Cincinnati through its Community Centered Banking program ("CCB").<sup>12</sup>

The 1994 Examination found that the levels of lending by HNB and Mortgage Company were significant and reflected a general responsiveness to meeting the credit needs of its communities. CCB was specifically noted as demonstrating a financial commitment to low- and moderate-income communities where it had been introduced. HNB also has been an active participant in Small Business Administration and other government-sponsored loan programs.

The 1994 Examination also found HNB's marketing and advertising programs to be sound and reasonably designed to inform all segments of the bank's delineated communities about the bank's products and services.<sup>13</sup> In addition, OCC examiners concluded that HNB had an adequate policy on opening and closing offices and provided reasonable access to banking services in communities throughout its large branching network, including Akron, Cleveland, Columbus, Lima, Lorain, Mansfield, and Toledo. The 1994 Examination noted that HNB has acquired branches in low- and moderate-income areas in Cincinnati since 1992. HNB also has provided a full-service mobile branch to serve three predominantly minority communities in Cincinnati.

11. Examiners reviewed loan data, including HMDA data, for 1992, 1993, and the first five months of 1994.

12. CCB was introduced in 1992 and operates in eight Ohio communities, including Cincinnati, to market special credit and deposit products to meet the credit needs of low- and moderate-income neighborhoods. For example, CCB has a special mortgage loan program that features a low down payment requirement (5 percent) without private mortgage insurance and with more flexible underwriting criteria. CCB also offers credit counseling and educational programs for low- and moderate-income individuals.

13. Examiners noted that CCB is HNB's principal method of ascertaining unmet credit needs in low- and moderate-income communities, including low- and moderate-income communities in the Cincinnati MSA. HNB also has formed Community Advisory Councils in numerous communities, including Cincinnati, which are composed of community leaders and representatives of HNB, to further attempt to ascertain the credit needs of its communities.

8. 54 *Federal Register* 13,742 (1989).

9. *Id.* at 13,745.

10. Protestant maintains that comments by OCC examiners in the 1994 Examination that identify several areas in which HNB could improve its CRA performance support Protestant's contentions that HNB's CRA performance record is inadequate. While the OCC identified certain areas for possible improvement, it determined that the overall CRA performance of HNB was "satisfactory." The Board also notes that HNB has proposed measures to address the OCC's comments, and that HNB's progress in these areas will be evaluated by the OCC in future CRA performance examinations.

nati. In Dayton, examiners noted that HNB managed to effect loan penetration levels in low- and moderate-income areas equivalent to its penetration in the entire Dayton community through means other than branches by using alternative delivery systems and a broad range of advertising.

### C. 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 Protestant and Huntington, the CRA performance examinations and other information from the banks' primary supervisors, and the other facts of record, the Board believes that the efforts of Huntington, its subsidiaries, and Bank to help meet the credit needs of all segments of their communities, including low- and moderate-income neighborhoods, are consistent with approval of these applications. 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 this proposal, are consistent with approval of these applications.

### Conclusion

Based on a review of the entire record in this case, including the commitments made to the Board by Huntington, the Board has determined that these applications should be, and hereby are, approved.<sup>14</sup> The Board's approval is specifically conditioned on compliance by Huntington with all commitments made in connection with these applications. 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 Bank shall not be consummated before the fifteenth calendar day following the effective date of this order, or 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 Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 5, 1996.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

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

Chemical Banking Corporation  
New York, New York

Chemical Bank  
New York, New York

### *Order Approving the Merger of Bank Holding Companies and Banks*

Chemical Banking Corporation, New York, New York ("Chemical"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has filed various applications and notices seeking the Board's approval for the merger of Chemical with The Chase Manhattan Corporation, New York, New York ("Chase"), and the merger of their subsidiary banks in New York, Chemical Bank and The Chase Manhattan Bank, N.A. ("Chase Bank"). The resulting bank holding company would be known as The Chase Manhattan Corporation ("New Chase") and the merged bank would be known as The Chase Manhattan Bank ("New Chase Bank"). Applications and notices have been filed under sections 3,<sup>1</sup> 4(c)(8), 4(c)(13) and 4(c)(14) of the BHC Act (12 U.S.C. §§ 1842, 1843(c)(8), (13) & (14));<sup>2</sup> section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)); and sections 9, 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 321, 601, 611).<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60

14. Protestant alleges that there are an insufficient number of African-American loan officers, underwriters, appraisers and branch managers in Huntington's southern region and that this indicates illegal employment discrimination by Huntington. The Board notes that because Huntington's subsidiary banks employ more than 50 people, serve as depositories of government funds, and act as agent in selling or redeeming U.S. savings bonds and notes, they are required by Department of Labor Regulations to:

(i) File annual reports with the Equal Employment Opportunity Commission ("EEOC"); and

(ii) Have in place a written affirmative action compliance program, which states their 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) and 60-1.40. The Board also notes that, pursuant to Department of Labor Regulations, Huntington is required to file an annual report with the EEOC covering all employees in its corporate structure. The EEOC has jurisdiction for determining whether companies are in compliance with the equal employment statutes. To date, there has been no finding or adjudication of illegal employment practices by Huntington.

1. In connection with the proposal, Chemical and Chase each have applied to acquire options to purchase up to 19.9 percent of the voting shares of the other. These options would become moot upon consummation of Chemical's merger with Chase.

2. The nonbanking subsidiaries of Chase for which Chemical has provided notice as required under section 4 of the BHC Act are listed in Appendix A.

3. The locations of the branches the resulting bank requests approval to establish pursuant to sections 9 and 25 of the Federal Reserve Act are listed in Appendix B.

*Federal Register* 54,373 (1995)). The public comment period for these applications and notices was extended twice, providing interested persons more than 50 days to submit written comments on the proposal (60 *Federal Register* 55,716 (1995); Press Release dated November 24, 1995). In light of the extensive public interest in this proposal, the Board and the New York State Banking Department held a public meeting on November 16 and 17, 1995, in New York, New York, to permit interested persons an opportunity to present oral testimony on the proposal.

The Board received comments on the proposal from approximately 212 commenters. Of these commenters, 140 testified at the public meeting. Written comments were received from many of those who spoke at the public meeting and from 72 other commenters.

Reports on the competitive effects of the merger were requested from the United States Attorney General, Federal Deposit Insurance Corporation ("FDIC"), and the Office of the Comptroller of the Currency ("OCC"), as required by the Bank Merger Act. The time for filing comments has expired, and the Board has considered the applications and notices and all comments received in light of the factors set forth in the BHC Act, the Bank Merger Act, and the Federal Reserve Act.

Chemical, with total consolidated assets of approximately \$178.5 billion, operates banks in New York, Delaware, New Jersey, and Texas.<sup>4</sup> Chemical is the fourth largest commercial banking organization in the United States, with assets representing approximately 2.6 percent of banking assets held by commercial banking organizations in the United States ("total U.S. banking assets"). Chemical also engages in a number of permissible non-banking activities nationwide. Chase, with total consolidated assets of approximately \$118.8 billion, operates banks in New York, Delaware, New Jersey, and Florida. Chase is the eighth largest commercial banking organization in the United States, with assets representing approximately 1.9 percent of total U.S. banking assets. Upon consummation of the proposal, New Chase would become the largest commercial banking organization in the United States, with total consolidated assets of approximately \$297.3 billion, representing approximately 4.5 percent of total U.S. banking assets and 4.1 percent of total deposits in banks and savings associations insured by the FDIC.

### *Interstate Analysis*

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located outside the bank holding company's home state if certain conditions are met.<sup>5</sup> These conditions are

met in this case.<sup>6</sup> In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

### *Competitive Considerations*

Section 3(c)(2) of the BHC Act and the Bank Merger Act provide that the Board may not approve an application by a bank holding company to acquire another bank holding company if the effect of the acquisition in any section of the country "may be substantially to lessen competition . . . unless [the Board] finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 1828(c)(5)(B).

The Board received several comments from individuals and organizations ("commenters") pertaining to the competitive impact of the proposal. A number of these commenters advocated approval of the proposal, and contended that consummation of the proposal would have procompetitive effects, creating an entity better able to compete in national and global banking and non-banking markets.

Other commenters asserted that Chemical's acquisition of Chase would adversely affect competition and reduce the availability and quality of banking and non-banking products in the New York Banking Market, as well as other communities served by both institutions. Several of these commenters disputed the definition of the relevant product markets in which to assess the competitive effects of the proposal, as well as the definition of the appropriate geographic market in which to assess the competitive effects of the proposal in the New York City area. In the view of several commenters, local customers in areas such as the Bronx have no reasonable alternatives for banking services except depository institutions located in the Bronx or adjacent areas, and banking organizations in these areas, such as New Chase, would be able to raise prices or reduce service without concern about competition from outside this area.<sup>7</sup>

holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of Chemical is New York.

6. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Chemical is adequately capitalized and adequately managed. Chase's banks have been in existence and continuously operated for the minimum periods of time required under the laws of the states of Delaware and Florida. New Jersey does not have a state age requirement. In addition, on consummation of this proposal, Chemical and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Delaware, Florida, and New Jersey, states for which this proposal does not constitute an initial entry. All other requirements of section 3(d) of the BHC Act also would be met on consummation of this proposal.

7. One commenter has suggested that, in order to mitigate the potential adverse competitive effects of this proposal, the Board solicit

4. Asset and deposit data are as of June 30, 1995.

5. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank



### Product Market

In order to determine the effect of a particular transaction on competition, it is necessary first to designate the area of effective competition between the parties. The courts have held that the area of effective competition is decided by reference to the "line of commerce" or product market and a geographic market.

The Board traditionally has recognized that the appropriate product market for evaluating bank mergers and acquisitions is the cluster of products (various kinds of credit) and services (such as checking accounts and trust administration) offered by banking institutions.<sup>8</sup> Two commenters have objected to the Board's focus on the "cluster of banking services" suggesting that the Board conduct market surveys of several communities, notably the Bronx and upstate New York, as a means of determining the effect of the proposal on competition in various geographic areas and individual banking products, such as small business lending.

The Supreme Court has emphasized that it is the cluster of products and services that, as a matter of trade reality, makes banking a distinct line of commerce.<sup>9</sup> According to the Court, this clustering facilitates the convenient access to these products and services, and vests the cluster with economic significance beyond the individual products and services that constitute the cluster.<sup>10</sup> The courts have continued to follow this position.<sup>11</sup> Several recent studies support the conclusion that both businesses and households still seek to obtain this cluster of services.<sup>12</sup> Consistent

commitments from Chase, Chemical and New Chase that they not bid on any part of the National Westminster franchise, because such an acquisition would further decrease competition. Commenter also stated that there is a danger that the New York Banking Market will become incrementally more concentrated, and that the proposed merger should be reviewed in this context. No such combinations of the type referred to by commenter have been announced, and the competitive effects of any potential future combination of companies would have to be analyzed based on the facts of those proposals.

8. See *Chase Manhattan Corporation*, 81 *Federal Reserve Bulletin* 883 (1995); *The Bank of New York Company, Inc.*, 74 *Federal Reserve Bulletin* 257, 261 (1988).

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

10. *U.S. v. Phillipsburg*, 399 U.S. at 361 (1969).

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

12. Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Households*, 78 *Federal Reserve Bulletin* 169 (1992) (households continue to purchase the unique set of services and products as a bundle); and Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Small- and Medium-Sized Businesses*, 76 *Federal Reserve Bulletin* 726 (1990) (businesses tended to purchase other banking products and services from the financial institutions where they maintained their primary transaction accounts). According to the 1990 study, businesses surveyed obtained a mean of 2.29 services from financial institutions where they maintained transaction accounts and a mean of 1.08 service from institutions where they did not maintain transaction accounts. The study also

with these precedents and studies, and on the basis of the facts of record in this case, the Board concludes that the cluster of banking products and services represents the appropriate line of commerce for analyzing the competitive effects of this proposal.

### Geographic Market

Once the relevant line of commerce or product market has been defined, the appropriate geographic market in which competition for the supply and demand of this line of commerce occurs must be defined. In defining the relevant geographic market, the Board consistently has sought to identify the area in which the cluster of products and services is provided by the competing institutions and in which purchasers of the products and services seek to obtain these products and services.<sup>13</sup> The Supreme Court has indicated that this is the area in which the effect of an acquisition will be direct and immediate.<sup>14</sup> In applying these standards to bank acquisition proposals, the Board and the Court consistently have held that the geographic market for the cluster of services is local in nature.<sup>15</sup> In delineating the relevant geographic market in which to assess the competitive effects of a bank acquisition or merger, the Board reviews worker commuting patterns, as indicated by census data; population density; and other indicia of economic integration and the transmission of competitive forces among banks. These factors indicate the area over which competitive forces act to affect the pricing and availability of banking products and services. Banking markets, therefore, generally are larger than an individual bank's service area. Competing banks need not serve the same set of customers in order to affect or be affected by pricing and product decisions by each other or other banks because factors indicating economic integration transmit competitive forces over larger areas.<sup>16</sup>

In applying these principles, the Federal Reserve Bank of New York ("FRBNY") has employed a methodology that defines the retail banking market around major cities or population concentrations by identifying a market core as cities or counties that contain substantial employment opportunities and then grouping surrounding counties with

concluded that, on average, businesses surveyed obtained 2.37 services from their primary financial institutions.

13. See, e.g., *Sunwest Financial Services, Inc.*, 73 *Federal Reserve Bulletin* 463 (1987); *Pikeville National Corporation*, 71 *Federal Reserve Bulletin* 240 (1985); *Wyoming Bancorporation*, 68 *Federal Reserve Bulletin* 313 (1982), *aff'd*, 729 F.2d 687 (10th Cir. 1984).

14. *Philadelphia National*, 374 U.S. at 357 (1963). In that case, the court stated that the "area of effective competition in the known line of commerce must be charted by careful selection of the market area in which the seller operates, and to which the purchaser can practically turn for supplies." *Id.* at 359 (emphasis in original) (quoting *Tampa Electric Co. v. Nashville Coal Co.*, 365 U.S. 320, 327 (1961)).

15. *Philadelphia National*, 374 U.S. at 361 (1963). The court has reasoned that banking is a service industry in which "convenience of location is essential to effective competition," and that "the factor of inconvenience localizes banking competition as effectively as high transportation costs in other industries." *Id.* at 358.

16. See *Pennbancorp*, 69 *Federal Reserve Bulletin* 548 (1983).

significant patterns of commuting into those cores as part of the same banking market. The criteria for adding counties to the market delineation become more stringent as the counties become more remote from the core.<sup>17</sup>

### Competitive Analysis

Chemical and Chase own depository institutions that compete directly in nine banking markets in the states of New York, New Jersey, Delaware, and Florida.<sup>18</sup> Included in these markets is the Metropolitan New York-New Jersey Banking Market ("New York Banking Market").<sup>19</sup> Before evaluating the effects of the proposal in this market, the Board considered comments that the New York Banking Market is not properly defined.<sup>20</sup> The Board also considered that data gathered by the Census Bureau in 1990 indicate extensive commuting within the New York Banking Market.<sup>21</sup> The level of commuting, as well as the large number of banks and offices that would remain in the market, would tend to transmit competitive forces throughout the entire area.<sup>22</sup>

17. For a detailed discussion of the FRBNY methodology defining banking markets, see David Holdsworth, "Definition of Banking Markets in New Jersey and New York," manuscript, FRBNY, December 1994.

18. These markets are: Metropolitan New York-New Jersey; Buffalo, New York; Rochester, New York; Albany, New York; Syracuse, New York; Binghamton, New York; Elmira-Corning, New York; West Palm Beach, Florida; and Wilmington, Delaware. See Appendix C for market definitions.

19. The Metropolitan New York-New Jersey banking market includes New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren, and a portion of Mercer Counties in New Jersey; Pike County in Pennsylvania; and portions of Fairfield and Litchfield Counties in Connecticut.

20. The Board also has considered commenters' contention that Bronx County should be considered a separate banking market. The worker commutation rate into and out of Bronx County is very high and out-of-county banks are in close proximity to Bronx County retail customers. The commutation rate between Bronx County and other parts of New York City and Westchester County is 73 percent, which far exceeds the 15 or 20 percent rate that is generally recognized to be sufficient to transmit market information and effects. Additionally, 16 percent of all primary banking relationships maintained by Bronx-based small businesses were with banks that did not have branches in the Bronx. Accordingly, the Board finds that the Bronx County section of the New York Banking Market is not a separate banking market.

21. The Board previously has recognized that commuting patterns are a significant factor in the determination of a relevant geographic banking market. See *Crestar Bank*, 81 *Federal Reserve Bulletin* 200, 201 fn. 5 (1995); *St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673 (1982); *U.S. Bancorp*, 67 *Federal Reserve Bulletin* 60, 61 fn. 2 (1981).

22. The Board notes that in some cases it has used the smaller, more densely populated, Rationally Metropolitan Area ("RMA") as a guide in defining the relevant geographic banking market. Were the Board to assume in this case that the relevant geographic markets for competitive analysis should be based on the relevant RMA, the resulting increases in the Herfindahl-Hirschman Index ("HHI") levels in each market would not exceed the threshold standards in the Department of Justice Merger Guidelines. An RMA generally consists of a defined geographical area with a relatively high population density that is

The Board has carefully considered the effects that consummation of this proposal would have on competition in these nine banking markets in light of all the facts of record, including the number of competitors that would remain and the increase in the concentration of total deposits in depository institutions<sup>23</sup> in these markets ("market deposits"), as measured by the HHI.<sup>24</sup> Consummation of this proposal would not exceed the threshold standards in the Department of Justice Merger Guidelines in any of the banking markets in which Chemical and Chase compete directly. In addition, numerous competitors would remain in all these markets.<sup>25</sup>

demographically and commercially integrated by commuting, retail, and wholesale trade patterns. It typically includes a central city or cities and all adjacent continuously built up areas and certain other areas. See *St. Joseph Valley Bank*, *supra* at 674. See Appendix C for the delineations of each RMA in New York State in which Chemical's and Chase's subsidiary banks compete.

23. Market deposit data are as of June 30, 1994. One commenter disputed the Board's consideration of savings association deposits in the market, noting that many thrifts do not provide the relevant products and services or range of services of commercial banks. The Board notes that it has regularly included savings association deposits in the calculation of market share on a 50-percent weighted basis. See e.g., *Comerica, Inc.*, 81 *Federal Reserve Bulletin* 476 (1995); *First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). As the Board previously has explained, thrift institutions have been granted statutory authority in recent years to offer virtually all the products and services that previously were available only through commercial banks, including authority to offer personal and commercial transaction accounts, to make all types of commercial and consumer loans, and to engage in certain leasing, credit card, and other activities. *WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *First Union Corporation*, 76 *Federal Reserve Bulletin* 83 (1990); *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989). Many thrift institutions do, in fact, exercise these broader powers to compete directly in providing the full cluster of banking products and services, and others have the authority to exercise these powers in response to market needs. The partial weighting of thrift deposits takes account of the fact that all thrifts do not fully exercise their authority. Nonetheless, inclusion of thrift institutions in the analysis of the competitive effects of bank acquisition proposals appropriately reflects the fact that thrift institutions have become significant participants in marketing the cluster of products and services.

24. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984) ("DOJ Guidelines"), a market in which the post-merger HHI is above 1000 is considered to be moderately concentrated and a market above 1800 is considered to be highly concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The 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.

25. The markets and the HHI increases are as follows: In New York State: Albany (2 points to 1180); Binghamton (94 points to 1231); Buffalo (3 points to 2015); Elmira-Corning (9 points to 1355); Rochester (18 points to 1152); Syracuse (26 points to 1585). In the Metropolitan New York-New Jersey banking market, the HHI would increase by 240 points to 776. In the Wilmington, Delaware, banking market, the HHI would increase by 43 points to 1081. In the West Palm Beach, Florida, banking market, the HHI would remain at 1193.

Several commenters argued that the competitive effects of this proposals should be evaluated for individual banking products, in particular, small business lending, lending to medium-sized businesses, cash management services to both small and medium-sized businesses, unit investment trusts, syndicated lending, funds transfer services, corporate trust services, foreign exchange services, as well as trust, custody, transfer agency, asset management, accounting and administration services. After carefully considering all the facts of record, including the comments and information provided by commenters,<sup>26</sup> the Board concludes that each of these products or services is an element of the cluster of products and services included in the commercial banking line of commerce and that the cluster of banking products and services is the appropriate product market for analyzing the competitive effects of this proposal.<sup>27</sup>

After considering the competitive effects of this proposal on the market for these products and services individually, however, the Board concludes that consummation of the proposal would be unlikely to result in any significantly adverse competitive effects, because there are numerous providers of these products and services and the markets for these products and services are unconcentrated. An analysis of the likely competitive effects of this proposal in each of these products or services is contained in Appendix D.

The Board sought comments from the United States Attorney General, the OCC, and the FDIC on the competitive effects of this proposal. The Attorney General reviewed the proposed transaction and has indicated to the Board that the Attorney General does not conclude that it would have a significantly adverse effect on competition in any relevant market. The OCC and FDIC did not object to consummation of the proposal or indicate that it would have any significantly adverse competitive effects in any relevant banking market.

Based on all the facts of record, including the competitive structure of the relevant markets, their attractiveness to potential entrants, and the number of competitors that would remain, and after careful review of the comments, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in the New York Banking Market or any other relevant banking market.<sup>28</sup>

26. Commenters also alleged that a market exists for products that would improve a financial institution's record of serving the convenience and needs of its community as defined in the CRA, and that this "CRA product market" would be adversely affected by the proposed merger. Possible adverse effects on the convenience and needs of the communities to be served are addressed below.

27. See *Chase Manhattan Corporation*, 81 *Federal Reserve Bulletin* 883 (1995) ("Chase Order"); *The Bank of New York Company, Inc.*, 74 *Federal Reserve Bulletin* 257 (1988).

28. Analysis of the competitive effects of products and services offered by nonbank subsidiaries of Chase and Chemical is provided *infra* in the section on nonbank activities.

### *Financial, Managerial and Futures Prospects Considerations*

This merger would create the largest banking organization in the United States. The boards of directors of Chemical and Chase believe that the merger would create a premier global financial services company with the financial and managerial resources to compete effectively in the rapidly changing and consolidating marketplace for banking and financial services. The companies also believe that the combined company would be a stronger financial services company with greater product and geographic diversity than either is individually. A number of commenters have raised concerns about the financial and managerial resources of the combined organizations.<sup>29</sup>

The Board has carefully considered the financial and managerial resources and future prospects of the companies and banks involved and the effect of the proposed merger on those resources. The Board previously has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company expansion proposals. The Board expects banking organizations contemplating expansion to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines. In this case, the Board notes that the capital ratios of Chemical, Chase, Chemical Bank and Chase Bank currently exceed the minimum capital levels by over 200 basis points. The *pro forma* capital ratios for both New Chase and New Chase Bank also exceed the minimum capital levels by over 200 basis points.

Chemical and Chase believe they can achieve significant cost savings and operational efficiencies as a result of this merger. These cost savings are expected to result from a number of factors, including consolidation of business lines and elimination of redundant corporate operations. The cost savings would enable the organization to operate more efficiently, resulting in strengthening of its financial position and ability to provide services to its communities.

29. Several commenters expressed concern that the size of New Chase would force the United States government to provide substantial financial support to New Chase if it were to experience financial difficulties. Several commenters also expressed concern that the management of Chase and Chemical cannot generate profits except through eliminating jobs, closing branches and taking other cost-cutting measures that would adversely affect the community, and that the board of directors of New Chase would be overcompensated and unwieldy. Other commenters stated that particular actions taken by Chase and Chemical reflect adversely on their managerial resources. For example, one commenter alleged that Chase's management did not take appropriate action when it learned that one of its office buildings contained asbestos. Another commenter stated that staff of a Chemical branch have repeatedly made mistakes on a corporate bank account. In addition, several commenters suggested that allegations relating to the convenience and needs factor also raise adverse managerial concerns. The Board has considered these matters and other comments in light of reports of examination assessing the managerial resources and policies of Chemical and Chase and the overall performance records of the management of Chemical and Chase.

The facts of record also demonstrate that Chemical and Chase have competent and experienced management. The Board notes that the board of New Chase would be comprised of senior executives from each company who have extensive banking experience and knowledge of the markets in which Chemical and Chase operate.<sup>30</sup>

Based on these considerations and all the facts of record in this case, the Board concludes that the financial and managerial resources and future prospects of Chemical and Chase are consistent with approval of the proposal. The Board also has concluded that the other supervisory factors that it must consider under section 3 of the BHC Act, the Bank Merger Act,<sup>31</sup> and section 9 of the Federal Reserve Act are consistent with approval of this proposal.

### *Convenience and Needs Considerations*

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

tion," and to take that record into account in its evaluation of bank expansion proposals.<sup>32</sup>

### *A. Public Comments on Convenience and Needs*

The Board provided an extended period for comment in this case and, as previously noted, held a public meeting in New York City at which interested persons could present oral testimony, including testimony on the convenience and needs factors and the CRA performance records of the depository institutions involved in this proposal.<sup>33</sup> The Board received comments related to the convenience and needs aspects of the proposal from individuals, representatives of community-based and nonprofit organizations, small-business owners, members of Congress, and local and state government officials.

Approximately 115 commenters supported the proposal or commented favorably about the CRA performance records of Chemical or Chase.<sup>34</sup> Many of these commenters commended Chemical or Chase for participating in programs that provide affordable housing and mortgage financing for low- and moderate-income individuals, sponsoring community development activities through intermediaries and loan pools, and providing financial support for non-profit organizations. Some commenters noted that Chase or Chemical have actively participated in home-buyer, consumer credit, or other educational programs with community-based and nonprofit organizations. Other commenters related their favorable experiences with specific programs or services offered by Chemical or Chase.<sup>35</sup>

30. Several commenters alleged that Chase and Chemical have engaged in activities that involve excessive risk and that neither organization has sufficient internal controls to manage the risk of its activities. These commenters allege that Chemical and Chase engaged in and reported losses from high-risk activities in foreign countries, including Latin America and Russia; Chase Bank incurred losses in the derivatives markets and Chemical Bank incurred losses in the foreign exchange market; and Chase Bank mismanaged employee benefit plan funds, causing the plans to lose money. In evaluating the managerial resources of Chemical and Chase, the Board considered confidential examination information reviewing and evaluating the activities and internal controls of Chase and Chemical.

31. New Chase Bank would retain a number of operating subsidiaries of Chase Bank. One commenter stated that a number of activities currently conducted through operating subsidiaries of Chase Bank violate the Glass-Steagall Act and other laws and that the activities would violate the BHC Act and the Board's Regulation H if they were conducted in operating subsidiaries of New Chase Bank. The activities of the operating subsidiaries of Chase Bank are currently conducted in conformance with the requirements of the OCC. Upon transfer to New Chase Bank, a state member bank, the activities would be conducted in conformance with applicable state and federal law and the Board's regulations. The activities of these subsidiaries appear to conform to the Glass-Steagall Act. In addition, Chemical has committed that New Chase Bank will operate these subsidiaries in accordance with the conditions imposed by or commitments made to the OCC in connection with the establishment of such subsidiaries by Chase Bank. If, after the merger, the Board finds that any of the subsidiaries are operating in violation of law or regulation, the Board has ample authority to require modification or termination of such activities.

32. 12 U.S.C. § 2903.

33. Several commenters requested an additional extension of the comment period. Each of these commenters submitted written comments or oral testimony during the public comment period. In light of the extended period for public comment in this case, the opportunity to submit oral testimony, the fact that the requesters were able to and did provide comments in this case, and the other facts of record, the Board has determined not to grant these requests for a further extension of the comment period.

34. These commenters included:

(1) *New York City*—United States Representative Floyd Flake; New York State Senator William Larkin; New York State Assembly members Robert Straniere, Gregory Becker and Charles O'Shea; New York City Housing Partnership; The Greater Harlem Chamber of Commerce; Neighbors Helping Neighbors; and Asian American Business Development Center;

(2) *Upstate New York*—Albany-Colonie Regional Chamber of Commerce; Black Ministers Alliance/Greater Rochester National Association for the Advancement of Colored People; Urban League of Rochester; and Broome County Economic Development Alliance;

(3) *Connecticut*—Planning and Economic Development Commission, Bridgeport; Community Economic Development Fund, Bridgeport; and Urban League of Southwestern Connecticut; and

(4) *New Jersey*—Paterson Economic Development Corporation.

35. Some commenters argued that the Board should not give any weight to the number of commenters supporting the merger or to the testimony or submissions of certain commenters supporting the merger. Those commenters alleged that a number of the supporters made inaccurate statements about the performance of Chase and Chemical under the CRA, or expressed support for the merger because Chase and/or Chemical personnel served on their boards of directors,



Approximately 97 commenters either opposed the merger, raised concerns about the CRA performance of Chemical or Chase, or requested that the Board approve the merger subject to conditions proposed by the commenters.<sup>36</sup> A majority of commenters objecting to the proposal criticized the CRA performance record of Chase or Chemical in helping to meet the credit and banking needs of low- and moderate-income neighborhoods and communities with predominately minority populations in New York City and upstate New York.<sup>37</sup> Other commenters criticized the CRA performance records or overall lending records of Chase or Chemical in California, Connecticut, New Jersey, Delaware, and Texas. Commenters also raised other issues that the Board has considered in reviewing the convenience and needs factor, including proposed branch closures.

nience and needs factor, including proposed branch closures.

In reviewing the convenience and needs factor, including the CRA performance records of Chemical and Chase and their subsidiary depository institutions, the Board has carefully considered the information and comments submitted in writing as well as the comments and testimony presented orally at the public meeting.<sup>38</sup>

## B. Overview of the CRA Performance Records of Chase and Chemical

Chemical's lead bank, Chemical Bank, which controls over 80 percent of Chemical's total assets, received an overall CRA performance rating of "outstanding" from the Federal Reserve Bank of New York at its most recent examination for CRA performance, as of March 13, 1995 ("Chemical Bank Exam"). This is the second consecutive CRA performance rating of "outstanding" received by Chemical Bank.<sup>39</sup> All of Chemical's other subsidiary banks received "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance by their primary federal supervisors.<sup>40</sup>

Chase's lead bank, Chase Bank, received an overall CRA performance rating of "satisfactory" from the OCC, its primary federal supervisor, at its most recent examination for CRA performance, as of October 28, 1993 ("Chase Bank Exam").<sup>41</sup> All of Chase's other subsidiary banks received "outstanding" or "satisfactory" ratings at the

or because they received grants to pursue activities unrelated to meeting the credit needs of low- and moderate-income communities, such as immunization and school programs. The description in this order of the number of commenters does not represent a weighting by the Board of the comments. The Board has considered the testimony and written submissions of all commenters supporting and opposing this proposal, in light of the full record in this case and the factors the Board is required to consider under the BHC Act, Bank Merger Act and Edge Act.

36. The commenters included:

- (1) *New York City and Long Island*—New York State Senator Franz Leichter; New York State Reinvestment Alliance (statewide coalition of community groups); Inner City Press/Community on the Move (community organization based in the South Bronx); Yucahu, Inc. (nonprofit organization serving East Harlem); Asian Americans for Equality; Red Hook Banking Committee (community group based in the Red Hook section of Brooklyn); Northwest Bronx Community & Clergy Coalition; Association for Neighborhood & Housing Development, Inc.; Economic Opportunity Commission of Nassau County; South Bronx/Inner City Prospective Homeowners' Association; South Bronx/Inner City Small Business Alliance; and Economic Opportunity Commission of Long Island/Mid-Island Restoration Committee;
- (2) *Upstate New York*—Quincy Tax Services, Rochester; Citizen Action of Binghamton; Broome County CRA Coalition; and Greater Rochester County Reinvestment Coalition;
- (3) *Delaware*—Delaware Community Reinvestment Action Council;
- (4) *Texas*—Freedmen's Town Association, Inc. and Texas Community Reinvestment Coalition; and
- (5) *California*—City-County Reinvestment Task Force, San Diego, and The Greenlining Institute/Greenlining Coalition.

37. In general, commenters alleged that:

- (1) Chemical and Chase have poor records of lending to minorities and in minority and low- and moderate-income communities;
- (2) Data reported under the Home Mortgage Disclosure Act ("HMDA") by Chase and Chemical suggest that the organizations engage in illegal racial discrimination and redlining;
- (3) Chase and Chemical do not have a sufficient number of branches or ATMs or provide adequate branch services in low- and moderate-income and minority communities (for example, several commenters stated that services at Chemical Bank and Chase Bank branches in low- and moderate-income communities are inferior to services offered by the banks in other communities and that Chemical Bank and Chase Bank charge high fees and have high minimum balance requirements for basic checking and savings accounts);
- (4) Chase and Chemical engage in an inadequate amount of small business lending, particularly in low- and moderate-income and minority communities and to minority-owned small businesses; and
- (5) Chase's and Chemical's levels of ascertainment, marketing and outreach activities in minority and low- and moderate-income communities are inadequate.

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

39. The previous examination of Chemical Bank for CRA performance was as of August 1993.

40. The CRA performance rating for Chemical's subsidiary banks in New Jersey, Delaware, Florida and Texas are discussed in detail in this order as part of the state-by-state performance evaluations. Chemical Bank, N.A., Jericho, New York ("CBNA"), was rated "satisfactory" by the OCC, as of September 30, 1994. The examiners noted that CBNA works with Chemical Bank to fulfill its obligations under the CRA.

41. One commenter submitted internal OCC memoranda related to Chase Bank's application for approval from the OCC to merge with United States Trust Company of New York that commenter alleges support the commenter's position that the OCC's determinations regarding the CRA performance of Chase Bank are arbitrary and capricious and that the Board cannot rely on the OCC's fair lending or CRA performance examinations of Chase Bank or the OCC's prior approval of a number of Chase Bank applications. The OCC responded to these allegations by stating that the memoranda do not have any connection to its CRA or fair lending examinations and are documents that are isolated aspects of the OCC's deliberative process in its consideration of the Chase/U.S. Trust merger application. The Board has considered the commenter's allegations and the OCC's responses. Based on all the facts of record, the Board concludes that the commenter has not demonstrated that the OCC's CRA or fair lending examinations or its application review process are arbitrary, capricious or otherwise unreliable.

most recent examinations of their CRA performance by their primary federal supervisors.<sup>42</sup>

### C. CRA Commitment

In connection with this proposal, Chemical has announced an \$18.1 billion five-year nationwide community investment plan for New Chase. Of the total, \$4.2 billion has been allocated to New York State, with \$3.2 billion to New York City. Components of the plan include:

- (1) \$13.5 billion in affordable mortgages nationwide, including \$858 million in New York State;
- (2) \$3.4 billion in loans and investments to assist small businesses and community-based nonprofit organizations, including approximately \$1 billion in loans to small businesses in low- and moderate-income areas;<sup>43</sup>
- (3) \$1.2 billion in loans and investments for affordable housing and commercial and economic development, including \$906 million in New York State; and
- (4) \$70 million in major philanthropic initiatives and contributions to community-based and nonprofit organizations in low- and moderate-income communities nationwide.

Chemical has stated that New Chase would issue an annual public announcement on its performance under the community investment plan. Chemical also has stated that representatives of New Chase would meet with interested groups periodically to discuss New Chase's performance in their local communities.<sup>44</sup> In early 1994, Chemical an-

nounced that it had already completed an earlier pledge to make \$1 billion in CRA-related investments over the five-year period that had begun in 1992.

### D. Performance Within CRA Delineations

#### 1. New York and Connecticut.

The Chemical Bank Exam and Chase Bank Exam found the community delineation for the banks to be reasonable<sup>45</sup> and that a geographic analysis of lending data demonstrated that there was a reasonable penetration throughout each bank's delineation, including low- and moderate-income census tracts.<sup>46</sup> The Chemical Bank Exam and Chase Bank Exam included fair lending examinations of the two banks which found no evidence of discrimination or other illegal credit practices.

#### a. Chemical Bank

*Lending Activities.* Chemical Bank engages in a variety of lending programs designed to help meet the credit needs of the communities in its service area, including the credit needs of low- and moderate-income neighborhoods. For example, Chemical Bank offers special mortgage products to assist in meeting the housing-related credit needs of low- and moderate-income individuals in New York City and surrounding areas. Chemical has developed the Neighborhood Homebuyers Mortgage ("NH Mortgage"), an affordable mortgage product that requires less cash for closing than most conventional mortgage products and offers flexible underwriting criteria. Chemical Bank also participates in the Neighborhood Housing Services ("NHS") Cash Program, which permits prospective homeowners to obtain a loan from NHS to cover part of downpayment costs. In 1994, Chemical Bank originated 1147 NH Mortgages in New York State, totalling \$112.8 million. Chemical also has created the Affirmative Mortgage Program to originate home mortgage loans to applicants who do not

42. In May 1995, Chase Bank merged Chase Manhattan Bank of Connecticut, N.A., Bridgeport, Connecticut ("Connecticut Bank"), into Chase Bank, through a multi-step corporate reorganization of Chase's banks in New York and Connecticut. Connecticut Bank received an overall CRA performance rating of "satisfactory" from the OCC, its primary federal supervisor, at its most recent examination for CRA performance, as of October 1993. In addition, Chase recently sold the assets and liabilities of The Chase Manhattan Bank of Maryland, Baltimore, Maryland ("Chase Bank MD"). Prior to this sale, Chase Bank MD had received an overall CRA performance rating of "satisfactory" from the Federal Reserve Bank of Richmond, as of February 1995.

43. Chemical has stated that the five-year goal for loans to and investments in small businesses and not-for-profit organizations in New York State is \$2.42 billion.

44. Several commenters contended that Chase and Chemical representatives have been uncooperative in meeting with community-based organizations and have been unwilling to reach agreements to provide loans, grants or assistance in specific amounts, or to participate in particular programs or projects. The Board believes that, while communications by depository institutions with community groups provide a valuable method of assessing and determining how an institution may best address the credit needs of the community, the CRA does not require that a depository institution enter into an agreement with any organization. Accordingly, in reviewing this proposal, the Board has focused on the programs and policies that Chemical and Chase have in place to serve the credit needs of their entire communities. See *Fifth Third Bancorp.*, 80 *Federal Reserve Bulletin* 838 (1994). Many commenters were critical of the \$18.1 billion pledge, stating that it is largely unenforceable, too vague to be meaningful, does not represent a significant increase over the current investment levels of Chase and Chemical, and is too low relative to the estimated asset size

of New Chase and the projected cost savings and profitability of New Chase. Several commenters also argued that the program does not provide an adequate means for community groups to monitor whether New Chase meets its goals.

45. Several commenters maintained that Chase and Chemical should expand their relevant service areas beyond their banks' delineated communities because their mortgage lending subsidiaries operate nationwide. The geographic scope of the delineated communities of the bank subsidiaries of Chase and Chemical that have been examined for CRA performance have been determined by federal regulators to be reasonable and not to arbitrarily exclude any low- and moderate-income communities.

46. Chemical Bank operates commercial lending offices in upstate New York. Chemical does not maintain any full service branches and does not market its mortgage products in upstate New York. Several commenters stated that examiners did not give enough consideration to Chemical Bank's CRA performance in upstate New York. In evaluating Chemical Bank's CRA performance, examiners took into consideration Chemical Bank's community development and other activities in upstate New York in light of the nature of its banking presence within its delineated upstate communities.

meet the underwriting criteria for other affordable mortgage products offered by Chemical Bank. Chemical Bank currently holds \$38 million of these mortgages on its books.

In addition, Chemical Bank participates in the State of New York Mortgage Agency ("SONYMA") mortgage program, which provides qualified low- and moderate-income applicants with home mortgages. In 1994 and the first two quarters of 1995, Chemical Bank originated 51 SONYMA loans totalling \$4.24 million. Chemical also participates in the New York City Home Improvement Program ("HIP"), which provides low-interest home improvement loans to low-income homeowners. As of June 1995, Chemical Bank had 256 HIP loans outstanding totalling \$1.7 million. Chemical also has committed over \$1 million to the Capital Affordable Housing Funding Corporation, an Albany-based organization, to provide mortgages on 1-to-4 family homes to families earning less than 50 percent of the MSA's median income.

Chemical Bank also has developed products to meet the consumer credit needs of low- and moderate-income communities. In 1994, Chemical Bank introduced the Mini Quick Home Secured Loan and the Mini Quick Creditline. These products permit a homeowner to borrow between \$5,000 and \$14,999 without paying any fees and subject to underwriting guidelines that are designed to meet the needs of low- and moderate-income borrowers.

The Chemical Bank Exam stated that the geographic distribution of Chemical Bank's small business lending shows that it is reaching all segments of the small business market. In 1994, Chemical Bank originated 1,936 small business loans totalling \$110.9 million in its downstate New York delineation, including 369 loans totalling \$24.3 million to small businesses located in low- and moderate-income census tracts. In New York City, Chemical Bank originated 1,323 small business loans for \$80 million in 1994. Approximately half of the small business loans made by Chemical Bank in the Bronx and Brooklyn were to small businesses in low- and moderate-income communities.

Chemical Bank offers credit products to meet the needs of small businesses in low- and moderate-income communities. For example, the CAN-DO program is a low-equity "character lending" program that reduces equity requirements for small businesses. In addition, Chemical Bank recently introduced the Minority- and Women- Owned Business Contractor Program, which provides financing to contracting firms owned by women and minorities to enable them to accept contracts and sub-contracts on privately and publicly sponsored projects.<sup>47</sup>

47. Several commenters stated that Chemical and Chase should acquire more goods and services from businesses owned by women and minorities. Chemical has stated that its Minority- and Women-Owned Business Development Program provides technical and other assistance to businesses owned by women and minorities to enable them to have an equal opportunity to bid on Chemical Bank contracts. Since 1993, Chemical Bank has received more than 600 applications to participate in the Program. Chemical Bank has done \$55.3 million

Chemical Bank also offers SBA-guaranteed loans in amounts up to \$500,000. As of December 31, 1994, it had total outstanding SBA loans of \$8.4 million. In addition, in the Spring of 1995, Chemical Bank began offering SBA loans under the new SBA FASTRACK Program, which permits Chemical Bank to use its own lending products to originate small business loans with the traditional SBA guarantee. Chemical Bank has booked 46 FASTRACK loans since May 1995. Chemical Bank also has made loans under the SBA Section 7A Program and the SBA Minority Pre-Qualification Loan Program.

Chemical also participates in the New York City Small Business Reserve Fund ("NYC Fund"), which is supported by a 5 percent reserve payment from New York City. Since 1992, Chemical Bank has made 26 NYC Fund loans totalling \$2.35 million. Chemical Bank also provides financial support to a number of financial intermediaries that provide financing to small businesses in New York City and upstate New York, including the New York Community Investment Company, Ibero-American Corporation, New York Business Development Corporation, and Mid-Hudson Bankers Small Business Loan Fund.

*Affordable Housing and Community Development.* From January 1994 to June 1995, Chemical Bank provided \$69.1 million in financing for affordable housing construction and rehabilitation projects in its delineated communities, including the Williamsburgh and East New York sections of Brooklyn, Harlem and the Bronx. In addition, Chemical has committed \$50 million to the New York Equity Fund, a joint venture between the Enterprise Foundation and Local Initiatives Support Corporation. The New York Equity Fund develops affordable housing for low-income and homeless families.

Chemical also has supported the development of affordable housing in upstate New York. For example, Chemical has provided financial support to the Community Lending Corporation to assist in the development of affordable housing in Buffalo, Rochester, Syracuse and Albany. In addition, Chemical Bank, through its Housing Opportunities Program ("HOP"), provides both general operating support grants and recoverable grants to not-for-profit housing organizations. In 1994, for example, Chemical provided \$860,000 in overhead support grants to 116 not-for-profit housing organizations in New York State, including the Capital District Community Loan Fund.

Chemical has provided technical and advisory services to small businesses in New York City through its Business Resource Center in Manhattan. The Business Resource Center was established in 1994 and provides free consulting services and financial advice to small business owners and potential entrepreneurs that need technical assistance

of business with 113 of these applicants. New Chase plans to continue this program after consummation of this acquisition. While the Board fully supports programs designed to stimulate and create economic opportunities for all members of society, the Board believes that consideration of Chemical's or Chase's third-party contracting activities is beyond the scope of the CRA and other relevant banking statutes.

to get started or to improve their performance. The Business Resource Center has assisted nearly 1,000 clients, of which approximately 66 percent were businesses owned by women and minorities. Chemical has announced that New Chase would establish another Business Resource Center in Brooklyn. Chemical also provides loans, grants and technical assistance to not-for-profit organizations that encourage entrepreneurship and business expansion in low-income communities.<sup>48</sup>

Chemical Bank recently developed a new program to support community development credit unions ("CDCUs"). This program has three parts: a three-year, \$250,000 recoverable grant to the National Federation of Community Development Credit Unions, which will use the money to make deposits in CDCUs throughout New York State; \$50,000 in grants to help four CDCUs gain access to one or more Automated Teller Machine ("ATM") networks; and in-kind donation of Chemical Bank ATMs to CDCUs. Chemical Bank also recently donated a branch building in the Bedford Stuyvesant section of Brooklyn to the Central Brooklyn Federal Credit Union.

*Ascertainment and Marketing.* The 1995 Chemical Bank Exam found that Chemical Bank had an effective ascertainment program for its downstate community and a separate and adequate program for its upstate community. Ascertainment efforts at Chemical Bank are primarily conducted by Community Development Group staff, who meet regularly with community groups. To assist in ascertaining community credit needs, in 1992 Chemical Bank formed a Community Advisory Board ("CAB"), which meets quarterly and is comprised of 31 community leaders and experts in community development from throughout the bank's delineated communities, who are active in the fields of housing, economic development, education and social services. Based on the CAB's suggestions, Chemical Bank has developed several new programs and products, including two commercial lending programs, the Houses of Worship lending program and CAN-DO program.<sup>49</sup> Chemical Bank also ascertains community credit needs through its "Streetbanker" program. Each Streetbanker is assigned responsibility for a specific geographic territory, and Streetbankers have participated in over 263 meetings with community organizations since January 1994.

The Chemical Bank Exam found Chemical's marketing efforts to be effective. Chemical Bank regularly holds homebuyer seminars in its branches and at trade shows. From 1994 through June 1995, Chemical Bank conducted 334 homebuyer seminars, including 29 in Spanish, which were attended by approximately 7,050 people. Chemical

also participates in the New York Mortgage Coalition ("NY Coalition"), an organization formed by several New York financial institutions that contracts with nonprofit organizations that serve low- and moderate-income communities in New York City, Long Island, and Westchester, to provide information and counseling to prospective homeowners. Since 1993, Chemical Bank has originated more than 75 mortgages totaling \$8.4 million through referrals from the NY Coalition.

Chemical Bank also advertises its small business and mortgage products through its branch network and media that serve low- and moderate-income and minority communities. In addition, Chemical Bank makes community leaders and public officials aware of its products and programs through its quarterly newsletter, "In the Community."

*Branch Banking Services.* The Chemical Bank Exam found that Chemical Bank's branches offered business hours and services that were tailored to the convenience and needs of the community and that were frequently reviewed for their effectiveness.<sup>50</sup> Chemical Bank offers special deposit products designed to meet the needs of low- and moderate-income communities, including lifeline checking and savings accounts. Chemical Bank's lifeline checking program does not have minimum balance requirements, permits 10 free transactions per month, and has a monthly maintenance fee of \$4. The lifeline savings account requires a \$250 minimum balance to avoid fees and allows for 3 transactions per month. Chemical Bank provides lifeline checking and savings account holders with access to their accounts directly or through a Chemical Bank ATM card. Chemical Bank markets these products in English and Spanish.

Chase Bank also offers a lifeline checking account, and Chemical Bank and Chase Bank have over 230,000 lifeline checking customers. Chemical has stated that New Chase Bank would adopt Chemical Bank's lifeline checking and savings products with no increase in fees.

In addition, in September 1994, Chemical Bank introduced its Checks-to-Cash Club ("CC Club"). The CC Club provides check cashing for a one percent fee, low cost money orders, and other services to customers that otherwise do not have banking relationships with Chemical Bank. A \$15 annual membership fee is charged for this program. Currently the CC Club is available at eight branches in low- and moderate-income communities. Chemical has indicated that it intends to expand the program to a number of new locations. Chemical Bank, through an arrangement with New York City's Human Resources Administration, also disburses public assistance benefits and food stamps at many of its New York City branches.

48. Chemical also indicated that New Chase would establish a Nonprofit Resource Center to provide services and support to nonprofit organizations, community development corporations, and other community-based organizations. This Resource Center would provide assistance with loans and grants, as well as seminars and technical assistance on cash management systems, strategic planning and other topics.

49. The Community Advisory Board would be continued at New Chase Bank.

50. Chemical has stated that both Chase and Chemical make concerted efforts to hire people from the local community and to hire multilingual staff. Chemical also represented that customer satisfaction surveys are conducted to monitor branch performance, and would be conducted again after the merger.



Several commenters stated that neither Chemical Bank nor Chase Bank currently operate enough branches or ATMs in low- and moderate-income communities, and that both banks, but particularly Chemical, previously have closed branches in low- and moderate-income neighborhoods.<sup>51</sup> In addition, many commenters stated that the proposed branch closures by New Chase Bank would adversely affect communities in which the branches were located.

Chemical Bank operates 185 branches in New York City, including 45 in low- and moderate-income communities. Of the branches in low- and moderate-income communities, 13 are in the Bronx and 14 are in Brooklyn.<sup>52</sup> Chase Bank operates 107 branches in New York City, including 24 branches in low- and moderate-income communities. Chase Bank also operates 81 branches in upstate New York, including 15 branches in low- and moderate-income communities.

The Board has reviewed the branch closing policies of Chemical Bank and Chase Bank. Chemical Bank's policy requires the bank to consider a number of factors, including current market conditions, market potential, customer satisfaction and product usage, demographics and community needs. In addition, there are discussions with community representatives before Chemical Bank closes a branch in a low- and moderate-income neighborhood. Chase Bank is required to consider similar factors under its branch closing policy. The Chase Bank Exam and Chemical Bank Exam stated that the banks' records of opening and closing branches has not had a negative impact on its communities, including low- and moderate-income communities.

Chemical has announced that only seven of the 69 branches that would be operated by New Chase Bank in low- and moderate-income communities in New York City would be closed as a result of the proposed merger. Each case involves the consolidation of a branch into another existing branch that is located within two blocks.<sup>53</sup> Chemical has stated that many of the remaining branches would receive physical improvements before the merger and that

staff in these branches would be increased to ensure that service levels are maintained. In the seven communities where branch consolidations have been announced, New Chase plans to invest \$3.9 million in capital improvements in the surviving branches and add nine new 24-hour ATM machines.<sup>54</sup>

Chemical also has stated that New Chase Bank would establish new branches in the South Bronx and Harlem.<sup>55</sup> In addition, New Chase Bank would install a total of 46 new 24-hour multilingual ATMs in low- and moderate-income communities in New York City, including 16 in the Bronx and 14 in Brooklyn.<sup>56</sup>

Chemical also has announced that it expects New Chase Bank to close 93 other branches after the merger. These branches are not located in low- and moderate-income communities. Chemical has stated that it does not have a final branch closure plan for branches that are not located in low- and moderate-income neighborhoods. Commenters have stated that the proposed branch closures in non-low- and moderate-income communities would adversely affect the convenience and needs of communities in which they are located, and commenters expect New Chase Bank to close additional branches in low- and moderate-income communities after consummation of the proposed merger.

There is no evidence in the record that the non-low- and moderate-income communities in which Chase and Chemical currently have branches are underserved by financial institutions. As discussed above, both Chemical and Chase have adequate branch closing policies, which New Chase will follow in connection with its determination to close branches. This policy requires consideration of the effect of the branch closure on the availability of banking services in the community. In addition, the FDI Act requires an insured depository institution to submit a notice of any proposed branch closing to the appropriate federal banking agency no later than 90 days before the date of the proposed branch closing.<sup>57</sup> Customers of the insured depository institution also must be notified. The Joint Agency Policy Statement on Branch Closings ("Joint Policy Statement") requires that the notice:

- (1) Identify the branch to be closed and specify the proposed date of closing;
- (2) Provide a detailed statement of the reasons for the decision to close the branch; and

51. Several commenters stated that Chemical Bank abandoned upstate New York in 1994, when it sold its retail branches to Fleet Financial Group. Commenters also stated that Chase Bank is in the process of abandoning upstate New York through branch closures and sales. Commenters stated that the banks that acquire Chase's branches may not be able to provide the same resources to communities as Chase. The Board notes that the effect of these sales on the convenience and needs of the communities must be reviewed in connection with review of the acquisition proposal.

52. Commenters have criticized Chemical for its announcement that Chemical's Bruckner Plaza branch would be consolidated into its Castle Hill branch sometime during the first half of 1996. Chemical has stated that this consolidation is unrelated to the proposed merger and that the Castle Hill branch would undergo \$350,000 in capital improvements to increase capacity for platform, teller, ATM, and safe deposit facilities to accommodate the expected additional customer volume.

53. Chemical also has announced that New Chase Bank would reconfigure three branches in low- and moderate-income communities as primarily automated facilities. These branches are located within three blocks of full service branches of Chemical Bank or Chase Bank.

54. For example, Chemical has stated that the Chemical Bank branch at 149th Street in the South Bronx would receive \$400,000 in improvements to expand teller and platform services to accommodate increased customer volume.

55. The new branch in the South Bronx is in an area that currently does not have a branch. A multilingual ATM and customer service staff would be available at this branch.

56. Chemical has stated, for example, that two new 24-hour ATMs would be installed at a branch adjacent to the Red Hook community of Brooklyn.

57. See 12 U.S.C. § 1831r-1.

- (3) Provide statistical or other information in support of such reasons consistent with the institution's written policy for branch closings.<sup>58</sup>

While Chemical has not made a final determination regarding the branches it will close in non-low- and moderate-income neighborhoods, any branch closings by New Chase Bank, particularly branch closings in low- and moderate-income neighborhoods, will be assessed by examiners as part of the CRA performance evaluation of the bank, and will be reviewed by the Board in future applications to acquire depository facilities.

**HMDA Data.** The Board has carefully reviewed 1993 and 1994 HMDA data reported by Chemical for New York State, including the New York and Nassau-Suffolk MSAs.<sup>59</sup> These data generally show that Chemical is providing housing-related loans in low- and moderate-income and minority communities in its delineation, despite a general reduction in overall lending volume. For example, in 1994 in Upper Manhattan, Chemical Bank originated 63 loans within low- and moderate-income census tracts, which represented more than 20 percent of all loans originated within such communities. By comparison, Chemical Bank originated approximately 8 percent of all loans originated within New York City in 1994. Also in 1994, the number of loan applications received by Chemical Bank from the South Bronx represented 19 percent of its total loan applications from Bronx County, while all lenders received 16 percent of their Bronx County loan applications from the South Bronx. In addition, the percentage of total loan applications received by Chemical from minorities and Chemical's origination rates for minorities increased in 1994 for the New York MSA. However, HMDA data also indicate that there are disparities in the origination rates for minorities compared to those for non-minority applicants.

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

58. 58 *Federal Register* 49,083 (1993). The Joint Policy Statement also provides that the branch closing notice procedure does not apply to the movement of branches within the same immediate neighborhood that does not substantially affect the nature of the business or the customers served. Such occurrences involving only short distances are viewed essentially as branch consolidations or relocations under the Joint Policy Statement.

59. These data were reported by Chemical Bank and Chemical Residential Mortgage Company.

Because of the limitations of HMDA data, the Board considers the results of fair lending examinations and other sources of information in evaluating allegations that a banking organization has violated fair lending laws. In this case, the Chemical Bank Exam indicated that examiners did not find any evidence of discrimination or other illegal credit practices. The Chemical Bank Exam also stated that directors and senior management have developed policies, procedures and training programs to ensure that the bank does not illegally discourage or prescreen applicants. All declined mortgage applications from lower-income individuals and applicants seeking to purchase homes in low- and moderate-income neighborhoods are reviewed by Chemical Bank's Affordable Mortgage Review Committee to ensure that all credit criteria and lending policies are administered equally and fairly for all customers seeking mortgage financing. Chemical Bank also provides fair lending training to staff involved in the loan process.

#### *b. Chase Bank*

**Lending Activities.** Chase Bank and its affiliates offer a number of products designed to meet housing-related credit needs in low- and moderate-income communities in Chase Bank's delineation. For example, in 1993, Chase Bank introduced a Tax Advantage Installment Loan product ("TAIL") to meet the financing needs of residents of Co-op City and Concourse Village, both in the Bronx. This product offers applicants up to 100 percent financing for cooperative units, with no application or appraisal fees and minimal closing costs. In 1994, 278 TAIL loans were originated, and 95 TAIL loans had been originated through June 30, 1995.

In addition, in 1994 Chase introduced two new products to meet the credit needs of low- and moderate-income communities in upstate New York, the \$500 Down Mortgage program and the Closing Cost Assistance Loan program.<sup>60</sup> The \$500 Down Mortgage requires only \$500 in equity from a qualified borrower and is offered through partnerships with local community groups that offer homebuyer education and credit counseling. As of June 30, 1995, Chase had originated over \$5.5 million of such loans. Borrowers also can receive up to \$4,500 through the Closing Cost Assistance Loan program.

Chase also offers its 97% LTV Chase Portfolio ("97% Program") and Chase Risk Share ("Risk Share Program") products in Chase Bank's delineated communities. Both of these affordable mortgage products have low downpayment requirements and flexible underwriting standards. From January 1, 1995 to June 30, 1995, Chase originated loans totalling \$5 million through the 97% Program and loans totalling \$2.4 million through the Risk Share Program in New York and Connecticut. In addition, Chase

60. Chase introduced these products in Rochester, Syracuse and Buffalo in 1994, and in Binghamton, Jamestown and Albany in the first quarter of 1995.

offers its Mortgage Settlement Assistance Installment Loan Program to aid in the financing of closing costs.

Chase also originates affordable mortgages through the Federal National Mortgage Association's Community Homebuyer Program and the SONYMA, FHA and VA programs. From January 1994 to June 30, 1995, Chase originated 386 SONYMA loans totalling \$28 million and 568 FHA and VA loans totalling \$32 million in New York and Connecticut. Chase Bank also originates HIP loans. As of June 30, 1995, Chase Bank had originated 22 HIP loans.

As of December 31, 1994, Chase Bank had 9,911 loans outstanding to small businesses in New York and Connecticut, 23 percent of which were to small businesses in low- and moderate-income communities. In New York City in 1994, Chase Bank originated 177 loans totalling \$14.6 million to small businesses. In upstate New York in 1994, Chase Bank originated 777 small business loans for \$64 million, of which 160 loans were to small businesses in low- and moderate-income communities. In addition, in the first half of 1995, Chase Bank originated 583 small business loans within its delineated communities, of which 175 were to small businesses in low- and moderate-income communities.

Chase Bank is an SBA-certified lender. Chase Bank also is a participant in the SBA "low doc" program and the new SBA FASTER loan program. As of June 30, 1995, Chase Bank had 87 SBA loans outstanding totalling \$16 million.

Chase Bank has made efforts to improve the services it provides to small businesses. In May 1994, Chase established its Small Business Group in recognition of the need to focus delivery of small business services through the use of non-traditional and government assisted programs.<sup>61</sup> The Small Business Group has developed a Small Business Plan to increase lending to small businesses in low- and moderate-income areas and improve its marketing to businesses owned by minorities and women. Since its inception in May 1994, the Small Business Group has approved \$14 million in loans ranging in size from \$10,000 to \$500,000. Of these loans, 70 percent were to small businesses in low- and moderate-income communities and 62 percent of the loans were to businesses owned by minorities and women. The Small Business Group also has developed a second review process for small business loan

applications from businesses in low- and moderate-income communities that have been declined by SDO1 or SDO3. Of the 55 loans reviewed thus far in 1995, 22 loans for \$1.5 million have been approved by the Small Business Group using various government guaranty programs.

Chase Bank also participates in the NYC Fund. As of June 30, 1995, Chase had originated 70 loans to small businesses totalling \$3.1 million through the NYC Fund, including 2 loans totalling \$25,000 in the South Bronx.<sup>62</sup> Chase Bank also participates in programs that provide loans to small businesses in low- and moderate-income communities in Connecticut, including the Urbank Program and the Community Economic Development Fund ("CED Fund"). In 1994, the CED Fund approved six loans totalling \$1.3 million. In addition, Chase has provided financial support to a number of community development corporations that serve the credit needs of small businesses throughout its delineation.

*Affordable Housing and Community Development.* Chase has provided significant financing to a large number of organizations that develop housing for low- and moderate-income residents in the New York City area, including residents of Upper Manhattan, Brooklyn and the South Bronx. Chase participates in the Community Preservation Corporation, New York Equity Fund, New York City Housing Authority Turnkey Program, Long Island Housing Partnership, and New York City Housing Partnership ("NYCHP").<sup>63</sup> Chase also has provided financial support to affordable housing projects in upstate New York through the Community Lending Corporation.

*Ascertainment and Marketing.* Chase markets its affordable mortgage products through a variety of media, including through newspapers, radio stations and television stations that primarily serve low- and moderate-income and minority communities. Chase Bank also sponsors first-time homebuyers seminars. In 1994, Chase Bank sponsored 261

61. Within Chase Bank's delineated communities, Chase provides small business lending through its Small Business Group and through two other delivery systems:

- (1) Service Delivery Option 1 ("SDO1") provides complex, larger credit facilities to small business customers whose overall relationship with Chase Bank is managed through a dedicated relationship manager; and
- (2) Service Delivery Option 3 ("SDO3") ordinarily provides smaller credit facilities to small business customers who receive Chase Bank products through a Chase Bank branch and branch staff. SDO1 and SDO3 serve customers with annual sales of up to \$10 million.

The Small Business Group serves businesses with less than \$1 million in annual sales and businesses owned by women and minorities.

62. Chase and Chemical also have participated in the development and financing of the New York Community Investment Company, which was created by the 11 New York Clearing House banks to provide loans to small businesses located in New York City's low- and moderate-income communities.

63. Chase and Chemical participate in the NYCHP program as construction lenders and mortgage lenders. As part of this program, the NYCHP assembles a pool of eligible prospective homebuyers based on a review of the income, assets, employment records, and credit history of interested individuals. Individuals are randomly chosen from the pool to acquire affordable homes with funding provided in part by NYCHP. Several commenters have stated that Chemical and Chase, through their participation in the pool selection process, violate fair lending laws and HMDA by failing to provide adverse action notices to applicants rejected by NYCHP and by failing to report such denials in HMDA data. A large number of New York City banks provide construction and end loans in connection with NYCHP-sponsored projects. The program is administered, however, by NYCHP. The process for selecting eligible prospective homebuyers appears to be controlled by NYCHP and is substantially the same regardless of the financial institution that is chosen to make construction or end loans. The Federal Reserve System has begun discussions with the NYCHP about their procedures and will continue these discussions to assure compliance with all federal fair lending and reporting laws.

such seminars in New York and Connecticut and 20 in the U.S. Virgin Islands and Puerto Rico. From January 1, 1995 to June 30, 1995, Chase sponsored 165 mortgage seminars in New York, Connecticut, and the U.S. Virgin Islands, in which approximately 4,700 prospective homebuyers participated. Seminars have been conducted in Spanish, Creole, Korean, Chinese and Russian. In addition, the Chase Bank Exam noted that Chase Bank's outreach and ascertainment efforts have led to a number of new products and programs.

Chase markets small business products primarily through its relationship managers, who make sales calls, participate in trade shows, and organize seminars. From January 1994 to June 1995, Chase conducted 60 small business seminars. To complement the activities of the relationship managers, Chase markets small business products through direct mailings and newspapers, including newspapers that are circulated primarily in minority communities.

*Branch Banking Services.* The Chase Bank Exam stated that Chase Bank's branch locations provided reasonable access to most segments of its delineated community.<sup>64</sup> As discussed elsewhere in this order, Chase Bank offers a lifeline checking account to serve the needs of low- and moderate-income individuals and operates a number of branches in low- and moderate-income communities.

*HMDA Data.* The Board has carefully reviewed 1993 and 1994 HMDA data reported by Chase affiliates that originate loans in Chase Bank's community delineation, which includes New York and Connecticut.<sup>65</sup> These data generally reflect that Chase is providing housing-related loans within low- and moderate-income and minority communities and to minority borrowers throughout the communities it serves in New York and Connecticut. In this regard, despite a decline in overall lending, the number of loan applications received by Chase from minorities and from low- and moderate-income and minority communities in the New York MSA increased in 1994.<sup>66</sup> In addition, despite an overall decline in the total number of applications received by Chase within the Nassau/Suffolk and Syracuse MSAs in 1994,<sup>67</sup> the number of applications

received by Chase from within low- and moderate-income communities increased by 26 percent and 14 percent, respectively. In Chase Connecticut's delineation, the number of loan applications received from African Americans and from within low- and moderate-income census tracts also increased in 1994.<sup>68</sup> The Chase Bank Exam found that Chase's fair lending program is designed to ensure ongoing, equal treatment of applicants and compliance with fair lending laws.<sup>69</sup>

## 2. Texas

Texas Commerce Bank, N.A., Houston, Texas ("Texas Commerce"), was rated "outstanding" by the OCC, its primary federal supervisor, at its most recent examination for CRA performance, as of September 14, 1994 ("Texas Commerce Exam").<sup>70</sup> The Texas Commerce Exam stated that the geographic distribution of credit extensions, applications, and denials represented a reasonable pattern throughout its delineated communities, and that Texas Commerce had made a significant investment in new branches in low- and moderate-income communities. Examiners also found no evidence of prohibited or illegal discriminatory practices at Texas Commerce or TCB-San Angelo.<sup>71</sup>

Several commenters stated that Texas Commerce has not met the banking needs of low- and moderate-income communities. Commenters also allege that the activities of Texas Commerce violate fair lending laws.

Chemical offers special mortgage products to assist in meeting housing-related credit needs of low- and moderate-income individuals in Texas, including the Affirmative Mortgage Program, 2+2 Unsecured Loans,<sup>72</sup> and Affordable Home Improvement Loan Program. As of August 1995, Texas Commerce had originated 1,698 mortgage loans, totalling \$77 million, through the Affirmative Mortgage Program. In addition, as a result of the Affordable Home Improvement Loan program, Chemical has indicated that origination of home improvement loans in low-

64. The 1993 CRA performance examination of Connecticut Bank also found that the bank's office locations were reasonably accessible to the entire community.

65. For 1993 HMDA data, these affiliates include Chase Bank, Connecticut Bank, Chase Home Mortgage Corporation, and Chase U.S. Consumer Services, Inc. ("CUSCS"). For 1994 HMDA data, these affiliates include Chase Manhattan Bank and Chase Manhattan Mortgage Corporation ("Chase Mortgage"). Chase Mortgage was formed by merging Chase Home Mortgage Corporation with Troy & Nichols, Inc. ("Troy & Nichols") and American Residential Mortgage Company ("American Residential"), which Chase acquired in 1993 and 1994, respectively. The 1994 HMDA data include data for Troy & Nichols and American Residential.

66. The HMDA data indicate that Chase received 224 loan applications from the South Bronx in 1994, an increase of 56 percent. These data also indicate that the number of loan applications received by Chase from within low- and moderate-income census tracts in Upper Manhattan increased in 1994.

67. Chemical and Chase submitted preliminary HMDA data for the first two quarters of 1995 for a number of MSAs. Chemical has stated that these data generally indicate that the percentage of loans received

by Chase from low- and moderate-income census tracts within upstate New York MSAs has increased. The 1995 lending data submitted by Chase is preliminary and, consequently, has not been relied on by the Board in this case.

68. Chase Bank and Chase Connecticut did not include the City of Hartford within their delineations. Chemical has indicated that New Chase Bank would include the City of Hartford within its community delineation.

