Volume 86 □ Number 2 □ February 2000

Federal Reserve BULLETIN

Board of Governors of the Federal Reserve System, Washington, D.C.

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U.S. Bank Exposure to Emerging-Market Countries during Recent Financial Crises

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Global financial markets have experienced significant volatility in recent years. In two major cases, actual financial crises arose—the first emanating from Asia in 1997 and the second from Russia in 1998. In both crises, financial markets in almost every country were affected, some suffering considerable declines. Emerging-market countries, in particular, were subject to sharp downward market moves.

U.S. banking supervisors monitored these events carefully to determine the potential effect on U.S. banking organizations.[1] Supervisors analyze information on the amount and type of claims on foreign counterparties held by U.S. banks to assess the potential risks from lending, trading, and other activities conducted by U.S. banks in foreign markets (see box "Types of Claims on Emerging-Market Counterparties").[2]

Because emerging-market countries exhibited significant market volatility in the recent crises, supervisors paid additional attention to claims on counterparties in those areas. Furthermore, claims on emerging-market counterparties are concentrated at a small number of U.S. banks, which necessitates particular supervisory scrutiny of the international activities of those institutions.

A major purpose of collecting country exposure data is to identify country risk—the potential for a claim on a foreign counterparty held by a U.S. bank to become impaired or eventually subject to losses. Country risk encompasses counterparty credit risk and transfer risk. Counterparty credit risk relates to the inability of a counterparty to repay and may arise from country-specific factors, such as general economic or political disruptions; for example, a sharp recession in a foreign country might cause a foreign counterparty to go bankrupt. Transfer risk arises when exchange-rate difficulties (such as a depreciation or currency controls) impair those claims that are not offset by local liabilities; for example, a foreign counterparty might have difficulty acquiring U.S. dollars to repay an obligation that is not denominated in its home currency. Monitoring claims on emerging-market counterparties allows supervisors to identify any developing concentrations of risk that might warrant supervisory action and, if necessary, to assess the effect that a potential emerging-market crisis might have on U.S. banks.[3]

This article focuses on the claims U.S. banks held on emerging-market counterparties during the two-year period from June 1997 to June 1999 and discusses the different ways that emerging-market claims can be analyzed. In addition, the article provides a short analysis of the claims held by other developed-country banks on emerging-market countries to show the relative size of U.S. bank claims. Finally, the data from the 1997–99 period are discussed in the broader historical context of U.S. banks' country exposure dating back to 1982.

U.S. Bank Claims on Foreign Counterparties

Country exposure data for June 1997 to June 1999 reveal that the aggregate claims of U.S. banks on counterparties from all foreign countries rose 11 percent, reaching $756 billion (table 1).[4] Cross-border claims (including revaluation gains) stood at $423 billion in June 1997 and rose to $461 billion in June 1999. Local country claims (including revaluation gains) also rose over the period, from $257 billion to $295 billion. Despite the overall increase in

1. Hereafter, U.S. banking organizations, which include U.S. banks and bank holding companies, will be referred to as "U.S. banks."

2. U.S. banks report their claims on foreign counterparties quarterly on the Country Exposure Report of the Federal Financial Institutions Examination Council (FFIEC reporting form 009). These claims are aggregated by country and published by the FFIEC as the Country Exposure Lending Survey (available at www.ffiec.gov/E16/default.htm).

3. Supervisors from the Federal Reserve, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation meet regularly within the framework of the Interagency Country Exposure Review Committee (ICERC) to discuss transfer risk issues that affect U.S. banks. Examiners present ICERC's country assessments to U.S. banks to inform them of potentially risky conditions.

4. Data on the claims of individual banks are not publicly available.

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total claims held by U.S. banks over this period, a slight drop-off occurred in the first two quarters of 1999.

Total claims on counterparties in developed countries and banking centers rose in the aggregate, from \$485 billion to \$572 billion (an increase of 18 per-

Types of Claims on Emerging-Market Counterparties

Data reported on the Country Exposure Lending Survey can be disaggregated by type of claim to provide a picture of the various types of exposure.

Cross-Border versus Local Claims

Cross-border claims are those booked outside the foreign counterparty's home country, usually at a U.S. bank's head office in the United States. A claim on a Korean bank booked at the U.S. head office or at the Singapore office of a U.S. bank would in both cases be considered a cross-border claim. This type of claim is usually denominated in U.S. dollars.

Local claims on foreign counterparties are those booked in the local offices of the reporting bank, that is, offices located in the country of the counterparty. A claim on a Korean bank booked at the Seoul office of a U.S. bank is considered a local claim.

Revaluation Gains on Foreign Exchange and Derivatives Contracts

On the Country Exposure Report, off-balance-sheet claims arising from foreign exchange and derivatives contracts are recorded as revaluation gains.[1] U.S. banks continually determine the market value of these off-balance-sheet contracts—"revaluing" them—to see if a positive or negative value results (based on movements in market factors or other variables). If the contract has a positive market value for the U.S. bank, that is considered a revaluation gain, similar to a claim in that the counterparty owes a payment to the U.S. bank.[2] For example, if a U.S. bank enters into a contract with a Latin American bank whereby the U.S. bank benefits from a rise in the level of the Brazilian stock market, a subsequent rise in the level of the stock market would translate into a revaluation gain.[3]

Initial Claims versus Claims Adjusted for Guarantees

Some claims initially booked by U.S. banks may be partially or wholly guaranteed by a counterparty in another foreign country (or in the United States). U.S. banks report these initial claims plus any cases in which guarantees on those claims would shift the ultimate risk from the U.S. bank to another counterparty. For example, a U.S. bank might extend a credit to a construction company domiciled in Thailand, but the claim might actually be guaranteed by a Japanese bank. After adjusting for the guarantee, the U.S. bank would report a claim on the Japanese bank and not on the Thai construction company. Aggregating data on claims by country reveals, on a net basis, the extent to which a country has extended guarantees on the initial claims of U.S. banks. For example, Japanese counterparties might guarantee a certain amount of claims that U.S. banks have on other countries over and above the initial claims that U.S. banks have on Japanese counterparties and, thus, as a group would be net guarantors.

Example of Types of Claims

The following example shows how different types of claims are classified: Bank A has initiated a \$400 million loan to a Taiwanese company that is booked in New York—a \$400 million cross-border claim. But if \$100 million of that claim is guaranteed by a German bank, the adjusted claim is actually \$300 million (the \$100 million guaranteed by the German bank is added to Bank A's claims on German counterparties).

Bank A also has a \$200 million loan outstanding to another Taiwanese company that is booked in Bank A's Taipei office—a \$200 million local claim. These two claims combined (cross-border and local), represent the total on-balance-sheet claims of Bank A on Taiwanese counterparties—\$500 million. Finally, Bank A has also entered into an off-balance-sheet contract, arranged in New York, with a Taiwanese counterparty that has generated cross-border revaluation gains of \$50 million. Total claims now add up to \$550 million, which can be viewed as either the sum of cross-border and local claims (\$350 million plus \$200 million) or the sum of on-balance-sheet claims and revaluation gains (\$500 million plus \$50 million).

1. Technically, revaluation gains are carried on the balance sheet, even though they arise from off-balance-sheet contracts. For the purposes of this explanation, revaluation gains will be categorized as off-balance-sheet claims.

2. Generally, if the contract has a negative value, the resulting revaluation loss is similar to a liability in that the U.S. bank owes a payment to the foreign counterparty.

3. In March 1997, the FFIEC amended the Country Exposure Report in two ways. For the first time, the FFIEC required the reporting of revaluation gains on off-balance-sheet contracts (Schedule 2). Also, the definition for local claims was altered so that instead of reporting local claims denominated in local currency, banks report local *country* claims (and no longer local *currency* claims). This change expanded the definition of local claims to include those cases in which local transactions in foreign countries were conducted in non-local currency. If a foreign country had a significant portion of local transactions conducted in U.S. dollars, classifying claims associated with those transactions as local rather than cross-border was considered preferable because generally such claims were locally funded and hence did not involve transfer risk. For most countries, this definitional change had little effect on the amounts reported.

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1. Claims of U.S. banks on foreign counterparties, 1997:Q2–1999:Q2
Millions of dollars except as noted

Item	1997, quarter ending			1998, quarter ending				1999, quarter ending		Percent change, June 1997 to June 1999
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	
All countries	679,613	708,216	710,674	704,884	719,889	728,628	781,784	767,707	755,653	11.2
Cross-border[1]	422,493	435,861	446,619	427,900	438,186	440,663	467,733	461,028	460,797	9.1
Local[2]	257,120	272,355	264,055	276,984	281,703	287,965	314,051	306,679	294,856	14.7
Developed countries and banking centers[3]	484,503	500,508	507,950	501,105	522,162	543,236	596,662	581,699	572,427	18.1
Cross-border[1]	314,819	316,780	330,785	319,972	332,947	348,202	376,186	371,175	372,743	18.4
Local[2]	169,684	183,728	177,165	181,133	189,215	195,034	220,476	210,524	199,684	17.7
Emerging-market countries[4]	195,110	207,708	202,724	203,779	197,727	185,392	185,122	186,008	183,226	−6.1
Cross-border[1]	107,674	119,081	115,834	107,928	105,239	92,461	91,547	89,853	88,054	−18.2
Local[2]	87,436	88,627	86,890	95,851	92,488	92,931	93,575	96,155	95,172	8.8
MEMO: *Emerging-market claims*										
As a percentage of all claims	28.7	29.3	28.5	28.9	27.5	25.4	23.7	24.2	24.2	. . .
Cross-border claims as a percentage of all cross-border claims	25.5	27.2	25.9	25.2	24.0	21.0	19.6	19.5	19.1	. . .
Local claims as a percentage of all local claims	34.0	32.5	32.9	34.6	32.8	32.3	29.8	31.4	32.3	. . .

1. Cross-border claims are those booked outside the foreign counterparty's home country, usually at a U.S. bank's head office in the United States.
2. Local claims are those booked in the U.S. bank's local offices in the foreign counterparty's country.
3. See text note 5.
4. See table 2 for a list of emerging-market countries by region.
. . . Not applicable.

cent).[5] Cross-border claims rose at about the same pace as local claims and generally represented two-thirds of total claims on developed countries and banking centers over the period.

In contrast, combined cross-border and local claims on counterparties in emerging-market countries fell from \$195 billion to \$183 billion, a 6 percent drop.[6] Cross-border claims fell significantly over the period, from \$108 billion to \$88 billion, while local claims rose 9 percent, from \$87 billion to \$95 billion. By the end of the period, cross-border claims had fallen to less than half of total claims for emerging-market countries. Notably, by June 1999, local claims represented a larger portion of total claims on emerging-market countries (52 percent) than of total claims on developed countries (35 percent).

Despite volatile conditions in many emerging markets in recent years, U.S. banks continued to maintain one-quarter of their total foreign claims and one-third of local claims on counterparties in these markets. Although there was a significant retreat from some particularly troubled emerging-market countries, claims on counterparties in others actually increased. These increases may have resulted because U.S. banks view local business in many emerging markets as a strategic growth area, largely as a result of recent market liberalization and the increased openness to U.S. and other developed-country banks in these markets.

5. Banking centers are countries where international banks often book assets not associated with economic activity in that country, mostly for tax reasons or to establish a regional headquarters.

6. Table 2 contains the list of emerging-market countries.

Claims on Emerging-Market Counterparties

From June 1997 to June 1999, claims on counterparties in the countries directly affected by the two major crises registered serious declines (table 2). Total claims on the five troubled countries in Asia—Indonesia, Korea, Malaysia, the Philippines, and Thailand—fell from \$55 billion in June 1997 to \$37 billion in June 1999, with claims on Indonesia and Thailand both dropping more than 40 percent. Total claims on counterparties in Eastern Europe fell 42 percent, mainly because of a decline in the value of claims on counterparties in Russia, which plummeted from a peak of \$9 billion in September 1997 to \$940 million in June 1999.

By contrast, total claims on Latin American counterparties rose 13 percent over the period, driven by strong increases in Argentina and Mexico. Interestingly, while Latin American financial markets experienced considerable volatility over the period, U.S. banks did not withdraw from that region. For several decades, U.S. banks have maintained a sizable presence in Latin America, and two years of crisis in other emerging markets appears to have solidified that position. Thus, during the recent crisis period, U.S. banks did not retreat from emerging markets across the board, but only from certain regions; as a

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2. Total claims of U.S. banks on emerging-market counterparties, by country, 1997:Q2–1999:Q2

Millions of dollars except as noted

Region and country	1997, quarter ending			1998, quarter ending				1999, quarter ending		Percent change, June 1997 to June 1999
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	
Africa	**3,403**	**3,545**	**3,119**	**3,048**	**3,621**	**3,609**	**3,267**	**3,230**	**3,216**	**–5.5**
Algeria	300	332	146	130	270	270	307	119	137	–54.3
Cameroon	0	0	0	0	0	4	7	8	9	. . .
Egypt	731	730	666	658	1,010	959	937	1,108	1,184	62.0
Ethiopia	1	0	1	0	0	1	2	1	2	100.0
Gabon	44	42	52	46	47	58	61	50	47	6.8
Ghana	147	173	228	205	204	48	56	76	82	–44.2
Ivory Coast	247	227	274	303	268	323	236	185	194	–21.5
Kenya	278	192	168	172	189	195	197	203	144	–48.2
Malawi	1	1	1	1	1	6	3	2	1	.0
Morocco	564	711	469	484	511	482	452	418	442	–21.6
Nigeria	375	380	303	406	453	401	398	511	412	9.9
Senegal	116	130	115	100	97	97	89	77	100	–13.8
Sudan	47	43	35	38	24	4	8	6	6	–87.2
Tunisia	344	344	329	300	328	515	307	261	301	–12.5
Zaire	6	4	6	5	11	32	12	9	8	33.3
Zambia	49	30	37	37	19	29	24	33	42	–14.3
Zimbabwe	50	33	54	45	37	32	28	6	7	–86.0
Other Africa	103	173	235	118	152	153	143	157	98	–4.9
Asia-Pacific	**86,691**	**85,623**	**87,032**	**78,304**	**73,044**	**70,042**	**69,004**	**68,713**	**68,729**	**–20.7**
China	3,437	3,565	3,488	2,978	2,967	2,644	2,340	2,453	3,340	–2.8
India	5,136	5,036	5,069	5,221	5,196	5,518	5,427	5,655	5,790	12.7
Indonesia	7,015	8,711	9,024	6,673	5,040	4,370	4,222	4,120	4,065	–42.1
Iran	1	29	0	0	1	3	0	0	0	. . .
Iraq	48	48	48	45	48	48	48	48	49	2.1
Israel	1,359	1,292	1,157	1,295	1,338	1,313	1,417	1,960	1,846	35.8
Jordan	166	193	168	160	157	167	205	190	203	22.3
Korea	23,397	22,939	25,270	22,192	20,202	18,211	17,335	18,006	17,027	–27.2
Kuwait	474	490	737	631	675	662	533	570	541	14.1
Macao	83	113	108	107	103	99	94	89	94	13.3
Malaysia	7,536	6,952	6,700	5,954	5,290	5,373	5,919	6,457	6,456	–14.3
Oman	145	297	245	238	285	269	291	341	299	106.2
Pakistan	2,062	2,075	2,123	2,037	1,808	1,768	1,504	1,528	1,366	–33.8
Philippines	6,023	5,247	4,899	4,794	4,659	4,557	4,822	4,151	4,518	–25.0
Qatar	121	139	169	147	168	185	148	157	222	83.5
Saudi Arabia	1,526	1,588	1,821	1,873	2,075	3,150	2,984	2,831	2,567	68.2
Sri Lanka	53	80	50	71	75	79	58	59	68	28.3
Syria	5	5	5	5	0	2	0	0	1	–80.0
Taiwan	13,307	12,596	12,821	12,413	12,667	12,175	12,883	12,085	12,561	–5.6
Thailand	10,845	10,357	9,350	8,072	6,874	6,616	5,567	5,123	4,770	–56.0
United Arab Emirates	1,265	1,139	1,014	1,115	975	1,079	1,456	1,287	1,271	.5
Other Asia-Pacific	2,687	2,732	2,766	2,283	2,441	1,754	1,751	1,603	1,675	–37.7
Eastern Europe	**12,589**	**15,983**	**11,880**	**14,152**	**14,299**	**9,136**	**8,517**	**7,536**	**7,321**	**–41.8**
Bulgaria	326	391	203	228	123	112	135	117	164	–49.7
Czech Republic	1,399	1,575	1,330	1,535	1,648	1,890	1,719	1,573	1,383	–1.1
Hungary	932	1,158	946	1,464	1,568	1,444	1,373	1,399	1,368	46.8
Poland	2,007	2,017	1,925	2,403	3,260	2,720	3,064	2,465	2,475	23.3
Romania	256	294	178	222	222	225	221	168	131	–48.8
Russia	6,773	9,307	6,156	7,266	6,621	1,822	1,047	881	940	–86.1
Slovakia	343	418	435	432	506	521	488	465	481	40.2
Other Eastern Europe	553	823	707	602	351	402	470	468	379	–31.5
Latin America and Caribbean	**92,427**	**102,557**	**100,693**	**108,275**	**106,763**	**102,605**	**104,334**	**106,529**	**103,960**	**12.5**
Argentina	17,018	20,422	20,033	22,571	22,869	22,405	23,620	24,792	23,975	40.9
Bolivia	202	184	262	276	356	562	569	559	574	184.2
Brazil	30,330	32,335	33,399	37,252	35,652	29,940	27,551	27,770	28,815	–5.0
Chile	10,566	11,178	11,705	11,692	11,731	11,115	10,889	10,771	8,614	–18.5
Colombia	4,813	4,909	5,024	4,389	5,198	4,832	5,078	4,957	4,651	–3.4
Costa Rica	120	133	140	165	176	174	238	239	274	128.3
Dominican Republic	401	451	484	479	467	559	549	469	531	32.4
Ecuador	1,068	1,321	905	949	912	867	956	732	656	–38.6
El Salvador	461	401	457	442	443	438	376	395	435	–5.6
Guatemala	326	437	370	387	446	723	634	509	483	48.2
Honduras	118	136	152	169	194	181	199	180	169	43.2
Jamaica	222	249	218	236	253	246	256	227	249	12.2
Mexico	19,486	21,020	18,801	20,088	19,069	22,108	24,145	26,079	25,227	29.5
Nicaragua	17	21	32	15	28	35	32	22	15	–11.8
Paraguay	353	421	461	472	438	445	484	552	456	29.2
Peru	1,289	1,611	1,893	2,053	2,146	1,912	2,121	2,126	2,319	79.9
Trinidad and Tobago	169	286	397	379	376	401	404	275	329	94.7
Uruguay	1,530	1,604	1,667	1,698	1,711	1,936	2,128	1,959	1,953	27.6
Venezuela	3,374	3,438	3,723	3,817	3,623	3,141	3,344	3,188	3,325	–1.5
Other Latin America and Caribbean	564	2,000	570	746	675	585	761	728	910	61.3
All	**195,110**	**207,708**	**202,724**	**203,779**	**197,727**	**185,392**	**185,122**	**186,008**	**183,226**	**–6.1**

. . . Not applicable.

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3. Distribution of total claims of U.S. banks on emerging-market counterparties, by region, 1997:Q2–1999:Q2
Percent

Region	1997, quarter ending			1998, quarter ending				1999, quarter ending	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Africa	1.7	1.7	1.5	1.5	1.8	1.9	1.8	1.7	1.8
Asia-Pacific	44.4	41.2	42.9	38.4	36.9	37.8	37.3	36.9	37.5
Troubled Asia[1]	28.1	26.1	27.3	23.4	21.3	21.1	20.5	20.4	20.1
Eastern Europe	6.5	7.7	5.9	6.9	7.2	4.9	4.6	4.1	4.0
Russia	3.5	4.5	3.0	3.6	3.3	1.0	.6	.5	.5
Latin America and Caribbean	47.4	49.4	49.7	53.1	54.0	55.3	56.4	57.3	56.7

NOTE. See notes to table 1. In this and the following tables, percentage distributions may not sum to 100 because of rounding.

1. The troubled Asian countries are Indonesia, Korea, Malaysia, the Philippines, and Thailand.

result, the relative share of claims among regions shifted (table 3).

Cross-Border versus Local Claims

Over the June 1997–June 1999 period, cross-border claims on emerging-market counterparties fell markedly, while local claims rose somewhat. Cross-border claims fell 18 percent as a result of declines in Asia (36 percent) and Eastern Europe (60 percent). Unlike Asia and Eastern Europe, cross-border claims on Latin American counterparties rose slightly (table 4).

In the aggregate, local claims in emerging-market countries grew 9 percent over the period (table 5). Although local claims in Asia declined 6 percent overall, only in Thailand did they fall consistently over the period; in Korea, local claims actually rose 19 percent. The overall decrease in Asia was offset by strong increases in Latin America, led by Argentina (72 percent) and Mexico (96 percent).

One explanation for the disparity between movements in cross-border and local claims is that U.S. banks have made significant efforts to establish a local presence in many emerging-market countries, in part because of expections of higher profit margins from banks' local business.[7] But establishing a profitable local business usually requires a long-term commitment to local markets. As a result, banks have an incentive to maintain local market share and stand by local counterparties in downturns. In addition, severe exchange-rate depreciation often accompanies emerging-market crises, as occurred in Asia and Russia, so that dollar-denominated claims (usually in the form of cross-border claims) become more expensive for emerging-market counterparties to repay, given the decline in local currency relative to the U.S. dollar. As a result, U.S. banks may have been forced to write off more of these cross-border claims as losses, may have decided against extending new claims, or may have done both. Thus, supervisors have an interest in monitoring the growth of cross-border versus local claims because in a crisis, these two types of claims might be affected differently.

7. A number of recently liberalized emerging markets are considered less competitive and may offer opportunities for higher profits.

4. Cross-border claims of U.S. banks on emerging-market counterparties, by region, 1997:Q2–1999:Q2
Millions of dollars except as noted

Region	1997, quarter ending			1998, quarter ending				1999, quarter ending		Percent change, June 1997 to June 1999
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	
Total	**107,674**	**119,081**	**115,834**	**107,928**	**105,239**	**92,461**	**91,547**	**89,853**	**88,054**	**−18.2**
Africa	1,661	1,979	1,543	1,413	1,719	1,369	1,411	1,210	1,193	−28.2
Asia-Pacific	43,092	45,783	47,839	37,145	33,701	30,872	28,480	28,516	27,651	−35.8
Troubled Asia[1]	30,018	32,803	34,658	25,555	21,877	18,736	16,757	16,367	14,758	−50.8
Eastern Europe	8,916	11,494	7,664	9,208	9,562	5,233	4,822	3,984	3,580	−59.8
Russia	5,359	7,202	4,434	5,204	5,031	1,624	909	737	699	−87.0
Latin America and Caribbean	54,005	59,825	58,788	60,162	60,257	54,987	56,834	56,143	55,630	3.0

NOTE. See notes to table 1.

1. See note 1 to table 3.

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5. Local claims of U.S. banks on emerging-market counterparties, by region, 1997:Q2–1999:Q2

Millions of dollars except as noted

Region	1997, quarter ending			1998, quarter ending				1999, quarter ending		Percent change, June 1997 to June 1999
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	
Total	**87,436**	**88,627**	**86,890**	**95,851**	**92,488**	**92,931**	**93,575**	**96,155**	**95,172**	**8.8**
Africa	1,742	1,566	1,576	1,635	1,902	2,240	1,856	2,020	2,023	16.1
Asia-Pacific	43,599	39,840	39,193	41,159	39,343	39,170	40,524	40,197	41,078	−5.8
Troubled Asia[1]	24,798	21,403	20,585	22,130	20,188	20,391	21,108	21,490	22,078	−11.0
Eastern Europe	3,673	4,489	4,216	4,944	4,737	3,903	3,695	3,552	3,741	1.9
Russia	1,414	2,105	1,722	2,062	1,590	198	138	144	241	−83.0
Latin America and Caribbean	38,422	42,732	41,905	48,113	46,506	47,618	47,500	50,386	48,330	25.8

NOTE. See notes to table 1.

1. See note 1 to table 3.

Revaluation Gains on Foreign Exchange and Derivatives Contracts

Over the past decade, off-balance-sheet transactions, such as derivatives, have played an increasingly larger role in U.S. banks' overall business. The value of derivatives contracts is based on—or "derived" from—the value of other financial or economic variables, such as an exchange rate or a stock market index. When these underlying variables exhibit strong swings, the value of derivatives contracts can be subject to similar or even more volatile swings, depending on the type of contract. As the Asian crisis began to unfold in the second half of 1997, U.S. banks' derivatives contracts with Asian counterparties rose in value, mostly because of sharp declines in underlying variables in Asian economies.[8]

Revaluation gains on foreign exchange and derivatives contracts during 1997–99 exhibited large swings in value (table 6). For example, aggregate revaluation gains jumped initially from $5 billion in June 1997 to $17 billion in December 1997, but fell back to initial levels by June 1999. In troubled Asia, these value swings were particularly pronounced: Year-end 1997 levels were nearly five times higher than levels just six months earlier. At the height of the Asian crisis, claims stemming from off-balance-sheet contracts represented 22 percent of total claims on counterparties in troubled Asian countries but by June 1999 had declined to only 4 percent of total claims (chart 1). The drop occurred mostly for three reasons: The underlying market factors recovered to some extent; many of these contracts were short in duration; and U.S. banks wrote off some of the contracts for which payment seemed unlikely. Similar volatility in revaluation gains occurred in Eastern Europe, although

8. For example, before the onset of the crisis a U.S. bank may have entered into a contract with a Thai bank in which the value of the contract depended on the level of the Thai baht relative to the U.S. dollar. The contract may have been structured such that it would have a positive value from the U.S. bank's perspective if the Thai baht fell in value; any decline in the baht relative to the dollar would result in a gain for the U.S. bank and a loss for the Thai bank.

6. Revaluation gains of U.S. banks on foreign exchange and derivatives contracts with emerging-market counterparties, by region, 1997:Q2–1999:Q2

Millions of dollars except as noted

Region	1997, quarter ending			1998, quarter ending				1999, quarter ending		Percent change, June 1997 to June 1999
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	
Total	**5,377**	**11,712**	**16,681**	**12,190**	**11,406**	**11,312**	**8,993**	**8,560**	**5,480**	**1.9**
Africa	261	292	226	179	339	195	198	20	49	−81.2
Asia-Pacific	3,519	7,794	13,551	8,996	7,846	6,869	5,816	4,769	2,616	−25.7
Troubled Asia[1]	2,717	6,983	12,306	7,775	6,457	5,237	4,167	3,394	1,593	−41.4
Eastern Europe	346	1,282	492	597	709	965	601	387	207	−40.2
Russia	75	898	71	144	203	157	74	14	0	−100.0
Latin America and Caribbean	1,251	2,344	2,412	2,418	2,512	3,283	2,378	3,384	2,608	108.5

NOTE. See notes to table 1. See box "Types of Claims on Emerging-Market Counterparties," for a discussion of revaluation gains.

1. See note 1 to table 3.

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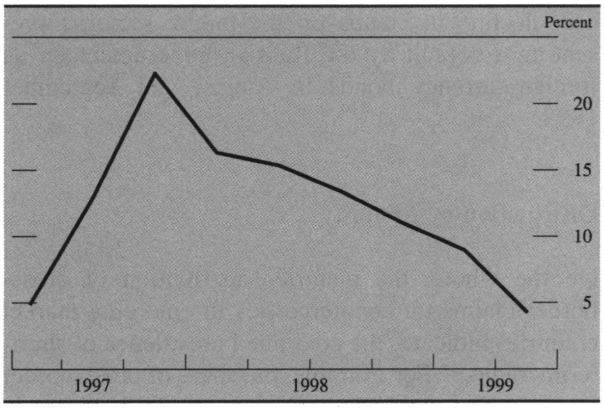
1. Revaluation gains of U.S. banks on foreign exchange and derivatives contracts with counterparties in troubled Asia as a percentage of total claims on those counterparties, 1997:Q2–1999:Q2



NOTE. Data are quarterly. Revaluation gains represent the market value of foreign exchange and derivatives contracts. If the contract has a positive market value for the U.S. bank, that amount is considered a revaluation gain, similar to a claim in that the counterparty owes a payment to the U.S. bank.

The troubled Asian countries are Indonesia, Korea, Malaysia, the Philippines, and Thailand.

quarterly swings were not as extreme as those in Asia.[9] Revaluation gains as a percentage of total claims reached 10 percent for claims in Eastern Europe in September 1998, the peak of the Russian crisis.

Revaluation gains on contracts with counterparties in Latin America doubled over the period—to nearly $3 billion. But peak levels were only one-quarter of the peak levels reached in Asia, reflecting in part the relatively less extreme movements in economic variables in Latin America. In addition, U.S. banks were not as likely to engage in less-traditional, off-balance-sheet activities (such as derivatives contracts) with Latin American counterparties as they were with counterparties in other regions.[10]

Large market declines during the Asian crisis generated rapid increases in counterparty credit risk for U.S. banks. Essentially, U.S. banks were seeing the market value of their contracts increase, but, in certain cases, so much so that the ability of some Asian counterparties to make payments, given their large losing positions in some contracts, came into question. These contracts are generally marked to market on a daily basis, so that losses create additional pressure on foreign counterparties in the midst of a crisis.

Banking supervisors view the increased importance of revaluation gains during the past several years as evidence of change in the nature of country exposure. The increased use of, and broader marked-to-market reporting of, derivatives contracts has highlighted the way that market risk and counterparty credit risk interact. In particular, counterparty credit risk can be negatively correlated with market risk, so that a positive market move—from a U.S. bank's perspective—could quickly increase counterparty credit risk. One of the important lessons from the Asian crisis is that a U.S. bank could have completely hedged its market risk and still faced significant counterparty credit risk if a change in market prices affected the ability of the foreign counterparty to pay. In the Russian crisis, some U.S. banks' ability to hedge local currency exposure broke down because Russian banks—suffering heavy losses from the ruble depreciation—were unable or unwilling to make payments owed to U.S. banks.

The fast-moving nature of derivatives markets means that exposure can change more quickly than in the past. Thus banks must rely on even better risk-management techniques to ensure that they can manage latent counterparty credit risk that might arise rapidly. In turn, supervisors must caution banks when risk-management techniques do not appear to be fully capturing the risks generated by derivatives contracts with emerging-market counterparties.

The Asian and Russian crises provided lessons for internationally active U.S. banks, and to some extent the banks have been able to apply what they learned. For example, a number of banks are integrating their market risk and counterparty credit risk functions to better manage cases in which one risk arises from the other. In addition, more institutions are stress testing their emerging-market portfolios—in effect "shocking" their current portfolios with a range of possible outcomes.[11] In the Asian crisis, more thorough stress testing before the events in 1997 might have provided the banks with some warning about the negative effects of severe exchange-rate depreciations.

Distribution by Counterparty Sector

Starting in June 1997, cross-border claims on counterparties in all emerging-market countries were dis-

9. Contracts with Russian counterparties changed drastically in value in August 1998 but by September had largely been charged off.

10. The crisis in Mexico and Latin America in 1994–95 may have led U.S. banks to be more cautious about their derivatives business with Latin American counterparties. In that crisis, a sharp devaluation of the Mexican peso generated large derivatives (and other) losses for Latin American counterparties of U.S. banks. In contrast, before 1997 many U.S. banks, and banks from other countries as well, may have been less concerned about potential losses on contracts with Asian counterparties.

11. For example, a U.S. bank might revalue its existing portfolio based on a hypothetical increase in interest rates or a hypothetical decline in the exchange rate.

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tributed evenly among banks, the public sector, and nonbank private counterparties.[12] By June 1999, the distribution had shifted away from banks and toward the nonbank private sector. Although claims on banks represented 33 percent of all cross-border claims in June 1997, the share had fallen to 25 percent by June 1999. At the same time, the share of claims on the nonbank sector rose from 36 percent to 42 percent. This trend reflects to some extent the difficulties experienced by certain emerging-market banks over the period.

The shift in the distribution of claims among counterparty sectors varied across regions. Much of the shift in aggregate numbers occurred because of changes in cross-border claims on Asian counterparties. In June 1997, banks represented 50 percent of the total for Asia, the nonbank private sector 41 percent, and the public sector 9 percent. By June 1999, the distribution in Asia had shifted toward the public sector and away from banks (table 7). A large number of Asian banks were hindered in their ability to make good on liabilities because of their financial difficulties during the Asian crisis. As a result, U.S. banks wrote off some of their claims on Asian counterparties or at least did not renew them once payment was received. A second factor affecting the aggregate sectoral distribution was the relative increase in claims on Latin American counterparties (as discussed previously). The cross-border claims on Latin American counterparties were distributed more between the public sector and nonbank private sector, so that this region's increased share of the aggregate contributed to the overall sectoral pattern over the two years. In Russia, the precipitous fall in cross-border claims was driven largely by a 92 percent decline in claims on the public sector, representing a default by the Russian government on its foreign-currency bonds in August and September 1998.

Distribution by Maturity

On the whole, the maturity distribution of cross-border claims on counterparties in emerging-market countries indicates the continued prevalence of short-term credits.[13] For example, the share of cross-border claims with a maturity of one year or less held steady over the period, accounting for two-thirds of cross-border claims. In June 1997, short-term claims on Asian counterparties accounted for about 75 percent of total cross-border claims on counterparties in that region, with the share falling to 65 percent after the crisis. At the beginning of the period, U.S. banks held many short-term claims on Asian banks but, in some instances, did not roll over extensions of credit during and immediately after the crisis.

In Latin America, the maturity distribution shifted slightly toward the short term, but the level of short-term claims remained below that in emerging Asia. The lower percentage of short-term claims in Latin America may have resulted from a greater share

12. Breakdowns by counterparty sector are not reported for local claims; they are available only for cross-border claims.

13. Maturity data are based on initial claims before adjustments for guarantees and do not include revaluation gains.

7. Distribution of cross-border claims of U.S. banks on emerging-market counterparties, by region and counterparty sector, 1997:Q2–1999:Q2

Percent

Region and counterparty sector	1997, quarter ending			1998, quarter ending				1999, quarter ending	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
Africa									
Banks	20.0	13.6	16.7	19.3	18.5	20.7	25.8	25.1	26.2
Public sector	72.7	67.6	69.1	69.2	65.7	64.0	58.7	55.3	52.3
Nonbank private sector	7.2	18.7	14.3	11.5	15.8	15.3	15.5	19.6	21.5
Asia-Pacific									
Banks	49.9	49.9	48.5	42.5	42.8	39.1	40.4	37.6	35.2
Public sector	8.9	10.2	11.1	13.8	15.8	19.0	19.7	19.5	22.8
Nonbank private sector	41.2	39.9	40.4	43.6	41.4	41.9	40.0	42.9	42.0
Eastern Europe									
Banks	11.9	9.4	13.3	13.8	17.1	23.1	22.4	24.9	17.6
Public sector	77.6	82.1	72.8	72.6	68.4	52.5	49.9	48.8	54.8
Nonbank private sector	10.6	8.4	14.0	13.7	14.5	24.4	27.7	26.3	27.7
Latin America and Caribbean									
Banks	22.2	21.4	24.7	25.1	26.3	26.3	21.2	20.4	20.3
Public sector	41.4	40.6	35.1	32.8	30.5	26.7	33.6	34.3	36.5
Nonbank private sector	36.5	38.0	40.2	42.2	43.2	47.0	45.3	45.3	43.2

NOTE. See notes to table 1.

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of loans to the public sector, which generally have a longer maturity.

The share of short-term claims in cross-border claims on Eastern Europe fell from a peak of 78 percent in June 1998 to 62 percent in June 1999. By this time, most of the short-term speculative positions in Russian government debt had been closed out. In general, the prevalence of short-term claims indicates that U.S. banks were cautious about extending maturities of claims on emerging-market counterparties in order to have the ability to reduce exposure quickly if a crisis developed.

Initial Claims and Adjustments for Guarantees

As noted previously, U.S. banks report initial cross-border claims before adjustments for guarantees. Comparing initial claims and adjusted claims shows the extent to which the ultimate risk on those claims is being borne by counterparties outside the country of the initial borrower.[14] Subtracting claims adjusted for guarantees from initial claims provides a figure for net credit guarantees received (if positive) or net credit guarantees extended by counterparties in those countries (if negative) on initial claims held by U.S. banks. In the aggregate, for claims initiated by U.S. banks, counterparties in emerging-market countries were net receivers of guarantees over the period, meaning that they received more guarantees than they offered. In addition, the percentage of initial claims that received guarantees rose from 10 percent in 1997 to 18 percent in 1999. Not surprisingly, these data indicate that initial claims on emerging-market counterparties held by U.S. banks were sometimes protected by guarantees from counterparties in developed countries or from international development banks. In fact, U.S. banks may have sought greater protection on those initial claims, given the crises in emerging markets.

Interestingly, in 1997 counterparties in emerging Asia were net granters of credit guarantees on the initial claims of U.S. banks because of roughly $3 billion in guarantees extended by Korean counterparties, particularly large Korean conglomerates, or *chaebols*.[15] That trend in Asia reversed as Korean chaebols encountered financial difficulties, so that by 1998 counterparties in Asia, as a group, were net receivers of credit guarantees on initial claims.

Regarding other regions, Latin American counterparties were net receivers of credit guarantees over the entire period, with the amounts ranging between 15 percent and 18 percent of initial claims. The most drastic increase occurred in Eastern Europe, where by June 1999, nearly half of all initial claims were guaranteed.[16]

Claims in Relation to Total Assets and to Tier 1 Capital

Examined in isolation, the outstanding claims on emerging-market counterparties held by U.S. banks give only a partial view of the relative importance of emerging-market activity for banks. For a more complete picture, supervisors must examine claims as a percentage of assets and as a percentage of capital. Claims as a percentage of capital, in particular, provide supervisors with an initial assessment of U.S. banks' ability to weather the potentially volatile nature of emerging markets.

Over the two-year period, emerging-market claims as a percentage of U.S. bank assets (for those banks reporting country exposure data) fell from 6.7 percent of total assets to 4.5 percent, a result more of the overall increase in total assets than of the decline in claims (table 8). For example, even though total claims on counterparties in Latin America registered double-digit growth, that growth rate was outpaced by that of the reporting banks' total assets, thus driving the percentage of claims-to-assets for that region lower. The decline in this percentage for Asian counterparties, for which claims fell, was even more dramatic.

Total claims as a percentage of tier 1 capital peaked in September 1997 at 105 percent (table 8).[17] However, by June 1999 that percentage had fallen to 72 percent, a decline stemming mostly from a significant increase in tier 1 capital (chart 2). Total claims on Latin American counterparties as a percentage of tier 1 capital fell slightly over the period, but never

14. For example, if a U.S. bank held a claim on a Chinese firm in the amount of $100 million, and if $20 million of that claim were guaranteed by a French bank, then initial claims on China would be $100 million, adjusted claims on China would be $80 million, and adjusted claims on France would increase $20 million.

15. Guarantees extended by Korean counterparties were not restricted to claims on other Korean counterparties; some guarantees applied to initial claims held by U.S banks on other counterparties in emerging Asia.

16. U.S. banks are increasingly involved with credit derivatives, which transfer counterparty credit risk to a third party. As the credit derivatives market grows, there may be many more cases in which supervisors will want to examine shifts in counterparty credit risk from the initial obligor to a third party, similar to the way guarantees transfer risk.

17. Tier 1 capital generally consists of common stockholders' equity, noncumulative perpetual preferred stock and any related surplus, and minority interests in equity capital accounts of consolidated subsidiaries

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8. Total claims of U.S. banks on emerging-market counterparties as a percentage of reporting banks' assets and reporting banks' tier 1 capital, 1997:Q2–1999:Q2

Region	1997, quarter ending			1998, quarter ending				1999, quarter ending	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
	Percentage of reporting banks' total assets								
Total emerging-market claims	**6.7**	**6.8**	**6.2**	**6.0**	**5.8**	**5.3**	**4.8**	**4.8**	**4.5**
Africa	.1	.1	.1	.1	.1	.1	.1	.1	.1
Asia-Pacific	3.0	2.8	2.7	2.3	2.1	2.0	1.8	1.8	1.7
Troubled Asia[1]	1.9	1.8	1.7	1.4	1.2	1.1	1.0	1.0	.9
Eastern Europe	.4	.5	.4	.4	.4	.3	.2	.2	.2
Russia	.2	.3	.2	.2	.2	.1	.0	.0	.0
Latin America and Caribbean	3.2	3.3	3.1	3.2	3.1	2.9	2.7	2.7	2.6
	Percentage of reporting banks' tier 1 capital								
Total emerging-market claims	**102.1**	**104.6**	**97.0**	**93.9**	**88.5**	**80.3**	**75.7**	**73.2**	**72.3**
Africa	1.8	1.8	1.5	1.4	1.6	1.6	1.3	1.3	1.3
Asia-Pacific	45.4	43.1	41.6	36.1	32.7	30.3	28.2	27.0	27.1
Troubled Asia[1]	28.7	27.3	26.4	22.0	18.8	17.0	15.5	14.9	14.5
Eastern Europe	6.6	8.0	5.7	6.5	6.4	4.0	3.5	3.0	2.9
Russia	3.5	4.7	2.9	3.3	3.0	.8	.4	.3	.4
Latin America and Caribbean	48.4	51.6	48.2	49.9	47.8	44.5	42.7	41.9	41.0

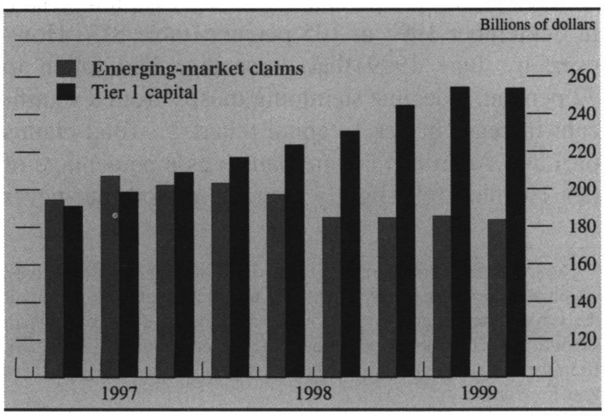
NOTE. For a definition of tier 1 capital, see text note 17.

1. See note 1 to table 3.

below 41 percent. In contrast, total claims on Asian counterparties fell from 45 percent of tier 1 capital to 27 percent. Total claims on Eastern European counterparties peaked at 8 percent of tier 1 capital about one year before the onset of the crisis in Russia. Generally, internationally active U.S. banks reduced their exposure to emerging markets while bolstering their capital.

As discussed earlier, supervisors cannot assess country risk by simply looking at the absolute levels of claims. Claims-to-capital figures serve as a preliminary indicator of how much cushion U.S. banks might have available to absorb potential losses in their emerging-market portfolios. When viewed at the level of the individual institution, these figures allow supervisors to recognize those institutions with high exposure relative to capital. Banks identified as having elevated claims-to-capital ratios receive greater supervisory scrutiny in the area of country risk. For example, supervisors would focus on a bank with a claims-to-capital ratio of more than 100 percent, even if the amount of claims was small. But claims-to-capital ratios, on their own, might not always reflect the underlying riskiness of the claims or the ability of the banks to manage that risk, so supervisors conduct assessments of the risk-management systems of individual banks to achieve a more accurate picture of how country risk is affecting those institutions.

2. U.S. banks' emerging-market claims compared with tier 1 capital, 1997:Q2–1999:Q2



NOTE. Tier 1 capital consists of common stockholders' equity, noncumulative perpetual preferred stock and any related surplus, and minority interests in equity capital accounts of consolidated subsidiaries. Tier 1 capital data cover only banks that file the Country Exposure Report.

For the most part, U.S. banks did not suffer large losses stemming directly from emerging-market crises in recent years. When banks did suffer losses, they were generally able to offset them with earnings from other business segments.[18] In fact, the ability of U.S. banks to charge their losses in Asia and Russia against income—rather than drawing down their capital—indicates both their high levels of overall profitability during this period and their low levels of exposure. It is possible, however, that a similar period of international crisis coinciding with a domestic downturn in the United States might have put pressure on U.S. banks' capital positions.

18. See Antulio N. Bomfim and William R. Nelson, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1998," *Federal Reserve Bulletin*, vol. 85 (June 1999), pp. 369–95.

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Concentrations among Reporting Banks

The discussion thus far has centered on U.S. banks in the aggregate. However, because most of the claims on emerging-market counterparties are concentrated at a small number of U.S. banks, a smaller capital base is available to absorb their potential losses. Serious country exposure difficulties at just a few of these banks would have the potential to trigger broader problems within the entire U.S. banking system. In general, supervisors focus on the riskiness of any U.S. bank's foreign claims but are particularly sensitive to the implications of exposure at large banks.

The U.S. banks that report in the "Money Center Banks" category on the Country Exposure Report generally represent those with the largest claims on counterparties in emerging-market countries.[19] Over the 1997–99 period, money center banks consistently accounted for about 80 percent of total claims on counterparties in emerging markets and more than 40 percent of the total assets of all U.S. banks.

For the money center banks, the share of their emerging-market claims in total assets fell from 13 percent in 1997 to 6 percent in 1999 (table 9). Commensurate with that decline was a decrease in emerging-market claims as a percentage of tier 1 capital, from a peak of 232 percent in 1997 to 113 percent in 1999. Notably, the decrease in this percentage stemmed largely from an 88 percent increase in tier 1 capital.

Analyzing the claims-to-capital ratio for money center banks is especially important, given the concentration of claims on emerging-market counterparties at these banks. Whenever claims-to-capital ratios are identified as particularly high, supervisors may conduct a special analysis of the selected bank's ability to manage country risk in the context of broader risk-management functions.

19. Over time, this group has varied in size from six to nine banks (currently six). See the Country Exposure Lending Survey for details.

Emerging-Market Exposure of Banks from Other Developed Countries

Briefly comparing U.S. banks' exposure to emerging-market countries over 1997–99 with the exposure of banks from other developed countries provides some overall context for assessing the relative role played by U.S. banks. U.S. banks, along with banks from other developed countries, report their country exposure data to the Bank for International Settlements (BIS), which then compiles data for all of its members and reports the consolidated results.[20]

From June 1997 to June 1999, BIS reporting bank claims on emerging-market counterparties fell in the aggregate from $829 billion to $782 billion (table 10). Claims on Asian counterparties fell 20 percent, while claims on Latin American and African counterparties rose. By June 1999, claims on Asia still represented the largest share of total emerging-market claims, but by a smaller margin because of an increase in the share of claims on Latin American counterparties. Compared with U.S. bank data on emerging-market claims, the shifts for Asia and Latin America were relatively similar; however, claims on Eastern European counterparties fell only slightly for all BIS reporting banks, and claims on African counterparties increased almost one-third.

BIS Reporting Bank Claims by Country of Origin

In June 1997, claims held by U.S. banks accounted for 13 percent of the cross-border claims on emerging-market counterparties held by all BIS

20. These data represent cross-border claims from individual country submissions of claims on non-BIS member countries. The data are consolidated at the BIS to eliminate any double counting and do not include revaluation gains on off-balance-sheet contracts or adjustments for guarantees (for details on BIS data, see www.bis.org). BIS member countries include the Group of Ten, plus Austria, Denmark, Finland, Ireland, Luxembourg, Norway, and Spain. Because the BIS does not collect capital figures for these countries, claims-to-capital ratios cannot be calculated.

9. Total claims of U.S. money center banks on emerging-market counterparties as a percentage of their total assets and tier 1 capital 1997:Q2–1999:Q2

Item	1997, quarter ending			1998, quarter ending				1999, quarter ending	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
Total emerging-market claims as a percentage of total assets	13.1	13.4	12.3	11.9	11.1	8.4	7.2	6.9	6.3
Total emerging-market claims as a percentage of tier 1 capital	225.7	232.2	205.9	204.4	190.0	144.4	121.8	113.0	112.6

NOTE. For a definition of tier 1 capital, see text note 17.

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10. Distribution of total claims of BIS reporting banks on emerging-market counterparties, by region, 1997:Q2–1999:Q2

Region	1997, quarter ending: June 30	1997, quarter ending: Dec. 31	1998, quarter ending: June 30	1998, quarter ending: Dec. 31	1999, quarter ending: June 30	Percent change, June 1997 to June 1999
	Total claims on emerging-market counterparties (millions of dollars)					
All emerging-market countries	828,567	862,147	835,606	798,184	781,971	−5.6
Africa	34,179	35,637	41,536	41,911	45,028	31.7
Asia-Pacific	430,366	423,683	371,489	351,268	344,237	−20.0
Eastern Europe	116,188	122,445	131,561	121,619	110,988	−4.5
Latin America and Caribbean	247,834	280,382	291,020	283,386	281,718	13.7
	Distribution of cross-border claims among emerging-market regions (percent)					
All emerging-market countries	100	100	100	100	100	...
Africa	4.1	4.1	5.0	5.3	5.8	...
Asia-Pacific	51.9	49.1	44.5	44.0	44.0	...
Eastern Europe	14.0	14.2	15.7	15.2	14.2	...
Latin America and Caribbean	29.9	32.5	34.8	35.5	36.0	...

. . . Not applicable.

reporting banks (table 11). Banks from Japan had the highest share, with Germany a close second. Over the two-year period, the share held by U.S. banks fell slightly. The share of Japan's banks dropped significantly. Japanese banks were facing considerable domestic financial difficulties over this period, which contributed to their retrenchment in emerging markets. Most European reporting banks increased their relative positions.

BIS Reporting Bank Claims by Emerging-Market Region

A regional breakdown indicates that the relative shares were not uniform by emerging-market regions. Japanese banks held nearly 30 percent of all claims on Asian counterparties in June 1997, but that share had fallen to 23 percent by June 1999. That decline can be compared with a slight increase in the portion of claims on Asian counterparties held by European banks (nearly 50 percent), while the share held by U.S. banks remained relatively steady (7 percent). In Latin America, U.S. banks held a large share (25 percent), while European banks, as a group, expanded their share of claims to more than 50 percent, led by a rise in the share of Spanish banks. German and other European banks accounted for about two-thirds of all BIS reporting bank claims on Eastern Europe, while the share held by U.S. banks fell by half, to 5 percent.

11. Distribution of cross-border claims of BIS reporting banks on emerging-market counterparties, by lending country, 1997:Q2–1999:Q2

Country	1997, quarter ending: June 30	1997, quarter ending: Dec. 31	1998, quarter ending: June 30	1998, quarter ending: Dec. 31	1999, quarter ending: June 30	Percent change, June 1997 to June 1999
	Total cross-border claims on emerging-market counterparties (millions of dollars)					
All reporting banks	828,567	862,147	835,606	798,184	781,971	−5.6
United States	109,462	107,770	103,685	94,299	96,539	−11.8
Japan	146,092	137,563	120,797	108,643	94,050	−35.6
Germany	139,626	147,911	147,484	154,347	155,079	11.1
France	82,824	95,683	92,090	87,750	91,054	9.9
United Kingdom	55,260	63,607	65,728	64,504	58,141	5.2
Other Europe	130,830	149,710	160,941	159,250	149,168	14.0
All others	164,473	159,904	144,881	129,392	137,940	−16.1
	Distribution of cross-border claims amoung reporting banks from BIS-member countries (percent)					
All reporting banks	100	100	100	100	100	...
United States	13.2	12.5	12.4	11.8	12.3	...
Japan	17.6	16.0	14.5	13.6	12.0	...
Germany	16.9	17.2	17.6	19.3	19.8	...
France	10.0	11.1	11.0	11.0	11.6	...
United Kingdom	6.7	7.4	7.9	8.1	7.4	...
Other Europe	15.8	17.4	19.3	20.0	19.1	...
All others	19.9	18.5	17.3	16.2	17.6	...

NOTE. Data in this table do not include adjustments for guarantees; as a result, data for U.S. banks may differ from data reported in earlier tables.

. . . Not applicable.

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Overall, the BIS data indicate that U.S. banks' general reduction in claims on emerging-market counterparties contrasted with the rise in claims held by most European banks. Banks from European countries appear to be expanding cross-border lending to emerging-market counterparties, despite the events of recent years, whereas U.S. banks have focused their efforts more on Latin America. Japanese banks have had little choice but to scale back their emerging-market business because of capital pressures.

U.S. Country Exposure Data before 1997

Supervisors still draw on valuable lessons from the past in evaluating recent country exposure data. While it is not within the scope of this article to conduct an extensive analysis of country exposure data over several decades, a brief examination of trends since 1982 provides a necessary context for more accurate analysis of the 1997–99 period.[21] In particular, drawing comparisons with data from crises in the 1980s, in which U.S. banks suffered sizable losses on their developing-country portfolios, is useful.[22]

Despite some changes in how claims are reported, data from before and after 1997 are relatively comparable.[23] Therefore, it is possible to view the 1997–99 period in the context of broader trends in country exposure, including claims on emerging-market counterparties.

Cross-Border and Local Claims, 1982 to 1998

In examining country exposure data for selected years from 1982 to 1998, the first item of interest is that total claims on counterparties in emerging-market countries—in absolute terms—were nearly as high in the 1980s as in 1998, with cross-border claims in 1982 and 1986 actually exceeding cross-border claims in 1998 (table 12). However, local claims underwent tremendous growth from 1982 to 1998—an astounding 566 percent. The increasing importance of local claims during the 1997–99 period is thus part of a long-term trend. In some sense, this trend reflects the market penetration achieved by U.S. banks in local banking markets during the past decade. In addition, the relatively larger portion of local claims means that the transfer risk element of country risk is lessened insofar as more claims are denominated and funded in local currency.[24] However, the counterparty credit risk element of country exposure may have increased because in the recent period, fewer claims have an explicit or implicit public-sector guarantee than in the period before 1997.[25]

Distribution by Counterparty Sector, 1982 to 1998

The composition, not just the levels, of emerging-market claims changed from the 1980s to the late 1990s, particularly the distribution of claims by counterparty sector.[26] In 1986 and 1990, cross-border claims on the public sector represented one-half of total cross-border claims. Soon thereafter, the shift away from public-sector lending began; by 1998 the distribution had changed markedly, with claims on the nonbank private sector at nearly one-half of total claims. Although there was a general shift toward the nonbank private sector, claims on public-sector counterparties in Latin America and claims on banks in Asia remained significant.

Distribution by Maturity, 1982 to 1998

The maturity distribution has also shifted since the early 1980s, with more claims classified as short-term (one year or less). In 1982, short-term claims represented one-half of all claims but fell below 50 percent in 1986 and 1990. By 1994, short-term claims had risen, to 60 percent of total claims. This

21. Data from 1998 are included to provide an overlapping comparison (at intervals of four years) of earlier data with the 1997–99 period.

22. U.S. banks began reporting on the Country Exposure Report in 1978, so the data series captures the entire period of crisis in developing countries during the 1980s.

23. As discussed earlier, data on revaluation gains were not collected before June 1997. In addition, the definition of local claims was altered slightly in June 1997. However, cross-border measures are nearly identical before and after June 1997, and the definitional change in local claims affects only a few countries. (See note 3 in box "Types of Claims.")

24. Transfer risk applies to cross-border claims and any local claims not funded by local liabilities. For the most part, growth in local liabilities has kept pace with growth in local claims.

25. The significance of this development became clear in both the Asian and the Russian crises, as expectations that local country governments would provide guarantees for banks and nonbank companies were not realized.

26. The same methodology used to examine data from the 1997–99 period fits this broader comparison as well, except that cross-border revaluation gains were not reported before 1997 and thus are excluded from the 1998 figures to ensure comparability.

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fluctuation in short-term claims as a percentage of total claims may have been directly tied to the developing-country debt crisis. Specifically, as emerging-market counterparties encountered difficulty in repaying debts, U.S. banks closed out many of their short positions and ceased to roll over short-

12. Claims of U.S. banks on foreign counterparties, by type of claim and region, selected years, 1982–98

Item	1982	1986	1990	1994	1998
	Total claims (millions of dollars)				
Developed countries and banking centers	**278,948**	**286,671**	**269,235**	**280,718**	**466,965**
Cross-border	213,478	185,713	152,314	160,218	259,314
Local	65,470	100,958	116,921	120,500	207,651
Emerging markets	**150,925**	**132,988**	**85,281**	**122,724**	**176,129**
Cross-border	137,040	116,072	61,938	79,876	83,629
Local	13,885	16,916	23,343	42,848	92,500
Africa	7,612	4,110	2,344	1,682	3,069
Cross-border	7,119	3,662	1,898	1,131	1,213
Local	493	448	446	551	1,856
Asia-Pacific	46,614	36,581	31,919	51,199	63,188
Cross-border	40,558	28,190	18,204	27,237	23,386
Local	6,056	8,391	13,715	23,962	39,802
Eastern Europe	5,876	3,710	2,086	4,551	7,916
Cross-border	5,876	3,585	1,830	2,424	4,292
Local	0	125	256	2,127	3,624
Latin America	90,823	88,587	48,932	65,292	101,956
Cross-border	83,487	80,635	40,006	49,084	54,738
Local	7,336	7,952	8,926	16,208	47,218
	Total claims as a percentage of total assets				
Developed countries and banking centers	**22.1**	**17.8**	**14.4**	**12.8**	**11.5**
Cross-border	16.9	11.5	8.1	7.3	6.4
Local	5.2	6.3	6.2	5.5	5.1
Emerging markets	**12.0**	**8.2**	**4.5**	**5.6**	**4.3**
Cross-border	10.9	7.2	3.3	3.6	2.1
Local	1.1	1.0	1.2	2.0	2.3
Africa	.6	.3	.1	.1	.1
Cross-border	.6	.2	.1	.1	.0
Local	.0	.0	.0	.0	.0
Asia-Pacific	3.7	2.3	1.7	2.3	1.6
Cross-border	3.2	1.7	1.0	1.2	.6
Local	.5	.5	.7	1.1	1.0
Eastern Europe	.5	.2	.1	.2	.2
Cross-border	.5	.2	.1	.1	.1
Local	.0	.0	.0	.1	.1
Latin America	7.2	5.5	2.6	3.0	2.5
Cross-border	6.6	5.0	2.1	2.2	1.4
Local	.6	.5	.5	.7	1.2
	Total claims as a percentage of total capital				
Developed countries and banking centers	**395.1**	**246.7**	**166.5**	**125.3**	**110.2**
Cross-border	302.4	159.8	94.2	71.5	61.2
Local	92.7	86.9	72.3	53.8	49.0
Emerging markets	**213.8**	**114.4**	**52.7**	**54.8**	**41.6**
Cross-border	194.1	99.9	38.3	35.7	19.7
Local	19.7	14.6	14.4	19.1	21.8
Africa	10.8	3.5	1.4	.8	.7
Cross-border	10.1	3.2	1.2	.5	.3
Local	.7	.4	.3	.2	.4
Asia-Pacific	66.0	31.5	19.7	22.9	14.9
Cross-border	57.4	24.3	11.3	12.2	5.5
Local	8.6	7.2	8.5	10.7	9.4
Eastern Europe	8.3	3.2	1.3	2.0	1.9
Cross-border	8.3	3.1	1.1	1.1	1.0
Local	.0	.1	.2	.9	.9
Latin America	128.6	76.2	30.3	29.2	24.1
Cross-border	118.3	69.4	24.7	21.9	12.9
Local	10.4	6.8	5.5	7.2	11.1

NOTE. In this table, figures for claims as a percentage of total assets and for claims as a percentage of total capital in 1998 are not consistent with 1998 figures in table 8 for two reasons: The figures in this table do not include revaluation gains (see text note 26); also total capital is used in this table instead of tier 1 capital (see text note 28).

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term claims, leaving mostly longer-term claims.[27] So the percentage of short-term claims in the total fell. U.S. banks later became more comfortable extending new credits to emerging markets, starting with short-term claims. The resumption of short-term lending was perhaps an indicator of U.S. banks' changed attitude toward lending to emerging-market counterparties.

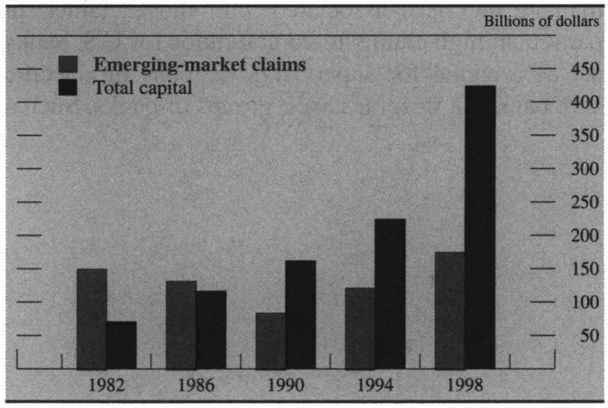
Claims Relative to Total Assets and Capital, 1982 to 1998

More revealing comparisons emerge from an examination of claims as a percentage of total assets and claims as a percentage of capital.[28] Claims on counterparties in emerging-market countries as a percentage of total assets were as high as 12 percent in 1982 but fell sharply, as banks reduced their emerging-market portfolios during the debt crisis of the 1980s. Claims on emerging-market counterparties as a percentage of total capital in 1982 were well above 200 percent, much larger than the 42 percent recorded in 1998.

The fallout from the debt crisis of the 1980s caused the major downward shift in claims as a percentage of total assets and claims as a percentage of capital. By 1990, U.S. banks had lowered their claims-to-capital ratios, primarily as a result of the decrease in total claims as U.S. banks retrenched (chart 3). In 1994 and 1998, the reduction in the claims-to-capital percentages came as a result of improved capital positions and not from a reduction in claims.

In the 1980s, U.S. banks' emerging-market claims-to-capital ratios were much higher than current ratios. The overall decline in these ratios provides some assurance that emerging-market country exposure poses less of a potential threat to U.S. banks today than a decade ago. However, the relative riskiness of claims must be taken into account to develop a more accurate overall picture of those risks. Also, there is an increasing trend toward marking claims to market, meaning that a change in their value can have a direct effect on a bank's reported income; in the 1980s, the process of first provisioning for, and then writing off, claims meant that losses in emerging markets were reported on a lagged basis. While the trend toward better disclosure is generally welcome, it does mean that any losses may have an immediate, and sometimes volatile, effect on banks' capital, forcing them to be more adept at managing risks in relation to their capital. Indeed, U.S. banks today apply a number of risk-management techniques that were not widely used in the 1980s, such as measurements of potential exposure, distributions of possible loss amounts, and estimates of capital at risk.

3. U.S. banks' emerging-market claims compared with total capital, selected years, 1982–98



NOTE. Data for 1998 were included to provide an overlapping comparison (at intervals of four years) of earlier data with the data from 1997–99. However, data on revaluation gains were not collected before 1997, so revaluation gains for 1998 were excluded from this chart to ensure comparability with data from earlier years. Total capital data cover only banks that file the Country Exposure Report.

Because tier 1 capital was not reported before 1990, capital figures used in these comparisons consist of equity capital, subordinated debentures, and reserves for loan losses, or what is referred to as total capital. This measure of capital was used in the Country Exposure Lending Survey until 1998, when tier 1 capital was adopted.

CONCLUSION

U.S. banks continue to be active in emerging-market countries despite the crises in recent years. Claims held by U.S. banks on counterparties in Asia and Eastern Europe declined over 1997–99, as U.S. banks either suffered losses on claims or actively reduced their exposure to those regions. Claims on counterparties in Latin America increased over the period, perhaps an indication that U.S. banks rely on their longer-standing, more entrenched ties to that region and likely view it as a strategic growth area. However, for all regions the claims-to-capital ratios have fallen, a result of U.S. banks bolstering their capital over the entire period—international crises notwithstanding.

Banking supervisors determine the potential threat from international exposures by identifying risk areas

27. The short-term claims that were granted anew often came in the form of trade credits, which were considered much less risky.

28. Because tier 1 capital was not reported before 1990, capital figures used in the comparisons consist of equity capital, subordinated debentures, and reserves for loan losses, or what is referred to as total capital. This measure of capital was used on the Country Exposure Lending Survey until 1998, when tier 1 capital was adopted.

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among foreign claims, assessing the capital supporting those claims, and evaluating banks' ability to manage the risks associated with those claims. In particular, high claims-to-capital ratios for U.S. banks act as a signal for supervisors to focus on specific U.S. banks or, in some cases, groups of banks. Such a signal, in turn, may require a more detailed analysis of country risk at the institutions in question. Finally, supervisors evaluate the manner in which country risk is being managed along with the other risks facing U.S. banks. □

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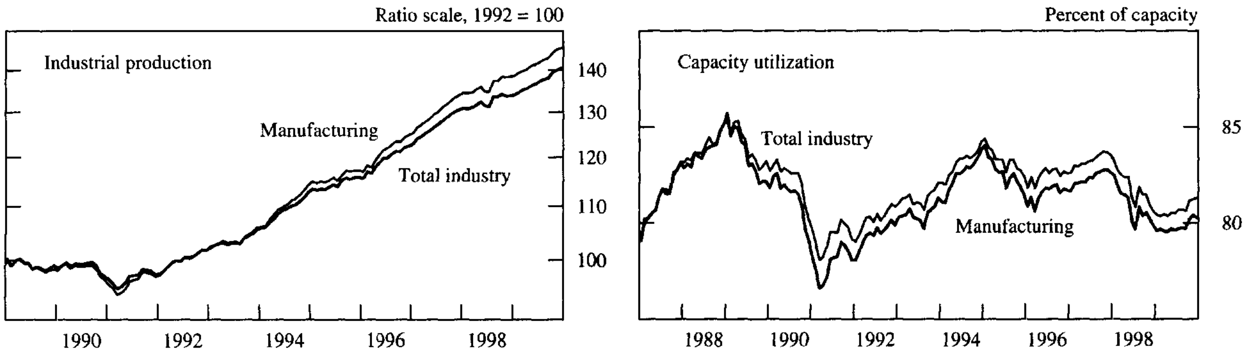
Industrial Production and Capacity Utilization for December 1999

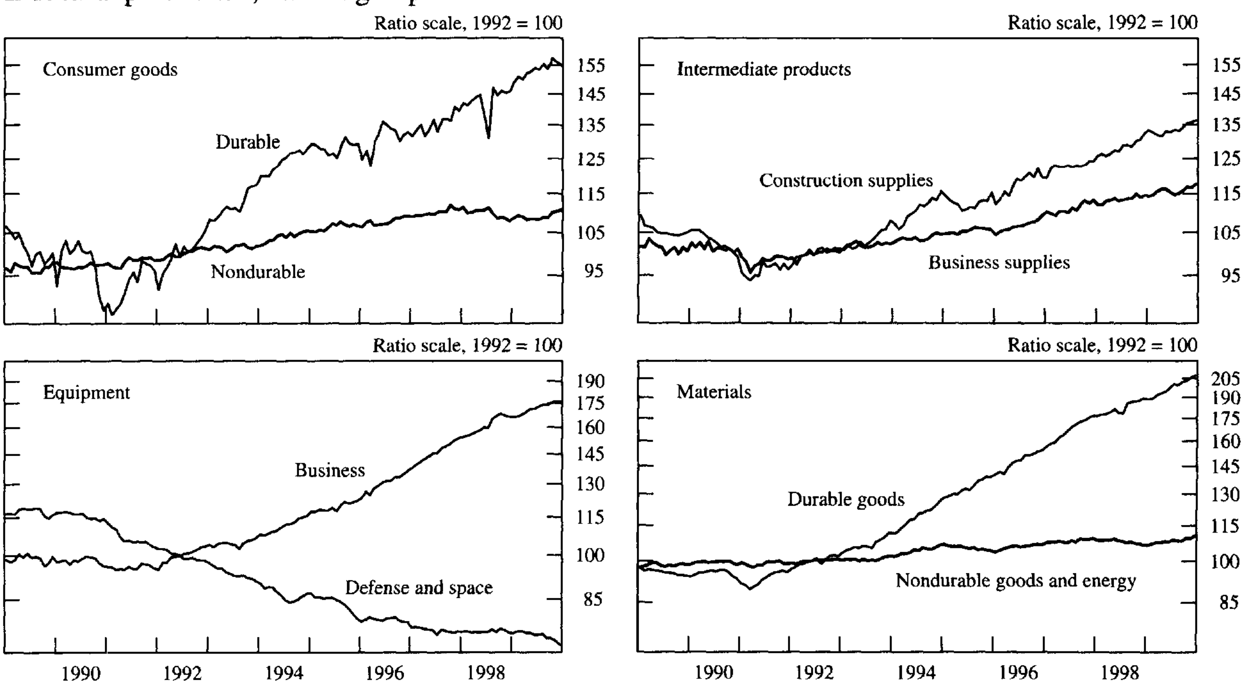
Released for publication January 14

Industrial production increased 0.4 percent in December, the same rate as in November. At 140.5 percent of its 1992 average, industrial production in December was 5.0 percent higher than in December 1998. For the fourth quarter as a whole, the total index increased at an annual rate of 6.6 percent, up from 4.8 percent in the third quarter. The rate of capacity utilization for total industry edged up in December, to 81.3 percent, a level 0.8 percentage point below its 1967–98 average.

Industrial production and capacity utilization



Industrial production, market groups



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

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Industrial production and capacity utilization, December 1999

Category	Industrial production, index, 1992=100								
	1999				Percentage change				
					1999[1]				Dec. 1998 to Dec. 1999
	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**138.1**	**139.4**	**139.9**	**140.5**	**.2**	**1.0**	**.4**	**.4**	**5.0**
Previous estimate	138.0	139.1	139.5	...	.2	.8	.3	...	...
Major market groups									
Products, total[2]	127.6	129.0	129.2	129.4	−.1	1.1	.2	.2	3.6
Consumer goods	117.1	118.9	118.9	119.1	−.4	1.5	.0	.2	3.5
Business equipment	173.7	175.1	176.1	175.6	−.1	.8	.6	−.3	5.6
Construction supplies	134.1	135.3	135.7	136.2	.9	.9	.3	.4	3.0
Materials	155.7	156.8	158.0	159.2	.7	.7	.7	.8	7.3
Major industry groups									
Manufacturing	142.9	144.3	145.2	145.5	.3	1.0	.6	.2	5.1
Durable	175.0	176.4	177.7	177.9	.3	.8	.7	.1	7.0
Nondurable	111.8	113.1	113.6	114.0	.3	1.2	.5	.3	2.6
Mining	98.3	99.3	99.8	100.2	−.2	1.0	.5	.4	2.2
Utilities	117.7	118.6	115.5	119.5	−.1	.7	−2.6	3.5	6.2

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Dec. 1998 to Dec. 1999
	Average, 1967–98	Low, 1982	High, 1988–89	1998	1999				
				Dec.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**82.1**	**71.1**	**85.4**	**80.6**	**80.6**	**81.2**	**81.2**	**81.3**	**4.1**
Previous estimate	...	...	...	...	80.6	81.0	81.0	...	...
Manufacturing	81.1	69.0	85.7	79.9	79.7	80.2	80.4	80.3	4.6
Advanced processing	80.5	70.4	84.2	78.8	78.7	79.2	79.4	79.1	5.5
Primary processing	82.4	66.2	88.9	83.1	82.8	83.3	83.7	83.7	2.3
Mining	87.5	80.3	88.0	81.4	81.8	82.6	83.1	83.4	−.3
Utilities	87.4	75.9	92.6	88.9	92.0	92.6	90.1	93.1	1.4

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

MARKET GROUPS

The output of consumer goods, which had been flat in November, increased 0.2 percent in December. The output of durable consumer goods declined for a second month as the production of automotive products fell a cumulative total of 2¼ percent over the last two months of the year. The production of other durable consumer goods advanced, with increases in the indexes for home electronics and miscellaneous consumer durable goods more than offsetting a sharp decline in appliances. Although the monthly fluctuations in appliance output have been volatile, production for the year as a whole was up quite sharply. The production of nondurable consumer goods advanced 0.4 percent. Most of the gain came from a rebound in the output of energy products after unusually mild weather in November had cut sales of residential gas and electricity nearly 4 percent. The output of non-energy consumer products edged up after a rise of about 2 percent over the two preceding months; in December, the production indexes for foods and tobacco and for chemical products rose further but were mostly offset by declines in the output of clothing and paper products.

The production of business equipment, which had increased about 1½ percent over the preceding two months, eased a bit in December. The uptrend was interrupted by a drop of 4.4 percent in the output of transit equipment and of 1.1 percent in the production of the "other equipment" group, particularly farm machinery and equipment. The output of industrial equipment remained weak, edging down in both November and December. The production of information processing and related equipment rose more than 1 percent, bringing the gain over the last 12 months to nearly 24 percent. The output of defense and space equipment fell more than 1 percent in December, to a level 4.2 percent below that in December 1998; the cumulative decline in this index over the 1990s was about 40 percent.

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The production of construction supplies rose 0.4 percent further in December, to a level 3.0 percent higher than in December 1998; from the third quarter to the fourth quarter, this index increased at an annual rate of about 7 percent. The output of materials increased 0.8 percent after an average monthly gain of 0.7 percent in the preceding three months. The output of durable goods materials increased 0.7 percent, a bit less than the average monthly gain recorded over the past year. Another strong increase in equipment parts, particularly semiconductors, was partly offset by a decline in the index for original equipment parts used to make motor vehicles. The output of nondurable goods materials edged up 0.2 percent. The output of energy materials, which had grown slowly over the year, jumped 1.8 percent in December after a 1 percent decline in November.

Industry Groups

Manufacturing output advanced 0.2 percent in December, one-third as much as in November. The declines in the production of motor vehicles and parts and aircraft and parts reduced growth in manufacturing about 0.3 percentage point in December. For the fourth quarter, the annual rate of factory output accelerated to more than 7 percent, with continued strength in durables and a sharp step-up in the output of nondurables, which had changed little, on balance, between mid-1998 and the third quarter of 1999. In the fourth quarter, the overall factory operating rate increased 0.6 percentage point, to 80.3 percent.

The output of durables, which increased 7 percent over the year, edged up in December as the output of motor vehicles and parts, which dropped 2.8 percent in December, reversed the gains made in the preceding three months. In addition, the production of iron and steel edged down after a strong increase in November, and the output of aerospace and miscellaneous transportation fell another 1.5 percent, bringing the decline in this group to nearly 14 percent over 1999. In December, the computer and office equipment industry again advanced less rapidly than in earlier months, while the output of semiconductors and related electronic components rose 3.2 percent, in line with the rapid growth of the past year. The recent recovery in the output of farm machinery, which had erased only a small part of the earlier severe decline, was interrupted in December. The production in nondurable manufacturing increased 0.3 percent, to a level 2.6 percent higher than in December 1998. Among nondurable manufacturing industries, production gains were widespread; however, the output of leather and products and textile mill products declined for another month. In the fourth quarter, production rose substantially in the foods, tobacco, chemicals, paper, and printing and publishing industries.

The factory operating rate edged down in December, to 80.3 percent. Utilization in primary-processing industries held at 83.7 percent, while that for advanced-processing industries declined 0.3 percentage point, to 79.1 percent.

Output at utilities, which had fallen back more than 2½ percent in November, increased 3.5 percent; the operating rate at utilities rebounded 3 percentage points, to 93.1 percent. Boosted by the continuing recovery in oil and gas extraction, mine production increased 0.4 percent, about the same gain as in November; the utilization rate at mines, which increased to 83.4 percent, was still noticeably below its long-term average. While drilling and other oil and gas field activity has been recovering since June, the level of activity remains relatively low.

Revision of Industrial Production and Capacity Utilization

As previously announced, the Federal Reserve Board on November 30, 1999, published a revision to the index of industrial production (IP) and the related measures of capacity and capacity utilization for the period from January 1992 to October 1999. The updated measures reflect both the incorporation of newly available, more comprehensive source data typical of annual revisions and, for some series, the introduction of improved methods for compiling the series. The new source data are for recent years, primarily 1997 and 1998, and the modified methods affect data from 1992 onward. In addition, the supplementary series on the gross value of products leaving the industrial sector are now expressed in 1996 dollars; these series begin in 1977.

The updated IP measures include some annual data from the Census Bureau's *1997 Census of Manufactures* and from selected editions of its *1998 Current Industrial Reports*. Annual data from the *U.S. Geological Survey* on metallic and nonmetallic minerals (except fuels) for 1997 and 1998 are also introduced. The updating includes revisions to the monthly indicator for each industry (either physical product data, production worker hours, or electric power usage) and revised seasonal factors.

The revision introduced improved measures of production for computers and office equipment

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(SIC 357) and motor vehicles (SIC 3711, 3). The new monthly measure for computers is derived from detailed information on the major products produced by the industry. For example, from 1994 to 1998, quarterly data on the physical quantity and average unit values of about 1,100 distinct models of personal computers, notebooks, servers, and workstations are used to construct the new IP index for computers; previously, monthly electric power use by the industry was used as the within-year indicator of production. The new measures of motor vehicle production incorporate price weights for the different models of light vehicles; previously, all autos and light trucks were weighted equally in compiling an aggregate figure. In addition, the monthly production indicators for bolts and fasteners (SIC 345) and for metalworking machinery (SIC 354) were changed from electric power use to production worker hours.

Capacity and capacity utilization rates have been revised to incorporate preliminary data from the Census Bureau's *1998 Survey of Plant Capacity*, which covers manufacturing, along with other new data on capacity from the U.S. Geological Survey, the Department of Energy, and other organizations.

The revision is available on the Board's web site, at www.federalreserve.gov/releases/g17, and on diskettes from Publications Services (telephone 202-452-3245). The revised data are also available through the STAT-USA web site of the Department of Commerce (www.stat-usa.gov). Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197). □

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Announcements

Directive of the Federal Open Market Committee

The Federal Open Market Committee made no change on December 21, 1999, in its target for the federal funds rate.

Based on the available evidence, however, the Committee remains concerned with the possibility that over time increases in demand will continue to exceed the growth in potential supply, even after taking account of the remarkable rise in productivity growth. Such trends could foster inflationary imbalances that would undermine the economy's exemplary performance.

Nonetheless, in light of market uncertainties associated with the century date change, the Committee decided to adopt a symmetric directive in order to indicate that the focus of policy in the intermeeting period must be ensuring a smooth transition into the Year 2000. At its next meeting the Committee will assess available information on the likely balance of supply and demand, conditions in financial markets, and the possible need for adjustment in the stance of policy to contain inflationary pressures.

Appointments of New Members and a New President and Vice President of the Thrift Institutions Advisory Council

The Federal Reserve Board on December 10, 1999, announced the names of four new members of its Thrift Institutions Advisory Council (TIAC) and designated a new president and vice president of the council for 2000.

The council is an advisory group made up of twelve representatives from thrift institutions. The panel was established by the Board in 1980 and includes savings and loan, savings bank, and credit union representatives. The council meets at least three times each year with the Board of Governors to discuss developments related to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

The new council president for 2000 is F. Weller Meyer, President and CEO, Acacia Federal Savings Bank, Falls Church, Virginia. The new vice president is Thomas S. Johnson, Chairman and CEO, GreenPoint Bank, New York, New York.

The four new members, named for two-year terms beginning January 1, are the following:

Tom R. Dorety, President and CEO, Suncoast Schools Federal Credit Union, Tampa, Fla.

Cornelius D. Mahoney, Chairman, President, and CEO, Woronoco Savings Bank, Westfield, Mass.

Mark H. Wright, President and CEO, USAA Federal Savings Bank, San Antonio, Tex.

Clarence Zugelter, President, CEO, and Chairman of the Board, First Federal Bank, F.S.B., Kansas City, Mo.

Other TIAC members whose terms continue through 2000 are the following:

James C. Blaine, President, State Employees' Credit Union, Raleigh, N.C.

