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Monetary Policy Report to the Congress

Report submitted to the Congress on July 19, 1995, pursuant to the Full Employment and Balanced Growth Act of 1978

MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1995 AND 1996

During 1994, spending by U.S. households and businesses grew at an exceptionally rapid pace, and by the end of the year, demands clearly were taxing the productive capacity of the economy. Pressures on resources were particularly intense in sectors of manufacturing that provide inputs for other producers, and sharp increases in the prices of materials and supplies signaled what could have been the first stage of a broader inflationary process. A weakening of the dollar on foreign exchange markets as 1995 began heightened that risk. To damp these inflationary pressures and foster a sustainable economic expansion, the Federal Open Market Committee in February tightened policy somewhat, extending the series of actions undertaken during 1994, and the Board of Governors approved a ½ percentage point increase in the discount rate.

The economy's growth began to moderate in the first quarter of 1995. Among the factors contributing to the slowing were the lagged effects of 1994's increases in interest rates on housing and other rate-sensitive sectors and the impact on U.S. exports of the sharp contraction in Mexico's economy and fall in the foreign exchange value of the peso. As final sales moderated, businesses scaled back their desired inventory accumulation. In some key sectors, the slackening in sales was greater than anticipated, leaving firms with excess inventories. As businesses took steps to trim stocks, aggregate production decelerated further in the second quarter and was probably about flat, as measured by real gross domestic product. The inventory adjustment was especially large in the motor vehicle sector, which accounted for much of the downswing in manufacturing activity in the spring. Homebuilding also showed marked weakness, in part because builders hesitated to start new projects until they could work down stocks of unsold new homes.

While output growth was stalling in the first half of this year, the still-high level of resource utilization of the economy, as well as the effects of rapid increases in materials prices, contributed to a pickup in inflation from its 1994 pace. Nonetheless, by July it appeared likely that pressures on resources and hence on prices were in the process of easing. Materials prices were showing signs of softening, and a period of greater stability in the exchange value of the dollar suggested that the rise of import prices might soon slow. With the threat of future inflation thus reduced, the FOMC elected to ease the stance of policy slightly at its meeting in July.

The moderation in economic growth and improvement in inflation prospects over the first half of 1995 sparked a considerable decline in market interest rates. The greater likelihood of significant progress toward a balanced federal budget also seemed to contribute to the decrease in longer-term interest rates. Intermediate- and long-term yields have fallen 1¼ to 1¾ percentage points since year-end 1994, with the decline in thirty-year fixed mortgage rates this year reversing most of the increases registered since early 1994. Lower interest rates, solid earnings growth, and prospects for sustained economic expansion helped push most broad stock price indexes to record highs.

The drop in longer-term interest rates in the United States contributed to downward pressure on the foreign exchange value of the dollar in 1995. In terms of the currencies of the other G-10 countries, the dollar has declined 7½ percent on balance. Over the past half-year, foreign long-term interest rates have fallen significantly as growth prospects

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

abroad have weakened, but by less than U.S. long-term interest rates. In addition, the Mexican crisis was seen by market participants as having adverse implications for U.S. growth, especially exports, and it contributed to the dollar's decline in terms of currencies other than the peso in early 1995. With the dollar at times under greater downward pressure than seemed justified by fundamentals, the Federal Reserve, acting on behalf of the Treasury and for its own account, joined other central banks in concerted intervention in support of the currency on several occasions in 1995. In recent weeks, the dollar has fluctuated in a range somewhat above the lows reached in the spring.

Despite the slower expansion of nominal spending this year, net borrowing by households and businesses remained substantial. In fact, total private credit flows strengthened, offsetting slower growth of federal debt and an outright decline in state and local government debt; as a result, total domestic nonfinancial debt expanded at a 5½ percent pace from the fourth quarter of 1994 through May, a little faster than in 1994. Credit supply conditions remained quite favorable, with banks continuing to ease terms and conditions of lending and with risk spreads in securities markets persisting at quite low levels. Household borrowing this year has been a bit more subdued than in 1994 but still appreciable. Nonfinancial businesses have stepped up their borrowing considerably, a move reflecting a widening gap between capital expenditures (including inventory investment) and internally generated funds, and also reflecting the balance sheet restructuring associated with stock repurchases and a surge in merger and acquisition activity. Although the decline in long-term interest rates this year has spurred a significant pickup in bond issuance and fixed rate mortgage borrowing very recently, the increase in credit this year has been concentrated in short-term or floating-rate debt.

Depository institutions, as traditional providers of short-term and floating-rate credit, have enjoyed a sharp increase in loan demand. To fund the growth of their loan portfolios, banks and thrift institutions pulled in more deposits, providing a lift to growth of the broad monetary aggregates. Indeed, M3 expanded at a 6¼ percent pace from the fourth quarter through June, slightly exceeding the upper bound of its revised annual range. In their usual fashion, yields on small time deposits and money market mutual funds have adjusted with a lag to the declines in market interest rates this year. Investors have responded by shifting their portfolios toward these assets, boosting M2 growth from the fourth quarter through June to 3¼ percent at an annual rate. M2 velocity over the first half of 1995 is estimated to have held about steady, in marked contrast to the rise in M2 velocity over the previous five years.

Unlike the broad monetary aggregates, M1 has grown quite sluggishly this year. Low interest returns on transaction deposits have encouraged households and businesses to move excess balances into higher-yielding M2 assets and also into market instruments. This process has been amplified by the expansion of retail sweep accounts offered by a few banks that allow customers to hold a lower average level of transaction balances. Currency growth—although slower than the double-digit pace of the last two years—has remained strong, boosted again by heavy foreign demands.

Money and Debt Ranges for 1995 and 1996

In setting ranges for money and debt in 1995 and 1996, the Committee noted that the velocities of the monetary aggregates have been behaving more in line with historical patterns than was the case earlier in the decade. However, financial innovation, technological change, and deregulation have blurred distinctions among various financial instruments that can serve as savings vehicles and sources of credit. As a consequence, considerable uncertainty remains about the future relationships of money and debt to the fundamental objectives of monetary policy; the Committee will thus continue

1. Ranges for growth of monetary and credit aggregates
Percent

Aggregate	1994	1995	Provisional for 1996
M2	1–5	1–5	1–5
M3	0–4	2–6[1]	2–6
Debt	4–8	3–7	3–7

NOTE. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated. Figures for debt are monitoring ranges for debt of the domestic nonfinancial sector.

1. Revised at the July 1995 FOMC meeting.

to rely primarily on a wide range of other information in determining the stance of policy.

The Committee retained its current range of 1 to 5 percent for M2 for 1995 and chose the same range for 1996. If M2 velocity continues on a more normal track, growth of M2 in the upper half of this range in 1995 and near the upper bound of the provisional range in 1996 would be consistent with the Committee's expectations for nominal income growth. The existing range was retained for next year in view of the lingering uncertainties about the money–income relationship and to serve as a benchmark for the rate of growth of M2 that would be expected under conditions of reasonable price stability and historical velocity behavior. The Committee also reaffirmed the 3-to-7 percent range for the debt aggregate and carried this range forward on a provisional basis for 1996, concluding that debt growth within this range would be expected to accompany the moderate economic expansion it was seeking to foster.

With regard to M3, the Committee had noted in its February 1995 report to the Congress that the depressed growth of this aggregate in recent years reflected the balance sheet adjustments of banks and thrift institutions in response to the extraordinary strains they experienced in the early 1990s. The Committee observed that, as these institutions returned to health and intermediation resumed more normal patterns, M3 growth could pick up appreciably and the velocity of M3 might begin to stabilize or even decline, as it had on average over several decades before 1990. In the event, M3 has strengthened considerably so far in 1995, apparently for the reasons noted by the Committee in February. As a consequence, the Committee made a technical adjustment in its M3 range at the July meeting—to 2 to 6 percent for 1995—and carried that range forward on a provisional basis into 1996. The Committee stressed that this change simply recognized the return of historical financing patterns and bore no implications for the underlying thrust of monetary policy.

Economic Projections for 1995 and 1996

The members of the Board of Governors and the Reserve Bank presidents, all of whom participate in the deliberations of the Federal Open Market Committee, generally anticipate that, after a weak second quarter, the economy will experience moderate growth in the second half of 1995 and in 1996. For all of 1995, this would produce growth that was somewhat below forecasts made for the February meeting. In line with these expectations, the unemployment rate in the second half of 1995 may move up somewhat from its recent relatively low level.

A number of factors should contribute to a pickup in demand and production over coming months. Lower interest rates, in particular, likely will directly stimulate spending on housing, motor vehicles and consumer durables, and business investment. Moreover, increases in the value of bond and stock portfolios that have accompanied the decline in interest rates should strengthen aggregate demand more generally. The strong competitive position of the United States likely will bolster net export growth on balance over the remainder of 1995. To be sure, the level of U.S. exports to Mexico probably will remain depressed for some time, but Mexico's external adjustment has already been substantial and further declines in

2. Economic projections for 1995 and 1996
Percent

Measure	FOMC members and nonvoting Reserve Bank presidents		Administration
	Range	Central tendency	
	1995		
Change, fourth quarter to fourth quarter[1]			
Nominal GDP	3¾–5¼	4¼–4¾	5.4
Real GDP	1⅜–3	1½–2	2.4
Consumer price index[2]	3–3½	3⅛–3⅜	3.2
Average level, fourth quarter			
Unemployment rate[3]	5½–6¼	5¾–6⅛	5.5–5.8
	1996		
Change, fourth quarter to fourth quarter[1]			
Nominal GDP	4⅝–5½	4¾–5⅜	5.5
Real GDP	2⅛–3	2¼–2¾	2.5
Consumer price index[2]	2½–3½	2⅞–3¼	3.2
Average level, fourth quarter			
Unemployment rate[3]	5½–6¼	5¾–6⅛	5.5–5.8

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. All urban consumers.
3. Civilian labor force. Figures for the Administration are annual averages.

U.S. export demands from this source are likely to be less severe than in the first half of 1995. Finally, the anticipated pickup in spending will help businesses work off excess inventories more rapidly and reduce the need for further production cutbacks to bring inventories back in line with final sales.

The Board members and the Reserve Bank presidents generally expect the rise in the consumer price index over the four quarters of 1995 to end up at around 3¼ percent, the same as in the first half of the year. For 1996, inflation is projected to edge down, to the neighborhood of 3 percent. The first-half slowdown in the industrial sector has reduced pressure on materials prices; moreover, wage trends have been stable, suggesting that labor costs are unlikely to provide an impetus to inflation.

The Administration has not released an update of the economic projections contained in the February *Economic Report of the President.* Those earlier forecasts pointed to real GDP growth of 2.4 percent for 1995, well within the central tendency range in the Federal Reserve's February report. Given the slow start this year, that growth pace for the year appears less likely, and the average unemployment rate for the year probably will be around the upper end of the 5.5 to 5.8 percent range in the Administration's February report. The Administration's 3.2 percent CPI forecast is in line with the Federal Reserve's central tendency.

The inflation rates anticipated by the FOMC are marginally above those prevailing in 1993 and 1994 but are considerably below rates of only a few years ago—and lower than many observers seemed to anticipate for the current economic expansion only a few months ago. Nonetheless, they should be regarded as only a milepost along the path toward the long-term goal of price stability. The Federal Reserve recognizes that eliminating the economic distortions associated with inflation is the most important long-run contribution it can make to the economic growth and welfare of the nation.

THE PERFORMANCE OF THE ECONOMY

At the end of 1994, resource utilization in the U.S. economy was high: Manufacturing capacity utilization equaled its 1989 peak, and the unemployment rate was close to the low point of the late 1980s. Moreover, economic expansion was still brisk, with real gross domestic product growing at a 5 percent annual rate in the fourth quarter. Although inflation for 1994 as a whole remained moderate, commodity prices, which can signal the onset of inflationary pressures, were rising rapidly at the end of last year.

A deceleration in activity was widely anticipated, and growth in real GDP did moderate to a 2¾ percent annual pace in the first quarter of 1995. But the slowing did not stop there: Spending in several sectors of the economy softened in the spring, industrial production fell, and employment grew relatively little. The level of real GDP appears to have been essentially flat in the second quarter.

A slackening in household demand for big-ticket items was a significant element in the drop-off in economic growth in the first half. After registering sizable gains last year, spending on consumer durables weakened considerably early this year. And residential construction, which continued to grow in the face of rising mortgage rates last year, began to fall this winter and was off sharply in the second quarter. These domestic drags were reinforced by the effects of the plunge in net exports to Mexico, which came in the wake of that nation's financial crisis.

With domestic sales and exports softening, businesses cut orders and production. However, in some cases, the adjustments were not quick enough to avoid an unwanted accumulation of inventories—especially for cars and light trucks, but for some other goods as well. Efforts to trim stocks reinforced the contractionary forces in the manufacturing sector of the economy.

Despite the falloff in growth in the first half, the unemployment rate edged up only slightly, and although manufacturing capacity utilization fell considerably, it remained above historical averages. Under the circumstances, it is not surprising that the mounting inflationary pressures of the latter part of 1994 carried over into the first part of this year and that materials prices surged further. Rising import prices, related to the depreciation of the dollar, also contributed to domestic inflation. Reflecting these and other factors, the consumer price index increased at a 3¼ percent annual rate in the first half of this year, up from a 2¾ percent increase for 1994 as a whole.

Nonetheless, increases in hourly wages and benefits remained moderate, holding down unit labor costs. Furthermore, the drop in manufacturing activity in the first half of the year contributed to a flattening in industrial commodity prices, suggesting some lessening of inflationary pressures "in the pipeline." These favorable factors were reflected in some moderation of price increases toward midyear.

The Household Sector

After advancing at more than a 4 percent annual rate in the second half of 1994, growth in consumer spending slowed appreciably on average in the first half of this year. Real personal consumption expenditures increased at just a 1½ percent annual rate in the first quarter, before picking up moderately in the second.

Outlays for consumer durables moved up sharply in 1994, and by the end of the year, the level of spending was high relative to income. Many households may have brought their stocks of durables up to desired levels, limiting further purchases this year. In addition, by early this year, the stimulus to consumer spending from the massive mortgage refinancing wave of 1993 and early 1994 likely had been exhausted. The downturn in interest rates this year has led to a comparatively modest rebound in refinancings recently, which may free up some income for additional spending in coming months.

The slackening in consumer demand in the first quarter was concentrated in motor vehicles, where sales fell off after surging in the fourth quarter of 1994. However, real spending on goods other than motor vehicles also grew less rapidly in the first quarter than in the second half of 1994. Some of the deceleration in other consumer durables may have reflected the weakness in home sales because families often purchase new furnishings and appliances when they change houses. Among nondurable goods, outlays for apparel were especially weak, following rapid growth in spending in the second half of 1994.

The slowing of consumer spending growth so far this year has been about in line with the slowing in income growth. Through the first quarter, wage and salary income posted solid gains, bolstered by a healthy pace of hiring. But increases in wage and salary income faded in the spring, reflecting slow growth in employment and a drop in the workweek. The deceleration in labor income was only partially offset by rapid growth in interest and dividend income in the first half of 1995. Dividend income benefited from the improvement in corporate profits. Growth in interest income was strong in the first quarter, reflecting the lagged effects of increases in market interest rates in 1994, but began to flag in the second quarter as the decline in market interest rates this year showed through to interest earnings.

Surveys suggest that consumer confidence remained high through the first half of 1995. Movements in both of the major surveys—from the Michigan Survey Research Center and the Conference Board—were similar in the first half of 1995: Both spent part of the first half above their 1994 average values, but by June, both had moved back down to their 1994 averages.

Early this year, residential construction activity weakened significantly, and single-family housing starts in the first quarter were 14 percent (not an annual rate) below their fourth-quarter average. Sales of new and existing homes also fell in the first quarter, although not quite so steeply. Single-family starts edged up in April but more than reversed this gain in May; however, building permits, a more reliable indicator, moved up in May. New home sales jumped 20 percent in May, to the highest level since late 1993. Although reported new home sales are volatile, and the initial readings are often revised substantially, other indicators of housing activity also point in a favorable direction: Applications for mortgages to purchase homes rose sharply in May and remained elevated in June, and attitudes of households and builders toward the housing market became more positive in the second quarter.

Like single-family homebuilding, multifamily construction fell early this year, with starts off 11 percent in the first quarter. The drop this year follows a two-year period of recovery, during which starts doubled from their thirty-five-year low reached at the beginning of 1993. Multifamily starts turned back up in April and May. Prospects for a continued gradual increase in multifamily starts appear good, as newly built apartments were quickly filled last year and vacancy rates for apartments continued to move down in the first quarter of this year. However, continuing overhangs of empty apartments in some markets are likely to keep total multifamily starts well below the levels of the 1980s.

The Business Sector

In the second half of 1994, nonfarm inventories increased nearly 5 percent at an annual rate, about keeping pace with growth in final sales, as firms built stocks to ensure adequate supplies—or, in some instances, to beat anticipated price increases. In the first quarter, inventory growth continued at about its late 1994 pace, but growth in final sales moved down to a 2½ percent annual rate, leaving many firms with stocks they did not want.

The first-quarter inventory run-up was disproportionately in motor vehicles, as production increased while sales were falling. To bring inventories back in line, manufacturers cut production sharply; between February and May, output dropped 10 percent. The decline in output of motor vehicles, parts, and related inputs was the most important factor in the 1 percent drop in overall industrial production in this period. Motor vehicle inventories accumulated further in April when sales fell sharply, but there was some progress in trimming excess stocks in May and June. Nonetheless, much of the overhang of vehicles that developed earlier this year remains.

The inventory buildup outside the motor-vehicle sector was also quite large in the first quarter, and it continued at a rapid pace in April. The available data for May suggest a somewhat smaller rate of increase. Although stocks of most goods remained in better alignment with sales than in the motor-vehicle sector, inventory accumulation has been running ahead of sales in a few sectors, particularly in apparel, furniture, and appliances. In response, manufacturers have cut production in these areas. The accumulation of furniture and appliances is likely related to the drop-off in home sales in early 1995, and the revival in home sales that appears to be under way should boost sales in these areas, helping to trim inventories further.

Business fixed investment rose at an extraordinary pace in the first quarter, with strong gains in both the equipment and structures components. Real spending on equipment increased at a 25 percent annual rate. With the exception of motor vehicles, the growth in equipment spending was widespread in the first quarter. For structures, real outlays increased at a 12 percent annual rate in the first quarter, following a 4½ percent gain over the four quarters of 1994. The first-quarter increase in construction was also widespread across components.

Indicators for the second quarter suggest that growth in capital spending continued to be brisk although not quite as fast as in the first quarter. Shipments of capital goods by domestic manufacturers in April and May were up moderately from their first-quarter average. And permits for nonresidential structures, which tend to lead construction by a few months, indicate that construction should continue to trend upward although at a slower pace than in the early part of this year.

The surge in capital spending in recent years has pushed growth of the capital stock to its fastest pace since the late 1970s. This improvement in the rate of capital accumulation may lead to a pickup in productivity growth, but there is as yet little indication of a significant break with past trends. Indeed, when output is measured using the new chain-type alternative index—which will become the official measure later this year—trends in productivity growth in the nonfarm business sector in the 1990s are little changed from those of the 1970s and 1980s.

Corporate operating profits increased at a 7 percent annual rate in the first quarter, a somewhat faster pace than in the second half of 1994. However, first-quarter profits were boosted by an increase in earnings of U.S. corporations on foreign operations; profits on private domestic operations were about unchanged. The increase in profits on foreign operations resulted in part from the decline in the exchange value of the dollar, which pushed up the value of profits earned abroad. Private domestic financial profits improved in the first quarter, in part because of a surge in bank earnings, which were boosted by strong loan growth. First-quarter earnings on domestic operations of U.S. nonfinancial corporations declined slightly, following solid gains in 1994. Profits were 10.6 percent of the output of nonfinancial corporate businesses in the first quarter, about the same as in 1994 as a whole, when the profit share was the highest since the late 1970s.

In the farm sector, indications are that production will fall well short of last year's exceptionally high levels. Weather conditions have been less favorable than those of 1994, with unusually heavy rains keeping plantings behind schedule across large parts of the Midwest. Also, with stocks relatively high after last year's large harvests, the U.S. Department of Agriculture reduced the amount of acreage that farmers contracting for subsidy payments were allowed to plant. However, livestock production has remained strong so far in 1995, which will help cushion the effects of smaller harvests on total agricultural production. Because of the likelihood that production will fall this year, farm inventory investment will probably be smaller this year than in 1994, and stocks of some crops will likely be drawn down appreciably.

The Government Sector

The federal government deficit has continued to shrink in the current fiscal year. For the first eight months of the 1995 fiscal year, the budget deficit was 19 percent below the same period a year earlier. Nominal expenditures over this period were 4 percent higher than a year earlier, while receipts were up 8½ percent. In addition to the strong economic growth of 1994, receipts were boosted by changes in rules that allowed some individuals to defer until 1995 certain tax payments that would have been due in 1994 under previous rules.

Higher interest outlays contributed to the increase in federal spending in the first part of the 1995 fiscal year. Excluding interest outlays, nominal federal spending in the first eight months of this fiscal year increased about 2 percent, compared with the year-earlier period. Defense expenditures continued to decline in nominal terms; they have been the main factor holding down federal spending in recent years. Spending on income security programs, such as unemployment insurance and welfare benefits, also edged down, mostly reflecting the economic expansion. Spending on Medicare and other health programs was up 9 percent in the first eight months of the fiscal year; while still quite rapid, this growth is slower than that of the early 1990s, when these expenditures were rising 10 to 20 percent per year. Spending on social security and on other nondefense functions increased less than the recent trend in nominal GDP.

In real terms, federal purchases of goods and services—the part of federal spending included in gross domestic product—fell at an annual rate of 4 percent in the first quarter of 1995. Falling defense spending more than accounted for the decline. As of the first quarter, the level of real federal purchases was 17 percent below the peak reached four years ago.

State and local government deficits on combined capital and operating accounts (that is, excluding social insurance funds) totaled $37 billion in the first quarter of 1995, a small improvement from the deficit a year earlier. Excluding social insurance, tax receipts increased 7 percent between the first quarter of 1994 and the first quarter of 1995, while expenditures were up 6¼ percent. Transfer payments continue to grow faster than other spending, although the rate of increase is well below that earlier in the 1990s.

Real purchases of goods and services by state and local governments have been rising only moderately for some time; in the first quarter of 1995, they were little changed. The slowing in the first quarter was concentrated in construction spending, which fell after three quarters of solid increases. Purchases of other goods and services remained on the gradual uptrend that has been evident over the past few years. State and local employment increased about 14,000 per month, on average, over the first six months of 1995, considerably below the pace of the 1992–94 period.

The small improvement in the budget situation for the state and local sector as a whole masks important differences across levels of government. Available evidence suggests that while state budgets are in relatively good shape, budgets at the local level remain under pressure. State aid to localities, particularly to school districts, has been eroding relative to expenses for several years. Also, local governments rely more heavily than state governments on property taxes, and while sales and incomes have rebounded in the current business cycle expansion, property values have lagged behind, limiting property tax receipts.

The External Sector

The nominal trade deficit on goods and services widened somewhat in the first quarter, to

$120 billion at an annual rate. However, net investment income improved in the first quarter, as did net transfers, and as a consequence, there was a narrowing of the current account deficit in the first quarter from its fourth-quarter level, to $162 billion at an annual rate. Nonetheless, the first-quarter current account deficit exceeded the 1994 average of $151 billion. In April, the trade deficit increased further from the first-quarter average.

The quantity of U.S. imports of goods and services expanded 10 percent at an annual rate during the first quarter, somewhat less rapidly than in 1994. The slower pace of U.S. income growth contributed to the lower import growth; increased imports from Mexico were a partial offset. In April, real imports continued to grow at about the first-quarter pace. The increases in imports in the first four months of the year were widespread across major trade categories.

Non-oil import prices rose at a 3½ percent annual rate in the first quarter, somewhat less than during the second half of 1994, when they were pushed up by large increases in world commodity prices, especially for coffee. In April and May, non-oil import prices rose at a nearly 6 percent annual rate, with increases for most major trade categories. The pickup in price increases for imported goods reflected, in part, the recent dollar depreciation.

The quantity of U.S. exports of goods and services rose at a 5 percent annual rate in the first quarter, more slowly than the double-digit rate of growth over the four quarters of 1994. In large part, the weaker export performance was the result of the macroeconomic adjustments taking place in Mexico and the reduced Mexican demand for U.S. exports. Preliminary data for April indicated that the quantity of exports expanded a bit further from the first-quarter average. For the first four months of the year, exports to Mexico fell while they increased moderately to most other areas of the world.

Real output in Mexico declined sharply in the first quarter as instability in the financial markets weakened confidence and the government implemented a program of fiscal and monetary restraint. The Mexican economy apparently continued to contract in the second quarter. The crisis and ensuing policy responses induced a dramatic reduction in Mexico's current account deficit during the first quarter of the year. In the wake of the Mexican crisis, the Argentine authorities chose to tighten macroeconomic policies, which has led to a weakening of economic activity in Argentina. In contrast, Brazil experienced very strong growth of real output in the first quarter as consumption spending surged; available indicators suggest some slowing of growth in the second quarter.

In Japan, recovery from the recent recession remains tentative. First-quarter real GDP growth was only 0.3 percent at an annual rate; data for the second quarter also suggest that the recovery may be stalling. Asset prices have continued to fall, adding to concerns about the lack of progress in improving banks' balance sheets and limiting the capacity of banks to extend credit in support of the recovery. In May, the Japanese government announced another package of structural reforms and measures to boost domestic demand. The sluggish pace of activity in Japan and the rise in the value of the yen have eliminated inflation: Consumer prices were unchanged over the twelve months through June.

In other industrial countries, the rate of economic expansion appears to have slowed from its rapid 1994 pace. In Canada, real GDP growth slowed to less than 1 percent at an annual rate in the first quarter; second-quarter indicators suggest continued sluggishness. In the United Kingdom, where the expansion has been vigorous over the past three years, real GDP continued to grow strongly in the first quarter, although at less than the 1994 pace. In most continental European countries, the rate of real output growth in the first half of 1995 was somewhat lower than the rapid pace during the second half of 1994. In Canada and several major European countries, measures intended to reduce government deficits as a share of GDP have been announced.

Inflation rates in the industrial countries generally remain low. However, in the United Kingdom and Italy, currency depreciation has added upward pressure on prices, and consumer prices in the twelve months through June rose 3½ percent in the United Kingdom and nearly 6 percent in Italy. In western Germany, exchange rate appreciation helped offset domestic inflationary pressures, and consumer prices rose only 2¼ percent in the twelve months through June.

Among our Asian trading partners other than Japan, real GDP growth has remained near the rapid 1994 pace, in part because substantial depreciations of those countries' currencies against the Japanese yen and the German mark stimulated exports. However, economic activity decelerated somewhat in China and Singapore, reflecting past tightening of monetary policy and the reduction of spare capacity in these economies.

Net capital flows into the United States were large in the first quarter of 1995. Foreign official holdings in the United States rose more than $20 billion, as foreign governments made large intervention purchases of dollars in March in response to strong upward pressure on the foreign exchange value of their currencies. Sizable official inflows continued in April and May. In addition, net private foreign purchases of U.S. securities were considerable in the first quarter, particularly purchases of Treasury bonds and notes and new Eurobond issues by U.S. corporations. Private foreign net purchases of U.S. securities moderated a bit in April and May. In contrast, U.S. net purchases of foreign securities, which had fallen substantially last year from their 1993 peak, continued to decline on balance over the first five months of 1995.

U.S. direct investment abroad was considerable in the first quarter, at $18 billion. Investment in Western Europe was particularly strong. Foreign direct investment in the United States, at $10 billion, remained substantial. On net, there was a large outflow of direct investment in the first quarter, after netting to about zero in 1994.

Labor Markets

Employment grew rapidly in 1994, and labor markets tightened considerably. Although job growth slowed in the first quarter of this year, it was still large enough—at 226,000 per month—to keep the unemployment rate at about the same level as in the fourth quarter of 1994. In the second quarter, growth of nonfarm payroll employment slowed to only 60,000 per month and the quarterly average unemployment rate edged up, from 5.5 percent to 5.7 percent.

The deceleration in employment was particularly marked in the goods-producing sector, where payrolls fell during the second quarter after posting strong gains in the early months of the year. In construction, payroll growth averaged 30,000 per month in 1994 and through the first quarter of 1995, but employment then fell 8,000 per month in the second quarter. Manufacturing job growth also averaged 30,000 per month in 1994. Factory hiring slowed in the first quarter, and in the second quarter, 35,000 jobs per month were lost. The decline in manufacturing employment was widespread across industries. Employers have also trimmed the factory workweek, which in 1994 had reached the highest level since 1945.

Although employment continued to rise in most service-producing industries in the first half of 1995, the rate of growth slowed by the second quarter. In wholesale and retail trade, where 75,000 jobs per month were added in the second half of 1994, the pace of job gains fell in the first quarter, and only 12,000 jobs per month were added in the second quarter. Similarly, in business services, where 46,000 jobs per month were added in 1994, employment decelerated in the first quarter and was about flat in the second. Among sectors showing employment gains in the first half of this year, entertainment industries posted considerable growth, and increases in employment in the health sector continued to run at about the same pace as in the second half of 1994.

The rate of increase in hourly compensation moved down further early this year. The employment cost index for private industry workers, a measure of hourly labor costs that includes both wages and benefits, rose 2.9 percent over the twelve months ended in March 1995, down from a 3.3 percent increase over the preceding twelve-month period. The increase in wages and salaries was the same in both periods, but the pace of benefits gains declined significantly.

The largest contribution to the deceleration in benefits costs in recent years has come from health insurance. Among the factors restraining the increase in health insurance costs are slower medical-sector inflation, increased use of managed-care plans, and efforts by employers to shift a greater proportion of health care costs to employees. Costs of workers' compensation programs have also contributed to the deceleration in benefits costs; these costs, too, have been affected by lower medical inflation, although regulatory reform has played a role as well. Unemployment insurance costs decelerated sharply over the past two years; firms pay into the unemployment insurance program on the basis of their recent layoff experience, and the improved economy through the first part of this year lowered these payments.

Output per hour in the nonfarm business sector—measured in 1987 dollars—increased at an annual rate of 2.7 percent in the first quarter of 1995. Output per hour increased 2.0 percent over the four quarters ended in the first quarter, down slightly from the rate of growth over the preceding four-quarter period.

Price Developments

The pickup in consumer price inflation so far this year was a bit larger for the index that excludes food and energy than for overall prices: The CPI excluding food and energy increased at a 3.6 percent annual rate over the first six months of 1995, up from a 2.6 percent increase in 1994. The acceleration in the first half was mostly in non-energy services prices, which increased at a 4½ percent annual rate over the first six months of 1995, up from a 3¼ percent increase over the twelve months of 1994. Airfares increased sharply in the first half of 1995, rising at more than a 40 percent annual rate after falling 10 percent in 1994; this acceleration accounted for two-thirds of the pickup in services inflation in the first half. Auto finance rates also increased rapidly early in 1995—rising at a 38 percent annual rate in the first four months the year—following a large increase in the second half of 1994. However, the CPI for auto finance declined sharply in May and June as interest rates on auto loans began to reflect the declines in market rates in the first half of 1995. Price increases for other services were, on balance, roughly in line with their rate of increase in 1994.

As a result of the brisk expansion of the industrial sector in 1994 and the consequent rapid increases in prices of basic manufactured products, the producer price index for intermediate materials other than food and energy increased at a 7½ percent annual rate over the second half of 1994. In the first quarter of this year, these materials prices rose even faster—nearly 10 percent at an annual rate. The rapid increases in materials prices began to affect finished goods prices in early 1995, and the PPI for finished goods other than food and energy, which covers domestically produced consumer goods and capital equipment, increased at a 3 percent annual rate over the first six months of 1995, up from a 1½ percent rate of increase over the twelve months of 1994.

The consumer price index for commodities other than food and energy increased at a 1½ percent annual rate over the first six months of 1995, about the same as in 1994. Prices accelerated at the retail level for some items for which producer prices have been rising rapidly, such as household paper products. But this pickup was partly offset by declines in prices where there have been large inventory buildups. Notably, apparel prices continued to decline in the first half, and prices of appliances, which had increased in 1994, fell in the first half of 1995.

The slowdown in the industrial sector has begun to relieve pressure on materials prices, and the PPI for intermediate materials other than food and energy increased just 0.2 percent per month in May and again in June, suggesting reduced pressures on finished goods prices in the near term.

Consumer food prices increased at a 1¾ percent annual rate over the first six months of 1995, down about a percentage point from 1994. Coffee prices, which had increased 64 percent in 1994, fell 12 percent over the first six months of this year. The swing in coffee prices can more than account for the deceleration in food prices. Prices of meats continued to fall in the first half of 1995, as production remained strong.

Energy prices increased at a 2 percent annual rate in the first half of 1995, about the same as last year. Natural gas prices have continued to decline. Regulatory changes have led to increased competition among suppliers of natural gas; in addition, natural gas prices were depressed early this year by the relatively warm winter, which held down demand. Gasoline prices increased at a 12 percent annual rate in the second quarter, reflecting the run-up in crude oil prices that occurred between December and April. Since April, crude oil prices have reversed nearly all of their earlier run-up, indicating that gasoline prices will move down in coming months.

Survey data suggest that expectations of inflation have changed little since the end of 1994. According to the survey of households conducted by the Survey Research Center of the University of Michigan, as of the first half of 1995, the expected increase in consumer prices over the coming twelve months was the same as it was in the fourth quarter of 1994. In the Conference Board survey of households, the expected rate of inflation over the coming year remained at 4¼ percent in the first half of 1995, the same as in each of the four quarters of 1994. Expectations of inflation over longer periods also have not changed much on balance this year. In the University of Michigan survey, the expectation in the second quarter of 1995 for the rate of consumer price inflation over the next five to ten years was the same as it was in the fourth quarter of 1994. Similarly, in the May 1995 survey of professional forecasters conducted by the Federal Reserve Bank of Philadelphia, expectations of inflation over the coming ten years were about 3½ percent, the same as in the survey taken at the end of 1994.

Financial, Credit, and Monetary Developments

In charting the course of monetary policy this year, the Federal Reserve has sought to promote sustainable economic growth and continued progress toward price stability. Despite the tightening actions undertaken during 1994, economic data at the beginning of 1995 suggested that the economy was operating beyond its long-run potential and might continue to do so for some time—a situation that would no doubt lead to a significant pickup in inflation if allowed to persist. Against this backdrop, the Federal Open Market Committee voted in February to tighten reserve conditions somewhat further, resulting in a ½ percentage point increase in the federal funds rate. In the months following the February FOMC meeting, economic activity seemed to be leveling out, at least temporarily, considerably reducing pressures on resources. In early July, with the risks of a prolonged upturn in inflation fading, the FOMC decided to ease reserve pressures slightly, resulting in a decline in the federal funds rate of ¼ percentage point.

As incoming data in 1995 increasingly suggested slower economic growth and an attendant relief of inflation pressures, intermediate- and long-term interest rates moved down substantially. Additional downward pressures seemed also to arise from the growing conviction of market participants of the commitment of the Congress and Administration to making progress toward a balanced budget. On balance, most longer-term interest rates have declined 120 to 180 basis points since the end of last year, with the sharpest drops at intermediate maturities. The trade-weighted exchange value of the dollar has depreciated about 7½ percent against the other G-10 currencies—in large part reflecting the decline in U.S. long-term interest rates relative to those in the other G-10 countries. In addition, the fall in interest rates, coupled with continued strong corporate earnings, fueled a run-up in equity prices; most major stock price indexes have climbed 15 to 35 percent since the beginning of the year.

Despite slower economic expansion this year, growth rates of broad money and credit have picked up, and the decline in intermediate- and long-term interest rates has only recently begun to leave an imprint on the composition of borrowing. Total domestic nonfinancial debt increased 5½ percent from the fourth quarter of 1994 through May—a little above last year's pace—as stronger private sector borrowing more than offset slower growth of the federal debt and a decline in state and local government debt. Borrowing in the nonfinancial business sector has been largely concentrated in short-term or floating-rate debt such as bank loans and commercial paper. Recently, however, declines in longer-term interest rates have stimulated a sharp jump in corporate bond issuance. Household borrowing this year has been considerable, although below the pace of 1994. Tax-exempt debt is estimated to have declined outright again this year as many state and local units have called securities that had been advance refunded. Federal debt growth has edged down a bit this year, extending the trend toward slower expansion of federal debt that began in 1991.

Depository institutions have been especially important suppliers of credit to both businesses and households this year. Borrowers' demands were concentrated in the types of credit in which depositories are traditional lenders and, on the supply side, commercial banks continued to pursue new lending opportunities aggressively. The health and profitability of depositories have remained solid to date, although federal regulators have cautioned depositories that their lending standards should take account of the potential for deterioration of loan performance in a less favorable economic climate.

The surge in bank lending and the flattening of the yield curve this year have provided a significant impetus for growth of the broad monetary aggregates. M3 advanced 6¼ percent at an annual rate from the fourth quarter of 1994 through June—slightly above the upper bound of its revised 2 to 6 percent annual range set at the July FOMC meeting—as banks pulled in deposits to fund loans. The drop in market interest rates has enhanced the attractiveness of M2, which increased at a 3¾ percent rate over the same period—a little above the midpoint of its annual range. In contrast to the expansion of the broad monetary aggregates, M1 growth has been quite weak, reflecting the low yields on these assets and the implementation by a few banks of retail sweep accounts, which move funds out of NOW accounts and into nontransaction balances.

The Course of Policy and Interest Rates

The Federal Reserve entered 1995 having tightened policy appreciably during 1994, thereby boosting short-term rates 2½ percentage points. Nonetheless, data reviewed at the FOMC meeting in December 1994 suggested that pressures on resources were intensifying and that inflation threatened to move higher. Although the Committee took no action to increase rates further at this meeting, it did adopt a directive indicating a bias toward additional tightening in the intermeeting period.

Information reviewed at the February meeting suggested that despite some fragmentary evidence of slowing, the economic expansion remained brisk in an economy already operating at or beyond its long-run potential. The demand for consumer durables and homes was softening, but output and employment had posted substantial gains near year-end, and capacity utilization had moved up from already high levels. In addition, a marked rise in materials prices during the second half of 1994 posed a threat of increased consumer price inflation in coming months. In these circumstances, the Board of Governors approved the pending requests of several Reserve Banks for a ½ percentage point increase in the discount rate, and the Committee agreed to allow this increase to show through fully to the federal funds rate. In light of the tightening of policy called for at this meeting and the anticipated lagged effects of previous tightenings, the Committee viewed the odds of a need for further policy action developing over the intermeeting period as relatively small and evenly balanced, and therefore issued a symmetric directive to guide any intermeeting changes in reserve conditions.

In subsequent weeks, evidence suggested that economic activity was moderating, especially in the interest-sensitive sectors. Financial markets appeared to view these signs as indicating that the previous policy actions of the Federal Reserve had substantially reduced the odds of rising inflation and thus also the need for additional monetary restraint. Indeed, yields on Treasury securities at maturities ranging from one to ten years fell 60 to 70 basis points between the February and March FOMC meetings.

At its meeting in late March, it was not clear to the Committee whether the deceleration in economic activity was only temporary or was a lasting shift toward a sustainable rate of economic expansion. On balance, the Committee viewed the economy as retaining considerable upward momentum and observed that the decline in longer-term interest rates, the rise in stock prices, and the sharp depreciation of the exchange value of the dollar could be expected to buoy aggregate demand in the months ahead. Moreover, consumer prices, as anticipated, had risen more rapidly in 1995. In these circumstances, the Committee determined that it would be prudent to await further information before taking any additional policy actions, but the Committee's directive included a bias toward additional monetary restraint over the intermeeting period. The asymmetric directive was considered appropriate to emphasize the Committee's commitment to containing and ultimately reducing inflation, in a period when it seemed to be moving higher.

Following the March meeting, incoming data signaled a further deceleration of economic activity. In addition, financial markets appeared to view budget discussions in the Congress as foreshadowing significant fiscal restraint over the balance of the decade. Shorter-term interest rates began to incorporate the possibility of an easing of monetary policy, and yields on longer-term securities—especially those at intermediate maturities—moved down sharply as well.

Information reviewed at the May FOMC meeting provided persuasive evidence that the pace of the economic expansion had slowed, relieving pressures on resources and reducing the threat of a pickup in inflation. The Committee observed that an adjustment to inventory imbalances that had developed earlier in the year was contributing to the slowdown and that the underlying trajectory of final sales was still unclear. The Committee determined that the existing stance of policy was appropriate in these circumstances and adopted a symmetric directive regarding potential policy adjustments during the intermeeting period.

Employment data released shortly after the May FOMC meeting were surprisingly weak, prompting considerable speculation in financial markets of an imminent monetary policy easing. The sharpness of the downward movement in longer-term rates seemed to reflect, in addition to economic fundamentals, trading dynamics associated with the attempts of investors to rebalance their portfolios in light of the substantial change in interest rates. At one point in late June, the spread between the thirty-year Treasury bond yield and the federal funds rate reached a low of 48 basis points but edged higher in subsequent weeks.

From the information reviewed at the July meeting of the FOMC, it appeared that the economy flattened out during the second quarter as businesses sought to pare inventories to desired levels. This pause in the expansion, in turn, had alleviated the inflation pressures that had loomed large earlier in the year. In these circumstances, the Committee voted to ease reserve pressures slightly, resulting in a ¼ percentage point decline in the federal funds rate. Although financial markets had anticipated a decline in the federal funds rate at some point, both bond and equity markets rallied strongly after the change in policy was announced. At the close on July 7, the thirty-year bond rate was down about 165 basis points from its recent high of last November.

Credit and Money Flows

The debt of domestic nonfinancial sectors grew 5½ percent at an annual rate from the fourth quarter of 1994 through May of this year—a modest

3. Growth of money and debt

Percent

Measurement period	M1	M2	M3	Domestic nonfinancial debt
Year[1]				
1980	7.4	8.9	9.6	9.1
1981	5.4 (2.5)[2]	9.3	12.4	9.9
1982	8.8	9.2	9.9	9.6
1983	10.4	12.2	9.9	11.8
1984	5.5	8.1	10.9	14.4
1985	12.0	8.7	7.6	14.1
1986	15.5	9.3	8.9	13.5
1987	6.3	4.3	5.7	10.2
1988	4.3	5.3	6.3	9.0
1989	.6	4.8	3.8	7.9
1990	4.2	4.0	1.7	6.5
1991	7.9	2.9	1.2	4.6
1992	14.3	2.0	.5	4.7
1993	10.5	1.7	1.0	5.2
1994	2.3	1.0	1.4	5.1
Quarter (annual rate)[3]				
1994:Q1	5.5	1.8	.6	5.2
Q2	2.7	1.7	1.3	5.4
Q3	2.4	.9	2.1	4.2
Q4	−1.2	−.3	1.7	5.2
1995:Q1	.0	1.6	4.3	5.5
Q2	−.9	4.2	6.7	5.4[4]

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Adjusted for shift to NOW accounts in 1981.
3. From average for preceding quarter to average for quarter indicated.
4. Based on data through May.

pickup over the pace of recent years but well within its annual range of 3 to 7 percent. Slower growth of federal debt and a decline in the debt of state and local governments in 1995 were more than offset by strength in business and household borrowing. Although declines in longer-term interest rates and the flattening of the yield curve have stimulated long-term, fixed rate borrowing of late, both households and businesses continued during much of the year to favor borrowing that was short-term or floating-rate. In part, the reliance on such debt contributed to the larger share of private debt intermediated through the depository sector. In meeting increased credit demands, depositories turned more heavily to time deposits and other liabilities included in M2 and M3. Stronger funding needs and increased reliance on deposits provided a considerable lift to growth of the broad monetary aggregates.

Slower growth of federal debt this year relative to 1994 reflects stronger tax revenues and diminished growth of expenditures, especially defense-related outlays. In the state and local sector, debt outstanding has continued to decline, largely driven by calls of higher-cost debt issued during the 1980s.[1] Yields on municipal bonds relative to Treasuries had moved up considerably after Orange County defaulted on its debt late in 1994 but reversed much of this increase early in 1995. The ratio of municipal yields to Treasury bond yields has climbed again more recently as various budget proposals before the Congress raised the prospect of reduced federal tax advantages for municipal debt. In addition, the recent decision by Orange County voters not to raise taxes to cover the county's losses has tended to boost risk premiums for the obligations of many municipalities in California and, to a lesser extent, for other borrowers in the municipal bond market.

Borrowing by households—although off a bit from last year's pace—has generally remained strong this year. Weaker auto sales and the associated slower growth of auto loans resulted in a modest deceleration of consumer credit. Growth of revolving credit—principally credit card debt—trended higher from the already brisk pace recorded last year. The proliferation of incentive programs offered with many credit cards has likely encouraged greater convenience use for transactions in recent quarters.

Growth of home mortgage debt moderated somewhat in the first quarter, a pattern consistent with the overall sluggish demand for housing. As long-term rates moved down this year, the pronounced shift toward adjustable rate mortgages (ARMs) evident last year dissipated. As of May, 60 percent of new mortgage originations were fixed rate mortgages (FRMs). In addition, the decline in long-term rates in recent months has sparked renewed interest in refinancing. Households carrying ARMs with rates that are (or soon will be) above rates offered on FRMs have reportedly begun to refinance with FRMs.

Household debt-service burdens—measured as the ratio of scheduled principal and interest payments on debt relative to income—have risen in 1995 but remain well below levels reached in the late 1980s and early 1990s. Mortgage refinancings undertaken at lower interest rates in recent years have helped to keep the level of debt-service burdens relatively low despite the growth of household debt relative to income. In fact, some measures of delinquency rates on home mortgages have edged down this year to the lowest levels in more than twenty years. The picture for delinquency rates on consumer credit is less clear: Some measures such as the delinquency rates on consumer installment credit remain quite low, while others—especially auto loans booked at finance companies—have moved up considerably.

Borrowing by nonfinancial businesses has increased in 1995, propelled in large part by a rise in capital expenditures in excess of internal sources of funds and a jump in merger activity. In addition, a number of firms have initiated stock repurchases financed in part with debt. As in 1994, the composition of business borrowing this year has been heavily weighted toward short-term commercial paper and bank loans. Lower long-term interest rates, however, have stimulated a flurry of new bond issues very recently.

Various unsettling developments in financial markets, including the Orange County debacle, losses associated with complex derivatives and

1. Many state and local units took advantage of historically low long-term interest rates in 1993 to issue bonds that were targeted to replace existing high-cost debt issued during the 1980s as the call dates on those bonds arrived. Calls on previously issued debt likely will continue to depress net state and local borrowing for some time.

cash instruments, the failure of Barings Brothers, and the financial crisis in Mexico, have had some limited effects on the specific companies or sectors involved. They have not, however, had a large impact on broad market perceptions of credit risks; spreads of yields on short- and long-term corporate debt over Treasuries have widened only a bit this year, a situation that likely reflects the elevated supply of new corporate debt and perhaps a small uptick in risk premiums.

The gap between the capital expenditures and internal cash flow of nonfinancial corporations (the financing gap) began widening in mid-1994 and has grown even larger in 1995. In part, the bulge in the financing gap is the result of the large buildup of inventories earlier in the year. Most external funding for the purpose of carrying inventories apparently has taken the form of commercial paper or bank loans.

A surge in merger activity beginning in late 1994 has also spurred business borrowing. Many of the largest mergers have been strategic, intra-industry combinations, concentrated especially in areas such as defense, pharmaceuticals, telecommunications, and (most recently) banking. In contrast to the merger and acquisition wave during the late 1980s, the current acquisition boom has not entailed highly leveraged takeovers financed heavily with junk bonds. Indeed, until quite recently, junk bond issuance this year had been anemic. Merger activity in recent quarters has involved substantial use of stock swaps coupled with reductions in financial assets and new investment-grade debt issuance (often in the form of commercial paper). Survey evidence indicates that banks have played only a modest role in directly funding recent mergers, although they have facilitated transactions by providing backup lines for merger-related commercial paper.

Equity retirements associated with mergers have accounted for a sizable portion of the decline in net equity shares outstanding. In addition, gross issuance of new equity has ebbed as price–earnings ratios have fallen and many firms have repurchased their stock with both accumulated cash and the proceeds of new debt.

The shift to short-term funding in the business sector has been a boon to intermediaries that tend to specialize in short-term lending. Finance companies and commercial banks, in particular, have enjoyed a prominent role as suppliers of credit over the past year. To date, there are few indications that the health of these institutions has deteriorated. Credit ratings for finance companies have been stable, and bank profitability and capital ratios have been solid.

An important factor contributing to the overall strength of depository credit has been the stabilization of the thrift industry, especially savings and loan associations. After several years of sharp contraction, thrift assets expanded slightly over the second half of 1994 and continued a modest recovery in 1995. The number of thrift institutions continues to decline, however, with many filing for bank charters or being acquired by banks.

The growth of bank credit picked up appreciably during the first half of 1995, with strength especially evident in bank loans. Indeed, over the past twelve months, the share of the increase in nonfederal domestic debt funded by bank loans climbed to record levels. Surveys of bank lending officers have indicated banks' increased willingness to extend consumer credit as well as continued easing of terms and standards applied to business loans. Data from the Federal Reserve's Survey of Terms of Bank Lending to Business show that spreads of loan rates over the federal funds rate for large commercial loans have been about the same as last year but well below those prevailing through much of the late 1980s and early 1990s. Comparable spreads for smaller commercial loans are wider than in the late 1980s but have continued the narrowing trend of recent years. The strength of bank lending has been viewed favorably in financial markets—bank stock prices have risen this year about in line with or faster than the climb in broad stock price indexes, while spreads on bank debt relative to Treasuries have widened only slightly.

The continued easing of bank lending standards after more than a year of monetary policy restraint has attracted the attention of federal regulators. The Office of the Comptroller of the Currency warned banks against allowing their standards to fall to a point that could expose them to heavy losses in an economic downturn. In the same spirit, the Federal Reserve issued a supervisory letter cautioning banks that loan terms and standards should be set with a long-term view that takes loan performance in less favorable economic conditions into account.

Banks have funded the bulge in their loan portfolios this year in part by liquidating a portion of the large holdings of securities they had accumulated earlier in the 1990s.[2] In addition, banks have increased their liabilities. Last year, banks relied heavily on borrowings from their non-U.S. offices to fund growth of their domestic assets. Deposit growth at the foreign offices of U.S. banks has slowed considerably this year. Consistent with this development, borrowing by domestically chartered banks from their foreign offices has increased in 1995 but not at the pace of last year.

Depositories' shift back into funding with domestic liabilities has helped spur the growth of the broad monetary aggregates this year. From the fourth quarter of 1994 through June, growth of M3 has averaged 6¼ percent, placing the level of M3 above the upper bound of its annual range. Over the same period, M2 growth has averaged 3¾ percent, placing the level of M2 in the upper half of its annual range.

The pickup in M3 growth this year reflects stronger expansion in both its M2 and non-M2 components. The acceleration of "wholesale" funding sources, especially large time deposits, has been quite marked this year. Banks' heavier reliance on wholesale funds is typical during periods in which bank loan portfolios are expanding swiftly. The non-M2 portion of M3 has also been boosted by a sharp jump in institution-only money funds. The yields on these funds tend to lag movements in short-term market interest rates and, as a result, became especially attractive to investors when short-term market interest rates began falling on expectations of a near-term easing of monetary policy.

The acceleration of M2 this year results chiefly from the waning influence of previous increases in short-term interest rates and a marked flattening of the yield curve. On balance this year, the returns on assets in M2 have become more attractive relative to both short- and long-term market instruments. Sizable inflows to stock mutual funds have continued, but the flatter yield curve has damped the demand for other long-term investments. Inflows to bond mutual funds—while stronger than during the bond market rout last year—have been much smaller than inflows earlier in the 1990s. Also, judging from noncompetitive tenders at recent Treasury auctions, households' direct investments in Treasury securities have dwindled sharply this year. At least a portion of the flows that previously had been directed to mutual funds and direct investments in securities appears to have boosted M2 growth. Growth of money market mutual funds and small time deposits, in particular, has been especially brisk. Indeed, more than half of the increase in M2 since April is attributable to a steep climb in M2 money funds.

In contrast to the marked expansion of the broader aggregates, M1 growth has weakened this year, primarily as a result of wide opportunity costs on transaction deposits and the introduction and expansion of retail sweep accounts at some large banks. Interest rates offered on other checkable deposits (OCDs) have edged up only slightly since the beginning of 1994 despite the sharp rise in short-term market interest rates. Households have responded by reducing balances in these accounts in favor of higher-yielding assets.

The development of sweep accounts by a few large banks for their retail customers has facilitated the shift away from transaction balances. Sweep accounts transfer a customer's OCD account balances in excess of a certain threshold into a money market deposit account (MMDA). Automatic transfers from the customer's MMDA account back to the OCD account are initiated as checks and other withdrawals deplete OCD balances. Such sweep accounts may allow customers to earn more interest and benefit the bank by reducing its required reserves.[3] Estimates suggest that retail sweep accounts have reduced M1 by about $12 billion so far this year. These programs affect the composition but not the level of M2 because balances are swept from transaction deposits into other accounts included in M2.

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2. Published data on changes in securities portfolios at banks may not accurately portray funding strategies because recent accounting changes have increased the share of securities and off-balance-sheet contracts that must be marked to market on banks' balance sheets. Estimates suggest that changes in the market valuation of securities and off-balance-sheet contracts under these accounting rules have added about 1 percentage point at an annual rate to the growth of bank credit from the fourth quarter of 1994 through June of this year.

3. Under the current structure of reserve requirements, OCD accounts are subject to a 10 percent reserve requirement at banks with more than $54 million of net transaction deposits. By law, personal MMDAs are exempt from reserve requirements.

The expansion of retail sweep accounts poses some potential problems for the implementation of monetary policy by the Federal Reserve. To date, such accounts have been offered by large banks that must maintain a balance at a Federal Reserve Bank to meet their reserve requirements. As a result, the reduction in required reserves associated with sweep accounts has implied a nearly equivalent reduction in aggregate required reserve balances; estimates suggest that the $12 billion dollar decline in OCDs this year translates to a reduction in required reserve balances of nearly $1.2 billion.[4] In early 1991, following the cut in reserve requirements at the end of 1990, unusually low levels of aggregate reserve balances were associated with greater variability in the federal funds rate as banks' volatile clearing needs began to dominate the demand for reserves. If many banks begin to offer retail sweep programs in the future, the aggregate level of required reserve balances would likely fall substantially, potentially leading to instability in the aggregate demand for reserves.

The monetary base expanded at a 5½ percent rate from the fourth quarter of 1994 through June. Currency growth this year—at 7¼ percent from 1994:Q4 through June—is off a bit from last year's pace but still quite robust. Foreign demands for U.S. currency have generally remained strong this year. In concert with the decline in transaction deposits, total reserves contracted at a 6 percent rate from 1994:Q4 through June. In the absence of the increase in sweep accounts, the decline in total reserves over this period would have been 2½ percent at an annual rate.

International Financial Developments

At the turn of the year, the foreign exchange value of the dollar was under downward pressure, and that pressure continued through the first months of 1995. On balance, the multilateral trade-weighted value of the dollar in terms of the other G-10 currencies has depreciated about 7½ percent since the end of December 1994. The dollar declined as economic indicators began to suggest that economic growth in the United States was slowing, lowering the likelihood of further increases in U.S. market interest rates. In addition, the Mexican crisis appeared to weigh on the dollar in early 1995. External adjustment by Mexico was rightly expected to involve, to an important extent, a corresponding decrease in U.S. net exports. Primarily for that reason, financial turmoil in Mexico and depreciation of the peso were seen as having possible adverse implications for U.S. growth and external accounts and, in general, as negative for dollar-denominated assets.

The dollar was supported only briefly by the increase in the discount rate and the federal funds rate at the February FOMC meeting. With the U.S. economic expansion softening, market participants came to expect that no further increases in these rates were likely in the near term. Downward pressure on the dollar intensified in late February, and on March 2, in somewhat thin and disorderly market conditions, the dollar fell sharply further against the mark and the yen. The foreign exchange Trading Desk at the New York Federal Reserve Bank entered the market, selling both marks and yen on behalf of the Treasury and the Federal Reserve System. The next day several other central banks joined the Desk in concerted intervention in support of the dollar. Intervention by the Desk on behalf of the Treasury and the Federal Reserve System totaled $1.42 billion. In a statement confirming the intervention, Secretary Rubin highlighted official concern about the dollar's exchange value. Downward pressure on the dollar continued, particularly against the yen, and on April 3 and 5 the Desk, acting on behalf of the Treasury and Federal Reserve System, again joined several other central banks in intervention to support the dollar. Secretary Rubin issued a statement that these actions were in response to recent movement on exchange markets and that the Administration was committed to a strong dollar.

The dollar fell further through mid-April, particularly against the yen, and on April 19 it touched a record low of less than 80 yen per dollar. After recovering slightly and remaining fairly stable through mid-May, the dollar rebounded sharply but

4. The reduction in required reserve balances is not necessarily identical to the reduction in required reserves because banks typically use vault cash in addition to reserve balances to satisfy reserve requirements. The level of vault cash held by banks is primarily determined by their customers' needs. Required reserves for some banks are nearly or even completely satisfied by vault cash. In these cases, a reduction in required reserves due to sweeps would not show through to a decline in required reserve balances on a one-for-one basis.

subsequently relinquished some of those gains. On May 31, the Desk—on behalf of the Treasury and the Federal Reserve—joined the central banks of the other G-10 countries in intervention purchases of dollars. Secretary Rubin stated that the intervention was in keeping with the objectives of the April 28 communiqué of the G-7 finance ministers and central bank governors, which endorsed the orderly reversal of the decline in the dollar in terms of other G-7 currencies. Through May and June, the dollar fluctuated in a range somewhat above its lows of mid-April and early May. On July 7, following moves by both the Federal Reserve and the Bank of Japan to ease monetary conditions, the Desk joined the Japanese monetary authorities in intervention purchases of dollars; the dollar moved up a bit in response.

Long-term (ten-year) interest rates in the major foreign industrial countries have, on average, declined about 100 basis points since December as economic indicators have suggested some slowing of real output growth abroad as well as in the United States. With U.S. long-term rates falling much more, about 170 basis points on balance, the change in the long-term interest differential is consistent with some decline in the exchange value of the dollar. Long-term rates have dropped about 150 basis points in Japan, nearly as much as the decline in U.S. long-term rates. Rates in Germany are down about 90 basis points. Three-month market interest rates in these countries have declined about 90 basis points on average since year-end 1994; central bank official lending rates were lowered in 1995 in several countries, including Japan, Germany, and Canada. Following the Federal Reserve easing on July 6, the central banks of Canada and Japan lowered overnight lending rates.

Since December 1994, the dollar has depreciated about 12 percent on balance against the Japanese yen, despite declines in Japanese long-term rates that nearly matched the decline in U.S. rates. The yen fluctuated in response to progress, or lack of progress, in the resolution of trade disputes with the United States. Persistent strength in the yen appears to reflect the large Japanese current account surplus and market perceptions that some adjustment of that surplus, through yen appreciation, is inevitable, especially given the slow growth of the Japanese economy. Japanese financial markets more broadly have reflected the weak state of the Japanese economy. Stock prices have fallen considerably so far this year, with the Nikkei down about 16 percent since the end of December, and land prices have fallen further. These declines in asset prices have added to the perceived risks in the Japanese banking system and concerns that the recovery in economic activity is stalling.

Net depreciation of the dollar in terms of the German mark over this period has been about 10 percent. Some of the upward pressure on the mark over the past several months resulted from shifts within the Exchange Rate Mechanism (ERM) of the European Monetary System, as political uncertainties and fiscal problems in Italy, Sweden, Spain, and later France, led at times to the selling of their respective currencies for marks. Realignment within the ERM on March 5 that lowered the values of the Spanish peseta and the Portuguese escudo contributed to the upward movement of the mark. In contrast to the dollar's movement against the yen and the mark since December, the dollar is down only 3 percent in terms of the Canadian dollar. Early in the year, the U.S. dollar appreciated against the Canadian dollar; uncertainty about whether fiscal problems in Canada would be addressed and spillover from the Mexican crisis caused the Canadian dollar to fall. Since then, the Canadian dollar has regained those losses.

