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Industrial Production and Capacity Utilization: Annual Revision and 1997 Developments

Richard Raddock, of the Board's Division of Research and Statistics, prepared this article. Robert Ritterbeck provided research assistance.

In December 1997, the Board of Governors of the Federal Reserve System published the results of an annual revision of its measures of industrial production and capacity utilization, which cover the nation's manufacturing, mining, and electric and gas utilities industries. The revision entailed primarily the incorporation of new and more comprehensive source data, the most important of which were annual figures on industry real output in 1995 and survey information on industry utilization rates for the fourth quarters of 1995 and 1996.

The revised measures show stronger growth of production and capacity and lower rates of capacity utilization since 1992 than did earlier estimates (chart 1). The largest revisions to output growth were for 1994 and 1995 and were due mainly to higher figures for manufacturing. The revised production indexes and the new source data on utilization rates implied that manufacturing capacity growth was stronger than previously estimated. Both the earlier and the revised estimates show that capacity utilization reached its most recent high at the beginning of 1995. The revised figures, however, suggest that pressures on industrial capacity since then have been less than previously estimated.

The advance in industrial production over 1997 was almost 6 percent, compared with 4⅓ percent on average over the first six years following the March 1991 cyclical trough.[1] Output in manufacturing increased nearly 6½ percent during 1997, with activity in the final quarter especially robust. With the strong growth in manufacturing, the factory operating rate moved to more than 82 percent in late 1997—above its 1967–96 average but well below the cyclical peaks in the late 1970s and 1980s.

NOTE. Other contributors to the revision and this article include the following: Ana Aizcorbe, William Cleveland, Carol Corrado, Christopher Furgiuele, Charles Gilbert, and Michael Mohr.

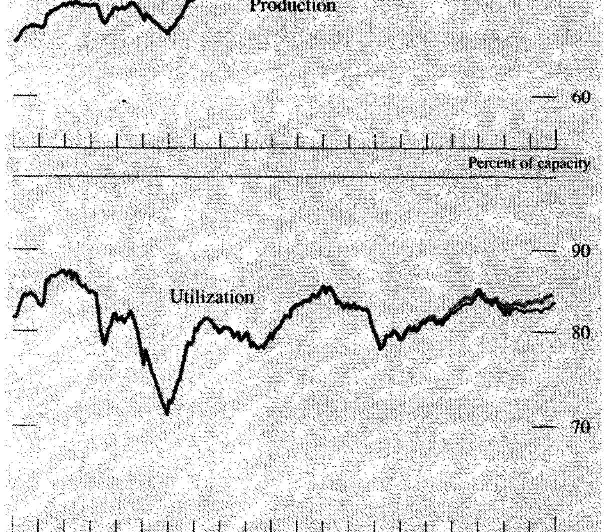
1. The figures for the fourth quarter of 1997 are subject to further revision in the upcoming monthly G.17 statistical releases.

Revisions to Output, Capacity, and Utilization

The average annual rate of growth of industrial production since 1992 is now shown to have been 4½ percent, ¾ percentage point higher than previously shown (table 1).[2] The new estimates show

2. Six appendix tables summarize the revised production, capacity, and capacity utilization figures in more detail. The growth rates of production and capacity and the utilization rates are shown with the differences between the revised figures and the earlier estimates. Figures for production growth are shown by market and by industry group; capacity and utilization figures are shown by industry group only.

1. Industrial production, capacity, and utilization, 1977–97



NOTE. In this chart and the charts that follow, revised data for the industrial production indexes are monthly and seasonally adjusted through December 1997.

1. Annual rates of growth in industrial production, 1992–97

Item	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
	1992–97	1994	1995	1996	1997	1992–97	1994	1995	1996	1997[1]
Total index	**4.5**	**6.5**	**3.3**	**4.2**	**5.8**	**.7**	**.8**	**1.5**	**.3**	**.2**
Manufacturing	4.9	7.6	3.3	4.7	6.4	.7	1.0	1.7	.5	.2
Durable	7.2	9.9	6.2	6.5	9.6	1.1	1.7	2.5	.8	.0
Computers, semiconductors, and communications equipment	28.1	39.2	40.6	22.8	30.4	4.9	10.7	10.7	4.4	2.5
Durable manufacturing excluding computers, semiconductors, and communications equipment	3.1	5.3	.3	3.0	4.3	.5	.4	1.0	.3	.3
Nondurable	2.4	4.9	−.1	2.5	2.7	.5	.2	.8	.2	.5
Mining	.8	.9	−.8	1.7	2.3	.0	−.7	.5	−1.7	−.1
Utilities	2.3	−.3	6.4	1.5	2.3	−.2	−.2	−.1	.0	.1

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified in the column heading. The 1992–97 growth rate is the average annual percentage change from the fourth quarter of 1991 to the fourth quarter of 1997.

1. Through the third quarter of 1997.

industrial output growth to have been ¾ percentage point higher over 1994 and 1½ percentage points higher over 1995. The upward revisions to industrial production for 1996 and 1997 averaged ¼ percentage point.

Stronger gains in the output of information-technology products—defined as computers, semiconductors, and communications equipment—accounted for more than half of the upward revision to industrial production; the largest component of this upward revision was semiconductor output. Output of other types of manufacturing is also now estimated to have grown more rapidly.

Aside from indicating this stronger growth, the updated estimates continue to paint a broad picture of recovery in industrial activity from the 1990 recession through 1994 followed by a slowdown in 1995 and a resumption of relatively robust growth since then. The revised market group indexes suggest that the basic trends underlying the industrial expansion of the 1990s have remained largely unchanged. However, gains in the output of durable industrial materials, including semiconductors, now appear to have contributed even more to the overall growth in industrial production than previously thought.

The annual rate of growth of industrial capacity was revised up 1½ percentage points for 1995 and ¾ percentage point for 1996 and 1997 (table 2). The revised annual rate of capacity growth averaged 4¾ percent for total industry over 1995–97 and more than 5 percent for manufacturing for this period. The upward revisions were concentrated in durable manufacturing, especially information-technology industries, in which production rose rapidly because of technological advances. The revised estimates show that capacity growth was faster than previously thought in many other durable and nondurable manufacturing industries (table A.5).

2. Annual rates of growth in industrial capacity, 1992–97

Item	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
	1992–97	1994	1995	1996	1997	1992–97	1994	1995	1996	1997
Total index	**3.7**	**3.7**	**4.9**	**4.5**	**4.7**	**.8**	**.9**	**1.5**	**.8**	**.8**
Manufacturing	4.1	4.1	5.5	5.1	5.3	.9	1.0	1.8	1.0	1.0
Durable	5.8	5.9	8.3	7.5	8.0	1.3	1.8	2.8	1.3	1.4
Computers, semiconductors, and communications equipment	26.0	27.4	37.8	30.1	30.4	4.9	7.4	11.3	3.2	3.5
Durable manufacturing excluding computers, semiconductors, and communications equipment	2.4	2.3	2.9	3.0	3.0	.7	.5	1.1	1.0	1.2
Nondurable	2.2	2.0	2.3	2.4	2.2	.5	.2	.7	.7	.6
Mining	.3	1.0	−.5	.2	.7	.4	.4	.0	.6	−.7
Utilities	1.4	1.3	2.0	1.5	1.4	−.1	.1	.1	−.6	−.2

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified in the column heading. The 1992–97 growth rate is the average annual growth rate from the fourth quarter of 1991 to the fourth quarter of 1997.

Capacity utilization in manufacturing was revised down ½ percentage point for the fourth quarter of 1995 and nearly 1 percentage point for 1996 (table 3). Because the upward revisions to the growth of capacity exceeded those to the growth of production in 1996 and 1997, the downward revisions to manufacturing utilization grew progressively larger and reached nearly 1½ percentage points in the third quarter of 1997. For the information-technology sector, which operated at relatively low levels from the mid-1980s through the early 1990s, the revision shows the utilization rate still having risen sharply by year-end 1994 and remaining elevated for more than a year after that. Elsewhere in manufacturing, the revisions show utilization rates easing noticeably in 1995.

For mining, the capacity utilization rate in 1996–97 was also revised down—roughly 3 percentage points—with downward revisions to rates for oil and gas extraction, stone and earth minerals, and coal. For electric utilities, the rate of utilization is now estimated to be higher than earlier; electric utility companies have been reluctant to add new generating capability because of the increased uncertainty in a more open market for electric power.

INDUSTRIAL DEVELOPMENTS IN 1997

Industrial output expanded at a robust pace in 1997. Growth of manufacturing picked up from 4¾ percent in 1996 to nearly 6½ percent in 1997, but the expansion was largely accommodated without signs of substantial pressure on productive capability by the acceleration in capacity growth that had started earlier. Within manufacturing, the rate of utilization in primary-processing industries remained relatively high, particularly for primary metals and petroleum products. Among advanced-processing industries, utilization rates were about average overall. Although growth of output and capacity occurred in nearly all the major industry groups, the acceleration and rapid pace of growth were centered in durable manufacturing, a grouping that accounts for nearly one-half the value added in the industrial sector.

Durable Manufacturing

Output in durable manufacturing increased 9½ percent during 1997; this growth was led by, but not limited to, the computer, semiconductor, and communications equipment industries. Output of durable manufactures other than computers, semiconductors, and communications equipment also rose solidly, reaching nearly 4½ percent in 1997 (chart 2).

Computers, Semiconductors, and Communications Equipment

Production of computers, semiconductors, and communications equipment together grew about 30 percent over 1997, compared with about 23 percent over 1996. The acceleration was in the semiconductor industry, for which the rate of output growth

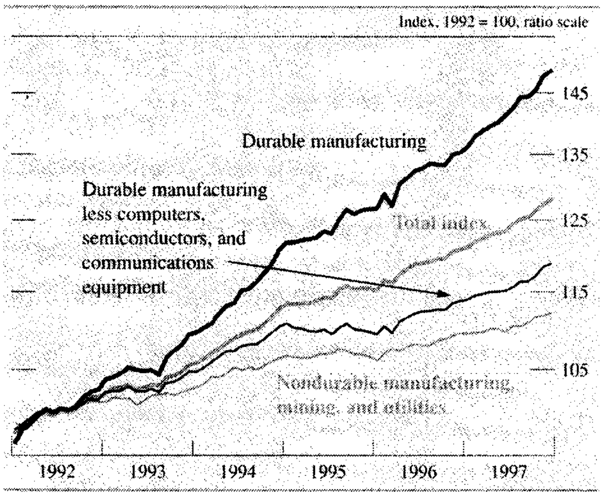
3. Rates of capacity utilization, 1995–97

Percentage of capacity, seasonally adjusted

Item	Revised rate				Difference between growth rates: revised less earlier (percentage points)		
	1988–89 high[1]	1995:Q4	1996:Q4	1997:Q4	1995:Q4	1996:Q4	1997: Q3
Total index	**85.4**	**82.6**	**82.4**	**83.2**	**–.5**	**–.9**	**–1.3**
Manufacturing	85.7	81.8	81.4	82.2	–.5	–.9	–1.4
Primary processing	88.9	85.8	85.9	86.2	–.4	–.7	–1.3
Advanced processing	84.2	80.0	79.4	80.4	–.6	–1.0	–1.5
Durable	84.6	81.2	80.4	81.6	–.8	–1.3	–2.2
Computers, semiconductors, and communications equipment	81.9	86.0	81.1	81.1	–1.4	–.4	–.9
Durable manufacturing excluding computers, semiconductors, and communications equipment	86.1	81.4	81.4	82.4	–.4	–1.0	–1.5
Nondurable	87.3	82.4	82.5	82.9	–.1	–.5	–.5
Mining	88.0	87.0	88.3	89.7	–1.0	–3.0	–2.8
Utilities	92.6	90.0	90.0	90.8	–.3	.2	.4

1. The "high" column refers to periods in which utilization generally peaked. The monthly highs and lows are specific to each series, and all did not occur in the same month.

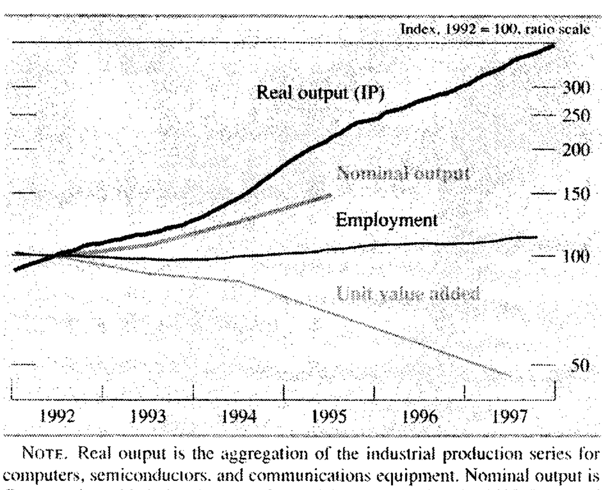
2. Industrial production, 1992–97



rebounded to 40 percent in 1997 after having slowed over 1996 from the much higher rates of the two preceding years. The 1996 slowdown was related to an unintended stockpiling of semiconductors by producers, distributors, and end-users, who had overestimated the sales of personal computers and related equipment and apparatus for communications.

In 1997, as in earlier years, the rapid growth in the output of information-technology products was accompanied by declining prices. For example, the price of sixteen-bit chips fell from $11 in May 1997 to less than $3 late in the year. Though such declines may be intensified temporarily by excess inventories or capacity, they are sustained by technological progress. Advances in the design of semiconductors resulted in improved devices and downstream applications that, for similar prices, have yielded far more services, in terms of millions of instructions per second, memory, disk space, and so forth, than did the earlier devices. The production indexes for computers, semiconductors, and communications equipment have reflected the rapid rise of performance per dollar so that they have risen rapidly relative to both nominal output and employment while the price (unit value added) has plunged (chart 3).

3. Computers, semiconductors, and communications equipment, 1992–97



NOTE. Real output is the aggregation of the industrial production series for computers, semiconductors, and communications equipment. Nominal output is Census value added plus the cost of materials as reported in the 1992 Census of Manufactures and in the Annual Surveys of Manufactures for 1993 through 1995. Unit value is Census value added divided by the industrial production index for the industries covered. Data for unit value added after 1995 are projections.

Transportation Equipment

Over 1997, the output of transportation equipment advanced 11½ percent. The boom in commercial aircraft and related equipment and parts accounted for the bulk of the increase, but output of motor vehicles grew as well.

Worldwide demand for commercial aircraft rose swiftly, and incoming orders greatly exceeded deliveries in 1997. The Boeing Company's backlog of announced orders for commercial jet airplanes climbed to 1,744 units by the end of the year. Boeing began stepping up production and is working with its suppliers to meet a schedule for delivery of forty-three 7-Series airplanes per month by the spring of 1998 (deliveries of such models averaged eighteen planes per month in 1995 and 1996). Boeing delivered or tendered for delivery 388 airplanes in 1997 and expects to deliver about 550 in 1998. The boom in orders has reflected the growth in world airline traffic and the aging fleet of aircraft. In contrast to the production of commercial aircraft and related parts, the production of military aircraft, which had fallen substantially in 1995, declined a bit further in 1996 and 1997.

The assembly of heavy trucks rebounded in 1997. After hitting a record high in the spring of 1995, the production index for heavy trucks and truck trailers plummeted roughly 30 percent to a trough in the fall of 1996; by November 1997, it had surpassed the 1995 high. Incoming orders greatly exceeded shipments in 1997, and the backlog of unfilled orders for heavy trucks more than doubled over the year. The growth in durable manufacturing production was (and continues to be) a factor in the high level of demand for heavy (class 8) trucks and truck trailers, which are used extensively to transport high-value durable goods such as computers, machine tools, engines, automobiles, and appliances, as well as parts for these goods.

Part of the rise in transportation equipment over 1997 was related to a fourth-quarter jump in assemblies of light vehicles, to an annual rate of about

12.6 million units, as producers pushed to make up for production lost in the summer because of strikes and new-model-year startup problems. Gains earlier in the year represented, in part, a rebound from the strike-depressed fourth quarter of 1996.

In recent years, sales of light vehicles including imports have, in general, held near 15 million units, and the related production index was only 2½ percent higher in 1997 than it was in 1994. Light trucks have been gaining market share relative to automobiles: From 1994 to 1997, the production index for light trucks rose about 14½ percent, whereas the index for automobiles dropped 7 percent. The strength in sales and production of full-size pickup trucks and sport-utility vehicles—especially large, high-priced models—continued in 1997. Sales of light trucks reached about 6.8 million units during the year, an increase of 4½ percent from a year earlier; sales of automobiles, at 8.3 million units, declined 2½ percent.

Other Industries

The production of internal combustion engines and farm, construction, and mining equipment rose about 10 percent in 1997. The pickup in output reflected increased construction of office and other commercial buildings; the high level of homebuilding and government spending on construction of schools, prisons, and highways; and a rise in exports. With the overall strength in durable finished goods and construction activity, the output of primary metals and stone, clay, and glass products rose 5 percent or more.

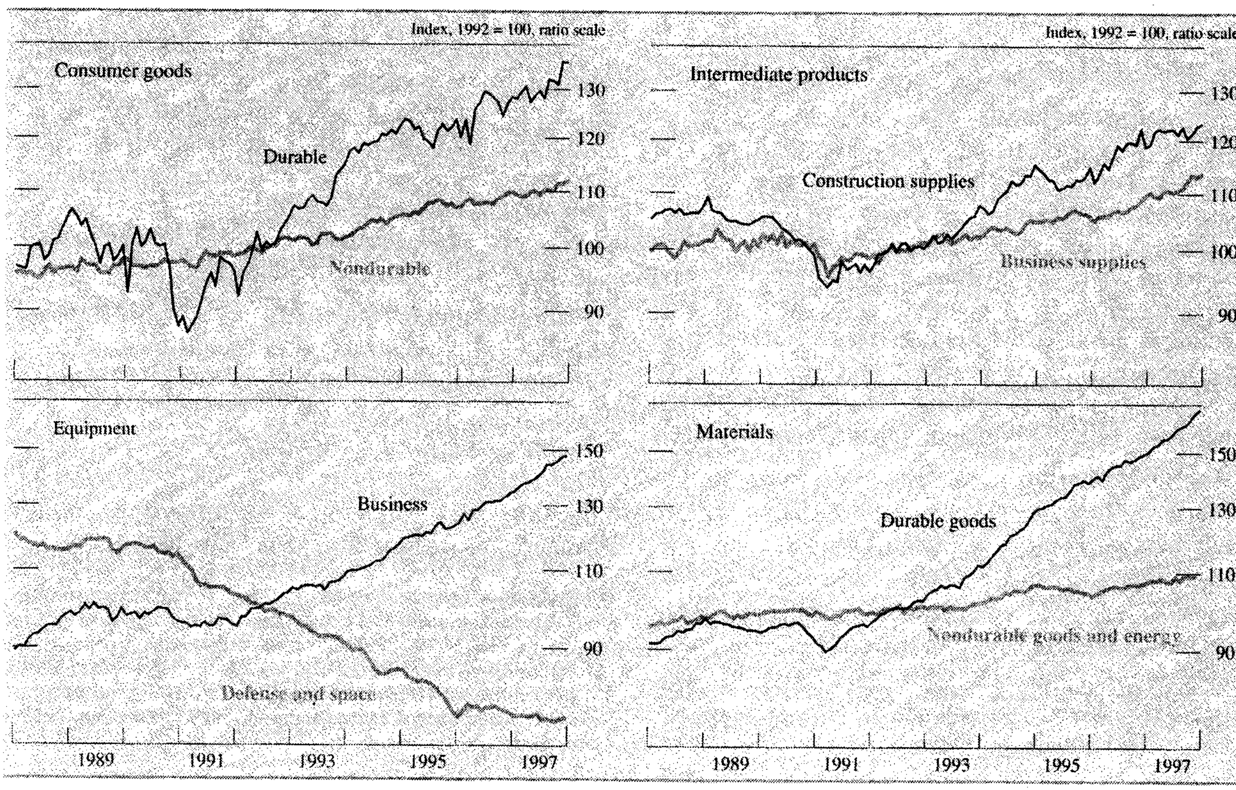
Major Market Groups

Among the major market groups, growth has been widespread and substantial in recent years (chart 4). The rapid growth in computers, semiconductors, and communications equipment and the strong performance of motor vehicles and parts, commercial aircraft, and off-highway equipment were key factors in the growth of output of business equipment, durable materials, and consumer durable goods. The production of nondurable consumer goods, held down by declines in apparel and footwear and stagnation in some other categories, continued to grow slowly. Of the major market groups, only the production of defense and space equipment declined.

Consumer Goods

Strong growth of real income, a rising stock market, and the high level of consumer confidence supported

4. Industrial production, by market group, 1988–97



robust increases in the sales and production of consumer goods in 1997. Production of consumer durable goods grew 6 percent over the year, largely because of a 16 percent rise in the output of light trucks and an estimated 40 percent jump in the output of home computers. The production of home appliances remained at a fairly high level. The indexes for other groupings of durable consumer goods, such as carpeting and furniture, generally increased somewhat. The exception was television sets, which showed a sizable drop. The output of nondurable consumer goods, such as foods and tobacco, slowly advanced overall. Gains in chemical and paper products and in automotive gasoline were in the range of 3 percent to 4½ percent. The production of residential electricity and gas bounced around monthly but was basically flat in 1997, and the output of clothing eased a bit further as domestic production continued to be displaced by imported apparel and footwear.

Equipment

The output of business equipment, boosted by double-digit growth in the production of computers, trucks, and commercial jets, advanced more than 10 percent during 1997. Output of industrial equipment, which was flat from late 1995 to early 1997, began to pick up in the spring and strengthened thereafter. The hefty increases in the production of farm equipment and rising backlogs of orders were supported by both domestic demand and demand from abroad, particularly from areas of the former Soviet Union. In contrast, output of railroad equipment, ships, and boats was weak. After years of declines in federal defense spending, the output of defense and space equipment largely flattened out over 1996 and 1997.

The output of mining equipment was spurred by the relative strength in mining activity in 1996 and 1997. In particular, the index for oil and gas well drilling and related oil-field services advanced at an average annual rate of nearly 10 percent over the two years. The higher price of natural gas in 1996 led to increased revenues, which producers spent on capital and exploration in 1997.

Intermediate Products and Materials

The production of construction supplies continued at a high level, consistent with the solid pace of building activity, and the output of general business supplies grew steadily on balance after some sluggishness in 1995 and early 1996.

With the overall strength in durable finished goods and construction activity, the production index for industrial materials increased more than 7½ percent during 1997. Among durable goods materials, which grew at a pace of 11½ percent, output of parts for equipment—especially semiconductors and parts for computers—led the way. The growth in production of consumer durable parts and other durable materials, such as basic metals, was in the 5 percent to 7 percent range. The rate of growth among nondurable goods materials was slower, averaging about 3 percent. Output of paper materials, which had fallen back during 1995 and early 1996, recovered and reached new highs in 1997. Activity in the textile industry picked up in the second half of the year after two years of weakness; however, the level in late 1997 remained below the previous high. The output of chemical materials, such as industrial organic chemicals, flattened out in 1997 after having recovered in 1996. From its level in 1996, the index for energy materials changed little on balance in the first half of 1997, but it rose in the second half of the year with increases in industrial sales of gas and electricity, fossil fuel generation, and gas transmission.

Technical Aspects of the Annual Revision

The 1997 revision involved mainly the routine incorporation of new and more comprehensive source data, which is done annually. The annual value-added weights used in aggregating the individual indexes were also updated, as were the seasonal factors and productivity relationships. In addition, two individual production series and a handful of capacity and utilization measures were modified between 1987 and 1992. The only substantial change in the industry structure of the production index was the redesign of the series for oil and gas field services, which was carried back to 1987.[3]

Source Data for Production

The principal contributors to the upward revisions to industrial production were data from the 1995 Annual

3. The modification affected the levels of the aggregate indexes that contain this series before 1987 because the production indexes are chain linked and are expressed as a percentage of output in 1992. All aggregate indexes were subject to very small revisions between 1987 and 1992 because of the aggregation methodology; the annual indexes were essentially unaffected.

Survey of Manufactures published by the Bureau of the Census and new or revised industry price indexes provided by the Bureau of Economic Analysis. In particular, the revision to the quality-adjusted price index for semiconductors, which shows a larger rate of price decline than estimated earlier, and the introduction of a new quality-adjusted price index for telephone switching and switchboard equipment into the real output benchmark for communications equipment noticeably raised the overall production index. The revision also incorporated more comprehensive 1996 output figures for mining, utilities, and selected manufacturing industries, which were derived from annual industry reports issued by the U.S. Geological Survey, the Energy Information Agency, and the Bureau of the Census.

The physical product data that are used to measure the monthly movements of many individual industrial production indexes were updated to capture data that became available after the closing of the regular four-month reporting window.[4] Monthly data on production-worker hours or on sales of electric power in kilowatt-hours to industry groups, along with estimates of trends in output per worker-hour or kilowatt-hour, are used to indicate the monthly change in output for many individual production indexes. In this revision, the Bureau of Labor Statistics benchmark of the employment data for March 1996 was incorporated. More complete reports from the Federal Reserve's Monthly Electric Power Survey were incorporated as well. These monthly kilowatt-hour sales figures were benchmarked to data on the annual use of electric power reported in the Annual Survey of Manufactures through 1995.

Seasonal factors for the electric power series were updated using data through May 1997, and those for the worker hours were based on data through October. Factors for most monthly physical product series were based on data through June. Seasonally adjusted figures for motor vehicle assemblies, which are published in table 2A of the regular monthly statistical release, were based on factors estimated with data through October.

Weights

The industrial production index is an annually weighted Fisher index; capacity utilization is aggregated from component utilization ratios with current capacity proportions; and the contribution of an individual industry to total output or capacity is based on value added by that industry.[5] In this revision, the annual estimates of industry value added were updated. The Annual Survey of Manufactures as well as revenue and expense data reported by the Department of Energy and the American Gas Association provided information on industry value added in manufacturing and utilities through 1995. The latest value-added data for mining came from the Census of Mineral Industries for 1992.

The weights used in aggregation are expressed as unit value added (value added divided by the related industrial production index). Generally, the unit value-added measures track broad changes in corresponding producer prices. The weights required for aggregation in the most recent period are (1) estimated from available data on producer prices through the most recent year and (2) in light of the persistence of many relative price trends, extrapolated for the following year.

Changes in Series Structure

The series structure of the index of industrial production, which comprises 264 individual series, remains essentially unchanged. The measurement of oil and gas field services, previously covered by a single series, was split into two series. In addition, the two series on nuclear materials manufacturing were combined into a single series.

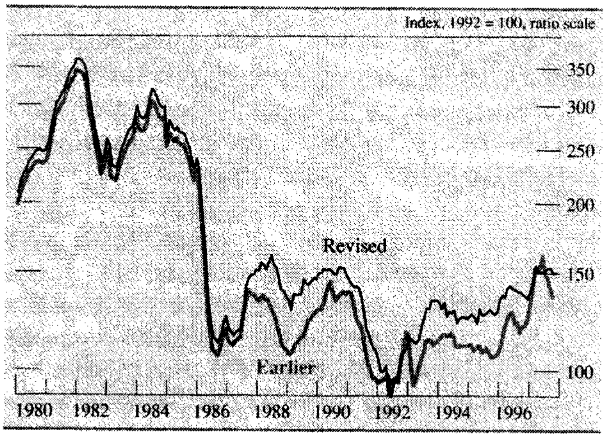
The measurement of oil and gas field services was modified to cover the various types of activity in the industry more thoroughly. Previously, a single series based on the count of rotary rigs running, issued by Baker Hughes, was used for all of SIC 138. Now two series cover SIC 138 from 1987 on, one for drilling and exploration (SIC 1381,2) and another for miscellaneous oil and gas field services (SIC 1389).

The new drilling and exploration series, like the previous series for all of SIC 138, is based on the count of rotary rigs running, but the weight given to an offshore rig is much larger than that given to a land rig. The difference—one offshore rig is given the weight of twenty-five land rigs—reflects the much higher rental cost of an offshore rig. For miscellaneous oil and gas field services, the production index is based on active well-servicing units, reported by

4. Information about the sources of monthly data used to calculate the indexes can be found in "Table 1: Industry structure of industrial production" on the Board's Web site at www.bog.frb.fed.us/releases/G17/About.htm.

5. The aggregation procedures are described in Carol Corrado, Charles Gilbert, and Richard Raddock, "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. This article is also available on the Board's Web site.

5. Production in the oil and gas field services industry (SIC 138), 1980–97



Dresser Oil Tools, plus workover rigs, reported by Baker Hughes.[6]

The revised production index for all of SIC 138 dips more from 1991 to 1992 and rebounds more in 1993 than did the earlier index; the bigger swing reflects the greater weight given to offshore drilling, which was more volatile than onshore drilling during the period (chart 5).

The separate series on defense nuclear materials has been discontinued because of the loss of source data. The single remaining series for nuclear manufacturing (part of SIC 2819) is based on the amount of electricity used in the production of such materials.

Estimates of Capacity and Utilization

The revisions to capacity and utilization incorporated the revised production indexes, the preliminary results of the 1996 Survey of Plant Capacity conducted by the Bureau of the Census, updated measures of 1996 and 1997 capacity in physical units for selected industries, and revised estimates of industry capital input.

The first step in constructing the individual capacity indexes is calculating preliminary, implied end-of-the-year indexes of capacity by dividing a production index by a utilization rate obtained from a survey for that end-of-year period. These ratios are expressed, like the indexes of industrial production, as percentages of production in 1992, and they indicate the general level and trend of the capacity estimates.[7]

The Census Bureau's Survey of Plant Capacity is the source of utilization rates used to derive the initial estimates of capacity for most manufacturing industries. The 1996 survey covered about 70 percent more plants than earlier surveys (approximately 17,000 compared with 10,000), and the preliminary results available for the 1997 annual revision were much more refined and detailed than those used in earlier annual revisions. Because of the marked expansion of the reporting panel and the greater availability of refined industry detail, results from a panel of respondents who had previously participated in the survey were reviewed to maintain the consistency of the Federal Reserve estimates over time. The Census survey results suggested that factory operating rates were lower in recent years than previously estimated by the Federal Reserve. Dividing the industrial production indexes, which were generally revised upward, by the lower-than-expected Census utilization rates implied noticeably higher capacity.

The second step in constructing individual capacity indexes is using measures of physical capacity or of capital input to estimate and extrapolate the annual movements of the final capacity indexes. For most manufacturing industries, measures of physical capacity are lacking; in these cases, the annual growth in the capacity estimates is derived from econometric models that relate the increase in the figures on implied capacity to the growth of an indus-

6. Well-servicing units are truck-mounted equipment generally used for servicing a well after it is drilled. Such units are used for well completions, maintenance, repairs, well plugging, and abandonments. They include workover rigs, for which the daily costs of operation are generally higher than those of other types of units. The Baker Hughes workover rig count includes only equipment for wells that are 1,500 feet or more in depth and for which tubing is out of the well bore. The addition of this workover rig count to the number of active well-servicing units approximately doubled the weight given to workover rigs to reflect their higher daily cost.

7. Each implied capacity index number is an estimate of a sustainable maximum level of output expressed as a percentage of actual output in 1992. Thus, if in the fourth quarter of 1992 the production index is 100 and a related utilization rate from a survey is 80 percent, then the implied capacity index is 100/.8 = 125.

The capacity indexes capture the concept of sustainable practical capacity, which is defined as the greatest level of output that a plant can maintain within the framework of a realistic work schedule after taking account of normal downtime and assuming sufficient availability of inputs to operate the machinery and equipment in place. Both the questions asked in the broad Census survey and the narrower surveys of selected industries are generally consistent with this definition of capacity. The concept itself generally conforms to that of a full-input point on a production function, with the qualification that capacity represents a realistically sustainable maximum rather than some higher, unsustainable short-term maximum. See Carol Corrado and Joe Mattey, "Capacity Utilization," *Journal of Economic Perspectives*, vol. 11 (Winter 1997), pp. 151–67.

In the absence of utilization rate information for an industry, which is the case for a few series in mining, trends through peaks in production are used to estimate capacity output for that industry.

Data Availability

Files containing the revised data and the text and tables from the supplement to the G.17 release, "Industrial Production and Capacity Utilization: Historical Revision," are available on the Board's World Wide Web site at http://www.bog.frb.fed.us. Files are also available through the Economic Bulletin Board of the Department of Commerce; for information, call (202) 482-1986. Diskettes containing either historical data (through 1985) or more recent data (1986 to those most recently published in the G.17 release) are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551, or phone (202) 452-3245.

try's capital input and a function that captures the growth of an industry's productivity of capital.

For this revision, the capital input measures, which reflect estimates of the service flows derived from the net stocks of productive tangible assets, incorporate updated BEA estimates of new business investment and deflators by asset type for 1993–97. (Figures on industry investment through 1995 were incorporated for the preliminary 1997 capacity estimate issued in March 1997.) The capital input measures were also revised historically to incorporate revised estimates of manufacturers' investment in computers for 1968–97 and revised estimates of manufacturers' investment in the components of structures for 1978–97. The new estimates of computer investment were developed from sample data collected in conjunction with the Census of Manufactures for 1977, 1982, 1987, and 1992, and the new estimates of components of structures were based on data collected by the Census Bureau in its 1994 Annual Capital Expenditures Survey.

Overall, the average annual growth rate of capital input in 1995–97 was 0.1 percentage point lower than previously estimated. Thus, the revised capital input estimates, in conjunction with the new survey data on utilization rates and the revised production indexes, suggest that a higher rate of growth of aggregate manufacturing capital productivity more than accounts for the upward revision to the capacity growth rates. However, the average annual growth rate of capital input in 1995–97 was noticeably higher for furniture, plastics products, fabricated metal products, computer and office equipment, communications equipment, and aircraft and parts.

Appendix A: Summary Tables Based on the G.17 Release, January 16, 1998

A.1. Revised data for industrial production, capacity, and utilization for total industry, 1987–97

Seasonally adjusted data except as noted

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual avg.[1]
							Industrial production (percentage change)										
1987	−.6	1.2	.4	.4	.4	.9	.6	.1	−.1	1.4	.3	.6	4.2	6.7	5.6	7.1	4.6
1988	.1	.3	.0	.6	.1	.1	.7	.5	−.4	.3	.8	.5	3.2	3.1	3.9	3.6	4.5
1989	.6	−.8	.9	.2	−.6	−.2	−1.0	.4	−.2	−.5	.4	.5	3.8	.5	−4.4	−.1	1.8
1990	−.5	.5	.5	−.6	.4	.0	.0	.2	.1	−.6	−1.3	−.6	2.0	.6	1.0	−5.8	−.2
1991	−.5	−.8	−.9	.3	.8	1.2	.1	.1	1.0	−.1	−.1	−.6	−8.3	1.5	6.2	1.1	−2.0
1992	.2	.6	.7	.8	.2	−.3	.7	−.3	.5	.8	.5	.1	1.4	6.2	1.9	5.5	3.1
1993	.5	.4	.1	.4	−.6	.2	.4	−.2	1.0	.3	.4	.8	4.4	1.1	2.1	5.8	3.6
1994	.3	.5	.7	.5	.7	.5	.5	.3	.2	.7	.8	1.0	6.0	7.1	5.5	7.5	5.4
1995	.6	−.1	.1	.0	.3	.3	.0	1.0	.4	−.4	.2	−.1	5.9	1.6	4.5	1.1	4.9
1996	−.2	1.2	−.4	1.1	.6	.5	.0	.3	.3	.0	.8	.3	2.0	7.5	3.6	3.8	3.5
1997	.3	.6	.3	.5	.2	.2	.8	.6	.3	.5	.8	.5	5.2	4.6	6.0	7.4	5.0
							Industrial production (index)										
1987	90.2	91.2	91.6	92.0	92.4	93.2	93.7	93.8	93.7	95.0	95.3	95.9	91.0	92.5	93.8	95.4	93.2
1988	95.9	96.2	96.3	96.8	96.9	97.0	97.6	98.1	97.8	98.0	98.8	99.3	96.1	96.9	97.8	98.7	97.4
1989	99.8	99.0	100.0	100.2	99.6	99.4	98.4	98.8	98.6	98.2	98.6	99.0	99.6	99.7	98.6	98.6	99.1
1990	98.6	99.1	99.6	99.0	99.4	99.3	99.3	99.5	99.6	99.1	97.7	97.2	99.1	99.2	99.5	98.0	98.9
1991	96.7	95.9	95.0	95.4	96.1	97.2	97.3	97.4	98.4	98.3	98.1	97.5	95.9	96.2	97.7	98.0	97.0
1992	97.7	98.3	99.0	99.8	100.0	99.7	100.3	100.0	100.5	101.2	101.8	101.8	98.3	99.8	100.3	101.6	100.0
1993	102.4	102.8	102.9	103.3	102.7	102.9	103.3	103.1	104.1	104.4	104.9	105.7	102.7	103.0	103.5	105.0	103.6
1994	106.0	106.5	107.2	107.7	108.5	109.0	109.6	109.9	110.1	110.9	111.8	112.9	106.6	108.4	109.9	111.9	109.2
1995	113.5	113.4	113.6	113.6	113.9	114.3	114.3	115.4	115.9	115.4	115.6	115.5	113.5	113.9	115.2	115.5	114.5
1996	115.3	116.7	116.3	117.5	118.3	118.9	118.9	119.3	119.6	119.7	120.6	120.9	116.1	118.2	119.3	120.4	118.5
1997	121.3	122.1	122.5	123.1	123.3	123.5	124.5	125.2	125.6	126.5	127.5	128.1	121.9	123.3	125.1	127.4	124.5
							Capacity (index)										
1987	114.0	114.1	114.2	114.3	114.4	114.5	114.6	114.7	114.9	115.0	115.1	115.2	114.1	114.4	114.7	115.1	114.6
1988	115.3	115.5	115.6	115.7	115.8	115.9	116.0	116.2	116.3	116.4	116.5	116.7	115.5	115.8	116.2	116.5	116.0
1989	116.8	117.0	117.2	117.4	117.6	117.8	118.0	118.2	118.4	118.6	118.8	119.0	117.0	117.6	118.2	118.8	117.9
1990	119.2	119.3	119.5	119.7	119.9	120.1	120.2	120.4	120.6	120.8	121.0	121.2	119.3	119.9	120.4	121.0	120.2
1991	121.4	121.6	121.7	121.9	122.1	122.2	122.4	122.6	122.7	122.9	123.0	123.2	121.6	122.1	122.6	123.0	122.3
1992	123.4	123.6	123.8	124.1	124.3	124.5	124.8	125.0	125.2	125.4	125.6	125.8	123.6	124.3	125.0	125.6	124.6
1993	126.1	126.3	126.5	126.8	127.0	127.2	127.5	127.7	128.0	128.2	128.5	128.7	126.3	127.0	127.7	128.5	127.4
1994	129.1	129.5	129.9	130.3	130.7	131.2	131.6	132.0	132.4	132.8	133.3	133.7	129.5	130.7	132.0	133.3	131.4
1995	134.2	134.8	135.3	135.9	136.5	137.1	137.6	138.1	138.7	139.2	139.8	140.4	134.8	136.5	138.1	139.8	137.3
1996	140.9	141.4	142.0	142.5	143.0	143.6	144.1	144.6	145.1	145.6	146.1	146.7	141.4	143.0	144.6	146.1	143.8
1997	147.2	147.8	148.4	149.0	149.6	150.2	150.7	151.3	151.9	152.4	153.0	153.6	147.8	149.6	151.3	153.0	150.4
							Utilization (level, percent)										
1987	79.1	80.0	80.2	80.5	80.7	81.4	81.8	81.8	81.6	82.6	82.8	83.2	79.8	80.8	81.7	82.9	81.3
1988	83.2	83.4	83.3	83.7	83.7	83.6	84.1	84.5	84.1	84.2	84.8	85.	83.3	83.7	84.2	84.7	84.0
1989	85.4	84.6	85.3	85.3	84.7	84.4	83.4	83.6	83.3	82.8	83.0	83.2	85.1	84.8	83.4	83.0	84.1
1990	82.7	83.0	83.3	82.7	82.9	82.7	82.6	82.6	82.6	82.0	80.8	80.2	83.0	82.8	82.6	81.0	82.3
1991	79.6	78.9	78.1	78.2	78.7	79.6	79.5	79.5	80.2	80.0	79.8	79.2	78.9	78.8	79.7	79.6	79.3
1992	79.2	79.5	79.9	80.4	80.4	80.0	80.4	80.0	80.2	80.7	81.0	80.9	79.5	80.3	80.2	80.9	80.2
1993	81.2	81.4	81.3	81.5	80.9	80.9	81.0	80.7	81.4	81.4	81.6	82.1	81.3	81.1	81.0	81.7	81.3
1994	82.1	82.2	82.5	82.7	83.0	83.1	83.3	83.3	83.2	83.5	83.9	84.4	82.3	82.9	83.2	83.9	83.1
1995	84.6	84.2	83.9	83.6	83.5	83.4	83.1	83.6	83.6	82.9	82.7	82.3	84.2	83.5	83.4	82.6	83.4
1996	81.8	82.5	81.9	82.5	82.7	82.8	82.6	82.5	82.4	82.2	82.5	82.5	82.1	82.7	82.5	82.4	82.4
1997	82.4	82.6	82.5	82.6	82.4	82.3	82.6	82.8	82.7	83.0	83.3	83.4	82.5	82.4	82.7	83.2	82.7

NOTE. Monthly figures show the percentage change from the previous month; quarterly figures show the change from the previous quarter at a compound annual rate of growth. Production and capacity indexes are expressed as percentages of output in 1992.