69. This program is discussed elsewhere in this order.

70. Chemical also operates in Texas through Texas Commerce Bank - San Angelo, N.A., San Angelo, Texas ("TCB-San Angelo"). TCB-San Angelo was rated "satisfactory" by the OCC, its primary federal supervisor, at its most recent examination for CRA performance, as of September 15, 1994.

71. The Texas Commerce Exam noted that OCC examiners reviewed 650 real estate mortgage and home improvement loan applications to determine whether there was any evidence of illegal discriminatory activities or results.

72. This program is designed to assist low- and moderate-income mortgage applicants with downpayment and closing costs. Under this program, applicants may obtain loans for up to two percent of the home's sale price. In 1994, 96 loans were made through this program.

and moderate-income areas increased by over 150 percent from 1993 to 1994.

Texas Commerce originated 2,938 small business loans totalling \$472 million in 1994, including over 1,000 loans to small businesses in low- and moderate-income areas.<sup>73</sup> Texas Commerce also is a preferred lender in the SBA's Houston region and has certified status in other regions. Texas Commerce originated approximately 168 SBA-guaranteed and other small business credit-enhanced loans totalling \$21 million in 1994. In addition, in 1994, Texas Commerce streamlined its small business loan applications process to provide more rapid and convenient services to small businesses.

The Texas Commerce Exam stated that Texas Commerce has a comprehensive ascertainment process. Outreach efforts include contacts with a wide range of neighborhood groups and community and government officials. Examiners noted that ascertainment activities have resulted in the construction of additional branches in low- and moderate-income areas,<sup>74</sup> enhancement of the bank's affordable mortgage programs, and implementation of lower-cost personal and business checking accounts. In addition, examiners concluded that Texas Commerce markets its products and services throughout its delineated community, using a variety of media and other means.

The Texas Commerce Exam also stated that Texas Commerce is a leader in community development activities. As of July 1995, Texas Commerce had lent or committed \$58.5 million to community development projects in Texas.

The Board has reviewed 1993 and 1994 HMDA data for Chemical's subsidiaries that originate loans in Texas.<sup>75</sup> These data indicate that the number of home-related loan applications received by Chemical from minorities and low- and moderate-income census tracts increased substantially from 1993 to 1994. In addition, these data indicate that Chemical received a higher percentage of its total loan applications from minorities and low- and moderate-income census tracts in the Dallas and Houston MSAs in 1994 than in 1993, and that the percentage of applications received by Chemical from such census tracts and individuals exceeded the percentages for lenders in the aggregate in 1994.<sup>76</sup>

Texas Commerce has taken a number of steps to ensure that all loan applicants are treated equally in the lending process. For example, Texas Commerce has established second review programs for mortgage, home improvement and small business lending, and it regularly assesses com-

pliance with fair lending regulations through internal audits.

### 3. New Jersey

Chemical recently reorganized its banking operations in New Jersey and currently operates in New Jersey through Chemical Bank New Jersey, N.A., East Brunswick, New Jersey ("Chemical-NJ"). Chemical previously operated two banks in New Jersey, Chemical Bank New Jersey, N.A. ("Old Chemical-NJ"), and Princeton Bank and Trust Company, N.A. ("PBT"), both of East Brunswick, New Jersey.<sup>77</sup> Old Chemical-NJ and PBT were both rated "satisfactory" by their primary supervisor, the OCC, at the most recent examination of their CRA performance, as of August 31, 1993.<sup>78</sup> Examiners conducted fair lending reviews of Old Chemical-NJ and PBT and did not find any evidence of prohibited discriminatory practices. In addition, the examination of Old Chemical-NJ ("Old Chemical-NJ Exam") stated that the geographic distribution of the bank's credit extensions, applications and denials was adequate.

Commenters stated that Chemical is not effectively serving the needs of minority and low- to moderate-income individuals in New Jersey.<sup>79</sup> The Old Chemical-NJ Exam found that Old Chemical-NJ made significant efforts to address affirmatively a substantial portion of its community's identified credit needs through the origination of home mortgage and small business loans. The examination report noted that Old Chemical-NJ provided a variety of lending programs for low- and moderate-income individuals and small businesses. For example, Old Chemical-NJ provided affordable mortgage loans through the Affordable Mortgage and Welcome Home Mortgage products. In 1994, Old

77. In October 1995, Old Chemical-NJ was sold to an unaffiliated commercial banking organization and PBT purchased 39 branches of Old Chemical-NJ located in northern New Jersey. PBT became Chemical-NJ.

78. PBT provided private banking services to meet the banking needs of high net worth individuals. Examiners of PBT noted that an effective referral system with Old Chemical-NJ had been adopted to ensure that the credit needs of the entire community were met. In this regard, PBT's delineated communities were located entirely within the delineated communities of Old Chemical-NJ.

79. Chase operates in New Jersey through The Chase Manhattan Bank of New Jersey, N.A., Oradell, New Jersey ("Chase-NJ"). Chase-NJ was established in March 1995 to acquire a portion of the assets and liabilities of a failed savings association from the Resolution Trust Corporation and has not yet been examined for performance under the CRA. As discussed by the Board in a previous order, Chase has hired a community investment officer for Chase-NJ and has developed a CRA statement and community investment plan for the bank. See *The Chase Manhattan Corporation*, 81 *Federal Reserve Bulletin* 883 (1995) ("Chase"). Several commenters have stated that Chase-NJ's community delineation, which includes Bergen and Passaic Counties, should be expanded to include other communities because Chase-NJ solicits deposits and markets Chase products throughout New Jersey. Chase-NJ's delineation was prepared using the existing boundary and effective lending territory methods. See 12 C.F.R. 228.3(b). Based on the facts of record, Chase-NJ's community delineation appears reasonable. Chemical-NJ's delineation also appears reasonable.

73. These loans were to businesses with annual revenues of \$10 million or less.

74. In the last two years, Texas Commerce has opened three branches in low- and moderate-income communities in Houston and a branch in a low- and moderate-income community in Dallas.

75. These subsidiaries include Texas Commerce Bank, TCB-San Angelo, and Chemical Residential Mortgage Corporation.

76. One commenter stated that Chemical has broken its promise to cause Texas Commerce to expand its banking services in the Freedmen's Town section of Houston.



Chemical-NJ originated \$26 million in Affordable Mortgages and \$9.6 million in Welcome Home Mortgages. The Old Chemical-NJ Exam also stated that Old Chemical-NJ had sound marketing and advertising programs which provided its communities with a high level of awareness about the bank's credit products and services. Residential mortgage loans and small business loans in Chemical-NJ's delineation are currently being originated by Chemical Bank and its affiliates.<sup>80</sup> As discussed elsewhere in the order, Chemical Bank offers a variety of products designed to serve the needs of low- and moderate-income communities.<sup>81</sup>

The Board has reviewed 1993 and 1994 HMDA data for Chemical in New Jersey.<sup>82</sup> These data generally indicate that Chemical has provided housing-related loans to minority and low- and moderate-income individuals and neighborhoods throughout the delineated communities Chemical serves in New Jersey. Although the number of loan applications received by Chemical in New Jersey in 1994 decreased, the number of loan applications received from minorities and low- and moderate-income census tracts increased substantially. For example, mortgage applications from African Americans in the New Jersey Counties of the Philadelphia MSA increased from 93 in 1993 to 135 in 1994, and applications from Hispanics increased from 35 in 1993 to 80 in 1994 in those same counties. Applications from borrowers in low- and moderate-income census tracts in the New Jersey Counties of the Philadelphia MSA increased from 118 in 1993 to 180 in 1994. In addition, the percentage of applications received by Chemical in New Jersey from minority and low- and moderate-income census tracts and minorities exceeded the percentages for lenders in the aggregate in 1994.

#### 4. Delaware

Chemical's subsidiary bank in Delaware, Chemical Bank Delaware, Wilmington, Delaware ("Chemical-DE"), is only incidentally involved in granting credit to the public and is engaged primarily in the business of providing wholesale cash management controlled disbursement services to corporations. The Board has previously determined by regulation that institutions engaged in these

activities are exempt from the CRA. *See* 12 C.F.R. 228.11(c)(3).

Chase's Delaware banking subsidiary, The Chase Manhattan Bank (USA), Wilmington, Delaware ("ChUSA"), a specialized bank primarily engaged in credit card operations, received an "outstanding" rating from the FDIC at its most recent examination for CRA performance as of August 30, 1994 ("ChUSA Exam").

The Board received comments alleging that Chemical's and Chase's subsidiaries in Delaware have violated the CRA, ECOA, and other fair lending laws, have inadequate ascertainment and marketing activities, and have a poor record of lending to minorities and in low- and moderate-income areas in the Wilmington-Newark MSA. Some commenters challenged the rating given to ChUSA in its most recent exam by the FDIC.

Delaware law prohibits ChUSA from taking retail deposits, making loans, or directly marketing lending products in Delaware.<sup>83</sup> Accordingly, the examination rating for ChUSA was based on ChUSA's nonlending activities. No evidence of prohibited discriminatory or other illegal credit practices by ChUSA were found by the examiners. The ChUSA Exam noted that ChUSA's management actively pursues contacts with local and state government officials, nonprofit community groups, minority-owned and small businesses, affordable housing developers, and other community based lenders. Management also attends community affairs meetings that enhance their awareness of community needs and programs or projects that address those needs.

Although ChUSA is prohibited by state law from directly marketing its credit products to Delaware residents, examiners noted that ChUSA's management implemented a successful call program to inform the community of the bank's willingness to assist in community development programs. Through its contributions to a local organization that maintains a revolving loan fund, ChUSA has assisted low- and moderate-income first-time homebuyers with downpayment and settlement costs. Examiners noted in the ChUSA Exam that ChUSA's involvement in community programs has assisted in the development of more than 400 affordable homes, the rehabilitation of more than 200 affordable rental units, and has facilitated the development of a second mortgage program to cover downpayment and closing cost for first-time homeowners.

ChUSA supports small business development by funding loan pools that provide capital for fledgling businesses. As noted in the ChUSA Exam, ChUSA was a participant in a public/private initiative that extended 23 small business loans and was responsible for creating over 300 jobs in Delaware. In addition, ChUSA has worked with local business groups to develop and provide business training courses to enhance the managerial and sales skills of small

80. Chemical has provided financing for the development of affordable housing in New Jersey. Since 1992, Chemical has provided over \$27 million in loans for the development of affordable housing throughout New Jersey. Chemical also has provided grants for community-based housing development organizations in New Jersey. Thus far in 1995, Chemical has awarded 40 grants totalling \$280,000 to assist in the development of more than 100 units of affordable housing.

81. Chemical has indicated that the CRA and community development activities of Chemical-NJ are being supervised by Chemical Bank's Community Development Group. Chemical also has stated that Chemical-NJ has retained several individuals who were members of Old Chemical-NJ's community development group.

82. These data were reported by Old Chemical-NJ, PBT, and Chemical Residential Mortgage Corporation.

83. Del. Code Ann. tit. 5, § 1404.

business owners.<sup>84</sup> The bank has donated the use of its facilities for these training sessions. The ChUSA Exam stated that six of the thirteen participants in the first training session received loans to start businesses.

## 5. Florida

Chemical and Chase each have a subsidiary financial institution in Florida, Chemical Bank, FSB, Palm Beach, Florida ("Chemical FSB"),<sup>85</sup> and Chase Manhattan Private Bank (Florida), N.A., Tampa, Florida ("Chase Private Bank"). Chemical FSB received an overall CRA performance rating of "satisfactory" from the Office of Thrift Supervision, its primary federal supervisor, at its most recent examination for CRA performance, as of March 6, 1995 ("Chemical FSB Exam"), and Chase Private Bank was rated "satisfactory" by the OCC, as of October 1993 ("Chase Private Bank Exam").<sup>86</sup> The Chemical FSB Exam and Chase Private Bank Exam stated that examiners did not find any evidence of discrimination or other illegal credit practices. The Board received comments criticizing the lending performance of Chemical and Chase in Florida. The Chemical FSB Exam stated that Chemical FSB's lending activities have effectively penetrated low- and moderate-income segments of its delineated communities.<sup>87</sup> Examiners also stated that the volume of residential lending by Chemical FSB represents a significant commitment to residential lending in light of the institution's private banking business strategy and the relatively low level of deposits generated from within the delineated community. As of September 21, 1995, Chemical FSB had approximately \$1.7 million outstanding in affordable housing loans, including 11 originated in 1995. Chemical FSB participates in affordable housing programs and provides financial support to affordable housing organizations operating within its community. In addition, in 1994, Chemical made a commitment to invest \$5 million over a four-year period for the development of multi-family affordable housing in low-income areas of Florida.

The Board has reviewed 1993 and 1994 HMDA data reported by Chemical in counties served by Chemical FSB

in Florida.<sup>88</sup> These data indicate that Chemical substantially increased its housing-related lending activities in Florida in 1994, and that the percentage of total loan applications received by Chemical from Hispanics increased significantly and is greater than the percentage for lenders in the aggregate in 1994. In addition, the percentage of total loan applications received by Chemical from minority and low- and moderate- income census tracts increased in 1994.

Chase Private Bank has not been examined for CRA performance since it reorganized its activities to focus on private banking. Recent CRA initiatives of Chase Private Bank include introducing the Mortgage Settlement Assistance Program in Palm Beach and Dade Counties and providing financial support to the First Housing Development Corporation. Chase Private Bank also has provided financial support to a number of nonprofit organizations that operate in Florida.

The Board has reviewed 1993 and 1994 HMDA data reported by Chase in counties served by Chase Private Bank. These data indicate that origination rates for minority applicants improved and the number of applications received from low- and moderate-income and minority census tracts increased in 1994. In addition, the OCC conducted a fair lending examination of Chase Private Bank in connection with the Chase Private Bank Exam. The Chase Private Bank Exam stated that there was no evidence that Chase Private Bank is prescreening or discouraging individuals from applying for credit. Examiners also concluded that Chase's policies, procedures and training programs effectively addressed the requirements of the fair lending regulations.

## E. Other Convenience and Needs Considerations

*Previous Reviews of Chase's Compliance and CRA Records.* The Board recently reviewed Chase's compliance with fair lending laws and record of performance under the CRA in connection with two separate applications under section 3 of the BHC Act.<sup>89</sup> In considering Chase's compliance with fair lending laws, the *Chase Orders* noted the conclusions by the OCC, the primary federal supervisor for Chase Bank, that Chase Bank had not engaged in illegal discriminatory lending or credit practices.<sup>90</sup>

84. ChUSA also aids a local credit union that serves a low-income community by providing staff for loan analysis and technical expertise.

85. Chemical FSB is engaged in a private banking business and offers traditional deposit and credit products only as an adjunct to other services, such as investment management, estate planning and trust administration.

86. Chase Private Bank was formerly known as The Chase Manhattan Bank of Florida, N.A. In December 1994, Chase Private Bank sold a substantial portion of its branch assets and liabilities and its current focus is on private banking.

87. Examiners noted that Chemical FSB established a Los Angeles branch in March 1995. One commenter stated that the lending activities of Chemical Residential Mortgage Company indicate that Chemical is discriminating against low- and moderate-income communities and minorities in Florida, including communities that fall within Chemical FSB's CRA delineation. Chemical Residential Mortgage Company's activities are discussed elsewhere in this order.

88. Chemical FSB and Chemical Residential Mortgage made loans within these communities in 1993 and 1994.

89. See *The Chase Manhattan Corporation*, 81 *Federal Reserve Bulletin* 467 (1995) and *Chase* (together, "*Chase Orders*"). Because a number of commenters reiterate issues raised and considered in connection with the *Chase Orders*, the Board incorporates in this order the reasons, evidence and conclusions explained in the *Chase Orders*.

90. The Board received several comments alleging fair lending violations by Chase that are identical to those previously addressed in the *Chase Orders*, including that Chase steers prospective borrowers to its subsidiary bank or mortgage company in a discriminatory manner and that a program offered by Chase Bank that permits customers to avoid transaction or account fees by maintaining minimum balances violates the fair lending laws. One commenter also stated that a Chemical program that permits customers to avoid fees

*HMDA Data in General.* Commenters noted that Chemical and Chase engage in significant mortgage lending activities throughout the United States,<sup>91</sup> and allege that HMDA data reported by Chemical and Chase<sup>92</sup> suggest that their nationwide lending activities ignore the needs of minorities and low- and moderate-income and minority communities and violate fair lending laws.<sup>93</sup>

CBNA's Fair Lending Committee ("Fair Lending Committee") monitors the fair lending activities of Chemical Mortgage. A comprehensive fair lending examination of CBNA was conducted in conjunction with the most recent review of its CRA performance.<sup>94</sup> Examiners concluded that CBNA had established comprehensive policies and procedures that provide personnel with appropriate guidance. Examiners did not find any evidence that CBNA engaged in any illegal discriminatory practices or lending.

The Fair Lending Committee of CBNA created a multiple review committee to review samples of loan applications approved or denied by Chemical Mortgage to ensure that credit criteria are being equitably applied and to review all denied applications from low- and moderate-income applicants. CBNA has distributed a Fair Lending Manual to Chemical Mortgage and provides fair lending training to Chemical Mortgage employees.<sup>95</sup>

As discussed in the *Chase Orders*, Chase has a comprehensive national fair lending program that is designed to assure equal treatment of applicants and compliance with fair lending laws. Chase also has taken a number of steps designed to assure the equal treatment of low- and moderate-income and minority borrowers by all Chase entities. These efforts, which are discussed in the *Chase Orders*, include a second review program, a periodic analysis of HMDA data, a comparative mortgage loan file review, and a "mystery shopper" program.<sup>96</sup> As discussed

in the *Chase Orders*, in 1993 the OCC conducted performance and fair lending examinations of Chase Bank, Connecticut Bank and Chase's subsidiary mortgage companies, and found no evidence of illegal discrimination.

In the last year, Chase Mortgage has introduced a number of products designed to increase loans to low- and moderate-income communities. The Risk Share Affordable Housing Program and Chase 97% LTV Mortgage products permit low downpayments and higher debt-to-income ratios than offered in the secondary market. Chase Mortgage also established its Minimum Compensation Program, which provides a minimum compensation level for loan originations regardless of loan size to give loan originators incentives to serve customers seeking relatively small housing-related loans. In addition, Chase Mortgage has taken certain steps to increase its lending in low- and moderate-income communities in the Southern California market. For example, the Chase Assisted Settlement for Home Buyers program, which offers an unsecured loan to assist borrowers in paying closing costs and in making downpayments, is offered exclusively in San Diego and Los Angeles. Chase Mortgage also has engaged in certain advertising and marketing activities designed to increase its loans in low- and moderate-income communities in Southern California and Chemical has stated that New Chase would support a mortgage counseling program in conjunction with ACORN in Los Angeles.

*Elimination of Jobs.* A number of commenters expressed concern that the merger would result in the loss of a significant number of jobs, including jobs in New York City. Chase and Chemical have taken a number of steps to mitigate the impact of job losses from the proposed merger. For example, Chemical has stated that both organizations would make every effort to use normal attrition to achieve personnel reductions. In addition, each organization's human resource department has developed guidelines for staff selection. These guidelines provide for job decisions to be made by management of the relevant line of business and human resources personnel. All personnel decisions would be reviewed by corporate employee relations personnel. Chemical also has stated that career transition programs would be available to help employees find new positions.<sup>97</sup>

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by maintaining minimum balances violates fair lending laws. For the reasons stated in the *Chase Orders*, the Board does not believe that these allegations support a finding that either Chase Bank or Chemical Bank is engaged in any illegal discriminatory practices, or warrant denial of this proposal.

91. Chemical and Chase have mortgage lending subsidiaries that make loans throughout the United States, Chemical Residential Mortgage Company ("Chemical Mortgage"), a subsidiary of CBNA, and Chase Mortgage, a subsidiary of Chase Bank.

92. Several commenters stated that the Board should not take into consideration loans made by American Residential Mortgage Company in 1994 before it was acquired by Chase.

93. Commenters raised concerns about lending in California and a large number of MSAs in the United States, including San Diego and Los Angeles, California; Detroit, Illinois; Baltimore, Maryland; Boston, Massachusetts; Washington, D.C.; and Houston and Dallas, Texas. Chemical operates a bank in Texas and Chemical FSB has a branch in Los Angeles. Otherwise, neither Chemical nor Chase has a subsidiary bank serving these cities.

94. The fair lending performance of Chemical Mortgage was not reviewed.

95. In addition, Chemical Mortgage and Chase Mortgage are currently subject to the supervisory authority of the OCC as subsidiaries of national banks.

96. One commenter stated that Chase's other lending activities, including automobile financing, violate fair lending laws. Chase's fair lending program covers all of Chase's consumer and small business

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lending and sets consistent standards for all Chase entities (bank and nonbank) and all Chase credit products, including mortgage, auto, credit card, small business, educational, home equity, and installment loan products.

97. These programs would include:

- (1) A Redeployment Task Force that would review open positions and available people in New Chase (displaced employees would be given advance notice of open positions and an opportunity to apply for those positions);
- (2) Outplacement assistance, including office facilities, seminars, individual and group counseling, resume preparation, interview training, career assessment, and other activities, which would be available to displaced staff members throughout their active job search; and
- (3) Financial support for retraining and education to assist displaced employees to acquire new skills and knowledge.

### *Conclusion Regarding Convenience and Needs Considerations*

The Board has carefully considered the entire record, including the substantial public comments in this case, in reviewing the convenience and needs factors under the relevant banking statutes.<sup>98</sup> A number of commenters have raised both specific and general concerns about the adequacy of the CRA programs of Chemical and Chase and the effect of the proposal on the availability of future banking services in low- and moderate-income areas. Other commenters believe that the current CRA programs of Chemical and Chase are very productive and expect that the proposed merger would strengthen existing programs. Based on a review of the entire record of performance, including information provided by the commenters, the Board believes that efforts by Chemical and Chase to help meet the credit needs of all segments of the communities served by their banks, including low- and moderate-income neighborhoods, are substantial and, on balance, satisfactory. This conclusion is confirmed by the most recent CRA examination reports for the subsidiary banks of Chemical and Chase.

Chemical has announced certain measures that would be implemented by New Chase to improve the services it would provide to its communities. For example, Chemical has announced that New Chase would increase its support of small businesses and community-based nonprofit organizations by increasing its lending by 10 percent per year over the next five years. Chemical also has indicated that New Chase Bank would make capital improvements to a number of branches to offset the effects of branch closures in low- and moderate-income communities and would install a significant number of new 24-hour ATMs in low- and moderate-income communities. The Board believes

that these and other initiatives proposed by Chemical would help New Chase to improve the already adequate CRA performance records of Chemical and Chase.

In this light, after carefully considering all the facts of record, including the testimony at the public meetings, the comments received, the responses of Chemical and Chase, relevant reports of examination, and other supervisory information, the Board concludes that the convenience and needs considerations, including the CRA records of performance of Chemical and Chase, are consistent with approval of these applications.<sup>99</sup>

### *Public Meeting*

A number of commenters have maintained that the proposed merger would have a significant impact in areas outside New York City, and that the Board should hold public meetings in these areas, including upstate New York, Texas and California. 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 Board has not received such a recommendation from any state or federal supervisory authority. Under section 4 of the BHC Act, the Board may order a hearing on an application or notice "if there are disputed issues of material fact that cannot be resolved in some other manner." 12 C.F.R. 225.23(g). Under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered these requests in light of all the facts of record. As explained above, the Board did hold a two-day public meeting on this proposal at which approximately 140 commenters provided testimony. In the Board's view commenters have had ample opportunity to submit their views and have, in fact, submitted numerous materials that have been considered by the Board in acting on these applications and notices. Commenters' requests fail to demonstrate why their substantial written submissions, and, in some cases, oral testimony, do not adequately present their allegations. Based on all the facts of record, the Board has determined that additional public hearings or meetings are not necessary to clarify the factual record in these applications and notices or otherwise warranted in this case, and the re-

98. Some commenters suggested that the Board deny, delay consideration of, or extend the public comment period for this proposal to permit more information to be obtained and considered by the Board and/or commenters, including results of a new CRA examination of Chase Bank, results of a fair lending examination of the mortgage operations of Chemical and Chase requested by commenters, detailed information on branch closings, and additional data on small business and other lending activities. A number of commenters also requested that the Board require Chemical and Chase to submit additional information related to the convenience and needs and other factors the Board must consider in acting on this application. The Board is required under applicable law and its processing procedures to act on applications submitted under the BHC Act and the Bank Merger Act within specified time periods. The Board notes, moreover, that the commenters and Chemical and Chase have had an extended opportunity, including a two-day public meeting, to submit information for the record and have, in fact, provided substantial submissions. As discussed above, the Board has carefully reviewed the record in this case, including information provided by commenters about the CRA performance records of Chemical and Chase since the most recent performance examinations of these banks and information relating to the prospective effects of this merger on the convenience and needs of the communities to be served. Based on all the facts of record, the Board concludes that the record is sufficient to act on this proposal at this time, and that delay or denial of this proposal on the grounds of informational insufficiency is not warranted.

99. The Board received comments from several individuals and small business owners relating to specific loan applications or transactions with Chemical or Chase banks. One commenter also stated that the banks have permitted funds held in customer accounts to be accessed by customers' creditors. In addition, two commenters submitted comments concerning Chase's foreclosure policies and practices. These comments, which related to private disputes arising out of individual transactions, were provided to the banks and to the appropriate federal supervisor for review. In light of all the facts of record, the Board concludes that these matters do not warrant denial of this proposal.

quests for additional public hearings or meetings on these applications and notices are denied.

### *Other Considerations*

Chemical also has filed notice under section 4(c)(8) of the BHC Act to acquire the nonbank subsidiaries of Chase and thereby engage in a number of securities-related activities, advisory activities, providing management consulting advice to unaffiliated bank and nonbank depository institutions and certain other advisory services, leasing and lending activities, community development activities, mortgage banking activities, and trust company activities. Chemical also has provided notice to increase its ownership interest in a joint venture with other banking organizations that operate a retail electronic funds transfer network. The Board has determined by regulation and order that the proposed activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.<sup>100</sup> Chemical has stated that New Chase would conduct these activities in accordance with the Board's regulations and orders approving these activities for bank holding companies.

In order to approve these notices, the Board also must determine that the acquisition of the nonbanking subsidiaries of Chase and performance of the proposed activities by New Chase 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.<sup>101</sup> The Board has carefully considered the competitive impact of the proposed merger on nonbank activities engaged in by Chemical and Chase.<sup>102</sup>

Both Chemical and Chase conduct permissible securities activities through nonbank subsidiaries. These subsidiaries are primarily engaged in underwriting and dealing in Treasury securities and general obligation municipal securities ("bank-eligible securities"), as well as underwriting and dealing in other types of debt and equity securities ("bank-ineligible securities"). Adverse effects on competition as a result of the proposal are unlikely in light of the national scope of the activities and the large number of investment banks and bank holding company subsidiaries that provide these services. New Chase would have a market share of approximately 3.5 percent in the major debt underwriting categories in which it participates, and a negligible market share in equity underwriting. In terms of dealing activities,

New Chase would not account for a dominant share of secondary market transactions in bank-eligible or bank-ineligible securities, either within the primary dealer community or among the larger set of broker-dealers.

Chemical, Chase and nine other bank holding companies own a joint-venture that operates an electronic funds transfer network, InfiNet Payment Services, Inc. ("InfiNet"). When the Board approved this joint-venture in 1994, it considered the possibility of adverse competitive effects on small banks that did not own but participated in InfiNet and found that several safeguards in InfiNet's operating rules were sufficient to protect the small bank participants.<sup>103</sup> As a result of this proposal the combined power of the applicants to influence InfiNet policies and procedures would be lessened by a reduction in the number of InfiNet directors that New Chase would be permitted to elect, as well as a reduction in the outstanding voting shares of InfiNet that New Chase would be entitled to vote.<sup>104</sup>

Chemical and Chase both engage in equipment leasing and secured lending, primarily through several nonbank subsidiaries and also through subsidiaries of their commercial banks. The market for equipment leasing is national in scope for many leased products and international in scope for several others, with many active bank and nonbank participants, including large domestic and foreign banks, finance companies, independent leasing companies, and subsidiaries of equipment manufacturers. As a result of this large group of competitors, the combined leasing activities of Chase and Chemical would not result in a dominant market position for New Chase, or unduly lessen competition. Among domestic bank holding companies, Chemical ranks 22d in terms of the total dollar volume of lease financing receivables to customers in the United States, and Chase ranks sixth. New Chase would rank fourth, with a share of 6 percent of the leasing market held by bank holding companies.<sup>105</sup> Even if leasing activities were to be broken into separate submarkets, the creation of New Chase still would not adversely affect competition in any of these submarkets.<sup>106</sup>

New Chase would conduct trust and custody activities, and provide shareholder services, investment advisory activities, and various other products and services through nonbank subsidiaries that it also provides through its commercial banking subsidiaries. As previously stated in this order, the Board does not find that this proposal would adversely affect competition in any of these markets or submarkets whether the activities were performed as an element of the cluster of banking services or as an indepen-

100. See 12 C.F.R. 225.25(b)(3), (b)(4), (b)(7), and (b)(9); *Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 486 U.S. 1059 (1988).

101. 12 U.S.C. § 1843(c)(8).

102. As noted *supra* commenters have alleged that the proposal would have a negative impact on competition in the nonbank products such as securities and brokerage services.

103. *The Bank of New York Company, Inc. et al.*, 80 *Federal Reserve Bulletin* 1107 (1994) ("BONY Order").

104. BONY Order at 1109.

105. This estimate of New Chase's share of the leasing market does not take into account the net contribution of finance companies to total leasing. Including finance companies in the total reduces New Chase's *pro forma* market share to between 1.8 percent and 2.6 percent.

106. New Chase would be active in the submarkets of motor vehicle leasing and general business equipment leasing, but data for these submarkets suggests that New Chase's market share would be less than 4 percent and approximately 1 percent respectively.



dent service by a nonbank subsidiary. With one exception, each banking activity conducted would meet the DOJ Guidelines for activities not conducted within banking institutions.<sup>107</sup>

In addition, consummation of the proposal would produce gains in efficiency and permit Chemical and Chase to share expertise, which would enhance the services provided to customers. Based on all the facts of record, the competitive structure of these markets, the attractiveness of these markets to potential entrants, and the numerous competitors that would remain, the Board concludes that consummation of the proposal would not result in significantly adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that might outweigh the public benefits of this proposal in any nonbank product market.<sup>108</sup> 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.

Chemical Bank has also applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) to establish branches at the offices of Chase Bank listed in Appendix B.<sup>109</sup> The Board has considered the factors it is required to consider when reviewing applications for establishing branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 322) and, for the reasons discussed in this order, finds those factors to be consistent with approval.

Chemical has requested approval under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and sec-

tion 211.5(c)(2) of Regulation K (12 C.F.R. 211.5(c)(2)) to acquire all the shares of certain foreign companies owned by Chase.<sup>110</sup> Chemical has provided notice under section 4(c)(14) of the BHC Act (12 U.S.C. § 1843(c)(14)) and section 211.34 of Regulation K (12 C.F.R. 211.34) to acquire Chase Trade, Inc., an export trading company. In addition, Chemical has provided notice pursuant to section 25A of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*) (the "Edge Act") and section 211.4 of Regulation K (12 C.F.R. 211.4) to acquire Chase Manhattan Overseas Banking Corporation, New York, New York, and Chase Bank International, New Castle County, Delaware, both corporations chartered under the Edge Act, and all the foreign subsidiaries, joint ventures, and portfolio investments of those corporations.

### Conclusion

Based on the foregoing, including the commitments made to the Board by Chemical in connection with these applications and notices, and in light of all the facts of record, the Board has determined that these applications and notices should be, and hereby are, approved.<sup>111</sup> The Board's approval is specifically conditioned on compliance by Chemical and New Chase with all commitments made in connection with these applications and notices as well as the conditions discussed in this order.

The Board's determination as to the nonbanking activities to be conducted by Chemical is subject to all the conditions in the Board's Regulation Y, including those in sections 225.7 and 225.23(g) (12 C.F.R. 225.7 and 225.23(g)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds

107. As stated in Appendix D, the effects of the proposal would be an increase of 153 points to a level of 1301 in the domestic custody market and 151 points to level of 1036 in the global custody market. While this would exceed the DOJ Guidelines, *supra*, for nonbank acquisitions, several factors suggest that both services are likely to remain competitive. After consummation of the proposed merger, neither market would be considered highly concentrated under the DOJ Guidelines. More than two dozen other banks provide custodial services and many have substantial financial resources with which they could increase their volume of custodial services and attract the customers of current providers of these services. Additionally, price competition for these services is high, and there is evidence of recent rapid declines in the fees charged for these services.

108. Chemical proposes to merge Chase's section 20 subsidiary, Chase Securities, Inc., with and into its section 20 subsidiary, Chemical Securities, Inc., both of New York, New York. One commenter stated that Chase lacks internal controls and would adversely affect Chemical Securities, Inc. The Board has reviewed all the facts of record, including examination and inspection reports assessing the managerial resources and policies of Chase; Chase Securities, Inc.; Chemical and Chemical Securities, Inc.; and has concluded that there is no basis for this allegation.

109. Chase Bank, which has its main office in New York, also operates branches in Connecticut. New Chase Bank, which will also have its main office in New York, proposes to retain the Connecticut branches of Chase Bank following the merger of Chase Bank and Chemical Bank. The operation of branches in Connecticut by a New York chartered bank is permitted under New York State law. In addition, Connecticut law permits an out-of-state bank to operate branches in Connecticut under certain circumstances and the Connecticut Banking Commissioner has indicated that Connecticut does not object to the continued operation by New Chase Bank of the former branches of Chase Bank in Connecticut.

110. Chase Leasing (Japan) Limited and its five wholly owned subsidiaries (Chase Air Japan Co., Ltd; Chase Aviation Japan Co., Ltd; CM Leasing Asia Co., Ltd.; First Chase Aircraft Leasing Co., Ltd.; and Marunouchi Leasing Co., Ltd.).

111. Several commenters also alleged that New Chase would not have a sufficient number of African Americans and other minorities in senior management positions. Other commenters alleged that the proposal would result in a loss of jobs that currently are held by minorities. The Board notes that, because New Chase's subsidiary banks would employ more than 50 people, serve as depositories of government funds, and act as agents in selling or redeeming U.S. savings bonds and notes, they are required by regulations of the Department of Labor to:

- (1) File annual reports with the Equal Employment Opportunity Commission; and
- (2) Have in place a written affirmative action compliance program which states efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

See 41 C.F.R. 60-1.7(a), 60-1.40. The Board also notes that, pursuant to regulations of the Department of Labor, New Chase, as the parent company, also would be required to file an annual report with the Equal Employment Opportunity Corporation covering all employees in its entire corporate structure. The EEOC has jurisdiction for determining whether companies are in compliance with the equal employment statutes. The Board is not aware of any finding or adjudication of illegal employment practices, to date, by Chemical or Chase.

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 Chase's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and the banking and non-banking 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 New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 5, 1996.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

## Appendix A

Chemical has filed notices under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Chase, including:

- (1) Chase Securities, Inc., New York, New York, which is engaged in underwriting and dealing in debt securities, equity securities and bank-eligible instruments, acting as agent in the private placement of securities, buying and selling securities on the order of investors as riskless principal, providing certain advisory and securities brokerage services pursuant to Board Order dated August 15, 1988, and providing management consulting advice to unaffiliated bank and nonbank depository institutions and certain other advisory services pursuant to approval received from the Federal Reserve Bank of New York acting under delegated authority dated April 6, 1990;
- (2) Chase Manhattan Realty Leasing Corporation, Chase Commercial Corporation, Chase Manhattan Leasing Corporation, and Clark Rental Corporation, all of New York, New York, and Chase Third Century Leasing Co., Rochester, New York, and engage in leasing and lending activities pursuant to 12 C.F.R. 225.25(b)(5) and 12 C.F.R. 225.25(b)(1);
- (3) Chase Community Development Corporation, New York, New York, and thereby engage in community development activities pursuant to 12 C.F.R. 225.25(b)(6);
- (4) Chase Home Mortgage Corporation of the Southeast and Chase Mortgage Finance Corporation, both of Tampa, Florida, and thereby engage in mortgage banking activities pursuant to 12 C.F.R. 225.25(b)(1);
- (5) The Chase Manhattan Trust Company of California, National Association, San Francisco, California, and thereby

engage in trust company activities pursuant to 12 C.F.R. 225.25(b)(3).

- (6) 12.54 percent of the outstanding voting shares of InfiNet Payment Services, Inc., Hackensack, New Jersey (InfiNet), and thereby own a total of 23.07 percent of the outstanding voting shares of InfiNet, and thereby engage in operating retail electronic funds transfer networks and data processing and related activities pursuant to 12 C.F.R. 225.25(b)(7).
- (7) Certain nonbank subsidiaries that hold loans or leases pursuant to authority granted in a letter from the Federal Reserve Bank of New York dated April 5, 1985.
- (8) Chase Fixed Income Advisers, Inc., New York, New York, and thereby indirectly acquire a 64 percent interest in Chase & MD Sass Partners, New York, New York, and thereby engage in investment advisory activities pursuant to 12 C.F.R. 225.25(b)(4).

## Appendix B

### *Branches to be Established Pursuant to Section 9 and 601 of the Federal Reserve Act*

A. Branches and Remote ATMs of the Chase Manhattan Bank (National Association) that will become branches and remote ATMs of the Chase Manhattan Bank Upon the Merger of the Chase Manhattan Bank (National Association) into Chemical Bank

#### *Full-Service Branches (Address, City/Town, County, State, Zip Code)*

- (1) 369 East 149th Street, Borough of Bronx, City of New York, New York 10455
- (2) 3821 White Plains Road, Borough of Bronx, City of New York, New York 10467
- (3) 35 Westchester Square, Borough of Bronx, City of New York, New York 10461
- (4) 11 Hugh J. Grant Circle, Borough of Bronx, City of New York, New York 10462
- (5) 4200 Baychester Avenue, Borough of Bronx, City of New York, New York 10466
- (6) 3528 East Tremont Avenue, Borough of Bronx, City of New York, New York 10465
- (7) 2 West Fordham Road, Borough of Bronx, City of New York, New York 10468
- (8) 5560 Broadway, Borough of Bronx, City of New York, New York 10463
- (9) 3217 Westchester Avenue, Borough of Bronx, City of New York, New York 10461
- (10) 270 East 137th Street, Borough of Bronx, City of New York, New York 10454
- (11) 4622 13th Avenue, Borough of Brooklyn, City of New York, New York 11219
- (12) 1000 Nostrand Avenue, Borough of Brooklyn, City of New York, New York 11225
- (13) 6510 Avenue U, Borough of Brooklyn, City of New York, New York 11234

- (14) 9313 3rd Avenue, Borough of Brooklyn, City of New York, New York 11209
- (15) 140 58th Street, Borough of Brooklyn, City of New York, New York 11220
- (16) 722 Brighton Beach Avenue, Borough of Brooklyn, City of New York, New York 11235
- (17) 4323 18th Avenue, Borough of Brooklyn, City of New York, New York 11218
- (18) 1501 Avenue M, Borough of Brooklyn, City of New York, New York 11230
- (19) 2771 Nostrand Avenue, Borough of Brooklyn, City of New York, New York 11223
- (20) 7415 5th Avenue, Borough of Brooklyn, City of New York, New York 11209
- (21) 4 Chase Metrotech Center, Borough of Brooklyn, City of New York, New York 11245
- (22) 33 East 23rd Street, Borough of Manhattan, City of New York, New York 10110
- (23) 623 Broadway, Borough of Manhattan, City of New York, New York 10012
- (24) 400 East 23rd Street, Borough of Manhattan, City of New York, New York 10010
- (25) 15 East 26th Street, Borough of Manhattan, City of New York, New York 10010
- (26) 60 East 42nd Street, Borough of Manhattan, City of New York, New York 10017
- (27) 40 West 34th Street, Borough of Manhattan, City of New York, New York 10001
- (28) 100 West 57th Street, Borough of Manhattan, City of New York, New York 10019
- (29) 825 United Nations Plaza, Borough of Manhattan, City of New York, New York 10017
- (30) 535 Fifth Avenue, Borough of Manhattan, City of New York, New York 10017
- (31) 2099 Broadway, Borough of Manhattan, City of New York, New York 10023
- (32) 1 New York Plaza, Borough of Manhattan, City of New York, New York 10081
- (33) 4 Columbus Circle, Borough of Manhattan, City of New York, New York 10019
- (34) 214 Broadway, Borough of Manhattan, City of New York, New York 10038
- (35) 84 Fifth Avenue, Borough of Manhattan, City of New York, New York 10011
- (36) 1211 6th Avenue, Borough of Manhattan, City of New York, New York 10036
- (37) 399 Seventh Avenue, Borough of Manhattan, City of New York, New York 10001
- (38) 45 Madison Avenue, Borough of Manhattan, City of New York, New York 10010
- (39) 270 Madison Avenue, Borough of Manhattan, City of New York, New York 10016
- (40) 726 Madison Avenue, Borough of Manhattan, City of New York, New York 10021
- (41) 1441 Broadway, Borough of Manhattan, City of New York, New York 10018
- (42) 380 Madison Avenue, Borough of Manhattan, City of New York, New York 10017
- (43) 1025 Madison Avenue, Borough of Manhattan, City of New York, New York 10021
- (44) 101 Park Avenue, Borough of Manhattan, City of New York, New York 10016
- (45) 350 Park Avenue, Borough of Manhattan, City of New York, New York 10022
- (46) 410 Park Avenue, Borough of Manhattan, City of New York, New York 10022
- (47) 241 East 42nd Street, Borough of Manhattan, City of New York, New York 10017
- (48) 110 West 52nd Street, Borough of Manhattan, City of New York, New York 10019
- (49) Rockefeller Plaza, Borough of Manhattan, City of New York, New York 10112
- (50) 200 East 57th Street, Borough of Manhattan, City of New York, New York 10022
- (51) 161 Dyckman Street, Borough of Manhattan, City of New York, New York 10040
- (52) 515 Audubon Avenue, Borough of Manhattan, City of New York, New York 10040
- (53) 2218 Fifth Avenue, Borough of Manhattan, City of New York, New York 10037
- (54) 2065 Second Avenue, Borough of Manhattan, City of New York, New York 10029
- (55) 1 Chase Manhattan Plaza, Borough of Manhattan, City of New York, New York 10081
- (56) 302 West 12th Street, Borough of Manhattan, City of New York, New York 10014
- (57) 284 Eighth Avenue, Borough of Manhattan, City of New York, New York 10011
- (58) 185 Canal Street, Borough of Manhattan, City of New York, New York 10013
- (59) 1 Lincoln Plaza, Borough of Manhattan, City of New York, New York 10023
- (60) 2 Fifth Avenue, Borough of Manhattan, City of New York, New York 10011
- (61) 120 World Trade Center Concourse, Borough of Manhattan, City of New York, New York 10048
- (62) 255 East 86th Street, Borough of Manhattan, City of New York, New York 10028
- (63) 201 East 79th Street, Borough of Manhattan, City of New York, New York 10021
- (64) 345 Hudson Street, Borough of Manhattan, City of New York, New York 10014
- (65) 2 Bowery, Borough of Manhattan, City of New York, New York 10013
- (66) 596 Fort Washington Avenue, Borough of Manhattan, City of New York, New York 10033
- (67) 388 Greenwich Street, Borough of Manhattan, City of New York, New York 10013
- (68) 307 Columbus Avenue, Borough of Manhattan, City of New York, New York 10023
- (69) 251 West 135th Street, Borough of Manhattan, City of New York, New York 10030
- (70) Columbia Presbyterian, Harkness Pavilion, 180 ft. from Washington Ave., Borough of Manhattan, City of New York, New York 10032

- (71) 540 Columbus Avenue, Borough of Manhattan, City of New York, New York 10024
- (72) 37–67 75th Street, Jackson Heights, Borough of Queens, City of New York, New York 11372
- (73) 37–94 103rd Street, Corona, Borough of Queens, City of New York, New York 11368
- (74) 59–01 Roosevelt Avenue, Woodside, Borough of Queens, City of New York, New York 11377
- (75) 257 Beach 116th Street, Rockaway, Borough of Queens, City of New York, New York 11694
- (76) 184–01 Hillside Avenue, Jamaica Estates, Borough of Queens, City of New York, New York 11432
- (77) 65–49 Myrtle Avenue, Glendale, Borough of Queens, City of New York, New York 11385
- (78) 161–10 Jamaica Avenue, Jamaica, Borough of Queens, City of New York, New York 11432
- (79) 84–01 Jamaica Avenue, Woodhaven, Borough of Queens, City of New York, New York 11421
- (80) 81–35 Lefferts Boulevard, Kew Gardens, Borough of Queens, City of New York, New York 11415
- (81) 74–02 101st Avenue, Ozone Park, Borough of Queens, City of New York, New York 11416
- (82) 96–19 101st Avenue, Ozone Park, Borough of Queens, City of New York, New York 11416
- (83) 114–20 Jamaica Avenue, Richmond Hill, Borough of Queens, City of New York, New York 11418
- (84) 111–18 Liberty Avenue, Richmond Hill, Borough of Queens, City of New York, New York 11419
- (85) 252–34 Northern Boulevard, Little Neck, Borough of Queens, City of New York, New York 11363
- (86) 43–01 Bell Boulevard, Bayside, Borough of Queens, City of New York, New York 11361
- (87) 163–20 Northern Boulevard, Flushing, Borough of Queens, City of New York, New York 11358
- (88) 39–15 Main Street, Flushing, Borough of Queens, City of New York, New York 11354
- (89) 187–08 Horace Harding Boulevard, Fresh Meadows, Borough of Queens, City of New York, New York 11365
- (90) 215–48 Jamaica Avenue, Queens Village, Borough of Queens, City of New York, New York 11428
- (91) 153–15 Cross Island Parkway, Whitestone, Borough of Queens, City of New York, New York 11357
- (92) 104–17 Queens Boulevard, Forest Hills, Borough of Queens, City of New York, New York 11375
- (93) 32–12 Broadway, Astoria, Borough of Queens, City of New York, New York 11106
- (94) 22–45 31st Street, Astoria, Borough of Queens, City of New York, New York 11105
- (95) 30–30 Steinway Street, Astoria, Borough of Queens, City of New York, New York 11103
- (96) 46–01 Greenpoint Avenue, Sunnyside, Borough of Queens, City of New York, New York 11104
- (97) 44–04 21st Street, Long Island City, Borough of Queens, City of New York, New York 11101
- (98) 47–40 21st Street, Long Island City, Borough of Queens, City of New York, New York 11101
- (99) 66–60 Fresh Pond Road, Ridgewood, Borough of Queens, City of New York, New York 11385
- (100) 66–02 Grand Avenue, Maspeth, Borough of Queens, City of New York, New York 11378
- (101) 51–15 Metropolitan Avenue, Ridgewood, Borough of Queens, City of New York, New York 11385
- (102) 74–03 Metropolitan Avenue, Middle Village, Borough of Queens, City of New York, New York 11379
- (103) 70–46 Austin Street, Forest Hills, Borough of Queens, City of New York, New York 11375
- (104) 666 Forest Avenue, Borough of Staten Island, City of New York, New York 10310
- (105) 200 New Dorp Lane, Borough of Staten Island, City of New York, New York 10306
- (106) 1151 Hylan Boulevard, Borough of Staten Island, City of New York, New York 10305
- (107) 230 Arden Avenue, Borough of Staten Island, City of New York, New York 10312
- (108) 1 Hollow Lane, Lake Success, Nassau County, New York 11040
- (109) 22 Grace Avenue, Great Neck, Nassau County, New York 11021
- (110) 930 Rosedale Road, South Valley Stream, Nassau County, New York 11581
- (111) 1900 Hempstead Turnpike, East Meadow, Nassau County, New York 11554
- (112) 3479 Merrick Road, Seaford, Nassau County, New York 11783
- (113) 267 Old Country Road, Carle Place, Nassau County, New York 11758
- (114) Harbourview Shopping Center, 1500 Old Northern Boulevard, Roslyn, Nassau County, New York 11576
- (115) 1820 Grand Avenue, Baldwin, Nassau County, New York 11510
- (116) 425 Glen Cove Road, East Hills, Nassau County, New York 11577
- (117) 330 Plandome Road, Manhasset, Nassau County, New York 11030
- (118) 365 South Oyster Bay Road, Plainview, Nassau County, New York 11803
- (119) 220 West Jericho Turnpike, Syosset, Nassau County, New York 11791
- (120) 416–418 Central Avenue, Cedarhurst, Nassau County, New York 11516
- (121) 3140 Long Beach Road, Oceanside, Nassau County, New York 11572
- (122) 1149 Wantagh Avenue, Wantagh, Nassau County, New York 11793
- (123) Mineola Business & Professional Bkg. Ctr., 106 Old Country Rd., Mineola, Nassau County, New York 11501
- (124) 2122 Merrick Avenue, Merrick, Nassau County, New York 11566
- (125) 7970 Jericho Turnpike, Woodbury, Nassau County, New York 11797
- (126) 900 Stewart Avenue, Garden City, Nassau County, New York 11530
- (127) 2469 Hempstead Turnpike, East Meadow, Nassau County, New York 11554
- (128) 4276 Hempstead Turnpike, Bethpage, Nassau County, New York 11714

- (129) 2111 Northern Boulevard, Manhasset, Nassau County, New York 11030
- (130) Merrick Road, Rockville Centre, Nassau County, New York 11570
- (131) 301 North Broadway, Jericho, Nassau County, New York 11753
- (132) 350 North Broadway, Jericho, Nassau County, New York 11753
- (133) One Jericho Plaza, Jericho, Nassau County, New York 11753
- (134) K-Mart Plaza, Rte. 17M, Monroe, Orange County, New York 10950
- (135) Southeast Plaza, Rte. 22, Brewster, Putnam County, New York 10509
- (136) One Blue Hill Plaza, Pearl River, Rockland County, New York 10965
- (137) 715 Route 304, Bardonia, Rockland County, New York 10954
- (138) Bohemia Business & Professional Banking Center, 3900 Veterans Highway, Bohemia, Suffolk County, New York 11716
- (139) 56 Main Street, Islip, Suffolk County, New York 11751
- (140) 135 Pinelawn Road, Melville, Suffolk County, New York 11747
- (141) 50 Route 111, Smithtown, Suffolk County, New York 11787
- (142) 285 Middle Country Road, Selden, Suffolk County, New York 11784
- (143) 2801 Route 112, Medford, Suffolk County, New York 11763
- (144) 721 Fort Salonga Road, Northport, Suffolk County, New York 11768
- (145) 120 Commerce Drive, Hauppauge, Suffolk County, New York 11788
- (146) 401 Broad Hollow Road, Melville, Suffolk County, New York 11746
- (147) 420 Montauk Highway, West Islip, Suffolk County, New York 11795
- (148) 307 Main Street, Huntington, Suffolk County, New York 11743
- (149) 42 Vanderbilt Motor Parkway, Commack, Suffolk County, New York 11725
- (150) 10 Smith Haven Mall (Store No. B-3), Lake Grove, Suffolk County, New York 11755
- (151) 3 South Central Park Avenue, Hartsdale, Westchester County, New York 10530
- (152) 2 Overhill Road, Scarsdale, Westchester County, New York 10583
- (153) 2035 Crompond Road, Yorktown Heights, Westchester County, New York 10598
- (154) 875 Saw Mill River Road, Ardsley, Westchester County, New York 10502
- (155) 511 Gramatan Avenue, Mount Vernon, Westchester County, New York 10552
- (156) 203 Wolfs Lane, Pelham, Westchester County, New York 10803
- (157) 711 Bedford Road, Bedford Hills, Westchester County, New York 10507
- (158) Millwood Shopping Center, Rts. 100 & 133, Millwood, Westchester County, New York 10546
- (159) 1019 Yonkers Avenue, Yonkers, Westchester County, New York 10704
- (160) 87 Nepperhan Avenue, Yonkers, Westchester County, New York 10701
- (161) Cross River Plaza, Routes 35 and 124, Cross River, Westchester County, New York 10518
- (162) 45 Quaker Ridge Road, New Rochelle, Westchester County, New York 10804
- (163) 16 Guion Place, New Rochelle, Westchester County, New York 10802
- (164) 270 North Avenue, New Rochelle, Westchester County, New York 10801
- (165) 360 White Plains Road, Eastchester, Westchester County, New York 10709
- (166) 73 Purchase Street, Rye, Westchester County, New York 10580
- (167) 275 Halstead Avenue, Harrison, Westchester County, New York 10528
- (168) Chatsworth & Palmer Avenues, Larchmont, Westchester County, New York 10538
- (169) 747 White Plains Road, Eastchester, Westchester County, New York 10583
- (170) 360 South Broadway, Tarrytown, Westchester County, New York 10591
- (171) 16 Main Street, Mount Kisco, Westchester County, New York 10549
- (172) 17 Washington Avenue, Pleasantville, Westchester County, New York 10570
- (173) 1844 Pleasantville Road, Briarcliff, Westchester County, New York 10510
- (174) 707 Westchester Avenue, White Plains, Westchester County, New York 10460
- (175) 31 Mamaroneck Avenue, White Plains, Westchester County, New York 10601
- (176) 501 Mamaroneck Avenue, White Plains, Westchester County, New York 10605
- (177) 1214 Mamaroneck Avenue, White Plains, Westchester County, New York 10605
- (178) 305 North Street, White Plains, Westchester County, New York 10605
- (179) 566 North Broadway, White Plains, Westchester County, New York 10603
- (180) 1825 East Main Street, Peekskill, Westchester County, New York 10566
- (181) Routes 202 & 100, Somers, Westchester County, New York 10589
- (182) Route 6 & Lee Road, Jefferson Valley, Westchester County, New York 10535
- (183) 800 Central Park Avenue, Yonkers, Westchester County, New York 10704
- (184) 1755 Monroe Avenue, Rochester, Monroe County, New York 14618
- (185) 245 Merchants Road, Rochester, Monroe County, New York 14609
- (186) 1130 Main Street East, Rochester, Monroe County, New York 14609



- (187) 1950 Empire Boulevard, Webster, Monroe County, New York 14580
- (188) 865 Fairport Road, East Rochester, Monroe County, New York 14445
- (189) 1982 East Ridge Road, Irondequoit, Monroe County, New York 14622
- (190) 674 Titus Avenue, Irondequoit, Monroe County, New York 14617
- (191) 88 Irondequoit Mall Drive, Irondequoit, Monroe County, New York 14622
- (192) One Chase Square, Rochester, Monroe County, New York 14643
- (193) 260 Crittenden Boulevard, Rochester, Monroe County, New York 14620
- (194) 560 Monroe Avenue, Rochester, Monroe County, New York 14607
- (195) 2159 Fairport Nine Mile Point Road, Penfield, Monroe County, New York 14426
- (196) 595 Mosley Road, Fairport, Monroe County, New York 14450 (197) 31 State Street, Pittsford, Monroe County, New York 14534
- (198) 520 Portland Avenue, Rochester, Monroe County, New York 14605
- (199) University of Rochester, Todd Union Bldg., Joseph C. Wilson Blvd., Rochester, Monroe County, New York 14627
- (200) 920 Holt Road, Webster, Monroe County, New York 14580
- (201) 66 Main Street, Brockport, Monroe County, New York 14220
- (202) 2900 Dewey Avenue, Rochester, Monroe County, New York 14616
- (203) 1 Main Street West, Rochester, Monroe County, New York 14614
- (204) 6 Spencerport Road, Gates, Monroe County, New York 14606
- (205) 1575 East Henrietta Road, Henrietta, Monroe County, New York 14623
- (206) 3917 Lake Avenue, Rochester, Monroe County, New York 14612
- (207) 2300 Buffalo Road, Rochester, Monroe County, New York 14612
- (208) 690 Long Pond Road, Greece, Monroe County, New York 14612
- (209) 358 Greece Ridge Center Drive, Greece, Monroe County, New York 14626
- (210) 4390 Buffalo Road, North Chili, Monroe County, New York 14514
- (211) 1 Rochester Street, Scottsville, Monroe County, New York 14546
- (212) 36 Genesee Street, Rochester, Monroe County, New York 14611
- (213) 2130 Chili Avenue, Gates, Monroe County, New York 14624
- (214) 130 South Main Street, Canandaigua, Ontario County, New York 14420
- (215) 2-8 East Market Street, Corning, Steuben County, New York 14830
- (216) 58 East Pulteney Street, Corning, Steuben County, New York 14830
- (217) 4124 Pearsall Street, Williamson, Wayne County, New York 14589
- (218) 815 Route 31, Macedon, Wayne County, New York 14502
- (219) 4425 East Genesee Street, DeWitt, Onondaga County, New York 13066
- (220) 6004 Court Street Road, DeWitt, Onondaga County, New York 13206
- (221) 801 James Street, Syracuse, Onondaga County, New York 13203
- (222) One Lincoln Center, Syracuse, Onondaga County, New York 13202
- (223) 329 Fayette Street, Manlius, Onondaga County, New York 13104
- (224) 249 North Main Street, Minoa, Onondaga County, New York 13116
- (225) One MONY Plaza, Carrier Tower, Syracuse, Onondaga County, New York 13202
- (226) 649 South Crouse Avenue, Syracuse, Onondaga County, New York 13210
- (227) 5788 East Circle Drive, Cicero, Onondaga County, New York 13039
- (228) 3508 West Genesee Street, Camillus, Onondaga County, New York 13219
- (229) 4169 Elmcrest Road, Clay, Onondaga County, New York 13090
- (230) 420 7th North Street, Salina, Onondaga County, New York 13088
- (231) 4800 South Salina Street, Syracuse, Onondaga County, New York 13205
- (232) 150 Main Street, Oneida, Madison County, New York 13421
- (233) 204 West First Street, Oswego, Oswego County, New York 13126
- (234) 23 Main Street, Bemus Point, Chautauqua County, New York 14712
- (235) 20 West Main Street, Falconer, Chautauqua County, New York 14733
- (236) 19 East Main Street, Frewsburg, Chautauqua County, New York 14738
- (237) 2-8 Third Street, Jamestown, Chautauqua County, New York 14701
- (238) 1 West Sixth Street, Jamestown, Chautauqua County, New York 14701
- (239) 281 East Fairmount Avenue, Lakewood, Chautauqua County, New York 14750
- (240) 76 South Erie Street, Mayville, Chautauqua County, New York 14757
- (241) 737 Foote Avenue, Jamestown, Chautauqua County, New York 14701
- (242) 1635 West Third Street, Jamestown, Chautauqua County, New York 14701
- (243) 904 Broadway, Buffalo, Erie County, New York 14212
- (244) 6348 Transit Road, Depew, Erie County, New York 14043
- (245) 295 Main Street, Buffalo, Erie County, New York 14203

- (246) 6532 East Quaker Road, Orchard Park, Erie County, New York 14127
- (247) 2225 Colvin Boulevard, Tonawanda, Erie County, New York 14150
- (248) 5930 Main Street, Williamsville, Erie County, New York 14221
- (249) 33 West State Street, Binghamton, Broome County, New York 13901
- (250) 315 Conklin Avenue, Binghamton, Broome County, New York 13903
- (251) 149–153 Robinson Street, Binghamton, Broome County, New York 13904
- (252) 1310 North Street, Endicott, Broome County, New York 13760
- (253) Five Mile Point Plaza, Kirkwood, Broome County, New York 13795
- (254) 181 Clinton Street, Binghamton, Broome County, New York 13905
- (255) 1085 Chenango Street, Fenton, Broome County, New York 13901
- (256) 2 Court Street, Binghamton, Broome County, New York 13901
- (257) 20 Jenison Avenue, Johnson City, Broome County, New York 13790
- (258) Oakdale Mall (Store No. 19), Reynolds Road and Harry L Drive, Johnson City, Broome County, New York 13790
- (259) 4481 Vestal Parkway East, Vestal, Broome County, New York 13850
- (260) Main Street and 119th Street, Whitney Point, Broome County, New York 13862
- (261) Front & Lake Streets, Oswego, Tioga County, New York 13827
- (262) 1766 Union Street, Niskayuna, Schenectady County, New York 12309
- (263) 20 Corporate Woods Boulevard, Colonie, Albany County, New York 12211
- (264) 1090 Post Road East, Westport, Fairfield County, Connecticut 06880
- (265) 184 Main Street, Westport, Fairfield County, Connecticut 06880
- (266) 1401 Post Road, Fairfield, Fairfield County, Connecticut 06430
- (267) 2272 Black Rock Turnpike, Fairfield, Fairfield County, Connecticut 06430
- (268) 161 Hillside Road, Fairfield, Fairfield County, Connecticut 06430
- (269) 784 Villa Avenue, Fairfield, Fairfield County, Connecticut 06430
- (270) 961 Main Street, Bridgeport, Fairfield County, Connecticut 06801
- (271) 1071 East Main Street, Bridgeport, Fairfield County, Connecticut 06608
- (272) 2093 Main Street, Bridgeport, Fairfield County, Connecticut 06606
- (273) 50 Washington Street, Norwalk, Fairfield County, Connecticut 06854
- (274) 123 Boston Avenue, Bridgeport, Fairfield County, Connecticut 06610
- (275) 1460 State Street, Bridgeport, Fairfield County, Connecticut 06605
- (276) 3030 Park Avenue, Bridgeport, Fairfield County, Connecticut 06606
- (277) 45 Prospect Street, Stamford, Fairfield County, Connecticut 06904
- (278) 1066 Hope Street, Stamford, Fairfield County, Connecticut 06907
- (279) 274 Hope Street, Stamford, Fairfield County, Connecticut 06906
- (280) 454 Boston Post Rd. - Old Kgs Highway, Darien, Fairfield County, Connecticut 06820
- (281) 211 E. Putnam Avenue, Cos Cob, Fairfield County, Connecticut 06807
- (282) 24 Arcadia Road, Old Greenwich, Fairfield County, Connecticut 06870
- (283) 122 Main Street, New Canaan, Fairfield County, Connecticut 06840
- (284) 21 East Avenue, New Canaan, Fairfield County, Connecticut 06840
- (285) Greenwich Financial Center, 3A Pickwick Plaza, Greenwich, Fairfield County, Connecticut 06830
- (286) 2855 Main Street, Stratford, Fairfield County, Connecticut 06497
- (287) 2366 Main Street, Stratford, Fairfield County, Connecticut 06497
- (288) 3226 Main Street, Stratford, Fairfield County, Connecticut 06497
- (289) Quality Street, Trumbull, Fairfield County, Connecticut 06611
- (290) 456 Monroe Turnpike, Monroe, Fairfield County, Connecticut 06468
- (291) 915 White Plains Road, Trumbull, Fairfield County, Connecticut 06611
- (292) 1 Commerce Road, Newtown, Fairfield County, Connecticut 06470
- (293) 860 Bridgeport Avenue, Shelton, Fairfield County, Connecticut 06484
- (294) 234 Main Street, Danbury, Fairfield County, Connecticut 06810
- (295) Rt. 6 and Payne Rd., Danbury, Fairfield County, Connecticut 06810
- (296) 146 Greenwood Avenue, Bethel, Fairfield County, Connecticut 06801
- (297) 34 Danbury Road, Wilton, Fairfield County, Connecticut 06897
- (298) 125 Danbury Road, Ridgefield, Fairfield County, Connecticut 06877
- (299) 33 Old Ridgefield Road, Wilton, Fairfield County, Connecticut 06897
- (300) 927 Farmington Avenue, West Hartford, Hartford County, Connecticut 06107
- (301) 1065 Main Street, East Hartford, Hartford County, Connecticut 06108
- (302) 712 Main Street, Watertown, Litchfield County, Connecticut 06795
- (303) 370 Boston Post Road, Milford, New Haven County, Connecticut 06460

- (304) 975 South Main Street, Cheshire, New Haven County, Connecticut 06410
- (305) 771 Boston Post Road, Milford, New Haven County, Connecticut 06460
- (306) 24 Washington Avenue, North Haven, New Haven County, Connecticut 06473
- (307) 124 Temple Street, New Haven, New Haven County, Connecticut 06510
- (308) 234 Church Street, New Haven, New Haven County, Connecticut 06510
- (309) 195 Grand Street, Waterbury, New Haven County, Connecticut 06702
- (310) 252 Chase Avenue, Waterbury, New Haven County, Connecticut 06720
- (311) 403 Middlebury Road, Middlebury, New Haven County, Connecticut 06762
- (312) 198 Meadow Street, Naugatuck, New Haven County, Connecticut 06770
- (313) 1030 Wolcott Street, Waterbury, New Haven County, Connecticut 06705
- (314) Upstate Mobile ATM #1 (Branch Number 90253C)<sup>1</sup>
- (315) Upstate Mobile ATM #2 (Branch Number 90254C)<sup>2</sup>
- (316) 725 East 233rd Street, Borough of Bronx, City of New York, New York 10466
- (317) 1650 Gun Hill Road, Borough of Bronx, City of New York, New York 10469
- (318) 3555 Johnson Avenue, Borough of Bronx, City of New York, New York 10463
- (319) 2 East Kingsbridge Road, Borough of Bronx, City of New York 10468
- (320) 875 Manhattan Avenue, Borough of Brooklyn, City of New York, New York 11222
- (321) 260 Broadway, Borough of Brooklyn, City of New York, New York 11211
- (322) 16 Court Street, Borough of Brooklyn, City of New York, New York 11241
- (323) 8523 20th Avenue, Borough of Brooklyn, City of New York, New York 11214
- (4) Bear Stearns ATM, One Metrotech Center, Borough of Brooklyn, City of New York, New York 11201
- (5) Wyckoff Heights Medical Ctr ATM, 374 Stockholm Street, Borough of Brooklyn, City of New York, New York 11237
- (6) Lexington Avenue & 75th St. ATM, 1050 Lexington Avenue, Borough of Manhattan, City of New York, New York 10021
- (7) Pace University ATM, 1 Pace Plaza, Borough of Manhattan, City of New York, New York 10038
- (8) Beth Israel Medical Center ATM, 10 Nathan D. Perlman Pl., Borough of Manhattan, City of New York, New York 10003
- (9) 124 West 60th Street ATM, 124 West 60th Street, Borough of Manhattan, City of New York, New York 10019
- (10) 2 Chase Plaza ATM, 2 Chase Plaza, Borough of Manhattan, City of New York, New York 10061
- (11) Dewey, Ballantine ATM, 1380 Avenue of the Americas, Borough of Manhattan, City of New York, New York 10019
- (12) Guardian Life Insurance Co ATM, 201 Park Avenue South, Borough of Manhattan, City of New York, New York 10003
- (13) Maiden Lane ATM, 33 Maiden Lane, Borough of Manhattan, City of New York, New York 10038
- (14) Proskauer, Rose, Goetz & Mendelsohn ATM, 1585 Broadway, Borough of Manhattan, City of New York, New York 10036
- (15) Rockefeller University ATM, Plaza Building, 1230 York Avenue, Borough of Manhattan, City of New York, New York 10021
- (16) St. Vincent Hospital ATM, 152 West 11th Street, Borough of Manhattan, City of New York, New York 10011
- (17) Salomon Brothers ATM, 7 World Trade Center, Borough of Manhattan, City of New York, New York 10048
- (18) SONY Theatres ATM, Lincoln Square Building, 1255 Broadway, Borough of Manhattan, City of New York, New York 10023
- (19) 24th Street & 8th Ave ATM, 284 8th Avenue, Borough of Manhattan, City of New York, New York 10011
- (20) St. Johns University ATM, Grand Central & Utopia Pkwy, Borough of Queens, City of New York, New York 11439
- (21) US Open ATM (Seasonal), USTA National Tennis Center, Borough of Queens, City of New York, New York 11388
- (22) Hofstra University ATM, 1000 Fulton Avenue, Uniondale, Nassau County, New York 11583
- (23) Nassau Community College ATM, Stewart Avenue, Garden City, Nassau County, New York 11530
- (24) 1985 Marcus Avenue ATM, 1985 Marcus Avenue, 1st Fl, Lake Success, Nassau County, New York 11040
- (25) Metropolitan Life ATM, 2928 Express Drive North, Hauppauge, Suffolk County, New York 11722
- (26) SUNY Farmingdale ATM, Roosevelt Hall, Ground Floor, Farmingdale, Suffolk County, New York 11735
- (27) Technicon Instruments Corp. ATM, 511 Benedict Avenue, Tarrytown, Westchester County, New York 10591

### *Electronic Facilities<sup>3</sup>*

- (1) Lutheran Medical Center ATM, 180 - 58th Street, Borough of Brooklyn, City of New York, New York 11220
- (2) Metrotech/S.I.A.C. ATM, 2 Metrotech Center, 9th Floor, Borough of Brooklyn, City of New York, New York 11201
- (3) New York Telephone ATM, 95-101 Willoughby Street, Lobby, Borough of Brooklyn, City of New York, New York 11201

1. Licensed as a full-service branch to conduct business anywhere within 36 designated counties in upstate New York, except that it may not conduct business in home office protected communities within those counties.

