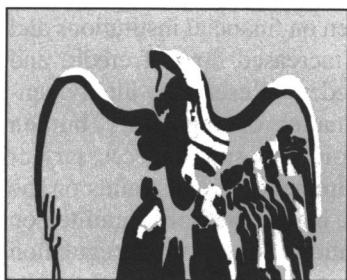

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Anatomy of the Medium-Term Note Market

Leland E. Crabbe of the Board's Division of Research and Statistics prepared this article. Joyce A. Payne, administrator of the Board's survey of issuers of medium-term notes, provided assistance. Michael Schoenbeck provided research assistance.

Over the past decade, medium-term notes (MTNs) have emerged as a major source of funding for U.S. and foreign corporations, federal agencies, supranational institutions, and sovereign countries. U.S. corporations have issued MTNs since the early 1970s. At that time, the market was established as an alternative to short-term financing in the commercial paper market and long-term borrowing in the bond market; thus the name "medium term." Through the 1970s, however, only a few corporations issued MTNs, and by 1981 outstandings amounted to only about \$800 million. In the 1980s, the U.S. MTN market evolved from a relatively obscure niche market dominated by the auto finance companies into a major source of debt financing for several hundred large corporations. In the 1990s, the U.S. market has continued to attract a diversity of new borrowers, and outside the United States, the Euro-MTN market has grown at a phenomenal rate. By year-end 1992, outstanding MTNs in domestic and international markets stood at an estimated \$283 billion (table 1).

1. Size of the worldwide medium-term note market, year-end 1992
Billions of dollars

Market sector	Amount outstanding, year-end 1992
Total	283
U.S. market	223
Public MTNs of U.S. corporations	176
Federal agency and others	16
Private placements	31
International markets	60
Euro-MTNs	50
Foreign domestic markets	10

SOURCES: Merrill Lynch & Co., Websters Communications International, Federal Reserve Board.

Most MTNs are noncallable, unsecured, senior debt securities with fixed coupon rates and investment-grade credit ratings. In these features, MTNs are similar to investment-grade corporate bonds. However, they have generally differed from bonds in their primary distribution process. MTNs have traditionally been sold on a best-efforts basis by investment banks and other broker-dealers acting as agents. In contrast to an underwriter in the conventional bond market, an agent in the MTN market has no obligation to underwrite MTNs for the issuer, and the issuer is not guaranteed funds. Also, unlike corporate bonds, which are typically sold in large, discrete offerings, MTNs are usually sold in relatively small amounts either on a continuous or on an intermittent basis.

Borrowers with MTN programs have great flexibility in the types of securities they may issue. As the market for MTNs has evolved, issuers have taken advantage of this flexibility by issuing MTNs with less conventional features. Many MTNs are now issued with floating interest rates or with rates that are computed according to unusual formulas tied to equity or commodity prices. Also, many include calls, puts, and other options. Furthermore, maturities are not necessarily "medium term"—they have ranged from nine months to thirty years and longer. Moreover, like corporate bonds, MTNs are now often sold on an underwritten basis, and offering amounts are occasionally as large as those of bonds. Indeed, rather than denoting a narrow security with an intermediate maturity, an MTN is more accurately defined as a highly flexible debt instrument that can easily be designed to respond to market opportunities and investor preferences.

The emergence of the MTN market has transformed the way that corporations raise capital and that institutions invest. In recent years, this transformation has accelerated because of the development of derivatives markets, such as swaps, options, and futures, that allow investors and borrowers to transfer risk to others in the financial system who have different risk preferences. A

growing number of transactions in the MTN market now involve simultaneous transactions in a derivatives market.

This article discusses the history and economics of the MTN market, analyzes statistics on MTNs collected by the Federal Reserve, and reviews recent developments in the U.S. and Euro-MTN markets.¹

BACKGROUND OF THE MTN MARKET²

General Motors Acceptance Corporation (GMAC) created the MTN market in the early 1970s as an extension of the commercial paper market. To improve their asset-liability management, GMAC and the other auto finance companies needed to issue debt with a maturity that matched that of their auto loans to dealers and consumers. However, underwriting costs made bond offerings with short maturities impractical, and maturities on commercial paper cannot exceed 270 days. The auto finance companies therefore began to sell MTNs directly to investors. In the 1970s, the growth of the market was hindered by illiquidity in the secondary market and by securities regulations requiring approval by the Securities and Exchange Commission (SEC) of any amendment to a registered public offering. The latter, in particular, increased the costs of issuance significantly because borrowers had to obtain the approval of the SEC each time they changed the posted coupon rates on their MTN offering schedule. To avoid this regulatory hurdle, some corporations sold MTNs in the private placement market.

In the early 1980s, two institutional changes set the stage for rapid growth of the MTN market. First, in 1981 major investment banks, acting as agents, committed resources to assist in primary

issuance and to provide secondary market liquidity. By 1984, the captive finance companies of the three large automakers had at least two agents for their MTN programs. The ongoing financing requirements of these companies and the competition among agents established a basis for the market to develop. Because investment banks stood ready to buy back MTNs in the secondary market, investors became more receptive to adding MTNs to their portfolio holdings. In turn, the improved liquidity and consequent reduction in the cost of issuance attracted new borrowers to the market.

Second, the adoption by the SEC of Rule 415 in March 1982 served as another important institutional change. Rule 415 permits delayed or continuous issuance of so-called shelf registered corporate securities. Under shelf registrations, issuers register securities that may be sold for two years after the effective date of the registration without the requirement of another registration statement each time new offerings are made. Thus, shelf registration enables issuers to take advantage of brief periods of low interest rates by selling previously registered securities on a moment's notice. In contrast, debt offerings that are not made from shelf registrations are subject to a delay of at least forty-eight hours between the filing with the SEC and the subsequent offering to the public.

The ability of borrowers to sell a variety of debt instruments with a broad range of coupons and maturities under a single prospectus supplement is another advantage of a shelf-registered MTN program. Indeed, a wide array of financing options have been included in MTN filings.³ For example, MTN programs commonly give the borrower the choice of issuing fixed- or floating-rate debt.⁴ Furthermore, several "global" programs allow for placements in the U.S. market or in the Euro-market. Other innovations that reflect the specific funding needs of issuers include MTNs collateralized by mortgages issued by thrift institutions,

1. The Federal Reserve Board conducts a survey of borrowing by U.S. corporations in the public MTN market, the largest sector of the worldwide market. The Federal Reserve collects these data to improve its estimates of new securities issues of U.S. corporations, as published in the *Federal Reserve Bulletin*, and to improve estimates of corporate securities outstanding, as shown in the flow of funds accounts.

2. Material in this and the next two sections was originally presented in "Corporate Medium-Term Notes," Leland Crabbe, *The Continental Bank Journal of Applied Corporate Finance*, vol. 4 (Winter 1992), pp. 90-102.

3. For example, MTNs have been callable, puttable, and extendible; they have had zero coupons, step-down or step-up coupons, or inverse floating rates; and they have been foreign currency denominated or indexed, and commodity indexed.

4. The most common indexes for floating-rate MTNs are the following: the London interbank offered rate (LIBOR), commercial paper, Treasury bills, federal funds, and the prime rate. MTN programs typically give the issuer the option of making floating-rate interest payments monthly, quarterly, or semiannually.

2. An offering rate schedule for a medium-term note program

Medium-term notes		Yield spread of MTN over Treasury securities (basis points)	Treasury securities	
Maturity range	Yield (percent)		Maturity	Yield (percent)
9 months to 12 months	(1)	(1)	9 months	3.35
12 months to 18 months	(1)	(1)	12 months	3.50
18 months to 2 years	(1)	(1)	18 months	3.80
2 years to 3 years	4.35	35	2 years	4.00
3 years to 4 years	5.05	55	3 years	4.50
4 years to 5 years	5.60	60	4 years	5.00
5 years to 6 years	6.05	60	5 years	5.45
6 years to 7 years	6.10	40	6 years	5.70
7 years to 8 years	6.30	40	7 years	5.90
8 years to 9 years	6.45	40	8 years	6.05
9 years to 10 years	6.60	40	9 years	6.20
10 years	6.70	40	10 years	6.30

1. No rate posted.

equipment trust certificates issued by railways, amortizing notes issued by leasing companies, and subordinated notes issued by bank holding companies. Another significant innovation has been the development of asset-backed MTNs, a form of asset securitization used predominantly to finance trade receivables and corporate loans. This flexibility in types of instruments that may be sold as MTNs, coupled with the market timing benefits of shelf registration, enables issuers to respond readily to changing market opportunities.

In the early and mid-1980s, when finance companies dominated the market, most issues of MTNs were fixed rate, noncallable, and unsecured, with maturities of five years or less. In recent years, as new issuers with more diverse financing needs have established programs, the characteristics of new issues have become less generic. For example, maturities have lengthened as industrial and utility companies with longer financing needs have entered the market. Indeed, frequent placements of notes with thirty-year maturities have made the designation "medium term" something of a misnomer.

MECHANICS OF THE MARKET

The process of raising funds in the public MTN market usually begins when a corporation files a shelf registration with the SEC.⁵ Once the SEC

declares the registration statement effective, the borrower files a prospectus supplement that describes the MTN program. The amount of debt under the program generally ranges from \$100 million to \$1 billion. After establishing an MTN program, a borrower may enter the MTN market continuously or intermittently with large or relatively small offerings. Although underwritten corporate bonds may also be issued from shelf registrations, MTNs provide issuers with more flexibility than traditional underwritings in which the entire debt issue is made at one time, typically with a single coupon and a single maturity.

The registration filing usually includes a list of the investment banks with which the corporation has arranged to act as agents to distribute the notes to investors. Most MTN programs have two to four agents. Having multiple agents encourages competition among investment banks and thus lowers financing costs. The large New York-based investment banks dominate the distribution of MTNs.

Through its agents, an issuer of MTNs posts offering rates over a range of maturities: for example, nine months to one year, one year to eighteen months, eighteen months to two years, and annually thereafter (see table 2). Many issuers post rates as a yield spread over a Treasury security of comparable maturity. The relatively attractive yield spreads posted at the maturities of three, four, and five years shown in table 2 indicate that the issuer desires to raise funds at these maturities. The investment banks disseminate this offering rate information to their investor clients. When an investor expresses interest in an MTN offering, the agent contacts the issuer to obtain a confirmation of

5. SEC-registered MTNs have the broadest market because they have no resale or transfer restrictions and generally fit within an investor's investment guidelines.

the terms of the transaction. Within a maturity range, the investor has the option of choosing the final maturity of the note sale, subject to agreement by the issuing company. The issuer will lower its posted rates once it raises the desired amount of funds at a given maturity. In the example in table 2, the issuer might lower its posted rate for MTNs with a five-year maturity to 40 basis points over comparable Treasury securities after it sells the desired amount of debt at this maturity. Of course, issuers also change their offering rate scales in response to changing market conditions. Issuers may withdraw from the market by suspending sales or, alternatively, by posting narrow offering spreads at all maturity ranges. The proceeds from primary trades in the MTN market typically range from \$1 million to \$25 million, but the size of transactions varies considerably.⁶ After the amount of registered debt is sold, the issuer may "reload" its MTN program by filing a new registration with the SEC.

Although MTNs are generally offered on an agency basis, most programs permit other means of distribution. For example, MTN programs usually allow the agents to acquire notes for their own account and for resale at par or at prevailing market prices. MTNs may also be sold on an underwritten basis. In addition, many MTN programs permit the borrower to bypass financial intermediaries by selling debt directly to investors.

THE ECONOMICS OF MTNS AND CORPORATE BONDS

In deciding whether to finance with MTNs or with bonds, a corporate borrower weighs the interest

6. Financing strategies vary among the borrowers. Some corporate treasurers prefer to "go in for size" on one day with financings in the \$50 million to \$100 million range, reasoning that smaller offerings are more time consuming. Furthermore, a firm may be able to maintain a "scarcity value" for its debt by financing intermittently with large offerings, rather than continuously with small offerings. Other treasurers prefer to raise \$50 million to \$100 million over the course of several days with \$2 million to \$10 million drawdowns. These corporate treasurers argue that a daily drawdown of \$50 million is an indication that they should have posted a lower offering rate. In regard to the posting of offering rates, some treasurers post an absolute yield, while others post a spread over Treasuries, usually with a cap on the absolute yield. A few active borrowers typically post rates daily in several maturity sectors; less active borrowers post only in the maturity sector in which they seek financing and suspend postings when they do not require funds.

cost, flexibility, and other advantages of each security.⁷ The growth of the MTN market indicates that MTNs offer advantages that bonds do not. However, most companies that raise funds in the MTN market have also continued to issue corporate bonds, suggesting that each form of debt has advantages under particular circumstances.

Offering Size, Liquidity, and Price Discrimination

The amount of the offering is the most important determinant of the cost differential between the MTN and corporate bond markets. For large, standard financings (such as \$300 million of straight debt with a ten-year maturity) the all-in interest cost to an issuer of underwritten corporate bonds may be lower than the all-in cost of issuing MTNs. This cost advantage arises from economies of scale in underwriting and, most important, from the greater liquidity of large issues. As a result, corporations that have large financing needs for a specific term usually choose to borrow with bonds. From an empirical point of view, the liquidity premium, if any, on small offerings has yet to be quantified. Nevertheless, the sheer volume of financing in the MTN market suggests that any liquidity premium that may exist for small offer-

7. Apart from the distribution process, MTNs have several less significant features that distinguish them from underwritten corporate bonds. First, MTNs are typically sold at par, while traditional underwritings are frequently sold at slight discounts or premiums to par. Second, the settlement for MTNs is in same-day funds, whereas corporate bonds generally settle in next-day funds. Although MTNs with long maturities typically settle five business days after the trade date (as is the convention in the corporate bond market), MTNs with short maturities sometimes have a shorter settlement period.

Finally, semiannual interest payments to noteholders are typically made on a fixed cycle without regard to the offering date or the maturity date of the MTN; in contrast, corporate bonds typically pay interest on the first or fifteenth day of the month at six-month and annual intervals from the date of the offering. The interest payment convention in the MTN market usually results in a short or a long first coupon and in a short final coupon. Consider, for example, an MTN program that pays interest on March 1 and September 1 and at maturity of the notes. A \$100,000 MTN sold on May 1 with a 9 percent coupon and a fifteen-month maturity from such a program would distribute a "short" first coupon of \$3,000 on September 1, a full coupon of \$4,500 on March 1, and a "short" final coupon of \$3,750 plus the original principal on August 1 of the following year. Like corporate bonds, interest on fixed-rate MTNs is calculated on the basis of a 360-day year of twelve 30-day months.

ings is not a significant deterrent to financing. According to market participants, the interest cost differential between the markets has narrowed in recent years as liquidity in the MTN market has improved. Many borrowers estimate that the premium is now only about 5 to 10 basis points.⁸

Furthermore, many borrowers believe that financing costs are slightly lower in the MTN market because its distribution process allows borrowers to price discriminate. Consider a stylized example of a company that needs to raise \$100 million. With a bond offering, the company may have to raise the offering yield significantly, for example, from 6 percent to 6.25 percent, to place the final \$10 million with the marginal buyer. In contrast, with MTNs the company could raise \$90 million by posting a yield of 6 percent; to raise the additional \$10 million, the company could increase its MTN offering rates or issue at a different maturity. Consequently, because all of the debt does not have to be priced to the marginal buyer, financing costs can be lower with MTNs.

The Flexibility of MTNs

Even if conventional bonds enjoy an interest cost advantage, this advantage may be offset by the flexibility that MTNs afford. Offerings of investment-grade straight bonds are clustered at standard maturities of two, three, five, seven, ten, and thirty years. Also, because the fixed costs of underwritings make small offerings impractical, corporate bond offerings rarely amount to less than \$100 million. These institutional conventions impede corporations from implementing a financing policy of matching the maturities of assets with those of liabilities. By contrast, drawdowns from MTN programs over the course of a month typically amount to \$30 million, and these drawdowns frequently have different maturities and special features that are tailored to meet the needs of the borrower. This flexibility of the MTN market allows companies to match more closely the maturities of assets and liabilities.

8. Commissions to MTN agents typically range from 0.125 percent to 0.75 percent of the principal amount of the note sale, depending on the stated maturity and the credit rating assigned at the time of issuance. Fees to underwriters of bond offerings are somewhat higher.

The flexibility of continuous offerings also plays a role in a corporation's decision to finance with MTNs. With MTNs, a corporation can "average out" its cost of funds by issuing continuously rather than coming to market on a single day. Therefore, even if bond offerings have lower average yields, a risk-averse borrower might still elect to raise funds in the MTN market with several offerings in a range of \$5 million to \$10 million over several weeks, rather than with a single \$100 million bond offering.

The flexibility of the MTN market also allows borrowers to take advantage of funding opportunities. By having an MTN program, an issuer can raise a sizable amount of debt in a short time; often, the process takes less than half an hour. Bonds may also be sold from a shelf registration, but the completion of the transaction may be delayed by the arrangement of a syndicate, the negotiation of an underwriting agreement, and the "pre-selling" of the issue to investors. Furthermore, some corporations require that underwritten offerings receive prior approval by the president of the company or the board of directors. In contrast, a corporate treasurer may finance with MTNs without delay and at his or her discretion.⁹

Discreet Funding with MTNs

The MTN market also provides corporations with the ability to raise funds discreetly because the issuer, the investor, and the agent are the only market participants that have to know about a primary transaction. In contrast, the investment community obtains information about underwritten bond offerings from a variety of sources.

Corporations often avoid the bond market in periods of heightened uncertainty about interest rates and the course of the economy, such as the period after the 1987 stock market crash. Underwritings at such times could send a signal of finan-

9. The administrative costs may be lower with MTNs than with bonds. After the borrower and the investor have agreed to the terms of a transaction in the MTN market, the borrower files a one-page pricing supplement with the SEC, stating the sale date, the rate of interest, and the maturity date of the MTN. In contrast, issuers of corporate bonds sold from shelf registrations are required to file a prospectus supplement.

cial distress to the market. Similarly, corporations in distressed industries, such as commercial banking in the second half of 1990, can use the MTN market to raise funds quietly rather than risk negative publicity in the high profile bond market. Thus, during periods of financial turmoil, the discreet nature of the MTN market makes it an attractive alternative to the bond market.

"Reverse Inquiry" in the MTN market

Another advantage of MTNs is that investors often play an active role in the issuance process through the phenomenon known as "reverse inquiry." For example, suppose an investor desires to purchase \$15 million of A-rated finance company debt with a maturity of six years and nine months. While such a security may not be available in the corporate bond market, the investor may be able to obtain it in the MTN market through reverse inquiry. In this process, the investor relays the inquiry to an issuer of MTNs through the issuer's agent. If the issuer finds the terms of the reverse inquiry sufficiently attractive, it may agree to the transaction even if it was not posting rates at the maturity that the investor desires.

According to market participants, trades that stem from reverse inquiries account for a significant share of MTN transactions. Reverse inquiry not only benefits the issuer by reducing borrowing costs but also allows investors to use the flexibility of MTNs to their advantage. In response to investor preferences, MTNs issued under reverse inquiry often include embedded options and frequently pay interest according to unusual formulas. This responsiveness of the MTN market to the needs of investors is one of the most important factors driving the growth and acceptance of the market.

THE FEDERAL RESERVE BOARD'S SURVEY OF U.S. CORPORATE MTNS

The Federal Reserve surveys U.S. corporations with MTN programs. These companies provide data on a confidential basis on the amount of MTNs they issue; respondents report monthly, quarterly, or annually depending on how active they are in the market. At year-end, all MTN issuers are asked to

provide data on the amount of their outstandings. The data on gross issuance begin in January 1983, and the data on outstandings have been collected since year-end 1989. The Federal Reserve obtains information on new programs from announcements of SEC Rule 415 registrations and contacts with MTN agents.

Because the participation rate in the Federal Reserve survey is 100 percent, it provides an accurate measure of the volume of MTN financing by U.S. corporations in the U.S. public market. However, while the U.S. corporate sector is the largest segment of the MTN market, MTNs have been issued in other markets and by non-U.S. corporations. For example, several U.S. corporations have issued MTNs in the Euro-market. Also, the survey does not include MTNs issued in the U.S. public market by government-sponsored agencies, such as the Federal National Mortgage Association, by supranational institutions, and by non-U.S. corporations. Furthermore, although the database includes MTNs issued by bank holding companies, it does not include deposit notes and bank notes offered by banks because these securities are exempt from SEC registration. Perhaps most important, the database does not include privately placed MTNs. The private placement market is particularly attractive to issuers who wish to gain access to U.S. investors without having to obtain SEC approval for a public offering. According to MTN agents, non-U.S. corporations are the largest borrowers in the market for privately placed MTNs. Because the financing costs are usually lower in the public market than in the less liquid private market, most U.S. corporations choose to issue public, SEC-registered MTNs.

Issuance Volume and Industry of the Issuers

From 1983 through 1992, the volume of MTN issuance in the public market increased in each year, rising from \$5.5 billion in 1983 to \$74.2 billion in 1992, and totaled \$330 billion over the ten-year period (table 3). Similarly, the number of borrowers increased from 12 in 1983 to 208 in 1992, and totalled 402 corporations for the period (table 3).

Borrowers in the MTN market span a wide array of industry groups. In the financial sector, major borrowers include auto finance companies, bank

3. Gross borrowing by U.S. corporations in the U.S. medium-term note market, 1983-92

Type of issuer	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	Total, 1983-92
Amounts in million of dollars											
All U.S. Corporations	5,459	10,252	13,488	19,811	23,153	30,676	34,008	46,617	71,918	74,162	329,543
Financial	5,431	9,896	12,175	16,715	20,338	22,232	26,294	29,936	45,773	50,551	239,341
Auto finance companies	4,750	6,800	6,688	8,854	9,930	6,699	8,575	9,874	12,380	13,450	88,000
Banking Firms	75	885	1,991	2,120	2,258	3,795	3,610	3,162	11,157	6,553	35,606
Finance companies ¹	591	2,111	2,624	3,038	4,674	6,562	8,500	12,289	14,802	18,656	73,847
Real estate, insurance and other financial companies	0	0	0	152	384	677	900	1,186	1,027	1,084	5,410
Savings and loans	0	90	307	1,404	1,396	2,651	2,312	25	0	67	8,252
Securities brokers	15	10	565	1,148	1,695	1,848	2,397	3,399	6,408	10,741	28,227
Nonfinancial corporations	28	356	1,313	3,095	2,815	8,444	7,713	16,681	26,145	23,610	90,202
Electric, gas and water	0	0	143	344	494	1,485	2,706	3,221	5,143	7,535	21,069
Manufacturing	0	163	848	2,103	1,064	2,593	2,570	6,497	12,503	9,130	37,471
Services	20	186	191	535	691	1,926	961	1,237	2,409	1,747	9,901
Telephone and communication	0	0	0	0	189	514	84	1,221	1,373	1,635	5,015
Transportation, mining, and construction	0	0	25	38	81	752	578	1,933	1,800	1,018	6,225
Wholesale and retail trade ...	8	8	107	75	296	1,175	815	2,573	2,918	2,546	10,520
Number of issuers											
All U.S. corporations	12	34	52	72	86	132	138	165	223	208	402
Financial	10	29	41	50	61	80	72	65	76	65	155
Nonfinancial	2	5	11	22	25	52	66	100	147	143	247
Number of new issuers	12	22	23	30	42	59	50	56	66	42	402
Financial	10	19	15	15	27	26	14	11	11	7	155
Nonfinancial	2	3	8	15	15	33	36	45	55	35	247

1. Other than auto finance companies.

holding companies, business and consumer credit institutions, and securities brokers. In the nonfinancial sector, participants in the MTN market include utilities, telephone companies, manufacturers, service firms, and wholesalers and retailers. Within industry groups, the auto finance companies have been the heaviest borrowers, raising \$88 billion over the period. In relative terms, however, issuance by auto finance companies declined from an 87 percent share of the MTN market in 1983 to 18 percent in 1992.

In the early to mid-1980s, financial companies dominated the MTN market. Indeed, in 1983, only two nonfinancial companies issued MTNs, and they accounted for less than 1 percent of the issuance volume. In recent years, however, nonfinancial companies have increased their share of the market, and from 1990 through 1992, they accounted for about one-third of MTN issuance.

The increase in the volume of MTN issuance reflects a dramatic increase in the number of new borrowers in the market. In each year from 1984 through 1992, at least twenty companies issued

MTNs for the first time, and most of the new entrants have been nonfinancial companies. In 1991, for example, sixty-six new borrowers entered the market, of which fifty-five were nonfinancial companies. As a result of this trend, in each year beginning in 1990, the total number of nonfinancial firms issuing MTNs has exceeded the total number of financial issuers.

The Volume of Corporate MTNs Outstanding and the Components of Net Borrowing

Outstanding MTNs and issuer use of MTN programs have increased sharply since 1989. In the aggregate, outstanding MTNs increased from \$76 billion in 1989 to \$176 billion in 1992 (table 4). Over this period, outstandings of nonfinancial firms increased from \$18.5 billion to \$67.6 billion, while outstandings of financial corporations increased from \$57.5 billion to \$108.2 billion. For individual firms, outstandings of MTNs averaged \$504 million in 1992, compared with \$350 million in 1989.

4. Medium-term notes outstanding, 1989–92
Millions of dollars

Market sector	Year-end			
	1989	1990	1991	1992
Total outstanding	76,016	100,040	142,316	175,782
Financial	57,505	69,146	89,823	108,180
Nonfinancial	18,511	30,894	52,493	67,602
Average outstanding ...	350	383	453	504
Financial	504	591	788	925
Nonfinancial	180	215	262	291

The data on net borrowing, that is, the year-over-year change in outstandings, can be dissected to determine the sources of growth in the market. For the market as a whole, new entrants accounted for about one-third of net borrowing in 1990, one-fourth of net borrowing in 1991, and less than one-fifth in 1992 (table 5). Thus, firms that had already issued MTNs accounted for most of the recent growth in the market. In the financial sector, in particular, new entrants accounted for only a small proportion of the growth, simply because a large share of the financial firms that could enter the MTN market did so in the 1980s. Among nonfinancial firms, in contrast, new entrants have continued to fuel a significant share of the growth in the market.

Credit Ratings

The corporations issuing MTNs have had high credit ratings. Since 1983, more than 99 percent of MTNs have been rated investment grade (Baa or higher) at the time of issuance (table 6). In 1992, \$51 billion of the \$74 billion in MTN offerings were rated single A, and six firms, issuing a total of \$540 million, had Ba ratings. Outstanding MTNs also tend to have high credit ratings, but not as high

5. Analysis of net borrowing in the corporate medium-term note market, 1990–92
Millions of dollars

Net borrowing, by type of borrower	Year over year		
	1990	1991	1992
Total net borrowing			
All U.S. corporations	24,024	42,275	33,466
Financial	11,641	20,677	18,357
Nonfinancial	12,382	21,599	15,109
Net borrowing by new entrants			
All U.S. corporations	8,070	9,711	5,983
Financial	2,341	1,926	526
Nonfinancial	5,729	7,785	5,457
Net borrowing by existing issuers			
All U.S. corporations	15,953	32,565	27,482
Financial	9,300	18,751	17,831
Nonfinancial	6,653	13,814	9,652
MEMO: Ratio of net borrowing by new entrants to total net borrowing			
All U.S. corporations	.336	.230	.179
Financial	.201	.093	.029
Nonfinancial	.463	.360	.361

as the ratings on new offerings because of the preponderance of rating downgrades in recent years. Nevertheless, 98 percent of outstanding MTNs were rated investment grade at year-end 1992 (table 7).

Maturities and Yield Spreads

Maturities on MTNs reflect the financing needs of the borrowers. Financial firms tend to issue MTNs with maturities matched to the maturity of loans made to their customers. Consequently, in the financial sector, maturities are concentrated in a range of one to five years, and only a small proportion are longer than ten years (chart 1). Nonfinancial firms, in contrast, often use MTNs to finance long-lived assets, such as plant and equipment. As a result, maturities on MTNs issued by nonfinan-

6. Ratings distribution of medium-term note issuance, 1983–92
Millions of dollars

Ratings by Moody's Investors Service	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	Total issuance, 1983–92
Aaa	0	90	124	789	1,585	2,651	2,745	1,635	4,250	2,966	16,834
Aa	2,693	5,236	7,740	10,117	11,908	10,129	9,722	14,920	5,441	6,381	84,288
A	883	3,829	4,426	6,607	7,469	11,735	16,333	23,731	51,489	50,513	177,015
Baa	1,883	216	1,198	1,799	1,919	5,596	5,098	6,331	10,593	13,762	48,395
Ba	0	882	0	498	273	565	109	0	145	540	3,011
B	0	0	0	0	0	0	0	0	1	0	1

7. Ratings distribution of medium-term notes outstanding, 1989–92

Millions of dollars

Ratings by Moody's Investors Service	Year-end outstandings				Net change		
	1989	1990	1991	1992	1990	1991	1992
Aaa	5,918	5,416	6,715	6,077	-502	1,299	-638
Aa	23,069	30,879	8,753	13,137	7,809	-22,126	4,384
A	35,208	45,874	100,757	89,205	10,666	54,883	-11,552
Baa	9,491	16,675	22,827	64,009	7,184	6,152	41,182
Ba	1,448	1,066	2,556	2,851	-381	1,490	295
B	112	20	183	53	-92	163	-130
Caa or lower	770	110	525	450	-660	415	-75

cial corporations cover a wider range, and in 1992, 25 percent to 30 percent were longer than ten years.

Yields on fixed-rate MTNs, commonly quoted as a yield spread over a Treasury security of comparable maturity, reflect the credit risk of the borrower. Other factors held constant, Baa-rated MTNs have higher yield spreads than A-rated MTNs, which in turn have higher yield spreads than Aa-rated MTNs (chart 2). Yield spreads also vary over time, particularly over the course of the business cycle. Spreads on A-rated MTNs increased from 60 basis points over Treasury securities in July 1990, a cyclical trough, to 140 basis points in January 1991.¹⁰

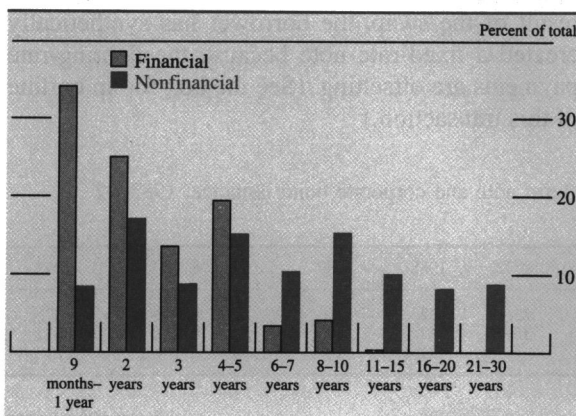
10. These yield spreads are estimated using the model presented in Leland E. Crabbe and Christopher M. Turner, "A Dynamic Linear Model of the Determinants of Yield Spreads on Fixed-Income Securities," (Board of Governors of the Federal Reserve System, working paper, June 1993).

The Relative Size of the MTN market

The MTN market accounts for a significant share of borrowing by U.S. corporations. One measure of the size of the market is the ratio of outstanding MTNs to the amount of outstanding public debt (MTNs plus public corporate bonds). According to this definition of market share, MTNs accounted for 16 percent of public corporate debt in 1992, compared with 9 percent in 1989 (table 8). This ratio understates the size of the MTN market, however, because the market is still relatively new, and outstandings are growing rapidly.

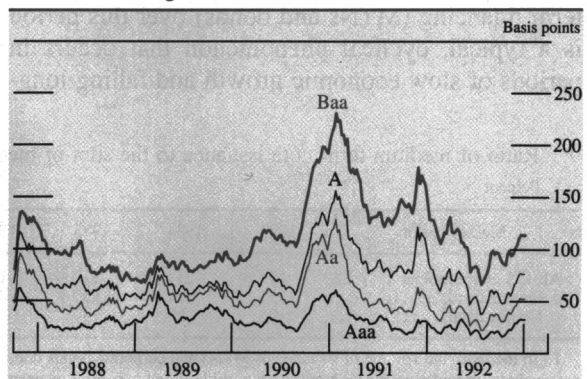
An alternative measure of the size of the market is the volume of investment-grade MTN issuance as a percentage of total investment-grade debt issuance (MTNs plus underwritten straight bonds). By this definition, the share of investment-grade debt issued as MTNs rose from 18 percent in 1983 to a peak of 42 percent in 1990 (table 9). In 1992, the

1. Distribution of maturities of corporate medium-term notes, 1992



SOURCE: Merrill Lynch.

2. Yield spreads between two-year medium-term notes of financial companies and two-year Treasury notes, selected ratings, October 1987–December 1992



Data are weekly.

8. Ratio of medium-term notes outstanding to the sum of medium-term notes and corporate bonds outstanding, 1989–92

Percent

Market sector	1989	1990	1991	1992
All U.S. corporate MTNs and bonds	9	11	14	16
Financial	28	31	33	32
Nonfinancial	3	5	7	9
All U.S. corporate MTNs and bonds with investment-grade ratings	12	14	17	19
Financial	29	34	34	33
Nonfinancial	4	6	9	11

SOURCE: For corporate bond outstandings, Moody's Investors Service. Both Moody's and Federal Reserve figures exclude private placements, asset-backed securities, bonds issued by federal agencies, Eurobonds, and Yankee bonds. Moody's figures include convertible bonds.

ratio fell to 37 percent, a decline that mainly reflects the heavy volume of refinancing in the corporate bond market, especially in the nonfinancial sector. This ratio of debt issuance may overestimate the size of the MTN market because MTNs typically have shorter maturities than corporate bonds.

MTNs represent an increasingly important source of credit to nonfinancial corporations, as companies have shifted funding from alternative credit markets. In general, nonfinancial corporations that borrow in the MTN market have access to other major credit markets: corporate bonds, commercial paper, bank loans, and privately placed bonds. From 1989 through 1992, net borrowing by nonfinancial corporations in the MTN market increased \$49 billion, while borrowing in the other four markets increased an estimated \$102 billion (table 10). Notably, corporate borrowing in the public bond market rose \$100 billion, while borrowing at banks fell \$35 billion. The shift to long-term financing (MTNs and bonds) over this period is a typical, cyclical phenomenon that occurs in periods of slow economic growth and falling long-

term interest rates. However, some of the growth of the MTN market reflects a secular decline in the role of banks as financial intermediaries.

RECENT DEVELOPMENTS IN THE MTN MARKET

In recent years several changes have occurred in the MTN market as a result of innovations in other capital markets. Among the most important changes in the MTN market are the increasing use of "structured" MTNs, the increasing participation by banking organizations in the market, and the development of a system for book-entry clearing and settlement of MTN transactions. Also, foreign corporations have begun to use the MTN market more frequently since the adoption of SEC Rule 144A in April 1990.

Structured MTNs

In recent years, an increasing share of MTNs have been issued as part of structured transactions. In a structured MTN, a corporation issues an MTN and simultaneously enters into one or several swap agreements to transform the cash flows that it is obligated to make. The simplest type of structured MTN involves a "plain vanilla" interest rate swap. In such a financing, a corporation might issue a three-year, floating-rate MTN that pays LIBOR plus a premium semiannually. At the same time, the corporation negotiates a swap transaction in which it agrees to pay a fixed rate of interest semiannually for three years in exchange for receiving LIBOR from a swap counterparty. As a result of the swap, the borrower has synthetically created a fixed-rate note because the floating-rate payments are offsetting. (See the box for an outline of this transaction.)

9. Ratio of medium-term note issuance to the sum of medium-term note and corporate bond issuance, 1983–92
- Percent

Market sector	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
All U.S. corporations	18	21	17	15	23	32	33	42	41	37
Financial	35	35	35	31	36	42	44	58	57	58
Nonfinancial	0	2	3	4	7	21	18	28	27	21

1. In the ratio, the volume of issuance of MTNs and corporate bonds does not include speculative-grade bonds, convertible bonds, federal agency bonds, asset-backed securities, or private placements.

10. Funding by nonfinancial corporations in major domestic credit markets, 1989–92

Billions of dollars

Market	Outstandings at year-end		Net change from 1989 to 1992
	1989	1992	
Medium-term notes	18.5	67.6	49.1
Public bonds	607.5	707.9	100.3
Commercial paper	107.1	108.3	1.2
Bank loans	553.5	518.8	-34.7
Privately placed bonds ...	265.0	300.0	35.0

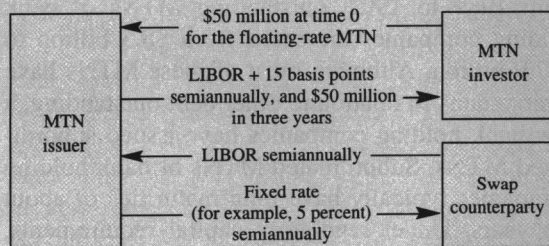
SOURCE. For all series except public bonds, Federal Reserve Board; for public bonds, Moody's Investors Service.

At first glance, structured transactions seem needlessly complicated. A corporation could simply issue a fixed-rate MTN. However, as a result of the swap transaction, the corporation may be able

A Structured Transaction in the Medium-Term Note Market Involving an Interest Rate Swap

At time 0, an MTN issuer sells a three-year, \$50 million MTN that pays LIBOR plus 15 basis points semiannually. At the same time, the issuer agrees to an interest rate swap.

Payment obligations



The combination of the swap and the MTN result in the following semiannual cash flows for the MTN issuer:

Cash flows

- (LIBOR + 15 basis points) x \$50 million
- + (LIBOR) x \$50 million
- (5 percent) x \$50 million

Net obligation = 5.15 percent on \$50 million

Because the floating-rate payments are offsetting, the MTN issuer has created a synthetic, fixed-rate note that pays 5.15 percent on \$50 million for three years.

to borrow at a lower rate than it would pay on a fixed-rate note. Indeed, most MTN issuers decline to participate in structured financings unless they reduce borrowing costs at least 10 or 15 basis points. Issuers demand this compensation because, compared with conventional financings, structured financings involve additional expenses, such as legal and accounting costs and the cost of evaluating and monitoring the credit risk of the swap counterparty. For complicated structured transactions, most issuers require greater compensation.

Many structured transactions originate with investors through a reverse inquiry. This process begins when an investor has a demand for a security with specific risk characteristics. The desired security may not be available in the secondary market, and regulatory restrictions or bylaws prohibit some investors from using swaps, options, or futures to create synthetic securities. Through a reverse inquiry, an investor will use MTN agents to communicate its desires to MTN issuers. If an issuer agrees to the inquiry, the investor will obtain a security that is custom-tailored to its needs. The specific features of these transactions vary in response to changes in market conditions and investor preferences. For example, in 1991 many investors desired securities with interest rates that varied inversely with short-term market interest rates. In response to investor inquiries, several corporations issued "inverse floating-rate" MTNs that paid an interest rate of, for example, 12 percent minus LIBOR. At the time of the transaction, the issuers of inverse floating-rate MTNs usually entered into swap transactions to eliminate their exposure to falling interest rates.

While structured transactions in the MTN market often originate with investors, investment banks also put together such transactions. Most investment banks have specialists in derivative products who design securities to take advantage of temporary market opportunities. When an investment bank identifies an opportunity, it will inform investors and propose that they purchase a specialized security. If an investor tentatively agrees to the transaction, the MTN agents in the investment bank will contact an MTN issuer with the proposed structured transaction.

Most investors require that issuers of structured MTNs have triple-A or double-A credit ratings. By dealing with highly rated issuers, the investor

reduces the possibility that the value of the structured MTN will vary with the credit quality of the issuer. In limiting credit risk, the riskiness of the structured MTN mainly reflects the specific risk characteristics that the investor prefers.¹¹ Consequently, federal agencies and supranational institutions, which have triple-A ratings, issue a large share of structured MTNs. The credit quality profile of issuers of structured MTNs has changed slightly in recent years, however, as some investors have become more willing to purchase structured MTNs from single-A corporations. In structured transactions with lower-rated borrowers, the investor receives a higher promised yield as compensation for taking on greater credit risk.

Market participants estimate that structured MTNs accounted for 20 percent to 30 percent of MTN volume in the first half of 1993, compared with less than 5 percent in the late 1980s. The growth of structured MTNs highlights the important role of derivative products in linking various domestic and international capital markets. Frequently, the issuers of structured MTNs are located in a different country from that of the investors.

The increasing volume of structured transactions is testimony to the flexibility of MTNs. When establishing MTN programs, issuers build flexibility into the documentation that will allow for a broad range of structured transactions. Once the documentation is in place, an issuer is able to reduce borrowing costs by responding quickly to temporary opportunities in the derivatives market. The flexibility of MTNs is also evident in the wide variety of structured MTNs that pay interest or repay principal according to unusual formulas. Some of the common structures include the following: (1) floating-rate MTNs tied to the federal funds rate, LIBOR, commercial paper rates, or the prime rate, many of which have included caps or floors on rate movements; (2) step-up MTNs, the interest rate on which increases after a set period;

(3) LIBOR differential notes, which pay interest tied to the spread between, say, deutsche mark LIBOR and French franc LIBOR; (4) dual currency MTNs, which pay interest in one currency and principal in another; (5) equity-linked MTNs, which pay interest according to a formula based on an equity index, such as the Standard & Poor's 500 or the Nikkei; and (6) commodity-linked MTNs, which have interest tied to a price index or to the price of specific commodities such as oil or gold. The terms and features of structured MTNs continue to evolve in response to changes in the preferences of investors and developments in financial markets.

Bank Notes

Banking organizations are major participants in the MTN market. Like other corporations, bank holding companies must file registration documents with the SEC when issuing public securities. Consequently, the Federal Reserve survey captures MTNs issued by bank holding companies. Over the ten-year survey period, thirty-five bank holding companies raised funds in the MTN market, and from 1989 to 1992, outstanding MTNs of bank holding companies increased from \$8.3 billion to \$17.9 billion. Although most of these MTNs have senior status in relation to other debt outstanding, a few bank holding companies have issued subordinated MTNs. Subordinated MTNs of bank holding companies typically have long maturities of about ten years. Under regulatory capital requirements, subordinated debt with a maturity of five years or longer qualifies as tier 2 capital.

In contrast to public offerings by bank holding companies, securities issued by banks are exempt from registration under section 3(a)2 of the Securities Act of 1933. In recent years, a growing number of banks have issued exempt securities, called bank notes, that have characteristics in common with certificates of deposit (CDs), MTNs, and short-term bonds.

Like CDs, most bank notes are senior, unsecured debt obligations issued by the bank. In the event of the insolvency of the issuing institution, bank notes are likely to rank equal with deposits, except in states where deposits have priority over other debt obligations. As with institutional CDs, nearly all

11. An additional reason for the high credit quality of structured MTNs is that some investors, such as money market funds, face regulatory restrictions on the credit ratings of their investments. See Leland Crabbe and Mitchel A. Post, "The Effect of SEC Amendments to Rule 2a-7 on the Commercial Paper Market," Finance and Economics Discussion Series 199 (Board of Governors of the Federal Reserve System, May 1992).

bank notes are sold to institutional investors in minimum denominations of \$250,000 to \$1 million. Bank notes are not covered by FDIC insurance, nor are they subject to FDIC insurance assessments. CDs, in contrast, are insured for \$100,000 per depositor. Furthermore, in the event of a bank failure, the FDIC could choose to protect the financial interests of some or all depositors or other creditors without treating bank notes in the same manner.

Like MTNs, bank notes may be offered continuously or intermittently in relatively small amounts that typically range from \$5 million to \$25 million. In addition, as with MTNs, most medium-term bank notes have maturities that range from one to five years.¹² However, ratings on senior bank notes are typically one notch higher than the ratings on senior MTNs, which are issued at the holding company level. Reflecting these differences in ratings and priority in the firms' capital structures, the yields on bank notes usually are significantly lower than the yields on MTNs of comparable maturity.

Some bank notes, which are similar to corporate bonds, are sold in large, underwritten, discrete offerings that range from \$50 million to \$1 billion. However, they differ from corporate bonds in that they are not registered with the SEC. From 1988 through 1992, banks issued \$14.3 billion of underwritten, senior bank notes, including \$7.8 billion in 1992. In the first half of 1993, they issued \$6.3 billion.

Book-Entry Clearing and Settlement of MTNs

In the early and mid-1980s, high administrative costs deterred some issuers from establishing MTN programs. Among the most significant of the administrative costs were those arising from transferring physical securities to investors. These costs

included printing, delivery, safekeeping, messengers, insurance, and recordkeeping. Moreover, issuers incurred significant costs in the disbursement of interest and principal payments to each individual noteholder. According to market estimates, the direct costs of transferring physical securities range from \$5 to \$30 per transaction. For small offerings, the costs of physical delivery can add significantly to the all-in cost of borrowing. As a result, many issuers refused to sell MTNs in denominations of less than \$1 million.

Since 1988, the costs of clearing and settlement of MTNs have decreased substantially as a computer-based system of book-entry recordkeeping has supplanted physical certificates. When an MTN is issued under the book-entry system, an agent bank for the issuer uses a computer link with The Depository Trust Company (DTC) to enter the descriptive information and settlement details of the transaction. The sales agent receives a copy of the computer record from DTC, and the investor receives a trade confirmation from the sales agent and periodic ownership statements from the custodian bank, in lieu of physical certificates. Secondary market trades are likewise recorded with computer entries. Under the book-entry system, an issuer makes one wire transfer to DTC that covers all interest payments on each interest payment date. This payment process contrasts with the process for physical certificates in which issuers make separate payments to each investor. Similarly, under the book-entry system, when the MTN matures, the issuer makes only one funds transfer to DTC. The DTC book-entry process costs \$4 for each issuance, and each participant in a transaction pays between \$1.29 and \$1.54 for subsequent deliveries

11. Issuance and outstandings of book entry medium-term notes, 1988–1993:Q1

Period	Issuance volume (billions of dollars)	End of period		
		Principal amount outstanding (billions of dollars)	Number of issuers	Number of issues
1988	0.6	0.6	5	136
1989	15.6	16.2	138	2,001
1990	37.3	51.4	225	6,670
1991	66.5	106.2	368	12,660
1992	80.2	159.8	451	16,495
1993: Q1	25.4	177.8	484	17,254

SOURCE: The Depository Trust Company.

12. Banks also issue bank notes with shorter maturities that range from seven days to one year. These short-term bank notes are sold to money market investors with interest calculated on a CD basis or discount basis. As with medium-term bank notes, short-term bank notes are issued at the bank level, and they are not insured. Short-term bank notes differ from commercial paper in that commercial paper is an obligation of the bank holding company.

in the primary and secondary markets. Besides reducing the direct cost of issuance, the book-entry system also lowers the likelihood of delayed delivery because of logistical problems and reduces the chances of failed trades arising from paperwork errors.

Book entry has become the preferred method of clearing and settlement in the MTN market. According to DTC, issuance of book-entry MTNs rose from \$600 million in 1988 to \$80 billion in 1992 (table 11). Moreover, outstanding MTNs under the book-entry system amounted to \$160 billion at year-end 1992, a total that includes 16,495 individual securities.¹³

*Borrowing by Foreign Entities in the MTN Market and SEC Rule 144A*¹⁴

In the 1980s, SEC disclosure requirements associated with public offerings discouraged foreign corporations from issuing MTNs in the U.S. public market. For foreign corporations, the most burdensome requirement is that financial statements conform to U.S. generally accepted accounting principles. Most foreign issuers would have to incur considerable legal and accounting expenses to meet this requirement, and many would have to disclose more information about their operations than is required in their home markets. The expense of registering securities and satisfying ongoing reporting requirements has also deterred foreign entities from borrowing in the U.S. market. Foreign issuers could avoid the costs of a public offering by selling MTNs in the U.S. private placement market. However, yields on most private placements included an illiquidity premium resulting from regulatory restrictions on trading.

The adoption of SEC Rule 144A in April 1990 effectively created an alternative market in which foreign corporations could gain access to U.S. investors without having to satisfy the disclosure

requirements for public offerings. Rule 144A allows institutional investors to trade private placements among themselves with few restrictions. To protect less sophisticated investors, the SEC requires that 144A securities be sold only to "qualified institutional buyers," which own and invest in a minimum of \$100 million in securities. This definition is broad enough to include most of the institutions that buy MTNs, such as banks and bank trust departments, insurance companies, pension funds, mutual funds, investment advisers, and state and local governments.¹⁵ A foreign issuer of a 144A security must provide, upon demand by a security holder or potential purchaser, a brief description of the business and financial statements for the three most recent fiscal years, which can be in the accounting format used in the issuer's home country. Privately placed MTNs are an example of a security that may be eligible for resale under Rule 144A.

Since the adoption of Rule 144A, issuance of MTNs by foreign corporations in the U.S. private market has increased markedly. According to the Securities Data Corporation, issuance increased from \$2.2 billion in 1990 to \$10 billion in 1992. In general, MTNs issued by foreign corporations under Rule 144A have similar characteristics to those sold by U.S. corporations in the public market. Both typically are dollar denominated and investment grade, with standard covenants.

DEVELOPMENTS IN THE DISTRIBUTION OF MTNS

In the early and mid-1980s, the major difference between MTNs and corporate bonds was in their primary method of distribution: Typically, agents placed MTNs in relatively small amounts continuously or intermittently, while underwriters placed large, discrete amounts of corporate bonds. This strict classification no longer applies, however. A growing number of MTN offerings have the characteristics of traditional corporate bonds, and

13. These figures on issuance and outstandings are not directly comparable with those reported in the Federal Reserve's survey because the DTC totals include bank notes and deposit notes issued by banks, as well as MTNs issued by foreign corporations.

14. See Mark S. Carey, Stephen D. Prowse, John D. Rea, and Gregory F. Udell, "Recent Developments in the Market for Privately Placed Debt," *Federal Reserve Bulletin*, vol. 79 (February 1993), pp. 77-92.

15. Besides meeting the securities test, banks and savings and loans must also have a net worth of at least \$25 million. In contrast to other investors, broker-dealers must own only \$10 million of securities.

regional dealers now sell a significant percentage of MTNs. Thus, as the MTN market has matured, it has become harder to define the securities and to describe their mode of distribution.

Principal Transactions

One important change in the distribution process is that a larger share of MTNs are now sold on a principal basis, rather than on an agent basis. In a principal transaction, the MTN dealer purchases an MTN for its own account and later resells it to investors. In a "riskless principal" transaction, when the dealer buys the MTN, it has already lined up an investor that has agreed to the terms of the resale. Riskless principal transactions often involve structured MTNs. In other principal transactions, dealers underwrite MTNs when they have not lined up investors but expect to do so easily and quickly.

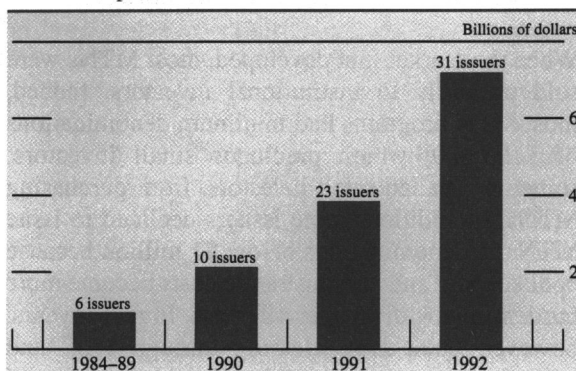
Large, Discrete Offerings

Corporations now more often sell MTNs that are nearly indistinguishable from corporate bond offerings. These MTN offerings typically have large face amounts of \$100 million or more, the typical size of corporate bond offerings. They are sold on an underwritten basis, and they often have relatively long maturities of ten or thirty years. Furthermore, announcements of such offerings appear along with announcements of corporate bond offerings in financial publications. In 1992, thirty-one corporations issued \$7.14 billion of MTNs in large, discrete, underwritten offerings, compared with less than \$1 billion between 1983 and 1989 (chart 3).

Despite the similarities to corporate bonds, these large, discrete, underwritten securities technically are MTNs because they are issued from MTN shelf registrations. To most investors, this technical difference is largely irrelevant because the securities have the essential features of corporate bonds. As a result, the securities reportedly do not command a yield premium relative to the yield on corporate bonds.

As large, discrete offerings of MTNs have become more common, the distinction between MTNs and corporate bonds has blurred. As a result, the arguments for financing with MTNs have

3. Large, discrete offerings of medium-term notes in the U.S. corporate market, 1984-92



become more compelling. By setting up an MTN program, a corporation does not give up the advantages of issuing large, underwritten securities that typically would be accomplished with a corporate bond offering. However, unlike a shelf registration for corporate bonds, an MTN program gives the corporation the flexibility to issue in small amounts continuously and to participate more actively in structured transactions.

Distribution through Regional Dealers

Through the mid-1980s, the major New York investment banks distributed nearly all MTNs to investors. As the market has matured, regional dealers have placed an increasing volume of MTNs. According to market estimates, placements through regional dealers now account for 5 to 15 percent of MTN issuance volume. In these placements, regional dealers receive information about issuers' offering rate schedules from MTN agents. In turn, the regional dealers communicate this information to their investor clients. When an investor buys an MTN through a regional dealer, the regional dealer receives a selling concession from the MTN agent. Placements through regional dealers improve efficiency in the market by broadening the investor base for MTNs. Many regional dealers have contacts with smaller institutional investors, such as small banks, municipalities, and individuals with high net worth, that represent a relatively stable source of funding.

Distribution of MTNs with Small Denominations to "Retail" Investors

When the market first developed, most MTNs were sold primarily to institutional investors. Indeed, most MTN programs had minimum denominations of \$100,000, which precludes small investors, sometimes called retail investors, from purchasing MTNs. In addition, some issuers declined to issue MTNs in denominations below \$1 million because bookkeeping and administrative costs become more burdensome with smaller offerings. In recent years, however, book-entry clearing through DTC and advances in computer bookkeeping have decreased the cost of issuing in small denominations. As a result, many issuers have registered MTN programs with minimum denominations of \$1,000, the standard in the corporate bond market. Although most MTNs are still sold to institutional investors, the lowering of minimum denominations has broadened the investor base to include smaller investors. Regional dealers place a significant proportion of the smaller offerings with small institutional investors.

Several MTN programs have recently been designed specifically to tap the retail market without significantly increasing the administrative costs to issuers. The process of issuing retail MTNs may differ slightly from that of MTNs sold to institutions. In one type of retail MTN program, an issuer will post rates weekly with retail brokers. For example, an issuer might post a rate of 4 percent for two-year MTNs and 5 percent for five-year MTNs. During the week that these rates are posted,

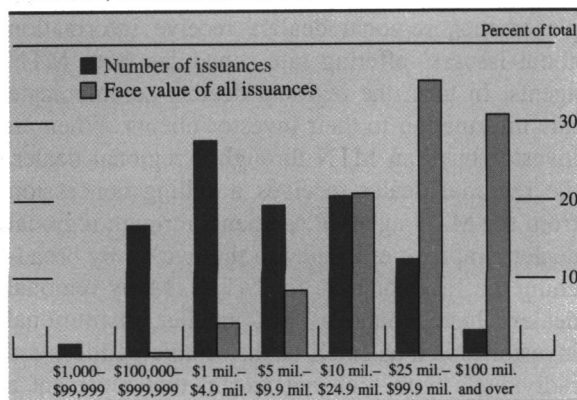
regional brokerage firms market the securities to retail investors, who place orders in minimum denominations of \$1,000. At the end of the week, the regional brokerage firms will contact the corporate issuer and indicate the aggregate volume of orders for notes at each maturity, and the corporation will issue one security at each maturity. In the example, several hundred retail investors could place orders for MTNs with maturities of two and five years, but the administrative costs for the corporate issuer would reflect only two issues from the shelf registration. While this system has the potential to broaden the investor base for MTNs, the size of the retail MTN market is still small relative to the institutional market.

Although the size of MTN offerings has always varied considerably, the variation has become wider as a result of developments in the distribution of MTNs. In 1992, the size of MTN offerings ranged from less than \$5,000 to more than \$500 million (chart 4). In terms of dollar volume, about 65 percent of MTNs had an issue size between \$5 million and \$100 million. However, several firms have issued a large volume of MTNs with denominations of less than \$5 million. While these offerings account for less than 5 percent of the dollar volume of total proceeds, they represent 45 percent of the number of issues.

EURO-MTNs

MTNs have become a major source of financing in international financial markets, particularly in the Euro-market. Like Euro-bonds, Euro-MTNs are not subject to national regulations, such as registration requirements.¹⁶ Although Euro-MTNs and Euro-

4. Distribution of offering sizes in the medium-term note market, March 1992–June 1993



SOURCE: The Depository Trust Company.

16. Bonds and MTNs may be classified as either domestic or international. By definition, a domestic offering is issued in the home market of the issuer. For example, MTNs sold in the United States by U.S. companies are domestic MTNs in the U.S. market. Similarly, MTNs sold in France by French companies are domestic MTNs in the French market. Bonds and MTNs sold in the international market can be further classified as foreign or Euro. Foreign offerings are sold by foreign entities in a domestic market of another country. For example, bonds sold by foreign companies and sovereigns in the U.S. market are foreign bonds, known as "Yankee bonds." Euro-bonds and Euro-MTNs are international securities offerings that are not sold in a domestic market. As a practical matter, statisticians, tax authorities, and market participants often disagree about whether particular securities should be classified as domestic, foreign, or Euro.

bonds can be sold throughout the world, the major underwriters and dealers are located in London, where most offerings are distributed.

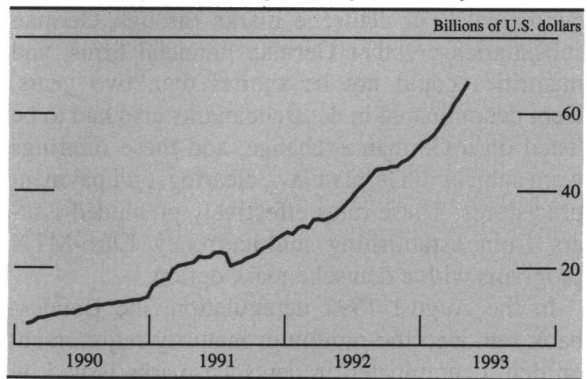
Although the first Euro-MTN program was established in 1986, the market represented a minor source of financing throughout the 1980s. In the 1990s, the Euro-MTN market has grown at a phenomenal rate, with outstandings increasing from less than \$10 billion in early 1990 to \$68 billion in May 1993 (chart 5). New borrowers account for most of this growth, as a majority of the 190 entities that have established Euro-MTN programs did so in the 1990s. As in the U.S. market, flexibility is the driving force behind the rapid growth of the Euro-MTN market. Under a single documentation framework, an issuer with a Euro-MTN program has great flexibility in the size, currency denomination, and structure of offerings. Furthermore, reverse inquiry gives issuers of Euro-MTNs the opportunity to reduce funding costs by responding to investor preferences.

The characteristics of Euro-MTNs are similar, but not identical, to MTNs issued in the U.S. market. In both markets, most MTNs are issued with investment-grade credit ratings, but the ratings on Euro-MTNs tend to be higher. In 1992, for example, 68 percent of Euro-MTNs had Aaa or Aa ratings, compared with 13 percent of U.S. corporate MTNs. In both markets, most offerings have maturities of one to five years. However, offerings with maturities longer than ten years account for a smaller percentage of the Euro-market than of the U.S. market. In both markets, dealers have committed to provide liquidity in the secondary market, but by most accounts the Euro-market is less liquid.

In many ways, the Euro-MTN market is more diverse than the U.S. market. For example, the range of currency denominations of Euro-MTNs is broader, as would be expected. The Euro-market also accommodates a broader cross-section of borrowers, both in terms of the country of origin and the type of borrower, which includes sovereign countries, supranational institutions, financial institutions, and industrial companies. Similarly, Euro-MTNs have a more diverse investor base, but the market is not as deep as the U.S. market.

In several respects, the evolution of the Euro-MTN market has paralleled that of the U.S. market. Two of the more important developments have

5. Euro-MTNs outstanding, January 1990–May 1993



SOURCE: Websters Communications International.

been the growth of structured Euro-MTNs and the emergence of large, discrete offerings. Structured transactions represent 50 percent to 60 percent of Euro-MTN issues, compared with 20 percent to 30 percent in the U.S. market. In the Euro-MTN market, many of the structured transactions involve a currency swap in which the borrower issues an MTN that pays interest and principal in one currency and simultaneously agrees to a swap contract that transforms required cash flows to another currency. Most structured Euro-MTNs arise from investor demand for debt instruments that are otherwise unavailable in the public markets. To be able to respond to investor driven structured transactions, issuers typically build flexibility into their Euro-MTN programs. Most programs allow for issuance of MTNs with unusual interest payments in a broad spectrum of currencies and with a variety of options.

Large, discrete offerings of Euro-MTNs first appeared in 1991, and about forty of these offerings occurred in 1992. They are similar to Euro-bonds in that they are underwritten and are often syndicated using the fixed-price reoffering method. As a result of this development, the distinction between Euro-bonds and Euro-MTNs has blurred, just as the distinctions between corporate bonds and MTNs has blurred in the U.S. market.

The easing of regulatory restrictions by foreign central banks has played an important role in the growth of the Euro-MTN market. For example, over the past year MTNs denominated in deutsche marks have emerged as a major sector in the Euro-market as a result of regulatory changes made by the Bundesbank in August 1992. Under the previ-

ous rules, foreign borrowers could only issue debt denominated in deutsche marks through German subsidiaries or other German financial firms, and maturities could not be shorter than two years. Debt denominated in deutsche marks also had to be listed on a German exchange, and these offerings were subject to German law, clearing, and payment procedures. These rules effectively precluded issuers from establishing multicurrency Euro-MTN programs with a deutsche mark option.

In the August 1992 deregulation, the Bundesbank removed the minimum maturity requirement on debt denominated in deutsche marks issued by foreign nonbanks, and it eliminated or simplified issuance procedures for all issuers. Although the new rules require that a "German bank" act as an arranger or dealer, the definition is broad enough to include German branches and subsidiaries of foreign banks. The arranger is required to notify the Bundesbank monthly of the volume and frequency of issues denominated in deutsche marks. As a result of the Bundesbank's deregulation, from 1991 to 1992, the share of Euro-MTN offerings denominated in deutsche marks increased from 1.4 percent to 4.8 percent, while the volume of issuance in deutsche marks rose from \$268 million to \$1.69 billion. Other central banks have instituted

similar liberalizations that may result in rapid growth of MTNs denominated in other currencies, such as the Swiss franc and the French franc.

OUTLOOK FOR THE MTN MARKET

Few innovations in finance have been as successful as the medium-term note. Its success derives from its remarkable adaptability to the needs of both borrowers and investors. The success can be measured by the number of borrowers, the diversity of note structures, and the amount of outstanding MTNs, all of which have increased dramatically over the past decade.

The adoption of SEC Rule 415 in 1982 was the key event that removed the regulatory impediments to continuous offerings of corporate notes. Other regulatory changes, such as SEC Rule 144A and liberalizations by European central banks, have been instrumental in the development of new sectors in the MTN market. As a result of these regulatory changes, financial markets have become more efficient. In 1992, the SEC eased restrictions on the types of securities eligible for shelf registration. As a result of this ruling, asset-backed MTNs may emerge as the next major growth sector in the public MTN market. □

Industrial Production and Capacity Utilization for May 1993

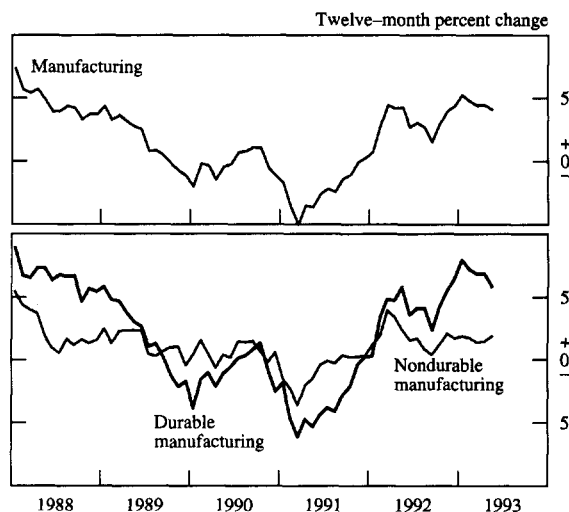
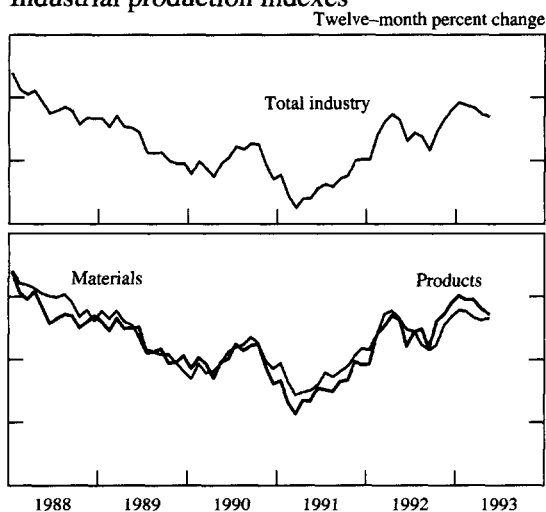
Released for publication June 16

Industrial production increased 0.2 percent in May, a rise that matched the revised gains for March and April; the average monthly increase from October through February was about 0.7 percent.

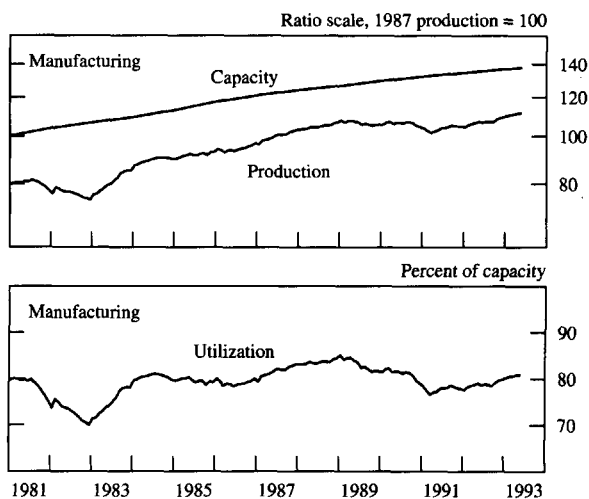
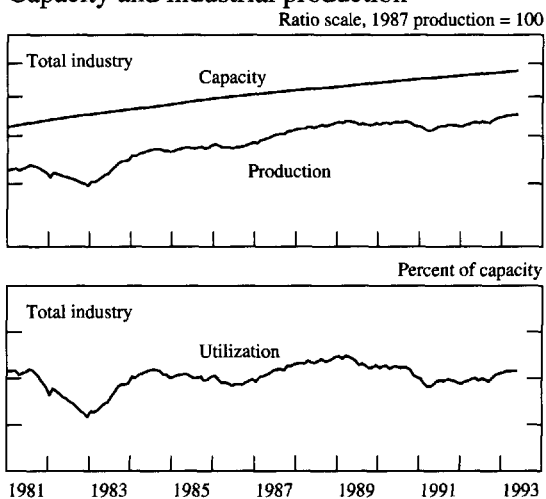
At 110.4 percent of its 1987 annual average, total industrial production was 3.5 percent above its year-ago level. Utilization of industrial capacity, at 81.6 percent, has been little changed since February.

When analyzed by market group, the data show

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization¹

Category	Industrial production, index, 1987 = 100								
	1993				Percentage change				
					1993 ²				May 1992 to May 1993
	Feb. ^r	Mar. ^r	Apr. ^r	May ^p	Feb. ^r	Mar. ^r	Apr. ^r	May ^p	
Total	109.9	110.1	110.2	110.4	.5	.2	.2	.2	3.5
Previous estimate	109.9	109.9	110.0	...	.5	.0	.1	...	...
Major market groups									
Products, total ³	109.2	109.5	109.5	109.6	.6	.3	.0	.1	3.7
Consumer goods	108.5	108.8	108.4	108.3	.9	.2	-.3	-.1	2.4
Business equipment	131.7	133.2	134.2	134.5	.4	1.1	.8	.3	10.2
Construction supplies	97.5	96.3	96.0	96.7	2.8	-1.3	-.3	.7	1.4
Materials	110.9	110.9	111.3	111.6	.5	.0	.4	.3	3.3
Major industry groups									
Manufacturing	110.5	110.7	111.2	111.4	.5	.3	.4	.2	4.1
Durable	113.8	114.0	114.6	114.8	.8	.2	.5	.1	5.8
Nondurable	106.4	106.7	107.1	107.3	.0	.3	.3	.3	1.9
Mining	95.9	95.3	96.5	96.9	-2.4	-6	1.3	.5	-1.9
Utilities	117.5	117.8	113.8	113.4	4.2	.2	-3.4	-.3	2.0
Capacity utilization, percent									MEMO Capacity, per- centage change, May 1992 to May 1993
Average, 1967-92	Low, 1982	High, 1988-89	1992	1993					
			May	Feb. ^r	Mar. ^r	Apr. ^r	May ^p		
Total	81.9	71.8	84.8	80.1	81.5	81.6	81.6	81.6	1.6
Manufacturing	81.2	70.0	85.1	79.1	80.5	80.6	80.8	80.8	1.8
Advanced processing	80.7	71.4	83.3	77.5	79.0	79.3	79.4	79.4	2.2
Primary processing	82.2	66.8	89.1	82.6	84.3	83.8	84.1	84.3	.8
Mining	87.4	80.6	87.0	87.8	85.8	85.3	86.5	86.9	-.9
Utilities	86.7	76.2	92.6	84.9	88.9	89.0	86.0	85.6	1.2

1. Data seasonally adjusted or calculated from seasonally adjusted monthly data.

2. Change from preceding month.

3. Contains components in addition to those shown.

r Revised.

p Preliminary.

that the output of durable consumer goods declined 1 percent, as assemblies of motor vehicles fell back and the production of other durable consumer goods, on balance, was unchanged. Overall, the production of consumer durables, which rose strongly at the end of last year, has changed little since January. The output of nondurable consumer goods increased 0.2 percent in May, a move reflecting gains in the output of consumer chemicals. The production of business equipment rose 0.3 percent, a much weaker advance than in March and April. The output of industrial equipment and computers continued to climb, but production of other business equipment weakened. The production of transit equipment fell more than 1½ percent; the output of other equipment, which increased rapidly from February to April, was little changed. Within intermediate products, construction supplies showed widespread increases and rose 0.7 percent, a

rebound from their declines in the previous two months. The output of products has shown little change over the past two months, but the production of industrial materials increased 0.4 percent in April and 0.3 percent in May. Gains in the production of computer-related parts and in iron and steel led the advance of 0.5 percent in the output of durable goods materials. The output of nondurable goods materials rose 0.2 percent, as chemical materials strengthened and paper materials weakened. Energy materials edged down because of a strike in coal mining.

When analyzed by industry group, the data show that production in manufacturing increased 0.2 percent in May; excluding motor vehicles, the gain was 0.3 percent. Capacity utilization in manufacturing was unchanged at 80.8 percent, a level about ½ percentage point below its 1967-92 average. Production gains in many areas pushed the utiliza-

tion in primary-processing industries up 0.2 percentage point, to 84.3 percent, about 2 percentage points above its long-run average; operating rates in lumber, steel, and textiles were above their long-run averages. The utilization rate at advanced-processing industries, on balance, was unchanged. At 79.4 percent, the utilization rate for this group of industries was still below its 1967-92 average.

The output at mines increased 0.5 percent, despite the strike-related decline in coal production, because of increased extraction of crude oil and sharp gains in oil and gas well drilling. The output at utilities, which has been quite volatile in recent months, declined 0.3 percent in May; over the past year, production at utilities has risen about 2 percent. □

Statements to the Congress

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Deposit Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 22, 1993

I am pleased to appear before the subcommittee on behalf of the Federal Reserve Board to discuss issues associated with interstate banking. For many years, the Board has believed that full interstate banking would benefit bank customers and lead to a stronger and safer banking system. Although we have concerns about certain specific provisions of the bills before you, we strongly support the thrust of these legislative initiatives. I would like to explain the reasons for our support and to evaluate the concerns voiced by the critics of interstate banking. To assist the subcommittee in its deliberations, the appendixes to my statement provide an up-to-date summary of state laws regarding interstate banking, a discussion of recent trends, and several statistical tables that provide relevant information.¹

Interstate banking is now a reality and has been for some time. For years, both domestic and foreign banks have maintained loan production offices outside their home states, have issued credit cards nationally, have made loans from their head offices to borrowers around the nation and the world, have solicited deposits throughout the United States, have engaged in a trust business for customers domiciled outside the banks' local markets, and—through bank holding companies—have operated mortgage banking, consumer finance, and similar affiliates without geographic restraint. Since the early 1980s,

moreover, the individual states have modified their statutes to permit—under the Douglas Amendment to the Bank Holding Company Act—out-of-state bank holding companies to own banks within their jurisdiction. Indeed, today only Hawaii prohibits bank ownership by out-of-state bank holding companies.

Although state legislatures have supported interstate banking and more than one-fifth of domestic banking assets are already held in banks controlled by out-of-state bank holding companies, the Board believes that congressional action is needed. Our dual banking system has a desirable genius for resisting government-imposed uniformity, but the large number of significant differences among the states impedes the interstate delivery of services to the public and reduces the efficiency of the banking business. The differences in state laws are discussed in the first appendix to this statement, but notable examples include restrictions on the home state of banking organizations allowed to enter some states, reciprocity requirements in some other states, the prohibition of de novo entry, and variable caps on the deposit shares of new entrants in still other states. In short, the states have made clear that they accept—and perhaps prefer—interstate banking, and their legislatures have made interstate banking a substantial reality today, but actions at the state level have resulted in a hodgepodge of laws and regulations that permit interstate banking in an inefficient and high-cost manner.

Restrictions on both intrastate and interstate banking were imposed in an era in which commercial banks were the dominant provider of financial services to households and businesses. These restrictions were clearly intended to limit competition and thereby insulate local banks from market pressures. Over time, branching and other geographic restraints became part of the totality of regulations designed to protect bank profits through limitations on entry and deposit

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

rate competition. In recent years, however, banks have seen their market position eroded by nonbank providers of financial services that are not subject to bank-like regulation. Indeed, the unwinding of the historically protected position of banks, such as the removal of deposit rate ceilings, has proceeded on most fronts as a lagged response to market developments that had themselves been encouraged by those same restraints on banks. Attempts to maintain antiquated geographic restrictions will only protect inefficient banks, disadvantage consumers of bank services (particularly those like small businesses that still have relatively few alternative sources of credit), encourage the entry of less regulated nonbank competitors, and increase the stress on the safety net as the long-run viability of banks is undermined.

Action to provide more uniform rules for interstate banking would provide several public benefits. First, reducing obsolete barriers to entry would increase actual and potential competition in the provision of financial services to those customers that for one reason or another have, at best, very limited access to out-of-market banks, nonbank lenders, or the securities markets. Bank customers would benefit from the resulting lower prices for credit, higher rates on their deposits, and improved quality and easier access to banking and related services. In addition, a significant proportion of our citizens live in areas in which state borders intersect; interstate banking would provide households and businesses in these regions with significantly increased convenience in conducting their banking business.

Second, greater opportunities for geographic diversification through interstate banking could help restore a level of stability to the banking system that once was accomplished, in part, through protection of local banks from competition. Although increased competition from nonbanks has undermined the protection intended to be provided to banks through controlled entry and geographic constraints, those same restrictions have made it more difficult for banks to diversify their risks and seek out new opportunities. Thus, many banks operating in a region that has experienced a local economic contraction have been neither protected by limits on bank competition nor able to avoid the disastrous

impacts of dependence on one market for both deposits and loans. Being able to cushion losses in one region with earnings in others would make banks better able to contribute to the recovery of their local economy, and more diversified banks would expose the federal safety net to fewer losses. Clearly, greater geographic diversification would have provided more stability over the past decade to banks operating in the agricultural areas of the Midwest, the oil patch of the Southwest, and the high tech and defense regions of New England and California. In short, the elimination of geographic restraints would provide an important tool in diversifying individual bank risk, thus providing for stability of the banking system and improving the flow of credit to local economies under duress.