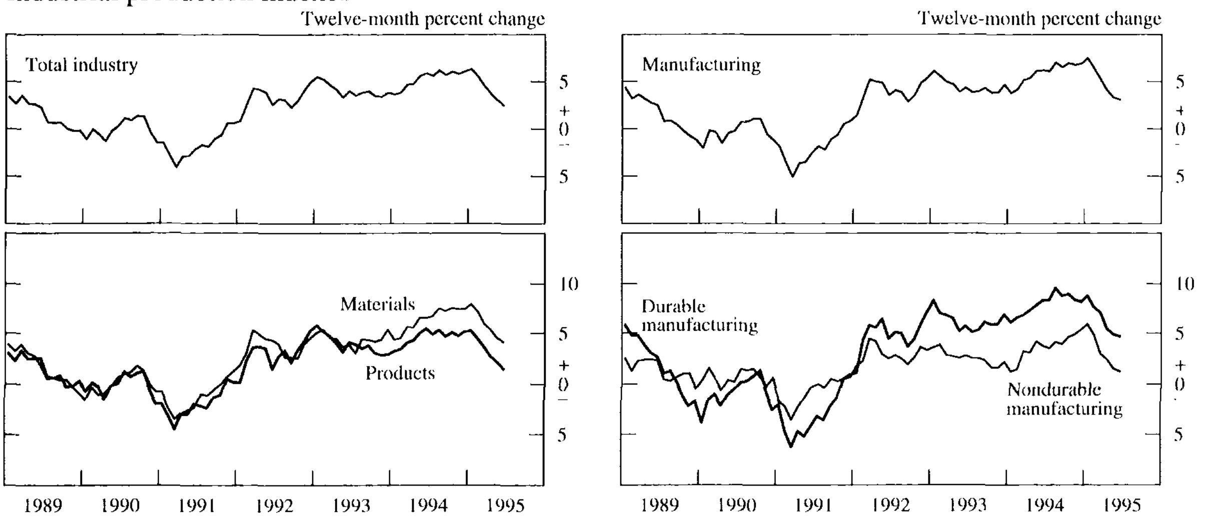
Over the past several months, the Mexican peso has recovered somewhat in terms of the U.S. dollar from the lows reached during the height of the crisis. On balance, the peso has depreciated 40 percent in nominal terms from December 19, 1994, before the crisis broke out. Mexican officials have drawn on the Treasury Department's Exchange Stabilization Fund facility and the Federal Reserve's swap line in addressing Mexico's international liquidity problems. Outstanding net drawings to date total $12.5 billion. The outstanding total of tesebonos, the government's dollar-denominated short-term obligations, has been reduced below $10 billion. □

Industrial Production and Capacity Utilization for June 1995

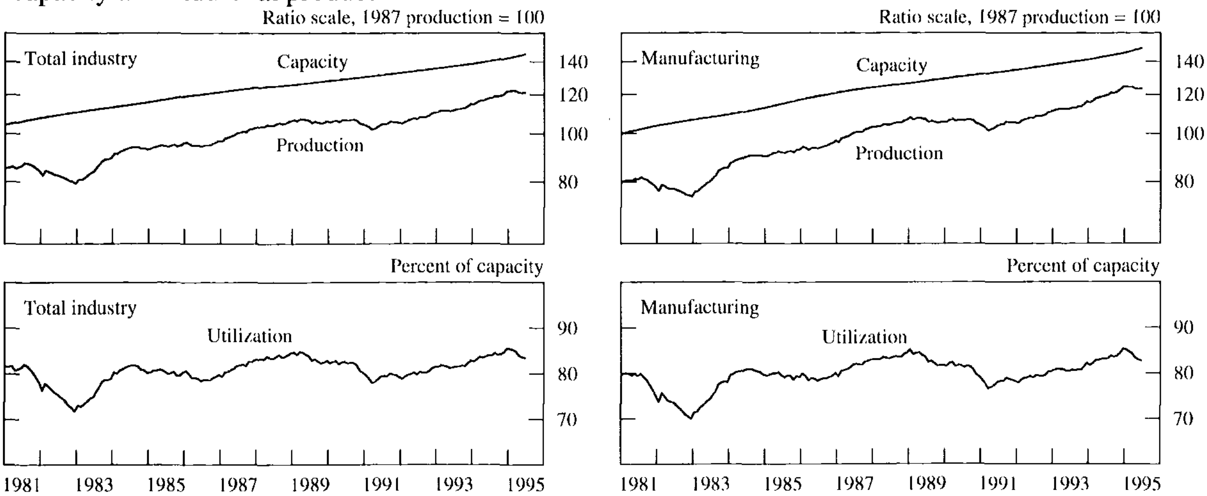
Released for publication July 14

Industrial production in June was little changed for a second month. The output of motor vehicles and parts was about unchanged after having declined sharply in each of the three previous months. In other sectors, production again was sluggish, on balance. At 121.0 percent of its 1987 average, industrial production in June was 2.5 percent above its level of June 1994. For the second quarter,

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, June 1995

Category	Industrial production, index, 1987=100								
	1995				Percentage change				
					1995[1]				June 1994 to June 1995
	Mar.[r]	Apr.[r]	May[r]	June[p]	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**122.0**	**121.1**	**120.9**	**121.0**	**−.1**	**−.7**	**−.1**	**.1**	**2.5**
Previous estimate	121.9	121.2	120.9	. . .	−.2	−.5	−.2	. . .	. . .
Major market groups									
Products, total[2]	118.9	117.8	117.7	117.7	−.1	−.9	−.1	.0	1.5
Consumer goods	114.9	113.9	113.7	113.9	−.6	−.9	−.2	.2	.4
Business equipment	155.9	154.8	154.5	155.2	.9	−.7	−.2	.4	6.7
Construction supplies	110.5	109.0	108.1	107.9	−.4	−1.4	−.8	−.2	1.4
Materials	126.7	126.1	125.9	126.2	.0	−.4	−.2	.2	4.1
Major industry groups									
Manufacturing	124.2	123.2	123.0	123.0	.0	−.8	−.2	.1	3.1
Durable	131.6	130.4	130.0	130.4	.1	−.9	−.3	.3	4.7
Nondurable	115.8	115.2	115.1	114.8	−.2	−.6	−.1	−.2	1.2
Mining	100.2	100.7	100.5	101.5	−.4	.6	−.2	1.0	.8
Utilities	118.9	118.4	119.1	118.1	−.3	−.4	.6	−.9	−2.5

Category	Capacity utilization, percent								Memo Capacity, percentage change, June 1994 to June 1995
	Average, 1967–94	Low, 1982	High, 1988–89	1994	1995				
				June	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**82.0**	**71.8**	**84.9**	**84.1**	**84.9**	**84.1**	**83.7**	**83.5**	**3.3**
Previous estimate	. . .	. . .	. . .	. . .	84.9	84.2	83.7	. . .	. . .
Manufacturing	81.3	70.0	85.2	83.2	84.4	83.4	83.0	82.7	3.7
Advanced processing	80.7	71.4	83.5	81.5	82.5	81.6	81.2	81.2	4.2
Primary processing	82.5	66.8	89.0	87.5	89.0	88.0	87.4	86.8	2.5
Mining	87.4	80.6	86.5	90.3	89.9	90.4	90.2	91.1	−.1
Utilities	86.7	76.2	92.6	89.6	87.1	86.7	87.1	86.2	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.

industrial production fell 3.2 percent at an annual rate, with the decrease in the output of motor vehicles and parts accounting for nearly half of the overall decline. Capacity utilization edged down another 0.2 percentage point in June, to 83.5 percent, bringing the cumulative decrease to 2 percentage points since the recent peak at the turn of the year.

When analyzed by market group, the data show that the production of consumer goods posted a small increase last month after several months of declines. The output of durables other than motor vehicles increased a bit but remained more than 4 percent below its recent high in January. Overall production of nondurables was about unchanged; sizable declines in the output of clothing, paper products, and energy products were about matched by gains in the production of food, tobacco, and chemical products.

The production of business equipment excluding motor vehicles rose nearly ½ percent. Even so, output growth in the second quarter, at 3¾ percent at an annual rate, was well below the average gain of nearly 10 percent over the previous five quarters. The overall slowdown in growth in the second quarter reflects weakness in the output of industrial and other equipment; the production of information processing equipment grew at a 10 percent annual rate in the second quarter, just a bit less than in the previous quarter.

The output of intermediate products weakened further in June. The production of construction supplies contracted slightly further and has fallen more than 4 percent since its recent high last

January. The output of business supplies, which flattened out during the first quarter, declined in the second quarter, in part because of a sharp drop in June.

The production of materials posted a small gain, led by increases in the output of coal and computer-related parts. The production of parts for consumer durables, which had fallen sharply in both May and April, was about unchanged in June. The sharp decline in the output of nondurables reflected weakness in the production of paper.

When analyzed by industry group, the data show that factory output edged up after a cumulative decline of 1 percent during the preceding three months. Among the major industries, output changes were relatively small except for large declines in apparel and paper and a notable rise in electrical machinery. For the second quarter, production in the manufacturing sector fell 3.8 percent at an annual rate.

With overall factory output little changed in June, the operating rate drifted down 0.3 percentage point further, to 82.7 percent. The utilization rate in primary-processing industries again fell sharply. A sizable decline in the operating rate in the paper industry contributed significantly to the overall decrease, but many other industries also showed declines. The utilization rate for advanced-processing industries was unchanged.

The output of utilities fell nearly 1 percent, leaving the operating rate 0.5 percentage point below its long-run average. Output at mines increased 1 percent, and the utilization rate, which had been little changed on balance since the end of last year, rose noticeably. □

Statement to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Telecommunications and Finance and the Subcommittee on Commerce, Trade, and Hazardous Materials of the Committee on Commerce, U.S. House of Representatives, June 6, 1995

I am pleased to be here today to present the views of the Board of Governors of the Federal Reserve System on expanding permissible affiliations between banks and other financial services providers. The bill before the subcommittees, the Financial Services Competitiveness Act of 1995, H.R.1062, would authorize the affiliation of banks and securities firms as well as permit banks to have affiliates engaged in most other financial activities.

This bill would reform outdated statutory prohibitions established for a financial system that no longer exists, continuing the modernization of our financial system begun with last year's passage of the landmark interstate banking legislation. It provides the Congress with the opportunity to make the financial system more competitive and more responsive to consumer needs, all within a framework that would maintain the safety and soundness of insured depository institutions and permit both banks and securities firms to operate more efficiently. The Board believes that modern global financial markets call for permitting financial organizations to operate over a wider range of activities. Distinctions among financial products and institutions have become increasingly difficult to make, undermining the statutory and regulatory structures established more than three generations ago. The approach contained in the bill before you would be a major step, providing realistic reform and facilitating a wider range of activities for both securities firms and banking institutions, and it thus has the strong support of the Board of Governors of the Federal Reserve System.

There is, I think, general agreement on the forces shaping our evolving financial system—forces that require that we modernize our statutory framework for financial institutions and markets. The most profound is, of course, technology: the rapid growth of computers and telecommunications. Their spread has lowered the cost and broadened the scope of financial services, making possible new products that would have been inconceivable a short time ago and, in the process, challenging the institutional and market boundaries that in an earlier day seemed so well defined. The business of financial intermediation has always been the measurement, acceptance, and management of risk. In the past, commercial and investment banks performed these basic functions with quite different tools and strategies. Today, the tools and strategies increasingly overlap, blurring traditional distinctions between commercial and investment banks.

Examples abound. Securities firms have for some time offered checking-like accounts linked to mutual funds, and their affiliates routinely extend significant credit directly to business. On the bank side, the economics of a typical bank loan syndication do not differ essentially from the economics of a best-efforts securities underwriting. Indeed, investment banks are themselves becoming increasingly important in the syndicated loan market. With regard to derivatives instruments, the expertise required to manage prudently the writing of over-the-counter derivatives, a business dominated by banks, is similar to that required for using exchange-traded futures and options, instruments used extensively by both commercial and investment banks. The list could go on. It is sufficient to say that a strong case can be made that the evolution of financial technology alone has changed forever our ability to place commercial and investment banking into neat, separate boxes.

Technological innovation has accelerated the second major trend—financial globalization—that has been in process for at least three decades. Both developments have expanded cross-border asset holdings, trading, and credit flows, and, in response, both securities firms and U.S. and foreign banks have increased their cross-border operations. Foreign offices of U.S. banking organizations have for some time been permitted, within limits, to meet the competitive pressures of the local markets in which they operate by conducting activities not permitted to them at home. In the evolving international environment, these offshore activities have included global securities underwriting and dealing, through subsidiaries, an activity in which U.S. banking organizations have been among the world leaders, despite limitations on their authority to distribute securities in the United States. Similarly, foreign offices of securities firms have engaged in banking abroad.

Such a response to competition abroad is an example of the third major trend reshaping financial markets—market innovation—which has been as much a reaction to technological change and globalization as an independent factor. These developments make it virtually impossible to maintain some of the rules and regulations established for a different economic environment. As a result, there is broad agreement that statutes governing the activities of banking organizations increasingly form an inconsistent patchwork.

For example, under federal standards, banking organizations may act as agents in private placements of securities and, in fact, have done so quite successfully, accounting recently for one-third of all corporate bonds and one-seventh of all equity privately placed. Banking organizations may also act as brokers of securities, and as investment advisers for individuals and mutual funds. For many years, they have acted as major dealers in U.S. government and municipal general obligation bonds. Banking organizations are also the leading innovators and dealers in derivatives, and banking organizations operate futures commission merchants as holding company subsidiaries. As just noted, banking organizations underwrite and deal in securities abroad, and since 1987, banking organizations with the necessary infrastructure may apply for authority to engage in limited underwriting and dealing of securities through special bank holding company subsidiaries under a Federal Reserve Board interpretation of section 20 of the Glass–Steagall Act.

In a pattern that is reminiscent of interstate branching developments, the states for some time have been removing restrictions on the activities of state-chartered banks. The Federal Deposit Insurance Corporation, as required by the Federal Deposit Insurance Corporation Improvement Act, reviews such activities, but it has not rejected an application to exercise any of these powers from adequately or well-capitalized banks. According to the most recent report of the Conference of State Bank Supervisors, seventeen states—including several large ones—had authorized banks to engage in securities underwriting and dealing, with about half requiring such activity in an affiliate. At the federal level, the Office of the Comptroller of the Currency has proposed a process to allow national bank subsidiaries to conduct activities not permitted for the bank.

And so it goes on. Technological change, globalization, and regulatory erosion will eventually make it impossible to sustain outdated restrictions without mounting inefficiencies and dead-weight costs, and these forces will be supplemented by piecemeal revisions to federal regulation and sweeping changes in state laws. This was the pattern that we observed in the evolution of interstate banking and branching, a pattern that finally led the Congress to repeal artificial restrictions on the ability of banking organizations to expand geographically. And this is what we are here today to discuss—the need to remove outdated separations between commercial and investment banking and thereby take the next logical step in rationalizing our system for delivering financial services in a more efficient manner. I might note that in this regard the United States is, as it was with geographical restrictions, behind the rest of the industrial world. Virtually all the other Group of Ten nations now permit banking organizations to affiliate with securities firms and with insurance and other financial entities. We are among the last who have not statutorily adjusted our system. That might be acceptable, or even desirable, if there were a good reason to do so. We do not think there is such a reason.

Let me be clear that the Board's position in favor of expanding the permissible range of affiliations for banking and securities organizations is not a reflection of a concern for banks, securities firms, their management, or their stockholders. Managements of U.S. financial organizations have been quite creative—indeed have led others—in developing and using both technology and the globalization of financial markets for profitable innovations that have greatly benefited their customers. Rather, the Board's support for the expansion of permissible activities for both banks and securities firms reflects the desirability of removing outdated restrictions that serve no useful purpose, that decrease economic efficiency, and that, as a result, limit choices and options for the consumer of financial services. Such statutory prohibitions result in higher costs and lower quality services for the public and should be removed. That their removal would permit both commercial and investment banking organizations to compete more effectively in their natural markets is an important and desirable by-product but not the major objective, which ought to be a more efficient financial system providing better services to the public. Removal of such prohibitions moves us closer to such a system.

Indeed, the Board urges that, as you consider the reforms before you, the focus not be on which set of financial institutions should be permitted to take on a new activity, or which would, as a result, get a new competitor. As I noted, all are doing similar things now and are now in competition with each other, offering similar products. The Board believes that the focus should be as follows: Do the proposed bills promote a financial system that makes the maximum contribution to the growth and stability of the U.S. economy? Are existing restraints serving a useful purpose? Do they increase the compatibility of our laws and regulations with the changing technological and global market realities to ensure that these goals are achieved? Are they consistent with increased alternatives and convenience for the public at a manageable risk to the safety net? Are buyers of securities—particularly retail buyers—continuing to be protected by clear and full disclosures and antifraud rules?

Banking organizations are in a particularly good position to provide underwriting and other financial services to investors. They are knowledgeable about the institutional structure of the market and skilled at evaluating risk. Moreover, for centuries, banks' special expertise has been to accumulate borrower-specific information that they can use to make credit judgments that issue-specific lenders and investors cannot make. Overcoming such information asymmetries has been the value added of banking on the credit side. It is also clearly true that securities firms have built up a considerable information base on their investment and merchant banking customers. Accordingly, the financial innovations of recent years have facilitated investment banks' development of commercial banking expertise through money market and other mutual funds, bridge loans, and loan syndications. And their expertise has been applied to affiliated financial firms in the United States and abroad.

An increasing number of customers of commercial banks and securities firms want to deal with a full-service provider that can handle their entire range of financing needs. This preference for "one-stop shopping" is easy to understand. Starting a new financial relationship is costly for companies and, by extension, for the economy as a whole. It takes considerable time and effort for a company to convey to an outsider a deep understanding of its financial situation. This process, however, can be short-circuited by allowing the company to rely on a single organization for loans, strategic advice, the underwriting of its debt and equity securities, and other financial services. As evidence that there are economies from this sharing of information, most of the section 20 underwriting has been for companies that had a prior relationship with the banking organization.

Our discussions with section 20 officials suggest that the economic benefits of "one-stop shopping" are probably greatest for small and medium-sized firms, the very entities that contribute so much to the growth of our economy. These firms, as a rule, do not attract the interest of major investment banks, and regional brokerage houses do not provide the full range of financial services these companies require. Rather, their primary financial relationship is with the commercial bank where they borrow and obtain their services. Thus, from the firm's perspective, it makes sense to leverage this relationship when the time comes to access the capital markets for financing. It is reasonable to anticipate that if securities activities are authorized for bank affiliates, banking organizations, especially regional and smaller banking organizations, would use their information base to facilitate securities offerings by smaller, regional firms as well as local municipal revenue bond issues. Many of these banking organizations cannot engage in such activities now because they do not have a sufficient base of eligible securities business revenue to take advantage of the section 20 option that limits their ineligible revenues to 10 percent of the total. Investment banking services are now available for some of these smaller issues but at a relatively high cost. Section 20 subsidiaries at regional banks indicate that they are eager to expand their investment banking services to small and moderate-sized companies. These section 20 subsidiaries view such firms as underserved in the current market environment and see an opportunity to provide a greater range of services at lower prices than those now prevailing.

Some financial organizations in recent years have found that providing the full range of financial services is not compatible with either their management expertise or their market position. There are, as a result, frequent reports of divestitures and an increasing number of niche participants operating alongside wide-ranging financial supermarkets. The authorization to engage in broader activities does not necessarily mean that all banks will engage in securities activities or that all securities firms will engage in banking. But efficient markets providing better services should permit market participants to choose the best way for them to distribute financial services.

Organizations that choose to offer new services may do so in part to diversify their risks. Indeed, almost all bank holding companies that have set up section 20 subsidiaries believe that the diversification of revenues will result in lower risks for the organization. Although the empirical literature is inconclusive and the section 20s themselves have not been around very long and have operated under significant restrictions, it seems likely that some bank holding companies could achieve risk reduction through diversification of their financial services.

To be sure, with the benefits of expanded powers comes some risk, but I read the evidence as saying that the risks in securities underwriting and dealing are manageable. Underwriting is a deals-oriented, purchase and rapid resale, mark-to-market business in which losses, if any, are quickly cut as the firm moves to the next deal. Since the enactment of the Securities Acts of 1933 and 1934—with their focus on investor protection—the broker–dealer regulator, the Securities Exchange Commission (SEC), is quick to liquidate a firm with insufficient capital relative to the market value of its assets, constraining the size of any disturbance to the market or affiliates. The SEC now applies such supervision to section 20 affiliates, and it would do so to securities affiliates under the bill before you. Section 20 affiliates have operated during a period in which sharp swings have occurred in world financial markets, but they still were able to manage their risk exposures well with no measurable risks to their parent or affiliated banks. Indeed, to limit the exposure of the safety net, the supervisors have insisted that securities affiliates have risk management and control systems that ensure that risk can be managed and contained. As would be the case with H.R.1062, the Federal Reserve has required that such an infrastructure exist before individual section 20 affiliates are authorized and that organizations engaging in these activities through nonbank affiliates have bank subsidiaries with strong capital positions.

The bill passed overwhelmingly by the House Banking Committee continues the holding company framework, which we believe is important in order to limit the direct risk of securities activities to banks and to the safety net. The Board is of the view that the risks from securities and most other financial activities are manageable using the holding company framework proposed in that bill. But there is another risk: the risk of transference to affiliates of the subsidy implicit in the federal safety net—deposit insurance, the discount window, and access to Fedwire—with the attendant moral hazard and risk of loss to the taxpayers. The Board believes that the holding company structure creates the best framework for limiting the transference of that subsidy. We recognize that foreign subsidiaries of U.S. banks have managed such activities for years virtually without significant incident. Nonetheless, we have concluded that the further the separation from the bank the better the insulation. We are concerned that conducting these activities without limit in subsidiaries of U.S. banks does not create sufficient distance from the bank. Moreover, even though the risks of underwriting and dealing are manageable, any losses in a securities subsidiary of a bank would—under generally accepted accounting principles—be consolidated into the bank's position, an entity protected by the safety net. Although it is true that the profits of a bank subsidiary would directly strengthen the bank, the profits of a holding company subsidiary can be rechanneled to the bank without exposing the bank to the risk of subsidiary losses.

An additional safeguard to protect the bank from any risk from wider financial activities is the adoption of prudential limitations through firewalls and rules that prohibit or limit certain bank and affiliate transactions. Although firewalls may temporarily bend under stress, they nonetheless serve a useful purpose. It would be counterproductive, if not folly, if to avoid the risk of failure of firewalls, we sought to establish prohibitions and firewalls so rigid that they would eliminate the economic synergies between banks and their affiliates. Moreover, if we create such inflexible firewalls we run the risk of reducing the safety of the financial system by inhibiting its ability to respond to shocks. Clearly, there is a need for balance here. The bill before you retains reasonable firewalls and other prudential limitations but provides the Board with the authority to adjust them up or down. Such flexibility is highly desirable because it permits the rules to adjust in reflection of both changing market realities and experience. H.R.1062 also makes exceptions to firewalls and other prudential limitations if the bank affiliates are well capitalized. Such banks can tolerate additional risk.

H.R.1062 attempts to accommodate the merchant banking business currently conducted by independent securities firms. Both bank holding companies with section 20 subsidiaries and independent securities firms engage in securities underwriting and dealing activities. However, independent securities firms also directly provide equity capital to a wide variety of companies without any intention to manage or operate them. The bill would permit securities firms that acquire commercial banks, as well as securities firms acquired by bank holding companies, to engage in all these activities—underwriting and dealing in securities, as well as merchant and investment banking through equity investment in any business without becoming involved in the day-to-day operations of that business. These powers are crucial to permit securities firms to remain competitive domestically and internationally. Under the bill, the Board could establish rules to ensure that these activities do not pose significant risks to banks affiliated with securities firms or serve as a back door to the commingling of banking and commerce.

Some are concerned that an umbrella supervisor is incompatible with a financial services holding company encompassing an increasing number of subsidiaries that would be unregulated if they were independent. The Board too is concerned that if bank-like regulation were applied to an expanded range of activities, the market would believe that the government is as responsible for their operations as it is for banks. This subtle transference of the appearance of safety-net support to financial affiliates of banks creates a kind of moral hazard that is corrosive and potentially dangerous.

Nonetheless, it is crucial to understand that both the public and management now think—and will continue to think—of bank holding companies (and financial services holding companies, if authorized) as one integrated unit, especially if they enjoy the economic synergies that are the purpose of the reform proposals. Moreover, experience and the new computer technology are already adding centralized risk management to the existing centralized policy development for bank holding companies. The purpose of the umbrella supervisor is to have an overview of the risks in the organization so that *the risks to the bank*—the entity with access to the safety net—can be evaluated and, if needed, addressed by supervisors. The umbrella supervisor, it seems to us, becomes more crucial, not less, as the risk management and policy control moves from the bank to the parent. But the umbrella supervisor need not be so involved in the affairs of the nonbank affiliates and the parent that regulatory costs are excessive or that the market perceives that the safety net has been expanded to the nonbank activities of the organization. Indeed, we applaud the continuation of functional regulators embodied in H.R.1062.

In an effort to eliminate unnecessary regulatory constraints and burdens, the bill before you would require that the banking agencies rely on examination reports and other information collected by functional regulators. In addition, it would require that the banking agencies defer to the SEC in interpretations and enforcement of the federal securities laws. The bill goes further and eliminates the current application procedure for holding company acquisitions by well-capitalized and well-managed banking organizations whose proposed nonbank acquisitions or *de novo* entry are both authorized and pass some reasonable test of scale.

The bill would also require no consolidated capital supervision of the holding company, and minimal nonbank supervision so long as the *uninsured* bank subsidiaries have in total less than $15 billion of risk-weighted assets and the banks are less than 25 percent of consolidated risk-weighted assets. Similar treatment is available to holding companies if the *insured* bank subsidiaries have less than $5 billion in risk-weighted assets and are less than 10 percent of consolidated risk-weighted assets. More stringent consolidated supervision would be imposed if the banks increase to a size that raises systemic concerns, or if the Federal Reserve concludes that the holding company would not honor its guarantee of the insured bank subsidiaries, as required in H.R.1062, or if the bank portion of the total organization is so large that the rest of the organization might have difficulty supporting the bank. That is to say, organizations that have bank subsidiaries with access to the safety net, which is available, in part, even for the wholesale uninsured banks, are made subject to more supervision when their banks approach sizes that may pose systemic risk should they fail or when there is concern that the overall organization might be unable to adequately support its banks. The bill approved by the Banking Committee also streamlines the process for evaluating the permissibility of new financial activities for holding companies with strong banks. In addition, organizations with uninsured bank subsidiaries are authorized a basket of investments in activities not permitted to those holding companies with insured bank subsidiaries.

These are extremely important modifications both for existing bank holding companies and for securities firms that wish to affiliate with banks. Such provisions would greatly enhance the two-way street provisions by eliminating unnecessary regulatory burden and red tape. We believe that this concept could also quite usefully be extended to bank acquisition proposals. It is worth underlining, however, that there is nothing in the bill that reduces the prudential supervision of the bank subsidiaries—whether insured or uninsured. Indeed, H.R.1062 quite properly emphasizes the necessity for the parent holding company of insured or uninsured banks to maintain the strength of their banks if they wish to maintain their securities affiliate. If they are unable or unwilling to do so, they must exit either the banking or the securities business. Entities unwilling to accept the responsibility of maintaining strong bank subsidiaries are thus provided incentives to consider whether they should enter or maintain their banking business.

In conclusion, on more than one occasion bills to permit at least securities affiliates were approved by the banking committees in both Houses, as well as by the full Senate on several occasions. In the meantime, technological change, globalization, and market innovations have continued. In such a context, modernization of our financial system should be of high priority in order to better serve the U.S. public. H.R.1062 authorizes the next logical step in the modernization of our financial system, providing benefits to commercial and investment banking firms, but most importantly to the U.S. consumers of financial services. The Board believes its adoption would be a major step in the evolution and strengthening of our financial system, which sadly now operates under increasingly outdated restrictions and prohibitions. □

Announcements

REGULATION O: AMENDMENT

The Federal Reserve Board issued on June 8, 1995, an amendment to Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks) to conform the definition of unimpaired capital and unimpaired surplus in the regulation's definition of lending limit to the definition of capital and surplus recently adopted by the Office of the Comptroller of the Currency in calculating the limit on loans by a national bank to a single borrower. The rule became effective July 1, 1995. It will reduce the recordkeeping burden for member banks that are monitoring lending to their insiders and their related interests.

PROPOSED ACTIONS

The Federal Reserve Board issued for comment on June 2, 1995, proposed changes to its staff commentary to Regulation C (Home Mortgage Disclosure). Comments were requested by August 7.

The Federal Reserve Board on June 22, 1995, requested comment on proposed amendments to Regulation T (Credit by Brokers and Dealers). This action is part of the Board's program to review periodically all regulations. Comments were requested by August 28.

The Federal Reserve Board announced on June 23, 1995, that it was seeking public comment on how rules for credit advertising in Regulation Z (Truth in Lending) could be modified to increase consumer benefit and decrease creditor costs. Comments were also requested on the ways in which current rules could be modified for radio and television advertisements without diminishing consumer protection. Comments were requested by August 11.

The Federal Reserve Board on June 28, 1995, proposed rules to simplify the process for reporting suspected crimes and suspicious financial transactions by banking organizations supervised by the Federal Reserve. Public comment on the Board's proposal was requested by September 1, 1995.

PUBLICATION OF SUPPLEMENT NO. 8 TO THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

The June 1995 update to the *Bank Holding Company Supervision Manual* has been published by the Board's Division of Banking Supervision and Regulation and is now available for purchase by the public. The *Manual* is used by Federal Reserve examiners in the supervision, regulation, and inspection of bank holding companies and their subsidiaries.

New topics in the *Manual* include the following: (1) examiner guidance on the sharing of corporate facilities and staff within banking organizations; and (2) examiner inspection guidance on nontrading activities of bank holding company banking subsidiaries and Edge Act corporations (evaluating the risk management practices and internal controls used by banking organizations in acquiring and managing securities and off-balance-sheet derivative contracts for nontrading purposes).

Other sections were revised to reflect the following new policies.

1. The Board's December 1994 and February 1995 revisions to the Capital Adequacy Guidelines for bank holding companies:

- A revised definition of common stockholders' equity that excludes net unrealized holding gains (losses) on securities available for sale
- A limit on the amount of deferred tax assets that can be included in tier 1 capital
- A decision to allow bank holding companies with qualifying bilateral netting contracts to net positive and negative mark-to-market values of interest rate and exchange rate contracts in determining the current exposure portion of the credit-

equivalent amount of such contracts to be included in risk-weighted assets

- A revision of the treatment of recourse transactions whereby a banking organization no longer must hold capital in excess of the maximum amount of loss possible under the contractual terms.

2. Additional exceptions to the Board's anti-tying prohibitions of Regulation Y:

- The December 15, 1994, exception permits a bank holding company or its nonbank subsidiary to offer a discount on its product or service on the condition that a customer obtain any other product or service from that company or from any of its nonbank affiliates.
- The April 20, 1995, "safe harbor" exception permits any bank or nonbank subsidiary of a bank holding company to offer a "combined-balance discount," that is, a discount based on a customer maintaining a combined minimum balance in products specified by the company offering the discount.

3. The Board's revised June 1994 real estate appraisal regulation, inclusive of revised examiner guidance and inspection procedures, and the October 1994 Interagency Appraisal guidelines.

4. Revised inspection procedures pertaining to section 20 nonbanking subsidiaries of bank holding companies with regard to infrastructure inspections and also Board guidance with respect to the marketing activities of section 20 companies and the types of securities that can be underwritten (the 1987 Board Order).

These and other topics are described in a summary of changes included with the revision package.

The June 1995 supplement may be obtained from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551. A copy of the *Manual* is available at a cost of $50.00. Supplements are available for an annual charge of $20.00. For information on purchasing the *Manual* or supplements, call (202) 452-3244.

Factors to Adjust Interest Income of Section 20 Subsidiaries

The Federal Reserve Board released on June 30, 1995, its quarterly table of factors to adjust interest income to be used by section 20 companies that adopt the Board's alternative index revenue test to measure compliance with the 10 percent limit on bank-ineligible securities activities.

The table of factors is available on request from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551. □

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION B

The Board of Governors is amending 12 C.F.R. Part 202, its official staff commentary to Regulation B (Equal Credit Opportunity). The commentary applies and interprets the requirements of Regulation B and is a substitute for individual staff interpretations. The revisions to the commentary provide guidance on several issues including disparate treatment, special purpose credit programs, credit scoring systems, and marital status discrimination.

Effective June 5, 1995, 12 C.F.R. Part 202 is amended as follows:

Part 202—Equal Credit Opportunity (Regulation B)

1. The authority citation for Part 202 continues to read as follows:

Authority: 15 U.S.C. 1691-1691f.

2. In Supplement I to Part 202, *Section 202.2—Definitions*, is amended as follows:

a. Under *2(c) Adverse action.*, preceding 1. *Move from service area.*, a new paragraph heading 2(c)(1)(i), a new paragraph 1., and a new paragraph heading 2(c)(1)(ii) are added;
b. Under Paragraph (2)(c)(2)(iii), a new paragraph 2. is added; and
c. Under *2(p)*, the paragraph heading for *2(p)* is revised and new paragraphs 3. and 4. are added.

The additions and revision read as follow:

Supplement I to Part 202—Official Staff Interpretations

* * * * *

Section 202.2—Definitions

2(c) *Adverse action.*
Paragraph 2(c)(1)(i)
1. *Application for credit.* A refusal to refinance or extend the term of a business or other loan is adverse action if the applicant applied in accordance with the creditor's procedures.

Paragraph 2(c)(1)(ii)
1. *Move from service area.* * * *

* * * * *

Paragraph 2(c)(2)(iii)

* * * * *

2. *Application for increase in available credit.* A refusal or failure to authorize an account transaction at the point of sale or loan is not adverse action, except when the refusal is a denial of an application, submitted in accordance with the creditor's procedures, for an increase in the amount of credit.

* * * * *

2(p) Empirically derived and other credit scoring systems.

* * * * *

3. *Pooled data scoring systems.* A scoring system or the data from which to develop such a system may be obtained from either a single credit grantor or multiple credit grantors. The resulting system will qualify as an empirically derived, demonstrably and statistically sound, credit scoring system provided the criteria set forth in paragraph (p)(1)(i) through (iv) of this section are met.
4. *Effects test and disparate treatment.* An empirically derived, demonstrably and statistically sound, credit scoring system may include age as a predictive factor (provided that the age of an elderly applicant is not assigned a negative factor or value). Besides age, no other prohibited basis may be used as a variable. Generally, credit scoring systems treat all applicants objectively and thus avoid problems of disparate treatment. In cases where a credit scoring system is used in conjunction with individual discretion, disparate treatment could conceivably occur in the evaluation process. In addition, neutral factors used in credit scoring systems could nonetheless be subject to challenge under the effects test. (See comment 6(a)-2 for a discussion of the effects test).

* * * * *

3. In Supplement I to Part 202, under *Section 202.4—General Rule Prohibiting Discrimination,* four new sen-

tences are added at the end of paragraph 1. to read as follows:

* * * * *

Section 202.4—General Rule Prohibiting Discrimination

1. *Scope of section.* * * * Disparate treatment on a prohibited basis is illegal whether or not it results from a conscious intent to discriminate. Disparate treatment would be found, for example, where a creditor requires a minority applicant to provide greater documentation to obtain a loan than a similarly situated nonminority applicant. Disparate treatment also would be found where a creditor waives or relaxes credit standards for a nonminority applicant but not for a similarly situated minority applicant. Treating applicants differently on a prohibited basis is unlawful if the creditor lacks a legitimate nondiscriminatory reason for its action, or if the asserted reason is found to be a pretext for discrimination.

* * * * *

4. In Supplement I to Part 202, a new *Section 202.5a,* is added in numerical order to read as follows:

* * * * *

Section 202.5a—Rules on Providing Appraisal Reports

5a(a) Providing appraisals.

1. *Coverage.* This section covers applications for credit to be secured by a lien on a dwelling, as that term is defined in section 202.5a(c), whether the credit is for a business purpose (for example, a loan to start a business) or a consumer purpose (for example, a loan to finance a child's education).
2. *Renewals.* If an applicant requests that a creditor renew an existing extension of credit, and the creditor obtains a new appraisal report to evaluate the request, this section applies. This section does not apply to a renewal request if the creditor uses the appraisal report previously obtained in connection with the decision to grant credit.

5a(a)(2)(i) Notice.

1. *Multiple applicants.* When an application that is subject to this section involves more than one applicant, the notice about the appraisal report need only be given to one applicant, but it must be given to the primary applicant where one is readily apparent.

5a(a)(2)(ii) Delivery.

1. *Reimbursement.* Creditors may charge for photocopy and postage costs incurred in providing a copy of the appraisal report, unless prohibited by state or other law. If the consumer has already paid for the report—for example, as part of an application fee—the creditor may not require additional fees for the appraisal (other than photocopy and postage costs).

5a(c) Definitions.

1. *Appraisal reports.* Examples of appraisal reports are:
   i. A report prepared by an appraiser (whether or not licensed or certified), including written comments and other documents submitted to the creditor in support of the appraiser's estimate or opinion of value.
   ii. A document prepared by the creditor's staff which assigns value to the property, if a third-party appraisal report has not been used.
   iii. An internal review document reflecting that the creditor's valuation is different from a valuation in a third party's appraisal report (or different from valuations that are publicly available or valuations such as manufacturers' invoices for mobile homes).
2. *Other reports.* The term "appraisal report" does not cover all documents relating to the value of the applicant's property. Examples of reports not covered are:
   i. Internal documents, if a third-party appraisal report was used to establish the value of the property.
   ii. Governmental agency statements of appraised value.
   iii. Valuations lists that are publicly available (such as published sales prices or mortgage amounts, tax assessments, and retail price ranges) and valuations such as manufacturers' invoices for mobile homes.

* * * * *

5. In Supplement I to Part 202, *Section 202.6—Rules Concerning Evaluation of Applications,* is amended as follows:
   a. Under *6(a) General rule concerning use of information.,* the first sentence in paragraph 2. is revised; and
   b. Under Paragraph 6(b)(1), three new sentences are added at the end of paragraph 1.

The additions and revision read as follow:

* * * * *

Section 202.6—Rules Concerning Evaluation of Applications

6(a) General rule concerning use of information.

* * * * *

2. *Effects test.* The effects test is a judicial doctrine that was developed in a series of employment cases decided by the Supreme Court under Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e *et seq.*), and the burdens of proof for such employment cases were codified by Congress in the Civil Rights Act of 1991 (42 U.S.C. 2000e-2). * * *

* * * * *

Paragraph 6(b)(1)
1. *Prohibited basis—marital status.* * * * Except to the extent necessary to determine rights and remedies for a specific credit transaction, a creditor that offers joint credit may not take the applicants' marital status into account in credit evaluations. Because it is unlawful for creditors to take marital status into account, creditors are barred from applying different standards in evaluating married and unmarried applicants. In making credit decisions, creditors may not treat joint applicants differently based on the existence, the absence, or the likelihood of a marital relationship between the parties.

* * * * *

6. In Supplement I to Part 202, *Section 202.8—Special Purpose Credit Programs,* under *8(a) Standards for programs.,* new paragraphs 5. and 6. are added to read as follows:

* * * * *

Section 202.8—Special Purpose Credit Programs

(8)(a) Standards for programs

* * * * *

5. *Determining need.* In designing a special-purpose program under section 202.8(a), a for-profit organization must determine that the program will benefit a class of people who would otherwise be denied credit or would receive it on less favorable terms. This determination can be based on a broad analysis using the organization's own research or data from outside sources including governmental reports and studies. For example, a bank could review Home Mortgage Disclosure Act data along with demographic data for its assessment area and conclude that there is a need for a special-purpose credit program for low-income minority borrowers.
6. *Elements of the program.* The written plan must contain information that supports the need for the particular program. The plan also must either state a specific period of time for which the program will last, or contain a statement regarding when the program will be reevaluated to determine if there is a continuing need for it.

* * * * *

7. In Supplement I to Part 202, *Section 202.9—Notifications,* a new paragraph 5. is added to read as follows:

* * * * *

Section 202.9—Notifications

* * * * *

5. *Prequalification and preapproval programs.* Whether a creditor must provide a notice of action taken for a prequalification or preapproval request depends on the creditor's response to the request, as discussed in the commentary to section 202.2(f). For instance, a creditor may treat the request as an inquiry if the creditor provides general information such as loan terms and the maximum amount a consumer could borrow under various loan programs, explaining the process the consumer must follow to submit a mortgage application and the information the creditor will analyze in reaching a credit decision. On the other hand, a creditor has treated a request as an application, and is subject to the adverse action notice requirements of section 202.9 if, after evaluating information, the creditor decides that it will not approve the request and communicates that decision to the consumer. For example, if in reviewing a request for prequalification, a creditor tells the consumer that it would not approve an application for a mortgage because of a bankruptcy in the consumer's record, the creditor has denied an application for credit.

* * * * *

8. In Supplement I to Part 202, a new Appendix C—Sample Notification Forms is added at the end to read as follows:

* * * * *

APPENDIX C—SAMPLE NOTIFICATION FORMS

Form C-9. Creditors may design their own form, add to, or modify the model form to reflect their individual policies and procedures. For example, a creditor may want to add:

i. A telephone number that applicants may call to leave their name and the address to which an appraisal report should be sent.
ii. A notice of the cost the applicant will be required to pay the creditor for the appraisal or a copy of the report.

FINAL RULE—AMENDMENT TO REGULATION O

The Board of Governors is amending 12 C.F.R. Part 215, its Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Loans to Holding Companies and Affiliates) to conform the definition of unimpaired capital and unimpaired surplus used in calculating a bank's Regulation O lending limit to the definition of capital and surplus recently adopted by the Office of the Comptroller of the Currency in calculating the limit on loans by a national bank to a single borrower. The final rule will reduce the regulatory burden for member banks monitoring lending to their insiders.

Effective July 1, 1995, 12 C.F.R. Part 215 is amended as follows:

Part 215—Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Regulation O)

1. The authority citation for Part 215 is revised to read as follows:

Authority: 12 U.S.C. 248(i), 375a(10), 375b(9) and (10), 1817(k)(3) and 1972(2)(G)(ii); Pub. L. 102–242, 105 Stat. 2236.

2. Section 215.2 is amended as follows:
 a. The last sentence of paragraph (i) introductory text is revised;
 b. Paragraphs (i)(1) and (i)(2) are revised; and
 c. Paragraph (i)(3) is removed.

The revisions read as follows:

Section 215.2—Definitions.

* * * * *

(i) * * * A member bank's unimpaired capital and unimpaired surplus equals:

(1) The bank's Tier 1 and Tier 2 capital included in the bank's risk-based capital under the capital guidelines of the appropriate Federal banking agency, based on the bank's most recent consolidated report of condition filed under 12 U.S.C. 1817(a)(3); and

(2) The balance of the bank's allowance for loan and lease losses not included in the bank's Tier 2 capital for purposes of the calculation of risk-based capital by the appropriate Federal banking agency, based on the bank's most recent consolidated report of condition filed under 12 U.S.C. 1817(a)(3).

FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control), to eliminate the need for a bank holding company to file a request with the Board for a determination under section 2(g)(3) of the Bank Holding Company Act that it no longer controls shares or assets that it has sold to a third party with financing if the purchaser is not an affiliate or principal shareholder of the divesting holding company, or a company controlled by the principal shareholder, and there are no officers, directors, trustees or beneficiaries of the acquiror in common with or subject to control by the divesting company. The Board believes that the elimination of the requirement for a determination of control for these types of divestitures will reduce the regulatory burden on bank holding companies without undermining the purposes of the Bank Holding Company Act. This proposal has been identified in connection with the Board's continuing effort to eliminate obsolete or unnecessary regulations or applications.

Effective July 6, 1995, 12 C.F.R. Part 225 is amended as follows:

Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

1. The authority citation for 12 C.F.R. Part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(l), 3106, 3108, 3310, 3331-3351, 3907, and 3909.

2. In section 225.32, paragraph (a)(2) is redesignated as paragraph (a)(3) and a new paragraph (a)(2) is added to read as follows:

Section 225.32—Divestiture proceedings.

(a) * * *

(2) Except in the case of a proceeding initiated under paragraph (f) of this section or section 225.31 of this subpart, the Board will regard the presumption of control in paragraph (a)(1)(i) of this section and section 2(g)(3) of the Bank Holding Company Act as inapplicable in the case of the sale or divestiture of assets or voting securities by a divesting company if:

(i) The acquiring person is not an affiliate or a principal shareholder of the divesting company, or a company controlled by such a principal shareholder; and

(ii) The acquiring person does not have any officer, director, trustee, or beneficiary in common with or subject to control by the divesting company.

* * * * *

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Bay Bancorporation
Green Bay, Wisconsin

Order Approving the Formation of a Bank Holding Company

Bay Bancorporation, Green Bay, Wisconsin ("Applicant"), has applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1) *et seq.*) ("BHC Act") to become a bank holding company by acquiring all the voting shares of Bay Bank, Green Bay, Wisconsin ("Bay Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 33,772 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Applicant is a nonoperating corporation formed for the purpose of acquiring Bay Bank, a *de novo* bank. Based on all the facts of record, the Board believes that consummation of the proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

As part of this proposal, the Oneida Tribe of Indians of Wisconsin ("Tribe"), a federally recognized Native American tribe with approximately 11,000 enrolled members, would acquire up to 100 percent of the shares of Applicant.[1] The Tribe's ownership of more than 25 percent of the voting shares of Applicant raises the issue of whether the Tribe would be considered a "company" within the meaning of the BHC Act and, therefore, a bank holding company.

Section 2(b) of the BHC Act defines "company" as "any corporation, partnership, business trust, association, or similar organization . . . , but shall not include any corporation the majority of the shares of which are owned by the United States or by any state."[2] The list of types of entities that are within the definition of "company" does not include a reference to any type of sovereign government, indicating that Congress did not intend the definition to include sovereign governments. While the definition specifically excludes a company the majority of which is owned by the United States or by any state, it does not specifically exclude the sovereign government owner of a company. This suggests that Congress believed that an exclusion for sovereign governments was not necessary because sovereign governments were not included within the definition.

The Board has used this reasoning in determining not to define foreign governments as companies for purposes of the BHC Act.[3] Native American tribes are unique, domestic sovereign entities that possess extensive self-government powers and have many of the attributes of a sovereign government.[4] The Supreme Court has characterized Native American tribes as "domestic, dependent nations"[5] and, thus, "much more than private, voluntary organizations."[6]

As noted above, the Tribe is a federally recognized Native American tribe government organized under the Indian Reorganization Act of 1934,[7] which is governed by a constitution and by-laws adopted by the Tribe's General Tribal Council. For these reasons, the Board believes that the Tribe should be considered to be a sovereign government excluded from the BHC Act's definition of "company."[8] In this case, the Tribe would

1. The Tribe has entered into a stock option agreement under which it would initially purchase 38.03 percent of Applicant's voting shares and, in six years, be entitled to purchase all of Applicant's outstanding shares.

2. 12 U.S.C. § 1841(b).

3. Although the Board has approved applications in which foreign government ownership of an applicant was noted, the Board has not applied the BHC Act to a foreign government that controls a bank or bank holding company. *See* Letter dated August 19, 1988, from William W. Wiles, Secretary of the Board, to Patricia S. Skigen; *see also Corporación Bancaria de España*, 81 *Federal Reserve Bulletin* 598 (1995); *Societe Generale*, 67 *Federal Reserve Bulletin* 453 (1981).

4. Native American tribes and the Federal government share a unique relationship—while tribes retain certain attributes of sovereignty, "ll aspects of Indian sovereignty are subject to defeasance by Congress." *National Farmers Union Ins. Co. v. Crow Tribe of Indians*, 471 U.S. 845, 851 n.16 (1985) (quoting *Escondido Mutual Water Co. v. LaJolla Bands of Mission Indians*, 466 U.S. 765, 788 n.30 (1984)); *see United States v. Wheeler*, 435 U.S. 313, 323 (1977).

5. *Cherokee Nation v. Georgia*, 30 U.S. (5 Pet.) 1 (1831).

6. *United States v. Mazurie*, 419 U.S. 544, 557 (1975).

7. Act of June 18, 1934, ch. 576, § 16, 48 Stat. 987 (codified at 25 U.S.C. §§ 461–178).

8. On the other hand, if a company or similar organization that was controlled by a Native American tribe owned a U.S. bank, that organization would be, as in the case of a foreign-government-controlled company, a "company" under the BHC Act. *See* Letter dated August 19, 1988, from William W. Wiles, Secretary of the Board, to Patricia S. Skigen.

hold Applicant's shares communally for the benefit of the Tribe members.[9] Based on these and all the facts of record, the Board concludes that the Tribe would not become a bank holding company by acquiring more than 25 percent of the voting shares of Applicant.

The Tribe would own and control Bank through Applicant, a registered bank holding company. The Tribe, its affiliates, Applicant, and Bank have made a number of commitments to ensure that the activities of Applicant and Bank would be consistent with the purposes of the BHC Act and other federal banking laws. These commitments separate the Bank's activities from the commercial activities of the Tribe,[10] subject the Tribe and its affiliates to limitations imposed by sections 23A and 23B of the Federal Reserve Act and the Board's Regulation O (Loans to Insiders), and provide the Board with adequate assurances that the Tribe and its affiliates will make available the information on their operations and activities that is necessary for the Board to determine and enforce compliance with applicable federal banking laws. In light of these commitments, and based on all facts of record, the Board concludes that the future prospects of Bank and Applicant and all other supervisory factors the Board must consider under section 3 of the BHC Act are consistent with approval.

Financial and managerial considerations are also consistent with approval. In addition, the Board believes that Applicant's plan to provide full-service banking to Tribe members, local community residents, and small businesses, from a location next to the Tribe's Reservation presents favorable considerations under the factor relating to the convenience and needs of the communities served.

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

9. The Tribe's Business Committee would be authorized to vote the shares under the constitution and by-laws of the Tribe. Although the Business Committee members share certain attributes with trustees, the Board believes that no regulatory purpose would be served in requiring a notice under the Change in Bank Control for changes in the Business Committee's membership in light of the unique form and structure of the Tribe's proposed stock holdings, the recognized sovereignty of the Tribe, and other facts of record.

10. The Tribe engages in a number of commercial activities that are impermissible for bank holding companies. These activities, which include construction, hotel, and casino activities, are conducted through various tribal divisions and other business entities authorized by the Tribe's constitution and by-laws.

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

By order of the Board of Governors, effective June 14, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Farmington Finance Corporation
Tortola, British Virgin Islands

Farmington Bancorp
Seattle, Washington

Order Approving Formation of Bank Holding Companies

Farmington Finance Corporation, Tortola, British Virgin Islands, and its wholly owned subsidiary, Farmington Bancorp, Seattle, Washington (together, "Applicants"), have applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to become bank holding companies by acquiring all the voting shares of Farmington State Bank, Farmington, Washington ("Bank").

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 10,085 (1995)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Applicants are nonoperating companies formed for the purpose of acquiring Bank. Bank is the 82d largest commercial banking organization in Washington, controlling deposits of approximately $1.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Based on all the facts of record, the Board believes that consummation of this proposal would not result in significantly adverse effects on competition or the concentration of banking resources in any relevant banking market. Accordingly,

1. Deposit data are as of December 31, 1994.

the Board concludes that competitive considerations are consistent with approval.

The Board also concludes that the financial and managerial resources and future prospects of Applicants and Bank are consistent with approval, as are the convenience and needs and other supervisory factors the Board is required to consider under section 3 of the BHC Act.

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

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

By order of the Board of Governors, effective June 14, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

First Commerce Corporation
New Orleans, Louisiana

Order Approving Acquisition of a Bank Holding Company

First Commerce Corporation, New Orleans, Louisiana ("First Commerce"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Lakeside Bancshares ("Lakeside"), and thereby acquire Lakeside National Bank of Lake Charles, both of Lake Charles, Louisiana.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 17,063 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

First Commerce is the second largest commercial banking organization in Louisiana, controlling deposits of $5.5 billion, representing approximately 15.5 percent of the total deposits in commercial banking organizations in the state.[1] Lakeside is the 27th largest commercial banking organization in Louisiana, controlling deposits of $159.6 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal and all proposed divestitures, First Commerce would become the largest commercial banking organization in Louisiana, controlling deposits of $5.6 billion, representing approximately 15.8 percent of total deposits in commercial banking organizations in the state.

Competitive Considerations

First Commerce and Lakeside compete directly in the Lake Charles, Louisiana, banking market ("Lake Charles banking market").[2] The Board has carefully considered the effects that consummation of this proposal would have on competition in the Lake Charles banking market in light of all the facts of record, including the number of competitors that would remain in this market, the increase in the concentration of total deposits in depository institutions[3] in this market ("market deposits") as measured by the Herfindahl-Hirschman Index ("HHI"),[4] and certain commitments made by First Commerce.

1. State deposit data are as of December 31, 1994.

2. The Lake Charles banking market is approximated by Calcasieu and Cameron Parishes, and the southern half of Beauregard Parish, all in Louisiana.

3. Market deposit data are as of June 30, 1994. In this context, depository institutions include commercial banks and savings associations. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

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

Upon consummation of the proposal, First Commerce would remain the second largest depository institution in the Lake Charles banking market. The HHI would increase 442 points to 2609 and First Commerce would control 30.4 percent of market deposits upon consummation. In order to mitigate the adverse competitive effect that may result from consummation of this proposal, First Commerce has committed to divest two branches in Lake Charles with deposits totalling $38.5 million.[5] Upon completion of the proposed divestitures, First Commerce would control 27.5 percent of market deposits, and the HHI would increase 288 points to 2455.

A number of factors indicate that the increased level of concentration in the Lake Charles banking market, as measured by the HHI, tends to overstate the competitive effects of this proposal. Upon consummation of this proposal, six depository institutions would remain in the Lake Charles banking market, including the third largest banking organization in Louisiana.

The Board also notes that the Lake Charles banking market is attractive for entry. The Lake Charles Metropolitan Statistical Area ("MSA") is part of the Lake Charles banking market, which has a relatively high population per banking office and household income compared to the other seven MSAs in the state. The Lake Charles MSA also has experienced increased job growth and a declining unemployment rate, while its labor force increased in 1993.[6] In addition, several of the remaining competitors have increased their presence in the market by opening new branches and aggressively seeking greater market share since 1988.[7] Moreover, Louisiana allows reciprocal interstate banking and permits inter-parish branching.

As in other cases, the Board also sought comments from the Department of Justice on the competitive effects of this proposal. The Department of Justice has indicated that consummation of the proposal, with the proposed divestitures, would not have a significantly adverse effect on competition.

For the reasons discussed above, and based on all the facts of record, including the proposed divestitures, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or concentration of banking resources in the Lake Charles banking market or any other relevant banking market.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of First Commerce, Lakeside, and their respective subsidiaries, are consistent with approval of this proposal, as are other supervisory factors the Board must consider under section 3 of the BHC Act. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Based on the foregoing, including the commitments made to the Board by First Commerce in connection with the application, and in light of all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by First Commerce with all the commitments made in connection with this 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 acquisition 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 19, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

5. First Commerce has executed binding sales agreements for the sale of two of Lakeside's branches located in Lake Charles ("Divestiture Branches"). First Commerce has committed to complete these divestitures within 180 days of consummation of this proposal. If First Commerce is unsuccessful in completing the sale of the Divestiture Branches within 180 days of consummation, First Commerce will transfer the Divestiture Branches to an independent trustee with instructions to sell the Divestiture Branches immediately to one or more alternative purchasers without regard to price. First Commerce also has committed to submit to the Board, prior to consummation of the acquisition, a trust agreement acceptable to the Board stating the terms of this divestiture. The Board's action on the application is expressly conditioned on compliance with these commitments.

6. The Lake Charles area had Louisiana's fastest growth rate for jobs in 1993. The unemployment rate decreased from 9.3 percent in 1992 to 8.7 percent in 1993, while its total labor force increased. *See Louisiana Annual Planning Report,* Louisiana Department of Labor, Office of Employment Security, September 1994.

7. For example, one bank holding company increased its market share in the Lake Charles banking market from approximately 8.7 percent in 1990 to approximately 16.2 percent in 1994. In addition, another bank holding company opened three new branches in the market between 1988 and 1994.

Hemisphere Financial, Ltd.
Road Town, British Virgin Islands

Mercantile Financial Enterprises, Inc.
Wilmington, Delaware

Order Approving Formation of Bank Holding Companies

Hemisphere Financial, Ltd., Road Town, British Virgin Islands, and its wholly owned subsidiary, Mercantile Financial Enterprises, Inc., Wilmington, Delaware (together, "Applicants"), have applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to become bank holding companies by acquiring 95.78 percent of the voting shares of Mercantile Bank, N.A., Brownsville, Texas ("Bank").

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 46,255 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

Applicants are nonoperating companies formed for the purpose of acquiring Bank. Bank is the 21st largest commercial banking organization in Texas, with deposits of $679.4 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Based on all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Considerations relating to the financial and managerial resources and future prospects of Applicants and Bank and the convenience and needs of the communities to be served are consistent with approval of this application, as are the other supervisory factors that the Board is required to consider under section 3 of the BHC Act.

Based on the foregoing and after a review of all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by Applicants, their sole shareholder, and related parties with all the commitments made in connection with these applications. For purposes of this action, the commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

1. Deposit and market data are as of December 31, 1994.

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

By order of the Board of Governors, effective June 19, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Marshall & Ilsley Corporation
Milwaukee, Wisconsin

Order Approving Acquisition of a Bank Holding Company and Banks

Marshall & Ilsley Corporation, Milwaukee ("M&I"), has applied under section 3 of the Bank Holding Company Act (12 U.S.C. § 1842) ("BHC Act")) to acquire all the voting shares of Citizens Bancorp of Delavan, Inc., Delavan ("Citizens Bancorp"), and thereby indirectly acquire Citizens Bank of Delavan, Delavan ("Citizens Bank"), and to acquire all the voting shares of Sharon State Bank, Sharon ("Sharon Bank"), all in Wisconsin. Citizens Bancorp and Sharon Bank are affiliated through common ownership.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 7202 (1995)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

M&I owns 33 banks in Wisconsin and one bank in Arizona. M&I is the largest bank holding company in Wisconsin, controlling total deposits of $8.7 billion, representing approximately 20.6 percent of total deposits in commercial banking organizations in the state.[2] Citizens Bancorp is the 58th largest commercial banking organization in Wisconsin, controlling deposits of approximately $86.8 million, representing less that 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal,

1. M&I would acquire Citizens Bancorp by merger with M&I Interim Corporation, a subsidiary formed to effect this proposal, which would then merge with M&I and cause Citizens Bank to become a direct subsidiary of M&I. Sharon Bank would then consolidate with Citizens Bank under Citizens Bank's charter and be renamed M&I Bank of Delavan.

2. State deposit data are as of June 30, 1994.

M&I would control deposits of approximately $8.8 billion, representing 20.8 percent of total deposits in commercial banking organizations in the state.

M&I and Citizens Bank compete directly in the Walworth, Wisconsin, banking market.[3] Upon consummation of this proposal, the market would remain moderately concentrated,[4] as measured by the Herfindahl–Hirschman Index ("HHI"), and this proposal would not exceed the Department of Justice merger guidelines.[5] In addition, numerous competitors would remain in the market. After considering the competition offered by the commercial banking institution that would remain in the market, the increase in concentration as measured by the HHI, and all other facts of record, the Board concludes that consummation of this proposal is not likely to result in significantly adverse effects on competition or the concentration of banking resources in the Walworth banking market, or any other relevant banking market.

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

The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act[7] provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process. The Board notes that all of M&I's subsidiary banks received "satisfactory" or "outstanding" ratings from their primary federal supervisors at their most recent CRA performance examinations.

One M&I subsidiary, M&I Northern Bank, Brookfield, Wisconsin ("Northern Bank"), which accounts for approximately 3 percent of M&I's total assets, received a "satisfactory" rating from its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), at its most recent CRA performance examination as of July 8, 1994 ("1994 Examination"). The 1994 Examination noted substantive but isolated instances of disparate treatment involving four applications from minority applicants in apparent violation of the Fair Housing Act and the Equal Credit Opportunity Act (together, "fair lending laws").[8] Most of the cited transactions occurred during the initial implementation of Northern Bank's Neighborhood Home Loan Program ("NHLP"), which was introduced in February 1993. The NHLP focuses on low- and moderate-income communities and features low down payments and flexible underwriting criteria.

In light of these findings, examiners noted that Northern Bank took steps to address these deficiencies and prevent future occurrences. These initiatives are focused on strengthening the bank's compliance with fair lending laws. In particular, the bank has increased NHLP file documentation requirements to ensure that consistent underwriting standards are applied to all applications. Moreover, Northern Bank has established centralized second review procedures. Under these procedures, all housing-related loan applications receive a second review before they are approved or denied. Other retail credit decisions require a second review of all denied applications and applications that are approved in vari-

3. The Walworth, Wisconsin, banking market is approximated by Walworth County excluding East Troy township; plus Burlington township in Racine County; and Wheatland and Randall townships in Kenosha County.

4. Market share data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institution are included at 50 percent. The Board previously has indicated that thrift institution have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). 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).

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities. The HHI for the Walworth banking market would increase from 1113 to 1300 as a result of this transaction.

6. 12 U.S.C. § 2903.

7. 54 *Federal Register* 13,742, 13,745 (1989).

8. Two of the transactions were identified before the 1994 Examination by the bank's internal fair lending review. In addition, Northern Bank has offered to extend credit to each of the affected loan applicants that qualify on the terms available at the time of the denial if more favorable than current terms, and to reimburse any cost incurred by these applicants as a result of the denial, including costs associated with obtaining a loan from another lender.

ance from established underwriting criteria. Both of these review procedures provide for ongoing comparisons of approved and denied applications.

Northern Bank has also initiated continuing fair lending training for employees to emphasize the bank's policies and procedures for assuring that assistance is consistently provided to all loan applicants and that all borrowers are provided with equivalent information and encouragement when inquiring about loans. The bank's training efforts include diversity training for all staff and management.

Based on these and all facts of record, including supervisory information provided by the FDIC and M&I's record of compliance and of addressing compliance-related issues, the Board believes that the convenience and needs considerations, including considerations relating to M&I's record of performance under the CRA, are consistent with approval. The Board expects Northern Bank to fully implement all its initiatives, and, in particular, the steps designed to address its compliance with fair lending laws. The Board will monitor M&I's progress in these areas in its supervision of M&I and in future applications to establish depository facilities.

Other Considerations

The financial and managerial resources and future prospects of M&I, Citizens Bancorp and its subsidiary bank, and Sharon Bank, as well as the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

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

The acquisition 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 Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 12, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Northern Trust Corporation
Chicago, Illinois

Order Approving Acquisition of a Bank Holding Company

Northern Trust Corporation, Chicago, Illinois ("Northern Trust"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Tanglewood Bancshares, Inc. ("Tanglewood"), and thereby indirectly acquire all the voting shares of Tanglewood Bank, National Association ("Tanglewood Bank"), both of Houston, Texas.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 17,063 (1995)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Northern Trust, with total consolidated assets of $18.6 billion, controls eight banks in Illinois, Florida, Texas, Arizona, and California, and engages through other subsidiaries in various permissible nonbanking activities.[1] Northern Trust is the 114th largest commercial banking organization in Texas, controlling approximately $149.5 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Tanglewood is the 73d largest commercial banking organization in the state, controlling approximately $203.8 million in deposits, representing less than 1 percent of total deposits in commercial banks. Upon consummation of this proposal, Northern Trust would become the 34th largest commercial banking organization in Texas, controlling approximately $353.3 million in deposits, representing approximately 1 percent of total deposits in commercial banking organizations in the state.[2]

Northern Trust and Tanglewood do not compete directly in any relevant banking market. Based on all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse

1. Asset and deposit data are as of December 31, 1994.

2. The Board has previously determined for purposes of section 3(d) of the BHC Act (the "Douglas Amendment") that the interstate banking laws of Texas authorize acquisitions by banking organizations located anywhere in the United States without any requirement of reciprocity. *See Chemical New York Corporation*, 73 *Federal Reserve Bulletin* 378 (1987). Accordingly, the Board concludes that the Douglas Amendment does not bar this transaction.

effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs and Managerial Considerations

In acting upon an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The Board is also required to consider the managerial resources of an applicant bank holding company, including management's record of compliance with applicable laws and regulations.

The Board recently considered these statutory factors in light of issues raised in connection with an investigation by the Department of Justice ("DOJ") of Northern Trust's Illinois banking subsidiaries for past compliance with the Fair Housing Act (42 U.S.C. § 3601 *et seq.*) and the Equal Credit Opportunity Act (15 U.S.C. § 1691 *et seq.*) (together, "fair lending laws").[3] The DOJ investigation covered the period from January 1992 through January 1994, and the review in the Northern Order considered the records of Northern Trust's lead subsidiary bank, The Northern Trust Company, Chicago, Illinois ("Chicago Bank"), and its other Illinois subsidiary banks in light of the pending investigation.[4]

In the Northern Order, the Board carefully considered a number of steps taken by Northern Trust and Chicago Bank to strengthen their fair lending compliance programs and underwriting procedures. For example, in April 1994, Chicago Bank, in consultation with the DOJ, enhanced its loan denial review process to provide for a second review of all mortgage and installment loan applications that receive a preliminary recommendation of denial. Prior to any adverse action, the complete loan file is reviewed by a senior management committee, with members of diverse racial and ethnic backgrounds who represent several operational areas of the bank. For each loan file it reviews, the committee considers the adequacy of the information obtained, the accuracy of the loan processing, and the availability of any alternative lending programs. In addition, Chicago Bank revised its loan underwriting guidelines to incorporate detailed and objective rules that address many issues concerning an applicant's income level, outstanding debts and obligations, and borrowing capacity, that were not addressed or inconsistently handled under the previous guidelines.