Lawrence L. Boudreaux III, President and CEO, Fidelity Homestead Association, New Orleans, La.

Babette E. Heimbuch, President and CEO, First Federal Bank of California, FSB, Santa Monica, Calif.

William A. Longbrake, Vice Chair and Chief Financial Officer, Washington Mutual Bank, Seattle, Wash.

Kathleen E. Marinangel, Chairman, President, and CEO, McHenry Savings Bank, McHenry, Ill.

Anthony J. Popp, President and CEO, Marietta Savings Bank, Marietta, Ohio.

Increase in the Exemption Threshold for Depository Institutions Reporting under HMDA

The Federal Reserve Board on December 15, 1999, announced that the exemption threshold for depository institutions that are required to report data under the Home Mortgage Disclosure Act (HMDA) had been increased to $30 million. Under the revision to the Board's staff commentary to Regulation C (Home Mortgage Disclosure), depository institutions with assets totaling $30 million or less as of December 31, 1999, are not required to collect HMDA data in 2000.

The Board is required to adjust annually the asset-size exemption threshold for depository institutions

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based on the annual percentage change in the consumer price index for urban wage earners and clerical workers. The adjustment reflects changes for the twelve-month period ending in November 1999.

Extension of Comment Period on Proposals to Allow Electronic Delivery of Federally Mandated Disclosures

The Federal Reserve Board on December 9, 1999, announced the reopening and extension of the comment period on proposals to allow electronic delivery of federally mandated disclosures. On September 14, 1999, the Board published revised proposals for public comment under five consumer protection regulations: B (Equal Credit Opportunity), E (Electronic Fund Transfers), M (Consumer Leasing), Z (Truth in Lending), and DD (Truth in Savings).

The Board is reopening and extending the comment period to obtain views from individual consumers through focus group interviews. Although the comment period is being extended primarily for the purpose of conducting these focus groups, other members of the public may also submit comments during this period, but they are encouraged to submit them as soon as possible.

Final action on the proposals is expected shortly after the deadline for public comment, which is March 3, 2000.

Changes for 2000 in the Fee Schedules for Priced Services of the Federal Reserve Banks

Depository institutions that use the Federal Reserve Banks' electronic payment services will benefit from continued price reductions in 2000 under the fee schedules approved on December 17, 1999, by the Federal Reserve Board. The effective date of all fees have been delayed until April 3, 2000, to minimize change during the period surrounding the rollover to 2000.

Prices across all electronic payment services will decline nearly 5 percent in 2000, reflecting lower prices for Fedwire funds, book-entry securities, and automated clearinghouse (ACH) transactions. The savings reflect continued efficiencies gained from consolidating the Federal Reserve's automated processing facilities. Since 1996, prices for all electronic payment services have declined more than 38 percent.

In the aggregate, prices for Reserve Bank priced services are projected to increase 1.3 percent in 2000. The 2000 price increase is attributable to a 3.6 percent increase across paper payment services, reflecting higher fees for check products.

For 2000, the Reserve Banks will reduce the basic fee for on-line Fedwire funds 11.9 percent and for book-entry securities transfers 17.6 percent. ACH origination fees will be reduced as much as 18.2 percent. Fees for paper check products will increase 3.3 percent, while fees for payer bank services will increase 11 percent. The increase in check service fees reflects, in part, increased investments in check automation and electronic check technologies and national standardization of payer bank product and pricing structures. The priced services fee schedules for 2000 are available from the Reserve Banks.

The Reserve Banks project that they will recover 99.0 percent of their priced services costs for 2000, including imputed expenses, leaving net income of $88.7 million, compared with $98.4 million of targeted return on equity. The Reserve Banks estimate that they will recover 102.8 percent of their costs in 1999. The Monetary Control Act of 1980 requires the Federal Reserve to recover the costs of providing certain payment services over the long term. During the 1989–98 period, the Reserve Banks recovered 99.9 percent of the costs of priced services, including targeted return on equity.

On December 17, the Board also approved the 2000 private-sector adjustment factor (PSAF) for Reserve Bank priced services of $192.6 million, an increase of $76.8 million, or 66.3 percent, from the 1999 PSAF of $115.8 million. The large increase in the PSAF for 2000 is due mainly to including additional pension assets and benefit liabilities in the PSAF balance sheet. The PSAF is an allowance for taxes and other imputed expenses that would have been paid and return on capital that would have been earned had the Federal Reserve's priced services been provided by a private business firm.

Issuance of Joint Guidance on Asset Securitization Activities

The four federal banking agencies (the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision) on December 13, 1999, issued a joint statement addressing the agencies' supervisory approach to asset securitization activities. The statement reminds financial institution management and examiners of fundamental risk-

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management practices that should be in place at institutions that engage in securitization activities.

The statement highlights the risks associated with retained interests in securitization activities. It also details current supervisory concerns about the valuation and reporting of these assets and concentrations of these assets relative to capital.

Given the risks presented by these activities, the bank regulatory agencies are actively considering the establishment of regulatory restrictions that would limit or eliminate the amount of certain retained interests that may be recognized in determining the adequacy of regulatory capital.

Reported values for retained interests should be reasonable, conservative, and supported by objective and verifiable documentation. Institutions should ensure that sufficient capital is held to support the risks associated with securitization activities and are expected to place concentration limits on retained interests relative to equity capital. The statement reiterates that institutions should establish and implement an adequate and independent audit function to effectively oversee securitization activities.

The statement is issued as part of the agencies' ongoing review of securitization activities at insured depository institutions. The agencies continue to review banking institutions' valuation of retained interests and the concentrations of these assets relative to capital. As applicable, the agencies will provide further guidance on the liquidity risk associated with over-reliance on asset securitization as a funding source and on implicit recourse obligations. The statement is available on request to Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 and also on the Board's public web site at www.federalreserve.gov/

Normal Operations Reported for Financial Institutions after the Century Date Change

On the first day of the Year 2000, the nation's banks, thrift institutions, and credit unions conducted business as usual, federal regulators said. No significant disruptions resulting from the century date change were detected, the regulators added.

The Federal Deposit Insurance Corporation, the Federal Reserve Board, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration closely monitored financial institution operating performance during the first week of the Year 2000.

The Federal Reserve reported that the nation's payment systems were functioning well and that currency supplies had been more than adequate to meet demand. Credit cards, debit cards, checks, and automated teller machines were all working normally.

For the past three years, federal financial institution regulators provided oversight of the efforts of banks, thrifts, and credit unions as they prepared their computer systems for the Year 2000 century date change.

Survey of Consumer Confidence in Y2K Preparations by Banks

U.S. bank customers remained confident that their banks were ready for the Year 2000, according to a report issued by the Gallup Organization. Nine out of ten bank customers continued to express confidence in their bank's readiness.

The report was based on about 1,800 interviews completed between November 13, 1999, and December 12, 1999, as part of an ongoing survey of adult Americans who have bank accounts. The ongoing survey is being sponsored by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC).

"The survey shows that as we move closer to January 1, 2000, consumers are extremely confident that banks are prepared for Y2K," said FDIC Chairman Donna Tanoue.

The survey results also indicated that the public remained confident that basic payment systems would work properly during the century date change. Most American adult depositors believed that they would have access to their money; that checks would continue to be processed accurately; and that automatic teller machines, credit card systems, and electronic direct deposits would function normally.

"No one is predicting perfect performance for the rollover period, but this data demonstrates that the public is heading confidently into the weekend, making sensible and appropriate preparations," said Edward W. Kelley, Jr., a member of the Board of Governors of the Federal Reserve System.

Over the past several years, FDIC-insured financial institutions identified and overhauled computer systems to make them Year 2000-ready. At the same time, regulatory agencies closely monitored their efforts. Based on their findings, the regulators said that the banking industry would be prepared for the Year 2000 and that it would be business as usual for bank customers on January 1, 2000, and thereafter.

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PUBLICATION OF THE DECEMBER 1999 UPDATE TO THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

The December 1999 update to the *Bank Holding Company Supervision Manual*, Supplement No. 17, has been published and is now available. The *Manual* comprises the Federal Reserve System's bank holding company supervisory and inspection guidance. The new supplement includes guidance to address the following topics.

1. *Supervisory concerns expressed about trends indicating weakened funding and compliance with loan underwriting standards, policies, internal controls, and loan review procedures, when there are favorable economic conditions and easy access to financial markets that may not continue.* Funding and adherence to pre-established standards, policies, and procedures provide protections from concentrations of weakening credit risk. The use of meaningful stress tests are encouraged during the lending decision process, validating a borrower's financial capacity to repay over the short and long terms, thus guarding against increased loan losses in an economic downturn.

2. *The maintenance of the allowance for loan and lease losses.* Evolving examiner guidance is provided to emphasize the need for banking organizations to apply reserve practices that are balanced, yet conservative. Accounting guidance is provided with respect to the Financial Accounting Standards Board's Statements Nos. 5 and 114 and the maintenance of loan-loss reserves.

3. *The Federal Reserve System's initial and ongoing program of risk-focused supervision framework for large and other complex banking organizations.* Several sections of the update set forth the initial and ongoing risk-focused supervision, monitoring, and inspection/examination program. The guidance details the key elements, institutions, and specialty areas that are encompassed by the risk-focused supervision framework. The program endorses the concept of conducting, when appropriate, a series of targeted inspections/examinations during a supervisory cycle and focusing on a single activity, business line, legal entity, and their associated risks. The program centers on avoidance of duplication, sharing of information, and continued close coordination and cooperation with federal and state supervisors.

   Concerns are further expressed regarding certain environmental factors that could initiate swift and dramatic changes in the risk profiles of large complex banking organizations (LCBOs) and, thus, their financial condition. The Federal Reserve's ongoing supervision and monitoring program portrays and uses a continuous portfolio approach to supervision—the continuous assessment and evaluation of informational resources and banking practices across a group of institutions with similar business lines, characteristics, and risk profiles. Emphasis is placed on an organization's management of its internal systems and controls, including rating systems.

   Ongoing, risk-focused supervision requires revision of supervisory ratings when there exists strong evidence of a change in the financial condition or risk profile of a banking organization. Such ratings are a continuum, not a point-in-time assessment. When one supervisory rating (for example, CAMELS or BOPEC) component is changed, the other components, management, and composite ratings need to be reaffirmed or revised.

4. *Evaluating and monitoring counterparty risk management functions and systems.* This guidance focuses on transaction testing that is to be applied for those activities, business lines, and products experiencing significant growth, above-normal profitability, or large future potential exposures. Particular attention is placed on the following: (1) the standards, methodologies, and techniques used to measure and control counterparty credit risk exposures; (2) the use and management of credit enhancements to mitigate counterparty credit risks; and (3) the use of risk limits and monitoring systems that are established to set meaningful limits on counterparty credit risk and to alert management when the credit risk exposures exceed their established limits.

5. *Capital maintenance and management for LCBOs.* Because of the growing scope and complexity of business activities and ongoing financial innovation, simple ratios, including risk-based capital ratios, may no longer suffice when assessing the overall capital adequacy of many banking organizations. Examiners are to evaluate internal capital management processes to judge whether they meaningfully tie the identification, monitoring, and evaluation of risk to the determination of the banking organization's capital needs. Fundamental elements of a sound and comprehensive analysis of internal capital adequacy are stated for the key areas of risk. The management of banking organizations is encouraged to strengthen their risk measurement capabilities and to integrate

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them more fully when evaluating their own capital adequacy.

A more detailed summary of changes is included with the update package. The *Manual* and updates, including pricing information, are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (or charge by facsimile: 202-728-5886). The *Manual* is also available on the Board's public web site at www.federalreserve.gov/boarddocs/supmanual/

ENFORCEMENT ACTIONS AND TERMINATIONS OF ACTIONS

The Federal Reserve Board on December 6, 1999, announced the termination of the provision that addressed Year 2000 readiness of the written agreement by and among First Utah Bancorp, the First Utah Bank, and Premier Data Corporation, all of Salt Lake City, Utah, and the Federal Reserve Bank of San Francisco.

The Federal Reserve Board on December 6, 1999, announced the execution of a written agreement by and between the Foxdale Bank, South Elgin, Illinois, and the Federal Reserve Bank of Chicago.

The federal banking agencies (the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision) announced on December 13. 1999, the termination of the May 21, 1999, agreement with TransAlliance, L.P., Bellevue, Washington. The agreement addressed the Year 2000 readiness of TransAlliance's electronic funds transfer services.

The Federal Reserve Board on December 14, 1999, announced the execution of a written agreement by and between the Arab American Bank, New York, New York, and the Federal Reserve Bank of New York. □

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Minutes of the Meeting of the Federal Open Market Committee Held on November 16, 1999

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, November 16, 1999, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Boehne
Mr. Ferguson
Mr. Gramlich
Mr. Kelley
Mr. McTeer
Mr. Meyer
Mr. Moskow
Mr. Stern

Messrs. Broaddus, Guynn, Jordan, and Parry, Alternate Members of the Federal Open Market Committee

Mr. Hoenig, Ms. Minehan, and Mr. Poole, Presidents of the Federal Reserve Banks of Kansas City, Boston, and St. Louis respectively

Mr. Kohn, Secretary and Economist
Mr. Bernard, Deputy Secretary
Ms. Fox, Assistant Secretary
Mr. Gillum, Assistant Secretary
Mr. Mattingly, General Counsel
Ms. Johnson, Economist
Mr. Prell, Economist

Ms. Cumming, Messrs. Howard, Hunter, Lang, Lindsey, Rolnick, Slifman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Messrs. Ettin and Reinhart, Deputy Directors, Divisions of Research and Statistics and International Finance respectively, Board of Governors

Messrs. Madigan and Simpson, Associate Directors, Divisions of Monetary Affairs and Research and Statistics respectively, Board of Governors

Mr. Whitesell, Assistant Director, Division of Monetary Affairs, Board of Governors

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

Messrs. Stewart and Stone, First Vice Presidents, Federal Reserve Banks of New York and Philadelphia respectively

Messrs. Beebe, Eisenbeis, Lacker, Rasche, and Sniderman, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Atlanta, Richmond, St. Louis, and Cleveland respectively

Messrs. Bentley, Fuhrer, and Kahn, Vice Presidents, Federal Reserve Banks of New York, Boston, and Kansas City respectively

Mr. Wynne, Research Officer, Federal Reserve Bank of Dallas

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on October 5, 1999, were approved.

The Manager of the System Open Market Account reported on recent developments in foreign exchange markets. There were no open market transactions in foreign currencies for the System's account in the period since the previous meeting, and thus no vote was required of the Committee.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period October 5, 1999, through November 15, 1999. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of recent and prospective economic and financial developments, and the implementation of monetary policy over the intermeeting period ahead.

The information reviewed at this meeting suggested that economic activity continued to expand briskly. The limited data on aggregate demand that had become available since the summer pointed to some moderation in the growth of consumer spending and of business investment in capital equipment and software. Residential construction appeared to

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have weakened somewhat. However, industrial production was trending up, job growth was still solid, and the unemployment rate had edged down. Despite tight job markets, labor compensation had been rising more slowly than last year. Inflation remained moderate, though at a pace above that in 1998 because of a sharp rebound in energy prices.

A large increase in nonfarm payroll employment in October followed a small rise in September; the average gain for the two months was appreciable but somewhat below the pace of earlier in the year. Job growth rebounded strongly in most employment categories, but further small losses were posted in manufacturing and retail trade. The robust expansion in the demand for workers in October led to a small decline in the civilian unemployment rate, to 4.1 percent, a new low for the year.

Industrial production recorded a strong gain in October after having fallen slightly in September as a result of the adverse effects of Hurricane Floyd. Manufacturing and utilities output advanced strongly in October, while mining activity edged up. The increases in manufacturing were widespread; however, production of transit equipment, particularly aircraft and parts, and farm equipment continued to decline. The utilization of total industrial capacity rebounded in October from the hurricane-related production losses of the previous month but remained somewhat below its long-run average level.

Growth of consumer spending apparently had moderated somewhat further recently, but surveys indicated that consumer confidence continued to be high and personal income rose briskly in the third quarter. Total nominal retail sales changed little in September and October, with purchases at auto dealerships falling in both months and sales at other stores growing less rapidly on balance. Housing activity weakened somewhat over the summer but was still at a high level. Some of the drop in housing starts in September probably was attributable to unusually heavy rains in parts of the South and Northeast. In addition, sales of both new and existing homes declined appreciably in September.

The expansion of business fixed investment picked up sharply in the third quarter, as a marked acceleration in outlays for durable equipment and computer software more than offset a further weakening of nonresidential construction activity. The strength in spending for durable equipment was concentrated in computer hardware and transportation equipment; the latter included medium and heavy trucks, fleet sales of light vehicles, and commercial aircraft. Outlays for computer software and communications equipment also were up appreciably. Trends in orders suggested that the buoyancy in business spending for capital equipment had continued into the fourth quarter. Weakness in nonresidential building activity in the third quarter was widespread, though office construction remained on a solid upward trend.

Business inventory investment in book value terms picked up somewhat in the third quarter, but with sales increasing rapidly stock–sales ratios generally remained quite low. Manufacturers added slightly to their stocks after two quarters of inventory liquidation. However, the buildup of stocks in the third quarter did not keep pace with the rise in shipments, and the sector's stock–shipments ratio was near the bottom of its range over the preceding twelve months. Wholesalers also added to their inventories in the third quarter, and with stockbuilding keeping pace with sales, the inventory–sales ratio for the sector remained in the lower portion of its range over the past year. In the retail sector, the pace of inventory accumulation slowed noticeably in the third quarter, reflecting a runoff of stocks at auto dealerships. Excluding autos, the rate of retail inventory accumulation changed little from that of the second quarter, and with sales rising rapidly the aggregate inventory–sales ratio fell to its lowest quarterly level since 1980.

The deficit in U.S. trade in goods and services widened on balance over July and August from its average for the second quarter. The value of exports picked up considerably over the two months, with gains widely spread across major trade categories. The value of imports surged, with large increases recorded in all the major trade categories except food. The available information indicated that economic expansion in the foreign industrial countries strengthened further in the third quarter. Economic recovery continued in Japan, though there were signs that consumer demand was lagging somewhat. In the euro area, the United Kingdom, and Canada, economic activity appeared to have accelerated in the third quarter. Among the developing countries, economic activity continued to expand in emerging Asia and parts of Latin America.

Consumer prices increased at a slightly faster rate in September, with a further large rise in energy prices a contributing factor. Core consumer inflation also picked up in September, in part because of a sharp jump in tobacco prices. Nonetheless, core consumer prices rose less over the twelve months ended in September than over the preceding twelve-month period. At the producer level, price inflation for finished goods other than food and energy items slowed appreciably in October from the elevated September rate, which had been boosted by the tobacco price increase. For the year ended in October, core pro-

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ducer prices rose appreciably more than in the preceding year. Measured on a year-over-year basis, labor compensation rose more slowly in the year ending in the third quarter than it had in the preceding year. However, the gain in the third quarter was a little larger than the subdued average pace for the first half of the year; the step-up was entirely attributable to larger increases in benefits. Average hourly earnings edged up in October after a large rise in September. For the twelve months ended in October, average hourly earnings decelerated slightly from the previous twelve months.

At its meeting on October 5, the Committee adopted a directive that called for maintaining conditions in reserve markets consistent with an unchanged federal funds rate of around 5¼ percent. The members noted that the behavior of prices had continued to be relatively subdued and that the risk of a substantial worsening in inflation and inflation expectations over coming months seemed to be small. Nonetheless, they saw some pickup in inflation as a distinct possibility under anticipated economic conditions and concluded that the directive should indicate that prospective developments were more likely to warrant an increase than a decrease in the funds rate objective in the near term.

Open market operations throughout the intermeeting period were directed toward maintaining the federal funds rate at around 5¼ percent, and the rate averaged close to the Committee's target. On balance, most market interest rates posted small mixed changes over the intermeeting interval. The Committee's announcement of a bias toward tightening surprised many market participants, and interest rates rose somewhat after the meeting. Yields climbed further in response to incoming data on producer prices and retail sales that boosted market concerns about unsustainable growth, higher inflation, and further monetary tightening. Over the second half of the intermeeting period, however, rates largely retraced their increases in reaction to the release of data indicating low wage and consumer price inflation. Most measures of share prices in equity markets registered sizable gains over the intermeeting period, apparently reflecting stronger-than-expected earnings reports and greater optimism about the prospects for continued robust output growth and low inflation.

In foreign exchange markets, the trade-weighted value of the dollar changed little over the period in relation to the currencies of a broad group of important U.S. trading partners. A small appreciation against the currencies of the major foreign industrial countries offset a comparable depreciation in relation to the currencies of other important trading partners. Among the major currencies, the dollar rose against the euro and the pound sterling despite a tightening of European monetary policy in response to the implications for future inflation of indications of a strong pickup in economic activity. The dollar fell further against the yen, whose strength presumably reflected evidence of continued economic recovery in Japan and the prospect of another substantial fiscal stimulus package. The dollar's drop in terms of the currencies of other important trading partners reflected in part optimism about continued recovery in Asian emerging economies as well as signs of renewed political stability in some Latin American and Asian countries.

M2 continued to grow at a moderate rate in October. The recent performance of this aggregate likely was associated, at least in part, with the rise in market interest rates earlier in the year that boosted the opportunity cost of holding liquid balances. The expansion of M3 picked up over September and October, reflecting a strong acceleration in its non-M2 component that was associated with strong inflows to institutional money market funds and stepped-up issuance of large time deposits to meet credit demands. For the year through October, M2 and M3 were estimated to have increased at rates somewhat above their annual ranges for 1999. Total domestic nonfinancial debt continued to expand at a pace somewhat above the middle of its range.

The staff forecast prepared for this meeting suggested that the expansion would moderate gradually to a rate around, or perhaps a little below, the growth of the economy's estimated potential. The expansion of domestic final demand increasingly would be held back by the anticipated waning of positive wealth effects associated with earlier large gains in equity prices; the slower growth of spending on consumer durables, houses, and business equipment and software in the wake of the prolonged buildup in the stocks of these items; and the higher intermediate- and longer-term interest rates that had evolved as markets came to expect that a rise in short-term interest rates would be needed to achieve sustainable, noninflationary growth. The lagged effects of the earlier rise in the foreign exchange value of the dollar were expected to place continuing, though substantially diminishing, restraint on U.S. exports for some period ahead. Core price inflation was projected to rise somewhat over the forecast horizon, partly as a result of the pass-through of higher non-oil import prices and some firming of gains in nominal labor compensation in persistently tight labor markets that would not be fully offset by rising productivity growth.

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In the Committee's discussion of current and prospective economic developments, members commented that the statistical and anecdotal information that had become available since the October meeting continued to point to robust growth in overall economic activity, despite some indications of softening in interest-sensitive sectors of the economy. Although productivity developments remained quite favorable, the faster rise in productivity itself apparently had tended to bolster demand more than supply through its effects on equity prices and consumption and on the demand for capital equipment. While real interest rates had increased to some extent to restore balance between supply and demand, they evidently had not risen enough or had not been high for long enough, and growth at an unsustainable pace continued to ratchet up pressures in labor markets. Abstracting from possible temporary fluctuations associated with the upcoming century date change, the members saw few signs of significant slowing in aggregate demand over the next few months. Over a somewhat longer horizon, however, they believed that growth in aggregate demand was likely to moderate to a more sustainable pace that would bring it into closer balance with the expansion in aggregate supply. Key factors cited by the members in support of their expectations of slower growth in overall domestic spending were the lagged and to some extent already evident effects of the rise that had occurred in long-term interest rates, including mortgage rates, and the effects on business and consumer sentiment of a less buoyant stock market, should the latter persist. However, the recent depreciation of the dollar and the ongoing strengthening of many foreign economies would stimulate rising export demand and perhaps substantially reduce the drag exerted on the economy by the foreign trade sector. The members acknowledged that their forecasts were subject to a substantial degree of uncertainty, but the risks on balance were seen as tilted toward growth strong enough to put added pressures on already tight labor markets. Greater pressures on labor resources, should they materialize, would at some point foster larger increases in labor costs, with potentially adverse implications for price inflation over time.

With regard to the prospective performance of key sectors of the economy, forecasts of somewhat slower growth in consumer spending appeared to be supported by recent reports of some moderation in sales of motor vehicles from extraordinarily high levels. Anecdotal reports relating to recent retail sales around the country were mixed, but members indicated that their contacts in the retail industry were uniformly optimistic about the outlook for sales during the holiday season and recent surveys suggested a very high level of consumer confidence. Retail sales might be also augmented during the closing weeks of the year by precautionary purchases related to century date change concerns. Looking ahead, and abstracting from the unwinding in the early part of 2000 of some transitory stockpiling of consumer goods, growth in consumer spending seemed likely to moderate over time. In part, forecasts of a less ebullient consumer sector reflected expectations of reduced demand for household goods associated with a mild downturn in housing activity and the previous slowdown in mortgage refinancings that had lowered household debt-servicing burdens and frequently had made accumulated housing equity available for consumer expenditures. A potentially more important factor in the outlook for consumer spending, however, was the prospect that the wealth effects from sharp earlier increases in the value of stock market holdings would wane in the absence of a new upsurge in stock market prices.

Growth of business spending for equipment and software was expected to moderate in the current quarter, largely in conjunction with what was seen as a temporary slowdown in purchases of computers in the period before the century date change. However, the members saw no significant evidence that the strong uptrend in spending on capital equipment might otherwise be weakening. In contrast to the pattern for business fixed investment, nonfarm inventory investment was projected to rise in the current quarter in connection with a temporary bulge related to the century date change but also to bring lean inventories into better alignment with anticipated sales. Once the perturbations related to the century date change had run their course, inventory growth was expected to return to a more normal pace during 2000.

In the housing market, rising mortgage rates had fostered some declines from recent peaks in starts and sales, and persisting softness in housing activity was anticipated. This expectation tended to be supported by anecdotal reports of moderating homebuilding activity in several parts of the country. Nonetheless, the members cited a number of factors that should tend to sustain overall housing activity at a fairly elevated level. These included continuing though diminishing backlogs of unbuilt homes, rising incomes, and high levels of consumer confidence. In any event, the outlook for housing was subject to considerable uncertainty as reflected in recent surveys that had produced mixed results with regard to the near-term prospects for housing activity.

Members anticipated that the dollar's recent depre-

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ciation and the strengthening of foreign economies would foster a significant further pickup in exports. Indeed, available data and anecdotal reports from around the country indicated that foreign demand already had improved markedly for some U.S. products. In these circumstances, domestic demand would need to decelerate considerably for growth to proceed at a sustainable pace.

Concerning the outlook for inflation, members noted that despite the long duration of very tight labor markets across the nation, labor compensation had increased at a slightly lower rate this year while consumer price inflation had remained moderate, albeit above year-earlier levels owing to a sharp rise in energy prices. The deceleration in labor compensation may have been induced in large measure by the low level of consumer price inflation in 1998. In addition, a major factor underlying the persistence of generally subdued price inflation in a period of robust economic expansion was the continued acceleration in productivity, which clearly was holding down increases in unit production costs. The latter contributed to ongoing competitive pressures that severely limited the ability of firms to raise prices, helping to this point to keep inflation at a low level.

The members nonetheless remained concerned about the outlook for inflation. They continued to focus especially on the possibility that the anticipated moderation in the growth of aggregate demand, taking into account the outlook for rising foreign demand for U.S. goods and services, might not be sufficient to avoid added pressures on labor and other resources. To be sure, the economy's potential output appeared to be expanding briskly, with much of the impetus provided by accelerating productivity. Even so, the pool of unemployed workers willing to take a job had continued to be drawn down, and it seemed likely to many members that prospective growth in aggregate demand might generate increasing pressures on the economy's ability to produce goods and services and thus add to inflationary pressures over time. This concern was heightened by the prospect that a number of developments that had tended to contain inflation in the last few years were now reversing. Members mentioned in particular the likelihood that increases in labor compensation might be headed higher in lagged response to the pickup in consumer price inflation this year. Also likely adding to labor cost pressures were relatively large advances in the cost of health care benefits and the possibility of a higher minimum wage. Moreover, the turnaround in energy and import prices could tend to feed through more directly into the prices of U.S.-produced goods by raising costs and reducing competitive pressures to hold down prices. Strengthening demand around the world already seemed to be contributing to higher prices of materials and other nonlabor inputs in the production "pipeline." In general, however, the members anticipated that any pickup in inflation was likely to be gradual, with cost pressures quite possibly continuing to be held largely in check for some time by improving productivity trends. They recognized that forecasts of rising inflation had failed to materialize in recent years, raising questions about their understanding of the empirical specification of the relationships that currently underlie the inflation process. On balance, though, the unsustainable pace of economic expansion along with the reversal of factors that previously had held down overall price increases suggested a significant risk that inflation would strengthen over time given prevailing financial conditions.

Against this background, all the members supported raising the Committee's target for the federal funds rate by 25 basis points at this meeting. Views differed to an extent on the outlook for inflation and policy going forward. However, with tightening resource constraints indicating unsustainable growth, only tentative signs that growth might be slowing, and various factors that had been damping prices now turning around, all the members agreed on the need for a slight tightening at this meeting to raise the odds on containing inflation and forestalling the inflationary imbalances that would undercut the very favorable performance of the economy. This view was reinforced by the prospect that the Committee might not find it desirable to adjust policy at its December meeting when a tightening action could add to the potential financial uncertainties and unsettlement surrounding the century date change. Accordingly, any action might have to wait until the meeting in early February, and the members agreed that the risks of waiting for such an extended period were unacceptably high.

All the members accepted a proposal to adopt a symmetric directive. Such a directive was viewed as consistent with the Committee's current expectation that no further policy move was likely to be considered before the Committee's meeting in February. In the circumstances, a Committee decision to retain the existing asymmetry toward tightening could well send a misleading signal about the probability of near-term action and have an unsettling effect on financial markets at a time when concerns relating to the century date change might be adding to normal year-end pressures. As noted previously, however, views differed to some degree regarding the subsequent outlook for policy. On the basis of currently

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available information, a number of members indicated that they were quite uncertain about the possible need for further tightening action over coming months to keep inflation within acceptable limits. Continued favorable price and unit cost data, driven in part by improving productivity, suggested that any further action should depend on incoming information about economic activity, pressures on resources, and inflation. Other members, emphasizing the persistently strong growth in economic activity and the unusually high level of labor resource utilization, suggested that additional firming of the stance of policy probably would be necessary to keep inflation in check and hence maintain the favorable backdrop for maximum economic growth. However, in view of the questions surrounding the outlook, the amount of firming already undertaken by the Committee this year including at this meeting and its uncertain effects, and the special situation in financial markets over the year-end, they supported the adoption of a symmetric directive. At the conclusion of this discussion, the Committee voted to authorize and direct the Federal Reserve Bank of New York, until it was instructed otherwise, to execute transactions in the System Account in accordance with the following domestic directive:

The information reviewed at this meeting suggests continued solid expansion of economic activity. Nonfarm payroll employment increased appreciably on average over September and October, and the civilian unemployment rate dropped to 4.1 percent in October, its low for the year. Industrial production recorded a strong gain in October after having been depressed in September by the effects of hurricane Floyd. Total retail sales were flat in September and October owing to a drop in sales at auto dealers; sales at other stores were fairly robust. Housing activity softened somewhat over the summer but has remained at a high level. Trends in orders suggest that business spending on capital equipment has continued to increase. The July–August deficit in U.S. trade in goods and services was higher than its average in the second quarter, as further growth in imports exceeded the rise in exports. Inflation has continued at a moderate pace, though above that in 1998 owing to a sharp rebound in energy prices. Labor compensation rates have been rising more slowly than last year.

Most market interest rates have posted small mixed changes since the meeting on October 5, 1999. However, measures of share prices in equity markets have registered sizable increases over the intermeeting period. In foreign exchange markets, the trade-weighted value of the dollar has changed little over the period in relation to the currencies of a broad group of important U.S. trading partners.

M2 continued to grow at a moderate pace in October while M3 accelerated. For the year through October, M2 and M3 are estimated to have increased at rates somewhat above the Committee's annual ranges for 1999. Total domestic nonfinancial debt has continued to expand at a pace somewhat above the middle of its range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at its meeting in June the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1998 to the fourth quarter of 1999. The range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 2000, the Committee agreed on a tentative basis in June to retain the same ranges for growth of the monetary aggregates and debt, measured from the fourth quarter of 1999 to the fourth quarter of 2000. 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.

To promote the Committee's long-run objectives of price stability and sustainable economic growth, the Committee in the immediate future seeks conditions in reserve markets consistent with increasing the federal funds rate to an average of around 5½ percent. In view of the evidence currently available, the Committee believes that prospective developments are equally likely to warrant an increase or a decrease in the federal funds rate operating objective during the intermeeting period.

Votes for this action: Messrs. Greenspan, McDonough, Boehne, Ferguson, Gramlich, Kelley, McTeer, Meyers, Moskow, and Stern. Votes against this action: None.

At this meeting, the working group chaired by Mr. Ferguson provided an interim report on its work to date concerning the wording of the Committee's directives, the Committee's announcements after each meeting, and related issues. The members expressed broad agreement with the direction of the working group's tentative recommendations and provided feedback on specific issues and wording. It was contemplated that the Committee would consider the working group's final report at a meeting in the near future.

It was agreed that the next meeting of the Committee would be held on Tuesday, December 21, 1999. The meeting adjourned at 1:40 p.m.

Donald L. Kohn
Secretary

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Legal Developments

JOINT FINAL RULE—AMENDMENTS TO REGULATIONS ON LOANS IN AREAS HAVING SPECIAL FLOOD HAZARDS

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA) (collectively, the Agencies) are making technical amendments to their regulations on loans in areas having special flood hazards. This action removes an outdated cross-reference to Federal Emergency Management Agency (FEMA) regulations that had contained the text of the Standard Flood Hazard Determination Form (Form). This action is intended to update and make accurate the Agencies' regulations regarding loans in areas having special flood hazards.

Effective December 21, 1999, 12 C.F.R. Parts 22, 208, 339, 614, and 760 are amended as follows:

Part 22—Loans in Areas Having Special Flood Hazards

1. The authority citation for Part 22 continues to read as follows:

Authority: 12 U.S.C. 93a; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. In section 22.6, paragraph (a) is revised to read as follows:

Section 22.6—Required use of standard flood hazard determination form.

(a) *Use of form.* A bank shall use the standard flood hazard determination form developed by the Director of FEMA when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the Act. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner. A bank may obtain the standard flood hazard determination form from FEMA, P.O. Box 2012, Jessup, MD 20794-2012.

* * * * *

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

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

Authority: 12 U.S.C. 24, 36, 92(a), 93(a), 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1818, 1820(d)(9), 1823(j), 1828(o), 1831, 1831o, 1831p-1, 1831r-1, 1835a, 1882, 2901-2907, 3105, 3310, 3331-3351, and 3906-3909; 15 U.S.C. 78b, 78l(b), 78l(g), 78l(i), 78o-4(c)(5), 78q, 78q-1, and 78w; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. In section 208.25, paragraph (f)(1) is revised to read as follows:

Section 208.25—Loans in areas having special flood hazards.

(f) *Required use of standard flood hazard determination form.*

(1) *Use of form.* A member bank shall use the standard flood hazard determination form developed by the Director of FEMA when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the Act. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner. A member bank may obtain the standard flood hazard determination form by written request to FEMA, P.O. Box 2012, Jessup, MD 20794-2012.

* * * * *

Part 339—Loans in Areas Having Special Flood Hazards

1. The authority citation for Part 339 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. In section 339.6, paragraph (a) is revised to read as follows:

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Section 339.6—Required use of standard flood hazard determination form.

(a) *Use of form.* A bank shall use the standard flood hazard determination form developed by the Director of FEMA when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the Act. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner. A nonmember bank may obtain the standard flood hazard determination form by written request to FEMA, P.O. Box 2021, Jessup, MD 20794-2012.

* * * * *

Part 614—Loan Policies and Operations

1. The authority citation for Part 614 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128; secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 1.11, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.3A, 4.12, 4.12A, 4.13, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.18A, 4.19, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.7, 7.8, 7.12, 7.13, 8.0, 8.5, 8.9 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2019, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2096, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2154a, 2183, 2184, 2199, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2206a, 2207, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a-2, 2279b, 2279b-1, 2279b-2, 2279f, 2279f-1, 2279aa, 2279aa-5, 2279aa-9); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

2. In section 614.490, paragraph (a) is revised to read as follows:

Section 614.490—Required use of standard flood hazard determination form.

(a) *Use of form.* System institutions must use the standard flood hazard determination form developed by the Director of FEMA when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the 1968 Act. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner. A System institution may obtain the standard flood hazard determination form by written request to FEMA, P.O. Box 2012, Jessup, MD 20794- 2012.

* * * * *

Part 760—Loans in Areas Having Special Flood Hazards

1. The authority citation for Part 760 continues to read as follows:

Authority: 12 U.S.C. 1757, 1789; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. In section 760.6, paragraph (a) is revised to read as follows:

Section 760.6—Required use of standard flood hazard determination form.

(a) *Use of form.* A credit union shall use the standard flood hazard determination form developed by the Director when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the Act. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner. A credit union may obtain the standard flood hazard determination form from FEMA, P.O. Box 2012, Jessup, MD 20794-2012.

* * * * *

Final Rule—Amendment to Staff Commentary Interpreting the Requirements of Regulation C

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure). The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The present adjustment reflects changes for the 12-month period ending in November 1999. During this period, the index increased by 2.1 percent; as a result, the threshold is increased to \$30 million. Thus, depository institutions with assets of \$30 million or less as of December 31, 1999, are exempt from data collection in 2000.

Effective January 1, 2000, 12 C.F.R. Part 203 is amended as follows:

Part 203—Home Mortgage Disclosure (Regulation C)

1. The authority citation for Part 203 continues to read as follows:

Authority: 12 U.S.C. 2801-2810.

2. In Supplement I to Part 203, under Section 203.3—Exempt Institutions, under 3(a) *Exemption based on*

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location, asset size, or number of home-purchase loans, paragraph 2 is revised to read as follows:

Supplement I to Part 203—Staff Commentary

* * * * *

Section 203.3—Exempt Institutions

3(a) *Exemption based on location, asset size, or number of home-purchase loans.* * * *

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2000, the asset-size exemption threshold is $30 million. Depository institutions with assets at or below $30 million are exempt from collecting data for 2000.

Final Rule—Amendment to Supplemental Standards of Ethical Conduct for Employees of the Board

The Board of Governors, with the concurrence of the Office of Government Ethics (OGE), is amending 12 C.F.R. Part 6801, its Supplemental Standards of Ethical Conduct for Employees of the Board. This amendment would eliminate the general prohibition on ownership of stock in primary dealers for most Board employees and expand the availability of stock ownership waivers by allowing waivers to be granted permitting Board employees to retain bank stock acquired prior to Federal Reserve employment if the stock does not present a conflict of interest with the employees' duties.

Effective December 8, 1999, 12 C.F.R. Part 6801 is amended as follows:

Part 6801—Supplemental Standards of Ethical Conduct for Employees of the Board of Governors of the Federal Reserve System

1. The authority citation for Part 6801 continues to read as follows:

Authority: 5 U.S.C. 7301; 5 U.S.C. App. (Ethics in Government Act of 1978); 12 U.S.C. 244, 248; E.O. 12674, 54 FR 15159, 3 C.F.R., 1989 Comp, p. 215, as modified by E.O. 12731, 55 FR 42547, 3 C.F.R., 1990 Comp, p. 306; 5 C.F.R. 2635.105, 2635.403(a), 2635.502, 2635.803.

2. Section 6801.103 is amended by:
   a. Revising paragraph (a)(2);
   b. Redesignating paragraphs (c)(1)(i) and (c)(1)(ii) as (c)(1)(ii) and (c)(1)(iii), respectively; and
   c. Adding a new paragraph (c)(1)(i). The revision and addition read as follows:

Section 6801.103—Prohibited financial interests.

(a)
* * *
(2) A primary government securities dealer or any of its affiliates, if such employee has regular, ongoing access to Class I Federal Open Market Committee information.

* * * * *

(c) * * *
(1) * * *
(i) Prior to Federal Reserve employment;

* * * * *

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Exchange Bancshares of Moore, Inc.
Moore, Oklahoma

Order Approving the Formation of a Bank Holding Company

Exchange Bancshares of Moore, Inc. ("Applicant") has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to become a bank holding company by acquiring all the outstanding voting shares of Exchange National Bank of Moore, Moore, Oklahoma ("Bank").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 51,125 (1999)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act. Applicant is a newly organized corporation formed for the purpose of acquiring control of Bank. Bank is the 167th largest depository institution in Oklahoma, controlling $37.4 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state.[1]

As noted above, Applicant is a *de novo* corporation and does not control another depository institution. Accordingly, based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

1. Deposit data are as of June 30, 1998. In this context, depository institutions include commercial banks, savings associations, and savings banks.

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The BHC Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal, the convenience and needs of the community to be served, and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including comments from a Bank shareholder and director ("Protestant"), who contends that Applicant has undervalued his shares and, consequently, underestimated the cost of acquiring Bank.[2] The Board has also carefully reviewed all the financial and managerial information provided by Applicant and Protestant about the proposal, assessments of the financial resources of Bank contained in confidential reports of examination by the Office of the Comptroller of the Currency ("OCC"), and other supervisory information. Because the resulting organization has total assets of less than $150 million, the Board has reviewed the proposal in light of its Policy Statement on the Formation of Small Bank Holding Companies.[3]

The Board notes that Bank currently is well capitalized. In addition, under the proposal submitted by Applicant, the projected financial condition of Applicant and Bank and the projected debt-service obligation of Applicant are reasonable and consistent with the Board's guidelines. The Board also has reviewed Applicant's ability to service the debt if a court determines that a higher valuation of Protestant's shares is appropriate, and concludes that Applicant appears to have sufficient resources to service any increased debt likely to result from a larger payment to Protestant.

The Board has also reviewed relevant reports of examination of Bank and the managerial resources of Applicant's organizers, all of whom currently are officers and directors of Bank. Based on these and all the other facts of record, the Board concludes that financial and managerial considerations and future prospects of Applicant and Bank are consistent with approval.[4] Considerations relating to the convenience and needs of the community, including the performance record of Bank under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*), and the other supervisory factors the Board must consider under section 3 of the BHC Act, also are consistent with approval.

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

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

By order of the Board of Governors, effective December 8, 1999.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

BB&T Corporation
Winston-Salem, North Carolina

Order Approving the Acquisition of a Bank Holding Company

BB&T Corporation, Winston-Salem, North Carolina ("BB&T"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Premier Bancshares, Inc., Atlanta, Georgia ("Premier"), and its four wholly owned subsidiary depository institutions: Premier Bank, Atlanta; Bank Atlanta, Decatur; Farmers and Merchants Bank, Summerville; and Milton National Bank, Roswell, all in Georgia.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 55,291 (1999)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act. BB&T, with total consolidated assets of $39.2 billion, operates depository institutions in North Carolina, Georgia, South Carolina, Maryland, Kentucky, Virginia, and West Virginia. BB&T is the eighth largest depository institution in Georgia, controlling deposits of $1.5 billion, representing approximately 1.7 percent of total deposits in insured depository

2. Under state law, a shareholder dissenting from a share acquisition is entitled to fair market value for the shareholder's shares, as determined by a state district court. *See* Okla. Stat. Ann. tit. 18, § 1091 (West 1999). Protestant argues that Applicant has not established its ability to finance the proposal without adversely affecting the Bank's financial condition if fair market value of Protestant's shares exceeds the value assigned to the shares by Applicant's appraiser.

3. 12 C.F.R. 225, App. c.

4. Protestant maintains that actions taken by Applicant in connection with the proposal raise adverse managerial considerations. Protestant alleges that Applicant's principals are in violation of the bank's shareholder and voting agreements. These questions involve the interpretation of state law and, as such, are matters appropriately adjudicated by the courts. Protestant also argues that the voting agreement constitutes a voting trust that requires a notice to the OCC under the Change in Bank Control Act, 12 U.S.C. § 1817(j), and that Applicant has failed to file a notice with the OCC. The Board provided the OCC with Protestant's comments, and the OCC did not file any comments with respect to this proposal.

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institutions in the state ("state deposits").[1] Premier, with total consolidated assets of $1.5 billion, is the ninth largest depository institution in Georgia, controlling deposits of $1.3 billion, representing approximately 1.6 percent of state deposits. After consummation of the proposal, BB&T would remain the eighth largest depository institution in Georgia, controlling deposits of $2.8 billion, representing approximately 3.3 percent of state deposits.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[2] For purposes of the BHC Act, the home state of BB&T is North Carolina, and Premier's subsidiary banks are in Georgia.[3] All of the conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case.[4] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of an attempt to monopolize the business of banking. Section 3 also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[5]

BB&T and Premier compete directly in the Atlanta[6] and Milledgeville[7] banking markets, both in Georgia. The Board has carefully reviewed the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the market, the share of total deposits in depository institutions in the market ("market deposits") controlled by the companies involved in the proposal,[8] the concentration level of market deposits in the market and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"), and other characteristics of the markets.[9] Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in the Atlanta banking market.[10] This banking market would remain moderately concentrated after consummation of the proposal and numerous competitors would remain in the market.

Consummation of the proposal in the Milledgeville banking market would exceed the DOJ Guidelines. BB&T is the sixth largest depository institution in the market, controlling deposits of $45.7 million, representing approximately 8.9 percent of market deposits. Premier is the

1. Asset data are as of June 30, 1999. Deposit data are as of June 30, 1999, and are adjusted to include acquisitions by BB&T after that date. In this context, depository institutions include commercial banks, savings banks, and savings associations.

2. *See* 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(c).

3. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch. *See* 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and (2)(B).

4. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). BB&T meets the capital and managerial requirements established under applicable law, and the subsidiary banks of Premier have been in existence and operated for five years, as required by applicable state law. *See* Ga. Code Ann. § 7-1-622(b)(1) (Lexis 1999). After consummation of the proposal, BB&T would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of total deposits held by insured depository institutions in Georgia, which is the percentage established by state law. *See* Ga. Code Ann. § 7-1-622(b)(2)(B). All other requirements under section 3(d) of the BHC Act also would be met on consummation of the proposal.

5. *See* 12 U.S.C. § 1842(c).

6. The Atlanta banking market is defined as the counties of Bartow, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinett, Hall (excluding the town of Clermont), Henry, Newton, Paulding, Rockdale, and Walton, and the towns of Auburn and Winder in Barrow County.

7. The Milledgeville banking market is defined as Baldwin and Hancock Counties and the northern half of Wilkinson County. BB&T entered the Milledgeville banking market in November 1999, through the acquisition of First Liberty Financial Corp. and its subsidiary bank, First Liberty Bank, both in Macon, Georgia.

8. Market share data for the Atlanta banking market are as of June 30, 1998, and for the Milledgeville banking market as of June 30, 1999. These data are based on calculations that include the deposits of thrift institutions at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1983). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

9. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market is considered moderately concentrated when the post-merger HHI is between 1000 and 1800, and is considered highly concentrated when the post-merger HHI is more than 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

10. BB&T is the 14th largest depository institution in the market, controlling deposits of $327.1 million, representing less than 1 percent of market deposits. Premier is the eighth largest depository institution in the market, controlling deposits of $1 billion, representing approximately 2.3 percent of market deposits. On consummation of the proposal, BB&T would become the seventh largest depository institution in the market, controlling deposits of approximately $1.4 billion, representing approximately 3 percent of market deposits. The HHI would increase 3 points to 1210.

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largest depository institution in the market, controlling deposits of $130.4 million, representing approximately 24 percent of market deposits. The HHI would increase 430 points to 2002, and the market would become highly concentrated. To mitigate the potential anticompetitive effects of the proposal in the Milledgeville banking market, BB&T has committed to divest one branch that currently controls approximately $19.3 million in deposits to a commercial banking organization that does not currently have a presence in the market or to a suitable in-market competitor.[11] After the proposed merger and divestiture, BB&T would become the largest depository institution in the banking market, controlling deposits of $158.2 million, representing approximately 29.1 percent of market deposits. In addition, the HHI in the Milledgeville banking market would increase not more than 240 points to 1812. At least eight competitors would remain in the banking market, including four competitors other than BB&T that each would control 10 percent or more of market deposits.

The Board has considered the views of the Department of Justice and the other banking agencies on the competitive effects of the proposal in each relevant banking market. The Department of Justice has advised the Board that, in light of the proposed divestiture, consummation of the proposal likely would not have a significantly adverse effect on competition in any relevant banking market. The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have been afforded an opportunity to comment and have not objected to consummation of the proposal.

Based on all the facts of record, including the proposed divestiture in the Milledgeville banking market and the number and size of competitors remaining in the market, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the banking markets in which BB&T and Premier directly compete or in any other relevant banking market.

Other Considerations

The BHC Act requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by BB&T. Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of BB&T, Premier, and their respective subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under the BHC Act. In addition, considerations related to the convenience and needs of the communities to be served, including the records of performance of the institutions involved under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*), are consistent with approval of the proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by BB&T with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order, including BB&T's divestiture commitments. For the purpose of this action, the commitments and conditions referred to above are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 17, 1999.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

11. BB&T has committed to execute, before consummation of the proposal, a sales agreement for the proposed divestiture with a purchaser determined by the Board to be competitively suitable, and to complete the divestiture within 180 days of consummation of the proposal. BB&T also has committed that, if it is unsuccessful in completing the divestiture within the 180-day period, it will transfer the unsold branch to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branch promptly to an alternative purchaser acceptable to the Board. *See BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation,* 77 *Federal Reserve Bulletin* 484 (1991). BB&T also has committed to submit to the Board, within 120 days after consummation of the proposal, an executed trust agreement acceptable to the Board stating the terms of the proposed divestiture.

Banque Nationale de Paris
Paris, France

Paribas
Paris, France

Order Approving Notice to Engage in Nonbanking Activities

Banque Nationale de Paris ("BNP"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), and Paribas, a foreign banking organization subject to the BHC Act (collectively, "Notificants"), have requested the Board's approval under sec-

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tion 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to retain their ownership interest in Paribas Corporation, Paribas Asset Management, Inc., and Paribas Futures, Inc., all in New York, New York (collectively, "Companies"), and thereby engage in the following activities:

(1) Extending credit and servicing loans, in accordance with section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));
(2) Asset management, servicing, and collection activities related to extending credit, and acquiring debt in default, in accordance with section 225.28(b)(2) of Regulation Y (12 C.F.R. 225.28(b)(2));
(3) Providing financial and investment advisory services, in accordance with section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));
(4) Providing securities brokerage, riskless principal, private placement, futures commission merchant, and other agency transactional services, in accordance with section 225.28(b)(7) of Regulation Y (12 C.F.R. 225.28(b)(7));
(5) Underwriting and dealing in government obligations and money market instruments that state member banks may underwrite or deal in under 12 U.S.C. §§ 24 and 335 ("bank-eligible securities"), and engaging as principal in investing and trading activities, in accordance with section 225.28(b)(8) of Regulation Y (12 C.F.R. 225.28(b)(8));
(6) Underwriting and dealing in, to a limited extent, all types of debt and equity securities that a member bank may not underwrite or deal in, except for ownership interests in open-end investment companies ("bank-ineligible securities"); and
(7) Acting as the general partner of certain private investment funds that invest only in assets in which a bank holding company is permitted to invest.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 59,772 (1999)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Companies are wholly owned subsidiaries of Paribas. Paribas previously controlled Companies in reliance on grandfather rights established by section 8(c) of the International Banking Act. BNP acquired its indirect ownership interest in Companies in August 1999, as a result of its acquisition through a public tender offer of 65.2 percent of the voting shares of Paribas.[1] Paribas's grandfather rights under section 8(c) of the IBA terminated on consummation of BNP's acquisition of Paribas.[2] BNP and Paribas have not merged with each other and remain separate foreign banking organizations.

Paribas, with consolidated total assets of approximately $299 billion, is the fifth largest banking organization headquartered in France and the 27th largest in the world. Paribas operates branches in New York, New York, and Chicago, Illinois; agencies in Los Angeles, California, and Houston, Texas; and representative offices in San Francisco, California; Atlanta, Georgia; and Dallas, Texas.[3]

Before its acquisition of Paribas, BNP had consolidated total assets of approximately $365 billion, and was the third largest banking organization headquartered in France and the 22nd largest banking organization in the world.[4] In light of its acquisition of Paribas, BNP has consolidated total assets of approximately $655 billion and is the fourth largest banking organization in the world. BNP directly operates branches in New York, New York; Los Angeles and San Francisco, California; and Chicago, Illinois; agencies in Miami, Florida, and Houston, Texas; and a representative office in Dallas, Texas. BNP also controls BancWest Corporation, San Francisco, California, which itself controls Bank of the West, San Francisco, California, and First Hawaiian Bank, Honolulu, Hawaii.

Paribas Corporation currently engages in bank-ineligible securities activities in the United States. BNP also engages in bank-ineligible securities activities in the United States through its section 20 subsidiary, BNP Capital Markets, LLC, New York, New York ("BNP Capital"). BNP has stated that it currently intends to operate BNP Capital and Paribas Corporation as separate corporate entities, although it may decide to merge the two entities at some point in the future. Accordingly, Notificants have applied to hold Paribas Corporation pursuant to section 4(c)(8) of the BHC Act. BNP Capital and Paribas Corporation are, and would continue to be, registered as broker-dealers with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*). Accordingly, both are, and would continue to be, subject to the recordkeeping and reporting obligations, fiduciary stan-

1. BNP received the Board's approval under section 4(c)(9) of the BHC Act to retain temporarily its indirect ownership interest in Companies pending submission of this notice. *See* Letter from Robert deV. Frierson, Associate Secretary of the Board, to Paul E. Glotzer, Esq., dated July 28, 1999. After August 1999, BNP acquired an additional 31.1 percent of the voting shares of Paribas through a second public tender offer. BNP has indicated that it intends to exercise its rights under French law to acquire the remaining 3.7 percent of Paribas' voting shares and thereby acquire all of Paribas' voting shares.

2. Paribas also controls several other subsidiaries that engaged in nonbanking activities in the United States pursuant to grandfather rights established by section 8(c) of the IBA. BNP and Paribas must conform all the activities currently conducted by Paribas in reliance on section 8(c)of the IBA to the requirements of the BHC Act within two years of the date that BNP acquired control of Paribas. *See* 12 U.S.C. § 3106(c)(2).

3. Because BNP and Paribas continue to operate in the same corporate form, BNP's acquisition of Paribas did not result in the establishment by BNP of any additional branches, agencies or representative offices in the United States for purposes of section 211.24 of the Board's Regulation K (12 C.F.R. 211.24). BNP has provided the Board notice of its acquisition of control of Paribas as required by section 211.24(a)(4)(i) of Regulation K (12 C.F.R. 211.24(a)(4)(i)).

4. Asset data are as of June 30, 1999, and ranking data are as of December 31, 1998, and reflect exchange rates then in effect.

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dards, and other requirements of the Securities Exchange Act of 1934 and the SEC.

Underwriting and Dealing in Bank-Ineligible Securities

The Board has determined that, subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, underwriting and dealing in bank-ineligible securities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[5] The Board also has determined that underwriting and dealing in bank-ineligible securities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the activities derives no more than 25 percent of its gross revenues from underwriting and dealing in bank-ineligible securities over a two-year period.[6] Notificants have committed that they will conduct their bank-ineligible securities underwriting and dealing activities subject to the 25-percent revenue limitation and the prudential limitations previously established by the Board. As long as BNP Capital and Paribas Corporation remain separate corporate entities, each will be independently subject to the 25-percent revenue limit on underwriting and dealing in bank-ineligible securities. As a condition of this order, BNP, Paribas, and Paribas Corporation are required to conduct their bank-ineligible securities activities subject to the Operating Standards for section 20 subsidiaries.[7]

Other Activities Approved by Regulation or Order

The Board previously has determined by regulation or order that engaging in credit and credit-related activities; financial and investment advisory activities; securities brokerage, riskless principal, private placement, futures commission merchant, and other agency transactional services; and bank-eligible securities underwriting and dealing, are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[8] In addition, the Board previously has determined by order that private investment fund activities are permissible for bank holding companies when conducted within certain limits.[9] Notificants have committed that these activities will be conducted in accordance with the Board's regulations and prior Board decisions relating to these activities.

Proper Incident to Banking Standard

In order to approve the proposal, the Board also must determine that the proposed activities are a proper incident to banking, that is, that performance of the proposed activities by Notificants "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[10] As a part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificants and their subsidiaries and the effect the transaction would have on those resources.[11]

The Board has carefully considered the financial resources of BNP and Paribas and notes that the capital ratios of both satisfy applicable risk-based standards under the Basle Capital Accord, and are considered equivalent to the capital levels that would be required of a United States banking organization. The Board also has reviewed the capitalization of BNP, Paribas, and Paribas Corporation in accordance with the standards set forth in the Section 20 Orders and finds the capitalization of each to be consistent with approval. The Board's determination is based on all the facts of record, including Notificants' projections of the volume of bank-ineligible securities underwriting and dealing activities proposed to be conducted by Paribas Corporation.

The Board also has carefully reviewed the managerial resources of the organizations involved in light of all the facts of record, including confidential examination reports concerning BNP Capital and Paribas Corporation, and the Board's supervisory experience with both BNP and Paribas. As noted above, BNP currently controls BNP Capital, which engages in underwriting and dealing in bank-ineligible securities pursuant to the Board's Section 20 Orders. The Board previously has determined that BNP

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5. *See Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 486 U.S. 1059 (1988) (collectively, "Section 20 Orders").

6. *See* Section 20 Orders. Compliance with the revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), and *10 Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 61 *Federal Register* 48,953 (1996); and *Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 61 *Federal Register* 68,750 (1996) (collectively, "Modification Orders").

7. 12 C.F.R. 225.200.

8. *See* 12 C.F.R. 225.28(b)(1), (2), (6), (7), and (8).

9. *See Dresdner Bank AG*, 84 *Federal Reserve Bulletin* 361 (1998). The private investment fund activities in which Notificants propose to engage consist of serving as the investment adviser to and the general partner of, and holding and placing equity interests in, certain investment funds that invest only in securities and other instruments that Notificants would be permitted to hold directly under the BHC Act ("private investment funds"). The investment funds would include limited partnerships and similar investment vehicles such as limited liability companies. Notificants also propose to act as a commodity pool operator for private investment funds organized as commodity pools that invest in assets which BNP would be permitted to hold directly under the BHC Act.

10. *See* 12 U.S.C. § 1843(c)(8).

11. *See* 12 C.F.R. 225.26.

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and BNP Capital have established appropriate policies and procedures to ensure compliance with the Board's Section 20 Orders, including computer, audit, and accounting systems, internal risk management controls, and the necessary operational and managerial infrastructure.[12] Notificants have stated that the policies and procedures in place at BNP and BNP Capital to ensure compliance with the Board's Section 20 Orders and Operating Standards will be implemented at Paribas Corporation. On the basis of these and all other facts of record, including the commitments provided in this case and the proposed managerial structure and risk management systems of Paribas Corporation, the Board has concluded that financial and managerial considerations are consistent with approval.

The Board also has carefully considered the competitive effects of the proposed transaction under section 4 of the BHC Act. As noted above, Paribas currently controls Companies. To the extent that BNP and Companies offer different types of nonbanking products, the proposed acquisition would result in no loss of competition. In those markets in which the nonbanking product offerings of BNP and Companies overlap, such as securities brokerage, underwriting and dealing in bank-eligible and bank-ineligible securities, and investment advisory activities, there are numerous existing and potential competitors. Consummation of the proposal, therefore, would have a *de minimis* effect on competition in the market for those services. Based on all the facts of record, the Board has concluded that the proposal would not result in any significantly adverse competitive effects in any relevant market.

As noted above, Notificants have committed that Paribas Corporation will conduct its bank-ineligible securities underwriting and dealing activities in accordance with the prudential framework established by the Board's Section 20 Orders. Under the framework and conditions established in this order and the Section 20 Orders, and based on all the facts of record, the Board concludes that the proposed bank-ineligible underwriting and dealing activities are not likely to result in significantly adverse effects. Similarly, the Board concludes that the conduct of the other proposed nonbanking activities by Notificants under the framework and conditions established in this order, prior orders, and Regulation Y is not likely to result in any significantly adverse effects.

The Board also expects that the proposed acquisition would provide added convenience to the customers of BNP and Paribas. Notificants have indicated that the transaction would strengthen the position of the combined organization in French, European, and international financial markets, and would allow the combined organization to diversify its sources of revenue. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments are consistent, as in this case, with the relevant considerations under the BHC Act.

Based on all the facts of record, the Board has determined that performance of the proposed activities by Notificants, under the framework established in this and prior decisions, can reasonably be expected to produce public benefits that outweigh any reasonably expected adverse effects of the proposal. Accordingly, the Board has determined that performance of the proposed activities by Notificants is a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

Conclusion

Based on all the facts of record, the Board has determined that the notice should be, and hereby is, approved, subject to all the terms and conditions in this order and the Section 20 Orders, as modified by the Modification Orders. The Board's approval of this proposal extends only to activities conducted within the limitations of those orders and this order, including the Board's reservation of authority to establish additional limitations to ensure that the activities of Notificants are consistent with safety and soundness, avoidance of conflicts of interests, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in this order and the Section 20 Orders (as modified by the Modification Orders) is not within the scope of the Board's approval and is not authorized for Notificants or Paribas Corporation.

In reaching its conclusion, the Board has considered all the facts of record in light of the factors that the Board is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Notificants with all the commitments made in connection with this notice, and on the Board's receiving access to information on the activities or operations of Notificants and any of their affiliates that the Board determines to be appropriate to determine and enforce compliance by Notificants and their affiliates with applicable federal statutes. The Board's approval also is subject to all the conditions set forth in this order and in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order unless such period is extended for good cause by the Board or by

12. *See* Letter from Kenneth R. Binning, Federal Reserve Bank of San Francisco, to Larry B. Sobin, dated December 2, 1998.

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

By order of the Board of Governors, effective December 20, 1999.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

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

First Security Corporation
Salt Lake City, Utah

Zions Bancorporation
Salt Lake City, Utah

Order Approving the Merger of Bank Holding Companies

First Security Corporation ("First Security"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Zions Bancorporation ("Zions") and thereby acquire the subsidiary banks of Zions.[1] First Security also has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of Zions and thereby engage in certain permissible nonbanking activities.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 48,839 (1999)).[3] The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.[4]

First Security, with total consolidated assets of $22.1 billion, is the 39th largest commercial banking organization in the United States, controlling less than 1 percent of the total assets of insured commercial banks in the United States ("total U.S. banking assets").[5] First Security's subsidiary banks operate in California, Idaho, Nevada, New Mexico, Oregon, Utah, and Wyoming. First Security is the largest commercial banking organization in Utah, controlling deposits of $5.0 billion, representing approximately 28.9 percent of total deposits in insured depository institutions in the state ("state deposits").[6] First Security also engages in a broad range of permissible nonbanking activities in the United States, including underwriting and dealing in debt and equity securities to a limited extent.

Zions, with total consolidated assets of $17.6 billion, is the 47th largest commercial banking organization in the United States, controlling less than 1 percent of total U.S. banking assets. The subsidiary banks of Zions operate in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Utah, and Washington. Zions is the second largest commercial banking organization in Utah, controlling deposits of approximately $3.4 billion, representing approximately 20 percent of state deposits. Zions also engages in a range of permissible nonbanking activities in the United States.

After consummation of the proposal, and after accounting for the proposed divestitures discussed in this order, First Security would become the 24th largest commercial banking organization in the United States, with total consolidated assets of approximately $38 billion, representing less than 1 percent of total U.S. banking assets, and First Security's subsidiary banks would operate in ten states. First Security also would remain the largest commercial banking organization in Utah, controlling deposits of $6.4 billion, representing approximately 44 percent of state deposits.

Factors Governing Board Review of Transaction

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of a bank holding company or the acquisition of banks. These factors are the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the convenience and needs of the community to be served, including the records of performance

1. Zions controls the following subsidiary banks: Zions First National Bank, Salt Lake City, Utah; National Bank of Arizona, Phoenix, Arizona; California Bank & Trust, La Jolla, California ("Zions Bank-CA"); Vectra Bank Colorado, N.A., Denver, Colorado; Nevada State Bank, Las Vegas, Nevada; and The Commerce Bank of Washington, N.A., Seattle, Washington. First Security proposes to acquire Zions by merging Zions with and into First Security.

2. The nonbanking activities in which Zions engages and for which First Security has sought Board approval under section 4 of the BHC Act are listed in Appendix A.

3. Several commenters contend that First Security provided insufficient notice of the proposed transaction to the residents of certain Utah towns; residents of rural Arizona, Colorado, Nevada, and Washington; and residents of the states of Idaho and New Mexico. One commenter asks the Board to require First Security to publish notice of the transaction in every banking market affected by the transaction. The Board requires a bank holding company that proposes to merge with another bank holding company to publish notice of the proposal in a newspaper of general circulation in the communities containing the head office of the largest subsidiary bank of the applicant and the head office of each bank to be acquired by the applicant. 12 C.F.R. 262.3(b)(1)(ii)(E). The record indicates that First Security has complied with the Board's rules relating to publication.

4. First Security and Zions also have acquired an option to acquire up to 19.9 percent of each other's voting shares. The options would expire on consummation of the proposal and would not be exercisable by First Security or Zions without Board approval.

5. Asset data are as of June 30, 1999, and ranking data are as of December 31, 1998.

6. Deposit data are as of June 30, 1998, adjusted to reflect subsequent mergers and acquisitions. In this context, depository institutions include commercial banks, savings banks, and savings associations.

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under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") of the insured depository institutions involved in the transaction; and the availability of information needed to determine and enforce compliance with the BHC Act.[7] In cases involving interstate bank acquisitions, the Board also must consider the concentration of deposits in the nation and relevant individual states on consummation of the proposal, as well as compliance with other provisions of section 3(d) of the BHC Act.

The Board has considered these factors in light of a comprehensive record that includes information provided by First Security, confidential supervisory and examination information, and publicly reported financial and other information. The Board also has considered information provided by public commenters in connection with the proposal.[8]

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of First Security is Utah,[9] and the subsidiary banks of Zions are located in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Utah, and Washington.[10] All the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[11] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[12]

The proposed merger of First Security and Zions would combine two banking organizations that are among the largest providers of banking services in a number of markets in the western United States. The Board has carefully analyzed the likely effect of the transaction on competition in each relevant banking market in light of all the facts of record, including information collected by the Federal Reserve System, information provided by First Security and other competitors in the relevant markets, information provided by the Department of Justice and other relevant agencies, and public information. The Board also has carefully considered public comments submitted on the competitive effects of the proposal. In particular, commenters contend that the merger would reduce competition for banking services and result in higher fees and reduced customer convenience. In addition, commenters claim that the merger would have substantial anticompetitive effects in the Salt Lake market, in other portions of Utah, and in other states.

A. Definition of Banking Markets

In order to determine the effect of a particular transaction on competition, it is necessary to designate the area of effective competition between the parties, which the courts have held is decided by reference to the relevant "line of commerce," or product market, and geographic market. Some commenters contend that the competitive analysis should focus on the impact of the merger on the markets for consumer credit, small business loans, and large-scale commercial banking. Commenters also suggest that the relevant geographic market for analyzing the merger should be regional or statewide.

7. In cases involving a foreign bank, the Board also must consider whether the foreign bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.

8. The Board received comments from 17 public commenters.

9. A bank holding company's home state is that state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C). In addition to the interstate aspects of this proposal, this transaction involves the acquisition by First Security, whose home state is Utah, of a bank whose home state also is Utah. The Board does not believe that section 3(d) of the BHC Act applies to the acquisition by a bank holding company of a bank with the same home state as the bank holding company, except to the extent that the bank operates branches outside its home state. In this case, Utah law expressly states that bank affiliation transactions are not subject to any state-imposed deposit caps. The transaction in Utah also appears otherwise to comply with applicable Utah state law.

10. For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

11. First Security is adequately capitalized and adequately managed, as defined by applicable law. 12 U.S.C. § 1842(d)(1)(A). Each subsidiary bank of Zions has been in existence and operated continuously for at least the period of time required by applicable state law. *See* 12 U.S.C. § 1842(d)(1)(B). On consummation of the proposal, First Security and its affiliates would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent, or the appropriate percentage established by applicable state law, of total deposits held by insured depository institutions in the states (other than Utah, the home state of First Security, and Idaho) in which the insured depository institutions of First Security and Zions both operate. 12 U.S.C. § 1842(d)(2). First Security would control more than 30 percent of total deposits held by insured depository institutions in Idaho. The state deposit cap contained in section 3(d) does not apply, however, if a transaction that exceeds the cap is approved by the appropriate state bank supervisor. In this case, the Idaho state bank supervisor has approved the transaction, and, consequently, the state deposit cap contained in section 3(d) does not prevent the Board from approving the transaction. All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

12. 12 U.S.C. § 1842(c)(1).

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Product Market. The Board and the courts consistently have recognized that the appropriate product market for analyzing the competitive effects of bank mergers and acquisitions is the cluster of products (various kinds of credit) and services (such as checking accounts and trust administration) offered by banking institutions.[13] According to the Supreme Court, the clustering of banking products and services facilitates convenient access to these products and services, and vests the cluster with economic significance beyond the individual products and services that constitute the cluster.[14] Several studies support the conclusion that both businesses and households continue to seek this cluster of services.[15] Consistent with these precedents and studies, and on the basis of the facts of record in this case, the Board concludes that the cluster of banking products and services represents the appropriate product market for analyzing the competitive effects of this proposal.

Geographic Market. In defining the relevant geographic market, the Board consistently has sought to identify the area in which the cluster of banking products and services is provided by competing institutions and in which purchasers of the products and services seek to obtain these products and services.[16] In applying these standards to bank acquisition proposals, the Board and the courts repeatedly have held that the geographic market for the cluster of banking products and services is local in nature.[17] In delineating the relevant geographic market in which to assess the competitive effects of a bank merger or acquisition, the Board reviews population density; worker commuting patterns; the usage and availability of banking products; advertising patterns of financial institutions; the presence of shopping, employment, healthcare, and other necessities; and other indicia of economic integration and the transmission of competitive forces among banks.[18]

13. *See Chemical Banking Corporation,* 82 *Federal Reserve Bulletin* 239 (1996) ("*Chemical*"), and the cases and studies cited therein. The Supreme Court has emphasized that it is the cluster of products and services that, as a matter of trade reality, makes banking a distinct line of commerce. *See United States v. Philadelphia National Bank,* 374 U.S. 321, 357 (1963) ("*Philadelphia National*"); *accord United States v. Connecticut National Bank,* 418 U.S. 656 (1974); *United States v. Phillipsburg National Bank,* 399 U.S. 350 (1969) ("*Phillipsburg National*").

14. *See Phillipsburg National,* 399 U.S. at 361.

15. Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Households,* 78 *Federal Reserve Bulletin* 169 (1992); Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Small- and Medium-Sized Businesses,* 76 *Federal Reserve Bulletin* 726 (1990).

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

17. *See Philadelphia National,* 374 U.S. at 357; *Phillipsburg National; First Union Corporation,* 84 *Federal Reserve Bulletin* 489 (1998); *Chemical; St. Joseph Valley Bank,* 68 *Federal Reserve Bulletin* 673 (1982) ("*St. Joseph*").

18. *See Chemical; Crestar Bank,* 81 *Federal Reserve Bulletin* 200, 201 n.5 (1995); *Pennbancorp,* 69 *Federal Reserve Bulletin* 548 (1983); *St. Joseph.*

In applying these factors and principles, the Board has employed a methodology that defines a retail banking market by identifying a market core as cities or counties that contain substantial employment opportunities and then grouping surrounding areas with significant patterns of commuting to and other indicia of economic integration with the market core. The criteria for adding communities to the market delineation become more stringent as the counties become more remote from the core. Following this approach, the Board has identified 32 local banking markets in four states in which First Security and Zions compete.[19] As noted above, several commenters and the applicant question the appropriate definition of the Salt Lake City banking market. The definition of the appropriate market is not contested by commenters or the applicant in the other markets in which First Security and Zions compete. The Board has, therefore, paid special attention to defining the relevant geographic banking market in the Salt Lake City area.

B. Relevant Geographic Banking Market for the Salt Lake City Area

The three metropolitan areas of Salt Lake City, Ogden, and Provo-Orem are located in a corridor known as the Wasatch Front in north-central Utah. First Security contends that the appropriate geographic market for analyzing competition for banking services along the Wasatch Front is a single market that combines the Salt Lake City, Ogden, and Provo-Orem Ranally Metropolitan Areas ("RMA"s).[20] The Board has concluded, however, that there are three separate banking markets along the Wasatch Front:

(i) The Salt Lake City banking market (which comprises the Salt Lake RMA and the towns of Fruit Heights, Grantsville, Kaysville, and Tooele);
(ii) The Ogden banking market (which comprises the Ogden RMA, excluding the towns of Fruit Heights and Kaysville); and
(iii) The Provo-Orem banking market (which comprises the Provo-Orem RMA).[21]

19. A commenter argues that First Security and Zions have a monopoly on automated teller machines at the Salt Lake airport and in shopping malls in northern Utah. As discussed above, consistent with past practices and legal precedents, the Board defines the relevant product market to be the entire cluster of banking products and services and defines the relevant geographic market more broadly than a single building or commercial location.

20. An RMA is a privately defined compact geographic area with relatively high population density that is linked by commuting, retail, and wholesale trade patterns.

First Security also argues that, if the Board determines not to combine the Salt Lake, Ogden, and Provo-Orem RMAs, the Board should, at a minimum, combine the Salt Lake and Ogden RMAs for purposes of its competitive analysis. A commenter requests that the Board treat the Salt Lake City, Ogden, and Provo-Orem RMAs as separate banking markets.

21. Rand McNally's forthcoming *Commercial Atlas and Marketing Guide* will exclude the towns of Fruit Heights and Kaysville from the Ogden RMA and include them in the Salt Lake City RMA.

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Numerous factors suggest that the Salt Lake City, Ogden, and Provo-Orem RMAs constitute separate banking markets. First, large distances and lack of continuous economic development separate the cities in the three RMAs. Ogden is approximately 36 miles north of Salt Lake City and 16 miles from the boundary of the Salt Lake market. Provo is approximately 46 miles south of Salt Lake City and 22 miles from the boundary of the Salt Lake market. Orem is approximately 38 miles south of Salt Lake City and 14 miles from the boundary of the Salt Lake market. The Board also notes that development between the Provo-Orem and Salt Lake RMAs is not continuous. Population density and commercial development is low along the interstate that connects Provo-Orem to Salt Lake, from Lehi, about seven miles south of the border between the Provo-Orem and Salt Lake RMAs, to Draper, about six miles north of the border. Although the development between the Ogden and Salt Lake RMAs is more continuous, the development is predominantly residential for several miles on either side of the border between the two RMAs.

Moreover, although the amount of commuting between the Salt Lake City RMA and the two other RMAs is increasing, overall commuting levels remain low. Commuting data for 1990 from the U.S. Bureau of the Census ("Census Bureau") indicate that 10.8 percent of workers residing in the Ogden RMA, and 7.2 percent of workers residing in the Provo-Orem RMA, commute to jobs in the Salt Lake market. More recent data on traffic flows between Ogden and Salt Lake and Provo-Orem and Salt Lake indicate that the commuting rates between the RMAs have increased since 1990. These more recent data suggest that approximately 13 percent of workers residing in the Ogden RMA and less than 10 percent of workers residing in the Provo-Orem RMA commuted to jobs in the Salt Lake market in 1998.

Other facts do not indicate that banking forces are transmitted throughout the Wasatch Front at this time. Rather, the three RMAs appear to function as separate banking markets. Based on all the facts of record, the Board believes that the relevant banking markets for considering the effects of the proposal along the Wasatch Front are the three separate banking markets surrounding the Salt Lake City, Ogden, and Provo-Orem RMAs.

C. Competitive Analysis in Salt Lake City and Other Banking Markets with Divestitures

As part of the proposal, First Security has committed to divest 64 branches, which account for more than $2 billion in deposits, in 21 markets in order to reduce the potential for adverse effects on competition.[22] After accounting for the proposed divestitures, consummation of the proposal would be consistent with Board precedent and the Department of Justice Merger Guidelines ("DOJ Guidelines")[23] in at least 16 of the 21 markets: Bonners Ferry, Burley, Montpelier, and Twin Falls, Idaho; and Box Elder, Cedar City, Delta, Ephraim, Logan, Moab, Monticello, Park City, Price, Richfield, Roosevelt, and Vernal, Utah.[24] In light of these divestitures, the transaction would result in no increase in the HHI in the Bonners Ferry and Montpelier, Idaho; and Delta, Ephraim, Moab, Monticello, Price, Richfield, Roosevelt, and Vernal, Utah, banking markets. In addition, numerous competitors would remain in most of these banking markets after consummation of the proposal.

In the five remaining banking markets involving divestitures, including the Salt Lake City market, consummation of the proposal could increase the level of market concentration to levels that exceed the DOJ Guidelines. The Board has conducted a careful review of the competitive effects of the proposal in these markets, and considered whether other factors either mitigate the competitive effects of the proposal in the markets or indicate that the proposal would have a significantly adverse effect on competition in any of the markets. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the level of concentration and size of increase in market concentration.[25]

Salt Lake City, Utah. First Security operates the largest of 21 depository institutions in the Salt Lake banking market, and controls $2.7 billion in deposits, representing 33.6 percent of total deposits in depository institutions in the market ("market deposits").[26] Zions operates the sec-

22. With respect to each market in which First Security has committed to divest offices to mitigate the anticompetitive effects of the proposal, First Security has committed to execute, before consummation of the acquisition of Zions, sales agreements for the proposed divestitures with a purchaser determined by the Board to be competitively suitable, and to complete the divestitures within 180 days of consummation of the acquisition of Zions. First Security also has committed that, if it is unsuccessful in completing any divestiture within 180 days of consummation, it will transfer the unsold branch(es) to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branch(es) promptly to one or more alternative purchasers acceptable to the Board. *See BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation,* 77 *Federal Reserve Bulletin* 484 (1991). First Security also has committed to submit to the Board, before consummation of the acquisition of Zions, an executed trust agreement acceptable to the Board stating the terms of these divestitures.

23. *See* 49 *Federal Register* 26,823 (June 29, 1984). Under the DOJ Guidelines, a market in which the post-merger Herfindahl–Hirschman Index ("HHI") is less than 1000 points is considered to be unconcentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial entities.

24. These banking markets are discussed in Appendix D.

25. *See NationsBank Corporation,* 84 *Federal Reserve Bulletin* 129 (1998).

26. Market concentration calculations include deposits of thrift institutions at 50 percent, except as discussed in the order. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the

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ond largest depository institution in the market, and controls $1.7 billion in deposits, representing 20.6 percent of market deposits. On a combined basis, First Security and Zions would control approximately 54.2 percent of market deposits, and the HHI would increase approximately 1388 points to 3204, an amount that would exceed the DOJ Guidelines in a highly concentrated market.

In order to address the potential anticompetitive effects of the proposal in the Salt Lake banking market, First Security proposes to divest 17 branches in the market, with $682 million in deposits (representing 8.4 percent of market deposits), to an out-of-market banking organization or an in-market banking organization that currently controls less than 6 percent of market deposits. This divestiture represents almost one-half of the originally proposed increase in market share and would allow a new entrant to become immediately competitive in the market or significantly enhance the market share of a small in-market competitor.