2. Licensed as a full-service branch to conduct business anywhere within 36 designated counties in upstate New York, except that it may not conduct business in home office protected communities within those counties.

3. These are unmanned stand-alone ATMs.

- (28) MBIA Co.- Armonk ATM, 113 King Street, Armonk, Westchester County, New York 10504
- (29) NYNEX Corporation ATM, 1113 Westchester Avenue, 1st Fl., White Plains, Westchester County, New York 10460
- (30) Westchester County Medical Center ATM, Main Hospital, Lobby Level, Valhalla, Westchester County, New York 10595
- (31) Indian Point ATM, 295 Broadway, Buchanan, Westchester County, New York 10511
- (32) Landmark ATM, 777 Old Saw Mill River Road, Tarrytown, Westchester County, New York 10591
- (33) United Hospital Medical Center ATM, 406 Boston Post Road, 1st Fl., Port Chester, Westchester County, New York 10593
- (34) Bridgeport ATM, 999 Broad Street, Bridgeport, Fairfield County, Connecticut 06904
- (35) General Reinsurance ATM, 695 East Main Street, Stamford, Fairfield County, Connecticut 06904
- (36) Fairfield University ATM, North Benson Road, Fairfield, Fairfield County, Connecticut 06430
- (37) Gartner Group ATM, 88 Top Gallant Road, Stamford, Fairfield County, Connecticut 06904
- (38) Liz Clairborne ATM, One Clairborne Avenue, North Bergen, Bergen County, Connecticut 07047
- (39) Brockport South ATM, 6505 Brockport-Spencerport Rd., Brockport, Monroe County, New York 14420
- (40) Corning Glass ATM, Corning Glass Center, GC-2, Houghton Park, Monroe County, New York 14830
- (41) Gateway Centre ATM, 150 East Main Street, Rochester, Monroe County, New York 14647
- (42) Greece Ridge Center ATM, 271 Greece Ridge Drive, Rochester, Monroe County, New York 14626
- (43) Irondequoit Mall ATM, 88 Irondequoit Mall Dr., Irondequoit, Monroe County, New York 14622
- (44) Long Ridge ATM, 1334 Long Pond Rd., Rochester, Monroe County, New York 14626
- (45) University of Rochester Medical Center ATM, University of Rochester, Elmwood Ave., Rochester, Monroe County, New York 14627
- (46) Midtown ATM, 299 Midtown Plaza, Rochester, Monroe County, New York 14604
- (47) Roberts Wesleyan ATM, 2301 Westside Dr., Rochester, Monroe County, New York 14624
- (48) Rush Rhees Library ATM, University of Rochester, Library Rd., Rochester, Monroe County, New York 14627
- (49) Seneca ATM, 20 S. Clinton Ave., Rochester, Monroe County, New York 14604
- (50) St. Mary's Hospital ATM, 89 Genesee St., Rochester, Monroe County, New York 14611
- (51) Carrier Dome ATM, Syracuse University, Irving Avenue, Syracuse, Onondaga County, New York 13244
- (52) Goldstein Student Center ATM, Syracuse University, Skytop Rd., Syracuse, Onondaga County, New York 13210
- (53) Schine Student Center ATM, 303 University Pl., Syracuse, Onondaga County, New York 13210
- (54) Ingram ATM, 1759 Wehrle Dr., Williamsville, Erie County, New York 14221

- (55) Lourdes Hospital ATM, 169 Riverside Dr., Binghamton, Broome County, New York 13905
- (56) Macedon ATM, 1503 Canadaigua Rd. South, Macedon, Wayne County, New York 14502
- (57) Newark-Wayne Community Hospital ATM, Drive Park Avenue and Main., Newark, Essex County, New Jersey 14513
- (58) Oswego University ATM, 1157 Route 104 West, Oswego, Oswego County, New York 13126
- (59) Quality Markets, 249 Fluvanna Ave., Jamestown, Chautauqua County, New York 14701
- (60) WCA Hospital ATM, 207 Foote Ave., Jamestown, Chautauqua County, New York 14701

#### *Foreign Branches<sup>4</sup>*

- (1) Calle Arenales 707, Piso 5, Buenos Aires 1061, Capital Fed'l, Argentina
- (2) Da Costa Building, 68 Grenfell Street, Level 2, Adelaide, SA 5000, Australia
- (3) 87 Wickham Terrace, Brisbane, QLD 4000, Australia
- (4) 55 Northbourne Avenue, Unit 5, Canberra, A.C.T., Australia
- (5) AMP Building, 86 Collins Street - Ground Level, Hobart, TAS 7000, Australia
- (6) 461 Bourke Street, Melbourne, VIC 3000, Australia
- (7) 95 William Street, Level C, Perth, WA 6000, Australia
- (8) World Trade Centre, 1 Jamison Street, Levels 33-36, Sydney, Australia
- (9) Shirley & Charlotte Streets, Nassau, Bahamas
- (10) Sheraton Tower, Lfs. 1-4, Bahrain Commercial Complex, Manama, Bahrain
- (11) Blue Tower, Avenue Louise 326, 9th Floor, B-1050 Brussels, Belgium
- (12) Wickham's Cay, Roadtown, Tortola, British Virgin Islands
- (13) Chase House, Greville Street, St. Helier, Jersey, JE48QH
- (14) Agustinas 1235, 5th Floor, Santiago, Chile
- (15) Tianjin Int'l. Bldg., Room 1401, 75 Nanjing Road, Tianjin 300050, People's Republic of China
- (16) 42 Rue Washington, 75008 Paris, France
- (17) Zweigniederlassung Frankfurt, Alexanderstrasse 59, 60489 Frankfurt/Main, Germany
- (18) 3 Korai Street, Athens, Greece
- (19) 87 Akti Miaouli, Piraeus, Greece
- (20) Causeway Bay Branch, Ground Floor, Thai Kong Building, 480-482, Hennessy Road, Hong Kong
- (21) Central Branch, Alexandria House, 6 Ice House Street, Central, Hong Kong
- (22) Hennessy Road Branch, Ground Floor, 313-317B Hennessy Road, Hong Kong
- (23) Wanchai Branch, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong
- (24) Hunghom Branch, 21 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong

4. All branches listed are full-service branches unless otherwise noted.

- (25) Mongkok Branch, 720 Nathan Road, Mongkok, Kowloon, Hong Kong
- (26) Silvercord Branch, Ground Floor, Shop 30–33, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
- (27) Maker Chambers VI, F, Nariman Point, Bombay 400 021, India
- (28) Plaza Chase, Jl. Jend. Sudirman Kav. 21, Jakarta 12920, Indonesia
- (29) Piazza Meda 1, 20121 Milan, Italy
- (30) Via M Mercati 39, 00197 Rome, Italy
- (31) Crystal Tower 22, 1–2-27, Shiromi, Chuo-ku, Osaka 540, Japan
- (32) Tokyo New Kaijo Building, 1–2-1, Marunouchi, Chiyoda-Ku, Tokyo 100, Japan
- (33) Chase Plaza, 34–35, Chung-Dong, Choong-Ku, Seoul, Korea 100–120
- (34) Level 5, Lot 3B, Wisma Lazenda, Jalan Kemajuan, 87007 WP Labuan, Malaysia
- (35) Atrium - Fourth Floor, Strawinskylaan 3077, 1077 2X Amsterdam, The Netherlands
- (36) Simpson Bay, Friendly Island Shopping Center, P.O. Box 921, St. Maarten, Netherlands Antilles
- (37) Mullet Bay Branch, Mullet Bay, St. Maarten, Netherlands Antilles
- (38) Phillipsburg Branch, A Cannegieter Street, Pondfill, Phillipsburg, St. Maarten, Netherlands Antilles
- (39) ATM Site, Avenida Ricardo J. Alfaro-, Universidad Santa Maria La Antigua, Panama City, Panama
- (40) ATM Site, Avenida Ricardo J. Alfaro-, Supermercado El Rey, Panama City, Panama
- (41) Plaza Cinco de Mayo Branch, Avenida Central y Avenida Mexico #22–18, Panama City, Panama
- (42) El Dorado Branch, Boulevard El Dorado, Calle 17B Norte, Panama City, Panama
- (43) Betania Branch, Via Simón Bolívar y Calle Harry Eno, Edificio Helvezia, Panama City, Panama
- (44) Warehouse, Roscam Branch, El Paical, Calle 1ª y Calle K, Panama City, Panama
- (45) Río Abajo Branch, Vía Expaña - Plaza Altos del Río, Panama City, Panama
- (46) David Branch, Avenida Domingo Díaz Central y Calle C Norte, David, Panama
- (47) Chitré Branch, Avenida Hennera #3961, Chitré, Panama
- (48) Colón Branch, Calle 11 y Avenida Bolívar #10–123, Colón, Panama
- (49) Zona Libre Branch, Calle 14 y Avenida Roosevelt - Edificio N° 36, Colón Free Zone, Panama
- (50) Land - Balboa, Balboa Road & Pearson Street, Panama City, Panama
- (51) Plaza Chase Branch, Urbanización Margella, Avenida Aquilino De La Guardia y Calle 48, Panama City, Panama
- (52) 15 F, Pacific Star Building, Makati & Sen. Gil J. Puyat Ave., Metro Manila, Philippines
- (53) Hato Rey Headquarters, 254 Munoz Rivera Avenue, GPO 1990, San Juan, Puerto Rico 00936
- (54) 50 Raffles Place, #09–01 Shell Tower, Singapore 0104
- (55) 505 Yung An Road, Singapore 2261
- (56) Paseo de Gracia 60, 08007 Barcelona, Spain
- (57) Surcursal en España, Peonías, 2, 7, Planta (La Piovera), 28042 Madrid, Spain
- (58) 63, Rue du Rhône, 1204 Geneva, Switzerland
- (59) 33, Gartenstrasse, 8002 Zurich, Switzerland
- (60) Walsin Lihwa Information Building, Ninth Floor, No. 115 Min Shing East Road, Section 3, Taipei, Taiwan, R.O.C.
- (61) Bubhajit Building, 209 North Sathorn Road, Silom, Bangkok, Bangkok 10500, Thailand
- (62) Yildiz Pasta Caddesi 52, Dedeman Ticaret Merkezi, Kat 11, 80700 Esentepe - Istanbul, Turkey
- (63) Woolgate House, Coleman Street, London EC2P 2HD, United Kingdom
- (64) 11A-11B Curacao Gade, P.O. Box 309600, St. Thomas, U.S. Virgin Island 00808
- (65) American Yacht Harbor Branch, Red Hook, St. Thomas, U.S. Virgin Islands 00801
- (66) 26-A Estate Charlotte Amalie, St. Thomas, U.S. Virgin Islands 00802
- (67) 4 and 5 Estate Orange Grove, Christiansted, St. Croix, U.S. Virgin Islands 00820
- (68) 1102 King Street, Suite 2, Christiansted, St. Croix, U.S. Virgin Islands 4904
- (69) 90-C Cruz Bay, St. John, U.S. Virgin Islands 00820
- (70) Estate Thomas Branch, St. Thomas, U.S. Virgin Islands 00802

B. Chemical has also given notice pursuant to section 211.3(a)(3) of the Board's Regulation K (12 C.F.R. 211.3(a)(3)), of its intention to establish branches in the following locations, which are Chase branches in countries in which Chemical does not have a branch, and that Chemical would acquire as a result of the merger: Australia (Sydney, Melbourne, Brisbane, Hobart, Adelaide, Perth and Canberra); Belgium (Brussels); the British Virgin Islands (Tortola); Chile (Santiago); China (Tianjin); Greece (Athens, Piraeus, and Salonika); India (Bombay); Indonesia (Jakarta); Malaysia (Labuan); The Netherlands (Amsterdam); Netherlands Antilles (Mullet Bay, St. Maarten; Philipsburg, St. Maarten); Panama (Plaza Chase, Panama City; Plaza Cinco de Mayo, Panama City; Betania, Panama City; Río Abajo, Panama City; Citre; Colon; Colon Free Zone; David; Balboa; El Dorado); Puerto Rico (Hato Rey); Switzerland (Geneva, Zurich); Thailand (Bangkok); Turkey (Istanbul); U.S. Virgin Islands (Waterfront, St. Thomas; Estate Thomas, St. Thomas; Cruz Bay Quarter, St. John; Orange Grove, St. Croix; King Christian, St. Croix).

## Appendix C

Local banking markets where Chemical's and Chase's subsidiary banks compete. Federal Reserve Board delineation ("Board delineation") of all banking markets and RMA definitions of New York State banking markets.



*Metropolitan New York-New Jersey*

Board delineation: New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren, and a portion of Mercer Counties in New Jersey; Pike County in Pennsylvania; and portions of Fairfield and Litchfield Counties in Connecticut.

RMA: New York City; Long Island, Putnam, Rockland, and Westchester Counties, and the southern portion of Orange County in New York; Bergen, Essex, Hudson, Middlesex, Passaic, Union Counties, and parts of Hunterdon, Monmouth, Ocean, Somerset, Sussex, and Warren, and Mercer Counties in New Jersey; and 17 municipalities in Fairfield and Litchfield Counties in Connecticut.

*Albany, New York*

Board delineation: Albany, Columbia, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schoenectady, Schoharie, Warren, and Washington Counties.

RMA: The eastern half of Albany County, the towns of Stuyvesant, Kinderhook, and Chatham in Columbia County, the town of Perth in Fulton County, the town of Amsterdam in Montgomery County, the northern half of Rensselaer County, the southern half of Saratoga County, and the western half of Schoenectady County.

*Binghamton, New York*

Board delineation: Broome and Tioga Counties and parts of Chenango County, New York, and Susquehanna County, Pennsylvania.

RMA: Most of Broome County and the towns of Newark Valley and Osewego in Tioga County, New York and the town of Great Bend in Susquehanna County, Pennsylvania.

*Buffalo, New York*

Board delineation: Erie and Niagara Counties plus parts of Cattaraugus, Orleans and Wyoming Counties.

RMA: Most of Erie County and the western half of Niagara County.

*Elmira-Corning, New York*

Board delineation: Chemung County plus parts of Schuyler and Steuben Counties.

RMA: Elmira RMA consists of the western half of Chemung County. Corning is not part of an RMA.

*Rochester, New York*

Board delineation: Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, and Yates Counties and parts of Allegany, Orleans, Steuben and Wyoming Counties.

RMA: Monroe County, the towns of Kendall and Murray in Orleans County, the towns of Bergen and Le Roy in Genesee County, the towns of Avon, Caledonia, Lima, and Livonia in Livingston County, the towns of West Bloomfield, East Bloomfield, Victor, Farmington, and Manchester in Ontario County, and towns of Ontario, Walworth, Macedon, Williamson, Marion, Palmyra, and Sodus in Wayne County.

*Syracuse, New York*

Board delineation: Cayuga, Onondaga and Oswego Counties and parts of Cortland and Madison Counties.

RMA: Portions of Onondaga County, southern tier of towns in Oswego County and towns of Sullivan, Lenox, Lincoln and Cazenova in Madison County.

*Wilmington, Delaware*

Board delineation: Newcastle County, Delaware, and Cecil County, Maryland.

*West Palm Beach, Florida*

Board delineation: Palm Beach County east of Loxahatchee, and the towns of Indiantown and Hobe Sound in Martin County.

## Appendix D

*Individual Banking Product and Service Analysis*

With respect to small business lending,<sup>1</sup> in the New York RMA 320 commercial banks and thrifts would remain in the RMA, 22 of which have over \$100 million of outstanding small business loans, as do 12 of the 136 banks and thrifts in the New York City portion of the New York RMA. Currently, small business loans are unconcentrated. Substantial local resources, in the form of deposits, would remain to support loan expansion in response to demand by small businesses that do not choose to borrow from New Chase. Were an HHI constructed for small business loans, consummation of the proposal would increase the HHI by approximately 119 points to a level of 863. This is within the DOJ guidelines' definition of an unconcentrated banking market.

With respect to the other New York State banking markets for small business lending, deposit-based HHI statis-

1. Small business loans are defined as non-real estate consumer and industrial loans with origination value of less than \$1 million.

tics indicate that the effect of the proposal on small business loan concentration would be moderate. In each RMA, New Chase would face numerous competitors for small business loans.

Subsidiary banks of both Chemical and Chase provide domestic and global custody services. Domestic and global custodians safeguard securities on behalf of institutional investors, as well as provide various other administrative functions. Were an HHI to be constructed for this activity, the effects of the proposal would be an increase of 153 points to a level of 1301 in the domestic custody market and 151 points to level of 1036 in the global custody market. Several factors suggest that both services are likely to remain competitive. More than two dozen other banks provide custodial services. Many of these banks have substantial financial resources with which they could increase their volume of custodial services and attract the customers of current providers of these services. Additionally, price competition in these submarkets is high, and there is evidence of recent rapid declines in the fees charged for these services.<sup>2</sup>

Similarly, Chemical's and Chase's subsidiary banks provide shareholder services such as recording the ownership of securities issued by publicly held corporations and by mutual funds. The market for shareholder services is national in scope and customers are not limited to regional banks for these services. Although Chemical Bank currently is the largest provider of these services and Chase is the tenth largest provider of these services, were an HHI constructed for the product, consummation of this proposal would result in an increase of 69 points to a level of 1280. The market for these services would remain moderately concentrated and would meet the DOJ Guidelines.<sup>3</sup>

Both Chemical and Chase conduct the bulk of their personal and corporate trust activities through their subsidiary banks. Currently, there are 2892 individual commercial banks, savings banks, and trust companies providing personal and employee benefit trust services.<sup>4</sup> These institutions hold a total of approximately 12 million trust accounts containing approximately \$11.6 trillion of assets. Upon consummation of the proposal, New Chase would control less than 1 percent of all accounts and approximately 6 percent of assets nationally. Significant adverse competitive effects are unlikely, given that New Chase

would hold no more than 2.5 percent of total assets in discretionary accounts.

The market for personal and employee benefit trust services is considered to be state or regional in scope, rather than national.<sup>5</sup> In New York State, New Chase would not have a dominant position with respect to discretionary accounts, with 15.2 percent of total assets. Numerous large competitors also would remain in New York State. The market for corporate trust services is national in scope. New Chase would have a significant, but not dominant share of corporate and municipal bond trusteeships, with approximately 10.6 percent of the national total of trusteeships. Significant adverse competitive effects are unlikely, given the presence of other large competitors that would remain in this market and the fact that many purchasers of corporate trust services are themselves sophisticated participants in financial markets.

In the New York Banking Market, residential mortgage origination would remain an unconcentrated business after consummation of this proposal. Many providers of this service would remain and would have capacity to increase mortgage origination levels in order to meet demand, given the size of these providers and their ability to securitize mortgages. Unlike the market for mortgage origination, which is local, the market for mortgage servicing is national in scope. New Chase would become the leading servicer of mortgages in the nation, with approximately 3.6 percent of total residential mortgages serviced. The market for mortgage servicing would remain moderately concentrated following the acquisition, however, with the HHI increasing by approximately 103 points to a level of 1107.

The market for syndicated lending is also national in scope and Chemical is a leader in syndicated lending. Nonetheless, the fee generating service of loan syndication is likely to remain highly competitive after the proposed transaction, with several large bank and non-bank competitors. Noncompetitive behavior would be difficult, given the size and sophistication of borrowers, and their access to commercial paper markets.<sup>6</sup>

2. One commenter expressed concern about possible adverse competitive effects with respect to unit investment trust services. Recently the Board has determined that unit investment trust services and domestic custody services must be analyzed together, because the resources required to engage in one type of service are essentially the same as those required to engage in the other service. *Chase Order* at 883.

3. This statistic may overstate the competitive effect of the proposal because it is based only on those transfer agents who serve corporate issuers and does not account for the larger numbers of shareholder service providers that currently specialize in serving mutual funds. Additionally, corporations can and do provide shareholder services for themselves.

4. All data pertaining to the market for personal and corporate trust activities are as of December 31, 1994.

5. The number of trust accounts and the dollar volume of assets in these accounts is out of proportion to the population and per capita personal income of New York State, indicating that this business line is conducted to a significant degree at the national, and not the state, level. The effect would be to overstate the market share of New Chase in the local market.

6. Commenters also have questioned the competitive effects regarding several other banking product submarkets, including checking accounts, savings accounts, working capital loans to small and medium sized businesses, cash management services to small and medium sized businesses, and foreign exchange transactions. These products are among the broad array of traditional products within the cluster of banking services. Even viewed on an individual product basis, there are numerous providers of these products in the New York State banking markets in which Chemical and Chase compete. Many of these providers have the capacity to expand output significantly and the ability to adjust their product mix in response to demand. Therefore, adverse effects on competition are unlikely for these products.

## National City Corporation Cleveland, Ohio

### *Order Approving the Acquisition of Bank Holding Companies*

National City Corporation, Cleveland, Ohio ("NCC"), 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 Integra Financial Corporation ("Integra"), and thereby indirectly acquire Integra's wholly owned subsidiary holding company, Integra Holding Company, both in Pittsburgh, Pennsylvania, and its subsidiary banks, Integra Bank, Pittsburgh, ("Integra Bank"), and Integra Trust Company, National Association, Punxsutawney, both in Pennsylvania.<sup>1</sup>

NCC also has provided notice pursuant to section 4 of the BHC Act (12 U.S.C. § 1843) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire Advent Guaranty Corporation, Advent Insurance Company, and Integra Life Insurance Company, all in Franklin, Pennsylvania, and thereby engage in credit-related insurance activities pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y.<sup>2</sup>

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 55,580 (1995)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

NCC, with total consolidated assets of approximately \$34.8 billion, operates subsidiary banks in Ohio, Indiana, and Kentucky.<sup>3</sup> NCC is the 27th largest commercial banking organization in the United States, controlling less than 1 percent of total United States banking assets. NCC also engages in a broad range of permissible nonbanking activities in the United States through its subsidiaries. Integra, with total consolidated assets of \$14.6 billion, is the fourth largest commercial banking organization in Pennsylvania, controlling \$10.2 billion in deposits, representing approximately 8 percent of the total deposits in commercial banking organizations in the state.

### *Interstate Analysis*

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met.<sup>4</sup> The

conditions are met in this case.<sup>5</sup> In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

### *Competitive and Other Considerations*

NCC and Integra do not compete in any banking market. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. In light of all facts of record, the Board also concludes that the financial and managerial resources and future prospects of NCC, Integra, and their respective subsidiaries, are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.<sup>6</sup>

### *Convenience and Needs Considerations*

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, 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>7</sup>

holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, NCC's home state is Ohio.

5. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). NCC is adequately capitalized and adequately managed. Upon consummation of this proposal, NCC and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits of insured depository institutions in Pennsylvania. Pennsylvania law does not impose a limit on the total amount of insured deposits that may be acquired nor require that an acquired bank be in operation for a minimum period of time.

6. The Board received comments opposing this proposal on the basis of a class action lawsuit filed by the commenter against Integra. The lawsuit alleges that Integra breached an agreement to act as trustee under a program offered through an insurance company whereby certain customers of the bank could obtain group health insurance. The Board notes that this matter involves a contractual dispute in its preliminary stages of litigation. The pending civil action would provide parties with an adequate remedy if commenter's allegations can be sustained.

7. 12 U.S.C. § 2903.

1. NCC also has applied to acquire options to purchase up to 19.9 percent of the voting shares of Integra in connection with this proposal.

2. 12 C.F.R. 225.25(b)(8)(i).

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

4. Pub. L. No. 103-328, 108 Stat. 2338 (1994). A bank holding company's home state is that state in which the operations of the bank

The Board received comments from the Ohio CRA Alliance and the Coalition on Homelessness and Housing in Ohio ("Protestants") criticizing NCC's record of lending and investing in some of its service communities.<sup>8</sup> Protestants allege, on the basis of data filed under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") in 1994, that NCC's subsidiary bank in Cleveland engages in illegal discrimination in its mortgage lending. Protestants also contend that NCC's record of making HMDA-reportable loans in low- and moderate-income communities in Cleveland and investing in rental housing projects for low- and moderate-income residents throughout Ohio is inadequate.

The Board has carefully reviewed the CRA performance records of NCC, Integra, and their respective subsidiary banks; all comments received on these applications; NCC's responses to those comments; and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").

### *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 reports of these examinations will be given great weight in

8. Protestants also maintain that NCC does not provide basic banking services at all its subsidiary banks and that it charges higher fees for banking services than consumers can afford to pay, including fees for cashing government benefit checks at some NCC subsidiary banks and fees on Interest on Lawyer Trust Accounts ("IOLTA"). NCC states that all its subsidiary banks offer a basic checking account that provides low-cost banking services. NCC subsidiary banks also offer a full range of banking services throughout their delineated communities, including lending services to assist low- and moderate-income individuals, such as credit counselling. While the Board recognizes that banks help serve the banking needs of their communities by making basic banking services available at nominal or no charge, the CRA does not require banks to limit the fees they charge for services. There is no evidence in the record of this case that the fees charged by NCC for its services are based in any manner on a factor prohibited under antidiscrimination laws.

Protestants also contend that NCC's subsidiary banks aggregated accounts for purposes of charging service fees on IOLTA, thereby reducing the net interest rate paid on these accounts that is used to fund legal services for low-income individuals. NCC's subsidiary banks recently revised their policy on these accounts, no longer aggregating the accounts, as well as offering a premium on the rate of interest earned by these accounts. Protestants have requested that NCC return interest that Protestants allege was wrongfully withheld, and that the Board delay action on this proposal until this matter is resolved. The Board notes that this is a matter of state law within the jurisdiction of state authorities and courts. The BHC Act does not provide the Board with the authority to adjudicate claims under state law. As also noted below, the Board is required under applicable law and its processing procedures to act on applications submitted under the BHC Act within specified time periods.

the applications process.<sup>9</sup> The Board notes that 14 of NCC's 18 banks, including all the Ohio bank subsidiaries, received "outstanding" ratings at their most recent CRA performance examinations from their primary federal supervisors at their most recent examinations, the remaining four subsidiary banks received "satisfactory" ratings from their primary federal supervisors at their most recent CRA examinations. In particular, National City Bank, Cleveland, Ohio ("Cleveland Bank"), which is the lead bank for NCC and accounts for approximately 29 percent of NCC's total assets, received an "outstanding" rating from the Office of the Comptroller of the Currency ("OCC"), as of August 31, 1995 ("1995 Examination"). Integra's subsidiary banks received either "outstanding" or "satisfactory" ratings from their primary federal supervisors at their most recent CRA performance examinations.<sup>10</sup>

#### B. HMDA Data and Lending Activities

The Board has carefully reviewed HMDA data for Cleveland Bank for 1992, 1993, and 1994, in light of the comments received on this proposal.<sup>11</sup> HMDA data for Cleveland Bank indicate that the number of applications from and loans to African Americans increased from 1992 to 1994, and the proportion of such applications and loans

9. *Id.* at 13,745.

10. An individual commenter contends that errors by Integra Bank personnel resulted in improper charges and poor service on his account and on the account of another individual acting as a guarantor on an automobile loan. NCC has informed the Board that both of these matters have been addressed and that collection activities concerning the guarantor of the automobile loan have been halted.

This commenter also maintains that Integra Bank closed branches in neighborhoods with predominately minority residents and thereby diminished banking services for these communities. Examiners found that Integra had adequate branch closing policies, which include assessment of the potential impact of a branch closure and consultation with members of the community for their views on the impact of a potential closure and ways to minimize any adverse impact. In some cases, the bank held town meetings in neighborhoods that would be affected by branch closures.

Other Protestants also object to the recent announcement by NCC's subsidiary bank in Dayton, National City Bank, Dayton, Ohio ("Dayton Bank"), announcement of the proposed closure of a branch in Riverdale that serves primarily low- and moderate-income and minority customers. NCC maintains a formal branch closing policy that provides for communication with community groups and civic leaders before branch closings, and states that the proposed closing would be considered in accordance with these guidelines. Examiners also have noted that Dayton Bank's previous branch closings have not significantly affected the provision of banking services to the bank's delineated community. Moreover, recent amendments to the Federal Deposit Insurance Act and the Joint Agency Policy Statement on Branch Closings require prior notice to the appropriate federal banking agency and the branch's customers of a proposed branch closing, a detailed statement of the reasons for the decision to close the branch, and statistical or other information in support of these reasons consistent with the institution's written policy for branch closings. The Board also notes that this closing will be assessed by examiners as part of the institution's CRA performance evaluation, and may be reviewed by the Board in future applications to acquire a depository facility.

11. These data include home improvement loans and refinancings of home mortgage loans, as well as home purchase loans.

compared to applications by and loans to white applicants also increased. In 1992, for example, 434 African Americans applied for HMDA-reportable loans. Cleveland Bank originated loans to 229 of these applicants. In 1994 the number of African-American applicants increased to 628, and the bank originated loans to 451 of these applicants.<sup>12</sup>

From 1992 to 1994, applications from and loans to individuals in low- and moderate-income census tracts increased in absolute numbers and as a percentage of all applications and originations. In 1992, for example, the bank received 709 applications for HMDA-reportable loans from low- and moderate-income census tracts, and originated loans to 310 of these applicants. By 1994, Cleveland Bank received 1191 HMDA applications from low- and moderate-income tracts, and originated loans to 873 of these applicants. In 1992, 10.8 percent of Cleveland Bank's loan originations were in low- and moderate-income census tracts. By 1994, that percentage had increased to 22.7 percent of total originations.<sup>13</sup>

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

The 1995 Examination of Cleveland Bank found no prohibited discriminatory or other illegal credit practices that would discourage applicants from applying for the types of credit detailed in the bank's CRA statement and found that the bank complied with fair lending laws and regulations.<sup>14</sup> Examiners also concluded that Cleveland Bank's policies, procedures, and training programs were comprehensive in addressing fair lending issues and in assuring that employees did not discourage applications or discriminate against members of any group. For example, lending and branch personnel receive ongoing training in fair lending and CRA issues, and diversity training is

offered throughout the bank. The bank also has a formal second review program for reviewing real estate mortgage loans for which denial is recommended, and the bank conducts an annual comparative file review program for approved and denied home purchase loans to determine if all applicants with similar credit characteristics are treated similarly.<sup>15</sup>

Cleveland Bank also offers a variety of conventional and government-insured loan products to assist in meeting the housing- related credit needs of all residents in its service communities. The bank offers several mortgage products for low- and moderate-income borrowers, including the CHAMP, RIGHT, and At Home home improvement lending programs.<sup>16</sup> In 1994, Cleveland Bank originated 1,070 RIGHT and CHAMP loans totalling \$67.4 million. As of June 30, 1995, the bank had originated an additional 185 RIGHT and CHAMP loans totalling \$14.2 million.<sup>17</sup> Cleveland Bank also originated 160 At Home loans totalling \$664,000 in 1994. As of June 30, 1995, the bank had

15. Protestants note that lending discrimination complaints have been filed with the Department of Housing and Urban Development ("HUD") and the Ohio Civil Rights Commission ("OCRC") against NCC's subsidiary bank in Toledo, National City Bank, Northwest, Toledo, Ohio ("Toledo Bank"). The most recent CRA performance examination by the OCC, Toledo Bank's primary federal supervisor, found no substantive evidence of prohibited discrimination or other illegal credit practices at the bank. Moreover, these complaints are under review and no finding of illegal discrimination has been made against the bank by either agency. The Board believes that HUD and OCRC have adequate authority to address any violations of law if complainants' allegations can be sustained. In addition, the bank's primary federal supervisor retains full supervisory authority to take appropriate action, and the Board would consider any final finding of illegal discrimination in future applications by NCC to acquire a depository facility.

16. CHAMP is a mortgage program available to low- and moderate-income purchasers of units in new or renovated housing projects in Cleveland. CHAMP loans offer flexible underwriting criteria and reduced interest rates. The RIGHT mortgage program is designed for borrowers with insufficient funds for a downpayment, and offers flexible underwriting criteria, including flexible income requirements. The At Home loan program provides home improvement loans to low- and moderate-income borrowers under flexible lending criteria.

17. Protestants criticize Cleveland Bank's recent decision to require private mortgage insurance ("PMI") for CHAMP and RIGHT loans. NCC states that Cleveland Bank would not deny any loan under these programs solely on the basis that PMI has not been purchased by the borrower. When an otherwise qualified borrower cannot afford to purchase PMI, NCC states that Cleveland Bank would make the loan and retain it as a portfolio loan.

Protestants also allege that Dayton Bank intends to change the underwriting criteria of its RIGHT loan program in a manner that would make the program less available to low- and moderate-income borrowers. NCC states that Dayton Bank plans to modify its underwriting criteria in the RIGHT loan program because of an unusually high delinquency rate. The CRA requires depository institutions to conduct their CRA- related activities consistent with the safe and sound operation of the institution. Moreover, Dayton Bank participates in a variety of other programs, including the Fresh Start program, which is a government- guaranteed lending program that enables borrowers to obtain one loan for the purchase and rehabilitation of owner-occupied, single-family housing in low- and moderate-income areas. Dayton Bank also participates with several other financial institutions in the Neighborhood Lending Partnership, which was formed to offer special loan terms to low-income residents of Dayton.

12. In 1992, 10.3 percent of Cleveland Bank's HMDA loan applications were from African Americans and 7.9 percent of all loan originations were to African-American applicants. By 1994, applications from African Americans rose to 13.3 percent of all applications received by the bank, and originations increased to 11.7 percent of total originations.

13. During this period, applications from these census tracts received by the bank, increased from 16.8 percent to 25.2 percent of total applications.

14. Examiners analyzed residential purchase mortgage applications by sampling denied loan applications from African Americans and approved applications from nonminority borrowers. The examiners concluded that the bank applied its underwriting criteria fairly, regardless of the applicant's race.



originated an additional 117 At Home loans totalling \$496,000.

Cleveland Bank participates in a number of different government-sponsored lending programs, such as those offered by the Small Business Administration, the State of Ohio, the City of Cleveland, the Federal Housing Administration, the Veterans Administration, and the Farmers Home Administration, and the bank also offers guaranteed student loans. The 1995 Examination found that Cleveland Bank actively engages in small business lending, and noted that the bank has become a leader in the extension of government-guaranteed small business loans. Examiners also noted that many of the bank's government-guaranteed small business loans were made to businesses operating in inner cities that have large low- and moderate-income populations and higher than average levels of unemployment and generally low levels of new economic development.

NCC also assists local developers of housing projects for low- and moderate-income residents in several markets where NCC's subsidiary banks operate, including Cleveland and Dayton, through its community development corporation, National City Community Development Corporation, Cleveland, Ohio ("CDC"). Since its formation in 1982, CDC has invested approximately \$62 million in affordable housing projects, through equity participations, tax credits, loans, and loan guarantees. Approximately \$42 million of this total was invested in low-income housing tax credits, with more than \$25 million allocated to projects in Ohio.

#### *Conclusion Regarding Convenience and Needs Factors*

The Board has carefully considered all the facts of record, including information provided by the Protestants, NCC's responses, and relevant reports of examination.<sup>18</sup> In light of all the facts of record, and the reasons discussed above, the Board concludes that convenience and needs considerations, including the overall CRA performance records of

the institutions involved in this proposal, are consistent with approval of these applications.<sup>19</sup>

#### *Nonbanking Activities*

NCC also has given notice, pursuant to section 4(c)(8) of the BHC Act, of its proposal to acquire Advent Guaranty Corporation, Advent Insurance Company, and Integra Life Insurance Company, all of Franklin, Pennsylvania, and thereby engage in credit-related insurance activities pursuant to section 225.25(b)(8)(i) of Regulation Y.<sup>20</sup> The Board previously has determined by regulation that the proposed activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act. NCC has committed that it will conduct these activities in accordance with the Board's regulations.

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>21</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 notice, the Board also must determine that the performance of the proposed nonbanking activities "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). This proposal should enable NCC to provide greater convenience, a broader array of products, and improved services to its customers and to customers of Integra's nonbank subsidiaries. The record in this case indicates that there are numerous providers of these services, and there is no evidence in the record to indicate that consummation of

18. Protestant questions NCC's reaching an agreement with community-based organizations in Pennsylvania but refusing to enter into a similar agreement with Ohio community-based organizations. Protestant requests the Board to delay or deny this proposal unless such an agreement can be reached. The Board believes that, while communications by depository institutions with community-based groups provide a valuable method of assessing and determining how an institution may best address the credit needs of the community, the CRA does not require that a depository institution enter into an agreement or negotiations with any particular organization. Accordingly, in reviewing this proposal, the Board has focused on the programs and policies that NCC has in place to serve the credit needs of each of its communities. See *Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994). The Board is also required under applicable law and its processing procedures to act on applications submitted under the BHC Act within specified time periods. The Board notes, moreover, that the Protestants and NCC have had a sufficient opportunity to provide, and have, in fact, provided, substantive submissions that have been carefully reviewed. Based on all the facts of record, the Board concludes that the record is sufficient to act on this proposal at this time, and that delay or denial of this proposal is not warranted.

19. Protestants requested the Board to hold a public hearing on this proposal to address the performance of NCC under the CRA. 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 Board has not received such a recommendation from any state or federal supervisory authority.

Under its rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered these requests in light of all the facts of record. In the Board's view, Protestants have had ample opportunity to submit their views, including a four-week extension of the public comment period, and have, in fact, submitted materials that have been considered by the Board in acting on this application. The Protestants' requests fail to demonstrate why their written submissions do not adequately present their allegations. Based on all the facts of record, the Board has determined that public hearings or meetings are not necessary to clarify the factual record in this application, or otherwise warranted in this case, and the requests for public hearings or meetings on this application are denied.

20. 12 C.F.R. 225.25(b)(8)(i).

21. 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).

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

The banking acquisition shall not be consummated before the fifteenth calendar day following the effective date of this order, and this proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended 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 January 22, 1996.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

### ORDERS ISSUED UNDER BANK MERGER ACT

#### Adams Bank & Trust Ogallala, Nebraska

#### *Order Approving the Merger of a Bank and Savings and Loan Association and Establishment of a Bank Branch*

Adams Bank & Trust, Ogallala ("Adams Bank"), a state member bank, has applied under section 18(c) of the Fed-

eral Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with Adams Savings & Loan Association, Grant ("Adams Savings and Loan"), both in Nebraska, with Adams Bank surviving the merger. Adams Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish a branch at the location of Adams Savings and Loan.<sup>1</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 (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General 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 and section 9 of the Federal Reserve Act.

The Board received comments from a competing bank ("Protestant") maintaining that the proposal would violate state bank branching law. Nebraska law generally restricts banks like Adams Bank that are located in a county with a population of less than 100,000 to a specified number of branches within the corporate limits of the city where the bank is located.<sup>2</sup>

With the approval of the Nebraska Director of Banking and Finance ("Director"), however, a bank may also establish branches without regard to this limitation by converting branches acquired through merger with another bank or with a savings association ("cross-industry merger").<sup>3</sup> The Director has approved several cross-industry mergers of banks with *de novo* savings associations that were structured identically to this proposal, and the Director's staff has concluded informally that this proposal is consistent with the branching provisions of Nebraska law.<sup>4</sup> The Director has not taken action on this proposal.

Based on all the facts of record, and the considerations discussed above, the Board concludes that this proposal is consistent with Nebraska bank branching law.

1. Adbanc Inc., the parent bank holding company of Adams Bank, would form Adams Savings and Loan as a state-chartered, uninsured savings and loan association in Grant that would be immediately merged into Adams Bank. Adams Bank would retain the savings association's office in Grant as a branch. The thrift would be formed solely for the purpose of establishing a branch outside Ogallala and would not engage in any activities.

2. *Neb. Rev. Stat.* § 8-157 (2) (Supp. 1995).

3. *Neb. Rev. Stat.* § 8-157 (3) (Supp. 1995); *Neb. Rev. Stat.* § 8-1510 (Reissue 1991).

4. Nebraska law provides that a state-chartered savings and loan association has the same rights, powers, and privileges as a federally chartered savings and loan association doing business in Nebraska. *Neb. Rev. Stat.* § 8-355 (Supp. 1995). The Director has determined that, because a federally chartered savings and loan association has the power to serve as an interim association for the purposes of effecting a transaction of this nature under 12 C.F.R. 541.18, a state savings and loan association may be chartered for the same purpose. As required for cross-industry mergers, the Director has held a public hearing on this proposal.

Adams Bank is the 23d largest commercial banking organization in Nebraska, controlling deposits of \$127.4 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.<sup>5</sup> This proposal represents a *de novo* expansion of the existing banking operations of Adams Bank, and the bank would not acquire any deposits or assets as a result of this proposal. In light of all the facts of record, the Board concludes that consummation of the proposal would not have any significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Adams Bank are consistent with approval of this application, as are the convenience and needs of the communities to be served, and the other supervisory factors that the Board is required to consider under the Bank Merger Act and the Federal Reserve Act.<sup>6</sup>

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

The merger of Adams Bank and Adams Savings and Loan may not be consummated before the fifteenth calendar day following the effective date of this order, and this proposal may not be consummated later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 17, 1996.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

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

6. Protestant also maintains that the proposal would not serve the convenience and needs of the community and would unduly harm financial institutions currently providing services to the community by introducing an additional competitor in a market that the Protestant believes is already "over-banked." The Board previously has noted that the promotion of competition should be viewed as a positive consideration in evaluating proposals under the Bank Merger Act. See *Wellington State Bank*, 82 *Federal Reserve Bulletin* 183 (1996). In addition, Adams Bank received an "outstanding" rating for performance under the Community Reinvestment Act ("CRA") at its most recent examination for CRA performance from the FDIC, its previous primary federal supervisor, as of August 1992. Adams Bank also plans to introduce banking products and services that are currently unavailable to the community, such as trust services.

## Chemical Bank Bay Area Bay City, Michigan

### *Order Approving the Merger of Banks and Establishment of Bank Branches*

Chemical Bank Bay Area, Bay City ("Chemical/Bay Area"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with Chemical Bank Huron, Standish ("Chemical/Huron"), both in Michigan, with Chemical/Bay Area as the surviving institution after the merger. Chemical/Bay Area also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the current locations of the Chemical/Huron branches.<sup>1</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 (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered these applications and all the facts of record, in light of the factors set forth in the Bank Merger Act and section 9 of the Federal Reserve Act.

Chemical/Bay Area and Chemical/Huron are wholly owned subsidiaries of Chemical Financial Corporation, Midland, Michigan ("Chemical"). Chemical controls ten banks and is the ninth largest commercial banking organization in Michigan, controlling deposits of \$1.3 billion, representing approximately 1.7 percent of the total deposits in commercial banking organizations in the state.<sup>2</sup> This proposal represents a reorganization of Chemical's existing banking operations, and, therefore, consummation of the proposal would not have any significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Chemical/Bay Area and Chemical/Huron are consistent with approval.

### *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 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

1. The locations are listed in the Appendix.

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

they operate, consistent with their safe and sound operation. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound 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 received comments from the Saginaw Reinvestment Coalition, Saginaw, Michigan ("Protestant"), alleging, on the basis of data filed under the Home Mortgage Disclosure Act ("HMDA"), that Chemical/Bay Area's affiliate, Chemical Bank and Trust Company, Midland, Michigan ("Midland Bank"), has illegally discriminated against minority borrowers, particularly in the City of Saginaw, Michigan ("Saginaw"). Protestant also contends that Midland Bank has had a poor record of helping to meet the credit needs of low- and moderate-income areas since the enactment of the CRA in 1977.

In considering the convenience and needs factor under the Bank Merger Act, the Board has carefully reviewed the entire record of CRA performance of Chemical's subsidiary banks, the comments received and information provided by Chemical, 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>4</sup>

### *Record of CRA Performance*

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports of these examinations will be given great weight in the applications process.<sup>5</sup> The Board notes that Midland Bank received a "satisfactory" rating from the Federal Reserve Bank of Chicago ("Reserve Bank") in its most recent CRA performance examination, as of August 21, 1995 ("1995 Examination"). Chemical/Huron received a "satisfactory" rating from its primary federal supervisor, the FDIC, in its most recent CRA performance examination, as of May 16, 1994.<sup>6</sup>

Chemical/Bay Area, which is the applicant and would be the surviving bank in the proposed merger, received an "outstanding" rating from the Reserve Bank in its most recent CRA performance examination, as of April 6, 1994. As part of its efforts to help meet the credit needs of its entire community, Chemical/Bay Area offers several special loan programs to address the needs of low- and moderate-income individuals. In particular, the bank offers

mortgages with low down payments through the Affordable Gold Mortgage Program and M.G.I.C. Mortgage Loan Program, and participates in a state-sponsored mortgage lending program with the Michigan State Housing Development Authority ("MSHDA"). The bank's Residential Mortgage Pre- Qualification Program is in place to help applicants determine their borrowing capacity and needs.

Chemical/Bay Area also offers a low interest rate loan program to finance exterior improvement and maintenance of buildings, and the Home Show Special, a home improvement loan with no fees, processing charges, or closing costs. In addition, Chemical/Bay Area participates in several special loan programs to provide funding for new and expanding businesses, including its "5-6-7 Business Maintenance Loan Program" which offers low interest rate loans to local businesses to finance property maintenance and improvements. The bank also sponsors a "Money Bonanza Program" which offers consumer loans with no application fee, no loan processing fee, and no closing costs up to a maximum amount of \$20,000.

Midland Bank also offers the Affordable Gold Mortgage Program and M.G.I.C. Mortgage Loan Program and participates in the state-sponsored mortgage lending program with the MSHDA. In addition, Midland Bank participates in federal insured loan programs, including programs offered by the Small Business Administration, the Farmers Home Administration, the Federal Housing Administration, and the Veterans Administration.

The Board has carefully reviewed Midland Bank's 1993 and 1994 HMDA data in light of Protestant's comments. The Board notes that Midland Bank expanded its delineated service area in late 1992 to encompass all of Saginaw, including the city's 11 census tracts with predominately minority residents. Since then, Midland Bank has taken a number of steps to improve its record of CRA-related lending in Saginaw. For example, the bank joined a lending consortium in Saginaw to provide mortgage loan financing in low-income census tracts in the city. This consortium of seven financial institutions has committed \$1.4 million, which includes \$500,000 from Midland Bank. Through October 1995, the consortium provided financing for 43 properties in Saginaw's low-income census tracts.

In addition, Midland Bank has increased its outreach, ascertainment and marketing efforts to focus on the credit needs of all residents in Saginaw. The bank assigned a mortgage originator to market mortgage loans in Saginaw to help increase the amount of mortgage lending within the city. Midland Bank sponsored a free Home Buyer Seminar and two Home Buyers Fairs in Saginaw in 1994. Midland Bank's outreach and ascertainment efforts also include participation in the Saginaw African-American Minority Business Association, the Saginaw Minority Business Development Center, and the Neighborhood Renewal Services of Saginaw, Inc. Midland Bank's branch officers made more than 2,600 calls in Saginaw and Saginaw Township from July 1993 through June 1995. In addition, the bank's marketing efforts focus on Saginaw's low- and moderate-income areas through advertising in the *CRA Monitor* and the *Saginaw Banner*.

3. 12 U.S.C. § 2903.

4. 54 *Federal Register* 13,742 (1989).

5. *Id.* at 13,745.

6. Chemical's other subsidiary banks all received "outstanding" or "satisfactory" ratings from their primary federal supervisors in their most recent examinations for CRA performance.

Midland Bank has submitted a written plan to increase its lending activities in Saginaw.<sup>7</sup> This plan includes active solicitation of mortgage and installment loan applications from members of the metropolitan Saginaw area, and numerous initiatives to inform the Saginaw community of the bank's loan products. For example, Midland Bank will use its CRA Call Program to reach housing groups, municipalities, nonprofit organizations, and civic and community leaders, educational seminars, brochures, and contacts with Saginaw realtors. In addition, Midland Bank assigned the manager of a branch located in Saginaw County to oversee business development and community reinvestment in the Saginaw market. The manager will serve as a liaison with local community groups in an effort to identify and address community credit needs.

The Board notes that the 1995 Examination did not find any evidence of practices intended to discourage applications for any kind of credit listed in the Midland Bank's CRA statement. Examiners found no evidence of any prohibited discriminatory credit practices and concluded that Midland Bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act ("fair lending laws").<sup>8</sup> In addition, the bank established a second review committee in 1994 to assess all consumer and mortgage loan applications for which denial is recommended in order to ensure compliance with fair lending laws.<sup>9</sup>

### C. Conclusion Regarding Convenience and Needs Factors

In reviewing the convenience and needs considerations in this proposal, the Board has carefully considered all the

facts of record, including Protestant's comments, Chemical's responses, and the CRA records of performance discussed above. The Board concludes that the CRA records of Chemical's subsidiary banks, including Midland Bank's CRA-related activities in Saginaw, are satisfactory. In light of all the facts of record, and for the reasons discussed above, including the conditions in this order, the Board concludes that considerations relating to the convenience and needs of the communities to be served, including the CRA performance records of Chemical's subsidiary banks, are consistent with approval of this proposal.

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of this proposal is conditioned on compliance by Chemical/Bay Area with the commitments made in connection with this proposal and the conditions discussed in this order. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The merger of Chemical/Huron with and into Chemical/Bay Area may not be consummated before the fifteenth calendar day following the effective date of this order, and this proposal may not be consummated later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective January 22, 1996.

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

JENNIFER J. JOHNSON  
*Deputy Secretary of the Board*

### Appendix

*Branch offices of Chemical/Huron to be established by Chemical/Bay Area:*

1. 220 S. Main Street, Standish, Michigan
2. 144 W. Huron Street, Au Gres, Michigan
3. 3858 N. M-13, Pinconning, Michigan
4. 311 Harrison, Prescott, Michigan

7. Midland Bank must provide quarterly reports to the Reserve Bank on its progress in implementing this plan for a period of two years.

8. Protestant alleges that Midland Bank has arbitrarily excluded low- and moderate-income areas from its delineated service community because the bank's 1990 CRA performance examination questioned the lack of lending in low- and moderate-income areas immediately outside the bank's delineated community. Protestant also maintains that the bank refuses to do business in areas with predominantly minority residents. The 1995 Examination found the bank's community delineation to be reasonable, and concluded that this area did not exclude any low- and moderate-income areas or neighborhoods that the bank could be reasonably expected to serve.

9. The committee is responsible for reviewing the basis of the loan denial, all sources of income considered in the application, and the alternatives discussed with the customer.



*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 of Northeastern Ohio, Cleveland, Ohio	First Nationwide Bank, F.S.B., Dallas, Texas	Cleveland	December 26, 1995

*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
FNB Financial Corporation, Three Rivers, Michigan	The Interim First National Bank of Three Rivers, Three Rivers, Michigan	January 25, 1996

Section 4

Applicant(s)	Bank(s)	Effective Date
SouthTrust Corporation, Birmingham, Alabama	Bankers First Corporation, Augusta, Georgia	January 11, 1996

*APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT  
By Federal Reserve Banks*

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
ABS Investors, LLC, Atlanta, Georgia	Cobb American Bank & Trust Company, Marietta, Georgia	Atlanta	January 4, 1996
Admiral Steel Corporation, Alsip, Illinois	Munden Bankshares, Inc., Munden, Kansas	Kansas City	January 22, 1996
American National Corporation, Omaha, Nebraska	Else Investment Company, Fairbury, Nebraska	Kansas City	January 22, 1996
Banknorth Group, Inc., Burlington, Vermont	First Massachusetts Bank, N.A., Worcester, Massachusetts	Boston	January 25, 1996

## Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Beulah Bancorporation, Inc., Sioux Falls, South Dakota	Fairview Bank, Fairview, Montana	Minneapolis	January 24, 1996
BNCCORP, Inc., Bismarck, North Dakota	BNC National Bank of Minnesota, Minneapolis, Minnesota	Minneapolis	January 2, 1996
C Bar M, Inc., Carrizo Springs, Texas	Union State Bank, Carrizo Springs, Texas	Dallas	January 3, 1996
Central and Southern Holding Company, Milledgeville, Georgia	Central and Southern Bank of Greensboro, Greensboro, Georgia	Atlanta	January 12, 1996
Centura Banks, Inc., Rocky Mount, North Carolina	First Commercial Holding Company, Asheville, North Carolina	Richmond	January 19, 1996
CJSB Bancorporation, Inc., Columbus Junction, Iowa	Columbus Junction State Bank, Columbus Junction, Iowa	Chicago	January 23, 1996
CNB Bancshares, Inc., Evansville, Indiana	Du Quoin Bancorp, Inc., Du Quoin, Illinois	St. Louis	January 23, 1996
Commercial Guaranty Bancshares, Inc., Shawnee Mission, Kansas	First Commercial Bank, N.A., Overland Park, Kansas	Kansas City	December 27, 1995
Community Bancshares of Mississippi, Inc., Forest, Mississippi	Coast Community Bank, Biloxi, Mississippi	Atlanta	January 5, 1996
Crosstown Holding Company, Ham Lake, Minnesota	Balaton Agency, Inc., Balaton, Minnesota	Minneapolis	January 23, 1996
Cullen/Frost Bankers, Inc., San Antonio, Texas	Park National Bank of Houston, Houston, Texas	Dallas	January 12, 1996
The New Galveston Company, Wilmington, Delaware			
Dakotah Bankshares, Inc., Fairmount, North Dakota	Peoples State Bank, Fairmount, North Dakota	Minneapolis	January 23, 1996
First Banks, Inc., Clayton, Missouri	CCB Bancorp, Santa Ana, California QCB Bancorp, Long Beach, California	St. Louis	January 18, 1996
First Celina Corporation, Celina, Texas	The First State Bank, Celina, Texas	Dallas	January 4, 1996
First Hardee Holding Corporation, Wachula, Florida	First National Bank of Wachula, Wachula, Florida	Atlanta	December 27, 1995
First Manistique Corporation, Manistique, Michigan	South Range State Bank, South Range, Michigan New Bank of South Range, South Range, Michigan	Minneapolis	December 29, 1995
First United Bancorporation, Anderson, South Carolina	The Community Bank of Greenville, N.A., Greenville, South Carolina	Richmond	January 25, 1996
Fulton Financial Corporation, Lancaster, Pennsylvania	Gloucester County Bankshares, Inc., Woodbury, New Jersey The Bank of Gloucester County, Deptford Township, New Jersey	Philadelphia	January 19, 1996
Grandview Bankshares, Inc., Tahlequah, Oklahoma	Cherokee County Bancshares, Inc., Hulbert, Oklahoma	Kansas City	January 18, 1996
Harbor Springs Financial Services, Inc., Harbor Springs, Michigan	Select Bank, Grand Rapids Township, Michigan	Chicago	January 23, 1996

## Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Heritage Financial Services, Inc., Tinley Park, Illinois	First National Bank of Lockport, Lockport, Illinois	Chicago	January 18, 1996
Hibernia Corporation, New Orleans, Louisiana	Bunkie Bancshares, Inc., Bunkie, Louisiana	Atlanta	December 22, 1995
ISB Financial Corp., Iowa City, Iowa	W.S.B., Inc., Washington, Iowa Washington State Bank, Washington, Iowa	Chicago	January 24, 1996
Norwood Financial Corp., Honesdale, Pennsylvania	Wayne Bank, Honesdale, Pennsylvania	Philadelphia	January 16, 1996
Pittsburgh Home Financial Corp., Pittsburgh, Pennsylvania	Pittsburgh Home Savings Bank, Pittsburgh, Pennsylvania	Cleveland	January 23, 1996
Quanah Financial Corporation, Quanah, Texas	Quanah Bancshares, Inc., Quanah, Texas First National Bank, Quanah, Texas	Dallas	January 25, 1996
Quanah Financial Corporation Employee Stock Ownership Plan, Quanah, Texas	Quanah Financial Corporation, Quanah, Texas Quanah Bancshares, Inc., Quanah, Texas First National Bank, Quanah, Texas	Dallas	January 25, 1996
Republic Bancshares, Inc., St. Petersburg, Florida	Republic Bank, St. Petersburg, Florida	Atlanta	January 4, 1996
Sharon Bancshares, Inc., Sharon, Tennessee	Weakley County Bancshares, Inc., Dresden, Tennessee	St. Louis	January 25, 1996
Swanton Agency, Inc., Swanton, Nebraska	Farmers State Bank, Plymouth, Nebraska	Kansas City	January 22, 1996
Thumb Bancorp, Inc., Pigeon, Michigan	Thumb National Bank and Trust Company, Pigeon, Michigan	Chicago	December 27, 1995
West Pointe Bancshares, Inc., Oshkosh, Wisconsin	West Pointe Bank, Oshkosh, Wisconsin	Chicago	January 23, 1996
WFC, Inc., Waukon, Iowa	Viking State Bank, Decorah, Iowa	Chicago	December 22, 1995

## Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Adam Financial Corporation, Bryan, Texas	To engage <i>de novo</i> in the activity of making and servicing loans	Dallas	January 5, 1996
Banknorth Group, Inc., Burlington, Vermont	Stratevest Group, National Association, Burlington, Vermont	Boston	January 11, 1996
Bourbon Bancshares, Inc., Paris, Kentucky	The Jessamine First Federal Savings and Loan Association of Nicholasville, Nicholasville, Kentucky	Cleveland	December 18, 1995
Carolina First Corporation, Greenville, South Carolina	Blue Ridge Finance Company, Inc., Greenville, South Carolina	Richmond	December 29, 1995

## Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Central Bancorporation, Inc., Fort Worth, Texas	First American Savings Bank, S.S.B., Bedford, Texas	Dallas	January 12, 1996
Central Bancorporation of Delaware, Inc., Wilmington, Delaware			
Colonial Banc Corp., Eaton, Ohio	Ron Stewart Appraisal Enterprises, Eaton, Ohio	Cleveland	December 27, 1995
First Bancshares, Inc., Grove Hill, Alabama	I & I, Inc., Grove Hill, Alabama	Atlanta	December 28, 1995
First Sleepy Eye Bancorporation, Inc., Sioux Falls, South Dakota	Meadowview Townhomes Limited Partnership, Sleepy Eye, Minnesota	Minneapolis	January 8, 1996
Monocacy Bancshares, Inc., Taneytown, Maryland	Royal Oak Savings Bank, F.S.B., Randallstown, Maryland	Richmond	December 22, 1995
Montgomery Bancorporation, Inc., Mount Sterling, Kentucky	Traditional Bank, FSB, Lexington, Kentucky	Cleveland	December 15, 1995
Saban S.A., Marina Bay, Gibraltar	Brooklyn Bancorp, Inc., Brooklyn, New York	New York	December 22, 1995
RNYC Holdings Limited, Marina Bay, Gibraltar	CrossLand Federal Savings Bank, Brooklyn, New York		
Republic New York Corporation, New York, New York			
Shorebank Corporation, Chicago, Illinois	Austin Labor Force Initiative, Chicago, Illinois	Chicago	December 28, 1995
Societe Generale, Paris, France	FIMAT Facilities Management, Chicago, Illinois	New York	December 22, 1995
Southern National Corporation, Winston-Salem, North Carolina	To engage in lending activities	Richmond	December 29, 1995
UJB Financial Corp., Princeton, New Jersey	UJB Commercial Corp., Chatham, New Jersey	New York	January 2, 1996

*APPLICATIONS APPROVED UNDER BANK MERGER ACT**By Federal Reserve Banks*

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Adams Bank & Trust, Ogallala, Nebraska	Adams Savings & Loan Association, North Platte, Nebraska	Kansas City	January 18, 1996
Bank of Clarke County, Berryville, Virginia	First Union National Bank of Virginia, Roanoke, Virginia	Richmond	January 11, 1996
Centura Bank, Rocky Mount, North Carolina	First Commercial Bank, Asheville, North Carolina	Richmond	January 19, 1996
Community Bank of Mississippi, Forest, Mississippi	Community Bank, Indianola, Mississippi	Atlanta	January 17, 1996
Farmers State Bank of Conrad, Conrad, Montana	Farmers State Bank of Cut Bank, Cut Bank, Montana	Minneapolis	January 24, 1996
Firstar Bank Minocqua, Minocqua, Wisconsin	Firstar Bank Madison, N.A., Madison, Wisconsin	Chicago	January 10, 1996

## Applications Approved—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Firststar Bank Wisconsin, Madison, Wisconsin	Firststar Bank Grantsburg, N.A., Grantsburg, Wisconsin Firststar Bank Eau Claire, N.A., Eau Claire, Wisconsin Firststar Bank Rice Lake, N.A. Rice Lake, Wisconsin Firststar Bank Manitowoc, Manitowoc, Wisconsin Firststar Bank Oshkosh, N.A., Oshkosh, Wisconsin Firststar Bank Green Bay, Green Bay, Wisconsin Firststar Bank Fond du Lac, N.A., Fond du Lac, Wisconsin Firststar Bank Sheboygan, N.A., Sheboygan, Wisconsin Firststar Bank Appleton, Appleton, Wisconsin Firststar Bank Wausau, N.A., Wausau, Wisconsin	Chicago	January 10, 1996
Southeastern Bank of Florida, Alachua, Florida	Compass Bank, Jacksonville, Florida	Atlanta	December 28, 1995

## 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.*

*Lee v. Board of Governors*, No. 96-4008 (2nd Cir., filed January 19, 1996). Petition for review of a Board order dated January 5, 1996, approving the applications and notices by Chemical Banking Corporation to merge with The Chase Manhattan Corporation, both of New York, New York, and by Chemical Bank to merge with The Chase Manhattan Bank, N.A., both of New York, New York.

*Menick v. Greenspan*, No. 95-CV-01916 (D. D.C., filed October 10, 1995). Complaint alleging sex, age, and handicap discrimination in employment.

*Kuntz v. Board of Governors*, No. 95-1495 (D.C. Cir., filed September 21, 1995). Petition for review of Board order dated August 23, 1995, approving the applications of The Fifth Third Bank, Cincinnati, Ohio, to acquire certain assets and assume certain liabilities of 12 branches of PNC Bank, Ohio, N.A., Cincinnati, Ohio, and to establish certain branches. The Board's motion to dismiss was filed on October 26, 1995.

*Lee v. Board of Governors*, No. 94-4134 (2nd Cir., filed August 22, 1995). Petition for review of Board orders dated July 24, 1995, approving certain steps of a corporate reorganization of U.S. Trust Corporation, New York, New York,

and the acquisition of U.S. Trust by Chase Manhattan Corporation, New York, New York. On September 12, 1995, the court denied petitioners' motion for an emergency stay of the Board's orders.

*Jones v. Board of Governors*, No. 95-1359 (D.C. Cir., filed July 17, 1995). Petition for review of a Board order dated June 19, 1995, approving the application by First Commerce Corporation, New Orleans, Louisiana, to acquire Lakeside Bancshares, Lake Charles, Louisiana. On November 15, 1995, the court granted the Board's motion to dismiss. On December 26, 1995, the petitioner filed a request for reconsideration.

*Beckman v. Greenspan*, No. 95-35473 (9th Cir., filed May 4, 1995). Appeal of dismissal of action against Board and others seeking damages for alleged violations of constitutional and common law rights. The appellants' brief was filed on June 23, 1995; the Board's brief was filed on July 12, 1995.

*Board of Governors v. Hotchkiss*, Adversary No. 95-3146 (Bankr. N.D. Ohio, filed May 1, 1995). Action to declare a restitution obligation arising from a Board consent order non-dischargeable in bankruptcy. On December 15, 1995, the court granted the Board's motion for summary judgment. On December 22, 1995, the debtor filed a notice of appeal to the district court.

*Board of Governors v. Scott*, Misc. No. 95-127 (LFO/PIA) (D. D.C., filed April 14, 1995). Application to enforce an administrative investigatory subpoena for documents and testimony. On August 3, 1995, the magistrate judge issued an

order granting in part and denying in part the Board's application. On September 18, 1995, the intervenor moved for reconsideration of a portion of the magistrate's ruling.

*Money Station, Inc. v. Board of Governors*, No. 95-1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary. The Board's brief was filed November 16, 1995. Oral argument is scheduled for February 2, 1996.

*Jones v. Board of Governors*, No. 95-1142 (D.C. Cir., filed March 3, 1995). Petition for review of a Board order dated February 2, 1995, approving the applications by First Commerce Corporation, New Orleans, Louisiana, to merge with City Bancorp, Inc., New Iberia, Louisiana, and First Bankshares, Inc., Slidell, Louisiana. The Board's brief was filed December 22, 1995. Oral argument on the petition for review is scheduled for February 27, 1996.

*In re Subpoena Duces Tecum*, Misc. No. 95-06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking predecisional supervisory documents sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. The Board filed its opposition on January 20, 1995. Oral argument on the motion was held July 14, 1995.

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

#### FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Patricia Hand  
Oklahoma City, Oklahoma

The Federal Reserve Board announced on January 2, 1996, the issuance of an Order of Prohibition against Patricia

Hand, a former employee of BancFirst, Oklahoma City, Oklahoma.

#### WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Charter State Bank  
Beebe, Arkansas

The Federal Reserve Board announced on January 16, 1996, the execution of a Written Agreement by and among the Charter State Bank, Beebe, Arkansas; Charter Mortgage and Investments, Inc., North Little Rock, Arkansas; and the Federal Reserve Bank of St. Louis.

First Western Bank  
Cooper City, Florida

The Federal Reserve Board announced on January 2, 1996, the execution of a Written Agreement by and among the First Western Bank, Cooper City, Florida; the Federal Reserve Bank of Atlanta; and the State Comptroller and Banking Commissioner of the State of Florida.

Mercantile Capital Corp.  
Boston, Massachusetts

The Federal Reserve Board announced on January 30, 1996, the execution of a Written Agreement between the Federal Reserve Bank of Boston and Mercantile Capital Corp., Boston, Massachusetts.