Chicago Bank adopted a uniform loan summary sheet that serves as a checklist to ensure that consistent borrower information has been obtained and consistent loan approval criteria have been used in every case. Chicago Bank also adopted a uniform installment loan application form that replaced several previously used forms and provides the loan underwriter more complete information.[5] The bank expanded its loan tracking system to monitor the information obtained and assistance rendered during the loan underwriting process. All home mortgage and consumer lenders have been trained in the use of the new guidelines, forms, and procedures.

Northern Trust has hired a new corporate consumer compliance officer with overall responsibility to design, implement, and manage a corporate consumer compliance program. Chicago Bank has hired two new quality control officers, one for mortgage lending and the other for installment lending, with responsibility for reviewing and monitoring all changes in procedures and recommending further improvements. The success of these initiatives will be assessed by Chicago Bank's audit department, which has been restructured to assign a specially trained team to conduct quarterly consumer compliance audits and report its findings to the bank's board of directors.

To further ensure compliance with these measures, Northern Trust has increased the responsibility of its corporate fair lending policy committee in the areas of setting fair lending policy and overseeing the implementation of its policy at the holding company's subsidiary banks. For example, the committee directed each of Northern Trust's Illinois subsidiary banks to adopt the loan denial review policy and structure developed at Chicago Bank, and oversaw the adoption of a modified loan denial review policy at all banking subsidiaries outside Illinois.

Chicago Bank also has revised its incentive compensation program to encourage lending to low- and moderate-income borrowers. To increase the bonus opportunities for loan officers making loans under the bank's affordable mortgage programs, the bank broadened the loan product base upon which sales credit is given. In addition, in December 1994, Chicago Bank opened its first branch in the Chatham neighborhood on Chicago's south side, which is a predominantly minority and low- and moderate-income area.

3. *See Northern Trust Corporation*, 81 *Federal Reserve Bulletin* 486 (1995) ("Northern Order").

4. These bank subsidiaries are: Northern Trust Bank/DuPage, Oakbrook Terrace, Illinois ("DuPage Bank"); Northern Trust Bank/Lake Forest, N.A., Lake Forest, Illinois ("Lake Forest Bank"); and Northern Trust Bank/O'Hare, N.A., Chicago, Illinois ("O'Hare Bank"). Chicago Bank represents approximately 81 percent of Northern Trust's total assets.

5. In addition, Chicago Bank has instituted new procedures to ensure that its home mortgage loan underwriters reach independent decisions on applications requiring private mortgage insurance and avoid reliance on the decision of the private mortgage insurer.

In considering the present application, the Board also has reviewed Northern Trust's first quarterly report to the Federal Reserve Bank of Chicago ("Reserve Bank") concerning Northern Trust's continuing efforts to improve its compliance with fair lending laws, and the results of the Reserve Bank's subsequent visit to Northern Trust to verify its ongoing compliance efforts. The report and the visitation confirm that Northern Trust's initiatives are in place and are improving the bank's compliance with fair lending laws. For example, during the final three quarters of 1994, Chicago Bank's second review loan committee reviewed 714 loans, and, in approximately one-fourth of the cases, referred the file back to the loan officer with instructions to gather additional information, explore alternative loan arrangements, or correct processing errors. Similarly, during the first quarter of 1995, the committee reviewed 175 loans and returned 36 loan files for further processing. In addition, approximately 27 percent of all home mortgage and home improvement loans made by Chicago Bank during the first quarter of 1995 were in low- and moderate-income census tracts in Cook County, Illinois. Chicago Bank made 15 loans for approximately $1.2 million during this period under its First Time Home Buyers Program, a low- cost mortgage program for first-time low- and moderate-income borrowers that features no points, no application fees, a reduced down payment, and an optional financial counseling and savings program to help applicants accumulate a down payment.

Preliminary data submitted by Chicago Bank for 1994 under the Home Mortgage Disclosure Act ("HMDA") also indicate a continuing reduction in the denial rates for home mortgage loans for minority applicants when compared to data for 1990 through 1993. For example, from 1990 through 1994, the denial rate for African-American applicants for home purchase and refinance loans declined from 66 percent to 13.1 percent, and the denial rate for Hispanic applicants declined from 23.5 percent to 7.1 percent, while the denial rate for non-minority applicants declined from 13.3 percent to 4.1 percent. By comparison, during 1993, the most recent year for which such data are available, the denial rates among lenders in the market in the aggregate for African-American, Hispanic, and non-minority applicants were 19.0 percent, 12.5 percent, and 6.7 percent, respectively.

Northern Trust recently entered into a consent decree, effective June 1, 1995, with the DOJ to resolve the investigation of Northern Trust's fair lending compliance ("Consent Decree"). The Consent Decree notes that the procedural and substantive changes initiated by Northern Trust since the investigation began have helped to serve the goal of nondiscriminatory treatment of minority loan applicants in the processing of their applications, both before and during underwriting of the loans. In addition, Northern Trust agreed in the Consent Decree to maintain the loan denial review program and corporate fair lending policy committee described above to oversee the implementation of nondiscriminatory lending policies. Chicago Bank agreed to retain its Community Mortgage Team to solicit and originate loans to low- and moderate-income and minority applicants, and continue to solicit loans under Northern Trust's various special loan programs.[6]

Since the period covered by the DOJ investigation, all of Northern Trust's Illinois banking subsidiaries have received either "outstanding" or "satisfactory" ratings from their primary federal supervisors in their most recent examinations for CRA performance,[7] and examiners did not find any pattern or practice of illegal discrimination or other illegal practices intended to discourage applications for credit during the time periods covered by these examinations. Tanglewood Bank received a "satisfactory" rating from the OCC at its most recent CRA examination as of August 31, 1992. In addition, the Board notes that it has received no comment from the public opposing this proposal or contending that Northern Trust does not serve the credit needs of its many local communities, including low- and moderate-income neighborhoods.

Conclusion and Other Considerations

Based on all the facts of record, and for the reasons discussed in this order and those discussed in the Northern Order, which are incorporated herein, the Board concludes that considerations relating to the convenience and needs of the communities to be served and managerial resources of Northern Trust are consistent with approval of this proposal. The Board expects Northern Trust to continue to improve its record of lending to minority and low- and moderate-income applicants in its community and to comply with all commitments regarding its activities related to CRA and fair lending law compliance given in connection with this application. Any reports on Northern Trust's progress in implement-

6. The Consent Decree also provides for a $700,000 fund to redress any fair lending violations in loan applications from minorities from January 1992 through December 1993. No punitive damages were assessed under the Consent Decree.

7. Northern Trust's Illinois banking subsidiaries received the following ratings for CRA performance: Chicago Bank, "satisfactory" as of April 25, 1994, by the Reserve Bank; Lake Forest Bank, "outstanding" as of March 21, 1994, by the Office of the Comptroller of the Currency ("OCC"); O'Hare Bank, "satisfactory" as of March 21, 1994, by the OCC; and DuPage Bank, "outstanding" as of November 21, 1994, by the Federal Deposit Insurance Corporation ("FDIC"). Northern Trust's banking subsidiaries in Texas, Florida, Arizona, and California also received "satisfactory" ratings in their most recent CRA performance examinations.

ing the programs and procedures described in this order that are prepared under the terms of the Consent Decree must be provided to the Board and the Reserve Bank simultaneously with their submission to the DOJ. The Board and the Reserve Bank will also monitor Northern Trust's progress and the effects of those efforts through the submission of quarterly reports to the Reserve Bank as provided for in the Northern Order. The Board retains authority to take appropriate supervisory action, including action on future applications by Northern Trust or Chicago Bank, if warranted.

The Board also concludes that the financial resources and future prospects of Northern Trust, Tanglewood, and their respective subsidiary banks, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

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

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

By order of the Board of Governors, effective June 19, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Union Planters Corporation
Memphis, Tennessee

Order Approving Acquisition of a Bank Holding Company

Union Planters Corporation, Memphis, Tennessee ("Union Planters"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of First State Bancorporation, Inc. ("First State"), and thereby indirectly acquire its subsidiary bank, First Exchange Bank ("Bank"), both of Tiptonville, Tennessee.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 14,942 (1995)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Union Planters, with total consolidated assets of $10.1 billion, operates subsidiary banks in Alabama, Arkansas, Kentucky, Louisiana, Mississippi, and Tennessee.[1] Union Planters is the fourth largest commercial banking organization in Tennessee, controlling deposits of $4.4 billion, representing approximately 9.2 percent of the total deposits in commercial banking organizations in the state. First State, with total consolidated assets of $112.3 million, is the 65th largest commercial banking organization in Tennessee, controlling deposits of $99.5 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Union Planters would remain the fourth largest commercial banking organization in Tennessee, controlling deposits of $4.5 billion, representing approximately 9.4 percent of total deposits in commercial banking organizations in the state.

Competitive Considerations

Union Planters and Bank compete directly in the Dyer[2] and Union City[3] banking markets. The Board has carefully considered the effects that consummation of this proposal would have on competition in these banking markets in light of all the facts of record, including the number of competitors remaining in these markets, and the increase in the concentration of total deposits in depository institutions[4] in these markets as measured by

1. Asset and state deposit data are as of December 31, 1994.

2. The Dyer banking market is comprised of Dyer County, Tennessee.

3. The Union City banking market is approximated by Obion and Weakly Counties in Tennessee, and Fulton and Hickman Counties in Kentucky.

4. In this context, depository institutions include commercial banks and savings associations. Market deposit data are as of June 30, 1994. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift

the Herfindahl–Hirschman Index ("HHI").[5] Based on all the facts of record, the Board has concluded that consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in the Dyer or Union County banking markets or any other relevant banking market.

Convenience and Needs Considerations

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

The Board has received comments from the Mid-South Peace and Justice Center, Memphis, Tennessee ("Protestant"), criticizing the CRA performance of Union Planters in attempting to meet the credit needs of its entire community, and in particular, Union Planters's efforts to address the housing-related and other credit needs of low- and moderate-income individuals in Memphis, Tennessee.[7] Protestant also contends that Union Planters focuses its marketing and lending efforts on affluent, nonminority customers, and has an insufficient number of branches to serve the needs of less affluent areas in Memphis.

The Board has carefully reviewed the CRA performance records of Union Planters, First State, and their respective subsidiary banks and thrifts, as well as all comments received regarding this application, responses to those comments submitted by Union Planters, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[8]

The Board recently reviewed the CRA performance of Union Planters in light of substantially similar comments made by Protestant in the context of another application.[9] In evaluating that proposal, the Board carefully considered Union Planters's CRA performance record and, in particular, the record of its lead subsidiary bank, Union Planters National Bank, Memphis, Tennessee ("UPNB"). This review included UPNB's 1992 "satisfactory" CRA performance rating by the Office of the Comptroller of the Currency ("OCC"), UPNB's primary federal supervisor,[10] consideration of 1993 and preliminary 1994 data filed by the bank under the Home Mortgage Disclosure Act ("HMDA"),[11] and steps initiated by UPNB to increase lending to low- and moderate-income borrowers.[12] UPNB's ascertainment and out-

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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).

5. The HHI would increase 100 points to 3324 in the Dyer banking market, and would increase 73 points to 927 in the Union City banking market. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

6. 12 U.S.C. § 2903.

7. Protestant maintains that the level of CRA-related activity by Union Planters is disproportionately low for a banking organization of its size, and that CRA performance examination ratings awarded by federal supervisors to Union Planters affiliates are inflated.

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

9. *Union Planters Corporation*, 81 *Federal Reserve Bulletin* 49 (1995) ("*Grenada Order*").

10. The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports of these examinations will be given great weight in the applications process. *See* 54 *Federal Register* 13,745 (1989).

11. Protestant continues to maintain that this consideration was flawed because of errors in calculations submitted by Union Planters in connection with the Grenada application. According to Protestant, these calculations inaccurately interpreted Union Planters's 1993 HMDA data and resulted in overstating the percentage of loans to low- and moderate-income borrowers as a percentage of total HMDA-related loans and understated this same comparison for high-income borrowers. The Board reviewed the corrected calculations filed by Union Planters as part of Protestant's request for reconsideration of the *Grenada Order* and, for the reasons stated in denying that request, concluded that these errors did not warrant reconsideration or modification of the Board's decision. *See* letter dated December 6, 1994, from William W. Wiles, Secretary of the Board, to Protestant.

12. Examples of Union Planters's initiatives discussed in the *Grenada Order* were a second review program for any denied mortgage application, special mortgage lending programs (originating approximately $3.4 million in loans to low- and moderate-income borrowers), lending programs for low- and moderate-income borrowers in Memphis ($15 million commitment to originate down payment assistance and mortgage loans in the Raleigh-Frayser area), and small business lending activities (ap-

reach efforts[13] and branch locations in downtown Memphis[14] were also considered in the *Grenada Order.*

In this case, the Board has considered the results of the OCC's most recent CRA examination of UPNB which was concluded after consideration of the Grenada proposal ("1994 Examination"). UPNB received a "satisfactory" CRA performance rating in that examination. OCC examiners concluded that UPNB has made sufficient efforts to affirmatively address a significant portion of the credit needs of its communities through several types of loan products.[15] In addition, the 1994 Examination concluded that the bank's distribution of loans, applications and declinations is reasonable. Moreover, UPNB was found to be in compliance with anti-discrimination laws and its policies and procedures were found not to discourage consumers from applying for any credit product.[16] Examiners also noted that the bank has undertaken an internal fair lending review and provides staff with diversity training.

The 1994 Examination also indicates that UPNB has a satisfactory record of ascertaining community credit needs. UPNB ascertains community credit needs through its affiliations with community groups representing neighborhoods, nonprofit organizations, city and county governments, and professional organizations. UPNB also conducts quarterly surveys to determine the effectiveness of the bank's marketing, determine community credit needs, and gauge public perception of local financial institutions. Based on information gathered through these ascertainment efforts, UPNB has developed products and services, such as mortgage loan and small business loan products designed to provide additional credit to low- and moderate-income individuals, to attempt to meet identified community credit needs.

Examiners also concluded that UPNB's marketing program is effective and designed to inform all segments of its delineated community of the availability of credit products and services. UPNB advertises available credit products and services throughout its delineated community and conducts credit seminars to assist individuals and groups to understand and apply for credit. The 1994 Examination also indicates that UPNB has a satisfactory record of opening and closing its branches, and that UPNB maintains offices that are reasonably accessible to all segments of its delineated community, including low- and moderate-income neighborhoods.

In addition, all of Union Planters's other subsidiary banks and thrifts have received either "outstanding" or "satisfactory" ratings from their primary federal supervisors in the most recent examinations of their CRA performance.[17] Moreover, Bank received a "satisfactory" rating for CRA performance from its primary federal supervisor, the FDIC, in May 1994.

The Board has carefully considered the entire record in reviewing the convenience and needs factors under the BHC Act. Based on this review, including information provided by Protestant and Union Planters, the CRA performance examinations and other information from the FDIC and the OCC, and the facts and review in the *Grenada Order* which are incorporated by reference in this order, the Board believes that the efforts of Union Planters to help meet the credit needs of all segments of the communities served by its subsidiary banks and thrifts, including low- and moderate-income neighbor-

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proximately $16 million to small businesses located in low- and moderate-income census tracts, including almost $5 million to businesses owned by African Americans).

13. The *Grenada Order* noted that UPNB ascertains the credit needs of its communities through several methods, including questionnaires and direct contacts with civic and community-based organizations. The bank's outreach efforts include joint efforts with community-oriented organizations and projects such as the Black Business Association of Memphis, the Memphis Multi-Bank Community Development Corporation and the Shelby County Reinvestment Coalition. The *Grenada Order* also noted that UPNB conducts free seminars on home buying, credit improvement, and financial budgeting. Credit products are marketed through a number of print and electronic media, including minority-owned media companies that conduct advertising campaigns to reach minority customers.

14. The *Grenada Order* considered that UPNB has continued to maintain a branch located one block from the location of its previous headquarters in downtown Memphis. Moreover, the bank received approval from the OCC in 1994 to open another full-service branch in Memphis, has two full-service branches in the Whitehaven area of Memphis that serve low- and moderate-income census tracts, and installed five new ATMs in low- and moderate-income and minority areas in Memphis. Furthermore, the *Grenada Order* noted that several Union Planters branches in the Memphis area had been designated as "Home Buyer Centers" and staffed with personnel with additional training in housing-related financing.

15. UPNB has initiated a special incentive plan for managers of its Home Buyer Centers to encourage them to focus on property located in low- and moderate-income areas. In addition, the 1994 Examination favorably noted the bank's governmentally sponsored lending activities which, as of the date of the examination, totalled approximately $4 million in guaranteed housing loans and approximately $8 million in Small Business Administration loans.

16. Examiners conducted a review, which included a comparison of approved white applicants with denied black applicants, of all first mortgage and home improvement applications for the first six months of 1994. This review discovered no instances, practices or policies to indicate that customers were treated in an illegal or prohibited manner.

17. In the *Grenada Order*, the Board noted that Sunburst Bank, Grenada, Mississippi ("SBM"), received a "needs to improve" CRA rating from its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), in October 1993. The FDIC recently completed a CRA examination of SBM and has assigned the bank a preliminary CRA performance rating of "satisfactory." Since the FDIC has terminated its quarterly reporting requirements for SBM, copies of these reports are no longer required to be submitted to the Federal Reserve Bank of St. Louis as provided in the *Grenada Order*.

hoods, are consistent with approval. For these reasons, and for the reasons discussed in the *Grenada Order,* and based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance records of the companies and banks involved in this proposal, are consistent with approval of this application.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Union Planters, First State, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[18]

Conclusion

Based on all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Union Planters with all commitments made in connection with this application as well as the conditions discussed in this order and in the Grenada Order. For purposes of this action, these commitments and conditions will both be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

The acquisition shall not be consummated before the 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 St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 12, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

18. Protestant cites testimony taken during discovery proceedings in connection with pending civil lawsuits to support its allegations of discriminatory and other improper lending practices at SBM. Based on all the facts of record, including evaluations by federal supervisory agencies of the policies and managerial resources of Union Planters and SBM, the Board does not believe that these matters warrant denial of this proposal. Furthermore, the Board has referred Protestant's comments to the FDIC, the bank's primary federal supervisor, for investigation and appropriate supervisory action if Protestant's allegations are substantiated.

Orders Issued Under Section 4 of the Bank Holding Company Act

CS Holding
Zurich, Switzerland

Credit Suisse
Zurich, Switzerland

Order Approving a Notice to Engage in Futures-Related Advisory Activities

CS Holding and Credit Suisse, both of Zurich, Switzerland (together, "CS Holding"), foreign banking organizations subject to the provisions of the Bank Holding Company Act ("BHC Act"), have given notice pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), of their intention to engage *de novo,* through their subsidiary, BEA Associates, New York, New York ("Company"),[1] in providing investment advisory services with respect to futures and options on futures on financial and non-financial commodities, including providing discretionary portfolio management services to institutional customers.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 3867 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Credit Suisse, with total consolidated assets of approximately $158.7 billion, is the second largest banking organization in Switzerland and the 36th largest banking organization in the world.[3] In the United States, Credit Suisse operates branches in New York, New York, and Los Angeles, California; agencies in Atlanta, Georgia, and Miami, Florida; and representative offices in Chicago, Illinois; Houston, Texas; Miami, Florida; and San Francisco, California. In addition, CS Holding engages indirectly in a number of permissible nonbanking activities in the United States, and, pursuant to section 8(c) of

1. CS Holding owns 80 percent of the equity interest in Company. Company currently is engaged in providing a variety of investment advisory services. *See CS Holding,* 81 *Federal Reserve Bulletin* 46 (1995).

2. Company does not trade futures or options on futures for its own account and is not engaged in providing futures commission merchant execution or clearance services. In addition, CS Holding has committed that Company will not provide futures-related discretionary portfolio management services to FDIC-insured affiliates.

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

the International Banking Act of 1978 (12 U.S.C. § 3105(c)), engages in certain securities activities.

Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto."[4] The Board previously has determined that all the proposed activities, with the exception of providing discretionary portfolio management services with respect to futures and options on futures on non-financial commodities, are closely related to banking.[5] Company would conduct these activities in accordance with the limitations and conditions previously relied on by the Board.

The Board has permitted bank holding companies to provide investment advice with respect to futures and options on futures on both financial and non-financial commodities.[6] The Board has also determined that providing discretionary portfolio management services to institutional customers with respect to futures and options on futures on financial commodities is closely related to banking for purposes of the BHC Act.[7] In addition, the Office of the Comptroller of the Currency permits national banks to engage in discretionary portfolio management with respect to futures and options on futures on non-financial commodities.[8] For these reasons, and based on all the facts of record, the Board concludes that providing discretionary portfolio management services with respect to futures and options on futures on non-financial commodities is closely related to banking.

In order to approve this proposal, the Board also must determine that the proposed activities "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests or unsound banking practices." 12 U.S.C. § 1843(c)(8).

The Board expects that consummation of the proposal would provide added convenience and services to CS Holding's customers and that *de novo* entry of Company into the market for the proposed services would increase the level of competition among providers of those services. In addition, Company would provide the proposed futures-related discretionary portfolio management services in accordance with the limitations and conditions that would apply if Company were providing portfolio management services with respect to securities.[9] In this regard, CS Holding has committed that Company will provide the proposed futures-related discretionary portfolio management services only to institutional customers and only at the request of the customer. CS Holding also has committed that Company will comply with applicable law, including fiduciary principles, and obtain the consent of its customers before engaging, as principal or as agent in a transaction in which an affiliate acts as principal, in transactions on the customer's behalf. In addition, CS Holding proposes that Company exercise its discretionary management authority only in purchasing and selling exchange-traded futures and options on futures contracts previously approved by the Board.[10]

In every case under section 4 of the BHC Act, the Board also must consider the financial condition and resources of the notificant and its subsidiaries and the effect of the proposal on these resources.[11] In this case, the Board notes that CS Holding's capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. In view of these and other facts of record, the Board has determined that financial factors are consistent with approval of this proposal. The managerial resources of CS Holding also are consistent with approval.

Under these circumstances, and based on all the commitments made by CS Holding, the Board has determined that CS Holding's proposal to provide investment advisory services, including discretionary portfolio management services, with respect to futures and options on futures on financial and non-financial commodities is a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

4. An activity may be deemed to be closely related to banking if it is demonstrated that banks generally provide the proposed services; banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form. *See National Courier Association v. Board of Governors of the Federal Reserve System*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). In addition, the Board may consider any other basis that may demonstrate that the proposed activity has a reasonable or close connection or relationship to banking or managing or controlling banks. *See* Board Statement Regarding Regulation Y, 49 *Federal Register* 805 (1984); *Securities Industry Association v. Board of Governors of the Federal Reserve System*, 468 U.S. 206, 210–211 n.5 (1984).

5. *See J.P. Morgan & Co. Incorporated*, 80 *Federal Reserve Bulletin* 151 (1994) (*"J.P. Morgan"*); *Banque Nationale de Paris*, 81 *Federal Reserve Bulletin* 386 (1995) (*"BNP"*).

6. *See J.P. Morgan* and 12 C.F.R. 225.25(b)(19).

7. *See BNP.*

8. *See* OCC Interpretive Letter No. 494 (December 20, 1989), reprinted in Fed. Banking L. Rep. (CCH) ¶ 83,073.

9. *See* 12 C.F.R. 225.25(b)(15) n.17.

10. *See* SR Letter No. 93–27 (FIS) (May 21, 1993).

11. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

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

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

By order of the Board of Governors, effective June 30, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

The First National Company
Storm Lake, Iowa

Order Approving a Notice to Engage in Real Estate Title Abstracting

The First National Company, Storm Lake, Iowa ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has given notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), of its intention to acquire Buena Vista Abstracting, Storm Lake, Iowa ("Company"), and thereby engage in real estate title abstracting in Buena Vista County, Iowa.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 28,151 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of approximately $178 million, controls one subsidiary bank in Iowa.[2] Applicant also engages directly and through its subsidiaries in certain nonbanking activities.

Proposed Activities

Real estate title abstracting, as proposed by Applicant, is limited to reporting factual information concerning the interests or ownership of selected real property. An abstracter obtains this information by performing a "title search" of records maintained at a local public records office to determine the ownership history of the property, including any liens, encumbrances, mortgages, or future interests affecting the property. The abstracter then prepares a written report, also known as an "abstract of title," that recites the results of the title search.[3] Because Iowa law does not permit the sale of title insurance, real estate lenders in Iowa obtain the opinion of an attorney certifying that title to a particular parcel of real property is free of defects. The abstract of title provides the factual information necessary for the attorney to determine whether a lender would have an unencumbered security interest in the property to be mortgaged.

Applicant proposes to provide real estate title abstracting services to affiliated and unaffiliated lenders in Buena Vista County. Company would perform the proposed activities in connection with real estate loans made by affiliates or unaffiliated companies, and, in certain cases, when no financing is provided, such as in connection with intra-family transfers of real estate and property distributed as part of estate planning.

In connection with the proposed activities, Applicant would not provide any insurance against title defects, guarantee any title, or provide any certification with respect to a title. Applicant would be liable for damages caused by negligence in performing a title search but would not be responsible for any defects in the title.[4] The equivalent of title insurance in Iowa is provided by the attorney who certifies that the title is free from defects.

1. Applicant would merge Company into its wholly owned subsidiary, The First Leasing Company, Storm Lake, Iowa.

2. Asset data are as of March 31, 1995.

3. An abstract of title is a comprehensive summary of all consecutive grants, conveyances, wills, records, and judicial processing affecting title to a specific parcel of real estate, together with a statement of all recorded liens and encumbrances affecting the property and their present status. John W. Reilly, *The Language of Real Estate* (Real Estate Education Company) (1989).

4. Title abstracters may insure against liability for negligence by purchasing an errors and omission policy.

In order to approve a proposal under section 4(c)(8) of the BHC Act, the Board is required to determine that the proposed activity is "so closely related to banking or managing or controlling banks as to be a proper incident thereto."[5] The Board has not previously determined that providing real estate title abstracting is closely related to banking under section 4(c)(8) of the BHC Act and permissible for bank holding companies.

Closely Related to Banking Analysis

Under the *National Courier* test, the Board may find that an activity is closely related to banking for purposes of section 4(c)(8) if it concludes that banks generally:

(1) Provide the proposed services;

(2) Provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or

(3) Provide services that are so integrally related to the proposed services as to require their provision in a specialized form.[6]

The Board believes that the proposed real estate title abstracting activities are integrally related to the provision of loans secured by real estate. A bank must be aware of any encumbrances on property that serves as collateral for a loan made by the bank. Iowa banks typically rely on an attorney's opinion, based on information in an abstract of title, to determine that the bank has a secured position in real estate serving as collateral. The abstract of title provides information necessary to determine the adequacy of the real estate collateral for the loan and is an integral part of secured real estate lending in Iowa. Thus, the bank has a particular need for the information in the abstract of title. Accordingly, the Board believes that the proposed activities are integrally related to the provision of secured real estate lending and, therefore, are closely related to banking.

The Office of the Comptroller of the Currency ("OCC") has authorized national banks to conduct this activity.[7] The OCC has concluded that the performance of a title search and the preparation of an abstract of title are necessary parts of the real estate lending process, and that it would be convenient and useful under the applicable standards in the National Bank Act for national banks to be able to perform these tasks themselves.[8]

The proposed activities are not equivalent to providing title insurance—an activity that is not generally permissible under section 4(c)(8) of the BHC Act.[9] Title insurance generally includes providing an indemnification against losses resulting from a title defect discovered after the conveyance of property. Title insurance typically protects a purchaser or lender against claims not identified by a title search or claims not specifically exempted by the title insurance policy. Applicant does not propose to certify or guarantee title and would not be liable to the purchaser or the lender for any title defects.

Accordingly, and based on all the facts of record, the Board concludes that the proposed activities are closely related to banking under the *National Courier* standard.

Proper Incident to Banking Analysis

In determining whether an activity is a proper incident to banking, the Board must consider whether the activity "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[10] Applicant indicates that its data processing expertise would lead to faster and more accurate preparation of abstracts of title at a lower cost. Moreover, there is no evidence in the record to indicate that the proposed activity would lead to any undue concentration of resources, unsound banking practices, or other adverse effects. Company would remain one of two companies offering real estate title abstracting in Buena Vista County.

For these reasons, the Board believes that Applicant's provision of real estate title abstracting, as described above, is not likely to result in significantly adverse effects that would outweigh the public benefits. The financial and managerial resources of Applicant and Company also are consistent with approval.

5. 12 U.S.C. § 1843(c)(8).

6. *See National Courier Association v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975) ("*National Courier*"). In addition, the Board may consider any other basis that may demonstrate that the proposed activity has a reasonable or close connection or relationship to banking or managing and controlling banks. *See* Board Statement Regarding Regulation Y, 49 *Federal Register* 794, 805 (1984); *Securities Association v. Board of Governors*, 468 U.S. 206, 210–211 n. 5 (1984).

7. OCC Interpretative Letter No. 450, September 22, 1988, *reprinted in* [1988–1989 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 85,674.

8. National banks are not permitted to sell title insurance. *See American Land Title Association v. Clarke*, 968 F.2d 150 (2d cir. 1992), *cert. denied*, 113 S.Ct. 2959 (1993).

9. Section 4(c)(8) of the BHC Act provides that insurance agency, brokerage and underwriting activities are not "closely related to banking" and, thus, are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (A through G) in section 4(c)(8). 12 U.S.C. § 1843(c)(8)(A)-(G).

10. 12 U.S.C. § 1843(c)(8).

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the notice should be, and hereby is, approved. Approval of this proposal is specifically conditioned on compliance by Applicant with the commitments made in connection with this notice. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b) of Regulation Y (12 C.F.R. 225.7 and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this transaction, these commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

These activities shall not be commenced later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective June 30, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

National City Corporation
Cleveland, Ohio

Order Approving a Notice to Engage in Underwriting and Dealing in Bank-Ineligible Securities on a Limited Basis

National City Corporation, Cleveland, Ohio ("National City"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has provided notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) of its proposal to acquire certain assets and assume certain liabilities of Raffensperger, Hughes & Company, Inc., Indianapolis, Indiana ("Raffensperger"), and thereby engage in underwriting and dealing, to a limited extent, in all types of debt and equity securities (other than ownership interests in open-end investment companies), including, without limitation, corporate debt securities, sovereign debt securities, securities issued by a trust or other vehicle secured by or representing interests in debt obligations, common stock, American Depositary Receipts, convertible debt securities, and other direct and indirect equity ownership interests in corporations and other entities. National City would engage in the proposed activities through its section 20 subsidiary, NatCity Investments, Inc., Cleveland, Ohio ("NatCity").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 19,260 (1995)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

National City, with total consolidated assets of $32.6 billion, operates subsidiary banks in Ohio, Kentucky and Indiana.[1] NatCity currently is engaged in limited underwriting and dealing activities that are permissible under section 20 of the Glass–Steagall Act (12 U.S.C. § 377).[2] NatCity is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and is a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, NatCity is subject to the record-keeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

The Board previously 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 ("section 20 firewalls"), the proposed activities of underwriting and dealing in bank-ineligible securities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[3] National City has committed that NatCity

1. Asset data are as of March 31, 1995.

2. NatCity has authority to underwrite and deal in, to a limited extent, certain municipal revenue bonds, 1–4 family mortgage-related securities, commercial paper, and consumer-receivable-related securities (together with the types of securities in which NatCity now seeks authority to underwrite and deal, "bank-ineligible securities"). NatCity also is authorized to engage in a variety of other nonbanking activities. *See National City Corporation*, 80 *Federal Reserve Bulletin* 346 (1994) ("National City").

3. *See Canadian Imperial Bank of Commerce*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); Citicorp, *et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir.), *cert. denied*, 486 U.S. 1049 (1988) (collectively, "Section 20 Orders").

will conduct the proposed underwriting and dealing activities using the same methods and procedures, and subject to the same prudential limitations as those established by the Board in the Section 20 Orders and other previous cases,[4] with two exceptions. National City has requested authority to continue the director and officer interlocks between NatCity and its affiliated banks that the Board authorized in *National City*. National City would continue to be subject to the commitments relied on by the Board in approving the director and officer interlocks in *National City*. In addition, National City has proposed to act through National City Investments Corporation, a subsidiary of National City Bank, both of Cleveland, Ohio, as an introducing broker for securities transactions that would be forwarded to NatCity for execution and clearance. The Board previously has permitted a section 20 company to execute and clear trades for which an affiliate bank is the introducing broker.[5] National City has committed that it will conduct the proposed activities in accordance with the limitations and conditions relied on by the Board in *First of America*. Accordingly, the Board finds that the limited director and officer interlocks and proposed introducing broker activities should be permitted.

The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[6] National City has committed that NatCity will conduct its underwriting and dealing activities in bank-ineligible securities subject to the 10-percent revenue test.[7]

In order to approve this notice, the Board also must determine that the performance of the proposed activities by National City can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect of the transaction upon such resources.[8] The Board has reviewed the capitalization of National City and NatCity in accordance with the standards set forth in the Section 20 Orders, and finds the capitalization of each to be consistent with approval. The determination on the capitalization of NatCity is based on all the facts of record, including National City's projections of the volume of NatCity's underwriting and dealing activities in bank-ineligible securities. The Federal Reserve Bank of Cleveland ("Reserve Bank") has reviewed the operational and managerial infrastructure of NatCity, including its computer, audit, and accounting systems and internal risk management procedures and controls with respect to the proposed underwriting and dealing in debt and equity securities, and has determined that NatCity has established an adequate operational and managerial infrastructure to ensure compliance with the requirements of the Section 20 Orders. On the basis of the Reserve Bank's review and all the facts of record, the Board has determined that NatCity has in place the managerial and operational infrastructure and other policies and procedures necessary to comply with the requirements of the Section 20 Orders and this order. Accordingly, the Board concludes that financial and managerial considerations are consistent with approval of this proposal.

Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board expects that consummation of the proposal would provide added convenience to National City's and Raffensperger's customers and would increase the level of competition among existing providers of these ser-

4. In addition, National City would be subject to conditions and limitations set forth in the letter dated June 19, 1989, from William W. Wiles, Secretary of the Board, to Rachel F. Robbins, Managing Director and General Counsel, J.P. Morgan Securities, Inc., and the letter dated October 3, 1989, from J. Virgil Mattingly, General Counsel, to James J. Baechle, Executive Vice President and General Counsel, Bankers Trust New York Corporation.

5. *See First of America Bank Corporation*, 80 *Federal Reserve Bulletin* 1120 (1994) ("*First of America*").

6. *See* Section 20 Orders. Compliance with the 10-percent 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), the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993), and the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). The Board notes that National City has not adopted the Board's alternative indexed-revenue test to measure compliance with the 10-percent limitation on bank-ineligible securities activities, and, absent such election, National City will continue to employ the Board's original 10-percent revenue test.

7. The Board notes that NatCity may engage in activities that are necessary incidents to the proposed underwriting and dealing activities, provided that any such activities are treated as part of the bank-ineligible securities activities unless NatCity has received specific approval under section 4(c)(8) of the BHC Act to conduct them independently. Until such approval is obtained, any revenues from the incidental activities must be counted as ineligible revenues subject to the 10-percent revenue limitation set forth in the Section 20 Orders, as modified by the Modification Orders.

8. *See* 12 C.F.R. 225.24.

vices. Accordingly, the Board has determined that the performance of the proposed activities by National City could reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Accordingly, and for the reasons set forth in this order and in the Section 20 Orders, the Board has concluded that National City's proposal to engage through NatCity in the proposed activities is consistent with the Glass–Steagall Act, and that the proposed activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act, provided that National City limits NatCity's activities as specified in this order and the Section 20 Orders, as modified by the Modification Orders.

On the basis of the record, the Board has determined to, and hereby does, approve this notice subject to all the terms and conditions discussed in this order and in 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 NatCity's activities are consistent with safety and soundness, conflicts of interests, and other relevant considerations under the BHC Act. NatCity is not authorized to engage in underwriting and dealing in any manner other than as approved in this order or the Section 20 Orders as modified by the Modification Orders.

The Board's determination is also subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this notice, including the commitments discussed in this order and the conditions set forth in the above noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective June 26, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

National City Corporation
Cleveland, Ohio

Order Approving Merger of Bank Holding Companies

National City Corporation, Cleveland, Ohio ("National City"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with United Bancorp of Kentucky, Inc., Lexington, Kentucky ("United"), and thereby acquire all of United's subsidiary banks.[1] National City also has given notice under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) of its intention to acquire United's nonbanking subsidiaries, American Fidelity Bank, FSB, Lexington, Kentucky, and thereby engage in operating a savings and loan association pursuant to section 225.25(b)(9) of the Board's Regulation Y, and Computer Bank Services Inc., Lexington, Kentucky, and thereby engage in data processing activities pursuant to section 225.25(b)(7) of Regulation Y.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (60 *Federal Register* 14,433 (1995)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Douglas Amendment Analysis

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the

1. National City proposes to acquire the following banks: First State Bank, Manchester; The London Bank & Trust Company, London; Bank of Danville, Danville; The First National Bank and Trust Company, Nicholasville; Richmond Bank and Trust Company, Richmond; First National Bank & Trust Company of Woodford County, Versailles; and American Fidelity Bank and Trust Company, Corbin, all in Kentucky. On May 23, 1995, the Office of the Comptroller of the Currency ("OCC") approved the application by National City's subsidiary, National City Bank, Kentucky, Louisville, Kentucky, to merge with all of United's banks and American Fidelity Bank FSB.

statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[2] For purposes of the Douglas Amendment, National City's home state is Ohio, and United's home state is Kentucky. The Board previously has determined that the interstate banking statutes of Kentucky permit the acquisition of Kentucky banking organizations by Ohio banking organizations.[3] Based on all the facts of record, the Board has determined that approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon National City receiving all required state regulatory approvals.

Competitive Considerations

National City, with total consolidated assets of approximately $33 billion,[4] is a multi-state bank holding company that controls ten banks in Indiana, Kentucky, and Ohio. National City is the second largest depository institution in Kentucky, controlling $4 billion in deposits, representing approximately 10 percent of the total deposits in depository institutions in the state. United, with total consolidated assets of approximately $619.1 million, is the 17th largest depository institution in Kentucky, controlling deposits of $490.2 million, representing approximately 1.2 percent of the total deposits in depository institutions in the state. Upon consummation of this proposal, National City would remain the second largest depository institution in Kentucky, controlling deposits of $4.5 billion, representing approximately 11.3 percent of deposits in depository institutions in Kentucky.

National City and United compete directly in the Lexington, Kentucky, banking market.[5] National City is the third largest depository institution in the Lexington market, controlling $320.3 million in deposits, representing 9 percent of the total deposits in depository institutions in the market ("market deposits").[6] United is the ninth largest depository institution in the market, controlling $115.1 million in deposits, representing approximately 3.2 percent of market deposits. Upon consummation of this proposal, National City would control $435.4 million in deposits, representing approximately 12.2 percent of market deposits, and would become the largest depository institution in the market. The Lexington banking market would remain moderately concentrated, as measured by the Herfindahl–Hirschman Index ("HHI"), and numerous competitors would remain in the market.[7] Based on these and all the facts of record, the Board has concluded that consummation of United's proposal would not result in any significantly adverse effects on competition in the Lexington banking market or any other relevant banking market.

Other Considerations

The financial and managerial resources and future prospects of the institutions involved, and other supervisory factors that the Board is required to consider under section 3 of the BHC Act, are consistent with approval.[8]

2. 12 U.S.C. § 1842(d). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

3. *See Banc One Corporation*, 78 *Federal Reserve Bulletin* 699 (1992) (concluding that the Kentucky statute met the reciprocity requirements of Ohio law). Under Kentucky law, each bank to be acquired must have been in existence for at least five years, and the proposed transaction must not result in the acquiring organization's controlling more than 15 percent of total deposits held by depository institutions in Kentucky. Ky. Rev. Stat. Ann. § § 287.900(2) and (3). United's subsidiary banks have been in existence for five years, and upon consummation of this proposal, National City would control approximately 11.3 percent of the total deposits in depository institutions in Kentucky.

4. Asset, deposit, and ranking data are as of December 31, 1994.

5. The Lexington, Kentucky, banking market consists of Bourbon, Clark, Fayette, Jessamine, Powell, Scott and Woodford Counties in Kentucky.

6. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market deposit data are as of December 31, 1994, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

7. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities. Upon consummation of this proposal, the HHI for the market would increase by 58 points to 1631.

8. The Board received comments from a former officer ("Protestant") of United's subsidiary bank, Richmond Bank and Trust Company, Richmond, Kentucky ("Richmond Bank"), alleging improper actions by the bank's management, including loans to insiders on favorable terms, imposition of excessive fees for banking services, and conspiracy to conceal illegal activities occurring at the bank. Protestant also contends that his employment with the bank was illegally terminated because of his age and because he provided information on gross mismanagement at Richmond Bank to agents of the United States Attorney General.

The Board has carefully considered these comments in light of all the facts of record, including examination and other supervisory information from Richmond Bank's primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), and information provided by federal and local law enforcement agencies. This

Considerations relating to convenience and needs of the communities to be served are also consistent with approval.[9]

National City also has provided notice, pursuant to section 4 of the BHC Act, to acquire the nonbanking subsidiaries of United that engage in data processing and the operations of a savings and loan association. The Board previously has determined that these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act, Regulation Y, and prior Board orders, and National City proposes to conduct these activities in accordance with those regulations and orders. The record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal, such as an increased selection of services to retail and business customers. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of National City's notice to acquire United's nonbanking subsidiaries.

information does not support Protestant's allegations of mismanagement or illegal activity at Richmond Bank. The Board also has carefully reviewed the record of performance by management of National City Bank, Louisville, Kentucky ("National City Bank—Kentucky"), which would acquire Richmond Bank by merger as part of the proposed transaction. Based on these and other facts of record, the Board concludes that Protestant's allegations do not warrant denial of this proposal. The Board also notes that Protestant's pending federal and state civil lawsuits, which are in the early stages of the discovery of facts to establish his allegations, should provide Protestant with an adequate remedy if his claims of personal damages can be sustained.

9. Protestant also contends that Richmond Bank violated statutes requiring fair lending and fair credit practices. FDIC examiners found no evidence of discrimination or other illegal credit practices during Richmond Bank's most recent examination for performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") as of April 1993. These examiners also noted isolated violations of technical notice and similar requirements under fair lending laws, but determined that these incidences were not discriminatory in effect. In addition, bank management took corrective action as part of the implementation of its compliance program. Moreover, both Richmond Bank and the bank that proposes to acquire it, National City Bank—Kentucky, received "outstanding" CRA performance ratings from the FDIC and the OCC (as of June 1993), respectively. Based on all the facts of record, the Board has concluded that these allegations do not warrant denial of this proposal.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that this transaction should be, and hereby is, approved. The Board's approval of this proposal is specifically conditioned on compliance by National City with all the commitments made in connection with this proposal and with the conditions referenced in this order. The Board's determination on the proposed nonbanking activities also is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective June 6, 1995.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Legal Developments continued on next page.

ACTIONS TAKEN UNDER SECTIONS 5(d)(3) AND 18(c) OF THE FEDERAL DEPOSIT INSURANCE 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.

Acquiring Bank(s)	Acquired Thrift	Approval Date
West One Bank, Idaho, Boise, Idaho	Washington Federal Savings and Loan Association, Seattle, Washington	June 1, 1995

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

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

Section 3

Applicant(s)	Bank(s)	Effective Date
SouthTrust of Georgia, Inc., Atlanta, Georgia	Southern Bank Group, Inc., Roswell, Georgia	June 5, 1995

Section 4

Applicant(s)	Bank(s)	Effective Date
Wachovia Corporation, Winston-Salem, North Carolina	To engage *de novo* in leasing personal or real property or acting as agent, broker, or adviser in leasing such property, and in making, acquiring or servicing loans or other extensions of credit	June 7, 1995

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
Baylor Bancshares, Inc., Seymour, Texas Baylor/Delaware Corp., Wilmington, Delaware	Memphis State Bank, Memphis, Texas	Dallas	May 31, 1995
BOK Financial Corporation, Tulsa, Oklahoma	Security National Bancshares of Sapulpa, Inc., Sapulpa, Oklahoma	Kansas City	May 31, 1995
Central Bancompany, Inc., Jefferson City, Missouri	Jeffries Insurance Agency, Inc., Buckner, Missouri First State Bank, Buckner, Missouri	St. Louis	June 6, 1995
Commerce Bankshares, Inc., Birmingham, Alabama	National Bank of Commerce of Birmingham, Birmingham, Alabama	Atlanta	June 2, 1995
Community Capital Corporation, Greenwood, South Carolina	Clemson Bank & Trust, Clemson, South Carolina	Richmond	May 25, 1995
Farmers & Merchants Bank Employee Stock Ownership Plan, Forest, Mississippi	Community Bancshares of Mississippi, Inc., Forest, Mississippi	Atlanta	June 5, 1995
Georgia Bancshares, Inc., Tucker, Georgia	DeKalb State Bank, Tucker, Georgia	Atlanta	June 21, 1995
Greater Brazos Valley Bancorp, Inc., College Station, Texas	Greater Brazos Valley Delaware Bancorp, Inc., Dover, Delaware Commerce National Bank, College Station, Texas	Dallas	June 5, 1995
Greater Brazos Valley Delaware Bancorp, Inc., Dover, Delaware	Commerce National Bank, College Station, Texas	Dallas	June 5, 1995
Mercantile Bancorporation Inc., St. Louis, Missouri	AmeriFirst Bancorporation, Inc., Sikeston, Missouri	St. Louis	May 31, 1995
Panhandle Aviation, Inc., Clarinda, Iowa	Essex Iowa Bancorporation, Inc., Essex, Iowa	Chicago	June 22, 1995
Royal Bancshares of Pennsylvania, Inc., Narberth, Pennsylvania	Royal Bank of Pennsylvania, Narberth, Pennsylvania	Philadelphia	June 2, 1995
UJB Financial Corp., Princeton, New Jersey	Bancorp New Jersey, Inc., Somerville, New Jersey	New York	June 9, 1995
Western Oklahoma Financial Services, Inc., Elk City, Oklahoma	First National Bank & Trust of Elk City, Elk City, Oklahoma	Kansas City	June 2, 1995
Windsor Bancshares, Inc., Minneapolis, Minnesota	Bank Windsor II, Chisholm, Minnesota	Minneapolis	May 30, 1995

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
AMCORE Financial, Inc., Rockford, Illinois	Rockford Mercantile Agency, Inc., Rockford, Illinois	Chicago	June 1, 1995
Deutsche Bank AG, Frankfurt, Federal Republic of Germany	Deutsche Bank Futures Corporation, New York, New York	New York	June 9, 1995
Deutsche Bank AG, Frankfurt, Federal Republic of Germany	Deutsche Bank Securities Corporation, New York, New York First Call Corporation, Boston, Massachusetts	New York	May 30, 1995
Farmers & Merchants Bank Employee Stock Ownership Plan, Forest, Mississippi	Bankers Capital Corporation, Forest, Mississippi	Atlanta	June 5, 1995
First Union Corporation, Charlotte, North Carolina	STATCO, Inc., Rome, Georgia	Richmond	June 22, 1995
HSBC Holdings plc, London, United Kingdom	Samuel Montagu Inc., New York, New York Midland International Trade Services (USA) Corporation, New York, New York	New York	May 26, 1995
Mellon Bank Corporation, Pittsburgh, Pennsylvania	Certus Financial Corporation, San Francisco, California	Cleveland	June 5, 1995
Mid Am, Inc., Bowling Green, Ohio MWN Corporation, d.b.a. CCB Services, St. Petersburg, Florida	Certified Credit Systems, Inc., Sarasota, Florida	Cleveland	May 25, 1995
National Commerce Corporation, Birmingham, Alabama Commerce Bankshares, Inc., Birmingham, Alabama	Talladega Federal Savings and Loan Association, Talladega, Alabama	Atlanta	June 2, 1995
National Westminster Bank Plc, London, England	To engage *de novo* in the provision of execution, clearance and advisory services with respect to futures and options on futures on nonfinancial commodities both for affiliated and nonaffiliated persons	New York	June 5, 1995

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Mercantile Bancorporation Inc., St. Louis, Missouri	Southwest Bancshares, Inc., Bolivar, Missouri	St. Louis	June 9, 1995

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
The Fifth Third Bank, Cincinnati, Ohio	Bank One, Dayton, N.A., Dayton, Ohio	Cleveland	May 31, 1995
First-Citizens Bank & Trust Company, Lawrenceville, Virginia	Crestar Bank, Richmond, Virginia	Richmond	June 21, 1995
The Home Bank, Guntersville, Alabama	Bank of Albertville, Albertville, Alabama	Atlanta	June 2, 1995
Mercantile Bank of Kansas City, Kansas City, Missouri	Citizens-Jackson County Bank, Warrensberg, Missouri	Kansas City	June 14, 1995
United Jersey Bank, Hackensack, New Jersey	New Jersey Savings Bank, Somerville, New Jersey	New York	June 9, 1995

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Board of Governors v. Scott, Misc. No. 95–127 (LFO/PJA) (D. D.C., filed April 14, 1995). Application to enforce investigatory subpoenas for documents and testimony. Oral argument took place on June 8, 1995.

Money Station, Inc. v. Board of Governors, No. 95–1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary. On May 1, 1995, Money Station filed a separate petition for review of the Board's March 31, 1995 denial of Money Station's request for reconsideration of the Board's March 1 order (D.C. Cir., No. 95–1243). The cases were consolidated on June 2, 1995.

Jones v. Board of Governors, No. 95–1142 (D.C. Cir., filed March 3, 1995). Petition for review of a Board order dated February 2, 1995, approving the applications by First Commerce Corporation, New Orleans, Louisiana, to merge with City Bancorp, Inc., New Iberia, Louisiana, and First Bankshares, Inc., Slidell, Louisiana. Petitioner filed a motion for injunctive relief on April 3, 1995. On April 17, 1995, the Board filed its opposition to the motion.

Board of Governors v. Interamericas Investments, Ltd., No. H-95–565 (S.D. Texas, filed February 24, 1995). Action to freeze certain assets of a company pending administrative adjudication of civil money penalty. On March 1, 1995, the court issued a stipulated order requiring the company to deposit $1 million into the registry of the court.

In re Subpoena Duces Tecum, No. 95–5034 (D.C. Cir., filed January 26, 1995). Appeal of partial denial of plaintiff's motion to compel production of examination and other supervisory material in connection with a shareholder derivative action against a bank holding company. Oral argument is scheduled for November 7, 1995.

Kuntz v. Board of Governors, No. 95–3044 (6th Cir., filed January 12, 1995). Petition for review of a Board order dated December 19, 1994, approving an application by KeyCorp, Cleveland, Ohio, to acquire BANKVERMONT Corp., Burlington, Vermont. On February 10, 1995, the Board filed its motion to dismiss.

In re Subpoena Duces Tecum, Misc. No. 95–06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking pre-decisional supervisory documents sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. The Board filed its opposition on January 20, 1995.

Cavallari v. Board of Governors, No. 94-4183 (2d Cir., filed October 17, 1994). Petition for review of Board order of prohibition against a former outside counsel to a national bank (80 *Federal Reserve Bulletin* 1046 (1994)). The case was consolidated with a petition for review of orders of the Comptroller of the Currency imposing a civil money penalty and cease and desist order against petitioner (*Cavallari v. OCC*, No. 94-4151). Oral argument was heard on March 23, 1995. On May 11, 1995, the Court of Appeals upheld the Board's prohibition order and the Comptroller's civil money penalty order, and remanded to the Comptroller for further proceedings regarding the order to cease and desist.

Beckman v. Greenspan, No. CV 94-41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. The Board's motion to dismiss was filed May 19, 1994. On April 24, 1995, the court granted the Board's motion and dismissed the case. Plaintiffs filed a notice of appeal on May 4, 1995.

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

Final Enforcement Orders Issued by the Board of Governors

James J. Long
Wellington, Kansas

The Federal Reserve Board announced on June 14, 1995, the issuance of an Order of Assessment of a Civil Money Penalty against James J. Long. The Order was issued in settlement of a civil money penalty proceeding relating to Mr. Long's alledged participation in violations of the Bank Holding Company Act by Cedar Vale Bank Holding Company, Wellington, Kansas.

Written Agreements Approved by Federal Reserve Banks

Execufirst Bancorp, Inc.
Philadelphia, Pennsylvania

The Federal Reserve Board announced on June 14, 1995, the execution of a Written Agreement among the Federal Reserve Bank of Philadelphia, Execufirst Bancorp, Inc., Philadelphia, Pennsylvania, and the First Executive Bank, Philadelphia, Pennsylvania.

Financial and Business Statistics

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SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
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
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
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
VA	Department of Veterans Affairs

GENERAL INFORMATION

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

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

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1994			1995	1995				
	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.	May
Reserves of depository institutions[2]									
1 Total	−3.1	−1.9	−3.3	−3.7	−4.4	−4.2	−7.5	−12.2	−3.9
2 Required	−2.3	−1.9	−3.0	−4.0	−8.0	3.9	−4.5	−11.5	−6.8
3 Nonborrowed	−4.2	−3.5	−2.1	−2.4	−2.9	−2.6	−7.7	−13.0	−4.8
4 Monetary base[3]	8.4	7.5	6.9	6.4	8.1	3.6	8.6	7.8	7.1
Concepts of money, liquid assets, and debt[4]									
5 M1	2.7	2.4	−1.2	.0	1.0	−1.8	.7r	2.0r	−7.1
6 M2	1.7	.9	−.3	1.6r	3.9	−1.5r	2.5	4.1r	5.2
7 M3	1.3	2.1	1.7	4.4r	6.4r	2.4r	6.1r	5.9r	8.0
8 L	1.7r	2.2r	3.4r	7.9r	6.2r	9.5r	10.0r	9.9	n.a.
9 Debt	5.4r	4.2r	5.2r	5.4r	4.6r	7.4r	5.7r	4.6	n.a.
Nontransaction components									
10 In M2[5]	1.3	.2	.1	2.4	5.2r	−1.4r	3.2r	5.2	10.8
11 In M3 only[6]	−1.3	8.6	13.2	18.9r	19.8	22.3r	24.4r	14.8r	22.0
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	−3.7	−4.6	−8.5	−13.2	−13.1	−16.0	−17.8	−12.1	2.7
13 Small time[7]	.3	9.4	16.0	24.2	23.9	27.2	31.1	23.0	17.3
14 Large time[8,9]	.8	13.1	19.4	12.5	−5.6	27.9	17.8	−.8r	25.7
Thrift institutions									
15 Savings, including MMDAs	−.4	−11.5	−17.6	−20.5	−19.3	−24.9	−19.4r	−16.5r	−7.2
16 Small time[7]	−5.8	.2	10.6	20.9r	20.4r	30.5r	33.4r	28.9	19.6
17 Large time[8]	−3.5	6.8	12.0	23.6	33.6	27.2	33.7	19.0	−13.6
Money market mutual funds									
18 General purpose and broker–dealer	11.9	5.7	7.5	7.9	9.6	−1.8	−1.8	15.7	28.2
19 Institution-only	−15.7	−4.5	7.3	10.0	36.5	−38.0	57.2	24.8	11.8
Debt components[4]									
20 Federal	5.4	3.9	5.9	5.2	2.5	10.6	7.4	.7	n.a.
21 Nonfederal	5.3r	4.3r	5.0r	5.5r	5.4r	6.2r	5.1r	6.1	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures, 1995: Mar.	Apr.	May	Average of daily figures for week ending on date indicated, 1995: Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	404,515	411,557[r]	411,139	412,102	414,992	412,620	411,012	410,575	410,252	411,239
U.S. government securities[2]										
2 Bought outright—System account	364,433	367,512	368,962	367,303	368,234	369,017	368,990	369,414	368,386	368,747
3 Held under repurchase agreements	1,560	4,257	2,773	4,627	6,779	3,491	1,838	1,663	3,201	3,659
Federal agency obligations										
4 Bought outright	3,478	3,404	3,367	3,408	3,402	3,388	3,384	3,358	3,358	3,358
5 Held under repurchase agreements	438	462	591	409	564	429	293	429	830	925
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	18	30	8	31	50	35	12	5	4	5
8 Seasonal credit	51	81	140	76	103	121	127	134	145	159
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	545	531[r]	364	1,158	466	399	540	400	272	77
11 Other Federal Reserve assets	33,991	35,278	34,934	35,091	35,394	35,742	35,829	35,172	34,056	34,310
12 Gold stock	11,052	11,054	11,055	11,055	11,055	11,055	11,055	11,055	11,055	11,054
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	23,187	23,268[r]	23,335	23,269[r]	23,286[r]	23,304	23,318	23,332	23,346	23,360
ABSORBING RESERVE FUNDS										
15 Currency in circulation	400,531	405,072[r]	408,336	406,016[r]	405,815[r]	406,105	407,691	408,540	408,040	409,698
16 Treasury cash holdings	352	361	340	363	356	355	350	345	335	325
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,141	6,155	5,791	6,178	7,065	9,402	4,876	5,582	4,823	5,320
18 Foreign	197	198	184	207	190	180	175	185	196	175
19 Service-related balances and adjustments	4,325	4,107	4,227	4,002	4,050	4,390	4,130	4,182	4,186	4,339
20 Other	393	360	312	367	318	334	316	320	316	287
21 Other Federal Reserve liabilities and capital	12,996	13,498	12,926	12,922	12,839	12,993	13,102	12,925	12,880	12,768
22 Reserve balances with Federal Reserve Banks[3]	22,837	24,145[r]	21,431	24,389	26,718	21,236	22,763	20,899	21,893	20,759

Factor	End-of-month figures: Mar.	Apr.	May	Wednesday figures: Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	409,448	411,541[r]	412,804	412,606	419,666	412,514	412,789	412,011	414,353	412,804
U.S. government securities[2]										
2 Bought outright—System account	363,707	368,554	370,047	366,014	368,366	368,211	370,672	368,850	367,388	370,047
3 Held under repurchase agreements	5,593	2,750	3,531	7,346	10,012	4,304	1,955	3,880	7,214	3,531
Federal agency obligations										
4 Bought outright	3,408	3,388	3,358	3,408	3,388	3,388	3,358	3,358	3,358	3,358
5 Held under repurchase agreements	1,105	500	700	400	1,550	0	0	1,000	1,650	700
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	25	43	9	25	75	30	32	4	6	9
8 Seasonal credit	59	112	160	84	116	124	130	138	153	160
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	57	384[r]	994	254	289	716	663	713	217	994
11 Other Federal Reserve assets	35,494	35,809	34,006	35,074	35,870	35,742	35,980	34,069	34,367	34,006
12 Gold stock	11,053	11,055	11,054	11,055	11,055	11,055	11,055	11,055	11,054	11,054
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	23,234	23,304[r]	23,360	23,269[r]	23,286[r]	23,304	23,318	23,332	23,346	23,360
ABSORBING RESERVE FUNDS										
15 Currency in circulation	401,630	405,285[r]	411,104	407,024[r]	406,485[r]	407,684	409,220	409,144	409,324	411,104
16 Treasury cash holdings	361	356	322	356	356	350	347	336	326	322
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,543	8,241	4,646	5,923	8,128	8,513	4,876	5,835	4,901	4,646
18 Foreign	370	166	227	158	165	169	156	179	164	227
19 Service-related balances and adjustments	4,227	4,390[r]	4,339	4,002	4,050	4,390	4,130	4,182	4,186	4,339
20 Other	398	339	215	335	323	321	314	320	328	215
21 Other Federal Reserve liabilities and capital	14,449	13,095	12,181	12,707	12,636	12,665	12,738	12,688	12,690	12,181
22 Reserve balances with Federal Reserve Banks[3]	25,776	22,045[r]	22,202	24,443	29,882	20,799	23,397	21,731	24,850	22,202

1. Amounts of cash held as reserves are shown in table 1.12, line 2.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1992	1993	1994	1994		1995				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Reserve balances with Reserve Banks[2]	25,368	29,374	24,658	24,715	24,658	22,291	21,758	22,649	24,217[r]	21,477
2 Total vault cash[3]	34,541	36,818	40,365	38,933	40,365	42,291	39,795	38,518	38,099	39,038
3 Applied vault cash[4]	31,172	33,484	36,682	35,291	36,682	38,230	35,941	34,934	34,657[r]	35,287
4 Surplus vault cash[5]	3,370	3,334	3,683	3,642	3,683	4,061	3,855	3,584	3,442	3,751
5 Total reserves[6]	56,540	62,858	61,340	60,006	61,340	60,521	57,699	57,583	58,874[r]	56,763
6 Required reserves	55,385	61,795	60,172	58,999	60,172	59,182	56,752	56,789	58,120[r]	55,876
7 Excess reserve balances at Reserve Banks[7]	1,155	1,063	1,168	1,008	1,168	1,339	946	794	753	888
8 Total borrowings at Reserve Banks[8]	124	82	209	249	209	136	59	69	111	150
9 Seasonal borrowings	18	31	100	164	100	46	33	51	82	137
10 Extended credit[9]	1	0	0	0	0	4	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1995									
	Feb. 1	Feb. 15	Mar. 1	Mar. 15	Mar. 29	Apr. 12	Apr. 26	May 10[r]	May 24	June 7
1 Reserve balances with Reserve Banks[2]	19,603	21,028	22,710	22,316	22,869	23,412	25,542	21,994	21,406	20,878
2 Total vault cash[3]	43,143	41,295	37,924	39,318	37,773	38,433	37,481	39,261	38,711	39,373
3 Applied vault cash[4]	38,793	37,274	34,286	35,636	34,278	34,941	34,158	35,550	34,955	35,576
4 Surplus vault cash[5]	4,350	4,021	3,638	3,682	3,496	3,492	3,323	3,712	3,756	3,797
5 Total reserves[6]	58,396	58,302	56,995	57,952	57,147	58,353	59,700	57,543	56,361	56,453
6 Required reserves	57,026	57,329	56,111	57,385	56,077	57,939	58,737	56,508	55,552	55,621
7 Excess reserve balances at Reserve Banks[7]	1,370	973	885	566	1,070	414	963	1,035	810	832
8 Total borrowings at Reserve Banks[8]	176	51	60	59	79	76	130	148	144	165
9 Seasonal borrowings	41	31	36	44	59	61	90	124	140	150
10 Extended credit[9]	10	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.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Also includes adjustment credit.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Banks[1]

Millions of dollars, averages of daily figures

Source and maturity	1995, week ending Monday								
	Apr. 3[r]	Apr. 10	Apr. 17	Apr. 24[r]	May 1	May 8	May 15	May 22	May 29
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	72,699	73,555	73,752	72,248	69,011	70,032	73,783	74,449	74,345
2 For all other maturities	19,139	19,323	22,179	17,752	17,801	18,272	18,673	18,903	18,242
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	21,250	20,049	18,994	22,458	19,489	22,258	20,877	25,502	22,007
4 For all other maturities	28,419	24,448	29,665	30,673	31,644	29,667	30,035	30,041	32,946
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	24,955	24,738	20,415	23,646	23,793	23,211	24,516	21,952	21,963
6 For all other maturities	32,770	35,084	39,301	38,332	36,810	41,578	41,498	41,078	39,816
All other customers									
7 For one day or under continuing contract	37,820	37,252	33,711	36,466	38,404	35,816	37,061	38,061	37,314
8 For all other maturities	17,423	16,293[r]	20,022[r]	16,973	17,186	17,423	17,000	17,579	18,925
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	62,819	57,109[r]	61,168[r]	62,300	65,791	62,208	62,760	59,955	61,464
10 To all other specified customers[2]	26,953	26,540[r]	25,746[r]	27,099	26,765	28,062	31,005	26,904	27,906

1. Banks with assets of $4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release. For ordering address, see inside front cover.