In reviewing the competitive effects of the proposal in the Salt Lake banking market and the adequacy of the proposed divestiture, the Board also has taken into account the structure of the market. In particular, the Board has considered that one savings association operating in the market provides a range of consumer, mortgage, and other banking products and services and, through an affiliate, serves as a significant source of commercial loans in the market. Competition from this savings association closely approximates competition from a commercial bank. On this basis, the Board concludes that deposits controlled by this organization should be weighted at 100 percent in calculating market concentration under the DOJ Guidelines.[27]

Credit unions also are particularly active competitors in the Salt Lake market.[28] Although Utah credit unions are membership organizations, numerous credit unions in the Salt Lake market are open to all persons in the market or to a substantial majority of the population of the market. Significantly, these credit unions operate through street-level branches accessible to the public. On the basis of the activities, open membership, branch operations, size, number, and market shares of credit unions in the market,[29] the Board concludes that credit unions exert a competitive influence that mitigates in part the potential anticompetitive effects of the proposal.[30]

First Security argues that, for purposes of evaluating the competitive factors in the Salt Lake market, the Board should exclude certain categories of deposits that First Security and Zions contend overstate their competitive strength in the Salt Lake market.[31] First Security contends that these deposits either are unavailable for lending in the Salt Lake market or represent deposits that are raised outside the market or in a national market and are available to support out-of-market banking activities. On this basis, First Security argues that inclusion of these deposits in calculations of the market share indices for First Security and Zions in Salt Lake distorts the indices.[32]

The Board generally has not adjusted its market share calculations in previous cases to exclude out-of-market deposits because of the difficulty of making comparable adjustments for other firms in the market and because out-of-market deposits are typically available to support lending and other banking activities at any location. The Board has under very limited circumstances adjusted market indices to account for certain types of government deposits, however, where special conditions limited the use of the deposits. In this case, the Board continues to believe, for the same reasons, that it is generally not appropriate to exclude categories of deposits.

This case has unique circumstances, however, that reduce the difficulties of making an adjustment for a limited number of out-of-market deposits. The comparability problem is less severe in this case than in past cases reviewed by the Board because First Security and Zions are the only two large banking organizations headquartered in the Salt Lake market that appear to have generated significant out-of-market deposits.[33]

calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

27. The Board previously has indicated that it may consider the competitiveness of a savings association at a level greater than 50 percent of the savings association's deposits, if appropriate. *See Banknorth Group, Inc.*, 75 *Federal Reserve Bulletin* 703 (1989). After the proposed merger and divestiture, and after taking into account the deposits controlled by this thrift, First Security would control 45.9 percent of market deposits, and the HHI would increase by no more than 713 points to a level that would not exceed 2529 points.

28. A commenter contends that the Board should not include the deposits of any credit union in its antitrust analysis.

First Security also contends that the Board should include certain Utah-chartered industrial loan companies in the Board's structural analysis of the Salt Lake market. A commenter argues that the Board should not include these companies in its analysis. The Board's use of a 200-point increase in the HHI as a threshold in its competitive analysis, rather than a lower level, reflects in part the competitive influence of financial institutions other than banks. Because industrial loan companies in Utah are primarily credit card institutions, take few demand deposits, and generally do little lending in the local market, the Board has determined not to include these companies more specifically in calculating market concentration in this case.

29. Credit unions account for approximately 21 percent of total deposits in the market.

30. Thirty-four credit unions compete with banks in the market. Although these credit unions are a competitive force, the Board has not considered them to be full competitors of banks because they do not provide the full range of banking products and services. If the Board were to include the deposits of these 34 credit unions in the market and weight them at 50 percent, the HHI for the Salt Lake market would increase by no more than 571 points to 2036, and First Security would have a post-merger market share of approximately 41 percent.

31. One commenter contends that the Board should not exclude any such deposits.

32. The categories of deposits that First Security proposes to exclude are deposits relating to mortgage escrow accounts, correspondent banking accounts, certificates of deposit ("CD"s) in amounts greater than $100,000, brokered CDs, trust accounts, and out-of-market commercial and retail accounts.

33. Firms ranked third through seventh in the market are large organizations headquartered in other states that would be unlikely to have any out-of-market deposits booked in the Salt Lake market. The

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The Board continues to believe that deposits maintained by a banking organization in a specific market, including deposits generated outside the market, represent an important measure of the banking organization's capacity to compete in that market.[34] First Security and Zions have generated some deposits from out-of-market sources, however, that are subject to legal or other restrictions that constrain the organizations' ability to use the deposits to support their general banking activities. These deposits have been generated from various governments and municipalities outside Utah, involve escrow accounts for mortgages made outside Utah, or represent correspondent banking accounts with institutions outside Utah. With each of these deposit types, First Security and Zions are limited by law, contract, or duration of relationship in their ability to use the deposits for any activity other than supporting the deposit account. Because of the limited availability of these deposits and because the data suggest that making adjustments for First Security and Zions would not distort market calculations for other competitors in the Salt Lake market, the Board has taken into account as a mitigating factor this limited set of out-of-market deposits in this case.[35]

The presence of other bank competitors also is an important factor in this market. At least 20 depository institutions would remain in the market after consummation of the proposal, including four bank holding companies and one savings association holding company that each have more than $80 billion in assets. The second and third largest depository institutions in the market are among the largest commercial banking organizations in the United States. These organizations would control approximately 10.2 percent and 8.2 percent, respectively, of market deposits.

In addition, the Salt Lake market is attractive for entry by out-of-market competitors. According to the Census Bureau, the population of the Salt Lake City RMA increased 14.5 percent from 1990 to 1998, which was significantly higher than the national rate. The increase in employment between 1990 and 1998 was 28 percent, which was over twice the national rate. Moreover, in 1998, the Salt Lake City unemployment rate was 3.9 percent, which was below the national rate of 4.5 percent.

Based on all the facts of record, the Board concludes that the considerations discussed above, including the proposed divestitures, the number and strength of competitors in the market, the strong presence of bank-like credit unions, the distortional effects of out-of-market deposits, the attractiveness of the market for entry by out-of-market competitors, and other factors mitigate the potentially adverse competitive effects in the Salt Lake City banking market.

Ogden, Utah. First Security operates the largest of 13 depository institutions in the Ogden banking market, and controls $450 million in deposits, representing 36.8 percent of market deposits. Zions operates the fourth largest depository institution in the market, and controls $116 million in deposits, representing 9.5 percent of market deposits. First Security proposes to divest three branches in the market, with $77 million in deposits (representing approximately 6.3 percent of market deposits). After the proposed merger and divestiture, First Security would continue to operate the largest depository institution in the market, controlling 39.9 percent of market deposits, and the HHI would increase by less than 393 points to a level that does not exceed 2382.[36]

Several factors suggest that the increase in market concentration in the Ogden market, as measured by the HHI, does not reflect a significantly adverse effect on competition in the market. At least twelve depository institutions would remain in the market after consummation of the proposal, including four large multistate banking organizations other than First Security. In addition, at least two banking organizations other than First Security would each control more than 10 percent of market deposits, and five banking organizations other than First Security would each control more than 5 percent of market deposits, after consummation. As noted above, First Security has committed to divest branches controlling 6.3 percent of market deposits. The proposed divestiture would either add a new competitor or would enhance the competitive presence of a smaller competitor.

In addition, the Ogden banking market has characteristics that make it attractive for entry. The population of the market increased by 16 percent from 1990 to 1998, which was almost double the national rate. Employment in the market increased by 27 percent during the same time period, more than double the national rate. One firm entered the Ogden market *de novo* in 1997.

Moreover, as in the case of the Salt Lake banking market, credit unions have a significant presence in the Ogden market, and many credit unions are uniquely open and accessible to all or almost all persons in the market. In particular, eight credit unions have membership rules based on geography or other characteristics that allow a substantial majority of the residents in the market to be members,

largest firm, other than First Security and Zions, with its headquarters in the market controls only 2.5 percent of market deposits.

34. Exclusion of out-of-market deposits from an analysis of the competitive strength of an organization in the market where the deposits are maintained would incorrectly suggest that these deposits are unavailable to support the organization's activities in the market. It would also lead to the anomaly that certain types of out-of-market deposits are not counted in any part of the competitive analysis even though these deposits are available to support banking activities anywhere.

35. If government trust, mortgage escrow, and correspondent banking deposits originated by First Security and Zions outside Utah but held in the Salt Lake market were excluded from market calculations, the HHI for the market would increase by no more than 523 points to a level that does not exceed 1927.

36. As in the Salt Lake market and for the same reasons, competition from one savings association operating in the Ogden market closely approximates competition from commercial banks in the market. Accordingly, the Board has weighted deposits controlled by this organization at 100 percent in calculating market concentration under the DOJ Guidelines.

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and maintain street-level branches that are accessible to the public.[37]

Provo-Orem, Utah. First Security operates the second largest of 14 depository institutions in the Provo-Orem banking market, and controls $535 million in deposits, representing 29.9 percent of market deposits. Zions operates the largest depository institution in the market, and controls $536 million in deposits, representing 30 percent of market deposits. First Security proposes to divest eight branches in the market, with $359 million in deposits (representing approximately 20.1 percent of market deposits) to an out-of-market banking organization or an in-market banking organization that currently controls 2.4 percent or less of market deposits. After the proposed merger and divestiture, First Security would operate the largest depository institution in the market, controlling 39.8 percent of market deposits, and the HHI would increase by less than 292 points to a level that does not exceed 2383.[38]

In reviewing the competitive effects of the proposal in this market, the Board has considered that a significant portion of the HHI increase resulting from the proposed transaction is caused by the fact that the divested branches control a large amount of deposits. If First Security were to divest the branches, which represent approximately 20 percent of market deposits and two-thirds of the deposits being acquired by First Security in the market, as a unit to an out-of-market firm, the proposal would be consistent with the DOJ Guidelines.[39] The Board believes that sale of these branches substantially mitigates the potential anticompetitive effects of the proposal by helping to create a viable competitor to First Security in the market. Sale of these branches to an in-market competitor that currently has only a nominal market share would have similar benefits to an out-of-market sale.

At least 13 depository institutions would remain in the market after consummation of the proposal, including four large multistate banking organizations other than First Security. At least three banking organizations other than First Security would control more than 10 percent of market deposits after consummation. As noted above, First Security's proposed divestiture of approximately 20 percent of market deposits would either add a strong new competitor or would enhance substantially the competitive presence of a smaller competitor.

In addition, the Provo-Orem banking market has characteristics that make it attractive for entry. The population of the market increased by 21 percent from 1990 to 1998. Recent entries by depository institutions also confirm that the Provo-Orem banking market is attractive for entry. Three firms have entered the market *de novo* since 1993.

Moreover, as in the case of the Salt Lake banking market, credit unions have a significant presence in the Provo-Orem market, and many credit unions are uniquely open and accessible to all or almost all persons in the market. In particular, ten credit unions have membership rules based on geography or other characteristics that allow a substantial majority of the residents in the market to be members, and maintain street-level branches that are accessible to the public.[40]

St. George, Utah. First Security operates the second largest of 11 depository institutions in the St. George banking market, and controls $241 million in deposits, representing 39 percent of market deposits. Zions operates the largest depository institution in the market, and controls $245 million in deposits, representing 39.6 percent of market deposits. First Security proposes to divest four branches in the market, with $221 million in deposits (representing approximately 35.7 percent of market deposits). After the proposed merger and divestiture, First Security would operate the largest depository institution in the market, controlling 42.8 percent of market deposits, and the HHI would increase by less than 325 points to a level that does not exceed 3471.

As in the Provo-Orem market, the Board has considered that a significant portion of the HHI increase in the St. George market is caused by the fact that the divested branches control a large amount of deposits. In fact, in this market, First Security proposes to divest almost all of the deposits held by Zions in the market, with the result that the market share controlled by First Security would increase by less than 4 percent as a result of the proposed merger and divestiture. If First Security were to divest the branches, which represent approximately 36 percent of the market, as a unit to an out-of-market firm, the proposal would be consistent with the DOJ Guidelines.[41] The Board believes that sale of these branches substantially mitigates the potential anticompetitive effects of the proposal by helping to create a viable competitor to First Security in the market. The sale of these branches to an in-market competitor that currently has only a nominal market share would have benefits similar to an out-of-market sale.

At least ten depository institutions would remain in the market after consummation of the proposal, including two large multistate banking organizations other than First Se-

37. If the deposits of these credit unions were included in market share calculations at 50 percent, the HHI for the Ogden market would increase by no more than 207 points to a level that does not exceed 1612.

38. As in the Salt Lake market and for the same reasons, competition from one savings association operating in the Provo-Orem market closely approximates competition from commercial banks in the market. Accordingly, the Board has weighted deposits controlled by this organization at 100 percent in calculating market concentration under the DOJ Guidelines.

39. If First Security were to divest the relevant Provo-Orem branches to an out-of-market firm, the HHI would increase by 195 points to 2286.

40. If the deposits of these credit unions were included in market share calculations at 50 percent, the HHI for the Provo-Orem market would increase by no more than 254 points to a level that does not exceed 2082. Credit unions without the characteristics discussed above control approximately 12 percent of market deposits.

41. If First Security were to divest the relevant St. George branches to an out-of-market firm, the HHI would increase by 25 points to 3171.

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curity. In addition, the St. George banking market has characteristics that make it attractive for entry. The population of the market increased by 69 percent from 1990 to 1998, making the St. George area one of the fastest-growing regions by population in Utah. Recent entries by depository institutions also confirm that the St. George banking market is attractive for entry. Five firms have entered the market *de novo* since 1993.

Moreover, as in the case of the Salt Lake banking market, credit unions have a significant presence in the St. George market, and many credit unions are uniquely open and accessible to all or almost all persons in the market. In particular, five credit unions have membership rules based on geography or other characteristics that allow a substantial majority of the residents in the market to be members, and maintain street-level branches that are accessible to the public.[42]

Lewiston, Idaho. First Security operates the largest of eight depository institutions in the Lewiston banking market, and controls $115 million in deposits, representing 27.4 percent of market deposits. Zions operates the seventh largest depository institution in the market, and controls $17 million in deposits, representing 4.1 percent of market deposits. First Security proposes to divest one branch in the market, with $9.7 million in deposits (representing approximately 2.3 percent of market deposits). After the proposed merger and divestiture, First Security would continue to operate the largest depository institution in the market, controlling 29.1 percent of market deposits, and the HHI would increase by less than 214 points to a level that does not exceed 2128.

Several mitigating factors suggest that the increase in market concentration in the Lewiston market, as measured by the HHI, does not reflect a significantly adverse effect on competition in the market. At least seven depository institutions would remain in the market after consummation of the proposal, including two large multistate banking organizations other than First Security. In addition, at least two banking organizations other than First Security would control more than 10 percent of market deposits and at least five banking organizations other than First Security would control more than 5 percent of market deposits after consummation. As noted above, First Security has committed to divest one branch controlling 2.3 percent of market deposits. The proposed divestiture would either add a new competitor or would enhance the competitive presence of a smaller competitor.

In addition, the Lewiston banking market has characteristics that make it attractive for entry. The population of the market increased by 13 percent from 1990 to 1998. Moreover, two firms have entered the Lewiston market *de novo* since 1995.

D. Competitive Analysis of Banking Markets without Divestitures

Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in ten of the remaining 11 banking markets: Los Angeles and Riverside-San Bernardino, California; Blackfoot, Boise, Idaho Falls, Moscow-Pullman, Ontario, and Pocatello, Idaho; and Carson City and Reno, Nevada.[43]

Las Vegas, Nevada. Consummation of the proposal would exceed the DOJ Guidelines as measured by the HHI in the Las Vegas, Nevada, banking market. First Security operates the fourth largest of 19 depository institutions in the Las Vegas banking market, and controls $879 million in deposits, representing 9.1 percent of market deposits. Zions operates the third largest depository institution in the market, and controls $1.1 billion in deposits, representing 11.2 percent of market deposits. After consummation of the proposal, First Security would operate the third largest depository institution in the market, controlling 20.3 percent of market deposits, and the HHI would increase by 203 points to 2096.

Numerous mitigating factors suggest that the increase in market concentration in the Las Vegas market, as measured by the HHI, does not reflect a significantly adverse effect on competition in the market. At least 18 depository institutions would remain in the market after consummation of the proposal. Several large multistate banking organizations, other than First Security, would compete in this market, including one organization that would remain the largest depository institution in the market with 30.2 percent of market deposits, and another organization that would remain the second largest depository institution in the market with 26.5 percent of market deposits.

In addition, the Las Vegas banking market has characteristics that make it attractive for entry. The population of Las Vegas increased 56 percent from 1990 to 1998, which was more than six times the national rate. Employment increased 51 percent between 1990 and 1998, which was more than four times the national rate of 12 percent. During the last decade, the Las Vegas unemployment rate has been consistently low compared with the national rate. Recent entries by depository institutions also confirm that the Las Vegas banking market is attractive for entry. Eight of the 19 depository institutions in the market entered *de novo* since 1994. Three depository institutions have entered by acquisition in the past five years, and another group has an application to organize a *de novo* bank pending before the state banking authority.

The Board believes that these considerations and other factors mitigate the potentially adverse competitive effects of the proposal in the Las Vegas banking market.

42. If the deposits of these credit unions were included in market share calculations at 50 percent, the HHI for the St. George market would increase by no more than 250 points to a level that does not exceed 2709.

43. These banking markets are discussed in Appendix C.

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E. Views of Other Agencies and Conclusion

The Department of Justice also has conducted a detailed review of the expected competitive effects of the proposal. The Department of Justice has advised the Board that, in light of the proposed divestitures, consummation of the proposal would not be likely to have a significantly adverse effect on competition in any relevant banking market. The Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") have been afforded an opportunity to comment and have not objected to consummation of the proposal.

After carefully reviewing all the facts of record, including public comments on the competitive effects of the proposal, and for the reasons discussed in the order and appendices, the Board concludes that consummation of the proposal would not be likely to result in a significantly adverse effect on competition or on the concentration of banking resources in any of the 32 markets in which First Security and Zions both compete, or in any other relevant banking market. Accordingly, based on all the facts of record and subject to completion of the proposed divestitures, the Board has determined that competitive factors are consistent with approval of the proposal.

Financial, Managerial and Other Supervisory Factors

The Board has carefully considered the financial and managerial resources and future prospects of the companies and banks involved in the proposal and other supervisory factors in light of all the facts of record, including public comments.[44] In evaluating the financial and managerial factors, the Board has reviewed relevant reports of examination and other supervisory information prepared by the Federal Reserve Bank of San Francisco ("Reserve Bank") and other federal financial supervisory agencies. The Board also has reviewed information submitted by First Security about the programs that First Security and Zions have implemented to prepare their systems for the Year 2000, and confidential examination and supervisory information assessing the efforts of the two banking organizations to ensure Year 2000 readiness, both before and after consummation of the proposed transaction.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important.[45] The Board expects banking organizations contemplating expansion to maintain strong capital levels substantially in excess of the minimum levels specified in the Board's Capital Adequacy Guidelines. The Board notes that First Security and Zions and their subsidiary banks are well capitalized and would remain so on consummation of the proposal. The Board has considered that the proposed merger is structured as a stock-for-stock transaction and would not increase the debt service requirements of the combined organization.

The Board also has carefully considered the managerial resources of First Security and Zions and the record of the federal banking agencies in supervising these organizations in light of all the facts of record, including confidential examination and other supervisory information.[46] Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.[47]

Convenience and Needs Factor

The Board also has carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including comments received on the effect the proposal would have on the communities to be served by the combined organization.[48]

A. CRA Performance Examinations

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the CRA. As provided in the CRA, the Board evaluates the record of performance of an institution in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institu-

44. Several commenters express concerns about the financial and managerial resources of First Security and Zions. The comments include contentions that the financial strength of Vectra Bank Colorado, N.A., has declined since its acquisition by Zions and that the merger would add an unresponsive layer of management above Vectra Bank. Another commenter alleges that an officer of Zions may have violated the insider trading rules of the Securities and Exchange Commission ("SEC"), and that comment was sent to the SEC.

45. *See Banc One Corporation*, 84 *Federal Reserve Bulletin* 961 (1998).

46. Commenters express dissatisfaction with an alleged lack of diversity in the current staff and management of First Security and Zions. The racial and gender composition of staff and management are not factors the Board is authorized to consider under the BHC Act.

47. Commenters note that First Security and Zions are defendants in several pending judicial proceedings. There has been no adjudication of wrongdoing by First Security or Zions in any of these matters, and each matter currently is pending before a forum that can provide the plaintiffs adequate redress if their allegations can be sustained.

48. One commenter opposes the proposal based in part on an unfavorable experience with First Security Bank in a particular business dealing and on a belief that the merger would reduce the amount of capital available to small businesses. The Board has reviewed this comment in light of all the facts of record, including the records of First Security and Zions of assisting to meet the credit needs of small businesses. The Board also has provided a copy of this comment to the OCC, the primary federal supervisor of First Security Bank.

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tion's overall record of performance under the CRA by its appropriate federal supervisor.[49]

All of First Security's subsidiary banks received either "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance. In particular, First Security Bank, N.A., Ogden, Utah ("First Security Bank"), which represents approximately 76 percent of the assets controlled by First Security and is First Security's lead bank, received an "outstanding" rating from the OCC, as of June 30, 1996 (the "First Security Examination").[50] All the subsidiary banks of Zions also received either "outstanding" or "satisfactory" ratings at their most recent CRA examinations. In particular, Zions First National Bank, Salt Lake City, Utah ("Zions Bank"), which is Zions' lead bank and represents approximately 37 percent of the assets controlled by Zions, received an "outstanding" rating from the OCC at its most recent examination, as of July 25, 1997 (the "Zions Examination").[51]

Examiners found no evidence of prohibited discrimination or other illegal credit practices at First Security Bank or Zions Bank and identified no violations of fair lending laws. Examiners also reviewed the assessment areas delineated by the depository institutions and found that these assessment areas were reasonable and did not arbitrarily exclude low- to moderate-income ("LMI") areas.

49. *See Interagency Questions and Answers Regarding Community Reinvestment*, 64 *Federal Register* 23,618 and 23,641 (1999).

50. First Security Bank of New Mexico, N.A., Albuquerque, New Mexico, received an "outstanding" CRA performance rating from the OCC, as of December 6, 1995; and First Security Bank of Nevada, Las Vegas, Nevada, received a "satisfactory" CRA rating from the Reserve Bank, as of January 11, 1999. Although First Security Bank of California, N.A., West Covina, California, has not yet been examined for CRA performance, its two predecessor banks received "satisfactory" CRA performance ratings from their appropriate federal financial supervisory agency: California State Bank, West Covina, California, received a "satisfactory" CRA performance rating from the FDIC, as of July 22, 1996; and Marine National Bank, Irvine, California, received a "satisfactory" CRA performance rating from the OCC, as of September 6, 1996.

51. Nevada State Bank received an "outstanding" CRA performance rating from the FDIC, as of May 17, 1999; National Bank of Arizona received a "satisfactory" rating from the OCC, as of May 3, 1999; Vectra Bank received an "outstanding" CRA rating from the Federal Reserve Bank of Kansas City, as of September 30, 1996; and The Commerce Bank of Washington, N.A., received a "satisfactory" CRA rating from the OCC, as of June 25, 1996. Although Zions Bank-CA has not yet been examined for CRA performance, all its predecessor banks received "satisfactory" CRA performance ratings from their appropriate federal financial supervisory agency: Grossmont Bank, San Francisco, California, received a "satisfactory" CRA performance rating from the FDIC, as of August 28, 1996; First Pacific National Bank, Escondido, California, received a "satisfactory" CRA performance rating from the OCC, as of October 31, 1996; Sumitomo Bank of California, San Francisco, California, received a "satisfactory" CRA performance rating from the FDIC, as of September 12, 1996; and Regency Bank, Fresno, California, received a "satisfactory" CRA performance rating from the Reserve Bank, as of February 16, 1999.

B. First Security's CRA Performance Record

In the First Security Examination, examiners found that the bank demonstrated an excellent response to the primary credit needs of its communities.[52] Examiners noted that the bank responded to its communities' credit needs by providing conventional and government-insured real estate mortgages, home improvement loans, farm loans, small business loans, and government-guaranteed student loans. Examiners also concluded that the bank originated a high volume of loans in its delineated communities. From January 1, 1995, through June 30, 1996, the period covered by the examination ("assessment period"), First Security Bank extended 93 percent (by dollar) of its mortgage loans and 82 percent (by dollar) of its small business and farm loans in its delineated communities.

Moreover, examiners noted that the bank's loan-to-deposit ratio was 106 percent, as of June 30, 1996, which was substantially above the peer bank's average of 90 percent; and that the bank extended a significant volume of mortgage loans relative to the bank's resources, market competition, and the credit needs of the community. Examiners indicated that the bank originated more than $275 million of government-insured mortgages in Utah and Idaho during the assessment period.[53] In addition, during 1997 and 1998, First Security Bank made more than 2,160 HMDA-reportable loans, totaling approximately $117 million, to LMI borrowers in the Metropolitan Statistical Area ("MSA") portions of its Utah assessment areas, representing approximately 27 percent of all HMDA-reportable loans made by First Security in such areas.

Examiners also noted that the bank's volume of small business and farm loans originated during the assessment period was high. As of June 30, 1996, the bank had outstanding $700 million in small business loans; small business and farm loans represented more than 10 percent of the bank's total outstanding loan portfolio. The bank also made 385 Small Business Administration ("SBA") loans, totaling $53.2 million, during the assessment period, and had preferred lender status with the SBA. In addition, during 1997 and 1998, First Security Bank originated approximately 5,800 small business and small farm loans, totaling approximately $560 million, in its Utah assessment areas; and more than 80 percent of the small business loans of First Security Bank were made to businesses with less than $1 million in annual revenues, and approximately 22 percent were made to businesses in LMI census tracts.

The First Security Examination also indicated that the bank demonstrated a strong commitment to direct and indirect community development. Examiners stated that

52. In the First Security Examination, examiners also considered the loan originations of Crossland Mortgage Company, a subsidiary of First Security Bank.

53. First Security Bank is an active participant in the Utah and Idaho Housing Finance Agency programs. In both states, the bank is the largest participating lender by dollar and number of loans. During the assessment period, the bank originated $85 million through the Utah Housing Finance Agency and $42 million through the Idaho Housing Finance Agency.

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the bank had taken a leadership role in 19 community development projects from September 1994 to June 1996, which resulted in the construction of 706 new LMI housing units in Idaho and Utah. In Idaho, the bank was one of ten financial institutions participating in the Idaho Community Reinvestment Corporation ("ICRC"), a statewide organization providing housing for LMI persons. Through the ICRC, the bank participated in nine housing projects, which provided a total of 478 new housing units for LMI persons, and provided $2.9 million in loans. The bank also made $3.4 million of debt and equity investments in an 80-unit, low-income housing complex for elderly residents of Salt Lake City and $1.8 million in debt and equity investments in the Oak Park Project, which was developing 142 affordable housing units in Boise, Idaho, in cooperation with the Idaho Housing Agency and the City of Boise.

C. Zions' CRA Performance Record

The Zions Examination reported that Zions Bank had a strong record of ascertaining the credit needs of its communities, including LMI neighborhoods, and had implemented an effective program to meet those credit needs. Examiners noted that the bank had originated a significant volume of mortgage, consumer, and small business loans in its delineated community.[54]

Zions Bank originated more than 11,500 HMDA-reportable loans, totaling approximately $1 billion, in its delineated community during the assessment period.[55] In 1996, 89 percent of its mortgage loans (88 percent by volume) were originated in the bank's delineated community. Examiners indicated that the bank also offered affordable housing products to help meet the needs of LMI individuals, including the Federal National Mortgage Association ("FNMA")'s "Good Neighbor" Loan Program, several Department of Housing and Urban Development Native American loan programs, the FNMA Rural Housing Direct Leveraging Program, the FNMA Fixed Term Community Home Improvement Loan, and the FNMA Fixed Term Home Improvement Loan. Down payments and underwriting criteria for these programs were generally more flexible than for conventional mortgage products.[56] Examiners further noted that Zions Bank was an active participant in Federal Housing Administration, Veterans Administration, Utah Housing Finance Authority, and other government-insured real estate lending programs. In addition, examiners indicated that the bank had been a significant provider of mortgage loans to LMI individuals.

Zions Bank has remained an active mortgage lender to LMI individuals since the Zions Examination. During 1997 and 1998, Zions Bank made more than 2,140 HMDA-reportable loans, totaling approximately $146 million, to LMI borrowers in the MSA portions of the bank's Utah assessment area, representing approximately 23 percent of all HMDA-reportable loans made by Zions Bank in such areas.

In 1996, Zions Bank originated approximately 1,960 small business loans, totaling $199 million. Small business loans represented 26 percent (by number) and 46 percent (by dollar volume) of the total commercial loans originated by the bank during 1996. Seventy-eight percent of the bank's 1996 small business loans were in amounts of less than $100,000. In addition, more than 98 percent of the bank's small business loans in 1996 were originated in its delineated community. In 1996, Zions Bank originated 583 farm loans, totaling $27.4 million. Of these loans, 542 (93 percent by number) and $24.4 million (89 percent by dollar volume) were to small farms. The bank also was an active participant in SBA lending programs. Examiners noted that the percentage of the bank's small business loans in LMI census tracts compared favorably with the distribution of LMI census tracts in the bank's community.

Zions Bank also has extended a significant number of small business and small farm loans since the Zions Examination. First Security has indicated that, during 1997 and 1998, Zions Bank originated approximately 13,500 small business and small farm loans, totaling $1.38 billion; and from August 1, 1997, to December 31, 1998, more than 76 percent of the small business loans of the bank were in amounts of $100,000 or less, and approximately 26 percent were made to businesses in LMI census tracts.

The Zions Examination also concluded that Zions Bank was a leader in providing community development loans, investments, grants, and services to its delineated community. Examiners noted, in particular, that the bank made approximately $800,000 in loans and committed more than $700,000 in low-income housing tax credits to Blue Mountain Dine, a project designed to build 20 modular housing units for elderly low-income Native Americans not residing on the reservation. The bank also invested $389,000 in Crimson Court and $468,000 in Washington Mill, two low-income housing projects in Provo and Park City, Utah, respectively. In addition, the bank had invested $4 million through mid-1997 in Wasatch Venture Capital Corporation, a small business investment company formed by the bank to provide loans to start-up companies.

First Security and Zions have banks that operate in various other states, including Arizona, California, Colorado, Nevada, New Mexico, Oregon, Washington, and Wyoming. The banking assets of First Security and Zions in these states are small compared to their total banking assets.[57] Examinations of the CRA performance of the

54. The lending activities of Zions Mortgage Company, at the time a subsidiary of Zions Bank, were also considered by the examiners who conducted the Zions Examination.

55. The Zions Examination reviewed Zions Bank's activities during 1995, 1996, and through July 25, 1997. During this period, the bank's assessment area consisted of the entire state of Utah.

56. Zions Bank also initiated a consumer loan program designed for LMI persons. The program extends loan maturities by up to 12 months and employs more flexible underwriting standards.

57. Although First Security and Zions have a sizable presence in California, both companies are relatively new entrants to the state. First Security entered the state in 1998, and Zions entered the state in

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subsidiary banks of First Security and Zions operating in these states found no evidence of prohibited discrimination or other illegal credit practices.[58]

D. HMDA Data

The Board also has considered First Security's and Zions' lending record in light of comments regarding the HMDA data of the organizations' subsidiaries.[59] The 1997 and 1998 data indicate that First Security Bank originated a larger percentage of its housing-related loans in the MSA portions of its Utah assessment area to LMI individuals and residents of minority census tracts than did Utah lenders in the aggregate.[60] The 1997 and 1998 data also indicate that Zions Bank denied a smaller percentage of housing-related applications received from African Americans, LMI individuals, and residents of LMI census tracts than did lenders in the aggregate in Utah. The 1998 data further demonstrate that Zions Bank-CA originated a larger percentage of its housing-related loans in its assessment area to LMI individuals than did California lenders in the aggregate.

In other respects, however, the data may reflect certain disparities in the rates of loan applications, originations, and denials by racial group and income level.[61] The Board is concerned when the record of an institution indicates disparities in lending, and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[62] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information. As noted above, examiners found no evidence of prohibited discrimination or other illegal credit practices at the subsidiary banks of First Security and Zions at their most recent completed examinations. Examiners reviewed the fair lending policies and procedures of the banks and found the policies and procedures to be comprehensive and appropriate for monitoring compliance with fair lending laws. The Board also has considered the HMDA data in light of First Security's and Zions' lending records, which show that the organizations' subsidiary banks assist significantly in helping to meet the credit needs of their communities, including LMI areas.

E. Branch Closings

A commenter expresses concern about branch closings in connection with the proposal. First Security has indicated that there may be some branch closings as a result of the proposed merger, which it expects to be limited to locations in California, Idaho, Nevada, and Utah where both First Security and Zions currently operate branches. First Security has submitted preliminary and confidential information concerning branches that are under consideration for closure in the four states, but has indicated that the plans are subject to change.

The Board has carefully considered the public comments regarding the potential branch closings in light of all the facts of record, including the preliminary branch closing information provided by First Security. The Board also has carefully considered the branch closing policies of First Security and Zions and the record of the institutions in opening and closing branches, as well as the review by examiners of the organizations' implementation of their policies.

The branch closing policies of First Security Bank and Zions Bank require that the bank's board of directors approve all branch closings. Both branch closing policies also require that the bank, before any decision to close a branch, consider whether the closing would have an adverse impact on the community and explore alternative solutions to the branch closing. The policies also require the bank to solicit the views of community leaders to the extent that the closing may have an adverse community impact.

Examiners reviewed the branch closing policies and records of opening and closing branches of First Security Bank and Zions Bank during the First Security Examination and the Zions Examination. Examiners of First Secu-

1997. Their California bank subsidiaries have not yet been examined for CRA performance.

58. Examiners found substantive violations of HMDA's reporting provisions at Sumitomo Bank of California in 1996, but Zions did not acquire Sumitomo Bank until 1998.

59. Some commenters note that First Security made a lower percentage of its home purchase and refinance loans in minority census tracts than did Utah lenders in the aggregate. Another commenter states that the disparity ratios for home purchase loan denials of Zions Bank-CA with respect to low-income and minority applicants in one particular county significantly exceeded those of its competitors.

60. The aggregate represents the cumulative lending for all institutions that have reported HMDA data in a given market.

61. For instance, First Security Bank's housing-related loans to African Americans in its Utah assessment area in 1998, as a percentage of its total mortgage lending in such area, was slightly below the aggregate, and the percentage of Zions Bank's housing-related loans originated in minority and LMI census tracts in its Utah assessment area in 1998 also was below the aggregate.

62. The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

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rity Bank found that the bank had a good record of opening and closing branches in Idaho and Utah. Examiners of Zions Bank noted that the bank had not closed an office since 1990 and concluded that the bank had a very good record of opening offices, and that the bank's branches were readily accessible to all segments of its delineated community.

The Board also notes that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal regulatory agency at least 30 days before closing a branch.[63] The law does not authorize federal regulators to prevent the closing of any branch. Any branch closings resulting from the proposed transaction will be considered by the appropriate federal supervisor at the next CRA examination of the relevant subsidiary bank.

To permit the Board to monitor the effectiveness of the branch closing policies of First Security and Zions, the Board conditions its action on this proposal on the requirement that First Security report to the Federal Reserve System semiannually during the two-year period after consummation all branch closings, including consolidations, that occur as a result of this proposal. For branches closed in LMI census tracts, First Security should indicate the proximity of the closed branch to the closest branch of First Security and the steps that First Security took to mitigate the impact of the branch closure.

F. Conclusion on Convenience and Needs

The Board has carefully considered all the facts of record,[64] including the public comments received, responses to the comments, and the CRA performance records of the subsidiary banks of First Security and Zions, in reviewing the proposal's effect on the convenience and needs of the communities to be served by the combined organization.[65] In connection with the proposal, First Security has indicated that it does not intend to make any changes in the CRA policies or programs of either organization's banks.

Based on a review of the entire record, and for the reasons discussed above, the Board concludes that convenience and needs considerations, including the CRA performance records of the subsidiary banks of First Security and Zions, are consistent with approval of the proposal.[66]

Nonbanking Activities

First Security also has filed notice under section 4(c)(8) of the BHC Act to acquire the nonbank subsidiaries of Zions. Through these subsidiaries, First Security would engage in a number of nonbanking activities, including acting as a general insurance agent; acting as a principal, agent, or broker for credit-related insurance; and data processing and transmission activities.[67] The Board has determined by regulation or order that the types of activities for which notice has been provided are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[68]

In order to approve a notice under section 4(c)(8) of the BHC Act, the Board also must determine that the acquisition of the nonbank subsidiaries of Zions and the performance of the proposed activities by First Security are a proper incident to banking; that is, the Board must determine that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[69]

As part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded

63. Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Interagency Policy Statement on Branch Closings (64 *Federal Register* 34,844 (1999)), requires that a bank provide the public with at least 30 days notice and the appropriate federal supervisory agency with at least 90 days notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

64. One commenter requests that the Board condition its approval of the proposal on First Security's making certain community reinvestment and other commitments. The Board notes that the CRA requires only that, in considering an acquisition proposal, the Board carefully review the actual record of performance of the relevant depository institutions in helping to meet the credit needs of their communities. The CRA does not require depository institutions to make pledges as to future performance under the CRA. The Board also notes that the future activities of First Security's subsidiary banks will be reviewed by the appropriate federal supervisors in future performance examinations, and such CRA performance records will be considered by the Board in any subsequent applications by First Security to acquire a depository institution.

65. Several commenters express concern that the merger of First Security and Zions would result in the loss of jobs. The effect of a proposed transaction on employment in a community is not among the factors included in the BHC Act, and the convenience and needs factor has been consistently interpreted by the federal banking agencies, the courts, and the Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. *See Wells Fargo & Company*, 82 *Federal Reserve Bulletin* 445, 457 (1996).

66. A few commenters express concern that the proposal would result in the loss of jobs. The effect of a proposed transaction on employment in a community is not among the factors included in the BHC Act, and the convenience and needs factor has been consistently interpreted by the federal banking agencies, the courts, and Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. *See Wells Fargo & Company*, 82 *Federal Reserve Bulletin* 445, 457 (1996).

67. First Security currently engages in insurance activities grandfathered under section 4(c)(8)(G) of the BHC Act (12 U.S.C. § 1843(c)(8)(G)) ("Exemption G"). First Security would be the legal entity surviving the merger with Zions and, based on the structure of the transaction and all of the other facts of this case, the Board has determined that First Security would retain its exemption to engage in Exemption G activities after consummation of the proposed merger.

68. *See* 12 C.F.R. 225.28(b)(11)(i) and (vii) and (14).

69. 12 U.S.C. § 1843(c)(8).

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that financial and managerial considerations are consistent with approval of the notice.

The Board also has considered the competitive effects of the proposed acquisition by First Security of the nonbanking subsidiaries of Zions. Each of the markets in which the nonbanking subsidiaries of First Security and Zions compete is unconcentrated, and there are numerous providers of each of these services. As a result, the Board expects that consummation of the proposal would have a *de minimus* effect on competition for these services. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in this transaction.

First Security has indicated that the proposed transaction would create a stronger organization with enhanced earnings potential. First Security also has represented that the combined organization would have an increased capacity to serve its customers' credit needs and would be able to provide retail and business customers a broader range of products and services with a more efficient and comprehensive delivery system. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.

The Board also believes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, and that any adverse effects would be outweighed by the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Conclusion

Based on the foregoing, the Board has determined that the transaction should be, and hereby is, approved.[70] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes.[71] The Board's approval is specifically conditioned on compliance by First Security with all the commitments made in connection with this application and notice, including the commitments discussed in this order, and the conditions set forth in this order and the above-noted Board regulations and orders. The Board's approval of the nonbanking aspects of the proposal also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of the subsidiary banks of Zions may not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 13, 1999.

70. Several commenters requested that the Board hold a public meeting or hearing on the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authorities.

Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). Section 4 of the BHC Act and the Board's rules thereunder provide for a hearing on a notice to acquire nonbanking companies if there are disputed issues of material fact that cannot be resolved in some other manner. 12 U.S.C. § 1843(c)(8); 12 C.F.R. 225.25(a)(2). The Board has considered carefully these commenters' requests in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit their views, and they submitted written comments that have been considered carefully by the Board in acting on the proposal. The commenters' requests fail to demonstrate why their written comments do not present their evidence adequately and fail to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests for a public meeting on the proposal are denied.

71. A number of commenters have requested that the Board delay action or extend the comment period on the proposal. The Board has accumulated a significant record in this case, including reports of examination, supervisory information, public reports and information, and considerable public comment. In the Board's view, for the reasons discussed above, commenters have had ample opportunity to submit their views and, in fact, have provided substantial written submissions that have been considered carefully by the Board in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods. Based on a review of all the facts of record, the Board concludes that the record in this case is sufficient to warrant Board action at this time, and that further delay of consideration of the proposal, extension of the comment period, or denial of the proposal on the grounds discussed above or on the basis of informational insufficiency is not warranted.

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Voting for this action: Chairman Greenspan and Governors Kelley, Meyer, and Gramlich. Absent and not voting: Vice Chairman Ferguson.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix A

Nonbanking Subsidiaries of Zions Bancorporation

(1) Zions Life Insurance Company, Salt Lake City, Utah, and thereby engage in underwriting credit-related insurance, in accordance with section 225.28(b)(11)(i) of Regulation Y (12 C.F.R. 225.28(b)(11)(i));
(2) Zions Insurance Agency, Inc., Salt Lake City, Utah, and thereby engage in insurance agency activities, in accordance with section 225.28(b)(11)(vii) of Regulation Y (12 C.F.R. 225.28(b)(11)(vii)); and
(3) Cash Access, Inc., Salt Lake City, Utah, and thereby engage in data processing and transmission activities through the leasing, installing, and servicing of automated teller machines, in accordance with section 225.28(b)(14) of Regulation Y (12 C.F.R. 225.28(b)(14)).

Appendix B

Banking Markets in which First Security and Zions Directly Compete

A. California Banking Markets

Los Angeles: Los Angeles Ranally Metropolitan Area ("RMA") and the towns of Rancho Santa Margarita and Rosamond.

Riverside-San Bernardino: Riverside-San Bernardino RMA and the towns of Banning, Beaumont, and Nuevo.

B. Idaho Banking Markets

Blackfoot: The town of Blackfoot.

Boise: Boise RMA and the towns of Emmett, Homedale, Marsing, Parma, and Wilder.

Bonners Ferry: The town of Bonners Ferry.

Burley: The towns of Albion, Burley, Paul, and Rupert.

Idaho Falls: Idaho Falls RMA and the towns of Shelley and Ririe.

Lewiston: Lewiston RMA.

Montpelier: The towns of Montpelier and Paris.

Moscow-Pullman: The town of Moscow, Idaho; and the towns of Colfax, Palouse, and Pullman, Washington.

Ontario: The towns of Fruitland, New Plymouth, Payette, and Weiser, Idaho; and the towns of Nyssa, Ontario, and Vale, Oregon.

Pocatello: Pocatello RMA.

Twin Falls: The towns of Buhl, Filer, Gooding, Hagerman, Hazelton, Jerome, Kimberly, Richfield, Shoshone, Twin Falls, and Wendell.

C. Nevada Banking Markets

Carson City: The towns of Carson City, Dayton, Gardnerville, Minden, and Virginia City.

Las Vegas: Las Vegas RMA.

Reno: Reno RMA and the town of Fernley.

D. Utah Banking Markets

Box Elder: The towns of Brigham City and Trementon.

Cedar City: The towns of Cedar City and Parowan.

Delta: The towns of Delta and Fillmore.

Ephraim: The towns of Ephraim, Gunnison, Manti, Mt. Pleasant, and Moroni.

Logan: Logan RMA and the towns of Lewiston and Richmond, Utah; and the town of Preston, Idaho.

Moab: The town of Moab.

Monticello: The towns of Blanding and Monticello, Utah; and the town of Dove Creek, Colorado.

Ogden: Ogden RMA, excluding the towns of Kaysville and Fruit Heights.

Park City: The towns of Coalville, Heber City, Kamas, and Park City.

Price: The towns of Castle Dale, Helper, Huntington, and Price.

Provo-Orem: Provo-Orem RMA.

Richfield: The towns of Monroe, Richfield, and Salina.

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Roosevelt: The towns of Altamont, Duchesne, and Roosevelt.

Salt Lake City: Salt Lake City RMA and the towns of Fruit Heights, Grantsville, Kaysville, and Tooele.

St. George: The towns of Hildale, Hurricane, Santa Clara, Springdale, St. George, and Washington, Utah; and the towns of Mesquite and Overton, Nevada.

Vernal: The town of Vernal.

Appendix C

Certain Banking Markets with No Divestitures

A. California Banking Markets

Los Angeles - First Security is the 25th largest depository institution in the market, controlling deposits of $838 million, representing less than 1 percent of market deposits. Zions is the tenth largest depository institution in the market, controlling deposits of $2.1 billion, representing approximately 1.5 percent of market deposits. On consummation of the proposal, First Security would become the ninth largest depository institution in the market, controlling deposits of $3 billion, representing 2.1 percent of market deposits. The HHI would increase 1 point to 1028.
Riverside-San Bernardino - First Security is the 23rd largest depository institution in the market, controlling deposits of $32 million, representing less than 1 percent of market deposits. Zions is the 28th largest depository institution in the market, controlling deposits of $23 million, representing less than 1 percent of market deposits. On consummation of the proposal, First Security would become the 19th largest depository institution in the market, controlling deposits of $55 million, representing less than 1 percent of market deposits. The HHI would increase less than 1 point to 1610.

B. Idaho Banking Markets

Blackfoot - First Security is the second largest depository institution in the market, controlling deposits of $38 million, representing approximately 26.9 percent of market deposits. Zions is the sixth largest depository institution in the market, controlling deposits of $4 million, representing approximately 2.5 percent of market deposits. On consummation of the proposal, First Security would remain the second largest depository institution in the market, controlling deposits of $42 million, representing 29.4 percent of market deposits. The HHI would increase 135 points to 3254.
Boise - First Security is the second largest depository institution in the market, controlling deposits of $855 million, representing approximately 27.8 percent of market deposits. Zions is the 13th largest depository institution in the market, controlling deposits of $9 million, representing less than 1 percent of market deposits. On consummation of the proposal, First Security would remain the second largest depository institution in the market, controlling deposits of $864 million, representing 28.1 percent of market deposits. The HHI would increase 17 points to 2671.
Idaho Falls - First Security is the second largest depository institution in the market, controlling deposits of $196 million, representing approximately 25.4 percent of market deposits. Zions is the tenth largest depository institution in the market, controlling deposits of $6 million, representing less than 1 percent of market deposits. On consummation of the proposal, First Security would remain the second largest depository institution in the market, controlling deposits of $202 million, representing 26.2 percent of market deposits. The HHI would increase 39 points to 2022.
Moscow-Pullman - First Security is the second largest depository institution in the market, controlling deposits of $85 million, representing approximately 20.7 percent of market deposits. Zions is the tenth largest depository institution in the market, controlling deposits of $9 million, representing approximately 2.3 percent of market deposits. On consummation of the proposal, First Security would remain the second largest depository institution in the market, controlling deposits of $94 million, representing 23 percent of market deposits. The HHI would increase 94 points to 1575.
Ontario - First Security is the second largest depository institution in the market, controlling deposits of $78 million, representing approximately 16.6 percent of market deposits. Zions is the seventh largest depository institution in the market, controlling deposits of $26 million, representing 5.6 percent of market deposits. On consummation of the proposal, First Security would remain the second largest depository institution in the market, controlling deposits of $105 million, representing 22.2 percent of market deposits. The HHI would increase 185 points to 1747.
Pocatello - First Security is the largest depository institution in the market, controlling deposits of $129 million, representing approximately 36.1 percent of market deposits. Zions is the tenth largest depository institution in the market, controlling deposits of $2 million, representing less than 1 percent of market deposits. On consummation of the proposal, First Security would remain the largest depository institution in the market, controlling deposits of $131 million, representing 36.5 percent of market deposits. The HHI would increase 32 points to 2523.

C. Nevada Banking Markets

Carson City - First Security is the third largest depository institution in the market, controlling deposits of $109 million, representing approximately 12.6 percent of market deposits. Zions is the seventh largest depository institution in the market, controlling deposits of $62 million, representing approximately 7.1 percent of market deposits. On

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consummation of the proposal, First Security would remain the third largest depository institution in the market, controlling deposits of $171 million, representing 19.7 percent of market deposits. The HHI would increase 179 points to 2024.

Reno - First Security is the seventh largest depository institution in the market, controlling deposits of $105 million, representing approximately 3.5 percent of market deposits. Zions is the fourth largest depository institution in the market, controlling deposits of $395 million, representing approximately 13.2 percent of market deposits. On consummation of the proposal, First Security would become the fourth largest depository institution in the market, controlling deposits of $500 million, representing 16.7 percent of market deposits. The HHI would increase 93 points to 2095.

Appendix D

Certain Banking Markets with Divestitures

A. Idaho Banking Markets

Bonners Ferry - First Security is the largest depository institution in the market, controlling deposits of $40 million, representing approximately 50.2 percent of market deposits. Zions is the third largest depository institution in the market, controlling deposits of $18 million, representing approximately 22.7 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $18 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $40 million, representing 50.2 percent of market deposits. The HHI would remain unchanged at 3769.

Burley - First Security is the second largest depository institution in the market, controlling deposits of $83 million, representing approximately 23 percent of market deposits. Zions is the fifth largest depository institution in the market, controlling deposits of $31 million, representing 8.6 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $31 million, to an out-of-market firm or a competitively suitable in-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the second largest depository institution in the market, controlling deposits of $83 million, representing 23 percent of market deposits. The HHI would increase by no more than 93 to no more than 2149.

Montpelier - First Security is the largest depository institution in the market, controlling deposits of $36 million, representing approximately 53.6 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $22 million, representing 33.6 percent of market deposits. First Security proposes to divest two branches, controlling deposits of $22 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $36 million, representing 53.6 percent of market deposits. The HHI would remain unchanged at 4164.

Twin Falls - First Security is the largest depository institution in the market, controlling deposits of $369 million, representing approximately 40.1 percent of market deposits. Zions is the seventh largest depository institution in the market, controlling deposits of $18 million, representing approximately 2 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $5 million, to an out-of-market firm or a competitively suitable in-market firm. On consummation of the proposal, and after accounting for the proposed divestiture, First Security would remain the largest depository institution in the market, controlling deposits of $382 million, representing 41.5 percent of market deposits. The HHI would increase no more than 131 points to no more than 2487.

B. Utah Banking Markets

Box Elder - First Security is the largest depository institution in the market, controlling deposits of $123 million, representing approximately 54 percent of market deposits. Zions is the fourth largest depository institution in the market, controlling deposits of $19 million, representing 8.5 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $19 million, to an out-of-market firm or a competitively suitable in-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $123 million, representing 54 percent of market deposits. The HHI would increase no more than 162 points to no more than 3553.

Cedar City - First Security is the second largest depository institution in the market, controlling deposits of $76 million, representing approximately 34.5 percent of market deposits. Zions is the third largest depository institution in the market, controlling deposits of $46 million, representing 20.8 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $39 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the second largest depository institution in the market, controlling deposits of $84 million, representing 37.9 percent of market deposits. The HHI would increase 118 points to 3739.

Delta - First Security is the largest depository institution in the market, controlling deposits of $54 million, representing approximately 66.3 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $28 million, representing 33.7 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $28 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $54 million, representing

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66.3 percent of market deposits. The HHI would remain unchanged at 5529.

Ephraim - First Security is the largest depository institution in the market, controlling deposits of $29 million, representing approximately 24.7 percent of market deposits. Zions is the third largest depository institution in the market, controlling deposits of $27 million, representing 23.4 percent of market deposits. First Security proposes to divest two branches, controlling deposits of $29 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would become the third largest depository institution in the market, controlling deposits of $27 million, representing 23.4 percent of market deposits. The HHI would remain unchanged at 2213.

Logan - First Security is the largest depository institution in the market, controlling deposits of $224 million, representing approximately 34.1 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $204 million, representing 31 percent of market deposits. First Security proposes to divest five branches, controlling deposits of $177.8 million, to an out-of-market firm or a competitively suitable in-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $250 million, representing 38.1 percent of market deposits. The HHI would increase no more than 172 points to no more than 2564.

Moab - First Security is the largest depository institution in the market, controlling deposits of $50 million, representing approximately 70.3 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $21 million, representing 29.7 percent of market deposits. First Security proposes to divest two branches, controlling deposits of $21 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $50 million, representing 70.3 percent of market deposits. The HHI would remain unchanged at 5826.

Monticello - First Security is the largest depository institution in the market, controlling deposits of $36 million, representing approximately 55.9 percent of market deposits. Zions is the third largest depository institution in the market, controlling deposits of $14 million, representing 21.7 percent of market deposits. First Security proposes to divest two branches, controlling deposits of $14 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $36 million, representing 55.9 percent of market deposits. The HHI would remain unchanged at 4096.

Park City - First Security is the largest depository institution in the market, controlling deposits of $156 million, representing approximately 42.4 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $111 million, representing 30 percent of market deposits. First Security proposes to divest four branches, controlling deposits of $106.6 million, to an out-of-market firm or a competitively suitable in-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $161 million, representing 43.5 percent of market deposits. The HHI would increase no more than 176 points to no more than 3095.

Price - First Security is the second largest depository institution in the market, controlling deposits of $57 million, representing approximately 24.8 percent of market deposits. Zions is the largest depository institution in the market, controlling deposits of $105 million, representing 45.8 percent of market deposits. First Security proposes to divest three branches, controlling deposits of $57 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would become the largest depository institution in the market, controlling deposits of $105 million, representing 45.8 percent of market deposits. The HHI would remain unchanged at 3054.

Richfield - First Security is the second largest depository institution in the market, controlling deposits of $37 million, representing approximately 24.9 percent of market deposits. Zions is the largest depository institution in the market, controlling deposits of $85 million, representing 56.6 percent of market deposits. First Security proposes to divest two branches, controlling deposits of $37 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would become the largest depository institution in the market, controlling deposits of $85 million, representing 56.6 percent of market deposits. The HHI would remain unchanged at 4007.

Roosevelt - First Security is the largest depository institution in the market, controlling deposits of $61 million, representing approximately 60.5 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $40 million, representing 39.5 percent of market deposits. First Security proposes to divest 2 branches, controlling deposits of $40 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would remain the largest depository institution in the market, controlling deposits of $61 million, representing 60.5 percent of market deposits. The HHI would remain unchanged at 5220.

Vernal - First Security is the largest depository institution in the market, controlling deposits of $65 million, representing approximately 50.5 percent of market deposits. Zions is the second largest depository institution in the market, controlling deposits of $64 million, representing 49.5 percent of market deposits. First Security proposes to divest one branch, controlling deposits of $65 million, to an out-of-market firm. On consummation of the proposal, and after accounting for the proposed divestitures, First Security would become the second largest depository insti-

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tution in the market, controlling deposits of $64 million, representing 49.5 percent of market deposits. The HHI would remain unchanged at 5001.

HSBC Holdings plc
London, United Kingdom

HSBC Finance Netherlands
London, United Kingdom

HSBC Holdings BV
Amsterdam, Netherlands

Republic New York Corporation
New York, New York

Republic National Bank of New York
New York, New York

Order Approving Applications to Acquire a Bank Holding Company and to Merge Banks, and Notice to Acquire Nonbanking Companies

HSBC Holdings plc ("HSBC"), HSBC Finance Netherlands ("HFN"), and HSBC Holdings BV ("HHBV"), all bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Republic New York Corporation ("RNYC"), and its wholly owned subsidiary banks, Republic National Bank of New York ("Republic Bank") and Republic Bank California National Association, Beverly Hills, California ("Republic California").[1] HSBC, HFN, and HHBV also have requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of RNYC and thereby engage in permissible nonbanking activities.[2] Republic Bank has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with HSBC Bank USA ("HSBC Bank"), a state member bank that is the primary U.S. banking subsidiary of HSBC.[3] In addition, HSBC proposes to acquire the foreign operations and Edge corporations of RNYC pursuant to section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and section 25A of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*) and the Board's Regulation K (12 C.F.R. 211), and Republic Bank proposes to acquire the Agreement corporation subsidiary of HSBC Bank pursuant to section 25 of the Federal Reserve Act (12 U.S.C. § 601 *et seq.*) and Regulation K.[4]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 35,660 (1999); 64 *Federal Register* 36,876 (1999)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act, the Federal Reserve Act, and the Bank Merger Act.

HSBC, with total consolidated assets of $497 billion is the largest banking organization headquartered in the United Kingdom and is the eighth largest banking organization in the world.[5] HSBC operates subsidiary banks in New York State and California that control deposits of $22.1 billion.[6] Three of HSBC's non-U.S. subsidiary banks also maintain branches in the U.S.[7] HSBC, HFN, and HHBV also engage in a broad range of permissible nonbanking activities in the United States through subsidiaries, including underwriting and dealing in debt and equity securities to a limited extent.

RNYC, with total consolidated assets of $51.2 billion, is the 19th largest commercial banking organization in the United States and the sixth largest commercial banking organization in New York State. RNYC operates subsidiary banks in New York State and California that control aggregate deposits of $13.6 billion. RNYC and its subsidiaries also engage in certain permissible nonbanking activities in the United States, including dealing in debt and equity securities to a limited extent.

1. HSBC proposes to acquire RNYC by merging an indirect, wholly owned acquisition subsidiary with and into RNYC, with RNYC as the surviving corporation. HSBC proposes to hold the corporation resulting from the merger of RNYC with HSBC USA, Inc. through an intermediate holding company in the United States, HSBC North America, Inc. Because this intermediate company would indirectly control a U.S. bank, it would be a bank holding company for purposes of the BHC Act.

2. The nonbanking activities in which RNYC engages and for which HSBC, HFN, and HHBV have sought Board approval under section 4 of the BHC Act include factoring, in accordance with section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1)); trust company functions, in accordance with section 225.28(b)(5) of Regulation Y (12 C.F.R. 225.28(b)(5)); agency transactional services, in accordance with section 225.28(b)(7) of Regulation Y (12 C.F.R. 225.28(b)(7)); and investment transactions as a principal, in accordance with section 225.28(b)(8) of Regulation Y (12 C.F.R. 225.28(b)(8)).

3. Republic Bank has applied to the New York State Banking Department to convert from a national to a New York State charter, and to the Board under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) for membership of the converted bank in the Federal Reserve System. On completion of the merger of Republic Bank and HSBC Bank, Republic Bank would change its name to HSBC Bank USA ("New HSBC Bank").

4. HSBC also has requested the Board's approval to hold and exercise an option to acquire up to 19.9 percent of the shares of RNYC's common stock.

5. Asset data are as of June 30, 1999, and ranking data are as of December 31, 1998, and are based on exchange rates then applicable.

6. Deposit data are as of June 30, 1999.

7. The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Special Administrative Region, People's Republic of China ("HSBL"), and Midland Bank plc, London, United Kingdom, each maintain a branch in New York, New York; and Hongkong Bank of Canada, Vancouver, Canada, maintains branches in Portland, Oregon, and Seattle, Washington. In addition, HSBC Equator Bank plc, London, United Kingdom, has a representative office in Washington, D.C.

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Factors Governing Board Review of Transaction

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of a bank holding company or the acquisition of banks. These factors are the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the convenience and needs of the community to be served, including the records of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") of the insured depository institutions involved in the transaction; the availability of information needed to determine and enforce compliance with the BHC Act and other applicable federal banking law; and, in the case of applications involving a foreign bank, whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor. In cases involving interstate bank acquisitions, the Board also must consider the concentration of deposits in the nation and relevant individual states, and compliance with other provisions of section 3(d) of the BHC Act.

The Board has considered these factors in light of a comprehensive record that includes information provided by HSBC, confidential supervisory and examination information, and publicly reported financial and other information. The Board also has considered information collected from the primary home country supervisor of HSBC and various federal and state agencies, including the New York State Banking Department, and other relevant agencies. In addition, the Board has considered information provided by public commenters in connection with the proposal.[8]

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of HSBC is New York,[9] and the subsidiary banks of RNYC are located in New York, Florida, and California.[10] HSBC's U.S. subsidiary banks maintain branches in New York, Pennsylvania, and California.

Section 3(d) of the BHC Act provides that the Board may not approve a proposal if, after consummation, the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States.[11] In addition, the Board may not approve a proposal if, on consummation of the proposal, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the organization to be acquired operate an insured depository institution, or such higher or lower percentage established by state law.[12]

On consummation of the proposal, HSBC would control approximately 1 percent of the total amount of deposits of insured depository institutions in the United States. HSBC would control less than 30 percent or the appropriate percentage established by applicable state law of total deposits held by insured depository institutions in the states in which HSBC and RNYC both operate an insured depository institution. All other requirements of section 3(d) of the BHC Act also would be met after consummation of the proposal.[13] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[14]

HSBC and RNYC control banking operations that compete directly in the New York/New Jersey Metropolitan banking market ("New York banking market").[15] HSBC is the ninth largest depository institution in the New York banking market, controlling deposits of $10 billion, representing approximately 2.4 percent of total deposits in depository institutions in the New York banking market ("market deposits"). RNYC is the eighth largest deposi-

8. The Board received comments from 12 public commenters.

9. A bank holding company's home state is that state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

10. For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

11. 12 U.S.C. § 1842(d)(2)(A). For this purpose, insured depository institutions include all insured banks, savings banks, and savings associations.

12. 12 U.S.C. § 1842(d)(2)(B)-(D).

13. HSBC is adequately capitalized and adequately managed, as defined by applicable law. 12 U.S.C. § 1842(d)(1)(A). Republic California has been in existence and operated continuously for at least the period of time required by applicable state laws. See 12 U.S.C. § 1842(d)(1)(B); Cal. Fin. Code § 3825 (1999) (5 years). Additionally, Pennsylvania law authorizes an out-of-state bank to establish and maintain branches acquired from a predecessor in a merger, on condition of reciprocity with the laws of the state where the acquiring bank is chartered. 7 P.S. § 904(a) (1999). New York law provides such reciprocity. N.Y. Banking Law § 225.1 (1999).

14. 12 U.S.C. § 1842(c)(1).

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

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tory institution in the New York banking market, controlling deposits of \$13.6 billion, representing approximately 3.2 percent of market deposits.[16] On consummation of the proposal, New HSBC Bank would become the fifth largest depository institution in the New York banking market, and HSBC would control total deposits of approximately \$23.7 billion in the market, including deposits in the New York branches of HSBC's foreign banking subsidiaries, HSBL and Midland Bank plc. After the transaction, the market would remain unconcentrated, as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines").[17] In addition, numerous competitors would remain in the New York banking market. Based on these and all other facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the New York banking market or any other relevant banking market.

Financial and Managerial Resources

The Board has carefully considered the financial and managerial resources and future prospects of the companies and banks involved in the proposal, the effect the proposed transaction would have on such resources, and other supervisory factors in light of all the facts of record, including public comments.

In evaluating the financial and managerial factors, the Board has considered the terms of the merger, including the proposed financing arrangements for the transaction. The Board also has reviewed the proposed structure of the combined organization, and various commitments made by HSBC regarding the proposal. In addition, the Board has reviewed confidential examination and other supervisory information assessing the financial and managerial strength of HSBC and its subsidiaries and of RNYC and its subsidiaries. Moreover, the Board has reviewed information submitted by HSBC about the programs that HSBC and RNYC have implemented to prepare their systems for the year 2000 changeover and confidential examination and supervisory information assessing the organizations' efforts to ensure Year 2000 readiness, both before and after the proposed transaction.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important.[18] The Board expects banking organizations contemplating expansion to maintain strong capital levels substantially in excess of the minimum levels specified in the Board's Capital Adequacy Guidelines. HSBC's capital ratios exceed the minimum levels that would be required under the Basle Capital Accord and are considered equivalent to the capital that would be required of a U.S. banking organization. Moreover, the proposed transaction would not materially affect the capital position of HSBC or RNYC and is not expected to have a significantly adverse effect on the financial resources of HSBC. Other financial factors are consistent with approval.

The Board has also considered the managerial resources of HSBC and RNYC in light of all the facts of record, including confidential examination and other supervisory information.[19] In particular, the Board has taken into account the record of operation by HSBC of banks, branches, and representative offices in the United States. Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval.[20]

Convenience and Needs Factor

In acting on this proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal supervisory authority to take into account an institution's record of meeting the credit needs of its entire community, including

16. Deposit and ranking data for the New York banking market are as of June 30, 1998.

17. The HHI in the New York banking market would increase from 771 to 786 as a result of the proposed transaction. *See* 49 *Federal Register* 26,823 (June 29, 1984). Under the DOJ Guidelines, a market in which the post-merger HHI is less than 1000 points is considered to be unconcentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited purpose lenders and other nondepository financial entities. As noted, the HHI in the New York banking market would remain less than 1000 points after consummation of the proposal.

18. *See Chemical Banking Corporation,* 82 *Federal Reserve Bulletin* 239 (1996).

19. One commenter expressed concerns about the managerial resources of Republic Bank, contending that its purchase of mortgage-backed securities issued by a subprime lender, Delta Funding Corporation, Woodbury, New York ("Delta"), reflected poorly on its fair lending safeguards. The Board has also considered these comments in reviewing the convenience and needs factors in this case.

20. In reviewing the managerial resources factor, the Board has considered available information, including confidential and supervisory information, regarding the charges of securities fraud filed against the owner and founder of Princeton Global Management Limited, a customer of Republic New York Securities Corporation ("RNYSC"), a subsidiary of RNYC. Neither RNYC nor RNYSC has been charged with wrongdoing by any government authority in connection with this matter, and RNYC has suspended the chief executive officer of RNYSC and replaced the management of RNYSC's Futures Division. In addition, the Board notes that HSBC has reviewed the activities of RNYSC, and the Board has taken account of plans by HSBC to address potential effects that might result from the Princeton matter. The Board is coordinating its review of this matter with the functional regulators of RNYSC and other appropriate law enforcement authorities.

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low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansion proposals. The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of HSBC and RNYC in light of all the facts of record, including public comments on the proposal.

Twelve persons submitted written comments on various aspects of the proposal and, in particular, the effect of the proposal on the convenience and needs of the affected communities and the CRA performance records of the depository institutions involved. Several commenters opposed the proposal, alleging that HSBC and, to a lesser extent, RNYC have inadequate records of meeting the banking and credit needs of the communities they serve and, in particular, of communities with predominantly LMI and minority populations. Other commenters expressed the view that the proposal should not be approved absent certain specific commitments from HSBC to improve various aspects of its CRA-related programs. Some commenters praised the community reinvestment programs of Republic Bank in New York City, in particular its community development lending and affordable mortgage and consumer banking products, and expressed concern that these products or programs would not be continued after the banks merge.

A. CRA Performance Examinations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions. An institution's most recent CRA performance review is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by the appropriate federal financial supervisory agency.[21]

Both of HSBC's subsidiary banks have been examined for CRA performance and received "satisfactory" ratings in the most recent CRA examinations.[22] In particular, HSBC's lead bank, HSBC Bank, received "satisfactory" performance ratings from the Federal Reserve Bank of New York ("Reserve Bank"), as of October 5, 1998, and from the New York State Banking Department, on June 30, 1998.

Both of RNYC's subsidiary banks that are subject to the CRA also received "satisfactory" ratings in the most recent examinations of their CRA performance.[23] Republic Bank, RNYC's lead bank, received its "satisfactory" rating from the Office of the Comptroller of the Currency ("OCC"), as of May 15, 1997.

HSBC represents that it has no immediate plans to alter materially Republic Bank's CRA program, and that it will continue the principal features of the program until 2001. HSBC has also said that it will honor all outstanding loan, investment, and contribution commitments that have been made by Republic Bank through the year 2000, and that a significant portion of the CRA investment initiatives of Republic Bank will be continued beyond 2000. HSBC has indicated that it intends to use Republic Bank's retail lending operations to increase HSBC's lending to LMI individuals in the New York City metropolitan area. Consequently, the Board has taken into account the CRA performance records of both HSBC and RNYC in evaluating this proposal.[24]

B. HSBC's CRA Performance Record

HSBC Bank. Examiners concluded that HSBC Bank's lending activity had been responsive to the credit needs of its assessment areas, and commended the geographic distribution of HSBC Bank's lending within its assessment areas as well as its penetration among borrowers of different income levels.[25] Examiners described HSBC Bank's community lending performance as excellent. During the examination period, HSBC Bank had $137.7 million in community development loan commitments, $82.4 million (60 percent) of which supported affordable housing initiatives that provided for the construction or rehabilitation of 3,517 affordable housing units in its assessment area. Loans for economic development activity totaled $44 million, and community service lending accounted for $11.2 million.

Examiners characterized as excellent the geographic distribution of home improvement and small business loans

21. The Interagency Questions and Answers Regarding Community Reinvestment provide that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record. *See* 64 *Federal Register* 23,641 (1999).

22. In addition to HSBC Bank (formerly Marine Midland Bank), HSBC also owns, through HSBC USA, Inc., 40 percent of the equity of Wells Fargo HSBC Trade Bank N.A., San Francisco, California ("Trade Bank"), a national bank joint venture with Wells Fargo & Company. For CRA purposes, Trade Bank is evaluated as a wholesale financial institution because it is devoted solely to international trade finance and international banking services.

23. Republic Bank Delaware National Association, Wilmington, Delaware, is an uninsured limited purpose trust company and, thus, is not subject to the CRA.

24. One commenter expressed concern that the proposed transaction might result in job losses in the New York City area, and that the proposal could result in increased fees for banking products and services. The effect of a proposed acquisition on employment in a community is not among the factors included in the BHC Act, and the convenience and needs factor has been interpreted consistently by the federal banking agencies, the courts, and Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. *See Wells Fargo & Company,* 82 *Federal Reserve Bulletin* 445, 457 (1996).

HSBC Bank and Republic Bank offer a full range of banking products and services, including low-fee bank accounts, and New HSBC Bank intends to continue to offer affordable basic checking and savings accounts. Moreover, although the Board has recognized that banks help to serve the banking needs of communities by making basic services available at nominal or no charge, the CRA does not require an institution to limit the fees charged for its services or provide any specific types of credit products.

25. Examiners also considered the lending activity of HSBC Bank's affiliated mortgage company HSBC Mortgage Corporation ("HSBC Mortgage").

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made by HSBC Bank. Examiners found that the number of small business loans made by HSBC Bank in LMI census tracts was approximately 30 times greater than the number of loans it made in non-LMI census tracts, and that the level of home improvement loan originations in LMI census tracts was the same as the level of such originations in non-LMI tracts. In addition, examiners characterized HSBC's geographic distribution of home purchase and refinance loans as adequate. HSBC's Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") lending to moderate-income borrowers was described as good, and such lending to low-income borrowers was found to be adequate. Examiners found HSBC Bank's small business lending to reflect good penetration among small and large businesses. Between September 1, 1996, and June 30, 1998, 74 percent of HSBC Bank's small business loans in its assessment area were for $100,000 or less, and 47 percent of those loans were to businesses with reportable gross annual revenues of $1 million or less.

HSBC has indicated that HSBC Bank and HSBC Mortgage have a variety of products and programs intended for LMI individuals and small businesses, including mortgage products from the Veterans Administration, Federal Housing Administration, Freddie Mac, and the State of New York Mortgage Agency ("SONYMA"), as well as its own low-down payment mortgage products.[26] From 1997 to 1998, HSBC Bank made 419 loans under the SONYMA Low Interest Rate Program, which provides below-market interest rate loans for first-time homebuyers with higher than usual debt levels. Additionally, in the last two years, HSBC Bank has made more than $11 million in loans through the Fannie Mae Community Home Buyer program, which focuses on LMI borrowers.[27] Examiners found no evidence of prohibited discriminatory or other illegal credit practices by HSBC Bank.

HSBC Bank participates in several small business initiatives including the Business Consortium Fund, which provides contract financing to certified minority businesses across the United States; the Buffalo and Erie County Regional Development Corporation, under which HSBC Bank has extended $1.5 million in loans to women- and minority-owned businesses; the Excelsior Link Deposit program, run by the Empire State Development Corporation, through which HSBC has approved loans with an aggregate balance of $16.5 million to smaller businesses; the New York Business Development Corporation, through which HSBC Bank provides $7.5 million for lending and with which HSBC Bank has entered into four participations totaling $8.1 million; and the Community Preservation Corporation ("CPC") and the Community Lending Corporation, to which HSBC Bank has contributed a total of $9.5 million for construction lines of credit and $12.4 million for long-term loans aimed at financing affordable housing for LMI families in downstate and upstate New York, respectively.[28]

The CRA performance examination concluded that HSBC Bank had an adequate level of qualified community development investments and grants, and exhibited an adequate responsiveness to the credit and community development needs of its assessment areas.[29] At the time of the examination, HSBC Bank had $14.9 million in investments and deposits in various community development entities, and $639,000 in charitable grants and contributions to organizations supporting community development projects and programs. A total of $14.2 million in investments and grants were targeted for affordable housing. HSBC Development, which was acquired by HSBC Bank as part of its 1997 acquisition of First Federal Savings and Loan of Rochester, New York, specializes in building and rehabilitating affordable housing in the Buffalo and Rochester areas. In 1998, HSBC Development was involved in six projects which, when completed, will have constructed or rehabilitated 81 homes in Rochester and 54 homes in Buffalo.

Examiners rated HSBC Bank's performance on the service test portion of the CRA examination as outstanding, finding that HSBC Bank provided a very high level of banking services in its assessment area. HSBC Bank operates 374 branches, 92 of which are in LMI census tracts.[30] Examiners also noted that HSBC Bank offered a variety of alternative delivery systems, including automatic teller machines ("ATMs") and banking by phone and home computer. In the New York City area, Spanish- and Chinese-speaking representatives were available to help telephone banking customers, and 57 of HSBC Bank's ATMs in the New York City area were programmed in Spanish, Chinese, or both. Additionally, HSBC Mortgage operated nine mortgage loan production offices in New York State, including one in an LMI area. The CRA performance examination also concluded that HSBC Bank's record of opening and closing branches during the examination period improved the accessibility of its service delivery systems, especially in LMI areas.

26. A number of commenters expressed concern that HSBC Bank's mortgage products are more standardized, and thus potentially less able to meet the credit needs of particular communities, than those of Republic Bank. One commenter suggested that in general HSBC Bank did not provide adequate affordable lending products or homeowner education programs for LMI communities.

27. HSBC Bank also provides grants to assist first-time homebuyers in meeting down payment requirements through a program sponsored by the Federal Home Loan Bank of New York ("FHLBNY"). HSBC Bank also participates in the FHLB System's Affordable Housing Program, which provides subsidized funds to finance the purchase, construction, and rehabilitation of owner-occupied and rental housing for LMI households. One commenter requested that HSBC Bank commit to remaining a member of FHLBNY. HSBC indicated that it has not decided whether to continue its membership after consummation of the proposal.

28. One commenter urged that HSBC offer construction lending, in particular, for affordable housing projects. The CRA does not require an institution to offer any specific credit products but allows an institution to help serve the credit needs of the institution's community by providing credit of the types consistent with the institution's overall business strategy and expertise.

29. One commenter called for HSBC to expand its community development grant program.

30. This information is based upon branch data provided by HSBC, as of June 11, 1999.

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Examiners also noted that HSBC Bank offers no- or low-minimum balance savings accounts for all its customers and commended HSBC Bank's community development services, such as home buyer and home improvement seminars, credit counseling workshops, and small business financing seminars.[31]

Trade Bank. Trade Bank received a "satisfactory" rating from the OCC in its most recent CRA performance evaluation. Examiners concluded that it had an effective program for ascertaining community credit needs, which was carried out in conjunction with Wells Fargo Bank, N.A. ("Wells Fargo"), and used information from Wells Fargo's Corporate Community Development Group, which worked with elected officials, public advocates, private nonprofit agencies and for- profit developers to identify community credit needs, especially in LMI areas. Additionally, in 1996, Trade Bank conducted a credit needs survey that focused on credit availability in Trade Bank's particular market of international trade finance and banking services. Examiners also found that Trade Bank's board of directors is generally involved in CRA activities through its Compliance/CRA Committee.

The CRA performance examination found that Trade Bank used specialized marketing media, such as trade journals, trade shows, conferences, and seminars to communicate with the business community that needed the services it provided. Examiners found that Trade Bank's level of lending was responsive to the specialized credit needs of its delineated community, and that Trade Bank had addressed a significant portion of the identified need for international trade finance in that community. As of September 30, 1996, Trade Bank had total loans outstanding of $254 million. Examiners further found that the geographic distribution of Trade Bank's wholesale credit extensions was reasonable, and that there was no evidence of prohibited or illegal credit practices.

Trade Bank's community development activities were found to be appropriately responsive to credit and economic development needs in its delineated community. For example, during the examination period Wells Fargo committed to loans totaling $2 million on behalf of Trade Bank to develop five affordable housing projects with 189 units of multifamily, low-income rental housing. All the units were to be available to families with incomes of 60 percent or less of the area's median family income, and all the projects were in Trade Bank's delineated community. Trade Bank's other current community development investments totaled more than $3 million.

C. RNYC's CRA Performance Record

Republic Bank. Examiners found that Republic Bank's efforts to ascertain the credit needs of its communities were strong and identified several products designed to meet those needs. Republic Bank's board of directors was found actively to support the Bank's CRA programs and to oversee them effectively, and examiners deemed satisfactory Republic Bank's marketing efforts to inform its communities of available credit products and services.

The CRA performance examination found that Republic Bank had a satisfactory overall record of originating loan products that addressed the credit needs of its communities.[32] The examiners' analysis of lending patterns for mortgage, consumer, and small business loans indicated reasonable penetration in all segments of Republic Bank's delineated communities, including LMI areas. Using 1995 HMDA data, examiners found that for loans to LMI census tracts in the New York City market, Republic Bank ranked seventh in number of loans approved and fourth in dollar amount out of 210 lenders, originating 241 loans totaling $33.5 million. This represented 3.3 percent of the number of originations and 3.1 percent of the total dollar amount lent by all lenders in those LMI tracts in 1995. Regarding loans to LMI applicants in the New York City market, the examiners found that Republic Bank ranked seventh out of 177 lenders with 2.3 percent of the number of LMI loans and 2.6 percent of the dollar amount. In 1996, Republic Bank originated 183 loans worth $11.1 million to LMI borrowers in New York City, Westchester, and Long Island, and 79 loans totaling $3.9 million to LMI borrowers in Florida, which examiners concluded was reasonable relative to its presence in the market, competitive factors, and demographic characteristics. The CRA performance examination concluded that loan applications were received from all segments of the community, including LMI areas, and that Republic Bank was in substantial compliance with the various fair lending laws.

The CRA performance examination noted that Republic Bank had offered special mortgages for LMI borrowers through FNMA's Community Home Buyer Program since 1990. Examiners also noted Republic Bank's program for low-cost, below market rate mortgages for homebuyers in New York City Housing Partnership ("NYCHP") projects. According to Republic Bank, in 1998, the program was offered at two NYCHP projects in Brooklyn, two in the Bronx, and one in Manhattan. Republic Bank is also a founding member of the New York Mortgage Coalition ("NYMC"), which helps LMI individuals and families purchase homes. Through the NYMC program, community groups provide mortgage and credit education, counseling, and application assistance, while the NYMC member banks provide specialized mortgage products that include lower down payments and fees. According to Republic Bank, since 1993 the NYMC has originated approximately $110 million in home loans in the New York City market.