Third, interstate banking would facilitate the allocation of resources to regions that offer both safety and higher return and would assist in the reduction of excess banking capacity. We hope that the United States will continue to be a dynamic economy. Such economies grow more rapidly but are characterized by both expanding and declining industries and by expanding and temporarily declining regions. Banks pinned by artificial geographic restrictions to local areas that experience difficulties have no choice but to pull in their horns, as it were, to protect their own viability. Only through interbank credit extensions and loan participations can they diversify their portfolio to move their assets to borrowers unaffected by the depressed local economy. Indeed, many of these institutions no doubt tend to have lower loan-to-deposit ratios in part because of their inability to find bankable local credits. Note that, given banks' long-run interest in geographic diversification, banking offices would still remain in regions experiencing difficulty but would be in a stronger position to finance local expansion when growth opportunities return.

The benefits from removal of restrictions on geographic expansion could occur through either the acquisition or *de novo* chartering of bank subsidiaries of bank holding companies headquartered in another state or through the establishment of branches of a bank in another state. All the interstate banking laws enacted by the states provide for interstate banking through

bank subsidiaries of bank holding companies, although some states permit interstate banking through branches for state nonmember banks. Two of the three bills before the subcommittee, H.R.2235 and H.R.459, would authorize interstate banking on a nationwide basis through bank subsidiaries. This step removes the last few vestiges of restrictions on interstate banking through bank subsidiaries, and the Board strongly supports such statutory change. The Board also supports removing the McFadden Act's restrictions on interstate branching for national and state member banks. This removal would permit banks to choose between alternative combinations of subsidiary banks and branches in the manner that best balances their own perceived costs and benefits.

The evidence from virtually all of the limited number of studies that compare interstate banking to branching suggests that, on average, both delivery systems have about the same cost structure. However, such evidence is also consistent with the view that for some banks branching may have the lowest cost structure. Indeed, as a matter of logic, the Board believes that the cost savings from elimination of separate boards of directors, separate management teams, and separate capitalization for banks that could be branches would be significant for some organizations. In any event, we believe that no good public policy purpose is served by restraining the freedom of choice of individual banking organizations, which know best what is the least cost operating structure for them. We therefore applaud the provisions of H.R.256 and H.R.2235 that would permit, immediately upon enactment, interstate banking offices to be converted to branches, should a banking organization choose to do so.

We also support H.R.2235's approach that would extend interstate branching powers to only those banks that are at least adequately capitalized and adequately managed (which we assume means having acceptable supervisory ratings). In the Board's statements during the drafting of and debate about the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), the Board supported the principle of expanded activities only for strongly capitalized banks. In drafting recent regulations, the banking

agencies have attempted, when possible, to apply this principle. Examples include the reduced documentation requirement on small and medium-sized business loans and the Board's amendments to Regulation F implementing section 308 of FDICIA with regard to interbank liabilities. A policy that rewards stronger banks is a desirable supplement to the regulatory limits imposed on weaker banks. However, the subcommittee may wish to consider amending this provision of H.R.2235 to permit the banking agencies to authorize a less than adequately capitalized bank to expand into another state if it would, in the agency's judgment, improve the financial condition of the bank.

State supervisors would no doubt prefer interstate operations through separate banks in each state because it is much easier for them to supervise the activities of a single organization in their jurisdiction. It seems to the Board, however, that the criterion of ease of regulation for states is only one part of a broader cost-benefit test. So long as safety and soundness are not compromised, efficiency and least cost are far more important factors on which to base policy. We applaud the solution to this problem proposed in H.R.2235 and in the Nationwide Banking and Branching Act, H.R.459. As we understand it, under the provisions of both bills, the state in which branches of an out-of-state bank operate would negotiate a supervisory agreement with the supervisor of the bank's home state that is acceptable to both states and to the relevant primary federal regulator. Failure to reach agreement would require that the primary federal supervisor conduct examinations without deferring to the state authorities. Such an approach creates desirable incentives for the states to reach reasonable accord.

When interstate banking is implemented through bank subsidiaries, the bank in each state has all the powers that go with its charter—national or state. However, should interstate banking occur through branches, legislation must clarify whether those branches must limit their activities to those permitted to banks chartered in their host state, to activities permitted to banks in their home states, or—for national or state banks—to the powers granted to national banks. The issue of the powers that interstate

branches should be permitted to exercise requires balancing several competing concerns, including preserving the dual banking system and creating incentives that could make certain types of bank charters more attractive than others. We read all three bills before the subcommittee as achieving the same balancing of the conflicting concerns. All the bills provide that interstate branches of state-chartered banks may not engage in any activities in the host state that are not permitted for banks chartered by the host state. National banks would still have the same powers regardless of which states they were in, except that, as at the present time, and consistent with the McFadden Act, branching within the host state would be limited by the laws of the host state. These provisions seem like a reasonable approach.

The interstate operations of foreign banks doing business in the United States raise issues similar to those for U.S. banks operating across state lines. It has been a long-standing policy of the U.S. government to grant foreign banks treatment equivalent to that given to U.S. chartered banks—so-called national treatment. In the present context, such an approach would permit foreign banks to operate interstate on the same basis as U.S. banks, and it is this position that the Board supports. We believe that the provisions of H.R.2235 and H.R.459 that require the banking agencies to consult the Treasury on the foreign bank's capital equivalency before approval of the first branch of the foreign bank are inconsistent with national treatment, as well as unnecessary. The Board recommends that these provisions be dropped. In addition, the Board believes that the requirement in H.R.2235 that branching be permitted only through a U.S. subsidiary bank if that structure is needed to verify adherence to U.S. standards by a foreign bank is also unnecessary. The Foreign Bank Supervision Enhancement Act of 1991 already provides that a foreign bank may not establish a branch in the United States unless its capital is determined to be equivalent to that required of a U.S. bank. Consequently, the Board recommends that this provision also be deleted.

Whether interstate banking is achieved through bank subsidiaries, bank branches, or both, and regardless of how powers are exported

from the home state to the branching host state, the arguments used by opponents of interstate banking must be carefully reviewed.

The first concern is that interstate banking would result in undue concentration—and ultimately higher loan rates and lower deposit rates—as large out-of-state banks drive small in-state banks out of business. In-state market evidence simply does not support this contention. All the relevant evidence indicates that small banks generally survive entry by large out-of-market banks and are most frequently more profitable than the entrant. Similar evidence indicates that new large bank entrants to local markets, whether by *de novo* or by acquisition, are able to expand market share by only modest amounts, if at all.

In the 1970s, for example, when statewide branching was authorized in New York State, several large New York City banks sought an upstate presence by acquiring small banks in these markets. By the early 1980s, the acquired banks had gained on average less than one percentage point in market share, with the largest gain less than three percentage points. The acquired banks or branches continue to have small market shares or they have been sold to local banks, as the New York City banks have exited the market. Experience in California also illustrates the ability of small banks to remain viable in the face of competition from much larger organizations. California has permitted unrestricted statewide branching since 1927, and several of the state's banking organizations, most notably BankAmerica, have operated extensive branch networks for years. In spite of these extensive branch banks, California continues to have many successful independent banking organizations. For example, as of year-end 1992, 101 of the 395 banking organizations in California had less than \$50 million in assets. Moreover, over the period 1981 through 1991, about 311 *de novo* banks (almost 11 percent of the U.S. total of *de novo* banks) began operation in this unlimited branching state.

Besides their difficulties in winning customers away from existing banks, entrants by acquisition often are soon confronted with competition from a *de novo* bank organized by local citizens, at times led by the former managers of the bank

acquired. The potential for entry—both *de novo* and by acquisitions by other banks outside the market—plus evidence of continued small bank success suggest it is unlikely that consumer harm would come from interstate banking. Although more than 5,000 banks have been absorbed by merger since 1979, about 3,500 new banks have been chartered. In addition, although almost 10,500 branches have been closed, 24,000 new ones have been opened during that period. The vast majority of local banking markets in the United States are incredibly dynamic and sensitive to consumer demand, and interstate banking seems likely to make them more so. The concern that interstate banking would lead to excessive concentration in local banking markets is mitigated further by the fact that antitrust enforcement in banking focuses on maintaining competitive local markets. Concentration ratios have *not* increased in local markets despite the substantial overall consolidation in banking in recent years. Local competition has been maintained, in part, because many bank mergers have been between firms operating in different local markets. In addition, increased concentration has been avoided by factors already noted: antitrust laws, limited ability of new large banks to increase market share, and continued vitality of small local competitors.

The importance of local markets and the evidence of little change in local market concentration suggest that attempts to ensure competition through statewide or national deposit caps are unnecessary at best and may, in fact, be anticompetitive to the extent that they prohibit entry. Indeed, the 30 percent individual bank cap that H.R.2235 would permit states to authorize would protect seventeen banks in thirteen states from out-of-state acquisitions; seven of the seventeen are already held by out-of-state banking organizations. The Board would recommend deletion of the imposition of statewide and national deposit share caps as contained in the Interstate Banking Efficiency Act. Similarly, H.R.2235 discourages entry by authorizing states to restrict entry *only* to acquisitions of banks or branches that are at least five years old. We see no public benefit from such restrictions, although entry is most likely to be by acquisition in any event.

Another concern of some is that new entrants

will vacuum up local deposits and channel them to out-of-market loans or that managers brought into local markets will be insensitive to, or have no authority to adjust to, local demands. However, it is important to recall that an insured bank must fulfill its Community Reinvestment Act (CRA) responsibilities in all the markets in which it operates. Moreover, the ease of entry, just discussed, should soften concerns that out-of-market entrants will ignore local customers. If a local branch does not meet both the deposit needs and credit demands of the community, it will not succeed and it will attract a rival that will.

However, because the Board realizes that the expansion of nationwide banking raises several issues regarding the impact on local community credit needs, it does support provisions of H.R.2235 and H.R.459 that would amend the CRA to require that performance of interstate institutions be assessed on a statewide or metropolitan area basis. This approach would maintain the concept embodied in the CRA that insured banks should be evaluated on overall performance without imposing arbitrary or costly regulatory requirements at the level of the individual branch.

On the other hand, imposing a regulatory regime that requires that individual out-of-state branches meet special credit availability requirements (H.R.2235 and H.R.459), or that establishes numeric tests for individual branch loan production (H.R.2235), would represent unnecessary and burdensome regulation of interstate branches. It would also be duplicative and unnecessary to impose new credit availability requirements on branches that are simply replacements for existing interstate banks of the same organization (H.R.2235). Evaluating the statewide or metropolitan area CRA performance of an out-of-state institution would, in the Board's view, provide adequate information to determine that an interstate institution is meeting community needs in the markets it serves.

Finally, in considering the needs of local markets, the Congress should consider the fact that large banks have higher loan-to-deposit ratios than do small banks. This could imply that large banks entering new markets would make both more in-market loans and more out-of-market

loans. Many assume that most of the loans would, in fact, be made outside the community. However, as I noted, banks must both meet their CRA requirements and service their customers to remain competitive in the market. It should also be kept in mind that small, independent banks also export funds: They are relatively large lenders to other banks through the federal funds and correspondent deposit markets and purchase relatively more Treasury and out-of-market state and local bonds than large banks.

In sum, interstate banking promises wider household and business choices at better prices

and, for our banking system, increased competitive efficiency, the elimination of unnecessary costs associated with the delivery of banking services, and risk reduction through diversification. By the record, most community banks are already providing services to their customers so efficiently that they have little to fear from out-of-market rivals. Those that are not providing such services *should* worry because interstate banking will—and should—mean either their displacement by a more efficient competitor or their rising to the competitive challenge and improving their own efficiency. □

Statement by Richard F. Syron, President, Federal Reserve Bank of Boston, before the Subcommittee on Financial Institutions Supervision, Regulation and Deposit Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 22, 1993

I appreciate this opportunity to appear before you to discuss the issues surrounding interstate banking and branching. Today I will confine my remarks to issues related to the ways that interstate banking can improve credit flows, rather than to specific issues that are addressed in the various legislative proposals.

Current restrictions on interstate banking and branching are an anachronism; they reflect the state of banking when local banks were almost the exclusive source of loans, deposits, and services for both businesses and individuals. These restrictions are incongruous in the present banking environment, in which banking products have no geographic boundaries and are frequently provided by other financial intermediaries. The breakdown of geographic and institutional barriers is the inevitable outgrowth of improvements in technology and in information processing. As bank products have standardized and the economies of scale in information processing have grown, it has become much easier to provide cost-effective service independent of location.

Any new legislation should seek to promote the most efficient banking structure. By allow-

ing bank management to choose a banking structure that improves its ability to diversify and that reduces its costs, banks will realize efficiency gains that will benefit borrowers and depositors alike. Alterations to our antiquated banking structure are already occurring without federal legislation. Not only do intermediaries far removed from the customer's location provide many banking products, but, in addition, a large number of states, including all six New England states, have adopted interstate banking laws. Thus, in many banking areas we already have de facto interstate banking.

I will first describe the limited interstate banking that has been in operation in New England for some time. Unfortunately, the expansion of New England bank holding companies under regional compacts has not extended much beyond the region.

Second, I will discuss the de facto interstate provision of many banking services that is already in place; for example, the markets for mortgage loans, consumer loans, and large business loans are now national in scope. Loans to small and medium-sized businesses remain primarily limited to local markets, however, and thus will continue to be adversely affected by any restrictions on the flow of bank capital across geographic boundaries.

Third, I will describe the ways in which the recent regional economic shock has affected the availability of credit to small and medium-sized businesses in New England. The economic shock would have been less severe if banks had been

better diversified through wider interstate banking and branching.

Finally, I will show that new evidence from New England suggests that large, multistate banks can offer improved services to borrowers and depositors without impairing the viability of small community banks because the markets served by smaller banks are often quite distinct from those in which the large banks operate.

LIMITED INTERSTATE BANKING IN NEW ENGLAND

New England has had limited interstate banking for some time. Maine first allowed nationwide reciprocal banking in 1978 and later dropped the requirement of reciprocity. Regional reciprocal banking was first allowed in Connecticut in 1983, in Massachusetts in 1984, and in New Hampshire in 1987. All three states revised their laws in 1990, as Connecticut and Massachusetts adopted nationwide reciprocal banking and New Hampshire adopted nationwide interstate banking without requiring reciprocity. Agreements that allowed regional reciprocal banking that later converted nationwide reciprocal agreements were adopted in Rhode Island in 1984 and in Vermont in 1988.

The laws adopted in the mid-1980s to allow regional mergers were utilized by many of our largest bank holding companies. For example, among the two largest bank holding companies in New England, Bank of Boston has subsidiaries in all six New England states, and Fleet Financial Group has subsidiaries in every New England state except Vermont. However, the period since the more recent adoption of laws permitting nationwide interstate banking has not been long enough to result in substantial diversification outside the region.

If New England's recent economic downturn had been limited to one state, our largest holding companies could have weathered the problem more easily and lending activities would have experienced less disruption. Unfortunately, the shock was not localized within one or even a few New England states. All six New England states experienced a severe economic slowdown and falling real estate prices. Although banks in New

England were diversified against very localized shocks, even large ones were not diversified against a widespread regional economic downturn.

The expansion of interstate banking and branching is not likely to have much effect on many aspects of bank lending. For example, pools of one- to four-family residential mortgages can be purchased from other parts of the United States, and credit card receivables are securitized and sold nationwide. However, the market for small to medium-sized nonresidential real estate loans is still primarily a local market. And, in particular, most small business loans depend on real estate for collateral. Because these loans cannot easily be securitized, portfolios of commercial and industrial loans tied to real estate cannot easily be diversified. Thus, the recent regional shock that deeply depressed real estate prices left many New England banking institutions quite exposed.

INTERSTATE BANKING SERVICES

Most consumers are well aware of the de facto interstate provision of banking services. Frequently, neither the owner nor the servicer of a residential mortgage is located in the same state as the borrower. Similarly, consumers with good credit ratings are likely to have access to consumer credit through a financial institution located outside the states in which they reside. Problems with the service provided by one credit card issuer can easily be rectified by responding to one of the many mail solicitations for credit cards from out-of-state banks or nonbank sources.

The same pattern has emerged on the other side of the balance sheet. In placing their deposits, consumers have an array of alternatives to local depository institutions. Mutual funds and brokerage houses provide numerous alternatives to bank deposit accounts. The plethora of banks offering money market and mutual fund services indicates how substitutable many of these accounts are in a consumer's portfolio. Again, these alternatives are frequently provided by intermediaries located outside the consumer's home state.

Businesses have even greater access to credit outside their state. Large corporations often obtain financing directly from credit markets by issuing commercial paper and bonds. It is not unusual for firms that are not quite large enough to access the financial markets directly to seek bank financing outside the confines of an individual state. In fact, because both bank management and bank regulators impose restrictions on how exposed a bank can be to a single borrower, large borrowers may pose too large a concentration risk to get all of their financing from in-state banks. Thus, in states with few large banks, large borrowers have long sought banking relationships outside their own state that can satisfy their loan demand without violating lending limits.

Table 1 illustrates this point by providing the results of a 1992 loan survey by the Federal Reserve Bank of Boston of sources of financing for small and medium-sized businesses in New England.¹ Among those businesses that sought short-term credit, only 55 percent of firms with sales between \$100 million and \$249 million obtained all their short-term credit from a New England-based bank. The same percentage received some or all of their short-term credit from one of the three largest bank holding companies in New England. Thus, for many medium-sized as well as large firms only large banks can satisfy their lending needs, and their financing may not only be out-of-state but also out-of-region, thus insulating these firms from local shocks to credit supply.

Smaller businesses are much more dependent on local bank financing to meet their credit needs. Many small businesses have neither the collateral nor the track record to secure financing from lenders unfamiliar with their firm and the economic environment in which they operate. Such "character lending" requires an intermediary with substantial understanding of the local community that can only be obtained by maintaining a presence in the area. As a consequence, these local-bank-dependent borrowers have few alternatives should local lend-

ers be unwilling or unable to provide financing. Borrowers with annual sales ranging from \$10 million to \$49 million depend more on banks within the region than do larger corporations, but they are far less likely to borrow from the largest banking institutions. In addition, they most frequently mentioned having no short-term credit because their credit arrangements had been terminated within the past two years.

REGULATORY CONSTRAINTS IN BANKING

Most economics textbooks emphasize the role of reserve requirements in restricting expansion of bank assets and liabilities. Restrictions on capital ratios have received much less attention, even though currently they are having a substantial effect on the ability of many banks to expand.

A desirable feature of an efficient financial market is that scarce resources flow to the user that values them most highly. Unfortunately, there are many impediments to the flow of bank capital. Without nationwide banking and branching, regions of the economy experiencing severe regional shocks may be unable to attract additional bank capital when loan demand exceeds loan supply. Informational difficulties make new entry into a banking market particularly costly for a bank with little familiarity with the regional economic environment. Thus, even without regulatory impediments, the flow of bank capital is likely to be slow. In a region in which banks experience substantial losses, bank capital will be restored only with long time lags. However, if outside banks had already located branches or affiliates in the region, they would be in a position to quickly fill lending gaps.

The credit crunch experienced in New England over the past two years is an example of a severe regional economic shock that was magnified by the impaired capital position of most New England depository institutions. Figure 1 shows bank capital ratios for commercial banks in the United States and in the First Federal Reserve District, which encompasses New England. Capital ratios for commercial banks nationwide were largely unaffected by recession periods. However, as a result of the bursting of the real estate bubble and the consequent loss of bank capital, capital ratios

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

declined dramatically for New England banks in 1989 and 1990.

This drop in bank capital was particularly untimely because it occurred while legislators, regulators, investors, and bank management were placing increased emphasis on improving bank capital ratios. Banks that were trying to improve capital ratios during a period of large loan losses were forced to dramatically decrease their assets. Research at the Federal Reserve Bank of Boston has found that banks with difficulty in satisfying capital ratios decreased their lending, particularly to bank-dependent borrowers.

If full interstate banking and branching had been available much earlier, these problems would have been mitigated for two reasons. First, many New England institutions could already have diversified outside the region. Although economic shocks that disproportionately affected New England would still have affected large New England institutions, the effect on their total capital position would have been lessened. And, with their overall capital position less impaired, they would have had a greater ability to lend to creditworthy borrowers. Second, outside institutions would have been able to establish branches or acquire subsidiaries to meet the demand for loans that could not be satisfied by capital-impaired banks in that locality.

Figure 1 illustrates the advantages of interregional diversification. Although New England banks suffered a severe capital shock, banks nationwide experienced no substantial reduction in capital ratios. Had some banks in other regions had a significant presence in New England, or had New England banks had a significant presence in other regions, capital ratios of individual banks would have been affected less, so that some banks would have been able to lend to borrowers that were cut off from financing primarily because of the impaired capital of their traditional local lender.

THE ROLE OF SMALL BANKS

A major concern of opponents of interstate banking and branching is the continued viability of

small banks when they are forced to compete with large multistate holding companies. Evidence from New England suggests that small banks have no difficulty competing with their larger brethren. Table 2 lists the twenty most profitable commercial and savings banks in New England over the past five years. Sixteen of the twenty banks have less than \$500 million in total assets. Each New England state is represented, and most of these banks face competition from the area's largest bank holding companies, which have affiliates throughout New England.

Small banks can profit by serving market niches not easily satisfied by very large banks. To manage and control a large banking organization a certain degree of standardization must occur. Although standardization works well for larger, low-margin loans, often it is not appropriate for smaller loans that require specific knowledge about the management and economic circumstances of a particular business. Small banks that are well established in the community, and whose management is familiar with the borrower and his business, are often in a much better position to make loans when the character of the borrower is a critical component of the loan.

CONCLUSION

The question is not whether we should have interstate banking but rather the degree and the form it will take. Many bank services are already provided interstate, and interstate acquisitions have been widespread within New England. However, the remaining artificial constraints on the movement of bank capital contributed to the severity of the recent credit crunch in New England, and they continue to place banks at a competitive disadvantage with other financial intermediaries not so constrained. If we want to avoid future banking problems in other regions that experience economic downturns and if we want to prevent a further deterioration in banking in general, I strongly urge you to adopt legislation to permit interstate banking and branching. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Deposit Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 29, 1993

I am here this morning to discuss recent steps taken by the Federal Reserve, in cooperation with the other federal bank regulatory agencies, to reduce regulatory burden on financial institutions and to facilitate an increased flow of credit. The regulatory burden on depository institutions has taken on new importance after enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), and the evidence of restrained lending by banks. The costs to commercial banks and to other depository institutions of adhering to banking laws and regulations continue to grow and, despite the industry's recent record profits, could begin to threaten the industry's long-term competitiveness. I have testified several times in recent months on these and related matters and would hope that the increased attention given to these topics can lead to meaningful reductions in regulatory burden for the banking system.

Having said that, and before discussing details of new initiatives, I would like to emphasize the limited ability of the regulatory agencies to encourage a pick-up in loan growth through administrative actions and also the inherent risks of attempting to reduce regulatory burden substantially by simply changing regulatory or supervisory policies and procedures. The results of lender surveys taken by the Federal Reserve have consistently indicated for several years that the slow or negative growth of bank lending has been more a result of weak loan demand than of any other factor.

Changes in supervisory or examination practices may help at the margin, but they are unlikely to produce fundamental changes in credit conditions. That is the case for many reasons, mostly dealing with the recent recession and the need and desire of both businesses and consumers to strengthen their balance

sheets. The large number of bank failures during the past half-dozen years also indicate that credit standards at many banks need to be improved. It is important, therefore, that any regulatory policy changes designed to spur additional bank lending not weaken the fundamental supervisory process. Recent actions we have taken have been carefully designed with that principle in mind.

RECENT POLICY ANNOUNCEMENTS

The federal bank regulatory agencies realized before passage of FDICIA that their supervisory actions may impose undue burdens on some banks and may unnecessarily constrain bank credit availability. Consequently, in late 1991 the agencies issued joint statements that clarified their examination policies regarding commercial real estate loans and encouraged banks to work with troubled borrowers to resolve problem loans.

More recently, we have jointly taken numerous other efforts to reduce regulatory burden, while still adhering to relevant banking laws and fundamental principles of bank supervision. Several initiatives were announced on March, and further details have subsequently been put forward, including a series of policy statements that was issued on June 10.

March Policy Statement

The March statement sought to improve credit availability to small and medium-sized businesses and farms, and it covered other supervisory issues as well. Perhaps the most important element of the statement was the announcement of forthcoming changes to agency rules regarding the need for real estate appraisals by certified or licensed appraisers. Such appraisals, which relate to a requirement of title XI of FIRREA, have been controversial and costly to banks and to their customers. If the proposed rules are adopted, appraisals will be required less often.

The proposed change, issued for comment on June 10, would (1) increase the threshold amount

for which such appraisals are required from \$100,000 to \$250,000, (2) expand the “abundance of caution” exemption so that an appraisal is not required when the value of the collateral is not material to the decision to make the loan, and (3) exempt from appraisals business loans of less than \$1 million when the principal source of repayment is *not* the sale of, or income from, the real estate held as collateral. These changes are designed to reduce burdens imposed by the appraisal regulation, while still requiring appraisals when they are needed to enhance the safety and soundness of financial institutions.

Another important provision described a policy change that would permit strong and well-managed banks to set aside a limited portion of their loans to small and medium-sized businesses. Examiners would then evaluate that selected portfolio of loans only on the basis of its performance and not on the level of loan documentation.

This change was intended to foster an environment in which banks could extend more so-called “character” loans to businesses with which they were familiar and to base their lending decisions principally on professional judgments about the borrower’s overall creditworthiness without being exposed to examiner criticisms about the specific nature or lack of documentation about the borrower. This change was consistent with an overall effort by the agencies to refocus supervisory attention to areas in which risks are high and to reduce regulatory burden to areas in which risks are less, such as with strong, well-managed banks. It was also part of a broad effort to increase the availability of credit to low- and moderate-income neighborhoods and disadvantaged rural areas.

Final elements of the March statement committed the agencies to enhance their examination appeals procedures and to take other steps to improve the examination process, reduce regulatory uncertainty, review certain accounting policies, and, in general, work to reduce regulatory burden. Some of these initiatives and others were expanded through a series of joint statements issued earlier in June. Because they are more recent actions, I will discuss them in greater detail.

June Policy Statements.

The series of June 10 policy statements dealt with various issues that were mostly intended to reduce impediments to the extension of credit and, in some cases, to conform supervisory and examination procedures to newly adopted accounting standards. The regulatory agencies also issued important new initiatives that were intended to detect and deter discriminatory lending practices. Finally, the agencies also reaffirmed earlier agreements to coordinate their examinations.

Much recent tightening of credit standards by banks and the subsequent reduction of bank credit to many borrowers can be traced to widespread problems in commercial real estate markets. In many cases, these problems resulted from weak underwriting standards that accommodated much overbuilding throughout the United States and created serious financial difficulties and even failures at some banks. Even institutions that were not materially affected by problem real estate credits were prompted by events to review their own lending standards in light of new developments and economic conditions. Similarly concerned by these events, many examiners also began to look more closely and to review more critically the strength of commercial real estate loans, in particular, and entire loan portfolios, in general. All of these factors prompted a tightening of the terms of lending and a subsequent reduction in the availability of credit.

In large part, many of these changes represented a reasonable and appropriate response to recent events and to the reduced ability of some banking institutions to incur additional risks. However, to some extent, they reflected an overreaction by both bankers and bank examiners that has required the banking agencies to review their supervisory policies and to clarify them when necessary.

Real Estate Loans

Because real estate loans have contributed to many of the recent problems within the banking industry, several of our policy statements have focused on that topic—in particular to problems

in accounting for and evaluating real estate collateral. These problems may be especially important to the financing of small and medium-sized businesses, which often rely heavily on real estate collateral to support bank loans.

One of the June 10 statements reaffirmed a November 1991 statement that emphasized it was *not* regulatory policy to value real estate collateral that underlies real estate loans on a liquidation basis. Rather, the evaluation should be based on the borrower's willingness and ability to repay and on the income-producing capacity of the underlying collateral over time.

A decline in the collateral value below the book value of the loan does not require an automatic write-down or increased loss reserve if the loan is performing and the cash flow appears adequate to service the outstanding balance. The portion of the loan balance that is adequately secured by the value of the collateral should generally be classified no worse than "substandard." Moreover, when an institution has taken a sufficient charge-off so that the remaining recorded balance of the loan is being serviced and its collection is reasonably assured, classification of that balance may not be appropriate.

The 1991 statement and the most recent reaffirmation intend to ensure that commercial real estate credits are evaluated in a consistent, prudent, and balanced fashion. The Federal Reserve will continue to ensure that these policies are appropriately implemented.

Other June statements relating to real estate credits involve the accounting treatment of loans collateralized by real estate and, more generally, the reporting of nonperforming loans. The collateralized loan issue relates to the matter of "in-substance" foreclosures and to the current accounting practice of transferring such loans to the "Other Real Estate Owned" (OREO) category with recognition of appropriate losses. This practice, which had been required under generally accepted accounting practices (GAAP), has increased the volume of OREO balances at banks and may have discouraged lenders from working with borrowers that are encountering cash flow or other financial problems.

Recently, the Financial Accounting Standards Board has issued Statement No. 114, "Accounting by Creditors for Impairment of a Loan" and

has clarified that creditors should report a loan as OREO only when they have taken possession of the collateral. The policy statement applied this recent FASB change in accounting standards to the banking industry's regulatory reports. Although depository institutions must continue to recognize losses on real estate loans that meet the standards of in-substance foreclosure, the Federal Reserve believes that avoiding the designation of OREO—combined with other initiatives being taken—will reduce impediments to additional extensions of credit.

In a related area, the agencies have reached several agreements relating to "special mention" assets, which are assets that demonstrate weaknesses but that are not weak enough to warrant classification. We now have a common definition for special mention assets and will not assign loans to that status solely on the basis of documentation exceptions that are not material to the repayment of the asset. Moreover, the Federal Reserve will continue its long-standing practice of not including these assets in ratios used to measure asset quality.

Other Accounting Changes

The agencies have also revised the criteria required for banks to remove loans from nonaccrual status. Currently, banks must place loans for which payments are past due for ninety days or more on a nonaccrual status and must maintain that status until all overdue payments are received and full collectibility is assured. This requirement has sometimes overstated the severity of problem assets by failing to recognize losses that banks had taken on the loans and subsequent improvements in the ability of borrowers to service the remaining balance. In turn, the continued labeling of such loans as nonaccruing loans places pressure on banks to increase loan-loss reserves or capital levels and may tend to discourage additional loan growth.

Effective immediately, banks may return nonaccruing loans to an accruing status under specified and less restrictive conditions than were previously required. Essentially, a bank may do so if a sufficient amount of a restructured loan has been charged off and the borrower's pros-

pects and recent payment experience indicate an ability to perform under the restructured agreement. Loans that have not been formally restructured and partially charged off may also be restored to accrual status if required payments are being made and full repayment is expected under the originally contracted terms.

Coordinating Examinations

The policy statement that relates to coordinating interagency examinations is principally intended to address costs to the industry of multiple or duplicative examinations. As required by law, various parts of a consolidated banking organization must be examined by different agencies—the Office of the Comptroller of the Currency for national banks; the FDIC for state nonmember banks; and the Federal Reserve in the case of state member banks, parent holding companies, and nonbank subsidiaries. Reflecting this supervisory structure, for many years the banking agencies have had supervisory procedures designed to avoid, or at least to minimize, overlapping efforts by relying on examinations or inspections conducted by an entity's primary regulatory authority.

Nevertheless, industry trends have increased the real and perceived overlap in supervisory procedures. Banking organizations have become more complex and integrated in conducting their activities and have often given less consideration to the legal structure of their businesses. This pattern sometimes requires that examiners of one entity discuss or evaluate activities conducted elsewhere in the consolidated organization to understand and identify the risks. This situation increases the need for coordination among the banking agencies.

Looking forward, the requirement of FDICIA that the agencies conduct full scope, on-site examination of each depository institution every year may increase the perception of overlapping examinations and greater regulatory burden. Although annual examinations have been common for institutions that the Federal Reserve supervises, the legal requirement may increase the visibility and on-site presence of examiners at institutions that other agencies supervise.

To reduce or minimize regulatory burden on the banking system that can arise from multiple examinations, the agencies have clarified and reaffirmed the agreement that the federal regulatory agency that has primary supervisory authority for that entity will conduct the examination or inspection of a bank or bank holding company. Other agencies will rely on the reports of that agency and may, when necessary, participate in the examination or inspection by the primary regulator. Although coordinated examinations may not be practical in all cases, particular emphasis for implementing this program will be placed on large or weak institutions. The program also covers other information-sharing arrangements with both federal and state banking supervisors.

On a separate, but related, issue, the Federal Reserve is reviewing the merits of conducting on a more coordinated basis the various "special purpose" examinations, such as those for trust activities and computerized systems (EDP). The possibility of also combining examinations for consumer compliance with those for safety and soundness raises other issues, involving both logistics and policy, particularly in the present environment of emphasizing the enforcement of laws that prohibit discriminatory lending.

Although these different examinations have been traditionally conducted independently in recognition of the specialized training needed to review the disparate activities, in some cases it may be possible to perform two or more of these reviews simultaneously and with less disruption to the institution. Indeed, we are currently conducting on an experimental basis an examination of a state member bank in which several different examinations and the inspection of the parent bank holding company are being performed together. The initial reactions to this approach by bankers and staff members of the Reserve Bank have been positive.

Fair Lending Practices

A crucial element in the series of recent policy statements describes several initiatives related to fair lending practices. These initiatives were preceded in late May with a letter, signed by the

heads of all four federal bank and thrift regulatory agencies, to the chief executive officers of all U.S. depository institutions, which cited the importance of fair lending practices and stressed the commitment of the agencies to enforcing fair credit laws. The letter also urged special consideration to eleven specific fair lending activities, such as enhanced training, second review programs, and affirmative marketing and call programs.

Subsequently, on June 10, the agencies announced development of a new training program in fair lending for experienced compliance examiners and the initiation of related programs for senior industry executives. These efforts and others should increase the awareness of lenders to the often subtle practices that disadvantage low-income and minority individuals.

The agencies are also exploring additional methods of detecting discriminatory practices and will improve their procedures for referring violations of the Equal Credit Opportunity Act to the Department of Justice. Each agency will also evaluate its consumer complaint system to determine which improvements should be made to its own procedures. In the meantime, the Federal Reserve has referred ten complaints that allege mortgage credit discrimination to the Department of Housing and Urban Development under an interagency cooperation agreement signed last year.

In recent months the Federal Reserve has been testing a statistical model, similar to that used in a study by the Federal Reserve Bank of Boston, that is designed to assist examiners in analyzing the compliance of mortgage lenders with fair lending laws. This system does not, by itself, determine the presence of discrimination but would serve as a tool to lead examiners more effectively to loan files that warrant closer review for comparative analysis in making that determination. The Federal Reserve has had educational programs in place for some time and will continue to build upon them. For example, last year the Federal Reserve Bank of Kansas City sponsored a conference for bankers called "Credit and the Economically Disadvantaged." In addition, the Federal Reserve Bank of Boston recently published a brochure for bankers on lending discrimination called "Closing the Gap,"

which should help them recognize and correct potentially discriminatory policies and practices. Such educational programs for both bankers and examiners have been, and will continue to be, an important part of the Federal Reserve's effort to promote and enforce fair lending practices.

BANKING LAWS AND REGULATIONS

Banking laws and regulations exist for reasons that are critical to the smooth functioning of our economic and social structure. We must, for example, minimize or prevent significant disruptions to the nation's financial and payment systems; we must work to ensure that all citizens have fair access to credit; and we must also protect taxpayers, in general, from excessive costs of bank failures. Nevertheless, the Federal Reserve and the other banking agencies should continually review their policies and procedures to avoid placing unnecessary burdens on the banking system. As conditions change, the need for, or effect of, banking laws should also be reviewed.

In considering which steps to take, it is helpful to be guided by fundamental principles of supervision and regulation. Both the Congress and the regulatory agencies should have a clear understanding of why we supervise and regulate banks and what our goals are and should be. These goals should recognize the role of banks in our society and in financial markets. They should also recognize the high level of competition in these markets and the value of maintaining a strong, vibrant, and competitive banking system.

Our regulatory and supervisory goals should *not* be to prevent banks from taking risks or to have a system that is so restrictive that no bank ever fails. Risk-taking is essential for economic growth. Rather, the goals should focus on maintaining economic and financial stability, ensuring that businesses and consumers have adequate access to credit, and deterring excessive risk-taking that can arise because of the existence of deposit insurance and the overall structure of the federal safety net.

Banking laws and regulations should be compatible with social objectives, and they should also contribute to minimizing costs to the public

when banks fail. However, they should not be unnecessarily restrictive or suppress innovation and growth by attempting to micromanage banking organizations. In view of this, it seems reasonable that new laws or regulations be subject to an appropriate cost-benefit analysis when they are considered.

The legislative and regulatory process should also recognize the role of supervisory actions, which can adapt to specific factors and conditions at individual institutions much better than can laws and regulations that are necessarily more formulaic and rigid. In this connection, banks that pose less risk to the safety net or that demonstrate superior performance in certain areas should be permitted greater flexibility or expanded powers than banks that have less favorable performance records or that present greater risks.

The Federal Reserve has often advocated several elements of legislative change that I believe the Congress should consider. They relate to the payment by the Federal Reserve of interest on required reserves, the elimination of barriers to interstate branching, and the expansion of powers—especially those regarding securities underwriting activities—for strong and well-managed banking organizations. Taking these steps would, I believe, improve the long-term outlook of the U.S. banking system by helping it compete more effectively with many nonbank institutions that are not similarly constrained in their activities or that do not incur these and other regulatory costs.

I would also hope that the principles I have outlined would be applied when considering the need for future legislative changes that affect banks. Some laws, including those designed to achieve desired social goals, have extracted high regulatory compliance costs on banks, often with questionable positive results.

Last year, for example, representatives of the Federal Reserve and the other federal banking agencies conducted a variety of “town meetings” throughout the United States on regulatory burden. I participated in those meetings and believe that they provided useful insights into the regulatory process and into areas that should be reconsidered. Discussions often turned to consumer compliance laws, with bankers generally

complaining about their high regulatory costs, and consumer advocates often stating that the requirements have not accomplished their intended goals. Unfortunately, when agency staff members revisit the relevant regulations, they continued to believe that most of our specific requirements are required to implement the laws.

As is often the case when making public policy, few clear and simple answers to important and complex problems are evident. Further efforts to reduce regulatory burden will undoubtedly raise difficult questions about the trade-offs to be made between competing public policies. As you know, I suggested to the subcommittee in February that one way of dealing with these issues may be to establish a nonpartisan commission to explore possible legislative changes. Regardless of the approach the Congress takes, the Federal Reserve looks forward to working to find ways to improve the framework of banking laws and regulations.

CONCLUSION

In closing, I would mention that the Federal Reserve has an ongoing program to review its regulations to monitor their effectiveness and related burdens. I would also assure the subcommittee that the Federal Reserve is highly sensitive to the matter of regulatory burden and that we seek to avoid imposing unnecessary or ineffective requirements or constraints on the banking system. Nevertheless, the level of regulatory burden has increased as new banking legislation and implementing regulations are imposed. This continuing and only additive process is taking a significant and undesired toll that is easily measured by the declining share of U.S. financial assets held by banks.

Banking institutions perform a vital and unique role in our economy by providing credit to all segments of our society, by facilitating payments of goods and services, and by providing the mechanism for the conduct of monetary policy. If the banking system is to continue its role, it is incumbent on bankers to remember their long-term interests and to conduct their activities responsibly. This means operating both prudently and fairly and being responsive to the

credit needs of their communities. In doing otherwise, banks risk the continued loss of market share and the prospects of still further rules and regulations.

Perhaps the most useful actions that bank regulators and lawmakers can take is to avoid imposing additional competitive disadvantages on banks and to conduct their activities in a

balanced fashion and with a broad perspective on the role of banks in our society. Beyond that, to the extent existing laws and regulations can be reduced, made more efficient, or applied more equitably to broader segments of the financial industry, we may accomplish not only greater fairness in lending but also greater fairness in regulating. □

Announcements

NOMINATIONS SOUGHT FOR APPOINTMENTS TO CONSUMER ADVISORY COUNCIL

The Federal Reserve Board announced on June 18, 1993, that it is seeking nominations of qualified individuals for seven appointments to its Consumer Advisory Council to replace members whose terms expire on December 31, 1993.

The Consumer Advisory Council comprises thirty representatives of consumer and community interests and of the financial services industry. The council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice. The council by law represents the interests both of consumers and of the financial community. The group meets in Washington, D.C., three times a year.

Seven new members will be selected from the nominations to serve three-year terms that will begin in January 1994. The Board expects to announce the selection of new members by year-end 1993.

Nominations should be submitted in writing and should include the address and telephone number of the nominee. Also, past and present positions held, special knowledge, interests, or experience related to consumer credit or other consumer financial services should be included.

The written nominations must be received by August 30, 1993, and should be addressed to Dolores S. Smith, Associate Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551. Information about nominees will be available for inspection on request.

NEW SERVICES AVAILABLE TO FACILITATE THE SAME-DAY SETTLEMENT OF CHECKS

The Federal Reserve Board announced on June 2, 1993, adoption of new and enhanced Federal

Reserve Bank services to facilitate the same-day settlement of checks.

These services, which are effective immediately, include the following:

- Primary and alternate presentment point services for payor banks
- Supplementary payor bank information services for checks not collected through the Reserve Banks
- A new Fedwire product code to facilitate settlement for checks presented to payor banks directly by private sector banks.

The services are designed to facilitate a paying bank's responsibility to settle for checks presented by private sector banks and to enable paying banks to continue to provide timely cash management information to their corporate customers.

The fee structures for the presentment point and information services include daily minima and variable fees.

SELECTED STATISTICAL DATA NOW AVAILABLE ON COMPUTER DISKETTES

The Federal Reserve Board announced on June 28, 1993, that historical data covering six major sets of statistics are now available on computer diskettes. Data are being provided in this format on flow of funds, industrial production and capacity utilization, monetary aggregates, reserves of depository institutions, bank credit, and selected interest rates.

The 3½-inch, high-density (1.4 megabyte) diskettes are formatted for MS-DOS compatible computers using DOS version 3.3 or higher. The data are contained in ASCII text files that have in some cases been compressed. Explanatory help texts are included on the diskettes, as well as the software necessary to expand the files if necessary.

Each diskette is available from the Board's Publications Services, mail stop 402, Board of Gover-

nors of the Federal Reserve System, Washington, DC 20551. The cost is \$25.00 per diskette.

A brief summary of the information contained on each diskette follows.

Flow of Funds (three diskettes, quarterly)

Seasonally adjusted quarterly flow of funds data from the Z.1 statistical release are contained on diskette 1. The Z.1 files begin with 1952:Q1 and end with the most recently published quarter. Unadjusted flow of funds data are on diskette 2.

Diskette 3 contains outstandings and annual data from 1945 on the Balance Sheets for the U.S. Economy that are published in the C.9 statistical release. Monthly debt aggregate statistics beginning with January 1955 are also on diskette 3. Updates to the debt aggregate are published weekly in the Board's H.6 statistical release.

Data are stored in compressed files that correspond to tables in the releases. The diskettes are reissued each quarter with revisions and updates at the time the Z.1 is released.

Industrial Production and Capacity Utilization (two diskettes, monthly)

These data have been divided between a historical diskette containing data before 1986 and a more current monthly diskette containing data beginning in 1986.

The monthly diskette is available around the eighteenth of each month and contains the data published in the Federal Reserve Board's G.17 statistical release on industrial output, capacity, and capacity utilization. Survey data on use of industrial electric power are also included. The data begin with January 1986 and end with the month of the most recently published industrial production index. Data and documentation files on the diskette correspond to tables in the G.17 release.

The April indexes that were first published on the diskette issued in May reflect a revision to the industrial production and capacity utilization indexes. The revisions primarily reflect conversion of the indexes from 1987 forward to the 1987 Standard Industrial Classification and the incorporation of more comprehensive annual and monthly

source data, when these data are available, for the same period.

The historical diskette contains data with various starting dates (the earliest is 1919). The ending date is December 1985 for all data.

Mortgage and Consumer Finance (one diskette, monthly)

Monthly statistics on consumer installment credit from the Board's G.19 statistical release, including seasonally adjusted and not seasonally adjusted totals, along with not seasonally adjusted components, and interest rates, are contained on the diskette. Some series begin with 1943. Data on securitized assets are available from 1989, and data on interest rates are available from 1971.

Monthly consumer finance company statistics from the Board's G.20 statistical release, including seasonally adjusted and not seasonally adjusted totals along with not seasonally adjusted components, are also on the diskette, as well as not seasonally adjusted Finance Company Quarterly Report data. Data on outstandings are available from 1980, and the Quarterly Report data are available from 1985. Data are updated on a monthly basis at the time the G.19 and G.20 statistical releases are published.

Monetary Aggregates (one diskette, annually)

This data set contains aggregate data on money stock measures and liquid assets (M1, M2, M3, and L), as well as components of the money stock measures and related items, as reported on the H.6 statistical release. The historical data reflect revisions that incorporate annual seasonal adjustment and benchmark changes. Data are updated annually, generally in late February or early March.

Monthly data are shown for the period 1959 through 1992. Weekly data, shown for the period January 6, 1975, through January 4, 1993, are based on weeks ending on Mondays to correspond with the reporting cycle under contemporaneous reserve requirements. No data before 1975 have been reconstructed on a weekly basis.

Deposits have been benchmarked using Call Reports through June 1992 and incorporate data revisions from other sources also. Seasonal factors have been revised using the X-11 ARIMA procedure adopted in 1982 with prior adjustments for special events, such as the introduction of new deposit accounts.

Reserves of Depository Institutions
(one diskette, annually)

This diskette contains data on aggregate reserves, borrowings from the Federal Reserve, and the monetary base, as shown on the H.3 statistical release. The data incorporate breaks in series resulting from the January 1993 indexations of the low reserve tranche and the reserve requirement exemption levels, as well as the annual review of seasonal factors. Data are updated annually, usually in late March or early April.

Monthly data are provided for the period January 1959 through March 1993. Weekly data are provided for the period January 7, 1959, to March 31, 1993.

Bank Credit (two diskettes, quarterly)

These diskettes contain aggregate historical data on bank assets and liabilities and on bank debits. Weekly assets and liabilities, not seasonally adjusted, for large domestic banks by national totals and by Federal Reserve District (as shown on the H.4.2 statistical release) are available from 1988 to date. Weekly assets and liabilities from large U.S. branches and agencies of foreign banks, not seasonally adjusted (also on the H.4.2), are available from 1989 to date. Weekly assets and liabilities for all commercial banks and major bank groups, not seasonally adjusted (as shown on the H.8 statistical release), are available from 1984 to date.

Monthly assets for all commercial banks and major bank groups, seasonally adjusted and not seasonally adjusted (as shown on the G.7 statistical release), are available from 1972 to date, as are monthly nondeposit sources, seasonally adjusted and not seasonally adjusted (as shown on the G.10 statistical release). Monthly debits and deposit

turnover, seasonally adjusted and not seasonally adjusted (as shown on the G.6 statistical release), are available from 1970 to date.

Data and documentation files on the diskette correspond to the various statistical releases.

Selected Interest Rates
(one diskette, quarterly)

The diskette contains all items shown on the weekly H.15 statistical release, "Selected Interest Rates." The data include historical observations for the interest rate variables at each available frequency of observation—generally business day, weekly, monthly, and annual. Updated diskettes are available the first week of each quarter and include data through the end of the previous quarter.

Both the starting dates for individual interest rate series and the frequencies of the observations vary. The less frequently observed transformations, such as monthly or annual, are usually available for longer periods. The selection of specific frequency transformations conforms to market conventions for quoting those rates. For example, the federal funds rate is quoted daily and for statement weeks ending on Wednesday in contrast to the more common convention of weeks ending on Friday for many other rates.

PROPOSED ACTION

The Federal Reserve Board requested public comment on a proposed interagency rule to amend regulations regarding real estate appraisals, which are contained in the Board's Regulations H (Membership of State Banking Institutions in the Federal Reserve System) and Y (Bank Holding Companies and Change in Bank Control). Comments were requested by July 19, 1993.

*PUBLICATION OF THE BANK HOLDING
COMPANY SUPERVISION MANUAL*

The first revision to the December 1992 edition of the *Bank Holding Company Supervision Manual* has been published by the Board's Division of

Banking Supervision and Regulation and is now available for purchase by the public. The *Manual* is used by Federal Reserve examiners in the supervision, regulation, and inspection of bank holding companies and their subsidiaries. A copy of the revision is available for \$4.00. The *Manual* and the

June 1993 revision may be obtained from Publications Services, mail stop 402, Board of Governors of the Federal Reserve System, Washington, DC 20551. A copy of the *Manual* and its June 1993 revision supplement are available at a cost of \$50.00. □

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Bank of Boston Corporation Boston, Massachusetts

Order Approving the Acquisition of a Bank Holding Company

Bank of Boston Corporation, Boston, Massachusetts ("BBC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Multibank Financial Corp., Dedham, Massachusetts ("Multibank"), and thereby indirectly acquire South Shore Bank, Quincy; Mechanics Bank, Worcester; and Multibank West, Pittsfield; all in Massachusetts.¹

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 13,265 (1993)). The time for filing comments has expired, and the Board has considered these applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

BBC, with consolidated assets of \$31.6 billion, controls five banks in Connecticut, Massachusetts, Vermont, Maine, and Rhode Island.² BBC is the largest commercial banking organization in Massachusetts, controlling deposits of \$13.8 billion, representing approximately 26.7 percent of total deposits in commercial banking organizations in the state.³ Multibank is the sixth largest commercial banking organization in Massachusetts, controlling deposits of \$2.2 billion, representing approximately 4.2 percent of total deposits in commercial banking organizations in the state.

1. BBC proposes to merge its wholly owned subsidiary into Multibank, with Multibank surviving the merger. In connection with the proposed acquisition, BBC also seeks approval to acquire an option to purchase up to 19.9 percent of the voting shares of Multibank. This option will become moot upon consummation of the proposed acquisition of all the shares of Multibank.

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

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

Upon consummation of this proposal, BBC would remain the largest commercial banking organization in Massachusetts, controlling deposits of \$16 billion, representing approximately 30.9 percent of the total deposits in commercial banking organizations in the state.

BBC and Multibank compete directly in nine banking markets in Massachusetts.⁴ After considering the competition offered by commercial banks and thrift institutions⁵ in all nine banking markets, the number of competitors remaining in the respective markets, the increase in market share and market concentration in each market,⁶ and all other facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

In evaluating these applications, the Board is required, under the terms of section 3 of the BHC Act, to consider the financial resources of the companies and banks involved, and the effect of this proposed acquisition on the future prospects of those organizations and institutions. The Board previously has stated that a bank holding company should serve as a source of financial strength to its subsidiary banks and that the Board would closely examine the condition of an applicant and its subsidiaries in each case with this

4. These markets are Amherst/Northampton, Boston, Cape Cod, Fall River, Fitchburg/Leominster, Springfield, Taunton, Worcester and Providence.

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

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

consideration in mind. In this regard, the Board continues to believe that bank holding companies contemplating expansion proposals must demonstrate sufficient financial flexibility necessary to meet unexpected problems in all their subsidiary banks.

BBC maintains that its improved financial condition and the benefits to be derived by BBC from the acquisition, including, in particular, projected cost savings and increased penetration of the small business loan market, support approval of the proposal. The Board notes that BBC has capital levels well above the minimums set forth in the Board's capital adequacy guidelines,⁷ and that the acquisition will not significantly reduce its capital.

The Board has carefully evaluated this proposal in light of the Board's approval today of BBC's acquisition of Society for Savings Bancorp, Inc. ("Society"), and its savings bank subsidiary, Society for Savings, both in Hartford, Connecticut. In the case of the Society proposal, which represents a substantial acquisition of approximately \$2.5 billion in total consolidated assets, the Board concluded that considerations relating to the financial resources and future prospects of these institutions were, on balance, consistent with approval. BBC's proposal to acquire Multibank, with approximately \$2.4 billion in total consolidated assets, would, in combination with the acquisition of Society, lessen BBC's capacity to serve as a source of strength for its banking subsidiaries.

To address this, BBC has committed, in connection with its proposed acquisition of Multibank, to raise significant additional new capital prior to consummating this transaction. This new capital would provide additional financial flexibility to permit BBC to assimilate Multibank and Society into its organization and to serve as a source of strength to Multibank and Society and its other subsidiary banks after the acquisition. The Board believes that this new capital should be maintained to meet unexpected problems in BBC's subsidiary banks, if necessary. Accordingly, the Board conditions its action in this case on BBC raising the proposed additional capital on or before consummation of the acquisition of Multibank, and maintaining these funds exclusively for use in addressing problems at its subsidiary banks.

On this basis, and based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of BBC and Multibank, and their respective subsidiaries, and the other supervisory factors that the Board must consider under

section 3 of the BHC Act are consistent with approval of these applications.

Based on the foregoing, including the representations and commitments described in this Order and those made in connection with these applications, and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by BBC with all the commitments made in connection with these applications, including its capital raising commitments and the condition that this capital be maintained exclusively for use in addressing problems at BBC's subsidiary banks. For purposes of this action, these commitments and conditions will be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective June 9, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Abstention Statement

Our abstention reflects our strong dissatisfaction with the way in which this application was considered. A majority of the Board voted to deny the proposal as originally structured. While the Board was in the process of drafting an order reflecting its decision, Applicant proposed a restructuring of its proposal to raise additional capital. On the basis of Applicant's proposal to raise new capital, a majority of the Board agreed to reconsider the proposal.

We disagree with the Board's decision to consider information that was submitted by the Applicant after the Board initially considered this case. Applicant had ample opportunity prior to the time that this matter was scheduled to be presented to the Board to make changes to its proposal. We believe that it impairs the integrity of the Board's decision-making process to permit an applicant to submit new information after the Board has considered the record of the case and

7. Capital Adequacy Guidelines, 12 C.F.R. 225, Appendices A, B, and D.

while the Board is in the process of issuing its decision.

We are concerned that this permits the misuse of the application process. The Board expects applicants, prior to the time the Board considers an application, to submit a detailed proposal that addresses all issues that the Board must consider. To do otherwise would encourage applicants to submit marginal proposals and then attempt to negotiate an acceptable proposal directly with the Board. This cannot be permitted to happen if the Board is to act promptly, carefully and fairly on each application.

Thus, we believe that the Board should issue a decision regarding each proposal that is put before the Board, as that proposal is structured at the time of the Board's original consideration of the matter. Applicants that choose to restructure proposals are presently permitted to request that the Board consider new proposals developed in response to a published Board decision, but should not have an opportunity or any incentive to attempt to negotiate each proposal with the Board.

While we find the specific process followed in this case to be unacceptable, we also believe that the Applicant's new proposal, were it to be resubmitted in its current form, would be consistent with approval on the merits.

June 9, 1993

Bank of Boston Corporation Boston, Massachusetts

Order Approving the Acquisition of a Bank Holding Company

Bank of Boston Corporation, Boston, Massachusetts ("BBC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of Society for Savings Bancorp, Inc. ("Society"), and thereby indirectly acquire Society for Savings ("Society Bank"), a state chartered savings bank, both of Hartford, Connecticut.¹

1. BBC proposes to merge its wholly owned subsidiary, Merger Subsidiary, into Society, with Society surviving the merger. BBC also proposes to merge Society Bank into BBC's subsidiary bank, Bank of Boston Connecticut, Waterbury, Connecticut ("Bank"), retaining the charter of Society Bank and the name of Bank. Bank will be owned jointly by Society and Colonial Bancorp, Inc., Waterbury, Connecticut ("Colonial"), a subsidiary bank holding company of BBC. In this regard, Colonial has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire at least 25 percent of the voting shares of Bank. The merger of Bank and Society Bank has been approved by the Federal Deposit Insurance Corporation and by the Connecticut

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 6640 (1993)). The time for filing comments has expired, and the Board has considered these applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.²

BBC, with consolidated assets of \$31.6 billion, controls five banks in Connecticut, Massachusetts, Vermont, Maine, and Rhode Island.³ BBC is the seventh largest commercial bank or thrift organization ("depository institution") in Connecticut, controlling deposits of \$2 billion, representing approximately 3.4 percent of total deposits in depository institutions in the state.⁴ Society is the eighth largest depository institution in Connecticut, controlling deposits of \$1.8 billion, representing approximately 3.2 percent of total deposits in depository institutions in the state. Upon consummation of this proposal, BBC would become the fourth largest depository institution in Connecticut, controlling deposits of \$3.8 billion, representing approximately 6.6 percent of the total deposits in depository institutions in the state.⁵

Competitive Considerations

BBC and Society compete directly in five banking markets in Connecticut: Bridgeport, Danbury, Hartford, New Haven, and Waterbury. Upon consummation of this proposal, all banking markets would remain moderately concentrated or unconcentrated as measured by the Herfindahl-Hirschman Index ("HHI").⁶ After considering the competition offered

Banking Commissioner. The Connecticut Banking Commissioner also has approved BBC's acquisition of Society.

In connection with the proposed acquisition, BBC also seeks approval to acquire an option to purchase up to 19.9 percent of the voting shares of Society. This option will become moot upon consummation of the proposed acquisition of all of the shares of Society.

2. 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).

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

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

5. The Board previously has determined that the interstate banking statute of Connecticut permits a Massachusetts bank holding company to acquire banking organizations in Connecticut. See *Shawmut National Corporation*, 74 *Federal Reserve Bulletin* 182, 183 (1988); *Bank of New England Corporation*, 70 *Federal Reserve Bulletin* 374 (1984); *Bank of Boston Corporation*, 70 *Federal Reserve Bulletin* 737 (1984). Thus, consummation of this transaction is not barred by section 3(d) of the BHC Act (12 U.S.C. § 1842(d)).

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is less than 1000 is considered unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-

by other depository institutions in the market,⁷ the number of competitors remaining in the respective markets, the relatively small increase in market share and market concentration in the respective markets, and all other facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.⁸

Convenience and Needs Considerations

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

competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

7. Market deposit data are as of June 30, 1991. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. See *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. See, e.g., *First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). Because Society Bank would be merged with a commercial bank under BBC's proposal, the deposits of Society Bank are included at 100 percent in the calculation of the *pro forma* market share. See *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990); *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992).

8. Upon consummation of this proposal, BBC would become the fourth largest of 22 depository institutions in the Bridgeport banking market, controlling deposits of \$403.8 million, representing approximately 6.5 percent of total deposits in depository institutions in the market ("market deposits"). The HHI would increase 18 points to 1512. BBC would become the fourth largest of 25 depository institutions in the Danbury banking market, controlling deposits of \$167.2 million, representing approximately 7.4 percent of market deposits. The HHI would increase 15 points to 763. BBC would become the third largest of 54 depository institutions in the Hartford banking market, controlling deposits of \$2.3 billion, representing approximately 12.4 percent of market deposits. The HHI would increase 38 points to 1686. In the New Haven banking market, BBC would become the fifth largest of 24 depository institutions, controlling deposits of \$650.1 million, representing approximately 10.1 percent of market deposits. The HHI would increase 35 points to 860. Finally, in the Waterbury banking market, BBC would remain the largest of 15 depository institutions, controlling deposits of \$860 million, representing approximately 33.4 percent of market deposits. The HHI would increase 109 points to 1733.

federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.⁹

The Board has received comments from two organizations ("Protestants") critical of the efforts of BBC and Society to meet the credit and banking needs of their communities. In particular, Protestants allege that BBC and Society have failed to meet the credit and banking needs of residents in the Charter Oak/Zion/Southwest Hartford community because both institutions recently closed branches that service this community.¹⁰

The Board has carefully reviewed the CRA performance records of BBC and Society, and their respective subsidiary banks, as well as all comments received regarding these applications, BBC's responses to those comments, and all of the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").¹¹

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.¹² In this case, the Board notes that all of BBC's subsidiary banks have received "outstanding" or "satisfactory" ratings from their primary regulators during the most recent examinations of each institution's CRA performance. In particular, BBC's lead subsidiary bank, First National Bank of Boston, Boston, Massachusetts, received an "outstanding" rating for CRA performance from its primary regulator, the Office of the Comptroller of the Currency ("OCC"), in October 1992. Bank of Boston Connecticut, Waterbury, Connecticut ("Bank"), also received an "outstanding" rating for CRA performance from its primary regulator, the Federal Deposit

9. 12 U.S.C. § 2903.

10. Protestants allege that, because of these branch closings and branch closings by other banks, the only source of banking services within walking distance of their community is a single automatic teller machine ("ATM").

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

12. *Id.* at 13,745.

Insurance Corporation ("FDIC"), in February 1993.¹³ In addition, Society Bank received a "satisfactory" rating from its primary regulator, the FDIC, in August 1992.

B. Branch Closings

In response to Protestants' comments, BBC asserts that neither of the branches closed by BBC and Society were located in Protestants' community.¹⁴ Moreover, BBC maintains that Bank continues to service the Charter Oak/Zion/Southwest Hartford community through its Goodwin Park branch at 2035 Broad Street ("Goodwin Branch"), which is located less than one-half mile from the described community.

The Goodwin Branch provides the community with many banking services, including services expressly designed to meet the needs of low- and moderate-income customers. In particular, the Goodwin Branch provides check cashing and food stamp services, as well as services geared to the needs of local small businesses. The Goodwin Branch also offers two drive-through teller stations, a 24-hour automatic teller machine ("ATM"), and a night depository.

Bank also has been involved in programs that help meet the credit needs of the Charter Oak/Zion/Southwest Hartford community. For example, Bank has endeavored to ascertain community credit needs by calling community organizations such as Project Hope on New Britain Avenue (a nonprofit organization providing educational and training services to low-income clients); Warburton Community Church; and the Sisters of St. Joseph on Freeman Street. Bank also has conducted banking education seminars specifically designed for low- and moderate-income consumers, and has provided credit counseling and home buyer seminars in the neighboring Frog Hollow section of Hartford. Low- and moderate-income first-time homebuyers in the Charter Oak/Zion/Southwest Hartford community also are eligible for low-cost home purchase mortgages provided by Hartford Area Rallies Together ("HART"), a partnership in which Bank participates.

The record in this case indicates that in the most recent CRA examinations of Bank and Society Bank, the FDIC found that each institution's record of open-

ing and closing offices was satisfactory.¹⁵ BBC has committed that the CRA policies and programs employed at Bank will be implemented at Society Bank. In this regard, Bank, which is the institution that will survive the merger with Society Bank, has formulated a formal branch closing policy that requires Bank to consider how each closing would impact the affected communities. In particular, Bank, prior to a branch closure or reduction in service, reviews the viability of the existing office, as well as internal and external market conditions. Bank also has developed procedures to analyze the effects of potential closings, and, when a branch is to be closed, sets up a task force to coordinate such closing. This task force is responsible for providing advance notice of the closing to customers and appropriate banking regulators. In addition, the task force communicates with employees, community leaders and organizations to help minimize any negative impact the closing may have on the surrounding communities.

C. Additional Elements of CRA Performance

The Board also has considered other elements of the CRA performance of BBC, Society, and their subsidiary banks. The record indicates that BBC, Society and their subsidiary banks have in place the types of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. For example, Bank has established two committees designed to ensure compliance with the CRA. The Board Community Investment Committee ("Board Committee") oversees Bank's CRA programs, reviews progress toward meeting goals, and sets new CRA-related goals when appropriate. The Community Investment Management Committee ("Management Committee"), which is made up of Bank business unit and department managers, is responsible for the implementation of Bank's CRA program. The Management Committee reports to the Board Committee at least quarterly to update the status of Bank's CRA program.

Bank ascertains the credit needs of its community through formal call programs and participation in various community and governmental organizations. For example, branch managers and business unit managers make calls in their communities to determine each community's needs and make recommendations to the Management Committee to fulfill those

13. BBC's other subsidiary banks have been most recently rated for CRA performance as follows: Bank of Vermont, Burlington, Vermont, received an "outstanding" rating from the FDIC in September 1991; Casco Northern Bank, N.A., Portland, Maine, received a "satisfactory" rating from the OCC in March 1991; and Rhode Island Hospital Trust, N.A., Providence, Rhode Island, received a "satisfactory" rating from the OCC in March 1991.

14. In March 1991, Bank closed its branch at 440 New Park Avenue located to the west of this community, and in May 1991, Society closed its Maple Avenue branch located to the community's east.

15. The FDIC's most recent examination of Bank takes into account all branch closings by Bank since the 1990 examination, including the closing of Bank's 440 New Park Avenue office, located near the Charter Oak/Zion/Southwest Hartford community. In this regard, Bank's branch closing policy requires a 90-day advance notice to customers and to the Connecticut State Banking Commissioner.

needs. Bank also communicates with members of its community through the use of multilingual pamphlets on credit and deposit programs, and by hiring bilingual personnel.

Bank efforts for marketing its credit services and products include the use of neighborhood newspapers and radio advertisements to inform the community of its credit products. Bank also meets the credit needs of its communities through programs such as First Community Bank, which is expressly designed to serve the banking needs of low- and moderate-income consumers and businesses. This program includes access to commercial, mortgage, and consumer lenders, expanded outreach and personal service, educational credit seminars, services in English and Spanish, and special efforts to draw employees from the communities it serves. Bank also participates in various loan programs, including the Connecticut Student Loan Foundation's Stafford and PLUS Loan Programs, the Connecticut Housing Finance Authority mortgage program, as well as Federal Home Administration ("FHA"), Veterans Administration ("VA"), and Small Business Administration ("SBA") loan programs.

The Board has carefully considered the entire record of the CRA performance of BBC, Society and their subsidiary banks, including the comments filed in this case by Protestants, in reviewing the convenience and needs factors under the BHC Act. Based on a review of the entire record of performance by Bank, including the CRA examinations of the subsidiary banks of BBC and Society, the Board believes that the record of BBC, Society and their subsidiary banks in helping to meet the credit needs of all segments of the communities they serve, including low- and moderate-income neighborhoods, are consistent with approval. For these reasons, and on the basis of all the facts of record, the Board concludes that the convenience and needs considerations, including the CRA performance of BBC, Society, and their subsidiary banks, are consistent with approval of these applications.¹⁶

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

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

Other Considerations

In evaluating these applications, the Board is required, under the terms of section 3 of the BHC Act, to consider the financial resources of the companies and banks involved and the effect of this proposed acquisition on the future prospects of those organizations and institutions. The Board previously has stated that a bank holding company should serve as a source of financial strength to its subsidiary banks, and that the Board would closely examine the condition of an applicant and its subsidiaries in each case with this consideration in mind. In this regard, the Board continues to believe that bank holding companies contemplating expansion proposals must demonstrate sufficient financial flexibility necessary to meet unexpected problems in all of its subsidiary banks.

The Board has carefully considered BBC's ability to serve as a source of strength to its subsidiary banks in this case. The Board believes that the plans and projections for Society, when considered in light of BBC's improved financial condition and recent equity raising efforts, demonstrate on balance a financial flexibility that is adequate to address unexpected problems that may be encountered after the Society acquisition in any of BBC's subsidiary banks. On the basis of these and all facts of record, the Board concludes that the financial and managerial and future prospects of BBC and Society, and their respective subsidiaries, and the other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of these applications.

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

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

necessary to clarify the factual record in these applications, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on these applications is hereby denied.

Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 9, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Premier Financial Services, Inc.
Freeport, Illinois

Premier Acquisition Company
Freeport, Illinois

Order Approving the Acquisition of a Bank

Premier Financial Services, Inc., Freeport, Illinois ("Premier"), 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 First Northbrook Bancorp, Inc., Northbrook, Illinois ("First Northbrook"), and thereby indirectly acquire First National Bank of Northbrook, Northbrook, Illinois ("FNB Northbrook"), and First Security Bank of Cary-Grove, Cary, Illinois, a state nonmember bank ("FSB Cary-Grove").¹

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 6640 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Premier, with total consolidated assets of approximately \$361.7 million, is the 60th largest commercial banking organization in Illinois, controlling \$309.1 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.² Premier controls two bank subsidiaries in Illinois,³ and engages directly and through subsidi-

aries in a variety of permissible nonbanking activities. First Northbrook, with total consolidated assets of \$240 million, is the 87th largest commercial banking organization in Illinois, controlling \$228.6 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposal, Premier would become the 37th largest commercial banking organization in Illinois.

Premier and First Northbrook do not compete directly in any banking market. In light of all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Based on all the facts of record, including all the commitments made in connection with these applications, the Board concludes that the financial and managerial resources and future prospects of Premier, its subsidiaries, and First Northbrook, as well as the convenience and needs of the communities to be served, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal. Accordingly, and based on all the facts of record, and these commitments, the Board has determined that the applications should be, and hereby are approved.

The Board's approval of this proposal is expressly conditioned on compliance with the conditions referenced in this Order, and with all the commitments made in connection with this application, including the commitments made by Premier, PAC, and the proposed principal shareholders of Premier. The commitments and conditions relied on by the Board in reaching its decision are both deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

1. As proposed, First Northbrook would be merged with and into Premier's wholly owned subsidiary, Premier Acquisition Company, Freeport, Illinois ("PAC"). Following the merger, PAC would be the surviving corporation, the separate corporate existence of First Northbrook would cease, and FNB Northbrook and FSB Cary-Grove would become wholly owned direct subsidiaries of PAC. PAC has applied under section 3 of the BHC Act to become a bank holding company.

2. Asset, deposit, and ranking data are as of March 31, 1993.

3. Those banks are First Bank North, Freeport, Illinois, and First Bank South, Dixon, Illinois, both state member banks.

Orders Issued Under Section 4 of the Bank Holding Company Act

Barnett Banks, Inc.
Jacksonville, Florida

Order Approving an Application to Engage in Private Placement and "Riskless Principal" Activities

Barnett Banks, Inc., Jacksonville, Florida ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to engage *de novo* through its subsidiary, Barnett Securities, Inc., Jacksonville, Florida ("Company"), in acting as agent in the private placement of all types of securities, including providing related advisory services, and buying and selling all types of securities on the order of investors as a "riskless principal."

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 Federal Register 17,401 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of \$39.6 billion, is the largest banking organization in Florida, and the ninth largest banking organization in Georgia.¹ Applicant controls 29 bank subsidiaries in Florida, and four bank subsidiaries in Georgia, and engages directly and through subsidiaries in a broad range of permissible nonbanking activities.

Company is engaged in limited bank-ineligible securities underwriting and dealing activities permissible under section 20 of the Glass-Steagall Act (12 U.S.C. § 377).² Company also is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

Private Placement and "Riskless Principal" Activities

Private placement involves the placement of new issues of securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent of the issuer in soliciting purchasers, and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933, and are offered only to financially sophisticated institutions and individuals and not to the public. Applicant has committed that Company will not privately place registered securities, and will only place securities with "institutional customers" as that term is defined in section 225.2(g) of the Board's Regulation Y (12 C.F.R. 225.2(g)).

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security from a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.³ "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, Applicant proposes that Company would not act as a "riskless principal" in selling securities at the order of a customer that is the issuer of the securities to be sold, or in any transaction where Company has a contractual agreement to place the securities as agent of the issuer. Company also would not act as a "riskless principal" in any transaction involving a security for which it makes a market.

The Board previously has determined by Order that, subject to prudential limitations that address the potential for conflicts of interests, unsound banking practices, and other adverse effects, the proposed private placement and riskless principal activities are closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.⁴ The Board also previously has determined that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a "riskless principal", do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass-Steagall Act (12 U.S.C. § 377), and that revenue derived from such activities is not subject to the 10 percent revenue limitation on bank-ineligible securities underwriting

1. Asset and ranking data are as of December 31, 1992.

2. Company may underwrite and deal in municipal revenue bonds, 1-4 family mortgage-related securities, commercial paper, and consumer-receivable-related securities. See *Barnett Banks, Inc.*, 75 *Federal Reserve Bulletin* 190 (1989).

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

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

and dealing.⁵ Applicant has committed that Company will conduct its private placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in Bankers Trust and J.P. Morgan,⁶ including the comprehensive framework of restrictions designed to avoid potential conflicts of interests, unsound banking practices, or other adverse effects imposed by the Board in connection with underwriting and dealing in securities.

Financial Factors, Managerial Resources, and Other Considerations

In order to approve this application, the Board is required to determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. In this regard, 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 proposed transaction on these resources.⁷ Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

Under the framework established in this and prior Board decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as an undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Moreover, the Board expects that the *de novo* entry of Applicant into the market for the proposed private placement and "riskless principal" services in the United States would

provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Applicant could reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to all of the terms and conditions set forth in this Order, and in the above noted Board orders that relate to these activities. The Board's determination is also subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this application, including the commitments discussed in this Order and the conditions set forth in the above noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Republic Bancorp, Inc.
Ann Arbor, Michigan

Order Approving the Acquisition of a Savings Association

Republic Bancorp, Inc., Ann Arbor, Michigan ("Republic"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act

5. *Id.*

6. Among the prudential limitations detailed more fully in *Bankers Trust* and *J.P. Morgan* are that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and that Company will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal", Company will only engage in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold; will not act as "riskless principal" in any transaction involving a security for which it makes a market; and will not hold itself out as making a market in the securities that it buys and sells as a "riskless principal". Moreover, Company will not engage in "riskless principal" transactions on behalf of its foreign affiliates that engage in securities dealing activities outside the United States and will not act as "riskless principal" for registered investment company securities. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Applicant or any of its affiliates. With regard to private placement activities, Applicant has committed that Company will not privately place registered investment company securities or securities of investment companies that are advised by Applicant or any of its affiliates.

7. 12 C.F.R. 225.25.

(12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to merge with Horizon Financial Services, Inc. ("HFS"), and thereby indirectly acquire its savings association subsidiary, Horizon Savings Bank ("Horizon"), both of Beachwood, Ohio. Horizon would be owned by Republic in accordance with section 225.25(b)(9) of the Board's Regulation Y (12 C.F.R. 225.25(b)(9)).¹

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 12,038 (1993)). The time for filing comments has expired, and the Board has considered the application and all the comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

The Board has determined that the operation of a savings association is closely related to banking and permissible for bank holding companies. 12 C.F.R. 225.25(b)(9). In making this determination, the Board required that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act.²

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

Republic, with total consolidated assets of approximately \$743 million, controls six banks in Michigan.³ Republic is the 16th largest banking organization in Michigan, controlling deposits of \$474 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.⁴ Horizon is the 20th largest thrift organization in Ohio, controlling deposits of \$336.6 million, representing less than

1 percent of total deposits in thrift institutions in the state.⁵

Community Reinvestment Act Considerations

In considering an application to acquire a savings association under section 4 of the BHC Act, the Board reviews the records of performance of the relevant institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").⁶ The CRA requires the Federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate Federal supervisory authority to "assess an 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 the institution," and to take that record into account in its evaluation of bank holding company applications.⁷

In connection with this application, the Board has reviewed comments received from the Moorish Community Redevelopment Corporation, Painesville, Ohio ("Protestant"), regarding Horizon's performance under the CRA. In particular, Protestant alleges that Horizon does not have a formal program to ascertain the credit needs of the communities it serves, including low- and moderate-income neighborhoods, and that Horizon does not market all of its available credit products and services to these communities. Protestant also asserts that Horizon has not designed credit programs to attract low- and moderate-income and minority borrowers, does not participate in any governmentally insured loan programs, and does not participate in any local community development or redevelopment projects.

The Board has carefully reviewed the CRA performance records of Republic and Horizon, as well as Protestant's comments and Republic's responses to those comments, and all the other relevant facts in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agen-

1. In connection with the proposed acquisition, Republic also has requested Board approval to acquire an option to purchase 19.9 percent of the voting shares of HFS.