2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 7/7/95	Effective date	Previous rate	On 7/7/95	Effective date	Previous rate	On 7/7/95	Effective date	Previous rate
Boston	5.25	2/1/95	4.75	6.00	7/6/95	5.95	6.50	7/6/95	6.45
New York		2/1/95							
Philadelphia		2/2/95							
Cleveland		2/9/95							
Richmond		2/1/95							
Atlanta		2/2/95							
Chicago		2/1/95							
St. Louis		2/1/95							
Minneapolis		2/2/95							
Kansas City		2/1/95							
Dallas		2/2/95							
San Francisco	5.25	2/1/95	4.75	6.00	7/6/95	5.95	6.50	7/6/95	6.45

Range of rates for adjustment credit in recent years[4]

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981—Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
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
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
In effect July 7, 1995	5.25	5.25

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

	Type of deposit[2]	Requirement: Percentage of deposits	Requirement: Effective date
	Net transaction accounts[3]		
1	$0 million–$54.0 million	3	12/20/94
2	More than $54.0 million[4]	10	12/20/94
3	Nonpersonal time deposits[5]	0	12/27/90
4	Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act of 1980, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1994, the exemption was raised from $4.0 million to $4.2 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks (accounts subject to such limits are considered savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective Dec. 20, 1994, the amount was increased from $51.9 million to $54.0 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,714	17,717	17,484	518	6,109	444	0	0	0	0
2 Gross sales	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges	308,699	332,229	380,327	29,361	36,543	29,883	37,122	31,530	36,449	30,983
4 Redemptions	1,600	0	0	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	1,096	1,223	1,238	450	0	125	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	36,662	31,368	0	460	1,790	−2,430	2,835	5,872	0	0
8 Exchanges	−30,543	−36,582	−21,444	0	−5,795	1,680	−3,167	−4,881	0	0
9 Redemptions	0	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	13,118	10,350	9,168	0	200	2,208	0	0	0	2,549
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−34,478	−27,140	−6,004	−460	−1,123	2,430	−2,145	−5,115	0	0
13 Exchanges	25,811	0	17,801	0	4,192	−1,680	3,167	3,031	0	0
Five to ten years										
14 Gross purchases	2,818	4,168	3,818	0	0	660	0	0	0	839
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−1,915	0	−3,145	0	−278	0	−690	−757	0	0
17 Exchanges	3,532	0	2,903	0	1,603	0	0	1,150	0	0
More than ten years										
18 Gross purchases	2,333	3,457	3,606	0	0	1,252	0	0	0	1,138
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−269	0	−918	0	−389	0	0	0	0	0
21 Exchanges	1,200	0	775	0	0	0	0	700	0	0
All maturities										
22 Gross purchases	34,079	36,915	35,314	968	6,309	4,689	0	0	0	4,526
23 Gross sales	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions	1,600	767	2,337	979	0	0	621	0	0	370
Matched transactions										
25 Gross purchase	1,480,140	1,475,941	1,700,836	136,556	148,425	166,648	160,465	178,877	168,800	148,306
26 Gross sales	1,482,467	1,475,085	1,701,309	137,242	147,858	166,007	167,676	176,232	170,724	147,616
Repurchase agreements										
27 Gross purchases	378,374	475,447	309,276	17,088	35,456	29,406	32,201	1,300	22,070	36,314
28 Gross sales	386,257	470,723	311,898	15,613	32,561	26,351	39,756	3,310	16,477	39,157
29 Net change in U.S. Treasury securities	20,642	41,729	29,882	778	9,771	8,385	−15,387	634	3,669	2,004
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	632	774	1,002	62	70	37	91	55	83	20
Repurchase agreements										
33 Gross purchases	14,565	35,063	52,696	2,868	8,615	5,090	5,243	25	4,926	4,415
34 Gross sales	14,486	34,669	52,696	2,838	7,360	5,720	4,948	1,345	3,821	5,020
35 Net change in federal agency obligations	−554	−380	−1,002	−32	1,185	−667	204	−1,375	1,022	−625
36 Total net change in System Open Market Account	**20,089**	**41,348**	**28,880**	**746**	**10,956**	**7,718**	**−15,183**	**−741**	**4,691**	**1,379**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1995					1995		
	May 3	May 10	May 17	May 24	May 31	Mar. 31	Apr. 30	May 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,055	11,055	11,055	11,054	11,054	11,053	11,055	11,054
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	400	408	414	401	380	434	417	380
Loans								
4 To depository institutions	153	162	141	159	169	84	155	169
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	3,388	3,358	3,358	3,358	3,358	3,408	3,388	3,358
8 Held under repurchase agreements	0	0	1,000	1,650	700	1,105	500	700
9 **Total U.S. Treasury securities**	**372,515**	**372,627**	**372,730**	**374,602**	**373,578**	**369,300**	**371,304**	**373,578**
10 Bought outright[2]	368,211	370,672	368,850	367,388	370,047	363,707	368,554	370,047
11 Bills	177,535	179,996	178,173	176,711	179,371	177,187	177,878	179,371
12 Notes	146,454	146,454	146,998	146,998	146,998	143,773	146,454	146,998
13 Bonds	44,222	44,222	43,679	43,679	43,679	42,747	44,222	43,679
14 Held under repurchase agreements	4,304	1,955	3,880	7,214	3,531	5,593	2,750	3,531
15 **Total loans and securities**	**376,056**	**376,147**	**377,229**	**379,769**	**377,805**	**373,897**	**375,347**	**377,805**
16 Items in process of collection	5,954	5,779	5,833	4,632	8,361	3,611	4,312	8,361
17 Bank premises	1,085	1,086	1,090	1,090	1,090	1,080	1,085	1,090
Other assets								
18 Denominated in foreign currencies[3]	24,396	24,411	24,428	24,447	24,122	25,286	24,405	24,122
19 All other[4]	10,253	10,475	8,500	8,792	8,702	9,129	10,309	8,702
20 **Total assets**	**437,217**	**437,378**	**436,566**	**438,203**	**439,533**	**432,508**	**434,948**	**439,533**
LIABILITIES								
21 Federal Reserve notes	385,130	386,657	386,563	386,705	388,447	379,191	382,754	388,447
22 **Total deposits**	**34,111**	**33,167**	**32,167**	**34,520**	**31,718**	**35,320**	**35,085**	**31,718**
23 Depository institutions	25,108	27,820	25,833	29,126	26,630	30,009	26,338	26,630
24 U.S. Treasury—General account	8,513	4,876	5,835	4,901	4,646	4,543	8,241	4,646
25 Foreign—Official accounts	169	156	179	164	227	370	166	227
26 Other	321	314	320	328	215	398	339	215
27 Deferred credit items	5,310	4,816	5,148	4,288	7,187	3,549	4,014	7,187
28 Other liabilities and accrued dividends[5]	4,473	4,674	4,619	4,594	4,481	4,578	4,578	4,481
29 **Total liabilities**	**429,024**	**429,313**	**428,498**	**430,107**	**431,832**	**422,638**	**426,432**	**431,832**
CAPITAL ACCOUNTS								
30 Capital paid in	3,799	3,804	3,810	3,815	3,807	3,786	3,794	3,807
31 Surplus	3,683	3,683	3,683	3,683	3,670	3,683	3,683	3,670
32 Other capital accounts	710	578	576	598	222	2,401	1,039	222
33 **Total liabilities and capital accounts**	**437,217**	**437,378**	**436,566**	**438,203**	**439,533**	**432,508**	**434,948**	**439,533**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	446,896	440,471	444,649	447,256	446,653	429,759	440,236	446,653
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	460,488	462,311	464,074	465,960	465,987	452,980	459,648	465,987
36 LESS: Held by Federal Reserve Banks	75,358	75,654	77,511	79,254	77,541	73,790	76,894	77,541
37 Federal Reserve notes, net	385,130	386,657	386,563	386,705	388,447	379,191	382,754	388,447
Collateral held against notes, net								
38 Gold certificate account	11,055	11,055	11,055	11,054	11,054	11,053	11,055	11,054
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	366,057	367,584	367,490	367,633	369,374	360,119	363,681	369,374
42 **Total collateral**	**385,130**	**386,657**	**386,563**	**386,705**	**388,447**	**379,191**	**382,754**	**388,447**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1995					1995		
	May 3	May 10	May 17	May 24	May 31	Mar. 31	Apr. 30	May 31
1 **Total loans**	**153**	**162**	**141**	**159**	**169**	**86**	**153**	**163**
2 Within fifteen days[1]	46	55	135	144	81	82	146	134
3 Sixteen days to ninety days	107	107	6	15	88	4	7	29
4 **Total U.S. Treasury securities**	**372,515**	**372,627**	**372,730**	**374,602**	**373,578**	**363,707**	**368,554**	**373,578**
5 Within fifteen days[1]	26,885	22,433	22,576	24,456	22,173	9,764	11,454	22,173
6 Sixteen days to ninety days	83,310	83,424	85,169	85,161	89,258	94,316	94,921	89,258
7 Ninety-one days to one year	113,547	117,997	115,070	115,070	112,151	111,365	112,383	112,151
8 One year to five years	86,827	86,827	86,449	86,449	86,530	85,728	87,850	86,530
9 Five years to ten years	25,263	25,263	28,511	28,511	28,511	26,990	25,263	28,511
10 More than ten years	36,683	36,683	34,955	34,955	34,955	35,545	36,683	34,955
11 **Total federal agency obligations**	**3,388**	**3,358**	**4,358**	**5,008**	**4,057**	**3,408**	**3,388**	**4,057**
12 Within fifteen days[1]	30	0	1,366	2,026	1,134	215	160	1,134
13 Sixteen days to ninety days	687	697	389	379	408	524	587	408
14 Ninety-one days to one year	861	861	861	861	790	782	831	790
15 One year to five years	1,368	1,358	1,300	1,300	1,284	1,405	1,368	1,284
16 Five years to ten years	417	417	417	417	417	457	417	417
17 More than ten years	25	25	25	25	25	25	25	25

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

NOTE. Total acceptances data have been deleted from this table because data are no longer available.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1991 Dec.	1992 Dec.	1993 Dec.	1994 Dec.	1994			1995				
					Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.54	54.35	60.50	59.34	59.50	59.40	59.34	59.12	58.92	58.55	57.96	57.77
2 Nonborrowed reserves[4]	45.34	54.23	60.42	59.13	59.12	59.15	59.13	58.99	58.86	58.48	57.85	57.62
3 Nonborrowed reserves plus extended credit[5]	45.34	54.23	60.42	59.13	59.12	59.15	59.13	58.99	58.86	58.48	57.85	57.62
4 Required reserves	44.56	53.20	59.44	58.17	58.69	58.39	58.17	57.79	57.97	57.76	57.20[r]	56.88
5 Monetary base[6]	317.43	351.12	386.60	418.22	413.85	416.79	418.22	421.05	422.31	425.35	428.13[r]	430.68
	Not seasonally adjusted											
6 Total reserves[7]	46.98	56.06	62.37	61.13	59.24	59.73	61.13	60.52	57.72	57.62	58.93	56.83
7 Nonborrowed reserves	46.78	55.93	62.29	60.92	58.86	59.48	60.92	60.38	57.66	57.55	58.82	56.68
8 Nonborrowed reserves plus extended credit[5]	46.78	55.93	62.29	60.92	58.86	59.48	60.92	60.39	57.66	57.55	58.82	56.68
9 Required reserves[8]	46.00	54.90	61.31	59.96	58.44	58.72	59.96	59.18	56.78	56.83	58.18	55.94
10 Monetary base[9]	321.07	354.55	390.59	422.51	413.15	417.08	422.51	421 84	419.25	423.27	428.74[r]	429.28
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	55.53	56.54	62.86	61.34	59.49	60.01	61.34	60.52	57.70	57.58	58.87[r]	56.76
12 Nonborrowed reserves	55.34	56.42	62.78	61.13	59.11	59.76	61.13	60.39	57.64	57.51	58.76	56.61
13 Nonborrowed reserves plus extended credit[5]	55.34	56.42	62.78	61.13	59.11	59.76	61.13	60.39	57.64	57.51	58.76	56.61
14 Required reserves	54.55	55.39	61.80	60.17	58.69	59.00	60.17	59.18	56.75	56.79	58.12	55.88
15 Monetary base[12]	333.61	360.90	397.62	427.25	418.19	421.90	427.25	426.31	423.57	427.56	432.79	433.46
16 Excess reserves[13]	.98	1.16	1.06	1.17	.80	1.01	1.17	1.34	.95	.79	.75	.89
17 Borrowings from the Federal Reserve	.19	.12	.08	.21	.38	25	.21	.14	.06	.07	.11	.15

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

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

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

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

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

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

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

8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

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

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

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

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1991 Dec.	1992 Dec.	1993 Dec.	1994 Dec.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May
	Seasonally adjusted							
Measures[2]								
1 M1	897.3	1,024.4	1,128.6	1,147.8	1,147.1	1,147.8[r]	1,149.7	1,142.9
2 M2	3,457.9	3,515.3	3,583.6	3,615.1	3,622.2[r]	3,629.7[r]	3,642.2[r]	3,657.9
3 M3	4,176.0	4,182.9	4,242.5	4,304.5	4,336.1[r]	4,358.0[r]	4,379.5[r]	4,408.7
4 L	4,990.9	5,061.1	5,150.3	5,294.0	5,363.6[r]	5,408.2[r]	5,452.8	n.a.
5 Debt	11,178.2[r]	11,716.7[r]	12,343.8[r]	12,955.5[r]	13,085.3[r]	13,147.8[r]	13,198.3	n.a.
M1 components								
6 Currency[3]	267.4	292.8	322.1	354.5	358.8	362.5	365.7	368.1
7 Travelers checks[4]	7.7	8.1	7.9	8.4	8.4	8.8	9.2	9.2
8 Demand deposits[5]	289.5	338.9	383.9	382.0	384.0	383.2	381.2	380.6
9 Other checkable deposits[6]	332.7	384.6	414.7	402.9	395.9	393.3	393.6	385.0
Nontransaction components								
10 In M2[7]	2,560.6	2,490.9	2,455.0	2,467.2	2,475.1[r]	2,481.8[r]	2,492.6[r]	2,515.0
11 In M3[8] only	718.1	667.6	658.9	689.4	713.8[r]	728.3[r]	737.3[r]	750.8
Commercial banks								
12 Savings deposits, including MMDAs	665.6	754.7	785.8	752.3	734.2	723.3	716.0	717.6
13 Small time deposits[9]	602.5	508.1	468.6	502.4	524.0	537.6	547.9	555.8
14 Large time deposits[10, 11]	333.3	286.7	271.2	298.3	303.8	308.3	308.1[r]	314.7
Thrift institutions								
15 Savings deposits, including MMDAs	375.6	428.9	429.8	391.9	377.6	371.5[r]	366.4	364.2
16 Small time deposits[9]	464.1	361.1	316.5	317.3	330.9[r]	340.1[r]	348.3[r]	354.0
17 Large time deposits[10]	83.3	67.1	61.6	64.3	67.6	69.5	70.6	69.8
Money market mutual funds								
18 General purpose and broker-dealer	374.2	356.9	360.1	389.0	391.5	390.9	396.0	405.3
19 Institution-only	180.0	200.2	198.1	180.8	180.4	189.0	192.9	194.8
Debt components								
20 Federal debt	2,763.3	3,067.9	3,328.0	3,497.4	3,535.8	3,557.5	3,559.5	n.a.
21 Nonfederal debt	8,414.8[r]	8,648.8[r]	9,015.9[r]	9,458.1[r]	9,549.5[r]	9,590.3[r]	9,638.8	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	916.0	1,046.0	1,153.7	1,173.5	1,134.2	1,138.0	1,158.6[r]	1,132.0
23 M2	3,472.7	3,533.6	3,606.1	3,638.6	3,608.5[r]	3,627.7[r]	3,658.6[r]	3,645.5
24 M3	4,189.4	4,201.4	4,266.3	4,330.6	4,324.8[r]	4,353.8[r]	4,391.2[r]	4,398.4
25 L	5,015.5	5,090.8	5,184.9	5,331.7	5,355.4[r]	5,407.4[r]	5,462.9	n.a.
26 Debt	11,175.5[r]	11,719.5[r]	12,336.0[r]	12,947.2[r]	13,032.4[r]	13,099.5[r]	13,131.3	n.a.
M1 components								
27 Currency[3]	269.9	295.0	324.8	357.6	357.1	361.4	365.5	367.9
28 Travelers checks[4]	7.4	7.8	7.6	8.1	8.1	8.4	8.8	8.9
29 Demand deposits[5]	302.4	354.4	401.8	400.1	374.9	374.0	382.0	372.8
30 Other checkable deposits[6]	336.3	388.9	419.4	407.6	394.1	394.2	402.3[r]	382.4
Nontransaction components								
31 In M2[7]	2,556.6	2,487.7	2,452.4	2,465.1	2,474.3[r]	2,489.7[r]	2,500.0[r]	2,513.5
32 In M3[8]	716.7	667.7	660.2	692.0	716.3[r]	726.1[r]	732.6[r]	752.9
Commercial banks								
33 Savings deposits, including MMDAs	664.0	752.9	784.3	751.1	729.8	723.4	717.8	718.2
34 Small time deposits[9]	601.9	507.8	468.2	502.0	524.1	537.4	547.3	554.7
35 Large time deposits[10, 11]	332.6	286.2	270.8	298.0	302.3	306.2	306.0[r]	317.2
Thrift institutions								
36 Savings deposits, including MMDAs	374.8	427.9	429.0	391.2	375.3	371.6	367.3[r]	364.5
37 Small time deposits[9]	463.7	360.9	316.2	317.1	331.0[r]	340.0[r]	347.9[r]	353.3
38 Large time deposits[10]	83.1	67.0	61.5	64.3	67.2	69.1	70.1	70.3
Money market mutual funds								
39 General purpose and broker-dealer	372.2	355.1	358.3	387.1	396.3	399.8	404.8	407.8
40 Institution-only	180.8	201.7	200.0	183.1	188.8	190.8	191.3	193.8
Repurchase agreements and Eurodollars								
41 Overnight and continuing	79.9	83.2	96.5	116.7	117.8	117.6	114.8[r]	114.9
42 Term	132.7	127.8	144.1	159.0	171.2[r]	173.1[r]	177.8[r]	183.8
Debt components								
43 Federal debt	2,765.0	3,069.8	3,329.5	3,499.0	3,525.0	3,551.1	3,544.1	n.a.
44 Nonfederal debt	8,410.5[r]	8,649.7[r]	9,006.5[r]	9,448.2[r]	9,507.4[r]	9,548.4[r]	9,587.2	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks[1]

Item	1992 Dec.	1993 Dec.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.[r]	1995 May
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	2.33	1.86	1.87	1.88	1.92	1.96	1.98	2.01	2.00	1.95	1.95
2 Savings deposits[3]	2.88	2.46	2.67	2.72	2.81	2.91	2.98	3.09	3.14	3.17	3.21
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.90	2.65	3.36	3.47	3.65	3.81	3.96	4.19	4.24	4.28	4.25
4 92 to 182 days	3.16	2.91	3.75	3.93	4.22	4.44	4.67	4.83	4.97	4.94	4.93
5 183 days to 1 year	3.37	3.13	4.27	4.50	4.85	5.12	5.39	5.57	5.60	5.60	5.49
6 More than 1 year to 2½ years	3.88	3.55	4.80	5.08	5.42	5.74	6.00	6.12	6.12	6.05	5.83
7 More than 2½ years	4.77	4.29	5.47	5.77	6.09	6.30	6.47	6.52	6.45	6.37	6.11
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	2.45	1.87	1.91	1.88	1.91	1.95	1.99	2.04	1.99	1.99	2.00
9 Savings deposits[3]	3.20	2.63	2.78	2.76	2.83	2.88	2.91	2.95	2.94	2.93	2.95
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	3.13	2.70	3.11	3.32	3.51	3.80	3.98	4.17	4.21	4.18	4.24
11 92 to 182 days	3.44	3.02	3.87	4.10	4.42	4.89	5.13	5.33	5.37	5.38	5.31
12 183 days to 1 year	3.61	3.31	4.47	4.80	5.18	5.52	5.75	5.94	5.94	5.87	5.83
13 More than 1 year to 2½ years	4.02	3.66	5.04	5.39	5.70	6.09	6.29	6.37	6.32	6.25	6.08
14 More than 2½ years	5.00	4.62	5.64	5.79	6.18	6.43	6.68	6.75	6.68	6.59	6.32
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	286,541	305,223	286,787	294,072	294,282	303,724	291,355	290,188	292,811	286,987	273,775
16 Savings deposits[3]	738,253	766,413	755,249	751,183	746,605	734,519	723,295	714,955	713,440	698,963	714,515
17 Personal	578,757	597,838	595,175	590,875	584,628	578,459	569,619	564,877	564,086	550,674	559,963
18 Nonpersonal	159,496	168,575	160,074	160,308	161,977	156,060	153,676	150,078	149,354	148,289	154,553
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	38,474	29,455	28,312	31,447	31,077	32,375	32,154	31,777	31,623	31,530	31,454
20 92 to 182 days	127,831	110,069	96,398	95,359	94,692	95,901	96,895	98,248	95,583	94,368	93,183
21 183 days to 1 year	163,098	146,565	157,253	158,753	159,645	161,831	163,939	169,103	176,657	179,625	184,550
22 More than 1 year to 2½ years	152,977	141,223	152,514	155,111	158,382	162,486	168,515	176,877	183,275	189,652	194,962
23 More than 2½ years	169,708	181,528	190,209	188,479	189,741	190,897	190,215	191,383	194,722	194,426	192,529
24 IRA and Keogh plan deposits	147,350	143,985	142,700	142,896	143,075	143,428	143,900	145,040	145,959	146,679	147,294
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	10,871	11,151	10,769	11,120	11,002	11,317	11,127	10,950	11,218	11,005	11,015
26 Savings deposits[3]	81,786	80,115	74,659	73,416	72,622	70,642	71,639	69,982	68,595	67,453	67,307
27 Personal	78,695	77,035	71,525	70,215	69,412	67,673	68,760	67,144	65,692	64,204	64,470
28 Nonpersonal	3,091	3,079	3,134	3,201	3,211	2,969	2,878	2,837	2,902	3,248	2,837
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	3,867	2,793	2,402	2,245	2,209	2,166	2,041	2,086	1,943	1,780	1,882
30 92 to 182 days	17,345	12,946	12,276	11,987	11,913	11,793	12,084	11,953	11,707	11,245	11,456
31 183 days to 1 year	21,780	17,426	17,928	18,123	18,509	18,753	19,336	19,979	20,277	21,051	20,975
32 More than 1 year to 2½ years	18,442	16,546	17,287	17,519	17,999	17,842	20,460	21,870	22,648	23,445	24,026
33 More than 2½ years	18,845	20,464	21,923	21,624	21,687	21,600	21,888	22,275	22,446	22,671	22,830
34 IRA and Keogh plan accounts	21,713	19,356	19,532	19,550	19,532	19,325	19,802	20,099	20,221	20,388	20,464

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 425 commercial banks and 75 savings banks on the last day of each month. Data are not seasonally adjusted and include IRA and Keogh deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. As of October 31, 1994, interest rate data for NOW accounts and savings deposits reflect a series break caused by a change in the survey used to collect these data.

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of deposit	1992[2]	1993[2]	1994[2]	1994			1995		
				Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	313,128.1	334,245.6	367,129.2	352,375.9	369,211.3	371,048.0	370,353.2	384,428.6	394,340.0
2 Major New York City banks	165,447.7	171,227.3	191,169.8	179,396.2	186,350.6	187,955.6	183,457.9	195,127.7	197,655.9
3 Other banks	147,680.4	163,018.3	175,959.4	172,979.7	182,860.7	183,092.4	186,895.3	189,300.9	196,684.1
4 Other checkable deposits[4]	3,780.3	3,467.1	3,831.4	3,896.7	4,116.4	4,199.0	4,001.8	3,901.2	4,037.1
5 Savings deposits (including MMDAs)[5]	3,309.1	3,508.8	3,737.1	3,639.6	3,835.7	4,033.1	3,930.3	3,994.4	3,893.8
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	825.9	785.3	813.0	783.6	826.5	820.6	822.2	857.6	882.4
7 Major New York City banks	4,795.3	4,198.1	4,481.6	4,414.6	4,544.7	4,490.8	4,338.4	4,662.0	4,753.8
8 Other banks	428.7	423.6	430.3	422.9	450.7	446.3	457.9	465.8	485.2
9 Other checkable deposits[4]	14.4	11.8	12.8	13.0	13.9	14.2	13.6	13.3	13.9
10 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	4.8	5.1	5.4	5.4	5.5	5.4
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	313,344.9	334,354.6	367,218.8	352,548.5	359,229.9	384,218.7	369,313.9	356,060.3	413,260.4
12 Major New York City banks	165,595.0	171,283.5	191,226.1	181,406.6	184,656.3	194,120.1	181,602.7	181,697.8	209,255.5
13 Other banks	147,749.9	163,071.0	175,992.8	171,141.8	174,573.5	190,098.6	187,711.1	174,362.5	204,004.9
14 Other checkable deposits[4]	3,783.6	3,467.5	3,827.9	3,797.1	3,845.9	4,365.1	4,345.0	3,594.2	4,076.1
15 Savings deposits (including MMDAs)[5]	3,310.0	3,509.5	3,734.9	3,472.2	3,640.4	4,244.8	4,108.6	3,615.5	3,994.0
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	826.1	785.4	813.8	774.5	785.9	814.9	803.0	812.8	948.5
17 Major New York City banks	4,803.5	4,197.9	4,490.3	4,435.8	4,391.6	4,343.4	4,128.1	4,334.9	5,145.1
18 Other banks	428.8	423.8	430.6	413.1	420.6	445.4	451.3	440.1	516.4
19 Other checkable deposits[4]	14.4	11.8	12.7	12.9	13.0	14.5	14.4	12.3	14.0
20 Savings deposits (including MMDAs)[5]	4.7	4.6	4.9	4.6	4.8	5.7	5.6	5.0	5.6

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

2. Annual averages of monthly figures.

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

4. As of January 1994, other checkable deposits (OCDs), previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.

5. Money market deposit accounts.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994	1994		1995[r]					1995			
	May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	May 10	May 17	May 24	May 31
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,209.9[r]	3,297.7[r]	3,316.1	3,349.0	3,362.5	3,385.7	3,425.5	3,451.8	3,449.1	3,441.2	3,455.6	3,467.1
2 Securities in bank credit	966.5[r]	951.4	947.0[r]	945.5	937.3	939.9	952.9	949.9	949.1	946.6	951.4	952.0
3 U.S. government securities	751.6	724.3	720.2	721.8	716.9	704.5	704.5	707.3	704.9	705.2	709.0	711.3
4 Other securities	214.9[r]	227.2[r]	226.8[r]	223.7	220.4	235.4	248.4	242.6	244.2	241.5	242.4	240.7
5 Loans and leases in bank credit[2]	2,243.4	2,346.2	2,369.1	2,403.5	2,425.2	2,445.8	2,472.6	2,501.9	2,500.0	2,494.5	2,504.1	2,515.2
6 Commercial and industrial	608.0	639.6	644.6	657.6	669.5	673.0	681.9	690.1	690.0	690.0	690.5	691.0
7 Real estate	951.2	991.6	999.8	1,015.1	1,022.8	1,028.4	1,036.0	1,040.4	1,039.1	1,039.3	1,041.3	1,042.3
8 Revolving home equity	73.5	75.7	76.2	76.7	77.0	77.2	77.9	78.7	78.4	78.6	78.8	79.0
9 Other	877.7	915.8	923.6	938.4	945.8	951.2	958.1	961.7	960.7	960.7	962.6	963.3
10 Consumer	412.2	445.8	452.2	457.5	459.6	465.1	471.0	472.7	471.8	471.3	472.3	475.5
11 Security[3]	78.1	69.7	70.9	68.6	67.8	69.7	73.2	84.5	85.5	81.2	86.2	88.1
12 Other	193.9	199.6	201.6	204.6	205.5	209.6	210.5	214.2	213.5	212.8	213.9	218.3
13 Interbank loans[4]	157.2	172.3	175.0	179.0	177.8	180.2	178.7	184.0	186.2	178.9	191.2	182.3
14 Cash assets[5]	216.7[r]	206.0[r]	209.0[r]	219.4	215.9	207.0	208.5	211.1	210.0	207.2	211.9	217.7
15 Other assets[6]	225.1[r]	221.0[r]	227.4[r]	237.1	242.5	244.4	253.3	252.4	252.0	253.1	248.3	254.7
16 **Total assets**[7]	**3,751.7[r]**	**3,840.7**	**3,871.4**	**3,927.7**	**3,942.2**	**3,960.9**	**4,009.0**	**4,042.2**	**4,040.3**	**4,023.4**	**4,049.8**	**4,064.9**
Liabilities												
17 Deposits	2,515.8	2,522.6	2,528.7	2,544.0	2,547.2	2,548.1	2,556.7	2,570.8	2,567.4	2,563.7	2,576.5	2,579.9
18 Transaction	812.1	797.7	797.6	808.6	804.9	795.5	791.2	788.4	789.5	783.0	792.2	790.1
19 Nontransaction	1,703.7	1,724.9	1,731.1	1,735.4	1,742.3	1,752.6	1,765.5	1,782.4	1,778.0	1,780.6	1,784.3	1,789.8
20 Large time	337.0	358.3	361.4	365.8	373.0	379.3	385.1	388.9	387.5	389.2	388.4	390.8
21 Other	1,366.7	1,366.6	1,369.7	1,369.6	1,369.3	1,373.3	1,380.5	1,393.5	1,390.4	1,391.4	1,395.9	1,399.0
22 Borrowings	571.1[r]	591.9[r]	607.9[r]	641.9	644.2	649.2	674.2	679.6	690.8	671.5	676.3	681.1
23 From banks in the U.S.	157.1	169.3	176.8	181.1	178.5	182.0	181.5	183.5	185.0	178.3	192.6	180.9
24 From nonbanks in the U.S.	414.1[r]	422.6[r]	431.1[r]	460.8	465.7	467.3	492.7	496.1	505.8	493.1	483.8	500.2
25 Net due to related foreign offices	178.2	213.5	225.6	244.8	252.5	241.3	234.9	240.0	234.1	237.7	250.0	241.6
26 Other liabilities[8]	177.0[r]	176.0[r]	179.8[r]	174.3	178.2	195.7	217.5	214.0	217.0	211.9	208.6	215.3
27 **Total liabilities**	**3,442.2[r]**	**3,504.0[r]**	**3,542.0**	**3,605.0**	**3,622.0**	**3,634.4**	**3,683.4**	**3,704.4**	**3,709.4**	**3,684.8**	**3,711.4**	**3,717.9**
28 Residual (assets less liabilities)[9]	309.5[r]	336.7[r]	329.4	322.7	320.1	326.5	325.6	337.8	331.0	338.6	338.4	347.0
	Not seasonally adjusted											
Assets												
29 Bank credit	3,201.6[r]	3,306.2[r]	3,332.1[r]	3,345.1	3,358.3	3,386.2	3,426.7	3,443.0	3,441.7	3,433.8	3,434.6	3,462.2
30 Securities in bank credit	966.7[r]	952.9[r]	942.3[r]	939.5	936.0	947.7	959.6	950.9	953.2	947.2	948.0	953.3
31 U.S. government securities	750.9[r]	725.3	719.1	715.7	712.5	709.5	708.8	706.5	705.2	704.7	706.1	709.4
32 Other securities	215.8[r]	227.6[r]	223.2	223.8	223.5	238.1	250.7	244.5	248.0	242.4	241.8	243.9
33 Loans and leases in bank credit[2]	2,234.9	2,353.3	2,389.8	2,405.5	2,422.3	2,438.6	2,467.2	2,492.1	2,488.5	2,486.6	2,486.7	2,508.9
34 Commercial and industrial	610.7	639.7	645.3	654.3	668.1	676.2	686.3	693.2	693.9	692.8	691.8	693.9
35 Real estate	949.8	996.3	1,006.2	1,013.4	1,018.9	1,023.5	1,031.8	1,038.7	1,037.9	1,038.0	1,039.0	1,040.8
36 Revolving home equity	73.4	76.1	76.3	76.6	76.6	76.5	77.4	78.5	78.3	78.5	78.6	78.8
37 Other	876.4	920.2	930.0	936.8	942.3	947.1	954.5	960.2	959.6	959.6	960.4	962.0
38 Consumer	410.9	446.0	457.2	462.2	460.8	461.6	467.8	471.2	470.0	470.3	470.8	473.8
39 Security[3]	73.2	71.3	75.5	70.8	71.0	70.9	74.0	78.9	78.5	77.1	78.2	82.5
40 Other	190.3	200.0	205.6	204.7	203.5	206.3	207.2	210.0	208.2	208.4	206.9	217.9
41 Interbank loans[4]	152.3	173.9	185.7	185.9	179.9	178.4	178.3	178.6	179.5	173.6	181.8	180.6
42 Cash assets[5]	214.5[r]	212.5[r]	222.9[r]	224.8	212.6	201.3	204.8	208.6	199.7	200.3	196.8	238.4
43 Other assets[6]	224.2[r]	223.7[r]	233.2[r]	236.9	240.2	239.6	248.7	251.6	253.4	251.1	243.4	256.3
44 **Total assets**[7]	**3,735.5[r]**	**3,859.7**	**3,917.3**	**3,936.3**	**3,934.3**	**3,948.9**	**4,001.8**	**4,024.7**	**4,017.2**	**4,001.7**	**3,999.5**	**4,080.5**
Liabilities												
45 Deposits	2,506.4	2,537.7	2,561.5	2,547.9	2,537.9	2,538.4	2,559.7	2,561.8	2,552.4	2,551.5	2,538.8	2,603.3
46 Transaction	800.8	811.9	833.3	818.9	796.0	783.3	796.1	777.2	771.3	769.0	753.1	809.2
47 Nontransaction	1,705.6	1,725.8	1,728.2	1,729.0	1,741.9	1,755.0	1,763.6	1,784.6	1,781.1	1,782.5	1,785.7	1,794.2
48 Large time	340.8	357.5	360.0[r]	362.6	373.2	380.5	383.7	393.1	391.7	393.5	394.1	395.1
49 Other	1,364.8	1,368.4[r]	1,368.3	1,366.4	1,368.6	1,374.5	1,380.0	1,391.5	1,389.5	1,389.0	1,391.6	1,399.1
50 Borrowings	562.5[r]	605.3[r]	620.6[r]	634.7	640.3	638.4	656.6	665.8	673.7	657.0	657.6	675.0
51 From banks in the U.S.	152.5	173.6	185.7	185.9	179.8	178.3	178.0	178.3	179.2	173.3	181.5	180.4
52 From nonbanks in the U.S.	410.1[r]	431.7[r]	434.8[r]	448.9	460.5	460.1	478.6	487.5	494.5	483.7	476.2	494.6
53 Net due to related foreign offices	182.0	213.2	230.3	251.4	249.5	245.2	237.4	246.0	236.0	245.6	258.8	247.0
54 Other liabilities[8]	175.1[r]	181.1[r]	182.8[r]	177.1	178.9	194.9	212.4	212.3	216.5	209.6	205.7	214.5
55 **Total liabilities**	**3,425.9[r]**	**3,537.4[r]**	**3,595.2**	**3,611.1**	**3,606.5**	**3,616.9**	**3,666.2**	**3,685.9**	**3,678.6**	**3,663.7**	**3,660.9**	**3,739.8**
56 Residual (assets less liabilities)[9]	309.6[r]	322.3	322.1	325.1	327.8	332.1	335.7	338.8	338.6	338.0	338.6	340.7

Footnotes appear on last page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]—Continued

Billions of dollars

	Account	Monthly averages								Wednesday figures			
		1994	1994		1995[r]					1995			
		May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	May 10	May 17	May 24	May 31
	DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
	Assets												
57	Bank credit	2,863.8[r]	2,950.0	2,966.0	2,997.5	3,001.0	3,020.0	3,052.3	3,073.9	3,065.2	3,066.2	3,081.7	3,088.2
58	Securities in bank credit	883.9[r]	871.1[r]	868.6	864.3	848.7	852.4	861.8	858.4	856.2	855.4	861.6	859.6
59	U.S. government securities	692 6	670.6	669.0	668.5	656.8	646.2	643.2	644.1	640.9	642.0	647.3	647.1
60	Other securities	191.3[r]	200.5[r]	199.6[r]	195.7	191.8	206.3	218.6	214.2	215.3	213.4	214.3	212.5
61	Loans and leases in bank credit[2]	1,979.9	2,079.0	2,097.4	2,133.2	2,152.3	2,167.6	2,190.5	2,215.5	2,209.0	2,210.7	2,220.1	2,228.6
62	Commercial and industrial	451.9	476.7	480.3	492.1	499.0	502.3	510.4	516.3	515.7	516.0	516.7	517.9
63	Real estate	907.4	950.2	958.7	974.6	982.7	988.8	997.3	1,002.3	1,001.0	1,001.3	1,003.5	1,004.3
64	Revolving home equity	73.5	75.7	76.2	76.7	77.0	77.2	77.9	78.7	78.4	78.6	78.8	79.0
65	Other	833.9	874.5	882.5	897.9	905.8	911.7	919.4	923.6	922.5	922.7	924.7	925.3
66	Consumer	412.2	445.8	452.2	457.5	459.6	465.1	471.0	472.7	471.8	471.3	472.3	475.5
67	Security[3]	51.0	46.0	45.4	45.5	46.5	45.9	45.4	54.0	51.7	52.3	57.3	57.7
68	Other	157.4	160.2	160.8	163.5	164.4	165.5	166.4	170.2	168.8	169.8	170.4	173.3
69	Interbank loans[4]	131.4	148.6	151.4	155.0	155.1	156.4	157.2	160.2	164.9	157.0	164.4	156.4
70	Cash assets[5]	188.6	181.5[r]	181.8[r]	192.2	190.1	180.9	181.2	181.5	180.2	177.0	181.9	188.5
71	Other assets[6]	173.0[r]	167.2[r]	167.7[r]	171.9	173.4	168.1	165.6	164.5	164.0	165.6	164.2	164.6
72	**Total assets[7]**	**3,299.7[r]**	**3,391.1**	**3,410.8**	**3,459.7**	**3,463.2**	**3,469.1**	**3,499.2**	**3,523.1**	**3,517.4**	**3,508.8**	**3,535.1**	**3,540.7**
	Liabilities												
73	Deposits	2,371.3	2,367.8	2,370.8	2,390.3	2,395.7	2,393.9	2,396.1	2,406.8	2,403.2	2,400.6	2,413.3	2,413.1
74	Transaction	801.8	787.8	787.3[r]	798.6	794.6	784.8	780.8	778.2	779.2	773.7	782.0	779.2
75	Nontransaction	1,569.5	1,580.0	1,583.5	1,591.7	1,601.0	1,609.1	1,615.3	1,628.6	1,624.1	1,626.9	1,631.3	1,634.0
76	Large time	207.6	217.3	218.7	226.1	235.2	239.7	240.8	243.1	242.3	243.9	243.6	242.6
77	Other	1,361.9	1,362.7	1,364.8	1,365.6	1,365.9	1,369.3	1,374.4	1,385.5	1,381.8	1,383.1	1,387.7	1,391.4
78	Borrowings	468.3[r]	492.3[r]	506.8[r]	541.8	540.8	538.4	561.5	566.6	568.2	561.0	572.1	568.0
79	From banks in the U.S.	138.0	154.2	162.3	164.6	161.5	164.4	162.5	163.2	161.3	159.4	174.5	159.7
80	From nonbanks in the U.S.	330.2[r]	338.0[r]	344.5[r]	377 2	379.3	374.0	399.0	403.5	406.9	401.6	397.6	408.3
81	Net due to related foreign offices	26.9	66.4	77.4	91.5	87.9	85.2	82.3	84.3	84.5	84.3	86.9	82.2
82	Other liabilities[8]	133.8[r]	131.8[r]	127.9[r]	119.5	120.6	130.6	141.9	137.5	139.2	136.0	134.8	138.7
83	**Total liabilities**	**3,000.2[r]**	**3,058.3[r]**	**3,083.0**	**3,143.1**	**3,145.0**	**3,148.1**	**3,181.8**	**3,195.2**	**3,195.2**	**3,181.9**	**3,207.0**	**3,202.0**
84	Residual (assets less liabilities)[9]	299.4[r]	332.8[r]	327.8	316.7	318.2	321.0	317.4	327.9	322.2	326 9	328.1	338.7
		Not seasonally adjusted											
	Assets												
85	Bank credit	2,862.0[r]	2,958.1	2,973.6	2,988.5	2,996.4	3,019.3	3,056.5	3,072.3	3,065.6	3,065.7	3,070.3	3,089.5
86	Securities in bank credit	885.5[r]	871.7[r]	862.3	856.8	847.8	859.2	869.6	860.8	860.7	857.7	860.1	862.6
87	U.S. government securities	693.4	670.4	665.9	661.0	653.7	650.5	648.6	645.0	642.4	643.6	646.3	647.4
88	Other securities	192.1[r]	201.3[r]	196.5[r]	195.8	194.1	208.7	221.1	215.8	218.3	214.2	213.8	215.2
89	Loans and leases in bank credit[2]	1,976.4	2,086.5	2,111.3	2,131.6	2,148.5	2,160.1	2,186.9	2,211.5	2,204.9	2,208.0	2,210.1	2,226.8
90	Commercial and industrial	455.3	476.9	480.1[r]	488.5	498.5	505.1	514.7	520.1	520.4	519.7	519.2	521.1
91	Real estate	906.1	954.9	965.1	973.0	978.8	983.9	993.4	1,000.7	999.7	1,000.1	1,001.3	1,003.0
92	Revolving home equity	73.4	76.1	76.2	76.6	76.6	76.5	77.3	78.5	78.3	78.5	78.6	78.8
93	Other	832.8	878.8	888.9	896.4	902.1	907.5	916.1	922.2	921.4	921.6	922.7	924.2
94	Consumer	410.9	446.0	457.2	462.2	460.8	461.6	467.8	471.2	470.0	470.3	470.8	473.8
95	Security[3]	49.0	47.2	45.9	44.9	47.8	46.6	46.8	51.9	49.4	51.1	52.9	55.4
96	Other	155.2	161.5	163.1	162.9	162.6	163.0	164.3	167.6	165.4	166.8	165.8	173.5
97	Interbank loans[4]	126.8	150.3	159.7	160.4	158.1	155.8	157.0	155.3	158.3	151.8	154.7	156.6
98	Cash assets[5]	187.6	188.0	195.5[r]	198.0	187.7	175.9	178.3	180.3	171.4	171.8	168.5	210.0
99	Other assets[6]	172.3[r]	168.9[r]	170.0[r]	171.3	171.2	165.1	163.2	163.8	164.4	163.9	160.2	166.4
100	**Total assets[7]**	**3,291.5[r]**	**3,408.9**	**3,442.3**	**3,461.8**	**3,456.8**	**3,459.6**	**3,498.3**	**3,514.7**	**3,502.7**	**3,496.2**	**3,496.6**	**3,565.5**
	Liabilities												
101	Deposits	2,359.9	2,384.5[r]	2,403.7	2,394.6	2,385.7	2,382.2	2,400.2	2,395.8	2,387.1	2,386.9	2,372.8	2,433.7
102	Transaction	790.9	802.0	822.8	808.7	785.8	773.1	786.1	767.5	761.7	760.2	743.5	798.5
103	Nontransaction	1,569.0	1,582.5	1,580.9	1,585.9	1,599.9	1,609.1	1,614.2	1,628.3	1,625.4	1,626.7	1,629.3	1,635.2
104	Large time	208.9	217.5	217.1	224.0	235.4	238.6	240.2	244.7	244.2	245.3	245.8	244.0
105	Other	1,360.1	1,365.0	1,363.8	1,361.9	1,364.5	1,370.6	1,374.0	1,383.6	1,381.2	1,381.3	1,383.5	1,391.1
106	Borrowings	462.9[r]	505.9[r]	518.1[r]	535.5	539.3	529.3	544.1	557.1	554.8	552.4	558.7	565.5
107	From banks in the U.S.	135.3	158.0	169.8	168.8	163.2	160.7	160.1	159.9	158.0	156.5	165.9	159.9
108	From nonbanks in the U.S.	327.6[r]	348.0[r]	348.4[r]	366.7	376.1	368.6	384.0	397.3	396.9	396.0	392.8	405.6
109	Net due to related foreign offices	32.4	64.9	74.3	90.2	88.7	90.1	84.6	92.6	90.0	90.7	99.4	92.9
110	Other liabilities[8]	131.8[r]	136.2[r]	129.1[r]	121.3	120.3	131.0	138.9	135.5	137.3	133.3	132.3	137.9
111	**Total liabilities**	**2,987.0[r]**	**3,091.5[r]**	**3,125.2**	**3,141.6**	**3,134.0**	**3,132.6**	**3,167.8**	**3,181.0**	**3,169.3**	**3,163.3**	**3,163.1**	**3,229.9**
112	Residual (assets less liabilities)[9]	304.5[r]	317.3	317.1	320.2	322.9	326.9	330.5	333.7	333.4	332.9	333.5	335.6

Footnotes appear on following page.

NOTES TO TABLE 1.26

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks; New York State investment companies, and Edge Act and agreement corporations (foreign-related institutions). Excludes international banking facilities. Data are Wednesday values, or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

2. Excludes federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

3. Consists of reserve repurchase agreements with broker-dealers and loans to purchase and carry securities.

4. Consists of federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

5. Includes vault cash, cash items in process of collection, demand balances due from depository institutions in the United States, balances due from Federal Reserve Banks, and other cash assets.

6. Excludes the due-from position with related foreign offices, which is included in lines 25, 53, 81, and 109.

7. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

8. Excludes the due-to position with related foreign offices, which is included in lines 25, 53, 81, and 109.

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

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1995								
	Apr. 5	Apr. 12[r]	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
ASSETS									
1 Cash and balances due from depository institutions	106,557	110,336	112,903	114,476	110,882	106,287	106,818	105,225	132,854
2 U.S. Treasury and government securities	298,336	297,192	295,545	292,260	294,122	291,243	295,674	298,499	303,390
3 Trading account	23,809	22,272	22,663	21,814	21,656	20,644	22,787	22,872	24,832
4 Investment account	274,527	274,920	272,882	270,445	272,467	270,599	272,888	275,627	278,558
5 Mortgage-backed securities[1]	93,315[r]	92,659	93,228	93,568	94,065	94,475	93,892	96,006	97,134
All others, by maturity									
6 One year or less	47,576[r]	47,671	46,996	46,383	47,852	46,735	47,223	46,417	46,704
7 One year through five years	71,747[r]	72,938	71,699	69,991	69,271	69,144	71,329	71,843	72,804
8 More than five years	61,889[r]	61,653	60,959	60,504	61,280	60,245	60,443	61,361	61,915
9 Other securities	132,283[r]	135,344	139,257[r]	134,516[r]	133,896	133,226	128,836	128,507	129,902
10 Trading account	1,323	1,341	1,348	1,469	1,575	1,475	1,313	1,277	1,392
11 Investment account	60,585	60,920	60,830	60,538	60,818	61,853	62,240	62,610	63,011
12 State and local government, by maturity	20,287	20,262	20,264	20,145	20,007	20,867	20,878	20,898	21,055
13 One year or less	5,583[r]	5,550	5,542	5,549	5,554	5,537	5,552	5,562	5,607
14 More than one year	14,705[r]	14,712	14,722	14,595	14,452	15,330	15,326	15,336	15,449
15 Other bonds, corporate stocks, and securities	40,298	40,658	40,566	40,393	40,811	40,986	41,361	41,712	41,955
16 Other trading account assets	70,375[r]	73,082	77,079[r]	72,510[r]	71,503	69,898	65,284	64,620	65,499
17 Federal funds sold[2]	98,015	103,134	99,747	106,922	105,209	109,162	104,452	108,442	110,584
18 To commercial banks in the United States	65,849	71,025	66,270	74,419	70,158	72,949	66,393	70,194	67,921
19 To nonbank brokers and dealers in securities	25,906	25,685	27,676	26,035	29,294	29,752	31,392	32,003	32,484
20 To others[3]	6,260	6,424	5,801	6,467	5,756	6,461	6,666	6,245	10,179
21 Other loans and leases, gross	1,196,257[r]	1,195,824	1,203,945	1,203,507	1,208,744	1,208,417	1,207,698	1,210,259	1,224,565
22 Commercial and industrial	336,908[r]	337,461	340,405[r]	341,644[r]	344,001	343,875	342,993	342,298	344,213
23 Bankers acceptances and commercial paper	1,834	1,969	2,103	2,015	1,965	2,022	1,733	1,748	1,786
24 All other	335,074[r]	335,492	338,302[r]	339,629[r]	342,035	341,853	341,260	340,550	342,427
25 U.S. addressees	332,711[r]	333,211	335,831[r]	337,130[r]	339,389	339,224	338,618	337,814	339,738
26 Non-U.S. addressees	2,363[r]	2,281	2,471[r]	2,500[r]	2,646	2,629	2,643	2,736	2,689
27 Real estate loans	471,810[r]	473,274	474,319[r]	475,267[r]	476,831	477,893	477,338	477,632	481,264
28 Revolving, home equity	46,725[r]	46,843	47,152[r]	47,321[r]	47,726	47,858	47,928	47,948	48,555
29 All other	425,085[r]	426,431	427,167[r]	427,946[r]	429,105	430,035	429,410	429,684	432,709
30 To individuals for personal expenditures	239,410[r]	239,657	240,097	239,706	241,477	240,331	240,701	241,270	244,520
31 To depository and financial institutions	57,211[r]	56,927	57,356	56,160	55,470	56,508	55,497	57,241	57,808
32 Commercial banks in the United States	37,501	37,172	37,386	36,390	35,462	35,758	35,395	36,778	37,083
33 Banks in foreign countries	2,775[r]	3,084	3,291	3,191	2,873	3,346	3,114	3,446	3,144
34 Nonbank depository and other financial institutions	16,934	16,671	16,679	16,579	17,135	17,404	16,988	17,017	17,580
35 For purchasing and carrying securities	13,314	13,628	16,397	15,551	14,183	14,410	14,439	15,735	17,550
36 To finance agricultural production	6,222	6,248	6,329	6,278	6,317	6,284	6,373	6,396	6,500
37 To states and political subdivisions	11,243	11,206	11,082	11,039	11,128	11,091	11,161	11,053	11,139
38 To foreign governments and official institutions	916[r]	937	886	1,020	904	890	941	930	1,040
39 All other loans[4]	26,030[r]	23,189	23,705[r]	23,374[r]	24,734	23,342	24,337	23,680	26,013
40 Lease-financing receivables	33,192	33,298	33,370	33,469	33,699	33,793	33,919	34,025	34,517
41 LESS: Unearned income	1,630	1,648	1,644	1,648	1,632	1,640	1,630	1,667	1,646
42 Loan and lease reserve[5]	34,311	34,354	34,406	34,276	34,546	34,534	34,527	34,512	34,490
43 Other loans and leases, net	1,160,316[r]	1,159,821	1,167,895	1,167,583	1,172,566	1,172,243	1,171,541	1,174,080	1,188,429
44 All other assets	136,501[r]	135,598	136,759	131,783	134,431	134,373	135,016	130,184	135,214
45 **Total assets**[6]	**1,932,007[r]**	**1,941,425**	**1,952,106[r]**	**1,947,540[r]**	**1,951,105**	**1,946,533**	**1,942,338**	**1,944,939**	**2,000,373**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1995								
	Apr. 5	Apr. 12[r]	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
LIABILITIES									
46 Deposits	1,164,379[r]	1,164,927	1,161,166[r]	1,141,046[r]	1,157,987	1,145,821	1,147,480	1,137,953	1,184,022
47 Demand deposits[7]	295,580[r]	294,686	293,972[r]	285,048[r]	293,518	282,000	284,993	278,505	315,230
48 Individuals, partnerships, and corporations	251,565[r]	249,949	246,558[r]	237,814[r]	247,812	239,647	243,584	236,211	264,974
49 Other holders	44,015	44,736	47,414[r]	47,234[r]	45,705	42,353	41,409	42,294	50,257
50 States and political subdivisions	8,112	7,973	8,243	8,612	9,301	7,788	7,695	8,127	8,473
51 U.S. government	2,270	2,482	4,670	3,453	2,131	1,638	1,595	1,719	1,919
52 Depository institutions in the United States	19,337	18,809	19,496	18,778	19,692	17,613	17,401	17,871	22,489
53 Banks in foreign countries	4,565	4,797	4,784	5,688	5,264	5,818	5,139	5,376	5,880
54 Foreign governments and official institutions	646	795	744	775	623	633	633	581	866
55 Certified and officers' checks	9,086	9,881	9,477[r]	9,928[r]	8,694	8,863	8,947	8,619	10,629
56 Transaction balances other than demand deposits[4]	131,298[r]	130,535	132,117[r]	123,819	123,845	120,684	119,760	115,252	114,653
57 Nontransaction balances	737,501[r]	739,706	735,076	732,179	740,625	743,138	742,727	744,196	754,139
58 Individuals, partnerships, and corporations	714,134[r]	716,262	711,875	708,186	716,864	718,753	719,002	720,480	730,137
59 Other holders	23,367	23,444	23,202	23,993	23,761	24,384	23,725	23,715	24,002
60 States and political subdivisions	19,443	19,554	19,507	19,921	19,730	20,055	19,817	19,792	20,251
61 U.S. government	2,155	2,155	2,080	2,136	2,038	2,059	2,022	2,033	2,001
62 Depository institutions in the United States	1,360	1,333	1,309	1,625	1,682	1,959	1,575	1,577	1,439
63 Foreign governments, official institutions, and banks	409	402	305	311	311	311	312	313	312
64 Liabilities for borrowed money[5]	382,239[r]	387,871	399,449[r]	400,249[r]	395,920	401,188	400,292	405,609	412,421
65 Borrowings from Federal Reserve Banks	0	0	0	0	15	0	0	0	0
66 Treasury tax and loan notes	6,904	3,840	23,726[r]	18,832[r]	22,834	17,446	10,968	6,929	14,539
67 Other liabilities for borrowed money[6]	375,335[r]	384,031	375,723[r]	381,417[r]	373,072	383,743	389,324	398,680	397,882
68 Other liabilities (including subordinated notes and debentures)	206,343[r]	209,140	211,108[r]	226,176[r]	215,570	216,551	212,088	218,617	219,431
69 **Total liabilities**	**1,752,961[r]**	**1,761,937**	**1,771,722[r]**	**1,767,471[r]**	**1,769,477**	**1,763,560**	**1,759,860**	**1,762,179**	**1,815,874**
70 Residual (total assets less total liabilities)[7]	179,047	179,488	180,383[r]	180,070[r]	181,628	182,973	182,477	182,760	184,498
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,621,541[r]	1,623,297	1,634,837[r]	1,626,396[r]	1,636,351	1,633,340	1,634,872	1,638,736	1,663,436
72 Time deposits in amounts of $100,000 or more	105,092[r]	107,014	107,627[r]	107,312	108,470	108,823	108,969	108,585	108,075
73 Loans sold outright to affiliates[9]	551	551	549	560	563	562	562	564	561
74 Commercial and industrial	294	294	294	294	294	294	294	294	292
75 Other	257	257	255	265	269	268	268	270	268
76 Foreign branch credit extended to U.S. residents[10]	24,045[r]	24,251	24,537[r]	24,848[r]	24,941	24,875	25,019	25,487	25,334
77 Net owed to related institutions abroad	73,383	74,935	76,401	95,124	82,624	85,809	86,410	95,627	89,030

1. Includes certificates of participation, issued or guaranteed by agencies of the U.S. government, in pools of residential mortgages.
2. Includes securities purchased under agreements to resell.
3. Includes allocated transfer risk reserve.
4. Includes negotiable order of withdrawal (NOWs) and automatic transfer service (ATS) accounts, and telephone and preauthorized transfers of savings deposits.
5. Includes borrowings only from other than directly related institutions.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
8. Excludes loans to and federal funds transactions with commercial banks in the United States.
9. Affiliates include a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses.