Examiners found that in 1996 Republic Bank originated 517 loans to small businesses in LMI census tracts in the New York City area, representing 27 percent of all its small

31. One commenter urged HSBC to focus on African-Americans and Hispanics for its credit counseling and homebuyer education services.

32. Examiners also considered the home mortgage lending activity of Republic Bank's subsidiary, Republic Consumer Lending Group, Inc.

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business loans in the region. In Florida, 31 percent of its small business loans were made in LMI tracts. According to Republic Bank, in 1998 it originated or renewed approximately $180 million in loans to 1,758 borrowers, and 78 percent of those loans were for less than $100,000. Republic Bank is also a preferred Small Business Administration ("SBA") lender, and in 1998, made $1.3 million in new SBA loans. Since 1993, Republic Bank has had a micro-financing program in the New York City area that provides lines of credit and short-term loans of up to $50,000 to nonprofit organizations, start-up enterprises, and small businesses with less than $1 million in annual sales that do not meet its normal credit criteria. In 1998, Republic Bank made $374,000 in micro-loans under the program and originated almost $2 million in micro-lines of credit.

The CRA performance examination commended Republic Bank's Community Affairs Department as a leader in developing programs to promote affordable housing and economic development. It found the overall level of participation in community development activities to be reasonable and consistent with available opportunities. Examiners determined that from April 1995 to March 1997, Republic Bank made $13.5 million in community development loans and $43.4 million in community development investments. Republic Bank has indicated that in 1998 it originated more than $25 million in community development loans, with more than one-half of that amount for construction and rehabilitation projects.

Examiners took note of several of Republic Bank's community development efforts, including the New York Equity Fund ("NYEF"), an investment pool formed to rehabilitate New York City buildings to provide rental housing to low- and very-low-income families; Global Resources for Affordable Neighborhood Development ("GRAND"), which provides loans to build the new homes projects of NYCHP; Primary Care Development Corporation ("PCDC"), which provides loans to support the development of primary care programs in New York City; and the CPC. Republic Bank has indicated that it is still involved with all these programs, and that it has made total loans to NYEF since 1989 of more than $35 million, total investments of $43.5 million, and an investment commitment for 1999 of $15 million. In addition, in 1999, Republic Bank has committed to lend $5 million to GRAND, and $5 million to support PCDC's lending program. Republic Bank has provided CPC with a $10 million revolving line of credit, plus commitments of $4 million in 1999 for a non-recourse program and $17 million to purchase collateralized trust notes issued by CPC.[33]

The CRA performance examination found that Republic Bank provided services in response to special community credit needs, that its offices provided reasonable access to all members of its communities, and that its branch closing policy was consistent with regulatory guidelines. It noted that Republic Bank provided alternative delivery systems, including automatic teller machines ("ATMs"), and 24-hour banking by phone and home computer. Additionally, Republic Bank has indicated that it uses Spanish and Chinese language advertising, in addition to advertising that focuses on Hispanic and African-American communities.

Republic California. Republic California received a "satisfactory" rating from the OCC in its most recent CRA performance evaluation. Examiners concluded that Republic California's lending activity adequately addressed the community's credit needs, based on an evaluation of the volume and patterns of lending, inside and outside the assessment area. Examiners also concluded that Republic California's trade finance program was focused on severely underserved communities, and that a majority of Republic California's letter of credit financing was in low income areas that had no nearby banking offices. A substantial majority of lending by Republic California was found to be in the assessment area, and geographic loan distribution was determined to be good. Republic California also has a micro-loan program similar to the one offered by Republic Bank. Republic California participates in a number of affordable housing programs that include below-market interest rates, reduced costs, and other features designed to respond to the needs of LMI families. Examiners also conducted a fair lending review of Republic California's consumer lending portfolio and found no violations of the substantive provisions of the antidiscrimination laws and regulations.

Examiners concluded that Republic California is active in community development lending, given its size and business focus. From January 1995 through June 1997, Republic California originated 10 community development loans totaling $925,000 throughout its assessment area. The CRA performance examination also concluded that Republic California had a good record of providing community development investments in its assessment area and throughout Los Angeles County. At the time of the examination, Republic California had investments of $9.2 million, primarily in bonds and other securities that funded housing for LMI families and in LMI census tracts. According to Republic California, its current community development investment portfolio in its assessment area is $28.8 million, $27.7 million of which is invested in bonds, securities, and federal low-income tax credits serving LMI communities.

D. HMDA Data

The Board has also carefully considered the lending records of HSBC and RNYC in light of comments on the 1997 and 1998 HMDA data of the organizations' subsidiaries.[34] The data reflect certain disparities and weaknesses in

33. Several commenters praised Republic Bank's community development lending, calling it "a significant source of support for community revitalization" in New York City.

34. Several commenters were critical of HSBC Bank's lending record as reflected in its 1997 and 1998 HMDA data. Among the

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the rates of loan applications, originations, and denials by racial group and income level.[35] The Board is concerned when the record of an institution indicates such disparities in lending, and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[36] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of the compliance by the subsidiary banks of HSBC and RNYC with fair lending laws and the overall lending and community development activities of the banks. In particular, examiners have found substantial compliance with fair lending laws at the most recent examinations of the subsidiary depository institutions of HSBC and RNYC. The Board also has considered the HMDA data in light of HSBC's and RNYC's overall lending records, which show that the organizations' subsidiary depository institutions assist significantly in helping to meet the credit needs of their communities, including LMI areas, through a variety of forms of lending, including small business loans and community development lending.

The data for 1998 generally show that HSBC[37] increased the number of HMDA-related loans it made to African-American, Hispanic, and LMI applicants and to applicants in LMI and minority census tracts,[38] and that the overall proportion of loans by HSBC to LMI applicants was only slightly lower than the aggregate. HMDA data for 1998 show that RNYC significantly increased its overall volume of HMDA-related loans from 1997, including increases in the number of loans to African-American and LMI applicants and to borrowers in LMI and minority census tracts.[39] Importantly, the information collected in the examination process does not indicate that HSBC engaged in any prohibited discriminatory practices. In addition, although HSBC received a lower percentage of loan applications from African-Americans than the aggregate, HSBC originated loans to a higher percentage of its African-American applicants than did the aggregate. In its most recent CRA examination, HSBC received a "high satisfactory" rating for its overall lending performance. As noted above, HSBC has a number of lending programs that benefit LMI communities and individuals that are not reflected in HMDA data. These programs include HSBC's community development lending, much of which finances affordable housing, and its small business lending.

The Board notes that HSBC has provided projections to the New York State Banking Department ("NYSBD") that it would increase the dispersion of its applications in majority minority census tracts[40] of New York State by the end of 2000 and has undertaken a variety of initiatives to increase its lending in predominantly minority and LMI areas. The Board encourages HSBC to continue to pursue these initiatives and, as a condition to approval of the proposal, requires HSBC to provide the Reserve Bank with a copy of the semiannual reports that HSBC files with the NYSBD concerning its efforts to achieve the projections. In addition, the Board expects HSBC to address any weaknesses in its CRA record noted at the most recent CRA examinations.

Branch Closings

HSBC Bank and Republic Bank together operate 456 branches in New York State, including 103 in LMI census tracts.[41] HSBC has indicated that it has not yet made any decisions on possible branch closures or consolidations as a result of the proposed transaction, although HSBC has indicated that it is evaluating for possible consolidation fewer than 20 pairs of HSBC Bank and Republic Bank branches that have offices that are in close proximity to each other. According to HSBC, six of the branch pairs under review for possible consolidation involve locations that could affect LMI areas. Five of the six branch pairs

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criticisms made by the commenters were that HSBC Bank makes too few of its HMDA- related loans to minority applicants and in predominantly minority areas; that the disparity between the denial rates for white and minority loan applicants is too large; that HSBC Bank's overall market share of loans in LMI areas is too small; and that HSBC Bank attracts too few minority and LMI loan applicants. One commenter identified the level of HSBC Bank's single-family housing lending as requiring improvement.

35. For example, HSBC's mortgage originations in LMI and minority census tracts and to African-American and Hispanic applicants, as a percentage of its total mortgage lending, are lower relative to the aggregate and relative to the demographics of the markets in which HSBC operates. In this context, the aggregate means the cumulative lending for all institutions that have reported HMDA data in a given market.

36. The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

37. HMDA data for HSBC represent the combined lending of HSBC Bank and HSBC Mortgage in the MSA portions of HSBC Bank's New York assessment area.

38. In this case, minority tracts are those in which 80 percent or more of the population are minorities.

39. HMDA data for RNYC represent the combined lending of Republic Bank and its subsidiary, Republic Consumer Lending Group, Inc., in Republic Bank's New York assessment area.

40. Majority minority tracts are those in which more than 50 percent of the population are minorities.

41. This total includes branches in block numbering areas, where the branch is located outside a MSA, and is based on branch data provided by HSBC, as of June 11, 1999.

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that might affect LMI areas involve branches that are within 500 feet of each other. Examiners found that HSBC Bank's branch closure policy conforms to the Joint Interagency Policy Statement Regarding Branch Closings.[42] HSBC Bank's policy requires consideration of the impact of a branch closure on the branch's neighborhood and that requires advance written notice of any branch closure be provided to the community. The examination found that past branch closures by HSBC Bank were conducted in accordance with its branch closure policy, and that HSBC Bank provided reasons for closings and timely advance notification to customers and regulatory authorities.

F. Conclusion on Convenience and Needs

The Board has carefully considered all the facts of record,[43] including public comments received, responses to the comments, and reports of examinations of CRA performance of the institutions involved, in reviewing the proposal's effect on the convenience and needs of the communities to be served by the combined organization.[44] Based on a review of the entire record, and for the reasons discussed in this order, the Board has concluded that convenience and needs considerations, including the CRA performance records of the subsidiary depository institutions of HSBC and RNYC, are consistent with approval.[45]

Other Considerations

Under section 3 of the BHC Act, the Board may not approve any application by a company that involves a foreign bank unless the bank is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country."[46] HSBC is the parent company for various banking and nonbanking companies ("HSBC Group"), including subsidiary banks located in the United Kingdom and elsewhere. The Financial Services Authority ("FSA") is the consolidated supervisor for the HSBC Group.[47]

The Board previously has determined, in other applications under the International Banking Act (12 U.S.C. § 3101 *et seq.*) ("IBA") and the BHC Act involving United Kingdom banks, that those banks were subject to home country supervision on a consolidated basis.[48] The Board also previously has determined that the HSBC Group is supervised on substantially the same terms and conditions as those United Kingdom banks. Moreover, the Board previously determined that the requirements of section 3(c)(3)(B) of the BHC Act regarding comprehensive, consolidated supervision were met in connection with an application involving HSBC.[49] Based on all the facts of record, the Board has concluded that the requirements of section 3(c)(3)(B) of the BHC Act regarding comprehensive, consolidated supervision are met in this case.

The BHC Act also requires the Board to determine that the foreign bank has provided adequate assurances that it will make available to the Board such information on its

42. 64 *Federal Register* 34,844 (1999).

43. Several commenters urged the Board to condition approval of the proposal on HSBC's making certain community reinvestment and other commitments. The CRA requires the Board, in considering HSBC's application to acquire RNYC and RNYC's subsidiaries, to review carefully the actual record of past performance of the insured depository institutions controlled by HSBC and RNYC in helping to meet the credit needs of their communities. Consistent with this mandate, the Board previously has held that, to gain approval of a proposal to acquire an insured depository institution, an applicant must demonstrate a satisfactory record of performance under the CRA at the time an application is filed with the Board without reliance on plans or commitments for future action. *See Totalbank Corporation of Florida,* 81 *Federal Reserve Bulletin* 876 (1995); *First Interstate Bank Systems of Montana, Inc.,* 77 *Federal Reserve Bulletin* 1007 (1991). The Board notes that the future activities of HSBC's subsidiary banks will be reviewed by the appropriate federal supervisors in future performance examinations, and such CRA performance records will be considered by the Board in any subsequent applications by HSBC to acquire a depository institution.

44. One commenter maintained that the purchase by Republic Bank of mortgage-backed securities ("MBSs") issued by Delta, which recently reached a settlement with New York State authorities regarding its lending practices, suggests that Republic Bank lacks fair lending compliance safeguards and might constitute a discriminatory lending practice. Republic Bank purchased MBSs issued by Delta on 10 occasions between July 1997 and June 1999. The Board has reviewed Republic Bank's standards for investing in MBSs and has found nothing to suggest that its decisions to invest in particular MBSs are based on any prohibited criteria. Moreover, RNYC has indicated that it was not involved in originating the underlying loans that were securitized or in developing the criteria governing the types of loans that were securitized. The Board has forwarded a copy of all comments on Delta to the Department of Justice, the Department of Housing and Urban Development, and the Federal Trade Commission, which have responsibility for reviewing compliance with the fair lending laws by nonbanking companies.

45. One commenter raised an issue concerning a labor dispute between Republic Bank and a union representing some of the bank's support personnel. Several claims resulting from this dispute have been filed with the National Labor Relations Board, which has jurisdiction over such matters.

46. 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank may be considered subject to consolidated supervision if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank, including the relationships of the bank to its affiliates, to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 C.F.R. 211.24(c)(1)(ii).

47. In June 1998, the FSA assumed the bank supervisory functions formerly exercised by the Bank of England. This transfer of supervisory responsibilities has not resulted in any substantial changes in the scope or nature of the supervision of U.K. banks.

48. *See Bank of Scotland,* 84 *Federal Reserve Bulletin* 230 (1998); *West Merchant Bank Limited,* 81 *Federal Reserve Bulletin* 519 (1995). The Board has previously determined that HSBL and HSBC Equator Bank plc, members of the HSBC Group, are subject to comprehensive, consolidated supervision. *HSBC Equator Bank plc,* 84 *Federal Reserve Bulletin* 564 (1998); *The Hongkong and Shanghai Banking Corporation Limited,* 81 *Federal Reserve Bulletin* 902 (1995).

49. *Wells Fargo & Company, HSBC Holdings plc, et al.,* 81 *Federal Reserve Bulletin* 1037 (1995).

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operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act. HSBC has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on the operations of HSBC and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. HSBC has also committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary in order to enable HSBC to make any such information available to the Board. In light of these commitments and other facts of record,[50] the Board has concluded that HSBC has provided adequate assurances of access to any appropriate information the Board may request. For these reasons, and based on all the facts of record, the Board has concluded that the supervisory factors it is required to consider under section 3(c)(3) of the BHC Act are consistent with approval.

Nonbanking Activities

HSBC has also filed a notice under section 4(c)(8) of the BHC Act to acquire RNYC's nonbanking subsidiaries and thereby to engage in factoring, trust company functions, agency transactional services for customer investments, and investment transactions as principal. The Board has determined by regulation or order that the activities for which notice has been provided are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[51] HSBC has committed to conduct these activities in conformance with Regulation Y and all applicable regulations and orders governing each activity.[52]

In order to approve HSBC's notice to engage in nonbanking activities, the Board must determine that the acquisition of the nonbanking subsidiaries of RNYC and the performance of those activities by HSBC is a proper incident to banking. That is, the Board must determine that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[53]

As part of its evaluation of these factors, the Board considers the financial condition and managerial resources of HSBC and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial resources are consistent with approval of this notice.

The Board also has considered the competitive effects of the proposed acquisition by HSBC of the nonbanking subsidiaries of RNYC in light of all the facts of record, including the public comments received. The markets in which the nonbanking subsidiaries of HSBC and RNYC compete are national or regional and are unconcentrated. The Board concludes that consummation of this proposal would have a *de minimis* effect on the markets for lending and trust company and agency transactional services. The Board notes that numerous competitors would remain in each of these markets. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in this transaction.

HSBC has indicated that the proposed transaction would increase the financial stability of the combined organization by assisting it in maintaining a well-balanced revenue stream and a broad capital base, and would also allow it to realize significant cost savings. In addition, as the Board has previously noted, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.[54]

The Board also believes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is favorable and consistent with approval.

HSBC has requested approval under section 4(c)(13) of the BHC Act and section 211.5(c) of the Board's Regulation K (12 C.F.R. 211.5(c)) to acquire the non-U.S. operations of RNYC. HSBC also has applied under section

50. The Board notes that it previously has reviewed relevant provisions of confidentiality, secrecy, and other laws in the jurisdictions in which HSBC has material operations. *See HSBC Equator Bank plc*, 84 *Federal Reserve Bulletin* 564 (1998); *The Hongkong and Shanghai Banking Corporation Limited*, 81 *Federal Reserve Bulletin* 902 (1995).

51. *See* 12 C.F.R. 225.28(b)(1), (5), (7), and (8).

52. HSBC has applied to acquire Republic New York Securities Corporation ("RNYSC"), a subsidiary of RNYC that currently is engaged in underwriting and dealing in bank-ineligible securities, to a limited extent, pursuant to section 20 of the Glass–Steagall Act (12 U.S.C. § 377). However, HSBC and RNYC have committed that on or before consummation of the proposal, RNYC will cease underwriting and dealing in bank-ineligible securities or performing any other activity restricted by section 20 of the Glass–Steagall Act. HSBC has indicated that all section 20 activities performed by HSBC will be conducted solely through HSBC Securities, Inc. *See HSBC Holdings plc, et al.*, 82 *Federal Reserve Bulletin* 356 (1996).

53. 12 U.S.C. § 1843(c)(8).

54. *See, e.g., Norwest Corporation*, 84 *Federal Reserve Bulletin* 1088 (1998); *Deutsche Bank AG*, 85 *Federal Reserve Bulletin* 509 (1999).

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25A of the Federal Reserve Act and section 211.4 of Regulation K (12 C.F.R. 211.4) to acquire Republic International Bank of New York (Miami), Miami, Florida, and Republic International Bank of New York (Delaware), Wilmington, Delaware. In addition, Republic Bank has applied under sections 9 and 25 of the Federal Reserve Act (12 U.S.C. §§ 321 *et seq.* and 601 *et seq.*) to establish the Nassau, Bahamas branch of HSBC Bank as a branch of Republic Bank, and has applied under section 25 of the Federal Reserve Act and section 211.4 of Regulation K to acquire HSBC Bank's subsidiary, Marine Midland Overseas Corporation, an Agreement corporation. The Board concludes that all the factors required to be considered under the Federal Reserve Act, the BHC Act, and Regulation K are consistent with approval of the proposal.

In addition, Republic Bank has applied under section 9 of the Federal Reserve Act to become a member of the Federal Reserve System after its conversion to a New York State charter. The Board has considered the factors it is required to consider when reviewing applications pursuant to section 9 of the Federal Reserve Act and finds those factors to be consistent with approval.

Conclusion

Based on the foregoing, the Board has determined that the applications and notices should be, and hereby are, approved.[55] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that the Board is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by HSBC with all the commitments made in connection with this application and notice, and on the Board's receiving access to information on the activities or operations of HSBC and any of its affiliates that the Board determines to be appropriate to determine and enforce compliance by HSBC and its affiliates with applicable federal statutes. The Board's approval of the nonbanking aspects of the proposal also is subject to all the conditions set forth in this order and in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of RNYC's subsidiary banks may not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 6, 1999.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

55. Three commenters requested that the Board hold a public meeting or hearing on the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authorities.

Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). Section 4 of the BHC Act and the Board's rules thereunder provide for a hearing on a notice to acquire nonbanking companies if there are disputed issues of material fact that cannot be resolved in some other manner. 12 U.S.C. § 1843(c)(8); 12 C.F.R. 225.25(a)(2). The Board has considered carefully these commenters' requests in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit their views, and did submit written comments that have been considered carefully by the Board in acting on the proposal. The commenters' requests fail to demonstrate why their written comments do not present their views adequately and fail to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests for a public meeting on the proposal are denied.

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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 4

Applicant(s)	Bank(s)	Effective Date
The Chase Manhattan Corporation, New York, New York	Hambrecht & Quist Group, San Francisco, California	December 2, 1999
First National of Nebraska, Inc., Omaha, Nebraska	Networking and Information Consulting, Inc., West Des Moines, Iowa	December 8, 1999
The Fuji Bank, Limited, Tokyo, Japan	Heller Financial, Inc., Chicago, Illinois SFS Holding Corp, Park Ridge, New Jersey	December 9, 1999

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
BancFirst Corporation, Oklahoma City, Oklahoma	First State Bank, Oklahoma City, Oklahoma	Kansas City	November 30, 1999
Banknorth Group, Inc., Burlington, Vermont	BNG Interim Bank, N.A., Glen Falls, New York	Boston	December 24, 1999
Chesapeake Bancorp Employee Stock Ownership Plan with 401(k) Provisions, Chestertown, Maryland	Chesapeake Bancorp, Chestertown, Maryland	Richmond	December 13, 1999
China Trust Holdings N.V, Curacao, Netherlands Antilles	China Trust Capital A/S, Denmark China Trust Capital BV, Amsterdam, The Netherlands China Trust Holdings Corporation, New York, New York China Trust Bank (USA), Torrance, California	New York	December 13, 1999
Cleveland Holding Company, Cleveland, Oklahoma	Heritage Bancorp, Inc., Cleveland, Oklahoma First Bank of Cleveland, Cleveland, Oklahoma	Kansas City	December 23, 1999
Coastal Banking Company, Inc., Beaufort, South Carolina	Lowcountry National Bank, Beaufort, South Carolina	Richmond	December 6, 1999

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Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Community Bancshares, Inc., Chanute, Kansas	Edna Bancshares,Inc., Edna, Kansas First State Bank, Edna, Kansas	Kansas City	November 29, 1999
CountryBanc Holding Company, Edmond, Oklahoma	American Heritage Bancorp, Inc., El Reno, Oklahoma	Kansas City	December 10, 1999
CSB Bancshares, Inc.'s Amended Employee Stock Ownership Plan, Ellsworth, Kansas	CSB Bancshares, Inc., Ellsworth, Kansas	Kansas City	December 2, 1999
Cumberland Bancorp, Inc., Nashville, Tennessee	Bancshares of Dyer, Inc., Dyer, Tennessee	Atlanta	December 10, 1999
Exchange National Bancshares, Inc., Jefferson City, Missouri	Mid Central Bancorp, Inc., Warsaw, Missouri Osage Valley Bank, Warsaw, Missouri	St. Louis	December 2, 1999
F&M National Corporation, Winchester, Virginia	The State Bank of the Alleghenies, Covington, Virginia	Richmond	December 16, 1999
Fentura Bancorp, Inc., Fenton, Michigan	Davison State Bank, Davison, Michigan	Chicago	December 8, 1999
First Ada Bancshares, Inc., Ada, Oklahoma	Prague Bancorp, Inc., Prague, Oklahoma The Prague National Bank, Prague, Oklahoma	Kansas City	December 8, 1999
First Pryor Bancorp, Inc., Pryor, Oklahoma	Locust Grove Bancshares, Inc., Locust Grove, Oklahoma Bank of Locust Grove, Locust Grove, Oklahoma Lakeside Bank of Salina, Salina, Oklahoma	Kansas City	December 9, 1999
GB&T Bancshares, Inc., Gainesville, Georgia	UB&T Financial Services Corporation, Rockmart, Georgia	Atlanta	December 2, 1999
General Savings Bank of Washington, Bellevue, Washington	General Bank, Los Angeles, California GBC Bancorp, Los Angeles, California	San Francisco	November 18, 1999
Glacier Bancorp, Inc., Kalispell, Montana	Mountain West Bank, Coeur d'Alene, Idaho	Minneapolis	December 3, 1999
Gold Banc Corporation, Inc., Leawood, Kansas Gold Banc Acquisition Corp. XI, Inc., Leawood, Kansas	American Bancshares, Inc., Bradenton, Florida	Kansas City	December 15, 1999
Gold Banc Corporation, Inc., Leawood, Kansas Gold Banc Acquisition Corp. XIII, Inc., Leawood, Kansas	DSP Investments, Limited, La Cygne, Kansas	Kansas City	December 16, 1999
Grain Valley Bancshares, Inc., Grain Valley, Missouri	The Bank of Grain Valley, Grain Valley, Missouri	Kansas City	December 3, 1999
Greater Bay Bancorp, Palo Alto, California	Mt. Diablo Bancshares, Danville, California Mt. Diablo National Bank, Danville, California	San Francisco	December 22, 1999

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Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Heritage Bancshares, Inc., Lucama, North Carolina	The Heritage Bank, Lucama, North Carolina	Richmond	December 10, 1999
LandMark Financial Holding Company, Sarasota, Florida	Landmark Bank of Florida, Sarasota, Florida	Atlanta	December 9, 1999
Marion Bancshares, Inc., Marion, Kansas	Marion National Bank, Marion, Kansas	Kansas City	December 3, 1999
MBT Bancshares, Inc., Kansas City, Missouri	Whiting Bankshares, Inc., Whiting, Kansas	Kansas City	November 23, 1999
Network Bancorp USA, Ontario, California	Network Bank USA, Ontario, California	San Francisco	December 21, 1999
Norton Bancshares, Inc., Norton, Kansas	Consolidated Insurance, Inc., Hill City, Kansas	Kansas City	December 16, 1999
Overton Merger Corporation, Livingston, Tennessee	Overton Financial Corporation, Livingston, Tennessee Union Bank and Trust, Livingston, Tennessee	Atlanta	November 26, 1999
Peoples Bancshares of Tallassee, Inc., Tallassee, Alabama	The Peoples Bank, Tallassee, Alabama	Atlanta	December 22, 1999
Peregrine Corporation, Chaska, Minnesota	Community Bank of Chaska, Chaska, Minnesota	Minneapolis	December 1, 1999
Praesidium Capital Corporation, Purchase, New York	First National Bank, Uvalde, Texas	Dallas	December 23, 1999
Bob S. Prince Insurance Agency, Inc., McLeansboro, Illinois	Market Street Bancshares, Inc., Mt. Vernon, Illinois	St. Louis	December 13, 1999
Rockhold-Brown Bancshares, Inc., Bainbridge, Ohio	The Rockhold, Brown & Company Bank, Bainbridge, Ohio	Cleveland	December 1, 1999
Ruff Partners, Ltd., Longview, Texas	The First State Bank, Hallsville, Texas	Dallas	December 2, 1999
Smith River Bankshares, Inc., Martinsville, Virginia	Smith River Community Bank, N.A., Martinsville, Virginia	Richmond	December 10, 1999
South Branch Valley Bancorp, Inc., Moorefield, West Virginia	Potomac Valley Bank, Petersburg, West Virginia	Richmond	November 26 1999
Steinauer Bancorp, Steinauer, Nebraska	Bank of Steinauer, Steinauer, Nebraska	Kansas City	December 15, 1999
Truman Bancshares, Inc., Truman, Minnesota	Martin County Fidelity Bancshares Company, Fairmont, Minnesota Martin County National Bank, Fairmont, Minnesota	Minneapolis	November 23, 1999
Twenty-First Century Financial Services Company, Tulsa, Oklahoma	Oklahoma National Bank, Tulsa, Oklahoma	Kansas City	December 23, 1999

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Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
UBS AG, Zurich and Basel, Switzerland	UBS (USA) Inc., Stamford, Connecticut ARI Acquisition Corporation, Boston, Massachusetts Allegis Realty Investors, LLC, Hartford, Connecticut AgriVest LLC, Boston, Massachusetts Allegis Capital LLC, Hartford, Connecticut	New York	November 29, 1999
United Bancshares, Inc., Columbus Grove, Ohio	Bank of Leipsic Company, Leipsic, Ohio	Cleveland	December 1, 1999
United Financial Corp., Great Falls, Montana	Valley Bancorp., Phoenix, Arizona	Minneapolis	December 8, 1999
Wells Fargo & Company, San Francisco, California	North County Bancorp, Escondido, California North County Bank, Escondido, California	San Francisco	December 15, 1999
Wells Fargo & Company, San Francisco, California	Prime Bancshares, Inc., Houston, Texas Prime Bank, Houston, Texas	San Francisco	December 10, 1999
Wells Fargo & Company, San Francisco, California	Texas Bancshares, Inc., San Antonio, Texas First National Bank of South Texas, San Antonio, Texas Bank of South Texas, Corpus Christi, Texas	San Francisco	November 24, 1999

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bank of America Corporation, Charlotte, North Carolina	Signio, Inc., Redwood City, California	Richmond	December 14, 1999
Bank of Montreal, Montreal, Canada Bankmont Financial Corp., Chicago, Illinois	Burke, Christensen, and Lewis Securities, Inc., Chicago, Illinois	Chicago	December 1, 1999
The Bank of New York Company, Inc., New York, New York	BNY ESI & Co., Inc., New York, New York Institutional Securities Trading, LLC, Savannah, Georgia	New York	December 1, 1999
Deutsche Bank AG, Frankfurt am Main, Federal Republic of Germany	DB Advisors L.L.C., New York, New York	New York	December 1, 1999
Fidelity D & D Bancorp, Inc., Dunmore, Pennsylvania	The Fidelity Deposit and Discount Bank, Dunmore, Pennsylvania	Philadelphia	December 7, 1999

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Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
First Citizens Bancorporation of South Carolina, Inc., Columbia, South Carolina	Great Pee Dee Bancorp, Inc., Cheraw, South Carolina First Federal Savings and Loan Association of Cheraw, Cheraw, South Carolina	Richmond	December 15, 1999
First Citizens Bancorporation of South Carolina, Inc., Columbia, South Carolina	Heritage Bancorp, Inc., Laurens, South Carolina Heritage Federal Bank, Laurens, South Carolina	Richmond	December 15, 1999
First National of Nebraska, Inc., Omaha, Nebraska	Mountain States Micrographics, Inc., Englewood, Colorado Insync Investments, Ltd, Omaha, Nebraska	Kansas City	December 24, 1999
Futura Banc Corp., Urbana, Ohio	Vernon, Shall, Morgan & Company, Akron, Ohio	Cleveland	December 7, 1999
Hometown Banc Corp, Grand Island, Nebraska	Security State Bank, Sumner, Nebraska	Kansas City	December 22, 1999
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	M&I Bank FSB, Las Vegas, Nevada Pleasantview Limited Partnership, Des Moines, Iowa	Chicago	December 20, 1999
Mid State Banks, Inc., Cordele, Georgia	Taylor & Towson Insurance Agency, Ocilla, Georgia Taylor & Towson Insurance Finance Company, Ocilla, Georgia	Atlanta	December 21, 1999
National Westminster Bank plc, London, England	NatWest Group Holdings Corporation, New York, New York Identrus, LLC, New York, New York	New York	November 30, 1999.
Skandinaviska Enskilda Banken AB, Stockholm, Sweden	Enskilda Securities, Inc., Stockholm, Sweden	New York	November 29, 1999
Southern Financial Bancorp, Inc., Warrenton, Virginia	Darien Consulting Group, Deluth, Georgia	Richmond	December 7, 1999
Synovus Financial Corp., Columbus, Georgia	Prepaid Technologies, LLC, Birmingham, Alabama	Atlanta	November 29, 1999
UBS AG, Zurich, Switzerland	Global Asset Management Limited, Hamilton, Bermuda	New York	November 29, 1999
Umpqua Holdings Corporation, Roseburg, Oregon	Strand, Atkinson, Williams and York, Inc., Portland, Oregon	San Francisco	November 24, 1999

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Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Main Street Trust, Inc., Champaign, Illinois	BankIllinois Financial Corporation, Champaign, Illinois First Decatur Bancshares, Inc., Decatur, Illinois BankIllinois, Champaign, Illinois The First National Bank of Decatur, Decatur, Illinois First Trust Bank of Shelbyville, Shelbyville, Illinois FirsTech, Inc., Decatur, Illinois	Chicago	December 9, 1999
Walden Financial Group, Inc., Pocahontas, Arkansas	Rainbow Investment Company, Inc., Tuckerman, Arkansas	St. Louis	December 15, 1999
Wells Fargo & Company, San Francisco, California	First Place Financial Corporation, Farmington, New Mexico First National Bank of Farmington, Farmington, New Mexico Capital Bank, Albuquerque, New Mexico Western Bank, Gallup, New Mexico Burns National Bank of Durango, Durango, Colorado FPFC Management LLC, Farmington, New Mexico	San Francisco	December 17, 1999

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
AmTrade International Bank of Georgia, Atlanta, Georgia	AmTrade International Bank of Florida, Miami, Florida	Atlanta	November 29, 1999
Columbia Bank, Tampa, Florida	Southern Exchange Bank, Tampa, Florida	Atlanta	December 8, 1999

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Applications Approved Under Bank Merger Act 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
F&M Bank-Northeast, Pulaski, Wisconsin	F&M Merger Corporation, Kaukauna, Wisconsin F&M Bank-Grant County, Fennimore, Wisconsin F&M Bank-Lakeland, Woodruff, Wisconsin F&M Bank-Central, Stevens Point, Wisconsin F&M Bank-Superior, Superior, Wisconsin F&M Bank Landmark, Hudson, Wisconsin F&M Bank-Kiel, Kiel, Wisconsin F&M Bank-East Troy, East Troy, Wisconsin F&M Bank-Prairie du Chien, Prairie du Chien, Wisconsin F&M Bank-Winnebago County, Omro, Wisconsin F&M Bank-Jefferson, Jefferson, Wisconsin F&M Bank-Elkhorn, Elkhorn, Wisconsin	Chicago	December 2, 1999
F&M Bank-Kaukuana, Kaukauna, Wisconsin	F&M Bancorporation, Inc., Kaukauna, Wisconsin F&M Bank-Hilbert, Hilbert, Wisconsin F&M Bank-Appleton, Appleton, Wisconsin F&M Bank-Algoma, Algoma, Wisconsin F&M Bank-New London, New London, Wisconsin F&M Bank-Darlington, Darlington, Wisconsin F&M Bank-Waushara County, Wautoma, Wisconsin F&M Bank-Brodhead, Brodhead, Wisconsin	Chicago	December 2, 1999
F&M Bank-Northeast, Pulaski, Wisconsin	F&M Bank-Kaukauna, Kaukauna, Wisconsin	Chicago	December 2, 1999
Gold Bank, Leawood, Kansas	Gold Banc Corporation, Leawood, Kansas	Kansas City	December 22, 1999
Grant County Bank, Medford, Oklahoma	First Capital Bank, Guthrie, Oklahoma	Kansas City	December 22, 1999
Midwest Bank of Western Illinois, Monmouth, Illinois	Associated Bank Illinois, NA, Rockford, Illinois	Chicago	December 3, 1999
Potomac Valley Bank, Petersburg, West Virginia	Potomac Interim Bank, Inc., Petersburg, West Virginia	Richmond	November 26, 1999

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Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Wesbanco Bank Wheeling, Wheeling, West Virginia	Wesbanco Bank Charleston, Inc., Charleston, West Virginia Wesbanco Bank Fairmont, Inc., Fairmont, West Virginia Wesbanco Bank Parkersburg, Inc., Parkersburg, West Virginia	Cleveland	December 7, 1999

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.

Irontown Housing Corp. v. Board of Governors, No. 99–9549 (10th Cir., filed December 27, 1999). Petition for review of Board order dated December 13, 1999, approving the merger of Zions Bancorporation with First Security Corporation.

Wasserman v. Federal Reserve Bank, No. 99–6280 (2d Cir., filed August 26, 1999). Appeal of district court dismissal of case challenging refusal by the Board and the Federal Reserve Bank of New York to investigate certain matters.

Artis v. Greenspan, No. 1:99CV02073 (EGS) (D.D.C., filed August 3, 1999). Employment discrimination action.

Sheriff Gerry Ali v. U.S. State Department, No. 99–7438 (C.D. Cal., filed July 21, 1999). Action relating to impounded bank drafts.

Sedgwick v. Board of Governors, No. Civ. 99 0702 (D. Arizona, filed April 14, 1999). Action under Federal Tort Claims Act alleging violation of bank supervision requirements. The Board filed a motion to dismiss on June 15, 1999.

Hunter v. Board of Governors, No. 1:98CV02994 (ESH) (D.D.C., filed December 9, 1998). Action under the Freedom of Information Act and the Privacy Act. The Board filed a motion to dismiss or for summary judgment on July 22, 1999.

Folstad v. Board of Governors, No. 1:99 CV 124 (W.D. Mich., filed February 17, 1999). Freedom of Information Act complaint. On November 16, 1999, the district court granted the Board's motion for summary judgment and dismissed the action.

Nelson v. Greenspan, No. 1:99CV00215 (EGS) (D.D.C., filed January 28, 1999). Employment discrimination complaint. On March 29, 1999, the Board filed a motion to dismiss the action.

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (WBB) (D.D.C., filed December 22, 1998). Declaratory judgment action challenging Board labor practices. On February 26, 1999, the Board filed a motion to dismiss the action.

Independent Community Bankers of America v. Board of Governors, No. 98- 1482 (D.C. Cir., filed October 21, 1998). Petition for review of a Board order dated September 23, 1998, conditionally approving the applications of Travelers Group, Inc., New York, New York, to become a bank holding company by acquiring Citicorp, New York, New York, and its bank and nonbank subsidiaries. On November 2, 1999, the court affirmed the Board's order.

Board of Governors v. Carrasco, No. 98 Civ. 3474 (LAK) (S.D.N.Y., filed May 15, 1998). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 26, 1998, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets and appointing the Federal Reserve Bank of New York as receiver for those assets.

Board of Governors v. Pharaon, No. 98–6101 (2d Cir., filed May 4, 1998). Appeal and cross-appeal of district court order granting in part and denying in part the Board's motion for summary judgment seeking prejudgment interest and a statutory surcharge in connection with a civil money penalty assessed by the Board. On February 24, 1999, the court granted the Board's appeal and denied the cross-appeal, and remanded the matter to the district court for determination of prejudgment interest due to the Board.

Fenili v. Davidson, No. C-98–01568-CW (N.D. California, filed April 17, 1998). Tort and constitutional claim arising out of return of a check. On June 5, 1998, the Board filed its motion to dismiss.

Goldman v. Department of the Treasury, No. 98–9451 (11th Circuit, filed November 10, 1998). Appeal from a District Court order dismissing an action challenging Federal Reserve notes as lawful money.

Kerr v. Department of the Treasury, No. CV-S-97–01877-DWH (D. Nev., filed December 22, 1997). Challenge to income taxation and Federal Reserve notes. On September 3, 1998, a motion to dismiss was filed on behalf of all federal defendants. The court dismissed the action on March 31, 1999, and on April 28, 1999, the plaintiff filed a notice of appeal.

Bettersworth v. Board of Governors, No. 97-CA-624 (W.D. Tex., filed August 21, 1997). Privacy Act case. On June 1, 1999, the Board filed a motion for summary judgment.

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Termination of Enforcement Actions

First Utah Bancorp,
First Utah Bank,
Premier Data Corporation
Salt Lake City, Utah

The Federal Reserve Board announced on December 6, the termination of the provision that addressed Year 2000 readiness of the Written Agreement by and among First Utah Bancorp, the First Utah Bank, and Premier Data Corporation, all of Salt Lake City, Utah, and the Federal Reserve Bank of San Francisco.

TransAlliance, L.P.
Bellevue, Washington

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision announced on December 13, 1999, the termination of the May 21, 1999, Agreement with TransAlliance, L.P., Bellevue, Washington. The Agreement addressed the Year 2000 readiness of TransAlliance's electronic funds transfer services.

Written Agreements Approved by Federal Reserve Banks

Arab American Bank
New York, New York

The Federal Reserve Board announced on December 14, 1999, the execution of a Written Agreement by and between the Arab American Bank, New York, New York, and the Federal Reserve Bank of New York.

Foxdale Bank
South Elgin, Illinois

The Federal Reserve Board announced on December 6, 1999, the execution of a Written Agreement by and between the Foxdale Bank, South Elgin, Illinois, and the Federal Reserve Bank of Chicago.

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Financial and Business Statistics

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Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
...	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
CRA	Community Reinvestment Act of 1977
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PMI	Private mortgage insurance
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RHS	Rural Housing Service
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
VA	Department of Veterans Affairs

GENERAL INFORMATION

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

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

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury.

"State and local government" also includes municipalities, special districts, and other political subdivisions.

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1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1998	1999			1999				
	Q4	Q1	Q2	Q3[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
Reserves of depository institutions[2]									
1 Total	−1.8	−1.2	−6.6	−15.4	−24.9	2.5	1.3	−33.3	8.1
2 Required	−2.5	1.0	5.6	−15.0	−20.3	1.1	−.6	−33.0	2.9
3 Nonborrowed	−.6	−1.3	−6.7	−17.1	−29.6	1.6	1.5	−32.0	9.5
4 Monetary base[3]	8.7	9.1	10.1	8.5	8.0	7.1	11.3	16.6	26.3
Concepts of money and debt[4]									
5 M1	5.0	2.8	3.5	−2.2	−1.6	3.2	−9.7	5.6	10.4
6 M2	11.0	7.2	5.8[r]	5.3	5.7	5.8	5.1	5.2	5.5
7 M3	12.9	7.6	5.8[r]	5.5	5.1	4.7	6.0	9.5	16.9
8 Debt	6.3	6.7[r]	7.0[r]	6.0	5.6	6.7	7.1	6.6	n.a.
Nontransaction components									
9 In M2[5]	13.0	8.7	6.5[r]	7.8	8.0	6.7	9.8	5.1	4.0
10 In M3 only[6]	18.3[r]	8.7[r]	5.8[r]	6.0	3.4	1.5	8.5	21.4	48.0
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	17.6	11.6	9.7	11.7	14.0	8.0	14.4	4.2	−1.3
12 Small time[7]	.3	−5.5	−3.3	1.8	1.6	4.3	8.2	7.2	9.8
13 Large time[8,9]	3.5[r]	.0[r]	−3.1[r]	3.2	17.4	−13.4	20.3	54.1	65.4
Thrift institutions									
14 Savings, including MMDAs	10.1	12.8	14.6	15.0	19.0	4.2	4.5	−3.4	−6.3
15 Small time[7]	−6.7	−6.5	−7.1[r]	−3.9	−3.1	1.9	4.2	5.3	9.1
16 Large time[8]	10.4	7.6	−7.0	4.2	10.9	6.8	9.4	−8.0	10.8
Money market mutual funds									
17 Retail	28.5	20.5	10.7	6.9	1.9	9.9	8.7	9.6	11.7
18 Institution-only	41.8	17.9	14.5	7.5	−4.6	22.9	6.3	25.1	37.4
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	18.9	14.1	−2.9[r]	16.2	1.9	7.0	−1.2	−11.6	39.0
20 Eurodollars[10]	3.2	−.8	32.0	−7.7	−17.1	−33.3	−6.0	−21.7	63.3
Debt components[4]									
21 Federal	−2.8	−3.1	−2.3	−.3	1.4	1.0	−4.2	−5.8	n.a.
22 Nonfederal	9.2	9.6[r]	9.7[r]	7.8	6.8	8.3	10.2	10.0	n.a.

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

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

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

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

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

M2: M1 plus (1) savings (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more), (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) Eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and Eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

5. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances, each seasonally adjusted separately.

6. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) Eurodollars (overnight and term) of U.S. addressees, each seasonally adjusted separately.

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

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

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

10. Includes both overnight and term.

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1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT[1]

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1999			1999						
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	536,558	542,985	561,178	541,218	544,464	543,573	550,730	552,242	561,722	562,828
U.S. government securities[2]										
2 Bought outright—System account[3]	490,477	490,849	492,811	491,044	490,907	490,711	490,916	491,960	492,677	494,001
3 Held under repurchase agreements	2,373	428	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	238	206	183	219	198	194	188	187	181	181
5 Held under repurchase agreements	9,515	1,916	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	0	14,248	33,382	14,659	18,123	17,061	23,800	24,151	33,669	35,095
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	57	35	172	26	15	40	104	91	435	69
9 Seasonal credit	283	224	65	263	224	191	115	64	59	59
10 Special Liquidity Facility credit	0	3	12	0	1	7	36	5	4	6
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	288	482	416	781	553	324	277	521	415	329
13 Other Federal Reserve assets	33,328	34,594	34,138	34,225	34,444	35,047	35,294	35,262	34,280	33,088
14 Gold stock	11,046	11,050	11,049	11,051	11,050	11,050	11,049	11,049	11,049	11,049
15 Special drawing rights certificate account	7,667	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
16 Treasury currency outstanding	27,381	27,546	27,667	27,513	27,554	27,595	27,636	27,650	27,664	27,678
ABSORBING RESERVE FUNDS										
17 Currency in circulation	542,365	550,941	569,575	549,939	551,699	553,281	557,187	562,862	568,272	573,167
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	89	94	93	97	94	92	94	95	95	95
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	6,389	5,179	5,055	5,235	5,421	5,206	4,968	4,814	4,726	5,340
21 Foreign	226	182	213	202	187	180	177	187	264	203
22 Service-related balances and adjustments	7,100	7,165	7,176	7,080	7,097	7,062	7,276	7,136	7,085	7,162
23 Other	248	278	252	319	291	260	230	246	256	255
24 Other Federal Reserve liabilities and capital	18,524	18,362	18,384	18,195	18,332	18,242	18,324	18,313	18,369	18,437
25 Reserve balances with Federal Reserve Banks[5]	7,712	6,580	6,346	5,916	7,146	5,095	8,359	4,488	8,568	4,096

Factor	End-of-month figures			Wednesday figures						
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	546,150	548,919	575,843	544,224	550,310	548,132	554,921	555,322	564,024	570,798
U.S. government securities[2]										
2 Bought outright—System account[3]	489,037	490,738	492,910	491,282	491,367	492,051	491,529	491,928	493,096	494,529
3 Held under repurchase agreements	7,607	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	238	188	181	198	198	188	188	181	181	181
5 Held under repurchase agreements	14,456	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	0	22,560	49,440	15,520	23,550	20,065	26,580	27,820	35,320	41,455
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	179	41	8	16	14	27	533	27	2,115	299
9 Seasonal credit	300	123	65	245	209	174	81	58	64	64
10 Special Liquidity Facility credit	0	10	5	0	6	10	210	7	5	9
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	65	−297	122	2,543	353	277	669	−160	570	939
13 Other Federal Reserve assets	34,268	35,556	33,111	34,420	34,614	35,340	35,131	35,459	32,671	33,321
14 Gold stock	11,047	11,049	11,049	11,051	11,050	11,050	11,049	11,049	11,049	11,049
15 Special drawing rights certificate account	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
16 Treasury currency outstanding	27,457	27,636	27,692	27,513	27,554	27,595	27,636	27,650	27,664	27,678
ABSORBING RESERVE FUNDS										
17 Currency in circulation	544,101	555,720	582,964	551,657	553,072	555,633	560,960	567,290	571,225	578,669
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	93	94	85	95	92	94	95	95	97	85
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	6,641	4,527	5,025	4,948	4,925	4,363	5,610	4,870	5,228	4,525
21 Foreign	243	189	501	284	167	172	162	161	171	171
22 Service-related balances and adjustments	7,392	7,276	7,294	7,080	7,097	7,062	7,276	7,136	7,085	7,162
23 Other	191	202	221	270	311	223	258	242	247	253
24 Other Federal Reserve liabilities and capital	19,105	18,401	18,618	17,775	17,991	17,951	18,040	17,943	18,141	18,196
25 Reserve balances with Federal Reserve Banks[5]	14,088	8,395	7,075	7,879	12,459	8,479	8,404	3,483	7,743r	7,662

1. Amounts of cash held as reserves are shown in table 1.12, line 2.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.
4. Cash value of agreements arranged through third-party custodial banks. These agreements are collateralized by U.S. government and federal agency securities.
5. Excludes required clearing balances and adjustments to compensate for float.

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1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1996	1997	1998	1999						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Reserve balances with Reserve Banks[2]	13,330	10,664	9,021	10,070	8,539	7,797	7,802	7,698	6,768[r]	6,288
2 Total vault cash[3]	44,525	44,740	44,305	42,459	42,632	44,059	44,664	44,519	47,019	50,742
3 Applied vault cash[4]	37,844	37,255	35,997	34,805	33,856	34,005	34,069	34,089	33,933	34,677
4 Surplus vault cash[5]	6,681	7,485	8,308	7,654	8,776	10,054	10,595	10,430	13,086	16,065
5 Total reserves[6]	51,174	47,920	45,018	44,875	42,394	41,802	41,871	41,787	40,702	40,965
6 Required reserves	49,758	46,235	43,435	43,619	41,133	40,726	40,742	40,590	39,549[r]	39,631
7 Excess reserve balances at Reserve Banks[7]	1,416	1,685	1,583	1,256	1,261	1,076	1,129	1,197	1,153[r]	1,334
8 Total borrowing at Reserve Banks	155	324	117	127	145	309	344	338	281	236
9 Adjustment	87	245	101	39	18	83	72	56	52	157
10 Seasonal	68	79	15	89	127	226	271	282	221	71
11 Special Liquidity Facility[8]	...	...	...	...	...	...	...	0	8	7
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1999									
	July 28	Aug. 11	Aug. 25	Sept. 8	Sept. 22	Oct. 6	Oct. 20	Nov. 3	Nov. 17	Dec. 1
1 Reserve balances with Reserve Banks[2]	8,041	7,923	7,421	8,470	7,440	7,380	6,544	6,721[r]	6,524	5,934
2 Total vault cash[3]	43,899	44,994	44,786	43,774	44,556	45,199	47,350	47,593	49,510	52,797
3 Applied vault cash[4]	34,198	34,123	34,003	34,126	34,327	33,636	33,998	34,014[r]	34,046	35,510
4 Surplus vault cash[5]	9,702	10,871	10,783	9,648	10,229	11,563	13,352	13,579[r]	15,464	17,287
5 Total reserves[6]	42,238	42,046	41,423	42,596	41,766	41,016	40,542	40,735	40,569	41,444
6 Required reserves	41,098	40,967	40,289	41,388	40,744	39,524	39,408	39,742[r]	39,196	40,075
7 Excess reserve balances at Reserve Banks[7]	1,140	1,078	1,134	1,207	1,022	1,491	1,133	993[r]	1,373	1,369
8 Total borrowing at Reserve Banks	266	409	304	318	323	385	265	246	329	133
9 Adjustment	17	146	31	35	48	91	21	72	263	64
10 Seasonal	249	263	273	284	276	294	244	153	62	62
11 Special Liquidity Facility[8]	...	...	...	...	...	1	1	22	5	7
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrift institutions that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999 through April 7, 2000.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

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1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]			Special Liquidity Facility credit[4]		
	On 1/14/00	Effective date	Previous rate	On 1/14/00	Effective date	Previous rate	On 1/14/00	Effective date	Previous rate	On 1/14/00	Effective date	Previous rate
Boston	5.00	11/16/99	4.75	5.55	1/13/00	5.70	6.05	1/13/00	6.20	7.00	11/16/99	6.75
New York		11/18/99										
Philadelphia		11/18/99										
Cleveland		11/16/99										
Richmond		11/16/99										
Atlanta		11/17/99										
Chicago		11/18/99										
St. Louis		11/18/99										
Minneapolis		11/18/99										
Kansas City		11/16/99										
Dallas		11/17/99										
San Francisco	5.00	11/16/99	4.75	5.55	1/13/00	5.70	6.05	1/13/00	6.20	7.00	11/16/99	6.75

Range of rates for adjustment credit in recent years[5]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
1998—Oct. 15	4.75–5.00	4.75
16	4.75	4.75
Nov. 17	4.50–4.75	4.50
19	4.50	4.50
1999—Aug. 24	4.50–4.75	4.75
26	4.75	4.75
Nov. 16	4.75–5.00	4.75
18	5.00	5.00
In effect Jan. 14, 2000	5.00	5.00

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

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

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

4. Available in the period between October 1, 1999, and April 7, 2000, to help depository institutions in sound financial condition meet unusual needs for funds in the period around the century date change. The interest rate on loans from the special facility is the Federal Open Market Committee's intended federal funds rate plus 150 basis points.

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

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

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1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$44.3 million[3]	3	12/30/99
2 More than $44.3 million[4]	10	12/30/99
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under the Monetary Control Act of 1980, depository institutions include commercial banks, savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorized transfers for the purpose of making payments to third persons or others. However, accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month (of which no more than three may be by check, draft, debit card, or similar order payable directly to third parties) are savings deposits, not transaction accounts.

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 30, 1999, for depository institutions that report weekly, and with the period beginning January 20, 2000, for institutions that report quarterly, the amount was decreased from $46.5 million to $44.3 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 30, 1999, for depository institutions that report weekly, and with the period beginning January 20, 2000, for institutions that report quarterly, the exemption was raised from $4.9 million to $5.0 million.

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

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to 1½ percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1½ years or more has been zero since Oct. 6, 1983.

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

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1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

	Type of transaction and maturity	1996	1997	1998	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.
	U.S. TREASURY SECURITIES[2]										
	Outright transactions (excluding matched transactions)										
	Treasury bills										
1	Gross purchases	9,901	9,147	3,550	0	0	0	0	0	0	0
2	Gross sales	0	0	0	0	0	0	0	0	0	0
3	Exchanges	426,928	436,257	450,835	48,142	37,107	35,045	42,037	37,052	42,643	35,844
4	For new bills	426,928	435,907	450,835	48,142	37,107	35,045	42,037	37,052	42,643	35,844
5	Redemptions	0	0	2,000	0	0	0	0	0	0	0
	Others within one year										
6	Gross purchases	524	5,549	6,297	1,677	1,421	880	951	429	960	0
7	Gross sales	0	0	0	0	0	0	0	0	0	0
8	Maturity shifts	30,512	41,716	46,062	3,768	3,768	2,740	3,279	7,669	3,468	3,831
9	Exchanges	−41,394	−27,499	−49,434	−3,370	−4,607	−5,540	−368	−10,798	−2,125	−368
10	Redemptions	2,015	1,996	2,676	726	0	0	41	0	0	170
	One to five years										
11	Gross purchases	3,898	20,080	12,901	3,362	4,442	948	0	1,272	0	0
12	Gross sales	0	0	0	0	0	0	0	0	0	0
13	Maturity shifts	−25,022	−37,987	−37,777	−3,768	−3,768	−2,740	−3,279	−4,751	−3,468	−3,831
14	Exchanges	31,459	20,274	37,154	3,020	2,562	5,540	0	8,433	2,125	0
	Five to ten years										
15	Gross purchases	1,116	3,449	2,294	945	1,584	65	0	447	0	0
16	Gross sales	0	0	0	0	0	0	0	0	0	0
17	Maturity shifts	−5,469	−1,954	−5,908	0	0	0	0	−2,918	0	0
18	Exchanges	6,666	5,215	7,439	0	2,045	0	373	1,290	0	0
	More than ten years										
19	Gross purchases	1,655	5,897	4,884	262	2,890	0	0	1,075	0	0
20	Gross sales	0	0	0	0	0	0	0	0	0	0
21	Maturity shifts	−20	−1,775	−2,377	0	0	0	0	0	0	0
22	Exchanges	3,270	2,360	4,842	350	0	0	0	1,075	0	374
	All maturities										
23	Gross purchases	17,094	44,122	29,926	6,246	10,337	1,893	951	3,223	960	0
24	Gross sales	0	0	0	0	0	0	0	0	0	0
25	Redemptions	2,015	1,996	4,676	726	0	0	41	0	0	170
	Matched transactions										
26	Gross purchases	3,092,399	3,577,954	4,395,430	366,838	356,960	380,872	347,067	374,032	348,014	332,708
27	Gross sales	3,094,769	3,580,274	4,399,330	364,476	358,362	380,464	346,747	373,159	350,151	330,856
	Repurchase agreements										
28	Gross purchases	457,568	810,485	512,671	45,067	27,605	17,710	27,707	23,097	29,369	100
29	Gross sales	450,359	809,268	514,186	48,867	30,531	14,614	33,612	23,717	24,337	7,707
30	Net change in U.S. Treasury securities	19,919	41,022	19,835	4,082	6,008	5,397	−4,675	3,476	3,855	−5,924
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
31	Gross purchases	0	0	0	0	0	0	0	0	0	0
32	Gross sales	0	0	25	0	0	0	0	0	0	0
33	Redemptions	409	1,540	322	0	0	52	10	11	0	50
	Repurchase agreements										
34	Gross purchases	75,354	160,409	284,316	20,623	38,167	32,786	46,941	61,968	53,224	9,636
35	Gross sales	74,842	159,369	276,266	22,937	36,962	32,104	48,840	56,053	47,963	24,092
36	Net change in federal agency obligations	103	−500	7,703	−2,314	1,205	630	−1,909	5,904	5,261	−14,506
	Reverse repurchase agreements										
37	Gross purchases	0	0	0	0	0	0	0	0	0	0
38	Gross sales	0	0	0	0	0	0	0	0	0	0
	Repurchase agreements										
39	Gross purchases	0	0	0	0	0	0	0	0	0	68,061
40	Gross sales	0	0	0	0	0	0	0	0	0	45,501
41	Net change in triparty obligations	0	0	0	0	0	0	0	0	0	22,560
42	**Total net change in System Open Market Account**	**20,021**	**40,522**	**27,538**	**1,768**	**7,213**	**6,028**	**−6,584**	**9,380**	**9,116**	**2,130**

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

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities.

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1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1999					1999		
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,050	11,049	11,049	11,049	11,049	11,047	11,049	11,049
2 Special drawing rights certificate account	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
3 Coin	317	305	289	272	261	298	331	237
Loans								
4 To depository institutions	211	824	92	2,184	372	480	173	78
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty Obligations								
7 Repurchase agreements—triparty[2]	20,065	26,580	27,820	35,320	41,455	0	22,560	49,440
Federal agency obligations[3]								
8 Bought outright	188	188	181	181	181	238	188	181
9 Held under repurchase agreements	0	0	0	0	0	14,456	0	0
10 **Total U.S. Treasury securities**[3]	**492,051**	**491,529**	**491,928**	**493,096**	**494,529**	**496,644**	**490,738**	**492,910**
11 Bought outright[4]	492,051	491,529	491,928	493,096	494,529	489,037	490,738	492,910
12 Bills	200,350	199,823	200,217	200,414	199,902	197,183	199,035	198,278
13 Notes	211,272	211,275	211,279	212,248	213,266	211,801	211,273	213,270
14 Bonds	80,429	80,430	80,432	80,434	81,361	80,053	80,430	81,362
15 Held under repurchase agreements	0	0	0	0	0	7,607	0	0
16 **Total loans and securities**	**512,515**	**519,120**	**520,021**	**530,782**	**536,538**	**511,817**	**513,659**	**542,609**
17 Items in process of collection	6,656	8,434	6,984	8,857	8,204	5,649	4,726	9,245
18 Bank premises	1,341	1,346	1,347	1,347	1,348	1,336	1,344	1,353
Other assets								
19 Denominated in foreign currencies[5]	16,120	16,254	16,258	16,262	16,266	16,105	16,251	16,292
20 All other[6]	17,464	17,264	17,661	14,861	15,518	16,864	17,678	15,297
21 **Total assets**	**572,664**	**580,970**	**580,809**	**590,629**	**596,384**	**570,317**	**572,239**	**603,282**
LIABILITIES								
22 Federal Reserve notes	528,449	533,724	540,025	543,930	551,338	517,035	528,509	555,595
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**19,533**	**21,511**	**15,551**	**20,536**	**19,673**	**28,759**	**20,420**	**20,517**
25 Depository institutions	14,775	15,480	10,277	14,889	14,723	21,684	15,502	14,771
26 U.S. Treasury—General account	4,363	5,610	4,870	5,228	4,525	6,641	4,527	5,025
27 Foreign—Official accounts	172	162	161	171	171	243	189	501
28 Other	223	258	242	247	253	191	202	221
29 Deferred credit items	6,730	7,696	7,291	8,022	7,178	5,418	4,909	8,552
30 Other liabilities and accrued dividends[7]	4,444	4,360	4,343	4,518	4,583	5,323	4,455	4,600
31 **Total liabilities**	**559,156**	**567,291**	**567,209**	**577,006**	**582,771**	**556,535**	**558,293**	**589,265**
CAPITAL ACCOUNTS								
32 Capital paid in	6,354	6,361	6,372	6,378	6,374	6,330	6,355	6,372
33 Surplus	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952
34 Other capital accounts	1,201	1,366	1,276	1,294	1,287	1,499	1,639	1,694
35 **Total liabilities and capital accounts**	**572,664**	**580,970**	**580,809**	**590,629**	**596,384**	**570,317**	**572,239**	**603,282**
MEMO								
36 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	827,758	826,931	826,244	825,430	825,190	827,075	827,249	825,379
38 LESS: Held by Federal Reserve Banks	299,309	293,208	286,220	281,501	273,852	310,040	298,740	269,785
39 Federal Reserve notes, net	528,449	533,724	540,025	543,930	551,338	517,035	528,509	555,595
Collateral held against notes, net								
40 Gold certificate account	11,050	11,049	11,049	11,049	11,049	11,047	11,049	11,049
41 Special drawing rights certificate account	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
42 Other eligible assets	0	0	1,847	0	0	0	0	0
43 U.S. Treasury and agency securities	510,199	515,475	519,929	525,681	533,089	498,788	510,261	537,346
44 **Total collateral**	**528,449**	**533,724**	**540,025**	**543,930**	**551,338**	**517,035**	**528,509**	**555,595**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Cash value of agreements arranged through third-party custodial banks.
3. Face value of the securities.
4. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities. Excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
5. Valued monthly at market exchange rates.
6. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
7. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

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1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1999					1999		
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept. 30	Oct. 31	Nov. 30
1 **Total loans**	**211**	**824**	**92**	**2,184**	**372**	**480**	**173**	**78**
2 Within fifteen days[1]	181	766	43	2,177	359	330	106	46
3. Sixteen days to ninety days	29	58	47	5	12	150	66	31
4 **Total U.S. Treasury securities[2]**	**492,051**	**491,529**	**491,928**	**493,096**	**494,529**	**496,644**	**490,738**	**492,910**
5 Within fifteen days[1]	10,377	17,543	18,076	11,795	16,011	10,704	7,085	8,277
6 Sixteen days to ninety days	103,172	96,798	102,309	104,149	99,625	96,836	105,645	102,802
7 Ninety-one days to one year	141,937	141,595	135,945	140,438	140,233	152,924	141,442	143,889
8 One year to five years	121,200	120,225	120,226	122,120	123,135	121,199	121,201	122,413
9 Five years to ten years	50,211	50,213	50,216	50,513	50,517	50,204	50,212	50,520
10 More than ten years	65,153	65,154	65,156	64,082	65,009	64,777	65,153	65,010
11 **Total federal agency obligations**	**188**	**188**	**181**	**181**	**181**	**14,694**	**188**	**181**
12 Within fifteen days[1]	7	7	0	0	0	14,496	7	0
13 Sixteen days to ninety days	6	6	6	31	31	17	6	31
14 Ninety-one days to one year	45	45	45	20	20	51	45	20
15 One year to five years	10	10	10	10	10	10	10	10
16 Five years to ten years	120	120	120	120	120	120	120	120
17 More than ten years	0	0	0	0	0	0	0	0

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

2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

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

Billions of dollars, averages of daily figures

Item	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	56.45	50.16	46.86	44.90	43.98	44.36	42.87	41.98	42.07	42.11	40.94[r]	41.22
2 Nonborrowed reserves[4]	56.20	50.01	46.54	44.79	43.81	44.23	42.72	41.67	41.72	41.77	40.66	40.98
3 Nonborrowed reserves plus extended credit[5]	56.20	50.01	46.54	44.79	43.81	44.23	42.72	41.67	41.72	41.77	40.66	40.98
4 Required reserves	55.16	48.75	45.18	43.32	42.82	43.11	41.61	40.90	40.94	40.92	39.79	39.89
5 Monetary base[6]	434.10	451.37	478.88	512.32	528.74	534.86	537.63	541.20	544.42	549.56	557.16[r]	569.35
	Not seasonally adjusted											
6 Total reserves[7]	58.02	51.45	48.01	45.12	43.67	44.91	42.43	41.85	41.92	41.85	40.77	41.04
7 Nonborrowed reserves	57.76	51.30	47.69	45.00	43.50	44.78	42.29	41.54	41.58	41.51	40.49	40.80
8 Nonborrowed reserves plus extended credit[5]	57.76	51.30	47.69	45.00	43.50	44.78	42.29	41.54	41.58	41.51	40.49	40.80
9 Required reserves[8]	56.73	50.04	46.33	43.54	42.51	43.65	41.17	40.77	40.79	40.65	39.62	39.70
10 Monetary base[9]	439.03	456.63	484.98	518.28	526.77	533.12	535.88	540.98	543.87	548.13	555.51[r]	571.82
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	57.90	51.17	47.92	45.02	43.65	44.88	42.39	41.80	41.87	41.79	40.70	40.97
12 Nonborrowed reserves	57.64	51.02	47.60	44.90	43.48	44.75	42.25	41.49	41.53	41.45	40.42	40.73
13 Nonborrowed reserves plus extended credit[5]	57.64	51.02	47.60	44.90	43.48	44.75	42.25	41.49	41.53	41.45	40.42	40.73
14 Required reserves	56.61	49.76	46.24	43.44	42.49	43.62	41.13	40.73	40.74	40.59	39.55	39.63
15 Monetary base[12]	444.45	463.40	491.79	525.06	533.49	539.98	542.82	548.07	550.86	555.19	562.64[r]	578.94
16 Excess reserves[13]	1.29	1.42	1.69	1.58	1.16	1.26	1.26	1.08	1.13	1.20	1.15[r]	1.33
17 Borrowings from the Federal Reserve	.26	.16	.32	.12	.17	.13	.15	.31	.34	.34	.28	.24

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

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

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

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

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

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

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

8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

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

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

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

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

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1.21 MONEY STOCK AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Aug.[r]	1999 Sept.[r]	1999 Oct.[r]	1999 Nov.
	Seasonally adjusted							
Measures[2]								
1 M1	1,126.9[r]	1,081.6[r]	1,075.2[r]	1,093.7[r]	1,102.9	1,094.0	1,099.1	1,108.6
2 M2	3,649.3[r]	3,824.2[r]	4,046.7[r]	4,401.4[r]	4,567.2	4,586.5	4,606.4	4,627.7
3 M3	4,618.6[r]	4,955.8[r]	5,403.4	5,995.7[r]	6,216.5	6,247.5	6,297.0	6,385.8
4 Debt	13,716.6[r]	14,463.6[r]	15,227.9[r]	16,250.4[r]	16,971.3	17,071.1	17,164.4	n.a.
M1 components								
5 Currency[3]	372.3	394.1	424.5	459.2	490.9	495.0	499.2	505.2
6 Travelers checks[4]	8.5[r]	8.3[r]	8.1[r]	8.2[r]	9.0	8.7	8.5	8.2
7 Demand deposits[5]	389.4	403.0	396.5	377.5	363.4	352.9	354.6	357.5
8 Other checkable deposits[6]	356.7	276.2	246.2	248.8	239.6	237.4	236.8	237.7
Nontransaction components								
9 In M2[7]	2,522.4	2,742.6	2,971.5	3,307.6	3,464.3	3,492.5	3,507.3	3,519.1
10 In M3 only[8]	969.3[r]	1,131.6[r]	1,356.7[r]	1,594.3[r]	1,649.3	1,661.0	1,690.6	1,758.2
Commercial banks								
11 Savings deposits, including MMDAs	775.3	905.2	1,022.9	1,189.8	1,269.2	1,284.4	1,288.9	1,287.5
12 Small time deposits[9]	575.0	593.7	626.1	626.0	615.5	619.7	623.4	628.5
13 Large time deposits[10, 11]	346.5[r]	414.7[r]	489.9[r]	540.4[r]	532.0	541.0	565.4	596.2
Thrift institutions								
14 Savings deposits, including MMDAs	359.8	367.1	377.3	415.2	456.6	458.3	457.0	454.6
15 Small time deposits[9]	356.7	353.8	343.2	325.9	313.6	314.7	316.1	318.5
16 Large time deposits[10]	74.5	78.4	85.9	89.1	89.2	89.9	89.3	90.1
Money market mutual funds								
17 Retail	455.5	522.8	602.0	750.7	809.5	815.4	821.9	829.9
18 Institution-only	255.9	313.3	379.9	516.2	556.4	559.3	571.0	588.8
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	198.7	211.3	251.7	297.8	310.7	310.4	307.4	317.4
20 Eurodollars[12]	93.7	113.9	149.3	150.7	161.1	160.3	157.4	165.7
Debt components								
21 Federal debt	3,639.1	3,781.3	3,800.3	3,750.8	3,711.0	3,698.1	3,680.1	n.a.
22 Nonfederal debt	10,077.5[r]	10,682.3[r]	11,427.6[r]	12,499.6[r]	13,260.3	13,373.0	13,484.3	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,152.6[r]	1,105.1[r]	1,097.8[r]	1,115.7[r]	1,098.1	1,088.6	1,096.4	1,113.0
24 M2	3,671.9[r]	3,844.0[r]	4,064.9[r]	4,418.2[r]	4,561.6	4,572.2	4,590.9	4,626.6
25 M3	4,638.2[r]	4,972.7[r]	5,419.6	6,011.8[r]	6,199.5	6,219.3	6,280.1	6,390.8
26 Debt	13,716.2[r]	14,460.3[r]	15,224.9[r]	16,247.2[r]	16,910.6	17,016.8	17,107.9	n.a.
M1 components								
27 Currency[3]	376.2	397.9	428.9	464.2	490.2	493.4	499.0	506.4
28 Travelers checks[4]	8.8[r]	8.6[r]	8.3[r]	8.4[r]	8.6	8.5	8.4	8.3
29 Demand deposits[5]	407.2	419.9	412.3	392.4	362.0	351.0	354.1	361.2
30 Other checkable deposits[6]	360.5	278.8	248.3	250.7	237.3	235.7	234.9	237.1
Nontransaction components								
31 In M2[7]	2,519.3	2,738.9	2,967.2	3,302.5	3,463.5	3,483.6	3,494.6	3,513.6
32 In M3 only[8]	966.3[r]	1,128.7[r]	1,354.7[r]	1,593.6[r]	1,638.0	1,647.1	1,689.1	1,764.2
Commercial banks								
33 Savings deposits, including MMDAs	774.1	903.3	1,020.4	1,186.8	1,268.4	1,277.5	1,279.5	1,283.4
34 Small time deposits[9]	573.8	592.7	625.3	625.4	615.1	619.3	624.2	628.9
35 Large time deposits[10, 11]	345.7[r]	413.2[r]	487.3[r]	536.8[r]	532.2	541.5	568.4	598.1
Thrift institutions								
36 Savings deposits, including MMDAs	359.2	366.3	376.4	414.1	456.3	455.8	453.6	453.2
37 Small time deposits[9]	355.9	353.2	342.8	325.6	313.4	314.5	316.5	318.7
38 Large time deposits[10]	74.3	78.1	85.4	88.5	89.2	90.0	89.8	90.4
Money market mutual funds								
39 Retail	456.1	523.2	602.3	750.6	810.4	816.4	820.7	829.4
40 Institution-only	257.7	316.0	384.5	523.3	548.0	547.5	566.7	591.0
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	193.8	205.7	245.1	290.5	308.9	309.1	306.0	318.3
42 Eurodollars[12]	94.9	115.7	152.3	154.5	159.7	159.1	158.2	166.4
Debt components								
43 Federal debt	3,645.9	3,787.9	3,805.8	3,754.9	3,665.8	3,655.8	3,635.4	n.a.
44 Nonfederal debt	10,070.3[r]	10,672.4[r]	11,419.2[r]	12,492.3[r]	13,244.8	13,361.0	13,472.5	n.a.

Footnotes appear on following page.

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NOTES TO TABLE 1.21

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

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

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

M2: M1 plus (1) savings deposits (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more) issued by all depository institutions, (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) Eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and Eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

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

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

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

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

7. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

8. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) Eurodollars (overnight and term) of U.S. addressees.

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

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

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

12. Includes both overnight and term.

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1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages 1998 Nov.	1999[r] May	1999[r] June	1999[r] July	1999[r] Aug.	1999[r] Sept.	1999[r] Oct.	1999[r] Nov.	Wednesday figures 1999 Nov. 3	1999 Nov. 10	1999 Nov. 17	1999 Nov. 24
	Seasonally adjusted											
Assets												
1 Bank credit	4,529.6[r]	4,516.8	4,553.1	4,547.6	4,582.5	4,607.0	4,626.3	4,696.6	4,639.2	4,668.5	4,682.0	4,720.9
2 Securities in bank credit	1,222.0[r]	1,192.7	1,211.2	1,226.4	1,242.4	1,246.3	1,246.9	1,245.3	1,230.8	1,234.7	1,236.6	1,258.9
3 U.S. government securities	790.0	799.9	812.8	814.0	820.0	817.4	809.9	796.6	796.5	794.0	792.8	801.9
4 Other securities	432.0[r]	392.8	398.3	412.4	422.4	428.9	437.0	448.7	434.3	440.8	443.8	457.0
5 Loans and leases in bank credit[2]	3,307.6[r]	3,324.1	3,341.9	3,321.2	3,340.2	3,360.6	3,379.4	3,451.4	3,408.4	3,433.8	3,445.4	3,461.9
6 Commercial and industrial	955.0[r]	957.3	963.3	964.5	972.6	980.4	984.6	1,003.8	995.8	1,001.9	1,003.8	1,004.6
7 Real estate	1,323.7	1,360.4	1,366.0	1,367.4	1,379.8	1,396.8	1,421.4	1,436.0	1,427.2	1,430.4	1,435.5	1,437.1
8 Revolving home equity	102.6	104.3	103.7	97.9	98.5	106.4	115.2	116.7	116.0	116.3	116.7	117.1
9 Other	1,221.1	1,256.2	1,262.4	1,269.5	1,281.3	1,290.4	1,306.1	1,319.3	1,311.2	1,314.1	1,318.8	1,319.9
10 Consumer	496.0	495.8	491.0	481.1	480.1	481.0	481.1	484.9	480.8	481.2	484.6	488.1
11 Security[3]	150.0	126.8	131.0	122.2	122.4	116.0	107.9	130.8	114.7	129.3	127.4	132.1
12 Other loans and leases	382.9	383.8	390.5	385.9	385.3	386.4	384.5	395.7	389.8	391.0	394.1	400.0
13 Interbank loans	217.8[r]	227.4	224.4	223.9	214.7	207.5	218.2	213.7	220.1	209.8	209.1	219.7
14 Cash assets[4]	251.2	259.9	261.0	258.2	253.5	263.7	271.1	277.5	269.0	271.9	267.3	297.9
15 Other assets[5]	339.9[r]	344.1	345.5	348.0	344.9	355.2	358.4	365.8	356.1	360.5	364.2	373.1
16 **Total assets[6]**	**5,280.6[r]**	**5,289.4**	**5,325.4**	**5,319.4**	**5,337.0**	**5,374.3**	**5,414.7**	**5,494.0**	**5,424.7**	**5,451.3**	**5,463.2**	**5,552.0**
Liabilities												
17 Deposits	3,322.7	3,374.9	3,377.2	3,392.4	3,385.4	3,395.9	3,435.1	3,480.1	3,456.4	3,458.5	3,460.0	3,503.2
18 Transaction	670.2	649.6	655.7	650.0	636.8	634.9	632.3	624.9	618.9	617.0	613.8	647.3
19 Nontransaction	2,652.5	2,725.2	2,721.5	2,742.4	2,748.7	2,761.0	2,802.8	2,855.2	2,837.5	2,841.5	2,846.2	2,856.0
20 Large time	726.1	723.6	718.8	722.5	720.4	728.6	765.7	803.9	783.0	794.2	802.8	812.2
21 Other	1,926.4	2,001.7	2,002.7	2,019.9	2,028.3	2,032.5	2,037.1	2,051.3	2,054.5	2,047.3	2,043.4	2,043.8
22 Borrowings	1,016.6[r]	994.4	1,017.0	1,018.5	1,025.5	1,044.8	1,042.9	1,059.0	1,044.5	1,041.8	1,047.7	1,078.8
23 From banks in the U.S.	321.4[r]	321.5	335.5	337.2	336.5	340.5	350.0	352.0	357.0	348.1	344.7	361.0
24 From others	695.2[r]	672.9	681.4	681.3	689.0	704.3	692.9	707.0	687.6	693.7	703.0	717.9
25 Net due to related foreign offices	214.5	203.9	215.1	212.5	222.4	218.3	219.6	226.0	219.8	224.7	231.8	221.5
26 Other liabilities	303.2	271.1	275.5	274.3	279.7	282.5	286.8	294.0	284.5	289.0	293.9	301.1
27 **Total liabilities**	**4,857.0[r]**	**4,844.2**	**4,884.7**	**4,897.7**	**4,913.0**	**4,941.5**	**4,984.4**	**5,059.0**	**5,005.2**	**5,014.0**	**5,033.4**	**5,104.7**
28 Residual (assets less liabilities)[7]	423.6[r]	445.2	440.7	421.8	423.9	432.8	430.2	435.0	419.5	437.3	429.7	447.3
	Not seasonally adjusted											
Assets												
29 Bank credit	4,543.0[r]	4,519.5	4,546.9	4,531.6	4,561.5	4,597.1	4,630.8	4,710.6	4,664.0	4,683.1	4,695.3	4,727.4
30 Securities in bank credit	1,228.2[r]	1,198.2	1,207.9	1,215.2	1,229.5	1,235.2	1,243.4	1,251.6	1,237.9	1,240.5	1,242.1	1,263.6
31 U.S. government securities	792.4	808.1	812.3	806.1	808.2	807.3	804.2	798.7	798.5	796.6	794.0	802.0
32 Other securities	435.8[r]	390.1	395.6	409.1	421.3	427.9	439.2	452.9	439.4	443.9	448.1	461.6
33 Loans and leases in bank credit[2]	3,314.8[r]	3,321.3	3,339.0	3,316.4	3,332.0	3,361.9	3,387.5	3,459.0	3,426.0	3,442.6	3,453.2	3,463.8
34 Commercial and industrial	954.5[r]	961.7	963.6	962.1	963.9	976.5	985.6	1,003.9	1,000.4	1,001.9	1,004.3	1,003.3
35 Real estate	1,327.7	1,359.8	1,366.6	1,368.4	1,382.4	1,400.5	1,425.1	1,440.8	1,432.5	1,438.4	1,439.7	1,440.1
36 Revolving home equity	103.4	103.9	103.3	97.7	98.7	107.2	116.1	117.7	117.0	117.4	117.8	118.1
37 Other	1,224.3	1,256.0	1,263.3	1,270.7	1,283.7	1,293.3	1,309.0	1,323.1	1,315.6	1,321.1	1,321.9	1,322.0
38 Consumer	496.4	493.4	488.3	478.7	481.2	483.9	481.8	485.2	481.4	481.2	484.5	488.5
39 Security[3]	152.5[r]	126.6	130.4	120.2	118.7	112.7	108.7	132.2	118.3	130.2	128.5	133.4
40 Other loans and leases	383.7	379.8	390.1	386.9	385.8	388.3	386.2	396.9	393.4	390.9	396.0	398.5
41 Interbank loans	227.3[r]	223.2	221.7	217.6	206.9	204.0	214.7	220.4	227.8	215.8	217.8	221.0
42 Cash assets[4]	257.9	257.6	256.6	250.4	243.1	261.0	271.4	284.7	271.4	272.0	282.1	293.6
43 Other assets[5]	338.3[r]	345.6	351.4	350.6	347.7	357.2	355.8	364.3	358.9	360.8	361.3	365.7
44 **Total assets[6]**	**5,308.4[r]**	**5,287.1**	**5,317.8**	**5,292.0**	**5,300.3**	**5,360.0**	**5,413.4**	**5,520.4**	**5,462.5**	**5,472.1**	**5,497.0**	**5,548.1**
Liabilities												
45 Deposits	3,348.5	3,365.5	3,375.2	3,376.1	3,371.5	3,394.5	3,437.6	3,506.5	3,481.4	3,486.8	3,494.3	3,508.1
46 Transaction	680.5	640.6	650.8	639.3	620.4	629.0	624.1	634.6	624.7	618.1	630.9	643.3
47 Nontransaction	2,668.0	2,724.9	2,724.4	2,736.8	2,751.1	2,765.5	2,813.5	2,871.9	2,856.7	2,868.7	2,863.4	2,864.7
48 Large time	731.0	724.8	716.1	715.8	717.7	730.0	767.3	809.0	785.7	799.7	806.2	818.7
49 Other	1,937.0	2,000.1	2,008.3	2,021.0	2,033.3	2,035.4	2,046.2	2,062.8	2,071.0	2,069.0	2,057.2	2,046.0
50 Borrowings	1,022.1[r]	1,002.5	1,020.5	1,009.2	1,002.0	1,039.7	1,045.7	1,066.0	1,056.0	1,046.4	1,057.1	1,078.9
51 From banks in the U.S.	325.1[r]	322.4	335.4	332.6	329.4	336.8	347.7	356.4	358.9	350.9	350.0	363.6
52 From others	697.0[r]	680.1	685.1	676.5	672.7	702.9	698.0	709.6	697.0	695.6	707.1	715.3
53 Net due to related foreign offices	216.4	210.1	209.3	204.7	217.4	214.3	221.3	227.7	217.9	225.8	225.7	231.7
54 Other liabilities	303.6	270.8	274.8	273.5	279.6	281.4	285.3	294.1	283.7	289.0	294.1	301.5
55 **Total liabilities**	**4,890.5[r]**	**4,848.8**	**4,879.8**	**4,863.4**	**4,870.5**	**4,929.9**	**4,989.9**	**5,094.3**	**5,039.0**	**5,047.9**	**5,071.1**	**5,120.2**
56 Residual (assets less liabilities)[7]	417.8[r]	438.3	438.0	428.6	429.8	430.1	423.5	426.1	423.5	424.2	425.9	427.9
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	114.2	89.5	89.5	91.8	96.5	98.4	96.5	98.2	89.8	93.5	92.0	104.5
58 Revaluation losses on off-balance-sheet items[8]	113.0	91.0	91.2	92.6	98.8	97.1	95.2	97.6	90.7	93.8	92.4	102.8

Footnotes appear on p. A21.

