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For the intermeeting period ahead, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any intermeeting adjustments in policy. Accordingly, the Committee decided that somewhat greater reserve restraint or somewhat lesser reserve restraint might be acceptable during the period ahead depending on progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions

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Progress toward a European Monetary Union

Hervé Carré, of the staff of the Commission of the European Communities and currently visiting the Board, and Karen H. Johnson, of the Board's Division of International Finance, prepared this article.

Economic and monetary union has been a long-standing ambition of the European Community. The Heads of State or Government of the member states of the European Community first put it forward as an objective in 1969. Yet only recently has the commitment to economic and monetary union (EMU) been reconfirmed and a strategy for implementing it been defined. In the past three years, important steps have been taken, and negotiations are under way for amending the treaty establishing the European Community (EC) to bring about EMU. The outcome of these negotiations is crucial. If significant progress is made, in a few years the European continent will be very different. While the change would affect European countries primarily, it would have an impact on international economic and monetary relations as well.

This article reviews the progress to date toward European economic and monetary union. The first section provides historical background to the current move, from the signing of the Treaty of Rome (1957) to the 1988 meeting in Hanover of the European Council, which consists of the Heads of State or Government of the EC member states. In Hanover, the European Council gave new impetus to the movement toward EMU. The second section outlines the general design for EMU that was endorsed by eleven of the twelve EC member states before the opening of the present negotiations and that is based on the report issued in 1989 by a group of experts chaired by Jacques Delors, currently president of the EC Commission. The next section addresses the main questions under discussion that remain to be settled, and the last section

presents an assessment of the likely prospects for and consequences of EMU.

THE SEARCH FOR A MONETARY IDENTITY

The Treaty of Rome, which established the European Economic Community in 1957 to bring about a closer union of European countries, has no provisions for monetary arrangements. This omission is largely the result of the international context at the time. The currencies of the six initial member states were part of the international monetary system of fixed exchange rates negotiated at Bretton Woods. In the years after the signing of the Treaty of Rome, the main achievements of the EC were the completion of the customs union and the establishment of the first common policy—the Common Agricultural Policy. These steps led to a growing interdependence of the economies of the member states and to an increasing awareness that national policies were becoming less autonomous. Since the inception of the EC, the progress achieved in European integration and the changes in the international environment have led to attempts to establish a European monetary identity, a concept that finds its fullest expression in the term “economic and monetary union.”

The Werner Plan

In 1969, acknowledging that closer coordination and even harmonization of economic and monetary policies were necessary, the Heads of State or Government expressed their wish to see the Community develop into an economic and monetary union through the implementation of a phased plan. A group of experts chaired by Pierre Werner, then Prime Minister of Luxembourg, prepared the plan, which was endorsed in 1971. Accordingly, procedures for strengthening the coordination of economic policies were intro-

1. The Main Features of the European Monetary System

The ECU. The ECU is a composite currency made up of fixed amounts of all member states' currencies, which are weighted to take account of each country's gross domestic product and importance in intra-Community trade. The composition of the ECU is revised every five years. The current amounts of national currency, the sum of which is defined to be one ECU, are the following:

Belgian franc	3.301
Danish krone	.1976
German mark	.6242
Greek drachma	1.440
Spanish peseta	6.885
French franc	1.332
Irish pound	.008552
Italian lira	151.8
Luxembourg franc	.130
Dutch guilder	.2198
Portuguese escudo	1.393
Pound sterling	.08784

The value of one ECU in terms of any currency is equal to the sum of these amounts expressed in that currency.

In the EMS, the ECU's main functions are as numéraire for setting central rates in the exchange rate mechanism, as the unit of account for operations under the intervention and the credit mechanisms, and as a reserve instrument and means of settlement among EMS central banks. For this purpose, the European Monetary Cooperation Fund provides an allocation of ECUs against the deposit of 20 percent of the gold and dollar reserves held by the participating central banks.

The Exchange Rate and Intervention Mechanism. Central rates in ECUs are set for the currencies of those countries participating in the exchange rate mechanism (ERM), and they are used to establish a grid of bilateral central rates. Fluctuation margins, established around the bilateral central rates (usually 2.25 percent), determine the limits or intervention points. When a currency reaches a limit, the two central banks concerned must intervene in the market to ensure that the limit is not exceeded. Currently, all the EC countries except Portugal and Greece participate in the ERM.

Changes in the central rates are always possible, but the decision can never be a unilateral one. Realignment by common accord is a fundamental EMS rule; it constitutes a guarantee against competitive devaluation and represents a commitment by all the participants to the parity grid.

The Credit Mechanisms. A member state can obtain credit through three mechanisms. Very-short-term financing is available in unlimited amounts to finance interventions at the limits. A system of short-term monetary support among the member countries is designed to meet financing needs stemming from temporary deficits in the balance of payments. Medium-term financial assistance is available in the form of loans to member states that are experiencing or are seriously threatened by difficulties in their balance of payments. A member state may avail itself of all these facilities in turn. Their combined availability increases the credibility of the EMS.

duced; an agreement was reached on narrowing margins of fluctuation of the Community currencies (the "snake"); and the European Monetary Cooperation Fund (EMCF) was established as the intended forerunner of a Community system of central banks. But the movement soon ran out of steam. The new coordination procedures became primarily a matter of form, the snake rapidly lost its Community character when many countries chose to withdraw their currencies, and the EMCF never assumed more than accounting functions. The process of monetary integration could not proceed because countries could not agree on policies in response to the shocks of the period: the oil crisis and the collapse of the Bretton Woods monetary system. Not until the end of

the 1970s did the Community definitely establish the base for more lasting monetary integration by setting up the European Monetary System.

The European Monetary System

A system of stable but adjustable exchange rates, the European Monetary System (EMS), was established in 1979 to create a zone of monetary stability in Europe. Based on an agreement among central banks, the EMS has three main features: the ECU, which is at the center of the system; an exchange rate and intervention mechanism, designed to ensure the stability of Community currencies; and credit mechanisms that

organize financial support among the participating countries (see box 1).¹

In the twelve years of its existence, the EMS has achieved its main objective of lowering rates of inflation.² As a result, it has helped to reduce the variability of real exchange rates among the participating currencies and to narrow interest rate differentials. Closer coordination of the economic policies implemented by the EC member states has resulted in observed convergence of their economic performances. By providing a basis for multilateral surveillance within the Community, the EMS has contributed to this improved policy coordination. However, inflation rates have also declined in many industrial countries that are not in the EMS, and the extent to which the EMS has contributed to lowering inflation has been widely debated.³

The Single European Act

The perceived success of the EMS has contributed to further progress in European integration. The Single European Act, which was signed in 1986, was the first major revision of the Treaty of Rome. It reaffirmed old objectives and established additional ones, such as the achievement of the single market, the strengthening of economic and social cohesion, and the gradual realization of EMU. It also set the end of 1992 as a deadline for completion of the single market and proposed new methods of operation, such as extending the scope for the Council to vote by qualified majority rather than requiring unanimity and introducing systematic arrangements for mutual recognition by each member state of other members' standards and regulations.⁴

However, the prospect of completion by the end of 1992 of the single market soon appeared to be a challenge for the current economic and monetary arrangements. A unified financial market in which capital flows, including speculative flows, were unimpeded might make keeping exchange rates fixed, as required by the EMS, impossible. Moreover, even when persons and goods can move freely within a single market, exchange rates will remain as barriers to trade. For these reasons, a single market would benefit from having a single currency. According to a 1989 business survey conducted by Ernst and Young for the EC Commission, opinions on the prospects for the business climate become much more positive when a single currency complements the single market. EMU thus appears to be the economic and monetary backbone for the success of the Communitywide internal market.

The march toward EMU resumed in 1988 when, at its meeting in Hanover, the European Council entrusted to a committee chaired by Delors the task of studying economic and monetary union and preparing concrete stages leading toward this goal. The committee, which included representatives from the central banks of the member countries plus several experts, presented its report in April 1989.

THE GENERAL DESIGN OF EMU

The Delors Committee report is a unanimously agreed-upon statement of the goal of economic and monetary union and the means for achieving it.

The Goal

The Delors Committee report proposes a framework for EMU and identifies the essential elements of such a union. Three conditions used to define monetary union are the following:

1. The total and irreversible convertibility of currencies
2. The complete liberalization of capital transactions and full integration of banking and financial markets

1. Under the current arrangements, the ECU or European currency unit, is a "basket" or composite currency. In the final stage of EMU, plans call for the ECU to cease to be a basket currency and to become a currency in its own right.

2. Susan Collins, "Inflation and the European Monetary System," in Francesco Giavazzi, Stefano Micossi, and Marcus Miller, eds., *The European Monetary System* (New York: Cambridge University Press, 1988), pp. 112-39.

3. Charles Goodhart, "Economists' Perspectives on the EMS," *Journal of Monetary Economics*, vol. 26 (December 1990), pp. 471-87.

4. The Council, which consists of minister representatives of the EC member governments, enacts legislation proposed by the Commission. Participants at Council meetings change on the basis of the subject being considered.

3. The elimination of margins of fluctuation and the irrevocable locking of exchange rate parities.

This definition, which originated in the Werner plan, has important implications for monetary policy. As soon as exchange rates are irrevocably locked and perceived to be so, with perfect capital mobility, there can be only one interest rate for assets of the same maturity and risk for all participants, whatever the currency denomination of the assets. Thus, the irrevocable fixing of exchange rates implies the same structure of interest rates across the union. But exchange rates will be considered irrevocably fixed only if all monetary authorities within the Community guarantee without limit the conversion of any currency of the system into another at the fixed rate. Such a guarantee requires giving the responsibility for monetary policy to a single institution, since without this provision any money created by a national monetary authority would spill over throughout the union; the other member states would be unable to shelter themselves from its consequences. Thus, for practical purposes monetary union implies a single monetary policy.

The definition of economic union is less clear-cut because such union involves a wide array of measures relating to different fields. The Delors Committee report describes economic union in terms of four basic elements:

1. A single market within which persons, goods, services, and capital move freely
2. A rigorous competition policy and other measures aimed at strengthening market mechanisms
3. Common policies aimed at structural change and regional development
4. A close coordination of economic policies, including binding rules for budgetary policies.

This definition has less sweeping consequences than does the one for monetary union. A single economic policy is not necessary for economic union as a single monetary policy is for monetary union; and, correspondingly, there is not the same need for institutional change. How-

ever, some harmonization of a basic set of regulations and procedures—for example, for tax rates and financial services—is necessary. Completion of the single market would lead to a lower degree of market integration in the EC than that in other existing federations. Capital mobility across countries can be expected to be almost perfect; but the integration of the markets for goods and nonfinancial services can be expected to increase only slowly, and labor mobility is bound to remain limited because of cultural and linguistic barriers. In addition, because the Community budget amounts to only some 2 percent of total EC government expenditures, its distribution and its stabilization functions cannot be compared with those of central government budgets that represent between 45 percent and 65 percent of total public expenditures in such federal states as the United States, Canada, and Germany. If asymmetric shocks affected real economic conditions in the EC member states, other adjustment mechanisms would have to function as stabilizers in the place of a central EC budget; if aggregate fiscal policy measures were required, most of them would have to be implemented through coordination of economic policies among member states.

Stages of EMU

The Delors Committee report specifies a method and a sequence of steps for implementing movement to EMU. The report proposes three stages:

1. Stage one involves the completion of the single market, the strengthening of economic and monetary policy coordination, and the negotiation and ratification of the treaty amendments needed to establish EMU. In particular, the Committee of Central Bank Governors would have more authority and a higher profile. The Committee's policy recommendations to the Council and to the monetary authorities would be made public. Coordination procedures based on multilateral surveillance would also have to be reinforced, so that member states would enter into reciprocal commitments.

2. Stage two, which would include entry into force of the new treaty, would be the transition period for the new institutional arrangement. A

European System of Central Banks (ESCB) would be established. The ESCB would design and test the operational framework for formulating and applying a common monetary policy. On the economic front, medium-term guidelines would need to be drawn up for the main macroeconomic variables, and surveillance procedures would be made more stringent and more efficient.

3. Stage three would start with the irrevocable fixing of exchange rates and would involve the transfer of powers necessary for administering economic and monetary union. The European System of Central Banks would be in charge of the single monetary policy, and a single currency would replace the national currencies. On the economic side, rules and procedures would become binding.

In defining a method for moving toward EMU, the report makes several recommendations. No timetable is laid down, although the report suggested that stage one should get under way at the latest by July 1, 1990, that is, the date of implementing the liberalization of capital movements according to the single market program. The report stresses parallelism in the development of economic and monetary integration. Also, the report accepts the idea of flexible arrangements for participation. Although accession of all twelve member states to the new treaty is the preferred option, the proposal allows a degree of flexibility concerning the date and conditions under which different countries would join various arrangements. Finally, the report states that the realization of EMU must be seen as one process. The decision to embark on stage one implies the acceptance of the entire process and, hence, the prospect of negotiations on a new treaty. Preparatory work for these negotiations therefore should take place at the same time as work on launching stage one.

The general approach to EMU set forth in the Delors Committee report was well received by the European Council. In June 1989, the European Council decided that stage one would start on July 1, 1990, and gave instructions to begin preparatory work for an intergovernmental conference, the forum for negotiations on a treaty revision. Most of the preconditions for stage one

were met ahead of the deadline, and stage one began as scheduled.

Costs and Benefits of EMU

Acceptance of the Delors plan for proceeding to monetary union was accompanied by efforts of the EC authorities and other analysts to estimate the expected costs and benefits of EMU. According to Robert A. Mundell's seminal contribution to the literature on "optimum currency areas," the judgment on the formation of a monetary area depends on balancing two factors:

1. Monetary union, especially with a single currency, provides benefits by eliminating transaction costs and the uncertainty associated with exchange rate variability.
2. If labor and capital cannot move freely among the regions of the union, adjustment to some kinds of economic shocks, without changes in the nominal exchange rates of the regions, will lead to unemployment and lost output.⁵

On this basis, the overall cost-benefit balance of EMU may be uncertain because labor mobility in the Community is limited and is bound to remain limited at least for a time. Direct examination of the criteria for an optimum currency area for the EC member countries suggests that regional problems are likely. Compared with the U.S. economy, the EC member states show significantly lower labor mobility; have experienced to a greater degree economic shocks that have affected the constituent regions asymmetrically; and, as a result, have relied far more on adjustment of real exchange rates across regions.⁶

The analysis of the costs and benefits of monetary union has been extended to include other considerations. In particular, some analysts have argued that the openness and the industrial diversification of the economies concerned are

5. Robert A. Mundell, "A Theory of Optimum Currency Areas," *American Economic Review*, vol. 51 (September 1961), pp. 657-65.

6. Barry Eichengreen, "Is Europe an Optimum Currency Area?" Working Paper 3579 (Cambridge, Mass.: National Bureau of Economic Research, 1991).

important criteria that need to be taken into account. The larger the volume of interregional trade, the greater are the cost savings stemming from a monetary union that links the regions.⁷ Changes in exchange rates to help sustain economic performance are less critical in a diversified industrial economy, with more intra-industry trade, than in a more specialized economy.⁸ In addition, recent developments in the theory of economic growth point to dynamic gains, potentially much greater than the direct gains associated with the elimination of transaction costs and more stable exchange rates. These gains would result from an improvement in the business climate that leads to a self-reinforcing cycle of stronger growth.⁹

In 1990, the EC Commission staff published its evaluation of the potential benefits and costs of forming an economic and monetary union. On balance, the Commission staff found that EMU benefits are likely to outweigh the costs (see box 2).

However, the present move toward EMU is essentially politically driven and is accompanied by parallel negotiations aimed at European Political Union. Since the Delors Committee report was published, EMU has gained fresh momentum with each European Council meeting. At the Madrid meeting in June 1989, the European Council set the date for the start of stage one; at the Strasbourg and Dublin meetings, in December 1989 and June 1990 respectively, it adopted a timetable for the Intergovernmental Conference and for ratification of its conclusions; and at the Rome meeting in October 1990, it set January 1, 1994, as the date for the beginning of stage two, with agreement also reached among eleven of the twelve member states on an overall design for EMU closely

modeled on that set out in the Delors Committee report.

The Agreed upon Design of EMU

Using this overall design, negotiators at the intergovernmental conference have addressed the specific details of EMU. As agreed at Rome, monetary union will be fully realized only with the adoption of a single currency, a strong and stable ECU. A single currency means a single monetary policy, formulated and implemented by a new Community institution, the European System of Central Banks. According to the draft statute for the ESCB, which was prepared by the Committee of Central Bank Governors and which has been broadly endorsed by the negotiators, the ESCB will have price stability as its overriding objective; subject to that objective, it will support the general economic policy set at the Community level.

The ESCB will also have a federal structure, but decisionmaking will be centralized. A two-tier system will be established, consisting of the existing national central banks and a new central institution, the European Central Bank (ECB). The national central banks will form an integral part of the System and will have to act in accordance with the instructions and guidelines of the ECB. The function of the ECB will be to ensure the implementation of the tasks of the System, either through its own activities or through the activities of the national central banks. The decisionmaking bodies of the whole System will be the ECB Council and the Executive Board of the ECB. The ECB Council will be responsible for formulating the Community's monetary policy; it will be composed of the President, the other members of the Executive Board, and the governors of the national central banks. Each member of the ECB Council will have a vote; this principle of "one person, one vote" reflects the desire to orient the decision-making process toward the requirements of the Community as a whole rather than toward regional concerns. The Executive Board will be in charge of implementing monetary policy and will be composed of the President and a few other members, all selected from among persons of recognized standing and professional experience.

7. Ronald I. McKinnon, "Optimum Currency Areas," *American Economic Review*, vol. 53 (September 1963), pp. 717-25.

8. Peter Kenen, "The Theory of Optimum Currency Areas: An Eclectic View," in Robert A. Mundell and Alexander Swoboda, eds., *Monetary Problems in the International Economy* (Chicago: University of Chicago Press, 1969).

9. R. Baldwin, "The Growth Effects of 1992," *Economic Policy* (October 1989), pp. 248-81; R. Baldwin and R. Lyons, "External Economies and European Integration: The Potential for Self-fulfilling Expectations," in *European Economy: The Economics of EMU*, special issue.

2. The Main Benefits and Costs of EMU

The Commission of the European Communities recently completed an analysis of the main benefits and costs of forming EMU. The following statement, which is quoted from that study, groups the benefits and costs under five headings:¹

(i) *Efficiency and Growth.* Elimination of exchange rate uncertainty and transaction costs, and further refinements to the single market are sure to yield gains in efficiency. Through improving the risk-adjusted rate of return on capital and the business climate more generally there are good chances that a credible commitment to achieving EMU in the not-too-distant future will help further strengthen the trend of investment and growth.

(ii) *Price Stability.* This is a generally accepted objective, and beneficial economically in its own right. The problem is that of attaining price stability at least cost, and then maintaining it. The Community has the opportunity of being able to build its monetary union on the basis of the reputation for monetary stability of its least inflationary Member States. Given the paramount importance of credibility and expectations in winning the continuous fight against inflation at least cost, this is a great advantage.

(iii) *Public Finance.* A new framework of incentives and constraints will condition national budgetary policies, for which the key-words will be autonomy (to respond to country-specific problems), discipline (to avoid excessive deficits) and coordination (to assure an appropriate overall policy-mix in the Community). EMU will also bring valuable gains for many countries' national budgets through reductions in interest rates, as inflation and exchange risk

premiums are eliminated. These benefits will very probably outweigh the loss of seigniorage revenue to be experienced by some countries.

(iv) *Adjusting to Economic Shocks.* The main potential cost of EMU is that represented by the loss of monetary and exchange rate policy as an instrument of economic adjustment at the national level. This loss should not be exaggerated since exchange rate changes by the Community in relation to the rest of the world will remain possible, whereas within the EMS the nominal exchange rate instrument is already largely abandoned, and EMU will reduce the incidence of country-specific shocks. Relative real labour costs will still be able to change; budgetary policies at national and Community levels will also absorb shocks and aid adjustment, and the external current account constraint will disappear.

Moreover, model simulations suggest that with EMU, compared to other regimes, the Community would have been able to absorb the major economic shocks of the last two decades with less disturbance in terms of the rate of inflation and, to some extent also, the level of real activity. This is of renewed relevance, given that the Gulf crisis of summer 1990 once again subjects the Community to a potentially damaging economic shock.

(v) *The International System.* With the ECU becoming a major international currency, there will be advantages for the Community as banks and enterprises conduct more of their international business in their own currency; moreover the monetary authorities will be able to economize in external reserves and achieve some international seigniorage gains. EMU will also mean that the Community will be better placed, through its unity, to secure its interests in international coordination processes and negotiate for a balanced multipolar system.

1. Commission of the European Communities, "One market, one money: An evaluation of the potential benefits and costs of forming an economic and monetary union," Study of the Directorate-General for Economic and Financial Affairs, *European Economy* (October 1990), p. 11.

The draft statute also mandates that the ESCB will be independent. Empirical research has established a strong link between the independence of a central bank and its performance in terms of price stability.¹⁰ There are four major elements of this independence. First, institutional independence: The ECB, the na-

tional central banks, and the members of their decisionmaking bodies will be independent of instructions from political authorities or any other bodies; national legislation will have to be changed in countries where the central bank is not currently independent to satisfy this condition. Second, operational independence: The System will have full availability of the necessary instruments of monetary policy. Third, personal independence: The mem-

10. A. Alesina, "Politics and Business Cycles in Industrial Democracies," *Economic Policy* (August 1989), pp. 57-89.

bers of the decisionmaking bodies will be appointed for long terms of office, and the appointments will be irrevocable. Fourth, financial independence: The System will enjoy financial autonomy.

Finally, the statute calls for the ESCB to be democratically accountable. The System will be established by a treaty, which will have to be approved by member states and ratified by national parliaments. The treaty will clearly delineate the tasks of the System and the responsibilities of the decisionmaking bodies. The President and the other members of the Executive Board will be appointed by the political authorities (the European Council) after consultation with the European Parliament. The President of the ECB will be responsible for reporting regularly on monetary policy and explaining it to the other institutions, including the European Parliament. Furthermore, to ensure transparency and consistency, the President of the Council and a member of the Commission will have the right to participate—but not to vote—in the meetings of the ECB Council.

These features are drawn from two existing models, the U.S. Federal Reserve System and the German Bundesbank. The ESCB differs from the Federal Reserve System and resembles the Bundesbank in the following provisions:

Objective. The proposed ESCB will have a statutory mandate to aim at an overriding objective—price stability. Other economic objectives will clearly have a subordinate character. The Federal Reserve currently has no such statutory mandate; the Bundesbank does.

Decisionmaking Process. The design of the ECB Council is close to that of the Federal Open Market Committee (FOMC) of the Federal Reserve System as the governors of the national central banks plus the members of the Executive Board sit on the ECB Council whereas the District Bank presidents and members of the Board compose the FOMC. The functions of the ECB Council—decisions relating to monetary targets, key interest rates, and the supply of reserves—will be similar to those of the FOMC. However, all of the national bank governors vote on all

ECB policy decisions in contrast to the FOMC, on which only five of the twelve presidents vote at any time. As a result, the ECB procedure in giving more weight to the regional representatives than does that of the FOMC resembles more closely Bundesbank practice.

Accountability. No provision currently exists in the Federal Reserve Act for the participation of representatives of the Administration in the deliberations of the governing body. This is a distinctive feature taken from the Bundesbank law.

Within EMU, economic policies, in contrast to monetary policy, would remain largely decentralized. However, economic policies of the member states will need to be consistent across countries and with Community monetary policy. A large consensus has formed about the framework for coordination. Multiyear guidelines, defined at the Community level, would provide the point of reference for multilateral surveillance. The surveillance exercises would be designed to detect at an early stage any signs that member states are diverging from sound economic policies and to induce necessary corrections. Most member states also agree with the Commission that a scheme for special financial support should be established; such a scheme would be highly conditional and would be activated only when one member state or several states were hit by major economic problems. These instruments are aimed at achieving the high degree of convergence of economic performance that a monetary union implies. In this respect, fiscal policies deserve particular attention because increasing fiscal imbalances could make achieving the goal of price stability more difficult, if not impossible. Hence, all twelve member states agree on the need for two binding rules to be included in the treaty: no financing of public deficits by credits from the ESCB or preferential market access for the public authorities with a view to the placing of public debt; and no automatic bailing out of a member state in financial difficulties by the Community or by the other member states.

The member states also agree that excessive budget deficits that are liable to endanger the monetary stability of the union should be

avoided. This principle will be laid down in the treaty, but the arrangements for applying it are still under discussion.

THE REMAINING QUESTIONS

On the basis of this broad consensus, the Intergovernmental Conference opened in December 1990. Since then, negotiations have been under way to settle the remaining open questions. Four issues of particular importance have not yet been clearly resolved: the role of the ECU, the transition, exchange rate policy, and the necessary fiscal discipline.

The ECU

At the European Council in Rome, eleven member states agreed that "the Community will have a single currency—a strong and stable ECU—which will be an expression of its identity and unity." However, this agreement leaves open the question of how to transform the present ECU, a composite currency, into the strong and stable currency of the union. So far, three approaches have been proposed.

The Hard ECU. This plan, proposed by the British, calls for a parallel currency that would compete with national currencies and be managed according to its own criteria. This idea is a variant of the competing currencies scheme presented by the U.K. government in November 1989 as an alternative, market-based strategy for the design of monetary arrangements in Europe—a plan that did not find support from the other eleven member countries.¹¹ Because the hard ECU would be a parallel currency, this plan is strongly opposed by those who argue that it would further complicate the already difficult task of coordinating various monetary policies and would involve an additional source of money creation that could undermine price sta-

bility.¹² Furthermore, the result of the scheme is uncertain; a single currency is presented as one possible culmination of a long and uncertain process essentially driven by market forces. Thus, the plan is also opposed by those who favor the single currency.

The Hard Basket ECU. This alternative allows the ECU to retain its composite nature until the locking of exchange rates. At each realignment, however, the basket would be modified so that the ECU could not lose value against any of the System's currencies. Presented as a compromise solution, this proposal has given rise to some objections. First, it overturns the rules under which the present System operates. Because each realignment would lead to a new composition of the ECU, any strain in the EMS would lead operators to expect a modification of the basket, thus increasing the risks involved in the use of the ECU. Second, this scheme would eventually lead to a parallel currency. Because of the exchange rate guarantee conferred on the ECU, its medium- and long-term interest rates would differ from the theoretical rates derived from the interest rates of the component currencies. As a result, the arbitrage of banking operators would be greatly complicated, and the ECU would eventually have to be managed by an institution.

A Comprehensive Policy of Strengthening the ECU. This plan seeks to increase the use of the present ECU and includes a proposal to freeze the composition of the ECU, that is, to fix the amounts of the component currencies. The freeze would allow the relative weight of the component currencies to evolve over time: The weights of the appreciating currencies would rise while the weights of the depreciating currencies would fall. Thus the value of the ECU would tend toward that of the strongest currencies in the system. This proposal is the one most favored by market operators because not only would it remove the uncertainty that surrounds

11. Guido Carli, "The Evolution towards Economic and Monetary Union: A Response to the HM Treasury Paper" (paper presented to the Council, December 1989). An edited version, "Co-ordination, not competition," was published in the *Financial Times* (London), January 17, 1990.

12. Karl Otto Pöhl, "The Further Developments of the EMS," Annex to the Report on Economic and Monetary Union in the European Community (Delors Committee report) (Luxembourg: Office for Official Publications of the European Communities, 1989), pp. 129–56.

the ECU market every five years as the date for a basket revision approaches, it also would avoid any danger of discontinuity between the present ECU and the single currency of the union.

The Transition

Stage two, the transitional stage of the Delors Committee report, was not thoroughly defined. The report states that "the fundamental difficulty inherent in this transition would lie in the organization of a gradual transfer of decisionmaking power from national authorities to a Community institution," but it does not propose any detailed blueprint for accomplishing this transition. However, the whole idea of a progressive transfer of responsibilities in the field of monetary policy was revised. It is now recognized that monetary policy is indivisible, and that the decisionmaking power in this area cannot be split.

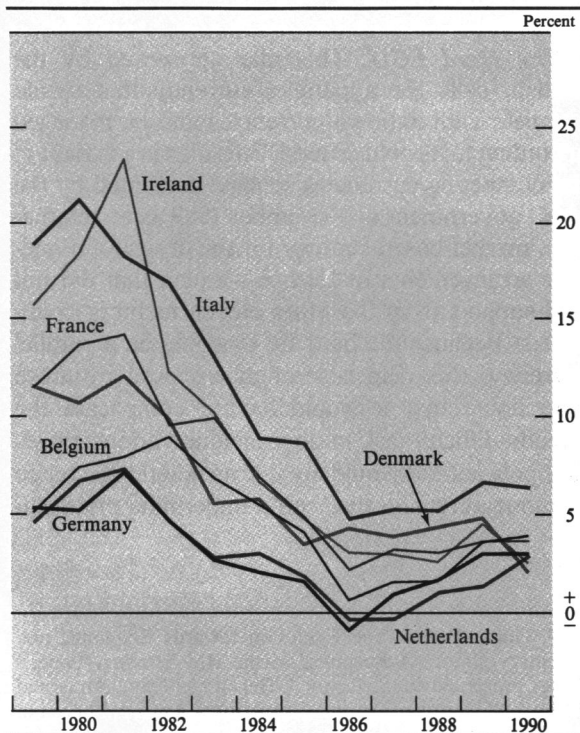
This change in conception had immediate consequences. The nature of stage two had to be redefined—either as an extension of stage one or as a forerunner of stage three—and the discussion has focused on the degree of convergence of economic performance by the member states that would be required before irrevocably fixing exchange rate parities. Two traditionally conflicting views are relevant to the discussion.

At one extreme is the so-called coronation theory, according to which the passage to a higher stage of monetary integration should only ratify (or "crown") the convergence that has already been achieved. The arguments used to support this position differ. Some take the view that given the existing wide differences in levels of economic welfare, premature fixing of exchange rates would lead to political pressures, not only for increased budgetary transfers from richer to poorer regions, but also for easier monetary policy to promote growth. Others argue that an early fixing of exchange rate parities would aggravate regional disparities and impart a deflationary bias to the monetary union. At the other extreme, the so-called monetarist school holds that convergence could always be achieved through adherence to exchange rate commitments, which could therefore be taken without any preceding convergence.

The experience of the EMS suggests that neither of the two extreme positions should be adopted. While the convergence by member countries to low inflation rates is widely acknowledged as the main achievement of the EMS (see the chart), the strains the EMS experienced in the first years of its existence, when realignments were frequent, also illustrate the difficulties that can arise when convergence is insufficient.

Those, especially the Commission, who advocate a short transition have advanced further arguments. First, the period ahead involves risks of instability, because financial integration will be achieved before the completion of monetary union. The integration of financial markets will facilitate currency substitution and financial mobility to such an extent that the present degree of monetary policy coordination may no longer be adequate. Second, EMU will yield its most important benefits only during the final stage, whereas most of the costs will be incurred in the preparatory stages of the process. Third, an economic case also exists for setting fixed and

Consumer price inflation in selected countries in the exchange rate mechanism of the European Monetary System, 1979–90



credible timetables to foster convergence and encourage anticipatory adjustments. Fourth, the process of convergence has already advanced in recent years, and further progress can be expected as a result of the new arrangements adopted as preparation for stage one.

The difficulties of the discussion have been compounded by the emergence of a third option, the so-called two-speed Europe, under which an inner core of countries would move rapidly to full EMU while the remaining countries would join later. Those member states who advocate a long transition have strongly criticized this option. They fear that the inner core countries could make decisions that would shape the future of the Community, and they do not want to be outsiders. As a matter of fact, most of the progress made in European unification has been achieved through a "multi-speed" process. The EMS is an example of this approach in that eight countries currently participate in the narrow band of the exchange rate mechanism (ERM), two countries have joined only recently and utilize a wider band, and two others have not yet joined the ERM. The liberalization of capital movements, with four countries maintaining restrictions while the other eight have implemented free movement of capital, provides another example. To a large extent, the drawbacks of this two-speed option seem to have been exaggerated during the discussion. The crux of the matter is to design open arrangements, that is, arrangements that allow every member state to participate and that provide for a certain degree of flexibility concerning the timing and conditions under which some member states would participate.

The issue of convergence remains unresolved and calls for a political answer. Building on the consensus reached in Rome last year, negotiators recently agreed that while it is clear that EMU needs a considerable degree of convergence of real and financial economic conditions in the member states, the important question may be how to achieve this degree of convergence. All member states appear to have decided to adopt, as soon as possible, medium-term adjustment programs specifically designed to reduce existing divergences. With this provision, convergence criteria will have to be met before the move to stage three but not before the move to stage two.

Also, a compromise agreement seems to have been reached on the conditions for participating in stage three, according to which no country could prevent its partners from establishing a single currency if they had met certain convergence criteria; no country that had met those criteria could be excluded; and no country could be compelled to join.

Exchange Rate Policy

Which institution should have the responsibility for external monetary relations has long been a matter for extensive discussions within the member states. There are two opposing schools of thought. One side argues that since the exchange rate is an important instrument of economic policy, it should be managed by the political authorities. Those who take this view underline the fact that, after monetary union, the exchange rate policy of the Community will have important consequences for other countries and, therefore, cannot be separated from broader political issues. The other side holds that, because an exchange rate policy may conflict with a domestic monetary policy geared to price stability, it should be the responsibility of the central bank; they consider that all decisions on intervention should be assigned to the ESCB, because full responsibility in this field is a necessary condition for the conduct of a monetary policy oriented toward stability.

In an attempt to reconcile these conflicting views, the Commission has suggested a distinction among three levels of decisionmaking, and an allocation of responsibilities for each level:

1. At the highest level, policymakers choose the exchange rate regime and negotiate international monetary agreements. These activities should clearly be a matter for political authorities, assisted by the ESCB—as is the case now in all countries.

2. At the lowest level, interventions are transacted in the foreign exchange markets, and the daily management of foreign exchange reserves occurs. These activities should be a matter for the ESCB.

3. At the intermediate level, policymakers must decide upon exchange rate and intervention

policy—decisionmaking that is the core of the problem. Acknowledging that the exchange rate is an important element of both monetary policy and external economic policy, the Commission has suggested a structure for organizing the dialogue necessary for resolving potential conflicts. It has proposed that exchange rate policy should be defined in a framework of close cooperation between the monetary authority and the economic policymakers and should follow some basic principles, especially that foreign exchange interventions vis-à-vis third currencies should not conflict with the overriding objective of monetary policy. This “cooperative solution” is the basis of the present negotiations.

Budgetary Discipline

Budgetary discipline is a concern for the monetary authorities because fiscal policy and monetary policy are interdependent in the long run. If not corrected, protracted deficits leading to unsustainable buildups of outstanding public debt result either in debt monetization or government default. In the first case, the monetary authorities give up their objective of price stability in order to rescue the government. In the second, they stick to their objective, but force the government to repudiate part of its debt.

Even in less extreme cases, a lack of fiscal discipline in one or more member states could jeopardize the policy stance of the ESCB and affect the other member states through three channels. The first would be pressuring the ESCB to ease its monetary policy stance. Even if monetary policy is legally insulated from government pressures, the very fact that a refusal by the ESCB to ease its stance could turn a difficult budgetary situation into a genuine financial crisis acts as a de facto constraint on the central bank. Second, even if the ESCB sticks to its stance, persistent budgetary laxity in one country could affect the other countries because this country eventually would have either to declare default or to withdraw from the EMU. The credibility of EMU would be weakened. Finally, the ESCB could also be subject to pressures to engage in other forms of financial solidarity, such as the purchase of a disproportionate share of bonds issued by a specific country; the consequences of

the lack of budgetary discipline would then be felt in the overall market for government paper.

This is why, in considering the framework for EMU, large deficits and debts are a matter of concern for the Community as a whole. Budgetary discipline, defined as the avoidance of an unsustainable buildup of public debt, is a vital condition for the success of EMU. The nature of the rules and procedures that should be enshrined in the Treaty to avoid excessive deficits is therefore being extensively discussed.

It has been argued that no special provision or quantitative rule should be mentioned in the Treaty provided that the central bank is granted complete independence and is fully sheltered from government pressures; any form of financial solidarity among member states is ruled out; and existing regulations, especially prudential rules, are modified to correct any bias in favor of government paper.¹³ Under these conditions, it is maintained, markets would assess the relative riskiness of various governments' paper, and a lack of discipline would result in an increased cost of borrowing.

The conditions necessary for such a system of market discipline to succeed, however, are rather strict and may not be met. First, expecting markets to rule out financial solidarity when solidarity itself is a basic principle of the Community may not be realistic. Second, the record of markets in assessing risks is not perfect, as illustrated by the 1975 New York City liquidity crisis and the Latin American debt crisis. Third, governments may not react adequately to market signals. Therefore many analysts doubt that market discipline alone would achieve the desired results. Thus, negotiators have agreed to supplement market discipline by a system of rules. As mentioned in the previous section, the principle that excessive deficits shall be avoided will be included in the amended treaty. The negotiations are currently addressing the question of what criteria should be used in defining excessive deficits and what ways are appropriate for enforcing the principle. It is already agreed that peer pressure, possibly in the form of public

13. Graham Bishop, “Creating an EC Monetary Union with Binding Market Rules,” *European Business Analysis* (London: Salomon Brothers, February 22, 1990).

recommendations, would promote discipline. Whether procedures providing for sanctions should be developed is still under discussion.

CONSEQUENCES AND PROSPECTS

The impact of EMU will not be limited to just the European countries. The consequences of monetary union in Europe and the emergence of the ECU as a major currency are likely to be felt in the international financial markets and in non-European countries, including the United States.

Implications of EMU for the International Financial System

Completion of EMU and conversion by some or all of the EC member countries to the use of the ECU are likely to affect the international use of the dollar, the ECU, and other currencies by holders of official reserves and by private firms and individuals. Changes in currency demands could, in turn, affect the behavior of exchange rates.

International Role of the ECU. The emergence of the ECU as the single currency for a more integrated EC economy would naturally tend to make that currency suitable as a reserve asset to be held for official purposes by countries outside the EC. Once the ECU has become established as the EC currency and various ECU-denominated securities are widely traded on international capital markets, officials in other countries may choose to diversify their official reserve holdings to include ECU balances. Such a response is particularly likely among the countries of Europe that are not EC members, where trade and investment links to EC member countries are strong, and among countries that currently peg to an EC currency or to the present ECU basket, such as Austria and the non-EC Scandinavian countries.

The move toward the ECU as the single EC currency would also affect the official reserve holdings of the participating countries. Although the precise arrangements that will govern the treatment of international reserve assets held by EC countries have not yet been decided, some consolidation of these balances is likely. The EC

countries would, of course, no longer hold each others' currencies as reserves. Pooling of the reserve balances held by EC countries may permit some economizing on reserves, including dollar reserves.

As the currency of a major part of the industrial world, the ECU would come to be widely used in international transactions of all kinds. EC firms, when dealing with firms in other parts of the world, may choose to use the ECU for transaction, accounting, and investment purposes to a greater extent than they now use European currencies. Firms from non-EC countries may use the ECU when dealing with EC firms and, over time, may find it convenient to use the ECU even in trades that do not involve EC enterprises.

The further development of integrated financial markets in Europe, as part of the internal market spawned by the Single European Act, and the introduction of a single currency should reinforce each other. The switch to a single currency would facilitate the provision of banking, investment, and other financial services on a European-wide basis. Conversely, a broadening and deepening of banking and capital markets for various ECU-denominated financial instruments would aid the emergence of the ECU as a major world currency.

Behavior of Exchange Rates. The switch to a single European currency would completely eliminate the possibility of exchange rate changes among the European currencies. As a consequence, exchange rate movements within Europe would not be able to contribute to the adjustment of the national economies to developments such as changes in world oil prices or cyclical swings in the economies of trading partners. When such events occur after EMU, fluctuation of the ECU against the currencies of the rest of the world, such as the dollar or yen, might be greater than we now observe in such instances for a European currency like the German mark. After EMU, more of the adjustment process must occur through changed dollar or yen rates than is currently the case.

Counteracting the tendency for increased exchange rate variability after the move to EMU is the convergence of economic performance

among the EC countries that we have already seen and that can be expected to continue once monetary union is established. The success of the EMS during the past few years in accommodating such events as the Gulf War and the resulting oil price fluctuations and the recession in the United States without realignment among EMS currencies suggests an increasingly similar response within the EC economies to such developments. In that case, there may be no need for greater variability of the exchange rate of the ECU in terms of the dollar or other currencies than now occurs in order to accommodate adjustment.

International Policy Coordination. Creation of the ESCB and a single monetary policy for the EC may have implications for the representation of EC countries in international institutions such as the International Monetary Fund and the Bank for International Settlements, and at meetings such as those now conducted by the G-7 finance ministers and central bank governors. EC governments have not yet determined the details of how representation of their countries might be changed by monetary union, but the ESCB would participate in international meetings and the European position would be more homogenous.

A unified European approach to monetary policy could contribute to the present tendency for international coordination of economic policy, including perhaps exchange rate policy, to become a tri-polar effort among the United States, Japan, and Europe. Simplification of the coordination process may facilitate reaching agreement under some circumstances, although the United States could at times find its leadership role challenged as well.

Implications of EMU for the United States

The role of the dollar in international transactions may be reduced in a relative sense by the emergence of the ECU as a major world currency. However, the impact of this development on the U.S. economy is likely to be gradual and minimal. On balance, the U.S. economy would benefit from a stronger, less inflationary economic performance by one of its major trading partners.

The asymmetric role of the dollar and of the United States in the international financial sys-

tem is likely to be reduced further by the establishment of monetary union and a single currency in Europe. The EC countries and others may lower their official holdings of dollar reserves, and the use of the dollar as a vehicle currency in international transactions may continue to wane. These developments are already occurring to some extent as the economies of Japan, Germany, and other major industrial countries continue to grow, and their currencies become more important in world financial markets. Even if EMU had not been proposed, the dollar would continue to move toward a somewhat reduced international role relative to the mark, the yen, and the other major currencies. The tendency for the international role of the dollar to shrink, at least in relative terms, as the ECU becomes more important is likely to have little impact on U.S. interest rates and on dollar exchange rates.

U.S. firms doing business in Europe would benefit along with European firms from the reduced transaction costs and the elimination of exchange rate risk that would result from the introduction of a single currency. They would benefit as well from any strengthening of economic growth and expansion of trade that EMU would help to support, provided EC markets remain genuinely open to international trade. On balance, a stronger, more efficient European economy means better markets for U.S. goods. If, as intended, EMU contributes to creating a low-inflation, growth-oriented, and open economy in Europe, its benefits would be felt in Europe, the United States, and throughout the world.

3. Timetable for Economic and Monetary Union

<i>Steps toward union</i>	<i>Date</i>
Treaty of Rome	March 25, 1957
Werner Plan	October 1970
EMS	March 13, 1979
Single European Act	February 28, 1986
Delors Committee report	April 1989
EMU: stage one	July 1, 1990
EMU: stage two	January 1, 1994
EMU: stage three	To be negotiated

Outlook for EMU

Given their implications, the remaining issues that have been reviewed in the previous section leave ample scope for further discussion. Predicting the moment when they will be solved is difficult. However, these issues are more political than technical in nature, and there is no

reason to expect that the political momentum that has motivated and accompanied the recent revival of the move to EMU will be lost. The drive toward EMU has already accommodated important shocks such as German reunification and the Gulf crisis. In these circumstances, EMU might well be a reality in Europe by the end of this decade. □

Treasury and Federal Reserve Foreign Exchange Operations

*This quarterly report, covering the period May through July 1991, provides information on Treasury and System foreign exchange operations. It was presented by Sam Y. Cross, Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York and Manager of Foreign Operations for the System Open Market Account. Vivek Moorthy was primarily responsible for preparation of the report.*¹

The dollar rose significantly in June and early July, only to ease back during the next few weeks to end the May–July reporting period with little net change. Over the three months as a whole, the dollar rose about 2 percent against the mark, about 1 percent against the yen, and just under 1 percent on a trade-weighted basis.²

Shifting assessments of the strength of the economic recovery in the United States were important in stimulating movements of the dollar exchange rate during the period. In addition, political turbulence in Eastern Europe helped support the dollar against the mark through most of the period, while intervention and evidence of international cooperation around the time of the Group of Seven (G-7) summit meeting in July was seen in the market as limiting the prospect of a continuing dollar rise.

The U.S. monetary authorities intervened on two occasions to signal an interest in resisting the rise of the dollar, selling a total of \$150 million against marks as part of their cooperation with other central banks. The U.S. monetary authorities also engaged in off-market transactions with foreign monetary authorities, selling \$8,548.5 million equivalent of their foreign currency reserves for dollars.

THE DOLLAR FLUCTUATES WITHOUT CLEAR DIRECTION IN MAY

As the period opened, sentiment toward the dollar was favorable but market participants appeared uncertain about whether the dollar could extend the sharp rise that it had experienced during the preceding two months. The cut in the U.S. discount rate of 50 basis points to 5.5 percent on April 30 had been unexpected, and that move generated some downward pressure on dollar rates on May 1. The U.S. employment data for April, released on May 3, were stronger than expected, but, on inspection, other details of the report revealed areas of continuing weakness. The dollar traded in a narrow range for the first half of May.

Then, late in European trading on Friday, May 17, Sweden's Riksbank announced that it would link the Swedish krona to the European currency unit (ECU), replacing its trade-weighted basket of currencies, in which the dollar carried the largest weight, with a basket composed entirely of European Community currencies. Within a few hours of the announcement, the dollar moved up about four pfennigs against the mark, as Swedish and other Scandinavian entities rushed to adjust the currency composition of their liabilities to that of the ECU by purchasing dollars to repay dollar-denominated liabilities. With Swedish interest rates relatively high, Swedish entities had borrowed extensively abroad, partly to finance domestic operations, confident that they were largely shielded from exchange rate risk because the Swedish authorities would limit the movement of the krona's exchange rate relative to the trade-weighted basket to only a couple of percentage points. With the change in the krona's peg, the exchange risk these companies would henceforth face on their dollar liabilities was perceived to be much higher than before, and they had an incentive to replace dollar-denominated liabilities with those of European currencies more

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, mail stop 138, Washington, D.C. 20551.

2. The trade-weighted basis is as measured by the Federal Reserve Board index.

heavily represented in the ECU. With U.S. markets still open after the Swedish announcement, and with the mark relatively widely traded in the U.S. market, the pressures resulting from the exchange market operations on May 17 were concentrated in dollar-mark transactions, resulting in the sharp rise of the dollar against the mark. Under these circumstances, there was some intervention; the U.S. authorities sold \$50 million on that Friday. After the weekend, with pressures continuing, there was intervention by several foreign central banks. Soon thereafter the markets settled down, and the dollar traded in a narrow range for the rest of the month.

THE DOLLAR ADVANCES DURING JUNE AND EARLY JULY

During early June, a slew of U.S. economic indicators were released that were generally much more favorable than expected, and market observers began to talk about the possibility that the U.S. recovery might be more vigorous than previously anticipated. In response, expectations of a further decline in U.S. interest rates faded, and the dollar started to rise. In particular, on June 7, when it was reported that May employment rose well above expectations, the dollar rose almost two pfennigs on the day to close at DM1.7720.

Developments in Germany during June also

tended to strengthen the dollar. News of Germany's first trade deficit since 1981, evidence that inflation was higher than previously anticipated—even before the imposition of a consumption tax that would raise all major price indexes for the upcoming months, and what some saw as the reluctance of the Bundesbank to raise official interest rates all weighed on the mark. By late June, the dollar had risen well above DM1.80 in intraday trading.

With respect to the yen, the dollar showed its greatest strength of the reporting period during the first half of June and broke through the ¥142 level three times. The dollar-yen exchange rate reflected not only the more buoyant outlook for the U.S. economy but also concerns in Japanese financial markets about possible problems with banking and stock market practices.

As the dollar moved up to levels not seen for more than a year, market participants became wary of the possibility that some action to curb the dollar's rise might be decided upon at the Group of Seven (G-7) meeting of finance ministers and central bankers, scheduled to be held in London on June 23. As a result, the market became less concerned about the upside risk for the dollar, and the currency traded in a narrow range as the meeting approached.

In the event, the G-7 ministers and governors issued a communiqué that "reaffirmed their commitment to cooperate closely, taking account of the need for orderly markets, if necessary through appropriately concerted action in foreign exchange markets." Market participants did not initially construe the G-7 statement as a firm commitment to intervene to resist the dollar's rise. But comments following the meeting by several officials, including Japanese Finance Minister Hashimoto, French Finance Minister Bergevoy, and U.S. Treasury Under Secretary Mulford, reinforced the feeling that the possibility of intervention was being actively considered. Rumors about off-market transactions between the Bundesbank and the Federal Reserve, which were later confirmed by the authorities (as discussed later), were also taken as indications that preparations to contain the dollar's rise were under way.

Thereafter, the dollar remained well below its earlier highs against the yen. The release on June 25 of data indicating a larger-than-expected rise in U.S. durable goods orders for May temporarily supported the dollar against all currencies. But the spreading talk of new financial scandals in Japan was by this

1. Federal Reserve reciprocal currency arrangements Millions of dollars

Institution	Amount of facility, July 31, 1991
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
Deutsche Bundesbank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
<i>Bank for International Settlements</i>	
Dollars against Swiss Francs	600
Dollars against other authorized European currencies	1,250
Total	30,100

time having offsetting effects on the yen. On the one hand, market participants came to expect that the authorities might move more quickly than otherwise to lower interest rates as Japanese share prices continued to decline. In fact, the Bank of Japan announced a cut of $\frac{1}{2}$ percentage point in its discount rate, to 5.5 percent, on July 1. On the other hand, market participants viewed the adverse effect of the stock market's decline on Japanese banks' capital ratios as increasing the likelihood that major Japanese investors would be repatriating overseas funds to invest in new subordinated debt instruments that Japanese banks would be issuing to shore up their capital positions. These offsetting developments helped to keep the dollar-yen exchange rate relatively steady, with the dollar trading around ¥138 for the remainder of the three-month reporting period.

The mark, however, came under further selling pressure at the end of June and early July. The dollar initially strengthened against the mark in response to the better-than-expected U.S. data for May durable goods orders released on June 25. Two days later, when in response to a controversial German court ruling German officials reportedly suggested that a withholding tax on investment income might be reinstated, the dollar broke decisively through the DM1.80 level. The idea that such a tax—very unpopular when it was imposed in 1989 and quickly withdrawn—might again be under consideration had an immediate depressing effect both on the mark and on mark-denominated assets. The DAX index of share prices (German Share Index) slumped 2.5 percent the following day, and the dollar continued to rise in the following days to reach its high against the mark for the period and for the year of DM1.8427 in European trading on July 5.

THE DOLLAR GIVES BACK MOST OF ITS GAINS DURING THE REST OF JULY

Just as the dollar was reaching its highs of the period against the mark, market confidence in the U.S. recovery began to weaken. U.S. economic data released during the month no longer provided unambiguous evidence of economic recovery. The release on July 5 of the employment report for June, in particular, showed an unexpected drop in employment.

Simultaneously, expectations began to grow that the Bundesbank would tighten monetary policy and pursue a more aggressive monetary stance than previously supposed. By then, the release of price figures for several German states that suggested a sharp acceleration in prices for “core” items was seen as giving the Bundesbank more reason for an early policy-tightening move. Market participants appeared to be uncertain only about the extent and timing of such a move—whether it would come before or after the succession of Dr. Schlesinger to the Presidency of the Bundesbank at the end of July.

Against this background, the dollar's rise against the mark stalled, and the exchange rate fluctuated without direction just above DM1.80. However, on July 11, when the Bundesbank did not raise official interest rates at its biweekly meeting and when a sharp drop in U.S. weekly unemployment insurance claims was reported, the dollar jumped back up to almost DM1.84. Early the next morning, as the dollar continued to move higher, foreign central banks conducted several rounds of intervention, selling dollars against both marks and other currencies. After the New York market opened, the U.S. monetary authorities also participated, selling \$100 million against marks. The widespread participation of central banks in the concerted intervention, ahead of the G-7 summit meeting the next week, and the fact that the central banks continued to operate throughout the day suggested to market participants that the central banks were united in their intention to curb the dollar's rise. As a result, the dollar declined about five pfennigs during the day to close in New York at DM1.7893. This episode of intervention, together with an increasingly uncertain U.S. economic scenario, set the tone for trading for the rest of the month. The dollar again reached the DM1.80 level on two occasions the next week, in response to strong industrial production data and Chairman Greenspan's statement in his semi-annual Humphrey-Hawkins testimony that a recovery was under way, but it failed to move higher.

The communiqué released on July 17 after the G-7 summit meeting reiterated support for close cooperation in foreign exchange markets, monetary and fiscal policies to foster low real interest rates, and Soviet economic and political transformation. While the communiqué had little immediate effect on exchange rates, it contributed to an atmosphere in

2. Net profits or losses (—)
on U.S. Treasury and Federal Reserve
foreign exchange operations¹
Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1991	2,316.3	570.6
April 30, 1991–July 31, 1991 Realized	147.5	60.3
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1991	1,919.9	321.4

1. Data are on a value-date basis.

which the fear of concerted intervention remained. In that environment, the dollar did not strengthen even when unexpectedly favorable housing starts data were released later that day.

During the rest of July, new U.S. data releases brought into question the vigor and even the sustainability of economic recovery. Sentiment also spread among U.S. financial market analysts that a significant decline in U.S. inflation, both actual and prospective, would be reflected in a decline in long bond yields. Moreover, statements by a variety of U.S. officials, including some members of the Federal Open Market Committee, about the need to respond if M2 growth remained weak revived market expectations that U.S. short rates might still decline. As a result, the dollar fell below DM1.80 during the third week of July and to levels around DM1.75 for the rest of the period.

The dollar closed the May–July reporting period about 2 percent higher against the mark and 1 percent higher against the yen. The dollar rose about 5.5 percent against the Swiss franc as expectations grew that the monetary authorities in Switzerland would not follow those in Germany by tightening monetary policy. The dollar eased very slightly against the Canadian dollar as the market came to believe that the Canadian authorities would be more restrained about easing monetary policy than would the U.S. monetary authorities.

During the reporting period, the U.S. monetary authorities conducted off-market operations directly with foreign monetary authorities to adjust the foreign currency reserve assets of both the Exchange Stabilization Fund (ESF) and the Federal Reserve.

The U.S. authorities exchanged \$8,548.5 million equivalent of foreign currencies for dollars:

- On June 25, the U.S. authorities purchased a total of \$5,548.5 million against German marks from the Deutsche Bundesbank in spot and forward transactions. The U.S. and German authorities agreed that their respective holdings of German marks and dollars were in excess of current needs and that it was to their mutual advantage to reduce those holdings. For each of these transactions, 60 percent of the purchase was to be executed for the account of the Federal Reserve and 40 percent for the account of the ESF. A spot transaction of \$2,230.5 million settled on June 27. A forward transaction of \$556.2 million settled on July 29. The remaining forward transactions are to be settled during the remainder of the calendar year.

- On July 16, the U.S. authorities purchased a total of \$3,000 million against another foreign currency in spot and forward transactions with a foreign monetary authority. The dollars purchased were split equally between the ESF and the Federal Reserve. A spot transaction of \$1,000 million settled on July 18. Forward transactions totaling \$2,000 million are to be settled during the next quarterly reporting period.

In addition, in July, the ESF sold a total of \$130.2 million equivalent of marks against special drawing rights (SDRs). The ESF also purchased a total of \$230.4 million against sales of SDRs in transactions with foreign monetary authorities in need of SDRs either for payment of IMF charges or for repurchases. Both the sales and purchases of SDRs were arranged by the IMF.

Primarily because of its acquisition of dollars in the foreign currency exchanges and SDR transactions described above, the ESF was able, after the end of the reporting period, to repurchase \$2,500 million equivalent of foreign currency warehoused with the Federal Reserve. These repurchases reduced the amount of ESF foreign currency balances warehoused with the Federal Reserve from \$4,500 million equivalent to \$2,000 million equivalent as of the end of August.

During the May–July period, the Federal Reserve realized profits of \$147.5 million from the off-market foreign currency exchanges described above. The Treasury realized profits of \$60.3 million, of

which \$18.8 million was from the off-market foreign currency and SDR exchanges and \$41.5 million was from the renewal of certain warehousing operations.

The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity.

A portion of the balances are invested in securities issued by foreign governments. As of the end of July, holdings of such securities by the Federal Reserve amounted to \$7,807.7 million equivalent, and holdings by the Treasury amounted to the equivalent of \$7,540.2 million valued at end-of-period exchange rates.

Industrial Production and Capacity Utilization

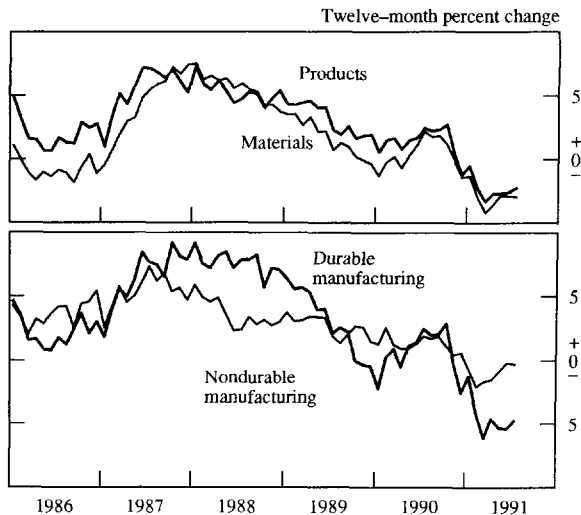
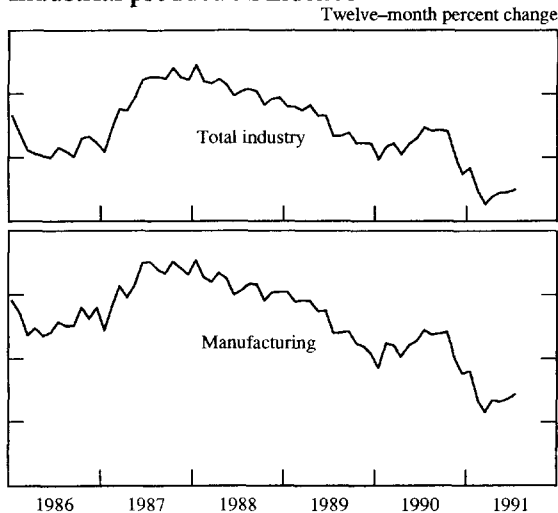
Released for publication on August 16

Industrial production rose 0.5 percent in July, the fourth consecutive month of significant increases. The automobile, construction supplies, and materials industries again provided much of the impetus for the latest month's rise in output. Total industrial capacity utilization increased 0.2 percentage point

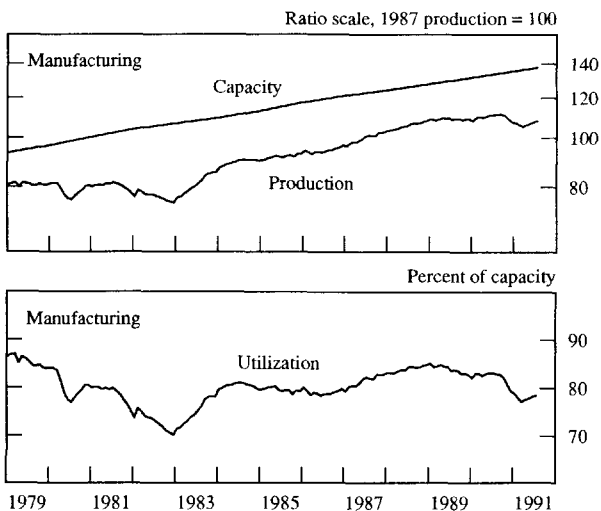
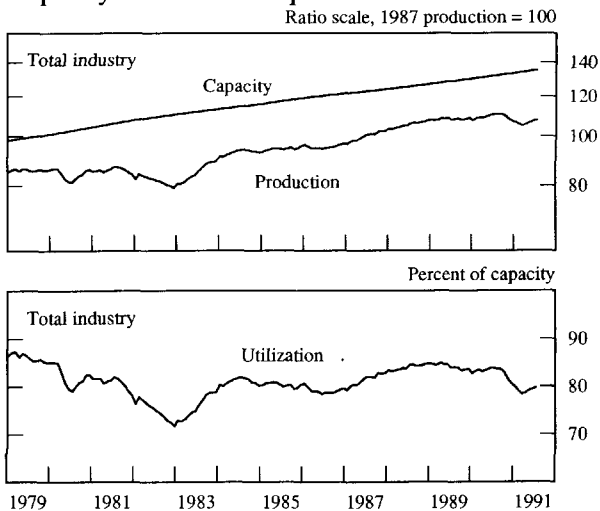
in July to 79.7 percent, 1.3 percentage points above its trough in March. At 107.6 percent of its 1987 annual average, total industrial production in July was 2.5 percent below its year-ago level.

In market groups, output of consumer goods, buoyed by a 10 percent increase in auto production, moved up 0.4 percent in July. Apart from motor vehicles, output of durable consumer goods de-

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, July.

Industrial production	1987 = 100				Percentage change from preceding month				Per-centage change, July 1990 to July 1991
	1991				1991				
	Apr. ^r	May ^r	June ^r	July ^p	Apr. ^r	May ^r	June ^r	July ^p	
Total index	105.5	106.4	107.1	107.6	.5	.8	.6	.5	-2.5
Previous estimates	105.5	106.2	106.9	. . .	.5	.7	.7	. . .	. . .
Major market groups									
Products, total	106.9	107.6	108.0	108.4	.4	.7	.4	.3	-2.3
Consumer goods	105.5	106.5	107.2	107.6	.7	.9	.6	.4	.1
Business equipment	121.3	121.5	121.5	122.4	.8	.2	.0	.8	-2.1
Construction supplies	94.9	96.0	97.1	97.7	.9	1.1	1.2	.6	-8.4
Materials	103.4	104.6	105.7	106.4	.8	1.2	1.0	.7	-2.9
Major industry groups									
Manufacturing	105.9	106.5	107.3	107.9	.7	.6	.7	.6	-2.8
Durable	106.0	106.6	107.2	108.0	.9	.6	.6	.7	-4.8
Nondurable	105.9	106.4	107.4	107.8	.4	.6	.9	.4	-.3
Mining	100.9	100.5	102.4	101.5	-.6	-.3	1.9	-.9	-2.5
Utilities	105.9	111.0	109.5	110.3	-.4	4.8	-1.4	.7	.6
Capacity utilization	Percent of capacity								Capacity growth, July 1990 to July 1991
	Average, 1967-90	Low, 1982	High, 1988-89	1990	1991				
				July	Apr. ^r	May ^r	June ^r	July ^p	
Total industry	82.2	71.8	85.0	83.8	78.6	79.1	79.5	79.7	2.6
Manufacturing	81.5	70.0	85.1	83.1	77.5	77.8	78.2	78.4	2.9
Advanced processing	81.1	71.4	83.6	81.8	77.3	77.3	77.4	77.5	3.2
Primary processing	82.4	66.8	89.0	86.1	78.2	79.1	80.1	80.8	2.1
Mining	87.4	80.6	87.2	90.7	88.3	87.9	89.5	88.6	-.1
Utilities	86.8	76.2	92.3	86.4	82.6	86.4	85.2	85.7	1.4

^r Revised.
^p Preliminary.

NOTE. Indexes are seasonally adjusted.

clined, as production of appliances, which had surged in June, fell back last month. Output of nondurable consumer goods moved up slightly further in July, led by another increase in clothing. Production of business equipment, other than autos and trucks, posted a small gain in July, owing mainly to some improvement in industrial equipment; between March and June, the index for business equipment (excluding motor vehicles) had changed little. Output of construction supplies grew briskly in July for the fourth consecutive month, but production remained about 8 percent below its level of a year earlier. Output of industrial materials grew rapidly in July, as it has since April. The increases in July occurred at producers of both durable and nondurable materials, particularly steel, textiles, and paper.

In industry groups, manufacturing output increased 0.6 percent in July, boosting the factory operating rate 0.2 percentage point to 78.4 percent. Since its low in March, manufacturing production has grown more than ½ percent per month; gains in primary processing industries have been somewhat

more rapid than in advanced processing industries. The utilization rate for primary processing industries was 80.8 percent in July, up 2.9 percentage points from March. Among the primary processing industries that have shown notable gains in this period have been primary metals, textiles, rubber and plastics products, fabricated metals products, and paper; the upswing in motor vehicle assemblies and pickup in construction activity account for some of this strength. The operating rate for the advanced processing group rose to 77.5 percent in July. Along with higher motor vehicle assemblies, rising production in the electrical machinery and apparel industries contributed substantially during the past few months to the overall increase in utilization for advanced processing.

Output in mining dropped noticeably in July, retracing about one-half of the large gain in June; a sharp curtailment in natural gas output more than offset a further rise in coal mining. Output of utilities rose in July, and the operating rate at electric utilities moved up to nearly 93 percent in July, only a bit below the recent high in May.

Statement to the Congress

Statement by J. Virgil Mattingly, Jr., General Counsel, and William Taylor, Staff Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on Terrorism, Narcotics and International Communications of the Committee on Foreign Relations, U.S. Senate, August 1, 1991

We are pleased to appear before this subcommittee to describe recent developments in the case of Bank of Credit and Commerce International, S.A. and its affiliates (collectively BCCI). As has been widely reported, bank regulatory authorities in the United Kingdom, Luxembourg, Grand Cayman, the United States, and several other countries took action on July 5, 1991, to secure control of the BCCI banks as an initial step toward the liquidation of BCCI. This action was taken in response to evidence of widespread fraudulent conduct by BCCI and its management. More recently, the Federal Reserve assessed a civil money penalty of \$200 million against BCCI for its unlawful acquisition of the stock of U.S. banks and its concealment of this control in regulatory filings. The Federal Reserve has also initiated actions to bar nine individuals associated with BCCI from involvement with U.S. banks. The New York County District Attorney's Office has also secured indictments against BCCI and two of its senior officers.

SUMMARY OF REMARKS

Our remarks today begin with a summary of BCCI's operations, both abroad and in the United States, and a description of the events leading to the seizure of the bank's assets. We will then discuss the effect of BCCI's seizure on two U.S. banking organizations, First American Bankshares of Washington, D.C., and Independence Bank, Encino, California, the shares of

which the Board believes are controlled by BCCI. Finally, we will discuss the Board's ongoing enforcement actions and its legislative proposals to strengthen the supervision of foreign banks operating in the United States.

BANK OF CREDIT AND COMMERCE INTERNATIONAL

Structure of BCCI

BCCI was founded in 1972 and until recently operated principally under the leadership and management control of individuals from Pakistan. Initial equity financing of BCCI was provided by Middle Eastern investors and Bank of America. Bank of America's ownership interest in BCCI was sold in 1980. In April 1990, to bolster BCCI's sagging financial position, the ruling family and the government of Abu Dhabi provided additional capital that increased their ownership interest in the shares of BCCI from about 30 percent to 77 percent.

BCCI's operations encompassed subsidiaries, branches, and affiliates in sixty-nine countries, principally in developing countries. BCCI, however, was not one of the largest banks in the world. Its total assets of roughly \$20 billion ranked it about 200th in the world. The parent holding company, BCCI Holdings (Luxembourg) S.A., was chartered and headquartered in Luxembourg, and the two largest banking subsidiaries of the company—Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited—were chartered in Luxembourg and the Cayman Islands respectively. Although nominally headquartered in Luxembourg, BCCI's global business was operated out of its London offices.

Under Luxembourg law, holding companies are not subject to supervision. Thus, BCCI was able to avoid consolidated home country super-

vision of its activities. Virtually from BCCI's formation, concerns were raised about a bank operating internationally without a home country regulator.

BCCI'S OPERATIONS IN THE UNITED STATES

BCCI has never been permitted to operate a branch in the United States that accepts deposits from the general public; nor was it permitted to operate or control an insured bank. BCCI at one time maintained state-licensed agencies in New York City, San Francisco, Los Angeles, Miami, Tampa, and Boca Raton, and representative offices in Washington, D.C. and Houston. None of these offices could accept domestic deposits. Because of actions taken by state and federal supervisory authorities as well as BCCI's plans to restructure its operations, four of the six agencies were closed by January 1991, and the remaining two had very substantially reduced their operations. The representative offices were closed by August 1990.

Under a Federal Reserve order issued earlier this year, BCCI's remaining operations in this country were scaled back, and the company was ordered to terminate its activities in the United States within a year. On July 5, 1991, the two remaining state-licensed agencies—in Los Angeles and New York City—held combined assets of approximately \$250 million but less than \$20 million in liabilities to unrelated creditors.

BCCI's offices in the United States were licensed and supervised on a regular basis by state authorities. As the residual supervisor of U.S. branches and agencies of foreign banks, the Federal Reserve participated in some state examinations and conducted some examinations of its own. Under the current framework governing foreign bank operations in the United States established in the International Banking Act of 1978, the states are the primary regulators of the branches and agencies they license, and the Federal Reserve is directed to rely on their reports of examination insofar as possible. As described in the last section of this testimony, the Federal Reserve believes that the time has come to require the same type of federal supervision

and examination for foreign bank operations in the United States that applies to U.S. banks.

SUPERVISORY ACTIONS—MONEY LAUNDERING

In May 1987, a Federal Reserve examination of the Miami office of BCCI identified money laundering activities, and a criminal referral was filed with the Internal Revenue Service, the Federal Bureau of Investigation, and the U.S. Attorney in Miami. In October 1988, BCCI and several of its U.S. employees were indicted for money laundering through BCCI's Tampa, Florida, office. The Federal Reserve, with cooperation from state authorities, immediately commenced a coordinated examination of all of BCCI's U.S. offices. The examinations of the New York and Boca Raton offices revealed other money laundering activities, and additional criminal referrals were made in October and November 1988.

The examinations also revealed that internal controls and lending practices of the BCCI agencies were poor and that remedial action was required. The Federal Reserve issued a cease and desist order against BCCI in June 1989 designed to strengthen the U.S. banking operations of BCCI and to enforce compliance with currency reporting requirements.

POSTINDICTMENT PERIOD

The indictment for money laundering in the United States further weakened BCCI's already fragile reputation in the world financial community. Federal Reserve staff members were advised that BCCI was experiencing some outflow of deposits in London and was encountering difficulty in finding counterparties for its banking transactions. In addition, BCCI's auditors had raised questions about whether certain loans were collectible, which brought into sharper focus the need for fresh capital. To address these developments, the government and ruling family of Abu Dhabi in spring 1990 provided capital resources of nearly \$400 million, increasing their ownership of BCCI from 30 percent to about 77 percent.

BCCI's problems, however, continued to mount. In October 1990, Price Waterhouse delivered a report to BCCI's board of directors that identified substantial additional problem loans. This report gave rise to renewed discussions between the bank and its principal shareholder and European banking authorities concerning possible approaches to a broad-based restructuring of the bank. These discussions continued into 1991.