1. Annual averages of industrial production are calculated from indexes that are not seasonally adjusted.

A.2. Revised data for industrial production, capacity, and utilization for manufacturing industries, 1987–97

Seasonally adjusted data except as noted

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual avg.
	Industrial production (percentage change)																
1987	−.8	1.6	.2	.5	.3	1.0	.7	−.2	.1	1.3	.5	.6	5.0	7.0	5.5	7.6	5.3
1988	−.2	.4	−.1	1.0	−.1	.0	.7	.3	.2	.2	.9	.6	2.3	4.1	3.7	5.2	4.7
1989	.9	−1.2	.8	.1	−.7	.0	−1.1	.3	−.3	−.6	.4	.1	4.3	−.7	−4.5	−1.4	1.9
1990	−.2	.9	.3	−.8	.4	−.1	.0	.3	−.1	−.6	−1.3	−.6	2.9	−.1	.8	−6.3	−.5
1991	−.9	−.7	−1.1	.3	.7	1.4	.2	.2	1.1	−.1	−.2	−.5	−9.7	1.2	7.8	1.7	−2.4
1992	.4	.7	.8	.7	.4	−.1	.6	−.3	.4	.7	.6	−.1	2.8	7.0	2.4	5.0	4.0
1993	1.0	.2	.1	.6	−.5	.0	.4	−.3	1.1	.2	.5	.9	5.0	1.6	1.6	6.2	3.8
1994	.1	.6	.8	.8	.8	.2	.7	.4	.3	.9	.9	1.0	6.3	8.8	6.2	9.0	6.0
1995	.6	−.2	.2	.0	.2	.4	−.2	.9	.7	−.4	.0	−.1	6.4	1.4	3.9	1.5	5.4
1996	−.1	1.2	−.6	1.4	.6	.6	.4	.2	.3	.0	.8	.5	1.5	8.1	4.9	4.2	3.6
1997	.3	.7	.4	.4	.2	.3	.6	.7	.1	.7	1.2	.5	6.2	4.9	6.1	8.3	5.7
	Industrial production (index)																
1987	89.6	91.0	91.2	91.6	91.9	92.8	93.4	93.3	93.4	94.6	95.1	95.6	90.6	92.1	93.4	95.1	92.8
1988	95.4	95.8	95.7	96.7	96.6	96.6	97.3	97.5	97.7	97.9	98.9	99.4	95.6	96.6	97.5	98.7	97.1
1989	100.3	99.1	99.9	100.0	99.4	99.4	98.3	98.7	98.4	97.8	98.2	98.3	99.8	99.6	98.5	98.1	99.0
1990	98.1	99.0	99.3	98.6	99.0	98.9	98.8	99.1	99.0	98.4	97.2	96.6	98.8	98.8	99.0	97.4	98.5
1991	95.8	95.1	94.1	94.4	95.0	96.3	96.6	96.8	97.8	97.8	97.6	97.1	95.0	95.2	97.0	97.5	96.2
1992	97.4	98.1	98.9	99.6	100.0	99.8	100.5	100.2	100.6	101.3	101.9	101.7	98.1	99.8	100.4	101.6	100.0
1993	102.7	102.9	103.0	103.6	103.1	103.1	103.5	103.2	104.4	104.6	105.2	106.0	102.9	103.3	103.7	105.3	103.8
1994	106.2	106.8	107.7	108.5	109.4	109.6	110.4	110.9	111.2	112.2	113.2	114.3	106.9	109.2	110.8	113.2	110.0
1995	115.1	114.9	115.1	115.1	115.3	115.8	115.5	116.6	117.5	117.0	117.0	116.9	115.0	115.4	116.5	116.9	116.0
1996	116.7	118.1	117.4	119.0	119.7	120.4	120.9	121.1	121.5	121.5	122.5	123.1	117.4	119.7	121.1	122.4	120.2
1997	123.5	124.4	124.9	125.4	125.7	126.1	126.9	127.9	128.0	128.9	130.5	131.1	124.2	125.7	127.6	130.2	127.0
	Capacity (index)																
1987	113.2	113.4	113.6	113.8	113.9	114.1	114.2	114.4	114.6	114.7	114.9	115.0	113.4	113.9	114.4	114.9	114.1
1988	115.2	115.3	115.4	115.6	115.7	115.8	116.0	116.1	116.3	116.5	116.6	116.8	115.3	115.7	116.1	116.6	115.9
1989	117.0	117.3	117.5	117.8	118.0	118.3	118.5	118.7	119.0	119.2	119.5	119.7	117.3	118.0	118.7	119.5	118.4
1990	119.9	120.1	120.3	120.5	120.7	120.9	121.1	121.3	121.5	121.7	122.0	122.2	120.1	120.7	121.3	122.0	121.0
1991	122.4	122.6	122.8	123.0	123.1	123.3	123.5	123.7	123.8	124.0	124.2	124.3	122.6	123.1	123.7	124.2	123.4
1992	124.6	124.8	125.1	125.3	125.6	125.8	126.1	126.3	126.6	126.8	127.0	127.3	124.8	125.6	126.3	127.0	125.9
1993	127.6	127.8	128.1	128.3	128.6	128.9	129.1	129.4	129.7	129.9	130.2	130.5	127.8	128.6	129.4	130.2	129.0
1994	130.9	131.3	131.8	132.2	132.7	133.2	133.6	134.1	134.6	135.1	135.5	136.0	131.3	132.7	134.1	135.5	133.4
1995	136.6	137.2	137.8	138.5	139.1	139.8	140.4	141.1	141.7	142.4	143.0	143.7	137.2	139.2	141.1	143.0	140.1
1996	144.3	144.9	145.6	146.2	146.8	147.4	148.0	148.6	149.2	149.8	150.4	151.0	144.9	146.8	148.6	150.4	147.7
1997	151.6	152.3	152.9	153.6	154.3	155.0	155.7	156.3	157.0	157.6	158.3	159.0	152.3	154.3	156.3	158.3	155.3
	Utilization (level, percent)																
1987	79.1	80.2	80.3	80.6	80.7	81.4	81.8	81.5	81.5	82.5	82.8	83.1	79.9	80.9	81.6	82.8	81.3
1988	82.9	83.1	82.9	83.7	83.5	83.4	83.8	84.0	84.0	84.1	84.8	85.1	83.0	83.5	83.9	84.7	83.8
1989	85.7	84.5	85.0	85.0	84.2	84.1	83.0	83.1	82.7	82.1	82.2	82.1	85.1	84.4	82.9	82.1	83.6
1990	81.8	82.5	82.6	81.8	82.0	81.8	81.6	81.7	81.5	80.9	79.7	79.0	82.3	81.9	81.6	79.9	81.4
1991	78.2	77.5	76.6	76.8	77.1	78.1	78.2	78.2	79.0	78.9	78.6	78.1	77.5	77.3	78.5	78.5	77.9
1992	78.2	78.6	79.1	79.5	79.6	79.4	79.7	79.3	79.5	79.9	80.2	79.9	78.6	79.5	79.5	80.0	79.4
1993	80.5	80.5	80.4	80.7	80.2	80.0	80.2	79.8	80.5	80.5	80.8	81.3	80.5	80.3	80.1	80.8	80.5
1994	81.1	81.3	81.7	82.1	82.4	82.3	82.6	82.7	82.6	83.0	83.5	84.1	81.4	82.3	82.6	83.5	82.5
1995	84.3	83.7	83.5	83.1	82.9	82.8	82.3	82.6	82.9	82.2	81.8	81.3	83.8	82.9	82.6	81.8	82.8
1996	80.8	81.5	80.6	81.4	81.6	81.7	81.7	81.5	81.4	81.1	81.5	81.5	81.0	81.6	81.5	81.4	81.4
1997	81.4	81.7	81.6	81.6	81.4	81.3	81.5	81.8	81.6	81.8	82.4	82.5	81.6	81.5	81.6	82.2	81.7

NOTE. See notes to table A.1.

A.3. Rates of growth in industrial production, by major market group, 1993–97

Market group	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
	1993	1994	1995	1996	1997	1993	1994	1995	1996	1997[1]
Total index	**3.3**	**6.5**	**3.3**	**4.2**	**5.8**	**.4**	**.8**	**1.5**	**.3**	**.2**
Products, total	2.4	4.6	1.8	3.9	4.6	.5	.3	.8	.1	.0
Final products	2.3	4.7	2.2	4.0	5.0	.3	.4	.9	–.1	–.4
Consumer goods	1.9	4.4	1.7	2.4	2.8	–.3	.5	.9	–.1	.2
Durable	9.5	6.8	.6	3.4	6.2	–.8	.3	–.4	1.0	–.4
Automotive products	10.6	6.0	–2.1	1.6	9.0	–1.0	.3	–1.2	.7	–.1
Autos and trucks	15.9	6.2	–4.2	1.6	11.1	–1.6	.6	–1.7	1.1	–.2
Autos	14.4	6.6	–6.9	–3.8	3.7	–2.3	1.7	–2.0	.0	–.3
Trucks	17.1	4.4	1.6	8.0	15.8	–.2	–.9	–1.4	.7	–.4
Auto parts and allied goods	2.1	5.6	1.8	1.3	5.8	–.1	–.2	.1	.0	.1
Other durable goods	8.8	7.4	2.7	4.8	3.9	–.7	.2	.3	1.4	–.7
Appliances and electronics	18.3	13.4	8.8	8.0	6.8	–1.4	–.9	–5.0	–2.6	–3.2
Appliances and air conditioning	14.0	3.3	2.1	1.8	–1.2	1.0	–.5	–2.7	.3	–4.4
Home electronics	22.5	25.3	15.4	15.3	17.2	–4.0	–.5	–6.7	–3.3	2.1
Carpeting and furniture	3.4	5.5	–1.4	5.4	3.6	–.8	.0	1.2	5.0	1.1
Miscellaneous	5.8	4.3	1.0	2.5	2.7	–.1	1.1	4.0	3.1	1.0
Nondurable	.0	3.7	2.0	2.1	1.9	–.2	.5	1.3	–.5	.4
Nonenergy	–.6	5.1	1.3	2.0	2.1	–.2	.6	1.6	–.6	.6
Foods and tobacco	–.9	6.8	.4	1.9	1.6	.0	.5	.9	–.4	.0
Clothing	1.7	4.3	–5.4	–4.1	–1.1	–.5	1.2	2.5	–1.4	–.4
Chemical products	–2.0	5.2	5.2	4.6	3.8	–.4	–.2	1.5	–.7	2.2
Paper products	1.1	–.4	3.7	2.4	3.0	–.2	1.9	3.6	–.4	.6
Energy products	3.3	–4.1	6.4	2.8	1.2	–.1	–.1	–.3	.3	–.5
Fuels	2.4	–2.3	1.3	3.3	2.4	.0	.0	.0	.1	–.8
Utilities	3.7	–5.0	8.7	2.6	.6	–.2	–.2	–.3	.4	–.6
Equipment, total	2.9	5.1	3.1	6.7	8.7	1.4	.2	.7	.0	–1.3
Business equipment	4.1	8.6	5.4	8.2	10.5	.7	.5	.8	.3	–1.0
Information processing and related	3.8	13.5	13.0	11.8	12.4	1.8	2.0	.8	1.1	–2.5
Computer and office	15.7	29.8	43.0	37.4	32.5	–.1	–.5	.2	–1.5	.1
Industrial	6.7	9.8	7.7	.0	5.6	.0	.9	.5	.2	–.8
Transit	–2.3	–2.5	–12.8	19.1	15.6	–.2	–3.7	.6	–2.4	.9
Autos and trucks	15.3	2.8	–7.6	.0	5.4	1.1	–2.1	–1.0	1.8	2.2
Other	9.2	6.1	1.8	4.8	9.5	–.4	.8	2.6	1.2	1.8
Defense and space equipment	–6.1	–7.6	–8.6	–1.5	–2.0	.4	.5	–.4	–.3	–1.2
Oil and gas well drilling	24.0	–7.0	2.0	7.0	9.0	21.8	–5.8	6.3	–7.0	–11.2
Manufactured homes	7.5	7.6	6.6	–.9	.1	.1	–5.4	–8.2	–1.3	–3.3
Intermediate products	2.9	4.4	.6	3.7	3.4	1.1	.0	.5	.7	1.0
Construction supplies	5.9	7.2	–.5	5.8	2.0	.1	.6	.3	.1	–.6
Business supplies	1.0	2.7	1.2	2.4	4.4	1.6	–.3	.6	1.1	2.0
Materials	4.8	9.6	5.4	4.7	7.6	.1	1.7	2.6	.7	.4
Durable	8.2	13.9	10.4	6.7	11.6	.0	3.0	4.7	1.2	.7
Consumer parts	16.0	10.1	2.3	.1	7.2	–.3	2.2	3.1	–.8	–1.0
Equipment parts	6.8	22.7	25.8	14.9	21.7	.3	6.6	9.2	3.7	2.2
Other	5.9	9.0	2.1	3.0	5.2	–.2	.6	1.8	.3	.7
Basic metals	5.1	7.1	1.4	2.6	5.6	.2	.6	.8	–.1	1.0
Nondurable	2.4	6.2	–2.4	3.7	3.1	.7	.3	–.1	.9	.3
Textile	4.5	9.1	–7.3	.9	4.0	.2	.5	–.4	–.2	–.1
Paper	5.5	5.2	–3.9	2.9	5.1	.1	–.5	–1.0	.4	–.9
Chemical	–.3	6.1	–.2	6.1	1.8	1.5	.6	–.1	1.6	1.2
Other	3.9	5.8	–2.7	.6	3.7	–.1	.3	1.1	.5	–1.2
Energy	–.6	2.0	.8	.4	1.7	.0	–.1	–.1	–.6	.3
Primary	–2.7	3.4	.6	–1.0	.6	.0	.0	–.3	–.9	.1
Converted fuel	3.3	–.2	1.2	3.0	3.7	.0	–.2	.2	.2	.5
Special aggregates										
Total excluding:										
Autos and trucks	3.0	6.6	3.6	4.3	5.7	.4	.9	1.6	.3	.2
Motor vehicles and parts	2.6	6.5	3.6	4.5	5.5	.4	.8	1.5	.4	.1
Computers	3.1	6.2	2.7	3.7	5.4	.4	.9	1.6	.6	.4
Computers and semiconductors	2.7	4.8	.9	2.9	4.1	.4	.5	1.0	.3	.3
Consumer goods excluding:										
Autos and trucks	1.1	4.3	2.1	2.4	2.3	–.2	.5	1.1	–.2	.2
Energy	1.7	5.5	1.1	2.3	3.0	–.3	.6	1.1	–.2	.3
Business equipment excluding:										
Autos and trucks	3.0	9.2	6.9	9.2	11.0	.6	.8	1.1	.3	–1.2
Computers and office equipment	3.1	6.9	2.3	5.7	8.7	.7	.7	1.2	1.3	.1
Materials excluding energy	6.5	11.7	6.6	5.8	9.2	.2	2.2	3.2	1.1	.6

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified.

1. Through the third quarter of 1997.

A.4. Revised growth rates of industrial production, by industry group, 1993–97

Series	SIC code[1]	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
		1993	1994	1995	1996	1997	1993	1994	1995	1996	1997[2]
Total index	. . .	**3.3**	**6.5**	**3.3**	**4.2**	**5.8**	**.4**	**.8**	**1.5**	**.3**	**.2**
Manufacturing	. . .	3.6	7.6	3.3	4.7	6.4	.3	1.0	1.7	.5	.2
Primary processing	. . .	4.2	6.6	–.4	3.5	3.8	.2	.4	.4	.6	.1
Advanced processing	. . .	3.3	8.0	5.1	5.2	7.6	.3	1.3	2.3	.5	.2
Durable manufacturing	. . .	5.9	9.9	6.2	6.5	9.6	.1	1.7	2.5	.8	.0
Lumber and products	24	2.0	5.0	1.2	2.8	1.6	–.3	.9	1.2	.1	–.5
Furniture and fixtures	25	3.1	5.3	.4	7.3	3.7	–.3	1.5	2.2	4.8	1.6
Stone, clay, and glass products	32	4.0	5.6	1.5	3.8	5.3	–.2	.9	2.0	1.9	2.0
Primary metals	33	7.4	8.9	–.4	3.5	6.2	.2	.5	.5	–.2	.3
Iron and steel	331,2	8.9	7.8	–.9	2.2	6.7	–.1	.8	.2	–.2	.6
Raw steel	331pt	5.7	6.2	.7	–1.7	8.0	.1	.1	.1	.0	–.3
Nonferrous metals	333–6,9	5.4	10.4	.2	4.9	5.5	.5	.1	.9	–.2	.0
Fabricated metal products	34	4.4	9.0	1.2	3.2	4.0	–.1	.5	.3	.5	–.5
Industrial machinery and equipment	35	11.6	15.3	12.4	7.6	11.3	–.5	.6	.8	–2.3	–2.9
Computer and office equipment	357	18.9	30.5	37.8	36.5	34.4	–1.3	–.7	–2.9	–1.0	2.3
Electrical machinery	36	10.4	27.2	25.7	12.6	18.7	1.8	8.7	9.8	5.4	2.4
Semiconductors and related components	3672–9	16.5	55.0	59.3	25.5	40.2	.0	17.7	22.9	9.5	8.8
Transportation equipment	37	4.5	1.3	–5.3	5.5	11.6	–.3	.1	.9	–1.0	.4
Motor vehicles and parts	371	17.5	7.8	–1.6	–1.4	10.9	–.5	1.0	1.4	.2	1.2
Autos and light trucks	371pt	13.2	5.1	–4.5	1.0	9.6	–.4	–.6	–1.3	1.4	–.4
Aerospace and miscellaneous transportation equipment	372–6,9	–9.0	–7.1	–10.8	17.0	12.7	–.1	–1.1	–.3	–1.9	–.5
Instruments	38	–1.8	.7	1.9	4.2	3.9	–.1	–.5	1.4	1.5	–.2
Miscellaneous manufactures	39	5.7	3.9	3.3	5.2	4.1	.2	1.3	2.4	2.0	1.5
Nondurable manufacturing	. . .	1.0	4.9	–.1	2.5	2.7	.4	.2	.8	.2	.5
Foods	20	1.6	2.4	1.6	1.7	2.0	.0	.4	.8	–.4	.0
Tobacco products	21	–16.3	43.5	–5.2	2.4	.6	.0	3.1	3.6	–.2	1.0
Textile mill products	22	4.8	6.0	–5.1	.1	5.1	–.2	.0	.4	–.4	.3
Apparel products	23	1.7	6.6	–4.5	–3.4	–1.6	–.5	1.4	3.1	–.7	–.4
Paper and products	26	6.6	4.6	–2.8	2.3	4.9	.0	–.1	–.3	.6	–.3
Printing and publishing	27	–.5	1.2	.0	1.6	3.9	2.1	.0	1.4	1.2	2.0
Chemicals and products	28	–1.0	4.7	2.1	5.4	2.0	.4	.1	.5	.3	1.1
Petroleum products	29	2.6	–1.0	.5	3.3	2.6	–.2	.0	.1	–.1	–.1
Rubber and plastic products	30	6.7	9.6	.0	3.4	4.1	.2	.1	.5	.9	–.7
Leather and products	31	–3.3	–8.9	–11.0	–4.0	–7.8	.6	–.6	–2.1	.7	–.8
Mining	. . .	1.7	.9	–.8	1.7	2.3	2.0	–.7	.5	–1.7	–.1
Metal mining	10	2.5	–3.1	4.5	3.3	5.2	.3	–.1	–.3	1.6	.3
Coal mining	12	–3.1	9.2	–.1	2.5	4.2	.1	.3	.1	–1.6	–.4
Oil and gas extraction	13	2.2	–1.2	–1.5	.9	2.0	2.8	–1.0	.9	–2.1	–.3
Stone and earth minerals	14	5.7	6.9	–1.2	5.4	.4	.1	–.1	–1.3	–1.5	.0
Utilities	. . .	2.0	–.3	6.4	1.5	2.3	.0	–.2	–.1	.0	.1
Electric	491,493pt	1.1	1.7	5.3	1.0	2.6	.1	–.2	.0	.1	–.5
Gas	492,493pt	5.2	–7.7	10.8	3.1	1.1	–.2	–.5	–.1	.0	1.9
Special aggregate											
Manufacturing excluding computer and office equipment	. . .	3.3	7.1	2.6	4.0	5.9	.3	1.1	1.9	.8	.5

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified.

Primary-processing manufacturing includes textile mill products; paper and products; industrial chemicals, synthetic materials, and fertilizers; petroleum products; rubber and plastics products; lumber and products; primary metals; fabricated metals; and stone, clay, and glass products. Advanced-processing manufacturing includes foods, tobacco products, apparel products, printing and publishing, chemical products and other agricultural chemicals, leather and products, furniture and fixtures, industrial and commercial machinery and computer equipment, electrical machinery, transportation equipment, instruments, and miscellaneous manufactures.

1. Standard Industrial Classification; see Executive Office of the President, Office of Management and Budget, *Standard Industrial Classification Manual, 1987* (U.S. Government Printing Office, 1987).

2. Through the third quarter of 1997.

pt Part of classification.

A.5. Revised growth rates of capacity, by industry group, 1993–97

Industry group	SIC code[1]	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
		1993	1994	1995	1996	1997	1993	1994	1995	1996	1997
Total index	...	**2.3**	**3.7**	**4.9**	**4.5**	**4.7**	**.5**	**.9**	**1.5**	**.8**	**.8**
Manufacturing	...	2.5	4.1	5.5	5.1	5.3	.5	1.0	1.8	1.0	1.0
Primary processing	...	1.4	2.3	2.9	3.3	3.4	.2	.3	.8	1.0	1.0
Advanced processing	...	3.0	5.0	6.8	5.9	6.3	.6	1.4	2.3	1.1	1.0
Durable	...	3.1	5.9	8.3	7.5	8.0	.5	1.8	2.8	1.3	1.4
Lumber and products	24	.7	2.9	3.9	4.4	4.0	.4	.4	1.7	1.6	.8
Furniture and fixtures	25	2.2	2.5	3.9	5.8	4.9	1.0	1.1	2.6	3.6	2.6
Stone, clay, and glass products	32	.0	.8	2.3	3.3	3.7	−.1	−.1	1.1	1.1	1.3
Primary metals	33	−.4	2.4	2.5	3.6	3.8	−.2	1.1	.7	.3	.3
Iron and steel	331,2	−1.0	2.8	1.6	4.3	3.9	.0	.0	−.3	−.2	.2
Raw steel	331pt	−4.2	.9	3.1	2.8	5.8	.0	.0	.0	1.6	−.2
Nonferrous	333–6,9	.4	2.0	3.5	2.8	3.7	−.5	2.3	1.9	1.0	.3
Fabricated metal products	34	2.4	2.6	4.0	4.7	5.1	1.0	1.1	1.3	1.8	2.4
Industrial machinery and equipment	35	4.8	8.3	10.8	11.4	11.6	.1	2.0	1.8	.0	−1.1
Computer and office equipment	357	20.0	21.8	31.2	39.9	41.0	1.0	−.9	2.2	3.8	1.4
Electrical machinery	36	10.2	18.3	25.9	19.3	19.2	2.1	6.6	9.4	2.8	3.7
Semiconductors and related components	3672–9	22.7	41.2	56.0	31.8	36.8	2.1	13.9	20.9	2.1	8.0
Transportation equipment	37	.6	3.2	3.8	2.4	3.3	−.1	.2	1.0	1.1	1.6
Motor vehicles and parts	371	2.6	7.1	8.1	4.7	4.6	−.3	−.4	.9	1.3	3.1
Autos and light trucks	371pt	.2	5.2	5.9	1.2	2.3	.2	−.3	.0	−.6	.1
Aerospace and miscellaneous	372–6,9	−1.8	−1.1	−1.2	−.8	1.9	.1	1.0	1.3	.7	−.2
Instruments	38	1.2	.1	.5	.8	1.8	.7	.0	.4	.8	1.4
Miscellaneous	39	2.0	1.9	2.8	3.2	3.2	.6	.5	1.4	1.8	1.6
Nondurable	...	1.9	2.0	2.3	2.4	2.2	.4	.2	.7	.7	.6
Foods	20	1.9	2.1	2.9	2.6	2.4	.0	.1	.8	.7	.6
Textile mill products	22	2.8	3.8	3.2	2.1	1.8	.2	.2	−.9	−.3	1.2
Apparel products	23	.8	1.5	2.2	.3	.0	.3	1.0	−.8	−1.0	−.1
Paper and products	26	2.0	1.4	2.4	2.4	1.8	−.4	−.1	.5	.8	.8
Printing and publishing	27	.1	.7	.8	.9	.7	.9	.8	.9	1.5	1.4
Chemicals and products	28	3.2	2.8	2.7	3.6	3.3	1.0	−.2	.7	.2	.0
Petroleum products	29	−.6	1.9	−.2	.3	1.7	.0	.0	.0	.0	.8
Rubber and plastics products	30	3.5	4.3	5.1	4.5	4.2	.2	.1	2.8	2.8	1.4
Leather and products	31	−2.5	−2.1	−2.5	−2.3	−2.7	−.4	−.4	−.7	−.9	.0
Mining	...	.7	1.0	−.5	.2	.7	1.2	.4	.0	.6	−.7
Metal mining	10	1.5	−1.6	.8	.7	.7	−.2	.0	.0	−.4	−.3
Coal mining	12	1.7	4.1	−.3	1.0	1.7	.3	−.2	.6	.2	.4
Oil and gas extraction	13	−.2	.3	−1.0	−.3	.2	1.4	.4	−.2	.8	−1.2
Stone and earth minerals	14	4.2	2.4	2.4	3.4	4.0	2.3	1.4	.5	1.6	1.7
Utilities	...	.7	1.3	2.0	1.5	1.4	.0	.1	.1	−.6	−.2
Electric	491,3pt	1.4	1.0	2.6	1.6	1.3	.0	.0	.4	−.9	−.5
Gas	492,3pt	.2	.4	.5	2.1	1.9	.0	.0	.0	1.3	1.4
Special aggregates											
Total excluding computer and office equipment	...	2.0	3.4	4.5	4.0	4.1	.5	1.0	1.6	1.0	1.1
Manufacturing excluding computer and office equipment	...	2.2	3.7	5.0	4.5	4.6	.5	1.1	1.9	1.2	1.3

NOTE. See note to table A.4.

1. Standard Industrial Classification; see table A.4, note 1.

pt Part of classification.

A.6. Revised and earlier capacity utilization rates, by industry group, 1967–97

Item	SIC code[1]	Revised rate (percent of capacity)						Difference between growth rates: revised less earlier (percentage points)		
		1967–96 avg.	1988–89 high	1990–91 low	1995:Q4	1996:Q4	1997:Q4	1995:Q4	1996:Q4	1997:Q3
Total index	...	**82.1**	**85.4**	**78.1**	**82.6**	**82.4**	**83.2**	**–.5**	**–.9**	**–1.3**
Manufacturing	...	81.1	85.7	76.6	81.8	81.4	82.2	–.5	–.9	–1.4
Primary processing	...	82.3	88.9	77.7	85.8	85.9	86.2	–.4	–.7	–1.3
Advanced processing	...	80.5	84.2	76.1	80.0	79.4	80.4	–.6	–1.0	–1.5
Durable	...	79.4	84.6	73.1	81.2	80.4	81.6	–.8	–1.3	–2.2
Lumber and products	24	82.6	93.6	75.5	84.0	82.7	80.8	–.7	–2.0	–2.9
Furniture and fixtures	25	81.6	86.6	72.5	79.9	81.0	80.1	–1.4	–.5	–1.1
Stone, clay, and glass products	32	78.1	83.5	69.7	80.9	81.3	82.6	1.6	2.2	2.6
Primary metals	33	80.8	92.7	73.7	90.8	90.7	92.8	–.3	–.7	–.7
Iron and steel	331,2	80.7	95.2	71.8	92.0	90.2	92.6	1.3	1.3	1.6
Raw steel	331pt	80.6	92.7	71.5	92.7	88.7	90.5	.2	–1.2	–1.5
Nonferrous	333–6,9	81.2	89.3	74.2	89.7	91.5	93.2	–2.1	–3.2	–3.6
Fabricated metal products	34	77.9	82.0	71.9	81.8	80.6	79.8	–2.6	–3.6	–5.2
Industrial machinery and equipment	35	81.3	85.4	72.3	87.8	84.9	84.6	–2.4	–4.2	–5.4
Computer and office equipment	357	81.0	86.9	66.9	84.6	82.5	78.7	–5.1	–8.1	–7.6
Electrical machinery	36	81.0	84.0	75.0	87.0	82.0	81.6	–.3	1.8	1.2
Semiconductors and related components	3672–9	79.6	81.0	75.5	87.6	83.3	85.4	–.6	4.4	5.0
Transportation equipment	37	75.8	85.8	68.5	69.8	71.8	77.6	.4	–1.1	–1.8
Motor vehicles and parts	371	76.6	89.1	55.9	76.6	72.1	76.4	1.9	1.1	.1
Autos and light trucks[2]	371pt	...	92.3	53.3	76.7	76.6	82.1	–1.1	.5	.2
Aerospace and miscellaneous	372–6,9	75.1	87.3	79.2	60.6	71.5	79.1	–1.9	–4.0	–4.6
Instruments	38	81.7	81.4	77.2	76.8	79.5	81.1	–.7	–.3	–1.2
Miscellaneous	39	75.2	79.0	71.7	77.7	79.2	79.9	.1	.2	.1
Nondurable	...	83.4	87.3	80.7	82.4	82.5	82.9	–.1	–.5	–.5
Foods	20	83.0	85.4	82.7	81.6	80.9	80.6	.1	–.8	–1.1
Textile mill products	22	85.5	90.4	77.7	84.1	82.5	85.1	.5	.4	–.1
Apparel products	23	81.2	85.1	75.5	79.8	76.8	75.6	2.4	2.5	2.3
Paper and products	26	89.3	93.5	85.0	88.6	88.5	91.2	–.4	–.6	–1.3
Printing and publishing	27	85.8	91.7	79.6	80.9	81.4	84.0	–.5	–.7	–.4
Chemicals and products	28	79.5	86.2	79.3	78.4	79.7	78.7	–.5	–.3	.3
Petroleum products	29	86.3	88.5	85.1	91.7	94.4	95.3	–.1	–.2	–.8
Rubber and plastics products	30	84.8	89.6	77.4	88.8	87.9	87.8	–2.1	–3.8	–5.2
Leather and products	31	81.2	83.3	76.1	72.5	71.3	67.5	–.5	.7	.3
Mining	...	87.5	88.0	87.0	87.0	88.3	89.7	–1.0	–3.0	–2.8
Metal mining	10	78.6	89.4	79.9	88.2	90.5	94.5	.5	2.2	2.6
Coal mining	12	86.9	91.5	83.4	84.9	86.2	88.3	.0	–1.4	–2.0
Oil and gas extraction	13	88.5	88.2	88.7	87.7	88.7	90.3	–.7	–3.2	–2.8
Stone and earth minerals	14	84.8	89.0	79.4	85.1	86.8	83.8	–6.0	–9.0	–10.0
Utilities	...	87.2	92.6	83.4	90.0	90.0	90.8	–.3	.2	.4
Electric	491,3pt	89.1	95.0	87.1	91.4	90.9	92.1	–.4	.5	.5
Gas	492,3pt	82.4	85.0	67.1	84.4	85.3	84.5	–.8	–1.9	–1.5
Special aggregates										
Total excluding computer and office equipment	...	82.1	85.5	78.3	82.6	82.4	83.3	–.4	–.7	–1.1
Manufacturing excluding computer and office equipment	...	81.1	85.8	76.8	81.7	81.4	82.3	–.4	–.7	–1.2

NOTE. The "high" column refers to periods in which utilization generally peaked; the "low" column refers to recession years in which utilization generally bottomed out. The monthly highs and lows are specific to each series, and all did not occur in the same month.

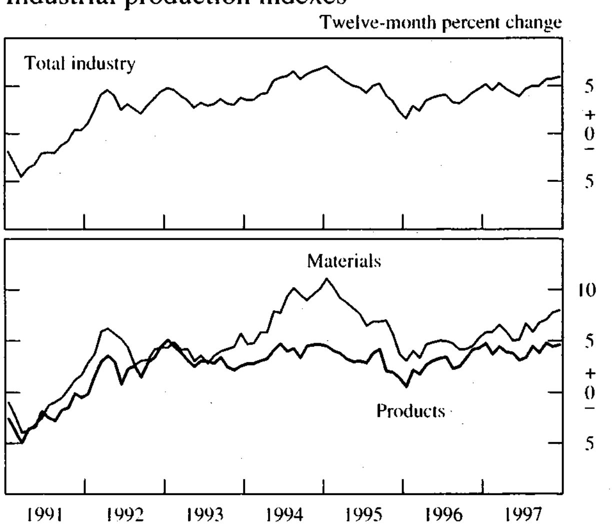
1. Standard Industrial Classification; see table A.4, note 1.
2. Series begins in 1977.
pt Part of classification.

Industrial Production and Capacity Utilization for December 1997

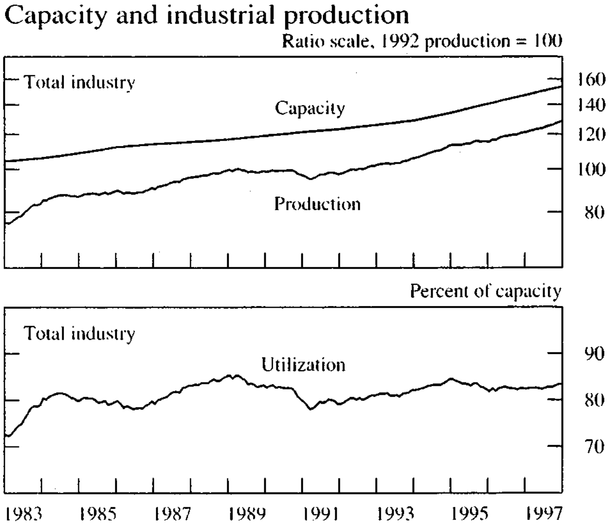
Released for publication January 15

Industrial production rose 0.5 percent in December, with widespread increases among most major market and industry groups. The overall gain in output was held back a bit by a decline in motor vehicle production, which had been quite high in November. At 128.1 percent of its 1992 average, total industrial production in December was 5.9 percent higher than it was in December 1996. For the fourth quarter as a whole, industrial production grew 7.4 percent at an annual rate after an increase of 6.0 percent in the third quarter. The rate of industrial capacity utilization edged up to 83.4 percent—its highest rate since September 1995.

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, December 1997

Category	Industrial production, index, 1992 = 100								
	1997				Percentage change				
					1997[1]				Dec. 1996 to Dec. 1997
	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**125.6**	**126.5**	**127.5**	**128.1**	**.3**	**.7**	**.8**	**.5**	**5.9**
Previous estimate	125.7	126.4	127.3	. .	.4	.5	.8	. . .	. .
Major market groups									
Products, total[2]	119.1	120.0	120.8	121.2	−.1	.8	.7	.3	4.6
Consumer goods	114.5	115.4	116.3	116.6	−.1	.8	.8	.3	2.6
Business equipment	144.4	145.4	147.1	147.8	−.1	.7	1.2	.4	10.3
Construction supplies	120.4	121.3	122.6	123.4	−1.8	.7	1.1	.6	3.9
Materials	136.1	136.9	138.3	139.3	.9	.6	1.0	.7	8.0
Major industry groups									
Manufacturing	128.0	128.9	130.5	131.1	.1	.7	1.2	.5	6.5
Durable	144.4	145.4	147.8	148.8	.1	.7	1.7	.6	10.0
Nondurable	111.3	112.0	112.7	113.1	.2	.7	.6	.4	2.5
Mining	106.5	106.2	105.8	106.1	.1	−.3	−.4	.3	3.1
Utilities	115.1	116.7	114.5	114.9	1.9	1.4	−1.9	.4	1.9

Category	Capacity utilization, percent								Memo Capacity, percentage change, Dec. 1996 to Dec. 1997
	Average, 1967–97	Low, 1982	High, 1988–89	1996	1997				
				Dec.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**82.1**	**71.1**	**85.4**	**82.5**	**82.7**	**83.0**	**83.3**	**83.4**	**4.7**
Previous estimate	. . .	.	. .		82.8	82.9	83.2	. . .	
Manufacturing	81.1	69.0	85.7	81.5	81.6	81.8	82.4	82.5	5.3
Advanced processing	80.5	70.4	84.2	79.7	79.7	80.0	80.6	80.6	6.3
Primary processing	82.4	66.2	88.9	85.7	85.7	85.7	86.3	86.7	3.4
Mining	87.5	80.3	88.0	87.6	90.1	89.8	89.5	89.7	.7
Utilities	87.3	75.9	92.6	89.8	90.8	92.0	90.1	90.3	1.3

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

MARKET GROUPS

The output of consumer goods rose 0.3 percent, although it was held down by a 2.5 percent reduction in the output of automotive products. The output of other durable consumer goods, especially appliances, grew sharply for a second consecutive month. The production of nondurable consumer goods increased 0.4 percent, largely as a result of an increase in energy products, mainly automotive gasoline. The output of non–energy nondurable consumer goods, which had been flat for most of the year, has picked up somewhat in recent months.