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1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999r							1999			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 3	Nov. 10	Nov. 17	Nov. 24
	Seasonally adjusted											
Assets												
1 Bank credit	3,918.7r	3,976.9	4,020.6	4,027.0	4,058.8	4,088.4	4,108.6	4,155.4	4,120.4	4,142.2	4,149.5	4,165.1
2 Securities in bank credit	1,006.4	996.6	1,015.1	1,036.7	1,052.5	1,057.2	1,060.3	1,051.5	1,046.9	1,050.2	1,049.4	1,053.0
3 U.S. government securities	708.0	712.6	724.5	728.1	736.0	735.8	730.2	718.3	719.2	718.5	718.0	718.3
4 Other securities	298.4	284.0	290.7	308.6	316.5	321.4	330.1	333.2	327.6	331.7	331.4	334.7
5 Loans and leases in bank credit[2]	2,912.3r	2,980.2	3,005.5	2,990.2	3,006.4	3,031.2	3,048.3	3,104.0	3,073.5	3,091.9	3,100.2	3,112.1
6 Commercial and industrial	730.8	755.3	766.6	771.9	777.1	783.2	785.6	802.9	797.6	800.0	801.2	803.9
7 Real estate	1,301.1r	1,340.6	1,346.8	1,349.0	1,362.2	1,379.2	1,403.6	1,418.6	1,409.6	1,412.9	1,418.0	1,419.8
8 Revolving home equity	102.6	104.3	103.7	97.9	98.5	106.4	115.2	116.7	116.0	116.3	116.7	117.1
9 Other	1,198.5r	1,236.4	1,243.2	1,251.0	1,263.7	1,272.8	1,288.3	1,301.9	1,293.5	1,296.6	1,301.3	1,302.7
10 Consumer	496.0	495.8	491.0	481.1	480.1	481.0	481.1	484.9	480.8	481.2	484.6	488.1
11 Security[3]	84.8	73.4	79.0	69.6	67.4	64.8	56.2	68.7	59.0	71.2	67.9	68.9
12 Other loans and leases	299.5r	315.0	322.0	318.7	319.5	323.0	321.8	328.8	326.6	326.6	328.4	331.4
13 Interbank loans	190.7r	200.8	199.9	196.4	188.9	184.7	195.3	190.9	195.6	189.7	184.9	197.5
14 Cash assets[4]	216.4	223.9	227.5	223.2	215.5	222.9	227.0	227.1	221.6	222.7	216.9	246.0
15 Other assets[5]	303.0r	308.2	312.1	315.8	315.9	325.9	326.6	331.0	323.3	327.6	329.7	337.4
16 **Total assets[6]**	**4,571.1r**	**4,651.4**	**4,701.7**	**4,704.5**	**4,720.8**	**4,763.0**	**4,798.5**	**4,845.1**	**4,801.5**	**4,822.9**	**4,821.9**	**4,886.7**
Liabilities												
17 Deposits	3,007.4	3,064.4	3,071.5	3,081.9	3,076.2	3,084.8	3,104.1	3,122.0	3,115.1	3,109.0	3,102.6	3,138.4
18 Transaction	657.4	639.1	644.8	639.1	625.8	624.0	620.8	613.6	608.2	606.2	601.7	636.0
19 Nontransaction	2,350.0	2,425.3	2,426.6	2,442.8	2,450.5	2,460.8	2,483.2	2,508.3	2,507.0	2,502.9	2,500.8	2,502.4
20 Large time	425.2	425.6	426.2	425.8	426.2	433.5	447.9	458.9	453.2	457.0	459.2	461.1
21 Other	1,924.8	1,999.7	2,000.5	2,017.1	2,024.3	2,027.3	2,035.3	2,049.5	2,053.7	2,045.9	2,041.7	2,041.3
22 Borrowings	801.8r	821.7	836.0	846.1	853.3	875.9	873.3	879.8	868.6	872.2	872.6	894.3
23 From banks in the U.S.	289.2r	300.1	309.0	312.7	312.9	315.3	327.2	325.1	329.3	327.8	320.3	330.4
24 From others	512.6r	521.6	527.1	533.5	540.5	560.6	546.0	554.7	539.3	544.5	552.3	563.9
25 Net due to related foreign offices	115.3	118.7	145.6	145.2	150.5	152.2	166.2	182.0	169.5	179.3	186.1	182.1
26 Other liabilities	227.2	211.1	214.1	211.0	218.0	218.0	224.0	228.3	221.8	225.9	231.3	232.6
27 **Total liabilities**	**4,151.6r**	**4,215.9**	**4,267.2**	**4,284.2**	**4,298.0**	**4,330.9**	**4,367.5**	**4,412.1**	**4,375.1**	**4,386.5**	**4,392.5**	**4,447.4**
28 Residual (assets less liabilities)[7]	419.5r	435.4	434.5	420.3	422.8	432.2	431.0	433.0	426.4	436.4	429.3	439.3
	Not seasonally adjusted											
Assets												
29 Bank credit	3,928.8r	3,984.8	4,017.6	4,014.2	4,041.5	4,079.5	4,109.2	4,166.4	4,136.8	4,153.0	4,160.0	4,171.0
30 Securities in bank credit	1,009.4	1,003.8	1,012.7	1,027.2	1,040.8	1,046.7	1,054.1	1,054.8	1,048.5	1,052.1	1,051.9	1,056.2
31 U.S. government securities	710.0	720.0	723.6	720.8	725.2	726.6	724.6	720.0	720.3	719.9	719.2	719.1
32 Other securities	299.4	283.8	289.2	306.4	315.6	320.2	329.5	334.8	328.2	332.2	332.7	337.1
33 Loans and leases in bank credit[2]	2,919.4r	2,981.0	3,004.8	2,987.0	3,000.7	3,032.8	3,055.1	3,111.6	3,088.3	3,100.9	3,108.2	3,114.8
34 Commercial and industrial	729.1	762.5	768.6	770.3	770.1	779.6	785.6	801.7	799.7	798.9	800.5	801.5
35 Real estate	1,304.9r	1,340.3	1,347.6	1,350.2	1,364.9	1,382.9	1,407.2	1,423.2	1,414.7	1,420.8	1,422.1	1,422.7
36 Revolving home equity	103.4	103.9	103.3	97.7	98.7	107.2	116.1	117.7	117.0	117.4	117.8	118.1
37 Other	1,201.5	1,236.4	1,244.4	1,252.4	1,266.2	1,275.7	1,291.1	1,305.5	1,297.7	1,303.4	1,304.3	1,304.6
38 Consumer	496.4	493.4	488.3	478.7	481.2	483.9	481.8	485.2	481.4	481.2	484.5	488.5
39 Security[3]	87.8	73.5	78.2	68.0	63.7	61.3	57.3	70.9	62.7	73.0	70.2	71.0
40 Other loans and leases	301.2r	311.4	322.1	319.9	320.8	325.0	323.2	330.6	329.9	327.0	330.9	331.1
41 Interbank loans	200.2r	196.6	197.2	190.1	181.2	181.1	191.8	197.6	203.3	195.7	193.6	198.8
42 Cash assets[4]	222.5	222.0	222.2	215.4	205.4	220.4	226.7	233.6	223.1	222.4	230.9	241.6
43 Other assets[5]	301.2r	310.5	319.0	319.3	318.1	327.6	324.1	329.3	326.1	327.8	327.0	329.7
44 **Total assets[6]**	**4,595.0r**	**4,655.4**	**4,697.4**	**4,681.1**	**4,687.6**	**4,749.5**	**4,792.8**	**4,867.5**	**4,830.0**	**4,839.6**	**4,852.3**	**4,881.9**
Liabilities												
45 Deposits	3,033.6	3,052.7	3,068.8	3,068.0	3,064.9	3,083.9	3,106.5	3,148.9	3,140.7	3,137.3	3,138.8	3,143.7
46 Transaction	667.8	630.3	640.1	628.4	609.5	617.7	612.6	623.4	613.8	607.5	618.8	632.4
47 Nontransaction	2,365.8	2,422.4	2,428.6	2,439.6	2,455.4	2,466.2	2,493.9	2,525.5	2,526.9	2,529.8	2,520.0	2,511.3
48 Large time	430.7	424.5	422.6	420.9	424.3	433.1	450.0	464.9	458.2	463.0	465.0	467.5
49 Other	1,935.1	1,997.9	2,006.0	2,018.7	2,031.1	2,033.2	2,044.0	2,060.6	2,068.7	2,066.8	2,054.9	2,043.8
50 Borrowings	807.3r	829.8	839.6	836.8	829.9	870.8	876.0	886.8	880.1	876.8	882.0	894.3
51 From banks in the U.S.	292.8r	301.0	308.8	308.1	305.8	311.6	324.9	329.5	331.3	330.6	325.6	333.0
52 From others	514.5r	528.8	530.8	528.7	524.1	559.2	551.1	557.3	548.8	546.3	556.3	561.3
53 Net due to related foreign offices	113.7	126.7	141.2	139.9	147.5	149.8	166.1	181.0	166.9	178.4	178.2	187.2
54 Other liabilities	226.6	211.3	213.9	211.1	217.8	217.3	223.1	227.6	221.2	225.4	230.6	231.6
55 **Total liabilities**	**4,181.2r**	**4,220.6**	**4,263.4**	**4,255.8**	**4,260.1**	**4,321.7**	**4,371.8**	**4,444.3**	**4,408.9**	**4,417.9**	**4,429.6**	**4,456.8**
56 Residual (assets less liabilities)[7]	413.8r	434.8	434.0	425.2	427.6	427.8	421.0	423.2	421.1	421.7	422.7	425.0
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	65.6	54.2	54.6	54.4	58.4	60.1	60.9	59.8	54.8	58.3	56.9	61.8
58 Revaluation losses on off-balance-sheet items[8]	68.1	56.1	57.1	56.3	62.5	59.8	60.0	59.8	55.6	58.7	57.5	61.7
59 Mortgage-backed securities[9]	346.0	335.4	334.0	339.3	343.3	346.0	346.4	347.3	345.9	348.1	347.3	346.7

Footnotes appear on p. A21.

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1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999r							1999			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 3	Nov. 10	Nov. 17	Nov. 24
	Seasonally adjusted											
Assets												
1 Bank credit	2,451.6	2,438.0	2,465.7	2,457.5	2,475.2	2,490.5	2,489.3	2,530.4	2,500.3	2,520.3	2,522.7	2,540.1
2 Securities in bank credit	582.3	548.5	559.4	577.0	590.6	593.6	594.5	590.6	584.6	588.1	587.5	593.7
3 U.S. government securities	386.5	378.0	384.2	384.5	392.1	390.3	383.9	377.4	376.1	376.0	376.3	379.0
4 Trading account	22.3	22.3	25.1	22.7	23.3	20.9	20.0	18.0	19.2	19.2	16.4	18.3
5 Investment account	364.2	355.7	359.1	361.7	368.8	369.4	363.9	359.4	356.9	356.9	359.9	360.7
6 Other securities	195.9	170.5	175.1	192.6	198.5	203.3	210.6	213.2	208.5	212.0	211.2	214.7
7 Trading account	99.7	71.9	71.1	73.6	77.5	78.1	81.7	82.4	76.9	80.1	80.2	84.5
8 Investment account	96.1	98.6	104.0	119.0	121.0	125.2	128.9	130.8	131.5	131.9	130.9	130.2
9 State and local government	24.5	24.8	25.3	25.4	25.7	25.7	26.1	27.3	27.2	27.3	27.3	27.3
10 Other	71.7	73.8	78.7	93.5	95.3	99.5	102.7	103.5	104.4	104.7	103.6	102.8
11 Loans and leases in bank credit[2]	1,869.3	1,889.5	1,906.4	1,880.4	1,884.6	1,896.9	1,894.7	1,939.9	1,915.7	1,932.3	1,935.2	1,946.4
12 Commercial and industrial	540.2	553.5	561.9	564.4	567.9	571.0	567.6	581.9	577.3	579.5	579.8	582.6
13 Bankers acceptances	1.3	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2
14 Other	538.9	552.5	561.0	563.4	566.8	569.9	566.4	580.8	576.2	578.4	578.7	581.5
15 Real estate	721.3	723.8	723.2	717.9	722.9	734.4	747.0	755.5	750.3	752.2	753.9	756.4
16 Revolving home equity	74.0	75.1	74.2	68.2	68.8	76.7	85.0	86.2	85.7	86.0	86.2	86.5
17 Other	647.3	648.7	649.1	649.7	654.2	657.7	662.1	669.3	664.6	666.1	667.8	669.9
18 Consumer	302.3	297.8	292.8	283.4	281.0	279.1	277.6	281.7	279.1	279.8	281.4	283.6
19 Security[3]	78.4	68.3	73.9	64.3	62.2	59.5	51.0	62.9	53.2	65.4	62.2	63.1
20 Federal funds sold to and repurchase agreements with broker–dealers	62.1	51.5	55.7	46.9	45.3	42.2	34.2	45.1	37.3	47.4	44.7	44.1
21 Other	16.3	16.9	18.2	17.5	16.9	17.3	16.8	17.8	16.0	18.0	17.6	19.1
22 State and local government	11.6	11.4	11.4	11.7	11.9	11.9	12.0	11.8	11.8	11.8	11.8	11.8
23 Agricultural	8.9	8.6	8.6	8.5	8.8	8.8	8.9	8.8	8.9	8.8	8.8	8.8
24 Federal funds sold to and repurchase agreements with others	12.9	10.7	15.6	4.3	7.7	11.0	9.8	12.0	11.0	11.2	12.3	11.9
25 All other loans	89.9	96.0	99.0	104.1	99.1	96.8	94.2	96.3	95.9	95.0	96.0	99.0
26 Lease-financing receivables	103.6	119.3	120.0	121.7	123.1	124.4	126.7	128.9	128.2	128.5	128.8	129.1
27 Interbank loans	124.1	143.6	145.0	139.9	134.7	132.8	146.0	137.5	142.4	136.9	134.1	142.4
28 Federal funds sold to and repurchase agreements with commercial banks	78.0	88.4	87.4	89.8	86.2	83.6	90.8	72.6	84.7	72.9	67.6	76.3
29 Other	46.0	55.2	57.6	50.1	48.5	49.2	55.2	64.9	57.8	64.0	66.5	66.1
30 Cash assets[4]	148.2	153.2	156.3	150.7	143.3	150.0	154.2	153.2	148.3	150.8	145.4	168.4
31 Other assets[5]	236.8	234.1	237.4	238.0	235.7	245.8	242.4	247.8	240.1	243.9	248.2	252.5
32 **Total assets**[6]	**2,922.3**	**2,930.3**	**2,965.9**	**2,947.9**	**2,950.6**	**2,980.4**	**2,993.2**	**3,030.2**	**2,992.2**	**3,013.3**	**3,011.9**	**3,064.7**
Liabilities												
33 Deposits	1,696.1	1,697.0	1,697.2	1,695.7	1,682.4	1,688.2	1,689.6	1,696.5	1,692.5	1,690.1	1,683.0	1,706.7
34 Transaction	374.6	355.8	357.6	352.4	337.7	338.5	335.4	330.7	326.4	326.2	322.6	342.9
35 Nontransaction	1,321.5	1,341.2	1,339.6	1,343.3	1,344.7	1,349.7	1,354.2	1,365.8	1,366.1	1,363.9	1,360.4	1,363.8
36 Large time	234.3	226.2	228.2	229.7	227.3	233.0	242.9	249.8	245.5	248.3	250.4	251.3
37 Other	1,087.2	1,115.0	1,111.5	1,113.6	1,117.4	1,116.8	1,111.2	1,116.0	1,120.7	1,115.6	1,110.0	1,112.5
38 Borrowings	627.0	630.2	639.9	639.2	644.7	661.8	658.9	666.5	656.9	657.9	660.0	681.2
39 From banks in the U.S.	206.8	213.7	218.7	215.5	217.1	219.1	234.6	234.4	238.5	235.0	230.3	239.8
40 From others	420.1	416.5	421.2	423.7	427.6	442.7	424.3	432.1	418.4	422.8	429.7	441.4
41 Net due to related foreign offices	111.7	113.6	141.5	140.9	147.0	148.8	161.9	177.5	165.3	174.8	181.4	177.5
42 Other liabilities	198.0	180.0	182.0	179.7	184.9	183.9	189.6	194.1	188.2	192.0	197.2	197.9
43 **Total liabilities**	**2,632.8**	**2,620.8**	**2,660.6**	**2,655.5**	**2,659.0**	**2,682.7**	**2,699.9**	**2,734.7**	**2,703.0**	**2,714.8**	**2,721.5**	**2,763.2**
44 Residual (assets less liabilities)[7]	289.5	309.4	305.3	292.4	291.6	297.7	293.3	295.6	289.2	298.4	290.4	301.5

Footnotes appear on p. A21.

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1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1998	1999[r]							1999			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 3	Nov. 10	Nov. 17	Nov. 24
	Not seasonally adjusted											
Assets												
45 Bank credit	2,464.5	2,435.7	2,455.6	2,443.4	2,455.7	2,478.3	2,491.1	2,544.4	2,519.0	2,532.7	2,537.3	2,548.5
46 Securities in bank credit	587.6	550.2	555.1	569.2	580.5	585.5	591.5	596.1	589.4	592.0	593.0	598.4
47 U.S. government securities	390.8	380.8	381.4	378.6	383.1	382.9	381.3	381.4	380.4	379.7	380.5	381.5
48 Trading account	24.6	20.8	23.5	20.9	22.2	20.7	20.8	19.9	21.3	20.6	18.7	19.7
49 Investment account	366.2	360.1	357.9	357.7	360.9	362.2	360.5	361.5	359.1	359.0	361.8	361.8
50 Mortgage-backed securities	262.5	239.5	235.2	233.9	237.6	240.7	238.5	238.3	238.5	238.2	237.9	237.8
51 Other	103.7	120.5	122.8	123.8	123.3	121.5	122.0	123.1	120.7	120.9	123.9	123.9
52 One year or less	28.0	24.3	25.3	25.2	24.9	24.4	25.2	23.6	24.3	23.5	23.0	23.5
53 One to five years	39.3	55.9	57.7	58.8	59.0	58.2	59.0	59.7	58.5	57.6	60.8	60.3
54 More than five years	36.4	40.4	39.9	39.7	39.5	38.8	37.7	39.8	37.9	39.8	40.1	40.2
55 Other securities	196.8	169.4	173.7	190.6	197.4	202.6	210.1	214.7	209.0	212.3	212.5	216.9
56 Trading account	99.7	71.9	71.1	73.6	77.5	78.1	81.7	82.4	76.9	80.1	80.2	84.5
57 Investment account	97.1	97.5	102.6	117.0	120.0	124.5	128.4	132.3	132.0	132.2	132.3	132.4
58 State and local government	24.6	24.9	25.1	25.0	25.4	25.6	26.2	27.4	27.2	27.4	27.4	27.6
59 Other	72.5	72.6	77.5	92.0	94.6	98.9	102.2	104.9	104.8	104.9	104.9	104.9
60 Loans and leases in bank credit[2]	1,876.9	1,885.5	1,900.5	1,874.2	1,875.2	1,892.9	1,899.6	1,948.3	1,929.7	1,940.7	1,944.3	1,950.1
61 Commercial and industrial	539.8	558.0	562.0	563.0	562.1	568.6	569.0	582.2	580.9	579.8	580.8	581.9
62 Bankers acceptances	1.3	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2
63 Other	538.5	557.0	561.0	562.0	561.1	567.4	567.9	581.1	579.7	578.7	579.7	580.7
64 Real estate	724.7	721.1	721.2	717.1	723.5	734.7	749.2	759.7	754.2	758.4	757.6	758.9
65 Revolving home equity	74.6	74.8	73.9	68.3	69.1	77.2	85.6	86.9	86.4	86.7	87.0	87.2
66 Other	406.4	392.0	392.7	394.0	398.5	400.0	404.3	410.5	407.0	410.0	408.3	408.8
67 Commercial	243.7	254.3	254.6	254.8	255.9	257.5	259.2	262.2	260.9	261.6	262.3	262.8
68 Consumer	302.0	295.6	290.8	281.6	281.6	280.9	277.6	281.4	279.1	279.5	281.0	283.2
69 Security[3]	81.5	68.4	73.1	62.7	58.4	56.0	52.1	65.1	56.9	67.2	64.5	65.2
70 Federal funds sold to and repurchase agreements with broker–dealers	65.3	51.2	54.1	45.3	41.8	38.8	35.2	47.4	40.7	50.0	47.3	45.7
71 Other	16.2	17.2	19.0	17.4	16.6	17.1	16.8	17.7	16.2	17.2	17.2	19.6
72 State and local government	11.7	11.3	11.3	11.6	11.9	12.0	12.0	11.9	11.9	12.0	12.0	12.0
73 Agricultural	9.0	8.6	8.7	8.8	9.0	9.0	9.0	8.9	9.0	8.9	8.9	8.9
74 Federal funds sold to and repurchase agreements with others	12.9	10.7	15.6	4.3	7.7	11.0	9.8	12.0	11.0	11.2	12.3	11.9
75 All other loans	92.8	92.6	97.6	103.9	98.3	97.4	95.2	99.4	99.6	96.4	99.8	100.6
76 Lease-financing receivables	102.6	119.2	120.2	121.3	122.5	123.3	125.8	127.6	127.0	127.3	127.4	127.6
77 Interbank loans	125.5	143.7	145.4	137.8	129.5	130.4	141.4	138.3	144.1	135.8	136.4	140.0
78 Federal funds sold to and repurchase agreements with commercial banks	80.8	87.5	86.5	86.2	81.2	81.6	87.0	75.5	88.3	74.0	71.5	76.2
79 Other	44.7	56.3	58.8	51.5	48.3	48.9	54.4	62.9	55.8	61.7	64.9	63.8
80 Cash assets[4]	152.2	151.7	152.1	144.8	136.4	148.8	154.6	157.4	149.4	149.8	155.6	163.9
81 Other assets[5]	233.6	236.4	242.7	240.2	237.2	247.0	239.9	244.4	240.2	241.5	243.9	245.5
82 **Total assets**[6]	**2,937.4**	**2,928.8**	**2,957.1**	**2,927.9**	**2,920.3**	**2,965.7**	**2,988.5**	**3,045.7**	**3,014.0**	**3,021.0**	**3,034.6**	**3,059.3**
Liabilities												
83 Deposits	1,710.2	1,682.6	1,691.2	1,684.4	1,672.4	1,684.2	1,688.2	1,710.8	1,705.3	1,701.2	1,704.1	1,706.7
84 Transaction	381.3	349.4	354.0	345.6	328.3	335.1	330.2	336.8	329.5	324.7	334.6	340.4
85 Nontransaction	1,328.8	1,333.3	1,337.2	1,338.8	1,344.1	1,349.1	1,357.9	1,374.0	1,375.8	1,376.5	1,369.5	1,366.4
86 Large time	239.8	225.1	224.6	224.8	225.4	232.5	245.0	255.9	250.5	254.3	256.3	257.7
87 Other	1,089.0	1,108.2	1,112.6	1,113.9	1,118.6	1,116.6	1,113.0	1,118.2	1,125.3	1,122.2	1,113.3	1,108.6
88 Borrowings	630.4	637.9	642.3	630.1	621.2	654.1	658.8	671.2	665.9	662.0	667.0	677.7
89 From banks in the U.S.	208.8	214.7	218.3	211.8	210.7	215.0	230.4	237.0	238.7	236.9	233.8	240.1
90 From nonbanks in the U.S.	421.6	423.2	424.0	418.3	410.5	439.1	428.4	434.2	427.2	425.1	433.3	437.6
91 Net due to related foreign offices	110.1	121.7	137.1	135.7	144.0	146.4	161.8	176.5	162.7	173.9	173.5	182.6
92 Other liabilities	198.0	180.0	182.0	179.7	184.9	183.9	189.6	194.1	188.2	192.0	197.2	197.9
93 **Total liabilities**	**2,648.7**	**2,622.3**	**2,652.5**	**2,629.8**	**2,622.6**	**2,668.5**	**2,698.4**	**2,752.6**	**2,722.1**	**2,729.2**	**2,741.7**	**2,764.9**
94 Residual (assets less liabilities)[7]	288.7	306.6	304.6	298.1	297.7	297.2	290.1	293.1	291.9	291.8	292.9	294.4
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	65.6	54.2	54.6	54.4	58.4	60.1	60.9	59.8	54.8	58.3	56.9	61.8
96 Revaluation losses on off-balance-sheet items[8]	68.1	56.1	57.1	56.3	62.5	59.8	60.0	59.8	55.6	58.7	57.5	61.7
97 Mortgage-backed securities[9]	291.0	266.8	264.2	268.9	273.3	275.5	273.6	275.8	273.7	276.0	275.7	275.7
98 Pass-through securities	200.2	177.9	176.5	182.6	186.2	184.8	183.8	186.3	183.4	185.9	186.4	186.7
99 CMOs, REMICs, and other mortgage-backed securities	90.8	88.9	87.6	86.4	87.1	90.7	89.8	89.4	90.3	90.1	89.3	89.1
100 Net unrealized gains (losses) on available-for-sale securities[10]	3.1	.6	.0	−3.3	−4.2	−4.9	−5.6	−5.8	−5.7	−5.7	−5.8	−5.8
101 Offshore credit to U.S. residents[11]	39.1	37.7	37.0	36.3	32.2	27.8	26.7	24.8	24.9	24.3	24.7	25.3

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1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999[r]							1999			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 3	Nov. 10	Nov. 17	Nov. 24
	Seasonally adjusted											
Assets												
1 Bank credit	1,467.1	1,538.9	1,554.9	1,569.5	1,583.7	1,597.9	1,619.4	1,625.0	1,620.1	1,621.8	1,626.8	1,625.0
2 Securities in bank credit	424.1	448.2	455.7	459.7	461.9	463.6	465.8	460.9	462.3	462.1	461.9	459.3
3 U.S. government securities	321.6	334.6	340.2	343.6	343.9	345.5	346.2	340.9	343.1	342.5	341.6	339.3
4 Other securities	102.5	113.5	115.5	116.0	118.0	118.1	119.5	120.0	119.2	119.7	120.2	120.0
5 Loans and leases in bank credit[2]	1,043.0	1,090.7	1,099.1	1,109.8	1,121.8	1,134.3	1,153.6	1,164.1	1,157.8	1,159.7	1,165.0	1,165.7
6 Commercial and industrial	190.6	201.9	204.7	207.4	209.2	212.2	218.0	221.0	220.3	220.5	221.4	221.2
7 Real estate	579.8	616.8	623.6	631.0	639.3	644.9	656.5	663.1	659.3	660.7	664.1	663.4
8 Revolving home equity	28.6	29.2	29.5	29.7	29.8	29.7	30.3	30.5	30.4	30.3	30.5	30.6
9 Other	551.2	587.6	594.1	601.3	609.5	615.1	626.3	632.5	628.9	630.4	633.6	632.8
10 Consumer	193.7	198.0	198.3	197.7	199.0	201.9	203.6	203.2	201.6	201.4	203.2	204.5
11 Security[3]	6.3	5.1	5.1	5.3	5.2	5.3	5.3	5.8	5.8	5.8	5.7	5.8
12 Other loans and leases	72.5	68.9	67.4	68.4	69.0	70.1	70.2	71.0	70.8	71.3	70.6	70.7
13 Interbank loans	66.7	57.2	54.9	56.5	54.2	51.9	49.3	53.4	53.2	52.8	50.8	55.1
14 Cash assets[4]	68.2	70.8	71.2	72.5	72.2	73.0	72.8	73.9	73.3	71.9	71.5	77.7
15 Other assets[5]	66.2	74.1	74.7	77.8	80.2	80.2	84.2	83.2	83.3	83.6	81.4	84.9
16 **Total assets**[6]	**1,648.8**	**1,721.1**	**1,735.8**	**1,756.6**	**1,770.2**	**1,782.7**	**1,805.2**	**1,814.9**	**1,809.3**	**1,809.7**	**1,809.9**	**1,821.9**
Liabilities												
17 Deposits	1,311.3	1,367.4	1,374.2	1,386.2	1,393.9	1,396.6	1,414.5	1,425.4	1,422.6	1,418.9	1,419.6	1,431.7
18 Transaction	282.8	283.3	287.2	286.7	288.1	285.5	285.4	282.9	281.7	280.0	279.2	293.2
19 Nontransaction	1,028.5	1,084.1	1,087.0	1,099.5	1,105.8	1,111.1	1,129.1	1,142.5	1,140.8	1,138.9	1,140.4	1,138.6
20 Large time	190.9	199.4	198.0	196.0	198.9	200.6	205.0	209.0	207.8	208.7	208.8	209.8
21 Other	837.6	884.7	889.0	903.5	906.9	910.5	924.1	933.5	933.1	930.2	931.6	928.8
22 Borrowings	174.8	191.5	196.2	207.0	208.6	214.0	214.3	213.3	211.7	214.4	212.6	213.1
23 From banks in the U.S.	82.3	86.5	90.3	97.2	95.8	96.1	92.6	90.7	90.8	92.7	90.1	90.6
24 From others	92.4	105.1	105.9	109.8	112.8	117.9	121.7	122.6	120.9	121.6	122.6	122.5
25 Net due to related foreign offices	3.6	5.0	4.1	4.3	3.5	3.4	4.3	4.5	4.2	4.5	4.7	4.6
26 Other liabilities	29.2	31.1	32.1	31.3	33.1	34.2	34.4	34.2	33.7	33.9	34.1	34.7
27 **Total liabilities**	**1,518.8**	**1,595.1**	**1,606.6**	**1,628.7**	**1,639.0**	**1,648.2**	**1,667.6**	**1,677.5**	**1,672.1**	**1,671.7**	**1,671.0**	**1,684.2**
28 Residual (assets less liabilities)[7]	130.0	126.0	129.2	127.9	131.2	134.5	137.7	137.5	137.2	138.0	138.9	137.8
	Not seasonally adjusted											
Assets												
29 Bank credit	1,464.3	1,549.0	1,562.0	1,570.8	1,585.8	1,601.2	1,618.1	1,622.0	1,617.8	1,620.3	1,622.7	1,622.5
30 Securities in bank credit	421.8	453.5	457.6	458.0	460.3	461.3	462.7	458.7	459.1	460.1	458.9	457.8
31 U.S. government securities	319.3	339.2	342.1	342.1	342.1	343.7	343.3	338.6	339.9	340.2	338.7	337.6
32 Other securities	102.5	114.3	115.5	115.8	118.2	117.6	119.4	120.0	119.2	119.9	120.2	120.2
33 Loans and leases in bank credit[2]	1,042.5	1,095.5	1,104.4	1,112.8	1,125.5	1,139.9	1,155.5	1,163.3	1,158.6	1,160.2	1,163.8	1,164.7
34 Commercial and industrial	189.3	204.5	206.6	207.3	208.0	211.1	216.5	219.5	218.9	219.1	219.6	219.6
35 Real estate	580.2	619.2	626.4	633.1	641.4	648.2	658.0	663.5	660.4	662.4	664.5	663.8
36 Revolving home equity	28.8	29.1	29.4	29.5	29.6	30.0	30.5	30.8	30.6	30.7	30.8	30.9
37 Other	551.4	590.1	597.1	603.6	611.8	618.2	627.5	632.7	629.8	631.7	633.7	632.9
38 Consumer	194.5	197.7	197.5	197.1	199.6	203.0	204.2	203.7	202.3	201.7	203.6	205.3
39 Security[3]	6.3	5.1	5.1	5.3	5.2	5.3	5.3	5.8	5.8	5.8	5.7	5.8
40 Other loans and leases	72.2	68.9	68.7	70.0	71.3	72.3	71.4	70.8	71.3	71.2	70.5	70.2
41 Interbank loans	74.7	52.9	51.8	52.4	51.7	50.7	50.4	59.3	59.2	60.0	57.2	58.8
42 Cash assets[4]	70.3	70.3	70.1	70.6	69.0	71.7	72.0	76.2	73.7	72.5	75.2	77.7
43 Other assets[5]	67.6	74.1	76.3	79.0	80.9	80.5	84.2	84.9	85.9	86.3	83.1	84.2
44 **Total assets**[6]	**1,657.6**	**1,726.5**	**1,740.3**	**1,753.2**	**1,767.3**	**1,783.8**	**1,804.3**	**1,821.8**	**1,816.0**	**1,818.5**	**1,817.7**	**1,822.6**
Liabilities												
45 Deposits	1,323.5	1,370.1	1,377.6	1,383.6	1,392.5	1,399.6	1,418.4	1,438.0	1,435.4	1,436.0	1,434.7	1,437.0
46 Transaction	286.4	280.9	286.2	282.8	281.2	282.5	282.4	286.6	284.2	282.8	284.3	292.0
47 Nontransaction	1,037.0	1,089.1	1,091.4	1,100.8	1,111.3	1,117.1	1,136.0	1,151.5	1,151.1	1,153.2	1,150.5	1,144.9
48 Large time	190.9	199.4	198.0	196.0	198.9	200.6	205.0	209.0	207.8	208.7	208.8	209.8
49 Other	846.1	889.7	893.4	904.8	912.4	916.5	931.0	942.4	943.4	944.6	941.7	935.1
50 Borrowings	176.9	191.9	197.3	206.8	208.6	216.7	217.2	215.6	214.2	214.8	214.9	216.6
51 From banks in the U.S.	84.0	86.3	90.5	96.3	95.1	96.6	94.5	92.5	92.6	93.6	91.9	92.9
52 From others	92.8	105.6	106.8	110.4	113.6	120.1	122.7	123.1	121.6	121.2	123.1	123.7
53 Net due to related foreign offices	3.6	5.0	4.1	4.3	3.5	3.4	4.3	4.5	4.2	4.5	4.7	4.6
54 Other liabilities	28.6	31.3	31.9	31.3	32.8	33.5	33.5	33.5	33.1	33.3	33.5	33.7
55 **Total liabilities**	**1,532.5**	**1,598.3**	**1,610.9**	**1,626.0**	**1,637.5**	**1,653.2**	**1,673.4**	**1,691.7**	**1,686.8**	**1,688.7**	**1,687.8**	**1,692.0**
56 Residual (assets less liabilities)[7]	125.1	128.2	129.4	127.2	129.9	130.6	130.9	130.1	129.2	129.8	129.9	130.6
MEMO												
57 Mortgage-backed securities[9]	55.0	68.6	69.8	70.3	70.0	70.5	72.8	71.5	72.2	72.1	71.6	71.0

Footnotes appear on p. A21.

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1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999[r]							1999			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 3	Nov. 10	Nov. 10	Nov. 24
	Seasonally adjusted											
Assets												
1 Bank credit	610.9	539.9	532.5	520.6	523.7	518.5	517.7	541.2	518.8	526.4	532.5	555.8
2 Securities in bank credit	215.6	196.0	196.1	189.7	189.9	189.1	186.5	193.8	183.9	184.5	187.2	205.9
3 U.S. government securities	82.0	87.3	88.4	85.9	84.0	81.6	79.7	78.3	77.3	75.5	74.8	83.6
4 Other securities	133.6	108.8	107.7	103.8	105.9	107.5	106.9	115.5	106.7	109.0	112.4	122.3
5 Loans and leases in bank credit[2]	395.4	343.9	336.4	330.9	333.8	329.4	331.1	347.4	334.9	341.8	345.3	349.9
6 Commercial and industrial	224.2	201.9	196.7	192.6	195.4	197.2	198.9	200.9	198.2	201.9	202.6	200.7
7 Real estate	22.5	19.8	19.2	18.5	17.6	17.6	17.8	17.4	17.7	17.5	17.5	17.3
8 Security[3]	65.3	53.3	52.0	52.6	54.9	51.3	51.6	62.2	55.7	58.1	59.5	63.2
9 Other loans and leases	83.3	68.8	68.5	67.2	65.8	63.4	62.8	66.9	63.2	64.3	65.7	68.6
10 Interbank loans	27.1	26.6	24.5	27.4	25.7	22.9	22.9	22.8	24.5	20.1	24.2	22.2
11 Cash assets[4]	34.8	35.9	33.5	35.0	38.0	40.8	44.1	50.4	47.4	49.2	50.3	51.9
12 Other assets[5]	36.9	35.9	33.4	32.1	29.0	29.3	31.8	34.8	32.8	33.0	34.5	35.7
13 **Total assets[6]**	**709.5**	**638.0**	**623.7**	**614.9**	**616.2**	**611.2**	**616.2**	**648.9**	**623.2**	**628.3**	**641.3**	**665.3**
Liabilities												
14 Deposits	315.3	310.4	305.7	310.5	309.2	311.1	331.0	358.1	341.3	349.5	357.5	364.8
15 Transaction	12.8	10.5	10.9	10.9	11.0	10.9	11.5	11.3	10.8	10.8	12.0	11.2
16 Nontransaction	302.5	299.9	294.8	299.6	298.2	300.2	319.6	346.9	330.5	338.6	345.4	353.6
17 Borrowings	214.8	172.7	180.9	172.3	172.1	168.9	169.7	179.2	175.9	169.6	175.1	184.6
18 From banks in the U.S.	32.3	21.4	26.6	24.5	23.6	25.3	22.8	26.9	27.7	20.3	24.4	30.6
19 From others	182.6	151.3	154.4	147.8	148.6	143.7	146.9	152.3	148.2	149.3	150.7	154.0
20 Net due to related foreign offices	99.3	85.2	69.4	67.3	72.0	66.1	53.4	44.0	50.3	45.4	45.7	39.3
21 Other liabilities	76.0	59.9	61.4	63.3	61.7	64.5	62.8	65.6	62.6	63.0	62.6	68.6
22 **Total liabilities**	**705.4**	**628.3**	**617.5**	**613.5**	**615.0**	**610.6**	**616.9**	**646.9**	**630.1**	**627.5**	**640.9**	**657.3**
23 Residual (assets less liabilities)[7]	4.1	9.8	6.2	1.4	1.2	.6	−.7	2.0	−6.9	.9	.4	8.0
	Not seasonally adjusted											
Assets												
24 Bank credit	614.1	534.7	529.4	517.4	520.0	517.7	521.6	544.2	527.1	530.1	535.3	556.4
25 Securities in bank credit	218.8	194.4	195.2	188.1	188.7	188.5	189.2	196.8	189.4	188.4	190.3	207.4
26 U.S. government securities	82.4	88.0	88.8	85.4	83.0	80.7	79.6	78.7	78.2	76.7	74.9	83.0
27 Trading account	14.9	20.0	21.6	19.9	17.3	15.6	14.6	9.0	11.3	9.5	6.9	11.0
28 Investment account	67.5	68.1	67.2	65.5	65.7	65.1	65.0	69.7	66.9	67.2	68.0	72.0
29 Other securities	136.4	106.3	106.4	102.7	105.7	107.8	109.6	118.1	111.2	111.7	115.4	124.4
30 Trading account	84.4	64.5	63.0	60.6	64.8	69.6	71.4	78.7	72.7	72.9	76.6	84.1
31 Investment account	52.0	41.9	43.4	42.1	40.9	38.2	38.2	39.4	38.5	38.8	38.8	40.4
32 Loans and leases in bank credit[2]	395.4	340.3	334.2	329.4	331.3	329.2	332.4	347.4	337.7	341.7	345.0	349.0
33 Commercial and industrial	225.4	199.3	195.0	191.8	193.8	196.8	200.0	202.2	200.7	203.0	203.9	201.8
34 Real estate	22.8	19.6	19.0	18.3	17.5	17.6	18.0	17.6	17.9	17.7	17.6	17.4
35 Security[3]	64.6	53.0	52.2	52.2	55.0	51.4	51.4	61.4	55.6	57.1	58.3	62.4
36 Other loans and leases	82.5	68.5	68.0	67.0	65.0	63.3	63.0	66.3	63.5	63.9	65.1	67.4
37 Interbank loans	27.1	26.6	24.5	27.4	25.7	22.9	22.9	22.8	24.5	20.1	24.2	22.2
38 Cash assets[4]	35.3	35.6	34.3	34.9	37.7	40.6	44.7	51.1	48.3	49.6	51.2	52.0
39 Other assets[5]	37.0	35.2	32.4	31.4	29.6	29.7	31.7	35.0	32.8	33.0	34.3	36.0
40 **Total assets[6]**	**713.4**	**631.8**	**620.4**	**610.9**	**612.7**	**610.5**	**620.6**	**652.9**	**632.5**	**632.5**	**644.7**	**666.3**
Liabilities												
41 Deposits	314.9	312.8	306.4	308.1	306.6	310.6	331.1	357.6	340.7	349.5	355.5	364.4
42 Transaction	12.7	10.3	10.7	10.8	10.9	11.4	11.5	11.2	10.9	10.6	12.1	10.9
43 Nontransaction	302.1	302.5	295.7	297.2	295.7	299.2	319.6	346.4	329.8	338.9	343.4	353.5
44 Borrowings	214.8	172.7	180.9	172.3	172.1	168.9	169.7	179.2	175.9	169.6	175.1	184.6
45 From banks in the U.S.	32.3	21.4	26.6	24.5	23.6	25.3	22.8	26.9	27.7	20.3	24.4	30.6
46 From others	182.6	151.3	154.4	147.8	148.6	143.7	146.9	152.3	148.2	149.3	150.7	154.0
47 Net due to related foreign offices	102.7	83.4	68.1	64.8	69.8	64.5	55.2	46.7	51.0	47.4	47.5	44.5
48 Other liabilities	77.0	59.4	61.0	62.4	61.8	64.1	62.2	66.5	62.5	63.6	63.5	69.9
49 **Total liabilities**	**709.4**	**628.2**	**616.4**	**607.6**	**610.4**	**608.2**	**618.1**	**650.0**	**630.0**	**630.0**	**641.6**	**663.4**
50 Residual (assets less liabilities)[7]	4.0	3.5	4.0	3.3	2.2	2.3	2.5	2.9	2.4	2.5	3.2	2.9
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	48.6	35.3	34.9	37.4	38.1	38.3	35.7	38.4	35.0	35.2	35.1	42.8
52 Revaluation losses on off-balance-sheet items[8]	44.9	34.8	34.1	36.2	36.3	37.3	35.2	37.8	35.1	35.1	34.9	41.2

Footnotes appear on p. A21.

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NOTES TO TABLE 1.26

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

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

The data for large and small domestic banks presented on pp. A17–19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

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

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S. government-sponsored enterprises, and private entities.

10. Difference between fair value and historical cost for securities classified as available-for-sale under FASB Statement No. 115. Data are reported net of tax effects. Data shown are restated to include an estimate of these tax effects.

11. Mainly commercial and industrial loans but also includes an unknown amount of credit extended to other than nonfinancial businesses.

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1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING
A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1999					
	1994	1995	1996	1997	1998	May	June	July	Aug.	Sept.	Oct.
1 **All issuers**	**595,382**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,230,009**	**1,221,020**	**1,242,107**	**1,257,658**	**1,274,726**	**1,321,163**
Financial companies[1]											
2 Dealer-placed paper, total[2]	223,038	275,815	361,147	513,307	614,142	710,857	705,603	712,718	710,320	718,380	751,245
3 Directly placed paper, total[3]	207,701	210,829	229,662	252,536	322,030	268,129	272,014	277,570	290,228	293,381	296,998
4 Nonfinancial companies[4]	164,643	188,260	184,563	200,857	227,132	251,023	243,404	251,819	257,110	262,965	272,920

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

B. Bankers Dollar Acceptances[1]

Millions of dollars, not seasonally adjusted, year ending September[2]

Item	1996	1997	1998	1999
1 **Total amount of reporting banks' acceptances in existence**	**25,832**	**25,774**	**14,363**	**10,094**
2 Amount of other banks' eligible acceptances held by reporting banks	709	736	523	461
3 Amount of own eligible acceptances held by reporting banks (included in item 1)	7,770	6,862	4,884	4,261
4 Amount of eligible acceptances representing goods stored in, or shipped between, foreign countries (included in item 1)	9,361	10,467	5,413	3,498

1. Includes eligible, dollar-denominated bankers acceptances legally payable in the United States. Eligible acceptances are those that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372).
2. Data on bankers dollar acceptances are gathered from approximately 55 institutions; includes U.S. chartered commerical banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1997—Jan. 1	8.25	1997	8.44	1998—Jan.	8.50	1999—Jan.	7.75
Mar. 26	8.50	1998	8.35	Feb.	8.50	Feb.	7.75
1998—Sept. 30	8.25	1999	8.00	Mar.	8.50	Mar.	7.75
Oct. 16	8.00			Apr.	8.50	Apr.	7.75
Nov. 18	7.75	1997—Jan.	8.25	May	8.50	May	7.75
1999—July 1	8.00	Feb.	8.25	June	8.50	June	7.75
Aug. 25	8.25	Mar.	8.30	July	8.50	July	8.00
Nov. 17	8.50	Apr.	8.50	Aug.	8.50	Aug.	8.06
		May	8.50	Sept.	8.49	Sept.	8.25
		June	8.50	Oct.	8.12	Oct.	8.25
		July	8.50	Nov.	7.89	Nov.	8.37
		Aug.	8.50	Dec.	7.75	Dec.	8.50
		Sept.	8.50				
		Oct.	8.50				
		Nov.	8.50				
		Dec.	8.50				

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

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1.35 INTEREST RATES Money and Capital Markets

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

Item	1996	1997	1998	1999				1999, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.30	5.46	5.35	5.07	5.22	5.20	5.42	5.18	5.27	5.20	5.44	5.52
2 Discount window borrowing[2,4]	5.02	5.00	4.92	4.56	4.75	4.75	4.86	4.75	4.75	4.75	4.75	5.00
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	n.a.	5.57	5.40	5.18	5.28	5.28	5.37	5.27	5.27	5.26	5.42	5.47
4 2-month	n.a.	5.57	5.38	5.23	5.29	5.30	5.82	5.30	5.78	5.83	5.82	5.82
5 3-month	n.a.	5.56	5.34	5.25	5.32	5.88	5.81	5.90	5.88	5.78	5.79	5.78
Financial												
6 1-month	n.a.	5.59	5.42	5.20	5.29	5.29	5.38	5.28	5.29	5.28	5.43	5.48
7 2-month	n.a.	5.59	5.40	5.24	5.31	5.32	5.85	5.31	5.85	5.83	5.84	5.84
8 3-month	n.a.	5.60	5.37	5.28	5.32	5.93	5.85	5.97	5.92	5.82	5.83	5.82
Commercial paper (historical)[3,5,7]												
9 1-month	5.43	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.41	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.42	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	5.31	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.29	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.21	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.31	5.54	5.39	5.30	5.37	6.02	5.94	6.06	6.04	5.88	5.91	5.91
16 6-month	5.31	5.57	5.30	5.64	5.75	5.89	5.83	5.95	5.93	5.76	5.82	5.80
Certificates of deposit, secondary market[3,10]												
17 1-month	5.35	5.54	5.49	5.25	5.34	5.36	5.50	5.36	5.36	5.37	5.51	5.56
18 3-month	5.39	5.62	5.47	5.41	5.50	6.13	6.00	6.14	6.07	5.96	5.97	5.96
19 6-month	5.47	5.73	5.44	5.83	5.89	6.04	5.97	6.07	6.03	5.94	5.94	5.93
20 Eurodollar deposits, 3-month[3,11]	5.38	5.61	5.45	5.36	5.48	6.09	5.97	6.12	6.04	5.94	5.94	5.95
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.01	5.06	4.78	4.72	4.68	4.86	5.07	4.96	4.98	5.05	5.10	5.12
22 6-month	5.08	5.18	4.83	4.87	4.88	4.98	5.20	5.10	5.10	5.16	5.22	5.27
23 1-year	5.22	5.32	4.80	4.91	4.96	5.12	5.24	5.20	5.15	5.19	5.25	5.33
Auction high[3,5,12]												
24 3-month	5.02	5.07	4.81	4.76	4.73	4.88	5.07	5.00	5.00	5.03	5.12	5.11
25 6-month	5.09	5.18	4.85	4.88	4.91	4.98	5.17	5.12	5.09	5.12	5.22	5.24
26 1-year	5.23	5.36	4.85	4.95	5.00	5.12	5.17	n.a.	n.a.	5.17	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.52	5.63	5.05	5.20	5.25	5.43	5.55	5.51	5.45	5.50	5.56	5.65
28 2-year	5.84	5.99	5.13	5.68	5.66	5.86	5.86	5.92	5.78	5.78	5.87	5.96
29 3-year	5.99	6.10	5.14	5.77	5.75	5.94	5.92	6.01	5.87	5.83	5.91	6.00
30 5-year	6.18	6.22	5.15	5.84	5.80	6.03	5.97	6.09	5.95	5.88	5.95	6.03
31 7-year	6.34	6.33	5.28	6.15	6.12	6.33	6.17	6.36	6.16	6.10	6.15	6.23
32 10-year	6.44	6.35	5.26	5.94	5.92	6.11	6.03	6.16	6.00	5.96	6.02	6.10
33 20-year	6.83	6.69	5.72	6.43	6.50	6.66	6.48	6.68	6.48	6.42	6.44	6.53
34 30-year	6.71	6.61	5.58	6.07	6.07	6.26	6.15	6.30	6.12	6.06	6.11	6.22
Composite												
35 More than 10 years (long-term)	6.80	6.67	5.69	6.37	6.43	6.60	6.42	6.61	6.42	6.35	6.38	6.48
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.52	5.32	4.93	5.47	5.56	5.78	5.77	5.85	5.79	5.81	5.73	5.73
37 Baa	5.79	5.50	5.14	5.93	6.06	6.23	6.23	6.31	6.24	6.26	6.21	6.21
38 *Bond Buyer* series[15]	5.76	5.52	5.09	5.58	5.69	5.92	5.86	5.99	5.88	5.83	5.84	5.87
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.66	7.54	6.87	7.77	7.78	7.93	7.73	7.95	7.76	7.68	7.69	7.76
Rating group												
40 Aaa	7.37	7.27	6.53	7.40	7.39	7.55	7.36	7.55	7.34	7.29	7.34	7.41
41 Aa	7.55	7.48	6.80	7.68	7.68	7.79	7.62	7.83	7.64	7.57	7.58	7.65
42 A	7.69	7.54	6.93	7.84	7.84	7.99	7.79	8.01	7.82	7.74	7.76	7.83
43 Baa	8.05	7.87	7.22	8.15	8.20	8.38	8.15	8.42	8.27	8.13	8.06	8.12
MEMO												
Dividend–price ratio[17]												
44 Common stocks	2.19	1.77	1.49	1.25	1.27	1.28	1.21	1.29	1.24	1.22	1.19	1.18

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See Board's Commercial Paper Web pages (http://www.federalreserve.gov/releases/cp) for more information.
7. An average of offering rates on commercial paper for firms whose bond rating is AA or the equivalent. Series ended August 29, 1997.
8. An average of offering rates on paper directly placed by finance companies. Series ended August 29, 1997.
9. Representative closing yields for acceptances of the highest-rated money center banks.
10. An average of dealer offering rates on nationally traded certificates of deposit.
11. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis. On or after October 28, 1998, data are stop yields from uniform-price auctions. Before that, they are weighted average yields from multiple-price auctions.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
14. General obligation bonds based on Thursday figures; Moody's Investors Service.
15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

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1.36 STOCK MARKET Selected Statistics

Indicator	1996	1997	1998	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	357.98	456.99	550.65	603.69	627.75	635.62	629.53	648.83	621.03	607.87	599.04	634.22
2 Industrial	453.57	574.97	684.35	751.93	780.84	791.72	783.96	809.33	778.82	769.47	753.94	791.41
3 Transportation	327.30	415.08	468.61	491.25	523.08	537.88	520.66	528.72	492.13	462.33	450.13	474.78
4 Utility	126.36	143.87	190.52	218.11	228.48	242.98	241.36	250.50	241.84	237.71	285.16	502.58
5 Finance	303.94	424.84	516.65	544.08	564.99	562.66	546.43	557.92	521.59	493.37	490.92	539.20
6 Standard & Poor's Corporation (1941–43 = 10)[2]	670.49	873.43	1,085.50	1,281.66	1,334.76	1,332.07	1,322.55	1,380.99	1,327.49	1,318.17	1,300.01	1,390.99
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	570.86	628.34	682.69	711.08	748.29	787.02	772.01	803.75	781.33	788.74	786.96	819.60
Volume of trading (thousands of shares)												
8 New York Stock Exchange	409,740	523,254	666,534	776,538	874,818	785,778	723,025	721,294	709,569	772,627	882,422	866,281
9 American Stock Exchange	22,567	24,390	28,870	29,563	38,895	35,241	28,806	25,754	27,795	32,540	35,762	33,330
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**97,400**	**126,090**	**140,980**	**156,440**	**172,880**	**177,984**	**176,930**	**178,360**	**176,390**	**179,316**	**182,272**	**206,280**
Free credit balances at brokers[5]												
11 Margin accounts[6]	22,540	31,410	40,250	40,120	41,200	41,250	42,865	44,330	44,230	47,125	51,040	49,480
12 Cash accounts	40,430	52,160	62,450	59,435	60,870	61,665	64,100	60,000	62,600	62,810	61,085	68,200

Margin requirements (percent of market value and effective date)[7]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.
2. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
3. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
4. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
5. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
6. Series initiated in June 1984.
7. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities 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.

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1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1999					
	1997	1998	1999	May	June	July	Aug.	Sept.	Oct.
U.S. budget[1]									
1 Receipts, total	1,579,292	1,721,798	1,827,285	199,507	121,923	126,324	200,396	121,035	121,375
2 On-budget	1,187,302	1,305,999	1,382,817	156,929	87,959	91,554	161,304	89,009	86,909
3 Off-budget	391,990	415,799	444,468	42,578	33,964	34,770	39,092	32,026	34,466
4 Outlays, total	1,601,235	1,652,552	1,703,639	145,939	147,086	129,127	143,427	147,701	149,011
5 On-budget	1,290,609	1,335,948	1,382,861	136,141	117,652	97,984	108,308	119,506	116,991
6 Off-budget	310,626	316,604	320,778	9,799	29,434	31,143	35,119	28,196	32,020
7 Surplus or deficit (−), total	−21,943	69,246	123,646	53,568	−25,164	−2,803	56,969	−26,667	−27,635
8 On-budget	−103,307	−29,949	−45	20,788	−29,693	−6,430	52,996	−30,497	−30,082
9 Off-budget	81,364	99,195	123,691	32,779	4,530	3,627	3,973	3,830	2,446
Source of financing (total)									
10 Borrowing from the public	38,171	−51,211	−88,304	−22,246	1,193	26,470	−47,718	5,754	6,132
11 Operating cash (decrease, or increase (−))	604	4,743	−17,580	−27,459	13,553	3,160	−20,069	8,891	41,488
12 Other[2]	−16,832	−22,778	−17,762	−3,863	10,418	−26,827	10,818	12,022	−19,985
MEMO									
13 Treasury operating balance (level, end of period)	43,621	38,878	56,458	53,102	39,549	36,389	56,458	47,567	6,079
14 Federal Reserve Banks	7,692	4,952	6,641	6,720	4,984	5,559	6,641	4,527	5,025
15 Tax and loan accounts	35,930	33,926	49,817	46,382	34,565	30,831	49,817	43,040	1,054

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

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

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

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1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1998	1999	1997	1998		1999	1999		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**1,721,798**	**1,827,285**	**773,810**	**922,630**	**825,057**	**966,045**	**200,396**	**121,035**	**121,375**
2 Individual income taxes, net	828,586	879,480	354,072	447,514	392,332	481,527	89,250	63,505	57,477
3 Withheld	646,483	693,940	306,865	316,309	339,144	351,068	49,244	57,596	59,668
4 Nonwithheld	281,527	308,185	58,069	219,136	65,204	240,278	43,077	7,129	2,298
5 Refunds	99,476	122,706	10,869	87,989	12,032	109,467	3,072	1,221	4,490
Corporation income taxes									
6 Gross receipts	213,249	216,325	104,659	109,353	104,163	106,861	42,571	7,175	3,461
7 Refunds	24,593	31,645	10,135	14,220	14,250	17,092	2,336	4,995	1,809
8 Social insurance taxes and contributions, net	571,831	611,832	260,795	312,713	268,466	324,831	55,481	43,879	49,013
9 Employment taxes and contributions[2]	540,014	580,880	247,794	293,520	256,142	306,235	54,794	42,412	45,759
10 Unemployment insurance	27,484	26,480	10,724	17,080	10,121	16,378	332	1,049	2,868
11 Other net receipts[3]	4,333	4,472	2,280	2,112	2,202	2,216	356	418	386
12 Excise taxes	57,673	70,399	31,133	29,922	33,366	31,015	7,167	4,181	6,072
13 Customs deposits	18,297	18,336	9,679	8,546	9,838	8,440	1,727	1,788	1,621
14 Estate and gift taxes	24,076	27,782	10,262	12,971	12,359	14,915	2,294	2,554	2,465
15 Miscellaneous receipts[4]	32,658	34,777	13,348	15,829	18,735	15,140	4,242	2,948	3,075
OUTLAYS									
16 **All types**	**1,652,552**	**1,703,639[r]**	**824,368**	**815,884**	**877,414**	**817,235**	**143,427[r]**	**147,701**	**149,011**
17 National defense	268,456	276,792	140,873	129,351	140,196	134,414	24,279	24,036	23,224
18 International affairs	13,109	15,264	9,420	4,610	8,297	6,879	1,382	1,000	1,522
19 General science, space, and technology	18,219	19,397	10,040	9,426	10,142	9,319	1,773	1,524	1,661
20 Energy	1,270	981	411	957	699	797	375	−311	−199
21 Natural resources and environment	22,396	22,303	11,106	10,051	12,671	10,351	2,246	1,528	2,078
22 Agriculture	12,206	24,359	10,590	2,387	16,757	9,803	1,150	6,759	7,401
23 Commerce and housing credit	1,014	2,966	−3,526	−2,483	4,046	−1,629	6,877[r]	1,698	1,108
24 Transportation	40,332	38,856	20,414	16,196	20,836	17,082	4,260	3,750	3,890
25 Community and regional development	9,720	12,791	5,749	4,863	6,972	5,368	1,330	1,627	1,244
26 Education, training, employment, and social services	54,919	57,438	26,851	25,928	27,762	29,003	5,437	5,175	4,070
27 Health	131,440	140,803	63,552	65,053	67,838	69,320	13,031	12,229	12,124
28 Social security and Medicare	572,047	580,491	283,109	286,305	316,809	261,146	48,681	48,179	48,686
29 Income security	233,202	237,180	106,353	125,196	109,481	126,552	16,897	17,607	18,216
30 Veterans benefits and services	41,781	43,210	22,077	19,615	22,750	20,105	3,615	3,657	3,795
31 Administration of justice	22,832	25,837	10,212	11,287	12,041	13,149	2,306	2,127	2,579
32 General government	13,444	16,058	7,302	6,139	9,136	6,650	1,696	1,117	646
33 Net interest[5]	243,359	230,265	122,620	122,345	116,954	116,655	15,259	18,894	20,410
34 Undistributed offsetting receipts[6]	−47,194	−40,445	−22,795	−21,340	−25,793	−17,724	−7,164	−2,896	−3,441

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 receipts and outlays do 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. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Includes interest received by trust funds.
6. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCE. Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2000*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government.*

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1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1997		1998				1999		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**5,446**	**5,536**	**5,573**	**5,578**	**5,556**	**5,643**	**5,681**	**5,668**	**5,685[r]**
2 Public debt securities	5,413	5,502	5,542	5,548	5,526	5,614	5,652	5,639	5,656
3 Held by public	3,815	3,847	3,872	3,790	3,761	3,787	3,795	3,685	3,667[r]
4 Held by agencies	1,599	1,656	1,670	1,758	1,766	1,827	1,857	1,954	1,989[r]
5 Agency securities	33	34	31	30	29	29	29	29	29[r]
6 Held by public	26	27	26	26	26	29	28	28	28[r]
7 Held by agencies	7	7	5	4	4	1	1	1	1[r]
8 **Debt subject to statutory limit**	**5,328**	**5,417**	**5,457**	**5,460**	**5,440**	**5,530**	**5,566**	**5,552**	**5,568**
9 Public debt securities	5,328	5,416	5,456	5,460	5,439	5,530	5,566	5,552	5,568
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1995	1996	1997	1998	1998	1999		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**4,988.7**	**5,323.2**	**5,502.4**	**5,614.2**	**5,614.2**	**5,651.6**	**5,638.8**	**5,656.3**
By type								
2 Interest-bearing	4,964.4	5,317.2	5,494.9	5,605.4	5,605.4	5,643.1	5,629.5	5,647.2
3 Marketable	3,307.2	3,459.7	3,456.8	3,355.5	3,355.5	3,361.3	3,248.5	3,233.0
4 Bills	760.7	777.4	715.4	691.0	691.0	725.5	647.8	653.2
5 Notes	2,010.3	2,112.3	2,106.1	1,960.7	1,960.7	1,912.0	1,868.5	1,828.8
6 Bonds	521.2	555.0	587.3	621.2	621.2	632.5	632.5	643.7
7 Inflation-indexed notes and bonds[1]	n.a.	n.a.	33.0	50.6	50.6	59.2	59.9	67.6
8 Nonmarketable[2]	1,657.2	1,857.5	2,038.1	2,249.9	2,249.9	2,281.8	2,381.0	2,414.2
9 State and local government series	104.5	101.3	124.1	165.3	165.3	167.5	172.6	168.1
10 Foreign issues[3]	40.8	37.4	36.2	34.3	34.3	33.5	30.9	31.0
11 Government	40.8	47.4	36.2	34.3	34.3	33.5	30.9	31.0[r]
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.9	182.4	181.2	180.3	180.3	180.6	180.0	180.0
14 Government account series[4]	1,299.6	1,505.9	1,666.7	1,840.0	1,840.0	1,870.2	1,967.5	2,005.2
15 Non-interest-bearing	24.3	6.0	7.5	8.8	8.8	8.5	9.3	9.0
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,304.5	1,497.2	1,655.7	1,826.8	1,826.8	1,857.1	1,953.6	1,989.1
17 Federal Reserve Banks	391.0	410.9	451.9	471.7	471.7	464.5	493.8	496.5
18 Private investors	3,307.7	3,431.2	3,414.6	3,334.0	3,334.0	3,327.6	3,199.3	3,175.6
19 Depository institutions	315.4	296.6	300.3	237.3[r]	237.3[r]	247.7[r]	243.0	n.a.
20 Mutual funds	286.5	315.8	321.5[r]	343.2[r]	343.2[r]	351.1[r]	328.1	n.a.
21 Insurance companies	241.5	214.1	176.6	144.6	144.6	143.8[r]	141.8	n.a.
22 State and local treasuries[6]	289.8	257.0	239.3	269.3	269.3	272.5[r]	279.1	n.a.
Individuals								
23 Savings bonds	185.0	187.0	186.5	186.7	186.7	186.6	186.6	186.3
24 Pension funds	368.2[r]	392.7[r]	421.0[r]	434.7[r]	434.7[r]	437.2[r]	439.5	n.a.
25 Private	176.5[r]	189.2[r]	204.1[r]	218.1[r]	218.1[r]	220.0[r]	226.6	n.a.
26 State and Local	191.7[r]	203.5[r]	216.9[r]	216.6[r]	216.6[r]	217.2[r]	212.9	n.a.
27 Foreign and international[7]	835.2	1,102.1	1,241.6	1,278.7	1,278.7	1,272.1[r]	1,258.6[r]	1,281.3
28 Other miscellaneous investors[6,8]	786.1[r]	665.9[r]	527.9[r]	439.6[r]	439.6[r]	416.6[r]	322.6	n.a.

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
7. Includes nonmarketable foreign series treasury securities and treasury deposit funds. Excludes treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.
8. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

SOURCE. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin.*

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1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1999			1999, week ending								
	Aug.	Sept.	Oct.	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	26,323	27,445	23,806	24,693	26,101	23,011	24,314	22,047	24,326	37,437	35,985	23,983
Coupon securities, by maturity												
2 Five years or less	99,186	82,426	90,839	95,035	103,945	86,924	82,519	90,643	95,703	114,337	110,793	90,562
3 More than five years	68,592	54,516	57,462	62,209	55,369	53,537	61,196	55,937	65,940	73,508	66,208	55,396
4 Inflation-indexed	826	586	1,096	629	2,314	562	1,499	506	460	989	722	782
Federal agency												
5 Discount notes	45,889	46,570	45,499	47,373	52,951	46,227	42,441	42,844	43,062	44,939	57,105	47,022
Coupon securities, by maturity												
6 One year or less	777	1,018	847	1,279	939	968	849	790	498	314	818	1,229
7 More than one year, but less than or equal to five years	5,126	5,858	6,420	9,346	4,810	9,770	5,901	4,641	7,009	7,963	5,719	4,170
8 More than five years	4,832	4,593	3,874	4,149	3,479	3,856	3,737	3,006	7,220	2,895	3,474	5,246
9 Mortgage-backed	66,417	64,305	63,248	44,491	68,329	102,275	46,148	44,349	45,512	101,830	53,088	33,059
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	105,210	88,466	93,305	100,747	100,831	85,585	92,226	93,708	99,241	124,018	111,932	91,447
11 Federal agency	4,070	4,534	4,969	4,507	4,023	5,426	5,662	4,720	4,606	5,295	5,922	4,356
12 Mortgage-backed	25,261	23,835	21,540	20,472	21,249	30,508	18,721	17,042	17,991	33,378	19,791	12,852
With other												
13 U.S. Treasury	89,717	76,506	79,898	81,819	86,898	78,448	77,302	75,426	87,188	102,253	101,777	79,276
14 Federal agency	52,553	53,504	51,671	57,639	58,157	55,394	47,267	46,560	53,183	50,816	61,193	53,311
15 Mortgage-backed	41,156	40,469	41,708	24,019	47,080	71,768	27,427	27,307	27,521	68,452	33,298	20,207
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	0	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity												
17 Five years or less	4,701	2,226	2,543	1,819	3,354	2,186	3,050	1,862	2,247	4,375	2,016	2,451
18 More than five years	14,980	13,642	12,576	14,028	12,564	10,767	14,003	12,112	14,719	14,753	12,676	16,092
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,197	842	1,039	645	1,110	1,244	996	591	1,617	1,943	2,692	1,316
27 More than five years	4,480	3,440	3,802	0	0	0	0	0	0	0	0	0
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
32 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
33 Mortgage-backed	1,033	917	498	0	0	0	0	0	0	0	0	0

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1999			1999, week ending							
	Aug.	Sept.	Oct.	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	165	1,862	7,071	−341	1,598	8,456	8,929	8,872	6,450	18,382	−107
Coupon securities, by maturity											
2 Five years or less	−31,236	−33,167	−33,679	−30,337	−33,225	−35,289	−39,504	−26,047	−34,706	−31,322	−29,763
3 More than five years	−7,689	−14,651	−22,651	−15,694	−19,135	−21,983	−22,914	−24,494	−25,412	−22,166	−24,574
4 Inflation-indexed	3,370	3,758	3,781	3,531	4,161	4,035	3,528	3,622	3,489	3,421	3,201
Federal agency											
5 Discount notes	29,448	38,620	40,900	37,279	40,332	39,198	35,664	44,242	48,044	49,010	40,261
Coupon securities, by maturity											
6 One year or less	4,065	5,158	6,085	5,246	7,256	5,764	5,706	5,925	5,837	5,310	5,385
7 More than one year, but less than or equal to five years	6,923	6,989	4,438	7,430	4,438	5,018	4,406	3,714	4,749	5,362	4,505
8 More than five years	1,023	2,346	2,913	2,615	1,664	2,981	3,119	3,071	4,028	3,958	3,010
9 Mortgage-backed	17,990	18,585	20,356	15,596	16,636	22,120	22,955	17,281	23,680	26,743	27,531
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity											
11 Five years or less	10,940	7,803	10,122	6,301	10,411	12,073	9,928	9,652	7,435	2,222	2,345
12 More than five years	−5,879	−420	9,652	1,302	4,912	9,957	11,952	13,256	5,893	284	484
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	−1,661	−57	−1,669	456	−614	−1,441	−2,486	−2,542	−692	148	193
21 More than five years	−553	−1,552	−3,571	−1,483	−4,075	−4,888	−2,656	−3,140	−2,863	−587	−1,132
22 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
23 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
24 One year or less	0	0	0	0	0	0	0	0	0	0	0
25 More than one year, but less than or equal to five years	n.a.	n.a.	69	n.a.	n.a.	n.a.	n.a.	68	70	n.a.	n.a.
26 More than five years	n.a.	n.a.	28	n.a.	n.a.	32	32	32	6	n.a.	39
27 Mortgage-backed	3,540	2,105	1,011	2,103	1,728	1,053	826	509	1,062	−726	−880
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	273,639	290,610	288,446	303,871	295,403	289,515	293,341	268,989	301,622	259,922	313,198
29 Term	780,367	792,662	806,146	810,388	765,661	792,836	810,239	831,878	837,974	894,097	727,327
Securities borrowed											
30 Overnight and continuing	254,149	250,667	255,880	243,384	260,255	254,576	257,963	252,632	253,642	239,261	246,802
31 Term	87,850	91,796	96,565	95,524	93,727	93,874	98,054	98,817	98,985	103,531	91,623
Securities received as pledge											
32 Overnight and continuing	n.a.	n.a.	2,395	n.a.	n.a.	2,583	2,393	2,235	2,351	n.a.	1,907
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	694,296	692,032	694,423	684,837	689,566	691,509	695,993	689,536	712,610	647,053	711,383
35 Term	650,774	680,923	683,085	724,393	640,089	660,904	693,946	709,638	720,925	811,122	628,116
Securities loaned											
36 Overnight and continuing	9,885	9,063	9,040	9,006	9,019	9,106	8,814	9,051	9,329	9,454	9,199
37 Term	7,269	7,026	7,090	6,689	6,916	6,671	7,412	7,368	7,032	7,005	6,743
Securities pledged											
38 Overnight and continuing	53,526	53,966	54,712	54,502	57,870	57,441	52,812	53,435	50,756	50,163	49,651
39 Term	8,213	8,116	8,382	8,354	8,370	8,276	8,383	8,499	8,379	7,927	6,116
Collateralized loans											
40 Total	18,826	23,284	25,763	24,024	25,111	20,695	27,676	26,642	30,725	25,868	23,329

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

2. Securities positions are reported at market value.

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

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

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

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

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

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1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1995	1996	1997	1998	1999				
					May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**844,611**	**925,823**	**1,022,609**	**1,296,477**	**1,404,576**	**1,425,396**	**1,457,925[r]**	**1,491,900**	↑
2 Federal agencies	37,347	29,380	27,792	26,502	26,094	26,370	26,204	26,107	
3 Defense Department[1]	6	6	6	6	6	6	6	6	
4 Export-Import Bank[2,3]	2,050	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	
5 Federal Housing Administration[4]	97	84	102	205	88	99	105	109	n.a.
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
7 Postal Service[6]	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
8 Tennessee Valley Authority	29,429	27,853	27,786	26,496	26,088	26,364	26,198	26,101	
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	↓
10 Federally sponsored agencies[7]	807,264	896,443	994,817	1,269,975	1,378,482	1,399,026	1,431,721	1,465,793	1,499,532
11 Federal Home Loan Banks	243,194	263,404	313,919	382,131	421,655	437,109	444,775	458,320	481,639
12 Federal Home Loan Mortgage Corporation	119,961	156,980	169,200	287,396	317,533	314,412	334,575	340,972	341,144
13 Federal National Mortgage Association	299,174	331,270	369,774	460,291	492,913	499,897	502,653	517,200	524,880
14 Farm Credit Banks[8]	57,379	60,053	63,517	63,488	66,608	67,749	66,922	67,269	67,938
15 Student Loan Marketing Association[9]	47,529	44,763	37,717	35,399	38,129	37,959	40,843	40,310	41,921
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**78,681**	**58,172**	**49,090**	**44,129**	**41,131**	**40,585**	**39,901**	**39,341**	↑
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	2,044	1,431	552	↑	↑	↑	↑	↑	
21 Postal Service[6]	5,765	n.a.	n.a.						
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
23 Tennessee Valley Authority	3,200	n.a.	n.a.						n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	↓	↓	↓	↓	↓	
Other lending[14]									
25 Farmers Home Administration	21,015	18,325	13,530	9,500	8,275	7,935	7,445	7,270	
26 Rural Electrification Administration	17,144	16,702	14,898	14,091	13,997	13,877	13,944	13,969	
27 Other	29,513	21,714	20,110	20,538	18,859	18,773	18,512	18,102	↓

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

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1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1996	1997	1998	1999 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues, new and refunding**[1]	**171,222**	**214,694**	**262,342**	**15,758**	**16,234**	**23,428**	**18,671**	**15,746**	**18,433**	**17,497**	**17,428**
By type of issue											
2 General obligation	60,409	69,934	87,015	6,443	5,294	10,997	6,206	4,268	5,171	4,183	4,996
3 Revenue	110,813	134,989	175,327	9,315	10,941	12,431	12,465	11,478	13,262	13,314	12,433
By type of issuer											
4 State	13,651	18,237	23,506	907	1,220	1,236	2,194	911	2,341	1,753	929
5 Special district or statutory authority[2]	113,228	134,919	178,421	10,010	11,279	18,414	13,572	11,578	13,449	12,186	12,613
6 Municipality, county, or township	44,343	70,558	60,173	4,841	3,735	3,779	2,906	3,257	2,642	3,557	3,886
7 **Issues for new capital**	**112,298**	**135,519**	**160,568**	**10,474**	**12,149**	**19,509**	**12,172**	**12,530**	**14,973**	**14,908**	**14,084**
By use of proceeds											
8 Education	26,851	31,860	36,904	2,734	2,795	3,793	3,415	2,842	2,885	2,049	2,732
9 Transportation	12,324	13,951	19,926	1,107	1,791	1,650	1,264	1,955	1,886	1,674	892
10 Utilities and conservation	9,791	12,219	21,037	1,372	603	1,594	535	1,038	1,976	1,176	1,893
11 Social welfare	24,583	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	6,287	6,667	8,594	618	1,058	739	850	585	1,271	726	668
13 Other purposes	32,462	35,095	42,450	2,592	3,760	7,195	2,729	3,255	3,941	4,509	5,213

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCE. Securities Data Company beginning January 1990; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1996	1997	1998	1999 Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 **All issues**[1]	**773,110**	**929,256**	**1,128,491**	**126,161**	**85,862**	**110,475**	**96,608**	**96,608**	**83,466**	**82,414**	**58,176**
2 **Bonds**[2]	**651,104**	**811,376**	**1,001,736**	**116,440**	**76,721**	**94,713**	**88,338**	**83,546**	**75,708**	**75,807**	**47,102**
By type of offering											
3 Sold in the United States	567,671	708,188	923,771	101,024	65,886	86,730	79,031	69,451	63,383	65,679	37,721
4 Sold abroad	83,433	103,188	77,965	15,416	10,834	7,983	9,306	14,095	12,325	10,128	9,382
MEMO											
5 Private placements, domestic	43,688[r]	54,990[r]	37,845[r]	1,224	2,935[r]	5,022[r]	6,441[r]	2,133[r]	1,670[r]	1,372	1,467
By industry group											
6 Nonfinancial	167,904	222,603	307,935	39,818	30,676	32,843	24,531	25,526	22,704	20,655	13,990
7 Financial	483,200	588,773	693,801	76,623	46,045	61,870	63,807	58,020	53,005	55,151	33,112
8 **Stocks**[3]	**122,006**	**117,880**	**126,755**	**9,721**	**9,141**	**15,762**	**8,270**	**13,062**	**7,758**	**6,607**	**11,074**
By type of offering											
9 Public	122,006	117,880	126,755	9,721	9,141	15,762	8,270	13,062	7,758	6,607	11,074
10 Private placement[4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	80,460	60,386	74,113	8,534	7,640	10,425	6,436	11,589	6,379	5,647	10,717
12 Financial	41,546	57,494	52,642	1,187	1,501	5,337	1,834	1,473	1,379	960	357

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include 144(a) offerings.
3. Monthly data cover only public offerings.
4. Data are not available.

SOURCE. Securities Data Company and the Board of Governors of the Federal Reserve System.