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS
Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1995								
	Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
ASSETS									
1 Cash and balances due from depository institutions	15,347	15,749	16,344	16,931	16,471	17,304	17,510	17,439	17,434
2 U.S. Treasury and government agency securities	41,343	40,286	41,367	41,621	42,244	43,003	42,016	41,271	42,557
3 Other securities	14,448	14,667	14,214	13,526	13,754	14,124	13,495	13,441	13,683
4 Federal funds sold[1]	25,310	25,125	30,719	33,538	30,457	30,648	27,013	28,182	29,208
5 To commercial banks in the United States	4,511	3,223	5,582	7,614	5,653	5,577	5,919	8,737	7,301
6 To others[2]	20,799	21,902	25,136	25,924	24,804	25,071	21,094	19,445	21,908
7 Other loans and leases, gross	169,261r	168,887r	170,245r	170,638	170,136	170,579	171,101	171,675	172,421
8 Commercial and industrial	109,635r	109,775	109,974r	110,114r	110,855	110,926	111,058	111,219	110,709
9 Bankers acceptances and commercial paper	3,101	3,371	3,171	3,080	3,010	2,993	2,882	3,133	2,889
10 All other	106,534r	106,404	106,803r	107,035r	107,845	107,932	108,176	108,086	107,821
11 U.S. addressees	101,893r	101,752	102,096r	102,179r	103,089	103,240	103,467	103,249	102,926
12 Non-U.S. addressees	4,641	4,652	4,707	4,856	4,756	4,692	4,709	4,837	4,894
13 Loans secured by real estate	23,989r	24,003r	23,859r	23,845	23,887	23,770	23,689	23,645	23,593
14 Loans to depository and financial institutions	27,385	26,850	27,609r	28,098r	27,374	27,080	27,364	27,215	27,389
15 Commercial banks in the United States	5,904	5,421	5,096	5,092	4,847	4,866	4,892	4,659	4,561
16 Banks in foreign countries	2,113	1,976	2,281	2,321	2,143	2,321	2,229	2,169	2,312
17 Nonbank financial institutions	19,368	19,453	20,233r	20,685r	20,385	19,893	20,244	20,387	20,516
18 For purchasing and carrying securities	3,672	3,673	4,333	4,149	3,790	4,319	4,728	5,239	6,150
19 To foreign governments and official institutions	409	393	390	378	378	392	370	381	386
20 All other	4,172	4,193	4,079	4,054	3,852	4,092	3,891	3,975	4,194
21 Other assets (claims on nonrelated parties)	59,555	59,905	60,926	61,854	66,451	64,055	62,929	60,016	64,808
22 **Total assets**[3]	**350,751r**	**349,151r**	**360,399r**	**366,163**	**366,650**	**366,837**	**360,648**	**359,141**	**371,230**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	97,136	97,250	100,133	103,948	101,206	102,503	102,604	104,349	107,080
24 Demand deposits[4]	3,944	3,959	3,643	3,837	3,649	3,521	3,158	3,637	4,224
25 Individuals, partnerships, and corporations	3,124	2,843	2,737	2,737	2,901	2,607	2,493	2,910	3,336
26 Other	820	1,116	906	1,100	748	914	665	727	888
27 Nontransaction accounts	93,193	93,291	96,490	100,111	97,557	98,982	99,447	100,712	102,856
28 Individuals, partnerships, and corporations	63,386	64,273	64,993	67,915	66,013	67,268	67,433	69,136	69,367
29 Other	29,807	29,018	31,497	32,195	31,543	31,714	32,013	31,576	33,489
30 Borrowings from other than directly related institutions	82,352	83,544	86,578	86,186	87,436	89,659	78,864	75,769	84,257
31 Federal funds purchased[5]	43,191	45,198	47,317	46,431	48,634	50,613	43,972	41,832	48,118
32 From commercial banks in the United States	9,387	7,791	8,852	7,731	8,375	11,844	8,372	7,559	11,919
33 From others	33,804	37,407	38,465	38,700	40,259	38,768	35,600	34,272	36,199
34 Other liabilities for borrowed money	39,161	38,345	39,261	39,755	38,802	39,046	34,892	33,938	36,139
35 To commercial banks in the United States	6,473	6,281	6,235	5,860	5,535	5,655	5,378	4,715	5,046
36 To others	32,689	32,064	33,026	33,895	33,267	33,391	29,514	29,223	31,093
37 Other liabilities to nonrelated parties	55,870r	55,145r	57,361r	57,471	61,932	60,918	58,974	57,131	59,972
38 **Total liabilities**[6]	**350,751r**	**349,151r**	**360,399r**	**366,163**	**366,650**	**366,837**	**360,648**	**359,141**	**371,230**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	239,947r	240,321r	245,866r	246,616	246,091	247,910	242,813	241,173	246,008
40 Net owed to related institutions abroad	89,906r	88,679r	89,742r	90,503	88,939	86,632	93,621	94,775	88,803

1. *Includes securities purchased under agreements to resell.*
2. Includes transactions with nonbank brokers and dealers in securities.
3. For U.S. branches and agencies of foreign banks having a net "due from" position, includes net due from related institutions abroad.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. For U.S. branches and agencies of foreign banks having a net "due to" position, includes net owed to related institutions abroad.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1994		1995			
	1990	1991	1992	1993	1994	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**562,656**	**528,832**	**545,619**	**555,075**	**595,382**	**580,510**	**595,382**	**612,554**	**619,150**	**633,324[r]**	**651,128**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	214,706	212,999	226,456	218,947	223,038	215,733	223,038	231,318	232,231	243,949[r]	252,846
3 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	200,036	182,463	171,605	180,389	207,701	203,584	207,701	215,423	218,570	218,269	219,281
5 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	147,914	133,370	147,558	155,739	164,643	161,193	164,643	165,813	168,349	171,106	179,001
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**54,771**	**43,770**	**38,194**	**32,348**	**29,835**	**29,760**	**29,835**				
By holder											
8 Accepting banks	9,017	11,017	10,555	12,421	11,783	11,689	11,783				
9 Own bills	7,930	9,347	9,097	10,707	10,462	10,548	10,462				
10 Bills bought from other banks	1,087	1,670	1,458	1,714	1,321	1,142	1,321				
Federal Reserve Banks[7]											
11 Foreign correspondents	918	1,739	1,276	725	410	234	410	n.a.	n.a.	n.a.	n.a.
12 Others	44,836	31,014	26,364	19,202	17,642	17,836	17,642				
By basis											
13 Imports into United States	13,095	12,843	12,209	10,217	10,062	10,272	10,062				
14 Exports from United States	12,703	10,351	8,096	7,293	6,355	6,688	6,355				
15 All other	28,973	20,577	17,890	14,838	13,417	12,800	13,417				

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January. Beginning January 1995, data for Bankers dollar acceptances will be reported annually in September.
7. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1992—Jan. 1	6.50	1992	6.25	1993—Jan.	6.00	1994—Jan.	6.00
July 2	6.00	1993	6.00	Feb.	6.00	Feb.	6.00
		1994	7.15	Mar.	6.00	Mar.	6.06
1994—Mar. 24	6.25			Apr.	6.00	Apr.	6.45
Apr. 19	6.75	1992—Jan.	6.50	May	6.00	May	6.99
May 17	7.25	Feb.	6.50	June	6.00	June	7.25
Aug. 16	7.75	Mar.	6.50	July	6.00	July	7.25
Nov. 15	8.50	Apr.	6.50	Aug.	6.00	Aug.	7.51
		May	6.50	Sept.	6.00	Sept.	7.75
1995—Feb. 1	9.00	June	6.50	Oct.	6.00	Oct.	7.75
July 7	8.75	July	6.02	Nov.	6.00	Nov.	8.15
		Aug.	6.00	Dec.	6.00	Dec.	8.50
		Sept.	6.00				
		Oct.	6.00			1995—Jan.	8.50
		Nov.	6.00			Feb.	9.00
		Dec.	6.00			Mar.	9.00
						Apr.	9.00
						May	9.00
						June	9.00

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

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

Item	1992	1993	1994	1995				1995, week ending				
				Feb.	Mar.	Apr.	May	Apr. 28	May 5	May 12	May 19	May 26
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.52	3.02	4.21	5.92	5.98	6.05	6.01	5.99	6.05	6.00	6.02	5.99
2 Discount window borrowing[2,4]	3.25	3.00	3.60	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Commercial paper[3,5,6]												
3 1-month	3.71	3.17	4.43	6.05	6.07	6.06	6.05	6.05	6.07	6.03	6.06	6.05
4 3-month	3.75	3.22	4.66	6.15	6.15	6.12	6.06	6.09	6.11	6.05	6.06	6.04
5 6-month	3.80	3.30	4.93	6.38	6.30	6.19	6.07	6.14	6.16	6.06	6.06	6.02
Finance paper, directly placed[3,5,7]												
6 1-month	3.62	3.12	4.33	5.95	5.95	5.96	5.94	5.95	5.94	5.93	5.94	5.93
7 3-month	3.65	3.16	4.53	6.04	6.03	6.01	5.91	5.99	5.97	5.89	5.91	5.89
8 6-month	3.63	3.15	4.56	6.10	6.04	6.01	5.81	5.97	5.95	5.82	5.79	5.74
Bankers acceptances[3,5,8]												
9 3-month	3.62	3.13	4.56	6.05	6.04	6.00	5.91	5.99	5.96	5.91	5.91	5.89
10 6-month	3.67	3.21	4.83	6.22	6.14	6.06	5.90	6.03	6.00	5.90	5.88	5.85
Certificates of deposit, secondary market[3,9]												
11 1-month	3.64	3.11	4.38	6.01	6.02	6.01	5.98	5.99	6.00	5.98	5.98	5.98
12 3-month	3.68	3.17	4.63	6.16	6.15	6.11	6.02	6.09	6.07	6.01	6.03	6.00
13 6-month	3.76	3.28	4.96	6.44	6.34	6.27	6.07	6.22	6.20	6.06	6.06	6.02
14 Eurodollar deposits, 3-month[3,10]	3.70	3.18	4.63	6.14	6.15	6.13	6.03	6.09	6.09	6.03	6.02	6.00
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.43	3.00	4.25	5.77	5.73	5.65	5.67	5.67	5.65	5.64	5.69	5.69
16 6-month	3.54	3.12	4.64	6.03	5.89	5.77	5.67	5.76	5.71	5.66	5.67	5.66
17 1-year	3.71	3.29	5.02	6.28	6.03	5.88	5.65	5.85	5.79	5.65	5.64	5.59
Auction average[3,5,11]												
18 3-month	3.45	3.02	4.29	5.80	5.73	5.67	5.70	5.66	5.74	5.63	5.71	5.72
19 6-month	3.57	3.14	4.66	6.10	5.91	5.80	5.73	5.75	5.84	5.65	5.69	5.72
20 1-year	3.75	3.33	4.98	6.59	6.16	6.02	5.90	n.a.	5.90	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.89	3.43	5.32	6.70	6.43	6.27	6.00	6.24	6.16	6.00	5.98	5.92
22 2-year	4.77	4.05	5.94	7.11	6.78	6.57	6.17	6.52	6.43	6.15	6.15	6.06
23 3-year	5.30	4.44	6.27	7.25	6.89	6.68	6.27	6.64	6.54	6.27	6.25	6.14
24 5-year	6.19	5.14	6.69	7.37	7.05	6.86	6.41	6.81	6.70	6.41	6.40	6.28
25 7-year	6.63	5.54	6.91	7.44	7.14	6.95	6.50	6.90	6.79	6.52	6.46	6.37
26 10-year	7.01	5.87	7.09	7.47	7.20	7.06	6.63	7.03	6.93	6.66	6.59	6.49
27 20-year	n.a.	6.29	7.49	7.73	7.57	7.45	7.01	7.41	7.29	7.04	6.95	6.86
28 30-year	7.67	6.59	7.37	7.61	7.45	7.36	6.95	7.33	7.22	6.98	6.90	6.81
Composite												
29 More than 10 years (long-term)	7.52	6.45	7.41	7.69	7.52	7.41	6.99	7.37	7.26	7.01	6.94	6.85
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.09	5.38	5.77	6.05	5.91	5.74	5.68	5.80	5.74	5.68	5.61	5.68
31 Baa	6.48	5.83	6.17	6.61	6.50	6.01	5.98	6.08	6.01	5.98	5.94	5.99
32 *Bond Buyer* series[14]	6.44	5.60	6.18	6.22	6.10	6.02	5.95	6.06	6.10	5.96	5.92	5.83
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.55	7.54	8.26	8.50	8.35	8.25	7.86	8.22	8.11	7.90	7.81	7.73
Rating group												
34 Aaa	8.14	7.22	7.97	8.26	8.12	8.03	7.65	8.00	7.89	7.69	7.60	7.51
35 Aa	8.46	7.40	8.15	8.39	8.24	8.12	7.74	8.09	7.99	7.78	7.69	7.61
36 A	8.62	7.58	8.28	8.48	8.33	8.23	7.86	8.21	8.11	7.89	7.81	7.72
37 Baa	8.98	7.93	8.63	8.85	8.70	8.60	8.20	8.57	8.45	8.25	8.15	8.07
38 A-rated, recently offered utility bonds[16]	8.52	7.46	8.29	8.55	8.40	8.31	7.89	8.29	7.97	7.95	7.87	7.71
MEMO												
Dividend-price ratio[17]												
39 Common stocks	2.99	2.78	2.82	2.81	2.76	2.68	2.60	2.65	2.63	2.61	2.60	2.60

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year for bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
13. General obligation bonds based on Thursday figures; Moody's Investors Service.
14. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1992	1993	1994	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	229.00	249.71	254.16	257.61	255.22	252.48	248.65	253.56	261.86	266.81	274.38	281.81
2 Industrial	284.26	300.10	315.32	322.19	321.53	319.33	313.92	319.93	328.98	337.96	347.69	357.01
3 Transportation	201.02	242.68	247.17	239.10	230.71	227.44	218.93	230.25	237.29	252.37	254.36	254.70
4 Utility	99.48	114.55	104.96	102.30	101.67	100.07	100.01	100.58	103.87	102.08	104.70	106.02
5 Finance	179.29	216.55	209.75	211.90	203.33	198.38	195.25	201.05	211.76	213.29	219.38	228.45
6 Standard & Poor's Corporation (1941–43 = 10)[1]	415.75	451.63	460.42	466.96	463.81	461.01	455.19	465.25	481.92	493.20	507.91	523.83
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	391.28	438.77	449.49	456.31	456.25	445.16	427.39	436.09	446.37	456.06	471.54	487.03
Volume of trading (thousands of shares)												
8 New York Stock Exchange	202,558	263,374	290,652	292,356	301,327	297,001	302,049	326,652	333,020	338,733	331,184	341,905
9 American Stock Exchange	14,171	18,188	17,951	18,785	20,731	18,465	18,745	18,829	18,424	17,905	19,404	19,266
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**43,990**	**60,310**	**61,160**	**61,630**	**62,150**	**61,000**	**61,160**	**64,380**	**59,800**	**60,270**	**62,520**	**64,070**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,970	12,360	14,095	12,415	12,875	13,635	14,095	13,225	12,380	12,745	12,440	13,403
12 Cash accounts	22,510	27,715	28,870	25,230	24,180	25,625	28,870	26,440	25,860	26,680	26,670	27,464

Margin requirements (percent of market value and effective date)[6]

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

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

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

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

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

5. Series initiated in June 1984.

6. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1992	1993	1994	1994	1995				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. budget[1]									
1 Receipts, total	1,090,453	1,153,226	1,257,187	130,810	131,801	82,544	92,532	165,392	90,405
2 On-budget	788,027	841,292	922,161	103,859	101,036	54,405	61,971	126,170	61,027
3 Off-budget	302,426	311,934	335,026	26,951	30,765	28,139	30,561	39,222	29,378
4 Outlays, total	1,380,856	1,408,532	1,461,067	134,941	115,172	120,527[r]	142,458	115,673	129,355
5 On-budget	1,128,518	1,141,945	1,460,557	123,643	89,890	94,050[r]	116,508	90,628	102,581
6 Off-budget	252,339	266,587	279,372	11,297	25,282	26,478	25,951	25,045	26,774
7 Surplus or deficit (−), total	−290,403	−255,306	−203,370	−4,130	16,628	−37,983[r]	−49,927	49,720	−38,950
8 On-budget	−340,490	−300,653	−259,024	−19,783	11,146	−39,644[r]	−54,537	35,542	−41,554
9 Off-budget	50,087	45,347	55,654	15,653	5,483	1,661	4,610	14,178	2,604
Source of financing (total)									
10 Borrowing from the public	310,918	248,594	184,998	−13,316	13,337	38,972	13,645	−27,638	44,740
11 Operating cash (decrease, or increase (−))	−17,305	6,283	16,564	476	−23,264	14,000	17,747	−19,972	11,841
12 Other[2]	−3,210	429	1,808	16,970	−6,701	−14,980	18,535	−2,110	22,578
MEMO									
13 Treasury operating balance (level, end of period)	58,789	52,506	35,942	26,580	49,844	35,844	18,097	38,069	26,228
14 Federal Reserve Banks	24,586	17,289	6,848	7,161	13,964	6,890	4,543	8,241	4,646
15 Tax and loan accounts	34,203	35,217	29,094	19,419	35,880	28,954	13,554	29,828	21,582

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

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year		Calendar year						
			1993		1994		1995		
	1993	1994	H1	H2	H1	H2	Mar.	Apr.	May
RECEIPTS									
1 **All sources**	**1,153,226**	**1,257,453**	**593,212**	**582,038**	**652,236**	**625,557**	**92,532**	**165,392**	**90,405**
2 Individual income taxes, net	509,680	543,055	255,556	262,073	275,053	273,474	26,846	76,441	29,729
3 Withheld	430,211	459,699	209,517	228,423	225,387	240,062	44,561	32,447	43,414
4 Presidential Election Campaign Fund	28	70	25	2	63	10	18	16	12
5 Nonwithheld	154,989	160,364	113,510	41,768	118,245	42,031	4,284	64,937	8,691
6 Refunds	75,546	77,077	67,468	8,115	68,642	9,207	22,016	20,959	22,388
Corporation income taxes									
7 Gross receipts	131,548	154,205	69,044	68,266	80,536	78,392	17,238	25,779	3,572
8 Refunds	14,027	13,820	7,198	6,514	6,933	7,331	2,375	2,297	1,379
9 Social insurance taxes and contributions, net	428,300	461,475	227,177	206,176	248,301	220,141	39,379	53,839	48,183
10 Employment taxes and contributions[2]	396,939	428,810	208,776	192,749	228,714	206,613	38,646	50,423	37,226
11 Self-employment taxes and contributions[3]	20,604	24,433	16,270	4,335	20,762	4,135	1,862	12,640	1,898
12 Unemployment insurance	26,556	28,004	16,074	11,010	17,301	11,177	320	3,061	10,601
13 Other net receipts[4]	4,805	4,661	2,326	2,417	2,284	2,349	413	354	355
14 Excise taxes	48,057	55,225	23,398	25,994	26,444	30,062	5,143	4,602	4,770
15 Customs deposits	18,802	20,099	8,860	10,215	9,500	11,042	1,470	1,349	1,471
16 Estate and gift taxes	12,577	15,225	6,494	6,617	8,197	7,071	1,218	1,906	1,339
17 Miscellaneous receipts[5]	18,273	22,041	9,879	9,227	11,170	13,305	3,612	3,774	2,719
OUTLAYS									
18 **All types**	**1,408,532**	**1,460,722[r]**	**673,915**	**727,685**	**710,620**	**751,645[r]**	**142,458**	**115,673**	**129,355**
19 National defense	291,086	281,451	140,535	146,672	133,841	141,108[r]	26,533	17,753	22,194
20 International affairs	16,826	17,249	6,565	10,186	5,800	12,056	425	95	1,282
21 General science, space, and technology	17,030	17,602	7,996	8,880	8,502	8,979	1,628	1,298	1,596
22 Energy	4,319	5,398	2,462	1,663	2,036	3,101	569	196	244
23 Natural resources and environment	20,239	20,902	8,592	11,221	9,978[r]	12,750	1,951	1,587	1,820
24 Agriculture	20,443	15,131	11,872	7,516	7,451	7,697	1,195	623	236
25 Commerce and housing credit	−22,725	−4,851	−14,537	−1,490	−5,114	−4,094[r]	−1,853	−1,092	1,988
26 Transportation	35,004	36,835	16,076	19,570	16,745[r]	20,489	3,167	2,560	3,154
27 Community and regional development	9,051	11,877	4,929	4,288	4,705[r]	6,688	971	896	860
28 Education, training, employment, and social services	50,012	44,730	24,080	26,753	19,258	25,887	4,678	3,647	4,205
29 Health	99,415	106,495	49,882	52,958	53,195	54,123	10,625	9,281	9,952
30 Social security and Medicare	435,137	464,314	195,933	223,735	232,777	236,819	43,209	39,463	42,387
31 Income security	207,257	213,972	107,870	102,380	109,080	101,743	24,708	18,963	20,633
32 Veterans benefits and services	35,720	37,637	16,385	19,852	16,686	19,757	4,642	1,850	3,204
33 Administration of justice	14,955	15,283	7,482	7,400	7,718	7,800	1,488	1,359	1,129
34 General government	13,009	11,348	5,205	6,531	5,084	7,384[r]	1,680	299	1,109
35 Net interest[6]	198,811	202,957	99,635	99,914	99,844	109,435	19,671	20,017	20,295
36 Undistributed offsetting receipts[7]	−37,386	−37,772	−17,035	20,344	−17,308	20,065	2,829	−3,121	2,956

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; and U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1996*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1993				1994				1995
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**4,250**	**4,373**	**4,436**	**4,562**	**4,602**	**4,673**	**4,721**	**4,827[r]**	**4,864**
2 Public debt securities	4,231	4,352	4,412	4,536	4,576	4,646	4,693	4,800	
3 Held by public	3,188	3,252	3,295	3,382	3,434	3,443	3,480	3,543	
4 Held by agencies	1,043	1,100	1,117	1,154	1,142	1,203	1,213	1,257	n.a.
5 Agency securities	20	21	25	27	26	28	29	27	
6 Held by public	20	21	25	27	26	27	29	27	
7 Held by agencies	0	0	0	0	0	0	0	0	
8 **Debt subject to statutory limit**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**	**4,559**	**4,605**	**4,711**	**4,775**
9 Public debt securities	4,139	4,256	4,315	4,445	4,491	4,559	4,605	4,711	4,774
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,370	4,900	4,900	4,900	4,900	4,900	4,900	4,900

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

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

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

Billions of dollars, end of period

Type and holder	1991	1992	1993	1994	1994			1995
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**3,801.7**	**4,177.0**	**4,535.7**	**4,800.2**	**4,645.8**	**4,692.8**	**4,800.2**	n.a.
By type								
2 Interest-bearing	3,798.9	4,173.9	4,532.3	4,769.2	4,642.5	4,689.5	4,769.2	4,860.5
3 Marketable	2,471.6	2,754.1	2,989.5	3,126.0	3,051.0	3,091.6	3,126.0	3,227.3
4 Bills	590.4	657.7	714.6	733.8	698.5	697.3	733.8	756.5
5 Notes	1,430.8	1,608.9	1,764.0	1,867.0	1,835.7	1,867.5	1,867.0	1,938.2
6 Bonds	435.5	472.5	495.9	510.3	501.8	511.8	510.3	517.7
7 Nonmarketable[1]	1,327.2	1,419.8	1,542.9	1,643.1	1,591.5	1,597.9	1,643.1	1,633.2
8 State and local government series	159.7	153.5	149.5	132.6	143.4	137.4	132.6	122.9
9 Foreign issues[2]	41.9	37.4	43.5	42.5	42.2	42.0	42.5	41.8
10 Government	41.9	37.4	43.5	42.5	42.2	42.0	42.5	41.8
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	135.9	155.0	169.4	177.8	174.9	176.4	177.8	178.8
13 Government account series[3]	959.2	1,043.5	1,150.0	1,259.8	1,200.6	1,211.7	1,259.8	1,259.2
14 Non-interest-bearing	2.8	3.1	3.4	31.0	3.3	3.2	31.0	3.6
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	968.7	1,047.8	1,153.5	1,257.1	1,203.0	1,213.1	1,257.1	
16 Federal Reserve Banks	281.8	302.5	334.2	374.1	357.7	355.2	374.1	
17 Private investors	2,563.2	2,839.9	3,047.7		3,088.2	3,127.8		
18 Commercial banks	233.4	294.0	316.0		330.7	325.0		
19 Money market funds	80.0	79.4	80.5		59.5	59.9		
20 Insurance companies	168.7	197.5	216.0		244.1	250.0		
21 Other companies	150.8	192.5	213.0		226.3	229.3		
22 State and local treasuries	520.3	534.8	564.0	n.a.	520.1	521.0	n.a.	n.a.
Individuals								
23 Savings bonds	138.1	157.3	171.9		177.1	178.6		
24 Other securities	125.8	131.9	137.9		144.0	148.6		
25 Foreign and international[5]	491.8	549.7	623.3		632.5	653.8		
26 Other miscellaneous investors[6]	651.3	702.4	725.0		754.0	761.6		

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign balances and international accounts in the United States.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

SOURCES. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1995			1995, week ending								
	Feb.	Mar.	Apr.	Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	58,060	49,948	49,515	62,780	50,629	46,679	43,008	50,191	55,258	53,988	47,285	56,666
Coupon securities, by maturity												
2 Five years or less	114,559	96,107	86,779	91,316	73,740	93,459	91,164	84,904	121,759	106,732	98,410	93,934
3 More than five years	54,209	45,128	38,590	41,242	37,819	39,242	37,199	38,391	80,621	60,340	48,827	58,883
4 Federal agency	25,593[r]	23,485[r]	22,120[r]	24,266[r]	21,432[r]	22,696[r]	20,818[r]	22,431	22,095	22,791	19,767	22,584
5 Mortgage-backed	29,730[r]	26,637[r]	26,963[r]	25,859[r]	38,925[r]	24,606[r]	20,049[r]	21,890	48,781	31,367	21,861	19,788
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	131,023	113,505	102,048	114,578	95,324	104,092	99,410	101,552	146,327	132,562	116,186	121,191
7 Federal agency	964	745	778	850	751	713	791	865	1,143	761	698	872
8 Mortgage-backed	9,433	8,758	8,353	8,026	11,782	7,967	6,241	6,512	15,179	11,645	8,541	6,960
With other												
9 U.S. Treasury	95,805	77,677	72,836	80,760	66,864	75,288	71,961	71,934	111,310	88,498	78,337	88,292
10 Federal agency	24,630[r]	22,740[r]	21,342[r]	23,416[r]	20,680[r]	21,983[r]	20,027[r]	21,567	20,952	22,030	19,069	21,712
11 Mortgage-backed	20,297[r]	17,879[r]	18,610[r]	17,833[r]	27,143[r]	16,639[r]	13,808[r]	15,378	33,602	19,721	13,320	12,828
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	1,627	1,785	910	876	1,201	568	893	1,133	1,730	1,392	1,636	867
Coupon securities, by maturity												
13 Five years or less	3,052[r]	2,512[r]	2,280[r]	2,120[r]	2,337[r]	2,350	2,126	2,584	3,848	2,908	3,104	2,901
14 More than five years	15,193[r]	15,394[r]	11,654[r]	13,807[r]	11,513[r]	13,165	9,908	9,368	24,129	17,176	14,792	17,358
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
17 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
18 Five years or less	3,272	2,491	2,620	2,225	2,691	2,999	2,530	2,314	3,577	2,225	2,471	2,765
19 More than five years	4,616	3,872	3,389	3,280	3,075	2,731	4,433	3,377	7,353	4,736	5,133	4,770
20 Federal agency	0	0	0	0	n.a.	0	0	0	0	0	0	0
21 Mortgage-backed	1,154	760	726	1,162	801	612	493	752	2,495	723	834	1,014

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1995			1995, week ending							
	Feb.	Mar.	Apr.	Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	4,561	10,749	7,472	16,251	9,184	5,215	3,314	4,730	6,234	7,102	−1,443
Coupon securities, by maturity											
2 Five years or less	−11,938	−5,840	−1,887	−3,582	−2,384	−6,771	2,342	2,245	3,685	−4,108	4,525
3 More than five years	−24,446	−28,898	−30,458	−29,073	−30,790	−29,279	−31,848	−31,238	−19,902	−20,133	−19,869
4 Federal agency	21,199	23,373	22,961	21,087	22,121	24,787r	24,134	21,524	24,332	23,744	21,592
5 Mortgage-backed	32,963	32,766	30,809	31,995	30,873	30,012	30,968	30,334	35,417	34,895	36,454
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	−5,786	−10,230	−10,906	−11,569	−10,863	−9,908	−11,052	−11,647	−11,816	−11,035	−10,826
Coupon securities, by maturity											
7 Five years or less	2,235r	1,400r	2,334	2,376r	1,073r	3,259	2,225	3,063	1,667	1,736	1,495
8 More than five years	−3,023r	92r	2,383	1,232r	3,982r	2,185	2,142	1,795	−3,486	−5,457	−5,566
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
	Financing[5]										
Reverse repurchase agreements											
11 Overnight and continuing	242,544r	225,309r	227,539	222,501r	222,968r	230,271r	219,850	250,508	221,649	225,460	208,143
12 Term	329,390r	360,597r	370,576	340,888r	356,744r	376,995r	394,439	378,900	416,466	353,483	368,132
Securities borrowed											
13 Overnight and continuing	181,481r	173,921r	170,977	170,883r	174,601r	170,757r	167,713	170,853	167,201	167,764	158,299
14 Term	53,944r	58,737r	59,415	55,444r	57,527r	59,371r	63,143	61,233	58,505	54,996	57,720
Securities received as pledge											
15 Overnight and continuing	3,321	3,374	3,526	3,956	3,922	3,971	2,884	2,639	2,560	2,640	2,405
16 Term	52	54	64	88	22	44	39	187	203	46	56
Repurchase agreements											
17 Overnight and continuing	473,176r	468,711r	469,832	476,836r	465,176r	473,330r	454,615	489,735	469,837	476,041	440,719
18 Term	279,666	320,370	330,717	292,858	315,578	341,903	358,349	336,599	374,489	311,086	317,486
Securities loaned											
19 Overnight and continuing	5,911	3,927	4,946	5,267	5,354	4,750	4,632	4,723	4,651	4,769	4,627
20 Term	1,301	1,216	2,146	2,286	2,228	2,338	1,841	2,022	1,754	1,835	1,837
Securities pledged											
21 Overnight and continuing	29,292r	29,195r	29,139	28,361r	30,138r	30,800r	27,976	27,493	29,671	28,731	27,214
22 Term	2,278	3,258	3,184	3,323	2,995	3,060	3,180	3,565	3,498	3,073	4,427
Collateralized loans											
23 Overnight and continuing	15,921	13,998	16,973	15,908	18,131	16,804	18,016	14,747	12,264	12,439	15,373
24 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO: Matched book[6]											
Securities in											
25 Overnight and continuing	227,486	219,569	219,256	215,786	216,930	218,824	213,100	239,196	215,699	215,418	198,568
26 Term	304,497	334,781	344,373	315,355	331,177	350,856	365,143	356,047	384,117	326,509	352,595
Securities out											
27 Overnight and continuing	285,050	282,171	289,764	297,143	286,119	286,605	278,563	312,051	274,864	275,662	262,320
28 Term	227,576	263,970	275,791	241,270	261,852	284,974	300,064	284,786	323,542	257,719	269,823

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

2. Securities positions are reported at market value.

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1990	1991	1992	1993	1994		1995		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**434,668**	**442,772**	**483,970**	**570,711**	**715,782**	**741,992**	**740,521**	**749,285**	**757,859**
2 Federal agencies	42,159	41,035	41,829	45,193	39,662	39,186	39,196	39,054	38,759
3 Defense Department[1]	7	7	7	6	6	6	6	6	6
4 Export-Import Bank[2,3]	11,376	9,809	7,208	5,315	3,932	3,455	3,455	3,455	3,156
5 Federal Housing Administration[4]	393	397	374	255	117	116	59	60	65
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.	n.a.
7 Postal Service[6]	6,948	8,421	10,660	9,732	8,073	8,073	8,073	7,873	7,873
8 Tennessee Valley Authority	23,435	22,401	23,580	29,885	27,534	27,536	27,603	27,660	27,659
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	392,509	401,737	442,141	525,518	676,120	702,806	701,325	710,231	719,100
11 Federal Home Loan Banks	117,895	107,543	114,733	141,577	193,920	208,881	210,905	208,843	213,373
12 Federal Home Loan Mortgage Corporation	30,941	30,262	29,631	49,993	90,709	93,279	95,060	101,417	101,673
13 Federal National Mortgage Association	123,403	133,937	166,300	201,112	247,743	257,230	250,467	255,719	258,653
14 Farm Credit Banks[8]	53,590	52,199	51,910	53,123	54,800	53,175	55,558	53,846	53,947
15 Student Loan Marketing Association[9]	34,194	38,319	39,650	39,784	49,066	50,335	49,425	50,506	51,554
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]	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**179,083**	**185,576**	**154,994**	**128,187**	**105,662**	**103,817**	**101,157**	**100,388**	**98,266**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,370	9,803	7,202	5,309	3,926	3,449	3,449	3,449	3,150
21 Postal Service[6]	6,698	8,201	10,440	9,732	8,073	8,073	8,073	7,873	7,873
22 Student Loan Marketing Association	4,850	4,820	4,790	4,760	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	14,055	10,725	6,975	6,325	3,200	3,200	3,200	3,200	3,200
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	52,324	48,534	42,979	38,619	33,719	33,719	33,669	33,574	32,759
26 Rural Electrification Administration	18,890	18,562	18,172	17,578	17,365	17,392	17,309	17,360	17,293
27 Other	70,896	84,931	64,436	45,864	39,379	37,984	35,457	34,932	33,991

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994	1994			1995				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
1 **All issues, new and refunding**[1]	**226,818**	**279,945**	**153,950**	**11,053**	**11,856**	**9,541**	**7,717**	**7,366**	**11,844**	**8,552**	**11,804**
By type of issue											
2 General obligation	78,611	90,599	54,404	3,202	5,781	2,272	3,770	3,714	5,459	3,536	4,332
3 Revenue	136,580	189,346	99,546	7,851	6,075	7,269	3,947	3,652	6,385	5,016	7,472
By type of issuer											
4 State	24,874	27,999	19,186	1,004	1,530	151	738	1,032	2,315	994	1,315
5 Special district or statutory authority[2]	138,327	178,714	95,896[r]	7,198	6,228	7,352	4,835	4,889	6,572	5,814	8,039
6 Municipality, county, or township	63,617	73,232	38,868	2,851	4,098	2,038	2,144	1,445	2,957	1,744	2,450
7 **Issues for new capital**	**101,865**	**91,434**	**105,972**	**9,108**	**9,629**	**8,444**	**5,737**	**5,670**	**10,538**	**6,497**	**8,406**
By use of proceeds											
8 Education	18,852	16,831	21,267	1,632	1,780	1,701	1,411	1,464	1,666	1,863	2,594
9 Transportation	14,357	9,167	10,836	1,380	623	307	625	671	454	615	606
10 Utilities and conservation	12,164	12,014	10,192	979	974	1,292	538	249	633	345	1,282
11 Social welfare	16,744	13,837	20,289	2,060	1,416	2,208	1,182	869	2,556	1,547	1,738
12 Industrial aid	6,188	6,862	8,161	450	981	1,046	384	215	1,011	391	416
13 Other purposes	33,560	32,723	35,227	2,607	3,855	1,890	1,597	2,202	4,218	1,736	1,770

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCES. Securities Data Company beginning January 1993; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1992	1993	1994	1994				1995			
				Sept.	Oct.	Nov	Dec.	Jan.	Feb.	Mar.	Apr.
1 **All issues**[1]	**559,827**	**754,969**	n.a.	**29,427**[r]	**34,481**	**38,258**[r]	**23,267**[r]	**36,941**[r]	**41,529**[r]	**40,642**[r]	**22,360**
2 **Bonds**[2]	**471,502**	**641,498**	n.a.	**25,983**	**30,909**	**33,286**	**20,493**	**33,962**[r]	**36,698**	**36,978**[r]	**18,833**
By type of offering											
3 Public, domestic	378,058	486,879	365,050	22,736	25,192	27,278	17,809	24,003[r]	28,750	32,762[r]	22,000
4 Private placement, domestic[3]	65,853	116,240	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,591	38,379	56,238	3,248	5,718	6,008	2,684	9,959	7,948	4,216	4,000
By industry group											
6 Manufacturing	82,058	88,002	31,981	2,167	2,498	2,491	1,508	1,497	4,404[r]	2,171	2,201
7 Commercial and miscellaneous	43,111	60,293	27,900	2,112	2,204	1,578	2,469	2,334	3,038	1,941	1,696
8 Transportation	9,979	10,756	4,573	229	227	239	269	0	100[r]	403	800
9 Public utility	48,055	56,272	11,713	707	695	744	273	659[r]	215	839	210
10 Communication	15,394	31,950	11,986	526	279	333	419	813	1,122	399	25
11 Real estate and financial	272,904	394,226	333,135	20,242	25,007	27,902	15,556	28,659	27,818	31,226[r]	13,901
12 **Stocks**[2]	**88,325**	**113,472**	n.a.	**3,444**	**3,572**	**4,972**	**2,774**	**2,904**	**4,831**[r]	**2,914**[r]	**3,487**
By type of offering											
13 Public preferred	21,339	18,897	12,145[r]	555	713	279	178	430	296	205	375
14 Common	57,118	82,657	50,737[r]	2,888	2,859	4,693	2,595	2,474	4,534[r]	2,709[r]	3,112
15 Private placement[3]	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	22,723	22,271	n.a.	908	745	1,963	1,203	1,086	1,583	1,010[r]	604
17 Commercial and miscellaneous	20,231	25,761	n.a.	821	1,105	1,789	857	392	1,411[r]	901[r]	1,812
18 Transportation	2,595	2,237	n.a.	154	79	76	0	19	15	60	48
19 Public utility	6,532	7,050	n.a.	78	4	333	165	134	258	137	141
20 Communication	2,366	3,439	n.a.	0	0	0[r]	21	496	0	20[r]	0
21 Real estate and financial	33,879	52,021	n.a.	1,481	1,639	791	527	776	1,564	786[r]	881

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1993	1994	1994				1995			
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Sales of own shares**[2]	**851,885**	**841,286**	**62,263**	**59,285**	**56,849**	**73,183**	**75,099**	**59,121**	**69,898**	**68,294**
2 Redemptions of own shares	567,881	699,823	53,383	53,743	55,757	70,747	63,737	50,738	60,970	59,957
3 Net sales[3]	284,004	141,463	8,880	5,543	1,092	2,436	11,362	8,383	8,928	8,337
4 **Assets**[4]	**1,510,209**	**1,550,490**	**1,588,277**	**1,601,363**	**1,549,186**	**1,550,490**	**1,563,187**	**1,619,705**	**1,657,370**	**1,710,280**
5 Cash[5]	100,209	121,296	121,575	126,766	125,843	121,296	124,351	126,307	121,424	124,092
6 Other	1,409,838	1,429,195	1,466,702	1,474,597	1,423,344	1,429,195	1,438,836	1,493,399	1,535,946	1,586,187

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1993			1994				1995
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Profits with inventory valuation and capital consumption adjustment	405.1	485.8	542.7	473.1	493.5	533.9	508.2	546.4	556.0	560.3	568.8
2 Profits before taxes	395.9	462.4	524.5	456.6	458.7	501.7	483.5	523.1	538.1	553.5	569.5
3 Profits-tax liability	139.7	173.2	202.5	171.8	169.9	191.5	184.1	201.7	208.6	215.6	220.2
4 Profits after taxes	256.2	289.2	322.0	284.8	288.9	310.2	299.4	321.4	329.5	337.9	349.4
5 Dividends	171.1	191.7	205.2	190.7	193.2	194.6	196.3	202.5	207.9	213.9	217.1
6 Undistributed profits	85.1	97.5	116.9	94.1	95.6	115.6	103.0	118.9	121.6	124.0	132.2
7 Inventory valuation	−6.4	−6.2	19.5	−10.0	3.0	−6.5	−12.3	−14.1	−19.6	−32.1	−38.7r
8 Capital consumption adjustment	15.7	29.5	37.7	26.5	31.7	38.8	37.0	37.4	37.5	38.8	38.0r

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1993				1994			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 **Total nonfarm business**	**546.60**	**586.73**	**638.37**	**563.48**	**578.95**	**594.56**	**604.51**	**619.34**	**637.08**	**651.92**	**645.13**
Manufacturing											
2 Durable goods industries	73.32	81.45	92.78	78.19	80.33	82.74	83.64	86.03	91.71	98.97	94.44
3 Nondurable goods industries	100.69	98.02	99.77	95.80	97.22	99.74	98.51	99.02	102.28	98.39	99.39
Nonmanufacturing											
4 Mining	8.88	10.08	11.24	8.98	9.10	11.09	10.92	11.43	10.70	11.57	11.27
Transportation											
5 Railroad	6.67	6.14	6.72	6.16	5.94	5.89	6.55	7.46	5.36	6.65	7.40
6 Air	8.93	6.42	3.95	7.26	6.63	6.70	5.06	4.23	4.53	3.86	3.16
7 Other	7.04	9.22	10.53	8.96	8.92	8.74	10.23	10.77	9.70	10.22	11.42
Public utilities											
8 Electric	48.22	52.55	52.25	49.98	50.61	52.96	55.60	48.68	53.55	54.15	52.60
9 Gas and other	23.99	23.43	24.20	23.79	23.83	22.98	23.27	24.51	22.96	24.35	24.97
10 Commercial and other[2]	268.84	299.44	336.93	284.35	296.35	303.74	310.73	327.20	336.28	343.76	340.48

1. Figures are amounts anticipated by business.
2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1992	1993	1994	1993			1994			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross[2]	491.8	482.8	551.0	473.7	474.0	482.8	494.5	511.3	524.1	551.0
2 Consumer	118.3	116.5	134.8	110.6	111.0	116.5	120.1	124.3	130.3	134.8
3 Business	301.3	294.6	337.6	291.8	291.9	294.6	302.3	313.2	317.2	337.6
4 Real estate	72.2	71.7	78.5	71.4	71.1	71.7	72.1	73.8	76.6	78.5
5 LESS: Reserves for unearned income	53.2	50.7	51.6	49.7	49.5	50.7	51.2	51.9	51.1	51.6
6 Reserves for losses	16.2	11.2	11.6	10.8	11.2	11.2	11.6	12.1	12.1	11.6
7 Accounts receivable, net	422.4	420.9	487.7	413.2	413.3	420.9	431.7	447.3	460.9	487.7
8 All other	142.5	170.9	180.8	151.5	163.9	170.9	171.2	174.6	177.2	180.8
9 **Total assets**	**564.9**	**591.8**	**668.5**	**564.7**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**	**668.5**
LIABILITIES AND CAPITAL										
10 Bank loans	37.6	25.3	21.2	29.4	25.8	25.3	24.2	23.3	21.6	21.2
11 Commercial paper	156.4	159.2	184.6	144.5	149.9	159.2	165.9	171.2	171.0	184.6
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	39.5	42.7	50.8	45.0	44.6	42.7	41.1	44.7	50.0	50.8
15 Not elsewhere classified	196.3	206.0	237.2	199.9	204.2	206.0	211.7	219.6	228.2	237.2
16 All other liabilities	68.0	87.1	99.1	77.8	83.8	87.1	90.5	89.9	95.0	99.1
17 Capital, surplus, and undivided profits	67.1	71.4	75.5	68.1	68.9	71.4	69.5	73.2	72.3	75.5
18 **Total liabilities and capital**	**564.9**	**591.8**	**668.5**	**564.7**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**	**668.5**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1992	1993	1994	1994		1995			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted								
1 **Total**	**540,679**	**546,020**	**610,710**	**602,463**	**610,710**	**619,785**	**624,526**	**632,285r**	**636,925**
2 Consumer	157,857	160,802	174,059	174,324	174,059	176,358	174,779	175,739	177,131
3 Real estate[2]	72,496	71,991	78,774	77,991	78,774	79,097	80,539	81,381r	81,731
4 Business	310,325	313,226	357,877	350,148	357,877	364,329	369,208	375,166r	378,064
	Not seasonally adjusted								
5 **Total**	**544,691**	**550,387**	**615,758**	**603,305**	**615,758**	**619,171**	**624,161**	**633,248r**	**639,035**
6 Consumer	159,558	162,770	176,316	174,118	176,316	177,353	175,623	176,628	177,691
7 Motor vehicles	57,259	56,057	61,609	61,372	61,609	62,321	61,067	61,256	62,434
8 Other consumer[3]	61,020	60,396	73,221	71,502	73,221	75,147	73,691	74,534	75,447
9 Securitized motor vehicles[4]	29,734	36,024	31,861	31,494	31,861	30,261	31,303	32,155	31,261
10 Securitized other consumer[4]	11,545	10,293	9,625	9,750	9,625	9,624	9,562	8,683	8,549
11 Real estate[2]	72,243	71,727	78,479	77,907	78,479	79,592	80,754	80,762r	82,011
12 Business	312,890	315,890	360,963	351,280	360,963	362,226	367,784	375,858r	379,333
13 Motor vehicles	89,011	95,173	118,197	113,222	118,197	118,979	121,818	125,805r	128,052
14 Retail[5]	20,541	18,091	21,514	22,113	21,514	21,809	21,577	21,652	22,303
15 Wholesale[6]	29,890	31,148	35,037	30,614	35,037	34,493	36,759	38,868	39,617
16 Leasing	38,580	45,934	61,646	60,495	61,646	62,677	63,482	65,285r	66,132
17 Equipment	151,424	145,452	157,953	154,312	157,953	158,820	159,333	161,306	162,225
18 Retail	33,521	35,513	39,680	38,912	39,680	40,387	40,329	42,024	41,195
19 Wholesale[6]	8,680	8,001	9,678	9,484	9,678	9,372	9,462	8,913	9,660
20 Leasing	109,223	101,938	108,595	105,916	108,595	109,061	109,542	110,369	111,370
21 Other business[7]	60,856	53,997	61,495	59,893	61,495	61,304	63,339	64,815r	64,475
22 Securitized business assets[4]	11,599	21,268	23,318	23,853	23,318	23,123	23,294	23,932r	24,581
23 Retail	1,120	2,483	3,065	2,853	3,065	2,901	2,764	2,612	3,229
24 Wholesale	5,756	10,584	14,499	15,311	14,499	14,621	15,144	16,135r	16,336
25 Leasing	4,723	8,201	5,754	5,689	5,754	5,601	5,386	5,185	5,016

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1992	1993	1994	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	158.1	163.1	170.4	178.2	184.9	176.5	175.6	173.3	174.7	178.1
2 Amount of loan (thousands of dollars)	118.1	123.0	130.8	136.2	136.2	134.2	135.6	132.6	134.6	136.3
3 Loan-to-price ratio (percent)	76.6	78.0	78.8	78.0	76.9	78.0	79.3	78.2	79.2	78.7
4 Maturity (years)	25.6	26.1	27.5	27.9	28.0	28.0	28.3	28.6	28.1	28.4
5 Fees and charges (percent of loan amount)[2]	1.60	1.30	1.29	1.30	1.38	1.31	1.32	1.18	1.14	1.30
Yield (percent per year)										
6 Contract rate[1]	7.98	7.03	7.26	7.59	7.61	7.96	8.07	8.02	7.96	7.79
7 Effective rate[1,3]	8.25	7.24	7.47	7.81	7.83	8.18	8.28	8.21	8.15	7.99
8 Contract rate (HUD series)[4]	8.43	7.37	8.58	9.34	9.32	9.11	8.79	8.60	8.44	7.84
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.46	7.46	8.68	9.53	9.54	9.10	9.05	8.60	8.56	8.03
10 GNMA securities[6]	7.71	6.65	7.96	8.86	8.76	8.69	8.38	8.08	7.96	7.53
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	158,119	190,861	222,057	220,377	222,057	222,774	223,137	223,956	226,197	228,078
12 FHA/VA insured	22,593	23,857	28,377	27,118	28,377	28,368	28,420	28,672	28,664	28,576
13 Conventional	135,526	167,004	194,499	193,259	194,499	195,170	195,439	195,998	198,161	200,004
Mortgage transactions (during period)										
14 Purchases	75,905	92,037	62,389	3,549	3,399	2,154	1,802	2,390	3,709	3,787
Mortgage commitments (during period)										
15 Issued[7]	74,970	92,537	54,038	2,696	2,910	1,720	1,683	3,372	3,277	6,085
16 To sell[8]	10,493	5,097	1,820	20	55	57	82	64	22	28
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	33,665	55,012	72,693	70,757	72,693	73,553	75,184	77,313	79,147	81,008
18 FHA/VA insured	352	321	276	279	276	272	270	266	262	260
19 Conventional	33,313	54,691	72,416	70,477	72,416	73,281	74,914	77,047	78,885	80,748
Mortgage transactions (during period)										
20 Purchases	191,125	229,242	124,697	3,022	4,890	3,254	5,537	4,609	4,530	10,982
21 Sales	179,208	208,723	117,110	2,865	3,769	2,862	4,806	3,546	3,805	10,479
Mortgage commitments (during period)[9]										
22 Contracted	261,637	274,599	136,067	3,454	2,412	6,541	7,741	12,704	13,437	4,549

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1991	1992	1993	1994				1995
				Q1	Q2	Q3	Q4	Q1
1 **All holders**	**3,926,154**	**4,056,233**	**4,229,592[r]**	**4,258,823[r]**	**4,314,991[r]**	**4,374,353[r]**	**4,425,886[r]**	**4,466,957**
By type of property								
2 One- to four-family residences	2,781,327	2,963,391	3,149,634[r]	3,185,330[r]	3,236,909[r]	3,293,166[r]	3,345,755[r]	3,379,380
3 Multifamily residences	306,551	295,417	291,985[r]	292,533[r]	294,709[r]	297,315[r]	296,633[r]	297,691
4 Commercial	759,154	716,687	706,780[r]	699,690[r]	701,541[r]	701,617[r]	700,997[r]	707,217
5 Farm	79,122	80,738	81,194	81,269[r]	81,832[r]	82,255[r]	82,500	82,669
By type of holder								
6 Major financial institutions	1,846,726	1,769,187	1,767,835	1,746,474	1,763,296	1,786,178[r]	1,815,949[r]	1,839,114
7 Commercial banks[2]	876,100	894,513	940,444	937,944	956,840	981,365	1,004,280[r]	1,024,772
8 One- to four-family	483,623	507,780	556,538	553,894	569,512	592,021	611,697[r]	625,335
9 Multifamily	36,935	38,024	38,635	38,690	38,609	38,004	38,916[r]	39,734
10 Commercial	337,095	328,826	324,409	324,106	326,800	328,931	331,100[r]	336,767
11 Farm	18,447	19,882	20,862	21,254	21,918	22,408	22,567	22,935
12 Savings institutions[3]	705,367	627,972	598,330	584,531	585,671	587,545[r]	596,198[r]	601,636
13 One- to four-family	538,358	489,622	469,959	458,057	462,219	466,704[r]	477,499[r]	483,476
14 Multifamily	79,881	69,791	67,362	66,924	66,281	65,532[r]	64,400[r]	63,748
15 Commercial	86,741	68,235	60,704	59,253	56,872	55,017[r]	54,011[r]	54,120
16 Farm	388	324	305	297	299	291	289[r]	292
17 Life insurance companies	265,258	246,702	229,061	223,999	220,785	217,269	215,471[r]	212,706
18 One- to four-family	11,547	11,441	9,458	9,245	9,107	8,956	8,876[r]	8,756
19 Multifamily	29,562	27,770	25,814	25,232	24,855	24,442	24,224[r]	23,898
20 Commercial	214,105	198,269	184,305	180,152	177,463	174,514	172,957[r]	170,624
21 Farm	10,044	9,222	9,484	9,370	9,360	9,357	9,414[r]	9,429
22 Federal and related agencies	266,146	286,263	328,598[r]	329,160[r]	329,725[r]	329,304[r]	323,491[r]	319,770
23 Government National Mortgage Association	19	30	22	20	12	12	6	15
24 One- to four-family	19	30	15	13	12	12	6	15
25 Multifamily	0	0	7	7	0	0	0	0
26 Farmers Home Administration[4]	41,713	41,695	41,386	41,209	41,370	41,587	41,781	41,857
27 One- to four-family	18,496	16,912	15,303	14,870	14,459	14,084	13,826	13,507
28 Multifamily	10,141	10,575	10,940	11,037	11,147	11,243	11,319	11,418
29 Commercial	4,905	5,158	5,406	5,399	5,526	5,608	5,670	5,807
30 Farm	8,171	9,050	9,739	9,903	10,239	10,652	10,966	11,124
31 Federal Housing and Veterans' Administrations	10,733	12,581	12,215	11,344	11,169	10,533	10,964	10,890
32 One- to four-family	4,036	5,153	5,364	4,738	4,826	4,321	4,753	4,715
33 Multifamily	6,697	7,428	6,851	6,606	6,343	6,212	6,211	6,175
34 Resolution Trust Corporation	45,822	32,045	17,284	14,241	13,908	15,403	10,428	9,342
35 One- to four-family	14,535	12,960	7,203	6,308	6,045	6,998	5,200	4,755
36 Multifamily	15,018	9,621	5,327	4,208	4,230	4,569	2,859	2,494
37 Commercial	16,269	9,464	4,754	3,726	3,633	3,836	2,369	2,092
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	0	14,112	12,696	11,407	9,169	7,821	6,730
40 One- to four-family	0	0	2,367	1,956	1,706	1,241	1,049	840
41 Multifamily	0	0	1,426	2,167	1,701	2,090	1,595	1,310
42 Commercial	0	0	10,319	8,573	8,000	5,838	5,177	4,580
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	112,283	137,584	166,642	172,343	175,377	177,200	178,059	177,615
45 One- to four-family	100,387	124,016	151,310	156,576	159,437	161,255	162,160	161,780
46 Multifamily	11,896	13,568	15,332	15,767	15,940	15,945	15,899	15,835
47 Federal Land Banks	28,767	28,664	28,460	28,181	28,475	28,538	28,555[r]	28,065
48 One- to four-family	1,693	1,687	1,675	1,658	1,675	1,679	1,671[r]	1,651
49 Farm	27,074	26,977	26,785	26,523	26,800	26,859	26,885	26,414
50 Federal Home Loan Mortgage Corporation	26,809	33,665	48,476[r]	49,127[r]	48,007[r]	46,863[r]	45,876[r]	45,256
51 One- to four-family	24,125	31,032	45,929	46,571[r]	45,427[r]	44,208[r]	43,046[r]	42,122
52 Multifamily	2,684	2,633	2,547	2,556	2,580	2,655	2,830	3,134
53 Mortgage pools or trusts[5]	1,250,666	1,425,546	1,553,818[r]	1,611,449[r]	1,652,999[r]	1,682,421[r]	1,703,076[r]	1,714,357
54 Government National Mortgage Association	425,295	419,516	414,066	423,446	435,709	444,976	450,934	454,401
55 One- to four-family	415,767	410,675	404,864	414,194	426,363	435,511	441,198	444,632
56 Multifamily	9,528	8,841	9,202	9,251	9,346	9,465	9,736	9,769
57 Federal Home Loan Mortgage Corporation	359,163	407,514	446,029[r]	466,949[r]	479,555[r]	482,987[r]	486,480[r]	488,723
58 One- to four-family	351,906	401,525	441,494[r]	462,779[r]	475,733[r]	479,539[r]	483,354[r]	485,643
59 Multifamily	7,257	5,989	4,535	4,170	3,822	3,448	3,126	3,080
60 Federal National Mortgage Association	371,984	444,979	495,525	507,376	514,855	523,512	530,343	533,262
61 One- to four-family	362,667	435,979	486,804	498,489	505,730	514,375	520,763	523,903
62 Multifamily	9,317	9,000	8,721	8,887	9,125	9,137	9,580	9,359
63 Farmers Home Administration[4]	47	38	28	26	22	20	19	14
64 One- to four-family	11	8	5	5	4	4	3	2
65 Multifamily	0	0	0	0	0	0	0	0
66 Commercial	19	17	13	12	10	9	9	7
67 Farm	17	13	10	9	8	7	7	5
68 Private mortgage conduits	94,177	153,499	198,171	213,653	222,858	230,926	235,300[r]	237,957
69 One- to four-family	84,000	132,000	164,000	177,000	179,500	182,300	183,600	184,400
70 Multifamily	3,698	6,305	8,701	9,202	11,514	13,891	14,925[r]	15,743
71 Commercial	6,479	15,194	25,469	27,451	31,844	34,735	36,774[r]	37,814
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[6]	562,616	575,237	579,341	571,739[r]	568,970[r]	576,450[r]	583,370[r]	593,715
74 One- to four-family	370,157	382,572	387,345[r]	378,977[r]	375,152[r]	379,959[r]	387,055[r]	393,848
75 Multifamily	83,937	85,871	86,586[r]	87,829[r]	89,216[r]	90,681[r]	91,013[r]	91,991
76 Commercial	93,541	91,524	91,401[r]	91,020[r]	91,393[r]	93,130[r]	92,929[r]	95,406
77 Farm	14,981	15,270	14,009	13,912[r]	13,209[r]	12,681[r]	12,373[r]	12,470

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 64 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992	1993	1994	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.[r]	1995 Apr.
	Seasonally adjusted								
1 **Total**	**731,098**	**794,300**	**911,311**	**904,757**	**911,311**	**920,338**	**928,010**	**942,149**	**953,188**
2 Automobile	257,678	282,036	324,519	323,447	324,519	324,855	327,720	330,187	332,693
3 Revolving	257,304	287,875	337,694	334,843	337,694	343,184	349,487	356,185	362,644
4 Other	216,117	224,389	249,098	246,467	249,098	252,299	250,803	255,778	257,850
	Not seasonally adjusted								
5 **Total**	**747,690**	**812,782**	**932,890**	**906,436**	**932,890**	**929,330**	**928,123**	**937,270**	**947,674**
By major holder									
6 Commercial banks	330,088	368,549	434,790	421,790	434,790	431,745	432,883	436,069	443,140
7 Finance companies	118,279	116,453	134,830	132,874	134,830	136,699	134,439	135,790	137,911
8 Credit unions	91,694	101,634	120,158	117,984	120,158	120,668	121,116	122,932	124,198
9 Savings institutions	37,049	37,855	38,750	38,275	38,750	39,250	39,399	39,500	39,500
10 Nonfinancial business	49,184	57,637	64,944	58,247	64,944	61,382	59,169	57,863	57,898
11 Pools of securitized assets[2]	121,396	130,654	139,418	137,266	139,418	139,586	141,117	145,116	145,027
By major type of credit[3]									
12 Automobile	258,226	282,825	325,536	323,744	325,536	324,826	326,770	329,381	331,328
13 Commercial banks	109,623	123,358	148,117	148,004	148,117	147,319	148,355	148,682	149,215
14 Finance companies	57,259	56,057	61,609	61,372	61,609	62,321	61,067	61,256	62,434
15 Pools of securitized assets[2]	33,888	39,490	34,515	34,301	34,515	32,902	33,936	34,587	33,542
16 Revolving	271,368	303,444	355,859	336,575	355,859	350,035	349,185	352,273	358,375
17 Commercial banks	132,966	149,527	180,530	171,318	180,530	176,635	177,241	177,373	182,258
18 Nonfinancial business	43,974	52,113	58,870	52,475	58,870	55,405	53,257	51,986	52,066
19 Pools of securitized assets[2]	74,931	79,887	93,545	91,469	93,545	95,015	95,734	99,851	100,964
20 Other	218,096	226,513	251,495	246,117	251,495	254,469	252,168	255,616	257,971
21 Commercial banks	87,499	95,664	106,143	102,468	106,143	107,791	107,287	110,014	111,667
22 Finance companies	61,020	60,396	73,221	71,502	73,221	74,378	73,372	74,534	75,477
23 Nonfinancial business	5,210	5,524	6,074	5,772	6,074	5,977	5,912	5,877	5,832
24 Pools of securitized assets[2]	12,577	11,277	11,358	11,496	11,358	11,669	11,447	10,678	10,521

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Outstanding balances of pools upon which securities have been issued, these balances are no longer carried on the balance sheets of the loan originator.