2. Republic has committed to terminate all impermissible activities conducted by Horizon. In this regard, Republic has committed to terminate the annuities and mutual funds sales activities currently engaged in by Horizon through its subsidiary, Horizon Financial Insurance Agency, Inc., Beachwood, Ohio, upon or before consummation of this proposal. Republic also has committed to divest any impermissible real estate investments within two years of consummation of this proposal, and not to engage in any new impermissible real estate development projects or investments during this period.

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

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

5. State thrift deposit data are as of September 30, 1992.

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

7. 12 U.S.C. § 2903.

cies Regarding the Community Reinvestment Act ("Agency CRA Statement").⁸

The Board notes that Protestant's comments relate to weaknesses in the CRA performance of the institution Republic proposes to acquire. In this regard, the Board has reviewed the CRA performance record of Republic and Republic's commitment to implement its policies and programs at Horizon. The Board also has considered steps taken by Horizon to improve its CRA performance. Moreover, Horizon's primary regulator, the Office of Thrift Supervision ("OTS"), has advised the Board that these initiatives have addressed the CRA performance issues noted by the OTS in Horizon's last examination.

A. CRA Performance Examination

The Agency CRA Statement provides that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.⁹ The Board notes that all of Republic's subsidiary banks have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance. In particular, Republic's lead subsidiary bank, Premier Bank, Jackson, Michigan, received an "outstanding" rating for CRA performance from its primary regulator, the Federal Deposit Insurance Corporation ("FDIC"), in December 1992.¹⁰ Horizon received a "needs to improve" CRA rating in its most recent examination by its primary regulator, the OTS, in January 1992.

B. Other Aspects of CRA Performance

Policies and Programs. Republic has in place the types of policies outlined in the Agency CRA Statement to effectively monitor the CRA performance of each of its subsidiary banks. Upon consummation of this proposal, Republic will implement these policies at Horizon and has committed to report to the Federal Reserve Bank of Chicago on the progress of Horizon within six months of consummation of this proposal.

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

9. *Id.* at 13,745.

10. Republic's other subsidiary banks have received the following ratings from the FDIC in their most recent CRA examinations: Republic Bank, Flint Township, Michigan, received a "satisfactory" rating in October 1991; Republic Bank, S.E., Bloomfield Hills, Michigan, received a "satisfactory" rating in January 1992; Republic Bank-Ann Arbor, Ann Arbor, Michigan, received a "satisfactory" rating in September 1992; Republic Bank-Central, Williamston, Michigan, received a "satisfactory" rating in October 1991; and Republic Bank-North, Bellaire, Michigan, received a "satisfactory" rating in January 1993.

In this regard, the CRA compliance officers of each Republic bank subsidiary meet monthly to discuss Republic's corporate programs and policies. Each bank subsidiary also is required to submit periodic reports of its CRA performance ("CRA Reports") for review by Republic. These CRA Reports provide information on the bank affiliate's community involvement and service, marketing and special credit related programs, and a description of the banking products and services available at each affiliate's offices. The CRA Reports also provide specific information with respect to each affiliate's participation in community meetings and programs.

At the holding company level, the CRA Reports are reviewed by Republic's Management Council, which assesses each bank subsidiary's level of community involvement and CRA compliance. Following this assessment, the Management Council allocates resources to ensure that each bank affiliate meets the credit needs of its communities, including low- and moderate-income neighborhoods. Republic also employs two individuals who are responsible for implementing its corporate CRA program at each bank subsidiary. These individuals coordinate CRA training and testing of all loan officers at each Republic bank subsidiary, and conduct self-assessments of Republic's overall CRA performance. These individuals report directly to Republic's board of directors.

Republic will monitor Horizon's CRA performance through its corporate CRA program and through periodic telephone contacts with Horizon's newly appointed CRA officer. Republic's executive CRA compliance officer will have overall responsibility, subject to oversight by Republic's board of directors, for strengthening Horizon's CRA performance. In addition, Republic will add three individuals to Horizon's board of directors to monitor improvements in Horizon's CRA performance.

Ascertainment and Marketing. Horizon has taken a number of steps to improve its ascertainment and marketing efforts. In particular, Horizon has increased its CRA training for all officers and employees, and has enhanced its officer call program to ascertain community credit needs. In this regard, Horizon now emphasizes the submission of call reports by officers and directors, and has redesigned its reporting mechanisms to more effectively track loan officer calls in low- and moderate-income census tracts. Management also has expanded its marketing efforts to include calls on minority realtors and has allocated funds to advertise its credit products and services in media directed at low- and moderate-income neighborhoods.

To aid in ascertaining community credit needs, Horizon plans to distribute customer satisfaction questionnaires, and will hold town hall meetings in

municipalities where it has branch offices. In addition, Horizon continues to advertise available credit services through newspapers, statement stuffers, lobby handouts, trade journals, magazines, mass mailings, seminar presentations, broker sales calls, and realtor mailings.

Lending and Other Activities. Horizon has introduced products and services designed to meet the credit needs of low- and moderate-income consumers. For example, Horizon has developed a "Community Homebuyers Program" that features 10-year to 30-year fixed rate mortgages, flexible underwriting criteria, and a reduction in the down payment requirement and closing costs. Horizon also participates in the Earned Home Ownership Program ("EHOP") through the Northeastern Ohio League of Savings Institutions. EHOP provides pre-purchase counseling and training to families unable to obtain traditional mortgages. Moreover, Horizon has adopted a formal branch closing policy that includes the views of local community groups.

In addition to implementing its corporate CRA program at Horizon, Republic has identified steps specifically designed to improve Horizon's existing CRA program. In particular, Republic:

- (i) Will appoint a new CRA officer at Horizon;¹¹
- (ii) Will develop additional procedures to improve Horizon's ability to make loans to minorities and to residents of low- and moderate-income neighborhoods;
- (iii) Will refocus Horizon on mortgage lending with further commercial lending oriented to SBA-guaranteed lending; and
- (iv) Will consider participation in various special lending programs designed to assist residents of low- and moderate-income neighborhoods in purchasing homes.

Republic will implement a "second look process" in which denied loan applications from minority applicants or applicants from low- and moderate-income neighborhoods will be reviewed by a loan underwriting manager. Republic also will implement an alternative underwriting analysis in situations in which residents of low- and moderate-income neighborhoods are unable to establish creditworthiness by traditional means. In appropriate cases, individuals also will be given the opportunity to rebut negative credit information that may impact their ability to receive a loan.

11. In this regard, Horizon, with Republic's assistance, recently has hired a new CRA officer to implement and oversee Horizon's CRA policy. This individual has extensive experience in mortgage banking in Cleveland, as well as lending to individuals in low- and moderate-income neighborhoods.

Moreover, Republic will establish a Community Investment Committee to assist Horizon's board of directors in its oversight of the institution's CRA performance.

Upon consummation of this proposal, Horizon will offer FHA and VA guaranteed loans. In addition, Republic will consider participating in programs such as Cleveland Action to Support Housing ("CASH"), and the Afford-a-Home Program through the Cleveland Housing Network.

In light of all the facts of record, including the steps Horizon has taken to improve its CRA performance and the CRA programs that Republic will implement at Horizon, the Board believes that considerations relating to the convenience and needs of the communities to be served are consistent with approval of this application.¹²

Other Considerations

The banking subsidiaries of Republic and HFS do not compete in any of the same banking markets. Accordingly, the Board concludes that this proposal would not have a significantly adverse effect on competition in any relevant banking market. The financial and managerial resources of Republic and its subsidiaries, and HFS and its subsidiaries also are consistent with approval.¹³

Based on all the facts of record, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of

12. Protestant has requested that the Board hold a public meeting or hearing on this application regarding Horizon's CRA-related activities in low- and moderate-income areas. The Board's rules provide that a hearing is required under section 4 of the BHC Act only if there are disputed issues of material fact that cannot be resolved in some other manner. In addition, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application, and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e), 262.25(d), and 225.23(g). The Board has carefully considered this request. In the Board's view, interested parties have had a sufficient opportunity to present written submissions, and they have submitted detailed written comments that have been considered by the Board. Moreover, Protestant's allegations state conclusions about Horizon's CRA record without providing any underlying material facts. On the basis of all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application or otherwise required under the Board's rules. Accordingly, the request for a public meeting or hearing on this application is hereby denied.

13. Upon consummation, Republic will meet all applicable capital requirements and has committed that Horizon will meet all current and future minimum capital ratios adopted for savings associations by the OTS or the FDIC. For purposes of this commitment, investments in impermissible real estate projects and developments will be excluded from the definition of capital.

Republic's application to acquire HFS.¹⁴ Accordingly, the Board has determined that the application should be, and hereby is, approved. This approval is specifically conditioned on compliance by Republic with all of the commitments and conditions made in connection with this application. The acquisition of Horizon also is subject to all of the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a bank holding company, or any of its subsidiaries, as it finds necessary to assure compliance with, or prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. All the commitments and conditions relied on in reaching this decision in this case are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

14. Protestant also asserts that Horizon has no affirmative action plan to employ minorities. Because Horizon employs more than 50 people and acts as an agent to sell or redeem U.S. savings bonds and notes, it is required by Treasury Department and Department of Labor regulations to:

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

(2) Have in place a written affirmative compliance program which states its intentions, efforts, and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel. Horizon also states that it contacts minority and women's groups in the Cleveland area when Horizon has job openings, that it takes steps to ensure that minorities and women are given full opportunities for promotions and transfers, and that its supervisors have been informed of the importance of promoting equal employment opportunities.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Citizens National Bank
Seoul, Korea

Order Approving Establishment of a Representative Office

Citizens National Bank, Seoul, Korea ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Los Angeles, California. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application affording interested persons an opportunity to submit comments has been published in a newspaper of general circulation in Los Angeles (*Los Angeles Times*, April 23, 1992). The time for filing comments has expired and all comments have been considered.

Bank, with \$20.4 billion in consolidated assets,¹ is the largest in Korea in total domestic deposits and the seventh largest in asset size. Bank has representative offices in New York, London, Tokyo, and Singapore, and a banking subsidiary in Luxembourg. Bank does not engage, directly or indirectly, in any nonbanking activities in the United States. The proposed representative office would provide customer relations and other services and would conduct general financial and economic research. The majority of Bank's stock is owned by the Government of Korea.²

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

The Board has previously stated that the standards that apply to the establishment of a branch or agency

1. Data are as of December 31, 1991, unless otherwise noted.

2. The Government of Korea directly owns 72.58 percent of Bank. The Korean Government Pension Management Corporation owns an additional 6.42 percent of Bank.

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

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

In this case, with respect to the issue of supervision by home country authorities, the Board has considered the following information. Bank is subject to the supervisory authority of the Korean Ministry of Finance ("Ministry"), the Board of Audit and Inspection, and the Bank of Korea, including the Superintendent of the Office of Bank Supervision and Examination (the "OBSE"), a section within the Bank of Korea. The Ministry has approved the establishment of the office by Bank. The Ministry and the OBSE perform annual, on-site examinations of Bank. In addition, the Board of Audit and Inspection performs annual examinations of Bank's head office. An

annual examination includes a review of Bank's compliance with Korean banking laws, regulations, and orders issued by the Monetary Board, adequacy of the internal control system, accounting procedures, the acquisition, management, quality, and disposition of assets, capital adequacy, risk exposure, and liquidity. Bank is required to file periodic financial reports with both the Ministry and OBSE. These reports include information on loan status, changes in deposits, conditions of borrowers with large delinquent loans, new indices of borrowers with delinquent loans, and the status of internal auditing activities. The Ministry also receives regular reports on foreign operations, including audit reports and reports on transactions between Bank and its affiliates. Based on all the facts of record, which include the information described above, the Board concludes that factors relating to the supervision of Bank by its home country supervisors are consistent with approval of the proposed representative office.

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

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, Bank has received the consent of the Ministry to establish the proposed representative office. In addition, the Ministry and OBSE may share information on Bank's operations with other supervisors, including the Board.

With respect to the financial and managerial resources of Bank, Bank's overall record of operations in its home country is consistent with the operation of a representative office and demonstrates that Bank is capable of operating within applicable law. Although Bank has not demonstrated that its capital position is in conformance with standards under the Basle Capital Accord, given Bank's record of performance, its overall financial resources, and its standing with its home country supervisors, the Board has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank, which currently operates a representative office in New York, appears to have the experience and capacity to support this additional representative office. Bank has also established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems neces-

sary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent permitted by law. The Board has reviewed the restriction on disclosure to information in Korea, and has communicated with certain government authorities regarding access to information. In addition, Bank has committed to cooperate with the Board to obtain approvals or consents that may be required for the Board to gain access to information that the Board may request. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this Order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of the Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this Order.³ The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices, and its affiliates.

By order of the Board of Governors, effective June 25, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

3. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of California to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of California, and its agent, the California State Banking Department, to license the proposed representative office of Bank in accordance with any terms or conditions that the California State Banking Department may impose.

Medium Business Bank of Taiwan Taipei, Taiwan

Order Approving Establishment of a Representative Office

Medium Business Bank of Taiwan ("Bank"), Taipei, Taiwan, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Los Angeles, California. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Los Angeles, California (*Los Angeles Daily Journal*, April 30, 1992). The time for filing comments has expired and all comments have been considered.

Bank is a commercial bank that was chartered in 1976 through the reorganization of its predecessor, the Taiwan Mutual Loans and Savings Co., Ltd. Bank is owned by the Provincial Government of Taiwan ("Provincial Government") both directly and through the Bank of Taiwan, Taipei, Taiwan, which holds 42 percent of the voting shares of Bank.¹

Bank, with assets of \$20.4 billion on June 30, 1992, is the seventh largest bank in Taiwan. Bank has over 100 offices in Taiwan and operates a representative office in the Netherlands and an offshore banking unit in Taiwan. Bank does not engage directly or indirectly in any nonbanking activities in the United States. The proposed representative office would provide services that include acting as liaison with Bank's correspondents, providing customer relations services, and conducting research.

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

1. The Board approved the establishment of a branch by the Bank of Taiwan under the FBSEA. See *Bank of Taiwan*, 79 *Federal Reserve Bulletin* 541 (1993).

and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)).

The Board has previously stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office because representative offices do not engage in a banking business and cannot take deposits or make loans. *See* 58 *Federal Register* 6348, 6351 (1993). In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to establishment of branches and agencies, subject to certain considerations relating to financial factors and supervision by home country authorities. *See Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993).

Bank is subject to supervision and regulation by the Ministry of Finance of Taiwan ("Ministry"), the Central Bank of China ("Central Bank"), and the Ministry of Audit of Taiwan in the same manner as other banks from Taiwan that the Board, in considering applications by those banks to establish branches or agencies, has determined are subject to comprehensive home country supervision on a consolidated basis.² Because Bank is supervised by the Taiwanese authorities on the same terms and conditions set forth in the Board's Orders relating to those applications, the Board has determined that Bank is subject to comprehensive supervision or regulation by its home country supervisors on a consolidated basis.

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

The Board has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). In this regard, Bank has received the consent of the Ministry to establish the proposed representative office. In addition, the Ministry and Central Bank may share information on Bank's operations with other supervisors, including the Board.

With respect to the financial and managerial resources of Bank, Bank's overall record of operations in its home country demonstrates that Bank is capable of operating within applicable law and is consistent with the operation of a representative office. Although Bank has not demonstrated that its capital position is in conformance with international standards under the

Basle Capital Accord, given Bank's record of performance, its overall financial resources, and its standing with its home country supervisors, the Board has determined that financial and managerial factors are consistent with approval of the proposed representative office. The proposed representative office would be Bank's second foreign office, and Bank appears to have the experience and capacity to support this additional representative office. Bank has also established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent permitted by law. The Board has reviewed the restrictions on disclosure of information in Taiwan and has communicated with certain government authorities concerning access to information. The Ministry and Central Bank may share information on Bank's operations with other supervisors, including the Board. Bank also has committed to cooperate with the Board to obtain any approvals or consents that may be needed to gain access to information that the Board may request. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all of the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this Order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of the Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this Order.³ The commitments and

2. *See TaipeiBank*, 79 *Federal Reserve Bulletin* 143 (1993); *Chiao-Tung Bank*, 79 *Federal Reserve Bulletin* 541 (1993); *Bank of Taiwan*, *supra*.

3. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of California to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of California, and its agent, the California State Banking Department, to license the proposed representative office of Bank in accordance with any terms or conditions that the California State Banking Department may impose.

conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices, and its affiliates.

By order of the Board of Governors, effective June 25, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Singer & Friedlander, Ltd.
London, England

Order Approving Establishment of a Representative Office

Singer & Friedlander, Ltd., London, England, ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Miami, Florida (*Miami Herald*, July 10, 1992). The time for filing comments has expired and all comments have been considered.

Bank is a merchant bank chartered in the United Kingdom. Bank, with assets of \$1.3 billion, is wholly owned by Singer and Friedlander Group, PLC ("Singer Group"), London, England, through two U.K. holding companies, Ancomass, Ltd., and Singer & Friedlander Holdings, Ltd.¹ The proposed representative office is intended to assist in the Bank's international financial and banking activities that are focused on Latin America and the United States. The office also will act as a liaison between Bank, its U.S. and Latin American customers, and its correspondent banks.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside of the United States, has furnished to the

Board the information it needs to assess adequately the application, and is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2)). The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)).

The Board has previously stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office because representative offices do not engage in a banking business and cannot take deposits or make loans. *See* 58 *Federal Register* 6348, 6351 (1993). In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to establishment of branches and agencies, subject to certain considerations relating to financial factors and supervision by home country authorities. *See Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993).

Bank is subject to supervision and regulation by the Bank of England. The Board has previously determined, in connection with an application involving a particular bank in the United Kingdom, that the U.K. bank was subject to home country supervision on a consolidated basis.² In this case, the Board has determined that Bank is supervised in its banking operations by the Bank of England on the same terms and conditions as set forth in the earlier Order. Bank is also subject to rules of self-regulatory organizations that act under authority delegated by the Department of Trade and Industry to the Securities and Investment Board ("SIB"). The SIB establishes general principles that other self-regulatory organizations ("SROs") apply to firms engaged in particular types of investment activities. Bank is a member of two such SROs, the Securities and Futures Authority ("SFA") and the Investment Management Regulatory Organization ("IMRO").

With respect to the supervision of the investment activities of Bank, the Bank of England acts as the lead regulator of Bank.³ As lead regulator, the Bank of England meets with the SFA and IMRO periodically to discuss prudential and supervisory matters pertaining to Bank. In addition, the SFA and IMRO ensure that

2. *See Coutts & Co. AG*, 79 *Federal Reserve Bulletin* 636 (1993), with respect to supervision of National Westminster Bank, PLC.

3. The Bank of England has entered Memoranda of Understanding ("MOU") with the SFA and IMRO that create frameworks for the monitoring and assessment of financial soundness of institutions authorized under both the Banking Act and the Financial Services Act in order to avoid duplication of oversight. The MOU does not affect either the Bank's or the self-regulatory organizations' statutory duties to ensure that Bank remains "fit and proper" from both financial and managerial standpoints.

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

Bank is fit and proper to engage in securities and investment management activities through tests of the integrity and competence of Bank's management and the financial soundness of Bank. In light of all the facts of record, the Board has determined that Bank is subject to comprehensive supervision or regulation by home country supervisors on a consolidated basis.

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

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). In this regard, the Board notes that the Bank of England does not object to the establishment of the proposed representative office. In addition, the Bank of England may share information on Bank's operations with other supervisors, including the Board. With respect to financial and managerial resources of Bank, given Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, the Board has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed office and has also established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent permitted by law. The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with certain government authorities concerning access to information. The Board notes that certain of Bank's affiliates may not provide information without the consent of third parties. In this regard, each of Bank and Singer Group also has committed to cooperate with the Board to obtain any approvals or consents

that may be needed to gain access to information that may be requested by the Board. In addition, the Bank of England and other regulators may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all of the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable Federal banking statutes, the Board may require termination of any of the Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this order.⁴ The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its office and its affiliates.

By order of the Board of Governors, effective June 25, 1993.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

4. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of Florida to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Florida, and its agent, the Florida State Banking Department, to license the proposed representative office of Bank in accordance with any terms or conditions that the Florida State Banking Department may impose.

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991***By the Secretary of the Board***

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

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
First Bank System, Inc., Minneapolis, Minnesota	Colorado National Bank, Denver, Colorado	Central Bank/Bank Western N.A., Denver, Colorado	June 24, 1993

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991***By Federal Reserve Banks***

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

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
BB&T Financial Corporation, Wilson, North Carolina	Carolina Bank, Wilmington, North Carolina	Branch Banking and Trust Company, Wilson, North Carolina	June 11, 1993
BB&T Financial Corporation, Wilson, North Carolina	Edenton Bank, Edenton, North Carolina	Branch Banking and Trust Company, Wilson, North Carolina	June 11, 1993
Britton & Koontz Capital Corporation, Natchez, Mississippi	Natchez First Federal Savings Bank, Natchez, Mississippi	Britton & Koontz First National Bank, Natchez, Mississippi	June 10, 1993
Commerce Bancorp, Cherry Hill, New Jersey	Anchor Savings Bank, FSB, Hewlett, New York	Commerce Bank, N.A., Cherry Hill, New Jersey	June 9, 1993
First Citizens BancShares, Inc., Raleigh, North Carolina	Pioneer Savings Bank, Inc., Rocky Mount, North Carolina	First-Citizens Bank & Trust Company, Raleigh, North Carolina	June 1, 1993
First Staunton Bancshares, Inc., Staunton, Illinois	Benld Loan Association, Benld, Illinois	The First National Bank in Staunton, Staunton, Illinois	June 18, 1993

FDICIA Orders—Continued

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
First Union Corporation, Charlotte, North Carolina	Meritor Savings, F.A., Winter Haven, Florida	Dominion Bank, N.A., Roanoke, Virginia	May 21, 1993
First Union Corporation, Charlotte, North Carolina	Meritor Savings, F.A., Winter Haven, Florida	Dominion Bank of Maryland, N.A., Rockville, Maryland	May 21, 1993
First Union Corporation, Charlotte, North Carolina	Meritor Savings, F.A., Winter Haven, Florida	Dominion Bank of Washington, N.A., Washington, D.C.	May 21, 1993
First Union Corporation, Charlotte, North Carolina	Meritor Savings, F.A., Winter Haven, Florida	First Union National Bank of Florida, Jacksonville, Florida	May 21, 1993
Independent Bank Corporation, Ionia, Michigan	Community First Bank, FSB, Lansing, Michigan	Independent Bank, Ionia, Michigan	June 22, 1993
Lake Bancshares Corporation, Langley, Oklahoma	Cimarron Federal Savings Association, Muskogee, Oklahoma	Bank of the Lakes, Langley, Oklahoma	May 21, 1993
Shoreline Financial Corporation, Benton Harbor, Michigan	Standard Federal Bank, F.S.B., Troy, Michigan	Citizens Trust and Savings Bank, South Haven, Michigan Inter-City Bank, Benton Harbor, Michigan	May 24, 1993
Southern BancShares (N.C.), Inc., Mount Olive, North Carolina	Pioneer Savings Bank, Inc., Rocky Mount, North Carolina	Southern Bank and Trust Company, Mount Olive, North Carolina	June 3, 1993
SouthTrust Corporation, Birmingham, Alabama SouthTrust of Florida, Inc., Jacksonville, Florida	Federal Trust Bank, F.S.B., Winter Park, Florida	SouthTrust Bank of Jacksonville, N.A., Jacksonville, Florida	June 8, 1993
Texas Bancshares, Inc., San Antonio, Texas	Alice Branch of First Federal Savings Bank, San Antonio, Texas	First National Bank of South Texas, Rio Grande City, Texas	May 25, 1993
United Carolina Bancshares Corporation, Whiteville, North Carolina	Home Federal Savings Bank of Eastern North Carolina, Greenville, North Carolina	United Carolina Bank, Whiteville, North Carolina	June 10, 1993

*APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT**By the Secretary of the Board*

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant(s)	Bank(s)	Effective Date
Trans Financial Bancorp, Inc., Bowling Green, Kentucky	Trans Kentucky Bancorp, Pikeville, Kentucky	June 4, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Effective Date
Midland Capital Company, Oklahoma City, Oklahoma	Near Northwest Community Corporation, Oklahoma City, Oklahoma	June 11, 1993
Old National Bancorp, Evansville, Indiana	ONB Investment Services, Inc., Evansville, Indiana	June 23, 1993

*APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT**By Federal Reserve Banks*

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
215 Holding Co., Minneapolis, Minnesota	Southeast Bancorporation, Inc., Minneapolis, Minnesota	Minneapolis	June 21, 1993
Allendale Bancorp., Inc., Allendale, Illinois	The First National Bank of Allendale, Allendale, Illinois	St. Louis	June 16, 1993
AmSouth Bancorporation, Birmingham, Alabama	Mickler Corporation, Clearwater, Florida	Atlanta	June 2, 1993
A.N.B. Holding Company, Ltd., Terrell, Texas	The American National Bank of Terrell, Terrell, Texas	Dallas	June 9, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The Banc Ed Corp., Edwardsville, Illinois	The Bank of Edwardsville, Edwardsville, Illinois	St. Louis	May 26, 1993
The Bank of New York Company, Inc., New York, New York	National Community Banks, Inc., West Paterson, New Jersey	New York	May 28, 1993
BancWest Bancorp, Inc., Austin, Texas	Kyle State Bank, Kyle, Texas	Dallas	June 9, 1993
Big Bend Bancshares Corp., Presidio, Texas	The Marfa National Bank, Marfa, Texas	Dallas	June 2, 1993
Rio Bancshares Corporation, Wilmington, Delaware			
Birthright, Inc., Wilmington, Delaware	First Tuskegee Bank, Tuskegee, Alabama	Atlanta	June 18, 1993
Boatmen's Bancshares, Inc., St. Louis, Missouri	FCB Bancshares, Inc., Merriam, Kansas	St. Louis	June 14, 1993
Centura Banks, Inc., Rocky Mount, North Carolina	Interim Bank, Granite Falls, North Carolina	Richmond	June 4, 1993
Chico Bancorp, Inc., Chico, Texas	The First State Bank of Chico, Chico, Texas	Dallas	June 22, 1993
Citizens Bancshares of El Reno, Inc., El Reno, Oklahoma	Citizens National Bank & Trust Co. of El Reno, El Reno, Oklahoma	Kansas City	June 1, 1993
C.S.B. Bancshares, Inc., Somerville, Texas	Citizens State Bank, Somerville, Texas	Dallas	May 27, 1993
The Donley County State Bank Holding Company, Clarendon, Texas	The Donley County State Bank, Clarendon, Texas	Dallas	May 24, 1993
The Estes Park Bank Restated Employees Stock Ownership 401(k) Plan and Retirement Trust, Estes Park, Colorado	Estes Bank Corporation, Estes Park, Colorado	Kansas City	May 26, 1993
Fairfield Bancshares, Inc., Fairfield, Illinois	Fairfield National Bank, Fairfield, Illinois	St. Louis	June 3, 1993
First Bancorporation, Inc., Sparta, Wisconsin	First Bank of Sparta, Sparta, Wisconsin	Chicago	June 9, 1993
First National Beatrice Corporation Employee Stock Ownership Plan, Beatrice, Nebraska	First National Beatrice Corporation, Beatrice, Nebraska	Kansas City	June 1, 1993
First Trust Financial Corporation, Clinton, Kentucky	First National Bank of Clinton, Clinton, Kentucky	St. Louis	May 18, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First Virginia Banks, Inc., Falls Church, Virginia	United Southern Bank of Morristown, Morristown, Tennessee	Richmond	June 24, 1993
F & M National Corporation, Winchester, Virginia	First National Bankshares, Inc., Emporia, Virginia	Richmond	June 22, 1993
FNS, Inc., Schuyler, Nebraska	Howells Investment Company, Howells, Nebraska	Kansas City	May 27, 1993
Gulf Coast Bank Holding Company, Inc., New Orleans, Louisiana	Gulf Coast Bank and Trust Company, New Orleans, Louisiana	Atlanta	June 8, 1993
Hollandale Capital Corporation, Hollandale, Mississippi	Bank of Hollandale, Hollandale, Mississippi	St. Louis	June 16, 1993
Liberty Bancorp, Inc., Oklahoma City, Oklahoma	Interstate Financial Corporation, Edmond, Oklahoma	Kansas City	May 25, 1993
MCB Financial Corporation, San Rafael, California	Marin Community Bank, N.A., San Rafael, California	San Francisco	June 2, 1993
M & F Bancshares, Inc., Weatherford, Texas	Texas Bank, Grapevine, Texas	Dallas	June 11, 1993
M & F Financial Corporation, Wilmington, Delaware			
Mountain Bancshares, Inc., Newport, Minnesota	Eagle Agency, Inc., Golden Valley, Minnesota	Kansas City	June 15, 1993
NETEX Bancorporation, Pittsburg, Texas	First State Bank, Pittsburg, Texas	Dallas	May 21, 1993
Oostburg Bancorp, Inc., Oostburg, Wisconsin	Oostburg State Bank, Oostburg, Wisconsin	Chicago	June 23, 1993
Orchard Valley Financial Corporation, Englewood, Colorado	MegaBank Financial Corporation, Englewood, Colorado	Kansas City	June 8, 1993
Peoples Financial Corporation, Colfax, Illinois	Peoples State Bank of Colfax, Colfax, Illinois	Chicago	May 28, 1993
Pinnacle Bancorp, Inc., Central City, Nebraska	Centennial Bancorporation, Inc., Thermopolis, Wyoming	Kansas City	May 28, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Pinnacle Bancorp, Inc., Central City, Nebraska	Colorado National Bank Grand Junction, Grand Junction, Colorado Colorado National Bank Glenwood, Glenwood Springs, Colorado	Kansas City	June 2, 1993
Quad City Holdings, Inc., Bettendorf, Iowa	Quad City Bank and Trust Company, Bettendorf, Iowa	Chicago	May 25, 1993
Republic Bancshares, Inc., Duluth, Minnesota	Republic Bank, Inc., Duluth, Minnesota	Minneapolis	June 11, 1993
River Forest Bancorp, Inc., Chicago, Illinois	Belmont National Bank, Chicago, Illinois	Chicago	May 28, 1993
Southwest Bancshares, Inc., Jonesboro, Arkansas	Cherry Valley Bancshares, Inc., Wynne, Arkansas	St. Louis	June 16, 1993
Suburban Bancorp, Inc., Palatine, Illinois	Huntley Bancshares, Inc., Huntley, Illinois	Chicago	May 28, 1993
Twin River Financial Corporation, Lewiston, Idaho	Twin River National Bank, Lewiston, Idaho	San Francisco	May 24, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Algemene Maatschappij voor Nijverheidskrediet N.V., Antwerp, Belgium Kredietbank, N.V., Brussels, Belgium	Kredietbank Global Management, L.P., Brussels, Belgium Darien Asset Management, Inc., Stamford, Connecticut	New York	May 24, 1993
Britton & Koontz Capital Corporation, Natchez, Mississippi	Natchez First Federal Savings Bank, Natchez, Mississippi	Atlanta	June 10, 1993
The Long-Term Credit Bank of Japan, Ltd., Tokyo, Japan	Franchise Mortgage Acceptance Corporation, La Habra, California Franchise Mortgage Acceptance Corporation, L.P., La Habra, California	New York	June 21, 1993

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Norwest Corporation, Minneapolis, Minnesota	Citicorp Investment Services, Long Island City, New York	Minneapolis	June 18, 1993
Washington Investment Company, Otis, Colorado	First National Bank of Akron, Akron, Colorado First National Bank of Yuma, Yuma, Colorado Wray State Bancorporation, Wray, Colorado	Kansas City	June 14, 1993
West Coast Bancorp, Inc., Cape Coral, Florida	to engage <i>de novo</i> in making, acquiring, or servicing loans or other extensions of credit	Atlanta	June 17, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
FMSB Bancorp, Neola, Iowa	Farmers and Merchants State Bank, Neola, Iowa Hall Insurance Agency, Neola, Iowa	Chicago	June 16, 1993

*APPLICATIONS APPROVED UNDER BANK MERGER ACT**By Federal Reserve Banks*

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bank of Montana, Great Falls, Montana	Montana Bank, Billings, Montana	Minneapolis	June 18, 1993
Meridian Bank, Reading, Pennsylvania	The First National Bank of Pike County, Milford, Pennsylvania	Philadelphia	May 25, 1993

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Ezell v. Federal Reserve Board, No. 93-0361 (D. D.C., filed February 19, 1993). Action seeking damages for personal injuries arising from motor vehicle collision.

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

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

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

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

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

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

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

State of Idaho, Department of Finance v. Board of Governors, No. 92-70107 (9th Cir., filed Febru-

ary 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from Washington to Idaho. On June 4, 1993, the Court of Appeals denied the petition for review.

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

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

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

FINAL ENFORCEMENT DECISION ISSUED BY THE BOARD OF GOVERNORS

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

In the Matter of a Notice to Prohibit Further Participation Against

John S. Knoerzer, Former Chief Executive Officer and Director
Texas National Bank-Dallas,
Dallas, Texas (Failed)

OCC No. AA-EC-91-166

Final Decision

This is an administrative proceeding pursuant to the Federal Deposit Insurance Act ("FDI Act") in which the Office of Comptroller of the Currency of the United States of America ("OCC") seeks to prohibit the Respondent, John S. Knoerzer, from further participation in the affairs of any financial institution as a result of his conduct as chief executive officer and director of Texas National Bank-Dallas, Dallas, Texas (Failed) (the "Bank"). The proceeding comes to the Board of Governors of the Federal Reserve System (the "Board") in the form of a Recommended Decision by Administrative Law Judge ("ALJ") Walter J. Alprin recommending that the Board issue an Order of Prohibition against Knoerzer by default pursuant to the provisions of 12 U.S.C. § 1818(e) and 12 C.F.R. 19.19(c).

Upon review of the administrative record, the Board issues this Final Decision adopting the ALJ's Recommended Decision and orders that the attached Order of Prohibition issue against Knoerzer.

I. Statement of the Case

A. Procedural History

On September 10, 1991, the OCC issued a Notice of Intention to Prohibit Further Participation (the "Notice") against Knoerzer pursuant to the provisions of 12 U.S.C. § 1818(e)(1), based on allegations that Knoerzer had engaged in misconduct during his tenure as chief executive officer and director of the Bank, which had failed on December 15, 1988. The OCC charged that Knoerzer caused, authorized, or ratified loans by the Bank to interrelated individuals and business entities in violation of the Bank's lending limit that resulted in a loss to the Bank of over \$1.6 million. The OCC alleged that this conduct violated laws and regulations applicable to national banks and constituted unsafe and unsound banking practices and breaches of Knoerzer's fiduciary duty. The OCC also alleged that the conduct caused substantial financial loss or other damage to the Bank, seriously prejudiced the interests of the Bank's depositors, and evidenced Knoerzer's personal dishonesty or a willful or continuing disregard for the Bank's safety or soundness. The Notice required that Knoerzer file an answer to the charges within 20 days of service of the Notice.

After a delay resulting from difficulty in locating Knoerzer, the OCC served the Notice by hand upon Knoerzer on June 23, 1992.¹ Under the Uniform Rules

of Practice and Procedure ("Uniform Rules")² applicable to this proceeding, Knoerzer's answer was due to be filed on July 13, 1992, 20 days following the June 23, 1992 service upon Knoerzer. 12 C.F.R. 19.12(c)(1). The record contains a certificate from OCC Docket Clerk Lisa Chase, dated August 24, 1992, certifying that the OCC had received no answer to the Notice.

On August 28, 1992, OCC Enforcement Counsel filed with the ALJ a motion for entry of an order of default pursuant to the Uniform Rules, which provide that a failure to file an answer constitutes a waiver of a respondent's right to appear and contest the allegations in the notice. 12 C.F.R. 19.19(c). The motion indicated that Knoerzer had sent a letter to the OCC indicating his willingness to consent to an Order of Prohibition and that he had not filed an answer to the Notice of Prohibition. Knoerzer did not file any opposition to the motion for default.

On September 21, 1992, the ALJ granted the OCC's motion for default, finding that the Notice had been duly served upon Knoerzer, that Knoerzer had never filed an answer, and that no good cause had been shown for Knoerzer's failure to file a timely answer. Accordingly, ALJ Alprin issued a Recommended Decision recommending that the Board issue an Order of Prohibition against Knoerzer pursuant to the Uniform Rules provision for default upon failure to file an answer.

The Recommended Decision on Default was referred to the Board for final decision on March 10, 1993. Knoerzer has filed no exceptions to the Recommended Decision. On March 31, 1993, the Secretary to the Board notified the interested persons of record that the case had been submitted to the Board for final decision. A signed certified mail receipt returned to the Board indicates that Knoerzer received the notification on April 6, 1993.

B. Statutory Framework

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

2. The Uniform Rules, adopted concurrently by each of the financial institution regulatory agencies, including the Board and the OCC, constitute a materially identical set of procedural rules that control most aspects of those agencies' enforcement proceedings. Compare 12 C.F.R. Part 19, Subpart A (OCC) with 12 C.F.R. Part 263, Subpart A (Board).

1. The record contains an affidavit from a private process server attesting to hand delivery of the Notice to Knoerzer on July 23, 1992.

- (1) There must be a specified type of misconduct — violation of law, unsound practice, or breach of fiduciary duty;
- (2) The misconduct must have a prescribed effect — financial gain to the respondent or financial harm or other damage to the institution; and
- (3) The misconduct must involve culpability of a certain degree — personal dishonesty or willful or continuing disregard for the safety or soundness of the institution. 12 U.S.C. § 1818(e)(1). In prohibition cases brought by the OCC with respect to a party affiliated with a national bank, the findings and conclusions of the ALJ are certified to the Board to determine whether any order shall issue. 12 U.S.C. 1818(e)(4).

The Uniform Rules provide that, following the issuance of a notice of intention to prohibit an institution-affiliated party, a Respondent's failure to file an answer within the time provided constitutes a waiver of his or her right to appear and to contest the allegations in the notice. 12 C.F.R. 19.19(c). If no timely answer is filed, Enforcement Counsel is authorized to file a motion for entry of an order of default. *Id.* Upon a finding that no good cause has been shown for the failure to file a timely answer, the ALJ is directed to file a recommended decision containing the findings and relief sought by the agency. *Id.*

II. Discussion

In the circumstances of this case, it is clear that the OCC has established the basis for a default order of prohibition under the terms of the Uniform Rules. The fact that Knoerzer was duly served with notice of the proceeding and of his obligation to answer is supported by the notarized affidavit of the process server. Knoerzer has had repeated opportunities to respond to the charges and there is no basis for any inference that Knoerzer's default is the result of any mischance or inadvertence. The ALJ acted reasonably and in accordance with the Uniform Rules in finding that no good cause existed for relieving Knoerzer from the consequences of his failure to submit an answer to the Notice.

Conclusion

For these reasons, the Board orders that the attached Order of Prohibition issue.

Order of Removal and Prohibition

WHEREAS, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (the "Act")

(12 U.S.C. § 1818(e)), the Board of Governors of the Federal Reserve System ("the Board") is of the opinion, for the reasons set forth in the accompanying Final Decision, that a final Order of Removal and Prohibition should issue against JOHN S. KNOERZER,

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to sections 8(b)(3), 8(e), and 8(j) of the Act, (12 U.S.C. § 1818(b)(3), 1818(e) and 1818(j)), that:

1. JOHN S. KNOERZER is removed from all offices he holds with any insured depository institution or bank holding company;
2. In the absence of prior written approval by the Board, and by any other Federal financial institution regulatory agency where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C. § 1818(e)(7)(B)), JOHN S. KNOERZER is hereby prohibited:
 - (a) From participating in the conduct of the affairs of any bank holding company, any insured depository institution or any other institution specified in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));
 - (b) From soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));
 - (c) From violating any voting agreement previously approved by the appropriate Federal banking agency; or
 - (d) From voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act, (12 U.S.C. § 1813(u)), such as an officer, director, or employee.
3. This Order, and each provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board.

This Order shall become effective upon the expiration of thirty days after service is made.

By order of the Board of Governors, this 20th day of April, 1993.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

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

In the Matter of a Notice to Prohibit Further Participation Against

Michael A. O'Connell, Former President and Director, Metropolitan National Bank, N.A.
McAllen, Texas
Respondent.

OCC No. AA-EC-92-22

Final Decision

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

The proceeding comes before the Board in the form of a Recommended Decision by Administrative Law Judge ("ALJ") Walter J. Alprin, issued following an administrative hearing held on September 29–30, 1992, in Corpus Christi, Texas, and the filing of post-hearing briefs by the parties. In the Recommended Decision, the ALJ found that as President of the Bank, O'Connell had, without authority, pledged a security belonging to a Bank customer as collateral for a margin account through which O'Connell engaged in unauthorized active trading of United States Treasury bonds that resulted in a \$219,000 loss to the Bank.

O'Connell has submitted exceptions to the Recommended Decision that are confined exclusively to objections to evidentiary rulings made by the ALJ during the course of the hearing. O'Connell requests that the Board decline the ALJ's recommendations and order a new hearing. Based on a review of the record and the arguments raised by O'Connell, the Board rejects these exceptions, finding in each case that the ALJ acted reasonably within the scope of his authority over the conduct of the hearing.¹

Accordingly, the Board hereby makes its Final Decision, and adopts the ALJ's Recommended Decision, Recommended Findings of Fact and Recommended Conclusions of Law together with the reasoning and citations contained therein, except as specifically supplemented or modified herein.² The Board therefore orders that the attached Order of Prohibition issue against Respondent prohibiting him from future participation in the affairs of any federally-supervised financial institution without the approval of the appropriate supervisory agency.

I. Statement of the Case

A. Standards for Prohibition Order

Under the FDI Act, the ALJ is responsible for conducting an administrative hearing on a notice of intention to prohibit participation. 12 U.S.C. § 18(e)(4). Following the hearing, the ALJ issues a recommended decision that is referred to the Board. The parties may then file with the Board exceptions to the ALJ's recommendations. The Board makes the final findings of fact, conclusions of law, and determination whether to issue an order of prohibition. *Id.*; 12 C.F.R. 263.40.

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

- (1) There must be a specified type of misconduct — violation of law, unsafe or unsound practice, or breach of fiduciary duty;
- (2) The misconduct must have a prescribed effect — financial gain to the respondent or substantial financial harm or other damage to the institution; and
- (3) The misconduct must involve culpability of a certain degree — personal dishonesty or willful or continuing disregard for the safety or soundness of the institution.

B. Relevant Individuals and Business Entities

At all times relevant to this proceeding, the Bank was a national banking association, chartered and examined by the OCC. The Bank was declared insolvent on October 19, 1990.

1. Without stating any reasons, O'Connell has requested the opportunity to present oral argument before the Board with respect to his exceptions. Because the legal and factual issues have been fully and

adequately explained in the written submissions, the Board denies the request for oral argument. See 12 C.F.R. 263.40.

2. The Board also adopts the technical correction submitted by the OCC in the form of an exception, as discussed below.

At all times relevant to this proceeding, Respondent O'Connell was President and a director of the Bank, and therefore an "institution-affiliated party" under the terms of the FDI Act subject to the OCC's supervisory authority. O'Connell resigned as president and director of the Bank on October 9, 1990.

Ernesto Ayala was the Finance Director of the City of Pharr, Texas, and represented Pharr in all respects in the events relevant to this case. Wayne and Joseph Moran were broker/dealers employed in Austin, Texas, by Spelman & Co., Inc., a brokerage firm headquartered in San Diego, California.

II. Findings and Conclusions

Upon review of the record of this proceeding, the Board hereby adopts such of the ALJ's recommended decision, findings, and conclusions as are not specifically modified herein as the findings and conclusions of the Board, and incorporates by reference the ALJ's reasoning and citations to the record.

A. Findings

On November 14, 1989, the Bank entered into a Depository contract with the city of Pharr, Texas, whereby the Bank would provide depository and funds management services to Pharr. In April 1990, O'Connell caused a meeting to be held at the Bank including O'Connell, Ernesto Ayala (Pharr's Finance Director) and Wayne and Joseph Moran, the Spelman & Co. stock brokers from Austin, Texas.³ O'Connell called the meeting to discuss the extension of Pharr's bank account into a "margin account" with Spelman, which would increase the capital available for trading by borrowing from the broker amounts secured by Pharr's collateral. No decision as to the margin account was reached at the meeting.

The ALJ found that, after the meeting, O'Connell contacted Wayne Moran, stated that the Bank was interested in opening a margin trading account, represented that the Bank was Pharr's agent, and represented that O'Connell had the authority to engage in actively trading in the market for United States thirty-year bonds on a day trade basis. O'Connell further represented that the Bank would guarantee Pharr a 9 percent return from the trading program, with the Bank taking all profits over 9 percent and also assuming all the trading risks.

The margin trading account styled "Metropolitan National Bank, Agent for Pharr", was opened by

O'Connell on April 30, 1990.⁴ On that day, the Bank wire-transferred \$400,000 from Pharr's account to the clearing agent, which was used to purchase for Pharr a United States Treasury Note with a yield of 8.7 percent to maturity of \$435,000 on May 15, 1991. The purchase price of the Note was \$398,156. The Note and the excess funds of \$1,844 remained in the margin account. The ALJ found that O'Connell directed that Pharr's note be used as the collateral required by the terms of the margin account. In order to open the account, O'Connell executed a Corporate Authorization to Trade form specifying that the Bank's board of directors had conferred upon him specific authorization to conduct a number of activities with respect to the account. O'Connell also executed a Customer/Margin Agreement agreeing to maintain collateral in the margin trading account against which the account could be charged to satisfy any monthly debit/loss balance. The Agreement also provided that BCC, the clearing agent, would hold a lien on certain Bank property for the purpose of discharging all indebtedness on the margin trading account and authorized BCC to sell all securities or property in the margin account without prior notice, and that O'Connell and/or the Bank was liable for the payment of any debt balance in the margin trading account.

The ALJ found that O'Connell was not authorized by the Bank's board of directors or by the Pharr Depository Contract to open the margin account and to engage in such trading. The ALJ found that the Depository Contract between the Bank and Pharr did not grant the Bank or O'Connell the authority to participate in a trading program on behalf of or as agent for Pharr. Furthermore, the trading in the margin account exceeded the scope of the board of directors' authorization for O'Connell to engage in general trading activities. The ALJ found that the high-risk, speculative margin account was a departure from the Bank's normal practice of investing only in long-term high-quality securities and that it was unsafe and unsound for a bank of approximately \$400,000 in primary capital to maintain a trading account. The Bank's records, including its quarterly Call Reports, do not indicate the existence of any trading activity on behalf of the Bank.

When O'Connell failed to submit documentation supporting his representation that he was an agent for Pharr and that he was authorized by the Bank to open

3. The Board adopts the OCC's exception noting that, contrary to the Recommended Decision, Bank outside director Dr. Casso was not present at this meeting.

4. Three numbered and associated accounts were opened, one of which, Number 23D-11052, served as an interest-bearing account into which profits (or losses) from margin account 23D-11075 would be transferred on a daily basis. The accounts were established with Broadcourt Capital Corporation ("BCC") a wholly owned subsidiary of Merrill Lynch & Co. that provided security clearing services for Spelman.

the account, Spelman became concerned as to whether Pharr was aware of O'Connell's trading activities. Spelman's compliance officer directed that documentation be obtained from O'Connell to clarify the ownership of the account. On June 18, 1990, Wayne Moran met with O'Connell to have O'Connell re-execute the Corporate Authorization to Trade form and the Customer/Margin Agreement. O'Connell represented to Moran that he had been authorized by the board of directors to execute the forms by the unanimous vote of the Bank's board of directors at a meeting on April 17, 1990. The ALJ found that the corporate resolution passed by the Board of Directors on April 17, 1990, did not authorize O'Connell to establish a trading account, but only authorized O'Connell to transact for funds on accounts held at other banks.

Pursuant to Spelman's direction, the Customer/Margin agreement was modified to reflect a change in name from "Metropolitan National Bank, Agent for the City of Pharr" to "Metropolitan National Bank (2)". The ALJ found that O'Connell later admitted to the Bank's board of directors that the reason for the change of name on the margin account was to avoid having to disclose the trading activities to Pharr. The re-executed Customer/Margin Agreement was backdated to show a date of April 27, 1990.

From on or about May 11, 1990 until approximately September 19, 1990 over 200 day trades involving the buying and selling of U.S. Treasury Bonds were made in the trading accounts using the margin supported by the Pharr note. The ALJ found that O'Connell specifically authorized day trading on margin by giving orders to Wayne Moran, and that all trades were made with O'Connell's express authority and at his instructions. Respondent agreed to the transfer of all profits or losses to an associated interest-bearing account each day.

The ALJ found that O'Connell was notified on a regular basis concerning the losses in the margin trading account. On May 25, 1990, O'Connell had a conversation with Wayne Moran regarding losses in the margin trading account of approximately \$35,469. O'Connell wanted to continue trading. On May 31, 1990, O'Connell reasserted to Wayne Moran that he was not overly concerned with the loss in the trading account. On June 6, 1990, Wayne Moran notified O'Connell that there was a loss in the margin trading account of \$76,438. O'Connell wanted to continue to trade to recoup the loss in the account, indicating that he was negotiating with potential purchasers for the Bank. On July 24, 1990, O'Connell stated that he was becoming more concerned about the loss in the account, that he thought he could still recover the loss, and that he intended to keep trading until he recovered the loss.

Pursuant to O'Connell's instruction, the Note was sold for \$408,694 on August 1, 1990 to cover losses in

the margin trading account. The proceeds from the sale of the Note were used to offset the loss in the margin account and the remainder of the proceeds were transferred to the interest-bearing account. On August 30, 1990, O'Connell stated that he had to recover the entire loss in the trading accounts before the new owners assumed control of the Bank. The total losses associated with the trading accounts were about \$219,109.

On September 21, 1990, O'Connell disclosed to the Bank's board of directors that he had traded in the bond market and had pledged Pharr's note as collateral. The ALJ found that prior to O'Connell's disclosure, the board of directors had no knowledge of the trading activities and that O'Connell admitted his activities because increasing losses in the trading account had reached the point where there was no hope of recouping the losses. On September 24, 1990, the Bank's board of directors suspended O'Connell, notified Spelman to cease all future trading activities, and notified the OCC. The Bank compensated Pharr for the trading loss, paying Pharr \$435,000, the value of the Note at maturity.

As a result of the loss attributable to O'Connell's trading activities, potential buyers of the Bank chose not to infuse the Bank with \$1 million in capital, and the Bank was not sold. The ALJ found that the \$219,000 in losses caused the Bank's subsequent insolvency.

III. Conclusions

The ALJ reasonably rejected as irrelevant O'Connell's arguments that brokers Wayne and Joe Moran were not credible, and that the brokers had overcharged O'Connell on the trades. The ALJ noted that O'Connell had conceded that, with knowledge of increasing losses, he had continued to trade in the margin account for months without authority, even after the Pharr note had been sold to satisfy losses. The ALJ also noted that O'Connell did not testify, and did not deny any of the relevant testimony. The ALJ therefore reasonably found that the OCC had supported its charges by a preponderance of the relevant credible evidence.

A. Misconduct

Upon these facts, The ALJ found that O'Connell's actions constituted both unsafe and unsound practices and breaches of O'Connell's fiduciary duty. With neither authority nor express permission, O'Connell caused the Note owned by Pharr, a Bank customer, to be pledged as collateral for the margin trading account. O'Connell also executed all the forms necessary to

open a margin trading account and actively engaged in an unauthorized scheme of trading which involved more than 200 trades of 30-year United States Treasury bonds. O'Connell initiated, controlled and directed each trade, each of which was evidenced by both a confirmation slip and monthly account statement which were delivered to O'Connell at the Bank. The ALJ found that O'Connell repeatedly misrepresented his authority to the Spelman brokers, misleading them to believe that he was authorized to act as agent for Pharr and to trade on behalf of the Bank. O'Connell also directed the sale of the note to satisfy the outstanding amount of the loss in the margin trading account. The ALJ reasonably found this misconduct to satisfy the applicable standards for an unsafe or unsound banking practice,⁵ and for breach of fiduciary duty.

B. Effects

The ALJ also found that O'Connell's misconduct satisfied the Effects tier of elements necessary for a prohibition in that the Bank lost over \$219,000 as a result of the trading losses incurred by O'Connell and reimbursed to Pharr by the Bank. Furthermore, the ALJ found that the losses caused the Bank to lose a potential investment of \$1 million in capital that investors had proposed to infuse into the Bank. Accordingly, O'Connell's misconduct was a contributing factor to the insolvency of the Bank.⁶

C. Culpability

The ALJ also reasonably found that O'Connell's misconduct satisfied the Culpability tier of elements for a prohibition order in that it evidenced personal dishonesty as well as a willful and continuing disregard for the Bank's safety and soundness.

The ALJ found that O'Connell's conduct in conducting active trading using the security of a bank customer without obtaining the authority of either the bank customer or the Bank, together with O'Connell's misrepresentations of his authority to the brokers constituted personal dishonesty. The ALJ found that

conclusion supported by O'Connell's knowledge that Pharr did not wish to authorize active trading or trading on margin and that he knew of the Bank's delicate condition and of the impending sale of the Bank. Furthermore, the ALJ noted that O'Connell admitted to the board of directors that his reason for changing the name on the account was to avoid disclosing his unauthorized trading to Pharr.

The ALJ found that, for the same reasons that the conduct evidenced personal dishonesty, it also satisfied the remaining culpability standards of willful and continuing disregard for safety or soundness in that O'Connell's conduct was willful and in that he continued to engage in the conduct over a period of several months.

D. O'Connell's Exceptions

The only exceptions filed by O'Connell relate entirely to the ALJ's evidentiary rulings. Since O'Connell did not testify, and called only one person as an adverse witness, he relied almost entirely upon cross-examination. O'Connell objects that the ALJ was unduly restrictive in the scope of the questioning permitted to O'Connell's counsel. He lists 11 instances where he submits that the ALJ erred, and requests a new hearing.

The Administrative Procedure Act ("APA") that generally governs formal agency adjudications specifies that presiding officials may "rule on offers of proof and receive relevant evidence", as well as "regulate the course of the hearing." 5 U.S.C. § 556(c)(3), (5). The APA also specifies that "the agency as a matter of policy shall provide for the exclusion of irrelevant, immaterial or unduly repetitious evidence." 5 U.S.C. § 556(d).

This statutory authority is mirrored in the OCC's Rules of Practice and Procedure applicable to adjudicatory proceedings required to be conducted on the record. The ALJ is generally vested with "all powers necessary to conduct a proceeding in a fair and impartial manner and to avoid unnecessary delay." 12 C.F.R. 19.5(a). More specifically, the ALJ is vested with the power "to consider and rule upon all procedural and other motions [other than granting a motion to dismiss] appropriate in an adjudicatory proceeding. 12 C.F.R. 19.5(b)(7). The evidentiary standards permit the admission of all evidence that is relevant, material, reliable, and not unduly repetitive. 12 C.F.R. 19.36(a)(1),(c).

O'Connell first complains that his counsel was not permitted to elicit character and reputation evidence concerning O'Connell during his cross-examination of a Bank director. A review of the record demonstrates that the ALJ acted reasonably and within his authority in permitting limited questioning as to O'Connell's reputation as to the culpability elements at issue, but

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

6. The ALJ also found that O'Connell received a financial gain from his misconduct in that he never reimbursed the Bank for the \$219,000 in trading losses the Bank had restored to Pharr. The ALJ noted that there is no indication that O'Connell would have claimed any profits that might have resulted from the trading as personal income. The Board declines to reach the question of O'Connell's financial gain in light of the conclusion that the alternative effects element of loss to the Bank has been satisfied.

in restricting the scope of questioning as to general questions of character as irrelevant.⁷

The bulk of O'Connell's exceptions relate to instances where the ALJ restricted the scope of cross-examination by O'Connell's counsel to matters elicited on direct examination. The ALJ generally explained each such ruling as a relevance determination. In a number of instances, O'Connell joins these exceptions with objections to the ALJ's rulings forbidding O'Connell's counsel from questioning witnesses as to documents that did not appear on O'Connell's list of proposed exhibits.

The OCC's Rules of Practice and Procedure do not directly address the scope of cross-examination. The Rules provide generally that "Hearings shall be conducted so as to provide a fair and expeditious presentation of the relevant disputed issues. Each party has the right to present its case or defense by oral and documentary evidence and to conduct such cross-examination as may be required for full disclosure of the facts." 12 C.F.R. 19.35; see 5 U.S.C. § 556(d). Accordingly, the right to conduct cross-examination is generally qualified by the limitation of testimony to the relevant disputed issues, as determined by the ALJ.⁸ A party seeking cross-examination in an administrative hearing bears the burden of showing that cross-examination is in fact necessary, a decision committed to the discretion of the presiding officer. *Seacoast Anti-Pollution League v. Costle*, 572 F.2d 872, 880 n.16 (1st Cir.) cert. denied, 439 U.S. 824 (1978). A partial or complete rehearing on the basis of improperly excluded evidence will generally be provided only where the exclusion is so prejudicial as to result in an unfair hearing. See Jacob Stein, Glenn Mitchell and Basil Mezines, *Administrative Law* (1993) § 30.03.

The Board's review of each instance where the ALJ restricted the scope of cross-examination demonstrates that in each case the ALJ made reasonable relevance determinations after permitting O'Connell's counsel to explain what he hoped to elicit from a line of questioning. The ALJ reasonably concluded that O'Connell's attempt to establish wrongdoing by the

Morans was simply beside the point in light of the ample documentary evidence establishing O'Connell's knowledge of the margin trading accounts and his own statement to the Bank's board of directors. Similarly, the ALJ reasonably restricted as immaterial questioning seeking to establish O'Connell's theory that he had no legal liability as a result of the Bank's decision to reimburse Pharr as a result of the losses for which he was responsible.

The same relevance issues prevent O'Connell from demonstrating any prejudice resulting from the ALJ's restriction on the use of documents not identified on O'Connell's pre-hearing exhibit list. Here, the ALJ acted in accord with the authority provided by Rule of Practice and Procedure 19.32(b), which specifies that "No witness may testify and no exhibits may be introduced at the hearing if such witness or exhibit is not listed in the prehearing submissions . . . , except for good cause shown." 12 C.F.R. 19.32(b). The ALJ did not apply the rule inflexibly, finding in at least one instance that such good cause had been shown where a document would not "expand the scope" of the proceeding. Transcript 386-87.

Accordingly, O'Connell has not demonstrated that he has suffered prejudice from the ALJ's evidentiary rulings rendering the proceeding unfair, and the Board denies O'Connell's exceptions and request for a new hearing.

Conclusion

For the foregoing reasons, the Board orders that the attached Order issue.

Order of Prohibition

WHEREAS, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (the "Act") (12 U.S.C. 1818(e)), the Board of Governors of the Federal Reserve System ("the Board") is of the opinion, for the reasons set forth in the accompanying Final Decision, that a final Order of Prohibition should issue against MICHAEL A. O'CONNELL,

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to sections 8(e), and 8(j) of the Act, (12 U.S.C. §§ 1818(e) and 1818(j)), that:

1. In the absence of prior written approval by the Board, and by any other Federal financial institution regulatory agency where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C. § 1818(e)(7)(B)), MICHAEL A. O'CONNELL is hereby prohibited:

(a) From participating in the conduct of the affairs of any bank holding company, any insured depository institution or any other insti-

7. O'Connell's reliance on Federal Rule of Evidence 608 in support of this exception is inapposite. Rule 608 does not address reputation evidence going to the merits of a proceeding, but deals narrowly with the submission of opinion or reputation evidence as to the character for truthfulness of a witness only when that witness's credibility is at issue. Here, O'Connell was not a witness in the hearing, and the evidence that O'Connell's counsel sought to elicit dealt not with his character for truthfulness as a witness, but his character as a banker.

8. While the Federal Rules of Evidence are not applicable to these proceedings, the conclusion would be the same if they did apply. Rule 611(b) specifies that "Cross-examination should be limited to the subject matter of the direct examination and matters affecting the credibility of the witness. The Court may, in the exercise of discretion, permit inquiry into additional matters as if on direct examination." Federal Rule of Evidence 611(b).

tution specified in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));

(b) From soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));

(c) From violating any voting agreement previously approved by the appropriate Federal banking agency; or (d) from voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act, (12 U.S.C. § 1813(u)), including serving as an officer, director, or employee.

2. This Order, and each provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board.

3. This Order shall become effective upon the expiration of thirty days after service is made.

By order of the Board of Governors, this 28th day of June, 1993.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

*FINAL ENFORCEMENT ORDERS ISSUED BY THE
BOARD OF GOVERNORS*

Country Hill Bancshares, Inc.
Lenexa, Kansas

The Federal Reserve Board announced on June 3, 1993, the issuance of a Cease and Desist Order against Country Hill Bancshares, Inc., Lenexa, Kansas.

Victor J. Vargas Irausquin
New York, New York

The Federal Reserve Board announced on June 18, 1993, the issuance of a consent Order against Victor J. Vargas Irausquin, an institution-affiliated party of CapitalBanc Corporation, New York, New York.

*WRITTEN AGREEMENTS APPROVED BY FEDERAL
RESERVE BANKS*

Missouri State Financial Corporation
St. Louis, Missouri

The Federal Reserve Board announced on June 3, 1993, the execution of a Written Agreement between the Federal Reserve Bank of St. Louis and Missouri State Financial Corporation, St. Louis, Missouri.

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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	NOW	Negotiable order of withdrawal
BIF	Bank insurance fund	OC	Other checkable deposit
CD	Certificate of deposit	OPEC	Organization of Petroleum Exporting Countries
CMO	Collateralized mortgage obligation	OTS	Office of Thrift Supervision
FFB	Federal Financing Bank	PO	Principal only
FHA	Federal Housing Administration	REIT	Real estate investment trust
FHLBB	Federal Home Loan Bank Board	REMIC	Real estate mortgage investment conduit
FHLMC	Federal Home Loan Mortgage Corporation	RP	Repurchase agreement
FmHA	Farmers Home Administration	RTC	Resolution Trust Corporation
FNMA	Federal National Mortgage Association	SAIF	Savings Association Insurance Fund
FSLIC	Federal Savings and Loan Insurance Corporation	SCO	Securitized credit obligation
G-7	Group of Seven	SDR	Special drawing right
		SIC	Standard Industrial Classification
		SMSA	Standard metropolitan statistical area
		VA	Veterans Administration

GENERAL INFORMATION

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

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

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also

include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

Percent annual rate of change, seasonally adjusted¹

Monetary and credit aggregate	1992			1993	1993				
	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr. ^f	May
<i>Reserves of depository institutions²</i>									
1 Total	14.8	9.3	25.8	9.3	6.9	5.6	5.3	.7	36.5
2 Required	15.3	9.9	25.3	8.7	4.7	9.3	3.0	3.3	39.5
3 Nonborrowed	14.6	8.4	27.1	9.5	6.0	8.3	4.3	1.1	35.5
4 Monetary base ³	7.8	10.5	12.6	9.1	8.3	8.5	8.9	7.6	13.8
<i>Concepts of money, liquid assets, and debt⁴</i>									
5 M1	10.6	11.7	16.8	6.6	7.8	-.2	2.7	9.0	27.6
6 M2	.3	.8	2.7	-2.0	-3.4	-4.1	-.9 ^f	.7	10.8
7 M3	-.6	.1	-.2	-3.8 ^f	-7.4	-1.7 ^f	-1.3 ^f	2.4	9.3
8 L	1.3	1.1	2.0	-2.1 ^f	-5.7 ^f	-1.4 ^f	-.6 ^f	3.6	n.a.
9 Debt	5.5 ^f	4.9	4.3 ^f	4.4 ^f	3.1 ^f	3.9 ^f	5.5 ^f	5.9	n.a.
<i>Nontransaction components</i>									
10 In M2 ⁵	-3.4	-3.2	-2.8	-5.5	-8.1	-5.6	-2.4 ^f	-2.9	3.7
11 In M3 only ⁶	-4.9	-3.5	-14.4	-13.2 ^f	-28.0	10.3 ^f	-3.5 ^f	11.7	1.4
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings, including MMDAs	12.6	10.9	12.9	1.6	-3.2	2.5	-2.9	3.2	14.0
13 Small time	-13.4	-17.4	-17.1	-7.6	-10.2	3.1	-2.9	-9.1	-10.3
14 Large time ^{8,9}	-13.3	-18.6	-18.4	-17.9	-26.9	-12.3	-20.9	10.0	4.7
<i>Thrift institutions</i>									
15 Savings, including MMDAs	18.1	9.2	8.7	-.2	.8	-10.0	-5.1	2.3	9.6
16 Small time	-29.8	-18.6	-21.7	-19.2	-16.5	-24.1	-12.6	-9.0	-5.6
17 Large time ^{8,9}	-31.9	-14.9	-11.3	-17.3	-3.6	-28.6	-18.3	11.2	-12.9
<i>Money market mutual funds</i>									
18 General purpose and broker-dealer	-6.6	-7.4	-4.2	-10.1	-9.5	-21.2	-1.8	-5.0	17.4
19 Institution-only	23.9	32.9	-19.4	-14.1	-27.3	25.5	-5.9	-3.0	14.4
<i>Debt components⁴</i>									
20 Federal	14.4	10.7	6.0	8.6 ^f	2.9	5.3	15.0	10.9	n.a.
21 Nonfederal	2.6 ^f	3.0 ^f	3.7 ^f	2.9 ^f	3.2 ^f	3.4 ^f	2.2 ^f	4.1	n.a.

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

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

3. 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 due 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 repurchase agreements (RPs)—in amounts of less than \$100,000), and (3) balances in both taxable and tax-exempt general-purpose and broker-dealer money market funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker-dealer), foreign governments and commercial banks, and the U.S. government. Seasonally adjusted M2 is computed by adjusting its non-M1 component as a whole and then adding this result to seasonally adjusted M1.

M3: M2 plus (1) large time deposits and term RP liabilities (in amounts of \$100,000 or more) issued by all depository institutions, (2) term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and (3) balances in both taxable and

tax-exempt, institution-only money market funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also excluded is the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. Seasonally adjusted M3 is computed by adjusting its non-M2 component as a whole and then adding this result to seasonally adjusted M2.

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

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

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

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

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

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

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT¹

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1993			1993						
	Mar.	Apr.	May	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	337,743	344,222 ^f	346,082	344,936	347,045 ^f	344,073 ^f	344,142	344,996	344,923	348,867
2 U.S. government securities ²	298,823	303,316	305,421	300,124	305,346	305,711	305,429	305,098	305,724	305,947
3 Bought outright—System account	1,984	3,293	2,598	6,742	3,920	625	0	1,094	904	5,686
4 Held under repurchase agreements										
5 Federal agency obligations	5,173	5,106	5,086	5,111	5,095	5,095	5,095	5,095	5,095	5,084
6 Bought outright	112	25	117	73	0	0	0	14	114	390
7 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
8 Acceptances										
9 Loans to depository institutions	69	29	43	6	38	65	15	128	8	20
10 Adjustment credit	26	40	83	32	41	52	67	74	87	93
11 Seasonal credit	0	0	0	0	0	1	1	0	0	0
12 Extended credit	1,153	618 ^f	436	1,322	231 ^f	422 ^f	916	412	671	161
13 Float	30,404	31,794 ^f	32,298	31,525	32,373	32,102	32,618	33,081	32,319	31,485
14 Other Federal Reserve assets										
12 Gold stock	11,055	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,054
13 Special drawing rights certificate account ..	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,556	21,605 ^f	21,657	21,598 ^f	21,608 ^f	21,619 ^f	21,629	21,643	21,657	21,671
ABSORBING RESERVE FUNDS										
15 Currency in circulation	331,646	335,293 ^f	338,480	335,968 ^f	336,086 ^f	335,140 ^f	336,294	338,035	338,604	338,602
16 Treasury cash holdings	509	514	497	515	517	512	505	505	498	488
17 Deposits, other than reserve balances, with Federal Reserve Banks	5,472	6,062	5,851	5,348	8,135	4,770	6,116	5,646	5,937	6,110
18 Treasury	290	241	272	230	246	227	273	379	268	196
19 Foreign										
20 Service-related balances and adjustments	6,498	6,391	6,193	6,532	6,213	6,473	6,048	5,986	6,296	6,324
21 Other	347	317	310	311	322	316	304	307	322	312
22 Other Federal Reserve liabilities and capital	9,091	9,148	9,509	9,161	9,172	9,195	9,779	9,920	9,243	9,267
22 Reserve balances with Federal Reserve Banks ³	24,520	26,933 ^f	25,700	27,540	27,036 ^f	28,131 ^f	25,523	24,932	24,485	28,311
End-of-month figures										
Wednesday figures										
	Mar.	Apr.	May	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	343,481	343,696 ^f	346,963	348,681	347,301 ^f	342,924 ^f	345,343	352,418	342,687	356,734
2 U.S. government securities ²	298,461	305,381	304,494	302,476	305,525	305,477	305,399	305,580	305,540	306,148
3 Bought outright—System account	6,756	0	5,347	8,526	3,920	0	0	7,660	35	11,930
4 Held under repurchase agreements										
5 Federal agency obligations	5,123	5,095	5,054	5,095	5,095	5,095	5,095	5,095	5,095	5,054
6 Bought outright	567	0	0	57	0	0	0	95	10	1,120
7 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
8 Acceptances										
9 Loans to depository institutions	720	20	37	7	9	29	5	13	5	19
10 Adjustment credit	32	63	92	37	43	59	70	81	94	93
11 Seasonal credit	0	2	0	0	0	2	0	0	0	0
12 Extended credit	337	619 ^f	58	781	190 ^f	79 ^f	1,871	452	895	351
13 Float	31,484	32,517	31,881	31,702	32,519	32,183	32,903	33,442	31,012	32,019
14 Other Federal Reserve assets										
12 Gold stock	11,054	11,054	11,053	11,054	11,054	11,054	11,054	11,054	11,054	11,054
13 Special drawing rights certificate account ..	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,578	21,629 ^f	21,685	21,598 ^f	21,608 ^f	21,619 ^f	21,629	21,643	21,657	21,671
ABSORBING RESERVE FUNDS										
15 Currency in circulation	332,822	335,907 ^f	340,867	336,536 ^f	335,612 ^f	335,557 ^f	337,159	338,645	338,568	339,528
16 Treasury cash holdings	515	505	489	517	513	505	506	499	489	483
17 Deposits, other than reserve balances, with Federal Reserve Banks	6,752	7,273	5,787	4,793	13,052	5,291	5,318	4,952	6,080	5,369
18 Treasury	318	221	194	589	198	229	355	210	263	246
19 Foreign										
20 Service-related balances and adjustments	6,899	6,048 ^f	6,299	6,532	6,213	6,473	6,048	5,986	6,296	6,324
21 Other	314	291	300	352	311	324	304	313	323	311
22 Other Federal Reserve liabilities and capital	8,844	9,847	9,263	9,099	9,052	9,032	9,749	9,128	9,094	9,139
22 Reserve balances with Federal Reserve Banks ³	27,668	24,305 ^f	24,521	30,932	23,031 ^f	26,204 ^f	26,605	33,399	22,302	36,077

1. For amounts of cash held as reserves, see table 1.12.

2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes any 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 □ August 1993

1.12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1992		1993				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Reserve balances with Reserve Banks ²	30,237	26,659	25,368	25,462	25,368	23,636	23,515	24,383	26,975 ^f	25,968
2 Total vault cash ³	31,789	32,510	34,535	32,457	34,535	35,991	33,914	33,293	32,721	33,462
3 Applied vault cash ⁴	28,884	28,872	31,172	29,205	31,172	32,368	30,368	29,912	29,567	30,133
4 Surplus vault cash ⁵	2,905	3,638	3,364	3,252	3,364	3,623	3,546	3,381	3,154	3,329
5 Total reserves ⁶	59,120	55,532	56,540	54,666	56,540	56,004	53,882	54,296	56,541 ^f	56,100
6 Required reserves	57,456	54,553	55,385	53,624	55,385	54,744	52,778	53,083	55,445	55,104
7 Excess reserve balances at Reserve Banks ⁷	1,664	979	1,155	1,043	1,155	1,260	1,104	1,213	1,096 ^f	997
8 Total borrowings at Reserve Banks ⁸	326	192	124	104	124	165	45	91	73	121
9 Seasonal borrowings	76	38	18	40	18	11	18	26	41	84
10 Extended credit ⁹	23	1	1	0	1	1	0	0	0	0
Biweekly averages of daily figures for weeks ending										
1993										
	Feb. 3	Feb. 17	Mar. 3	Mar. 17	Mar. 31	Apr. 14	Apr. 28 ^f	May 12 ^f	May 26	June 9
1 Reserve balances with Reserve Banks ²	21,500	23,301	24,335	24,029	24,747	26,612	27,586	25,228	26,396	26,540
2 Total vault cash ³	36,368	34,764	32,163	34,487	32,343	33,218	32,010	34,225	32,728	33,685
3 Applied vault cash ⁴	32,470	31,069	28,902	30,944	29,098	29,995	28,960	30,816	29,455	30,391
4 Surplus vault cash ⁵	3,898	3,695	3,261	3,543	3,245	3,223	3,050	3,409	3,273	3,293
5 Total reserves ⁶	53,970	54,370	53,237	54,973	53,845	56,607	56,546	56,044	55,851	56,931
6 Required reserves	52,740	52,875	52,666	53,683	52,572	55,763	55,160	55,217	54,649	56,105
7 Excess reserve balances at Reserve Banks ⁷	1,230	1,495	571	1,290	1,273	844	1,387	828	1,202	826
8 Total borrowings at Reserve Banks ⁸	64	33	56	93	98	38	99	142	105	118
9 Seasonal borrowings	11	18	20	22	32	31	47	71	90	101
10 Extended credit ⁹	3	0	0	0	0	0	1	1	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.

2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.

3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash can be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.

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

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 there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Banks¹

Millions of dollars, averages of daily figures

Source and maturity	1993, week ending Monday								
	Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
<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	73,835	76,974	72,059	66,142	68,032	68,197	69,117	65,952	70,624
2 For all other maturities	11,799	14,364	12,264 ^f	12,985 ^f	13,709	13,490	13,227	12,864	12,825
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	19,121	17,641	18,236	19,437	16,829	15,975	18,618	21,775	18,376
4 For all other maturities	18,665	18,429	19,311	19,603	19,943	19,771	21,278	20,739	20,968
<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	14,302	13,274	14,332	13,356	12,017	12,028	12,650	13,386	13,028
6 For all other maturities	26,122	27,696	27,039	26,549	26,812	26,127	26,634	27,626	27,872
All other customers									
7 For one day or under continuing contract	23,168	22,301	23,085	23,077	24,272	22,777	23,066	23,164	24,170
8 For all other maturities	14,470	15,269	13,573	14,061	14,152	13,650	13,877	13,886	14,364
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	43,155	38,319	37,897	37,289	42,605	41,271	40,746	39,174	43,503
10 To all other specified customers ²	21,654	21,849	23,093	21,827	22,042	22,351	23,830	20,707	20,010

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.