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1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1997	1998	1999							
			Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **Sales of own shares**[2]	**1,190,900**	**1,461,430**	**166,324**	**140,422**	**138,502**	**140,926**	**132,991**	**132,226**	**140,738**	**158,574**
2 Redemptions of own shares	918,728	1,217,022	139,035	127,800	117,953	128,173	125,908	126,207	124,052	146,716
3 Net sales[3]	272,172	244,408	27,288	12,622	20,550	12,754	7,084	6,019	16,686	11,858
4 **Assets**[4]	**3,409,315**	**4,173,531**	**4,505,237**	**4,442,880**	**4,650,385**	**4,585,131**	**4,548,784**	**4,498,964**	**4,705,746**	**4,874,572**
5 Cash[5]	174,154	191,393	211,243	211,580	214,779	209,061	209,349	209,709	225,762	215,395
6 Other	3,235,161	3,982,138	4,293,994	4,231,300	4,435,607	4,376,070	4,339,435	4,289,255	4,479,985	4,659,177

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.
2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1996	1997	1998	1997	1998				1999		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment	753.9	837.9	846.1	853.5	858.3	847.9	843.8	834.3	882.0	875.5	879.2
2 Profits before taxes	726.3	795.9	781.9	811.6	788.9	792.0	780.1	766.7	818.1	835.8	853.8
3 Profits-tax liability	223.6	238.3	240.2	244.1	239.9	241.1	244.3	235.6	248.0	254.4	259.4
4 Profits after taxes	502.7	557.6	541.7	567.4	548.9	550.9	535.8	531.0	570.1	581.4	594.3
5 Dividends	297.7	333.7	348.6	344.8	346.5	347.3	348.4	352.2	356.4	361.5	367.3
6 Undistributed profits	205.0	223.9	193.1	222.6	202.5	203.6	187.4	178.8	213.7	219.9	227.0
7 Inventory valuation	3.1	7.4	20.9	4.0	29.5	13.6	19.8	20.8	13.3	−13.6	−26.7
8 Capital consumption adjustment	24.4	34.6	43.3	38.0	39.9	42.4	43.9	46.9	50.6	53.2	52.1

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1996	1997	1998	1998				1999		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
1 Accounts receivable, gross[2]	637.1	663.3	711.7	667.2	676.0	687.6	711.7	733.8	756.5	776.5
2 Consumer	244.9	256.8	261.8	251.7	251.3	254.0	261.8	261.7	269.2	271.3
3 Business	309.5	318.5	347.5	325.9	334.9	335.1	347.5	362.8	373.7	382.9
4 Real estate	82.7	87.9	102.3	89.6	89.9	98.5	102.3	109.2	113.5	122.3
5 LESS: Reserves for unearned income	55.6	52.7	56.3	52.1	53.2	52.4	56.3	52.9	53.4	54.0
6 Reserves for losses	13.1	13.0	13.8	13.1	13.2	13.2	13.8	13.4	13.4	13.6
7 Accounts receivable, net	568.3	597.6	641.6	601.9	609.6	622.0	641.6	667.6	689.7	708.8
8 All other	290.0	312.4	337.9	329.7	340.1	313.7	337.9	363.3	373.2	368.6
9 **Total assets**	**858.3**	**910.0**	**979.5**	**931.6**	**949.7**	**935.7**	**979.5**	**1,030.8**	**1,062.9**	**1,077.4**
LIABILITIES AND CAPITAL										
10 Bank loans	19.7	24.1	26.3	22.0	22.3	24.9	26.3	24.8	25.1	27.0
11 Commercial paper	177.6	201.5	231.5	211.7	225.9	226.9	231.5	222.9	231.0	205.3
Debt										
12 Owed to parent	60.3	64.7	61.8	64.6	60.0	58.3	61.8	64.6	65.4	84.7
13 Not elsewhere classified	332.5	328.8	339.7	338.2	348.7	337.6	339.7	366.7	383.1	396.2
14 All other liabilities	174.7	189.6	203.2	193.1	188.9	185.4	203.2	220.3	226.1	216.0
15 Capital, surplus, and undivided profits	93.5	101.3	117.0	102.1	103.9	103.6	117.0	131.5	132.2	148.2
16 **Total liabilities and capital**	**858.3**	**910.0**	**979.5**	**931.6**	**949.7**	**936.6**	**979.5**	**1,030.8**	**1,062.9**	**1,077.4**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.
2. Before deduction for unearned income and losses.

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1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1996	1997	1998	1999 May	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.
	Seasonally adjusted								
1 **Total**	**762.4**	**810.5**	**875.8**	**931.9**	**938.1**	**954.7**	**967.4**	**972.8**	**978.4**
2 Consumer	307.6	327.9	352.8	369.5	372.4	375.9	380.8	381.9	384.1
3 Real estate	111.9	121.1	131.4	142.8	141.2	144.2	146.7	148.9	149.3
4 Business	342.9	361.5	391.6	419.5	424.5	434.6	439.9	442.0	445.0
	Not seasonally adjusted								
5 **Total**	**769.7**	**818.1**	**884.0**	**931.6**	**942.9**	**948.9**	**962.2**	**968.4**	**976.7**
6 Consumer	310.6	330.9	356.1	368.3	374.6	378.1	382.0	383.1	384.6
7 Motor vehicles loans	86.7	87.0	103.1	105.1	108.6	108.5	112.7	109.5	110.3
8 Motor vehicle leases	92.5	96.8	93.3	95.3	95.6	97.0	98.3	98.1	98.4
9 Revolving[2]	32.5	38.6	32.3	31.3	32.4	32.8	33.0	30.7	31.5
10 Other[3]	33.2	34.4	33.1	32.0	32.6	32.0	31.6	32.8	32.4
Securitized assets[4]									
11 Motor vehicle loans	36.8	44.3	54.8	65.8	65.3	68.3	68.0	73.5	74.1
12 Motor vehicle leases	8.7	10.8	12.7	11.6	11.3	11.1	10.8	10.6	10.3
13 Revolving	.0	.0	8.7	8.7	9.7	9.9	9.4	10.2	10.1
14 Other	20.1	19.0	18.1	18.3	19.0	18.4	18.1	17.8	17.6
15 Real estate	111.9	121.1	131.4	142.8	141.2	144.2	146.7	148.9	149.3
16 One- to four-family	52.1	59.0	75.7	83.6	80.5	83.6	86.0	87.7	87.7
17 Other	30.5	28.9	26.6	31.5	33.0	33.1	33.7	34.6	35.1
Securitized real estate assets[4]									
18 One- to four-family	28.9	33.0	29.0	27.4	27.5	27.2	26.8	26.5	26.2
19 Other	.4	.2	.1	.3	.2	.2	.2	.2	.2
20 Business	347.2	366.1	396.5	420.5	427.1	426.7	433.5	436.3	442.8
21 Motor vehicles	67.1	63.5	79.6	84.4	82.8	78.8	78.6	80.3	84.3
22 Retail loans	25.1	25.6	28.1	31.6	30.9	31.7	33.3	34.5	34.9
23 Wholesale loans[5]	33.0	27.7	32.8	33.8	32.7	27.9	26.8	26.8	30.3
24 Leases	9.0	10.2	18.7	19.0	19.2	19.3	18.5	19.0	19.1
25 Equipment	194.8	203.9	198.0	203.8	208.3	208.5	210.5	208.0	210.5
26 Loans	59.9	51.5	50.4	51.7	53.3	52.9	53.1	48.2	49.4
27 Leases	134.9	152.3	147.6	152.1	155.1	155.6	157.4	159.8	161.1
28 Other business receivables[6]	47.6	51.1	69.9	78.9	82.6	89.2	92.7	94.7	97.1
Securitized assets[4]									
29 Motor vehicles	24.0	33.0	29.2	32.0	32.1	28.4	30.4	31.0	28.8
30 Retail loans	2.7	2.4	2.6	2.2	2.9	2.8	2.7	2.6	2.5
31 Wholesale loans	21.3	30.5	24.7	27.8	27.2	23.5	25.7	26.4	24.3
32 Leases	.0	.0	1.9	1.9	2.0	2.0	2.0	2.0	2.0
33 Equipment	11.3	10.7	13.0	13.2	13.3	13.8	13.5	14.6	14.3
34 Loans	4.7	4.2	6.6	6.5	6.7	7.1	6.9	7.7	7.6
35 Leases	6.6	6.5	6.4	6.6	6.6	6.7	6.6	6.9	6.8
36 Other business receivables[6]	2.4	4.0	6.8	8.3	8.0	7.9	7.8	7.7	7.7

NOTE. This table has been revised to incorporate several changes resulting from the benchmarking of finance company receivables to the June 1996 Survey of Finance Companies. In that benchmark survey, and in the monthly surveys that have followed, more detailed breakdowns have been obtained for some components. In addition, previously unavailable data on securitized real estate loans are now included in this table. The new information has resulted in some reclassification of receivables among the three major categories (consumer, real estate, and business) and in discontinuities in some component series between May and June 1996.

Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown before deductions for unearned income and losses. Components may not sum to totals because of rounding.

2. Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, boats, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

6. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

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1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1996	1997	1998	1999						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	182.4	180.1	195.2	207.5	211.0	207.6	213.8	210.3	214.4	220.8
2 Amount of loan (thousands of dollars)	139.2	140.3	151.1	161.6	162.0	158.2	163.1	161.8	165.1	167.0
3 Loan-to-price ratio (percent)	78.2	80.4	80.0	79.8	79.0	78.6	78.3	78.8	79.0	77.4
4 Maturity (years)	27.2	28.2	28.4	28.7	28.6	28.5	28.5	29.1	29.1	29.0
5 Fees and charges (percent of loan amount)[2]	1.21	1.02	.89	.69	.72	.83	.68	.64	.71	.73
Yield (percent per year)										
6 Contract rate[1]	7.56	7.57	6.95	6.78	6.92	7.16	6.99	6.99	7.06	7.13
7 Effective rate[1,3]	7.77	7.73	7.08	6.89	7.03	7.29	7.09	7.09	7.17	7.24
8 Contract rate (HUD series)[4]	8.03	7.76	7.00	7.17	7.59	7.75	7.87	7.76	7.77	7.79
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.19	7.89	7.04	7.58	8.13	8.00	8.10	8.05	8.02	8.06
10 GNMA securities[6]	7.48	7.26	6.43	6.79	7.21	7.28	7.53	7.42	7.52	7.37
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	287,052	316,678	414,515	464,530	473,315	480,651	495,302	504,938	509,990	518,337
12 FHA/VA insured	30,592	31,925	33,770	38,938	41,143	44,132	47,846	49,456	50,639	52,632
13 Conventional	256,460	284,753	380,745	425,592	432,172	436,519	447,456	455,482	459,351	465,705
14 Mortgage transactions purchased (during period)	68,618	70,465	188,448	25,640	15,934	14,004	21,094	15,200	10,057	14,683
Mortgage commitments (during period)										
15 Issued[7]	65,859	69,965	193,795	12,517	19,507	12,966	18,153	7,998	10,480	12,050
16 To sell[8]	130	1,298	1,880	178	351	260	478	609	1,710	381
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	137,755	164,421	255,010	285,881	299,184	300,093	306,214	315,968	318,682	323,027
18 FHA/VA insured	220	177	785	1,610	1,726	1,735	1,708	1,689[r]	1,744	1,744
19 Conventional	137,535	164,244	254,225	284,271	297,458	298,358	304,506	314,279[r]	316,938	321,283
Mortgage transactions (during period)										
20 Purchases	125,103	117,401	267,402	22,503	21,950	17,602	18,674	15,238	13,323	11,869
21 Sales	119,702	114,258	250,565	21,972	20,349	16,835	17,468	14,153	12,671	11,129
22 Mortgage commitments contracted (during period)[9]	128,995	120,089	281,899	20,052	21,610	14,988	18,951	14,608	10,810	10,501

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for FNMA exclude swap activity.

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1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1995	1996	1997	1998			1999	
				Q3	Q4	Q1	Q2[r]	Q3[p]
1 **All holders**	**4,603,981[r]**	**4,901,568[r]**	**5,216,785[r]**	**5,574,398[r]**	**5,728,167[r]**	**5,867,271[r]**	**6,019,110**	**6,181,073**
By type of property								
2 One- to four-family residences	3,510,319[r]	3,721,917[r]	3,959,565[r]	4,223,398[r]	4,328,434[r]	4,420,931[r]	4,533,159	4,647,881
3 Multifamily residences	277,002	294,783	310,456	330,595	340,773[r]	351,643[r]	359,275	372,474
4 Nonfarm, nonresidential	732,100	797,734	856,464	926,039	962,454[r]	997,294[r]	1,027,022	1,058,954
5 Farm	84,561	87,134	90,299	94,366[r]	96,506	97,404[r]	99,655	101,764
By type of holder								
6 Major financial institutions	1,900,089	1,981,885	2,083,978	2,137,438	2,194,814[r]	2,202,241[r]	2,242,515	2,321,982
7 Commercial banks[2]	1,090,189	1,145,389	1,245,315	1,295,828	1,337,217[r]	1,336,669[r]	1,361,355	1,418,510
8 One- to four-family	646,545	677,603	745,510	770,340	797,196[r]	782,128[r]	790,125	824,677
9 Multifamily	42,521	45,451	49,670	52,205	52,871	56,170	58,572	63,130
10 Nonfarm, nonresidential	377,293	397,452	423,148	444,596	458,115[r]	468,859[r]	482,115	499,327
11 Farm	23,830	24,883	26,986	28,688	29,035	29,512	30,544	31,377
12 Savings institutions[3]	596,763	628,335	631,822	634,251	643,957[r]	646,510[r]	656,518	676,260
13 One- to four-family	482,353	513,712	520,672	525,844	533,792	534,772[r]	544,832	560,447
14 Multifamily	61,987	61,570	59,543	56,696	56,825	56,763	55,020	57,285
15 Nonfarm, nonresidential	52,135	52,723	51,252	51,312	52,923[r]	54,539[r]	56,222	58,070
16 Farm	288	331	354	399	417	435	443	459
17 Life insurance companies	213,137	208,161	206,841	207,359	213,640	219,063	224,642	227,212
18 One- to four-family	8,890	6,977	7,187	6,594	6,590	6,956	7,295	7,548
19 Multifamily	28,714	30,750	30,402	30,565	31,522	31,528	31,813	32,120
20 Nonfarm, nonresidential	165,876	160,314	158,780	159,189	164,004	168,862	173,568	175,242
21 Farm	9,657	10,120	10,472	11,011	11,524	11,717	11,966	12,302
22 Federal and related agencies	308,757	295,192	286,167	287,125	292,636	288,216[r]	288,038	289,159
23 Government National Mortgage Association	2	2	8	7	7	6	8	8
24 One- to four-family	2	2	8	7	7	6	8	8
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,791	41,596	41,195	40,907	40,851	40,691	40,766	40,766
27 One- to four-family	17,705	17,303	17,253	17,025	16,895	16,777	16,653	16,653
28 Multifamily	11,617	11,685	11,720	11,736	11,739	11,731	11,735	11,735
29 Nonfarm, nonresidential	6,248	6,841	7,370	7,566	7,705	7,769	7,943	7,943
30 Farm	6,221	5,768	4,852	4,579	4,513	4,413	4,435	4,435
31 Federal Housing and Veterans' Administrations	9,809	6,244	3,821	3,405	3,674	3,578[r]	3,490	3,889
32 One- to four-family	5,180	3,524	1,767	1,550	1,849	1,753[r]	1,623	2,013
33 Multifamily	4,629	2,719	2,054	1,855	1,825	1,825	1,867	1,876
34 Resolution Trust Corporation	1,864	0	0	0	0	0	0	0
35 One- to four-family	691	0	0	0	0	0	0	0
36 Multifamily	647	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	525	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	4,303	2,431	724	482	361	315	189	163
40 One- to four-family	492	365	109	72	54	47	28	24
41 Multifamily	428	413	123	82	61	54	32	28
42 Nonfarm, nonresidential	3,383	1,653	492	328	245	214	129	111
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	178,807	168,813	161,308	159,104	157,675	157,185	155,637	154,420
45 One- to four-family	163,648	155,008	149,831	149,069	147,594	147,063	145,033	142,982
46 Multifamily	15,159	13,805	11,477	10,035	10,081	10,122	10,604	11,438
47 Federal Land Banks	28,428	29,602	30,657	32,009	32,983	33,128	33,666	34,218
48 One- to four-family	1,673	1,742	1,804	1,883	1,941	1,949	1,981	2,013
49 Farm	26,755	27,860	28,853	30,126	31,042	31,179	31,685	32,205
50 Federal Home Loan Mortgage Corporation	43,753	46,504	48,454	51,211	57,085	53,313	54,282	55,695
51 One- to four-family	39,901	41,758	42,629	44,254	49,106	44,140	43,574	44,010
52 Multifamily	3,852	4,746	5,825	6,957	7,979	9,173	10,708	11,685
53 Mortgage pools or trusts[5]	1,863,210	2,064,882	2,273,022	2,548,301	2,632,829[r]	2,762,733[r]	2,861,115	2,928,475
54 Government National Mortgage Association	472,283	506,340	536,879	541,540	537,446	543,280[r]	553,242	569,155
55 One- to four-family	461,438	494,158	523,225	527,043	522,498	527,886[r]	537,333	552,787
56 Multifamily	10,845	12,182	13,654	14,497	14,948	15,395	15,909	16,368
57 Federal Home Loan Mortgage Corporation	515,051	554,260	579,385	635,726	646,459	687,179	718,085	738,581
58 One- to four-family	512,238	551,513	576,846	633,124	643,465	684,240	714,844	735,088
59 Multifamily	2,813	2,747	2,539	2,602	2,994	2,939	3,241	3,493
60 Federal National Mortgage Association	582,959	650,780	709,582	798,460	834,518	881,815	911,435	938,484
61 One- to four-family	569,724	633,210	687,981	770,979	804,205	849,513	877,863	903,531
62 Multifamily	13,235	17,570	21,601	27,481	30,313	32,302	33,572	34,953
63 Farmers Home Administration[4]	11	3	2	2	1	1	1	1
64 One- to four-family	2	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	5	0	0	0	0	0	0	0
67 Farm	4	3	2	2	1	1	1	1
68 Private mortgage conduits	292,906	353,499	447,173	572,573	614,405[r]	650,459[r]	678,353	682,254
69 One- to four-family[6]	227,800	261,900	318,000	391,736	410,900	430,653	447,938	438,676
70 Multifamily	15,584	21,967	29,218	40,895	44,644[r]	48,393[r]	50,679	52,851
71 Nonfarm, nonresidential	49,522	69,633	99,955	139,942	158,861[r]	171,413	179,736	190,727
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	531,926[r]	559,609[r]	573,619[r]	601,534[r]	607,888[r]	614,081[r]	627,442	641,457
74 One- to four-family	372,037[r]	363,143[r]	366,744[r]	383,877[r]	392,343[r]	393,047[r]	404,028	417,424
75 Multifamily	64,970	69,179	72,629	74,987	74,971	75,249	75,524	75,512
76 Nonfarm, nonresidential	77,112	109,119	115,467	123,107	120,600	125,638[r]	127,310	127,536
77 Farm	17,806	18,169	18,779	19,562	19,974	20,147	20,580	20,985

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Includes securitized home equity loans.
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 finance companies.

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities and other sources.

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1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1996	1997	1998	1999 May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
				Seasonally adjusted					
1 **Total**	**1,182,439**	**1,234,122**	**1,300,491**	**1,343,427**	**1,347,831**	**1,356,404**	**1,363,184**	**1,366,678**	**1,370,880**
2 Revolving	499,532	531,295	560,653	571,957	578,530	583,309	584,523	584,588	584,285
3 Nonrevolving[2]	682,907	702,828	739,838	771,470	769,301	773,096	778,661	782,090	786,595
				Not seasonally adjusted					
4 **Total**	**1,211,590**	**1,264,103**	**1,331,742**	**1,331,267**	**1,340,414**	**1,349,610**	**1,364,404**	**1,370,182**	**1,375,989**
By major holder									
5 Commercial banks	526,769	512,563	508,932	492,852	477,774	477,908	476,561	472,524	472,230
6 Finance companies	152,391	160,022	168,491	168,490	173,617	173,374	177,331	172,956	174,159
7 Credit unions	144,148	152,362	155,406	158,102	158,177	159,920	162,412	164,055	165,947
8 Savings institutions	44,711	47,172	51,611	55,982	57,161	58,126	59,091	60,055	61,020
9 Nonfinancial business	77,745	78,927	74,877	68,051	68,042	68,235	68,896	67,559	68,148
10 Pools of securitized assets[3]	265,826	313,057	372,425	387,790	405,643	412,047	420,113	433,033	434,485
By major type of credit[4]									
11 Revolving	522,860	555,858	586,528	566,019	572,463	575,499	580,691	581,437	583,053
12 Commercial banks	228,615	219,826	210,346	190,216	178,031	175,928	170,272	168,882	167,325
13 Finance companies	32,493	38,608	32,309	31,296	32,408	32,846	33,014	30,731	31,453
14 Credit unions	17,826	19,552	19,930	18,732	18,856	19,054	19,335	19,489	19,454
15 Savings institutions	10,313	11,441	12,450	12,641	12,775	13,004	13,233	13,461	13,690
16 Nonfinancial business	44,901	44,966	39,166	34,446	34,618	34,830	35,421	34,232	34,681
17 Pools of securitized assets[3]	188,712	221,465	272,327	278,688	295,775	299,837	309,416	314,642	316,450
18 Nonrevolving	688,730	708,245	745,214	765,248	767,951	774,111	783,713	788,745	792,936
19 Commercial banks	298,154	292,737	298,586	302,636	299,743	301,980	306,289	303,642	304,905
20 Finance companies	119,898	121,414	136,182	137,194	141,209	140,528	144,317	142,225	142,706
21 Credit unions	126,322	132,810	135,476	139,370	139,321	140,866	143,077	144,566	146,493
22 Savings institutions	34,398	35,731	39,161	43,341	44,386	45,122	45,858	46,594	47,330
23 Nonfinancial business	32,844	33,961	35,711	33,605	33,424	33,405	33,475	33,327	33,467
24 Pools of securitized assets[3]	77,114	91,592	100,098	109,102	109,868	112,210	110,697	118,391	118,035

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises motor vehicle loans, mobile home loans, and all other loans that are not included in revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
4. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1996	1997	1998	1999 Apr.	May	June	July	Aug.	Sept.	Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.05	9.02	8.72	n.a.	8.30	n.a.	n.a.	8.44	n.a.	n.a.
2 24-month personal	13.54	13.90	13.74	n.a.	13.26	n.a.	n.a.	13.38	n.a.	n.a.
Credit card plan										
3 All accounts	15.63	15.77	15.71	n.a.	15.21	n.a.	n.a.	15.08	n.a.	n.a.
4 Accounts assessed interest	15.50	15.57	15.59	n.a.	14.94	n.a.	n.a.	14.79	n.a.	n.a.
Auto finance companies										
5 New car	9.84	7.12	6.30	6.52	6.57	6.60	6.68[r]	6.28	6.47	7.07
6 Used car	13.53	13.27	12.64	12.17	12.16	12.31	12.67[r]	12.96	13.13	13.28
OTHER TERMS[3]										
Maturity (months)										
7 New car	51.6	54.1	52.1	52.8	52.4	52.3	52.0	51.7	52.1	53.2
8 Used car	51.4	51.0	53.5	56.0	56.1	56.0	56.1	55.8	55.9	55.8
Loan-to-value ratio										
9 New car	91	92	92	92	92	92	92	92	92	92
10 Used car	100	99	99	99	99	99	99	100	100	100
Amount financed (dollars)										
11 New car	16,987	18,077	19,083	19,435	19,539	19,722	19,873	20,012	20,154	20,335
12 Used car	12,182	12,281	12,691	13,647	13,700	13,816	13,609	13,374	13,449	13,613

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter.
3. At auto finance companies.

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1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1993	1994	1995	1996	1997	1997	1998				1999	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**584.4**	**575.8**	**721.0[r]**	**745.4[r]**	**787.1[r]**	**913.7[r]**	**1,077.3[r]**	**1,044.2[r]**	**900.6[r]**	**1,074.2[r]**	**1,288.1[r]**	**886.6**
By sector and instrument												
2 Federal government	256.1	155.8	144.4	145.0	23.1	−5.5	−14.5	−28.4	−113.5	−54.1	−75.2	−112.2
3 Treasury securities	248.3	155.7	142.9	146.6	23.2	−7.3	−12.1	−26.9	−113.1	−66.3	−73.7	−112.8
4 Budget agency securities and mortgages	7.8	.2	1.5	−1.6	−.1	1.7	−2.4	−1.4	−.4	12.2	−1.5	.6
5 Nonfederal	328.3	420.0	576.6[r]	600.3[r]	764.0[r]	919.3[r]	1,091.8[r]	1,072.6[r]	1,014.1[r]	1,128.3[r]	1,363.3[r]	998.7
By instrument												
6 Commercial paper	10.0	21.4	18.1	−.9	13.7	12.8	51.1	3.8	85.6	−43.0	64.4	3.4
7 Municipal securities and loans	74.8	−35.9	−48.2	2.6	71.4	99.9	113.5	101.3	82.9	89.6	100.7	48.0
8 Corporate bonds	75.2	23.3	91.1	116.3	150.5	163.6	278.8	294.8	108.0	193.2	274.0	287.6
9 Bank loans n.e.c.	6.4	75.2	103.7	70.5	106.5	178.1	35.0	169.2	107.8	120.9	70.0	22.2
10 Other loans and advances	−18.9	34.0	67.2	33.5	69.1	141.4	76.3	40.8	77.7	102.5	151.0[r]	−16.7
11 Mortgages	122.4	177.0	205.7[r]	289.7[r]	300.2[r]	280.4[r]	478.2[r]	400.7[r]	472.6[r]	595.1[r]	573.9[r]	594.1
12 Home	160.1	183.4	180.4[r]	245.3[r]	237.6[r]	190.6[r]	378.3[r]	289.1[r]	375.2[r]	429.1[r]	415.1[r]	422.9
13 Multifamily residential	−5.1	−2.1	7.6	11.5	10.8	18.3	21.6	21.1	16.1	30.6	35.9	34.7
14 Commercial	−33.6	−6.5	16.2	30.4	48.7	68.6	74.1	83.8	75.9	126.8	119.3	127.5
15 Farm	1.0	2.2	1.6	2.6	3.2	2.9	4.1	6.7	5.5	8.6	3.6	9.0
16 Consumer credit	58.4	124.9	138.9	88.8	52.5	43.1	58.9	62.1	79.6	69.9	129.2[r]	60.1
By borrowing sector												
17 Household	209.4	316.3	350.9[r]	354.0[r]	327.3[r]	312.8[r]	465.1[r]	420.3[r]	473.4[r]	528.6[r]	556.4[r]	517.1
18 Nonfinancial business	52.7	150.0	277.2	253.2	380.6	520.3	532.5	570.3	470.7	524.6	719.5[r]	445.9
19 Corporate	46.9	142.3	243.7	164.6	297.0	425.0	426.9	467.4	365.8	413.7	611.2[r]	332.6
20 Nonfarm noncorporate	3.2	3.3	30.6	83.8	77.4	86.6	97.1	95.4	97.6	103.3	101.6	114.2
21 Farm	2.6	4.4	2.9	4.8	6.2	8.6	8.4	7.5	7.3	7.5	6.6	−.9
22 State and local government	66.2	−46.2	−51.5	−6.8	56.1	86.2	94.2	82.0	70.0	75.1	87.4	35.7
23 Foreign net borrowing in United States	69.8	−13.9	71.1	77.2	57.6	44.8	95.0	97.9	−19.6	38.9	17.3	−36.4
24 Commercial paper	−9.6	−26.1	13.5	11.3	3.7	.7	55.3	−25.5	6.2	−4.7	18.3	−27.1
25 Bonds	82.9	12.2	49.7	55.8	47.2	34.2	42.5	119.2	−27.2	−34.2	.9	−12.6
26 Bank loans n.e.c.	.7	1.4	8.5	9.1	8.5	15.7	5.2	8.4	3.6	9.8	.9	5.6
27 Other loans and advances	−4.2	−1.4	−.5	1.0	−1.8	−5.8	−8.0	−4.2	−2.2	−9.7	−2.8	−2.3
28 **Total domestic plus foreign**	**654.2**	**561.9**	**792.1[r]**	**822.6[r]**	**844.7[r]**	**958.5[r]**	**1,172.3[r]**	**1,142.1[r]**	**881.0[r]**	**1,035.3[r]**	**1,305.4[r]**	**850.1**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**294.4**	**468.4**	**453.9**	**548.9**	**652.2**	**961.6[r]**	**931.3**	**988.9**	**1,056.3**	**1,298.7**	**1,214.2[r]**	**1,042.9**
By instrument												
30 Federal government-related	165.3	287.5	204.1	231.5	212.8	290.9	249.2	405.4	555.8	673.3	592.2[r]	579.1
31 Government-sponsored enterprise securities	80.6	176.9	105.9	90.4	98.4	157.9	142.5	166.4	294.0	510.5	193.0	304.7
32 Mortgage pool securities	84.7	115.4	98.2	141.1	114.5	133.0	106.7	239.0	261.7	162.8	399.2[r]	274.4
33 Loans from U.S. government	.0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	129.1	180.9	249.8	317.5	439.4	670.7	682.1	583.5	500.5	625.4	622.0[r]	463.8
35 Open market paper	−5.5	40.5	42.7	92.2	166.7	244.7	236.7	135.6	141.0	130.7	78.3	57.8
36 Corporate bonds	123.1	121.8	195.9	176.9	209.0	348.8	346.3	361.8	177.4	281.9	490.8[r]	289.8
37 Bank loans n.e.c.	−14.4	−13.7	2.5	12.6	13.2	−4.7	57.3	−9.7	60.2	12.4	−8.8	10.5
38 Other loans and advances	22.4	22.6	3.4	27.9	35.6	61.7	32.7	76.0	82.3	169.9	41.6	117.9
39 Mortgages	3.6	9.8	5.3	7.9	14.9	20.1	9.1	19.9	39.6	30.6	20.1	−12.3
By borrowing sector												
40 Commercial banking	13.4	20.1	22.5	13.0	46.1	61.4	82.8	80.8	61.7	66.3	31.1	72.7
41 Savings institutions	11.3	12.8	2.6	25.5	19.7	41.7	10.6	31.2	63.7	103.2	58.0	58.6
42 Credit unions	.2	.2	−.1	.1	.1	.3	.5	.2	1.0	.4	1.5	1.4
43 Life insurance companies	.2	.3	−.1	1.1	.2	−.3	.0	−.6	1.6	1.8	3.3	3.0
44 Government-sponsored enterprises	80.6	172.1	105.9	90.4	98.4	157.9	142.5	166.4	294.0	510.5	193.0	304.7
45 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.5	133.0	106.7	239.0	261.7	162.8	399.2[r]	274.4
46 Issuers of asset-backed securities (ABSs)	85.4	76.5	142.4	153.9	200.7	374.8	283.0	352.4	294.2	335.7	300.5[r]	335.8
47 Finance companies	−1.4	48.7	50.2	45.9	48.7	70.7	74.6	91.9	−12.0	17.8	71.2	88.4
48 Mortgage companies	.0	−11.5	−2.2	4.1	−4.6	−46.8	29.4	−28.2	2.3	3.0	−4.6	5.1
49 Real estate investment trusts (REITs)	1.7	10.2	4.5	11.9	39.6	66.0	63.1	64.4	79.3	44.0	25.6	−19.7
50 Brokers and dealers	12.0	.5	−5.0	−2.0	8.1	7.0	−1.0	20.0	−2.6	12.4	−31.1	−17.4
51 Funding corporations	6.3	23.1	34.9	64.1	80.7	95.9	139.2	−28.6	11.2	40.9	166.5	−63.8

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1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1993	1994	1995	1996	1997	1997	1998				1999	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2^r
	All sectors											
52 **Total net borrowing, all sectors**	**948.6**	**1,030.3**	**1,246.0^r**	**1,371.5^r**	**1,496.9^r**	**1,920.1^r**	**2,103.6^r**	**2,131.0^r**	**1,937.3^r**	**2,334.0^r**	**2,519.6^r**	**1,893.0**
53 Open market paper	−5.1	35.7	74.3	102.6	184.1	258.2	343.0	113.8	232.7	83.0	161.1	34.1
54 U.S. government securities	421.4	448.1	348.5	376.5	235.9	285.3	234.7	377.1	442.3	619.1	517.0^r	467.0
55 Municipal securities	74.8	−35.9	−48.2	2.6	71.4	99.9	113.5	101.3	82.9	89.6	100.7	48.0
56 Corporate and foreign bonds	281.2	157.3	336.7	348.9	406.7	546.5	667.6	775.8	258.2	440.9	765.7^r	564.8
57 Bank loans n.e.c.	−7.2	62.9	114.7	92.1	128.2	189.2	97.6	167.9	171.6	143.0	62.1	38.3
58 Other loans and advances	−.8	50.4	70.1	62.5	102.8	197.4	101.0	112.5	157.8	262.7	189.8^r	98.9
59 Mortgages	126.0	186.8	211.0^r	297.6^r	315.1^r	300.5^r	487.3^r	420.5^r	512.2^r	625.7^r	594.0^r	581.8
60 Consumer credit	58.4	124.9	138.9	88.8	52.5	43.1	58.9	62.1	79.6	69.9	129.2^r	60.1
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**425.0^r**	**113.4^r**	**131.5^r**	**209.1^r**	**165.6^r**	**116.8^r**	**215.2^r**	**262.0^r**	**−166.7^r**	**−9.8^r**	**121.3^r**	**113.2**
62 Corporate equities	133.0^r	12.8^r	−16.0^r	−28.5^r	−99.6^r	−144.1^r	−107.1^r	−115.8^r	−340.1^r	−234.6^r	−132.0^r	−94.9
63 Nonfinancial corporations	21.3	−44.9	−58.3	−69.5	−114.4	−143.3	−139.2	−129.1	−308.4	−491.3	−65.7	−374.0
64 Foreign shares purchased by U.S. residents	63.4	48.1	50.4	60.0	42.0	1.7	14.0	12.3	−32.8	317.4	−33.4	270.9
65 Financial corporations	48.3^r	9.6^r	−8.1^r	−19.0^r	−27.1^r	−2.5^r	18.1^r	1.0^r	1.0^r	−60.8^r	−32.9^r	8.2
66 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	260.9	322.3	377.8	173.4	224.8	253.3^r	208.2

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.4. For ordering address, see inside front cover.

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1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1993	1994	1995	1996	1997	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999r Q1	1999r Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**948.6**	**1,030.3**	**1,246.0r**	**1,371.5r**	**1,496.9r**	**1,920.1r**	**2,103.6r**	**2,131.0r**	**1,937.3r**	**2,334.0r**	**2,519.6**	**1,893.0**
2 Domestic nonfederal nonfinancial sectors	30.0	231.2	-89.4r	24.8r	-67.9r	36.0r	-39.5r	521.8r	111.1r	-300.4r	310.0	346.5
3 Household	-10.6	268.0	6.1r	63.7r	-65.2r	-4.6r	-54.0r	395.4r	-28.3r	-425.5r	261.1	288.9
4 Nonfinancial corporate business	9.1	17.7	-8.8	-.8	-2.3	-13.0	8.4	-47.9r	13.7r	33.3r	-3.6	4.5
5 Nonfarm noncorporate business	-1.1	.6	4.7	-4.3	-.6	-.6	.0	.0	.0	.0	.4	-.2
6 State and local governments	32.6	-55.0	-91.4	-33.7	.1	54.2	6.1	174.3	125.7	91.7	52.2	53.3
7 Federal government	-18.4	-27.4	-.2	-7.4	5.1	9.2	15.7	12.9	13.8	11.7	17.1	6.7
8 Rest of the world	129.3	132.3	273.9	414.4	310.7	203.9	223.8	321.8	60.8	390.7	250.2	35.1
9 Financial sectors	807.8	694.1	1,061.7	939.7	1,249.0r	1,670.9r	1,903.6r	1,274.6r	1,751.5r	2,232.1r	1,942.2	1,504.8
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	54.3	27.6	11.5	41.6	3.5	71.8	62.4
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	447.4	306.7	132.7	250.1	531.5	68.9	135.4
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	274.9	357.6	268.4	130.0	309.2	540.2	134.1	231.5
13 Foreign banking offices in United States	-9.8	11.2	75.4	63.3	40.2	69.3	17.5	15.2	-68.1	-12.1	-54.9	-105.7
14 Bank holding companies	.0	.9	-.3	3.9	5.4	19.4	15.3	-17.6	6.0	-7.4	-6.0	.4
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	3.7	1.1	5.5	5.1	2.9	10.7	-4.4	9.2
16 Savings institutions	-23.3	6.7	-7.6	19.9	-4.7	8.9	11.8	2.1	17.9	113.3	102.7	88.8
17 Credit unions	21.7	28.1	16.2	25.5	16.8	6.5	16.1	22.7	21.0	16.0	34.7	32.1
18 Bank personal trusts and estates	9.5	7.1	-8.3	-7.7	-25.0r	-25.2r	-10.5r	-11.3r	-16.0r	-13.5r	-7.6	-8.4
19 Life insurance companies	100.4	72.0	100.0	69.6	104.8r	76.2r	92.5r	63.4	65.6	86.0	82.2	84.0
20 Other insurance companies	27.7	24.9	21.5	22.5	25.2	36.3r	23.4	-1.5	-7.7	67.6r	-19.7	26.7
21 Private pension funds	50.2	46.1	56.0	52.3	65.5	79.5	74.5	130.1	95.6	174.4	60.5	150.0
22 State and local government retirement funds	24.7	30.9	33.6	37.3	63.8	42.7	67.4	78.4	65.6	48.5	77.2	40.7
23 Money market mutual funds	20.4	30.0	86.5	88.8	87.5	141.8	159.3	208.1	255.5	353.1	227.6	-92.6
24 Mutual funds	159.5	-7.1	52.5	48.9	80.9	64.8	156.4	146.4	92.9	103.5	103.0	121.0
25 Closed-end funds	20.0	-3.7	10.5	4.7	-2.9	-2.9	4.5	4.5	4.5	4.5	4.4	4.4
26 Government-sponsored enterprises	87.8	117.8	86.7	84.2	94.3	158.1	198.3	150.6	264.7	429.5	157.2	259.2
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.5	133.0	106.7	239.0	261.7	162.8	399.2	274.4
28 Asset-backed securities issuers (ABSs)	82.8	69.4	120.6	123.6	162.3	321.9	223.9	321.4	248.7	312.7	282.9	319.0
29 Finance companies	-20.9	48.3	49.9	18.4	21.9	-19.7	28.7	24.0	79.5	75.3	92.2	79.6
30 Mortgage companies	.0	-24.0	-3.4	8.2	-9.1	-93.6	58.8	-56.4	4.5	6.0	-9.1	10.2
31 Real estate investment trusts (REITs)	.4	-.7	1.4	4.4	20.2	38.9	25.6	6.1	-11.3	-40.8	1.7	-2.2
32 Brokers and dealers	14.8	-44.2	90.1	-15.7	14.9	71.7	245.8	-183.1	77.0	-209.1	184.5	-191.0
33 Funding corporations	-31.0	-17.8	-21.2	14.0	55.6r	130.4r	86.0r	-14.3r	-60.1r	7.2r	27.9	111.0
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**948.6**	**1,030.3**	**1,246.0r**	**1,371.5r**	**1,496.9r**	**1,920.1r**	**2,103.6r**	**2,131.0r**	**1,937.3r**	**2,334.0r**	**2,519.6**	**1,893.0**
Other financial sources												
35 Official foreign exchange	.8	-5.8	8.8	-6.3	.7	17.5	1.0	8.1	8.9	8.6	-14.0	-5.4
36 Special drawing rights certificates	.0	.0	2.2	-.5	-.5	.0	.0	.0	.0	.0	-4.0	.0
37 Treasury currency	.4	.7	.6	.1	.0	-1.9	.3	.2	1.7	-2.3	.0	2.1
38 Foreign deposits	-18.5	52.9	35.3	85.9	106.8	100.6	-46.5	92.9	84.9	-131.9	127.7	99.3
39 Net interbank transactions	50.5	89.8	10.0	-51.6	-19.7	54.3	-95.2	40.1r	43.9r	-122.8r	48.5	90.2
40 Checkable deposits and currency	117.3	-9.7	-12.7	15.8	41.5	72.1	52.6	90.1	-24.9	72.8	61.1	10.1
41 Small time and savings deposits	-70.3	-39.9	96.6	97.2	97.1	136.7	99.0	84.9	144.7	281.2	-68.0	100.0
42 Large time deposits	-23.5	19.6	65.6	114.0	122.5	59.2	187.8	-5.6	81.8	104.4	-5.9	42.6
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	149.9	213.6	247.2	367.9	313.1	204.9	100.5
44 Security repurchase agreements	71.3	78.2	110.5	41.4	120.9	103.3	250.3	-100.8	231.1	-170.3	408.2	-14.5
45 Corporate equities	133.0r	12.8r	-16.0r	-28.5r	-99.6r	-144.1r	-107.1r	-115.8r	-340.1r	-234.6r	-132.0	-94.9
46 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	260.9	322.3	377.8	173.4	224.8	253.3	208.2
47 Trade payables	76.8r	120.0r	128.9r	114.8r	125.9r	152.5r	138.6r	-27.9r	63.8r	-48.3r	175.1	235.6
48 Security credit	61.4	-.1	26.7	52.4	111.0	128.0	159.3	134.3	167.0	-27.2	-86.9	134.1
49 Life insurance reserves	37.1	35.5	45.8	44.5	59.3r	57.4r	49.3	53.3	51.7	59.0	40.8	59.6
50 Pension fund reserves	268.0	254.7	235.1	246.9	304.0	304.1	294.7	272.9	279.5	313.8	285.7	324.4
51 Taxes payable	11.4	2.6	6.2	16.0	16.8	3.9	12.2	1.8r	27.5r	8.8r	-8.2	39.5
52 Investment in bank personal trusts	.9	17.8	4.0	-8.6	-56.3r	-56.5r	-45.7r	-46.5r	-51.2r	-48.8r	-32.0	-25.9
53 Noncorporate proprietors' equity	28.3r	58.2r	65.2r	3.4r	11.1r	-40.1r	-8.6r	-13.9r	-60.9r	19.4r	14.1	22.1
54 Miscellaneous	356.0	245.6	444.6	498.3	516.2r	226.4r	1,069.4r	295.6r	731.2r	580.7r	216.5	1,114.3
55 **Total financial sources**	**2,361.7r**	**2,107.1r**	**2,793.1r**	**2,990.3r**	**3,377.4r**	**3,504.2r**	**4,650.8r**	**3,519.8r**	**3,919.2r**	**3,534.2r**	**4,004.6**	**4,334.9**
Liabilities not identified as assets (−)												
56 Treasury currency	-.2	-.2	-.5	-.9	-.6	-2.4	-.2	-.3	1.1	-3.4	-1.5	.6
57 Foreign deposits	-5.7	43.0	25.1	59.6	106.8	145.5	-95.7	149.9r	69.9	-156.5	62.7	84.4
58 Net interbank liabilities	4.2	-2.7	-3.1	-3.3	-19.9	-38.1	35.1	8.9	22.3	-52.8	58.7	-1.7
59 Security repurchase agreements	50.5	67.7	20.2	4.5	62.3	185.1	120.8	-170.0	110.2	.0r	364.1	80.0
60 Taxes payable	15.6r	16.6	21.1	22.8r	26.8r	19.8r	14.2r	9.1r	28.2r	19.6r	-15.6	2.5
61 Miscellaneous	-129.8r	-128.0r	-188.5r	-37.6r	-225.9r	-563.7r	125.1r	-245.6r	-81.1r	78.6r	-489.5	-550.9
Floats not included in assets (−)												
62 Federal government checkable deposits	-1.5	-4.8	-6.0	.5	-2.7	-10.0	8.3	-44.4	32.4	14.0	-1.8	-41.4
63 Other checkable deposits	-1.3	-2.8	-3.8	-4.0	-3.9	-5.0	-4.0	-2.9	-3.6	-1.8	-1.9	-1.0
64 Trade credit	20.6r	27.4r	15.6r	-21.2r	33.2r	45.5r	72.2r	-110.5r	-64.4r	-21.1r	67.1	-20.7
65 **Total identified to sectors as assets**	**2,409.2r**	**2,090.9r**	**2,913.1r**	**2,970.0r**	**3,401.3r**	**3,727.5r**	**4,375.1r**	**3,925.7r**	**3,804.2r**	**3,657.5r**	**3,962.4**	**4,783.1**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.1 and F.5. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

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1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1994	1995	1996	1997	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,013.9**	**13,734.3**	**14,477.4**	**15,261.1**	**15,261.1**	**15,522.2**	**15,742.1**	**15,956.2**	**16,283.6**	**16,588.0**	**16,758.7**
By sector and instrument											
2 Federal government	3,492.3	3,636.7	3,781.8	3,804.9	3,804.9	3,830.8	3,749.0	3,720.2	3,752.2	3,759.7	3,651.7
3 Treasury securities	3,465.6	3,608.5	3,755.1	3,778.3	3,778.3	3,804.8	3,723.4	3,694.7	3,723.7	3,731.6	3,623.4
4 Budget agency securities and mortgages	26.7	28.2	26.6	26.5	26.5	25.9	25.6	25.5	28.5	28.1	28.3
5 Nonfederal	9,521.6	10,097.6	10,695.6	11,456.3	11,456.3	11,691.4	11,993.2	12,236.0	12,531.4	12,828.3	13,107.0
By instrument											
6 Commercial paper	139.2	157.4	156.4	168.6	168.6	193.1	202.5	216.9	193.0	223.9	232.4
7 Municipal securities and loans	1,341.7	1,293.5	1,296.0	1,367.5	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0
8 Corporate bonds	1,253.0	1,344.1	1,460.4	1,610.9	1,610.9	1,680.6	1,754.3	1,781.3	1,829.6	1,898.1	1,963.3
9 Bank loans n.e.c.	759.9	863.6	934.1	1,040.5	1,040.5	1,047.9	1,097.6	1,120.6	1,148.8	1,165.2	1,178.4
10 Other loans and advances	669.6	736.9	770.4	839.5	839.5	863.5	873.1	886.8	913.8	947.5	945.8
11 Mortgages	4,374.2	4,579.4	4,866.8	5,165.2	5,165.2	5,273.3	5,379.7	5,504.0	5,650.3	5,784.1	5,939.2
12 Home	3,330.0	3,509.8	3,719.0	3,954.8	3,954.8	4,037.9	4,116.4	4,216.4	4,321.1	4,413.8	4,526.0
13 Multifamily residential	261.5	269.1	284.3	295.0	295.0	300.4	305.7	309.7	317.4	326.6	335.8
14 Commercial	699.8	716.0	776.4	825.1	825.1	843.6	864.6	883.6	915.3	946.3	977.7
15 Farm	83.0	84.6	87.1	90.3	90.3	91.3	93.0	94.4	96.5	97.4	99.7
16 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6	1,338.0
By borrowing sector											
17 Household	4,427.0	4,782.2	5,105.1	5,433.3	5,433.3	5,494.5	5,613.2	5,746.1	5,903.6	5,985.9	6,128.1
18 Nonfinancial business	3,972.9	4,245.2	4,527.1	4,903.5	4,903.5	5,052.6	5,209.2	5,311.1	5,428.0	5,619.2	5,740.7
19 Corporate	2,708.9	2,947.7	3,141.0	3,433.8	3,433.8	3,559.4	3,686.4	3,762.5	3,852.2	4,019.2	4,107.9
20 Nonfarm noncorporate	1,121.8	1,152.4	1,236.1	1,313.6	1,313.6	1,337.9	1,361.8	1,385.5	1,411.9	1,437.6	1,466.7
21 Farm	142.2	145.1	149.9	156.1	156.1	155.3	161.0	163.1	163.8	162.4	166.2
22 State and local government	1,121.7	1,070.2	1,063.4	1,119.5	1,119.5	1,144.3	1,170.8	1,178.8	1,199.8	1,223.2	1,238.2
23 **Foreign credit market debt held in United States**	**370.3**	**441.4**	**518.7**	**570.1**	**570.1**	**591.6**	**617.1**	**612.8**	**603.7**	**607.8**	**596.5**
24 Commercial paper	42.7	56.2	67.5	65.1	65.1	76.7	71.4	74.0	72.9	77.2	70.1
25 Bonds	242.3	291.9	347.7	394.9	394.9	405.6	435.4	428.6	420.0	420.2	415.4
26 Bank loans n.e.c.	26.1	34.6	43.7	52.1	52.1	53.4	55.5	56.4	58.9	59.1	60.5
27 Other loans and advances	59.3	58.8	59.8	58.0	58.0	55.9	54.8	53.8	52.0	51.3	50.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**13,384.2**	**14,175.8**	**14,996.0**	**15,831.2**	**15,831.2**	**16,113.8**	**16,359.2**	**16,568.9**	**16,887.3**	**17,195.8**	**17,355.2**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**3,822.2**	**4,278.8**	**4,827.7**	**5,446.8**	**5,446.8**	**5,670.1**	**5,926.8**	**6,195.5**	**6,515.6**	**6,809.7**	**7,073.6**
By instrument											
30 Federal government-related	2,172.7	2,376.8	2,608.3	2,821.1	2,821.1	2,878.0	2,981.4	3,121.7	3,292.0	3,434.1	3,580.8
31 Government-sponsored enterprise securities	700.6	806.5	896.9	995.3	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0
32 Mortgage pool securities	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,649.5	1,901.9	2,219.4	2,625.7	2,625.7	2,792.1	2,945.4	3,073.8	3,223.6	3,375.6	3,492.7
35 Open market paper	441.6	486.9	579.1	745.7	745.7	804.9	838.9	874.2	906.7	926.4	940.9
36 Corporate bonds	1,008.8	1,204.7	1,381.5	1,557.5	1,557.5	1,640.8	1,738.7	1,786.2	1,849.4	1,969.3	2,042.9
37 Bank loans n.e.c.	48.9	51.4	64.0	77.2	77.2	90.6	88.2	103.2	107.2	104.1	106.8
38 Other loans and advances	131.6	135.0	162.9	198.5	198.5	206.6	225.6	246.2	288.7	299.1	328.6
39 Mortgages	18.7	24.1	31.9	46.8	46.8	49.1	54.1	64.0	71.6	76.6	73.6
By borrowing sector											
40 Commercial banks	94.5	102.6	113.6	140.6	140.6	148.7	159.6	169.6	188.6	187.5	202.7
41 Bank holding companies	133.6	148.0	150.0	168.6	168.6	181.2	190.5	196.1	193.5	202.6	202.7
42 Savings institutions	112.4	115.0	140.5	160.3	160.3	162.9	170.7	186.6	212.4	226.9	241.6
43 Credit unions	.5	.4	.4	.6	.6	.7	.8	1.0	1.1	1.5	1.8
44 Life insurance companies	.6	.5	1.6	1.8	1.8	1.8	1.6	2.0	2.5	3.3	4.0
45 Government-sponsored enterprises	700.6	806.5	896.9	995.3	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0
46 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8
47 Issuers of asset-backed securities (ABSs)	570.1	712.5	866.4	1,078.2	1,078.2	1,142.9	1,230.4	1,307.0	1,394.6	1,463.8	1,542.9
48 Brokers and dealers	34.3	29.3	27.3	35.3	35.3	35.1	40.1	39.4	42.5	34.8	30.2
49 Finance companies	433.7	483.9	529.8	554.5	554.5	571.9	596.9	589.4	597.5	614.4	639.2
50 Mortgage companies	18.7	16.5	20.6	16.0	16.0	23.4	16.3	16.9	17.7	16.5	17.8
51 Real estate investment trusts (REITs)	40.0	44.6	56.5	96.1	96.1	111.9	128.0	147.8	158.8	165.2	160.3
52 Funding corporations	211.0	248.6	312.7	373.7	373.7	411.6	410.5	417.9	414.4	459.1	449.6
	All sectors										
53 **Total credit market debt, domestic and foreign**	**17,206.4**	**18,454.5**	**19,823.7**	**21,278.1**	**21,278.1**	**21,783.9**	**22,286.0**	**22,764.5**	**23,402.9**	**24,005.5**	**24,428.7**
54 Open market paper	623.5	700.4	803.0	979.4	979.4	1,074.8	1,112.7	1,165.1	1,172.6	1,227.6	1,243.3
55 U.S. government securities	5,665.0	6,013.6	6,390.0	6,626.0	6,626.0	6,708.7	6,730.3	6,841.9	7,044.3	7,193.8	7,232.5
56 Municipal securities	1,341.7	1,293.5	1,296.0	1,367.5	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0
57 Corporate and foreign bonds	2,504.0	2,840.7	3,189.6	3,563.3	3,563.3	3,727.0	3,928.3	3,996.0	4,098.9	4,287.6	4,421.6
58 Bank loans n.e.c.	834.9	949.6	1,041.7	1,169.8	1,169.8	1,191.9	1,241.3	1,280.3	1,314.9	1,328.3	1,345.6
59 Other loans and advances	860.5	930.6	993.1	1,095.9	1,095.9	1,126.1	1,153.6	1,186.8	1,254.4	1,297.8	1,324.8
60 Mortgages	4,393.0	4,603.4	4,898.7	5,212.0	5,212.0	5,322.4	5,433.7	5,568.0	5,721.9	5,860.7	6,012.7
61 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6	1,338.0

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

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1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1994	1995	1996	1997	1997	1998				1999r	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,206.4**	**18,455.1r**	**19,826.6r**	**21,282.8r**	**21,282.8r**	**21,789.0r**	**22,291.6r**	**22,770.5r**	**23,409.3r**	**24,021.3**	**24,458.8**
2 Domestic nonfederal nonfinancial sectors	2,988.8	2,857.4r	2,927.5r	2,815.9r	2,815.9r	2,798.2r	2,886.3r	2,919.9r	2,860.8r	2,926.3	2,966.3
3 Household	1,932.1	1,896.1r	2,014.5r	1,905.6r	1,905.6r	1,905.2r	1,958.8r	1,957.1r	1,849.2r	1,924.7	1,947.1
4 Nonfinancial corporate business	289.2	280.4	270.2	268.0	268.0	249.6	238.5r	244.4r	269.8r	247.0	249.2
5 Nonfarm noncorporate business	37.6	42.3	38.0	37.4	37.4	37.4	37.4	37.4	37.4	37.5	37.7
6 State and local governments	729.9	638.6	604.8	605.0	605.0	606.0	651.6	681.1	704.4	717.1	732.3
7 Federal government	202.9	202.7	195.3	200.4	200.4	204.3	207.5	210.9	213.9	218.2	219.8
8 Rest of the world	1,216.0	1,531.1	1,926.6	2,256.8	2,256.8	2,317.1	2,396.0	2,412.2	2,534.3	2,601.0	2,608.4
9 Financial sectors	12,798.8	13,863.9	14,777.2	16,009.8r	16,009.8r	16,469.4r	16,801.8r	17,227.5r	17,800.2r	18,275.9	18,664.2
10 Monetary authority	368.2	380.8	393.1	431.4	431.4	433.8	440.3	446.5	452.5	466.0	485.1
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	4,031.9	4,093.4	4,136.4	4,195.7	4,335.7	4,338.4	4,383.4
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.7	3,450.7	3,505.1	3,543.6	3,616.2	3,761.2	3,782.9	3,847.6
13 Foreign banking offices in United States	337.1	412.6	475.8	516.1	516.1	517.9	525.6	510.1	504.2	487.8	465.7
14 Bank holding companies	18.4	18.0	22.0	27.4	27.4	31.2	26.8	28.3	26.5	25.0	25.1
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	37.8	37.8	39.2	40.4	41.1	43.8	42.7	45.0
16 Savings institutions	920.8	913.3	933.2	928.5	928.5	931.3	930.8	939.3	964.8	990.8	1,011.4
17 Credit unions	246.8	263.0	288.5	305.3	305.3	306.7	315.1	320.5	324.2	330.2	341.0
18 Bank personal trusts and estates	248.0	239.7	232.0	207.0r	207.0r	204.3r	201.5r	197.5r	194.1r	192.2	190.1
19 Life insurance companies	1,487.5	1,587.5	1,657.0	1,751.1r	1,751.1r	1,777.3	1,793.2	1,810.6	1,828.0	1,853.7	1,874.7
20 Other insurance companies	446.4	468.7	491.2	515.3	515.3	521.1	520.8	518.8r	535.7	530.8	537.5
21 Private pension funds	660.9	716.9	769.2	834.7	834.7	853.4	885.9	909.8	953.4	968.5	1,006.0
22 State and local government retirement funds	497.4	531.0	568.2	632.0	632.0	648.9	668.5	684.9	697.0	716.3	726.5
23 Money market mutual funds	459.0	545.5	634.3	721.9	721.9	775.0	815.9	869.9	965.9	1,036.2	1,001.8
24 Mutual funds	718.8	771.3	820.2	901.1	901.1	940.0	979.1	1,005.9	1,025.9	1,050.8	1,084.0
25 Closed-end funds	86.0	96.4	101.1	98.3	98.3	99.4	100.5	101.7	102.8	103.9	105.0
26 Government-sponsored enterprises	663.3	750.0	807.9	902.2	902.2	951.4	989.4	1,055.4	1,163.0	1,201.9	1,267.0
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8
28 Asset-backed securities issuers (ABSs)	532.8	653.4	777.0	939.3	939.3	989.2	1,068.9	1,134.2	1,216.0	1,280.4	1,359.7
29 Finance companies	476.2	526.2	544.5	566.4	566.4	572.0	579.0	592.7	618.4	639.9	660.9
30 Mortgage companies	36.5	33.0	41.2	32.1	32.1	46.8	32.7	33.8	35.3	33.0	35.6
31 Real estate investment trusts (REITs)	24.6	26.0	30.4	50.6	50.6	57.0	58.5	55.7	45.5	45.9	45.3
32 Brokers and dealers	93.3	183.4	167.7	182.6	182.6	244.0	198.3	217.5	165.2	211.4	163.6
33 Funding corporations	106.0	87.4	101.4	152.3r	152.3r	177.5r	178.3r	161.6r	158.5r	173.3	202.7
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,206.4**	**18,455.1r**	**19,826.6r**	**21,282.8r**	**21,282.8r**	**21,789.0r**	**22,291.6r**	**22,770.5r**	**23,409.3r**	**24,021.3**	**24,458.8**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	48.9	48.2	50.1	54.5	60.1	53.6	50.9
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	8.2	8.2
37 Treasury currency	17.6	18.2	18.3	18.3	18.3	18.4	18.4	18.8	18.3	18.3	18.8
38 Foreign deposits	373.9	418.8	516.1	618.8	618.8	607.2	630.4	651.7	639.9	671.8	696.6
39 Net interbank liabilities	280.1	290.7	240.8	219.4	219.4	179.6	189.2r	198.7	187.7	180.4	201.7
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.6	1,286.6	1,259.2	1,320.7	1,282.3	1,334.2	1,311.4	1,354.1
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,474.1	2,474.1	2,525.4	2,531.0	2,553.8	2,626.5	2,637.6	2,644.6
42 Large time deposits	411.2	476.9	590.9	713.4	713.4	760.9	754.0	776.5	805.5	804.3	809.0
43 Money market fund shares	602.9	745.3	891.1	1,048.7	1,048.7	1,130.7	1,153.7	1,249.7	1,334.2	1,416.0	1,398.1
44 Security repurchase agreements	549.5	660.0	701.5	822.4	822.4	889.3	861.5	918.9	875.0	980.3	974.2
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	2,989.4	2,989.4	3,339.3	3,438.4	3,137.3	3,610.5	3,758.4	4,049.4
46 Security credit	279.0	305.7	358.1	469.1	469.1	505.3	540.6	579.0	577.4	552.7	587.9
47 Life insurance reserves	520.3	566.2	610.6	665.0	665.0	677.3	690.6	703.5	718.3	730.9	745.8
48 Pension fund reserves	4,948.1	5,767.8	6,642.5	7,894.4	7,894.4	8,583.1	8,730.8	8,194.6	9,160.7	9,258.8	9,711.7
49 Trade payables	1,569.1r	1,698.0r	1,812.8r	1,938.6r	1,938.6r	1,940.8r	1,933.9r	1,954.5r	1,970.2r	1,981.2	2,039.6
50 Taxes payable	101.4	107.6	123.6	140.4	140.4	151.7	144.6r	155.0r	152.9r	159.7	161.5
51 Investment in bank personal trusts	699.4	803.0	871.7	942.5r	942.5r	1,002.7r	999.8r	908.6r	1,001.0r	1,012.5	1,059.8
52 Miscellaneous	5,287.2	5,634.7	6,098.8	6,666.5r	6,666.5r	6,741.0r	6,791.2r	7,013.1r	7,053.7r	7,074.2	7,158.2
53 **Total liabilities**	**37,810.1r**	**41,383.6r**	**45,331.1r**	**50,248.3r**	**50,248.3r**	**52,158.3r**	**53,079.8r**	**53,130.2r**	**55,544.5r**	**56,631.7**	**58,128.9**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	21.1	21.2	21.0	21.2	21.6	20.7	20.8
55 Corporate equities	6,333.3r	8,495.7r	10,255.8r	13,181.4r	13,181.4r	14,842.1r	14,987.0r	13,121.2r	15,413.4r	15,893.6	17,018.0
56 Household equity in noncorporate business	3,404.9r	3,640.4r	3,833.3r	4,171.8r	4,171.8r	4,213.6r	4,284.7r	4,331.3r	4,395.3r	4,405.1	4,489.9
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.7	−7.3	−7.3	−7.4	−7.4	−7.2	−8.0	−8.4	−8.2
58 Foreign deposits	325.4	360.2	431.4	534.0	534.0	510.1	547.6r	565.1r	547.2r	562.8	583.9
59 Net interbank transactions	−6.5	−9.0	−10.6	−32.2	−32.2	−21.2	−17.1	−15.4	−27.0	−11.3	−10.6
60 Security repurchase agreements	66.2	86.4	90.9	153.1	153.1	187.4	140.9	175.2	168.4	263.5	279.8
61 Taxes payable	48.8	62.4	76.7	93.5	93.5	89.6	95.8r	102.2r	103.5r	90.7	111.3
62 Miscellaneous	−641.6r	−1,011.4r	−1,339.6r	−1,668.9r	−1,668.9r	−1,868.2r	−1,929.2r	−2,015.4r	−2,319.9r	−2,436.0	−2,588.2
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−8.1	−10.4	−16.1	−12.0	−3.9	−7.2	−12.4
64 Other checkable deposits	38.0	34.2	30.1	26.2	26.2	21.4	24.2	15.7	23.1	18.9	22.1
65 Trade credit	182.6r	198.2r	176.7r	199.5r	199.5r	163.5r	119.4r	99.1r	168.0r	129.2	108.7
66 **Total identified to sectors as assets**	**47,558.3r**	**53,823.6r**	**59,994.4r**	**68,332.7r**	**68,332.7r**	**72,170.3r**	**73,414.4r**	**71,696.7r**	**76,723.3r**	**78,348.9**	**81,171.0**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.1 and L.5. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

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2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1996	1997	1998	1999 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]
1 **Industrial production**[1]	**119.4**	**127.1**	**132.4**	**135.1**	**135.5**	**136.2**	**136.6**	**137.4**	**137.7**	**138.0**	**139.1**	**139.5**
Market groupings												
2 Products, total	114.2	119.6	123.7	126.0	126.2	126.8	126.8	126.9	127.6	127.5	128.8	129.0
3 Final, total	115.3	121.1	125.4	127.3	127.6	128.2	128.3	128.6	129.5	129.0	130.6	130.8
4 Consumer goods	112.4	115.1	116.2	116.7	116.5	116.8	117.0	116.8	117.6	116.9	118.8	118.9
5 Equipment	120.4	132.1	142.7	145.9	147.0	148.4	148.3	149.3	150.5	150.3	151.3	151.7
6 Intermediate	110.8	115.3	118.8	121.6	121.7	122.3	121.7	121.5	121.7	122.6	123.4	123.4
7 Materials	127.8	139.0	146.5	150.3	150.8	151.7	153.1	155.0	154.6	155.6	156.3	157.3
Industry groupings												
8 Manufacturing	121.3	130.1	136.4	139.7	140.2	141.0	141.4	142.0	142.5	142.9	144.0	144.6
9 Capacity utilization, manufacturing (percent)[2]	81.5	82.4	80.9	79.6	79.5	79.7	79.6	79.7	79.7	79.7	80.0	80.1
10 Construction contracts[3]	130.9[r]	143.3	157.5	167.0[r]	173.0[r]	176.0[r]	179.0[r]	175.0[r]	161.0	167.0	168.0	162.0
11 Nonagricultural employment, total[4]	117.3	120.3	123.4	125.4	125.7	125.7	126.0	126.3	126.5	126.6	126.8	127.1
12 Goods-producing, total	2.4	2.4	2.3	102.5	102.5	102.1	102.1	102.3	101.9	102.1	102.1	102.3
13 Manufacturing, total	97.4	98.2	98.5	97.4	97.2	97.0	96.8	97.1	96.7	96.7	96.6	96.6
14 Manufacturing, production workers	98.6	99.6	99.6	98.2	98.0	97.8	97.5	98.0	97.4	97.4	97.4	97.4
15 Service-producing	123.1	126.5	130.1	132.7	133.1	133.2	133.6	134.0	134.3	134.4	134.7	135.0
16 Personal income, total	165.2	175.4	185.7	193.2	194.1	194.9	196.4	197.0	197.9	198.1	200.6	201.5
17 Wages and salary disbursements	159.7	171.3	184.4	193.2	194.3	195.2	196.3	197.8	198.6	199.5	200.7	201.3
18 Manufacturing	135.6	144.6	152.4	154.4	155.1	155.9	156.8	158.2	158.0	158.6	159.5	158.3
19 Disposable personal income[5]	164.1	172.9	181.7	188.8	189.7	190.3	191.8	192.1	193.4	193.0	195.8	196.6
20 Retail sales[5]	162.5	170.1	178.5	189.8	190.9	192.8	192.6	194.5	197.1	197.1	197.8	199.5
Prices[6]												
21 Consumer (1982–84=100)	156.9	160.5	163.0	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3
22 Producer finished goods (1982=100)	131.3	131.8	130.7	131.1	131.9	132.4	132.7	132.9	133.7	134.8	135.0	135.0

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1999. The recent annual revision will be described in an article in the February 2000 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from the U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1996	1997	1998	1999 Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	133,943	136,297	137,673	139,091	139,019	139,408	139,254	139,264	139,386	139,662	139,827
Employment											
2 Nonagricultural industries[3]	123,264	126,159	128,085	129,685	129,929	130,078	130,015	130,192	130,413	130,693	130,781
3 Agriculture	3,443	3,399	3,378	3,384	3,295	3,354	3,292	3,219	3,137	3,203	3,304
Unemployment											
4 Number	7,236	6,739	6,210	6,022	5,795	5,975	5,947	5,853	5,836	5,766	5,743
5 Rate (percent of civilian labor force)	5.4	4.9	4.5	4.3	4.2	4.3	4.3	4.2	4.2	4.1	4.1
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**119,608**	**122,690**	**125,833**	**128,134**	**128,162**	**128,443**	**128,816**	**128,945**	**129,048**	**129,311**	**129,545**
7 Manufacturing	18,495	18,657	18,716	18,473	18,429	18,396	18,449	18,378	18,366	18,352	18,350
8 Mining	580	592	575	538	531	526	528	524	527	528	528
9 Contract construction	5,418	5,686	5,965	6,277	6,239	6,258	6,270	6,246	6,293	6,313	6,368
10 Transportation and public utilities	6,253	6,395	6,551	6,750	6,758	6,781	6,799	6,813	6,831	6,840	6,855
11 Trade	28,079	28,659	29,299	29,689	29,725	29,789	29,915	29,919	29,903	29,940	29,947
12 Finance	6,911	7,091	7,341	7,611	7,621	7,636	7,647	7,650	7,653	7,667	7,675
13 Service	34,454	36,040	37,525	38,697	38,782	38,952	39,055	39,205	39,257	39,429	39,549
14 Government	19,419	19,570	19,862	20,099	20,077	20,105	20,153	20,210	20,218	20,242	20,273

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

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2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1992=100) 1998 Q4	Output 1999 Q1	Output 1999 Q2	Output 1999 Q3[r]	Capacity (percent of 1992 output) 1998 Q4	Capacity 1999 Q1	Capacity 1999 Q2	Capacity 1999 Q3	Capacity utilization rate (percent)[2] 1998 Q4	Utilization 1999 Q1	Utilization 1999 Q2	Utilization 1999 Q3[r]
1 **Total industry**	**133.9**	**134.6**	**136.1**	**137.7**	**165.3**	**167.3**	**169.2**	**170.7**	**81.0**	**80.4**	**80.5**	**80.7**
2 Manufacturing	138.3	139.2	140.9	142.5	172.5	174.8	176.9	178.7	80.2	79.6	79.6	79.7
3 Primary processing[3]	121.1	122.2	122.5	123.4	146.4	147.4	148.2	149.0	82.8	82.9	82.7	82.8
4 Advanced processing[4]	147.4	148.1	150.5	152.5	185.6	188.6	191.4	193.7	79.4	78.5	78.6	78.7
5 Durable goods	165.8	167.1	170.8	174.4	206.0	210.3	214.2	217.6	80.5	79.5	79.8	80.2
6 Lumber and products	120.7	122.2	122.5	120.4	144.2	145.3	146.3	147.4	83.7	84.1	83.7	81.7
7 Primary metals	121.8	122.3	125.1	128.5	146.5	147.6	148.5	149.3	83.2	82.9	84.2	86.1
8 Iron and steel	114.9	116.9	121.4	126.4	146.9	148.5	150.0	151.3	78.3	78.7	80.9	83.5
9 Nonferrous	130.4	129.1	129.6	131.2	146.0	146.5	146.8	147.0	89.3	88.1	88.3	89.3
10 Industrial machinery and equipment	215.6	221.3	227.9	232.3	256.5	265.7	275.5	285.3	84.1	83.3	82.7	81.4
11 Electrical machinery	341.6	349.4	374.6	400.7	438.8	461.8	482.0	498.5	77.9	75.7	77.7	80.4
12 Motor vehicles and parts	148.7	147.5	150.6	153.3	184.6	184.8	184.8	184.9	80.6	79.8	81.5	82.9
13 Aerospace and miscellaneous transportation equipment	102.4	98.9	95.9	94.0	126.6	126.8	126.6	126.2	80.9	78.0	75.7	74.5
14 Nondurable goods	111.3	111.8	111.6	111.5	138.5	139.1	139.5	139.9	80.3	80.4	80.0	79.7
15 Textile mill products	106.7	109.6	111.1	111.7	131.4	131.4	131.5	131.6	81.2	83.4	84.5	84.9
16 Paper and products	114.5	115.8	115.1	116.1	133.0	133.8	134.5	135.3	86.1	86.6	85.6	85.8
17 Chemicals and products	115.1	115.9	116.3	117.0	149.5	150.0	150.4	150.7	77.0	77.3	77.3	77.6
18 Plastics materials	123.5	122.9	123.5	124.2	134.6	135.9	137.2	138.4	91.7	90.4	90.0	89.7
19 Petroleum products	114.0	116.3	114.1	114.6	121.1	121.8	122.2	122.7	94.1	95.6	93.3	93.4
20 Mining	100.4	97.6	97.1	98.2	120.4	120.4	120.3	120.2	83.3	81.1	80.7	81.7
21 Utilities	113.0	114.6	116.6	118.2	126.5	126.9	127.3	127.8	89.3	90.3	91.6	92.5
22 Electric	116.5	116.6	118.9	120.5	124.3	124.7	125.2	125.6	93.7	93.5	95.0	95.9

Capacity utilization rate (percent)[2]

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1998 Nov.	1999 June	1999 July	1999 Aug.[r]	1999 Sept.[r]	1999 Oct.	1999 Nov.[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**80.9**	**80.5**	**80.7**	**80.7**	**80.6**	**81.0**	**81.0**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	80.2	79.6	79.7	79.7	79.7	80.0	80.1
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	82.6	82.7	82.9	82.8	82.8	83.0	83.3
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.4	78.6	78.6	78.8	78.7	79.1	79.1
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	80.3	79.9	80.3	80.2	80.0	80.1	80.1
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	83.1	83.3	82.7	81.6	80.9	81.4	81.6
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	82.2	85.6	85.9	86.8	85.6	86.2	88.1
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	76.3	82.8	83.7	84.4	82.6	83.3	87.0
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	89.6	89.1	88.6	89.9	89.3	89.8	89.5
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	84.0	81.8	81.5	81.1	81.6	81.8	81.2
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	77.9	78.7	80.9	80.5	79.7	80.2	80.2
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	80.1	82.7	82.3	82.3	84.1	83.7	84.6
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	80.8	75.2	74.9	75.0	73.4	71.9	70.7
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	80.5	79.7	79.4	79.7	79.9	80.5	80.7
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	81.5	84.2	85.3	84.8	84.4	86.7	85.8
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	84.8	85.9	85.2	85.6	86.6	86.5	86.5
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.7	77.3	76.9	78.1	77.8	78.5	79.1
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	93.9	89.5	90.9	87.8	90.5	90.9	91.1
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	94.8	92.6	93.9	93.0	93.3	94.6	92.6
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	84.2	80.7	81.3	81.9	81.9	82.6	83.2
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	87.6	92.1	93.9	92.2	91.4	93.0	90.8
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	92.2	95.5	97.7	95.5	94.5	96.6	94.9

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1999. The recent annual revision will be described in an article in the February 2000 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment; instruments; and miscellaneous manufactures.