The output of business equipment increased 0.4 percent, with the most significant gain occurring in information processing equipment. Although growth in the output of computers has decelerated recently, sharp gains for instruments and communications equipment resulted in another sizable gain in the production of information processing equipment in December. Among other major components of business equipment, the output of industrial equipment posted a substantial rise. The production of transit equipment retreated somewhat from the high level in November, as reduced production of motor vehicles outweighed a continued increase in aircraft production.

The production of construction supplies increased further and has risen nearly 4 percent over the past year. Mainly reflecting another sizable gain in durable materials, the output of materials rose noticeably again in December. Within this group, the output of parts for high-technology equipment and aircraft continued to increase rapidly. The production of nondurable goods materials has improved in recent months. The output of energy materials, retracing most of its decline in November, rose 0.5 percent.

INDUSTRY GROUPS

Factory output increased 0.5 percent in December, a slower pace than that of the two previous months.

Excluding motor vehicles and parts, however, growth in manufacturing output was about 0.8 percent in each of the past three months. Within the durable and nondurable groups, most major industries posted gains in December. The main exception was motor vehicles and parts. The output of durables rose 0.6 percent, with the strongest increases occurring in aircraft, fabricated metal products, and electronic components. During the past twelve months, the output of durables has increased 10 percent. Nondurables, which grew only about a quarter as much as durables over the past year, expanded 0.4 percent in December.

Capacity utilization for manufacturing edged up to 82.5 percent, its highest level since September 1995. Utilization in advanced-processing industries remained at 80.6 percent, while utilization in primary-processing industries climbed 0.4 percentage point, to 86.7 percent. Utilization in advanced-processing industries remained at about its long-run average, while the rate in primary processing industries was 4 percentage points above its long-run average. Higher operating rates for petroleum refining, primary metals, and fabricated metal products boosted the overall rate among primary processors in December. The operating rates for mining and utilities increased slightly.

Announcements

APPOINTMENTS OF DEPUTY CHAIRMEN OF TWO FEDERAL RESERVE BANKS

The Federal Reserve Board on December 5, 1997, announced the appointments of deputy chairmen of two Federal Reserve Banks for 1998. The new deputy chairmen are the following:

Boston
William O. Taylor, Chairman and Chief Executive Officer, Globe Newspaper Company, Boston, Massachusetts.

Kansas City
Terrence P. Dunn, President and Chief Executive Officer, J.E. Dunn Construction Company, Kansas City, Missouri.

The names of the chairmen of the twelve Federal Reserve Banks and the other deputy chairmen were announced last month. Each Reserve Bank has a board of directors of nine members. The Board of Governors in Washington appoints three of these directors and designates one of its appointees as chairman and another as deputy chairman.

APPOINTMENTS OF MEMBERS OF THE THRIFT INSTITUTIONS ADVISORY COUNCIL

The Federal Reserve Board on December 23, 1997, announced the names of four new members of its Thrift Institutions Advisory Council and designated a new president and vice president of the council for 1998.

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

The new council president for 1998 is Charles R. Rinehart, Chairman and Chief Executive Officer, Home Savings of America, FSB, Irwindale, California. The new vice president is William A. Fitzgerald, Chairman and Chief Executive Officer, Commercial Federal Bank, Omaha, Nebraska.

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

Garold R. Base, CCUE, President, and CEO, Community Credit Union, Plano, Texas
David A. Bochnowski, Chairman, President, and CEO, Peoples Bank, SB, Munster, Indiana
Richard P. Coughlin, President and CEO, Stoneham Co-operative Bank, Stoneham, Massachusetts
F. Weller Meyer, President and CEO, Acacia Federal Savings Bank, Falls Church, Virginia.

REGULATION B: REVISIONS

The Federal Reserve Board on December 11, 1997, announced publication of revised regulations under Regulation B (Equal Credit Opportunity) to implement legislation creating a legal privilege for the results of "self-tests" that creditors voluntarily conduct to determine the level of their compliance with the act. The Department of Housing and Urban Development is issuing a substantially similar regulation under the Fair Housing Act. The revisions were effective January 30, 1998.

The self-testing privilege applies only if the creditor takes appropriate corrective action to address possible discrimination found in the self-test.

REGULATIONS G, T, U, AND X: FINAL AMENDMENTS

The Federal Reserve Board announced on December 23, 1997, adoption of final amendments to reduce regulatory distinctions between broker–dealers, banks, and other lenders and implement changes to the Board's securities credit regulations.

The amendments to Regulations G (Securities Credit by Persons other than Banks, Brokers, or Dealers), T (Credit by Brokers and Dealers), U (Credit by Banks for Purchasing or Carrying Margin Stocks), and X (Borrowers of Securities Credit) reflect changes to the Board's statutory authority under the Securities Exchange Act of 1934, as amended by the National Securities Markets

Improvement Act of 1996, as well as amendments designed to simplify the regulations and reduce burden. They do not change the margin requirements for stocks and convertible bonds.

The amendments provide for merging Regulation G into Regulation U, thereby eliminating Regulation G. The Board will also discontinue publications of its quarterly list of over-the-counter market stocks that are subject to its margin regulations for broker–dealers effective January 1, 1999, and for other lenders effective April 1, 1998. The final amendments are effective April 1, 1998. Compliance with Regulation T is optional until July 1, 1998.

The Board also announced an advance notice of proposed rulemaking and requested public comment to amend Regulations T, U, and X. Comments are requested by April 1, 1998.

Comments are sought on all aspects of these regulations, including issues stemming from the consolidation of Regulation G into Regulation U.

REGULATION Z: AMENDMENT

The Federal Reserve Board on December 2, 1997, issued an amendment to its Regulation Z (Truth in Lending) that gives creditors flexibility in providing variable-rate disclosures.

The amendment applies to variable-rate loans with a term exceeding one year and secured by the consumer's principal dwelling. It allows creditors to provide a statement that the periodic payment may substantially increase or decrease together with a maximum interest rate and payment based on a $10,000 loan amount, in lieu of providing a fifteen-year historical example of index values.

The revisions, which implement a provision of the Regulatory Paperwork Reduction Act of 1996, are effective immediately, but compliance is optional until October 1, 1998 (revised).

ISSUANCE OF SOUND PRACTICE GUIDANCE ON INFORMATION SECURITY

The Federal Reserve Board on December 8, 1997, issued sound practice guidance on information security to address the risks associated with computer networks at financial institutions. The guidance is being distributed to appropriate examination personnel and to the chief executive officer of each domestic and foreign banking organization supervised by the Federal Reserve.

The guidance was developed by a team of supervision staff from the Federal Reserve Bank of New York that benchmarked sound information security policies and practices. The team interviewed a cross section of Second District financial services institutions as well as security firms, service providers, common carriers, certified public accounting firms, and other industry-related organizations. The team consulted with thirty-four organizations, primarily in the Second District. Also, thirteen selected institutions were interviewed by teams from the Federal Reserve Banks of Chicago and San Francisco to validate the team's initial findings.

The key points of the guidance are the following:

- A strong information security program is essential.
- Internal network security issues need special attention.
- Confidential information needs to be encrypted.
- Internet connections need to be carefully constructed.
- The backgrounds of employees in especially sensitive positions need to be checked.
- Management must decide on benefits and costs.

The guidance is not regulation and should not be interpreted as such. Rather, it outlines the types of prudent and effective measures that financial services institutions have implemented, are in the process of implementing, or plan to implement to protect information and to ensure its integrity, availability, and confidentiality.

ISSUANCE OF INTERAGENCY INTERIM RULE

The Federal Reserve Board on December 19, 1997, issued an interim rule and requested public comment on amendments to reduce regulatory burden in risk-based capital guidelines that apply to banking organizations with significant trading activities. The interim rule is effective December 31, 1997. The action was issued jointly with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. Comments are requested by March 2, 1998.

The amendments eliminate the requirement that when an institution measures specific market risk using its internal model, the total capital charge for specific risk must equal at least 50 percent of the standard specific risk capital charge.

The amendments implement a revision to the Basle Accord that permits such treatment for an institution whose internal model adequately measures specific risk. The rule will reduce regulatory burden for institutions with qualifying internal models because they will no longer be required to calculate a standard specific risk capital charge.

ISSUANCE OF AN INTERAGENCY POLICY STATEMENT ON SOUND PRACTICES FOR THE INTERNAL AUDIT FUNCTION AND AUDIT OUTSOURCING

The Federal Reserve and the other federal banking agencies on December 22, 1997, released an interagency policy statement that describes sound practices for managing the overall internal audit function and audit outsourcing arrangements.

The main theme of the policy statement is that an organization's board of directors and senior managers are responsible for ensuring that the system of internal controls is adequate for the nature and scope of its business. To prudently manage an organization, directors should have in place a means for assessing the effectiveness of internal controls—a task normally performed by an internal audit function. The policy statement describes critical issues that directors should consider in establishing and maintaining an internal audit function including the following:

- Maintaining the independence of the internal audit function within a bank's organizational structure
- Implementing basic principles for managing, staffing, and ensuring quality control of the internal audit function
- Ensuring that the frequency and depth of the internal audit function's work is consistent with the nature, complexity, and risk of the institution's on- and off-balance-sheet activities
- Promoting candid, timely communication of internal audit findings to the board of directors and senior management and ensuring prompt correction of internal control weaknesses by management.

These principles are also applied to internal audit functions that have been outsourced. Because of the unique aspects of these arrangements, additional issues are addressed, such as examiner access to the outsourcing firm's reports and supporting workpapers and appropriate contingency plans in case the outsourcing contract is terminated. The policy also provides guidance to examiners on the independence of the certified public accounting firm providing the outsourcing service—a quality essential to acting as the bank's external auditor. In this regard, the policy is based on the independence rules of the American Institute of Certified Public Accountants, but it provides additional supervisory interpretation that indicates to examiners steps they should take to resolve situations in which a certified public accountant's independence may be impaired.

The policy statement applies to all bank holding companies, banks, and savings institutions insured by the Federal Deposit Insurance Corporation, and the U.S. operations of foreign banking organizations and provides flexibility for small institutions whose risks and operating systems may not warrant full-time auditors.

PROPOSED ACTIONS

The Federal Reserve Board on December 2, 1997, published proposed revisions to the official staff commentary to Regulation Z (Truth in Lending), which applies and interprets the requirements of the regulation. Comments are requested by January 20, 1998.

The Federal Reserve Board on December 5, 1997, requested comments on a proposed amendment to its appraisal regulation for bank holding companies to exempt any transaction involving the underwriting or dealing of mortgage-backed securities from the Board's appraisal requirements. Comments are requested by January 8, 1998.

Additionally, the Board is delegating to the Director of the Division of Banking Supervision and Regulation the Board's existing authority to determine for an individual transaction that the services of an appraiser are not necessary to protect federal financial and public policy interests in real estate-related financial transactions or to protect the safety and soundness of the institution. This delegation of authority was effective December 9, 1997, and is intended to aid in the efficient processing of requests for individual exemptions from the Board's appraisal regulation.

The Federal Reserve Board on December 18, 1997, requested comment on proposed comprehensive revisions to its Regulation K (International Banking Operations). The proposals are intended to improve the international competitiveness of U.S. banking organizations by expanding permissible activities abroad and reducing regulatory burden associated with the conduct of such activities.

The Board also requested comment on proposed revisions to Regulation K that are intended to reduce regulatory burden on foreign banks operating in the United States by streamlining the application and notice process. Comments are requested by March 14, 1998.

The Federal Reserve Board is requesting public comment on whether U.S. companies operating in the government debt market of the Netherlands have the same competitive opportunities as Dutch companies in that market. Comments must be received by February 27, 1998.

Publication of a Brochure on New Disclosure Requirements for Vehicle Leasing

An educational initiative designed to inform the public of their rights under new disclosure requirements for vehicle leasing was announced on December 9, 1997, by the Federal Reserve Board. The vehicle leasing disclosures are part of the Board's Regulation M, which governs disclosures for leases of $25,000 or less to individuals. Central to the government–industry campaign is a brochure to explain new disclosures that will be required in all vehicle leasing transactions, beginning January 1, 1998.

The announcement of the new program was made at a special press briefing held by the Board. Also represented at the briefing were the Federal Trade Commission, the Office of the Florida Attorney General, the National Automobile Dealers Association, and the Association of Consumer Vehicle Lessors.

The brochure *Keys to Vehicle Leasing* provides consumers with an overview of the most common type of vehicle lease used by the automotive industry, a closed-end lease. Under this type of a lease agreement, consumers may return the automobile, pay any end-of-lease costs, and walk away. The brochure compares common facets of both buying and leasing a vehicle so that an individual can make a more informed decision.

Within the text of the brochure, a copy of a closed-end lease is included so that consumers can become more familiar with the document. In addition, the brochure stipulates the leasing terms that a dealer must disclose to the consumer. For example, lessors are required to tell individuals about the following:

- Fees, taxes, and insurance requirements
- Standards for wear and use, maintenance responsibilities, and warranties
- Early termination charges, security interests, and late payment charges
- The consumer's option to purchase the car.

Other government agencies and organizations taking part in the educational effort are the following: the American Advertising Federation, the American Automobile Manufacturers Association, the American Financial Services Association and the AFSA Education Foundation, the Arizona Attorney General, the Association of International Automobile Manufacturers, Consumer Action, the Consumer Bankers Association, the Cooperative Extension System, and the National Vehicle Leasing Association.

Copies of the brochure are available free of charge by contacting the Federal Reserve Board's Publications Services, Mail Stop 127, Washington, DC 20551 (202-452-3244) or any of the twelve Federal Reserve Banks. It is also available on the Board's Web site at the following address: http://www.bog.frb.fed.us/pubs/leasing.

Puplication of the December 1997 Update of the *Bank Holding Company Supervision Manual*

The December 1997 update of the *Bank Holding Company Supervision Manual,* Supplement No. 13, is now available. The *Manual* comprises the Federal Reserve System's bank holding company inspection procedures and supervisory guidance. The supervisory information includes the following.

Control and Ownership

Revisions to the general control and ownership section for the repeal of section 2(g)(3) of the Bank Holding Company Act that originated from the Economic Growth and Regulatory Paperwork Reduction Act of 1996. This act also provided a limited new exemption, "qualified family partnerships," from the definition of "company."

Nonbanking Activities

Changes to the "laundry list" of nonbanking activities for the revised Regulation Y (Bank Holding Companies and Change in Bank Control), effective April 21, 1997. The Regulation Y changes are also reflected in the sections on nonbank depository institutions and savings associations, leasing of personal or real property, community development advisory and related services, electronic data processing servicing, payment instrument services, and the arranging of real estate equity financing.

Management Information Systems

Limited revisions to the inspection guidelines and procedures for management information systems are included.

The revision supplement includes a more detailed list of changes to the *Manual*. The *Manual* and updates, including pricing information, are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (or by fax at 202-728-5886).

CHANGES IN BOARD STAFF

The Board of Governors announced on December 18, 1997, the appointments of Stephen D. Oliner and Janice Shack-Marquez to the official staff as Assistant Directors in the Division of Research and Statistics.

Mr. Oliner joined the Board's staff in 1984 after having completed his doctoral studies at the University of Wisconsin. He has served as chief of the Capital Markets Section since 1994.

Ms. Shack-Marquez joined the Board's staff in 1986, having worked at the Bureau of Labor Statistics after receiving her doctorate from the University of Pennsylvania. She has served as chief of the Automation and Research Computing Section since 1994.

Minutes of the Federal Open Market Committee Meeting Held on November 12, 1997

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Wednesday, November 12, 1997, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Broaddus
Mr. Ferguson
Mr. Gramlich
Mr. Guynn
Mr. Kelley
Mr. Moskow
Mr. Meyer
Mr. Parry
Ms. Phillips
Ms. Rivlin

Messrs. Hoenig, Jordan, Melzer, and Ms. Minehan, Alternate Members of the Federal Open Market Committee

Messrs. Boehne, McTeer, and Stern, Presidents of the Federal Reserve Banks of Philadelphia, Dallas, and Minneapolis respectively

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

Messrs. Cecchetti, Goodfriend, Eisenbeis, Lindsey, Promisel, Slifman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

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

Messrs. Alexander, Hooper, and Ms. Johnson, Associate Directors, Division of International Finance, Board of Governors

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

Ms. Pianalto and Mr. Rives, First Vice Presidents, Federal Reserve Banks of Cleveland and St. Louis respectively

Messrs. Dewald, Hakkio, Rolnick, and Sniderman, Senior Vice Presidents, Federal Reserve Banks of St. Louis, Kansas City, Minneapolis, and Cleveland respectively

Messrs. Bentley, Meyer, and Rosengren, Vice Presidents, Federal Reserve Banks of New York, Philadelphia, and Boston respectively

Ms. Gonczy and Mr. Koenig, Assistant Vice Presidents, Federal Reserve Banks of Chicago and Dallas respectively

Mr. Trehan, Research Officer, Federal Reserve Bank of San Francisco

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on September 30, 1997, were approved.

The Manager of the System Open Market Account reported on developments in foreign exchange and international financial markets in the period since the previous meeting on September 30, 1997. There were no System open market transactions in foreign currencies during this period, and thus no vote was required of the Committee.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period September 30, 1997, through November 11, 1997. By unanimous vote, the Committee ratified these transactions.

By unanimous vote, paragraph 1.A of the Authorization for Domestic Open Market Operations was amended to raise from $8 billion to $12 billion the dollar limit on intermeeting changes in System Account holdings of U.S. government and federal agency securities for the intermeeting period through

December 16, 1997. The Manager advised the Committee that, as was usually the case at this time of year, the anticipated pattern of reserve needs was such that he might want to add considerably to the System's outright holdings of U.S. government securities over the coming intermeeting period. By unanimous notation vote, the Committee subsequently approved a further increase in the intermeeting leeway to $17 billion. The increase, effective December 8, was made on the recommendation of the Manager who saw the need for substantially more outright purchases of Treasury obligations than anticipated earlier, largely in light of much greater than projected growth in currency.

With Mr. Broaddus dissenting, the Committee authorized the renewal for an additional one-year period of the System's reciprocal currency ("swap") arrangements with foreign central banks and the Bank for International Settlements. The amounts and current maturity dates of the arrangements approved for renewal are shown in the table that follows:

Foreign bank	Amount of arrangement (millions of dollars equivalent)	Term (months)	Maturity date
Austrian National Bank	250	12	12/04/97
Bank of England	3,000	↑	12/04/97
Bank of Japan	5,000		12/04/97
Bank of Norway	250		12/04/97
Bank of Sweden	300		12/04/97
Swiss National Bank	4,000		12/04/97
Bank for International Settlements:			
Swiss francs	600		12/04/97
Other authorized European currencies	1,250		12/04/97
Bank of Mexico	3,000		12/12/97
Bank of Canada	2,000		12/15/97
National Bank of Belgium	1,000		12/18/97
National Bank of Denmark	250		12/28/97
Bank of France	2,000		12/28/97
German Federal Bank	6,000		12/28/97
Bank of Italy	3,000	↓	12/28/97
Netherlands Bank	500	12	12/28/97

Mr. Broaddus dissented because he believed that the Federal Reserve's participation in foreign exchange market intervention compromises its ability to conduct monetary policy effectively. Because sterilized intervention cannot have sustained effects in the absence of conforming monetary policy actions, Federal Reserve participation in foreign exchange operations risks one of two undesirable outcomes. First, the independence of monetary policy is jeopardized if the System adjusts its policy actions to support short-term foreign exchange objectives set by the Treasury. Alternatively, the credibility of monetary policy is damaged if the System does not follow interventions with compatible policy actions, the interventions consequently fail to achieve their objectives, and the System is associated in the mind of the public with the failed operations. In these circumstances, he did not view renewal of the existing swap lines as desirable because they are used primarily to facilitate market intervention.

The Committee then turned to a discussion of the economic outlook and the conduct of monetary policy over the intermeeting period ahead.

The information reviewed at the meeting suggested that economic activity continued to grow rapidly in recent months. The further advance reflected a surge in business fixed investment and consumer spending, while housing demand remained at a high level. Significant slowing in exports and inventory investment provided only a partial offset to the strength. Accordingly, production and employment recorded further large gains. Price inflation remained subdued despite tight labor markets and a pickup in the pace of labor compensation.

Nonfarm payroll employment rose substantially further in October. Manufacturing payrolls recorded their largest rise in the current economic expansion, and aggregate weekly hours worked increased significantly; most of the gain in payrolls occurred at durable goods establishments. Hiring remained robust in the service-producing sector, led by sizable increases at computer services and engineering and management services firms. The civilian unemployment rate fell to 4.7 percent in October, its low for the current expansion.

Industrial production registered a large advance in the third quarter and apparently remained strong in October. A third-quarter surge in the manufacture of durable goods, notably of motor vehicles, aircraft, and information processing equipment, more than offset weak expansion in the output of nondurable goods and a decline in mining activity. Although the step-up in manufacturing production boosted further the rate of utilization of manufacturing capacity, the latter was somewhat below its most recent peak in January 1995.

Retail sales posted a sharp rise in the third quarter, though growth in sales of both durable and nondurable goods moderated during the quarter. Consumer spending on services also continued to increase at a relatively brisk pace. Growth in such spending was underpinned by continuing substantial gains in incomes, the cumulative increase in household net worth over the past several years, and the ready availability of credit to most consumers. Housing demand remained strong in the third quarter in association with moderate interest rates and very positive consumer assessments of homebuying conditions.

Sales of both new and existing homes increased a bit, and housing starts were little changed in the third quarter from the high level recorded during the first half of the year.

Business fixed investment increased at an unusually rapid rate in the third quarter. The rise in outlays was spread across all categories of producers' durable equipment, but the largest gains were in office, computing, and communications equipment. Available data on new orders pointed to further broad-based and robust expansion in equipment spending in coming months. Nonresidential construction grew at a moderate pace in the latest quarter despite a decline in September. Available information suggested that construction would trend upward at a modest rate in coming months.

Business inventory investment appeared to have moderated substantially in the third quarter from the rapid rate of the previous quarter, and on balance stocks were at relatively low levels in relation to sales. In manufacturing, stocks rose somewhat further in September, but the inventory-to-shipments ratio for the sector declined to the low end of its range for the past twelve months. Wholesale inventories posted another sizable advance in September; the inventory–sales ratio for this sector was just above the high end of its range for the past year. Retail stocks fell in August (latest available data), more than reversing their July increase. The inventory–sales ratio for the sector also was at the low end of its range for the past year.

The nominal deficit on U.S. trade in goods and services widened substantially on balance over July and August from its rate in the second quarter. Exports of goods and services changed little on net in the July–August period, but imports rose considerably; the largest increases in imports were for aircraft and automotive products, though sizable gains also were recorded for computers, semiconductors, and industrial supplies. Available indicators of economic activity in the third quarter pointed to robust expansion in all the major foreign industrial countries except Japan, where activity rebounded only moderately from a sharp second-quarter decline. Although timely data were sparse, the economies of many Asian countries probably were weakening as their exchange rates came under pressure, problems in their financial sectors were revealed, and their monetary and fiscal policies moved toward restraint.

Consumer price inflation remained subdued in September. The increase in both overall consumer prices and the prices of consumer items other than food and energy was modest. For the twelve months ended in September, prices of consumer items other than food and energy increased by a considerably smaller amount than in the year-earlier period. At the producer level, the September rise in prices was the largest monthly increment since January 1991; nonetheless, the overall index was unchanged over the past twelve months after a sizable rise over the previous twelve-month period. The core index also decelerated on a year-over-year basis. The rate of increase in the hourly compensation of private industry workers was unchanged in the third quarter, but the advance over the past four quarters was somewhat larger than that for the previous four. Growth in average hourly earnings picked up in September and October, perhaps partly reflecting the effects of an increase in the federal minimum wage.

At its meeting on September 30, 1997, the Committee adopted a directive that called for maintaining conditions in reserve markets that were consistent with an unchanged federal funds rate averaging around 5½ percent. The Committee retained a tilt in the directive toward a possible firming of reserve conditions during the intermeeting period, reflecting its view that the risks continued to be skewed toward rising inflation. Reserve market conditions associated with this directive were expected to be consistent with some moderation in the growth of M2 and M3 over coming months.

Open market operations were directed throughout the intermeeting period toward maintaining reserve conditions consistent with the Committee's intended level of around 5½ percent for the federal funds rate, and the rate averaged close to that level over the period. Other financial markets became quite volatile from time to time. Share prices in equity markets fluctuated widely in occasionally turbulent trading activity and were down somewhat on balance over the period; equity markets in other countries, notably in Asia, also were volatile, and very large declines were recorded in some of those markets. Against this background, U.S. short-term interest rates registered small mixed changes over the period since the September 30 meeting, while Treasury bond yields declined somewhat on balance. Unexpectedly strong incoming data on U.S. producer prices, employment, and wages tended to exert upward pressures on bond yields on some days, but these were more than offset by investor desires for safety and quality, the continuing moderation in consumer inflation, and the perception engendered by international financial developments that inflation pressures were likely to remain subdued.

The dollar also was affected by the spreading financial turmoil in developing countries, appreciating significantly over the intermeeting period against the currencies of a number of Asian and Latin American countries. Much of the increase was counterbalanced, however, by a sizable decline in the dollar's trade-weighted value in terms of the currencies of the other G-10 countries. The dollar's decline against the German mark and other European currencies partly reflected diminished market expectations of potential tightening in the United States and a snugging of monetary conditions by the Bundesbank and other continental European central banks. Further progress in resolving uncertainties surrounding the European Monetary Union also may have contributed to the rise in European currencies. The dollar appreciated slightly on balance against the Japanese yen.

Growth of M2 and M3 apparently moderated further in October, though the expansion of these aggregates remained brisk. A sharp slowing of inflows to money market mutual funds accounted for much of the deceleration of M2, and an easing in the pace of issuance of large time deposits, evidently reflecting a smaller rise in bank credit, also contributed to a modest reduction in M3 growth. For the year through October, M2 expanded at a rate that was at the upper bound of the Committee's range for the year and M3 at a rate substantially above the upper bound of its range. Total domestic nonfinancial debt increased in recent months at a rate somewhat below the middle of its range.

The staff forecast prepared for this meeting suggested that the economy would continue to expand for a time at a pace considerably above its potential, but growth was expected to moderate to a more sustainable rate later. Further rapid increases in business investment would provide strong impetus to income growth in the near term, and the rise in household wealth so far in 1997 would stimulate robust consumer demand going forward. The projected strength of domestic demand would be offset to some extent by a considerable weakening in the growth of exports in response to the lagged effects of the earlier appreciation of the dollar and sharp anticipated reductions in the economic growth of Asian and other developing countries.

In the Committee's discussion of current and prospective economic developments, members focused on widespread indications of a continued solid advance in economic activity, spurred by strength in all major sectors of the domestic economy, and the persistence of subdued increases in prices. The current momentum of the expansion, together with broadly supportive financial conditions and favorable business and consumer sentiment, suggested that economic growth was likely to be well maintained, especially over the nearer term. As a consequence, the members agreed that there remained a clear risk of additional pressures on already tight resources and ultimately on prices that could well need to be curbed by tighter monetary policy. But the members also focused on two important influences that were injecting new uncertainties into this outlook. Turmoil in Asian financial markets and economies would tend to damp output and prices in the United States. To date, it appeared that the effects on the U.S. economy would be quite limited, but the ultimate extent of the adjustment in Asia was unknown, as was its spillover to global financial markets and to the economies of nations that were important U.S. trading partners. The second influence was the apparently sharp increase in productivity in the second and third quarters. This was an encouraging development, although it was too early to judge the persistence of the uptrend in productivity growth and the extent to which it might reduce the additional price pressures that would be generated in the event of an extended period of further robust economic expansion.

Strength in consumer spending had provided an important underpinning for robust economic expansion, and substantial growth was likely to persist, sustained by increases in employment and incomes, high levels of confidence, and the cumulative effects of very large gains in stock market wealth over the past several years. The outlook for capital spending also remained quite favorable because the factors that were contributing to the ongoing surge in such spending—its potential for lowering production costs in highly competitive markets and the ready availability of finance on attractive terms—were likely to persist. While private domestic demand most likely would continue to display considerable strength, both consumption and investment were somewhat vulnerable to developments in financial markets, perhaps arising from further difficulties in Asia. Increased uncertainty about asset values could engender greater caution on spending, and of course a substantial decline in equity values would reduce household wealth and raise the cost of equity capital. Some members also commented that additional appreciation of the dollar, perhaps in association with possible further turbulence in Asia and weakness in foreign economies, would have adverse implications for net exports, which already were seen as a somewhat negative factor in the economic outlook. At the same time, a stronger dollar would have a positive effect on domestic inflation over the projection horizon.

In the course of their discussion, the members gave considerable emphasis to recent developments in labor markets. Statistical indicators of rising levels of employment, low and falling rates of unemployment, and a diminishing supply of new workers were reinforced by anecdotal evidence of tight labor markets throughout the nation. The demand for many types of workers exceeded the supply in many regions, and a number of members reported that growth of economic activity in various parts of the country was being held back by the scarcity of labor. While labor compensation had accelerated, the pickup was moderate in light of the taut conditions in labor markets and some of it reflected the legislated rise in the minimum wage. Nonetheless, members cited numerous examples of efforts to attract or retain workers in especially scarce supply through a variety of bonus payments and other incentives that were not included in standard measures of labor compensation.

The effects on costs and prices of somewhat faster increases in compensation evidently were being muted by what appeared to have been a sharp advance in productivity growth in the past two quarters. The acceleration in productivity seemed to be related in part to the surge in capital spending, which had been stimulated by the ability of new equipment to enhance efficiency and hold down costs, suggesting that productivity might be on a higher trend for a time. But it also could be attributed to some extent to the strengthening in economic output; such strengthening often is associated with a pickup in productivity as producers react initially to the upturn in demand by stretching available labor further. If the pace of the economic expansion were to moderate in line with current expectations, the growth in productivity also could be expected to slow, but to an uncertain extent.

The trend in productivity gains was a key factor in the outlook for unit costs and ultimately for price inflation. As had been true for an extended period, inflation had remained relatively subdued in comparison with past experience under broadly similar economic conditions. The reasons for the relative quiescence of inflation were not fully understood, but they undoubtedly included a number of special factors beyond higher productivity such as a lagged response to earlier appreciation of the dollar and unusually damped increases in the cost of health benefits. As they had at previous meetings, members suggested that these favorable influences were likely to erode over the year ahead. A number of members again cited reports of increases in health insurance premiums next year and subsequently. More fundamentally, it was difficult to predict whether anticipated increases in labor compensation would be fully offset by productivity gains in coming quarters and whether, in turn, competitive market conditions would allow firms to raise prices to compensate for any increases in their costs. On balance, the members felt that the risks remained in the direction of rising price inflation though the extent and timing of that outcome were subject to considerable debate.

In the Committee's discussion of policy for the intermeeting period ahead, all but one member endorsed a proposal to maintain an unchanged policy stance, and all agreed that the risks remained tilted toward rising inflation. While developments in Southeast Asia were not expected to have much effect on the U.S. economy, global financial markets had not yet settled down and further adverse developments could have greater-than-anticipated spillover effects on the ongoing expansion. In this environment, with markets still skittish, a tightening of U.S. monetary policy risked an oversized reaction. Some members also emphasized that the relatively favorable trends in productivity, costs, and prices continued to raise questions about the strength and timing of any pickup in inflation. Other members stressed that the unsustainable pace of domestic demand and rising resource utilization seemed to call for a near-term tightening of policy. Some of these members noted that overall financial conditions remained quite supportive despite the recent market turmoil and high real short-term interest rates. Credit from a wide variety of lenders appeared to be amply available on favorable terms, perhaps overly so in present circumstances. Nonetheless, all but one of the members believed that in light of the uncertainties about the economic outlook, an immediate policy tightening was not needed in the absence of firmer indications that inflationary pressures might be emerging. In the view of one member, however, aggregate final demand was so strong that, with economic activity and the associated demand for labor having expanded at an unsustainable pace for some time, one could be reasonably confident that inflation would most likely pick up in the absence of policy action.

In their discussion of possible adjustments to policy during the intermeeting period, the members indicated that they wanted to retain in the operating paragraph of the directive the existing asymmetry toward restraint that was initially adopted at the May meeting. Such a directive was consistent with their view that the risks continued to be biased toward rising inflation. Accordingly, the members continued to view the next policy move as more likely to be in the direction of some firming than toward easing.

At the conclusion of the Committee's discussion, all but one member supported a directive that called for maintaining conditions in reserve markets that were consistent with an unchanged federal funds rate of about 5½ percent and that retained a bias toward the possible firming of reserve conditions and a higher federal funds rate during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that a somewhat higher federal funds rate would be acceptable or a slightly lower federal funds rate might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with moderate growth in M2 and M3 over coming months.

The Federal Reserve Bank of New York was authorized and directed, until instructed otherwise by the Committee, to execute transactions in the System Account in accordance with the following domestic policy directive:

The information reviewed at this meeting suggests that economic activity continued to grow rapidly in recent months. In labor markets, hiring has remained robust and the civilian unemployment rate fell to 4.7 percent in October, its low for the current economic expansion. Industrial production increased very rapidly in the third quarter, and appears to have remained strong in October. Retail sales also rose sharply in the third quarter, though at a moderating pace as the summer progressed. Housing starts, while fluctuating from month to month, were little changed on balance in the third quarter. Business fixed investment posted unusually strong increases in the latest quarter, and available indicators point to further sizable gains in coming months. The nominal deficit on U.S. trade in goods and services widened substantially on average in July and August from its rate in the second quarter. Price inflation has remained subdued despite some increase in the pace of advance in labor compensation.

Short-term interest rates have registered small mixed changes since the day before the Committee meeting on September 30, 1997, while bond yields have fallen somewhat. Share prices in U.S. equity markets have fluctuated widely in turbulent trading activity and are down on balance over the period; equity markets in other countries, notably in Asia, have been volatile as well and some have registered very large declines. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined somewhat on balance over the intermeeting period. The dollar appreciated significantly, however, in terms of the currencies of a number of Asian and Latin American countries.

Growth of M2 and M3 appears to have moderated further in October from the unusually brisk rates of August. For the year through October, M2 expanded at the upper bound of its range for the year and M3 at a rate substantially above the upper bound of its range. Total domestic nonfinancial debt has expanded in recent months at a pace somewhat below the middle of its range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in July reaffirmed the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1996 to the fourth quarter of 1997. The range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 1998, the Committee agreed on a tentative basis to set the same ranges as in 1997 for growth of the monetary aggregates and debt, measured from the fourth quarter of 1997 to the fourth quarter of 1998. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks conditions in reserve markets consistent with maintaining the federal funds rate at an average of around 5½ percent. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, a somewhat higher federal funds rate would or a slightly lower federal funds rate might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with moderate growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Ferguson, Gramlich, Guynn, Kelley, Meyer, Moskow, Parry, Mses. Phillips and Rivlin. Vote against this action: Mr. Broaddus.

Mr. Broaddus dissented because he believed that a modest tightening of policy would be prudent in view of the recent strength in aggregate demand for goods and services; such demand appeared to be growing considerably more rapidly than the sustainable rate at which it could be supplied without an increase in inflation. While he recognized that a tightening at this meeting presented risks in view of recent financial and economic developments in East Asia, he believed these risks were outweighed by the risk that policy would have to be tightened more aggressively if action were delayed, demand remained robust, and the recent apparent reduction in inflationary expectations were reversed. The negative impact on economic activity in such circumstances would be markedly greater than if a more modest action were taken at this meeting.

Rules Regarding Availability of Information

By notation vote the Committee unanimously approved in final form certain revisions to its Rules Regarding the Availability of Information. The final rules take account of comments received from the public on the Committee's proposed revisions to the rules that were published earlier in the Federal Register. The purpose of the revisions is to bring the rules into conformity with the Electronic Freedom of Information Act of 1996, which amends the Freedom of Information Act. The new rules take effect on December 17, 1997.

It was agreed that the next meeting of the Committee would be held on Tuesday, December 16, 1997.

The meeting adjourned at 1:10 p.m.

Donald L. Kohn
Secretary

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION B

The Board of Governors is amending 12 C.F.R. Part 202, its Regulation B (Equal Credit Opportunity), implementing recent amendments to the Equal Credit Opportunity Act ("ECOA"). These amendments create a legal privilege for information developed by creditors as a result of "self-tests" that they voluntarily conduct to determine the level of their compliance with the ECOA. The Department of Housing and Urban Development will publish similar revisions to the regulations implementing the Fair Housing Act.

Effective January 30, 1998, 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. Section 202.12 is amended by adding a new paragraph (b)(6) to read as follows:

Section 202.12—Record retention

* * * * *

(b) *Preservation of records.* * * *

(6) *Self-tests.* For 25 months after a self-test (as defined in section 202.15) has been completed, the creditor shall retain all written or recorded information about the self-test. A creditor shall retain information beyond 25 months if it has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation, or if it has been served with notice of a civil action. In such cases, the creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by the appropriate agency or court order.

3. Section 202.15 is added to read as follows:

Section 202.15—Incentives for self-testing and self-correction.

(a) *General rules* — (1) *Voluntary self-testing and correction.* The report or results of the self-test that a creditor voluntarily conducts (or authorizes) are privileged as provided in this section. Data collection required by law or by any governmental authority is not a voluntary self-test.

(2) *Corrective action required.* The privilege in this section applies only if the creditor has taken or is taking appropriate corrective action.

(3) *Other privileges.* The privilege created by this section does not preclude the assertion of any other privilege that may also apply.

(b) *Self-test defined* — (1) *Definition.* A self-test is any program, practice, or study that:

(i) Is designed and used specifically to determine the extent or effectiveness of a creditor's compliance with the act or Regulation B; and

(ii) Creates data or factual information that is not available and cannot be derived from loan or application files or other records related to credit transactions.

(2) *Types of information privileged.* The privilege under this section applies to the report or results of the self-test, data or factual information created by the self-test, and any analysis, opinions, and conclusions pertaining to the self-test report or results. The privilege covers work-papers or draft documents as well as final documents.

(3) *Types of information not privileged.* The privilege under this section does not apply to:

(i) Information about whether a creditor conducted a self-test, the methodology used or the scope of the self-test, the time period covered by the self-test, or the dates it was conducted; or

(ii) Loan and application files or other business records related to credit transactions, and information derived from such files and records, even if it has been aggregated, summarized, or reorganized to facilitate analysis.

(c) *Appropriate corrective action* — (1) *General requirement.* For the privilege in this section to apply, appropriate corrective action is required when the self-test shows that it is more likely than not that a violation occurred, even though no violation has been formally adjudicated.

(2) *Determining the scope of appropriate corrective action.* A creditor must take corrective action that is reasonably likely to remedy the cause and effect of a likely violation by:

(i) Identifying the policies or practices that are the likely cause of the violation; and

(ii) Assessing the extent and scope of any violation.

(3) *Types of relief.* Appropriate corrective action may include both prospective and remedial relief, except that to establish a privilege under this section:

(i) A creditor is not required to provide remedial relief to a tester used in a self-test;

(ii) A creditor is only required to provide remedial relief to an applicant identified by the self-test as one whose rights were more likely than not violated; and

(iii) A creditor is not required to provide remedial relief to a particular applicant if the statute of limitations applicable to the violation expired before the creditor obtained the results of the self-test or the applicant is otherwise ineligible for such relief.

(4) *No admission of violation.* Taking corrective action is not an admission that a violation occurred.