A8 Domestic Financial Statistics □ August 1993

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Federal Reserve Bank	Current and previous levels								
	Adjustment credit ¹			Seasonal credit ²			Extended credit ³		
	On 6/30/93	Effective date	Previous rate	On 6/30/93	Effective date	Previous rate	On 6/30/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.10	6/24/93	3.10	3.60	6/24/93	3.60
New York		7/2/92			6/24/93			6/24/93	
Philadelphia		7/2/92			6/24/93			6/24/93	
Cleveland		7/6/92			6/24/93			6/24/93	
Richmond		7/2/92			6/24/93			6/24/93	
Atlanta		7/2/92			6/24/93			6/24/93	
Chicago		7/2/92			6/24/93			6/24/93	
St. Louis		7/7/92			6/24/93			6/24/93	
Minneapolis		7/2/92			6/24/93			6/24/93	
Kansas City		7/2/92			6/24/93			6/24/93	
Dallas		7/2/92			6/24/93			6/24/93	
San Francisco	3	7/2/92	3.5	3.10	6/24/93	3.10	3.60	6/24/93	3.60

Range of rates for adjustment credit in recent years⁴

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1981—May 5	13-14	14	1986—Aug. 21	5.5-6	5.5
1978—Jan. 9	6-6.5	6.5	8	14	14	22	5.5	5.5
20	6.5	6.5	Nov. 2	13-14	13			
May 11	6.5-7	7	6	13	13	1987—Sept. 4	5.5-6	6
12	7	7	Dec. 4	12	12	11	6	6
July 3	7-7.25	7.25	1982—July 20	11.5-12	11.5	1988—Aug. 9	6-6.5	6.5
10	7.25	7.25	23	11.5	11.5	11		
Aug. 21	7.75	7.75	Aug. 2	11-11.5	11			
Sept. 22	8	8	3	11	11	1989—Feb. 24	6.5-7	7
Oct. 16	8-8.5	8.5	16	10.5	10.5	27	7	7
20	8.5	8.5	27	10-10.5	10			
Nov. 1	8.5-9.5	9.5	30	10	10	1990—Dec. 19	6.5	6.5
3	9.5	9.5	Oct. 12	9.5-10	9.5			
1979—July 20	10	10	13	9.5	9.5	1991—Feb. 1	6-6.5	6
Aug. 17	10-10.5	10.5	Nov. 22	9-9.5	9	4	6	6
20	10.5	10.5	26	9	9	Apr. 30	5.5-6	5.5
Sept. 19	10.5-11	11	Dec. 14	8.5-9	9	May 2	5.5	5.5
21	11	11	15	8.5-9	8.5	Sept. 13	5-5.5	5
Oct. 8	11-12	12	17	8.5	8.5	Sept. 17	5	5
10	12	12	1984—Apr. 9	8.5-9	9	Nov. 6	4.5-5	4.5
1980—Feb. 15	12-13	13	13	9	9	7	4.5	4.5
19	13	13	Nov. 21	8.5-9	8.5	Dec. 20	3.5-4.5	3.5
May 29	12-13	13	26	8.5	8.5	24	3.5	3.5
30	12	12	Dec. 24	8	8	1992—July 2	3-3.5	3
June 13	11-12	11	1985—May 20	7.5-8	7.5	7	3	3
16	11	11	24	7.5	7.5			
29	10	10	1986—Mar. 7	7-7.5	7	In effect June 30, 1993	3	3
July 28	10-11	10	10	7	7			
Sept. 26	11	11	Apr. 21	6.5-7	6.5			
Nov. 17	12	12	July 11	6	6			
Dec. 5	12-13	13						

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 on market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS¹

Type of deposit ²	Requirements	
	Percent of deposits	Effective date
<i>Net transaction accounts</i> ³		
1 \$0 million–\$46.8 million ⁴	3	12/15/92
2 More than \$46.8 million ⁴	10	12/15/92
3 Nonpersonal time deposits ⁵	0	12/27/90
4 Eurocurrency liabilities ⁶	0	12/27/90

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

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

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that

permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

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

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

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

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

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

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1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS¹

Millions of dollars

Type of transaction	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	24,739	20,158	14,714	4,072	1,064	3,669	0	0	0	121
2 Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3 Exchanges	241,086	277,314	308,699	28,907	25,468	29,562	24,542	19,832	23,796	30,124
4 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	425	3,043	1,096	0	461	0	0	0	279	244
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	25,638	24,454	36,662	2,010	7,160	2,777	561	2,892	4,303	1,950
8 Exchanges	-27,424	-28,090	-30,543	-982	-4,615	-1,570	-1,202	-6,044	-2,602	-1,100
9 Redemptions	0	1,000	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	250	6,583	13,118	200	4,172	200	0	0	1,441	2,490
11 Gross sales	200	0	0	0	0	0	0	0	0	0
12 Maturity shifts	-21,770	-21,211	-34,478	-1,762	-6,800	-2,777	-64	-2,617	-4,303	-1,630
13 Exchanges	25,410	24,594	25,811	884	3,415	1,570	882	4,564	2,602	800
Five to ten years										
14 Gross purchases	0	1,280	2,818	0	1,176	100	0	0	716	1,147
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shifts	-2,186	-2,037	-1,915	-248	-187	0	-497	-98	0	-320
17 Exchanges	789	2,894	3,532	97	800	0	0	1,000	0	300
More than ten years										
18 Gross purchases	0	375	2,333	0	947	0	0	0	705	1,110
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	-1,681	-1,209	-269	0	-173	0	0	-177	0	0
21 Exchanges	1,226	600	1,200	0	400	0	0	480	0	0
All maturities										
22 Gross purchases	25,414	31,439	34,079	4,272	7,820	3,969	0	0	3,141	5,111
23 Gross sales	7,591	120	1,628	0	0	0	0	0	0	0
24 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	1,369,052	1,570,456	1,482,467	116,024	115,020	144,232	114,543	111,491	146,563	127,115
26 Gross purchases	1,363,434	1,571,534	1,480,140	114,917	117,020	142,578	116,510	113,349	143,049	128,924
Repurchase agreements ²										
27 Gross purchases	219,632	310,084	378,374	18,698	42,373	48,904	34,768	28,544	37,815	30,197
28 Gross sales	202,551	311,752	386,257	35,383	39,117	44,697	42,231	25,889	33,714	36,953
29 Net change in U.S. government securities	24,886	29,729	20,642	-13,520	13,075	6,521	-5,497	4,513	3,728	163
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	5	0	0	0	0	0	0	0	0
32 Redemptions	183	292	632	0	0	121	103	85	101	28
Repurchase agreements ²										
33 Gross purchases	41,836	22,807	14,565	1,778	2,760	1,601	2,237	1,107	1,811	197
34 Gross sales	40,461	23,595	14,486	3,253	2,506	1,224	2,868	832	1,519	764
35 Net change in federal agency obligations	1,192	-1,085	-554	-1,475	254	256	-734	190	191	-595
36 Total net change in System Open Market Account	26,078	28,644	20,089	-14,995	13,329	6,777	-6,231	4,703	3,918	-431

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings.

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements¹

Millions of dollars

Account	Wednesday					End of month		
	1993					1993		
	Apr. 28	May 5	May 12	May 19	May 26	Mar. 31	Apr. 30	May 31
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,053
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	485	489	482	472	452	503	487	441
<i>Loans</i>								
4 To depository institutions	89	75	94	99	112	753	84	129
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	5,095	5,095	5,095	5,095	5,054	5,123	5,095	5,054
8 Held under repurchase agreements	0	0	95	10	1,120	567	0	0
9 Total U.S. Treasury securities	305,477	305,399	313,240	305,575	318,078	305,217	305,381	309,841
10 Bought outright ²	305,477	305,399	305,580	305,540	306,148	298,461	305,381	304,494
11 Bills	144,130	144,052	144,233	144,194	144,802	142,104	144,034	143,148
12 Notes	123,936	123,936	123,936	123,870	123,870	120,211	123,936	123,870
13 Bonds	37,411	37,411	37,411	37,477	37,477	36,146	37,411	37,477
14 Held under repurchase agreements	0	0	7,660	35	11,930	6,756	0	5,347
15 Total loans and securities	310,661	310,570	318,524	310,780	324,364	311,660	310,560	315,025
16 Items in process of collection	5,298	8,075	5,574	5,424	4,938	5,338	5,359	4,473
17 Bank premises	1,035	1,035	1,036	1,038	1,038	1,031	1,034	1,039
<i>Other assets</i>								
18 Denominated in foreign currencies ³	22,411	23,115	23,134	23,171	23,197	22,328	23,043	23,143
19 All other ⁴	8,718	8,751	9,308	6,878	7,861	8,092	8,550	7,820
20 Total assets	367,681	371,106	377,131	366,835	380,922	368,024	368,106	371,013
LIABILITIES								
21 Federal Reserve notes	314,928	316,524	317,983	317,872	318,791	312,263	315,270	320,112
22 Total deposits	38,760	38,848	44,915	34,949	48,269	41,917	38,365	37,279
23 Depository institutions	32,919	32,871	39,440	28,283	42,343	34,533	30,579	31,000
24 U.S. Treasury—General account	5,291	5,318	4,952	6,080	5,369	6,752	7,273	5,787
25 Foreign—Official accounts	229	355	210	263	246	318	221	194
26 Other	324	304	313	323	311	314	291	300
27 Deferred credit items	4,961	5,985	5,105	4,919	4,722	5,001	4,624	4,358
28 Other liabilities and accrued dividends ⁵	2,189	2,156	2,269	2,205	2,239	2,251	2,220	2,217
29 Total liabilities	360,838	363,514	370,271	359,945	374,022	361,430	360,479	363,966
CAPITAL ACCOUNTS								
30 Capital paid in	3,259	3,260	3,273	3,284	3,300	3,187	3,260	3,300
31 Surplus	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054
32 Other capital accounts	529	1,278	533	552	546	353	1,313	693
33 Total liabilities and capital accounts	367,681	371,106	377,131	366,835	380,922	368,024	368,106	371,013
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	304,784	309,814	310,221	312,958	312,869	304,825	310,903	313,505
Federal Reserve note statement								
35 Federal Reserve notes outstanding (issued to Bank)	378,128	379,044	380,288	381,079	381,807	373,886	378,585	382,009
36 LESS: Held by Federal Reserve Bank	63,200	62,519	62,305	63,207	63,016	61,624	63,315	61,897
37 Federal Reserve notes, net	314,928	316,524	317,983	317,872	318,791	312,263	315,270	320,112
<i>Collateral held against notes, net:</i>								
38 Gold certificate account	11,054	11,054	11,054	11,054	11,054	11,054	11,054	11,053
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	295,856	297,452	298,911	298,800	299,720	293,190	296,198	301,040
42 Total collateral	314,928	316,524	317,983	317,872	318,791	312,263	315,270	320,112

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.

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

3. Valued monthly at market exchange rates.

4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.

5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

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1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1993					1993		
	Apr. 28	May 5	May 12	May 19	May 26	Mar. 31	Apr. 30	May 31
1 Total loans	89	75	94	99	112	753	84	129
2 Within fifteen days ¹	84	21	33	97	105	741	54	82
3 Sixteen days to ninety days	5	54	61	2	7	12	30	47
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 Total acceptances	0	0	0	0	0	0	0	0
6 Within fifteen days ¹	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 Total U.S. Treasury securities	305,477	305,399	313,240	305,575	308,488	305,217	305,381	304,494
10 Within fifteen days ¹	15,052	16,967	21,181	15,707	18,246	17,889	11,295	8,196
11 Sixteen days to ninety days	68,275	69,582	69,509	69,198	69,481	67,037	74,524	79,097
12 Ninety-one days to one year	97,132	94,542	98,242	97,900	97,991	99,880	95,254	94,431
13 One year to five years	73,624	72,915	72,915	71,065	71,065	71,255	72,915	71,065
14 Five years to ten years	21,471	21,471	21,471	21,606	21,606	20,344	21,471	21,606
15 More than ten years	29,922	29,922	29,922	30,099	30,099	28,813	29,922	30,099
16 Total federal agency obligations	5,095	5,095	5,190	5,105	5,504	5,690	5,095	5,054
17 Within fifteen days ¹	115	0	136	327	751	855	115	301
18 Sixteen days to ninety days	643	744	703	427	402	507	643	527
19 Ninety-one days to one year	1,177	1,191	1,216	1,216	1,261	1,057	1,177	1,136
20 One year to five years	2,307	2,307	2,282	2,282	2,237	2,419	2,307	2,237
21 Five years to ten years	711	711	711	711	711	711	711	711
22 More than ten years	142	142	142	142	142	142	142	142

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE¹

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1992			1993				
					Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
1 Total reserves ³	40.49	41.77	45.53	54.35	52.84	53.82	54.35	54.67	54.92	55.17	55.20	56.88
2 Nonborrowed reserves ⁴	40.23	41.44	45.34	54.23	52.69	53.71	54.23	54.50	54.88	55.07	55.12 ⁵	56.76
3 Nonborrowed reserves plus extended credit ⁵	40.25	41.46	45.34	54.23	52.69	53.71	54.23	54.50	54.88	55.07	55.12 ⁵	56.76
4 Required reserves	39.57	40.10	44.56	53.20	51.76	52.77	53.20	53.41	53.82	53.95	54.10	55.88
5 Monetary base ⁶	267.73	293.19	317.17	350.80	344.85	347.83	350.80	353.22	355.73	358.37	360.64 ⁷	364.78
	Not seasonally adjusted											
6 Total reserves ⁷	41.77	43.07	46.98	56.06	52.62	54.08	56.06	55.97	53.81	54.18	56.37	55.88
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	52.47	53.97	55.93	55.80	53.77	54.09	56.29 ⁸	55.75
8 Nonborrowed reserves plus extended credit ⁸	41.53	42.77	46.78	55.93	52.47	53.97	55.93	55.80	53.77	54.09	56.29 ⁸	55.75
9 Required reserves ⁹	40.85	41.40	46.00	54.90	51.54	53.04	54.90	54.71	52.71	52.96	55.27	54.88
10 Monetary base ⁹	271.18	296.68	321.07	354.55	343.63	347.89	354.55	354.41	353.18	356.00	361.64 ⁷	364.09
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ¹⁰												
11 Total reserves ¹¹	62.81	59.12	55.53	56.54	53.14	54.67	56.54	56.00	53.88	54.30	56.54 ⁷	56.10
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	52.99	54.56	56.42	55.84	53.84	54.20	56.47	55.98
13 Nonborrowed reserves plus extended credit ¹²	62.56	58.82	55.34	56.42	52.99	54.56	56.42	55.84	53.84	54.20	56.47	55.98
14 Required reserves	61.89	57.46	54.55	55.39	52.06	53.62	55.39	54.74	52.78	53.08	55.45	55.10
15 Monetary base ¹²	292.55	313.70	333.61	360.90	349.81	354.25	360.90	360.88	359.56	362.59	368.18 ⁷	370.47
16 Excess reserves ¹³	.92	1.66	.98	1.16	1.07	1.04	1.16	1.26	1.10	1.21	1.10	1.00
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.14	.10	.12	.17	.05	.09	.07	.12

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

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

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

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

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

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

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

8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate

what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

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

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

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

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

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

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1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES¹

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993			
					Feb.	Mar.	Apr.	May
Seasonally adjusted								
<i>Measures²</i>								
1 M1	794.6	827.2	899.3	1,026.6	1,033.1	1,035.4	1,043.2 ^r	1,067.2
2 M2	3,233.3	3,345.5	3,445.8	3,497.0	3,475.2	3,472.7 ^r	3,474.7 ^r	3,506.0
3 M3	4,056.1	4,116.7	4,168.1	4,166.5	4,134.9 ^r	4,130.4 ^r	4,138.7 ^r	4,170.9
4 L	4,886.1	4,965.2	4,982.2	5,052.1	5,022.4 ^r	5,019.7 ^r	5,034.6	4,966.6
5 Debt	10,076.7	10,751.3	11,219.3 ^r	11,779.7 ^r	11,848.6 ^r	11,903.2 ^r	11,961.6	10,755.3
<i>M1 components</i>								
6 Currency ³	222.7	246.7	267.2	292.3	296.8	299.0	301.4	304.0
7 Travelers checks ⁴	6.9	7.8	7.8	8.1	8.0	8.0	8.1	8.2
8 Demand deposits ⁵	279.8	278.2	290.5	340.9	341.9	342.0	347.3	359.2
9 Other checkable deposits ⁶	285.3	294.5	333.8	385.2	386.4	386.4	386.4 ^r	395.8
<i>Nontransaction components</i>								
10 In M2	2,438.7	2,518.3	2,546.6	2,470.3	2,442.1	2,437.3 ^r	2,431.4 ^r	2,438.9
11 In M3 ⁸	822.8	771.2	722.3	669.6	659.6 ^r	657.7 ^r	664.1 ^r	664.9
<i>Commercial banks</i>								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	755.7	753.9	755.9 ^r	764.7
13 Small time deposits ⁹	534.9	610.3	601.5	507.0	504.0	502.8	499.0	494.7
14 Large time deposits ^{10, 11}	387.7	368.7	341.3	290.2	280.8	275.9	278.2 ^r	279.3
<i>Thrift institutions</i>								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	426.6	424.8	425.6	429.0
16 Small time deposits ⁹	617.8	562.0	463.2	363.2	351.0	347.3	344.7 ^r	343.1
17 Large time deposits ¹⁰	161.1	120.9	83.4	67.3	65.5	64.5	65.1 ^r	64.4
<i>Money market mutual funds</i>								
18 General purpose and broker-dealer	317.4	350.5	363.9	342.3	333.6	333.1	331.7	336.5
19 Institution-only	108.8	135.9	182.1	202.3	201.9	200.9	200.4	202.8
<i>Debt components</i>								
20 Federal debt	2,249.5	2,493.4	2,764.8	3,069.0 ^r	3,090.0	3,128.5	3,156.8	n.a.
21 Nonfederal debt	7,837.0	8,261.9	8,454.5 ^r	8,710.7 ^r	8,758.5 ^r	8,774.7 ^r	8,804.9	n.a.
Not seasonally adjusted								
<i>Measures²</i>								
22 M1	811.5	843.7	916.4	1,045.8	1,022.3	1,030.8	1,058.4 ^r	1,058.0
23 M2	3,245.1	3,357.0	3,457.9	3,511.2	3,469.2	3,479.5 ^r	3,498.1 ^r	3,490.5
24 M3	4,066.4	4,126.3	4,178.1	4,178.6	4,132.3 ^r	4,140.4 ^r	4,157.8 ^r	4,157.4
25 L	4,906.0	4,988.0	5,004.2	5,077.0	5,022.7 ^r	5,033.3 ^r	5,052.4	n.a.
26 Debt	10,073.4	10,743.9	11,209.4 ^r	11,771.3 ^r	11,815.2 ^r	11,863.5 ^r	11,919.8	n.a.
<i>M1 components</i>								
27 Currency ³	225.3	249.5	269.9	295.0	295.3	297.9	301.3	304.4
28 Travelers checks ⁴	6.5	7.4	7.4	7.8	7.7	7.8	7.8	7.9
29 Demand deposits ⁵	291.5	289.9	302.9	355.3	334.3	336.4 ^r	350.7	352.1
30 Other checkable deposits ⁶	288.1	296.9	336.3	387.7	384.9	388.9	398.7 ^r	393.5
<i>Nontransaction components</i>								
31 In M2	2,433.6	2,513.2	2,541.5	2,465.4	2,447.0	2,448.7 ^r	2,439.7 ^r	2,432.5
32 In M3 ⁸	821.4	769.3	720.1	667.4	663.0 ^r	660.9 ^r	659.7 ^r	667.0
<i>Commercial banks</i>								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	753.1	757.5	760.7 ^r	765.8
34 Small time deposits ⁹	533.8	610.5	602.0	507.8	504.6	502.1	497.8	492.4
35 Large time deposits ^{10, 11}	386.9	367.7	340.1	289.1	280.3	276.8 ^r	277.4 ^r	280.9
<i>Thrift institutions</i>								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	425.1	426.8	428.3	429.6
37 Small time deposits ⁹	616.2	562.1	463.6	363.8	351.4	346.8	343.8	341.5
38 Large time deposits ¹⁰	162.0	120.6	83.1	67.1	65.4	64.7	65.0	64.7
<i>Money market mutual funds</i>								
39 General purpose and broker-dealer	315.7	348.4	361.5	340.0	339.8	342.2	337.9	334.8
40 Institution-only	109.1	136.2	182.4	202.4	210.3	203.6	199.5	203.0
<i>Repurchase agreements and eurodollars</i>								
41 Overnight	77.5	74.7	76.3	73.9	72.9	73.2 ^r	71.1 ^r	68.3
42 Term	178.4	158.3	130.1	126.3	128.9 ^r	135.8 ^r	138.1 ^r	139.0
<i>Debt components</i>								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,087.3	3,121.4	3,142.9	n.a.
44 Nonfederal debt	7,826.0	8,252.5	8,444.4 ^r	8,701.5 ^r	8,727.9 ^r	8,742.1 ^r	8,776.9	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, net of money

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

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

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

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

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

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

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

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

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

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

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

A16 Domestic Financial Statistics □ August 1993

1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks¹

Item	1990	1991	1992				1993				
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ²	May
Interest rates (annual effective yields)											
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts . . .	4.89	3.76	2.45	2.39	2.36	2.33	2.32	2.27	2.21	2.16	2.13
2 Savings deposits ²	5.84	4.30	3.00	2.94	2.90	2.88	2.85	2.80	2.73	2.68	2.65
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
3 7 to 91 days	6.94	4.18	2.95	2.89	2.91	2.90	2.86	2.81	2.75	2.72	2.70
4 92 to 182 days	7.19	4.41	3.16	3.11	3.14	3.16	3.13	3.08	3.03	2.99	2.98
5 183 days to 1 year	7.33	4.59	3.37	3.30	3.34	3.37	3.34	3.29	3.22	3.19	3.18
6 More than 1 year to 2½ years	7.42	4.95	3.86	3.78	3.83	3.88	3.88	3.83	3.74	3.66	3.64
7 More than 2½ years	7.53	5.52	4.62	4.60	4.70	4.77	4.72	4.59	4.52	4.47	4.45
BIF-INSURED SAVINGS BANKS ³											
8 Negotiable order of withdrawal accounts . . .	5.38	4.44	2.71	2.57	2.52	2.45	2.41	2.37	2.32	2.25	2.21
9 Savings deposits ²	6.01	4.97	3.39	3.29	3.22	3.20	3.17	3.14	3.06	2.99	2.95
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
10 7 to 91 days	7.64	4.68	3.17	3.08	3.10	3.13	3.06	3.01	2.98	2.94	2.92
11 92 to 182 days	7.69	4.92	3.47	3.41	3.42	3.44	3.38	3.35	3.31	3.27	3.23
12 183 days to 1 year	7.85	4.99	3.60	3.56	3.59	3.61	3.58	3.57	3.54	3.50	3.47
13 More than 1 year to 2½ years	7.91	5.23	3.95	3.90	3.93	4.02	3.94	3.89	3.84	3.85	3.76
14 More than 2½ years	7.99	5.98	4.91	4.84	4.88	5.00	5.02	4.98	4.89	4.84	4.77
Amounts outstanding (millions of dollars)											
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts . . .	209,855	244,637	261,946	267,709	275,465	286,541	277,226	279,904	288,426	281,202	284,394
16 Savings deposits ²	570,270	652,058	725,256	736,057	740,841	738,253	733,833	742,966	748,427	745,515	753,870
17 Personal	n.a.	508,191	565,385	570,532	575,399	578,757	579,715	585,309	591,879	587,244	591,800
18 Nonpersonal	n.a.	143,867	159,871	165,525	165,442	159,496	154,118	157,657	156,547	158,271	162,069
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
19 7 to 91 days	50,189	47,094	38,363	39,472	38,985	38,474	38,257	36,739	35,748	34,743	33,424
20 92 to 182 days	168,044	158,605	129,988	128,683	127,636	127,831	128,050	128,214	125,914	122,309	119,366
21 183 days to 1 year	221,007	209,672	177,387	171,263	166,995	163,098	160,786	159,569	158,388	157,064	156,941
22 More than 1 year to 2½ years	150,188	171,721	157,912	155,668	153,784	152,977	151,637	151,536	148,037	146,906	144,786
23 More than 2½ years	139,420	158,078	167,382	168,556	168,586	169,708	169,351	172,312	177,789	178,984	180,054
24 IRA/Keogh Plan deposits	131,006	147,266	148,391	147,664	147,319	147,350	147,039	146,859	146,686	145,492	144,721
BIF-INSURED SAVINGS BANKS ³											
25 Negotiable order of withdrawal accounts . . .	8,404	9,624	10,388	10,126	10,642	10,871	9,981	9,919	10,412	10,026	10,168
26 Savings deposits ²	64,456	71,215	81,922	81,022	82,919	81,786	79,775	80,061	80,480	79,773	80,315
27 Personal	n.a.	68,638	78,752	77,798	79,667	78,695	76,799	77,039	77,371	76,740	77,203
28 Nonpersonal	n.a.	2,577	3,170	3,224	3,252	3,091	2,976	3,022	3,109	3,034	3,112
<i>Interest-bearing time deposits with balances of less than \$100,000, by maturity</i>											
29 7 to 91 days	5,724	4,146	3,819	3,695	3,895	3,867	3,562	3,479	3,551	3,496	3,428
30 92 to 182 days	25,864	21,686	17,928	17,298	17,632	17,345	16,248	15,959	15,468	15,237	14,986
31 183 days to 1 year	37,929	29,715	24,376	23,085	22,888	21,780	20,848	20,436	20,164	19,805	19,579
32 More than 1 year to 2½ years	26,103	25,379	20,491	19,330	19,258	18,442	17,717	17,533	17,207	16,718	16,444
33 More than 2½ years	20,243	18,665	19,929	19,128	19,543	18,845	18,633	18,902	19,261	19,273	19,534
34 IRA/Keogh Plan accounts	23,535	23,007	23,484	22,069	22,265	21,713	21,491	21,418	21,252	21,014	20,922

1. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include

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

2. Includes personal and nonpersonal money market deposits.

3. BIF-insured savings banks include both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER¹

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

Bank group, or type of customer	1990 ²	1991 ²	1992 ²	1992			1993		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
DEBITS TO	Seasonally adjusted								
Demand deposits ³									
1 All insured banks	277,157.5	277,758.0	315,806.1	326,893.0	322,187.1	331,038.8	300,654.9 ^f	331,183.5 ^f	331,040.2
2 Major New York City banks	131,699.1	137,352.3	165,572.7	176,372.6	173,393.4	176,089.1	159,192.4 ^f	176,683.5	166,866.6
3 Other banks	145,458.4	140,405.7	150,233.5	150,520.4	148,793.7	154,949.8	141,462.4 ^f	154,500.0 ^f	164,173.5
4 Other checkable deposits ⁴	3,349.0	3,645.5	3,788.1	3,700.5	3,610.0	3,683.9	3,292.3 ^f	3,601.3 ^f	3,572.8
5 Savings deposits including MMDAs ⁵	3,483.3	3,266.1	3,331.3	3,468.2	3,497.2	3,407.3	3,032.3	3,363.3	3,562.7
DEPOSIT TURNOVER									
Demand deposits ³									
6 All insured banks	797.8	803.5	832.4	818.9	796.1	830.5	746.6 ^f	817.5	811.4
7 Major New York City banks	3,819.8	4,270.8	4,797.9	4,855.5	4,624.0	4,693.3	4,154.7	4,525.8	4,129.1
8 Other banks	464.9	447.9	435.9	414.8	405.2	429.1	388.3	422.0	446.6
9 Other checkable deposits ⁴	16.5	16.2	14.4	13.5	12.9	13.1	11.6	12.6	12.5
10 Savings deposits including MMDAs ⁵	6.2	5.3	4.7	4.7	4.7	4.6	4.1	4.5	4.8
DEBITS TO	Not seasonally adjusted								
Demand deposits ³									
11 All insured banks	277,290.5	277,715.4	315,808.2	335,289.0	308,015.6	340,982.1	304,813.5 ^f	303,672.3 ^f	339,186.6
12 Major New York City banks	131,784.7	137,307.2	165,595.0	182,584.2	167,578.4	179,987.6	159,198.8	161,174.1	170,855.0
13 Other banks	145,505.8	140,408.3	150,213.3	152,704.8	140,437.2	160,994.5	145,614.7 ^f	142,498.2 ^f	168,331.6
14 Other checkable deposits ⁴	3,346.7	3,645.6	3,788.1	3,689.7	3,351.3	3,849.3	3,596.0 ^f	3,296.6 ^f	3,630.5
15 Savings deposits including MMDAs ⁵	3,483.0	3,267.7	3,329.0	3,403.2	3,240.4	3,588.0	3,248.7 ^f	3,080.3	3,529.1
DEPOSIT TURNOVER									
Demand deposits ³									
16 All insured banks	798.2	803.4	832.5	839.2	754.3	815.2	738.3	771.9	854.5
17 Major New York City banks	3,825.9	4,274.3	4,803.5	5,025.6	4,494.4	4,418.1	3,936.3	4,213.4	4,385.4
18 Other banks	465.0	447.9	436.0	420.5	378.5	426.5	391.0	401.2	470.2
19 Other checkable deposits ⁴	16.4	16.2	14.4	13.7	12.1	13.5	12.4	11.6	12.6
20 Savings deposits including MMDAs ⁵	6.2	5.3	4.7	4.6	4.4	4.8	4.4	4.1	4.7

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Data in this table also appear on the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSS).

5. Money market deposit accounts.

A18 Domestic Financial Statistics □ August 1993

1.24 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars, averages of Wednesday figures

Item	1992							1993				
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. [†]	Mar.	Apr. [†]	May
Seasonally adjusted												
1 Total loans and securities ¹	2,882.8	2,886.9	2,902.2	2,917.4	2,926.0	2,932.4	2,937.6	2,933.4 [†]	2,937.7	2,951.2 [†]	2,963.4	2,985.4
2 U.S. government securities	610.7	619.2	632.6	640.6	647.3	651.4	657.1	656.9	667.3	681.7	691.6	694.2
3 Other securities	175.8	177.9	178.2	178.2	178.8	177.3	176.0	174.0	175.2	177.0	178.3	179.5
4 Total loans and leases ¹	2,096.2	2,089.8	2,091.4	2,098.6	2,099.8	2,103.8	2,104.6 [†]	2,102.4 [†]	2,095.2	2,092.6 [†]	2,093.5	2,111.7
5 Commercial and industrial	604.6	602.5	601.4	601.2	600.8	600.5	597.6	598.1 [†]	596.1	592.5	589.9	592.8
6 Bankers acceptances held ²	6.3	6.5	6.5	6.3	7.5	7.9	7.8	7.5 [†]	8.7	8.9 [†]	9.0	9.6
7 Other commercial and industrial	598.4	596.0	594.9	594.9	593.3	592.6	589.9	590.6 [†]	587.4	583.6 [†]	580.9	583.2
8 U.S. addressees ³	588.3	585.3	584.3	583.6	582.6	582.3	580.2	580.9 [†]	577.6	573.4 [†]	571.1	573.6
9 Non-U.S. addressees ³	10.1	10.7	10.6	11.3	10.7	10.3	9.7	9.7	9.8	10.1	9.7	9.6
10 Real estate	881.8	881.5	883.1	886.8	890.7	892.5	892.4	889.9 [†]	887.8	888.2 [†]	887.5	893.7
11 Individual	359.0	358.6	357.4	357.0	355.8	355.4	355.5	358.2	360.4	360.9	364.2	366.8
12 Security	63.3	60.5	61.6	64.0	64.7	64.2	64.8	63.0	61.7	62.5	60.7	66.8
13 Nonbank financial institutions	42.4	41.5	42.0	44.0	43.9	44.7	43.6	44.9	44.7	44.5	45.3	45.9
14 Agricultural	34.6	34.9	35.3	35.2	35.1	35.2	35.0	34.5	34.3	34.0 [†]	34.0	34.1
15 State and political subdivisions	26.8	26.2	25.9	25.8	25.4	25.1	24.8	24.2	23.7	23.4	23.1	23.3
16 Foreign banks	7.5	7.7	7.2	7.9	7.6	7.5	7.7	7.7	8.5	8.1	8.0	8.1
17 Foreign official institutions	2.0	2.2	2.3	2.5	2.4	2.8	2.8	2.8	3.0	2.9	2.9	2.8
18 Lease-financing receivables	31.0	30.8	30.8	31.0	30.8	30.9	30.9	30.3	30.4	30.3	30.4	30.7
19 All other loans	43.3	43.2	44.3	43.2	42.6	45.0	49.5	48.8	44.5	45.3	47.6	46.7
Not seasonally adjusted												
20 Total loans and securities ¹	2,882.9	2,876.1	2,894.5	2,914.9	2,925.2	2,939.0	2,947.4 [†]	2,935.5 [†]	2,940.5	2,955.0 [†]	2,965.0	2,980.3
21 U.S. government securities	608.9	615.3	631.3	638.7	645.1	654.1	655.8	657.3	670.9	687.4	693.4	693.2
22 Other securities	175.4	176.8	178.1	177.9	179.2	178.3	176.2	174.6	175.4	176.6 [†]	177.7	179.0
23 Total loans and leases ¹	2,098.7	2,084.0	2,085.0	2,098.3	2,100.9	2,106.6	2,115.4	2,103.6 [†]	2,094.2	2,090.9 [†]	2,093.9	2,108.2
24 Commercial and industrial	606.5	601.5	597.6	597.6	598.4	600.8	600.6	596.5 [†]	595.3	595.7	592.9	594.6
25 Bankers acceptances held ²	6.2	6.3	6.3	6.2	7.4	8.2	8.0	7.7 [†]	9.1	9.0 [†]	8.9	9.5
26 Other commercial and industrial	600.3	595.2	591.4	591.4	591.0	592.6	592.5	588.9 [†]	586.2	586.6 [†]	584.0	585.1
27 U.S. addressees ³	589.5	584.2	580.5	580.3	580.7	582.8	583.0	579.2 [†]	576.3	576.7 [†]	574.2	575.5
28 Non-U.S. addressees ³	10.8	11.0	10.8	11.1	10.3	9.8	9.5	9.6	9.8	10.0	9.8	9.6
29 Real estate	882.0	881.6	883.7	887.6	891.5	893.9	893.7 [†]	889.6 [†]	886.0	885.6 [†]	886.4	893.7
30 Individual	357.2	356.4	356.9	358.6	356.2	356.3	360.0	362.3	360.4	358.5 [†]	361.6	365.0
31 Security	63.5	58.0	59.4	62.5	64.2	63.5	63.5	64.5	64.7	64.6	64.0	63.8
32 Nonbank financial institutions	42.9	41.3	41.8	43.5	43.5	45.0	45.6	45.1	44.6	44.2 [†]	44.7	45.3
33 Agricultural	35.1	35.8	36.5	36.7	36.1	35.2	34.8	33.6 [†]	33.0	32.7 [†]	33.2	33.7
34 State and political subdivisions	26.8	26.1	25.9	25.9	25.5	25.2	24.8	24.0	23.6	23.5 [†]	23.1	23.3
35 Foreign banks	7.3	7.8	7.0	8.1	7.8	7.8	8.2	7.7	8.4	7.8	7.7	7.9
36 Foreign official institutions	2.0	2.2	2.3	2.5	2.4	2.8	2.8	2.8	3.0	2.9	2.9	2.8
37 Lease-financing receivables	31.0	30.6	30.6	30.8	30.8	30.8	30.9	30.7	30.6	30.5	30.5	30.7
38 All other loans	44.4	42.6	43.2	44.6	44.4	45.4	48.6	46.6	44.7	45.0	47.1	47.3

1. Adjusted to exclude loans to commercial banks in the United States.

2. Includes nonfinancial commercial paper held.

3. United States includes the fifty states and the District of Columbia.

1.25 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Billions of dollars, monthly averages

Source of funds	1992							1993				
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^f	Feb.	Mar.	Apr.	May
Seasonally adjusted												
1 Total nondeposit funds ²	295.9	297.0	302.5	309.5	304.6	308.4	312.0	310.8	309.8 ^f	319.7	328.3 ^f	324.0
2 Net balances due to related foreign offices ³	61.2	61.7	61.4	64.0	63.8	68.1	71.8	74.1	73.3	79.1 ^f	88.3	83.1
3 Borrowings from other than commercial banks in United States ⁴	234.7	235.3	241.1	245.6	240.9	240.2	240.2	236.7	236.5 ^f	240.6 ^f	240.0 ^f	240.9
4 Domestically chartered banks	147.6	147.2	151.6	153.5	154.7	153.9	154.7	155.1	155.6	159.8	164.3	162.5
5 Foreign-related banks	87.2	88.1	89.6	92.1	86.2	86.3	85.5	81.6	80.9 ^f	80.8 ^f	75.6	78.5
Not seasonally adjusted												
6 Total nondeposit funds ²	295.2	291.5	297.6	304.1	306.9	313.7	311.9	309.7	314.1 ^f	324.5 ^f	324.5 ^f	328.7
7 Net balances due to related foreign offices ³	59.2	58.4	57.6	61.6	64.9	69.8	75.9	76.7	75.1 ^f	79.8 ^f	85.4	85.3
8 Domestically chartered banks	-6.3	-7.0	-9.3	-11.0	-13.4	-12.6	-15.1	-15.8	-10.6	-7.0	-9.5	-9.8
9 Foreign-related banks	65.6	65.4	66.9	72.6	78.3	82.4	91.0	92.5	85.7 ^f	86.8 ^f	94.9	95.1
10 Borrowings from other than commercial banks in United States ⁴	236.0	233.1	239.9	242.5	242.0	243.8	236.0	233.0	238.9 ^f	244.7 ^f	239.1 ^f	243.4
11 Domestically chartered banks	147.4	144.1	150.5	152.3	155.8	158.4	153.7	152.1	157.3	162.7	162.3	164.0
12 Federal funds and security RP borrowings ⁵	143.3	140.0	146.6	148.5	152.3	154.3	149.7	148.5	154.1	159.3	158.9	160.3
13 Other ⁶	4.1	4.2	3.9	3.8	3.6	4.1	4.0	3.6	3.2	3.3	3.5	3.7
14 Foreign-related banks ⁶	88.6	89.0	89.5	90.1	86.1	85.5	82.3	80.9	81.6 ^f	82.0 ^f	76.8 ^f	79.4
MEMO												
Gross large time deposits ⁷												
15 Seasonally adjusted	393.3	387.7	385.8	383.2	375.7	371.3	366.5	359.9	358.4	355.7	355.0 ^f	356.2
16 Not seasonally adjusted	394.9	387.4	387.1	383.6	374.9	371.1	365.5	358.0	358.0	356.5	354.2 ^f	357.9
U.S. Treasury demand balances at commercial banks ⁸												
17 Seasonally adjusted	24.7	23.1	28.0	24.1	21.5	20.7	20.4	25.6	23.6	18.8	24.2	19.1
18 Not seasonally adjusted	25.2	19.6	22.4	28.6	21.9	16.5	19.5	33.1	29.5	17.4	20.3	20.3

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

Data in this table also appear in the Board's G.10 (411) release. For ordering address, see inside front cover.

2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own International Banking Facilities (IBFs).

4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes

borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.

5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly averages of daily data and partly averages of Wednesday data.

7. Time deposits in denominations of \$100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.

A20 Domestic Financial Statistics □ August 1993

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS¹ Wednesday figures

Millions of dollars

Account	1993								
	Mar. 31 ^r	Apr. 7 ^r	Apr. 14 ^r	Apr. 21 ^r	Apr. 28 ^r	May 5	May 12	May 19	May 26
ALL COMMERCIAL BANKING INSTITUTIONS²									
<i>Assets</i>									
1 Loans and securities	3,117,484	3,119,369	3,122,119	3,106,482	3,106,722	3,125,230	3,127,592	3,124,017	3,121,949
2 Investment securities	833,241	832,726	832,509	832,192	829,265	834,071	834,330	831,659	828,556
3 U.S. government securities	670,170	669,796	668,080	668,480	665,163	669,516	669,373	666,654	664,917
4 Other	163,071	162,930	164,429	163,712	164,103	164,555	164,957	165,005	163,638
5 Trading account assets	36,247	39,174	39,447	38,119	40,102	39,677	36,009	40,589	36,428
6 U.S. government securities	22,194	25,351	25,269	24,855	26,031	25,638	22,140	25,328	21,411
7 Other securities	2,459	2,369	2,248	2,334	2,573	2,676	2,488	2,649	2,844
8 Other trading account assets	11,593	11,453	11,930	10,930	11,498	11,363	11,382	12,612	12,173
9 Total loans	2,247,997	2,247,470	2,250,163	2,236,171	2,237,355	2,251,482	2,257,253	2,251,769	2,256,965
10 Interbank loans	164,459	156,340	157,064	141,480	143,466	147,890	150,071	146,763	151,016
11 Loans excluding interbank	2,083,538	2,091,130	2,093,099	2,094,692	2,093,889	2,103,592	2,107,183	2,105,006	2,105,949
12 Commercial and industrial	593,867	592,319	590,589	594,013	593,896	595,165	592,876	593,739	593,938
13 Real estate	885,706	885,206	886,720	884,933	887,495	890,819	894,561	892,585	893,546
14 Revolving home equity	73,483	73,364	73,637	74,031	74,204	74,271	74,343	74,306	74,402
15 Other	812,223	811,842	813,083	810,902	813,291	816,548	820,218	818,279	819,144
16 Individual	358,806	358,893	360,521	362,284	364,236	362,769	364,211	365,207	366,840
17 All other	245,161	254,712	255,269	253,461	248,263	254,839	255,535	253,476	251,626
18 Total cash assets	214,219	206,290	217,384	203,367	213,471	211,863	215,129	200,016	217,049
19 Balances with Federal Reserve Banks	30,287	28,422	32,645	25,760	29,086	29,309	35,090	24,597	38,281
20 Cash in vault	31,376	29,656	32,289	32,038	32,153	29,367	31,583	31,814	32,623
21 Demand balances at U.S. depository institutions	29,092	29,551	30,921	29,395	31,350	32,105	30,515	29,919	30,733
22 Cash items	82,103	77,123	81,815	75,381	80,119	81,935	78,808	74,077	74,862
23 Other cash assets	41,361	41,538	39,714	40,794	40,762	39,147	39,133	39,610	40,550
24 Other assets	278,472	276,391	274,472	269,984	262,627	275,776	269,819	272,876	267,484
25 Total assets	3,610,175	3,602,050	3,613,974	3,579,833	3,582,820	3,612,869	3,612,540	3,596,909	3,606,481
<i>Liabilities</i>									
26 Total deposits	2,489,080	2,504,583	2,513,936	2,467,963	2,476,114	2,511,258	2,499,013	2,479,234	2,483,275
27 Transaction accounts	761,831	769,067	783,344	746,886	755,143	774,452	761,148	748,091	753,730
28 Demand, U.S. government	3,940	3,268	4,844	4,768	3,852	3,564	3,011	3,134	3,333
29 Demand, depository institutions	35,891	38,144	38,342	37,387	39,306	40,204	38,471	37,900	38,912
30 Other demand and all checkable deposits	722,001	727,655	740,159	704,730	711,986	730,684	719,666	707,058	711,485
31 Savings deposits (excluding checkable)	751,699	762,119	759,114	748,149	748,800	760,924	764,031	758,956	758,574
32 Small time deposits	628,083	627,483	625,787	623,299	622,395	621,824	621,093	619,714	618,621
33 Time deposits over \$100,000	347,466	345,914	345,690	349,629	349,776	354,058	352,742	352,473	352,351
34 Borrowings	493,002	483,866	479,794	494,746	490,654	488,721	490,769	500,705	497,978
35 Treasury tax and loan notes	14,853	3,877	6,054	32,986	24,738	18,546	14,143	16,619	14,737
36 Other	478,149	479,989	473,740	461,760	465,916	470,175	476,626	484,086	483,241
37 Other liabilities	346,411	333,182	338,499	335,255	336,771	330,988	339,079	333,652	342,696
38 Total liabilities	3,328,493	3,321,631	3,332,229	3,297,964	3,303,539	3,330,967	3,328,861	3,313,591	3,323,948
39 Residual (assets less liabilities) ³	281,682	280,419	281,746	281,870	279,281	281,902	283,679	283,318	282,533

Footnotes appear on the following page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS¹ Wednesday figures—Continued

Millions of dollars

Account	1993								
	Mar. 31 ¹	Apr. 7 ²	Apr. 14 ²	Apr. 21 ²	Apr. 28 ²	May 5	May 12	May 19	May 26
DOMESTICALLY CHARTERED COMMERCIAL BANKS⁴									
<i>Assets</i>									
40 Loans and securities	2,763,345	2,777,776	2,776,944	2,763,376	2,762,047	2,783,079	2,781,379	2,776,363	2,773,048
41 Investment securities	761,462	761,702	762,705	762,493	759,402	762,120	763,552	761,082	757,986
42 U.S. government securities	620,126	621,509	621,538	622,032	618,237	620,739	621,943	619,399	617,067
43 Other	141,335	140,192	141,168	140,461	141,165	141,381	141,610	141,682	140,919
44 Trading account assets	36,247	39,174	39,447	38,119	40,102	39,677	36,009	40,589	36,428
45 U.S. government securities	22,194	25,351	25,269	24,855	26,031	25,638	22,140	25,328	21,411
46 Other securities	2,459	2,369	2,248	2,334	2,573	2,676	2,488	2,649	2,844
47 Other trading account assets	11,593	11,453	11,930	10,930	11,498	11,363	11,382	12,612	12,173
48 Total loans	1,965,636	1,976,901	1,974,791	1,962,764	1,962,543	1,981,282	1,981,818	1,974,692	1,978,634
49 Interbank loans	137,011	138,780	135,477	124,484	124,994	129,536	127,724	125,545	128,965
50 Loans excluding interbank	1,828,625	1,838,120	1,839,314	1,838,281	1,837,550	1,851,746	1,854,094	1,849,147	1,849,669
51 Commercial and industrial	440,786	438,466	437,152	439,629	439,951	441,942	439,806	439,201	439,744
52 Real estate	836,218	836,578	838,173	836,172	838,554	842,259	846,101	844,121	845,008
53 Revolving home equity	73,483	73,364	73,637	74,031	74,204	74,271	74,343	74,306	74,402
54 Other	762,735	763,215	764,536	762,141	764,350	767,988	771,758	769,815	770,606
55 Individual	358,806	358,893	360,521	362,284	364,236	362,769	364,211	365,207	366,840
56 All other	192,815	204,184	203,469	200,195	194,809	204,777	203,977	200,618	198,078
57 Total cash assets	184,622	179,157	191,669	176,832	185,785	185,275	188,236	174,206	190,305
58 Balances with Federal Reserve Banks	29,224	28,028	31,948	25,388	28,421	28,811	34,282	24,198	37,491
59 Cash in vault	31,346	29,625	32,259	32,007	32,123	29,338	31,552	31,784	32,593
60 Demand balances at U.S. depository institutions	27,616	28,198	29,519	27,996	29,863	30,638	28,739	28,604	29,284
61 Cash items	78,821	74,358	79,303	72,581	76,924	79,817	76,607	71,888	72,815
62 Other cash assets	17,615	18,948	18,640	18,859	18,454	16,671	17,056	17,732	18,122
63 Other assets	181,611	178,336	180,446	172,354	168,893	176,755	176,181	172,693	169,171
64 Total assets	3,129,578	3,135,269	3,149,058	3,112,562	3,116,725	3,145,109	3,145,796	3,123,262	3,132,523
<i>Liabilities</i>									
65 Total deposits	2,334,487	2,358,352	2,367,664	2,318,659	2,323,627	2,358,090	2,346,099	2,326,351	2,329,703
66 Transaction accounts	748,871	757,742	772,226	735,995	742,097	763,584	749,245	737,496	742,595
67 Demand, U.S. government	3,939	3,267	4,843	4,768	3,851	3,564	3,011	3,133	3,333
68 Demand, depository institutions	32,934	35,267	35,446	34,677	36,450	37,416	35,679	35,106	36,113
69 Other demand and all checkable deposits	711,997	719,208	731,936	696,551	701,796	722,605	710,555	699,237	703,149
70 Savings deposits (excluding checkable)	747,496	757,934	754,980	744,015	744,735	756,681	759,703	754,661	754,272
71 Small time deposits	625,919	625,358	623,671	621,187	620,282	619,661	618,984	617,597	616,520
72 Time deposits over \$100,000	212,202	217,318	216,788	217,462	216,513	218,164	218,167	216,596	216,316
73 Borrowings	372,084	364,968	367,835	382,485	380,823	370,358	378,554	380,760	383,117
74 Treasury tax and loan notes	14,853	3,877	6,054	32,986	24,738	18,546	14,143	16,619	14,737
75 Other	357,231	361,091	361,781	349,499	356,085	351,812	364,411	364,141	368,380
76 Other liabilities	144,543	134,748	135,031	132,766	136,212	137,977	140,682	136,050	140,388
77 Total liabilities	2,851,113	2,858,068	2,870,530	2,833,910	2,840,662	2,866,424	2,865,334	2,843,161	2,853,208
78 Residual (assets less liabilities) ³	278,465	277,201	278,528	278,652	276,063	278,684	280,462	280,100	279,315

1. Excludes assets and liabilities of International Banking Facilities.

2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.

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

4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1993								
	Mar. 31 ¹	Apr. 7	Apr. 14	Apr. 21	Apr. 28 ²	May 5	May 12	May 19	May 26
ASSETS									
1 Cash and balances due from depository institutions	105,518	103,803 ³	112,024	101,677	109,047	106,657	110,686	97,947	113,587
2 U.S. Treasury and government securities	283,624	288,386 ⁴	288,949 ⁵	289,088 ⁶	288,313	291,535	287,913	289,755	284,649
3 Trading account	18,987	22,606	22,858	22,570	23,644	23,455	19,998	23,059	19,204
4 Investment account	264,637	265,780 ⁷	266,091 ⁸	266,518 ⁹	264,670	268,080	267,915	266,696	265,445
5 Mortgage-backed securities ¹	83,464	83,713 ¹	83,613 ²	83,941 ³	84,294	84,233	83,790	81,635	81,844
All others, by maturity									
6 One year or less	41,264	41,062	40,838	41,560	40,625	42,278	43,229	45,156	44,769
7 One year through five years	74,339	74,397	74,691	74,542	73,936	73,679	73,868	73,788	74,436
8 More than five years	65,570	66,608	66,949	66,474	65,815	67,889	67,028	66,117	64,395
9 Other securities	57,081	55,847	55,899	55,726	56,106	55,817	55,843	55,896	55,651
10 Trading account	2,276	2,187	2,063	2,151	2,389	2,492	2,303	2,466	2,666
11 Investment account	54,805	53,660	53,837	53,575	53,717	53,325	53,540	53,429	52,985
12 State and political subdivisions, by maturity	20,026	19,861	19,880	19,879	19,928	19,774	19,807	19,814	19,828
13 One year or less	3,392	3,375	3,402	3,394	3,426	3,407	3,451	3,445	3,465
14 More than one year	16,634	16,486	16,478	16,484	16,503	16,367	16,356	16,369	16,363
15 Other bonds, corporate stocks, and securities	34,779	33,799	33,957	33,696	33,789	33,551	33,733	33,615	33,157
16 Other trading account assets	11,470	11,331	11,805	10,808	11,376	11,240	11,258	12,490	12,052
17 Federal funds sold ²	81,565	85,507	86,530	84,493 ³	81,028	86,252	85,374	81,413	81,305
18 To commercial banks in the United States	58,381	54,169	54,724	52,351	54,691	53,820	53,475	52,407	55,686
19 To nonbank brokers and dealers	19,473	24,815	26,113	26,806	21,965	26,538	26,228	24,746	20,464
20 To others ³	3,711	6,524	5,693	5,336 ⁴	4,372	5,893	5,670	4,259	5,156
21 Other loans and leases, gross	975,842	974,248 ⁵	974,107 ⁶	971,688 ⁷	975,162	978,471	980,069	978,967	982,227
22 Commercial and industrial	277,719	275,098 ⁸	273,822 ⁹	275,204 ¹⁰	275,584	277,589	275,796	275,350	275,882
23 Bankers acceptances and commercial paper	2,705	2,730	2,587	2,626	3,079	3,090	3,045	3,079	3,134
24 All other	275,015	272,369 ¹¹	271,235 ¹²	272,577 ¹³	272,505	274,499	272,751	272,271	272,748
25 U.S. addressees	273,447	270,811 ¹⁴	269,662 ¹⁵	271,003 ¹⁶	270,950	272,902	271,184	270,766	271,161
26 Non-U.S. addressees	1,568	1,557	1,574	1,574	1,555	1,597	1,567	1,505	1,587
27 Real estate loans	395,561	395,939 ¹⁷	397,014 ¹⁸	394,560 ¹⁹	396,028	395,589	397,977	395,771	396,100
28 Revolving, home equity	43,472	43,426 ²⁰	43,560 ²¹	43,827 ²²	43,905	43,827	43,819	43,824	43,876
29 All other	352,089	352,513 ²³	353,453 ²⁴	350,733 ²⁵	352,124	351,762	354,158	351,947	352,224
30 To individuals for personal expenditures	183,738	183,119 ²⁶	183,854	183,979	184,767	185,367	185,627	186,093	186,766
31 To financial institutions	33,750	35,028	33,832	33,272	34,761	35,189	34,854	35,793	36,703
32 Commercial banks in the United States	12,532	12,622	12,203	12,029	12,292	12,072	11,954	13,153	13,863
33 Banks in foreign countries	2,113	2,623	2,309	2,242	2,850	2,385	2,431	2,629	2,479
34 Nonbank financial institutions	19,104	19,783	19,320	19,001	19,619	20,731	20,470	20,011	20,361
35 For purchasing and carrying securities	15,587	15,382	17,349	16,511	15,627	16,104	16,832	16,706	16,556
36 To finance agricultural production	5,536	5,576	5,632	5,545	5,599	5,648	5,639	5,688	5,696
37 To states and political subdivisions	14,033	13,881	13,848	13,800	13,798	13,777	13,671	14,082	14,053
38 To foreign governments and official institutions	1,379	1,438 ²⁷	1,378 ²⁸	1,352 ²⁹	1,418	1,522	1,380	1,344	1,339
39 All other loans ³⁰	24,132	24,356 ³¹	23,010 ³²	23,099 ³³	23,102	23,144	23,749	23,568	24,443
40 Lease-financing receivables	24,406	24,430	24,368	24,365 ³⁴	24,477	24,541	24,545	24,574	24,689
41 Less: Unearned income	2,153	2,134	2,142	2,132	2,110	2,084	2,086	2,094	2,084
42 Loan and lease reserve ³⁵	36,267	36,166 ³⁶	36,207 ³⁷	35,962 ³⁸	35,946	36,447	36,384	36,401	36,313
43 Other loans and leases, net	937,422	935,949 ³⁹	935,759 ⁴⁰	933,594 ⁴¹	937,106	939,940	941,599	940,472	943,831
44 Other assets	165,464	164,345 ⁴²	167,773 ⁴³	161,585 ⁴⁴	157,827	164,273	164,709	162,125	159,513
45 Total assets	1,642,145	1,645,169 ⁴⁵	1,658,740 ⁴⁶	1,636,971 ⁴⁷	1,640,803	1,655,713	1,657,381	1,640,097	1,650,588

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1993								
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
LIABILITIES									
46 Deposits	1,115,325	1,102,172	1,105,409	1,091,129	1,102,700	1,118,197	1,126,046	1,095,332	1,101,516
47 Demand deposits	265,665	254,792	261,522	253,854	268,676	269,672	279,815	260,009	272,103
48 Individuals, partnerships, and corporations	216,112	209,423	212,680	205,103	221,836	221,314	230,135	211,735	220,685
49 Other holders	49,553	45,369	48,841	48,751	46,840	48,358	49,680	48,274	51,418
50 States and political subdivisions	8,847	8,576	8,759	8,805	8,890	8,371	8,727	8,997	9,216
51 U.S. government	2,094	1,835	1,694	2,138	2,348	2,048	3,343	3,590	2,737
52 Depository institutions in the United States	22,182	20,511	21,394	20,554	20,344	22,061	21,916	21,536	23,068
53 Banks in foreign countries	5,811	4,742	5,715	6,014	5,083	4,929	4,962	4,884	4,821
54 Foreign governments and official institutions	556	858	739	810	712	1,177	687	646	613
55 Certified and officers' checks	10,062	8,847	10,540	10,429	9,463	9,772	10,046	8,622	10,963
56 Transaction balances other than demand deposits ⁴	121,220	118,168	117,506	116,245	119,216	122,088	122,233	118,945	114,964
57 Nontransaction balances	728,441	729,212	726,381	721,031	714,808	726,437	723,997	716,378	714,449
58 Individuals, partnerships, and corporations	702,551	703,570	701,123	695,940	692,253	703,150	700,939	691,496	689,953
59 Other holders	25,890	25,642	25,258	25,091	22,555	23,287	23,059	24,882	24,496
60 States and political subdivisions	21,415	21,067	20,694	20,475	20,135	20,505	20,244	20,342	20,467
61 U.S. government	2,040	2,026	2,026	2,082	487	492	495	2,199	1,603
62 Depository institutions in the United States	2,103	2,218	2,198	2,192	1,597	1,959	1,984	2,008	2,094
63 Foreign governments, official institutions, and banks	332	332	340	342	336	332	336	333	332
64 Liabilities for borrowed money ⁵	283,979	273,186	282,774	278,849	281,319	277,492	281,962	292,386	288,465
65 Borrowings from Federal Reserve Banks	35	0	860	0	707	0	0	0	0
66 Treasury tax and loan notes	4,476	6,461	17,789	12,658	11,624	2,830	4,370	28,877	22,356
67 Other liabilities for borrowed money ⁶	279,467	266,725	264,126	266,191	268,988	274,662	277,593	263,508	266,108
68 Other liabilities (including subordinated notes and debentures)	105,653	106,525	104,691	103,273	112,270	103,767	103,842	101,553	103,728
69 Total liabilities	1,504,958	1,481,883	1,492,875	1,473,251	1,496,290	1,499,455	1,511,850	1,489,271	1,493,708
70 Residual (total assets less total liabilities) ⁷	142,635	142,849	142,942	143,630	145,138	145,341	146,531	146,961	146,241
MEMO									
71 Total loans and leases, gross, adjusted, plus securities ⁸	1,347,927	1,343,950	1,349,673	1,338,923	1,338,398	1,348,509	1,350,343	1,346,841	1,345,033
72 Time deposits in amounts of \$100,000 or more	113,729	112,598	111,983	110,167	104,128	108,678	108,431	109,441	108,087
73 Loans sold outright to affiliates ⁹	898	897	896	893	869	876	875	875	872
74 Commercial and industrial	453	452	451	449	447	447	447	447	443
75 Other	446	445	445	444	422	429	429	429	428
76 Foreign branch credit extended to U.S. residents ¹⁰	23,407	23,846	23,850	23,150	23,225	23,227	23,321	23,464	23,333
77 Net due to related institutions abroad	-8,870	-10,560	-8,945	-10,070	-12,328	-13,221	-16,158	-12,016	-8,995

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

2. Includes securities purchased under agreements to resell.

3. Includes allocated transfer risk reserve.

4. Includes negotiable order of withdrawal accounts (NOWs), automatic transfer service (ATS), and telephone and preauthorized transfers of savings deposits.

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

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

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

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

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

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

NOTE: Data that formerly appeared in table 1.28, Assets and Liabilities of Large Weekly Reporting Commercial Banks in New York City, can be obtained from the Board's H.4.2 (504) weekly statistical release. For ordering address, see inside front cover.

A24 Domestic Financial Statistics □ August 1993

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities¹

Millions of dollars, Wednesday figures

Account	1993								
	Mar. 31 ^f	Apr. 7 ^f	Apr. 14 ^f	Apr. 21 ^f	Apr. 28 ^f	May 5	May 12	May 19	May 26
1 Cash and balances due from depository institutions	19,477	17,756	16,838	17,317	18,063	17,361	17,608	16,845	17,458
2 U.S. Treasury and government agency securities	31,493	30,341	29,275	29,146	29,553	30,723	29,924	29,750	30,099
3 Other securities	8,420	8,795	9,017	8,976	8,855	8,966	9,050	9,026	8,781
4 Federal funds sold ¹	23,044	18,667	21,235	19,330	19,858	18,481	20,572	21,077	22,557
5 To commercial banks in the United States	8,710	4,110	5,984	3,445	4,293	3,872	5,889	5,341	5,585
6 To others ²	14,334	14,556	15,251	15,884	15,565	14,609	14,683	15,736	16,973
7 Other loans and leases, gross	160,773	158,669	158,915	159,902	160,113	158,158	159,557	160,264	159,500
8 Commercial and industrial	95,548	95,831	95,741	95,939	95,654	95,464	95,866	96,609	96,388
9 Bankers acceptances and commercial paper	2,538	2,684	2,466	2,444	2,494	2,549	2,474	2,612	2,594
10 All other	93,010	93,147	93,275	93,494	93,160	92,915	93,392	93,997	93,794
11 U.S. addressees	89,730	89,807	90,019	90,188	89,849	89,679	90,051	90,569	90,516
12 Non-U.S. addressees	3,280	3,340	3,256	3,306	3,311	3,236	3,342	3,428	3,278
13 Loans secured by real estate	32,843	32,217	32,226	32,277	32,399	32,202	32,091	32,043	32,057
14 To financial institutions	25,568	24,803	24,226	25,468	25,512	23,865	24,943	25,130	25,083
15 Commercial banks in the United States	4,935	4,973	4,914	5,056	4,981	5,360	5,392	5,268	5,453
16 Banks in foreign countries	1,871	1,802	1,822	1,659	1,680	1,732	1,722	1,740	1,810
17 Nonbank financial institutions	18,763	18,029	17,490	18,754	18,851	16,773	17,828	18,122	17,821
18 For purchasing and carrying securities	3,809	2,718	3,513	3,008	3,264	3,375	3,533	3,491	2,965
19 To foreign governments and official institutions	368	364	406	388	382	389	372	340	375
20 All other	2,637	2,735	2,803	2,821	2,902	2,862	2,753	2,651	2,630
21 Other assets (claims on nonrelated parties) ..	33,860	31,571	32,088	31,875	32,012	33,308	31,964	31,769	32,125
22 Total assets ³	306,177	297,943	296,670	298,250	296,965	297,935	297,323	301,790	301,975
23 Deposits or credit balances due to other than directly related institutions	102,844	97,042	97,249	99,311	101,357	101,440	101,271	101,527	102,538
24 Demand deposits ⁴	4,934	4,137	4,099	3,963	5,008	3,961	4,396	3,829	4,130
25 Individuals, partnerships, and corporations	3,413	2,945	3,182	3,052	3,533	3,134	3,111	3,056	3,332
26 Other	1,521	1,192	918	911	1,476	827	1,285	774	798
27 Nontransaction accounts	97,910	92,905	93,150	95,348	96,349	97,479	96,875	97,698	98,408
28 Individuals, partnerships, and corporations	67,973	65,569	65,287	67,111	67,247	68,601	68,173	68,175	68,352
29 Other	29,937	27,336	27,863	28,238	29,102	28,878	28,702	29,523	30,057
30 Borrowings from other than directly related institutions	86,400	85,897	81,727	81,999	79,666	85,582	81,673	86,786	82,644
31 Federal funds purchased ⁵	45,283	49,938	45,816	42,625	39,287	44,173	39,990	42,050	38,777
32 From commercial banks in the United States	18,704	17,405	13,751	12,841	12,057	13,997	11,530	13,393	13,528
33 From others	26,579	32,533	32,065	29,783	27,230	30,176	28,460	28,657	25,249
34 Other liabilities for borrowed money	41,117	35,959	35,912	39,375	40,379	41,409	41,683	44,735	43,867
35 To commercial banks in the United States	8,886	7,924	7,077	7,018	7,584	7,363	6,871	7,533	8,064
36 To others	32,231	28,035	28,835	32,357	32,795	34,046	34,812	37,202	35,803
37 Other liabilities to nonrelated parties	32,619	30,456	30,249	30,529	30,624	30,691	31,295	30,095	30,533
38 Total liabilities ⁶	306,177	297,943	296,670	298,250	296,965	297,935	297,323	301,790	301,975
MEMO									
39 Total loans (gross) and securities, adjusted ⁷ ..	210,085	207,388	207,543	208,852	209,105	207,096	207,822	209,507	209,900
40 Net due to related institutions abroad	55,203	52,404	58,141	54,706	56,808	49,283	54,437	50,323	54,806

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. Includes net due from related institutions abroad for U.S. branches and agencies of foreign banks having a net "due from" position.
4. Includes other transaction deposits.

5. Includes securities sold under agreements to repurchase.
6. Includes net to related institutions abroad for U.S. branches and agencies of foreign banks having a net "due to" position.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1992		1993			
	1988	1989	1990	1991	1992	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar. ^r	Apr.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers	458,464	525,831	562,656	531,724	549,433	558,414	549,433	540,191	527,529	534,116	535,971
Financial companies ¹											
Dealer-placed paper ²											
2 Total	159,777	183,622	214,706	213,823	228,260	230,966	228,260	213,049	202,126	219,076	210,317
3 Bank-related (not seasonally adjusted) ³	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper ⁴											
4 Total	194,931	210,930	200,036	183,379	172,813	179,279	172,813	181,264	177,370	171,959	175,384
5 Bank-related (not seasonally adjusted) ³	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies ⁵	103,756	131,279	147,914	134,522	148,360	148,169	148,360	145,878	148,033	143,081	150,270
Bankers dollar acceptances (not seasonally adjusted) ⁶											
7 Total	66,631	62,972	54,771	43,770	38,200 ^r	37,664 ^r	38,200 ^r	36,001	35,221	34,939	35,317
Holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,561 ^r	10,314 ^r	10,561 ^r	9,121	9,878	11,036	10,582
9 Own bills	8,022	8,510	7,930	9,347	9,103 ^r	9,169 ^r	9,103 ^r	7,927	8,361	9,162	9,232
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,145	1,458	1,193	1,516	1,873	1,350
Federal Reserve Banks ⁷											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	1,289	1,276	1,317	1,169	1,108	909
12 Others	56,052	52,473	44,836	31,014	26,364	26,061	26,364	25,563	24,175	22,795	23,826
Basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,212 ^r	12,135 ^r	12,212 ^r	11,148	11,126	11,129	10,746
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	7,673	8,096	7,740	7,547	7,304	7,629
15 All other	37,237	33,638	28,973	20,577	17,893 ^r	17,856 ^r	17,893 ^r	17,112	16,548	16,506	16,942

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. Bank-related series were discontinued in January 1989.

4. As reported by financial companies that place their paper directly with investors.

5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

6. Data on bankers acceptances are gathered from approximately 100 institutions. The reporting group is revised every January.

7. In 1977 the Federal Reserve discontinued operations in bankers acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans¹

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1990— Jan. 1	10.50	1990	10.01	1991— Jan.	9.52	1992— Jan.	6.50
8	10.00	1991	8.46	Feb.	9.05	Feb.	6.50
		1992	6.25	Mar.	9.00	Mar.	6.50
1991— Jan. 2	9.50			Apr.	9.00	Apr.	6.50
Feb. 4	9.00	1990— Jan.	10.11	May	8.50	May	6.50
May 1	8.50	Feb.	10.00	June	8.50	June	6.50
Sept. 13	8.00	Mar.	10.00	July	8.50	July	6.02
Nov. 6	7.50	Apr.	10.00	Aug.	8.50	Aug.	6.00
Dec. 23	6.50	May	10.00	Sept.	8.20	Sept.	6.00
1992— July 2	6.00	June	10.00	Oct.	8.00	Oct.	6.00
		July	10.00	Nov.	7.58	Nov.	6.00
		Aug.	10.00	Dec.	7.21	Dec.	6.00
		Sept.	10.00				
		Oct.	10.00			1993— Jan.	6.00
		Nov.	10.00			Feb.	6.00
		Dec.	10.00			Mar.	6.00
						Apr.	6.00
						May	6.00
						June	6.00

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

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year; weekly, monthly, and annual figures are averages of business day data unless otherwise noted

Item	1990	1991	1992	1993				1993, week ending				
				Feb.	Mar.	Apr.	May	Apr. 30	May 7	May 14	May 21	May 28
MONEY MARKET INSTRUMENTS												
1 Federal funds ^{1,2,3}	8.10	5.69	3.52	3.03	3.07	2.96	3.00	2.87	2.98	2.90	3.01	3.07
2 Discount window borrowing ⁴	6.98	5.45	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper ^{3,5,6}												
3 1-month	8.15	5.89	3.71	3.14	3.15	3.13	3.11	3.10	3.08	3.09	3.11	3.15
4 3-month	8.06	5.87	3.75	3.18	3.17	3.14	3.14	3.11	3.10	3.11	3.15	3.19
5 6-month	7.95	5.85	3.80	3.27	3.24	3.19	3.20	3.16	3.13	3.14	3.22	3.30
Finance paper, directly placed ^{3,5,7}												
6 1-month	8.00	5.73	3.62	3.18	3.15	3.06	3.05	3.03	3.02	3.03	3.05	3.09
7 3-month	7.87	5.71	3.65	3.27	3.17	3.06	3.07	3.04	3.03	3.05	3.08	3.13
8 6-month	7.53	5.60	3.63	3.21	3.14	3.07	3.07	3.05	3.04	3.05	3.07	3.13
Bankers acceptances ^{3,5,8}												
9 3-month	7.93	5.70	3.62	3.06	3.07	3.05	3.06	3.04	3.03	3.04	3.07	3.12
10 6-month	7.80	5.67	3.67	3.15	3.14	3.10	3.13	3.09	3.07	3.08	3.15	3.23
Certificates of deposit, secondary market ⁹												
11 1-month	8.15	5.82	3.64	3.08	3.10	3.08	3.07	3.06	3.04	3.06	3.08	3.10
12 3-month	8.15	5.83	3.68	3.12	3.11	3.09	3.10	3.08	3.06	3.07	3.12	3.16
13 6-month	8.17	5.91	3.76	3.22	3.20	3.16	3.20	3.14	3.12	3.14	3.23	3.29
14 Eurodollar deposits, 3-month ^{3,10}	8.16	5.86	3.70	3.12	3.11	3.10	3.12	3.06	3.06	3.08	3.13	3.20
U.S. Treasury bills												
Secondary market ^{3,5}												
15 3-month	7.50	5.38	3.43	2.93	2.95	2.87	2.96	2.91	2.87	2.91	2.99	3.06
16 6-month	7.46	5.44	3.54	3.07	3.05	2.97	3.07	2.98	2.97	3.01	3.09	3.20
17 1-year	7.35	5.52	3.71	3.25	3.20	3.11	3.23	3.12	3.11	3.14	3.26	3.39
Auction average ^{3,11}												
18 3-month	7.51	5.42	3.45	2.95	2.97	2.89	2.96	2.88	2.88	2.89	3.00	3.06
19 6-month	7.47	5.49	3.57	3.08	3.08	3.00	3.07	2.95	2.98	2.99	3.10	3.19
20 1-year	7.36	5.54	3.75	3.32	3.09	3.24	3.13	n.a.	3.13	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities ¹²												
21 1-year	7.89	5.86	3.89	3.39	3.33	3.24	3.36	3.25	3.23	3.27	3.40	3.55
22 2-year	8.16	6.49	4.77	4.10	3.95	3.84	3.98	3.83	3.78	3.86	4.07	4.21
23 3-year	8.26	6.82	5.30	4.58	4.40	4.30	4.40	4.30	4.24	4.30	4.48	4.60
24 5-year	8.37	7.37	6.19	5.43	5.19	5.13	5.20	5.14	5.05	5.10	5.28	5.36
25 7-year	8.52	7.68	6.63	5.87	5.66	5.59	5.66	5.60	5.53	5.58	5.74	5.78
26 10-year	8.55	7.86	7.01	6.26	5.98	5.97	6.04	6.01	5.92	5.96	6.12	6.14
27 30-year	8.61	8.14	7.67	7.09	6.82	6.85	6.92	6.89	6.83	6.88	7.00	6.97
28 Composite More than 10 years (long-term)	8.74	8.16	7.52	6.89	6.65	6.64	6.68	6.66	6.58	6.62	6.76	6.75
STATE AND LOCAL NOTES AND BONDS												
Moody's series ¹³												
29 Aaa	6.96	6.56	6.09	5.61	5.42	5.47	n.a.	5.38	5.35	5.42	5.45	5.66
30 Baa	7.29	6.99	6.48	5.98	5.81	5.88	n.a.	5.79	5.76	5.82	5.86	6.09
31 Bond Buyer series ¹⁴	7.27	6.92	6.44	5.87	5.64	5.76	5.73	5.75	5.71	5.69	5.77	5.73
CORPORATE BONDS												
32 Seasoned issues, all industries ¹⁵	9.77	9.23	8.55	8.01	7.83	7.76	7.78	7.74	7.71	7.75	7.84	7.82
Rating group												
33 Aaa	9.32	8.77	8.14	7.71	7.58	7.46	7.43	7.40	7.37	7.41	7.48	7.46
34 Aa	9.56	9.05	8.46	7.90	7.72	7.62	7.61	7.59	7.55	7.59	7.67	7.64
35 A	9.82	9.30	8.62	8.03	7.86	7.80	7.85	7.80	7.77	7.82	7.91	7.89
36 Baa	10.36	9.80	8.98	8.39	8.15	8.14	8.21	8.15	8.13	8.18	8.28	8.27
37 A-rated, recently offered utility bonds ¹⁶	10.01	9.32	8.52	7.80	7.61	7.66	7.75	7.76	7.67	7.74	7.84	7.77
MEMO												
Dividend-price ratio ¹⁷												
38 Preferred stocks	8.96	8.17	7.46	7.37	6.70	6.69	6.65	6.67	6.61	6.64	6.78	6.74
39 Common stocks	3.61	3.25	2.99	2.81	2.76	2.82	2.77	2.86	2.82	2.82	2.80	2.77

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

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

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

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

5. Quoted on a discount basis.

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

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

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

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

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

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

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

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

14. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.

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

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

17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1990	1991	1992	1992				1993					
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
	Prices and trading volume (averages of daily figures)												
<i>Common stock prices (indexes)</i>													
1 New York Stock Exchange (Dec. 31, 1965 = 50)	183.66	206.35	229.00	230.13	226.97	232.84	239.47	239.75	243.41	248.12	244.72	246.02	
2 Industrial	226.06	258.16	284.26	285.76	279.70	287.80	290.77	292.11	294.40	298.75	292.19	297.83	
3 Transportation	158.80	173.97	201.02	191.61	192.30	204.63	212.35	221.00	226.96	229.42	237.97	237.80	
4 Utility	90.72	92.64	99.48	102.26	101.62	101.13	103.85	105.52	109.45	112.53	113.78	111.21	
5 Finance	133.21	150.84	179.29	178.27	181.36	189.27	196.87	203.38	209.93	217.01	216.02	209.40	
6 Standard & Poor's Corporation (1941-43 = 10) ¹	335.01	376.20	415.75	418.48	412.50	422.84	435.64	435.40	441.76	450.15	443.08	445.25	
7 American Stock Exchange (Aug. 31, 1973 = 50) ²	338.32	360.32	391.28	382.67	371.27	387.75	392.69	402.75	409.39	418.56	418.54	429.72	
<i>Volume of trading (thousands of shares)</i>													
8 New York Stock Exchange	156,359	179,411	202,558	191,774	204,787	208,221	222,736	266,011	288,540	251,170	279,778	255,843	
9 American Stock Exchange	13,155	12,486	14,171	11,198	11,966	14,925	16,523	17,184	18,154	16,150	15,521	20,433	
	Customer financing (millions of dollars, end-of-period balances)												
10 Margin credit at broker-dealers ³	28,210	36,660	43,990	41,250	41,590	43,630	43,990	44,020	44,290	45,160	47,420	48,630	
<i>Free credit balances at brokers⁴</i>													
11 Margin accounts ⁵	8,050	8,290	8,970	8,060	8,355	8,500	8,970	8,980	9,790	9,650	9,805	9,560	
12 Cash accounts	19,285	19,255	22,510	19,650	18,700	19,310	22,510	20,360	22,190	21,395	21,450	21,610	
	Margin requirements (percent of market value and effective date) ⁶												
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974		
13 Margin stocks	70		80		65		55		65		50		
14 Convertible bonds	50		60		50		50		50		50		
15 Short sales	70		80		65		55		65		50		

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

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

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

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

5. New series since June 1984.

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

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities¹

Millions of dollars, end of period

Account	1990	1991	1992							1993		
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	SAIF-insured institutions											
1 Assets	1,084,821	919,979	861,517	856,390	856,165	847,235	846,730	840,605	832,039	↑	↑	↑
2 Mortgages	633,385	551,322	516,654	512,264	512,077	508,815	502,863	496,974	490,558	↑	↑	↑
3 Mortgage-backed securities	155,228	129,461	123,282	122,385	120,438	119,715	120,715	120,292	122,171	↑	↑	↑
4 Contra-assets to mortgage assets ²	16,897	12,307	11,282	11,044	11,164	11,073	11,207	10,509	12,742	↑	↑	↑
5 Commercial loans	24,125	17,139	14,020	13,929	13,525	13,419	13,630	13,180	8,109	↑	↑	↑
6 Consumer loans	48,753	41,775	37,403	37,230	37,123	36,732	35,938	36,019	363,562	↑	↑	↑
7 Contra-assets to non-mortgage loans ²	1,939	1,239	944	910	932	982	931	845	1,083	n.a.	n.a.	n.a.
8 Cash and investment securities	146,644	120,077	119,539	120,220	124,140	120,684	126,719	127,893	132,210	↑	↑	↑
9 Other ³	95,522	73,751	62,844	62,317	60,958	59,925	59,002	57,600	41,695	↑	↑	↑
10 Liabilities and net worth	1,084,821	919,979	861,517	856,390	856,165	847,235	846,730	840,605	832,039	↓	↓	↓
11 Deposits	835,496	731,937	682,535	676,141	672,354	667,027	660,906	654,047	650,010	↓	↓	↓
12 Borrowed money	197,353	121,923	108,943	109,036	110,109	110,022	114,123	114,354	114,980	↓	↓	↓
13 FHLBB	100,391	65,842	62,760	62,359	62,225	64,105	63,065	64,742	64,615	↓	↓	↓
14 Other	96,962	56,081	46,183	46,677	47,884	45,917	51,058	49,612	50,365	↓	↓	↓
15 Other	21,332	17,560	17,740	18,570	20,523	18,017	19,853	20,406	16,078	↓	↓	↓
16 Net worth	30,640	48,559	52,299	52,642	53,178	52,169	51,846	51,798	50,867	↓	↓	↓

1. Beginning December 1992, data are available on a quarterly basis and are no longer available monthly.

2. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.