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.29	8.09	8.12	n.a.	8.75	n.a.	n.a.	9.70	n.a.	n.a.
2 24-month personal	14.04	13.47	13.19	n.a.	13.59	n.a.	n.a.	14.10	n.a.	n.a.
Credit card plan										
3 All accounts	n.a.	n.a.	15.91	n.a.	15.91	n.a.	n.a.	16.24	n.a.	n.a.
4 Accounts assessed interest	n.a.	n.a.	15.74	n.a.	15.74	n.a.	n.a.	15.29	n.a.	n.a.
Auto finance companies										
5 New car	9.93	9.48	9.79	10.39	10.53	10.72	11.35	11.89	11.95	11.74
6 Used car	13.80	12.79	13.49	14.01	14.19	14.48	14.57	15.06	15.10	14.99
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.5	54.0	54.9	54.6	53.9	53.9	54.1	54.5	54.6
8 Used car	47.9	48.8	50.2	50.2	50.3	50.3	52.0	52.0	52.1	52.2
Loan-to-value ratio										
9 New car	89	91	92	92	93	92	92	92	92	92
10 Used car	97	98	99	100	100	100	99	99	99	100
Amount financed (dollars)										
11 New car	13,584	14,332	15,375	15,827	15,971	16,187	16,068	15,774	15,826	16,029
12 Used car	9,119	9,875	10,709	10,554	11,202	11,309	11,185	11,181	11,220	11,505

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994[r]	1993		1994[r]				1995
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**635.6**	**475.8**	**536.1**	**622.1[r]**	**595.0**	**613.8[r]**	**659.6[r]**	**634.7**	**530.2**	**580.8**	**634.4**	**816.0**
By sector and instrument												
2 U.S. government	246.9	278.2	304.0	256.1	155.9	173.4	274.2	210.5	122.9	135.0	155.0	271.8
3 Treasury securities	238.7	292.0	303.8	248.3	155.7	157.2	266.5	211.8	118.2	130.7	162.1	273.0
4 Budget agency issues and mortgages	8.2	−13.8	.2	7.8	.2	16.2	7.7	−1.3	4.7	4.3	−7.1	−1.2
5 Private	388.7	197.5	232.1	366.0[r]	439.2	440.4[r]	385.5[r]	424.1	407.3	445.8	479.4	544.2
By instrument												
6 Tax-exempt obligations	48.7	68.7	31.1	75.5[r]	−34.1	65.2[r]	27.3[r]	2.6	−25.4	−63.2	−50.4	−65.6
7 Corporate bonds	47.1	78.8	67.5	75.2	22.0	72.0	67.4	35.4	35.9	14.2	2.7	41.4
8 Mortgages	199.5	161.4	123.9	155.7	186.5	222.1[r]	148.5	162.8	170.4	221.2	191.6	213.0
9 Home mortgages	185.6	163.8	179.5	183.9	196.1	236.5	184.6[r]	198.5	164.5	220.8	200.7	188.3
10 Multifamily residential	4.8	−3.1	−11.2	−6.0[r]	1.4	−4.9	−2.3[r]	−1.0	4.6	6.5	−4.3	2.6
11 Commercial	9.3	.4	−45.5	−22.6[r]	−12.3	−9.9	−33.9[r]	−34.9	−.9	−7.7	−5.8	21.5
12 Farm	−.3	.4	1.1	.5	1.3	.4	.2	.3	2.3	1.7	1.0	.7
13 Consumer credit	16.0	−15.0	5.5	62.3	117.5	76.2	111.3	72.7	121.9	125.9	149.4	83.4
14 Bank loans n.e.c.	.4	−40.9	−13.8	5.0	74.0	7.8	28.5	65.8	55.5	86.8	88.0	156.7
15 Commercial paper	9.7	−18.4	8.6	10.0	21.4	17.2	3.8	8.2	16.4	33.8	27.2	1.1
16 Other loans	67.4	−37.1	9.2	−17.7[r]	51.8	−20.2[r]	−1.3[r]	76.6	32.7	27.1	70.9	114.3
By borrowing sector												
17 Household	218.9	170.9	217.7	284.5	351.6	368.5	337.7	310.3	307.3	381.9	407.0	304.7
18 Nonfinancial business	123.7	−35.9	−2.0	18.5[r]	135.8	25.6[r]	30.8[r]	127.3	144.3	134.0	137.5	302.7
19 Farm	2.3	2.1	1.0	2.0	2.4	4.1	3.6	2.6	8.1	1.6	−2.8	−.5
20 Nonfarm noncorporate	10.1	−28.5	−43.9	−24.7[r]	13.5	−23.2[r]	−15.6	5.4	12.5	17.9	18.2	68.8
21 Corporate	111.3	−9.6	40.9	41.2[r]	119.9	44.8[r]	42.7[r]	119.3	123.7	114.5	122.1	234.3
22 State and local government	46.0	62.6	16.4	63.0[r]	−48.2	46.3[r]	17.0[r]	−13.4	−44.3	−70.2	−65.1	−63.1
23 Foreign net borrowing in United States	23.9	13.9	21.3	46.9	−9.8	83.1	22.9	−66.3	−10.1	8.3	29.0	55.7
24 Bonds	21.4	14.1	14.4	59.4	17.6	84.5	41.4	29.0	9.4	8.6	23.4	11.0
25 Bank loans n.e.c.	−2.9	3.1	2.3	.7	1.4	1.0	−6.3	6.0	−4.5	4.7	−.5	8.3
26 Commercial paper	12.3	6.4	5.2	−9.0	−27.3	−1.6	−12.0	−101.8	−5.2	−8.1	5.9	37.9
27 U.S. government and other loans	−7.0	−9.8	−.6	−4.2	−1.5	−.8	−.1	.5	−9.8	3.2	.2	−1.5
28 **Total domestic plus foreign**	**659.4**	**489.6**	**557.4**	**669.1[r]**	**585.2**	**696.9[r]**	**682.6[r]**	**568.3**	**520.1**	**589.1**	**663.3**	**871.7**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**202.9**	**152.6**	**237.1**	**289.1[r]**	**451.8**	**438.9**	**361.6[r]**	**518.7**	**366.7**	**403.1**	**518.5**	**282.5**
By instrument												
30 U.S. government-related	167.4	145.7	155.8	164.2[r]	284.3	287.3	143.3[r]	336.8	254.7	243.1	302.4	125.4
31 Government-sponsored enterprises securities	17.1	9.2	40.3	80.6	176.9	167.8	53.4	160.0	146.6	152.1	249.0	62.9
32 Mortgage pool securities	150.3	136.6	115.6	83.6[r]	112.1	119.5	89.9[r]	196.0	108.1	91.0	53.4	62.5
33 Loans from U.S. government	−.1	.0	.0	.0	−4.8	.0	.0	−19.2	.0	.0	.0	.0
34 Private	35.5	6.8	81.3	124.9[r]	167.5	151.6	218.4[r]	182.0	112.0	160.0	216.1	157.1
35 Corporate bonds	46.3	67.6	78.5	118.2[r]	105.6	143.4	138.1[r]	156.3	91.4	86.9	87.9	115.2
36 Mortgages	.6	.5	.6	3.6	9.8	6.2	5.5	9.8	12.4	12.0	4.9	5.1
37 Bank loans n.e.c.	4.7	8.8	2.2	−14.0	−12.3	−16.1	−18.0	−9.9	−27.7	−11.9	.5	11.6
38 Open market paper	8.6	−32.0	−.7	−6.2	41.6	−9.4	76.0	36.6	3.6	42.3	84.0	48.9
39 Loans from Federal Home Loan Banks	−24.7	−38.0	.8	23.3	22.8	27.4	16.8	−10.8	32.3	30.7	38.8	−23.6
By borrowing sector												
40 Government-sponsored enterprises	17.0	9.1	40.2	80.6	172.1	167.8	53.4	140.8	146.6	152.1	249.0	62.9
41 Federally related mortgage pools	150.3	136.6	115.6	83.6[r]	112.1	119.5	89.9[r]	196.0	108.1	91.0	53.4	62.5
42 Private	35.5	6.8	81.3	124.9[r]	167.5	151.6	218.4[r]	182.0	112.0	160.0	216.1	157.1
43 Commercial banks	−.7	−11.7	8.8	5.6	10.0	6.5	1.2	2.0	12.4	22.8	2.9	9.6
44 Bank holding companies	−27.7	−2.5	2.3	8.8	10.3	.5	12.2	3.5	10.1	11.5	16.0	9.5
45 Funding corporations	15.4	−6.5	13.2	2.9	24.2	7.9	36.7	48.8	−17.2	47.2	17.9	62.9
46 Savings institutions	−30.2	−44.5	−6.7	11.1	12.8	13.5	8.8	−5.6	5.8	14.8	36.1	−21.7
47 Credit unions	.0	.0	.0	.2	.2	.3	.1	.1	.2	.5	.2	−.3
48 Life insurance companies	.0	.0	.0	.2	.3	−.1	.4	.0	.0	.0	1.3	.0
49 Finance companies	24.0	18.6	−3.6	.2	52.4	17.5	16.3	63.3	67.0	16.9	62.6	72.5
50 Mortgage companies	.0	−2.4	8.0	−1.0	−11.5	−.8	−10.4	−21.6	−18.2	−7.0	1.0	2.0
51 Real estate investment trusts (REITs)	.8	1.2	.3	3.4[r]	13.7	6.0	6.1[r]	14.5	15.3	18.8	6.3	6.9
52 Issuers of asset-backed securities (ABSs)	52.3	51.0	56.3	81.5	54.5	85.8	117.6	86.9	36.5	42.1	52.5	45.3

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1990	1991	1992	1993	1994[r]	1993		1994[r]				1995
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
53 **Total net borrowing, all sectors**	**862.3**	**642.2**	**794.5**	**958.2[r]**	**1,037.0**	**1,135.8[r]**	**1,044.2[r]**	**1,087.1**	**886.8**	**992.2**	**1,181.9**	**1,154.2**
54 U.S. government securities	414.4	424.0	459.8	420.3[r]	444.9	460.7	417.5[r]	566.5	377.6	378.1	457.4	397.2
55 Tax-exempt securities	48.7	68.7	31.1	75.5[r]	−34.1	65.2[r]	27.3[r]	2.6	−25.4	−63.2	−50.4	−65.6
56 Corporate and foreign bonds	114.7	160.5	160.4	252.9	145.2	299.9	246.9[r]	220.6	136.6	109.7	114.0	167.5
57 Mortgages	200.1	161.9	124.5	159.2	196.3	228.3	154.0	172.6	182.8	233.2	196.5	218.1
58 Consumer credit	16.0	−15.0	5.5	62.3	117.5	76.2	111.3	72.7	121.9	125.9	149.4	83.4
59 Bank loans n.e.c.	2.2	−29.1	−9.4	−8.3	63.2	−7.3	4.2	61.9	23.3	79.5	88.0	176.6
60 Open market paper	30.7	−44.0	13.1	−5.1	35.7	6.3	67.7	−57.0	14.8	68.0	117.1	87.9
61 Other loans	35.6	−84.9	9.5	1.3[r]	68.3	6.4[r]	15.4[r]	47.1	55.2	61.1	109.9	89.2
	Funds raised through mutual funds and corporate equities											
62 ***Total net share issues***	**19.7**	**215.4**	**296.0**	**440.1[r]**	**169.1**	**513.0[r]**	**430.1[r]**	**344.4**	**213.1**	**162.9**	**−44.1**	**100.9**
63 Mutual funds	65.3	151.5	211.9	320.0[r]	138.3	363.9[r]	287.7[r]	236.2	144.0	165.4	7.7	113.9
64 Corporate equities	−45.6	64.0	84.1	120.1	30.7	149.1	142.4	108.1	69.1	−2.5	−51.8	−13.0
65 Nonfinancial corporations	−63.0	18.3	27.0	21.3	−40.9	32.3	21.5	−9.6	−2.0	−50.0	−102.0	−46.8
66 Financial corporations	10.0	15.1	26.4	38.2	28.6	38.2	40.9	48.3	24.4	23.7	17.9	15.9
67 Foreign shares purchased in United States	7.4	30.7	30.7	60.6	43.0	78.6	80.0	69.4	46.7	23.8	32.2	17.9

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1990	1991	1992	1993	1994[r]	1993		1994[r]				1995
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**862.3**	**642.2**	**794.5**	**958.2[r]**	**1,037.0**	**1,135.8[r]**	**1,044.2[r]**	**1,087.1**	**886.8**	**992.2**	**1,181.9**	**1,154.2**
2 Private domestic nonfinancial sectors	190.1	-7.5	72.0	-3.4[r]	235.8	-52.8[r]	85.8[r]	295.0	299.1	109.5	239.7	-26.0
3 Households	157.2	-39.6	70.7	-19.7[r]	319.4	-83.0[r]	174.3[r]	350.1	400.0	183.5	344.0	81.1
4 Nonfarm noncorporate business	-1.7	-3.7	-1.1	-3.2	-2.0	-3.3	-3.5	-3.6	-1.8	-1.9	-.5	-.1
5 Nonfinancial corporate business	-3.7	6.7	29.2	18.0	25.5	41.2	16.0	23.0	16.8	25.5	36.6	15.4
6 State and local governments	38.3	29.2	-26.8	1.5	-107.1	-7.7	-101.0	-74.4	-115.9	-97.6	-140.5	-122.3
7 U.S. government	33.7	10.5	-11.9	-18.4	-24.1	-15.4	-7.9	-46.5	-16.2	-9.4	-24.3	-19.2
8 Foreign	85.5	26.6	100.5	122.6[r]	133.3	125.0[r]	203.7[r]	127.7	65.1	124.1	216.1	267.9
9 Financial sectors	553.0	612.5	633.9	857.3[r]	692.0	1,079.0[r]	762.5[r]	710.9	538.8	768.0	750.4	931.5
10 Government sponsored enterprises	13.9	15.2	69.0	90.2	123.3	144.8	71.2	92.4	101.1	125.6	174.3	12.2
11 Federally related mortgage pools	150.3	136.6	115.6	83.6[r]	112.1	119.5	89.9[r]	196.0	108.1	91.0	53.4	62.5
12 Monetary authority	8.1	31.1	27.9	36.2	31.5	28.2	38.5	48.8	17.9	24.0	35.4	24.8
13 Commercial banking	125.1	80.8	95.3	142.2	162.0	146.7	188.1	184.7	109.1	191.3	163.0	337.1
14 U.S. commercial banks	94.9	35.7	69.5	149.6	148.1	160.3	197.3	120.6	128.4	164.6	178.7	177.2
15 Foreign banking offices	28.4	48.5	16.5	-9.8	11.2	-16.9	-6.5	59.0	-21.5	22.1	-15.0	157.8
16 Bank holding companies	-2.8	-1.5	5.6	0	.9	1.2	-4.8	3.1	.2	2.7	-2.4	.4
17 Banks in U.S. affiliated areas	4.5	-1.9	3.7	2.4	1.9	2.2	2.1	2.1	1.9	1.9	1.8	1.7
18 Funding corporations	16.1	15.8	23.5	18.1	13.8	32.4	42.6	19.5	33.5	25.1	-23.0	11.3
19 Thrift institutions	-154.0	-123.5	-61.3	-1.7	35.2	21.0	-13.3	13.6	42.6	50.9	33.5	36.2
20 Life insurance companies	94.4	83.2	79.1	105.1	61.1	111.8	86.4	53.7	6.1	83.4	101.1	72.3
21 Other insurance companies	26.5	32.6	12.8	33.3	21.1	37.6	32.1	27.9	20.8	16.0	19.7	13.0
22 Private pension funds	17.2	85.7	37.3	40.2	-42.4	91.9	-60.1	-97.7	-30.7	-17.6	-23.6	97.6
23 State and local government retirement funds	34.9	46.0	34.4	25.5	60.8	27.4	36.9	72.9	69.3	26.3	74.6	67.4
24 Finance companies	29.0	-12.7	1.7	-9.0	68.2	9.4	22.6	72.1	49.8	58.9	91.8	95.7
25 Mortgage companies	.0	11.2	.1	.0	-22.9	-1.6	-13.3	-43.5	-36.3	-14.0	2.1	4.0
26 Mutual funds	41.4	90.3	123.7	169.6[r]	7.6	186.9[r]	138.9[r]	61.5	9.3	24.3	-64.7	-5.3
27 Closed-end funds	.2	14.7	17.4	10.2	3.5	5.9	7.7	8.3	3.2	1.4	1.0	.8
28 Money market funds	80.9	30.1	1.3	14.6[r]	28.5	25.3	56.9[r]	-45.0	32.2	50.0	76.7	26.5
29 Real estate investment trusts (REITs)	-.7	.7	1.1	.6	4.7	1.0	.2	6.6	6.6	5.5	.2	2.5
30 Brokers and dealers	2.8	17.5	-6.9	9.2	-34.0	-7.8	-82.8	-55.7	-52.6	-19.3	-8.6	32.2
31 Asset-backed securities issuers (ABSs)	51.1	48.9	53.8	80.1	51.0	88.6	111.1	86.0	38.7	37.3	42.1	38.9
32 Bank personal trusts	15.9	10.0	8.0	9.5	7.1	9.9	8.9	8.9	10.2	7.7	1.4	1.6
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 **Net flows through credit markets**	**862.3**	**642.2**	**794.5**	**958.2[r]**	**1,037.0**	**1,135.8[r]**	**1,044.2[r]**	**1,087.1**	**886.8**	**992.2**	**1,181.9**	**1,154.2**
Other financial sources												
34 Official foreign exchange	2.0	-5.9	-1.6	.8	-5.8	1.7	2.2	-.2	-14.6	.2	-8.6	27.7
35 Special drawing rights certificates	1.5	.0	-2.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Treasury currency	1.0	.0	.2	.4	.7	.4	.7	.7	.6	.8	.7	.7
37 Life insurance reserves	25.7	25.7	27.3	35.2	20.1	36.6	35.5	20.0	8.1	23.8	28.7	25.4
38 Pension fund reserves	165.1	360.3	249.7	309.2	96.1	349.9	251.6	-.7	90.1	147.9	147.1	323.0
39 Interbank claims	35.4	-3.9	61.7	44.6[r]	94.0	-5.0	-14.0[r]	156.0	180.5	-22.1	61.5	23.1
40 Checkable deposits and currency	43.3	86.4	113.8	117.3	-10.1	73.1	81.9	173.1	-66.1	-89.2	-58.0	118.0
41 Small time and savings deposits	63.7	1.5	-57.2	-70.3	-40.5	-68.1	-36.6	2.5	-62.4	-57.2	-44.9	52.8
42 Large time deposits	-66.1	-58.5	-73.2	-23.5	19.0	-59.5	13.7	-39.6	-4.4	81.2	39.0	94.3
43 Money market fund shares	70.3	41.2	3.9	19.2[r]	45.4	.6	61.1[r]	-35.1	68.5	49.9	98.4	-7.3
44 Security repurchase agreements	-24.2	-16.5	35.5	65.5	84.3	67.8	-14.4	23.0	176.4	82.9	54.8	159.6
45 Foreign deposits	38.2	-16.7	-7.2	-11.7[r]	30.1	-50.7	32.8[r]	16.0	16.9	23.2	64.3	5.0
46 Mutual fund shares	65.3	151.5	211.9	320.0[r]	138.3	363.9[r]	287.7[r]	236.2	144.0	165.4	7.7	113.9
47 Corporate equities	45.6	64.0	84.1	120.1	30.7	149.1	142.4	108.1	69.1	-2.5	-51.8	-13.0
48 Security credit	3.5	51.4	4.2	61.9	-2.3	76.6	86.5	29.9	-17.7	-62.3	40.9	-33.4
49 Trade debt	37.0	3.6	41.5	49.0	92.2	49.6	51.9	35.3	96.3	116.0	121.3	118.2
50 Taxes payable	-4.8	-6.2	8.5	4.6	3.4	-1.8	4.9	14.9	-12.7	5.9	5.5	18.9
51 Noncorporate proprietors' equity	-28.3	-3.3	18.4	-11.6[r]	-27.4	3.4[r]	-27.2[r]	-43.1	-24.1	-15.5	-26.9	-45.8
52 Investment in bank personal trusts	29.7	16.1	-7.1	1.6	18.8	1	17.6	15.0	24.7	23.6	11.9	21.0
53 Miscellaneous	135.7	197.2	257.6	290.4[r]	260.9	221.4	344.7[r]	377.4	262.6	299.1	104.7	301.0
54 **Total financial sources**	**1,410.6**	**1,530.2**	**1,764.5**	**2,280.9[r]**	**1,885.1**	**2,345.2[r]**	**2,367.2[r]**	**2,176.6**	**1,822.6**	**1,763.2**	**1,778.1**	**2,457.2**
Floats not included in assets ( )												
55 U.S. government checkable deposits	3.3	13.1	7	-1.5	-4.8	2.1	-15.5	-2.4	-1.4	15.2	-30.7	18.8
56 Other checkable deposits	8.5	4.5	1.6	-1.3	-2.8	-5.2	-6.2	.6	-1.1	-6.2	-4.3	-5.0
57 Trade credit	9.1	9.7	4.1	16.5	5.3	22.2	12.5	26.9	16.2	29.0	2.8	9.1
Liabilities not identified as assets (-)												
58 Treasury currency	.2	-.6	-.2	.2	-.2	-.2	-.2	-.2	-.2	-.2	-.2	-.2
59 Interbank claims	1.6	26.2	-4.9	4.2	-2.7	-10.4	24.0	-29.1	5.3	11.3	1.5	-3.5
60 Security repurchase agreements	-24.0	6.2	27.9	82.5[r]	50.1	66.6	23.1[r]	12.2	118.7	66.3	3.0	74.1
61 Taxes payable	.1	1.3	14.0	1.0	-1.6	1.2	-8.6	.4	3.1	-1.4	-8.7	-23.5
62 Miscellaneous	-35.4	-45.3	-46.0	-49.1[r]	2.5	-19.6[r]	15.4[r]	3.2	-197.4	157.6	46.6	-191.7
63 **Total identified to sectors as assets**	**1,447.2**	**1,541.2**	**1,767.2**	**2,228.8[r]**	**1,839.5**	**2,288.6[r]**	**2,322.7[r]**	**2,218.9**	**1,879.3**	**1,491.7**	**1,768.1**	**2,579.2**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1991	1992	1993	1994[r]	1993 Q3	1993 Q4	1994[r] Q1	1994[r] Q2	1994[r] Q3	1994[r] Q4	1995 Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,181.5**	**11,720.7**	**12,370.7[r]**	**12,965.6**	**12,153.3[r]**	**12,370.7[r]**	**12,488.9**	**12,629.9**	**12,767.3**	**12,965.6**	**13,128.5**
By sector and instrument											
2 U.S. government	2,776.4	3,080.3	3,336.5	3,492.3	3,247.3	3,336.5	3,387.7	3,395.4	3,432.6	3,492.3	3,557.9
3 Treasury securities	2,757.8	3,061.6	3,309.9	3,465.6	3,222.6	3,309.9	3,361.4	3,368.0	3,404.1	3,465.6	3,531.5
4 Budget agency issues and mortgages	18.6	18.8	26.6	26.7	24.7	26.6	26.3	27.4	28.5	26.7	26.4
5 Private	8,405.1	8,640.4	9,034.2[r]	9,473.3	8,906.0[r]	9,034.2[r]	9,101.2	9,234.4	9,334.6	9,473.3	9,570.5
By instrument											
6 Tax-exempt obligations	1,108.6	1,139.7	1,215.2[r]	1,181.1	1,207.4[r]	1,215.2[r]	1,214.6	1,218.0	1,192.9	1,181.1	1,163.4
7 Corporate bonds	1,086.9	1,154.4	1,229.6	1,251.7	1,212.8	1,229.6	1,238.5	1,247.4	1,251.0	1,251.7	1,262.0
8 Mortgages	3,920.0	4,043.9	4,220.6[r]	4,407.2	4,166.6	4,220.6[r]	4,247.4	4,300.5	4,356.8	4,407.2	4,447.0
9 Home mortgages	2,780.0	2,959.6	3,149.6[r]	3,345.8	3,098.3	3,149.6[r]	3,185.3	3,236.9	3,293.2	3,345.8	3,379.4
10 Multifamily residential	304.8	293.6	289.0[r]	290.4	288.2	289.0[r]	288.8	289.9	291.5	290.4	291.1
11 Commercial	755.8	710.3	700.8[r]	688.5	699.0	700.8[r]	692.1	691.8	689.9	688.5	693.8
12 Farm	79.3	80.4	81.2	82.5	81.1	81.2	81.3	81.8	82.3	82.5	82.7
13 Consumer credit	797.4	803.0	866.5	984.0	824.3	866.5	863.6	895.3	931.8	984.0	983.8
14 Bank loans n.e.c.	686.0	672.1	677.2	751.1	665.6	677.2	686.7	706.2	724.5	751.1	783.9
15 Commercial paper	98.5	107.1	117.8	139.2	123.2	117.8	129.9	135.7	138.7	139.2	149.8
16 Other loans	707.8	720.2	707.2[r]	759.0	706.0[r]	707.2[r]	720.4	731.3	738.9	759.0	780.7
By borrowing sector											
17 Household	3,784.7	4,002.3	4,294.3[r]	4,645.6	4,190.9	4,294.3[r]	4,335.5	4,426.7	4,527.4	4,645.6	4,686.6
18 Nonfinancial business	3,709.3	3,710.5	3,749.3[r]	3,885.4	3,729.7[r]	3,749.3[r]	3,779.7	3,823.1	3,849.5	3,885.4	3,958.7
19 Farm	135.0	136.0	138.3	140.7	138.7	138.3	136.6	141.3	142.8	140.7	138.2
20 Nonfarm noncorporate	1,116.4	1,074.1	1,050.3[r]	1,063.8	1,053.4[r]	1,050.3[r]	1,050.9	1,054.6	1,058.4	1,063.8	1,080.2
21 Corporate	2,458.0	2,500.4	2,560.7[r]	2,680.8	2,537.5[r]	2,560.7[r]	2,592.2	2,627.2	2,648.3	2,680.8	2,740.3
22 State and local government	911.1	927.5	990.6[r]	942.3	985.4[r]	990.6[r]	986.0	984.6	957.8	942.3	925.3
23 **Foreign credit market debt held in United States**	***298.8***	***310.9***	***357.8***	**348.1**	**351.3**	**357.8**	**340.3**	**339.2**	**339.8**	**348.1**	**361.1**
24 Bonds	129.5	143.9	203.4	220.9	193.0	203.4	210.6	212.9	215.1	220.9	223.7
25 Bank loans n.e.c.	21.6	23.9	24.6	26.1	26.2	24.6	26.2	25.1	26.3	26.1	28.2
26 Commercial paper	81.8	77.7	68.7	41.4	71.7	68.7	43.3	42.0	39.9	41.4	50.9
27 U.S. government and other loans	65.9	65.3	61.1	59.6	60.3	61.1	60.3	59.2	58.6	59.6	58.3
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**11,480.3**	**12,031.6**	**12,728.5[r]**	**13,313.7**	**12,504.5[r]**	**12,728.5[r]**	**12,829.3**	**12,969.0**	**13,107.1**	**13,313.7**	**13,489.5**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,752.1**	**3,004.7**	**3,300.2[r]**	**3,757.3**	**3,204.7**	**3,300.2[r]**	**3,425.7**	**3,523.9**	**3,622.8**	**3,757.3**	**3,818.4**
By instrument											
30 U.S. government-related	1,564.2	1,720.0	1,884.1[r]	2,168.4	1,845.2	1,884.1[r]	1,961.5	2,030.5	2,089.8	2,168.4	2,192.7
31 Government-sponsored enterprises securities	402.9	443.1	523.7	700.6	510.3	523.7	563.7	600.3	638.3	700.6	716.3
32 Mortgage pool securities	1,156.5	1,272.0	1,355.6[r]	1,467.8	1,330.1	1,355.6[r]	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4
33 Loans from U.S. government	4.8	4.8	4.8	.0	4.8	4.8	.0	.0	.0	.0	.0
34 Private	1,187.9	1,284.8	1,416.1	1,588.9	1,359.5	1,416.1	1,464.3	1,493.4	1,532.9	1,588.9	1,625.7
35 Corporate bonds	640.0	724.8	844.0[r]	947.2	810.5	844.0[r]	881.2	904.8	926.3	947.2	976.6
36 Mortgages	4.8	5.4	8.9	18.7	7.6	8.9	11.4	14.5	17.5	18.7	20.0
37 Bank loans n.e.c.	78.4	80.5	66.5	54.3	69.2	66.5	62.4	55.3	52.4	54.3	55.5
38 Open market paper	385.7	394.3	393.5	442.8	373.2	393.5	408.8	410.3	420.5	442.8	453.6
39 Loans from Federal Home Loan Banks	79.1	79.9	103.1	125.9	98.9	103.1	100.4	108.5	116.2	125.9	120.0
By borrowing sector											
40 Government-sponsored enterprises	407.7	447.9	528.5	700.6	515.1	528.5	563.7	600.3	638.3	700.6	716.3
41 Federally related mortgage pools	1,156.5	1,272.0	1,355.6[r]	1,467.8	1,330.1	1,355.6[r]	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4
42 Private financial sectors	1,187.9	1,284.8	1,416.1	1,588.9	1,359.5	1,416.1	1,464.3	1,493.4	1,532.9	1,588.9	1,625.7
43 Commercial banks	65.0	73.8	79.5	89.5	77.9	79.5	78.4	82.1	87.5	89.5	90.4
44 Bank holding companies	112.3	114.6	123.4	133.6	120.3	123.4	124.2	126.8	129.6	133.6	136.0
45 Funding corporations	139.1	161.6	169.9	199.3	166.3	169.9	190.7	191.5	200.6	199.3	218.7
46 Savings institutions	94.6	87.8	99.0	111.7	96.8	99.0	97.6	99.0	102.7	111.7	106.3
47 Credit unions	.0	.0	.2	.5	.2	.2	.3	.3	.4	.5	.4
48 Life insurance companies	.0	.0	.2	.6	.1	.2	.3	.3	.3	.6	.6
49 Finance companies	393.0	389.4	390.5	443.0	380.0	390.5	401.9	414.2	420.9	443.0	456.4
50 Mortgage companies	22.2	30.2	29.2	17.8	31.8	29.2	23.8	19.3	17.5	17.8	18.3
51 Real estate investment trusts (REITs)	13.6	13.9	17.4	31.1	15.8	17.4	21.0	24.8	29.5	31.1	32.8
52 Issuers of asset-backed securities (ABSs)	329.1	391.7	473.2	527.6	443.8	473.2	494.9	504.0	514.5	527.6	539.0
	All sectors										
53 **Total credit market debt, domestic and foreign**	**14,232.3**	**15,036.3**	**16,028.7[r]**	**17,071.0**	**15,709.2[r]**	**16,028.7[r]**	**16,255.0**	**16,492.9**	**16,729.9**	**17,071.0**	**17,307.9**
54 U.S. government securities	4,335.7	4,795.5	5,215.8[r]	5,660.7	5,087.7	5,215.8[r]	5,349.2	5,425.9	5,522.5	5,660.7	5,750.6
55 Tax-exempt securities	1,108.6	1,139.7	1,215.2[r]	1,181.1	1,207.4[r]	1,215.2[r]	1,214.6	1,218.0	1,192.9	1,181.1	1,163.4
56 Corporate and foreign bonds	1,856.5	2,023.1	2,277.0	2,419.8	2,216.3	2,277.0	2,330.3	2,365.2	2,392.4	2,419.8	2,462.2
57 Mortgages	3,924.8	4,049.3	4,229.6[r]	4,425.9	4,174.2	4,229.6[r]	4,258.8	4,315.0	4,374.4	4,425.9	4,467.0
58 Consumer credit	797.4	803.0	866.5	984.0	824.3	866.5	863.6	895.3	931.8	984.0	983.8
59 Bank loans n.e.c.	785.9	776.6	768.4	831.5	761.0	768.4	775.4	786.6	803.2	831.5	867.7
60 Open market paper	565.9	579.0	580.0	623.5	568.2	580.0	582.0	587.9	599.2	623.5	654.2
61 Other loans	857.5	870.2	876.2[r]	944.5	870.1[r]	876.2[r]	881.1	899.0	913.7	944.5	959.0

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.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1991	1992	1993	1994[r]	1993		1994[r]				1995
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**14,232.3**	**15,036.3**	**16,028.7[r]**	**17,071.0**	**15,709.2[r]**	**16,028.7[r]**	**16,255.0**	**16,492.9**	**16,729.9**	**17,071.0**	**17,307.9**
2 Private domestic nonfinancial sectors	2,240.2	2,318.0	2,330.7[r]	2,571.8	2,276.8[r]	2,330.7[r]	2,378.0	2,448.6	2,475.3	2,571.8	2,533.0
3 Households	1,446.5	1,523.1	1,517.8[r]	1,873.0	1,451.6[r]	1,517.8[r]	1,619.7	1,710.0	1,760.2	1,873.0	1,872.4
4 Nonfarm noncorporate business	44.1	42.9	39.7	37.7	40.6	39.7	38.8	38.4	37.9	37.7	37.7
5 Nonfinancial corporate business	196.2	225.4	248.1	273.5	234.7	248.1	244.0	251.1	255.0	273.5	266.7
6 State and local governments	553.3	526.5	525.2	387.5	549.9	525.2	475.5	449.2	422.3	387.5	356.2
7 U.S. government	246.9	235.0	230.7[r]	206.6	218.8	230.7[r]	219.0	215.4	212.6	206.6	201.7
8 Foreign	958.1	1,052.7	1,171.3[r]	1,304.6	1,118.6[r]	1,171.3[r]	1,203.0	1,218.6	1,252.5	1,304.6	1,370.7
9 Financial sectors	10,787.2	11,430.6	12,296.0[r]	12,988.0	12,095.0[r]	12,296.0[r]	12,455.0	12,610.3	12,789.4	12,988.0	13,202.5
10 Government-sponsored enterprises	390.7	459.7	549.8	673.2	531.8	549.8	572.0	597.9	629.4	673.2	675.3
11 Federally related mortgage pools	1,156.5	1,272.0	1,355.6[r]	1,467.8	1,330.1	1,355.6[r]	1,397.8	1,430.1	1,451.5	1,467.8	1,476.4
12 Monetary authority	272.5	300.4	336.7	368.2	324.2	336.7	341.5	351.6	356.8	368.2	367.1
13 Commercial banking	2,853.3	2,948.6	3,090.8	3,252.8	3,036.4	3,090.8	3,120.2	3,156.2	3,204.2	3,252.8	3,320.5
14 U.S. commercial banks	2,502.5	2,571.9	2,721.5	2,869.6	2,670.2	2,721.5	2,743.8	2,780.3	2,822.4	2,869.6	2,906.4
15 Foreign banking offices	319.2	335.8	326.0	337.1	322.3	326.0	331.8	330.8	335.5	337.1	367.4
16 Bank holding companies	11.9	17.5	17.5	18.4	18.7	17.5	18.2	18.3	19.0	18.4	18.5
17 Banks in U.S. affiliated areas	19.7	23.4	25.8	27.8	25.3	25.8	26.4	26.8	27.3	27.8	28.2
18 Funding corporations	51.5	75.0	93.1	106.9	82.4	93.1	97.9	106.3	112.6	106.9	109.7
19 Thrift institutions	1,192.6	1,134.5	1,132.7	1,167.9	1,136.5	1,132.7	1,134.2	1,146.1	1,159.9	1,167.9	1,175.1
20 Life insurance companies	1,199.6	1,278.8	1,383.9	1,445.0	1,372.1	1,383.9	1,404.2	1,409.1	1,430.3	1,445.0	1,470.4
21 Other insurance companies	376.6	389.4	422.7	443.8	414.6	422.7	429.6	434.8	438.8	443.8	447.0
22 Private pension funds	693.0	730.4	770.6	728.2	785.6	770.6	746.2	738.5	734.1	728.2	752.6
23 State and local government retirement funds	479.9	514.3	542.6	603.3	533.4	542.6	560.8	578.1	584.7	603.3	620.2
24 Finance companies	484.9	486.6	482.8	551.0	474.0	482.8	494.5	511.3	524.1	551.0	568.5
25 Mortgage companies	60.3	60.5	60.4	37.5	63.8	60.4	49.5	40.4	37.0	37.5	38.5
26 Mutual funds	450.5	574.2	743.8[r]	751.4	709.0[r]	743.8[r]	759.2	761.5	767.5	751.4	750.1
27 Closed-end funds	50.3	67.7	77.9	81.4	76.0	77.9	80.0	80.8	81.1	81.4	81.6
28 Money market funds	402.7	404.1	418.7[r]	447.1	400.6	418.7[r]	422.0	421.4	423.4	447.1	468.1
29 Real estate investment trusts (REITs)	7.0	8.1	8.6	13.3	8.6	8.6	10.3	11.9	13.3	13.3	13.9
30 Brokers and dealers	124.0	117.1	126.3	92.3	147.1	126.3	112.4	99.3	94.5	92.3	100.4
31 Asset-backed securities issuers (ABSs)	317.8	377.9	458.0	509.0	430.2	458.0	479.5	489.2	498.5	509.0	518.8
32 Bank personal trusts	223.5	231.5	240.9	248.0	238.7	240.9	243.2	245.7	247.7	248.0	248.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 **Total credit market debt**	**14,232.3**	**15,036.3**	**16,028.7[r]**	**17,071.0**	**15,709.2[r]**	**16,028.7[r]**	**16,255.0**	**16,492.9**	**16,729.9**	**17,071.0**	**17,307.9**
Other liabilities											
34 Official foreign exchange	55.4	51.8	53.4	53.2	55.6	53.4	56.4	54.9	55.5	53.2	64.1
35 Special drawing rights certificates	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
36 Treasury currency	16.3	16.5	17.0	17.6	16.8	17.0	17.1	17.3	17.5	17.6	17.8
37 Life insurance reserves	405.7	433.0	468.2	488.4	459.4	468.2	473.2	475.2	481.2	488.4	494.7
38 Pension fund reserves	4,138.3	4,516.5	4,974.7	5,009.5	4,887.8	4,974.7	4,894.5	4,893.5	5,006.5	5,009.5	5,228.1
39 Interbank claims	96.4	132.8	177.7	272.6	166.9	177.7	205.4	223.9	244.6	272.6	267.5
40 Deposits at financial institutions	5,044.8	5,059.1	5,155.5[r]	5,283.8	5,088.5	5,155.5[r]	5,163.7	5,186.2	5,211.9	5,283.8	5,361.2
41 Checkable deposits and currency	1,020.6	1,134.4	1,251.7	1,241.6	1,181.9	1,251.7	1,220.5	1,229.7	1,204.9	1,241.6	1,193.6
42 Small time and savings deposits	2,350.7	2,293.5	2,223.2	2,182.7	2,236.6	2,223.2	2,233.8	2,214.1	2,198.7	2,182.7	2,206.3
43 Large time deposits	488.4	415.2	391.7	410.7	389.4	391.7	382.6	379.0	402.2	410.7	435.0
44 Money market fund shares	539.6	543.6	562.7[r]	608.2	547.9	562.7[r]	579.7	573.9	583.5	608.2	632.9
45 Security repurchase agreements	355.8	392.3	457.8	542.1	472.5	457.8	474.9	512.9	540.2	542.1	593.6
46 Foreign deposits	289.6	280.1	268.4[r]	298.5	260.2	268.4[r]	272.4	276.6	282.4	298.5	299.7
47 Mutual fund shares	813.9	1,042.1	1,446.3[r]	1,563.9	1,351.7[r]	1,446.3[r]	1,484.8	1,507.8	1,588.6	1,563.9	1,656.4
48 Security credit	188.9	217.3	279.3	277.0	254.5	279.3	282.8	278.0	263.2	277.0	264.2
49 Trade debt	935.9	977.4	1,026.4	1,118.6	1,009.6	1,026.4	1,023.6	1,047.9	1,084.7	1,118.6	1,136.2
50 Taxes payable	71.2	79.6	84.2	87.6	82.8	84.2	89.1	82.3	86.1	87.6	93.4
51 Investment in bank personal trusts	608.3	629.6	660.9	670.0	651.2	660.9	655.2	650.1	671.5	670.0	707.2
52 Miscellaneous	2,992.2	3,160.2	3,403.0[r]	3,717.2	3,314.6	3,403.0[r]	3,515.9	3,573.5	3,668.4	3,717.2	3,714.7
53 **Total liabilities**	**29,609.6**	**31,360.1**	**33,783.1[r]**	**35,638.3**	**33,056.5[r]**	**33,783.1[r]**	**34,124.7**	**34,491.7**	**35,117.5**	**35,638.3**	**36,321.3**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.3	19.6	20.1	21.1	20.3	20.1	20.4	20.8	21.0	21.1	22.7
55 Corporate equities	4,863.6	5,462.9	6,186.5	6,048.8	5,941.7	6,186.5	6,052.2	5,877.7	6,135.1	6,048.8	6,573.6
56 Household equity in noncorporate business	2,444.4	2,411.5	2,420.5[r]	2,510.7	2,446.1[r]	2,420.5[r]	2,471.4	2,500.1	2,524.4	2,510.7	2,474.6
Floats not included in assets (−)											
57 U.S. government checkable deposits	3.8	6.8	5.6	3.4	2.2	5.6	.3	.9	1.2	3.4	4.2
58 Other checkable deposits	40.4	42.0	40.7	38.0	33.7	40.7	36.3	38.7	30.6	38.0	32.3
59 Trade credit	−129.3	−124.6	−101.7	−96.4	−130.4	−101.7	−120.9	−128.3	−121.4	−96.4	−108.5
Liabilities not identified as assets (−)											
60 Treasury currency	−4.8	−4.9	−5.1	−5.4	−5.1	−5.1	−5.2	−5.2	−5.3	−5.4	−5.4
61 Interbank claims	−4.2	−9.3	−4.7	−6.5	−7.8	−4.7	−7.7	−7.4	−3.5	−6.5	−2.8
62 Security repurchase agreements	9.2	38.1	120.6[r]	170.8	132.6	120.6[r]	135.7	162.7	189.4	170.8	201.6
63 Taxes payable	17.8	25.2	26.2	24.6	24.3	26.2	15.4	21.6	21.7	24.6	6.4
64 Miscellaneous	−330.7	−398.4	−484.8[r]	−469.6	−480.0[r]	−484.8[r]	−453.1	−442.7	−449.9	−469.6	−559.7
65 **Total identified to sectors as assets**	**37,337.6**	**39,679.1**	**42,813.4[r]**	**44,560.0**	**41,895.2[r]**	**42,813.4[r]**	**43,068.0**	**43,250.0**	**44,135.2**	**44,560.0**	**45,824.1**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1992	1993	1994	1994				1995r				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **Industrial production**[1]	**107.6**	**112.0**	**118.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**121.9**	**121.2**	**120.9**
Market groupings												
2 Products, total	106.5	110.7	115.9	116.4	116.9	117.5	118.7	119.1	119.1	118.8	118.0	117.8
3 Final, total	109.0	113.4	118.4	118.9	119.2	119.8	121.2	121.6	121.8	121.4	120.8	120.6
4 Consumer goods	105.9	109.4	113.2	113.0	113.0	113.9	115.5	115.7	115.7	114.8	113.9	113.6
5 Equipment	113.4	119.3	126.5	128.0	128.8	128.9	130.1	130.9	131.2	131.8	131.6	131.7
6 Intermediate	98.8	102.4	108.1	108.6	109.9	110.6	110.9	111.3	110.9	110.6	109.5	109.2
7 Materials	109.2	114.1	121.5	122.9	123.4	124.6	126.3	126.5	126.7	126.7	126.2	125.8
Industry groupings												
8 Manufacturing	108.0	112.9	119.7	120.9	121.5	122.6	124.2	124.5	124.2	124.1	123.3	123.0
9 Capacity utilization, manufacturing (percent)[2]	79.2	80.9	83.4	83.6	83.8	84.4	85.2	85.2	84.7	84.3	83.5	83.0
10 Construction contracts[3]	97.7	104.4	109.3r	109.0	107.0	111.0	101.0	104.0	111.0	108.0	99.0	109.0
11 Nonagricultural employment, total[4]	106.5	108.4	111.3	112.6r	112.7r	113.2r	113.4r	113.6	113.9	114.1	114.1	114.0
12 Goods-producing, total	94.2	94.3	95.6	97.4r	97.6r	98.0r	98.2r	98.5	98.6	98.8	98.6	98.1
13 Manufacturing, total	95.3	94.8	95.1	96.6r	96.8r	97.1r	97.2r	97.4	97.5	97.5	97.4	97.1
14 Manufacturing, production workers	94.9	94.9	96.1	97.8r	98.1r	98.5r	98.7r	98.9	99.1	99.1	99.0	98.6
15 Service-producing	110.5	112.9	116.3	117.4r	117.6r	118.1r	118.3r	118.4	118.8	119.0	119.0	119.0
16 Personal income, total	135.6	141.4	150.0	151.7	153.7	153.7	154.7	156.0	156.8	157.7	158.1	n.a.
17 Wages and salary disbursements	131.6	136.2	145.0	146.4	148.2	148.1	149.0	150.1	150.7	150.9	151.8	n.a.
18 Manufacturing	118.0	120.0	126.0	126.7	128.8	127.9	128.6	129.1	131.1	130.4	128.8	n.a.
19 Disposable personal income[5]	137.0	142.5	150.8	152.6	154.8	154.7	155.8	157.0	157.8	158.6	157.5	n.a.
20 Retail sales[5]	126.4	134.7	145.2r	147.6	149.3	149.8	150.0	150.7	149.6	150.6	150.1	150.4
Prices[6]												
21 Consumer (1982–84=100)	140.3	144.5	148.2	149.4	149.5	149.7	149.7	150.3	150.9	151.4	151.9	152.2
22 Producer finished goods (1982=100)	123.2	124.7	125.5	125.6	125.8	126.1	126.2	126.6r	126.9	126.9	127.6	128.0

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, *DRI McGraw-Hill, U.S. Department of Commerce, and other sources.*
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1992	1993	1994	1994r			1995r				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	126,982	128,040	131,056	131,646	131,718	131,725	132,136	132,308	132,511	132,737	131,811
Employment											
2 Nonagricultural industries[3]	114,391	116,232	119,651	120,647	120,903	121,038	121,064	121,469	121,576	121,478	120,962
3 Agriculture	3,207	3,074	3,409	3,494	3,500	3,532	3,575	3,656	3,698	3,594	3,357
Unemployment											
4 Number	9,384	8,734	7,996	7,505	7,315	7,155	7,498	7,183	7,237	7,665	7,492
5 Rate (percent of civilian labor force)	7.4	6.8	6.1	5.7	5.6	5.4	5.7	5.4	5.5	5.8	5.7
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,604**	**110,525**	**113,423**	**114,935**	**115,427**	**115,624**	**115,810**	**116,123**	**116,302**	**116,295**	**116,194**
7 Manufacturing	18,104	18,003	18,064	18,398	18,439	18,472	18,502	18,523	18,525	18,500	18,444
8 Mining	635	611	604	595	592	592	590	588	589	583	581
9 Contract construction	4,492	4,642	4,916	5,088	5,144	5,166	5,201	5,213	5,256	5,237	5,180
10 Transportation and public utilities	5,721	5,787	5,842	6,061	6,092	6,121	6,129	6,156	6,175	6,186	6,182
11 Trade	25,354	25,675	26,362	26,775	26,913	26,988	27,011	27,069	27,047	27,064	27,047
12 Finance	6,602	6,712	6,789	6,935	6,937	6,931	6,927	6,929	6,938	6,919	6,916
13 Service	29,052	30,278	31,805	31,888	32,035	32,135	32,228	32,404	32,524	32,559	32,619
14 Government	18,653	18,817	19,041	19,195	19,275	19,219	19,222	19,241	19,248	19,247	19,225

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.
2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.
3. Includes self-employed, unpaid family, and domestic service workers.
4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1987=100) 1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]	Capacity (percent of 1987 output) 1994 Q2	1994 Q3	1994 Q4	1995 Q1	Capacity utilization rate (percent)[2] 1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]
1 **Total industry**	**117.4**	**118.8**	**120.5**	**122.0**	**140.0**	**140.9**	**141.9**	**143.1**	**83.8**	**84.3**	**84.9**	**85.2**
2 Manufacturing	118.9	120.5	122.7	124.2	143.1	144.2	145.3	146.6	83.1	83.6	84.5	84.7
3 Primary processing[3]	114.7	115.9	118.4	119.3	131.0	131.6	132.3	133.2	87.6	88.1	89.5	89.6
4 Advanced processing[4]	120.9	122.7	124.8	126.6	148.7	150.0	151.3	152.9	81.3	81.8	82.5	82.8
5 Durable goods	124.1	126.5	129.4	131.5	150.2	151.6	153.1	154.9	82.6	83.4	84.6	84.9
6 Lumber and products	105.4	106.6	107.9	107.7	115.5	116.0	116.5	117.1	91.2	91.9	92.7	91.9
7 Primary metals	114.4	114.1	119.4	120.4	125.0	125.2	125.4	126.7	91.6	91.1	95.2	95.0
8 Iron and steel	120.2	115.8	123.3	125.4	127.9	128.4	128.8	130.9	93.9	90.2	95.8	95.9
9 Nonferrous	106.9	111.4	113.9	113.6	120.5	120.5	120.5	120.9	88.7	92.4	94.5	94.0
10 Industrial machinery and equipment	157.6	162.6	167.5	171.4	179.0	181.6	184.1	187.8	88.0	89.6	91.0	91.3
11 Electrical machinery	156.8	163.5	169.4	174.0	179.9	184.1	188.5	193.8	87.1	88.8	89.9	89.8
12 Motor vehicles and parts	133.3	135.0	141.5	145.8	158.5	160.3	162.2	164.2	84.1	84.2	87.2	88.8
13 Aerospace and miscellaneous transportation equipment	84.2	82.1	80.8	81.4	129.8	129.4	129.1	128.8	64.9	63.5	62.6	63.2
14 Nondurable goods	113.1	113.8	115.3	116.1	134.8	135.5	136.3	137.1	83.9	84.0	84.6	84.7
15 Textile mill products	108.7	108.9	111.6	111.9	120.8	121.4	122.0	122.7	90.1	89.7	91.4	91.2
16 Paper and products	115.9	118.5	120.6	120.3	126.6	127.1	127.7	128.4	91.6	93.2	94.4	93.6
17 Chemicals and products	123.6	124.4	126.0	129.8	151.9	153.3	154.7	156.2	81.4	81.1	81.4	83.1
18 Plastics materials	124.3	126.9	130.2	134.3	130.0	130.8	131.6	132.6	95.6	97.0	98.9	101.3
19 Petroleum products	106.3	104.9	106.5	107.8	115.3	115.2	115.1	115.1	92.2	91.1	92.5	93.7
20 Mining	100.7	100.1	99.2	100.2	111.5	111.5	111.4	111.4	90.3	89.8	89.0	89.9
21 Utilities	117.2	118.1	116.3	118.3	135.0	135.4	135.8	136.3	86.8	87.2	85.6	86.8
22 Electric	118.0	118.2	117.3	118.5	132.6	133.1	133.6	134.1	89.0	88.8	87.8	88.4

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	1994 May	1994 Dec.	1995 Jan.	1995 Feb.[r]	1995 Mar.[r]	1995 Apr.	1995 May[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**83.8**	**85.5**	**85.5**	**85.3**	**84.9**	**84.2**	**83.7**
2 Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	83.2	85.2	85.2	84.7	84.3	83.5	83.0
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.0	77.9	88.0	90.8	90.2	89.4	89.1	88.4	87.9
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.2	81.3	83.0	83.2	82.8	82.4	81.5	81.0
5 Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	82.5	85.4	85.3	84.9	84.5	83.6	82.9
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.3	91.8	94.7	94.3	91.7	89.8	87.9	87.9
7 Primary metals	100.6	66.2	102.4	46.8	92.8	74.0	91.9	98.0	95.6	94.5	94.8	94.2	93.5
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.1	94.5	100.3	96.5	94.9	96.1	94.5	92.9
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.0	88.7	95.2	94.6	94.2	93.2	94.0	94.4
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	72.5	88.1	91.1	92.0	91.1	90.7	90.0	89.5
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	76.6	87.0	90.8	90.1	89.8	89.4	88.8	88.4
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	57.6	83.0	88.8	89.4	89.3	87.7	83.6	80.0
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	79.4	65.2	62.5	62.4	63.4	63.8	63.8	63.2
14 Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.4	84.1	85.2	85.1	84.6	84.2	83.5	83.2
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.9	90.2	91.8	92.5	90.4	90.6	91.1	89.7
16 Paper and products	96.9	69.0	94.2	82.0	94.8	86.5	92.2	95.2	93.5	93.7	93.7	93.1	93.7
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	78.9	81.7	82.5	83.8	83.0	82.6	81.3	81.1
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	97.0	105.0	105.6	100.6	97.5	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	83.7	92.8	93.7	93.4	93.5	94.2	95.0	93.4
20 Mining	94.4	88.4	96.6	80.6	86.5	86.0	90.3	89.8	89.7	90.3	89.7	89.6	88.7
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.2	85.8	84.7	85.6	87.5	87.3	87.6	88.0
22 Electric	99.0	82.7	88.3	78.7	94.8	86.5	87.6	87.1	87.5	88.7	88.8	89.2	89.6

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.
3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.
4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment; instruments; and miscellaneous manufactures.
5. Monthly highs, 1978–80; monthly lows, 1982.
6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 pro-portion	1994 avg.	1994 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1995 Jan.	Feb.[r]	Mar.[r]	Apr.	May[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**118.1**	**117.4**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**121.9**	**121.2**	**120.9**
2 Products	60.9	115.9	115.3	115.9	116.2	116.7	116.4	116.9	117.5	118.7	119.1	119.1	118.8	118.0	117.8
3 Final products	46.6	118.4	117.8	118.4	118.5	119.2	118.9	119.2	119.8	121.2	121.6	121.8	121.4	120.8	120.6
4 Consumer goods, total	28.5	113.2	112.8	113.5	113.3	113.8	113.0	113.0	113.9	115.5	115.7	115.7	114.8	113.9	113.6
5 Durable consumer goods	5.5	119.4	116.4	118.0	118.0	120.7	119.1	119.4	120.5	123.4	124.5	123.4	121.3	118.9	116.4
6 Automotive products	2.5	125.5	120.1	121.0	119.5	124.9	123.8	124.5	127.1	131.1	131.7	132.3	129.8	125.8	120.6
7 Autos and trucks	1.6	125.4	118.1	118.5	115.0	126.0	122.5	122.3	126.5	131.4	132.7	133.5	130.8	124.6	117.3
8 Autos, consumer	.9	94.9	90.4	89.6	86.5	91.7	90.2	92.9	94.0	100.5	103.6	103.6	103.1	93.9	87.5
9 Trucks, consumer	.7	180.7	168.0	170.7	166.6	189.0	181.5	175.5	185.8	187.3	184.6	187.1	180.0	180.2	171.7
10 Auto parts and allied goods	.9	123.2	121.9	123.8	126.6	120.0	123.9	126.6	125.7	127.8	126.9	127.0	125.0	126.0	125.1
11 Other	3.0	114.1	113.2	115.4	116.7	117.1	115.2	115.2	115.0	116.8	118.3	115.9	114.0	113.1	112.8
12 Appliances televisions and air conditioners	.7	126.0	125.6	132.8	129.7	135.1	130.2	124.9	126.9	131.5	132.1	125.8	122.3	119.4	122.4
13 Carpeting and furniture	.8	105.0	103.3	103.6	108.4	106.9	104.1	107.4	105.9	108.0	110.2	107.9	106.4	106.6	105.7
14 Miscellaneous home goods	1.5	113.8	113.1	114.2	115.3	114.6	114.6	114.9	114.5	114.9	116.5	115.8	114.3	113.6	112.3
15 *Nondurable consumer goods*	23.0	111.8	112.0	112.5	112.2	112.2	111.7	111.5	112.4	113.7	113.6	113.9	113.3	112.7	113.0
16 Foods and tobacco	10.3	110.5	110.9	110.5	110.6	111.2	111.9	112.2	112.4	114.3	113.1	112.9	112.4	111.8	111.8
17 Clothing	2.4	95.9	97.2	96.3	96.5	95.9	95.5	96.2	96.2	96.8	96.1	94.7	94.4	93.2	93.2
18 Chemical products	4.5	129.7	129.5	131.4	131.1	129.8	127.5	127.2	130.5	134.0	137.0	136.6	135.9	133.7	135.1
19 Paper products	2.9	104.7	105.6	105.8	105.2	105.9	105.2	103.6	104.6	104.3	103.4	104.1	102.9	104.1	104.7
20 Energy	2.9	113.9	112.4	115.5	114.3	113.1	110.5	109.8	110.6	109.6	110.4	114.1	113.9	114.3	114.2
21 Fuels	.9	106.7	107.4	106.5	105.8	105.8	107.4	103.9	109.8	107.4	107.4	109.1	110.6	110.6	108.5
22 Residential utilities	2.1	116.8	114.4	119.3	117.8	116.1	111.8	112.2	110.7	110.3	111.6	116.0	115.2	115.8	116.5
23 Equipment	18.1	126.5	125.4	125.8	126.4	127.5	128.0	128.8	128.9	130.1	130.9	131.2	131.8	131.6	131.7
24 Business equipment	14.0	146.7	144.5	145.5	146.9	148.9	149.5	150.9	151.0	152.6	153.7	154.5	155.5	155.2	155.4
25 Information processing and related	5.7	176.4	171.8	173.7	177.1	179.7	181.1	183.2	184.2	188.3	188.7	189.1	192.3	195.0	196.9
26 Computer and office equipment	1.5	284.2	271.6	276.5	282.6	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	339.3	346.1
27 Industrial	4.0	120.9	120.7	120.6	122.1	122.3	123.0	124.4	124.1	124.1	125.9	126.1	125.8	124.8	125.1
28 Transit	2.6	137.9	135.3	136.1	132.6	137.9	136.8	137.1	137.5	137.8	139.7	143.4	143.2	139.7	136.2
29 Autos and trucks	1.2	148.0	140.0	141.7	138.2	149.4	147.7	149.2	151.6	152.6	157.2	157.7	154.9	146.7	141.2
30 Other	1.7	129.4	129.4	130.5	132.6	133.5	133.3	134.3	133.1	133.1	133.5	132.9	132.8	130.3	130.1
31 Defense and space equipment	3.4	71.0	72.4	71.3	69.9	69.2	68.8	68.7	69.0	68.7	68.6	67.7	67.6	67.3	66.6
32 Oil and gas well drilling	.5	90.8	94.6	94.2	93.7	89.6	93.9	88.3	86.0	86.0	86.7	89.1	85.7	89.2	91.9
33 Manufactured homes	.2	137.3	135.2	137.8	133.3	134.5	138.4	142.0	143.1	153.6	153.6	147.4	148.3	147.2	...
34 Intermediate products, total	14.3	108.1	107.7	108.5	109.1	109.2	108.6	109.9	110.6	110.9	111.3	110.9	110.6	109.5	109.2
35 Construction supplies	5.3	106.8	106.1	106.4	107.9	108.2	108.6	109.7	109.8	111.6	112.2	111.0	110.4	109.0	108.3
36 Business supplies	9.0	109.1	108.8	110.1	110.0	109.9	108.7	110.1	111.3	110.7	110.9	111.0	110.9	110.0	109.9
37 Materials	39.1	121.5	120.5	121.2	121.4	122.8	122.9	123.4	124.6	126.3	126.5	126.7	126.7	126.2	125.8
38 Durable goods materials	20.6	131.2	129.8	130.0	130.9	132.6	133.3	134.2	136.0	138.6	139.1	139.2	139.3	138.9	138.6
39 *Durable consumer parts*	3.9	132.2	129.7	129.2	130.4	133.2	133.1	133.8	135.8	139.7	139.1	139.1	138.0	135.9	133.2
40 Equipment parts	7.5	143.1	140.5	142.1	143.8	145.2	146.7	149.0	150.7	152.3	153.6	155.1	156.3	157.5	158.8
41 Other	9.1	121.3	121.2	120.8	121.1	122.3	122.8	122.7	124.6	127.3	127.6	126.7	126.6	125.7	125.2
42 Basic metal materials	3.0	119.7	120.0	119.6	118.8	119.3	121.1	121.3	123.2	126.0	125.6	124.8	124.7	124.0	123.3
43 Nondurable goods materials	8.9	118.4	118.2	118.1	118.6	120.3	119.8	120.3	121.5	122.8	122.3	121.8	121.6	120.4	119.8
44 Textile materials	1.1	105.3	104.2	104.8	104.8	105.7	105.9	106.9	110.3	108.7	109.8	108.5	108.8	109.9	107.7
45 Paper materials	1.8	118.7	118.9	118.4	117.5	122.5	121.5	120.5	122.1	121.3	120.8	122.1	124.1	122.5	123.9
46 Chemical materials	4.0	123.2	123.8	122.9	123.4	124.8	124.0	124.6	125.9	127.5	128.6	128.3	127.2	125.7	124.9
47 Other	2.0	116.9	114.8	116.5	118.6	118.1	118.2	119.5	119.3	123.4	119.1	116.8	116.1	114.3	113.5
48 Energy materials	9.6	105.2	104.6	106.7	105.2	106.1	105.6	105.2	104.9	105.3	105.6	106.6	106.5	106.5	106.0
49 Primary energy	6.3	100.3	100.4	100.2	100.3	100.9	100.8	100.3	100.7	101.7	101.7	102.0	102.5	102.2	101.1
50 Converted fuel materials	3.3	114.9	112.8	119.9	114.9	116.3	115.1	115.1	113.4	112.3	113.4	115.6	114.3	115.1	115.9
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	117.6	117.1	117.7	118.1	118.7	118.6	119.1	119.8	121.1	121.4	121.4	121.3	120.9	120.8
52 Total excluding motor vehicles and parts	95.2	117.1	116.6	117.3	117.7	118.2	118.0	118.5	119.2	120.5	120.8	120.8	120.7	120.3	120.3
53 Total excluding computer and office equipment	98.3	115.4	114.8	115.4	115.5	116.4	116.1	116.6	117.4	118.7	118.9	118.9	118.6	117.9	117.6
54 Consumer goods excluding autos and trucks	26.9	112.4	112.4	113.2	113.2	113.0	112.4	112.4	113.1	114.5	114.6	114.5	113.8	113.2	113.4
55 Consumer goods excluding energy	25.6	113.1	112.8	113.2	113.2	113.8	113.3	113.3	114.2	116.2	116.3	115.9	114.9	113.8	113.5
56 Business equipment excluding autos and trucks	12.8	146.5	144.8	145.7	147.7	148.8	149.5	151.0	150.9	152.5	153.3	154.1	155.5	155.9	156.7
57 *Business equipment excluding computer and office equipment*	12.5	130.7	129.4	130.0	131.1	132.7	132.7	133.8	133.6	134.7	135.4	135.6	136.2	135.3	135.0
58 Materials excluding energy	29.5	127.3	126.2	126.4	127.2	128.8	129.2	129.9	131.6	133.8	134.0	133.9	133.9	133.2	132.8

2.13 *INDUSTRIAL PRODUCTION* Indexes and Gross Value[1]—Continued

Group	SIC[2] code	1992 proportion	1994 avg.	1994 May	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.[r]	1995 Mar.[r]	1995 Apr.	1995 May[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.1**	**117.4**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.3**	**121.7**	**122.0**	**122.1**	**121.9**	**121.2**	**120.9**
60 Manufacturing	...	85.5	119.7	119.0	119.3	119.8	120.9	120.9	121.5	122.6	124.2	124.5	124.2	124.1	123.3	123.0
61 Primary processing	...	26.5	115.3	115.2	114.7	115.3	116.3	116.2	116.6	118.4	120.3	119.8	119.1	118.9	118.3	117.9
62 Advanced processing	...	59.0	121.8	120.8	121.5	121.9	123.1	123.1	123.8	124.6	126.0	126.6	126.6	126.5	125.6	125.4
63 Durable goods	...	45.1	125.5	124.0	124.6	125.2	127.0	127.2	128.0	129.1	131.2	131.6	131.5	131.5	130.7	130.3
64 Lumber and products	24	2.0	106.0	106.0	106.2	106.8	105.5	107.6	106.7	106.7	110.4	110.2	107.4	105.4	103.4	103.7
65 Furniture and fixtures	25	1.4	111.4	110.1	111.8	114.0	115.5	112.4	114.8	113.0	114.7	116.0	115.6	113.7	112.8	113.3
66 Stone, clay, and glass products	32	2.1	104.9	105.5	104.4	104.3	105.8	105.8	105.4	106.9	110.1	108.7	107.4	108.7	106.5	106.0
67 Primary metals	33	3.1	114.5	114.8	113.7	112.7	113.5	116.0	115.9	119.1	123.0	120.9	119.8	120.4	119.9	119.2
68 Iron and steel	331,2	1.7	118.3	120.9	118.2	116.1	113.0	118.2	118.8	121.9	129.3	125.9	124.3	126.1	124.2	122.3
69 Raw steel	...	.1	107.9	105.7	106.3	104.7	107.0	109.9	109.0	114.2	121.9	114.6	117.2	117.2	114.3	...
70 Nonferrous	333–6,9	1.4	109.3	106.9	107.6	108.0	113.6	112.7	111.8	115.2	114.8	114.2	113.8	112.8	114.0	114.8
71 Fabricated metal products	34	5.0	110.8	110.0	110.2	111.7	112.4	111.6	112.2	113.3	115.3	115.3	114.9	114.4	114.0	114.0
72 Industrial machinery and equipment	35	7.9	159.9	157.7	158.9	160.6	162.6	164.6	166.5	167.5	168.5	171.4	171.1	171.7	171.8	172.4
73 Computer and office equipment	357	1.7	284.2	271.6	276.5	282.6	288.9	295.8	300.5	305.7	311.9	318.0	325.3	331.8	339.3	346.1
74 Electrical machinery	36	7.3	160.0	156.5	159.5	161.5	164.1	165.0	166.9	168.8	172.5	172.9	174.0	175.0	175.7	176.6
75 Transportation equipment	37	9.6	109.7	107.6	107.5	105.7	109.5	108.8	109.0	110.5	111.9	112.6	113.5	112.7	109.7	106.6
76 Motor vehicles and parts	371	4.8	137.9	131.6	132.2	129.6	138.1	137.4	138.4	141.4	144.6	146.1	146.7	144.7	138.6	133.1
77 Autos and light trucks	371	2.5	131.9	124.4	124.6	120.8	131.9	128.4	128.6	132.7	138.4	140.0	140.8	138.2	130.9	123.2
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.8	82.6	84.6	83.8	82.8	82.3	81.4	80.8	80.9	80.6	80.4	81.7	82.1	82.1	81.2
79 Instruments	38	5.4	107.4	106.4	106.8	108.5	108.7	108.0	108.2	107.7	108.9	108.4	107.7	108.5	109.4	109.9
80 Miscellaneous	39	1.3	116.2	115.4	115.8	118.6	117.1	117.0	118.4	118.6	117.6	119.1	120.3	118.5	118.0	117.4
81 Nondurable goods	...	40.5	113.3	113.4	113.4	113.6	114.0	113.7	114.2	115.4	116.4	116.5	116.1	115.7	115.0	114.8
82 Foods	20	9.4	112.8	112.8	112.8	113.4	113.7	114.6	113.4	113.9	114.7	115.9	115.7	115.5	114.3	114.0
83 Tobacco products	21	1.6	96.5	98.5	95.9	93.7	96.2	96.1	104.5	101.5	108.0	97.3	96.4	95.2	97.0	97.7
84 Textile mill products	22	1.8	109.0	108.9	108.7	109.4	109.0	108.3	110.6	112.0	112.2	113.3	110.9	111.5	112.3	110.7
85 Apparel products	23	2.2	96.3	97.1	97.0	97.0	96.8	96.8	96.9	96.8	97.0	96.6	95.8	94.8	93.5	93.1
86 Paper and products	26	3.6	117.4	116.7	116.6	116.6	120.2	118.7	118.9	121.3	121.7	119.8	120.3	120.6	120.1	121.1
87 Printing and publishing	27	6.8	101.1	101.6	102.4	102.1	101.5	100.9	101.4	102.0	101.6	101.3	100.8	100.4	99.6	99.7
88 Chemicals and products	28	9.9	124.1	124.0	124.4	124.7	124.7	123.7	123.8	126.2	128.0	130.4	129.7	129.3	127.8	127.9
89 Petroleum products	29	1.4	105.3	107.0	104.5	104.3	105.2	105.3	104.0	107.6	107.7	107.4	107.6	108.5	109.5	107.7
90 Rubber and plastic products	30	3.5	133.5	132.4	132.8	134.5	134.5	134.7	136.7	138.3	140.0	140.2	140.5	139.1	139.4	138.3
91 Leather and products	31	.3	85.8	85.9	85.5	86.3	85.5	85.4	85.6	84.5	84.4	82.9	82.8	82.9	81.0	79.4
92 Mining	...	6.8	99.8	100.7	100.6	100.1	100.0	100.1	99.2	98.3	100.1	100.0	100.6	100.0	99.8	98.8
93 Metal	10	.4	159.4	156.4	162.8	159.5	156.6	160.0	158.9	154.3	156.2	158.5	160.4	155.2	153.2	152.0
94 Coal	12	1.0	112.0	111.5	113.4	108.6	111.4	110.7	110.2	110.1	117.8	117.9	118.6	117.4	114.1	106.1
95 Oil and gas extraction	13	4.7	93.0	94.3	93.8	93.9	93.5	93.7	92.2	91.2	92.2	91.2	92.3	91.7	92.6	93.0
96 Stone and earth minerals	14	.6	107.0	108.1	105.6	107.9	106.6	106.7	109.3	109.9	109.9	115.1	112.0	113.3	109.5	107.9
97 Utilities	...	7.7	118.1	115.8	121.1	119.0	118.8	116.5	117.2	116.5	115.2	116.5	119.2	119.1	119.7	120.4
98 Electric	491,3PT	6.1	117.8	116.2	121.4	119.0	118.4	117.1	117.9	117.5	116.5	117.2	119.0	119.3	119.9	120.8
99 Gas	492,3PT	1.6	119.2	114.1	120.0	118.9	120.4	114.2	114.4	112.3	109.8	113.7	120.1	118.1	118.5	119.0
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.7	118.6	118.2	118.6	119.2	119.8	119.9	120.5	121.5	122.9	123.2	122.9	122.8	122.4	122.3
101 Manufacturing excluding office and computing machines	...	83.8	116.5	115.9	116.2	116.6	117.6	117.5	118.1	119.1	120.6	120.8	120.5	120.3	119.4	119.0
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**2,006.2**	**1,990.7**	**2,002.5**	**2,002.1**	**2,020.2**	**2,015.6**	**2,020.4**	**2,037.2**	**2,056.5**	**2,063.2**	**2,066.5**	**2,063.9**	**2,050.9**	**2,043.3**
103 Final	...	1,314.6	1,576.3	1,561.7	1,571.1	1,569.3	1,586.6	1,584.2	1,584.4	1,598.4	1,615.1	1,621.1	1,626.4	1,624.9	1,614.7	1,608.0
104 Consumer goods	...	866.6	982.5	977.1	983.0	979.0	987.3	981.5	977.0	988.5	999.6	1,000.2	1,001.9	997.0	988.0	981.0
105 Equipment	...	448.0	593.8	584.5	588.1	590.3	599.3	602.7	607.3	609.9	615.5	620.9	624.5	627.9	626.7	626.9
106 Intermediate	...	392.5	429.8	429.0	431.4	432.9	433.5	431.4	436.0	438.8	441.4	442.0	440.1	439.0	436.2	435.3

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1992	1993	1994	1994						1995[r]			
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,095	1,199	1,372	1,347	1,386	1,426	1,401	1,358	1,420	1,293	1,282	1,235	1,243
2 One-family	911	987	1,068	1,049	1,063	1,066	1,046	1,025	1,105	990	931	911	905
3 Two-family or more	184	213	303	298	323	360	355	333	315	303	351	324	338
4 Started	1,200	1,288	1,457	1,440	1,463	1,511	1,451	1,536	1,545	1,366	1,319	1,238	1,255
5 One-family	1,030	1,126	1,198	1,219	1,174	1,235	1,164	1,186	1,250	1,055	1,048	987	995
6 Two-family or more	170	162	259	221	289	276	287	350	295	311	271	251	260
7 Under construction at end of period[1]	612	680	762	757	770	773	779	787	791	792	797	769	763
8 One-family	473	543	558	585	589	590	587	587	584	578	579	553	545
9 Two-family or more	140	137	204	172	181	183	192	200	207	214	218	216	218
10 Completed	1,158	1,193	1,347	1,280	1,337	1,400	1,376	1,371	1,388	1,436	1,302	1,439	1,338
11 One-family	964	1,040	1,160	1,157	1,144	1,158	1,169	1,136	1,173	1,209	1,080	1,217	1,088
12 Two-family or more	194	153	187	123	193	242	207	235	215	227	222	222	250
13 Mobile homes shipped	210	254	304	289	295	307	314	322	347	361	335	333	318
Merchant builder activity in one-family units													
14 Number sold	610	666	670	630	672	691	707	642	627	643[r]	567	596	580
15 Number for sale at end of period[1]	265	293	338	317	322	328	330	335	338	342	347	347	350
Price of units sold (thousands of dollars)[2]													
16 Median	121.3	126.1	130.4	124.4	133.3	129.7	132.0	129.9	135.0	127.9[r]	134.4	130.0	132.5
17 Average	144.9	147.6	153.7	144.4	154.9	157.2	153.0	155.4	159.6	147.4[r]	159.3	154.3	156.7
EXISTING UNITS (one-family)													
18 Number sold	3,520	3,800	3,946	3,940	3,910	3,870	3,820	3,690	3,760	3,610	3,420	3,620	3,390
Price of units sold (thousands of dollars)[2]													
19 Median	103.6	106.5	109.6	112.4	113.0	108.9	107.5	108.7	109.1	108.1	107.0	107.9	108.1
20 Average	130.8	133.1	136.4	139.7	141.2	135.8	133.0	134.7	135.6	135.3	133.4	134.5	134.2
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**435,355**	**466,365**	**506,315**	**505,445**	**505,470**	**514,197**	**519,336**	**522,106**	**528,613**	**527,314**	**526,728**	**524,375**	**526,605**
22 Private	316,115	341,101	377,136	376,463	376,216	382,287	383,044	390,729	393,171	394,037	392,164	388,047	388,490
23 Residential	187,870	210,455	237,767	237,775	236,871	238,529	239,136	241,320	243,768	244,628	243,610	238,382	233,674
24 Nonresidential	128,245	130,646	139,369	138,688	139,345	143,758	143,908	149,409	149,403	149,409	148,554	149,665	154,816
25 Industrial buildings	20,720	19,533	21,600	21,117	22,012	22,621	22,190	25,050	23,074	23,316	24,853	24,403	25,812
26 Commercial buildings	41,523	42,627	48,268	48,607	48,185	50,180	50,583	51,993	53,272	54,247	54,798	56,251	56,539
27 Other buildings	21,494	23,626	23,835	23,838	23,648	24,784	24,103	24,325	24,851	24,430	24,677	23,539	24,445
28 Public utilities and other	44,508	44,860	45,666	45,126	45,500	46,173	47,032	48,041	48,206	47,416	44,226	45,472	48,020
29 Public	119,238	125,262	129,175	128,982	129,255	131,910	136,292	131,377	135,443	133,277	134,564	136,328	138,115
30 Military	2,502	2,454	2,315	2,351	2,357	2,364	2,329	2,247	2,481	2,629	2,723	2,223	2,577
31 Highway	34,899	37,355	40,185	40,305	40,057	40,797	41,685	40,011	39,256	39,193	38,994	41,174	40,735
32 Conservation and development	6,021	5,976	6,236	5,935	5,754	7,521	7,135	6,658	7,765	6,927	7,445	7,386	7,329
33 Other	75,816	79,477	80,439	80,391	81,087	81,228	85,143	82,461	85,941	84,528	85,402	85,545	87,474

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.