(d) (1) *Scope of privilege.* The report or results of a privileged self-test may not be obtained or used:

(i) By a government agency in any examination or investigation relating to compliance with the act or this regulation; or

(ii) By a government agency or an applicant (including a prospective applicant who alleges a violation of section 202.5(a)) in any proceeding or civil action in which a violation of the act or Regulation B is alleged.

(2) *Loss of privilege.* The report or results of a self-test are not privileged under paragraph (d)(1) of this section if the creditor or a person with lawful access to the report or results):

(i) Voluntarily discloses any part of the report or results, or any other information privileged under this section, to an applicant or government agency or to the public;

(ii) Discloses any part of the report or results, or any other information privileged under this section, as a defense to charges that the creditor has violated the act or regulation; or

(iii) Fails or is unable to produce written or recorded information about the self-test that is required to be retained under section 202.12(b)(6) when the information is needed to determine whether the privilege applies. This paragraph does not limit any other penalty or remedy that may be available for a violation of section 202.12.

(3) *Limited use of privileged information.* Notwithstanding paragraph (d)(1) of this section, the self-test report or results and any other information privileged under this section may be obtained and used by an applicant or government agency solely to determine a penalty or remedy after a violation of the act or this regulation has been adjudicated or admitted. Disclosures for this limited purpose may be used only for the particular proceeding in which the adjudication or admission was made. Information disclosed under (d)(3) remains privileged under paragraph (d)(1) of this section.

4. In Supplement I to Part 202, under *Section 202.12—Record Retention,* a new paragraph 12(b)(6) is added to read as follows:

Supplement I To Part 202—Official Staff Interpretations

* * * * *

Section 202.12—Record Retention

* * * * *

12(b) Preservation of records

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12(b)(6) Self-tests

1. The rule requires all written or recorded information about a self-test to be retained for 25 months after a self-test has been completed. For this purpose, a self-test is completed after the creditor has obtained the results and made a determination about what corrective action, if any, is appropriate. Creditors are required to retain information about the scope of the self-test, the methodology used and time period covered by the self-test, the report or results of the self-test including any analysis or conclusions, and any corrective action taken in response to the self-test.

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5. Supplement I to Part 202 is amended by adding *Section 202.15— Incentives for Self-testing and Self-correction,* to read as follows:

* * * * *

Section 202.15—Incentives for Self-testing and Self-correction

15(a) General rules

15(a)(1) Voluntary self-testing and correction

1. Activities required by any governmental authority are not voluntary self-tests. A governmental authority includes both administrative and judicial authorities for federal, state, and local governments.

15(a)(2) Corrective action required

1. To qualify for the privilege, appropriate corrective action is required when the results of a self-test show that it is more likely than not that there has been a violation of the ECOA or this regulation. A self-test is also privileged when it identifies no violations.

2. In some cases, the issue of whether certain information is privileged may arise before the self-test is complete or corrective actions are fully under way. This would not necessarily prevent a creditor from asserting the privilege. In situations where the self-test is not complete, for the privilege to apply the lender must satisfy the regulation's requirements within a reasonable period of time. To assert the privilege where the self-test shows a likely violation, the rule requires, at a minimum, that the creditor establish a plan for corrective action and a method to demonstrate progress in implementing the plan. Creditors must take appropriate corrective action on a timely basis after the results of the self-test are known.

3. A creditor's determination about the type of corrective action needed, or a finding that no corrective action is

required, is not conclusive in determining whether the requirements of this paragraph have been satisfied. If a creditor's claim of privilege is challenged, an assessment of the need for corrective action or the type of corrective action that is appropriate must be based on a review of the self-testing results, which may require an in camera inspection of the privileged documents.

15(a)(3) Other privileges

1. A creditor may assert the privilege established under this section in addition to asserting any other privilege that may apply, such as the attorney-client privilege or the work product privilege. Self-testing data may still be privileged under this section, whether or not the creditor's assertion of another privilege is upheld.

15(b) Self-test defined

15(b)(1) Definition

Paragraph 15(b)(1)(i)

1. To qualify for the privilege, a self-test must be sufficient to constitute a determination of the extent or effectiveness of the creditor's compliance with the act and Regulation B. Accordingly, a self-test is only privileged if it was designed and used for that purpose. A self-test that is designed or used to determine compliance with other laws or regulations or for other purposes is not privileged under this rule. For example, a self-test designed to evaluate employee efficiency or customers' satisfaction with the level of service provided by the creditor is not privileged even if evidence of discrimination is uncovered incidentally. If a self-test is designed for multiple purposes, only the portion designed to determine compliance with the ECOA is eligible for the privilege.

Paragraph 15(b)(1)(ii)

1. The principal attribute of self-testing is that it constitutes a voluntary undertaking by the creditor to produce new data or factual information that otherwise would not be available and could not be derived from loan or application files or other records related to credit transactions. Self-testing includes, but is not limited to, the practice of using fictitious applicants for credit (testers), either with or without the use of matched pairs. A creditor may elect to test a defined segment of its business, for example, loan applications processed by a specific branch or loan officer, or applications made for a particular type of credit or loan program. A creditor also may use other methods of generating information that is not available in loan and application files, such as surveying mortgage loan applicants. To the extent permitted by law, creditors might also develop new methods that go beyond traditional pre-application testing, such as hiring testers to submit fictitious loan applications for processing.
2. The privilege does not protect a creditor's analysis performed as part of processing or underwriting a credit application. A creditor's evaluation or analysis of its loan files, Home Mortgage Disclosure Act data, or similar types of records (such as broker or loan officer compensation records) does not produce new information about a creditor's compliance and is not a self-test for purposes of this section. Similarly, a statistical analysis of data derived from existing loan files is not privileged.

15(b)(3) Types of information not privileged

Paragraph 15(b)(3)(i)

1. The information listed in this paragraph is not privileged and may be used to determine whether the prerequisites for the privilege have been satisfied. Accordingly, a creditor might be asked to identify the self-testing method, for example, whether pre-application testers were used or data were compiled by surveying loan applicants. Information about the scope of the self test (such as the types of credit transactions examined, or the geographic area covered by the test) also is not privileged.

Paragraph 15(b)(3)(ii)

1. Property appraisal reports, minutes of loan committee meetings or other documents reflecting the basis for a decision to approve or deny an application, loan policies or procedures, underwriting standards, and broker compensation records are examples of the types of records that are not privileged. If a creditor arranges for testers to submit loan applications for processing, the records are not related to actual credit transactions for purposes of this paragraph and may be privileged self-testing records.

15(c) Appropriate corrective action

1. The rule only addresses what corrective actions are required for a creditor to take advantage of the privilege in this section. A creditor may still be required to take other actions or provide additional relief if a formal finding of discrimination is made.

15(c)(1) General requirement

1. Appropriate corrective action is required even though no violation has been formally adjudicated or admitted by the creditor. In determining whether it is more likely than not that a violation occurred, a creditor must treat testers as if they are actual applicants for credit. A creditor may not refuse to take appropriate corrective action under this section because the self-test used fictitious loan applicants. The fact that a tester's agreement with the creditor waives the tester's legal right to assert a violation does not eliminate the requirement for the creditor to take corrective action, although no remedial relief for the tester is required under paragraph 15(c)(3).

15(c)(2) Determining the scope of appropriate corrective action

1. Whether a creditor has taken or is taking corrective action that is appropriate will be determined on a case-by-case basis. Generally, the scope of the corrective action that is needed to preserve the privilege is governed by the

scope of the self-test. For example, a creditor that self-tests mortgage loans and discovers evidence of discrimination may focus its corrective actions on mortgage loans, and is not required to expand its testing to other types of loans.
2. In identifying the policies or practices that are the likely cause of the violation, a creditor might identify inadequate or improper lending policies, failure to implement established policies, employee conduct, or other causes. The extent and scope of a likely violation may be assessed by determining which areas of operations are likely to be affected by those policies and practices, for example, by determining the types of loans and stages of the application process involved and the branches or offices where the violations may have occurred.
3. Depending on the method and scope of the self-test and the results of the test, appropriate corrective action may include one or more of the following:
i. If the self-test identifies individuals whose applications were inappropriately processed, offering to extend credit if the application was improperly denied and compensating such persons for out-of-pocket costs and other compensatory damages;
ii. Correcting institutional polices or procedures that may have contributed to the likely violation, and adopting new policies as appropriate;
iii. Identifying and then training and/or disciplining the employees involved;
iv. Developing outreach programs, marketing strategies, or loan products to serve more effectively segments of the lender's markets that may have been affected by the likely discrimination; and
v. Improving audit and oversight systems to avoid a recurrence of the likely violations.

15(c)(3) Types of relief

Paragraph 15(c)(3)(ii)

1. The use of pre-application testers to identify policies and practices that illegally discriminate does not require creditors to review existing loan files for the purpose of identifying and compensating applicants who might have been adversely affected.
2. If a self-test identifies a specific applicant that was subject to discrimination on a prohibited basis, in order to qualify for the privilege in this section the creditor must provide appropriate remedial relief to that applicant; the creditor would not be required under this paragraph to identify other applicants who might also have been adversely affected.

Paragraph 15(c)(3)(iii)

1. A creditor is not required to provide remedial relief to an applicant that would not be available by law. An applicant might also be ineligible from obtaining certain types of relief due to changed circumstances. For example, a creditor is not required to offer credit to a denied applicant if the applicant no longer qualifies for the credit due to a change in financial circumstances, although some other type of relief might be appropriate.

15(d)(1) Scope of privilege

1. The privilege applies with respect to any examination, investigation or proceeding by federal, state, or local government agencies relating to compliance with the Act or this regulation. Accordingly, in a case brought under the ECOA, the privilege established under this section preempts any inconsistent laws or court rules to the extent they might require disclosure of privileged self-testing data. The privilege does not apply in other cases, for example, litigation filed solely under a state's fair lending statute. In such cases, if a court orders a creditor to disclose self-test results, the disclosure is not a voluntary disclosure or waiver of the privilege for purposes of paragraph 15(d)(2); creditors may protect the information by seeking a protective order to limit availability and use of the self-testing data and prevent dissemination beyond what is necessary in that case. Paragraph 15(d)(1) precludes a party who has obtained privileged information from using it in a case brought under the ECOA, provided the creditor has not lost the privilege through voluntarily disclosure under paragraph 15(d)(2).

15(d)(2) Loss of privilege

Paragraph 15(d)(2)(i)

1. Corrective action taken by a creditor, by itself, is not considered a voluntary disclosure of the self-test report or results. For example, a creditor does not disclose the results of a self-test merely by offering to extend credit to a denied applicant or by inviting the applicant to reapply for credit. Voluntary disclosure could occur under this paragraph, however, if the creditor disclosed the self-test results in connection with a new offer of credit.
2. Disclosure of self-testing results to an independent contractor acting as an auditor or consultant for the creditor on compliance matters does not result in loss of the privilege.

Paragraph 15(d)(2)(ii)

1. The privilege is lost if the creditor discloses privileged information, such as the results of the self-test. The privilege is not lost if the creditor merely reveals or refers to the existence of the self-test.

Paragraph 15(d)(2)(iii)

1. A creditor's claim of privilege may be challenged in a court or administrative law proceeding with appropriate jurisdiction. In resolving the issue, the presiding officer may require the creditor to produce privileged information about the self-test.

Paragraph 15(d)(3) Limited use of privileged information

1. A creditor may be required to produce privileged documents for the purpose of determining a penalty or remedy after a violation of the ECOA or Regulation B has been formally adjudicated or admitted. A creditor's compliance with this requirement does not evidence the creditor's intent to forfeit the privilege.

* * * * *

FINAL RULE—AMENDMENT TO REGULATION C

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure). The Board is publishing revisions to its staff commentary that interprets the requirements of Regulation C. The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The adjustment reflects changes for the twelve-month period ending in November. In 1998, depository institutions with assets totaling $29 million or less are not required to collect data.

The effective date of this rule is January 1, 1998, and this rule applies to all data collection in 1998. For the reasons set forth in the preamble, 12 C.F.R. Part 203 is amended as follows:

Part 203—Home Mortgage Disclosure (Regulation C)

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

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

2. In Supplement I to Part 203, under *Section 203.3 - Exempt Institutions*, under 3(a) *Exemption based on location, asset size, or number of home-purchase loans*, paragraphs 2 and 3 are redesignated as paragraphs 3 and 4, respectively; and a new paragraph 2 is added to read as follows:

Supplement I to Part 203—Staff Commentary

* * * * *

Section 203.3—Exempt Institutions

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

* * * * *

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 1998, the asset-size exemption threshold is $29 million. Depository institutions with assets at or below $29 million are exempt from collecting data for 1998.

FINAL RULE—AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegation of Authority. The Board is delegating to the Director of the Division of Banking Supervision and Regulation the Board's authority to determine in individual cases that the services of an appraiser are not necessary in order to protect Federal financial and public policy interests in real estate-related financial transactions or to protect the safety and soundness of the institution. This delegation of authority is intended to aid in the efficient processing of requests for individual exemptions from the Board's appraisal regulation.

Effective December 9, 1997, 12 C.F.R. Part 265 is amended as follows:

Part 265—Rules Regarding Delegation of Authority

1. The authority citation for Part 265 continues to read as follows:

Authority: 12 U.S.C. 248(i) and (k).

2. Section 265.7 is amended by adding paragraph (c)(6) to read as follows:

Section 265.7—Functions delegated to Director of Division of Banking Supervision and Regulation.

* * * * *

(c) * * * (6) *Appraisal not required.* To determine pursuant to 12 C.F.R. 225.63(b)(12) that the services of an appraiser are not necessary in order to protect Federal financial and public policy interests in real estate-related financial transactions or to protect the safety and soundness of an institution.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

First of Waverly Corporation
Waverly, Iowa

Order Approving Acquisition of a Bank Holding Company

First of Waverly Corporation, Waverly, Iowa ("Waverly"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act") has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Schrage, Ltd. ("Schrage"), and thereby indirectly acquire Farmers State Bank ("Bank"), both of Plainfield, Iowa.

Notice of this proposal, affording interested person an opportunity to submit comments, has been published (62 *Federal Register* 60,512 (1997)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Waverly is the 90th largest depository institution in Iowa, controlling approximately $77.8 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state.[1] Schrage is the 290th largest depository institution in Iowa, controlling approximately $23.2 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state. On consummation of this proposal, Waverly would become the 65th largest depository institution in Iowa, controlling deposits of $101 million, representing less than 1 percent of the total deposits in depository institutions in the state.

Competitive Considerations

The BHC Act prohibits the Board from approving an application under section 3 of the BHC Act if the proposal would result in a monopoly or if the effect of the proposal may be substantially to lessen competition in any relevant market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[2]

Waverly and Bank compete in the Bremer County, Iowa banking market.[3] Waverly is the second largest depository institution in the market, controlling deposits of $77.8 million, representing 22.1 percent of total deposits in depository institutions in the market ("market deposits").[4] Bank is the sixth largest depository institution in the market, controlling deposits of $23.2 million, representing 6.6 percent of market deposits. On consummation of this proposal, Waverly would become the largest depository institution in the market, controlling deposits of $101 million, representing 28.7 percent of market deposits. Concentration in the Bremer County banking market, as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"), would increase by 294 points to 1850.[5]

1. All deposit data are as of June 30, 1996.

2. 12 U.S.C. § 1842(c).

3. The Bremer County banking market consists of Bremer County (excluding Jackson and Jefferson Townships) and Butler and Shell Rock Townships in Butler County.

4. All market data are as of June 30, 1996. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation are based on calculations in which the deposit of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See 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).

5. Under the revised DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. The U.S. Department of Justice ("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 effect of the proposal on market concentration as measured by the HHI is relatively small. In addition, some mitigating considerations presented in the case offset this marginal effect on competition. Eight depository institution competitors would remain in the banking market after consummation of the proposal. Four of these competitors, not including Bank, would each have a market share of more than 9 percent, and the second largest competitor in the market would have a market share of more than 24 percent. Although the Bremer County banking market is a relatively small and slow-growing rural banking market, the Board notes that there has been actual recent *de novo* entry into the market by an insured deposit-taking institution.

As in other cases, the Board sought comments from the Justice Department and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of the proposal. The Justice Department has advised the Board that consummation of the proposal would not be likely to have any significantly adverse competitive effects in the Bremer County banking market or in any other relevant banking market. The FDIC did not object to consummation of the proposal or indicate it would have any significantly adverse competitive effects in the Bremer County banking market or any other relevant market.

Based on these and all the other facts of record, and for the reasons discussed in this order, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in any other relevant banking market.

Other Considerations

The BHC Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal, the convenience and needs of the community to be served, and certain supervisory factors. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Waverly, Schrage, and their subsidiary banks are consistent with approval, as are other supervisory factors the Board must consider under section 3 of the BHC Act. In addition, considerations relating to the convenience and needs of the communities to be served also are consistent with approval of this application.

Conclusion

Based on the foregoing, 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 Waverly with all the commitments made in connection with this application. The commitments relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The proposed acquisition of Schrage shall not be consummated before the fifteenth calendar day following the effective date of this order, and not 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 December 15, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

J.P. Morgan & Co., Inc.
New York, New York

Order Approving Notice to Engage in Certain Nonbanking Activities

J.P. Morgan & Co., Inc., New York, New York ("Morgan"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire approximately 45 percent of the shares of American Century Companies, Inc., Kansas City, Missouri ("American Century"). Morgan thereby would engage in the following nonbanking activities:

(1) Providing financial and investment advisory services, pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));

(2) Providing securities brokerage and other transactional services, pursuant to section 225.28(b)(7)(i) and (v) of Regulation Y (12 C.F.R. 225.28(b)(7)(i) and (v)); and

(3) Providing certain administrative services for open-end investment companies or mutual funds.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 55,403 (1997)). 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.

Morgan, with total consolidated assets of approximately $250.4 billion, is the fourth largest commercial banking organization in the United States.[1] Morgan engages, directly and through its nonbanking subsidiaries, in a broad range of permissible nonbanking activities in the United States.

American Century provides services to no-load mutual funds. It conducts its activities through three subsidiaries: American Century Investment Management, Inc. ("ACIM"), which provides investment advisory and administrative services to open-end investment companies; American Century Services Corporation ("ACSC"), which provides transfer agency services to mutual funds advised by ACIM ("Funds"): and American Century Investment Services, Inc. ("ACIS"), a broker-dealer. ACIM is an investment advisor registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 *et seq.*) ("Advisers Act"), subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Advisers Act and the SEC. ACIS is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), and is subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 and the SEC.[2]

Activities Previously Approved by the Board

The Board previously has determined by regulation that providing investment advisory and securities brokerage and transactional services is closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[3] The Board also previously has determined that providing administrative services to mutual funds is closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[4] Morgan proposes to provide investment advisory, brokerage and transactional, and administrative services through American Century that previously have been approved by the Board, and Morgan has committed that the proposed activities will be conducted in compliance with Regulation Y and subject to the prudential and other limitations established by the Board.[5]

1. Asset and ranking data are as of June 30, 1997.

2. Following consummation of the proposal, ACIS would cease to act as a distributor for the Funds. Distribution activities would be the responsibility of a distributor independent of both Morgan and American Century. ACIS would continue to act as a broker for the Funds, and the Funds may be sold primarily to customers of Morgan and American Century.

3. *See* 12 C.F.R. 225.28(b)(6), (b)(7)(i) and (7)(v).

4. *See Bankers Trust New York Corporation,* 83 *Federal Reserve Bulletin* 780 (1997) ("*BTNY*"); *Commerzbank AG,* 83 *Federal Reserve Bulletin* 679 (1997) ("*Commerzbank*").

5. *See BTNY.* The administrative services that Morgan would provide to the Funds through American Century or Morgan's other subsidiaries include computing the fund's financial data, maintaining and preserving the records of the fund, providing office facilities and clerical support for the fund, and preparing and filing tax returns for the Funds. American Century also provides telephone services to shareholders through a toll-free number. The proposed administrative services are listed in the Appendix.

Glass–Steagall Act

Under the Glass–Steagall Act, a company that owns a member bank may not control "through stock ownership or in any other manner" a company that engages principally in distributing, underwriting, or issuing securities.[6] The Board has found that this provision prohibits affiliates of banks from sponsoring, organizing, or controlling a mutual fund. The Board previously has determined, however, that the Glass–Steagall Act does not prohibit a bank holding company from providing advisory and administrative services to a mutual fund.[7]

American Century provides administrative, advisory, brokerage, and other services to the Funds. Morgan proposes that American Century would continue to provide these services to the Funds. As noted above, however, distribution activities of the Funds would be the responsibility of an independent distributor, which would enter into contractual agreements with the Funds to serve as "principal underwriter" of the Funds.[8] The independent distributor also would continue to be responsible for supervising sales as the "principal" underwriter for purposes of the federal securities laws.[9]

Morgan also proposes to have certain director and officer interlocks with the Funds. Morgan contemplates that up to two of the nine directors of the Funds would be employees, officers, or directors of Morgan or its subsidiaries, including American Century. In addition, Morgan proposes that a limited number of employees of Morgan or its subsidiaries, including American Century, would serve as junior-level officers of the Funds.[10]

The Board previously has authorized a bank holding company and its nonbank subsidiaries to have limited director and officer interlocks with mutual funds that the bank holding company advises and administers.[11] The Board found that the funds would be controlled by the independent directors.[12] The Board noted that the independent directors would be responsible for the selection and review of the investment advisor, underwriter, and other major contractors with the fund.[13]

In this case, Morgan has stated that the number of its directors and employees who would serve as directors of any fund would not comprise more than two of nine directors (less than 25 percent) of these mutual funds. Any director of the funds who also serves as an officer or employee of Morgan would be an "interested person" under the 1940 Act and, therefore, would be required to abstain from voting on the investment advisory and other major contracts of the Funds.

The director and officer interlocks proposed by Morgan would not appear to affect the independence of the other directors on the boards of directors for the funds. Moreover, the fact that American Century may be the primary broker for these funds, much like a bank proprietary fund, would not require a different conclusion under the Glass–Steagall Act. The independent members of the board of directors would continue to have authority to review brokerage, advisory, administrative and other major contracts and would retain authority to change the system for distribution of fund shares.

Based on the foregoing, the Board concludes that control of the Funds would rest with the independent members of the boards of directors of the Funds and that the proposed interlocks between the Funds and Morgan, American Century, and their subsidiaries would not compromise the independence of the boards of the Funds or permit Morgan or American Century to control the Funds. Thus, the Board concludes that the proposal is consistent with the Glass–Steagall Act.

Proper Incident to Banking Test

In order to approve the proposal, the Board also must find that the performance of the proposed activities by Morgan "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair com-

6. 12 U.S.C. §§ 221a and 377.

7. *See* 12 C.F.R. 225.125. In particular, the Board has determined that the Glass–Steagall Act does not prohibit a bank holding company from providing both investment advisory and administrative services to a proprietary mutual fund, whose shares are sold primarily to customers of the bank holding company. *See, e.g., Barclays PLC,* 82 *Federal Reserve Bulletin* 158 (1996).

8. As defined under the Investment Company Act of 1940 ("1940 Act"), a principal underwriter is any underwriter who, as principal, purchases from a mutual fund any security for distribution, or who as agent for such fund sells or has the right to sell the fund's securities to a dealer and/or to the public. 15 U.S.C. § 80a-2(a)(29).

9. An independent distributor, or intermediaries other than Morgan or American Century, would enter into any sales agreements with financial intermediaries to sell shares of the Funds. The independent distributor would be responsible for placing all advertisements and would have legal responsibility under the rules of the National Association of Securities Dealers ("NASD") for the form and use of all advertising and sales literature prepared by American Century or Morgan, and also would be responsible for filing these materials with the NASD or the SEC.

10. Morgan states that no more than three officers or employees of American Century would serve as secretary, treasurer, or vice president of the Funds. In addition, American Century employees would serve as assistant secretaries, assistant treasurers, or assistant vice-presidents of the Funds. These employees would have no policy-making authority at the Funds and would not be responsible for policy-making functions.

11. *See BTNY; Commerzbank.* In *Commerzbank,* for example, the Board allowed Commerzbank officers and employees to serve as chairman of the 4-member board of trustees and junior level officers of the mutual funds. In *BTNY,* the Board permitted two officers of BTNY to serve as directors of the funds, with one director serving as chairman of the boards of the funds, and a limited number of BTNY employees serving as junior-level officers of the funds. In each case, a majority of the board of directors was comprised of individuals that were unrelated to the bank holding company.

12. Under the 1940 Act, at least 40 percent of the board of directors of a mutual fund must be individuals who are not affiliated with the mutual fund, investment advisor, or any other major contractor to the fund.

13. The 1940 Act and related regulatory provisions require that independent directors annually review and approve the mutual fund's investment advisory contract and any plan of distribution or related agreement.

petition, conflicts of interests, or unsound banking practices."[14] As part of its review of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect of the transaction on those resources.[15] Based on all the facts of record, the Board has determined that financial and managerial considerations are consistent with approval of the proposal.

The Board expects that the activities in which Morgan proposes to engage through American Century would provide added convenience to both American Century's and Morgan's customers by offering them an expanded range of products and services. The proposed acquisition also would provide Morgan with further access to U.S. markets for its advisory services and products. There are numerous providers of the proposed services and, therefore, consummation of the proposal would not significantly decrease competition in any relevant market. In addition, the Board previously has determined that the provision of advisory and administrative services to mutual funds within certain parameters is not likely to result in the types of subtle hazards at which the Glass–Steagall Act is aimed. There is no evidence in the record, moreover, that consummation of this proposal, subject to the limitations noted above, would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by the benefits of the proposal.

On the basis of the foregoing and all the other facts of record, including the commitments made by Morgan, the Board has determined that performance of the proposed activities by Morgan reasonably can be expected to produce benefits to the public that would outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on all the facts of record, including all the commitments and representations made by Morgan, and subject to all of the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.23(g), 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, or to prevent evasion of, the provisions and purposes 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 and representations made in the notice, including the commitments and conditions discussed in this order. The commitments, representations, and conditions relied on 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 proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 8, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

List of Administrative Services

(1) Maintaining and preserving the records of the Funds, including financial and corporate records.
(2) Computing net asset value, dividends, performance data, and financial information regarding the Funds.
(3) Furnishing statistical and research data to the Funds.
(4) Preparing and filing with the SEC and state securities regulators registration statements, notices, reports, and other materials required to be filed under applicable laws.
(5) Preparing reports and other informational materials regarding the Funds, including prospectuses, proxies, and other shareholder communications.
(6) Providing legal and other regulatory advice to the Funds.
(7) Providing office facilities and clerical support for the Funds.
(8) Developing and implementing procedures for monitoring compliance with regulatory requirements and compliance with the Funds' investment objectives, policies, and restrictions as established by the board of directors of the Funds.
(9) Providing routine fund accounting services and liaison with outside auditors.
(10) Preparing and filing tax returns, and monitoring tax compliance.
(11) Reviewing and arranging for payment of Fund expenses.
(12) Providing communication and coordination services with regard to the Funds' investment advisors, transfer agent, custodian, distributor, and other service organizations that render distribution, recordkeeping, or shareholder communication services.
(13) Reviewing and providing advice to the distributor, the Funds, and investment advisors regarding sales literature and marketing plans for the Funds.
(14) Providing information to the distributor's personnel concerning performance and administration of the Funds.

14. 12 U.S.C. § 1843(c)(8).
15. 12 C.F.R. 225.26.

(15) Providing marketing support with respect to sales of the Funds through financial intermediaries.
(16) Participating in seminars, meetings, and conferences designed to present information concerning the Funds.
(17) Assisting in the development of additional Funds.
(18) Providing reports to the board of directors of the Funds.
(19) Providing telephone shareholder services through a toll-free number.

Lloyds TSB Group plc
Lloyds Bank Plc
London, England

Order Approving Notice to Engage in Nonbanking Activities

Lloyds TSB Group plc, London, England ("Notificant"), a foreign banking organization subject to the provisions of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to retain its indirect ownership of IAI Holdings, Inc., Minneapolis, Minnesota, and thereby engage in the following nonbanking activities in the United States:[1]

(1) Providing investment and financial advisory services under section 225.28(b)(6) of Regulation Y, including serving as investment adviser to open-end investment companies ("mutual funds") and providing investment advice with respect to foreign exchange and futures contracts and options on futures contracts;
(2) Providing securities brokerage services, pursuant to section 225.28(b)(7)(i) of Regulation Y;
(3) Providing foreign exchange transactional services pursuant to section 225.28(b)(7)(v) of Regulation Y;
(4) Performing functions or activities that may be performed by a trust company pursuant to section 225.28(b)(5) of Regulation Y; and
(5) Providing administrative services to mutual funds.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 11,455 (1997)). 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.

Notificant, with total consolidated assets of approximately $267 billion,[2] acquired all the voting shares of Lloyds Bank Plc, London, England ("Lloyds Bank"), on December 28, 1995, and thereby became a foreign banking organization subject to the BHC Act.[3] Notificant operates a branch in New York, New York, and an agency in Miami, Florida. Notificant controlled IAI Holdings and IAI International, Ltd. prior to its acquisition of Lloyds Bank and has filed this notice to obtain the Board's approval to retain its interest in these entities.[4]

IAI, IAI Ventures, and IAI International are registered as investment advisers with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 *et seq.*). Accordingly, IAI, IAI Ventures, and IAI International are subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Investment Advisers Act and the SEC. IAI-Securities is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*). IAI Trust is a limited purpose trust company organized under the laws of Minnesota.

IAI provides investment advice to institutions, pension and profit sharing plans, municipalities, and individuals.[5] IAI also provides investment advisory and administrative services to 25 mutual funds ("Funds"), including the 19 mutual funds that form the IAI family of mutual funds ("IAI Funds").[6] Each of the Funds advised and administered by IAI is registered with the SEC under the Investment Company Act of 1940 (15 U.S.C. § 80a-1 *et seq.*) ("1940 Act").[7] Unlike most mutual funds, the IAI Funds do not have a "principal underwriter" for purposes of the 1940 Act.[8] A broker-dealer that is not affiliated with Notificant or IAI serves as the principal underwriter and distributor of the other six Funds that are advised and administered by IAI.

As noted above, the Board previously has determined by regulation that investment advisory, securities brokerage, foreign exchange execution, and trust activities are closely

1. IAI Holdings's principal subsidiaries are Investment Advisers, Inc. ("IAI"); IAI Securities, Inc. ("IAI-Securities"); IAI Ventures, Inc.; and IAI Trust Company, all in Minneapolis, Minnesota. Notificant also indirectly owns all the shares of IAI International Ltd., a United Kingdom company that engages in certain nonbanking activities in the United States. A list of the nonbanking activities to be engaged in by IAI Holdings and IAI International is provided in Appendix A.

2. All asset data are as of June 30, 1997, and use exchange rates then in effect.

3. Prior to this acquisition, Notificant was known as TSB Group plc.

4. Notificant and Lloyds Bank committed that they would keep their respective U.S. businesses separate following the merger until Notificant received Board approval under section 4(c)(8) of the BHC Act to retain the United States nonbanking operations of the combined entity. *See* Letter from Jonathan M. Weld and Timothy J. Byrne, Shearman & Sterling, to Kathleen M. O'Day, Associate General Counsel of the Board, dated November 6, 1995.

5. As of August 1, 1996, IAI had approximately $15 billion in assets under management.

6. IAI International serves as sub-adviser to certain of the mutual funds advised by IAI.

7. The Funds are sold through a variety of sales channels, including broker-dealers and 401(k) plans, and are not marketed primarily to customers of Lloyds Bank. Accordingly, the Funds are not proprietary mutual funds.

8. The 1940 Act defines a "principal underwriter" of a mutual fund's securities as "any underwriter who as principal purchases from [the mutual fund], or pursuant to contract has the right (whether absolute or conditional) from time to time to purchase from [the mutual fund], any such security for distribution, or who as agent for such company sells or has the right to sell any such security to a dealer or to the public or both." 15 U.S.C. § 80a-2(a)(29). The term does not include a dealer who purchases shares of a mutual fund through a principal underwriter that acts as agent for the mutual fund. *Id.*

related to banking for purposes of the BHC Act.[9] Notificant would conduct these activities in accordance with the limitations set forth in Regulation Y. Notificant also proposes that IAI provide the administrative services listed in Appendix B to mutual funds that are advised by IAI. The Board previously has determined that mutual fund administrative services are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[10]

Glass–Steagall Act

Under the Glass–Steagall Act, a company that owns a member bank may not control "through stock ownership or in any other manner" a company that engages principally in the distribution, underwriting, public sale, or issuance of securities.[11] The Board has long held that the Glass–Steagall Act prohibits a bank holding company from sponsoring, organizing, or controlling a mutual fund, or engaging in the underwriting, public sale, or distribution of the shares of any investment company.[12] The Board previously has determined, however, that the Glass–Steagall Act does not prohibit a bank holding company from providing advisory and administrative services to a mutual fund.[13]

Notificant's proposal differs from the proposals previously approved by the Board in one material respect. Unlike in previous cases, the IAI Funds do not have an independent third party distributor that serves as the funds' principal underwriter for purposes of the 1940 Act. Notificant has stated that this structure allows the IAI Funds to lower their operating costs and thereby makes the funds more appealing to cost-conscious investors.[14] In addition, Notificant has stated that the IAI Funds do not engage in general advertising and, therefore, do not need a distributor to market their shares.[15] The Board has not previously considered a proposal whereby a bank holding company would provide advisory and administrative services to mutual funds that were not distributed by an independent third-party.

The Board has long held that the distribution of mutual fund shares is an activity covered by the Glass–Steagall Act.[16] Although the specific services provided by mutual fund distributors vary widely from fund to fund, a distributor generally enters into a distribution agreement with a fund to act as agent for the fund in selling shares to the public and to serve as the fund's "principal underwriter" for purposes of the 1940 Act. The distributor generally fulfills its responsibility for selling the mutual fund shares by entering into selling agreements with broker-dealers or other financial intermediaries under which the intermediaries purchase fund shares from the distributor and sell those shares to their customers. In this manner, the distributor controls the sales channels through which shares of the fund are sold to the public. A mutual fund distributor also typically promotes the fund through advertising and is responsible for filing advertisements with the National Association of Securities Dealers ("NASD") or the SEC.

The IAI Funds have not contracted with an independent broker-dealer to serve as the funds' distributor or principal underwriter for purposes of the 1940 Act. Instead, the IAI Funds would enter directly into selling agreements with various brokers and would rely on independent sources for advertising. The IAI Funds have hired an individual (who will not also be an employee of Notificant) who would be responsible for initiating contact with broker-dealers and other financial intermediaries regarding the sale of Fund shares, and for negotiating any broker selling agreements on behalf of the Funds. In addition, in the event the IAI Funds determine to change strategies and begin advertising, this individual would be responsible for placing, reviewing, and filing with regulators, advertisements on behalf of the Funds.[17]

As the investment advisor and administrator, Notificant proposes to provide assistance to the Funds in these matters. Notificant maintains that the services that it proposes to provide to the IAI Funds are permissible for bank

9. *See* 12 C.F.R. 225.28(b)(5), (6), (7)(i), and (7)(v).

10. *See The Chase Manhattan Corporation,* 81 *Federal Reserve Bulletin* 883 (1995); *Mellon Bank Corporation,* 79 *Federal Reserve Bulletin* 626 (1993) ("*Mellon*"). The administrative services would include providing telephone services to shareholders through a toll-free 800 number. Notificant has stated that telephone service operators would not solicit callers to purchase shares in particular mutual funds or make outgoing calls to solicit investors. Upon the request of a caller, the service operators may provide historical performance information concerning a Fund or general information concerning a Fund's investment objectives.

11. 12 U.S.C. §§ 221a and 377.

12. *See* 12 C.F.R. 225.125.

13. *See* 12 C.F.R. 225.28(b)(6)(i); *Mellon.* The Board also has determined that the Glass–Steagall Act does not prohibit a bank holding company from controlling a closed-end investment company if that company is not frequently engaged in the issuance, sale, or distribution of securities. *See* 12 C.F.R. 225.125. A closed-end investment company that is controlled by a bank holding company must conform its activities to the requirements of section 4 of the BHC Act. Accordingly, if Notificant sponsors, organizes, or controls any closed-end fund, Notificant must limit such fund's investments to less than 5 percent of the voting shares of any issuer.

14. The IAI Funds are pure "no-load" funds which do not impose a sales charge or a Rule 12b-1 distribution fee.

15. Notificant has indicated that the IAI Funds rely on articles and performance information regularly published by independent sources to inform potential investors about the funds. Notificant has stated, furthermore, that the development of mutual fund "supermarkets" provides the IAI Funds with readily available sales channels, thereby diminishing the need for the funds to hire a distributor to establish and maintain distribution channels for the funds.

16. *See* 12 C.F.R. 225.125.

17. As noted above, the IAI Funds currently do not engage in general advertising or marketing activities. However, IAI prepares a quarterly newsletter and other sales material regarding the IAI Funds and maintains an "IAI Funds" home page on the internet. Notificant has stated that any sales materials prepared by IAI, including the information posted on the internet site, will be reviewed by the Marketing Officer of the IAI Funds for compliance with federal securities laws and will be filed by the Marketing Officer on behalf of the funds with the NASD or SEC. The Board previously has permitted bank holding companies to prepare advertising and marketing materials for funds that are advised and administered by the bank holding company, provided that the funds' distributor remained responsible for placing all advertisements and filing the materials with the NASD or SEC. *See Commerzbank.*

holding companies and would not constitute the distribution of the funds' shares.

Notificant has committed that IAI will not act as an underwriter of shares of the IAI Funds for purposes of the Securities Act of 1933, or as the funds' principal underwriter for purposes of the 1940 Act. Notificant has committed that neither Notificant, IAI, nor any affiliate of Notificant will enter into a distribution agreement with the IAI Funds, purchase shares of the funds as principal, or be identified as the funds' distributor in Fund prospectuses or sales material.[18] In addition, Notificant has committed that neither Notificant, nor IAI, nor any other affiliate will engage in any activity that would cause it to be considered a broker of shares of the IAI Funds under the Securities Exchange Act of 1934. Thus, neither Notificant nor IAI would receive any transaction-based compensation in connection with the sale of shares of the IAI Funds, or enter into any selling agreement with the funds.[19]

Notificant has committed that the Marketing Officer will not be an employee, officer, or director of Notificant or any of its affiliates. Furthermore, Notificant has committed that the Marketing Officer will report directly to the boards of directors of the IAI Funds, which will be entirely independent from Notificant, and will not report to any officer that is affiliated with Notificant. Notificant also has committed that the independent boards of directors of the IAI Funds will have sole responsibility for all decisions regarding the employment, termination, and compensation of the Marketing Officer and will approve each selling agreement negotiated by the Marketing Officer, both initially and annually thereafter.[20]

In light of the foregoing, the commitments provided by Notificant and the specific facts of this case, the Board concludes that the proposed operational structure of the IAI Funds would be consistent with the Glass–Steagall Act.[21]

Proper Incident to Banking Test

In order to approve the notice, the Board also must find that the performance of the proposed activities by Notificant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[22] As part of the Board's evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on such resources.[23] The Board notes that Notificant's capital ratios meet applicable risk-based capital standards under the Basle Accord and are equivalent to the capital levels that would be required of a U.S. banking organization. Based on all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval.