3. Includes holding of stock in Federal Home Loan Bank and finance leases plus interest.

NOTE. Components do not sum to totals because of rounding. Data for credit unions and life insurance companies have been deleted from this table. Starting in the December 1991 issue, data for life insurance companies are shown in a special table of quarterly data.

SOURCE. Office of Thrift Supervision (OTS), insured by the Savings Association Insurance Fund (SAIF) and regulated by the OTS.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1990	1991	1992	1992	1993				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
<i>U.S. budget¹</i>									
1 Receipts, total	1,031,308	1,054,265	1,090,513	113,690	112,718	66,138	83,453	132,122	70,758
2 On-budget	749,654	760,382	788,087	89,594	90,129	41,038	57,259	96,413	44,636
3 Off-budget	281,654	293,883	302,426	24,096	22,589	25,100	26,194	35,709	26,122
4 Outlays, total	1,251,766	1,323,757	1,380,657	152,637	82,903	113,732	128,030	124,034	107,716
5 On-budget	1,026,701	1,082,072	1,128,318	116,575	84,928	89,276	103,793	101,861	83,320
6 Off-budget	225,064	241,685	252,339	36,061	-2,025	24,456	24,237	22,174	24,395
7 Surplus or deficit (-), total	-220,458	-269,492	-290,144	-38,946	29,815	-47,594	-44,577 [†]	8,088	-36,957
8 On-budget	-277,047	-321,690	-340,231	-26,981	5,201	-48,238	-46,534	-5,448	-38,684
9 Off-budget	56,590	52,198	50,087	-11,965	24,614	644	1,957	13,535	1,727
<i>Source of financing (total)</i>									
10 Borrowing from the public	220,101	276,802	310,918	21,078	-8,355	30,689	37,727	5,464	30,832
11 Operating cash (decrease, or increase (-))	818	-1,329	-17,305	-3,175	-16,436	27,227	-2,452	-18,945	20,196
12 Other ²	-461	-5,981	-3,469	21,043	-5,024	-10,322	9,302	5,393	-14,071
<i>MEMO</i>									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	29,890	46,326	19,099	21,551	40,496	20,300
14 Federal Reserve Banks	7,638	7,928	24,586	7,492	9,572	5,350	6,752	7,273	5,787
15 Tax and loan accounts	32,517	33,556	34,203	22,399	36,754	13,749	14,799	33,233	14,514

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act also moved two social security trust funds (federal old-age survivors insurance and federal disability insurance) off budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and

monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* (MTS) and the *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS¹

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1991	1992	1991		1992		1993		
			H1	H2	H1	H2	Mar.	Apr.	May
RECEIPTS									
1 All sources	1,054,265	1,090,513	540,504	519,181	560,350	540,506	83,453	132,122	70,758
2 Individual income taxes, net	467,827	476,049 ^f	232,389	234,939	236,586 ^f	246,961	27,935	56,137	17,919
3 Withheld	404,152	408,352	193,440	210,552	198,868	215,591	40,006	32,691	31,264
4 Presidential Election Campaign Fund	32	30	31	1	20	10	6	6	5
5 Nonwithheld	142,693	149,430 ^f	109,405	33,296	110,995 ^f	39,371	5,253	44,755	2,281
6 Refunds	79,050	81,763 ^f	70,487	8,910	73,297 ^f	8,011	17,330	21,315	15,631
Corporation income taxes									
7 Gross receipts	113,599	117,949 ^f	58,903	54,016	61,682 ^f	58,022	14,644	19,272	3,022
8 Refunds	15,513	17,679 ^f	7,904	8,649	9,402	7,219	1,920	1,477	646
9 Social insurance taxes and contributions, net	396,011	413,689	214,303	186,839	224,569	192,599	33,652	49,176	42,277
10 Employment taxes and contributions ¹	370,526	385,491	199,727	175,802	208,110	180,758	32,980	45,164	33,062
11 Self-employment taxes and contributions ²	25,457	24,421	22,150	3,306	20,433	3,988	873	12,183	1,620
12 Unemployment insurance	20,922	23,410	12,296	8,721	14,070	9,397	240	3,581	8,849
13 Other net receipts ³	4,563	4,788	2,279	2,317	2,389	2,445	432	431	365
14 Excise taxes	42,430	45,570	20,703	24,429	22,388 ^f	23,456	4,514	4,168	3,502
15 Customs deposits	15,921	17,359	7,488	8,694	8,146	9,497	1,598	1,544	1,419
16 Estate and gift taxes	11,138	11,143	5,631	5,507	5,700 ^f	5,733	977	1,898	1,009
17 Miscellaneous receipts ⁴	22,852	26,522	8,991	13,406	10,695	11,472	2,051	1,404	2,257
OUTLAYS									
18 All types	1,323,757	1,380,657	632,153	694,364	704,288	723,367	128,030	124,034	107,716
19 National defense	272,514	298,361	122,089	147,669	147,065 ^f	155,501	25,511	27,192	20,460
20 International affairs	16,167	16,106	7,592	7,691	8,540 ^f	9,911	1,181	536	1,410
21 General science, space, and technology	15,946	16,409	7,496	8,472	7,951	8,521	1,103	1,444	1,382
22 Energy	2,511	4,509	1,235	1,698	1,442	3,109	560	431	453
23 Natural resources and environment	18,708	20,017	8,324	11,130	8,601 ^f	11,617	1,549	1,709	1,071
24 Agriculture	14,864	14,997	7,684	7,418	7,526	8,881	4,244	2,666	1,739
25 Commerce and housing credit	75,639	9,753	17,992	36,534	15,615 ^f	-7,843	-1,368	-3,961	-1,896
26 Transportation	31,531	33,759	14,748	17,093	15,673 ^f	18,477	3,383	2,591	2,398
27 Community and regional development	7,432	7,923	3,552	3,783	3,903	4,540	760	987	862
28 Education, training, employment, and social services	41,479	45,248	21,234	21,114	23,696 ^f	20,922	4,607	3,695	3,433
29 Health	71,183	89,570	35,608	41,459	44,154 ^f	47,223	8,379	8,883	7,758
30 Social security and medicare	373,495	406,569	190,247	193,098	205,500	232,109	37,235	37,236	35,020
31 Income security	171,618	197,867	88,778	87,693	104,616 ^f	98,693	21,056	20,408	15,900
32 Veterans benefits and services	31,344	34,133	14,326	17,425	15,597	18,561	4,090	4,332	801
33 Administration of justice	12,295	14,450	6,187	6,574	7,435	7,283	1,270	1,581	1,199
34 General government	11,358	12,939	5,212	6,794	5,050	8,138	1,040	655	886
35 Net interest ⁶	195,012	199,429	98,556	99,149	100,154 ^f	98,549	16,415	16,585	17,420
36 Undistributed offsetting receipts ⁵	-39,356	-39,280	-18,702	-20,436	-18,229	-20,914	-2,987	-2,935	-2,579

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the Budget have not been fully distributed across months.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Old-age, disability, and hospital insurance.

4. Federal employee retirement contributions and civil service retirement and disability fund.

5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

6. Includes interest received by trust funds.

7. Consists of rents and royalties for the outer continental shelf and U.S. government contributions for employee retirement.

SOURCES: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1994*.

A30 Domestic Financial Statistics □ August 1993

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1991				1992				1993
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 Federal debt outstanding	3,492	3,563	3,683	3,820	3,897	4,001	4,083	4,196	4,250 ^f
2 Public debt securities	3,465	3,538	3,665	3,802	3,881	3,985	4,065	4,177	4,231
3 Held by public	2,598	2,643	2,746	2,833	2,918	2,977	3,048	3,129	3,188 ^f
4 Held by agencies	867	895	920	969	964	1,008	1,016	1,048	1,043 ^f
5 Agency securities	27	25	18	19	16	16	18	19	20 ^f
6 Held by public	26	25	18	19	16	16	18	19	20 ^f
7 Held by agencies	0	0	0	0	0	0	0	0	0 ^f
8 Debt subject to statutory limit	3,377	3,450	3,569	3,707	3,784	3,891	3,973	4,086	4,140
9 Public debt securities	3,377	3,450	3,569	3,706	3,783	3,890	3,972	4,085	4,139
10 Other debt ¹	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145

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

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

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

Billions of dollars, end of period

Type and holder	1989	1990	1991	1992	1992			1993
					Q2	Q3	Q4	Q1
1 Total gross public debt	2,953.0	3,364.8	3,801.7	4,177.0	3,984.7	4,064.6	4,177.0	4,230.6
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	3,981.8	4,061.8	4,173.9	4,227.6
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,605.1	2,677.5	2,754.1	2,807.1
4 Bills	430.6	527.4	590.4	657.7	618.2	634.3	657.7	659.9
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,517.6	1,566.4	1,608.9	1,652.1
6 Bonds	348.2	388.2	435.5	472.5	454.3	461.8	472.5	480.2
7 Nonmarketable	986.4	1,166.2	1,327.2	1,419.8	1,376.7	1,384.3	1,419.8	1,420.5
8 State and local government series	163.3	160.8	159.7	153.5	161.9	157.6	153.5	151.6
9 Foreign issues ²	6.8	43.5	41.9	37.4	38.7	37.0	37.4	37.0
10 Government	6.8	43.5	41.9	37.4	38.7	37.0	37.4	37.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	143.2	148.3	155.0	161.4
13 Government account series ³	695.6	813.8	959.2	1,043.5	1,002.5	1,011.0	1,043.5	1,040.0
14 Non-interest-bearing	21.2	2.8	2.8	3.1	2.9	2.8	3.1	3.0
By holder ⁴								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	1,047.8	1,007.9	1,016.3	1,047.8	1,043.2
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	276.9	296.4	302.5	305.2
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,712.4	2,765.5	2,839.9	2,895.0
18 Commercial banks	164.9	171.5	233.4	293.4 ^f	267.3	287.4 ^f	293.4 ^f	296.0
19 Money market funds	14.9	45.4	80.0	80.6	79.4	79.8	80.6	77.6
20 Insurance companies	125.1	142.0	168.7	190.3 ^f	180.8	185.6 ^f	190.3 ^f	194.0
21 Other companies	93.4	108.9	150.8	192.5	175.0	180.8	192.5	199.3
22 State and local treasuries	487.5	490.4	520.3	534.8 ^f	528.5	529.5 ^f	534.8 ^f	536.0
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	145.4	150.3	157.3	163.6
24 Other securities	98.7	107.6	125.8	131.9	129.7	130.9	131.9	134.1
25 Foreign and international ⁵	392.9	421.7	455.0	512.5	492.9	499.0	512.5	528.4
26 Other miscellaneous investors ⁶	520.7	674.5	691.1	746.6 ^f	713.5	722.1 ^f	746.6 ^f	766.0

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.

3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.

4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

5. Consists of investments of foreign balances and international accounts in the United States.

6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions¹

Millions of dollars, daily averages

Item	1993			1993, week ending								
	Feb.	Mar.	Apr.	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
IMMEDIATE TRANSACTIONS²												
<i>By type of security</i>												
U.S. Treasury securities												
1 Bills	44,475 ^t	43,300	41,043 ^t	36,263	46,812	42,055	36,580	39,664	38,696	30,411	50,017	40,679
Coupon securities, by maturity												
2 Less than 3.5 years	56,575	47,300	36,975 ^t	43,291	34,141	35,705	30,816	45,077	42,379	48,407	61,051	60,388
3 3.5 to 7.5 years	48,296	45,252	42,812 ^t	42,606	37,288	49,562	37,940	47,458	40,316	41,351	47,856	47,314
4 7.5 to 15 years	28,512	23,269	19,229	17,435	18,214	17,864	20,333	21,071	17,817	28,140	21,645	18,731
5 15 years or more	21,502	17,592	16,963 ^t	13,979	18,751	17,133	16,422	16,665	14,160	16,146	19,793	14,926
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	6,719	5,790	5,715	6,718	4,704	5,447	6,188	6,392	6,033	4,867	7,242	6,104
7 3.5 to 7.5 years	881	788	640	503	520	729	706	598	657	702	665	427
8 7.5 years or more	1,194	1,125	578 ^t	1,228	1,162	375	339	528	350	424	373	330
Mortgage-backed												
9 Pass-throughs	22,571	14,705	17,293	9,461	15,789	25,851	16,051	13,271	12,820	24,851	20,592	15,170
10 All others ³	4,509	4,059	3,336	4,401	2,553	3,685	2,830	3,844	4,414	3,556	2,998	3,118
<i>By type of counterparty</i>												
Primary dealers and brokers												
11 U.S. Treasury securities	123,545	110,173	97,491 ^t	97,905	92,876	100,757	88,099	108,652	96,439	103,168	123,857	116,255
Federal agency securities												
12 Debt	1,970	1,771	1,155	1,832	1,530	1,120	907	1,068	1,137	1,089	876	1,013
13 Mortgage-backed	11,756	7,388	8,855	5,108	7,994	12,470	8,735	7,166	6,489	11,762	10,456	8,940
Customers												
14 U.S. Treasury securities	75,814 ^t	66,539	59,531 ^t	55,689	62,330	61,561	53,992	61,284	56,928	61,288	76,504	65,784
Federal agency securities												
15 Debt	6,825	5,931	5,778 ^t	6,616	4,856	5,431	6,325	6,450	5,903	4,903	7,404	5,847
16 Mortgage-backed	15,324	11,378	11,775	8,754	10,349	17,066	10,146	9,949	10,745	16,646	13,134	9,348
FUTURES AND FORWARD TRANSACTIONS⁴												
<i>By type of deliverable security</i>												
U.S. Treasury securities												
17 Bills	2,679	2,205	2,378 ^t	1,067	1,267	2,150	2,325	3,892	2,078	1,976	3,439	2,741
Coupon securities, by maturity												
18 Less than 3.5 years	2,622	2,348	1,942	1,791	1,719	2,280	1,734	2,031	1,947	1,526	2,168	2,012
19 3.5 to 7.5 years	1,890	2,287	1,384	2,096	1,250	1,241	1,265	1,674	1,646	1,326	1,483	2,084
20 7.5 to 15 years	3,847	3,542	2,377	2,937	2,238	3,126	1,663	2,463	2,420	3,608	2,844	2,985
21 15 years or more	11,748	11,335	9,025	7,764	9,300	9,611	8,061	9,178	8,896	8,855	12,552	10,952
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	72	92	102	63	28	98	25	273	67	94	320	55
23 3.5 to 7.5 years	130	103	128	105	242	57	72	96	236	100	32	20
24 7.5 years or more	44	32	33	39	11	41	41	48	7	22	17	13
Mortgage-backed												
25 Pass-throughs	17,514	22,141	21,378	18,189	19,263	25,251	20,743	21,300	18,768	23,463	22,108	14,529
26 Others ³	1,478	1,471	1,463	1,089	1,887	716	1,847	1,397	1,479	1,968	1,900	1,636
OPTIONS TRANSACTIONS⁵												
<i>By type of underlying security</i>												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,692	1,662	1,611 ^t	1,400	1,593	1,849	1,661	1,484	1,257	1,312	1,248	900
28 3.5 to 7.5 years	443	431	564 ^t	503	755	626	449	462	472	868	419	1,038
29 7.5 to 15 years	679	687	507 ^t	413	427	557	541	564	357	390	473	774
30 15 years or more	1,286	972	1,084 ^t	737	1,059	940	799	1,499	1,180	953	1,111	1,713
Federal agency, mortgage-backed securities												
31 Pass-throughs	563	586	664	675	704	683	749	618	415	674	357	333

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

Dealers report cumulative transactions for each week ending Wednesday.

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

3. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty days.

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

NOTE. In tables 1.42 and 1.43, "n.a." indicates that data are not published because of insufficient activity.

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and mortgage-backed securities, other than pass-throughs—are no longer available because activity is insufficient.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Millions of dollars

Item	1993			1993, week ending							
	Feb.	Mar.	Apr.	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19
Positions²											
NET IMMEDIATE POSITIONS³											
<i>By type of security</i>											
U.S. Treasury securities											
1 Bills	7,553	13,550	18,483	20,480	21,070	21,266	17,886	15,059	13,757	4,818	8,062
Coupon securities, by maturity											
2 Less than 3.5 years	800	1,628	2,928	3,798	2,930	2,429	-478	5,944	6,038	11,219	8,007
3 3.5 to 7.5 years	-10,824	-14,104	-17,023	-15,290	-18,071	-15,721	-17,141	-17,266	-16,651	-17,854	-23,033
4 7.5 to 15 years	-9,682	-10,240	-12,805	-11,174	-11,541	-13,929	-13,214	-12,886	-11,584	-6,990	-8,787
5 15 years or more	7,126	9,342	9,248	9,424	9,466	9,908	9,653	8,192	8,447	7,707	7,439
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	6,674	6,451	6,342	4,937	7,305	8,193	5,345	5,115	4,274	5,910	3,829
7 3.5 to 7.5 years	2,708	3,332	3,178	3,216	3,136	3,198	3,203	3,082	3,510	3,197	2,617
8 7.5 years or more	3,811	4,896	3,958	4,931	4,194	4,254	3,899	3,641	3,408	3,416	2,943
Mortgage-backed											
9 Pass-throughs	34,699	33,009	34,056	21,988	35,026	39,434	36,431	28,627	22,530	40,102	29,843
10 All others	24,540	25,734	25,866	28,773	26,683	25,931	25,317	24,979	27,808	26,619	25,617
Other money market instruments											
11 Certificates of deposit	3,571	3,212	3,203	3,719	2,438	3,506	3,310	3,538	3,280	2,699	3,594
12 Commercial paper	6,911	6,237	5,145	6,008	4,725	5,948	4,879	5,165	4,671	5,403	5,387
13 Bankers acceptances	990	1,139	972	1,208	1,197	1,130	941	733	574	739	921
FUTURES AND FORWARD POSITIONS⁵											
<i>By type of deliverable security</i>											
U.S. Treasury securities											
14 Bills	-5,805	-5,103	-7,951	-5,297	-6,419	-7,161	-7,785	-9,765	-10,315	-8,312	-2,732
Coupon securities, by maturity											
15 Less than 3.5 years	839	-568	-1,433	-1,781	-1,958	-1,624	-1,592	-852	-409	-1,679	-1,376
16 3.5 to 7.5 years	2,513	4,333	4,857	5,392	5,070	3,982	5,100	5,498	4,086	4,763	5,267
17 7.5 to 15 years	1,851	2,954	4,385	5,250	4,761	3,744	4,208	4,689	4,861	3,877	5,681
18 15 years or more	-3,781	-5,119	-5,103	-5,399	-4,601	-6,405	-5,231	-4,367	-4,433	-5,518	-4,244
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	-50	-194	-285	-275	-43	-6	-35	-897	-844	-272	18
20 3.5 to 7.5 years	-12	-39	-50	-50	89	-17	-259	8	-128	-93	-71
21 7.5 years or more	22	33	-74	-44	-73	-70	-64	-101	-27	-100	-220
Mortgage-backed											
22 Pass-throughs	-14,374	-13,086	-12,900	-3,608 ⁷	-16,638	-17,114	-14,919	-5,723	-3,124	-18,952	-6,724
23 All others	3,326	3,371	4,770	3,635	4,130	3,693	4,364	7,360	3,139	2,907	2,164
24 Certificates of deposit	-117,589	-156,612	-160,960	-165,264	-171,999	-163,417	-150,788	-162,196	-144,995	-161,008	-161,550
Financing⁶											
<i>Reverse repurchase agreements</i>											
25 Overnight and continuing	230,919	233,038	223,214	219,779	237,057	225,016	217,913	214,686	216,856	228,208	235,710
26 Term	364,102	360,955	393,238	304,913	386,911	388,465	392,306	406,831	387,767	409,092	357,602
<i>Repurchase agreements</i>											
27 Overnight and continuing	404,809	403,942	406,560	372,903	395,432	417,640	416,451	402,418	386,607	397,630	419,306
28 Term	351,505	349,516	369,281	290,358	371,382	361,406	368,604	380,581	352,304	387,153	333,158
<i>Securities borrowed</i>											
29 Overnight and continuing	113,700	115,244	117,774	107,573	113,794	118,011	120,540	117,993	120,427	120,229	125,020
30 Term	52,467	40,753	44,365	37,719	41,060	42,219	44,619	49,794	43,553	43,315	41,154
<i>Securities loaned</i>											
31 Overnight and continuing	3,898	3,504	4,762	3,206	3,771	5,409	4,569	5,380	4,484	4,668	5,358
32 Term	467	482	587	179	148	288	1,064	874	489	1,189	1,221
<i>Collateralized loans</i>											
33 Overnight and continuing	16,403	14,209	14,434	12,959	12,738	13,696	14,159	17,090	14,622	15,839	14,596
MEMO: Matched book⁷											
<i>Reverse repurchase agreements</i>											
34 Overnight and continuing	160,307 ^f	156,399 ^f	148,137 ^f	141,932 ^f	152,495	154,922	148,784	138,578	140,334	142,860	152,953
35 Term	318,532 ^f	313,182 ^f	341,856 ^f	261,551 ^f	336,996	334,621	341,050	356,218	336,744	356,067	303,795
<i>Repurchase agreements</i>											
36 Overnight and continuing	219,777 ^f	214,034 ^f	204,658 ^f	204,748 ^f	199,655	204,619	208,893	203,931	210,027	213,256	210,595
37 Term	269,264 ^f	266,309 ^f	283,791 ^f	216,502 ^f	289,674	279,808	282,535	288,502	265,052	288,478	242,717

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data.

2. Securities positions are reported at market value.

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

4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOS), and principal-only securities (POs).

5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to

delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty days.

6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day.

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

NOTE: Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1988	1989	1990	1991	1992		1993		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 Federal and federally sponsored agencies	381,498	411,805	434,668	442,772	481,050	483,970	487,331	494,739	494,656
2 Federal agencies	35,668	35,664	42,159	41,035	42,081	41,829	41,641	42,115	42,051
3 Defense Department ¹	8	7	7	7	7	7	7	7	7
4 Export-Import Bank ^{2,3}	11,033	10,985	11,376	9,809	7,698	7,208	7,208	7,208	6,749
5 Federal Housing Administration ⁴	150	328	393	397	344	374	231	237	3
6 Government National Mortgage Association certificates of participation ⁵	0	0	0	0	0	0	0	0	0
7 Postal Service ⁶	6,142	6,445	6,948	8,421	10,660	10,660	10,660	10,660	10,440
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	23,372	23,580	23,535	24,003	24,596
9 United States Railway Association ⁶	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies ⁷	345,832	375,428	392,509	401,737	438,969	442,141	445,690	452,624	452,605
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	114,364	114,733	113,253	113,347	115,272
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	30,914	29,631	34,479	44,490	41,183
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	161,308	166,300	165,958	163,538	165,818
14 Farm Credit Banks ⁸	53,127	54,864	53,590	52,199	52,728	51,910	52,264	51,502	51,630
15 Student Loan Marketing Association ⁹	22,073	28,705	34,194	38,319	39,737	39,650	39,812	39,822	38,776
16 Financing Corporation ¹⁰	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation ¹¹	690	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation ¹²	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 Federal Financing Bank debt ¹³	142,850	134,873	179,083	185,576	156,579	154,994	151,059	147,464	146,097
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank ³	11,027	10,979	11,370	9,803	7,692	7,202	7,202	7,202	6,743
21 Postal Service ⁶	5,892	6,195	6,698	8,201	10,440	10,440	10,440	10,440	10,440
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,790	4,790	4,790	4,790	4,790
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	6,975	6,975	6,825	6,825	6,675
24 United States Railway Association ⁶	0	0	0	0	0	0	0	0	0
<i>Other lending¹⁴</i>									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	42,979	42,979	42,979	42,979	42,979
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,172	18,172	18,037	18,036	17,966
27 Other	26,324	23,724	70,896	84,931	65,531	64,436	60,786	57,192	56,504

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

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

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

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.

8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown on line 17.

9. Before late 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.

10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.

11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.

12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, while the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

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1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1990	1991	1992	1992			1993				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 All issues, new and refunding¹	120,339	154,402	215,191	21,092	14,133	19,577	17,961	17,793	27,471	18,661	25,822
<i>By type of issue</i>											
2 General obligation	39,610	55,100	78,611	7,733	5,203	6,024	4,840	6,963	8,254	8,272	9,452
3 Revenue	81,295	99,302	136,580	13,359	8,930	13,553	13,141	10,830	19,217	10,581	16,370
<i>By type of issuer</i>											
4 State	15,149	24,939	25,295	2,742	1,688	2,339	1,339	3,485	2,139	1,463	2,910
5 Special district or statutory authority ²	72,661	80,614	127,618	13,113	8,197	11,159	12,556	9,654	18,355	7,628	14,085
6 Municipality, county, or township	32,510	48,849	60,210	5,237	4,248	6,079	3,994	4,654	6,977	9,570	8,827
7 Issues for new capital	103,235	116,953	120,272	13,760	8,028	8,010	5,875	4,636	9,716	5,385	9,386
<i>By use of proceeds</i>											
8 Education	17,042	21,121	22,071	2,083	1,800	1,658	1,033	1,264	1,482	833	1,596
9 Transportation	11,650	13,395	17,334	1,364	531	831	829	131	2,111	699	813
10 Utilities and conservation	11,739	21,039	20,058	3,340	960	1,258	894	423	538	806	955
11 Social welfare	23,099	25,648	21,796	2,365	1,070	1,121	777	618	1,556	942	1,756
12 Industrial aid	6,117	8,376	5,424	367	581	339	337	69	765	134	601
13 Other purposes	34,607	30,275	33,589	4,241	3,086	2,803	2,005	2,131	3,264	1,971	3,665

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* for earlier data.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1990	1991	1992	1992				1993			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 All issues¹	340,049	465,483	n.a.	42,849	39,280	35,525	39,424	50,793	59,504²	55,745²	42,751
2 Bonds²	299,884	390,018	404,992	37,539	32,314	31,026	33,375	45,559	49,444²	46,907²	36,500
<i>By type of offering</i>											
3 Public, domestic	188,848	287,125	377,453	36,185	30,249	28,774	31,835	41,675	47,165	41,699	33,000
4 Private placement, domestic ³	86,982	74,930	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,054	27,962	27,539	1,355	2,066	2,252	1,540	3,884	2,278 ²	5,208 ²	3,500
<i>By industry group</i>											
6 Manufacturing	51,779	86,628	69,538	5,974	7,975	3,467	4,232	9,393	8,150 ²	8,067	8,201
7 Commercial and miscellaneous	40,733	36,666	30,049	2,374	2,813	2,396	2,176	3,074	2,268	2,695	2,099
8 Transportation	12,776	13,598	6,497	677	290	0	611	316	248	1,067	100
9 Public utility	17,621	23,945	44,643	5,230	3,700	1,289	2,867	4,282	5,624	7,058	5,985
10 Communication	6,687	9,431	13,073	1,191	427	374	516	3,019	2,890	3,270	1,915
11 Real estate and financial	170,288	219,750	241,192	22,093	17,110	23,499	22,973	25,475	30,264	24,751 ²	18,200
12 Stocks²	40,165	75,467	n.a.	5,310	6,966	4,499	6,049	5,234	10,060	8,838	6,251
<i>By type of offering</i>											
13 Public preferred	n.a.	17,408	21,332	1,233	2,901	1,540	1,608	1,112	1,898	1,647	702
14 Common	n.a.	47,860	57,099	4,077	4,065	2,958	4,441	4,122	8,161	7,191	5,549
15 Private placement ³	16,736	10,109	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>By industry group</i>											
16 Manufacturing	5,649	24,154	n.a.	307	1,779	288	1,468	722	2,616	1,741	1,387
17 Commercial and miscellaneous	10,171	19,418	n.a.	602	940	1,366	2,226	1,688	2,021	2,488	1,564
18 Transportation	369	2,439	n.a.	59	53	304	118	65	64	336	250
19 Public utility	416	3,474	n.a.	595	359	150	92	310	350	743	412
20 Communication	3,822	475	n.a.	1,051	99	22	126	0	0	7	30
21 Real estate and financial	19,738	25,507	n.a.	2,695	3,735	2,369	2,019	2,438	5,009	3,522	2,579

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.

2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES: IDD Information Services, Inc. and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets

Millions of dollars

Item ¹	1991	1992	1992				1993			
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Sales of own shares ²	463,645	647,055	50,039	52,214	52,019	70,618	71,607	60,676	69,080	66,766
2 Redemptions of own shares	342,547	447,140	37,862	37,134	34,126	51,993	46,545	39,684	47,414	46,518
3 Net sales ³	121,098	199,915	12,177	15,080	17,893	18,625	25,062	20,992	21,666	20,248
4 Assets ⁴	808,582	1,056,310	978,507	983,151	1,019,618	1,056,310	1,082,653	1,116,784	1,154,445	1,178,644
5 Cash ⁵	60,292	73,999	76,498	75,808	80,247	73,999	76,764	79,763	81,536	86,205
6 Other	748,290	982,311	902,009	907,343	939,371	982,311	1,005,889	1,037,021	1,072,910	1,092,440

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on assets exclude both money market mutual funds and limited-maturity municipal bond funds.

2. Includes reinvestment of dividends. Excludes reinvestment of capital gains distributions.

3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.

4. Market value at end of period, less current liabilities.

5. Includes all U.S. Treasury securities and other short-term debt securities. SOURCE: Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1991			1992				1993
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Profits with inventory valuation and capital consumption adjustment	361.7	346.3	393.8	347.3	341.2	347.1	384.0	388.4	374.1	428.5	429.6
2 Profits before taxes	355.4	334.7	371.6	332.3	336.7	332.3	366.1	376.8	354.1	389.4	398.3
3 Profits tax liability	136.7	124.0	140.2	122.9	127.0	125.0	136.4	144.1	131.8	148.5	147.2
4 Profits after taxes	218.7	210.7	231.4	209.4	209.6	207.4	229.7	232.7	222.2	241.0	251.1
5 Dividends	149.3	146.5	149.3	146.2	145.1	143.9	143.6	146.6	151.1	155.9	160.2
6 Undistributed profits	69.4	64.2	82.1	63.2	64.5	63.4	86.2	86.1	71.1	85.0	90.9
7 Inventory valuation	-14.2	3.1	-7.4	9.9	-4.8	.7	-5.4	-15.5	-9.7	1.0	-9.4
8 Capital consumption adjustment	20.5	8.4	29.5	5.1	9.3	14.1	23.3	27.0	29.7	38.1	40.6

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

1.50 NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1991	1992	1993 ¹	1991	1992				1993		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹
1 Total nonfarm business	528.39	546.08	581.12	529.87	535.72	540.91	547.53	560.16	564.81	587.29	587.05
Manufacturing											
2 Durable goods industries	77.64	73.41	77.49	76.40	74.19	74.26	71.84	73.34	79.32	78.06	75.01
3 Nondurable goods industries	105.17	100.50	100.74	102.66	99.79	97.52	100.39	104.28	95.85	104.73	102.17
Nonmanufacturing											
4 Mining	10.02	8.90	9.51	9.99	8.87	9.18	9.09	8.44	8.84	10.10	10.15
5 Transportation											
5 Railroad	5.95	6.77	6.71	5.44	6.65	6.50	6.87	7.08	6.01	6.68	6.87
6 Air	10.17	8.97	7.50	10.41	8.86	9.75	10.13	7.13	7.43	8.89	7.59
7 Other	6.54	7.04	9.12	6.45	6.37	7.27	7.69	6.84	9.06	8.42	9.09
Public utilities											
8 Electric	43.76	48.05	52.75	44.75	46.06	48.45	47.73	49.95	49.87	54.11	53.66
9 Gas and other	22.82	23.91	22.99	22.67	22.75	24.19	23.92	24.78	23.44	23.58	22.54
10 Commercial and other	246.32	268.54	294.32	251.11	262.17	263.80	269.86	278.32	284.99	292.72	299.96

1. Figures are amounts anticipated by business.

2. "Other" consists of construction, wholesale and retail trade, finance and

insurance, personal and business services, and communication.

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities¹

Billions of dollars, end of period; not seasonally adjusted

Account	1990	1991	1992	1991			1992			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross ²	492.3	480.6	482.1	488.9	485.2	480.6	475.6	476.7	473.9	482.1
2 Consumer.....	133.3	121.9	117.1	127.5	125.3	121.9	118.4	116.7	116.7	117.1
3 Business.....	293.6	292.9	296.5	295.7	293.7	292.9	290.8	293.2	288.5	296.5
4 Real estate.....	65.5	65.8	68.4	65.7	66.2	65.8	66.4	66.8	68.8	68.4
5 Less: Reserves for unearned income.....	57.6	55.1	50.8	58.0	57.6	55.1	53.6	51.2	50.8	50.8
6 Reserves for losses.....	9.6	12.9	15.8	11.1	13.1	12.9	13.0	12.3	12.0	15.8
7 Accounts receivable, net.....	425.1	412.6	415.5	419.8	414.6	412.6	409.0	413.2	411.1	415.5
8 All other.....	113.9	149.0	150.6	122.8	136.4	149.0	145.5	139.4	146.5	150.6
9 Total assets.....	539.0	561.6	566.1	542.6	551.1	561.6	554.5	552.6	557.6	566.1
LIABILITIES AND CAPITAL										
10 Bank loans.....	31.0	42.3	37.6	36.9	39.6	42.3	38.0	37.8	38.1	37.6
11 Commercial paper.....	165.3	159.5	156.4	156.1	156.8	159.5	154.4	147.7	153.2	156.4
Debt										
12 Other short-term.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent.....	37.5	34.5	37.8	34.2	36.5	34.5	34.5	34.8	34.9	37.8
15 Not elsewhere classified.....	178.2	191.3	195.3	184.5	185.0	191.3	189.8	191.9	191.4	195.3
16 All other liabilities.....	63.9	69.0	71.2	67.1	68.8	69.0	72.0	73.4	73.7	71.2
17 Capital, surplus, and undivided profits.....	63.7	64.8	67.8	63.3	63.8	64.8	66.0	67.1	68.1	67.8
18 Total liabilities and capital.....	539.6	561.2	566.1	542.1	550.5	561.2	554.6	552.7	559.4	566.1

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 since they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit¹

Millions of dollars, amounts outstanding, end of period

Type of credit	1990	1991	1992	1992		1993			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted								
1 Total	522,474	519,910	534,845	530,702	534,845	529,256	531,398	532,144	532,425
2 Consumer	160,468	154,822	157,707	156,736	157,707	156,551	157,733	156,277	156,363
3 Real estate ²	65,147	65,383	68,011	68,581	68,011	68,942	70,016	68,726	69,791
4 Business	296,858	299,705	309,127	305,385	309,127	303,763	303,649	307,141	306,272
	Not seasonally adjusted								
5 Total	525,888	523,192	538,158	530,367	538,158	528,847	528,490	532,298	534,286
6 Consumer	161,360	155,713	158,631	157,149	158,631	156,430	155,929	154,933	155,362
7 Motor vehicles	75,045	63,415	57,605	58,386	57,605	57,165	54,036	53,508	53,986
8 Other consumer ³	58,213	58,522	59,522	58,172	59,522	58,844	58,651	58,346	58,510
9 Securitized motor vehicles ⁴	19,837	23,166	29,775	28,964	29,775	28,894	32,860	32,915	32,443
10 Securitized other consumer ⁴	8,265	10,610	11,729	11,626	11,729	11,527	10,383	10,164	10,423
11 Real estate ²	65,509	65,760	68,410	68,761	68,410	68,889	69,216	68,135	69,344
12 Business	299,019	301,719	311,118	304,457	311,118	303,527	303,345	309,230	309,579
13 Motor vehicles	92,125	90,613	87,456	85,621	87,456	86,491	86,412	91,647	91,695
14 Retail ⁵	26,454	22,957	19,303	19,708	19,303	19,124	17,881	16,961	17,231
15 Wholesale ⁶	33,573	31,216	29,962 ⁷	26,894	29,962	28,727	30,059	35,894	35,063
16 Leasing	32,098	36,440	38,191	39,020	38,191	38,640	38,472	38,792	39,400
17 Equipment	137,654	141,399	151,607	148,127	151,607	146,820	145,886	145,878	145,877
18 Retail	31,968	30,962	32,212	31,427	32,212	32,458	32,430	32,560	32,170
19 Wholesale ⁶	11,101	9,671	8,669	8,824	8,669	8,582	8,318	8,656	8,642
20 Leasing	94,585	100,766	110,726	107,877	110,726	105,780	105,138	104,662	105,066
21 Other business ⁸	63,773	60,900	57,464	56,926	57,464	55,760	55,962	56,153	56,144
22 Securitized business assets ⁴	5,467	8,807	14,590	13,782	14,590	14,457	15,085	15,552	15,863
23 Retail	667	576	1,118	607	1,118	1,036	973	904	1,434
24 Wholesale	3,281	5,285	8,756	8,813	8,756	8,582	9,408	9,824	9,756
25 Leasing	1,519	2,946	4,716	4,362	4,716	4,839	4,704	4,824	4,673

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1990	1991	1992	1992		1993				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms ¹										
1 Purchase price (thousands of dollars).....	153.2	155.0	158.1	165.4	154.0	158.6	159.7	156.2	150.9	153.1
2 Amount of loan (thousands of dollars).....	112.4	114.0	118.1	117.3	117.7	119.5	114.5	121.5	115.0	118.8
3 Loan-price ratio (percent).....	74.8	75.0	76.6	75.3	77.7	76.8	75.4	79.3	78.5	79.5
4 Maturity (years).....	27.3	26.8	25.6	24.9	26.1	25.7	23.8	26.9	24.9	26.9
5 Fees and charges (percent of loan amount) ²	1.93	1.71	1.60	1.54	1.31	1.49	1.43	1.50	1.23	1.43
Yield (percent per year)										
6 Contract rate ¹	9.68	9.02	7.98	7.81	7.65	7.57	7.52	7.22	7.26	7.14
7 Effective rate ^{1,3}	10.01	9.30	8.25	8.07	7.88	7.82	7.77	7.46	7.46	7.37
8 Contract rate (HUD series) ⁴	10.08	9.20	8.43	8.38	8.19	7.93	7.63	7.59	7.51	7.59
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203) ⁵	10.17	9.25	8.46	8.54	8.12	8.04	7.55	7.57	7.56	7.59
10 GNMA securities ⁶	9.51	8.59	7.77	7.90	7.57	7.39	7.02	6.79	6.77	6.79
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total.....	113,329	122,837	142,833	153,306	158,119	159,204	159,766	161,147	163,719	166,849
12 FHA/VA.....	21,028	21,702	22,168	22,372	22,593	22,640	22,573	22,700	22,682	22,691
13 Conventional.....	92,302	101,135	120,664	130,934	135,526	136,564	137,193	138,447	141,037	144,158
Mortgage transactions (during period)										
14 Purchases.....	23,959	37,202	75,905	7,980	8,832	4,993	4,118	4,730	6,761	7,526
Mortgage commitments (during period)										
15 Issued.....	23,689	40,010	74,970	6,084	6,185	4,189	4,177	6,644	7,764	7,791
16 To sell ⁸	5,270	7,608	10,493	237	1,811	1,159	221	0	112	30
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period) ⁸										
17 Total.....	20,419	24,131	29,959	32,703	33,665	32,370	32,454	35,421	38,361	39,960
18 FHA/VA.....	547	484	408	359	352	347	343	337	330	325
19 Conventional.....	19,871	23,283	29,552	32,343	33,313	32,023	32,112	35,084	38,031	39,635
Mortgage transactions (during period)										
20 Purchases.....	75,517	97,727	191,125	19,607	20,792	15,512	12,063	12,587	15,885	18,842
21 Sales.....	73,817	92,478	179,208	19,154	19,602	16,536	12,105	10,286	13,807 ⁷	17,532
Mortgage commitments (during period) ⁹										
22 Contracted.....	102,401	114,031	261,637	29,717	32,453	17,591	23,366	21,103	20,731	18,908

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 rates 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 yields 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, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING¹

Millions of dollars, end of period

Type of holder and property	1989	1990	1991	1992				1993
				Q1	Q2	Q3	Q4	Q1 ^P
1 All holders.....	3,537,301^F	3,751,476^F	3,890,830^F	3,933,754^F	3,967,017^F	4,003,714^F	4,035,405^F	4,059,391
<i>By type of property</i>								
2 One- to four-family residences.....	2,392,742 ^F	2,597,175 ^F	2,741,824 ^F	2,788,987 ^F	2,833,318 ^F	2,887,877 ^F	2,940,165 ^F	2,976,623
3 Multifamily residences.....	307,045 ^F	310,095 ^F	307,944 ^F	308,514 ^F	304,104 ^F	300,728 ^F	293,376 ^F	289,202
4 Commercial.....	757,038 ^F	765,458 ^F	761,782 ^F	753,578 ^F	746,357 ^F	731,407 ^F	718,910 ^F	710,208
5 Farm.....	80,476 ^F	78,748 ^F	79,281 ^F	82,676 ^F	83,237 ^F	83,702 ^F	82,953 ^F	83,359
<i>By type of holder</i>								
6 Major financial institutions	1,931,537	1,914,315	1,846,910	1,825,983	1,803,488	1,793,505	1,769,058 ^F	1,750,365
7 Commercial banks ²	767,069	844,826	876,284	880,377	884,598	891,484	894,549 ^F	888,395
8 One- to four-family.....	389,632	455,931	486,572	492,910	496,518	506,658	511,976 ^F	508,496
9 Multifamily.....	38,876	37,015	37,424	37,710	38,314	38,985	38,011 ^F	37,814
10 Commercial.....	321,906	334,648	333,852	330,837	330,229	325,934	324,681 ^F	322,166
11 Farm.....	16,656	17,231	18,436	18,919	19,538	19,906	19,882 ^F	19,919
12 Savings institutions ³	910,254	801,628	705,367	682,338	659,624	648,178	627,972 ^F	620,755
13 One- to four-family.....	669,220	600,154	538,358	524,536	508,545	501,604	489,622 ^F	486,126
14 Multifamily.....	106,014	91,806	79,881	77,166	74,788	73,723	69,791 ^F	67,491
15 Commercial.....	134,370	109,168	86,741	80,278	75,947	72,517	68,235 ^F	66,812
16 Farm.....	650	500	388	358	345	334	324	327
17 Life insurance companies	254,214	267,861	265,258	263,269	259,266	253,843	246,537 ^F	241,214
18 One- to four-family.....	12,231	13,005	11,547	11,214	10,676	10,451	10,158 ^F	9,830
19 Multifamily.....	26,907	28,979	29,562	29,693	29,425	28,804	27,997 ^F	27,454
20 Commercial.....	205,472	215,121	214,105	212,865	210,139	205,709	199,943 ^F	195,816
21 Farm.....	9,604	10,756	10,044	9,497	9,026	8,878	8,439 ^F	8,114
22 Federal and related agencies.....	197,778	239,003	266,146 ^F	278,396	278,091 ^F	277,485	285,965 ^F	288,199
23 Government National Mortgage Association.....	23	20	19	19	23	27	30 ^F	45
24 One- to four-family.....	23	20	19	19	23	27	30 ^F	37
25 Multifamily.....	0	0	0	0	0	0	0	8
26 Farmers Home Administration ⁴	41,176	41,439	41,713	41,791	41,628	41,671	41,695	41,724
27 One- to four-family.....	18,422	18,527	18,496	18,488	17,718	17,292	16,912	16,418
28 Multifamily.....	9,054	9,640	10,141	10,270	10,356	10,468	10,575	10,679
29 Commercial.....	4,443	4,690	4,905	4,961	4,998	5,072	5,158	5,226
30 Farm.....	9,257	8,582	8,171	8,072	8,557	8,839	9,050	9,402
31 Federal Housing and Veterans' Administrations	6,087	8,801	10,733	11,332	11,480	11,768	12,581	13,950
32 One- to four-family.....	2,875	3,593	4,036	4,254	4,403	4,531	5,153	6,159
33 Multifamily.....	3,212	5,208	6,697	7,078	7,077	7,236	7,428	7,791
34 Resolution Trust Corporation.....	0	32,600	45,822	49,345	44,624	37,099	32,045	27,331
35 One- to four-family.....	0	15,800	14,535	15,458	15,032	12,614	12,960 ^F	11,375
36 Multifamily.....	0	8,064	15,018	16,266	13,316	11,130	9,621 ^F	8,070
37 Commercial.....	0	8,736	16,269	17,621	16,276	13,356	9,464 ^F	7,886
38 Farm.....	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association.....	99,001	104,870	112,283	118,238	122,939 ^F	126,476	137,584	141,192
40 One- to four-family.....	90,575	94,323	100,387	105,869	110,223	113,407	124,016	127,252
41 Multifamily.....	8,426	10,547	11,896	12,369	12,716 ^F	13,069	13,568	13,940
42 Federal Land Banks	29,640	29,416	28,767 ^F	28,776	28,775	28,815	28,365 ^F	28,536
43 One- to four-family.....	1,210	1,838	1,693	1,693	1,693	1,695	1,669 ^F	1,679
44 Farm.....	28,430	27,577	27,074 ^F	27,083	27,082	27,119	26,696 ^F	26,857
45 Federal Home Loan Mortgage Corporation.....	21,851	21,857	26,809	28,895	28,621	31,629	33,665	35,421
46 One- to four-family.....	18,248	19,185	24,125	26,182	26,001	29,039	31,032	32,831
47 Multifamily.....	3,603	2,672	2,684	2,713	2,620	2,591	2,633	2,589
48 Mortgage pools or trusts ⁵	917,848 ^F	1,079,103 ^F	1,250,666 ^F	1,288,823	1,341,338	1,385,460	1,425,546	1,459,899
49 Government National Mortgage Association.....	368,367	403,613	425,295	421,977	422,922	422,255	419,516	421,514
50 One- to four-family.....	358,142 ^F	391,505	415,767	412,574	413,828	413,063	410,675	412,798
51 Multifamily.....	10,225	12,108	9,528	9,404	9,094	9,192	8,841	8,716
52 Federal Home Loan Mortgage Corporation.....	272,870	316,359	359,163	367,878	382,797	391,762	407,514	420,932
53 One- to four-family.....	266,060	308,369	351,906	360,887	376,177	385,400	401,525	415,279
54 Multifamily.....	6,810	7,990	7,257	6,991	6,620	6,362	5,989	5,654
55 Federal National Mortgage Association.....	228,232	299,833	371,984	389,853	413,226	429,935	444,979	457,316
56 One- to four-family.....	219,577	291,194	362,667	380,617	403,940	420,835	435,979	448,483
57 Multifamily.....	8,655	8,639	9,317	9,236	9,286	9,100	9,000	8,833
58 Farmers Home Administration ⁴	80	66	47	43	41	38	36	36
59 One- to four-family.....	21	17	11	10	9	9	8	7
60 Multifamily.....	0	0	0	0	0	0	0	0
61 Commercial.....	26	24	19	18	18	18	17	17
62 Farm.....	33	26	17	15	14	13	13	13
63 Private mortgage conduits.....	48,299 ^F	59,232 ^F	94,177 ^F	109,071	122,350	141,468	153,499	160,100
64 One- to four-family.....	43,325 ^F	53,335 ^F	84,000 ^F	95,600	105,700	123,000	132,000	137,000
65 Multifamily.....	462	731	3,698	4,686	5,796	5,796	6,305	6,858
66 Commercial.....	4,512	5,166	6,479	8,784	10,855	12,673	15,194	16,242
67 Farm.....	0	0	0	0	0	0	0	0
68 Individuals and others ⁶	490,138 ^F	519,055 ^F	527,108 ^F	540,552 ^F	544,100 ^F	547,263 ^F	554,836 ^F	560,929
69 One- to four-family.....	303,181 ^F	330,378 ^F	327,704 ^F	338,676 ^F	342,832 ^F	348,252 ^F	356,451 ^F	362,853
70 Multifamily.....	84,800 ^F	86,695 ^F	84,842 ^F	84,932 ^F	84,698 ^F	84,272 ^F	83,617 ^F	83,306
71 Commercial.....	86,310 ^F	87,905 ^F	99,411 ^F	98,213 ^F	97,896 ^F	96,129 ^F	96,218 ^F	96,043
72 Farm.....	15,846 ^F	14,077 ^F	15,150 ^F	18,732 ^F	18,675 ^F	18,610 ^F	18,549 ^F	18,727

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

2. Includes loans held by nondepository 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 1986:4 because of accounting changes by the Farmers Home Administration.

5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.

6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

Source: Line 64, Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT¹

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1990	1991	1992	1992		1993			
				Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr.
	Seasonally adjusted								
1 Total	738,765	733,510	741,093	736,023	741,093	744,196	748,765	751,727	754,006
2 Automobile	284,739	260,898	259,627	258,860	259,627	258,463	260,945	261,449	261,868
3 Revolving	222,552	243,564	254,299	252,086	254,299	256,435	259,378	260,990	262,624
4 Other	231,474	229,048	227,167	225,077	227,167	229,299	228,443	229,288	229,514
	Not seasonally adjusted								
5 Total	752,883	749,052	756,944	737,651	756,944	749,153	746,914	744,713	748,244
By major holder									
6 Commercial banks	347,087	340,713	331,869	325,149	331,869	330,355	330,060	329,764	331,072
7 Finance companies	133,258	121,937	117,127	116,558	117,127	116,009	112,686	111,854	112,496
8 Credit unions	93,057	92,681	97,641	96,092	97,641	98,261	98,785	99,778	101,534
9 Retailers	43,464	39,832	42,079	36,678	42,079	40,057	38,462	38,030	38,218
10 Savings institutions	52,164	45,965	43,461	42,746	43,461	43,428	43,516	43,255	43,344
11 Gasoline companies	4,822	4,362	4,365	4,365	4,365	4,366	4,148	4,080	4,280
12 Pools of securitized assets ²	79,030	103,562	120,402	116,063	120,402	116,677	119,257	117,952	117,300
By major type of credit ³									
13 Automobile	284,903	261,219	259,964	259,148	259,964	257,744	259,344	259,089	260,266
14 Commercial banks	124,913	112,666	109,743	109,459	109,743	109,671	111,005	111,287	111,384
15 Finance companies	75,045	63,415	57,605	58,386	57,605	57,165	54,036	53,508	53,986
16 Pools of securitized assets ²	24,620	28,915	33,878	32,979	33,878	32,388	36,031	36,096	36,178
17 Revolving	234,801	256,876	267,949	252,877	267,949	261,217	258,430	257,544	258,940
18 Commercial banks	133,385	138,005	132,582	127,481	132,582	129,567	127,877	128,079	129,455
19 Retailers	38,448	34,712	36,629	31,444	36,629	34,666	33,110	32,681	32,838
20 Gasoline companies	4,822	4,362	4,365	4,365	4,365	4,366	4,148	4,080	4,280
21 Pools of securitized assets ²	45,637	63,595	74,243	70,889	74,243	71,927	72,024	70,890	69,919
22 Other	233,178	230,957	229,031	225,626	229,031	230,192	229,141	228,080	229,038
23 Commercial banks	88,789	90,042	89,544	88,209	89,544	91,117	91,178	90,398	90,233
24 Finance companies	58,213	58,522	59,522	58,172	59,522	58,844	58,651	58,346	58,510
25 Retailers	5,016	5,120	5,450	5,234	5,450	5,391	5,352	5,349	5,380
26 Pools of securitized assets ²	8,773	11,052	12,281	12,195	12,281	12,362	11,202	10,966	11,203

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT¹

Percent per year except as noted

Item	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
INTEREST RATES										
Commercial banks ²										
1 48-month new car	11.78	11.14	9.29	n.a.	8.60	n.a.	n.a.	8.57	n.a.	n.a.
2 24-month personal	15.46	15.18	14.04	n.a.	13.55	n.a.	n.a.	13.57	n.a.	n.a.
3 120-month mobile home	14.02	13.70	12.67	n.a.	12.36	n.a.	n.a.	12.38	n.a.	n.a.
4 Credit card	18.17	18.23	17.78	n.a.	17.38	n.a.	n.a.	17.26	n.a.	n.a.
Auto finance companies										
5 New car	12.54	12.41	9.93	9.51	9.65	9.65	10.08	10.32	9.95	9.61
6 Used car	15.99	15.60	13.80	13.37	13.37	13.66	13.72	13.90	13.21	12.74
OTHER TERMS ³										
Maturity (months)										
7 New car	54.6	55.1	54.0	54.1	54.1	53.6	53.9	54.3	54.6	54.5
8 Used car	46.0	47.2	47.9	47.9	47.8	47.7	49.2	49.0	49.0	48.9
Loan-to-value ratio										
9 New car	87	88	89	89	89	90	90	91	90	90
10 Used car	95	96	97	97	97	97	97	98	98	98
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	13,885	14,043	14,315	13,975	13,849	14,013	14,021
12 Used car	8,289	8,884	9,119	9,373	9,475	9,464	9,472	9,457	9,641	9,731

1. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS¹

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991 ^r	1992 ^r	1991			1992 ^r			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors ..	775.8	740.8	665.0	461.0	574.4	548.6 ^r	411.5 ^r	403.8 ^r	672.2	560.3	486.7	578.2
By sector and instrument												
2 U.S. government	155.1	146.4	246.9	278.2	304.0	276.7	288.4	320.4	368.9	351.9	193.4	301.7
3 Treasury securities	137.7	144.7	238.7	292.0	303.8	282.9	317.2	316.6	380.1	351.5	184.4	299.1
4 Agency issues and mortgages	17.4	1.6	8.2	-13.8	.2	-6.2	-28.8	3.8	-11.2	.4	9.0	2.7
5 Private	620.7	594.4	418.2	182.8	270.4	271.9 ^r	123.1 ^r	83.4 ^r	303.3	208.5	293.2	276.5
By instrument												
6 Tax-exempt obligations	53.7	65.0	51.2	45.8	53.3	48.5	53.5	45.5	52.0	73.0	52.3	35.9
7 Corporate bonds	103.1	73.8	47.1	78.8	67.3	96.5	81.6	60.2	76.3	77.8	61.3	53.7
8 Mortgages	317.3	303.0	244.0	138.5	140.9	187.8 ^r	53.3 ^r	106.3 ^r	194.1	96.5	140.9	132.3
9 Home mortgages	241.8	245.3	219.4	144.6	198.3	166.0 ^r	135.4 ^r	128.4 ^r	225.0	140.9	212.6	214.9
10 Multifamily residential	16.7	16.4	3.7	-2.4	-14.6	15.3 ^r	-36.3 ^r	10.2 ^r	2.4	-17.7	-13.6	-29.5
11 Commercial	60.8	42.7	21.0	-4.3	-42.9	6.6 ^r	-45.3 ^r	-32.4 ^r	-32.5	-28.9	-60.0	-50.1
12 Farm	-2.1	-1.5	-1.1	.5	.1	-.1 ^r	-.4 ^r	.0	-.8	2.2	1.9	-3.0
13 Consumer credit	50.1	41.7	17.5	-13.1	9.3	-6.6 ^r	-24.8 ^r	-11.9 ^r	-2.0	-15.5	9.2	45.6
14 Bank loans n.e.c.	41.0	40.2	4.4	-33.3	-17.7	-34.5	-18.2	-65.3 ^r	-22.9	-22.9	-4.5	-20.6
15 Open market paper	11.9	21.4	9.7	-18.4	8.6	-15.9	-36.3	-7.0	13.3	-3.1	.5	23.8
16 Other	43.6	49.3	44.2	-15.6	8.6	-4.1 ^r	13.8 ^r	-44.3 ^r	-7.5	2.7	33.5	5.8
By borrowing sector												
17 State and local government	48.9	63.2	48.3	38.5	47.0	38.6	37.6	41.9	46.1	63.4	50.0	28.6
18 Household	318.6	305.6	254.2	160.2	222.6	197.9 ^r	148.3 ^r	136.5 ^r	231.5	157.9	238.0	262.8
19 Nonfinancial business	253.1	225.6	115.6	-15.9	.8	35.4 ^r	-62.8 ^r	-95.0 ^r	25.8	-12.9	5.2	-14.9
20 Farm	-7.5	1.6	2.5	2.2	.0	2.7 ^r	1.9 ^r	-2.2	-1.4	6.6	1.0	-6.2
21 Nonfarm noncorporate	61.8	50.4	26.7	-23.4	-40.1	10.4 ^r	-65.8 ^r	-51.9 ^r	-22.9	-49.9	-38.6	-49.0
22 Corporate	198.8	173.6	86.4	5.3	40.9	22.3 ^r	1.2 ^r	-40.9 ^r	50.0	30.5	42.8	40.3
23 Foreign net borrowing in United States	6.4	10.2	23.9	14.1	23.9	-63.2	15.6	41.0	9.7	55.2	29.5	1.1
24 Bonds	6.9	4.9	21.4	14.9	17.8	10.6	15.5	22.3	4.9	21.9	21.0	23.5
25 Bank loans n.e.c.	-1.8	-1.1	-2.9	3.1	2.3	-3.5	1.4	6.5	1.5	14.1	3.9	-10.3
26 Open market paper	8.7	13.1	12.3	6.4	5.2	-51.9	16.0	14.9	-8.0	27.8	13.1	-12.1
27 U.S. government loans	-7.5	-7.6	-6.9	-10.2	-1.4	-18.3	-17.2	-2.7	11.4	-8.5	-8.6	.0
28 Total domestic plus foreign	782.2	750.9	688.9	475.1	598.2	485.4 ^r	427.1 ^r	444.8 ^r	681.8	615.5	516.2	579.3
Financial sectors												
29 Total net borrowing by financial sectors	211.4	220.1	187.1	138.4	226.0	113.1 ^r	146.0 ^r	170.0 ^r	155.9	233.8	277.7	236.4
By instrument												
30 U.S. government-related	119.8	151.0	167.4	150.0	167.1	129.4	156.0	158.5	137.4	222.8	165.6	142.7
31 Sponsored-credit-agency securities	44.9	25.2	17.1	9.2	40.2	-29.7	20.6	32.6	11.5	48.3	67.7	33.5
32 Mortgage pool securities	74.9	125.8	150.3	140.9	126.9	159.0	135.5	125.9	125.9	174.4	97.9	109.2
33 Loans from U.S. government	.0	.0	-.1	.0	.0	.0	.0	-.1	.0	.0	.0	.0
34 Private	91.7	69.1	19.7	-11.6	58.8	-16.3 ^r	-10.0 ^r	11.6 ^r	18.5	11.0	112.1	93.7
35 Corporate bonds	16.2	46.8	34.4	54.3	51.5	79.5 ^r	31.8 ^r	50.6 ^r	11.4	14.9	73.5	106.1
36 Mortgages	.3	.0	.3	.9	.0	.9	.4	2.1 ^r	-.4	.1	.3	.2
37 Bank loans n.e.c.	.6	1.9	1.2	3.2	7.2	-2.9	10.2	4.5	8.2	3.9	5.4	11.3
38 Open market paper	54.8	31.3	8.6	-32.0	-.7	-46.0	-16.7	-12.7	8.8	-13.4	11.6	-9.7
39 Loans from Federal Home Loan Banks	19.7	-11.0	-24.7	-38.0	.8	-47.7	-35.7	-33.0	-9.5	5.7	21.3	-14.2
By borrowing sector												
40 Sponsored credit agencies	44.9	25.2	17.0	9.1	40.2	-29.7	20.6	32.5	11.5	48.3	67.7	33.5
41 Mortgage pools	74.9	125.8	150.3	140.9	126.9	159.0	135.5	125.9	125.9	174.4	97.9	109.2
42 Private	91.7	69.1	19.7	-11.6	58.8	-16.3 ^r	-10.0 ^r	11.6 ^r	18.5	11.0	112.1	93.7
43 Commercial banks	-3.0	-1.4	-1.1	-13.3	4.5	-11.7	-9.2	-14.1	7.2	.8	1.6	8.3
44 Bank affiliates	5.2	6.2	-27.7	-2.5	2.3	-3.5	-6.8	9.6	2.7	-8.2	10.5	4.0
45 Savings and loan associations	19.9	-14.1	-29.9	-39.5	-4.7	-48.7	-41.1	-25.1	-20.3	2.7	10.0	-11.2
46 Mutual savings banks	1.9	-1.4	-.5	-3.5	1.8	-1.7	-5.5	-8.7	4.3	.3	8.3	-5.6
47 Finance companies	31.5	59.7	35.6	7.8	16.4	2.7 ^r	11.8 ^r	12.8 ^r	1.1	-20.0	28.6	55.9
48 Real estate investment trusts (REITs)	3.6	-1.9	-1.9	.9	.6	.1	-.3	3.6 ^r	1.1	.9	1.3	-.9
49 Securitized credit obligation (SCO) issuers	32.5	22.0	45.2	38.5	38.0	46.4 ^r	41.1 ^r	33.3 ^r	22.4	34.5	52.0	43.2

1.57—Continued

Transaction category or sector	1988	1989	1990	1991 ^r	1992 ^r	1991			1992 ^r			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
50 Total net borrowing, all sectors	993.6	971.0	876.0	613.5	824.2	598.5 ^r	573.1 ^r	614.8 ^r	837.8	849.4	793.9	815.7
51 U.S. government securities	274.9	297.3	414.4	428.3	471.1	406.1	444.4	479.0	506.3	574.7	359.0	444.4
52 State and local obligations	53.7	65.0	51.2	45.8	53.3	48.5	53.5	45.5	52.0	73.0	52.3	35.9
53 Corporate and foreign bonds	126.3	125.5	102.9	147.9	136.6	186.6 ^r	128.9 ^r	133.2 ^r	92.6	114.5	155.8	183.3
54 Mortgages	317.5	303.0	244.3	139.4	141.0	188.8 ^r	53.7 ^r	108.4 ^r	193.6	96.6	141.1	132.5
55 Consumer credit	50.1	41.7	17.5	-13.1	9.3	-6.6 ^r	-24.8 ^r	-11.9 ^r	-2.0	-15.5	9.2	45.6
56 Bank loans n.e.c.	39.9	41.9	2.8	-26.9	-8.2	-40.9	-6.7	-54.3 ^r	-13.2	-4.9	4.9	-19.6
57 Open market paper	75.4	65.9	30.7	-44.0	13.1	-113.8	-37.0	-4.9	14.1	11.2	25.2	2.0
58 Other loans	55.8	30.6	12.4	-63.9	8.0	-70.1 ^r	-39.0 ^r	-80.1 ^r	-5.6	-2	46.3	-8.4
	External corporate equity funds raised in United States											
59 Total net share issues	-118.4	-65.7	22.1	198.9	279.6	182.3	232.5	268.5 ^r	263.6	291.7	286.8	276.5
60 Mutual funds	6.1	38.5	67.9	150.5	215.4	125.6	182.5	195.9	183.5	236.2	233.3	208.4
61 All other	-124.5	-104.2	-45.8	48.4	64.3	56.7	50.0	72.6 ^r	80.1	55.5	53.6	68.1
62 Nonfinancial corporations	-129.5	-124.2	-63.0	18.3	26.8	12.0	19.0	48.0	46.0	36.0	11.0	14.0
63 Financial corporations	4.1	2.7	9.8	.0	6.4	8.1	-3.2	1.7 ^r	4.1	8.5	7.9	5.0
64 Foreign shares purchased in United States	.9	17.2	7.4	30.2	31.2	36.6	34.1	22.9	29.9	11.0	34.7	49.1

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 TRANSACTIONS¹

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992 ²	1991			1992 ²			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
NET LENDING IN CREDIT MARKETS ²												
1 Total net lending in credit markets	993.6	971.0	876.0	613.5 ²	824.2	598.5 ²	573.1 ¹	614.8 ²	837.8	849.4	793.9	815.7
2 Private domestic nonfinancial sectors	226.2	209.6	203.8	31.8 ²	75.0	202.2 ²	-131.1 ¹	-25.9 ²	162.4	118.0	-166.4	186.1
3 Households	198.9	179.5	172.3	.4 ²	79.9	191.6 ²	-170.1 ¹	-67.8 ²	181.9	105.3	-159.0	191.5
4 Nonfarm noncorporate business	3.1	-8	-1.4	-2.3 ²	-2.2	-2.5 ²	-1.9 ²	-2.8 ²	-1.9	-2.6	-2.2	-2.2
5 Nonfinancial corporate business	5.7	12.9	6.6	17.5 ²	8.8	23.6 ²	28.8 ²	26.6 ²	-1.4	11.8	10.6	14.3
6 State and local governments	18.6	17.9	26.2	16.3	-11.5	-10.6	12.1	18.2	-16.1	3.4	-15.9	-17.6
7 U.S. government	-10.6	-3.1	33.7	10.0	-12.7	24.8	-2.1	-17.9	13.9	-24.9	-27.0	-12.8
8 Foreign	96.3	74.1	58.4	42.6	95.3	51.4	37.3	71.0	88.4	139.2	63.4	90.3
9 Financial sectors	681.8	690.4	580.2	529.1 ¹	666.5	320.2 ²	669.0 ²	587.6 ²	573.0	617.0	924.0	552.1
10 Sponsored credit agencies	37.1	-5	16.4	14.2	68.7	-22.3 ²	31.7 ²	19.7 ²	93.1	39.9	76.5	65.3
11 Mortgage pools	74.9	125.8	150.3	140.9	126.9	159.0	135.5	125.9	125.9	174.4	97.9	109.2
12 Monetary authority	10.5	-7.3	8.1	31.1	27.9	-4.0	48.1	22.3	33.2	9.8	10.8	57.8
13 Commercial banking	157.1	176.8	125.4	84.0	91.9	34.7	82.4	104.3	98.9	58.4	157.4	53.1
14 U.S. commercial banks	127.1	145.7	95.2	38.9	69.5	6.4	26.5	45.6	91.9	.5	132.0	53.4
15 Foreign banking offices	29.4	26.7	28.4	48.5	16.5	33.7	56.7	61.3	.6	58.6	6.5	.4
16 Bank affiliates	-1	2.8	-2.8	-1.5	5.7	-2.6	2.4	-1.1	6.4	-6	18.5	-1.6
17 Banks in U.S. possession	.7	1.6	4.5	-1.9	.3	-2.8	-3.3	-1.5	.0	-1	.4	.8
18 Private nonbank finance	402.2	395.7	279.9	259.0 ²	351.1	152.8 ²	371.3 ²	315.3 ²	222.0	334.5	581.3	266.8
19 Thrift institutions	119.0	-91.0	-151.9	-144.9	-61.7	-164.8	-176.8	-49.5 ²	-113.1	-81.4	-40.5	-11.8
20 Savings and loan associations	87.4	-93.9	-143.9	-140.9	-76.7	-144.0	-156.3	-83.3	-137.9	-92.4	-38.5	-38.1
21 Mutual savings banks	15.3	-4.8	-16.5	-15.5	-1.4	-31.1	-30.8	11.5	7.6	-7.4	-13.0	7.4
22 Credit unions	16.3	7.7	8.5	11.5	16.4	10.2	10.3	22.3 ²	17.2	18.5	11.0	18.9
23 Insurance	186.2	207.7	188.5	219.5 ²	178.9	212.0 ²	259.0 ²	159.2 ²	110.7	183.9	247.1	174.0
24 Life insurance companies	103.8	93.1	94.4	83.2	89.7	132.8	73.8	13.2	80.6	81.9	96.5	99.9
25 Other insurance companies	29.2	29.7	26.5	34.7	17.3	37.0	36.8	32.1	33.1	22.2	2.5	11.2
26 Private pension funds	18.1	36.2	16.6	64.7 ²	36.9	-6.8 ²	115.0 ²	96.9 ²	-32.2	49.7	109.8	20.3
27 State and local government retirement funds	35.1	48.7	51.0	37.0	35.0	49.0	33.4	17.0	29.2	30.0	38.2	42.6
28 Finance n.e.c.	96.9	278.9	243.3	184.4 ²	233.9	105.6 ²	289.2 ²	205.6 ²	224.4	232.0	374.8	104.5
29 Finance companies	49.2	69.3	41.6	-22.5 ²	21.5	-14.0 ²	-5.4 ²	-54.9 ²	39.2	-22.3	8.5	60.5
30 Mutual funds	11.9	23.8	41.4	90.3	132.3	75.3	117.1	124.8	99.1	169.0	150.7	110.4
31 Money market funds	10.7	67.1	80.9	30.1	1.3	-68.9	1.1	53.8	65.8	-24.8	-16.3	-19.2
32 Real estate investment trusts (REITs)	.9	.5	-7	-1.0 ²	.6	-1	-6	-1.9 ²	.3	2.6	-.3	-.1
33 Brokers and dealers	-8.2	96.3	34.9	49.0	40.2	66.8	135.8	50.5	-2.4	73.0	180.3	-90.2
34 Securitized credit obligation (SCOs) issuers	32.5	22.0	45.2	38.5 ²	38.0	46.4 ²	41.1 ²	33.3 ²	22.4	34.5	52.0	43.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 Net flows through credit markets	993.6	971.0	876.0	613.5 ²	824.2	598.5 ²	573.1 ¹	614.8 ²	837.8	849.4	793.9	815.7
Other financial sources												
36 Official foreign exchange	4.0	24.8	2.0	-5.9	-1.6	-4.8	-15.5	-5.0	3.5	-6.5	-8.5	5.1
37 Treasury currency and special drawing rights	.5	4.1	2.5	.0	-1.8	.4	.4	.5	.1	.3	.2	-7.7
38 Life insurance reserves	25.3	28.8	25.7	24.5	29.9	31.4	19.4	19.2	30.5	28.4	33.3	27.5
39 Pension fund reserves	193.6	221.4	186.8	268.6 ²	232.9	190.4 ²	344.1 ²	244.2 ²	125.5	178.6	325.8	301.6
40 Interbank claims	2.9	-16.5	34.2	-3.7	50.5	-79.6	99.9	-32.5	55.4	22.1	118.0	6.4
41 Deposits at financial institutions	259.9	290.0	96.8	61.1	14.5	-75.4	27.3	47.8	73.5	-77.2	194.2	-132.4
42 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.7	7.9	104.5	114.4	88.6	92.8	202.7	106.8
43 Small time and savings deposits	120.8	96.7	59.9	16.7	-61.1	-1.1	-42.4	13.0	-29.9	-89.3	-83.0	-42.1
44 Large time deposits	53.6	17.6	-66.7	-60.9	-79.7	-63.0	-78.1	-117.4	-78.8	-104.9	-54.8	-80.4
45 Money market fund shares	21.9	90.1	70.3	41.2	3.9	-58.7	4.0	26.8	110.2	-42.3	-13.0	-39.1
46 Security repurchase agreements	23.5	78.3	-23.5	-16.4	34.1	43.1	36.3	16.0	10.2	118.9	77.1	-69.7
47 Foreign deposits	-3.1	1.1	12.6	4.6	-5.5	-3.6	3.0	-5.0	-26.9	-52.5	65.2	-8.0
48 Mutual fund shares	6.1	38.5	67.9	150.5	215.4	125.6	182.5	195.9	183.5	236.2	233.3	208.4
49 Corporate equities	-124.5	-104.2	-45.8	48.4 ²	64.3	56.7	50.0	72.6 ²	80.1	55.5	53.6	68.1
50 Security credit	3.0	15.6	3.5	51.4	4.2	20.1	82.4	120.7	-72.1	-5.3	84.9	9.3
51 Trade debt	89.2	60.0	44.1	10.4	52.5	41.2	47.6	-7.3	71.1	38.8	64.8	35.1
52 Taxes payable	5.3	2.0	-5	-9.0	7.8	-11.4	13.1	-3.2	10.6	9.4	-6	11.7
53 Noncorporate proprietors' equity	-31.2	-32.5	-39.3	-2.7 ²	-4.3	-35.2 ²	43.2 ²	4.8 ²	-16.7	10.7	-18.2	7.0
54 Miscellaneous	222.3	269.9	120.5	136.8 ²	186.3	88.6 ²	39.0 ²	204.4 ²	181.9	260.8	225.2	77.3
55 Total financial sources	1,650.2	1,772.7	1,374.3	1,343.9 ²	1,674.7	946.6 ²	1,506.5 ²	1,477.1 ²	1,564.6	1,601.2	2,099.8	1,433.0
Floats not included in assets (-)												
56 U.S. government checking deposits	1.6	8.4	3.3	-13.1	.7	15.6	23.9	-73.1	4.4	-11.7	-5.3	15.3
57 Other checkable deposits	.8	-3.2	2.5	2.0	1.6	3.0	-2.1	-6.1	16.7	2.5	-13.9	1.1
58 Trade credit	-9	.6	21.5	15.0 ²	22.4	35.3 ²	23.8 ²	-7.1 ²	24.3	-7.8	55.3	17.7
Liabilities not identified as assets (-)												
59 Treasury currency	-1	-2	.2	-6	-2	-3	-2	-1	-4	-1	-.3	-1
60 Interbank claims	-3.0	-4.4	1.6	26.2	-5.5	20.8	28.4	.2	13.4	-15.1	-2.6	-17.7
61 Security repurchase agreements	-29.8	23.9	-34.8	10.4	11.5	76.2	36.9	44.0	-46.5	86.3	26.1	-19.8
62 Taxes payable	6.3	2.3	6.5	5.6	14.4	2.0	23.4	11.4	1.6	24.5	15.3	16.3
63 Miscellaneous	4.4	-95.6	-13.8	-34.1 ²	-38.6	8.9 ²	-195.7 ²	182.3	-119.0	-95.7	27.6	32.8
64 Totals identified to sectors as assets	1,670.7	1,841.0	1,387.5	1,332.5 ²	1,668.5	785.1 ²	1,568.1 ²	1,325.7 ²	1,670.2	1,618.4	1,997.7	1,387.6