By early 1991, information received by the Bank of England about BCCI and its activities raised fresh questions about the financial condition and integrity of the institution as a whole. In turn, this information prompted the Bank of England to commission Price Waterhouse to undertake a special audit under the provisions of British banking law. The resulting so-called section 41 report was completed and made available to the Bank of England on June 22, 1991. The Bank of England's filings in British courts indicate that the report disclosed evidence of a complex and massive fraud at BCCI, including mismanagement, substantial loan and treasury account losses, misappropriation of funds, unrecorded deposits, the creation and manipulation of fictitious accounts to conceal bank losses, and concealment from regulatory authorities of BCCI's true financial position. It was the findings of this report that led to the decision by the authorities in the United Kingdom, Luxembourg, and the Cayman Islands to seize BCCI.

THE SEIZURE OF BCCI ON JULY 5

On Friday, June 28, the Bank of England informed the Federal Reserve that the findings contained in the Price Waterhouse report made it likely that the authorities in the United Kingdom, Luxembourg, and the Cayman Islands would move during the following week to take control of the principal banks in the BCCI group. This information, while still tentative in nature, was provided to the Federal Reserve, in part, as an outgrowth of the continuing dialogue that had been occurring between the Federal Reserve and the Bank of England regarding the overall investigation into the BCCI affair but also because it was recognized that the seizure of a global bank operating around the clock in some sixty-nine

countries would have to be executed with great care to avoid banking disruptions on a national or international scale.

In light of this information, the Federal Reserve promptly dispatched senior officials of the Federal Reserve Bank of New York and of the Board of Governors to London to begin the coordination of efforts that led to the seizure of the BCCI banks on July 5, 1991. With respect to that action, the primary concern of the Federal Reserve was to take all reasonable steps to ensure that the seizure of the BCCI banks did not precipitate serious disruptions in U.S. banking markets or in dollar-based payment and clearing systems here or abroad. Four factors loomed large in the deliberations of the Federal Reserve in this regard:

First, while BCCI's banking activities in the United States were very small in balance sheet terms, a large share of its global activities were conducted in dollars, which must be settled with banks in the United States. From the perspective of the Federal Reserve, and with the experience of the Herstatt failure of 1974 very much in mind, this fact made it very important that the announcement of the seizure of the BCCI banks be timed so as not to occur during normal business hours in New York—a judgment that was shared by the Bank of England and others.

Second, while the Federal Reserve was reasonably confident that the direct exposure of U.S. banks to BCCI was limited, we could not be sure—especially in the face of the multiple uncertainties about the underlying condition of BCCI—that banking exposures in other markets or to other institutions might not cause disruptions in interbank markets, payment flows, and foreign exchange transactions that could spill over into U.S. markets and institutions.

Third, there was also the danger that other banking institutions in the Gulf—institutions with no connections with BCCI and several of which have a major presence in London and New York—could come under pressure by virtue of uncertainties created by the BCCI seizure.

Finally, there was the more general concern that the precedent of seizing an institution with operations in some sixty-nine countries could—by its very nature—unsettle banking markets on a global scale.

Over the course of Tuesday, July 2, and Wednesday, July 3, the Federal Reserve briefed the Treasury Department, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and others about the unfolding developments in Europe. The Federal Reserve's efforts took place in confidence, in part, because of the still uncertain course of events in Europe and, in part, to ensure that premature disclosure of information did not place some creditors of BCCI-related entities in a preferred position.

By midday Wednesday, July 3, it was increasingly clear that the seizure would, in fact, take place on Friday, July 5. In these circumstances, the Federal Reserve informed senior officials at the state banking departments in New York and California. As the licensing authorities for the BCCI agencies in New York City and Los Angeles, the state banking departments—not the Federal Reserve—were responsible for initiating the actions to close those agencies.

While the exact timing of the seizure of the BCCI banks had not yet been determined, the expectation on July 3 was that it would be timed to coincide with the close of business in New York City on July 5. A special unit was established at the Bank of England to coordinate global regulatory actions and to provide a central point of supervisory information and advice. For several days, officials from the Federal Reserve Board and from the Federal Reserve Bank of New York were stationed at the Bank of England to assist in that effort. A parallel unit, focusing particularly on payment and settlement issues, as well as activities in U.S. banking markets more generally, was established at the Federal Reserve Bank of New York. This unit and a counterpart group at the Board here in Washington were staffed sixteen hours a day during the first week after the closure.

Throughout the day of July 4, the Federal Reserve maintained close communication with the Bank of England. Based on those discussions, it was still expected that the closure would occur at the close of the business day in New York on July 5. On the evening of July 4, however, the Federal Reserve was informed that the timing of the closure was being reconsidered because of legal issues that had arisen in Luxem-

bourg. Over the course of the night of July 4, it became apparent that the goal of effecting the seizure at the close of business New York time could not be realized. At about 2:00 a.m. Friday, July 5, the Federal Reserve was informed that the only practical options were to coordinate the seizure either at midmorning New York time or to accelerate the action so that it would precede the opening of business in New York City. The choice to accelerate the process was clear. This choice created a complicated task of getting the personnel and other arrangements in place in the early hours of the morning after the Fourth of July holiday, but it was accomplished without major problems or difficulties. Public announcements in Europe and the United States were coordinated at 8:30 a.m. New York time; the states of New York and California acted promptly; bank examination personnel were fully deployed by 8:30 a.m.; and the information-clearing centers at the Bank of England and the Federal Reserve remained operational throughout the day of July 5 and over the ensuing weekend.

Because of this effort involving the close cooperation of authorities in several countries and because the Federal Reserve and state authorities had already scaled back BCCI's limited operations in the United States, the seizure of BCCI was effected on a global scale with virtually no adverse effects on U.S. markets and institutions. As a result of earlier regulatory action, on the day the U.S. offices of BCCI were closed by the states of California and New York, BCCI was funding its business in the United States from other non-U.S. BCCI offices and not from U.S. sources. As of July 30, it appeared that less than \$20 million of the \$252 million in liabilities on the books of the U.S. offices of BCCI are to third parties.

THE FIRST AMERICAN BANKS AND INDEPENDENCE BANK

As the Chairman of this subcommittee, Senator Kerry, will recall, we testified on May 23 about BCCI's efforts to gain control of U.S. banks before a subcommittee of the Senate Banking, Housing, and Urban Affairs Committee. That

testimony, a copy of which is attached and which we will not repeat in detail here, indicated that BCCI had used loans and nominee agreements to secretly gain control of the majority of the shares of First American Bankshares in 1982.¹ The testimony also describes continuing efforts of the Federal Reserve to detect and prevent BCCI control of First American's shares, and the violation of explicit commitments that BCCI would have no interest in the First American organization and would not fund the acquisition of First American.

On January 4, 1991, the Board authorized a formal investigation concerning whether BCCI had violated the Bank Holding Company Act by unlawfully gaining control of First American and whether false or misleading statements were made to the Board by BCCI and others to conceal BCCI's control. This investigation built on prior inquiries into a possible First American-BCCI link made by the Federal Reserve in 1989 and 1990.

In late 1990, the New York County District Attorney, with whom the Federal Reserve had been working, advised that he had received information about an auditor's report showing BCCI loans to shareholders of Credit and Commerce American Holdings, N.V. (CCAH), First American's parent. The Federal Reserve had been attempting for some time to determine whether such loans existed, despite having been told by BCCI as late as 1990 that it had not lent to acquire CCAH shares. As a result of the information, the Federal Reserve demanded that BCCI provide access to the auditor's report. After initial reluctance by BCCI's auditors, the Board's staff was able to review a copy of that report in London in early December 1990. The report confirmed the existence of more than \$1 billion in nonperforming loans by BCCI secured by shares of CCAH. That review provided the Federal Reserve with substantive evidence of a BCCI-First American link, and the Board thereupon ordered the formal investigation.

That investigation, as it progressed over the next several months, uncovered evidence of ex-

tensive and secret loan and nominee arrangements between BCCI and customers of BCCI designed to allow BCCI to acquire in the name of these customers the stock of the First American banking organization as well as other depository institutions in the United States. These arrangements in many cases involved sham loans to the BCCI customers with side agreements that the customers would not be required to repay or service the loans and that BCCI could sell the shares and retain the profits. In return for their services, the customers received fees and indemnities. These nominee arrangements are described in detail in the Board's civil money penalty and prohibition actions of July 12 and 29, 1991.

Many of these CCAH loans were never serviced or repaid except through other loans from BCCI. From the evidence available, it appears that these arrangements, particularly in later years, enabled BCCI to generate hundreds of millions of dollars in fictitious profits to cover massive losses in its trading and lending accounts.

THE BOARD'S CEASE AND DESIST ORDERS

As a result of information acquired in the early stages of the Board's investigation, the Board on January 22, 1991, made criminal referrals to the Department of Justice and proposed a cease and desist order for BCCI. The cease and desist order, which was joined in by the New York banking authorities and consented to by BCCI on March 4, had four principal components: requiring BCCI to divest promptly its CCAH shares; ending business transactions between BCCI and the First American banks; ensuring that BCCI had sufficient liquid assets to cover liabilities in the U.S. agencies; and terminating BCCI's residual business presence in the United States.

The order required BCCI promptly to divest its interest in CCAH through a plan to be submitted to the Board for its approval. The order, and a similar one against CCAH, also prohibited transactions between BCCI and the First American banks (other than capital injections into the banks and certain clearing transactions in the ordinary course of business). After entry of the

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

order, the Federal Reserve Bank of Richmond informed the First American Bank of New York that its clearing transactions for BCCI should be wound down and terminated before the end of 1991.

The Board's investigation continued after issuance of the March 4 order and discovered further evidence indicating that BCCI also had acted through a nominee, Ghaith Pharaon, to acquire the Independence Bank, Encino, California, in violation of the Bank Holding Company Act. On May 3, the Board issued a second cease and desist order requiring BCCI to submit to the Board a plan for the divestiture of any shares of Independence Bank within its control. A criminal referral relating to this violation was also filed.

In conjunction with the investigation, the Board has also taken steps to monitor through the examination process the operations of the First American banks and to determine any relationship with BCCI. Examinations and special reviews were undertaken by the Federal Reserve and other federal and state banking authorities in January 1991. These efforts continue.

IMPLEMENTATION OF THE ORDERS

As a result of the orders, transactions between BCCI and the First American banks and Independence Bank have been steadily eliminated. The relationship between BCCI and the First American Bank of New York—with which BCCI had maintained a correspondent relationship—was wound down substantially by July 5.

Events have made the requirement that BCCI divest the shares of CCAH under its control more difficult to achieve. On May 3, BCCI submitted to the Board a proposed divestiture plan for the CCAH shares, and on July 3, BCCI submitted a divestiture plan for the Independence Bank shares. The CCAH plan called for transfer of the shares of CCAH held by BCCI, and possibly shares held by other CCAH shareholders, to a trust administered by an independent trustee acceptable to the Board. The trustee would vote the stock and negotiate its sale within a time frame agreed to by the Board. We found the trust arrangement to be acceptable but considered the proposal to be deficient because it

failed to set forth the timing of the sale—specifically, there were no guarantees that the divestiture would be a prompt one, as required in the Board's order. We therefore rejected BCCI's proposal by letter of May 10, and required BCCI to submit within ten days a revised plan that addressed this concern.

On May 20, BCCI did submit a revised plan, which also relied on a trust arrangement. Although this new plan did not contain a timetable, it did contain details and conditions that appeared to expedite the sale. A preliminary draft of the trust agreement was submitted by BCCI on June 20.

Implementation of BCCI's proposed divestiture plans has been delayed by the seizure of BCCI by regulatory authorities. After those authorities seized control of BCCI on July 5, the officers and directors of BCCI were no longer able to negotiate or effectuate a divestiture of CCAH or Independence Bank stock on behalf of BCCI.

The July 5 seizure order does not void the Board's divestiture orders, however. The orders remain fully effective and legally binding. The seizure shifts the task of implementing the orders from BCCI to the receivers for BCCI. We have been in contact with the receivers, explaining to them the need to achieve total divestiture as soon as possible, and requesting that they submit promptly a revised divestiture plan. The receivers have indicated a desire to cooperate with the Federal Reserve to achieve divestiture, and our discussions are continuing. The Board is also exploring other avenues to regularize the ownership of CCAH and Independence.

ENFORCEMENT

The Board's investigation of the BCCI matter is continuing and is the most comprehensive in our experience. As part of its investigation, the Board is proceeding with enforcement actions as the evidence to support such actions is accumulated. On July 12, the Board issued a notice of intent to bar from U.S. banking the individuals participating in the Independence Bank violation. Those individuals are Agha Hasan Abedi and Swaleh Naqvi, two former senior officers of BCCI; Kemal Shoaib, a former officer of BCCI

and the former chairman of Independence Bank; and Ghaith Pharaon, the owner of record of Independence Bank and a shareholder of BCCI.

More recently, on July 29, the Board issued a Notice of Assessment of \$200 million in civil money penalties against BCCI for its illegal acquisition of CCAH, the National Bank of Georgia, and CenTrust Savings Bank. The Board also issued a notice of intent to bar permanently nine individuals associated with BCCI from any future involvement with U.S. banking organizations. On the same day, the District Attorney's Office for the County of New York secured indictments of BCCI.

The Board is continuing to cooperate with law enforcement agencies, and will, of course, consult those agencies before taking enforcement action so as to avoid prejudicing any criminal investigation. Thus, at the request of the U.S. Attorney for the District of Columbia, the Board has deferred temporarily the assessment of substantial civil money penalties against the individuals already charged, pending completion of the U.S. Attorney's criminal inquiry.

CURRENT STATUS

As of July 6, 1991, governments of eighteen countries were known to have closed or restricted the activities of BCCI operations in their jurisdictions. By July 29, 1991, a total of forty-four countries had closed BCCI offices in their respective jurisdictions. BCCI offices continued to be open under varying degrees of regulatory presence in twenty-five other countries as of the same date. Although complete information is not yet available, it appears that governments of some developing countries could have some exposure to BCCI.

LEGISLATIVE INITIATIVES

As a result of the BCCI matter and other recent compliance problems with foreign banks, the Board reviewed the statutes, regulations, and supervisory policies governing foreign bank operations in the United States. To help prevent problems such as those presented by BCCI from

recurring, the Board has sent to the Congress a set of proposals to strengthen the supervision and regulation of foreign banks operating in this country. Those proposals, collected as the Foreign Bank Supervision Enhancement Act of 1991, were introduced in the Senate as S.1019 by Senators Riegle, Kerry, and Garn, and are to be considered as part of the comprehensive banking reform proposal currently before the Senate Banking Committee.

This legislation would establish uniform federal standards for entry and expansion of foreign banks in the United States, including, importantly, a requirement of consolidated home country supervision and the application of the same financial, managerial, and operational standards that govern U.S. banks. The proposal would also grant regulators the power to terminate the activities of a foreign bank that is engaging in illegal, unsafe, or unsound practices. Regulators would be provided with the information-gathering tools necessary to carry out their supervisory responsibilities.

As this case amply demonstrates, continuing consolidated supervisory oversight of a bank's operations is essential to maintaining the integrity of the bank's operations and preventing adverse effects on the financial system. BCCI operated without a supervisor that could demand consolidated financial reports; this method of operation was critical to its ability to carry out the manipulation of its books and the concealment of its actual financial condition.

The proposed foreign bank legislation is intended to ensure that no other foreign bank may participate in this country's banking system unless the books and records showing the financial condition of that organization are open to inspection by a home country supervisor and the bank is supervised on a consolidated basis. The legislation provides the regulatory tools needed to implement this policy.

CONCLUSION

The Federal Reserve is monitoring the BCCI situation closely and will continue to cooperate with federal, state, and foreign bank supervisors and law enforcement agencies. Further informa-

tion concerning the extent of BCCI's fraudulent activities and the individuals involved may come to light as the numerous investigations under way progress.

Our immediate goal is to make the current separation in fact between BCCI and CCAH and

Independence a complete separation in law so that these banks can be relieved of any taint that they might be suffering from an association with BCCI. In the coming weeks, we will be working with British, Cayman, and Luxembourg authorities toward that end. □

Announcements

EXTENSION OF COMMENT PERIOD ON PROPOSED DEFINITION OF HIGHLY LEVERAGED TRANSACTIONS

On August 27, 1991, the Federal Reserve Board, along with the Comptroller of the Currency and the Federal Deposit Insurance Corporation, extended the period to receive comments on the supervisory definition of highly leveraged transactions (HLTs). Comment was requested by September 23, 1991, instead of August 26, 1991.

The extension was granted after the three agencies received inquiries from potential commenters requesting additional time to submit views.

CHANGE IN BOARD STAFF

The Board of Governors announced that Richard C. Stevens joined the Office of the Secretary as Visiting Assistant Secretary for a one-year period beginning September 30, 1991. Mr. Stevens is currently Assistant Director in the Division of Applications Development and Statistical Services.

From 1975 to 1982, the Board's Visiting Assistant Secretary program was targeted toward Reserve Bank and Board officers to further professional development by providing broad exposure to programs and operations of the Board and the System. The program has recently been reinstated, but will now be aimed at Board officers only. Mr. Stevens is the first participant in this newly reorganized program.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 2-3, 1991

Domestic Policy Directive

The information reviewed at this meeting suggested that an upturn in economic activity had begun in recent months. Sizeable gains in consumer spending and small increases in expenditures on residential construction appeared to be fueling a moderate rise in domestic final demand. Although inventories were still being liquidated, data for industrial production and labor markets indicated that output was being stepped up to meet that demand. Excluding food and energy items, increases in consumer prices had been small in recent months.

Total nonfarm payroll employment edged up in May, following nearly a year of uninterrupted declines, and the average workweek posted a sizable gain. The turnaround in employment was fairly broad-based. In manufacturing, recalls of workers in the motor vehicles industry more than accounted for the overall increase, but most other manufacturing industries registered either small job gains or greatly moderated job losses. Employment also turned up in the construction sector and in private service-producing industries. The unemployment rate rose to 6.9 percent in May but, averaged over April and May, the unemployment rate was little changed from its March level.

Industrial production rose in April and May, after declining sharply earlier in the year; the limited product data available for June pointed toward another gain. Perhaps reflecting the pickup in housing starts in recent months, production of construction supplies turned up in April and May. Further advances in assemblies of motor vehicles contributed to a slight rise in manufacturing output over the two months; in spite of the overall increase in activity, though, the operating rate in manufacturing edged lower in May and remained well below its level of a year earlier.

Real personal consumption expenditures rebounded in May from an April decline; over the

March-to-May period, the rise in outlays outpaced gains in personal income. In May, a sizable increase in spending for durable goods reflected stronger outlays for motor vehicles and higher expenditures for most major categories of nondurable goods. Excluding outlays for electricity associated with unusually warm weather, spending for services increased only modestly in May. Continuing a pattern of gradual recovery recorded in earlier months, housing starts rose over April and May. In these two months, single-family starts strengthened further but, with apartment vacancy rates continuing high, multifamily construction remained quite weak.

After declining in the first quarter of the year, shipments of nondefense capital goods increased in both April and May. The turnaround resulted mostly from larger shipments of aircraft; shipments of other types of business equipment increased slightly over the two months. Recent data on orders pointed to some firming in the demand for business equipment. Near-record vacancy rates for office buildings and above-average vacancy rates for industrial buildings suggested continuing weakness in nonresidential construction, although a small increase was recorded in April. The pace of liquidation of manufacturing and trade inventories slowed in April from the very rapid March rate, largely reflecting a slower rate of reduction in stocks at auto dealers. In May, manufacturing inventories fell appreciably further, with drawdowns occurring in most durable and nondurable categories. For most industries, the sharp inventory corrections of recent months along with a pickup in sales have reduced inventory-to-sales ratios substantially.

In April, the preliminary nominal U.S. merchandise trade deficit widened slightly from the revised March level; however, the April deficit was somewhat smaller than the average for the first quarter, which itself had registered a sizable decrease. The value of both exports and imports rose in April. For exports, the increase occurred primarily in capital goods and automotive products, but gains also were indicated for a broad range of industrial supplies.

Increases in the value of imports were spread among capital and consumer goods and non-oil industrial supplies. Recent indicators of economic activity in the major foreign industrial countries had been mixed; on balance, growth seemed to have been sluggish in the second quarter, while inflation in most of these countries appeared to be stable or declining.

Nonfood, nonenergy consumer prices increased over the March through May period at a substantially slower pace than over the first two months of the year. Part of the slowdown in recent months reflected an unwinding of large price increases that had occurred in certain components of the index early in the year. In May, producer prices of finished goods firmed somewhat, largely reflecting an upturn in energy prices. Although average hourly earnings of production or nonsupervisory workers rose at a faster rate in April and May than in the first quarter of the year, the increase in earnings over the twelve months ending in May slowed somewhat. For the twelve months ending in March, growth in total employer costs for compensation of private industry workers had slowed from the comparable year-earlier period.

At its meeting on May 14, 1991, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that did not contain any presumption about the likely direction of possible intermeeting adjustments. Accordingly, the directive indicated that somewhat more or somewhat less pressure on reserve positions might be appropriate during the intermeeting period depending on progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The contemplated reserve conditions were expected to be consistent with growth of M2 and M3 at annual rates of around 4 and 2 percent respectively over the three-month period from March through June.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. The federal funds rate remained near 5¾ percent, while adjustment plus seasonal borrowing tended to average a little above assumed levels because of somewhat greater usage of adjustment credit. Several technical changes were made to assumed levels of borrowing to reflect expected increases in the demand for

seasonal credit during the spring crop planting season. Against a backdrop of accumulating evidence that the economy was beginning to recover and related expectations that no further easing of monetary policy was likely in the near term, many interest rates rose slightly during the intermeeting period, while most major stock price indexes edged higher on balance.

The trade-weighted value of the dollar in terms of the other G-10 currencies increased substantially on net over the intermeeting period, partly in response to news suggesting that the U.S. economy was turning upward. The dollar rose strongly against the mark and other European currencies, which also were affected by political developments in Europe.

Growth of M2 rebounded in May from its tax-related weakness in April but slowed again in June. Over the three months ending with June, the expansion of M2 fell somewhat short of Committee expectations. Inflows to the liquid retail deposit components of M2 were strong in the latest two months, but small time deposits declined at an accelerating rate; depositors evidently responded to less attractive offering rates on time deposits by shifting some funds not only into liquid money stock components but also into bond and stock mutual funds and other capital market investments not included in this aggregate. M3 fell slightly in June and had grown little since February, reflecting continued shrinkage of the thrift industry and the weakness in bank loan demand and therefore in overall bank funding needs. For the year thus far, expansion of M2 and M3 had been in the middle portion of the Committee's ranges.

The staff projection prepared for this meeting suggested that economic activity was beginning to recover from the recession and that moderate growth in final demand accompanied by a shift in business inventories from substantial liquidation to modest accumulation would lead to considerable growth over the second half of the year. The stimulus from the inventory swing was projected to diminish next year and the expansion to slow gradually to a pace consistent with continuing moderate growth in final demand. On balance, the early and subsequent phases of the recovery were projected to be relatively slow by past cyclical standards, reflecting the limited impetus that could be expected from some key sectors of the economy, such as nonresidential construction where activity would be depressed by

high vacancy rates. In addition, fiscal policy, including the budgetary stance of state and local governments, was projected to remain fairly restrictive. Against the background of continuing, albeit decreasing, slack in labor and product markets, the core rate of inflation was expected to decline considerably over the period through the end of 1992.

In the Committee's review of current and prospective economic developments, the members generally agreed that a recovery very likely was under way, that final demand would grow moderately for some time, and that an end to inventory reductions would provide an impetus to production over coming quarters. A number of factors were expected to damp the expansion, notably the budget policies of governments at all levels and continuing weakness in nonresidential construction. There also were puzzling aspects to the current situation and attendant risks to the outlook: Commodity prices had failed to firm in their usual pattern in the early stages of a recovery; on the financial side, money and credit growth had remained modest, and conditions were still fragile in many respects. However, it was noted that sources of strength in an economic expansion often have been difficult to anticipate near a cycle trough. Moreover, while the expansion was expected to be slower than the average for postwar business cycles, the recession had been relatively shallow, and a moderate expansion was more likely to be sustained for a considerable period ahead, in large measure because it would be consistent with containing inflation pressures.

The members projected that the underlying rate of inflation would decline in coming quarters—despite quite limited progress thus far this year—in light of some continuing slack in demands on production resources and efforts by businesses to contain costs. A number stressed that the moderate monetary growth over recent years suggested that monetary policy had been positioned to foster a reduction in inflation, and they anticipated that the beneficial effects of this policy would show through over the projection period.

In keeping with the practice at meetings when the Committee considers its long-run ranges for the money and debt aggregates, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members provided specific projections of the growth in real and nominal GNP,

the rate of unemployment, and the rate of inflation for 1991 and 1992. These projections took account of the monetary growth ranges that the Committee reaffirmed for 1991 and established on a tentative basis for 1992 at this meeting; these ranges are expected to be consistent with the Committee's goal of promoting a sustained expansion in the economy, fostered by further progress toward price stability. Forecasts of nominal GNP converged on growth rates of $4\frac{1}{2}$ to $5\frac{1}{4}$ percent for 1991 and $5\frac{1}{2}$ to $6\frac{1}{2}$ percent for 1992. With regard to the rate of expansion in real GNP, the projections had a central tendency of $\frac{3}{4}$ to 1 percent for 1991 as a whole, implying a sizable rebound over the balance of the year; for the year 1992, the central tendency of the projections was $2\frac{1}{4}$ to 3 percent. While the civilian unemployment rate was not projected to fall much over the balance of the year, the expansion was expected to result in a decline to a somewhat lower range of $6\frac{1}{4}$ to $6\frac{1}{2}$ percent by the fourth quarter of 1992. With regard to the rate of inflation as measured by the consumer price index, the projections had a central tendency of $3\frac{1}{4}$ to $3\frac{3}{4}$ percent for 1991 and 3 to 4 percent for 1992; because declines in energy prices had damped the rise of consumer prices substantially thus far in 1991, the similarity of the ranges for the two years masked expectations of a pronounced decline in the core rate of inflation.

In the course of the Committee's discussion, members reported that business conditions remained uneven across the country, depending on the mix of local industries, but overall economic activity now appeared to be expanding at a modest pace in a number of regions and to have stabilized following earlier declines in several other parts of the nation. However, in some areas, notably portions of the Northeast, business activity appeared to be weakening further. Business sentiment remained cautious on the whole, but many contacts were expressing greater confidence in the outlook for the economy and their own industries, at least looking ahead to 1992. Agriculture was a source of strength in many parts of the country, although drought conditions in some areas and excessive rains in others had given rise to some concerns.

As has tended to occur in the early stages of previous cyclical recoveries, the swing in business inventories from substantial liquidation toward accumulation was likely to play a leading role in bolstering the expansion during the next two or three

quarters. The members acknowledged that inventory developments were difficult to project, and views differed to some extent regarding the strength of the impetus that might be forthcoming from this source over the next few quarters. In any event, the available data tended to confirm reports from business contacts regarding the absence of excessive stocks in most sectors of the economy and parts of the country. In these circumstances, the firming in final sales that appeared to be under way was likely to result in a cessation of inventory liquidation over the nearer term and to induce an actual buildup at some point later. It was suggested that this process already had begun and might indeed be somewhat ahead of earlier expectations.

While the swing in inventories was likely to provide a substantial boost to economic activity over the next few quarters, some members questioned the potential strength of ongoing factors promoting expansion once the adjustment in inventories had largely run its course. Growth in consumer spending might well remain relatively restrained. The saving rate already was low, and the willingness or ability of many consumers to incur debt to finance increased spending would tend to be inhibited by existing debt burdens and perhaps also by the loss of tax deductibility on consumer loan interest. In addition, widespread publicity about the fragility of some financial institutions and continuing concerns about employment prospects might damp consumer sentiment, and the absence of a strong rebound in residential construction would tend to moderate the growth in spending on consumer durables. On the positive side, the favorable effects on disposable income of the earlier decline in oil prices was being supplemented by a resumption of appreciable growth in personal income as final sales and production improved.

With regard to the outlook for business fixed investment, contacts around the nation suggested that business executives remained cautious about making capital spending commitments. Nonetheless, the recent pickup in new orders for business equipment and a more mixed pattern in nonresidential building contract awards and permits were promising developments that tended to reduce earlier concerns about a possible cumulative weakening in business investment. Among the components of this key sector of the economy, nonresidential construction activity was expected to remain depressed,

probably for an extended period in many localities, because of the substantial overhang of vacant office space and other commercial facilities. Some members noted, however, that nonresidential construction was improving in some areas, in part as a result of public works projects. Despite the likelihood of persisting weakness in nonresidential construction, overall business fixed investment was expected to strengthen to a limited extent once the recovery in economic activity was more firmly established.

The outlook for residential construction was viewed as somewhat more promising. Home sales appeared to be on a distinct uptrend, notwithstanding the temporary reversal in new home sales in May, and residential construction was picking up in many areas as housing backlogs were worked lower. Members commented, however, that the upswing in such construction might be relatively subdued by past cyclical standards, reflecting fairly high vacancy rates and the failure of mortgage rates to decline as much as they had in previous recession periods. Continuing constraints on the availability of loans for land acquisition and construction might also be a factor tending to inhibit construction activity, at least currently.

With regard to the financial setting of the economy more generally, members noted that the distress being experienced by some financial intermediaries was a key source of concern and downside risk for the economy. One could not rule out a major deterioration in public confidence in one or more types of lenders, which could seriously disrupt their ability or willingness to supply credit. However, that risk was likely to lessen over time. The rebuilding of balance sheets, including those of commercial banks, was a promising development, and the strength of the stock market along with lower risk premia on debt obligations pointed to an improving financial climate. Borrowers with direct access to capital markets were finding abundant credit at lower spreads. Many depository institutions apparently were continuing to pursue very cautious lending policies, though the shift toward even more stringent terms on loans seemed to have abated. Overall, debt growth appeared to be quite sluggish, with much of the weakness concentrated at depository institutions; this probably was contributing to the relatively damped expansion of the monetary aggregates around the cycle trough. The relationship between borrowing and spending seemed to be

adjusting in ways that were not entirely understood, but the behavior of both debt and money were cautionary signs that needed to be monitored carefully.

A number of members commented that in comparison with prior cyclical experience the budget policies of all levels of government were likely to be relatively restrictive over the projection horizon. At the federal level, despite burgeoning borrowing requirements in the near term, cutbacks in defense spending and other efforts to curb expenditures under the budget agreement of 1990 and to maintain that control under procedures put in place by the agreement, appeared to have helped put federal spending for goods and services on a downward path. At the state and local level, severe budgetary problems were being addressed in many areas by increased taxes and restraints on spending. These efforts to control governmental spending were likely to be an important factor contributing to a subdued expansion in nonresidential construction.

Turning to the outlook for inflation, the members remained optimistic that substantial progress could be made in reducing its underlying rate over the projection horizon. Some expressed disappointment that, while a number of special factors had been involved, the deceleration in consumer prices had been very limited this year, excluding the effects of a sharp drop in energy prices and slower increases in food prices. Nonetheless, the members generally believed that if the recovery tended to unfold as they were projecting, pressures on production resources would remain subdued and efforts to contain labor and other business costs would continue, especially in the context of very competitive markets for most products. Additionally, the appreciation of the dollar this year could be expected to exert a damping effect on inflation. As a trend toward lower inflation became more pronounced and widely perceived, the disinflationary forces in the economy would be reinforced by a moderation of inflationary expectations. An integral part of these developments, which several members emphasized, was the role of restrained monetary expansion over an extended period in curbing underlying inflation pressures.

Against the background of the Committee's views regarding prospective economic developments and in keeping with the requirements of the Full Employment and Balanced Growth Act of 1978 (the Humphrey-Hawkins Act), the Committee at this

meeting reviewed the ranges for growth in the monetary and debt aggregates that it had set in February for 1991, and it established on a tentative basis ranges for growth in those measures in 1992. The current ranges included growth of $2\frac{1}{2}$ to 6½ percent for M2 and 1 to 5 percent for M3 for the period from the fourth quarter of 1990 to the fourth quarter of 1991. A monitoring range of $4\frac{1}{2}$ to 8½ percent had been set for growth in total domestic nonfinancial debt in 1991.

In the course of the Committee's deliberations, all of the members agreed that the ranges established for this year remained appropriate. The members noted that both M2 and M3 were in the middle portions of their ranges. With regard to developments affecting M2, growth of nominal income had weakened over the first half of the year, but demands for M2 balances had been bolstered by declines in market interest rates that had brought a narrowing of the opportunity costs associated with holding deposits. On balance, growth of this aggregate thus far in 1991 had fallen short of what might have been expected on the basis of historical relationships with nominal income and interest rates. The reasons for the shortfalls were not fully understood, but the continuing redirection of credit flows away from depository institutions and toward market channels as well as apparent investor preferences for the higher yields offered by longer-term investments appeared to be contributing factors. The projected pickup in nominal GNP growth in the second half of the year would by itself tend to boost the growth of M2 somewhat, but increases in velocity also were quite possible. Any strengthening of M2 probably would be limited by some widening of opportunity costs associated with a further decline in offering rates on liquid deposits in lagged response to earlier declines in market rates. Moreover, the likely persistence of a steep yield curve could lead depositors to continue to place some maturing time deposits in long-term market instruments that had more attractive yields, such as bond mutual funds. Considerable uncertainty continued to surround the demand for money and the behavior of velocity. However, in the judgment of the Committee, it now seemed that growth within the current range would indicate that policy was positioned to foster a sustainable economic expansion, and that the 4-percentage-point range provided adequate leeway for any adjustments that might be needed in the event

the economy or monetary velocity were to diverge substantially from their expected paths.

Through the remainder of 1991, M3 growth also could be expected to be boosted by the strengthening of the recovery, which was likely to stimulate some pickup in bank credit extensions. However, a faster pace of resolutions by the Resolution Trust Corporation (RTC) would tend to depress thrift credit—by placing more thrift assets under government control or in the hands of private nondepository institutions—and issuance of large time deposits by branches and agencies of foreign banks could be expected to slow from the pace earlier in the year as more of the adjustment to the change in relative borrowing costs caused by the reduction in reserve requirements late last year was completed.

The members took note of a number of factors that had tended to depress the growth of domestic nonfinancial debt, which had been growing at the low end of the Committee's monitoring range. The latter included the slower pace of economic activity, more cautious attitudes on the part of borrowers toward taking on debt and lenders toward extending it, and a sharply lower pace of net equity retirements. Looking ahead, the members anticipated that, with the pickup in the economy, nonfinancial debt would expand more rapidly in the second half of the year. While slowing debt growth had a number of positive aspects for the long-run stability of the financial markets and the economy, a tendency for debt to drop below its current range might indicate that supply or demand conditions were inconsistent with a satisfactory economic expansion.

At the conclusion of this discussion, the Committee voted to approve the following broad policy statement and to reaffirm the 1991 ranges that it had established in February for growth of M2, M3, and nonfinancial debt:

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 2½ to 6½ percent and 1 to 5 percent, respectively, measured from the fourth quarter of 1990 to the fourth quarter of 1991. The monitoring range for growth of total domestic nonfinancial debt also was maintained at 4½ to 8½ percent for the year.

Votes for this action: Messrs. Greenspan, Corrigan,

Angell, Black, Forrestal, Keehn, Kelley, LaWare, Mullins, and Parry. Votes against this action: None.

In the Committee's discussion of the ranges for 1992, most of the members supported a proposal to extend the 1991 ranges provisionally to next year. Insofar as developments bearing on economic and financial conditions in 1992 could be anticipated at this point, these members believed that monetary growth within the current ranges would be consistent with sustainable economic expansion in the context of continuing progress toward price stability. The upper bounds of those ranges provided desirable leeway for policy to resist any tendency for the recovery to falter while the lower ends allowed ample room for policy to counter stronger-than-expected inflationary pressures.

Several members favored a reduction in the M2 range for next year. Such a move would continue the trend of moving the range downward until it was consistent with price stability. Recent developments suggested that conditions were favorable for making substantial progress toward lower inflation, and these members emphasized that it was important for the Committee not only to take advantage of this opportunity but to signal its determination in this regard. The resulting improvement in the credibility of the Committee's anti-inflationary policy and the related favorable effects on inflationary expectations would reduce the transitional costs of achieving price stability.

Those in favor of retaining the current range for M2 commented that the range had been reduced substantially in recent years and that its midpoint already was close to a rate consistent with price stability over time, presuming no unanticipated trend in the velocity of M2 and some upward bias in measured inflation. For 1992, some members were concerned that, absent a significant increase in the velocity of M2, satisfactory nominal GNP growth—within the central tendency of the members' forecasts—already implied expansion of M2 in the upper part of a 2½ to 6½ percent range. A lower range might not provide sufficient flexibility to deal with an unanticipated shortfall in aggregate demand or disturbances to still-fragile financial markets. Uncertainties about the behavior of velocity at a time when an important restructuring of financial flows appeared to be in process, especially with regard to the role of depository institutions, also argued for

simply carrying over the existing range. There would be an opportunity to review the range next February, when evidence would be in hand about velocity in the second half of the year and some of the uncertainties about the strength of the recovery would be diminished. At that time, careful consideration would need to be given to reducing the range, if conditions implied that such an action was appropriate in furthering and underscoring the System's goal of reducing inflation over time.

At the conclusion of this discussion, with two members dissenting, the Committee approved provisional ranges for 1992 that were unchanged from those for 1991, and it voted to incorporate the following statement regarding the 1992 ranges in its domestic policy directive:

For 1992, on a tentative basis, the Committee agreed to use the same ranges as in 1991 for growth in each of the monetary aggregates and debt, measured from the fourth quarter of 1991 to the fourth quarter of 1992. With regard to M3, the Committee anticipated that the ongoing restructuring of thrift depository institutions would continue to depress the growth of this aggregate relative to spending and total credit. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

Votes for this action: Messrs. Greenspan, Corrigan, Forrestal, Keehn, Kelley, LaWare, Mullins, and Parry.
Votes against this action: Messrs. Angell and Black.

Messrs. Angell and Black dissented because they preferred to reduce the M2 range for 1992 by $\frac{1}{2}$ percentage point. They pointed out that the lower range would be centered on the average growth of M2 in recent years and would provide a timely signal of the Committee's continuing commitment to price stability, thereby reinforcing and extending the progress in curbing inflation anticipated over the next several quarters. They believed that the resulting decline in inflationary expectations would lower the transitional costs of achieving price stability and, by favorably affecting long-term interest rates, would help sustain the expansion in economic activity.

In the Committee's discussion of policy for the intermeeting period ahead, all of the members were in favor of maintaining an unchanged degree of pressure on reserve positions. They believed that at

this juncture an unchanged policy course offered the greatest promise of reconciling the Committee's goals of sustaining the nascent business recovery while also fostering further progress against inflation. There were obvious areas of uncertainty and vulnerability in the current economic and financial situation, but developments were unlikely to require an immediate adjustment in reserve market conditions. For now, monetary policy appeared to be on an appropriate course.

The members devoted some attention during this discussion to the relatively sluggish growth of M2 and M3 in recent months. Some commented that the behavior of the broader aggregates might imply that monetary policy had not been eased sufficiently in recent months and therefore might not provide adequate support to sustain the expansion. It was noted, however, that apart from the usual uncertainties about the relationship of M2 and M3 to growth and spending in the short run, the expansion of M1 and especially of reserves and the monetary base had been fairly robust since early spring. Moreover, many borrowers were meeting their financing needs through market sources. In this situation, the members generally concluded that the behavior of M2 and M3, which on a cumulative basis were still in the middle portions of the Committee's ranges for the year, did not call for any policy adjustments at this point. Nonetheless, continuing weak growth might require a review of this conclusion. A staff projection prepared for this meeting indicated that, with reserve market conditions unchanged, somewhat faster growth in the broader aggregates was likely to emerge in the months ahead, induced by greater money demands in the context of a strengthening economy.

With regard to possible adjustments to the degree of reserve pressure during the intermeeting period ahead, nearly all the members expressed a preference for a directive that did not bias prospective operations toward tightening or easing but made an intermeeting adjustment, if any, equally likely in either direction depending on economic and financial developments and the behavior of the monetary aggregates. One member preferred a directive that was tilted toward possible tightening; in this view, a prompt response to any tendency for inflationary conditions to re-emerge would have a favorable effect on inflationary expectations and long-term debt markets and might avert the need for a more

substantial policy adjustment later. Other members agreed on the desirability of a prompt adjustment to inflationary developments, but they did not see a special need to anticipate such an adjustment in the period ahead.

At the conclusion of the Committee's discussion, all of the members indicated that they favored a directive that called for maintaining the existing degree of pressure on reserve positions. The members also noted that they preferred or could accept a directive that did not include a presumption about the likely direction of any intermeeting adjustments in policy. Accordingly, the Committee decided that somewhat greater reserve restraint or somewhat lesser reserve restraint might be acceptable during the period ahead depending on progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated at this meeting were expected to be consistent with some increase in the growth of M2 and M3 to annual rates of around 5½ and 3 percent respectively over the three-month period from June through September.

At the conclusion of the meeting, the following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that economic activity has begun to recover from the recent recession. The unemployment rate rose to 6.9 percent in May, but total nonfarm payroll employment edged up and the average workweek posted a sizable gain. Manufacturing output has risen in recent months, led by appreciable increases in assemblies of motor vehicles. Consumer spending has been bolstered in part by an upturn in personal income. An increase in orders points to a firming in demand for business equipment, but nonresidential construction remains weak. Housing starts rose over April and May. The nominal U.S. merchandise trade deficit in April was somewhat below the average rate in the first quarter. Increases in consumer prices have been small in recent months.

Most interest rates have risen slightly since the Committee meeting on May 14. The trade-weighted value of the dollar in terms of the other G-10 currencies increased substantially on balance over the intermeeting period.

M2 grew at a moderate pace over May and June, while M3 changed little. For the year thus far, expansion of M2 and M3 has been in the middle portion of the Committee's ranges.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 2½ to 6½ percent and 1 to 5 percent, respectively, measured from the fourth quarter of 1990 to the fourth quarter of 1991. The monitoring range for growth of total domestic nonfinancial debt also was maintained at 4½ to 8½ percent for the year. For 1992, on a tentative basis, the Committee agreed to use the same ranges as in 1991 for growth in each of the monetary aggregates and debt, measured from the fourth quarter of 1991 to the fourth quarter of 1992. With regard to M3, the Committee anticipated that the ongoing restructuring of thrift depository institutions would continue to depress the growth of this aggregate relative to spending and total credit. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. Depending upon progress toward price stability, trends in economic activity, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, somewhat greater reserve restraint or somewhat lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from June through September at annual rates of about 5½ and 3 percent, respectively.

Votes for the paragraph on short-run policy implementation: Messrs. Greenspan, Corrigan, Angell, Black, Forrestal, Keehn, Kelley, LaWare, Mullins, and Parry.
Votes against this action: None.

Legal Developments

FINAL RULE—AMENDMENT TO UNIFORM RULES OF PRACTICE AND PROCEDURES

The Board of Governors is amending 12 C.F.R. Part 263. Section 916 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") requires that the Office of the Comptroller of the Currency (the "OCC"), the Board of Governors of the Federal Reserve System (the "Board"), the Federal Deposit Insurance Corporation (the "FDIC"), the Office of Thrift Supervision (the "OTS"), and the National Credit Union Administration (the "NCUA") (collectively, the "Agencies") develop a set of uniform rules of practice and procedures for administrative hearings ("Uniform Rules"). Section 916 further requires that the Agencies promulgate provisions for summary judgment rulings where there are no disputes as to the material facts of a case.

In compliance with the mandate of section 916, this final rule makes uniform those rules concerning the types of formal enforcement actions common to at least four of the listed Agencies. In addition to these Uniform Rules, the Board and each of the other Agencies are adopting complementary "Local Rules" to supplement the Uniform Rules in order to address some or all of the following: formal enforcement actions not within the scope of the Uniform Rules, informal actions which are not subject to the Administrative Procedure Act ("APA"), and procedures to supplement or facilitate the processing of administrative enforcement actions within the Board and the other Agencies. This final rule is intended to standardize procedures for formal administrative actions and to facilitate administrative practice before the Agencies.

Effective August 9, 1991, 12 C.F.R. Part 263 is amended as follows:

Part 263—Rules of Practice for Hearings

1. The authority citation for part 263 is revised to read as follows:

Authority: This part is issued under sections 9, 11(i), 19 and 29 of the Federal Reserve Act (12 U.S.C. 324, 248, 504, and 505); sections 5(b), 8(b) and 8(d) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1884(b), 1847(b) and 1847(d)); section

106(b)(2)(F) of the Bank Holding Company Act Amendments of 1970, as amended (12 U.S.C. 1972(2)(F)); sections 7(j), 8 and 18(c) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1817(j), 1818 and 1828(c)); section 13 of the International Banking Act of 1978 (12 U.S.C. 3108); sections 15B(c)(5), 15C(c)(2), and 21B of the Securities Exchange Act of 1984, as amended (15 U.S.C. 78o-4, 78o-5, and 78u-2); section 11 of the Clayton Act, as amended (15 U.S.C. 21); section 203(c) of the Equal Access to Justice Act, as amended (5 U.S.C. 504); and sections 908 and 910 of the International Lending Supervision Act of 1983 (12 U.S.C. 3907 and 3909).

2. Part 263 is revised to read as follows:

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Subpart A—Uniform Rules of Practice and Procedure

Section 263.1—Scope.

This subpart prescribes Uniform Rules of practice and procedure applicable to adjudicatory proceedings required to be conducted on the record after opportunity for hearing under the following statutory provisions:

- (a) Cease-and-desist proceedings under section 8(b) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(b));
- (b) Removal and prohibition proceedings under section 8(e) of the FDIA (12 U.S.C. 1818(e));
- (c) Change-in-control proceedings under section 7(j)(4) of the FDIA (12 U.S.C. 1817(j)(4)) to determine whether the Board of Governors of the Federal Reserve System ("Board") should issue an order to approve or disapprove a person's proposed acquisition of a state member bank or bank holding company;
- (d) Proceedings under section 15C(c)(2) of the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78o-5), to impose sanctions upon any government securities broker or dealer or upon any person associated or seeking to become associated with a government securities broker or dealer for which the Board is the appropriate agency.
- (e) Assessment of civil money penalties by the Board against institutions, institution-affiliated parties, and certain other persons for which the Board is the appropriate agency for any violation of:
 - (1) Any provision of the Bank Holding Company Act of 1956, as amended ("BHC Act"), or any order or regulation issued thereunder, pursuant to 12 U.S.C. 1847(b) and (d);
 - (2) Sections 19, 22, 23A and 23B of the Federal Reserve Act ("FRA"), or any regulation or order issued thereunder and certain unsafe or unsound practices or breaches of fiduciary duty, pursuant to 12 U.S.C. 504 and 505;
 - (3) Section 9 of the FRA pursuant to 12 U.S.C. 324;
 - (4) Section 106(b) of the Bank Holding Company Act Amendments of 1970 and certain unsafe or unsound practices or breaches of fiduciary duty, pursuant to 12 U.S.C. 1972(2)(F);
 - (5) Any provision of the Change in Bank Control Act of 1978, as amended, or any regulation or order issued thereunder and certain unsafe or unsound practices or breaches of fiduciary duty, pursuant to 12 U.S.C. 1817(j)(16);
 - (6) Any provision of the International Lending Supervision Act of 1983 ("ILSA") or any rule, regu-

lation or order issued thereunder, pursuant to 12 U.S.C. 3909;

(7) Any provision of the International Banking Act of 1978 ("IBA") or any rule, regulation or order issued thereunder, pursuant to 12 U.S.C. 3108;

(8) Certain provisions of the Exchange Act, pursuant to section 21B of the Exchange Act (15 U.S.C. 78u-2);

(9) Section 1120 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3349), or any order or regulation issued thereunder; and

(10) The terms of any final or temporary order issued under section 8 of the FDIA or of any written agreement executed by the Board, the terms of any condition imposed in writing by the Board in connection with the grant of an application or request, and certain unsafe or unsound practices or breaches of fiduciary duty or law or regulation pursuant to 12 U.S.C. 1818(i)(2);

(f) This subpart also applies to all other adjudications required by statute to be determined on the record after opportunity for an agency hearing, unless otherwise specifically provided in subparts B-G of this part.

Section 263.2—Rules of construction.

For purposes of this subpart:

- (a) Any term in the singular includes the plural, and the plural includes the singular, if such use would be appropriate;
- (b) Any use of a masculine, feminine, or neuter gender encompasses all three, if such use would be appropriate;
- (c) The term *counsel* includes a non-attorney representative; and
- (d) Unless the context requires otherwise, a party's counsel of record, if any, may, on behalf of that party, take any action required to be taken by the party.

Section 263.3—Definitions.

For purposes of this subpart, unless explicitly stated to the contrary:

- (a) *Administrative law judge* means one who presides at an administrative hearing under authority set forth at 5 U.S.C. 556.
- (b) *Adjudicatory proceeding* means a proceeding conducted pursuant to these rules and leading to the formulation of a final order other than a regulation.
- (c) *Decisional employee* means any member of the Board's or administrative law judge's staff who has not engaged in an investigative or prosecutorial role in a

proceeding and who may assist the Agency or the administrative law judge, respectively, in preparing orders, recommended decisions, decisions, and other documents under the Uniform Rules.

(d) *Enforcement Counsel* means any individual who files a notice of appearance as counsel on behalf of the Board in an adjudicatory proceeding.

(e) *Final order* means an order issued by the Board with or without the consent of the affected institution or the institution-affiliated party, that has become final, without regard to the pendency of any petition for reconsideration or review.

(f) *Institution* includes:

(1) Any bank as that term is defined in section 3(a) of the FDIA (12 U.S.C. 1813(a));

(2) Any bank holding company or any subsidiary (other than a bank) of a bank holding company as those terms are defined in the BHC Act (12 U.S.C. 1841 *et seq.*);

(3) Any organization operating under section 25 of the FRA (12 U.S.C. 601 *et seq.*);

(4) Any foreign bank or company to which section 8 of the IBA (12 U.S.C. 3106), applies or any subsidiary (other than a bank) thereof; and

(5) Any Federal agency as that term is defined in section 1(b) of the IBA (12 U.S.C. 3101(5)).

(g) *Institution-affiliated party* means any institution-affiliated party as that term is defined in section 3(u) of the FDIA (12 U.S.C. 1813(u)).

(h) *Local Rules* means those rules promulgated by the Board in this part other than subpart A.

(i) *OFIA* means the Office of Financial Institution Adjudication, the executive body charged with overseeing the administration of administrative enforcement proceedings for the Board, the Office of Comptroller of the Currency (the "OCC"), the Federal Deposit Insurance Corporation (the "FDIC"), the Office of Thrift Supervision (the "OTS"), and the National Credit Union Administration (the "NCUA").

(j) *Party* means the Board and any person named as a party in any notice.

(k) *Person* means an individual, sole proprietor, partnership, corporation, unincorporated association, trust, joint venture, pool, syndicate, agency or other entity or organization, including an institution as defined in paragraph (h) of this section.

(l) *Respondent* means any party other than the Board.

(m) *Uniform Rules* means those rules in subpart A of this part that are common to the Board, the OCC, the FDIC, the OTS and the NCUA.

(n) *Violation* includes any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation.

Section 263.4—Authority of the Board.

(a) The Board may, at any time during the pendency of a proceeding, perform, direct the performance of, or waive performance of, any act which could be done or ordered by the administrative law judge.

Section 263.5—Authority of the administrative law judge.

(a) *General rule.* All proceedings governed by this part shall be conducted in accordance with the provisions of Chapter 5 of Title 5 of the United States Code. The administrative law judge shall have all powers necessary to conduct a proceeding in a fair and impartial manner and to avoid unnecessary delay.

(b) *Powers.* The administrative law judge shall have all powers necessary to conduct the proceeding in accordance with paragraph (a) of this section, including the following powers:

(1) To administer oaths and affirmations;

(2) To issue subpoenas, subpoenas duces tecum, and protective orders, as authorized by this part, and to quash or modify any such subpoenas and orders;

(3) To receive relevant evidence and to rule upon the admission of evidence and offers of proof;

(4) To take or cause depositions to be taken as authorized by this subpart;

(5) To regulate the course of the hearing and the conduct of the parties and their counsel;

(6) To hold scheduling and/or pre-hearing conferences as set forth in section 263.31;

(7) To consider and rule upon all procedural and other motions appropriate in an adjudicatory proceeding, provided that only the Board shall have the power to grant any motion to dismiss the proceeding or to decide any other motion that results in a final determination of the merits of the proceeding;

(8) To prepare and present to the Board a recommended decision as provided herein;

(9) To recuse himself or herself by motion made by a party or on his or her own motion;

(10) To establish time, place and manner limitations on the attendance of the public and the media for any public hearing; and

(11) To do all other things necessary and appropriate to discharge the duties of a presiding officer.

Section 263.6—Appearance and practice in adjudicatory proceedings.

(a) *Appearance before the Board or an administrative law judge.*

(1) *By attorneys.* Any member in good standing of the bar of the highest court of any state, commonwealth, possession, territory of the United States, or the District of Columbia may represent others before the Board if such attorney is not currently suspended or debarred from practice before the Board.

(2) *By non-attorneys.* An individual may appear on his or her own behalf; a member of a partnership may represent the partnership; a duly authorized officer, director, or employee of any government unit, agency, institution, corporation or authority may represent that unit, agency, institution, corporation or authority if such officer, director, or employee is not currently suspended or debarred from practice before the Board.

(3) *Notice of appearance.* Any individual acting as counsel on behalf of a party, including the Board, shall file a notice of appearance with OFIA at or before the time that individual submits papers or otherwise appears on behalf of a party in the adjudicatory proceeding. Such notice of appearance shall include a written declaration that the individual is currently qualified as provided in paragraph (a)(1) or (a)(2) of this section and is authorized to represent the particular party. By filing a notice of appearance on behalf of a party in an adjudicatory proceeding, the counsel thereby agrees, and represents that he or she is authorized, to accept service on behalf of the represented party.

(b) *Sanctions.* Dilatory, obstructionist, egregious, contemptuous or contumacious conduct at any phase of any adjudicatory proceeding may be grounds for exclusion or suspension of counsel from the proceeding.

Section 263.7—Good faith certification.

(a) *General requirement.* Every filing or submission of record following the issuance of a notice shall be signed by at least one counsel of record in his or her individual name and shall state that counsel's address and telephone number. A party who acts as his or her own counsel shall sign his or her individual name and state his or her address and telephone number on every filing or submission of record.

(b) *Effect of signature.*

(1) The signature of counsel or a party shall constitute a certification that: the counsel or party has read the filing or submission of record; to the best of his or her knowledge, information, and belief formed after reasonable inquiry, the filing or submission of record is well-grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; and the filing or submission of record is not

made for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

(2) If a filing or submission of record is not signed, the administrative law judge shall strike the filing or submission of record, unless it is signed promptly after the omission is called to the attention of the pleader or movant.

(c) *Effect of making oral motion or argument.* The act of making any oral motion or oral argument by any counsel or party constitutes a certification that to the best of his or her knowledge, information, and belief formed after reasonable inquiry, his or her statement is well-grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law, and is not made for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

Section 263.8—Conflicts of interest.

(a) *Conflict of interest in representation.* No person shall appear as counsel for another person in an adjudicatory proceeding if it reasonably appears that such representation may be materially limited by that counsel's responsibilities to a third person or by the counsel's own interests. The administrative law judge may take corrective measures at any stage of a proceeding to cure a conflict of interest in representation, including the issuance of an order limiting the scope of representation or disqualifying an individual from appearing in a representative capacity for the duration of the proceeding.

(b) *Certification and waiver.* If any person appearing as counsel represents two or more parties to an adjudicatory proceeding or a party and an institution to which notice of the proceeding must be given, counsel must certify in writing at the time of filing the notice of appearance required by section 263.6(a):

(1) That the counsel has personally and fully discussed the possibility of conflicts of interest with each such party or institution;

(2) That each such party or institution has advised its counsel that to its knowledge there is no existing or anticipated material conflict between its interests and the interests of others represented by the same counsel or his or her firm; and

(3) That each such party or institution waives any right it might otherwise have had to assert any known conflicts of interest or to assert any non-material conflicts of interest during the course of the proceeding.

Section 263.9—Ex parte communications.**(a) Definition.**

(1) *Ex parte communication* means any material oral or written communication concerning the merits of an adjudicatory proceeding that was neither on the record nor on reasonable prior notice to all parties that takes place between:

- (i) A party, his or her counsel, or another person interested in the proceeding; and
- (ii) The administrative law judge handling that proceeding, a member of the Board, or a decisional employee.

(2) *Exception.* A request for status of the proceeding does not constitute an ex parte communication.

(b) *Prohibition of ex parte communications.* From the time the notice is issued by the Board until the date that the Board issues its final decision pursuant to section 263.40(c), no party, interested person or counsel therefor shall knowingly make or cause to be made an ex parte communication concerning the merits of the proceeding to a member of the Board, the administrative law judge, or a decisional employee. No member of the Board, administrative law judge, or decisional employee shall knowingly make or cause to be made to a party, or any interested person or counsel therefor, any ex parte communication relevant to the merits of a proceeding.

(c) *Procedure upon occurrence of ex parte communication.* If an ex parte communication is received by the administrative law judge, a member of the Board or any other person identified in paragraph (a) of this section, that person shall cause all such written communications (or, if the communication is oral, a memorandum stating the substance of the communication) to be placed on the record of the proceeding and served on all parties. All other parties to the proceeding shall have an opportunity, within ten days of receipt of service of the ex parte communication, to file responses thereto and to recommend any sanctions, in accordance with paragraph (d) of this section, that they believe to be appropriate under the circumstances.

(d) *Sanctions.* Any party or his or her counsel who makes a prohibited ex parte communication, or who encourages or solicits another to make any such communication, may be subject to any appropriate sanction or sanctions imposed by the Board or the administrative law judge including, but not limited to, exclusion from the proceedings and an adverse ruling on the issue which is the subject of the prohibited communication.

Section 263.10—Filing of papers.

(a) *Filing.* Any papers required to be filed, excluding documents produced in response to a discovery re-

quest pursuant to sections 263.25 and 263.26, shall be filed with OFIA, except as otherwise provided.

(b) *Manner of filing.* Unless otherwise specified by the Board or the administrative law judge, filing may be accomplished by:

- (1) Personal service;
- (2) Delivering the papers to a reliable commercial courier service, overnight delivery service, or to the U.S. Post Office for Express Mail delivery;
- (3) Mailing the papers by first class, registered, or certified mail; or
- (4) Transmission by electronic media, only if expressly authorized, and upon any conditions specified, by the Board or the administrative law judge. All papers filed by electronic media shall also concurrently be filed in accordance with paragraph (c) of this section.

(c) *Formal requirements as to papers filed.*

(1) *Form.* All papers filed must set forth the name, address, and telephone number of the counsel or party making the filing and must be accompanied by a certification setting forth when and how service has been made on all other parties. All papers filed must be double-spaced and printed or typewritten on 8½ x 11 inch paper, and must be clear and legible.

(2) *Signature.* All papers must be dated and signed as provided in section 263.7.

(3) *Caption.* All papers filed must include at the head thereof, or on a title page, the name of the Board and of the filing party, the title and docket number of the proceeding, and the subject of the particular paper.

(4) *Number of copies.* Unless otherwise specified by the Board, or the administrative law judge, an original and one copy of all documents and papers shall be filed, except that only one copy of transcripts of testimony and exhibits shall be filed.

Section 263.11—Service of papers.

(a) *By the parties.* Except as otherwise provided, a party filing papers shall serve a copy upon the counsel of record for all other parties to the proceeding so represented, and upon any party not so represented.

(b) *Method of service.* Except as provided in paragraphs (c)(2) and (d) of this section, a serving party shall use one or more of the following methods of service:

- (1) Personal service;
- (2) Delivering the papers to a reliable commercial courier service, overnight delivery service, or to the U.S. Post Office for Express Mail delivery;

(3) Mailing the papers by first class, registered, or certified mail; or

(4) Transmission by electronic media, only if the parties mutually agree. Any papers served by electronic media shall also concurrently be served in accordance with the requirements of section 263.10(c).

(c) *By the Board or the administrative law judge.*

(1) All papers required to be served by the Board or the administrative law judge upon a party who has appeared in the proceeding in accordance with section 263.6, shall be served by any means specified in paragraph (b) of this section.

(2) If a party has not appeared in the proceeding in accordance with section 263.6, the Board or the administrative law judge shall make service by any of the following methods:

(i) By personal service;

(ii) By delivery to a person of suitable age and discretion at the party's residence;

(iii) By registered or certified mail addressed to the party's last known address; or

(iv) By any other method reasonably calculated to give actual notice.

(d) *Subpoenas.* Service of a subpoena may be made by personal service, by delivery to an agent, by delivery to a person of suitable age and discretion at the subpoenaed person's residence, by registered or certified mail addressed to the person's last known address, or in such other manner as is reasonably calculated to give actual notice.

(e) *Area of service.* Service in any state, territory, possession of the United States, or the District of Columbia, on any person or company doing business in any state, territory, possession of the United States, or the District of Columbia, or on any person as otherwise provided by law, is effective without regard to the place where the hearing is held, provided that if service is made on a foreign bank in connection with an action or proceeding involving one or more of its branches or agencies located in any state, territory, possession of the United States, or the District of Columbia, service shall be made on at least one branch or agency so involved.

Section 263.12—Construction of time limits.

(a) *General rule.* In computing any period of time prescribed by this subpart, the date of the act or event from which the designated period of time begins to run is not included. The last day so computed is included unless it is a Saturday, Sunday, or Federal holiday. When the last day is a Saturday, Sunday, or Federal holiday, the period runs until the end of the next day that is not a Saturday, Sunday, or

Federal holiday. Intermediate Saturdays, Sundays, and Federal holidays are included in the computation of time, except that, when the time period within which an act is to be performed is ten days or less, intermediate Saturdays, Sundays, and Federal holidays are not included.

(b) *When papers are deemed to be filed or served.*

(1) Filing and service are deemed to be effective:

(i) In the case of personal service or same-day commercial courier delivery, upon actual service;

(ii) In the case of overnight commercial delivery service, U.S. Express Mail delivery, or first class, registered, or certified mail, upon deposit in or delivery to an appropriate point of collection;

(iii) In the case of transmission by electronic media, as specified by the authority receiving the filing, in the case of filing, and as agreed among the parties, in the case of service.

(2) The effective filing and service dates specified in paragraph (b)(1) of this section may be modified by the Board or administrative law judge in the case of filing or by agreement of the parties in the case of service.

(c) *Calculation of time for service and filing of responsive papers.* Whenever a time limit is measured by a prescribed period from the service of any notice or paper, the applicable time limits are calculated as follows:

(1) If service is made by first class, registered or certified mail, add three days to the prescribed period;

(2) If service is made by express mail or overnight delivery service, add one day to the prescribed period;

(3) If service is made by electronic media transmission, add one day to the prescribed period, unless otherwise determined by the Board or the administrative law judge in the case of filing, or by agreement among the parties in the case of service.

Section 263.13—Change of time limits.

(a) Except as otherwise provided by law, the administrative law judge may, for good cause shown, extend the time limits prescribed by the Uniform Rules or by any notice or order issued in the proceedings. After the referral of the case to the Board pursuant to section 263.38, the Board may grant extensions of the time limits for good cause shown. Extensions may be granted at the motion of a party after notice and opportunity to respond is afforded all non-moving parties or *sua sponte* by the Board or the administrative law judge.

Section 263.14—Witness fees and expenses.

(a) Witnesses subpoenaed for testimony or depositions shall be paid the same fees for attendance and mileage as are paid in the United States district courts in proceedings in which the United States is a party, provided that, in the case of a discovery subpoena addressed to a party, no witness fees or mileage need be paid. Fees for witnesses shall be tendered in advance by the party requesting the subpoena, except that fees and mileage need not be tendered in advance where the Board is the party requesting the subpoena. The Board shall not be required to pay any fees to, or expenses of, any witness not subpoenaed by the Board.

Section 263.15—Opportunity for informal settlement.

(a) Any respondent may, at any time in the proceeding, unilaterally submit to Enforcement Counsel written offers or proposals for settlement of a proceeding, without prejudice to the rights of any of the parties. No such offer or proposal shall be made to any Board representative other than Enforcement Counsel. Submission of a written settlement offer does not provide a basis for adjourning or otherwise delaying all or any portion of a proceeding under this part. No settlement offer or proposal, or any subsequent negotiation or resolution, is admissible as evidence in any proceeding.

Section 263.16—Agency's right to conduct examination.

(a) Nothing contained in this subpart limits in any manner the right of the Board or any Federal Reserve Bank to conduct any examination, inspection, or visitation of any institution or institution-affiliated party, or the right of the Agency to conduct or continue any form of investigation authorized by law.

Section 263.17—Collateral attacks on adjudicatory proceeding.

(a) If an interlocutory appeal or collateral attack is brought in any court concerning all or any part of an adjudicatory proceeding, the challenged adjudicatory proceeding shall continue without regard to the pendency of that court proceeding. No default or other failure to act as directed in the adjudicatory proceeding within the times prescribed in this subpart shall be excused based on the pendency before any court of any interlocutory appeal or collateral attack.

Section 263.18—Commencement of proceeding and contents of notice.**(a) Commencement of proceeding.**

(1) (i) Except for change-in-control proceedings under section 7(j)(4) of the FDIA, 12 U.S.C. 1817(j)(4), a proceeding governed by this subpart is commenced by issuance of a notice by the Board.

(ii) The notice must be served by the Board upon the respondent and given to any other appropriate financial institution supervisory authority where required by law.

(iii) The notice must be filed with OFIA.

(2) Change-in-control proceedings under section 7(j)(4) of the FDIA (12 U.S.C. 1817(j)(4)) commence with the issuance of an order by the Board.

(b) Contents of notice. The notice must set forth:

(1) The legal authority for the proceeding and for the Board's jurisdiction over the proceeding;

(2) A statement of the matters of fact or law showing that the Board is entitled to relief;

(3) A proposed order or prayer for an order granting the requested relief;

(4) The time, place, and nature of the hearing as required by law or regulation;

(5) The time within which to file an answer as required by law or regulation;

(6) The time within which to request a hearing as required by law or regulation; and

(7) That the answer and/or request for a hearing shall be filed with OFIA.

Section 263.19—Answer.

(a) *When.* Within 20 days of service of the notice, respondent shall file an answer as designated in the notice. In a civil money penalty proceeding, respondent shall also file a request for a hearing within 20 days of service of the notice.

(b) *Content of answer.* An answer must specifically respond to each paragraph or allegation of fact contained in the notice and must admit, deny, or state that the party lacks sufficient information to admit or deny each allegation of fact. A statement of lack of information has the effect of a denial. Denials must fairly meet the substance of each allegation of fact denied; general denials are not permitted. When a respondent denies part of an allegation, that part must be denied and the remainder specifically admitted. Any allegation of fact in the notice which is not denied in the answer must be deemed admitted for purposes of the proceeding. A respondent is not required to respond to the portion of a notice that constitutes the prayer for relief or proposed order. The answer must set forth

affirmative defenses, if any, asserted by the respondent.

(c) *Default.*

(1) *Effect of failure to answer.* Failure of a respondent to file an answer required by this section within the time provided constitutes a waiver of his or her right to appear and contest the allegations in the notice. If no timely answer is filed, Enforcement Counsel may file a motion for entry of an order of default. Upon a finding that no good cause has been shown for the failure to file a timely answer, the administrative law judge shall file with the Board a recommended decision containing the findings and the relief sought in the notice. Any final order issued by the Board based upon a respondent's failure to answer is deemed to be an order issued upon consent.

(2) *Effect of failure to request a hearing in civil money penalty proceedings.* If respondent fails to request a hearing as required by law within the time provided, the notice of assessment constitutes a final and unappealable order.

Section 263.20—Amended pleadings.

(a) *Amendments.* The notice or answer may be amended or supplemented at any stage of the proceeding by leave of the administrative law judge. Such leave will be freely given. The respondent shall answer an amended notice within the time remaining for the respondent's answer to the original notice, or within ten days after service of the amended notice, whichever period is longer, unless the Board or administrative law judge orders otherwise for good cause shown.

(b) *Amendments to conform to the evidence.* When issues not raised in the notice or answer are tried at the hearing by express or implied consent of the parties, they will be treated in all respects as if they had been raised in the notice or answer, and no formal amendments are required. If evidence is objected to at the hearing on the ground that it is not within the issues raised by the notice or answer, the administrative law judge may allow the notice or answer to be amended. The administrative law judge will do so freely when the determination of the merits of the action is served thereby and the objecting party fails to satisfy the administrative law judge that the admission of such evidence would unfairly prejudice that party's action or defense upon the merits. The administrative law judge may grant a continuance to enable the objecting party to meet such evidence.

Section 263.21—Failure to appear.

(a) Failure of a respondent to appear in person at the hearing or by a duly authorized counsel constitutes a waiver of respondent's right to a hearing and is deemed an admission of the facts as alleged and consent to the relief sought in the notice. Without further proceedings or notice to the respondent, the administrative law judge shall file with the Board a recommended decision containing the findings and the relief sought in the notice.

Section 263.22—Consolidation and severance of actions.

(a) *Consolidation.*

(1) On the motion of any party, or on the administrative law judge's own motion, the administrative law judge may consolidate, for some or all purposes, any two or more proceedings, if each such proceeding involves or arises out of the same transaction, occurrence or series of transactions or occurrences, or involves at least one common respondent or a material common question of law or fact, unless such consolidation would cause unreasonable delay or injustice.

(2) In the event of consolidation under paragraph (a)(1) of this section, appropriate adjustment to the prehearing schedule shall be made to avoid unnecessary expense, inconvenience, or delay.

(b) *Severance.* The administrative law judge may, upon the motion of any party, sever the proceeding for separate resolution of the matter as to any respondent only if the administrative law judge finds that:

- (1) Undue prejudice or injustice to the moving party would result from not severing the proceeding; and
- (2) Such undue prejudice or injustice would outweigh the interests of judicial economy and expedition in the complete and final resolution of the proceeding.

Section 263.23—Motions.

(a) *In writing.*

(1) Except as otherwise provided herein, an application or request for an order or ruling must be made by written motion.

(2) All written motions must state with particularity the relief sought and must be accompanied by a proposed order.

(3) No oral argument may be held on written motions except as otherwise directed by the administrative law judge. Written memoranda, briefs, affidavits or other relevant material or documents may be filed in support of or in opposition to a motion.

(b) *Oral motions.* A motion may be made orally on the record unless the administrative law judge directs that such motion be reduced to writing.

(c) *Filing of motions.* Motions must be filed with the administrative law judge, except that following the filing of the recommended decision, motions must be filed with the Board.

(d) *Responses.*

(1) Except as otherwise provided herein, within ten days after service of any written motion, or within such other period of time as may be established by the administrative law judge or the Board, any party may file a written response to a motion. The administrative law judge shall not rule on any oral or written motion before each party has had an opportunity to file a response.

(2) The failure of a party to oppose a written motion or an oral motion made on the record is deemed a consent by that party to the entry of an order substantially in the form of the order accompanying the motion.

(e) *Dilatory motions.* Frivolous, dilatory or repetitive motions are prohibited. The filing of such motions may form the basis for sanctions.