The Board expects that consummation of the proposal can reasonably be expected to provide added convenience and services to Notificant's customers by offering them an expanded range of investment products and management expertise. The Board previously has determined that the provision of administrative services to mutual funds within the parameters established by the Board is not likely to result in the types of subtle hazards at which the Glass–Steagall Act is aimed or in any other adverse effects. Notificant also would be required to comply with the Board's interpretive rule on Investment Adviser Activities, which was designed to mitigate potential conflicts of interests and the potential for customer confusion associated with the proposed activities.[24] There are numerous providers of the proposed nonbanking services, and there is no

18. The pension plan for IAI employees currently holds shares of the IAI Funds, which are attributed to Notificant under section 2(g)(2) of the BHC Act. Notificant has committed that the IAI pension plan, together with Notificant and its affiliates, will not acquire more than 5 percent of the shares of any Fund, and that any such ownership interest in the Funds will not be used in any way in marketing or selling the Funds. *See Mellon.*

19. Because the IAI Funds do not have a distributor, independent broker-dealers that wish to sell shares of the funds would enter into selling agreements directly with, and would acquire shares directly from, the IAI Funds. Such activity could cause the broker-dealers to be considered "underwriters" of fund shares for purposes of the Securities Act of 1933. *See* 15 U.S.C. § 77b(11). As noted above, Notificant has committed that it will not act as a broker of shares of the IAI Funds or enter into selling agreements with the funds.

20. Notificant proposes that officers or employees of IAI serve as president, treasurer, secretary, assistant treasurer, and assistant secretary of the IAI Funds. Notwithstanding the fact that the IAI Funds would not employ an independent third party distributor, this case is consistent with prior Board decisions prohibiting bank holding company control of mutual funds. Notificant does not propose to have any director interlocks with the Funds, including the IAI Funds. The Board previously has found that a bank holding company may, consistent with the Glass–Steagall Act and the BHC Act, have certain officer and director interlocks with mutual funds that the bank holding company advises and administers. *See Bankers Trust New York Corporation,* 83 *Federal Reserve Bulletin* 780 (1997); *Commerzbank AG,* 83 *Federal Reserve Bulletin* 678 (1997); *The Governor and Company of the Bank of Ireland,* 82 *Federal Reserve Bulletin* 1129 (1996).

21. The Board previously has stated that the Glass–Steagall Act also prohibits a bank holding company from sponsoring or organizing a mutual fund. *See* 12 C.F.R. 225.125. Notificant has committed that it will not provide the seed money for any mutual funds established in the future. In addition, Notificant has committed that the completely independent board of directors of the Funds will serve as the board of directors of any newly established fund that is advised and administered by IAI and that is not distributed by an independent third party.

22. 12 U.S.C. § 1843(c)(8).

23. *See* 12 C.F.R. 225.26; *see also The Fuji Bank, Limited,* 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG,* 73 *Federal Reserve Bulletin* 155 (1987).

24. Under the interpretive rule on Investment Adviser Activities, a bank holding company and its bank and nonbank subsidiaries should not purchase in their sole discretion, in a fiduciary capacity securities of any investment company for which the bank holding company acts as investment adviser unless the purchase is specifically authorized by the terms of the instrument creating the fiduciary relationship, by court order, or by the law of the jurisdiction under which the trust is administered. The interpretive rule also prohibits a bank holding company from acting as investment adviser to any investment company that has either the same name as the bank holding company or any of its subsidiary banks, or a name that includes the word "bank." *See* 12 C.F.R. 225.125.

evidence in the record to indicate that consummation of this proposal is likely to result in 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 the proposal. Based on all the facts of record, the Board finds that the public benefits of Notificant's proposed activities outweigh any adverse effects, and, therefore, that the activities are a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, including the commitments discussed in this order and all other commitments and representations made by Notificant in connection with this notice, and subject to the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. The Board's determination is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require 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 Notificant's compliance with the commitments and representations made in connection with this notice, including the commitments and conditions discussed in this order. The commitments, representations, and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision 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 the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 18, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix A

Nonbanking Subsidiaries and Activities

1. Investment Advisers, Inc. ("IAI"), Minneapolis, Minnesota, which would engage in:
   (a) Acting as an investment or financial advisor, including serving as investment adviser to investment companies registered under the Investment Company Act of 1940, pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));
   (b) Providing the administrative services described in Appendix B to mutual funds, including mutual funds advised by IAI;
   (c) Providing securities brokerage services, pursuant to section 225.28(b)(7)(i) of Regulation Y (12 C.F.R. 225.28(b)(7)(i)); and
   (d) Providing to customers as agent transactional services with respect to foreign exchange transactions, pursuant to section 225.28(b)(7)(v) of Regulation Y (12 C.F.R. 225.28(b)(7)(v);
2. IAI Securities, Inc., Minneapolis, Minnesota, which would engage in providing securities brokerage services, pursuant to section 225.28(b)(7)(i) of Regulation Y (12 C.F.R. 225.28(b)(7)(i));
3. IAI Ventures, Inc. and Itasca Ventures, LLC, both in Minneapolis, Minnesota, which would engage in acting as an investment or financial advisor, pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));
4. IAI Trust Company, Minneapolis, Minnesota, which would engage in performing functions or activities that may be performed by a trust company, pursuant to section 225.28(b)(5) of Regulation Y (12 C.F.R. 225.28(b)(5)); and
5. IAI International Ltd., London, England, which would engage in
   (a) Acting as an investment or financial advisor, including serving as investment adviser to investment companies registered under the Investment Company Act of 1940, pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)); and
   (b) Providing to customers as agent transactional services with respect to foreign exchange transactions, pursuant to section 225.28(b)(7)(v) of Regulation Y (12 C.F.R. 225.28(b)(7)(v).

Appendix B

List of Administrative Services

(1) Maintaining and preserving the records of the funds, including financial and corporate records;
(2) Computing dividends, performance data and financial information regarding the funds;
(3) Furnishing statistical and research data;
(4) Preparing and filing with the SEC and state securities regulators registration statements, notices, reports and other material required to be filed under applicable laws;
(5) Preparing reports and other informational materials regarding the funds including proxies and other shareholder communications and reviewing prospectuses;
(6) Providing legal and regulatory advice to the fund in connection with its other administrative functions;
(7) Providing office facilities and clerical support for the funds;
(8) Developing and implementing procedures for monitoring compliance with regulatory requirements and compliance with the funds' investment objectives, policies, and restrictions as established by the funds' boards;
(9) Providing routine fund accounting services and liaison with outside auditors;

(10) Preparing and filing tax returns;
(11) Reviewing and arranging for payment of fund expenses;
(12) Providing communication and coordination services with regard to the funds' investment adviser, transfer agent, custodian, and other service organizations that render recordkeeping or shareholder communication services;
(13) Reviewing and providing advice to the distributor and the funds regarding sales literature and marketing plans to assure regulatory compliance;
(14) Providing information concerning the funds' performance and administration to the broker-dealers that sell shares of the funds to the public;
(15) Participating in seminars, meetings, and conferences designed to present information to brokers and investment companies, but not in connection with the sale of shares of the funds to the public, concerning the operations of the funds, including administrative services provided by IAI to the funds;
(16) Assisting existing funds in the development of additional portfolios;
(17) Providing reports to the fund's board with regard to its activities; and
(18) Providing telephone shareholder services through a toll-free number.

The Sanwa Bank Limited Osaka, Japan

Order Approving Notice to Engage in Nonbanking Activities

The Sanwa Bank Limited, Osaka, Japan ("Notificant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24(a) of the Board's Regulation Y (12 C.F.R. 225.24(a)) to acquire through its wholly owned subsidiary, Sanwa Business Credit Corporation, Chicago, Illinois, all the shares of Morcroft Capital Corporation, Fairfield, New Jersey ("Morcroft"), and thereby engage in providing financing and leasing services pursuant to sections 225.28(b)(1) and (b)(3) of Regulation Y (12 C.F.R. 225.28(b)(1) and (b)(3)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 52,339 (1997)). 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.

Notificant, with total consolidated assets of approximately $446.9 billion, is the fourth largest banking organization in Japan, and the sixth largest banking organization in the world.[1] In the United States, Notificant controls Sanwa Bank California, San Francisco, California. In addition, Notificant operates branches in New York, New York; Chicago, Illinois; and San Francisco and Los Angeles, California; agencies in Atlanta, Georgia; and Dallas, Texas; and representative offices in Boston, Massachusetts; Cleveland, Ohio; and Houston, Texas. Notificant also engages in a number of nonbanking activities in the United States.

The Board previously has determined by regulation that financing and leasing activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act. Notificant has committed to conduct these activities subject to the limitations set forth in Regulation Y.[2] In order to approve the proposal, the Board also must find that the performance of the proposed activities by Notificant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

As part of its evaluation of these factors, the Board considers the financial resources of the notificant and its subsidiaries and the effect of the transaction on those resources.[3] Notificant has submitted a comprehensive business plan demonstrating that the proposed transaction would not involve significant risk or a significant expansion of Notificant's operations in the United States, but rather a filling out of existing lines of business. The proposed financial investment would be relatively small and would be funded by an existing U.S. subsidiary that has a track record of successfully and prudently managing similar activities. Accordingly, this acquisition would not require substantial funding from Notificant. The most recently reported capital ratios of Notificant meet the relevant risk-based capital standards established under the Basle Accord, and the proposed transaction is not expected to have any significant effect on the capital of the consolidated organization. The Board also has considered recent financial statements and other available information, including *pro forma* financial statements and the condition of the U.S. operations of Notificant. Based on these and other facts of record, including information regarding the risk management system of Sanwa Business Credit Corporation, the Board has determined that financial considerations are consistent with approval of the proposal. In addition, based on relevant supervisory information, and considering the size of the acquisition and activities proposed, managerial considerations are consistent with approval.

The Board also has carefully considered the competitive effects of the proposed acquisition of Morcroft. Sanwa currently engages in the activities conducted by Morcroft. The Board notes that the markets for lending and leasing services are unconcentrated and that there are numerous

1. Asset data are as March 31, 1997. Foreign ranking data are as of December 31, 1996.

2. *See* 12 C.F.R. 225.28(b)(1) and (b)(3).

3. *See* 12 C.F.R. 225.26; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerishe Vereinbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

providers of the services. Consummation of the proposal would have a *de minimis* effect on competition, and the Board has determined that the proposal would not have a significantly adverse effect on competition in any relevant market.

The Board expects that the proposed transaction would give Notificant an increased ability to serve the needs of its customers and would allow Notificant to provide existing and new customers with a broader range of products and services at lower costs. The Board also expects that combining the expertise of Notificant and Morcroft would allow Notificant to be a more effective competitor.

Based on the foregoing and all the other facts of record, including the commitments made by Notificant, the Board has determined that the performance of the proposed activities by Notificant can reasonably be expected to produce benefits to the public that would outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on all the facts of record, including all the commitments and representations made by Notificant, and subject to all the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.25(g) (12 C.F.R. 225.7 and 225.25(g)), 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, or to prevent evasion of, the provisions and purposes 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 and representations made in the notice, including the commitments and conditions discussed in this order. The commitments, representations, and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 1, 1997.

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

WILLIAM W. WILES
Secretary of the Board

Star Banc Corporation
Cincinnati, Ohio

Order Approving the Acquisition of a Savings Association

Star Banc Corporation ("Star"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to merge with Great Financial Corporation ("Great Financial"), and thereby acquire its wholly owned subsidiary savings association, Great Financial Bank, F.S.B. ("Thrift"), Louisville, Kentucky.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 55,403 (1997)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4 of the BHC Act.

Star, with total consolidated assets of approximately $10.8 billion, operates one subsidiary bank with branches in Ohio, Indiana, and Kentucky.[2] Star is the 16th largest depository institution in Kentucky, controlling deposits of approximately $597 million, representing 1.4 percent of total deposits in depository institutions in the state ("state deposits").[3] Great Financial is the fifth largest depository institution in Kentucky, controlling deposits of approximately $1.5 billion, representing 3.6 percent of state deposits. On consummation of the proposal, Star would become the fourth largest depository institution in Kentucky, controlling deposits of approximately $2.1 billion, representing 5 percent of state deposits. Star is the 30th largest depository institution in Indiana, controlling deposits of approximately $429 million, representing less than 1 percent of state deposits. Great Financial is the 221st largest depository institution in the state, controlling deposits of approximately $6 million, representing less than 1 percent of state deposits. On consummation of the proposal, Star would remain the 30th largest depository institution in Indiana, controlling less than 1 percent of state deposits.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of the BHC Act.[4] In making this determination, the Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act and Regulation Y. Star has commit-

1. Star also has requested the Board's approval of an option to purchase up to 19.9 percent of the voting shares of Great Financial under certain circumstances. The option would expire on consummation of the proposed merger with Great Financial.

2. Asset data are as of June 30, 1997. Deposit data are as of June 30, 1996.

3. In this context, depository institutions include commercial banks, savings banks, and savings associations.

4. 12 C.F.R. 225.28(b)(4).

ted to conform all of Thrift's activities to those permissible under section 4(c)(8) of the BHC Act.[5]

Competitive Considerations

In order to approve the proposal, the Board also must determine that the performance of the proposed thrift activities is a proper incident to banking, that is, that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[6] As part of the Board's evaluation of these factors, the Board has carefully considered the competitive effects of the proposal in light of all the facts of record.

Star and Great Financial compete directly in the Marion County, Kentucky, banking market.[7] On consummation of the proposal, Star would become the largest depository institution in the market, controlling deposits of approximately $58.6 million, representing 30.8 percent of total deposits in depository institutions in the market ("market deposits").[8] Concentration in the Marion County banking market, as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines") would increase by 175 points to 2697.[9] The effect of the proposal on market concentration as measured by the HHI is relatively small, and the proposal would not exceed the DOJ Guidelines. In addition, five depository institutions, including Star, would continue to operate in the market, including two depository institutions with more than 25 percent of market deposits, one depository institution with more than 10 percent of market deposits, and one depository institution with more than $1 billion of deposits. Based on these and all other facts of record, the Board concludes that the consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the Marion County banking market or any other relevant banking market.

Other Considerations

In connection with its review of the public interest factors under section 4 of the BHC Act, the Board also has carefully reviewed the financial and managerial resources of Star and Great Financial and their respective subsidiaries and the effect the transaction would have on such resources in light of all the facts of record.[10] The Board has reviewed, among other things, confidential reports of examination and other supervisory information received from the primary federal supervisors of the organizations. Based on all the facts of record, the Board concludes that the financial and managerial resources of the organizations involved in the proposal are consistent with approval.

Record of Performance under the Community Reinvestment Act

In acting on a proposal to acquire a savings association, the Board has traditionally reviewed the records of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") by the institutions involved in a proposal.[11] The Board has reviewed the records of performance of Star's subsidiary bank, Star Bank, N.A., Cincinnati, Ohio ("Star Bank"), and Thrift in light of all the facts of record, including comments regarding Star Bank's efforts to help meet the credit needs of local communities. The Board received two comments opposing the proposal, and Star, as part of its response to the comments, submitted letters from more than 70 organizations commending it for its CRA-related activities.

Organizations commending Star Bank's efforts under the CRA included community organizations, government officials, developers, educators, and local businesses.[12] These commenters noted the bank's leadership efforts in and contributions to community development projects. They

5. Thrift engages through a subsidiary in the sale of certain insurance products and annuities that are not permissible for a bank holding company under the BHC Act. Star has committed that it will conform the insurance and annuity activities of Thrift to the requirements of section 4 of the BHC Act within two years after consummation of the proposal and that Thrift will cease selling any new insurance policies or annuities immediately on consummation of the proposal. Star also has committed to conform all real estate activities of Thrift to the requirements of section 4 of the BHC Act within two years after consummation of the proposal.

6. 12 U.S.C. § 1843(c)(8).

7. The Marion County, Kentucky, banking market is defined as Marion County, Kentucky.

8. Market data are as of June 30, 1996. Market share data before consummation 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, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Thrift would be acquired by a commercial banking organization under the proposal, Thrift's deposits are included at 100 percent in the calculation of the *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

9. 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. The Department of Justice has informed the Board, however, that a bank merger or acquisition in a highly concentrated market generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

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

11. *See Banc One Corporation*, 83 *Federal Reserve Bulletin* 602 (1997).

12. These commenters included the City of Cleveland, Ohio, the Urban League of Greater Cincinnati, the Ohio Capital Corporation for Housing, the Ohio Tri-State Hispanic Chamber of Commerce, the City of Covington, Kentucky, and Catholic Social Services of Northern Kentucky.

also praised Star Bank's lending activities, particularly in the areas of community development lending and direct lending to homeowners. In addition, several commenters noted favorably the bank's record of opening branches in low- and moderate-income ("LMI") areas.

Two commenters questioned Star Bank's record of CRA performance, particularly the bank's record of lending to LMI and minority borrowers in Ohio, on the basis of 1996 data submitted under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA").[13] One commenter also contended that Star Bank's participation in government sponsored lending programs and contributions to community development organizations were inadequate.[14] The other commenter maintained that Star Bank should improve its programs for community development and affordable housing loans in Kentucky.[15]

A. CRA Performance Examinations

The Board has reviewed the examinations by the primary federal supervisors of the CRA performance records of the relevant institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its primary federal supervisor.[16]

Star Bank received an overall rating of "outstanding" from its primary federal supervisor, the OCC, at its most recent evaluation for CRA performance, as of December 1996 ("1996 Examination"). The 1996 Examination was conducted under the revised CRA regulations for large depository institutions and large bank holding companies, and rated Star Bank's CRA performance record under separate tests designed to measure lending, investments, and services that assist in meeting the credit needs of the communities served.[17] Star Bank received "outstanding" ratings under the lending and service tests and a "high satisfactory" rating under the investment test.[18]

The 1996 Examination also rated Star Bank's CRA performance record separately in Ohio, Kentucky, and Indiana, and in a multistate Metropolitan Statistical Area that includes Cincinnati and other portions of Ohio and portions of Kentucky and Indiana ("Cincinnati MSA").[19] Star Bank's CRA performance record in Ohio[20] and in the Cincinnati MSA was rated "outstanding."[21] In Kentucky[22] and Indiana,[23] Star Bank received "satisfactory" CRA performance ratings. Thrift received a "satisfactory" rating from its primary federal supervisor, the Office of Thrift Supervision, at its most recent CRA examination as of September 1996.

The Board has carefully considered the CRA performance record of Star Bank in general, and, in particular, its records in Ohio and Kentucky, in light of the comments received. This review included all aspects of Star Bank's CRA-related activities, including its farm, affordable housing, and small-business lending activities; its community investment and development programs; and its initiatives

13. These commenters are the Ohio Community Reinvestment Project, Columbus, Ohio, and the Metropolitan Housing Coalition, Louisville, Kentucky.

14. This commenter also stated that the bank, compared to other depository institutions, paid less interest on accounts in which the interest is used to fund legal services for the poor and charged higher fees for basic banking services, which particularly affect LMI customers. Star maintains that its deposit products are competitive with those offered by other depository institutions and that it offers affordable deposit products and basic banking services. The Board also has considered these comments in light of evaluations by examiners of the bank's record of providing banking services to its communities and of complying with fair lending laws.

15. This commenter also alleged, in general, that affordable housing loans diminish when a local depository institution is acquired by a larger out-of-state banking organization. As explained above, the Board has carefully reviewed Star Bank's record of assisting to meet the credit needs of the communities it serves, including in Kentucky. The CRA requires that every bank operating in more than one state, including such a bank owned by an out-of-state parent holding company, be regularly examined and rated on its performance in helping to meet the credit needs of its community on a state-by-state basis. Star Bank's activities in Kentucky have been and would continue to be reviewed by its primary federal regulator, the Office of the Comptroller of the Currency ("OCC"), in its performance examinations and by the Board in future applications by Star to acquire a depository facility under the BHC Act.

16. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act 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. 54 *Federal Register* 13,742 and 13,745 (1989).

17. *See* 12 C.F.R. Part 25. The federal financial supervisory agencies jointly promulgated new regulations to implement the CRA in 1995. *See* 60 *Federal Register* 22,156 (May 4, 1995). Although the revised regulations did not become effective for large retail banks like Star Bank until July 1, 1997, Star Bank requested that the 1996 Examination be conducted under the revised regulations. Star Bank also was rated "outstanding" for CRA performance at its two previous examinations in 1992 and 1994.

18. The ratings for performance under the lending, investment, and services tests are: "outstanding," "high satisfactory," "low satisfactory," "needs to improve," and "substantial noncompliance." Under the revised CRA regulations, the lending test is weighted more heavily than the investment and service tests in determining a bank's overall CRA performance rating.

19. Section 110 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Pub. L. No. 103-328, 108 Stat. 2338 (1994)) amended the CRA to require that the federal financial supervisory agencies separately rate the CRA performance record in each state and in each multistate metropolitan area where an interstate banking organization maintains a branch. 12 U.S.C. § 2906(d).

20. Star Bank designated 11 assessment areas in Ohio that include Cleveland, Columbus, Dayton, Highland County, and Preble County.

21. Star Bank designated three assessment areas within its Cincinnati service area. The first area is the Cincinnati region, which includes Hamilton County and portions of Clermont and Warren Counties, all in Ohio. The second assessment area is the Indiana South-Eastern region, and the major city in the region is Lawrenceburg, Indiana. The remaining assessment area is the Kentucky-Northern region, which contains the cities of Covington and Newport, Kentucky. Also included in the Cincinnati MSA is Pendleton County, Kentucky, which Star Bank included in its Central Kentucky region.

22. The assessment area includes Carroll and Marion Counties, both in Kentucky.

23. The assessment area includes Fayette and Wayne Counties and a portion of Randolph County, all in Indiana.

to increase lending in LMI areas. The Board also has considered that, excluding the Cincinnati MSA, Star Bank's assessment areas in Ohio contain 168 of the total 258 branches operated by the bank and account for approximately 59 percent of the bank's total deposits. In Kentucky, excluding the Cincinnati MSA, the bank's sole assessment area contains only three of the bank's branches, serves a total population of 26,000, and accounts for approximately 1 percent of the bank's total deposits.[24]

B. Lending Performance Record of Star Bank

In General. The 1996 Examination concluded that Star Bank demonstrated excellent responsiveness in serving the credit needs of its assessment areas, particularly in LMI areas and to LMI borrowers. The geographic distribution of the bank's loans, including home mortgage, small business, and small farm loans, showed good penetration within its assessment areas. Examiners also considered the distribution of these types of loans among borrowers of different income levels to be excellent. HMDA data from July 1, 1994, through June 30, 1996, showed that 34 percent of the number of HMDA loans and 19 percent of the dollar amount of HMDA loans were made to LMI individuals. In addition, Star Bank originated 2,092 small business loans and 44 small farm loans, totaling approximately $814 million, between January 1995 and June 1996. Thirty percent of the small business loans and 93 percent of the small farm loans were to organizations with revenues of less than $1 million. Fifty-nine percent of the number of small business and small farm loans originated were for loan amounts of less than $100,000 during this period.

Examiners also concluded that the bank originated a high level of community development loans. The 1996 Examination noted, for example, that Star Bank originated 21 loans totaling approximately $70.7 million from 1994 to July 31, 1996, in which other lenders purchased low-income housing tax credits for the purpose of rehabilitating 1,848 rental units of affordable housing. The bank entered into an agreement with the City of Cleveland to provide $25 million in loans for LMI neighborhoods from 1994 to 1998, and as of June 30, 1996, Star Bank had exceeded this commitment by originating loans totaling $25.9 million.[25] In addition, Star Bank is a participant in the Cincinnati Development Fund ("CDF"), and, as of June 30, 1996, had outstanding loans in the amount of $2.1 million out of $5.4 million in loan commitments made through the CDF.[26] Star Bank also offers two loan programs sponsored by the Small Business Administration ("SBA"),[27] and participates in the State of Ohio 166 Loan Program.[28]

Ohio and Kentucky. Examiners rated Star Bank's lending performance in Ohio "outstanding." The 1996 Examination found that the geographic distribution of loans, including home mortgage, small business and small farm loans, reflected good penetration of its communities and that the distribution of loans based on the income of the borrower was excellent. Examiners noted that the volume of mortgage loans in the bank's assessment areas to LMI households was good in relation to the percentage of LMI households in the assessment areas. Star Bank also originated 260 small business and small farm loans in 1995 and through the first six months of 1996, totaling $66 million, and made 31 percent of these loans to small businesses and small farms with less than $1 million in annual revenues and 29 percent of these loans in LMI areas. In addition, examiners favorably noted the bank's high level of community development loans and extensive use of the SBA's 504 and 7A loan programs.

In Kentucky, excluding the Cincinnati MSA, examiners rated the bank's lending performance "high satisfactory." Overall, Star Bank's lending demonstrated a good distribution to borrowers by income levels. The bank also made ten small business loans, totaling $236,000 and representing 40 percent of the total number of small business loans made from January 1, 1995, through June 30, 1996, to organizations with less than $1 million in annual revenues. In northern Kentucky within the Cincinnati MSA, the bank made six community development loans totaling approximately $3.9 million.[29]

The Board also has considered Star Bank's lending record, particularly in Ohio, in light of comments about the bank's HMDA-reported lending in 1996. These data show that in most of Star Bank's MSA assessment areas in Ohio its percentages of loan originations to African Americans, census tracts with predominantly minority and LMI residents, and LMI individuals generally exceed the average percentages reported by lenders in the aggregate. The data also reflect some disparities in the rate of loan originations, denials, and applications between minority and nonminority borrowers.

The Board is concerned when the record of an institution indicates such disparities in lending, and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound

24. The Cincinnati MSA contains 74 of the bank's branches and accounts for 37 percent of the bank's deposits. Star Bank received "outstanding" ratings under the lending and investment tests and a "high satisfactory" rating under the investment test in the Cincinnati MSA.

25. In two separate projects in Cleveland, the bank loaned $7.3 million to nonprofit developers to build and rehabilitate affordable housing.

26. The CDF assists in financing affordable housing by originating below market-rate loans to nonprofit and for-profit developers in the Cincinnati area, which includes Hamilton, Warren, Butler, and Clermont Counties in Ohio and Boone, Campbell, and Kenton Counties in Kentucky.

27. Star Bank originated 20 loans under the SBA 504 loan program in 1995, totaling $7.2 million, and 19 SBA 504 loans, totaling $4.6 million, through July 1996. In the SBA 7A loan program, Star Bank originated 97 loans in 1995, totaling $17.8 million, and 36 SBA 7A loans, totaling $5.6 million through June 1996.

28. This program provides direct loans of less than $200,000 to businesses in Ohio that will create new jobs.

29. Star Bank's assessment area in Kentucky outside the Cincinnati MSA consists of whole counties, and the bank's CRA examiners determined that it did not arbitrarily exclude any LMI areas and conformed to the requirements of the CRA.

lending but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[30] HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not assisted in meeting the communities' credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has carefully considered that data in light of other information. Specifically, the Board has considered information on all of Star's lending and other CRA-related activities and information in examination reports and other supervisory information that provide an on-site evaluation of compliance with the fair lending laws by Star. As discussed above, this information indicates that Star Bank assists in meeting the credit needs of all its communities, including LMI and minority borrowers. The 1996 Examination, moreover, found no violations of the substantive provisions of fair lending laws and determined that Star Bank's fair lending policies, procedures, training, and monitoring were effective.

Star Bank also has taken steps to increase its lending to LMI individuals and in LMI areas. The bank's Home Advantage Program ("HAP"), for example, provides loans for affordable housing with flexible underwriting criteria.[31] In 1995, Star Bank originated 1,112 HAP loans totaling $56.4 million and representing 28 percent of all home purchase loans made by the bank that year. As of June 30, 1996, Star Bank originated an additional 371 HAP loans totaling $20 million. The bank also offers home improvement loans with reduced interest rates to residents in LMI areas through its Home Advantage Home Improvement Program. The bank made 601 loans totaling $4.9 million under the program in 1995 and an additional 349 loans totaling $2.7 million during the first six months of 1996.

In June 1994, Star announced a comprehensive $1.5 billion commitment for home mortgage, home improvement, small business, small farm, and community development lending over five years in 33 counties served by the company. The program emphasizes loans in low-income areas and loans to LMI and minority borrowers and businesses owned by minorities and women. By the end of 1996, Star had achieved more than half its goals for home mortgage and home improvement lending and had exceeded its goals for small business and community development lending. Total lending was approximately $1.6 billion, and an additional $400 million of loans in these categories were made during the first six months of 1997. Star intends to include the markets currently served by Thrift under the program.

C. Investment and Service Performance Records of Star Bank

In General. The 1996 Examination noted a significant level of qualified community development investments. Examiners also considered the bank's responsiveness to community economic needs to be good and commended the bank for significant use of innovative and complex investments. Since its prior CRA evaluation in 1994, Star Bank made $2.5 million of qualified investments, including funding for approximately $1.9 million of its $6.1 million commitment to low-income housing tax credit projects.

Examiners also found that the bank provided a readily accessible system of full service branches that demonstrated a good distribution of branches throughout the bank's communities, including LMI areas. The 1996 Examination commended Star Bank for its extensive use of alternative systems for providing retail banking services, such as a 24-Hour Customer Service Center, enhanced automated teller machines, and alternative financing for borrowers who failed to qualify for conventional financing, and praised its relatively high level of community development services.

Ohio and Kentucky. The 1996 Examination rated Star Bank's performance in Ohio "high satisfactory" under the investment test and "outstanding" under the service test. Examiners concluded that the bank had a reasonable amount of qualified investments in the state and exhibited good responsiveness to the state's economic development needs. Overall, Star Bank made approximately $937,000 in qualified investments, including funding approximately $880,000 of its $3.4 million commitment to projects qualifying for low income housing tax credits. In addition, examiners found that the bank's full service branches and alternative systems for providing retail banking services were accessible in all income areas, including LMI areas, and that the bank's record of opening and closing branches had improved the accessibility of banking services. Star Bank also offered a relatively high level of community development services in Ohio.

In Kentucky, Star Bank's performance under the investment and service tests was rated "low satisfactory" and "high satisfactory," respectively, in the 1996 Examination. Examiners recognized that the bank's assessment area in Kentucky offered very little opportunity for making qualified investments. Star Bank's branches and alternative systems for providing retail banking services, however, were accessible in all income areas, including LMI areas. The bank also provided a wide range of community development services, including credit counseling services in LMI areas.

30. The data, for example, do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited in a credit denial) are not available from HMDA data.

31. Eligibility for the HAP loan program is based on income and the number of household members. The program permits higher debt-to-income ratios and a 3 percent minimum down payment that can be in the form of a gift from a relative or a grant from a nonprofit organization. The program also does not require private mortgage insurance.

D. Conclusion on CRA Performance

The Board has carefully reviewed all the facts of record in considering the CRA performance record of Star Bank and Thrift, including all of the comments received, responses to the comments, and the CRA performance records of Star Bank and Thrift, including the relevant reports of examination.[32] Based on a review of the entire record and for the reasons discussed in the order, the Board concludes that considerations relating to the CRA performance records of the institutions involved are consistent with approval of the proposal.

Conclusion

The Board also concludes that consummation of the proposal would result in benefits to consumers. The proposal would enable Star Bank to provide Thrift's customers with access to a broad range of services. Additionally, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies may make potentially profitable investments in nonbanking companies when those investments are consistent, as in this case, with the relevant considerations under the BHC Act, and public benefits from permitting banking organizations to allocate their resources in the manner they believe is most efficient. The Board also believes that the conduct of the proposed activities within the framework established in Regulation Y is not likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased consumer convenience. Accordingly, the Board has determined that the balance of the factors considered under the proper incident to banking standard of section 4(c)(8) of the BHC Act is consistent with approval.

Based on the foregoing and all other facts of record, the Board has determined that the notice should be, and hereby is, approved. The Board's approval of the notice is specifically conditioned on compliance by Star with commitments made in connection with the notice. The Board's determination also is subject to all the conditions in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This proposal shall be consummated not 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 December 18, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

SunTrust Banks, Inc.
Atlanta, Georgia

Order Approving Notice to Engage in Nonbanking Activities

SunTrust Banks, Inc., Atlanta, Georgia ("SunTrust"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire all the voting securities of Equitable Securities Corporation ("Company") and its nonbanking subsidiaries, Equitable Trust Company, and Equitable Asset Management, Inc. ("EAM"), all in Nashville, Tennessee, and thereby engage in the following nonbanking activities:

(1) Underwriting and dealing in, to a limited extent, all types of debt and equity securities ("bank-ineligible securities") other than interests in open-end investment companies;

(2) Extending credit and servicing loans, pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));

(3) Arranging commercial real estate equity financing, pursuant to section 225.28(b)(2)(ii) of Regulation Y (12 C.F.R. 225.28(b)(2)(ii));

(4) Providing leasing services, pursuant to section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3));

(5) Performing functions or activities that may be performed by a trust company, pursuant to section 225.28(b)(5) of Regulation Y (12 C.F.R. 225.28(b)(3));

(6) Providing financial and investment advisory services, pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));

(7) Providing securities brokerage, riskless principal, private placement and other transactional services, pursuant to section 225.28(b)(7)(i), (ii), (iii) and (v) of Regulation Y (12 C.F.R. 225.28(b)(7)(i), (ii), (iii) and (v)); and

32. Commenters criticized Star for failing to enter into a binding written agreement with their organizations. The Board has stated that, although communications between depository institutions and community groups are a valuable method of assessing the credit needs of the community, the CRA does not mandate a depository organization to enter into an agreement with any organization. *See Chemical Banking Corporation*, 82 *Federal Reserve Bulletin* 239 (1996).

(8) Underwriting and dealing in government obligations and money market instruments in which state member banks may underwrite and deal under 12 U.S.C. §§ 335 and 24(7) ("bank-eligible securities"), and engaging in investing and trading activities, pursuant to section 225.28(b)(8)(i) and (ii) of Regulation Y (12 C.F.R. 225.28(b)(8)(i) and (ii)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 60,713 (1997)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

SunTrust, with total consolidated assets of $55.4 billion, is the 19th largest banking organization in the United States.[1] SunTrust controls 28 subsidiary banks that operate in Georgia, Alabama, Florida, and Tennessee, and engages in a broad range of permissible nonbanking activities. Company, with consolidated assets of $52.6 million, engages directly and through its affiliates in a broad range of investment advisory, securities brokerage, securities underwriting, and other activities.[2]

SunTrust proposes to merge Company with SunTrust Capital Markets, Inc., Atlanta, Georgia ("STCM"), a subsidiary of SunTrust engaged in securities-related activities, including underwriting and dealing in, to a limited extent, municipal revenue bonds, 1–4 family mortgage-related securities, consumer receivable-related securities, and commercial paper, with Company surviving the merger.[3] Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC") under the Securities and Exchange Act of 1934 ("1934 Act") (15 U.S.C. § 78a *et seq.*), an investment advisor registered with the SEC under the Investment Advisers Act of 1940 ("1940 Act") (15 U.S.C. § 80b-1 *et seq.*), and a member of the National Association of Securities Dealers ("NASD").[4] Accordingly, Company is, and will remain, subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the 1934 Act, the 1940 Act, the SEC, and the NASD.

Underwriting and Dealing Activities

The Board has determined—subject to the framework of prudential limitations to address the potential for conflicts of interests, unsound banking practices, or other adverse effects — that the proposed activities of underwriting and dealing in bank-ineligible securities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[5]

The Board also has determined that the conduct of the proposed activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in underwriting and dealing activities derives no more than 25 percent of its gross revenues from underwriting and dealing in bank-ineligible securities over a two-year period.[6] SunTrust has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities subject to the Board's 25 percent revenue limit.[7] As a condition of this order, SunTrust is required to conduct its bank-ineligible securities activities subject to the Operating Standards for section 20 subsidiaries ("Operating Standards").[8]

Mutual Fund Activities

Under the Glass–Steagall Act, a company that owns a member bank may not control "through stock ownership or in any other manner" a company that engages principally in distributing, underwriting, or issuing securities.[9] The Board has found that this provision prohibits affiliates of banks from sponsoring, organizing, or controlling a mutual fund.

Company currently provides advisory services to mutual funds, including its proprietary family of mutual funds, the ESC Strategic Funds (the "Funds"). After consummation of the proposal, Company would cease to act as distributor

1. Asset and ranking data are as of September 30, 1997.

2. Company also currently engages in certain insurance activities and controls several limited partnerships that invest in debt and equity securities. SunTrust has committed to conform the activities, investments, and relationships of Company and its subsidiaries to those permissible for bank holding companies under section 4 of the BHC Act within two years of acquiring Company. SunTrust also has committed that Company will cease, within two years of consummation of the proposal, the sale of variable annuities.

3. *See SunTrust Banks, Inc.*, 80 *Federal Reserve Bulletin* 938 (1994).

4. EAM also is an investment advisor registered with the SEC under the 1940 Act.

5. *See J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 486 U.S. 1059 (1988); as modified by *Review of Restrictions on Director, Officer and Employee Interlocks, Cross-Marketing Activities, and the Purchase and Sale of Financial Assets Between a Section 20 Subsidiary and an Affiliated Bank or Thrift*, 61 *Federal Register* 57,679 (1996), and *Amendments to Restrictions in the Board's Section 20 Orders*, 62 *Federal Register* 45,295 (1997) (collectively, the "Section 20 Orders").

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

7. Company may provide services that are necessary incidents to the proposed underwriting and dealing activities. Unless Company receives specific approval under section 4(c)(8) of the BHC Act to conduct the activities independently, Company must treat any revenues from the incidental activities as ineligible revenues subject to the Board's revenue limitation.

8. 12 C.F.R. 225.200.

9. *See* 12 U.S.C. §§ 221a and 377.

for the Funds. Administrative services would be provided to the Funds and the Funds would be distributed by a distributor that is independent of both SunTrust and Company. This distributor would enter into contractual agreements with the Funds to serve as "principal underwriter" of the Funds.[10] The independent distributor also would be responsible for supervising sales as the "principal" underwriter for purposes of the federal securities laws.[11]

SunTrust also proposes to have certain director and officer interlocks with the Funds. In particular, SunTrust proposes that an officer of Company serve as chairman of the Funds' four-member board of directors. SunTrust also proposes that an officer of Company serve as a junior-level officer of the Funds.[12] The Board previously has authorized a bank holding company to have director and officer interlocks with mutual funds that the bank holding company advises.[13] The Board does not believe that the proposed interlocks between Company and the Funds in this case would compromise the independence of the board of directors of the Funds or result in the control of the Funds by SunTrust or Company.

Other Activities Approved by Regulation

The Board previously has determined by regulation that credit and credit-related activities; commercial real estate equity; leasing; trust company; financial and investment advisory; securities brokerage, riskless principal, private placement, and other transactional activities; and bank-eligible underwriting and dealing activities are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[14] SunTrust has committed to conduct each of these activities in accordance with Regulation Y and relevant Board interpretations and orders.

Proper Incident to Banking Standard

In order to approve the proposal, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposed transaction "can reasonably be expected to produce benefits to the public ... that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[15] As a part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on such resources.[16]

In considering the financial resources of the notificant, the Board has reviewed the capitalization of SunTrust and STCM in accordance with the standards set forth in the Section 20 Orders. The Board finds the capitalization of each to be consistent with approval of the proposal. The Board's determination is based on all the facts of record, including SunTrust's projections of the volume of Company's underwriting and dealing activities in bank-ineligible securities.