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 OUTSTANDING¹

Billions of dollars, end of period

Transaction category or sector	1989	1990	1991 ^f	1992 ^f	1991			1992 ^f			
					Q2	Q3	Q4 ^f	Q1	Q2	Q3	Q4
Nonfinancial sectors											
1 Total credit market debt owed by domestic nonfinancial sectors	10,087.1	10,760.8	11,222.9	11,801.3	10,971.5 ^f	11,095.2 ^f	11,222.9	11,353.6	11,488.0	11,634.5	11,801.3
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,591.9	2,687.2	2,776.4	2,859.7	2,923.3	2,998.9	3,080.3
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,567.1	2,669.6	2,757.8	2,844.0	2,907.4	2,980.7	3,061.6
4 Agency issues and mortgages	24.2	32.4	18.6	18.8	24.8	17.6	18.6	15.8	15.9	18.1	18.8
5 Private	7,835.9	8,262.6	8,446.6	8,720.9	8,379.6 ^f	8,408.0 ^f	8,446.6	8,493.9	8,564.7	8,635.6	8,720.9
By instrument											
6 Tax-exempt obligations	1,004.4	1,055.6	1,101.4	1,154.7	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6	1,154.7
7 Corporate bonds	926.1	973.2	1,051.9	1,119.2	1,016.5	1,036.9	1,051.9	1,071.0	1,090.4	1,105.8	1,119.2
8 Mortgages	3,647.5	3,907.3	4,045.7	4,190.2	4,005.0 ^f	4,020.3 ^f	4,045.7	4,088.7	4,122.0	4,158.6	4,190.2
9 Home mortgages	2,515.1	2,760.0	2,904.6	3,102.9	2,837.9 ^f	2,873.6 ^f	2,904.6	2,951.8	2,996.1	3,050.7	3,102.9
10 Multifamily residential	304.4	305.8	303.3	288.7	309.8 ^f	300.8 ^f	303.3	303.9	299.5	296.1	288.7
11 Commercial	742.6	757.6	753.3	710.4	772.7 ^f	761.4 ^f	753.3	745.2	737.9	722.9	710.4
12 Farm	85.3	84.0	84.5	88.2	84.6 ^f	84.5 ^f	84.5	87.9	88.5	88.9	88.2
13 Consumer credit	791.8	809.3	799.9	809.2	791.1 ^f	790.1 ^f	799.9	777.6	776.9	784.5	809.2
14 Bank loans n.e.c.	760.7	758.0	724.7	707.0	742.0	734.1	724.7	713.7	710.3	705.7	707.0
15 Open market paper	107.1	116.9	98.5	107.1	119.4	107.0	98.5	110.4	112.0	108.2	107.1
16 Other	598.4	642.6	624.5	633.5	633.1 ^f	630.3 ^f	624.5	620.8	624.5	627.3	633.5
By borrowing sector											
17 State and local government	815.7	864.0	902.5	949.6	878.5	891.4	902.5	911.3	925.9	942.3	949.6
18 Household	3,508.2	3,780.6	3,944.5	4,167.0	3,853.6 ^f	3,897.0 ^f	3,944.5	3,970.3	4,023.0	4,087.8	4,167.0
19 Nonfinancial business	3,512.0	3,618.0	3,599.6	3,604.3	3,647.4 ^f	3,619.6 ^f	3,599.6	3,612.3	3,615.8	3,605.5	3,604.3
20 Farm	139.2	140.5	140.1	143.8	140.4 ^f	141.7 ^f	140.1	141.3	145.1	146.2	143.8
21 Nonfarm noncorporate	1,177.5	1,204.2	1,180.7	1,140.6	1,211.0 ^f	1,191.3 ^f	1,180.7	1,174.5	1,163.5	1,150.8	1,140.6
22 Corporate	2,195.3	2,273.4	2,278.7	2,319.9	2,296.1 ^f	2,286.7 ^f	2,278.7	2,296.5	2,307.2	2,308.5	2,319.9
23 Foreign credit market debt held in United States	254.8	278.6	292.7	307.3	277.6	282.2	292.7	282.3	298.3	306.6	307.3
24 Bonds	88.0	109.4	124.2	142.0	114.8	118.6	124.2	125.4	130.9	136.2	142.0
25 Bank loans n.e.c.	21.4	18.5	21.6	23.9	19.7	20.0	21.6	22.0	25.5	26.5	23.9
26 Open market paper	63.0	75.3	81.8	77.7	74.0	78.0	81.8	70.5	77.4	80.7	77.7
27 U.S. government loans	82.4	75.4	65.2	63.7	69.1	65.6	65.2	64.4	64.5	63.3	63.7
28 Total credit market debt owed by nonfinancial sectors, domestic and foreign	10,341.9	11,039.4	11,515.7	12,108.6	11,249.1 ^f	11,377.5 ^f	11,515.7	11,635.9	11,786.3	11,941.1	12,108.6
Financial sectors											
29 Total credit market debt owed by financial sectors	2,333.0	2,524.2	2,670.3	2,897.0	2,580.8 ^f	2,618.4 ^f	2,670.3	2,701.2	2,758.1	2,828.6	2,897.0
By instrument											
30 U.S. government-related	1,249.3	1,418.4	1,574.3	1,741.5	1,489.6	1,531.1	1,574.3	1,603.8	1,658.3	1,702.0	1,741.5
31 Sponsored credit-agency securities	373.3	393.7	402.9	443.1	389.6	394.7	402.9	405.7	417.8	434.7	443.1
32 Mortgage pool securities	871.0	1,019.9	1,166.7	1,293.5	1,095.2	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.9	4.9	4.8	4.8	4.8	4.8	4.8
34 Private	1,083.7	1,105.8	1,095.9	1,155.6	1,091.3 ^f	1,087.3 ^f	1,095.9	1,097.4	1,099.8	1,126.6	1,155.6
35 Corporate bonds	491.9	528.2	584.2	627.2	564.9 ^f	572.8 ^f	584.2	581.3	583.7	602.3	627.2
36 Mortgages	3.4	4.2	5.1	5.1	4.5	4.6	5.1	5.0	5.0	5.1	5.1
37 Bank loans n.e.c.	37.5	38.6	41.8	49.0	37.0	39.0	41.8	41.6	43.7	44.5	49.0
38 Open market paper	409.1	417.7	385.7	394.3	390.1	387.0	385.7	393.2	390.5	394.6	394.3
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	94.7	83.9	79.1	76.3	76.9	80.2	79.9
By borrowing sector											
40 Sponsored credit agencies	378.3	398.5	407.7	447.9	394.4	399.5	407.7	410.5	422.6	439.5	447.9
41 Mortgage pools	871.0	1,019.9	1,166.7	1,293.5	1,095.2	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5
42 Private financial sectors	1,083.7	1,105.8	1,095.9	1,155.6	1,091.3 ^f	1,087.3 ^f	1,095.9	1,097.4	1,099.8	1,126.6	1,155.6
43 Commercial banks	77.4	76.3	63.0	67.4	64.6	63.0	60.8	60.8	61.7	63.3	67.4
44 Bank affiliates	142.5	114.8	112.3	114.6	113.3	110.6	112.3	115.0	112.7	114.4	114.6
45 Savings and loan associations	145.2	115.3	75.9	71.1	91.0	79.0	75.9	71.2	70.3	70.9	71.1
46 Mutual savings banks	17.2	16.7	13.2	15.1	16.6	15.2	13.2	13.5	14.3	16.2	15.1
47 Finance companies	504.2	539.8	547.5	563.8	540.0 ^f	543.3 ^f	547.5	546.7	541.6	549.1	563.8
48 Real estate investment trusts (REITs)	10.1	10.6	12.3	13.6	11.0	11.2	12.3	12.7	13.2	13.7	13.6
49 Securitized credit obligation (SCO) issuers	187.1	232.3	271.9	309.9	253.3 ^f	263.6 ^f	271.9	277.5	286.1	299.1	309.9
All sectors											
50 Total credit market debt, domestic and foreign	12,674.9	13,563.6	14,186.0	15,005.6	13,830.0 ^f	13,995.8 ^f	14,186.0	14,337.1	14,544.4	14,769.7	15,005.6
51 U.S. government securities	3,495.6	3,911.7	4,345.9	4,817.0	4,076.6	4,213.5	4,345.9	4,458.7	4,576.8	4,696.0	4,817.0
52 State and local obligations	1,004.4	1,055.6	1,101.4	1,154.7	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6	1,154.7
53 Corporate and foreign bonds	1,506.0	1,610.7	1,760.4	1,888.5	1,696.1 ^f	1,728.3 ^f	1,760.4	1,777.8	1,805.0	1,844.2	1,888.5
54 Mortgages	3,650.9	3,911.5	4,050.8	4,195.4	4,009.5 ^f	4,024.9 ^f	4,050.8	4,093.8	4,127.0	4,163.7	4,195.4
55 Consumer credit	791.8	809.3	799.9	809.2	791.1 ^f	790.1 ^f	799.9	777.6	776.9	784.5	809.2
56 Bank loans n.e.c.	819.6	815.1	788.2	780.0	798.7	793.2	788.2	777.3	779.5	776.6	780.0
57 Open market paper	579.2	609.9	565.9	579.0	583.6	572.0	565.9	574.1	579.9	583.6	579.0
58 Other loans	827.5	839.9	773.5	781.9	801.9 ^f	784.7 ^f	773.5	766.3	770.7	775.5	781.9

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 LIABILITIES¹

Billions of dollars except as noted, end of period

Transaction category or sector	1989	1990	1991	1992 ^f	1991			1992 ^f			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
CREDIT MARKET DEBT OUTSTANDING ²											
1 Total credit market assets	12,674.9	13,563.6	14,186.0 ^f	15,005.6	13,830.0 ^f	13,995.8 ^f	14,186.0 ^f	14,337.1	14,544.4	14,769.7	15,005.6
2 Private domestic nonfinancial sectors	2,440.5	2,644.2	2,552.8 ^f	2,622.8	2,670.7 ^f	2,666.2 ^f	2,552.8 ^f	2,559.5	2,561.6	2,551.6	2,622.8
3 Households	1,710.1	1,882.3	1,760.5 ^f	1,835.5	1,901.9 ^f	1,897.3 ^f	1,760.5 ^f	1,784.6	1,773.4	1,776.1	1,835.5
4 Nonfarm noncorporate business	56.4	55.0	52.6 ^f	50.4	53.1 ^f	52.6 ^f	52.6 ^f	51.4	50.8	50.2	50.4
5 Nonfinancial corporate business	180.3	186.9	203.4 ^f	212.3	187.0 ^f	186.3 ^f	203.4 ^f	192.1	204.2	197.7	212.3
6 State and local governments	493.7	519.9	536.2	524.7	528.8	530.0	536.2	531.4	533.3	527.6	524.7
7 U.S. government	205.1	238.7	246.2	233.5	252.9	252.0	246.2	250.2	245.3	238.1	233.5
8 Foreign	734.2	792.4	835.1	930.8	807.9	817.2	835.1	857.2	892.0	908.2	930.8
9 Financial sectors	9,295.1	9,888.3	10,552.0 ^f	11,218.5	10,098.5 ^f	10,260.3 ^f	10,552.0 ^f	10,670.2	10,845.5	11,071.8	11,218.5
10 Sponsored credit agencies	367.2	383.6	397.7	466.4	382.7 ^f	389.0 ^f	397.7	419.9	429.0	446.3	466.4
11 Mortgage pools	871.0	1,019.9	1,166.7	1,293.5	1,095.2	1,131.5	1,166.7	1,193.2	1,235.6	1,262.5	1,293.5
12 Monetary authority	233.3	241.4	272.5	300.4	253.7	264.7	272.5	271.8	282.6	285.2	300.4
13 Commercial banking	2,643.9	2,769.3	2,853.3	2,945.2	2,796.6	2,817.8	2,853.3	2,860.6	2,882.9	2,922.9	2,945.2
14 U.S. commercial banks	2,368.4	2,463.6	2,502.5	2,571.9	2,480.0	2,488.7	2,502.5	2,514.0	2,521.9	2,556.7	2,571.9
15 Foreign banking offices	242.3	270.8	312.3	335.8	284.4	297.5	312.3	313.3	328.2	328.9	335.8
16 Bank affiliates	16.2	13.4	11.9	17.6	11.3	11.6	11.9	13.6	13.1	17.5	17.6
17 Banks in U.S. possession	17.1	21.6	19.7	20.0	20.9	20.0	19.7	19.7	19.7	19.8	20.0
18 Private nonbank finance	5,179.7	5,474.1	5,861.7 ^f	6,212.9	5,570.3 ^f	5,657.2 ^f	5,861.7 ^f	5,924.8	6,015.4	6,155.0	6,212.9
19 Thrift institutions	1,484.9	1,335.5	1,190.7 ^f	1,129.0	1,248.4	1,205.1	1,190.7 ^f	1,161.8	1,143.1	1,133.7	1,129.0
20 Savings and loan associations	1,088.9	945.1	804.2	727.5	866.3	826.1	804.2	771.1	748.8	737.9	727.5
21 Mutual savings banks	241.1	227.1	211.5	210.2	216.4	208.7	211.5	213.4	211.6	208.3	210.2
22 Credit unions	154.9	163.4	174.9	191.3	165.7	170.2	174.9	177.3	182.7	187.4	191.3
23 Insurance	2,140.3	2,329.1	2,676.8 ^f	2,855.7	2,444.7 ^f	2,508.7 ^f	2,676.8 ^f	2,709.0	2,757.3	2,818.1	2,855.7
24 Life insurance companies	1,013.1	1,116.5	1,199.6	1,289.4	1,183.7	1,201.4	1,199.6	1,224.3	1,247.1	1,270.3	1,289.4
25 Other insurance companies	317.5	344.0	378.7	396.0	361.4	370.7	378.7	387.0	392.5	393.1	396.0
26 Private pension funds	394.7	431.3	624.2 ^f	661.1	437.8 ^f	466.6 ^f	624.2 ^f	616.1	628.5	656.0	661.1
27 State and local government retirement funds	414.9	437.4	474.3	509.3	461.7	470.1	474.3	481.6	489.1	498.7	509.3
28 Finance n.e.c.	1,554.5	1,809.4	1,994.3 ^f	2,228.2	1,877.2 ^f	1,943.5 ^f	1,994.3 ^f	2,053.9	2,115.0	2,203.1	2,228.2
29 Finance companies	617.1	658.7	635.5 ^f	656.9	651.9 ^f	647.5 ^f	635.5 ^f	640.5	641.2	640.7	656.9
30 Mutual funds	307.2	360.2	450.5	582.8	394.4	421.4	450.5	478.8	522.0	557.5	582.8
31 Money market funds	291.8	372.7	402.7	404.1	389.9	389.5	402.7	424.0	413.5	408.8	404.1
32 Real estate investment trusts (REITs)	8.4	7.7	6.8 ^f	7.4	7.4	7.2	6.8 ^f	6.8	7.5	7.4	7.4
33 Brokers and dealers	142.9	177.9	226.9	267.1	180.4	214.3	226.9	226.3	244.6	289.6	267.1
34 Securitized credit obligation (SCOs) issuers	187.1	232.3	271.9 ^f	309.9	253.3 ^f	263.6 ^f	271.9 ^f	277.5	286.1	299.1	309.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 Total credit market debt	12,674.9	13,563.6	14,186.0 ^f	15,005.6	13,830.0 ^f	13,995.8 ^f	14,186.0 ^f	14,337.1	14,544.4	14,769.7	15,005.6
Other liabilities											
36 Official foreign exchange	53.6	61.3	55.4	51.8	53.6	52.9	55.4	52.7	54.4	55.4	51.8
37 Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.1	26.2	26.3	26.3	26.4	26.5	24.5
38 Life insurance reserves	354.3	380.0	402.0	431.9	392.3	397.2	402.0	409.6	416.7	425.0	431.9
39 Pension fund reserves	3,210.5	3,303.0	4,208.8 ^f	4,573.7	3,551.7 ^f	3,717.7 ^f	4,208.8 ^f	4,226.3	4,278.7	4,418.1	4,573.7
40 Interbank claims	32.4	64.0	65.2	115.4	35.9	60.9	65.2	67.2	70.8	101.6	115.4
41 Deposits at financial institutions	4,644.6	4,741.4	4,802.5	4,817.0	4,765.7	4,769.5	4,802.5	4,796.4	4,785.1	4,829.9	4,817.0
42 Checkable deposits and currency	888.6	932.8	1,008.5	1,131.0	933.1	948.3	1,008.5	984.3	1,032.3	1,071.6	1,131.0
43 Small time and savings deposits	2,265.4	2,325.3	2,342.0	2,281.0	2,351.5	2,339.7	2,342.0	2,340.9	2,314.7	2,293.3	2,281.0
44 Large time deposits	615.4	548.7	487.9	408.4	532.6	517.1	487.9	469.7	438.7	428.8	408.4
45 Money market fund shares	428.1	498.4	539.6	543.6	532.8	533.1	539.6	572.0	557.2	553.2	543.6
46 Security repurchase agreements	403.2	379.7	363.4	397.5	354.0	368.9	363.4	375.1	401.0	425.4	397.5
47 Foreign deposits	43.9	56.6	61.2	55.6	61.7	62.4	61.2	54.4	41.3	57.6	55.6
48 Mutual fund shares	566.2	602.1	813.9	1,050.2	683.7	744.2	813.9	860.4	928.3	971.2	1,050.2
49 Security credit	133.9	137.4	188.9	217.3	137.5	158.1	188.9	194.6	193.3	214.5	217.3
50 Trade debt	903.9	938.0	940.9	1,003.6	909.4	935.3	940.9	939.8	944.9	987.7	1,003.6
51 Taxes payable	81.8	81.4	72.3	80.1	65.8	71.9	72.3	77.4	72.7	75.8	80.1
52 Miscellaneous	2,508.3	2,678.8	2,817.3 ^f	2,931.8	2,699.7 ^f	2,733.9 ^f	2,817.3 ^f	2,834.5	2,876.0	2,911.5	2,931.8
53 Total liabilities	25,188.3	26,577.2	28,579.6 ^f	30,303.0	27,151.4 ^f	27,663.7 ^f	28,579.6 ^f	28,822.3	29,191.8	29,786.8	30,303.0
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.0	22.0	22.6 ^f	19.6	21.7 ^f	22.1 ^f	22.6 ^f	22.7	23.2	24.5	19.6
55 Corporate equities	3,819.7	3,506.6	4,357.9 ^f	4,827.2	3,987.9 ^f	4,170.5 ^f	4,357.9 ^f	4,461.9	4,404.7	4,576.8	4,827.2
56 Household equity in noncorporate business	2,524.9	2,449.4	2,366.0 ^f	2,260.8	2,510.6 ^f	2,493.4 ^f	2,366.0 ^f	2,365.5	2,346.4	2,322.2	2,260.8
Floats not included in assets (-)											
57 U.S. government checking deposits	6.1	15.0	3.8	6.8	8.3	19.8	3.8	9	1.4	4.0	6.8
58 Other checkable deposits	26.5	28.9	30.9	32.5	29.9	23.6	30.9	29.5	32.6	23.3	32.5
59 Trade credit	-159.7	-148.0	-138.5 ^f	-105.9	-160.4 ^f	-157.7 ^f	-138.5 ^f	-135.3	-149.5	-131.3	-105.9
Liabilities not identified as assets (-)											
60 Treasury currency	-4.3	-4.1	-4.8	-5.0	-4.7	-4.7	-4.8	-4.9	-4.9	-5.0	-5.0
61 Interbank claims	-31.0	-32.0	-4.2	-9.9	-9.9	-4.7	-4.2	-1.8	-4.0	-5.9	-9.9
62 Security repurchase agreements	11.5	-23.3	-12.9	-2.8	-25.8	-10.6	-12.9	-11.4	5.8	16.7	-2.8
63 Taxes payable	20.6	21.8	18.9	32.0	11.8	17.6	18.9	14.7	20.9	25.4	32.0
64 Miscellaneous	-251.1	-247.3	-458.5 ^f	-558.3	-241.1 ^f	-300.6 ^f	-458.5 ^f	-458.1	-476.5	-527.9	-558.3
65 Totals identified to sectors as assets	31,935.2	32,944.3	35,891.3 ^f	38,021.1	34,063.6 ^f	34,767.1 ^f	35,891.3 ^f	36,238.9	36,540.2	37,311.0	38,021.1

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 through 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, 1987=100 except as noted

Measure	1990	1991	1992	1992				1993				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr. ^r	May
1 Industrial production¹	106.0	104.1	106.5	106.2	107.5	108.4	108.9	109.3	109.9	110.1	110.2	110.4
<i>Market groupings</i>												
2 Products, total	105.5	103.1	105.6	105.3	107.1	107.8	108.2	108.5	109.2 ^r	109.5	109.5	109.6
3 Final, total	107.0	105.3	108.2	108.1	110.1	111.0	111.5	111.9	112.4 ^r	112.8	112.9	112.9
4 Consumer goods	103.4	102.8	105.2	104.4	106.4	107.1	107.5	107.6	108.5 ^r	108.8	108.4	108.3
5 Equipment	112.1	108.9	112.7	113.5	115.4	116.7	117.2	118.1	118.0 ^r	118.6	119.3	119.5
6 Intermediate	101.2	96.5	97.6	96.9	97.8	98.1	98.3	98.2	99.3	99.6	99.4	99.6
7 Materials	106.8	105.5	107.9	107.4	108.1	109.3	110.0	110.4	110.9 ^r	110.9	111.3	111.6
<i>Industry groupings</i>												
8 Manufacturing	106.1	103.7	106.9	106.8	108.0	108.9	109.2	109.9	110.5	110.7	111.2	111.4
9 Capacity utilization, manufacturing (percent) ²	81.1	77.8	78.8	78.4	79.2	79.7	79.8	80.3	80.5	80.6	80.8	80.8
10 Construction contracts ³	95.3	89.7	94.1 ^r	89.0	104.0	92.0	90.0	100.0	95.0	94.0	94.0	91.0
11 Nonagricultural employment, total ⁴	107.7 ^r	106.2 ^r	106.4 ^r	106.6 ^r	106.7 ^r	106.8 ^r	107.0 ^r	107.1 ^r	107.4 ^r	107.5	107.7	107.9
12 Goods-producing, total	101.2 ^r	96.6 ^r	94.9 ^r	93.3 ^r	93.2 ^r	93.2 ^r	93.2 ^r	93.2 ^r	93.5 ^r	93.3	93.1	93.2
13 Manufacturing, total	100.6 ^r	97.1 ^r	95.8 ^r	94.5 ^r	94.3 ^r	94.3 ^r	94.3 ^r	94.4 ^r	94.5 ^r	94.4	94.0	93.8
14 Manufacturing, production worker	100.2 ^r	96.3 ^r	95.3 ^r	94.0 ^r	93.9 ^r	94.0 ^r	94.1 ^r	94.3 ^r	94.5 ^r	94.4	94.0	93.8
15 Service-producing	109.8 ^r	109.3 ^r	110.0 ^r	110.8 ^r	111.0 ^r	111.2 ^r	111.4 ^r	111.6 ^r	111.9 ^r	112.0	112.3	112.6
16 Personal income, total	122.7	127.0	133.0	133.6	135.3	135.3	136.6	137.4	137.5	138.4	138.5	139.3
17 Wages and salary disbursements	121.3	124.4	129.0	129.5	130.5	131.2	132.3	133.1	132.9	132.8	133.3	134.6
18 Manufacturing	113.5	113.6	115.4	115.3	116.5	116.0	118.0	117.2	117.8	117.8	118.1	118.0
19 Disposable personal income ⁵	122.9	128.0	134.7	135.2	137.0	136.8	138.2	138.8	139.0	140.0	140.1	140.9
20 Retail sales ⁶	120.2	121.3	127.2	128.1	130.7	130.5	131.9	132.0	131.9	130.5	132.6	132.7
<i>Prices⁷</i>												
21 Consumer (1982-84=100)	130.7	136.2	140.3	141.3	141.8	142.0	141.9	142.6	143.1	143.6	144.0	144.2
22 Producer finished goods (1982=100)	119.2	121.7	123.2	123.3	124.4	124.0	123.8	124.2 ^r	124.3	124.6	125.3	125.7

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Co., F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data from U.S. Bureau of the Census, *Survey of Current Business*.

7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the Bureau of Labor Statistics, U.S. Department of Labor, *Monthly Labor Review*.

NOTE: Basic data (not indexes) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411-35.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1992 ^r			1993				
				Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^r	May
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	189,686	191,329	193,142	193,683	193,847	194,026	194,159	194,298	194,456	194,618	194,767
2 Labor force ¹	126,424	126,867	128,548	128,618	128,896	129,108	128,598	128,839	128,926	128,833	129,615
3 Civilian labor force	124,787	125,303	126,982	127,066	127,365	127,591	127,083	127,327	127,429	127,341	128,131
<i>Employment</i>											
4 Nonagricultural industries ²	114,728	114,644	114,391	114,518	114,855	115,049	114,879	115,335	115,483	115,356	116,203
5 Agriculture	3,186	3,233	3,207	3,169	3,209	3,262	3,191	3,116	3,082	3,060	3,070
<i>Unemployment</i>											
6 Number	6,874	8,426	9,384	9,379	9,301	9,280	9,013	8,876	8,864	8,925	8,858
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.4	7.3	7.3	7.1	7.0	7.0	7.0	6.9
8 Not in labor force	63,262	64,462	64,594	65,065	64,951	64,918	65,561	65,459	65,530	65,785	65,152
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	109,782	108,310	108,434	108,789	108,921	109,079	109,235	109,539	109,565	109,781	109,990
10 Manufacturing	19,117	18,455	18,192	17,911	17,917	17,913	17,936	17,954	17,935	17,860	17,821
11 Mining	710	691	635	618	616	613	611	600	600	599	599
12 Contract construction	5,133	4,685	4,594	4,466	4,462	4,459	4,454	4,515	4,481	4,517	4,584
13 Transportation and public utilities	5,808	5,772	5,741	5,699	5,699	5,707	5,719	5,725	5,724	5,717	5,727
14 Trade	25,877	25,328	25,120	25,454	25,466	25,522	25,609	25,726	25,707	25,754	25,787
15 Finance	6,729	6,678	6,672	6,570	6,569	6,575	6,578	6,577	6,574	6,584	6,583
16 Service	28,130	28,323	28,903	29,361	29,430	29,524	29,573	29,665	29,756	29,955	30,081
17 Government	18,304	18,380	18,578	18,710	18,762	18,766	18,755	18,777	18,788	18,795	18,808

1. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

2. Includes self-employed, unpaid family, and domestic service workers.

3. Includes all full- and part-time employees who worked during, or received

pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1984 benchmark, and only seasonally adjusted data are available at this time.

SOURCE: Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1992			1993	1992			1993	1992			1993	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)				
1 Total industry	106.3	106.5	108.3	109.7	133.2	133.7	134.2	134.8	79.8	79.7	80.7	81.4	
2 Manufacturing	106.7	107.0	108.7	110.4	135.4	136.0	136.6	137.2	78.8	78.7	79.6	80.5	
3 Primary processing	103.9	103.7	104.7	106.4	126.1	126.4	126.6	126.8	82.4	82.1	82.7	83.9	
4 Advanced processing	108.0	108.5	110.6	112.3	139.8	140.6	141.3	142.1	77.3	77.2	78.3	79.0	
5 Durable goods	107.8	108.3	110.8	113.6	141.2	141.9	142.6	143.4	76.3	76.3	77.7	79.2	
6 Lumber and products	95.1	96.0	98.5	99.7	112.3	112.4	112.5	112.6	84.7	85.4	87.6	88.6	
7 Primary metals	101.3	99.7	101.5	105.0	125.6	125.3	125.0	124.9	80.7	79.6	81.2	84.1	
8 Iron and steel	104.7	103.5	105.0	109.1	130.8	130.4	129.9	129.8	80.1	79.4	80.8	84.1	
9 Nonferrous	96.7	94.5	96.7	99.3	118.5	118.3	118.2	118.1	81.6	79.8	81.8	84.1	
10 Nonelectrical machinery	122.6	126.8	132.4	137.1	159.0	160.6	162.1	163.7	77.1	79.0	81.7	83.7	
11 Electrical machinery	119.0	120.9	124.0	127.0	149.9	151.3	152.6	154.1	79.4	80.0	81.2	82.4	
12 Motor vehicles and parts	105.7	103.6	111.4	120.6	151.2	152.9	154.5	155.8	69.9	67.7	72.1	77.4	
13 Aerospace and miscellaneous transportation equipment	101.3	99.5	97.7	95.7	135.7	135.7	135.8	135.7	74.7	73.3	72.0	70.5	
14 Nondurable goods	105.4	105.4	106.1	106.5	128.3	128.7	129.1	129.6	82.2	81.9	82.1	82.2	
15 Textile mill products	104.6	105.2	105.2	106.1	116.4	116.6	116.7	116.9	89.8	90.3	90.1	90.8	
16 Paper and products	108.7	108.6	107.9	110.0	121.3	121.7	122.1	122.5	89.6	89.2	88.4	89.8	
17 Chemicals and products	114.8	114.7	116.9	116.9	141.7	142.6	143.5	144.4	81.0	80.4	81.4	80.9	
18 Plastics materials	109.8	110.5	106.6	111.7	127.8	128.3	128.8	129.5	85.9	86.2	82.8	86.2	
19 Petroleum products	102.7	100.2	104.2	104.2	116.9	116.6	116.2	115.9	87.8	85.9	89.7	89.9	
20 Mining	97.8	97.5	97.9	96.5	112.6	112.3	112.0	111.7	86.9	86.9	87.4	86.3	
21 Utilities	111.1	110.9	114.7	116.0	130.9	131.4	131.8	132.2	84.8	84.5	87.1	87.8	
22 Electric	110.7	110.6	114.3	115.2	127.4	127.9	128.5	129.0	86.9	86.4	89.0	89.3	
	1973	1975	Previous cycle ²		Latest cycle ³		1992	1992	1993				
	High	Low	High	Low	High	Low	May	Dec.	Jan.	Feb.	Mar.	Apr.	May ^p
	Capacity utilization rate (percent)												
1 Total industry	99.0	82.7	87.3	71.8	84.8	78.3	80.1	81.0	81.2	81.5	81.6	81.6	81.6
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	79.1	79.8	80.3	80.5	80.6	80.8	80.8
3 Primary processing	99.0	82.7	89.7	66.8	89.1	77.9	82.6	82.9	83.5	84.3	83.8	84.1	84.3
4 Advanced processing	99.0	82.7	86.3	71.4	83.3	76.1	77.5	78.6	78.9	79.0	79.3	79.4	79.4
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	76.8	78.2	78.9	79.4	79.4	79.6	79.6
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	85.6	87.1	88.2	90.4	87.1	86.5	87.0
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	80.4	82.0	82.3	86.5	83.4	84.4	85.3
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	80.1	82.7	82.4	87.0	82.9	85.0	86.2
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	81.0	80.9	82.2	85.9	84.3	83.6	83.9
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	77.5	82.3	82.8	83.5	84.9	86.0	86.6
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	79.7	81.6	82.0	82.5	82.9	82.7	83.1
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	71.3	74.9	77.7	77.5	76.9	77.1	75.9
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	74.6	71.5	71.2	70.6	69.8	69.2	68.8
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	82.2	82.0	82.2	82.1	82.3	82.4	82.5
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	90.2	90.8	91.5	90.8	90.0	89.6	90.4
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	89.2	88.6	88.8	90.1	90.6	92.2	91.8
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	81.0	81.2	81.1	80.4	81.2	81.1	81.8
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	86.2	80.5	86.0	85.3	87.4	87.5	87.2
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	87.7	89.1	89.0	90.3	90.4	90.0	91.6
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	87.8	87.8	87.9	85.8	85.3	86.5	86.9
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	84.9	88.5	85.4	88.9	89.0	86.0	85.6
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	86.9	90.4	87.7	90.3	90.0	87.4	87.0

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411-35. See also "Industrial

Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590-605.

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

3. Monthly highs, 1988-89; monthly lows, 1990-91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value¹

Monthly data seasonally adjusted

Group	1987 pro- portion	1992 avg.	1992									1993				
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^r	Mar. ^r	Apr. ^r	May ^p	
			Index (1987 = 100)													
MAJOR MARKETS																
1 Total index.....	100.0	106.5	106.7	106.0	106.8	106.6	106.2	107.5	108.4	108.9	109.3	109.9	110.1	110.2	110.4	
2 Products.....	60.8	105.6	105.7	104.8	105.7	105.9	105.3	107.1	107.8	108.2	108.5	109.2	109.5	109.5	109.6	
3 Final products.....	46.0	108.2	108.3	107.1	108.1	108.9	108.1	110.1	111.0	111.5	111.9	112.4	112.8	112.9	112.9	
4 Consumer goods, total.....	26.0	105.2	105.8	104.0	104.9	105.1	104.4	106.4	107.1	107.5	107.6	108.5	108.8	108.4	108.3	
5 Durable consumer goods.....	5.6	102.5	105.6	102.0	102.8	101.9	100.9	104.1	105.7	107.9	110.9	111.3	111.2	111.7	110.6	
6 Automotive products.....	2.5	99.4	102.9	99.0	98.8	99.5	97.3	103.1	104.1	108.7	112.7	111.9	111.2	112.0	109.6	
7 Autos and trucks.....	1.5	96.9	102.1	96.5	95.3	96.0	93.5	101.5	102.9	111.7	116.8	114.6	113.4	114.3	110.1	
8 Autos, consumer.....	.9	79.0	85.3	83.5	81.2	77.0	77.9	78.5	79.6	86.9	86.6	90.2	90.5	90.2	86.5	
9 Trucks, consumer.....	.6	127.9	131.2	119.2	119.8	128.8	120.4	141.3	143.3	154.6	169.1	156.9	153.1	155.9	150.9	
10 Auto parts and allied goods.....	1.0	103.7	104.4	103.2	104.6	105.3	103.7	105.9	106.0	103.8	105.8	107.4	107.5	108.1	108.7	
11 Other.....	3.1	105.2	107.9	104.6	106.3	104.0	104.1	104.9	107.1	107.2	109.3	110.7	111.1	111.6	111.6	
12 Appliances, A/C, and TV.....	.8	110.4	116.8	109.6	109.7	111.0	112.9	110.8	110.8	110.5	116.0	117.6	122.9	122.5	122.9	
13 Carpeting and furniture.....	.9	99.9	102.7	98.0	101.7	97.7	98.2	98.5	103.7	105.4	105.5	106.7	104.3	104.6	105.6	
14 Miscellaneous home goods.....	1.4	105.6	106.3	106.0	107.4	104.1	102.9	105.8	107.1	106.6	108.0	109.5	108.9	109.9	109.1	
15 Nondurable consumer goods.....	20.4	105.9	105.9	104.6	105.5	106.0	105.3	107.1	107.5	107.4	106.7	107.7	108.1	107.5	107.7	
16 Foods and tobacco.....	9.1	104.7	104.7	103.3	105.0	107.0	104.9	105.9	105.2	104.8	104.6	105.5	105.1	105.2	105.0	
17 Clothing.....	2.6	95.0	95.7	94.5	95.1	94.0	94.3	94.5	95.9	96.0	95.7	95.0	94.6	95.0	95.2	
18 Chemical products.....	3.5	118.7	118.1	117.6	117.3	116.5	118.5	121.1	123.3	121.7	122.4	121.1	123.5	123.0	124.4	
19 Paper products.....	2.5	100.8	101.0	100.6	100.1	100.2	100.4	100.1	100.9	100.9	100.2	101.8	102.1	101.6	101.4	
20 Energy.....	2.7	108.3	107.8	105.2	106.3	105.6	104.6	111.1	112.0	114.4	109.5	115.5	116.1	112.0	112.5	
21 Fuels.....	.7	104.7	104.8	103.8	104.1	98.9	103.5	109.8	107.7	106.1	106.5	108.9	107.1	106.1	109.0	
22 Residential utilities.....	2.0	109.6	108.9	105.8	107.2	108.2	105.1	111.6	113.6	117.5	110.7	118.0	119.6	114.3	113.9	
23 Equipment.....	20.0	112.7	112.0	111.6	112.7	114.3	113.5	115.4	116.7	117.2	118.1	118.0	118.6	119.3	119.5	
24 Business equipment.....	13.9	123.2	122.1	121.9	123.7	126.1	125.0	127.5	129.0	129.6	131.2	131.7	133.2	134.2	134.5	
25 Information processing and related.....	5.6	134.7	131.4	134.3	137.4	138.5	138.2	142.2	142.9	143.2	144.4	146.1	149.0	150.7	152.0	
26 Office and computing.....	1.9	168.3	162.1	167.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.8	209.5	215.1	
27 Industrial.....	4.0	108.5	108.4	108.7	109.1	109.2	109.6	110.1	112.0	112.3	113.1	112.2	113.0	113.8	114.5	
28 Transit.....	2.5	137.1	136.9	133.9	135.3	143.3	134.5	137.4	140.4	144.1	146.7	146.5	145.0	144.0	141.5	
29 Autos and trucks.....	1.2	117.9	123.3	117.2	114.2	117.3	114.7	121.7	123.9	131.4	136.7	136.8	135.8	136.2	133.1	
30 Other.....	1.9	104.7	106.5	99.2	100.2	105.6	107.3	108.8	110.7	109.2	112.6	113.4	114.9	116.5	116.5	
31 Defense and space equipment.....	5.4	85.9	87.2	86.5	85.1	84.5	84.4	83.5	83.2	82.5	82.0	81.5	80.8	80.6	80.2	
32 Oil and gas well drilling.....	.6	78.3	75.4	73.1	73.8	75.6	76.3	82.7	86.4	91.2	89.0	77.9	71.1	72.4	75.1	
33 Manufactured homes.....	.2	99.7	92.5	90.1	101.3	96.9	100.9	110.4	118.5	128.6	129.4	127.1	116.2	114.9	114.7	
34 Intermediate products, total.....	14.7	97.6	97.9	97.7	98.6	97.0	96.9	97.8	98.1	98.3	98.2	99.3	99.6	99.4	99.6	
35 Construction supplies.....	6.0	93.8	95.3	93.6	94.3	94.1	93.0	94.7	95.1	94.5	94.8	97.5	96.3	96.0	96.7	
36 Business supplies.....	8.7	100.1	99.6	100.6	101.4	99.0	99.5	99.9	100.0	100.8	100.5	100.5	101.8	101.8	101.5	
37 Materials.....	39.2	107.9	108.0	107.8	108.5	107.6	107.4	108.1	109.3	110.0	110.4	110.9	110.9	111.3	111.6	
38 Durable goods materials.....	19.4	108.9	109.0	108.7	109.3	108.9	107.6	109.7	111.1	111.9	113.3	114.2	114.0	114.5	115.1	
39 Durable consumer parts.....	4.2	101.5	101.5	101.5	100.6	101.4	98.5	101.8	104.3	107.5	110.8	111.8	112.3	112.5	113.3	
40 Equipment parts.....	7.3	116.5	116.1	116.6	117.7	117.1	116.2	118.3	119.3	119.7	120.4	121.0	121.2	122.2	122.9	
41 Other.....	7.9	106.0	106.5	105.4	106.3	105.5	104.6	106.2	107.4	107.5	108.6	109.7	108.8	109.2	109.5	
42 Basic metal materials.....	2.8	108.3	109.2	107.8	108.7	107.7	105.8	108.3	109.8	108.8	110.4	113.2	109.9	111.0	112.0	
43 Nondurable goods materials.....	9.0	110.9	111.5	111.5	111.5	110.7	111.7	110.7	112.0	111.5	112.4	112.1	112.7	113.8	114.0	
44 Textile materials.....	1.2	102.8	102.4	101.8	107.7	101.6	103.3	102.7	103.4	102.9	104.2	103.2	104.1	103.6	103.8	
45 Pulp and paper materials.....	1.9	109.9	109.6	110.8	110.3	108.7	112.3	109.1	110.2	110.7	110.7	111.9	112.8	115.4	114.7	
46 Chemical materials.....	3.8	114.2	115.5	114.8	114.1	114.5	114.5	114.4	115.6	114.6	114.9	114.6	115.6	115.9	117.1	
47 Other.....	2.1	110.4	110.9	111.6	110.0	110.5	110.5	109.7	112.0	111.3	114.1	112.5	112.3	113.9	113.4	
48 Energy materials.....	10.9	103.4	103.3	103.1	104.4	102.5	103.6	103.0	103.9	105.1	103.4	103.8	103.5	103.1	103.0	
49 Primary energy.....	7.2	99.7	99.5	99.6	100.4	99.4	99.6	99.4	100.2	101.3	100.4	98.3	97.4	98.3	98.3	
50 Converted fuel materials.....	3.7	110.6	110.6	109.9	112.3	108.7	111.4	110.0	111.1	112.4	109.1	114.6	115.4	112.6	112.2	
SPECIAL AGGREGATES																
51 Total excluding autos and trucks.....	97.3	106.6	106.6	106.1	107.0	106.7	106.3	107.4	108.4	108.6	108.9	109.5	109.7	109.9	110.2	
52 Total excluding motor vehicles and parts.....	95.3	106.6	106.6	106.1	107.0	106.7	106.4	107.5	108.4	108.6	108.7	109.3	109.6	109.7	110.0	
53 Total excluding office and computing machines.....	97.5	105.0	105.3	104.6	105.3	105.0	104.5	105.7	106.6	107.1	107.3	107.8	107.8	107.9	107.9	
54 Consumer goods excluding autos and trucks.....	24.5	105.7	106.1	104.6	105.5	105.7	105.1	106.8	107.4	107.3	107.0	108.1	108.4	108.0	108.2	
55 Consumer goods excluding energy.....	23.3	104.8	105.6	103.9	104.7	105.0	104.3	105.9	106.6	106.8	107.4	107.7	107.9	108.0	107.9	
56 Business equipment excluding autos and trucks.....	12.7	123.7	122.0	122.3	124.5	126.9	125.9	128.0	129.5	129.5	130.7	131.3	132.9	134.0	134.7	
57 Business equipment excluding office and computing equipment.....	12.0	115.7	115.3	114.3	115.6	118.1	116.1	118.1	119.7	120.1	121.0	120.6	121.3	121.5	121.0	
58 Materials excluding energy.....	28.4	109.5	109.8	109.5	110.0	109.4	108.8	110.0	111.4	111.8	113.0	113.6	113.6	114.3	114.8	

A48 Domestic Nonfinancial Statistics □ August 1993

2.13—Continued

Group	SIC code	1987 proportion	1992 avg.	1992								1993						
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^f	Mar. ^f	Apr. ^f	May ^p		
				Index (1987 = 100)														
MAJOR INDUSTRIES																		
1 Total index	...	100.0	106.5	106.7	106.0	106.8	106.6	106.2	107.5	108.4	108.9	109.3	109.9	110.1	110.2	110.4		
2 Manufacturing	...	84.3	106.9	107.1	106.5	107.1	107.0	106.8	108.0	108.9	109.2	109.9	110.5	110.7	111.2	111.4		
3 Primary processing	...	27.1	103.8	104.2	103.7	104.3	103.5	103.3	104.1	105.1	105.0	105.8	106.9	106.3	106.9	107.2		
4 Advanced processing	...	57.1	108.3	108.4	107.9	108.4	108.7	108.4	109.9	110.7	111.3	111.9	112.2	112.9	113.3	113.4		
5 Durable goods	...	46.5	108.1	108.4	107.6	108.2	108.5	108.1	109.8	110.9	111.8	112.9	113.8	114.0	114.6	114.8		
6 Lumber and products	24	2.1	96.4	96.1	93.8	96.6	96.6	94.7	97.8	99.8	98.0	99.3	101.8	98.1	97.5	98.1		
7 Furniture and fixtures	25	1.5	99.0	101.0	94.2	97.5	99.2	100.5	100.4	102.3	103.9	105.2	106.0	107.0	107.1	106.9		
8 Clay, glass, and stone products	32	2.4	96.0	97.4	95.6	96.8	95.7	96.5	96.8	97.6	98.0	97.0	98.9	98.4	99.4	99.5		
9 Primary metals	33	3.3	101.1	101.1	101.2	100.6	100.5	98.0	100.5	101.6	102.4	102.8	108.0	104.2	105.4	106.5		
10 Iron and steel	331,2	1.9	104.7	104.8	103.8	104.7	103.8	102.0	104.1	103.6	107.4	107.0	112.9	107.6	110.4	112.0		
11 Raw steel	...	1	101.2	101.9	101.6	101.7	99.1	98.9	99.8	102.8	104.6	103.4	105.9	102.0	102.6	106.6		
12 Nonferrous	333-6,9	1.4	96.1	95.9	97.5	95.0	96.1	92.4	95.6	98.7	95.7	97.1	101.4	99.5	98.6	98.9		
13 Fabricated metal products	...	34	5.4	96.7	97.2	97.1	97.0	97.0	96.5	97.5	97.6	97.8	99.8	99.7	100.3	100.6		
14 Industrial and commercial machinery and computer equipment	...	35	8.5	124.8	123.2	123.8	125.7	126.9	127.9	130.6	132.8	133.8	135.0	136.7	139.5	141.8		
15 Office and computing machines	357	2.3	168.3	162.1	167.3	171.8	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.8	209.5	215.1		
16 Electrical machinery	36	6.9	119.8	119.5	119.3	120.7	120.6	121.5	122.6	124.4	124.8	125.8	127.1	128.2	128.3	129.4		
17 Transportation equipment	37	9.9	102.6	104.5	102.7	101.4	102.4	100.5	103.0	103.6	106.3	108.4	107.8	107.0	106.8	105.7		
18 Motor vehicles and parts	371	4.8	104.8	107.9	104.8	103.1	105.0	102.6	108.0	109.9	116.2	120.9	120.7	120.1	120.7	119.0		
19 Autos and light trucks	...	2.2	101.4	107.9	102.7	100.8	99.7	97.9	104.1	105.4	114.4	118.2	117.8	116.9	117.5	113.1		
20 Aerospace and miscellaneous transportation equipment	372-6,9	5.1	100.6	101.3	100.8	99.8	100.0	98.6	98.3	97.7	97.1	96.7	95.8	94.7	93.8	93.3		
21 Instruments	38	5.1	104.2	105.1	104.4	104.9	104.3	103.7	103.7	103.6	103.3	103.0	102.2	103.1	102.7	102.2		
22 Miscellaneous	39	1.3	109.7	110.2	109.7	111.6	109.1	108.7	110.5	111.4	111.8	110.9	111.9	112.6	114.4	113.3		
23 Nondurable goods	...	37.8	105.4	105.4	105.2	105.7	105.2	105.2	105.8	106.4	106.0	106.4	106.4	106.7	107.1	107.3		
24 Foods	20	8.8	106.0	106.1	105.4	105.9	106.3	105.6	106.8	106.4	106.2	105.9	106.9	106.8	107.1	106.4		
25 Tobacco products	21	1.0	99.2	97.9	96.4	101.5	115.5	101.7	102.4	101.9	96.1	100.5	99.3	97.4	98.7	100.9		
26 Textile mill products	22	1.8	104.7	105.0	103.8	107.0	103.5	105.1	103.5	106.0	106.0	106.9	106.2	105.3	104.9	105.8		
27 Apparel products	23	2.3	92.3	93.5	91.7	92.7	91.3	91.5	91.7	92.9	92.7	93.1	92.5	92.1	92.1	91.9		
28 Paper and products	26	3.6	108.2	108.2	108.7	109.1	107.1	109.5	107.3	108.2	108.3	108.6	110.4	111.1	113.2	112.9		
29 Printing and publishing	27	6.5	95.0	94.5	95.6	95.7	93.5	94.1	94.5	94.2	94.7	94.7	94.0	94.7	94.9	95.0		
30 Chemicals and products	28	8.8	115.0	114.8	114.9	114.6	114.4	115.2	116.2	117.7	116.7	116.8	116.2	117.6	117.6	119.0		
31 Petroleum products	29	1.3	102.0	102.5	101.8	101.5	98.0	101.1	105.3	103.9	103.4	103.2	104.7	104.7	104.2	105.9		
32 Rubber and plastic products	30	3.2	109.7	110.3	109.7	110.7	110.7	108.5	109.9	111.3	111.3	113.6	112.7	112.5	112.7	112.6		
33 Leather and products	31	3	92.6	91.8	92.3	93.6	92.0	93.8	95.1	96.6	96.7	97.1	99.0	99.0	99.8	98.4		
34 Mining	...	8.0	97.6	98.8	97.1	98.5	97.0	97.1	97.6	97.8	98.2	98.3	95.9	95.3	96.5	96.9		
35 Metal	10	3	161.7	172.2	157.8	156.5	165.5	159.8	168.1	171.6	158.1	167.7	163.0	158.1	164.2	163.8		
36 Coal	11,12	1.2	105.5	109.5	101.9	108.0	103.9	103.6	103.8	103.5	107.9	108.2	101.7	102.3	108.2	106.0		
37 Oil and gas extraction	13	5.8	92.6	92.5	93.1	93.6	91.9	92.7	92.7	92.8	93.4	92.7	90.9	90.4	90.5	91.4		
38 Stone and earth minerals	14	7	93.8	96.9	92.7	94.1	93.8	91.9	93.6	94.4	92.6	93.8	95.2	93.6	92.7	94.6		
39 Utilities	49	7.7	112.0	111.2	110.0	111.2	110.4	111.2	112.7	114.7	116.8	112.8	117.5	117.8	113.8	113.4		
40 Electric	491,3PT	6.1	111.6	110.8	109.5	110.8	110.0	110.9	112.6	114.1	116.4	112.9	116.5	116.3	113.0	112.7		
41 Gas	492,3PT	1.6	113.2	112.6	112.0	112.8	112.1	112.0	113.2	117.3	118.2	112.4	121.4	123.3	116.7	116.2		
SPECIAL AGGREGATES																		
42 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	107.0	106.6	107.4	107.2	107.1	108.0	108.8	108.8	109.3	109.8	110.2	110.6	111.0		
43 Manufacturing excluding office and computing machines	...	81.9	105.1	105.5	104.8	105.3	105.1	104.8	105.9	106.7	107.0	107.6	108.0	108.1	108.4	108.5		
Gross value (billions of 1987 dollars, annual rates)																		
MAJOR MARKETS																		
44 Products, total	...	1,707.0	1,806.4	1,814.8	1,794.6	1,806.8	1,802.7	1,799.9	1,835.6	1,846.7	1,857.5	1,864.9	1,880.2	1,880.0	1,881.0	1,880.6		
45 Final	...	1,314.6	1,420.1	1,426.9	1,408.8	1,416.7	1,417.8	1,415.7	1,448.1	1,457.1	1,466.8	1,476.4	1,485.7	1,484.3	1,485.9	1,485.7		
46 Consumer goods	...	866.6	913.0	920.1	906.6	912.6	908.1	905.1	928.4	931.6	936.3	940.0	949.4	946.6	945.7	945.6		
47 Equipment	...	448.0	507.1	506.8	502.2	504.1	509.7	510.6	519.7	525.5	530.5	536.5	536.3	537.7	540.2	540.2		
48 Intermediate	...	392.5	386.4	387.9	385.9	390.1	385.0	384.2	387.4	389.6	390.7	388.4	394.5	395.7	395.1	394.8		

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.
A revision of the industrial production index and the capacity utilization rates

was released in May 1993. See "Industrial Production, Capacity, and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590-605.
2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1990	1991	1992	1992						1993				
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^r	Mar. ^r	Apr.	
Private residential real estate activity (thousands of units except as noted)														
NEW UNITS														
1 Permits authorized	1,111	949	1,095	1,083	1,081	1,120	1,141	1,136	1,196	1,157	1,141	1,034	1,101	
2 One-family	794	754	911	882	885	918	954	963	1,037	972	957	871	925	
3 Two-or-more-family	317	195	184	201	196	202	187	173	159	185	184	163	176	
4 Started	1,193	1,014	1,200	1,106	1,229	1,218	1,226	1,226	1,286	1,171	1,180	1,124	1,215	
5 One-family	895	840	1,030	961	1,038	1,045	1,079	1,089	1,133	1,051	1,036	987	1,067	
6 Two-or-more-family	298	174	169	145	191	173	147	137	153	120	144	137	148	
7 Under construction at end of period ¹	711	606	612	628	633	637	645	641	644	641	641	636	638	
8 One-family	449	434	473	474	479	485	493	498	501	506	508	504	507	
9 Two-or-more-family	262	173	140	154	154	152	152	143	143	135	133	132	131	
10 Completed	1,308	1,091	1,158	1,234	1,133	1,128	1,137	1,229	1,227	1,136	1,241	1,113	1,191	
11 One-family	966	838	964	1,026	945	942	964	1,002	1,016	980	1,049	999	1,063	
12 Two-or-more-family	342	253	194	208	188	186	173	227	211	156	192	114	128	
13 Mobile homes shipped	188	171	210	210	202	217	228	244	266	267	262	247	241	
Merchant builder activity in one-family units														
14 Number sold	535	507	610	622	625	672	637	615	662	603 ^r	603	612	751	
15 Number for sale at end of period ¹	321	284	265	271	270	267	264	262	265	266	268	270	270	
Price of units sold (thousands of dollars) ²														
16 Median	122.3	120.0	121.3	118.0	123.5	119.5	125.0	128.9	126.0	118.0	129.5	125.0	127.5	
17 Average	149.0	147.0	144.9	137.7	145.3	142.2	148.4	147.2	146.2	138.9 ^r	150.3	145.0	146.4	
EXISTING UNITS (one-family)														
18 Number sold	3,211	3,219	3,520	3,380	3,340	3,380	3,710	3,860	4,040	3,780	3,460	3,370	3,450	
Price of units sold (thousands of dollars) ²														
19 Median	95.2	99.7	103.6	102.8	105.0	103.5	103.4	102.7	104.2	103.1	103.6	105.1	105.8	
20 Average	118.3	127.4	130.8	132.2	132.4	131.0	129.3	128.8	131.0	129.4	129.6	131.5	133.0	
Value of new construction (millions of dollars) ³														
CONSTRUCTION														
21 Total put in place	442,066	400,955	426,657	425,700	419,598	429,291	432,250	436,140	439,948	441,344	446,712	446,231	444,352	
22 Private	334,153	290,707	308,246	305,848	301,984	308,813	315,855	317,451	320,720	327,790	331,809	330,293	328,148	
23 Residential	182,856	157,837	184,127	181,162	184,201	186,343	192,553	194,801	198,538	204,757	204,981	204,986	202,241	
24 Nonresidential, total	151,297	132,870	124,119	124,686	117,783	122,470	123,302	122,650	122,182	123,033	126,828	125,307	125,907	
25 Industrial buildings	23,849	22,281	20,173	20,594	17,862	19,019	18,646	19,083	18,721	18,768	19,355	19,235	18,453	
26 Commercial buildings	62,866	48,482	40,417	39,988	37,010	39,333	40,195	40,379	38,326	39,314	41,150	39,275	40,074	
27 Other buildings	21,591	20,797	21,514	22,228	21,518	22,068	21,545	21,542	21,370	20,795	22,005	22,100	23,242	
28 Public utilities and other	42,991	41,310	42,015	41,876	41,393	42,050	42,916	41,646	43,765	44,156	44,318	44,697	44,138	
29 Public	107,909	110,247	118,408	119,853	117,614	120,478	116,395	118,689	119,229	113,554	114,903	115,938	116,204	
30 Military	2,664	1,837	2,484	2,372	2,438	3,172	2,438	2,612	2,483	2,459	2,419	2,376	2,490	
31 Highway	31,154	29,918	32,759	32,682	33,451	34,651	32,056	34,636	31,237	29,811	31,306	31,948	32,902	
32 Conservation and development	4,607	4,958	5,978	5,772	5,382	6,364	5,630	6,210	8,237	5,708	6,661	7,040	6,171	
33 Other	69,484	73,534	77,187	79,027	76,343	76,291	76,271	75,231	77,272	75,576	74,517	74,574	74,641	

1. Not at annual rates.

2. Not seasonally adjusted.

3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Census Bureau in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE: Census Bureau estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, May 1993 ¹
	1992 May	1993 May	1992			1993	1993 ¹					
			June	Sept.	Dec.	Mar.	Jan.	Feb.	Mar.	Apr.	May	
CONSUMER PRICES ² (1982-84=100)												
1 All items	3.0	3.2	2.6	2.6	3.2	4.0	.5	.3	.1	.4	.1	144.2
2 Food	.4	2.7	-1.2	3.2	1.4	2.6	.4	.1	.1	.4	.4	141.1
3 Energy items	.3	2.0	8.6	1.2	1.9	3.1	.5	-.4	.7	.2	-1.0	104.4
4 All items less food and energy	3.8	3.4	2.8	2.5	3.8	4.3	.5	.5	.1	.4	.2	151.7
5 Commodities	3.0	2.3	2.5	1.8	1.5	4.6	.5	.5	.1	.3	.0	135.7
6 Services	4.2	4.0	3.1	2.9	4.7	4.4	.4	.4	.2	.4	.3	161.0
PRODUCER PRICES (1982=100)												
7 Finished goods	1.1	2.0	3.3	1.3	-.3	3.9	.3 ^r	.2 ^r	.4	.6	.0	125.7
8 Consumer foods	-2.1	2.9	-.6	4.3	3.3	-2.2	-.6 ^r	-.5 ^r	.5	1.4	-.1	126.7
9 Consumer energy	-.3	2.2	16.6	-3.5	-10.2	17.2	1.0	1.7	1.3	.1	-.6	79.5
10 Other consumer goods	3.5	1.7	2.4	1.5	1.2	2.9	.4	.3	.1	.4	.2	139.9
11 Capital equipment	2.0	1.6	.9	1.2	.6	3.4	.5 ^r	.2 ^r	.2	.2	.2	131.1
Intermediate materials												
12 Excluding foods and feeds	.4	1.6	5.0	.7	-2.1	5.3	.3 ^r	.6 ^r	.3	.1	-.2	116.5
13 Excluding energy	.4	1.5	1.7	1.3	-.3	4.3	.4 ^r	.4 ^r	.2	.2	-.2	123.7
Crude materials												
14 Foods	-.3	3.4	2.7	-4.8	5.1	1.1	.5 ^r	-.3 ^r	.1	2.5	.5	112.1
15 Energy	-2.3	4.7	51.5	19.8	-17.8	-9.7	-1.3 ^r	-1.8 ^r	.8	-.6	4.8	81.0
16 Other	-1.3	9.4	4.8	2.2	1.9	25.0	3.4 ^r	1.9 ^r	.4	1.8	.4	141.9

1. Not seasonally adjusted.

2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE: Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992				1993	
				Q1	Q2	Q3	Q4	Q1 ¹	
GROSS DOMESTIC PRODUCT									
1 Total	5,522.2	5,677.5	5,950.7	5,840.2	5,902.2	5,978.5	6,081.8	6,145.8	
By source									
2 Personal consumption expenditures	3,748.4	3,887.7	4,095.8	4,022.8	4,057.1	4,108.7	4,194.8	4,234.7	
3 Durable goods	464.3	446.1	480.4	469.4	470.6	482.5	499.1	498.8	
4 Nondurable goods	1,224.5	1,251.5	1,290.7	1,274.1	1,277.5	1,292.8	1,318.6	1,320.8	
5 Services	2,059.7	2,190.1	2,324.7	2,279.3	2,309.0	2,333.3	2,377.1	2,415.1	
6 Gross private domestic investment	799.5	721.1	770.4	722.4	773.2	781.6	804.3	844.0	
7 Fixed investment	793.2	731.3	766.0	738.2	765.1	766.6	794.0	809.0	
8 Nonresidential	577.6	541.1	548.2	531.0	550.3	549.6	562.1	573.8	
9 Structures	201.1	180.1	168.4	170.1	170.3	166.1	167.0	168.0	
10 Producers' durable equipment	376.5	360.9	379.9	360.8	380.0	383.5	395.1	405.8	
11 Residential structures	215.6	190.3	217.7	207.2	214.8	217.0	231.9	235.2	
12 Change in business inventories	6.3	-10.2	4.4	-15.8	8.1	15.0	10.3	34.9	
13 Nonfarm	3.3	-10.3	2.2	-13.3	6.4	9.7	6.2	32.6	
14 Net exports of goods and services	-68.9	-21.8	-30.4	-8.1	-37.1	-36.0	-40.5	-49.4	
15 Exports	557.0	598.2	636.3	628.1	625.4	639.0	652.7	649.4	
16 Imports	625.9	620.0	666.7	636.2	662.5	675.0	693.2	698.9	
17 Government purchases of goods and services	1,043.2	1,090.5	1,114.9	1,103.1	1,109.1	1,124.2	1,123.3	1,116.6	
18 Federal	426.4	447.3	449.1	445.0	444.8	455.2	451.6	441.1	
19 State and local	616.8	643.2	665.8	658.0	664.3	669.0	671.7	675.4	
By major type of product									
20 Final sales, total	5,515.9	5,687.7	5,946.3	5,855.9	5,894.1	5,963.5	6,071.5	6,110.8	
21 Goods	2,160.1	2,192.8	2,260.3	2,233.6	2,233.2	2,258.4	2,316.1	2,309.2	
22 Durable	920.6	907.6	943.9	923.6	932.3	943.8	975.8	968.8	
23 Nondurable	1,239.5	1,285.1	1,316.4	1,310.0	1,300.8	1,314.6	1,340.3	1,340.4	
24 Services	2,846.4	3,030.3	3,197.1	3,142.2	3,173.4	3,217.8	3,255.1	3,299.4	
25 Structures	509.4	464.7	488.8	480.1	487.6	487.3	500.3	502.3	
26 Change in business inventories	6.3	-10.2	4.4	-15.8	8.1	15.0	10.3	34.9	
27 Durable goods	-9	-19.3	-3.5	-19.3	9.5	2.7	-6.9	17.8	
28 Nondurable goods	7.2	9.0	7.9	3.5	-1.4	12.3	17.2	17.2	
MEMO									
29 Total GDP in 1987 dollars	4,877.5	4,821.0	4,922.6	4,873.7	4,892.4	4,933.7	4,990.8	4,999.9	
NATIONAL INCOME									
30 Total	4,468.3	4,544.2	4,743.4	4,679.4	4,716.5	4,719.6	4,858.0	4,919.5	
31 Compensation of employees	3,291.2	3,390.8	3,525.2	3,476.3	3,506.3	3,534.3	3,583.7	3,628.4	
32 Wages and salaries	2,742.9	2,812.2	2,916.6	2,877.6	2,901.3	2,923.5	2,963.9	2,999.8	
33 Government and government enterprises	514.8	543.5	562.5	554.6	561.4	564.3	569.6	578.2	
34 Other	2,228.0	2,268.7	2,354.1	2,323.0	2,339.9	2,359.1	2,394.3	2,421.6	
35 Supplement to wages and salaries	548.4	578.7	608.6	598.7	605.0	610.8	619.8	628.6	
36 Employer contributions for social insurance	277.4	290.4	302.9	299.4	301.5	302.9	307.6	312.0	
37 Other labor income	271.0	288.3	305.7	299.2	303.6	307.9	312.2	316.5	
38 Proprietors' income ¹	366.9	368.0	404.5	393.6	398.4	397.4	428.4	441.9	
39 Business and professional ¹	325.2	332.2	364.9	353.6	359.9	365.9	380.4	389.0	
40 Farm ¹	41.7	35.8	39.5	40.1	38.5	31.5	48.1	52.9	
41 Rental income of persons ²	-12.3	-10.4	4.7	-4.5	3.3	6.4	13.6	17.7	
42 Corporate profits ¹	361.7	346.3	393.8	384.0	388.4	374.1	428.5	429.6	
43 Profits before tax ³	355.4	334.7	371.6	366.1	376.8	354.1	389.4	398.3	
44 Inventory valuation adjustment	-14.2	3.1	-7.4	-5.4	-15.5	-9.7	1.0	-9.4	
45 Capital consumption adjustment	20.5	8.4	29.5	23.3	27.0	29.7	38.1	40.6	
46 Net interest	460.7	449.5	415.2	430.0	420.0	407.3	403.6	402.0	

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

3. For after-tax profits, dividends, and the like, see table 1.48.
 SOURCE: U.S. Department of Commerce, *Survey of Current Business*.

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992				1993
				Q1	Q2	Q3	Q4	Q1 ¹
PERSONAL INCOME AND SAVING								
1 Total personal income	4,664.2	4,828.3	5,058.1	4,980.5	5,028.9	5,062.0	5,160.9	5,237.6
2 Wage and salary disbursements	2,742.8	2,812.2	2,918.1	2,877.6	2,901.3	2,923.5	2,969.9	3,005.8
3 Commodity-producing industries	745.6	737.4	743.2	736.8	743.1	742.4	750.6	754.4
4 Manufacturing	556.1	556.9	565.7	559.9	564.7	565.5	572.8	576.5
5 Distributive industries	634.6	647.4	666.8	660.9	662.9	667.7	675.8	685.0
6 Service industries	847.8	883.9	945.5	925.3	933.9	949.1	973.9	988.2
7 Government and government enterprises	514.8	543.6	562.5	554.6	561.4	564.3	569.6	578.2
8 Other labor income	271.0	288.3	305.7	299.2	303.6	307.9	312.2	316.5
9 Proprietors' income ¹	366.9	368.0	404.5	393.6	398.4	397.4	428.4	441.9
10 Business and professional ¹	325.2	332.2	364.9	353.6	359.9	365.9	380.4	389.0
11 Farm ¹	41.7	35.8	39.5	40.1	38.5	31.5	48.1	52.9
12 Rental income of persons ²	-12.3	-10.4	4.7	-4.5	3.3	6.4	13.6	17.7
13 Dividends	140.3	137.0	139.3	133.9	136.6	141.0	145.8	149.9
14 Personal interest income	694.5	700.6	670.2	684.8	675.2	663.2	657.8	656.4
15 Transfer payments	685.8	771.1	866.1	842.7	859.7	874.1	888.0	909.9
16 Old-age survivors, disability, and health insurance benefits	352.0	382.0	414.1	405.7	412.1	417.1	421.6	434.1
17 LESS: Personal contributions for social insurance	224.8	238.4	250.6	246.8	249.3	251.5	254.8	260.4
18 EQUALS: Personal income	4,664.2	4,828.3	5,058.1	4,980.5	5,028.9	5,062.0	5,160.9	5,237.6
19 LESS: Personal tax and nontax payments	621.3	618.7	627.3	619.6	617.1	628.8	643.6	656.0
20 EQUALS: Disposable personal income	4,042.9	4,209.6	4,430.8	4,360.9	4,411.8	4,433.2	4,517.3	4,581.7
21 LESS: Personal outlays	3,867.3	4,009.9	4,218.1	4,146.3	4,179.5	4,229.9	4,316.9	4,358.8
22 EQUALS: Personal saving	175.6	199.6	212.6	214.6	232.3	203.3	200.4	222.9
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,513.0	19,077.1	19,271.4	19,158.5	19,181.8	19,288.4	19,456.3	19,444.3
24 Personal consumption expenditures	13,043.6	12,824.1	12,973.9	12,930.2	12,893.3	12,973.3	13,098.4	13,092.1
25 Disposable personal income	14,068.0	13,886.0	14,035.0	14,017.0	14,021.0	13,998.0	14,105.0	14,165.0
26 Saving rate (percent)	4.3	4.7	4.8	4.9	5.3	4.6	4.4	4.9
GROSS SAVING								
27 Gross saving	718.0	708.2	686.3	677.5	682.9	696.9	687.9	738.2
28 Gross private saving	854.1	901.5	968.8	950.1	968.1	992.1	965.0	1,000.2
29 Personal saving	175.6	199.6	212.6	214.6	232.3	203.3	200.4	222.9
30 Undistributed corporate profits ¹	75.7	75.8	104.3	104.0	97.7	91.2	124.1	122.1
31 Corporate inventory valuation adjustment	-14.2	3.1	-7.4	-5.4	-15.5	-9.7	1.0	-9.4
Capital consumption allowances								
32 Corporate	368.3	383.0	394.8	386.1	391.2	407.2	394.7	400.0
33 Noncorporate	234.6	243.1	258.6	245.3	247.0	290.4	251.8	261.2
34 Government surplus, or deficit (-), national income and product accounts	-136.1	-193.3	-282.5	-272.6	-285.2	-295.2	-277.2	-262.0
35 Federal	-166.2	-210.4	-298.0	-289.2	-302.9	-304.4	-295.5	-272.1
36 State and local	30.1	17.1	15.5	16.6	17.7	9.2	18.3	10.1
37 Gross investment	723.4	730.1	720.4	706.5	713.8	732.0	729.5	781.6
38 Gross private domestic	799.5	721.1	770.4	722.4	773.2	781.6	804.3	844.0
39 Net foreign	-76.1	9.0	-49.9	-16.0	-59.4	-49.6	-74.7	-62.3
40 Statistical discrepancy	5.4	21.9	34.1	29.0	30.9	35.1	41.7	43.4

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted¹

Item	1990 ^f	1991 ^f	1992 ^f	1992 ^f				1993
				Q1	Q2	Q3	Q4	
1 Balance on current account	-91,861	-8,324	-66,400	-6,685	-18,253	-17,775	-23,687	-22,249
2 Merchandise trade balance ²	-109,033	-73,802	-96,138	-17,763	-24,801	-27,612	-25,962	-29,068
3 Merchandise exports	389,303	416,937	440,138	108,347	108,306	109,493	113,992	111,627
4 Merchandise imports	-498,336	-490,739	-536,276	-126,110	-133,107	-137,105	-139,954	-140,695
5 Military transactions, net	-7,834	-5,851	-2,751	-571	-727	-617	-836	-383
6 Other service transactions, net	38,485	51,733	59,163	14,619	14,378	15,898	14,265	15,006
7 Investment income, net	20,348	13,021	6,222	4,419	907	1,703	-806	273
8 U.S. government grants	-17,434	24,073	-14,688	-2,788	-3,234	-2,783	-5,883	-3,412
9 U.S. government pensions and other transfers	-2,934	-3,461	-3,735	-830	-1,118	-940	-846	-971
10 Private remittances and other transfers	-13,459	-14,037	-14,473	-3,770	-3,659	-3,424	-3,619	-3,694
11 Change in U.S. government assets other than official reserve assets, net (increase, -)	2,307	2,905	-1,609	-275	-293	-305	-737	309
12 Change in U.S. official reserve assets (increase, -)	-2,158	5,763	3,901	-1,057	1,464	1,952	1,542	-983
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-192	-177	2,316	-172	-168	-173	2,829	-140
15 Reserve position in International Monetary Fund	731	-367	-2,692	111	1	-118	-2,685	-228
16 Foreign currencies	-2,697	6,307	4,277	-996	1,631	2,243	1,398	-615
17 Change in U.S. private assets abroad (increase, -)	-44,280	-68,643	-53,253	303	-9,866	-12,445	-31,243	-2,639
18 Bank-reported claims ³	16,027	3,278	24,948	17,795	4,050	6,584	-3,481	33,921
19 Nonbank-reported claims	-4,433	1,932	4,551	5,339	1,294	-3,214	1,132	...
20 U.S. purchases of foreign securities, net	-28,765	-44,740	-47,961	-8,493	-8,276	-13,787	-17,405	-26,578
21 U.S. direct investments abroad, net	-27,109	-29,113	-34,791	-14,338	-6,934	-2,028	-11,489	-9,982
22 Change in foreign official assets in United States (increase, +)	34,198	17,564	40,684	21,124	21,008	-7,378	5,931	10,990
23 U.S. Treasury securities	29,576	14,846	18,454	14,916	11,240	-323	-7,379	1,039
24 Other U.S. government obligations	667	1,301	3,949	464	1,699	912	874	710
25 Other U.S. government liabilities ⁴	2,156	1,542	2,542	58	678	864	943	-210
26 Other U.S. liabilities reported by U.S. banks ⁵	3,385	-1,484	16,427	5,573	7,466	-7,831	11,219	8,046
27 Other foreign official assets	-1,586	1,359	-688	113	-75	-1,000	274	1,404
28 Change in foreign private assets in United States (increase, +)	70,976	65,875	88,895	-1,290	23,442	33,828	32,914	8,600
29 U.S. bank-reported liabilities ³	16,370	-11,371	18,609	-3,339	-528	23,647	-1,171	-22,048
30 U.S. nonbank-reported liabilities	7,533	-699	741	926	979	1,553	-2,717	...
31 Foreign private purchases of U.S. Treasury securities, net	-2,534	18,826	36,893	623	10,168	4,870	21,232	14,179
32 Foreign purchases of other U.S. securities, net	1,592	35,144	30,274	4,613	10,453	2,730	12,478	10,635
33 Foreign direct investments in United States, net	48,015	23,975	2,378	-4,113	2,370	1,028	3,092	5,834
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	30,820	-15,140	-12,218	-12,120	-17,502	2,123	15,280	5,973
36 Due to seasonal adjustment	...	...	...	4,878	653	-6,754	1,222	5,726
37 Before seasonal adjustment	30,820	-15,140	-12,218	-16,998	-18,155	8,877	14,058	247
MEMO								
<i>Changes in official assets</i>								
38 U.S. official reserve assets (increase, -)	-2,158	5,763	3,901	-1,057	1,464	1,952	1,542	-983
39 Foreign official assets in United States, excluding line 25 (increase, +)	32,042	16,022	38,142	21,066	20,330	-8,242	4,988	11,199
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,707	-4,882	5,857	2,583	-2,113	3,051	2,336	639

1. Seasonal factors not calculated for lines 12-16, 18-20, 22-34, and 38-40.

2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 6.

3. Reporting banks include all types of depository institution as well as some brokers and dealers.

4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

Source: U.S. Department of Commerce, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE¹

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr. ^p
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	38,885	37,796	39,178	37,505	36,928	38,895	38,383
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	46,119	45,633	46,143	45,176	44,832	49,347	48,871
3 Trade balance	-101,718	-66,723	-84,501	-7,233	-7,837	-6,965	-7,672	-7,904	-10,453	-10,487

1. Government and nongovernment shipments of merchandise between foreign countries and the fifty states, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. Foreign Trade Zones. Data exclude (1) shipments among the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. affiliated insular areas, (2) shipments to U.S. Armed Forces and diplomatic missions abroad for their own use, (3) U.S. goods returned to the United States by its Armed Forces, (4) personal and household effects of travelers, and (5) in-transit shipments. Data reflect the total arrival of merchandise from foreign countries that immediately entered consumption channels, warehouses, or U.S. Foreign Trade Zones (general imports). Import data are Customs value; export data are F.A.S. value. Beginning in 1990, data for U.S. exports to Canada are derived from import data compiled by Canada; similarly, in Canadian statistics, Canadian exports to the United States are derived from import data compiled by

the United States. Since Jan. 1, 1987, merchandise trade data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents.

Data in this table differ from figures for merchandise trade shown in the U.S. balance of payments accounts (table 3.10, lines 2 to 4) primarily for reasons of coverage. For both exports and imports a large part of the difference is the treatment of military sales and purchases. The military sales to foreigners (exports) and purchases from foreigners (imports) that are included in this table as merchandise trade are shifted, in the balance of payments accounts, from "merchandise trade" into the broader category "military transactions."

SOURCE: FT900, *U.S. Merchandise Trade*, (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1989	1990	1991	1992		1993				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^p
1 Total	74,609	83,316	77,719	72,231	71,323	71,962	72,847	74,378	75,644	76,711
2 Gold stock, including Exchange Stabilization Fund ¹	11,059	11,058	11,057	11,059	11,056	11,055	11,055	11,054	11,054	11,053
3 Special drawing rights ²	9,951	10,989	11,240	11,495	8,503	8,546	8,651	8,787	8,947	9,147
4 Reserve position in International Monetary Fund ³	9,048	9,076	9,488	8,781	11,759	12,079	12,021	12,184	12,317	12,195
5 Foreign currencies ⁴	44,551	52,193	45,934	40,896	40,005	40,282	41,120	42,353	43,326	44,316

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, 16 currencies were used; since January 1981,

5 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 BANKS¹

Millions of dollars, end of period

Asset	1989	1990	1991	1992		1993				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^p
1 Deposits	589	369	968	229	205	325	296	317	221	193
Held in custody										
2 U.S. Treasury securities ²	224,911	278,499	281,107	308,959	314,481	324,356	329,183	326,486	339,396	345,060
3 Earmarked gold ³	13,456	13,387	13,303	13,192	13,686	13,077	13,074	12,989	12,924	12,854

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.