# 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	1995				1995				
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov.	Dec.
<i>Reserves of depository institutions<sup>2</sup></i>									
1 Total.....	-3.7	-8.0	-1.2	-7.2	-2.9	-3.1	-11.4	-11.7	1.4
2 Required.....	-4.0	-7.0	-2.3	-8.0	-8	-2.3	-14.4	-8.9	-5.9
3 Nonborrowed.....	-2.4	-8.6	-2.2	-6.7	-1.1	-3.0	-10.8	-10.8	.3
4 Monetary base <sup>3</sup> .....	6.4	6.3	1.0	2.4	3.3	1.1	3.3	.7	4.8
<i>Concepts of money, liquid assets, and debt<sup>4</sup></i>									
5 M1.....	.0	-9	-1.0	-5.7	-1.7 <sup>f</sup>	-3.8 <sup>f</sup>	-10.4	-3.6 <sup>f</sup>	-3.8
6 M2.....	1.7	4.4	7.7	2.8	8.3	4.4	-1.0	2.5 <sup>f</sup>	6.1
7 M3.....	4.4	6.9 <sup>f</sup>	8.8 <sup>f</sup>	3.6	8.2 <sup>f</sup>	4.5 <sup>f</sup>	3.3 <sup>f</sup>	.9 <sup>f</sup>	3.6
8 L.....	6.4	7.8 <sup>f</sup>	9.6 <sup>f</sup>	n.a.	8.1 <sup>f</sup>	8.7 <sup>f</sup>	4.5 <sup>f</sup>	.6	n.a.
9 Debt.....	5.3	7.0	4.6 <sup>f</sup>	n.a.	4.6 <sup>f</sup>	3.4 <sup>f</sup>	3.5 <sup>f</sup>	5.2	n.a.
<i>Nontransaction components</i>									
10 In M2 <sup>5</sup> .....	2.5	6.8 <sup>f</sup>	11.6 <sup>f</sup>	6.6	12.8	8.0	3.2	5.2 <sup>f</sup>	10.2
11 In M3 only <sup>6</sup> .....	18.6 <sup>f</sup>	19.4 <sup>f</sup>	14.0 <sup>f</sup>	7.6	7.5 <sup>f</sup>	5.3 <sup>f</sup>	24.1 <sup>f</sup>	-6.7 <sup>f</sup>	-8.4
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings, including MMDAs.....	-13.2	-7.3	10.3	13.2	14.5	11.7	11.2	11.0 <sup>f</sup>	23.7
13 Small time <sup>7,9</sup> .....	24.3	23.4	9.8	2.0	5.5	1.9	1.3 <sup>f</sup>	2.7 <sup>f</sup>	-2
14 Large time <sup>8,9</sup> .....	12.7	12.6 <sup>f</sup>	13.0 <sup>f</sup>	22.9	9.4 <sup>f</sup>	11.2 <sup>f</sup>	42.5 <sup>f</sup>	18.6 <sup>f</sup>	7.0
<i>Thrift institutions</i>									
15 Savings, including MMDAs.....	-20.5	-14.5	-5.8	-2.7	-7.0	-3	.0	-7.0	-2.4
16 Small time <sup>8</sup> .....	21.4 <sup>f</sup>	26.3 <sup>f</sup>	3.6 <sup>f</sup>	2.7	2.0	2.3	2.7	3.7	2.3
17 Large time <sup>8</sup> .....	24.0 <sup>f</sup>	15.4 <sup>f</sup>	13.7 <sup>f</sup>	9.8	9.9	8.2	17.8 <sup>f</sup>	3.2 <sup>f</sup>	1.6
<i>Money market mutual funds</i>									
18 General purpose and broker-dealer.....	7.9	18.1	43.3	15.9	37.7	17.6	9.9	12.6	14.3
19 Institution-only.....	10.0	27.1	29.3	6.6	-9.0	15.4	12.9	-5.6	10.1
<i>Debt components<sup>4</sup></i>									
20 Federal.....	5.1	5.4	4.6	n.a.	2.0	.8	2.9	4.4	n.a.
21 Nonfederal.....	5.4 <sup>f</sup>	7.5	4.6 <sup>f</sup>	n.a.	5.5 <sup>f</sup>	4.3 <sup>f</sup>	3.7 <sup>f</sup>	5.5	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						
	1995			1995						
	Oct.	Nov.	Dec.	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding	410,695	413,165	420,761	412,622	414,222	416,410 <sup>f</sup>	416,864	415,293	421,941	424,015
U.S. government securities <sup>2</sup>										
2 Bought outright—System account	370,901	373,648	378,548	375,660	373,897	373,735	376,886	379,348	378,879	378,595
3 Held under repurchase agreements	3,227	3,249	5,626	371	4,423	6,377	5,611	575	4,848	7,997
Federal agency obligations										
4 Bought outright	2,876	2,796	2,654	2,812	2,812	2,761	2,692	2,668	2,637	2,636
5 Held under repurchase agreements	479	320	343	71	710	169	56	0	0	979
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	45	166	139	36	311	360	4	1	516	44
8 Seasonal credit	204	67	40	63	62	58	43	39	43	43
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	537	901	1,180	1,116	779	1,124 <sup>f</sup>	382	806	2,769	906
11 Other Federal Reserve assets	32,425	32,018 <sup>f</sup>	32,231	32,492	31,228	31,825 <sup>f</sup>	31,189	31,855	32,249	32,815
12 Gold stock	11,051	11,050	11,050	11,051	11,050	11,050	11,050	11,050	11,050	11,050
13 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
14 Treasury currency outstanding	23,799	23,860	23,921	23,853	23,867	23,881	23,895	23,909	23,923	23,937
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation	411,565	414,005	419,549	413,058	414,272	416,621	416,409	417,416	418,787	422,495
16 Treasury cash holdings	315	287	271	295	281	278	276	271	271	270
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,384	5,410	6,762	6,024	5,125	5,614	5,942	5,559	8,633	7,169
18 Foreign	179	203	204	177	198	241	183	177	210	172
19 Service-related balances and adjustments	4,874	5,108 <sup>f</sup>	5,486	4,989	5,250	5,211 <sup>f</sup>	5,239	5,371	5,250	5,557
20 Other	386	326	366	347	325	283	298	323	304	296
21 Other Federal Reserve liabilities and capital	12,938	13,006	12,847	12,952	13,155	13,135	12,701	12,626	13,164	13,070
22 Reserve balances with Federal Reserve Banks <sup>3</sup>	20,071	19,897 <sup>f</sup>	20,414	19,850	20,701	20,125 <sup>f</sup>	20,930	18,677	20,465	20,142
<b>End-of-month figures</b>										
<b>Wednesday figures</b>										
	Oct.	Nov.	Dec.	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding	409,828	412,867 <sup>f</sup>	428,451	413,040	416,500	415,423 <sup>f</sup>	419,714	416,609	429,336	425,031
U.S. government securities <sup>2</sup>										
2 Bought outright—System account	371,227	373,819	378,197	374,930	373,887	374,228	377,865	378,858	378,439	381,141
3 Held under repurchase agreements	2,290	6,983	12,762	2,600	5,104	5,475	6,357	2,012	8,235	6,724
Federal agency obligations										
4 Bought outright	2,812	2,692	2,634	2,812	2,812	2,692	2,692	2,637	2,637	2,634
5 Held under repurchase agreements	210	0	1,100	500	1,061	0	390	0	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	1	5	111	3	2,164	302	6	2	3,432	22
8 Seasonal credit	123	50	24	63	58	52	41	39	45	41
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	833	-1,817 <sup>f</sup>	118	1,286	370	949 <sup>f</sup>	724	723	4,125	1,652
11 Other Federal Reserve assets	32,332	31,136	33,504	30,846	31,043	31,724 <sup>f</sup>	31,639	32,338	32,424	32,815
12 Gold stock	11,051	11,050	11,050	11,050	11,050	11,050	11,050	11,050	11,050	11,050
13 Special drawing rights certificate account	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
14 Treasury currency outstanding	23,825	23,895	23,951	23,853	23,867	23,881	23,895	23,909	23,923	23,937
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation	411,767	416,682	424,192	414,261	416,373	417,527	417,534	418,792	421,267	424,643
16 Treasury cash holdings	314	276	270	281	278	276	271	272	270	270
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,018	5,703	5,979	5,256	6,505	6,439	5,782	5,556	11,383	5,779
18 Foreign	275	194	386	194	195	167	230	179	220	178
19 Service-related balances and adjustments	5,006	5,239 <sup>f</sup>	6,348	4,989	5,250	5,211 <sup>f</sup>	5,239	5,371	5,250	5,557
20 Other	375	282	932	344	280	278	328	318	308	279
21 Other Federal Reserve liabilities and capital	13,073	12,697	12,342	12,843	12,936	12,866	12,460	12,648	12,959	12,838
22 Reserve balances with Federal Reserve Banks <sup>3</sup>	17,045	16,908 <sup>f</sup>	23,171	19,943	19,767	17,759 <sup>f</sup>	22,985	18,599	22,820	20,642

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.

## A6 Domestic Financial Statistics □ March 1996

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

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1993	1994	1995	1995						
	Dec.	Dec.	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Reserve balances with Reserve Banks <sup>2</sup>	29,374	24,658	20,442	21,058	20,840	20,565	20,519	20,055	20,066	20,442
2 Total vault cash <sup>3</sup>	36,818	40,365	42,117	39,839	40,522	40,177	40,648	40,561	40,575	42,117
3 Applied vault cash <sup>4</sup>	33,484	36,682	37,459	35,986	36,550	36,255	36,640	36,345	36,332	37,459
4 Surplus vault cash <sup>5</sup>	3,334	3,683	4,658	3,853	3,971	3,923	4,008	4,216	4,244	4,658
5 Total reserves <sup>6</sup>	62,858	61,340	57,901	57,044	57,390	56,819	57,159	56,400	56,397	57,901
6 Required reserves <sup>7</sup>	61,795	60,172	56,622	56,079	56,300	55,832	56,209	55,319	55,454 <sup>f</sup>	56,622
7 Excess reserve balances at Reserve Banks <sup>8</sup>	1,063	1,168	1,278	964	1,090	988	950	1,081	943 <sup>f</sup>	1,278
8 Total borrowings at Reserve Banks <sup>9</sup>	82	209	257	272	371	282	278	245	204	257
9 Seasonal borrowings	31	100	40	172	231	258	252	199	73	40
10 Extended credit <sup>9</sup>	0	0	0	0	0	0	0	0	0	0
Biweekly averages of daily figures for two week periods ending on dates indicated										
1995										1996
	Aug. 30	Sept. 13	Sept. 27	Oct. 11	Oct. 25	Nov. 8	Nov. 22	Dec. 6	Dec. 20	Jan. 3
1 Reserve balances with Reserve Banks <sup>2</sup>	20,395	21,029	20,182	19,886	20,496	19,334	20,270	20,438 <sup>f</sup>	19,563	21,563
2 Total vault cash <sup>3</sup>	39,324	40,554	40,628	41,153	39,855	41,123	40,218	40,653	42,943	41,865
3 Applied vault cash <sup>4</sup>	35,491	36,693	36,556	36,805	35,770	36,846	36,071	36,274	38,053	37,350
4 Surplus vault cash <sup>5</sup>	3,833	3,862	4,072	4,348	4,086	4,277	4,148	4,379	4,890	4,516
5 Total reserves <sup>6</sup>	55,886	57,722	56,738	56,690	56,265	56,180	56,341	56,712 <sup>f</sup>	57,615	58,912
6 Required reserves <sup>7</sup>	55,153	56,879	55,781	55,312	55,406	55,129	55,544	55,623 <sup>f</sup>	56,508	57,313
7 Excess reserve balances at Reserve Banks <sup>8</sup>	733	843	957	1,378	860	1,052	797	1,089 <sup>f</sup>	1,107	1,599
8 Total borrowings at Reserve Banks <sup>9</sup>	288	268	274	338	227	121	236	233	300	218
9 Seasonal borrowings	272	245	261	240	204	116	63	51	41	34
10 Extended credit <sup>9</sup>	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.

2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.

3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.

4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

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

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

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

8. Also includes adjustment credit.

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



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

Millions of dollars, averages of daily figures

Source and maturity	1995, week ending Monday								
	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
<i>Federal funds purchased, repurchase agreements, and other selected borrowings</i>									
From commercial banks in the United States									
1 For one day or under continuing contract	87,443	88,385	87,007 <sup>r</sup>	85,795 <sup>r</sup>	83,570 <sup>r</sup>	92,013	91,010	95,899	93,042
2 For all other maturities	15,906	15,801	16,272	15,698	16,082 <sup>r</sup>	14,382	14,208	14,556	15,749
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	18,531	20,008	20,485 <sup>r</sup>	20,475	21,528	22,676	22,680	20,692	20,590
4 For all other maturities	22,598	22,303	22,979	21,854	22,400	19,903	20,178	19,985	21,315
<i>Repurchase agreements on U.S. government and federal agency securities</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	17,892	17,442	17,047	17,922	17,546	19,435	16,784	18,413	16,121
6 For all other maturities	36,216	31,849	34,156	28,791	28,864	25,700	27,003	24,221	25,024
All other customers									
7 For one day or under continuing contract	42,351	42,910	40,802	43,971	41,183	44,887	42,598	43,097	41,224
8 For all other maturities	16,833	16,488	18,640	16,976	21,046	16,251	16,079	16,103	17,141
MEMO									
<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	61,281	60,195	59,269	56,296	57,482 <sup>r</sup>	60,904	58,461	63,983	67,332
10 To all other specified customers <sup>2</sup>	27,924	30,663	31,801	31,080	29,735	30,909	28,636	32,478	30,494

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

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

## 1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels									
Federal Reserve Bank	Adjustment credit <sup>1</sup>			Seasonal credit <sup>2</sup>			Extended credit <sup>3</sup>		
	On 2/5/96	Effective date	Previous rate	On 2/5/96	Effective date	Previous rate	On 2/5/96	Effective date	Previous rate
Boston .....	5.00	2/1/96	5.25	5.40	2/1/96	5.50	5.90	2/1/96	6.00
New York .....	↑	1/31/96	↑	↑	↑	↑	↑	↑	↑
Philadelphia .....	↑	1/31/96	↑	↑	↑	↑	↑	↑	↑
Cleveland .....	↑	1/31/96	↑	↑	↑	↑	↑	↑	↑
Richmond .....	↑	2/1/96	↑	↑	↑	↑	↑	↑	↑
Atlanta .....	↑	1/31/96	↑	↑	↑	↑	↑	↑	↑
Chicago .....	↓	2/1/96	↓	↓	↓	↓	↓	↓	↓
St. Louis .....	↓	2/5/96	↓	↓	↓	↓	↓	↓	↓
Minneapolis .....	↓	1/31/96	↓	↓	↓	↓	↓	↓	↓
Kansas City .....	↓	2/1/96	↓	↓	↓	↓	↓	↓	↓
Dallas .....	↓	1/31/96	↓	↓	↓	↓	↓	↓	↓
San Francisco .....	5.00	1/31/96	5.25	5.40	2/1/96	5.50	5.90	2/1/96	6.00

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—Nov. 2 .....	13–14	13	1988—Aug. 9 .....	6–6.5	6.5
1978—Jan. 9 .....	6–6.5	6.5	6 .....	13	13	11 .....	6.5	6.5
20 .....	6.5	6.5	Dec. 4 .....	12	12	1989—Feb. 24 .....	6.5–7	7
May 11 .....	6.5–7	7	1982—July 20 .....	11.5–12	11.5	27 .....	7	7
12 .....	7	7	23 .....	11.5	11.5	1990—Dec. 19 .....	6.5	6.5
July 3 .....	7–7.25	7.25	Aug. 2 .....	11–11.5	11	1991—Feb. 1 .....	6–6.5	6
10 .....	7.25	7.25	3 .....	11	11	4 .....	6	6
Aug. 21 .....	7.75	7.75	16 .....	10.5	10.5	Apr. 30 .....	5.5–6	5.5
Sept. 22 .....	8	8	27 .....	10–10.5	10	May 2 .....	5.5	5.5
Oct. 16 .....	8–8.5	8.5	30 .....	10	10	Sept. 13 .....	5–5.5	5
20 .....	8.5	8.5	Oct. 12 .....	9.5–10	9.5	17 .....	5	5
Nov. 1 .....	8.5–9.5	9.5	13 .....	9.5	9.5	Nov. 6 .....	4.5–5	4.5
3 .....	9.5	9.5	Nov. 22 .....	9–9.5	9	7 .....	4.5	4.5
1979—July 20 .....	10	10	26 .....	9	9	Dec. 20 .....	3.5–4.5	3.5
Aug. 17 .....	10–10.5	10.5	Dec. 14 .....	8.5–9	9	24 .....	3.5	3.5
20 .....	10.5	10.5	15 .....	8.5–9	8.5	1992—July 2 .....	3–3.5	3
Sept. 19 .....	10.5–11	11	17 .....	8.5	8.5	7 .....	3	3
21 .....	11	11	1984—Apr. 9 .....	8.5–9	9	1994—May 17 .....	3–3.5	3.5
Oct. 8 .....	11–12	12	13 .....	9	9	18 .....	3.5	3.5
10 .....	12	12	Nov. 21 .....	8.5–9	8.5	Aug. 16 .....	3.5–4	4
1980—Feb. 15 .....	12–13	13	26 .....	8.5	8.5	18 .....	4	4
19 .....	13	13	Dec. 24 .....	8	8	Nov. 15 .....	4–4.75	4.75
May 29 .....	12–13	13	1985—May 20 .....	7.5–8	7.5	17 .....	4.75	4.75
30 .....	12	12	24 .....	7.5	7.5	1995—Feb. 1 .....	4.75–5.25	5.25
June 13 .....	11–12	11	1986—Mar. 7 .....	7–7.5	7	9 .....	5.25	5.25
16 .....	11	11	10 .....	7	7	1996—Jan. 31 .....	5.00–5.25	5.00
July 28 .....	10–11	10	23 .....	6.5–7	6.5	Feb. 5 .....	5.00	5.00
29 .....	10	10	Aug. 21 .....	6.5	6.5	In effect Feb. 5, 1996 .....	5.00	5.00
Sept. 26 .....	11	11	22 .....	6	6			
Nov. 17 .....	12	12	July 11 .....	5.5–6	5.5			
Dec. 5 .....	12–13	13	Aug. 22 .....	5.5	5.5			
8 .....	13	13	1987—Sept. 4 .....	5.5–6	6			
1981—May 5 .....	13–14	14	11 .....	6	6			
8 .....	14	14						

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	Requirement	
	Percentage of deposits	Effective date
<i>Net transaction accounts</i> <sup>2</sup>		
1 \$0 million–\$52.0 million <sup>3</sup>	3	12/19/95
2 More than \$52.0 million <sup>3</sup>	10	12/19/95
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 the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective Dec. 19, 1995, the amount was decreased from \$54.0 million to \$52.0 million.

3. Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the

succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. Effective Dec. 19, 1995, the exemption was raised from \$4.2 million to \$4.3 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

## A10 Domestic Financial Statistics □ March 1996

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS<sup>1</sup>

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1995						
				May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases .....	14,714	17,717	17,484	0	4,470	0	433	409	1,350	4,271
2 Gross sales .....	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges .....	308,699	332,229	376,277	31,663	42,983	25,213	39,195	30,333	29,397	39,057
4 Redemptions .....	1,600	0	0	0	0	0	0	0	900	0
Others within one year										
5 Gross purchases .....	1,096	1,223	1,238	0	0	0	0	0	0	0
6 Gross sales .....	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts .....	36,662	31,368	0	7,174	2,177	2,063	7,805	0	1,745	6,108
8 Exchanges .....	-30,543	-36,582	-21,444	-7,374	-1,392	-562	-5,599	0	-2,049	-4,937
9 Redemptions .....	0	0	0	0	0	300	0	485	0	0
One to five years										
10 Gross purchases .....	13,118	10,350	9,168	0	0	0	0	100	0	0
11 Gross sales .....	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts .....	-34,478	-27,140	-6,004	-6,694	-2,177	-2,063	-3,379	0	-1,745	-5,292
13 Exchanges .....	25,811	0	17,801	5,374	1,392	562	4,905	0	2,049	3,237
Five to ten years										
14 Gross purchases .....	2,818	4,168	3,818	0	0	0	0	0	0	400
15 Gross sales .....	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts .....	-1,915	0	-3,145	1,248	0	0	-319	0	0	-816
17 Exchanges .....	3,532	0	2,903	2,000	0	0	1,800	0	0	1,700
More than ten years										
18 Gross purchases .....	2,333	3,457	3,606	0	0	0	0	100	0	0
19 Gross sales .....	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts .....	-269	0	-918	-1,728	0	0	-525	0	0	0
21 Exchanges .....	1,200	0	775	0	0	0	1,100	0	0	0
All maturities										
22 Gross purchases .....	34,079	36,915	35,314	0	4,470	0	433	609	1,350	4,671
23 Gross sales .....	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions .....	1,600	767	2,337	0	0	0	0	0	1,385	0
Matched transactions										
25 Gross purchases .....	1,480,140	1,475,941	1,700,836	155,027	170,083	166,674	179,571 <sup>f</sup>	195,830	216,755	226,340
26 Gross sales .....	1,482,467	1,475,085	1,701,309	153,534	171,959	163,490	185,711 <sup>f</sup>	198,587	213,161	228,419
Repurchase agreements										
27 Gross purchases .....	378,374	475,447	309,276	35,158	40,989	8,527	4,130	43,286	28,825	44,569
28 Gross sales .....	386,257	470,723	311,898	34,377	28,196	24,851	1,075	39,896	32,980	39,876
29 Net change in U.S. Treasury securities .....	20,642	41,729	29,882	2,274	15,387	-13,141	-2,651	1,241	-597	7,285
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases .....	0	0	0	0	0	0	0	0	0	0
31 Gross sales .....	0	0	0	0	0	0	0	0	0	0
32 Redemptions .....	632	774	1,002	30	262	333	122	46	83	120
Repurchase agreements										
33 Gross purchases .....	14,565	35,063	52,696	6,155	1,941	711	1,610	1,434	3,740	3,763
34 Gross sales .....	14,486	34,669	52,696	5,955	2,180	1,172	1,510	1,459	3,605	3,973
35 Net change in federal agency obligations .....	-554	-380	-1,002	170	-501	-794	-22	-71	52	-330
36 Total net change in System Open Market Account .....	20,089	41,348	28,880	2,444	14,886	-13,935	-2,673	1,170	-545	6,955

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		
	1995					1995		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27	Oct. 31	Nov. 30	Dec. 31
Consolidated condition statement								
<b>ASSETS</b>								
1 Gold certificate account.....	11,050	11,050	11,050	11,050	11,050	11,051	11,050	11,050
2 Special drawing rights certificate account.....	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
3 Coin.....	432	433	447	446	433	460	442	424
<i>Loans</i>								
4 To depository institutions.....	354	47	41	3,477	64	124	55	135
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.....	2,692	2,692	2,637	2,637	2,634	2,812	2,692	2,634
8 Held under repurchase agreements.....	0	390	0	0	0	210	0	1,100
<b>9 Total U.S. Treasury securities.....</b>	<b>379,703</b>	<b>384,222</b>	<b>380,870</b>	<b>386,674</b>	<b>387,865</b>	<b>373,517</b>	<b>380,802</b>	<b>390,959</b>
10 Bought outright <sup>2</sup> .....	374,228	377,865	378,858	378,439	381,141	371,227	373,819	378,197
11 Bills.....	183,737	183,868	183,776	183,357	186,059	181,136	183,328	183,116
12 Notes.....	147,881	150,588	151,013	151,013	151,013	147,418	147,881	151,013
13 Bonds.....	42,610	43,410	44,069	44,069	44,069	42,673	42,610	44,069
14 Held under repurchase agreements.....	5,475	6,357	2,012	8,235	6,724	2,290	6,983	12,762
<b>15 Total loans and securities.....</b>	<b>382,749</b>	<b>387,351</b>	<b>383,548</b>	<b>392,788</b>	<b>390,563</b>	<b>376,663</b>	<b>383,549</b>	<b>394,829</b>
16 Items in process of collection.....	5,712	6,938	6,396	10,279	7,534	8,015	4,319	4,769
17 Bank premises.....	1,146	1,152	1,152	1,153	1,153	1,139	1,146	1,126
<i>Other assets</i>								
18 Denominated in foreign currencies <sup>3</sup> .....	21,424	21,058	21,069	21,080	21,091	21,376	21,049	21,099
19 All other <sup>4</sup> .....	9,085	9,362	10,053	10,149	10,566	9,876	8,860	11,258
<b>20 Total assets.....</b>	<b>441,766</b>	<b>447,512</b>	<b>443,883</b>	<b>457,113</b>	<b>452,557</b>	<b>438,748</b>	<b>440,582</b>	<b>454,723</b>
<b>LIABILITIES</b>								
21 Federal Reserve notes.....	394,354	394,343	395,602	398,060	401,409	388,715	393,505	400,935
<b>22 Total deposits.....</b>	<b>29,855</b>	<b>34,675</b>	<b>30,292</b>	<b>40,079</b>	<b>32,022</b>	<b>29,911</b>	<b>30,549</b>	<b>36,908</b>
23 Depository institutions.....	22,972	28,339	24,238	28,168	25,786	22,284	24,369	29,611
24 U.S. Treasury—General account.....	6,439	5,782	5,556	11,383	5,779	7,018	5,703	5,979
25 Foreign—Official accounts.....	167	230	179	220	178	275	194	386
26 Other.....	278	328	318	308	279	375	282	932
27 Deferred credit items.....	4,690	6,035	5,341	6,015	6,289	7,049	3,832	4,538
28 Other liabilities and accrued dividends <sup>5</sup> .....	4,516	4,453	4,317	4,592	4,466	4,432	4,645	4,409
<b>29 Total liabilities.....</b>	<b>433,416</b>	<b>439,505</b>	<b>435,552</b>	<b>448,746</b>	<b>444,186</b>	<b>430,107</b>	<b>432,531</b>	<b>446,790</b>
<b>CAPITAL ACCOUNTS</b>								
30 Capital paid in.....	3,958	3,958	3,960	3,962	3,966	3,923	3,958	3,966
31 Surplus.....	3,683	3,679	3,683	3,683	3,683	3,683	3,671	3,966
32 Other capital accounts.....	709	370	689	721	722	1,034	422	0
<b>33 Total liabilities and capital accounts.....</b>	<b>441,766</b>	<b>447,512</b>	<b>443,883</b>	<b>457,113</b>	<b>452,557</b>	<b>438,748</b>	<b>440,582</b>	<b>454,723</b>
<b>MEMO</b>								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts.....	496,481	503,956	508,332	501,563	500,554	488,911	506,035	500,174
<b>Federal Reserve note statement</b>								
35 Federal Reserve notes outstanding (issued to Banks).....	478,321	479,323	482,152	484,322	482,173	482,369	477,946	481,044
36 LESS: Held by Federal Reserve Banks.....	83,966	84,980	86,550	86,262	80,765	93,654	84,441	80,109
37 Federal Reserve notes, net.....	394,354	394,343	395,602	398,060	401,409	388,715	393,505	400,935
<i>Collateral held against notes, net</i>								
38 Gold certificate account.....	11,050	11,050	11,050	11,050	11,050	11,051	11,050	11,050
39 Special drawing rights certificate account.....	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
40 Other eligible assets.....	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities.....	373,136	373,124	374,383	376,842	380,191	367,496	372,286	379,717
<b>42 Total collateral.....</b>	<b>394,354</b>	<b>394,343</b>	<b>395,602</b>	<b>398,060</b>	<b>401,409</b>	<b>388,715</b>	<b>393,505</b>	<b>400,935</b>

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.

## A12 Domestic Financial Statistics □ March 1996

## 1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1995					1995		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27	Oct. 31	Nov. 30	Dec. 31
1 Total loans.....	354	47	41	3,477	64	124	55	87
2 Within fifteen days <sup>1</sup> .....	348	18	12	3,472	63	48	29	85
3 Sixteen days to ninety days.....	6	29	29	5		76	26	2
4 Total U.S. Treasury securities.....	379,703	384,222	380,870	386,674	387,865	371,227	373,819	378,197
5 Within fifteen days <sup>1</sup> .....	20,151	19,650	15,018	18,480	23,906	11,078	5,924	7,580
6 Sixteen days to ninety days.....	87,792	89,756	94,251	91,994	87,359	88,044	87,792	93,738
7 Ninety-one days to one year.....	122,576	122,238	117,938	122,538	122,938	121,873	130,641	123,217
8 One year to five years.....	82,678	85,273	85,273	85,273	85,273	84,610	82,956	85,273
9 Five years to ten years.....	30,876	30,876	31,469	31,469	31,469	29,992	30,876	31,469
10 More than ten years.....	35,630	36,430	31,921	36,921	36,921	35,630	35,630	36,921
11 Total federal agency obligations.....	2,692	3,082	2,637	2,637	2,634	2,812	2,692	2,634
12 Within fifteen days <sup>1</sup> .....	372	445	3	243	240	224	372	240
13 Sixteen days to ninety days.....	384	704	701	461	474	680	384	474
14 Ninety-one days to one year.....	531	528	540	540	527	538	531	527
15 One year to five years.....	853	853	841	841	841	853	853	841
16 Five years to ten years.....	527	527	527	527	527	427	527	527
17 More than ten years.....	25	25	25	25	25	25	25	25

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

NOTE: Total acceptances data have been deleted from this table because data are no longer available.



1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE<sup>1</sup>

Billions of dollars, averages of daily figures

Item	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	1995							
					May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>2</sup>	Seasonally adjusted											
1 Total reserves <sup>3</sup> .....	54.35	60.50	59.34	56.34	57.76	57.35	57.66	57.52	57.37	56.82	56.27	56.34
2 Nonborrowed reserves <sup>4</sup> .....	54.23	60.42	59.13	56.08	57.61	57.08	57.28	57.23	57.09	56.58	56.07	56.08
3 Nonborrowed reserves plus extended credit <sup>5</sup> .....	54.23	60.42	59.13	56.08	57.61	57.08	57.28	57.23	57.09	56.58	56.07	56.08
4 Required reserves .....	53.20	59.44	58.17	55.06	56.88	56.39	56.57	56.53	56.42	55.74	55.33	55.06
5 Monetary base <sup>6</sup> .....	351.12	386.60	418.22	434.40	430.69	429.76	429.66	430.86	431.25	432.42	432.67	434.40
	Not seasonally adjusted											
6 Total reserves <sup>7</sup> .....	56.06	62.37	61.13	58.01	56.82	57.13	57.49	56.93	57.29	56.54	56.56	58.01
7 Nonborrowed reserves .....	55.93	62.29	60.92	57.76	56.68	56.85	57.12	56.65	57.01	56.30	56.35	57.76
8 Nonborrowed reserves plus extended credit <sup>3</sup> .....	55.93	62.29	60.92	57.76	56.68	56.85	57.12	56.65	57.01	56.30	56.35	57.76
9 Required reserves <sup>8</sup> .....	54.90	61.31	59.96	56.74	55.95	56.16	56.40	55.95	56.34	55.46	55.62	56.74
10 Monetary base <sup>9</sup> .....	354.55	390.59	422.51	438.98	429.29	430.26	431.30	431.08	431.62	431.57	433.18	438.98
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>10</sup>												
11 Total reserves <sup>11</sup> .....	56.54	62.86	61.34	57.90	56.76	57.04	57.39	56.82	57.16	56.40	56.40	57.90
12 Nonborrowed reserves .....	56.42	62.78	61.13	57.64	56.61	56.77	57.02	56.54	56.88	56.15	56.19	57.64
13 Nonborrowed reserves plus extended credit <sup>3</sup> .....	56.42	62.78	61.13	57.64	56.61	56.77	57.02	56.54	56.88	56.15	56.19	57.64
14 Required reserves <sup>12</sup> .....	55.39	61.80	60.17	56.62	55.88	56.08	56.30	55.83	56.21	55.32	55.45	56.62
15 Monetary base <sup>12</sup> .....	360.90	397.62	427.25	444.41	433.47	434.57	435.56	435.59	436.20	436.32	438.16	444.41
16 Excess reserves <sup>13</sup> .....	1.16	1.06	1.17	1.28	.88	.96	1.09	.99	.95	1.08	.94	1.28
17 Borrowings from the Federal Reserve .....	.12	.08	.21	.26	.15	.27	.37	.28	.28	.25	.20	.26

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

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

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

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

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

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

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

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

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

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

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

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

## A14 Domestic Financial Statistics □ March 1996

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

Billions of dollars, averages of daily figures

Item	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	1995 <sup>f</sup>			
					Sept.	Oct.	Nov.	Dec.
Seasonally adjusted								
<i>Measures<sup>2</sup></i>								
1 M1 .....	1,024.4	1,128.6	1,148.0	1,122.9	1,139.8	1,129.9	1,126.5	1,122.9
2 M2 .....	3,515.3	3,583.6	3,617.0 <sup>f</sup>	3,780.6	3,756.8	3,753.8	3,761.6	3,780.6
3 M3 .....	4,182.9	4,242.3	4,303.9	4,563.5	4,534.0	4,546.6	4,550.0	4,563.5
4 L .....	5,069.2 <sup>f</sup>	5,154.4 <sup>f</sup>	5,283.9 <sup>f</sup>	n.a.	5,624.6	5,645.6	5,648.3	n.a.
5 Debt .....	11,881.7 <sup>f</sup>	12,516.4 <sup>f</sup>	13,153.2 <sup>f</sup>	n.a.	13,704.1	13,744.3	13,804.2	n.a.
<i>M1 components</i>								
6 Currency <sup>3</sup> .....	292.8	322.1	354.5	372.5	369.1	370.5	371.0	372.5
7 Travelers checks <sup>3</sup> .....	8.1	7.9	8.4	8.9	8.8	8.8	8.8	8.9
8 Demand deposits <sup>3</sup> .....	338.9	383.9	382.2	389.1	389.8	387.3	387.0	389.1
9 Other checkable deposits <sup>3</sup> .....	384.6	414.7	402.9	352.5	372.0	363.4	359.7	352.5
<i>Nontransaction components</i>								
10 In M2 <sup>2</sup> .....	2,490.9	2,455.0	2,468.9	2,657.7	2,617.0	2,623.9	2,635.2	2,657.7
11 In M3 only <sup>8</sup> .....	667.6	658.7	687.0	782.9	777.2	792.8	788.4	782.9
<i>Commercial banks</i>								
12 Savings deposits, including MMDAs .....	754.7	785.8	752.3	775.6	746.7	753.7	760.6	775.6
13 Small time deposits <sup>9</sup> .....	508.1	468.6	502.6	572.4	570.6	571.2	572.5	572.4
14 Large time deposits <sup>10, 11</sup> .....	286.7	271.2	296.6	343.5	324.8	336.3	341.5	343.5
<i>Thrift institutions</i>								
15 Savings deposits, including MMDAs .....	428.9	429.8	391.9	355.7	358.5	358.5	356.4	355.7
16 Small time deposits <sup>9</sup> .....	361.1	316.5	318.3	360.8	358.2	359.0	360.1	360.8
17 Large time deposits <sup>10</sup> .....	67.1	61.6	64.9	75.4	74.0	75.1	75.3	75.4
<i>Money market mutual funds</i>								
18 General purpose and broker-dealer .....	356.9	360.1	389.0	476.9	462.6	466.4	471.3	476.9
19 Institution-only .....	200.2	198.1	180.8	216.6	213.5	215.8	214.8	216.6
<i>Debt components</i>								
20 Federal debt .....	3,068.6	3,328.3	3,497.6	n.a.	3,623.8	3,632.6	3,645.8	n.a.
21 Nonfederal debt .....	8,813.1 <sup>f</sup>	9,188.1 <sup>f</sup>	9,655.6 <sup>f</sup>	n.a.	10,080.3	10,111.7	10,158.4	n.a.
Not seasonally adjusted								
<i>Measures<sup>2</sup></i>								
22 M1 .....	1,046.0	1,153.7	1,173.7	1,149.0	1,135.8	1,129.5	1,134.9	1,149.0
23 M2 .....	3,533.6	3,606.1	3,640.5	3,804.6	3,746.7	3,750.9	3,770.6	3,804.6
24 M3 .....	4,201.4	4,266.1	4,330.0	4,590.9	4,521.5	4,541.9	4,566.4	4,590.9
25 L .....	5,099.1 <sup>f</sup>	5,189.1 <sup>f</sup>	5,321.8 <sup>f</sup>	n.a.	5,602.8	5,634.8	5,673.9	n.a.
26 Debt .....	11,883.2 <sup>f</sup>	12,509.3 <sup>f</sup>	13,145.8 <sup>f</sup>	n.a.	13,657.0	13,703.1	13,767.7	n.a.
<i>M1 components</i>								
27 Currency <sup>3</sup> .....	295.0	324.8	357.6	376.0	369.2	369.9	371.6	376.0
28 Travelers checks <sup>3</sup> .....	7.8	7.6	8.1	8.6	9.3	8.9	8.7	8.6
29 Demand deposits <sup>3</sup> .....	354.4	401.8	400.3	407.7	388.2	390.8	395.6	407.7
30 Other checkable deposits <sup>3</sup> .....	388.9	419.4	407.6	356.7	369.1	359.8	359.1	356.7
<i>Nontransaction components</i>								
31 In M2 <sup>2</sup> .....	2,487.7	2,452.5	2,466.8	2,655.6	2,610.9	2,621.4	2,635.8	2,655.6
32 In M3 only <sup>8</sup> .....	667.7	660.0	689.5	786.3	774.8	791.1	795.8	786.3
<i>Commercial banks</i>								
33 Savings deposits, including MMDAs .....	752.9	784.3	751.1	774.6	746.9	753.9	762.9	774.6
34 Small time deposits <sup>9</sup> .....	507.8	468.2	502.2	571.8	571.1	571.9	572.1	571.8
35 Large time deposits <sup>10, 11</sup> .....	286.2	270.8	296.3	343.2	326.0	337.1	343.3	343.2
<i>Thrift institutions</i>								
36 Savings deposits, including MMDAs .....	427.9	429.0	391.2	355.2	358.6	358.6	357.4	355.2
37 Small time deposits <sup>9</sup> .....	360.9	316.2	318.1	360.4	358.5	359.4	359.9	360.4
38 Large time deposits <sup>10</sup> .....	67.0	61.5	64.8	75.4	74.2	75.3	75.7	75.4
<i>Money market mutual funds</i>								
39 General purpose and broker-dealer .....	355.1	358.3	387.1	474.5	454.9	459.1	467.0	474.5
40 Institution-only .....	201.7	200.0	183.1	219.6	209.0	212.9	217.4	219.6
<i>Repurchase agreements and Eurodollars</i>								
41 Overnight and continuing .....	83.2	96.5	117.2	119.0	120.9	118.5	116.4	119.0
42 Term .....	127.8	143.9	157.8	162.5	178.8	178.3	172.7	162.5
<i>Debt components</i>								
43 Federal debt .....	3,069.8	3,329.5	3,499.0	n.a.	3,606.8	3,610.1	3,635.9	n.a.
44 Nonfederal debt .....	8,813.4 <sup>f</sup>	9,179.8 <sup>f</sup>	9,646.9 <sup>f</sup>	n.a.	10,050.2	10,093.0	10,131.8	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.

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

Item	1993 Dec.	1994 Dec.	1995 <sup>1</sup>								
			Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Interest rates (annual effective yields) <sup>2</sup>											
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts .....	1.86	1.96	2.01	2.00	1.97	1.93	1.93	1.94	1.93	1.95	1.92
2 Savings deposits <sup>3</sup> .....	2.46	2.92	3.14	3.19	3.17	3.13	3.12	3.14	3.11	3.13	3.10
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
3 7 to 91 days .....	2.65	3.79	4.29	4.25	4.20	4.17	4.10	4.10	4.11	4.12	4.11
4 92 to 182 days .....	2.91	4.44	4.94	4.93	4.81	4.77	4.77	4.75	4.75	4.74	4.69
5 183 days to 1 year .....	3.13	5.12	5.61	5.49	5.27	5.18	5.15	5.14	5.15	5.12	5.03
6 More than 1 year to 2½ years .....	3.55	5.74	6.05	5.82	5.53	5.38	5.39	5.32	5.31	5.27	5.18
7 More than 2½ years .....	4.28	6.30	6.37	6.11	5.79	5.62	5.63	5.60	5.56	5.49	5.41
BIF-INSURED SAVINGS BANKS <sup>4</sup>											
8 Negotiable order of withdrawal accounts .....	1.87	1.94	1.99	1.97	1.98	1.97	1.98	1.98	1.97	1.94	1.91
9 Savings deposits <sup>3</sup> .....	2.63	2.87	2.94	2.93	2.97	2.97	2.96	2.96	2.97	2.99	2.99
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
10 7 to 91 days .....	2.81	3.80	4.19	4.27	4.24	4.28	4.34	4.29	4.34	4.45	4.44
11 92 to 182 days .....	3.02	4.89	5.39	5.34	5.22	5.16	5.12	5.08	5.06	5.02	4.95
12 183 days to 1 year .....	3.31	5.52	5.87	5.82	5.61	5.47	5.45	5.35	5.32	5.28	5.19
13 More than 1 year to 2½ years .....	3.67	6.09	6.25	6.09	5.78	5.62	5.60	5.51	5.50	5.46	5.32
14 More than 2½ years .....	4.62	6.43	6.60	6.33	5.99	5.82	5.78	5.74	5.69	5.64	5.46
Amounts outstanding (millions of dollars)											
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts .....	305,237	304,896	288,118	275,446	276,406	274,140	267,644	253,174	258,411	259,259	252,581
16 Savings deposits <sup>3</sup> .....	767,035	737,068	701,152	715,843	721,498	726,697	735,930	744,839	747,943	767,431	793,062
17 Personal .....	598,276	580,438	552,941	561,875	566,220	570,299	575,204	584,239	587,235	599,787	627,904
18 Nonpersonal .....	168,759	156,630	148,211	153,968	155,279	156,398	160,726	160,600	160,707	167,644	165,159
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
19 7 to 91 days .....	29,362	32,265	31,626	31,655	32,258	33,142	30,937	29,804	29,940	31,083	32,652
20 92 to 182 days .....	109,050	96,650	94,853	93,084	92,364	91,975	90,796	92,220	94,418	97,401	96,704
21 183 days to 1 year .....	145,386	163,062	180,583	185,983	189,110	189,011	189,565	189,338	188,859	188,043	187,580
22 More than 1 year to 2½ years .....	139,781	164,395	190,756	195,557	198,805	202,467	204,453	203,548	206,993	211,169	211,399
23 More than 2½ years .....	180,461	192,712	195,385	194,400	195,689	195,623	201,306	200,182	200,201	202,357	203,390
24 IRA and Keogh plan deposits .....	144,011	144,097	147,829	149,496	149,488	150,426	150,648	149,570	151,094	151,869	152,446
BIF-INSURED SAVINGS BANKS <sup>4</sup>											
25 Negotiable order of withdrawal accounts .....	11,191	11,175	10,965	10,967	11,237	11,147	10,999	11,408	11,317	11,613	12,620
26 Savings deposits <sup>3</sup> .....	80,376	70,082	67,423	67,349	66,952	66,409	66,478	69,752	69,636	70,265	71,150
27 Personal .....	77,263	67,159	64,163	64,127	63,736	63,194	63,149	66,403	66,193	66,688	67,698
28 Nonpersonal .....	3,113	2,923	3,259	3,222	3,216	3,215	3,329	3,349	3,443	3,577	3,452
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
29 7 to 91 days .....	2,746	2,144	1,783	1,804	1,555	1,769	1,856	1,739	1,768	1,903	2,106
30 92 to 182 days .....	12,974	11,361	11,254	11,323	10,939	11,030	11,079	11,258	11,231	11,848	12,677
31 183 days to 1 year .....	17,469	18,391	21,070	21,491	21,545	21,969	22,294	24,837	25,036	25,887	26,934
32 More than 1 year to 2½ years .....	16,589	17,787	23,402	23,996	24,413	24,876	25,029	27,825	27,755	28,247	28,689
33 More than 2½ years .....	20,501	21,293	22,662	22,548	22,733	22,713	22,563	23,351	23,470	23,574	24,101
34 IRA and Keogh plan accounts .....	19,791	19,008	20,157	20,200	20,196	20,286	20,333	21,913	21,784	21,758	21,768

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 425 commercial banks and 75 savings banks on the last day of each month. Data are not seasonally adjusted and include IRA and Keogh deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. As of October 31, 1994, interest rate data for NOW accounts and savings deposits reflect a series break caused by a change in the survey used to collect these data.

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER<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	1992 <sup>2</sup>	1993 <sup>2</sup>	1994 <sup>2</sup>	1995					
				May	June	July <sup>f</sup>	Aug.	Sept. <sup>f</sup>	Oct.
DEBITS	Seasonally adjusted								
<i>Demand deposits</i> <sup>3</sup>									
1 All insured banks .....	313,128.1	334,784.1	369,029.1	423,264.5	413,335.1	391,053.7	407,389.4 <sup>f</sup>	397,843.6	409,420.7
2 Major New York City banks .....	165,447.7	171,224.3	191,168.8	217,587.7	203,342.3	197,712.2	206,835.9	207,576.7	210,389.5
3 Other banks .....	147,680.4	163,559.7	177,860.3	205,676.7	209,992.8	193,341.5	200,553.5 <sup>f</sup>	190,266.9	199,031.2
4 Other checkable deposits <sup>4</sup> .....	3,780.3	3,481.5	3,798.6	4,236.4	4,142.3	3,593.7	4,236.1 <sup>f</sup>	4,366.8	4,643.3
5 Savings deposits (including MMDAs) <sup>5</sup> .....	3,309.1	3,497.4	3,766.3	4,022.4	4,326.8	3,986.7	4,745.4 <sup>f</sup>	4,898.4	5,336.5
DEPOSIT TURNOVER									
<i>Demand deposits</i> <sup>3</sup>									
6 All insured banks .....	825.9	785.9	817.4	943.3	901.8	849.3	887.9	858.0	896.4
7 Major New York City banks .....	4,795.3	4,198.1	4,481.5	5,170.7	4,718.9	4,624.7	4,970.9	5,018.0	5,130.2
8 Other banks .....	428.7	424.6	435.1	505.8	505.7	462.9	480.7	450.5	478.8
9 Other checkable deposits <sup>4</sup> .....	14.4	11.9	12.6	15.0	15.1	12.9	15.5	16.3	17.9
10 Savings deposits (including MMDAs) <sup>5</sup> .....	4.7	4.6	4.9	5.6	6.0	5.5	6.5	6.6	7.1
DEBITS	Not seasonally adjusted								
<i>Demand deposits</i> <sup>3</sup>									
11 All insured banks .....	313,344.9	334,899.2	369,121.8	412,762.0	425,855.1	390,226.6	421,875.3 <sup>f</sup>	395,203.2	409,045.5
12 Major New York City banks .....	165,595.0	171,283.5	191,226.0	207,259.8	209,349.5	196,873.1	213,958.6	207,994.2	212,506.0
13 Other banks .....	147,749.9	163,615.7	177,895.7	205,502.2	216,505.6	193,353.5	207,916.7 <sup>f</sup>	187,209.0	196,539.5
14 Other checkable deposits <sup>4</sup> .....	3,783.6	3,481.7	3,795.6	4,070.1	4,261.6	3,525.4	4,203.3 <sup>f</sup>	4,431.9	4,519.6
15 Savings deposits (including MMDAs) <sup>5</sup> .....	3,310.0	3,498.3	3,764.4	3,982.3	4,432.7	4,054.1	4,750.1 <sup>f</sup>	4,849.1	5,082.6
DEPOSIT TURNOVER									
<i>Demand deposits</i> <sup>3</sup>									
16 All insured banks .....	826.1	786.1	818.2	936.5	941.3	848.2	936.7	856.4	884.4
17 Major New York City banks .....	4,803.5	4,197.9	4,490.3	5,095.1	4,972.0	4,657.5	5,343.0	5,069.5	5,149.9
18 Other banks .....	428.8	424.8	435.3	513.6	527.7	462.8	506.7 <sup>f</sup>	445.3	466.6
19 Other checkable deposits <sup>4</sup> .....	14.4	11.9	12.6	14.5	15.7	12.9	15.6	16.7	17.7
20 Savings deposits (including MMDAs) <sup>5</sup> .....	4.7	4.6	4.9	5.6	6.1	5.6	6.5	6.6	6.8

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. As of January 1994, other checkable deposits (OCDs), previously defined as automatic transfer to demand deposits (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.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1995 <sup>1</sup>							1995			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit.....	3,319.1 <sup>1</sup>	3,512.1	3,529.1	3,543.0	3,563.0	3,565.9	3,570.2	3,574.0	3,563.8	3,564.2	3,577.9	3,577.0
2 Securities in bank credit.....	949.4 <sup>1</sup>	986.0	976.6	982.5	987.0	985.9	982.1	983.3	980.4	985.6	984.5	985.3
3 U.S. government securities.....	728.4 <sup>1</sup>	711.0	705.8	710.4	707.8	712.6	712.6	708.7	707.1	709.0	710.2	709.0
4 Other securities.....	221.0	275.0	270.8	272.1	279.2	273.3	269.5	274.6	273.3	276.6	274.3	276.2
5 Loans and leases in bank credit <sup>2</sup> .....	2,369.6 <sup>1</sup>	2,526.1	2,552.5	2,560.5	2,576.1	2,580.0	2,588.1	2,590.7	2,583.3	2,578.6	2,593.4	2,591.8
6 Commercial and industrial.....	643.2	692.3	697.8	699.0	702.9	703.5	708.3	710.8	710.1	709.8	709.7	710.5
7 Real estate.....	999.9 <sup>1</sup>	1,051.6	1,062.9	1,068.2	1,072.1	1,074.8	1,076.3	1,073.6	1,074.5	1,073.1	1,073.8	1,071.6
8 Revolving home equity.....	75.4	77.6	78.0	78.4	78.7	78.7	79.1	79.4	78.9	79.3	79.5	79.7
9 Other.....	924.5	974.0	984.9	989.8	993.4	996.2	997.2	994.2	995.6	993.9	994.3	991.9
10 Consumer.....	451.9	478.1	481.1	486.3	489.2	489.1	491.2	492.8	489.5	490.5	492.8	495.9
11 Security <sup>3</sup> .....	74.7 <sup>1</sup>	89.7	89.2	84.6	87.2	84.8	84.0	80.2	78.8	73.1	83.9	80.3
12 Other.....	200.1 <sup>1</sup>	214.4	221.4	222.4	224.6	227.7	228.3	233.3	230.4	232.1	233.3	233.5
13 Interbank loans <sup>4</sup> .....	172.4	187.2	195.1	192.3	196.2	200.1	200.6	198.6	192.0	188.8	197.2	207.6
14 Cash assets <sup>5</sup> .....	208.9	211.5	214.3	209.2	212.6	220.8	211.7	221.2	218.0	210.9	222.8	221.0
15 Other assets <sup>6</sup> .....	222.9 <sup>1</sup>	222.9	224.6	224.4	228.3	227.1	226.3	230.4	231.8	231.1	230.9	225.9
16 Total assets <sup>7</sup> .....	3,867.1 <sup>1</sup>	4,076.8	4,106.0	4,112.1	4,143.3	4,157.2	4,152.4	4,167.9	4,149.4	4,139.0	4,172.6	4,175.2
Liabilities												
17 Deposits.....	2,526.8	2,584.7	2,610.0	2,616.1	2,629.3	2,643.8	2,635.3	2,648.8	2,646.1	2,636.7	2,650.0	2,646.2
18 Transaction.....	797.1 <sup>1</sup>	781.3	793.5	784.9	782.4	780.2	765.1	770.3	770.3	762.6	773.2	771.2
19 Nontransaction.....	1,729.8	1,803.4	1,816.6	1,831.2	1,846.9	1,863.6	1,870.2	1,878.5	1,875.8	1,874.1	1,876.8	1,874.9
20 Large time.....	362.6	395.9	400.8	407.3	413.9	423.0	423.7	421.3	421.6	422.5	424.2	418.1
21 Other.....	1,367.2	1,407.4	1,415.7	1,424.0	1,433.1	1,440.6	1,446.5	1,457.1	1,454.2	1,451.6	1,452.6	1,456.8
22 Borrowings.....	607.3 <sup>1</sup>	677.0	693.2	673.7	677.9	675.2	666.0	673.7	639.5	654.4	691.8	690.7
23 From banks in the U.S.....	176.1	187.9	201.8	197.5	201.3	206.1	202.6	205.9	196.8	195.4	205.1	216.4
24 From nonbanks in the U.S.....	431.2 <sup>2</sup>	489.1	491.4	476.2	476.6	469.1	453.3	467.7	442.6	459.0	486.7	474.3
25 Net due to related foreign offices.....	225.6	243.7	236.4	247.9	254.0	259.1	263.0	258.6	257.2	251.9	259.3	258.3
26 Other liabilities <sup>8</sup> .....	176.4 <sup>1</sup>	223.8	213.5	215.1	222.9	220.0	219.1	222.0	228.9	228.4	218.5	216.0
27 Total liabilities.....	3,536.2 <sup>1</sup>	3,729.2	3,753.2	3,752.8	3,784.1	3,798.2	3,773.5	3,803.1	3,771.7	3,771.4	3,819.6	3,811.2
28 Residual (assets less liabilities) <sup>9</sup> .....	330.9 <sup>1</sup>	347.7	352.8	359.3	359.2	359.0	378.9	364.8	377.7	367.6	353.0	363.9
	Not seasonally adjusted											
Assets												
29 Bank credit.....	3,335.8 <sup>1</sup>	3,508.5	3,515.8	3,533.1	3,558.1	3,564.4	3,579.7	3,590.1	3,581.3	3,581.2	3,596.9	3,586.6
30 Securities in bank credit.....	945.1 <sup>1</sup>	986.7	972.0	980.1	982.6	983.7	982.9	977.0	982.2	981.8	977.8	969.1
31 U.S. government securities.....	727.6	710.7	701.9	711.2	709.6	711.3	713.5	707.7	711.8	712.0	710.9	701.5
32 Other securities.....	217.5	276.0	270.1	268.9	273.0	272.4	269.4	269.3	270.4	269.8	266.9	267.6
33 Loans and leases in bank credit <sup>2</sup> .....	2,390.7 <sup>1</sup>	2,521.8	2,543.8	2,553.0	2,575.5	2,580.7	2,596.8	2,613.1	2,599.1	2,599.4	2,619.2	2,617.5
34 Commercial and industrial.....	643.9 <sup>1</sup>	694.2	697.1	695.6	699.1	701.0	707.9	711.2	708.6	706.9	711.7	713.2
35 Real estate.....	1,006.3	1,051.3	1,062.3	1,067.5	1,073.3	1,077.5	1,081.5	1,080.6	1,082.3	1,082.2	1,080.7	1,078.0
36 Revolving home equity.....	75.4	77.7	78.1	78.5	79.0	79.3	79.5	79.4	79.2	79.4	79.4	79.5
37 Other.....	930.8	973.7	984.2	988.9	994.3	998.2	1,001.9	1,001.2	1,003.1	1,002.9	1,001.3	998.5
38 Consumer.....	456.8	475.5	478.8	485.8	490.3	489.1	491.3	498.1	491.0	493.8	498.8	503.7
39 Security <sup>3</sup> .....	79.9 <sup>1</sup>	85.6	83.8	81.5	85.5	84.2	86.3	85.2	83.1	81.4	89.5	83.9
40 Other.....	203.8 <sup>1</sup>	215.1	221.9	222.7	227.2	228.9	229.8	238.1	234.2	235.0	238.5	238.7
41 Interbank loans <sup>4</sup> .....	183.0	184.2	190.9	187.6	192.5	198.4	202.4	211.2	206.2	202.0	209.7	214.9
42 Cash assets <sup>5</sup> .....	222.7	209.6	211.2	201.5	214.1	221.2	218.1	236.1	220.0	218.2	235.5	243.3
43 Other assets <sup>6</sup> .....	228.4 <sup>1</sup>	221.5	224.2	226.2	228.8	229.0	229.0	235.8	236.4	237.0	235.0	232.3
44 Total assets <sup>7</sup> .....	3,913.4 <sup>1</sup>	4,066.9	4,085.5	4,091.6	4,136.5	4,156.5	4,172.5	4,216.6	4,187.3	4,181.7	4,220.4	4,220.5
Liabilities												
45 Deposits.....	2,559.6 <sup>1</sup>	2,581.8	2,600.9	2,602.0	2,625.7	2,639.3	2,650.6	2,680.8	2,667.1	2,660.0	2,675.0	2,679.9
46 Transaction.....	832.7	775.7	784.2	768.9	779.6	777.9	779.5	805.9	788.2	784.4	804.1	815.0
47 Nontransaction.....	1,726.8	1,806.1	1,816.7	1,833.2	1,846.1	1,861.5	1,871.1	1,875.0	1,878.9	1,875.6	1,871.0	1,864.9
48 Large time.....	361.1	398.4	400.1	408.0	413.8	420.8	422.9	419.6	421.1	422.3	421.7	416.1
49 Other.....	1,365.7	1,407.7	1,416.6	1,425.2	1,432.3	1,440.7	1,448.2	1,455.4	1,457.7	1,453.3	1,449.2	1,448.8
50 Borrowings.....	619.9 <sup>1</sup>	684.0	694.1	682.6	687.8	682.5	676.3	687.0	671.8	668.3	707.2	690.4
51 From banks in the U.S.....	185.0	187.8	198.1	195.3	199.2	203.6	207.6	216.6	211.4	207.3	215.0	220.2
52 From nonbanks in the U.S.....	434.9 <sup>1</sup>	496.2	496.0	487.4	488.6	478.9	468.7	470.4	460.3	461.0	492.1	470.2
53 Net due to related foreign offices.....	230.3 <sup>1</sup>	237.8	233.9	243.0	247.6	258.4	262.7	264.0	252.3	259.6	259.5	274.4
54 Other liabilities <sup>8</sup> .....	179.3 <sup>1</sup>	219.0	210.6	214.4	222.5	221.5	225.0	225.8	234.8	233.3	220.4	219.2
55 Total liabilities.....	3,589.1 <sup>1</sup>	3,722.5	3,739.5	3,742.1	3,783.6	3,801.7	3,814.6	3,857.6	3,826.0	3,821.2	3,862.1	3,863.9
56 Residual (assets less liabilities) <sup>9</sup> .....	324.3 <sup>1</sup>	344.4	346.0	349.4	352.9	354.8	357.9	358.9	361.3	360.5	358.4	356.7

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			
	1994	1995 <sup>7</sup>							1995			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
<b>Assets</b>												
57 Bank credit .....	2,968.1	3,098.9	3,110.5	3,123.7	3,139.2	3,146.4	3,154.4	3,162.2	3,150.0	3,152.7	3,165.1	3,168.3
58 Securities in bank credit .....	868.6 <sup>6</sup>	858.4	849.2	852.4	857.3	856.6	855.3	856.6	853.2	857.1	857.3	859.5
59 U.S. government securities .....	669.4 <sup>6</sup>	646.9	641.4	643.0	643.2	648.5	648.4	645.4	643.0	645.1	646.3	647.1
60 Other securities .....	199.2	211.5	207.8	209.3	214.0	208.1	206.9	211.1	210.2	212.0	211.0	212.4
61 Loans and leases in bank credit <sup>2</sup> .....	2,099.5 <sup>5</sup>	2,240.6	2,261.3	2,271.3	2,281.9	2,289.8	2,299.1	2,305.6	2,296.7	2,295.6	2,307.8	2,308.8
62 Commercial and industrial .....	480.5	519.0	523.4	524.4	526.5	528.8	532.2	531.8	530.7	529.8	530.9	532.8
63 Real estate .....	959.0	1,013.4	1,025.0	1,031.1	1,035.4	1,037.8	1,039.8	1,038.0	1,039.0	1,037.6	1,037.9	1,036.0
64 Revolving home equity .....	75.4	77.6	78.0	78.4	78.7	78.6	79.1	79.4	78.9	79.3	79.5	79.7
65 Other .....	883.6	935.8	946.9	952.7	956.7	959.2	960.7	958.6	960.1	958.3	958.5	956.3
66 Consumer .....	451.9	478.1	481.1	486.3	489.2	489.1	491.2	492.8	489.5	490.5	492.8	495.9
67 Security <sup>3</sup> .....	45.4	55.4	52.1	50.4	50.8	50.4	52.7	53.5	50.9	50.9	57.5	56.2
68 Other .....	162.7	174.6	179.7	179.1	180.0	183.7	183.2	187.7	184.1	186.9	188.7	188.0
69 Interbank loans <sup>4</sup> .....	149.4	164.8	173.2	165.5	168.6	168.4	170.4	176.0	168.4	164.5	176.9	182.6
70 Cash assets <sup>5</sup> .....	181.9	184.5	187.5	182.7	187.1	194.3	183.0	192.3	189.4	182.9	193.4	192.0
71 Other assets <sup>6</sup> .....	167.7	170.3	172.6	172.0	173.6	174.2	173.6	178.3	178.5	176.3	179.9	176.1
<b>72 Total assets<sup>7</sup> .....</b>	<b>3,410.9</b>	<b>3,561.5</b>	<b>3,586.7</b>	<b>3,587.2</b>	<b>3,611.8</b>	<b>3,626.7</b>	<b>3,625.2</b>	<b>3,652.5</b>	<b>3,630.1</b>	<b>3,620.4</b>	<b>3,659.2</b>	<b>3,662.8</b>
<b>Liabilities</b>												
73 Deposits .....	2,369.7 <sup>7</sup>	2,424.3	2,447.5	2,448.3	2,457.3	2,468.3	2,465.8	2,483.2	2,478.7	2,470.9	2,482.7	2,482.7
74 Transaction .....	786.8	772.1	784.0	775.5	773.3	771.1	755.4	760.1	760.3	752.4	763.4	760.2
75 Nontransaction .....	1,582.8	1,652.2	1,663.5	1,672.8	1,684.0	1,697.2	1,710.4	1,723.1	1,718.4	1,718.6	1,719.3	1,722.5
76 Large time .....	219.3	247.6	247.9	248.9	252.5	258.4	265.8	266.2	265.5	266.6	266.9	265.2
77 Other .....	1,363.5	1,404.6	1,415.6	1,423.9	1,431.4	1,438.8	1,444.6	1,456.8	1,452.9	1,451.9	1,452.3	1,457.3
78 Borrowings .....	506.7	563.6	573.1	556.0	562.0	565.3	552.9	570.0	539.2	548.5	588.2	586.8
79 From banks in the U.S. ....	161.8	168.5	182.0	179.2	182.9	186.9	183.8	188.1	180.3	177.9	188.0	197.7
80 From nonbanks in the U.S. ....	344.9	395.0	391.1	376.8	379.1	378.5	369.1	381.9	358.9	370.6	400.1	389.1
81 Net due to related foreign offices .....	77.4	90.2	82.2	91.0	93.4	94.7	90.1	92.5	85.3	86.9	92.4	95.6
82 Other liabilities <sup>8</sup> .....	127.9	146.7	139.1	139.3	145.8	142.6	143.2	147.4	150.1	150.6	145.2	144.8
<b>83 Total liabilities .....</b>	<b>3,081.7<sup>7</sup></b>	<b>3,224.7</b>	<b>3,241.9</b>	<b>3,234.5</b>	<b>3,258.5</b>	<b>3,270.8</b>	<b>3,252.0</b>	<b>3,293.0</b>	<b>3,253.2</b>	<b>3,256.9</b>	<b>3,308.4</b>	<b>3,309.9</b>
84 Residual (assets less liabilities) <sup>9</sup> .....	329.2 <sup>7</sup>	336.7	344.7	352.6	353.2	355.8	373.2	359.5	376.9	363.5	350.8	352.9
	Not seasonally adjusted											
<b>Assets</b>												
85 Bank credit .....	2,975.8	3,099.8	3,100.7	3,115.6	3,137.6	3,147.4	3,163.4	3,170.4	3,162.4	3,162.0	3,176.6	3,168.8
86 Securities in bank credit .....	862.4	861.4	845.6	850.2	854.3	853.8	855.6	849.3	853.8	851.9	850.1	843.6
87 U.S. government securities .....	666.3	647.8	638.4	644.1	645.5	647.0	647.9	642.1	645.5	644.8	644.5	637.6
88 Other securities .....	196.1	213.6	207.2	206.1	208.8	206.8	207.7	207.2	208.3	207.1	205.6	206.0
89 Loans and leases in bank credit <sup>2</sup> .....	2,113.5 <sup>5</sup>	2,238.4	2,255.2	2,265.4	2,283.3	2,293.6	2,307.8	2,321.0	2,308.6	2,310.1	2,326.6	2,325.1
90 Commercial and industrial .....	480.2	520.8	522.2	520.6	523.2	527.4	532.1	531.2	529.4	527.6	531.6	533.0
91 Real estate .....	965.5 <sup>5</sup>	1,013.2	1,024.4	1,030.2	1,036.5	1,040.5	1,044.9	1,045.1	1,046.5	1,046.6	1,045.1	1,042.7
92 Revolving home equity .....	75.4	77.6	78.0	78.5	79.0	79.3	79.5	79.4	79.1	79.4	79.4	79.5
93 Other .....	890.0	935.6	946.4	951.7	957.4	961.2	965.3	965.6	967.3	967.3	965.6	963.1
94 Consumer .....	456.8	475.5	478.8	485.8	490.3	489.1	491.3	498.1	491.0	493.8	498.8	503.7
95 Security <sup>3</sup> .....	45.9	54.2	50.1	49.3	50.9	51.1	54.4	55.9	54.6	53.3	59.0	55.2
96 Other .....	165.0	174.6	179.7	179.5	182.4	185.4	185.2	190.8	187.2	188.7	192.1	190.6
97 Interbank loans <sup>4</sup> .....	157.5	163.1	168.7	162.0	163.9	165.5	173.5	186.0	181.6	175.2	188.2	185.4
98 Cash assets <sup>5</sup> .....	195.6	182.0	184.2	174.3	187.2	193.8	189.5	207.1	191.9	190.3	206.0	213.4
99 Other assets <sup>6</sup> .....	170.0	169.6	173.0	173.0	175.1	176.4	175.3	180.6	179.6	177.9	181.3	180.2
<b>100 Total assets<sup>7</sup> .....</b>	<b>3,442.4</b>	<b>3,557.6</b>	<b>3,570.0</b>	<b>3,568.1</b>	<b>3,606.9</b>	<b>3,626.7</b>	<b>3,645.2</b>	<b>3,687.6</b>	<b>3,658.9</b>	<b>3,648.7</b>	<b>3,695.6</b>	<b>3,691.2</b>
<b>Liabilities</b>												
101 Deposits .....	2,402.5 <sup>7</sup>	2,418.4	2,438.5	2,434.6	2,454.6	2,467.8	2,482.5	2,515.1	2,501.0	2,494.2	2,507.4	2,514.4
102 Transaction .....	822.2	766.6	774.7	759.5	769.9	768.5	769.7	795.4	778.4	774.2	793.8	803.5
103 Nontransaction .....	1,580.2	1,651.8	1,663.8	1,675.1	1,684.6	1,699.3	1,712.8	1,719.7	1,722.6	1,720.0	1,713.6	1,710.9
104 Large time .....	217.7	247.2	248.0	250.7	253.5	259.4	265.9	264.1	265.6	265.9	264.2	261.5
105 Other .....	1,362.5	1,404.6	1,415.9	1,424.4	1,431.1	1,439.9	1,446.9	1,455.6	1,457.0	1,454.1	1,449.4	1,449.4
106 Borrowings .....	518.0	568.6	571.3	562.9	571.2	572.9	574.3	581.6	567.3	562.4	600.7	586.6
107 From banks in the U.S. ....	169.3	168.2	178.0	177.2	180.3	185.3	188.2	192.9	197.0	187.7	196.0	200.4
108 From nonbanks in the U.S. ....	348.7	400.5	393.3	385.7	390.9	387.5	386.1	384.6	374.4	374.7	404.7	386.2
109 Net due to related foreign offices .....	74.3	89.6	81.8	88.1	88.7	92.0	88.4	89.3	82.5	85.7	88.7	94.0
110 Other liabilities <sup>8</sup> .....	129.1	142.9	138.0	138.1	145.5	145.2	147.9	148.5	152.7	151.8	146.2	145.3
<b>111 Total liabilities .....</b>	<b>3,123.8</b>	<b>3,219.5</b>	<b>3,229.6</b>	<b>3,224.7</b>	<b>3,259.9</b>	<b>3,277.8</b>	<b>3,293.1</b>	<b>3,334.5</b>	<b>3,303.4</b>	<b>3,294.0</b>	<b>3,343.0</b>	<b>3,340.3</b>
112 Residual (assets less liabilities) <sup>9</sup> .....	318.5 <sup>7</sup>	338.1	340.3	343.4	346.9	348.9	352.1	353.1	355.4	354.7	352.6	350.8

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.