(f) *Dispositive motions.* Dispositive motions are governed by sections 263.29 and 263.30.

Section 263.24—Scope of document discovery.

(a) *Limits on discovery.*

(1) Parties to proceedings under this subpart may obtain document discovery through the production of documents, including writings, drawings, graphs, charts, photographs, recordings, and other data compilations from which information can be obtained, or translated, if necessary, by the parties through detection devices into reasonably usable form.

(2) Discovery by use of deposition is governed by section 263.53 of subpart B of this part.

(b) *Relevance.* Parties may obtain document discovery regarding any matter, not privileged, which has material relevance to the merits of the pending action. It is not a ground for objection that the information sought will be inadmissible at the hearing if the information sought appears reasonably calculated to lead to discovery of admissible evidence. The request may not be unreasonable, oppressive, excessive in scope or unduly burdensome.

(c) *Privileged matter.* Privileged documents are not discoverable. Privileges include the attorney-client privilege, work-product privilege, any government's or government agency's deliberative-process privilege, and any other privileges the Constitution, any applicable act of Congress, or the principles of common law provide.

(d) *Time limits.* All discovery, including all responses to discovery requests, shall be completed at least 20 days prior to the date scheduled for the commencement of the hearing. No exceptions to this time limit shall be permitted, unless the administrative law judge finds on the record that good cause exists for waiving the requirements of this paragraph.

Section 263.25—Request for document discovery from parties.

(a) *General rule.* Any party may serve on any other party a request to produce for inspection any discoverable documents which are in the possession, custody, or control of the party upon whom the request is served. The request must identify the documents to be produced either by individual item or by category, and must describe each item and category with reasonable particularity. Documents must be produced as they are kept in the usual course of business and shall be organized to correspond with the categories in the request.

(b) *Production or copying.* The request must specify a reasonable time, place, and manner for production and performing any related acts. In lieu of inspecting the documents, the requesting party may specify that all or some of the responsive documents are to be copied and the copies delivered to the requesting party. If copying of fewer than 250 pages is requested, the party to whom the request is addressed shall bear the cost of copying and shipping charges. If more than 250 pages of copying is requested, the requesting party shall pay for copying, unless the parties agree otherwise, at the current per-page copying rate imposed by the Board's rules implementing the Freedom of Information Act (5 U.S.C. 552a) plus the cost of shipping.

(c) *Obligation to update responses.* A party who has responded to a discovery request with a response that was complete when made is not required to supplement the response to include documents thereafter acquired, unless the responding party learns that:

- (1) The response was materially incorrect when made; or
- (2) The response, though correct when made, is no longer true and a failure to amend the response is, in substance, a knowing concealment.

(d) *Motions to limit discovery.*

(1) Any party that objects to a discovery request may, within ten days of being served with such request, file a motion in accordance with the provisions of section 263.23 to strike or otherwise limit the request. If an objection is made to only a portion of an item or category in a request, the portion objected to shall be specified. Any objections not made in accordance with this paragraph and section 263.23 are waived.

(2) The party who served the request that is the subject of a motion to strike or limit may file a written response within five days of service of the motion. No other party may file a response.

(e) *Privilege.* At the time other documents are produced, all documents withheld on the grounds of privilege must be reasonably identified, together with a statement of the basis for the assertion of privilege.

(f) *Motions to compel production.*

(1) If a party withholds any documents as privileged or fails to comply fully with a discovery request, the requesting party may, within ten days of the assertion of privilege or of the time the failure to comply becomes known to the requesting party, file a motion in accordance with the provisions of section 263.23 for the issuance of a subpoena compelling production.

(2) The party who asserted the privilege or failed to comply with the request may file a written response to a motion to compel within five days of service of the motion. No other party may file a response.

(g) *Ruling on motions.* After the time for filing responses pursuant to this section has expired, the administrative law judge shall rule promptly on all motions filed pursuant to this section. If the administrative law judge determines that a discovery request, or any of its terms, is unreasonable, unduly burdensome, excessive in scope, repetitive of previous requests or seeks to obtain privileged documents, he or she may modify the request, and may issue appropriate protective orders, upon such conditions as justice may require. The pendency of a motion to strike or limit discovery or to compel production shall not be a basis for staying or continuing the proceeding, unless otherwise ordered by the administrative law judge.

(h) *Enforcing discovery subpoenas.* If the administrative law judge issues a subpoena compelling production of documents by a party, the subpoenaing party may, in the event of noncompliance and to the extent authorized by applicable law, apply to any appropriate United States district court for an order requiring compliance with the subpoena. A party's right to seek court enforcement of a subpoena shall not in any manner limit the sanctions that may be imposed by the administrative law judge against a party who fails to produce subpoenaed documents.

Section 263.26—Document subpoenas to nonparties.

(a) *General rules.*

(1) Any party may apply to the administrative law judge for the issuance of a document discovery subpoena addressed to any person who is not a party to the proceeding. The application must con-

tain a proposed document subpoena and a brief statement showing the general relevance and reasonableness of the scope of documents sought. The subpoenaing party shall specify a reasonable time, place, and manner for making production in response to the document subpoena.

(2) A party shall only apply for a document subpoena under this section within the time period during which such party could serve a discovery request under section 263.24(d). The party obtaining the document subpoena is responsible for serving it on the subpoenaed person and for serving copies on all parties. Document subpoenas may be served in any state, territory, or possession of the United States, the District of Columbia, or as otherwise provided by law.

(3) The administrative law judge shall promptly issue any document subpoena requested pursuant to this section. If the administrative law judge determines that the application does not set forth a valid basis for the issuance of the subpoena, or that any of its terms are unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she may refuse to issue the subpoena or may issue it in a modified form upon such conditions as may be consistent with the Uniform Rules.

(b) *Motion to quash or modify.*

(1) Any person to whom a document subpoena is directed may file a motion to quash or modify such subpoena, accompanied by a statement of the basis for quashing or modifying the subpoena. The movant shall serve the motion on all parties, and any party may respond to such motion within ten days of service of the motion.

(2) Any motion to quash or modify a document subpoena must be filed on the same basis, including the assertion of privilege, upon which a party could object to a discovery request under section 263.25(d), and during the same time limits during which such an objection could be filed.

(c) *Enforcing document subpoenas.* If a subpoenaed person fails to comply with any subpoena issued pursuant to this section or any order of the administrative law judge which directs compliance with all or any portion of a document subpoena, the subpoenaing party or any other aggrieved party may, to the extent authorized by applicable law, apply to an appropriate United States district court for an order requiring compliance with so much of the document subpoena as the administrative law judge has not quashed or modified. A party's right to seek court enforcement of a document subpoena shall in no way limit the sanctions that may be imposed by the administrative law judge on a party who induces a failure to comply with subpoenas issued under this section.

Section 263.27—Deposition of witness unavailable for hearing.

(a) *General rules.*

(1) If a witness will not be available for the hearing, a party desiring to preserve that witness's testimony for the record may apply in accordance with the procedures set forth in paragraph (a)(2) of this section, to the administrative law judge for the issuance of a subpoena, including a subpoena duces tecum, requiring the attendance of the witness at a deposition. The administrative law judge may issue a deposition subpoena under this section upon a showing that:

- (i) The witness will be unable to attend or may be prevented from attending the hearing because of age, sickness or infirmity, or will otherwise be unavailable;
- (ii) The witness's unavailability was not procured or caused by the subpoenaing party;
- (iii) The testimony is reasonably expected to be material; and
- (iv) Taking the deposition will not result in any undue burden to any other party and will not cause undue delay of the proceeding.

(2) The application must contain a proposed deposition subpoena and a brief statement of the reasons for the issuance of the subpoena. The subpoena must name the witness whose deposition is to be taken and specify the time and place for taking the deposition. A deposition subpoena may require the witness to be deposed at any place within the country in which that witness resides or has a regular place of employment or such other convenient place as the administrative law judge shall fix.

(3) Any requested subpoena that sets forth a valid basis for its issuance must be promptly issued, unless the administrative law judge on his or her own motion, requires a written response or requires attendance at a conference concerning whether the requested subpoena should be issued.

(4) The party obtaining a deposition subpoena is responsible for serving it on the witness and for serving copies on all parties. Unless the administrative law judge orders otherwise, no deposition under this section shall be taken on fewer than ten days' notice to the witness and all parties. Deposition subpoenas may be served in any state, territory, possession of the United States, or the District of Columbia, on any person or company doing business in any state, territory, possession of the United States, or the District of Columbia, or as otherwise permitted by law.

(b) *Objections to deposition subpoenas.*

(1) The witness and any party who has not had an opportunity to oppose a deposition subpoena issued under this section may file a motion with the administrative law judge to quash or modify the subpoena prior to the time for compliance specified in the subpoena, but not more than ten days after service of the subpoena.

(2) A statement of the basis for the motion to quash or modify a subpoena issued under this section must accompany the motion. The motion must be served on all parties.

(c) *Procedure upon deposition.*

(1) Each witness testifying pursuant to a deposition subpoena must be duly sworn, and each party shall have the right to examine the witness. Objections to questions or documents must be in short form, stating the grounds for the objection. Failure to object to questions or documents is not deemed a waiver except where the ground for the objection might have been avoided if the objection had been timely presented. All questions, answers, and objections must be recorded.

(2) Any party may move before the administrative law judge for an order compelling the witness to answer any questions the witness has refused to answer or submit any evidence the witness has refused to submit during the deposition.

(3) The deposition must be subscribed by the witness, unless the parties and the witness, by stipulation, have waived the signing, or the witness is ill, cannot be found, or has refused to sign. If the deposition is not subscribed by the witness, the court reporter taking the deposition shall certify that the transcript is a true and complete transcript of the deposition.

(d) *Enforcing subpoenas.* If a subpoenaed person fails to comply with any order of the administrative law judge which directs compliance with all or any portion of a deposition subpoena under paragraph (b) or (c)(3) of this section, the subpoenaing party or other aggrieved party may, to the extent authorized by applicable law, apply to an appropriate United States district court for an order requiring compliance with the portions of the subpoena that the administrative law judge has ordered enforced. A party's right to seek court enforcement of a deposition subpoena in no way limits the sanctions that may be imposed by the administrative law judge on a party who fails to comply with, or procures a failure to comply with, a subpoena issued under this section.

Section 263.28—Interlocutory review

(a) *General rule.* The Board may review a ruling of the administrative law judge prior to the certification of

the record to the Board only in accordance with the procedures set forth in this section and section 263.23.

(b) *Scope of review.* The Board may exercise interlocutory review of a ruling of the administrative law judge if the Board finds that:

- (1) The ruling involves a controlling question of law or policy as to which substantial grounds exist for a difference of opinion;
 - (2) Immediate review of the ruling may materially advance the ultimate termination of the proceeding;
 - (3) Subsequent modification of the ruling at the conclusion of the proceeding would be an inadequate remedy; or
 - (4) Subsequent modification of the ruling would cause unusual delay or expense.
- (c) *Procedure.* Any request for interlocutory review shall be filed by a party with the administrative law judge within ten days of his or her ruling and shall otherwise comply with section 263.23. Any party may file a response to a request for interlocutory review in accordance with section 263.23(d). Upon the expiration of the time for filing all responses, the administrative law judge shall refer the matter to the Board for final disposition.
- (d) *Suspension of proceeding.* Neither a request for interlocutory review nor any disposition of such a request by the Board under this section suspends or stays the proceeding unless otherwise ordered by the administrative law judge or the Board.

Section 263.29—Summary disposition.

(a) *In general.* The administrative law judge shall recommend that the Board issue a final order granting a motion for summary disposition if the undisputed pleaded facts, admissions, affidavits, stipulations, documentary evidence, matters as to which official notice may be taken, and any other evidentiary materials properly submitted in connection with a motion for summary disposition show that:

- (1) There is no genuine issue as to any material fact; and
- (2) The moving party is entitled to a decision in its favor as a matter of law.

(b) *Filing of motions and responses.*

- (1) Any party who believes that there is no genuine issue of material fact to be determined and that he or she is entitled to a decision as a matter of law may move at any time for summary disposition in its favor of all or any part of the proceeding. Any party, within 20 days after service of such a motion, or within such time period as allowed by the administrative law judge, may file a response to such motion.

(2) A motion for summary disposition must be accompanied by a statement of the material facts as to which the moving party contends there is no genuine issue. Such motion must be supported by documentary evidence, which may take the form of admissions in pleadings, stipulations, depositions, investigatory depositions, transcripts, affidavits and any other evidentiary materials that the moving party contends support his or her position. The motion must also be accompanied by a brief containing the points and authorities in support of the contention of the moving party. Any party opposing a motion for summary disposition must file a statement setting forth those material facts as to which he or she contends a genuine dispute exists. Such opposition must be supported by evidence of the same type as that submitted with the motion for summary disposition and a brief containing the points and authorities in support of the contention that summary disposition would be inappropriate.

(c) *Hearing on motion.* At the request of any party or on his or her own motion, the administrative law judge may hear oral argument on the motion for summary disposition.

(d) *Decision on motion.* Following receipt of a motion for summary disposition and all responses thereto, the administrative law judge shall determine whether the moving party is entitled to summary disposition. If the administrative law judge determines that summary disposition is warranted, the administrative law judge shall submit a recommended decision to that effect to the Board. If the administrative law judge finds that no party is entitled to summary disposition, he or she shall make a ruling denying the motion.

Section 263.30—Partial summary disposition.

(a) If the administrative law judge determines that a party is entitled to summary disposition as to certain claims only, he or she shall defer submitting a recommended decision as to those claims. A hearing on the remaining issues must be ordered. Those claims for which the administrative law judge has determined that summary disposition is warranted will be addressed in the recommended decision filed at the conclusion of the hearing.

Section 263.31—Scheduling and prehearing conferences.

(a) *Scheduling conference.* Within 30 days of service of the notice or order commencing a proceeding or such other time as parties may agree, the administrative law judge shall direct counsel for all parties to meet with him or her in person at a specified time and

place prior to the hearing or to confer by telephone for the purpose of scheduling the course and conduct of the proceeding. This meeting or telephone conference is called a "scheduling conference." The identification of potential witnesses, the time for and manner of discovery, and the exchange of any prehearing materials including witness lists, statements of issues, stipulations, exhibits and any other materials may also be determined at the scheduling conference.

(b) *Prehearing conferences.* The administrative law judge may, in addition to the scheduling conference, on his or her own motion or at the request of any party, direct counsel for the parties to meet with him or her (in person or by telephone) at a prehearing conference to address any or all of the following:

- (1) Simplification and clarification of the issues;
- (2) Stipulations, admissions of fact, and the contents, authenticity and admissibility into evidence of documents;
- (3) Matters of which official notice may be taken;
- (4) Limitation of the number of witnesses;
- (5) Summary disposition of any or all issues;
- (6) Resolution of discovery issues or disputes;
- (7) Amendments to pleadings; and
- (8) Such other matters as may aid in the orderly disposition of the proceeding.

(c) *Transcript.* The administrative law judge, in his or her discretion, may require that a scheduling or prehearing conference be recorded by a court reporter. A transcript of the conference and any materials filed, including orders, becomes part of the record of the proceeding. A party may obtain a copy of the transcript at his or her expense.

(d) *Scheduling or prehearing orders.* At or within a reasonable time following the conclusion of the scheduling conference or any prehearing conference, the administrative law judge shall serve on each party an order setting forth any agreements reached and any procedural determinations made.

Section 263.32—Prehearing submissions.

(a) Within the time set by the administrative law judge, but in no case later than 14 days before the start of the hearing, each party shall serve on every other party, his or her:

- (1) Prehearing statement;
- (2) Final list of witnesses to be called to testify at the hearing, including name and address of each witness and a short summary of the expected testimony of each witness;
- (3) List of the exhibits to be introduced at the hearing along with a copy of each exhibit; and
- (4) Stipulations of fact, if any.

(b) *Effect of failure to comply.* 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 pursuant to paragraph (a) of this section, except for good cause shown.

Section 263.33—Public hearings.

(a) *General rule.* All hearings shall be open to the public, unless the Board, in its discretion, determines that holding an open hearing would be contrary to the public interest. Within 20 days of service of the notice or, in the case of change-in-control proceedings under section 7(j)(4) of the FDIA (12 U.S.C. 1817(j)(4)), within 20 days from service of the hearing order, any respondent may file with the Board a request for a private hearing, and any party may file a pleading in reply to such a request. Such requests and replies are governed by section 263.23. Failure to file a request or a reply is deemed a waiver of any objections regarding whether the hearing will be public or private.

(b) *Filing document under seal.* Enforcement Counsel, in his or her discretion, may file any document or part of a document under seal if disclosure of the document would be contrary to the public interest. The administrative law judge shall take all appropriate steps to preserve the confidentiality of such documents or parts thereof, including closing portions of the hearing to the public.

Section 263.34—Hearing subpoenas.

(a) *Issuance.*

(1) Upon application of a party showing general relevance and reasonableness of scope of the testimony or other evidence sought, the administrative law judge may issue a subpoena or a subpoena duces tecum requiring the attendance of a witness at the hearing or the production of documentary or physical evidence at such hearing. The application for a hearing subpoena must also contain a proposed subpoena specifying the attendance of a witness or the production of evidence from any state, territory, or possession of the United States, the District of Columbia or as otherwise provided by law at any designated place where the hearing is being conducted.

(2) A party may apply for a hearing subpoena at any time before the commencement of a hearing. During a hearing, such applications may be made orally on the record before the administrative law judge. The party making the application shall serve a copy of

the application and the proposed subpoena on every other party to the proceeding.

(3) The administrative law judge shall promptly issue any hearing subpoena requested pursuant to this section. If the administrative law judge determines that the application does not set forth a valid basis for the issuance of the subpoena, or that any of its terms are unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she may refuse to issue the subpoena or may issue it in a modified form upon any conditions consistent with these rules.

(b) *Motion to quash or modify.*

(1) Any person to whom a hearing subpoena is directed may file a motion to quash or modify such subpoena, accompanied by a statement of the basis for quashing or modifying the subpoena. The movant shall serve the motion on all parties, and any party may respond to such motion within ten days of service of the motion.

(2) Any motion to quash or modify a hearing subpoena must be filed prior to the time specified in the subpoena for compliance, but not more than ten days after the date of service of the subpoena upon the movant.

(c) *Enforcing subpoenas.* If a subpoenaed person fails to comply with any subpoena issued pursuant to this section or any order of the administrative law judge which directs compliance with all or any portion of a document subpoena, the subpoenaing party or any other aggrieved party may seek enforcement of the subpoena pursuant to section 263.26(c).

Section 263.35—Conduct of hearings.

(a) *General rules.*

(1) 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.

(2) *Order of hearing.* Enforcement Counsel shall present its case-in-chief first, unless otherwise ordered by the administrative law judge, or unless otherwise expressly specified by law or regulation. Enforcement Counsel shall be the first party to present an opening statement and a closing statement, and may make a rebuttal statement after the respondent's closing statement. If there are multiple respondents, respondents may agree among themselves as to their order of presentation of their cases, but if they do not agree the administrative law judge shall fix the order.

(3) *Stipulations.* Unless the administrative law judge directs otherwise, all stipulations of fact and law previously agreed upon by the parties, and all documents, the admissibility of which have been previously stipulated, will be admitted into evidence upon commencement of the hearing.

(b) *Transcript.* The hearing must be recorded and transcribed. The transcript shall be made available to any party upon payment of the cost thereof. The administrative law judge shall have authority to order the record corrected, either upon motion to correct, upon stipulation of the parties, or following notice to the parties upon the administrative law judge's own motion. The administrative law judge shall serve notice upon all parties that the certified transcript, together with all hearing exhibits and exhibits introduced but not admitted into evidence at the hearing, has been filed.

Section 263.36—Evidence.

(a) *Admissibility.*

(1) Except as is otherwise set forth in this section, relevant, material, and reliable evidence that is not unduly repetitive is admissible to the fullest extent authorized by the Administrative Procedure Act and other applicable law.

(2) Evidence that would be admissible under the Federal Rules of Evidence is admissible in a proceeding conducted pursuant to this subpart.

(3) Evidence that would be inadmissible under the Federal Rules of Evidence may not be deemed or ruled to be inadmissible in a proceeding conducted pursuant to this subpart if such evidence is relevant, material, reliable and not unduly repetitive.

(b) *Official notice.*

(1) Official notice may be taken of any material fact which may be judicially noticed by a United States district court and any material information in the official public records of any Federal or state government agency.

(2) All matters officially noticed by the administrative law judge or Board shall appear on the record.

(3) If official notice is requested or taken of any material fact, the parties, upon timely request, shall be afforded an opportunity to object.

(c) *Documents.*

(1) A duplicate copy of a document is admissible to the same extent as the original, unless a genuine issue is raised as to whether the copy is in some material respect not a true and legible copy of the original.

(2) Subject to the requirements of paragraph (a) of this section, any document, including a report of examination, supervisory activity, inspection or vis-

itation, prepared by an appropriate Federal financial institution regulatory agency or state regulatory agency, is admissible either with or without a sponsoring witness.

(3) Witnesses may use existing or newly created charts, exhibits, calendars, calculations, outlines or other graphic material to summarize, illustrate, or simplify the presentation of testimony. Such materials may, subject to the administrative law judge's discretion, be used with or without being admitted into evidence.

(d) *Objections.*

(1) Objections to the admissibility of evidence must be timely made and rulings on all objections must appear on the record.

(2) When an objection to a question or line of questioning propounded to a witness is sustained, the examining counsel may make a specific proffer on the record of what he or she expected to prove by the expected testimony of the witness, either by representation of counsel or by direct interrogation of the witness.

(3) The administrative law judge shall retain rejected exhibits, adequately marked for identification, for the record, and transmit such exhibits to the Board.

(4) Failure to object to admission of evidence or to any ruling constitutes a waiver of the objection.

(e) *Stipulations.* The parties may stipulate as to any relevant matters of fact or the authentication of any relevant documents. Such stipulations must be received in evidence at a hearing, and are binding on the parties with respect to the matters therein stipulated.

(f) *Depositions of unavailable witnesses.*

(1) If a witness is unavailable to testify at a hearing, and that witness has testified in a deposition to which all parties in a proceeding had notice and an opportunity to participate, a party may offer as evidence all or any part of the transcript of the deposition, including deposition exhibits, if any.

(2) Such deposition transcript is admissible to the same extent that testimony would have been admissible had that person testified at the hearing, provided that if a witness refused to answer proper questions during the depositions, the administrative law judge may, on that basis, limit the admissibility of the deposition in any manner that justice requires.

(3) Only those portions of a deposition received in evidence at the hearing constitute a part of the record.

Section 263.37—Proposed findings and conclusions.

(a) *Proposed findings and conclusions and supporting briefs.*

(1) Any party may file with the administrative law judge proposed findings of fact, proposed conclusions of law, and a proposed order within 30 days after the parties have received notice that the transcript has been filed with the administrative law judge, unless otherwise ordered by the administrative law judge.

(2) Proposed findings and conclusions must be supported by citation to any relevant authorities and by page references to any relevant portions of the record. A post-hearing brief may be filed in support of proposed findings and conclusions, either as part of the same document or in a separate document. Any party who fails to file timely with the administrative law judge any proposed finding or conclusion is deemed to have waived the right to raise in any subsequent filing or submission any issue not addressed in such party's proposed finding or conclusion.

(b) *Reply briefs.* Reply briefs may be filed within 15 days after the date on which the parties' proposed findings, conclusions, and order are due. Reply briefs must be strictly limited to responding to new matters, issues, or arguments raised in another party's papers. A party who has not filed proposed findings of fact and conclusions of law or a post-hearing brief may not file a reply brief.

(c) *Simultaneous filing required.* The administrative law judge shall not order the filing by any party of any brief or reply brief in advance of the other party's filing of its brief.

Section 263.38—Recommended decision and filing of record.

(a) Within 45 days after expiration of the time allowed for filing reply briefs under section 263.37(b), the administrative law judge shall file with and certify to the Board for decision the record of the proceeding. The record must include the administrative law judge's recommended decision, recommended findings of fact, recommended conclusions of law, and proposed order; all prehearing and hearing transcripts, exhibits, and rulings; and the motions, briefs, memoranda, and other supporting papers filed in connection with the hearing. The administrative law judge shall serve upon each party the recommended decision, findings, conclusions, and proposed order.

Section 263.39—Exceptions to recommended decision.

(a) *Filing exceptions.* Within 30 days after service of the recommended decision, findings, conclusions, and proposed order under section 263.38, a party may file

with the Board written exceptions to the administrative law judge's recommended decision, findings, conclusions or proposed order, to the admission or exclusion of evidence, or to the failure of the administrative law judge to make a ruling proposed by a party. A supporting brief may be filed at the time the exceptions are filed, either as part of the same document or in a separate document.

(b) *Effect of failure to file or raise exceptions.*

(1) Failure of a party to file exceptions to those matters specified in paragraph (a) of this section within the time prescribed is deemed a waiver of objection thereto.

(2) No exception need be considered by the Board if the party taking exception had an opportunity to raise the same objection, issue, or argument before the administrative law judge and failed to do so.

(c) *Contents.*

(1) All exceptions and briefs in support of such exceptions must be confined to the particular matters in, or omissions from, the administrative law judge's recommendations to which that party takes exception.

(2) All exceptions and briefs in support of exceptions must set forth page or paragraph references to the specific parts of the administrative law judge's recommendations to which exception is taken, the page or paragraph references to those portions of the record relied upon to support each exception, and the legal authority relied upon to support each exception.

Section 263.40—Review by the Board.

(a) *Notice of submission to the Board.* When the Board determines that the record in the proceeding is complete, the Board shall serve notice upon the parties that the proceeding has been submitted to the Board for final decision.

(b) *Oral argument before the Board.* Upon the initiative of the Board or on the written request of any party filed with the Board within the time for filing exceptions, the Board may order and hear oral argument on the recommended findings, conclusions, decision, and order of the administrative law judge. A written request by a party must show good cause for oral argument and state reasons why arguments cannot be presented adequately in writing. A denial of a request for oral argument may be set forth in the Board's final decision. Oral argument before the Board must be on the record.

(c) *Agency final decision.*

(1) Decisional employees may advise and assist the Board in the consideration and disposition of the case. The final decision of the Board will be based

upon review of the entire record of the proceeding, except that the Board may limit the issues to be reviewed to those findings and conclusions to which opposing arguments or exceptions have been filed by the parties.

(2) The Board shall render a final decision within 90 days after notification of the parties that the case has been submitted for final decision, or 90 days after oral argument, whichever is later, unless the Board orders that the action or any aspect thereof be remanded to the administrative law judge for further proceedings. Copies of the final decision and order of the Board shall be served upon each party to the proceeding, upon other persons required by statute, and, if directed by the Board or required by statute, upon any appropriate state or Federal supervisory authority.

Section 263.41—Stays pending judicial review.

(a) The commencement of proceedings for judicial review of a final decision and order of the Board may not, unless specifically ordered by the Board or a reviewing court, operate as a stay of any order issued by the Board. The Board may, in its discretion, and on such terms as it finds just, stay the effectiveness of all or any part of its order pending a final decision on a petition for review of that order.

Subpart B—Board Local Rules Supplementing the Uniform Rules

Section 263.50—Purpose and scope.

(a) This subpart prescribes the rules of practice and procedure governing formal adjudications set forth in § 263.50(b) of this subpart, and supplements the rules of practice and procedure contained in subpart A of this part.

(b) The rules and procedures of this subpart and subpart A of this part shall apply to the formal adjudications set forth in section 263.1 of subpart A and to the following adjudications:

(1) Suspension of a member bank from use of credit facilities of the Federal Reserve System under section 4 of the FRA (12 U.S.C. 301);

(2) Termination of a bank's membership in the Federal Reserve System under section 9 of the FRA (12 U.S.C. 327);

(3) Issuance of a cease-and-desist order under section 11 of the Clayton Act (15 U.S.C. 21);

(4) Adjudications under sections 2, 3, or 4 of the BHC Act (12 U.S.C. 1841, 1842, or 1843);

- (5) Formal adjudications on bank merger applications under section 18(c) of the FDIA (12 U.S.C. 1828(c));
- (6) Issuance of a divestiture order under section 5(e) of the BHC Act (12 U.S.C. 1844(e));
- (7) Imposition of sanctions upon any municipal securities dealer for which the Board is the appropriate regulatory agency, or upon any person associated or seeking to become associated with such a municipal securities dealer, under section 15B(c)(5) of the Exchange Act (15 U.S.C. 78o-4); and
- (8) Proceedings where the Board otherwise orders that a formal hearing be held.

Section 263.51—Definitions.

As used in subparts B through G of this part:

- (a) *Secretary* means the Secretary of the Board of Governors of the Federal Reserve System;
- (b) *Member bank* means any bank that is a member of the Federal Reserve System.

Section 263.52—Address for filing.

- (a) All papers to be filed with the Board shall be filed with the Secretary of the Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 263.53—Discovery depositions.

- (a) *In general.* In addition to the discovery permitted in subpart A of this part, limited discovery by means of depositions shall be allowed for individuals with knowledge of facts material to the proceeding that are not protected from discovery by any applicable privilege, and of identified expert witnesses. Except in unusual cases, accordingly, depositions will be permitted only of individuals identified as hearing witnesses, including experts. All discovery depositions must be completed within the time set forth in section 263.24(d).
- (b) *Application.* A party who desires to take a deposition of any other party's proposed witnesses, shall apply to the administrative law judge for the issuance of a deposition subpoena or subpoena duces tecum. The application shall state the name and address of the proposed deponent, the subject matter of the testimony expected from the deponent and its relevancy to the proceeding, and the address of the place and the time, no sooner than ten days after the service of the subpoena, for the taking of the deposition. Any such application shall be treated as a motion subject to the rules governing motions practice set forth in section 263.23.

(c) *Issuance of subpoena.* The administrative law judge shall issue the requested deposition subpoena or subpoena duces tecum upon a finding that the application satisfies the requirements of this section and of section 263.24. If the administrative law judge determines that the taking of the deposition or its proposed location is, in whole or in part, unnecessary, unreasonable, oppressive, excessive in scope or unduly burdensome, he or she may deny the application or may grant it upon such conditions as justice may require. The party obtaining the deposition subpoena or subpoena duces tecum shall be responsible for serving it on the deponent and all parties to the proceeding in accordance with section 263.11.

(d) *Motion to quash or modify.* A person named in a deposition subpoena or subpoena duces tecum may file a motion to quash or modify the subpoena or for the issuance of a protective order. Such motions must be filed within ten days following service of the subpoena, but in all cases at least five days prior to the commencement of the scheduled deposition. The motion must be accompanied by a statement of the reasons for granting the motion and a copy of the motion and the statement must be served on the party which requested the subpoena. Only the party requesting the subpoena may file a response to a motion to quash or modify, and any such response shall be filed within five days following service of the motion.

(e) *Enforcement of a deposition subpoena.* Enforcement of a deposition subpoena shall be in accordance with the procedures set forth in section 263.27(d).

(f) *Conduct of the deposition.* The deponent shall be duly sworn, and each party shall have the right to examine the deponent with respect to all non-privileged, relevant and material matters. Objections to questions or evidence shall be in the short form, stating the ground for the objection. Failure to object to questions or evidence shall not be deemed a waiver except where the grounds for the objection might have been avoided if the objection had been timely presented. The discovery deposition shall be transcribed or otherwise recorded as agreed among the parties.

(g) *Protective orders.* At any time during the taking of a discovery deposition, on the motion of any party or of the deponent, the administrative law judge may terminate or limit the scope and manner of the deposition upon a finding that grounds exist for such relief. Grounds for terminating or limiting the taking of a discovery deposition include a finding that the discovery deposition is being conducted in bad faith or in such a manner as to:

- (1) Unreasonably annoy, embarrass, or oppress the deponent;
- (2) Unreasonably probe into privilege, irrelevant or immaterial matters; or

(3) Unreasonably attempt to pry into a party's preparation for trial.

Section 263.54—Delegation to the Office of Financial Institution Adjudication.

(a) Unless otherwise ordered by the Board, administrative adjudications subject to subpart A of this part shall be conducted by an administrative law judge of OFIA.

Section 263.55—Board as Presiding Officer.

(a) The Board may, in its discretion, designate itself, one or more of its members, or an authorized officer, to act as presiding officer in a formal hearing. In such a proceeding, proposed findings and conclusions, briefs, and other submissions by the parties permitted in subpart A shall be filed with the Secretary for consideration by the Board. Sections 263.38 and 263.39 of subpart A will not apply to proceedings conducted under this section.

Section 263.56—Initial Licensing Proceedings.

(a) Proceedings with respect to applications for initial licenses shall include, but not be limited to, applications for Board approval under section 3 of the BHC Act and such proceedings as may be ordered by the Board with respect to applications under section 18(c) of the FDIA. In such initial licensing proceedings, the procedures set forth in subpart A of this part shall apply, except that the Board may designate a Board Counsel to represent the Board in a nonadversary capacity for the purpose of developing for the record information relevant to the issues to be determined by the Presiding Officer and the Board. In such proceedings, Board Counsel shall be considered to be a decisional employee for purposes of sections 263.9 and 263.40 of subpart A.

Subpart C—Rules and Procedures for Assessment and Collection of Civil Money Penalties

Section 263.60—Scope.

(a) The Uniform Rules set forth in subpart A of this part shall govern the procedures for assessment of civil money penalties, except as otherwise provided in this subpart.

Section 263.61—Opportunity for informal proceeding.

(a) In the sole discretion of the Board's General Counsel, the General Counsel may, prior to the issuance by the Board of a notice of assessment of civil penalty, advise the affected person that the issuance of a notice of assessment of civil penalty is being considered and the reasons and authority for the proposed assessment. The General Counsel may provide the person an opportunity to present written materials or request a conference with members of the Board's staff to show that the penalty should not be assessed or, if assessed, should be reduced in amount.

Section 263.62—Relevant considerations for assessment of civil penalty.

(a) In determining the amount of the penalty to be assessed, the Board shall take into account the appropriateness of the penalty with respect to the financial resources and good faith of the person charged, the gravity of the misconduct, the history of previous misconduct, the economic benefit derived by the person from the misconduct, and such other matters as justice may require.

Section 263.63—Assessment order.

(a) In the event of consent to an assessment by the person concerned, or if, upon the record made at an administrative hearing, the Board finds that the grounds for having assessed the penalty have been established, the Board may issue a final order of assessment of civil penalty. In its final order, the Board may modify the amount of the penalty specified in the notice of assessment.

(b) An assessment order is effective immediately upon issuance, or upon such other date as may be specified therein, and shall remain effective and enforceable until it is stayed, modified, terminated, or set aside by action of the Board or a reviewing court.

Section 263.64—Payment of civil penalty.

(a) The date designated in the notice of assessment for payment of the civil penalty will normally be 60 days from the issuance of the notice. If, however, the Board finds in a specific case that the purposes of the authorizing statute would be better served if the 60-day period is changed, the Board may shorten or lengthen the period or make the civil penalty payable immediately upon receipt of the notice of assessment. If a timely request for a formal hearing to challenge an assessment of civil penalty is filed, payment of the

penalty shall not be required unless and until the Board issues a final order of assessment following the hearing. If an assessment order is issued, it will specify the date by which the civil penalty should be paid or collected.

(b) Checks in payment of civil penalties should be made payable to the "Board of Governors of the Federal Reserve System." Upon collection, the Board shall forward the amount of the penalty to the Treasury of the United States.

Subpart D—Rules and Procedures Applicable to Suspension or Removal of an Institution-Affiliated Party Where a Felony is Charged or Proven

Section 263.70—Purpose and scope.

(a) The rules and procedures set forth in this subpart apply to informal hearings afforded to any institution-affiliated party for whom the Board is the appropriate regulatory agency, who has been suspended or removed from office or prohibited from further participation in any manner in the conduct of the institution's affairs by a notice or order issued by the Board upon the grounds set forth in section 8(g) of the FDIA (12 U.S.C. 1818(g)).

Section 263.71—Notice or order of suspension, removal, or prohibition.

(a) *Grounds.* The Board may suspend an institution-affiliated party from office or prohibit an institution-affiliated party from further participation in any manner in the conduct of an institution's affairs when the person is charged in any information, indictment, or complaint authorized by a United States attorney with the commission of, or participation in, a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding one year under State or Federal law. The Board may remove an institution-affiliated party from office or prohibit an institution-affiliated party from further participation in any manner in the conduct of an institution's affairs when the person is convicted of such an offense and the conviction is not subject to further direct appellate review. The Board may suspend or remove an institution-affiliated party or prohibit an institution-affiliated party from participation in an institution's affairs in these circumstances if the Board finds that continued service to the financial institution or participation in its affairs by the institution-affiliated party may pose a threat to the interests of the institution's depositors or may threaten to impair public confidence in the financial institution.

(b) *Contents.* The Board commences a suspension, removal, or prohibition action under this subpart with the issuance, and service upon a institution-affiliated party, of a notice of suspension from office, or order of removal from office, or notice or order of prohibition from participation in the financial institution's affairs. Such a notice or order shall indicate the basis for the suspension, removal, or prohibition and shall inform the institution-affiliated party of the right to request in writing, within 30 days of service of the notice or order, an opportunity to show at an informal hearing that continued service to, or participation in the conduct of the affairs of, the financial institution does not and is not likely to pose a threat to the interests of the financial institution's depositors or threaten to impair public confidence in the financial institution. Failure to file a timely request for an informal hearing shall be deemed to be a waiver of the right to request such a hearing. A notice of suspension or prohibition shall remain in effect until the criminal charge upon which the notice is based is finally disposed of or until the notice is terminated by the Board.

(c) *Service.* The notice or order shall be served upon the affiliated financial institution concerned, whereupon the institution-affiliated party shall immediately cease service to the financial institution or further participation in any manner in the conduct of the affairs of the financial institution. A notice or order of suspension, removal, or prohibition may be served by any of the means authorized for service under section 263.11(c)(2) of subpart A.

Section 263.72—Request for informal hearing.

(a) An institution-affiliated party who is suspended or removed from office or prohibited from participation in the institution's affairs may request an informal hearing within 30 days of service of the notice or order. The request shall be filed in writing with the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The request shall state with particularity the relief desired and the grounds therefor and shall include, when available, supporting evidence in the form of affidavits. If the institution-affiliated party desires to present oral testimony or witnesses at the hearing, the institution-affiliated party must include a request to do so with the request for informal hearing. The request to present oral testimony or witnesses shall specify the names of the witnesses and the general nature of their expected testimony.

Section 263.73—Order for informal hearing.

(a) *Issuance of hearing order.* Upon receipt of a timely request for an informal hearing, the Secretary shall

promptly issue an order directing an informal hearing to commence within 30 days of the receipt of the request. At the request of the institution-affiliated party, the Secretary may order the hearing to commence at a time more than 30 days after the receipt of the request for hearing. The hearing shall be held in Washington, D.C., or at such other place as may be designated by the Secretary, before presiding officers designated by the Secretary to conduct the hearing. The presiding officers normally will include representatives from the Board's Legal Division and the Division of Banking Supervision and Regulation and from the appropriate Federal Reserve Bank.

(b) *Waiver of oral hearing.* A institution-affiliated party may waive in writing his or her right to an oral hearing and instead elect to have the matter determined by the Board solely on the basis of written submissions.

(c) *Hearing procedures.*

(1) The institution-affiliated party may appear at the hearing personally, through counsel, or personally with counsel. The institution-affiliated party shall have the right to introduce relevant written materials and to present an oral argument. The institution-affiliated party may introduce oral testimony and present witnesses only if expressly authorized by the Board or the Secretary. Except as provided in section 263.11, the adjudicative procedures of the Administrative Procedure Act (5 U.S.C. 554–557) and of subpart A of this part shall not apply to the informal hearing ordered under this subpart unless the Board orders that subpart A of this part applies.

(2) The informal hearing shall be recorded and a transcript shall be furnished to the institution-affiliated party upon request and after the payment of the cost thereof. Witnesses need not be sworn, unless specifically requested by a party or the presiding officers. The presiding officers may ask questions of any witness.

(3) The presiding officers may order the record to be kept open for a reasonable period following the hearing (normally five business days), during which time additional submissions to the record may be made. Thereafter, the record shall be closed.

(d) *Authority of presiding officers.* In the course of or in connection with any proceeding under this subpart, the Board or the presiding officers are authorized to administer oaths and affirmations, to take or cause to be taken depositions, to issue, quash or modify subpoenas and subpoenas duces tecum, and, for the enforcement thereof, to apply to an appropriate United States district court. All action relating to depositions and subpoenas shall be in accordance with the rules provided in sections 263.34 and 263.53.

(e) *Recommendation of presiding officers.* The presid-

ing officers shall make a recommendation to the Board concerning the notice or order of suspension, removal, or prohibition within 20 calendar days following the close of the record on the hearing.

Section 263.74—Decision of the Board.

(a) Within 60 days following the close of the record on the hearing, or receipt of written submissions where a hearing has been waived, the Board shall notify the institution-affiliated party whether the notice of suspension or prohibition will be continued, terminated, or otherwise modified, or whether the order of removal or prohibition will be rescinded or otherwise modified. The notification shall contain a statement of the basis for any adverse decision by the Board. In the case of a decision favorable to the institution-affiliated party, the Board shall take prompt action to rescind or otherwise modify the order of suspension, removal or prohibition.

(b) In deciding the question of suspension, removal, or prohibition under this subpart, the Board shall not rule on the question of the guilt or innocence of the individual with respect to the crime with which the individual has been charged.

Subpart E—Procedures for Issuance and Enforcement of Directives to Maintain Adequate Capital

Section 263.80—Purpose and scope.

(a) This subpart establishes procedures under which the Board may issue a directive or take other action to require a state member bank or a bank holding company to achieve and maintain adequate capital.

Section 263.81—Definitions.

(a) *Bank holding company means* any company that controls a bank as defined in section 2 of the BHC Act, 12 U.S.C. 1841, and in the Board's Regulation Y (12 C.F.R. 225.2(b)) or any direct or indirect subsidiary thereof other than a bank subsidiary as defined in section 2(c) of the BHC Act, 12 U.S.C. 1841(c), and in the Board's Regulation Y (12 C.F.R. 225.2(a)).

(b) *Capital Adequacy Guidelines means* those guidelines for bank holding companies and state member banks contained in Appendix A and D to the Board's Regulation Y (12 C.F.R. Part 225), and in Appendix A to the Board's Regulation H (12 C.F.R. Part 208), or any succeeding capital guidelines promulgated by the Board.

(c) *Directive means* a final order issued by the Board pursuant to ILSA (12 U.S.C. 3907(b)(2)) requiring a

state member bank or bank holding company to increase capital to or maintain capital at the minimum level set forth in the Board's Capital Adequacy Guidelines or as otherwise established under procedures described in section 263.85 of this subpart.

(d) *State member bank* means any state-chartered bank that is a member of the Federal Reserve System.

Section 263.82—Establishment of minimum capital levels.

(a) The Board has established minimum capital levels for state member banks and bank holding companies in its Capital Adequacy Guidelines. The Board may set higher capital levels as necessary and appropriate for a particular state member bank or bank holding company based upon its financial condition, managerial resources, prospects, or similar factors, pursuant to the procedures set forth in section 263.85 of this subpart.

Section 263.83—Issuance of capital directives.

(a) *Notice of intent to issue directive.* If a state member bank or bank holding company is operating with less than the minimum level of capital established in the Board's Capital Adequacy Guidelines, or as otherwise established under the procedures described in section 263.85 of this subpart, the Board may issue and serve upon such state member bank or bank holding company written notice of the Board's intent to issue a directive to require the bank or bank holding company to achieve and maintain adequate capital within a specified time period.

(b) *Contents of notice.* The notice of intent to issue a directive shall include:

- (1) The required minimum level of capital to be achieved or maintained by the institution;
- (2) Its current level of capital;
- (3) The proposed increase in capital needed to meet the minimum requirements;
- (4) The proposed date or schedule for meeting these minimum requirements;
- (5) When deemed appropriate, specific details of a proposed plan for meeting the minimum capital requirements; and
- (6) The date for a written response by the bank or bank holding company to the proposed directive, which shall be at least 14 days from the date of issuance of the notice unless the Board determines a shorter period is necessary because of the financial condition of the bank or bank holding company.

(c) *Response to notice.* The bank or bank holding company may file a written response to the notice

within the time period set by the Board. The response may include:

- (1) An explanation why a directive should not be issued;
- (2) Any proposed modification of the terms of the directive;
- (3) Any relevant information, mitigating circumstances, documentation or other evidence in support of the institution's position regarding the proposed directive; and
- (4) The institution's plan for attaining the required level of capital.

(d) *Failure to file response.* Failure by the bank or bank holding company to file a written response to the notice of intent to issue a directive within the specified time period shall constitute a waiver of the opportunity to respond and shall constitute consent to the issuance of such directive.

(e) *Board consideration of response.* After considering the response of the bank or bank holding company, the Board may:

- (1) Issue the directive as originally proposed or in modified form;
- (2) Determine not to issue a directive and so notify the bank or bank holding company; or
- (3) Seek additional information or clarification of the response by the bank or bank holding company.

(f) *Contents of directive.* Any directive issued by the Board may order the bank or bank holding company to:

- (1) Achieve or maintain the minimum capital requirement established pursuant to the Board's Capital Adequacy Guidelines or the procedures in section 263.85 of this subpart by a certain date;
- (2) Adhere to a previously submitted plan or submit for approval and adhere to a plan for achieving the minimum capital requirement by a certain date;
- (3) Take other specific action as the Board directs to achieve the minimum capital levels, including requiring a reduction of assets or asset growth or restriction on the payment of dividends; or
- (4) Take any combination of the above actions.

(g) *Request for reconsideration of directive.* Any state member bank or bank holding company, upon a change in circumstances, may request the Board to reconsider the terms of a directive and may propose changes in the plan under which it is operating to meet the required minimum capital level. The directive and plan continue in effect while such request is pending before the Board.

Section 263.84—Enforcement of directive.

(a) *Judicial and administrative remedies.*

(1) Whenever a bank or bank holding company fails to follow a directive issued under this subpart, or to submit or adhere to a capital adequacy plan as required by such directive, the Board may seek enforcement of the directive, including the capital adequacy plan, in the appropriate United States district court, pursuant to section 908 (b)(2)(B)(ii) of ILSA (12 U.S.C. 3907(b)(2)(B)(ii)) and to section 8(i) of the FDIA (12 U.S.C. 1818(i)), in the same manner and to the same extent as if the directive were a final cease-and-desist order.

(2) The Board, pursuant to section 910(d) of ILSA (12 U.S.C. 3909(d)), may also assess civil money penalties for violation of the directive against any bank or bank holding company and any institution-affiliated party of the bank or bank holding company, in the same manner and to the same extent as if the directive were a final cease-and-desist order.

(b) *Other enforcement actions.* A directive may be issued separately, in conjunction with, or in addition to any other enforcement actions available to the Board, including issuance of cease-and-desist orders, the approval or denial of applications or notices, or any other actions authorized by law.

(c) *Consideration in application proceedings.* In acting upon any application or notice submitted to the Board pursuant to any statute administered by the Board, the Board may consider the progress of a state member bank or bank holding company or any subsidiary thereof in adhering to any directive or capital adequacy plan required by the Board pursuant to this subpart, or by any other appropriate banking supervisory agency pursuant to ILSA. The Board shall consider whether approval or a notice of intent not to disapprove would divert earnings, diminish capital, or otherwise impede the bank or bank holding company in achieving its required minimum capital level or complying with its capital adequacy plan.

Section 263.85—Establishment of increased capital level for specific institutions.

(a) *Establishment of capital levels for specific institutions.* The Board may establish a capital level higher than the minimum specified in the Board's Capital Adequacy Guidelines for a specific bank or bank holding company pursuant to:

- (1) A written agreement or memorandum of understanding between the Board or the appropriate Federal Reserve Bank and the bank or bank holding company;
- (2) A temporary or final cease-and-desist order issued pursuant to section 8(b) or (c) of the FDIA (12 U.S.C. 1818(b) or (c));

(3) A condition for approval of an application or issuance of a notice of intent not to disapprove a proposal;

(4) Or other similar means; or

(5) The procedures set forth in paragraph (b) of this section.

(b) *Procedure to establish higher capital requirement.*

(1) *Notice.* When the Board determines that capital levels above those in the Board's Capital Adequacy Guidelines may be necessary and appropriate for a particular bank or bank holding company under the circumstances, the Board shall give the bank or bank holding company notice of the proposed higher capital requirement and shall permit the bank or bank holding company an opportunity to comment upon the proposed capital level, whether it should be required and, if so, under what time schedule. The notice shall contain the Board's reasons for proposing a higher level of capital.

(2) *Response.* The bank or bank holding company shall be allowed at least 14 days to respond, unless the Board determines that a shorter period is necessary because of the financial condition of the bank or bank holding company. Failure by the bank or bank holding company to file a written response to the notice within the time set by the Board shall constitute a waiver of the opportunity to respond and shall constitute consent to issuance of a directive containing the required minimum capital level.

(3) *Board decision.* After considering the response of the institution, the Board may issue a written directive to the bank or bank holding company setting an appropriate capital level and the date on which this capital level will become effective. The Board may require the bank or bank holding company to submit and adhere to a plan for achieving such higher capital level as the Board may set.

(4) *Enforcement of higher capital level.* The Board may enforce the capital level established pursuant to the procedures described in this section and any plan submitted to achieve that capital level through the procedures set forth in section 263.84 of this subpart.

Subpart F—Practice Before the Board

Section 263.90—Scope.

(a) This subpart prescribes rules relating to general practice before the Board on one's own behalf or in a representational capacity, including the circumstances under which disciplinary sanctions—censure, suspension, or debarment—may be imposed upon persons appearing in a representational capacity, including attorneys and accountants, but not including employ-

ees of the Board. These disciplinary sanctions, which continue in effect beyond the duration of a specific proceeding, supplement the provisions of section 263.6(b) of subpart A, which address control of a specific proceeding.

Section 263.91—Censure, suspension or debarment.

(a) The Board may censure an individual or suspend or debar such individual from practice before the Board if he or she engages, or has engaged, in conduct warranting sanctions as set forth in section 263.94; refuses to comply with the rules and regulations in this part; or with intent to defraud in any manner, willfully and knowingly deceives, misleads, or threatens any client or prospective client. The suspension or debarment of an individual shall be initiated only upon a finding by the Board that the conduct that forms the basis for the disciplinary action is egregious.

Section 263.92—Definitions.

(a) As used in this subpart, the following terms shall have the meaning given in this section unless the context otherwise requires.

(b)(1) *Practice before the Board* includes any matters connected with presentations to the Board or to any of its officers or employees relating to a client's rights, privileges or liabilities under laws or regulations administered by the Board. Such matters include, but are not limited to, the preparation of any statement, opinion or other paper or document by an attorney, accountant, or other licensed professional which is filed with, or submitted to, the Board, on behalf of another person in, or in connection with, any application, notification, report or document; the representation of a person at conferences, hearings and meetings; and the transaction of other business before the Board on behalf of another person.

(2) *Practice before the Board* does not include work prepared for an institution solely at its request for use in the ordinary course of its business.

(c) *Attorney* means any individual who is a member in good standing of the bar of the highest court of any state, possession, territory, commonwealth, or the District of Columbia.

(d) *Accountant* means any individual who is duly qualified to practice as a certified public accountant or a public accountant in any state, possession, territory, commonwealth, or the District of Columbia.

Section 263.93—Eligibility to practice.

(a) *Attorneys.* Any attorney who is qualified to practice as an attorney and is not currently under suspension or debarment pursuant to this subpart may practice before the Board.

(b) *Accountants.* Any accountant who is qualified to practice as a certified public accountant or public accountant and is not currently under suspension or debarment by the Board may practice before the Board.

Section 263.94—Conduct warranting sanctions.

(a) Conduct for which an individual may be censured, debarred or suspended from practice before the Board includes, but is not limited to:

(b) Willfully violating or willfully aiding and abetting the violation of any provision of the Federal banking laws or the rules and regulations thereunder or conviction of any offense involving dishonesty or breach of trust;

(c) Knowingly giving false or misleading information, or participating in any way in the giving of false information to the Board or to any Board officer or employee, or to any tribunal authorized to pass upon matters administered by the Board in connection with any matter pending or likely to be pending before it. The term "information" includes facts or other statements contained in testimony, financial statements, applications, affidavits, declarations, or any other document or written or oral statement;

(d) Directly or indirectly attempting to influence, or offering or agreeing to attempt to influence, the official action of any officer or employee of the Board by the use of threats, false accusations, duress or coercion, by the offer of any special inducement or promise of advantage or by the bestowing of any gift, favor, or thing of value;

(e) Disbarment or suspension from practice as an attorney, or debarment or suspension from practice as a certified public accountant or public accountant, by any duly constituted authority of any state, possession, commonwealth, or the District of Columbia for the conviction of a felony or misdemeanor involving personal dishonesty or breach of trust in matters relating to the supervisory responsibilities of the Board, where the conviction has not been reversed on appeal;

(f) Knowingly aiding or abetting another individual to practice before the Board during that individual's period of suspension, debarment, or ineligibility;

(g) Contemptuous conduct in connection with practice before the Board, and knowingly making false accusa-

tions and statements, or circulating or publishing malicious or libelous matter;

(h) Suspension or debarment from practice before the OCC, the FDIC, the OTS, the Securities and Exchange Commission, the NCUA, or any other Federal agency based on matters relating to the supervisory responsibilities of the Board;

(i) Willful or knowing violation of any of the regulations contained in this part.

Section 263.95—Initiation of disciplinary proceeding.

(a) *Receipt of information.* An individual, including any employee of the Board, who has reason to believe that an individual practicing before the Board in a representative capacity has engaged in any conduct that would serve as a basis for censure, suspension or debarment under section 263.94, may make a report thereof and forward it to the Board.

(b) *Censure without formal proceeding.* Upon receipt of information regarding an individual's qualification to practice before the Board, the Board may, after giving the individual notice and opportunity to respond, censure such individual.

(c) *Institution of formal disciplinary proceeding.* When the Board has reason to believe that any individual who practices before the Board in a representative capacity has engaged in conduct that would serve as a basis for censure, suspension or debarment under section 263.94 the Board may, after giving the individual notice and opportunity to respond, institute a formal disciplinary proceeding against such individual. The proceeding shall be conducted pursuant to section 263.97 and shall be initiated by a complaint issued by the Board that names the individual as a respondent. Except in cases when time, the nature of the proceeding, or the public interest do not permit, a proceeding under this section shall not be instituted until the respondent has been informed, in writing, of the facts or conduct which warrant institution of a proceeding and the respondent has been accorded the opportunity to comply with all lawful requirements or take whatever action may be necessary to remedy the conduct that is the basis for the initiation of the proceeding.

Section 263.96—Conferences.

(a) *General.* The Board's staff may confer with a proposed respondent concerning allegations of misconduct or other grounds for censure, debarment or suspension, regardless of whether a proceeding for debarment or suspension has been instituted. If a conference results in a stipulation in connection with a

proceeding in which the individual is the respondent, the stipulation may be entered in the record at the request of either party to the proceeding.

(b) *Resignation or voluntary suspension.* In order to avoid the institution of, or a decision in, a debarment or suspension proceeding, a person who practices before the Board may consent to suspension from practice. At the discretion of the Board, the individual may be suspended or debarred in accordance with the consent offered.

Section 263.97—Proceedings under this subpart.

(a) Except as otherwise provided in this subpart, any hearing held under this subpart shall be held before an administrative law judge of the OFIA pursuant to procedures set forth in subparts A and B of this part. The Board shall appoint a person to represent the Board in the hearing. Any person having prior involvement in the matter which is the basis for the suspension or debarment proceeding shall be disqualified from representing the Board in the hearing. The hearing shall be closed to the public unless the Board, *sua sponte* or on the request of a party, otherwise directs. The administrative law judge shall refer a recommended decision to the Board, which shall issue the final decision and order. In its final decision and order, the Board may censure, debar or suspend an individual, or take such other disciplinary action as the Board deems appropriate.

Section 263.98—Effect of suspension, debarment or censure.

(a) *Debarment.* If the final order against the respondent is for debarment, the individual will not thereafter be permitted to practice before the Board unless otherwise permitted to do so by the Board pursuant to section 263.99 of this subpart.

(b) *Suspension.* If the final order against the respondent is for suspension, the individual will not thereafter be permitted to practice before the Board during the period of suspension.

(c) *Censure.* If the final order against the respondent is for censure, the individual may be permitted to practice before the Board, but such individual's future representations may be subject to conditions designed to promote high standards of conduct. If a written letter of censure is issued, a copy will be maintained in the Board's files.

(d) *Notice of debarment or suspension.* Upon the issuance of a final order for suspension or debarment, the Board shall give notice of the order to appropriate officers and employees of the Board, to interested

departments and agencies of the Federal Government, and to the appropriate authorities of the State in which any debarred or suspended individual is or was licensed to practice.

Section 263.99—Petition for reinstatement.

(a) The Board may entertain a petition for reinstatement from any person debarred from practice before the Board. The Board shall grant reinstatement only if the Board finds that the petitioner is likely to act in accordance with the regulations in this part, and that granting reinstatement would not be contrary to the public interest. Any request for reinstatement shall be limited to written submissions unless the Board, in its discretion, affords the petitioner an informal hearing.

Subpart G—Rules Regarding Claims Under the Equal Access to Justice Act

Section 263.100—Authority and scope.

(a) This subpart implements the provisions of the Equal Access to Justice Act (5 U.S.C. 504) as they apply to formal adversary adjudications before the Board. The types of proceedings covered by this subpart are listed in sections 263.1 and 263.50.

Section 263.101—Standards for awards.

(a) A respondent in a covered proceeding that prevails on the merits of that proceeding against the Board, and that is eligible under this subpart as defined in section 263.103, may receive an award for fees and expenses incurred in the proceeding unless the position of the Board during the proceeding was substantially justified or special circumstances make an award unjust. The position of the Board includes, in addition to the position taken by the Board in the adversary proceeding, the action or failure to act by the Board upon which the adversary proceeding was based. An award will be reduced or denied if the applicant has unduly or unreasonably protracted the proceedings.

Section 263.102—Prevailing party.

(a) Only an eligible applicant that prevailed on the merits of an adversary proceeding may qualify for an award under this subpart.

Section 263.103—Eligibility of applicants.

(a) *General rule.* To be eligible for an award under this subpart, an applicant must have been named as a party

to the adjudicatory proceeding and show that it meets all other conditions of eligibility set forth below.

(b) *Types of eligible applicant.* An applicant is eligible for an award only if it meets at least one of the following descriptions:

- (1) An individual with a net worth of not more than \$2 million at the time the adversary adjudication was initiated;
- (2) Any sole owner of an unincorporated business, or any partnership, corporation, associations, unit of local government or organization, the net worth of which did not exceed \$7,000,000 and which did not have more than 500 employees at the time the adversary adjudication was initiated;
- (3) A charitable or other tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)) with not more than 500 employees at the time the adversary proceeding was initiated; or
- (4) A cooperative association as defined in section 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a)) with not more than 500 employees at the time the adversary proceeding was initiated.

(c) *Factors to be considered.* In determining the eligibility of an applicant:

- (1) An applicant who owns an unincorporated business shall be considered as an “individual” rather than a “sole owner of an unincorporated business” if the issues on which he or she prevailed are related to personal interests rather than to business interests.
- (2) An applicant’s net worth includes the value of any assets disposed of for the purpose of meeting an eligibility standard and excludes the value of any obligations incurred for this purpose. Transfers of assets or obligations incurred for less than reasonably equivalent value will be presumed to have been made for this purpose.
- (3) The net worth of a financial institution shall be established by the net worth information reported in conformity with applicable instructions and guidelines on the financial institution’s financial report to its supervisory agency for the last reporting date before the initiation of the adversary proceeding. A bank holding company’s net worth will be considered on a consolidated basis even if the bank holding company is not required to file its regulatory reports to the Board on a consolidated basis.
- (4) The employees of an applicant include all those persons who were regularly providing services for remuneration for the applicant, under its direction and control, on the date the adversary proceeding was initiated. Part-time employees are counted on a proportional basis.
- (5) The net worth and number of employees of the

applicant and all of its affiliates shall be aggregated to determine eligibility. As used in this subpart, "affiliates" are: individuals, corporations, and entities that directly or indirectly or acting through one or more entities control at least 25% of the voting shares of the applicant, and corporations and entities of which the applicant directly or indirectly owns or controls at least 25% of the voting shares. The Board may determine, in light of the actual relationship among the affiliated entities, that aggregation with regard to one or more of the applicant's affiliates would be unjust and contrary to the purposes of this subpart and decline to aggregate the net worth and employees of such affiliate; alternatively, the Board may determine that financial relationships of the applicant other than those described in this paragraph constitute special circumstances that would make an award unjust.

Section 263.104—Application for awards.

(a) *Time to file.* An application and any other pleading or document related to the application may be filed with the Board whenever the applicant has prevailed in the proceeding within 30 days after service of the final order of the Board disposing of the proceeding.

(b) *Contents.* An application for an award of fees and expenses under this subpart shall contain:

(1) The name of the applicant and an identification of the proceeding;

(2) A showing that the applicant has prevailed, and an identification of the way in which the applicant believes that the position of the Board in the proceeding was not substantially justified;

(3) If the applicant is not an individual, a statement of the number of its employees on the date the proceeding was initiated;

(4) A description of any affiliated individuals or entities, as defined in section 263.103(c)(5), or a statement that none exist;

(5) A declaration that the applicant, together with any affiliates, had a net worth not more than the maximum set forth in section 263.103(b) as of the date the proceeding was initiated, supported by a net worth statement conforming to the requirements of section 263.105;

(6) A statement of the amount of fees and expenses for which an award is sought conforming to section 263.107; and

(7) Any other matters that the applicant wishes the Board to consider in determining whether and in what amount an award should be made.

(c) *Verification.* The application shall be signed by the applicant or an authorized officer or attorney for the applicant. It shall also contain or be accompanied by a

written verification under oath or under penalty of perjury that the information provided in the application and supporting documents is true and correct.

(d) *Service.* The application and related documents shall be served on all parties to the adversary proceeding in accordance with section 263.11, except that statements of net worth shall be served only on counsel for the Board.

(e) *Presiding officer.* Upon receipt of an application, the Board shall, if feasible, refer the matter to the administrative law judge who heard the underlying adversary proceeding.

Section 263.105—Statement of net worth.

(a) *General rule.* A statement of net worth shall be filed with the application for an award of fees. The statement shall reflect the net worth of the applicant and all affiliates of the applicant, as specified in section 263.103(c)(5). In all cases, the administrative law judge or the Board may call for additional information needed to establish the applicant's net worth as of the initiation of the proceeding.

(b) *Contents.*

(1) Except as otherwise provided herein, the statement of net worth may be in any form convenient to the applicant which fully discloses all the assets and liabilities of the applicant and all the assets and liabilities of its affiliates, as of the time of the initiation of the adversary adjudication. Unaudited financial statements are acceptable for individual applicants as long as the statement provides a reliable basis for evaluation, unless the administrative law judge or the Board otherwise requires. Financial statements or reports filed with or reported to a Federal or State agency, prepared before the initiation of the adversary proceeding for other purposes, and accurate as of a date not more than three months prior to the initiation of the proceeding, shall be acceptable in establishing net worth as of the time of the initiation of the proceeding, unless the administrative law judge or the Board otherwise requires.

(2) In the case of applicants or affiliates that are not banks, net worth shall be considered for the purposes of this subpart to be the excess of total assets over total liabilities, as of the date the underlying proceeding was initiated, except as adjusted under section 263.103(c)(5). The net worth of a bank holding company shall be considered on a consolidated basis. Assets and liabilities of individuals shall include those beneficially owned.

(3) If the applicant or any of its affiliates is a bank, the portion of the statement of net worth which relates to the bank shall consist of a copy of the bank's last Consolidated Report of Condition and

Income filed before the initiation of the adversary adjudication. Net worth shall be considered for the purposes of this subpart to be the total equity capital (or, in the case of mutual savings banks, the total surplus accounts) as reported, in conformity with applicable instructions and guidelines, on the bank's Consolidated Report of Condition and Income filed for the last reporting date before the initiation of the proceeding.

(c) *Statement confidential.* Unless otherwise ordered by the Board or required by law, the statement of net worth shall be for the confidential use of the Board, counsel for the Board, and the administrative law judge.

Section 263.106—Measure of awards.

(a) *General rule.* Awards shall be based on rates customarily charged by persons engaged in the business of acting as attorneys, agents, and expert witnesses, provided that no award under this subpart for the fee of an attorney or agent shall exceed \$75 per hour. No award to compensate an expert witness shall exceed the highest rate at which the Board pays expert witnesses. An award may include the reasonable expenses of the attorney, agent, or expert witness as a separate item, if the attorney, agent, or expert witness ordinarily charges clients separately for such expenses.

(b) *Determination of reasonableness of fees.* In determining the reasonableness of the fee sought for an attorney, agent, or expert witness, subject to the limits set forth above, the administrative law judge shall consider the following:

- (1) If the attorney, agent, or expert witness is in private practice, his or her customary fee for like services.
- (2) The prevailing rate for similar services in the community in which the attorney, agent, or expert witness ordinarily performs services;
- (3) The time actually spent in the representation of the applicant;
- (4) The time reasonably spent in light of the difficulty or complexity of the issues in the proceeding; and
- (5) Such other factors as may bear on the value of the services provided.

(c) *Awards for studies.* The reasonable cost of any study, analysis, test, project, or similar matter prepared on behalf of an applicant may be awarded to the extent that the charge for the service does not exceed the prevailing rate payable for similar services, and the study or other matter was necessary solely for preparation of the applicant's case and not otherwise required by law or sound business or financial practice.

Section 263.107—Statement of fees and expenses.

(a) The application shall be accompanied by a statement fully documenting the fees and expenses for which an award is sought. A separate itemized statement shall be submitted for each professional firm or individual whose services are covered by the application, showing the hours spent in work in connection with the proceeding by each individual, a description of the specific services performed, the rate at which each fee has been computed, any expenses for which reimbursement is sought, the total amount claimed, and the total amount paid or payable by the applicant or by any other person or entity for the services performed. The administrative law judge or the Board may require the applicant to provide vouchers, receipts, or other substantiation for any expenses claimed.

Section 263.108—Responses to application.

(a) *By counsel for the Board.*

(1) Within 20 days after service of an application, counsel for the Board may file an answer to the application.

(2) The answer shall explain in detail any objections to the award requested and identify the facts relied on in support of the Board's position. If the answer is based on any alleged facts not already in the record of the proceeding, the answer shall include either supporting affidavits or a request for further proceedings under section 263.109, or both.

(b) *Reply to answer.* The applicant may file a reply only if the Board has addressed in its answer any of the following issues: that the position of the agency was substantially justified, that the applicant unduly protracted the proceedings, or that special circumstances make an award unjust. Any reply authorized by this section shall be filed within 15 days of service of the answer. If the reply is based on any alleged facts not already in the record of the proceeding, the reply shall include either supporting affidavits or a request for further proceedings under section 263.109, or both.

(c) *Additional response.* Additional filings in the nature of pleadings may be submitted only by leave of the administrative law judge.

Section 263.109—Further proceedings.

(a) *General rule.* The determination of a recommended award shall be made by the administrative law judge on the basis of the written record of the adversary adjudication, including any supporting affidavits submitted in connection with the application, unless, on

the motion of either the applicant or Board counsel, or *sua sponte*, the administrative law judge or the Board orders further proceedings to amplify the record such as an informal conference, oral argument, additional written submissions, or an evidentiary hearing. Such further proceedings shall be held only when necessary for full and fair resolution of the issues arising from the application and shall be conducted promptly and expeditiously.

(b) *Request for further proceedings.* A request for further proceedings under this section shall specifically identify the information sought or the issues in dispute and shall explain why additional proceedings are necessary.

(c) *Hearing.* The administrative law judge shall hold an oral evidentiary hearing only on disputed issues of material fact which cannot be adequately resolved through written submissions.

Section 263.110—Recommended decision.

(a) The administrative law judge shall file with the Board a recommended decision on the fee application not later than 30 days after the submission of all pleadings and evidentiary material concerning the application. The recommended decision shall include written proposed findings and conclusions on the applicant's eligibility and its status as a prevailing party and, if applicable, an explanation of the reasons for any difference between the amount requested and the amount of the recommended award. The recommended decision shall also include, if at issue, proposed findings as to whether the Board's position was substantially justified, whether the applicant unduly protracted the proceedings, or whether special circum-

stances make an award unjust. The administrative law judge shall file the record of the proceeding on the fee application upon the filing of the recommended decision and, at the same time, serve upon each party a copy of the recommended decision, findings, conclusions, and proposed order.

Section 263.111—Action by the Board.

(a) *Exceptions to recommended decision.* Within 20 days after service of the recommended decision, findings, conclusions, and proposed order, the applicant or counsel for the Board may file written exceptions thereto. A supporting brief may also be filed.

(b) *Decision by the Board.* The Board shall render its decision within 90 days after it has notified the parties that the matter has been received for decision. The Board shall serve copies of the decision and order of the Board upon the parties. Judicial review of the decision and order may be obtained as provided in 5 U.S.C. 504(c)(2).

3. Other Amendments

A. 12 C.F.R. 225.6(a) is amended by removing the two references to "subpart B" from the second sentence of that paragraph, and inserting in their place "subpart C".

B. 12 C.F.R. 262.3(i)(2) is amended by removing the last sentence of that paragraph and by adding the sentence "Any such formal hearing is conducted by an administrative law judge in accordance with subparts A and B of the Board's Rules of Practice For Hearings (Part 263 of this chapter)." as the new last sentence of that paragraph.

ORDERS ISSUED UNDER THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT ("FIRREA ORDERS")

Recent orders have been issued by the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel 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.