5. Monthly highs, 1978–80; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1998 avg.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.[r]	1999 Sept.[r]	1999 Oct.	1999 Nov.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**132.4**	**133.8**	**133.8**	**134.1**	**134.5**	**135.1**	**135.5**	**136.2**	**136.6**	**137.4**	**137.7**	**138.0**	**139.1**	**139.5**
2 Products	60.5	123.7	125.1	124.9	125.4	125.8	126.0	126.2	126.8	126.8	126.9	127.6	127.5	128.8	129.0
3 Final products	46.3	125.4	126.8	126.0	126.6	127.3	127.3	127.6	128.2	128.3	128.6	129.5	129.0	130.6	130.8
4 Consumer goods, total	29.1	116.2	115.6	115.1	116.3	117.2	116.7	116.5	116.8	117.0	116.8	117.6	116.9	118.8	118.9
5 Durable consumer goods	6.1	142.7	145.4	146.0	149.1	150.9	149.9	152.0	152.8	154.0	153.4	155.5	153.5	156.4	156.0
6 Automotive products	2.6	134.7	142.0	141.7	143.7	142.0	140.0	142.0	145.4	147.4	143.7	150.6	145.5	147.4	147.4
7 Autos and trucks	1.7	138.4	150.2	148.2	149.4	148.7	147.0	149.0	153.2	157.5	148.9	162.9	152.8	155.1	154.4
8 Autos, consumer	.9	109.7	113.7	115.5	111.7	109.0	110.8	112.8	108.8	112.4	107.2	114.2	114.3	114.7	107.4
9 Trucks, consumer	.7	167.4	183.2	179.1	185.2	187.2	182.5	185.7	197.2	202.0	184.0	208.9	189.8	196.8	203.5
10 Auto parts and allied goods	.9	128.6	129.9	131.8	134.8	131.8	129.3	131.4	133.6	132.5	135.3	132.8	134.4	135.7	136.6
11 Other	3.5	149.0	147.3	148.8	152.8	158.0	157.8	160.0	158.3	158.8	161.1	158.7	159.6	163.5	162.6
12 Appliances, televisions, and air conditioners	1.0	262.8	273.3	283.5	299.7	320.0	317.6	325.8	311.1	319.0	329.9	319.0	326.3	353.8	345.4
13 Carpeting and furniture	.8	117.9	117.7	115.9	121.1	122.8	119.6	120.2	121.0	121.0	124.1	122.1	124.0	124.4	124.5
14 Miscellaneous home goods	1.6	115.2	110.1	111.0	111.0	113.6	115.7	116.9	117.2	116.2	115.9	115.4	114.3	114.6	114.9
15 Nondurable consumer goods	23.0	109.9	108.6	107.9	108.7	109.3	108.9	108.3	108.4	108.4	108.3	108.9	108.5	110.1	110.3
16 Foods and tobacco	10.3	108.6	108.4	107.2	108.4	109.4	108.4	107.8	107.7	107.3	106.7	106.5	106.1	107.5	108.8
17 Clothing	2.4	95.2	91.3	91.3	91.7	92.0	91.3	91.8	90.2	90.2	89.2	90.1	90.1	90.7	90.4
18 Chemical products	4.5	120.9	122.0	120.2	119.7	122.8	121.6	118.7	120.5	120.2	119.4	122.7	120.9	122.7	124.0
19 Paper products	2.9	105.6	103.4	102.8	101.5	100.4	98.8	99.9	100.3	101.5	102.0	103.2	104.5	106.2	105.2
20 Energy	2.9	112.6	106.3	108.6	113.1	109.9	115.4	115.1	114.7	115.3	118.6	116.6	116.4	118.8	114.5
21 Fuels	.8	110.5	109.6	110.1	112.2	113.4	110.7	111.5	110.9	109.9	111.1	110.0	112.0	114.3	110.1
22 Residential utilities	2.1	113.1	104.7	107.6	113.3	108.2	117.2	116.4	116.1	117.4	121.7	119.3	117.9	120.4	116.1
23 Equipment	17.2	142.7	146.3	145.2	144.6	144.9	145.9	147.0	148.4	148.3	149.3	150.5	150.3	151.3	151.7
24 Business equipment	13.2	161.2	167.0	166.3	165.9	166.3	167.5	169.4	171.2	171.2	172.6	173.9	173.8	174.9	175.4
25 Information processing and related	5.4	205.7	219.4	220.9	223.0	224.5	229.2	236.9	244.3	248.2	253.8	259.9	261.0	266.3	268.8
26 Computer and office equipment	1.1	526.9	642.8	657.8	677.5	703.1	736.1	773.0	805.8	830.2	851.9	892.8	926.9	957.0	977.1
27 Industrial	4.0	139.0	138.1	138.6	137.0	135.8	135.2	136.0	135.3	133.7	135.4	133.6	133.8	135.3	134.4
28 Transit	2.5	130.0	137.2	134.8	132.8	131.2	129.5	129.4	128.9	128.2	127.5	128.1	124.6	121.0	120.3
29 Autos and trucks	1.2	123.3	133.8	131.0	130.9	128.9	129.0	130.7	131.2	132.2	131.2	135.3	132.0	130.6	133.4
30 Other	1.3	139.8	139.7	133.0	132.6	139.9	143.0	135.7	134.0	130.2	123.8	123.2	126.3	125.3	128.0
31 Defense and space equipment	3.3	75.4	75.8	75.2	75.0	75.4	75.6	75.1	75.2	74.6	74.5	74.7	73.6	73.8	72.9
32 Oil and gas well drilling	.6	134.6	116.0	105.2	99.8	97.4	100.8	97.2	99.8	100.1	102.0	107.1	111.3	115.7	120.8
33 Manufactured homes	.2	166.3	171.2	172.5	173.3	169.2	168.8	164.7	161.3	158.9	151.5	151.3	144.4	145.0	147.0
34 Intermediate products, total	14.2	118.8	120.0	121.1	121.4	121.3	121.6	121.7	122.3	121.7	121.5	121.7	122.6	123.4	123.4
35 Construction supplies	5.3	128.0	130.3	132.2	133.3	132.5	131.7	131.3	132.9	132.6	133.2	132.9	134.0	135.0	136.0
36 Business supplies	8.9	113.4	113.9	114.5	114.3	114.7	115.6	116.1	116.1	115.3	114.6	115.1	115.8	116.4	115.8
37 Materials	39.5	146.5	147.9	148.5	148.2	148.7	150.3	150.8	151.7	153.1	155.0	154.6	155.6	156.3	157.3
38 Durable goods materials	20.8	182.1	187.7	189.2	188.8	189.2	191.9	193.1	194.3	197.2	200.3	199.9	202.2	202.5	204.9
39 Durable consumer parts	4.0	146.2	145.5	147.2	145.4	148.4	149.9	147.7	148.4	150.5	153.9	147.2	155.8	153.8	155.7
40 Equipment parts	7.6	295.6	319.6	322.1	323.1	324.4	331.5	340.5	345.0	355.2	364.6	369.0	371.0	374.8	379.8
41 Other	9.2	130.2	130.3	131.2	130.8	129.8	130.9	130.4	130.4	130.6	131.1	131.6	131.1	131.2	132.5
42 Basic metal materials	3.1	122.8	118.6	119.3	119.1	116.8	119.8	120.1	119.9	122.6	122.8	123.3	121.9	123.4	126.1
43 Nondurable goods materials	8.9	112.7	111.8	111.7	111.3	112.4	112.7	112.8	113.8	114.2	114.5	114.4	114.8	115.7	115.9
44 Textile materials	1.1	106.9	102.7	101.8	96.5	100.2	101.2	101.8	101.8	101.2	101.2	101.1	100.4	102.2	100.8
45 Paper materials	1.8	115.7	112.8	114.4	116.1	115.6	116.3	116.5	115.3	117.7	116.3	116.3	118.9	118.5	118.5
46 Chemical materials	3.9	112.9	112.7	111.3	111.6	112.8	113.6	114.2	116.0	116.9	117.7	117.4	117.6	118.5	119.1
47 Other	2.1	112.4	113.7	114.6	113.4	114.4	113.3	111.9	114.2	112.0	113.0	113.2	112.5	114.5	114.5
48 Energy materials	9.7	103.1	102.1	101.6	101.8	101.7	102.4	102.2	102.2	101.6	102.9	102.3	101.7	102.7	102.0
49 Primary energy	6.3	101.0	100.4	98.8	99.1	99.1	99.1	97.3	98.3	98.9	100.2	100.3	99.6	100.3	99.9
50 Converted fuel materials	3.3	107.8	105.3	107.0	106.8	106.7	108.9	111.7	109.9	106.8	108.0	106.1	105.7	107.3	106.0
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	132.4	133.6	133.7	133.9	134.4	135.1	135.4	136.1	136.4	137.3	137.4	137.9	139.0	139.4
52 Total excluding motor vehicles and parts	95.1	131.9	133.1	133.2	133.5	133.9	134.6	134.9	135.6	135.9	136.7	137.1	137.1	138.4	138.7
53 Total excluding computer and office equipment	98.2	128.1	128.8	128.7	128.8	129.1	129.5	129.7	130.2	130.6	131.2	131.4	131.4	132.4	132.7
54 Consumer goods excluding autos and trucks	27.4	115.0	113.8	113.4	114.6	115.5	115.1	114.8	114.8	114.8	115.0	115.2	115.0	116.8	117.0
55 Consumer goods excluding energy	26.2	116.7	116.7	115.9	116.7	118.0	116.9	116.7	117.0	117.2	116.6	117.7	117.0	118.8	119.4
56 Business equipment excluding autos and trucks	12.0	165.6	170.8	170.3	169.9	170.6	171.9	173.8	175.7	175.7	177.4	178.3	178.5	180.0	180.2
57 Business equipment excluding computer and office equipment	12.1	142.6	144.8	143.7	142.7	142.4	142.6	143.4	144.2	143.6	144.4	144.6	143.6	143.9	143.9
58 Materials excluding energy	29.8	160.2	162.4	163.3	162.9	163.6	165.5	166.3	167.4	169.5	171.6	171.3	172.9	173.5	175.0

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC code[2]	1992 proportion	1998 avg.	1998 Nov.	1998 Dec.	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**132.4**	**133.8**	**133.8**	**134.1**	**134.5**	**135.1**	**135.5**	**136.2**	**136.6**	**137.4**	**137.7**	**138.0**	**139.1**	**139.5**
60 Manufacturing	...	85.4	136.4	138.3	138.4	138.6	139.3	139.7	140.2	141.0	141.4	142.0	142.5	142.9	144.0	144.6
61 Primary processing	...	26.5	121.2	120.8	121.9	122.2	122.1	122.4	122.2	122.5	122.7	123.3	123.4	123.6	124.2	124.8
62 Advanced processing	...	58.9	144.0	147.5	147.2	147.2	148.4	148.8	149.6	150.7	151.2	151.8	152.6	153.0	154.4	155.1
63 Durable goods	...	45.0	160.7	165.4	166.2	166.3	166.8	168.1	169.4	170.8	172.2	173.8	174.4	174.9	176.1	177.0
64 Lumber and products	24	2.0	118.5	119.9	122.5	122.6	122.3	121.7	121.5	123.9	122.2	121.5	120.2	119.6	120.5	121.1
65 Furniture and fixtures	25	1.4	122.0	123.7	123.3	122.7	124.6	125.8	123.8	124.4	124.4	125.7	126.4	127.9	126.8	126.2
66 Stone, clay, and glass products	32	2.1	126.8	130.1	131.8	133.1	132.2	130.8	128.8	128.5	127.8	129.3	130.2	129.7	130.6	132.3
67 Primary metals	33	3.1	125.6	120.5	122.5	122.9	120.1	124.0	123.9	123.9	127.4	128.0	129.6	128.0	129.1	132.3
68 Iron and steel	331,2	1.7	122.6	112.1	116.5	118.1	114.6	118.1	119.4	120.1	124.5	126.2	127.6	125.3	126.7	132.7
69 Raw steel	331PT	.1	115.3	101.6	102.7	106.8	106.8	108.3	109.3	111.4	110.7	111.1	115.9	112.4	121.8	127.2
70 Nonferrous	333–6,9	1.4	129.4	130.9	130.0	128.9	127.0	131.4	129.4	128.6	130.8	130.2	132.1	131.3	132.1	131.8
71 Fabricated metal products	34	5.0	128.8	128.6	129.8	129.0	128.4	128.5	128.0	127.2	128.3	128.6	128.5	128.3	128.4	128.7
72 Industrial machinery and equipment	35	8.0	206.4	215.3	216.6	217.5	221.7	224.6	227.0	228.4	228.2	230.0	231.4	235.4	239.0	240.3
73 Computer and office equipment	357	1.8	675.1	805.3	832.2	868.1	907.1	947.6	987.5	1,021.6	1,048.2	1,075.1	1,123.7	1,167.5	1,206.7	1,232.9
74 Electrical machinery	36	7.3	315.1	341.7	344.8	346.7	347.5	354.0	366.4	373.3	384.2	399.2	401.3	401.5	408.2	412.8
75 Transportation equipment	37	9.5	121.6	124.9	123.9	122.7	123.2	122.6	122.1	122.8	123.5	122.9	122.9	123.3	121.9	121.9
76 Motor vehicles and parts	371	4.9	141.7	148.0	147.1	146.5	147.8	148.1	148.4	150.6	152.9	152.2	152.2	155.6	154.9	156.6
77 Autos and light trucks	371PT	2.6	127.8	138.1	136.4	136.5	135.0	134.0	135.7	138.3	142.0	135.8	146.8	139.4	140.7	141.1
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	101.7	102.3	101.2	99.4	99.3	97.9	96.5	96.0	95.2	94.7	94.7	92.6	90.5	89.0
79 Instruments	38	5.4	112.6	113.0	112.8	113.3	112.9	113.7	115.1	116.7	117.0	117.2	117.7	116.9	118.5	118.5
80 Miscellaneous	39	1.3	122.0	119.5	120.8	120.6	121.8	122.9	124.2	125.5	124.5	125.2	125.2	125.1	125.5	124.7
81 Nondurable goods	...	40.4	111.6	111.6	111.1	111.3	112.3	111.8	111.5	111.9	111.3	111.0	111.5	111.8	112.8	113.2
82 Foods	20	9.4	109.3	110.9	110.3	111.0	111.4	110.9	110.6	110.6	110.0	108.9	108.9	109.4	110.4	111.4
83 Tobacco products	21	1.6	106.2	96.0	91.1	94.8	99.2	95.4	94.1	95.4	94.5	96.0	94.8	90.9	93.6	95.9
84 Textile mill products	22	1.8	110.9	107.0	106.4	108.0	110.5	110.1	111.4	110.9	110.8	112.3	111.7	111.2	114.3	113.0
85 Apparel products	23	2.2	96.6	93.3	93.2	92.3	92.2	91.8	92.4	91.2	90.7	89.8	89.2	89.0	89.4	89.0
86 Paper and products	26	3.6	114.9	112.8	114.9	115.7	115.9	115.9	115.0	114.6	115.7	115.0	115.8	117.4	117.6	117.8
87 Printing and publishing	27	6.7	105.1	105.1	105.3	104.3	104.3	103.7	104.2	104.1	103.5	102.8	103.6	104.7	106.0	105.4
88 Chemicals and products	28	9.9	115.1	116.2	114.7	114.5	116.6	116.8	115.6	117.0	116.3	115.8	117.7	117.3	118.5	119.5
89 Petroleum products	29	1.4	113.3	114.8	114.8	117.2	117.0	114.9	114.6	114.2	113.4	115.1	114.1	114.6	116.2	113.9
90 Rubber and plastic products	30	3.5	133.2	134.9	135.6	135.4	135.6	135.8	136.2	137.4	136.4	138.0	137.6	139.2	137.9	138.6
91 Leather and products	31	.3	77.1	75.1	73.2	71.9	71.5	71.3	70.6	70.9	71.3	69.1	70.2	69.4	68.6	68.9
92 Mining	...	6.9	103.8	101.5	98.1	98.0	97.4	97.5	96.7	97.4	97.1	97.8	98.5	98.4	99.2	99.9
93 Metal	10	.5	109.1	109.4	106.6	102.9	101.3	98.5	100.5	100.2	98.9	96.2	93.0	92.8	93.1	95.8
94 Coal	12	1.0	109.7	112.4	109.2	107.7	108.9	103.9	107.3	106.1	107.0	110.0	110.7	109.4	108.8	110.0
95 Oil and gas extraction	13	4.8	99.5	94.7	91.5	91.2	90.7	92.1	90.8	91.8	91.4	92.3	93.2	93.0	93.9	94.2
96 Stone and earth minerals	14	.6	123.4	128.9	124.1	129.4	127.1	126.6	121.8	123.9	123.3	120.5	123.0	125.5	127.6	129.4
97 Utilities	...	7.7	114.4	110.8	112.5	114.5	112.6	116.8	116.3	116.1	117.4	119.8	117.8	116.9	119.2	116.4
98 Electric	491,493PT	6.2	116.9	114.7	115.9	115.8	114.9	119.1	118.6	118.4	119.6	122.6	120.0	118.9	121.6	119.7
99 Gas	492,493PT	1.6	103.2	93.3	97.5	108.8	102.5	106.4	105.7	105.8	107.5	107.4	108.2	108.0	108.0	101.4
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	136.1	137.8	138.0	138.2	138.9	139.3	139.8	140.5	140.8	141.4	142.0	142.2	143.4	144.0
101 Manufacturing excluding computer and office equipment	...	83.6	131.4	132.5	132.5	132.4	133.0	133.1	133.4	134.1	134.3	134.8	135.1	135.3	136.2	136.7
102 Computers, communications equipment, and semiconductors	...	5.9	563.8	645.5	656.4	665.0	676.0	700.3	731.6	753.3	780.5	812.1	830.4	842.3	858.9	876.6
103 Manufacturing excluding computers and semiconductors	...	81.1	120.4	120.7	120.7	120.6	121.1	121.0	120.9	121.3	121.2	121.3	121.6	121.7	122.4	122.8
104 Manufacturing excluding computers, communications equipment, and semiconductors	...	79.5	118.5	118.8	118.7	118.6	119.1	118.9	118.7	119.1	118.9	118.9	119.1	119.2	120.0	120.3
				Gross value (billions of 1992 dollars, annual rates)												
Major Markets																
105 **Products, total**	...	**2,001.9**	**2,644.3**	**2,677.2**	**2,674.9**	**2,693.7**	**2,699.9**	**2,701.8**	**2,710.2**	**2,721.9**	**2,723.6**	**2,726.1**	**2,742.0**	**2,738.4**	**2,768.8**	**2,764.3**
106 Final	...	1,552.1	2,037.0	2,064.3	2,056.0	2,072.5	2,079.5	2,080.1	2,087.2	2,095.3	2,100.3	2,102.8	2,118.5	2,110.8	2,137.4	2,133.1
107 Consumer goods	...	1,049.6	1,271.0	1,270.5	1,267.6	1,286.4	1,292.3	1,287.9	1,288.4	1,290.1	1,295.1	1,292.4	1,301.3	1,295.2	1,316.9	1,309.8
108 Equipment	...	502.5	767.0	795.1	789.6	787.0	788.1	793.3	800.1	806.7	806.7	812.3	819.0	817.7	822.1	825.3
109 Intermediate	...	449.9	606.1	611.7	617.5	619.9	619.1	620.4	621.7	625.2	622.1	622.0	622.4	626.3	630.3	630.0

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1999. The recent annual revision will be described in an article in the February 2000 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Standard industrial classification.

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2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1996	1997	1998	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,426	1,441	1,604	1,778	1,738	1,654	1,572	1,591	1,641	1,641	1,619	1,506	1,594
2 One-family	1,070	1,062	1,184	1,275	1,306	1,242	1,214	1,243	1,241	1,247	1,210	1,171	1,178
3 Two-family or more	356	379	421	503	432	412	358	348	400	394	409	335	416
4 Started	1,477	1,474	1,617	1,820	1,752	1,746	1,577	1,668	1,607	1,680	1,655	1,637^{r}	1,637
5 One-family	1,161	1,134	1,271	1,393	1,380	1,394	1,260	1,389	1,305	1,332	1,289	1,295^{r}	1,340
6 Two-family or more	316	340	346	427	372	352	317	279	302	348	366	342^{r}	297
7 Under construction at end of period[1]	819	834	935	1,011	1,032	1,036	1,031	1,029	1,017	1,021	1,026^{r}	1,023^{r}	1,020
8 One-family	584	570	638	697	712	714	708	708	702	704	704^{r}	701^{r}	704
9 Two-family or more	235	264	297	314	320	322	323	321	315	317	322	322^{r}	316
10 Completed	1,406	1,406	1,473	1,648	1,528	1,700	1,633	1,650	1,674	1,609	1,594^{r}	1,652^{r}	1,637
11 One-family	1,123	1,120	1,158	1,292	1,246	1,357	1,324	1,334	1,346	1,263	1,267^{r}	1,313^{r}	1,296
12 Two-family or more	283	285	315	356	282	343	309	316	328	346	327^{r}	339^{r}	341
13 Mobile homes shipped	361	354	372	390	381	383	368	365	355	336	340	320	321
Merchant builder activity in one-family units													
14 Number sold	757	804	886	908	909	885	952	914	932	929	923	848	986
15 Number for sale at end of period[1]	326	287	300	295	297	300	300	304	306	305	307	310	312
Price of units sold (thousands of dollars)[2]													
16 Median	140.0	146.0	152.5	152.5	159.9	155.0	160.0	154.8	158.3	157.9	155.0	159.9	159.0
17 Average	166.4	176.2	181.9	182.8	191.4	189.4	191.4	188.2	193.4	188.8	193.5	193.9	198.9
EXISTING UNITS (one-family)													
18 Number sold	4,196	4,381	4,970	5,060	5,140	5,420	5,250	5,000	5,630	5,400	5,240	5,130	4,790
Price of units sold (thousands of dollars)[2]													
19 Median	115.8	121.8	128.4	130.3	128.1	129.6	130.7	132.8	136.9	136.0	137.4	134.4	133.1
20 Average	141.8	150.5	159.1	162.8	159.6	162.3	163.8	167.4	174.2	171.9	174.3	170.2	167.3
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**581,920**	**617,877**	**664,451**	**697,858**	**710,657**	**715,396**	**704,582**	**698,461**	**698,852**	**702,517**	**698,381**	**697,450**	**699,268**
22 Private	447,593	474,842	518,987	543,471	548,682	555,362	547,885	546,880	546,931	546,375	541,690	539,767	537,633
23 Residential	255,577	265,908	293,569	315,828	318,483	323,133	322,213	321,803	320,913	320,352	318,816	318,838	319,906
24 Nonresidential	192,017	208,933	225,418	227,643	230,199	232,229	225,672	225,077	226,018	226,023	222,874	220,929	217,727
25 Industrial buildings	32,644	31,355	32,308	29,895	28,967	29,052	26,217	24,975	25,465	26,246	25,679	23,772	22,416
26 Commercial buildings	75,829	86,190	95,252	100,164	102,802	103,983	102,180	104,134	104,457	103,441	102,498	103,920	102,203
27 Other buildings	30,648	37,198	39,438	38,833	40,449	39,840	39,737	38,876	38,592	38,365	37,735	37,323	37,659
28 Public utilities and other	52,896	54,190	58,421	58,751	57,981	59,354	57,538	57,092	57,504	57,971	56,962	55,914	55,449
29 Public	134,326	143,035	145,464	154,387	161,975	160,033	156,697	151,581	151,921	156,142	156,691	157,682	161,635
30 Military	2,604	2,559	2,588	1,881	2,636	2,223	2,268	2,128	2,137	2,305	1,679	1,941	2,264
31 Highway	39,883	44,295	45,067	50,538	54,880	53,099	50,897	48,542	45,518	47,747	48,148	49,087	46,766
32 Conservation and development	5,827	5,576	5,487	6,018	6,271	6,194	6,016	5,101	5,845	5,810	6,581	6,277	6,174
33 Other	86,012	90,605	92,322	95,950	98,188	98,517	97,516	95,810	98,421	100,280	100,283	100,377	106,431

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

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2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Nov. 1999
	1998 Nov.	1999 Nov.	1998	1999			1999					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.5**	**2.6**	**2.0**	**1.5**	**2.9**	**4.2**	**.3**	**.3**	**.4**	**.2**	**.1**	**168.3**
2 Food	2.3	1.9	2.8	1.7	1.7	2.5	.2	.2	.2	.2	.1	165.2
3 Energy items	−9.2	10.6	−5.1	5.8	14.2	29.4	2.1	2.7	1.7	−.1	.0	111.2
4 All items less food and energy	2.3	2.1	2.5	.9	2.3	2.5	.2	.1	.3	.2	.2	178.4
5 Commodities	.7	.8	2.5	−3.0	2.0	2.5	.1	−.1	.7	.1	−.2	145.0
6 Services	3.1	2.7	2.5	2.7	2.5	2.3	.3	.2	.2	.3	.4	197.5
PRODUCER PRICES (1982=100)												
7 Finished goods	−.6	3.1	2.2	.6	2.8	7.1	.2	.5	1.1	−.1	.2	135.0
8 Consumer foods	.2	.4	.3	2.1	.0	2.4	−.6[r]	.1[r]	1.0	−.7	.1	135.4
9 Consumer energy	−11.1	15.4	−8.9	5.7	23.2	42.4	3.0[r]	3.8[r]	2.2	−1.0	1.4	84.0
10 Other consumer goods	2.3	3.0	8.3	−1.3	.8	3.8	.0	−.1	1.1	.3	.1	153.5
11 Capital equipment	−.1	.1	.3	−.6	−.3	.6	−.1	.0	.2	.3	−.1	138.3
Intermediate materials												
12 Excluding foods and feeds	−2.7	3.3	−4.5	.3	6.1	6.6	.8[r]	.5[r]	.3	.3	.3	126.2
13 Excluding energy	−1.5	1.5	−2.7	−.9	3.1	2.7	.4	.2	.1	.4	.1	134.4
Crude materials												
14 Foods	−7.2	−2.8	−7.0	4.1	−.8	1.2	−4.3[r]	3.5[r]	1.3	−.1	1.0	99.5
15 Energy	−31.1	45.7	13.5	−21.1	163.8	121.9	4.3[r]	6.0[r]	10.4	−4.8	8.8	97.5
16 Other	−15.6	9.7	−24.3	.9	8.6	26.6	1.8[r]	1.9[r]	2.2	2.4	.3	142.8

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

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2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1996	1997	1998	1998		1999		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**7,813.2**	**8,300.8**	**8,759.9**	**8,797.9**	**8,947.6**	**9,072.7**	**9,146.2**	**9,297.8**
By source								
2 Personal consumption expenditures	5,237.5	5,524.4	5,848.6	5,889.6	5,973.7	6,090.8	6,200.8	6,303.7
3 Durable goods	616.5	642.9	698.2	696.9	722.8	739.0	751.6	761.8
4 Nondurable goods	1,574.1	1,641.7	1,708.9	1,716.6	1,742.9	1,787.8	1,824.8	1,853.9
5 Services	3,047.0	3,239.8	3,441.5	3,476.1	3,508.0	3,564.0	3,624.3	3,688.0
6 Gross private domestic investment	1,242.7	1,383.7	1,531.2	1,535.3	1,580.3	1,594.3	1,585.4	1,635.0
7 Fixed investment	1,212.7	1,315.4	1,460.0	1,461.7	1,508.9	1,543.3	1,567.8	1,594.2
8 Nonresidential	899.4	986.1	1,091.3	1,087.2	1,121.4	1,139.9	1,155.4	1,181.6
9 Structures	225.0	254.1	272.8	271.7	278.0	274.7	272.5	272.1
10 Producers' durable equipment	674.4	732.1	818.5	815.4	843.4	865.2	882.9	909.5
11 Residential structures	313.3	329.2	368.7	374.5	387.5	403.4	412.4	412.7
12 Change in business inventories	30.0	68.3	71.2	73.7	71.4	51.0	17.6	40.8
13 Nonfarm	22.2	65.6	70.9	74.7	56.2	40.9	12.8	40.1
14 Net exports of goods and services	−89.0	−88.3	−149.6	−165.7	−161.2	−201.6	−245.8	−278.2
15 Exports	874.2	968.0	966.3	949.1	981.8	966.9	978.2	1,008.5
16 Imports	963.1	1,056.3	1,115.9	1,114.8	1,143.1	1,168.5	1,224.0	1,286.6
17 Government consumption expenditures and gross investment	1,421.9	1,481.0	1,529.7	1,538.7	1,554.8	1,589.1	1,605.9	1,637.2
18 Federal	531.6	537.8	538.7	539.7	546.7	557.4	561.6	569.8
19 State and local	890.4	943.2	991.0	999.0	1,008.1	1,031.8	1,044.3	1,067.4
By major type of product								
20 Final sales, total	7,783.2	8,232.4	8,688.7	8,724.2	8,876.2	9,021.6	9,128.6	9,257.0
21 Goods	2,921.3	3,074.1	3,239.1	3,231.9	3,318.4	3,365.6	3,406.6	3,453.2
22 Durable	1,331.9	1,424.8	1,528.9	1,519.9	1,571.4	1,584.3	1,601.7	1,631.1
23 Nondurable	1,589.4	1,649.3	1,710.3	1,712.1	1,747.0	1,781.3	1,804.9	1,822.2
24 Services	4,191.0	4,434.7	4,664.6	4,700.4	4,747.9	4,820.7	4,885.5	4,963.7
25 Structures	670.9	723.7	785.1	791.9	809.9	835.3	836.5	840.1
26 Change in business inventories	30.0	68.3	71.2	73.7	71.4	51.0	17.6	40.8
27 Durable goods	19.1	35.6	39.0	39.8	38.6	24.1	6.3	23.0
28 Nondurable goods	10.9	32.8	32.3	33.9	32.8	27.0	11.4	17.8
MEMO								
29 **Total GDP in chained 1992 dollars**	**7,813.2**	**8,165.1**	**8,516.3**	**8,536.0**	**8,659.2**	**8,737.9**	**8,778.6**	**8,900.6**
NATIONAL INCOME								
30 **Total**	**6,210.2**	**6,634.9**	**7,036.4**	**7,087.1**	**7,193.8**	**7,334.5**	**7,423.1**	**7,522.1**
31 Compensation of employees	4,395.6	4,675.7	5,011.2	5,053.6	5,134.7	5,217.7	5,287.1	5,373.6
32 Wages and salaries	3,630.1	3,884.7	4,189.5	4,227.9	4,300.8	4,371.5	4,432.6	4,509.4
33 Government and government enterprises	641.0	664.4	692.8	696.7	702.8	715.8	721.3	730.3
34 Other	2,989.1	3,220.3	3,496.7	3,531.2	3,598.0	3,655.7	3,711.3	3,779.1
35 Supplement to wages and salaries	765.4	791.0	821.7	825.7	833.9	846.2	854.5	864.2
36 Employer contributions for social insurance	275.4	290.1	306.0	308.1	311.8	318.3	321.5	325.7
37 Other labor income	490.0	500.9	515.7	517.7	522.1	528.0	533.0	538.5
38 Proprietors' income[1]	544.7	578.6	606.1	606.4	637.1	639.9	655.3	654.0
39 Business and professional[1]	510.5	549.1	581.0	583.6	596.0	607.5	621.2	633.0
40 Farm[1]	34.3	29.5	25.1	22.9	41.1	32.5	34.1	21.0
41 Rental income of persons[2]	129.7	130.2	137.4	139.3	147.0	148.6	148.8	139.0
42 Corporate profits[1]	753.9	837.9	846.1	843.8	834.3	882.0	875.5	879.2
43 Profits before tax[3]	726.3	795.9	781.9	780.1	766.7	818.1	835.8	853.8
44 Inventory valuation adjustment	3.1	7.4	20.9	19.8	20.8	13.3	−13.6	−26.7
45 Capital consumption adjustment	24.4	34.6	43.3	43.9	46.9	50.6	53.2	52.1
46 Net interest	386.3	412.5	435.7	444.0	440.8	446.3	456.4	476.3

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

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2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1996	1997	1998	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,547.4**	**6,951.1**	**7,358.9**	**7,413.6**	**7,530.8**	**7,630.2**	**7,732.6**	**7,831.4**
2 Wage and salary disbursements	3,626.5	3,888.9	4,186.0	4,224.4	4,297.3	4,371.5	4,432.6	4,509.4
3 Commodity-producing industries	908.2	975.5	1,038.7	1,045.6	1,056.6	1,062.9	1,075.1	1,090.2
4 Manufacturing	673.7	718.8	757.5	762.3	765.6	767.0	774.8	786.4
5 Distributive industries	822.4	879.1	944.6	953.5	969.9	986.3	997.6	1,013.4
6 Service industries	1,254.9	1,369.8	1,509.9	1,528.6	1,568.0	1,606.6	1,638.5	1,675.5
7 Government and government enterprises	641.0	664.4	692.8	696.7	702.8	715.8	721.3	730.3
8 Other labor income	490.0	500.9	515.7	517.7	522.1	528.0	533.0	538.5
9 Proprietors' income[1]	544.7	578.6	606.1	606.4	637.1	639.9	655.3	654.0
10 Business and professional[1]	510.5	549.1	581.0	583.6	596.0	607.5	621.2	633.0
11 Farm[1]	34.3	29.5	25.1	22.9	41.1	32.5	34.1	21.0
12 Rental income of persons[2]	129.7	130.2	137.4	139.3	147.0	148.6	148.8	139.0
13 Dividends	297.4	333.4	348.3	348.0	351.9	356.1	361.2	367.0
14 Personal interest income	810.6	854.9	897.8	909.3	906.4	907.4	920.5	938.8
15 Transfer payments	928.8	962.4	983.6	986.5	991.0	1,007.8	1,013.6	1,021.3
16 Old-age survivors, disability, and health insurance benefits	537.6	565.8	578.1	579.6	581.1	588.9	593.0	599.0
17 LESS: Personal contributions for social insurance	280.4	298.1	315.9	318.0	322.0	328.9	332.3	336.7
18 EQUALS: Personal income	6,547.4	6,951.1	7,358.9	7,413.6	7,530.8	7,630.2	7,732.6	7,831.4
19 LESS: Personal tax and nontax payments	869.7	968.3	1,072.6	1,088.3	1,113.0	1,124.8	1,139.4	1,160.4
20 EQUALS: Disposable personal income	5,677.7	5,982.8	6,286.2	6,325.3	6,417.8	6,505.4	6,593.2	6,671.0
21 LESS: Personal outlays	5,405.6	5,711.7	6,056.6	6,100.5	6,190.3	6,310.3	6,425.2	6,531.5
22 EQUALS: Personal saving	272.1	271.1	229.7	224.8	227.5	195.1	168.0	139.5
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	29,428.2	30,466.8	31,471.9	31,509.8	31,882.2	32,112.8	32,179.6	32,543.3
24 Personal consumption expenditures	19,726.9	20,275.0	21,059.1	21,154.3	21,339.5	21,640.6	21,854.1	22,059.6
25 Disposable personal income	21,385.0	21,954.0	22,636.0	22,715.0	22,924.0	23,110.0	23,239.0	23,343.0
26 Saving rate (percent)	4.8	4.5	3.7	3.6	3.5	3.0	2.5	2.1
GROSS SAVING								
27 **Gross saving**	**1,349.3**	**1,521.3**	**1,646.0**	**1,664.1**	**1,685.4**	**1,727.8**	**1,709.5**	**1,735.6**
28 Gross private saving	1,290.4	1,362.0	1,371.2	1,367.7	1,382.3	1,389.4	1,359.3	1,355.7
29 Personal saving	272.1	271.1	229.7	224.8	227.5	195.1	168.0	139.5
30 Undistributed corporate profits[1]	232.5	265.9	257.2	251.1	246.5	277.6	259.5	252.4
31 Corporate inventory valuation adjustment	3.1	7.4	20.9	19.8	20.8	13.3	−13.6	−26.7
Capital consumption allowances								
32 Corporate	543.6	579.4	619.2	625.0	637.1	645.8	657.2	676.5
33 Noncorporate	238.5	249.8	261.5	263.3	267.7	271.0	274.6	287.2
34 Gross government saving	58.9	159.3	274.8	296.4	303.0	338.3	350.2	379.9
35 Federal	−51.5	37.7	134.3	147.1	147.8	187.2	208.3	225.1
36 Consumption of fixed capital	85.3	86.6	87.4	87.5	88.1	89.6	90.2	91.2
37 Current surplus or deficit (−), national accounts	−136.8	−48.8	46.9	59.6	59.7	97.6	118.1	133.8
38 State and local	110.4	121.5	140.5	149.3	155.2	151.1	141.9	154.8
39 Consumption of fixed capital	88.9	94.0	98.8	99.4	101.1	102.4	104.3	106.0
40 Current surplus or deficit (−), national accounts	21.4	27.5	41.7	49.9	54.2	48.7	37.6	48.9
41 **Gross investment**	**1,382.1**	**1,518.1**	**1,598.4**	**1,576.2**	**1,623.0**	**1,628.4**	**1,574.0**	**1,594.4**
42 Gross private domestic investment	1,242.7	1,383.7	1,531.2	1,535.3	1,580.3	1,594.3	1,585.4	1,635.0
43 Gross government investment	250.2	258.1	268.7	273.5	272.6	289.8	292.2	295.7
44 Net foreign investment	−110.7	−123.7	−201.5	−232.6	−229.9	−255.7	−303.7	−336.3
45 **Statistical discrepancy**	**32.8**	**−3.2**	**−47.6**	**−87.9**	**−62.4**	**−99.4**	**−135.5**	**−141.2**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

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3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1996	1997	1998	1998		1999		
				Q3	Q4	Q1	Q2[r]	Q3[p]
1 Balance on current account	−129,295	−143,465	−220,562	−63,476	−61,669	−68,654	−80,909	−89,949
2 Balance on goods and services	−104,318	−104,730	−164,282	−45,724	−43,262	−53,974	−65,085	−73,825
3 Exports	849,806	938,543	933,907	229,284	236,904	231,904	234,512	242,626
4 Imports	−954,124	−1,043,273	−1,098,189	−275,008	−280,166	−285,878	−299,597	−316,451
5 Income, net	17,210	3,231	−12,205	−6,965	−4,933	−4,340	−4,612	−4,920
6 Investment, net	21,754	8,185	−6,956	−5,637	−3,571	−2,946	−3,225	−3,520
7 Direct	67,746	69,220	59,405	11,834	14,558	14,834	13,990	15,657
8 Portfolio	−45,992	−61,035	−66,361	−17,471	−18,129	−17,780	−17,215	−19,177
9 Compensation of employees	−4,544	−4,954	−5,249	−1,328	−1,362	−1,394	−1,387	−1,400
10 Unilateral current transfers, net	−42,187	−41,966	−44,075	−10,787	−13,474	−10,340	−11,212	−11,204
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−989	68	−429	185	−50	119	−392	−673
12 Change in U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−2,026	−2,369	4,068	1,159	1,950
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	370	−350	−149	188	−227	563	−190	−185
15 Reserve position in International Monetary Fund	−1,280	−3,575	−5,118	−2,078	−1,924	3	1,413	2,268
16 Foreign currencies	7,578	2,915	−1,517	−136	−218	3,502	−64	−133
17 Change in U.S. private assets abroad (increase, −)	−386,441	−464,354	−285,605	−60,256	−48,188	−19,335	−155,480	−102,760
18 Bank-reported claims[3]	−91,555	−144,822	−24,918	−33,344	37,192	27,771	−42,519	384
19 Nonbank-reported claims	−86,333	−120,403	−25,041	−20,320	16,202	−13,853	−16,816	−32,098
20 U.S. purchases of foreign securities, net	−115,859	−89,174	−102,817	14,994	−70,809	8,132	−64,579	−26,511
21 U.S. direct investments abroad, net	−92,694	−109,955	−132,829	−21,586	−30,773	−41,385	−31,566	−44,535
22 Change in foreign official assets in United States (increase, +)	127,390	18,119	−21,684	−46,489	24,352	4,708	−628	12,106
23 U.S. Treasury securities	115,671	−6,690	−9,957	−32,811	31,836	800	−6,708	12,880
24 Other U.S. government obligations	5,008	4,529	6,332	1,906	1,562	5,993	5,792	1,932
25 Other U.S. government liabilities[3]	−316	−1,798	−3,113	−224	−1,054	−1,594	−647	−1,163
26 Other U.S. liabilities reported by U.S. banks[3]	5,704	22,286	−11,469	−12,866	−7,133	−589	1,437	−1,832
27 Other foreign official assets[4]	1,323	−208	−3,477	−2,494	−859	98	−502	289
28 Change in foreign private assets in United States (increase, +)	447,457	733,542	524,321	140,036	125,453	84,152	274,899	195,047
29 U.S. bank-reported liabilities[2]	16,478	149,026	40,731	77,313	−21,811	−14,184	34,938	30,965
30 U.S. nonbank-reported liabilities	39,404	107,779	9,412	11,875	−53,210	20,188	8,871	12,136
31 Foreign private purchases of U.S. Treasury securities, net	154,996	146,433	46,155	−1,438	24,391	−8,781	−5,407	9,713
32 U.S. currency flows	17,362	24,782	16,622	7,277	6,250	2,440	3,057	4,697
33 Foreign purchases of other U.S. securities, net	130,240	196,258	218,026	20,103	49,328	61,540	79,067	93,062
34 Foreign direct investments in United States, net	88,977	109,264	193,375	24,906	120,505	22,949	154,373	44,474
35 Capital account transactions, net[5]	672	292	617	148	166	166	178	166
36 Discrepancy	−65,462	−143,192	10,126	31,878	−37,695	−5,224	−38,827	−15,887
37 Due to seasonal adjustment	...	...	...	−10,582	4,144	5,264	276	−10,209
38 Before seasonal adjustment	−65,462	−143,192	10,126	42,460	−41,839	−10,488	−39,103	−5,678
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−2,026	−2,369	4,068	1,159	1,950
40 Foreign official assets in United States, excluding line 25 (increase, +)	127,706	19,917	−18,571	−46,265	25,406	6,302	19	13,269
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	14,911	12,124[r]	−11,499	−11,642[r]	2,057[r]	2,058	1,966	−1,047

1. Seasonal factors are not calculated for lines 11–16, 18–20, 22–35, and 38–41.
2. Reporting banks included all types of depository institutions as well as some brokers and dealers.
3. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
4. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.
5. Consists of capital transfers (such as those of accompanying migrants entering or leaving the country and debt forgiveness) and the acquisition and disposal of nonproduced nonfinancial assets.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

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3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1996	1997	1998	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.[r]	1999 Sept.[r]	1999 Oct.[p]
1 Goods and services, balance	−104,318	−104,731	−164,282	−18,787	−21,390	−24,604	−24,886	−23,953	−24,152	−25,937
2 Merchandise	−191,270	−196,652	−246,932	−25,334	−27,899	−31,179	−31,422	−30,132	−30,211	−31,996
3 Services	86,952	91,921	82,650	6,547	6,509	6,575	6,536	6,179	6,059	6,059
4 Goods and services, exports	849,806	938,543	933,907	78,113	77,978	78,623	79,122	82,171	82,025	81,920
5 Merchandise	612,057	679,715	670,246	55,269	55,121	55,472	55,890	59,139	58,934	58,702
6 Services	237,749	258,828	263,661	22,844	22,857	23,151	23,232	23,032	23,091	23,218
7 Goods and services, imports	−954,124	−1,043,273	−1,098,189	−96,900	−99,368	−103,227	−104,008	−106,124	−106,177	−107,857
8 Merchandise	−803,327	−876,366	−917,178	−80,603	−83,020	−86,651	−87,312	−89,271	−89,145	−90,698
9 Services	−150,797	−166,907	−181,011	−16,297	−16,348	−16,576	−16,696	−16,853	−17,032	−17,159

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1996	1997	1998	1999 May	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.[p]
1 **Total**	**75,090**	**69,954**	**81,755**	**72,121**	**71,689**	**73,305**	**72,649[r]**	**73,414**	**73,230**	**72,318**	**71,517**
2 Gold stock, including Exchange Stabilization Fund[1]	11,049	11,050	11,041	11,049	11,046	11,048	11,046[r]	11,047	11,049	11,049	11,049
3 Special drawing rights[2,3]	10,312	10,027	10,603	9,784	9,719	9,925	10,152	10,284	10,232	10,326	10,336
4 Reserve position in International Monetary Fund[2]	15,435	18,071	24,111	21,689	21,462	21,462	19,885	19,978	19,571	18,707	17,950
5 Foreign currencies[4]	38,294	30,809	36,001	29,599	29,462	30,870	31,566	32,105	32,378	32,236	32,182

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1996	1997	1998	1999 May	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.[p]
1 **Deposits**	**167**	**457**	**167**	**157**	**409**	**257**	**166**	**243**	**189**	**501**	**71**
Held in custody											
2 U.S. Treasury securities[2]	638,049	620,885	607,574	606,579	611,372	619,004	626,669	634,086	621,351	629,430	632,482
3 Earmarked gold[3]	11,197	10,763	10,343	10,340	10,329	10,329	10,271	10,155	10,114	10,015	9,933

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

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3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1997	1998	1999						
			Apr.	May	June	July	Aug.	Sept.	Oct.p
1 **Total**[1]	**776,505**	**759,933r**	**766,509**	**760,410**	**765,708**	**773,494**	**782,505r**	**778,681**	**782,881**
By type									
2 Liabilities reported by banks in the United States[2]	135,384	125,878r	135,731	124,270	126,180	125,873	126,220	124,148	124,509
3 U.S. Treasury bills and certificates[3]	148,301	134,177	135,765	136,199	138,518	147,492	153,499	152,457	154,582
U.S. Treasury bonds and notes									
4 Marketable	428,004	432,127	418,350	421,573	421,970	420,197	422,591r	420,877	419,629
5 Nonmarketable[4]	5,994	6,074	6,231	6,143	5,982	6,022	6,060	6,098	6,139
6 U.S. securities other than U.S. Treasury securities[5]	58,822	61,677	70,432	72,225	73,058	73,910	74,135r	75,101	78,022
By area									
7 Europe[1]	252,289	256,026	245,500	242,386	241,989	240,546	243,334	241,233	243,412
8 Canada	36,177	36,715	38,563	38,181	39,001	39,147	39,342	39,337	39,682
9 Latin America and Caribbean	96,942	79,498r	81,379	81,075	76,828	77,832	75,339	74,279	73,613
10 Asia	400,144	400,641r	413,991	411,739	421,282	430,050	438,300	437,957	439,862
11 Africa	9,981	10,059	9,656	9,326	8,378	8,376	8,119r	8,215	7,847
12 Other countries	7,058	3,080	3,506	3,789	4,316	3,629	4,157	3,746	4,551

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1994 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1995	1996	1997	1998	1999		
				Dec.	Mar.	June	Sept.
1 Banks' liabilities	109,713	103,383	117,524	101,125	101,359	97,751	110,322
2 Banks' claims	74,016	66,018	83,038	78,152	80,642	67,864	77,946
3 Deposits	22,696	22,467	28,661	45,985	42,147	41,895	48,719
4 Other claims	51,320	43,551	54,377	32,167	38,495	25,969	29,227
5 Claims of banks' domestic customers[2]	6,145	10,978	8,191	20,718	11,039	23,474	11,534

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.

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3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1996	1997	1998	1999						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,347,771**	**1,334,719**	**1,352,678**	**1,382,649**	**1,339,888**	**1,385,468[r]**	**1,375,439**	**1,373,322**
2 Banks' own liabilities	758,998	882,980	884,873	880,209	900,891	920,125	889,661	907,916	927,045	931,126
3 Demand deposits	27,034	31,344	29,556	31,180	32,184	36,322	43,183	44,940	44,594	39,451
4 Time deposits[2]	186,910	198,546	152,226	157,680	156,515	156,677	156,891	154,299[r]	156,330	160,423
5 Other[3]	143,510	168,011	140,245	160,670	160,800	152,683	151,819	152,863[r]	160,871	157,276
6 Own foreign offices[4]	401,544	485,079	562,846	530,679	551,392	574,443	537,768	555,814	565,250	573,976
7 Banks' custodial liabilities[5]	403,150	400,047	462,898	454,510	451,787	462,524	450,227	477,552	448,394	442,196
8 U.S. Treasury bills and certificates[6]	236,874	193,239	183,494	178,514	177,768	179,351	187,872	192,096	189,030	188,486
9 Other negotiable and readily transferable instruments[7]	72,011	93,641	141,699	129,051	124,100	123,246	121,567	132,405	128,914	129,252
10 Other	94,265	113,167	137,705	146,945	149,919	159,927	140,788	153,051	130,450	124,458
11 Nonmonetary international and regional organizations[8]	13,972	11,690	11,883	15,921	14,067	17,987	18,463	18,268[r]	18,646	17,823
12 Banks' own liabilities	13,355	11,486	10,850	15,184	13,320	16,002	16,964	16,856[r]	17,726	16,982
13 Demand deposits	29	16	172	13	25	49	66	31	21	187
14 Time deposits[2]	5,784	5,466	5,793	6,324	5,840	7,231	7,380	6,419	7,370	8,712
15 Other[3]	7,542	6,004	4,885	8,847	7,455	8,722	9,518	10,406[r]	10,335	8,083
16 Banks' custodial liabilities[5]	617	204	1,033	737	747	1,985	1,499	1,412	920	841
17 U.S. Treasury bills and certificates[6]	352	69	636	555	616	956	953	896	661	628
18 Other negotiable and readily transferable instruments[7]	265	133	397	182	131	1,029	533	516	259	213
19 Other	0	2	0	0	0	0	13	0	0	0
20 Official institutions[9]	312,019	283,685	260,055	271,496	260,469	264,698	273,365	279,719	276,605	279,091
21 Banks' own liabilities	79,406	102,028	80,251	86,001	79,452	78,445	80,400	77,801	76,780	79,362
22 Demand deposits	1,511	2,314	3,003	3,599	2,789	2,952	2,652	2,537	2,932	2,314
23 Time deposits[2]	33,336	41,396	29,602	29,049	27,372	26,643	26,845	24,407[r]	25,301	29,141
24 Other[3]	44,559	58,318	47,646	53,353	49,291	48,850	50,903	50,857[r]	48,547	47,907
25 Banks' custodial liabilities[5]	232,613	181,657	179,804	185,495	181,017	186,253	192,965	201,918	199,825	199,729
26 U.S. Treasury bills and certificates[6]	198,921	148,301	134,177	135,765	136,199	138,518	147,492	153,499	152,457	154,582
27 Other negotiable and readily transferable instruments[7]	33,266	33,151	44,953	49,443	44,586	47,582	45,094	48,297	46,633	44,804
28 Other	426	205	674	287	232	153	379	122	735	343
29 Banks[10]	694,835	815,247	885,047	848,313	881,368	910,025	853,184	888,328	877,876	873,070
30 Banks' own liabilities	562,898	641,447	675,998	646,602	676,341	695,251	656,403	676,931	692,246	697,493
31 Unaffiliated foreign banks	161,354	156,368	113,152	115,923	124,949	120,808	118,635	121,117	126,996	123,517
32 Demand deposits	13,692	16,767	14,071	13,344	15,957	15,812	14,086	15,436	14,084	17,111
33 Time deposits[2]	89,765	83,433	46,219	50,206	49,217	47,998	49,540	49,444[r]	49,585	46,864
34 Other[3]	57,897	56,168	52,862	52,373	59,775	56,998	55,009	56,237[r]	63,327	59,542
35 Own foreign offices[4]	401,544	485,079	562,846	530,679	551,392	574,443	537,768	555,814	565,250	573,976
36 Banks' custodial liabilities[5]	131,937	173,800	209,049	201,711	205,027	214,774	196,781	211,397	185,630	175,577
37 U.S. Treasury bills and certificates[6]	23,106	31,915	35,359	29,636	28,323	27,757	28,284	26,314	24,749	22,203
38 Other negotiable and readily transferable instruments[7]	17,027	35,393	45,102	34,959	35,580	36,983	37,459	41,541	40,370	41,241
39 Other	91,804	106,492	128,588	137,116	141,124	150,034	131,038	143,542	120,511	112,133
40 Other foreigners	141,322	172,405	190,786	198,989	196,774	189,939	194,876	199,153	202,312	203,338
41 Banks' own liabilities	103,339	128,019	117,774	132,422	131,778	130,427	135,894	136,328	140,293	137,289
42 Demand deposits	11,802	12,247	12,310	14,224	13,413	17,509	26,379	26,936	27,557	19,839
43 Time deposits[2]	58,025	68,251	70,612	72,101	74,086	74,805	73,126	74,029[r]	74,074	75,706
44 Other[3]	33,512	47,521	34,852	46,097	44,279	38,113	36,389	35,363[r]	38,662	41,744
45 Banks' custodial liabilities[5]	37,983	44,386	73,012	66,567	64,996	59,512	58,982	62,825	62,019	66,049
46 U.S. Treasury bills and certificates[6]	14,495	12,954	13,322	12,558	12,630	12,120	11,143	11,387	11,163	11,073
47 Other negotiable and readily transferable instruments[7]	21,453	24,964	51,247	44,467	43,803	37,652	38,481	42,051	41,652	42,994
48 Other	2,035	6,468	8,443	9,542	8,563	9,740	9,358	9,387	9,204	11,982
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	14,573	16,083	27,026	21,718	24,141	22,569	21,811	22,565	24,367	26,340

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

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3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1996	1997	1998	1999						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
AREA										
50 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,347,771**	**1,334,719**	**1,352,678**	**1,382,649**	**1,339,888**	**1,385,468[r]**	**1,375,439**	**1,373,322**
51 **Foreign countries**	**1,148,176**	**1,271,337**	**1,335,888**	**1,318,798**	**1,338,611**	**1,364,662**	**1,321,425**	**1,367,200**	**1,356,793**	**1,355,499**
52 Europe	376,590	419,672	427,367	409,543	434,124	430,580	438,232	450,827	453,747	442,594
53 Austria	5,128	2,717	3,178	2,428	2,224	2,678	2,770	3,210	3,205	3,299
54 Belgium and Luxembourg	24,084	41,007	42,818	37,991	39,227	31,298	31,242	34,834	33,688	38,663
55 Denmark	2,565	1,514	1,437	1,300	1,267	961	1,143	1,811	1,903	2,658
56 Finland	1,958	2,246	1,862	1,655	1,645	1,384	1,358	1,335	1,222	1,269
57 France	35,078	46,607	44,616	49,097	48,328	45,235	42,622	42,424	45,809	45,761
58 Germany	24,660	23,737	21,357	18,575	24,689	21,999	23,950	23,719	24,478	25,471
59 Greece	1,835	1,552	2,066	2,237	2,691	2,737	3,168	3,121	3,358	3,322
60 Italy	10,946	11,378	7,103	5,910	5,943	6,192	6,426	5,840	6,231	6,306
61 Netherlands	11,110	7,385	10,793	11,037	11,752	12,152	12,206	11,292	11,634	13,882
62 Norway	1,288	317	710	1,181	1,210	1,049	1,184	1,333	1,225	951
63 Portugal	3,562	2,262	3,235	2,277	2,461	2,439	2,237	1,912	1,976	1,875
64 Russia	7,623	7,968	2,439	2,693	2,794	2,871	2,756	2,665	2,816	3,713
65 Spain	17,707	18,989	15,775	11,075	8,083	8,678	7,700	8,194	9,479	9,294
66 Sweden	1,623	1,628	3,027	1,974	3,429	2,966	3,851	3,779	4,571	5,381
67 Switzerland	44,538	39,023	50,654	54,551	66,214	65,967	60,758	76,176	69,338	65,971
68 Turkey	6,738	4,054	4,286	5,783	5,810	5,914	7,786	7,883	8,368	8,253
69 United Kingdom	153,420	181,904	181,554	169,826	178,015	187,310	200,038	192,431	196,490	178,019
70 Yugoslavia[11]	206	239	233	221	242	254	289	270	266	267
71 Other Europe and other former U.S.S.R.[12]	22,521	25,145	30,224	29,732	28,100	28,496	26,748	28,598	27,690	28,239
72 Canada	38,920	28,341	30,212	28,360	28,543	30,416	29,862	30,409	29,728	34,959
73 Latin America and Caribbean	467,529	536,393	554,808	578,156	591,047	610,201	554,346	581,338	570,200	572,510
74 Argentina	13,877	20,199	19,013	18,349	16,428	17,804	17,202	17,061	15,544	17,545
75 Bahamas	88,895	112,217	118,085	118,648	118,122	123,549	122,465	132,442	139,101	134,111
76 Bermuda	5,527	6,911	6,846	6,957	7,951	9,168	9,410	9,319	8,747	10,902
77 Brazil	27,701	31,037	15,800	17,128	17,295	14,696	15,389	15,399	16,208	13,223
78 British West Indies	251,465	276,418	302,472	322,011	334,386	347,368	294,208	315,799	299,601	307,939
79 Chile	2,915	4,072	5,010	6,805	7,236	5,918	6,744	5,805	6,601	6,559
80 Colombia	3,256	3,652	4,616	4,710	4,861	4,615	4,634	4,452	4,708	5,008
81 Cuba	21	66	62	64	64	70	70	72	76	72
82 Ecuador	1,767	2,078	1,572	1,688	1,800	1,930	1,975	1,724	1,792	1,831
83 Guatemala	1,282	1,494	1,333	1,386	1,449	1,468	1,425	1,521	1,471	1,484
84 Jamaica	628	450	577	534	547	527	471	533	550	549
85 Mexico	31,240	33,972	37,148	36,004	37,588	37,920	39,024	36,301	35,028	32,208
86 Netherlands Antilles	6,099	5,085	5,010	5,633	3,853	5,662	3,012	3,408	2,927	2,688
87 Panama	4,099	4,241	3,864	3,974	3,984	4,130	3,844	3,816	4,029	4,007
88 Peru	834	893	840	819	854	816	836	994	1,041	957
89 Uruguay	1,890	2,382	2,486	2,345	2,331	2,552	2,319	2,147	2,175	2,217
90 Venezuela	17,363	21,601	19,894	20,512	21,204	20,393	20,437	19,796	19,451	19,900
91 Other	8,670	9,625	10,180	10,589	11,094	11,615	10,881	10,749	11,150	11,310
92 Asia	249,083	269,379	307,960	287,723	269,026	276,917	283,218	288,974	287,227	287,950
China										
93 Mainland	30,438	18,252	13,441	16,350	14,753	13,366	10,872	12,359	11,914	10,460
94 Taiwan	15,995	11,840	12,708	12,641	10,795	11,408	12,482	12,678	12,514	12,023
95 Hong Kong	18,789	17,722	20,900	26,338	25,728	24,575	24,200	24,149	23,368	24,316
96 India	3,930	4,567	5,250	5,979	5,520	5,421	5,864	5,408	5,625	5,659
97 Indonesia	2,298	3,554	8,282	7,434	6,211	6,530	7,309	6,633	6,468	6,037
98 Israel	6,051	6,281	7,749	7,037	7,004	6,144	5,076	5,059	5,688	5,158
99 Japan	117,316	143,401	168,563	142,326	132,605	143,635	145,652	145,403	149,578	151,632
100 Korea (South)	5,949	13,060	12,524	10,003	11,387	12,901	12,792	12,723	11,903	9,935
101 Philippines	3,378	3,250	3,324	2,440	2,492	2,273	2,177	2,189	2,414	2,134
102 Thailand	10,912	6,501	7,359	6,296	5,739	5,296	6,054	5,809	5,281	4,983
103 Middle Eastern oil-exporting countries[13]	16,285	14,959	15,609	14,497	15,453	15,168	15,581	15,942	14,367	16,825
104 Other	17,742	25,992	32,251	36,382	31,339	30,200	35,159	40,622	38,107	38,788
105 Africa	8,116	10,347	8,905	7,874	7,713	7,485	7,508	7,660	8,064	8,037
106 Egypt	2,012	1,663	1,339	1,599	1,339	1,576	1,566	1,851	1,852	1,364
107 Morocco	112	138	97	90	72	101	116	108	118	174
108 South Africa	458	2,158	1,522	1,165	1,132	1,091	1,049	885	753	828
109 Zaire	10	10	5	4	12	16	13	13	13	14
110 Oil-exporting countries[14]	2,626	3,060	3,088	2,534	2,508	2,247	2,281	2,510	2,807	2,912
111 Other	2,898	3,318	2,854	2,482	2,650	2,454	2,483	2,293	2,521	2,745
112 Other	7,938	7,205	6,636	7,142	8,158	9,063	8,259	7,992	7,827	9,449
113 Australia	6,479	6,304	5,495	5,987	6,820	7,624	7,252	6,963	6,788	8,199
114 Other	1,459	901	1,141	1,155	1,338	1,439	1,007	1,029	1,039	1,250
115 Nonmonetary international and regional organizations	13,972	11,690	11,883	15,921	14,067	17,987	18,463	18,268	18,646	17,823
116 International[15]	12,099	10,517	10,221	13,494	11,759	14,987	15,822	16,112[r]	16,570	15,939
117 Latin American regional[16]	1,339	424	594	1,304	653	898	819	725	662	960
118 Other regional[17]	534	749	1,068	1,123	1,655	2,102	1,822	1,431	1,414	924

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

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3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1996	1997	1998	1999						
				Apr.	May	June	July	Aug.	Sept.	Oct.p
1 **Total, all foreigners**	**599,925**	**708,225**	**735,058**	**735,992**	**750,581**	**750,859**	**720,597**	**731,139r**	**758,600**	**750,179**
2 **Foreign countries**	**597,321**	**705,762**	**731,441**	**730,739**	**746,094**	**746,786**	**716,190**	**727,983r**	**755,010**	**745,255**
3 Europe	165,769	199,880	233,320	236,299	265,789	299,977	292,697	305,153r	316,097	293,346
4 Austria	1,662	1,354	1,043	2,389	2,902	2,514	3,855	3,080	2,335	2,633
5 Belgium and Luxembourg	6,727	6,641	7,187	7,533	9,811	10,028	9,214	7,463	7,229	9,575
6 Denmark	492	980	2,383	2,297	2,141	1,901	1,763	1,442	1,756	2,352
7 Finland	971	1,233	1,070	1,349	1,480	1,730	2,197	1,915	1,855	1,669
8 France	15,246	16,239	15,251	15,942	15,800	18,253	19,944	19,040r	19,253	21,527
9 Germany	8,472	12,676	15,923	17,188	18,367	20,793	23,965	23,558r	22,995	23,616
10 Greece	568	402	575	651	585	551	628	659	663	743
11 Italy	6,457	6,230	7,283	6,727	6,434	6,783	7,451	7,747	7,957	6,670
12 Netherlands	7,117	6,141	5,697	7,251	8,588	8,724	9,334	10,132	9,425	8,940
13 Norway	808	555	827	970	753	717	821	583	1,252	949
14 Portugal	418	777	669	1,060	1,134	1,122	1,056	1,222	1,342	1,691
15 Russia	1,669	1,248	789	787	1,016	768	831	782	814	871
16 Spain	3,211	2,942	5,735	2,949	4,516	6,178	4,606	3,700	5,104	4,073
17 Sweden	1,739	1,854	4,223	4,141	2,950	3,005	3,199	4,082	4,184	4,292
18 Switzerland	19,798	28,846	46,874	48,468	65,488	75,544	66,927	71,866	90,187	78,448
19 Turkey	1,109	1,558	1,982	1,943	1,918	2,288	2,219	2,268	2,383	2,390
20 United Kingdom	85,234	103,143	106,349	105,248	112,946	130,859	125,262	137,646r	129,305	114,182
21 Yugoslavia[2]	115	52	53	55	54	54	50	49	50	51
22 Other Europe and other former U.S.S.R.[3]	3,956	7,009	9,407	9,351	8,906	8,165	9,375	7,919	8,008	8,674
23 Canada	26,436	27,189	47,036	40,726	41,116	37,454	31,957	32,109	37,197	35,761
24 Latin America and Caribbean	274,153	343,730	342,720	365,185	352,496	326,063	311,721	310,159	320,987	334,078
25 Argentina	7,400	8,924	9,553	10,075	10,318	10,776	10,482	10,257	10,296	10,142
26 Bahamas	71,871	89,379	96,455	84,023	78,480	71,996	77,049	77,674	85,386	87,085
27 Bermuda	4,129	8,782	5,011	4,426	6,276	6,111	7,813	9,747	8,481	9,815
28 Brazil	17,259	21,696	16,213	14,803	14,893	14,870	14,629	13,844	14,010	14,216
29 British West Indies	105,510	145,471	153,749	193,351	184,978	166,508	146,859	137,214r	142,500	158,298
30 Chile	5,136	7,913	8,255	7,810	7,545	7,531	7,153	6,900	6,810	6,846
31 Colombia	6,247	6,945	6,523	6,106	5,877	5,570	5,590	5,046	4,821	4,791
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	1,031	1,311	1,400	1,135	1,104	1,069	993	889	844	793
34 Guatemala	620	886	1,127	1,062	1,157	1,033	1,075	1,053	1,064	1,084
35 Jamaica	345	424	239	326	327	303	311	322	330	318
36 Mexico	18,425	19,428	21,227	19,470	19,316	18,638	18,978	17,819	18,255	17,780
37 Netherlands Antilles	25,209	17,838	6,779	5,711	5,867	5,484	5,101	14,032	13,298	7,497
38 Panama	2,786	4,364	3,584	4,329	3,298	3,353	3,064	2,898	2,941	2,904
39 Peru	2,720	3,491	3,275	3,111	3,053	2,975	2,710	2,516	2,534	2,442
40 Uruguay	589	629	1,126	772	724	1,050	1,105	1,049	946	778
41 Venezuela	1,702	2,129	3,089	3,138	3,245	3,479	3,501	3,460	3,325	4,096
42 Other	3,174	4,120	5,115	5,537	6,038	5,317	5,308	5,439r	5,146	5,193
43 Asia	122,478	125,092	98,606	79,297	77,699	74,693	72,240	73,247r	72,449	72,861
China										
44 Mainland	1,401	1,579	1,261	3,421	3,006	3,745	3,144	2,758	2,032	1,841
45 Taiwan	1,894	922	1,041	866	763	870	904	937	790	802
46 Hong Kong	12,802	13,991	9,080	6,309	4,977	7,102	5,333	4,969	5,224	4,740
47 India	1,946	2,200	1,440	1,703	1,458	1,569	1,708	1,728	1,736	1,856
48 Indonesia	1,762	2,651	1,942	1,911	2,061	1,760	1,791	1,711	1,689	1,636
49 Israel	633	768	1,166	803	1,236	1,955	1,433	1,669	951	857
50 Japan	59,967	59,549	46,712	32,703	30,664	27,093	25,900	26,226	27,978	28,339
51 Korea (South)	18,901	18,162	8,289	11,160	12,326	11,317	12,753	12,194	11,093	12,432
52 Philippines	1,697	1,689	1,465	1,546	1,808	1,669	1,380	1,279	1,491	1,562
53 Thailand	2,679	2,259	1,807	1,732	1,623	1,850	1,683	1,549	1,432	1,373
54 Middle Eastern oil-exporting countries[4]	10,424	10,790	16,130	11,669	10,569	10,127	9,396	11,211r	11,379	10,665
55 Other	8,372	10,532	8,273	5,474	7,208	5,636	6,815	7,016	6,654	6,758
56 Africa	2,776	3,530	3,122	2,688	2,448	2,629	2,499	2,178	2,293	2,299
57 Egypt	247	247	257	228	221	241	252	209	225	251
58 Morocco	524	511	372	463	444	454	431	444	437	439
59 South Africa	584	805	643	567	640	724	598	449	506	589
60 Zaire	0	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	420	1,212	936	257	288	340	297	280	323	253
62 Other	1,001	755	914	1,173	855	870	921	796	802	767
63 Other	5,709	6,341	6,637	6,544	6,546	5,970	5,076	5,137	5,987	6,910
64 Australia	4,577	5,300	6,173	6,060	6,093	5,636	4,811	4,907	5,770	6,659
65 Other	1,132	1,041	464	484	453	334	265	230	217	251
66 Nonmonetary international and regional organizations[6]	2,604	2,463	3,617	5,253	4,487	4,073	4,407	3,156	3,590	4,924

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

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3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1996	1997	1998	1999						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**743,919**	**852,852**	**875,954[r]**	...	...	**898,460[r]**	...	...	**900,562**	...
2 Banks' claims	599,925	708,225	735,058	735,992	750,581	750,859	720,597	731,139	758,600	750,179
3 Foreign public borrowers	22,216	20,581	23,540	35,787	36,616	37,344	38,465	35,689	34,995	40,833
4 Own foreign offices[2]	341,574	431,685	484,525	485,425	492,192	488,803	460,268	457,930	488,320	486,674
5 Unaffiliated foreign banks	113,682	109,230	106,281	93,733	99,864	104,102	99,715	108,961	102,051	96,945
6 Deposits	33,826	30,995	27,196	23,938	25,234	24,164	24,859	23,716	24,407	24,791
7 Other	79,856	78,235	79,085	69,795	74,630	79,938	74,856	85,245	77,644	72,154
8 All other foreigners	122,453	146,729	120,712	121,047	121,909	120,610	122,149	128,559	133,234	125,727
9 Claims of banks' domestic customers[3]	143,994	144,627	140,896[r]	...	...	147,601[r]	...	...	141,962	...
10 Deposits	77,657	73,110	79,363[r]	...	...	94,575[r]	...	...	87,222	...
11 Negotiable and readily transferable instruments[4]	51,207	53,967	47,914[r]	...	...	42,670[r]	...	...	40,604	...
12 Outstanding collections and other claims	15,130	17,550	13,619	...	...	10,356	...	...	14,136	...
MEMO										
13 Customer liability on acceptances	10,388	9,624	4,519	...	...	4,450[r]	...	...	4,614	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	39,661	33,816	39,978	33,474	31,210	29,165	32,857	32,336	27,750	33,827

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.
Reporting banks include all types of depository institution as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1995	1996	1997	1998	1999[r]		
				Dec.	Mar.	June	Sept.[p]
1 **Total**	**224,932**	**258,106**	**276,550**	**250,479[r]**	**242,360**	**259,215**	**270,119**
By borrower							
2 Maturity of one year or less	178,857	211,859	205,781	186,585[r]	175,402	186,861	198,303
3 Foreign public borrowers	14,995	15,411	12,081	13,669[r]	20,902	24,656	22,809
4 All other foreigners	163,862	196,448	193,700	172,916[r]	154,500	162,205	175,494
5 Maturity of more than one year	46,075	46,247	70,769	63,894	66,958	72,354	71,816
6 Foreign public borrowers	7,522	6,790	8,499	9,840	13,290	11,667	11,980
7 All other foreigners	38,553	39,457	62,270	54,054	53,668	60,687	59,836
By area							
Maturity of one year or less							
8 Europe	55,622	55,690	58,294	68,679[r]	66,875	84,721	82,744
9 Canada	6,751	8,339	9,917	10,948[r]	7,832	6,705	8,598
10 Latin America and Caribbean	72,504	103,254	97,207	81,846[r]	71,122	65,821	79,202
11 Asia	40,296	38,078	33,964	18,006[r]	21,347	21,977	20,844
12 Africa	1,295	1,316	2,211	1,835	1,571	1,543	1,119
13 All other[3]	2,389	5,182	4,188	5,271	6,655	6,094	5,796
Maturity of more than one year							
14 Europe	4,995	6,965	13,240	14,923	16,949	18,764	18,440
15 Canada	2,751	2,645	2,525	3,140	2,766	3,261	3,139
16 Latin America and Caribbean	27,681	24,943	42,049	33,443	33,539	36,910	37,046
17 Asia	7,941	9,392	10,235	10,018	10,972	10,471	10,644
18 Africa	1,421	1,361	1,236	1,233	1,160	1,105	1,087
19 All other[3]	1,286	941	1,484	1,137	1,572	1,843	1,460

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Maturity is time remaining until maturity.
3. Includes nonmonetary international and regional organizations.

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3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1995	1996	1997			1998				1999	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June[p]
1 **Total**	**551.9**	**645.3**	**678.8**	**711.0**	**719.3**	**739.1**	**749.7**	**738.9**	**714.1**	**678.3**	**667.3**
2 G-10 countries and Switzerland	206.0	228.3	250.0	247.8	242.8	249.0	278.3	268.3	255.8	246.4	255.7
3 Belgium and Luxembourg	13.6	11.7	9.4	11.4	11.0	11.2	16.2	15.1	13.4	14.1	14.8
4 France	19.4	16.6	17.9	20.2	15.4	15.5	20.5	19.9	18.4	19.5	18.4
5 Germany	27.3	29.8	34.1	34.7	28.6	25.5	28.8	28.9	31.1	32.0	29.2
6 Italy	11.5	16.0	20.2	19.3	15.5	19.7	19.5	18.0	11.5	13.2	11.6
7 Netherlands	3.7	4.0	6.4	7.2	6.2	7.3	8.3	8.1	7.9	8.9	10.9
8 Sweden	2.7	2.6	3.6	4.1	3.3	4.8	3.1	2.2	2.3	3.6	2.3
9 Switzerland	6.7	5.3	5.4	4.8	7.2	5.6	6.9	7.5	8.3	7.3	7.8
10 United Kingdom	82.4	104.7	110.6	108.3	113.4	120.1	134.9	130.4	121.5	110.6	122.7
11 Canada	10.3	14.0	15.7	15.1	13.7	13.5	16.5	15.6	16.7	15.7	16.5
12 Japan	28.5	23.7	26.8	22.6	28.6	25.8	23.7	22.8	24.7	21.3	21.6
13 Other industrialized countries	50.2	65.7	71.7	73.8	64.5	74.3	72.1	71.6	68.5	75.8	76.5
14 Austria	.9	1.1	1.5	1.7	1.5	1.7	1.9	2.1	1.4	2.5	2.7
15 Denmark	2.6	1.5	2.8	3.7	2.4	2.0	2.1	2.8	2.2	3.2	2.8
16 Finland	.8	.8	1.4	1.9	1.3	1.5	1.4	1.6	1.5	1.4	.8
17 Greece	5.7	6.7	6.1	6.2	5.1	6.1	5.8	5.8	6.0	6.2	5.7
18 Norway	3.2	8.0	4.7	4.6	3.6	4.0	3.4	3.3	3.2	2.9	2.9
19 Portugal	1.3	.9	1.1	1.4	.9	.7	1.3	1.1	1.3	1.3	1.2
20 Spain	11.6	13.2	15.4	13.9	11.7	16.5	15.2	17.5	13.6	14.3	15.8
21 Turkey	1.9	2.7	3.4	4.4	4.5	4.9	6.5	5.2	4.8	5.0	4.7
22 Other Western Europe	4.7	4.7	5.5	6.1	8.2	9.9	9.6	10.3	10.6	10.1	10.1
23 South Africa	1.2	2.0	1.9	1.9	2.2	3.7	5.0	3.7	3.5	3.4	3.4
24 Australia	16.4	24.0	27.8	28.0	23.1	23.2	20.0	18.2	20.3	25.3	26.5
25 OPEC[2]	22.1	19.7	22.3	22.9	26.0	25.7	25.3	25.9	27.1	26.0	25.9
26 Ecuador	.7	1.1	.9	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.0
27 Venezuela	2.7	2.4	2.1	2.2	2.5	3.3	3.2	3.1	3.2	3.4	3.1
28 Indonesia	4.8	5.2	5.6	6.5	6.7	5.5	5.1	4.7	4.8	4.5	4.9
29 Middle East countries	13.3	10.7	12.5	11.8	14.4	14.3	15.5	16.1	17.0	16.6	16.4
30 African countries	.6	.4	1.2	1.1	1.2	1.4	.3	.8	1.0	.4	.4
31 Non-OPEC developing countries	112.6	130.3	140.6	137.0	138.7	147.4	141.7	140.6	147.9	143.7	145.3
Latin America											
32 Argentina	12.9	14.3	16.4	17.1	18.4	19.3	20.2	22.3	22.3	23.5	22.0
33 Brazil	13.7	20.7	27.3	26.1	28.6	32.4	27.2	24.9	24.2	23.6	24.7
34 Chile	6.8	7.0	7.6	8.0	8.7	9.0	9.1	9.3	8.3	8.5	8.2
35 Colombia	2.9	4.1	3.3	3.4	3.4	3.3	3.6	3.4	3.2	3.2	3.1
36 Mexico	17.3	16.2	16.6	16.4	17.4	17.7	17.9	18.4	25.3	18.9	18.0
37 Peru	.8	1.6	1.4	1.8	2.0	2.1	2.2	2.2	2.2	2.2	2.1
38 Other	2.8	3.3	3.4	3.6	4.1	4.0	4.4	4.6	5.4	5.4	5.5
Asia											
China											
39 Mainland	1.8	2.5	3.6	4.3	3.2	4.2	3.9	2.8	3.0	5.1	5.3
40 Taiwan	9.4	10.3	10.6	9.7	9.0	11.7	11.3	12.2	12.8	11.7	11.9
41 India	4.4	4.3	5.3	4.9	4.9	5.0	4.9	5.3	5.3	5.5	6.5
42 Israel	.5	.5	.8	1.0	.7	.7	.9	.9	1.1	1.1	2.0
43 Korea (South)	19.1	21.5	16.3	16.2	15.6	16.2	14.5	12.9	13.7	13.3	14.9
44 Malaysia	4.4	6.0	6.4	5.6	5.1	4.5	4.7	5.1	5.7	5.9	5.9
45 Philippines	4.1	5.8	7.0	5.7	5.7	5.0	5.4	4.7	5.1	5.3	5.6
46 Thailand	4.9	5.7	7.3	6.2	5.4	5.5	4.9	5.3	4.6	4.5	4.1
47 Other Asia	4.5	4.1	4.7	4.5	4.3	4.2	3.7	3.1	2.9	3.0	2.8
Africa											
48 Egypt	.4	.7	1.1	.9	.9	1.0	1.5	1.7	1.3	1.4	1.4
49 Morocco	.7	.7	.7	.7	.6	.6	.6	.5	.5	.5	.5
50 Zaire	.0	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.9	.9	.9	.9	.8	1.1	.8	1.1	1.0	1.2	.9
52 Eastern Europe	4.2	6.9	7.1	9.8	9.1	12.0	10.9	6.0	5.2	6.1	5.1
53 Russia[4]	1.0	3.7	4.2	5.1	5.1	7.5	6.8	2.8	2.2	2.2	1.9
54 Other	3.2	3.2	2.9	4.7	4.0	4.6	4.1	3.2	3.1	3.9	3.2
55 Offshore banking centers	99.2	134.7	129.6	138.9	139.0	129.3	125.8	121.9	94.1	83.0	70.6
56 Bahamas	11.0	20.3	16.1	19.8	23.3	29.2	24.7	29.0	33.0	30.2	16.1
57 Bermuda	6.3	4.5	7.9	9.8	9.8	9.0	9.3	10.4	4.6	3.8	5.6
58 Cayman Islands and other British West Indies	32.4	37.2	35.1	45.7	43.4	24.9	34.2	30.6	15.4	6.3	7.0
59 Netherlands Antilles	10.3	26.1	15.8	21.7	14.6	14.0	10.5	6.0	2.6	2.7	1.2
60 Panama[5]	1.4	2.0	2.6	2.1	3.1	3.2	3.3	4.0	3.9	3.9	3.9
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.2	.1	.1	.1
62 Hong Kong, China	25.0	27.9	35.2	27.2	32.2	33.8	30.0	30.6	23.4	22.8	21.9
63 Singapore	13.1	16.7	16.7	12.7	12.7	15.0	13.5	11.1	11.2	13.1	14.6
64 Other[6]	.1	.1	.3	.1	.1	.1	.2	.2	.2	.2	.1
65 Miscellaneous and unallocated[7]	57.6	59.6	57.6	80.8	99.1	101.3	95.7	104.5	115.5	97.3	88.1

1. Data after June 1999 are not available.

The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. Includes Canal Zone.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

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3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1995	1996	1997	1998				1999	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**46,448**	**61,782**	**57,382**	**55,681**	**51,433**	**49,279**	**46,570**	**46,663**	**49,337**
2 Payable in dollars	33,903	39,542	41,543	41,601	40,026	38,410	36,668	34,030	36,032
3 Payable in foreign currencies	12,545	22,240	15,839	14,080	11,407	10,869	9,902	12,633	13,305
By type									
4 Financial liabilities	24,241	33,049	26,877	25,691	22,322	19,331	19,255	22,458	25,058
5 Payable in dollars	12,903	11,913	12,630	12,911	11,988	9,812	10,371	11,225	13,205
6 Payable in foreign currencies	11,338	21,136	14,247	12,780	10,334	9,519	8,884	11,233	11,853
7 Commercial liabilities	22,207	28,733	30,505	29,990	29,111	29,948	27,315	24,205	24,279
8 Trade payables	11,013	12,720	10,904	10,107	9,537	10,276	10,978	9,999	10,935
9 Advance receipts and other liabilities	11,194	16,013	19,601	19,883	19,574	19,672	16,337	14,206	13,344
10 Payable in dollars	21,000	27,629	28,913	28,690	28,038	28,598	26,297	22,805	22,827
11 Payable in foreign currencies	1,207	1,104	1,592	1,300	1,073	1,350	1,018	1,400	1,452
By area or country									
Financial liabilities									
12 Europe	15,622	23,179	18,027	18,793	15,468	12,905	12,589	16,098	19,578
13 Belgium and Luxembourg	369	632	186	127	75	150	79	50	70
14 France	999	1,091	1,425	1,545	1,699	1,457	1,097	1,178	1,287
15 Germany	1,974	1,834	1,958	2,518	2,441	2,167	2,063	1,906	1,959
16 Netherlands	466	556	494	472	484	417	1,406	1,337	2,104
17 Switzerland	895	699	561	130	189	179	155	141	143
18 United Kingdom	10,138	17,161	11,667	12,185	8,765	6,610	5,980	9,729	13,097
19 Canada	632	1,401	2,374	1,027	539	389	693	781	320
20 Latin America and Caribbean	1,783	1,668	1,386	965	1,320	1,351	1,495	1,528	1,369
21 Bahamas	59	236	141	17	6	1	7	1	1
22 Bermuda	147	50	229	86	49	73	101	78	52
23 Brazil	57	78	143	91	76	154	152	137	131
24 British West Indies	866	1,030	604	517	845	834	957	1,064	944
25 Mexico	12	17	26	21	51	23	59	22	19
26 Venezuela	2	1	1	1	1	1	2	2	1
27 Asia	5,988	6,423	4,387	4,197	4,315	4,005	3,785	3,475	3,217
28 Japan	5,436	5,869	4,102	3,964	3,869	3,754	3,612	3,337	3,035
29 Middle Eastern oil-exporting countries[1]	27	25	27	18	0	0	0	1	2
30 Africa	150	38	60	33	29	31	28	31	29
31 Oil-exporting countries[2]	122	0	0	0	0	0	0	2	0
32 All other[3]	66	340	643	676	651	650	665	545	545
Commercial liabilities									
33 Europe	7,700	9,767	10,228	9,951	9,987	11,010	10,030	8,580	8,718
34 Belgium and Luxembourg	331	479	666	565	557	623	278	229	189
35 France	481	680	764	840	612	740	920	654	656
36 Germany	767	1,002	1,274	1,068	1,219	1,408	1,392	1,088	1,143
37 Netherlands	500	766	439	443	485	440	429	361	432
38 Switzerland	413	624	375	407	349	507	499	535	497
39 United Kingdom	3,568	4,303	4,086	4,041	3,743	4,286	3,697	3,008	2,959
40 Canada	1,040	1,090	1,175	1,347	1,206	1,504	1,390	1,597	1,670
41 Latin America and Caribbean	1,740	2,574	2,176	2,051	2,285	1,840	1,618	1,612	1,674
42 Bahamas	1	63	16	27	14	48	14	11	19
43 Bermuda	205	297	203	174	209	168	198	225	180
44 Brazil	98	196	220	249	246	256	152	107	112
45 British West Indies	56	14	12	5	27	5	10	7	5
46 Mexico	416	665	565	520	557	511	347	437	490
47 Venezuela	221	328	261	219	196	230	202	155	149
48 Asia	10,421	13,422	14,966	14,672	13,611	13,539	12,342	10,428	10,039
49 Japan	3,315	4,614	4,500	4,372	3,995	3,779	3,827	2,715	2,753
50 Middle Eastern oil-exporting countries[1]	1,912	2,168	3,111	3,138	3,194	3,582	2,852	2,479	2,209
51 Africa	619	1,040	874	833	921	810	794	727	832
52 Oil-exporting countries[2]	254	532	408	376	354	372	393	377	392
53 Other[3]	687	840	1,086	1,136	1,101	1,245	1,141	1,261	1,346

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

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3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1995	1996	1997	1998				1999	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**52,509**	**65,897**	**68,128**	**71,004**	**63,188**	**67,976**	**77,462**	**68,973**	**63,804**
2 Payable in dollars	48,711	59,156	62,173	65,359	57,587	62,034	72,171	63,988	56,968
3 Payable in foreign currencies	3,798	6,741	5,955	5,645	5,601	5,942	5,291	4,985	6,836
By type									
4 Financial claims	27,398	37,523	36,959	40,301	32,341	37,262	46,260	38,136	31,877
5 Deposits	15,133	21,624	22,909	20,863	14,762	15,406	30,199	18,686	13,350
6 Payable in dollars	14,654	20,852	21,060	19,155	13,084	13,374	28,549	17,101	11,636
7 Payable in foreign currencies	479	772	1,849	1,708	1,678	2,032	1,650	1,585	1,714
8 Other financial claims	12,265	15,899	14,050	19,438	17,579	21,856	16,061	19,450	18,527
9 Payable in dollars	10,976	12,374	11,806	16,981	14,904	19,867	14,049	17,419	14,762
10 Payable in foreign currencies	1,289	3,525	2,244	2,457	2,675	1,989	2,012	2,031	3,765
11 Commercial claims	25,111	28,374	31,169	30,703	30,847	30,714	31,202	30,837	31,927
12 Trade receivables	22,998	25,751	27,536	26,888	26,764	26,330	27,202	26,724	27,791
13 Advance payments and other claims	2,113	2,623	3,633	3,815	4,083	4,384	4,000	4,113	4,136
14 Payable in dollars	23,081	25,930	29,307	29,223	29,599	28,793	29,573	29,468	30,570
15 Payable in foreign currencies	2,030	2,444	1,862	1,480	1,248	1,921	1,629	1,369	1,357
By area or country									
Financial claims									
16 Europe	7,609	11,085	14,999	14,187	14,091	14,473	12,294	12,800	13,898
17 Belgium and Luxembourg	193	185	406	378	518	496	661	469	457
18 France	803	694	1,015	902	796	1,140	864	913	1,368
19 Germany	436	276	427	393	290	359	304	302	367
20 Netherlands	517	493	677	911	975	867	875	955	959
21 Switzerland	498	474	434	401	403	409	414	530	504
22 United Kingdom	4,303	7,922	10,337	9,289	9,639	9,849	7,766	8,357	8,589
23 Canada	2,851	3,442	3,313	4,688	3,020	4,090	2,503	3,111	2,828
24 Latin America and Caribbean	14,500	20,032	15,543	18,207	11,967	15,758	27,714	18,825	11,486
25 Bahamas	1,965	1,553	2,308	1,316	1,306	2,105	403	666	467
26 Bermuda	81	140	108	66	48	63	39	41	39
27 Brazil	830	1,468	1,313	1,408	1,394	710	835	1,112	1,102
28 British West Indies	10,393	15,536	10,462	13,551	7,349	10,960	24,388	14,621	7,393
29 Mexico	554	457	537	967	1,089	1,122	1,245	1,583	1,702
30 Venezuela	32	31	36	47	57	50	55	72	71
31 Asia	1,579	2,221	2,133	2,174	2,376	2,121	3,027	2,648	2,801
32 Japan	871	1,035	823	791	886	928	1,194	942	949
33 Middle Eastern oil-exporting countries[1]	3	22	11	9	12	13	9	8	5
34 Africa	276	174	319	325	155	157	159	174	228
35 Oil-exporting countries[2]	5	14	15	16	15	16	16	26	5
36 All other[3]	583	569	652	720	732	663	563	578	636
Commercial claims									
37 Europe	9,824	10,443	12,120	12,854	12,882	13,029	13,246	12,782	12,961
38 Belgium and Luxembourg	231	226	328	232	216	219	238	281	286
39 France	1,830	1,644	1,796	1,939	1,955	2,098	2,171	2,173	2,094
40 Germany	1,070	1,337	1,614	1,670	1,757	1,502	1,822	1,599	1,660
41 Netherlands	452	562	597	534	492	463	467	415	389
42 Switzerland	520	642	554	476	418	546	483	367	385
43 United Kingdom	2,656	2,946	3,660	4,828	4,664	4,681	4,769	4,529	4,615
44 Canada	1,951	2,165	2,660	2,882	2,779	2,291	2,617	2,983	2,855
45 Latin America and Caribbean	4,364	5,276	5,750	5,481	6,082	5,773	6,296	5,930	6,278
46 Bahamas	30	35	27	13	12	39	24	10	21
47 Bermuda	272	275	244	238	359	173	536	500	583
48 Brazil	898	1,303	1,162	1,128	1,183	1,062	1,024	936	887
49 British West Indies	79	190	109	88	110	91	104	117	127
50 Mexico	993	1,128	1,392	1,302	1,462	1,356	1,545	1,431	1,478
51 Venezuela	285	357	576	441	585	566	401	361	384
52 Asia	7,312	8,376	8,713	7,638	7,367	7,190	7,192	7,080	7,690
53 Japan	1,870	2,003	1,976	1,713	1,757	1,789	1,681	1,486	1,511
54 Middle Eastern oil-exporting countries[1]	974	971	1,107	987	1,127	967	1,135	1,286	1,465
55 Africa	654	746	680	613	657	740	711	685	738
56 Oil-exporting countries[2]	87	166	119	122	116	128	165	116	202
57 Other[3]	1,006	1,368	1,246	1,235	1,080	1,691	1,140	1,377	1,405

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

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3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1997	1998	1999 Jan.–Oct.	1999 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,097,958	1,574,185	1,845,350	222,900[r]	185,646[r]	179,785	188,099	178,428	175,565	219,295
2 Foreign sales	1,028,361	1,524,189	1,765,070	205,307[r]	177,108[r]	167,878	179,783	166,212	172,191	211,548
3 **Net purchases, or sales (−)**	**69,597**	**49,996**	**80,280**	**17,593[r]**	**8,538[r]**	**11,907**	**8,316**	**12,216**	**3,374**	**7,747**
4 **Foreign countries**	**69,754**	**50,376**	**80,312**	**17,577[r]**	**8,549[r]**	**11,893**	**8,361**	**12,225**	**3,359**	**7,773**
5 Europe	62,688	68,124	74,173	11,493	5,260	7,663	6,171	9,568	7,237	7,767
6 France	6,641	5,672	4,201	534	−206	919	−55	269	146	1,033
7 Germany	9,059	9,195	9,355	1,814	971	1,376	−354	1,322	111	1,728
8 Netherlands	3,831	8,249	5,077	417	738	1,181	404	566	−538	164
9 Switzerland	7,848	5,001	3,776	1,934	481	1,452	−2,822	827	1,185	−1,404
10 United Kingdom	22,478	23,952	35,810	3,758	1,822	1,300	8,498	4,578	4,775	3,778
11 Canada	−1,406	−4,689	1,519	−129	−159	401	153	−50	−927	531
12 Latin America and Caribbean	5,203	760	2,192	5,596[r]	2,049[r]	2,474	2,935	846	−4,688	−3,163
13 Middle East[1]	383	−1,449	−334	−355	419	64	−273	174	−26	−15
14 Other Asia	2,072	−12,347	1,387	905	574	1,271	−671	1,666	1,463	2,372
15 Japan	4,787	−1,171	4,883	1,458	464	681	−452	1,269	2,652	1,696
16 Africa	472	639	389	37	138	81	14	−39	61	−23
17 Other countries	342	−662	986	30	268	−61	32	60	239	304
18 **Nonmonetary international and regional organizations**	**−157**	**−380**	**−32**	**16**	**−11**	**14**	**−45**	**−9**	**15**	**−26**
BONDS[2]										
19 Foreign purchases	610,116	905,782	722,223	70,044	66,558	67,569	75,778	64,641[r]	76,270	80,374
20 Foreign sales	475,958	727,044	509,968	47,516	49,145	52,197	47,984	46,667	48,902	55,131
21 **Net purchases, or sales (−)**	**134,158**	**178,738**	**212,255**	**22,528**	**17,413**	**15,372**	**27,794**	**17,974[r]**	**27,368**	**25,243**
22 **Foreign countries**	**133,595**	**179,081**	**212,567**	**22,468**	**17,326**	**15,383**	**27,520**	**18,001[r]**	**27,037**	**26,107**
23 Europe	71,631	130,057	119,465	10,527	10,911	9,553	18,196	10,736[r]	13,724	13,819
24 France	3,300	3,386	1,549	−36	352	258	447	160	24	53
25 Germany	2,742	4,369	6,623	−43	797	321	1,707	31[r]	752	1,202
26 Netherlands	3,576	3,443	2,130	106	168	187	336	144	279	103
27 Switzerland	187	4,826	3,662	467	128	−26	705	322	496	360
28 United Kingdom	54,134	99,637	88,993	8,617	8,310	7,651	13,582	8,273[r]	9,766	10,112
29 Canada	6,264	6,121	3,565	319	413	184	−23	286	908	263
30 Latin America and Caribbean	34,733	23,938	50,128	5,967	3,382	4,603	5,088	5,558	5,490	6,398
31 Middle East[1]	2,155	4,997	2,176	364	−717	−114	−182	−219	257	178
32 Other Asia	16,996	12,662	35,021	4,904	3,224	1,458	4,031	1,179	6,698	4,847
33 Japan	9,357	8,384	13,143	1,215	0	310	3,020	827	4,375	2,081
34 Africa	1,005	190	1,008	331	82	−307	122	59	189	343
35 Other countries	811	1,116	1,204	56	31	6	288	402	149	259
36 **Nonmonetary international and regional organizations**	**563**	**−343**	**−312**	**60**	**87**	**−11**	**274**	**−27**	**331**	**−864**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−40,942	6,227	13,809	5,503[r]	2,455[r]	6,220	−2,236	594	1,069	−7,930
38 Foreign purchases	756,015	929,923	922,043	98,607[r]	86,345[r]	97,622	106,264	91,851	97,456	96,608
39 Foreign sales	796,957	923,696	908,234	93,104[r]	83,890[r]	91,402	108,500	91,257	96,387	104,538
40 Bonds, net purchases, or sales (−)	−48,171	−17,350	−8,812	−5,147	−499	8,969	−4,777	−6,421	1,132	−1,220
41 Foreign purchases	1,451,704	1,328,281	686,390	73,376	72,372	79,013	63,975	70,061	66,661	62,533
42 Foreign sales	1,499,875	1,345,631	695,202	78,523	72,871	70,044	68,752	76,482	65,529	63,753
43 **Net purchases, or sales (−), of stocks and bonds**	**−89,113**	**−11,123**	**4,997**	**356[r]**	**1,956[r]**	**15,189**	**−7,013**	**−5,827**	**2,201**	**−9,150**
44 **Foreign countries**	**−88,921**	**−10,778**	**4,678**	**474[r]**	**2,056[r]**	**15,219**	**−7,104**	**−6,010**	**2,271**	**−9,156**
45 Europe	−29,874	12,632	52,136	9,710	5,845[r]	16,749	−3,759	−1,829	2,226	2,331
46 Canada	−3,085	−1,901	−682	−449	−537	1,202	−1,055	525	303	321
47 Latin America and Caribbean	−25,258	−13,798	−11,504	−4,433[r]	−2,351[r]	−2,785	445	−299	602	−1,827
48 Asia	−25,123	−3,992	−33,631	−3,946	−494[r]	194	−3,330	−4,303	−210	−9,485
49 Japan	−10,001	−1,742	−35,588	−3,445	−704	−1,241	−4,323	−4,805	−565	−10,006
50 Africa	−3,293	−1,225	18	20	112	−25	−21	4	−116	63
51 Other countries	−2,288	−2,494	−1,659	−428	−519	−116	616	−108	−534	−559
52 **Nonmonetary international and regional organizations**	**−192**	**−345**	**319**	**−118**	**−100**	**−30**	**91**	**183**	**−70**	**6**

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.