The Board also has reviewed the managerial resources of each of the entities involved in the proposal. The Board has reviewed these resources in light of relevant reports of examination, the results of a recent infrastructure review of STCM and Company, and the Board's supervisory experience with SunTrust and STCM. The Board also has considered that SunTrust has established policies and procedures to ensure compliance with this order and the Section 20 Orders, including computer, audit, and accounting systems, internal risk management controls, and the necessary operational and managerial infrastructure. On the basis of these and all the facts of record, including the commitments provided in this case and the proposed managerial structure and risk management systems of Company, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

The Board has carefully considered the competitive effects of the proposed acquisition. The record reflects that there are few overlaps in the services provided by STCM and Company: STCM specializes in corporate and municipal finance, while Company's business has been focused primarily on equity research, underwriting, sales, and trading, particularly initial public offerings. To the extent that STCM and Company offer different types of products, the proposed acquisition would result in no loss of competition. In those markets in which the product offerings of STCM and Company do overlap, there are numerous existing and potential competitors. Consummation of the proposal, therefore, would have a *de minimis* effect on competition in the markets for these services, and the Board has concluded that the proposal would not result in any significantly adverse competitive effects in any relevant market.

The Board expects that the proposed acquisition would provide added convenience to customers of both SunTrust and Company. The proposed acquisition would allow SunTrust to expand the range of products and services available to its customers and those of Company. In particular, SunTrust believes that the proposed transaction would give emerging and rapidly growing companies improved access

10. As defined under the 1940 Act, a principal underwriter is any underwriter who, as a principal, purchases from a mutual fund any security for distribution, or who as agent for such fund sells or has the right to sell the fund's securities to a dealer and/or to the public. 15 U.S.C. § 80a-2(a)(29).

11. An independent distributor, or intermediaries other than SunTrust or Company, would enter into any sales agreements with financial intermediaries to sell shares of the Funds. The independent distributor would be responsible for placing all advertisements and would have legal responsibility under the rules of NASD for the form and use of all advertising and sales literature prepared by SunTrust or Company and also would be responsible for filing these materials with the NASD or SEC.

12. This officer would have no policy-making authority at the Funds and would not be responsible for policy-making functions.

13. *See Bankers Trust New York Corporation*, 83 *Federal Reserve Bulletin* 780 (1997); *Commerzbank AG*, 83 *Federal Reserve Bulletin* 679 (1997).

14. *See* 12 C.F.R. 225.28(b)(1), (2)(i)(ii); (3), (5), (6), (7)(i), (7)(ii), (7)(iii), (7)(v), (8)(i) and (8)(ii).

15. *See* 12 U.S.C. § 1843(c)(8).

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

to capital and financing, thereby allowing them to expand and create new jobs.

Under the framework and conditions established in this order and the Section 20 Orders, and based on all the facts of record, the Board concludes that Company's proposed underwriting and dealing activities in bank-ineligible securities are not likely to result in significantly adverse effects that would outweigh the public benefits. Similarly, the Board finds no evidence that Company's proposed riskless principal, private placement, and other nonbanking activities—conducted under the framework and conditions established in this order and Regulation Y—would likely result in any significantly adverse effects that would outweigh the public benefits of the proposal.

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

Conclusion

On the basis of all the facts of record, the Board has determined that the notice should be, and hereby is, approved, subject to all the terms and conditions in this order and the Section 20 Orders, as modified by the Modification Orders. The Board's approval of the 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 Company's activities are consistent with safety and soundness, avoiding conflicts of interests, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in this order and the Section 20 Orders, as modified by the Modification Orders, is not within the scope of the Board's approval and is not authorized for Company.

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 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), 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 specifically is conditioned on SunTrust's compliance with all the Operating Standards and commitments made in connection with this notice, including the commitments discussed in this order and the conditions set forth in the Board regulations and orders noted above. The commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 18, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

NationsBank Corporation
Charlotte, North Carolina

NB Holdings Corporation
Charlotte, North Carolina

Order Approving the Merger of Bank Holding Companies

NationsBank Corporation and NB Holdings Corporation (collectively, "NationsBank"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Barnett Banks, Inc., Jacksonville, Florida ("Barnett"), and thereby acquire Barnett's subsidiary banks, Barnett Bank, National Association, Jacksonville, Florida ("Barnett Bank"), and Community Bank of the Islands, Sanibel, Florida ("Community Bank").[1] NationsBank also has requested the Board's approval under section 4(c)(8) of the BHC Act and section 225.24 of the Board's Regulation Y to acquire the nonbanking subsidiaries of Barnett and thereby engage in the nonbanking activities listed in Appendix A.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published both in the *Federal Register* (62 *Federal Register* 54,460 and 55,645 (1997)) and newspapers in accordance with the Board's rules. The comment period provided interested persons with approximately 39 days in which to submit their views on all aspects of the proposal, and approximately 115 commenters provided written submissions. The Board has considered the application and notice and all

1. Barnett would merge with and into NB Holdings Corporation with NB Holdings as the surviving corporation. NationsBank and Barnett also have requested the Board's approval to acquire certain options to purchase up to 19.9 percent of the other's voting shares if certain events occur. The options would expire on consummation of the merger of NationsBank with Barnett.

2. As discussed in the order, Barnett has entered into a binding contract to sell all the branches and deposits of First of America Bank-Florida, FSB, Tampa, Florida ("FOA"), to SouthTrust Corporation, Birmingham, Alabama ("SouthTrust").

comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

NationsBank, with total consolidated assets of approximately $240.4 billion, is the fifth largest commercial banking organization in the United States, controlling approximately 5 percent of total banking assets of insured commercial banks in the nation ("total banking assets").[3] The subsidiary banks of NationsBank operate in North Carolina, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Missouri, Maryland, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. NationsBank also engages through other subsidiaries in a number of permissible nonbanking activities. Barnett, with total consolidated assets of approximately $44.7 billion, is the 23rd largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets in the United States. Barnett owns one subsidiary bank that operates in Florida and Georgia and another that operates in Florida, and engages through subsidiaries in a variety of permissible nonbanking activities.

On consummation of the proposal, and accounting for all proposed divestitures, NationsBank would become the third largest commercial banking organization in the United States, with total consolidated assets of approximately $285.1 billion, representing approximately 5.9 percent of total banking assets in the United States. NationsBank also would control 29.6 percent and 18.4 percent of the total deposits held by insured depository institutions ("total deposits") in Florida and Georgia, respectively.[4] State deposit and ranking data for NationsBank and Barnett are discussed in Appendix B.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act"), allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met. For purposes of the BHC Act, the home state of NationsBank is North Carolina, and Barnett has operations in Florida and Georgia.[5] All of the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[6] In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

The BHC Act prohibits the Board from approving an application under section 3 of the BHC Act if the proposal would result in a monopoly, or if the proposal would substantially lessen competition in any relevant banking market and the Board has not found that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.

The NationsBank/Barnett proposal would combine two banking organizations that compete in a large number of banking markets in Florida. These organizations are among the largest providers of banking services in these markets and have a significant competitive effect in many markets. Accordingly, the Board has taken special care in analyzing the effect of this transaction on competition in the relevant markets and the comments submitted regarding the competitive effects of this transaction.[7] While in several markets this is a close case, as explained below and in the attached Appendices, the Board has taken particular account of the fact that Florida and the markets affected by this transaction are among the fastest growing and most attractive locations for entry by banking organizations in the United States. The attractiveness of many of the markets affected by this transaction has been demonstrated by recent *de novo* entry by banking organizations, including several large multi-state bank holding companies, as well as by entry through acquisition by banking organizations that include Florida and large multi-state bank holding companies.

3. Asset and ranking data are as of June 30, 1997. Deposit and market data are as of June 30, 1996, adjusted for mergers and acquisitions through November 25, 1997, and, as discussed in the order, account for NationsBank's commitment to divest certain deposits.

4. In this context, depository institutions include commercial banks, savings banks, and savings associations.

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

6. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). NationsBank is adequately capitalized and adequately managed as defined in the Riegle-Neal Act, and Barnett's subsidiary banks have been in existence and operated for the minimum periods of time necessary to satisfy age requirements established by applicable state law. *See* Fla. Stat. Ch. 658.295 (1996) (3 years) and Ga. Code Ann. § 7-1-622 (1997) (5 years). One commenter stated that NationsBank would control a larger percentage of insured deposits in Florida than permitted under federal and state law. Section 3(d) of the BHC Act, as amended by section 101 of the Riegle-Neal Act, prohibits the Board from approving a proposal if after consummation the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States or 30 percent of the total deposits of insured depository institutions in any state (unless another percentage is permitted under applicable state law). *See* 12 U.S.C. §§ 1842(d)(2)(A) and (B). Florida and Georgia law also each impose a 30 percent limitation on the amount of deposits in insured depository institutions that a banking organization may control through acquisition. On consummation of the proposal, accounting for all proposed divestitures, NationsBank would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States, and less than 30 percent of the total amount of deposits of insured depository institutions in Florida and Georgia, respectively.

7. Commenters also contended that the anticompetitive effects of the proposal would result in a decrease in interest rates on deposits, an increase in fees, and a reduction in service for customers of Barnett.

The Board and the courts consistently have recognized that the appropriate product market for evaluating the competitive effects of bank mergers and acquisitions is the cluster of products and services offered by banking institutions.[8] The Board and the courts also have found that the relevant geographic market for analyzing the competitive effect of a proposal must reflect commercial and banking realities and should consist of the local area where the banks involved offer their services and where local customers can practicably turn for alternatives.[9] In making a determination on the geographic markets in this case, the Board has considered worker commuting patterns (as indicated by census data), shopping patterns, and other indicia of economic integration and the transmission of competitive forces among depository institutions, and relevant banking data. In considering the competitive effects of the NationsBank/Barnett proposal, the Board concludes, based on all the facts of record, that the appropriate product market is the cluster of banking products and services, and that the appropriate geographic markets are as defined in Appendix C.

NationsBank and Barnett compete in a total of 28 banking markets: 25 in Florida and three in Georgia.[10] Consummation of the proposal, without divestitures, would be consistent with the Department of Justice Merger Guidelines ("DOJ Guidelines")[11] and prior Board precedent in the nine banking markets in Florida and the two banking markets in Georgia identified in Appendix D. In these eleven markets, the Board has determined, in light of the number of competitors that would remain in each market, the characteristics of each market, the projected increase in the concentration of total deposits in depository institutions[12] in each market ("market deposits") as measured by the HHI under the DOJ Guidelines, and the resulting market share, that consummation of the proposal would not be likely to result in a significantly adverse effect on competition.

Consummation of the proposal in the remaining 17 banking markets would exceed the DOJ Guidelines as measured by the HHI. The Board previously has indicated that HHI levels are only guidelines that are used by the Board, the DOJ, and other banking agencies to help identify cases in which a more detailed competitive analysis is appropriate to assure that the proposal would not have a significantly adverse effect on competition in any relevant market. A proposal that fails to pass the HHI market screen may, nonetheless, be approved because other information indicates that the proposal would not have a significantly adverse effect on competition.[13] As discussed below and in Appendices D and E, the Board believes that a number of additional factors in these 17 banking markets mitigate the potential effect of the proposal on competition.

(a) *Banking Markets with No Proposed Divestitures.*
In the five banking markets of Naples, Orlando, Punta Gorda, Polk County, and Tallahassee, Florida, the change

8. *See United States v. Philadelphia National Bank,* 374 U.S. 321, 357 (1963) (*"Philadelphia National"*). *Accord United States v. Connecticut National Bank,* 418 U.S. 656 (1974); *United States v. Phillipsburg National Bank,* 399 U.S. 350 (1969) (*"Phillipsburg National"*). *See also Chemical Banking Corporation,* 82 *Federal Reserve Bulletin* 239 (1996) ("Chemical Order").

9. *See, e.g., St. Joseph Valley Bank,* 68 *Federal Reserve Bulletin* 673 (1982); *see Philadelphia National* at 357; *Phillipsburg National.*

10. In evaluating the competitive effects of this transaction, the Board has taken into account the fact that Barnett has entered into a binding contract to sell all the branches and deposits of FOA to SouthTrust. The Barnett/FOA acquisition was recently approved by the Board (order dated September 15, 1997), and FOA has been operated separately and not been integrated into the Barnett organization. Accordingly, market concentration calculations in this order attribute FOA's branches and deposits to SouthTrust, and the amount of divestitures discussed in this order that have been proposed by NationsBank are in addition to the sale of FOA branches and deposits. The Department of Justice ("DOJ") also attributed the FOA branches and deposits to SouthTrust in conducting its competitive analysis of the proposal.

11. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger Herfindahl–Hirschman Index ("HHI") is between 1000 and 1800 is considered moderately concentrated. The DOJ 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 or acquisition increases the HHI by at least 200 points. The DOJ has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial institutions.

12. Market concentration calculations include deposits of thrift institutions at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.,* 77 *Federal Reserve Bulletin* 52 (1991). Because FOA would be acquired by a commercial banking organization, FOA's deposits are included at 100 percent in the calculation of market share. *See Norwest Corporation,* 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.,* 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

13. A commenter proposed that the Board establish absolute limits on bank mergers and acquisitions. The commenter suggested imposing a 30 percent limitation on the amount of deposits that one bank may control in any local banking market. The commenter also proposed that the following limits be imposed on the market share of the largest bank in any local banking market:

(1) A ratio of 1.5 when compared with the market share of the second largest bank in the market; and

(2) A ratio of 1 when compared with the combined market share of the second and third largest banks in the market.

The Board and the courts have recognized that the competitive effects of a proposal are complex and are analyzed best by reviewing and considering a variety of data and measures. The Board's approach examines changes in and *pro forma* levels of the HHI in addition to a number of other factors, including the number of competitors in the market, the structure and characteristics of the market, and the relative and absolute market shares of all depository institutions in the market as well as the three largest competitors. This approach takes into account the commenter's principles while at the same time permitting a consideration of a variety of other factors that may affect competition in a particular banking market. Based on long-standing experience in conducting competitive analyses of bank acquisitions and mergers, the Board concludes that this approach provides a more complete economic analysis of the competitive effects in a local banking market.

in market concentration as measured by the HHI would exceed the DOJ Guidelines. No divestitures have been proposed in these markets. However, a number of factors indicate that the proposal is not likely to have a significantly adverse effect on competition in any of these markets.

Naples. NationsBank is the third largest of 22 depository institutions in the Naples banking market, and controls deposits of $402.5 million, representing 12.3 percent of market deposits. Barnett is the largest depository institution in the market, and controls deposits of $724.3 million, representing approximately 22.2 percent of market deposits. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 34.5 percent of the market deposits. The HHI would increase 548 points to 1839.

Twenty-one depository institutions would remain in the Naples banking market after consummation of the proposal, including four large multi-state banking organizations other than NationsBank. In addition to NationsBank, two of the multi-state competitors would each control more than 10 percent of market deposits. Naples is a Metropolitan Statistical Area ("MSA") that is attractive for entry to out-of-market competitors. The rate of growth in population and deposits exceeds, on average, that of other Florida MSAs, and the average per capita income in the Naples banking market is substantially higher than the average per capita income for other Florida MSAs.[14] Since 1995, six depository institutions have entered the market *de novo* and three have entered by acquisition. In addition, two banking organizations have announced plans to make *de novo* entries.

Orlando. NationsBank is the fourth largest of 36 depository institutions in the Orlando banking market, and controls deposits of $1.3 billion, representing 10.6 percent of market deposits. Barnett is the second largest depository institution in the market, and controls deposits of $2.5 billion, representing approximately 21 percent of market deposits. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 31.6 percent of the market deposits, and the HHI would increase 445 points to 2063.

Thirty-five depository institutions would remain in the Orlando banking market after consummation of the proposal, including six large multi-state banking organizations other than NationsBank. In addition to NationsBank, two of the multi-state competitors would each control more than 10 percent of market deposits. The Orlando banking market also is attractive for entry. The rate of growth in population and market deposits, population per banking office, and per capita income exceeds, on average, that of other Florida MSAs.[15] Since 1994, two banks and one thrift have entered *de novo* and two banks have entered by acquisition.

Punta Gorda. NationsBank is the fifth largest of 12 depository institutions in the Punta Gorda banking market, and controls deposits of $174.1 million, representing 10 percent of market deposits. Barnett is the third largest depository institution in the market, and controls deposits of $346.4 million, representing approximately 20 percent of market deposits. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 30 percent of the market deposits, and the HHI would increase 400 points to 2131.

Eleven depository institutions would remain in the Punta Gorda banking market after consummation of the proposal, including four large multi-state banking organizations other than NationsBank. In addition to NationsBank, one of the multi-state competitors would control 23.7 percent of market deposits and two other competitors would each control more than 15 percent of market deposits. The Punta Gorda banking market also has characteristics that make it attractive for entry. The rate of growth in population and market deposits in the Punta Gorda MSA exceeds, on average, that of Florida MSAs and the state as a whole.[16] Since 1991, three depository institutions have entered the banking market *de novo*, and four depository institutions have entered through acquisitions.

Polk County and Tallahassee. As discussed in Appendix D, in the Polk County and Tallahassee banking markets, at least 11 depository institution competitors would remain in the markets following consummation of the proposal. Each of these markets is also attractive for entry and has experienced recent entry by new competitors.

(b) *Banking Markets with Proposed Divestitures.*
In order to mitigate the potential anticompetitive effects of the proposal in the remaining 12 banking markets, NationsBank has committed to divest 67 branches in these markets.[17] The branches proposed to be divested account

14. Between 1990 and 1996, the population of the Naples MSA increased at a rate of 23.6 percent as compared to 10.8 percent for other Florida MSAs. The rate of growth of deposits in the MSA was 9.7 percent between 1991 and 1996 as compared to a decrease of 2.8 percent for other Florida MSAs. In 1996, the average per capita income in the Naples MSA was $26,815 as compared to $18,182 for other Florida MSAs.

15. Between 1990 and 1996, the population of the Orlando MSA increased at a rate of 15.7 percent as compared to 10.8 percent for other Florida MSAs. The rate of growth of deposits in the MSA was 6.7 percent between 1991 and 1996 as compared to a decrease of 2.8 percent for other Florida MSAs. In 1996, average per capita income in the Orlando MSA was $18,900 as compared to $18,182 for other Florida MSAs; and the average population per banking office was 4318 as compared to 3596 for other Florida MSAs.

16. Between 1990 and 1996, the population of the Punta Gorda MSA increased at a rate of 15.6 percent as compared to 10.8 percent for other Florida MSAs. The rate of growth of deposits in the MSA was 1 percent between 1991 and 1996 as compared to a decrease of 2.8 percent for other Florida MSAs.

17. With respect to each market in which NationsBank has committed to divest offices to mitigate the anticompetitive effects of the proposal, NationsBank has committed, prior to consummation of the acquisition of Barnett, to execute sales agreements with a purchaser determined by the Board to be competitively suitable and to complete the divestitures within 180 days of consummation of the acquisition. In addition, NationsBank has committed that, in the event it is unsuccessful in completing any divestiture within 180 days of consummation of the proposal, NationsBank will transfer the unsold

for approximately $3.1 billion in deposits and represent approximately 9 percent of the total deposits controlled by Barnett.[18] After accounting for the proposed divestitures, consummation of the proposal in five banking markets in Florida—Columbia County, Key Largo, Key West, Marathon, and Suwanee County—would be consistent with the DOJ Guidelines and prior Board precedent. These markets are discussed in Appendix E.

Consummation of the proposal in the remaining seven banking markets—Ocala, Ft. Myers, Daytona Beach, Tampa Bay, Brevard County and Sarasota in Florida and Brunswick County in Georgia—would exceed the DOJ Guidelines after accounting for the proposed divestitures.

Florida Banking Markets

Ocala. NationsBank is the fourth largest of 15 depository institutions in the Ocala banking market, and controls deposits of $316.1 million, representing 13.4 percent of market deposits. Barnett is the largest depository institution in the market, and controls deposits of $542 million, representing 23 percent of market deposits. NationsBank proposes to divest two branches in this market, with deposits of $42.6 million to a competitor suitable to the Board. In this market, a competitor suitable to the Board is an out-of-market commercial banking organization or an in-market commercial banking organization that currently controls less than 3 percent of market deposits. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 34.6 percent of the market deposits, and the HHI would increase not more than 503 points or exceed a post-merger HHI of 2067.

At least 14 depository institutions would remain in the Ocala banking market after consummation of the proposal, including five large multi-state banking organizations other than NationsBank. In addition to NationsBank, two of the multi-state competitors would each control more than 15 percent of market deposits. The proposed divestiture of approximately 1.8 percent of market deposits to a new entrant or a smaller competitor would either add a new competitor or would increase the competitive presence of a smaller competitor. The Ocala banking market also has characteristics that make it attractive for entry. The rate of growth in population and market deposits exceeds, on average, that of other Florida MSAs.[19] Since 1992, two commercial banks have entered the market *de novo* and five commercial banks have entered by acquisition.

Fort Myers. NationsBank is the second largest of 17 depository institutions in the Fort Myers banking market, and controls deposits of $1.1 billion, representing 20.8 percent of market deposits. Barnett is the third largest depository institution in the market, and controls deposits of $944.9 million, representing 18.5 percent of market deposits. NationsBank proposes to divest six branches in this market, with deposits of $300.7 million, to an out-of-market commercial banking organization. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 33.4 percent of the market deposits, and the HHI would increase 377 points to 2035.

The proposed divestiture of approximately 5.9 percent of market deposits to a new commercial banking organization entrant would keep the number of depository institutions unchanged at 17 and provide an effective new competitor in the banking market. Three large multi-state banking organizations other than NationsBank also would each control at least 8 percent of market deposits, and one of the multi-state competitors would control 24.9 percent of market deposits. Since 1993, ten depository institutions have entered the Fort Myers banking market *de novo* and five depository institutions have entered by acquisition, indicating that the market is attractive for entry.[20]

Daytona Beach. NationsBank is the fourth largest of 17 depository institutions in the Daytona Beach banking market, and controls deposits of $440.1 million, representing 10.8 percent of market deposits. Barnett is the second largest depository institution in the market, and controls deposits of $912.7 million, representing 22.5 percent of market deposits. NationsBank proposes to divest four branches in this market, with deposits of $77 million, to an out-of-market commercial banking organization. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 31.4 percent of the market deposits, and the HHI would increase 368 points to 2121.

The number of depository institutions in the market would remain unchanged at 17, and would include two large multi-state banking organizations other than NationsBank that would each control more than 19 percent of market deposits. Daytona Beach is also an MSA that is attractive for entry.[21] Four banking organizations and one savings association have entered the market *de novo* since 1996, and a banking organization has announced its intent to enter the market.

branch(es) to an independent trustee that is acceptable to the Board and that will be instructed to sell the branches promptly. *BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991).

18. All divestiture dollar amounts are based on June 30, 1996, summary of deposit data for the branches that NationsBank has committed to divest.

19. Between 1990 and 1996, the population of the Ocala MSA increased at a rate of 17.9 percent as compared to 10.8 percent for other Florida MSAs. The rate of growth of deposits in the MSA was 3.9 percent between 1991 and 1996 as compared to a decrease of 2.8 percent for other Florida MSAs.

20. In addition, between 1990 and 1996, the population of the Fort Myers-Cape Coral MSA increased at a rate of 14.5 percent as compared to 10.8 percent for other Florida MSAs.

21. Between 1990 and 1996, the population of the Daytona Beach MSA increased at a rate of 12.4 percent as compared to 10.8 percent for Florida MSAs. The rate of growth of deposits in the MSA was 7.5 percent between 1991 and 1996 as compared to a decrease of 2.8 percent for other Florida MSAs.

Tampa Bay. NationsBank is the second largest of 58 depository institutions in the Tampa Bay banking market, and controls deposits of $4.6 billion, representing 18.2 percent of market deposits. Barnett is the largest depository institution in the market, and controls deposits of $6.5 billion, representing 25.5 percent of market deposits. NationsBank proposes to divest 34 branches in this market, with deposits of $1.6 billion, to an out-of-market commercial banking organization. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 37.6 percent of the market deposits, and the HHI would increase 467 points to 1918.

The number of depository institutions in the market would remain unchanged at 58, including six large multi-state banking organizations other than NationsBank. In addition to NationsBank, three of the multi-state banking organizations would each control more than 8 percent of market deposits. The new commercial banking organization entrant would acquire 6.1 percent of market deposits and a substantial branch network that should enable the new entrant to be an effective competitor in the market. The Tampa Bay banking market also is a large MSA that has features that make it attractive for entry.[22] Since 1992, five depository institutions have entered the market *de novo* and 15 have entered by acquisition.

Brevard and Sarasota. As discussed in Appendix E, the proposed divestitures in the Brevard County and Sarasota banking markets would either add a new commercial banking organization competitor or would increase the competitive presence of a smaller commercial banking organization competitor. Each of these markets is attractive for entry and has experienced recent entry by new competitors.

Georgia Banking Market

Brunswick County. NationsBank is the largest of ten depository institutions in the Brunswick County banking market, and controls deposits of $216.1 million, representing 25.8 percent of market deposits. Barnett is the fourth largest depository institution in the market, and controls deposits of $99.9 million, representing 11.9 percent of market deposits. NationsBank proposes to divest one branch in this market, with deposits of $23.1 million, to a competitor suitable to the Board. In this market, a competitor suitable to the Board is an out-of-market commercial banking organization. After consummation of the proposal, NationsBank would remain the largest depository institution in the market, controlling 34.9 percent of the market deposits, and the HHI would increase 421 points to 2025.

The number of depository institutions would remain unchanged at ten, and would include two large multi-state banking organizations other than NationsBank that would each control more than 12 percent of market deposits. The proposed divestiture of approximately 2.8 percent of market deposits would provide an effective new competitor in the Brunswick banking market. The banking market also has features that make it attractive for entry by out-of-market banking organizations. The rate of growth of market deposits, and average per capita income are higher for the Brunswick County banking market than for non-MSA counties in Georgia.[23] Two commercial banks entered the market *de novo* in 1997.

Conclusion Regarding Competitive Factors

The Board has sought comments from the United States Attorney General ("Attorney General"), the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC") on the competitive effects of this proposal. The Attorney General has conducted a detailed review of this proposal and has advised the Board that, subject to the proposed divestitures, consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant market. The OCC and the FDIC also have not objected to consummation of the proposal.

For the reasons discussed in this order and the accompanying appendices, and after carefully considering public comments on the competitive effects of the proposal, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market. This finding is based on all the facts of record and is conditioned on consummation of the proposed divestitures discussed in this order and its Appendices.

This is a difficult case in many respects and highlights some of the complexities of analyzing the competitive effects of mergers that affect a large number of local markets. As explained above, the proposal meets the criteria that the Board have traditionally applied to bank acquisition cases. The Board's experience in analyzing these cases, however, suggests that, in future cases, increased importance should be placed on a number of factors where the proposal involves a combination that exceeds the DOJ guidelines in a large number of local markets. In these cases, the Board believes that it is important to give increased attention to the size of the change in market concentration as measured by the HHI in highly concentrated markets, the resulting market share of the acquiror and the *pro forma* HHIs in these markets, the strength and nature of competitors that remain in the market, and the strength of additional positive and negative factors that may affect competition for financial services in each mar-

22. The Tampa-St. Petersburg MSA ranks second in total deposits out of the 20 Florida MSAs. In 1996, the average per capita income for the MSA was $18,587 as compared to $18,182 for other Florida MSAs; and the average population per banking office for the MSA was 3,703 as compared to 3,596 for other Florida MSAs.

23. Between 1991 and 1996, deposits in the Brunswick banking market increased at a rate of 25.6 percent between 1991 and 1996 as compared to an increase of 20.7 percent for other non-MSA counties in Georgia. In 1996, the average per capita income in the Brunswick banking market was $17,085 as compared to $14,161 for other non-MSA Georgia counties.

ket. The Board believes that this refined focus would better address the challenges of analyzing the complex competitive effects of combinations that affect multiple markets.

Other Factors Under the BHC Act

The BHC Act also requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal, the convenience and needs of the community to be served, and certain other supervisory factors.

A. Financial, Managerial, and Other Supervisory Factors

The Board has carefully considered the financial and managerial resources and future prospects of NationsBank, Barnett, and their respective subsidiary banks, and other supervisory factors in light of all the facts of record, including the public comments.[24] The Board notes that the bank holding companies and their subsidiary banks are currently well capitalized and are expected to remain so after consummation of the proposal.

The Board also has considered other aspects of the financial condition and resources of the two organizations, the structure of the proposed transaction, and the managerial resources of each of the entities and the combined organization.[25] In connection with the Board's assessment of the financial and managerial resources of NationsBank and Barnett, the Board has considered its supervisory experience with the two companies as well as that of other federal supervisory authorities, including assessments of the organizations' efforts to ensure Year 2000 readiness. Based on these and other facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of NationsBank, Barnett, and their respective subsidiaries are consistent with approval of the proposal, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

B. Convenience and Needs Considerations

The Board has carefully considered the effect of the proposed acquisition on the convenience and needs of the community to be served in light of all the facts of record, including comments on the effects the proposal would have on the communities to be served by the combined organization. Overall, the Board received approximately 25 comments in favor of the proposal and approximately 90 opposed to the proposal.[26]

Most of the commenters supporting the proposal were community-based organizations, and they commented favorably on NationsBank's record of performance under Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[27] These commenters generally commended the assistance NationsBank provided in community redevelopment activities and applauded NationsBank for reinvesting in various communities. These commenters expected that a combined NationsBank/Barnett organization would benefit the communities to be served.

Approximately nine community-based organizations criticized various aspects of the CRA performance record of NationsBank, including its community development and small business lending, and expressed concern that the proposed acquisition would adversely affect the communities served by Barnett, primarily in Florida.[28] The remaining commenters opposing the proposal were individuals who primarily criticized NationsBank's banking products and services and, in some cases, praised the banking products and services provided by Barnett. In addition, some individual commenters and community-based organizations raised concerns that the proposed acquisition would

24. The comments received include comments contending that:
(i) NationsBank has not performed a sufficient due diligence examination of Barnett;
(ii) An unlicensed Barnett broker misappropriated a customer's funds;
(iii) Recent developments in Asian currency and other emerging markets would adversely affect NationsBank's financial resources;
(iv) Fluctuations in NationsBank's stock price and debt ratings reflect concerns about the bank's managerial and financial resources;
(v) NationsBank's safety and soundness would be threatened by the size of the proposed transaction; and
(vi) Barnett has announced publicly a settlement of an alleged violation of the Bank Secrecy Act.

25. Commenters cited, as indications of concern regarding managerial resources, several pending or settled lawsuits, including actions involving securities brokerage activities by NationsBank and Barnett, an administrative complaint filed by the Department of Labor alleging that NationsBank engaged in discriminatory hiring practices in Charlotte, North Carolina, in 1993, and civil actions alleging that NationsBank discriminated against minority borrowers. Some commenters requested that the Board not act on the NationsBank/Barnett proposal until particular lawsuits were settled, and other commenters contended the record of litigation and administrative actions raised adverse considerations under the convenience and needs factor. The Board previously has reviewed and considered the lawsuits against NationsBank in connection with approving other NationsBank acquisitions. *See NationsBank Corporation,* 83 *Federal Reserve Bulletin* 924 (1997); *NationsBank Corporation,* 83 *Federal Reserve Bulletin* 148 (1997). In addition, the Board notes that, as in the previous applications, there has been no adjudication of wrongdoing by NationsBank or Barnett, and that each proceeding is pending before a forum that has the authority to provide the plaintiffs with adequate remedies if their allegations of wrongdoing can be sustained.

26. One commenter suggested that the Board conduct surveys in the affected communities. As discussed in the order, the Board's public comment procedure gives any interested person an opportunity to provide any information on the effects of the proposal in the community, and numerous comments were received in response to the invitation for public comment.

27. These commenters included the ACORN Housing Corporation, the Urban League of Greater Miami, the Tampa Bay Community Development Corporation, the Orlando Neighborhood Improvement Corporation, and St. Petersburg Neighborhood Housing Services, Inc.

28. These commenters included Vickers & Associates, Inner City Press/Community on the Move, the Fair Housing Continuum, People Acting for Community Together, and the North Carolina Fair Housing Center.

result in numerous branch closings that would adversely affect low- and moderate-income ("LMI") neighborhoods and senior citizens, and would result in a reduction in community development and home mortgage lending.[29] Several commenters also maintained that NationsBank's record of CRA performance and compliance with the fair lending laws was deficient in a number of areas, in part on the basis of 1996 data submitted under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA").

In reviewing the convenience and needs of communities to be served, the Board notes that NationsBank provides a full range of financial services through its bank and nonbank subsidiaries, including commercial and retail banking, trust and investment management, corporate and investment banking, and international banking services. NationsBank has stated that the proposed acquisition would enhance and expand the banking services available to all of its and Barnett's customers, including LMI households. The Board has given substantial consideration to the comments received in addition to the existing record of NationsBank of helping to serve the convenience and needs of all its communities, as reflected in NationsBank's CRA and supervisory examinations and in its current programs and policies.

CRA Performance Examinations

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the CRA. As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the primary federal supervisors of the CRA performance records of the relevant institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institutions's overall record of performance under the CRA by its primary federal supervisor.[30]

The majority of NationsBank's subsidiary banks, representing more than 96 percent of the total assets of banks and thrifts controlled by NationsBank, received "outstanding" ratings at the most recent examinations of their CRA performance, and all the NationsBank's subsidiary banks received either "outstanding" or "satisfactory" ratings from their primary federal supervisor. NationsBank's lead bank, NationsBank, N.A., Charlotte, North Carolina ("Lead Bank"), its bank in Florida, NationsBank of Florida, N.A., Tampa, Florida ("NationsBank/Florida"), and its bank in Georgia, NationsBank of Georgia, N.A., Atlanta, Georgia ("NationsBank/Georgia"), each received "outstanding" ratings from the OCC, at the most recent examinations of their CRA performance, as of July, 1995.[31] In addition, Barnett's lead bank, Barnett Bank received a "satisfactory" rating from the OCC on August 19, 1997, and Community Bank received an "outstanding" rating from the Federal Reserve System on January 27, 1997.[32]

Examiners found no evidence of prohibited discrimination or other illegal credit practices at the subsidiary banks of NationsBank or Barnett. The examinations found that the banks' delineations of their local communities were reasonable and did not arbitrarily exclude LMI communities, and that the banks solicited and accepted credit applications from all segments of their delineated communities. Examinations also determined that the banks effectively made loans throughout their respective service areas, including in LMI areas and to LMI individuals.

Lending Performance Record of NationsBank

The Board has carefully considered the lending performance record of NationsBank in general, and in particular, the records of Lead Bank and its subsidiary banks in Florida and Georgia where the combined organization would operate after consummation of this proposal. The Board has reviewed in detail all aspects of NationsBank's CRA-related activities, including its farm, affordable housing, and small-business lending activities; its community investment and development programs; and its initiatives to increase lending in LMI areas.

Lead Bank. According to its most recent CRA performance examination, Lead Bank received credit applications from all segments of the communities it serves, including LMI areas, and had a good distribution of loans throughout its communities, including LMI areas. Examiners noted that Lead Bank effectively identified potentially underserved areas and targeted the areas for additional resources. Examiners also noted that the bank offered a variety of credit and depository products to help meet the needs of its communities. Examiners found that Lead Bank assisted in meeting housing-related credit needs in its communities by originating loans with flexible terms and underwriting standards through NationsBanc Mortgage Corporation ("NBMC"), a subsidiary of NationsBank's Lead

29. Several commenters presented complaints against NationsBank or Barnett based on individual customer transactions. These complaints have been referred to the appropriate federal supervisor of the NationsBank's subsidiary involved in the transaction for consideration.

30. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act 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. 54 *Federal Register* 13,742 and 13,745 (1989).

31. After the examinations were conducted, Lead Bank, NationsBank/Florida, and NationsBank/Georgia were merged with and into a single bank named NationsBank, N.A., Charlotte, North Carolina.

32. Barnett's third subsidiary depository institution, FOA, received a "satisfactory" rating for CRA performance from the Office of Thrift Supervision as of April, 1997.

Bank.[33] Lead Bank also helped meet the needs of small businesses in its communities, including LMI areas.

Florida. NationsBank/Florida's lending activities reflected a reasonable geographic distribution of applications received and loans made throughout its service communities, according to the bank's most recent CRA performance examination. The OCC's examiners noted, for example, that NationsBank/Florida took an active role in addressing the affordable housing, small business, and other credit needs of its community, and that the bank originated a larger percentage of consumer real estate loans in LMI areas than the average for other lenders.

The OCC's examiners also favorably commented on other CRA-related activities by NationsBank/Florida, including:

(i) Active participation in government-insured and guaranteed loan programs for housing and small businesses offered through the Federal Housing Authority ("FHA"), Veterans Administration ("VA"), and the Small Business Administration ("SBA");

(ii) Marketing and outreach activities, which established on-going, productive relationships with its service communities; and

(iii) Marketing program, which informed all segments of its communities served about available banking products and services, including LMI areas and areas with predominately minority populations.

Examiners considered NationsBank/Florida's participation in local development and redevelopment projects, particularly within metropolitan markets, which was characterized as very active. Examiners also noted that the bank's participation through various national corporate and local initiatives and partnerships often reflected a leadership role.

Georgia. Examiners found that the lending activities of the bank effectively reached all segments of the community, including LMI individuals and geographies, in the most recent examination for CRA performance for NationsBank/Georgia. According to the examination, the bank identified potentially underserved areas and targeted them for priority attention and additional resources. The examination also concluded that the bank had undertaken significant efforts to meet the credit needs of its delineated community through the origination of loans for residential mortgages, home improvement, small businesses, and small farms. The bank participated in governmentally-insured, guaranteed, or subsidized loan programs for housing and small business. The bank also established contacts with local authorities and low-income housing developers to maintain an awareness of community development needs.

The Board also has considered NationsBank's lending record, particularly in Florida, in light of comments about NationsBank's HMDA data for its housing-related lending in 1996.[34] The 1996 HMDA data generally show that NationsBank has continued to provide a significant volume of home mortgage credit in LMI census tracts and to minority applicants and that NationsBank has increased the volume of its home mortgage lending to African-American and Hispanic applicants, in LMI census tracts and to LMI borrowers. The data also show increases in housing-related loans to African-American and Hispanic applicants, in LMI census tracts and to LMI borrowers in Florida.

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

Because of the limitations of HMDA data, the Board has carefully considered those data in light of other information. Specifically, the Board has considered information about all of NationsBank's lending and other activities related to the CRA,[36] and information in examination reports and other supervisory information that provide an on-site evaluation of compliance within the fair lending laws by NationsBank.[37] The Board also has considered

33. In 1994, Lead Bank originated more than 300 affordable mortgage loans totalling $19 million in North Carolina, more than 450 affordable mortgage loans totaling $27 million in South Carolina, and more than 950 affordable mortgage loans totaling $90 million in Virginia, Maryland and Washington, D.C.

34. A commenter contended that the 1996 HMDA data for NationsBank show disparities by race in the rate of loan originations, denials, and applications in certain MSAs in Florida, Georgia, New Mexico, North Carolina, Texas, and Virginia.

35. The data, for example, do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

36. Several commenters stated that NationsBank has declined to enter into agreements, make specific pledges regarding lending for LMI communities, and enter into a commitment to lease space in a shopping center. The Board has stated that, although communications between depository institutions and community groups are a valuable method of assessing the credit needs of the community, the CRA does not mandate a depository organization to enter into an agreement with any organization. *See* Chemical Order at 246 n.44.

37. One commenter argued that multi-state bank holding companies tend to make fewer loans to customers located outside their home state than single-state institutions, which serve only their home state. As explained above, the Board has carefully reviewed NationsBank's record of assisting to meet the credit needs of the communities served by its subsidiary banks, including in Florida and Georgia. The CRA

NationsBank's lending activities generally and particularly in Florida since the last CRA performance examinations. These activities indicate that NationsBank continues to assist in meeting the credit needs of all its communities, including the credit needs of LMI and minority borrowers.