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
BankAmerica Corporation, San Francisco, California	Santa Barbara Federal Savings & Loan Association, Santa Barbara, California	Bank of America National Trust and Savings Association, San Francisco, California	August 12, 1991

FIRREA Orders—Continued

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
Bank America Corporation, San Francisco, California Seafirst Corporation, Seattle, Washington	Olympic Savings Bank, Seattle, Washington	Seattle-First National Bank, Seattle, Washington	August 2, 1991
BB&T Financial Corporation, Wilson, North Carolina	BB&T Federal Savings Bank of Pitt County, Greenville, North Carolina BB&T Savings Bank of Durham, Inc., Durham, North Carolina BB&T Federal Savings Bank of High Point, High Point, North Carolina	Branch Banking and Trust Company, Wilson, North Carolina	July 30, 1991
Trans Financial Bancorp, Bowling Green, Kentucky	Future Federal Savings Bank, Louisville, Kentucky (Glasgow and Tomkinsville Branches)	Trans Financial Bank, N.A., Bowling Green, Kentucky	August 30, 1991

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Secretary of the Board

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

Section 3

Applicant(s)	Bank(s)	Effective Date
First of America Bank Corporation, Kalamazoo, Michigan	Morgan Community Bancorp, Inc., Jacksonville, Illinois	August 19, 1991
Morgan Community Bancorp, Inc., Jacksonville, Illinois	First of America Bank - Springfield, N.A., Springfield, Illinois	August 19, 1991
Volunteer Bancshares, Inc., Jackson, Tennessee	Citizens State Bank, Trenton, Tennessee	August 29, 1991

Section 4

Applicant(s)	Bank(s)	Effective Date
BankAmerica Corporation, San Francisco, California	BAC CA Interim Federal Savings Bank, Santa Barbara, California	August 9, 1991
BankAmerica Corporation, San Francisco, California	BAC WA Interim Federal Savings Bank, Seattle, Washington	August 2, 1991
Seafirst Corporation, Seattle, Washington		
Manufacturers Hanover Corporation, New York, New York	Bank of America, N.T. & S.A., San Francisco, California	August 1, 1991
Manufacturers Hanover Corporation, New York, New York	The New York Switch Corporation, Fort Lee, New Jersey	August 29, 1991
Trans Financial Bancorp, Bowling Green, Kentucky	T.F. Savings Bank, Louisville, Kentucky	August 30, 1991

*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
Alpha Financial Group, Inc., Minonk, Illinois	Washburn Bancshares, Inc., Washburn, Illinois	Chicago	August 20, 1991
Bank Management Group, Ltd., Manchester, Iowa	First Winthrop Bancorporation, Inc., Winthrop, Iowa	Chicago	August 22, 1991
Coalwell Bancorporation, Ogema, Minnesota	Ogema State Bank, Ogema, Minnesota	Minneapolis	August 19, 1991
Crowell Bancshares, Inc., Crowell, Texas	Crowell State Bank, Crowell, Texas	Dallas	August 15, 1991
Eufaula BancCorp, Inc., Eufaula, Alabama	1st AmBanc, Inc., Destin, Florida	Atlanta	August 14, 1991
Farmers and Merchants Investment Co., Watertown, South Dakota	Rushmore Financial Services, Inc., Watertown, South Dakota	Minneapolis	August 7, 1991
First Bancshares, Inc., Schaumburg, Illinois	First Bank of Schaumburg, Schaumburg, Illinois	Chicago	August 15, 1991
First Iowa State Shares, Inc., Albia, Iowa	First Iowa State Bank, Albia, Iowa	Chicago	July 29, 1991

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First Medicine Lodge Bancshares, Inc., Medicine Lodge, Kansas	The C-M Company, Inc., Medicine Lodge, Kansas	Kansas City	July 30, 1991
First North Financial Services, Inc., Karlstad, Minnesota	Karlstad State Bank, Karlstad, Minnesota	Minneapolis	July 31, 1991
First of Huron Corporation, Bad Axe, Michigan	State Bank of Port Hope, Port Hope, Michigan	Chicago	August 2, 1991
Great Lakes Financial Resources, Inc. Employee Stock Ownership Plan, Homewood, Illinois	Great Lakes Financial Resources, Inc., Homewood, Illinois	Chicago	August 5, 1991
FS Bancshares, Inc., Madison, Wisconsin	Fox Lake Bankshares, Inc., Fox Lake, Wisconsin	Chicago	August 15, 1991
Hansen Freeborn, Inc., Freeborn, Minnesota	First State Bank of Freeborn, Freeborn, Minnesota	Minneapolis	August 2, 1991
Mid-America National Bancorp, Inc., Chicago, Illinois	Mid-America National Bank of Chicago, Chicago, Illinois	Chicago	August 16, 1991
MidAmerican Corporation, Prairie Village, Kansas	Kaw Valley Bancshares, Inc., Kansas City, Kansas	Kansas City	August 21, 1991
RMB Bancshares, Inc., Marceline, Missouri	Regional Missouri Bank, Marceline, Missouri	Kansas City	August 12, 1991
Roscoe Financial Corporation, Roscoe, Texas	The Roscoe State Bank, Roscoe, Texas	Dallas	August 12, 1991
Rushmore Financial Services, Inc., Watertown, South Dakota	Rushmore State Bank, Rapid City, South Dakota	Minneapolis	August 7, 1991
The Scott Stuart Family Partnership, Lincoln, Nebraska	Stuart Family Partnership, Lincoln, Nebraska	Kansas City	August 1, 1991
Security Pacific Corporation, Los Angeles, California	Security Pacific Bank Idaho, N.A.,	San Francisco	July 25, 1991
Security Pacific Bancorporation Northwest, Seattle, Washington	Coeur d'Alene, Idaho		
Siouxland Bank Holding Company, Sioux Falls, South Dakota	Dakota Bankshares, Inc., Fargo, North Dakota	Minneapolis	August 2, 1991
Wesbanco, Inc., Wheeling, West Virginia	Albright Bancorp, Inc., Kingwood, West Virginia	Cleveland	August 8, 1991
West Bend Bancorp., West Bend, Iowa	Iowa State Bank, West Bend, Iowa	Chicago	August 8, 1991

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Western Banshares, Inc., Alliance, Nebraska	Western Bank, N.A., Bridgeport, Nebraska	Kansas City	July 29, 1991
Wisconsin Financial Bancorporation, Inc., Minneapolis, Minnesota	First National Bank and Trust Company of Baraboo, Baraboo, Wisconsin The Bank of Edgar, Edgar, Wisconsin	Chicago	July 25, 1991

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Allied Irish Banks, plc, Dublin, Ireland	Internet, Inc., Reston, Virginia	Richmond	August 5, 1991
First Maryland Bancorp, Baltimore, Maryland			
Area Bancshares Corporation, Owensboro, Kentucky	First Federal Savings and Loan Association of Bowling Green, Bowling Green, Kentucky	St. Louis	August 9, 1991
Bancorp Hawaii, Inc., Honolulu, Hawaii	Bancorp Investment Group, Ltd., Honolulu, Hawaii	San Francisco	August 6, 1991
The Chase Manhattan Corporation, New York, New York	Chase Home Mortgage Corporation, Tampa, Florida	New York	August 2, 1991
Eastern Iowa Bancshares, Onslow, Iowa	Midland Insurance Agency, Onslow, Iowa	Chicago	August 15, 1991
First Virginia Banks, Inc., Falls Church, Virginia	Ferraro & Pinholster, Inc., Fairfax, Virginia	Richmond	July 31, 1991
F.N.B. Corporation, Hermitage, Pennsylvania	Dollar Interim Savings Association, New Castle, Pennsylvania	Cleveland	July 26, 1991
F.N.B. Corporation, Hermitage, Pennsylvania	Regency Consumer Discount Company, Inc., Scranton, Pennsylvania	Cleveland	July 24, 1991

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Norwest Corporation, Minneapolis, Minnesota	AVCO Financial Services of Madison Heights, Inc., Des Moines, Iowa	Minneapolis	August 7, 1991
Norwest Financial Services, Inc., Des Moines, Iowa	AVCO Mortgage and Acceptance, Inc., Des Moines, Iowa		
Norwest Financial, Inc., Des Moines, Iowa	Enskilda Securities Inc., New York, New York	New York	August 9, 1991
Skandinaviska Enskilda Banken, Stockholm, Sweden	Roosevelt Interim Federal Savings Bank, Gillespie, Illinois	St. Louis	July 30, 1991
United Community Bancorp, Inc., Greenfield, Illinois	Yutan Insurance Agency, Yutan, Nebraska	Kansas City	August 21, 1991
Yutan BanCorp, Inc., Yutan, Nebraska			

APPLICATIONS APPROVED UNDER BANK MERGER ACT

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Boatmen's Bank of Vandalia, Vandalia, Missouri	The Boatmen's National Bank of St. Louis, St. Louis, Missouri	St. Louis	August 5, 1991
Central Banking Group, Inc., Oklahoma City, Oklahoma	Lakeshore Bank, N.A., Oklahoma City, Oklahoma	Kansas City	August 1, 1991

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.

In re Smouha, No. 91-B-13569 (Bkr. S.D. New York, filed August 2, 1991). Ancillary proceeding under the U.S. Bankruptcy Code brought by provisional liquidators of BCCI Holdings (Luxembourg) S.A. and affiliated companies. On August 15, 1991, the bankruptcy court issued a temporary restraining order staying certain judicial and administrative actions.

Hanson v. Greenspan, No. 91-1599 (D.D.C., filed June 28, 1991). Suit for return of funds and financial instruments allegedly owned by plaintiffs.

Fields v. Board of Governors, No. 3:91CV069 (N.D. Ohio, filed February 5, 1991). Appeal of denial of request for information under the Freedom of Information Act.

State of Illinois v. Board of Governors, No. 90-3824 (7th Circuit, appeal filed December 19, 1990). Appeal of injunction restraining the Board from providing state examination materials in response to a Congressional subpoena. On November 30, 1990, the U.S. District Court for the Northern District of Illinois issued a preliminary injunction preventing the Board and the Chicago Reserve Bank from providing documents relating to the state examination in response to the subpoena. The House Committee on Banking, Finance and Urban Affairs appealed the injunction. On July 25, 1991, the court of appeals dismissed the appeal as moot.

Citicorp v. Board of Governors, No. 90-4124 (2d Circuit, filed October 4, 1990). Petition for review of Board order requiring Citicorp to terminate certain

insurance activities conducted pursuant to Delaware law by an indirect nonbank subsidiary. On June 10, 1991, the court of appeals granted the petition and vacated the Board's order.

Stanley v. Board of Governors, No. 90-3183 (7th Circuit, filed October 3, 1990). Petition for review of Board order imposing civil money penalties on five former bank holding company directors. On August 15, 1991, the court of appeals affirmed the Board's order.

Sibille v. Federal Reserve Bank of New York and Board of Governors, No. 90-CIV-5898 (S.D. New York, filed September 12, 1990). Appeal of denial of Freedom of Information Act request. On May 13, 1991, the court heard argument on the plaintiff's motion for a Vaughn index and the Board's motion to dismiss. On July 9, the court denied the plaintiff's motion and granted the Board's motion to dismiss.

Burke v. Board of Governors, No. 90-9509 (10th Circuit, filed February 27, 1990). Petition for review of Board orders assessing civil money penalties and issuing orders of prohibition. On July 31, 1991, the court of appeals affirmed the Board's orders.

Kaimowitz v. Board of Governors, No. 90-3067 (11th Circuit, filed January 23, 1990). Petition for review of Board order dated December 22, 1989, approving application by First Union Corporation to acquire Florida National Banks. Petitioner objects to approval on Community Reinvestment Act grounds.

Consumers Union of U.S., Inc. v. Board of Governors, No. 90-5186 (D.C. Circuit, filed June 29, 1990). Appeal of District Court decision upholding amendments to Regulation Z implementing the

Home Equity Loan Consumer Protection Act. On July 12, 1991, the Court of Appeals affirmed the majority of district court decision upholding the Board's regulations, but remanded two issues to the Board for further action.

Synovus Financial Corp. v. Board of Governors, No. 89-1394 (D.C. Circuit, filed June 21, 1989). Petition for review of Board order permitting relocation of a bank holding company's national bank subsidiary from Alabama to Georgia. Awaiting decision.

MCorp v. Board of Governors, No. 89-2816 (5th Circuit, filed May 2, 1989). Appeal of preliminary injunction against the Board enjoining pending and future enforcement actions against a bank holding company now in bankruptcy. On May 15, 1990, the Fifth Circuit vacated the district court's order enjoining the Board from proceeding with enforcement actions based on section 23A of the Federal Reserve Act, but upheld the district court's order enjoining such actions based on the Board's source-of-strength doctrine. 900 F.2d 852 (5th Cir. 1990). On March 4, 1991, the Supreme Court granted the parties' cross-petitions for *certiorari*, Nos. 90-913, 90-914. Oral argument is scheduled for October 2, 1991.

MCorp v. Board of Governors, No. CA3-88-2693 (N.D. Texas, filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. Stayed pending outcome of *MCorp v. Board of Governors*, 900 F.2d 852 (5th Cir. 1990).

White v. Board of Governors, No. CU-S-88-623-RDF (D. Nevada, filed July 29, 1988). Age discrimination complaint. Board's motion to dismiss or for summary judgment was denied on January 3, 1991. Awaiting trial date.

Membership of the Board of Governors of the Federal Reserve System, 1913-91

APPOINTIVE MEMBERS¹

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

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership ²
Sherman J. Maisel.....	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer.....	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns.....	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan.....	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland.....	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich.....	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell.....	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.....	Atlanta.....	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee.....	Richmond.....	Jan. 5, 1976	Served until Feb. 7, 1986. ³
Stephen S. Gardner.....	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller.....	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago.....	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice.....	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta.....	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker.....	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley.....	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago.....	July 2, 1984	Resigned March 11, 1991
Wayne D. Angell	Kansas City	Feb. 7, 1986	
Manuel H. Johnson.....	Richmond.....	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller.....	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.....	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan.....	New York	Aug. 11, 1987	
John P. LaWare.....	Boston	Aug. 15, 1988	
David W. Mullins, Jr.....	St. Louis	May 21, 1990	

Chairmen⁴

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

EX-OFFICIO MEMBERS¹

Secretaries of the Treasury

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

Vice Chairmen⁴

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

Comptrollers of the Currency

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

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be

composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

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

3. Successor took office on this date.

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

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

Percent annual rate of change, seasonally adjusted¹

Monetary and credit aggregates	1990		1991		1991				
	Q3	Q4	Q1	Q2	Mar.	Apr.	May	June	July
<i>Reserves of depository institutions²</i>									
1 Total	~.5	3.9	9.2	3.4	-1.1	-4.1	16.4	8.6 ^r	2.0
2 Required	~.5	1.7	4.7	9.3	14.7	-6	16.7	9.3 ^r	4.5
3 Nonborrowed	3.8	7.8	9.1	3.8	-8	-3.9	14.7	7.8	-4.4
4 Monetary base ³	9.1	9.9	14.5	3.9	6.0	-1.5	3.4	3.8	5.5
<i>Concepts of money, liquid assets, and debt⁴</i>									
5 M1	3.7	3.4	5.9	7.3 ^r	9.5	-1.3 ^r	13.5	9.6	1.8
6 M2	3.0	2.0	3.4	4.6	7.4	2.8	4.2 ^r	1.4 ^r	-3.7
7 M3	1.6	.9	4.0	1.8 ^r	2.5	.5 ^r	.5 ^r	-2.0 ^r	-4.6
8 L	1.9	1.7	3.2 ^r	-2.7	-2.2 ^r	-8.7 ^r	-5.8 ^r	7.3	n.a.
9 Debt	7.1	5.5	4.8	4.0 ^r	4.3	1.4 ^r	5.2 ^r	5.6	n.a.
<i>Nontransaction components</i>									
10 In M2 ⁵	2.7	1.5	2.6	3.7	6.7	4.1	1.1 ^r	-1.3 ^r	-5.6
11 In M3 only ⁶	-3.8	-3.5	6.7	-10.1 ^r	-18.0 ^r	-8.9 ^r	-15.1 ^r	-17.1	-8.4
<i>Time and savings deposits</i>									
Commercial banks									
12 Savings	5.9	5.2	10.2	16.4	15.4	18.1	14.4 ^r	21.0 ^r	13.9
13 MMDAs	8.2	3.5	6.1	16.8 ^r	17.8	15.1 ^r	18.6	13.8	10.4
14 Small-denomination time ^{8,9}	15.5	11.5	8.8	-1.7	4.6	-7.3	-5.8	1.0	-1.4
15 Large-denomination time ^{8,9}	-2.2	-8.5	12.0	.3 ^r	-3.6	-4.2 ^r	2.4 ^r	-3.6 ^r	-12.1
Thrift institutions									
16 Savings	-3.3	-7.3	-.5	16.6 ^r	14.7	20.7	18.1	11.4 ^r	8.0
17 MMDAs	-7.7	-7.2	-.9	21.2 ^r	18.7	23.0 ^r	30.7	12.3	14.0
18 Small-denomination time ⁸	-11.0	-8.6	-9.8	-13.7 ^r	-14.2	-9.6	-14.9 ^r	-26.5 ^r	-22.1
19 Large-denomination time ⁸	-27.3	-26.3	-31.9	-35.1 ^r	-34.5	-30.1	-46.3 ^r	-42.4 ^r	-38.1
<i>Money market mutual funds</i>									
20 General purpose and broker-dealer	10.0	9.8	18.2	6.7	17.8	2.3	3.0	-2.6	-16.1
21 Institution-only	21.6	30.4	49.9	23.0	23.3	30.4	4.9	-23.8	-12.6
<i>Debt components⁴</i>									
22 Federal	14.4	11.6	12.2	5.4	5.1	-4.1	10.3	14.9	n.a.
23 Nonfederal	4.8	3.7	2.4	3.5 ^r	4.1	3.2 ^r	3.5 ^r	2.6	n.a.

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

2. Figures incorporate adjustments for discontinuities 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 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.

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

M1: (1) currency outside the 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.

M2: M1 plus 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, money market deposit accounts (MMDAs), savings and small-denomination time deposits (time deposits—including retail repurchase agreements (RPs)—in amounts of less than \$100,000), and balances in both taxable and tax-exempt general purpose and broker-dealer money market mutual funds. Excludes individual retirement accounts (IRA) 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.

M3: M2 plus large-denomination time deposits and term RP liabilities (in amounts of \$100,000 or more) issued by all depository institutions, 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 balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

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 mutual fund holdings of these assets.

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 overnight RPs and Eurodollars, money market fund balances (general purpose and broker-dealer), MMDAs, and savings and small time deposits.

6. Sum of large time deposits, term RPs, term Eurodollars of U.S. residents, and 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 mutual funds.

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

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

9. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factor	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1991			1991						
	May	June	July	June 19	June 26	July 3	July 10	July 17	July 24	July 31
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	286,418	291,288	294,061	290,052	291,196	294,771	296,684	294,025	292,545	291,567
U.S. government securities ^{1, 2}										
2 Bought outright-system account	243,104	247,135	249,075	246,321	246,157	247,102	248,003	249,038	250,830	249,318
3 Held under repurchase agreements	298	527	2,766	0	1,195	4,372	6,319	2,623	0	0
Federal agency obligations ²										
4 Bought outright	6,246	6,213	6,196	6,213	6,213	6,213	6,213	6,213	6,190	6,159
5 Held under repurchase agreements	29	98	241	0	149	624	526	190	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions ²										
7 Adjustment credit	60	201	88	44	84	574	37	145	146	32
8 Seasonal credit	151	222	320	214	270	288	292	300	339	362
9 Extended credit	89	7	45	6	9	7	3	3	4	186
10 Float	492	402	474	465	99	664	490	405	349	630
11 Other Federal Reserve assets	35,949	36,481	34,856	36,789	37,019	34,926	34,801	35,109	34,686	34,880
12 Gold stock	11,058	11,060	11,062	11,062	11,062	11,062	11,062	11,062	11,062	11,062
13 Special drawing rights certificate account ..	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
14 Treasury currency outstanding	20,670	20,723	20,769	20,724	20,738	20,752	20,759	20,767	20,775	20,783
ABSORBING RESERVE FUNDS										
15 Currency in circulation	288,789	290,896	293,560	290,921	290,567	292,317	294,859	294,311	292,888	292,278
16 Treasury cash holdings	641	623	615	623	620	616	621	621	613	606
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,275	6,428	6,614	5,977	5,745	9,507	7,081	6,646	6,033	6,470
18 Foreign	227	228	242	226	216	271	244	229	221	239
19 Service-related balances and adjustments	3,504	3,194	3,239	3,253	3,178	3,277	3,218	3,144	3,316	3,260
20 Other	222	210	219	204	224	215	189	287	192	213
21 Other Federal Reserve liabilities and capital	7,415	8,288	7,812	8,241	8,190	7,344	7,646	7,912	7,909	8,006
22 Reserve balances with Federal Reserve Banks ³	22,091	23,223	23,609	22,412	24,275	23,056	24,665	22,721	23,227	22,357
End-of-month figures				Wednesday figures						
1991				1991						
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	291,168	291,795	293,653	291,139	294,980	294,039	299,245	293,558	290,994	293,653
U.S. government securities ^{1, 2}										
2 Bought outright-system account	248,111	247,484	250,978	248,626	246,578	247,350	250,530	250,225	249,177	250,978
3 Held under repurchase agreements	0	962	0	0	4,611	4,393	6,155	682	0	0
Federal agency obligations ²										
4 Bought outright	6,213	6,213	6,159	6,213	6,213	6,213	6,213	6,213	6,159	6,159
5 Held under repurchase agreements	0	477	0	0	748	476	424	150	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions ²										
7 Adjustment credit	20	1,182	85	61	68	31	24	33	81	85
8 Seasonal credit	163	290	359	241	275	286	295	316	357	359
9 Extended credit	23	7	130	8	8	5	2	2	6	130
10 Float	457	433	900	-711	-792	748	672	962	420	900
11 Other Federal Reserve assets	36,181	34,747	35,043	36,700	37,271	34,535	34,931	34,975	34,793	35,043
12 Gold stock	11,057	11,062	11,062	11,062	11,062	11,062	11,062	11,062	11,062	11,062
13 Special drawing rights certificate account ..	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
14 Treasury currency outstanding	20,694	20,752	20,783	20,724	20,738	20,752	20,759	20,767	20,775	20,783
ABSORBING RESERVE FUNDS										
15 Currency in circulation	290,507	291,563	292,596	290,907	290,941	294,317	295,198	293,659	292,497	292,596
16 Treasury cash holdings	629	613	605	622	613	621	621	621	606	605
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,619	11,822	5,831	7,483	5,419	6,371	5,043	7,111	4,644	5,831
18 Foreign	196	224	314	244	233	208	186	219	200	314
19 Service-related balances and adjustments	3,185	3,283	3,260	3,253	3,178	3,277	3,218	3,144	3,316	3,260
20 Other	225	213	212	210	262	199	184	232	174	212
21 Other Federal Reserve liabilities and capital	8,570	7,082	8165	7,878	8,107	7,256	7,847	7,633	7,758	8,165
22 Reserve balances with Federal Reserve Banks ³	23,008	18,826	24,533	22,346	28,046	23,622	28,787	22,787	23,655	24,533

1. 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.

2. Beginning with the May 1990 *Bulletin*, this table has been revised to correspond with the H.4.1 statistical release.

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

NOTE. For amounts of currency and coin held as reserves, see table 1.12. Components may not sum to totals because of rounding.

1.12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Monthly averages ⁹									
	1988	1989	1990	1991						
	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 Reserve balances with Reserve Banks ²	37,837	35,436	30,237	22,023	19,827	21,734	23,508	22,287	23,685 ^r	23,273
2 Total vault cash ³	28,204	29,822	31,777	33,220	33,477	30,896	30,556	30,720	30,524	31,322
3 Applied vault cash ⁴	25,909	27,374	28,884	28,969	28,724	26,853	26,793	26,776	26,722	27,390
4 Surplus vault cash ⁵	2,295	2,448	2,893	4,250	4,753	4,043	3,763	3,944	3,801	3,932
5 Total reserves ⁶	63,746	62,810	59,120	50,992	48,551	48,586	50,301	49,063	50,407 ^r	50,663
6 Required reserves	62,699	61,888	57,456	48,824	46,743	47,408	49,271	48,033	49,399	49,754
7 Excess reserve balances at Reserve Banks	1,047	922	1,665	2,168	1,809	1,179	1,030	1,029	1,008 ^r	908
8 Total borrowings at Reserve Banks	1,716	265	326	534	252	241	231	303	340	607
9 Seasonal borrowings at Reserve Banks	130	84	76	33	37	55	79	151	222	317
10 Extended credit at Reserve Banks ⁸	1,244	20	23	27	34	53	86	88	8	46
Biweekly averages of daily figures for weeks ending										
1991										
	Apr. 3	Apr. 17	May 1	May 15	May 29	June 12	June 26	July 10 ^r	July 24	Aug 7
1 Reserve balances with Reserve Banks ²	21,949	24,257	23,061	22,907	21,363	24,027	23,344	23,853	22,977	23,036
2 Total vault cash ³	31,067	30,309	30,705	30,340	31,235	29,787	30,926	31,327	31,351	31,257
3 Applied vault cash ⁴	26,989	26,762	26,781	26,532	27,114	26,115	27,048	27,404	27,456	27,237
4 Surplus vault cash ⁵	4,078	3,547	3,924	3,809	4,121	3,672	3,878	3,923	3,895	4,019
5 Total reserves ⁶	48,938	51,019	49,842	49,438	48,477	50,142	50,392	51,256	50,433	50,274
6 Required reserves	47,564	50,218	48,645	48,469	47,358	49,411	49,110	50,374	49,493	49,391
7 Excess reserve balances at Reserve Banks	1,374	801	1,198	970	1,120	731	1,282	883	940	883
8 Total borrowings at Reserve Banks	212	224	244	314	299	283	314	601	469	892
9 Seasonal borrowings at Reserve Banks	68	70	92	138	165	176	242	290	320	351
10 Extended credit at Reserve Banks ⁸	62	76	103	128	59	9	8	5	4	188

1. These data also appear in the Board's H.3 (502) release. For 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 those depository institutions currently subject to reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.

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

9. Data are prorated monthly averages of biweekly averages.

A6 Domestic Financial Statistics □ October 1991

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Banks¹

Millions of dollars, averages of daily figures

Maturity and source	1991, week ending Monday								
	Feb. 11	Feb. 18	Feb. 25	Mar. 4	Mar. 11	Mar. 18	Mar. 25	Apr. 1	Apr. 8
<i>Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds</i>									
From commercial banks in the United States									
1 For one day or under continuing contract	77,369	77,708	74,061	80,759	79,628	75,762	68,931	71,048	81,372
2 For all other maturities	16,373	16,890	15,830	15,491	16,159	17,951	17,530	17,436	16,378
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	31,641	32,389	30,568	31,090	30,565	27,997	31,312	29,035	31,718
4 For all other maturities	20,923	20,465	20,124	20,826	20,988	21,676	21,386	20,783	20,730
<i>Repurchase agreements on U.S. government and federal agency securities in immediately available funds</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	8,867	9,251	10,175	10,522	10,881	10,781	11,007	8,015	12,995
6 For all other maturities	21,241	18,651	17,298	17,441	17,643	18,006	17,847	18,183	18,620
All other customers									
7 For one day or under continuing contract	25,119	26,218	25,408	24,972	23,766	24,677	24,147	22,908	25,150
8 For all other maturities	11,855	11,635	11,292	11,340	11,584	11,888	11,983	12,587	10,903
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	42,209	42,099	40,092	46,140	42,822	41,746	39,240	41,515	44,681
10 To all other specified customers ²	19,334	19,820	18,528	21,409	17,879	20,324	17,401	15,289	17,841

1. Banks with assets of \$4 billion or more as of Dec. 31, 1988. These data also appear in the Board's H.5 (507) release. For address, see inside front cover.

2. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Federal Reserve Bank	Current and previous levels									
	Adjustment credit and seasonal credit ¹			Extended credit ²						
				First 30 days of borrowing			After 30 days of borrowing ³			
	On 8/30/91	Effective date	Previous rate	On 8/30/91	Effective date	Previous rate	On 8/30/91	Effective date	Previous rate	Effective date
Boston.....	5½	4/30/91	6	5½	4/30/91	6	6.15	8/22/91	6.35	8/8/91
New York.....	↑	4/30/91	↑	↑	4/30/91	↑	↑	8/22/91	↑	8/8/91
Philadelphia.....	↑	4/30/91	↑	↑	4/30/91	↑	↑	8/22/91	↑	8/8/91
Cleveland.....	↑	5/1/91	↑	↑	5/1/91	↑	↑	8/22/91	↑	8/8/91
Richmond.....	↑	4/30/91	↑	↑	4/30/91	↑	↑	8/22/91	↑	8/8/91
Atlanta.....	↑	4/30/91	↑	↑	4/30/91	↑	↑	8/22/91	↑	8/8/91
Chicago.....	↓	4/30/91	↓	↓	4/30/91	↓	↓	8/22/91	↓	8/8/91
St. Louis.....	↓	5/2/91	↓	↓	5/2/91	↓	↓	8/22/91	↓	8/8/91
Minneapolis.....	↓	4/30/91	↓	↓	4/30/91	↓	↓	8/22/91	↓	8/8/91
Kansas City.....	↓	4/30/91	↓	↓	4/30/91	↓	↓	8/22/91	↓	8/8/91
Dallas.....	↓	4/30/91	↓	↓	4/30/91	↓	↓	8/22/91	↓	8/8/91
San Francisco.....	5½	4/30/91	6	5½	4/30/91	6	6.15	8/22/91	6.35	8/8/91

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	1985—May 20.....	7½-8	7½
1978—Jan. 9.....	6-6½	6½	8.....	14	14	24.....	7½	7½
20.....	6½	6½	Nov. 2.....	13-14	13			
May 11.....	6½-7	7	6.....	13	13	1986—Mar. 7.....	7-7½	7
12.....	7	7	Dec. 4.....	12	12	10.....	7	7
July 3.....	7-7¼	7¼				Apr. 21.....	6½-7	6½
10.....	7¼	7¼	1982—July 20.....	11½-12	11½	July 11.....	6	6
Aug. 21.....	7¾	7¾	23.....	11½	11½	Aug. 21.....	5½-6	5½
Sept. 22.....	8	8	Aug. 2.....	11-11½	11	22.....	5½	5½
Oct. 16.....	8-8½	8½	3.....	11	11			
20.....	8½	8½	16.....	10½	10½	1987—Sept. 4.....	5½-6	6
Nov. 1.....	8½-9½	9½	27.....	10-10½	10	11.....	6	6
3.....	9½	9½	30.....	10	10			
1979—July 20.....	10	10	Oct. 12.....	9½-10	9½	1988—Aug. 9.....	6-6½	6½
Aug. 17.....	10-10½	10½	13.....	9½	9½	11.....	6½	6½
20.....	10½	10½	Nov. 22.....	9-9½	9			
Sept. 19.....	10½-11	11	26.....	9	9	1989—Feb. 24.....	6½-7	7
21.....	11	11	Dec. 14.....	8½-9	8½	27.....	7	7
Oct. 8.....	11-12	12	15.....	8½	8½			
10.....	12	12	17.....	8½	8½	1990—Dec. 19.....	6½	6½
1980—Feb. 15.....	12-13	13	1984—Apr. 9.....	8½-9	9			
19.....	13	13	13.....	9	9	1991—Feb. 1.....	6-6½	6
May 29.....	12-13	13	Nov. 21.....	8½-9	8½	4.....	6	6
30.....	12	12	26.....	8½	8½	Apr. 30.....	5½-6	5½
June 13.....	11-12	11	Dec. 24.....	8	8	May 2.....	5½	5½
16.....	11	11				In effect Aug. 30, 1991.....	5½	5½
July 28.....	10-11	10						
29.....	10	10						
Sept. 26.....	11	11						
Nov. 17.....	12	12						
Dec. 5.....	12-13	13						

1. Adjustment credit is available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. After May 19, 1986, 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.

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was reestablished for 1986 and 1987 but was not renewed for 1988.

2. Extended credit is available to depository institutions, when similar assistance is not reasonably available from other sources, when exceptional circumstances or practices involve only a particular institution or when an institution is experiencing difficulties adjusting to changing market conditions over a longer period of time.

3. For extended-credit loans outstanding more than thirty days, a flexible rate somewhat above rates on market sources of funds ordinarily will be charged, but

in no case will the rate charged be less than the basic discount rate plus 50 basis points. The flexible rate is reestablished on the first business day of each two-week reserve maintenance period. At the discretion of the Federal Reserve Bank, the time period for which the basic discount rate is applied may be shortened.

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914-1941*, and *1941-1970: 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. There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted; 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 13-week period. The surcharge was eliminated on Nov. 17, 1981.

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS¹

Type of deposit, and deposit interval ²	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
<i>Net transaction accounts</i> ^{3, 4}		
\$0 million–\$41.1 million.....	3	12/18/90
More than \$41.1 million	12	12/18/90
Nonpersonal time deposits ^{5, 6}	0	12/27/90
Eurocurrency liabilities ⁷	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. 20, 1988, the exemption was raised from \$3.2 million to \$3.4 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net 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. Transaction accounts include all deposits on 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, 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 can be checks, are not transaction accounts (such accounts are savings deposits).

4. 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. 18, 1990 for institutions reporting quarterly and Dec. 25, 1990 for institutions reporting weekly, the amount was increased from \$40.4 million to \$41.1 million.

5. The reserve requirements on nonpersonal time deposits with an original maturity of less than 1-1/2 years were reduced from 3 percent to 1-1/2 percent on the maintenance period that began December 13, 1990, and to zero for the maintenance period that began December 27, 1990, for institutions that report weekly. The reserve requirement on nonpersonal time deposits with an original maturity of 1-1/2 years or more has been zero since October 6, 1983.

6. For institutions that report quarterly, the reserves on nonpersonal time deposits with an original maturity of less than 1-1/2 years were reduced from 3 percent to zero on January 17, 1991.

7. The reserve requirements on Eurocurrency liabilities were reduced from 3 percent to zero in the same manner and on the same dates as were the reserves on nonpersonal time deposits with an original maturity of less than 1-1/2 years (see notes 5 and 6).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS¹

Millions of dollars

Type of transaction		1988	1989	1990	1990	1991					
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June
U.S. TREASURY SECURITIES											
Outright transactions (excluding matched transactions)											
Treasury bills											
1	Gross purchases	8,223	14,284	24,739	0	0	1,967	313	908	3,411	37
2	Gross sales	587	12,818	7,291	2,350	120	0	0	0	0	0
3	Exchanges	241,876	231,211	241,086	16,939	23,702	21,381	18,808	21,981	27,548	19,680
4	Redemptions	2,200	12,730	4,400	3,000	1,000	0	0	0	0	0
Others within 1 year											
5	Gross purchases	2,176	327	425	0	0	100	700	0	200	0
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shifts	23,854	28,848	25,638	1,991	989	2,292	413	4,324	5,175	0
8	Exchanges	-24,588	-25,783	-27,424	0	-1,326	-3,045	-1,877	-993	-4,887	0
9	Redemptions	0	500	0	0	0	0	0	0	0	0
1 to 5 years											
10	Gross purchases	5,485	1,436	250	0	0	0	2,950	0	0	0
11	Gross sales	800	490	200	200	0	0	0	0	0	0
12	Maturity shifts	-17,720	-25,534	-21,770	-1,991	-778	-1,909	-213	-4,214	-3,410	0
13	Exchanges	22,515	23,250	25,410	0	929	2,545	1,877	777	4,287	0
5 to 10 years											
14	Gross purchases	1,579	287	0	0	0	350	50	0	0	0
15	Gross sales	175	29	100	100	0	0	0	0	0	0
16	Maturity shifts	-5,946	-2,231	-2,186	0	-212	-23	-200	-110	-1,605	0
17	Exchanges	1,797	1,934	789	0	397	400	0	216	400	0
More than 10 years											
18	Gross purchases	1,398	284	0	0	0	0	0	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shifts	-188	-1,086	-1,681	0	0	-361	0	0	-160	0
21	Exchanges	275	600	1,226	0	0	100	0	0	200	0
All maturities											
22	Gross purchases	18,863	16,617	25,414	0	0	2,417	4,013	7,397	3,611	37
23	Gross sales	1,562	13,337	7,591	2,650	120	0	0	0	0	0
24	Redemptions	2,200	13,230	4,400	3,000	1,000	0	0	0	0	0
Matched transactions											
25	Gross sales	1,168,484	1,323,480	1,369,052	125,844	130,751	127,589	151,096	185,662	147,796	118,903
26	Gross purchases	1,168,142	1,326,542	1,363,434	123,442	131,087	127,502	151,412	187,032	147,803	118,239
Repurchase agreements ²											
27	Gross purchases	152,613	129,518	219,632	45,684	36,337	44,688	23,821	16,173	9,241	9,440
28	Gross sales	151,497	132,688	202,551	31,022	38,462	44,809	38,589	16,173	9,241	8,478
29	Net change in U.S. government securities	15,872	-10,055	24,886	6,608	-2,909	2,209	-10,439	8,768	3,618	335
FEDERAL AGENCY OBLIGATIONS											
Outright transactions											
30	Gross purchases	0	0	0	0	0	0	0	0	0	0
31	Gross sales	0	0	0	0	0	0	0	0	0	0
32	Redemptions	587	442	183	1	0	0	0	91	0	0
Repurchase agreements ²											
33	Gross purchases	57,259	38,835	41,836	2,091	4,416	3,546	2,518	640	885	1,225
34	Gross sales	56,471	40,411	40,461	1,021	3,571	4,466	3,784	640	885	748
35	Net change in federal agency obligations	198	-2,018	1,192	1,070	845	-920	-1,266	-91	0	477
36	Total net change in System Open Market Account	16,070	-12,073	26,078	7,678	-2,064	1,290	-11,705	8,676	3,618	812

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not sum to totals because of rounding.

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		
	1991					1991		
	July 3	July 10	July 17	July 24	July 31	May 31	June 30	July 31
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,062	11,062	11,062	11,062	11,062	11,057	11,062	11,062
2 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
3 Coin	554	536	535	540	544	577	575	544
<i>Loans</i>								
4 To depository institutions	323	321	351	444	574	206	1,479	574
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	6,213	6,213	6,213	6,159	6,159	6,213	6,2136	6,159
8 Held under repurchase agreements	476	424	150	0	0	0	477	0
<i>U.S. Treasury securities</i>								
9 Bought outright	247,350	250,530	250,225	249,177	250,978	248,111	247,484	250,978
10 Bills	119,181	122,360	122,556	120,383	122,183	119,942	119,314	122,183
11 Notes	96,707	96,707	97,207	97,332	97,332	96,707	96,707	97,332
12 Bonds	31,463	31,463	31,463	31,463	31,463	31,463	31,463	31,463
13 Held under repurchase agreements	4,393	6,155	682	0	0	0	962	0
14 Total U.S. Treasury securities	251,743	256,684	250,907	249,177	250,978	248,111	248,446	250,978
15 Total loans and securities	258,755	263,642	257,622	255,780	257,710	254,530	256,615	257,710
16 Items in process of collection	6,237	5,216	5,589	5,199	5,547	5,531	4,859	5,547
17 Bank premises	932	932	938	938	940	915	931	940
<i>Other assets</i>								
18 Denominated in foreign currencies ³	28,714	28,719	28,801	28,378	28,497	30,835	28,682	28,497
19 All other ⁴	5,248	5,527	5,201	5,436	5,577	4,416	5,379	5,577
20 Total assets	321,520	325,651	319,767	317,352	319,896	317,879	318,121	319,896
Liabilities								
21 Federal Reserve notes	274,741	275,595	274,048	272,869	272,962	271,019	272,000	272,962
<i>Deposits</i>								
22 Depository institutions	27,217	32,024	25,534	27,162	27,871	26,223	22,202	27,871
23 U.S. Treasury—General account	6,371	5,043	7,111	4,644	5,831	6,619	11,822	5,831
24 Foreign—Official accounts	208	186	219	200	314	196	224	314
25 Other	199	184	232	174	212	225	213	212
26 Total deposits	33,994	37,437	33,096	32,179	34,228	33,263	34,460	34,228
27 Deferred credit items	5,530	4,772	4,990	4,547	4,541	5,028	4,579	4,541
28 Other liabilities and accrued dividends ⁵	2,457	2,633	2,232	2,322	2,370	2,614	2,392	2,370
29 Total liabilities	316,721	320,438	314,365	311,917	314,102	311,923	313,431	314,102
Capital Accounts								
30 Capital paid in	2,548	2,547	2,548	2,556	2,556	2,545	2,546	2,556
31 Surplus	2,185	2,307	2,364	2,390	2,423	2,216	2,114	2,423
32 Other capital accounts	66	360	489	490	815	1,195	31	815
33 Total liabilities and capital accounts	321,520	325,651	319,767	317,352	319,896	317,879	318,121	319,896
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	239,937	239,504	239,898	239,559	244,682	249,523	243,233	244,682
Federal Reserve note statement								
35 Federal Reserve notes outstanding (issued to Bank)	328,888	331,674	335,752	339,224	342,614	315,843	325,417	342,614
36 LESS: Held by bank	54,148	56,079	61,705	66,356	69,652	44,824	53,450	69,652
37 Federal Reserve notes, net	274,741	275,595	274,048	272,869	272,962	271,019	271,967	272,962
<i>Collateral held against notes net:</i>								
38 Gold certificate account	11,062	11,062	11,062	11,062	11,062	11,057	11,062	11,062
39 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	253,661	254,515	252,968	251,788	251,882	249,944	250,887	251,882
42 Total collateral	274,741	275,595	274,048	272,869	272,962	271,018	271,967	272,962

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover. Components may not add to totals because of rounding.

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 90 days.

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type and maturity grouping	Wednesday					End of month		
	1991					1991		
	July 3	July 10	July 17	July 24	July 31	May 31	June 28 ¹	July 31
1 Loans—Total	323	321	351	444	574	206	1,479	574
2 Within 15 days	104	113	326	385	393	106	1,336	393
3 16 days to 90 days	218	208	25	60	181	100	143	181
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. Treasury securities—Total	251,743	256,684	250,907	249,177	250,978	248,111	247,484	250,978
10 Within 15 days ¹	15,631	18,046	13,984	11,997	15,726	6,562	8,107	15,726
11 16 days to 90 days	59,013	58,358	55,366	54,982	54,238	65,504	62,898	54,238
12 91 days to 1 year	77,386	80,566	81,279	81,919	81,426	76,293	76,727	81,426
13 More than 1 year to 5 years	62,413	62,413	62,731	62,731	62,040	62,453	62,453	62,040
14 More than 5 years to 10 years	12,584	12,584	12,832	12,832	12,832	12,584	12,584	12,832
15 More than 10 years	24,716	24,716	24,716	24,716	24,716	24,716	24,716	24,716
16 Federal agency obligations—Total	6,689	6,637	6,363	6,159	6,159	6,213	6,213	6,159
17 Within 15 days ¹	491	523	359	154	170	302	205	170
18 16 days to 90 days	1,068	969	962	973	956	748	888	956
19 91 days to 1 year	1,433	1,445	1,342	1,397	1,384	1,507	1,423	1,384
20 More than 1 year to 5 years	2,499	2,523	2,523	2,458	2,487	2,458	2,499	2,487
21 More than 5 years to 10 years	1,010	989	989	989	974	1,010	1,010	974
22 More than 10 years	187	188	188	188	188	188	188	188

1. Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

NOTE: Components may not sum to totals because of rounding.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE¹

Billions of dollars, averages of daily figures

Item	1987 Dec.	1988 Dec.	1989 Dec.	1990 Dec.	1990	1991						
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
					Seasonally adjusted							
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
1 Total reserves ³	45.81	47.60	47.73	49.10	49.10	49.47	49.61	49.57	49.39	50.07	50.43	50.51
2 Nonborrowed reserves ⁴	45.03	45.88	47.46	48.78	48.78	48.93	49.36	49.32	49.16	49.77	50.09	49.91
3 Nonborrowed reserves plus extended credit ⁵	45.52	47.12	47.48	48.80	48.80	48.96	49.39	49.38	49.25	49.85	50.10	49.95
4 Required reserves	44.77	46.55	46.81	47.44	47.44	47.30	47.80	48.39	48.36	49.04	49.42	49.60
5 Monetary base ⁶	246.28	263.46	274.17	299.79	299.79	305.15	309.44	310.98	310.60	311.48	312.47	313.91
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
	Not seasonally adjusted											
6 Total reserves ⁷	47.04	49.00	49.18	50.58	50.58	50.76	48.55	48.59	50.30	49.06	50.41	50.66
7 Nonborrowed reserves	46.26	47.29	48.91	50.25	50.25	50.22	48.30	48.34	50.07	48.76	50.07	50.06
8 Nonborrowed reserves plus extended credit ⁵	46.75	48.53	48.93	50.28	50.28	50.25	48.33	48.40	50.16	48.85	50.07 ⁸	50.10
9 Required reserves ⁸	46.00	47.96	48.26	48.91	48.91	48.59	46.74	47.41	49.27	48.03	49.40	49.75
10 Monetary base ⁹	249.93	267.46	278.30	304.04	304.04	306.03	305.74	308.19	310.86	311.02	314.06	316.21
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ¹⁰												
11 Total reserves ¹¹	62.14	63.75	62.81	59.12	59.12	50.99	48.55	48.59	50.30	49.06	50.41	50.66
12 Nonborrowed reserves	61.36	62.03	62.54	58.79	58.79	50.46	48.30	48.35	50.07	48.76	50.07	50.06
13 Nonborrowed reserves plus extended credit ⁵	61.85	63.27	62.56	58.82	58.82	50.48	48.33	48.40	50.16	48.85	50.08	50.10
14 Required reserves	61.09	62.70	61.89	57.46	57.46	48.82	46.74	47.41	49.27	48.03	49.40	49.75
15 Monetary base ¹²	266.06	283.00	292.55	313.70	313.70	309.30	308.53	311.04	313.95	314.25	317.25 ¹³	319.46
16 Excess reserves ¹³	1.05	1.05	.92	1.66	1.66	2.17	1.81	1.18	1.03	1.03	1.01	.91
17 Borrowings from the Federal Reserve .....	.78	1.72	.27	.33	.33	.53	.25	.24	.23	.30	.34	.61

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) 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, D.C. 20551.

2. Figures reflect adjustments for discontinuities or "breaks" associated with regulatory changes in reserve requirements.

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 because of 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 are equal to break-adjusted required reserves held against transactions deposits.

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES¹

Billions of dollars, averages of daily figures

Item ²	1987 Dec.	1988 Dec.	1989 Dec.	1990 Dec.	1991			
					Apr. ^r	May ^r	June ^r	July
Seasonally adjusted								
1 M1	749.7	786.4	793.6	825.4	842.1	851.6	858.4	859.7
2 M2	2,910.1	3,069.9	3,223.1	3,327.6	3,382.7	3,394.6	3,398.6	3,388.0
3 M3	3,677.4	3,919.1	4,055.2	4,111.7	4,170.8	4,172.7	4,165.7	4,149.7
4 L	4,337.0	4,676.0	4,889.9	4,965.7 ^r	4,971.8	4,947.6	4,977.6	n.a.
5 Debt	8,345.1	9,107.6	9,790.4	10,436.1	10,576.2	10,621.6	10,671.6	n.a.
<i>M1 components</i>								
6 Currency	196.8	212.0	222.2	246.4	256.6	256.8	257.6	258.9
7 Travelers checks ^s	7.0	7.5	7.4	8.4	7.9	8.0	7.8	7.7
8 Demand deposits ^s	286.5	286.3	278.7	276.9	275.8	278.7	281.0	278.9
9 Other checkable deposits ⁶	259.3	280.7	285.2	293.8	301.9	308.1	312.0	314.2
<i>Nontransaction components</i>								
10 In M2 ⁷	2,160.4	2,283.5	2,429.5	2,502.2	2,540.5	2,542.9	2,540.2	2,528.3
11 In M3 only ⁸	767.3	849.3	832.1	784.1	788.1	778.2	767.1	761.7
<i>Time and savings accounts</i>								
<i>Commercial banks</i>								
12 Savings deposits	178.3	192.1	187.7	199.4	208.9	211.4	215.1	217.6
13 Money market deposit accounts	356.4	350.2	353.0	378.4	393.8	399.9	404.5	408.0
14 Small time deposits ⁹	388.0	447.5	531.4	598.1	604.1	601.2	601.7	601.0
15 Large time deposits ^{10, 11}	326.6	368.0	401.9	386.1	398.5	399.3	398.1	394.1
<i>Thrift institutions</i>								
16 Savings deposits	233.7	232.3	216.4	211.4	218.4	221.7	223.8	225.3
17 Money market deposit accounts	168.5	151.2	133.1	127.6	132.8	136.2	137.6	139.2
18 Small time deposits ⁹	529.7	584.3	614.5	566.1	546.1	539.3	527.4	517.7
19 Large time deposits ¹⁰	162.6	174.3	161.6	121.0	108.8	104.6	100.9	97.7
<i>Money market mutual funds</i>								
20 General purpose and broker-dealer	221.7	241.1	313.6	345.4	364.2	365.1	364.3	359.4
21 Institution-only	88.9	86.9	101.9	125.7	145.6	146.2	143.3	141.8
<i>Debt components</i>								
22 Federal debt	1,957.9	2,114.2	2,268.1	2,534.3	2,590.8	2,613.1	2,645.5	n.a.
23 Nonfederal debt	6,387.2	6,993.4	7,522.3	7,901.8	7,985.4	8,008.5	8,026.1	n.a.
Not seasonally adjusted								
24 M1	766.2	804.2	811.9	844.3	852.8	841.6	857.7	862.0
25 M2	2,923.0	3,083.3	3,236.6	3,341.6	3,396.2	3,374.0	3,391.6	3,391.3
26 M3	3,690.3	3,931.5	4,067.0	4,123.8	4,179.9	4,154.0	4,160.2	4,152.6
27 L	4,352.8	4,691.8	4,907.4	4,984.3 ^r	4,983.1	4,932.6	4,968.2	n.a.
28 Debt	8,329.1	9,093.2	9,775.9	10,423.3	10,531.6	10,576.7	10,628.8	n.a.
<i>M1 components</i>								
29 Currency	199.3	214.8	225.3	249.6	256.0	257.4	259.1	260.9
30 Travelers checks ^s	6.5	6.9	6.9	7.8	7.5	7.8	8.1	8.5
31 Demand deposits ^s	298.6	298.9	291.5	289.9	277.6	271.5	279.6	280.6
32 Other checkable deposits ⁶	261.8	283.5	288.2	297.0	311.7	304.9	310.8	312.0
<i>Nontransaction components</i>								
33 In M2 ⁷	2,156.8	2,279.1	2,424.7	2,497.3	2,543.4	2,532.5	2,533.9	2,529.4
34 In M3 only ⁸	767.3	848.2	830.4	782.2	783.7	779.9	768.7	761.3
<i>Time and savings accounts</i>								
<i>Commercial banks</i>								
35 Savings deposits	176.8	190.6	186.4	197.7	209.5	211.9	216.5	219.8
36 Money market deposit accounts	359.0	353.2	356.5	381.6	394.0	395.8	401.9	404.7
37 Small time deposits ⁹	387.2	446.0	529.2	596.1	604.2	601.0	602.1	602.9
38 Large time deposits ^{10, 11}	325.8	366.8	400.4	386.1	396.3	398.9	397.7	392.9
<i>Thrift institutions</i>								
39 Savings deposits	231.4	229.9	214.2	209.6	219.0	222.2	225.2	227.6
40 Money market deposit accounts	168.6	151.6	133.7	128.7	132.9	134.9	136.7	138.0
41 Small time deposits ⁹	529.5	583.8	613.8	564.1	546.2	539.1	527.7	519.3
42 Large time deposits ¹⁰	163.3	175.2	162.6	121.1	108.2	104.5	100.8	97.4
<i>Money market mutual funds</i>								
43 General purpose and broker-dealer	221.1	240.7	313.5	345.5	368.5	360.5	358.0	354.5
44 Institution-only	89.6	87.6	102.8	127.0	144.1	145.2	141.0	139.7
<i>Repurchase agreements and eurodollars</i>								
45 Overnight	83.2	83.4	77.3	74.0	69.1	67.1	65.8	62.6
46 Term	197.1	227.7	179.8	161.5	150.3	146.7	144.2	146.4
<i>Debt components</i>								
47 Federal debt	1,955.6	2,111.8	2,265.9	2,532.1	2,593.0	2,609.1	2,635.3	n.a.
48 Nonfederal debt	6,373.5	6,981.4	7,509.9	7,891.2	7,938.6	7,967.6	7,993.4	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) 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, D.C. 20551.

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

M1: (1) currency outside the 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.

M2: M1 plus 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, money market deposit accounts (MMDAs), savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than \$100,000), and balances in both taxable and tax-exempt general purpose and broker-dealer money market mutual funds. Excludes individual retirement accounts (IRA) 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.

M3: M2 plus large-denomination time deposits and term RP liabilities (in amounts of \$100,000 or more) issued by all depository institutions, 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 balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

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 mutual fund holdings of these assets.

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.

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 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.

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

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

8. Sum of large time deposits, term RPs, term Eurodollars of U.S. residents, and 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-denomination time deposits—including retail RPs—are those issued in amounts of less than \$100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.

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

11. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

1.22 BANK DEBITS AND DEPOSIT TURNOVER¹

Debits are shown in billions of dollars, turnover as ratio of debits to deposits. Monthly data are at annual rates.

Bank group, or type of customer	1988 ²	1989 ²	1990 ²	1990 ²	1991				
				Dec.	Jan.	Feb.	Mar. ⁷	Apr. ⁷	May
DEBITS TO	Seasonally adjusted								
Demand deposits ³									
1 All insured banks	219,795.7	256,150.4	277,916.3	267,479.9	279,437.8	280,494.1	269,834.9	294,433.5	295,559.0
2 Major New York City banks	115,475.6	129,319.9	131,784.0	130,154.6	138,638.1	138,037.7	133,302.7	146,499.3	148,074.9
3 Other banks	104,320.2	126,830.5	146,132.3	137,325.3	140,799.7	142,456.4	136,532.2	147,934.2	147,484.1
4 ATS-NOW accounts ⁴	2,478.1	2,910.5	3,349.6	3,368.4	3,559.1	3,533.7	3,240.3	3,820.3	3,620.2
5 Savings deposits ⁵	537.0	547.5	558.8	527.2	572.9	551.4	523.7	577.1	548.6
DEPOSIT TURNOVER									
Demand deposits ³									
6 All insured banks	622.9	735.1	800.6	779.5	828.3	817.8	792.0	870.3	867.0
7 Major New York City banks	2,897.2	3,421.5	3,804.1	3,949.1	4,259.7	4,125.7	4,101.4	4,533.4	4,702.8
8 Other banks	333.3	408.3	467.7	442.7	461.9	460.2	443.0	483.4	476.6
9 ATS-NOW accounts ⁴	13.2	15.2	16.5	16.2	17.0	16.7	15.1	17.8	16.4
10 Savings deposits ⁵	2.9	3.0	2.9	2.7	2.9	2.7	2.6	2.8	2.6
DEBITS TO	Not seasonally adjusted								
Demand deposits ³									
11 All insured banks	219,790.4	256,133.2	277,400.0	275,664.8	283,545.5	259,372.9	275,015.8	294,492.4	292,012.3
12 Major New York City banks	115,460.7	129,400.1	131,784.7	133,491.9	136,578.8	127,287.3	134,974.7	145,700.2	145,073.9
13 Other banks	104,329.7	126,733.0	145,615.3	142,172.9	146,966.7	132,085.5	140,041.0	148,792.2	146,938.4
14 ATS-NOW accounts ⁴	2,477.3	2,910.7	3,342.2	3,430.2	3,923.1	3,237.8	3,317.4	3,967.1	3,549.9
15 MMDAs ⁶	2,342.7	2,677.1	2,923.8	2,938.6	3,106.8	2,512.7	2,767.2	2,994.5	2,978.6
16 Savings deposits ⁵	536.3	546.9	557.9	530.1	589.2	494.9	520.4	623.9	545.5
DEPOSIT TURNOVER									
Demand deposits ³									
17 All insured banks	622.8	735.4	799.6	765.8	820.3	778.7	831.9	864.8	875.5
18 Major New York City banks	2,896.7	3,426.2	3,810.0	3,760.0	3,993.4	3,899.0	4,378.4	4,565.4	4,742.5
19 Other banks	333.2	408.0	466.3	438.2	471.9	439.7	467.2	482.1	485.0
20 ATS-NOW accounts ⁴	13.2	15.2	16.4	16.2	18.4	15.3	15.4	17.8	16.3
21 MMDAs ⁶	6.6	7.9	8.0	7.8	8.2	6.6	7.1	7.7	7.6
22 Savings deposits ⁵	2.9	2.9	2.9	2.7	3.0	2.5	2.5	3.0	2.6

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

These data also appear on the Board's G.6 (406) release. For 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 (NOW) and accounts authorized for automatic transfer to demand deposits (ATS).

5. Excludes MMDA, ATS, and NOW accounts.

6. Money market deposit accounts.

A16 Domestic Financial Statistics □ October 1991

1.23 LOANS AND SECURITIES All Commercial Banks

Billions of dollars; averages of Wednesday figures

Item	1990					1991						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Seasonally adjusted												
1 Total loans and securities ¹	2,704.9	2,708.0	2,713.6	2,716.6	2,723.6	2,721.2	2,735.1	2,750.9	2,751.6	2,750.0	2,758.1	2,758.7
2 U.S. government securities	445.7	450.1	453.1	454.0	454.2	454.1	458.0	471.4	479.2	484.9	492.9	502.9
3 Other securities	178.8	178.8	177.8	175.9	175.6	177.7	177.6	177.6	175.7	173.9	173.1	172.2
4 Total loans and leases ¹	2,080.4	2,079.0	2,082.7	2,086.7	2,093.8	2,089.4	2,099.5	2,102.0	2,096.7	2,091.1	2,092.1	2,083.6
5 Commercial and industrial	645.1	644.7	643.7	646.5	648.1	644.3	643.9	646.0	640.0	633.2	629.7	626.3
6 Bankers acceptances held ²	7.4	7.5	7.3	7.4	7.5	7.7	6.9	6.7	6.7	6.8	6.5	6.6
7 Other commercial and industrial	637.7	637.1	636.4	639.1	640.5	636.6	637.1	639.4	633.3	626.4	623.2	619.7
8 U.S. addressees ³	633.4	632.6	631.7	634.0	635.3	631.1	631.5	633.7	627.8	620.6	617.3	614.0
9 Non-U.S. addressees ³	4.3	4.5	4.7	5.1	5.3	5.5	5.5	5.7	5.5	5.8	5.9	5.7
10 Real estate	818.0	822.5	827.7	832.0	836.5	837.3	842.6	846.3	850.7	854.7	857.7	854.9
11 Individual	378.2	378.6	379.7	378.7	378.9	377.9	377.7	375.5	374.1	373.4	371.7	369.4
12 Security	44.6	41.3	40.5	39.6	40.6	43.1	43.2	38.8	39.8	39.8	38.3	41.7
13 Nonbank financial institutions	35.0	35.2	34.8	34.6	34.7	34.2	35.3	36.1	35.2	36.1	36.2	35.9
14 Agricultural	31.5	31.8	32.2	32.5	33.0	33.5	33.5	34.0	33.9	33.6	33.0	32.5
15 State and political subdivisions	35.8	35.2	35.1	34.8	34.3	33.2	33.1	32.7 ^r	32.1 ^r	31.7 ^r	31.0	30.6
16 Foreign banks	7.9	8.1	9.0	8.1	7.2	6.0	6.1	7.2	6.8 ^r	6.4	6.0	6.2
17 Foreign official institutions	3.2	3.3	3.2	3.2	3.2	3.0	3.1	3.2	3.0	3.0	3.0	3.1
18 Lease financing receivables	32.7	32.8	33.3	32.9	32.7	32.4	32.8	33.0	32.7	32.7	32.8	32.0
19 All other loans	48.2	45.5	43.6	43.7	44.7	46.4	48.2	49.1	48.3 ^r	46.5 ^r	52.7	50.9
Not seasonally adjusted												
20 Total loans and securities ¹	2,700.1	2,707.0	2,715.5	2,720.1	2,730.5	2,721.0	2,737.3	2,748.3	2,751.3	2,749.2	2,758.8	2,752.5
21 U.S. government securities	444.0	448.2	450.8	454.1	451.5	455.8	463.9	475.8	480.5	485.1	491.5	499.4
22 Other securities	179.1	179.0	178.0	176.6	176.3	177.9	177.3	176.9	175.1	173.8	173.2	171.5
23 Total loans and leases ¹	2,077.1	2,079.8	2,086.7	2,089.3	2,102.7	2,087.3	2,096.1	2,095.7	2,095.7	2,090.3	2,094.1	2,081.7
24 Commercial and industrial	643.5	640.9	641.2	644.5	648.0	641.1	643.0	648.3	644.7	637.1	632.0	626.6
25 Bankers acceptances held ²	7.2	7.5	7.4	7.6	7.7	7.6	7.0	6.6	6.6	6.7	6.6	6.3
26 Other commercial and industrial	636.3	633.4	633.8	636.9	640.3	633.4	636.1	641.6	638.1	630.4	625.4	620.3
27 U.S. addressees ³	631.8	628.8	629.1	631.9	635.1	628.2	630.6	636.2	632.2	624.5	619.4	614.5
28 Non-U.S. addressees ³	4.5	4.6	4.7	5.0	5.2	5.3	5.5	5.4	5.9	5.9	6.0	5.8
29 Real estate	819.9	824.2	830.3	834.0	837.9	837.1	839.5	842.6	848.1	853.8	857.7	855.5
30 Individual	377.4	380.4	380.6	379.8	383.8	380.1	377.1	372.8	371.5	371.8	369.7	367.2
31 Security	43.9	40.3	39.5	38.5	40.0	40.9	44.7	40.1	41.3	39.0	40.5	41.5
32 Nonbank financial institutions	35.0	34.9	34.7	35.0	36.1	34.7	34.9	35.4	34.8	35.7	36.3 ^r	35.7
33 Agricultural	32.5	32.9	33.1	32.9	32.9	32.8	32.6	32.6	32.8	33.1	33.3	33.4
34 State and political subdivisions	35.7	35.2	35.1	34.7	34.0	33.9	33.3	32.7 ^r	32.1	31.7	31.0	30.4
35 Foreign banks	8.0	8.2	9.3	8.3	7.4	6.0	6.0	6.8	6.7	6.3	6.1	6.2
36 Foreign official institutions	3.2	3.3	3.2	3.2	3.2	3.0	3.1	3.2	3.0	3.0	3.0	3.1
37 Lease financing receivables	32.6	32.8	33.3	33.1	32.8	32.8	32.9	32.9	32.7	32.6	32.6	31.8
38 All other loans	45.4	46.8	46.3	45.4	46.7	44.7	48.9	48.3 ^r	48.0 ^r	46.2 ^r	51.9 ^r	50.4

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.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Billions of dollars, monthly averages

Source	1990					1991						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^f	May ^f	June	July
<i>Seasonally adjusted</i>												
1 Total nondeposit funds ²	283.8	283.0	291.8	292.4	287.9	277.2 ^f	265.1	264.2 ^f	263.3	259.7	249.5 ^f	249.5
2 Net balances due to related foreign offices ³	19.0	21.5	29.9	30.1	34.6	33.5	24.9	30.2	30.9	26.1	19.2	19.3
3 Borrowings from other than commercial banks in United States ⁴	264.8	261.5	261.9	262.2	253.3 ^f	243.6	240.2	234.0 ^f	232.4	233.6	230.3 ^f	230.3
4 Domestically chartered banks	202.2	198.8	196.9	195.0	187.1	182.2	177.1	171.5	170.6	168.8	166.3	165.0
5 Foreign-related banks	62.6	62.7	65.0	67.3	66.2	61.5	63.1	62.6 ^f	61.8	64.8	64.0 ^f	65.3
<i>Not seasonally adjusted</i>												
6 Total nondeposit funds ²	282.5	278.6	288.7	293.5	282.3	272.5	268.1	269.5 ^f	264.0	267.7	252.5 ^f	246.3
7 Net balances due to related foreign offices ³	18.5	21.6 ^f	29.6	30.8	37.2	33.2 ^f	24.8	29.7	29.0	28.6	19.5	16.9
8 Domestically chartered banks	-3.4	-4.2	-1.0	.6	-4.1	-15.2	-15.2	-6.0	-3.5	-.7	-3.5	-7.2
9 Foreign-related banks	21.9	25.8	30.6	30.2	41.3	48.4	40.0	35.6	32.5	29.3	23.0	24.1
10 Borrowings from other than commercial banks in United States ⁴	264.0	257.0	259.2	262.7	245.2 ^f	239.4	243.3	239.8 ^f	235.0	239.1	233.0 ^f	229.5
11 Domestically chartered banks	201.7	195.6	195.0	197.6	182.8	177.7	179.4	175.8	171.4	173.5	167.2	162.9
12 Federal funds and security RP borrowings ⁵	198.1	191.6	191.7	194.7	180.0	174.4	176.6	172.6	168.5	170.7	164.3	159.7
13 Other ⁶	3.6	4.0	3.2	2.9	2.8	3.2	2.8	3.2	2.9	2.8	2.8	3.2
14 Foreign-related banks ⁸	62.3	61.5	64.2	65.1	62.3	61.7	63.9	64.0 ^f	63.6	65.6	65.8 ^f	66.5
MEMO												
<i>Gross large time deposits⁷</i>												
15 Seasonally adjusted	449.2	443.6	438.0	435.2	431.8	441.0	450.6	451.0 ^f	451.3	453.0	451.9 ^f	447.5
16 Not seasonally adjusted	450.1	445.4	440.4	437.8	431.8	439.3	449.2	450.5	449.0	452.6	451.4 ^f	446.3
<i>U.S. Treasury demand balances at commercial banks⁸</i>												
17 Seasonally adjusted	32.7	26.0	22.3	25.2	24.4	25.7	33.4	33.8	21.7	15.1	23.2	20.4
18 Not seasonally adjusted	23.5	31.0	20.9	19.2	23.0	29.4	39.3	28.4	20.4	19.8	23.6	20.7

1. Commercial banks are those in the fifty states and the District of Columbia with national or state charters plus 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.

These data also appear in the Board's G.10 (411) release. For 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 IBFs.

4. Other borrowings are 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. Based on daily average data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly daily averages 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.

A18 Domestic Financial Statistics □ October 1991

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series¹

Billions of dollars

Account	1990				1991						
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
ALL COMMERCIAL BANKING INSTITUTIONS²											
1 Loans and securities	2,887.1	2,931.3	2,925.1	2,936.9	2,908.7	2,924.9	2,910.9	2,907.1	2,921.5	2,931.3	2,934.0
2 Investment securities	601.7	604.9	603.3	605.6	612.8	614.0	628.3	628.5	634.1	638.6	646.9
3 U.S. government securities	434.5	438.0	437.6	439.6	447.6	449.5	463.3	465.1	471.8	477.8	487.3
4 Other	167.2	166.8	165.7	166.0	165.2	164.5	165.1	163.4	162.2	160.7	159.6
5 Trading account assets	21.4	27.4	25.0	22.0	24.1	26.9	23.5	24.9	24.3	27.5	30.0
6 Total loans	2,264.0	2,299.0	2,296.9	2,309.3	2,271.8	2,283.9	2,259.1	2,253.6	2,263.2	2,265.3	2,257.1
7 Interbank loans	191.0	207.9	207.0	204.0	193.3	185.0	171.8	160.7	172.5	166.8	175.3
8 Loans excluding interbank	2,073.0	2,091.2	2,089.8	2,105.3	2,078.6	2,098.9	2,087.3	2,092.9	2,090.6	2,098.5	2,081.8
9 Commercial and industrial	639.7	643.4	644.4	650.8	637.2	645.1	648.5	643.6	635.1	631.7	624.8
10 Real estate	825.0	831.5	833.7	838.3	836.9	840.1	842.5	849.0	855.2	857.5	853.5
11 Individual	381.2	380.8	380.5	384.7	378.6	376.4	371.5	372.0	370.7	369.5	368.1
12 All other	227.1	235.5	231.2	231.5	225.9	237.4	224.8	228.3	229.6	239.8	235.3
13 Total cash assets	213.7	220.8	216.7	217.9	199.2	204.5	206.1	201.0	224.3	212.3	216.0
14 Reserves with Federal Reserve Banks	33.6	29.7	33.0	23.4	16.5	18.1	25.0	23.1	26.2	29.1	24.8
15 Cash in vault	29.3	29.4	32.8	32.0	30.4	29.8	28.9	29.1	31.1	29.8	29.7
16 Cash items in process of collection	81.1	85.4	78.4	86.0	74.7	79.9	76.9	74.3	87.2	78.3	87.8
17 Demand balances at U.S. depository institutions	27.0	28.5	28.4	29.6	28.1	27.7	27.6	26.4	30.8	28.3	28.6
18 Other cash assets	42.8	47.8	44.2	46.8	49.6	49.0	47.7	48.1	49.0	46.8	45.2
19 Other assets	226.6	230.1	226.6	245.1	249.9	259.6	263.1	260.4	264.4	265.6	285.4
20 Total assets/total liabilities and capital	3,327.4	3,382.2	3,368.5	3,399.9	3,357.8	3,388.9	3,380.1	3,368.5	3,410.3	3,409.2	3,435.4
21 Deposits	2,300.1	2,332.0	2,319.9	2,363.4	2,334.6	2,365.0	2,382.5	2,381.9	2,413.3	2,406.1	2,448.0
22 Transaction deposits	595.3	612.1	598.1	637.1	587.9	594.1	602.8	601.3	617.6	611.2	639.4
23 Savings deposits	563.5	570.5	573.1	573.3	573.9	583.5	594.1	595.4	606.2	610.7	619.9
24 Time deposits	1,141.3	1,149.4	1,148.8	1,152.9	1,172.8	1,187.3	1,185.6	1,185.3	1,189.5	1,184.2	1,188.8
25 Borrowings	570.9	591.0	570.6	548.7	529.8	515.4	492.3	494.6	499.8	510.4	500.7
26 Other liabilities	233.1	236.0	255.3	264.4	268.8	282.3	278.2	263.9	267.6	263.8	256.6
27 Residual (assets less liabilities)	223.4	223.3	222.7	223.5	224.6	226.2	227.0	228.1	229.6	228.9	230.0
MEMO											
28 U.S. government securities (including trading account)	445.1	454.2	451.9	451.1	459.4	463.7	475.9	479.0	485.0	492.9	505.1
29 Other securities (including trading account)	178.0	178.1	176.4	176.5	177.5	177.2	176.0	174.5	173.4	173.1	171.9
DOMESTICALLY CHARTERED COMMERCIAL BANKS³											
30 Loans and securities	2,620.5	2,658.4	2,645.1	2,654.2	2,628.0	2,642.3	2,635.6	2,628.9	2,637.8	2,640.8	2,647.7
31 Investment securities	569.0	571.5	569.8	570.5	575.3	577.4	588.6	592.3	595.7	600.5	609.1
32 U.S. government securities	417.9	420.9	420.8	421.7	426.5	429.3	440.2	445.5	449.2	455.5	465.4
33 Other	151.2	150.6	149.1	148.8	148.7	148.2	148.5	146.8	146.5	144.9	143.8
34 Trading account assets	21.4	27.4	25.0	22.0	24.1	26.9	23.5	24.9	24.3	27.5	30.0
35 Total loans	2,030.0	2,059.5	2,050.3	2,061.7	2,028.6	2,038.0	2,023.5	2,011.7	2,017.8	2,012.9	2,008.6
36 Interbank loans	146.0	164.0	157.4	160.0	151.7	150.9	148.3	134.2	144.5	139.0	149.9
37 Loans excluding interbank	1,884.0	1,895.5	1,892.9	1,901.7	1,876.9	1,887.0	1,875.2	1,877.5	1,873.3	1,873.9	1,858.7
38 Commercial and industrial	513.2	515.4	513.4	512.7	504.2	508.4	506.3	502.4	495.0	490.5	482.2
39 Real estate	784.0	789.8	791.6	796.4	794.0	797.1	799.7	804.7	808.7	810.3	805.7
40 Individual	381.2	380.8	380.5	384.7	378.6	376.4	371.5	372.0	370.7	369.5	368.1
41 All other	205.7	209.5	207.4	207.9	200.2	205.1	197.7	198.4	198.8	203.6	202.6
42 Total cash assets	187.0	189.3	187.7	188.3	166.6	172.7	177.0	171.6	193.6	184.3	189.4
43 Reserves with Federal Reserve Banks	32.1	28.5	31.5	23.0	15.3	17.0	24.0	21.9	25.8	28.3	23.9
44 Cash in vault	29.2	29.4	32.8	32.0	30.3	29.8	28.9	29.1	31.1	29.8	29.7
45 Cash items in process of collection	79.0	83.6	76.4	83.9	72.9	78.2	74.9	72.6	85.5	76.2	86.1
46 Demand balances at U.S. depository institutions	25.1	26.6	26.2	27.6	26.2	25.8	25.8	24.8	28.8	26.5	26.8
47 Other cash assets	21.5	21.2	20.9	21.8	22.0	21.9	23.4	23.2	22.4	23.6	23.1
48 Other assets	152.3	153.6	155.0	167.8	166.9	171.3	167.9	161.9	162.3	164.3	168.8
49 Total assets/liabilities and capital	2,959.7	3,001.3	2,987.8	3,010.3	2,961.4	2,986.3	2,980.4	2,962.4	2,993.7	2,989.4	3,006.0
50 Deposits	2,220.1	2,253.8	2,243.3	2,283.5	2,236.2	2,255.2	2,266.2	2,258.8	2,280.8	2,271.3	2,308.6
51 Transaction deposits	584.4	601.5	587.7	626.1	577.4	583.8	592.2	591.4	607.5	600.9	629.3
52 Savings deposits	560.4	567.4	569.8	570.0	570.6	580.2	590.6	591.9	602.5	607.1	616.2
53 Time deposits	1,075.3	1,085.0	1,085.8	1,087.4	1,088.1	1,091.2	1,083.4	1,075.6	1,070.8	1,063.4	1,063.1
54 Borrowings	395.8	400.4	394.1	375.6	380.1	371.8	354.9	346.5	355.1	364.4	349.3
55 Other liabilities	124.1	127.5	131.5	131.4	124.2	136.8	136.0	132.6	131.9	128.4	121.6
56 Residual (assets less liabilities)	219.7	219.6	219.0	219.8	220.9	222.6	223.4	224.5	226.0	225.3	226.4
MEMO											
57 Real estate loans, revolving	58.6	60.6	61.1	61.7	62.9	63.3	63.6	64.4	65.7	66.6	66.9
58 Real estate loans, other	725.4	729.2	730.5	734.7	731.1	733.8	736.1	740.3	743.0	743.7	738.8

1. Back data are available from the Banking and Monetary Statistics Section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551. These data also appear in the Board's weekly H.8 (510) release.

Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Loan and securities data for domestically chartered commercial banks are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition report data. Data for other banking institutions are estimates made for

the last Wednesday of the month based on a weekly reporting sample of foreign-related institutions and quarter-end condition reports.

2. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1991								
	June 5	June 12	June 19	June 26	July 3	July 10	July 17	July 24	July 31
ASSETS									
1 Cash and balances due from depository institutions	103,089 ^r	100,957 ^r	101,044 ^r	108,033 ^r	107,679	101,406	98,010	94,809	107,937
2 U.S. Treasury and government securities	197,336 ^r	196,610	195,695	195,190	196,499	195,480	197,694	197,156	202,501
3 Trading account	16,006	15,967	16,225	15,120	16,249	15,573	16,642	14,917	17,741
4 Investment account	181,331 ^r	180,643	179,470	180,071	180,250	179,907	181,052	182,239	184,761
5 Mortgage-backed securities	81,597 ^r	79,752 ^r	78,402	78,155 ^r	78,799	78,427	77,192	77,191	77,844
6 All other maturing in									
7 One year or less	20,496	20,820	20,548	21,141 ^r	22,071	22,207	22,377	22,685	22,564
8 Over one through five years	45,385	44,974	45,457	45,648 ^r	43,178	42,940	44,794	45,597	45,127
9 Over five years	33,853 ^r	35,096 ^r	35,063	35,127	36,202	36,333	36,688	36,766	39,225
10 Other securities	57,984	57,946	58,098	58,091	57,354	57,124	56,917	56,710	57,223
11 Trading account	1,825	1,939	2,065	2,287	1,903	1,845	1,836	1,714	1,746
12 Investment account	56,159	56,008	56,033	55,805	55,451	55,279	55,081	54,996	55,477
13 State and political subdivisions, by maturity	26,921	26,883	26,880	26,738	25,913	25,839	25,737	25,674	25,591
14 One year or less	3,658	3,654	3,677	3,589	3,153	3,133	3,088	3,098	3,112
15 Over one year	23,263	23,229	23,204	23,149	22,760	22,706	22,649	22,576	22,479
16 Other bonds, corporate stocks, and securities	29,238	29,125	29,152	29,067	29,538	29,440	29,344	29,322	29,886
17 Other trading account assets	9,988	10,020	10,145	10,041	10,051	10,495	10,332	10,737	10,534
18 Federal funds sold ²	76,258	75,106	77,433	76,235	82,121	79,970	76,223	73,885	83,106
19 To commercial banks in the U.S.	54,193	52,232	53,995	51,704	56,524	54,953	52,250	49,677	57,625
20 To nonbank brokers and dealers	19,212	20,063	20,043	21,142	21,256	21,196	19,793	19,632	21,774
21 To others ³	2,853	2,811	3,395	3,390	4,341	3,822	4,180	4,576	3,707
22 Other loans and leases, gross	1,040,390 ^r	1,035,825 ^r	1,037,268 ^r	1,034,724 ^r	1,030,888	1,025,629	1,019,170	1,016,182	1,019,554
23 Commercial and industrial	311,936 ^r	309,443 ^r	310,027 ^r	308,232 ^r	308,939	306,236	304,100	302,507	303,611
24 Bankers' acceptances and commercial paper	1,723	1,691	1,749	1,578	1,579	1,620	1,634	1,766	1,884
25 All other	310,213 ^r	307,752 ^r	308,278 ^r	306,655 ^r	307,360	304,617	302,466	300,740	301,727
26 U.S. addressees	308,753 ^r	306,396 ^r	306,759 ^r	305,171 ^r	305,917	303,199	301,061	299,333	300,103
27 Non-U.S. addressees	1,459	1,356	1,519	1,484	1,442	1,418	1,405	1,407	1,623
28 Real estate loans	404,759 ^r	405,395 ^r	405,518 ^r	404,024 ^r	403,732	403,628	400,235	399,787	398,368
29 Revolving, home equity	37,712 ^r	37,768 ^r	38,190 ^r	38,249 ^r	37,978	38,059	38,156	38,105	38,226
30 All other	367,047 ^r	367,627 ^r	367,328 ^r	365,775 ^r	365,754	365,570	362,080	361,682	360,141
31 To individuals for personal expenditures	188,907 ^r	187,862 ^r	188,283 ^r	187,588 ^r	185,070	184,171	184,314	184,685	185,046
32 To depository and financial institutions	46,370 ^r	44,883 ^r	45,448 ^r	44,479 ^r	45,042	44,014	44,117	43,808	44,756
33 Commercial banks in the United States	21,030	19,779	20,658	19,814	19,536	18,702	19,315	20,340	20,110
34 Banks in foreign countries	2,215	2,077	2,001	1,980	2,367	2,352	2,577	1,798	2,109
35 Nonbank depository and other financial institutions	23,125 ^r	23,027 ^r	22,789 ^r	22,685 ^r	23,139	22,960	22,225	21,670	22,538
36 For purchasing and carrying securities	11,811	11,527	11,795	13,942 ^r	11,829	12,125	11,586	11,462	13,823
37 To finance agricultural production	6,198	6,216	6,208	6,215	6,290	6,292	6,324	6,261	6,280
38 To states and political subdivisions	19,346	19,332	19,273	19,199	18,996	18,944	18,911	18,829	18,848
39 To foreign governments and official institutions	1,152	1,134	1,134	1,205	1,260	1,097	1,107	1,063	988
40 All other loans ⁴	22,898 ^r	23,100 ^r	22,675 ^r	22,986 ^r	22,745	22,240	22,714	22,060	22,095
41 Lease financing receivables	27,014 ^r	26,933 ^r	26,908 ^r	26,853 ^r	26,985	26,881	25,762	25,720	25,738
42 LESS: Unearned income	3,965 ^r	3,962 ^r	3,961 ^r	3,948 ^r	3,861	3,869	3,877	3,864	3,820
43 Loan and lease reserve ⁵	37,546	37,629	37,544	37,136	36,315	36,647	36,689	36,767	36,973
44 Other loans and leases, net	998,879 ^r	994,234 ^r	995,763 ^r	993,640 ^r	990,712	985,113	978,605	975,551	978,761
45 Total assets	1,597,468 ^r	1,588,976 ^r	1,590,248 ^r	1,595,823 ^r	1,603,175	1,583,450	1,567,712	1,559,582	1,595,234

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1991								
	June 5	June 12	June 19	June 26	July 3	July 10	July 17	July 24	July 31
LIABILITIES									
46 Deposits	1,115,568 ¹	1,111,353 ¹	1,100,842 ¹	1,095,097 ¹	1,125,756	1,106,839	1,103,821	1,092,545	1,115,490
47 Demand deposits	225,274 ²	223,198 ²	220,575 ²	219,504 ²	238,785	221,191	221,313	211,602	233,796
48 Individuals, partnerships, and corporations	183,706 ³	181,519 ³	176,977 ³	175,594 ³	191,008	179,586	180,222	171,689	186,072
49 Other holders	41,568	41,680	43,597 ⁴	43,910	47,776	41,605	41,091	39,913	47,724
50 States and political subdivisions	6,372	6,284	7,378	7,132	6,929	6,123	7,017	6,626	7,368
51 U.S. government	1,795	1,975	3,514	1,655	2,362	1,614	1,337	1,712	3,195
52 Depository institutions in the United States	19,826	19,408	19,211 ⁵	19,573	22,583	19,540	19,081	18,021	21,474
53 Banks in foreign countries	4,498	4,535	4,473 ⁶	4,673	5,504	5,194	4,870	4,720	5,097
54 Foreign governments and official institutions	582	661	509	672	537	517	604	811	591
55 Certified and officers' checks	8,495	8,816	8,512	10,204	9,862	8,617	8,181	8,023	9,999
56 Transaction balances other than demand deposits ⁴	91,894	90,102	88,694 ⁶	87,272	92,746	90,643	89,784	88,428	90,438
57 Nontransaction balances	798,400 ⁷	798,053 ⁷	791,572 ⁷	788,321 ⁷	794,226	795,005	792,724	792,515	791,256
58 Individuals, partnerships, and corporations	760,878 ⁸	760,905 ⁸	755,061 ⁸	751,917 ⁸	758,994	759,808	757,516	757,134	755,860
59 Other holders	37,523 ⁹	37,148 ⁹	36,512 ⁹	36,404	35,232	35,197	35,209	35,382	35,396
60 States and political subdivisions	31,535 ⁹	31,256 ⁹	30,626 ⁹	30,626	28,870	28,766	28,845	29,028	29,043
61 U.S. government	1,138	1,153	1,167	1,160	1,177	1,188	1,191	1,194	1,112
62 Depository institutions in the United States	4,298 ⁹	4,191 ⁹	4,207	4,101	4,752	4,809	4,745	4,724	4,808
63 Foreign governments, official institutions, and banks	551 ⁹	547 ⁹	511	518	432	435	429	435	433
64 Liabilities for borrowed money ⁵	265,370 ⁹	262,462 ⁹	275,203 ⁹	283,769 ⁹	265,217	264,676	255,245	256,622	268,461
65 Borrowings from Federal Reserve Banks	0	286	0	0	0	0	0	35	125
66 Treasury tax and loan notes	3,778 ⁹	5,012 ⁹	27,319 ⁹	27,654	12,330	10,736	10,331	14,125	25,758
67 Other liabilities for borrowed money ⁶	261,593 ⁹	257,165 ⁹	247,883 ⁹	256,115 ⁹	252,888	253,940	244,914	242,463	242,578
68 Other liabilities (including subordinated notes and debentures)	101,862 ⁹	100,021	99,861	102,807 ⁹	98,022	97,693	94,888	96,311	97,222
69 Total liabilities	1,482,800 ⁹	1,473,837 ⁹	1,475,905 ⁹	1,481,673 ⁹	1,488,996	1,469,208	1,453,954	1,445,478	1,481,173
70 Residual (Total assets minus total liabilities) ⁷	114,667	115,140	114,343	114,150	114,179	114,242	113,758	114,104	114,061
MEMO									
71 Total loans and leases, gross, adjusted, plus securities ⁸	1,306,734 ⁹	1,303,497 ⁹	1,303,986 ⁹	1,302,764 ⁹	1,300,854	1,295,043	1,288,772	1,284,654	1,295,183
72 Time deposits in amounts of \$100,000 or more	196,031 ⁹	195,355 ⁹	192,654 ⁹	190,646 ⁹	189,858	189,247	189,230	188,918	187,902
73 Loans sold outright to affiliates, total ⁹	1,021	1,032	1,042	1,284	1,263	1,262	1,259	1,255	1,282
74 Commercial and industrial	540	538	546	644	668	641	645	643	658
75 Other	482	494	496	641	595	621	613	612	624
76 Foreign branch credit extended to U.S. residents ¹⁰	24,049	23,867	23,471	23,527	23,469	23,129	23,172	23,253	23,246
77 Net due to related institutions abroad	-2,682	-3,697	-2,805 ⁹	-2,529 ⁹	-9,381	-5,645	-7,327	-5,139	-6,144

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 NOW, ATS, and telephone and pre-authorized transfer 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 on table 1.28 Asset and Liabilities of Large Weekly Reporting Commercial Banks in New York City may be obtained from the Board's H.4.2 (504) statistical release. For address see inside front cover.

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1991								
	June 5	June 12	June 19	June 26	July 3	July 10	July 17	July 24	July 31
1 Cash and balances due from depository institutions	14,497	15,074	14,974	15,039	15,743	14,800	14,429	15,134	14,878
2 U.S. Treasury and government agency securities	14,210 ¹	14,570	14,310	14,477	14,144	14,360	14,372	14,674	14,327
3 Other securities	7,207	7,195	7,262	7,259	7,334	7,347	7,259	7,257	7,304
4 Federal funds sold ¹	8,845	10,883	9,233	12,864	7,125	10,118	7,241	9,098	10,079
5 To commercial banks in the United States	2,317	4,032	2,139	4,798	3,375	4,556	2,873	3,927	4,797
6 To others ²	6,528	6,851	7,095	8,066	3,750	5,562	4,368	5,171	5,282
7 Other loans and leases, gross	136,422	136,625	135,498	137,161	137,297	137,328	137,515	138,145	138,835
8 Commercial and industrial	81,945	82,172	82,567	83,155	83,672	83,318	83,851	84,246	84,127
9 Bankers acceptances and commercial paper	2,032	1,976	1,981	2,021	2,026	1,833	1,719	1,711	1,741
10 All other	79,913	80,197	80,586	81,134	81,646	81,485	82,132	82,535	82,386
11 U.S. addressees	77,591	77,897	78,238	78,919	79,495	79,375	79,966	80,435	80,245
12 Non-U.S. addressees	2,321	2,300	2,348	2,215	2,150	2,111	2,165	2,100	2,141
13 Loans secured by real estate	31,569	31,679	31,843	31,931	32,036	32,193	32,365	32,281	32,191
14 To financial institutions	17,513	17,566	16,501	17,110	16,522	16,227	16,246	16,769	17,206
15 Commercial banks in the United States	8,692	8,498	8,262	8,415	7,719	7,960	7,864	7,848	8,284
16 Banks in foreign countries	1,558	1,897	1,549	1,692	1,813	1,516	1,669	1,830	1,742
17 Nonbank financial institutions	7,263	7,172	6,690	7,002	6,990	6,751	6,713	7,091	7,180
18 For purchasing and carrying securities	2,578	2,412	2,504	2,830	2,936	3,396	2,931	2,644	3,213
19 To foreign governments and official institutions	253	263	261	278	299	306	296	299	325
20 All other	2,565	2,533	1,821	1,857	1,832	1,888	1,828	1,907	1,773
21 Other assets (claims on nonrelated parties)	28,909	29,075	29,019	28,320	27,776	27,703	28,057	28,599	28,901
22 Total assets ³	249,805	250,498	248,326	249,110	245,963	248,590	244,830	248,149	255,362
23 Deposits or credit balances due to other than directly related institutions	87,621 ¹	87,819 ¹	87,404 ¹	88,378 ¹	87,001	87,315	88,746	90,834	91,904
24 Demand deposits ⁴	3,757	3,611	3,872	4,340	4,125	3,662	3,875	3,956	4,001
25 Individuals, partnerships, and corporations	2,400	2,248	2,440	2,480	2,339	2,294	2,399	2,370	2,379
26 Other	1,356	1,362	1,432	1,860	1,786	1,367	1,476	1,586	1,622
27 Nontransaction accounts	83,864 ¹	84,208 ¹	83,532 ¹	84,038 ¹	82,876	83,653	84,871	86,878	87,903
28 Individuals, partnerships, and corporations	62,210 ¹	63,231 ¹	63,069 ¹	63,676 ¹	62,673	62,791	63,773	64,863	65,067
29 Other	21,654 ¹	20,978 ¹	20,463 ¹	20,363	20,203	20,862	21,098	22,014	22,836
30 Borrowings from other than directly related institutions	93,150 ¹	88,740 ¹	93,649 ¹	89,810 ¹	92,404	93,697	88,552	86,834	93,268
31 Federal funds purchased ⁵	49,419	41,893	49,595	44,331	45,399	47,251	44,405	40,755	47,707
32 From commercial banks in the United States	21,703 ¹	17,610 ¹	19,740 ¹	19,689 ¹	21,067	20,712	19,246	15,961	21,485
33 From others	27,715 ¹	24,283 ¹	29,856 ¹	24,642 ¹	24,332	26,539	25,159	24,794	26,222
34 Other liabilities for borrowed money	43,731 ¹	46,848 ¹	44,054 ¹	45,479 ¹	47,005	46,446	44,147	46,078	45,561
35 To commercial banks in the United States	15,977 ¹	16,002 ¹	15,026 ¹	14,940 ¹	14,562	14,484	14,594	14,017	14,824
36 To others	27,754 ¹	30,846 ¹	29,028 ¹	30,539 ¹	32,444	31,962	29,553	32,062	30,737
37 Other liabilities to nonrelated parties	28,529	28,105	27,928	27,874	26,209	26,042	26,124	26,519	27,023
38 Total liabilities ⁶	249,805	250,498	248,326	249,110	245,963	248,590	244,830	248,149	255,362
MEMO									
39 Total loans (gross) and securities adjusted ⁷	155,676	156,743	155,903	158,547	154,805	156,637	155,650	157,399	157,464
40 Net due to related institutions abroad	792	8,757	1,314	9,058	3,804	4,602	5,452	8,721	2,129

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 due 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 U.S.

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	1988	1989	1990	1991				1991, week ending					
				Apr.	May	June	July	June 28	July 5	July 12	July 19	July 26	
MONEY MARKET INSTRUMENTS													
1 Federal funds ^{1,2,3}	7.57	9.21	8.10	5.91	5.78	5.90	5.82	5.79	6.34	5.79	5.85	5.75	
2 Discount window borrowing ⁴	6.20	6.93	6.98	5.98	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	
Commercial paper ^{3,5,6}													
3 1-month	7.58	9.11	8.15	6.08	5.91	6.06	5.98	6.08	6.06	6.02	5.96	5.93	
4 3-month	7.66	8.99	8.06	6.07	5.92	6.11	6.05	6.12	6.13	6.13	6.04	5.98	
5 6-month	7.68	8.80	7.95	6.07	5.94	6.16	6.14	6.18	6.17	6.18	6.15	6.09	
Finance paper, directly placed ^{3,5,7}													
6 1-month	7.44	8.99	8.00	5.95	5.76	5.93	5.86	5.94	5.91	5.89	5.84	5.83	
7 3-month	7.38	8.72	7.87	5.94	5.81	5.96	5.89	5.95	5.93	5.93	5.88	5.87	
8 6-month	7.14	8.16	7.53	5.91	5.72	5.75	5.81	5.84	5.85	5.84	5.79	5.82	
Bankers acceptances ^{3,5,8}													
9 3-month	7.56	8.87	7.93	5.92	5.75	5.94	5.89	5.94	5.93	5.92	5.90	5.83	
10 6-month	7.60	8.67	7.80	5.92	5.77	6.00	5.97	6.01	6.04	6.01	5.96	5.91	
Certificates of deposit, secondary market ⁹													
11 1-month	7.59	9.11	8.15	6.03	5.86	6.00	5.92	5.99	5.95	5.95	5.91	5.89	
12 3-month	7.73	9.09	8.15	6.06	5.91	6.07	5.98	6.05	6.04	6.02	5.97	5.94	
13 6-month	7.91	9.08	8.17	6.16	6.03	6.26	6.25	6.30	6.32	6.31	6.24	6.21	
14 Eurodollar deposits, 3-month ^{3,10}	7.85	9.16	8.16	6.11	5.94	6.08	6.01	6.05	6.08	6.06	6.03	6.00	
U.S. Treasury bills													
Secondary market ^{11,5}													
15 3-month	6.67	8.11	7.50	5.65	5.46	5.57	5.58	5.56	5.58	5.57	5.59	5.58	
16 6-month	6.91	8.03	7.46	5.71	5.61	5.75	5.70	5.74	5.71	5.68	5.73	5.72	
17 1-year	7.13	7.92	7.35	5.85	5.76	5.96	5.91	5.96	6.00	5.90	5.92	5.90	
Auction average ^{13,11}													
18 3-month	6.68	8.12	7.51	5.67	5.51	5.60	5.58	5.58	5.59	5.58	5.56	5.60	
19 6-month	6.92	8.04	7.47	5.73	5.65	5.76	5.71	5.76	5.71	5.71	5.70	5.72	
20 1-year	7.17	7.91	7.36	5.88	5.71	5.73	6.00	n.a.	6.00	n.a.	n.a.	n.a.	
U.S. TREASURY NOTES AND BONDS													
Constant maturities ¹²													
21 1-year	7.65	8.53	7.89	6.24	6.13	6.36	6.31	6.36	6.40	6.30	6.32	6.29	
22 2-year	8.10	8.57	8.16	6.95	6.78	6.96	6.92	6.98	7.00	6.95	6.90	6.89	
23 3-year	8.26	8.55	8.26	7.23	7.12	7.39	7.38	7.42	7.42	7.44	7.38	7.35	
24 5-year	8.47	8.50	8.37	7.70	7.70	7.94	7.91	7.96	7.95	7.97	7.92	7.87	
25 7-year	8.71	8.52	8.52	7.92	7.94	8.17	8.15	8.20	8.18	8.21	8.15	8.11	
26 10-year	8.85	8.49	8.55	8.04	8.07	8.28	8.27	8.31	8.28	8.32	8.28	8.25	
27 30-year	8.96	8.45	8.61	8.21	8.27	8.47	8.45	8.49	8.45	8.50	8.47	8.43	
28 Composite ¹³	8.98	8.58	8.74	8.29	8.33	8.54	8.50	8.56	8.51	8.55	8.52	8.47	
STATE AND LOCAL NOTES AND BONDS													
Moody's series ¹⁴													
29 Aaa	7.36	7.00	6.96	6.70	6.70	6.83	6.82	6.85	6.85	6.89	6.80	6.73	
30 Baa	7.83	7.40	7.29	7.18	7.10	7.21	7.18	7.23	7.23	7.25	7.16	7.09	
31 Bond Buyer series ¹⁵	7.68	7.23	7.27	7.02	6.95	7.13	7.05	7.13	7.10	7.07	7.04	7.00	
CORPORATE BONDS													
32 Seasoned issues, all industries ¹⁶	10.18	9.66	9.77	9.33	9.32	9.45	9.42	9.46	9.44	9.46	9.42	9.39	
Rating group													
33 Aaa	9.71	9.26	9.32	8.86	8.86	9.01	9.00	9.04	9.04	9.04	8.99	8.97	
34 Aa	9.94	9.46	9.56	9.12	9.15	9.28	9.25	9.29	9.27	9.28	9.27	9.23	
35 A	10.24	9.74	9.82	9.39	9.41	9.55	9.51	9.55	9.53	9.55	9.52	9.50	
36 Baa	10.83	10.18	10.36	9.94	9.86	9.96	9.89	9.95	9.91	9.96	9.92	9.84	
37 A-rated, recently offered utility bonds ¹⁷	10.20	9.79	10.01	9.46	9.45	9.53	9.55	9.51	9.58	9.53	9.61	9.53	
MEMO: Dividend-price ratio ¹⁸													
38 Preferred stocks	9.23	9.05	8.96	8.43	8.21	8.26	8.21	8.24	8.22	8.14	8.25	8.27	
39 Common stocks	3.64	3.45	3.61	3.19	3.23	3.23	3.20	3.28	3.26	3.24	3.18	3.21	

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

2. Weekly figures are averages of 7 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. Unweighted average of rates on all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.

14. General obligation based on Thursday figures; Moody's Investors Service.

15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.

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

17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.

18. 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 address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1988	1989	1990	1990		1991						
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 New York Stock Exchange (Dec. 31, 1965 = 50) 2 Industrial 3 Transportation 4 Utility 5 Finance 6 Standard & Poor's Corporation (1941-43 = 10) ¹ 7 American Stock Exchange (Aug. 31, 1973 = 50) ² <i>Volume of trading (thousands of shares)</i> 8 New York Stock Exchange 9 American Stock Exchange 10 Margin credit at broker-dealers ³ <i>Free credit balances at brokers⁴</i> 11 Margin-account ⁵ 12 Cash-account 13 Margin stocks 14 Convertible bonds 15 Short sales	Prices and trading (averages of daily figures)											
	149.96	180.13	183.58	172.21	179.57	177.95	197.75	203.56	207.71	207.07	207.32	208.29
	180.83	228.04	225.89	212.81	221.86	220.69	246.74	255.36	260.16	260.13	261.16	262.69
	134.07	174.90	158.88	132.96	141.31	145.89	166.06	166.26	166.90	170.77	177.05	177.27
	72.22	94.33	90.71	89.69	91.56	88.59	92.08	92.29	92.92	90.73	89.01	90.08
	127.41	162.01	133.36	113.76	122.18	121.39	141.03	145.41	152.64	151.32	152.30	151.69
	265.86	323.05	334.83	315.29	328.75	325.49	362.26	372.28	379.68	378.27	378.29	380.23
	295.06	356.67	338.58	294.88	305.54	304.08	338.11	353.98	365.02	362.67	366.06	364.33
	161,509	165,568	156,777	149,916	155,836	166,323	226,635	196,343	182,510	170,337	162,154	162,065
	9,955	13,124	13,155	10,368	11,620	10,870	16,649	15,326	13,140	10,995	11,477	10,883
	Customer financing (millions of dollars, end-of-period balances)											
	32,740	34,320	28,210	27,820	28,210	27,390	28,860	29,660	30,020	29,980	31,280	30,600
	5,660	7,040	8,050	7,300	8,050	7,435	7,190	7,320	6,975	7,200	6,690	6,545
	16,595	18,505	19,285	17,025	19,285	18,825	19,435	19,555	17,830	16,650	18,110	16,945
	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		
	70	80		65		55		65		50		
50	60		50		50		50		50			
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. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.

3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through 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 in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

5. New series beginning June 1984.

6. These regulations, adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateral-

ized 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 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 Liabilities

Millions of dollars, end of period

Account	1988	1989	1990					1991				
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
SAIF-insured institutions												
1 Assets	1,350,500	1,249,055	1,156,789	1,125,653	1,116,354 ^r	1,109,055 ^r	1,084,821 ^r	1,066,015 ^r	1,054,800 ^r	1,042,161 ^r	1,027,608 ^r	1,020,745
2 Mortgages	764,513	733,729	684,936	665,655	662,309	653,508 ^r	633,385 ^r	624,691 ^r	619,622 ^r	610,644 ^r	608,864 ^r	605,896
3 Mortgage-backed securities	214,587	170,532	156,398	154,197	153,469	155,616	155,228 ^r	151,414 ^r	149,329 ^r	147,539 ^r	143,976 ^r	141,590
4 Contra-assets to mortgage assets ¹	37,950	25,457	19,453	18,550	17,139	17,076 ^r	16,897 ^r	15,185 ^r	14,673 ^r	14,494 ^r	14,312 ^r	14,359
5 Commercial loans	33,889	32,150	27,868	26,762	26,051 ^r	25,261 ^r	24,125 ^r	23,668	23,207 ^r	22,306 ^r	21,913 ^r	21,736
6 Consumer loans	61,922	58,685	53,387	51,874	50,746	50,177	48,753 ^r	48,131 ^r	47,731 ^r	47,634 ^r	46,702 ^r	45,826
7 Contra-assets to non-mortgage loans ²	3,056	3,592	2,034	1,982	1,769	1,692	1,936	1,701 ^r	1,854 ^r	1,819 ^r	1,739 ^r	1,737
8 Cash and investment securities	186,986	166,053	153,061	148,058	145,286	145,998	146,644 ^r	140,523 ^r	138,885 ^r	138,993 ^r	132,876 ^r	134,021
9 Other	129,610	116,955	102,627	99,640	97,579 ^r	97,262 ^r	95,522 ^r	94,474 ^r	92,553 ^r	91,358 ^r	89,328 ^r	87,773
10 Liabilities and net worth	1,350,500	1,249,055	1,156,789	1,125,653	1,116,354 ^r	1,109,055 ^r	1,084,821 ^r	1,066,015 ^r	1,054,800 ^r	1,042,161 ^r	1,027,608 ^r	1,020,745
11 Savings capital	971,700	945,656	878,736	857,688	851,810	846,822	835,496	823,514 ^r	816,493 ^r	816,993 ^r	806,272 ^r	801,685
12 Borrowed money	299,400	252,230	221,872	213,563	208,105	203,855	197,353	188,914 ^r	183,672	169,422 ^r	164,274 ^r	159,636
13 FHLBB	134,168	124,577	105,882	101,731	100,574	100,493	100,391	95,819 ^r	94,658	90,555	86,779	82,312
14 Other	165,232	127,653	115,990	111,832	107,531	103,362	96,962	93,095	89,014	78,867 ^r	77,495 ^r	77,324
15 Other	24,216	27,556	28,293	23,874	25,654 ^r	26,152 ^r	21,332 ^r	22,167 ^r	23,328 ^r	20,323 ^r	21,726 ^r	23,640
16 Net worth	n.a.	23,612	27,889	30,526	30,793 ^r	32,225 ^r	30,640 ^r	31,419 ^r	31,308 ^r	35,423 ^r	35,336 ^r	35,783
SAIF-insured federal savings banks												
17 Assets	425,966	498,522	584,632	591,136	588,880	585,847	576,531	567,373	556,708	552,520	549,319	552,240
18 Mortgages	230,734	283,844	328,895	332,927	332,431	328,122	320,233	316,889	313,880	309,618	311,932	312,230
19 Mortgage-backed securities	64,957	70,499	80,994	82,418	82,219	84,190	81,205	79,451	78,290	77,684	75,147	75,075
20 Contra-assets to mortgage assets ¹	13,140	13,548	9,339	9,964	9,578	9,305	9,591	8,222	7,777	7,975	7,638	7,932
21 Commercial loans	16,731	18,143	18,662	18,767	18,458	18,197	17,674	17,299	17,008	16,556	16,215	16,340
22 Consumer loans	24,222	28,212	31,183	30,750	30,682	30,421	29,933	31,179	29,292	30,586	30,433	30,283
23 Contra-assets to non-mortgage loans ²	889	1,193	813	980	572	809	990	770	895	966	951	1,031
24 Finance leases plus interest	880	1,101	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 Cash and investment	61,029	64,538	73,756	73,602	75,117	72,454	75,940	71,066	67,721	68,157	65,786	68,847
26 Other	35,412	39,981	44,129	46,043	45,287	45,319	45,008	44,768	44,210	43,714	43,292	43,377
27 Liabilities and net worth	425,966	498,522	584,632	591,136	588,880	585,847	576,531	567,373	556,708	552,520	549,319	552,240
28 Savings capital	298,197	360,547	424,260	434,705	436,080	436,903	434,297	428,822	422,745	425,720	422,955	424,158
29 Borrowed money	99,286	108,448	120,592	119,991	115,472	111,270	107,270	102,313	97,089	90,692	89,310	90,089
30 FHLBB	46,265	57,032	62,209	61,605	60,256	60,265	59,949	57,703	56,078	53,134	51,736	50,726
31 Other	53,021	51,416	58,383	58,386	55,216	51,005	47,321	44,610	41,011	37,558	37,574	39,363
32 Other	8,075	9,041	10,128	8,253	9,063	9,824	8,193	8,356	8,721	7,700	8,211	9,098
33 Net worth	20,218	22,716	26,420	24,859	24,837	24,931	24,172	25,285	25,432	25,494	25,542	25,570

1.37—Continued

Account	1988	1989	1990					1991				
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Credit unions ⁴											
34 Total assets/liabilities and capital	174,593	183,688	196,625	197,272	↑	↑	198,206	↑	↑	↑	↑	↑
35 Federal	114,566	120,666	128,715	129,086			130,073					
36 State	60,027	63,022	67,910	68,186			68,133					
37 Loans outstanding	113,191	122,608	126,156	127,341	n.a.	n.a.	127,132	n.a.	n.a.	n.a.	n.a.	n.a.
38 Federal	73,766	80,272	82,040	82,823			83,029					
39 State	39,425	42,336	44,116	44,518			44,102					
40 Savings	159,010	167,371	178,081	177,532			179,974					
41 Federal (shares)	104,431	109,653	116,411	115,469			117,892					
42 State (shares and deposits)	54,579	57,718	61,670	62,063	↓	↓	62,082	↓	↓	↓	↓	↓
	Life insurance companies ⁵											
43 Assets	↑	1,299,756	↑	1,387,463	↑	↑	1,411,881	↑	↑	↑	↑	↑
Securities												
44 Government		178,141		202,962			208,782					
45 United States ⁶		153,361		175,156			180,200					
46 State and local		9,028		11,818			12,038					
47 Foreign		15,752		15,988			16,544					
48 Business	n.a.	663,677	n.a.	709,470	n.a.	n.a.	724,603	n.a.	n.a.	n.a.	n.a.	n.a.
49 Bonds		538,063		588,251			596,053					
50 Stocks		125,614		121,219			128,550					
51 Mortgages		254,215		266,063			267,922					
52 Real estate		39,908		44,544			44,718					
53 Policy loans		57,439		60,641			61,562					
54 Other assets	↓	106,376	↓	103,783	↓	↓	104,294	↓	↓			↓

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage loans, contracts, and pass-through securities include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances.

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 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.

4. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.

5. Data are no longer available on a monthly basis for life insurance companies.

6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.

7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings Association Insurance Fund (SAIF)-insured institutions:* Estimates by the Office of Thrift Supervision (OTS) for all institutions insured by the SAIF and based on the OTS Thrift Financial Report.

SAIF-insured federal savings banks: Estimates by the OTS for federal savings banks insured by the SAIF and based on the OTS Thrift Financial Report.

Credit unions: Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "Other assets."

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1988	Fiscal year 1989	Fiscal year 1990	Calendar year					
				1991					
				Feb.	Mar.	Apr.	May	June	July
<i>U.S. budget¹</i>									
1 Receipts, total	908,166	990,701	1,031,308	67,657	64,805	140,380	63,560	103,389	78,593
2 On-budget	666,675	727,035	749,654	45,594	39,011	108,746	41,958	76,322	56,327
3 Off-budget	241,491	263,666	281,654	22,063	25,794	31,634	21,602	27,067	22,266
4 Outlays, total	1,063,318	1,144,020	1,251,766	93,834	105,876	110,249	116,906	105,849	119,384
5 On-budget	860,627	933,107	1,026,701	72,667	83,340	90,362	95,903	90,901	99,532
6 Off-budget	202,691	210,911	225,065	21,167	22,536	19,887	21,003	14,948	19,852
7 Surplus or deficit (-), total	-155,151	-153,319	-220,458	-26,177	-41,071	30,131	-53,346	-2,460	-40,791
8 On-budget	-193,952	-206,072	-277,047	-27,073	-44,329	18,384	-53,945	-14,579	-43,205
9 Off-budget	38,800	52,753	56,590	896	3,258	11,747	599	12,119	2,414
<i>Source of financing (total)</i>									
10 Borrowing from the public	166,139	141,806	264,453	34,611	-9,913	-9,399	41,742	10,715	34,434
11 Operating cash (decrease, or increase (-))	-7,962	3,425	818	2,341	28,473	-16,214	20,362	-15,730	6,728
12 Other	-3,026	8,088	-44,813	-10,775	22,511	-4,518	-8,758	7,475	-371
MEMO									
13 Treasury operating balance (level, end of period)	44,398	40,973	40,155	60,474	32,001	48,215	27,853	43,538	36,855
14 Federal Reserve Banks	13,023	13,452	7,638	23,898	10,922	13,682	6,619	11,822	5,831
15 Tax and loan accounts	31,375	27,521	32,517	36,577	21,078	34,533	21,234	31,761	31,024

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. The Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds (Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget. The Postal Service B 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 special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and the *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS¹

Millions of dollars

Source or type	Fiscal year 1989	Fiscal year 1990	Calendar year						
			1989	1990		1991			
			H2	H1	H2	H1	May	June	July
RECEIPTS									
1 All sources	990,701	1,031,308	470,276	548,861	503,123	540,504	63,560	103,389	78,593
2 Individual income taxes, net	445,690	466,884	218,706	243,087	230,745	232,389	20,005	44,517	38,403
3 Withheld	361,386	390,480	193,296	190,219	207,469	193,440	36,958	27,449	37,119
4 Presidential Election Campaign Fund	32	32	3	30	3	31	6	6	0
5 Nonwithheld	154,839	149,189	33,303	117,675	31,728	109,405	3,067	18,681	2,971
6 Refunds	70,567	72,817	7,898	64,838	8,455	70,487	20,026	1,618	1,687
Corporation income taxes									
7 Gross receipts	117,015	110,017	52,269	58,830	54,044	58,903	2,931	17,472	3,039
8 Refunds	13,723	16,510	6,842	8,326	7,603	7,904	899	932	1,270
9 Social insurance taxes and contributions, net	359,416	380,047	162,574	210,476	178,468	214,303	34,546	34,758	30,360
10 Employment taxes and contributions ²	332,859	353,891	152,407	195,269	167,224	199,727	27,192	34,152	28,424
11 Self-employment taxes and contributions ³	18,504	21,795	1,947	19,017	2,638	22,150	1,604	3,136	0
12 Unemployment insurance	22,011	21,635	7,909	12,929	8,996	12,296	6,928	251	1,578
13 Other net receipts ⁴	4,546	4,522	2,260	2,278	2,249	2,279	426	355	358
14 Excise taxes	34,386	35,345	16,799	18,153	17,535	20,703	3,653	3,534	4,274
15 Customs deposits	16,334	16,707	8,667	8,096	8,568	7,488	1,244	1,215	1,464
16 Estate and gift taxes	8,745	11,500	4,451	6,442	5,333	5,631	835	708	1,065
17 Miscellaneous receipts ⁵	22,839	27,316	13,651	12,106	16,032	8,991	1,245	2,117	1,258
OUTLAYS									
18 All types	1,144,020	1,251,766	587,394	640,867	647,218	631,737	116,906	105,849	119,384
19 National defense	303,559	299,335	149,613	152,733	149,497	122,089	25,069	21,934	23,910
20 International affairs	9,574	13,760	5,971	6,770	8,943	7,592	1,862	725	860
21 General science, space, and technology	12,838	14,420	7,091	6,974	8,081	7,496	1,410	1,199	1,312
22 Energy	3,702	2,470	1,449	1,216	979	816	513	180	175
23 Natural resources and environment	16,182	17,009	9,183	7,343	9,933	8,324	1,557	1,518	1,566
24 Agriculture	16,948	11,998	4,132	7,450	6,878	7,684	1,638	597	664
25 Commerce and housing credit	29,091	67,495	22,295	38,672	37,491	17,992 ⁶	3,115	6,424 ⁷	15,199
26 Transportation	27,608	29,495	14,982	13,754	16,218	14,748	2,631	2,562	2,721
27 Community and regional development	5,361	8,466	4,879	3,987	3,939	3,552	698	503	542
28 Education, training, employment, and social services	36,694	37,479	18,663	19,537	18,988	21,234	3,404	3,175	2,967
29 Health	48,390	58,101	25,339	29,488	31,424	35,608	6,059	6,917	6,220
30 Social security and medicare	317,506	346,383	162,322	175,997	176,353	190,247 ⁶	32,621	33,907 ⁷	32,246
31 Income security	136,031	148,299	67,950	78,475	75,948	88,778	16,307	9,827	14,803
32 Veterans benefits and services	30,066	29,112	14,864	15,217	15,479	14,326	3,674	1,168	2,654
33 Administration of justice	9,422	10,076	4,909	4,868	5,265	6,187	1,219	930	1,072
34 General government	9,124	10,822	4,760	4,916	6,976	5,212	1,266	1,592	-64
35 Net interest ⁸	169,317	183,790	87,927	91,155	94,650	98,556	17,042	15,746	15,994
36 Undistributed offsetting receipts ⁹	-37,212	-36,615	-18,935	-17,688	-19,829	-18,702	-3,180	-3,051	-3,454

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. Net interest function includes interest received by trust funds.

7. Consists of rents and royalties on the outer continental shelf, 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 1990*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of period

Item	1989			1990			1991		
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 Federal debt outstanding	2,824.0	2,881.1	2,975.5	3,081.9	3,175.5	3,266.1	3,397.3	3,491.7	3,562.9
2 Public debt securities	2,799.9	2,857.4	2,953.0	3,052.0	3,143.8	3,233.3	3,364.8	3,465.2	3,538.0
3 Held by public	2,142.1	2,180.7	2,245.2	2,329.3	2,368.8	2,437.6	2,536.6	n.a.	n.a.
4 Held by agencies	657.8	676.7	707.8	722.7	775.0	795.8	828.3	n.a.	n.a.
5 Agency securities	24.0	23.7	22.5	29.9	31.7	32.8	32.5	n.a.	n.a.
6 Held by public	23.6	23.5	22.4	29.8	31.6	32.6	32.4	n.a.	n.a.
7 Held by agencies .....	.5	.1	.1	.2	.2	.2	.1	n.a.	n.a.
8 Debt subject to statutory limit	2,784.6	2,829.8	2,921.7	2,988.9	3,077.0	3,161.2	3,281.7	3,377.1	3,450.3
9 Public debt securities	2,784.3	2,829.5	2,921.4	2,988.6	3,076.6	3,160.9	3,281.3	3,376.7	3,449.8
10 Other debt ¹ .....	.2	.3	.3	.3	.4	.4	.4	.4	.4
11 MEMO: Statutory debt limit	2,800.0	2,870.0	3,122.7	3,122.7	3,122.7	3,195.0	4,145.0	4,145.0	4,145.0

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: *Treasury Bulletin* and *Monthly Statement of the Public Debt of the United States*.

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

Billions of dollars, end of period

Type and holder	1987	1988	1989	1990	1990		1991	
					Q3	Q4	Q1	Q2
1 Total gross public debt	2,431.7	2,684.4	2,953.0	3,364.8	3,233.3	3,364.8	3,465.2	3,538.0
By type								
2 Interest-bearing	2,428.9	2,663.1	2,931.8	3,362.0	3,210.9	3,362.0	3,441.4	3,516.1 ¹
3 Marketable	1,724.7	1,821.3	1,945.4	2,195.8	2,092.8	2,195.8	2,227.9	2,268.1
4 Bills	389.5	414.0	430.6	527.4	482.5	527.4	533.3	521.5 ²
5 Notes	1,037.9	1,083.6	1,151.5	1,265.2	1,218.1	1,265.2	1,280.4	1,320.3
6 Bonds	282.5	308.9	348.2	388.2	377.2	388.2	399.3	411.2
7 Nonmarketable ³	704.2	841.8	986.4	1,166.2	1,118.2	1,166.2	1,213.5	1,248.0
8 State and local government series	139.3	151.5	163.3	160.8	161.3	160.8	159.4	161.0
9 Foreign issues ⁴	4.0	6.6	6.8	43.5	36.0	43.5	42.8	42.1
10 Government	4.0	6.6	6.8	43.5	36.0	43.5	42.8	42.1
11 Public .....	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	99.2	107.6	115.7	124.1	122.2	124.1	127.7	131.3
13 Government account series ⁵	461.3	575.6	695.6	813.8	779.4	813.8	853.1	883.2
14 Non-interest-bearing debt	2.8	21.3	21.2	2.8	22.4	2.8	23.8	21.9
By holder ⁴								
15 U.S. Treasury and other federal agencies and trust funds	477.6	589.2	707.8	828.3	795.8	828.3	↑	↑
16 Federal Reserve Banks	222.6	238.4	228.4	259.8	232.5	259.8	↑	↑
17 Private investors	1,731.4	1,858.5	2,015.8	2,288.3	2,207.3	2,288.3	↑	↑
18 Commercial banks	201.5	193.8	174.8	n.a.	188.0	n.a.	n.a.	n.a.
19 Money market funds	14.6	11.8	14.9	n.a.	33.6	n.a.	n.a.	n.a.
20 Insurance companies	104.9	107.3	130.1	n.a.	138.9	n.a.	n.a.	n.a.
21 Other companies	84.6	87.1	98.8	n.a.	114.6	n.a.	n.a.	n.a.
22 State and local treasuries	284.6	313.6	338.7	n.a.	344.0	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	101.1	109.6	117.7	126.2	123.9	126.2	↑	↑
24 Other securities	71.3	79.2	98.8	n.a.	114.6	n.a.	↑	↑
25 Foreign and international ⁵	299.7	362.2	392.9	n.a.	404.9	n.a.	↑	↑
26 Other miscellaneous investors ⁶	569.1	593.4	672.5	n.a.	n.a.	n.a.	↑	↑

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 dollar 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. Treasury and other Federal agencies and trust funds are actual holdings; data for other groups are Treasury

estimates.

5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.

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

A30 Domestic Financial Statistics □ October 1991

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions¹

Millions of dollars, daily averages, par value

Item	1991			1991, week ending									
	Apr.	May	June	June 5	June 12	June 19	June 26	July 3	July 10	July 17	July 24	July 31	
IMMEDIATE TRANSACTIONS ²													
By type of security													
U.S. Treasury securities													
1 Bills	30,498	30,745	30,281	36,132	28,990	26,200	30,228	35,068	27,527	27,252	23,224	30,130	
Coupon securities													
2 Maturing in less than 3.5 years	37,426	43,429	32,941	38,248	32,478	28,826	32,234	38,197	30,539	32,948	32,346	32,414	
3 Maturing in 3.5 to 7.5 years	30,113	24,695	23,422	24,969	22,212	23,873	23,335	23,217	20,200	26,830	24,943	22,270	
4 Maturing in 7.5 to 15 years	11,243	14,556	10,805	13,252	11,636	10,114	9,310	10,523	7,112	8,949	7,971	10,746	
5 Maturing in 15 years or more	12,905	13,550	11,497	12,858	12,736	12,074	9,546	9,787	9,682	10,782	9,653	13,834	
Federal agency securities													
Debt													
6 Maturing in less than 3.5 years	4,231 ^f	4,284 ^f	4,028 ^f	4,518 ^f	3,629 ^f	3,702	3,963	5,269	4,485	3,944	4,347	4,842	
7 Maturing in 3.5 to 7.5 years	577 ^f	642 ^f	554 ^f	819 ^f	577 ^f	481	414	639	354	362	360	448	
8 Maturing in 7.5 years or more	667 ^f	712 ^f	662 ^f	1,099 ^f	641 ^f	519	621	519	693	583	844	425	
Mortgage-backed securities													
9 Pass-throughs	10,587 ^f	9,607	10,706	9,653	11,318	12,075	10,067	8,930	10,813	9,468	8,293	8,994	
10 All others ³	1,385 ^f	1,364 ^f	1,867 ^f	1,658 ^f	1,860 ^f	1,964	1,761	2,218	1,489	1,775	1,742	1,972	
By type of counterparty													
Primary dealers and brokers													
11 U.S. Treasury and Federal agency securities	74,699	76,948	67,404	77,184	66,456	62,760	65,514	71,442	57,979	65,997	61,049	65,320	
Federal agency													
12 Debt securities	1,620 ^f	1,621 ^f	1,365 ^f	1,733 ^f	1,204 ^f	1,305	1,283	1,576	1,416	1,324	1,516	1,517	
13 Mortgage-backed securities	5,742 ^f	5,011 ^f	6,053 ^f	5,377 ^f	5,842 ^f	7,468	5,678	4,992	5,989	5,085	4,517	4,372	
Customers													
14 U.S. Treasury and Federal agency securities	47,485 ^f	50,027	41,542	48,275	41,596	38,327	39,139	45,350	37,082	40,764	37,087	44,075	
Federal agency													
15 Debt securities	3,855 ^f	4,017 ^f	3,879 ^f	4,703 ^f	3,643 ^f	3,397	3,714	4,850	4,116	3,565	4,036	4,198	
16 Mortgage-backed securities	6,230 ^f	5,960 ^f	6,520 ^f	5,933 ^f	7,337 ^f	6,571	6,151	6,155	6,313	6,157	5,518	6,594	
FUTURE AND FORWARD TRANSACTIONS ⁴													
By type of deliverable security													
U.S. Treasury securities													
17 Bills	3,782	4,201	5,531	4,927	4,005	5,807	6,841	6,286	3,306	3,187	3,072	2,721	
Coupon securities													
18 Maturing in less than 3.5 years	1,065	1,292	1,285	1,340	1,218	1,323	1,218	1,442	967	1,015	768	760	
19 Maturing in 3.5 to 7.5 years	740	569	607	593	704	628	456	714	224	621	580	416	
20 Maturing in 7.5 to 15 years	810	938	1,346 ^f	1,680	1,497	1,582	828	1,172	554	721	675	990	
21 Maturing in 15 years or more	7,735	8,030	9,082 ^f	10,348	10,059	9,237	8,105	6,801	6,956	7,664	6,768	8,404	
Federal agency securities													
Debt													
22 Maturing in less than 3.5 years	56	57	68	96	116	24	31	106	7	227	80	4	
23 Maturing in 3.5 to 7.5 years	25	11	47	10	141	4	n.a.	91	4	5	8	104	
24 Maturing in 7.5 years or more	41	26	20	11	22	18	28	18	22	10	22	30	
Mortgage-backed securities													
25 Pass-throughs	9,316	9,536	9,604	9,456	11,342	8,628	8,942	9,575	10,999	12,779	10,403	8,656	
26 All others ³	1,472	1,684	1,697	1,768	2,143	1,051	1,839	1,737	1,658	1,752	1,900	1,252	
OPTION TRANSACTIONS ⁵													
By type of underlying securities													
U.S. Treasury securities													
27 Bills	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Coupon securities													
28 Maturing in less than 3.5 years	874	1,056	2,104	2,264	2,189	1,356	2,740	1,928	650	4,723	6,717	6,586	
29 Maturing in 3.5 to 7.5 years	196	138	243	157	293	254	146	458	176	174	47	222	
30 Maturing in 7.5 to 15 years	226	245	284	362	296	349	140	340	83	290	309	291	
31 Maturing in 15 years or more	2,249	2,205	2,048 ^f	1,569	2,615	1,936	1,881	2,048	1,672	1,544	2,302	2,412	
Federal agency securities													
Debt													
32 Maturing in less than 3.5 years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
33 Maturing in 3.5 to 7.5 years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
34 Maturing in 7.5 years or more	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Mortgage-backed securities													
35 Pass-throughs	333	202	275	249	443	310	158	103	237	412	146	432	
36 All others ³	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	

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 for transactions are based on the number of trading days in the period. Immediate, forward, and future transactions are reported at principal value, which does not include accrued interest; option 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 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 securities such as collateralized mortgage obligations (CMOs), real

estate mortgage investment conduits (REMICs); interest only (IOs), and principal only (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 days. Forward contracts for mortgage-backed 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, the term "n.a." refers to data that are not published because of insufficient activity.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Millions of dollars

Item	1991											
	Apr.	May	June	May 29	June 5	June 12	June 19	June 26	July 3	July 10	July 17	July 24
Positions ²												
NET IMMEDIATE ³												
By type of security												
U.S. Treasury securities												
1 Bills	8,014	2,907	10,964	6,153	9,438	10,685	12,008	9,231	14,569	15,197	16,019	18,545
Coupon securities												
2 Maturing in less than 3.5 years	3,892	-1,704	-1,976	-94	-166	-2,150	-3,657	-942	-2,802	-4,455	-6,513	-3,238
3 Maturing in 3.5 to 7.5 years	3,735	1,808	1,677	3,465	136	2,151	-477	3,083	4,083	7,356	7,192	9,515
4 Maturing in 7.5 to 15 years	-6,301	-4,408	-4,972	-4,006	-4,915	-4,941	-5,278	-4,560	-5,284	-5,347	-5,591	-5,841
5 Maturing in 15 years or more	-12,982	-13,156	-15,092	-13,102	-13,947	-14,841	-16,073	-15,128	-15,186	-15,698	-17,357	-18,307
Federal agency securities												
Debt												
6 Maturing in less than 3.5 years	3,547	4,960	6,230	4,597	6,490	5,598	6,158	6,835	6,077	6,274	5,863	5,286
7 Maturing in 3.5 to 7.5 years	2,466	2,484	2,192	2,340	2,263	2,196	2,304	2,054	2,142	2,057	1,810	1,621
8 Maturing in 7.5 years or more	5,324	4,836	4,636	4,777	4,481	4,486	4,682	4,723	4,862	4,717	4,618	4,734
Mortgage-backed securities												
9 Pass-throughs	24,655	26,165	24,425	19,464	22,231	26,345	27,745	23,575	19,485	23,848	31,463	28,856
10 All others ⁴	9,373	10,184	10,940	9,939	10,492	10,439	10,835	10,863	12,693	12,647	12,569	11,432
Other money market instruments												
11 Certificates of deposit	2,336	2,439	3,071	2,438	2,497	3,290	3,058	3,305	3,019	3,870	3,436	3,856
12 Commercial paper	6,315	5,982	5,008	6,529	5,856	5,042	4,474	5,129	4,613	4,471	5,145	5,534
13 Bankers' acceptances	1,509	1,515	1,400	1,570	1,245	1,477	1,510	1,375	1,312	1,339	1,035	1,315
FUTURE AND FORWARD ⁵												
By type of deliverable security												
U.S. Treasury securities												
14 Bills	-12,209	-18,953	-13,075	-21,409	-14,675	-11,880	-11,758	-12,801	-15,953	-16,984	-11,065	-8,782
Coupon securities												
15 Maturing in less than 3.5 years	-1,044	520	530	-144	326	686	544	466	598	1,173	1,303	2,059
16 Maturing in 3.5 to 7.5 years	-1,688	-1,254	1,000	-1,767	-815	842	1,566	1,827	1,107	1,028	2,010	1,833
17 Maturing in 7.5 to 15 years	-200	-433	703	-850	29	1,038	714	716	917	379	704	-341
18 Maturing in 15 years or more	-6,577	-4,116	-2,160	-3,039	-2,470	-730	-1,468	-3,083	-3,869	-2,734	-2,198	-4,744
Federal agency securities												
Debt												
19 Maturing in less than 3.5 years	42	187	312	160	-26	535	475	284	105	69	-97	52
20 Maturing in 3.5 to 7.5 years	158	11	-138	10	-11	-172	-189	-159	-112	-104	-30	-57
21 Maturing in 7.5 years or more	-20	-6	-54	5	22	-90	-133	-17	-11	-65	-13	1
Mortgage-backed securities												
22 Pass-throughs	-11,134	-13,711	-15,368	-8,907	-10,441	-18,140	-19,419	-15,565	-9,245	-14,066	-20,373	-17,132
23 All others ⁴	1,588	752	1,309	175	1,014	589	1,524	2,377	689	425	-348	-69
Other money market instruments												
24 Certificates of deposit	3,085	-18,609	-46,070	-35,842	-50,301	-53,650	-50,260	-37,646	-34,927	-28,104	-35,063	-41,109
25 Commercial paper	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 Bankers' acceptances	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financing ⁶												
Reverse repurchase agreements												
27 Overnight and continuing	184,273	190,522	182,725	178,150	186,023	189,701	188,649	175,447	168,763	188,649	181,852	172,000
28 Term	230,965	230,051	243,720	227,947	240,046	256,504	257,295	226,886	231,646	225,374	228,704	234,743
Repurchase agreements												
29 Overnight and continuing	280,196	274,319	279,426	276,970	289,136	293,647	295,542	270,154	230,426	292,787	296,801	287,693
30 Term	201,866	213,240	221,285	210,103	211,261	223,345	224,131	211,854	241,730	194,144	199,269	206,740
Securities borrowed												
31 Overnight and continuing	51,440	60,038	64,626	66,058	64,116	64,762	66,124	64,064	63,390	64,309	64,193	63,933
32 Term	20,621	19,025	23,069	18,743	19,738	22,126	22,543	26,064	24,564	23,917	23,078	22,534
Securities loaned												
33 Overnight and continuing	6,538	7,062	7,096	6,723	7,133	6,889	7,202	7,525	6,478	7,038	7,807	7,619
34 Term	874	724	1,297	652	821	n.a.	949	2,926	881	828	1,464	873
Collateralized loans												
35 Overnight and continuing	4,122	4,503	5,962	5,005	5,825	5,740	5,546	6,324	6,614	6,871	6,262	6,344
36 Term	1,967	2,023	2,195	2,008	2,237	2,100	2,146	2,232	2,329	2,005	1,681	2,039
MEMO: Matched book ⁷												
Reverse repurchases												
37 Overnight and continuing	116,928	122,990	113,023	116,666	117,661	114,743	116,202	107,558	108,214	121,684	118,766	114,146
38 Term	192,791	189,072	203,627	190,907	202,181	214,468	213,218	191,150	191,511	191,736	187,696	190,618
Repurchases												
39 Overnight and continuing	154,692	152,094	154,997	154,322	160,535	161,221	160,764	148,692	138,122	163,393	165,528	153,894
40 Term	153,202	163,869	164,351	161,785	158,762	169,004	170,524	158,046	163,427	145,982	147,563	157,906

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. Data for positions and financing are averages of close-of-business Wednesday 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 settle on the issue date of offering. Net immediate positions of mortgage-backed securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty days or less.

4. Includes securities such as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest only (IOs), and principal only (POs).

5. Futures positions are standardized contracts 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 for federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed 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 a requirement for 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 listed above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or types of collateralization.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1987	1988	1989	1990	1991				
					Jan.	Feb.	Mar.	Apr.	May
1 Federal and federally sponsored agencies	341,386	381,498	411,805	434,668	445,430	441,440	437,847	432,348	432,306
2 Federal agencies	37,981	35,668	35,664	42,159	42,141	42,191	41,149	41,107	41,031
3 Defense Department ¹	13	8	7	7	7	7	7	7	7
4 Export-Import Bank ^{2,3}	11,978	11,033	10,985	11,376	11,376	11,376	11,186	11,186	11,186
5 Federal Housing Administration ⁴	183	150	328	393	329	361	370	365	407
6 Government National Mortgage Association participation certificates ⁵	1,615	0	0	0	0	0	0	0	0
7 Postal Service ⁶	6,103	6,142	6,445	6,948	6,948	6,948	6,948	6,948	6,651
8 Tennessee Valley Authority	18,089	18,335	17,899	23,435	23,481	23,499	22,638	22,601	22,780
9 United States Railway Association ⁷	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies⁷	303,405	345,830	375,407	392,509	403,289	399,249	396,698	391,241	391,275
11 Federal Home Loan Banks	115,727	135,836	136,108	117,895	115,402	112,874	113,311	110,691	108,981
12 Federal Home Loan Mortgage Corporation	17,645	22,797	26,148	30,941	33,157	32,640	31,425	29,768	29,016
13 Federal National Mortgage Association	97,057	105,459	116,064	123,403	125,849	125,974	124,885	124,189	126,806
14 Farm Credit Banks ⁸	55,275	53,127	54,864	53,590	53,717	52,480	51,890	52,049	51,485
15 Student Loan Marketing Association ⁹	16,503	22,073	28,705	34,194	35,736	35,854	35,761	35,117	35,560
16 Financing Corporation	1,200	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation ¹⁰	0	690	847	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation ¹¹	0	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996
MEMO									
19 Federal Financing Bank debt¹³	152,417	142,850	134,873	179,083	181,062	181,714	181,907	182,708	182,582
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank ²	11,972	11,027	10,979	11,370	11,370	11,370	11,180	11,180	11,180
21 Postal Service ⁶	5,853	5,892	6,195	6,698	6,698	6,698	6,698	6,698	6,401
22 Student Loan Marketing Association	4,940	4,910	4,880	4,850	4,850	4,850	4,850	4,850	4,850
23 Tennessee Valley Authority	16,709	16,955	16,519	14,055	14,101	14,119	13,258	13,221	13,400
24 United States Railway Association ⁷	0	0	0	0	0	0	0	0	0
<i>Other Lending¹⁴</i>									
25 Farmers Home Administration	59,674	58,496	53,311	52,324	52,169	52,544	52,669	52,669	52,669
26 Rural Electrification Administration	21,191	19,246	19,265	18,890	18,906	18,906	18,904	18,850	18,878
27 Other	32,078	26,324	23,724	70,896	72,968	73,227	74,348	75,240	75,204

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 after 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 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; 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 in 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. Since 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 contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1988	1989	1990	1991							
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 All issues, new and refunding ¹	114,522	113,646	120,339	12,250	7,230	11,335	10,864	10,916	14,753	13,804	10,414
Type of issue											
2 General obligation	30,312	35,774	39,610	3,536	2,343	4,838	4,219	3,771	4,946	4,442	3,350
3 Revenue	84,210	77,873	81,295	8,714	4,887	6,497	6,645	7,145	9,807	9,362	7,064
Type of issuer											
4 State	8,830	11,819	15,149	1,396	713	2,027	1,195	1,199	1,890	1,529	576
5 Special district and statutory authority ²	74,409	71,022	72,661	7,032	4,563	4,903	6,599	6,604	9,549	5,057	3,322
6 Municipality, county, and township	31,193	30,805	32,510	3,822	1,954	4,405	3,070	3,113	3,314	7,218	6,516
7 Issues for new capital, total	79,665	84,062	103,235	10,707	6,977	10,403	9,675	10,156	13,924	13,347	10,354
Use of proceeds											
8 Education	15,021	15,133	17,042	1,418	1,079	1,579	2,583	2,001	2,462	2,684	2,041
9 Transportation	6,825	6,870	11,650	2,008	711	146	421	1,305	1,642	1,829	434
10 Utilities and conservation	8,496	11,427	11,739	776	1,196	2,046	1,886	2,171	1,815	2,830	1,846
11 Social welfare	19,027	16,703	23,099	2,001	891	698	2,140	921	3,373	2,455	2,090
12 Industrial aid	5,624	5,036	6,117	933	607	768	554	319	743	1,040	411
13 Other purposes	24,672	28,894	34,607	3,571	2,493	4,775	2,091	3,439	3,889	2,509	3,532

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts beginning 1986.

SOURCES: *Investment Dealer's Digest* beginning April 1990. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1988	1989	1990	1990		1991					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 All issues ¹	410,898 ²	379,538 ²	339,551 ²	25,104 ²	21,150 ²	17,393 ²	30,873 ²	36,255 ²	33,908 ²	37,268 ²	30,718
2 Bonds ²	353,097 ²	321,664 ²	299,313 ²	23,869 ²	19,361 ²	16,497 ²	29,071 ²	32,306 ²	28,595 ²	29,850 ²	25,100
Type of offering											
3 Public, domestic	202,215	181,393	189,271 ²	22,163 ²	18,685 ²	15,838 ²	25,902 ²	29,927 ²	24,738 ²	27,020 ²	22,800
4 Private placement, domestic ²	127,704 ²	117,420 ²	86,988	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,178	22,851	23,054	1,706	676	659	3,169	2,379	3,857	2,830 ²	2,300
Industry group											
6 Manufacturing	70,306	76,656 ²	53,110 ²	6,639 ²	2,887 ²	3,390 ²	8,116 ²	7,240 ²	7,613 ²	6,604 ²	3,877
7 Commercial and miscellaneous	62,794 ²	49,744 ²	40,019 ²	821	1,061	1,408	1,921 ²	1,739 ²	2,936 ²	1,190 ²	1,685
8 Transportation	10,275	10,032 ²	12,706 ²	457	351	711	563	985	502	665	567
9 Public utility	20,834	18,688 ²	17,521 ²	2,209	2,082 ²	689	1,399	506	2,115 ²	2,682 ²	1,552
10 Communication	5,593	8,461	6,664 ²	693	1,380	97	669	988	845	337	1,838
11 Real estate and financial	183,294	158,083 ²	169,287 ²	13,050	11,601	10,203	16,404	20,849 ²	14,585 ²	18,373 ²	15,581
12 Stocks ²	57,802	57,870	n.a.	1,235	1,789	896	1,802	3,949	5,313	7,418	5,618
Type of offering											
13 Public preferred	6,544	6,194	3,997	265	175	0	150	1,233	543	1,392	1,731
14 Common	35,911	26,030	19,443	970	1,614	896	1,652	2,716	4,771	6,027	3,887
15 Private placement ³	15,346	25,647	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	7,608	9,308	3,130	154	46	60	183	564	1,796	2,291	1,909
17 Commercial and miscellaneous	8,449	7,446	5,279	42	110	18	546	1,096	1,521	1,563	851
18 Transportation	1,335	1,929	126	0	5	242	0	249	416	277	0
19 Public utility	1,898	3,090	3,309	462	288	218	335	354	71	573	471
20 Communication	515	1,904	416	0	6	n.a.	0	0	0	0	295
21 Real estate and financial	37,798	34,028	11,169	574	1,327	359	737	1,686	1,510	2,714	2,091

1. Figures which represent gross proceeds of issues maturing in more than one year, are the principal amount or number of units multiplied by offering price. Excludes 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 include only public offerings.

3. Data are not available on a monthly basis. Before 1987, annual totals include underwritten issues only.

SOURCES: IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

INVESTMENT COMPANIES ¹	1989	1990	1990		1991					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ²	June
1 Sales of own shares ²	306,445	345,780	25,583	34,553	38,012	30,605	31,597	40,356	36,719	33,877
2 Redemptions of own shares ³	272,165	289,573	22,085	29,484	27,648	23,390	25,372	32,895	26,972	27,617
3 Net sales	34,280	56,207	3,498	5,069	10,364	7,215	6,226	7,461	9,747	6,260
4 Assets ⁴	553,871	570,744	557,676	570,744	590,296	616,472	632,052	647,053	671,852	660,466
5 Cash position ⁵	44,780	48,638	52,829	48,638	53,549	53,899	52,895	52,982	55,450	55,069
6 Other	509,091	522,106	504,847	522,106	536,747	562,573	579,154	594,071	616,402	605,397

1. Data on sales and redemptions exclude money market mutual funds but include limited maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited maturity municipal bond funds.

2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

3. Excludes share redemptions resulting from conversions from one fund to another in the same group.

4. Market value at end of period, less current liabilities.

5. Also includes all U.S. Treasury securities and other short-term debt securities.

SOURCE: Investment Company Institute. Data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1988	1989	1990	1989		1990				1991	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	337.6	311.6	298.3	306.7	290.9	296.8	306.6	300.7	288.9	286.2	287.9
2 Profits before tax	316.7	307.7	304.7	291.4	289.8	296.9	299.3	318.5	304.1	281.5	283.6
3 Profits tax liability	136.2	135.1	132.1	127.8	123.5	129.9	133.1	139.1	126.5	115.1	119.9
4 Profits after tax	180.5	172.6	172.5	163.6	166.3	167.1	166.1	179.4	177.6	166.4	163.7
5 Dividends	110.0	123.5	133.9	125.0	127.7	130.3	133.0	135.1	137.2	137.5	136.4
6 Undistributed profits	70.5	49.1	38.7	38.6	38.6	36.8	33.2	44.3	40.4	29.0	27.3
7 Inventory valuation	-27.0	-21.7	-11.4	-6.1	-14.5	-11.4	-5	-19.8	-13.8	8.1	4.1
8 Capital consumption adjustment	47.8	25.5	4.9	21.4	15.6	11.3	7.7	2.0	-1.4	-3.5	.3

SOURCE: Survey of Current Business (Department of Commerce).

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1989	1990	1991	1989	1990				1991		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Total nonfarm business	507.40	532.96	547.23	519.58	532.45	535.49	534.86	529.02	535.32	544.16	553.52
Manufacturing											
2 Durable goods industries	82.56	82.99	80.06	83.41	86.35	84.34	82.67	78.62	81.53	81.53	79.71
3 Nondurable goods industries	101.24	109.79	110.11	108.47	105.02	110.82	111.81	111.52	108.58	109.58	111.74
Nonmanufacturing											
4 Mining	9.21	9.87	9.88	9.38	9.58	9.84	9.98	10.09	9.85	10.05	9.96
5 Transportation											
6 Railroad	6.26	6.41	5.44	6.80	6.45	6.66	5.60	6.90	5.60	5.15	5.81
7 Air	6.73	8.98	11.43	5.75	9.35	9.36	10.05	7.17	11.27	12.60	12.14
8 Other	5.85	6.20	7.47	5.69	6.33	5.84	5.76	6.88	6.71	7.50	7.45
Public utilities											
9 Electric	44.81	43.98	45.92	44.66	43.37	42.62	43.63	46.31	43.21	47.10	46.16
10 Gas and other	21.47	23.02	23.45	21.15	22.34	21.65	23.85	24.22	24.18	22.65	23.34
Commercial and other ²	229.28	241.72	253.48	234.25	243.66	244.37	241.51	237.32	244.39	248.00	257.22

1. Anticipated by business.

2. "Other" consists of construction; wholesale and retail trade; finance and

insurance; personal and business services; and communication.