3. Held for foreign and international accounts and valued at \$42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data¹

Millions of dollars, end of period

Account	1989	1990	1991	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS	All foreign countries									
1 Total payable in any currency	545,366	556,925	548,901	553,977	566,721	542,545	543,624	554,280	546,941 ¹	543,833
2 Claims on United States	198,835	188,496	176,301	174,986	177,443	166,798	169,278	172,304	171,648 ¹	164,142
3 Parent bank	157,092	148,837	137,509	138,940	141,542	132,275	134,218	139,170	138,532 ¹	128,611
4 Other banks in United States	17,042	13,296	12,884	10,683	10,019	9,703	9,570	9,249	9,073 ¹	10,830
5 Nonbanks	24,701	26,363	25,908	25,363	25,882	24,820	25,490	23,885	24,043	24,701
6 Claims on foreigners	300,575	312,449	303,934	319,139	328,592	318,071	314,736	317,868	314,912 ²	315,428
7 Other branches of parent bank	113,810	135,003	111,729	115,521	125,143	123,256	116,325	115,323	112,598 ¹	110,189
8 Banks	90,703	72,602	81,970	86,560	86,086	82,190	81,812	84,439	84,909 ¹	87,225
9 Public borrowers	16,456	17,555	18,652	20,809	20,378	20,756	19,984	19,822	18,915	18,694
10 Nonbank foreigners	79,606	87,289	91,583	96,249	96,985	91,869	96,615	98,284	98,490 ¹	99,320
11 Other assets	45,956	55,980	68,666	59,852	60,686	57,676	59,610	64,108	60,381 ¹	64,263
12 Total payable in U.S. dollars	382,498	379,479	363,941	364,000	374,420	365,824	353,643	361,251	353,315 ¹	344,319
13 Claims on United States	191,184	180,174	169,662	169,290	171,938	162,125	164,681	167,773	167,051 ¹	159,541
14 Parent bank	152,294	142,962	133,476	136,156	138,424	129,329	131,554	136,650	135,939	126,181
15 Other banks in United States	16,386	12,513	12,025	9,360	9,291	9,266	9,213	8,704	8,336 ¹	10,168
16 Nonbanks	22,504	24,699	24,161	23,774	24,223	23,530	23,914	22,419	22,776	23,192
17 Claims on foreigners	169,690	174,451	167,010	173,427	182,360	183,527	171,120	174,726	170,338 ¹	169,206
18 Other branches of parent bank	82,949	95,298	78,114	76,098	83,902	83,117	77,606	77,681	75,871 ¹	73,049
19 Banks	48,396	36,440	41,635	45,436	45,931	47,250	41,616	43,067	41,266 ¹	43,566
20 Public borrowers	10,961	12,298	13,685	13,966	13,995	14,313	13,883	13,710	13,068	12,537
21 Nonbank foreigners	27,384	30,415	33,576	37,927	38,532	38,847	38,015	40,268	40,133 ¹	40,054
22 Other assets	21,624	24,854	27,269	21,283	20,122	20,172	17,842	18,752	15,926 ¹	15,572
United Kingdom										
23 Total payable in any currency	161,947	184,818	175,599	167,786	168,333	165,850	164,360	165,132	162,122	163,194
24 Claims on United States	39,212	45,560	35,257	39,558	38,358	36,403	37,609	34,919	34,989	33,353
25 Parent bank	35,847	42,413	31,931	36,413	35,027	33,460	34,290	32,779	31,719	29,605
26 Other banks in United States	1,058	792	1,267	1,400	925	1,298	886	783	892	757
27 Nonbanks	2,307	2,355	2,059	1,745	2,406	1,645	2,433	1,357	2,378	2,991
28 Claims on foreigners	107,657	115,536	109,692	109,919	113,193	111,623	108,362	110,420	106,944	109,428
29 Other branches of parent bank	37,728	46,367	35,735	40,594	45,092	46,165	42,894	41,317	39,466	39,673
30 Banks	36,159	31,604	36,394	36,701	34,559	33,399	33,513	36,601	34,914	38,138
31 Public borrowers	3,293	3,860	3,306	3,692	3,370	3,329	3,059	2,542	2,531	2,755
32 Nonbank foreigners	30,477	33,705	34,257	28,932	30,172	28,730	28,896	29,960	30,033	28,862
33 Other assets	15,078	23,722	30,650	18,309	16,782	17,824	18,389	19,793	20,189	20,413
34 Total payable in U.S. dollars	103,208	116,762	105,974	107,290	109,479	109,493	101,375	99,755	94,870	95,612
35 Claims on United States	36,404	41,259	32,418	37,359	35,956	34,508	35,481	32,929	32,783	31,233
36 Parent bank	34,329	39,609	30,370	35,299	33,765	32,186	33,070	31,559	30,443	28,420
37 Other banks in United States	843	334	822	769	438	1,022	684	428	413	393
38 Nonbanks	1,232	1,316	1,226	1,291	1,753	1,300	1,727	942	1,927	2,420
39 Claims on foreigners	59,062	63,701	58,791	61,658	65,164	66,335	59,505	60,695	57,530	60,180
40 Other branches of parent bank	29,872	37,142	28,667	30,217	34,434	34,124	30,823	28,856	30,017	29,388
41 Banks	16,579	13,135	15,219	17,269	16,848	17,089	14,316	16,800	13,422	16,903
42 Public borrowers	2,371	3,143	2,853	2,515	2,501	2,349	2,154	1,883	1,949	1,888
43 Nonbank foreigners	10,240	10,281	12,052	11,657	11,381	12,773	12,212	13,156	12,142	12,001
44 Other assets	7,742	11,802	14,765	8,273	8,359	8,650	6,389	6,131	4,557	4,637
Bahamas and Cayman Islands										
45 Total payable in any currency	176,006	162,316	168,326	154,293	156,176	147,422	144,894	151,175	148,867	143,859
46 Claims on United States	124,205	112,989	115,244	102,726	104,245	96,280	96,976	102,836	100,687 ¹	96,829
47 Parent bank	87,882	77,873	81,520	72,207	73,856	66,608	67,219	73,825	72,841	67,190
48 Other banks in United States	15,071	11,869	10,907	8,199	8,282	7,828	7,962	7,892	7,424 ¹	9,279
49 Nonbanks	21,252	23,247	22,817	22,320	22,107	21,844	21,795	21,119	20,422	20,360
50 Claims on foreigners	44,168	41,356	45,229	42,844	44,156	44,509	41,185	40,821	41,314 ¹	40,442
51 Other branches of parent bank	11,309	13,416	11,098	7,287	8,238	7,293	7,041	7,311	6,650	6,873
52 Banks	22,611	16,310	20,174	19,840	20,122	21,212	18,464	17,440	18,797 ¹	17,662
53 Public borrowers	5,217	5,807	7,161	7,146	7,209	7,786	7,564	7,422	7,188	6,690
54 Nonbank foreigners	5,031	5,823	6,796	8,571	8,587	8,218	8,116	8,648	8,679	9,217
55 Other assets	7,633	7,971	7,853	8,723	7,775	6,633	6,733	7,518	6,866	6,588
56 Total payable in U.S. dollars	170,780	158,390	163,771	149,304	151,436	142,861	140,332	146,809	144,627	139,351

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50

million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data¹—Continued

Account	1989	1990	1991	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
LIABILITIES	All foreign countries									
57 Total payable in any currency	545,366	556,925	548,901	553,977	566,721	542,545	543,624	554,280	546,941 ^F	543,833
58 Negotiable certificates of deposit (CDs) ..	23,500	18,060	16,284	12,056	12,342	10,032	12,320	11,872	11,596 ^F	13,748
59 To United States	197,239	189,412	198,121	189,090	188,116	189,444	175,978	184,155	187,088 ^F	176,082
60 Parent bank	138,412	138,748	136,431	133,110	131,918	134,339	122,627	124,123	125,650 ^F	114,964
61 Other banks in United States	11,704	7,463	13,260	12,281	13,392	12,182	12,829	12,373	13,306	11,952
62 Nonbanks	47,123	43,201	48,430	43,699	42,806	42,923	40,522	47,659	48,132 ^F	49,166
63 To foreigners	296,850	311,668	288,254	315,401	330,315	309,704	321,297	319,638	312,417 ^F	316,661
64 Other branches of parent bank	119,591	139,113	112,033	118,001	126,018	125,160	120,179	119,601	115,535 ^F	113,845
65 Banks	76,452	58,986	63,097	70,439	74,536	62,189	67,843	70,056	68,411 ^F	67,382
66 Official institutions	16,750	14,791	15,596	20,572	20,645	19,731	23,654	21,469	18,312 ^F	21,326
67 Nonbank foreigners	84,057	98,778	97,528	106,389	109,116	102,624	109,621	108,512	110,159 ^F	114,108
68 Other liabilities	27,777	37,785	46,242	37,430	35,948	33,365	34,029	38,615	35,840 ^F	37,342
69 Total payable in U.S. dollars	396,613	383,522	370,561	365,399	372,819	368,773	353,725	363,285	353,431 ^F	343,867
70 Negotiable CDs	19,619	14,094	11,909	6,710	7,503	6,238	7,102	6,640	6,519	7,062
71 To United States	187,286	175,654	185,286	176,124	175,969	178,674	164,634	172,223	175,354 ^F	163,715
72 Parent bank	132,563	130,510	129,669	125,602	124,770	127,948	116,008	117,228	119,040 ^F	107,948
73 Other banks in United States	10,519	6,052	11,707	11,409	12,246	11,512	11,710	11,418	12,467	11,282
74 Nonbanks	44,204	39,092	43,910	39,113	38,953	39,214	36,916	43,577	43,847 ^F	44,485
75 To foreigners	176,460	179,002	158,993	166,443	175,791	172,189	169,595	170,756	160,774 ^F	163,149
76 Other branches of parent bank	87,636	98,128	76,601	77,197	82,957	83,700	79,144	79,594	77,685 ^F	75,682
77 Banks	30,537	20,251	24,156	25,210	28,404	26,118	23,281	25,571	21,227 ^F	22,150
78 Official institutions	9,873	7,921	10,304	12,097	12,342	12,430	14,067	14,034	10,762	12,627
79 Nonbank foreigners	48,414	52,702	47,932	51,939	52,088	49,941	53,103	51,557	51,100 ^F	52,690
80 Other liabilities	13,248	14,772	14,373	16,122	13,556	11,672	12,394	13,666	10,784 ^F	9,941
United Kingdom										
81 Total payable in any currency	161,947	184,818	175,599	167,786	168,333	165,850	164,360	165,132	162,122	163,194
82 Negotiable CDs	20,056	14,256	11,333	6,064	5,636	4,517	5,774	5,597	4,753	5,414
83 To United States	36,036	39,928	37,720	35,399	34,532	39,174	32,780	33,092	38,011	34,661
84 Parent bank	29,726	31,806	29,834	27,427	26,471	31,100	25,099	24,250	29,759 ^F	22,611
85 Other banks in United States	1,256	1,505	1,438	1,341	1,689	1,065	1,742	1,633	1,192	1,110
86 Nonbanks	5,054	6,617	6,448	6,631	6,372	7,009	5,939	7,209	7,060 ^F	10,940
87 To foreigners	92,307	108,531	98,167	109,358	113,395	107,176	111,351	110,514	104,356	108,670
88 Other branches of parent bank	27,397	36,709	30,054	33,696	35,560	35,983	35,376	35,143	33,424	33,545
89 Banks	29,780	25,126	25,541	28,792	30,609	25,231	25,965	27,227	23,985	26,082
90 Official institutions	8,551	8,361	9,670	11,687	11,438	12,090	14,188	12,938	10,531	12,342
91 Nonbank foreigners	26,579	38,335	32,902	35,183	35,788	33,872	35,822	35,206	36,416	36,701
92 Other liabilities	13,548	22,103	28,379	16,965	14,770	14,983	14,455	15,929	15,002	14,449
93 Total payable in U.S. dollars	108,178	116,094	108,755	104,469	105,699	108,214	100,731	101,342	95,892	94,159
94 Negotiable CDs	18,143	12,710	10,076	4,213	4,494	3,894	4,770	4,444	3,765	4,214
95 To United States	33,056	34,697	33,003	31,266	30,204	35,417	28,545	28,874	33,552	30,170
96 Parent bank	28,812	29,955	28,260	26,021	25,160	29,957	23,767	23,097	28,405 ^F	21,145
97 Other banks in United States	1,065	1,156	1,177	866	906	709	1,063	1,097	707	676
98 Nonbanks	3,179	3,586	3,566	4,379	4,138	4,751	3,715	4,680	4,440 ^F	8,349
99 To foreigners	50,517	60,014	56,626	59,938	62,899	62,048	60,107	59,643	51,850	54,407
100 Other branches of parent bank	18,384	25,957	20,800	22,080	22,896	22,026	20,807	20,516	19,516	18,958
101 Banks	12,244	9,488	11,069	10,956	13,050	12,540	9,740	10,359	6,702	8,327
102 Official institutions	5,454	4,692	7,156	8,142	8,459	8,847	10,114	9,967	7,008	8,803
103 Nonbank foreigners	14,435	19,877	17,601	18,760	18,494	18,635	19,446	18,801	18,624	18,319
104 Other liabilities	6,462	8,673	9,050	9,052	8,102	6,855	7,309	8,381	6,725	5,368
Bahamas and Cayman Islands										
105 Total payable in any currency	176,006	162,316	168,326	154,293	156,176	147,422	144,894	151,175	148,867	143,859
106 Negotiable CDs	678	646	1,173	1,394	1,939	1,350	1,355	1,142	1,713	1,692
107 To United States	124,859	114,738	129,872	114,439	116,699	111,861	108,150	110,729	110,391	105,895
108 Parent bank	75,188	74,941	79,394	69,649	71,381	67,347	65,122	62,336	59,668 ^F	59,415
109 Other banks in United States	8,883	4,526	10,231	10,303	10,944	10,445	10,265	10,059	11,492	10,291
110 Nonbanks	40,788	35,271	40,247	34,487	34,374	34,069	32,763	38,334	39,231 ^F	36,189
111 To foreigners	47,382	44,444	35,200	34,896	35,411	32,556	33,766	37,690	35,369	34,773
112 Other branches of parent bank	23,414	24,715	17,388	15,441	16,287	15,169	15,411	18,056	18,015	17,462
113 Banks	8,823	5,588	5,662	6,988	7,574	6,422	6,350	7,967	6,476	6,219
114 Official institutions	1,097	622	572	1,058	932	805	932	1,036	858	905
115 Nonbank foreigners	14,048	13,519	11,578	11,409	10,618	10,160	11,073	10,631	10,020	10,187
116 Other liabilities	3,087	2,488	2,081	3,564	2,127	1,655	1,623	1,614	1,394	1,499
117 Total payable in U.S. dollars	171,250	157,132	163,603	149,320	151,527	143,150	140,734	146,875	144,291	138,741

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1990	1991	1992			1993			
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^P
1 Total ¹	344,529	360,530	405,465	394,845	398,672	411,817	413,235	409,992 ^F	402,908
By type									
2 Liabilities reported by banks in the United States ²	39,880	38,396	60,933	54,007	54,823	63,792	66,454	62,974 ^F	62,116
3 U.S. Treasury bills and certificates ³	79,424	92,692	104,286	100,702	104,596	111,540	113,594	113,547	103,293
U.S. Treasury bonds and notes									
4 Marketable	202,487	203,677	211,875	211,272	210,553	207,588	203,224	202,567 ^F	205,155
5 Nonmarketable ⁴	4,491	4,858	4,473	4,503	4,532	4,563	4,592	4,622	5,431
6 U.S. securities other than U.S. Treasury securities ⁵	18,247	20,907	23,898	24,361	24,168	24,334	25,371	26,282	26,913
By area									
7 Western Europe ¹	167,191	168,365	194,551	184,207	188,693	196,240	199,659	187,402 ^F	184,644
8 Canada	8,671	7,460	8,111	6,381	7,920	8,411	7,886	9,326	8,302
9 Latin America and Caribbean	21,184	33,554	38,678	38,945	40,015	41,388	42,502	44,509	38,970
10 Asia	138,096	139,465	153,555	154,493	152,148	156,211	154,015	157,918 ^F	159,629
11 Africa	1,434	2,092	3,481	3,779	3,565	3,705	3,866	3,919	3,770
12 Other countries ⁶	7,955	9,592	7,087	7,038	6,329	5,860	5,305	6,916	7,591

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Includes countries in Oceania and Eastern Europe.

SOURCE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States¹

Payable in Foreign Currencies

Millions of dollars, end of period

Item	1989	1990	1991	1992			1993
				June	Sept.	Dec.	Mar.
1 Banks' liabilities	67,835	70,477	75,129	71,240	84,487	73,227	80,641
2 Banks' claims	65,127	66,796	73,195	58,262	72,003	62,772	64,037
3 Deposits	20,491	29,672	26,192	23,466	28,074	24,186	23,660
4 Other claims	44,636	37,124	47,003	34,796	43,929	38,586	40,377
5 Claims of banks' domestic customers ²	3,507	6,309	3,398	4,375	3,987	4,432	2,625

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.

2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States¹
Payable in U.S. dollars

Millions of dollars, end of period

Item	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr. ^p
HOLDER AND TYPE OF LIABILITY										
1 Total, all foreigners	759,634	756,066	809,919	793,298	799,590	809,919	801,571	814,054 ^r	797,598	788,981
2 Banks' own liabilities	577,229	575,374	606,168	590,791	601,073	606,168	592,187	605,432 ^r	585,748	579,608
3 Demand deposits	21,723	20,321	21,822	21,302	21,935	21,822	21,106	22,310	21,580	22,226
4 Time deposits ^s	168,017	159,649	160,327	157,488	156,814	160,327	150,095	147,195 ^r	141,781	145,620
5 Other ^t	65,822	66,305	93,854	92,315	96,294	93,854	103,828	106,352 ^r	99,241	102,960
6 Own foreign offices ^s	321,667	329,099	330,165	319,686	326,030	330,165	317,158	329,575 ^r	323,146	308,802
7 Banks' custodial liabilities ⁵	182,405	180,692	203,751	202,507	198,517	203,751	209,384	208,622 ^r	211,850	209,373
8 U.S. Treasury bills and certificates ⁶	96,796	110,734	127,649	127,993	122,480	127,649	133,799	135,300 ^r	137,062	137,792
9 Other negotiable and readily transferable instruments ^s	17,578	18,664	21,982	20,043	21,755	21,982	22,969	20,735	22,309	21,521
10 Other	68,031	51,294	54,120	54,471	54,282	54,120	52,616	52,587	52,479	50,060
11 Nonmonetary international and regional organizations	5,918	8,981	9,350	10,727	9,915	9,350	11,099	11,538 ^r	9,160	10,731
12 Banks' own liabilities	4,540	6,827	6,951	7,001	6,982	6,951	7,837	8,884 ^r	5,902	5,834
13 Demand deposits	36	43	46	73	58	46	39	47	196	33
14 Time deposits ^s	1,050	2,714	3,214	1,899	2,561	3,214	2,809	2,376	2,730	1,765
15 Other ^t	3,455	4,070	3,691	5,029	4,363	3,691	4,989	6,461 ^r	2,976	4,036
16 Banks' custodial liabilities ⁵	1,378	2,154	2,399	3,726	2,933	2,399	3,262	2,654	3,258	4,897
17 U.S. Treasury bills and certificates ⁶	364	1,730	1,908	3,085	2,371	1,908	2,774	2,348	2,876	4,461
18 Other negotiable and readily transferable instruments ^s	1,014	424	486	641	561	486	488	306	382	433
19 Other	0	0	5	0	1	5	0	0	0	3
20 Official institutions ⁹	119,303	131,088	159,419	165,219	154,709	159,419	175,332	180,048	176,521	175,409
21 Banks' own liabilities	34,910	34,411	51,058	57,225	50,027	51,058	59,577	62,687	59,471	58,695
22 Demand deposits	1,924	2,626	1,274	1,723	1,492	1,274	1,397	1,764	1,457	1,358
23 Time deposits ^s	14,359	16,504	17,828	19,741	17,834	17,828	18,685	18,996	18,707	18,489
24 Other ^t	18,628	15,281	31,956	35,761	30,701	31,956	39,495	41,927	39,307	38,848
25 Banks' custodial liabilities ⁵	84,393	96,677	108,361	107,994	104,682	108,361	115,755	117,361	117,050	116,714
26 U.S. Treasury bills and certificates ⁶	79,424	92,692	104,596	104,286	100,702	104,596	111,540	113,594	113,547	113,293
27 Other negotiable and readily transferable instruments ^s	4,766	3,879	3,726	3,595	3,784	3,726	4,054	3,648	3,411	3,284
28 Other	203	106	39	113	196	39	161	119	92	137
29 Banks ¹⁰	540,805	522,265	546,412	525,221	543,980	546,412	522,015	529,683 ^r	520,063	509,958
30 Banks' own liabilities	458,470	459,335	475,260	454,183	472,949	475,260	453,242	462,185 ^r	451,077	444,146
31 Unaffiliated foreign banks	136,802	130,236	145,095	134,497	146,919	145,095	136,084	132,610 ^r	127,931	135,344
32 Demand deposits	10,053	8,648	10,168	9,741	10,088	10,168	9,903	10,974	10,493	10,883
33 Time deposits ^s	88,541	82,857	90,193	85,729	87,690	90,193	80,351	77,823 ^r	72,394	77,986
34 Other ^t	38,208	38,731	44,734	39,027	49,141	44,734	45,830	43,813 ^r	45,044	46,475
35 Own foreign offices ^s	321,667	329,099	330,165	319,686	326,030	330,165	317,158	329,575 ^r	323,146	308,802
36 Banks' custodial liabilities ⁵	82,335	62,930	71,152	71,038	71,031	71,152	68,773	67,498	68,986	65,812
37 U.S. Treasury bills and certificates ⁶	10,669	7,471	11,087	10,481	10,444	11,087	9,685	9,296	9,976	9,684
38 Other negotiable and readily transferable instruments ^s	5,341	5,694	7,568	7,325	7,572	7,568	7,708	6,692	7,957	7,360
39 Other	66,325	49,765	52,497	53,232	53,015	52,497	51,380	51,510	51,053	48,768
40 Other foreigners	93,608	93,732	94,738	92,131	90,986	94,738	93,125	92,785 ^r	91,854	92,883
41 Banks' own liabilities	79,309	74,801	72,899	72,382	71,115	72,899	71,531	71,676 ^r	69,298	70,933
42 Demand deposits	9,711	9,004	10,334	9,765	10,297	10,334	9,767	9,525	9,434	9,952
43 Time deposits ^s	64,067	57,574	49,092	50,119	48,729	49,092	48,250	48,000 ^r	47,950	47,380
44 Other ^t	5,530	8,223	13,473	12,498	12,089	13,473	13,514	14,151 ^r	11,914	13,601
45 Banks' custodial liabilities ⁵	14,299	18,931	21,839	19,749	19,871	21,839	21,594	21,109 ^r	22,556	21,950
46 U.S. Treasury bills and certificates ⁶	6,339	8,841	10,058	10,141	8,963	10,058	9,800	10,062 ^r	10,663	10,354
47 Other negotiable and readily transferable instruments ^s	6,457	8,667	10,202	8,482	9,838	10,202	10,719	10,089	10,559	10,444
48 Other	1,503	1,423	1,579	1,126	1,070	1,579	1,075	958	1,334	1,152
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,114	7,672	7,716	9,114	9,724	9,499	9,548	9,410

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

3. Includes borrowing under repurchase agreements.

4. For U.S. banks, includes amounts due to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.

9. Foreign central banks, foreign central governments, and the Bank for International Settlements.

10. Excludes central banks, which are included in "Official institutions."

3.17—Continued

Item	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^P
AREA										
1 Total, all foreigners	759,634	756,066	809,919	793,298	799,590	809,919	801,571	814,054 ^f	797,598 ^f	788,981
2 Foreign countries	753,716	747,085	800,569	782,571	789,675	800,569	790,472	802,516 ^f	788,438 ^f	778,250
3 Europe	254,452	249,097	308,398	306,547	311,875	308,398	303,721	304,755 ^f	293,384 ^f	298,690
4 Austria	1,229	1,193	1,611	1,584	1,358	1,611	1,158	1,942	1,256	1,497
5 Belgium and Luxembourg	12,382	13,337	20,572	21,183	19,662	20,572	21,255	19,729	19,475	19,775
6 Denmark	1,399	937	3,060	1,788	1,481	3,060	1,885	2,835	1,536	1,225
7 Finland	602	1,341	1,299	949	1,144	1,299	1,862	2,049	2,297	2,265
8 France	30,946	31,808	41,459	34,881	39,968	41,459	34,285	32,457	31,712	31,063
9 Germany	7,485	8,619	18,631	13,810	15,401	18,631	20,685	18,934	16,107 ^f	19,803
10 Greece	934	765	910	872	749	910	815	758	761	742
11 Italy	17,735	13,541	10,041	11,104	12,494	10,041	8,759	10,701	8,907	8,113
12 Netherlands	5,350	7,161	7,372	8,962	8,411	7,372	8,731	11,711	11,418	11,520
13 Norway	2,357	1,866	3,319	1,577	2,014	3,319	3,550	2,521	2,350	2,355
14 Portugal	2,958	2,184	2,465	2,258	2,255	2,465	2,518	2,508	2,489	2,475
15 Spain	7,544	11,391	9,796	14,602	10,383	9,796	14,904	17,233	15,735 ^f	14,055
16 Sweden	1,837	2,222	2,986	5,312	4,485	2,986	2,962	1,902 ^f	1,619	3,149
17 Switzerland	36,690	37,238	39,440	38,240	40,791	39,440	41,533	40,227	39,596	39,852
18 Turkey	1,169	1,598	2,666	2,524	2,360	2,666	2,533	2,862	2,520	2,664
19 United Kingdom	109,555	100,292	112,434	114,705	117,353	112,434	106,700	105,504 ^f	106,341 ^f	109,558
20 Yugoslavia ¹¹	928	622	504	577	575	504	506	512	523 ^f	507
21 Others in Western Europe ¹²	11,689	9,274	25,834	27,228	26,691	25,834	25,926	27,491 ^f	25,748	24,171
22 Russia	119	241	577	450	601	577	436	497	535	726
23 Other Eastern Europe ¹³	1,545	3,467	3,422	3,941	3,699	3,422	2,718	2,382	2,459	3,171
24 Canada	20,349	21,605	22,746	21,378	22,052	22,746	21,467	22,898	25,040 ^f	22,236
25 Latin America and Caribbean	332,997	345,529	316,008	310,015	309,750	316,008	313,248	320,506 ^f	318,278 ^f	314,762
26 Argentina	7,365	7,753	9,477	9,387	8,715	9,477	10,792	10,608	11,568	10,854
27 Bahamas	107,386	100,622	82,212	85,878	86,310	82,212	84,767	87,802 ^f	83,552 ^f	81,545
28 Bermuda	2,822	3,178	7,079	5,889	6,355	7,079	6,319	6,508	6,304	6,174
29 Brazil	5,834	5,704	5,584	5,828	5,235	5,584	5,321	5,304	5,462	5,464
30 British West Indies	147,321	163,620	151,886	143,311	143,084	151,886	146,879	149,506	150,803	145,881
31 Chile	3,145	3,283	3,035	3,253	2,925	3,035	3,638	3,420	3,325	3,479
32 Colombia	4,492	4,661	4,580	4,767	4,580	4,438	4,438	4,417	4,183	4,356
33 Cuba	11	2	3	10	11	3	2	3	3	2
34 Ecuador	1,379	1,232	993	1,026	1,016	993	945	886	928	923
35 Guatemala	1,541	1,594	1,377	1,376	1,323	1,377	1,311	1,311	1,382	1,337
36 Jamaica	257	231	371	274	271	371	294	279	309	293
37 Mexico	16,650	19,957	19,456	19,216	19,543	19,456	20,023	21,207	21,772	24,892
38 Netherlands Antilles	7,357	5,592	5,205	4,708	6,101	5,205	4,352	4,869	4,221	4,530
39 Panama	4,574	4,695	4,177	4,116	3,976	4,177	4,013	4,214	3,927	4,148
40 Peru	1,294	1,249	1,080	1,141	1,047	1,080	1,052	1,045	995	1,070
41 Uruguay	2,520	2,096	1,955	2,087	2,092	1,955	1,898	2,061	1,815	1,767
42 Venezuela	12,271	13,181	11,387	11,504	11,003	11,387	11,106	10,984	11,446	11,509
43 Other	6,779	6,879	6,151	6,244	6,066	6,151	6,098	6,082	6,283	6,538
44 Asia	136,844	120,462	143,362	134,385	136,111	143,362	141,524	143,518 ^f	140,187 ^f	130,842
45 China	2,421	2,626	3,202	2,582	2,559	3,202	3,114	3,007	2,957	3,527
46 People's Republic of China	11,246	11,491	8,379	8,616	8,750	8,379	8,929	9,102	9,022 ^f	8,856
47 Republic of China (Taiwan)	12,754	14,269	18,445	17,542	16,322	18,445	17,510	19,445	16,949 ^f	16,257
48 Hong Kong	1,233	2,418	1,396	1,234	1,210	1,396	1,323	1,377	1,399	989
49 India	1,238	1,463	1,480	1,260	1,217	1,480	1,392	1,460	1,871	1,464
50 Indonesia	2,767	2,015	3,775	2,208	3,691	3,775	3,389	3,371	3,930	3,763
51 Israel	67,076	47,069	58,332	56,101	55,356	58,332	56,007	57,993 ^f	56,845 ^f	51,089
52 Japan	2,287	2,587	3,336	3,529	3,698	3,336	3,415	3,468	3,307	3,558
53 Korea (South)	1,585	2,449	2,275	2,275	2,223	2,275	2,350	2,746	2,774	2,785
54 Philippines	1,443	2,252	5,582	5,082	5,797	5,582	5,722	5,375	5,342	4,967
55 Thailand	15,829	15,752	21,446	19,040	20,266	21,446	19,877	19,897	19,692	19,686
56 Middle Eastern oil-exporting countries ¹⁴	16,965	16,071	15,714	14,916	15,022	15,714	18,496	16,277	16,099	13,901
57 Other										
57 Africa	4,630	4,825	5,884	5,843	6,062	5,884	5,913	6,364	6,502	6,412
58 Egypt	1,425	1,621	2,472	2,598	2,601	2,472	2,756	3,077	3,084	2,926
59 Morocco	104	79	76	98	93	76	88	92	87	150
60 South Africa	228	228	190	240	214	190	158	319	243	244
61 Zaire	53	31	19	24	23	19	25	17	13	13
62 Oil-exporting countries ¹⁵	1,110	1,082	1,346	1,201	1,402	1,346	1,125	1,135	1,239	1,286
63 Other	1,710	1,784	1,781	1,682	1,729	1,781	1,761	1,724	1,836	1,793
64 Other	4,444	5,567	4,171	4,403	3,825	4,171	4,599	4,475	5,047	5,308
65 Australia	3,807	4,464	3,047	2,987	2,654	3,047	3,502	3,388	4,013	4,056
66 Other	637	1,103	1,124	1,416	1,171	1,124	1,097	1,087	1,034	1,252
67 Nonmonetary international and regional organizations	5,918	8,981	9,350	10,727	9,915	9,350	11,099	11,538 ^f	9,160 ^f	10,731
68 International ¹⁶	4,390	6,485	7,434	7,689	6,764	7,434	7,864	8,857 ^f	6,116 ^f	7,740
69 Latin American regional ¹⁷	1,048	1,181	1,415	2,130	2,248	1,415	2,327	1,738	2,021	2,073
70 Other regional ¹⁸	479	1,315	501	908	903	501	908	943	1,023	918

11. Beginning December 1992, excludes Bosnia, Croatia, and Slovenia.

12. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Beginning December 1992, includes, in addition, all former parts of the U.S.S.R. (except Russia), and Bosnia-Herzegovina, Croatia, and Slovenia.

13. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

14. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

15. Comprises Algeria, Gabon, Libya, and Nigeria.

16. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

17. Principally the Inter-American Development Bank.

18. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States¹

Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ²
1 Total, all foreigners	511,543	514,339	495,713	493,689	490,721	495,713	483,903	493,560 ³	473,440 ³	468,898
2 Foreign countries	506,750	508,056	490,631	491,217	487,840	490,631	480,803	489,452 ³	470,118 ³	466,391
3 Europe	113,093	114,310	124,130	126,170	122,143	124,130	117,308	124,724	122,668 ³	120,253
4 Austria	362	327	341	414	463	341	366	530	1,101	1,013
5 Belgium and Luxembourg	5,473	6,158	6,404	6,980	6,423	6,404	6,473	5,886	6,066	6,177
6 Denmark	497	686	707	830	1,056	707	705	785	682	645
7 Finland	1,047	1,907	1,419	817	1,230	1,419	1,275	1,226	1,010	998
8 France	14,468	15,112	14,847	16,111	15,718	14,847	14,012	14,670	13,340 ³	13,141
9 Germany	3,343	3,371	4,229	5,629	5,328	4,229	5,544	5,370	5,800 ³	5,322
10 Greece	727	553	718	583	598	718	669	668	583	610
11 Italy	6,052	8,242	9,048	9,752	9,443	9,048	8,716	8,466	8,493	8,729
12 Netherlands	1,761	2,546	2,497	2,334	3,006	2,497	2,927	3,279	2,676	2,607
13 Norway	782	669	356	666	435	356	649	730	645	714
14 Portugal	292	344	325	327	325	325	390	494	454	513
15 Spain	2,668	1,881	2,772	4,642	3,481	2,772	2,592	4,158	3,889	3,642
16 Sweden	2,094	2,335	4,929	6,678	5,786	4,929	5,340	5,155	4,809	4,509
17 Switzerland	4,202	4,540	4,722	3,688	3,591	4,722	4,493	4,971	4,423 ³	4,352
18 Turkey	1,405	1,063	962	1,177	950	1,071	1,041	943	943	1,639
19 United Kingdom	65,151	60,395	63,980	60,209	58,991	63,980	56,262	61,394	62,045 ³	60,317
20 Yugoslavia ⁴	1,142	825	569	568	571	569	571	567	553	551
21 Others in Western Europe ⁵	597	789	1,706	959	1,019	1,706	1,607	1,607	1,780	1,316
22 Russia	530	1,970	3,147	3,190	3,174	3,147	3,154	2,906	2,889	2,889
23 Other Eastern Europe ⁴	499	597	452	516	460	452	491	553	470	569
24 Canada	16,091	15,113	14,185	16,830	15,834	14,185	16,481	14,972	18,356 ³	17,067
25 Latin America and Caribbean	231,506	246,137	213,772	213,423	217,040	213,772	218,391	210,770	201,911 ³	200,118
26 Argentina	6,967	5,869	4,882	4,564	4,605	4,882	4,804	4,859	4,835	3,922
27 Bahamas	76,525	87,138	59,532	64,853	65,139	59,532	62,831	63,898	57,030 ³	57,531
28 Bermuda	4,056	2,270	5,934	2,798	6,035	5,934	6,797	2,851	3,910	5,609
29 Brazil	17,995	11,894	10,733	11,558	11,583	10,733	10,924	10,507	10,863	10,780
30 British West Indies	88,565	107,846	98,738	96,906	96,325	98,738	100,926	94,885	92,134 ³	88,670
31 Chile	3,271	2,805	3,397	3,323	3,309	3,397	3,690	3,795	3,638 ³	3,548
32 Colombia	2,587	2,425	2,750	2,595	2,698	2,750	2,752	2,819	2,807	2,786
33 Cuba	0	0	0	5	0	0	0	0	0	0
34 Ecuador	1,387	1,053	884	936	926	884	853	835	809 ³	798
35 Guatemala	191	228	262	275	255	262	240	257	274	269
36 Jamaica	238	158	167	147	162	167	170	164	168 ³	178
37 Mexico	14,851	16,567	15,049	16,621	16,495	15,049	15,216	15,988	15,103 ³	15,507
38 Netherlands Antilles	7,998	1,207	1,379	1,080	1,529	1,379	1,735	1,938	2,107	1,987
39 Panama	1,471	1,560	4,474	1,979	2,080	4,474	2,024	2,307	2,539 ³	2,309
40 Peru	663	739	730	713	723	730	735	708	650	691
41 Uruguay	786	599	936	882	877	936	895	844	846	795
42 Venezuela	2,571	2,516	2,525	2,700	2,880	2,525	2,409	2,485	2,558 ³	2,858
43 Other	1,384	1,263	1,400	1,488	1,419	1,400	1,390	1,630	1,640 ³	1,880
44 Asia	138,722	125,262	131,248	127,358	126,143	131,248	121,729	131,494 ³	119,559 ³	121,960
45 China	620	747	906	978	624	906	774	892	939	1,388
46 People's Republic of China	1,952	2,087	2,046	1,848	1,653	2,046	1,683	1,585	1,630 ³	1,670
47 Republic of China (Taiwan)	10,648	9,617	9,673	9,095	9,287	9,673	9,145	10,298	10,542 ³	9,215
48 Hong Kong	655	441	529	500	539	529	532	549	443	549
49 India	933	952	1,189	1,112	1,135	1,189	1,323	1,292	1,469	1,432
50 Indonesia	774	860	820	826	937	820	877	809	896 ³	1,057
51 Japan	90,699	84,807	78,609	80,253	77,676	78,609	74,593	79,791 ³	67,294 ³	71,267
52 Korea (South)	5,766	6,048	6,170	6,113	6,288	6,170	6,063	6,753	6,938 ³	7,048
53 Philippines	1,247	1,910	2,145	2,181	2,034	2,145	1,871	1,842	1,713	1,645
54 Thailand	1,573	1,713	1,867	1,764	1,873	1,867	1,796	1,737	1,659	1,775
55 Middle Eastern oil-exporting countries ⁶	10,749	8,284	18,559	15,488	16,858	18,559	17,083	17,775	19,048	17,909
56 Other	13,106	7,796	8,735	7,200	7,239	8,735	5,989	8,171	6,988 ³	7,005
57 Africa	5,445	4,928	4,289	4,303	4,233	4,289	4,262	4,147	3,871	3,745
58 Egypt	380	294	194	229	171	194	171	192	192	151
59 Morocco	513	575	441	452	443	441	421	403	396	396
60 South Africa	1,525	1,235	1,041	1,036	1,063	1,041	1,069	1,030	1,011 ³	924
61 Zaire	16	4	4	4	4	4	3	3	3	3
62 Oil-exporting countries ⁶	1,486	1,298	1,004	1,056	1,029	1,004	1,067	1,108	1,140 ³	1,142
63 Other	1,525	1,522	1,605	1,526	1,480	1,605	1,531	1,312	1,129	1,129
64 Other	1,892	2,306	3,007	3,133	2,447	3,007	2,632	3,345	3,753	3,248
65 Australia	1,413	1,665	2,263	1,951	1,601	2,263	1,896	2,552	3,117	2,632
66 Other	479	641	744	1,182	846	744	736	793	636	616
67 Nonmonetary international and regional organizations	4,793	6,283	5,082	2,472	2,881	5,082	3,100	4,108	3,322 ³	2,417

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.

2. Beginning December 1992, excludes Bosnia, Croatia, and Slovenia.

3. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Beginning December 1992, includes, in addition, all former parts of the U.S.S.R. (except Russia), and Bosnia-Herzegovina, Croatia, and Slovenia.

4. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6. Comprises Algeria, Gabon, Libya, and Nigeria.

7. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States¹
Payable in U.S. Dollars
Millions of dollars, end of period

Claim	1990	1991	1992	1992			1993			
				Oct.	Nov.	Dec.	Jan.	Feb. ^f	Mar. ^f	Apr. ^g
1 Total	579,044	579,683	555,697	...	...	555,697	...	...	525,329	...
2 Banks' claims	511,543	514,339	495,713	493,689	490,721	495,713	483,903	493,560	473,440	468,808
3 Foreign public borrowers	41,900	37,126	31,370	32,056	30,955	31,370	33,163	30,372	33,654	30,645
4 Own foreign offices ²	304,315	318,800	299,770	298,056	290,974	299,770	290,938	303,819	289,928	283,167
5 Unaffiliated foreign banks	117,272	116,602	109,909	112,224	112,512	109,909	101,949	102,870	97,568	98,832
6 Deposits	65,253	69,018	61,125	60,856	61,999	61,125	53,612	51,690	49,045	50,245
7 Other	52,019	47,584	48,784	51,368	50,513	48,784	48,337	51,180	48,523	48,587
8 All other foreigners	48,056	41,811	54,664	51,353	56,280	54,664	57,853	56,499	52,290	56,164
9 Claims of banks' domestic customers ³ ...	67,501	65,344	59,984	...	...	59,984	...	...	51,889	...
10 Deposits	14,375	15,280	15,452	...	...	15,452	...	...	12,000	...
11 Negotiable and readily transferable instruments ⁴	41,333	37,125	31,400	...	...	31,400	...	...	27,283	...
12 Outstanding collections and other claims	11,792	12,939	13,132	...	...	13,132	...	...	12,606	...
MEMO										
13 Customer liability on acceptances	13,628	8,974	8,701	...	...	8,701	...	...	7,876	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁵	44,638	40,146	33,605	34,522	33,708	33,605	36,159 ^f	36,826	36,434	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.

Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent

foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

3. Assets held by reporting banks for the account of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States¹
Payable in U.S. Dollars
Millions of dollars, end of period

Maturity, by borrower and area	1989	1990	1991	1992			
				June	Sept.	Dec.	Mar. ^P
1 Total	238,123	206,903	195,302	196,768	187,398	195,626	183,188
By borrower							
2 Maturity of one year or less ²	178,346	165,985	162,573	162,433	155,254	164,059	153,204
3 Foreign public borrowers	23,916	19,305	21,050	20,528	17,863	17,867	21,163
4 All other foreigners	154,430	146,680	141,523	141,905	137,391	146,192	132,041
5 Maturity of more than one year ²	59,776	40,918	32,729	34,335	32,144	31,567	29,984
6 Foreign public borrowers	36,014	22,269	15,859	15,145	13,295	13,223	12,199
7 All other foreigners	23,762	18,649	16,870	19,190	18,849	18,344	17,785
By area							
8 Maturity of one year or less ²	53,913	49,184	51,835	54,997	55,986	53,885	55,526
9 Europe	5,910	5,450	6,444	7,986	5,949	6,118	7,932
10 Canada	53,003	49,782	43,597	49,094	45,241	50,320	45,117
11 Latin America and Caribbean	57,755	53,258	51,059	41,409	40,824	45,862	38,174
12 Asia	3,225	3,040	2,549	2,127	2,183	1,810	1,680
13 Africa	4,541	5,272	7,089	6,820	5,071	6,064	4,775
14 All other ³							
15 Maturity of more than one year ²	4,121	3,859	3,878	6,752	6,625	5,360	4,896
16 Europe	2,353	3,290	3,595	3,158	3,227	3,290	3,139
17 Canada	45,816	25,774	18,277	16,827	15,092	15,166	14,386
18 Latin America and Caribbean	4,172	5,165	4,459	4,979	4,815	4,977	5,033
19 Asia	2,630	2,374	2,335	2,356	2,107	2,364	2,094
20 Africa	684	456	185	263	278	410	436
21 All other ³							

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Maturity is time remaining to maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks¹

Billions of dollars, end of period

Area or country	1989	1990	1991				1992				1993
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	
1 Total	338.8	317.8	325.3	320.4	335.7	341.5	347.9	357.4	343.9	345.8	360.6
2 G-10 countries and Switzerland	152.9	132.1	129.9	129.8	134.0	137.2	131.1	136.3	137.5	134.0	144.1
3 Belgium and Luxembourg	6.3	5.9	6.2	6.1	5.8	6.0	5.3	6.2	6.2	5.6	5.9
4 France	11.7	10.4	9.7	10.5	11.1	11.0	10.0	12.0	15.5	15.4	13.7
5 Germany	10.5	10.6	8.8	8.3	9.7	8.3	8.4	8.8	10.9	9.3	10.0
6 Italy	7.4	5.0	4.0	3.6	4.5	5.6	5.4	8.0	6.4	6.5	6.8
7 Netherlands	3.1	3.0	3.3	3.3	3.0	4.7	4.3	3.3	3.7	2.8	3.7
8 Sweden	2.0	2.2	2.0	2.5	2.1	1.9	2.0	1.9	2.2	2.3	3.0
9 Switzerland	7.1	4.4	3.7	3.3	3.9	3.4	3.2	4.6	5.2	4.8	5.4
10 United Kingdom	67.2	60.8	62.3	59.5	64.9	68.5	64.8	65.9	61.8	61.4	66.5
11 Canada	5.4	5.9	6.8	8.2	5.8	5.8	6.6	6.7	6.7	6.6	8.6
12 Japan	32.2	23.9	23.2	24.6	23.2	22.2	21.1	18.7	18.9	19.2	20.5
13 Other industrialized countries	21.0	22.9	23.5	21.3	22.1	22.8	21.5	25.5	25.1	24.1	25.6
14 Austria	1.5	1.4	1.4	1.1	1.0	.6	.8	.8	.8	1.2	1.5
15 Denmark	1.1	1.1	.9	1.2	.9	.9	.8	1.3	1.5	.9	.8
16 Finland	1.0	.7	1.0	.8	.6	.7	.8	.8	1.0	.7	.7
17 Greece	2.5	2.7	2.5	2.4	2.3	2.6	2.3	2.8	3.0	3.0	2.8
18 Norway	1.4	1.6	1.5	1.5	1.4	1.4	1.5	1.7	1.6	1.2	1.8
19 Portugal	.4	.6	.6	.6	.5	.6	.5	.5	.5	.4	.7
20 Spain	7.1	8.3	9.0	7.1	8.3	8.3	7.7	10.1	9.8	9.0	9.6
21 Turkey	1.2	1.7	1.7	1.9	1.6	1.4	1.2	1.5	1.5	1.3	1.4
22 Other Western Europe	1.0	1.2	1.2	1.1	1.3	1.8	1.5	2.0	1.5	1.7	2.0
23 South Africa	2.0	1.8	1.8	1.8	1.6	1.9	1.8	1.7	1.7	1.7	1.6
24 Australia	1.6	1.8	1.9	2.0	2.4	2.7	2.3	2.3	2.3	2.9	2.8
25 OPEC ²	17.1	12.8	17.1	14.0	15.6	14.6	15.8	16.2	15.9	16.1	16.7
26 Ecuador	1.3	1.0	.9	.9	.8	.7	.7	.7	.7	.6	.6
27 Venezuela	7.0	5.0	5.1	5.3	5.6	5.4	5.4	5.3	5.4	5.2	5.3
28 Indonesia	2.0	2.7	2.8	2.6	2.8	2.8	3.0	3.0	3.0	3.0	3.1
29 Middle East countries	5.0	2.5	6.6	3.7	5.0	4.2	5.3	5.9	5.4	6.2	6.7
30 African countries	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.1	1.0
31 Non-OPEC developing countries	77.5	65.4	66.4	65.0	65.0	64.3	70.2	68.1	72.9	72.2	74.3
Latin America											
32 Argentina	6.3	5.0	4.7	4.6	4.5	4.8	5.0	5.1	6.2	6.6	7.0
33 Brazil	19.0	14.4	13.9	11.6	10.5	9.6	10.8	10.6	10.8	10.8	11.6
34 Chile	4.6	3.5	3.6	3.6	3.7	3.6	3.9	4.0	4.2	4.4	4.6
35 Colombia	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.6	1.7	1.8	1.9
36 Mexico	17.7	13.0	13.7	14.3	16.2	15.5	18.2	16.3	17.1	16.0	16.8
37 Peru	.6	.5	.5	.5	.4	.4	.4	.4	.5	.5	.4
38 Other	2.8	2.3	2.2	2.0	1.9	2.1	2.2	2.2	2.5	2.6	2.6
Asia											
39 China	.3	.2	.4	.6	.4	.3	.3	.3	.3	.7	.6
40 Peoples Republic of China	4.5	3.5	3.6	4.1	4.1	4.1	4.8	4.6	5.0	5.2	5.3
41 Republic of China (Taiwan)	3.1	3.3	3.5	3.0	2.8	3.0	3.6	3.8	3.6	3.2	3.1
42 India	.7	.5	.5	.5	.5	.5	.4	.4	.4	.4	.5
43 Israel	5.9	6.2	6.8	6.9	6.5	6.8	6.9	6.9	7.4	6.6	6.5
44 Korea (South)	1.7	1.9	2.0	2.1	2.3	2.3	2.5	2.7	3.0	3.0	3.3
45 Malaysia	4.1	3.8	3.7	3.7	3.6	3.7	3.6	3.1	3.6	3.6	3.4
46 Philippines	1.3	1.5	1.6	1.7	1.9	1.7	1.7	1.9	2.2	2.2	2.2
47 Thailand	1.0	1.7	2.1	2.3	2.3	2.4	2.3	2.5	2.7	2.7	2.7
Other Asia											
Africa											
48 Egypt	.4	.4	.4	.4	.4	.4	.3	.5	.3	.2	.2
49 Morocco	.9	.8	.8	.7	.7	.7	.7	.7	.6	.6	.5
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa	1.0	1.0	.8	.8	.8	.7	.7	.6	.9	1.0	1.0
52 Eastern Europe	3.5	2.3	2.1	2.1	1.8	2.4	2.9	3.0	3.1	3.1	3.0
53 Russia	.7	.2	.3	.4	.4	.9	1.4	1.7	1.8	1.9	1.7
54 Yugoslavia	1.6	1.2	1.0	1.0	.8	.9	.8	.7	.7	.6	.6
55 Other	1.3	.9	.8	.7	.7	.7	.6	.6	.7	.6	.7
56 Offshore banking centers	36.6	42.5	50.0	48.3	52.7	52.0	58.4	59.4	52.3	55.2	57.5
57 Bahamas	5.5	2.8	8.3	6.8	6.7	11.9	14.0	12.2	8.1	5.6	8.3
58 Bermuda	1.7	4.4	4.4	4.2	7.1	2.3	3.9	5.1	3.8	6.2	4.1
59 Cayman Islands and other British West Indies	9.0	11.5	14.1	14.9	13.8	15.8	17.4	18.1	15.7	20.1	16.4
60 Netherlands Antilles	2.3	7.9	1.1	1.4	3.9	1.2	1.0	.8	.7	1.1	1.6
61 Panama	1.4	1.4	1.5	1.3	1.3	1.3	1.3	1.7	1.8	1.7	1.9
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.7	7.7	11.6	12.4	12.1	12.2	12.2	15.0	15.2	13.8	16.7
64 Singapore	7.0	6.6	8.9	7.2	7.7	7.1	8.5	6.4	6.8	6.5	8.4
65 Other	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated ⁶	30.3	39.8	36.4	39.9	44.6	48.2	48.0	48.6	36.8	41.0	39.3

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices not covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to

\$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Organization of Petroleum Exporting Countries, shown individually: other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type and area or country	1989	1990	1991	1991		1992			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 Total	38,764	46,043	43,156	43,218	43,156	44,098	44,176	45,166	43,066 ^f
2 Payable in dollars	33,973	40,786	37,764	38,482	37,764	38,640	37,481	36,574	35,661 ^f
3 Payable in foreign currencies	4,791	5,257	5,392	4,736	5,392	5,458	6,695	8,592	7,405 ^f
By type									
4 Financial liabilities	17,879	21,066	21,893	21,652	21,893	22,255	21,988	23,406	21,989 ^f
5 Payable in dollars	14,035	16,979	17,781	17,947	17,781	18,027	16,744	16,468	15,642 ^f
6 Payable in foreign currencies	3,844	4,087	4,112	3,705	4,112	4,228	5,244	6,938	6,347 ^f
7 Commercial liabilities	20,885	24,977	21,263	21,566	21,263	21,843	22,188	21,760	21,077 ^f
8 Trade payables	8,070	10,683	8,310	8,313	8,310	8,926	9,516	9,409	9,038 ^f
9 Advance receipts and other liabilities	12,815	14,294	12,953	13,253	12,953	12,917	12,672	12,351	12,039 ^f
10 Payable in dollars	19,938	23,807	19,983	20,535	19,983	20,613	20,737	20,106	20,019 ^f
11 Payable in foreign currencies	947	1,170	1,280	1,031	1,280	1,230	1,451	1,654	1,058
By area or country									
Financial liabilities									
12 Europe	11,660	10,978	11,905	12,311	11,905	12,449	13,030	14,070	12,500 ^f
13 Belgium and Luxembourg	340	394	217	397	217	174	194	256	427
14 France	258	975	2,106	2,164	2,106	1,997	2,324	2,785	1,608
15 Germany	464	621	682	682	682	666	836	941	740
16 Netherlands	941	1,081	1,056	1,050	1,056	1,025	979	980	606
17 Switzerland	541	545	408	497	408	355	490	627	569
18 United Kingdom	8,818	6,357	6,429	6,589	6,429	7,338	7,344	7,680	7,887 ^f
19 Canada	610	229	267	305	267	283	337	320	491
20 Latin America and Caribbean	1,357	4,153	4,325	3,883	4,325	4,062	3,323	3,345	3,480
21 Bahamas	157	371	537	314	537	396	343	220	349
22 Bermuda	17	0	114	0	114	114	114	115	114
23 Brazil	0	0	6	6	6	8	10	18	19
24 British West Indies	724	3,160	3,065	2,961	3,065	2,930	2,182	2,291	2,307
25 Mexico	6	5	7	6	7	7	8	12	12
26 Venezuela	0	4	4	4	4	4	4	5	6
27 Asia	4,151	5,295	5,338	5,149	5,338	5,366	5,209	5,581	5,484 ^f
28 Japan	3,299	4,065	4,102	4,000	4,102	4,107	4,116	4,548	4,451 ^f
29 Middle East oil-exporting countries ²	2	5	13	19	13	13	10	17	19
30 Africa	2	2	6	3	6	7	0	5	6
31 Oil-exporting countries ³	0	0	4	2	4	6	0	0	0
32 All other ⁴	100	409	52	1	52	88	89	85	28
Commercial liabilities									
33 Europe	9,071	10,310	7,808	8,084	7,808	7,501	7,144	6,714	6,700 ^f
34 Belgium and Luxembourg	175	275	248	225	248	256	240	173	287 ^f
35 France	877	1,218	830	992	830	678	659	688	663 ^f
36 Germany	1,392	1,270	944	911	944	880	702	744	617 ^f
37 Netherlands	710	844	709	751	709	574	605	601	556 ^f
38 Switzerland	693	775	488	492	488	482	400	369	398
39 United Kingdom	2,620	2,792	2,310	2,217	2,310	2,445	2,404	2,262	2,250 ^f
40 Canada	1,124	1,261	990	1,011	990	1,095	1,077	1,085	891 ^f
41 Latin America and Caribbean	1,224	1,672	1,352	1,512	1,352	1,701	1,803	1,518	1,586 ^f
42 Bahamas	41	12	3	14	3	13	8	3	6
43 Bermuda	308	538	310	450	310	493	409	338	293 ^f
44 Brazil	100	145	219	211	219	230	212	115	203 ^f
45 British West Indies	27	30	107	46	107	108	73	85	57 ^f
46 Mexico	323	475	304	291	304	375	475	322	444
47 Venezuela	164	130	94	102	94	168	279	147	130 ^f
48 Asia	7,550	9,483	9,330	8,855	9,330	9,890	10,439	11,006	10,772 ^f
49 Japan	2,914	3,651	3,720	3,363	3,720	3,549	3,537	3,909	3,994 ^f
50 Middle Eastern oil-exporting countries ^{2,3}	1,632	2,016	1,498	1,780	1,498	1,591	1,778	1,813	1,961 ^f
51 Africa	886	844	713	836	713	644	775	675	556 ^f
52 Oil-exporting countries ³	339	422	327	357	327	253	389	337	295 ^f
53 Other ⁴	1,030	1,406	1,070	1,268	1,070	1,012	950	762	572 ^f

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1989	1990	1991	1991		1992			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 Total	33,173	35,348	42,667	38,315	42,667	42,199	41,869	38,659	38,110 ^f
2 Payable in dollars	30,773	32,760	40,098	35,952	40,098	39,558	38,899	35,738	35,593 ^f
3 Payable in foreign currencies	2,400	2,589	2,569	2,363	2,569	2,641	2,970	2,921	2,517 ^f
<i>By type</i>									
4 Financial claims	19,297	19,874	25,463	22,536	25,463	25,328	24,612	21,367	20,922
5 Deposits	12,353	13,577	17,218	16,188	17,218	16,964	15,116	12,547	12,759 ^f
6 Payable in dollars	11,364	12,552	16,343	15,182	16,343	15,803	13,829	11,489	11,970 ^f
7 Payable in foreign currencies	989	1,025	875	1,006	875	1,161	1,287	1,058	789 ^f
8 Other financial claims	6,944	6,297	8,245	6,348	8,245	8,364	9,496	8,820	8,163 ^f
9 Payable in dollars	6,190	5,280	7,365	5,611	7,365	7,617	8,771	7,788	7,425
10 Payable in foreign currencies	754	1,017	880	737	880	747	725	1,032	738 ^f
11 Commercial claims	13,876	15,475	17,204	15,779	17,204	16,871	17,257	17,292	17,188 ^f
12 Trade receivables	12,253	13,657	14,479	13,429	14,479	14,266	14,756	14,532	14,910 ^f
13 Advance payments and other claims	1,624	1,817	2,725	2,350	2,725	2,605	2,501	2,760	2,278
14 Payable in dollars	13,219	14,927	16,390	15,159	16,390	16,138	16,299	16,461	16,198 ^f
15 Payable in foreign currencies	657	548	814	620	814	733	958	831	990 ^f
<i>By area or country</i>									
<i>Financial claims</i>									
16 Europe	8,463	9,645	13,546	13,129	13,546	14,205	13,200	11,249	9,346
17 Belgium and Luxembourg	28	76	13	76	13	12	25	16	8
18 France	153	371	312	255	312	277	786	809	774
19 Germany	152	367	342	434	342	290	381	321	401
20 Netherlands	238	265	385	420	385	727	732	766	536
21 Switzerland	153	357	591	580	591	682	779	602	507
22 United Kingdom	7,496	7,971	11,251	10,997	11,251	11,631	8,768	7,727	5,947
23 Canada	1,904	2,934	2,679	2,163	2,679	2,750	2,529	2,256	1,701
24 Latin America and Caribbean	8,020	6,201	7,932	6,289	7,932	7,070	7,260	6,523	8,505
25 Bahamas	1,890	1,090	758	652	758	415	523	1,099	618 ^f
26 Bermuda	7	3	8	19	8	12	12	65	40
27 Brazil	224	68	192	137	192	191	181	135	496
28 British West Indies	5,486	4,635	6,384	5,106	6,384	5,912	6,018	4,792	6,719 ^f
29 Mexico	94	177	321	176	321	318	343	222	270
30 Venezuela	20	25	40	32	40	34	32	26	29
31 Asia	590	860	957	614	957	961	1,275	995	839
32 Japan	213	523	385	277	385	380	712	481	683
33 Middle East oil-exporting countries ²	8	8	5	3	5	3	4	4	3
34 Africa	140	37	57	61	57	60	57	66	79
35 Oil-exporting countries ³	12	0	1	1	1	0	0	1	9
36 All other ⁴	180	195	292	280	292	282	291	278	452
<i>Commercial claims</i>									
37 Europe	6,209	7,044	7,950	6,884	7,950	7,894	8,138	7,792	7,451 ^f
38 Belgium and Luxembourg	242	212	192	190	192	181	255	170	183
39 France	964	1,240	1,544	1,330	1,544	1,562	1,563	1,741	1,394
40 Germany	696	807	943	858	943	936	908	885	883
41 Netherlands	479	555	643	641	643	646	666	588	541
42 Switzerland	313	301	295	258	295	328	399	294	260
43 United Kingdom	1,575	1,775	2,088	1,807	2,088	2,086	2,173	1,977	1,802 ^f
44 Canada	1,091	1,074	1,174	1,232	1,174	1,176	1,131	1,172	1,252 ^f
45 Latin America and Caribbean	2,184	2,375	2,591	2,494	2,591	2,572	2,672	3,141	2,845 ^f
46 Bahamas	58	14	11	8	11	11	9	7	18
47 Bermuda	323	246	263	255	263	272	291	245	237
48 Brazil	297	326	418	385	418	364	438	395	336
49 British West Indies	36	40	41	37	41	45	32	43	39
50 Mexico	508	661	829	741	829	892	847	968	853 ^f
51 Venezuela	147	192	202	196	202	206	251	302	317 ^f
52 Asia	3,570	4,127	4,573	4,282	4,573	4,354	4,463	4,308	4,649 ^f
53 Japan	1,199	1,460	1,878	1,808	1,878	1,782	1,786	1,793	1,850 ^f
54 Middle Eastern oil-exporting countries ²	518	460	621	496	621	635	609	512	669 ^f
55 Africa	429	488	418	431	418	418	422	430	540 ^f
56 Oil-exporting countries ³	108	67	95	80	95	75	73	66	78 ^f
57 Other ⁴	393	367	498	456	498	457	431	449	451 ^f

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction and area or country	1991	1992	1993	1992			1993				
			Jan. - Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr. ^p	
				U.S. corporate securities							
STOCKS											
1 Foreign purchases	211,207	221,350	99,942	18,820	17,885	22,725	19,170	28,753 ^r	27,011	25,008	
2 Foreign sales	200,116	226,490	95,213	18,170	16,598	20,382	19,353	25,980	24,548	25,332	
3 Net purchases or sales (-)	11,091	-5,140	4,729	650	1,287	2,343	-183	2,773 ^r	2,463	-324	
4 Foreign countries	10,522	-5,173	4,479	653	1,284	2,319	-178	2,683 ^r	2,306	-332	
5 Europe	53	-4,934	2,647	75	371	1,505	52	2,271 ^r	973	-649	
6 France	9	-1,331	-139	-92	-50	-154	-25	223	-183	-154	
7 Germany	-63	-64	435	-52	47	162	91	97	103	144	
8 Netherlands	-227	-280	153	-24	-4	190	64	-11	68	32	
9 Switzerland	-131	143	1,339	-124	-40	221	205	501	356	277	
10 United Kingdom	-352	-3,294	124	362	361	705	-350	1,135 ^r	476	-1,137	
11 Canada	3,845	1,405	-5	-227	43	176	-341	57	176	103	
12 Latin America and Caribbean	2,177	2,209	721	235	649	422	305	-235	410	241	
13 Middle East	-134	-88	-163	-57	-219	70	-92	-65	-13	7	
14 Other Asia	4,255	-3,944	1,234	767	373	122	-123	593	763	1	
15 Japan	1,179	-3,598	-877	184	220	215	28	-624	250	-531	
16 Africa	153	10	-15	-21	-18	-7	4	27	2	-48	
17 Other countries	174	169	60	-119	85	31	17	35	-5	13	
18 Nonmonetary international and regional organizations	568	33	250	-3	3	24	-5	90	157	8	
BONDS ²											
19 Foreign purchases	153,096	214,801	85,229	19,315	18,082	19,264	17,417	21,754	25,204	20,854	
20 Foreign sales	125,637	175,310	73,568	15,224	16,317	15,513	15,439	18,676 ^r	23,273	16,180	
21 Net purchases or sales (-)	27,459	39,491	11,661	4,091	1,765	3,751	1,978	3,078 ^r	1,931	4,674	
22 Foreign countries	27,590	38,375	12,060	4,045	1,600	3,206	2,074	3,204 ^r	2,067	4,715	
23 Europe	13,112	18,314	4,808	1,993	-492	1,996	1,302	2,183 ^r	29	1,294	
24 France	847	1,221	995	-4	-7	217	101	311	75	508	
25 Germany	1,577	2,503	897	-34	-113	857	91	52	-57	811	
26 Netherlands	482	531	-322	133	144	48	-119	-133	-178	108	
27 Switzerland	656	-513	-144	-23	-260	105	122	-38	11	-239	
28 United Kingdom	8,931	13,229	3,144	1,568	-312	962	349	2,416 ^r	-229	608	
29 Canada	1,623	236	118	198	281	-38	-437	145	119	291	
30 Latin America and Caribbean	2,672	8,833	2,023	842	540	513	419	482	490	632	
31 Middle East	1,787	3,166	1,274	273	515	360	300	248	263	463	
32 Other Asia	8,459	7,545	3,716	790	692	119	305	149	1,216	2,046	
33 Japan	5,767	-450	1,801	467	266	9	190	61	595	955	
34 Africa	52	354	185	-50	-4	302	168	27	-10	0	
35 Other countries	-116	-73	-64	-1	68	-46	17	-30	-40	-11	
36 Nonmonetary international and regional organizations	-131	1,116	-399	46	165	545	-96	-126	-136	-41	
				Foreign securities							
37 Stocks, net purchases or sales (-) ³	-31,967	-32,186	-12,396	-4,260	-3,636	-4,368	-2,337	-1,566 ^r	-4,524	-3,969	
38 Foreign purchases	120,598	149,987	64,498	12,477	11,672	12,781	12,726	15,047 ^r	17,441	19,284	
39 Foreign sales	152,565	182,173	76,894	16,737	15,308	17,149	15,063	16,613 ^r	21,965	23,253	
40 Bonds, net purchases or sales (-)	-14,828	-18,470	-20,275	-2,205	-791	-2,874	-5,100	-9,562 ^r	-4,647	-966	
41 Foreign purchases	330,311	485,659	219,325	49,670	52,066	39,607	38,411	55,717	70,021	55,176	
42 Foreign sales	345,139	504,129	239,600	51,875	52,857	42,481	43,511	65,279 ^r	74,668	56,142	
43 Net purchases or sales (-), of stocks and bonds	-46,795	-50,656	-32,671	-6,465	-4,427	-7,242	-7,437	-11,128 ^r	-9,171	-4,935	
44 Foreign countries	-46,711	-53,992	-31,805	-6,492	-4,500	-7,196	-6,430	-11,266 ^r	-8,902	-5,207	
45 Europe	-34,452	-38,109	-19,153	-6,851	-5,001	-4,516	-6,478	-6,703 ^r	-3,095	-2,877	
46 Canada	-7,004	-6,653	-9,039	-1,008	571	-1,167	-161	-5,028	-3,034	-816	
47 Latin America and Caribbean	759	-1,830	-648	1,091	-1,671	512	195	25 ^r	68	-936	
48 Asia	-7,350	-6,583	-2,807	681	1,567	-1,670	-381	544 ^r	-2,459	-511	
49 Africa	-9	-57	-40	-2	42	-11	-7	3	-18	-18	
50 Other countries	1,345	-760	-118	-403	-8	-344	402	-107	-364	-49	
51 Nonmonetary international and regional organizations	-84	3,336	-866	27	73	-46	-1,007	138	-269	272	

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3. In a July 1989 merger, the former stockholders of a U.S. company received \$5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1991	1992	1993	1992			1993			
			Jan. - Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^p
	Transactions, net purchases or sales (-) during period ¹									
1 Estimated total	19,865	39,319	9,529	3,546	17,648	8	454	-1,273	5,910 ^r	4,438
2 Foreign countries	19,687	37,966	7,645	4,351	17,661	-194	-129	-2,166	5,358 ^r	4,582
3 Europe	8,663	19,647	-3,340	4,671	7,284	3,163	-585	-382	-4,045 ^r	1,672
4 Belgium and Luxembourg	523	1,985	263	232	370	-28	-59	45	622 ^r	-345
5 Germany	-4,725	2,076	-5,074	-8	-1,584	898	697	-1,632	-2,757	-1,382
6 Netherlands	-3,735	-2,923	-235	-40	1,827	-804	-1,238	206	66 ^r	731
7 Sweden	-663	-804	-436	202	668	-344	-54	258	-540	-100
8 Switzerland	1,007	481	-2,944	769	1,334	213	-199	-455	-1,569	-721
9 United Kingdom	6,218	24,184	5,563	4,068	7,209	2,833	2,025	183	672	2,683
10 Other Western Europe	10,024	-6,002	-845	-551	-2,758	395	-1,759	975	-728 ^r	667
11 Eastern Europe	13	650	368	-1	218	0	2	38	189	139
12 Canada	-3,019	562	7,260	458	-1,087	-99	3,302	82	2,490	1,386
13 Latin America and Caribbean	10,285	-3,223	-3,602	-1,915	7,270	-4,519	-1,495	445	-537 ^r	-2,015
14 Venezuela	10	539	232	155	27	11	-175	179	154	74
15 Other Latin America and Caribbean	4,179	-1,957	-4,335	-3,233	2,385	415	-3,309	-1,656	-471	1,101
16 Netherlands Antilles	6,097	-1,805	501	1,163	4,858	-4,945	1,989	1,922	-220 ^r	-3,190
17 Asia	3,367	23,526	8,890	1,416	4,000	1,188	-1,136	-1,032	7,215	3,843
18 Japan	-4,081	9,817	6,866	-339	3,383	2,201	-743	804	3,457	3,348
19 Africa	689	1,103	-171	-37	119	0	-33	-139	-66	67
20 Other	-298	-3,649	-1,392	-242	75	73	-182	-1,140	301 ^r	-371
21 Nonmonetary international and regional organizations	178	1,353	1,884	-805	-13	202	583	893	552	-144
22 International	-358	1,018	654	-903	-38	76	228	581	56	-211
23 Latin American regional	-72	533	522	219	-31	97	270	235	1	16
MEMO										
24 Foreign countries	19,687	37,966	7,645	4,351	17,661	-194	-129	-2,166	5,358 ^r	4,582
25 Official institutions	1,190	6,876	-5,398	2,951	-603	-719	-2,965	-4,364	-657 ^r	2,588
26 Other foreign ^a	18,496	31,090	13,043	1,400	18,264	525	2,836	2,198	6,015 ^r	1,994
Oil-exporting countries										
27 Middle East ^a	-6,822	4,323	-1,182	-271	407	511	-238	-1,855	811	100
28 Africa ^a	239	11	2	0	0	0	8	0	0	-6

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 BANKS¹

Percent per year

Country	Rate on May 28, 1993		Country	Rate on May 28, 1993		Country	Rate on May 28, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.75	Apr. 1993	Germany	7.25	Apr. 1993	Norway	7.75	Apr. 1993
Belgium	6.25	May 1993	Italy	10.0	June 1993	Switzerland	5.0	Mar. 1993
Canada	4.79	June 1993	Japan	2.5	July 1992	United Kingdom	12.0	Sept. 1992
Denmark	8.25	May 1993	Netherlands	6.25	May 1993			
France	7.0	June 1993						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since Feb. 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 RATES¹

Averages of daily figures, percent per year

Type or country	1990	1991	1992	1992	1993					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Eurodollars	8.16	5.86	3.70	3.50	3.22	3.12	3.11	3.10	3.12	3.21
2 United Kingdom	14.73	11.47	9.56	7.11	6.88	6.10	5.91	5.90	5.91	5.83
3 Canada	13.00	9.07	6.76	7.93	7.03	6.38	5.59	5.43	5.29	4.91
4 Germany	8.41	9.15	9.42	8.93	8.50	8.29	7.85	7.81	7.41	7.51
5 Switzerland	8.71	8.01	7.67	6.13	5.52	5.34	5.05	4.97	4.97	4.99
6 Netherlands	8.57	9.19	9.25	8.55	8.00	7.98	7.47	7.43	6.98	6.64
7 France	10.20	9.49	10.14	10.75	11.69	11.70	10.89	8.73	7.48	7.19
8 Italy	12.11	12.04	13.91	13.60	12.56	11.43	11.26	11.41	10.74	10.18
9 Belgium	9.70	9.30	9.31	8.65	8.19	8.75	8.27	7.94	7.16	6.87
10 Japan	7.75	7.33	4.39	3.76	3.70	3.27	3.26	3.22	3.24 ^f	3.23

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 RATES¹

Currency units per dollar except as noted

Country/currency unit	1990	1991	1992	1993					
				Jan.	Feb.	Mar.	Apr.	May	June
1 Australia/dollar ²	78.069	77.872	73.521	67.297	68.294	70.775	71.155	69.859	67.492
2 Austria/schilling	11.331	11.686	10.992	11.368	11.556	11.586	11.234	11.305	11.637
3 Belgium/franc	33.424	34.195	32.148	33.239	33.841	33.919	32.857	33.044	34.009
4 Canada/dollar	1.1668	1.1460	1.2085	1.2779	1.2602	1.2471	1.2621	1.2698	1.2789
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.7796	5.7874	5.7455	5.7202	5.7392	5.7504
6 Denmark/krone	6.1899	6.4038	6.0372	6.2319	6.3019	6.3242	6.1339	6.1751	6.3380
7 Finland/markka	3.8300	4.0521	4.4865	5.4242	5.8534	5.9767	5.6190	5.4847	5.5674
8 France/franc	5.4467	5.6468	5.2935	5.4751	5.5594	5.5944	5.3984	5.4180	5.5700
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.6144	1.6414	1.6466	1.5964	1.6071	1.6547
10 Greece/drachma	158.59	182.63	190.81	215.97	220.60	223.57	217.90	218.12	225.45
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7376	7.7335	7.7332	7.7306	7.7290	7.7362
12 India/rupee	17.492	22.712	28.156	29.043	30.042	31.939	31.610	31.613	31.668
13 Ireland/pound ²	165.76	161.39	170.42	163.37	148.11	147.58	152.75	151.65	147.47
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,491.07	1,550.43	1,591.35	1,536.14	1,475.66	1,505.05
15 Japan/yen	145.00	134.59	126.78	124.99	120.76	117.02	112.41	110.34	107.41
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.5985	2.6295	2.6051	2.5777	2.5661	2.5696
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.8155	1.8473	1.8507	1.7942	1.8026	1.8559
18 New Zealand/dollar ²	59.619	57.832	53.792	51.270	51.603	53.026	53.904	54.290	53.949
19 Norway/krone	6.2541	6.4912	6.2142	6.8721	6.9779	6.9989	6.7399	6.8027	6.9986
20 Portugal/escudo	142.70	144.77	135.07	145.36	149.89	152.17	148.25	151.89	157.63
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6527	1.6463	1.6446	1.6228	1.6136	1.6175
22 South Africa/rand	2.5885	2.7633	2.8524	3.0713	3.1313	3.1790	3.1718	3.1787	3.2408
23 South Korea/won	710.64	736.73	784.58	794.87	799.25	796.42	798.61	803.19	805.91
24 Spain/peseta	101.96	104.01	102.38	114.62	117.51	117.71	115.64	121.30	127.11
25 Sri Lanka/rupee	40.078	41.200	44.013	46.307	46.351	47.069	47.712	47.965	48.073
26 Sweden/krona	5.9231	6.0521	5.8258	7.2536	7.5566	7.7362	7.4500	7.3271	7.4541
27 Switzerland/franc	1.3901	1.4356	1.4064	1.4774	1.5178	1.5206	1.4599	1.4504	1.4769
28 Taiwan/dollar	26.918	26.759	25.160	25.452	25.837	26.026	25.987	25.978	26.267
29 Thailand/baht	25.609	25.528	25.411	25.523	25.508	25.425	25.251	25.234	25.214
30 United Kingdom/pound ²	178.41	176.74	176.63	153.25	143.95	146.17	154.47	154.77	150.82
MEMO									
31 United States/dollar ³	89.09	89.84	86.61	92.36	93.82	93.65	90.62	90.24	91.81

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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4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities¹
Consolidated Report of Condition, March 31, 1993