SOURCES. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, May 1995[1]
	1994 May	1995 May	1994 June	1994 Sept.	1994 Dec.	1995 Mar.	1995 Jan.[r]	1995 Feb.[r]	1995 Mar.	1995 Apr.	1995 May	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.3**	**3.2**	**2.7**	**3.6**	**1.9**	**3.2**	**.3**	**.3**	**.2**	**.4**	**.3**	**152.2**
2 Food	1.7	3.3	2.8	5.1	3.9	.0	−.3	.3	.0	.7	.1	148.3
3 Energy items	−1.4	3.3	−3.0	9.2	.4	−1.1	.3	−.1	−.5	.4	.5	106.3
4 All items less food and energy	2.8	3.1	3.1	2.6	2.0	4.1	.4	.3	.3	.4	.2	160.8
5 Commodities	1.3	1.5	3.9	.9	.3	2.6	.4	.1	.1	.2	.0	139.6
6 Services	3.5	3.8	2.7	3.6	2.6	4.8	.5	.4	.4	.4	.3	172.9
PRODUCER PRICES (1982=100)												
7 Finished goods	−.4	2.2	.0	1.9	2.2	2.6	.5	.2	.0	.5	.0	128.0
8 Consumer foods	−.2	1.0	−5.5	1.9	9.2	−1.8	−.5	2	−.2	−.2	−.6	127.9
9 Consumer energy	−4.3	5.5	−2.6	3.2	.0	9.1	2.5	3	−.5	2.3	−.2	80.4
10 Other consumer goods	−.9	2.1	2.0	1.7	.6	2.6	.3	1	.2	.3	.4	141.7
11 Capital equipment	2.2	1.7	3.0	2.1	−.3	2.4	.4	.2	−.1	.3	.2	136.4
Intermediate materials												
12 Excluding foods and feeds	.7	7.4	2.8	6.2	7.2	9.9	1.3	.7	.3	.8	.3	126.0
13 Excluding energy	1.5	7.8	3.9	6.8	8.3	9.8	1.2	.8	.4	.7	.2	135.5
Crude materials												
14 Foods	−2.2	−9.3	−18.0	−13.5	−1.2	−5.0	.0	1.2	−2.4	−.9	−3.0	99.5
15 Energy	−9.7	1.0	21.0	−19.2	−7.6	−3.9	−.1	.0	−.9	5.3	1.6	74.1
16 Other	6.5	18.8	−.8	20.3	27.9	20.0	3.0	1.2	.5	1.2	−.3	179.8

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.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,020.2**	**6,343.3**	**6,738.4**	**6,574.7**	**6,689.9**	**6,791.7**	**6,897.2**	**6,979.7**
By source								
2 Personal consumption expenditures	4,136.9	4,378.2	4,628.4	4,535.0	4,586.4	4,657.5	4,734.8	4,785.8
3 Durable goods	492.7	538.0	591.5	576.2	580.3	591.5	617.7	614.7
4 Nondurable goods	1,295.5	1,339.2	1,394.3	1,368.9	1,381.4	1,406.1	1,420.7	1,433.1
5 Services	2,348.7	2,501.0	2,642.7	2,589.9	2,624.7	2,659.9	2,696.4	2,737.9
6 Gross private domestic investment	788.3	882.0	1,032.9	966.6	1,034.4	1,055.1	1,075.6	1,110.1
7 Fixed investment	785.2	866.7	980.7	942.5	967.0	992.5	1,020.8	1,054.8
8 Nonresidential	561.4	616.1	697.6	665.4	683.3	709.1	732.8	766.9
9 Structures	171.1	173.4	182.8	172.7	181.8	184.6	192.0	200.0
10 Producers' durable equipment	390.3	442.7	514.8	492.7	501.5	524.5	540.7	566.9
11 Residential structures	223.8	250.6	283.0	277.1	283.6	283.4	288.0	287.9
12 Change in business inventories	3.0	15.4	52.2	24.1	67.4	62.6	54.8	55.3
13 Nonfarm	-2.7	20.1	45.9	22.3	60.4	53.4	47.4	54.4
14 Net exports of goods and services	-30.3	-65.3	-98.2	-86.7	-97.6	-109.6	-98.9	-113.1
15 Exports	638.1	659.1	718.7	674.2	704.5	730.5	765.5	775.8
16 Imports	668.4	724.3	816.9	760.9	802.1	840.1	864.4	888.9
17 Government purchases of goods and services	1,125.3	1,148.4	1,175.3	1,159.8	1,166.7	1,188.8	1,185.8	1,196.9
18 Federal	449.0	443.6	437.3	437.8	435.1	444.3	431.9	433.6
19 State and local	676.3	704.7	738.0	722.0	731.5	744.5	753.8	763.3
By major type of product								
20 Final sales, total	6,017.2	6,327.9	6,686.2	6,550.6	6,622.5	6,729.1	6,842.4	6,924.4
21 Goods	2,292.0	2,390.4	2,532.4	2,489.1	2,493.7	2,543.6	2,603.3	2,636.1
22 Durable	968.6	1,032.4	1,118.8	1,098.2	1,099.4	1,125.8	1,151.8	1,174.5
23 Nondurable	1,323.4	1,358.1	1,413.6	1,390.9	1,394.3	1,417.8	1,451.5	1,461.6
24 Services	3,227.2	3,405.5	3,576.2	3,503.8	3,555.4	3,603.6	3,641.9	3,682.9
25 Structures	498.1	532.0	577.6	557.7	573.4	581.9	597.3	605.4
26 Change in business inventories	3.0	15.4	52.2	24.1	67.4	62.6	54.8	55.3
27 Durable goods	-13.0	8.6	34.8	20.6	38.2	44.1	36.3	47.2
28 Nondurable goods	16.0	6.7	17.4	3.5	29.2	18.5	18.5	8.2
MEMO								
29 **Total GDP in 1987 dollars**	**4,979.3**	**5,134.5**	**5,344.0**	**5,261.1**	**5,314.1**	**5,367.0**	**5,433.8**	**5,470.0**
NATIONAL INCOME								
30 **Total**	**4,829.5**	**5,131.4**	**5,458.4**	**5,308.7**	**5,430.7**	**5,494.9**	**5,599.4**	**5,687.8**
31 Compensation of employees	3,591.2	3,780.4	4,004.6	3,920.0	3,979.3	4,023.7	4,095.3	4,158.2
32 Wages and salaries	2,954.8	3,100.8	3,279.0	3,208.3	3,257.2	3,293.9	3,356.4	3,404.2
33 Government and government enterprises	567.3	583.8	602.8	595.7	601.9	604.4	609.0	616.4
34 Other	2,387.5	2,517.0	2,676.2	2,612.6	2,655.4	2,689.6	2,747.4	2,787.8
35 Supplement to wages and salaries	636.4	679.6	725.6	711.7	722.0	729.7	738.9	754.0
36 Employer contributions for social insurance	307.7	324.3	344.6	338.5	343.6	346.0	350.2	354.4
37 Other labor income	328.7	355.3	381.0	373.2	378.4	383.7	388.7	399.6
38 Proprietors' income[1]	418.7	441.6	473.7	471.0	471.3	467.0	485.7	492.6
39 Business and professional[1]	374.4	404.3	434.2	423.8	431.9	437.1	444.0	449.2
40 Farm[1]	44.4	37.3	39.5	47.2	39.3	29.8	41.7	43.5
41 Rental income of persons[2]	-5.5	24.1	27.7	15.3	34.1	32.6	29.0	25.1
42 Corporate profits[1]	405.1	485.8	542.7	508.2	546.4	556.0	560.3	568.8
43 Profits before tax[3]	395.9	462.4	524.5	483.5	523.1	538.1	553.5	569.5
44 Inventory valuation adjustment	-6.4	-6.2	-19.5	-12.3	-14.1	-19.6	-32.1	-38.7
45 Capital consumption adjustment	15.7	29.5	37.7	37.0	37.4	37.5	38.8	38.0
46 Net interest	420.0	399.5	409.7	394.2	399.7	415.7	429.2	443.1

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1994				1995
				Q1	Q2	Q3	Q4	Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,154.3**	**5,375.1**	**5,701.7**	**5,555.8**	**5,659.9**	**5,734.5**	**5,856.6**	**5,963.2**
2 Wage and salary disbursements	2,974.8	3,080.8	3,279.0	3,208.3	3,257.2	3,293.9	3,356.4	3,404.2
3 Commodity-producing industries	757.6	773.8	818.2	801.9	811.6	821.8	837.3	848.3
4 Manufacturing	578.3	588.4	617.5	609.4	612.8	618.3	629.5	638.2
5 Distributive industries	682.3	701.9	748.5	728.6	742.5	753.5	769.6	778.8
6 Service industries	967.6	1,021.4	1,109.5	1,082.0	1,101.2	1,114.3	1,140.5	1,160.7
7 Government and government enterprises	567.3	583.8	602.8	595.7	601.9	604.4	609.0	616.4
8 Other labor income	328.7	355.3	381.0	373.2	378.4	383.7	388.7	399.6
9 Proprietors' income[1]	418.7	441.6	473.7	471.0	471.3	467.0	485.7	492.6
10 Business and professional[1]	374.4	404.3	434.2	423.8	431.9	437.1	444.0	449.2
11 Farm[1]	44.4	37.3	39.5	47.2	39.3	29.8	41.7	43.5
12 Rental income of persons[2]	−5.5	24.1	27.7	15.3	34.1	32.6	29.0	25.1
13 Dividends	161.0	181.3	194.3	185.7	191.7	196.9	202.7	205.5
14 Personal interest income	665.2	637.9	664.0	631.1	649.4	674.2	701.1	725.3
15 Transfer payments	860.2	915.4	963.4	947.4	957.6	969.0	979.7	1,004.7
16 Old-age survivors, disability, and health insurance benefits	414.0	444.4	473.5	463.8	470.7	476.5	483.1	496.7
17 LESS: Personal contributions for social insurance	248.7	261.3	281.4	276.3	279.9	282.9	286.6	293.8
18 EQUALS: Personal income	5,154.3	5,375.1	5,701.7	5,555.8	5,659.9	5,734.5	5,856.6	5,963.2
19 LESS: Personal tax and nontax payments	648.6	686.4	742.1	723.0	746.4	744.1	754.7	773.4
20 EQUALS: Disposable personal income	4,505.8	4,688.7	4,959.6	4,832.8	4,913.5	4,990.3	5,101.9	5,189.8
21 LESS: Personal outlays	4,257.8	4,496.2	4,756.5	4,657.3	4,712.4	4,787.0	4,869.3	4,924.3
22 EQUALS: Personal saving	247.9	192.6	203.1	175.5	201.1	203.3	232.6	265.5
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,489.7	19,878.8	20,475.8	20,235.2	20,389.7	20,536.5	20,739.8	20,836.0
24 Personal consumption expenditures	13,110.4	13,390.8	13,715.4	13,639.8	13,650.9	13,716.6	13,853.5	13,888.5
25 Disposable personal income	14,279.0	14,341.0	14,696.0	14,535.0	14,625.0	14,697.0	14,927.0	15,061.0
26 Saving rate (percent)	5.5	4.1	4.1	3.6	4.1	4.1	4.6	5.1
GROSS SAVING								
27 **Gross saving**	**722.9**	**787.5**	**920.6**	**886.2**	**923.3**	**922.6**	**950.3**	**1,006.9**
28 Gross private saving	980.8	1,002.5	1,053.5	1,037.3	1,041.4	1,052.7	1,082.7	1,127.5
29 Personal saving	247.9	192.6	203.1	175.5	201.1	203.3	232.6	265.5
30 Undistributed corporate profits[1]	94.3	120.9	135.1	127.7	142.3	139.5	130.7	131.5
31 Corporate inventory valuation adjustment	−6.4	−6.2	−19.5	−12.3	−14.1	−19.6	−32.1	−38.7
Capital consumption allowances								
32 Corporate	396.8	407.8	432.2	432.2	425.9	432.6	438.0	445.5
33 Noncorporate	261.8	261.2	283.1	301.8	272.1	277.3	281.3	285.1
34 Government surplus, or deficit (−), national income and product accounts	−257.8	−215.0	−132.9	−151.1	−118.1	−130.1	−132.3	−120.6
35 Federal	−282.7	−241.4	−159.1	−176.2	−145.1	−154.0	−161.1	−150.3
36 State and local	24.8	26.3	26.2	25.2	27.0	23.9	28.8	29.7
37 **Gross investment**	**731.7**	**789.8**	**889.7**	**850.2**	**899.3**	**901.5**	**907.9**	**946.5**
38 Gross private domestic investment	788.3	882.0	1,032.9	966.6	1,034.4	1,055.1	1,075.6	1,110.1
39 Net foreign investment	−56.6	−92.3	−143.2	−116.4	−135.1	−153.6	−167.7	−163.6
40 **Statistical discrepancy**	**8.8**	**2.3**	**−30.9**	**−36.1**	**−24.0**	**−21.1**	**−42.4**	**−60.4**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1992	1993	1994	1993	1994			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	67,886	-103,896	-155,672	-30,587	32,238	37,827	40,848	-44,758
2 Merchandise trade balance[2]	-96,097	-132,575	-166,364	-33,169	37,052	41,721	-44,615	42,976
3 Merchandise exports	440,361	456,866	502,729	119,679	117,848	122,510	127,632	134,739
4 Merchandise imports	536,458	-589,441	-669,093	-152,848	-154,900	164,231	-172,247	177,715
5 Military transactions, net	-3,034	-763	268	-444	338	177	230	199
6 Other service transactions, net	58,747	57,613	59,726	13,637	13,070	14,907	15,647	16,102
7 Investment income, net	4,540	3,947[r]	15,181	590	820	2,819	4,037	-7,504
8 U.S. government grants	-15,010	-14,620	-14,532	5,591	2,371	-3,590	-2,839	-5,731
9 U.S. government pensions and other transfers	3,735	-3,785	4,246	987	-889	-895	-1,474	-988
10 Private remittances and other transfers	-13,297	13,712	-15,343	3,443	-3,838	-3,886	-3,760	-3,860
11 Change in U.S. government assets other than official reserve assets, net (increase,)	-1,652	-306	-277	321	490	462	-270	961
12 Change in U.S. official reserve assets (increase, -)	3,901	-1,379	5,346	673	59	3,537	-165	2,033
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	2,316	-537	441	113	101	-108	111	121
15 Reserve position in International Monetary Fund	-2,692	-44	494	80	3	251	273	27
16 Foreign currencies	4,277	-797	5,293	-480	45	3,394	327	2,181
17 Change in U.S. private assets abroad (increase,)	63,759	-146,214[r]	-130,756	-62,628	48,887	11,250	25,414	45,208
18 Bank-reported claims[3]	22,314	32,238	-2,033	-9,293	1,236	15,248	1,268	-17,313
19 Nonbank-reported claims	45	598	9,679	-303	1,941	4,264	7,356	...
20 U.S. purchases of foreign securities, net	-45,114	-119,983	60,621	-30,349	-24,605	14,007	8,103	13,906
21 U.S. direct investments abroad, net	41,004	-57,871[r]	58,423	22,683	24,987	8,227	11,223	13,989
22 Change in foreign official assets in United States (increase, +)	40,858	71,681	38,912	23,962	11,530	8,925	19,460	1,003
23 U.S. Treasury securities	18,454	48,702	30,441	22,856	1,193	6,033	15,841	7,374
24 Other U.S. government obligations	3,949	4,062	5,988	970	50	2,355	2,003	1,580
25 Other U.S. government liabilities[4]	2,572	1,666	2,514	825	938	252	700	624
26 Other U.S. liabilities reported by U.S. banks[3]	16,571	14,666	2,317	-587	10,139	1,241	1,695	10,758
27 Other foreign official assets[5]	688	2,585	-2,348	102	790	-956	-779	177
28 Change in foreign private assets in United States (increase, +)	105,646	159,017	275,702	66,200	83,600	40,384	60,794	90,924
29 U.S. bank-reported liabilities[3]	15,461	18,452	106,189	7,370	35,200	25,539	18,353	27,097
30 U.S. nonbank-reported liabilities	13,573	14,282	17,955	4,733	5,867	3,662	8,426	...
31 Foreign private purchases of U.S. Treasury securities, net	36,857	24,849	32,925	7,996	9,260	7,434	5,111	25,988
32 Foreign purchases of other U.S. securities, net	29,867	80,068	58,562	38,008	21,258	13,152	14,168	9,984
33 Foreign direct investments in United States, net	9,888	21,366	60,071	8,093	12,015	5,465	14,736	27,855
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	-17,108	21,096	33,255	4,047	14,436	4,231	13,557	1,027
36 Due to seasonal adjustment	.		.	103	5,899	728	-6,686	62
37 Before seasonal adjustment	-17,108	21,096	33,255	3,944	20,335	4,959	-6,871	1,089
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase,)	3,901	1,379	5,346	673	59	3,537	165	2,033
39 Foreign official assets in United States, excluding line 25 (increase, +)	38,286	70,015	36,398	23,137	10,592	8,673	18,760	1,627
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	5,942	-3,847	-1,049	229	1,674	4,149	3,726	1,048

1. Seasonal factors are not calculated for lines 12-16, 18–20, 22–34, and 38–40.

2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.

3. Reporting banks include all types of depository institution as well as some brokers and dealers.

4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1992[r]	1993[r]	1994[r]	1994[r]			1995			
				Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[p]
1 Goods and services, balance	−39,480	−74,842	−106,214	−9,841	−9,735	−7,894	−10,616	−9,610	−9,792	−11,374
2 Merchandise	−96,106	−132,618	−166,101	−14,926	−15,292	−13,272	−15,946	−14,426	−14,678	−16,504
3 Services	56,626	57,777	59,887	5,085	5,557	5,378	5,330	4,816	4,886	5,130
4 Goods and services, exports	618,969	644,579	701,200	59,978	61,713	63,185	61,989	62,093	64,820	63,977
5 Merchandise	440,352	456,824	502,484	43,315	44,441	46,172	44,772	45,482	47,805	46,923
6 Services	178,617	187,755	198,716	16,663	17,272	17,013	17,217	16,611	17,015	17,054
7 Goods and services, imports	−658,449	−719,421	−807,414	−69,819	−71,448	−71,079	−72,605	−71,704	−74,613	−75,351
8 Merchandise	−536,458	−589,442	−668,585	−58,241	−59,733	−59,444	−60,718	−59,909	−62,484	−63,427
9 Services	−121,991	−129,979	−138,829	−11,578	−11,715	−11,635	−11,887	−11,795	−12,129	−11,924
MEMO										
10 **Balance on merchandise trade, Census basis**	**−84,501**	**−115,568**	**−150,629**	**−13,642**	**−14,202**	**−12,010**	**−15,047**	**−13,507**	**−13,024**	**−14,906**

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1992	1993	1994	1994			1995				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 **Total**	**77,719**	**71,323**	**73,442**	**78,172**	**74,000**	**74,335**	**76,027**	**81,439**	**86,761**	**88,756**	**90,549**
2 Gold stock, including Exchange Stabilization Fund[1]	11,057	11,056	11,053	11,053	11,052	11,051	11,050	11,050	11,053	11,055	11,054
3 Special drawing rights[2,3]	11,240	8,503	9,039	10,088	10,017	10,039	10,154	11,158	11,651	11,743	11,923
4 Reserve position in International Monetary Fund[2]	9,488	11,759	11,818	12,339	12,037	12,030	12,120	12,853	13,418	14,206	14,278
5 Foreign currencies[4]	45,934	40,005	41,532	44,692	40,894	41,215	42,703	46,378	50,639	51,752	53,294

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	1991	1992	1993	1994			1995				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 **Deposits**	**968**	**205**	**386**	**223**	**230**	**250**	**185**	**188**	**370**	**166**	**227**
Held in custody											
2 U.S. Treasury securities[2]	281,107	314,481	379,394	439,854	444,339	441,866	439,139	447,206	459,694	469,482	474,181
3 Earmarked gold[3]	13,303	13,118	12,327	12,039	12,037	12,033	12,033	12,033	11,964	11,897	11,800

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1992	1993	1994			1995			
			Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**[1]	**412,624**	**483,002**	**531,397**	**523,915**	**520,204**	**516,713**	**527,011**	**541,899**	**551,730**
By type									
2 Liabilities reported by banks in the United States[2]	54,967	69,808	79,361	73,507	72,731	74,094	80,326	83,128	85,010
3 U.S. Treasury bills and certificates[3]	104,596	151,100	148,039	143,222	139,570	133,014	134,341	141,716	146,417
U.S. Treasury bonds and notes									
4 Marketable	210,931	212,237	250,695	253,455	254,037	255,784	257,894	261,916	265,039
5 Nonmarketable[4]	4,532	5,652	6,031	6,069	6,109	6,137	6,095	6,135	6,169
6 U.S. securities other than U.S. Treasury securities[5]	37,598	44,205	47,271	47,662	47,757	47,684	48,355	49,004	49,095
By area									
7 Europe[1]	189,230	207,121	222,833	217,018	214,908	212,029	213,544	218,023	216,360
8 Canada	13,700	15,285	18,497	17,528	17,235	18,041	18,655	19,268	19,248
9 Latin America and Caribbean	37,973	55,898	47,765	45,206	41,189	36,979	42,198	39,301	41,864
10 Asia	164,690	197,702	232,871	234,344	236,864	240,054	244,685	256,884	266,217
11 Africa	3,723	4,052	4,232	4,673	4,179	4,335	4,066	4,583	4,200
12 Other countries[6]	3,306	2,942	5,197	5,144	5,827	5,273	3,861	3,838	3,839

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1991	1992	1993	1994			1995
				June	Sept.	Dec.	Mar.
1 Banks' liabilities	75,129	72,796	78,120	72,490	82,293	89,616	96,003
2 Banks' claims	73,195	62,799	60,649	56,669	59,261	54,448	74,283
3 Deposits	26,192	24,240	20,284	21,490	20,419	19,798	26,071
4 Other claims	47,003	38,559	40,365	35,179	38,842	34,650	48,212
5 Claims of banks' domestic customers[2]	3,398	4,432	4,100	4,732	5,466	10,773	11,313

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1992	1993	1994	1994			1995			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**810,259**	**921,796**	**1,015,860**	**1,012,336**	**989,094**	**1,015,860**	**1,009,899**	**1,019,763**	**1,029,520**	**1,041,240**
2 Banks' own liabilities	606,444	623,432	721,047	709,734	686,602	721,047	722,047	725,166	723,437	719,216
3 Demand deposits	21,828	21,573	25,831	24,614	23,954	25,831	23,424	24,058	22,656	22,916
4 Time deposits[2]	160,385	175,078	186,392	181,406	178,348	186,392	187,975	185,706	184,258	180,655
5 Other[3]	93,237	110,144	113,850	133,805	124,309	113,850	123,987	125,598	120,060	122,926
6 Own foreign offices[4]	330,994	316,637	394,974	369,909	359,991	394,974	386,661	389,804	396,463	392,719
7 Banks' custodial liabilities[5]	203,815	298,364	294,813	302,602	302,492	294,813	287,852	294,597	306,083	322,024
8 U.S. Treasury bills and certificates[6]	127,644	176,739	162,825	174,441	169,056	162,825	156,664	160,353	170,138	175,300
9 Other negotiable and readily transferable instruments[7]	21,974	36,289	42,177	37,661	39,834	42,177	40,442	43,378	44,921	54,063
10 Other	54,197	85,336	89,811	90,500	93,602	89,811	90,746	90,866	91,024	92,661
11 Nonmonetary international and regional organizations[8]	9,350	10,936	7,474	7,824	6,207	7,474	9,112	8,221	9,193	8,640
12 Banks' own liabilities	6,951	5,639	7,044	6,047	5,441	7,044	8,646	7,572	8,569	7,477
13 Demand deposits	46	15	29	83	35	29	24	35	31	214
14 Time deposits[2]	3,214	2,780	3,198	3,095	2,817	3,198	3,715	3,484	3,899	3,954
15 Other[3]	3,691	2,844	3,817	2,869	2,589	3,817	4,907	4,053	4,639	3,309
16 Banks' custodial liabilities[5]	2,399	5,297	430	1,777	766	430	466	649	624	1,163
17 U.S. Treasury bills and certificates[6]	1,908	4,275	281	1,572	501	281	280	407	314	763
18 Other negotiable and readily transferable instruments[7]	486	1,022	149	205	265	149	181	242	307	400
19 Other	5	0	0	0	0	0	5	0	3	0
20 Official institutions[9]	159,563	220,908	212,301	227,400	216,729	212,301	207,108	214,667	224,844	231,427
21 Banks' own liabilities	51,202	64,231	59,280	67,505	60,717	59,280	62,082	67,314	68,627	67,179
22 Demand deposits	1,302	1,601	1,564	2,028	1,682	1,564	1,598	1,587	1,705	1,485
23 Time deposits[2]	17,939	21,654	23,175	23,812	20,626	23,175	22,622	25,348	23,615	25,456
24 Other[3]	31,961	40,976	34,541	41,665	38,409	34,541	37,862	40,379	43,307	40,238
25 Banks' custodial liabilities[5]	108,361	156,677	153,021	159,895	156,012	153,021	145,026	147,353	156,217	164,248
26 U.S. Treasury bills and certificates[6]	104,596	151,100	139,570	148,039	143,222	139,570	133,014	134,341	141,716	146,417
27 Other negotiable and readily transferable instruments[7]	3,726	5,482	13,245	11,820	12,773	13,245	11,972	12,943	14,351	17,628
28 Other	39	95	206	36	17	206	40	69	150	203
29 Banks[10]	547,320	589,077	681,724	658,315	647,281	681,724	676,071	678,320	685,399	686,482
30 Banks' own liabilities	476,117	477,050	568,243	545,707	532,625	568,243	562,500	561,623	565,350	558,791
31 Unaffiliated foreign banks	145,123	160,413	173,269	175,798	172,634	173,269	175,839	171,819	168,887	166,072
32 Demand deposits	10,170	9,719	13,080	11,023	11,259	13,080	10,243	10,954	10,788	10,667
33 Time deposits[2]	90,296	105,192	111,461	106,646	106,043	111,461	112,193	107,429	107,905	99,379
34 Other[3]	44,657	45,502	48,728	58,129	55,332	48,728	53,403	53,436	50,194	56,026
35 Own foreign offices[4]	330,994	316,637	394,974	369,909	359,991	394,974	386,661	389,804	396,463	392,719
36 Banks' custodial liabilities[5]	71,203	112,027	113,481	112,608	114,656	113,481	113,571	116,697	120,049	127,691
37 U.S. Treasury bills and certificates[6]	11,087	10,712	11,218	10,783	11,792	11,218	10,992	12,328	15,723	15,522
38 Other negotiable and readily transferable instruments[7]	7,555	17,020	14,234	13,228	13,530	14,234	14,137	15,232	15,254	21,446
39 Other	52,561	84,295	88,029	88,597	89,334	88,029	88,442	89,137	89,072	90,723
40 Other foreigners	94,026	100,875	114,361	118,797	118,877	114,361	117,608	118,555	110,084	114,691
41 Banks' own liabilities	72,174	76,512	86,480	90,475	87,819	86,480	88,819	88,657	80,891	85,769
42 Demand deposits	10,310	10,238	11,158	11,480	10,978	11,158	11,559	11,482	10,132	10,550
43 Time deposits[2]	48,936	45,452	48,558	47,853	48,862	48,558	49,445	49,445	48,839	51,866
44 Other[3]	12,928	20,822	26,764	31,142	27,979	26,764	27,815	27,730	21,920	23,353
45 Banks' custodial liabilities[5]	21,852	24,363	27,881	28,322	31,058	27,881	28,789	29,898	29,193	28,922
46 U.S. Treasury bills and certificates[6]	10,053	10,652	11,756	14,047	13,541	11,756	12,378	13,277	12,385	12,598
47 Other negotiable and readily transferable instruments[7]	10,207	12,765	14,549	12,408	13,266	14,549	14,152	14,961	15,009	14,589
48 Other	1,592	946	1,576	1,867	4,251	1,576	2,259	1,660	1,799	1,735
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,895	16,793	17,397	17,895	16,442	17,137	16,759	17,806

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.[p]
AREA										
50 **Total, all foreigners**	**810,259**	**921,796**	**1,015,860**	**1,012,336**	**989,094**	**1,015,860**	**1,009,899**	**1,019,763[r]**	**1,029,520**	**1,041,240**
51 **Foreign countries**	**800,909**	**910,860**	**1,008,386**	**1,004,512**	**982,887**	**1,008,386**	**1,000,787**	**1,011,542[r]**	**1,020,327**	**1,032,600**
52 Europe	307,670	377,193	392,761	413,440	393,156	392,761	393,587	386,590[r]	380,671	371,594
53 Austria	1,611	1,917	3,649	3,610	4,264	3,649	3,236	4,021	4,012	4,134
54 Belgium and Luxembourg	20,567	28,621	21,738	23,566	22,322	21,738	21,679	22,094	23,886	22,701
55 Denmark	3,060	4,517	2,784	2,374	2,307	2,784	2,662	1,971	2,396	2,567
56 Finland	1,299	1,872	1,436	2,601	1,587	1,436	2,403	1,754	1,223	2,184
57 France	41,411	39,746	44,716	44,209	41,160	44,716	42,325	44,314	41,300	38,255
58 Germany	18,630	26,613	27,175	33,136	31,050	27,175	28,521	27,497	28,276	28,453
59 Greece	913	1,519	1,392	1,711	1,477	1,392	1,231	2,065[r]	2,264	2,195
60 Italy	10,041	11,759	10,884	10,893	9,777	10,884	10,269	12,021	8,686	9,572
61 Netherlands	7,365	16,096	16,748	18,034	17,310	16,748	15,629	15,891	15,784	12,545
62 Norway	3,314	2,966	2,338	3,400	2,807	2,338	2,309	2,147	2,066	1,374
63 Portugal	2,465	3,366	2,846	2,861	2,919	2,846	2,863	4,007	2,810	2,940
64 Russia	577	2,511	2,714	2,337	2,367	2,714	2,047	2,642	3,469	5,011
65 Spain	9,793	20,493	14,657	16,325	15,038	14,657	15,149	11,106	11,675	9,859
66 Sweden	2,953	2,572	3,093	3,467	3,361	3,093	2,258	2,247	2,474	1,801
67 Switzerland	39,440	41,561	41,882	41,834	41,756	41,882	39,516	40,100	39,355	45,734
68 Turkey	2,666	3,227	3,341	3,143	3,032	3,341	3,621	2,701	2,513	3,649
69 United Kingdom	111,805	133,936	163,577	171,938	162,760	163,577	173,870	162,629	159,894	152,732
70 Yugoslavia[11]	504	570	245	220	240	245	261	258	211	222
71 Other Europe and other former U.S.S.R.[12]	29,256	33,331	27,746	27,981	27,822	27,746	23,938	27,325	28,477	25,666
72 Canada	22,420	20,227	24,609	23,115	23,295	24,609	26,498	26,568[r]	27,034	28,418
73 Latin America and Caribbean	317,228	358,040	422,768	391,971	397,141	422,768	407,905	421,069[r]	421,545	431,744
74 Argentina	9,477	14,477	17,201	15,577	15,950	17,201	12,789	11,886	9,957	10,205
75 Bahamas	82,284	73,800	106,058	88,668	90,091	106,058	95,226	98,833	100,370	97,547
76 Bermuda	7,079	7,841	8,467	8,936	7,615	8,467	8,904	8,554	8,798	8,695
77 Brazil	5,584	5,301	9,140	6,196	6,723	9,140	9,001	10,628[r]	10,860	13,084
78 British West Indies	153,033	190,445	227,175	210,248	215,186	227,175	227,816	233,052[r]	235,429	243,286
79 Chile	3,035	3,183	3,114	3,078	3,741	3,114	2,965	3,327	3,587	3,446
80 Colombia	4,580	3,171	4,607	4,475	4,417	4,607	4,308	4,037	3,644	3,598
81 Cuba	3	33	13	7	7	13	12	5	5	6
82 Ecuador	993	880	875	830	825	875	1,339	1,511	1,117	1,054
83 Guatemala	1,377	1,207	1,121	1,077	1,036	1,121	1,056	1,079	1,062	1,094
84 Jamaica	371	410	529	589	513	529	447	464	491	422
85 Mexico	19,454	28,018	12,243	21,263	19,199	12,243	12,608	16,770[r]	15,750	18,251
86 Netherlands Antilles	5,205	4,195	4,539	4,153	4,845	4,539	3,838	4,495[r]	4,013	4,076
87 Panama	4,177	3,582	4,549	4,077	4,598	4,549	4,832	4,281	4,361	4,810
88 Peru	1,080	926	900	1,027	935	900	901	892	893	931
89 Uruguay	1,955	1,611	1,596	1,472	1,190	1,596	1,797	1,610[r]	1,754	1,931
90 Venezuela	11,387	12,786	13,979	13,809	13,833	13,979	13,460	12,970	12,632	12,129
91 Other	6,154	6,174	6,662	6,489	6,437	6,662	6,606	6,675	6,822	7,179
92 Asia	143,540	144,575	155,357	163,316	157,153	155,357	159,465	166,082[r]	178,476	187,619
China										
93 People's Republic of China	3,202	4,011	10,063	5,625	8,017	10,063	12,908	15,661[r]	12,017	12,138
94 Republic of China (Taiwan)	8,408	10,627	9,792	9,473	10,919	9,792	9,135	9,941[r]	10,021	9,629
95 Hong Kong	18,499	17,178	17,181	18,217	17,552	17,181	18,460	18,166[r]	19,964	20,116
96 India	1,399	1,114	2,336	2,376	2,377	2,336	2,293	2,119[r]	2,354	2,194
97 Indonesia	1,480	1,986	1,576	1,734	1,613	1,576	1,601	1,957[r]	2,107	1,696
98 Israel	3,773	4,435	5,155	6,607	5,066	5,155	5,471	4,953	5,003	5,411
99 Japan	58,435	61,466	64,039	66,152	63,309	64,039	61,612	63,200[r]	77,846	84,761
100 Korea (South)	3,337	4,913	5,104	4,740	5,016	5,104	4,771	4,175[r]	4,357	4,697
101 Philippines	2,275	2,035	2,714	3,158	3,064	2,714	2,616	2,363	2,297	2,257
102 Thailand	5,582	6,137	6,466	5,682	5,946	6,466	8,216	9,906	9,564	10,419
103 Middle Eastern oil-exporting countries[13]	21,437	15,824	15,474	17,232	17,678	15,474	16,181	14,935[r]	15,516	15,730
104 Other	15,713	14,849	15,457	22,320	16,596	15,457	16,201	18,706[r]	17,430	18,571
105 Africa	5,884	6,633	6,511	6,389	6,939	6,511	6,363	6,203	6,817	7,218
106 Egypt	2,472	2,208	1,867	1,996	2,097	1,867	1,749	1,830	1,781	2,102
107 Morocco	76	99	97	66	67	97	92	73	70	66
108 South Africa	190	451	433	245	693	433	285	400	706	401
109 Zaire	19	12	9	9	10	9	10	10	9	12
110 Oil-exporting countries[14]	1,346	1,303	1,343	1,176	1,227	1,343	1,409	1,122	1,599	1,328
111 Other	1,781	2,560	2,762	2,897	2,845	2,762	2,818	2,768	2,652	3,309
112 Other	4,167	4,192	6,380	6,281	5,203	6,380	6,969	5,030[r]	5,784	6,007
113 Australia	3,043	3,308	5,141	5,114	4,094	5,141	5,395	4,351	5,024	4,912
114 Other	1,124	884	1,239	1,167	1,109	1,239	1,574	679[r]	760	1,095
115 Nonmonetary international and regional organizations	9,350	10,936	7,474	7,824	6,207	7,474	9,112	8,221[r]	9,193	8,640
116 International[15]	7,434	6,851	6,467	5,844	4,358	6,467	7,746	7,068[r]	8,022	7,103
117 Latin American regional[16]	1,415	3,218	551	950	1,094	551	865	582	576	666
118 Other regional[17]	501	867	456	1,030	755	456	501	571	595	871

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.[p]
1 **Total, all foreigners**	**499,437**	**484,584**	**478,213**	**479,426**	**464,360**	**478,213**	**480,606**	**474,488[r]**	**490,108**	**478,719**
2 **Foreign countries**	**494,355**	**482,179**	**473,919**	**477,421**	**463,026**	**473,919**	**477,611**	**473,604[r]**	**486,374**	**475,782**
3 Europe	123,377	121,550	123,689	131,985	120,045	123,689	125,891	122,440[r]	127,453	121,689
4 Austria	331	413	705	440	369	705	350	425	589	461
5 Belgium and Luxembourg	6,404	6,535	6,651	6,370	6,274	6,651	5,558	4,818[r]	7,330	8,393
6 Denmark	707	382	1,039	880	668	1,039	488	646	733	549
7 Finland	1,418	594	695	587	718	695	720	456	568	700
8 France	14,723	11,519	12,186	16,354	12,906	12,186	12,615	11,953[r]	13,264	12,863
9 Germany	4,222	7,703	6,658	8,501	8,452	6,658	8,530	7,640	7,009	7,090
10 Greece	717	679	592	520	518	592	668	751	586	535
11 Italy	9,047	8,918	6,140	6,693	5,950	6,140	6,703	6,552[r]	6,412	6,213
12 Netherlands	2,468	3,073	3,709	3,402	3,426	3,709	3,741	4,200	4,076	3,527
13 Norway	355	396	504	903	1,004	504	1,069	988	1,442	1,295
14 Portugal	325	834	938	1,056	1,006	938	988	1,045	907	915
15 Russia	3,147	2,310	949	1,220	1,172	949	1,148	759	770	657
16 Spain	2,755	2,766	3,552	2,731	2,174	3,552	2,989	2,803	3,069	2,083
17 Sweden	4,923	4,086	4,101	3,156	3,596	4,101	3,831	4,043	3,377	3,522
18 Switzerland	4,717	6,566	7,491	7,670	6,544	7,491	9,025	8,060	7,844	7,381
19 Turkey	962	1,294	862	1,147	914	862	548	882[r]	690	810
20 United Kingdom	63,430	61,169	65,487	68,512	62,616	65,487	64,914	64,608[r]	67,509	63,297
21 Yugoslavia[2]	569	536	265	266	266	265	265	265	247	247
22 Other Europe and other former U.S.S.R.[3]	2,157	1,777	1,165	1,577	1,472	1,165	1,741	1,546	1,031	1,151
23 Canada	13,845	18,432	17,978	16,433	17,788	17,978	18,812	18,936[r]	20,277	17,497
24 Latin America and Caribbean	218,078	223,649	219,343	221,055	215,948	219,343	220,387	219,293[r]	223,464	223,900
25 Argentina	4,958	4,422	5,776	5,588	5,718	5,776	5,832	6,307[r]	6,238	6,142
26 Bahamas	60,835	64,410	65,951	64,841	60,786	65,951	63,996	63,787	65,079	63,920
27 Bermuda	5,935	8,034	7,482	5,199	6,710	7,482	14,551	10,924[r]	8,513	11,432
28 Brazil	10,773	11,812	9,452	10,216	9,784	9,452	9,735	10,007[r]	10,747	10,763
29 British West Indies	101,507	98,149	94,082	99,311	95,922	94,082	89,974	91,312[r]	95,902	94,245
30 Chile	3,397	3,616	3,787	3,431	3,628	3,787	3,866	4,196[r]	4,337	4,248
31 Colombia	2,750	3,179	4,003	3,671	3,768	4,003	3,816	3,818	3,983	3,926
32 Cuba	0	0	0	12	0	0	0	0	0	2
33 Ecuador	884	680	685	628	635	685	712	664	565	560
34 Guatemala	262	286	366	337	335	366	346	349	377	360
35 Jamaica	162	195	254	255	251	254	253	278	275	262
36 Mexico	14,991	15,834	17,517	16,954	17,406	17,517	17,306	17,204[r]	17,164	17,161
37 Netherlands Antilles	1,379	2,411	1,055	1,195	1,818	1,055	1,205	1,437	1,182	1,383
38 Panama	4,654	2,892	2,179	2,307	2,304	2,179	2,155	2,340	2,465	2,503
39 Peru	730	653	959	857	884	959	998	1,055	1,039	1,058
40 Uruguay	936	952	485	800	652	485	420	390	344	345
41 Venezuela	2,525	2,907	1,827	1,934	1,921	1,827	1,702	1,724	1,648	1,683
42 Other	1,400	3,217	3,483	3,519	3,426	3,483	3,520	3,501[r]	3,606	3,907
43 Asia	131,789	111,787	106,714	101,412	103,346	106,714	105,719	106,858[r]	109,455	106,586
China										
44 People's Republic of China	906	2,299	835	822	817	835	923	869[r]	841	971
45 Republic of China (Taiwan)	2,046	2,628	1,381	1,464	1,479	1,381	1,245	1,213	1,471	1,451
46 Hong Kong	9,642	10,881	9,272	10,362	11,336	9,272	10,305	11,285[r]	14,459	11,651
47 India	529	589	986	971	1,021	986	1,103	1,059	1,039	1,139
48 Indonesia	1,189	1,527	1,454	1,328	1,366	1,454	1,488	1,426	1,513	1,461
49 Israel	820	826	691	863	696	691	673	683[r]	811	683
50 Japan	79,172	59,945	59,152	50,140	53,550	59,152	55,251	57,172[r]	55,494	55,132
51 Korea (South)	6,179	7,569	10,002	9,048	8,933	10,002	10,929	10,841[r]	12,366	11,913
52 Philippines	2,145	1,408	636	639	583	636	564	548	548	494
53 Thailand	1,867	2,154	2,818	2,756	2,676	2,818	2,835	2,635[r]	2,778	2,740
54 Middle Eastern oil-exporting countries[4]	18,540	15,110	13,732	15,425	14,454	13,732	14,044	13,341	13,069	13,292
55 Other	8,754	6,851	5,755	7,594	6,435	5,755	6,359	5,786	5,066	5,659
56 Africa	4,279	3,867	3,033	3,177	3,115	3,033	2,966	2,903[r]	2,859	2,725
57 Egypt	186	196	225	237	229	225	227	234	205	181
58 Morocco	441	481	429	468	480	429	415	442	424	440
59 South Africa	1,041	633	665	480	454	665	657	597	645	585
60 Zaire	4	4	2	3	3	2	2	2	2	2
61 Oil-exporting countries[5]	1,002	1,139	872	985	909	872	854	772[r]	731	700
62 Other	1,605	1,414	840	1,004	1,040	840	811	856[r]	852	817
63 Other	2,987	2,894	3,162	3,359	2,784	3,162	3,836	3,174	2,866	3,385
64 Australia	2,243	2,071	2,219	2,158	1,687	2,219	2,198	1,912	1,758	1,804
65 Other	744	823	943	1,201	1,097	943	1,638	1,262	1,108	1,581
66 Nonmonetary international and regional organizations[6]	5,082	2,405	4,294	2,005	1,334	4,294	2,995	884	3,734	2,937

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1992	1993	1994	1994			1995			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**559,495**	**535,393**	**548,949**	...	...	**548,949**	...	...	**571,943**	...
2 Banks' claims	499,437	484,584	478,213	479,426	464,360	478,213	480,606	474,488	490,108	478,719
3 Foreign public borrowers	31,367	29,115	23,110	22,373	20,649	23,110	22,992	17,778	23,796	22,261
4 Own foreign offices[2]	303,991	286,382	282,393	286,539	276,040	282,393	278,954	279,180	293,289	282,496
5 Unaffiliated foreign banks	109,342	98,433	109,591	107,035	103,639	109,591	104,386	105,124	103,799	103,981
6 Deposits	61,550	47,167	58,402	52,914	50,490	58,402	53,786	53,543	52,548	54,805
7 Other	47,792	51,266	51,189	54,121	53,149	51,189	50,600	51,581	51,251	49,176
8 All other foreigners	54,737	70,654	63,119	63,479	64,032	63,119	74,274	72,406	69,224	69,981
9 Claims of banks' domestic customers[3]	60,058	50,809	70,736	...	..	70,736	...	...	81,835	...
10 Deposits	15,452	20,241	34,863	...	..	34,863	...	...	36,528	...
11 Negotiable and readily transferable instruments[4]	31,474	16,885	22,565	...	..	22,565	...	...	30,823	..
12 Outstanding collections and other claims	13,132	13,683	13,308	...	..	13,308	...	...	14,484	...
MEMO										
13 Customer liability on acceptances	8,655	7,863	8,226	...	..	8,226	...	...	8,313	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,623	26,370	27,347	23,337	27,912	27,347	28,064[r]	29,230	26,786	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.
Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1991	1992	1993	1994			1995
				June	Sept.	Dec.	Mar.[p]
1 **Total**	**195,302**	**195,119**	**196,552**	**186,711**	**191,770**	**194,716**	**196,496**
By borrower							
2 Maturity of one year or less	162,573	163,325	167,919	161,594	166,244	169,765	168,312
3 Foreign public borrowers	21,050	17,813	17,773	12,951	16,986	15,006	15,814
4 All other foreigners	141,523	145,512	150,146	148,643	149,258	154,759	152,498
5 Maturity of more than one year	32,729	31,794	28,633	25,117	25,526	24,951	28,184
6 Foreign public borrowers	15,859	13,266	10,821	8,051	7,375	7,693	7,701
7 All other foreigners	16,870	18,528	17,812	17,066	18,151	17,258	20,483
By area							
Maturity of one year or less							
8 Europe	51,835	53,300	56,605	51,204	58,406	56,354	53,721
9 Canada	6,444	6,091	7,564	8,285	7,217	7,251	7,402
10 Latin America and Caribbean	43,597	50,376	56,755	56,758	57,034	58,906	62,241
11 Asia	51,059	45,709	41,382	38,891	36,766	40,043	38,190
12 Africa	2,549	1,784	1,820	1,798	1,519	1,364	1,223
13 All other[3]	7,089	6,065	3,793	4,658	5,302	5,847	5,535
Maturity of more than one year							
14 Europe	3,878	5,367	4,428	3,355	3,637	3,641	4,503
15 Canada	3,595	3,287	2,553	2,451	2,607	2,373	3,603
16 Latin America and Caribbean	18,277	15,312	13,866	12,420	12,146	11,992	12,889
17 Asia	4,459	5,038	5,402	4,607	4,838	4,583	5,120
18 Africa	2,335	2,380	1,936	1,849	1,836	1,549	1,593
19 All other[3]	185	410	448	435	462	813	476

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Maturity is time remaining to maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1991	1992	1993				1994				1995
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**343.6**	**346.5**	**361.1**	**377.1**	**388.4**	**404.7**	**478.4**	**502.7**	**509.4[r]**	**499.2[r]**	**555.1**
2 G-10 countries and Switzerland	137.6	132.9	142.5	150.0	153.3	161.6	178.8	174.2	188.4	176.1	194.4
3 Belgium and Luxembourg	.0[r]	5.6	6.1	7.0	7.1	7.4	8.0	8.8	9.7	6.9	8.1
4 France	11.0	15.3	13.5	14.0	12.3	11.7	16.4	18.8	20.7	19.1	19.8
5 Germany	8.3	9.3	9.9	10.8	12.4	12.6	29.0	26.0	25.2	24.5	30.3
6 Italy	5.6	6.5	6.7	7.9	8.7	7.7	15.5	14.0	11.6	11.8	12.2
7 Netherlands	.0[r]	2.8	3.6	3.7	3.7	4.7	4.1	3.6	3.5	3.6	3.5
8 Sweden	1.9	2.3	3.0	2.5	2.5	2.5	2.8	2.9	2.6	2.7	3.1
9 Switzerland	3.4	4.8	5.3	4.7	5.6	5.9	6.3	6.5	6.2	6.9	6.2
10 United Kingdom	68.5	60.8	65.7	73.5	74.7	84.7	70.1	63.4	82.8	70.3	76.2
11 Canada	5.8	6.3	8.2	8.0	9.7	6.7	7.7	9.6	9.8	9.5	10.5
12 Japan	22.6	19.3	20.4	17.9	16.8	17.8	18.9	20.5	16.4	20.7	24.3
13 Other industrialized countries	22.8	24.0	25.4	27.2	26.0	24.6	41.2	41.7	41.5	45.2	43.9
14 Austria	.6	1.2	1.2	1.3	.6	.4	1.0	1.0	1.0	1.1	.9
15 Denmark	.9	.9	.8	1.0	1.1	1.0	1.1	1.1	.8	1.2	1.6
16 Finland	.7	.7	.7	.9	.6	.4	1.0	.8	.8	1.0	1.1
17 Greece	2.6	3.0	2.7	3.1	3.2	3.2	3.8	4.6	4.3	4.5	4.9
18 Norway	1.4	1.2	1.8	1.8	2.1	1.7	1.6	1.6	1.6	2.0	2.4
19 Portugal	.6	.4	.7	.9	1.0	.8	1.2	1.1	1.0	1.2	1.0
20 Spain	8.3	8.9	9.5	10.5	9.3	8.9	12.3	11.7	13.1	13.6	14.1
21 Turkey	1.4	1.3	1.4	2.1	2.1	2.1	2.4	2.1	1.8	1.6	1.4
22 Other Western Europe	1.8	1.7	2.0	1.7	2.2	2.6	3.0	2.8	1.0	2.7	2.5
23 South Africa	1.9	1.7	1.6	1.3	1.2	1.1	1.2	1.2	1.2	1.0	1.4
24 Australia	2.7	2.9	2.9	2.5	2.8	2.3	12.7	13.7	15.0	15.4	12.6
25 OPEC[2]	14.5	16.1	16.6	15.7	14.8	17.4	22.9	21.5	21.7	22.1	19.3
26 Ecuador	.7	.6	.6	.6	.5	.5	.5	.5	.4	.5	.5
27 Venezuela	5.4	5.2	5.1	5.5	5.4	5.1	4.7	4.4	3.9	3.7	3.5
28 Indonesia	2.7	3.0	3.1	3.1	2.8	3.3	3.4	3.2	3.3	3.6	3.8
29 Middle East countries	4.2	6.2	6.6	5.4	4.9	7.4	13.2	12.4	13.1	13.4	10.7
30 African countries	1.5	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.0	.9	.7
31 Non-OPEC developing countries	63.9	72.1	74.4	76.7	77.0	82.6	93.6	94.1	94.1[r]	97.7[r]	100.2
Latin America											
32 Argentina	4.8	6.6	7.1	6.6	7.2	7.7	8.7	9.8	10.5	11.1	11.4
33 Brazil	9.6	10.8	11.6	12.3	11.7	12.0	12.6	11.9	9.2	8.2	9.0
34 Chile	3.6	4.4	4.6	4.6	4.7	4.7	5.1	5.1	5.4	6.1	6.3
35 Colombia	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.4	2.4	2.6	2.6
36 Mexico	15.5	16.0	16.8	16.8	17.5	17.7	18.8	18.5	19.6	18.1	17.7
37 Peru	.4	.5	.4	.4	.3	.4	.5	.6	.6	.5	.6
38 Other	2.1	2.6	2.7	2.7	2.7	3.0	2.7	2.7	2.7	2.5	2.4
Asia											
China											
39 Peoples Republic of China	.3	.7	.6	1.6	.5	2.0	.8	.7	1.0	1.1	1.1
40 Republic of China (Taiwan)	4.1	5.2	5.3	5.9	6.4	7.3	7.5	7.1	6.9	9.1	10.5
41 India	3.0	3.2	3.1	3.1	2.9	3.2	3.6	3.7	3.9	4.2	3.8
42 Israel	.5	.4	.5	.4	.4	.5	.4	.4	.4	.4	.6
43 Korea (South)	6.8	6.6	6.5	6.9	6.5	6.7	13.9	14.1	14.1	15.9	16.9
44 Malaysia	2.3	3.1	3.4	3.7	4.1	4.4	5.2	5.2	5.7[r]	4.4[r]	3.8
45 Philippines	3.7	3.6	3.4	2.9	2.6	3.1	3.4	3.2	2.9	3.3	3.0
46 Thailand	1.7	2.2	2.2	2.4	2.8	3.1	2.9	3.3	3.5	3.7	3.3
47 Other Asia	2.0	2.7	2.7	2.6	3.0	2.9	3.1	3.5	3.6	4.8	5.2
Africa											
48 Egypt	.4	.2	.2	.2	.2	.4	.4	.5	.3	.3	.4
49 Morocco	.7	.6	.5	.6	.6	.7	.7	.7	.7	.6	.6
50 Zaire	.0	.0	0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.7	1.0	.8	.9	.8	.8	1.0	.9	.9	.8	.7
52 Eastern Europe	2.4	3.1	2.9	3.2	3.0	3.1	3.4	3.0	3.0	2.7	2.4
53 Russia[4]	.9	1.9	1.7	1.9	1.7	1.6	1.5	1.2	1.1	.8	.6
54 Yugoslavia[5]	.9	.6	.6	.6	.6	.6	.5	.5	.5	.5	.4
55 Other	.7	.6	.7	.8	.7	.9	1.4	1.4	1.5	1.4	1.3
56 Offshore banking centers	54.2	58.3	60.3	58.0	67.9	71.9	78.4	76.8	74.9	68.1	83.6
57 Bahamas	11.9	6.9	9.7	7.1	12.7	11.9	15.1	13.5	13.5	9.7	12.2
58 Bermuda	2.3	6.2	4.1	4.5	5.5	8.1	8.4	6.1	5.3	7.4	8.4
59 Cayman Islands and other British West Indies	15.8	21.8	17.6	15.6	15.1	17.0	17.2	20.3	20.2	18.5	18.8
60 Netherlands Antilles	1.2	1.1	1.6	2.5	2.8	2.3	2.8	2.5	1.7	1.0	.9
61 Panama[6]	1.4	1.9	2.0	2.1	2.1	2.4	2.0	1.9	1.9	1.3	1.1
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	14.4	13.8	16.7	16.9	19.1	18.7	19.7	21.7	20.3	19.9	22.8
64 Singapore	7.1	6.5	8.4	9.3	10.4	11.2	13.1	10.7	11.8	10.2	19.2
65 Other[7]	.0	.0	.0	.0	.0	.1	.0	.0	.0	.1	.0
66 Miscellaneous and unallocated[8]	48.0	39.7	38.8	46.2	46.3	43.4	59.9	91.1	85.5	87.0	111.1

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.
6. Includes Canal Zone.
7. Foreign branch claims only.
8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type of liability, and area or country	1991	1992	1993	1993		1994			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**44,708**	**45,511**	**49,996**	**48,954**	**49,996**	**51,988**	**55,478**	**57,197**	**54,644**
2 Payable in dollars	39,029	37,456	38,758	39,711	38,758	38,549	43,114	42,754	39,700
3 Payable in foreign currencies	5,679	8,055	11,238	9,243	11,238	13,439	12,364	14,443	14,944
By type									
4 Financial liabilities	22,518	23,841	28,586	27,172	28,586	30,344	33,340	35,843	32,848
5 Payable in dollars	18,104	16,960	18,553	19,146	18,553	18,929	22,976	23,282	19,792
6 Payable in foreign currencies	4,414	6,881	10,033	8,026	10,033	11,415	10,364	12,561	13,056
7 Commercial liabilities	22,190	21,670	21,410	21,782	21,410	21,644	22,138	21,354	21,796
8 Trade payables	9,252	9,566	8,811	9,215	8,811	8,974	9,913	9,552	10,013
9 Advance receipts and other liabilities	12,938	12,104	12,599	12,567	12,599	12,670	12,225	11,802	11,783
10 Payable in dollars	20,925	20,496	20,205	20,565	20,205	19,620	20,138	19,472	19,908
11 Payable in foreign currencies	1,265	1,174	1,205	1,217	1,205	2,024	2,000	1,882	1,888
By area or country									
Financial liabilities									
12 Europe	12,003	13,387	18,437	16,886	18,437	20,442	23,627	23,765	20,870
13 Belgium and Luxembourg	216	414	175	278	175	525	524	661	495
14 France	2,106	1,623	2,377	2,077	2,377	2,606	1,590	2,241	1,727
15 Germany	682	889	975	855	975	1,214	939	1,467	1,961
16 Netherlands	1,056	606	534	573	534	564	533	648	552
17 Switzerland	408	569	634	378	634	1,200	631	633	688
18 United Kingdom	6,528	8,610	13,121	12,135	13,121	13,725	18,193	16,800	14,709
19 Canada	292	544	859	663	859	508	698	618	625
20 Latin America and Caribbean	4,784	4,053	3,359	3,719	3,359	3,553	3,282	3,159	3,021
21 Bahamas	537	379	1,148	1,301	1,148	1,157	1,052	1,112	926
22 Bermuda	114	114	0	114	0	120	115	15	80
23 Brazil	6	19	18	18	18	18	18	7	207
24 British West Indies	3,524	2,850	1,533	1,600	1,533	1,613	1,454	1,364	1,160
25 Mexico	7	12	17	15	17	14	13	15	0
26 Venezuela	4	6	5	5	5	5	5	5	5
27 Asia[2]	5,381	5,818	5,689	5,754	5,689	5,650	5,694	8,149	8,147
28 Japan	4,116	4,750	4,620	4,725	4,620	4,638	4,760	6,947	7,013
29 Middle Eastern oil-exporting countries[3]	13	19	23	23	23	24	24	31	35
30 Africa	6	6	133	132	133	133	9	133	135
31 Oil-exporting countries[4]	4	0	123	124	123	124	0	123	123
32 All other[5]	52	33	109	18	109	58	30	19	50
Commercial liabilities									
33 Europe	8,701	7,398	6,835	7,048	6,835	6,550	6,921	6,867	6,855
34 Belgium and Luxembourg	248	298	239	257	239	251	254	287	231
35 France	1,039	700	655	642	655	554	712	742	763
36 Germany	1,052	729	684	571	684	577	670	552	611
37 Netherlands	710	535	688	600	688	628	649	674	723
38 Switzerland	575	350	375	536	375	388	473	391	335
39 United Kingdom	2,297	2,505	2,047	2,319	2,047	2,151	2,311	2,351	2,450
40 Canada	1,014	1,002	879	845	879	1,037	1,070	1,068	1,038
41 Latin America and Caribbean	1,355	1,533	1,666	1,754	1,666	1,908	2,007	1,790	1,865
42 Bahamas	3	3	21	4	21	8	2	6	19
43 Bermuda	310	307	350	340	350	493	418	200	345
44 Brazil	219	209	216	214	216	211	217	148	163
45 British West Indies	107	33	27	35	27	20	24	33	23
46 Mexico	307	457	483	576	483	556	705	673	576
47 Venezuela	94	142	126	173	126	150	194	192	279
48 Asia[2]	9,334	10,594	10,992	10,915	10,992	10,939	10,979	10,514	11,077
49 Japan	3,721	3,612	4,314	3,726	4,314	4,617	4,389	4,235	4,808
50 Middle Eastern oil-exporting countries[3]	1,498	1,889	1,542	1,968	1,542	1,542	1,841	1,688	1,610
51 Africa	715	568	464	641	464	490	523	482	442
52 Oil-exporting countries[4]	327	309	171	320	171	199	247	271	262
53 Other[5]	1,071	575	574	579	574	720	638	633	519