NationsBank's 1996–97 Lending Activities. NationsBank made more than 20,000 home mortgage and home improvement loans totaling $941 million to LMI borrowers in 1996. NationsBank also increased from $500 million to $750 million the funding for its first-time home buyers program, which is administered by the Neighborhood Assistance Corporation of America and provides 100 percent financing and extensive credit and home ownership counseling. This partnership, which was piloted in four cities, is being expanded to seven new cities, including Tampa, Florida. NationsBank also expanded its partnership with ACORN Housing Corporation to provide home ownership counseling in four additional cities.

During 1997, NBMC increased its commitment to fund home mortgages for LMI borrowers by reducing its interest rate and expanding the eligibility criteria to qualify for the mortgage funds. Outstanding loan volume increased within the first nine months of 1997 from $323 million for approximately 4,600 families to $530 million for approximately 7,400 families.

NationsBank also has increased its community development funding since the 1995 CRA performance examinations. NationsBank doubled its $100 million commitment in Nations Housing Fund, which, in partnership with the Enterprise Social Investment Corporation, invests in projects to construct and rehabilitate affordable housing. This program has helped to develop 83 multi-family projects in 42 communities in 13 states and the District of Columbia, and has produced nearly 10,000 units of affordable housing. In 1996, NationsBank also made a $100 million commitment to lending and investment for neighborhood development in St. Louis, Missouri, and NationsBank increased by $3.8 million its funding to its Community Development Financial Institutions Initiative, which invests in intermediary institutions that finance specialized community development projects.

In 1996, NationsBank made more than 11,000 loans totaling more than $1 billion to small and minority-owned businesses located in LMI areas. For 1996, NationsBank was the leading volume lender for the SBA in Florida, South Carolina, Tennessee, and the District of Columbia, and it was the second largest SBA lender in Georgia, Texas, and Maryland.

NationsBank's 1996–97 Lending Activities in Florida. In 1996, NationsBank made more than $5.2 billion of home purchase and refinance, small business and farm, community development, and consumer loans in LMI areas in Florida. This amount of lending represented 40 percent of the total amount of lending for NationsBank in Florida for these types of loans, although only 23 percent of all Florida households are located in LMI neighborhoods. The bank also assisted several local community organizations in providing more than 100 credit counseling seminars for first-time home buyers in Florida.

In 1997, NationsBank introduced a pilot program in Florida to provide an alternative to SBA loans that offers less cumbersome application requirements. During the first ten months of the year, NationsBank closed 61 loans under the program totaling $6 million. NationsBank's community development corporation opened a new office in Tampa. NationsBank committed to fund the opening and operation of at least two Make-A-Difference child-care centers in Florida in 1998, among 25 such after-school centers serving children of LMI families that NationsBank has plans to open by the year 2000.

The Board also notes that NationsBank's record of CRA performance was recently reviewed in connection with the Board's approval of NationsBank's acquisition of Boatmen's Bancshares, Inc., St. Louis, Missouri ("Boatmen's") (order dated December 16, 1996).[38] In the 1996 Order, the Board considered the lending performance record of NationsBank generally and in specific states, which included Florida, Georgia, North Carolina, Texas, and Virginia. That review also included HMDA data for 1993, 1994, and 1995 reported by NationsBank's bank subsidiaries and NBMC. The review indicated generally that NationsBank had improved its record of home mortgage lending in LMI census tracts and census tracts with predominately minority residents. The Board concluded that NationsBank's record at that time was consistent with approval of the application under the BHC Act.

Branch Closings

NationsBank has more than 380 branches in Florida and has approximately 270 branches in Georgia. Barnett operates more than 600 branches in Florida and has approximately 10 branches in Georgia.

A number of these branches serve the same communities. NationsBank has indicated that it has not developed final plans regarding branch closings after acquiring Barnett. NationsBank has preliminarily and confidentially identified the number of branches by county that are under review, based on a geographic mapping of existing branches of NationsBank and Barnett that appear to service the same community. NationsBank cannot, prior to acquiring Barnett, consider or apply all the criteria or follow all the procedures set forth in its corporate branch closing policy for analyzing branches that may be affected by the acquisition of Barnett and, consequently, has indicated that it has not reached a final decision on which branches may be closed.

requires that every bank, including a bank owned by an out-of-state parent holding company, be regularly examined and rated on a state-by-state basis on its performance in helping to meet the credit needs of its community. NationsBank's activities in Florida have been and will continue to be reviewed by the OCC in its performance examinations and by the Board in future applications by NationsBank to acquire a depository facility under the BHC Act.

38. 83 *Federal Reserve Bulletin* 148 (1997) ("1996 Order").

The Board has considered the areas of geographic overlap in light of the total number of branches, the dispersion of branches, and examination reports. Also, the Board has considered the preliminary branch information from NationsBank in light of all comments received on branch closings.[39]

The Board also has carefully reviewed the branch closing policy of NationsBank in light of the bank's record of providing all segments of the communities served with reasonable access to banking services. NationsBank's corporate Banking Center Opening and Closing Policy requires that the appropriate Community Investment Program manager ("CIP manager"), who must approve all branch closings, consider whether:

(i) The closing would have an adverse impact on the community served and what actions will be taken to minimize that impact, and

(ii) Other financial institutions serve the area and the banking alternatives available to customers affected by the closure.

The CIP manager may hold meetings with neighborhood leaders to assess, and to solicit suggestions to minimize, the impact of the closure if the manager approves the closure of a branch.

The OCC also has reviewed NationsBank's branch closing policy as part of the OCC's examination of the CRA performance record of the subsidiary banks of NationsBank and found the policy to be effective in enabling NationsBank's subsidiary banks to provide reasonable access to banking services in their communities. As part of the most recent CRA performance examinations of NationsBank's subsidiary banks, OCC examiners reviewed branches closed pursuant to the policy and concluded that NationsBank subsidiary banks generally had good records of opening, closing and relocating their offices while providing all segments of the communities with reasonable access to bank services.

The Board also has taken account of NationsBank's record of closing branches in other cases, in particular NationsBank's reports of branch closings submitted in accordance with the 1996 Order.[40] After consummation of the NationsBank/Boatmen's acquisition, NationsBank closed or designated for closure or consolidation approximately 44 branches in the states in which Boatmen's had operated. More than 500 NationsBank branches continue to operate in these states. Approximately eight of the closed branches were in LMI communities. Accounting for these closures and consolidations, the percentage of the combined organization's banking centers located in LMI areas, when compared to the combined organization's total number of branches in all areas, did not decrease. In some states, including Arkansas, Iowa, and Illinois, the percent of NationsBank's branches in LMI communities increased as a percentage of its total branches in those states.

Before closing any of the eight branches in LMI communities, NationsBank assessed whether the closing would adversely affect the LMI community being served, as required by its branch closing policy.[41] In the case of three closings, competitors maintained branches in short walking or driving distance from the closed branch. Three other LMI branches were closed because of deficiencies in the facilities—such as extensive termite damage, poor building access that posed security concerns, or limited parking facilities—that could not be economically remedied. Each of the three branches was located near other NationsBank branches that had better facilities, offered easier access, or were better situated to serve the community.[42] In the case of the remaining two branches closed in LMI areas, NationsBank followed its branch closing policy, which, as noted, has been deemed by the OCC to be effective in providing reasonable access to banking services.

In addition to these factors, the Board has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate regulatory agency at least 30 days prior to closing a branch. The law does not authorize federal regulators to prevent the closing of any branch.[43]

The Board expects that NationsBank will apply its corporate branch closing policy in determining whether to close any branches in connection with the Barnett transaction. To permit the Board to assess the effectiveness of this policy, the Board has determined to require NationsBank to report branch closures in Florida and Georgia to the Federal Reserve System during the two-year period following consummation as part of NationsBank's next applications

39. Several commenters argued that NationsBank should be required to disclose all branch closing information and to provide a branch closing plan for comment before the Board acts on the proposal. These contentions relate to information that is confidential or that relates to decisions that NationsBank has indicated it is not in a position to make finally before consummation of the proposal. Branch closings resulting from the proposal, and any information or analyses that commenters wish to provide on branches that are closed can be reviewed in the CRA examination process and in future applications to acquire depository institutions.

40. Commenters raised concerns about the branches closed or to be closed by NationsBank as a result of the NationsBank/Boatmen's acquisition.

41. A commenter criticizes NationsBank's efforts as inadequate by noting, for example, that before closing LMI branches in New Mexico, NationsBank did not consult the New Mexico Alliance, an organization currently in litigation with NationsBank over the Boatmen's acquisition.

42. For example, in one case in which an LMI branch was closed because of limited parking and lack of drive-through lanes, another NationsBank branch was located three blocks away, on the same public transportation line. The remaining branch had more teller windows, improved customer accessibility, exterior ATM machines, and better security features.

43. Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1, as implemented by the Joint Policy Statement Regarding Branch Closings (*see* 58 *Federal Register* 49,083 (1993)), requires that a bank provide the public with at least 30 days notice and the primary federal supervisor with at least 90 days notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

to the System to acquire a depository institution. For branches closed in LMI census tracts, NationsBank should indicate the proximity to the closest NationsBank branch and the steps NationsBank took to mitigate the impact of the branch closure.

NationsBank's Nonbank Subsidiaries

Several commenters contended that nonbank lending subsidiaries of NationsBank, including NationsCredit Corporation ("NationsCredit") and SunStar Acceptance Corporation ("Sunstar"), have engaged in discriminatory lending practices.[44] In reviewing similar allegations in the 1996 Order, the Board noted that the OCC's fair lending examination findings found no evidence of illegal discrimination at the subsidiary banks of NationsBank or NBMC and the most recent examinations by the OCC favorably commented on NationsBank's fair lending policies and its procedures to prevent illegal practices like pre-screening.[45] The Board also noted that NationsCredit has a consumer compliance program in place and that staff of NationsCredit's compliance group work closely with the compliance group responsible for overseeing the compliance program for NationsBank's subsidiary banks.[46]

Conclusion on Convenience and Needs Considerations

The Board has carefully considered all the facts of record, including all of the comments received, responses to the comments, and the CRA performance records of the subsidiary depository institutions of NationsBank and Barnett, including the relevant reports of examination and other supervisory information.[47] Based on a review of the entire record and for the reasons discussed above and in the 1996 Order, which are specifically incorporated by reference, the Board concludes that the convenience and needs considerations are consistent with approval of the application and notice.[48]

Nonbanking Activities

NationsBank also has filed notice under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Barnett listed in Appendix A and thereby engage in the described nonbanking activities. The Board previously has determined by regulation that each of the activities described in Appendix A is closely related to banking within the meaning of section 4(c)(8) of the BHC Act, and

44. A few commenters provided copies of consumer complaints filed in several states against NationsCredit, Sunstar, and NBMC. These complaints have been filed with the appropriate state regulatory agencies and have been reviewed by the Board in light of all the facts of record, including supervisory evaluations and supervisory information. The Board notes that these complaints generally involve matters of customer service, not fair lending laws, and that in most cases the complaints have been resolved.

Several commenters also raised concerns about NationsBank's 1-800-number call center for consumer complaints, including that callers may not be adequately served and could in fact be misled into thinking that they had filed a complaint with the appropriate federal supervisor. Commenters presented no facts to support their concerns. The Board notes, moreover, that federal banking supervisors have sufficient authority to investigate and address complaints of improper activities that are substantiated by facts.

45. Commenters also raised a number of concerns regarding the referral policies of NationsCredit, NBMC, and NationsBank's subsidiary banks. Commenters reiterated allegations, made at the time that NationsBank sought approval from the Board to acquire Boatmen's, that loan applicants are illegally "steered" from NationsBank's subsidiary banks to NationsCredit on a prohibited basis like race. The Board carefully considered these allegations in the 1996 Order, and commenters have presented no new facts to support their allegations. The Board also has reviewed referral practices from NationsCredit to NationsBank's banks in light of supervisory information provided by the OCC in this application. Commenters' allegations regarding the referral practices of NationsBank's banks also will be provided to the OCC, the primary supervisor of NationsBank, N.A.

46. Some commenters requested the Board to conduct an on-site fair lending law examination of NationsBank's nonbanking subsidiaries before acting on the proposal. The Board notes that primary authority for enforcement of the fair lending laws for nonbanking companies such as NationsCredit and Sunstar is conferred by statute on the Federal Trade Commission and the Department of Housing and Urban Development. As discussed above and in the 1996 Order, NationsBank's subsidiary banks—which account for a substantial majority of NationsBank's total assets and total revenue—have satisfactory records of compliance with fair lending laws and the compliance program for NationsCredit has been implemented by the group responsible for overseeing the compliance programs of the subsidiary banks. In addition, commenters' request relies in large measure on consumer complaints filed with state authorities that, as noted above, do not raise fair lending law issues. In this light and based on all the facts of record, and for the reasons discussed above and in the 1996 Order, the Board concludes that it should not conduct a special on-site examination of NationsBank's nonbank subsidiaries for fair lending law compliance.

47. Many individual commenters argued that Barnett's banking products and services were superior to those of NationsBank, particularly in terms of customer service, fees charged, and interest earned. Commenters expressed concern that the proposal would result in a reduction in interest rates paid on accounts or certificates of deposit, loss of free banking services, increases in fees for banking services, and the general loss of convenient banking services. One commenter argued that multi-state banking institutions, such as NationsBank, tend to charge higher fees to customers located outside their home state than they charge to customers in their home state.

As discussed in this order and in the 1996 Order, NationsBank provides a full range of services that assist in meeting the banking needs of its community, including special low-fee accounts for LMI customers. NationsBank maintains that the combined NationsBank/Barnett organization will continue to offer competitive rates on deposits and to charge competitive fees on transaction accounts. NationsBank also represents that it will not raise consumer fees for customers of the combined organization after the acquisition and continuing to August 1998.

48. Commenters also expressed concerns that significant job losses would result from the consolidation of NationsBank and Barnett. NationsBank responded that NationsBank and Barnett have instituted hiring freezes that should reduce materially the need for reducing the number of employees. The Board notes, moreover, that the convenience and needs factor of the BHC Act has been consistently interpreted by the federal banking agencies, the courts, and Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. On this basis, the Board previously has concluded that the effect of a proposed acquisition on employment in a community is not among the factors included in the BHC Act. *See, e.g., Wells Fargo & Company,* 82 *Federal Reserve Bulletin* 445, 457 (1996).

NationsBank has committed to conduct these activities in accordance with Regulation Y.[49]

In order to approve the proposal, the Board also must determine that the performance of the proposed activities are a proper incident to banking, that is that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[50] As part of the Board's evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries, including any company to be acquired, and the effect the transaction would have on such resources.[51] As noted above, based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

The Board also has carefully considered the competitive effects of the proposed acquisition of the nonbanking companies and, in so doing, has considered the information and views provided by commenters regarding the competitive effects of the proposed acquisition. Each of the markets for the nonbanking services affected by this proposal is unconcentrated, and there are numerous providers of each of these services. As a result, consummation of this proposal is expected to have a *de minimis* effect on competition for these services.

The Board expects, moreover, that the acquisition of Barnett by NationsBank would provide added convenience to Barnett customers, to NationsBank's customers, and to the public by increasing operating efficiencies and by improving convenience and expanding services available to customers of both NationsBank and Barnett.[52] Additionally, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies may make potentially profitable investments in nonbanking companies when those investments are consistent, as in this case, with the relevant considerations under the BHC Act, and from permitting banking organizations to allocate their resources in the manner they believe is most efficient. The Board also believes that the conduct of the proposed activities within the framework established in this order, prior orders, and Regulation Y is not likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, or unsound banking practices, that would not be outweighed by the public benefits of the proposal, such as increased consumer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the proposal can reasonably be expected to produce public benefits that outweigh any adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that this transaction should be, and hereby is, approved.[53] In reaching its conclusion, the Board has considered all the issues raised in public comments filed in connection with this proposal in light of the factors that the Board is required to consider under the BHC Act and concludes that the comments do not warrant a delay or denial of the proposal.[54]

49. *See* 12 C.F.R. 225.28(b)(1), (4), (11), and (12).

50. *See* 12 U.S.C. § 1843(c)(8).

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

52. Commenters questioned whether there would be any public benefits from the merger and maintained, without providing any facts, that any public benefits from the proposal would accrue only to securities customers and large corporate customers.

53. Several commenters requested that the Board convene a public hearing or meeting on the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial. In this case, the Board has not received such a recommendation from any state supervisory authority. The Board's rules provide for a hearing on notices under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. *See* 12 C.F.R. 225.25(a)(2). Commenters have not identified any material facts relating this proposal that are in dispute.

Under its rules, the Board also may, in its discretion, hold a public hearing or meeting on an application to acquire a bank if a hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 225.16(e). In making such a determination, the Board takes into account what facts, if any, are in dispute and whether other considerations, such as the scope of the transaction, the degree of interest expressed in having a public hearing or meeting, and the CRA performance records of the applicant and target, indicate that written submissions would be inadequate. In the Board's view, the commenters had ample opportunity to submit their views, and have submitted substantial written comments that have been carefully considered by the Board in acting on the application. The commenters' requests fail to demonstrate why their written presentations do not adequately present their evidence, allegations, and views. After a careful review of all the facts of record, moreover, the Board has concluded that commenters dispute the weight that should be accorded to, and the conclusions that the Board should draw from, the facts of record, but do not identify disputed issues of fact that are material to the Board's decision. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the requests for a public hearing or meeting on the proposal are hereby denied.

54. Several commenters requested that the Board delay action on this proposal or extend the public comment period for the proposal. Some commenters contended that NationsBank had not sufficiently responded to requests for additional information or to the issues raised by the Protestants. These commenters also maintained that the Board should not consider any divestiture commitments that are not subject to public comment. In addition, some commenters asserted that they did not have sufficient time to review and comment on information provided to them in the applications process.

The requests for delay do not warrant postponement of the Board's consideration of the case. Though not required by the BHC Act, the Board provides a public comment period of at least 30 days in every case involving a bank acquisition in order to allow interested persons an opportunity to provide information, analyses and arguments regarding all aspects of the proposal, including the CRA performance record of an applicant and other relevant companies. In this case, interested persons were provided a period of approximately 39 days to submit their views and any relevant information and analyses regarding the proposal. As noted above, the Board received and considered substantial information and views from a number of commenters.

The Board's approval of this proposal is specifically conditioned on compliance by NationsBank with all the commitments made in connection with this proposal and the conditions 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 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. 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 Barnett's subsidiary banks may not be consummated before the 15th 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 Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 10, 1997.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix A

Nonbank Subsidiaries of Barnett to be Acquired by Nationsbank

(1) EquiCredit Corporation, Jacksonville, Florida, and thereby engage in making, acquiring, brokering, or servicing loans or other extensions of credit pursuant to section 225.28(b)(1) (12 C.F.R. 225.28(b)(1)) and credit life insurance activities pursuant to section 225.28(b)(11)(ii) of Regulation Y (12 C.F.R. 225.28(b)(11)(ii));

(2) First of America Bank - Florida, FSB, Tampa, Florida, and thereby engage in operating a savings association, pursuant to section 225.28(b)(4)(ii) of Regulation Y (12 C.F.R. 225.28(b)(4)(ii));

(3) Honor Technologies, Inc., Maitland, Florida, and thereby engage in operating an electronic funds transfer network and in data processing and management consulting activities, pursuant to sections 225.28(b)(9) and (b)(14), respectively, of Regulation Y (12 C.F.R. 225.28(b)(9) and (b)(14)); and

(4) Barnett Community Development Corporation, Jacksonville, Florida, and thereby engage in community development activities pursuant to section 225.28(b)(12) of Regulation Y (12 C.F.R. 225.28(b)(12)).

Appendix B

State Deposit and Ranking Data

Florida

NationsBank is the third largest depository institution in Florida, controlling deposits of $21.8 billion, representing approximately 12.2 percent of all deposits in depository institutions in the state ("state deposits"). Barnett is the largest depository institution in Florida, controlling deposits of $34.2 billion, representing approximately 19.2 percent of all state deposits. NationsBank proposes to divest approximately $3.1 billion in deposits in Florida. On consummation of the proposal, and accounting for all proposed divestitures, NationsBank would become the largest depository institution in the state, controlling deposits of $52.9 billion, representing approximately 29.6 percent of state deposits in Florida.

Georgia

NationsBank is the largest depository institution in Georgia, controlling deposits of $13.7 billion, representing approximately 17.9 percent of all state deposits. Barnett is the 16th largest depository institution in Georgia, controlling deposits of $410.5 million, representing less than 1 percent of all state deposits. NationsBank proposes to divest $23.1 million in deposits in Georgia. On consummation of the proposal, and accounting for all proposed divestitures, NationsBank would remain the largest depository institution in the state, controlling deposits of $14.2 billion, representing approximately 18.4 percent of state deposits in Georgia.

The Board's rules permit an applicant a limited opportunity to comment on allegations and information submitted during the public comment period. These rules do not guarantee commenters an opportunity to continue the process of submitting additional comments in rebuttal to an applicant's response after the close of the public comment period. These rules are designed to permit a meaningful opportunity for the public to comment on a proposal and for the applicant to provide a response to those comments within the time constraints of the BHC Act. In this case, comments and responses were submitted in accordance with the Board's rules.

For these reasons and based on a review of all the facts of record, the Board concludes that the record in this case is sufficient to warrant Board consideration and action on this proposal at this time, and that further delay of consideration of this proposal or denial of this proposal on the grounds discussed above or on the basis of informational insufficiency is not warranted.

Appendix C

Banking Markets in which NationsBank and Barnett Compete[1]

Florida Banking Markets

Beverly Hills: Citrus County, excluding Citrus Springs.
Brevard County: Brevard County.
Columbia County: Columbia County.
Daytona Beach: Flagler County, the towns of Allandale, Daytona Beach, Daytona Beach Shores, Edgewater, Holly Hill, New Smyrna Beach, Ormond Beach, Ormond-by-the-Sea, Pierson, Port Orange, and South Daytona in Volusia County, and the town of Astor in Lake County.
Fort Myers: Lee County excluding the towns located on Gasparilla Island plus the town of Immokalee in Collier County.
Fort Pierce: St. Lucie and Martin Counties, excluding Indiantown and Hobe Sound in Martin County.
Gainesville: Alachua, Gilchrist, and Levy Counties.
Highlands County: Highlands County.
Indian River County: Indian River County.
Jacksonville: Baker, Clay, Duval, and Nassau Counties, the towns of Fruit Cove, Ponte Verde, and Ponte Verde Beach in St. Johns County, all in Florida, and the City of Folkston in Charlton County, Georgia.
Key Largo: The northern third of the Florida Keys in Monroe County, including Islamorada, Key Largo, Plantation Key, and Tavernier.
Key West: The cities of Key West, Sugarloaf, Summerland Key, and Big Pine Key in Monroe County.
Marathon: The towns of Marathon and Marathon Shores in Monroe County.
Miami-Fort Lauderdale: Broward and Dade Counties.
Naples: Collier County, excluding the town of Immokalee.
Ocala: Marion County, plus the town of Citrus Springs in Citrus County.
Orlando: Orange, Osceola, and Seminole Counties, the western half of Volusia County, and the towns of Clermont and Groveland in Lake County.
Pensacola: Escambia and Santa Rosa Counties.
Polk County: Polk County.
Punta Gorda: That portion of Charlotte County east of both the harbor and the Myakka River and that portion of Sarasota County both east of the Myakka River and south of Interstate 75 (currently the town of Northport).
Sarasota: Manatee and Sarasota Counties, excluding that portion of Sarasota County both east of the Myakka River and south of Interstate 75 (currently the town of Northport), plus that portion of Charlotte County west of both the harbor and the Myakka River (currently the towns of Englewood, Englewood Beach, New Point Comfort, Grove City, Cape Haze, Rotonda, Rotonda West, and Placida), and Gasparilla Island (the town of Boac Grande) in Lee County.
Suwanee County: Suwanee County.
Tallahassee: Leon County and the towns of Quincy and Havana in the eastern half of Gadsden County.
Tampa Bay: Hernando, Hillsborough, Pinellas, and Pasco Counties.
West Palm Beach: Palm Beach County east of Loxahatchee and the towns of Indiantown and Hobe Sound in Martin County.

Georgia Banking Markets

Brunswick: Brantley, Glynn, and McIntosh Counties.
Thomas County: Thomas County.
Valdosta: Echols, Lanier, and Lowndes Counties.

1. All banking markets are entirely within Florida or Georgia unless otherwise noted.

Appendix D

Banking Markets with No Proposed Divestitures

1. Banking markets in which consummation of the proposal would not exceed DOJ Guidelines:

Florida Banking Markets

Beverly Hills: After consummation of the proposal, NationsBank would control 23.4 percent of the market deposits and would become the largest of eight depository institutions in the market. The HHI would increase 91 points to 1783.
Fort Pierce: After consummation of the proposal, NationsBank would control 18.9 percent of the market deposits and would become the second largest of 15 depository institutions in the market. The HHI would increase 84 points to 1494.
Gainesville: After consummation of the proposal, NationsBank would control 27.5 percent of the market deposits and would become the largest of 16 depository institutions in the market. The HHI would increase 127 points to 1663.
Highlands County: After consummation of the proposal, NationsBank would control 35.4 percent of the market deposits and would become the largest of seven depository institutions in the market. The HHI would increase 176 points to 2442.
Indian River: After consummation of the proposal, NationsBank would control 22.9 percent of the market deposits and would become the second largest of 13 depository institutions in the market. The HHI would increase 205 points to 1584.
Jacksonville: After consummation of the proposal, NationsBank would control 24.8 percent of the market deposits and would become the second largest of 19 depository institutions in the market. The HHI would increase 64 points to 2634.
Miami-Fort Lauderdale: After consummation of the proposal, NationsBank would control 33.5 percent of the

market deposits and would become the largest of 83 depository institutions in the market. The HHI would increase 560 points to 1636.
Pensacola: After consummation of the proposal, NationsBank would control 21.9 percent of the market deposits and would become the second largest of 15 depository institutions in the market. The HHI would increase 52 points to 1325.
West Palm Beach: After consummation of the proposal, NationsBank would control 31.6 percent of the market deposits and would become the largest of 44 depository institutions in the market. The HHI would increase 480 points to 1556.

Georgia Banking Markets

Thomas County: After consummation of the proposal, NationsBank would control 12.9 percent of the market deposits and would become the third largest of seven depository institutions in the market. The HHI would increase 54 points to 2595.
Valdosta: After consummation of the proposal, NationsBank would control 22.8 percent of the market deposits and would become the largest of ten depository institutions in the market. The HHI would increase 57 points to 1453.

2. Banking markets in which consummation of the proposal would exceed DOJ Guidelines, but other factors substantially mitigate the competitive effect of the increases in concentration as measured by the HHI:

Florida Banking Markets

Polk County: After consummation of the proposal, NationsBank would control 32.6 percent of market deposits and would become the largest of 13 depository institutions in the market. The HHI would increase 383 points to 1906. Of the 12 remaining depository institutions, two large multi-state banking organizations other than NationsBank would each control more than 17 percent or more of market deposits. Polk County is an MSA with recent entry suggesting that it is attractive for entry. Two banking organizations have entered *de novo* and two banking organizations have entered by acquisition since 1994.
Tallahassee: After consummation of the proposal, NationsBank would control 27.9 percent of market deposits and would become the largest of 14 depository institutions in the market. The HHI would increase 254 points to 1815. Of the 14 remaining depository institutions, two banking organizations other than NationsBank would control 25.4 percent and 13.9 percent, respectively, of market deposits. In addition, the Tallahassee banking market has features that make it attractive for entry. The rate of growth in population and deposits exceeds, on average, that of other Florida MSAs.[1] There have been three *de novo* entries into the market since 1995.

Appendix E

Banking Markets with Proposed Divestitures

1. Consummation of the proposal in the following banking markets would not exceed DOJ Guidelines with divestitures. In each of these markets, a competitor suitable to the Board is an out-of-market commercial banking organization or an in-market commercial banking organization that would not control more than 35 percent of total market deposits (including 50 percent of thrift deposits) or the divestiture would not result in an increase in the HHI of more than 200 points if the market has a post-merger HHI of at least 1800.

Florida Banking Markets

Columbia County: NationsBank proposes to divest one branch controlling deposits of $33.2 million to a competitor suitable to the Board.
Key Largo: NationsBank proposes to divest one branch controlling deposits of $25.5 million to a competitor suitable to the Board.
Key West: NationsBank proposes to divest one branch controlling deposits of $89.2 million to a competitor suitable to the Board.
Marathon: NationsBank proposes to divest one branch controlling deposits of $23.1 million to a competitor suitable to the Board.
Suwanee County: NationsBank proposes to divest one branch controlling deposits of $27.8 million to a competitor suitable to the Board.

2. Banking markets in which consummation of the proposal would exceed DOJ Guidelines with divestitures, but other factors substantially mitigate the competitive effect of the increases in concentration as measured by the HHI:

Brevard County. NationsBank proposes to divest four branches controlling deposits of $153.1 million to a competitor suitable to the Board. In this market, a competitor suitable to the Board is an out-of-market commercial banking organization or an in-market commercial banking organization that currently controls less than 3.2 percent of market deposits. After consummation of the proposal, NationsBank would become the largest depository institution in the market, controlling 33.7 percent of the market deposits, and the HHI would increase not more than 342 points or exceed a post-merger HHI of 1962. NationsBank would become the largest of 17 depository institutions in

1. Between 1990 and 1996, the population of the Tallahassee MSA increased at a rate of 11.9 percent as compared to 10.8 percent for other Florida MSAs. The rate of growth of deposits in the MSA was 9.5 percent between 1991 and 1996 as compared to a decrease of 2.8 percent for other Florida MSAs.

the market. Seventeen depository institutions would remain in the market and the divestiture of approximately 4.6 percent of market deposits to an existing competitor would strengthen that organization's competitive presence. Two large multi-state banking organizations other than NationsBank would compete in the market and would each control 15 percent or more of market deposits. In addition, the Brevard County banking market has features that make it attractive for entry. The rate of growth in population and the average population per banking office for the Melbourne-Titusville-Palm Bay MSA, which closely approximates the Brevard County banking market, exceeds, on average, that of other Florida MSAs.[1] There have been three *de novo* entries into the market and two entries by acquisition by depository institutions since 1994.

Sarasota: After consummation of the proposal, and divestiture of 11 branches controlling deposits of $746.8 million to an out-of-market commercial banking organization, NationsBank would control 37 percent of market deposits and would become the largest of 33 depository institutions in the market. The HHI would increase 380 points to 1808. Thirty-three depository institutions would remain in the market and the divestiture of approximately 9 percent of market deposits and a substantial branch network to an out-of-market entrant should make that entrant an effective competitor. The Sarasota-Bradenton MSA, which closely approximates the Sarasota banking market, is a large MSA with recent entry suggesting that it is attractive for entry.[2] Six banking organizations have entered *de novo* and six banking organizations have entered by acquisition since 1993.

1. Between 1990 and 1996, the population of the Melbourne-Titusville-Palm Bay MSA increased at a rate of 14.1 percent as compared to 10.8 percent for other Florida MSAs. In 1996, the average population per banking office for the MSA was 4,025 as compared to 3,596 for other Florida MSAs.

2. The Sarasota-Bradenton MSA ranks sixth in total deposits out of the 20 Florida MSAs. In 1996, average per capita income for the Sarasota-Bradenton MSA was $21,293 as compared to $18,182 for other Florida MSAs.

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
Compass Bancshares, Inc., Birmingham, Alabama	Fidelity Bank, National Association, University Park, Texas	December 18, 1997
Compass Banks of Texas, Inc., Birmingham, Alabama Compass Bancorporation of Texas, Inc., Wilmington, Delaware	Fidelity Resources Company, University Park, Texas Fidelity Resources Company of Delaware, Wilmington, Delaware Fidelity Bank, National Association, University Park, Texas	December 18, 1997
Cullen/Frost Bankers, Inc., San Antonio, Texas	Harrisburg Bancshares, Inc., Houston, Texas Harrisburg Bancshares (Nevada) Inc., Reno, Nevada Harrisburg Bank, Houston, Texas	December 12, 1997
Mercantile Bancorporation Inc., St. Louis, Missouri Ameribanc, Inc., St. Louis, Missouri	Horizon Bancorp, Inc., Arkadelphia, Arkansas Horizon Bank, Malvern, Arkansas	December 24, 1997
Wachovia Corporation, Windston-Salem, North Carolina	Ameribank Bancshares, Inc., Hollywood, Florida American Bank of Hollywood, Hollywood, Florida	December 31, 1997

Section 4

Applicant(s)	Bank(s)	Effective Date
First Security Corporation, Salt Lake City, Utah	First Security Capital Markets, Inc., Salt Lake City, Utah	December 18, 1997

Sections 3 and 4

Applicant(s)	Bank(s)	Effective Date
Citizens Bancshares Corporation, Atlanta, Georgia	First Southern Bancshares, Inc., Lithonia, Georgia First Southern Bank, Lithonia, Georgia FSB Mortgage Services, Inc., Decatur, Georgia	December 5, 1997

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
American State Bank Holding Company, Inc., Williston, North Dakota	American State Bank & Trust Company of Williston, Williston, North Dakota	Minneapolis	December 17, 1997
The Banc Ed Corp., Edwardsville, Illinois	Omni Financial Corporation, Pontoon Beach, Illinois Omni Bank, Pontoon Beach, Illinois	St. Louis	December 3, 1997
Bank of Montreal, Montreal, Canada Bankmont Financial Corporation, Chicago, Illinois Harris Bankcorp, Inc., Chicago, Illinois	Harris Trust Company of Florida, West Palm Beach, Florida	Chicago	December 4, 1997
BOR Bancshares, Inc., Rogers, Arkansas	Bank of Rogers, Rogers, Arkansas	St. Louis	December 3, 1997
Capitol Bancorp Ltd., Lansing, Michigan	Kent Commerce Bank, Kentwood, Michigan	Chicago	December 4, 1997
Citizens Bancshares, Inc., Salineville, Ohio The Citizens Banking Company, Salineville, Ohio	UniBank, Steubenville, Ohio	Cleveland	December 8, 1997
The Colonial BancGroup, Inc., Montgomery, Alabama	United American Holding Corporation, Orlando, Florida United American Bank of Central Florida, Orlando, Florida	Atlanta	December 11, 1997
Commercial BancShares, Incorporated, Parkersburg, West Virginia	Gateway Bancshares, Inc., McMechen, West Virginia	Richmond	December 8, 1997

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Commercial Guaranty Bancshares, Inc., Overland Park, Kansas CGB Acquisition Corporation, Overland Park, Kansas	Humboldt Bancshares, Inc., Humboldt, Kansas	Kansas City	December 4, 1997
Community First Banking Company, Carrollton, Georgia	Carrollton Federal Bank, FSB, Carrollton, Georgia	Atlanta	December 9, 1997
Community West Bancshares, Goleta, California	Goleta National Bank, Goleta, California	San Francisco	December 16, 1997
Eastern Virginia Bankshares, Inc., Tappahannock, Virginia	Southside Bank, Tappahannock, Virginia Bank of Northumberland, Inc., Heathsville, Virginia	Richmond	December 10, 1997
First Banks, Inc., Creve Coeur, Missouri Sundowner Corporation, Reno, Nevada First Banks America, Inc., Clayton, Missouri	Pacific Bay Bank, San Pablo, California	St. Louis	December 22, 1997
The First National Bank of Artesia Employee Stock Ownership Plan, Artesia, New Mexico	First Artesia Bancshares, Inc., Artesia, New Mexico	Dallas	December 8, 1997
First Western Bancshares Employee Stock Ownership Trust, Booneville, Arkansas	First Western Bancshares, Inc., Booneville, Arkansas	St. Louis	December 11, 1997
F.N.B. Corporation, Hermitage, Pennsylvania	West Coast Bank, Sarasota, Florida	Cleveland	November 20, 1997
GEBSCO, Inc., Cochrane, Wisconsin	Firstmondovi, Inc., Mondovi, Wisconsin	Minneapolis	December 11, 1997
GNB Bankshares Corporation, Grundy, Virginia	Grundy National Bank, Grundy, Virginia	Richmond	December 2, 1997
Hibernia Corporation, New Orleans, Louisiana	Northwest Bancshares of Louisiana, Inc., Mansfield, Louisiana First National Bank in Mansfield, Mansfield, Louisiana	Atlanta	November 26, 1997
Highlands Independent Bancshares, Inc., Sebring, Florida	Highlands Independent Bank, Sebring, Florida	Atlanta	December 22, 1997
Hometown Bancorp, Ltd., Fond du Lac, Wisconsin	St. Cloud Bancshares, Inc., St. Cloud, Wisconsin State Bank of St. Cloud, St. Cloud, Wisconsin	Chicago	December 15, 1997
Horizon Bank of Florida Employee Stock Ownership Plan, Pensacola, Florida	Horizon Bancshares, Inc., Pensacola, Florida Horizon Bank of Florida, Pensacola, Florida	Atlanta	December 3, 1997
Independent Southern Bancshares, Inc. Employee Stock Ownership Trust, Brownsville, Tennessee	Independent Southern Bancshares, Inc., Brownsville, Tennessee	St. Louis	December 5, 1997
InterWest Bancorp, Inc., Oak Harbor, Washington	Puget Sound Bancorp, Inc., Port Orchard, Washington	San Francisco	December 18, 1997

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Koss-Winn Bancshares, Inc. Employee Stock Ownership Plan with 401(k) Provision, Buffalo Center, Iowa	Koss-Winn Bancshares, Inc., Buffalo Center, Iowa Farmers Trust & Savings Bank, Buffalo Center, Iowa	Chicago	December 17, 1997
Light Bancshares Corporation, Liberal, Kansas	The Community Bank, Liberal, Kansas	Kansas City	November 21, 1997
MNB Bancshares, Inc., Manhattan, Kansas	Freedom Bancshares, Inc., Osage City, Kansas	Kansas City	November 26, 1997
Montana Security, Inc., Havre, Montana	Northeast Montana Bank Shares, Inc., Poplar, Montana The Citizens State Bank of Scobey, Scobey, Montana Traders State Bank of Poplar Montana, Poplar, Montana	Minneapolis	December 18, 1997
Morgantown Bancshares, Inc., Morgantown, West Virginia	Citizens Bank of Morgantown, Inc., Morgantown, West Virginia	Richmond	December 17, 1997
Mystic Financial, Inc., Medford, Massachusetts	Medford Co-operative Bank, Medford, Massachusetts	Boston	December 11, 1997
NationsBank Corporation, Charlotte, North Carolina NB Holdings Corporation, Charlotte, North Carolina	Southern Bancshares Corporation, St. Louis, Missouri	Richmond	December 9, 1997
New England Community Bancorp, Inc., Windsor, Connecticut	Community Savings Bank, Bristol, Connecticut	Boston	December 8, 1997
North Shore Bancorp, Peabody, Massachusetts	North Shore Bank, a Co-operative Bank, Peabody, Massachusetts	Boston	November 28, 1997
Norwest Corporation, Minneapolis, Minnesota	Fidelity Bancshares, Inc., Fort Worth, Texas Fidelity Bancorporation, Inc., Dover, Delaware Fidelity Bank & Trust, N.A., Fort Worth, Texas	Minneapolis	December 10, 1997
Panhandle BancShares, Inc., Guymon, Oklahoma	Bank of the Panhandle, Guymon, Oklahoma	Kansas City	November 21, 1997
Pedcor Bancorp, Indianapolis, Indiana	International City Bank, N.A., Long Beach, California	San Francisco	December 10, 1997
Peoples Trust of 1987, Ottawa, Kansas Peoples, Inc., Ottawa, Kansas	Johnson County Bank, Overland Park, Kansas	Kansas City	December 3, 1997
Premier Bancshares, Inc., Atlanta, Georgia	Citizens Gwinnett Bankshares, Inc., Duluth, Georgia Citizens Bank of Gwinnett, Duluth, Georgia	Atlanta	November 26, 1997
Premier Financial Bancorp, Inc., Georgetown, Kentucky	Ohio River Bank, Ironton, Ohio	Cleveland	December 22, 1997
Republic Bancshares, Inc., Natoma, Kansas	United National Bank of Natoma, Natoma, Kansas	Kansas City	December 3, 1997

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Riverside Banking Company, Fort Pierce, Florida	Riverside Gulf Coast Banking Company, Cape Coral, Florida Riverside Bank of the Gulf Coast, Cape Coral, Florida	Atlanta	December 4, 1997
Rockhold BanCorp., Kirksville, Missouri	Bank of Kirksville, Kirksville, Missouri	St. Louis	December 17, 1997
RW Bancorp., Ltd., Reeseville, Wisconsin	State Bank of Reeseville, Reeseville, Wisconsin	Chicago	December 19, 1997
South Branch Valley Bancorp, Inc., Moorefield, West Virginia	Capital State Bank, Inc., Charleston, West Virginia	Richmond	December 5, 1997
Southern Missouri Bancshares, Inc., Marshfield, Missouri	Southern Missouri Bank, Marshfield, Missouri	St. Louis	November 26, 1997
Strasburg Bancorp, Inc., Strasburg, Ohio	Strasburg Savings, Strasburg, Ohio	Cleveland	December 1, 1997
Sundance Bankshares, Inc., Sundance, Wyoming	Sundance State Bank, Sundance, Wyoming	Kansas City	December 22, 1997
Tennessee Central Bancshares, Inc., Adamsville, Tennessee	Premier Bank of Brentwood, Brentwood, Tennessee	St. Louis	December 4, 1997
Timberland Bancorp, Inc., Hoquiam, Washington	Timberland Savings Bank, SSB, Hoquiam, Washington	San Francisco	November 26, 1997
Union City Corporation, Union City, Oklahoma	The Bank of Union, Union City, Oklahoma	Kansas City	December 10, 1997
Wills Point Financial Corporation, Wills Point, Texas	Citizens National Bank of Wills Point, Wills Point, Texas	Dallas	November 25, 1997
Zions Bancorporation, Salt Lake City, Utah	Vectra Banking Corporation, Denver, Colorado Vectra Bank, Denver, Colorado	San Francisco	November 25, 1997

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
The Bank of Nova Scotia, Toronto, Ontario, Canada	Iron Mountain Depository Corporation, New York, New York	New York	November 28, 1997
Central Bancshares, Inc., Lexington, Kentucky	Central Bank, FSB, Nicholasville, Kentucky	Cleveland	November 24, 1997
Community National Bancorporation, Waterloo, Iowa	To engage *de novo* in extending credit and servicing loans	Chicago	December 3, 1997
Concord EFS, Inc., Memphis, Tennessee	Pay Systems of America, Inc., Nashville, Tennessee	St. Louis	December 5, 1997
Credit Commercial de France S.A., Paris, France	CCF International Finance Corporation, New York, New York	New York	December 18, 1997
Farmers State Corporation, Mountain Lake, Minnesota	Schultz Insurers, Jackson, Minnesota	Minneapolis	December 16, 1997
The Fifth Third Bank, Cincinnati, Ohio	General Electric Capital/Fifth Third Partnership #1, L.P., Wilmington, Delaware	Cleveland	December 4, 1997
National Bank of Canada, Montreal, Quebec, Canada	NBC Levesque International, Ltd., New York, New York	New York	December 1, 1997

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
National Commerce Bancorporation, Memphis, Tennessee	First Market Bank, FSB, Memphis, Tennessee	St. Louis	October 30, 1997
NSB Bancorp., Inc., Metropolis, Illinois	Central Coast Processing, Inc., San Luis Obispo, California	St. Louis	November 26, 1997
Penseco Financial Services Corporation, Scranton, Pennsylvania	Penn Security Bank and Trust Company, Scranton, Pennsylvania	Philadelphia	November 26, 1997
United Financial Holdings, Inc., St. Petersburg, Florida	United Trust Company, St. Petersburg, Florida	Atlanta	December 10, 1997

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Amerigroup, Inc., Hershey, Nebraska	The Hershey State Bank, Hershey, Nebraska	Kansas City	December 8, 1997
Eggemeyer Advisory Corp., La Jolla, California Castle Creek Capital, L.L.C., La Jolla, California Castle Creek Capital Partners Fund I, L.P., La Jolla, California	Regency Bancorp, Fresno, California Regency Bank, Fresno, California Regency Investment Advisors, Inc., Fresno, California	San Francisco	December 16, 1997
Mid America Mortgage Services, Inc., Columbia, Missouri	Mid America Banking Corporation, Columbia, Missouri Pulaski Bancshares, Inc., Dixon, Missouri State Bank of Dixon, Dixon, Missouri	St. Louis	November 24, 1997
State Financial Services Corporation, Hales Corners, Wisconsin	Richmond Bancorp, Inc., Gurnee, Illinois Richmond Bank, Richmond, Illinois Richmond Financial Services, Inc., Richmond, Illinois	Chicago	December 2, 1997

Applications Approved Under Bank Merger 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.