Millions of dollars except as noted

Item	Total	Banks with foreign offices ²			Banks with domestic offices only ³	
		Total	Foreign	Domestic	Over 100	Under 100
1 Total assets⁴	3,487,345	1,919,690	451,335	1,551,862	1,224,384	343,271
2 Cash and balances due from depository institutions	264,870	182,001	80,623	101,378	64,178	18,691
3 Cash items in process of collection, unposted debits, and currency and coin	↑	71,403	1,646	69,757	33,643	↑
4 Cash items in process of collection and unposted debits	n.a.	n.a.	n.a.	53,555	21,571	n.a.
5 Currency and coin	n.a.	n.a.	n.a.	16,202	12,072	n.a.
6 Balances due from depository institutions in the United States	n.a.	27,498	18,691	8,807	16,465	n.a.
7 Balances due from banks in foreign countries and foreign central banks	↓	63,113	60,005	3,109	2,562	↓
8 Balances due from Federal Reserve Banks		19,987	281	19,706	11,510	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	n.a.	n.a.	n.a.	5,887	12,807	7,468
10 Total securities, loans and lease financing receivables, net	2,897,073	1,486,638	n.a.	n.a.	1,099,352	311,083
11 Total securities, book value	793,593	328,999	29,990	299,009	345,821	118,774
12 U.S. Treasury securities and U.S. government agency and corporation obligations	627,992	251,151	5,351	245,800	280,747	96,093
13 U.S. Treasury securities	n.a.	95,379	2,802	92,577	118,415	n.a.
14 U.S. government agency and corporation obligations	n.a.	155,772	2,549	153,223	162,333	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	165,291	81,086	2,202	78,885	65,195	19,010
16 All other	n.a.	74,686	348	74,338	97,138	n.a.
17 Securities issued by states and political subdivisions in the United States	71,194	19,723	559	19,164	35,550	15,921
18 Other domestic debt securities	n.a.	27,806	219	27,587	23,990	n.a.
19 All holdings of private certificates of participation in pools of residential mortgages	5,018	2,642	0	2,642	2,245	130
20 All other domestic debt securities	52,118	25,164	219	24,945	21,745	5,208
21 Foreign debt securities	n.a.	24,096	22,817	1,279	281	n.a.
22 Equity securities	12,896	6,222	1,043	5,179	5,253	1,421
23 Marketable	5,620	1,882	188	1,695	2,765	973
24 Investments in mutual funds	3,717	1,133	22	1,111	1,699	885
25 Other	1,950	751	165	585	1,088	112
26 Less: Net unrealized loss	47	1	0	1	22	23
27 Other equity securities	7,275	4,339	855	3,484	2,488	448
28 Federal funds sold and securities purchased under agreements to resell	149,323	76,183	296	75,887	54,466	18,673
29 Federal funds sold	126,086	56,717	n.a.	n.a.	50,855	18,514
30 Securities purchased under agreements to resell	23,237	19,466	n.a.	n.a.	3,612	159
31 Total loans and lease financing receivables, gross	2,016,369	1,119,284	205,167	914,117	719,070	178,015
32 Less: Unearned income on loans	7,848	2,826	925	1,901	3,809	1,213
33 Total loans and leases (net of unearned income)	2,008,521	1,116,458	204,242	912,217	715,261	176,802
34 Less: Allowance for loan and lease losses	54,008	34,647	n.a.	n.a.	16,197	3,165
35 Less: Allocated transfer risk reserves	356	356	n.a.	n.a.	0	0
36 EQUALS: Total loans and leases, net	1,954,157	1,081,456	n.a.	n.a.	699,064	173,637
Total loans, gross, by category						
37 Loans secured by real estate	860,184	391,184	22,802	368,382	370,567	98,434
38 Construction and land development	↑	↑	↑	40,901	26,933	5,625
39 Farmland	1,995	1,995	n.a.	1,995	7,561	10,393
40 One- to four-family residential properties	n.a.	n.a.	n.a.	204,946	200,762	53,858
41 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	39,793	30,903	2,820
42 All other loans	↓	↓	↓	165,153	169,859	51,038
43 Multifamily (five or more) residential properties	n.a.	12,308	12,892	108,231	122,418	26,439
44 Nonfarm nonresidential properties	n.a.	12,860	12,860	12,860	7,184	159
45 Loans to depository institutions	36,390	29,048	16,188	10,024	6,653	n.a.
46 Commercial banks in the United States	n.a.	10,564	540	505	221	n.a.
47 Other depository institutions in the United States	n.a.	560	55	505	221	n.a.
48 Banks in foreign countries	n.a.	17,924	15,593	2,331	310	n.a.
49 Loans to finance agricultural production and other loans to farmers	33,038	4,977	233	4,745	10,748	17,313
50 Commercial and industrial loans	530,702	372,519	93,191	279,328	128,223	29,960
51 U.S. addressees (domicile)	n.a.	297,372	20,813	276,559	127,779	n.a.
52 Non-U.S. addressees (domicile)	n.a.	75,147	72,377	2,769	444	n.a.
53 Acceptances of other banks	1,969	1,310	800	510	478	180
54 U.S. banks	n.a.	358	2	356	n.a.	n.a.
55 Foreign banks	n.a.	952	797	155	n.a.	n.a.
56 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	379,086	173,003	20,716	152,287	176,833	29,250
57 Credit cards and related plans	130,780	68,108	n.a.	n.a.	61,171	1,500
58 Other (includes single payment and installment)	248,306	104,895	n.a.	n.a.	115,662	27,749
59 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	23,725	12,618	216	12,402	9,959	1,149
60 Taxable	1,483	948	91	857	495	40
61 Tax-exempt	22,242	11,670	124	11,546	9,464	1,108
62 All other loans	116,706	106,667	47,487	59,180	8,908	1,131
63 Loans to foreign governments and official institutions	n.a.	24,757	23,492	1,265	83	n.a.
64 Other loans	n.a.	81,910	23,995	57,915	8,825	n.a.
65 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	15,964	1,817	n.a.
66 All other loans	n.a.	n.a.	n.a.	41,951	7,008	n.a.
67 Lease financing receivables	34,569	27,959	3,536	24,423	6,171	440
68 Assets held in trading accounts	93,678	92,044	57,112	34,782	1,466	168
69 Premises and fixed assets (including capitalized leases)	53,443	28,743	n.a.	n.a.	19,049	5,651
70 Other real estate owned	25,523	16,059	n.a.	n.a.	7,770	1,694
71 Investments in unconsolidated subsidiaries and associated companies	3,463	2,961	↑	n.a.	455	47
72 Customers' liability on acceptances outstanding	14,536	14,171	n.a.	n.a.	350	15
73 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	↓	51,858	n.a.	n.a.
74 Intangible assets	16,114	9,300	n.a.	n.a.	6,392	422
75 Other assets	118,646	87,774	↓	n.a.	25,371	5,502

4.20—Continued

Item	Total	Banks with foreign offices ²			Banks with domestic offices only ³	
		Total	Foreign	Domestic	Over 100	Under 100
76 Total liabilities, limited-life preferred stock and equity capital	3,487,345	1,919,690	n.a.	n.a.	1,224,384	343,271
77 Total liabilities ⁵	3,215,795	1,784,009	451,326	1,416,190	1,121,473	310,313
78 Limited-life preferred stock	4	0	n.a.	n.a.	1	2
79 Total deposits	2,633,309	1,323,315	304,354	1,018,960	1,006,453	303,541
80 Individuals, partnerships, and corporations		1,323,315	191,662	946,857	939,222	278,798
81 U.S. government				2,891	1,823	433
82 States and political subdivisions in the United States				30,885	45,997	19,966
83 Commercial banks in the United States	n.a.	n.a.	n.a.	18,915	8,369	1,162
84 Other depository institutions in the United States				3,423	4,461	1,260
85 Banks in foreign countries				6,032	132	n.a.
86 Foreign governments and official institutions		22,607	21,616	991	57	n.a.
87 Certified and official checks	18,049	9,779	812	8,967	6,392	1,879
88 All other ⁶	n.a.	n.a.	90,265	n.a.	n.a.	44
89 Total transaction accounts				361,745	297,507	88,158
90 Individuals, partnerships, and corporations				311,141	266,034	77,929
91 U.S. government				2,429	1,475	318
92 States and political subdivisions in the United States				12,860	16,219	7,305
93 Commercial banks in the United States				17,431	6,027	537
94 Other depository institutions in the United States				2,526	1,230	163
95 Banks in foreign countries				5,628	119	n.a.
96 Foreign governments and official institutions				762	11	n.a.
97 Certified and official checks				8,967	6,392	1,879
98 All other				n.a.	n.a.	27
99 Demand deposits (included in total transaction accounts)				255,517	162,999	40,980
100 Individuals, partnerships, and corporations				209,872	141,985	36,342
101 U.S. government				2,207	1,384	298
102 States and political subdivisions in the United States				8,130	5,897	1,744
103 Commercial banks in the United States				17,431	6,002	533
104 Other depository institutions in the United States	n.a.	n.a.	n.a.	2,526	1,209	158
105 Banks in foreign countries				5,624	119	n.a.
106 Foreign governments and official institutions				761	11	n.a.
107 Certified and official checks				8,967	6,392	1,879
108 All other				n.a.	n.a.	27
109 Total nontransaction accounts				637,215	708,946	215,384
110 Individuals, partnerships, and corporations				635,715	673,188	200,869
111 U.S. government				462	348	115
112 States and political subdivisions in the United States				18,025	29,778	12,661
113 Commercial banks in the United States				1,484	2,342	625
114 U.S. branches and agencies of foreign banks				130	107	n.a.
115 Other commercial banks in the United States				1,354	2,235	n.a.
116 Other depository institutions in the United States				897	3,231	1,097
117 Banks in foreign countries				404	13	n.a.
118 Foreign branches of other U.S. banks				12	8	n.a.
119 Other banks in foreign countries				392	4	n.a.
120 Foreign governments and official institutions				229	47	n.a.
121 All other				n.a.	n.a.	17
122 Federal funds purchased and securities sold under agreements to repurchase	268,454	198,386	448	197,938	67,448	2,620
123 Federal funds purchased	165,530	128,646	n.a.	n.a.	35,904	980
124 Securities sold under agreements to repurchase	102,924	69,740	n.a.	n.a.	31,544	1,640
125 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	11,191	3,027	315
126 Other borrowed money	144,383	118,163	48,605	69,558	25,130	1,090
127 Banks' liability on acceptances executed and outstanding	34,228	32,235	3,275	10,990	350	19
128 Notes and debentures subordinated to deposits	n.a.	n.a.	n.a.	1,954	n.a.	39
129 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	14,630	14,265	n.a.	31,649	n.a.	n.a.
130 All other liabilities	106,258	86,455	n.a.	17,110	2,693	2,693
131 Total equity capital	271,547	135,681	n.a.	n.a.	102,910	32,956
MEMO						
132 Holdings of commercial paper included in total loans, gross		1,622	295	1,326	1,504	n.a.
133 Total individual retirement accounts (IRA) and Keogh plan accounts				63,362	67,976	17,366
134 Total brokered deposits				27,270	15,875	556
135 Total brokered retail deposits				18,913	13,616	526
136 Issued in denominations of \$100,000 or less				998	2,948	457
137 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less				17,915	10,668	69
138 Money market deposit accounts (savings deposits; MMDAs)				234,160	177,952	38,583
139 Other savings deposits (excluding MMDAs)				124,190	134,349	38,501
140 Total time deposits of less than \$100,000				198,977	307	111,326
141 Time certificates of deposit of \$100,000 or more				85,394	86,396	26,024
142 Open-account time deposits of \$100,000 or more				14,495	3,004	949
143 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)				105,259	132,019	45,973
144 Total time and savings deposits	n.a.	n.a.	n.a.	763,444	843,454	262,562
Quarterly averages						
145 Total loans				892,030	704,044	175,348
146 Obligations (other than securities) of states and political subdivisions in the United States				13,106	9,802	n.a.
147 Transaction accounts in domestic offices (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)				106,459	132,508	46,504
Nontransaction accounts in domestic offices						
148 Money market deposit accounts				236,832	176,889	38,289
149 Other savings deposits				122,063	131,029	37,557
150 Time certificates of deposit of \$100,000 or more				88,227	85,326	25,460
151 All other time deposits				224,676	311,653	112,810
152 Number of banks	11,283	208	n.a.	n.a.	2,915	8,160

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of \$100 Million or more or with foreign offices¹
Consolidated Report of Condition, March 31, 1993

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
1 Total assets ⁴	2,776,246	2,159,025	1,672,096	486,929	617,221
2 Cash and balances due from depository institutions	165,557	135,855	105,468	30,387	29,702
3 Cash items in process of collection and unposted debits	75,126	66,561	53,152	13,409	8,565
4 Currency and coin	28,274	23,017	18,606	4,412	5,256
5 Balances due from depository institutions in the United States	25,271	15,950	12,656	3,293	9,322
6 Balances due from banks in foreign countries and foreign central banks	5,670	4,215	3,516	699	1,455
7 Balances due from Federal Reserve Banks	31,216	26,112	17,538	8,574	5,104
8 Total securities, loans, and lease financing receivables, (net of unearned income)	2,402,661	1,843,985	1,449,043	394,942	558,676
9 Total securities, book value	644,830	489,387	367,787	121,601	155,443
10 U.S. Treasury securities	210,992	156,863	121,012	35,851	54,129
11 U.S. government agency and corporation obligations	315,555	245,992	184,468	61,524	69,563
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	144,080	117,150	88,158	28,991	26,930
13 All other	171,476	128,843	96,310	32,533	42,633
14 Securities issued by states and political subdivisions in the United States	54,713	38,279	26,992	11,287	16,435
15 Other domestic debt securities	51,578	39,911	28,255	11,656	11,667
16 All holdings of private certificates of participation in pools of residential mortgages	4,887	4,136	3,519	618	751
17 All other	46,690	35,775	24,736	11,039	10,916
18 Foreign debt securities	1,560	1,050	979	72	510
19 Equity securities	10,432	7,292	6,081	1,211	3,140
20 Marketable	4,459	2,117	1,887	230	2,343
21 Investments in mutual funds	2,810	1,408	1,319	89	1,402
22 Other	1,673	718	576	143	954
23 Less: Net unrealized loss	23	10	8	2	13
24 Other equity securities	5,972	5,175	4,194	981	797
25 Federal funds sold and securities purchased under agreements to resell ⁸	130,353	106,187	82,096	24,090	24,167
26 Federal funds sold	50,855	33,825	29,225	4,600	17,029
27 Securities purchased under agreements to resell	3,612	2,410	1,529	881	1,202
28 Total loans and lease financing receivables, gross	1,633,187	1,252,209	1,001,806	250,403	380,978
29 Less: Unearned income on loans	5,710	3,798	2,646	1,152	1,912
30 Total loans and leases (net of unearned income)	1,627,477	1,248,411	999,160	249,251	379,067
<i>Total loans, gross, by category</i>					
31 Loans secured by real estate	738,948	548,009	444,699	103,310	190,940
32 Construction and land development	67,834	51,580	42,206	9,374	16,254
33 Farmland	9,557	5,635	4,759	876	3,922
34 One- to four-family residential properties	405,708	307,536	250,551	56,986	98,172
35 Revolving, open-end and extended under lines of credit	70,696	53,983	44,007	9,976	16,714
36 All other loans	335,012	253,553	206,544	47,010	81,458
37 Multifamily (five or more) residential properties	25,200	17,823	14,135	3,688	7,377
38 Nonfarm nonresidential properties	230,649	165,435	133,048	32,386	65,214
39 Commercial banks in the United States	16,676	12,286	9,877	2,408	4,391
40 Other depository institutions in the United States	726	534	467	66	193
41 Banks in foreign countries	2,641	2,301	1,215	1,086	340
42 Finance agricultural production and other loans to farmers	15,492	10,584	9,226	1,358	4,908
43 Commercial and industrial loans	407,551	328,666	259,999	68,667	78,885
44 U.S. addressees (domicile)	404,338	325,821	257,658	68,163	78,517
45 Non-U.S. addressees (domicile)	3,213	2,845	2,340	504	369
46 Acceptances of other banks ⁹	989	744	605	139	245
47 U.S. banks	476	310	188	121	166
48 Foreign banks	390	381	371	10	10
49 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	329,120	242,605	199,175	43,430	86,515
50 Credit cards and related plans	61,171	42,292	38,737	3,555	18,880
51 Other (includes single payment and installment)	115,662	70,412	56,259	14,153	45,250
52 Loans to foreign governments and official institutions	1,348	1,319	807	512	30
53 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	22,361	18,102	13,073	5,029	4,259
54 Taxable	1,352	1,095	730	364	257
55 Tax-exempt	21,009	17,007	12,343	4,664	4,002
56 Other loans	66,740	61,538	42,095	19,443	5,202
57 Loans for purchasing and carrying securities	17,781	16,213	8,492	7,721	1,568
58 All other loans	48,958	45,325	33,603	11,722	3,634
59 Lease financing receivables	30,594	25,523	20,568	4,955	5,071
60 Customers' liability on acceptances outstanding	11,202	10,526	7,720	2,806	675
61 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	51,858	46,514	23,962	22,553	5,344
62 Remaining assets	196,827	168,659	109,866	58,794	28,168

4.21—Continued

Item	Total	Members			Non-members
		Total	National	State	
63 Total liabilities and equity capital	2,776,246	2,159,025	1,672,096	486,929	617,221
64 Total liabilities ⁵	2,537,663	1,974,948	1,530,078	444,870	562,715
65 Total deposits	2,025,413	1,551,428	1,236,043	315,384	473,986
66 Individuals, partnerships, and corporations	1,886,079	1,443,113	1,151,673	291,440	442,966
67 U.S. government	4,714	3,970	3,295	675	744
68 States and political subdivisions in the United States	76,882	56,264	45,157	11,106	20,618
69 Commercial banks in the United States	27,284	24,269	19,304	4,965	3,016
70 Other depository institutions in the United States	7,884	5,100	4,128	972	2,783
71 Banks in foreign countries	6,164	5,682	3,203	2,479	482
72 Foreign governments and official institutions	1,048	959	535	424	89
73 Certified and official checks	15,359	12,072	8,748	3,323	3,287
74 Total transaction accounts	659,252	523,297	414,264	109,033	135,955
75 Individuals, partnerships, and corporations	577,176	454,325	361,144	93,181	122,851
76 U.S. government	3,904	3,235	2,769	465	670
77 States and political subdivisions in the United States	29,079	22,483	18,001	4,483	6,596
78 Commercial banks in the United States	23,458	22,062	17,822	4,240	1,396
79 Other depository institutions in the United States	3,756	3,001	2,348	653	755
80 Banks in foreign countries	5,747	5,400	3,065	2,334	347
81 Foreign governments and official institutions	773	720	367	353	53
82 Certified and official checks	15,359	12,072	8,748	3,323	3,287
83 Demand deposits (included in total transaction accounts)	418,516	339,645	264,158	75,487	78,871
84 Individuals, partnerships, and corporations	351,857	281,729	219,883	61,846	70,128
85 U.S. government	3,591	2,936	2,484	452	655
86 States and political subdivisions in the United States	14,027	11,748	9,462	2,286	2,279
87 Commercial banks in the United States	23,433	22,056	17,816	4,240	1,376
88 Other depository institutions in the United States	3,735	2,986	2,333	653	749
89 Banks in foreign countries	5,743	5,399	3,065	2,334	344
90 Foreign governments and official institutions	771	719	366	353	53
91 Certified and official checks	15,359	12,072	8,748	3,323	3,287
92 Total nontransaction accounts	1,366,161	1,028,131	821,779	206,351	338,031
93 Individuals, partnerships, and corporations	1,308,903	988,788	790,529	198,259	320,115
94 U.S. government	810	735	526	209	75
95 States and political subdivisions in the United States	47,802	33,780	27,157	6,624	14,022
96 Commercial banks in the United States	3,826	2,206	1,482	724	1,620
97 U.S. branches and agencies of foreign banks	237	115	110	5	122
98 Other commercial banks in the United States	3,589	2,091	1,372	719	1,498
99 Other depository institutions in the United States	4,128	2,099	1,780	319	2,028
100 Banks in foreign countries	417	282	137	144	135
101 Foreign branches of other U.S. banks	20	13	13	1	7
102 Other banks in foreign countries	396	269	125	144	128
103 Foreign governments and official institutions	276	239	168	72	36
104 Federal funds purchased and securities sold under agreements to repurchase ¹⁰	265,386	227,092	156,178	70,913	38,294
105 Federal funds purchased	35,904	27,134	21,886	5,248	8,770
106 Securities sold under agreements to repurchase	31,544	20,348	17,577	2,770	11,196
107 Demand notes issued to the U.S. Treasury	14,218	12,752	8,943	3,808	1,466
108 Other borrowed money	94,688	67,695	46,564	21,131	26,993
109 Banks liability on acceptances executed and outstanding	11,340	10,665	7,826	2,839	675
110 Notes and debentures subordinated to deposits	1,954	1,462	1,145	317	492
111 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	31,649	22,003	19,403	2,600	9,646
112 Remaining liabilities	124,664	103,855	73,377	30,478	20,809
113 Total equity capital ⁷	238,583	184,078	142,019	42,059	54,506
MEMO					
114 Holdings of commercial paper included in total loans, gross	2,831	581	525	56	2,250
115 Total individual retirement (IRA) and Keogh plan accounts	131,337	101,288	81,854	19,434	30,049
116 Total brokered deposits	43,145	30,799	25,167	5,632	12,346
117 Total brokered retail deposits	32,529	23,147	19,227	3,920	9,381
118 Issued in denominations of \$100,000 or less	3,946	2,491	2,271	220	1,455
119 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less	28,583	20,657	16,956	3,701	7,926
120 Money market deposit accounts (savings deposits; MMDAs)	412,112	325,413	260,030	65,382	86,699
121 Other savings accounts	258,539	193,975	143,806	50,169	64,564
122 Total time deposits of less than \$100,000	506,221	373,437	307,615	65,822	132,784
123 Time certificates of deposit of \$100,000 or more	171,790	121,749	102,014	19,735	50,041
124 Open-account time deposits of \$100,000 or more	17,499	13,537	8,314	5,243	3,942
125 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	237,278	181,581	148,365	33,216	55,696
126 Total time and savings deposits	1,606,898	1,211,783	971,886	239,897	395,115
Quarterly averages					
127 Total loans	1,596,074	1,221,287	980,347	240,940	374,787
128 Obligations (other than securities) of states and political subdivisions in the United States	22,909	18,668	13,500	5,168	4,241
129 Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone preauthorized transfer accounts)	238,967	182,287	148,907	33,380	56,679
Nontransaction accounts					
130 Money market deposit accounts	413,720	326,918	260,122	66,796	86,802
131 Other savings deposits	253,092	189,389	140,248	49,141	63,703
132 Time certificates of deposits of \$100,000 or more	173,553	123,762	103,908	19,854	49,791
133 All other time deposits	536,329	398,116	323,011	75,105	138,213
134 Number of banks	3,123	1,669	1,370	299	1,454

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities¹
Consolidated Report of Condition, March 31, 1993

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
1 Total assets⁴	3,119,517	2,289,150	1,772,493	516,658	830,367
2 Cash and balances due from depository institutions	184,247	143,151	111,145	32,005	41,097
3 Currency and coin	31,469	24,250	19,570	4,680	7,219
4 Non-interest-bearing balances due from commercial banks	26,162	14,833	11,427	3,406	11,328
5 Other	126,617	104,068	80,148	23,919	22,549
6 Total securities, loans, and lease financing receivables (net of unearned income)	2,716,909	1,962,803	1,540,588	422,214	754,106
7 Total securities, book value	763,604	535,158	404,190	130,968	228,445
8 U.S. Treasury securities and U.S. government agency and corporation obligations	622,640	440,475	335,599	104,876	182,165
9 Securities issued by states and political subdivisions in the United States	70,634	43,831	31,249	12,582	26,803
10 Other debt securities	58,476	42,903	30,732	12,171	15,573
11 All holdings of private certificates of participation in pools of residential mortgages	5,018	4,197	3,564	632	821
12 All other	53,459	38,706	27,167	11,539	14,752
13 Equity securities	11,853	7,949	6,610	1,339	3,904
14 Marketable	5,433	2,494	2,206	288	2,938
15 Investments in mutual funds	3,694	1,769	1,624	146	1,925
16 Other	1,785	743	598	145	1,042
17 Less: Net unrealized loss	47	18	16	2	28
18 Other equity securities	6,420	5,455	4,405	1,050	965
19 Federal funds sold and securities purchased under agreements to resell ⁵	149,027	113,580	87,713	25,867	35,446
20 Federal funds sold	69,369	41,163	34,797	6,365	28,206
21 Securities purchased under agreements to resell	3,771	2,466	1,574	893	1,304
22 Total loans and lease financing receivables, gross	1,811,202	1,318,351	1,051,706	266,646	492,851
23 Less: Unearned income on loans	6,923	4,287	3,021	1,266	2,636
24 Total loans and leases (net of unearned income)	1,804,279	1,314,064	1,048,685	265,379	490,215
<i>Total loans, gross, by category</i>					
25 Loans secured by real estate	837,382	584,320	471,949	112,371	253,062
26 Construction and land development	73,459	53,763	43,814	9,949	19,696
27 Farmland	19,950	8,836	7,288	1,548	11,113
28 One- to four-family residential properties	459,566	327,672	265,535	62,138	131,894
29 Revolving, open-end loans, and extended under lines of credit	73,516	55,165	44,817	10,348	18,352
30 All other loans	386,050	272,507	220,718	51,790	113,542
31 Multifamily (five or more) residential properties	27,320	18,625	14,744	3,881	8,694
32 Nonfarm nonresidential properties	257,088	175,423	140,569	34,854	81,665
33 Loans to depository institutions	20,202	15,195	11,602	3,593	5,008
34 Loans to finance agricultural production and other loans to farmers	32,806	16,375	13,797	2,578	16,431
35 Commercial and industrial loans	437,511	340,541	268,770	71,771	96,970
36 Acceptances of other banks	1,169	799	651	148	370
37 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	358,370	253,671	207,663	46,008	104,699
38 Credit cards and related plans	62,672	42,905	39,239	3,667	19,766
39 Other (includes single payment installment)	143,411	80,864	64,245	16,619	62,547
40 Obligations (other than securities) of states and political subdivisions in the United States	23,510	18,490	13,381	5,109	5,019
41 Taxable	1,392	1,109	740	369	283
42 Tax-exempt	22,118	17,382	12,641	4,740	4,736
43 All other loans	69,219	63,294	43,206	20,087	5,925
44 Lease financing receivables	31,033	25,666	20,686	4,980	5,367
45 Customers' liability on acceptances outstanding	11,216	10,536	7,727	2,810	680
46 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	51,858	46,314	23,962	22,353	5,344
47 Remaining assets	207,145	172,660	113,032	59,628	34,484
48 Total liabilities and equity capital	3,119,517	2,289,150	1,772,493	516,658	830,367
49 Total liabilities⁵	2,847,976	2,092,758	1,620,961	471,798	755,218
50 Total deposits	2,328,955	1,666,528	1,324,950	341,577	662,427
51 Individuals, partnerships, and corporations	2,164,877	1,549,246	1,233,781	315,465	615,631
52 U.S. government	5,147	4,141	3,436	706	1,006
53 States and political subdivisions in the United States	96,848	63,208	50,735	12,472	33,640
54 Commercial banks in the United States	28,446	24,939	19,512	5,427	3,507
55 Other depository institutions in the United States	9,144	5,490	4,401	1,088	3,654
56 Certified and official checks	17,238	12,849	9,342	3,507	4,389
57 All other	7,256	6,655	3,744	2,912	601
58 Total transaction accounts	747,410	557,917	441,251	116,666	189,493
59 Individuals, partnerships, and corporations	655,105	484,944	385,189	99,754	170,161
60 U.S. government	4,222	3,352	2,865	487	871
61 States and political subdivisions in the United States	36,384	25,016	20,108	4,908	11,368
62 Commercial banks in the United States	23,995	22,552	17,900	4,652	1,444
63 Other depository institutions in the United States	3,919	3,073	2,408	665	846
64 Certified and official checks	17,238	12,849	9,342	3,507	4,389
65 All other	6,547	6,132	3,438	2,693	415
66 Demand deposits (included in total transaction accounts)	459,495	356,317	276,827	79,490	103,179
67 Individuals, partnerships, and corporations	388,199	296,356	231,235	65,121	91,843
68 U.S. government	3,889	3,051	2,577	473	839
69 States and political subdivisions in the United States	15,770	12,332	9,953	2,379	3,438
70 Commercial banks in the United States	23,965	22,541	17,890	4,652	1,424
71 Other depository institutions in the United States	3,893	3,057	2,392	665	835
72 Certified and official checks	17,238	12,849	9,342	3,507	4,389
73 All other	6,541	6,130	3,437	2,693	411
74 Total nontransaction accounts	1,581,545	1,108,611	883,700	224,911	472,934
75 Individuals, partnerships, and corporations	1,509,772	1,064,302	848,591	215,711	445,470
76 U.S. government	924	789	571	219	135
77 States and political subdivisions in the United States	60,463	38,191	30,627	7,564	22,272
78 Commercial banks in the United States	4,451	2,388	1,612	775	2,063
79 Other depository institutions in the United States	5,225	2,416	1,993	424	2,808
80 All other	710	524	305	219	186

4.22—Continued

Item	Total	Members			Non-members
		Total	National	State	
81 Federal funds purchased and securities sold under agreements to repurchase ¹⁰	268,006	228,253	156,959	71,295	39,752
82 Federal funds purchased	36,884	27,626	22,175	5,451	9,258
83 Securities sold under agreements to repurchase	33,184	21,018	18,069	2,949	12,167
84 Demand notes issued to the U.S. Treasury	14,533	12,864	9,031	3,832	1,669
85 Other borrowed money	95,778	68,062	46,820	21,241	27,716
86 Banks liability on acceptances executed and outstanding	11,355	10,675	7,833	2,842	680
87 Notes and debentures subordinated to deposits	1,993	1,474	1,151	323	520
88 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	31,649	22,003	19,403	2,600	9,646
89 Remaining liabilities	127,356	104,903	74,216	30,687	22,454
90 Total equity capital⁷	271,541	196,392	151,532	44,860	75,149
MEMO					
91 Assets held in trading accounts ¹¹	36,415	35,176	18,624	16,551	1,240
92 U.S. Treasury securities	18,253	17,959	8,194	9,765	293
93 U.S. government agency corporation obligations	3,266	3,142	2,690	452	124
94 Securities issued by states and political subdivisions in the United States	1,130	1,077	596	482	52
95 Other bonds, notes, and debentures	1,287	1,253	1,124	129	34
96 Certificates of deposit	1,381	1,271	854	417	110
97 Commercial paper	35	35	35	0	0
98 Bankers acceptances	2,504	2,375	1,572	803	129
99 Other	7,946	7,901	3,425	4,476	45
100 Total individual retirement (IRA) and Keogh plan accounts	148,704	107,582	86,745	20,837	41,121
101 Total brokered deposits	43,701	30,986	25,283	5,703	12,715
102 Total brokered retail deposits	33,055	23,324	19,338	3,986	9,730
103 Issued in denominations of \$100,000 or less	4,403	2,643	2,368	275	1,760
104 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less	28,651	20,681	16,971	3,711	7,970
Savings deposits					
105 Money market deposit accounts (savings deposits; MMDAs)	450,695	341,158	272,229	68,930	109,537
106 Other savings deposits	297,040	209,069	155,148	53,921	87,971
107 Total time deposits of less than \$100,000	617,547	412,929	338,112	74,817	204,618
108 Time certificates of deposit of \$100,000 or more	197,815	131,596	109,661	21,934	66,219
109 Open-account time deposits of \$100,000 or more	18,448	13,858	8,549	5,309	4,589
110 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	283,251	199,126	162,394	36,731	84,125
111 Total time and savings deposits	1,869,460	1,310,211	1,048,124	262,087	559,248
Quarterly averages					
112 Total loans	1,771,422	1,286,468	1,029,546	256,922	484,955
113 Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)	285,471	200,022	163,065	36,957	85,449
Nontransaction accounts					
114 Money market deposit accounts	452,009	342,491	272,207	70,284	109,518
115 Other savings deposits	290,649	204,129	151,327	52,801	86,520
116 Time certificates of deposit of \$100,000 or more	199,013	133,424	111,414	22,009	65,590
117 All other time deposits	649,139	438,175	353,945	84,230	210,963
118 Number of banks	11,283	4,473	3,523	950	6,810

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the March 31, 1984, Call Report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets of more than \$1 billion report additional items; (3) the domestic offices of banks with foreign offices report far less detail; and (4) banks with assets of less than \$25 million have been excused from reporting certain detail items.

The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks with foreign offices.

All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

2. Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and Agreement corporations wherever located and IBFs.

3. The "over 100" refers to banks whose assets, on June 30 of the preceding

calendar year, were \$100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than \$100 million. (These banks filed the FFIEC 034 Call Report.)

4. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

5. Because the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not sum to the actual total (foreign).

6. The definition of "all other" varies by report form and therefore by column in this table.

7. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

8. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here; therefore, the components do not sum to totals.

9. "Acceptances of other banks" is not reported by domestic banks having less than \$300 million in total assets; therefore the components do not sum to totals.

10. Only the domestic portion of federal funds purchased and securities sold are reported here; therefore the components do not sum to totals.

11. Components are reported only for banks with total assets of \$1 billion or more; therefore the components do not sum to totals.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3-7, 1993¹

A. Commercial and Industrial Loans

Characteristic	Amount of loans (\$1,000)	Average size (\$1,000)	Weighted average maturity ²	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁵
				Days	Weighted average effective ³				
			ALL BANKS						
1 Overnight ⁶	10,247,454	6,973	*	3.55	.20	5.5	57.3	8.9	Other
2 One month and under (excluding overnight)	6,349,205	649	16	4.16	.19	27.4	73.0	5.0	Domestic
3 Fixed rate	4,002,333	1,341	14	3.81	.28	19.2	70.6	1.4	Domestic
4 Floating rate	2,346,872	345	20	4.75	.25	41.3	77.1	11.2	Domestic
5 Over one month and under a year	7,876,450	136	142	5.56	.17	57.1	77.2	13.0	Prime
6 Fixed rate	2,941,957	137	97	5.11	.27	55.3	72.7	11.6	Other
7 Floating rate	4,934,493	136	169	5.83	.22	58.2	80.0	13.9	Prime
8 Demand ⁷	16,738,804	331	*	5.45	.18	64.6	65.4	5.0	Prime
9 Fixed rate	1,964,129	504	*	4.13	.31	17.7	81.1	1.9	Fed funds
10 Floating rate	14,774,675	317	*	5.63	.16	70.8	63.4	5.5	Prime
11 Total short term	41,211,913	345	50	4.80	.18	42.7	66.8	7.5	Prime
12 Fixed rate (thousands of dollars)	19,155,873	643	21	3.91	.29	17.2	64.9	7.0	Other
13 1-99	347,544	14	176	8.27	.19	79.3	27.2	1.2	Other
14 100-499	442,248	199	147	6.61	.35	68.3	52.9	7.2	Prime
15 500-999	330,865	689	62	4.76	.13	42.5	81.3	5.9	Other
16 1,000-4,999	3,508,517	2,215	34	4.27	.15	23.8	76.1	5.2	Domestic
17 5,000-9,999	3,469,582	6,796	14	3.77	.07	14.4	65.9	8.4	Other
18 10,000 and over	11,057,116	19,123	9	3.57	.12	11.3	62.2	7.4	Other
19 Floating rate (thousands of dollars)	22,056,041	246	121	5.58	.18	64.8	68.5	8.0	Prime
20 1-99	1,661,515	24	170	7.48	.05	84.6	84.3	2.7	Prime
21 100-499	3,173,793	200	181	6.93	.08	78.0	88.8	5.5	Prime
22 500-999	1,625,130	655	186	6.55	.09	70.2	89.6	7.8	Prime
23 1,000-4,999	4,640,477	2,050	149	6.04	.19	59.2	84.7	8.4	Prime
24 5,000-9,999	2,154,399	6,700	70	5.30	.27	44.6	81.8	7.1	Prime
25 10,000 and over	8,800,726	24,757	63	4.37	.32	63.3	42.6	9.9	Fed funds
			Months						
26 Total long term	3,705,469	159	42	6.32	.19	64.7	76.4	7.3	Prime
27 Fixed rate (thousands of dollars)	1,212,616	109	50	6.02	.34	51.2	59.4	2.3	Other
28 1-99	164,739	16	44	8.80	.25	93.8	14.3	.0	Other
29 100-499	131,221	214	76	7.90	.25	87.5	26.9	1.5	Other
30 500-999	94,398	638	59	8.43	.62	90.5	25.4	2.0	Other
31 1,000 and over	822,258	4,345	46	4.88	.28	32.4	77.5	2.9	Other
32 Floating rate (thousands of dollars)	2,492,853	205	38	6.47	.16	71.3	84.7	9.8	Prime
33 1-99	215,718	25	41	7.77	.08	90.1	62.2	4.5	Prime
34 100-499	527,409	218	36	7.06	.11	84.8	71.1	4.7	Prime
35 500-999	330,607	657	39	6.72	.16	75.0	81.2	7.0	Prime
36 1,000 and over	1,419,119	2,970	38	5.99	.27	62.6	93.9	13.2	Prime
			Days	Loan rate (percent)					
				Effective ³	Nominal ⁸				
LOANS MADE BELOW PRIME ¹⁰									
37 Overnight ⁶	10,104,214	8,337	*	3.52	3.50	4.7	56.7	9.0	6.00
38 One month and under (excluding overnight)	5,693,366	3,531	15	3.83	3.80	21.7	71.4	4.3	6.03
39 Over one month and under a year	4,142,750	508	97	4.23	4.21	41.5	77.1	18.5	6.14
40 Demand ⁷	8,161,210	2,998	*	3.88	3.84	54.9	43.1	3.5	6.01
41 Total short term	28,101,541	2,052	25	3.79	3.77	28.2	58.8	7.9	6.03
42 Fixed rate	18,063,114	2,732	15	3.69	3.67	13.9	64.9	7.0	6.02
43 Floating rate	10,038,427	1,417	70	3.97	3.93	53.8	47.6	9.5	6.06
			Months						
44 Total long term	1,308,599	662	42	4.53	4.50	36.5	77.6	5.7	6.29
45 Fixed rate	735,393	668	43	4.57	4.55	25.4	69.7	2.1	6.36
46 Floating rate	573,207	654	40	4.47	4.44	50.8	87.8	10.4	6.20

For notes see end of table.

4.23—Continued

Characteristic	Amount of loans (\$1,000)	Average size (\$1,000)	Weighted average maturity ²	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁵	
				Days	Weighted average effective ³					Standard error ⁴
LARGE BANKS										
1 Overnight ⁶	7,908,231	7,694	*		3.59	.16	7.1	48.4	11.0	Other
2 One month and under (excluding overnight)	4,649,178	2,970	14		3.93	.15	21.4	82.6	1.0	Domestic
3 Fixed rate	3,276,260	4,756	14		3.74	.18	18.7	76.1	1.3	Domestic
4 Floating rate	1,372,918	1,566	16		4.39	.23	27.7	97.9	.3	Domestic
5 Over one month and under a year	4,349,395	928	110		4.91	.13	54.2	87.8	14.7	Foreign
6 Fixed rate	1,962,634	2,234	67		4.54	.14	53.6	85.5	15.7	Domestic
7 Floating rate	2,386,761	627	145		5.21	.19	54.6	89.7	13.9	Prime
8 Demand ⁷	11,989,371	675	*		5.08	.18	62.7	57.1	4.3	Prime
9 Fixed rate	1,134,438	1,270	*		4.09	.30	15.4	80.8	1.7	Other
10 Floating rate	10,854,933	644	*		5.18	.17	67.7	54.6	4.5	Prime
11 Total short term	28,896,175	1,154	33		4.46	.15	39.6	63.4	7.2	Fed funds
12 Fixed rate (thousands of dollars)	14,281,562	4,094	14		3.79	.21	16.8	62.4	8.7	Other
13 1-99	20,636	26	106		7.06	.32	61.0	52.0	.0	Prime
14 100-499	127,815	259	38		5.40	.22	46.5	77.3	5.9	Other
15 500-999	241,061	701	54		4.77	.19	47.6	84.9	4.3	Domestic
16 1,000-4,999	2,442,412	2,374	28		4.24	.11	24.8	78.9	5.8	Domestic
17 5,000-9,999	2,513,921	6,604	14		3.78	.10	17.8	62.6	11.6	Other
18 10,000 and over	8,935,716	19,711	10		3.62	.19	13.0	57.1	8.9	Other
19 Floating rate (thousands of dollars)	14,614,613	678	98		5.11	.17	61.8	64.4	5.7	Prime
20 1-99	406,040	32	157		7.25	.09	82.5	91.2	1.9	Prime
21 100-499	1,208,730	208	149		6.81	.06	75.1	91.0	3.3	Prime
22 500-999	795,595	657	144		6.30	.12	59.6	89.4	6.9	Prime
23 1,000-4,999	2,581,846	2,121	130		5.67	.19	47.4	84.0	7.1	Prime
24 5,000-9,999	1,727,570	6,786	82		5.14	.26	46.1	82.1	6.1	Prime
25 10,000 and over	7,894,832	24,638	72		4.44	.34	67.1	46.1	5.5	Fed funds
			Months							
26 Total long term	1,798,869	545	38		5.97	.17	60.3	88.9	10.6	Prime
27 Fixed rate (thousands of dollars)	325,718	777	38		5.30	.30	56.6	78.1	6.2	Fed funds
28 1-99	6,146	27	51		8.29	.37	89.6	36.9	1.0	Other
29 100-499	21,997	240	47		6.76	.27	75.5	57.0	7.1	Other
30 500-999	20,858	694	55		7.15	.49	81.4	62.1	9.1	Domestic
31 1,000 and over	276,718	4,175	36		4.97	.52	52.6	81.8	6.1	Fed funds
32 Floating rate (thousands of dollars)	1,473,151	511	37		6.11	.18	61.1	91.3	11.5	Prime
33 1-99	37,285	29	31		6.97	.16	87.9	85.5	4.7	Prime
34 100-499	234,131	231	36		6.88	.15	77.0	85.1	6.2	Prime
35 500-999	189,753	669	35		6.54	.29	65.6	88.1	9.0	Prime
36 1,000 and over	1,011,982	3,303	38		5.83	.50	55.6	93.6	13.5	Prime
			Days	Loan rate (percent)						
				Effective ³	Nominal ⁸					
LOANS MADE BELOW PRIME ¹⁰										
37 Overnight ⁶	7,766,005	8,820	*		3.54	3.52	6.1	47.4	11.2	6.00
38 One month and under (excluding overnight)	4,451,478	6,201	14		3.81	3.78	19.8	82.4	1.0	6.00
39 Over one month and under a year	2,958,534	3,106	88		4.12	4.10	46.4	88.9	17.2	6.00
40 Demand	7,100,246	4,928	*		3.86	3.82	59.8	37.9	3.6	6.00
41 Total short term	22,276,263	5,581	22		3.77	3.75	31.3	56.9	7.5	6.00
42 Fixed rate	13,797,459	5,586	13		3.69	3.68	15.3	61.3	8.5	6.00
43 Floating rate	8,478,803	5,572	67		3.90	3.86	57.4	49.7	6.0	6.00
			Months							
44 Total long term	661,259	2,520	38		4.19	4.16	43.7	92.0	9.9	6.00
45 Fixed rate	215,686	3,127	34		4.35	4.30	50.1	86.0	3.5	6.00
46 Floating rate	445,572	2,304	40		4.12	4.09	40.6	94.8	12.9	6.00

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3-7, 1993¹—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (\$1,000)	Average size (\$1,000)	Weighted average maturity ²	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁵
				Weighted average effective ³	Standard error ⁴				
			Days						
OTHER BANKS									
1 Overnight ⁶	2,339,223	5,296	*	3.45	.36	.0	87.6	1.8	Other
2 One month and under (excluding overnight)	1,700,027	207	22	4.78	.23	43.8	46.8	15.9	Foreign
3 Fixed rate	726,073	316	17	4.13	.34	21.3	45.5	1.5	Fed funds
4 Floating rate	973,954	164	25	5.26	.26	60.5	47.8	26.6	Foreign
5 Over one month and under a year	3,527,055	66	181	6.37	.20	60.8	64.2	10.9	Prime
6 Fixed rate	979,323	48	157	6.27	.33	58.6	46.9	3.3	Other
7 Floating rate	2,547,732	78	190	6.40	.21	61.6	70.8	13.8	Prime
8 Demand ⁷	4,749,433	145	*	6.39	.21	69.1	86.6	7.0	Prime
9 Fixed rate	829,691	276	*	4.19	.41	21.0	81.3	2.2	Fed funds
10 Floating rate	3,919,742	132	*	6.85	.14	79.3	87.7	8.0	Prime
11 Total short term	12,315,738	130	90	5.60	.21	50.1	74.9	8.4	Prime
12 Fixed rate (thousands of dollars)	4,874,310	185	42	4.24	.32	18.5	72.1	2.2	Other
13 1-99	326,908	14	178	8.35	.20	80.5	25.7	1.2	Other
14 100-499	314,433	182	186	7.10	.46	77.2	43.0	7.7	Prime
15 500-999	89,804	660	83	4.74	.23	28.7	71.9	10.2	Other
16 1,000-4,999	1,066,105	1,921	48	4.32	.38	21.5	69.5	4.0	Fed funds
17 5,000-9,999	955,661	7,360	15	3.74	.05	5.6	74.6	.0	Foreign
18 10,000 and over	2,121,400	16,990	5	3.35	.06	4.2	83.7	1.2	Other
19 Floating rate (thousands of dollars)	7,441,427	109	145	6.49	.20	70.8	76.7	12.4	Prime
20 1-99	1,255,475	23	171	7.55	.05	85.3	82.1	3.0	Prime
21 100-499	1,965,063	195	190	7.00	.10	79.9	87.5	6.8	Prime
22 500-999	829,335	654	209	6.78	.12	80.3	89.7	8.6	Prime
23 1,000-4,999	2,058,632	1,968	177	6.52	.12	74.0	85.7	10.0	Prime
24 5,000-9,999	426,829	6,374	35	5.96	.64	38.5	80.4	11.0	Prime
25 10,000 and over	905,895	25,847	44	3.84	.09	30.3	11.9	47.5	Foreign
			Months						
26 Total long term	1,906,600	95	46	6.65	.21	68.9	64.6	4.3	Prime
27 Fixed rate (thousands of dollars)	886,898	83	55	6.28	.41	49.3	52.5	.9	Other
28 1-99	158,593	16	43	8.82	.32	94.0	13.5	.0	Other
29 100-499	109,224	209	82	8.13	.25	89.9	20.9	.4	Other
30 500-999	73,541	624	60	8.80	1.04	93.1	15.0	.0	Other
31 1,000 and over	545,540	4,437	52	4.84	.57	22.2	75.2	1.3	Other
32 Floating rate (thousands of dollars)	1,019,702	110	38	6.98	.15	86.0	75.1	7.3	Prime
33 1-99	178,433	24	43	7.94	.13	90.5	57.3	4.5	Prime
34 100-499	293,278	209	36	7.21	.18	91.0	59.9	3.5	Prime
35 500-999	140,854	643	44	6.97	.32	87.8	71.8	4.4	Prime
36 1,000 and over	407,137	2,377	36	6.39	.16	79.8	94.9	12.3	Prime
			Days	Loan rate (percent)					
				Effective ³	Nominal ⁸				
LOANS MADE BELOW PRIME ¹⁰									
37 Overnight ⁶	2,338,209	7,056	*	3.45	3.44	.0	87.6	1.8	6.00
38 One month and under (excluding overnight)	1,241,888	1,388	21	3.90	3.86	28.7	31.9	16.2	6.14
39 Over one month and under a year	1,184,217	165	121	4.52	4.48	29.4	47.6	21.8	6.49
40 Demand ⁷	1,060,964	828	*	4.00	3.99	22.3	77.8	2.6	6.10
41 Total short term	5,825,278	600	36	3.86	3.84	16.2	65.8	9.1	6.15
42 Fixed rate	4,265,654	1,030	22	3.68	3.66	9.5	76.5	1.9	6.06
43 Floating rate	1,559,624	280	78	4.37	4.33	34.3	36.5	28.7	6.37
			Months						
44 Total long term	647,341	378	46	4.87	4.85	29.2	63.0	1.5	6.58
45 Fixed rate	519,706	504	47	4.66	4.65	15.1	63.0	1.5	6.50
46 Floating rate	127,635	187	42	5.70	5.68	86.4	63.2	1.5	6.89

For notes see following page.

NOTES TO TABLE 4.23

1. As of Sept. 30, 1990, assets of most of the large banks were at least \$7.0 billion. For all insured banks, total assets averaged \$275 million.
2. Average maturities are weighted by loan size and exclude demand loans.
3. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.
5. The most common base rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate); the federal funds rate; domestic money market rates other than the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.
6. Overnight loans mature on the following business day.
7. Demand loans have no stated date of maturity.
8. Nominal (not compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.
10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1993¹

Millions of dollars

Item	All states		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 Total assets⁴	683,115	284,545	515,865	225,358	75,686	33,708	54,442	17,943
2 Claims on nonrelated parties	593,631	175,117	441,294	144,672	69,032	13,232	54,113	12,761
3 Cash and balances due from depository institutions	133,995	107,180	114,633	89,498	7,193	6,549	10,785	10,358
4 Cash items in process of collection and unposted debits	3,171	0	3,043	0	16	0	82	0
5 Currency and coin (U.S. and foreign)	25	n.a.	18	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	81,933	60,664	70,101	50,028	5,036	4,480	6,053	5,789
7 U.S. branches and agencies of other foreign banks (including IBFs)	77,180	58,717	66,017	48,144	4,741	4,460	5,851	5,757
8 Other depository institutions in United States (including IBFs)	4,753	1,948	4,085	1,884	296	20	202	32
9 Balances with banks in foreign countries and with foreign central banks	47,997	46,515	40,790	39,470	2,072	2,069	4,598	4,568
10 Foreign branches of U.S. banks	1,454	1,424	1,216	1,186	151	151	65	65
11 Other banks in foreign countries and foreign central banks	46,543	45,092	39,575	38,284	1,921	1,918	4,533	4,504
12 Balances with Federal Reserve Banks	870	n.a.	680	n.a.	66	n.a.	50	n.a.
13 Total securities and loans	374,719	57,884	255,472	46,232	55,625	6,215	37,444	1,989
14 Total securities, book value	83,406	13,906	76,666	12,988	3,598	553	2,734	338
15 U.S. Treasury	31,349	n.a.	30,860	n.a.	127	n.a.	307	n.a.
16 Obligations of U.S. government agencies and corporations	16,232	n.a.	15,505	n.a.	557	n.a.	97	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	35,825	13,906	30,301	12,988	2,913	553	2,331	338
18 Federal funds sold and securities purchased under agreements to resell	35,213	3,582	33,352	3,267	540	2	791	150
19 U.S. branches and agencies of other foreign banks	11,683	2,171	10,426	2,119	402	2	616	50
20 Commercial banks in United States	3,858	103	3,636	103	67	0	32	0
21 Other	19,672	1,308	19,289	1,045	71	0	143	100
22 Total loans, gross	291,440	43,987	178,890	33,251	52,046	5,663	34,726	1,652
23 Less: Unearned income on loans	127	9	84	8	19	1	16	0
24 Equals: Loans, net	291,313	43,978	178,806	33,243	52,027	5,662	34,710	1,651
<i>Total loans, gross, by category</i>								
25 Real estate loans	49,415	516	25,133	248	15,883	228	4,891	40
26 Loans to depository institutions	39,211	26,286	29,363	19,504	4,731	3,723	2,471	1,154
27 Commercial banks in United States (including IBFs)	18,106	9,660	13,451	7,112	2,797	1,937	1,558	610
28 U.S. branches and agencies of other foreign banks	15,700	9,349	11,799	6,844	2,682	1,894	1,098	610
29 Other commercial banks in United States	2,406	311	1,652	268	115	43	460	0
30 Other depository institutions in United States (including IBFs)	304	5	7	5	0	0	298	0
31 Banks in foreign countries	20,801	16,621	15,906	12,387	1,934	1,786	616	544
32 Foreign branches of U.S. banks	542	316	367	281	175	35	0	0
33 Other banks in foreign countries	20,259	16,306	15,539	12,106	1,760	1,751	616	544
34 Other financial institutions	23,720	968	20,964	840	917	27	1,403	20
35 Commercial and industrial loans	163,619	12,025	90,671	9,113	29,930	1,543	25,194	387
36 U.S. addressees (domicile)	143,679	424	76,355	324	27,604	78	24,472	7
37 Non-U.S. addressees (domicile)	19,940	11,601	14,316	8,789	2,327	1,465	722	380
38 Acceptances of other banks	1,155	67	839	57	118	0	5	0
39 U.S. banks	621	0	504	0	52	0	0	0
40 Foreign banks	534	67	335	57	65	0	5	0
41 Loans to foreign governments and official institutions (including foreign central banks)	5,468	3,931	3,991	3,369	142	106	343	50
42 Loans for purchasing or carrying securities (secured and unsecured)	5,141	65	4,880	29	187	35	62	0
43 All other loans	3,711	129	3,049	91	139	1	357	0
44 All other assets	49,703	6,471	37,837	5,675	5,674	466	5,093	264
45 Customers' liability on acceptances outstanding	16,862	n.a.	11,575	n.a.	3,822	n.a.	859	n.a.
46 U.S. addressees (domicile)	12,074	n.a.	7,466	n.a.	3,484	n.a.	753	n.a.
47 Non-U.S. addressees (domicile)	4,788	n.a.	4,109	n.a.	338	n.a.	106	n.a.
48 Other assets including other claims on nonrelated parties	32,842	6,471	26,262	5,675	1,852	466	4,234	264
49 Net due from related depository institutions ⁵	89,484	109,428	74,571	80,686	6,655	20,477	330	5,182
50 Net due from head office and other related depository institutions ⁶	89,484	n.a.	74,571	n.a.	6,655	n.a.	330	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions ⁷	n.a.	109,428	n.a.	80,686	n.a.	20,477	n.a.	5,182
52 Total liabilities⁴	683,115	284,545	515,865	225,358	75,686	33,708	54,442	17,943
53 Liabilities to nonrelated parties	568,840	254,243	460,328	203,111	59,946	33,339	30,734	11,823

4.30—Continued

Millions of dollars

Item	All states		New York		California		Illinois	
	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
54 Total deposits and credit balances	153,994	188,865	134,083	172,311	4,383	6,621	6,243	4,564
55 Individuals, partnerships, and corporations	109,201	11,561	91,816	6,835	4,105	491	5,499	27
56 U.S. addressees (domicile)	94,310	176	83,036	168	2,330	0	4,426	9
57 Non-U.S. addressees (domicile)	14,891	11,385	8,780	6,668	1,775	491	1,073	19
58 Commercial banks in United States (including IBFs) ..	27,144	57,655	25,554	53,309	31	2,268	667	1,696
59 U.S. branches and agencies of other foreign banks ..	14,301	50,590	13,691	46,995	26	1,786	321	1,511
60 Other commercial banks in United States	12,843	7,065	11,863	6,314	4	482	346	185
61 Banks in foreign countries	7,887	99,898	7,641	93,907	36	2,884	63	2,563
62 Foreign branches of U.S. banks	4,087	5,925	4,050	4,689	0	195	35	1,008
63 Other banks in foreign countries	3,800	93,974	3,591	89,218	36	2,689	28	1,555
64 Foreign governments and official institutions (including foreign central banks)	2,224	19,361	1,863	17,929	182	978	2	219
65 All other deposits and credit balances	6,482	389	6,201	331	6	0	4	58
66 Certified and official checks	1,057		1,007		22		8	
67 Transaction accounts and credit balances (excluding IBFs)	8,776		7,240		294		372	
68 Individuals, partnerships, and corporations	6,253		4,976		229		357	
69 U.S. addressees (domicile)	4,523		3,857		182		352	
70 Non-U.S. addressees (domicile)	1,730		1,119		47		5	
71 Commercial banks in United States (including IBFs) ..	143		135		4		0	
72 U.S. branches and agencies of other foreign banks ..	45		43		0		0	
73 Other commercial banks in United States	98		92		4		0	
74 Banks in foreign countries	896		761		27		1	
75 Foreign branches of U.S. banks	4		4		0		0	
76 Other banks in foreign countries	892		757		27		1	
77 Foreign governments and official institutions (including foreign central banks)	314		271		5		2	
78 All other deposits and credit balances	113		90		6		3	
79 Certified and official checks	1,057		1,007		22		8	
80 Demand deposits (included in transaction accounts and credit balances)	8,183		6,954		236		358	
81 Individuals, partnerships, and corporations	5,817		4,817		183		344	
82 U.S. addressees (domicile)	4,333		3,776		150		339	
83 Non-U.S. addressees (domicile)	1,463		1,041		33		5	
84 Commercial banks in United States (including IBFs) ..	107	n.a.	103	n.a.	1	n.a.	0	n.a.
85 U.S. branches and agencies of other foreign banks ..	22		21		0		0	
86 Other commercial banks in United States	85		83		0		0	
87 Banks in foreign countries	833		710		24		1	
88 Foreign branches of U.S. banks	4		4		0		0	
89 Other banks in foreign countries	829		706		24		1	
90 Foreign governments and official institutions (including foreign central banks)	285		248		5		2	
91 All other deposits and credit balances	84		69		1		3	
92 Certified and official checks	1,057		1,007		22		8	
93 Non-transaction accounts (including MMDAs, excluding IBFs)	145,218		126,843		4,089		5,871	
94 Individuals, partnerships, and corporations	102,948		86,840		3,876		5,142	
95 U.S. addressees (domicile)	89,787		79,179		2,148		4,074	
96 Non-U.S. addressees (domicile)	13,161		7,661		1,728		1,068	
97 Commercial banks in United States (including IBFs) ..	27,001		25,419		26		667	
98 U.S. branches and agencies of other foreign banks ..	14,256		13,648		26		321	
99 Other commercial banks in United States	12,744		11,771		0		346	
100 Banks in foreign countries	6,991		6,880		9		62	
101 Foreign branches of U.S. banks	4,083		4,047		0		35	
102 Other banks in foreign countries	2,908		2,834		9		27	
103 Foreign governments and official institutions (including foreign central banks)	1,910		1,592		177		0	
104 All other deposits and credit balances	6,369		6,112		0		1	
105 IBF deposit liabilities		188,865		172,311		6,621		4,564
106 Individuals, partnerships, and corporations		11,561		6,835		491		27
107 U.S. addressees (domicile)		176		168		0		9
108 Non-U.S. addressees (domicile)		11,385		6,668		491		19
109 Commercial banks in United States (including IBFs) ..		57,655		53,309		2,268		1,696
110 U.S. branches and agencies of other foreign banks ..		50,590		46,995		1,786		1,511
111 Other commercial banks in United States		7,065		6,314		482		185
112 Banks in foreign countries		99,898		93,907		2,884		2,563
113 Foreign branches of U.S. banks		5,925		4,689		195		1,008
114 Other banks in foreign countries		93,974		89,218		2,689		1,555
115 Foreign governments and official institutions (including foreign central banks)		19,361		17,929		978		219
116 All other deposits and credit balances		389		331		0		58

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1993¹—Continued

Millions of dollars

Item	All states		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
117 Federal funds purchased and securities sold under agreements to repurchase	68,295	9,702	53,471	5,586	9,047	2,479	5,357	1,557
118 U.S. branches and agencies of other foreign banks	13,587	2,648	8,106	1,066	3,726	1,218	1,649	346
119 Other commercial banks in United States	14,950	152	10,274	102	2,692	30	1,864	20
120 Other	39,757	6,902	35,091	4,417	2,628	1,231	1,844	1,191
121 Other borrowed money	110,820	50,231	64,591	20,476	34,642	23,763	9,728	5,507
122 Owed to nonrelated commercial banks in United States (including IBFs)	40,456	19,836	17,311	4,605	18,392	13,340	3,503	1,672
123 Owed to U.S. offices of nonrelated U.S. banks	13,147	2,620	7,876	1,044	3,368	1,382	1,551	143
124 Owed to U.S. branches and agencies of nonrelated foreign banks	27,308	17,216	9,435	3,561	15,024	11,958	1,951	1,529
125 Owed to nonrelated banks in foreign countries	28,500	27,140	14,271	13,102	10,523	10,360	3,413	3,411
126 Owed to foreign branches of nonrelated U.S. banks	1,849	1,750	1,024	938	639	629	177	175
127 Owed to foreign offices of nonrelated foreign banks	26,651	25,390	13,246	12,163	9,884	9,731	3,236	3,236
128 Owed to others	41,864	3,256	33,010	2,769	5,727	63	2,812	423
129 All other liabilities	46,866	5,445	35,871	4,739	5,254	477	4,841	196
130 Branch or agency liability on acceptances executed and outstanding	18,524	n.a.	13,171	n.a.	3,828	n.a.	859	n.a.
131 Other liabilities to nonrelated parties	28,342	5,445	22,701	4,739	1,426	477	3,982	196
132 Net due to related depository institutions ⁵	114,275	30,303	55,537	22,247	15,741	370	23,709	6,120
133 Net due to head office and other related depository institutions ⁵	114,275	n.a.	55,537	n.a.	15,741	n.a.	23,709	n.a.
134 Net due to establishing entity, head office, and other related depository institutions ⁵	n.a.	30,303	n.a.	22,247	n.a.	370	n.a.	6,120
MEMO								
135 Non-interest bearing balances with commercial banks in United States	1,619	0	1,256	0	169	0	114	0
136 Holding of commercial paper included in total loans	990	↑	853	↑	94	↑	35	↑
137 Holding of own acceptances included in commercial and industrial loans	3,322	↑	2,648	↑	356	↑	109	↑
138 Commercial and industrial loans with remaining maturity of one year or less	98,578	↑	53,554	↑	18,014	↑	15,726	↑
139 Predetermined interest rates	61,698	n.a.	31,243	n.a.	11,775	n.a.	11,870	n.a.
140 Floating interest rates	36,880	↓	22,311	↓	6,238	↓	3,856	↓
141 Commercial and industrial loans with remaining maturity of more than one year	65,041	↓	37,117	↓	11,917	↓	9,469	↓
142 Predetermined interest rates	22,938	↓	12,788	↓	4,541	↓	4,104	↓
143 Floating interest rates	42,103	↓	24,329	↓	7,376	↓	5,364	↓

4.30—Continued

Millions of dollars

Item	All states		New York		California		Illinois	
	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	151,231	↑	133,553	↑	4,833	↑	6,019	↑
145 Time CDs in denominations of \$100,000 or more	114,963		101,642		2,745		4,132	
146 Other time deposits in denominations of \$100,000 or more	23,996	n.a.	21,289	n.a.	884	n.a.	1,520	n.a.
147 Time CDs in denominations of \$100,000 or more with remaining maturity of more than 12 months ..	12,272	↓	10,623	↓	1,203	↓	367	↓
	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
148 Market value of securities held	82,794	13,781	75,880	12,842	3,662	576	2,848	336
149 Immediately available funds with a maturity greater than one day included in other borrowed money	71,176	n.a.	36,244	n.a.	26,816	n.a.	6,866	n.a.
150 Number of reports filed ⁶	575	0	268	0	134	0	51	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985 data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates

that no IBF data are reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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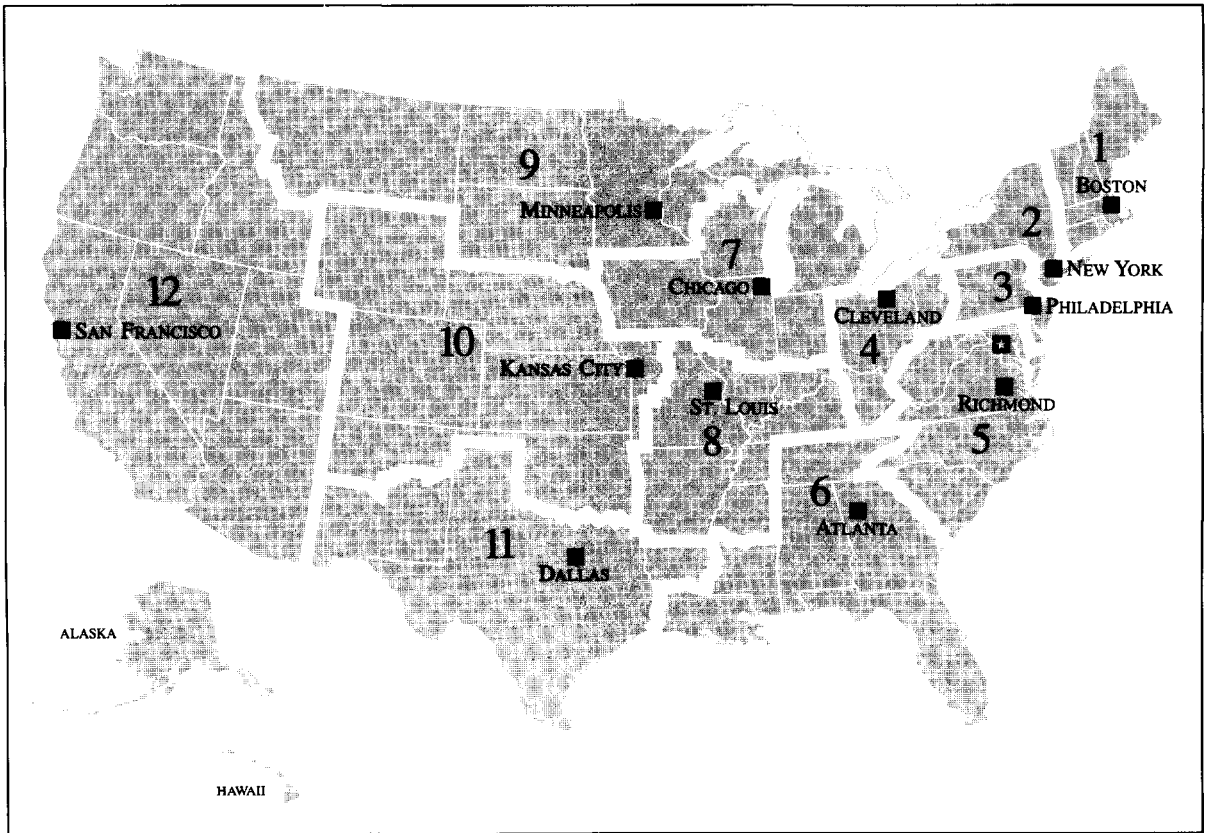
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Maps of the Federal Reserve System



LEGEND

Both pages

- Federal Reserve Bank city
- Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

- Federal Reserve Branch city
- Branch boundary

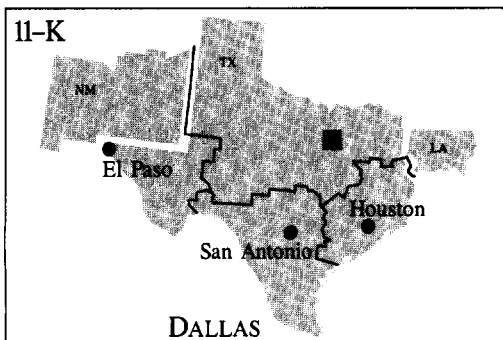
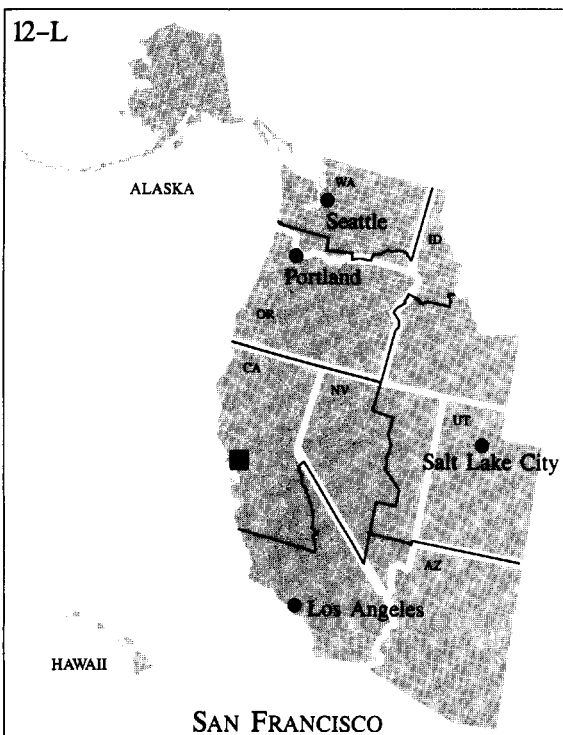
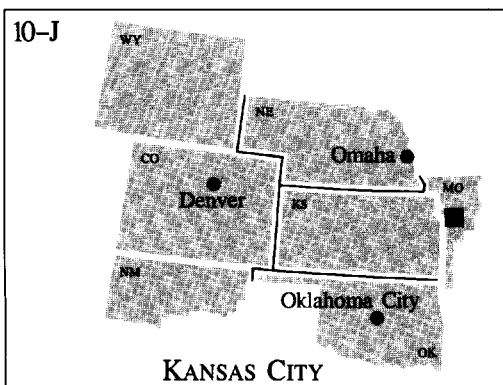
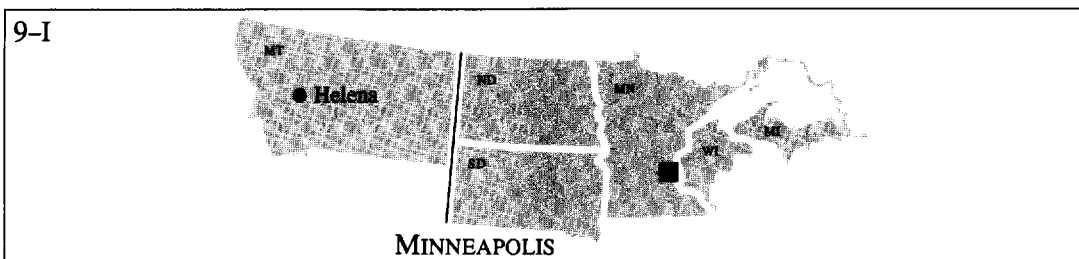
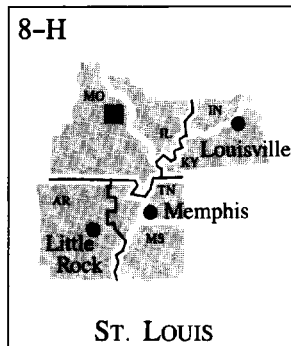
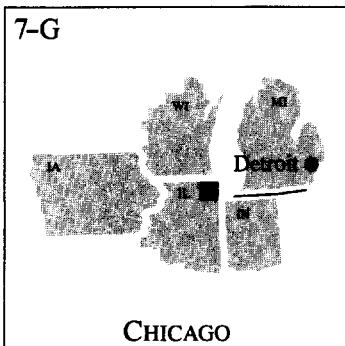
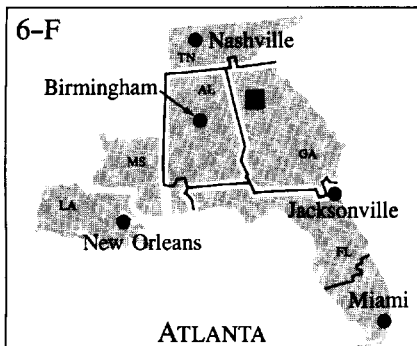
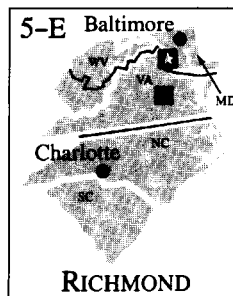
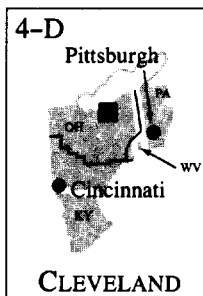
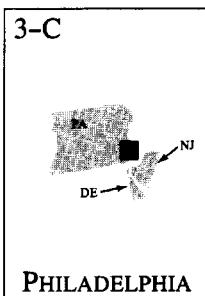
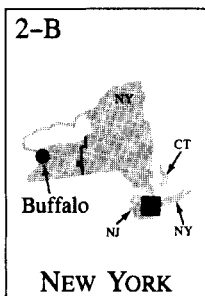
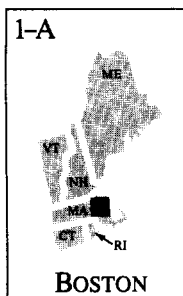
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The System serves commonwealths and territories as follows: the New York Bank serves the

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To promote public understanding of its regulatory functions, the Board publishes the Federal Reserve Regulatory Service, a three-volume looseleaf service containing all Board regulations as well as related statutes, interpretations, policy statements, rulings, and staff opinions. For those with a more specialized interest in the Board's regulations, parts of this service are published separately as handbooks pertaining to monetary policy, securities credit, consumer affairs, and the payment system.

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The Securities Credit Transactions Handbook contains Regulations G, T, U, and X, dealing with extensions of credit for the purchase of securities, together with related statutes, Board interpretations, rulings, and staff opinions. Also included are the Board's list

of marginable OTC stocks and its list of foreign margin stocks.

The Consumer and Community Affairs Handbook contains Regulations B, C, E, M, Z, AA, and BB, and associated materials.

The Payment System Handbook deals with expedited funds availability, check collection, wire transfers, and risk-reduction policy. It includes Regulation CC, Regulation J, the Expedited Funds Availability Act and related statutes, the official Board commentary on Regulation CC, and policy statements on risk reduction in the payment system.

For domestic subscribers, the annual rate is \$200 for the Federal Reserve Regulatory Service and \$75 for each Handbook. For subscribers outside the United States, the price including additional air mail costs is \$250 for the Service and \$90 for each Handbook. All subscription requests must be accompanied by a check or money order payable to the Board of Governors of the Federal Reserve System. Orders should be addressed to Publications Services, mail stop 138, Board of Governors of the Federal Reserve System, Washington, DC 20551.

U.S. MONETARY POLICY AND FINANCIAL MARKETS

U.S. Monetary Policy and Financial Markets by Ann-Marie Meulendyke offers an in-depth description of the way monetary policy is developed by the Federal Open Market Committee and the techniques employed to implement policy at the Open Market Trading Desk. Written from her perspective as a senior economist in the Open Market Function at the Federal Reserve Bank of New York, Ann-Marie Meulendyke describes the tools and the setting of policy, including many of the complexities that differentiate the process from simpler textbook models. Included is an account of a day at the Trading Desk, from morning information-gathering through daily decisionmaking and the execution of an open market operation.

The book also places monetary policy in a broader

context, examining first the evolution of Federal Reserve monetary policy procedures from their beginnings in 1914 to the end of the 1980s. It indicates how policy operates most directly through the banking system and the financial markets and describes key features of both. Finally, the book turns its attention to the transmittal of monetary policy actions to the U.S. economy and throughout the world.

The book is \$5.00 a copy for U.S. purchasers and \$10.00 for purchasers outside the United States. Copies are available from the Public Information Department, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045. Checks must accompany orders and should be payable to the Federal Reserve Bank of New York in U.S. dollars.

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The Federal Reserve Board publishes a series of pamphlets covering individual credit laws and topics, as pictured below. The series includes such subjects as how the Equal Credit Opportunity Act protects women against discrimination in their credit dealings, how to use a credit card, and how to resolve a billing error.

The Board also publishes the *Consumer Handbook to Credit Protection Laws*, a complete guide to consumer credit protections. This forty-four-page booklet explains how to shop and obtain credit, how to maintain a good credit rating, and how to dispute unfair credit transactions.

Three booklets on the mortgage process are also available: *A Consumer's Guide to Mortgage Lock-Ins*, *A Consumer's Guide to Mortgage Refinancings*, and *A Consumer's Guide to Mortgage Settlement Costs*. These booklets were prepared in conjunction with the Federal Home Loan Bank Board and in consultation with other federal agencies and trade and consumer groups.

Copies of consumer publications are available free of charge from Publications Services, mail stop 138, Board of Governors of the Federal Reserve System, Washington, DC 20551. Multiple copies for classroom use are also available free of charge.