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

Millions of dollars, Wednesday figures

Account	1995								
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
<b>ASSETS</b>									
1 Cash and balances due from depository institutions	135,624	111,258	128,292 <sup>f</sup>	117,603	112,645	120,350	120,325	132,782	135,731
2 U.S. Treasury and government securities	299,893	300,140	300,710	300,094	299,211	295,945	294,078	293,721	287,130
3 Trading account	21,730	22,176	24,475	24,622	25,727	24,777	24,664	25,360	24,206
4 Investment account	278,163	277,965	276,235	275,472	273,484	271,169	269,413	268,361	262,924
5 Mortgage-backed securities <sup>1</sup>	107,042	107,153	106,431	107,743	108,360	108,567	107,276	107,841	106,509
All others, by maturity									
6 One year or less	44,980	45,009	44,696	43,791	42,618	43,437	43,358	47,093	44,425
7 One year through five years	69,938	70,072	69,460	69,021	68,385 <sup>f</sup>	67,784	68,222	63,798	63,346
8 More than five years	56,202	55,731	55,647	54,917	54,120	51,381	50,557	49,629	48,644
9 Other securities	124,975	123,868	124,124	123,533	123,259	124,937	123,781	122,244	122,613
10 Trading account	1,447	1,636	1,642	1,806	1,873	1,617	1,562	1,955	1,780
11 Investment account	63,976	64,237	64,871	65,180	64,677	65,353	65,261	64,489	64,541
12 State and local government, by maturity	19,568	19,555	19,543	19,623	19,636	19,459	19,320	19,281	19,236
13 One year or less	5,005	5,004	5,010	5,027	5,010	4,893	4,839	4,797	4,768
14 More than one year	14,563	14,551	14,534	14,597	14,627	14,566	14,480	14,485	14,469
15 Other bonds, corporate stocks, and securities	44,409	44,682	45,327	45,557	45,041	45,894	45,942	45,207	45,304
16 Other trading account assets	59,552	57,995	57,612	56,546	56,708	57,967	56,957	55,800	56,292
17 Federal funds sold <sup>2</sup>	107,070	112,585	111,975	102,337	101,015	107,412	102,984	118,032	110,392
18 To commercial banks in the United States	69,511	72,904	73,241	66,752	66,340	70,763	67,252	80,700	75,328
19 To nonbank brokers and dealers in securities	32,666	35,125	34,341	32,587	30,614	32,068	30,350	32,102	30,039
20 To others <sup>3</sup>	4,894	4,556	4,393	2,999	4,061	4,581	5,382	5,230	5,025
21 Other loans and leases, gross	1,266,775 <sup>f</sup>	1,268,627	1,266,389	1,268,439	1,264,866	1,265,990	1,267,861	1,280,728	1,285,819
22 Commercial and industrial	351,129 <sup>f</sup>	350,157	350,063	350,775 <sup>f</sup>	348,765	346,887	345,062	348,160	348,301
23 Bankers acceptances and commercial paper	1,509	1,444	1,744	1,546	1,553	1,397	1,408	1,303	1,361
24 All other	349,620 <sup>f</sup>	348,714	348,319	349,230 <sup>f</sup>	347,213	345,490	343,654	346,856	346,940
25 U.S. addressees	347,000 <sup>f</sup>	346,109	345,705	346,611 <sup>f</sup>	344,666	342,893	341,034	344,222	344,362
26 Non-U.S. addressees	2,620	2,605	2,614	2,619	2,547	2,598	2,619	2,634	2,578
27 Real estate loans	502,050 <sup>f</sup>	505,254	503,089	502,003	501,942	503,908	503,280	502,174	500,811
28 Revolving, home equity	47,985	47,985	48,039	48,038	48,026	47,604	47,737	47,802	47,851
29 All other	454,065 <sup>f</sup>	457,269	455,050	453,965	453,916	456,304	455,543	454,372	452,960
30 To individuals for personal expenditures	246,105	246,407	246,579	246,405	247,279	246,720	248,965	252,181	255,852
31 To depository and financial institutions	63,959	66,542	66,885	66,324	66,143	66,281	66,582	67,724	73,208
32 Commercial banks in the United States	35,731	38,342	38,820	37,936	37,541	37,712	38,203	38,735	44,319
33 Banks in foreign countries	3,425	2,881	2,806	3,024	3,213	3,078	2,877	4,075	3,560
34 Nonbank depository and other financial institutions	24,803	25,318	25,258	25,364	25,390	25,491	25,501	24,914	25,329
35 For purchasing and carrying securities	16,153	14,989	14,031	16,342	15,434	16,006	16,599	20,609	18,950
36 To finance agricultural production	6,583	6,520	6,615	6,537	6,461	6,470	6,504	6,498	6,546
37 To states and political subdivisions	10,887	10,794	10,857	10,905 <sup>f</sup>	10,838	10,769	10,936	10,807	10,672
38 To foreign governments and official institutions	995	1,422	1,015	983	1,009	1,021	1,131	1,091	1,121
39 All other loans	30,292	27,548	28,098	28,836	27,555	28,060	28,792	31,221	29,664
40 Lease-financing receivables	38,623	38,994	39,157	39,330	39,439	39,867	40,011	40,262	40,693
41 LESS: Unearned income	1,769	1,783	1,758	1,749	1,725	1,736	1,732	1,731	1,756
42 Loan and lease reserve <sup>3</sup>	33,441	33,665	33,698	33,628	33,499	33,696	33,714	33,620	33,462
43 Other loans and leases, net	1,231,565 <sup>f</sup>	1,233,179	1,230,933	1,233,062	1,229,642	1,230,558	1,232,415	1,245,378	1,250,601
44 All other assets	140,848 <sup>f</sup>	135,967 <sup>f</sup>	141,529 <sup>f</sup>	136,574 <sup>f</sup>	136,991 <sup>f</sup>	142,186	140,102	145,197	141,609
45 Total assets	2,039,975 <sup>f</sup>	2,016,997 <sup>f</sup>	2,037,563 <sup>f</sup>	2,013,202 <sup>f</sup>	2,002,762 <sup>f</sup>	2,021,387	2,013,684	2,057,352	2,048,075

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1995								
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
<b>LIABILITIES</b>									
46 Deposits.....	1,210,610 <sup>f</sup>	1,187,592 <sup>f</sup>	1,216,900 <sup>f</sup>	1,192,446	1,184,303	1,204,606	1,201,670	1,213,783	1,218,759
47 Demand deposits.....	320,418 <sup>f</sup>	296,080 <sup>f</sup>	324,605 <sup>f</sup>	306,325 <sup>f</sup>	301,358 <sup>f</sup>	311,726	312,584	327,561	335,375
48 Individuals, partnerships, and corporations.....	267,027 <sup>f</sup>	252,694 <sup>f</sup>	271,349 <sup>f</sup>	255,518 <sup>f</sup>	254,936 <sup>f</sup>	262,860	263,352	270,614	280,300
49 Other holders.....	53,391 <sup>f</sup>	43,386 <sup>f</sup>	53,257 <sup>f</sup>	50,807	46,422	48,866	49,232	56,947	55,075
50 States and political subdivisions.....	9,297	7,835	9,098	8,760	8,856	8,204	8,635	9,874	10,388
51 U.S. government.....	2,596	1,504	3,277	2,501	1,765	1,806	1,878	2,356	1,895
52 Depository institutions in the United States.....	26,003 <sup>f</sup>	18,867 <sup>f</sup>	25,601 <sup>f</sup>	21,493	19,811	20,880	19,885	22,719	23,659
53 Banks in foreign countries.....	5,551 <sup>f</sup>	4,816	5,213	5,653	5,601	5,134	5,166	4,986	5,837
54 Foreign governments and official institutions.....	515	962	592	1,159	655	818	625	675	596
55 Certified and officers' checks.....	9,428	9,401	9,475	11,240	9,733	12,023	13,043	16,337	12,700
56 Transaction balances other than demand deposits <sup>4</sup> .....	100,915 <sup>f</sup>	99,941 <sup>f</sup>	99,498 <sup>f</sup>	98,053 <sup>f</sup>	97,243 <sup>f</sup>	96,862	95,104	96,214	95,598
57 Nontransaction balances.....	789,278	791,571	792,797	788,069	785,703	796,017	793,982	790,009	787,786
58 Individuals, partnerships, and corporations.....	765,544	769,127	770,448	765,499	763,554	773,329	771,699	768,201	765,976
59 Other holders.....	23,734	22,443	22,349	22,570	22,149	22,688	22,283	21,808	21,810
60 States and political subdivisions.....	19,865	19,907	19,678	20,002	19,694	20,288	19,959	19,561	19,413
61 U.S. government.....	2,243	816	787	692	665	594	628	554	623
62 Depository institutions in the United States.....	1,297	1,400	1,571	1,559	1,496	1,512	1,404	1,393	1,474
63 Foreign governments, official institutions, and banks.....	328	320	314	317	294	294	293	300	300
64 Liabilities for borrowed money <sup>5</sup> .....	420,095 <sup>f</sup>	417,919	415,329	411,051	409,951	407,642	401,659	435,642	419,336
65 Borrowings from Federal Reserve Banks.....	0	0	0	2,163	300	0	0	3,405	0
66 Treasury tax and loan notes.....	5,343	— <sup>9</sup>	2,699 <sup>f</sup>	5,753 <sup>f</sup>	6,439 <sup>f</sup>	3,232	5,028	30,895	17,120
67 Other liabilities for borrowed money <sup>6</sup> .....	414,752 <sup>f</sup>	417,928 <sup>f</sup>	412,630 <sup>f</sup>	403,136 <sup>f</sup>	403,212 <sup>f</sup>	404,410	396,631	401,342	402,216
68 Other liabilities (including subordinated notes and debentures).....	218,444 <sup>f</sup>	219,839 <sup>f</sup>	213,359 <sup>f</sup>	217,281 <sup>f</sup>	216,579 <sup>f</sup>	216,366	217,477	215,403	218,814
69 Total liabilities.....	<b>1,849,149<sup>f</sup></b>	<b>1,825,350<sup>f</sup></b>	<b>1,845,588<sup>f</sup></b>	<b>1,820,778<sup>f</sup></b>	<b>1,810,833<sup>f</sup></b>	<b>1,828,613</b>	<b>1,820,807</b>	<b>1,864,829</b>	<b>1,856,908</b>
70 Residual (total assets less total liabilities) <sup>7</sup> .....	190,826	191,647	191,975 <sup>f</sup>	192,424	191,929	192,774	192,878	192,524	191,167
<b>MEMO</b>									
71 Total loans and leases, gross, adjusted, plus securities <sup>8</sup> .....	1,693,472 <sup>f</sup>	1,693,973	1,691,136	1,689,715	1,684,469	1,685,808	1,683,248	1,695,289	1,686,307
72 Time deposits in amounts of \$100,000 or more.....	117,924	116,769	117,391	117,269	116,249	116,043	116,040	114,751	112,070
73 Loans sold outright to affiliates <sup>9</sup> .....	1,383	1,372	1,363	1,352	1,351	1,328	1,318	1,309	1,294
74 Commercial and industrial.....	281	281	281	281	279	279	279	279	277
75 Other.....	1,102	1,091	1,082	1,071	1,072	1,049	1,038	1,030	1,017
76 Foreign branch credit extended to U.S. residents <sup>10</sup> .....	26,318	26,211	25,576 <sup>f</sup>	25,849	26,122	26,125	26,120	26,414	27,092
77 Net owed to related institutions abroad.....	85,214	86,397	76,844	83,322	87,056	77,108	79,467	82,925	88,027

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	1995								
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
<b>ASSETS</b>									
1 Cash and balances due from depository institutions .....	17,255	17,925	18,320	18,402	17,138	17,596	17,445	18,439	18,852
2 U.S. Treasury and government agency securities .....	43,929 <sup>f</sup>	43,451 <sup>f</sup>	42,874 <sup>f</sup>	44,636 <sup>f</sup>	43,467 <sup>f</sup>	44,123	44,605	44,127	42,680
3 Other securities .....	40,726 <sup>f</sup>	38,950 <sup>f</sup>	40,592 <sup>f</sup>	39,999 <sup>f</sup>	40,191 <sup>f</sup>	40,228	40,464	39,537	39,985
4 Federal funds sold <sup>1</sup> .....	37,318	38,391	29,293	27,005	30,002	27,315	27,534	25,573	29,623
5 To commercial banks in the United States .....	13,476	14,290	8,908	8,435	10,032	8,761	9,952	7,415	11,597
6 To others .....	23,842	24,101	20,384	18,570	19,970	18,554	17,582	18,158	18,026
7 Other loans and leases, gross .....	177,600	177,032	177,210	178,962	180,797	180,857	180,452	182,299	182,989
8 Commercial and industrial .....	113,876	113,500	113,689	114,694	116,502	116,785	116,560	117,064	117,715
9 Bankers acceptances and commercial paper .....	4,464	4,448	4,454	4,632	4,648	4,602	4,542	4,358	4,548
10 All other .....	109,412	109,052	109,235	110,062	111,854	112,183	112,018	112,706	113,166
11 U.S. addressees .....	104,580	104,225	104,325	104,955	106,706	107,087	106,909	107,399	107,448
12 Non-U.S. addressees .....	4,832	4,827	4,910	5,107	5,147	5,095	5,110	5,307	5,718
13 Loans secured by real estate .....	22,794	22,779	22,754	22,740	22,623	22,202	22,027	22,057	22,016
14 Loans to depository and financial institutions .....	28,355	28,782	28,641	28,780	29,246	30,231	29,724	29,708	30,290
15 Commercial banks in the United States .....	3,899	4,058	3,605	3,736	3,486	3,239	3,118	3,117	2,746
16 Banks in foreign countries .....	3,014	2,932	2,972	3,046	3,119	3,145	2,994	3,129	3,254
17 Nonbank financial institutions .....	21,442	21,792	22,064	21,998	22,641	23,846	23,612	23,462	24,290
18 For purchasing and carrying securities .....	6,616	6,044	5,807	6,812	6,503	5,611	6,152	7,458	6,417
19 To foreign governments and official institutions .....	463	440	463	452	455	467	452	455	452
20 All other .....	4,122	4,115	4,392	4,113	4,102	4,171	4,153	4,168	4,574
21 Other assets (claims on nonrelated parties) .....	42,107 <sup>f</sup>	40,731 <sup>f</sup>	40,431 <sup>f</sup>	40,681 <sup>f</sup>	39,971 <sup>f</sup>	43,138	45,088	40,703	39,567
22 Total assets <sup>3</sup> .....	383,662 <sup>f</sup>	381,796 <sup>f</sup>	373,403 <sup>f</sup>	374,201 <sup>f</sup>	376,381 <sup>f</sup>	380,121	381,261	378,404	380,079
<b>LIABILITIES</b>									
23 Deposits or credit balances owed to other than directly related institutions .....	109,003	108,947	106,360	104,999	105,647	104,370	105,439	107,409	105,326
24 Demand deposits <sup>4</sup> .....	4,077	4,033	4,240	4,077	4,010	4,059	4,380	4,398	5,094
25 Individuals, partnerships, and corporations .....	3,098	3,051	3,109	3,022	3,145	3,145	3,190	3,620	4,016
26 Other .....	979	982	1,131	1,056	865	914	1,190	777	1,079
27 Nontransaction accounts .....	104,927	104,914	102,120	100,921	101,638	100,311	101,059	103,011	100,231
28 Individuals, partnerships, and corporations .....	75,103	75,492	73,247	72,801	73,555	72,925	74,155	74,527	71,569
29 Other .....	29,824	29,422	28,873	28,121	28,083	27,386	26,904	28,484	28,663
30 Borrowings from other than directly related institutions .....	75,109	73,574	69,343	70,245	67,879	72,197	73,498	74,531	72,072
31 Federal funds purchased <sup>5</sup> .....	44,782	45,233	42,372	44,715	43,455	45,535	44,606	45,723	44,607
32 From commercial banks in the United States .....	7,857	8,262	9,103	8,967	8,511	8,425	9,166	9,760	9,503
33 From others .....	36,925	36,970	33,268	35,748	34,945	37,110	35,440	35,963	35,104
34 Other liabilities for borrowed money .....	30,327	28,341	26,971	25,530	24,424	26,662	28,892	28,808	27,466
35 To commercial banks in the United States .....	4,397	4,524	4,688	4,605	4,670	4,446	4,551	4,498	4,587
36 To others .....	25,930	23,817	22,283	20,925	19,754	22,217	24,341	24,310	22,878
37 Other liabilities to nonrelated parties .....	62,157 <sup>f</sup>	61,118 <sup>f</sup>	62,029 <sup>f</sup>	62,132 <sup>f</sup>	62,808 <sup>f</sup>	65,823	66,092	60,434	59,897
38 Total liabilities <sup>6</sup> .....	383,662 <sup>f</sup>	381,796 <sup>f</sup>	373,403 <sup>f</sup>	374,201 <sup>f</sup>	376,381 <sup>f</sup>	380,121	381,261	378,404	380,079
<b>MEMO</b>									
39 Total loans (gross) and securities, adjusted <sup>7</sup> .....	282,199 <sup>f</sup>	279,476 <sup>f</sup>	277,456 <sup>f</sup>	278,431 <sup>f</sup>	280,939 <sup>f</sup>	280,522	279,985	281,004	280,935
40 Net owed to related institutions abroad .....	112,667 <sup>f</sup>	112,841 <sup>f</sup>	110,989 <sup>f</sup>	112,310 <sup>f</sup>	115,231 <sup>f</sup>	110,865	110,559	108,304	116,402

1. Includes securities purchased under agreements to resell.

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

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

4. Includes other transaction deposits.

5. Includes securities sold under agreements to repurchase.

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

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

## 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1995					
	1990	1991	1992	1993	1994	June	July	Aug.	Sept.	Oct.	Nov.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers .....	562,656	528,832	545,619	555,075	595,382	648,819	657,938	660,719	669,686	673,392	671,081
Financial companies <sup>1</sup>											
2 Dealer-placed paper <sup>2</sup> , total .....	214,706	212,999	226,456	218,947	223,038	251,555	262,695	261,904	268,838	271,299	277,337
3 Directly placed paper <sup>3</sup> , total .....	200,036	182,463	171,605	180,389	207,701	218,005	215,473	215,361	213,883	215,214	214,420
4 Nonfinancial companies <sup>4</sup> .....	147,914	133,370	147,558	155,739	164,643	179,259	179,770	183,454	186,965	186,879	179,324
Bankers dollar acceptances (not seasonally adjusted) <sup>5</sup>											
5 Total .....	54,771	43,770	38,194	32,348	29,835	↑	↑	↑	↑	↑	↑
By holder											
6 Accepting banks .....	9,017	11,017	10,555	12,421	11,783	↑	↑	↑	↑	↑	↑
7 Own bills .....	7,930	9,347	9,097	10,707	10,462	↑	↑	↑	↑	↑	↑
8 Bills bought from other banks .....	1,087	1,670	1,458	1,714	1,321	↑	↑	↑	↑	↑	↑
Federal Reserve Banks <sup>6</sup>											
9 Foreign correspondents .....	918	1,739	1,276	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others .....	44,836	31,014	26,364	19,202	17,642	↑	↑	↑	↑	↑	↑
By basis											
11 Imports into United States .....	13,095	12,843	12,209	10,217	10,062	↓	↓	↓	↓	↓	↓
12 Exports from United States .....	12,703	10,351	8,096	7,293	6,355	↓	↓	↓	↓	↓	↓
13 All other .....	28,973	20,577	17,890	14,838	13,417	↓	↓	↓	↓	↓	↓

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

2. Includes all financial-company paper sold by dealers in the open market.

3. As reported by financial companies that place their paper directly with investors.

4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

5. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances will be reported annually in September.

6. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans<sup>1</sup>

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1993—Jan. 1 .....	6.00	1993 .....	6.00	1994—Jan. ....	6.00	1995—Jan. ....	8.50
1994—Mar. 24 .....	6.25	1994 .....	7.15	Feb. ....	6.00	Feb. ....	9.00
Apr. 19 .....	6.75	1995 .....	8.83	Mar. ....	6.06	Mar. ....	9.00
May 17 .....	7.25			Apr. ....	6.45	Apr. ....	9.00
Aug. 16 .....	7.75	1993—Jan. ....	6.00	May ....	6.99	May ....	9.00
Nov. 15 .....	8.50	Feb. ....	6.00	June ....	7.25	June ....	9.00
		Mar. ....	6.00	July ....	7.25	July ....	8.80
		Apr. ....	6.00	Aug. ....	7.51	Aug. ....	8.75
1995—Feb. 1 .....	9.00	May ....	6.00	Sept. ....	7.75	Sept. ....	8.75
July 7 .....	8.75	June ....	6.00	Oct. ....	7.75	Oct. ....	8.75
Dec. 20 .....	8.50	July ....	6.00	Nov. ....	8.15	Nov. ....	8.75
		Aug. ....	6.00	Dec. ....	8.50	Dec. ....	8.65
1996—Feb. 1 .....	8.25	Sept. ....	6.00			1996—Jan. ....	8.50
		Oct. ....	6.00				
		Nov. ....	6.00				
		Dec. ....	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	1993	1994	1995	1995				1995, week ending				
				Sept.	Oct.	Nov.	Dec.	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
MONEY MARKET INSTRUMENTS												
1 Federal funds <sup>1,2,3</sup>	3.02	4.21	5.83	5.80	5.76	5.80	5.60	5.91	5.75	5.73	5.90	5.48
2 Discount window borrowing <sup>2,4</sup>	3.00	3.60	5.21	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Commercial paper <sup>3,5,6</sup>												
3 1-month	3.17	4.43	5.93	5.82	5.81	5.80	5.84	5.80	5.83	5.87	5.83	5.83
4 3-month	3.22	4.66	5.93	5.74	5.82	5.74	5.64	5.72	5.67	5.65	5.61	5.61
5 6-month	3.30	4.93	5.93	5.66	5.71	5.59	5.43	5.53	5.46	5.44	5.42	5.39
Finance paper, directly placed <sup>3,5,7</sup>												
6 1-month	3.12	4.33	5.81	5.71	5.71	5.69	5.70	5.67	5.74	5.77	5.69	5.60
7 3-month	3.16	4.53	5.78	5.58	5.66	5.59	5.47	5.58	5.51	5.47	5.46	5.39
8 6-month	3.15	4.56	5.68	5.45	5.51	5.35	5.20	5.29	5.23	5.22	5.19	5.12
Bankers acceptances <sup>3,5,8</sup>												
9 3-month	3.13	4.56	5.81	5.66	5.71	5.64	5.52	5.62	5.56	5.57	5.49	5.46
10 6-month	3.21	4.83	5.80	5.58	5.61	5.47	5.34	5.43	5.39	5.38	5.31	5.28
Certificates of deposit, secondary market <sup>3,9</sup>												
11 1-month	3.11	4.38	5.87	5.74	5.75	5.75	5.75	5.81	5.81	5.81	5.71	5.64
12 3-month	3.17	4.63	5.92	5.73	5.79	5.74	5.62	5.73	5.67	5.67	5.60	5.53
13 6-month	3.28	4.96	5.98	5.73	5.76	5.64	5.49	5.59	5.51	5.52	5.47	5.42
14 Eurodollar deposits, 3-month <sup>3,10</sup>	3.18	4.63	5.93	5.74	5.81	5.75	5.64	5.75	5.69	5.69	5.59	5.56
U.S. Treasury bills												
Secondary market <sup>3,5</sup>												
15 3-month	3.00	4.25	5.49	5.28	5.28	5.36	5.14	5.33	5.32	5.26	5.02	4.89
16 6-month	3.12	4.64	5.56	5.30	5.32	5.27	5.13	5.25	5.20	5.19	5.09	4.98
17 1-year	3.29	5.02	5.60	5.31	5.28	5.14	5.03	5.11	5.08	5.06	5.01	4.94
Auction average <sup>3,5,11</sup>												
18 3-month	3.02	4.29	5.51	5.26	5.30	5.35	5.16	5.32	5.29	5.30	5.15	4.91
19 6-month	3.14	4.66	5.59	5.28	5.34	5.29	5.15	5.25	5.19	5.20	5.15	5.04
20 1-year	3.33	5.02	5.69	5.21	5.30	5.15	5.06	n.a.	n.a.	5.06	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities <sup>12</sup>												
21 1-year	3.43	5.32	5.94	5.62	5.59	5.43	5.31	5.39	5.35	5.35	5.30	5.21
22 2-year	4.05	5.94	6.15	5.81	5.70	5.48	5.32	5.40	5.33	5.38	5.35	5.22
23 3-year	4.44	6.27	6.25	5.89	5.77	5.57	5.39	5.47	5.38	5.42	5.43	5.29
24 5-year	5.14	6.69	6.38	6.00	5.86	5.69	5.51	5.59	5.49	5.55	5.56	5.44
25 7-year	5.54	6.91	6.50	6.13	5.97	5.83	5.63	5.74	5.60	5.66	5.69	5.56
26 10-year	5.87	7.09	6.57	6.20	6.04	5.93	5.71	5.82	5.68	5.73	5.78	5.64
27 20-year	6.29	7.49	6.95	6.65	6.45	6.33	6.12	6.25	6.10	6.13	6.19	6.06
28 30-year	6.59	7.37	6.88	6.55	6.37	6.26	6.06	6.19	6.04	6.07	6.12	6.00
29 Composite	6.45	7.41	6.93	6.63	6.43	6.31	6.11	6.24	6.09	6.12	6.17	6.04
STATE AND LOCAL NOTES AND BONDS												
Moody's series <sup>13</sup>												
30 Aaa	5.38	5.77	5.80	5.71	5.74	5.63	5.40	5.55	5.60	5.40	5.29	5.29
31 Baa	5.83	6.17	6.10	5.90	5.95	5.79	5.66	5.72	5.74	5.68	5.61	5.00
32 Bond Buyer series <sup>14</sup>	5.60	6.18	5.95	5.91	5.80	5.64	5.45	5.54	5.35	5.51	5.51	5.44
CORPORATE BONDS												
33 Seasoned issues, all industries <sup>15</sup>	7.54	8.26	7.83	7.56	7.39	7.30	7.11	7.22	7.10	7.12	7.16	7.05
Rating group												
34 Aaa	7.22	7.97	7.59	7.32	7.12	7.02	6.82	6.94	6.81	6.83	6.87	6.76
35 Aa	7.40	8.15	7.72	7.45	7.27	7.18	6.99	7.10	6.99	7.01	7.04	6.93
36 A	7.58	8.28	7.83	7.56	7.39	7.32	7.13	7.24	7.12	7.14	7.19	7.07
37 Baa	7.93	8.63	8.20	7.93	7.75	7.68	7.49	7.61	7.48	7.50	7.54	7.43
38 A-rated, recently offered utility bonds <sup>16</sup>	7.46	8.29	7.86	7.55	7.36	7.30	7.10	7.14	7.10	7.13	7.10	6.98
MEMO												
Dividend-price ratio <sup>17</sup>												
39 Common stocks	2.78	2.82	2.56	2.42	2.41	2.37	2.30	2.33	2.28	2.28	2.34	2.31

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 obligation bonds based on Thursday figures; Moody's Investors Service.

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

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

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

17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

## 1.36 STOCK MARKET Selected Statistics

Indicator	1993	1994	1995	1995									
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
	Prices and trading volume (averages of daily figures)												
<i>Common stock prices (indexes)</i>													
1 New York Stock Exchange (Dec. 31, 1965 = 50) .....	249.71	254.16	291.18	274.38	281.81	289.52	298.18	300.05	310.41	311.78	317.58	327.90	
2 Industrial .....	300.10	315.32	367.40	347.69	357.01	366.75	379.13	379.79	390.42	389.63	398.66	412.11	
3 Transportation .....	242.68	247.17	270.14	254.36	254.70	256.80	279.15	285.63	295.54	291.16	300.06	303.53	
4 Utility .....	114.55	104.96	114.61	104.70	106.02	108.12	109.59	111.06	114.67	123.59	119.49	173.95	
5 Finance .....	216.55	209.75	238.48	219.38	228.45	236.26	240.49	245.27	260.72	265.12	266.12	273.36	
6 Standard & Poor's Corporation (1941-43 = 10) <sup>1</sup> .....	451.63	460.42	541.72	507.91	523.83	539.35	557.37	559.11	578.77	582.92	595.53	614.57	
7 American Stock Exchange (Aug. 31, 1973 = 50) <sup>2</sup> .....	438.77	449.49	498.13	471.54	487.03	492.60	513.25	526.86	547.64	530.26	529.93	538.01	
<i>Volume of trading (thousands of shares)</i>													
8 New York Stock Exchange .....	263,374	290,652	346,009	331,184	341,905	345,547	363,780	309,879	352,184	369,386	360,199	384,310	
9 American Stock Exchange .....	18,188	17,951	20,387	19,404	19,266	24,622	23,283	21,825	25,422	17,865	16,724	21,085	
	Customer financing (millions of dollars, end-of-period balances)												
10 Margin credit at broker-dealers <sup>3</sup> .....	60,310	61,160	76,680	62,520	64,070	66,340	67,600	71,440	77,076	75,005	77,875	76,680	
<i>Free credit balances at brokers<sup>4</sup></i>													
11 Margin accounts <sup>5</sup> .....	12,360	14,095	16,250	12,440	13,403	13,710	13,830	13,900	14,806	14,753	15,590 <sup>6</sup>	16,250	
12 Cash accounts .....	27,715	28,870	34,340	26,670	27,464	29,860	28,600	29,190	29,796	29,908	30,340	34,340	
	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					
	1993	1994	1995	1995					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
<i>U.S. budget<sup>1</sup></i>									
1 Receipts, total	1,153,226	1,257,451 <sup>f</sup>	1,350,576	92,749	96,560	143,219	95,593	90,008	138,271
2 On-budget	841,292	922,425 <sup>f</sup>	999,496	65,788	69,265	112,510	72,200	63,651	110,322
3 Off-budget	311,934	335,026	351,080	26,961	27,295	30,709	23,393	26,357	27,949
4 Outlays, total	1,408,532	1,460,553 <sup>f</sup>	1,514,389	106,328	130,411	135,933	118,352	128,458	132,984
5 On-budget	1,141,945	1,181,181 <sup>f</sup>	1,225,724	80,931	104,135	105,098	92,151	101,767	121,753
6 Off-budget	266,587	279,372	288,665	25,397	26,276	30,836	26,200	26,691	11,232
7 Surplus or deficit (—), total	–255,306	–203,370	–163,813	–13,579	–33,851	7,286	–22,758	–38,450	5,286
8 On-budget	–300,653	258,756 <sup>f</sup>	–226,228	–15,143	–34,870	7,412	–19,951	–38,116	–11,431
9 Off-budget	45,347	55,654	62,415	1,564	1,019	–126	–2,807	–334	16,717
<i>Source of financing (total)</i>									
10 Borrowing from the public	248,594	184,696 <sup>f</sup>	171,288	10,627	16,071	–6,618	13,353	38,339	–18,358
11 Operating cash (decrease, or increase (—))	6,283	16,564	–2,007	11,635	30,776	–19,820	16,755	–4,911	5,610
12 Other	429	1,842 <sup>f</sup>	–5,468	–8,683	–12,996	19,152	–7,350	5,022	7,462
<i>MEMO</i>									
13 Treasury operating balance (level, end of period)	52,506	35,942	37,949	48,905	18,129	37,949	21,194	26,105	20,495
14 Federal Reserve Banks	17,289	6,848	8,620	11,206	4,767	8,620	7,018	5,703	5,979
15 Tax and loan accounts	35,217	29,094	29,329	37,700	13,363	29,329	14,176	20,402	14,515

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

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

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

SOURCE: 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						
	1994	1995	1994		1995		1995		
			H1	H2	H1	H2	Oct.	Nov.	Dec.
RECEIPTS									
1 All sources	1,257,453	1,350,576	652,234	625,557	710,542	656,400	95,593	90,008	138,271
2 Individual income taxes, net	543,055	590,157	275,052	273,474	307,498	292,393	51,840	39,524	53,179
3 Withheld	459,699	499,898	225,387	240,062	251,398	256,918	46,918	39,945	50,597
4 Presidential Election Campaign Fund	70	69	63	10	58	9	0	1	0
5 Nonwithheld	160,047	175,815	117,937	42,031	132,006	43,100	5,899	1,991	3,227
6 Refunds	76,761	85,624	68,325	9,207	75,958	10,058	978	2,414	646
Corporation income taxes									
7 Gross receipts	154,205	174,422	80,536	78,392	92,132	88,302	4,813	3,056	38,954
8 Refunds	13,820	17,334	6,933	7,331	10,399	7,518	2,633	1,362	932
9 Social insurance taxes and contributions, net	461,475	484,474	248,301	220,141	261,837	224,269	32,104	38,199	37,762
10 Employment taxes and contributions <sup>2</sup>	428,810	451,046	228,714	206,613	228,663	211,323	30,549	34,919	37,123
11 Self-employment taxes and contributions <sup>3</sup>	24,433	27,127	20,762	4,135	23,429	3,557	-98	91	333
12 Unemployment insurance	28,004	28,878	17,301	11,177	18,001	10,702	1,214	2,940	223
13 Other net receipts <sup>4</sup>	4,661	4,550	2,284	2,349	2,267	2,247	342	340	416
14 Excise taxes	55,225	57,485	26,444	30,062	27,452	30,014	4,453	5,154	4,870
15 Customs deposits	20,099	19,300	9,500	11,042	8,847	9,849	1,786	1,593	1,439
16 Estate and gift taxes	15,225	14,764	8,197	7,071	7,424	7,718	1,160	1,349	1,383
17 Miscellaneous receipts <sup>5</sup>	21,988	27,306	11,170	13,305	15,749	11,374	2,070	2,496	1,618
OUTLAYS									
18 All types	1,460,553	1,514,428	710,620	752,151	760,824	752,505	118,352	128,458	132,984
19 National defense	281,563	272,179	133,844	141,885 <sup>6</sup>	135,931	132,954	18,353	21,234	25,376
20 International affairs	17,083	16,448	5,800	11,889	4,727	6,994	1,074	1,616	431
21 General science, space, and technology	16,227	17,563	8,502	7,604	8,611	8,810	1,427	1,474	1,274
22 Energy	5,219	5,146	2,237	2,923	2,358	2,203	348	489	-163
23 Natural resources and environment	21,064	23,328	10,111	11,911	10,273	12,633	2,835	2,245	1,711
24 Agriculture	15,057	9,763	7,451	7,623	4,039	3,062	1,109	2,291	708
25 Commerce and housing credit	-5,122	-18,740	-4,962	-4,270	-13,936	-4,412	-1,661	-1,465	-451
26 Transportation	38,134	38,555	16,739	21,835	18,192	19,931	3,128	3,284	3,117
27 Community and regional development	10,454	11,000	4,571	6,283 <sup>7</sup>	4,858	6,085	943	1,087	912
28 Education, training, employment, and social services	46,307	52,706	19,262	27,450 <sup>8</sup>	25,738	24,820	3,556	4,185	3,623
29 Health	106,836	114,760	53,195	54,147	58,759	57,013	9,657	10,189	8,567
30 Social security and Medicare	464,312	495,701	232,777	236,817	251,975	251,388	40,732	41,947	43,299
31 Income security	214,036	220,214	109,080	101,806	117,639	104,214	14,522	18,134	19,738
32 Veterans benefits and services	37,642	37,935	16,686	19,761	19,267	18,684	1,594	3,280	4,435
33 Administration of justice	15,238	16,255	7,718	7,753	8,062	8,113	1,223	1,258	1,233
34 General government	11,316	13,856	5,084	7,355	5,797	7,623	1,712	717	1,924
35 Net interest <sup>9</sup>	202,957	232,175	99,844	109,434 <sup>10</sup>	116,170	119,350	20,565	19,058	19,934
36 Undistributed offsetting receipts <sup>11</sup>	-37,772	-44,455	-17,308	-20,066	-17,632	-26,994	-2,765	-2,565	-2,683

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.

SOURCE: 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 1996*.

## 1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1993	1994				1995			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 Federal debt outstanding .....	4,562	4,602	4,673	4,721	4,827	4,891	4,978	5,001	n.a.
2 Public debt securities .....	4,536	4,576	4,646	4,693	4,800	4,864	4,951	4,974	4,989
3 Held by public .....	3,382	3,434	3,443	3,480	3,543	3,610	3,635	n.a.	↑
4 Held by agencies .....	1,154	1,142	1,203	1,213	1,257	1,255	1,317	1,321	↑
5 Agency securities .....	27	26	28	29	27	27	27	27	n.a.
6 Held by public .....	27	26	27	29	27	26	27	n.a.	↓
7 Held by agencies .....	0	0	0	0	0	0	0	n.a.	↓
8 Debt subject to statutory limit .....	4,446	4,491	4,559	4,605	4,711	4,775	4,861	4,885	4,900
9 Public debt securities .....	4,445	4,491	4,559	4,605	4,711	4,774	4,861	4,885	4,900
10 Other debt .....	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit .....	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900

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

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

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

Billions of dollars, end of period

Type and holder	1992	1993	1994	1995	1995			
					Q1	Q2	Q3	Q4
1 Total gross public debt .....	4,177.0	4,535.7	4,800.2	4,988.7	4,864.1	4,951.4	4,974.0	4,988.7
By type								
2 Interest-bearing .....	4,173.9	4,532.3	4,769.2	4,964.4	4,860.5	4,947.8	4,950.6	4,964.4
3 Marketable .....	2,754.1	2,989.5	3,126.0	3,307.2	3,227.3	3,252.6	3,260.5	3,307.2
4 Bills .....	657.7	714.6	733.8	760.7	756.5	748.3	742.5	760.7
5 Notes .....	1,608.9	1,764.0	1,867.0	2,010.3	1,938.2	1,974.7	1,980.3	2,010.3
6 Bonds .....	472.5	495.9	510.3	521.2	517.7	514.7	522.6	521.2
7 Nonmarketable .....	1,419.8	1,542.9	1,643.1	1,657.2	1,633.2	1,695.2	1,690.2	1,657.2
8 State and local government series .....	153.5	149.5	132.6	104.5	122.9	121.2	113.4	104.5
9 Foreign issues <sup>1</sup> .....	37.4	43.5	42.5	40.8	41.8	41.4	41.0	40.8
10 Government .....	37.4	43.5	42.5	40.8	41.8	41.4	41.0	40.8
11 Public .....	0	0	0	0	0	0	0	0
12 Savings bonds and notes .....	155.0	169.4	177.8	181.9	178.8	180.1	181.2	181.9
13 Government account series <sup>3</sup> .....	1,043.5	1,150.0	1,259.8	1,299.6	1,259.2	1,322.0	1,324.3	1,299.6
14 Non-interest-bearing .....	3.1	3.4	31.0	24.3	3.6	3.6	23.3	24.3
By holder <sup>4</sup>								
15 U.S. Treasury and other federal agencies and trust funds .....	1,047.8	1,153.5	1,257.1	↑	1,254.7	1,316.6	1,320.8	↑
16 Federal Reserve Banks .....	302.5	334.2	374.1	↑	369.3	389.0	374.1	↑
17 Private investors .....	2,839.9	3,047.7	3,168.0	↑	3,239.2 <sup>5</sup>	3,245.0 <sup>5</sup>	3,279.5	↑
18 Commercial banks .....	294.4	322.2	290.6	↑	307.5 <sup>5</sup>	297.7 <sup>5</sup>	295.0	↑
19 Money market funds .....	79.7	80.8	67.6	↑	67.7	58.7	64.2	↑
20 Insurance companies .....	197.5	234.5	242.8	↑	249.2 <sup>5</sup>	253.5 <sup>5</sup>	255.0	↑
21 Other companies .....	192.5	213.0	226.5	n.a.	230.3	227.7	224.1	n.a.
22 State and local treasuries .....	476.7	508.9	440.8 <sup>5</sup>	↑	402.7 <sup>5</sup>	375.8 <sup>5</sup>	370.0	↑
Individuals				↓				↓
23 Savings bonds .....	157.3	171.9	180.5	↑	181.4	182.6	183.5	↑
24 Other securities .....	131.9	137.9	150.7 <sup>5</sup>	↑	161.4	161.6	162.4	↑
25 Foreign and international <sup>5</sup> .....	549.7	623.0	688.6	↑	729.0 <sup>5</sup>	784.1 <sup>5</sup>	847.8	↑
26 Other miscellaneous investors <sup>6</sup> .....	760.2	755.4	879.9 <sup>5</sup>	↑	910.0 <sup>5</sup>	903.4 <sup>5</sup>	877.5	↑

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.

3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.

4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

5. Consists of investments of foreign balances and international accounts in the United States.

6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions<sup>1</sup>

Millions of dollars, daily averages

Item	1995			1995, week ending								
	Sept.	Oct.	Nov.	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
<b>OUTRIGHT TRANSACTIONS<sup>2</sup></b>												
<i>By type of security</i>												
1 U.S. Treasury bills	48,527	45,143	57,449	49,500	61,110	76,647	51,747	42,849	52,604	59,422	63,364	41,678
<i>Coupon securities, by maturity</i>												
2 Five years or less	89,933	90,911	94,354	106,331	102,544	84,443	93,256	94,036	98,063	93,082	94,515	57,128
3 More than five years	49,005	49,652	49,453	51,779	48,882	49,291	57,066	39,249	63,752	45,811	45,429	22,603
4 Federal agency	24,972	24,297	25,999	26,012	27,912	24,657	26,202	25,154	26,334	23,038	27,843	27,813
5 Mortgage-backed	29,574	30,050	34,639	27,425	56,101	35,160	22,998	23,445	46,112	49,166	29,672	12,273
<i>By type of counterparty</i>												
<i>With interdealer broker</i>												
6 U.S. Treasury	110,578	107,881	114,455	120,333	123,848	116,751	116,031	98,686	121,087	118,376	115,336	68,973
7 Federal agency	661	712	779	881	881	909	664	624	860	649	724	470
8 Mortgage-backed	11,127	11,589	12,595	11,492	17,754	14,568	8,887	8,638	16,360	19,343	12,312	5,091
<i>With other</i>												
9 U.S. Treasury	76,887	77,825	86,801	87,277	88,689	93,629	86,038	77,448	93,332	79,940	87,972	52,436
10 Federal agency	24,311	23,586	25,220	25,131	27,031	23,748	25,538	24,530	25,474	22,389	27,118	27,343
11 Mortgage-backed	18,447	18,461	22,044	15,933	38,347	20,592	14,111	14,806	29,752	29,823	17,360	7,182
<b>FUTURES TRANSACTIONS<sup>3</sup></b>												
<i>By type of deliverable security</i>												
12 U.S. Treasury bills	990	606	774	908	1,025	915	527	577	903	907	390	345
<i>Coupon securities, by maturity</i>												
13 Five years or less	2,070	1,577	2,118	1,733	1,832	1,444	2,570	2,390	3,682	1,798	2,082	835
14 More than five years	16,073	14,681	14,396	15,696	13,829	15,234	16,203	11,456	17,398	14,199	14,180	5,150
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
<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	n.a.	0	0	0	0	0
<i>Coupon securities, by maturity</i>												
18 Five years or less	1,602	2,129	1,659	2,492	2,518	1,422	1,664	1,001	985	1,227	1,272	918
19 More than five years	4,257	4,714	4,587	4,647	4,580	5,049	5,778	2,691	5,771	3,175	4,366	2,881
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	897	983	1,108	571	1,922	1,270	1,015	310	1,229	618	537	1,161

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

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

Millions of dollars

Item	1995			1995, week ending							
	Sept.	Oct.	Nov.	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20
<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	7,744	-64	11,391	-3,245	883	27,013	11,183	7,340	20,027	28,476	13,812
2 Coupon securities, by maturity											
3 Five years or less	7,088	14,476	12,423	20,395	18,006	6,063	7,567	14,980	25,979	18,846	20,330
4 More than five years	-17,370	-15,124	-9,732	-13,579	-10,673	-11,541	-7,770	-8,333	-10,167	-10,082	-13,002
5 Federal agency	21,837	24,009	21,768	24,188	26,453	21,572	20,156	18,767	20,212	21,058	21,540
6 Mortgage-backed	32,596	36,240	35,869	33,432	34,810	34,594	35,726	38,109	39,964	39,497	39,062
<b>NET FUTURES POSITIONS<sup>4</sup></b>											
<i>By type of deliverable security</i>											
7 U.S. Treasury bills	-2,437	-3,462	-5,175	-5,420	-4,751	-4,674	-5,451	-5,938	-4,142	-1,899	-1,973
8 Coupon securities, by maturity											
9 Five years or less	952	-930	-4,508	-2,804	-4,437	-4,370	-4,849	-4,598	-3,263	-4,088	-5,242
10 More than five years	-8,204	-13,744	-17,358	-17,390	-18,632	-17,461	-15,764	-17,328	-19,050	-18,305	-17,328
11 Federal agency	0	0	0	0	0	0	0	0	0	0	0
12 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
<b>NET OPTIONS POSITIONS</b>											
<i>By type of deliverable security</i>											
13 U.S. Treasury bills	n.a.	n.a.	0	n.a.	n.a.	n.a.	0	0	0	0	0
14 Coupon securities, by maturity											
15 Five years or less	2,175	3,044	479	1,272	1,809	1,238	-528	-490	-1,120	-1,550	-1,158
16 More than five years	-3,203	-427	3,629	2,424	3,644	4,679	2,076	3,835	6,800	6,173	6,978
17 Federal agency	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	1,111	1,591	1,199	1,557	1,326	988	1,116	1,489	-9	-427	-752
<b>Financing<sup>5</sup></b>											
<i>Reverse repurchase agreements</i>											
19 Overnight and continuing	219,028	228,244	249,011	242,740	248,826	259,558	232,402	258,111	235,317	247,871	243,019
20 Term	420,162	420,502	404,181	418,006	452,959	378,518	394,835	389,237	398,590	409,436	382,918
<i>Securities borrowed</i>											
21 Overnight and continuing	164,552	162,865	152,800	162,158	152,704	156,442	148,923	151,708	153,410	152,319	149,905
22 Term	64,797	65,506	64,611	67,506	72,258	63,511	62,110	60,202	64,263	63,508	62,352
<i>Securities received as pledge</i>											
23 Overnight and continuing	2,423 <sup>f</sup>	2,377	2,005	2,006	1,895	1,888	1,808	2,191	3,683	4,118	3,988
24 Term	50 <sup>f</sup>	43	56	37	52	112	22	34	89	88	21
<i>Repurchase agreements</i>											
25 Overnight and continuing	496,262	509,729	522,501	534,796	545,731	558,030	460,497	521,740	538,239	537,813	546,540
26 Term	356,122	356,682	370,941	366,676	399,698	328,008	401,933	357,426	352,087	378,976	349,504
<i>Securities loaned</i>											
27 Overnight and continuing	5,991 <sup>f</sup>	5,715 <sup>f</sup>	6,001	5,927 <sup>f</sup>	6,058	6,984	4,871	6,141	5,726	5,607	5,175
28 Term	2,396 <sup>f</sup>	2,710 <sup>f</sup>	2,794	2,575 <sup>f</sup>	2,644	2,833	2,980	2,784	2,572	2,610	1,560
<i>Securities pledged</i>											
29 Overnight and continuing	33,247 <sup>f</sup>	30,091 <sup>f</sup>	28,087	29,280 <sup>f</sup>	28,550	27,757	26,731	28,961	29,342	33,127	33,274
30 Term	3,687 <sup>f</sup>	3,958 <sup>f</sup>	4,577	3,995 <sup>f</sup>	3,784	4,118	5,077	5,275	5,543	5,639	5,508
<i>Collateralized loans</i>											
31 Overnight and continuing	14,676	16,631	17,639	15,692	17,533	20,719	15,199	17,442	17,223	15,213	10,960
32 Term	2,528	2,367	2,092	2,486	1,942	2,361	2,164	1,864	1,964	2,010	n.a.
<b>MEMO: Matched book<sup>6</sup></b>											
<i>Securities in</i>											
33 Overnight and continuing	225,455 <sup>f</sup>	232,058	244,861	238,111	242,689	260,282	228,587	250,304	234,682	240,410	243,757
34 Term	407,025 <sup>f</sup>	410,727	401,682	411,926	448,559	374,658	396,538	385,387	402,536	412,825	385,012
<i>Securities out</i>											
35 Overnight and continuing	318,299	321,797	313,847	325,805	335,422	341,193	265,471	312,092	310,366	317,969	315,510
36 Term	299,735	302,123	318,594	315,781	340,912	281,757	343,859	309,663	308,691	330,882	303,412

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

2. Securities positions are reported at market value.

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

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

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

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

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

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

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



## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1991	1992	1993	1994	1995				
					June	July	Aug.	Sept.	Oct.
<b>1 Federal and federally sponsored agencies.....</b>	<b>442,772</b>	<b>483,970</b>	<b>570,711</b>	<b>738,928</b>	<b>785,982</b>	<b>788,323</b>	<b>801,819</b>	<b>811,182</b>	<b>n.a.</b>
2 Federal agencies.....	41,035	41,829	45,193	39,186	38,412	39,403	39,581	38,030	38,273
3 Defense Department <sup>1</sup> .....	7	7	6	6	6	6	6	6	6
4 Export-Import Bank <sup>2,3</sup> .....	9,809	7,208	5,315	3,455	2,652	2,652	2,652	2,512	2,512
5 Federal Housing Administration <sup>4</sup> .....	397	374	255	116	81	84	83	87	88
6 Government National Mortgage Association certificates of participation <sup>5</sup> .....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service <sup>6</sup> .....	8,421	10,660	9,732	8,073	7,615	8,615	8,615	7,265	7,265
8 Tennessee Valley Authority.....	22,401	23,580	29,885	27,536	28,058	28,046	28,225	28,160	28,366
9 United States Railway Association <sup>7</sup> .....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies <sup>7</sup> .....	401,737	442,141	523,452	699,742	747,570	748,920	762,238	773,152	n.a.
11 Federal Home Loan Banks.....	107,543	114,733	139,512	205,817	223,089	223,100	228,299	236,851	234,192
12 Federal Home Loan Mortgage Corporation.....	30,262	29,631	49,993	93,279	108,484	111,427	112,341	111,610	115,626
13 Federal National Mortgage Association.....	133,937	166,300	201,112	257,230	270,937	268,458	275,271	277,192	280,582
14 Farm Credit Banks <sup>8</sup> .....	52,199	51,910	53,123	53,175	53,915	54,635	54,979	55,800	56,529
15 Student Loan Marketing Association.....	38,319	39,650	39,784	50,335	51,268	51,325	51,323	51,672	51,906
16 Financing Corporation <sup>9</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> .....	29,996	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>185,576</b>	<b>154,994</b>	<b>128,187</b>	<b>103,817</b>	<b>90,638</b>	<b>88,892</b>	<b>86,776</b>	<b>84,297</b>	<b>82,622</b>
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank <sup>3</sup> .....	9,803	7,202	5,309	3,449	2,646	2,646	2,646	2,506	2,506
21 Postal Service <sup>6</sup> .....	8,201	10,440	9,732	8,073	7,615	8,615	8,615	7,265	7,265
22 Student Loan Marketing Association.....	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority.....	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200	3,200
24 United States Railway Association <sup>7</sup> .....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Other lending<sup>14</sup></i>									
25 Farmers Home Administration.....	48,534	42,979	38,619	33,719	30,004	28,419	27,384	26,845	26,210
26 Rural Electrification Administration.....	18,562	18,172	17,578	17,392	17,256	17,274	17,276	17,276	17,045
27 Other.....	84,931	64,436	45,864	37,984	29,917	28,738	27,655	27,205	26,396

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

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

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

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation; therefore details do not sum to total. Some data are estimated.

8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.

9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.

10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.

11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.

12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.

14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

## 1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994	1995							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>1 All issues, new and refunding<sup>1</sup></b>	<b>226,818</b>	<b>279,945</b>	<b>153,950</b>	<b>12,323</b>	<b>17,230</b>	<b>11,575</b>	<b>12,450</b>	<b>9,698</b>	<b>13,336</b>	<b>16,580</b>	<b>17,220</b>
<i>By type of issue</i>											
2 General obligation	78,611	90,599	54,404	4,332	5,755	3,529	4,519	3,635	6,252	6,084	5,680
3 Revenue	136,580	189,346	99,546	7,472	12,201	6,248	7,789	6,129	7,322	10,496	11,540
<i>By type of issuer</i>											
4 State	24,874	27,999	19,186	1,315	1,329	645	617	1,510	1,825	1,491	951
5 Special district or statutory authority <sup>2</sup>	138,327	178,714	95,896	8,039	11,382	7,399	7,491	5,821	7,831	10,477	11,920
6 Municipality, county, or township	63,617	73,232	38,868	2,450	5,245	1,733	4,200	2,433	3,918	4,612	4,349
<b>7 Issues for new capital</b>	<b>101,865</b>	<b>91,434</b>	<b>105,972</b>	<b>8,830</b>	<b>13,083</b>	<b>8,740</b>	<b>6,685</b>	<b>6,339</b>	<b>7,828</b>	<b>11,439</b>	<b>11,929</b>
<i>By use of proceeds</i>											
8 Education	18,852	16,831	21,267	2,594	2,494	1,924	1,180	1,929	1,725	3,250	2,463
9 Transportation	14,357	9,167	10,836	606	3,127	1,926	869	446	631	1,452	1,174
10 Utilities and conservation	12,164	12,014	10,192	1,282	1,235	485	1,504	563	1,794	756	1,741
11 Social welfare	16,744	13,837	20,289	1,738	2,062	1,333	1,421	1,228	1,587	2,253	1,604
12 Industrial aid	6,188	6,862	8,161	416	411	500	201	627	203	404	1,269
13 Other purposes	33,560	32,723	35,227	1,770	4,467	2,216	1,967	2,050	2,114	3,324	3,678

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	1992	1993 <sup>1</sup>	1994	1995							
				Apr.	May	June	July	Aug.	Sept. <sup>2</sup>	Oct. <sup>2</sup>	Nov.
<b>1 All issues<sup>1</sup></b>	<b>567,559<sup>1</sup></b>	<b>769,088</b>	<b>582,569</b>	<b>30,787</b>	<b>54,829<sup>2</sup></b>	<b>56,346<sup>2</sup></b>	<b>33,812<sup>2</sup></b>	<b>47,629<sup>2</sup></b>	<b>56,372</b>	<b>49,769</b>	<b>55,091</b>
<b>2 Bonds<sup>2</sup></b>	<b>471,502</b>	<b>646,634</b>	<b>497,414</b>	<b>26,909</b>	<b>48,579</b>	<b>48,585</b>	<b>29,208</b>	<b>41,363</b>	<b>49,000</b>	<b>41,140</b>	<b>47,790</b>
<i>By type of offering</i>											
3 Public, domestic	378,058	487,029	365,115 <sup>2</sup>	22,756	40,052	42,398	23,147	32,351	43,000	34,740	41,890
4 Private placement, domestic	65,853	121,226	76,061	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,591	38,379	56,238	4,153	8,528	6,186	6,061	9,012	6,000	6,400	5,900
<i>By industry group</i>											
6 Manufacturing	82,058	88,160	43,423 <sup>2</sup>	2,876	2,139	6,330	4,456	3,982	3,580	3,634	5,125
7 Commercial and miscellaneous	43,111	58,559	40,652 <sup>2</sup>	1,815	6,085	4,528	1,078	2,480	3,682	3,399	4,775
8 Transportation	9,979	10,816	6,867 <sup>2</sup>	800	955	657	10	133	908	187	600
9 Public utility	48,055	56,330	13,298 <sup>2</sup>	331	2,530	2,661	498	620	1,819	1,544	1,299
10 Communication	15,394	31,950	13,340 <sup>2</sup>	336	1,767	1,745	1,520	1,089	2,787	2,374	3,283
11 Real estate and financial	272,904	400,820	379,834 <sup>2</sup>	20,752	35,103	32,664	21,646	33,058	36,224	30,002	32,708
<b>12 Stocks<sup>2</sup></b>	<b>96,057<sup>2</sup></b>	<b>122,454</b>	<b>85,155</b>	<b>3,878</b>	<b>6,250<sup>2</sup></b>	<b>7,761<sup>2</sup></b>	<b>4,604<sup>2</sup></b>	<b>6,266<sup>2</sup></b>	<b>7,372</b>	<b>8,629</b>	<b>7,301</b>
<i>By type of offering</i>											
13 Public preferred	21,339	18,897	12,527 <sup>2</sup>	656	1,548 <sup>2</sup>	742 <sup>2</sup>	768 <sup>2</sup>	1,261 <sup>2</sup>	1,035	836	2,163
14 Common	57,118	82,657	47,828 <sup>2</sup>	3,222	4,702 <sup>2</sup>	7,019 <sup>2</sup>	3,836 <sup>2</sup>	5,005	6,337	7,793	5,138
15 Private placement <sup>3</sup>	17,600 <sup>2</sup>	20,900	24,800	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>By industry group</i>											
16 Manufacturing	22,723	22,271	17,798	634	2,370	2,345	1,306	2,254	2,379	1,769	2,077
17 Commercial and miscellaneous	20,231	25,761	15,713	2,152	1,134	2,749 <sup>2</sup>	1,969 <sup>2</sup>	1,541 <sup>2</sup>	2,768	4,604	2,707
18 Transportation	2,595	2,237	2,203	48	101	0	0	87	99	39	62
19 Public utility	6,532	7,050	2,214	141	185	209	133	91	190	60	331
20 Communication	2,366	3,439	494	0	0	0	64	0	47	0	0
21 Real estate and financial	41,612 <sup>2</sup>	61,004	46,733	903	2,363 <sup>2</sup>	2,458 <sup>2</sup>	1,132 <sup>2</sup>	2,287 <sup>2</sup>	1,890	2,158	2,125

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	1993	1994	1995							
			Apr.	May	June	July	Aug.	Sept.	Oct. <sup>2</sup>	Nov.
1 Sales of own shares <sup>2</sup>	851,885	841,286	68,294	70,798	74,749	76,081	72,113	68,694	72,730	70,499
2 Redemptions of own shares	567,881	699,823	59,957	57,033	61,932	56,344	57,610	54,473	56,174	52,727
3 Net sales <sup>3</sup>	284,004	141,463	8,337	13,765	12,817	19,736	14,503	14,221	16,556	17,772
4 Assets <sup>4</sup>	1,510,209	1,550,490	1,710,280	1,769,287	1,808,753	1,880,754	1,908,525	1,962,817	1,963,496	2,032,958
5 Cash <sup>5</sup>	100,209	121,296	124,092	128,375	122,461	126,340	127,173	127,446	133,653	141,489
6 Other	1,409,838	1,429,195	1,586,187	1,640,913	1,686,292	1,754,415	1,781,352	1,835,371	1,829,843	1,891,470

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	1992 <sup>2</sup>	1993 <sup>2</sup>	1994 <sup>2</sup>	1993 <sup>2</sup>	1994 <sup>2</sup>				1995 <sup>2</sup>		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment .....	401.4	464.5	526.5	512.8	455.9	531.5	549.8	568.9	559.6	561.1	614.4
2 Profits before taxes .....	406.4	464.3	528.2	504.5	471.7	523.2	547.5	570.4	594.1	588.4	609.6
3 Profits-tax liability .....	143.0	163.8	195.3	181.7	171.4	192.8	203.4	213.5	217.3	214.2	224.5
4 Profits after taxes .....	263.4	300.5	332.9	322.7	300.3	330.4	344.1	356.8	376.8	374.1	385.1
5 Dividends .....	169.5	197.3	211.0	202.9	204.4	208.8	212.5	218.5	221.7	224.6	228.5
6 Undistributed profits .....	93.9	103.3	121.9	119.8	95.9	121.7	131.6	138.3	155.1	149.6	156.6
7 Inventory valuation .....	-7.5	-6.6	-13.3	-4.0	-3.9	-9.8	-16.5	-22.8	-51.9	-42.3	-9.8
8 Capital consumption adjustment .....	2.5	6.7	11.6	12.3	-11.8	18.1	18.8	21.3	17.4	15.0	14.6

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities<sup>1</sup>

Billions of dollars, end of period; not seasonally adjusted

Account	1992	1993	1994	1994				1995		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
1 Accounts receivable, gross <sup>2</sup> .....	491.8	482.8	551.0	494.5	511.3	524.1	551.0	568.5	586.9	594.7
2 Consumer .....	118.3	116.5	134.8	120.1	124.3	130.3	134.8	135.8	141.7	146.2
3 Business .....	301.3	294.6	337.6	302.3	313.2	317.2	337.6	351.9	361.8	362.4
4 Real estate .....	72.2	71.7	78.5	72.1	73.8	76.6	78.5	80.8	83.4	86.1
5 LESS: Reserves for unearned income.....	53.2	50.7	55.0	51.2	51.9	51.1	55.0	58.9	62.1	61.2
6 Reserves for losses.....	16.2	11.2	12.4	11.6	12.1	12.1	12.4	12.9	13.7	13.8
7 Accounts receivable, net .....	422.4	420.9	483.5	431.7	447.3	460.9	483.5	496.7	511.1	519.7
8 All other.....	142.5	170.9	183.4	171.2	174.6	177.2	183.4	194.6	198.1	198.1
9 Total assets .....	564.9	591.8	666.9	602.9	621.9	638.1	666.9	691.4	709.2	717.8
LIABILITIES AND CAPITAL										
10 Bank loans .....	37.6	25.3	21.2	24.2	23.3	21.6	21.2	21.0	21.5	21.8
11 Commercial paper .....	156.4	159.2	184.6	165.9	171.2	171.0	184.6	181.3	181.3	178.0
Debt										
12 Owed to parent .....	39.5	42.7	51.0	41.1	44.7	50.0	51.0	52.5	57.5	59.0
13 Not elsewhere classified .....	196.3	206.0	235.0	211.7	219.6	228.2	235.0	254.4	264.4	272.1
14 All other liabilities.....	68.0	87.1	99.5	90.5	89.9	95.0	99.5	102.5	102.1	101.7
15 Capital, surplus, and undivided profits .....	67.1	71.4	75.7	69.5	73.2	72.3	75.7	79.7	82.5	84.4
16 Total liabilities and capital .....	564.9	591.8	666.9	602.9	621.9	638.1	666.9	691.4	709.2	717.1

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	1992	1993	1994	1995					
				June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted								
1 Total .....	539,996	545,533	614,784	660,714	661,656	671,807	675,247 <sup>f</sup>	682,627 <sup>f</sup>	687,187
2 Consumer .....	157,579	160,349	176,198	188,666	189,898	191,806	193,555 <sup>f</sup>	194,620 <sup>f</sup>	197,303
3 Real estate <sup>2</sup> .....	72,473	71,965	78,770	84,198	84,886	85,756	86,121	87,266	87,699
4 Business .....	309,944	313,219	359,816	387,850	386,872	394,245	395,571	400,741 <sup>f</sup>	402,185
	Not seasonally adjusted								
5 Total .....	544,691	550,751	620,975	661,910	658,140	665,535	672,653 <sup>f</sup>	681,965 <sup>f</sup>	687,944
6 Consumer .....	159,558	162,770	178,999	187,303	187,803	190,830	193,615 <sup>f</sup>	194,931 <sup>f</sup>	198,072
7 Motor vehicles .....	57,259	56,057	61,609	65,162	65,861	68,271	68,857	70,816	68,167
8 Other consumer .....	61,020	60,396	73,221	76,581	76,302	77,251	77,345	77,865	78,926
9 Securitized motor vehicles <sup>4</sup> .....	29,734	36,024	31,897	32,135	32,381	31,551	31,693	30,096	34,394
10 Securitized other consumer <sup>4</sup> .....	11,545	10,293	12,272	13,425	13,259	13,757	15,720 <sup>f</sup>	16,154 <sup>f</sup>	16,585
11 Real estate <sup>2</sup> .....	72,243	71,727	78,479	83,351	84,987	86,107	86,128	87,471	87,672
12 Business .....	312,890	316,254	363,497	391,256	385,350	388,598	392,910	399,563 <sup>f</sup>	402,200
13 Motor vehicles .....	89,011	95,173	118,197	127,487	124,005	124,444	125,053	129,216	129,708
14 Retail <sup>5</sup> .....	20,541	18,091	21,514	22,142	22,953	23,883	25,006	25,752 <sup>f</sup>	24,564
15 Wholesale <sup>6</sup> .....	29,890	31,148	35,037	36,989	32,147	31,392	29,313	32,209	33,519
16 Leasing .....	38,580	45,934	61,646	68,356	68,905	69,169	70,734	71,255	71,625
17 Equipment .....	151,424	145,452	157,953	169,995	170,253	170,825	171,239	172,657	173,183
18 Retail .....	33,521	35,513	39,680	42,008	42,541	43,121	42,823	43,697	44,194
19 Wholesale <sup>6</sup> .....	8,680	8,001	9,678	11,725	12,111	12,278	12,210	11,581	10,889
20 Leasing .....	109,223	101,938	108,595	116,262	115,601	115,426	116,206	117,379	118,100
21 Other business <sup>7</sup> .....	60,856	53,997	61,495	64,365	63,869	64,941	66,111	66,238	66,678
22 Securitized business assets <sup>4</sup> .....	11,599	21,632	25,852	29,409	27,223	28,388	30,507	31,452	32,631
23 Retail .....	1,120	2,869	4,494	4,989	4,784	4,587	4,818	4,586	4,974
24 Wholesale .....	5,756	10,584	14,826	18,310	16,469	17,986	19,773	20,390	21,208
25 Leasing .....	4,723	8,179	6,532	6,110	5,970	5,815	5,916	6,476	6,449

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

## 1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1993	1994	1995	1995						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
<i>Terms<sup>1</sup></i>										
1 Purchase price (thousands of dollars).....	163.1	170.4	175.8	181.7	169.4	170.4	174.8	174.3	178.6	181.7
2 Amount of loan (thousands of dollars).....	123.0	130.8	134.5	137.7	130.4	130.6	131.8	133.0	136.4	140.9
3 Loan-to-price ratio (percent).....	78.0	78.8	78.6	78.2	78.9	78.9	78.1	77.8	78.9	79.1
4 Maturity (years).....	26.1	27.5	27.7	27.2	26.6	27.3	28.0	26.6	27.7	27.6
5 Fees and charges (percent of loan amount) <sup>2</sup> .....	1.30	1.29	1.21	1.18	1.18	1.12	1.20	1.11	1.22	1.21
<i>Yield (percent per year)</i>										
6 Contract rate <sup>3</sup> .....	7.03	7.26	7.65	7.54	7.58	7.56	7.50	7.39	7.27	7.20
7 Effective rate <sup>4</sup> .....	7.24	7.47	7.85	7.73	7.78	7.75	7.69	7.58	7.46	7.40
8 Contract rate (HUD series) <sup>5</sup> .....	7.37	8.58	n.a.	7.80	7.98	7.91	7.78	7.62	7.46	n.a.
SECONDARY MARKETS										
<i>Yield (percent per year)</i>										
9 FHA mortgages (Section 203) <sup>5</sup> .....	7.46	8.68	n.a.	8.00	8.09	8.03	8.03	7.61	7.51	n.a.
10 GNMA securities <sup>6</sup> .....	6.65	7.96	7.57	7.24	7.27	7.49	7.26	7.16	7.01	6.82
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total.....	190,861	222,057	253,511	232,534	235,882	238,850	241,378	246,234	249,928	253,511
12 FHA/VA insured.....	23,857	28,377	28,210	28,886	28,761	28,640	28,515	28,442	28,424	28,210
13 Conventional.....	167,004	194,499	224,749	204,022	207,227	210,063	212,652	217,469	221,027	224,749
14 Mortgage transactions purchased (during period).....	92,037	62,389	56,598	6,575	5,657	5,688	5,002	7,443	6,148	6,243
<i>Mortgage commitments (during period)</i>										
15 Issued <sup>7</sup> .....	92,537	54,038	56,092	5,605	4,512	6,284	6,019	6,732	6,038	4,765
16 To sell <sup>8</sup> .....	5,097	1,820	360	9	26	53	9	0	10	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)<sup>8</sup></i>										
17 Total.....	55,012	72,693	107,424	85,532	88,874	91,544	94,989	99,758	102,997	107,424
18 FHA/VA insured.....	321	276	267	253	250	246	281	276	271	267
19 Conventional.....	54,691	72,416	107,157	85,278	88,624	91,298	94,708	99,482	102,726	107,157
<i>Mortgage transactions (during period)</i>										
20 Purchases.....	229,242	124,697	98,470	7,001	7,316	9,594	11,458	11,092	9,989	13,108
21 Sales.....	208,723	117,110	85,877	5,326	6,074	8,161	10,239	9,856	9,011	11,712
22 Mortgage commitments contracted (during period) <sup>9</sup> .....	274,599	136,067	118,659	6,198	8,106	10,578	12,469	10,388	11,339	14,609