SOURCE: Survey of Current Business (Department of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities¹

Billions of dollars, end of period; not seasonally adjusted

Account	1987	1988	1989	1989		1990				1991
				Q3	Q4	Q1	Q2	Q3	Q4		Q1^{r}
ASSETS										
<i>Accounts receivable, gross²</i>										
1 Consumer.....	141.1	146.2	140.8	146.3	140.8	137.9	138.6	140.9	136.0 ^r	131.6
2 Business.....	207.4	236.5	256.0	246.8	256.0	262.9	274.8	275.4	290.8 ^r	290.0
3 Real estate.....	39.5	43.5	48.9	48.7	48.9	52.1	55.4	57.7	59.9	57.3
4 Total.....	388.1	426.2	445.8	441.8	445.8	452.8	468.8	474.0	486.7 ^r	478.9
<i>Less:</i>										
5 Reserves for unearned income.....	45.3	50.0	52.0	52.9	52.0	51.9	54.3	55.1	56.6 ^r	57.0
6 Reserves for losses.....	6.8	7.3	7.7	7.7	7.7	7.9	8.2	8.6	9.2 ^r	10.3
7 Accounts receivable, net.....	336.0	368.9	386.1	381.3	386.1	393.0	406.3	410.3	420.9	411.6
8 All other.....	58.3	72.4	91.6	85.2	91.6	92.5	95.5	102.8	99.6	103.4
9 Total assets.....	394.2	441.3	477.6	466.4	477.6	485.5	501.9	513.1	520.6	515.0
LIABILITIES AND CAPITAL										
10 Bank loans.....	16.4	15.4	14.5	12.2	14.5	13.9	15.8	15.6	19.4	22.0
11 Commercial paper.....	128.4	142.0	149.5	147.2	149.5	152.9	152.4	148.6	152.7	141.2
<i>Debt</i>										
12 Other short-term.....	28.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term.....	137.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Due to parent.....	n.a.	50.6	63.8	60.3	63.8	70.5	72.8	82.0	82.7 ^r	77.8
15 Not elsewhere classified.....	n.a.	137.9	147.8	145.1	147.8	145.7	153.0	156.6	157.0	162.4
16 All other liabilities.....	52.8	59.8	62.6	61.8	62.6	61.7	66.1	68.7	66.0 ^r	68.0
17 Capital, surplus, and undivided profits.....	31.5	35.6	39.4	39.8	39.4	40.7	41.8	41.6	42.8	43.7
18 Total liabilities and capital.....	394.2	441.3	477.6	466.4	477.6	485.5	501.9	513.1	520.6	515.0

1. Components may not sum to totals because of rounding.

2. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change¹

Millions of dollars, end of period, seasonally adjusted

Type	1988	1989	1990	1991					
				Jan.	Feb.	Mar.	Apr.	May	June
1 Total	234,891	258,957	292,638	293,383	294,284	294,225	294,569	297,171	298,228
<i>Retail financing of installment sales</i>									
2 Automotive	37,210	39,479	38,110	38,016	37,548	36,649	36,652	36,005	35,390
3 Equipment	28,185	29,627	31,784	31,956	32,058	32,332	32,034	32,690	32,189
4 Pools of securitized assets ²	n.a.	698	951	911	879	828	777	737	707
<i>Wholesale</i>									
5 Automotive	32,953	33,814	32,283	32,404	31,428	30,329	30,066	30,055	29,305
6 Equipment	5,971	6,928	11,569	11,299	11,108	10,880	10,937	11,000	10,427
7 All other	9,357	9,985	9,126	9,366	9,142	8,868	8,666	8,620	8,851
8 Pools of securitized assets ²	n.a.	0	2,950	2,836	3,353	3,354	2,905	2,855	2,805
<i>Leasing</i>									
9 Automotive	24,693	26,804	39,129	38,921	38,922	39,279	39,707	40,738	41,603
10 Equipment	57,658	68,240	75,626	76,841	79,052	80,969	82,750	84,126	83,961
11 Pools of securitized assets ²	n.a.	1,247	1,849	1,854	1,810	1,868	1,765	1,700	1,725
12 Loans on commercial accounts receivable and factored commercial accounts receivable	17,687	18,511	22,475	21,891	22,084	21,666	21,265	21,772	24,040
13 All other business credit	21,176	23,623	26,784	27,089	26,899	27,204	27,045	26,873	27,225
Net change (during period)									
14 Total	28,900	24,067	33,681	745	901	-59	345	2,602 ²	1,057
<i>Retail financing of installment sales</i>									
15 Automotive	1,070	2,267	-1,369	-94	-468	-900	4	-647	-615
16 Equipment	3,108	1,442	2,157	171	103	274	-298	656	-501
17 Pools of securitized assets ²	n.a.	-26	253	-40	-32	-51	-51	-40	-30
<i>Wholesale</i>									
18 Automotive	2,883	862	-1,531	121	-975	-1,100	-263	-11	-750
19 Equipment	393	958	4,641	-270	-192	-228	57	63	-573
20 All other	1,029	628	-860	240	-224	-275	-201	-46 ²	231
21 Pools of securitized assets ²	n.a.	0	2,950	-114	517	1	-449	-50	-50
<i>Leasing</i>									
22 Automotive	2,596	2,110	12,326	-209	1	358	428	1,031	865
23 Equipment	14,166	10,581	7,385	1,215	2,211	1,917	1,781	1,376 ²	-165
24 Pools of securitized assets ²	n.a.	526	602	5	-44	58	-103	-65	25
25 Loans on commercial accounts receivable and factored commercial accounts receivable	-484	826	3,964	-585	194	-418	-401	507 ²	2,268
26 All other business credit	4,134	3,163	3,163	305	-190	305	-158	-172 ²	352

1. These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

2. Data on pools of securitized assets are not seasonally adjusted.

1.53 MORTGAGE MARKETS Conventional Mortgages on New Homes

Millions of dollars; exceptions noted.

Item	1988	1989	1990	1991							
				Jan.	Feb.	Mar.	Apr.	May	June	July	
	Terms and yields in primary and secondary markets										
PRIMARY MARKETS											
Terms ¹											
1 Purchase price (thousands of dollars).....	150.0	159.6	153.2	148.3	153.2	136.7	151.4	146.8	166.7	165.1	
2 Amount of loan (thousands of dollars).....	110.5	117.0	112.4	112.3	113.8	100.4	114.5	109.2	121.9	121.6	
3 Loan-price ratio (percent).....	75.5	74.5	74.8	77.2	76.3	74.6	76.4	75.2	74.2	75.0	
4 Maturity (years).....	28.0	28.1	27.3	28.1	28.3	25.7	26.8	26.1	26.8	27.0	
5 Fees and charges (percent of loan amount) ²	2.19	2.06	1.93	1.75	1.73	1.59	2.12	1.54	1.69	1.85	
6 Contract rate (percent per year).....	8.81	9.76	9.68	9.36	9.28	9.16	9.24	9.26	9.18	9.12	
Yield (percent per year)											
7 OTS series ³	9.18	10.11	10.01	9.65	9.57	9.43	9.60	9.52	9.46	9.43	
8 HUD series ⁴	10.30	10.21	10.08	9.53	9.49	9.49	9.51	9.46	9.60	9.46	
SECONDARY MARKETS											
Yield (percent per year)											
9 FHA mortgages (HUD series) ⁵	10.49	10.24	10.17	9.58	9.57	9.61	9.61	9.62	9.71	9.59	
10 GNMA securities ⁶	9.83	9.71	9.51	8.87	8.66	8.78 ^r	8.62	8.65	9.04	8.93	
	Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION											
Mortgage holdings (end of period)											
11 Total.....	101,329	104,974	113,329	117,445	118,284	119,196	120,074	121,798	122,806	123,770	
12 FHA/VA-insured.....	19,762	19,640	21,028	21,854	21,947	21,976	21,972	21,609	21,474	21,511	
13 Conventional.....	81,567	85,335	92,302	95,591	96,337	97,220	98,102	100,189	101,332	102,259	
Mortgage transactions (during period)											
14 Purchases.....	23,110	22,518	23,959	1,781	1,792	1,987	2,942	4,450	3,145	3,183	
Mortgage commitments ⁷											
15 Issued (during period) ⁸	n.a.	n.a.	n.a.	1,889	1,779	3,087	3,880	3,506	3,032	2,975	
16 To sell (during period) ⁹	n.a.	n.a.	n.a.	2	0	109	839	1,066	841	1,374	
FEDERAL HOME LOAN MORTGAGE CORPORATION											
Mortgage holdings (end of period) ⁹											
17 Total.....	15,105	20,105	20,419	22,300	22,855	23,221	23,870	24,525	n.a.	n.a.	
18 FHA/VA-insured.....	620	590	547	511	503	499	504	491	n.a.	n.a.	
19 Conventional.....	14,485	19,516	19,871	21,789	22,352	22,722	21,188	21,843	n.a.	n.a.	
Mortgage transactions (during period)											
20 Purchases.....	44,077	78,588	75,517	5,018	5,217	4,549	7,045	8,562	n.a.	n.a.	
21 Sales.....	39,780	73,446	73,817	4,438	4,549	6,183	6,226	7,692	10,789	8,053	
Mortgage commitments ¹⁰											
22 Contracted (during period).....	66,026	88,519	102,401	8,437	5,579	5,936	10,036	11,334	n.a.	n.a.	

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; 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 rates on loans closed, assuming prepayment at the end of 10 years.

4. Average contract rates on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development.

5. Average gross yields on thirty-year, minimum-downpayment, first mortgages, insured by the Federal Housing Administration for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissible contract rates.

6. Average net yields to investors on fully modified pass-through securities

backed by mortgages and guaranteed by the Government National Mortgage Association, 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 carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.

7. Includes some multifamily and nonprofit hospital loan commitments in addition to one- to four-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

8. Does not include standby commitments issued, but includes standby commitments converted.

9. Includes participation as well as whole loans.

10. Includes conventional and government-underwritten loans. Federal Home Loan Mortgage Corporation (FHLMC'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 of property	1987	1988	1989	1990				1991
				Q1	Q2	Q3	Q4	Q1 ²
1 All holders	2,986,425	3,270,118	3,556,370	3,696,882	3,760,480	3,815,220	3,856,205	3,883,700
2 One- to four-family	1,962,958	2,201,231	2,429,689	2,554,496	2,619,522	2,669,613	2,708,951	2,740,122
3 Multifamily	278,899	291,405	303,416	305,838	301,789	302,993	304,004	303,543
4 Commercial	657,036	692,236	739,240	752,688	755,212	758,362	759,306	756,349
5 Farm	87,532	85,247	84,025	83,861	83,957	84,252	83,943	83,686
6 Major financial institutions	1,665,291	1,831,472	1,931,537	1,939,005	1,940,366	1,932,978	1,912,099	1,890,344
7 Commercial banks ³	592,449	674,003	767,069	786,802	814,598	830,868	843,136	855,256
8 One- to four-family	275,613	334,367	389,632	405,009	431,115	445,218	454,851	462,975
9 Multifamily	32,756	33,912	38,876	37,913	38,420	37,898	37,116	38,021
10 Commercial	269,648	290,254	321,906	327,110	327,930	330,426	333,943	336,803
11 Farm	14,432	15,470	16,656	16,771	17,133	17,326	17,225	17,457
12 Savings institutions ³	860,467	924,606	910,254	891,921	860,903	836,047	801,628	771,948
13 One- to four-family	602,408	671,722	669,220	658,405	642,110	626,297	600,154	584,639
14 Multifamily	106,359	110,775	106,014	103,841	97,359	94,790	91,806	85,654
15 Commercial	150,943	141,433	134,370	129,056	120,866	114,430	109,168	101,187
16 Farm	757	676	650	619	568	530	500	468
17 Life insurance companies	212,375	232,863	254,214	260,282	264,865	266,063	267,335	263,139
18 One- to four-family	13,226	11,164	12,231	12,525	12,740	12,773	12,052	11,514
19 Multifamily	22,524	24,560	26,907	27,555	28,027	28,100	29,406	28,847
20 Commercial	166,722	187,549	205,472	210,422	214,024	214,585	215,121	212,018
21 Farm	9,903	9,590	9,604	9,780	10,075	10,605	10,756	10,760
22 Finance companies ⁴	29,716	37,846	45,476	45,808	47,104	49,784	48,777	49,658
23 Federal and related agencies	192,721	200,570	209,498	216,146	227,818	242,695	250,762	262,167
24 Government National Mortgage Association	444	26	23	22	21	21	21	20
25 One- to four-family	25	26	23	22	21	21	21	20
26 Multifamily	419	0	0	0	0	0	0	0
27 Farmers Home Administration ⁵	43,051	42,018	41,176	41,125	41,175	41,269	41,439	41,545
28 One- to four-family	18,169	18,347	18,422	18,419	18,434	18,476	18,527	18,578
29 Multifamily	8,044	8,513	9,054	9,199	9,361	9,477	9,640	9,792
30 Commercial	6,603	5,343	4,443	4,510	4,545	4,608	4,690	4,754
31 Farm	10,235	8,815	9,257	8,997	8,835	8,708	8,582	8,421
32 Federal Housing and Veterans Administration	5,574	5,973	6,087	6,355	6,792	7,938	8,801	9,492
33 One- to four-family	2,557	2,672	2,875	3,027	3,054	3,248	3,593	3,600
34 Multifamily	3,017	3,301	3,212	3,328	3,738	4,690	5,208	5,891
35 Federal National Mortgage Association	96,649	103,013	110,721	112,353	112,855	113,718	116,628	118,210
36 One- to four-family	89,666	95,833	102,295	103,300	103,431	103,722	106,081	107,053
37 Multifamily	6,983	7,180	8,426	9,053	9,424	9,996	10,547	11,157
38 Federal Land Banks	34,131	32,115	29,640	29,325	29,595	29,441	29,416	29,253
39 One- to four-family	2,008	1,890	1,210	1,197	1,741	1,766	1,838	1,884
40 Farm	32,123	30,225	28,430	28,128	27,854	27,675	27,577	27,368
41 Federal Home Loan Mortgage Corporation	12,872	17,425	21,851	19,823	19,979	20,508	21,857	21,947
42 One- to four-family	11,430	15,077	18,248	16,772	17,316	17,810	19,185	19,460
43 Multifamily	1,442	2,348	3,603	3,051	2,663	2,697	2,672	2,487
44 Mortgage pools or trusts ⁶	718,297	811,847	946,766	984,811	1,024,893	1,060,640	1,103,950	1,138,889
45 Government National Mortgage Association	317,555	340,527	368,367	376,962	385,456	394,859	403,613	412,982
46 One- to four-family	309,806	331,257	358,142	366,300	374,960	384,474	391,505	400,322
47 Multifamily	7,749	9,270	10,225	10,662	10,496	10,385	12,108	12,660
48 Federal Home Loan Mortgage Corporation	212,634	226,406	272,870	281,736	295,340	301,797	316,359	328,305
49 One- to four-family	205,977	219,988	266,060	274,084	287,232	293,721	308,369	319,978
50 Multifamily	6,657	6,418	6,810	7,652	8,108	8,077	7,990	8,327
51 Federal National Mortgage Association	139,960	178,250	228,232	246,391	263,330	281,806	299,833	312,101
52 One- to four-family	137,988	172,331	219,577	237,916	254,811	273,335	291,194	303,554
53 Multifamily	1,972	5,919	8,655	8,475	8,519	8,471	8,639	8,547
54 Farmers Home Administration ⁵	245	104	80	76	72	70	66	63
55 One- to four-family	121	26	21	20	19	18	17	16
56 Multifamily	0	0	0	0	0	0	0	0
57 Commercial	63	38	26	25	24	24	24	23
58 Farm	61	40	33	31	30	29	26	24
59 Individuals and others ⁷	410,116	426,229	468,569	556,920	567,403	578,908	589,395	592,301
60 One- to four-family	246,061	259,971	294,517	374,143	382,343	393,027	401,685	403,791
61 Multifamily	80,977	79,209	81,634	83,666	82,040	80,636	80,808	80,448
62 Commercial	63,057	67,618	73,023	79,576	83,557	85,865	87,624	88,875
63 Farm	20,021	19,431	19,395	19,536	19,463	19,379	19,278	19,187

1. Based on data from various institutional and governmental sources, with figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

2. Includes loans held by nondeposit trust companies but not bank trust departments.

3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).

4. Assumed to be entirely one- to four-family loans.

5. Securities guaranteed by the Farmers Home Administration 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.

6. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated. Includes private pools which are not shown as a separate line item.

7. 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 other U.S. agencies.

1.55 CONSUMER INSTALLMENT CREDIT¹ Total Outstanding and Net Change

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1989	1990	1990			1991					
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ¹	June
Seasonally adjusted											
1 Total	718,863	735,102	735,433	736,411	735,102	732,962	732,762	732,442	733,621	732,289	730,460
2 Automobile	290,676	284,585	285,024	284,412	284,585	283,746	282,626	280,689	279,746	276,494	274,141
3 Revolving	199,082	220,110	220,031	221,690	220,110	219,588	221,556	224,817	225,994	227,301	227,726
4 Mobile home	22,471	20,919	20,680	20,492	20,919	20,459	20,200	20,123	20,098	19,796	19,939
5 Other	206,633	209,487	209,698	209,817	209,487	209,170	208,379	206,813	207,782	208,697	208,654
Not seasonally adjusted											
6 Total	730,901	748,300	736,091	738,626	748,300	736,399	729,264	725,462	727,907	727,717	727,890
By major holder											
7 Commercial banks	342,770	347,466	341,755	342,882	347,466	341,426	339,282	335,754	336,425	334,746	333,367
8 Finance companies	140,832	137,450	141,329	139,195	137,450	134,965	133,021	131,552	133,462	134,045	133,903
9 Credit unions	93,114	92,911	93,190	92,918	92,911	91,991	91,131	90,772	91,413	91,549	91,600
10 Retailers	44,154	43,552	38,282	39,095	43,552	40,945	38,864	38,497	37,817	36,782	36,702
11 Savings institutions	57,253	45,616	48,055	47,121	45,616	44,939	43,875	42,491	41,707	40,764	40,109
12 Gasoline companies	3,935	4,822	4,749	4,753	4,822	4,766	4,404	4,296	4,357	4,507	4,591
13 Pools of securitized assets ²	48,843	76,483	68,731	72,662	76,483	77,367	78,687	82,100	82,726	85,324	87,618
By major type of credit ³											
14 Automobile	290,705	284,813	287,304	285,379	284,813	282,214	279,913	277,798	277,508	275,582	274,662
15 Commercial banks	126,288	126,259	127,667	126,544	126,259	126,235	124,745	123,411	122,710	121,631	121,361
16 Finance companies	82,721	74,396	78,033	75,224	74,396	72,015	70,287	69,233	70,500	69,689	70,304
17 Pools of securitized assets ²	18,235	24,537	20,944	23,475	24,537	25,123	26,872	27,755	26,875	27,085	26,039
18 Revolving	210,310	232,370	218,337	222,643	232,370	223,606	220,714	221,400	222,627	224,301	225,585
19 Commercial banks	130,811	132,433	127,108	129,117	132,433	125,814	125,673	124,619	126,009	126,047	124,069
20 Retailers	39,583	39,029	33,867	34,657	39,029	36,510	34,509	34,179	33,513	32,458	32,381
21 Gasoline companies	3,935	4,822	4,749	4,753	4,822	4,766	4,404	4,296	4,357	4,507	4,591
22 Pools of securitized assets ²	23,477	44,335	40,798	42,297	44,335	44,773	44,451	46,722	47,116	49,667	52,897
23 Mobile home	22,240	20,666	20,773	20,472	20,666	20,614	20,362	20,030	20,052	19,721	19,907
24 Commercial banks	9,112	9,763	9,274	9,199	9,763	9,748	9,730	9,632	9,565	9,386	9,652
25 Finance companies	4,716	5,252	5,400	5,364	5,252	5,367	5,330	5,328	5,573	5,595	5,652
26 Other	207,646	210,451	209,677	210,132	210,451	209,965	208,275	206,234	207,720	208,113	207,736
27 Commercial banks	76,559	79,011	77,706	78,022	79,011	79,629	79,134	78,092	78,141	77,682	78,285
28 Finance companies	53,395	57,801	57,896	58,607	57,801	57,583	57,404	56,991	57,388	58,761	57,947
29 Retailers	4,571	4,523	4,415	4,438	4,523	4,435	4,355	4,318	4,304	4,324	4,321
30 Pools of securitized assets ²	7,131	7,611	6,989	6,890	7,611	7,471	7,364	7,603	8,735	8,572	8,682

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.

These data also appear in the Board's G.19 (421) release. For 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 unless noted otherwise

Item	1988	1989	1990	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
INTEREST RATES										
<i>Commercial banks²</i>										
1 48-month new car	10.85	12.07	11.78	n.a.	n.a.	11.60	n.a.	n.a.	11.28	n.a.
2 24-month personal	14.68	15.44	15.46	n.a.	n.a.	15.42	n.a.	n.a.	15.16	n.a.
3 120-month mobile home ³	13.54	14.11	14.02	n.a.	n.a.	13.88	n.a.	n.a.	13.80	n.a.
4 Credit card	17.78	18.02	18.17	n.a.	n.a.	18.28	n.a.	n.a.	18.22	n.a.
<i>Auto finance companies</i>										
5 New car	12.60	12.62	12.54	12.86	12.99	13.16	13.14	13.14	12.95	12.77
6 Used car	15.11	16.18	15.99	16.04	15.70	15.90	15.82	15.82	15.85	15.74
OTHER TERMS ⁴										
<i>Maturity (months)</i>										
7 New car	56.2	54.2	54.6	54.7	54.9	55.2	55.2	55.4	55.5	55.5
8 Used car	46.7	46.6	46.1	45.8	47.4	47.1	47.2	47.3	47.3	47.3
<i>Loan-to-value ratio</i>										
9 New car	94	91	87	85	88	88	87	87	87	88
10 Used car	98	97	95	94	96	96	97	97	96	97
<i>Amount financed (dollars)</i>										
11 New car	11,663	12,001	12,071	12,140	12,229	12,081	12,121	11,993	12,204	12,343
12 Used car	7,824	7,954	8,289	8,530	8,600	8,605	8,763	8,751	8,873	8,916

1. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

2. Data for midmonth of quarter only.

3. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.

4. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Transaction category or sector	1986	1987	1988	1989	1990	1989		1990				1991
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors	836.9	687.0	760.8	678.2	641.2	678.8	620.2	808.9	617.6	655.7	482.6	474.7
By sector and instrument												
2 U.S. government	215.0	144.9	157.5	151.6	272.5	173.9	185.0	247.3	228.2	286.1	328.4	204.7
3 Treasury securities	214.7	143.4	140.0	150.0	264.4	166.8	189.6	217.8	222.9	287.5	329.4	228.7
4 Agency issues and mortgages	.4	1.5	17.4	1.6	8.2	7.1	-4.6	29.6	5.4	-1.3	-1.0	-24.0
5 Private	621.9	542.1	603.3	526.6	368.7	504.9	435.2	561.6	389.4	369.6	154.2	270.0
By instrument												
6 Debt capital instruments	465.8	453.2	459.2	379.8	309.3	369.2	347.0	391.6	338.7	280.2	226.9	264.6
7 Tax-exempt obligations	22.7	49.3	49.8	30.4	18.5	34.1	19.1	12.4	24.5	28.0	9.0	7.1
8 Corporate bonds	126.8	79.4	102.9	73.7	64.5	62.7	87.4	45.2	83.7	47.7	81.6	85.2
9 Mortgages	316.3	324.5	306.5	275.7	226.4	272.4	240.5	334.0	230.5	204.5	136.3	172.4
10 Home mortgages	218.7	234.9	231.0	218.0	211.6	221.0	214.3	283.5	235.2	183.1	144.4	181.0
11 Multifamily residential	33.5	24.4	16.7	16.4	3.0	11.8	9.5	22.9	-15.7	3.8	.8	.2
12 Commercial	73.6	71.6	60.8	42.7	11.9	40.9	19.9	27.1	13.0	15.8	-8.2	-9.4
13 Farm	-9.5	-6.4	-2.1	-1.5	-1.1	-1.3	-3.2	.5	-1.9	1.8	-8.8	.5
14 Other debt instruments	156.1	88.9	144.1	146.8	59.3	135.6	88.2	170.0	50.7	89.3	-72.7	5.4
15 Consumer credit	58.0	33.5	50.2	39.1	14.3	37.1	44.1	30.4	2.8	21.3	2.5	-23.6
16 Bank loans n.e.c.	66.9	10.0	39.8	39.9	-5.0	50.8	7.7	21.1	8.8	-15.8	-34.0	38.7
17 Open market paper	-9.3	2.3	11.9	20.4	9.7	16.9	-6.9	69.6	-6.2	17.3	-41.7	5.1
18 Other	40.5	43.2	42.2	47.4	40.3	30.9	43.3	48.9	45.3	66.6	.5	-14.9
By borrowing sector												
19 State and local government	36.2	48.8	45.6	29.6	14.6	28.6	16.5	8.9	17.7	28.5	3.1	7.1
20 Household	293.0	302.2	314.9	285.0	254.3	290.8	291.8	364.7	271.5	221.7	159.4	192.6
21 Nonfinancial business	292.7	191.0	242.8	211.9	99.8	185.4	126.9	188.0	100.2	119.4	-8.3	70.3
22 Farm	-16.3	-10.6	-7.5	1.6	2.5	-2.1	8.9	6.3	-10.8	11.6	3.1	5.0
23 Nonfarm noncorporate	99.2	77.9	65.7	50.8	11.1	40.2	35.0	45.5	3.5	18.3	-23.0	-17.0
24 Corporate	209.7	123.7	184.6	159.5	86.2	147.3	83.1	136.2	107.5	89.4	11.6	82.2
25 Foreign net borrowing in United States	9.7	4.5	6.3	10.9	32.1	30.4	16.9	2.3	41.0	45.1	40.2	11.7
26 Bonds	3.1	7.4	6.9	5.3	21.6	8.1	-1.0	32.7	25.8	1.2	26.5	8.9
27 Bank loans n.e.c.	-1.0	-3.6	-1.8	-1.1	5.9	3.7	-4.3	-6.7	-2.0	17.4	14.9	-27.7
28 Open market paper	11.5	2.1	8.7	13.3	12.3	20.7	22.2	-16.4	23.1	27.3	15.3	45.5
29 U.S. government loans	-3.9	-1.4	-7.5	-7.5	-7.6	-2.1	.1	-7.3	-5.9	-8.8	-16.5	-15.0
30 Total domestic plus foreign	846.6	691.5	767.1	689.1	673.3	709.2	637.1	811.2	658.6	700.8	522.8	486.4
Financial sectors												
31 Total net borrowing by financial sectors	285.1	300.2	247.6	205.5	203.0	123.9	187.3	191.4	177.5	175.4	267.5	115.1
By instrument												
32 U.S. government related	154.1	171.8	119.8	151.0	167.4	124.8	156.4	171.7	184.0	139.2	174.6	168.0
33 Sponsored credit agency securities	15.2	30.2	44.9	25.2	17.0	13.2	-4.7	9.7	17.1	22.3	19.0	14.5
34 Mortgage pool securities	139.2	142.3	74.9	125.8	150.3	111.6	161.1	162.0	166.8	116.9	155.5	153.5
35 Loans from U.S. government	-.4	-.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Private	131.0	128.4	127.8	54.5	35.6	-.9	30.9	19.7	-6.5	36.2	93.0	-52.9
37 Corporate bonds	82.9	78.9	51.7	36.8	50.2	26.7	39.6	35.1	68.8	20.3	76.7	37.5
38 Mortgages	.1	.4	.3	.0	.8	.3	-.4	-.7	.8	2.6	.5	1.0
39 Bank loans n.e.c.	4.0	-3.2	1.4	1.8	.7	2.0	4.2	-2.2	-.6	1.9	3.6	1.0
40 Open market paper	24.2	27.9	54.8	26.9	8.6	11.0	36.3	9.5	-44.6	41.9	27.7	-64.5
41 Loans from Federal Home Loan Banks	19.8	24.4	19.7	-11.0	-24.7	-41.0	-48.8	-22.0	-30.9	-30.5	-15.5	-27.9
By borrowing sector												
42 Sponsored credit agencies	14.9	29.5	44.9	25.2	17.0	13.2	-4.7	9.7	17.1	22.3	19.0	14.5
43 Mortgage pools	139.2	142.3	74.9	125.8	150.3	111.6	161.1	162.0	166.8	116.9	155.5	153.5
44 Private	131.0	128.4	127.8	54.5	35.6	-.9	30.9	19.7	-6.5	36.2	93.0	-52.9
45 Commercial banks	-3.6	6.2	-3.0	-1.4	-1.1	3.5	-.7	-4.9	-7.9	-12.5	21.0	-22.0
46 Bank affiliates	15.2	14.3	5.2	6.2	-28.0	16.5	-3.9	-8.0	-32.1	-40.4	-31.6	-27.4
47 Savings and loan associations	20.9	19.6	19.9	-14.1	-31.2	-44.7	-56.2	-15.8	-53.5	-31.9	-23.4	-29.1
48 Mutual savings banks	4.2	8.1	1.9	-1.4	-.5	-2.3	.7	-8.3	6.5	-4.2	4.0	-2.2
49 Finance companies	54.7	40.8	67.7	46.3	56.7	23.5	52.6	25.3	27.7	96.9	76.9	-5.0
50 Real estate investment trusts (REITs)	.8	.3	3.5	-1.9	-.4	-3.1	.1	-.6	-2.3	.9	.6	.4
51 Securitized credit obligations (SCO)	39.0	39.1	32.5	20.8	40.1	5.7	38.2	32.1	55.1	27.5	45.6	32.3

1.57—Continued

Transaction category or sector	1986	1987	1988	1989	1990	1989		1990				1991
						Q3	Q4	Q1	Q2	Q3	Q4		Q1
	All sectors											
54 Total net borrowing	1,131.7	991.7	1,014.7	894.5	876.3	833.0	824.4	1,002.5	836.1	876.2	790.3	601.5
55 U.S. government securities	369.5	317.5	277.2	302.6	439.9	298.7	341.4	419.0	412.2	425.4	503.0	372.7
56 State and local obligations	22.7	49.3	49.8	30.4	18.5	34.1	19.1	12.4	24.5	28.0	9.0	7.1
57 Corporate and foreign bonds	212.8	165.7	161.5	115.8	136.3	97.6	125.9	112.9	178.3	69.3	184.8	131.6
58 Mortgages	316.4	324.9	306.7	275.7	227.1	272.7	240.1	333.3	231.3	207.1	136.8	173.3
59 Consumer credit	58.0	33.5	50.2	39.1	14.3	37.1	44.1	30.4	2.8	21.3	2.5	-23.6
60 Bank loans n.e.c.	69.9	3.2	39.4	41.5	1.6	56.5	7.5	12.2	6.2	3.5	-15.6	12.1
61 Open market paper	26.4	32.3	75.4	60.6	30.7	48.5	51.6	62.6	-27.7	86.5	1.2	-13.8
62 Other loans	56.1	65.5	54.4	28.9	8.0	-12.2	-5.4	19.6	8.5	35.2	-31.4	-57.9
63 MEMO: U.S. government, cash balance .....	.0	-7.9	10.4	-5.9	8.3	-22.7	-7.3	22.9	-38.1	21.1	27.4	51.8
Totals net of changes in U.S. government cash balances												
64 Net borrowing by domestic nonfinancial	836.9	694.9	750.4	684.1	632.9	701.6	627.6	786.0	655.7	634.7	455.2	422.9
65 Net borrowing by U.S. government	215.0	152.8	147.1	157.5	264.2	196.7	192.4	224.4	266.3	265.1	301.0	152.9
	External corporate equity funds raised in United States											
66 Total net share issues	86.8	10.9	-124.2	-63.7	11.4	-61.0	14.9	-9.4	47.3	-15.9	23.6	101.3
67 Mutual funds	159.0	73.9	1.1	41.3	61.4	57.9	72.4	47.8	71.0	46.1	80.6	87.6
68 All other	-72.2	-63.0	-125.3	-105.1	-49.9	-118.9	-57.6	-57.2	-23.6	-62.0	-56.9	13.7
69 Nonfinancial corporations	-85.0	-75.5	-129.5	-124.2	-63.0	-146.3	-79.3	-69.0	-48.0	-74.0	-61.0	-17.0
70 Financial corporations	11.6	14.6	3.3	2.4	6.1	-1	4.5	10.1	.6	13.0	.9	1.9
71 Foreign shares purchased in United States	1.2	-2.1	.9	16.7	6.9	27.5	17.2	1.7	23.8	-1.0	3.2	28.8

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates.

Transaction category or sector	1986	1987	1988	1989	1990	1989		1990				1991
						Q3	Q4	Q1	Q2	Q3	Q4	
1 Total funds advanced in credit markets to domestic nonfinancial sectors	836.9	687.0	760.8	678.2	641.2	678.8	620.2	808.9	617.6	655.7	482.6	474.7
2 Total net advances by federal agencies and foreign sectors	280.2	248.8	210.7	187.6	261.0	218.3	203.8	218.6	300.6	324.8	200.0	304.5
<i>By instrument</i>												
3 U.S. government securities	69.4	70.1	85.2	30.7	74.4	115.7	27.1	16.4	99.9	139.1	42.1	127.6
4 Residential mortgages	136.3	139.1	86.3	137.9	184.1	127.7	178.3	182.3	206.7	160.8	186.7	184.1
5 Federal Home Loan Bank advances to thrifts	19.8	24.4	19.7	-11.0	-24.7	-41.0	-48.8	-22.0	-30.9	-30.5	-15.5	-27.9
6 Other loans and securities	54.7	15.1	19.4	30.0	27.1	15.8	47.1	41.8	24.8	55.3	-13.4	20.7
<i>By lender</i>												
7 U.S. government	9.7	-7.9	-9.4	-2.4	32.9	-9.3	5.7	37.7	34.2	62.5	-2.8	31.6
8 Sponsored credit agencies and mortgage pools	153.3	169.3	112.0	125.3	166.7	126.4	158.4	164.3	166.3	165.6	150.8	172.3
9 Monetary authority	19.4	24.7	10.5	-7.3	8.1	-31.2	-4.6	-6.3	40.4	24.4	-25.9	53.3
10 Foreign	97.8	62.7	97.6	72.1	53.2	132.4	44.2	3.0	59.8	72.3	77.9	47.3
<i>Agency and foreign borrowing not in line 1</i>												
11 Sponsored credit agencies and mortgage pools	154.1	171.8	119.8	151.0	167.4	124.8	156.4	171.7	184.0	139.2	174.6	168.0
12 Foreign	9.7	4.5	6.3	10.9	32.1	30.4	16.9	2.3	41.0	45.1	40.2	11.7
13 Total private domestic funds advanced	720.5	614.5	676.2	652.5	579.7	615.7	589.7	764.2	542.0	515.2	497.4	350.0
14 U.S. government securities	300.1	247.4	192.1	271.9	365.5	183.0	314.3	402.6	312.3	286.2	460.9	245.0
15 State and local obligations	22.7	49.3	49.8	30.4	18.5	34.1	19.1	12.4	24.5	28.0	9.0	7.1
16 Corporate and foreign bonds	89.7	66.9	91.3	66.1	80.2	65.6	70.6	68.4	97.5	46.7	108.3	69.8
17 Residential mortgages	115.9	120.2	161.3	96.5	30.4	105.1	45.5	124.1	12.8	26.1	-41.5	-2.9
18 Other mortgages and loans	212.0	155.2	201.4	176.6	60.5	186.9	91.5	134.9	64.1	97.7	-54.8	3.0
19 LESS: Federal Home Loan Bank advances	19.8	24.4	19.7	-11.0	-24.7	-41.0	-48.8	-22.0	-30.9	-30.5	-15.5	-27.9
20 Total credit market funds advanced by private financial institutions	730.0	528.4	562.3	511.1	421.6	353.9	561.9	449.2	257.8	419.4	560.2	149.4
<i>By lending institutions</i>												
21 Commercial banking	198.1	135.4	156.3	177.3	120.1	183.7	184.3	188.1	126.1	102.7	63.2	119.3
22 Savings institutions	107.6	136.8	120.4	-90.9	-145.8	-135.8	-201.9	-56.6	-210.4	-168.6	-147.4	-154.2
23 Insurance and pension funds	160.1	179.7	198.7	177.9	201.0	136.1	205.1	160.8	226.8	228.3	188.2	112.6
24 Other finance	264.2	76.6	86.9	246.8	246.3	170.0	374.5	156.8	115.3	257.0	456.1	71.7
<i>By sources of funds</i>												
25 Private domestic deposits and repurchase agreements	277.1	162.8	229.2	225.2	58.3	284.4	208.0	125.0	20.4	77.8	10.1	231.4
26 Credit market borrowing	131.0	128.4	127.8	54.5	35.6	-9	30.9	19.7	-6.5	36.2	93.0	-52.9
27 Other sources	321.8	237.1	231.4	231.4	327.7	70.4	323.1	304.5	243.8	305.4	457.0	-29.1
28 Foreign funds	12.9	43.7	9.3	-9.9	35.7	30.4	-20.6	46.4	14.1	121.2	-38.9	38.6
29 Treasury balances	1.7	-5.8	7.3	-3.4	5.3	-19.9	5.0	13.1	-13.4	18.2	3.4	30.1
30 Insurance and pension reserves	119.9	135.4	177.6	140.5	170.6	82.6	193.9	137.9	211.9	162.2	170.4	33.9
31 Other, net	187.3	63.9	11.0	140.2	116.1	-22.7	144.7	107.1	31.2	3.8	322.1	-131.6
<i>Private domestic nonfinancial investors</i>												
32 Direct lending in credit markets	121.5	214.6	241.7	195.9	193.7	260.8	58.7	334.7	277.8	132.0	30.2	147.7
33 U.S. government securities	27.0	86.0	129.0	134.3	144.0	188.7	65.8	185.6	170.4	159.9	59.8	121.1
34 State and local obligations	-19.9	61.8	53.5	28.4	-5	39.0	12.8	2.2	12.8	15.6	-30.0	-2.2
35 Corporate and foreign bonds	52.9	23.3	-9.4	-7	9.9	-4.7	14.6	54.8	29.0	-92.1	48.0	-24.6
36 Open market paper	9.9	15.8	36.4	5.4	18.4	21.4	-64.6	61.0	42.5	7.7	-37.7	16.6
37 Other loans and mortgages	51.7	27.6	32.2	27.1	21.9	16.4	30.1	33.5	23.0	40.9	-9.8	36.7
38 Deposits and currency	297.5	179.3	232.8	241.3	88.0	261.8	230.6	142.1	56.3	113.6	39.8	243.0
39 Currency	14.4	19.0	14.7	11.7	22.6	6.0	10.1	26.1	23.1	32.2	9.1	46.0
40 Checkable deposits	96.4	-9	12.9	1.5	1.2	14.7	65.8	2.2	-19.4	15.1	7.0	27.9
41 Small time and savings accounts	120.6	76.0	122.4	100.5	52.5	163.1	109.1	110.7	18.2	59.7	21.4	103.2
42 Money market fund shares	43.2	28.9	20.2	85.2	61.8	116.7	65.6	72.2	4.7	110.9	59.3	128.5
43 Large time deposits	-3.2	37.2	40.8	23.1	-42.7	-23.8	-13.4	-25.2	-5.5	-82.6	-37.5	13.9
44 Security repurchase agreements	20.2	21.6	32.9	14.9	-14.5	13.7	-19.2	-34.9	22.3	-25.2	-20.1	-42.2
45 Deposits in foreign countries	5.9	-2.5	-11.2	4.4	7.0	-28.6	12.4	-8.9	12.8	3.6	20.6	-34.4
46 Total of credit market instruments, deposits, and currency	419.0	393.9	474.5	437.2	281.7	522.7	289.3	476.8	334.1	245.6	70.0	390.7
MEMO												
47 Public holdings as percent of total	33.1	36.0	27.5	27.2	38.8	30.8	32.0	27.0	45.6	46.3	38.2	62.6
48 Private financial intermediation (percent)	101.3	86.0	83.2	78.3	72.7	57.5	95.3	58.8	47.6	81.4	112.6	42.7
49 Total foreign funds	110.7	106.4	106.9	62.2	88.9	162.8	23.6	49.4	73.8	193.5	39.0	85.9
<i>Corporate equities not included above</i>												
50 Total net issues	86.8	10.9	-124.2	-63.7	11.4	-61.0	14.9	-9.4	47.3	-15.9	23.6	101.3
51 Mutual fund shares	159.0	73.9	1.1	41.3	61.4	57.9	72.4	47.8	71.0	46.1	80.6	87.6
52 Other equities	-72.2	-63.0	-125.3	-105.1	-49.9	-118.9	-57.6	-57.2	-23.6	-62.0	-56.9	13.7
53 Acquisitions by financial institutions	50.9	32.0	-2.9	17.2	21.4	6.1	76.9	41.1	72.8	-66.2	37.9	43.1
54 Other net purchases	35.9	-21.2	-121.4	-80.9	-10.0	-67.1	-62.1	-50.5	-25.5	50.3	-14.2	58.2

NOTES BY LINE NUMBER.

1. Line 1 of table 1.57.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 26 plus line 32.
- Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
25. Line 38 less lines 39 and 45.
26. Excludes equity issues and investment company shares. Includes line 19.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking institutions in foreign banks.
29. Deposits and note balances at commercial banks.

30. Excludes net investment of these reserves in corporate equities.
 31. Mainly retained earnings and net miscellaneous liabilities.
 32. Line 13 less line 20 plus line 26.
 - 33-37. Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 37 includes mortgages.
 39. Mainly an offset to line 9.
 46. Sum of lines 32 plus 38, or line 13 less line 27 plus lines 39 and 45.
 47. Line 2 divided by line 1.
 48. Line 20 divided by line 13.
 49. Sum of lines 10 and 28.
 - 50, 52. Includes issues by financial institutions.
- NOTE: Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

Transaction category or sector	1986	1987	1988	1989	1989		1990				1991
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
Nonfinancial sectors											
1 Total credit market debt owed by domestic nonfinancial sectors	7,646.3	8,343.9	9,096.0	9,805.2	9,605.1	9,805.2	10,075.7	10,234.4	10,393.9	10,560.2	10,634.2
By sector and instrument											
2 U.S. government	1,815.4	1,960.3	2,117.8	2,269.4	2,206.1	2,269.4	2,360.9	2,401.7	2,470.2	2,568.9	2,624.7
3 Treasury securities	1,811.7	1,955.2	2,095.2	2,245.2	2,180.7	2,245.2	2,329.3	2,368.8	2,437.6	2,536.5	2,598.4
4 Agency issues and mortgages	3.6	5.2	22.6	24.2	25.4	24.2	31.6	32.9	32.6	32.4	26.4
By instrument											
5 Private	5,831.0	6,383.6	6,978.2	7,535.8	7,399.0	7,535.8	7,714.8	7,832.6	7,923.7	7,991.3	8,009.5
6 Debt capital instruments	3,962.7	4,427.9	4,886.4	5,283.3	5,189.9	5,283.3	5,453.0	5,542.3	5,618.5	5,682.1	5,730.5
7 Tax-exempt obligations	679.1	728.4	790.8	821.2	816.4	821.2	822.2	827.2	837.4	839.7	839.6
8 Corporate bonds	669.4	748.8	851.7	925.4	903.5	925.4	937.1	958.1	970.0	990.4	1,011.7
9 Mortgages	2,614.2	2,950.7	3,243.8	3,536.6	3,470.0	3,536.6	3,693.6	3,757.0	3,811.1	3,852.0	3,879.2
10 Home mortgages	1,720.8	1,943.1	2,173.9	2,404.3	2,347.6	2,404.3	2,554.5	2,619.5	2,669.6	2,709.0	2,740.1
11 Multifamily residential	246.2	270.0	286.7	304.4	301.2	304.4	304.8	300.6	301.6	302.6	302.1
12 Commercial	551.4	648.7	696.4	742.6	734.9	742.6	750.5	752.9	755.6	756.5	753.4
13 Farm	95.8	88.9	86.8	85.3	86.3	85.3	83.9	84.0	84.3	83.9	83.7
14 Other debt instruments	1,868.2	1,955.7	2,091.9	2,252.6	2,209.1	2,252.6	2,261.8	2,290.3	2,305.3	2,309.2	2,279.0
15 Consumer credit	659.8	693.2	743.5	790.6	771.0	790.6	782.3	789.4	798.7	808.9	782.3
16 Bank loans n.e.c.	666.0	673.3	713.1	763.0	750.7	763.0	749.7	755.7	749.8	751.2	748.9
17 Open market paper	62.9	73.8	85.7	107.1	113.3	107.1	126.0	128.7	131.8	116.9	119.9
18 Other	479.6	515.3	549.6	591.9	574.1	591.9	603.8	616.6	625.0	632.3	628.0
By borrowing sector											
19 State and local government	510.1	558.9	604.5	634.1	629.9	634.1	634.3	637.6	647.8	648.7	648.6
20 Household	2,596.1	2,879.1	3,191.5	3,501.8	3,411.4	3,501.8	3,650.7	3,725.8	3,788.2	3,846.4	3,860.0
21 Nonfinancial business	2,724.8	2,945.6	3,182.2	3,400.0	3,357.6	3,400.0	3,429.9	3,469.3	3,487.7	3,496.1	3,500.8
22 Farm	156.6	145.5	137.6	139.2	139.2	139.2	137.3	138.7	141.6	140.5	139.4
23 Nonfarm noncorporate	997.6	1,075.4	1,145.1	1,195.9	1,183.0	1,195.9	1,208.3	1,208.7	1,208.7	1,207.0	1,203.7
24 Corporate	1,570.6	1,724.6	1,899.5	2,064.8	2,035.5	2,064.8	2,084.3	2,121.9	2,137.4	2,148.7	2,157.8
25 Foreign credit market debt held in United States	238.3	244.6	253.9	261.5	257.7	261.5	261.8	273.1	283.4	293.7	296.3
26 Bonds	74.9	82.3	89.2	94.5	94.2	94.5	103.3	108.4	108.9	116.1	118.9
27 Bank loans n.e.c.	26.9	23.3	21.5	21.4	22.6	21.4	19.0	19.3	23.7	27.3	19.6
28 Open market paper	37.4	41.2	49.9	63.0	57.5	63.0	59.3	65.1	71.5	75.3	87.0
29 U.S. government loans	99.1	97.7	93.2	82.6	83.4	82.6	80.3	80.3	79.4	75.0	70.7
30 Total credit market debt owed by nonfinancial sectors, domestic and foreign	7,884.7	8,588.5	9,349.9	10,066.8	9,862.8	10,066.8	10,337.5	10,507.5	10,677.3	10,853.8	10,930.5
Financial sectors											
31 Total credit market debt owed by financial sectors	1,529.8	1,836.8	2,084.4	2,322.4	2,263.8	2,322.4	2,358.4	2,406.7	2,448.8	2,527.7	2,543.2
By instrument											
32 U.S. government related	810.3	978.6	1,098.4	1,249.3	1,203.6	1,249.3	1,288.2	1,330.1	1,367.9	1,418.4	1,455.3
33 Sponsored credit agency securities	273.0	303.2	348.1	373.3	370.4	373.3	378.1	381.0	384.4	393.6	396.9
34 Mortgage pool securities	531.6	670.4	745.3	871.0	828.2	871.0	905.2	944.2	978.5	1,019.9	1,053.5
35 Loans from U.S. government	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
36 Private	719.5	858.2	986.1	1,073.0	1,060.2	1,073.0	1,070.2	1,076.5	1,080.9	1,089.3	1,087.9
37 Corporate bonds	287.4	366.3	418.0	482.7	472.7	482.7	491.7	509.4	514.4	533.6	542.5
38 Mortgages	2.7	3.1	3.4	3.4	3.5	3.4	3.2	3.5	4.1	4.2	4.5
39 Bank loans n.e.c.	36.1	32.8	34.2	36.0	34.1	36.0	33.2	34.8	34.9	36.7	34.8
40 Open market paper	284.6	322.9	377.7	409.1	398.8	409.1	409.1	402.5	409.6	417.7	399.2
41 Loans from Federal Home Loan Banks	108.6	133.1	152.8	141.8	151.1	141.8	132.9	126.3	117.9	117.1	107.0
By borrowing sector											
42 Sponsored credit agencies	278.7	308.2	353.1	378.3	375.4	378.3	383.0	385.9	389.4	398.5	401.8
43 Mortgage pools	531.6	670.4	745.3	871.0	828.2	871.0	905.2	944.2	978.5	1,019.9	1,053.5
44 Private financial sectors	719.5	858.2	986.1	1,073.0	1,060.2	1,073.0	1,070.2	1,076.5	1,080.9	1,089.3	1,087.9
45 Commercial banks	75.6	81.8	78.8	77.4	77.0	77.4	73.4	73.3	70.7	76.3	68.1
46 Bank affiliates	116.8	131.1	136.2	142.5	144.0	142.5	142.0	134.3	122.9	114.4	109.2
47 Savings and loan associations	119.8	139.4	159.3	145.2	155.7	145.2	137.1	125.6	116.2	114.0	102.9
48 Mutual savings banks	8.6	16.7	18.6	17.2	17.5	17.2	15.4	16.7	16.2	16.7	16.4
49 Finance companies	328.1	378.8	446.1	496.2	481.2	496.2	499.1	509.8	530.9	552.1	547.2
50 Real estate investment trusts (REITs)	6.5	7.3	11.4	10.1	10.0	10.1	10.1	9.8	10.2	10.6	10.9
51 Securitized credit obligations issuers (SCO)	64.0	103.1	135.7	184.4	174.9	184.4	193.1	206.9	213.8	225.2	233.2
All sectors											
52 Total credit market debt	9,414.4	10,425.3	11,434.3	12,389.1	12,126.6	12,389.1	12,695.9	12,914.1	13,126.1	13,381.5	13,473.7
53 U.S. government securities	2,620.0	2,933.9	3,211.1	3,513.7	3,404.7	3,513.7	3,644.1	3,726.9	3,833.1	3,982.3	4,075.0
54 State and local obligations	679.1	728.4	790.8	821.2	816.4	821.2	822.2	827.2	837.4	839.7	839.6
55 Corporate and foreign bonds	1,031.7	1,197.4	1,358.9	1,502.6	1,470.5	1,502.6	1,532.1	1,575.9	1,593.2	1,640.0	1,673.1
56 Mortgages	2,617.0	2,953.8	3,247.2	3,540.1	3,473.6	3,540.1	3,696.9	3,760.5	3,815.2	3,856.2	3,883.7
57 Consumer credit	659.8	693.2	743.5	790.6	771.0	790.6	782.3	789.4	798.7	808.9	782.3
58 Bank loans n.e.c.	729.0	729.5	768.9	820.3	807.4	820.3	802.0	809.8	808.4	815.1	803.3
59 Open market paper	384.9	437.9	513.4	579.2	569.6	579.2	594.5	596.3	612.9	609.9	606.1
60 Other loans	693.1	751.1	800.5	821.4	813.5	821.4	821.9	828.2	827.2	829.3	810.6

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

Transaction category, or sector	1986	1987	1988	1989	1989		1990				1991
					Q3	Q4	Q1	Q2	Q3	Q4	
1 Total funds advanced in credit markets to domestic nonfinancial sectors	7,646.3	8,343.9	9,096.0	9,805.2	9,605.1	9,805.2	10,075.7	10,234.4	10,393.9	10,560.2	10,634.2
2 Total held by federal agencies and foreign sector	1,779.4	2,006.6	2,199.7	2,379.3	2,317.4	2,379.3	2,416.0	2,495.6	2,576.8	2,638.8	2,698.6
By instrument											
3 U.S. government securities	509.8	570.9	651.5	682.1	668.6	682.1	679.0	707.3	738.9	756.5	781.1
4 Residential mortgages	678.5	814.1	900.4	1,038.4	991.1	1,038.4	1,077.7	1,126.5	1,171.8	1,221.0	1,262.4
5 Federal Home Loan Bank advances to thrifts	108.6	133.1	152.8	141.8	151.1	141.8	132.9	126.3	117.9	117.1	107.0
6 Other loans and securities	482.4	488.6	495.1	517.0	506.6	517.0	526.5	535.4	548.2	544.1	548.1
By type of lender											
7 U.S. government	255.3	240.0	217.6	207.1	207.8	207.1	217.3	227.0	242.1	240.0	248.6
8 Sponsored credit agencies and mortgage pools	835.9	1,001.0	1,113.0	1,238.2	1,193.5	1,238.2	1,274.0	1,315.0	1,360.5	1,403.4	1,438.2
9 Monetary authority	205.5	230.1	240.6	233.3	227.6	233.3	224.4	237.8	240.8	241.4	247.3
10 Foreign	482.8	535.5	628.5	700.6	688.5	700.6	700.2	715.8	733.5	753.9	764.4
Agency and foreign debt not in line 1											
11 Sponsored credit agencies and mortgage pools	810.3	978.6	1,098.4	1,249.3	1,203.6	1,249.3	1,288.2	1,330.1	1,367.9	1,418.4	1,455.4
12 Foreign	238.3	244.6	253.9	261.5	257.7	261.5	261.8	273.1	283.4	293.7	296.3
13 Total private domestic holdings	6,915.6	7,560.4	8,248.5	8,936.8	8,749.0	8,936.8	9,209.8	9,342.0	9,468.5	9,633.5	9,687.2
14 U.S. government securities	2,110.1	2,363.0	2,559.7	2,831.6	2,736.1	2,831.6	2,965.1	3,019.5	3,094.2	3,225.8	3,293.9
15 State and local obligations	679.1	728.4	790.8	821.2	816.4	821.2	822.2	827.2	837.4	839.7	839.6
16 Corporate and foreign bonds	606.6	674.3	765.6	831.6	814.5	831.6	850.9	873.4	885.6	912.3	931.7
17 Residential mortgages	1,288.5	1,399.0	1,560.2	1,670.4	1,657.7	1,670.4	1,781.6	1,793.7	1,799.5	1,790.5	1,779.8
18 Other mortgages and loans	2,339.8	2,528.7	2,724.9	2,923.8	2,875.3	2,923.8	2,922.8	2,954.5	2,969.7	2,982.3	2,949.2
19 Less: Federal Home Loan Bank advances	108.6	133.1	152.8	141.8	151.1	141.8	132.9	126.3	117.9	117.1	107.0
20 Total credit market claims held by private financial institutions	6,018.0	6,564.5	7,128.6	7,662.7	7,507.8	7,662.7	7,853.1	7,912.3	7,999.3	8,151.7	8,178.6
By holding institutions											
21 Commercial banking	2,187.6	2,323.0	2,479.3	2,656.6	2,599.6	2,656.6	2,680.4	2,720.7	2,750.6	2,776.6	2,783.0
22 Savings institutions	1,297.9	1,445.5	1,567.7	1,480.7	1,530.3	1,480.7	1,461.3	1,409.5	1,371.2	1,335.0	1,291.0
23 Insurance and pension funds	1,525.4	1,705.1	1,903.8	2,081.6	2,031.6	2,081.6	2,150.5	2,193.4	2,236.8	2,282.6	2,317.0
24 Other finance	1,007.1	1,091.0	1,177.9	1,443.8	1,346.2	1,443.8	1,561.0	1,588.8	1,640.7	1,757.5	1,787.6
By sources of funds											
25 Private domestic deposits and repurchase agreements	3,199.0	3,354.2	3,599.1	3,824.3	3,742.5	3,824.3	3,849.6	3,836.4	3,848.2	3,882.5	3,935.0
26 Credit market debt	719.5	858.2	986.1	1,073.0	1,060.2	1,073.0	1,070.2	1,076.5	1,080.9	1,109.3	1,087.9
27 Other sources	2,099.5	2,352.1	2,543.5	2,765.5	2,705.1	2,765.5	2,933.4	2,999.4	3,070.2	3,159.9	3,155.6
28 Foreign funds	18.6	62.3	71.5	61.6	55.0	61.6	63.4	66.4	94.0	97.3	95.6
29 Treasury balances	27.5	21.6	29.0	25.6	30.3	25.6	16.7	32.1	36.6	30.9	26.3
30 Insurance and pension reserves	1,398.5	1,527.8	1,692.5	1,826.0	1,785.7	1,826.0	1,859.8	1,904.2	1,920.5	1,960.4	1,997.5
31 Other, net	655.0	740.3	750.5	852.3	834.0	852.3	993.5	996.8	1,019.1	1,071.2	1,036.2
Private domestic nonfinancial investors											
32 Credit market claims	1,617.0	1,854.1	2,106.0	2,347.1	2,301.5	2,347.1	2,426.8	2,506.2	2,550.1	2,591.1	2,596.5
33 U.S. government securities	848.7	936.7	1,072.2	1,206.4	1,171.3	1,206.4	1,258.5	1,287.8	1,329.3	1,363.2	1,388.6
34 State and local obligations	212.6	274.4	340.9	369.3	363.1	369.3	362.3	368.3	372.1	368.8	360.6
35 Corporate and foreign bonds	90.5	114.0	100.4	130.5	131.1	130.5	157.4	175.6	168.8	176.1	170.3
36 Open market paper	145.1	178.5	218.0	228.7	239.3	228.7	234.0	251.9	251.0	247.1	240.7
37 Other loans and mortgages	320.1	350.4	374.4	412.1	396.8	412.1	414.5	422.6	428.9	435.9	436.2
38 Deposits and currency	3,410.1	3,583.9	3,832.3	4,073.6	3,979.0	4,073.6	4,095.9	4,096.6	4,112.2	4,161.5	4,209.3
39 Currency	186.3	205.4	220.1	231.8	224.4	231.8	234.4	242.7	247.2	254.4	261.9
40 Checkable deposits	516.6	515.4	527.2	528.7	486.1	528.7	504.5	510.1	500.2	529.9	511.8
41 Small time and savings accounts	1,948.3	2,017.1	2,156.2	2,256.7	2,224.4	2,256.7	2,286.3	2,286.5	2,295.7	2,306.3	2,336.6
42 Money market fund shares	268.9	297.8	318.0	403.3	391.0	403.3	436.7	426.3	454.5	465.0	513.3
43 Large time deposits	336.7	373.9	414.7	437.8	440.0	437.8	433.7	421.0	411.3	398.0	401.4
44 Security repurchase agreements	128.5	150.1	182.9	197.9	200.9	197.9	188.3	192.5	186.6	183.4	172.0
45 Deposits in foreign countries	24.8	24.3	13.1	17.6	12.1	17.6	11.9	17.5	16.8	24.6	12.3
46 Total of credit market instruments, deposits, and currency	5,027.2	5,438.0	5,938.2	6,420.7	6,280.5	6,420.7	6,522.7	6,602.8	6,662.2	6,752.6	6,805.8
MEMO											
47 Public holdings as percent of total	22.6	23.4	23.5	23.6	23.5	23.6	23.4	23.8	24.1	24.3	24.7
48 Private financial intermediation (percent)	87.0	86.8	86.4	85.7	85.8	85.7	85.3	84.7	84.5	84.6	84.4
49 Total foreign funds	501.3	597.8	700.1	762.3	743.5	762.3	763.6	782.2	827.5	851.2	860.0
Corporate equities not included above											
50 Total market value	3,360.6	3,325.0	3,619.8	4,378.9	4,395.4	4,378.9	4,170.4	4,336.9	3,770.7	3,987.7	4,550.2
51 Mutual fund shares	413.5	460.1	478.3	555.1	543.9	555.1	550.3	587.9	547.3	579.9	643.0
52 Other equities	2,947.1	2,864.9	3,141.6	3,823.8	3,851.5	3,823.8	3,620.1	3,749.0	3,223.4	3,407.9	3,907.2
53 Holdings by financial institutions	974.6	1,039.5	1,176.1	1,492.3	1,478.5	1,492.3	1,434.8	1,542.1	1,297.2	1,406.6	1,636.9
54 Other holdings	2,385.9	2,285.5	2,443.7	2,886.6	2,917.0	2,886.6	2,735.6	2,794.8	2,473.5	2,581.1	2,913.4

NOTES BY LINE NUMBER.

1. Line 1 of table 1.59.
2. Sum of lines 3-6 or 8-11.
6. Includes farm and commercial mortgages.
11. Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 26 plus line 32.
- Also sum of lines 27 and 46 less lines 39 and 45.
18. Includes farm and commercial mortgages.
25. Line 38 less lines 39 and 45.
26. Excludes equity issues and investment company shares. Includes line 19.
28. Foreign deposits at commercial banks plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
29. Demand deposits and note balances at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 13 less line 20 plus line 26.
- 33-37. Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Sum of lines 32 plus 38, or line 13 less line 27 plus 39 and 45.
47. Line 2 divided by line 1.
48. Line 20 divided by line 13.
49. Sum of lines 10 and 28.
- 50-52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Stop 95, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1988	1989	1990	1990		1991						
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June ^r	July
1 Industrial production ¹ (1987=100).....	105.4	108.1	109.2	108.3	107.2	106.6	105.7	105.0	105.5	106.4	107.1	107.6
<i>Market groupings (1987=100)</i>												
2 Products, total.....	105.3	108.6	110.1	109.3	108.4	107.8	106.9	106.5	106.9	107.6	108.0	108.4
3 Final, total.....	105.6	109.1	110.9	110.2	109.2	109.1	108.3	108.1	108.7	109.1	109.4	109.8
4 Consumer goods.....	104.0	106.7	107.3	106.5	105.7	105.6	104.7	104.1	105.5	106.5	107.2	107.6
5 Equipment.....	107.6	112.3	115.5	115.1	113.6	113.6	112.9	112.5	112.8 ^r	112.6	112.4	112.7
6 Intermediate.....	104.4	106.8	107.7	106.2	106.0	103.8	102.6	101.3	101.2 ^r	102.6	103.5	103.8
7 Materials.....	105.6	107.4	107.8	106.8	105.3	104.8	103.9	102.6	103.4 ^r	104.6	105.7	106.4
<i>Industry groupings</i>												
8 Manufacturing (1987=100).....	105.8	108.9	109.9	108.9	107.5	107.0	106.1	105.2	105.9	106.5	107.3	107.9
9 Capacity utilization (percent) ² Manufacturing.....	83.9	83.9	82.3	80.7	79.4	78.9	78.0	77.2	77.5	77.8	78.2	78.4
10 Construction contracts (1982 = 100) ³	166.7	172.9	154.5 ^r	146.0	130.0	132.0	133.0	128.0	145.0	138.0	133.0	144.0
11 Nonagricultural employment, total ⁴	128.0	131.5	133.8	133.1	132.9	132.7	132.4	132.1	131.9	132.0	132.0	131.9
12 Goods-producing, total.....	103.4	104.0	102.7	100.6	100.1	99.3	98.7	98.1	97.7	98.0	97.7	97.7
13 Manufacturing, total.....	98.3	98.7	96.8	95.5	95.2	94.8	94.1	93.7	93.4	93.6	93.3	93.4
14 Manufacturing, production worker.....	93.5	93.8	91.5	89.9	89.6	89.1	88.3	87.9	87.7	87.9	87.8	88.0
15 Service-producing.....	138.3	142.9	146.8	146.7	146.7	146.6	146.4	146.3	146.1	146.3	146.4	146.3
16 Personal income, total.....	253.2	272.7	289.0	293.4	295.1	293.9	294.5	295.5	295.8	297.4	298.8	n.a.
17 Wages and salary disbursements.....	244.6	258.9	272.2	274.8	277.1	275.8	275.9	276.2	276.7	278.4	281.1	n.a.
18 Manufacturing.....	196.5	203.1	205.0	202.9	205.4	202.5	200.9	200.2	201.3 ^r	202.8	204.8	n.a.
19 Disposable personal income ⁵	252.2	270.1	286.1	290.1	291.6	290.6	291.4	292.6	292.7 ^r	294.3	295.6	n.a.
20 Retail sales ⁶	228.2	241.7	251.0	254.3	249.4	246.2	251.6	252.3	251.4	254.3	254.7	255.9
<i>Prices⁷</i>												
21 Consumer (1982-84 = 100).....	118.3	124.0	130.7	133.8	133.8	134.6	134.8	135.0	135.2	135.6	136.0	136.2
22 Producer finished goods (1982 = 100).....	108.0	113.6	119.2	122.9	122.0	122.3	121.4	120.9 ^r	120.9	121.7	121.9	121.6

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision" in the *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

2. Ratios of indexes of production to indexes of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill Economics Department, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.

5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).

6. Based on U.S. Bureau of Census data published in *Survey of Current Business*.

7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary and the earlier three months 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 are seasonally adjusted; exceptions noted.

Category	1988	1989	1990	1990	1991						
				Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June ^r	July
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	186,837	188,601	190,216	190,999	191,116	191,248	191,384	191,525	191,664	191,805	191,955
2 Labor force (including Armed Forces) ¹	123,893	126,077	126,954	127,307	126,777	127,209	127,467	127,817	127,374	127,766	127,330
3 Civilian labor force	121,669	123,869	124,787	125,174	124,638	125,076	125,326	125,672	125,232	125,629	125,214
<i>Employment</i>											
4 Nonagricultural industries ²	111,800	114,142	114,728	114,321	113,759	113,696	113,656	114,243	113,319	113,576	113,474
5 Agriculture	3,169	3,199	3,186	3,253	3,163	3,222	3,098	3,156	3,272	3,308	3,239
<i>Unemployment</i>											
6 Number	6,701	6,528	6,874	7,600	7,715	8,158	8,572	8,274	8,640	8,745	8,501
7 Rate (percent of civilian labor force)	5.5	5.3	5.5	6.1	6.2	6.5	6.8	6.6	6.9	7.0	6.8
8 Not in labor force	62,944	62,524	63,262	63,692	64,339	64,039	63,917	63,708	64,290	64,039	64,625
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	105,536	108,413	110,330	109,621	109,418	109,160	108,902	108,736	108,887	108,866	108,815
10 Manufacturing	19,350	19,426	19,064	18,749	18,671	18,532	18,443	18,396	18,426	18,376	18,389
11 Mining	713	700	735	715	713	715	714	710	706	704	703
12 Contract construction	5,110	5,200	5,205	4,911	4,797	4,792	4,720	4,688	4,715	4,709	4,687
13 Transportation and public utilities	5,527	5,648	5,838	5,867	5,866	5,834	5,824	5,814	5,819	5,811	5,808
14 Trade	25,132	25,851	26,151	25,745	25,680	25,583	25,483	25,410	25,424	25,411	25,410
15 Finance	6,649	6,724	6,833	6,733	6,736	6,732	6,735	6,718	6,712	6,702	6,697
16 Service	25,669	27,096	28,209	28,548	28,590	28,583	28,576	28,576	28,645	28,727	28,705
17 Government	17,386	17,769	18,295	18,353	18,365	18,389	18,407	18,424	18,440	18,426	18,416

1. Persons sixteen years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month, and exclude proprietors, self-employed persons, domestic servants, 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. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1990		1991		1990		1991		1990		1991		
	Q3	Q4	Q1	Q2 ^r	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 ^r	
	Output (1987 = 100)				Capacity (percent of 1987 output)				Utilization rate (percent)				
1 Total industry	110.5	108.5	105.8	106.3	131.9	132.8	133.6	134.5	83.7	81.7	79.2	79.1	
2 Manufacturing	111.1	109.0	106.1	106.6	134.0	135.0	136.0	136.9	82.9	80.8	78.0	77.7	
3 Primary processing	107.6	104.7	100.6	100.9	125.5	126.1	126.8	127.5	85.8	83.0	79.4	79.1	
4 Advanced processing	112.8	111.0	108.6	109.2	138.0	139.1	140.2	141.3	81.7	79.8	77.5	77.3	
5 Durable	113.6	110.0	106.1	106.6	138.0	139.0	139.9	140.9	82.3	79.1	75.8	75.7	
6 Lumber and products	101.5	95.7	92.3	93.5	124.0	124.6	125.0	125.2	81.8	76.8	73.9	74.7	
7 Primary metals	112.2	107.3	97.9	96.5	127.7	127.9	128.2	128.6	87.9	83.9	76.4	75.0	
8 Iron and steel	114.3	110.0	96.3	93.9	132.5	132.7	133.0	133.5	86.3	82.9	72.4	70.3	
9 Nonferrous	109.2	103.4	100.2	100.1	120.9	121.1	121.3	121.5	90.3	85.3	82.6	82.4	
10 Nonelectrical machinery	128.5	126.4	124.4	123.0	154.7	156.3	157.9	159.5	83.1	80.8	78.8	77.1	
11 Electrical machinery	112.4	109.9	108.1	110.7	140.0	141.4	142.7	144.0	80.3	77.8	75.8	76.9	
12 Motor vehicles and parts	103.7	89.4	80.8	89.5	132.7	132.9	133.4	134.2	78.2	67.2	60.5	66.7	
13 Aerospace and miscellaneous transportation equipment	114.5	113.3	109.9	106.2	135.2	136.1	137.0	137.9	84.7	83.3	80.2	77.0	
14 Nondurable	108.1	107.8	106.1	106.6	128.9	129.9	130.9	131.9	83.8	83.0	81.0	80.8	
15 Textile mill products	101.3	98.2	94.6	98.9	116.6	117.0	117.3	117.7	86.9	84.0	80.6	84.1	
16 Paper and products	107.2	105.8	102.6	102.6	115.1	115.7	116.4	117.1	93.2	91.4	88.2	87.6	
17 Chemicals and products	110.8	110.2	109.1	109.3	135.9	137.1	138.4	139.7	81.5	80.4	78.8	78.2	
18 Plastics materials	117.2	118.1	113.2	.....	130.6	132.9	135.7	.....	89.7	88.9	83.4	.....
19 Petroleum products	110.0	107.4	107.3	107.4	121.3	121.4	121.4	121.4	90.7	88.5	88.4	88.4	
20 Mining	103.4	103.1	102.0	101.3	114.5	114.0	113.8	114.3	90.3	90.4	89.6	88.6	
21 Utilities	110.5	108.3	106.2	108.8	127.1	127.6	128.1	128.4	86.9	84.8	82.9	84.7	
22 Electric	112.9	111.2	109.3	113.5	122.6	123.2	123.8	124.3	92.1	90.2	88.3	91.4	
	Previous cycle		Latest cycle		1990		1991						
	High	Low	High	Low	July	Dec.	Jan.	Feb.	Mar.	Apr. ^r	May ^r	June ^r	July ^p
	Capacity utilization rate (percent)												
23 Total industry	89.2	72.6	87.3	71.8	83.8	80.6	80.0	79.1	78.4	78.6	79.1	79.5	79.7
24 Manufacturing	88.9	70.8	87.3	70.0	83.1	79.4	78.9	78.0	77.2	77.5	77.8	78.2	78.4
25 Primary processing	92.2	68.9	89.7	66.8	86.1	81.5	80.6	79.5	77.9	78.2	79.1	80.1	80.8
26 Advanced processing	87.5	72.0	86.3	71.4	81.8	78.5	78.2	77.4	76.8	77.3	77.3	77.4	77.5
27 Durable	88.8	68.5	86.9	65.0	82.3	77.2	76.8	75.8	74.9	75.4	75.7	75.9	76.3
28 Lumber and products	90.1	62.2	87.6	60.9	83.6	74.9	75.4	73.2	72.9	74.1	73.8	76.1	76.6
29 Primary metals	100.6	66.2	102.4	46.8	86.4	81.4	77.8	77.6	73.8	73.6	75.4	76.2	79.0
30 Iron and steel	105.8	66.6	110.4	38.3	83.5	80.8	74.5	73.7	69.1	68.7	70.4	71.7	76.3
31 Nonferrous	92.9	61.3	90.5	62.2	90.9	82.3	83.0	83.7	81.1	81.1	83.1	83.0	83.2
32 Nonelectrical machinery	96.4	74.5	92.1	64.9	83.2	79.5	79.8	78.8	77.7	77.7	77.2	76.3	76.4
33 Electrical machinery	87.8	63.8	89.4	71.1	80.4	76.6	75.7	75.8	75.9	76.4	76.9	77.3	76.7
34 Motor vehicles and parts	93.4	51.1	93.0	44.5	77.4	59.0	62.3	59.5	59.7	64.3	66.9	68.9	71.9
35 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	85.4	82.8	81.1	80.3	79.3	78.0	76.7	76.4	76.0
36 Nondurable	87.9	71.8	87.0	76.9	84.1	82.4	81.8	81.0	80.3	80.5	80.7	81.2	81.3
37 Textile mill products	92.0	60.4	91.7	73.8	88.3	82.1	80.2	80.4	81.3	82.7	84.3	85.2	86.6
38 Paper and products	96.9	69.0	94.2	82.0	93.8	91.0	89.8	87.9	86.8	86.7	86.5	89.6	91.0
39 Chemicals and products	87.9	69.9	85.1	70.1	81.5	79.9	79.8	78.8	77.9	78.3	78.2	78.2	77.8
40 Plastics materials	102.0	50.6	90.9	63.4	90.5	86.5	86.2	85.0	79.0	80.5	84.5
41 Petroleum products	96.7	81.1	89.5	68.2	91.1	87.0	86.2	89.6	89.4	87.1	88.4	89.8	89.6
42 Mining	94.4	88.4	96.6	80.6	90.7	90.8	89.5	90.4	89.0	88.3	87.9	89.5	88.6
43 Utilities	95.6	82.5	88.3	76.2	86.4	85.1	84.1	81.6	83.0	82.6	86.4	85.2	85.7
44 Electric	99.0	82.7	88.3	78.7	91.6	90.6	89.3	87.0	88.6	88.5	93.6	92.0	92.8

1. These data also appear in the Board's G.17 (419) release. For 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), pages 411-35.