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type of claim, and area or country	1991	1992	1993	1993		1994			
				Sept	Dec.	Mar.	June	Sept.	Dec.[r]
1 **Total**	**45,262**	**45,073**	**47,643**	**46,030**	**47,643**	**48,404**	**47,925**	**49,830**	**55,409**
2 Payable in dollars	42,564	42,281	44,318	42,342	44,318	44,978	44,324	46,284	52,270
3 Payable in foreign currencies	2,698	2,792	3,325	3,688	3,325	3,426	3,601	3,546	3,139
By type									
4 Financial claims	27,882	26,509	26,995	26,902	26,995	27,814	26,576	28,214	32,336
5 Deposits	20,080	17,695	15,795	14,509	15,795	15,864	15,637	17,510	18,568
6 Payable in dollars	19,080	16,872	15,246	13,503	15,246	15,353	15,009	16,934	18,117
7 Payable in foreign currencies	1,000	823	549	1,006	549	511	628	576	451
8 Other financial claims	7,802	8,814	11,200	12,393	11,200	11,950	10,939	10,704	13,768
9 Payable in dollars	6,910	7,890	9,974	11,282	9,974	10,725	9,711	9,466	12,711
10 Payable in foreign currencies	892	924	1,226	1,111	1,226	1,225	1,228	1,238	1,057
11 Commercial claims	17,380	18,564	20,648	19,128	20,648	20,590	21,349	21,616	23,073
12 Trade receivables	14,468	16,007	17,647	16,150	17,647	17,697	18,530	18,836	20,208
13 Advance payments and other claims	2,912	2,557	3,001	2,978	3,001	2,893	2,819	2,780	2,865
14 Payable in dollars	16,574	17,519	19,098	17,557	19,098	18,900	19,604	19,884	21,442
15 Payable in foreign currencies	806	1,045	1,550	1,571	1,550	1,690	1,745	1,732	1,631
By area or country									
Financial claims									
16 Europe	13,441	9,331	7,187	8,376	7,187	7,118	6,564	8,060	7,641
17 Belgium and Luxembourg	13	8	134	70	134	125	83	114	86
18 France	269	764	785	708	785	753	859	825	800
19 Germany	283	326	526	362	526	466	459	413	540
20 Netherlands	334	515	502	485	502	503	472	503	429
21 Switzerland	581	490	515	512	515	520	495	747	523
22 United Kingdom	11,534	6,252	3,543	5,230	3,543	3,629	3,089	4,370	4,398
23 Canada	2,642	1,833	2,024	2,103	2,024	2,198	3,062	3,156	3,785
24 Latin America and Caribbean	10,717	13,893	15,639	12,965	15,639	15,497	14,279	14,363	18,358
25 Bahamas	827	778	1,006	980	1,006	1,157	1,193	1,006	2,264
26 Bermuda	8	40	125	197	125	34	39	52	27
27 Brazil	351	686	654	590	654	672	466	411	520
28 British West Indies	9,056	11,747	12,448	10,000	12,448	12,371	11,578	11,772	14,513
29 Mexico	212	445	868	882	868	850	614	655	605
30 Venezuela	40	29	161	25	161	26	33	32	35
31 Asia	640	864	1,591	2,754	1,591	2,522	2,210	2,152	1,835
32 Japan	350	668	853	2,213	853	1,655	1,349	662	931
33 Middle Eastern oil-exporting countries[2]	5	3	3	5	3	5	2	19	141
34 Africa	57	83	99	88	99	76	74	87	249
35 Oil-exporting countries[3]	1	9	1	1	1	0	1	1	0
36 All other[4]	385	505	455	616	455	403	387	396	468
Commercial claims									
37 Europe	8,193	8,451	9,077	8,211	9,077	8,734	8,904	8,768	9,579
38 Belgium and Luxembourg	194	189	184	163	184	176	179	174	217
39 France	1,585	1,537	1,947	1,438	1,947	1,827	1,778	1,766	1,886
40 Germany	955	933	1,018	935	1,018	944	937	880	1,046
41 Netherlands	645	552	422	410	422	354	293	329	314
42 Switzerland	295	362	429	377	429	413	685	537	559
43 United Kingdom	2,086	2,094	2,369	2,288	2,369	2,330	2,427	2,483	2,554
44 Canada	1,121	1,286	1,358	1,362	1,358	1,451	1,466	1,501	1,543
45 Latin America and Caribbean	2,655	3,043	3,283	3,073	3,283	3,569	3,901	3,965	4,147
46 Bahamas	13	28	11	20	11	13	18	34	9
47 Bermuda	264	255	182	225	182	222	295	246	234
48 Brazil	427	357	463	407	463	422	502	473	614
49 British West Indies	41	40	71	39	71	58	67	49	83
50 Mexico	842	924	994	866	994	1,013	1,047	1,133	1,244
51 Venezuela	203	345	295	287	295	294	303	392	355
52 Asia	4,591	4,866	5,909	5,544	5,909	5,852	6,145	6,425	6,745
53 Japan	1,899	1,903	2,173	2,519	2,173	2,353	2,359	2,448	2,497
54 Middle Eastern oil-exporting countries[2]	620	693	715	458	715	667	615	615	700
55 Africa	430	554	521	501	521	516	492	462	473
56 Oil-exporting countries[3]	95	78	85	107	85	102	90	68	76
57 Other[4]	390	364	500	437	500	468	441	495	586

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1993	1994	1995 Jan.-Apr.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	319,664	350,558	119,772	27,811	28,696	28,094	24,999	29,443[r]	35,332	29,998
2 Foreign sales	298,086	348,648	122,435	29,852	27,653	29,727	25,893	29,685	37,653	29,204
3 **Net purchases, or sales (−)**	**21,578**	**1,910**	**−2,663**	**−2,041**	**1,043**	**−1,633**	**−894**	**−242[r]**	**−2,321**	**794**
4 **Foreign countries**	**21,306**	**1,900**	**−2,623**	**−2,073**	**1,020**	**−1,635**	**−930**	**−197[r]**	**−2,291**	**795**
5 Europe	10,658	6,717	−1,749	−1,382	226	−1,110	−516	−10[r]	−1,304	81
6 France	−103	−201	−612	−198	−25	−119	−255	−27	−250	−80
7 Germany	1,642	2,110	−716	−161	−55	−158	157	55	−243	−261
8 Netherlands	−602	2,251	1,155	320	265	652	278	232	296	349
9 Switzerland	2,986	−30	−1,621	−655	−551	8	−389	−78	−475	−679
10 United Kingdom	4,559	840	941	−542	566	1,265	253	−51[r]	−309	1,048
11 Canada	−3,213	−1,160	−372	−415	−109	175	129	27	−333	−195
12 Latin America and Caribbean	5,719	−2,108	2,084	−536	650	−577	991	766	−243	570
13 Middle East[1]	−321	−1,142	−169	−74	1	−86	−22	−133	−73	59
14 Other Asia	8,198	−1,207	−2,348	346	251	−171	−1,469	−851	−342	314
15 Japan	3,825	1,190	−1,693	258	262	−174	−860	541	−321	29
16 Africa	63	29	−56	12	−4	−25	−36	0	−10	−10
17 Other countries	202	771	−13	−24	5	159	−7	4	14	−24
18 **Nonmonetary international and regional organizations**	**272**	**10**	**−40**	**32**	**23**	**2**	**36**	**−45**	**−30**	**−1**
BONDS[2]										
19 Foreign purchases	283,824	291,193	85,645	19,932	22,379	18,911	19,267	22,789[r]	25,390	18,199
20 Foreign sales	217,824	229,640	60,865	16,609	15,462	14,760	12,800	16,354	17,552	14,159
21 **Net purchases, or sales (−)**	**66,000**	**61,553**	**24,780**	**3,323**	**6,917**	**4,151**	**6,467**	**6,435[r]**	**7,838**	**4,040**
22 **Foreign countries**	**65,462**	**60,668**	**24,926**	**3,324**	**6,933**	**3,811**	**6,263**	**6,489[r]**	**8,151**	**4,023**
23 Europe	22,587	38,585	19,950	3,285	4,383	2,635	6,653	6,037[r]	4,976	2,284
24 France	2,346	242	−506	105	−106	4	157	296	−85	−874
25 Germany	887	657	1,783	449	201	451	1,516	526	−176	−83
26 Netherlands	−290	3,322	2	19	346	28	−241	126	154	−37
27 Switzerland	−627	1,055	71	5	488	12	−85	304	−61	−87
28 United Kingdom	19,686	33,212	18,863	1,469	3,529	1,943	5,406	4,800[r]	5,248	3,409
29 Canada	1,668	3,054	893	496	207	443	245	175	289	184
30 Latin America and Caribbean	15,691	5,402	1,039	−1,189	1,305	662	−655	−480	1,285	889
31 Middle East[1]	3,248	771	832	51	−96	−193	59	119	328	326
32 Other Asia	20,846	12,153	2,073	607	1,137	240	−28	595	1,150	356
33 Japan	11,569	5,486	581	375	497	−174	−396	132	570	275
34 Africa	1,149	49	−10	19	−2	8	8	−4	22	−36
35 Other countries	273	654	149	55	−1	16	−19	47	101	20
36 **Nonmonetary international and regional organizations**	**538**	**885**	**−146**	**−1**	**−16**	**340**	**204**	**−54**	**−313**	**17**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−62,691	−46,818	−6,277	−4,427	−2,547	−2,212	−210	−1,084[r]	2,841	2,142
38 Foreign purchases	245,490	386,334	108,567	29,867	28,444	25,742	27,948	27,151[r]	28,991	24,477
39 Foreign sales	308,181	433,152	114,844	34,294	30,991	27,954	28,158	28,235[r]	31,832	26,619
40 Bonds, net purchases, or sales (−)	−80,377	−5,853	−4,290	−5,200	−1,997	1,135	1,246	−2,661[r]	−1,989	−886
41 Foreign purchases	745,952	898,550	266,460	66,202	66,907	68,887	71,948	60,951[r]	79,350	54,211
42 Foreign sales	826,329	904,403	270,750	71,402	68,904	67,752	70,702	63,612[r]	81,339	55,097
43 **Net purchases, or sales (−), of stocks and bonds**	**−143,068**	**−52,671**	**−10,567**	**−9,627**	**−4,544**	**−1,077**	**1,036**	**−3,745[r]**	**−4,830**	**−3,028**
44 **Foreign countries**	**−143,232**	**−53,191**	**−10,534**	**−9,477**	**−4,497**	**−1,832**	**972**	**−3,581[r]**	**−4,741**	**−3,184**
45 Europe	−100,872	4,778	−1,494	−5,507	−790	−857	3,404	−1,211[r]	−1,859	−1,828
46 Canada	−15,664	−7,525	−1,647	−857	−525	1,637	−165	863[r]	−1,150	−1,195
47 Latin America and Caribbean	−7,600	−22,133	−5,498	−1,464	−2,241	−421	−436	−3,400[r]	−2,091	429
48 Asia	−15,159	−24,080	−2,260	−1,477	511	−2,180	−1,749	13[r]	9	−533
49 Africa	−185	−475	−47	−72	−267	−96	−2	−116[r]	85	−14
50 Other countries	−3,752	−3,756	412	−100	−1,185	85	−80	270[r]	265	−43
51 **Nonmonetary international and regional organizations**	**164**	**520**	**−33**	**−150**	**−47**	**755**	**64**	**−164**	**−89**	**156**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1993	1994	1995	1994			1995			
			Jan.–Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total estimated**	**23,552**	**78,653**	**38,928**	**10,530**	**13,105**	**11,535**	**9,216**	**14,091[r]**	**9,211**	**6,410**
2 Foreign countries	23,368	78,610	38,796	9,435	13,068	11,938	9,890	13,373[r]	9,107	6,426
3 Europe	−2,373	38,544	22,449	−1,566	7,763	8,274	2,906	13,282[r]	3,109	3,152
4 Belgium and Luxembourg	1,218	1,098	354	32	24	434	134	107	51	62
5 Germany	−9,976	5,709	2,194	254	924	725	60	−543	1,461	1,216
6 Netherlands	−515	1,254	1,899	954	−2	156	2,388	−239	−7	−243
7 Sweden	1,421	794	22	−37	211	61	−35	97	30	−70
8 Switzerland	−1,501	456	−260	−718	−1,512	656	166	165	−418	−173
9 United Kingdom	6,197	23,438	16,085	−1,958	7,706	6,243	299	10,436	3,099	2,251
10 Other Europe and former U.S.S.R.	783	5,795	2,155	−93	412	−1	−106	3,259[r]	−1,107	109
11 Canada	10,309	3,491	3,706	−420	−1,350	−559	3,177	1,486	434	−1,391
12 Latin America and Caribbean	−4,561	−10,182	−1,752	6,710	725	978	636	−3,268	−2,332	3,212
13 Venezuela	390	−319	689	7	43	91	−211	329	387	184
14 Other Latin America and Caribbean	−5,795	−20,496	−1,466	−419	−2,074	74	3,028	−3,325	−3,358	2,189
15 Netherlands Antilles	844	10,633	−975	7,122	2,756	813	−2,181	−272	639	839
16 Asia	20,582	47,087	14,941	4,435	4,944	3,640	3,567	1,730[r]	8,445	1,199
17 Japan	17,070	29,518	11,424	2,189	4,551	2,067	3,444	2,316	4,167	1,497
18 Africa	1,156	240	−5	135	−11	58	−9	49	−9	−36
19 Other	−1,745	−570	−543	141	997	−453	−387	94	−540	290
20 Nonmonetary international and regional organizations	184	43	132	1,095	37	−403	−674	718	104	−16
21 International	−330	170	64	1,074	73	−322	−708	608	458	−294
22 Latin American regional	653	75	54	6	4	−3	−6	199	−367	228
MEMO										
23 Foreign countries	23,368	78,610	38,796	9,435	13,068	11,938	9,890	13,373[r]	9,107	6,426
24 Official institutions	1,306	41,800	11,002	2,891	2,760	582	1,747	2,110[r]	4,022	3,123
25 Other foreign[2]	22,062	36,810	27,794	6,544	10,308	11,356	8,143	11,263	5,085	3,303
Oil-exporting countries										
26 Middle East[2]	−8,836	−38	436	445	623	−405	−360	−89	152	733
27 Africa[3]	−5	0	1	0	0	−1	0	0	1	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on June 30, 1995		Country	Rate on June 30, 1995		Country	Rate on June 30, 1995	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.0	Mar. 1995	Germany	4.0	Mar. 1995	Norway	4.75	Feb. 1994
Belgium	4.0	Mar. 1995	Italy	9.0	June 1995	Switzerland	3.0	Mar. 1995
Canada	6.97	June 1995	Japan	1.0	Apr. 1995	United Kingdom	12.0	Sept. 1992
Denmark	6.0	Mar. 1995	Netherlands	3.75	June 1995			
France[2]	5.0	July 1994						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1992	1993	1994	1994	1995					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Eurodollars	3.70	3.18	4.63	6.27	6.23	6.14	6.15	6.13	6.03	5.89
2 United Kingdom	9.56	5.88	5.45	6.30	6.50	6.68	6.61	6.64	6.64	6.63
3 Canada	6.76	5.14	5.57	6.75	7.86	8.14	8.32	8.16	7.56	7.07
4 Germany	9.42	7.17	5.25	5.29	5.04	5.00	4.96	4.58	4.49	4.43
5 Switzerland	7.67	4.79	4.03	4.07	3.95	3.77	3.62	3.33	3.29	3.09
6 Netherlands	9.25	6.73	5.09	5.35	5.09	5.03	5.03	4.60	4.41	4.21
7 France	10.14	8.30	5.72	5.82	5.76	5.70	7.77	7.60	7.29	7.04
8 Italy	13.91	10.09	8.45	8.98	9.10	9.07	10.98	10.94	10.38	10.91
9 Belgium	9.31	8.10	5.65	5.42	5.29	5.33	6.21	5.22	5.16	4.62
10 Japan	4.39	2.96	2.24	2.34	2.31	2.27	2.11	1.55	1.31	1.16

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1992	1993	1994	1995 Jan.	1995 Feb.	1995 Mar.	1995 Apr.	1995 May	1995 June
1 Australia/dollar[2]	73.521	67.993	73.161	76.469	74.473	73.452	73.564	72.716	71.959
2 Austria/schilling	10.992	11.639	11.409	10.769	10.573	9.898	9.720	9.912	9.854
3 Belgium/franc	32.148	34.581	33.426	31.542	30.908	29.035	28.419	29.009	28.790
4 Canada/dollar	1.2085	1.2902	1.3664	1.4132	1.4005	1.4077	1.3762	1.3609	1.3775
5 China, P.R./yuan	5.5206	5.7795	8.6404	8.4608	8.4553	8.4483	8.4421	8.3370	8.3288
6 Denmark/krone	6.0372	6.4863	6.3561	6.0311	5.9302	5.6281	5.4391	5.5194	5.4604
7 Finland/markka	4.4865	5.7251	5.2340	4.7506	4.6547	4.3967	4.2884	4.3386	4.3134
8 France/franc	5.2935	5.6669	5.5459	5.2912	5.2252	4.9756	4.8503	4.9869	4.9172
9 Germany/deutsche mark	1.5618	1.6545	1.6216	1.5302	1.5022	1.4061	1.3812	1.4096	1.4012
10 Greece/drachma	190.81	229.64	242.50	238.21	236.17	228.53	225.19	228.46	226.56
11 Hong Kong/dollar	7.7402	7.7357	7.7290	7.7439	7.7314	7.7318	7.7336	7.7351	7.7356
12 India/rupee	28.156	31.291	31.394	31.374	31.380	31.587	31.407	31.418	31.404
13 Ireland/pound[2]	170.42	146.47	149.69	155.67	156.20	159.76	162.80	161.98	162.87
14 Italy/lira	1,232.17	1,573.41	1,611.49	1,611.53	1,620.58	1,688.99	1,710.89	1,652.78	1,639.75
15 Japan/yen	126.78	111.08	102.18	99.77	98.24	90.52	83.69	85.11	84.64
16 Malaysia/ringgit	2.5463	2.5738	2.6237	2.5556	2.5526	2.5464	2.4787	2.4684	2.4396
17 Netherlands/guilder	1.7587	1.8585	1.8190	1.7159	1.6844	1.5774	1.5474	1.5779	1.5686
18 New Zealand/dollar[2]	53.792	54.127	59.358	64.018	63.448	64.598	66.723	66.740	66.947
19 Norway/krone	6.2142	7.1009	7.0553	6.6968	6.5974	6.2730	6.2050	6.2980	6.2387
20 Portugal/escudo	135.07	161.08	165.93	157.86	155.36	147.92	145.89	148.40	147.63
21 Singapore/dollar	1.6294	1.6158	1.5275	1.4532	1.4541	1.4216	1.3986	1.3947	1.3953
22 South Africa/rand	2.8524	3.2729	3.5526	3.5404	3.5629	3.6013	3.6035	3.6574	3.6627
23 South Korea/won	784.66	805.75	806.93	793.08	793.19	781.81	770.61	764.43	763.88
24 Spain/peseta	102.38	127.48	133.88	132.62	130.52	128.58	124.14	123.22	121.71
25 Sri Lanka/rupee	44.013	48.211	49.170	49.870	49.895	49.627	49.371	49.558	50.210
26 Sweden/krona	5.8258	7.7956	7.7161	7.4775	7.3914	7.2787	7.3455	7.3072	7.2631
27 Switzerland/franc	1.4064	1.4781	1.3667	1.2863	1.2715	1.1709	1.1384	1.1693	1.1588
28 Taiwan/dollar	25.160	26.416	26.465	26.300	26.339	26.102	25.491	25.537	25.784
29 Thailand/baht	25.411	25.333	25.161	25.133	25.020	24.760	24.572	24.663	24.672
30 United Kingdom/pound[2]	176.63	150.16	153.19	157.46	157.20	160.02	160.73	158.74	159.48
MEMO									
31 United States/dollar[3]	86.61	93.18	91.32	88.30	87.29	83.69	81.81	82.73	82.27

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Quarterly Data Published Irregularly, with Latest Bulletin *Reference*

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1–5, 1995[1]

Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
ALL BANKS									
1 Overnight[6]	13,349,045	8,538	*	6.77	.22	7.3	55.2	1.0	Other
2 One month or less (excluding overnight)	11,047,384	1,290	14	7.21	.16	22.1	68.5	2.9	Other
3 Fixed rate	8,945,813	3,795	13	7.06	.17	16.4	64.9	2.8	Other
4 Floating rate	2,101,571	339	21	7.85	.24	46.2	83.9	3.2	Domestic
5 More than one month and less than one year	12,113,349	224	134	8.09	.14	49.5	80.4	7.4	Prime
6 Fixed rate	6,155,589	282	100	7.33	.16	37.8	78.6	9.4	Other
7 Floating rate	5,957,760	185	169	8.87	.20	61.6	82.2	5.3	Prime
8 Demand[7]	19,265,759	291	*	8.20	.16	49.9	68.5	9.0	Prime
9 Fixed rate	7,498,234	881	*	6.85	.21	15.6	52.0	10.5	Other
10 Floating rate	11,767,525	204	*	9.07	.14	71 6	79.0	8.0	Prime
11 **Total short-term**	**55,775,537**	**427**	**49**	**7.64**	**.14**	**34.1**	**67.9**	**5.5**	**Other**
12 Fixed rate (thousands of dollars)	35,939,048	1,049	26	6.95	.16	16.5	61.0	4.9	Other
13 1–99	353,972	13	165	9.56	.11	83.1	43.2	.4	Other
14 100–499	394,731	220	93	7.97	.26	64.5	70.7	6.1	Other
15 500–999	472,077	679	59	7.65	.11	40.9	80.1	7.5	Other
16 1,000–4,999	5,128,149	2,349	35	7.34	.08	29.6	73.6	4.3	Other
17 5,000–9,999	6,288,425	6,528	31	7.11	.10	19.0	65.9	8.5	Other
18 10,000 or more	23,301,694	19,149	20	6.76	.09	10.6	56.6	4.0	Other
19 Floating rate (thousands of dollars)	19,836,489	206	130	8.88	.16	65.9	80.5	6.7	Prime
20 1–99	1,837,167	26	170	10.29	.04	84.2	83.4	1.2	Prime
21 100–499	3,852,052	202	165	9.83	.05	80.9	85.9	4 3	Prime
22 500–999	1,914,532	675	177	9.50	.07	69.8	85.1	4.7	Prime
23 1,000–4,999	5,042,862	1,994	167	9.00	.15	62.0	85.3	9.7	Prime
24 5,000–9,999	1,980,243	6,540	100	8.29	.15	55.8	78.4	3.8	Prime
25 10,000 or more	5,209,632	18,329	64	7.57	.12	54.6	69.7	9.2	Foreign
			Months						
26 **Total long-term**	**8,834,054**	**279**	**45**	**8.92**	**.14**	**67.6**	**70.6**	**5.9**	**Prime**
27 Fixed rate (thousands of dollars)	2,817,418	217	49	8.87	.22	64.1	44.5	1.5	Other
28 1–99	264,446	23	45	10.12	.08	92.4	18.2	1.0	Other
29 100–499	184,278	204	40	9.53	.20	88.0	42.3	2.9	Other
30 500–999	89,861	655	38	8.41	.28	70.0	84.5	2.5	Other
31 1,000 or more	2,278,833	4,660	50	8.69	.51	58.7	46.1	1.4	Other
32 Floating rate (thousands of dollars)	6,016,636	323	43	8.94	.15	69.3	82.9	7.9	Prime
33 1–99	358,759	28	41	10.40	.11	91.7	58.6	1.5	Prime
34 100–499	889,465	226	40	9.81	.05	82.1	81.1	5.3	Prime
35 500–999	707,716	666	48	9.69	.08	76.3	85.4	8.4	Prime
36 1,000 or more	4,060,696	3,862	43	8.50	.15	63.3	85.0	9.0	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	13,103,641	9,239	*	6.71	6.50	6.3	54.4	1.0	9.00
38 One month or less (excluding overnight)	10,213,602	4,934	14	6.97	6.75	17.4	67.5	2.4	9.00
39 More than one month and less than one year	8,602,326	875	105	7.29	7.09	37.4	81.0	9.1	9.09
40 Demand[7]	10,502,145	2,159	*	6.85	6.79	25.0	53.6	11.7	9.00
41 **Total short-term**	**42,421,714**	**2,333**	**33**	**6.93**	**6.75**	**19.9**	**62.7**	**5.6**	**9.02**
42 Fixed rate	34,644,956	3,296	24	6.84	6.66	14.4	60.4	4.9	9.01
43 Floating rate	7,776,758	1,013	89	7.32	7.15	44.4	73.1	8.9	9.07
			Months						
44 **Total long-term**	**3,474,986**	**704**	**41**	**7.39**	**7.26**	**48.2**	**74.3**	**8.0**	**9.08**
45 Fixed rate	1,309,563	445	39	7.45	7.32	47.6	58.1	2.5	9.17
46 Floating rate	2,165,423	1,084	43	7.36	7.22	48.6	84.2	11.3	9.02

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1–5, 1995[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
LARGE BANKS									
1 Overnight[6]	10,614,681	8,702	*	6.81	.16	8.1	56.3	.4	Other
2 One month or less (excluding overnight)	8,091,668	3,673	13	7.18	.16	19.2	64.0	3.5	Other
3 Fixed rate	7,019,517	7,086	12	7.10	.18	16.3	60.6	3.3	Other
4 Floating rate	1,072,150	884	19	7.68	.24	38.6	85.9	4.5	Domestic
5 More than one month and less than one year	7,196,285	1,095	108	7.65	.13	42.6	83.2	5.9	Foreign
6 Fixed rate	4,335,359	3,082	91	7.24	.10	35.4	78.6	7.6	Foreign
7 Floating rate	2,860,927	554	134	8.28	.20	53.4	90.2	3.2	Foreign
8 Demand[7]	12,132,621	520	*	7.93	.16	42.9	60.7	8.0	Prime
9 Fixed rate	5,683,039	3,991	*	6.71	.18	10.4	44.5	8.8	Domestic
10 Floating rate	6,449,582	294	*	9.00	.17	71.6	75.0	7.3	Prime
11 **Total short-term**	**38,035,255**	**1,141**	**35**	**7.41**	**.13**	**28.1**	**64.4**	**4.5**	**Other**
12 Fixed rate (thousands of dollars)	27,645,420	5,491	22	6.93	.12	14.9	58.5	4.0	Other
13 1–99	21,595	31	114	8.82	.26	73.9	56.4	.0	Other
14 100–499	152,594	261	72	8.04	.23	60.4	80.1	1.9	Other
15 500–999	319,707	684	57	7.83	.13	41.1	78.6	4.9	Other
16 1,000–4,999	3,719,209	2,364	32	7.35	.11	28.5	71.9	3.0	Other
17 5,000–9,999	4,641,118	6,619	25	7.09	.07	19.5	57.4	5.1	Other
18 10,000 or more	18,791,197	18,750	19	6.78	.09	10.2	55.5	3.9	Other
19 Floating rate (thousands of dollars)	10,389,835	367	102	8.67	.17	63.2	80.3	5.9	Prime
20 1–99	548,899	32	159	10.15	.07	84.9	88.9	1.2	Prime
21 100–499	1,714,562	210	154	9.74	.09	80.1	90.1	3.7	Prime
22 500–999	953,202	665	157	9.45	.10	66.5	89.5	6.2	Prime
23 1,000–4,999	2,641,904	2,056	120	8.85	.13	56.5	87.8	9.7	Prime
24 5,000–9,999	1,055,792	6,869	85	8.21	.28	48.4	78.3	7.1	Prime
25 10,000 or more	3,475,475	20,128	74	7.69	.25	60.1	66.5	4.3	Fed funds
			Months						
26 **Total long-term**	**5,448,626**	**834**	**44**	**8.82**	**.14**	**62.7**	**80.1**	**6.0**	**Prime**
27 Fixed rate (thousands of dollars)	1,587,488	1,943	47	8.77	.20	57.2	51.7	1.4	Prime
28 1–99	11,468	28	44	9.31	.23	87.1	62.9	.4	Other
29 100–499	36,722	230	46	8.52	.30	76.2	75.0	.0	Other
30 500–999	38,020	709	43	7.90	.40	58.5	95.4	.0	Other
31 1,000 or more	1,501,278	7,620	47	8.80	.52	56.4	49.9	1.5	Prime
32 Floating rate (thousands of dollars)	3,861,138	675	43	8.83	.11	65.0	91.7	7.9	Prime
33 1–99	92,666	36	29	9.85	.08	87.1	85.4	3.3	Prime
34 100–499	439,713	241	35	9.62	.05	75.6	87.1	4.8	Prime
35 500–999	426,214	672	39	9.45	.07	68.3	90.2	7.8	Prime
36 1,000 or more	2,902,544	4,292	45	8.59	.35	62.2	92.9	8.6	Prime

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Days	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	10,402,778	9,457	*	6.74	6.53	7.2	55.4	.4	9.00
38 One month or less (excluding overnight)	7,628,198	6,851	12	7.00	6.77	15.5	62.8	3.0	9.00
39 More than one month and less than one year	6,122,975	3,320	95	7.27	7.07	37.9	82.9	6.4	9.00
40 Demand[7]	7,553,393	3,706	*	6.77	6.70	23.1	45.8	7.7	9.00
41 **Total short-term**	**31,707,344**	**5,201**	**28**	**6.91**	**6.73**	**18.9**	**60.2**	**3.9**	**9.00**
42 Fixed rate	26,904,588	6,319	21	6.85	6.66	13.5	57.5	4.0	9.00
43 Floating rate	4,802,756	2,613	82	7.28	7.10	49.2	75.3	3.7	9.00
			Months						
44 **Total long-term**	**2,171,481**	**2,284**	**42**	**7.29**	**7.17**	**47.8**	**90.5**	**10.0**	**9.00**
45 Fixed rate	682,167	1,993	41	7.03	6.98	44.7	80.1	2.5	9.00
46 Floating rate	1,489,314	2,448	43	7.41	7.25	49.3	95.2	13.4	9.00

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1–5, 1995[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	2,734,364	7,958	*	6.63	.36	3.9	50.9	3.3	Fed funds
2 One month or less (excluding overnight)	2,955,717	465	18	7.31	.20	29.8	81.1	1.2	Fed funds
3 Fixed rate	1,926,296	1,410	16	6.92	.26	16.9	80.8	.8	Fed funds
4 Floating rate	1,029,421	206	23	8.04	.26	54.1	81.7	1.8	Other
5 More than one month and less than one year	4,917,063	104	171	8.72	.18	59.7	76.2	9.6	Prime
6 Fixed rate	1,820,230	89	120	7.52	.23	43.5	78.6	13.7	Other
7 Floating rate	3,096,834	114	201	9.42	.20	69.3	74.8	7.2	Prime
8 Demand[7]	7,133,138	166	*	8.67	.18	61.6	81.7	10.6	Prime
9 Fixed rate	1,815,195	256	*	7.26	.24	32.1	75.7	15.9	Other
10 Floating rate	5,317,943	148	*	9.15	.17	71.7	83.8	8.8	Prime
11 **Total short-term**	**17,740,282**	**183**	**85**	**8.14**	**.16**	**46.9**	**75.3**	**7.6**	**Prime**
12 Fixed rate (thousands of dollars)	8,293,628	284	39	7.03	.18	21.8	69.4	7.8	Fed funds
13 1–99	332,377	12	167	9.61	.13	83.7	42.3	.5	Other
14 100–499	242,136	200	106	7.92	.36	67.1	64.7	8.8	Other
15 500–999	152,370	668	63	7.26	.15	40.6	83.4	13.1	Other
16 1,000–4,999	1,408,940	2,313	44	7.30	.18	32.6	78.1	7.9	Other
17 5,000–9,999	1,647,307	6,283	51	7.16	.17	17.5	89.8	17.9	Other
18 10,000 or more	4,510,497	21,016	23	6.65	.07	12.3	60.9	4.3	Fed funds
19 Floating rate (thousands of dollars)	9,446,654	139	156	9.12	.19	69.0	80.6	7.5	Prime
20 1–99	1,288,268	24	173	10.35	.05	84.0	81.0	1.2	Prime
21 100–499	2,137,490	196	170	9.91	.03	81.5	82.6	4.7	Prime
22 500–999	961,330	686	188	9.54	.08	73.1	80.8	3.1	Prime
23 1,000–4,999	2,400,958	1,931	207	9.16	.19	68.1	82.5	9.7	Prime
24 5,000–9,999	924,452	6,201	119	8.39	.31	64.3	78.4	.0	Prime
25 10,000 or more	1,734,156	15,546	42	7.32	.24	43.8	76.2	19.0	Other
			Months						
26 **Total long-term**	**3,385,428**	**135**	**46**	**9.08**	**.15**	**75.5**	**55.5**	**5.7**	**Prime**
27 Fixed rate (thousands of dollars)	1,229,930	101	50	8.99	.23	73.1	35.2	1.7	Other
28 1–99	252,978	23	45	10.16	.08	92.7	16.2	1.0	Other
29 100–499	147,556	199	38	9.78	.32	91.0	34.1	3.6	Other
30 500–999	51,842	620	35	8.78	.43	78.4	76.5	4.4	Other
31 1,000 or more	777,555	2,663	55	8.47	.48	63.0	38.9	1.3	Other
32 Floating rate (thousands of dollars)	2,155,498	167	44	9.14	.20	76.9	67.0	7.9	Prime
33 1–99	266,093	27	44	10.59	.10	93.4	49.2	.9	Prime
34 100–499	449,752	213	45	9.99	.10	88.5	75.3	5.8	Prime
35 500–999	281,501	658	63	10.06	.21	88.3	78.1	9.4	Prime
36 1,000 or more	1,158,152	3,087	39	8.26	.26	65.9	65.2	10.0	Prime
				Loan rate (percent)					
			Days	Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	2,700,863	8,487	*	6.60	6.39	2.7	50.3	3.3	9.00
38 One month or less (excluding overnight)	2,585,404	2,703	17	6.90	6.68	23.2	81.4	.8	9.01
39 More than one month and less than one year	2,479,351	310	131	7.34	7.15	36.2	76.5	15.8	9.32
40 Demand[7]	2,948,752	1,043	*	7.04	7.03	29.8	73.4	22.0	9.00
41 **Total short-term**	**10,714,370**	**886**	**48**	**6.97**	**6.81**	**22.9**	**70.2**	**10.7**	**9.08**
42 Fixed rate	7,740,369	1,238	33	6.81	6.65	17.6	70.5	8.2	9.04
43 Floating rate	2,974,002	509	102	7.37	7.23	36.7	69.5	17.3	9.17
			Months						
44 **Total long-term**	**1,303,505**	**327**	**40**	**7.57**	**7.40**	**48.8**	**47.4**	**4.6**	**9.20**
45 Fixed rate	627,396	241	35	7.90	7.68	50.7	34.1	2.4	9.35
46 Floating rate	676,109	487	43	7.26	7.14	47.0	59.7	6.6	9.06

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1–5, 1995—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecure loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the survey. As of September 30, assets of most of the large banks were at least $7.0 billion For all insured banks, total assets averaged $275 million.

2. Average maturities are weighted by loan size; excludes demand loans.

3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.

5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate); the *federal funds* rate; *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates; and *other* base rates not included in the foregoing classifications.

6. Overnight loans mature on the following business day.

7. Demand loans have no stated date of maturity.

8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.

10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1995[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]	**764,043**	**323,166**	**582,059**	**263,276**	**77,195**	**33,444**	**65,726**	**18,134**
2 Claims on nonrelated parties	684,296	186,179	515,903	150,021	72,714	17,511	63,900	13,090
3 Cash and balances due from depository institutions	152,685	126,524	131,000	106,683	7,971	7,410	11,978	11,294
4 Cash items in process of collection and unposted debits	2,632	0	2,468	0	4	0	105	0
5 Currency and coin (U.S. and foreign)	21	n.a.	14	n.a.	1	n.a.	1	n.a.
6 Balances with depository institutions in United States	90,803	70,547	76,654	57,786	5,306	4,802	8,092	7,634
7 U.S. branches and agencies of other foreign banks (including IBFs)	85,985	67,969	72,445	55,316	5,028	4,735	7,965	7,594
8 Other depository institutions in United States (including IBFs)	4,818	2,578	4,209	2,470	278	67	127	40
9 Balances with banks in foreign countries and with foreign central banks	58,921	55,977	51,635	48,897	2,624	2,608	3,773	3,660
10 Foreign branches of U.S. banks	1,990	1,759	1,803	1,572	43	42	121	121
11 Other banks in foreign countries and foreign central banks	56,930	54,218	49,832	47,325	2,581	2,566	3,652	3,539
12 Balances with Federal Reserve Banks	308	n.a.	229	n.a.	35	n.a.	7	n.a.
13 **Total securities and loans**	**386,977**	**50,624**	**261,579**	**36,018**	**58,136**	**8,981**	**38,841**	**1,371**
14 Total securities, book value	88,984	11,839	81,356	10,640	4,257	662	2,760	516
15 U.S. Treasury	25,453	n.a.	24,168	n.a.	654	n.a.	531	n.a.
16 Obligations of U.S. government agencies and corporations	22,011	n.a.	21,404	n.a.	344	n.a.	92	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	41,520	11,839	35,783	10,640	3,260	662	2,137	516
18 Securities of foreign governmental units	13,685	5,260	12,519	4,828	608	271	428	140
19 All Other	27,835	6,579	23,264	5,812	2,651	391	1,709	376
20 Federal funds sold and securities purchased under agreements to resell	40,031	3,906	36,983	3,157	937	458	1,487	200
21 U.S. branches and agencies of other foreign banks	8,829	2,781	7,558	2,430	629	343	415	0
22 Commercial banks in United States	6,804	275	6,013	75	144	0	343	200
23 Other	24,398	850	23,412	651	165	115	729	0
24 Total loans, gross	298,143	38,797	180,318	25,385	53,915	8,321	36,089	855
25 LESS: Unearned income on loans	150	12	95	7	36	2	7	0
26 EQUALS: Loans, net	297,992	38,786	180,223	25,377	53,878	8,318	36,082	855
Total loans, gross, by category								
27 Real estate loans	38,233	262	21,716	95	11,175	166	3,190	0
28 Loans to depository institutions	37,577	24,138	23,453	14,290	8,724	6,397	1,199	420
29 Commercial banks in United States (including IBFs)	17,708	8,747	10,032	4,025	6,430	4,371	949	215
30 U.S. branches and agencies of other foreign banks	15,147	8,265	8,384	3,666	6,250	4,280	326	215
31 Other commercial banks in United States	2,561	481	1,648	359	180	91	623	0
32 Other depository institutions in United States (including IBFs)	34	0	34	0	0	0	0	0
33 Banks in foreign countries	19,834	15,391	13,386	10,265	2,293	2,026	250	205
34 Foreign branches of U.S. banks	481	416	412	350	66	63	0	0
35 Other banks in foreign countries	19,353	14,975	12,974	9,915	2,227	1,963	250	205
36 Loans to other financial institutions	24,985	790	20,071	638	2,231	48	2,207	83
37 Commercial and industrial loans	179,165	11,336	100,681	8,313	30,912	1,644	27,325	333
38 U.S. addressees (domicile)	157,257	54	84,923	41	28,109	4	26,427	0
39 Non-U.S. addressees (domicile)	21,909	11,282	15,758	8,272	2,803	1,640	898	333
40 Acceptances of other banks	676	61	497	54	39	0	67	0
41 U.S. banks	300	0	266	0	17	0	7	0
42 Foreign banks	376	61	232	54	22	0	60	0
43 Loans to foreign governments and official institutions (including foreign central banks)	3,402	1,934	2,789	1,755	174	66	97	20
44 Loans for purchasing or carrying securities (secured and unsecured)	7,553	30	7,189	30	201	0	66	0
45 All other loans	5,222	210	2,626	174	446	0	1,920	0
46 Assets held in trading accounts	30,352	276	27,131	276	1,024	0	2,196	0
47 All other assets	74,251	4,848	59,209	3,887	4,646	662	9,397	225
48 Customers' liabilities on acceptances outstanding	12,034	n.a.	8,560	n.a.	2,546	n.a.	393	n.a.
49 U.S. addressees (domicile)	9,056	n.a.	5,945	n.a.	2,423	n.a.	385	n.a.
50 Non-U.S. addressees (domicile)	2,979	n.a.	2,615	n.a.	123	n.a.	8	n.a.
51 Other assets including other claims on nonrelated parties	62,217	4,848	50,650	3,887	2,099	662	9,004	225
52 Net due from related depository institutions[5]	79,747	136,987	66,156	113,255	4,481	15,933	1,826	5,044
53 Net due from head office and other related depository institutions[5]	79,747	n.a.	66,156	n.a.	4,481	n.a.	1,826	n.a.
54 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	136,987	n.a.	113,255	n.a.	15,933	n.a.	5,044
55 **Total liabilities**[4]	**764,043**	**323,166**	**582,059**	**263,276**	**77,195**	**33,444**	**65,726**	**18,134**
56 Liabilities to nonrelated parties	649,435	301,515	534,554	248,206	56,374	32,910	40,457	13,897

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1995[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
57 Total deposits and credit balances	152,952	233,267	129,314	212,752	5,094	6,322	9,764	8,906
58 Individuals, partnerships, and corporations	103,396	11,899	83,622	7,553	4,398	503	8,063	20
59 U.S. addressees (domicile)	89,539	78	75,841	78	2,595	0	7,221	0
60 Non-U.S. addressees (domicile)	13,857	11,821	7,781	7,475	1,803	503	842	20
61 Commercial banks in United States (including IBFs)	28,156	64,204	25,768	59,612	360	2,378	1,537	1,978
62 U.S. branches and agencies of other foreign banks	15,119	59,148	14,240	55,017	138	2,210	355	1,704
63 Other commercial banks in United States	13,037	5,056	11,528	4,594	221	168	1,182	274
64 Banks in foreign countries	8,839	135,894	8,468	126,875	107	2,746	87	5,313
65 Foreign branches of U.S. banks	3,251	4,815	3,200	4,294	0	292	50	124
66 Other banks in foreign countries	5,589	131,079	5,267	122,581	107	2,454	37	5,189
67 Foreign governments and official institutions (*including foreign central banks*)	3,531	21,221	3,172	18,664	190	695	2	1,595
68 All other deposits and credit balances	8,646	49	7,948	49	18	0	66	0
69 Certified and official checks	384		336		22		8	
70 Transaction accounts and credit balances (excluding IBFs)	7,956		6,240		382		423	
71 Individuals, partnerships, and corporations	6,072		4,680		296		410	
72 U.S. addressees (domicile)	4,334		3,619		222		404	
73 Non-U.S. addressees (domicile)	1,739		1,061		75		6	
74 Commercial banks in United States (including IBFs)	100		92		5		0	
75 U.S. branches and agencies of other foreign banks	8		6		0		0	
76 Other commercial banks in United States	93		86		5		0	
77 Banks in foreign countries	834		632		39		2	
78 Foreign branches of U.S. banks	3		2		0		0	
79 Other banks in foreign countries	831		630		39		2	
80 Foreign governments and official institutions (including foreign central banks)	459		418		2		2	
81 All other deposits and credit balances	107		81		18		1	
82 Certified and official checks	384		336		22		8	
83 Demand deposits (included in transaction accounts and credit balances)	7,456		6,037		311		410	
84 Individuals, partnerships, and corporations	5,713		4,569		245		397	
85 U.S. addressees (domicile)	4,197		3,556		186		391	
86 *Non-U.S. addressees (domicile)*	1,516		1,013		58		6	
87 Commercial banks in United States (including IBFs)	83	n.a.	77	n.a.	3	n.a.	0	n.a.
88 U.S. branches and agencies of other foreign banks	8		6		0		0	
89 Other commercial banks in United States	75		70		3		0	
90 Banks in foreign countries	798		605		38		2	
91 Foreign branches of U.S banks	3		2		0		0	
92 Other banks in foreign countries	796		602		38		2	
93 Foreign governments and official institutions (including foreign central banks)	434		413		2		2	
94 All other deposits and credit balances	44		37		1		1	
95 Certified and official checks	384		336		22		8	
96 Nontransaction accounts (including MMDAs, excluding IBFs)	144,996		123,074		4,712		9,341	
97 Individuals, partnerships, and corporations	97,323		78,941		4,102		7,654	
98 U.S. addressees (domicile)	85,205		72,222		2,373		6,817	
99 Non-U.S. addressees (domicile)	12,118		6,720		1,729		836	
100 Commercial banks in United States (including IBFs)	28,056		25,676		355		1,536	
101 U.S. branches and agencies of other foreign banks	15,111		14,234		138		355	
102 Other commercial banks in United States	12,945		11,442		217		1,182	
103 Banks in foreign countries	8,006		7,835		68		85	
104 Foreign branches of U.S. banks	3,248		3,198		0		50	
105 Other banks in foreign countries	4,757		4,637		68		35	
106 *Foreign governments and official institutions* (including foreign central banks)	3,072		2,754		187		0	
107 All other deposits and credit balances	8,539		7,867		0		66	
108 IBF deposit liabilities		233,267		212,752		6,322		8,906
109 Individuals, partnerships, and corporations		11,899		7,553		503		20
110 U.S. addressees (domicile)		78		78		0		0
111 Non-U.S. addressees (domicile)		11,821		7,475		503		20
112 Commercial banks in United States (including IBFs)		64,204		59,612		2,378		1,978
113 U.S. branches and agencies of other foreign banks		59,148		55,017		2,210		1,704
114 Other commercial banks in United States	n.a.	5,056	n.a.	4,594	n.a.	168	n.a.	274
115 Banks in foreign countries		135,894		126,875		2,746		5,313
116 Foreign branches of U.S. banks		4,815		4,294		292		124
117 Other banks in foreign countries		131,079		122,581		2,454		5,189
118 Foreign governments and official institutions (including foreign central banks)		21,221		18,664		695		1,595
119 All other deposits and credit balances		49		49		0		0

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1995[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
120 Federal funds purchased and securities sold under agreements to repurchase	64,155	13,094	53,158	8,303	6,947	3,463	3,626	1,165
121 U.S. branches and agencies of other foreign banks	9,983	3,329	6,082	1,524	2,933	1,399	687	249
122 Other commercial banks in United States	9,113	241	6,609	82	1,589	159	883	0
123 Other	45,059	9,524	40,467	6,697	2,426	1,905	2,056	915
124 Other borrowed money	0	0	0	0	0	0	0	0
125 Owed to nonrelated commercial banks in United States (including IBFs)	35,396	18,999	14,708	5,338	16,731	12,239	2,713	992
126 Owed to U.S. offices of nonrelated U.S. banks	8,030	1,782	4,493	594	2,481	1,066	763	77
127 Owed to U.S. branches and agencies of nonrelated foreign banks	27,366	17,218	10,215	4,744	14,250	11,173	1,950	915
128 Owed to nonrelated banks in foreign countries	31,439	29,201	18,025	16,043	10,190	10,077	2,513	2,513
129 Owed to foreign branches of nonrelated U.S. banks	1,566	1,466	669	613	709	704	76	76
130 Owed to foreign offices of nonrelated foreign banks	29,873	27,735	17,356	15,430	9,480	9,373	2,437	2,436
131 Owed to others	39,285	1,798	28,361	1,411	7,114	227	3,082	161
132 All other liabilities	92,941	5,155	78,236	4,360	3,975	582	9,854	161
133 Branch or agency liability on acceptances executed and outstanding	12,590	n.a.	9,073	n.a.	2,516	n.a.	419	n.a.
134 Trading liabilities	25,306	55	23,965	53	19	1	1,289	0
135 Other liabilities to nonrelated parties	55,044	5,101	45,199	4,307	1,440	581	8,145	161
136 Net due to related depository institutions[5]	114,608	21,652	47,504	15,070	20,821	534	25,269	4,237
137 Net owed to head office and other related depository institutions[5]	114,608	n.a.	47,504	n.a.	20,821	n.a.	25,269	n.a.
138 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	21,652	n.a.	15,070	n.a.	534	n.a.	4,237
MEMO								
139 Non-interest-bearing balances with commercial banks in United States	1,133	29	822	0	125	29	42	0
140 Holding of commercial paper included in total loans	528		494		1		0	
141 Holding of own acceptances included in commercial and industrial loans	3,974		2,578		1,255		29	
142 Commercial and industrial loans with remaining maturity of one year or less	105,519		58,859		18,293		17,283	
143 Predetermined interest rates	61,805	n.a.	34,182	n.a.	11,541	n.a.	11,701	n.a.
144 Floating interest rates	43,714		24,676		6,752		5,581	
145 Commercial and industrial loans with remaining maturity of more than one year	73,647		41,822		12,619		10,042	
146 Predetermined interest rates	18,220		10,398		3,111		3,379	
147 Floating interest rates	55,426		31,424		9,508		6,663	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1995[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
148 Components of total nontransaction accounts, included in total deposits and credit balances of *nontransaction accounts, including IBFs*	148,088	n.a.	126,550	n.a.	5,237	n.a.	9,582	n.a.
149 Time CDs in denominations of $100,000 or more	111,917	n.a.	95,631	n.a.	2,795	n.a.	7,573	n.a.
150 Other time deposits in denominations of $100,000 or more	28,211	n.a.	24,419	n.a.	1,496	n.a.	1,603	n.a.
151 *Time CDs in denominations of $100,000 or more* with remaining maturity of more than 12 months	7,960	n.a.	6,500	n.a.	945	n.a.	407	n.a.
	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
152 Market value of securities held	0	0	0	0	0	0	0	0
153 Immediately available funds with a maturity greater than one day included in other borrowed money	64,040	n.a.	31,678	n.a.	26,626	n.a.	4,257	n.a.
154 Number of reports filed[6]	539	0	255	0	123	0	47	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 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. IBF, international banking facility.

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 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.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

A. Pro forma balance sheet

Millions of dollars

Item	Mar. 31, 1995	
Short-term assets (Note 1)		
Imputed reserve requirement on clearing balances	343.3	
Investment in marketable securities	3,089.7	
Receivables	65.0	
Materials and supplies	7.1	
Prepaid expenses	39.6	
Items in process of collection	1,867.7	
Total short-term assets		5,412.4
Long-term assets (Note 2)		
Premises	343.3	
Furniture and equipment	157.0	
Leases and leasehold improvements	22.9	
Prepaid pension costs	212.6	
Total long-term assets		735.8
Total assets		**6,148.3**
Short-term liabilities		
Clearing balances and balances arising from early credit of uncollected items	3,463.9	
Deferred-availability items	1,836.8	
Short-term debt	111.7	
Total short-term liabilities		5,412.4
Long-term liabilities		
Obligations under capital leases	3.8	
Long-term debt	156.0	
Postretirement/postemployment benefits obligation	166.8	
Total long-term liabilities		326.6
Total liabilities		**5,739.1**
Equity		409.2
Total liabilities and equity (Note 3)		**6,148.3**

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

B. Pro forma income statement

Millions of dollars

Item	Quarter ended Mar. 31, 1995	
Revenue from services provided to depository institutions (Note 4)		182.0
Operating expenses (Note 5)		168.9
Income from operations		13.1
Imputed costs (Note 6)		
Interest on float	5.7	
Interest on debt	4.1	
Sales taxes	2.2	
FDIC insurance	3.5	15.5
Income from operations after imputed costs		−2.4
Other income and expenses (Note 7)		
Investment income on clearing balances	63.9	
Earnings credits	54.3	9.5
Income before income taxes		7.1
Imputed income taxes (Note 8)		2.2
Income before cumulative effect of a change in accounting principle		4.9
Cumulative effect on previous years from retroactive application of accrual method of accounting for postemployment benefits (net of $6.5 million tax) (Note 9)		−14.6
Net income		**−9.6**
MEMO		
Targeted return on equity (Note 10)		8.1

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

NOTES TO FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

(1) SHORT-TERM ASSETS

The imputed reserve requirement on clearing balances held at Reserve Banks by depository institutions reflects a treatment comparable to that of compensating balances held at correspondent banks by respondent institutions. The reserve requirement imposed on respondent balances must be held as vault cash or as nonearning balances maintained at a Reserve Bank; thus, a portion of priced services clearing balances held with the Federal Reserve is shown as required reserves on the asset side of the balance sheet. The remainder of clearing balances is assumed to be invested in three-month Treasury bills, shown as investment in marketable securities.

Receivables are (1) amounts due the Reserve Banks for priced services and (2) the share of suspense-account and difference-account balances related to priced services.

Materials and supplies are the inventory value of short-term assets.

Prepaid expenses include salary advances and travel advances for priced-service personnel.

Items in process of collection is gross Federal Reserve cash items in process of collection (CIPC) stated on a basis comparable to that of a commercial bank. It reflects adjustments for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; adjustments for items associated with non-priced items, such as those collected for government agencies, and adjustments for items associated with providing fixed availability or credit before items are received and processed. Among the costs to be recovered under the Monetary Control Act is the cost of float, or net CIPC during the period (the difference between gross CIPC and deferred-availability items which is the portion of gross CIPC that involves a financing cost), valued at the federal funds rate.

(2) LONG-TERM ASSETS

Consists of long-term assets used solely in priced services, the priced-services portion of long-term assets shared with nonpriced services, and an estimate of the assets of the Board of Governors used in the development of priced services. Effective Jan. 1, 1987, the Reserve Banks implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions* (SFAS 87). Accordingly, the Reserve Banks recognized a credit to expenses of $7.2 million in the first quarter of 1995 and a corresponding increase in this asset account.

(3) LIABILITIES AND EQUITY

Under the matched-book capital structure for assets that are not "self-financing," short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the fifty largest bank holding companies, which are used in the model for the private-sector adjustment factor (PSAF). The PSAF consists of the taxes that would have been paid and the return on capital that would have been provided had priced services been furnished by a private-sector firm. Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

(4) REVENUE

Revenue represents charges to depository institutions for priced services and is realized from each institution through one of two methods: direct charges to an institution's account or charges against its accumulated earnings credits.

(5) OPERATING EXPENSES

Operating expenses consist of the direct, indirect, and other general administrative expenses of the Reserve Banks for priced services plus the expenses for staff members of the Board of Governors working directly on the development of priced services. The expenses for Board staff members were $.7 million in the first quarter of 1995. The credit to expenses under SFAS 87 (see note 2) is reflected in operating expenses.

(6) IMPUTED COSTS

Imputed costs consist of interest on float, interest on debt, sales taxes, and the FDIC assessment. Interest on float is derived from the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include costs for checks, book-entry securities, noncash collection, ACH, and funds transfers.

Interest is imputed on the debt assumed necessary to finance priced-service assets. The sales taxes and FDIC assessment that the Federal Reserve would have paid had it been a private-sector firm are among the components of the PSAF (see note 3).

The following list shows the daily average recovery of float by the Reserve Banks for the first quarter of 1995 in millions of dollars:

Total float	666.5
Unrecovered float	3.6
Float subject to recovery	662.9
Sources of float recovery	
Income on clearing balances	64.6
As-of adjustments	268.3
Direct charges	130.4
Per-item fees	199.6

Unrecovered float includes float generated by services to government agencies and by other central bank services. Float recovered through income on clearing balances is the result of the increase in investable clearing balances; the increase is produced by a deduction for float for cash items in process of collection, which reduces imputed reserve requirements. The income on clearing balances reduces the float to be recovered through other means. As-of adjustments and direct charges are mid-week closing float and interterritory check float, which may be recovered from depositing institutions through adjustments to the institution's reserve or clearing balance or by valuing the float at the federal funds rate and billing the institution directly. Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the first quarter of 1995.

(7) OTHER INCOME AND EXPENSES

Consists of investment income on clearing balances and the cost of earnings credits. Investment income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits granted to depository institutions on their clearing balances are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

(8) INCOME TAXES

Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see note 3).

(9) POSTEMPLOYMENT BENEFITS

Effective Jan. 1, 1995, the Reserve Banks implemented SFAS 112, *Employers' Accounting for Postemployment Benefits*. Accordingly in the first quarter of 1995 the Reserve Banks recognized a one-time cumulative charge of $21.1 million to reflect the retroactive application of this change in accounting principle.

(10) RETURN ON EQUITY

Represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, as derived from the PSAF model (see note 3). This amount is adjusted to reflect the recovery of automation consolidation costs of $.3 million for the first quarter of 1995. The Reserve Banks plan to recover these amounts, along with a finance charge, by the end of the year 2000.

Index to Statistical Tables

References are to pages A3–A77 although the prefix "A" is omitted in this index

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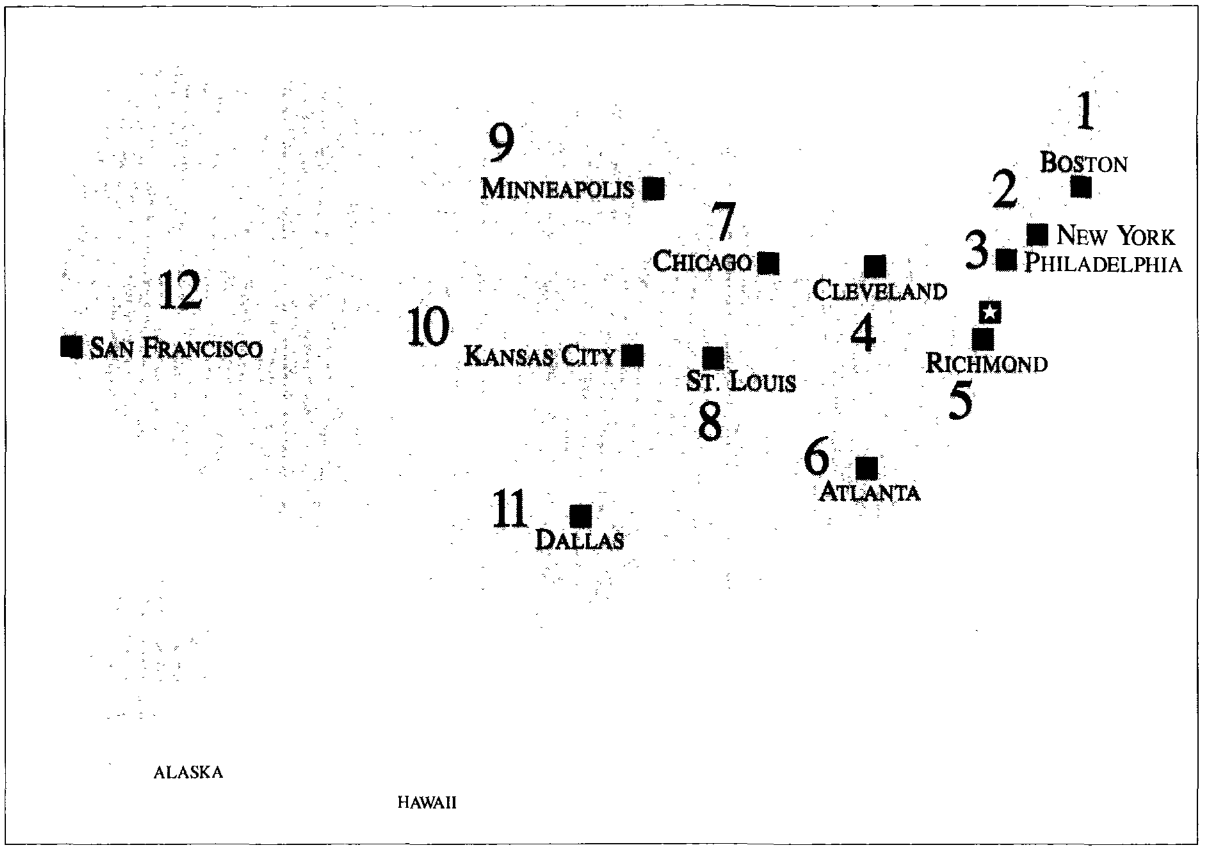


LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

• Federal Reserve Branch city

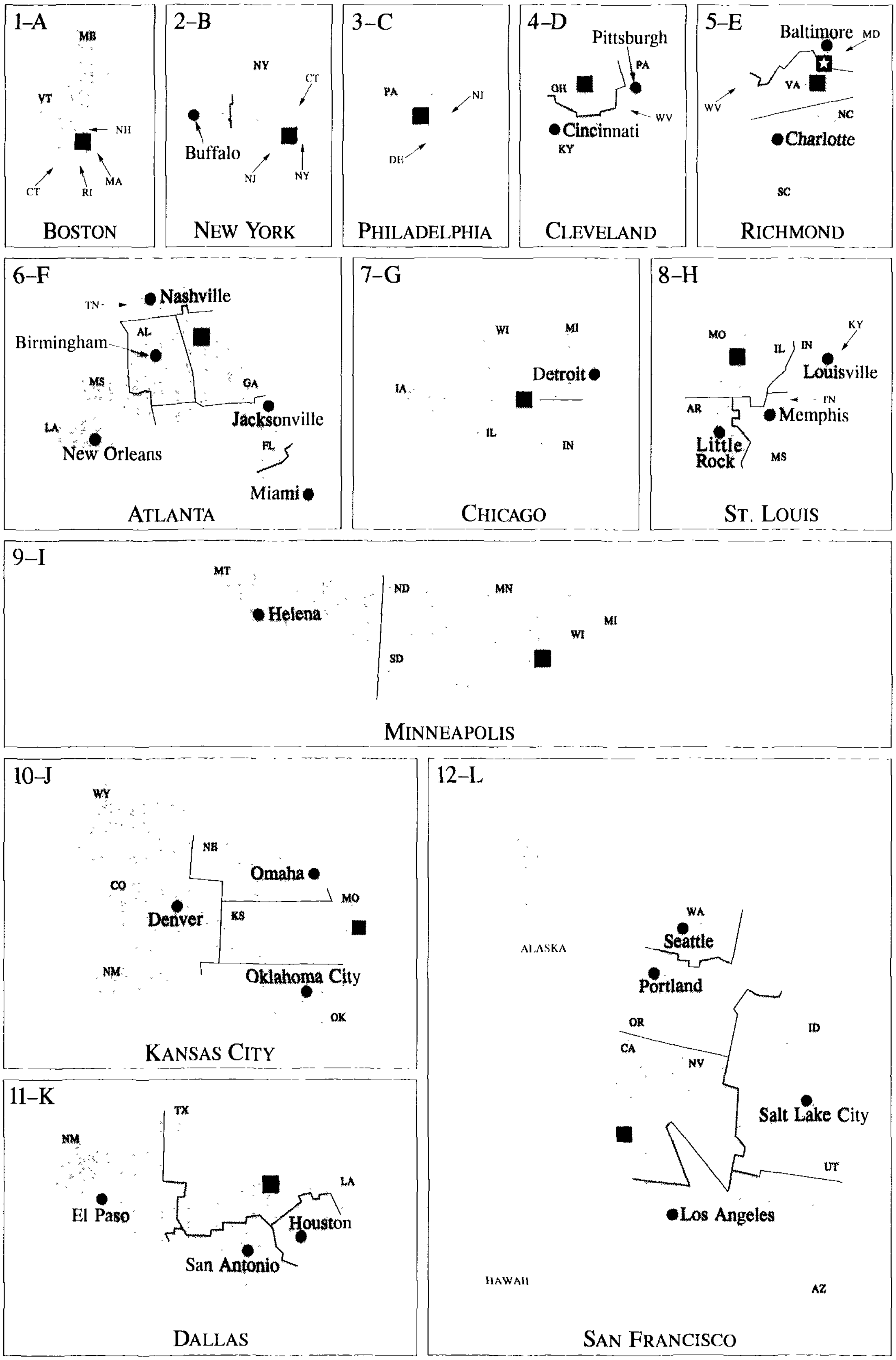
— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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