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	1991	1992	1993	1994		1995		
				Q3	Q4	Q1	Q2	Q3 <sup>P</sup>
<b>1 All holders</b>	<b>3,962,607<sup>F</sup></b>	<b>4,094,067<sup>F</sup></b>	<b>4,268,983<sup>F</sup></b>	<b>4,419,367<sup>F</sup></b>	<b>4,475,242<sup>F</sup></b>	<b>4,517,248<sup>F</sup></b>	<b>4,585,646</b>	<b>4,654,573</b>
<i>By type of property</i>								
2 One- to four-family residences	2,849,780 <sup>F</sup>	3,037,408 <sup>F</sup>	3,227,633 <sup>F</sup>	3,375,955 <sup>F</sup>	3,432,165 <sup>F</sup>	3,466,120 <sup>F</sup>	3,524,669	3,583,881
3 Multifamily residences	284,412 <sup>F</sup>	274,234 <sup>F</sup>	270,796 <sup>F</sup>	275,956 <sup>F</sup>	275,304 <sup>F</sup>	276,445 <sup>F</sup>	280,602	283,767
4 Commercial	749,110 <sup>F</sup>	701,687 <sup>F</sup>	689,360 <sup>F</sup>	684,831 <sup>F</sup>	684,803 <sup>F</sup>	691,276 <sup>F</sup>	696,526	702,506
5 Farm	79,305	80,738	81,194	82,625	82,971	83,404	83,850	84,419
<i>By type of holder</i>								
6 Major financial institutions	1,846,726	1,769,187	1,767,835	1,786,074	1,815,810	1,841,815	1,868,175	1,895,299
7 Commercial banks <sup>2</sup>	876,100	894,513	940,444	981,365	1,004,280	1,024,854	1,053,048	1,072,791
8 One- to four-family	483,623	507,780	556,538	592,021	611,697	625,378	648,705	663,307
9 Multifamily	36,935	38,024	38,635	38,916	39,746	39,746	40,593	42,537
10 Commercial	337,095	328,826	324,409	328,931	331,100	336,795	340,176	343,123
11 Farm	18,447	19,882	20,862	22,408	22,936	22,936	23,575	23,823
12 Savings institutions <sup>3</sup>	705,367	627,972	598,330	587,545	596,199 <sup>F</sup>	601,777	599,745	604,616
13 One- to four-family	538,358	489,622	469,959	466,704	477,499	483,625	482,005	488,707
14 Multifamily	79,881	69,791	67,362	65,532	64,400	63,778	64,404	63,437
15 Commercial	86,741	68,235	60,704	55,017	54,011	54,085	53,054	52,182
16 Farm	388	324	305	291	289	288	282	291
17 Life insurance companies	265,258	246,702	229,061	217,165	215,332	215,184	215,382	217,892
18 One- to four-family	11,547	11,441	9,458	7,984	7,910	7,892	7,911	8,006
19 Multifamily	29,562	27,770	25,814	24,534	24,306	24,250	24,310	24,601
20 Commercial	214,105	198,269	184,305	175,168	173,539	173,142	173,565	175,643
21 Farm	10,044	9,222	9,484	9,479	9,577	9,900	9,596	9,643
22 Federal and related agencies	266,146	286,263	328,598	329,304	323,491	319,770	315,208	314,358
23 Government National Mortgage Association	19	30	22	12	6	15	7	2
24 One- to four-family	19	30	15	12	6	15	7	2
25 Multifamily	0	0	7	0	0	0	0	0
26 Farmers Home Administration <sup>4</sup>	41,713	41,695	41,386	41,587	41,781	41,587	41,917	41,858
27 One- to four-family	18,496	16,912	15,303	14,084	13,826	13,507	13,217	12,914
28 Multifamily	10,141	10,575	10,940	11,243	11,319	11,418	11,512	11,557
29 Commercial	4,905	5,158	5,406	5,608	5,670	5,807	5,949	6,096
30 Farm	8,171	9,050	9,739	10,652	10,966	11,124	11,239	11,291
31 Federal Housing and Veterans' Administrations	10,733	12,581	12,215	10,533	10,964	10,890	10,998	9,535
32 One- to four-family	4,036	5,153	5,364	4,321	4,753	4,715	4,838	4,918
33 Multifamily	6,697	7,428	6,851	6,212	6,211	6,175	5,260	4,617
34 Resolution Trust Corporation	45,822	32,045	17,284	15,403	10,428	9,342	6,456	4,889
35 One- to four-family	14,535	12,960	7,203	6,998	5,200	4,755	2,870	2,299
36 Multifamily	15,018	9,621	5,327	4,569	2,859	2,494	1,940	1,420
37 Commercial	16,269	9,464	4,754	3,836	2,369	2,092	1,645	1,170
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	0	14,112	9,169	7,821	6,730	6,039	5,015
40 One- to four-family	0	0	2,367	1,241	1,049	840	731	618
41 Multifamily	0	0	1,426	2,090	1,595	1,310	1,135	722
42 Commercial	0	0	10,319	5,838	5,177	4,580	4,173	3,674
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	112,283	137,584	166,642	177,200	178,059	177,615	178,462	182,229
45 One- to four-family	100,387	124,016	151,310	161,255	162,160	161,780	162,674	166,393
46 Multifamily	11,896	13,568	15,332	15,945	15,899	15,835	15,788	15,836
47 Federal Land Banks	28,767	28,664	28,460	28,538	28,555	28,065	28,005	28,151
48 One- to four-family	1,693	1,687	1,675	1,679	1,671	1,651	1,648	1,656
49 Farm	27,074	26,977	26,785	26,859	26,885	26,414	26,357	26,495
50 Federal Home Loan Mortgage Corporation	26,809	33,665	48,476	46,863	45,756	45,256	44,224	42,678
51 One- to four-family	24,125	31,032	45,929	44,208	43,046	42,122	40,963	39,244
52 Multifamily	2,684	2,633	2,547	2,655	2,830	3,134	3,261	3,434
53 Mortgage pools or trusts <sup>5</sup>	1,258,155 <sup>F</sup>	1,434,264 <sup>F</sup>	1,563,453 <sup>F</sup>	1,693,908 <sup>F</sup>	1,716,209 <sup>F</sup>	1,731,272 <sup>F</sup>	1,759,314	1,797,162
54 Government National Mortgage Association	425,295	419,516	414,066	444,976	450,934	454,401	457,101	463,654
55 One- to four-family	415,767	410,675	404,864	435,511	441,198	444,632	446,855	453,114
56 Multifamily	9,528	8,841	9,202	9,465	9,736	9,769	10,246	10,540
57 Federal Home Loan Mortgage Corporation	359,163	407,514	446,029	482,987	486,480	488,723	496,139	503,457
58 One- to four-family	351,906	401,525	441,494	479,539	483,354	485,643	493,105	500,504
59 Multifamily	7,257	5,989	4,535	3,448	3,126	3,080	3,034	2,953
60 Federal National Mortgage Association	371,984	444,979	495,525	523,512	530,343	533,262	543,669	559,585
61 One- to four-family	362,667	435,979	486,804	514,375	520,763	523,093	533,091	548,400
62 Multifamily	9,317	9,000	8,721	9,137	9,580	9,359	10,578	11,185
63 Farmers Home Administration <sup>4</sup>	47	38	28	20	19	14	13	12
64 One- to four-family	11	8	5	4	3	2	2	2
65 Multifamily	0	0	0	0	0	0	0	0
66 Commercial	19	17	13	9	9	7	6	5
67 Farm	17	13	10	7	7	5	5	5
68 Private mortgage conduits	101,665 <sup>F</sup>	162,217 <sup>F</sup>	207,806 <sup>F</sup>	242,413 <sup>F</sup>	248,433 <sup>F</sup>	254,871 <sup>F</sup>	262,393	270,454
69 One- to four-family	91,489 <sup>F</sup>	140,718 <sup>F</sup>	173,635 <sup>F</sup>	193,787 <sup>F</sup>	196,733 <sup>F</sup>	201,314 <sup>F</sup>	205,018	209,713
70 Multifamily	3,698	6,305	8,701	13,891	14,925	15,743	17,281	18,903
71 Commercial	6,479	15,194	25,469	34,735	36,774	37,814	40,094	41,838
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others <sup>6</sup>	591,580 <sup>F</sup>	604,353 <sup>F</sup>	609,097 <sup>F</sup>	610,080 <sup>F</sup>	619,732 <sup>F</sup>	624,388 <sup>F</sup>	642,949	647,754
74 One- to four-family	431,122 <sup>F</sup>	447,871 <sup>F</sup>	455,709 <sup>F</sup>	452,232 <sup>F</sup>	461,297 <sup>F</sup>	464,346 <sup>F</sup>	481,028	484,084
75 Multifamily	61,798 <sup>F</sup>	64,688 <sup>F</sup>	65,397 <sup>F</sup>	69,230 <sup>F</sup>	69,602 <sup>F</sup>	70,352 <sup>F</sup>	71,261	72,024
76 Commercial	83,496 <sup>F</sup>	76,524 <sup>F</sup>	73,982 <sup>F</sup>	75,689 <sup>F</sup>	76,153 <sup>F</sup>	76,955 <sup>F</sup>	77,864	78,774
77 Farm	15,164	15,270	14,009	12,929	12,681	12,736	12,796	12,871

1. Multifamily debt refers to loans on structures of five or more units.

2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.

3. Includes savings banks and savings and loan associations.

4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.

5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.

6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCE: Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT<sup>1</sup>

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992	1993	1994	1995					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Total .....	Seasonally adjusted								
	730,847	790,351	902,853	970,608	979,375	989,695	993,843	1,005,178 <sup>f</sup>	1,013,847
	257,436	280,566	317,237	330,709	337,127	339,770	341,155	344,671 <sup>f</sup>	347,896
	258,081	286,588	334,511	372,350	375,272	379,669	382,094	387,180 <sup>f</sup>	390,140
	215,331	223,197	251,106	267,549	266,976	270,255	270,595	273,326 <sup>f</sup>	275,811
	Not seasonally adjusted								
	748,057	809,440	925,000	964,256	971,965	990,428	996,525	1,005,423 <sup>f</sup>	1,017,773
	By major holder								
	330,088	367,566	427,851	437,498	441,165	451,784	449,502	451,232	453,690
	118,279	116,453	134,830	141,743	142,163	145,522	146,202	148,681	147,093
91,694	101,634	119,594	125,313	126,500	128,424	129,027	130,261 <sup>f</sup>	130,972	
37,049	37,855	38,468	38,400	38,907	38,634	38,894	38,500	38,500	
49,561	55,296	60,957	56,349	56,360	55,723	54,177	54,607	53,139	
121,386	130,636	143,300	164,953	166,870	170,341	178,723	182,142 <sup>f</sup>	194,379	
By major type of credit <sup>5</sup>									
258,226	281,458	318,213	330,739	336,154	341,716	344,401	347,513 <sup>f</sup>	349,776	
109,623	122,000	141,851	144,761	146,149	148,549	148,901	150,782	149,905	
57,259	56,057	61,609	65,162	65,861	68,271	68,857	70,816	68,167	
33,888	39,481	34,918	36,690	37,071	36,681	37,476	36,453	42,050	
271,850	301,837	352,266	367,602	370,520	377,784	380,341	384,625 <sup>f</sup>	392,706	
132,966	149,920	180,183	182,950	184,245	189,163	185,572	186,463	189,405	
44,466	50,125	55,341	51,006	50,520	48,976	48,968	49,358	47,839	
74,921	79,878	94,376	112,609	114,338	117,729	123,749	126,739	132,978	
217,981	226,145	254,521	265,881	264,734	269,467	271,845	273,285 <sup>f</sup>	275,291	
87,499	95,646	105,817	109,787	110,771	114,072	115,029	113,987	114,380	
61,020	60,396	73,221	76,581	76,302	77,251	77,345	78,926	78,926	
5,095	5,171	5,616	5,309	5,283	5,286	5,271	5,249	5,300	
12,577	11,277	14,006	15,654	15,461	15,931	17,498	18,950 <sup>f</sup>	19,351	

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Comprises mobile home loans and all other installment loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.

3. Includes retailers and gasoline companies.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT<sup>1</sup>

Percent per year except as noted

Item	1992	1993	1994	1995						
				May	June	July	Aug.	Sept.	Oct.	Nov.
INTEREST RATES										
<i>Commercial banks<sup>2</sup></i>										
1 48-month new car .....	9.29	8.09	8.12	9.78	n.a.	n.a.	9.44	n.a.	n.a.	9.36
2 24-month personal .....	14.04	13.47	13.19	14.03	n.a.	n.a.	13.84	n.a.	n.a.	13.80
<i>Credit card plan</i>										
3 All accounts .....	n.a.	n.a.	15.69	16.15	n.a.	n.a.	15.98	n.a.	n.a.	15.81
4 Accounts assessed interest .....	n.a.	n.a.	15.77	16.23	n.a.	n.a.	15.94	n.a.	n.a.	15.71
<i>Auto finance companies</i>										
5 New car .....	9.93	9.48	9.79	11.43	11.08	11.01	10.85	10.75	10.89	10.84
6 Used car .....	13.80	12.79	13.49	14.78	14.63	14.35	14.23	14.12	14.06	13.98
OTHER TERMS <sup>3</sup>										
<i>Maturity (months)</i>										
7 New car .....	54.0	54.5	54.0	54.4	53.9	54.1	53.5	53.4	54.6	54.5
8 Used car .....	47.9	48.8	50.2	52.2	52.3	52.4	52.3	52.3	52.3	52.2
<i>Loan-to-value ratio</i>										
9 New car .....	89	91	92	92	92	92	92	92	92	92
10 Used car .....	97	98	99	99	99	100	99	100	99	99
<i>Amount financed (dollars)</i>										
11 New car .....	13,584	14,332	15,375	16,155	16,083	16,086	16,056	16,402	16,430	16,583
12 Used car .....	9,119	9,875	10,709	11,396	11,518	11,637	11,662	11,725	11,883	12,012

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.



1.57 FUNDS RAISED IN U.S. CREDIT MARKETS<sup>1</sup>

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994	1994 <sup>f</sup>				1995 <sup>f</sup>		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors . . . . .	669.4 <sup>f</sup>	480.6 <sup>f</sup>	545.3 <sup>f</sup>	625.9 <sup>f</sup>	617.0 <sup>f</sup>	652.5	581.2	580.0	654.3	831.0	877.5	513.1
<i>By sector and instrument</i>												
2 U.S. government . . . . .	246.9	278.2	304.0	256.1	155.9	206.4	131.3	135.6	150.1	266.8	202.8	65.8
3 Treasury securities . . . . .	238.7	292.0	303.8	248.3	155.7	207.7	126.6	132.8	155.7	268.0	201.2	65.4
4 Budget agency issues and mortgages . . . . .	8.2	-13.8	.2	7.8	.2	-1.3	4.7	2.9	-5.7	-1.2	1.6	.4
5 Private . . . . .	422.5 <sup>f</sup>	202.4 <sup>f</sup>	241.3 <sup>f</sup>	369.8 <sup>f</sup>	461.1 <sup>f</sup>	446.1	449.9	444.3	504.2	564.2	674.8	447.3
<i>By instrument</i>												
6 Tax-exempt obligations . . . . .	49.3 <sup>f</sup>	87.8 <sup>f</sup>	30.5 <sup>f</sup>	74.8 <sup>f</sup>	-29.3 <sup>f</sup>	15.7	-20.7	-58.4	-53.8	-53.3	-10.6	-115.8
7 Corporate bonds . . . . .	47.1	78.8	67.6	75.2	22.0	35.4	35.9	14.2	2.7	41.4	119.5	60.7
8 Mortgages . . . . .	232.4 <sup>f</sup>	158.4 <sup>f</sup>	130.9 <sup>f</sup>	157.2 <sup>f</sup>	196.5 <sup>f</sup>	174.2	194.2	203.9	213.5	219.6	238.8	251.9
9 Home mortgages . . . . .	226.3 <sup>f</sup>	173.6 <sup>f</sup>	187.6 <sup>f</sup>	187.9 <sup>f</sup>	204.5 <sup>f</sup>	203.3	186.2	208.8	219.8	192.5	204.2	215.3
10 Multifamily residential . . . . .	1.5 <sup>f</sup>	-5.5 <sup>f</sup>	-10.4 <sup>f</sup>	-6.0	1.3 <sup>f</sup>	-3	4.0	5.6	-4.2	2.9	15.0	11.9
11 Commercial . . . . .	6.1 <sup>f</sup>	-10.0 <sup>f</sup>	-47.8 <sup>f</sup>	-25.0 <sup>f</sup>	-11.1 <sup>f</sup>	-29.4	1.1	-12.7	-3.4	22.5	17.8	22.4
12 Farm . . . . .	-1.6 <sup>f</sup>	.4	1.4 <sup>f</sup>	.5	1.8	.6	2.9	2.2	1.4	1.7	1.8	2.3
13 Consumer credit . . . . .	15.6	-14.8	7.3	58.9	121.2	65.0	129.8	124.8	165.2	93.8	158.1	109.6
14 Bank loans n.e.c. . . . .	.4	-40.9	-13.7 <sup>f</sup>	3.8 <sup>f</sup>	72.7 <sup>f</sup>	57.7	58.7	97.1	77.1	143.5	94.4	99.4
15 Commercial paper . . . . .	9.7	-18.4	8.6	10.0	21.4	26.1	9.7	26.4	23.5	23.1	37.5	16.0
16 Other loans . . . . .	68.1 <sup>f</sup>	-48.5 <sup>f</sup>	10.1 <sup>f</sup>	-10.2 <sup>f</sup>	55.4 <sup>f</sup>	73.2	40.8	35.1	72.4	82.2	57.7	25.6
<i>By borrowing sector</i>												
17 Household . . . . .	263.7 <sup>f</sup>	182.7 <sup>f</sup>	200.7 <sup>f</sup>	246.5 <sup>f</sup>	360.3 <sup>f</sup>	292.3	349.9	379.7	419.1	301.8	388.9	380.3
18 Nonfinancial business . . . . .	112.2 <sup>f</sup>	-61.9 <sup>f</sup>	19.5 <sup>f</sup>	61.0 <sup>f</sup>	144.3 <sup>f</sup>	154.1	139.4	130.0	153.6	314.5	302.8	187.0
19 Farm . . . . .	1.0 <sup>f</sup>	2.1	1.3 <sup>f</sup>	2.0	2.8	3.1	7.8	2.4	-2.0	.9	3.6	4.3
20 Nonfarm noncorporate . . . . .	1.1 <sup>f</sup>	-11.0 <sup>f</sup>	-16.0 <sup>f</sup>	7.0 <sup>f</sup>	12.1 <sup>f</sup>	13.2	10.0	8.8	16.5	51.3	43.5	21.5
21 Corporate . . . . .	110.0 <sup>f</sup>	-53.0 <sup>f</sup>	34.1 <sup>f</sup>	52.0 <sup>f</sup>	129.3 <sup>f</sup>	137.7	121.7	118.8	139.1	262.3	255.7	161.1
22 State and local government . . . . .	46.0	62.6	21.7	63.0	-44.0	-2.9	-47.2	-53.4	-72.6	-56.2	-27.5	-119.9
23 Foreign net borrowing in United States . . . . .	23.9	14.8	22.6	68.8	-20.3	-100.3	-34.2	19.6	33.5	61.4	40.4	97.5
24 Bonds . . . . .	21.4	15.0	15.7	81.3	7.1	-2.6	-17.4	20.8	27.7	13.5	49.9	55.0
25 Bank loans n.e.c. . . . .	-2.9	3.1	2.3	.7	1.4	6.0	-4.5	4.7	-5	8.1	5.6	8.2
26 Commercial paper . . . . .	12.3	6.4	5.2	-9.0	-27.3	-101.8	-5.2	-8.1	5.9	37.9	-11.1	30.9
27 U.S. government and other loans . . . . .	-7.0	-9.8	-6	-4.2	-1.6	-1.8	-7.1	2.2	.4	1.9	-4.0	3.4
28 Total domestic plus foreign . . . . .	693.2 <sup>f</sup>	495.4 <sup>f</sup>	568.0 <sup>f</sup>	694.7 <sup>f</sup>	596.6 <sup>f</sup>	552.2	547.0	599.5	687.8	892.4	918.0	610.6
Financial sectors												
29 Total net borrowing by financial sectors . . . . .	210.9 <sup>f</sup>	154.5 <sup>f</sup>	240.1 <sup>f</sup>	290.8 <sup>f</sup>	459.4 <sup>f</sup>	493.1	380.1	419.7	544.8	268.7	432.0	407.7
<i>By instrument</i>												
30 U.S. government-related . . . . .	167.4	145.7	155.8	164.2	284.3	309.4	264.5	245.7	317.5	93.0	197.7	230.1
31 Government-sponsored enterprises securities . . . . .	17.1	9.2	40.3	80.6	176.9	160.0	146.6	152.1	249.0	62.9	127.2	101.5
32 Mortgage pool securities . . . . .	150.3	136.6	115.6	83.6	112.1	168.5	117.9	93.6	68.5	30.0	70.5	128.6
33 Loans from U.S. government . . . . .	-1	.0	.0	.0	-4.8	-19.2	.0	.0	.0	.0	.0	.0
34 Private . . . . .	43.6 <sup>f</sup>	8.7 <sup>f</sup>	84.3 <sup>f</sup>	126.6 <sup>f</sup>	175.2 <sup>f</sup>	183.8	115.5	174.0	227.3	175.7	234.4	177.6
35 Corporate bonds . . . . .	53.5 <sup>f</sup>	68.8 <sup>f</sup>	82.8 <sup>f</sup>	119.8 <sup>f</sup>	113.4 <sup>f</sup>	161.1	96.4	99.5	96.5	156.5	170.2	133.0
36 Mortgages . . . . .	.6	.5	.6	3.6	9.8	9.8	12.4	12.0	4.9	5.1	4.8	2.3
37 Bank loans n.e.c. . . . .	4.7	8.8	2.2	-13.0 <sup>f</sup>	-12.3	-12.0	-27.4	-11.7	1.9	.1	24.1	-6.8
38 Open market paper . . . . .	8.6	-32.0	-7	-6.2	41.6	35.1	4.3	41.3	85.9	38.5	34.0	43.3
39 Loans from Federal Home Loan Banks . . . . .	-24.7	-38.0	.8	23.3	22.8	-10.8	32.3	30.7	38.8	-23.6	2.2	5.9
<i>By borrowing sector</i>												
40 Government-sponsored enterprises . . . . .	17.0	9.1	40.2	80.6	172.1	140.8	146.6	152.1	249.0	62.9	127.2	101.5
41 Federally related mortgage pools . . . . .	150.3	136.6	115.6	83.6	112.1	168.5	117.9	93.6	68.5	30.0	70.5	128.6
42 Private . . . . .	43.6 <sup>f</sup>	8.7 <sup>f</sup>	84.3 <sup>f</sup>	126.6 <sup>f</sup>	175.2 <sup>f</sup>	183.8	115.5	174.0	227.3	175.7	234.4	177.6
43 Commercial banks . . . . .	.9 <sup>f</sup>	-10.7 <sup>f</sup>	7.7 <sup>f</sup>	4.6 <sup>f</sup>	9.9 <sup>f</sup>	.9	10.6	23.9	4.1	6.3	18.2	9.6
44 Bank holding companies . . . . .	-27.7	-2.5	2.3	8.8	10.3	3.5	10.1	11.5	16.0	13.3	23.8	25.2
45 Funding corporations . . . . .	15.4	-6.5	13.2	2.9	24.2	48.8	-10.5	47.3	11.1	61.6	21.4	41.9
46 Savings institutions . . . . .	-30.9 <sup>f</sup>	-44.7 <sup>f</sup>	-7.0 <sup>f</sup>	11.3 <sup>f</sup>	12.8	-5.5	5.8	14.8	36.1	-18.9	-6.8	4.9
47 Credit unions . . . . .	.0	.0	.0	.2	.2	.1	.2	.5	.2	.3	.1	.1
48 Life insurance companies . . . . .	.0	.0	.0	.2	.3	.0	.0	.0	1.3	.0	.1	.1
49 Finance companies . . . . .	23.8	17.7	-1.6	.2	50.2	63.7	63.6	16.3	57.3	83.1	57.2	6.5
50 Mortgage companies . . . . .	.0	-2.4	8.0	.0 <sup>f</sup>	-11.5	-21.8	-18.2	-7.0	1.1	-7.4	14.8	-12.0
51 Real estate investment trusts (REITs) . . . . .	.8	1.2	.3	3.4	13.7	14.5	15.3	18.8	6.3	6.9	6.4	2.2
52 Brokers and dealers . . . . .	1.5	3.7	2.7	12.0	.5	-9.9	.3	-7.6	19.3	-29.5	-.1	2.1
53 Issuers of asset-backed securities (ABSs) . . . . .	59.8 <sup>f</sup>	52.9 <sup>f</sup>	58.6 <sup>f</sup>	83.0 <sup>f</sup>	64.5 <sup>f</sup>	89.4	38.5	55.4	74.5	60.8	99.4	97.1

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS<sup>1</sup>—Continued

Transaction category or sector	1990	1991	1992	1993	1994	1994 <sup>f</sup>				1995 <sup>f</sup>		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
54 Total net borrowing, all sectors .....	904.1 <sup>f</sup>	649.9 <sup>f</sup>	808.0 <sup>f</sup>	985.5 <sup>f</sup>	1,056.0 <sup>f</sup>	1,045.3	927.0	1,019.2	1,232.6	1,161.1	1,350.0	1,018.3
55 U.S. government securities .....	414.4	424.0	459.8	420.3	444.9	534.9	395.8	381.3	467.5	359.8	400.5	295.9
56 Tax-exempt securities .....	49.3 <sup>f</sup>	87.8 <sup>f</sup>	30.5 <sup>f</sup>	74.8 <sup>f</sup>	-29.3 <sup>f</sup>	15.7	-20.7	-58.4	-53.8	-53.3	-10.6	-115.8
57 Corporate and foreign bonds. ....	122.0 <sup>f</sup>	162.5 <sup>f</sup>	166.1 <sup>f</sup>	276.3 <sup>f</sup>	143.8 <sup>f</sup>	192.7	116.4	135.7	130.4	225.3	319.1	248.7
58 Mortgages .....	233.0 <sup>f</sup>	158.9 <sup>f</sup>	131.5 <sup>f</sup>	160.8 <sup>f</sup>	206.3 <sup>f</sup>	184.0	206.6	215.9	218.4	224.7	243.6	254.2
59 Consumer credit. ....	15.6	-14.8	7.3	58.9	121.2	65.0	129.8	124.8	165.2	93.8	158.1	109.6
60 Bank loans n.e.c. ....	2.2	-29.1	-9.3 <sup>f</sup>	-8.5	61.8 <sup>f</sup>	51.8	26.8	90.1	78.5	151.7	124.1	100.7
61 Open market paper .....	30.7	-44.0	13.1	-5.1	35.7	-40.7	8.8	59.6	115.3	99.5	60.4	90.2
62 Other loans. ....	37.1 <sup>f</sup>	-95.6 <sup>f</sup>	8.9 <sup>f</sup>	8.0 <sup>f</sup>	71.7 <sup>f</sup>	41.9	63.5	70.2	111.0	59.6	55.0	34.8
	Funds raised through mutual funds and corporate equities											
63 Total net share issues .....	18.4 <sup>f</sup>	209.1 <sup>f</sup>	293.5 <sup>f</sup>	428.6 <sup>f</sup>	140.7 <sup>f</sup>	294.4	252.8	104.7	-89.1	5.2	161.2	193.9
64 Mutual funds .....	63.0 <sup>f</sup>	146.9 <sup>f</sup>	207.7 <sup>f</sup>	310.2 <sup>f</sup>	119.6 <sup>f</sup>	187.2	190.2	121.8	-20.6	56.1	165.1	168.8
65 Corporate equities .....	-44.6 <sup>f</sup>	62.2 <sup>f</sup>	85.8 <sup>f</sup>	118.4 <sup>f</sup>	21.1 <sup>f</sup>	107.2	62.6	-17.1	-68.5	-50.9	-3.9	25.1
66 Nonfinancial corporations .....	-63.0	18.3	27.0	21.3	-44.9	-9.6	-2.0	-50.0	-118.0	-68.4	-59.6	-84.8
67 Financial corporations .....	11.0 <sup>f</sup>	13.3 <sup>f</sup>	28.1 <sup>f</sup>	36.6 <sup>f</sup>	23.3 <sup>f</sup>	48.3	18.6	9.8	16.3	4.8	18.7	27.9
68 Foreign shares purchased in United States. ....	7.4	30.7	30.7	60.5	42.7	68.5	45.9	23.1	33.2	12.8	37.0	82.0

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	1990	1991	1992	1993	1994	1993	1994				1995	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
NET LENDING IN CREDIT MARKETS <sup>2</sup>												
1 Total net lending in credit markets .....	861.8	645.2	802.5	976.8	1,038.4	1,066.1	1,072.9	861.7	1,040.3	1,178.7	1,222.0	1,237.3
2 Private domestic nonfinancial sectors .....	189.9	-7.4	75.9	15.8	234.9	104.4	288.8	270.4	141.9	238.5	-33.8	-238.2
3 Households .....	157.0	-39.6	74.2	3.1	317.4	196.7	337.0	385.9	186.2	360.3	148.3	-157.1
4 Nonfarm noncorporate business .....	-1.7	-3.7	-1.1	-3.2	-2.0	-3.5	-3.6	-1.8	-1.9	-5	.9	.9
5 Nonfinancial corporate business .....	-3.7	6.7	29.6	14.5	24.1	12.2	19.9	12.2	25.1	39.2	6.2	26.6
6 State and local governments .....	38.3	29.2	-26.8	1.5	-104.6	-101.0	-64.4	-125.9	-67.6	-160.5	-189.2	-108.6
7 U.S. government .....	33.7	10.5	-11.9	-18.4	-24.2	-7.7	-46.5	-16.2	-9.3	-24.7	-13.0	-25.7
8 Foreign .....	85.5	26.6	101.2	121.7	132.1	204.2	123.9	64.3	132.2	208.1	260.1	340.8
9 Financial sectors .....	552.7	615.4	637.3	857.7	695.6	765.2	706.7	543.2	775.6	756.8	1,008.8	1,160.5
10 Government sponsored enterprises .....	13.9	15.2	69.0	90.2	123.3	71.2	92.4	101.1	125.6	174.3	12.2	86.7
11 Federally related mortgage pools .....	150.3	136.6	115.6	83.6	112.1	89.9	196.0	108.1	91.0	53.4	62.5	59.0
12 Monetary authority .....	8.1	31.1	27.9	36.2	31.5	38.5	48.8	17.9	24.0	35.4	24.8	12.6
13 Commercial banking .....	125.1	80.8	95.3	142.2	162.0	188.1	184.7	109.1	191.1	163.3	359.6	292.8
14 U.S. commercial banks .....	94.9	35.7	69.5	149.6	148.1	197.3	120.6	128.4	164.4	178.9	177.5	212.6
15 Foreign banking offices .....	28.4	48.5	16.5	-9.8	11.2	-6.5	59.0	-21.5	22.1	-15.0	182.3	75.4
16 Bank holding companies .....	-2.8	-1.5	5.6	.0	.9	-4.8	3.1	.2	2.7	-2.4	-1.9	3.2
17 Banks in U.S. affiliated areas .....	4.5	-1.9	3.7	2.4	1.9	2.1	2.1	1.9	1.9	1.8	1.7	1.7
18 Funding corporations .....	16.1	15.8	23.5	18.1	13.8	42.6	19.5	33.5	25.1	-23.0	22.3	-36.6
19 Thrift institutions .....	-154.0	-123.5	-61.3	-1.7	34.9	-13.3	13.6	42.6	52.8	30.5	29.4	5.4
20 Life insurance companies .....	94.4	83.2	79.1	105.1	58.1	86.4	47.6	6.4	80.5	98.1	109.9	91.1
21 Other insurance companies .....	26.5	32.6	12.8	33.3	21.1	32.1	27.9	20.8	16.0	19.7	13.0	14.9
22 Private pension funds .....	17.2	85.7	37.3	40.2	-42.4	-60.1	-97.7	-30.7	-17.6	-23.6	97.6	138.9
23 State and local government retirement funds .....	34.9	46.0	34.4	25.5	60.8	36.9	72.9	69.3	26.3	74.6	64.5	65.7
24 Finance companies .....	28.8	-9.8	5.0	-9.0	68.2	22.6	72.1	49.8	58.9	91.8	95.7	56.1
25 Mortgage companies .....	.0	11.2	.1	.0	-22.9	-13.3	-43.5	-36.3	-14.0	2.1	16.5	2.3
26 Mutual funds .....	41.4	90.3	123.7	169.6	7.6	138.9	61.7	9.4	24.2	-64.8	-10.1	25.2
27 Closed-end funds .....	.2	14.7	17.4	10.2	3.5	7.7	8.3	3.2	1.4	1.0	.8	1.1
28 Money market funds .....	80.9	30.1	1.3	14.6	28.5	56.9	-45.0	32.2	50.0	76.7	25.5	138.2
29 Real estate investment trusts (REITs) .....	-7	-7	1.1	.6	4.7	.2	6.6	6.6	5.5	.2	2.5	3.1
30 Brokers and dealers .....	2.8	17.5	-6.9	9.2	-34.0	-82.8	-55.7	-52.6	-19.3	-8.6	30.7	124.2
31 Asset-backed securities issuers (ABSs) .....	51.1	48.9	53.8	80.5	57.8	113.7	87.9	42.8	46.3	54.3	49.8	78.3
32 Bank personal trusts .....	15.9	10.0	8.0	9.5	7.1	8.9	8.9	10.2	7.7	1.4	1.6	1.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 Net flows through credit markets .....	861.8	645.2	802.5	976.8	1,038.4	1,066.1	1,072.9	861.7	1,040.3	1,178.7	1,222.0	1,237.3
Other financial sources												
34 Official foreign exchange .....	2.0	-5.9	-1.6	.8	-5.8	2.2	-.2	-14.6	.2	-8.6	17.8	10.3
35 Special drawing rights certificates .....	1.5	.0	-2.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Treasury currency .....	1.0	.0	.2	.4	.7	.7	.7	.6	.8	.7	.7	.7
37 Life insurance reserves .....	25.7	25.7	27.3	35.2	20.1	35.5	20.0	10.6	23.8	26.2	25.4	25.3
38 Pension fund reserves .....	165.1	360.3	249.7	309.2	103.6	251.6	6.8	102.6	155.4	149.6	393.6	311.2
39 Interbank claims .....	35.0	-3.4	43.5	50.9	85.5	4.7	173.0	165.8	-55.0	58.0	27.4	119.4
40 Checkable deposits and currency .....	43.6	86.3	113.5	117.3	-10.1	81.9	173.1	-66.1	-89.6	-57.7	117.7	103.0
41 Small time and savings deposits .....	63.7	1.5	-57.2	-70.3	-40.5	-36.6	2.5	-62.4	-57.2	-44.9	52.9	134.3
42 Large time deposits .....	-66.1	-58.5	-73.2	-23.5	19.0	13.7	-39.6	-4.4	81.2	39.0	95.1	44.0
43 Money market fund shares .....	70.3	41.2	3.9	19.2	45.4	61.1	-35.1	68.5	49.9	98.4	16.6	275.4
44 Security repurchase agreements .....	-24.2	-16.5	35.5	65.5	84.3	-14.4	23.0	176.4	82.8	54.8	167.0	127.5
45 Foreign deposits .....	38.2	-16.7	-7.2	-11.7	30.1	32.8	16.0	16.9	23.2	64.3	5.0	10.0
46 Mutual fund shares .....	65.3	151.5	211.9	320.0	138.3	287.7	236.4	144.0	165.4	7.6	104.5	178.5
47 Corporate equities .....	-45.6	64.0	84.1	120.1	23.7	141.8	107.3	63.9	-5.7	-70.5	-54.9	-31.9
48 Security credit .....	3.5	51.4	4.2	61.9	-2.3	86.5	29.9	-17.7	-62.3	40.9	-15.1	12.6
49 Trade debt .....	37.0	3.8	41.1	50.0	93.4	54.4	36.6	96.3	115.8	125.0	74.7	65.3
50 Taxes payable .....	-4.8	-6.2	8.5	4.6	3.0	4.9	15.3	-14.4	8.2	3.0	20.9	-5.8
51 Noncorporate proprietors' equity .....	-27.1	-4.2	18.3	-11.7	-30.0	-27.5	-49.5	-25.0	-17.2	-28.3	-40.8	-13.1
52 Investment in bank personal trusts .....	29.7	16.1	-7.1	1.6	18.8	17.6	15.0	24.7	23.6	11.9	21.0	22.3
53 Miscellaneous .....	139.0	203.4	270.2	315.6	269.6	389.9	386.7	223.1	320.1	148.7	534.7	298.8
54 Total financial sources .....	1,414.5	1,539.0	1,765.9	2,332.1	1,885.5	2,454.6	2,190.7	1,750.6	1,803.7	1,796.9	2,786.1	2,925.1
Floats not included in assets (-)												
55 U.S. government checkable deposits .....	3.3	-13.1	.7	-1.5	-4.8	-15.5	-2.4	-1.4	15.2	-30.7	13.9	-19.0
56 Other checkable deposits .....	8.5	4.5	1.6	-1.3	-2.8	-6.2	.6	-1.1	-6.2	-4.3	-5.0	-5.4
57 Trade credit .....	9.1	9.7	4.5	14.2	5.6	10.5	-27.7	16.0	29.4	4.9	-18.0	-5.4
Liabilities not identified as assets (-)												
58 Treasury currency .....	.2	-6	-2	-2	-2	-2	-2	-2	-2	-2	-2	-1
59 Interbank claims .....	1.6	26.2	-4.9	4.2	-2.7	24.0	-29.1	5.3	11.6	1.2	-3.9	9.7
60 Security repurchase agreements .....	-24.0	6.2	27.9	82.5	48.6	22.8	13.5	117.0	66.8	-3.0	87.6	-32.8
61 Taxes payable .....	.1	1.3	14.0	1.0	-2.0	-8.6	.8	1.4	1.0	-11.1	-16.3	30.6
62 Miscellaneous .....	-32.2	-31.6	-51.8	-44.9	29.1	23.0	41.3	-170.0	149.4	95.6	-90.2	-122.3
63 Total identified to sectors as assets .....	1,447.9	1,536.4	1,774.2	2,278.1	1,814.7	2,404.6	2,194.1	1,783.4	1,536.9	1,744.5	2,818.2	3,069.9

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING<sup>1</sup>

Billions of dollars, end of period

Transaction category or sector	1991	1992	1993	1994	1994				1995 <sup>f</sup>		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nonfinancial sectors											
1 Total credit market debt owed by domestic nonfinancial sectors .....	11,348.2 <sup>f</sup>	11,896.7 <sup>f</sup>	12,537.4 <sup>f</sup>	13,160.6 <sup>f</sup>	12,676.2 <sup>f</sup>	12,808.0 <sup>f</sup>	12,962.6 <sup>f</sup>	13,160.6 <sup>f</sup>	13,336.6	13,541.7	13,680.0
By sector and instrument											
2 U.S. government .....	2,776.4	3,080.3	3,336.5	3,492.3	3,387.7	3,395.4	3,432.3	3,492.3	3,557.9	3,583.5	3,603.4
3 Treasury securities .....	2,757.8	3,061.6	3,309.9	3,465.6	3,361.4	3,368.0	3,404.1	3,465.6	3,531.5	3,556.7	3,576.5
4 Budget agency issues and mortgages .....	18.6	18.8	26.6	26.7	26.3	27.4	28.2	26.7	26.4	26.8	26.9
5 Private .....	8,571.8 <sup>f</sup>	8,816.3 <sup>f</sup>	9,200.9 <sup>f</sup>	9,668.3 <sup>f</sup>	9,288.5 <sup>f</sup>	9,412.6 <sup>f</sup>	9,530.3 <sup>f</sup>	9,668.3 <sup>f</sup>	9,778.6	9,958.2	10,076.6
By instrument											
6 Tax-exempt obligations .....	1,272.2 <sup>f</sup>	1,302.8 <sup>f</sup>	1,377.5 <sup>f</sup>	1,348.2 <sup>f</sup>	1,379.9 <sup>f</sup>	1,372.2 <sup>f</sup>	1,362.6 <sup>f</sup>	1,348.2 <sup>f</sup>	1,333.6	1,328.3	1,304.3
7 Corporate bonds .....	1,086.9	1,154.5	1,229.7	1,251.7	1,238.6	1,247.5	1,251.1	1,251.7	1,262.1	1,292.0	1,306.8
8 Mortgages .....	3,957.8 <sup>f</sup>	4,088.7 <sup>f</sup>	4,260.0 <sup>f</sup>	4,456.5 <sup>f</sup>	4,289.7 <sup>f</sup>	4,345.8 <sup>f</sup>	4,401.9 <sup>f</sup>	4,456.5 <sup>f</sup>	4,497.2	4,564.4	4,632.8
9 Home mortgages .....	2,849.8 <sup>f</sup>	3,037.4 <sup>f</sup>	3,227.6 <sup>f</sup>	3,432.2 <sup>f</sup>	3,264.6 <sup>f</sup>	3,318.7 <sup>f</sup>	3,376.0 <sup>f</sup>	3,432.2 <sup>f</sup>	3,466.1	3,524.7	3,583.9
10 Multifamily residential .....	282.8 <sup>f</sup>	272.5 <sup>f</sup>	267.8 <sup>f</sup>	269.1 <sup>f</sup>	267.8 <sup>f</sup>	268.8 <sup>f</sup>	270.2 <sup>f</sup>	269.1 <sup>f</sup>	269.8	273.6	276.6
11 Commercial .....	745.9 <sup>f</sup>	698.1 <sup>f</sup>	683.4 <sup>f</sup>	672.3 <sup>f</sup>	676.0 <sup>f</sup>	676.3 <sup>f</sup>	673.1 <sup>f</sup>	672.3 <sup>f</sup>	677.9	682.3	687.9
12 Farm .....	79.3	80.7 <sup>f</sup>	81.2	83.0	81.3	82.1	82.6	83.0	83.4	83.9	84.4
13 Consumer credit .....	797.2	804.6	863.5	984.7	859.6	891.6	929.4	984.7	987.9	1,026.5	1,060.8
14 Bank loans n.e.c. ....	686.0	672.2 <sup>f</sup>	676.0 <sup>f</sup>	748.6 <sup>f</sup>	686.5 <sup>f</sup>	705.3 <sup>f</sup>	724.7 <sup>f</sup>	748.6 <sup>f</sup>	781.0	808.8	828.0
15 Commercial paper .....	98.5	107.1	117.8	139.2	129.9	135.7	138.7	139.2	149.8	162.9	163.3
16 Other loans .....	673.2 <sup>f</sup>	686.5 <sup>f</sup>	676.3 <sup>f</sup>	738.0 <sup>f</sup>	704.5 <sup>f</sup>	714.4 <sup>f</sup>	721.6 <sup>f</sup>	738.0 <sup>f</sup>	762.3	775.8	780.8
By borrowing sector											
17 Household .....	3,822.9 <sup>f</sup>	4,023.6 <sup>f</sup>	4,272.4 <sup>f</sup>	4,632.3 <sup>f</sup>	4,311.9 <sup>f</sup>	4,407.5 <sup>f</sup>	4,511.8 <sup>f</sup>	4,632.3 <sup>f</sup>	4,674.6	4,779.5	4,883.8
18 Nonfinancial business .....	3,674.2 <sup>f</sup>	3,696.8 <sup>f</sup>	3,770.3 <sup>f</sup>	3,921.1 <sup>f</sup>	3,819.9 <sup>f</sup>	3,860.8 <sup>f</sup>	3,885.6 <sup>f</sup>	3,921.1 <sup>f</sup>	4,003.6	4,085.1	4,124.2
19 Farm .....	135.0	136.3 <sup>f</sup>	138.3	141.2	136.7	141.5	143.1	141.2	138.9	142.8	144.9
20 Nonfarm noncorporate .....	1,137.3 <sup>f</sup>	1,122.9 <sup>f</sup>	1,129.9 <sup>f</sup>	1,142.0 <sup>f</sup>	1,132.9 <sup>f</sup>	1,135.6 <sup>f</sup>	1,137.4 <sup>f</sup>	1,142.0 <sup>f</sup>	1,154.5	1,165.6	1,170.6
21 Corporate .....	2,401.9 <sup>f</sup>	2,437.6 <sup>f</sup>	2,502.0 <sup>f</sup>	2,637.9 <sup>f</sup>	2,550.3 <sup>f</sup>	2,583.7 <sup>f</sup>	2,605.0 <sup>f</sup>	2,637.9 <sup>f</sup>	2,710.1	2,776.7	2,808.8
22 State and local government .....	911.1	932.8	995.9	951.8	994.3	981.9	971.1	951.8	937.1	929.6	1,068.5
23 Foreign credit market debt held in United States .....	299.7	313.1	381.9	361.6	356.5	348.7	352.4	361.6	376.8	387.6	410.7
24 Bonds .....	130.5	146.2	227.4	234.6	226.8	222.4	227.6	234.6	237.9	250.4	264.2
25 Bank loans n.e.c. ....	21.6	23.9	24.6	26.1	26.2	25.1	26.3	26.1	28.2	29.6	31.6
26 Commercial paper .....	81.8	77.7	68.7	41.4	43.3	42.0	39.9	41.4	50.9	48.1	55.8
27 U.S. government and other loans .....	65.9	65.3	61.1	59.6	60.3	59.2	58.6	59.6	59.8	59.5	59.1
28 Total credit market debt owed by nonfinancial sectors, domestic and foreign .....	11,647.9 <sup>f</sup>	12,209.7 <sup>f</sup>	12,919.3 <sup>f</sup>	13,522.2 <sup>f</sup>	13,032.7 <sup>f</sup>	13,156.7 <sup>f</sup>	13,315.0 <sup>f</sup>	13,522.2 <sup>f</sup>	13,713.4	13,929.3	14,090.7
Financial sectors											
29 Total credit market debt owed by financial sectors .....	2,769.2 <sup>f</sup>	3,024.9 <sup>f</sup>	3,321.0 <sup>f</sup>	3,785.7 <sup>f</sup>	3,447.3 <sup>f</sup>	3,545.3 <sup>f</sup>	3,648.1 <sup>f</sup>	3,785.7 <sup>f</sup>	3,854.5	3,965.4	4,065.0
By instrument											
30 U.S. government-related .....	1,564.2	1,720.0	1,884.1	2,168.4	1,961.5	2,030.5	2,089.8	2,168.4	2,192.7	2,245.0	2,300.2
31 Government-sponsored enterprises securities .....	402.9	443.1	523.7	700.6	563.7	600.3	638.3	700.6	716.3	748.1	773.5
32 Mortgage pool securities .....	1,156.5	1,272.0	1,355.6	1,467.8	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9	1,526.7
33 Loans from U.S. government .....	4.8	4.8	4.8	.0	.0	.0	.0	.0	.0	.0	.0
34 Private .....	1,205.1 <sup>f</sup>	1,304.9 <sup>f</sup>	1,436.9 <sup>f</sup>	1,617.3 <sup>f</sup>	1,485.8 <sup>f</sup>	1,514.9 <sup>f</sup>	1,558.3 <sup>f</sup>	1,617.3 <sup>f</sup>	1,661.8	1,720.3	1,764.8
35 Corporate bonds .....	649.1 <sup>f</sup>	738.2 <sup>f</sup>	858.0 <sup>f</sup>	969.0 <sup>f</sup>	895.9 <sup>f</sup>	920.0 <sup>f</sup>	944.8 <sup>f</sup>	969.0 <sup>f</sup>	1,008.1	1,050.6	1,083.9
36 Mortgages .....	4.8	5.4	8.9	18.7	11.4	14.5	17.5	18.7	20.0	21.2	21.8
37 Bank loans n.e.c. ....	78.4	80.5	67.6 <sup>f</sup>	55.3 <sup>f</sup>	63.4 <sup>f</sup>	56.3 <sup>f</sup>	53.4 <sup>f</sup>	55.3 <sup>f</sup>	54.2	59.9	58.3
38 Open market paper .....	385.7	394.3	393.5	442.8	408.8	410.3	420.5	442.8	454.1	462.8	473.6
39 Loans from Federal Home Loan Banks .....	79.1	79.9	103.1	125.9	100.4	108.5	116.2	125.9	120.0	120.5	127.2
By borrowing sector											
40 Government-sponsored enterprises .....	407.7	447.9	528.5	700.6	563.7	600.3	638.3	700.6	716.3	748.1	773.5
41 Federally related mortgage pools .....	1,156.5	1,272.0	1,355.6	1,467.8	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9	1,526.7
42 Private financial sectors .....	1,205.1 <sup>f</sup>	1,304.9 <sup>f</sup>	1,436.9 <sup>f</sup>	1,617.3 <sup>f</sup>	1,485.8 <sup>f</sup>	1,514.9 <sup>f</sup>	1,558.3 <sup>f</sup>	1,617.3 <sup>f</sup>	1,661.8	1,720.3	1,764.8
43 Commercial banks .....	72.3 <sup>f</sup>	80.0 <sup>f</sup>	84.6 <sup>f</sup>	94.5 <sup>f</sup>	83.7 <sup>f</sup>	86.7 <sup>f</sup>	92.6 <sup>f</sup>	94.5 <sup>f</sup>	95.0	99.9	102.2
44 Bank holding companies .....	112.3	114.6	123.4	133.6	124.2	126.8	129.6	133.6	136.9	142.9	149.2
45 Funding corporations .....	139.1	161.6	169.9	199.3	190.7	191.5	200.6	199.3	221.1	229.9	237.4
46 Savings institutions .....	95.4 <sup>f</sup>	88.4 <sup>f</sup>	99.6 <sup>f</sup>	112.4 <sup>f</sup>	98.3 <sup>f</sup>	99.7 <sup>f</sup>	103.4 <sup>f</sup>	112.4 <sup>f</sup>	107.7	106.0	107.2
47 Credit unions .....	.0	.0	.2	.5	.3	.3	.4	.5	.4	.3	.4
48 Life insurance companies .....	.0	.0	.2	.6	.3	.3	.3	.6	.6	.6	.6
49 Finance companies .....	391.9	390.4	390.5	440.7	401.9	414.2	420.9	440.7	456.7	467.2	471.9
50 Mortgage companies .....	22.2	30.2	30.2 <sup>f</sup>	18.7 <sup>f</sup>	24.8 <sup>f</sup>	20.2 <sup>f</sup>	18.5 <sup>f</sup>	18.7 <sup>f</sup>	16.9	20.6	17.6
51 Real estate investment trusts (REITs) .....	13.6	13.9	17.4	31.1	21.0	24.8	29.5	31.1	32.8	34.4	35.0
52 Brokers and dealers .....	19.0	21.7	33.7	34.3	31.3	31.3	29.4	34.3	26.9	26.8	27.4
53 Issuers of asset-backed securities (ABSS) .....	339.3 <sup>f</sup>	404.2 <sup>f</sup>	487.2 <sup>f</sup>	551.6 <sup>f</sup>	509.5 <sup>f</sup>	519.2 <sup>f</sup>	533.0 <sup>f</sup>	551.6 <sup>f</sup>	566.8	591.7	615.9
All sectors											
54 Total credit market debt, domestic and foreign. ....	14,417.1 <sup>f</sup>	15,234.6 <sup>f</sup>	16,240.3 <sup>f</sup>	17,307.9 <sup>f</sup>	16,480.0 <sup>f</sup>	16,702.0 <sup>f</sup>	16,963.1 <sup>f</sup>	17,307.9 <sup>f</sup>	17,567.8	17,894.6	18,155.7
55 U.S. government securities .....	4,335.7	4,795.5	5,215.8	5,660.7	5,349.2	5,425.9	5,522.1	5,660.7	5,750.6	5,828.5	5,903.6
56 Tax-exempt securities .....	1,272.2 <sup>f</sup>	1,302.8 <sup>f</sup>	1,377.5 <sup>f</sup>	1,348.2 <sup>f</sup>	1,379.9 <sup>f</sup>	1,372.2 <sup>f</sup>	1,362.6 <sup>f</sup>	1,348.2 <sup>f</sup>	1,333.6	1,328.3	1,304.3
57 Corporate and foreign bonds .....	1,866.5 <sup>f</sup>	2,038.9 <sup>f</sup>	2,315.2 <sup>f</sup>	2,456.5 <sup>f</sup>	2,360.9 <sup>f</sup>	2,390.0 <sup>f</sup>	2,423.9 <sup>f</sup>	2,456.5 <sup>f</sup>	2,512.9	2,592.6	2,654.8
58 Mortgages .....	3,962.6 <sup>f</sup>	4,094.1 <sup>f</sup>	4,269.0 <sup>f</sup>	4,475.2 <sup>f</sup>	4,301.1 <sup>f</sup>	4,360.3 <sup>f</sup>	4,419.4 <sup>f</sup>	4,475.2 <sup>f</sup>	4,517.2	4,585.6	4,654.6
59 Consumer credit .....	797.2	804.6	863.5	984.7	859.6	891.6	929.4	984.7	987.9	1,026.5	1,060.8
60 Bank loans n.e.c. ....	785.9	776.6	768.2	830.0 <sup>f</sup>	776.1 <sup>f</sup>	786.7	804.3 <sup>f</sup>	830.0 <sup>f</sup>	863.3	898.2	917.9
61 Open market paper .....	565.9	579.0	580.0	623.5	582.0	587.9	599.2	623.5	654.7	673.8	692.7
62 Other loans .....	831.0 <sup>f</sup>	843.1 <sup>f</sup>	851.1 <sup>f</sup>	929.1 <sup>f</sup>	871.2 <sup>f</sup>	887.4 <sup>f</sup>	902.2 <sup>f</sup>	929.1 <sup>f</sup>	947.5	961.0	967.1

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES<sup>1</sup>

Billions of dollars except as noted, end of period

Transaction category or sector	1991	1992	1993	1994	1993	1994				1995	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING <sup>2</sup>											
1 Total credit market assets	14,234.8	15,046.7	16,050.7	17,094.3	16,050.7	16,273.8	16,495.2	16,756.0	17,094.3	17,351.5	17,666.7
2 Private domestic nonfinancial sectors	2,240.1	2,320.1	2,351.5	2,623.2	2,351.5	2,397.5	2,450.6	2,497.3	2,623.2	2,586.1	2,511.4
3 Households	1,446.5	1,524.8	1,541.7	1,926.4	1,541.7	1,640.7	1,717.1	1,779.9	1,926.4	1,946.9	1,885.7
4 Nonfarm noncorporate business	44.1	42.9	39.7	37.7	39.7	38.8	38.4	37.9	37.7	38.0	38.2
5 Nonfinancial corporate business	196.2	225.8	244.9	269.0	244.9	240.0	245.9	249.7	269.0	259.8	269.3
6 State and local governments	553.3	526.5	525.2	390.0	525.2	478.0	449.2	429.8	390.0	341.5	318.1
7 U.S. government	246.9	235.0	230.7	206.5	230.7	219.0	215.4	212.6	206.5	203.2	197.1
8 Foreign	958.0	1,055.0	1,172.2	1,272.7	1,172.2	1,203.0	1,218.4	1,254.4	1,272.7	1,336.5	1,421.4
9 Financial sectors	10,789.8	11,436.6	12,296.3	12,991.9	12,296.3	12,454.3	12,610.7	12,791.7	12,991.9	13,225.8	13,536.8
10 Government-sponsored enterprises	390.7	459.7	549.8	673.2	549.8	572.0	597.9	629.4	673.2	675.3	697.7
11 Federally related mortgage pools	1,156.5	1,272.0	1,355.6	1,467.8	1,355.6	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4	1,496.9
12 Monetary authority	272.5	300.4	336.7	368.2	336.7	341.5	351.6	356.8	368.2	367.1	375.7
13 Commercial banking	2,853.3	2,948.6	3,090.8	3,252.8	3,090.8	3,120.2	3,156.2	3,204.1	3,252.8	3,326.1	3,407.9
14 U.S. commercial banks	2,502.5	2,571.9	2,721.5	2,869.6	2,721.5	2,743.8	2,780.3	2,822.3	2,869.6	2,906.5	2,963.5
15 Foreign banking offices	319.2	335.8	326.0	337.1	326.0	331.8	330.8	335.5	337.1	373.6	397.2
16 Bank holding companies	11.9	17.5	17.5	18.4	17.5	18.2	18.3	19.0	18.4	17.9	18.7
17 Banks in U.S. affiliated areas	19.7	23.4	25.8	27.8	25.8	26.4	26.8	27.3	27.8	28.2	28.6
18 Funding corporations	51.5	75.0	93.1	106.9	93.1	97.9	106.3	112.6	106.9	112.4	103.3
19 Thrift institutions	1,192.6	1,134.5	1,132.7	1,167.6	1,132.7	1,134.2	1,146.1	1,160.3	1,167.6	1,173.1	1,175.7
20 Life insurance companies	1,199.6	1,278.8	1,383.9	1,442.1	1,383.9	1,402.7	1,407.6	1,428.1	1,442.1	1,476.8	1,503.0
21 Other insurance companies	376.6	389.4	422.7	443.8	422.7	429.6	434.8	438.8	443.8	447.0	450.8
22 Private pension funds	693.0	730.4	770.6	728.2	770.6	746.2	738.5	734.1	728.2	752.6	787.3
23 State and local government retirement funds	479.9	514.3	542.6	603.3	542.6	560.8	578.1	584.7	603.3	619.5	635.9
24 Finance companies	487.5	492.6	482.8	551.0	482.8	494.5	511.3	524.1	551.0	568.5	586.7
25 Mortgage companies	60.3	60.5	60.4	37.5	60.4	49.5	40.4	37.0	37.5	41.6	42.2
26 Mutual funds	450.5	574.2	743.8	751.4	743.8	759.2	761.5	767.6	751.4	748.9	755.2
27 Closed-end funds	50.3	67.7	77.9	81.4	77.9	80.0	80.8	81.1	81.4	81.6	81.9
28 Money market funds	402.7	404.1	418.7	447.1	418.7	422.0	421.4	423.4	447.1	467.9	494.0
29 Real estate investment trusts (REITs)	7.0	8.1	8.6	13.3	8.6	10.3	11.9	13.3	13.3	13.9	14.7
30 Brokers and dealers	124.0	117.1	126.3	92.3	126.3	112.4	99.3	94.5	92.3	100.0	131.0
31 Asset-backed securities issuers (ABSs)	317.8	377.9	458.4	516.1	458.4	480.3	491.0	502.6	516.1	528.6	548.2
32 Bank personal trusts	223.5	231.5	240.9	248.0	240.9	243.2	245.7	247.7	248.0	248.4	248.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 Total credit market debt	14,234.8	15,046.7	16,050.7	17,094.3	16,050.7	16,273.8	16,495.2	16,756.0	17,094.3	17,351.5	17,666.7
Other liabilities											
34 Official foreign exchange	55.4	51.8	53.4	53.2	53.4	56.4	54.9	55.5	53.2	64.1	67.1
35 Special drawing rights certificates	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
36 Treasury currency	16.3	16.5	17.0	17.6	17.0	17.1	17.3	17.5	17.6	17.8	18.0
37 Life insurance reserves	405.7	433.0	468.2	488.4	468.2	473.2	475.9	481.8	488.4	494.7	501.0
38 Pension fund reserves	4,138.3	4,516.5	4,974.7	5,017.0	4,974.7	4,896.4	4,898.5	5,013.4	5,017.0	5,252.7	5,472.4
39 Interbank claims	96.4	132.6	183.9	270.3	183.9	215.8	230.7	243.1	270.3	266.3	267.0
40 Deposits at financial institutions	5,045.1	5,059.1	5,155.5	5,283.8	5,155.5	5,163.7	5,186.2	5,211.8	5,283.8	5,369.1	5,531.6
41 Checkable deposits and currency	1,020.9	1,134.4	1,251.7	1,241.6	1,251.7	1,220.5	1,229.7	1,204.8	1,241.6	1,193.5	1,245.4
42 Small time and savings deposits	2,350.7	2,293.5	2,223.2	2,182.7	2,223.2	2,233.8	2,214.1	2,198.7	2,182.7	2,206.3	2,235.5
43 Large time deposits	488.4	415.2	391.7	410.7	391.7	382.6	379.0	402.2	410.7	435.2	444.0
44 Money market fund shares	539.6	543.6	562.7	608.2	562.7	579.7	573.9	583.5	608.2	638.9	684.1
45 Security repurchase agreements	355.8	392.3	457.8	542.1	457.8	474.9	512.9	540.2	542.1	595.4	620.5
46 Foreign deposits	289.6	280.1	268.4	298.5	268.4	272.4	276.6	282.4	298.5	299.7	302.2
47 Mutual fund shares	813.9	1,042.1	1,446.3	1,562.9	1,446.3	1,483.9	1,506.9	1,587.7	1,562.9	1,607.2	1,747.1
48 Security credit	188.9	217.3	279.3	277.0	279.3	282.8	278.0	263.2	277.0	268.8	271.6
49 Trade debt	936.1	977.4	1,027.4	1,120.8	1,027.4	1,024.9	1,049.2	1,086.0	1,120.8	1,127.6	1,144.4
50 Taxes payable	71.2	79.6	84.2	87.3	84.2	89.2	82.0	86.3	87.3	93.5	88.5
51 Investment in bank personal trusts	608.3	629.6	660.9	670.0	660.9	655.2	650.1	671.5	670.0	707.2	745.7
52 Miscellaneous	2,991.9	3,176.7	3,430.7	3,746.3	3,430.7	3,560.9	3,600.2	3,701.5	3,746.3	3,872.5	3,907.9
53 Total liabilities	29,612.4	31,386.8	33,840.1	35,696.9	33,840.1	34,201.4	34,533.1	35,183.2	35,696.9	36,501.1	37,437.3
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.3	19.6	20.1	21.1	20.1	20.4	20.8	21.0	21.1	22.7	22.9
55 Corporate equities	4,863.6	5,462.9	6,278.5	6,293.4	6,278.5	6,142.6	5,965.8	6,228.7	6,293.4	6,835.8	7,393.0
56 Household equity in noncorporate business	2,448.7	2,413.7	2,425.4	2,512.8	2,425.4	2,474.2	2,502.7	2,526.6	2,512.8	2,525.7	2,528.5
Floats not included in assets (-)											
57 U.S. government checkable deposits	3.8	6.8	5.6	3.4	5.6	.3	.9	1.2	3.4	4.2	2.0
58 Other checkable deposits	40.4	42.0	40.7	38.0	40.7	36.3	38.7	30.6	38.0	32.3	33.7
59 Trade credit	-130.6	-125.9	-107.1	-101.4	-107.1	-127.1	-134.2	-126.9	-101.4	-120.3	-133.0
Liabilities not identified as assets (-)											
60 Treasury currency	-4.7	-4.9	-5.1	-5.4	-5.1	-5.2	-5.2	-5.3	-5.4	-5.4	-5.4
61 Interbank claims	-4.2	-9.3	-4.7	-6.5	-4.7	-7.7	-7.4	-3.4	-6.5	-2.7	-2.6
62 Security repurchase agreements	9.2	38.1	120.5	169.1	120.5	135.9	162.5	189.3	169.1	203.3	192.0
63 Taxes payable	17.8	25.2	26.2	24.2	26.2	15.5	21.3	22.0	24.2	6.6	21.2
64 Miscellaneous	-320.7	-378.2	-457.3	-347.8	-457.3	-398.7	-387.1	-395.6	-347.8	-382.3	-390.3
65 Total identified to sectors as assets	37,336.0	39,689.2	42,945.3	44,750.6	42,945.3	43,189.2	43,332.9	44,247.7	44,750.6	46,149.7	47,664.3

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	1992	1993	1994	1995								
				Apr.	May	June	July	Aug.	Sept.	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec.
1 Industrial production <sup>1</sup> .....	107.7	111.5	118.1	121.4	121.3	121.4	121.5	122.7	122.8 <sup>r</sup>	122.3	122.7	122.8
Market groupings												
2 Products, total .....	106.4	110.0	115.6	117.7	117.5	117.9	118.0	119.2	119.4	118.5	118.7	119.0
3 Final, total .....	108.7	112.7	118.3	120.9	120.6	121.1	121.2	122.4	122.6	121.5	121.8	122.1
4 Consumer goods .....	106.0	109.5	113.7	114.4	114.1	114.8	114.6	115.9	116.0 <sup>r</sup>	115.2	115.5	115.4
5 Equipment .....	112.5	117.5	125.3	131.3	130.8	131.2	131.6	132.9	133.1 <sup>r</sup>	131.5	131.8	132.7
6 Intermediate .....	99.3	101.8	107.3	108.2	108.2	108.2	108.5	109.4	109.5 <sup>r</sup>	109.4	109.3	109.6
7 Materials .....	109.7	113.8	122.0	127.0	127.2	126.8	126.8	128.1	128.1 <sup>r</sup>	128.2	128.7	128.6
Industry groupings												
8 Manufacturing .....	108.2	112.3	119.7	123.5	123.2	123.3	123.3	124.2	124.9	124.4	124.7	124.8
9 Capacity utilization, manufacturing (percent) <sup>2</sup> ..	79.5	80.6	83.3	83.3	82.8	82.6	82.3	82.6	82.8	82.2	82.1	81.8
10 Construction contracts <sup>3</sup> .....	97.3 <sup>r</sup>	105.1 <sup>r</sup>	114.2	108.0	119.0 <sup>r</sup>	122.0	118.0	123.0	119.0	116.0	114.0	107.0
Nonagricultural employment, total <sup>4</sup>												
11 Goods-producing, total .....	94.2	94.3	95.6	98.6	98.2	98.2	97.9	97.9	97.9	97.9	97.8	98.0
12 Manufacturing, total .....	95.3	94.8	95.1	97.4	97.1	97.0	96.6	96.6	96.4	96.3	96.2	96.4
13 Manufacturing, production workers .....	94.9	94.9	96.1	99.0	98.6	98.3	97.8	97.9	97.7	97.5	97.4	97.7
14 Service-producing .....	110.5	112.9	116.3	119.0	119.1	119.4	119.6	119.9	120.1	120.1	120.4	120.6
15 Personal income, total .....	135.8 <sup>r</sup>	141.3 <sup>r</sup>	148.3 <sup>r</sup>	156.1 <sup>r</sup>	155.9 <sup>r</sup>	157.0 <sup>r</sup>	157.8 <sup>r</sup>	157.9 <sup>r</sup>	158.7 <sup>r</sup>	159.9	160.2	n.a.
16 Wages and salary disbursements .....	131.4 <sup>r</sup>	136.0 <sup>r</sup>	142.6 <sup>r</sup>	149.6 <sup>r</sup>	148.5 <sup>r</sup>	149.9 <sup>r</sup>	151.2 <sup>r</sup>	150.9 <sup>r</sup>	151.9 <sup>r</sup>	153.2	153.1	n.a.
17 Manufacturing .....	117.4 <sup>r</sup>	119.3 <sup>r</sup>	125.0 <sup>r</sup>	129.1 <sup>r</sup>	128.5 <sup>r</sup>	128.8 <sup>r</sup>	129.0 <sup>r</sup>	129.3 <sup>r</sup>	129.6 <sup>r</sup>	129.5	129.6	n.a.
18 Disposable personal income <sup>5</sup> .....	137.2 <sup>r</sup>	142.4 <sup>r</sup>	149.2 <sup>r</sup>	155.3 <sup>r</sup>	156.5 <sup>r</sup>	157.4 <sup>r</sup>	158.2 <sup>r</sup>	158.3 <sup>r</sup>	159.0 <sup>r</sup>	160.2	160.6	n.a.
19 Retail sales <sup>5</sup> .....	126.4	134.7	145.1	150.5	152.2	153.5	152.9	153.9	153.8	153.4	154.4	154.9
Prices <sup>6</sup>												
21 Consumer (1982-84=100) .....	140.3	144.5	148.2	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
22 Producer finished goods (1982=100) .....	123.2	124.7	125.5	127.6	128.1	128.2	128.2	128.1	127.9	128.5	128.6	129.0

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991-95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16-25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE: Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411-35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590-605.

## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1992	1993	1994	1995							
				May	June	July	Aug.	Sept.	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec.
HOUSEHOLD SURVEY DATA <sup>1</sup>											
1 Civilian labor force <sup>2</sup> .....	126,982	128,040	131,056	131,811	131,869	132,519	132,211	132,591	132,648	132,442	132,284
Employment .....											
2 Nonagricultural industries <sup>3</sup> .....	114,391	116,232	119,651	120,962	121,034	121,550	121,417	121,867	121,944	121,734	121,598
3 Agriculture .....	3,207	3,074	3,409	3,357	3,451	3,409	3,362	3,273	3,455	3,276	3,306
Unemployment .....											
4 Number .....	9,384	8,734	7,996	7,492	7,384	7,559	7,431	7,451	7,249	7,432	7,380
5 Rate (percent of civilian labor force) .....	7.4	6.8	6.1	5.7	5.6	5.7	5.6	5.6	5.5	5.6	5.6
ESTABLISHMENT SURVEY DATA											
6 Nonagricultural payroll employment <sup>4</sup> .....	108,604	110,525	113,423	116,248	116,547	116,575	116,838	116,932	117,000	117,212	117,373
7 Manufacturing .....	18,104	18,003	18,064	18,456	18,428	18,353	18,357	18,322	18,301	18,272	18,316
8 Mining .....	635	611	604	582	582	577	575	573	571	567	566
9 Contract construction .....	4,492	4,642	4,916	5,190	5,230	5,226	5,233	5,262	5,287	5,295	5,302
10 Transportation and public utilities .....	5,721	5,787	5,842	6,177	6,192	6,195	6,217	6,206	6,217	6,240	6,251
11 Trade .....	25,354	25,675	26,362	27,045	27,118	27,184	27,177	27,245	27,256	27,362	27,362
12 Finance .....	6,602	6,712	6,789	6,925	6,930	6,938	6,947	6,957	6,977	6,991	7,001
13 Service .....	29,052	30,278	31,805	32,630	32,784	32,820	32,986	33,047	33,076	33,185	33,250
14 Government .....	18,653	18,817	19,041	19,243	19,283	19,282	19,346	19,320	19,315	19,300	19,325

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	1995				1995				1995				
	Q1	Q2	Q3 <sup>f</sup>	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 <sup>f</sup>	Q4	
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent) <sup>2</sup>				
1 Total industry .....	121.8	121.4	122.3	122.6	143.7	145.0	146.4	147.8	84.8	83.7	83.6	82.9	
2 Manufacturing .....	124.0	123.3	124.1	124.6	147.2	148.7	150.3	152.0	84.3	82.9	82.6	82.0	
3 Primary processing <sup>3</sup> .....	119.1	117.7	117.1	117.4	133.4	134.4	135.4	136.4	89.3	87.6	86.5	86.1	
4 Advanced processing <sup>4</sup> .....	126.3	126.0	127.5	128.1	153.8	155.6	157.5	159.5	82.2	81.0	80.9	80.3	
5 Durable goods .....	132.0	131.4	133.0	134.3	156.8	158.9	161.1	163.4	84.2	82.7	82.5	82.2	
6 Lumber and products .....	105.3	102.9	104.6	105.4	117.4	118.0	118.6	119.2	89.7	87.2	88.2	88.5	
7 Primary metals .....	121.2	119.1	118.2	119.1	126.9	127.5	128.0	128.6	95.6	93.4	92.3	92.6	
8 Iron and steel .....	125.4	121.9	121.3	120.7	130.9	131.7	132.5	133.2	95.8	92.6	91.6	90.6	
9 Nonferrous .....	115.6	115.1	113.9	116.6	121.5	121.9	122.2	122.5	95.2	94.5	93.2	95.1	
10 Industrial machinery and equipment .....	171.9	174.4	178.9	186.0	194.8	199.6	204.5	209.7	88.2	87.4	87.5	88.7	
11 Electrical machinery .....	167.9	171.2	178.4	183.3	191.6	197.6	203.9	210.4	87.7	86.7	87.5	87.1	
12 Motor vehicles and parts .....	147.7	140.5	140.7	140.4	172.1	174.2	176.4	178.7	85.8	80.6	79.8	78.6	
13 Aerospace and miscellaneous transportation equipment .....	89.6	88.7	86.9	78.9	132.2	132.2	132.1	132.1	67.8	67.1	65.8	59.7	
14 Nondurable goods .....	115.2	114.4	114.3	114.0	136.6	137.5	138.4	139.4	84.3	83.2	82.6	81.8	
15 Textile mill products .....	116.4	113.7	110.9	110.2	129.1	130.1	131.1	132.1	90.2	87.5	84.6	83.4	
16 Paper and products .....	121.0	121.2	119.5	117.4	130.6	131.5	132.5	133.4	92.7	92.1	90.2	88.0	
17 Chemicals and products .....	125.3	124.0	124.6	126.2	153.7	154.7	155.6	156.6	81.5	80.1	80.1	80.6	
18 Plastics materials .....	127.5	122.9	118.3	...	132.1	133.8	135.4	...	96.5	91.9	87.3	...	
19 Petroleum products .....	108.3	108.0	109.2	108.2	116.0	116.2	116.4	116.6	93.3	92.9	93.8	92.8	
20 Mining .....	100.6	100.7	100.2	97.8	112.0	112.0	112.0	112.1	89.8	89.9	89.4	87.2	
21 Utilities .....	118.4	120.7	124.7	124.6	134.4	134.8	135.2	135.6	88.0	89.5	92.3	91.9	
22 Electric .....	118.9	120.4	125.0	124.5	131.7	132.1	132.5	133.0	90.3	91.1	94.3	93.6	
	1973	1975	Previous cycle <sup>5</sup>		Latest cycle <sup>6</sup>		1994	1995					
	High	Low	High	Low	High	Low	Dec.	July	Aug.	Sept. <sup>f</sup>	Oct. <sup>f</sup>	Nov.	Dec. <sup>p</sup>
	Capacity utilization rate (percent) <sup>2</sup>												
1 Total industry .....	89.2	72.6	87.3	71.8	84.9	78.0	85.1	83.3	83.8	83.6	83.0	83.0	82.8
2 Manufacturing .....	88.9	70.8	87.3	70.0	85.2	76.6	84.7	82.3	82.6	82.8	82.2	82.1	81.8
3 Primary processing <sup>3</sup> .....	92.2	68.9	89.7	66.8	89.0	77.9	90.2	86.6	86.1	86.8	86.1	86.3	86.0
4 Advanced processing <sup>4</sup> .....	87.5	72.0	86.3	71.4	83.5	76.1	82.4	80.5	81.2	81.1	80.5	80.3	80.1
5 Durable goods .....	88.8	68.5	86.9	65.0	84.0	73.7	84.4	82.0	82.6	83.0	82.0	82.3	82.2
6 Lumber and products .....	90.1	62.2	87.6	60.9	93.3	76.1	92.7	87.6	87.5	89.4	88.7	88.3	88.5
7 Primary metals .....	100.6	66.2	102.4	46.8	92.8	74.2	96.7	92.5	90.1	94.4	90.2	94.7	93.0
8 Iron and steel .....	105.8	66.6	110.4	38.3	95.7	72.0	97.0	90.2	88.9	95.7	86.9	93.8	91.1
9 Nonferrous .....	92.9	61.3	90.5	62.2	88.7	75.2	96.2	95.5	91.6	92.6	94.4	95.7	95.3
10 Industrial machinery and equipment .....	96.4	74.5	92.1	64.9	84.0	71.8	87.3	86.8	87.8	87.9	88.5	88.9	88.8
11 Electrical machinery .....	87.8	63.8	89.4	71.1	84.9	77.0	88.5	87.1	87.7	87.8	87.5	87.4	86.4
12 Motor vehicles and parts .....	93.4	51.1	93.0	44.5	85.1	56.6	85.6	77.8	80.6	80.9	78.5	78.7	78.6
13 Aerospace and miscellaneous transportation equipment .....	77.0	66.6	81.1	66.9	88.4	78.8	67.9	66.3	66.0	65.0	60.6	58.7	60.0
14 Nondurable goods .....	87.9	71.8	87.0	76.9	86.7	80.3	85.0	82.7	82.6	82.4	82.3	81.7	81.3
15 Textile mill products .....	92.0	60.4	91.7	73.8	92.1	78.8	90.8	84.0	85.7	84.1	84.4	83.4	82.4
16 Paper and products .....	96.9	69.0	94.2	82.0	94.8	86.7	94.2	91.8	89.6	89.2	89.9	86.9	87.2
17 Chemicals and products .....	87.9	69.9	85.1	70.1	85.9	79.0	81.5	79.8	80.0	80.4	81.2	80.4	80.3
18 Plastics materials .....	102.0	50.6	90.9	63.4	97.0	74.8	100.1	87.9	85.4	88.7	89.4	...	...
19 Petroleum products .....	96.7	81.1	89.5	68.2	88.5	84.6	93.2	93.7	93.2	94.5	91.8	92.9	93.9
20 Mining .....	94.4	88.4	96.6	80.6	86.5	86.1	89.9	89.9	89.2	89.2	87.5	87.2	87.0
21 Utilities .....	95.6	82.5	88.3	76.2	92.6	83.1	86.8	90.8	95.3	90.7	91.0	92.3	92.5
22 Electric .....	99.0	82.7	88.3	78.7	94.8	86.7	89.3	92.3	98.1	92.5	93.1	93.9	93.9

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991-95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16-25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment; instruments; and miscellaneous manufactures.

5. Monthly highs, 1978-80; monthly lows, 1982.

6. Monthly highs, 1988-89; monthly lows, 1990-91.



2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value<sup>1</sup>

Monthly data seasonally adjusted

Group	1992 pro- portion	1995 avg.	1994	1995													
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>r</sup>	Oct. <sup>r</sup>	Nov.	Dec. <sup>p</sup>		
			Index (1987 = 100)														
MAJOR MARKETS																	
1 Total index	100.0	121.9	121.5	121.8	121.7	121.9	121.4	121.3	121.4	121.5	122.7	122.8	122.3	122.7	122.8		
2 Products	60.6	118.3	118.2	118.4	118.3	118.5	117.7	117.5	117.9	118.0	119.2	119.4	118.5	118.7	119.0		
3 Final products	46.3	121.4	120.9	121.3	121.1	121.5	120.9	120.6	121.1	121.2	122.4	122.6	121.5	121.8	122.1		
4 Consumer goods, total	28.6	115.0	115.5	115.5	114.9	115.3	114.4	114.1	114.8	114.6	115.9	116.0	115.2	115.5	115.4		
5 Durable consumer goods	5.6	124.3	127.5	127.1	127.3	126.0	124.9	121.6	122.3	121.4	124.0	125.8	123.3	124.9	126.5		
6 Automotive products	2.5	130.6	133.9	134.4	135.3	134.4	131.7	127.1	129.1	125.3	130.7	132.9	128.5	130.3	132.5		
7 Autos and trucks	1.6	131.4	135.3	136.6	138.2	137.5	132.8	127.4	129.5	123.9	132.0	133.1	128.6	129.7	132.2		
8 Autos, consumer	.9	103.1	109.1	111.4	111.5	111.2	105.5	99.4	99.2	101.0	100.6	102.6	100.2	100.0	99.7		
9 Trucks, consumer	.7	181.7	181.4	180.6	185.2	183.6	180.9	177.1	183.6	163.9	188.2	187.7	179.1	182.8	190.6		
10 Auto parts and allied goods	.9	127.7	129.4	128.4	127.9	126.7	128.0	125.0	126.8	126.6	126.6	130.8	126.7	130.0	131.3		
11 Other	3.0	118.7	121.8	120.8	120.4	118.6	119.0	116.7	116.3	118.1	118.1	119.6	118.9	120.3	121.2		
12 Appliances, televisions, and air conditioners	.7	135.3	139.5	137.9	135.0	132.2	131.6	131.2	131.4	132.2	135.8	139.4	139.5	143.7	141.8		
13 Carpeting and furniture	.8	106.0	110.4	106.4	108.3	106.1	109.1	103.0	101.8	107.9	104.4	106.9	105.9	105.5	107.6		
14 Miscellaneous home goods	1.5	118.4	120.4	121.3	120.7	119.7	118.8	118.1	118.0	117.4	118.0	117.8	116.9	118.1	119.8		
15 Nondurable consumer goods	23.0	112.8	112.6	112.7	111.9	112.7	111.8	112.4	113.1	113.0	113.9	113.7	113.2	113.3	112.7		
16 Foods and tobacco	10.3	111.3	111.5	111.5	110.1	111.5	111.2	111.5	113.1	112.8	111.8	111.6	111.4	111.0	110.2		
17 Clothing	2.4	95.0	100.3	99.6	98.3	98.7	96.9	96.7	94.6	93.6	93.9	93.4	92.7	91.8	90.9		
18 Chemical products	4.5	131.1	130.0	131.3	129.2	129.7	126.9	127.3	128.6	128.6	132.6	134.0	135.9	134.2	134.3		
19 Paper products	2.9	106.6	106.6	106.0	106.6	105.9	106.9	106.5	106.3	107.6	106.7	107.3	106.6	108.0	106.1		
20 Energy	2.9	116.1	110.6	110.9	113.1	113.9	112.2	115.8	115.8	116.1	122.3	119.0	114.6	118.2	118.8		
21 Fuels	.9	108.8	107.2	107.6	108.7	110.4	108.8	108.2	108.8	108.2	108.4	111.4	107.3	108.5	108.5		
22 Residential utilities	2.1	119.1	111.8	112.2	114.8	115.2	113.5	119.0	118.7	119.4	128.2	122.2	117.6	122.2	123.1		
23 Equipment	17.7	131.5	129.3	130.4	131.0	131.4	131.3	130.8	131.2	131.6	132.9	133.1	131.5	131.8	132.7		
24 Business equipment	13.7	155.8	151.5	153.2	154.3	155.1	155.0	154.3	155.1	155.7	157.5	158.2	156.5	157.4	158.8		
25 Information processing and related	5.7	198.3	185.2	187.3	188.7	191.6	194.5	193.9	196.0	197.2	201.0	203.0	206.2	208.9	211.4		
26 Computer and office equipment	1.4	372.9	313.8	324.2	334.9	343.6	356.4	362.1	363.2	371.7	379.6	390.0	402.9	416.5	425.7		
27 Industrial	4.0	127.5	125.0	126.5	127.2	126.9	126.1	126.5	126.2	127.1	129.1	128.7	128.8	129.4	128.9		
28 Transit	2.6	136.2	142.4	143.8	145.9	145.7	142.9	139.6	140.3	139.8	138.0	137.9	122.5	119.5	123.1		
29 Autos and trucks	1.2	140.1	142.9	145.6	147.7	146.2	141.5	137.8	139.5	139.9	141.3	143.3	135.7	134.0	135.4		
30 Other	1.4	123.4	125.9	127.2	127.2	126.3	123.2	122.7	122.6	122.6	122.2	123.3	121.0	122.4	123.1		
31 Defense and space equipment	3.3	66.0	69.2	68.9	68.2	67.8	67.1	66.8	66.8	66.5	66.1	65.2	64.3	63.1	62.5		
32 Oil and gas well drilling	.6	87.1	87.3	87.7	88.8	87.2	89.3	90.5	86.8	88.4	89.5	88.3	83.5	83.1	83.8		
33 Manufactured homes	.2	...	150.2	153.1	144.6	145.8	146.6	148.3	149.6	148.6	155.9	158.0	158.9	161.8	...		
34 Intermediate products, total	14.3	109.0	109.9	109.5	109.5	109.2	108.2	108.2	108.2	108.5	109.4	109.5	109.4	109.3	109.6		
35 Construction supplies	5.3	108.1	110.5	109.7	109.5	109.2	108.0	106.6	107.2	107.3	107.0	108.4	108.0	108.7	109.6		
36 Business supplies	9.0	109.6	109.7	109.5	109.6	109.3	108.5	109.4	109.1	109.5	111.0	110.3	110.4	109.9	109.8		
37 Materials	39.4	127.5	126.6	127.1	127.1	127.2	127.0	127.2	126.8	126.8	128.1	128.1	128.2	128.7	128.6		
38 Durable goods materials	20.8	141.5	139.2	140.0	140.2	140.3	139.8	139.8	139.7	140.2	142.3	144.1	143.9	145.4	145.0		
39 Durable consumer parts	4.0	138.4	142.0	142.9	142.6	140.4	137.9	135.9	135.8	133.9	138.4	139.8	138.6	139.9	138.8		
40 Equipment parts	7.5	163.1	152.1	154.0	155.4	157.3	158.9	160.3	161.7	164.4	167.1	169.1	169.4	170.9	171.4		
41 Other	9.2	126.2	127.5	127.7	127.0	127.0	125.9	125.6	124.5	124.4	124.9	126.8	126.5	128.2	127.4		
42 Basic metal materials	3.1	125.7	127.4	126.7	126.4	126.7	126.1	125.5	123.5	124.9	123.1	127.0	124.2	128.8	126.5		
43 Nondurable goods materials	8.9	119.9	122.1	122.2	121.5	121.5	121.7	122.2	120.4	118.9	118.8	117.8	119.0	117.4	117.7		
44 Textile materials	1.1	109.5	113.2	115.1	113.5	113.6	113.2	112.8	109.0	102.6	109.2	106.2	107.4	106.2	105.7		
45 Paper materials	1.8	120.5	121.8	120.9	121.6	122.5	122.3	125.6	121.0	123.9	120.4	117.0	121.2	114.4	115.4		
46 Chemical materials	3.9	124.8	124.7	126.4	125.7	125.6	125.6	126.2	125.2	124.4	123.1	123.3	123.8	124.0	124.4		
47 Other	2.1	116.1	122.6	119.5	117.8	117.4	118.4	116.9	117.4	113.8	114.6	115.1	114.8	113.8	114.2		
48 Energy materials	9.7	106.7	106.0	106.2	106.4	106.4	106.6	107.2	107.2	107.5	108.5	105.8	105.6	106.0	106.2		
49 Primary energy	6.3	101.7	102.1	102.0	102.3	102.1	102.2	102.3	103.0	102.3	101.4	101.2	101.3	100.2	100.0		
50 Converted fuel materials	3.3	116.5	113.5	114.3	114.5	114.9	115.5	116.9	115.5	118.1	122.8	115.0	114.3	117.9	118.8		
SPECIAL AGGREGATES																	
51 Total excluding autos and trucks	97.2	121.5	121.0	121.3	121.1	121.3	120.9	121.0	121.1	121.2	122.3	122.4	122.0	122.4	122.4		
52 Total excluding motor vehicles and parts	95.2	120.9	120.2	120.5	120.4	120.6	120.3	120.5	120.5	120.7	121.7	121.8	121.4	121.8	121.9		
53 Total excluding computer and office equipment	98.2	118.2	118.4	118.6	118.4	118.5	117.9	117.8	117.8	117.8	118.9	118.9	118.3	118.5	118.5		
54 Consumer goods excluding autos and trucks	27.0	113.9	114.2	114.1	113.4	113.8	113.1	113.3	113.9	114.0	114.8	114.9	114.3	114.6	114.3		
55 Consumer goods excluding energy	25.7	114.9	116.1	116.0	115.1	115.4	114.6	113.9	114.7	114.5	115.1	115.7	115.2	115.2	115.0		
56 Business equipment excluding autos and trucks	12.5	157.1	152.1	153.7	154.7	155.8	156.2	155.8	156.5	157.2	158.9	159.5	158.4	159.5	161.0		
57 Business equipment excluding computer and office equipment	12.2	133.1	133.3	134.3	134.6	134.8	133.7	132.5	133.2	133.2	134.4	134.3	131.6	131.4	132.2		
58 Materials excluding energy	29.7	134.9	134.0	134.6	134.5	134.6	134.3	134.4	133.8	133.7	135.1	136.1	136.3	136.8	136.6		

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value<sup>1</sup>—Continued

Group <sup>2</sup>	SIC <sup>2</sup> code	1992 pro- por- tion	1995 avg.	1994	1995													
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>f</sup>	Oct. <sup>f</sup>	Nov.	Dec. <sup>p</sup>		
				Index (1987 = 100)														
MAJOR INDUSTRIES																		
59 Total index .....	...	100.0	121.9	121.5	121.8	121.7	121.9	121.4	121.3	121.4	121.5	122.7	122.8	122.3	122.7	122.8		
60 Manufacturing .....	...	85.4	123.9	123.8	124.1	123.9	124.0	123.5	123.2	123.3	123.3	124.2	124.9	124.4	124.7	124.8		
61 Primary processing .....	...	26.6	117.7	119.8	119.4	119.1	118.9	118.2	117.9	117.1	116.9	116.6	117.8	117.1	117.6	117.6		
62 Advanced processing .....	...	58.9	126.8	125.7	126.4	126.2	126.5	126.0	125.7	126.3	126.3	127.8	128.2	127.9	128.1	128.2		
63 Durable goods .....	...	45.0	132.5	131.2	131.8	132.1	132.2	131.6	131.1	131.5	131.5	133.2	134.4	133.4	134.5	134.9		
64 Lumber and products .....	24	2.0	104.5	108.6	107.1	105.0	103.9	103.9	101.7	103.0	103.7	103.7	106.2	105.5	105.2	105.6		
65 Furniture and fixtures .....	25	1.4	112.0	114.0	113.8	114.9	113.4	111.4	110.8	111.3	111.1	110.9	112.0	111.2	111.4	112.2		
66 Stone, clay, and glass products .....	32	2.1	104.2	105.7	105.5	104.7	104.7	103.4	104.1	103.8	103.2	103.0	103.8	104.7	105.4	105.4		
67 Primary metals .....	33	3.1	119.3	122.8	121.5	120.8	121.3	120.2	119.5	117.5	118.3	115.4	121.0	115.8	121.8	119.8		
68 Iron and steel .....	331.2	1.7	122.2	127.4	125.5	124.9	125.8	123.5	123.0	119.2	119.3	117.7	127.0	115.5	125.0	121.7		
69 Raw steel .....	331PT	1.1	...	120.6	114.9	116.4	116.8	114.7	113.0	112.9	111.5	114.2	118.6	111.3	116.4	...		
70 Nonferrous .....	333-6.9	1.4	115.1	116.7	116.2	115.3	115.4	115.7	114.8	114.9	116.5	111.9	113.2	115.6	117.2	116.9		
71 Fabricated metal products .....	34	5.0	114.0	114.8	114.3	115.0	114.3	112.3	113.7	113.7	112.4	114.3	115.1	114.1	114.8	114.9		
72 Industrial machinery and equipment .....	35	8.0	177.6	167.5	171.4	171.8	172.4	174.3	174.6	174.4	176.0	179.5	181.3	183.9	186.3	187.7		
73 Computer and office equipment .....	357	1.8	372.9	313.8	324.2	334.9	343.6	356.4	362.1	363.2	371.7	379.6	390.0	402.9	416.5	425.7		
74 Electrical machinery .....	36	7.2	175.0	166.3	166.7	167.7	169.4	169.6	171.1	173.0	175.7	178.7	180.8	182.3	183.8	183.7		
75 Transportation equipment .....	37	9.5	113.3	117.3	117.8	118.5	118.0	115.7	113.2	113.4	111.6	114.1	114.1	109.3	108.4	109.5		
76 Motor vehicles and parts .....	371	4.8	141.9	145.9	147.3	148.4	147.6	143.0	138.8	139.7	136.7	142.1	143.3	139.7	140.6	141.0		
77 Autos and light trucks .....	371PT	2.5	131.3	135.7	137.1	138.6	137.9	132.9	127.3	129.2	124.3	131.6	132.8	128.4	129.4	131.7		
78 Aerospace and miscellaneous transportation equipment .....	372-6.9	4.7	85.8	89.8	89.5	89.7	89.5	89.4	88.5	88.1	87.6	87.2	85.9	80.0	77.5	79.2		
79 Instruments .....	38	5.4	110.9	110.4	110.8	110.5	110.9	111.2	109.6	110.9	110.2	111.4	111.3	111.2	112.1	112.1		
80 Miscellaneous .....	39	1.3	122.7	122.1	123.5	124.1	123.3	122.7	122.3	123.1	121.4	122.4	122.9	122.2	123.1	124.1		
81 Nondurable goods .....	...	40.5	114.4	115.5	115.6	114.8	115.1	114.6	114.4	114.3	114.3	114.3	114.4	114.5	113.8	113.6		
82 Foods .....	20	9.4	115.2	114.9	115.9	114.2	115.0	115.1	115.9	116.1	115.3	115.5	115.5	115.3	114.8	114.4		
83 Tobacco products .....	21	1.6	90.3	93.0	88.6	88.1	92.3	92.0	89.3	96.4	99.1	91.3	90.2	90.4	89.3	86.9		
84 Textile mill products .....	22	1.8	112.7	116.6	117.2	115.9	116.2	117.2	113.6	110.4	109.9	112.4	110.5	111.2	110.1	109.2		
85 Apparel products .....	23	2.2	95.8	101.6	100.6	99.8	99.3	97.4	97.5	95.5	94.8	94.5	94.5	93.0	92.6	92.6		
86 Paper and products .....	26	3.6	119.7	122.5	121.0	121.0	121.1	121.2	122.4	119.9	121.3	118.6	118.5	119.6	116.0	116.6		
87 Printing and publishing .....	27	6.8	99.4	100.7	100.1	100.3	99.3	99.2	99.0	98.6	99.0	100.5	99.8	99.2	99.5	98.7		
88 Chemicals and products .....	28	9.9	125.0	124.7	126.2	124.7	125.0	123.5	124.0	124.4	124.0	124.4	125.3	126.9	125.8	125.9		
89 Petroleum products .....	29	1.4	108.5	108.1	107.7	108.0	109.1	107.8	107.4	108.6	109.0	108.5	110.0	107.0	108.3	109.5		
90 Rubber and plastic products .....	30	3.5	139.6	141.6	141.8	141.9	141.1	140.8	138.2	137.8	137.7	138.7	139.8	139.8	140.7	140.8		
91 Leather and products .....	31	3	81.3	85.8	85.4	85.1	85.8	82.7	83.0	81.2	78.7	80.8	80.5	79.3	78.0	76.5		
92 Mining .....	...	6.9	99.8	100.7	100.6	100.8	100.3	100.6	100.5	101.0	100.7	100.0	100.0	98.0	97.7	97.6		
93 Metal .....	10	5	169.1	162.6	164.2	165.5	164.5	164.6	164.3	166.8	172.2	172.1	170.8	176.3	174.8	172.7		
94 Coal .....	12	1.0	112.9	116.5	116.0	115.1	114.0	112.3	110.8	112.2	117.0	109.7	116.2	112.3	109.5	108.5		
95 Oil and gas extraction .....	13	4.8	91.7	92.9	92.4	93.0	92.2	93.1	93.4	93.6	91.9	92.4	91.2	89.0	89.4	89.4		
96 Stone and earth minerals .....	14	6	112.2	109.9	113.1	113.1	114.2	112.7	111.1	111.9	113.5	111.6	113.1	112.4	111.1	111.8		
97 Utilities .....	...	7.7	122.1	116.5	117.3	118.5	119.2	118.8	122.1	121.0	122.7	128.8	122.7	123.3	125.1	125.6		
98 Electric .....	491,493PT	6.1	122.3	117.4	118.0	119.1	119.5	118.9	121.2	121.2	122.2	130.0	122.7	123.7	124.9	125.0		
99 Gas .....	492,493PT	1.6	121.2	113.1	114.3	116.4	118.0	118.4	125.5	120.6	124.5	124.3	122.4	121.7	125.9	127.8		
SPECIAL AGGREGATES																		
100 Manufacturing excluding motor vehicles and parts .....	...	80.6	122.8	122.5	122.8	122.4	122.6	122.3	122.2	122.3	122.5	123.1	123.8	123.5	123.8	123.8		
101 Manufacturing excluding office and computing machines .....	...	83.7	119.5	120.2	120.4	120.0	120.1	119.3	118.9	119.1	118.9	119.8	120.3	119.7	119.8	119.7		
Gross value (billions of 1987 dollars, annual rates)																		
MAJOR MARKETS																		
102 Products, total .....	...	2,002.9	2,245.1	2,244.6	2,247.3	2,246.9	2,252.0	2,236.5	2,231.5	2,239.1	2,238.8	2,257.8	2,268.1	2,243.9	2,254.0	2,258.7		
103 Final .....	...	1,552.2	1,748.2	1,743.1	1,748.3	1,748.6	1,755.0	1,743.1	1,737.4	1,745.6	1,743.2	1,760.5	1,768.2	1,744.2	1,754.1	1,757.0		
104 Consumer goods .....	...	1,033.4	1,129.7	1,135.6	1,134.6	1,131.1	1,135.5	1,125.2	1,122.3	1,128.4	1,124.0	1,135.7	1,141.1	1,127.5	1,135.1	1,133.8		
105 Equipment .....	...	518.8	618.4	607.5	613.8	617.5	619.5	617.9	615.1	617.1	619.2	624.8	627.1	616.7	619.0	623.2		
106 Intermediate .....	...	450.7	496.9	501.5	499.0	498.3	497.0	493.4	494.0	493.5	495.6	497.3	499.9	499.7	499.9	501.8		

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 November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991-95," *Federal Reserve*

*Bulletin*, vol. 82 (January 1996), pp. 16-25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187-204.

2. Standard industrial classification.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1992	1993	1994	1995									
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Private residential real estate activity (thousands of units except as noted)													
NEW UNITS													
1 Permits authorized.....	1,095	1,199	1,372	1,282	1,235	1,243	1,243	1,275	1,355	1,368	1,405	1,384 <sup>1</sup>	1,428
2 One-family.....	911	987	1,068	931	911	905	930	958	1,011	1,044	1,073	1,051 <sup>1</sup>	1,068
3 Two-family or more.....	184	213	303	351	324	338	313	317	344	324	332	333 <sup>1</sup>	360
4 Started.....	1,200	1,288	1,457	1,319	1,238	1,269	1,282	1,298	1,432	1,392	1,410 <sup>1</sup>	1,343 <sup>1</sup>	1,420
5 One-family.....	1,030	1,126	1,198	1,048	987	1,009	988	1,034	1,107	1,126	1,139 <sup>1</sup>	1,102 <sup>1</sup>	1,102
6 Two-family or more.....	170	162	259	271	251	260	294	264	325	266	271 <sup>1</sup>	241 <sup>1</sup>	318
7 Under construction at end of period <sup>1</sup> .....	612	680	762	797	769	763	755	756	761	773	781 <sup>1</sup>	785 <sup>1</sup>	795
8 One-family.....	473	543	558	579	552	544	536	534	538	548	553 <sup>1</sup>	562 <sup>1</sup>	566
9 Two-family or more.....	140	137	204	218	217	219	219	222	223	225	228 <sup>1</sup>	223 <sup>1</sup>	229
10 Completed.....	1,158	1,193	1,347	1,302	1,443	1,334	1,342	1,256	1,345	1,246	1,254 <sup>1</sup>	1,312 <sup>1</sup>	1,337
11 One-family.....	964	1,040	1,160	1,080	1,222	1,089	1,072	1,053	1,037	1,012	998 <sup>1</sup>	1,032 <sup>1</sup>	1,043
12 Two-family or more.....	194	153	187	222	221	245	270	203	308	234	256 <sup>1</sup>	280 <sup>1</sup>	294
13 Mobile homes shipped.....	210	254	304	335	333	318	329	329	319	335	346	359	n.a.
Merchant builder activity in one-family units													
14 Number sold.....	610	666	670	575	612	607	667	723	781	703 <sup>1</sup>	682 <sup>1</sup>	663 <sup>1</sup>	649
15 Number for sale at end of period <sup>1</sup> .....	265	293	338	347	347	348	347	347	344	349 <sup>1</sup>	352 <sup>1</sup>	362 <sup>1</sup>	375
Price of units sold (thousands of dollars) <sup>2</sup>													
16 Median.....	121.3	126.1	130.4	135.0	130.0	134.0	133.9	133.7	131.0	134.9 <sup>1</sup>	130.0 <sup>1</sup>	137.0 <sup>1</sup>	132.4
17 Average.....	144.9	147.6	153.7	160.2	153.3	157.8	158.0	160.2	154.2	162.0 <sup>1</sup>	156.0 <sup>1</sup>	155.3 <sup>1</sup>	155.5
EXISTING UNITS (one-family)													
18 Number sold.....	3,520	3,800	3,946	3,420	3,620	3,390	3,550	3,800	3,990	4,120	4,150	4,110	4,040
Price of units sold (thousands of dollars) <sup>2</sup>													
19 Median.....	103.6	106.5	109.6	107.0	107.9	108.1	109.0	116.2	115.9	117.6	115.2	113.3	114.3
20 Average.....	130.8	133.1	136.4	133.4	134.5	134.2	135.4	143.3	142.2	144.4	140.5	138.7	139.7
Value of new construction (millions of dollars) <sup>3</sup>													
CONSTRUCTION													
21 Total put in place.....	435,022	464,504	506,904	521,429	523,467	522,094	514,515	518,934	528,185	526,535	532,278	546,869	
22 Private.....	315,695	339,161	376,566	383,652	383,301	382,220	376,148	377,486	385,233	383,556	384,927	390,927	
23 Residential.....	187,870	210,455	238,884	240,207	237,894	234,109	231,342	228,388	232,415	232,254	235,594	237,381	
24 Nonresidential.....	127,825	128,706	137,682	143,445	145,407	148,111	144,806	149,098	152,818	151,302	149,333	153,546	
25 Industrial buildings.....	20,720	19,533	21,121	23,370	23,911	24,707	24,760	24,416	24,424	24,178	24,073	25,315	
26 Commercial buildings.....	41,523	42,627	48,552	53,687	55,439	55,011	51,779	55,420	56,906	55,709	55,179	57,523	
27 Other buildings.....	21,494	23,626	23,912	24,039	23,062	23,948	24,319	23,447	24,463	24,021	24,020	24,780	
28 Public utilities and other.....	44,088	42,920	44,097	42,349	42,995	44,445	43,948	45,815	47,025	47,394	46,061	45,928	
29 Public.....	119,322	125,342	130,337	137,777	140,166	139,874	138,367	141,447	142,952	142,979	147,351	155,942	
30 Military.....	2,502	2,454	2,319	2,624	3,048	2,736	2,442	2,569	3,212	3,025	2,304	3,600	
31 Highway.....	34,899	37,431	39,882	38,681	40,667	41,158	38,657	40,875	44,204	42,929	43,064	46,047	
32 Conservation and development.....	6,021	5,978	6,228	7,128	7,139	6,273	5,531	6,117	5,326	6,773	6,499	7,341	
33 Other.....	75,900	79,479	81,908	89,344	89,312	89,707	91,737	91,886	90,210	90,252	95,484	98,954	

1. Not at annual rates.

2. Not seasonally adjusted.

3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE: Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

## 2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Dec., 1995 <sup>1</sup>
	1994 Dec.	1995 Dec.	1995				1995					
			Mar.	June	Sept.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
CONSUMER PRICES <sup>2</sup> (1982-84=100)												
1 All items .....	2.7	2.5	3.2	3.2	1.8	2.1	.1	.1	.3	.0	.2	153.5
2 Food .....	2.9	2.1	.0	3.6	3.6	1.3	.2	.5	.3	-.1	.1	149.9
3 Energy items .....	2.2	-1.3	-1.1	5.4	-11.5	2.7	-.8	-1.4	.4	-.9	1.2	103.3
4 All items less food and energy .....	2.6	3.0	4.1	3.0	2.8	2.0	.2	.2	.3	.1	.1	162.7
5 Commodities .....	1.4	1.7	2.6	.6	2.3	1.4	.4	.1	.2	.0	.1	140.0
6 Services .....	3.2	3.6	4.8	4.3	3.0	2.3	.1	.3	.3	.2	.1	175.7
PRODUCER PRICES (1982=100)												
7 Finished goods .....	1.7	2.2	3.2	.6	1.3	3.8	.0 <sup>r</sup>	.2 <sup>r</sup>	-.1	.5	.5	129.0
8 Consumer foods .....	1.1	1.9	-1.2	-4.6	8.8	5.3	.2 <sup>r</sup>	.9 <sup>r</sup>	.0	1.2	.1	131.0
9 Consumer energy .....	3.5	.9	11.3	1.5	-14.3	7.5	-.5 <sup>r</sup>	-.8 <sup>r</sup>	-.9	-.5	3.3	76.6
10 Other consumer goods .....	1.4	2.7	2.9	3.2	2.3	2.5	.1	.3	.1	.4	.1	143.8
11 Capital equipment .....	2.0	2.2	3.0	1.8	2.1	2.1	.1 <sup>r</sup>	.1	-.1	.4	.1	138.1
Intermediate materials												
12 Excluding foods and feeds .....	4.8	3.0	10.6	3.9	-.6	-1.6	.0	-.1	-.4	-.1	.1	125.2
13 Excluding energy .....	5.2	3.1	10.5	4.2	1.8	-3.5	.1	.1	-.3	-.2	-.4	135.0
Crude materials												
14 Foods .....	-9.4	12.9	-4.6	-.8	42.3	20.7	1.0 <sup>r</sup>	3.9 <sup>r</sup>	2.1	3.6	-.9	114.7
15 Energy .....	-.1	.0	-4.5	14.6	-22.0	17.1	-3.8 <sup>r</sup>	2.4 <sup>r</sup>	-.4	2.1	2.3	69.9
16 Other .....	17.3	-4.6	21.9	4.6	-18.2	-20.8	-1.4 <sup>r</sup>	-1.8 <sup>r</sup>	-2.6	-2.1	-1.1	160.7

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	1992 <sup>f</sup>	1993 <sup>f</sup>	1994 <sup>f</sup>	1994 <sup>f</sup>		1995 <sup>f</sup>		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 Total .....	6,244.4	6,550.2	6,931.4	6,987.6	7,080.0	7,147.8	7,196.5	7,297.2
By source								
2 Personal consumption expenditures .....	4,219.8	4,454.1	4,698.7	4,734.4	4,796.0	4,836.3	4,908.7	4,965.1
3 Durable goods .....	488.5	530.7	580.9	585.3	602.7	593.0	604.0	616.0
4 Nondurable goods .....	1,321.8	1,368.9	1,429.7	1,443.5	1,459.0	1,471.6	1,486.9	1,491.3
5 Services .....	2,409.4	2,554.6	2,688.1	2,705.6	2,734.4	2,771.7	2,817.9	2,857.8
6 Gross private domestic investment .....	790.4	871.1	1,014.4	1,033.6	1,050.1	1,072.0	1,050.3	1,067.1
7 Fixed investment .....	783.4	850.5	954.9	968.9	991.4	1,013.9	1,016.3	1,036.5
8 Nonresidential .....	557.9	598.8	667.2	678.5	697.9	723.6	734.4	746.3
9 Structures .....	169.2	171.8	180.2	181.0	188.8	194.5	197.6	202.3
10 Producers' durable equipment .....	388.7	427.0	487.0	497.5	509.1	529.0	536.8	544.0
11 Residential structures .....	225.6	251.7	287.7	290.4	293.5	290.4	281.9	290.2
12 Change in business inventories .....	7.0	20.6	59.5	64.7	58.7	58.1	34.0	30.6
13 Nonfarm .....	2.0	-26.8	48.0	51.8	55.1	60.8	36.1	34.7
14 Net exports of goods and services .....	-29.5	-64.9	-96.4	-108.4	-99.7	-106.6	-122.4	-100.6
15 Exports .....	639.4	660.0	722.0	734.2	763.6	778.6	796.9	813.2
16 Imports .....	669.0	724.9	818.4	842.6	863.3	885.1	919.3	913.7
17 Government consumption expenditures and gross investment .....	1,263.8	1,289.9	1,314.7	1,328.0	1,333.5	1,346.0	1,359.9	1,365.5
18 Federal .....	528.0	522.1	516.3	523.6	520.9	519.9	522.6	517.3
19 State and local .....	735.8	767.8	798.4	804.4	812.6	826.1	837.3	848.2
By major type of product								
20 Final sales, total .....	6,237.4	6,529.7	6,871.8	6,922.9	7,021.3	7,089.7	7,162.5	7,266.6
21 Goods .....	2,314.0	2,400.9	2,534.2	2,553.5	2,600.9	2,617.3	2,642.3	2,685.0
22 Durable .....	965.9	1,013.8	1,085.9	1,099.9	1,113.3	1,118.6	1,134.0	1,162.6
23 Nondurable .....	1,348.1	1,387.2	1,448.3	1,453.6	1,487.6	1,498.7	1,508.3	1,522.5
24 Services .....	3,411.1	3,581.7	3,742.4	3,769.0	3,806.3	3,852.6	3,904.5	3,949.1
25 Structures .....	512.3	547.0	595.3	600.5	614.1	619.8	615.7	632.4
26 Change in business inventories .....	7.0	20.6	59.5	64.7	58.7	58.1	34.0	30.6
27 Durable goods .....	-10.9	15.7	31.9	34.2	33.1	54.4	28.5	25.5
28 Nondurable goods .....	17.9	4.9	27.7	30.5	25.6	3.7	5.4	5.1
MEMO								
29 Total GDP in chained (1992) dollars .....	6,244.4	6,383.8	6,604.2	6,639.5	6,691.3	6,701.6	6,709.4	6,763.2
NATIONAL INCOME								
30 Total .....	4,950.8	5,194.4	5,495.1	5,551.2	5,635.0	5,697.7	5,738.9	5,845.1
31 Compensation of employees .....	3,644.9	3,809.4	4,008.3	4,022.7	4,083.7	4,141.6	4,178.9	4,232.9
32 Wages and salaries .....	2,970.6	3,095.2	3,255.9	3,265.5	3,320.2	3,363.0	3,393.3	3,439.3
33 Government and government enterprises .....	567.8	584.2	602.5	603.7	608.3	616.3	619.6	624.1
34 Other .....	2,402.9	2,511.0	2,653.4	2,661.7	2,711.9	2,746.6	2,773.6	2,815.2
35 Supplement to wages and salaries .....	674.3	714.2	752.4	757.2	763.5	778.6	785.6	793.7
36 Employer contributions for social insurance .....	323.0	333.3	350.2	352.3	355.8	360.8	363.6	367.8
37 Other labor income .....	351.3	380.9	402.2	404.9	407.8	417.7	422.0	425.9
38 Proprietors' income <sup>1</sup> .....	409.5	420.0	450.9	458.7	469.4	472.0	474.7	479.7
39 Business and professional <sup>1</sup> .....	371.5	388.1	415.9	426.8	437.1	443.5	447.1	452.3
40 Farm <sup>1</sup> .....	38.0	32.0	35.0	31.9	32.3	28.5	27.6	27.4
41 Rental income of persons <sup>2</sup> .....	80.6	102.5	116.6	122.2	121.9	120.6	121.6	118.3
42 Corporate profits <sup>1</sup> .....	401.4	464.5	526.5	549.8	568.9	559.6	561.1	614.4
43 Profits before tax <sup>3</sup> .....	406.4	464.3	528.2	547.5	570.4	594.1	588.4	609.6
44 Inventory valuation adjustment .....	-7.5	-6.6	-13.3	-16.5	-22.8	-51.9	-42.3	-9.8
45 Capital consumption adjustment .....	2.5	6.7	11.6	18.8	21.3	17.4	15.0	14.6
46 Net interest .....	414.3	398.1	392.8	397.8	391.1	403.9	402.6	399.8

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	1992 <sup>1</sup>	1993 <sup>1</sup>	1994 <sup>1</sup>	1994 <sup>1</sup>		1995 <sup>1</sup>		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 Total personal income .....	5,264.2	5,479.2	5,750.2	5,801.7	5,893.9	5,995.5	6,061.9	6,131.9
2 Wage and salary disbursements .....	2,986.4	3,090.6	3,241.1	3,262.4	3,318.5	3,361.6	3,393.3	3,439.3
3 Commodity-producing industries .....	765.7	781.3	825.0	832.0	846.0	856.0	855.0	859.9
4 Manufacturing .....	583.5	593.1	621.3	626.1	636.0	643.4	640.5	642.9
5 Distributive industries .....	680.3	698.4	739.3	741.5	762.7	768.8	778.6	792.4
6 Service industries .....	972.6	1,026.6	1,074.3	1,085.2	1,101.6	1,120.2	1,140.0	1,162.8
7 Government and government enterprises .....	567.8	584.2	602.5	603.7	608.3	616.3	619.6	624.1
8 Other labor income .....	351.3	380.9	402.2	404.9	407.8	417.7	422.0	425.9
9 Proprietors' income <sup>1</sup> .....	409.5	420.0	450.9	458.7	469.4	472.0	474.7	479.7
10 Business and professional <sup>1</sup> .....	371.5	388.1	415.9	426.8	437.1	443.5	447.1	452.3
11 Farm <sup>1</sup> .....	38.0	32.0	35.0	31.9	32.3	28.5	27.6	27.4
12 Rental income of persons <sup>2</sup> .....	80.6	102.5	116.6	122.2	121.9	120.6	121.6	118.3
13 Dividends .....	159.4	186.8	199.6	201.0	206.7	209.5	212.2	215.8
14 Personal interest income .....	667.2	647.3	661.6	671.0	678.4	701.9	713.9	719.3
15 Transfer payments .....	858.2	910.7	956.3	961.4	974.7	1,002.4	1,016.8	1,029.9
16 Old-age survivors, disability, and health insurance benefits .....	414.0	444.4	472.9	475.6	482.1	497.6	505.1	510.7
17 LESS: Personal contributions for social insurance .....	248.4	259.6	278.1	279.9	283.5	290.2	292.7	296.2
18 EQUALS: Personal income .....	5,264.2	5,479.2	5,750.2	5,801.7	5,893.9	5,995.5	6,061.9	6,131.9
19 LESS: Personal tax and nontax payments .....	650.5	689.9	731.4	731.3	748.1	770.0	801.5	801.3
20 EQUALS: Disposable personal income .....	4,613.7	4,789.3	5,018.8	5,070.4	5,145.7	5,225.5	5,260.4	5,330.6
21 LESS: Personal outlays .....	4,341.0	4,572.9	4,826.5	4,863.0	4,927.9	4,972.2	5,049.0	5,109.7
22 EQUALS: Personal saving .....	272.6	216.4	192.3	207.4	217.8	253.3	211.4	220.9
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product .....	24,449.5	24,724.2	25,332.6	25,438.7	25,568.6	25,559.1	25,540.2	25,676.5
24 Personal consumption expenditures .....	16,522.3	16,807.5	17,150.4	17,187.0	17,280.5	17,280.3	17,391.7	17,468.1
25 Disposable personal income .....	18,062.0	18,075.0	18,320.0	18,407.0	18,544.0	18,672.0	18,634.0	18,754.0
26 Saving rate (percent) .....	5.9	4.5	3.8	4.1	4.2	4.8	4.0	4.1
GROSS SAVING								
27 Gross saving .....	905.4	938.4	1,055.9	1,054.3	1,064.8	1,110.5	1,092.3	1,145.7
28 Gross private saving .....	971.9	964.5	1,006.0	1,001.1	1,012.8	1,039.9	1,007.3	1,064.0
29 Personal saving .....	272.6	216.4	192.3	207.4	217.8	253.3	211.4	220.9
30 Undistributed corporate profits <sup>1</sup> .....	88.9	103.4	120.2	133.9	136.8	120.6	122.3	161.4
31 Corporate inventory valuation adjustment .....	-7.5	-6.6	-13.3	-16.5	-22.8	-51.9	-42.3	-9.8
Capital consumption allowances								
32 Corporate .....	403.0	417.0	441.0	437.1	439.3	444.4	451.3	457.0
33 Noncorporate .....	223.1	223.1	237.7	219.6	217.3	220.2	222.4	224.8
34 Government surplus, or deficit (-), national income and product accounts .....	-194.6	-159.8	-90.2	-86.7	-91.1	-74.4	-61.5	-65.6
35 Federal .....	-280.9	-254.7	-189.9	-186.3	-190.4	-173.3	-160.5	-158.4
36 State and local .....	86.3	94.9	99.7	99.6	99.3	99.0	99.0	92.8
37 Gross investment .....	949.1	993.5	1,087.2	1,101.1	1,104.5	1,146.7	1,113.9	1,143.3
38 Gross private domestic investment .....	790.4	871.1	1,014.4	1,033.6	1,050.1	1,072.0	1,050.3	1,067.1
39 Net foreign investment .....	-50.5	-88.2	-139.6	-149.6	-161.9	-144.4	-160.1	-148.7
40 Statistical discrepancy .....	43.7	55.1	31.3	46.7	39.7	36.2	21.6	-2.3

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	1992	1993	1994	1994		1995		
				Q3	Q4	Q1	Q2	Q3 <sup>p</sup>
1 Balance on current account.....	-61,548	-99,925	-151,245	-39,714	-43,277	-39,025	-43,267	-39,482
2 Merchandise trade balance <sup>2</sup> .....	-96,106	-132,618	-166,099	-44,627	-43,488	-45,050	-48,802	-43,433
3 Merchandise exports.....	440,352	456,823	502,485	127,384	133,926	138,061	142,850	145,315
4 Merchandise imports.....	-536,458	-589,441	-668,584	-172,011	-177,414	-183,111	-191,652	-188,748
5 Military transactions, net.....	-2,142	448	2,148	1,124	679	542	587	736
6 Other service transactions, net.....	58,767	57,328	57,739	14,696	15,342	15,068	14,782	15,178
7 Investment income, net.....	10,080	9,000	-9,272	-2,533	-4,571	-1,961	-2,614	-4,153
8 U.S. government grants.....	-15,083	-16,311	-15,814	-3,488	-6,245	-2,867	-2,284	-2,834
9 U.S. government pensions and other transfers.....	-3,735	-3,785	-4,247	-1,064	-1,063	-782	-989	-987
10 Private remittances and other transfers.....	-13,330	-13,988	-15,700	-3,822	-3,931	-3,975	-3,947	-3,989
11 Change in U.S. government assets other than official reserve assets, net (increase, -).....	-1,661	-330	-322	-283	-931	-152	-180	136
12 Change in U.S. official reserve assets (increase, -).....	3,901	-1,379	5,346	-165	2,033	-5,318	-2,722	-1,893
13 Gold.....	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs).....	2,316	-537	-441	-111	-121	-867	-156	362
15 Reserve position in International Monetary Fund.....	-2,692	-44	494	273	-27	-526	-786	-991
16 Foreign currencies.....	4,277	-797	5,293	-327	2,181	-3,925	-1,780	-1,264
17 Change in U.S. private assets abroad (increase, -).....	-68,115	-182,880	-130,875	-27,492	-56,258	-69,873	-97,340	-41,095
18 Bank-reported claims <sup>3</sup> .....	20,895	29,947	915	1,590	-16,651	-29,284	-39,982	14,851
19 Nonbank-reported claims.....	45	1,581	-32,621	-8,051	-12,449	-11,518	-18,499	...
20 U.S. purchases of foreign securities, net.....	-46,415	-141,807	-49,799	-10,976	-15,238	-6,567	-21,731	-34,251
21 U.S. direct investments abroad, net.....	-42,640	-72,601	-49,370	-10,055	-11,920	-22,504	-17,128	-21,695
22 Change in foreign official assets in United States (increase, +).....	40,466	72,146	39,409	19,691	-421	22,308	37,836	39,479
23 U.S. Treasury securities.....	18,454	48,952	30,723	16,477	7,470	10,131	25,169	20,597
24 Other U.S. government obligations.....	3,949	4,062	6,025	2,222	1,228	1,126	1,326	518
25 Other U.S. government liabilities <sup>4</sup> .....	2,180	1,706	2,211	494	692	-154	506	194
26 Other U.S. liabilities reported by U.S. banks <sup>5</sup> .....	16,571	14,841	2,923	1,298	-9,856	10,940	7,886	18,398
27 Other foreign official assets <sup>5</sup> .....	-688	2,585	-2,473	-800	45	265	2,949	-228
28 Change in foreign private assets in United States (increase, +).....	113,357	176,382	251,956	60,045	85,136	72,533	86,495	66,185
29 U.S. bank-reported liabilities <sup>3</sup> .....	15,461	20,859	114,396	19,650	34,676	-531	12,239	-19,958
30 U.S. nonbank-reported liabilities.....	13,573	10,489	-4,324	487	-5,242	10,113	10,527	...
31 Foreign private purchases of U.S. Treasury securities, net.....	36,857	24,063	33,811	5,428	25,929	29,910	30,315	36,778
32 Foreign purchases of other U.S. securities, net.....	29,867	79,864	58,625	14,762	10,195	15,816	20,549	30,024
33 Foreign direct investments in United States, net.....	17,599	41,107	49,448	19,718	19,578	17,225	12,865	19,341
34 Allocation of special drawing rights.....	0	0	0	0	0	0	0	0
35 Discrepancy.....	-26,399	35,985	-14,269	-12,082	13,718	19,527	19,178	-23,330
36 Due to seasonal adjustment.....	...	...	...	-6,641	782	6,183	331	-7,086
37 Before seasonal adjustment.....	-26,399	35,985	-14,269	-5,441	12,936	13,344	18,847	-16,244
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -).....	3,901	-1,379	5,346	-165	2,033	-5,318	-2,722	-1,893
39 Foreign official assets in United States, excluding line 25 (increase, +).....	38,286	70,440	37,198	19,197	-1,113	22,462	37,330	39,285
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22).....	5,942	-3,717	-1,184	3,564	1,120	-322	-11	6,365

1. Seasonal factors are not calculated for lines 12-16, 18-20, 22-34, and 38-40.

2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.

3. Reporting banks include all types of depository institutions as well as some brokers and dealers.

4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.



3.11 U.S. FOREIGN TRADE<sup>1</sup>

Millions of dollars; monthly data seasonally adjusted

Item	1992	1993	1994	1995						
				May <sup>f</sup>	June <sup>f</sup>	July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct. <sup>f</sup>	Nov. <sup>p</sup>
1 Goods and services, balance .....	-39,480	-74,842	-106,214	-10,836	-11,385	-11,070	-8,248	-8,245	8,160	-7,055
2 Merchandise .....	-96,106	-132,618	-166,101	-15,975	-16,493	-16,226	-13,504	-13,746	-13,742	-12,476
3 Services .....	56,626	57,777	59,887	5,139	5,108	5,156	5,256	5,501	5,582	5,421
4 Goods and services, exports .....	618,969	644,579	701,200	65,576	64,681	63,645	66,410	67,460	66,738	67,356
5 Merchandise .....	440,352	456,824	502,484	48,308	47,381	46,372	49,084	49,779	48,982	49,408
6 Services .....	178,617	187,755	198,716	17,268	17,300	17,273	17,326	17,681	17,756	17,948
7 Goods and services, imports .....	-658,449	-719,421	-807,414	-76,412	-76,066	-74,715	-74,658	-75,705	-74,898	-74,411
8 Merchandise .....	-536,458	-589,442	-668,585	-64,283	-63,874	-62,598	-62,588	-63,525	-62,724	-61,884
9 Services .....	-121,991	-129,979	-138,829	-12,129	-12,192	-12,117	-12,070	-12,180	-12,174	-12,527

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE: *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1992	1993	1994	1995							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>p</sup>
1 Total .....	71,323	73,442	74,335	90,549	90,063	91,534	86,648	87,152	86,224	85,755	85,832
2 Gold stock, including Exchange Stabilization Fund <sup>1</sup> .....	11,056	11,053	11,051	11,054	11,054	11,053	11,053	11,051	11,051	11,050	11,050
3 Special drawing rights <sup>3</sup> .....	8,503	9,039	10,039	11,923	11,869	11,487	11,146	11,035	10,949	11,034	11,037
4 Reserve position in International Monetary Fund <sup>2</sup> .....	11,759	11,818	12,030	14,278	14,276	14,761	14,470	14,681	14,700	14,572	14,649
5 Foreign currencies <sup>4</sup> .....	40,005	41,532	41,215	53,294	52,864	54,233	49,979	50,385	49,524	49,099	49,096

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	1992	1993	1994	1995							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>p</sup>
1 Deposits .....	205	386	250	227	167	190	165	201	275	194	386
Held in custody											
2 U.S. Treasury securities <sup>2</sup> .....	314,481	379,394	441,866	474,181	482,506	505,613	502,737	506,572	507,075	522,950	522,170
3 Earmarked gold <sup>3</sup> .....	13,118	12,327	12,033	11,800	11,725	11,728	11,728 <sup>f</sup>	11,728	11,709	11,702	11,702

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.

3. Held in foreign and international accounts and valued at \$42.22 per fine troy ounce; not included in the gold stock of the United States.

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1993	1994	1995 <sup>f</sup>						
			May	June	July	Aug.	Sept.	Oct.	Nov. <sup>p</sup>
1 Total <sup>1</sup>	482,915 <sup>f</sup>	520,578	560,461	580,151	604,548	612,972	619,517	618,417	630,909
By type									
2 Liabilities reported by banks in the United States <sup>2</sup>	69,721 <sup>f</sup>	73,031	84,929	91,573	93,801	104,791	110,051	107,870	107,702
3 U.S. Treasury bills and certificates <sup>3</sup>	151,100	139,570	154,575	154,517	159,654	157,516	163,093	157,987	171,366
4 U.S. Treasury bonds and notes									
5 Marketable <sup>4</sup>	212,237	254,059	263,471	274,342	291,132	290,768	286,243	291,948	291,033
6 Nonmarketable <sup>4</sup>	5,652	6,109	6,209	6,245	6,288	6,329	6,366	6,407	6,442
7 U.S. securities other than U.S. Treasury securities <sup>5</sup>	44,205	47,809	51,277	53,474	53,673	53,568	53,764	54,205	54,366
By area									
8 Europe <sup>1</sup>	207,034 <sup>f</sup>	215,024	217,831	223,853	224,380	221,130	222,869	222,679	228,180
9 Canada	15,285	17,235	19,631	19,549	21,746	21,508	20,522	20,355	19,535
10 Latin America and Caribbean	55,898	41,492	44,806	50,327	58,126	63,383	63,424	61,335	61,323
11 Asia	197,702	236,819	270,519	278,767	290,878	297,343	303,809	305,053	310,838
12 Africa	4,052	4,179	4,281	4,427	4,309	4,433	4,684	4,761	6,086
13 Other countries	2,942	5,827	3,391	3,226	5,107	5,173	4,207	4,232	4,945

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue;

Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE: Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States<sup>1</sup>

Payable in Foreign Currencies

Millions of dollars, end of period

Item	1991	1992	1993	1994	1995		
				Dec. <sup>f</sup>	Mar.	June <sup>f</sup>	Sept.
1 Banks' liabilities	75,129	72,796	78,259	89,661	96,190	106,715	102,148
2 Banks' claims	73,195	62,799	61,425	60,279	72,694 <sup>f</sup>	77,171	69,312
3 Deposits	26,192	24,240	20,401	19,670	24,440 <sup>f</sup>	28,915	25,648
4 Other claims	47,003	38,559	41,024	40,609	48,254	48,256	43,664
5 Claims of banks' domestic customers <sup>2</sup>	3,398	4,432	9,103	15,020	11,637	13,070	9,685

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	1992	1993	1994 <sup>r</sup>	1995						
				May <sup>i</sup>	June <sup>i</sup>	July <sup>i</sup>	Aug.	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>
BY HOLDER AND TYPE OF LIABILITY										
1 Total, all foreigners	810,259	926,672 <sup>r</sup>	1,018,468	1,044,952	1,057,784	1,060,089	1,075,972 <sup>r</sup>	1,073,697	1,098,510	1,103,881
2 Banks' own liabilities	606,444	626,919 <sup>r</sup>	722,151	725,671	735,537	730,718	745,225 <sup>r</sup>	734,810	762,248	753,878
3 Demand deposits	21,828	21,569 <sup>r</sup>	23,385	23,569	22,251	24,103	21,778	23,752	23,451	23,095
4 Time deposits <sup>2</sup>	160,385	175,106 <sup>r</sup>	186,509	185,781	195,113	191,709	196,910 <sup>r</sup>	188,133	202,411	193,225
5 Other <sup>3</sup>	93,237	111,971 <sup>r</sup>	116,699	129,487	123,142	141,304	139,068	136,327	145,932	153,787
6 Own foreign offices <sup>4</sup>	330,994	318,273 <sup>r</sup>	395,558	386,834	395,031	373,602	387,469 <sup>r</sup>	386,598	390,454	383,771
7 Banks' custodial liabilities <sup>5</sup>	203,815	299,753	296,317	319,281	322,247	329,371	330,747	338,887	336,262	350,003
8 U.S. Treasury bills and certificates <sup>6</sup>	127,644	176,739	162,857	182,053	182,204	188,621	187,318	193,070	189,248	204,391
9 Other negotiable and readily transferable instruments <sup>7</sup>	21,974	36,289	42,532	40,901	45,112	44,514	45,175	47,279	47,838	47,616
10 Other	54,197	86,725	90,928	96,327	94,931	96,236	98,254	98,538	99,176	97,996
11 Nonmonetary international and regional organizations <sup>8</sup>	9,350	10,936	8,606	8,776	9,776	11,955	9,934	12,886	10,067	9,492
12 Banks' own liabilities	6,951	5,639	8,176	7,809	8,972	10,884	8,630	11,995	8,239	8,037
13 Demand deposits	46	15	29	34	114	43	40	64	383	33
14 Time deposits <sup>2</sup>	3,214	2,780	3,298	3,516	4,459	4,977	4,457	4,315	3,801	3,564
15 Other <sup>3</sup>	3,691	2,844	4,849	4,259	4,399	5,864	4,133	7,616	4,055	4,440
16 Banks' custodial liabilities <sup>5</sup>	2,399	5,297	430	967	804	1,071	1,304	891	1,828	1,455
17 U.S. Treasury bills and certificates <sup>6</sup>	1,908	4,275	281	510	312	551	826	354	1,342	962
18 Other negotiable and readily transferable instruments <sup>7</sup>	486	1,022	149	456	492	520	478	537	486	493
19 Other	5	0	0	1	0	0	0	0	0	0
20 Official institutions <sup>9</sup>	159,563	220,821 <sup>r</sup>	212,601	239,504	246,090	253,455	262,307 <sup>r</sup>	273,144	265,857	279,068
21 Banks' own liabilities	51,202	64,144 <sup>r</sup>	59,580	69,044	73,119	75,437	83,392 <sup>r</sup>	85,998	83,588	83,747
22 Demand deposits	1,302	1,600 <sup>r</sup>	1,564	1,575	1,398	1,429	1,547	1,362	1,646	1,690
23 Time deposits <sup>2</sup>	17,939	21,653 <sup>r</sup>	23,511	27,243	27,253	29,411	31,600 <sup>r</sup>	32,048	30,385	29,723
24 Other <sup>3</sup>	31,961	40,891 <sup>r</sup>	34,505	40,226	44,468	44,597	50,245	52,588	51,557	52,334
25 Banks' custodial liabilities <sup>5</sup>	108,361	156,677	153,021	170,460	172,971	178,018	178,915	187,146	182,269	195,321
26 U.S. Treasury bills and certificates <sup>6</sup>	104,596	151,100	139,570	154,575	154,517	159,654	157,516	163,093	157,987	171,366
27 Other negotiable and readily transferable instruments <sup>7</sup>	3,726	5,482	13,245	15,771	18,325	18,159	20,735	23,777	24,028	23,600
28 Other	39	95	206	114	129	205	664	276	254	355
29 Banks <sup>10</sup>	547,320	592,171 <sup>r</sup>	681,301	679,993	685,826	665,993	684,269 <sup>r</sup>	670,425	699,236	688,262
30 Banks' own liabilities	476,117	478,755 <sup>r</sup>	566,411	560,163	566,355	545,391	562,829 <sup>r</sup>	547,817	575,805	562,962
31 Unaffiliated foreign banks	145,123	160,482 <sup>r</sup>	170,853	173,329	171,324	171,789	175,360 <sup>r</sup>	161,219	185,351	179,191
32 Demand deposits	10,170	9,718 <sup>r</sup>	10,633	11,406	10,554	12,121	10,061	11,817	11,339	11,232
33 Time deposits <sup>2</sup>	90,296	105,262 <sup>r</sup>	111,171	102,889	111,435	104,477	108,855 <sup>r</sup>	98,861	114,650	106,323
34 Other <sup>3</sup>	44,657	45,502	49,049	59,034	49,335	55,191	56,444	50,541	59,362	61,636
35 Own foreign offices <sup>4</sup>	330,994	318,273 <sup>r</sup>	395,558	386,834	395,031	373,602	387,469 <sup>r</sup>	386,598	390,454	383,771
36 Banks' custodial liabilities <sup>5</sup>	71,203	113,416	114,890	119,830	119,471	120,602	121,440	122,608	123,431	125,300
37 U.S. Treasury bills and certificates <sup>6</sup>	11,087	10,712	11,240	14,444	15,021	15,535	15,489	16,170	16,429	19,224
38 Other negotiable and readily transferable instruments <sup>7</sup>	7,555	17,020	14,505	11,155	11,188	10,583	10,142	9,690	9,754	10,533
39 Other	52,561	85,684	89,145	94,231	93,262	94,484	95,809	96,748	97,248	95,543
40 Other foreigners	94,026	102,744 <sup>r</sup>	115,960	116,679	116,092	128,686	119,462 <sup>r</sup>	117,242	123,350	127,059
41 Banks' own liabilities	72,174	78,381 <sup>r</sup>	87,984	88,655	87,091	99,006	90,374 <sup>r</sup>	89,000	94,616	99,132
42 Demand deposits	10,310	10,236 <sup>r</sup>	11,159	10,554	10,185	10,510	10,130	10,509	10,083	10,140
43 Time deposits <sup>2</sup>	48,936	45,411 <sup>r</sup>	48,529	52,133	51,966	52,844	51,998 <sup>r</sup>	52,909	53,575	53,615
44 Other <sup>3</sup>	12,928	22,734	28,296	25,968	24,940	35,652	28,246	25,582	30,958	35,377
45 Banks' custodial liabilities <sup>5</sup>	21,852	24,363	27,976	28,024	29,001	29,680	29,088	28,242	28,734	27,927
46 U.S. Treasury bills and certificates <sup>6</sup>	10,053	10,652	11,766	12,524	12,354	12,881	13,487	13,453	13,490	12,839
47 Other negotiable and readily transferable instruments <sup>7</sup>	10,207	12,765	14,633	13,519	15,107	15,252	13,820	13,275	13,570	12,990
48 Other	1,592	946	1,577	1,981	1,540	1,547	1,781	1,514	1,674	2,098
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,895	11,993	12,157	10,179	10,409	9,938	10,242	10,016

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.