2. Monthly high 1973; monthly low 1975.

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value¹

Monthly data are seasonally adjusted

Groups	1987 pro- por- tion	1990 avg.	1990						1991						
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^r	May ^r	June ^r	July ^p
			Index (1987 = 100)												
MAJOR MARKET															
1 Total index.....	100.0	109.2	110.4	110.5	110.6	109.9	108.3	107.2	106.6	105.7	105.0	105.5	106.4	107.1	107.6
2 Products.....	60.8	110.1	110.9	110.9	111.4	111.0	109.3	108.4	107.8	106.9	106.5	106.9	107.6	108.0	108.4
3 Final products.....	46.0	110.9	111.7	111.9	112.6	112.3	110.2	109.2	109.1	108.3	108.1	108.7	109.1	109.4	109.8
4 Consumer goods, total.....	26.0	107.3	107.5	107.8	108.7	108.6	106.5	105.7	105.6	104.7	104.7	105.5	106.5	107.2	107.6
5 Durable consumer goods.....	5.6	106.2	108.3	107.4	110.4	106.9	99.4	96.0	97.6	95.2	95.9	99.3	100.9	103.4	104.6
6 Automotive products.....	2.5	102.3	106.7	104.6	111.8	107.1	93.5	86.7	90.6	88.1	88.9	94.2	97.2	99.9	103.2
7 Autos and trucks.....	1.5	97.4	104.8	101.5	113.0	107.5	84.2	74.6	79.6	74.7	76.7	85.0	89.2	92.5	98.1
8 Autos, consumer.....	.9	92.2	98.0	97.2	111.5	104.6	80.7	77.2	83.2	78.6	76.3	78.3	81.9	83.8	92.8
9 Trucks, consumer.....	.6	106.1	116.1	108.8	115.4	112.2	90.2	70.2	73.6	68.1	77.4	96.3	101.6	107.1	106.9
10 Auto parts and allied goods.....	1.0	109.6	109.5	109.3	110.0	106.4	107.3	104.8	107.1	108.3	107.3	108.0	109.1	111.0	111.0
11 Other.....	3.1	109.4	109.5	109.6	109.3	106.8	104.1	103.4	103.2	100.7	101.4	103.4	103.8	106.3	105.6
12 Appliances, A/C, and TV.....	.8	102.0	100.2	101.9	101.0	94.6	90.8	89.9	92.8	94.5	96.2	97.3	96.8	104.2	98.0
13 Carpeting and furniture.....	.9	104.9	106.0	104.9	106.0	103.8	99.2	100.9	100.3	92.0	93.9	97.0	96.9	98.8	98.7
14 Miscellaneous home goods.....	1.4	116.4	116.9	116.8	116.1	115.5	114.6	112.5	110.8	109.8	109.2	110.8	112.2	112.2	114.3
15 Nondurable consumer goods.....	20.4	107.6	107.3	107.9	108.2	109.1	108.5	108.4	107.8	107.3	107.1	107.2	108.0	108.2	108.4
16 Foods and tobacco.....	9.1	105.9	105.1	105.7	105.3	106.7	107.8	107.5	106.3	105.9	105.4	105.3	106.2	106.2	106.6
17 Clothing.....	2.6	95.7	95.6	94.6	95.3	94.2	91.7	92.1	90.6	90.8	90.4	90.6	92.0	92.9	94.3
18 Chemical products.....	3.5	113.3	112.4	114.3	115.1	115.9	113.5	113.5	114.7	114.8	114.2	115.0	113.9	114.2	113.4
19 Paper products.....	2.5	119.7	120.3	119.3	121.9	123.4	122.8	122.7	122.1	121.0	122.2	122.7	121.8	123.1	122.9
20 Energy.....	2.7	105.9	106.7	109.0	108.0	108.8	106.4	106.6	106.5	105.2	105.5	104.4	108.7	107.4	107.9
21 Fuels.....	.7	102.9	104.6	106.0	105.6	104.0	101.1	98.1	99.8	103.4	104.3	101.4	103.6	104.1	104.1
22 Residential utilities.....	2.0	107.0	107.5	110.0	108.9	110.6	108.4	109.7	109.0	105.9	105.9	105.5	110.6	108.7	109.3
23 Equipment, total.....	20.0	115.5	117.2	117.2	117.8	117.0	115.1	113.6	113.6	112.9	112.5	112.8	112.6	112.4	112.7
24 Business equipment.....	13.9	123.1	125.0	125.4	126.4	125.4	122.9	121.2	121.6	120.6	120.3	121.3	121.5	121.5	122.4
25 Information processing and related.....	5.6	127.2	128.0	128.5	129.5	130.1	128.8	127.5	130.1	131.6	131.2	131.5	131.3	130.4	130.6
26 Office and computing.....	1.9	149.8	152.7	152.2	153.6	155.3	149.8	148.9	155.0	157.3	155.1	155.6	154.1	151.5	151.8
27 Industrial.....	4.0	115.3	117.2	117.9	117.4	115.4	115.3	112.3	111.5	109.1	109.5	109.3	109.4	109.0	110.2
28 Transit.....	2.5	129.9	135.5	135.4	140.5	137.5	126.3	123.4	124.0	120.3	120.4	124.1	125.9	128.2	131.5
29 Autos and trucks.....	1.2	96.8	103.1	101.5	111.0	106.5	83.9	75.3	79.8	75.0	76.7	84.4	87.9	90.8	96.6
30 Other.....	1.9	118.5	119.2	119.8	118.5	117.0	117.6	118.5	115.0	112.5	110.8	112.7	112.7	112.9	112.2
31 Defense and space equipment.....	5.4	97.3	97.8	97.7	97.3	97.3	96.2	95.8	94.4	94.5	93.9	92.5	91.5	90.6	90.0
32 Oil and gas well drilling.....	.6	109.0	116.2	106.9	107.4	107.1	109.7	107.3	106.4	108.2	107.7	105.1	101.3	103.0	97.8
33 Manufactured homes.....	.2	90.8	90.0	93.4	91.8	89.0	87.3	83.4	83.1	77.3	79.3	83.1	86.6	90.8	88.5
34 Intermediate products, total.....	14.7	107.7	108.4	107.9	107.4	107.0	106.2	106.0	103.8	102.6	101.3	101.2	102.6	103.5	103.8
35 Construction supplies.....	6.0	105.2	106.7	105.3	103.8	103.1	101.8	101.0	97.7	96.4	94.0	94.9	96.0	97.1	97.7
36 Business supplies.....	8.7	109.4	109.5	109.7	109.9	109.7	109.2	109.4	108.1	106.8	106.4	105.6	107.2	107.9	108.1
37 Materials, total.....	39.2	107.8	109.6	109.7	109.4	108.3	106.8	105.3	104.8	103.9	102.6	103.4	104.6	105.7	106.4
38 Durable goods materials.....	19.4	111.8	114.0	114.9	114.1	112.5	110.4	107.5	106.8	105.5	103.3	104.9	106.1	107.1	108.1
39 Durable consumer parts.....	4.2	104.0	108.1	110.4	109.0	106.0	98.5	91.1	94.2	90.4	87.5	92.1	95.5	98.1	101.2
40 Equipment parts.....	7.3	118.1	119.2	119.4	119.8	118.6	117.4	116.9	115.9	116.2	114.8	114.6	114.7	113.9	113.8
41 Other.....	7.9	110.2	112.4	113.1	111.6	110.4	110.2	107.4	105.2	103.8	101.0	102.6	103.8	105.5	106.6
42 Basic metal materials.....	2.8	111.9	115.5	116.3	115.8	112.0	112.7	109.6	104.6	104.8	101.2	101.6	103.0	105.3	107.2
43 Nondurable goods materials.....	9.0	106.0	107.8	106.8	106.9	106.5	105.6	104.9	104.9	103.6	102.8	103.1	103.8	105.1	105.9
44 Textile materials.....	1.2	96.7	100.2	97.8	98.1	97.9	95.1	91.4	89.1	91.5	92.7	94.7	96.8	97.8	99.2
45 Pulp and paper materials.....	1.9	106.4	109.0	106.9	109.4	108.6	107.2	108.5	106.0	104.1	102.4	102.0	101.5	107.0	108.8
46 Chemical materials.....	3.8	106.8	108.5	108.0	106.6	105.6	105.8	105.7	106.7	104.1	102.7	102.9	103.9	104.0	104.0
47 Other.....	2.1	109.5	109.9	109.3	110.1	110.8	109.4	107.6	109.3	108.8	108.8	109.0	109.8	109.5	110.4
48 Energy materials.....	10.9	102.1	103.3	103.0	103.0	102.3	101.6	102.0	101.1	101.1	101.3	101.1	102.6	103.6	103.8
49 Primary energy.....	7.2	101.3	103.3	102.1	101.0	100.7	101.4	101.9	101.3	102.1	101.5	100.5	101.5	103.3	103.0
50 Converted fuel materials.....	3.7	103.5	103.4	104.9	107.0	105.3	102.0	102.1	100.9	99.2	100.8	102.4	104.7	104.2	105.4
SPECIAL AGGREGATES															
51 Total excluding autos and trucks.....	97.3	109.5	110.6	110.7	110.6	110.0	109.0	108.1	107.4	106.6	105.7	106.1	106.9	107.5	107.9
52 Total excluding motor vehicles and parts.....	95.3	109.8	110.8	110.9	110.7	110.2	109.4	108.6	107.8	107.0	106.2	106.5	107.2	107.8	108.1
53 Total excluding office and computing machines.....	97.5	108.2	109.3	109.4	109.5	108.8	107.3	106.1	105.4	104.4	103.7	104.2	105.2	106.0	106.5
54 Consumer goods excluding autos and trucks.....	24.5	107.9	107.6	108.2	108.4	108.7	107.9	107.6	107.2	106.5	106.4	106.7	107.5	108.0	108.2
55 Consumer goods excluding energy.....	23.3	107.5	107.6	107.7	108.7	108.6	106.5	105.6	105.5	104.7	104.6	105.6	106.2	107.1	107.6
56 Business equipment excluding autos and trucks.....	12.7	125.6	127.2	127.8	128.0	127.2	126.8	125.6	125.7	125.0	124.5	124.9	124.8	124.5	124.9
57 Business equipment excluding office and computing equipment.....	12.0	118.7	120.5	121.1	122.0	120.6	118.6	116.7	116.2	114.6	114.6	115.7	116.2	116.6	117.6
58 Materials excluding energy.....	28.4	110.0	112.1	112.3	111.8	110.6	108.9	106.6	106.2	104.9	103.1	104.3	105.4	106.4	107.4

2.13—Continued

Groups	SIC code	1987 proportion	1990 avg.	1990						1991							
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July ^P	
				Index (1987 = 100)													
MAJOR INDUSTRY																	
1 Total index		100.0	109.2	110.4	110.5	110.6	109.9	108.3	107.2	106.6	105.7	105.0	105.5	106.4	107.1	107.6	
2 Manufacturing		84.4	109.9	111.1	111.1	111.2	110.7	108.9	107.5	107.0	106.1	105.2	105.9	106.5	107.3	107.9	
3 Primary processing		26.7	106.3	107.9	108.0	106.9	106.2	104.9	102.9	102.0	100.8	99.0	99.6	100.8	102.3	103.4	
4 Advanced processing		57.7	111.6	112.5	112.5	113.2	112.8	110.8	109.5	109.3	108.5	108.0	108.9	109.2	109.6	110.0	
5 Durable		47.3	111.6	113.4	113.5	113.8	112.5	109.9	107.5	107.2	106.1	105.0	106.0	106.6	107.2	108.0	
6 Lumber and products	24	2.0	101.6	103.6	100.5	100.3	98.2	95.5	93.5	94.2	91.5	91.2	92.7	92.4	95.4	96.0	
7 Furniture and fixtures	25	1.4	105.9	108.0	106.7	106.9	104.4	102.3	102.0	99.0	94.9	95.4	98.3	98.5	99.7	99.6	
8 Clay, glass, and stone products	32	2.5	105.7	106.0	106.6	104.5	104.4	103.8	100.7	97.2	98.9	94.4	94.2	95.5	95.3	95.9	
9 Primary metals	33	3.3	108.4	110.3	114.6	111.6	108.6	109.1	104.2	99.7	99.5	94.7	94.5	96.9	98.0	101.7	
10 Iron and steel	331,2	1.9	109.9	110.6	118.3	113.9	110.3	112.6	107.3	99.0	98.0	92.0	91.6	94.0	95.9	102.1	
11 Raw steel		.1	109.6	113.9	118.5	111.6	112.8	109.5	100.6	104.7	97.9	89.8	91.0	88.9	94.0	103.4	
12 Nonferrous	333-6,9	1.4	106.2	109.8	109.4	108.4	106.2	104.1	99.8	100.6	101.6	98.4	98.5	101.0	100.9	101.2	
13 Fabricated metal products	34	5.4	105.9	107.7	107.9	106.8	106.4	104.3	101.9	101.7	99.1	97.8	98.0	99.3	100.8	101.5	
14 Nonelectrical machinery	35	8.6	126.5	128.3	128.8	128.5	128.1	126.3	124.7	125.5	124.5	123.1	123.5	123.2	122.2	122.7	
15 Office and computing machines	357	2.5	149.8	152.7	152.2	153.6	155.3	149.8	148.9	155.0	157.3	155.1	155.6	154.2	151.6	151.8	
16 Electrical machinery	36	8.6	111.4	112.2	112.5	112.5	110.8	110.4	108.7	107.6	108.2	108.6	109.7	110.7	111.6	111.0	
17 Transportation equipment	37	9.8	105.5	109.3	107.9	111.1	109.2	100.1	96.6	97.6	95.5	95.0	97.2	98.1	99.4	101.2	
18 Motor vehicles and parts	371	4.7	96.8	102.7	101.0	107.5	103.8	85.8	78.5	83.0	79.4	79.8	86.2	89.8	92.6	96.8	
19 Autos and light trucks		2.3	96.6	103.8	100.9	112.8	107.1	83.7	74.9	80.1	75.3	76.6	84.0	88.2	91.2	97.3	
20 Aerospace and miscellaneous transportation equipment	372-6,9	5.1	113.3	115.2	114.1	114.2	114.0	113.1	112.9	110.8	110.0	108.8	107.2	105.7	105.6	105.2	
21 Instruments	38	3.3	116.8	116.9	117.5	118.4	118.1	118.1	117.3	119.0	119.3	118.4	118.6	118.2	117.5	117.6	
22 Miscellaneous manufacturers	39	1.2	120.0	120.4	121.8	121.3	121.5	122.5	119.1	116.1	114.6	115.3	117.5	117.9	117.6	118.8	
23 Nondurable		37.2	107.8	108.1	108.1	108.0	108.4	107.7	107.4	106.8	106.0	105.4	105.9	106.4	107.4	107.8	
24 Foods	20	8.8	107.6	107.1	107.7	107.6	108.8	109.6	109.1	108.3	107.6	107.4	107.6	107.9	108.1	108.0	
25 Tobacco products	21	1.0	98.6	98.5	96.3	96.4	97.8	99.0	101.1	100.0	100.1	98.2	97.6	98.8	99.3	100.4	
26 Textile mill products	22	1.8	100.8	102.9	100.4	100.7	101.2	97.4	96.1	94.0	94.3	95.4	97.2	99.2	100.3	102.1	
27 Apparel products	23	2.4	98.8	99.2	98.8	98.4	97.2	95.5	94.9	92.9	93.1	92.5	93.2	95.2	95.9	98.0	
28 Paper and products	26	3.6	105.3	107.8	106.5	107.5	106.8	105.1	105.4	104.2	102.2	101.3	101.3	101.3	105.1	107.0	
29 Printing and publishing	27	6.4	111.9	111.4	110.9	111.6	112.9	112.4	112.8	112.1	110.9	110.4	110.7	110.5	111.2	111.3	
30 Chemicals and products	28	8.6	110.3	110.4	111.1	110.9	110.7	110.0	109.9	110.1	109.1	108.2	109.0	109.2	109.6	109.4	
31 Petroleum products	29	1.3	108.2	110.5	110.2	109.3	108.6	107.8	105.6	104.7	108.8	108.5	105.7	107.4	109.0	108.8	
32 Rubber and plastic products	30	3.0	110.2	110.9	112.0	110.3	110.6	109.6	106.9	108.8	106.1	104.4	106.6	109.0	110.3	111.1	
33 Leather and products	31	.3	100.0	102.5	99.6	100.3	95.3	89.9	92.6	89.6	90.8	91.5	90.0	89.5	90.6	92.0	
34 Mining		7.9	102.6	104.0	102.4	103.9	102.6	103.3	103.4	101.7	102.9	101.5	100.9	100.5	102.4	101.5	
35 Metal	10	.3	153.1	164.8	155.7	163.6	146.8	153.4	162.0	143.1	148.0	147.6	145.7	147.3	149.5	146.5	
36 Coal	11,12	1.2	113.2	118.5	110.2	116.8	114.7	112.9	110.6	108.4	112.8	109.9	105.9	103.4	110.2	116.0	
37 Oil and gas extraction	13	5.7	95.5	95.5	95.8	95.8	95.8	97.3	96.7	96.0	97.2	96.4	96.6	96.4	97.4	95.2	
38 Stone and earth minerals	14	.7	119.5	121.8	120.1	121.7	118.0	113.5	118.9	119.2	112.0	108.0	107.0	108.3	108.8	107.6	
39 Utilities		7.6	108.0	109.7	111.4	110.3	109.2	106.9	108.8	107.6	104.6	106.4	105.9	111.0	109.5	110.3	
40 Electric	491,3PT	6.0	110.8	112.1	113.6	112.9	112.1	109.6	111.8	110.4	107.8	109.8	109.8	116.3	114.5	115.6	
41 Gas	492,3PT	1.6	97.3	100.7	103.3	100.9	98.1	97.0	97.6	97.5	92.8	93.6	91.6	91.3	91.0	90.8	
SPECIAL AGGREGATES																	
42 Manufacturing excluding motor vehicles and parts		79.8	110.7	111.6	111.7	111.4	111.1	110.3	109.1	108.4	107.6	106.7	107.1	107.5	108.1	108.6	
43 Manufacturing excluding office and computing machines		82.0	108.7	109.8	109.9	110.0	109.4	107.7	106.2	105.6	104.5	103.7	104.4	105.1	106.0	106.6	
Gross value (billions of 1982 dollars, annual rates)																	
MAJOR MARKET																	
44 Products, total		1734.8	1,911.4	1,923.5	1,929.5	1,941.6	1,939.6	1,882.8	1,859.4	1,860.4	1,848.4	1,845.4	1,853.3	1,873.8	1,883.9	1,892.8	
45 Final		1350.9	1,497.7	1,508.7	1,516.3	1,529.1	1,523.7	1,470.8	1,450.8	1,459.6	1,452.8	1,455.6	1,464.6	1,476.8	1,486.1	1,492.7	
46 Consumer goods		833.4	882.9	886.0	885.9	895.2	892.7	865.2	857.6	857.9	852.7	857.4	862.9	874.9	881.6	886.0	
47 Equipment		517.5	614.8	622.7	630.4	633.9	631.0	605.6	593.2	601.7	600.1	598.2	601.7	601.9	604.5	606.7	
48 Intermediate		384.0	413.7	414.9	413.1	412.5	415.9	412.0	408.7	400.8	395.6	389.8	388.7	397.0	397.9	400.1	

1. These data also appear in the Board's G.17 (419) release. For requests see address inside front cover.

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.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates, except as noted.

Item	1988	1989	1990	1990				1991					
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ¹	May	June
Private residential real estate activity (thousands of units)													
NEW UNITS													
1 Permits authorized	1,456	1,339	1,111	989	925	916	854	802	876	892	913	966	999
2 One-family	994	932	794	730	703	668	645	611	695	689	742	760	780
3 Two-or-more-family	462	407	317	259	222	248	209	191	181	203	171	206	219
4 Started	1,488	1,376	1,193	1,106	1,026	1,130	971	847	992	907	977	983	1,032
5 One-family	1,081	1,003	895	858	839	769	751	648	788	742	801	831	862
6 Two-or-more-family	407	373	298	248	187	361	220	199	204	165	176	152	170
7 Under construction, end of period ¹ ..	919	850	711	790	766	756	744	717	709	680	674	665	655
8 One-family	570	535	449	503	497	486	478	461	457	442	443	444	446
9 Two-or-more-family	350	315	262	287	269	270	266	256	252	238	231	221	209
10 Completed	1,530	1,423	1,308	1,314	1,275	1,246	1,155	1,125	1,096	1,190	1,089	1,069	1,084
11 One-family	1,085	1,026	966	963	930	922	878	841	838	881	821	796	804
12 Two-or-more-family	445	396	342	351	345	324	277	284	258	309	268	273	280
13 Mobile homes shipped	218	198	188	184	186	181	167	168	157	157	175	174	173
Merchant builder activity in one-family units													
14 Number sold	675	650	535	504	465	480	464	414	488	495 ²	505	489	525
15 Number for sale, end of period ¹	368	363	318	338	334	327	318	315	313	308	304	301	295
Price of units sold (thousands of dollars) ²													
16 Median	113.3	120.4	122.3	113.0	120.0	118.9	127.0	117.9	119.9	122.5 ²	120.7	117.1	120.0
17 Average	139.0	148.3	149.0	142.1	153.0	143.3	153.4	148.6	147.8	156.4 ²	150.0	149.7	148.5
EXISTING UNITS (one-family)													
18 Number sold	3,594	3,439	3,316	3,160	3,070	3,150	3,130	2,900	3,160	3,220	3,310	3,540	3,590
Price of units sold (thousands of dollars) ²													
19 Median	89.2	92.9	95.2	94.4	92.9	92.0	91.7	95.6	94.0	98.2	100.3	101.1	102.0
20 Average	112.5	118.0	118.3	116.8	115.9	115.6	114.1	123.0	119.7	125.2	128.9	130.6	130.5
Value of new construction ³ (millions of dollars)													
CONSTRUCTION													
21 Total put in place	432,222	443,720	446,433	437,161	434,559	431,407	421,346	406,502	410,072	401,883	405,905	399,209	400,340
22 Private	337,440	345,416	337,776	330,323	324,054	317,190	311,349	303,932	300,495	293,262	298,019	290,937	291,358
23 Residential	198,101	196,551	182,856	175,415	172,120	168,031	165,014	161,793	155,622	152,447	151,236	155,032	158,537
24 Nonresidential, total	139,339	148,865	154,920	154,908	151,934	149,159	146,335	142,139	144,873	140,815	146,783	135,905	132,821
25 Buildings	16,451	20,412	23,849	22,544	22,847	22,481	22,999	22,433	23,249	23,089	24,402	20,581	21,570
26 Industrial	64,025	65,496	62,866	62,660	60,208	57,764	56,913	53,848	54,023	51,766	54,707	50,088	47,316
27 Commercial	19,038	19,683	21,591	22,705	22,300	22,121	20,953	20,621	20,850	20,628	21,885	20,843	20,468
28 Other	39,825	43,274	46,614	46,999	46,579	46,793	45,470	45,237	46,751	45,332	45,789	44,393	43,467
29 Public utilities and other	94,783	98,303	108,655	106,838	110,505	114,218	109,997	102,570	109,577	108,621	107,886	108,273	108,982
30 Military	3,579	3,520	2,734	2,520	1,958	2,960	1,868	1,868	1,723	1,866	1,828	1,918	1,850
31 Highway	29,227	28,171	30,595	29,781	31,639	34,304	33,185	25,560	30,699	29,996	28,626	29,246	28,761
32 Conservation and development	4,739	4,989	4,718	3,439	4,700	4,901	5,374	6,434	5,529	4,586	5,825	5,426	5,800
33 Other	57,238	61,623	70,608	71,098	72,208	72,053	69,570	68,708	71,626	72,173	71,607	71,683	72,571

1. Not at annual rates.

2. Not seasonally adjusted.

3. Value of new construction data in recent periods may not be strictly comparable with data in previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the 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 16,000 jurisdictions from 1978 to 1983, and 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 (at annual rate)				Change from 1 month earlier					Index level July 1991
	1990 July	1991 July	1990		1991		1991					
			Sept.	Dec.	Mar. ^r	June ^r	Mar. ^r	Apr. ^r	May	June	July	
CONSUMER PRICES ² (1982-84=100)												
1 All items	4.8	4.4	8.2	4.9	2.4	3.0	-.1	.2	.3	.2	.2	136.2
2 Food	5.7	2.9	4.6	3.9	2.4	5.1	.2	.7	.0	.5	-.6	136.5
3 Energy items .....	.4	3.8	44.2	18.0	-30.7	-1.2	-2.6	-.7	1.4	-1.0	-.4	102.7
4 All items less food and energy	5.0	4.8	6.0	3.8	6.8	3.2	.1	.2	.2	.4	.4	142.0
5 Commodities	3.5	4.2	3.3	2.3	7.9	3.2	-.1	.2	.3	.2	.4	128.1
6 Services	5.9	5.1	7.2	4.8	6.4	3.0	.3	.1	.2	.4	.3	150.1
PRODUCER PRICES (1982=100)												
7 Finished goods	3.6	2.9	11.3	5.1	-3.5	.7	-.2	-.1	.6	-.3	-.2	121.6
8 Consumer foods	5.0	-.2	2.3	1.3	1.0	-.3	.2	.3	.2	-.6	-.8	124.6
9 Consumer energy	-.4	13.7	118.7	21.1	-35.5	.0	-3.3	-.9	2.4	-1.4	-1.3	77.4
10 Other consumer goods	3.9	3.6	3.5	3.4	5.9	.9	.3	.2	.2	-.2	.4	133.6
11 Capital equipment	3.5	3.0	3.6	3.3	4.6	1.3	.2	-.6	.6	.3	.1	126.5
12 Intermediate materials ³ .....	.5	1.2	13.4	4.2	-9.8	-1.0	-1.2	-.3	.1	.0	-.3	114.3
13 Excluding energy .....	.3	.5	4.0	2.3	-2.3	-1.0	-.5	-.2	-.1	.0	-.1	121.2
Crude materials												
14 Foods	4.8	-9.1	-7.8	-7.3	.0	-12.5	1.0	-.7	-3.2	.7	-1.7	104.9
15 Energy	-11.7	12.2	305.8	-18.8	-54.0	-1.5	-7.3	.3	3.0	-3.5	2.0	78.2
16 Other	2.0	-9.1	5.9	-18.1	-4.7	-13.0	-1.3	-.1	-.8	-2.6	-.7	125.6

1. Not seasonally adjusted.

2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.

3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE: Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1988	1989	1990	1990				1991
				Q1	Q2	Q3	Q4	Q1
GROSS NATIONAL PRODUCT								
1 Total	4,873.7	5,200.8	5,465.1	5,375.4	5,443.3	5,514.6	5,527.3	5,557.7
By source								
2 Personal consumption expenditures	3,238.2	3,450.1	3,657.3	3,588.1	3,622.7	3,693.4	3,724.9	3,742.8
3 Durable goods	457.5	474.6	480.3	492.1	478.4	482.3	468.5	455.3
4 Nondurable goods	1,060.0	1,130.0	1,193.7	1,174.7	1,179.0	1,205.0	1,216.0	1,212.7
5 Services	1,720.7	1,845.5	1,983.3	1,921.3	1,965.3	2,006.2	2,040.4	2,074.8
6 Gross private domestic investment	747.1	771.2	741.0	747.2	759.0	759.7	698.3	660.0
7 Fixed investment	720.8	742.9	746.1	758.9	745.6	750.7	729.2	694.1
8 Nonresidential	488.4	511.9	524.1	523.1	516.5	532.8	524.0	503.6
9 Structures	139.9	146.2	147.0	148.8	147.2	149.8	142.1	139.5
10 Producers' durable equipment	348.4	365.7	377.1	374.3	369.3	383.0	381.9	364.1
11 Residential structures	232.5	231.0	222.0	235.9	229.1	217.9	205.2	190.5
12 Change in business inventories	26.2	28.3	-5.0	-11.8	13.4	9.0	-30.8	-34.2
13 Nonfarm	29.8	23.3	-7.4	-17.0	13.0	6.8	-32.4	-37.1
14 Net exports of goods and services	-74.1	-46.1	-31.2	-30.0	-24.9	-41.3	-28.8	13.5
15 Exports	552.0	626.2	672.8	661.3	659.7	672.7	697.4	694.5
16 Imports	626.1	672.3	704.0	691.3	684.6	714.1	726.2	681.0
17 Government purchases of goods and services	962.5	1,025.6	1,098.1	1,070.1	1,086.4	1,102.8	1,132.9	1,141.5
18 Federal	380.3	400.0	424.0	410.6	421.9	425.8	437.6	443.8
19 State and local	582.3	625.6	674.1	659.6	664.6	677.0	695.3	697.7
By major type of product								
20 Final sales, total	4,847.5	5,172.5	5,470.2	5,387.2	5,429.9	5,505.6	5,558.2	5,591.9
21 Goods	1,908.9	2,044.4	2,148.3	2,122.8	2,133.1	2,161.4	2,175.9	2,170.2
22 Durable	840.3	894.7	939.0	941.4	930.1	943.4	941.2	918.5
23 Nondurable	1,068.6	1,149.7	1,209.3	1,181.4	1,203.0	1,218.0	1,234.7	1,251.7
24 Services	2,488.6	2,671.2	2,864.5	2,791.3	2,834.2	2,889.6	2,943.0	3,004.0
25 Structures	450.0	456.9	457.4	473.0	462.5	454.6	439.3	417.7
26 Change in business inventories	26.2	28.3	-5.0	-11.8	13.4	9.0	-30.8	-34.2
27 Durable goods	19.9	11.9	-11.1	-21.6	.0	9.8	-32.5	-42.2
28 Nondurable goods	6.4	16.4	6.0	9.8	13.4	-8	1.7	8.0
MEMO								
29 Total GNP in 1982 dollars	4,016.9	4,117.7	4,157.3	4,150.6	4,155.1	4,170.0	4,153.4	4,124.1
NATIONAL INCOME								
30 Total	3,984.9	4,223.3	4,418.4	4,350.3	4,411.3	4,452.4	4,459.7	4,456.4
31 Compensation of employees	2,905.1	3,079.0	3,244.2	3,180.4	3,232.5	3,276.9	3,286.9	3,299.3
32 Wages and salaries	2,431.1	2,573.2	2,705.3	2,651.6	2,696.3	2,734.2	2,738.9	2,742.8
33 Government and government enterprises	446.6	476.6	508.0	497.1	505.7	511.3	518.1	529.8
34 Other	1,984.5	2,096.6	2,197.2	2,154.5	2,190.6	2,222.9	2,220.8	2,213.0
35 Supplement to wages and salaries	474.0	505.8	538.9	528.8	536.1	542.7	548.0	556.5
36 Employer contributions for social insurance	248.5	263.9	280.8	276.0	279.7	282.7	284.8	290.3
37 Other labor income	225.5	241.9	258.1	252.8	256.4	260.0	263.2	266.2
38 Proprietors' income ¹	354.2	379.3	402.5	404.0	401.7	397.9	406.2	404.4
39 Business and professional ¹	310.5	330.7	352.6	346.6	350.8	355.6	357.4	355.8
40 Farm ¹	43.7	48.6	49.9	57.4	51.0	42.4	48.8	48.5
41 Rental income of persons ²	16.3	8.2	6.9	5.5	4.3	8.4	9.3	5.6
42 Corporate profits ¹	337.6	311.6	298.3	296.8	306.6	300.7	288.9	286.2
43 Profits before tax ³	316.7	307.7	304.7	296.9	299.3	318.5	304.1	281.5
44 Inventory valuation adjustment	-27.0	-21.7	-11.4	-11.4	-5	-19.8	-13.8	8.1
45 Capital consumption adjustment	47.8	25.5	4.9	11.3	7.7	2.0	-1.4	-3.5
46 Net interest	371.8	445.1	466.7	463.6	466.2	468.3	468.4	460.9

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: Survey of Current Business (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1988	1989	1990	1990				1991
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 Total personal income	4,070.8	4,384.3	4,645.5	4,562.8	4,622.2	4,678.5	4,718.5	4,735.8
2 Wage and salary disbursements	2,431.1	2,573.2	2,705.3	2,651.6	2,696.3	2,734.2	2,738.9	2,742.8
3 Commodity-producing industries	696.4	720.6	729.3	724.6	731.1	735.3	726.0	713.0
4 Manufacturing	524.0	541.8	546.8	541.2	548.1	551.8	546.1	536.7
5 Distributive industries	572.0	604.7	637.2	627.0	637.3	642.7	641.9	639.7
6 Service industries	716.2	771.4	830.8	802.9	822.2	844.9	853.0	860.3
7 Government and government enterprises	446.6	476.6	508.0	497.1	505.7	511.3	518.1	529.8
8 Other labor income	225.5	241.9	258.1	252.8	256.4	260.0	263.2	266.2
9 Proprietors' income ¹	354.2	379.3	402.5	404.0	401.7	397.9	406.2	404.4
10 Business and professional ¹	310.5	330.7	352.6	346.6	350.8	355.6	357.4	355.8
11 Farm ¹	43.7	48.6	49.9	57.4	51.0	42.4	48.8	48.5
12 Rental income of persons ²	16.3	8.2	6.9	5.5	4.3	8.4	9.3	5.6
13 Dividends	102.2	114.4	123.8	120.5	122.9	124.9	126.7	126.7
14 Personal interest income	547.9	643.2	680.4	670.5	678.0	685.3	687.9	682.0
15 Transfer payments	587.7	636.9	694.8	680.9	686.7	696.4	715.1	745.4
16 Old-age survivors, disability, and health insurance benefits	300.5	325.3	350.7	347.2	347.6	351.1	356.8	372.1
17 LESS: Personal contributions for social insurance	194.1	212.8	226.2	222.9	224.1	228.6	228.9	237.3
18 EQUALS: Personal income	4,070.8	4,384.3	4,645.5	4,562.8	4,622.2	4,678.5	4,718.5	4,735.8
19 LESS: Personal tax and nontax payments	591.6	658.8	699.4	675.1	696.5	709.5	716.6	714.6
20 EQUALS: Disposable personal income	3,479.2	3,725.5	3,946.1	3,887.7	3,925.7	3,969.1	4,001.9	4,021.3
21 LESS: Personal outlays	3,333.6	3,553.7	3,766.0	3,696.4	3,730.6	3,802.6	3,834.4	3,852.5
22 EQUALS: Personal saving	145.6	171.8	180.1	191.3	195.1	166.5	167.5	168.7
MEMO								
Per capita (1982 dollars)								
23 Gross national product	16,302.4	16,549.6	16,535.3	16,576.4	16,552.5	16,562.9	16,449.4	16,293.4
24 Personal consumption expenditures	10,578.3	10,678.0	10,665.8	10,692.4	10,671.4	10,711.5	10,588.7	10,523.7
25 Disposable personal income	11,368.0	11,531.0	11,509.0	11,586.0	11,564.0	11,511.0	11,376.0	11,307.0
26 Saving rate (percent)	4.2	4.6	4.6	4.9	5.0	4.2	4.2	4.2
GROSS SAVING								
27 Gross saving	656.1	691.5	657.3	664.8	679.3	665.9	619.2	697.1
28 Gross private saving	751.3	779.3	787.9	795.0	806.7	772.2	777.8	793.9
29 Personal saving	145.6	171.8	180.1	191.3	195.1	166.5	167.5	168.7
30 Undistributed corporate profits ³	91.4	53.0	32.2	36.7	40.5	26.5	25.2	33.6
31 Corporate inventory valuation adjustment	-27.0	-21.7	-11.4	-11.4	-5	-19.8	-13.8	8.1
Capital consumption allowances								
32 Corporate	322.1	346.4	363.0	356.7	359.7	365.5	370.3	375.6
33 Noncorporate	192.2	208.0	212.6	210.3	211.4	213.8	214.8	216.0
34 Government surplus, or deficit (-), national income and product accounts	-95.3	-87.8	-130.6	-130.2	-127.3	-106.4	-158.6	-96.8
35 Federal	-141.7	-134.3	-166.0	-168.3	-166.0	-145.7	-184.3	-126.9
36 State and local	46.5	46.4	35.4	38.1	38.6	39.3	25.7	30.0
37 Gross investment	627.8	674.4	655.6	665.6	676.1	661.0	619.6	705.3
38 Gross private domestic	747.1	771.2	741.0	747.2	759.0	759.7	698.3	660.0
39 Net foreign	-119.2	-96.8	-85.5	-81.6	-82.9	-98.7	-78.7	45.3
40 Statistical discrepancy	-28.2	-17.0	-1.7	.7	-3.2	-4.9	.4	8.2

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

SOURCE: Survey of Current Business (Department of Commerce).

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3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.¹

Item credits or debits	1988	1989	1990	1990				1991
				Q1	Q2	Q3	Q4	Q1 ²
1 Balance on current account	-126,236	-106,305	-92,123	-22,667	-22,178	-23,881	-23,402	10,215
2 Not seasonally adjusted				-17,223	-20,653	-29,112	-25,136	15,394
3 Merchandise trade balance ²	-126,986	-115,917	-108,115	-27,537	-24,090	-28,760	-27,728	-18,367
4 Merchandise exports	320,337	361,451	389,550	95,244	97,088	96,638	100,580	100,861
5 Merchandise imports	-447,323	-477,368	-497,665	-122,781	-121,178	-125,398	-128,308	-119,228
6 Military transactions, net	-5,743	-6,203	-7,219	-1,736	-1,558	-1,683	-2,243	-2,182
7 Investment income, net	5,353	2,688	11,945	3,002	7	2,802	6,133	4,652
8 Other service transactions, net	16,082	28,618	33,595	7,636	8,156	8,086	9,716	9,173
9 Remittances, pensions, and other transfers	-4,437	-4,420	-4,843	-1,218	-1,123	-1,302	-1,201	-1,295
10 U.S. government grants (excluding military)	-10,506	-11,071	-17,486	-2,813	-3,570	-3,024	-8,079	18,234
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	2,966	1,320	2,976	-669	-800	-314	4,759	1,581
12 Change in U.S. official reserve assets (increase, -)	-3,912	-25,293	-2,158	-3,177	371	1,739	-1,091	-353
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	127	-535	-192	-247	-216	363	-93	31
15 Reserve position in International Monetary Fund	1,025	471	731	234	493	8	-4	-341
16 Foreign currencies	-5,064	-25,229	-2,697	-3,164	94	1,368	-995	-43
17 Change in U.S. private assets abroad (increase, -)	-85,111	-104,637	-58,524	40,993	-33,033	-28,114	-38,370	5,953
18 Bank-reported claims ³	-56,322	-51,255	5,333	57,085	-17,255	-9,984	-24,513	23,900
19 Nonbank-reported claims	-3,064	2,581	-1,944	1,649	-1,760	676	-2,509	.....
20 U.S. purchase of foreign securities, net	-7,846	-22,575	-28,476	-8,756	-11,160	-1,014	-7,546	-9,426
21 U.S. direct investments abroad, net	-17,879	-33,388	-33,437	-8,985	-2,858	-17,792	-3,802	-8,521
22 Change in foreign official assets in United States (increase, +)	39,657	8,624	32,425	-7,022	5,805	13,341	20,301	6,534
23 U.S. Treasury securities	41,741	149	28,643	-5,786	2,461	11,849	20,119	2,220
24 Other U.S. government obligations	1,309	1,383	667	-521	346	134	708	-29
25 Other U.S. government liabilities ⁴	-568	281	1,703	-292	1,141	-248	1,102	987
26 Other U.S. liabilities reported by U.S. banks ⁵	-319	4,976	2,998	-297	2,131	1,871	-707	2,590
27 Other foreign official assets ⁵	-2,506	1,835	-1,586	-126	-274	-265	-921	766
28 Change in foreign private assets in United States (increase, +)	181,877	207,925	53,879	-26,059	25,452	35,754	18,732	-8,458
29 U.S. bank-reported liabilities ³	70,235	63,382	9,975	-43,234	8,980	26,968	17,261	-19,419
30 U.S. nonbank-reported liabilities	5,626	5,454	3,779	660	699	4,260	-1,840	.....
31 Foreign private purchases of U.S. Treasury securities, net	20,239	29,618	1,131	-1,151	4,287	24	-2,029	3,910
32 Foreign purchases of other U.S. securities, net	26,353	38,920	1,781	1,397	2,140	-2,558	802	5,026
33 Foreign direct investments in United States, net	59,424	70,551	37,213	16,269	9,346	7,060	4,538	2,025
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	-9,240	18,366	63,526	18,601	24,383	1,475	19,072	-15,472
36 Owing to seasonal adjustments	.....	.....	.....	4,367	105	-6,473	2,007	4,135
37 Statistical discrepancy in recorded data before seasonal adjustment	-9,240	18,366	63,526	14,235	24,278	7,948	17,066	-19,607
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -)	-3,912	-25,293	-2,158	-3,177	371	1,739	-1,091	-353
39 Foreign official assets in United States excluding line 25 (increase, +)	40,225	8,343	30,722	-6,730	4,664	13,589	19,199	5,547
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	-2,996	10,738	2,163	3,094	193	-1,699	575	1,109

1. Seasonal factors are not calculated for lines 6, 10, 12-16, 18-20, 22-34, and 38-40.

2. Data are on an international accounts (IA) 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 data and are included in line 6.

3. Reporting banks include all kinds of depository institutions besides commercial banks, 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: Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE¹

Millions of dollars; exports, F.A.S. value; imports, Customs value; monthly data are seasonally adjusted.

Item	1988	1989	1990	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June ^p
1 Exports of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value.....	322,426	363,812	393,592	33,570	34,144	33,599	34,031	35,632	35,271	34,839
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	440,952	473,211	495,311	39,895	41,520	39,103	38,100	40,139	40,062	38,860
3 Trade balance	-118,526	-109,399	-101,718	-6,325	-7,376	-5,504	-4,070	-4,507	-4,790	-4,022

1. The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, because of coverage and timing. On the *export side*, the largest adjustment is the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions;

military payments are excluded and shown separately as indicated above. As of Jan. 1, 1987 census data are released forty-five days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

SOURCE: FT900, *Summary of U.S. Export and Import Merchandise Trade* (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1988	1989	1990	1991						
				Jan.	Feb.	Mar.	Apr.	May	June	July ^p
1 Total	47,802	74,609	83,316	85,006	82,797	78,297	78,297	78,263	74,940	74,817
2 Gold stock, including Exchange Stabilization Fund ¹	11,057	11,059	11,058	11,058	11,058	11,058	11,058	11,057	11,062	11,062
3 Special drawing rights ^{2,3}	9,637	9,951	10,989	10,922	10,958	10,368	10,325	10,515	10,309	10,360
4 Reserve position in International Monetary Fund ²	9,745	9,048	9,076	9,468	9,556	8,910	8,806	8,854	8,629	8,730
5 Foreign currencies ⁴	17,363	44,551	52,193	53,558	51,225	47,666	48,108	47,837	44,940	44,665

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. Gold stock is valued at \$42.22 per fine troy ounce.

2. Beginning July 1974, the International Monetary Fund (IMF) adopted a technique for valuing the special drawing right (SDR) based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have

been used. The U.S. SDR holdings and reserve positions in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; \$710 million on Jan. 1, 1972; \$1,139 million on Jan. 1, 1979; \$1,152 million on Jan. 1, 1980; and \$1,093 million on Jan. 1, 1981; plus 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

Assets	1988	1989	1990	1991						
				Jan.	Feb.	Mar.	Apr.	May	June	July ^p
1 Deposits	347	589	369	271	329	228	292	196	223	314
Assets held in custody										
2 U.S. Treasury securities ²	232,547	224,911	278,499	286,722	286,471	272,505	271,779	279,695	273,893	274,514
3 Earmarked gold ³	13,636	13,456	13,387	13,377	13,382	13,374	13,363	13,358	13,354	13,330

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 in dollars and in foreign currencies at face value.

3. Earmarked gold and the gold stock are valued at \$42.22 per fine troy ounce. Earmarked gold is gold held for foreign and international accounts and is 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

Asset account	1987	1988	1989	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	All foreign countries									
1 Total, all currencies	518,618	505,595	545,366	556,925	563,454 ^r	560,968	547,104 ^r	537,891	529,044	531,708
2 Claims on United States	138,034	169,111	198,835	188,496	183,305 ^r	188,174	183,990 ^r	180,658 ^r	172,653 ^r	180,627
3 Parent bank	105,845	129,856	157,092	148,837	140,812 ^r	145,967	143,795 ^r	141,580	135,482 ^r	141,854
4 Other banks in United States	16,416	14,918	17,042	13,296	14,541	12,887	12,268	12,085	10,412	11,871
5 Nonbanks	15,773	24,337	24,701	26,363	27,952	29,320	27,927 ^r	26,993 ^r	26,759 ^r	26,902
6 Claims on foreigners	342,520	299,728	300,575	312,449	321,390 ^r	313,595	307,305 ^r	300,646 ^r	297,896 ^r	294,010
7 Other branches of parent bank	122,155	107,179	113,810	135,003	132,299 ^r	124,584	129,732 ^r	122,151 ^r	118,482 ^r	115,533
8 Banks	108,859	96,932	90,703	72,602	81,219	80,030	72,757	72,549	74,268 ^r	75,656
9 Public borrowers	21,832	17,163	16,456	17,555	18,261 ^r	17,893	17,915	17,825	18,208 ^r	17,420
10 Nonbank foreigners	89,674	78,454	79,606	87,289	89,611	91,088	86,901	88,121	86,938 ^r	85,401
11 Other assets	38,064	36,756	45,956	55,980	58,759	59,199	55,809 ^r	56,587 ^r	58,495 ^r	57,071
12 Total payable in U.S. dollars	350,107	357,573	382,498	379,479	379,573 ^r	380,180	382,402 ^r	371,948 ^r	362,631 ^r	372,612
13 Claims on United States	132,023	163,456	191,184	180,174	175,223 ^r	180,601	176,903 ^r	173,964 ^r	166,561 ^r	174,280
14 Parent bank	103,251	126,929	152,294	142,962	135,107 ^r	140,789	138,850 ^r	137,343	131,291 ^r	137,907
15 Other banks in United States	14,657	14,167	16,386	12,513	13,739	12,266	11,757	11,624	10,020	11,362
16 Nonbanks	14,115	22,360	22,504	24,699	26,377	27,546	26,296 ^r	24,997 ^r	25,250 ^r	25,011
17 Claims on foreigners	202,428	177,685	169,690	174,451	179,905 ^r	173,527	180,415	173,044	171,882 ^r	171,564
18 Other branches of parent bank	88,284	80,736	82,949	95,298	93,989 ^r	87,394	95,106	87,895	85,365 ^r	84,230
19 Banks	63,707	54,884	48,396	36,440	41,134	40,785	40,451	40,407	42,324 ^r	43,370
20 Public borrowers	14,730	12,131	10,961	12,298	13,137 ^r	12,944	13,206	12,996	13,137 ^r	12,485
21 Nonbank foreigners	35,707	29,934	27,384	30,415	31,645	32,404	31,652	31,746	31,056 ^r	31,479
22 Other assets	15,656	16,432	21,624	24,854	24,445	26,052	25,084 ^r	24,940 ^r	24,188 ^r	26,768
	United Kingdom									
23 Total, all currencies	158,695	156,835	161,947	184,818	184,274 ^r	180,211	175,638 ^r	168,917	168,646	165,415
24 Claims on United States	32,518	40,089	39,212	45,560	39,511 ^r	41,278	42,529 ^r	38,136	38,338	37,535
25 Parent bank	27,350	34,243	35,847	42,413	35,847 ^r	37,662	39,372 ^r	34,930	34,830	34,495
26 Other banks in United States	1,259	1,123	1,058	792	1,095	924	848	1,179	1,104	711
27 Nonbanks	3,909	4,723	2,307	2,355	2,569	2,692	2,309	2,027	2,404	2,329
28 Claims on foreigners	115,700	106,388	107,657	115,536	121,220 ^r	115,361	110,329	107,031	105,893	103,471
29 Other branches of parent bank	39,903	35,625	37,728	46,367	47,999 ^r	41,653	44,341	40,730	39,077	38,333
30 Banks	36,735	36,765	36,159	31,604	34,050	34,518	30,660	30,608	32,027	31,910
31 Public borrowers	4,752	4,019	3,293	3,860	3,954 ^r	4,029	3,943	3,711	3,657	3,584
32 Nonbank foreigners	34,310	29,979	30,477	33,705	35,217	35,161	31,385	31,982	31,132	29,644
33 Other assets	10,477	10,358	15,078	23,722	23,543	23,572	22,780 ^r	23,750	24,415	24,409
34 Total payable in U.S. dollars	100,574	103,503	103,208	116,762	113,870 ^r	113,673	114,960 ^r	108,600	105,676	106,532
35 Claims on United States	30,439	38,012	36,404	41,259	35,434 ^r	37,644	39,052 ^r	35,058	35,274	34,700
36 Parent bank	26,304	33,252	34,329	39,609	33,068 ^r	35,345	37,149 ^r	32,973	32,771	32,764
37 Other banks in United States	1,044	964	843	334	771	615	562	976	970	555
38 Nonbanks	3,091	3,796	1,232	1,316	1,595	1,684	1,341	1,109	1,533	1,381
39 Claims on foreigners	64,560	60,472	59,062	63,701	68,139 ^r	64,682	65,034	62,183	60,106	58,561
40 Other branches of parent bank	28,635	28,474	29,872	37,142	38,262 ^r	33,136	36,150	32,842	31,297	30,108
41 Banks	19,188	18,494	16,579	13,135	14,905	15,840	15,097	15,460	16,102	14,983
42 Public borrowers	3,313	2,840	2,371	3,143	3,243 ^r	3,290	3,220	3,193	3,152	3,082
43 Nonbank foreigners	13,424	10,664	10,240	10,281	11,729	12,416	10,567	10,688	9,555	10,388
44 Other assets	5,575	5,019	7,742	11,802	10,297	11,347	10,874 ^r	11,359	10,798	13,271
	Bahamas and Caymans									
45 Total, all currencies	160,321	170,639	176,006	162,316	167,306	168,209	163,315	164,565	158,506	168,389
46 Claims on United States	85,318	105,320	124,205	112,989	115,806	118,783	110,808 ^r	113,563 ^r	107,750 ^r	114,669
47 Parent bank	60,048	73,409	87,882	77,873	78,350	81,888	75,516 ^r	79,818	75,472 ^r	80,644
48 Other banks in United States	14,277	13,145	15,071	11,869	12,877	11,380	10,753	10,063	8,748	10,578
49 Nonbanks	10,993	18,766	21,252	23,247	24,579	25,515	24,539 ^r	23,682 ^r	23,503 ^r	23,447
50 Claims on foreigners	70,162	58,393	44,168	41,356	42,801	40,363	43,868 ^r	42,067 ^r	42,039 ^r	45,004
51 Other branches of parent bank	21,277	17,954	11,309	13,416	12,292	11,477	13,861 ^r	12,554 ^r	12,393 ^r	12,801
52 Banks	33,751	28,268	22,611	16,310	18,343	16,863	17,571	17,458 ^r	17,284 ^r	20,707
53 Public borrowers	7,428	5,830	5,217	5,807	6,528	6,484	6,846	6,556	6,520 ^r	5,883
54 Nonbank foreigners	7,706	6,341	5,031	5,823	5,638	5,539	5,499	5,842 ^r	5,842 ^r	5,613
55 Other assets	4,841	6,926	7,633	7,971	8,699	9,063	8,639 ^r	8,935 ^r	8,717 ^r	8,716
56 Total payable in U.S. dollars	151,434	163,518	170,780	158,390	162,458	163,533	159,167 ^r	160,526 ^r	154,720 ^r	164,485

1. Beginning in 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—Continued

Liability account	1987	1988	1989	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	All foreign countries									
57 Total, all currencies	518,618	505,595	545,366	556,925	563,454 ^f	560,968	547,104 ^f	537,891	529,044	531,708
58 Negotiable certificates of deposit (CDs)	30,929	28,511	23,500	18,060	19,107 ^f	18,595	19,920	19,484	17,703	16,503
59 To United States	161,390	185,577	197,239	189,412	185,768 ^f	187,645	185,999 ^f	180,279 ^f	172,223 ^f	187,411
60 Parent bank	87,606	114,720	138,412	138,748	133,574 ^f	132,227	128,690 ^f	123,883	117,514 ^f	127,428
61 Other banks in United States	20,355	14,737	11,704	7,463	9,341	10,580	10,962 ^f	9,927	8,996	12,109
62 Nonbanks	53,429	56,120	47,123	43,201	42,853	44,838	46,347 ^f	46,469 ^f	45,713 ^f	47,874
63 To foreigners	304,803	270,923	296,850	311,668	319,821	316,522	306,047 ^f	300,907 ^f	301,247 ^f	289,689
64 Other branches of parent bank	124,601	111,267	119,591	139,113	132,214	124,437	129,201 ^f	122,789 ^f	119,765 ^f	116,145
65 Banks	87,274	72,842	76,452	58,986	70,189	73,773	63,262	63,908	66,005	56,917
66 Official institutions	19,564	15,183	16,750	14,791	17,343	16,665	15,864	18,398	19,803	20,350
67 Nonbank foreigners	73,364	71,631	84,057	98,778	100,075	101,647	97,720	95,812	95,674 ^f	96,277
68 Other liabilities	21,496	20,584	27,777	37,785	38,758	38,206	35,138 ^f	37,221 ^f	37,871 ^f	38,105
69 Total payable in U.S. dollars	361,438	367,483	396,613	383,522	383,793 ^f	380,542	381,365 ^f	372,610 ^f	359,437	371,848
70 Negotiable CDs	26,768	24,045	19,619	14,094	15,142 ^f	14,446	15,335	14,882	13,208	12,620
71 To United States	148,442	173,190	187,286	175,654	171,586 ^f	174,602	173,620 ^f	168,808 ^f	159,922 ^f	175,034
72 Parent bank	81,783	107,150	132,563	130,510	125,464 ^f	124,963	121,505 ^f	117,297	110,303 ^f	120,215
73 Other banks in United States	18,951	13,468	10,519	6,052	7,627	8,715	9,416 ^f	8,509	7,666	10,712
74 Nonbanks	47,708	52,572	44,204	39,092	38,495	40,924	42,699 ^f	43,002 ^f	41,953 ^f	44,107
75 To foreigners	177,711	160,766	176,460	179,002	182,131	175,761	177,902	173,589	171,210 ^f	170,317
76 Other branches of parent bank	90,469	84,021	87,636	98,128	94,765	87,288	93,910	88,299	85,857 ^f	84,871
77 Banks	35,065	28,493	30,537	20,251	23,661	25,536	23,769	22,892	21,689	21,200
78 Official institutions	12,409	8,224	9,873	7,921	10,585	10,021	9,205	11,568	12,339	13,978
79 Nonbank foreigners	39,768	40,028	48,414	52,702	53,120	52,916	51,018	50,830	51,325 ^f	50,268
80 Other liabilities	8,517	9,482	13,248	14,772	14,934	15,733	14,508 ^f	15,331 ^f	15,097 ^f	13,877
	United Kingdom									
81 Total, all currencies	158,695	156,835	161,947	184,818	184,274 ^f	180,211	175,638 ^f	168,917	168,646	165,415
82 Negotiable CDs	26,988	24,528	20,056	14,256	14,873 ^f	14,363	15,820	15,162	13,436	12,196
83 To United States	23,470	36,784	36,036	39,928	33,845 ^f	34,070	35,066 ^f	28,450	28,618	31,061
84 Parent bank	13,223	27,849	29,726	31,806	25,004 ^f	25,670	26,826 ^f	21,676	19,951	23,215
85 Other banks in United States	1,536	2,037	1,256	1,505	1,861	1,401	1,230	1,175	1,413	1,092
86 Nonbanks	8,711	6,898	5,054	6,617	6,980	6,999	7,010	5,599	7,254	6,754
87 To foreigners	98,689	86,026	92,307	108,531	113,754	110,454	105,090	103,976	104,372	99,751
88 Other branches of parent bank	33,078	26,812	27,397	36,709	34,547	30,978	33,084	31,860	30,155	29,371
89 Banks	34,290	30,609	29,780	25,126	31,765	32,784	26,609	27,001	28,492	23,032
90 Official institutions	11,015	7,873	8,551	8,361	10,368	9,745	8,969	11,300	12,342	13,019
91 Nonbank foreigners	20,306	20,732	26,579	38,335	37,074	36,947	36,428	33,815	33,383	34,329
92 Other liabilities	9,548	9,497	13,548	22,103	21,802	21,324	19,662	21,329	22,220	22,407
93 Total payable in U.S. dollars	102,550	105,907	108,178	116,094	113,765 ^f	112,284	112,981 ^f	106,568	104,074	104,386
94 Negotiable CDs	24,926	22,063	18,143	12,710	13,388 ^f	12,790	13,816	13,291	11,560	10,833
95 To United States	17,752	32,588	33,056	34,697	28,511 ^f	29,646	30,779 ^f	24,690	24,245	27,083
96 Parent bank	12,026	26,404	28,812	29,955	23,342 ^f	24,330	25,450 ^f	20,391	18,457	21,825
97 Other banks in United States	1,308	1,752	1,065	1,156	1,324	926	800	848	1,002	892
98 Nonbanks	4,418	4,432	3,179	3,586	3,845	4,390	4,529	3,451	4,786	4,366
99 To foreigners	55,919	47,083	50,517	60,014	63,702	60,977	59,985	59,440	58,899	58,112
100 Other branches of parent bank	22,334	18,561	18,384	25,957	24,954	21,339	24,049	22,452	21,671	20,452
101 Banks	15,580	13,407	12,244	9,488	11,539	12,976	10,112	9,931	9,704	8,796
102 Official institutions	7,530	4,348	5,454	4,692	7,158	6,587	6,188	8,239	8,914	10,038
103 Nonbank foreigners	10,475	10,767	14,435	19,877	20,051	20,075	19,636	18,818	18,610	18,826
104 Other liabilities	3,953	4,173	6,462	8,673	8,164	8,871	8,401	9,147	9,370	8,358
	Bahamas and Caymans									
105 Total, all currencies	160,321	170,639	176,006	162,316	167,306	168,209	163,315	164,565	158,506	168,389
106 Negotiable CDs	885	953	678	646	654	629	729	674	694	696
107 To United States	113,950	122,332	124,859	114,738	120,691	122,231	118,720 ^f	120,997 ^f	114,886 ^f	125,377
108 Parent bank	53,239	62,894	75,188	74,941	80,567	78,173	72,382 ^f	73,801 ^f	71,239 ^f	76,100
109 Other banks in United States	17,224	11,494	8,883	4,526	5,655	7,618	8,210 ^f	7,543	6,408	9,534
110 Nonbanks	43,487	47,944	40,788	35,271	34,469	36,440	38,128 ^f	39,653 ^f	37,239 ^f	39,743
111 To foreigners	43,815	45,161	47,382	44,444	42,850	42,472	41,660 ^f	40,289 ^f	40,629 ^f	40,180
112 Other branches of parent bank	19,185	23,686	23,414	24,715	23,099	22,923	22,303 ^f	21,645 ^f	22,017 ^f	21,701
113 Banks	10,769	8,336	8,823	5,588	6,030	6,105	6,232	5,837	5,765	5,734
114 Official institutions	1,504	1,074	1,097	622	811	728	674	676	736	931
115 Nonbank foreigners	12,357	12,065	14,048	13,519	12,910	12,716	12,451	12,131	12,111 ^f	11,814
116 Other liabilities	1,671	2,193	3,087	2,488	3,111	2,877	2,206 ^f	2,605 ^f	2,297 ^f	2,136
117 Total payable in U.S. dollars	152,927	162,950	171,250	157,132	162,118	162,850	158,172 ^f	160,284 ^f	154,281	164,101

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1988	1989	1990	1991					
			Dec.	Jan.	Feb.	Mar.	Apr.	May ^f	June ^p
1 Total ¹	304,132	312,477	344,386	352,692	362,260	349,995	344,577 ^f	350,912	346,140
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	31,519	36,496	39,765	41,464	43,309	42,266	39,061 ^f	41,812	40,385
3 U.S. Treasury bills and certificates ³	103,722	76,985	79,447	83,695	83,963	84,013	81,110	82,444	84,636
4 U.S. Treasury bonds and notes	152,429	179,269	202,438	205,145	212,154	200,154	201,036 ^f	203,062	197,542
5 Marketable	523	568	4,491	4,521	4,550	4,580	4,610	4,642	4,672
6 U.S. securities other than U.S. Treasury securities ⁴	15,939	19,159	18,245	17,867	18,284	18,982	18,760	18,952	18,905
<i>By area</i>									
7 Western Europe ¹	123,229	132,849	167,141	169,141	174,119	166,466	162,962 ^f	166,880	163,641
8 Canada	9,513	9,482	8,672	8,179	7,900	8,467	8,454	9,433	9,155
9 Latin America and Caribbean	10,553	9,313	21,115	21,957	23,716	24,649	25,378	27,756	29,423
10 Asia	151,887	153,338	138,071	143,260	146,186	139,796	137,659 ^f	136,585	133,818
11 Africa	1,403	1,030	1,433	1,659	1,439	1,802	1,171	1,184	1,254
12 Other countries ⁶	7,548	6,469	7,955	8,497	8,897	8,814	8,953	9,073	8,851

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.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in Foreign Currencies¹

Millions of dollars, end of period

Item	1987	1988	1989	1990			1991
				June	Sept.	Dec.	Mar. ^f
1 Banks' own liabilities	55,438	74,980	67,835	68,650	71,028	70,276	64,322
2 Banks' own claims	51,271	68,983	65,127	66,780	68,675	66,558	67,599
3 Deposits	18,861	25,100	20,491	22,210	27,206	29,651	27,624
4 Other claims	32,410	43,884	44,636	44,569	41,470	36,907	39,975
5 Claims of banks' domestic customers ²	551	364	3,507	2,612	2,843	10,594	7,357

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

Holder and type of liability	1988	1989	1990	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June ^p
1 All foreigners	685,339	736,878	752,916	752,916	752,864	757,916	747,913	731,748^r	726,016^r	722,786
2 Banks' own liabilities	514,532	577,498	576,195	576,195	568,974	574,913	569,037	561,102 ^r	555,329 ^r	549,725
3 Demand deposits	21,863	22,032	21,724	21,724	19,686	20,144	20,268	19,750 ^r	18,858 ^r	18,996
4 Time deposits ²	152,164	168,780	168,245	168,245	159,248	162,354	163,971	157,171	152,254 ^r	148,883
5 Other ³	51,366	67,823	65,652	65,652	75,723	74,016	71,734	73,750 ^r	72,468 ^r	65,269
6 Own foreign offices ⁴	289,138	318,864	320,575	320,575	314,317	318,399	313,063	310,430 ^r	311,748 ^r	316,578
7 Banks' custody liabilities ⁵	170,807	159,380	176,721	176,721	183,890	183,003	178,876	170,643	170,687	173,061
8 U.S. Treasury bills and certificates ⁶	115,056	91,100	96,808	96,808	104,493	103,948	102,145	97,378	98,087	100,579
9 Other negotiable and readily transferable instruments ⁷	16,426	19,526	17,472	17,472	17,955	18,190	17,485	16,332 ^r	16,723	17,403
10 Other ⁸	39,325	48,754	62,441	62,441	61,442	60,865	59,246	56,933 ^r	55,876	55,079
11 Nonmonetary international and regional organizations	3,224	4,894	5,918	5,918	7,908	6,555	6,669	6,237	6,048^r	5,917
12 Banks' own liabilities	2,527	3,279	4,540	4,540	6,431	4,092	4,806	5,061	4,667 ^r	3,862
13 Demand deposits	71	96	36	36	67	40	73	76	24	25
14 Time deposits ²	1,183	927	1,050	1,050	1,600	1,684	2,034	1,980	2,142	2,010
15 Other ³	1,272	2,255	3,455	3,455	4,763	2,368	2,700	3,006	2,501 ^r	1,827
16 Banks' custody liabilities ⁵	698	1,616	1,378	1,378	1,478	2,462	1,863	1,176	1,381	2,054
17 U.S. Treasury bills and certificates ⁶	57	197	364	364	423	1,620	1,103	275	662	1,287
18 Other negotiable and readily transferable instruments ⁷	641	1,417	1,014	1,014	1,005	842	760	901	719	767
19 Other ⁸	0	2	0	0	50	0	0	0	0	0
20 Official institutions⁹	135,241	113,481	119,212	119,212	125,159	127,271	126,280	120,171^r	124,257^r	125,021
21 Banks' own liabilities	27,109	31,108	34,792	34,792	37,345	38,878	38,592	36,096 ^r	38,463 ^r	36,100
22 Demand deposits	1,917	2,196	1,924	1,924	1,664	1,579	1,645	1,633	1,444	1,536
23 Time deposits ²	9,767	10,495	14,265	14,265	11,659	13,426	13,946	13,546 ^r	14,436 ^r	14,450
24 Other ³	15,425	18,417	18,603	18,603	24,022	23,873	23,000	20,917 ^r	22,583 ^r	20,114
25 Banks' custody liabilities ⁵	108,132	82,373	84,420	84,420	87,814	88,393	87,688	84,076	85,794	88,921
26 U.S. Treasury bills and certificates ⁶	103,722	76,985	79,447	79,447	83,695	83,963	84,013	81,110	82,444	84,636
27 Other negotiable and readily transferable instruments ⁷	4,130	5,028	4,770	4,770	3,939	4,057	3,582	2,835	3,197	4,018
28 Other ⁸	280	361	203	203	180	374	92	130	152	267
29 Banks¹⁰	459,523	515,275	534,143	534,143	521,444	527,740	520,069	509,598^r	499,647^r	498,925
30 Banks' own liabilities	409,501	454,273	457,535	457,535	445,772	451,031	445,588	439,018 ^r	431,122 ^r	431,846
31 Unaffiliated foreign banks	120,362	135,409	136,960	136,960	131,455	132,633	132,525	128,587 ^r	119,374 ^r	115,268
32 Demand deposits	9,948	10,279	10,053	10,053	9,003	9,522	10,050	9,073 ^r	8,674 ^r	8,581
33 Time deposits ²	80,189	90,557	88,847	88,847	81,583	82,468	84,119	79,232 ^r	72,658 ^r	70,426
34 Other ³	30,226	34,573	38,060	38,060	40,869	40,643	38,357	40,282 ^r	38,043 ^r	36,261
35 Own foreign offices ⁴	289,138	318,864	320,575	320,575	314,317	318,399	313,063	310,430 ^r	311,748 ^r	316,578
36 Banks' custody liabilities ⁵	50,022	61,002	76,608	76,608	75,672	76,709	74,481	70,581	68,525	67,078
37 U.S. Treasury bills and certificates ⁶	7,602	9,367	10,634	10,634	10,174	11,136	10,645	10,026	8,714	8,199
38 Other negotiable and readily transferable instruments ⁷	5,725	5,124	5,240	5,240	5,950	6,351	6,293	5,973 ^r	5,729	5,475
39 Other ⁸	36,694	46,510	60,735	60,735	59,548	59,222	57,543	54,582 ^r	54,083	53,404
40 Other foreigners	87,351	103,228	93,642	93,642	98,352	96,350	94,896	95,738^r	96,064^r	92,924
41 Banks' own liabilities	75,396	88,839	79,328	79,328	79,427	80,911	80,051	80,927 ^r	81,077 ^r	77,917
42 Demand deposits	9,928	9,460	9,711	9,711	8,952	9,004	8,500	8,969 ^r	8,717	8,853
43 Time deposits ²	61,025	66,801	64,083	64,083	64,406	64,775	63,873	62,413	63,018 ^r	61,997
44 Other ³	4,443	12,577	5,534	5,534	6,068	7,132	7,678	9,545 ^r	9,342 ^r	7,067
45 Banks' custody liabilities ⁵	11,956	14,389	14,314	14,314	18,926	15,439	14,845	14,810	14,987	15,007
46 U.S. Treasury bills and certificates ⁶	3,675	4,551	6,363	6,363	10,201	7,230	6,384	5,966	6,267	6,456
47 Other negotiable and readily transferable instruments ⁷	5,929	7,958	6,448	6,448	7,062	6,940	6,850	6,624	7,078	7,143
48 Other ⁸	2,351	1,880	1,503	1,503	1,664	1,269	1,611	2,221	1,642	1,408
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	6,425	7,203	7,022	7,022	6,966	6,720	7,157	7,269	7,511	7,626

1. Reporting banks include all kinds of depository institutions besides commercial banks, 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. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally 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, and the Inter-American and Asian Development Banks. Data exclude "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

Area and country	1988	1989	1990	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June ^P
1 Total	685,339	736,878	752,916	752,916	752,864	757,916	747,913	731,745 ^r	726,016 ^r	722,786
2 Foreign countries	682,115	731,984	746,998	746,998	744,956	751,361	741,245	725,507 ^r	719,968 ^r	716,870
3 Europe	231,912	237,501	254,460	254,460	247,705	250,091	249,956	241,651 ^r	238,107 ^r	236,542
4 Austria	1,155	1,233	1,229	1,229	1,570	1,522	1,494	1,147	1,008	1,070
5 Belgium-Luxembourg	10,022	10,648	12,399	12,399	12,382	12,559	12,238	12,410	11,695 ^r	11,868
6 Denmark	2,200	1,415	1,399	1,399	1,115	1,013	983	945	988	1,370
7 Finland	285	570	602	602	404	489	662	724	453	832
8 France	24,777	26,903	30,946	30,946	29,371	27,892	28,211	26,970 ^r	26,270 ^r	26,282
9 Germany	6,772	7,578	7,281	7,281	8,262	9,605	8,988	8,441 ^r	8,493 ^r	7,823
10 Greece	672	1,028	934	934	895	797	747	809 ^r	785	790
11 Italy	14,599	16,169	17,736	17,736	16,157	17,506	17,367	15,045	14,725 ^r	14,347
12 Netherlands	5,316	6,613	5,375	5,375	5,680	6,397	6,204	6,773	6,686 ^r	6,099
13 Norway	1,559	2,401	2,358	2,358	2,181	2,078	2,121	1,099	1,168	1,927
14 Portugal	903	2,418	2,958	2,958	2,877	2,684	2,778	2,628	2,410 ^r	2,391
15 Spain	5,494	4,364	7,544	7,544	8,813	8,073	9,784	10,006	10,095 ^r	9,388
16 Sweden	1,284	1,491	1,837	1,837	1,290	759	1,159	720	525	745
17 Switzerland	34,199	34,496	36,915	36,915	35,572	37,209	38,546	36,711	34,880 ^r	37,397
18 Turkey	1,012	1,818	1,169	1,169	1,124	1,195	1,480	1,490	1,535 ^r	1,831
19 United Kingdom	111,811	102,362	109,496	109,496	102,363	103,846	102,973	101,484 ^r	99,655 ^r	98,298
20 Yugoslavia	529	1,474	928	928	1,030	959	848	1,034	953	938
21 Other Western Europe ¹	8,598	13,563	11,689	11,689	14,352	12,806	10,545	10,340 ^r	12,812 ^r	10,039
22 U.S.S.R.	138	350	119	119	196	88	106	138	250	178
23 Other Eastern Europe ²	591	608	1,546	1,546	2,071	2,614	2,722	2,740	2,721	2,928
24 Canada	21,062	18,865	20,332	20,332	19,218	23,839	23,445	23,254	22,734	23,844
25 Latin America and Caribbean	271,146	311,028	326,351	326,351	332,135	335,679	325,786	325,349 ^r	328,792 ^r	328,521
26 Argentina	7,804	7,304	7,366	7,366	7,659	7,679	7,872	7,708	7,595	7,521
27 Bahamas	86,863	99,341	107,386	107,386	105,028	102,264	96,289	96,307	97,486 ^r	96,849
28 Bermuda	2,621	2,884	2,809	2,809	3,104	3,008	2,838	2,753 ^r	3,057 ^r	2,917
29 Brazil	5,314	6,351	5,853	5,853	5,975	6,310	6,489	5,821	5,773	5,766
30 British West Indies	113,840	138,309	140,720	140,720	148,187	154,294	150,581	150,840 ^r	151,523 ^r	150,988
31 Chile	2,936	3,212	3,145	3,145	3,188	3,063	2,995	3,107	3,240	3,233
32 Colombia	4,374	4,653	4,492	4,492	4,466	4,308	3,786	4,348	4,409	4,467
33 Cuba	10	10	11	11	18	8	7	8	10	7
34 Ecuador	1,379	1,391	1,379	1,379	1,359	1,332	1,319	1,260	1,293	1,288
35 Guatemala	1,195	1,312	1,541	1,541	1,563	1,580	1,617	1,571	1,595	1,664
36 Jamaica	269	209	257	257	224	256	268	233	237	272
37 Mexico	15,185	15,423	16,625	16,625	16,938	17,144	17,405	17,508 ^r	18,657	19,553
38 Netherlands Antilles	6,420	6,310	7,381	7,381	7,139	6,970	6,600	6,898	5,986	5,958
39 Panama	4,353	4,362	4,575	4,575	4,345	4,351	4,454	4,293	4,552	4,676
40 Peru	1,671	1,984	1,295	1,295	1,347	1,324	1,364	1,428	1,413	1,342
41 Uruguay	1,898	2,284	2,520	2,520	2,596	2,639	2,509	2,463	2,475	2,573
42 Venezuela	9,147	9,482	12,219	12,219	11,944	12,095	12,266	11,833	12,666	12,586
43 Other	5,868	6,206	6,779	6,779	7,053	7,055	7,127	6,969	6,825	6,860
44 Asia	147,838	156,201	136,780	136,780	135,951	132,375	133,041	126,796 ^r	121,679 ^r	119,917
45 China	1,895	1,773	2,421	2,421	2,866	2,720	3,030	2,415	2,446 ^r	2,375
46 Taiwan	26,058	19,588	11,244	11,244	10,920	11,141	11,295	11,001	10,649 ^r	9,853
47 Hong Kong	12,248	12,416	12,700	12,700	14,872	14,794	15,748	16,109 ^r	15,010 ^r	14,575
48 India	699	780	1,233	1,233	1,472	1,628	1,174	986	766	1,958
49 Indonesia	1,180	1,281	1,238	1,238	1,191	1,719	1,941	1,309	1,303	1,612
50 Israel	1,461	1,243	2,767	2,767	2,823	2,509	2,965	2,849	2,609	2,355
51 Japan	74,015	81,184	67,075	67,075	63,452	61,093	56,820	53,172 ^r	52,031 ^r	51,531
52 Korea	2,541	3,215	2,280	2,280	2,406	2,186	2,213	2,887	2,193 ^r	2,102
53 Philippines	1,163	1,766	1,585	1,585	1,455	1,655	1,609	1,681	1,521	1,587
54 Thailand	1,236	2,093	1,443	1,443	2,228	2,148	2,403	2,571	2,502	2,386
55 Middle-East oil-exporting countries ³	12,083	13,370	15,829	15,829	14,720	13,693	15,642	14,655	14,090 ^r	13,326
56 Other	13,260	17,491	16,965	16,965	17,547	17,091	18,199	17,162 ^r	16,560 ^r	16,256
57 Africa	3,991	3,824	4,630	4,630	5,173	5,153	4,908	4,495	4,695	4,167
58 Egypt	911	686	1,425	1,425	1,476	1,416	1,449	927	1,364	998
59 Morocco	68	78	104	104	107	90	91	89	97	122
60 South Africa	437	206	228	228	212	317	312	220	202	241
61 Zaire	85	86	53	53	55	50	52	50	52	45
62 Oil-exporting countries ⁴	1,017	1,121	1,110	1,110	1,508	1,528	1,370	1,434	1,140	1,105
63 Other	1,474	1,648	1,710	1,710	1,815	1,751	1,634	1,776	1,839	1,655
64 Other countries	6,165	4,564	4,445	4,445	4,774	4,224	4,109	3,963	3,962	3,880
65 Australia	5,293	3,867	3,807	3,807	3,883	3,434	3,131	3,118	3,232	3,097
66 All other	872	697	637	637	891	790	978	845	730	783
67 Nonmonetary international and regional organizations	3,224	4,894	5,918	5,918	7,908	6,555	6,669	6,237	6,048 ^r	5,917
68 International ⁵	2,503	3,947	4,390	4,390	6,428	4,880	5,108	4,895	4,633 ^r	4,025
69 Latin American regional	589	684	1,048	1,048	975	1,235	1,170	913	802	1,410
70 Other regional ⁶	133	263	479	479	506	440	391	429	614	482

1. Includes the Bank for International Settlements and Eastern European countries that are not listed in line 23.

2. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Excludes "holdings of dollars" of the International Monetary Fund.