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3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1997	1998	1999	1999						
			Jan.–Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total estimated**	**184,171**	**49,039**	**−10,990**	**−3,271**	**5,638**	**−609**	**−6,242**	**19,118**	**87**	**−9,734**
2 Foreign countries	183,688	46,570	−11,292	−3,257	5,316	−815	−6,226	18,847	−4	−9,905
3 Europe	144,921	23,797	−41,342	−15,394	−3,997	−5,796	−5,740	1,771	−9,268	−405
4 Belgium and Luxembourg	3,427	3,805	1,074	476	121	753	37	105	12	−351
5 Germany	22,471	144	1,168	−653	−290	538	643	1,438	−963	78
6 Netherlands	1,746	−5,533	1,494	−256	797	−77	−1,224	453	−423	130
7 Sweden	−465	1,486	1,013	−462	−21	579	−229	876	−45	−6
8 Switzerland	6,028	5,240	−3,312	−302	−121	971	−216	−714	234	365
9 United Kingdom	98,253	14,384	−22,588	−6,672	−4,528	−7,215	1,385	1,934	−3,534	−1,854
10 Other Europe and former U.S.S.R.	13,461	4,271	−20,191	−7,525	45	−1,345	−6,136	−2,321	−4,549	1,233
11 Canada	−811	615	7,679	1,205	2,580	460	1,382	1,339	1,459	−657
12 Latin America and Caribbean	−2,554	−3,662	−2,917	5,200	1,364	−1,403	693	8,695	3,003	−9,911
13 Venezuela	655	59	241	2	88	−31	131	15	10	25
14 Other Latin America and Caribbean	−549	9,523	−282	3,654	−123	−52	−43	1,650	2,982	−1,777
15 Netherlands Antilles	−2,660	−13,244	−2,876	1,544	1,399	−1,320	605	7,030	11	−8,159
16 Asia	39,567	27,433	26,271	5,973	5,631	6,489	−2,319	6,832	5,344	942
17 Japan	20,360	13,048	16,217	6,475	1,284	4,905	−394	2,913	5,259	344
18 Africa	1,524	751	−1,800	−11	−198	−246	−178	−622	−302	−202
19 Other	1,041	−2,364	817	−230	−64	−319	−64	832	−240	328
20 Nonmonetary international and regional organizations	483	2,469	302	−14	322	206	−16	271	91	171
21 International	621	1,502	−10	15	223	−8	−101	233	98	184
22 Latin American regional	170	199	669	0	122	192	191	175	−9	−1
MEMO										
23 Foreign countries	183,688	46,570	−11,292	−3,257	5,316	−815	−6,226	18,847	−4	−9,905
24 Official institutions	43,959	4,123	−12,498	−6,696	3,223	397	−1,773	2,394[r]	−1,714[r]	−1,248
25 Other foreign	139,729	42,447	1,206	3,439	2,093	−1,212	−4,453	16,453[r]	1,710[r]	−8,657
Oil-exporting countries										
26 Middle East[2]	7,636	−16,554	7,813	65	2,887	238	−38	130	401	201
27 Africa[3]	−12	2	1	0	0	0	0	1	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

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3.28 FOREIGN EXCHANGE RATES AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR[1]

Currency units per dollar except as noted

Item	1997	1998	1999	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.
				Exchange Rates					
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	74.37	62.91	64.54	65.62	64.46	64.95	65.09	63.88	64.10
2 Austria/schilling	12.206	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	35.81	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.0779	1.1605	1.8207	1.8023	1.8859	1.8987	1.9688	1.9314	1.8442
5 Canada/dollar	1.3849	1.4836	1.4858	1.4890	1.4932	1.4771	1.4776	1.4674	1.4722
6 China, P.R./yuan	8.3193	8.3008	8.2781	8.2776	8.2772	8.2774	8.2775	8.2782	8.2794
7 Denmark/krone	6.6092	6.7030	6.9900	7.1792	7.0144	7.0828	6.9450	7.2019	7.3597
8 European Monetary Union/euro[3]	n.a.	n.a.	1.0653	1.0370	1.0605	1.0497	1.0706	1.0328	1.0110
9 Finland/markka	5.1956	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.8393	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7348	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	273.28	295.70	306.30	313.52	307.84	311.68	307.71	318.24	326.19
13 Hong Kong/dollar	7.7431	7.7467	7.7594	7.7603	7.7638	7.7665	7.7696	7.7718	7.7728
14 India/rupee	36.36	41.36	43.13	43.36	43.50	43.60	43.55	43.46	43.52
15 Ireland/pound[2]	151.63	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,703.81	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	121.06	130.99	113.73	119.33	113.23	106.88	105.97	104.65	102.58
18 Malaysia/ringgit	2.8173	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	7.918	9.152	9.553	9.370	9.398	9.341	9.575	9.416	9.427
20 Netherlands/guilder	1.9525	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	66.25	53.61	52.94	52.61	52.59	52.30	51.42	51.22	50.87
22 Norway/krone	7.0857	7.5521	7.8071	7.9029	7.8036	7.8361	7.7402	7.9367	8.0113
23 Portugal/escudo	175.44	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.4857	1.6722	1.6951	1.6958	1.6787	1.6965	1.6757	1.6699	1.6745
25 South Africa/rand	4.6072	5.5417	6.1191	6.1182	6.1302	6.0563	6.1029	6.1424	6.1503
26 South Korea/won	947.65	1,400.40	1,189.84	1,189.10	1,198.31	1,201.00	1,205.29	1,176.98	1,136.80
27 Spain/peseta	146.53	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	59.026	65.006	70.868	71.912	71.868	71.942	71.747	72.040	72.018
29 Sweden/krona	7.6446	7.9522	8.2740	8.4431	8.2589	8.2264	8.1492	8.3586	8.4910
30 Switzerland/franc	1.4514	1.4506	1.5045	1.5474	1.5093	1.5262	1.4896	1.5543	1.5841
31 Taiwan/dollar	28.775	33.547	32.322	32.338	32.076	31.848	31.828	31.794	31.625
32 Thailand/baht	31.072	41.262	37.887	37.143	38.060	40.060	39.416	38.749	38.227
33 United Kingdom/pound[2]	163.76	165.73	161.72	157.51	160.58	162.47	165.72	162.05	161.32
34 Venezuela/bolivar	488.39	548.39	606.82	611.17	615.95	625.41	630.75	634.80	644.28
				Indexes[4]					
NOMINAL									
35 Broad (January 1997=100)[5]	104.44	116.48	116.87	117.97	117.00	116.38	115.88	116.08	116.09
36 Major currencies (March 1973=100)[6]	91.24	95.79	94.07	96.31	94.31	92.92	91.94	92.87	93.23
37 Other important trading partners (January 1997=100)[7]	104.67	126.03	129.94	128.73	129.73	130.60	131.06	129.93	129.34
REAL									
38 Broad (March 1973=100)[5]	91.33	99.35	98.72	99.96[r]	99.08[r]	98.53[r]	98.00[r]	98.13	97.88
39 Major currencies (March 1973=100)[6]	92.25	97.25	96.73	99.19	97.13	95.91	95.02[r]	96.11	96.33
40 Other important trading partners (March 1973=100)[7]	95.87	108.50	107.68	107.30[r]	108.00[r]	108.36[r]	108.31[r]	107.09	106.14

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. As of January 1999, the euro is reported in place of the individual euro area currencies. These currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

13.7603	Austrian schillings	1936.27	Italian lire
40.3399	Belgian francs	40.3399	Luxembourg francs
5.94573	Finnish markkas	2.20371	Netherlands guilders
6.55957	French francs	200.482	Portuguese escudos
1.95583	German marks	166.386	Spanish pesetas
.787564	Irish pounds		

4. The December 1999 Bulletin contains revised index values resulting from the annual revision to the trade weights. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–18.

5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.

6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

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Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

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SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

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4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, September 30, 1999

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
1 **Total assets**[3]	**5,449,834**	**4,763,210**	**3,742,628**	**3,056,003**	**1,431,665**	**275,541**
2 Cash and balances due from depository institutions	319,723	230,416	249,680	160,373	56,680	13,363
3 Cash items in process of collection, unposted debits, and currency and coin			114,558	111,272	30,244	
4 Cash items in process of collection and unposted debits			n.a.	84,859	17,019	
5 Currency and coin		n.a.	n.a.	26,413	13,225	n.a.
6 Balances due from depository institutions in the United States			32,002	24,052	17,726	
7 Balances due from banks in foreign countries and foreign central banks	n.a.		86,056	8,080	1,463	
8 Balances due from Federal Reserve Banks			17,065	16,969	7,248	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		29,949	n.a.	12,585	12,881	4,483
10 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	1,018,234		589,966		355,365	72,903
11 U.S. Treasury securities	112,492		71,137		33,140	8,216
12 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	196,345		63,076		99,046	34,224
13 Issued by U.S. government agencies	4,707		2,119		1,885	703
14 Issued by U.S. government-sponsored agencies	191,638		60,957		97,160	33,520
15 Securities issued by states and political subdivisions in the United States	88,131		27,293		47,907	12,931
16 General obligations	64,185		18,783		36,083	9,319
17 Revenue obligations	23,291		8,073		11,648	3,571
18 Industrial development and similar obligations	654		436		177	41
19 Mortgage-backed securities (MBS)	449,754		294,598		141,046	14,110
20 Pass-through securities	282,131		193,880		78,754	9,497
21 Guaranteed by GNMA	73,797	n.a.	44,014	n.a.	26,352	3,430
22 Issued by FNMA and FHLMC	207,297		149,210		52,070	6,016
23 Privately issued	1,037		655		331	51
24 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	167,623		100,719		62,292	4,613
25 Issued or guaranteed by FNMA, FHLMC or GNMA	119,803		71,304		44,300	4,198
26 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	3,280		2,132		992	156
27 All other mortgage-backed securities	44,540		27,282		17,000	259
28 Other debt securities	138,185		111,668		24,424	2,093
29 Other domestic debt securities	n.a.		54,333		24,106	n.a.
30 Foreign debt securities	n.a.		57,335		318	n.a.
31 Equity securities	33,326		22,195		9,802	1,329
32 Investments in mutual funds and other equity securities with readily determinable fair value	9,802		7,095		2,326	382
33 All other equity securities	23,524		15,101		7,477	947
34 Federal funds sold and securities purchased under agreements to resell	224,168	180,734	173,482	130,047	39,331	11,355
35 Total loans and lease-financing receivables, gross	3,328,120	3,038,425	2,239,813	1,950,118	919,614	168,693
36 LESS: Unearned income on loans	3,242	2,492	1,700	950	1,156	386
37 Total loans and leases (net of unearned income)	3,324,878	3,035,933	2,238,113	1,949,168	918,459	168,306
38 LESS: Allowance for loan and lease losses	56,989	n.a.	39,021	n.a.	15,515	2,453
39 LESS: Allocated transfer risk reserves	110	n.a.	108	n.a.	1	1
40 EQUALS: Total loans and leases, net	3,267,779	n.a.	2,198,984	n.a.	902,943	165,852
Total loans and leases, gross, by category						
41 Loans secured by real estate	1,419,239	1,387,789	806,755	775,304	516,821	95,663
42 Construction and land development		122,654		62,200	52,534	7,921
43 Farmland		31,384		5,711	14,258	11,414
44 One- to four-family residential properties		780,963		481,647	252,771	46,545
45 Revolving, open-end loans, extended under lines of credit	n.a.	97,284	n.a.	68,681	26,282	2,321
46 All other loans		683,679		412,966	226,490	44,223
47 Multifamily (five or more) residential properties		51,154		28,927	20,133	2,094
48 Nonfarm nonresidential properties		401,633		196,819	177,124	27,690
49 Loans to depository institutions	105,470	87,419	101,752	83,701	3,616	102
50 Commercial banks in the United States	n.a.	n.a.	53,141	52,718	3,305	n.a.
51 Other depository institutions in the United States	n.a.	n.a.	25,463	25,407	111	n.a.
52 Banks in foreign countries	n.a.	n.a.	23,147	5,575	200	n.a.
53 Loans to finance agricultural production and other loans to farmers	46,318	45,456	10,634	9,772	18,084	17,600
54 Commercial and industrial loans	941,992	782,777	747,881	588,666	165,407	28,704
55 U.S. addressees (domicile)	n.a.	n.a.	604,638	580,971	164,744	n.a.
56 Non-U.S. addressees (domicile)	n.a.	n.a.	143,243	7,695	663	n.a.
57 Acceptances of other banks	1,438	652	1,333	547	92	13
58 U.S. banks	n.a.	n.a.	321	319	n.a.	n.a.
59 Foreign banks	n.a.	n.a.	1,011	227	n.a.	n.a.
60 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	515,113	472,425	299,560	256,871	191,150	24,403
61 Credit cards and related plans	178,673	n.a.	103,936	n.a.	72,206	2,531
62 Other (includes single payment and installment)	336,440	n.a.	195,624	n.a.	118,944	21,872
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	19,382	19,377	12,328	12,323	6,246	808
64 All other loans	135,081	103,318	126,054	94,291	8,218	810
65 Loans to foreign governments and official institutions	n.a.	n.a.	9,188	1,749	19	n.a.
66 Other loans	n.a.	n.a.	116,866	92,542	8,199	n.a.
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	17,859	1,839	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	74,683	6,359	n.a.
69 Lease-financing receivables	144,088	139,212	133,518	128,642	9,982	589
70 Assets held in trading accounts	235,481		234,764		697	1
71 Premises and fixed assets (including capitalized leases)	71,774		44,353		22,063	5,358
72 Other real estate owned	3,179	n.a.	1,708	n.a.	1,160	312
73 Investments in unconsolidated subsidiaries and associated companies	7,823		7,385		365	73
74 Customers' liability on acceptances outstanding	8,789		8,514		270	5
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	19,867	n.a.	19,867	n.a.	n.a.
76 Intangible assets	83,693	n.a.	69,545	n.a.	13,330	819
77 All other assets	209,189	n.a.	164,247	n.a.	39,462	5,481

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4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, September 30, 1999

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**5,449,834**	n.a.	**3,742,628**	n.a.	**1,431,665**	**275,541**
79 **Total liabilities**	**4,989,919**	**4,303,295**	**3,442,599**	**2,755,975**	**1,301,001**	**246,318**
80 Total deposits	3,680,293	3,077,723	2,400,590	1,798,019	1,046,196	233,507
81 Individuals, partnerships, and corporations	3,286,614	2,867,037	2,104,427	1,684,850	970,970	211,216
82 U.S. government	n.a.	7,122	n.a.	6,265	713	144
83 States and political subdivisions in the United States	n.a.	136,998	n.a.	61,362	57,651	17,985
84 Commercial banks in the United States	83,245	32,904	75,321	24,980	6,776	1,148
85 Other depository institutions in the United States	n.a.	9,579	n.a.	4,539	3,509	1,530
86 Foreign banks, governments, and official institutions	130,483	8,133	129,991	7,641	485	7
87 Banks	n.a.	n.a.	89,459	6,745	483	n.a.
88 Governments and official institutions	n.a.	n.a.	40,532	896	2	n.a.
89 Certified and official checks	17,037	15,950	9,469	8,382	6,092	1,476
90 Total transaction accounts		653,004		367,810	220,512	64,682
91 Individuals, partnerships, and corporations		561,708		313,284	192,151	56,273
92 U.S. government		2,542		2,124	346	72
93 States and political subdivisions in the United States		40,737		17,448	16,824	6,465
94 Commercial banks in the United States		22,203		17,858	4,039	306
95 Other depository institutions in the United States		3,064		2,345	638	82
96 Foreign banks, governments, and official institutions		6,798		6,368	424	7
97 Banks		n.a.		5,783	422	n.a.
98 Governments and official institutions		n.a.		584	2	n.a.
99 Certified and official checks		15,950		8,382	6,092	1,476
100 Demand deposits (included in total transaction accounts)		510,452		330,526	146,155	33,771
101 Individuals, partnerships, and corporations		444,252		283,785	129,855	30,612
102 U.S. government		2,358		2,013	287	57
103 States and political subdivisions in the United States		15,854		9,779	4,839	1,236
104 Commercial banks in the United States	n.a.	22,192	n.a.	17,857	4,031	304
105 Other depository institutions in the United States		3,051		2,345	627	80
106 Foreign banks, governments, and official institutions		6,795		6,365	424	6
107 Banks		n.a.		5,783	422	n.a.
108 Governments and official institutions		n.a.		582	2	n.a.
109 Certified and official checks		15,950		8,382	6,092	1,476
110 Total nontransaction accounts		2,424,719		1,430,209	825,684	168,826
111 Individuals, partnerships, and corporations		2,305,328		1,371,566	778,819	154,943
112 U.S. government		4,579		4,141	367	71
113 States and political subdivisions in the United States		96,261		43,914	40,827	11,520
114 Commercial banks in the United States		10,701		7,122	2,737	842
115 Other depository institutions in the United States		6,514		2,194	2,872	1,449
116 Foreign banks, governments, and official institutions		1,335		1,273	61	1
117 Banks		n.a.		962	61	n.a.
118 Governments and official institutions		n.a.		311	0	n.a.
119 Federal funds purchased and securities sold under agreements to repurchase	420,179	392,808	323,976	296,605	92,518	3,685
120 Demand notes issued to the U.S. Treasury	44,689	44,689	40,951	40,951	3,573	165
121 Trading liabilities	177,966	n.a.	177,863	n.a.	99	4
122 Other borrowed money	440,057	401,745	303,075	264,762	130,472	6,510
123 Banks' liability on acceptances executed and outstanding	8,827	6,472	8,552	6,197	270	5
124 Notes and debentures subordinated to deposits	75,091	n.a.	70,562	n.a.	4,510	19
125 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	115,648	n.a.	115,648	n.a.	n.a.
126 All other liabilities	142,815	n.a.	117,029	n.a.	23,363	2,423
127 **Total equity capital**	**459,915**	n.a.	**300,028**	n.a.	**130,664**	**29,223**
MEMO						
128 Trading assets at large banks[4]	235,317	105,232	234,742	104,658	574	
129 U.S. Treasury securities (domestic offices)		11,929		11,872	57	
130 U.S. government agency corporation obligations		3,638		3,515	122	
131 Securities issued by states and political subdivisions in the United States	n.a.	1,005	n.a.	958	47	n.a.
132 Mortgage-backed securities		7,532		7,436	96	
133 Other debt securities		9,668		9,536	131	
134 Other trading assets		6,542		6,491	51	
135 Trading assets in foreign banks	130,084	0	130,084	0	0	
136 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	64,919	64,919	64,849	64,849	70	n.a.
137 Total individual retirement (IRA) and Keogh plan accounts		150,505		80,691	57,769	12,044
138 Total brokered deposits		83,871		51,617	28,815	3,439
139 Fully insured brokered deposits		59,986		30,462	26,231	3,293
140 Issued in denominations of less than $100,000		10,788		4,688	4,864	1,235
141 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	49,198	n.a.	25,773	21,366	2,058
142 Money market deposit accounts (MMDAs)		824,205		577,860	219,217	27,129
143 Other savings deposits (excluding MMDAs)		424,409		257,161	144,669	22,579
144 Total time deposits of less than $100,000		736,178		341,627	309,461	85,091
145 Total time deposits of $100,000 or more		439,926		253,561	152,338	34,027
146 All negotiable order of withdrawal (NOW) accounts		139,495		36,320	72,977	30,198
147 Number of banks	8,599	8,599	164	n.a.	2,976	5,459

NOTE. The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs.

2. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

3. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

4. Components of "Trading assets at large banks" are reported only by banks with either total assets of $1 billion or more or with $2 billion or more in the par/notional amount of their off-balance-sheet derivative contracts.

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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1999

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3] (Days)	Amount of loans (percent): Secured by collateral	Amount of loans (percent): Callable	Amount of loans (percent): Subject to prepayment penalty	Amount of loans (percent): Made under commitment	Most common base pricing rate[4]
LOAN RISK[5]									
1 All commercial and industrial loans	7.03	126,278	802	429	43.6	10.7	31.7	76.6	Foreign
2 Minimal risk	6.01	22,136	3,742	311	64.7	4.2	83.2	96.2	Foreign
3 Low risk	6.52	21,439	1,264	428	23.7	14.0	39.6	85.0	Foreign
4 Moderate risk	7.22	36,213	630	538	40.6	12.6	19.7	74.1	Foreign
5 Other	7.71	28,823	730	420	38.5	8.5	12.6	71.3	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	8.02	24,505	411	571	55.8	13.6	5.4	73.8	Prime
7 Minimal risk	8.17	586	469	812	62.4	56.3	3.5	88.4	Prime
8 Low risk	7.23	2,158	321	438	34.9	24.3	4.8	85.2	Prime
9 Moderate risk	8.21	8,354	334	618	61.2	12.4	2.4	92.3	Prime
10 Other	8.80	5,619	296	945	59.6	22.6	17.4	95.3	Prime
11 Daily	6.43	49,043	1,264	189	44.4	10.9	44.4	71.6	Fed funds
12 Minimal risk	5.71	13,985	25,363	53	83.9	1.7	95.8	96.5	Foreign
13 Low risk	6.13	8,623	3,991	233	18.7	17.8	45.6	80.1	Domestic
14 Moderate risk	6.59	12,401	1,116	273	25.2	15.2	21.7	54.5	Fed funds
15 Other	6.93	7,949	1,025	144	25.3	7.7	1.8	45.3	Fed funds
16 2 to 30 days	6.80	31,496	1,743	444	29.0	6.1	33.1	81.2	Foreign
17 Minimal risk	6.19	5,367	4,884	691	15.2	3.6	61.1	96.5	Foreign
18 Low risk	6.42	6,843	3,562	466	25.2	8.7	39.8	92.7	Foreign
19 Moderate risk	6.84	8,853	1,390	535	34.8	9.1	31.0	82.7	Foreign
20 Other	7.41	8,841	1,361	215	30.3	2.2	11.6	64.0	Foreign
21 31 to 365 days	7.58	16,234	714	642	41.7	7.4	37.3	88.9	Foreign
22 Minimal risk	7.01	1,812	939	852	73.4	5.4	83.1	96.0	Foreign
23 Low risk	7.00	3,184	899	569	22.1	7.7	47.7	87.3	Foreign
24 Moderate risk	7.48	4,830	550	682	40.4	10.5	29.8	86.8	Foreign
25 Other	8.22	5,527	1,801	606	42.1	4.3	26.5	93.8	Foreign
				Months					
26 More than 365 days	8.02	3,300	220	54	72.1	8.1	10.5	56.5	Other
27 Minimal risk	6.51	375	353	47	13.0	17.1	4.0	89.9	Other
28 Low risk	8.40	556	225	62	48.0	6.5	35.9	49.9	Other
29 Moderate risk	8.47	1,357	284	57	87.8	3.6	4.8	34.3	Prime
30 Other	7.50	633	323	43	83.2	2.3	4.0	80.0	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6] (Days)					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.26	2,720	3.2	168	87.8	32.6	2.2	75.8	Prime
32 100–999	8.44	11,020	3.2	125	74.6	22.3	7.9	84.7	Prime
33 1,000–9,999	7.43	35,279	2.9	61	45.1	11.9	23.8	78.9	Foreign
34 10,000 or more	6.57	77,259	2.5	38	37.0	7.7	39.7	74.5	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.88	25,481	3.3	61	71.0	22.8	5.2	82.4	243
36 Fed funds	6.16	26,493	3.1	12	22.6	11.8	12.1	44.5	7,369
37 Other domestic	6.25	12,241	2.3	26	17.1	22.3	65.0	74.0	3,446
38 Foreign	6.69	47,540	2.2	38	47.7	1.9	54.9	94.9	4,388
39 Other	7.11	14,522	3.0	202	42.8	6.1	8.4	67.7	419

Footnotes appear at end of table.

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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1999

B. Commercial and industrial loans made by all domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	7.30	75,031	504	608	44.0	15.1	20.9	78.1	Prime
2 Minimal risk	6.22	7,395	1,662	648	22.6	10.8	66.9	93.4	Foreign
3 Low risk	6.49	14,603	917	528	26.3	18.8	35.2	81.9	Domestic
4 Moderate risk	7.35	28,114	508	653	48.8	14.6	16.7	80.1	Prime
5 Other	8.23	12,401	340	658	61.6	15.9	6.9	83.7	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.14	20,953	361	536	54.1	15.3	1.5	69.5	Prime
7 Minimal risk	8.02	474	489	812	56.3	46.0	4.3	85.6	Prime
8 Low risk	7.23	2,142	322	442	35.0	24.3	4.2	85.8	Prime
9 Moderate risk	8.18	8,079	329	604	62.0	12.8	1.8	92.1	Prime
10 Other	8.71	4,444	242	572	71.6	28.6	.6	94.1	Prime
11 Daily	6.82	24,487	661	397	37.6	19.5	31.5	75.1	Fed funds
12 Minimal risk	5.88	2,064	7,774	353	33.9	10.5	79.9	93.2	Fed funds
13 Low risk	6.22	6,218	3,304	335	25.9	23.7	55.2	74.1	Domestic
14 Moderate risk	6.68	8,912	834	396	34.8	19.8	27.7	67.0	Fed funds
15 Other	7.47	2,881	402	337	34.4	8.9	4.8	55.0	Fed funds
16 2 to 30 days	6.78	18,105	1,173	653	30.9	10.4	32.5	90.5	Foreign
17 Minimal risk	6.13	3,825	5,897	787	7.5	5.0	69.4	95.4	Foreign
18 Low risk	6.25	4,106	2,643	566	19.2	14.4	26.9	94.6	Foreign
19 Moderate risk	6.92	6,599	1,175	672	39.6	12.1	23.3	87.2	Foreign
20 Other	8.14	2,529	450	619	57.4	7.1	20.5	85.7	Prime
21 31 to 365 days	7.49	7,385	362	839	54.2	8.0	19.4	89.0	Foreign
22 Minimal risk	6.30	646	436	233	55.1	14.9	70.1	89.6	Foreign
23 Low risk	6.51	1,506	470	717	26.9	3.6	19.8	84.5	Foreign
24 Moderate risk	7.53	2,779	337	914	56.5	7.1	17.6	90.2	Foreign
25 Other	8.70	1,706	815	1,194	74.8	7.6	11.1	98.6	Foreign
				Months					
26 More than 365 days	8.04	3,222	215	54	73.8	8.3	10.8	57.9	Other
27 Minimal risk	6.51	375	353	47	13.0	17.1	4.0	89.9	Other
28 Low risk	8.40	556	225	62	48.0	6.5	35.9	49.9	Other
29 Moderate risk	8.49	1,327	278	57	89.8	3.7	4.9	35.1	Prime
30 Other	7.52	585	299	41	89.9	2.5	4.3	86.5	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.26	2,673	3.2	171	88.3	32.7	1.9	75.6	Prime
32 100–999	8.55	9,745	3.2	137	78.6	23.1	3.8	84.7	Prime
33 1,000–9,999	7.61	24,119	3.0	68	52.8	13.4	16.8	80.3	Prime
34 10,000 or more	6.66	38,494	2.5	62	26.7	12.9	29.1	75.3	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.83	22,338	3.2	67	76.7	19.7	1.4	80.0	218
36 Fed funds	6.00	10,139	2.6	5	30.7	24.9	16.3	41.9	6,353
37 Other domestic	6.18	10,123	2.3	29	12.9	26.9	58.1	89.4	3,186
38 Foreign	6.93	19,876	2.6	58	34.2	4.1	32.9	90.0	2,748
39 Other	7.13	12,556	2.9	228	37.5	6.8	9.4	76.2	366

Footnotes appear at end of table.

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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1999

C. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	7.18	62,682	894	600	36.6	9.9	24.1	80.9	Foreign
2 Minimal risk	6.21	6,883	7,228	651	18.9	8.5	70.2	96.7	Foreign
3 Low risk	6.30	11,865	3,111	487	14.2	11.6	43.1	91.1	Domestic
4 Moderate risk	7.26	23,059	955	642	41.8	8.9	19.0	84.4	Prime
5 Other	8.15	10,105	454	697	54.7	11.0	7.8	81.9	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.99	16,995	699	536	47.8	8.2	1.5	66.5	Prime
7 Minimal risk	8.09	361	1,285	913	54.1	48.4	5.6	95.8	Prime
8 Low risk	6.82	1,261	1,217	307	21.2	8.6	5.6	91.7	Other
9 Moderate risk	8.02	6,552	611	600	56.5	7.3	1.8	95.2	Prime
10 Other	8.54	3,517	339	607	65.2	18.0	.7	93.5	Prime
11 Daily	6.77	20,916	719	387	28.8	12.0	36.4	82.1	Domestic
12 Minimal risk	5.88	2,062	8,619	353	33.8	10.5	79.9	93.2	Fed funds
13 Low risk	6.06	5,006	3,992	318	9.3	13.0	68.4	90.0	Domestic
14 Moderate risk	6.72	7,232	928	396	23.2	8.5	33.0	75.8	Domestic
15 Other	7.35	2,708	603	333	31.0	7.9	4.8	52.7	Fed funds
16 2 to 30 days	6.74	16,547	1,779	679	28.3	8.8	33.7	91.4	Foreign
17 Minimal risk	6.21	3,571	19,785	797	3.4	1.9	71.3	98.0	Foreign
18 Low risk	6.20	3,935	5,454	574	17.7	13.4	27.9	94.7	Foreign
19 Moderate risk	6.86	5,846	1,885	708	36.4	10.4	23.4	86.2	Foreign
20 Other	8.17	2,325	507	650	56.5	5.8	20.9	88.4	Prime
21 31 to 365 days	7.37	5,942	1,831	977	47.6	5.1	23.2	93.1	Foreign
22 Minimal risk	6.22	561	4,312	201	49.5	9.9	76.9	100.0	Foreign
23 Low risk	6.73	1,312	2,748	790	17.2	2.0	22.5	87.0	Foreign
24 Moderate risk	7.37	2,379	2,515	983	54.8	5.3	20.2	93.2	Foreign
25 Other	8.71	1,236	1,059	1,595	66.1	4.6	13.9	99.0	Foreign
				Months					
26 More than 365 days	7.78	1,811	926	50	58.1	4.3	17.0	63.5	Other
27 Minimal risk	6.31	322	3,135	47	.6	19.3	2.1	99.5	Other
28 Low risk	7.50	286	1,425	52	.8	*	69.8	75.9	Foreign
29 Moderate risk	8.46	830	1,313	51	90.2	.9	5.1	34.2	Prime
30 Other	8.12	246	365	49	78.0	3.4	7.5	86.0	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.02	1,225	3.5	46	87.1	36.6	2.0	85.9	Prime
32 100–999	8.43	6,621	3.4	49	75.7	20.0	4.3	89.0	Prime
33 1,000–9,999	7.51	19,864	3.0	58	48.2	9.5	18.9	81.3	Prime
34 10,000 or more	6.70	34,972	2.5	59	20.9	7.3	31.6	79.0	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.74	17,109	3.3	63	74.0	13.7	1.6	80.2	311
36 Fed funds	6.00	7,696	2.7	3	12.6	3.6	21.4	50.0	7,424
37 Other domestic	6.15	9,801	2.4	20	11.8	25.7	59.6	90.0	7,619
38 Foreign	6.91	17,641	2.5	43	30.1	3.8	34.5	90.8	3,194
39 Other	6.93	10,435	2.9	148	27.4	3.7	10.7	79.5	1,451

Footnotes appear at end of table.

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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1999

D. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	7.91	12,349	157	667	81.7	41.4	4.7	64.1	Prime
2 Minimal risk	6.29	513	147	606	72.5	41.9	25.5	49.0	Other
3 Low risk	7.33	2,738	226	802	79.2	49.8	1.2	41.9	Prime
4 Moderate risk	7.75	5,055	162	736	80.5	40.9	6.3	60.9	Prime
5 Other	8.59	2,296	162	448	92.3	37.5	3.1	91.6	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.75	3,958	117	540	81.0	45.7	1.4	82.7	Prime
7 Minimal risk	7.77	113	164	231	63.5	38.2	.0	53.3	Prime
8 Low risk	7.82	881	157	658	54.7	46.7	2.2	77.3	Prime
9 Moderate risk	8.87	1,527	110	624	85.9	36.4	2.2	78.7	Prime
10 Other	9.34	927	116	374	96.0	68.9	.4	96.6	Prime
11 Daily	7.13	3,571	450	506	88.7	63.3	2.7	34.1	Fed funds
12 Minimal risk	8.82	2	89	228	100.0	.2	*	89.6	Prime
13 Low risk	6.87	1,211	1,929	547	94.4	67.7	.2	8.6	Fed funds
14 Moderate risk	6.50	1,679	579	396	84.8	68.4	5.1	29.4	Fed funds
15 Other	9.30	173	65	389	88.5	24.7	4.6	91.8	Prime
16 2 to 30 days	7.14	1,557	254	327	59.2	27.7	20.5	81.3	Foreign
17 Minimal risk	5.15	254	543	589	65.8	49.0	41.7	58.6	Foreign
18 Low risk	7.44	170	205	334	53.1	37.3	4.3	93.7	Foreign
19 Moderate risk	7.36	753	299	330	64.6	25.1	22.5	94.7	Foreign
20 Other	7.83	204	199	260	67.7	22.2	16.9	55.4	Foreign
21 31 to 365 days	7.96	1,443	84	278	81.2	19.9	3.7	72.0	Foreign
22 Minimal risk	6.80	85	63	455	92.4	47.5	25.2	21.1	Other
23 Low risk	4.98	194	71	220	92.6	14.1	1.2	68.1	Other
24 Moderate risk	8.47	400	55	504	67.1	17.8	1.8	72.8	Other
25 Other	8.67	470	507	170	97.9	15.3	3.8	97.5	Foreign
				Months					
26 More than 365 days	8.37	1,411	108	60	94.0	13.3	4.0	50.6	Other
27 Minimal risk	7.72	53	56	43	87.8	3.5	6.2	32.0	Other
28 Low risk	9.36	270	119	72	98.0	13.5	*	22.4	Other
29 Moderate risk	8.53	496	120	67	89.1	8.3	4.6	36.6	Other
30 Other	7.09	340	265	35	98.5	1.9	2.1	86.9	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.47	1,448	2.9	272	89.4	29.3	1.7	66.9	Prime
32 100–999	8.78	3,124	2.9	328	84.5	29.8	2.9	75.5	Prime
33 1,000–9,999	8.10	4,255	3.0	119	74.4	31.7	7.0	75.8	Prime
34 10,000 or more	6.26	3,522	2.8	86	84.9	68.3	4.8	38.7	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.11	5,228	3.1	80	85.6	39.2	.6	79.4	110
36 Fed funds	6.00	2,443	2.6	11	87.8	91.9	.2	16.5	4,367
37 Other domestic	6.92	322	2.0	284	44.6	63.3	10.0	71.6	170
38 Foreign	7.10	2,235	3.3	177	66.3	6.5	20.1	83.4	1,307
39 Other	8.13	2,121	2.7	670	86.9	22.0	3.2	59.7	78

Footnotes appear at end of table.

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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1999

E. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	6.63	51,247	5,990	184	43.0	4.2	47.3	74.4	Foreign
2 Minimal risk	5.91	14,741	10,061	144	85.8	.9	91.1	97.5	Foreign
3 Low risk	6.59	6,836	6,608	228	18.2	3.8	48.9	91.7	Foreign
4 Moderate risk	6.78	8,099	3,743	163	12.1	5.5	30.0	53.3	Fed funds
5 Other	7.32	16,423	5,423	261	21.1	2.9	16.8	62.0	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	7.34	3,552	2,206	756	66.0	3.3	28.8	99.2	Fed funds
7 Minimal risk	8.82	112	401	*	88.4	100.0	*	100.0	Prime
8 Low risk	*	*	*	*	*	*	*	*	*
9 Moderate risk	9.04	275	603	1,044	38.4	.9	19.7	99.9	Prime
10 Other	9.15	1,175	2,030	1,968	14.2	.0	80.7	99.6	Prime
11 Daily	6.05	24,556	14,067	8	51.2	2.3	57.3	68.2	Foreign
12 Minimal risk	5.68	11,921	41,699	1	92.6	.2	98.6	97.1	Foreign
13 Low risk	5.91	2,405	8,629	1	.0	2.8	21.1	95.6	Foreign
14 Moderate risk	6.35	3,489	8,344	1	.7	3.6	6.2	22.4	Fed funds
15 Other	6.62	5,068	8,569	34	20.1	7.1	.1	39.7	Fed funds
16 2 to 30 days	6.82	13,392	5,092	173	26.3	.2	33.8	68.7	Foreign
17 Minimal risk	6.31	1,542	3,424	456	34.4	.1	40.7	99.3	Foreign
18 Low risk	6.66	2,737	7,437	320	34.3	.0	58.7	89.9	Foreign
19 Moderate risk	6.59	2,254	3,003	153	20.7	.4	53.6	69.7	Foreign
20 Other	7.11	6,312	7,180	61	19.4	.2	8.5	55.3	Fed funds
21 31 to 365 days	7.66	8,849	3,783	465	31.4	6.9	52.3	88.8	Foreign
22 Minimal risk	7.41	1,167	2,591	1,193	83.5	.1	90.2	99.5	Foreign
23 Low risk	7.44	1,678	4,969	421	17.9	11.5	72.7	89.8	Foreign
24 Moderate risk	7.41	2,052	3,840	323	18.6	15.1	46.2	82.2	Foreign
25 Other	8.00	3,821	3,923	329	27.5	2.8	33.3	91.7	Foreign
				Months					
26 More than 365 days	*	*	*	*	*	*	*	*	*
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
29 Moderate risk	*	*	*	*	*	*	*	*	*
30 Other	*	*	*	*	*	*	*	*	*
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.77	47	3.0	16	54.9	28.8	18.4	88.3	Prime
32 100–999	7.62	1,275	2.9	28	44.6	16.3	38.7	85.0	Foreign
33 1,000–9,999	7.05	11,160	2.8	46	28.5	8.4	38.8	75.7	Foreign
34 10,000 or more	6.47	38,766	2.5	15	47.1	2.6	50.1	73.7	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.25	3,144	3.5	19	30.5	45.1	31.9	99.5	1,403
36 Fed funds	6.26	16,355	3.3	17	17.6	3.8	9.5	46.1	8,180
37 Other domestic	6.61	2,119	2.9	11	37.5	*	98.4	.2	5,646
38 Foreign	6.52	27,664	2.0	24	57.5	.3	70.8	98.4	7,680
39 Other	6.98	1,966	4.0	45	76.9	1.4	2.3	13.6	5,823

Footnotes appear at end of table.

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NOTES TO TABLE 4.23

NOTE. The Survey of Terms of Business Lending collects data on gross loan extensions made during the first full business week in the mid-month of each quarter. The authorized panel size for the survey is 348 domestically chartered commercial banks and fifty U.S. branches and agencies of foreign banks. The sample data are used to estimate the terms of loans extended during that week at all domestic commercial banks and all U.S. branches and agencies of foreign banks. Note that the terms on loans extended during the survey week may differ from those extended during other weeks of the quarter. The estimates reported here are not intended to measure the average terms on all business loans in bank portfolios.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.16 percentage point. 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 the universe of all banks.

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities.

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking Analysis Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Other" includes loans rated "acceptable" as well as special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 8.26 percent for all banks; 8.25 percent for large domestic banks, 8.35 percent for small domestic banks; and 8.19 percent for U.S. branches and agencies of foreign banks.

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4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1999[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets[4]**	**851,483**	**173,980**	**680,784**	**144,819**	**28,823**	**5,399**	**53,215**	**7,296**
2 Claims on nonrelated parties	711,312	89,865	561,374	74,821	28,067	2,224	53,104	5,914
3 Cash and balances due from depository institutions	82,727	41,841	75,607	38,160	627	130	5,524	3,304
4 Cash items in process of collection and unposted debits	2,550	0	2,495	0	7	0	11	0
5 Currency and coin (U.S. and foreign)	16	n.a.	12	n.a.	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	48,699	15,852	46,444	15,008	511	57	1,144	665
7 U.S. branches and agencies of other foreign banks (including IBFs)	41,134	15,095	39,409	14,322	341	57	965	605
8 Other depository institutions in United States (including IBFs)	7,565	757	7,035	686	170	0	179	60
9 Balances with banks in foreign countries and with foreign central banks	31,076	25,989	26,357	23,152	88	73	4,359	2,640
10 Foreign branches of U.S. banks	713	637	624	553	0	0	56	56
11 Banks in home country and home-country central banks	5,138	3,940	5,088	3,903	23	23	15	15
12 All other banks in foreign countries and foreign central banks	25,225	21,411	20,644	18,696	65	50	4,289	2,569
13 Balances with Federal Reserve Banks	386	n.a.	300	n.a.	20	n.a.	10	n.a.
14 **Total securities and loans**	**432,914**	**40,094**	**331,465**	**29,355**	**26,266**	**1,751**	**35,182**	**2,560**
15 Total securities, book value	112,939	4,914	104,061	4,273	1,311	485	6,439	116
16 U.S. Treasury	22,998	n.a.	21,486	n.a.	67	n.a.	1,431	n.a.
17 Obligations of U.S. government agencies and corporations	46,182	n.a.	43,650	n.a.	203	n.a.	1,922	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	43,759	4,914	38,925	4,273	1,041	485	3,086	116
19 Securities of foreign governmental units	11,432	2,785	11,071	2,631	267	109	30	30
20 All Other	32,327	2,130	27,854	1,642	774	376	3,056	85
21 Federal funds sold and securities purchased under agreements to resell	71,295	5,993	66,335	5,623	605	300	3,522	0
22 U.S. branches and agencies of other foreign banks	10,701	2,716	10,187	2,596	299	100	0	0
23 Commercial banks in United States	9,564	19	8,906	19	90	0	5	0
24 Other	51,030	3,258	47,242	3,008	216	200	3,517	0
25 Total loans, gross	320,258	35,209	227,615	25,109	24,984	1,266	28,759	2,444
26 LESS: Unearned income on loans	283	29	210	27	29	1	17	0
27 EQUALS: Loans, net	319,975	35,180	227,405	25,082	24,955	1,265	28,742	2,444
Total loans, gross, by category								
28 Real estate loans	16,990	102	11,436	100	2,946	0	398	0
29 Loans to depository institutions	25,694	17,359	15,402	9,950	1,631	960	2,788	2,364
30 Commercial banks in United States (including IBFs)	6,450	3,192	4,004	1,848	1,161	516	791	704
31 U.S. branches and agencies of other foreign banks	4,867	2,920	2,742	1,745	1,138	502	635	549
32 Other commercial banks in United States	1,583	272	1,262	103	23	14	156	155
33 Other depository institutions in United States (including IBFs)	15	0	0	0	0	0	0	0
34 Banks in foreign countries	19,229	14,167	11,397	8,102	470	444	1,997	1,660
35 Foreign branches of U.S. banks	800	182	761	143	0	0	10	10
36 Other banks in foreign countries	18,428	13,985	10,636	7,960	470	444	1,987	1,650
37 Loans to other financial institutions	50,767	1,542	40,578	1,255	1,302	0	3,999	5
38 Commercial and industrial loans	206,195	13,626	142,618	11,509	18,864	282	20,188	71
39 U.S. addressees (domicile)	168,205	222	115,006	222	17,400	0	18,025	0
40 Non-U.S. addressees (domicile)	37,989	13,403	27,612	11,287	1,464	282	2,163	71
41 Acceptances of other banks	423	6	71	6	19	0	328	0
42 U.S. banks	6	0	1	0	3	0	0	0
43 Foreign banks	417	6	70	6	15	0	328	0
44 Loans to foreign governments and official institutions (including foreign central banks)	3,700	2,498	2,991	2,229	157	24	95	4
45 Loans for purchasing or carrying securities (secured and unsecured)	9,020	19	8,459	19	0	0	0	0
46 All other loans	6,714	58	5,836	40	66	0	429	0
47 Lease financing receivables (net of unearned income)	757	0	225	0	0	0	532	0
48 U.S. addressees (domicile)	757	0	225	0	0	0	532	0
49 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
50 Trading assets	91,504	719	59,358	717	68	2	6,932	0
51 All other assets	32,871	1,219	28,608	966	501	41	1,945	50
52 Customers' liabilities on acceptances outstanding	1,263	n.a.	899	n.a.	133	n.a.	177	n.a.
53 U.S. addressees (domicile)	621	n.a.	458	n.a.	132	n.a.	25	n.a.
54 Non-U.S. addressees (domicile)	642	n.a.	441	n.a.	2	n.a.	152	n.a.
55 Other assets including other claims on nonrelated parties	31,609	1,219	27,709	966	368	41	1,768	50
56 Net due from related depository institutions[5]	140,171	84,115	119,410	69,998	756	3,175	111	1,382
57 Net due from head office and other related depository institutions[5]	140,171	n.a.	119,410	n.a.	756	n.a.	111	n.a.
58 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	84,115	n.a.	69,998	n.a.	3,175	n.a.	1,382
59 **Total liabilities[4]**	**851,483**	**173,980**	**680,784**	**144,819**	**28,823**	**5,399**	**53,215**	**7,296**
60 Liabilities to nonrelated parties	711,828	152,812	585,300	126,898	11,632	5,148	44,646	5,478

Footnotes appear at end of table.

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4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2] Total excluding IBFs[3]	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only	California Total excluding IBFs	California IBFs only	Illinois Total excluding IBFs	Illinois IBFs only
61 Total deposits and credit balances	310,881	102,423	249,715	90,233	4,593	1,215	20,417	2,301
62 Individuals, partnerships, and corporations	230,558	11,095	178,319	6,434	2,725	191	17,943	34
63 U.S. addressees (domicile)	213,635	12	166,937	12	1,273	0	17,827	0
64 Non-U.S. addressees (domicile)	16,923	11,083	11,382	6,421	1,452	191	116	34
65 Commercial banks in United States (including IBFs)	40,409	13,574	35,711	13,097	464	120	1,335	223
66 U.S. branches and agencies of other foreign banks	12,845	11,470	11,511	11,074	0	120	285	148
67 Other commercial banks in United States	27,564	2,104	24,200	2,023	464	0	1,050	75
68 Banks in foreign countries	10,005	56,898	9,625	53,178	11	159	151	1,403
69 Foreign branches of U.S. banks	1,026	4,486	1,025	4,063	0	0	0	423
70 Other banks in foreign countries	8,978	52,412	8,600	49,115	11	159	151	980
71 Foreign governments and official institutions (including foreign central banks)	12,929	20,489	11,478	17,223	7	704	982	639
72 All other deposits and credit balances	16,826	367	14,442	302	1,383	40	5	2
73 Certified and official checks	155		139		3		1	
74 Transaction accounts and credit balances (excluding IBFs)	8,402		6,512		273		421	
75 Individuals, partnerships, and corporations	7,013		5,415		255		417	
76 U.S. addressees (domicile)	4,991		4,252		146		414	
77 Non-U.S. addressees (domicile)	2,022		1,163		109		3	
78 Commercial banks in United States (including IBFs)	54		50		0		0	
79 U.S. branches and agencies of other foreign banks	34		33		0		0	
80 Other commercial banks in United States	20		16		0		0	
81 Banks in foreign countries	673		467		11		0	
82 Foreign branches of U.S. banks	2		1		0		0	
83 Other banks in foreign countries	671		466		11		0	
84 Foreign governments and official institutions (including foreign central banks)	298		243		2		2	
85 All other deposits and credit balances	209		197		2		0	
86 Certified and official checks	155		139		3		1	
87 Demand deposits (included in transaction accounts and credit balances)	7,878		6,188		217		419	
88 Individuals, partnerships, and corporations	6,665		5,264		200		415	
89 U.S. addressees (domicile)	4,895		4,176		134		412	
90 Non-U.S. addressees (domicile)	1,770		1,088		67		3	
91 Commercial banks in United States (including IBFs)	40	n.a.	37	n.a.	0	n.a.	0	n.a.
92 U.S. branches and agencies of other foreign banks	24		23		0		0	
93 Other commercial banks in United States	16		13		0		0	
94 Banks in foreign countries	651		445		11		0	
95 Foreign branches of U.S. banks	2		1		0		0	
96 Other banks in foreign countries	649		444		11		0	
97 Foreign governments and official institutions (including foreign central banks)	291		236		2		2	
98 All other deposits and credit balances	76		67		0		0	
99 Certified and official checks	155		139		3		1	
100 Nontransaction accounts (including MMDAs, excluding IBFs)	302,478		243,203		4,320		19,995	
101 Individuals, partnerships, and corporations	223,545		172,904		2,470		17,525	
102 U.S. addressees (domicile)	208,644		162,685		1,127		17,413	
103 Non-U.S. addressees (domicile)	14,901		10,219		1,343		113	
104 Commercial banks in United States (including IBFs)	40,355		35,661		464		1,335	
105 U.S. branches and agencies of other foreign banks	12,811		11,478		0		285	
106 Other commercial banks in United States	27,544		24,184		464		1,050	
107 Banks in foreign countries	9,331		9,158		0		150	
108 Foreign branches of U.S. banks	1,024		1,024		0		0	
109 Other banks in foreign countries	8,307		8,134		0		150	
110 Foreign governments and official institutions (including foreign central banks)	12,631		11,235		5		980	
111 All other deposits and credit balances	16,617		14,245		1,381		5	
112 IBF deposit liabilities		102,423		90,233		1,215		2,301
113 Individuals, partnerships, and corporations		11,095		6,434		191		34
114 U.S. addressees (domicile)		12		12		0		0
115 Non-U.S. addressees (domicile)		11,083		6,421		191		34
116 Commercial banks in United States (including IBFs)		13,574		13,097		120		223
117 U.S. branches and agencies of other foreign banks		11,470		11,074		120		148
118 Other commercial banks in United States	n.a.	2,104	n.a.	2,023	n.a.	0	n.a.	75
119 Banks in foreign countries		56,898		53,178		159		1,403
120 Foreign branches of U.S. banks		4,486		4,063		0		423
121 Other banks in foreign countries		52,412		49,115		159		980
122 Foreign governments and official institutions (including foreign central banks)		20,489		17,223		704		639
123 All other deposits and credit balances		367		302		40		2

Footnotes appear at end of table.

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4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
124 Federal funds purchased and securities sold under agreements to repurchase	126,269	21,375	109,311	14,063	1,235	595	7,933	1,936
125 U.S. branches and agencies of other foreign banks	13,953	5,523	8,857	2,730	573	344	2,197	512
126 Other commercial banks in United States	11,149	968	7,102	477	350	16	2,233	475
127 Other	101,167	14,884	93,352	10,856	313	236	3,502	949
128 Other borrowed money	82,682	27,695	64,860	21,405	4,183	3,302	6,199	1,215
129 Owed to nonrelated commercial banks in United States (including IBFs)	13,095	5,332	10,718	4,340	877	522	695	220
130 Owed to U.S. offices of nonrelated U.S. banks	5,400	413	4,993	335	90	70	102	0
131 Owed to U.S. branches and agencies of nonrelated foreign banks	7,695	4,919	5,725	4,005	787	452	593	220
132 Owed to nonrelated banks in foreign countries	19,662	17,182	15,252	12,926	2,636	2,611	224	205
133 Owed to foreign branches of nonrelated U.S. banks	1,156	664	855	369	296	296	0	0
134 Owed to foreign offices of nonrelated foreign banks	18,506	16,518	14,397	12,557	2,340	2,315	224	205
135 Owed to others	49,925	5,181	38,890	4,140	670	170	5,280	790
136 All other liabilities	89,574	1,320	71,181	1,196	406	35	7,796	26
137 Branch or agency liability on acceptances executed and outstanding	1,723	n.a.	1,185	n.a.	135	n.a.	338	n.a.
138 Trading liabilities	60,039	46	46,090	46	57	0	5,914	0
139 Other liabilities to nonrelated parties	27,812	1,274	23,906	1,151	215	35	1,545	25
140 Net due to related depository institutions[5]	139,655	21,168	95,484	17,922	17,190	251	8,569	1,818
141 Net due to head office and other related depository institutions[5]	139,655	n.a.	95,484	n.a.	17,190	n.a.	8,569	n.a.
142 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	21,168	n.a.	17,922	n.a.	251	n.a.	1,818
MEMO								
143 Non-interest-bearing balances with commercial banks in United States	2,338	0	2,221	0	33	0	11	0
144 Holding of own acceptances included in commercial and industrial loans	1,847		1,334		197		249	
145 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	110,752		69,351		9,823		15,594	
146 Predetermined interest rates	73,378	n.a.	44,949	n.a.	4,997	n.a.	13,687	n.a.
147 Floating interest rates	37,374		24,402		4,826		1,907	
148 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	93,986		72,258		8,911		4,512	
149 Predetermined interest rates	23,317		19,308		1,619		620	
150 Floating interest rates	70,669		52,950		7,292		3,892	

Footnotes appear at end of table.

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4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
151 Components of total nontransaction accounts, included in total deposits and credit balances (excluding IBFs)	302,476	n.a.	244,740	n.a.	4,137	n.a.	20,477	n.a.
152 Time deposits of $100,000 or more	297,599	n.a.	240,516	n.a.	4,089	n.a.	19,895	n.a.
153 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	4,877	n.a.	4,224	n.a.	48	n.a.	582	n.a.

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
154 Immediately available funds with a maturity greater than one day included in other borrowed money	31,129	n.a.	28,151	n.a.	1,694	n.a.	741	n.a.
155 Number of reports filed[6]	373	0	195	0	75	0	30	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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BOOKS AND MISCELLANEOUS PUBLICATIONS

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1994. 157 pp.

ANNUAL REPORT, 1998.

ANNUAL REPORT: BUDGET REVIEW, 1999.

FEDERAL RESERVE BULLETIN. Monthly. $25.00 per year or $2.50 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $3.00 each.

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GUIDE TO THE FLOW OF FUNDS ACCOUNTS. 672 pp. $8.50 each.

FEDERAL RESERVE REGULATORY SERVICE. Loose-leaf; updated monthly. (Requests must be prepaid.)
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FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. $10.00 each.

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RISK MEASUREMENT AND SYSTEMIC RISK: PROCEEDINGS OF A JOINT CENTRAL BANK RESEARCH CONFERENCE. 1996. 578 pp. $25.00 each.

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Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
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Series on the Structure of the Federal Reserve System
- The Board of Governors of the Federal Reserve System
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STAFF STUDIES: Only Summaries Printed in the BULLETIN

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–158, 161, 163, 165, 166, 168, and 169 are out of print.

159. NEW DATA ON THE PERFORMANCE OF NONBANK SUBSIDIARIES OF BANK HOLDING COMPANIES, by Nellie Liang and Donald Savage. February 1990. 12 pp.
160. BANKING MARKETS AND THE USE OF FINANCIAL SERVICES BY SMALL AND MEDIUM-SIZED BUSINESSES, by Gregory E. Elliehausen and John D. Wolken. September 1990. 35 pp.
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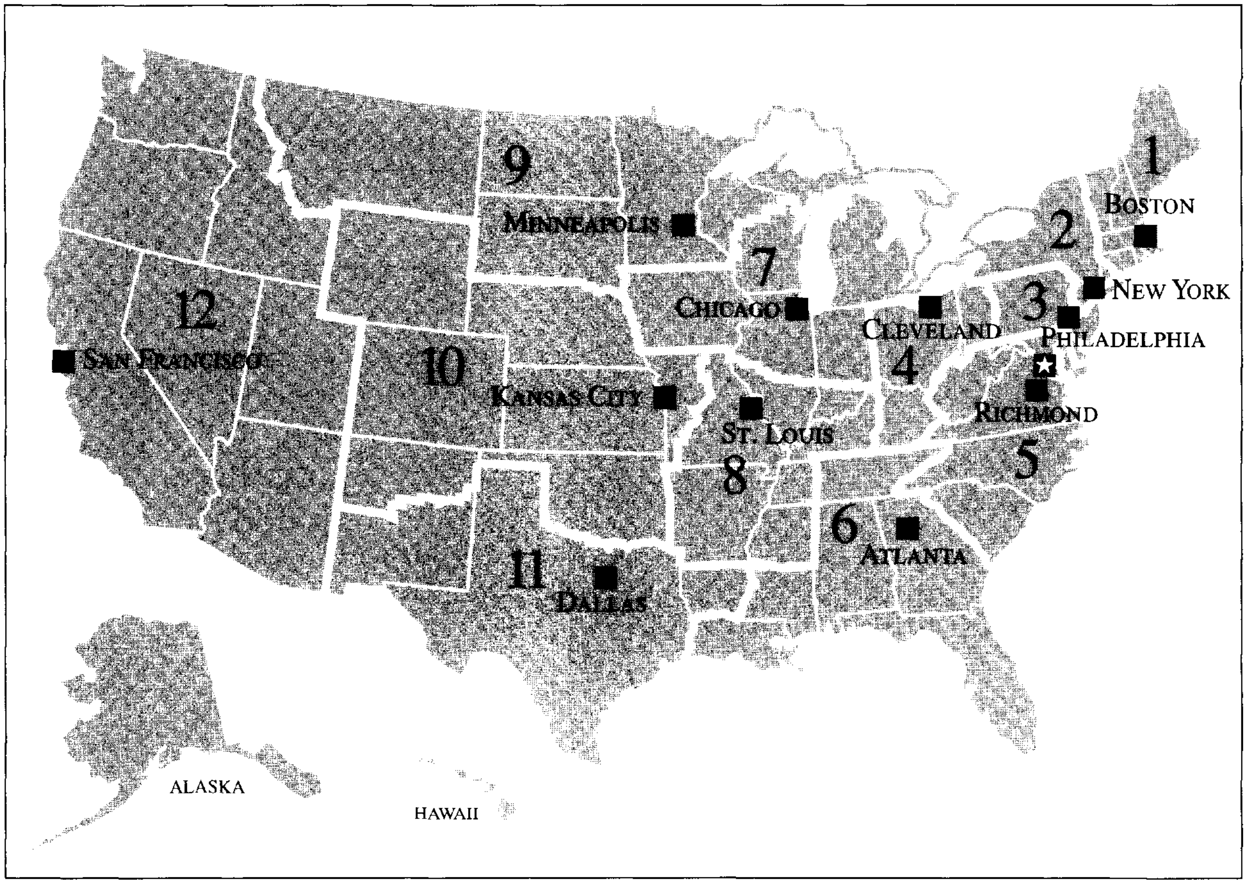

LEGEND

Both pages

■ Federal Reserve Bank city

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Facing page

• Federal Reserve Branch city

— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.

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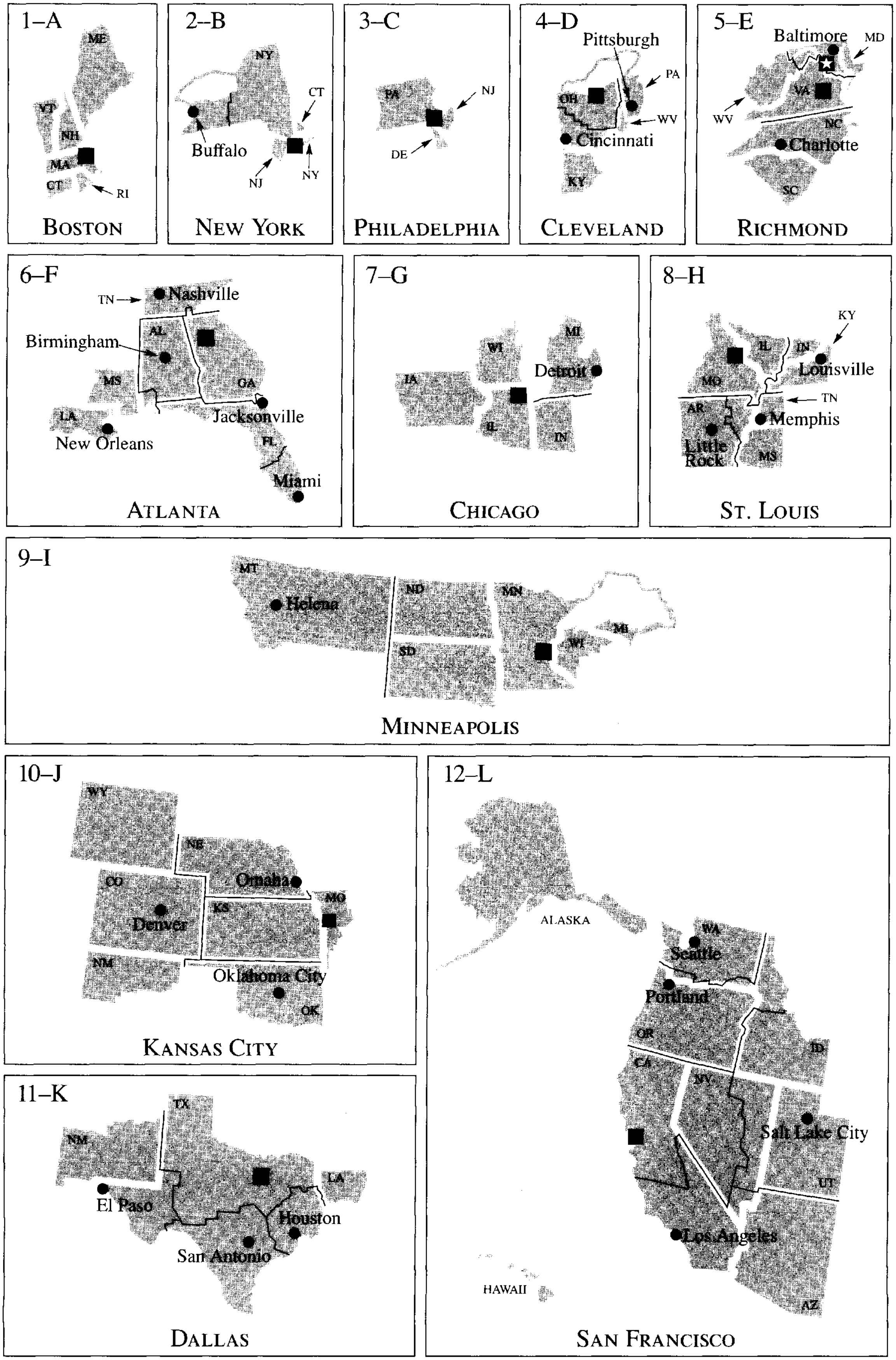

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The Federal Reserve Board publishes a series of brochures covering individual credit laws and topics, as pictured below.

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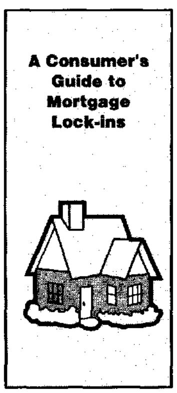
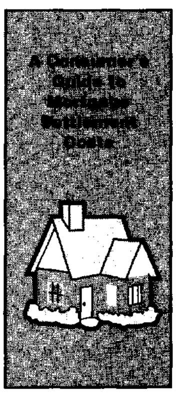
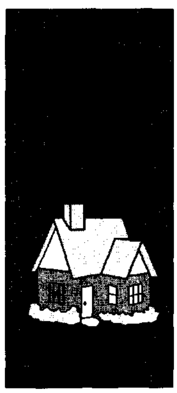
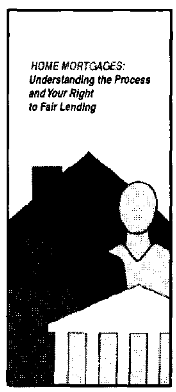
Shop . . . The Card You Pick Can Save You Money is designed to help consumers comparison shop when looking for a credit card. It contains the results of the Federal Reserve Board's biannual survey of the terms of credit card plans offered by credit card issuers throughout the United States. Because the terms can affect the amount an individual pays for using a credit card, the booklet lists the annual percentage rate (APR), annual fee, grace period, type of pricing (fixed or variable rate), and a telephone number for each card issuer surveyed. *A Guide to Business Credit for Women, Minorities, and Small Businesses* covers the credit application process and points out sources of technical assistance for small business loans.

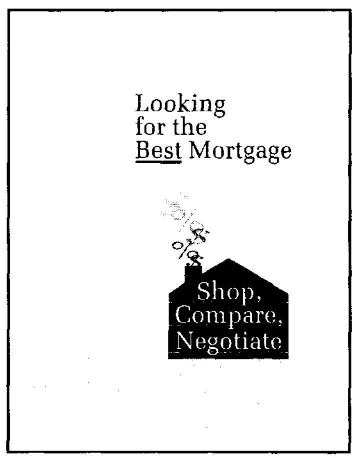
Up to 100 copies of consumer publications are available free of charge from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

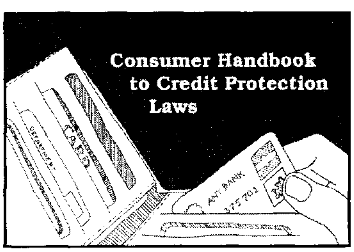


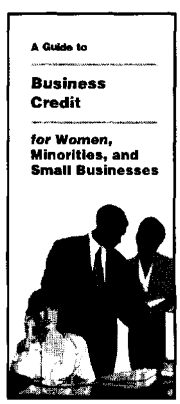












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To promote public understanding of its regulatory functions, the Board publishes the *Federal Reserve Regulatory Service,* a four-volume loose-leaf service containing all Board regulations as well as related statutes, interpretations, policy statements, rulings, and staff opinions. For those with a more specialized interest in the Board's regulations, parts of this service are published separately as handbooks pertaining to monetary policy, securities credit, consumer affairs, and the payment system.

These publications are designed to help those who must frequently refer to the Board's regulatory materials. They are updated monthly, and each contains citation indexes and a subject index.

The Monetary Policy and Reserve Requirements Handbook contains Regulations A, D, and Q, plus related materials.

The Securities Credit Transactions Handbook contains Regulations T, U, and X, dealing with extensions of credit for the purchase of securities, together with related statutes, Board interpretations, rulings, and staff opinions. Also included is the Board's list of foreign margin stocks.

The Consumer and Community Affairs Handbook contains Regulations B, C, E, M, Z, AA, BB, and DD, and associated materials.

The Payment System Handbook deals with expedited funds availability, check collection, wire transfers, and risk-reduction policy. It includes Regulations CC, J, and EE, related statutes and commentaries, and policy statements on risk reduction in the payment system.

For domestic subscribers, the annual rate is $200 for the *Federal Reserve Regulatory Service* and $75 for each handbook. For subscribers outside the United States, the price including additional air mail costs is $250 for the service and $90 for each handbook.

The *Federal Reserve Regulatory Service* is also available on CD-ROM for use on personal computers. For a standalone PC, the annual subscription fee is $300. For network subscriptions, the annual fee is $300 for 1 concurrent user, $750 for a maximum of 10 concurrent users, $2,000 for a maximum of 50 concurrent users, and $3,000 for a maximum of 100 concurrent users. Subscribers outside the United States should add $50 to cover additional airmail costs. For further information, call (202) 452-3244.

All subscription requests must be accompanied by a check or money order payable to the Board of Governors of the Federal Reserve System. Orders should be addressed to Publications Services, mail stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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Guide to the Flow of Funds Accounts explains in detail how the U.S. financial flow accounts are prepared. The accounts, which are compiled by the Division of Research and Statistics, are published in the Board's quarterly Z.1 statistical release, "Flow of Funds Accounts, Flows and Outstandings." The *Guide* updates and replaces *Introduction to Flow of Funds*, published in 1980.

The 670-page *Guide* begins with an explanation of the organization and uses of the flow of funds accounts and their relationship to the national income and product accounts prepared by the U.S. Department of Commerce. Also discussed are the individual data series that make up the accounts and such procedures as seasonal adjustment, extrapolation, and interpolation.

The balance of the *Guide* contains explanatory tables corresponding to the tables of financial flows data that appeared in the September 1992 Z.1 release. These tables give, for each data series, the source of the data or the methods of calculation, along with annual data for 1991 that were published in the September 1992 release.

Guide to the Flow of Funds Accounts is available for $8.50 per copy from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551. Orders must include a check or money order, in U.S. dollars, made payable to the Board of Governors of the Federal Reserve System.

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Federal Reserve Statistical Releases Available on the Commerce Department's Economic Bulletin Board

The Board of Governors of the Federal Reserve System makes some of its statistical releases available to the public through the U.S. Department of Commerce's economic bulletin board. Computer access to the releases can be obtained by subscription. For further information regarding a subscription to the economic bulletin board, please call (202) 482-1986. The releases transmitted to the economic bulletin board, on a regular basis, are the following:

Reference Number	*Statistical release*	*Frequency of release*
H.3	Aggregate Reserves	Weekly/Thursday
H.4.1	Factors Affecting Reserve Balances	Weekly/Thursday
H.6	Money Stock	Weekly/Thursday
H.8	Assets and Liabilities of Insured Domestically Chartered and Foreign Related Banking Institutions	Weekly/Monday
H.10	Foreign Exchange Rates	Weekly/Monday
H.15	Selected Interest Rates	Weekly/Monday
G.5	Foreign Exchange Rates	Monthly/end of month
G.17	Industrial Production and Capacity Utilization	Monthly/midmonth
G.19	Consumer Installment Credit	Monthly/fifth business day
Z.1	Flow of Funds	Quarterly

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