2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

3. Includes borrowing under repurchase agreements.

4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.

6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.

9. Foreign central banks, foreign central governments, and the Bank for International Settlements.

10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States<sup>1</sup>—Continued

Item	1992	1993	1994 <sup>f</sup>	1995						
				May <sup>f</sup>	June <sup>f</sup>	July <sup>f</sup>	Aug.	Sept. <sup>f</sup>	Oct.	Nov. <sup>g</sup>
AREA										
50 Total, all foreigners.....	810,259	926,672 <sup>f</sup>	1,018,468	1,044,952	1,057,784	1,060,089	1,075,972 <sup>f</sup>	1,073,697	1,098,510	1,103,881
51 Foreign countries.....	800,909	915,736 <sup>f</sup>	1,009,862	1,036,176	1,048,008	1,048,134	1,066,038 <sup>f</sup>	1,060,811	1,088,443	1,094,389
52 Europe.....	307,670	377,911 <sup>f</sup>	393,141	378,003	374,760	377,607	376,490 <sup>f</sup>	362,027	376,952	384,042
53 Austria.....	1,611	1,917	3,653	3,963	3,855	3,923	3,869	5,221	4,887	4,755
54 Belgium and Luxembourg.....	20,567	28,670	21,978	25,738	21,079	24,794	24,591	24,036	25,187	28,351
55 Denmark.....	3,060	4,517	2,784	2,811	2,432	2,131	2,468	2,476	3,177	3,418
56 Finland.....	1,299	1,872	1,436	1,708	1,455	2,390	2,270	1,972	2,419	2,315
57 France.....	41,411	40,316	45,217	41,037	45,036	42,872	43,309	38,096	43,122	40,376
58 Germany.....	18,630	26,685	27,191	32,003	34,345	33,793	31,256	31,390	26,358	26,784
59 Greece.....	913	1,519	1,393	2,199	2,365	2,311	2,398	2,119	2,033	2,244
60 Italy.....	10,041	11,759	10,885	9,815	10,373	10,220	10,813	8,937	10,244	10,754
61 Netherlands.....	7,365	16,096	16,033	14,713	11,449	11,743	10,685	13,107	15,603	15,535
62 Norway.....	3,314	2,966	2,338	1,289	1,305	1,119	2,087	1,011	1,048	1,287
63 Portugal.....	2,465	3,366	2,846	2,860	2,675	3,165	2,933	3,033	2,901	2,717
64 Russia.....	577	2,511	2,714	7,042	7,177	6,313	7,265	6,367	7,338	8,978
65 Spain.....	9,793	20,496 <sup>f</sup>	14,675	9,844	10,558	9,115	9,988 <sup>f</sup>	10,100	13,464	10,805
66 Sweden.....	2,953	2,738	3,094	1,454	3,471	2,187	2,876	3,143	1,989	3,681
67 Switzerland.....	39,440	41,560 <sup>f</sup>	41,936	40,033	47,243	42,192	41,644	41,406	42,574	41,164
68 Turkey.....	2,666	3,227	3,341	3,188	3,255	2,973	3,523	3,936	4,066	4,009
69 United Kingdom.....	111,805	133,993	163,793	151,288	141,118	151,341	150,781	141,577	147,391	148,331
70 Yugoslavia <sup>1</sup> .....	504	372 <sup>f</sup>	245	220	220	214	146	215	210	171
71 Other Europe and other former U.S.S.R. <sup>12</sup> .....	29,256	33,331	27,769	26,798	25,349	24,811	23,588	23,885	22,941	28,367
72 Canada.....	22,420	20,235	24,727	27,736	29,458	28,898	28,296	28,872	35,356	27,722
73 Latin America and Caribbean.....	317,228	362,238 <sup>f</sup>	423,797	431,535	444,989	436,258	447,523 <sup>f</sup>	434,289	439,688	435,854
74 Argentina.....	9,477	14,477	17,203	10,370	10,873	12,404	11,539 <sup>f</sup>	11,180	11,538	13,032
75 Bahamas.....	82,284	73,820 <sup>f</sup>	103,936	92,708	97,320	88,654	95,938 <sup>f</sup>	92,710	96,137	87,712
76 Bermuda.....	7,079	8,117	8,881	7,156	7,169	6,873	6,073	6,601	6,661	6,552
77 Brazil.....	5,584	5,301	9,145	15,616	18,250	21,232	26,743	27,591	27,366	27,503
78 British West Indies.....	153,033	193,699 <sup>f</sup>	229,525	242,445	252,401	245,065	244,291 <sup>f</sup>	234,629	235,997	240,158
79 Chile.....	3,035	3,183	3,126	2,959	3,320	2,677	2,890	2,698	2,574	2,695
80 Colombia.....	4,580	3,171	4,615	3,432	3,276	3,432	3,349	3,257	3,399	3,443
81 Cuba.....	3	33	13	5	5	5	3	4	13	8
82 Ecuador.....	993	880	875	1,050	1,179	1,118	1,160	1,130	1,311	1,307
83 Guatemala.....	1,377	1,207	1,121	1,072	1,129	1,100	1,122	1,197	1,068	1,209
84 Jamaica.....	371	410	529	542	449	426	444	484	430	447
85 Mexico.....	19,454	28,019 <sup>f</sup>	12,250	18,270	19,201	21,006	22,120	22,069	20,892	20,886
86 Netherlands Antilles.....	5,205	4,686	5,217	6,374	4,628	6,068	4,778	5,016	5,328	5,172
87 Panama.....	4,177	3,582	4,551	5,004	4,314	4,641	4,998	4,683	4,478	4,204
88 Peru.....	1,080	929 <sup>f</sup>	900	1,014	997	944	1,028	909	897	916
89 Uruguay.....	1,955	1,611	1,597	2,110	2,031	1,953	1,937	1,839	1,853	1,909
90 Venezuela.....	11,387	12,786	13,983	12,419	11,248	11,482	11,195 <sup>f</sup>	11,971	12,641	11,620
91 Other.....	6,154	6,327 <sup>f</sup>	6,700	7,264	7,212	6,882	7,115 <sup>f</sup>	6,849	7,105	7,081
92 Asia.....	143,540	144,527 <sup>f</sup>	155,638	187,122	188,346	192,250	199,607	222,996	222,923	232,134
93 China.....	3,202	4,011	10,066	9,459	10,579	11,908	13,208	22,273	22,364	29,897
94 People's Republic of China.....	8,408	10,627	9,844	9,199	9,751	9,165	9,838	10,253	10,729	11,365
95 Republic of China (Taiwan).....	18,499	17,132	17,102	23,006	23,040	25,134	24,152	21,852	21,867	20,260
96 India.....	1,399	1,114	2,338	1,943	2,106	2,271	2,745	2,914	3,009	3,272
97 Indonesia.....	1,480	1,986	1,587	2,632	2,119	1,966	2,175	2,366	2,173	2,485
98 Israel.....	3,773	4,435	5,157	5,331	4,573	4,599	4,723	4,207	3,812	4,085
99 Japan.....	58,435	61,466	64,280	83,192	83,367	85,821	89,102	104,261	104,526	105,426
100 Korea (South).....	3,337	4,913	5,124	5,046	4,987	5,066	4,881	5,458	5,365	5,589
101 Philippines.....	2,275	2,035	2,714	2,730	2,539	2,653	2,793	2,786	2,844	2,888
102 Thailand.....	5,582	6,137	6,466	11,596	11,502	11,244	11,177	11,803	10,458	12,144
103 Middle Eastern oil-exporting countries <sup>13</sup> .....	21,437	15,822 <sup>f</sup>	15,489	15,624	16,851	16,474	15,779	16,892	17,350	16,277
104 Other.....	15,713	14,849	15,471	17,364	16,932	15,949	17,931	17,931	18,426	18,446
105 Africa.....	5,884	6,633	6,523	6,737	6,784	6,966	6,989	7,033	7,209	7,784
106 Egypt.....	2,472	2,208	1,879	2,054	2,144	1,840	1,924	2,127	1,948	1,907
107 Morocco.....	76	99	97	73	90	94	87	79	66	60
108 South Africa.....	190	451	433	542	596	1,002	746	467	934	1,206
109 Zaire.....	19	12	9	10	18	13	15	9	4	9
110 Oil-exporting countries <sup>14</sup> .....	1,346	1,303	1,343	1,302	1,418	1,364	1,667	1,792	1,544	1,822
111 Other.....	1,781	2,560	2,762	2,756	2,518	2,653	2,550	2,559	2,713	2,780
112 Other.....	4,167	4,192	6,036	5,043	3,671	6,155	7,133	5,594	6,315	6,853
113 Australia.....	3,043	3,308	5,142	4,258	2,944	5,473	5,459	4,777	5,007	5,758
114 Other.....	1,124	884	894	785	727	682	1,674	817	1,308	1,095
115 Nonmonetary international and regional organizations.....	9,350	10,936	8,606	8,776	9,776	11,955	9,934	12,886	10,067	9,492
116 International <sup>15</sup> .....	7,434	6,851	7,537	6,797	8,124	10,266	7,918	11,154	8,231	8,168
117 Latin American regional <sup>16</sup> .....	1,415	3,218	613	1,067	804	834	1,010	876	552	371
118 Other regional <sup>17</sup> .....	501	867	456	912	848	855	1,006	856	1,284	953

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	1992	1993 <sup>f</sup>	1994 <sup>f</sup>	1995						
				May <sup>f</sup>	June <sup>f</sup>	July <sup>f</sup>	Aug. <sup>f</sup>	Sept. <sup>f</sup>	Oct.	Nov. <sup>p</sup>
1 Total, all foreigners	499,437	487,791	486,082	487,304	521,177	508,369	520,538	514,307	521,835	533,176
2 Foreign countries	494,355	485,386	481,491	485,694	518,544	507,052	519,121	511,480	520,177	531,755
3 Europe	123,377	123,758	125,779	124,360	129,945	126,953	127,579	116,515	131,420	131,515
4 Austria	331	412	692	756	581	616	685	670	880	639
5 Belgium and Luxembourg	6,404	6,532	6,738	8,053	5,149	8,064	8,250	7,052	7,102	10,690
6 Denmark	707	382	1,030	508	599	443	428	410	634	602
7 Finland	1,418	594	691	431	394	967	1,001	1,221	1,916	1,097
8 France	14,723	11,822	12,768	14,085	15,363	15,435	15,195	13,941	14,805	15,227
9 Germany	4,222	7,724	7,608	7,520	8,862	7,148	8,730	8,691	8,081	8,425
10 Greece	717	691	604	407	442	445	386	385	404	378
11 Italy	9,047	8,834	6,043	6,221	6,736	6,067	5,747	5,911	5,645	5,386
12 Netherlands	2,468	3,063	2,957	5,998	4,356	4,478	4,354	4,696	4,469	4,907
13 Norway	355	396	504	1,382	1,019	1,206	1,047	1,392	1,456	1,375
14 Portugal	325	834	938	990	1,208	987	916	986	1,036	862
15 Russia	3,147	2,310	949	511	508	495	506	421	696	949
16 Spain	2,755	3,717	3,530	2,139	3,566	3,627	3,482	3,520	3,162	3,191
17 Sweden	4,923	4,254	4,098	3,320	2,940	3,558	2,820	2,677	2,597	2,304
18 Switzerland	4,717	6,605	7,493	7,632	10,291	7,540	7,362	7,207	6,320	5,930
19 Turkey	962	1,301	874	722	713	725	768	802	830	926
20 United Kingdom	63,430	62,030	66,830	62,388	65,918	63,853	64,560	54,511	68,988	66,865
21 Yugoslavia <sup>2</sup>	569	473	265	248	229	230	230	234	233	237
22 Other Europe and other former U.S.S.R. <sup>3</sup>	2,157	1,784	1,167	1,049	1,071	1,069	1,112	1,788	2,166	1,525
23 Canada	13,845	18,564	18,276	20,738	19,741	18,894	17,289	18,621	17,832	17,006
24 Latin America and Caribbean	218,078	224,568	223,928	225,738	243,779	238,331	249,752	249,688	250,679	266,205
25 Argentina	4,958	4,474	5,845	6,354	6,598	6,242	6,151	6,110	6,003	6,036
26 Bahamas	60,835	63,296	66,703	63,479	63,682	59,747	61,075	62,488	55,471	60,022
27 Bermuda	5,935	8,901	8,481	10,884	8,549	6,373	8,944	6,295	5,537	8,119
28 Brazil	10,773	11,848	9,582	11,195	11,525	12,511	12,962	13,073	13,334	12,933
29 British West Indies	101,507	98,865	95,706	95,382	113,971	114,147	117,602	119,712	123,365	129,170
30 Chile	3,397	3,643	3,819	3,891	4,341	4,264	4,663	4,388	4,660	4,775
31 Colombia	2,750	3,181	4,004	4,035	4,033	4,183	4,270	4,358	4,593	4,516
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	884	681	681	664	768	768	725	805	846	847
34 Guatemala	262	288	366	353	344	340	350	361	385	424
35 Jamaica	162	195	258	264	264	277	290	287	289	285
36 Mexico	14,991	15,720	17,728	17,389	17,285	17,152	16,832	16,486	16,656	16,785
37 Netherlands Antilles	1,379	2,683	1,580	2,520	2,881	2,730	6,313	5,602	9,233	12,048
38 Panama	4,654	2,894	2,184	2,434	2,514	2,520	2,503	2,594	2,846	3,044
39 Peru	730	657	997	1,096	1,360	1,333	1,368	1,464	1,501	1,577
40 Uruguay	936	969	503	398	377	424	424	386	441	451
41 Venezuela	2,525	2,910	1,831	1,665	1,611	1,650	1,596	1,480	1,826	1,678
42 Other	1,400	3,363	3,660	3,735	3,670	3,684	3,799	3,693	3,693	3,495
43 Asia	131,789	111,775	107,350	108,817	118,799	117,203	118,221	120,178	114,497	111,292
44 China										
45 People's Republic of China	906	2,271	836	879	1,143	1,206	1,163	1,316	1,241	1,069
46 Republic of China (Taiwan)	2,046	2,625	1,447	1,521	1,796	1,915	1,600	1,584	1,595	1,484
47 Hong Kong	9,642	10,828	9,162	12,072	14,934	14,756	14,520	15,677	12,539	10,710
48 India	529	589	994	1,126	1,210	1,732	1,905	1,944	1,924	1,823
49 Indonesia	1,189	1,527	1,470	1,427	1,443	1,516	1,620	1,596	1,623	1,580
50 Israel	820	826	688	784	950	749	700	712	886	728
51 Japan	79,172	60,032	59,428	58,478	61,042	61,271	63,288	63,059	61,817	60,457
52 Korea (South)	6,179	7,539	10,286	12,265	12,669	13,134	12,836	12,975	13,340	14,035
53 Philippines	2,145	1,410	662	534	918	598	623	725	673	789
54 Thailand	1,867	2,170	2,902	2,755	2,688	2,670	2,594	2,594	2,568	2,538
55 Middle Eastern oil-exporting countries <sup>4</sup>	18,540	15,115	13,743	11,669	12,571	11,948	11,403	11,723	9,963	9,604
56 Other	8,754	6,843	5,732	5,307	7,435	5,708	5,969	6,273	6,328	6,475
56 Africa	4,279	3,861	3,028	2,751	2,919	2,907	2,826	2,705	2,783	2,732
57 Egypt	186	196	225	237	204	193	194	202	224	268
58 Morocco	441	481	429	454	686	645	653	647	457	433
59 South Africa	1,041	633	671	579	563	531	544	454	604	462
60 Zaire	4	4	2	2	2	7	2	2	1	1
61 Oil-exporting countries <sup>5</sup>	1,002	1,129	842	658	657	659	614	615	586	578
62 Other	1,605	1,418	859	821	807	872	819	785	911	990
63 Other	2,987	2,860	3,130	3,290	3,361	2,764	3,454	3,773	2,966	3,005
64 Australia	2,243	2,037	2,186	1,877	1,999	2,072	2,072	2,632	2,095	1,969
65 Other	744	823	944	1,413	1,362	692	1,382	1,141	871	1,036
66 Nonmonetary international and regional organizations <sup>6</sup>	5,082	2,405	4,591	1,610	2,633	1,317	1,417	2,827	1,658	1,421

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	1992	1993 <sup>f</sup>	1994 <sup>f</sup>	1995						
				May <sup>f</sup>	June <sup>f</sup>	July <sup>f</sup>	Aug. <sup>f</sup>	Sept.	Oct.	Nov. <sup>f</sup>
1 Total .....	559,495	561,581	583,317	...	627,645	...	...	623,167	...	...
2 Banks' claims .....	499,437	487,791	486,082	487,304	521,177	508,369	520,538	514,307	521,835	533,176
3 Foreign public borrowers .....	31,367	29,013	23,388	18,979	23,781	19,725	21,432	22,300	20,886	19,135
4 Own foreign offices <sup>2</sup> .....	303,991	285,483	283,476	287,213	301,590	292,992	296,896	297,867	303,658	308,847
5 Unaffiliated foreign banks .....	109,342	100,355	111,594	104,026	112,161	113,378	111,694	106,987	103,541	99,094
6 Deposits .....	61,550	49,382	59,142	51,454	58,583	59,531	57,486	50,515	46,836	42,510
7 Other .....	47,792	50,973	52,452	52,572	53,578	53,847	54,208	56,472	56,705	56,584
8 All other foreigners .....	54,737	72,940	67,624	77,086	83,645	82,274	90,516	87,153	93,750	106,100
9 Claims of banks' domestic customers <sup>3</sup> .....	60,058	73,790	97,235	...	106,468	...	...	108,860	...	...
10 Deposits .....	15,452	34,291	56,649	...	58,526	...	...	51,960	...	...
11 Negotiable and readily transferable instruments <sup>4</sup> .....	31,474	25,819	27,299	...	31,614	...	...	40,192	...	...
12 Outstanding collections and other claims .....	13,132	13,680	13,287	...	16,328	...	...	16,708	...	...
MEMO										
13 Customer liability on acceptances .....	8,655	7,846	8,377	...	8,794	...	...	8,751	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States <sup>5</sup> .....	38,623	29,150	32,565	29,911	35,599	34,221	35,452	34,274	32,821	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists

principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States<sup>1</sup>

Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area <sup>2</sup>	1991	1992	1993 <sup>f</sup>	1994	1995		
				Dec. <sup>f</sup>	Mar. <sup>f</sup>	June <sup>f</sup>	Sept.
1 Total .....	195,302	195,119	201,928	202,595	199,735	219,301	216,115
By borrower							
2 Maturity of one year or less .....	162,573	163,325	172,015	176,760	171,196	190,911	183,679
3 Foreign public borrowers .....	21,050	17,813	17,772	15,575	15,758	15,954	14,537
4 All other foreigners .....	141,523	145,512	154,243	161,185	155,438	174,957	169,142
5 Maturity of more than one year .....	32,729	31,794	29,913	25,835	28,539	28,390	32,436
6 Foreign public borrowers .....	15,859	13,266	10,880	7,670	7,689	7,726	7,721
7 All other foreigners .....	16,870	18,528	19,033	18,165	20,850	20,664	24,715
By area							
8 Maturity of one year or less .....							
9 Europe .....	51,835	53,300	57,419	58,445	54,746	60,718	51,999
10 Canada .....	6,444	6,091	7,671	7,460	7,438	8,210	7,719
11 Latin America and Caribbean .....	43,597	50,376	59,893	62,417	64,023	71,539	73,690
12 Asia .....	51,059	45,709	41,419	40,696	38,227	44,365	44,087
13 Africa .....	2,549	1,784	1,820	1,376	1,227	1,447	1,261
14 All other <sup>3</sup> .....	7,089	6,065	3,793	6,366	5,535	4,632	4,923
Maturity of more than one year							
15 Europe .....	3,878	5,367	5,310	3,901	4,533	3,704	4,371
16 Canada .....	3,595	3,287	2,581	2,521	3,622	3,110	2,815
17 Latin America and Caribbean .....	18,277	15,312	14,028	12,293	13,074	14,149	17,486
18 Asia .....	4,459	5,038	5,610	4,744	5,228	5,493	5,783
19 Africa .....	2,335	2,380	1,936	1,561	1,605	1,389	1,389
20 All other .....	185	410	448	815	477	545	592

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.

2. Maturity is time remaining until maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks<sup>1</sup>

Billions of dollars, end of period

Area or country	1991	1992	1993		1994				1995		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1 Total.....	343.5	344.7	387.4	407.0 <sup>f</sup>	478.4 <sup>f</sup>	487.4 <sup>f</sup>	486.8 <sup>f</sup>	499.4 <sup>f</sup>	539.6 <sup>f</sup>	524.8 <sup>f</sup>	520.9 <sup>f</sup>
2 G-10 countries and Switzerland.....	137.5	131.3	152.0	161.8 <sup>f</sup>	180.8 <sup>f</sup>	175.3 <sup>f</sup>	183.8 <sup>f</sup>	193.0 <sup>f</sup>	208.3 <sup>f</sup>	200.2 <sup>f</sup>	197.9 <sup>f</sup>
3 Belgium and Luxembourg.....	.0	5.6	7.1	7.4	8.0	8.6	9.6	7.0	8.3	7.3	8.5
4 France.....	11.3	15.3	12.3	12.0	16.6	19.1	21.2	19.7	20.1	19.3	17.4
5 Germany.....	8.3	9.1	12.2	12.6	29.9	25.0	24.2	24.7 <sup>f</sup>	31.3 <sup>f</sup>	29.9 <sup>f</sup>	28.6 <sup>f</sup>
6 Italy.....	5.6	6.5	8.7	7.7 <sup>f</sup>	15.6	14.0	11.6	11.8	10.6	10.7	12.6
7 Netherlands.....	.0	2.8	3.7	4.7	4.1	3.6	3.5	3.6	3.6	4.3	3.9
8 Sweden.....	1.9	2.3	2.5	2.7	2.9	3.0	2.6	2.7	3.1	3.0	2.7
9 Switzerland.....	3.4	4.8	5.6	5.9	6.3	6.5	6.2	6.9	6.2	6.1	6.0
10 United Kingdom.....	68.4	59.7	73.9	84.4 <sup>f</sup>	70.0 <sup>f</sup>	65.0 <sup>f</sup>	78.4	85.7 <sup>f</sup>	89.9 <sup>f</sup>	86.6 <sup>f</sup>	82.5 <sup>f</sup>
11 Canada.....	5.8	6.3	9.7	6.8	7.8	9.7	10.0 <sup>f</sup>	9.8 <sup>f</sup>	10.7 <sup>f</sup>	10.8	11.7 <sup>f</sup>
12 Japan.....	22.2	18.8	16.4	17.6	19.6	20.7	16.5	21.0	24.5	22.1	24.0
13 Other industrialized countries.....	22.8	24.0	26.0	25.6 <sup>f</sup>	42.2 <sup>f</sup>	42.6 <sup>f</sup>	42.5 <sup>f</sup>	45.3 <sup>f</sup>	43.9	43.2	49.6
14 Austria.....	.6	1.2	.6	.4	1.0	1.0	1.0	1.1	.9	.7	1.2
15 Denmark.....	.9	.9	1.1	1.0	1.1	1.1	.9	1.2	1.6	1.1	1.6
16 Finland.....	.7	.7	.6	.4	1.0	.8	.8	1.0	1.1	.5	.7
17 Greece.....	2.6	3.0	3.2	3.2	3.8	4.6	4.3	4.5	4.9	5.0	5.1
18 Norway.....	1.4	1.2	2.1	1.7	1.6	1.6	1.6	2.0	2.4	1.8	2.3
19 Portugal.....	.6	.4	1.0	.8	1.2	1.1	1.0	1.2	1.0	1.2	1.7
20 Spain.....	8.3	8.9	9.3	9.9 <sup>f</sup>	13.2 <sup>f</sup>	12.6 <sup>f</sup>	14.0 <sup>f</sup>	13.6	14.1	13.3	13.3
21 Turkey.....	1.4	1.3	2.1	2.1	2.4	2.1	1.8	1.6	1.4	1.4	2.0
22 Other Western Europe.....	1.8	1.7	2.2	2.6	3.0	2.8	1.0	2.7	2.5	2.6	3.0
23 South Africa.....	1.9	1.7	1.2	1.1	1.2	1.2	1.2	1.0	1.4	1.4	1.3
24 Australia.....	2.7	2.9	2.8	2.3	12.7	13.7	15.0	15.4	12.6	14.3	17.4
25 OPEC <sup>2</sup> .....	14.5	15.8	14.8	17.4	22.9	21.6	21.6	23.9 <sup>f</sup>	19.5	20.3	22.3
26 Ecuador.....	.7	.6	.5	.5	.5	.4	.5	.5	.5	.7	.7
27 Venezuela.....	5.4	5.2	5.4	5.1	4.7	4.5 <sup>f</sup>	3.9	3.7	3.5	3.5	3.0
28 Indonesia.....	2.7	2.7	2.8	3.3	3.4	3.2	3.3	3.8	4.0	4.1	4.4
29 Middle East countries.....	4.2	6.2	4.9	7.4	13.2	12.4	13.0	15.0	10.7	11.4	13.5
30 African countries.....	1.5	1.1	1.1	1.2	1.1	1.1	1.0	.9	.7	.6	.6
31 Non-OPEC developing countries.....	64.3	72.6	77.4	83.0 <sup>f</sup>	94.2 <sup>f</sup>	94.5	93.0 <sup>f</sup>	95.9	98.4	103.6 <sup>f</sup>	103.5 <sup>f</sup>
Latin America.....											
32 Argentina.....	4.8	6.6	7.2	7.7	8.7	9.9	10.5	11.2	11.4	12.3	10.9
33 Brazil.....	9.6	10.8	11.7	12.0	12.7	12.0	9.3	8.4	9.2	10.0	13.1 <sup>f</sup>
34 Chile.....	3.6	4.4	4.7	4.7	5.1	5.1	5.5 <sup>f</sup>	6.1	6.4 <sup>f</sup>	7.1 <sup>f</sup>	6.4 <sup>f</sup>
35 Colombia.....	1.7	1.8	2.0	2.1	2.2	2.4	2.4	2.6	2.6	2.6	2.9
36 Mexico.....	15.5	16.0	17.5	17.6	18.8	18.4	19.6	18.4	17.8	17.6	16.3
37 Peru.....	.4	.5	.3	.4	.6	.6	.6	.5	.6	.8	.7
38 Other.....	2.1	2.6	2.7	3.1	2.8	2.7	2.8	2.7	2.4	2.6	2.6
Asia.....											
39 China.....											
40 People's Republic of China.....	.3	.7	.5	2.0	.8	.8	1.0	1.1	1.1	1.4	1.7
41 Republic of China (Taiwan).....	4.1	5.2	6.4	7.3	7.6	7.1	6.9	9.2	8.5	9.0	9.0
42 India.....	3.0	3.2	2.9	3.2	3.4	3.7	3.9	4.2	3.8	4.0	4.4
43 Israel.....	.5	.4	.4	.5	.4	.4	.4	.4	.6	.6	.5
44 Korea (South).....	6.8	6.6	6.5	6.7	14.1	14.3	14.4	16.2	16.9	18.7	18.0
45 Malaysia.....	2.3	3.1	4.1	4.4	5.2	5.2	3.9	3.1	3.9	4.1	4.3
46 Philippines.....	3.7	3.6	2.6	3.1	3.4	3.2	2.9	3.3	3.0	3.6	3.3
47 Thailand.....	1.7	2.2	2.8	3.1	3.0	3.3	3.5	2.1	3.3	3.8	3.9
48 Other Asia.....	2.4	3.1	3.4	3.1	3.1	3.2	3.4	4.7	4.9	3.5	3.6
Africa.....											
49 Egypt.....	.4	.2	.2	.4	.4	.5	.3	.3	.4	.4	.4
50 Morocco.....	.7	.6	.6	.7	.7	.7	.7	.6	.6	.9	.9
51 Zaire.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
52 Other Africa <sup>3</sup> .....	.7	1.0	.8	.8	1.0	.9	.9	.8	.7	.6	.7
53 Eastern Europe.....	2.4	3.1	3.0	3.2 <sup>f</sup>	3.4	3.0	3.0	2.7	2.3	1.8	3.4
54 Russia <sup>4</sup> .....	.9	1.9	1.7	1.6	1.5	1.2	1.1	.8	.6	.4	.6
55 Yugoslavia <sup>5</sup> .....	.9	.6	.6	.6	.5	.5	.5	.5	.4	.3	.4
56 Other.....	.7	.6	.7	.9	1.4	1.4	1.5	1.4	1.2	1.0	2.3
56 Offshore banking centers.....	53.8	58.1	67.9	72.5 <sup>f</sup>	78.7 <sup>f</sup>	80.4 <sup>f</sup>	76.8 <sup>f</sup>	71.9 <sup>f</sup>	85.0 <sup>f</sup>	83.4 <sup>f</sup>	84.3 <sup>f</sup>
57 Bahamas.....	11.9	6.9	12.7	10.8	13.7 <sup>f</sup>	13.3 <sup>f</sup>	13.8 <sup>f</sup>	10.6 <sup>f</sup>	13.1 <sup>f</sup>	8.1 <sup>f</sup>	10.4
58 Bermuda.....	2.3	6.2	5.5	8.9 <sup>f</sup>	8.9	6.5	6.0	8.4 <sup>f</sup>	8.7	8.5	6.3
59 Cayman Islands and other British West Indies.....	15.5	21.5	15.1	17.6 <sup>f</sup>	17.7 <sup>f</sup>	23.6 <sup>f</sup>	21.2 <sup>f</sup>	19.9 <sup>f</sup>	19.4 <sup>f</sup>	23.4 <sup>f</sup>	23.5 <sup>f</sup>
60 Netherlands Antilles.....	1.2	1.1	2.8	2.6	3.5	2.5	1.7	1.5 <sup>f</sup>	.9	2.5	5.5
61 Panama <sup>6</sup> .....	1.4	1.9	2.1	2.4	2.0	1.9	1.9	1.3	1.1	1.3	1.3
62 Lebanon.....	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong.....	14.3	13.9	19.1	18.7	19.7	21.8	20.3	19.9	22.4	23.1 <sup>f</sup>	23.7
64 Singapore.....	7.1	6.5	10.4	11.2	13.0	10.6	11.8	10.1	19.2	16.4	13.3
65 Other <sup>7</sup> .....	.0	.0	.0	.1	.0	.0	.0	.1	.0	.0	.1
66 Miscellaneous and unallocated <sup>8</sup> .....	47.9	39.7	46.2	43.4	55.9	69.7	65.8	66.7 <sup>f</sup>	82.0	72.1	59.6

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. As of December 1992, excludes Croatia, Bosnia and 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

Millions of dollars, end of period

Type of liability, and area or country	1991	1992	1993 <sup>f</sup>	1994			1995		
				June	Sept.	Dec.	Mar. <sup>f</sup>	June	Sept. <sup>p</sup>
1 Total	44,708	45,511	50,597	57,193 <sup>f</sup>	59,163 <sup>f</sup>	55,656 <sup>f</sup>	51,530	51,236	48,912
2 Payable in dollars	39,029	37,456	38,728	43,410 <sup>f</sup>	43,412 <sup>f</sup>	39,645 <sup>f</sup>	37,246	35,530	35,147
3 Payable in foreign currencies	5,679	8,055	11,869	13,783 <sup>f</sup>	15,751 <sup>f</sup>	16,011 <sup>f</sup>	14,284	15,706	13,765
<i>By type</i>									
4 Financial liabilities	22,518	23,841	29,226	35,256 <sup>f</sup>	37,973 <sup>f</sup>	34,301 <sup>f</sup>	31,118	30,545	27,476
5 Payable in dollars	18,104	16,960	18,545	23,461 <sup>f</sup>	24,091 <sup>f</sup>	20,165 <sup>f</sup>	18,047	16,277	15,111
6 Payable in foreign currencies	4,414	6,881	10,681	11,795 <sup>f</sup>	13,882 <sup>f</sup>	14,136 <sup>f</sup>	13,071	14,268	12,365
7 Commercial liabilities	22,190	21,670	21,371	21,937 <sup>f</sup>	21,190 <sup>f</sup>	21,355 <sup>f</sup>	20,412	20,691	21,436
8 Trade payables	9,252	9,566	8,802	9,911	9,550	10,005	9,844	10,527	10,061
9 Advance receipts and other liabilities	12,938	12,104	12,569	12,026 <sup>f</sup>	11,640 <sup>f</sup>	11,350 <sup>f</sup>	10,568	10,164	11,375
10 Payable in dollars	20,925	20,496	20,183	19,949 <sup>f</sup>	19,321 <sup>f</sup>	19,480 <sup>f</sup>	19,199	19,253	20,036
11 Payable in foreign currencies	1,265	1,174	1,188	1,988	1,869	1,875	1,213	1,438	1,400
<i>By area or country</i>									
<i>Financial liabilities</i>									
12 Europe	12,003	13,387	18,810	25,396 <sup>f</sup>	25,614 <sup>f</sup>	22,018 <sup>f</sup>	17,880	18,571	16,735
13 Belgium and Luxembourg	216	414	175	524	661	495	612	778	347
14 France	2,106	1,623	2,539	1,590	2,241	1,727	2,046	1,101	1,354
15 Germany	682	889	975	939	1,467	1,961	1,755	1,589	1,670
16 Netherlands	1,056	606	534	533	648	552	633	530	474
17 Switzerland	408	569	634	631	633	688	883	1,056	948
18 United Kingdom	6,528	8,610	13,332	19,962 <sup>f</sup>	18,649 <sup>f</sup>	15,858 <sup>f</sup>	11,103	12,486	10,876
19 Canada	292	544	859	698	618	629	1,817	893	797
20 Latin America and Caribbean	4,784	4,053	3,359	3,125	3,139	3,021	3,024	2,808	2,762
21 Bahamas	537	379	1,148	1,052	1,112	926	931	851	849
22 Bermuda	114	114	0	115	15	80	149	138	144
23 Brazil	6	19	18	18	7	207	58	58	111
24 British West Indies	3,524	2,850	1,533	1,297	1,344	1,160	1,231	1,118	1,018
25 Mexico	7	12	17	13	15	0	10	3	3
26 Venezuela	4	6	5	5	5	5	5	4	3
27 Asia	5,381	5,818	5,956	5,998 <sup>f</sup>	8,450 <sup>f</sup>	8,448 <sup>f</sup>	8,201	8,080	6,994
28 Japan	4,116	4,750	4,887	5,064 <sup>f</sup>	7,248 <sup>f</sup>	7,314 <sup>f</sup>	7,182	7,153	6,310
29 Middle Eastern oil-exporting countries <sup>1</sup>	13	19	23	24	31	35	27	25	25
30 Africa	6	6	133	9	133	135	156	151	149
31 Oil-exporting countries <sup>2</sup>	4	0	123	0	123	123	122	122	122
32 All other <sup>3</sup>	52	33	109	30	19	50	40	42	39
<i>Commercial liabilities</i>									
33 Europe	8,701	7,398	6,827	6,887 <sup>f</sup>	6,868 <sup>f</sup>	6,773 <sup>f</sup>	6,642	6,776	7,263
34 Belgium and Luxembourg	248	298	239	254	287	241	271	311	349
35 France	1,039	700	655	680 <sup>f</sup>	744 <sup>f</sup>	728 <sup>f</sup>	642	504	528
36 Germany	1,052	729	684	670	552	604	482	556	660
37 Netherlands	710	535	688	649	674	722	536	448	566
38 Switzerland	575	350	375	473	391	327	327	432	255
39 United Kingdom	2,297	2,505	2,039	2,309	2,350	2,444	2,848	2,902	3,351
40 Canada	1,014	1,002	879	1,070	1,068	1,037	1,235	1,146	1,219
41 Latin America and Caribbean	1,355	1,533	1,658	2,000	1,783	1,857	1,368	1,836	1,607
42 Bahamas	3	3	21	2	6	19	8	3	1
43 Bermuda	310	307	350	418	200	345	260	397	219
44 Brazil	219	209	214	215	147	161	96	107	143
45 British West Indies	107	33	27	24	33	23	29	12	5
46 Mexico	307	457	481	703	672	574	356	420	357
47 Venezuela	94	142	123	192	189	276	273	204	175
48 Asia	9,334	10,594	10,980	10,832 <sup>f</sup>	10,370 <sup>f</sup>	10,741 <sup>f</sup>	10,151	9,978	10,275
49 Japan	3,721	3,612	4,314	4,250 <sup>f</sup>	4,128 <sup>f</sup>	4,555 <sup>f</sup>	4,110	3,531	3,475
50 Middle Eastern oil-exporting countries <sup>1</sup>	1,498	1,889	1,534	1,835 <sup>f</sup>	1,663 <sup>f</sup>	1,576 <sup>f</sup>	1,787	1,790	1,647
51 Africa	715	568	453	510	468	428	463	481	589
52 Oil-exporting countries <sup>2</sup>	327	309	167	241	264	256	248	252	241
53 Other <sup>3</sup>	1,071	575	574	638	633	519	553	474	483

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.



## 3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1991	1992	1993 <sup>1</sup>	1994 <sup>1</sup>			1995		
				June	Sept.	Dec.	Mar. <sup>2</sup>	June	Sept. <sup>3</sup>
1 Total	45,262	45,073	49,159	52,510	54,833	57,888	52,218	58,030	53,616
2 Payable in dollars	42,564	42,281	45,161	48,003	50,460	53,805	48,425	54,145	49,935
3 Payable in foreign currencies	2,698	2,792	3,998	4,507	4,373	4,083	3,793	3,885	3,681
<i>By type</i>									
4 Financial claims	27,882	26,509	27,771	30,234	32,236	33,897	29,606	34,567	29,802
5 Deposits	20,080	17,695	15,717	17,824	19,118	18,507	17,115	22,021	17,889
6 Payable in dollars	19,080	16,872	15,182	17,203	18,502	18,026	16,458	21,349	17,345
7 Payable in foreign currencies	1,000	823	535	621	616	481	657	672	544
8 Other financial claims	7,802	8,814	12,054	12,410	13,118	15,390	12,491	12,546	11,913
9 Payable in dollars	6,910	7,890	10,862	11,057	11,903	14,306	11,275	11,388	10,690
10 Payable in foreign currencies	892	924	1,192	1,353	1,215	1,084	1,216	1,158	1,223
11 Commercial claims	17,380	18,564	21,388	22,276	22,597	23,991	22,612	23,463	23,814
12 Trade receivables	14,468	16,007	18,425	19,475	19,825	21,158	20,415	21,312	21,687
13 Advance payments and other claims	2,912	2,557	2,963	2,801	2,772	2,833	2,197	2,151	2,127
14 Payable in dollars	16,574	17,519	19,117	19,743	20,055	21,473	20,692	21,408	21,900
15 Payable in foreign currencies	806	1,045	2,271	2,533	2,542	2,518	1,920	2,055	1,914
<i>By area or country</i>									
<i>Financial claims</i>									
16 Europe	13,441	9,331	7,299	7,372	8,914	7,936	7,630	7,923	7,807
17 Belgium and Luxembourg	13	8	134	84	115	86	146	155	160
18 France	269	764	826	995	931	800	808	731	754
19 Germany	283	326	526	459	413	540	527	355	299
20 Netherlands	334	515	502	472	503	429	606	601	522
21 Switzerland	581	490	530	539	777	523	490	514	530
22 United Kingdom	11,534	6,252	3,585	3,673	5,023	4,649	4,040	4,787	4,895
23 Canada	2,642	1,833	2,032	3,470	3,812	3,581	3,848	3,705	3,525
24 Latin America and Caribbean	10,717	13,893	16,224	16,465	16,608	19,536	16,109	21,160	15,300
25 Bahamas	827	778	1,336	1,376	1,121	2,424	940	2,355	1,552
26 Bermuda	8	40	125	39	52	27	37	85	35
27 Brazil	351	686	654	466	411	520	528	502	851
28 British West Indies	9,056	11,747	12,699	13,390	13,694	15,228	13,531	17,013	11,769
29 Mexico	212	445	872	629	691	723	583	638	490
30 Venezuela	40	29	161	32	31	35	27	27	50
31 Asia	640	864	1,657	2,221	2,176	1,871	1,504	1,231	2,150
32 Japan	350	668	892	1,344	661	953	621	467	1,393
33 Middle Eastern oil-exporting countries <sup>1</sup>	5	3	3	1	19	141	4	3	4
34 Africa	57	83	99	185	197	373	141	138	188
35 Oil-exporting countries <sup>2</sup>	1	9	1	0	0	0	9	9	6
36 All other <sup>3</sup>	385	505	460	521	529	600	374	410	832
<i>Commercial claims</i>									
37 Europe	8,193	8,451	9,105	8,976	8,810	9,540	8,947	9,190	8,884
38 Belgium and Luxembourg	194	189	184	189	178	213	199	218	226
39 France	1,585	1,537	1,947	1,788	1,766	1,881	1,790	1,669	1,706
40 Germany	955	933	1,018	940	883	1,027	977	1,023	996
41 Netherlands	645	552	423	294	331	311	324	341	337
42 Switzerland	295	362	432	686	538	557	556	612	437
43 United Kingdom	2,086	2,094	2,377	2,445	2,505	2,556	2,388	2,459	2,501
44 Canada	1,121	1,286	1,781	1,875	1,906	1,988	2,010	2,003	2,001
45 Latin America and Caribbean	2,655	3,043	3,274	3,904	3,963	4,117	4,140	4,368	4,582
46 Bahamas	13	28	11	18	34	9	17	21	101
47 Bermuda	264	255	182	295	246	234	208	210	245
48 Brazil	427	357	460	500	471	612	695	777	745
49 British West Indies	41	40	71	67	49	83	55	83	175
50 Mexico	842	924	990	1,048	1,137	1,243	1,106	1,108	1,023
51 Venezuela	203	345	293	304	388	348	295	319	335
52 Asia	4,591	4,866	6,014	6,330	6,679	6,982	6,200	6,514	6,830
53 Japan	1,899	1,903	2,275	2,498	2,591	2,655	1,911	2,010	1,996
54 Middle Eastern oil-exporting countries <sup>1</sup>	620	693	704	642	617	708	689	707	778
55 Africa	430	554	493	480	447	454	468	478	546
56 Oil-exporting countries <sup>2</sup>	95	78	72	83	61	67	71	60	74
57 Other <sup>3</sup>	390	364	721	711	792	910	847	910	971

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

## 3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1993	1994	1995	1995						
			Jan. - Nov.	May	June <sup>r</sup>	July <sup>r</sup>	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>
			U.S. corporate securities							
STOCKS										
1 Foreign purchases .....	319,664	350,593 <sup>r</sup>	416,405	38,781 <sup>r</sup>	45,445	42,444	41,908	44,450	41,492	41,937
2 Foreign sales .....	298,086	348,716 <sup>r</sup>	407,337	36,099 <sup>r</sup>	43,218	40,009	39,366	44,218	42,860	39,071
3 Net purchases, or sales (-) .....	21,578	1,877 <sup>r</sup>	9,068	2,682	2,227	2,435	2,542	232	-1,368	2,866
4 Foreign countries .....	21,306	1,867 <sup>r</sup>	9,271	2,692	2,235	2,443	2,565	295	-1,328	2,877
5 Europe .....	10,658	6,714 <sup>r</sup>	3,819	381	-47	2,045	1,836	-1,319	1,647	954
6 France .....	-103	-201	-717	-66	-79	261	17	-126	-54	-58
7 Germany .....	1,642	2,110	-1,826	-528	-224	8	-104	-136	5	-131
8 Netherlands .....	-602	2,251	3,134	174	70	364	431	197	528	230
9 Switzerland .....	2,986	-30	-2,474	-476	-201	-20	-847	9	449	227
10 United Kingdom .....	4,559	840	6,724	1,382	240	1,445	2,330	-1,114	878	543
11 Canada .....	-3,213	-1,160	-1,342	75	-740	-425	-10	-197	-74	405
12 Latin America and Caribbean .....	5,719	-2,111 <sup>r</sup>	5,595	-26	1,651	881	1,811	752	-2,920	1,361
13 Middle East <sup>1</sup> .....	-321	-1,142	-485	-87	-99	-24	-5	-77	-8	-63
14 Other Asia .....	8,198	-1,234 <sup>r</sup>	1,620	2,013	1,358	107	-961	1,048	61	342
15 Japan .....	3,825	1,162 <sup>r</sup>	-3,956	86	-466	141	-1,076	-598	56	-406
16 Africa .....	63	29	3	41	15	-5	17	34	-17	-26
17 Other countries .....	202	771	61	295	97	-136	-123	54	-17	-96
18 Nonmonetary international and regional organizations .....	272	10	-203	-10	-8	-8	-23	-63	-40	-11
BONDS <sup>2</sup>										
19 Foreign purchases .....	283,824	289,586 <sup>r</sup>	269,992	22,830	27,939	23,911	24,742	27,212	26,367	31,382
20 Foreign sales .....	217,824	229,665	185,834	16,631 <sup>r</sup>	18,835	14,949	16,741	17,759	19,199	20,741
21 Net purchases, or sales (-) .....	66,000	59,921 <sup>r</sup>	84,158	6,199 <sup>r</sup>	9,104	8,962	8,001	9,453	7,168	10,641
22 Foreign countries .....	65,462	59,036 <sup>r</sup>	84,640	6,287 <sup>r</sup>	9,111	9,129	7,982	9,431	7,236	10,688
23 Europe .....	22,587	37,065 <sup>r</sup>	67,166	4,922 <sup>r</sup>	7,716	6,340	5,561	6,959	6,361	9,499
24 France .....	2,346	242	1,006	27	44	7	538	63	732	101
25 Germany .....	887	657	5,570	-17	667	51	1,163	916	113	894
26 Netherlands .....	-290	3,322	1,362	191	-59	557	45	203	204	219
27 Switzerland .....	-627	1,055	875	124	-130	317	-99	343	148	101
28 United Kingdom .....	19,686	31,642 <sup>r</sup>	54,955	4,742 <sup>r</sup>	7,006	5,063	3,775	4,511	4,542	6,739
29 Canada .....	1,668	2,958	2,388	277	159	169	415	349	139	20
30 Latin America and Caribbean .....	15,691	5,442	6,989	678	289	1,145	754	1,719	-61	1,426
31 Middle East <sup>1</sup> .....	3,248	771	1,682	-26	64	348	281	241	-246	188
32 Other Asia .....	20,846	12,153	5,952	426	785	1,189	919	139	1,126	-705
33 Japan .....	11,569	5,486	3,154	871	293	1,026	1,008	-371	645	-899
34 Africa .....	1,149	-7	148	-5	47	-13	64	23	-223	240
35 Other countries .....	273	654	315	15	51	-49	-12	1	140	20
36 Nonmonetary international and regional organizations .....	538	885	-482	-88	-7	-167	19	22	-68	-47
			Foreign securities							
37 Stocks, net purchases, or sales (-) .....	-62,691	-48,071 <sup>r</sup>	-45,385	-3,678 <sup>r</sup>	-4,409	-8,188	-5,904	-7,959	-5,496	-3,479
38 Foreign purchases .....	245,490	386,106 <sup>r</sup>	313,126	29,236 <sup>r</sup>	29,123	28,582	30,867	28,712	29,382	30,301
39 Foreign sales .....	308,181	434,177 <sup>r</sup>	358,511	32,914 <sup>r</sup>	33,532	36,770	36,771	36,671	34,878	33,780
40 Bonds, net purchases, or sales (-) .....	-80,377	-9,224 <sup>r</sup>	-40,766	-4,343 <sup>r</sup>	-7,378	-4,079	-3,755	-5,206	-6,993	-4,649
41 Foreign purchases .....	745,952	848,368 <sup>r</sup>	805,030	75,209 <sup>r</sup>	96,268	67,187	72,277	83,396	75,081	73,133
42 Foreign sales .....	826,329	857,592 <sup>r</sup>	845,796	79,552 <sup>r</sup>	103,646	71,266	76,032	88,602	82,074	77,782
43 Net purchases, or sales (-), of stocks and bonds .....	-143,068	-57,295 <sup>r</sup>	-86,151	-8,021 <sup>r</sup>	-11,787	-12,267	-9,659	-13,165	-12,489	-8,128
44 Foreign countries .....	-143,232	-57,815 <sup>r</sup>	-85,021	-8,025 <sup>r</sup>	-11,476	-12,048	-9,486	-13,220	-12,380	-7,784
45 Europe .....	-100,872	-3,516 <sup>r</sup>	-42,872	-7,568 <sup>r</sup>	-5,788	-7,955	-2,539	-2,928	-6,984	-5,926
46 Canada .....	-15,664	-7,475	-6,994	1 <sup>r</sup>	-1,427	-1,301	-851	-3,471	1,311	369
47 Latin America and Caribbean .....	-7,600	-18,334 <sup>r</sup>	-6,152	471	-513	-185	817	781	-3,883	-67
48 Asia .....	-15,159	-24,275 <sup>r</sup>	-28,532	-1,388	-2,942	-3,158	-7,250	-7,533	-2,115	-1,566
49 Africa .....	-185	-467	-283	-68	-67	-45	34	-117	5	19
50 Other countries .....	-3,752	-3,748 <sup>r</sup>	-188	527	-739	596	303	48	-714	-613
51 Nonmonetary international and regional organizations .....	164	520	-1,130	4	-311	-219	-173	55	-109	-344

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	1993	1994	1995	1995						
			Jan. — Nov.	May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
1 Total estimated .....	23,552	78,801 <sup>f</sup>	143,445	14,515 <sup>f</sup>	22,631 <sup>f</sup>	31,871 <sup>f</sup>	26,082	—11,072	4,819	15,307
2 Foreign countries .....	23,368	78,637 <sup>f</sup>	142,568	14,568	22,432 <sup>f</sup>	31,382	26,442	—11,002	4,650	14,936
3 Europe .....	—2,373	38,542 <sup>f</sup>	51,120	509	2,702 <sup>f</sup>	13,336	9,170	6,377	—4,608	821
4 Belgium and Luxembourg .....	1,218	1,098	420	—512	—148	—53	580	143	—25	81
5 Germany .....	—9,976	5,709	5,684	—4,129	—1,866	1,039	2,995	2,568	2,831	52
6 Netherlands .....	—515	1,254	1,510	40	1,078	883	—1,468	—1,915	160	833
7 Sweden .....	1,421	794	643	211	63	124	100	61	92	—30
8 Switzerland .....	—1,501	481	192	353	9	206	—515	818	174	—568
9 United Kingdom .....	6,197	23,365 <sup>f</sup>	39,155	5,203	1,396 <sup>f</sup>	7,315	7,950	5,570	—5,965	1,309
10 Other Europe and former U.S.S.R. ....	783	5,841 <sup>f</sup>	3,516	—657	2,170	3,822	—472	—868	—1,875	—856
11 Canada .....	10,309	3,491	44	201	433	720	—825	—2,284	—1,864	—43
12 Latin America and Caribbean .....	—4,561	—10,383 <sup>f</sup>	44,847	3,803	5,368	513	11,265	—5,299	17,453	13,496
13 Venezuela .....	390	—319	—63	—16	121	—114	—359	—524	—92	232
14 Other Latin America and Caribbean ..	—5,795	—20,493	20,442	2,425	5,158	1,034	5,364	1,171	3,033	3,723
15 Netherlands Antilles .....	844	10,429 <sup>f</sup>	24,468	1,394	89	—407	6,260	—5,946	14,512	9,541
16 Asia .....	20,582	47,317 <sup>f</sup>	44,162	9,845	12,605	16,490	7,322	—10,055	—6,879	—107
17 Japan .....	17,070	29,793 <sup>f</sup>	22,558	6,291	5,585	6,658	5,430	—4,021	—10,115	1,316
18 Africa .....	1,156	240	1,212	39	242	—1	—130	108	501	458
19 Other .....	—1,745	—570	1,183	171	1,082	324	—360	151	47	311
20 Nonmonetary international and regional organizations .....	184	164	877	—53 <sup>f</sup>	199 <sup>f</sup>	489 <sup>f</sup>	—360	—70	169	371
21 International .....	—330	526	356	356	—409	311	—140	—196	2	368
22 Latin American regional .....	653	—154	376	—532 <sup>f</sup>	623 <sup>f</sup>	105 <sup>f</sup>	—10	—6	185	—43
MEMO										
23 Foreign countries .....	23,368	78,637 <sup>f</sup>	142,568	14,568	22,432 <sup>f</sup>	31,382	26,442	—11,002	4,650	14,936
24 Official institutions .....	1,306	41,822	36,926	—1,736 <sup>f</sup>	10,861 <sup>f</sup>	16,780	—364	—4,525	5,705	—914
25 Other foreign .....	22,062	36,815 <sup>f</sup>	105,642	16,304 <sup>f</sup>	11,571 <sup>f</sup>	14,602	26,806	—6,477	—1,055	15,850
Oil-exporting countries										
26 Middle East <sup>2</sup> .....	—8,836	—38	4,160	—1,063	815	3,582	1,890	—50	—624	—826
27 Africa <sup>3</sup> .....	—5	0	2	0	1	0	0	0	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS<sup>1</sup>

Percent per year, averages of daily figures

Country	Rate on Dec. 31, 1995		Country	Rate on Dec. 31, 1995	
	Percent	Month effective		Percent	Month effective
Austria .....	3.0	Dec. 1995	Germany .....	3.0	Dec. 1995
Belgium .....	3.0	Dec. 1995	Italy .....	9.0	June 1995
Canada .....	5.79	Dec. 1995	Japan .....	.5	Sept. 1995
Denmark .....	4.25	Dec. 1995	Netherlands .....	2.75	Dec. 1995
France <sup>2</sup> .....	4.45	Dec. 1995	Switzerland .....	1.5	Dec. 1995

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES<sup>1</sup>

Percent per year, averages of daily figures

Type or country	1993	1994	1995	1995						1996
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Eurodollars .....	3.18	4.63	5.93	5.79	5.79	5.74	5.81	5.75	5.64	5.40
2 United Kingdom .....	5.88	5.45	6.63	6.73	6.74	6.71	6.69	6.61	6.42	6.31
3 Canada .....	5.14	5.57	7.14	6.69	6.62	6.66	6.66	6.02	5.91	5.58
4 Germany .....	7.17	5.25	4.43	4.46	4.35	4.09	4.00	3.91	3.82	3.51
5 Switzerland .....	4.79	4.03	2.94	2.77	2.79	2.67	2.15	1.98	1.94	1.65
6 Netherlands .....	6.73	5.09	4.30	4.14	4.02	3.85	3.88	3.73	3.58	3.20
7 France .....	8.30	5.72	6.43	6.31	5.81	5.86	6.73	5.74	5.47	4.56
8 Italy .....	10.09	8.45	10.43	10.93	10.45	10.36	10.74	10.65	10.58	10.05
9 Belgium .....	8.10	5.65	4.73	4.52	4.41	4.20	4.14	3.87	3.74	3.47
10 Japan .....	2.96	2.24	1.20	.91	.82	.56	.51	.54	.52	.55

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	1993	1994	1995	1995					1996
				Aug.	Sept.	Oct.	Nov.	Dec.	
1 Australia/dollar <sup>2</sup>	67.993	73.161	74.073	74.137	75.371	75.699	74.534	74.053	74.171
2 Austria/schilling	11.639	11.409	10.076	10.168	10.270	9.955	9.974	10.142	10.296
3 Belgium/franc	34.581	33.426	29.472	29.735	30.044	29.105	29.154	29.615	30.081
4 Canada/dollar	1.2902	1.3664	1.3725	1.3552	1.3509	1.3458	1.3534	1.3693	1.3669
5 China, P.R./yuan	5.7795	8.6404	8.3700	8.3253	8.3374	8.3353	8.3334	8.3350	8.3384
6 Denmark/krone	6.4863	6.3561	5.5999	5.6060	5.6587	5.4912	5.4923	5.5791	5.6618
7 Finland/markka	5.7251	5.2340	4.3763	4.3170	4.3754	4.2781	4.2489	4.3361	4.4510
8 France/franc	5.6669	5.5459	4.9864	4.9727	5.0352	4.9374	4.8882	4.9565	5.0117
9 Germany/deutsche mark	1.6545	1.6216	1.4321	1.4456	1.4601	1.4143	1.4173	1.4406	1.4635
10 Greece/drachma	229.64	242.50	231.68	232.38	235.65	232.65	234.16	238.06	240.91
11 Hong Kong/dollar	7.7357	7.7290	7.7357	7.7416	7.7368	7.7317	7.7338	7.7345	7.7329
12 India/rupee	31.291	31.394	32.418	31.592	33.310	34.656	34.710	34.966	35.812
13 Ireland/pound <sup>2</sup>	146.47	149.69	160.35	160.25	159.05	161.32	160.54	159.18	158.18
14 Italy/lira	1,573.41	1,611.49	1,629.45	1,607.18	1,613.41	1,605.69	1,592.67	1,593.88	1,584.87
15 Japan/yen	111.08	102.18	93.96	94.74	100.55	100.84	101.94	101.85	105.75
16 Malaysia/ringgit	2.5738	2.6237	2.5073	2.4813	2.5124	2.5324	2.5389	2.5399	2.5563
17 Netherlands/guilder	1.8585	1.8190	1.6044	1.6195	1.6354	1.5846	1.5877	1.6127	1.6388
18 New Zealand/dollar <sup>2</sup>	54.127	59.358	65.625	65.687	65.607	65.899	65.224	64.996	66.195
19 Norway/krone	7.1009	7.0553	6.3355	6.3438	6.3943	6.2397	6.2536	6.3579	6.4275
20 Portugal/escudo	161.08	165.93	149.88	149.88	152.11	148.94	148.68	151.03	151.90
21 Singapore/dollar	1.6158	1.5275	1.4171	1.4116	1.4331	1.4231	1.4128	1.4148	1.4211
22 South Africa/rand	3.2729	3.5526	3.6286	3.6402	3.6616	3.6502	3.6499	3.6632	3.6413
23 South Korea/won	805.75	806.93	772.82	768.88	772.04	767.20	769.78	771.31	787.13
24 Spain/peseta	127.48	133.88	124.64	123.45	125.41	122.51	121.81	122.53	123.38
25 Sri Lanka/rupee	48.211	49.170	51.047	51.227	52.547	52.539	53.199	53.808	53.874
26 Sweden/krona	7.7956	7.7161	7.1406	7.2383	7.1227	6.8301	6.6088	6.6393	6.7405
27 Switzerland/franc	1.4781	1.3667	1.1812	1.1962	1.1868	1.1453	1.1437	1.1631	1.1818
28 Taiwan/dollar	26.416	26.465	26.495	27.234	27.432	26.925	27.257	27.315	27.406
29 Thailand/baht	25.333	25.161	24.921	24.960	25.129	25.115	25.166	25.164	25.298
30 United Kingdom/pound <sup>2</sup>	150.16	153.19	157.85	156.68	155.90	157.79	156.25	154.05	152.88
MEMO									
31 United States/dollar <sup>3</sup>	93.18	91.32	84.25	84.59	85.69	84.10	84.14	85.07	86.23

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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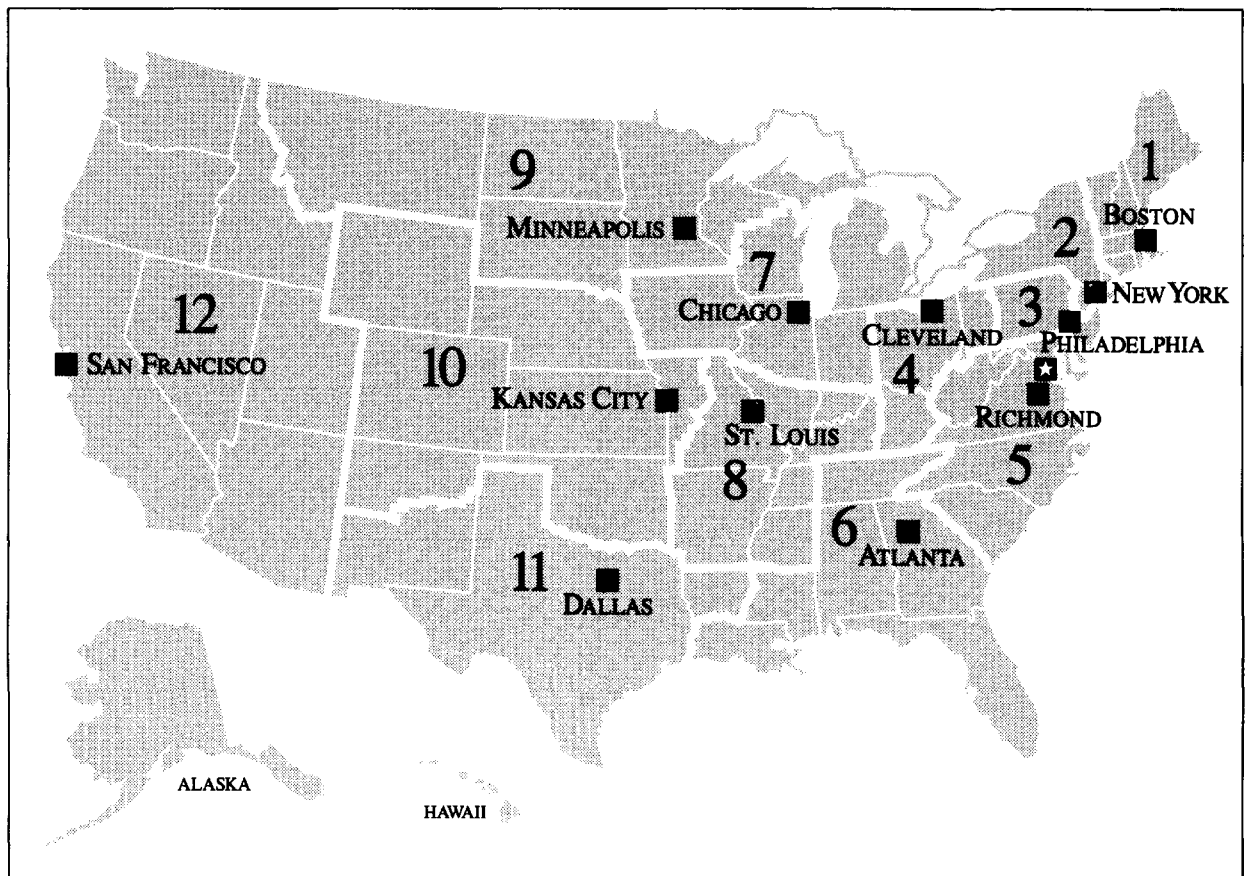
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## LEGEND

### *Both pages*

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### *Facing page*

- Federal Reserve Branch city
- Branch boundary

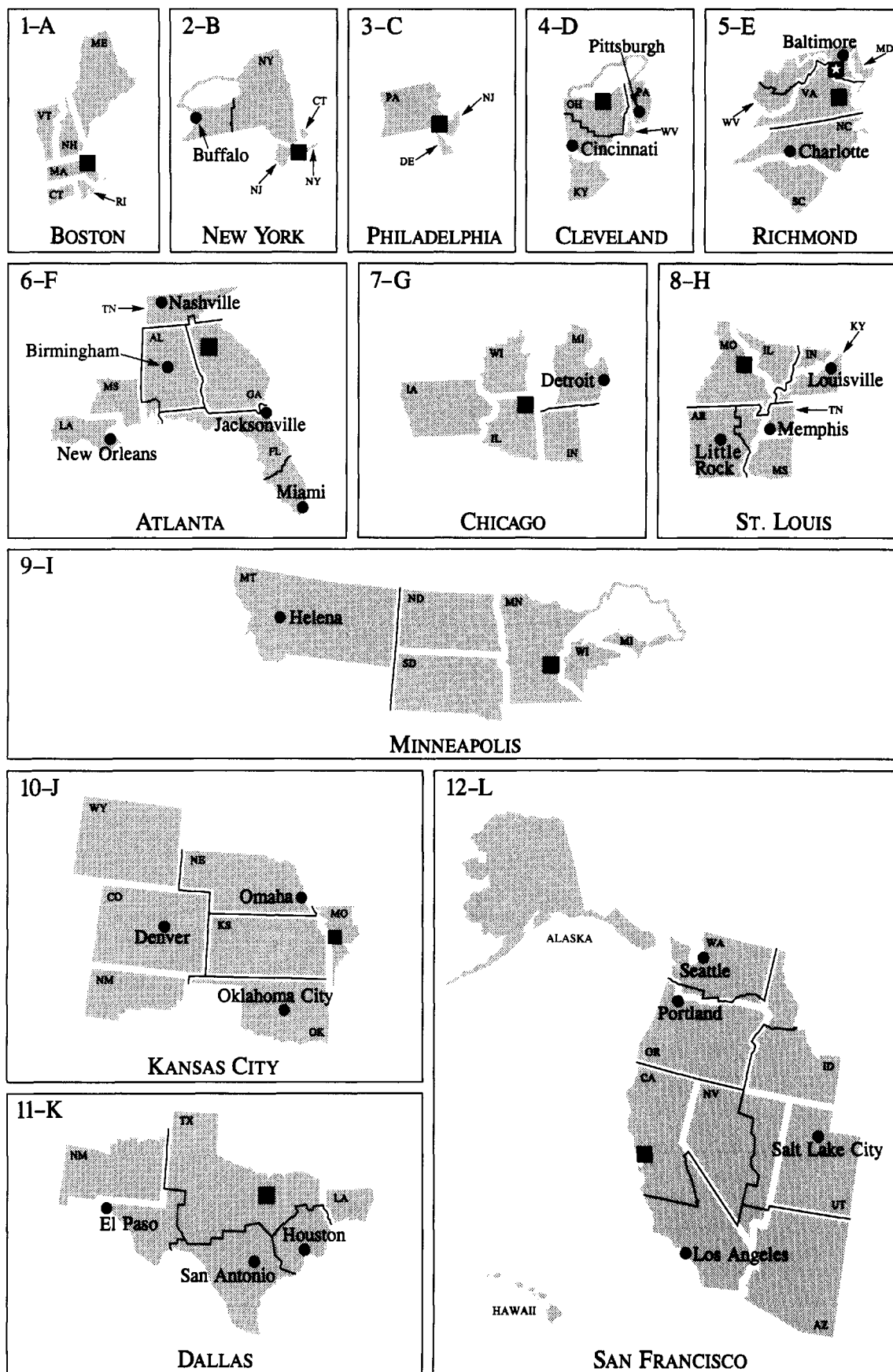
## NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth

of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.





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SAN FRANCISCO	94120	Judith M. Runstad James A. Vohs	Robert T. Parry Temporarily vacant	
Los Angeles	90051	Anita E. Landecker		John F. Moore <sup>3</sup>
Portland	97208	Ross R. Runkel		Raymond H. Laurence
Salt Lake City	84125	Gerald R. Sherratt		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema <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; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

1. Senior Vice President.
2. Assistant Vice President.
3. Executive Vice President.