6. 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	1988	1989	1990	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr.	May ⁷	June ⁸
1 Total	491,165	534,492	510,078	510,078	497,886	509,839	495,614	507,001 ⁷	501,156	503,529
2 Foreign countries	489,094	530,630	505,285	505,285	495,344	505,995	493,114	504,286 ⁷	498,454	499,724
3 Europe	116,928	119,025	113,043	113,043	108,184	107,614	104,180	100,318 ⁷	99,156	98,741
4 Austria	483	415	362	362	248	400	270	392	220	304
5 Belgium-Luxembourg	8,515	6,478	5,458	5,458	6,169	5,905	5,665	5,462	7,858	6,727
6 Denmark	483	582	497	497	567	472	583	765 ⁷	909	894
7 Finland	1,065	1,027	1,047	1,047	1,083	1,364	1,157	1,173	867	678
8 France	13,243	16,146	14,466	14,466	15,202	14,384	14,915	13,894	13,552	14,280
9 Germany	2,329	2,865	3,343	3,343	3,361	3,620	3,305	3,235	2,627	2,796
10 Greece	433	788	727	727	651	652	667	688	762	657
11 Italy	7,936	6,662	6,036	6,036	6,094	5,660	6,602	5,417	5,816	6,301
12 Netherlands	2,541	1,904	1,751	1,751	1,953	2,108	2,119	2,230	1,940	2,130
13 Norway	455	609	782	782	706	670	765	679	695	681
14 Portugal	261	376	292	292	323	292	384	293	322	378
15 Spain	1,823	1,930	2,668	2,668	2,864	2,526	3,334	3,344 ⁷	3,082	2,056
16 Sweden	1,977	1,773	2,093	2,093	2,175	2,336	2,330	1,950 ⁷	1,950	1,958
17 Switzerland	3,895	6,141	4,200	4,200	2,073	2,444	3,165	3,238	3,484	2,964
18 Turkey	1,233	1,071	1,405	1,405	1,377	1,509	1,537	1,440	1,445	1,841
19 United Kingdom	65,706	65,527	65,147	65,147	60,532	60,397	53,896	52,550 ⁷	50,164	50,919
20 Yugoslavia	1,390	1,329	1,142	1,142	1,084	980	991	1,012	965	932
21 Other Western Europe ²	1,152	1,302	597	597	705	851	1,141	1,118	999	734
22 U.S.S.R.	1,255	1,179	530	530	505	501	781	904	936	891
23 Other Eastern Europe ³	754	921	499	499	512	545	573	533 ⁷	585	618
24 Canada	18,889	15,451	16,080	16,080	16,951	19,364	17,062	17,580 ⁷	17,703	17,420
25 Latin America and Caribbean	214,264	230,438	230,196	230,196	231,387	237,514	233,032	239,873 ⁷	242,886	247,923
26 Argentina	11,826	9,270	6,928	6,928	6,781	6,655	6,535	6,420	6,363	6,129
27 Bahamas	66,954	77,921	76,490	76,490	79,834	81,148	73,338	76,321	78,236	78,063
28 Bermuda	483	1,315	4,006	4,006	1,771	3,602	3,823	4,935 ⁷	7,182	3,908
29 Brazil	25,735	23,749	17,904	17,904	17,956	17,935	18,319	16,523 ⁷	15,593	15,253
30 British West Indies	55,888	68,749	87,429	87,429	94,213	97,500	100,882	105,073 ⁷	105,510	114,324
31 Chile	5,217	4,353	3,271	3,271	3,225	3,237	3,170	3,050	3,023	2,917
32 Colombia	2,944	2,784	2,585	2,585	2,525	2,528	2,441	2,334	2,281	2,349
33 Cuba	1	1	0	0	0	0	0	0	0	0
34 Ecuador	2,075	1,688	1,387	1,387	1,361	1,361	1,325	1,326	1,339	1,344
35 Guatemala ⁴	198	197	191	191	193	191	199	208	200	179
36 Jamaica ⁴	212	297	238	238	243	171	224	196	181	183
37 Mexico	24,637	23,376	14,845	14,845	14,629	14,817	15,077	15,593 ⁷	15,160	15,385
38 Netherlands Antilles	1,306	1,921	7,998	7,998	2,194	1,599	1,298	1,496	1,589	1,630
39 Panama	2,521	1,740	1,471	1,471	1,534	1,502	1,479	1,475	1,410	1,408
40 Peru	1,013	771	663	663	656	691	697	670	722	726
41 Uruguay	910	929	786	786	767	626	588	620	615	590
42 Venezuela	10,733	9,652	2,569	2,569	2,118	2,254	2,168	2,209	2,221	2,252
43 Other Latin America and Caribbean	1,612	1,726	1,344	1,344	1,357	1,698	1,468	1,424	1,261	1,283
44 Asia	130,881	157,474	138,628	138,628	131,144	134,016	131,273	139,066 ⁷	131,288	127,976
45 China	762	634	620	620	565	497	723	641	566	991
46 Mainland	4,184	2,776	1,934	1,934	1,776	1,475	1,264	1,685 ⁷	1,390	2,019
47 Taiwan	10,143	11,128	10,644	10,644	8,250	8,792	9,729	10,891 ⁷	9,870	9,217
48 Hong Kong	560	621	655	655	624	590	539	560	455	437
49 India	674	651	933	933	926	1,081	1,136	1,029	984	896
50 Indonesia	1,136	813	774	774	964	842	952	871	829	844
51 Israel	90,149	111,300	90,679	90,679	90,266	89,896	84,614	91,287 ⁷	88,618	85,629
52 Japan	5,213	5,323	5,712	5,712	5,959	6,007	6,217	6,226 ⁷	5,608	5,934
53 Korea	1,876	1,344	1,247	1,247	1,230	1,261	1,445	1,478	1,452	1,506
54 Philippines	848	1,140	1,573	1,573	1,587	1,791	1,764	1,662	1,747	1,975
55 Thailand	6,213	10,149	10,749	10,749	8,966	12,096	12,386	12,286	9,658	10,449
56 Middle East oil-exporting countries ⁵	9,122	11,594	13,107	13,107	10,031	9,688	10,503	10,449 ⁷	10,110	8,079
57 Other Asia	5,718	5,890	5,445	5,445	5,439	5,424	5,488	5,355	5,464	5,429
58 Africa	507	502	380	380	384	314	304	304	305	314
59 Egypt	511	559	513	513	514	511	538	538	603	590
60 Morocco	1,681	1,628	1,525	1,525	1,517	1,518	1,628	1,627	1,641	1,626
61 South Africa	17	16	16	16	17	21	17	18	18	12
62 Zaire	1,523	1,648	1,486	1,486	1,467	1,478	1,452	1,372	1,365	1,336
63 Oil-exporting countries ⁶	1,479	1,537	1,525	1,525	1,539	1,582	1,547	1,497	1,533	1,550
64 Other	2,413	2,354	1,893	1,893	2,238	2,063	2,079	2,093	1,957	2,235
65 Other countries	1,520	1,781	1,413	1,413	1,672	1,547	1,468	1,570	1,470	1,620
66 Australia	894	573	479	479	566	517	611	524	487	615
67 All other	2,071	3,862	4,793	4,793	2,542	3,844	2,501	2,715 ⁷	2,701	3,804
68 Nonmonetary international and regional organizations ⁷	2,071	3,862	4,793	4,793	2,542	3,844	2,501	2,715 ⁷	2,701	3,804

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.

3. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

4. Included in "Other Latin America and Caribbean" through March 1978.

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

Type of claim	1988	1989	1990	1990	1991					
				Dec.	Jan.	Feb.	Mar.	Apr. ^r	May ^r	June ^p
1 Total	538,689	593,087	576,790	576,790	.....	.....	558,185^r	.....	.....	.....
2 Banks' own claims on foreigners.....	491,165	534,492	510,078	510,078	497,886	509,839	495,614	507,001	501,156	503,529
3 Foreign public borrowers.....	62,658	60,511	41,797	41,797	38,872	43,726	43,855	42,731	38,570	38,425
4 Own foreign offices ²	257,436	296,011	303,054	303,054	300,514	306,122	296,895	303,046	297,177	305,465
5 Unaffiliated foreign banks.....	129,425	134,885	117,799	117,799	116,664	116,509	110,497	112,541	117,575	114,980
6 Deposits.....	65,898	78,185	65,211	65,211	68,564	69,039	63,021	64,642	68,757	68,130
7 Other.....	63,527	56,700	52,588	52,588	48,100	47,470	47,476	47,899	48,818	46,850
8 All other foreigners.....	41,646	43,085	47,428	47,428	41,835	43,483	44,368	48,684	47,834	44,658
9 Claims of banks' domestic customers ³ ...	47,524	58,594	66,712	66,712	.....	.....	62,571 ^r	.....	.....	.....
10 Deposits.....	8,289	13,019	14,375	14,375	.....	.....	17,044	.....	.....	.....
11 Negotiable and readily transferable instruments ⁴	25,700	30,983	42,030	42,030	.....	.....	34,533	.....	.....	.....
12 Outstanding collections and other claims.....	13,535	14,592	10,308	10,308	.....	.....	10,994 ^r	.....	.....	.....
13 MEMO: Customer liability on acceptances.....	19,596	12,899	13,659	13,659	.....	.....	11,766	.....	.....	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁵	45,360	45,509	43,645	43,645	46,776	42,264	41,751 ^r	40,890	39,205	n.a.

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally 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 owned by customers of the reporting bank located in the United States that represent claims on foreigners 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 July 1979 *Bulletin*, 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	1987	1988	1989	1990			1991
				June	Sept.	Dec.	Mar.
1 Total	235,130	233,184	238,123	207,906	213,258	206,995	198,820
<i>By borrower</i>							
2 Maturity of one year or less ²	163,997	172,634	178,346	158,603	166,040	165,732	157,799
3 Foreign public borrowers.....	25,889	26,562	23,916	20,877	21,670	19,283	21,172
4 All other foreigners.....	138,108	146,071	154,430	137,726	144,369	146,450	136,626
5 Maturity over one year ²	71,133	60,550	59,776	49,303	47,218	41,263	41,021
6 Foreign public borrowers.....	38,625	35,291	36,014	28,132	26,354	22,393	22,377
7 All other foreigners.....	32,507	25,259	23,762	21,171	20,864	18,870	18,644
<i>By area</i>							
8 Maturity of one year or less ²							
9 Europe.....	59,027	55,909	53,913	48,997	51,125	49,169	49,521
10 Canada.....	5,680	6,282	5,910	5,624	5,499	5,439	5,896
11 Latin America and Caribbean.....	56,535	57,991	53,003	44,312	44,010	49,674	42,597
12 Asia.....	35,919	46,224	57,755	51,043	56,123	53,138	53,848
13 Africa.....	2,833	3,337	3,225	2,994	2,954	3,040	3,016
14 All other ³	4,003	2,891	4,541	5,633	6,330	5,273	2,919
15 Maturity of over one year ²							
16 Europe.....	6,696	4,666	4,121	4,201	4,424	3,869	4,326
17 Canada.....	2,661	1,922	2,353	2,819	3,033	3,291	3,387
18 Latin America and Caribbean.....	53,817	47,547	45,816	33,209	31,284	25,964	24,950
19 Asia.....	3,830	3,613	4,172	5,864	5,664	5,204	5,424
20 Africa.....	1,747	2,301	2,630	2,744	2,546	2,374	2,417
21 All other ³	2,381	501	684	465	266	561	517

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Remaining time to maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks^{1,2}

Billions of dollars, end of period

Area or country	1987	1988	1989				1990				1991
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	
1 Total	382.4	346.3	346.3	340.0	346.5	338.8	333.4	321.4	331.6	316.5	324.5 ⁵
2 G-10 countries and Switzerland	159.7	152.7	145.5	145.1	146.4	152.9	146.4	139.3	144.3	131.8	129.1 ⁶
3 Belgium-Luxembourg	10.0	9.0	8.6	7.8	6.9	6.3	6.6	6.2	6.5	5.9	6.1
4 France	13.7	10.5	11.2	10.8	11.1	11.7	10.4	10.2	11.1	10.3	9.7
5 Germany	12.6	10.3	10.2	10.6	10.4	10.5	11.2	11.2	11.1	10.6	8.7
6 Italy	7.5	6.8	5.2	6.1	6.8	7.4	5.9	5.4	4.4	5.0	4.0
7 Netherlands	4.1	2.7	2.8	2.8	2.4	3.1	3.1	2.7	3.8	3.0	3.3
8 Sweden	2.1	1.8	2.3	1.8	2.0	2.0	2.1	2.3	2.3	2.1	2.0
9 Switzerland	5.6	5.4	5.1	5.4	6.1	7.1	6.2	6.3	5.6	4.4	3.6
10 United Kingdom	68.8	66.2	65.6	64.5	63.7	67.2	63.9	59.8	62.5	60.7	62.0 ⁷
11 Canada	5.5	5.0	4.0	5.1	5.9	5.4	4.7	5.1	5.1	5.9	6.7
12 Japan	29.8	34.9	30.5	30.2	31.0	32.2	32.2	30.1	32.0	23.8	22.9
13 Other developed countries	26.4	21.0	21.1	21.2	21.0	20.7	23.0	22.4	23.1	22.6	23.1
14 Austria	1.9	1.5	1.4	1.7	1.5	1.5	1.5	1.5	1.6	1.4	1.4
15 Denmark	1.7	1.1	1.1	1.4	1.1	1.1	1.2	1.1	1.1	1.1	.9
16 Finland	1.2	1.1	1.0	1.0	1.1	1.0	1.1	.9	.8	.7	1.0
17 Greece	2.0	1.8	2.1	2.3	2.4	2.5	2.6	2.7	2.8	2.7	2.5
18 Norway	2.2	1.8	1.6	1.8	1.4	1.4	1.7	1.4	1.6	1.6	1.5
19 Portugal	.6	.4	.4	.6	.4	.4	.4	.8	.6	.6	.6
20 Spain	8.0	6.2	6.6	6.2	6.9	7.1	8.2	7.8	8.4	8.3	9.0
21 Turkey	2.0	1.5	1.3	1.1	1.2	1.2	1.3	1.4	1.6	1.7	1.7
22 Other Western Europe	1.6	1.3	1.1	1.1	1.0	.7	1.0	1.1	.7	.9	.8
23 South Africa	2.9	2.4	2.2	2.1	2.1	2.0	2.0	1.9	1.9	1.8	1.8
24 Australia	2.4	1.8	2.4	1.9	2.1	1.6	2.1	1.8	2.0	1.8	1.9
25 OPEC countries ³	17.4	16.6	16.2	16.1	16.2	17.1	15.5	15.3	14.4	12.8	17.2
26 Ecuador	1.9	1.7	1.6	1.5	1.5	1.3	1.2	1.1	1.1	1.0	.9
27 Venezuela	8.1	7.9	7.9	7.5	7.4	7.0	6.1	6.0	6.0	5.0	5.1
28 Indonesia	1.9	1.7	1.7	1.9	2.0	2.0	2.1	2.0	2.3	2.7	2.8
29 Middle East countries	3.6	3.4	3.3	3.4	3.5	5.0	4.3	4.4	3.3	2.5	6.7
30 African countries	1.9	1.9	1.7	1.6	1.9	1.7	1.8	1.8	1.7	1.7	1.7
31 Non-OPEC developing countries	97.8	85.3	85.9	83.4	81.2	77.5	68.8	66.7	67.1	65.3	66.0
Latin America											
32 Argentina	9.5	9.0	8.5	7.9	7.6	6.3	5.6	5.2	5.0	4.9	4.7
33 Brazil	24.7	22.4	22.8	22.1	20.9	19.0	17.5	16.7	15.4	14.4	14.0
34 Chile	6.9	5.6	5.7	5.2	4.9	4.6	4.3	3.7	3.6	3.5	3.6
35 Colombia	2.0	2.1	1.9	1.7	1.6	1.8	1.8	1.7	1.8	1.8	1.7
36 Mexico	23.5	18.8	18.3	17.7	17.2	17.7	12.8	12.6	12.8	13.0	13.1
37 Peru	1.1	.8	.7	.6	.6	.6	.5	.5	.5	.5	.5
38 Other Latin America	2.8	2.6	2.7	2.6	2.9	2.8	2.8	2.3	2.4	2.3	2.3
Asia											
39 China											
40 Mainland	.3	.3	.5	.3	.3	.3	.3	.2	.2	.2	.4
41 Taiwan	8.2	3.7	4.9	5.2	5.0	4.5	3.8	3.6	4.0	3.5	3.6
42 India	1.9	2.1	2.6	2.4	2.7	3.1	3.5	3.6	3.6	3.3	3.5
43 Israel	1.0	1.2	.9	.8	.7	.7	.6	.7	.6	.5	.5
44 Korea (South)	5.0	6.1	6.1	6.6	6.5	5.9	5.3	5.6	6.2	6.1	6.7
45 Malaysia	1.5	1.6	1.7	1.6	1.7	1.8	1.8	1.8	1.8	1.9	2.0
46 Philippines	5.2	4.5	4.4	4.4	4.0	4.1	3.7	3.9	3.9	3.8	3.7
47 Thailand	.7	1.1	1.0	1.0	1.3	1.3	1.1	1.3	1.5	1.5	1.6
48 Other Asia	.7	.9	.8	.8	1.0	1.0	1.2	1.1	1.6	1.7	2.1
Africa											
49 Egypt	.6	.4	.5	.6	.5	.4	.4	.5	.4	.4	.4
50 Morocco	.9	.9	.9	.9	.8	.9	.9	.9	.9	.8	.8
51 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
52 Other Africa ⁴	1.3	1.1	1.1	1.1	1.0	1.0	.9	.8	.8	1.0	.8
53 Eastern Europe	3.2	3.6	3.5	3.4	3.5	3.5	3.3	2.9	2.7	2.3	2.0
54 U.S.S.R.	.3	.7	.7	.6	.8	.7	.8	.4	.4	.2	.3
55 Yugoslavia	1.8	1.8	1.7	1.7	1.7	1.6	1.4	1.4	1.3	1.2	1.0
56 Other	1.1	1.1	1.1	1.1	1.1	1.3	1.2	1.1	1.1	.9	.7
57 Offshore banking centers	54.5	44.2	48.7	43.2	49.2	36.6	42.9	40.0	41.8	40.9	48.7 ⁵
58 Bahamas	17.3	11.0	15.8	11.0	11.4	5.5	9.2	8.5	8.9	2.8	8.7 ⁶
59 Bermuda	.6	.9	1.1	.7	1.3	1.7	.9	2.2	4.0	4.3	4.1
60 Cayman Islands and other British West Indies	13.5	12.9	12.2	10.8	15.3	9.0	10.9	8.5	9.0	10.4	13.0
61 Netherlands Antilles	1.2	1.0	.9	1.0	1.1	2.3	2.6	2.3	2.2	7.9	1.1
62 Panama	3.7	2.5	2.2	1.9	1.5	1.4	1.3	1.4	1.5	1.4	1.6
63 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
64 Hong Kong	11.2	9.6	9.6	10.4	10.7	9.7	9.8	10.0	8.7	7.4	11.3
65 Singapore	7.0	6.1	6.8	7.3	7.8	7.0	8.0	7.0	7.5	6.5	8.7
66 Others ⁶	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
67 Miscellaneous and unallocated ⁷	23.2	22.6	25.0	27.4	28.7	30.3	33.3	34.5	38.1	40.6	38.1

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).

2. Beginning in 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. This group comprises the 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).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. 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	1987	1988	1989	1989	1990				1991
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 Total	28,302	32,952	38,017	38,017	38,076	39,092	43,885	41,788	39,254
2 Payable in dollars	22,785	27,335	33,211	33,211	33,705	34,595	38,744	37,406	35,242
3 Payable in foreign currencies	5,517	5,617	4,805	4,805	4,371	4,496	5,140	4,382	4,012
<i>By type</i>									
4 Financial liabilities	12,424	14,507	17,690	17,690	17,134	18,715	19,616	17,538	16,452
5 Payable in dollars	8,643	10,608	13,830	13,830	13,841	15,336	15,766	14,306	13,765
6 Payable in foreign currencies	3,781	3,900	3,860	3,860	3,292	3,380	3,850	3,232	2,687
7 Commercial liabilities	15,878	18,445	20,327	20,327	20,942	20,376	24,268	24,251	22,802
8 Trade payables	7,305	6,505	7,626	7,626	7,471	6,968	10,081	10,007	8,223
9 Advance receipts and other liabilities	8,573	11,940	12,701	12,701	13,471	13,409	14,188	14,243	14,579
10 Payable in dollars	14,142	16,727	19,381	19,381	19,864	19,260	22,978	23,100	21,478
11 Payable in foreign currencies	1,737	1,717	945	945	1,078	1,117	1,291	1,150	1,325
<i>By area or country</i>									
<i>Financial liabilities</i>									
12 Europe	8,320	9,962	11,615	11,615	11,094	11,759	11,216	9,641	9,072
13 Belgium-Luxembourg	213	289	340	340	318	332	350	344	285
14 France	382	359	258	258	271	171	470	638	578
15 Germany	551	699	475	475	442	557	615	630	570
16 Netherlands	866	880	944	944	900	932	945	973	948
17 Switzerland	558	1,033	541	541	528	552	632	576	577
18 United Kingdom	5,557	6,533	8,846	8,846	8,388	8,851	7,651	5,944	5,547
19 Canada	360	388	601	601	343	297	301	215	264
20 Latin America and Caribbean	1,189	839	1,268	1,268	1,815	2,573	3,394	3,239	3,337
21 Bahamas	318	184	157	157	272	249	368	344	342
22 Bermuda	0	0	17	17	2	0	0	0	0
23 Brazil	25	0	0	0	0	0	0	0	0
24 British West Indies	778	645	635	635	1,061	1,782	2,409	2,274	2,426
25 Mexico	13	1	6	6	5	4	4	5	6
26 Venezuela	0	0	0	0	0	0	0	4	4
27 Asia	2,451	3,312	4,104	4,104	3,775	4,027	4,223	4,032	3,774
28 Japan	2,042	2,563	3,252	3,252	2,737	2,824	3,088	2,853	2,701
29 Middle East oil-exporting countries ²	8	3	2	2	3	5	4	5	1
30 Africa	4	2	2	2	3	3	2	2	2
31 Oil-exporting countries ³	1	0	0	0	0	1	0	0	0
32 All other ⁴	100	4	100	100	103	55	479	409	2
<i>Commercial liabilities</i>									
33 Europe	5,516	7,319	8,952	8,952	9,198	8,560	9,834	10,292	9,573
34 Belgium-Luxembourg	132	158	179	179	233	297	248	285	248
35 France	426	455	878	878	888	1,049	1,263	1,260	1,209
36 Germany	909	1,699	1,393	1,393	1,174	990	1,052	1,264	1,375
37 Netherlands	423	587	699	699	688	608	701	840	715
38 Switzerland	559	417	641	641	604	628	728	759	655
39 United Kingdom	1,599	2,079	2,620	2,620	2,926	2,439	2,777	2,791	2,733
40 Canada	1,301	1,217	1,124	1,124	1,151	1,179	1,263	1,246	1,226
41 Latin America and Caribbean	864	1,090	1,187	1,187	1,304	1,279	1,555	1,598	1,527
42 Bahamas	18	49	41	41	37	22	18	12	21
43 Bermuda	168	286	308	308	516	412	371	538	494
44 Brazil	46	95	100	100	116	106	126	137	208
45 British West Indies	19	34	27	27	18	29	42	30	35
46 Mexico	189	217	304	304	241	285	506	421	296
47 Venezuela	162	114	154	154	85	119	120	121	108
48 Asia	6,565	6,915	7,193	7,193	7,019	7,084	8,892	8,928	8,222
49 Japan	2,578	3,094	2,917	2,917	2,748	3,189	3,283	3,606	3,467
50 Middle East oil-exporting countries ^{2,5}	1,964	1,385	1,401	1,401	1,393	1,125	2,321	1,701	1,263
51 Africa	574	576	844	844	753	885	1,315	789	648
52 Oil-exporting countries ³	135	202	307	307	263	277	593	422	225
53 All other ⁴	1,057	1,328	1,027	1,027	1,517	1,390	1,408	1,397	1,606

1. For a description of the changes in the International Statistics tables, see July 1979 *Bulletin*, 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	1987	1988	1989	1989	1990				1991
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 Total	30,964	34,035	31,542	31,542	29,956	31,716	31,086	33,487	34,797 ²
2 Payable in dollars	28,502	31,654	29,209	29,209	27,802	29,398	28,691	31,038	32,602 ²
3 Payable in foreign currencies	2,462	2,381	2,334	2,334	2,154	2,318	2,395	2,449	2,195
By type									
4 Financial claims	20,363	21,869	17,721	17,721	16,622	18,079	16,638	18,109	18,432 ²
5 Deposits	14,894	15,643	10,400	10,400	10,461	9,885	10,301	11,473	11,323 ²
6 Payable in dollars	13,765	14,544	9,473	9,473	9,583	8,815	9,107	10,504	10,432 ²
7 Payable in foreign currencies	1,128	1,099	927	927	878	1,070	1,193	969	891
8 Other financial claims	5,470	6,226	7,322	7,322	6,161	8,194	6,338	6,636	7,108 ²
9 Payable in dollars	4,656	5,450	6,568	6,568	5,471	7,460	5,685	5,769	6,392 ²
10 Payable in foreign currencies	814	777	754	754	690	733	652	866	716
11 Commercial claims	10,600	12,166	13,821	13,821	13,334	13,637	14,448	15,378	16,365 ²
12 Trade receivables	9,535	11,091	12,203	12,203	11,704	11,909	12,653	13,430	14,313 ²
13 Advance payments and other claims	1,065	1,075	1,618	1,618	1,630	1,728	1,795	1,948	2,052
14 Payable in dollars	10,081	11,660	13,168	13,168	12,748	13,123	13,898	14,764	15,778 ²
15 Payable in foreign currencies	519	505	653	653	586	514	549	613	587
By area or country									
16 Financial claims	9,531	10,279	7,044	7,044	6,982	9,619	7,989	8,005	9,462
17 Europe	7	18	28	28	22	126	27	76	86
18 Belgium-Luxembourg	332	203	153	153	203	141	153	366	240
19 France	102	120	192	192	508	93	102	371	481
20 Germany	350	348	303	303	316	340	329	333	448
21 Netherlands	65	218	95	95	122	137	176	325	405
22 Switzerland	8,467	9,039	6,035	6,035	5,589	8,556	6,976	6,276	7,555
23 United Kingdom	2,844	2,325	1,904	1,904	1,758	2,036	1,989	2,887	1,833
24 Canada	7,012	8,160	7,590	7,590	6,984	5,479	5,661	5,751	5,893
25 Latin America and Caribbean	1,994	1,846	1,516	1,516	1,662	992	977	1,261	1,640
26 Bahamas	7	19	7	7	4	3	4	3	6
27 Bermuda	63	47	224	224	79	84	70	68	68
28 Brazil	4,433	5,763	5,431	5,431	4,824	4,003	4,210	4,031	3,773
29 British West Indies	172	151	94	94	152	153	158	160	155
30 Mexico	19	21	20	20	21	20	23	25	28
31 Venezuela	879	844	847	847	806	843	771	1,213	919 ²
32 Asia	605	574	456	456	459	486	472	875	592 ²
33 Japan	8	5	8	8	7	6	9	8	11
34 Middle East oil-exporting countries ³	65	106	140	140	67	62	49	37	62
35 Africa	7	10	12	12	11	8	7	0	3
36 Oil-exporting countries ³	33	155	195	195	25	41	179	215	262
37 All other ⁴	4,180	5,181	6,194	6,194	6,046	6,082	6,502	7,094	7,014 ²
38 Commercial claims	178	189	242	242	220	209	189	211	221
39 Europe	650	672	963	963	964	924	1,206	1,302	1,265
40 France	562	669	696	696	702	669	638	800	855
41 Germany	133	212	479	479	453	479	492	552	609
42 Netherlands	185	344	305	305	270	235	301	299	323 ²
43 Switzerland	1,073	1,324	1,572	1,572	1,689	1,583	1,674	1,794	1,653 ²
44 United Kingdom	936	983	1,079	1,079	1,148	1,147	1,148	1,050	1,179
45 Canada	1,930	2,241	2,178	2,178	2,063	2,207	2,399	2,320	2,299
46 Latin America and Caribbean	19	36	57	57	22	17	25	14	15
47 Bahamas	170	230	323	323	243	284	340	246	232
48 Bermuda	226	299	293	293	232	235	253	323	307
49 Brazil	26	22	36	36	38	47	35	40	49
50 British West Indies	368	461	510	510	526	582	651	646	656
51 Mexico	283	227	147	147	189	224	225	190	190
52 Venezuela	2,915	2,993	3,560	3,560	3,279	3,446	3,594	4,032	5,011 ²
53 Asia	1,158	946	1,197	1,197	1,074	1,097	1,221	1,418	2,458 ²
54 Japan	450	453	518	518	434	417	408	459	548
55 Middle East oil-exporting countries ³	401	435	419	419	425	390	373	488	390
56 Africa	144	122	108	108	89	97	72	67	68
57 Oil-exporting countries ³	238	333	392	392	372	365	432	395	472
58 All other ⁴									

1. For a description of the changes in the International Statistics tables, see July 1979 *Bulletin*, 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

Transactions, and area or country	1989	1990	1991	1990	1991					
			Jan. - June	Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June ^p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	214,061	173,231	110,840	13,316	10,259	21,691	21,763	20,569 ^r	19,216	17,342
2 Foreign sales	204,114	188,373	100,486	14,573	11,056	20,615	19,393	17,440 ^r	15,884	16,098
3 Net purchases, or sales (-)	9,946	-15,142	10,354	-1,257	-797	1,076	2,370	3,129 ^r	3,332	1,244
4 Foreign countries	10,180	-15,213	10,119	-1,267	-798	1,020	2,369	3,051 ^r	3,277	1,200
5 Europe	481	-8,498	2,577	-487	-600	-1,245	846	1,639 ^r	1,218	719
6 France	-708	-1,234	311	-49	-24	27	100	-45	83	170
7 Germany	-830	-368	-231	-144	-114	-204	0	13	24	49
8 Netherlands	79	-398	-9	-46	-142	-104	119	30	25	64
9 Switzerland	-3,277	-2,867	379	-263	-222	-943	357	552	290	346
10 United Kingdom	3,691	-2,992	1,189	149	-83	27	121	686 ^r	586	-147
11 Canada	-881	892	1,984	279	25	469	284	111 ^r	712	383
12 Latin America and Caribbean	3,042	-1,333	1,818	-280	233	937	3	120	240	285
13 Middle East ¹	3,531	-2,435	-69	-251	-279	675	-30	-182	207	-460
14 Other Asia	3,577	-3,477	3,622	-406	-196	432	1,223	1,236 ^r	828	99
15 Japan	3,330	-2,891	1,269	-382	-271	-366	-2	1,163 ^r	669	76
16 Africa	131	-63	109	-14	33	31	16	0	21	9
17 Other countries	299	-298	79	-108	-13	-279	28	128	51	165
18 Nonmonetary international and regional organizations	-234	71	234	9	2	56	1	78	55	44
BONDS ²										
19 Foreign purchases	120,550	118,755	69,030	10,216	8,859	8,468	14,802	10,291	14,323	12,287
20 Foreign sales	87,376	101,703	57,596	7,890	8,575	9,269	10,608	8,973 ^r	11,546	8,626
21 Net purchases, or sales (-)	33,174	17,052	11,434	2,326	284	-801	4,194	1,318 ^r	2,778	3,661
22 Foreign countries	32,821	17,523	11,450	2,329	103	-723	4,093	1,418 ^r	2,836	3,722
23 Europe	19,064	10,396	7,252	1,361	-130	-1,065	3,271	1,299 ^r	1,766	2,111
24 France	372	373	612	39	31	68	392	34	86	2
25 Germany	-238	-377	656	-41	-54	78	238	114	400	-120
26 Netherlands	850	172	218	110	47	1	20	84	21	45
27 Switzerland	-511	284	885	45	360	-217	318	-56 ^r	162	318
28 United Kingdom	18,123	10,703	4,259	1,680	-102	-885	1,633	900	959	1,755
29 Canada	1,116	1,906	1,308	-85	71	106	385	247	374	127
30 Latin America and Caribbean	3,686	4,289	1,344	495	-17	439	351	188	-142	524
31 Middle East ¹	-182	76	208	74	69	-2	-13	-25	20	160
32 Other Asia	9,025	1,104	1,431	486	131	-209	81	-301	831	898
33 Japan	6,292	747	1,245	399	308	-214	162	-240	544	685
34 Africa	56	96	19	-9	-15	10	7	8	10	-1
35 Other countries	57	-344	-114	7	-5	-2	10	3	-23	-96
36 Nonmonetary international and regional organizations	353	-471	-15	-2	181	-78	102	-100 ^r	-58	-62
	Foreign securities									
37 Stocks, net purchases, or sales (-) ³	-13,120	-8,952	-16,323	-1,831	-404	-3,177	-3,305	-2,540 ^r	-3,312	-3,585
38 Foreign purchases	109,792	122,600	54,335	7,263	6,230	10,561	11,095	7,942 ^r	8,558	9,949
39 Foreign sales ³	122,912	131,552	70,658	9,094	6,634	13,738	14,400	10,482 ^r	11,871	13,534
40 Bonds, net purchases, or sales (-)	-5,943	-22,322	-7,305	-4,745	-173	-1,945	-991	-588 ^r	-1,987	-1,620
41 Foreign purchases	234,320	314,466	165,700	33,391	27,138	37,202	40,161	20,789 ^r	20,642	19,768
42 Foreign sales	240,263	336,788	173,004	38,136	27,312	39,146	41,152	21,376 ^r	22,629	21,388
43 Net purchases, or sales (-), of stocks and bonds	-19,063	-31,273	-23,628	-6,576	-577	-5,122	-4,296	-3,128 ^r	-5,299	-5,206
44 Foreign countries	-19,101	-28,600	-22,055	-5,834	-538	-5,166	-2,845	-3,251 ^r	-4,770	-5,486
45 Europe	-17,721	-7,999	-7,739	-898	328	-3,139	-340	351	-1,918	-3,021
46 Canada	-4,180	-7,502	-5,686	-655	-573	-797	3	-2,290	-943	-1,085
47 Latin America and Caribbean	426	-8,959	-1,230	-2,810	351	314	114	-330 ^r	-1,652	-27
48 Asia	2,532	-3,824	-7,377	-1,572	-778	-1,793	-2,494	-987	-159	-1,166
49 Africa	93	-137	-130	28	22	30	2	10	4	-198
50 Other countries	-251	-179	107	74	113	218	-130	-4	-101	11
51 Nonmonetary international and regional organizations	38	-2,673	-1,572	-742	-39	44	-1,451	123	-529	280

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. As a result of the merger of a U.S. and U.K. company in July 1989, the former stockholders of the U.S. company received \$5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data above.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1989	1990	1991	1990	1991					
			Jan. - June	Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June ^p
			Transactions, net purchases or sales (-) during period ¹							
1 Estimated total ²	54,203	19,687	14,101	5,554	3,144	12,922	-15,574	2,951 ^r	16,415	-5,575
2 Foreign countries ²	52,301	19,524	15,130	5,557	4,776	11,462	-14,755	2,583 ^r	16,398	-5,334
3 Europe ²	36,286	19,065	1,679	4,258	3,356	2,933	-4,535	-1,358 ^r	5,513	-4,231
4 Belgium-Luxembourg	1,048	10	600	-105	260	149	115	37	121	-81
5 Germany ²	7,904	5,829	-6,148	571	-542	-1,691	-3,340	-549	1,433	-1,458
6 Netherlands	-1,141	1,077	-1,540	625	300	-85	-607	-292	-61	-794
7 Sweden	693	1,152	-681	721	-661	43	-244	-410	560	31
8 Switzerland	1,098	112	593	200	170	139	470	-622	230	207
9 United Kingdom	20,198	-1,338	3,997	240	2,829	-54	513	260 ^r	1,699	-1,251
10 Other Western Europe	6,508	12,202	4,847	2,006	995	4,432	-1,442	214	1,534	-886
11 Eastern Europe	-21	13	11	0	6	0	0	5	-3	3
12 Canada	698	-4,614	9	155	-795	-171	182	566	342	-114
13 Latin America and Caribbean	464	14,980	14,132	830	-4,984	2,802	121	5,561 ^r	10,481	151
14 Venezuela	311	33	-124	1	-153	-1	6	2	2	20
15 Other Latin America and Caribbean	-322	4,190	10,345	428	-426	1,593	765	2,969 ^r	5,687	-243
16 Netherlands Antilles	475	10,757	3,911	401	-4,405	1,210	-650	2,590	4,793	374
17 Asia	13,297	-11,062	-499	-72	7,019	5,517	-9,984	-2,179	12	-884
18 Japan	1,681	-14,895	-4,103	-2,407	2,244	1,915	-7,016	-3,379	711	1,422
19 Africa	116	313	309	-3	78	110	0	16	1	104
20 All other	1,439	842	-501	389	102	269	-540	-22	48	-358
21 Nonmonetary international and regional organizations	1,902	163	-1,029	-4	-1,633	1,461	-819	368 ^r	17	-423
22 International	1,473	287	-1,123	-119	-1,571	1,104	-845	160 ^r	42	-12
23 Latin America regional	231	-2	-11	92	-202	156	5	225	-186	-9
Memo										
24 Foreign countries ²	52,301	19,524	15,130	5,557	4,776	11,462	-14,755	2,583 ^r	16,398	-5,334
25 Official institutions	26,840	23,169	-4,895	7,106	2,707	7,009	-12,000	883	2,025	-5,519
26 Other foreign ²	25,461	-3,645	20,025	-1,549	2,069	4,453	-2,755	1,701 ^r	14,372	186
Oil-exporting countries										
27 Middle East ³	8,148	-387	-1,898	1,014	523	644	-1,485	-513	-562	-505
28 Africa ⁴	-1	0	20	0	0	21	-6	5	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Includes U.S. Treasury notes, denominated in foreign currencies, publicly issued to private foreign residents.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on Aug. 31, 1991		Country	Rate on Aug. 31, 1991		Country	Rate on Aug. 31, 1991	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	7.5	Aug. 1991	France ¹	9.0	Mar. 1990	Norway	10.50	July 1990
Belgium	8.0	Aug. 1991	Germany, Fed. Rep. of ...	7.5	Aug. 1991	Switzerland	7.0	Aug. 1991
Canada	8.78	Aug. 1991	Italy	11.5	May 1991	United Kingdom ²		
Denmark	9.0	May 1991	Japan	5.5	July 1991			
			Netherlands	8.0	Aug. 1991			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts

or makes advances against eligible commercial paper and/or government 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 the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Averages of daily figures, percent per year

Country, or type	1988	1989	1990	1991						
				Feb.	Mar.	Apr.	May	June	July	Aug.
1 Eurodollars	7.85	9.16	8.16	6.60	6.44	6.11	5.94	6.08	6.01	5.65
2 United Kingdom	10.28	13.87	14.73	13.20	12.33	11.90	11.48	11.21	11.04	10.85
3 Canada	9.63	12.20	13.00	10.37	9.97	9.67	9.12	8.83	8.78	8.73
4 Germany	4.28	7.04	8.41	8.96	8.99	9.08	8.98	8.95	9.06	9.23
5 Switzerland	2.94	6.83	8.71	7.81	8.17	8.26	8.10	7.89	7.74	7.80
6 Netherlands	4.72	7.28	8.57	9.01	9.04	9.11	9.05	9.08	9.09	9.27
7 France	7.80	9.27	10.20	9.64	9.34	9.21	9.13	9.59	9.46	9.46
8 Italy	11.04	12.44	12.11	13.31	12.52	11.90	11.46	11.48	11.74	11.86
9 Belgium	6.69	8.65	9.70	9.51	9.28	9.20	9.00	9.08	9.12	9.25
10 Japan	4.43	5.39	7.75	8.01	8.09	7.96	7.82	7.79	7.56	7.31

NOTE. Rates are for three-month interbank loans except for Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES¹

Currency units per dollar

Country/currency	1988	1989	1990	1991					
				Mar.	Apr.	May	June	July	Aug.
1 Australia/dollar ²	78.409	79.186	78.069	77.107	77.947	77.427	75.982	77.156	78.235
2 Austria/schilling	12.357	13.236	11.331	11.341	11.977	12.104	12.538	12.562	12.267
3 Belgium/franc	36.785	39.409	33.424	33.206	35.017	35.363	36.689	36.751	35.890
4 Canada/dollar	1.2306	1.1842	1.1668	1.1572	1.1535	1.1499	1.1439	1.1493	1.1452
5 China, P.R./yuan	3.7314	3.7673	4.7921	5.2352	5.2767	5.3257	5.3667	5.3693	5.3725
6 Denmark/krone	6.7412	7.3210	6.1899	6.1886	6.5163	6.5793	6.8634	6.9030	6.7396
7 Finland/markka	4.1933	4.2963	3.8300	3.8512	3.9925	4.0431	4.2189	4.3295	4.2325
8 France/franc	5.9595	6.3802	5.4467	5.4862	5.7540	5.8282	6.0483	6.0596	5.9244
9 Germany/deutsche mark	1.7570	1.8808	1.6166	1.6122	1.7027	1.7199	1.7828	1.7852	1.7435
10 Greece/drachma	142.00	162.60	158.59	174.16	184.76	188.14	195.03	195.46	192.69
11 Hong Kong/dollar	7.8072	7.8008	7.7899	7.7911	7.7939	7.7798	7.7341	7.7610	7.7646
12 India/rupee	13.900	16.213	17.492	19.243	19.906	20.519	21.062	25.613	25.846
13 Ireland/punt ²	152.49	141.80	165.76	157.43	157.12	155.68	142.66	136.48	153.38
14 Italy/lira	1,302.39	1,372.28	1,198.27	1,201.96	1,261.57	1,275.67	1,325.09	1,329.55	1,303.31
15 Japan/yen	128.17	138.07	145.00	137.39	137.11	138.22	139.75	137.83	136.82
16 Malaysia/ringgit	2.6190	2.7079	2.7057	2.7418	2.7498	2.7573	2.7810	2.7868	2.7806
17 Netherlands/guilder	1.9778	2.1219	1.8215	1.8174	1.9186	1.9379	2.0085	2.0114	1.9650
18 New Zealand/dollar ²	65.560	59.561	59.619	59.389	58.909	58.647	57.645	56.681	57.353
19 Norway/krone	6.5243	6.9131	6.2541	6.2899	6.6198	6.6953	6.9542	6.9627	6.8118
20 Portugal/escudo	144.27	157.53	142.70	140.97	148.00	149.59	156.37	154.20	149.72
21 Singapore/dollar	2.0133	1.9511	1.8134	1.7589	1.7688	1.7688	1.7782	1.7555	1.7269
22 South Africa/rand.	2.2770	2.6214	2.5885	2.6636	2.7325	2.7975	2.8625	2.8819	2.8704
23 South Korea/won	734.52	674.29	710.64	727.73	728.36	727.99	727.97	731.76	733.90
24 Spain/peseta	116.53	118.44	101.96	100.21	105.08	106.45	111.18	111.81	108.92
25 Sri Lanka/rupee	31.820	35.947	40.078	40.750	40.836	40.988	41.211	41.213	41.723
26 Sweden/krona	6.1370	6.4559	5.9231	5.9081	6.1145	6.1578	6.4235	6.4609	6.3311
27 Switzerland/franc	1.4643	1.6369	1.3901	1.3918	1.4399	1.4574	1.5297	1.5481	1.5201
28 Taiwan/dollar	28.636	26.407	26.918	27.311	27.333	27.282	27.166	26.982	26.730
29 Thailand/baht	25.312	25.725	25.609	25.447	25.578	25.645	25.766	25.745	25.720
30 United Kingdom/pound ²	178.13	163.82	178.41	182.14	174.97	172.38	164.97	165.13	168.41
MEMO									
31 United States/dollar ³	92.72	98.60	89.09	88.12	91.41	92.29	95.18	95.19	93.47

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) release. For 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 10 industrial countries. The weight for each of the 10 countries is the 1972-76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64, August 1978, p. 700).

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	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)	REITs	Real estate investment trusts
		RP	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		...	Cell not applicable

General Information

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 obliga-

tions of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables, details do not add to totals because of rounding.

STATISTICAL RELEASES—List Published Semiannually, with Latest BULLETIN Reference

	Issue	Page
Anticipated schedule of release dates for periodic releases	June 1991	A82

SPECIAL TABLES—Published Irregularly, with Latest BULLETIN Reference

Title and Date	Issue	Page
<i>Assets and liabilities of commercial banks</i>		
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<i>Terms of lending at commercial banks</i>		
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<i>Assets and liabilities of U.S. branches and agencies of foreign banks</i>		
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<i>Pro forma balance sheet and income statements for priced service operations</i>		
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Special table follows.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6-10, 1991¹

A. Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	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 ³
				Weighted average effective ³	Standard error ⁴				
			Days						
ALL BANKS									
1 Overnight ⁶	11,135,173	6,269	*	6.79	.26	7.9	62.7	9.7	Fed funds
2 One month and under (excluding overnight).....	5,489,162	616	15	7.26	.19	24.1	88.5	12.7	Other
3 Fixed rate.....	4,038,606	965	15	6.92	.31	19.8	86.3	14.0	Other
4 Floating rate.....	1,450,555	307	16	8.21	.20	36.0	94.5	9.1	Prime
5 Over one month and under a year.....	10,211,378	160	115	8.16	.17	48.4	79.2	15.2	Prime
6 Fixed rate.....	5,898,632	203	76	7.56	.28	37.9	76.4	20.6	Foreign
7 Floating rate.....	4,312,746	124	168	8.97	.19	62.8	83.0	7.9	Prime
8 Demand ⁷	12,313,094	212	*	8.49	.16	61.7	73.6	4.9	Prime
9 Fixed rate.....	2,112,905	382	*	7.43	.27	28.9	83.5	5.2	Other
10 Floating rate.....	10,200,188	194	*	8.71	.17	68.5	71.6	4.8	Prime
11 Total short term.....	39,148,807	296	47	7.75	.16	37.7	74.1	10.1	Prime
12 Fixed rate (thousands of dollars).....	23,184,963	571	25	7.07	.27	19.5	72.2	12.8	Other
13 1-99.....	474,384	14	133	11.19	.21	74.2	32.8	.7	Other
14 100-499.....	474,294	198	113	9.58	.23	72.7	44.8	3.2	Other
15 500-999.....	404,528	686	57	7.64	.11	39.6	80.6	14.2	Other
16 1,000-4,999.....	3,854,614	2,336	33	7.29	.07	29.0	74.7	13.7	Other
17 5,000-9,999.....	4,186,536	6,560	25	7.15	.10	21.5	77.3	11.3	Other
18 10,000 and over.....	13,790,607	17,833	16	6.74	.13	12.0	72.0	13.8	Other
19 Floating rate (thousands of dollars).....	15,963,844	174	130	8.74	.17	64.0	76.8	6.0	Prime
20 1-99.....	1,811,191	25	164	10.22	.06	83.0	79.4	2.3	Prime
21 100-499.....	3,074,840	198	156	9.68	.06	77.8	83.7	5.6	Prime
22 500-999.....	1,368,116	665	187	9.23	.06	71.1	86.6	9.3	Prime
23 1,000-4,999.....	3,457,228	1,930	127	8.79	.12	61.8	89.3	6.9	Prime
24 5,000-9,999.....	1,534,008	6,754	115	8.46	.35	43.1	75.9	12.0	Prime
25 10,000 and over.....	4,718,461	19,876	81	7.46	.41	54.1	59.4	4.2	Fed Funds
			Months						
26 Total long term.....	4,170,318	198	40	9.24	.17	69.9	76.5	10.5	Prime
27 Fixed rate (thousands of dollars).....	909,166	105	42	8.72	.31	59.9	63.8	4.6	Other
28 1-99.....	150,611	19	38	11.24	.07	92.1	18.3	.1	Other
29 100-499.....	102,231	225	47	9.97	.22	87.9	48.5	8.3	Prime
30 500-999.....	64,693	705	43	8.98	.69	68.0	68.8	12.6	Other
31 1,000 and over.....	591,631	3,647	42	7.84	.39	46.0	77.5	4.3	Fed Funds
32 Floating rate (thousands of dollars).....	3,261,153	264	40	9.38	.16	72.6	80.1	12.1	Prime
33 1-99.....	229,482	28	41	10.64	.18	86.8	54.5	1.9	Prime
34 100-499.....	643,024	201	37	9.81	.11	82.4	60.8	11.9	Prime
35 500-999.....	267,259	641	35	9.52	.18	68.0	88.3	16.5	Prime
36 1,000 and over.....	2,121,388	4,187	41	9.10	.41	68.7	87.7	12.7	Prime
			Days	Loan rate (percent)					
				Effective ³	Nominal ⁸				
LOANS MADE BELOW PRIME ¹⁰									
37 Overnight ⁶	10,760,370	8,644	*	6.71	6.50	7.6	62.7	10.1	8.51
38 One month and under (excluding overnight).....	4,621,642	2,841	14	6.81	6.59	19.5	88.8	12.9	8.52
39 Over one month and under a year.....	6,538,416	743	82	7.09	6.88	34.3	83.7	20.1	8.60
40 Demand ⁷	5,017,959	1,520	*	6.79	6.66	46.6	56.5	3.1	8.72
41 Total short term.....	26,938,386	1,800	28	6.84	6.64	23.4	71.1	11.7	8.57
42 Fixed rate.....	21,446,984	2,603	21	6.81	6.61	16.8	73.1	13.3	8.52
43 Floating rate.....	5,491,402	816	93	6.92	6.74	49.2	63.4	5.2	8.77
			Months						
44 Total long term.....	1,022,985	329	38	7.16	6.97	38.4	90.1	7.0	8.70
45 Fixed rate.....	490,964	289	41	7.24	7.06	44.3	85.0	3.7	8.64
46 Floating rate.....	532,021	376	35	7.09	6.88	32.9	94.9	10.1	8.75

For notes see end of table.

4.23—Continued
A.—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	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	8,237,151	8,244	*	6.87	.25	7.9	55.4	11.4	Other
2 One month and under (excluding overnight)	3,988,724	2,594	14	7.16	.16	24.1	89.9	13.1	Other
3 Fixed rate	2,973,892	4,907	15	6.93	.23	19.8	87.5	15.4	Other
4 Floating rate	1,014,832	1,089	13	7.83	.20	36.0	97.0	6.4	Prime
5 Over one month and under a year	6,239,985	1,063	96	7.58	.14	48.4	86.5	21.2	Foreign
6 Fixed rate	4,091,198	2,826	69	7.24	.17	37.9	82.5	27.2	Foreign
7 Floating rate	2,148,787	486	147	8.24	.19	62.8	94.1	9.8	Prime
8 Demand ⁷	7,553,073	406	*	8.20	.15	61.7	64.6	4.3	Prime
9 Fixed rate	1,305,876	1,161	*	7.38	.24	28.9	85.3	.2	Domestic
10 Floating rate	6,247,197	358	*	8.37	.16	68.5	60.3	5.1	Prime
11 Total short term	26,018,933	964	36	7.47	.13	37.7	70.8	12.0	Other
12 Fixed rate (thousands of dollars)	16,607,763	3,977	22	7.01	.17	19.5	70.2	15.1	Other
13 1-99	31,878	27	122	9.90	.21	74.2	41.8	2.7	Prime
14 100-499	116,803	227	77	8.40	.28	72.7	74.7	6.6	Other
15 500-999	211,525	689	55	7.76	.10	39.6	79.8	16.1	Other
16 1,000-4,999	2,702,210	2,417	34	7.41	.11	29.0	74.6	14.1	Other
17 5,000-9,999	3,063,130	6,564	27	7.17	.12	21.5	76.3	13.2	Other
18 10,000 and over	10,482,218	18,138	17	6.82	.15	12.0	67.1	16.1	Other
19 Floating rate (thousands of dollars)	9,411,170	412	104	8.28	.15	64.0	72.0	6.3	Prime
20 1-99	437,122	29	154	9.84	.08	83.0	87.6	1.4	Prime
21 100-499	1,095,233	202	142	9.46	.07	77.8	89.7	4.7	Prime
22 500-999	606,664	663	132	9.18	.07	71.1	90.4	6.3	Prime
23 1,000-4,999	1,963,298	1,942	111	8.66	.10	61.8	87.7	8.3	Prime
24 5,000-9,999	1,123,836	6,888	115	8.37	.43	43.1	74.5	16.4	Prime
25 10,000 and over	4,185,017	21,116	78	7.48	.41	54.1	54.9	3.7	Fed Funds
			Months						
26 Total long term	2,467,207	756	41	8.84	.15	69.9	91.2	9.1	Prime
27 Fixed rate (thousands of dollars)	416,369	654	37	7.97	.28	59.9	84.0	3.9	Other
28 1-99	10,732	30	32	10.58	.37	92.1	45.4	.0	Prime
29 100-499	29,207	216	42	9.11	.34	87.9	74.2	7.6	Other
30 500-999	32,859	655	44	9.04	.64	68.0	81.1	19.3	Prime
31 1,000 and over	343,572	3,711	36	7.68	.26	46.0	86.3	2.2	Fed Funds
32 Floating rate (thousands of dollars)	2,050,839	781	41	9.02	.13	72.6	92.7	10.2	Prime
33 1-99	36,989	34	33	9.93	.05	86.8	76.2	6.0	Prime
34 100-499	216,532	223	36	9.63	.06	82.4	81.9	13.2	Prime
35 500-999	164,346	680	38	9.34	.17	68.0	88.1	14.4	Prime
36 1,000 and over	1,632,971	5,116	43	8.88	.44	68.7	95.0	9.5	Prime
			Days	Loan rate (percent)					
				Effective ³	Nominal ⁸				
LOANS MADE BELOW PRIME ¹⁰									
37 Overnight ⁶	7,952,654	8,911	*	6.79	6.57	5.7	55.5	11.8	8.51
38 One month and under (excluding overnight)	3,508,655	5,699	14	6.85	6.63	19.8	89.3	12.7	8.50
39 Over one month and under a year	4,956,159	4,100	78	7.03	6.83	33.8	85.4	24.2	8.51
40 Demand	3,718,946	4,519	*	6.73	6.59	54.1	46.3	.5	8.72
41 Total short term	20,136,414	5,688	27	6.85	6.65	24.0	67.1	12.9	8.55
42 Fixed rate	15,771,616	5,950	21	6.87	6.66	16.4	69.8	15.3	8.51
43 Floating rate	4,364,798	4,909	79	6.76	6.58	51.4	57.3	4.3	8.69
			Months						
44 Total long term	732,539	2,790	32	6.94	6.77	38.5	94.8	7.1	8.53
45 Fixed rate	276,556	2,468	37	7.20	7.06	59.0	90.1	2.0	8.57
46 Floating rate	455,983	3,029	30	6.78	6.59	26.0	97.7	10.2	8.50

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6-10, 1991¹—Continued

A. Commercial and Industrial Loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	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				
OTHER BANKS									
1 Overnight ⁶	2,898,022	3,729	*	6.58	.37	13.0	83.5	4.8	Fed Funds
2 One month and under (excluding overnight)	1,500,437	204	17	7.53	.23	27.6	84.7	11.7	Domestic
3 Fixed rate	1,064,714	293	15	6.88	.35	14.9	83.1	10.1	Domestic
4 Floating rate	435,723	115	24	9.11	.17	58.8	88.9	15.4	Prime
5 Over one month and under a year	3,971,393	69	144	9.06	.20	60.1	67.7	5.8	Prime
6 Fixed rate	1,807,434	65	91	8.29	.34	43.9	62.6	5.6	Domestic
7 Floating rate	2,163,960	72	189	9.70	.18	73.5	72.0	6.0	Prime
8 Demand ⁷	4,760,021	121	*	*	.18	62.9	87.9	5.8	Prime
9 Fixed rate	807,029	183	*	7.52	.32	38.4	80.4	13.3	Other
10 Floating rate	3,952,992	113	*	9.25	.18	67.9	89.4	4.3	Prime
11 Total short term	13,129,874	125	72	8.30	.19	47.0	80.4	6.3	Prime
12 Fixed rate (thousands of dollars)	6,577,200	181	32	7.21	.31	24.9	77.3	6.9	Other
13 1-99	442,506	13	134	11.29	.22	76.0	32.1	.6	Other
14 100-499	357,491	190	121	9.96	.45	80.2	35.1	2.1	Other
15 500-999	193,004	681	59	7.51	.25	39.0	81.4	12.0	Other
16 1,000-4,999	1,152,404	2,164	32	7.01	.24	32.3	74.8	12.7	Other
17 5,000-9,999	1,123,406	6,552	20	7.08	.14	23.6	79.8	6.1	Other
18 10,000 and over	3,308,390	16,929	14	6.47	.07	9.2	87.6	6.3	Domestic
19 Floating rate (thousands of dollars) ...	6,552,674	95	161	9.39	.19	69.2	83.6	5.6	Prime
20 1-99	1,374,070	24	166	10.34	.07	83.5	76.7	2.6	Prime
21 100-499	1,979,607	197	161	9.80	.09	81.6	80.3	6.2	Prime
22 500-999	761,452	666	224	9.27	.10	76.2	83.6	11.7	Prime
23 1,000-4,999	1,493,930	1,915	152	8.95	.14	64.3	91.5	5.0	Prime
24 5,000-9,999	410,172	6,413	116	8.69	.49	24.8	80.0	.0	Prime
25 10,000 and over	533,444	13,606	101	7.32	.69	23.6	94.6	8.3	Other
			Months						
26 Total long term	1,703,111	96	40	9.81	.19	72.6	55.3	12.4	Prime
27 Fixed rate (thousands of dollars)	492,797	62	46	9.36	.37	62.0	46.8	5.2	Other
28 1-99	139,879	18	38	11.29	.10	93.2	16.2	.1	Other
29 100-499	73,024	228	49	10.31	.32	96.2	38.2	8.5	Prime
30 500-999	31,834	766	43	8.91	.80	70.2	56.0	5.6	Other
31 1,000 and over	248,059	3,562	50	8.05	.70	33.4	65.3	7.1	Domestic
32 Floating rate (thousands of dollars) ...	1,210,314	124	37	9.99	.13	76.9	58.8	15.3	Prime
33 1-99	192,494	27	43	10.78	.20	89.2	50.3	1.2	Prime
34 100-499	420,492	191	37	9.90	.16	86.0	50.0	11.3	Prime
35 500-999	102,913	587	31	9.81	.24	70.8	88.7	19.8	Prime
36 1,000 and over	488,416	2,605	36	9.81	.21	65.4	63.4	23.5	Prime
			Days	Loan rate (percent)					
				Effective ³	Nominal ⁹				
LOANS MADE BELOW PRIME ¹¹									
37 Overnight ⁶	2,807,716	7,967	*	6.50	6.30	13.3	83.1	5.0	8.50
38 One month and under (excluding overnight)	1,112,986	1,101	15	6.70	6.49	18.5	87.1	13.7	8.56
39 Over one month and under a year	1,582,257	209	94	7.28	7.05	35.9	78.4	7.2	8.87
40 Demand ⁷	1,299,013	524	*	6.98	6.84	25.0	85.6	10.7	8.73
41 Total short term	6,801,972	595	31	6.81	6.61	21.6	83.1	8.0	8.64
42 Fixed rate	5,675,368	1,015	20	6.66	6.46	17.9	82.3	7.9	8.56
43 Floating rate	1,126,605	193	146	7.54	7.37	40.6	87.2	8.8	9.07
			Months						
44 Total long term	290,445	102	53	7.72	7.46	38.1	78.3	6.8	9.13
45 Fixed rate	214,408	135	47	7.28	7.06	25.3	78.4	5.9	8.73
46 Floating rate	76,037	60	67	8.94	8.60	74.2	78.1	9.2	10.24

For notes see end of table.

*Fewer than 10 sample loans.

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. The sample data are used to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks.

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 loan 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 rate 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 are loans that 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 survey data on the stated rate and other terms of the loan 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 prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

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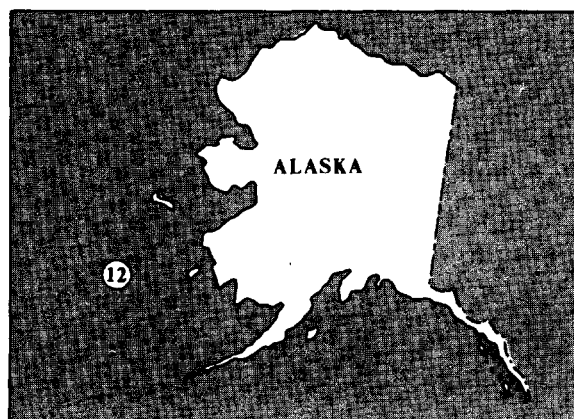
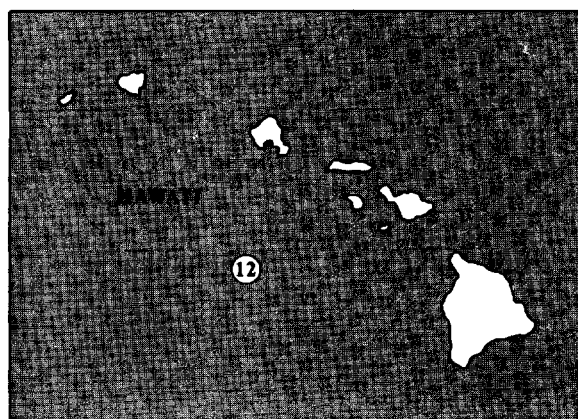
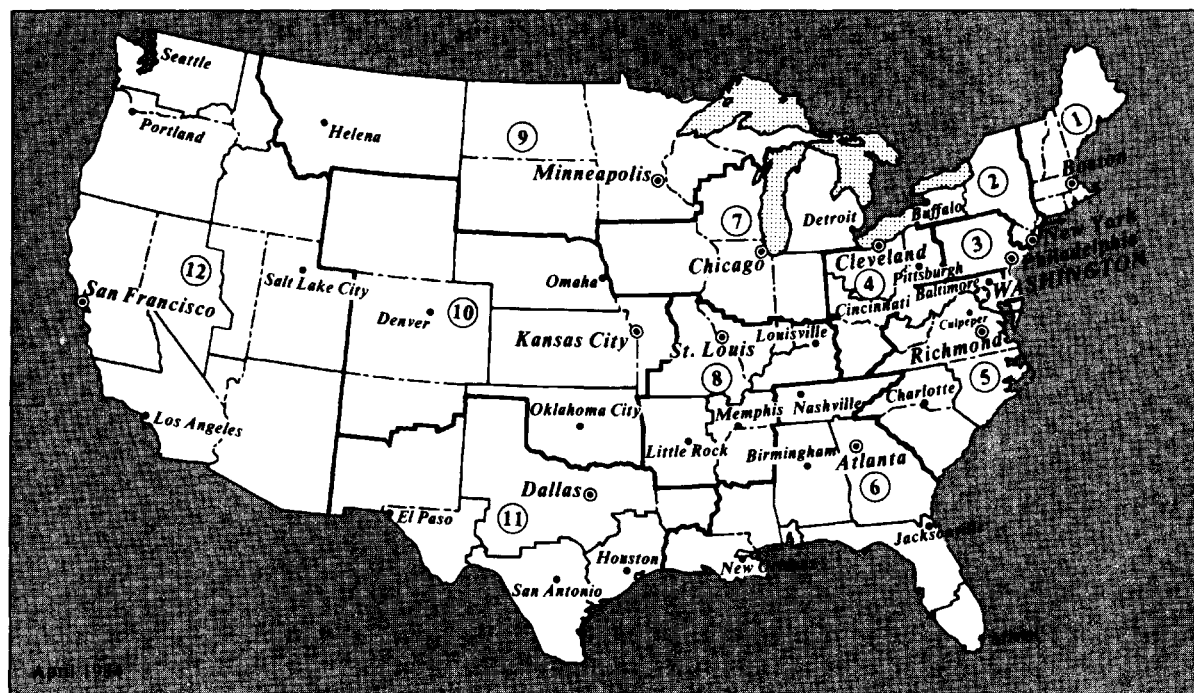
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