Applicant(s)	Bank(s)	Effective Date
Compass Bank, Houston, Texas	Fidelity Bank, National Association, University Park, Texas	December 18, 1997

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
Atlanta Bank, Ocean City, Maryland	First Union National Bank, Charlotte, North Carolina	Richmond	December 5, 1997
BancFirst, Oklahoma City, Oklahoma	NationsBank, N.A., Charlotte, North Carolina	Kansas City	December 2, 1997
Bank of Greenville, Greenville, West Virginia	Greenville Interim Bank, Greenville, West Virginia	Richmond	December 11, 1997
Colonial Bank, Montgomery, Alabama	United American Bank of Central Florida, Orlando, Florida	Atlanta	December 11, 1997
The Farmers and Merchants Bank, Stuttgart, Arkansas	Union Planters National Bank, Memphis, Tennessee	St. Louis	December 10, 1997
Farmers Bank of Maryland, Annapolis, Maryland	First Union National Bank, Charlotte, North Carolina	Richmond	December 5, 1997
First State Bank and Trust Company of Larned, Larned, Kansas	NationsBank, N.A., Pratt, Kansas NationsBank, N.A., Iuka, Kansas	Kansas City	December 10, 1997
First Virginia Bank of Tidewater, Norfolk, Virginia	First Union National Bank, Charlotte, North Carolina	Richmond	December 5, 1997
Northern Neck State Bank, Warsaw, Virginia	First Union National Bank, Charlotte, North Carolina	Richmond	December 17, 1997
The Sabina Bank, Sabina, Ohio	The Fifth Third Bank of Western Ohio, Dayton, Ohio	Cleveland	November 26, 1997

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.

Goldman v. Department of the Treasury, No. 1-97-CV-3798 (N.D. Ga., filed December 23, 1997). Declaratory judgment action challenging Federal Reserve notes as lawful money.

Kerr v. Department of the Treasury, No. CV-S-97-01877-DWH (S.D. Nev., filed December 22, 1997). Challenge to income taxation and Federal Reserve notes.

Patrick v. United States, No. 97-75564 (E.D. Mich., filed November 7, 1997). Action for damages arising out of tax dispute.

Leuthe v. Office of Financial Institution Adjudication, No. 97-1826 (3d Cir., filed October 22, 1997). Appeal of district court dismissal of action against the Board and other Federal banking agencies challenging the constitutionality of the Office of Financial Institution Adjudication.

Patrick v. United States, No. 97-75017 (E.D. Mich., filed September 30, 1997). Action for damages arising out of tax dispute.

Artis v. Greenspan, No. 97-5234 (D.C. Cir., filed September 19, 1997). Appeal of district court order dismissing employment discrimination action.

Artis v. Greenspan, No. 97-5235 (D.C. Cir., filed September 19, 1997). Appeal of district court order dismissing class complaint alleging race discrimination in employment.

Towe v. Board of Governors, No. 97-71143 (9th Cir., filed September 15, 1997). Petition for review of a Board order dated August 18, 1997, prohibiting Edward Towe and Thomas E. Towe from further participation in the banking industry.

Branch v. Board of Governors, No. 97-5229 (D.C. Cir., filed September 12, 1997). Appeal of district court order denying motion to compel production of pre-decisional supervisory documents and testimony sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. On November 10, 1997, the court denied appellant's request for expedited consideration of the appeal. Oral argument is scheduled for May 4, 1998.

Wilkins v. Reno, No. 97-2275 (4th Cir., filed September 12, 1997). Appeal of district court dismissal of complaint concerning customer dispute with bank. On December 9, 1997, the court of appeals affirmed the district court's dismissal.

Clarkson v. Greenspan, No. 97-CV-2035 (D.D.C., filed September 5, 1997). Freedom of Information Act case.

Banking Consultants of America v. Board of Governors, No. 97-2791 (W.D. Tenn., filed September 2, 1997). Action to enjoin investigation by the Board, the Office of the Comptroller of the Currency, and the Department of Labor. On October 31, 1997, the Board filed a motion to dismiss.

Bettersworth v. Board of Governors, No. 97-CA-624 (W.D. Tex., filed August 21, 1997). Privacy Act case.

Wilkins v. Warren, No. 97-CV-590 (E.D. Va., filed August 4, 1997). Customer dispute with a bank. On October 31, 1997, the Board filed a motion to dismiss.

Eliopulos v. Board of Governors, No. 97-1442 (D.C. Cir., filed July 17, 1997). Petition for review of a Board order dated June 23, 1997, approving the application of First Bank System, Inc., Minneapolis, Minnesota, to acquire U.S. Bancorp, Portland, Oregon, and thereby acquire U.S. Bancorp's banking and nonbanking subsidiaries. On November 10, 1997, the Court granted the Board's motion to dismiss the petition.

Greeff v. Board of Governors, No. 97-1976 (4th Cir., filed June 17, 1997). Petition for review of a Board order dated May 19, 1997, approving the application of by Allied Irish Banks, plc, Dublin, Ireland, and First Maryland Bancorp, Baltimore, Maryland, to acquire Dauphin Deposit Corporation, Harrisburg, Pennsylvania, and thereby acquire Dauphin's banking and nonbanking subsidiaries.

Inner City Press/Community on the Move v. Board of Governors, No. 97-1394 (D.C. Cir., filed June 12, 1997). Petition to review a Board order dated May 14, 1997, approving the application of Banc One Corporation, Inc., Columbus, Ohio, to merge with First USA, Inc., Dallas, Texas. On June 16, 1997, petitioners moved for a stay pending appeal. The motion was denied on June 27, 1997. On December 12, 1997, the Court granted the Board's motion to dismiss the petition.

Maunsell v. Greenspan, No. 97-6131 (2d Cir., filed May 22, 1997). Appeal of district court dismissal of action for compensatory and punitive damages for alleged violations of civil rights by federal savings bank.

Vickery v. Board of Governors, No. 97-1344 (D.C. Cir., filed May 9, 1997). Petition for review of a Board order dated April 14, 1997, prohibiting Charles R. Vickery, Jr., from further participation in the banking industry. Oral argument is scheduled for February 24, 1998.

Pharaon v. Board of Governors, No. 97-1114 (D.C. Cir., filed February 28, 1997). Petition for review of a Board order dated January 31, 1997, imposing civil money penalties and an order of prohibition for violations of the Bank Holding Company Act. Oral argument was held on December 8, 1997.

Research Triangle Institute v. Board of Governors, No. 97-1282 (4th Cir., filed February 24, 1997). Appeal of district court's dismissal of contract claim. Oral argument was held on October 30, 1997, and on December 29, 1997, the court of appeals affirmed the district court's dismissal of the action.

Jones v. Board of Governors, No. CV97-0198 (W.D. Louisiana, filed January 30, 1997). Complaint alleging violations of the Fair Housing Act. On November 13, 1997, the Court granted the Board's motion to dismiss the action.

The New Mexico Alliance v. Board of Governors, No. 96-9552 (10th Cir., filed December 24, 1996). Petition for review of a Board order dated December 16, 1996, approving the acquisition by NationsBank Corporation and NB Holdings Corporation, both of Charlotte, North Carolina, of Boatmen's Bancshares, Inc., St. Louis, Missouri. Also on December 24, 1996, petitioners moved for an emergency stay of the Board's order. The motion for a stay was denied by the 10th Circuit on January 3, 1997; on January 6, 1997, petitioners' application for emergency stay was denied by the Supreme Court. On December 17, 1997, the court ordered the parties to show cause why the case should not be transferred to the District of Columbia Circuit.

American Bankers Insurance Group, Inc. v. Board of Governors, No. 96-CV-2383-EGS (D.D.C., filed October 16, 1996). Action seeking declaratory and injunctive relief invalidating a new regulation issued by the Board under the Truth in Lending Act relating to treatment of fees for debt cancellation agreements. On October 18, 1996, the district court denied plaintiffs' motion for a temporary restraining order. On January 17, 1997, the parties filed cross-motions for summary judgment.

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

Final Enforcement Decision Issued by the Board of Governors

In the Matter of a Notice to

Prohibit Further Participation Against
Massimiliano Locci
Former Employee of
Istituto Bancario San Paolo Di Torino
New York, New York

Docket No. AA-EC-97-01

Final Decision

This is an administrative proceeding pursuant to the Federal Deposit Insurance Act ("FDI Act") in which the Office of the Comptroller of the Currency of the United States of America ("OCC") seeks to prohibit the Respondent Massimiliano Locci ("Locci") from further participation in the affairs of any financial institution because of his conduct as an employee of the Federal branch of Istituto Bancario San Paolo di Torino, New York, New York ("the

Branch"). Under the FDI Act, the OCC may initiate a prohibition proceeding against a former employee of a Federal branch of a foreign bank, but the Board must make the final determination whether to issue an order of prohibition.

Upon review of the administrative record, the Board issues this Final Decision adopting the ALJ's Default and Recommended Decision ("Default Decision") and orders the issuance of the attached Order of Prohibition.

I. Statement of the Case

A. Statutory Framework

The OCC's regulations governing administrative hearings specify that if a respondent does not file an answer within 20 days of service of the notice, the respondent is deemed to have waived the right to appear and contest the allegations in the notice. 12 C.F.R. 19.19(c)(1). Under the FDI Act and the Board's regulations, the ALJ is responsible for conducting an administrative hearing on a notice of charges. Following the hearing, the ALJ issues a recommended decision that is referred to the deciding agency together with any exceptions to those recommendations filed by the parties. The Board makes the final findings of fact, conclusions of law, and determination whether to issue an order of prohibition in the case of a prohibition order sought by the OCC.

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

(1) That the respondent engaged in identified *conduct*, including an unsafe or unsound practice or a breach of fiduciary duty;

(2) That the conduct had a specified *effect*, including financial loss to the institution; and

(3) That the respondent's conduct involved either personal dishonesty or a willful or continuing disregard for the safety or soundness of the institution.

B. Procedural History

The record before the Board reflects the following short procedural history in the administrative proceeding regarding Locci.[1]

On April 21, 1997, the OCC initiated a Notice of Removal, Notice of Assessment of Civil Money Penalty, and Notice of Charges ("Notice") against Locci. The Notice alleged that Locci engaged in unsafe and unsound banking practices and breached his fiduciary duty during his tenure as an employee of the Branch. The OCC alleged that Locci, who traded foreign currency options for the Branch, caused the Branch to sustain a loss of over $10 million in foreign exchange option trading in the Italian Lira over the period from January 18 through March 24, 1995. Over this period, Locci's trading exceed the Branch's written trading policy limits and ignored the Branch's warnings about market instabilities in foreign currency options. Locci attempted to hide his trading losses from the Branch by causing false entries to be made in the Branch's books that provided inaccurate information to the Branch about its foreign exchange option exposure and its income and loss. As a result, the Branch was unaware that it had sustained substantial trading losses. The OCC alleged that the conduct caused a financial loss to the Branch, and evidenced Locci's personal dishonesty and willful or continuing disregard for the Branch's safety or soundness.

The Notice expressly warned of the consequences of default by the Respondent. The Notice stated that Locci was required to file an answer to the charges within 20 days of the service of the Notice, and that failure to file an answer would constitute a waiver of his right to appear and contest the allegations in a hearing.

On April 23, 1997, the OCC send the Notice by Federal Express to Locci at two known addresses in Torino, Italy. Locci signed for the Notice on April 30, 1997. When he failed to respond, OCC Enforcement Counsel filed a Motion for Entry of An Order of Default with the ALJ on June 11, 1997. On July 11, 1997, the ALJ issued an order requiring that Locci respond to the OCC's Motion for Default by July 28, 1997, sending the order by Federal Express to Locci's known address in Torino, Italy. Locci did not respond to the order.

On August 15, 1997, the ALJ granted OCC Enforcement Counsel's Motion for Default, finding that Locci had failed to file a timely answer. Accordingly, the ALJ issued a Default Decision that incorporated the findings and relief set out in the Notice, including the order of prohibition sought by the OCC.[2]

II. Discussion

The scope of the Board's review in a case where an uncontested finding of default has been made by an administrative law judge is limited to a determination that the record supports a finding of default and that the allegations in the notice support the relief sought. In the circumstances here under review, the Board finds that the allegations contained in the OCC's Notice meet the statutory criteria for the issuance of an order of prohibition. Locci's conduct

1. The record before the Board was certified by the ALJ to constitute the entire record relating to Locci. It consists of: the Notice issued by the OCC on April 21, 1997; OCC Enforcement Counsel's Motion for Entry of an Order of Default with supporting exhibits, dated June 11, 1997; the ALJ's Order to Show Cause, issued on July 11, 1997; and the ALJ's Default Decision, issued on August 15, 1997. Because the record contains no responsive pleadings or exceptions to the Default Decision, the facts set forth are uncontested.

2. The ALJ also entered a default as to Locci in regard to the civil money penalty and restitution elements of the OCC's Notice. On November 13, 1997, the OCC adopted the ALJ's recommendation imposing a $50,000 civil money penalty, but remanded the matter for further proceedings regarding the recommendation that Locci pay $10,700,000 in restitution to the Branch.

alleged in the Notice breached his fiduciary duty to the Branch. He caused the Branch to sustain substantial losses through foreign exchange option trading in Italian Lira that exceeded the Branch's written trading policy limits and ignored the Branch's warnings about market instabilities in foreign currency options. Locci attempted to hide these trading losses from the Branch by causing false entries to be made in the Branch's books. This conduct demonstrated personal dishonesty, as well as a willful disregard for the safety or soundness of the Branch. Finally, the Branch lost over $10 million as a result of Locci's actions. Moreover, the Board finds that the OCC has established the basis for a default order of prohibition under the terms of the statute since Locci failed to respond either to the Notice or the Order to Show Cause despite service reasonably calculated to give him notice of the action.

Conclusion

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

By Order of the Board of Governors, this 8th day of December, 1997.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

Order of Prohibition

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

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (12 U.S.C. § 1818(e)), that:

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

(a) from participating in the conduct of the affairs of any bank holding company, any insured depository institution or any other institution specified in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));

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

(c) from violating any voting agreement previously approved by the appropriate Federal banking agency; or

(d) from voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act, (12 U.S.C. § 1813(u)), such as an officer, director, or employee.

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

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

By Order of the Board of Governors, this 8th day of December, 1997.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

FINAL ENFORCEMENT ORDER ISSUED BY THE BOARD OF GOVERNORS

Patti Colbourn
New York, New York

The Federal Reserve Board announced on December 16, 1997, the issuance of an Order to Cease and Desist against Patti Colbourn, a former managing director, trader and institution-affiliated party of the Chemical Bank, New York, New York, presently doing business as the Chase Manhattan Bank, that is a member of the Federal Reserve System.

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

Reported by Banks in the United States

Reported by Nonbanking Business Enterprises in the United States

Securities Holdings and Transactions

Interest and Exchange Rates

SPECIAL TABLES

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
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
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	1996	1997			1997				
	Q4	Q1	Q2	Q3	July	Aug.	Sept.[r]	Oct.[r]	Nov.
Reserves of depository institutions[2]									
1 Total	−17.2	−8.3	−14.3	−1.8	−5.7	13.5	−18.9	−5.5	10.6
2 Required	−18.5	−8.4	−15.0	−2.4	−3.8	12.6	−20.5	−8.3	5.1
3 Nonborrowed	−16.2	−7.2	−16.0	−3.4	−6.8	8.8	−15.0	−1.2	13.7
4 Monetary base[3]	5.1	5.6	3.3	6.0	7.3	5.8	7.5	6.8	11.3
Concepts of money, liquid assets, and debt[4]									
5 M1	−7.3	−.7	−5.5	.2	−1.1	8.5	−9.9	−3.8	7.5
6 M2	4.2	5.4	3.8[r]	5.1	3.4	10.8	5.9	4.8	6.9
7 M3	7.5	7.7	6.7[r]	8.4	10.3	12.1	9.5	8.1	11.0
8 L	6.2	6.2[r]	8.2	7.5	6.6	12.5	8.5	4.9	n.a.
9 Debt	4.7	4.2[r]	4.7	3.7	4.2	4.2	4.3	5.1	n.a.
Nontransaction components									
10 In M2[5]	9.0	7.8[r]	7.4	6.9	5.0	11.7	11.8	7.9	6.7
11 In M3 only[6]	19.6	15.9	16.7	19.7	33.4[r]	16.1	21.0	18.5	23.8
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	17.0	14.0	10.7	8.6	6.7	14.4	19.2	16.0	11.9
13 Small time[7]	4.7	2.7[r]	5.5	9.0	12.9	3.5	6.4	4.9	5.4
14 Large time[8,9]	22.9	12.8	23.2	28.1	44.6	14.7	33.8	9.9	15.2
Thrift institutions									
15 Savings, including MMDAs	.8	2.7	5.8	−.1	−2.9	.6	−1.0	1.3	.0
16 Small time[7]	3.0	−.1	−2.6[r]	−4.9	−12.0	−.7	−5.5	−.7	−9.0
17 Large time[8]	9.1	12.8	5.6	11.6	20.1	5.7	5.6	−4.2	7.0
Money market mutual funds									
18 Retail	10.5	11.9	11.4	14.1	9.9	31.5	23.9	7.3	12.8
19 Institution-only	19.8	15.5	12.5	21.3	19.6	18.9	35.4	22.7	3.8
Repurchase agreements and Eurodollars									
20 Repurchase agreements[10]	2.7[r]	10.7	4.2[r]	9.3	50.7[r]	8.7[r]	−16.7	69.4	87.7
21 Eurodollars[10]	48.2	40.2	33.4	8.9	9.3[r]	33.3[r]	9.0	−25.0	13.7
Debt components[4]									
22 Federal	3.4	1.8	.4	−.6	1.0[r]	1.6	1.1	.5	n.a.
23 Nonfederal	5.2	5.1	6.2[r]	5.3	5.3	5.1[r]	5.4	6.6	n.a.

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

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

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

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

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

M2: M1 plus (1) savings (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds (money funds with minimum initial investments of less than $50,000). Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more), (2) balances in institutional money funds (money funds with minimum initial investments of $50,000 or more), (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) Eurodollars (overnight and term) held by U.S residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and Eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1997			1997						
	Sept.	Oct.	Nov.	Oct. 15	Oct. 22	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	452,943	453,689	460,674	453,992	455,317	453,526	457,778	459,369	460,816	460,482
U.S. government securities[2]										
2 Bought outright—System account[3]	410,759	413,890	416,535	413,270	415,085	414,841	411,705	413,593	417,448	419,912
3 Held under repurchase agreements	8,724	5,321	8,910	6,152	5,986	3,683	10,222	9,594	7,573	7,401
Federal agency obligations										
4 Bought outright	938	789	686	833	754	716	699	685	685	685
5 Held under repurchase agreements	1,102	1,157	1,698	1,256	976	1,313	1,356	1,502	1,303	1,735
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	71	33	49	8	34	10	132	1	73	4
8 Seasonal credit	372	225	110	232	208	190	143	113	110	100
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	486	453	585	618	466	570	465	760	1,555	−280
11 Other Federal Reserve assets	30,490	31,820	32,101	31,623	31,808	32,201	33,056	33,121	32,069	30,925
12 Gold stock	11,050	11,050	11,050	11,050	11,050	11,051	11,050	11,050	11,050	11,050
13 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,445	25,506	25,567	25,498	25,512	25,526	25,540	25,554	25,568	25,582
ABSORBING RESERVE FUNDS										
15 Currency in circulation	458,540	460,741	466,911	461,751	461,486	460,573	462,544	465,694	467,164	468,261
16 Treasury cash holdings	260	244	244	242	240	239	239	248	247	244
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,303	5,386	5,126	5,110	5,527	5,868	5,225	5,338	5,059	5,002
18 Foreign	173	189	213	176	199	166	190	242	270	168
19 Service-related balances and adjustments	7,023	6,940	6,952	7,006	6,879	6,908	6,962	7,020	6,880	6,815
20 Other	360	377	364	382	375	383	343	362	346	339
21 Other Federal Reserve liabilities and capital	16,072	16,016	16,140	15,842	16,101	16,051	16,274	16,243	16,191	16,144
22 Reserve balances with Federal Reserve Banks[4]	9,908	9,552	10,542	9,231	10,272	9,115	11,792	10,026	10,476	9,340

Factor	End-of-month figures			Wednesday figures						
	Sept.	Oct.	Nov.	Oct. 15	Oct. 22	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	458,404	455,998	465,928	457,014	463,621	453,829	463,648	461,872	460,564	463,692
U.S. government securities[2]										
2 Bought outright—System account[3]	411,822	410,767	419,882	414,233	415,465	414,096	413,046	414,289	418,528	420,418
3 Held under repurchase agreements	12,696	9,862	10,416	7,040	12,514	4,475	12,815	10,750	7,352	12,021
Federal agency obligations										
4 Bought outright	925	711	685	761	746	711	685	685	685	685
5 Held under repurchase agreements	1,222	1,704	3,782	905	1,622	1,844	1,379	1,573	2,601	862
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	3	24	3	17	14	8	844	1	486	2
8 Seasonal credit	310	151	87	221	203	177	121	111	106	100
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	−263	−114	75	1,537	706	−258	1,342	138	348	−1,991
11 Other Federal Reserve assets	31,689	32,893	30,998	32,301	32,351	32,777	33,415	34,325	30,458	31,595
12 Gold stock	11,050	11,050	11,051	11,050	11,050	11,051	11,051	11,050	11,050	11,051
13 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,470	25,540	25,596	25,498	25,512	25,526	25,540	25,554	25,568	25,582
ABSORBING RESERVE FUNDS										
15 Currency in circulation	458,270	461,551	471,224	462,806	461,559	462,108	464,517	467,620	467,721	471,473
16 Treasury cash holdings	255	237	234	240	239	237	248	248	246	234
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,692	4,616	5,127	5,174	5,585	5,091	5,180	5,508	4,126	3,963
18 Foreign	188	190	167	164	205	192	186	187	180	192
19 Service-related balances and adjustments	7,005	6,962	7,184	7,006	6,879	6,908	6,962	7,020	6,880	6,815
20 Other	386	337	509	381	365	437	352	349	342	324
21 Other Federal Reserve liabilities and capital	16,536	16,328	15,559	15,599	15,922	15,771	16,085	15,736	15,926	15,892
22 Reserve balances with Federal Reserve Banks[4]	13,791	11,567	11,771	11,393	18,629	8,864	15,909	11,008	10,962	10,631

1. Amounts of cash held as reserves are shown in table 1.12, line 2.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.
4. 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									
	1994	1995	1996	1997						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Reserve balances with Reserve Banks[2]	24,658	20,440	13,395	10,916	10,291	9,851	10,489	9,742	9,990	10,559
2 Total vault cash[3]	40,378	42,094	44,426	41,111	42,398	43,129	42,363	43,052	41,730	42,114
3 Applied vault cash[4]	36,682	37,460	37,848	35,081	36,319	36,529	36,156	36,314	35,631	35,892
4 Surplus vault cash[5]	3,696	4,634	6,578	6,030	6,079	6,600	6,208	6,738	6,100	6,222
5 Total reserves[6]	61,340	57,900	51,243	45,997	46,610	46,380	46,645	46,056	45,621	46,451
6 Required reserves	60,172	56,622	49,819	44,757	45,330	45,179	45,392	44,761[r]	44,225	44,834
7 Excess reserve balances at Reserve Banks[7]	1,168	1,278	1,424	1,240	1,280	1,201	1,253	1,295	1,396	1,617
8 Total borrowings at Reserve Banks[8]	209	257	155	243	367	409	598	438	270	153
9 Seasonal borrowings	100	40	68	173	243	330	385	368	227	115
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1997									
	July 30	Aug. 13	Aug. 27	Sept. 10	Sept. 24	Oct. 8	Oct. 22	Nov. 5	Nov. 19	Dec. 3
1 Reserve balances with Reserve Banks[2]	9,003	10,226	10,754	10,417	9,201	9,883	9,756	10,451	10,234	11,021
2 Total vault cash[3]	43,703	43,250	41,480	42,573	43,588	42,603	41,098	41,940	42,129	42,175
3 Applied vault cash[4]	36,559	36,650	35,596	36,507	36,170	36,329	35,177	35,718	35,817	36,069
4 Surplus vault cash[5]	7,144	6,600	5,884	6,066	7,418	6,275	5,921	6,222	6,312	6,107
5 Total reserves[6]	45,562	46,876	46,350	46,924	45,371	46,211	44,932	46,168	46,051	47,090
6 Required reserves	44,561	45,562	45,153	45,679	44,101	44,772	43,731	44,507	44,540	45,358
7 Excess reserve balances at Reserve Banks[7]	1,001	1,314	1,197	1,245	1,269	1,439	1,201	1,661	1,510	1,732
8 Total borrowings at Reserve Banks[8]	484	426	785	503	427	356	241	238	149	119
9 Seasonal borrowings	363	371	396	392	377	308	220	167	112	95
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Also includes adjustment credit.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

1.14 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 1/9/98	Effective date	Previous rate	On 1/9/98	Effective date	Previous rate	On 1/9/98	Effective date	Previous rate
Boston	5.00	2/1/96	5.25	5.60	1/2/98	5.65	6.10	1/2/98	6.15
New York		1/31/96							
Philadelphia		1/31/96							
Cleveland		1/31/96							
Richmond		2/1/96							
Atlanta		1/31/96							
Chicago		2/1/96							
St. Louis		2/5/96							
Minneapolis		1/31/96							
Kansas City		2/1/96							
Dallas		1/31/96							
San Francisco	5.00	1/31/96	5.25	5.60	1/2/98	5.65	6.10	1/2/98	6.15

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
1987—Sept. 4	5.5–6	6
11	6	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
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
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
In effect Jan. 9, 1998	5.00	5.00

1. Available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. The highest rate established for loans to depository institutions may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

2. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

4. 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	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$47.8 million[3]	3	1/1/98
2 More than $47.8 million[4]	10	1/1/98
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorized transfers for the purpose of making payments to third persons or others. However, accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month (of which no more than three may be by check, draft, debit card, or similar order payable directly to third parties) are savings deposits, not transaction accounts.

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning January 1, 1998, for depository institutions that report weekly, and with the period beginning January 15, 1998, for institutions that report quarterly, the amount was decreased from $49.3 million to $47.8 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning January 1, 1998, for depository institutions that report weekly, and with the period beginning January 15, 1998, for institutions that report quarterly, the exemption was raised from $4.4 million to $4.7 million.

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

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to 1½ percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1½ years or more has been zero since Oct. 6, 1983.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1994	1995	1996	1997						
				Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,484	10,932	9,901	4,006	0	596	0	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	380,327	405,296	426,928	33,160	47,456	33,022	35,948r	35,666	28,328	39,313
4 For new bills	380,327	405,296	426,928	33,160	47,456	33,022	35,948r	42,727r	28,328	39,313
5 Redemptions	0	900	0	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	733	390	524	0	383	494	0	0	644	0
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	0	43,574	30,512	2,006	5,666	1,476	4,359	7,487	1,596	3,193
9 Exchanges	−31,949	−35,407	−41,394	−2,100	−4,229	−2,250	−1,087	−2,780	−2,382	−1,267
10 Redemptions	2,337	1,776	2,015	376	0	0	598	0	0	416
One to five years										
11 Gross purchases	9,916	5,366	3,898	1,924	1,102	2,797	0	0	2,697	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−6,004	−34,646	−25,022	−2,006	−4,685	−1,476	−4,359	−5,247	−1,596	−3,193
14 Exchanges	26,458	26,387	31,459	1,700	2,479	2,250	1,087	1,170	2,382	1,267
Five to ten years										
15 Gross purchases	3,575	1,432	1,116	0	734	499	0	0	0	770
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−3,145	−3,093	−5,469	0	−981	0	0	−2,240	0	0
18 Exchanges	4,717	7,220	6,666	400	1,750	0	0	880	0	0
More than ten years										
19 Gross purchases	3,606	2,529	1,655	0	988	906	0	0	0	648
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−918	−2,253	−20	0	0	0	0	0	0	0
22 Exchanges	775	1,800	3,270	0	0	0	0	730	0	0
All maturities										
23 Gross purchases	35,314	20,649	17,094	5,930	3,206	5,292	0	0	3,341	1,418
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,337	2,676	2,015	376	0	0	598	0	0	416
Matched transactions										
26 Gross purchases	1,700,836	2,197,736	3,092,399	303,056	287,229	293,506	307,101	317,008r	311,153	316,425
27 Gross sales	1,701,309	2,202,030	3,094,769	301,177	287,826	293,008	309,578	315,439r	312,083	318,485
Repurchase agreements										
28 Gross purchases	309,276	331,694	457,568	102,578	46,552	60,286	44,503	54,561	77,109	107,287
29 Gross sales	311,898	328,497	450,359	62,685	89,477	47,070	53,217	27,204	49,923	65,461
30 Net change in U.S. Treasury securities	29,882	16,875	19,919	47,326	−40,316	19,006	−11,789	28,926	29,597	40,767
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	0	0	0
33 Redemptions	942	1,003	409	24	0	474	287	179	105	631
Repurchase agreements										
34 Gross purchases	52,696	36,851	75,354	10,178	7,954	8,401	10,437	13,131	9,796	20,319
35 Gross sales	52,696	36,776	74,842	10,285	7,096	9,131	10,811	11,252	11,196	15,157
36 Net change in federal agency obligations	−942	−928	103	−131	858	−1,204	−661	1,700	−1,505	4,531
37 Total net change in System Open Market Account	**28,940**	**15,948**	**20,021**	**47,195**	**−39,458**	**17,802**	**−12,450**	**30,626**	**28,092**	**45,298**

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

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities.

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

Millions of dollars

Account	Wednesday					End of month		
	1997					1997		
	Oct. 29	Nov. 5	Nov 12	Nov. 19	Nov. 26	Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,051	11,051	11,050	11,050	11,051	11,050	11,050	11,051
2 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
3 Coin	517	513	510	510	497	526	532	495
Loans								
4 To depository institutions	185	966	112	592	102	313	175	90
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	711	685	685	685	685	925	711	685
8 Held under repurchase agreements	1,844	1,379	1,573	2,601	862	1,222	1,704	3,782
9 **Total U.S. Treasury securities**	**418,571**	**425,861**	**425,039**	**425,880**	**432,439**	**424,518**	**420,629**	**430,298**
10 Bought outright[2]	414,096	413,046	414,289	418,528	420,418	411,822	410,767	419,882
11 Bills	194,962	193,911	193,702	196,050	195,055	193,693	191,632	194,519
12 Notes	163,076	163,076	164,528	165,239	167,169	163,138	163,076	167,170
13 Bonds	56,059	56,059	56,059	57,239	58,193	54,991	56,059	58,193
14 Held under repurchase agreements	4,475	12,815	10,750	7,352	12,021	12,696	9,862	10,416
15 **Total loans and securities**	**421,310**	**428,890**	**427,408**	**429,758**	**434,087**	**426,978**	**423,219**	**434,855**
16 Items in process of collection	6,001	8,729	6,505	7,079	6,497	8,652	4,529	3,262
17 Bank premises	1,273	1,273	1,277	1,277	1,276	1,268	1,273	1,264
Other assets								
18 Denominated in foreign currencies[3]	17,623	17,951	17,959	17,968	17,975	17,592	17,945	17,345
19 All other[4]	13,855	14,180	15,077	11,188	12,381	12,822	13,728	12,384
20 **Total assets**	**480,831**	**491,787**	**488,988**	**488,029**	**492,964**	**488,088**	**481,475**	**489,856**
LIABILITIES								
21 Federal Reserve notes	437,336	439,738	442,824	442,909	446,622	433,581	436,780	446,357
22 **Total deposits**	**22,105**	**28,935**	**24,494**	**22,759**	**24,029**	**30,057**	**23,852**	**25,073**
23 Depository institutions	16,386	23,208	18,466	18,112	19,550	21,791	18,709	19,271
24 U.S. Treasury—General account	5,091	5,180	5,508	4,126	3,963	7,692	4,616	5,127
25 Foreign—Official accounts	192	186	187	180	192	188	190	167
26 Other	437	352	349	342	324	386	337	509
27 Deferred credit items	5,618	7,030	5,934	6,436	6,421	7,914	4,515	2,866
28 Other liabilities and accrued dividends[5]	4,825	4,826	4,743	4,931	4,853	4,947	4,936	4,908
29 **Total liabilities**	**469,884**	**480,529**	**477,994**	**477,035**	**481,925**	**476,499**	**470,083**	**479,204**
CAPITAL ACCOUNTS								
30 Capital paid in	5,272	5,280	5,282	5,285	5,318	5,227	5,279	5,314
31 Surplus	4,389	4,389	4,389	4,389	4,389	4,496	4,389	4,348
32 Other capital accounts	1,286	1,590	1,323	1,321	1,332	1,866	1,724	990
33 **Total liabilities and capital accounts**	**480,831**	**491,787**	**488,988**	**488,029**	**492,964**	**488,088**	**481,475**	**489,856**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	621,101	626,435	628,315	625,711	617,808	637,992	624,722	618,612
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	549,297	547,718	548,053	548,516	548,091	549,745	548,595	547,796
36 LESS: Held by Federal Reserve Banks	111,961	107,980	105,229	105,608	101,469	116,164	111,815	101,440
37 Federal Reserve notes, net	437,336	439,738	442,824	442,909	446,622	433,581	436,780	446,357
Collateral held against notes, net								
38 Gold certificate account	11,051	11,051	11,050	11,050	11,051	11,050	11,050	11,051
39 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	417,086	419,487	422,574	422,658	426,372	413,331	416,530	426,106
42 **Total collateral**	**437,336**	**439,738**	**442,824**	**442,909**	**446,622**	**433,581**	**436,780**	**446,357**

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 includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities. Excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.

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		
	1997					1997		
	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26	Sept. 30	Oct. 31	Nov. 28
1 **Total loans**	**185**	**966**	**112**	**592**	**102**	**313**	**176**	**90**
2 Within fifteen days[1]	168	878	11	576	94	174	96	35
3. Sixteen days to ninety days	16	87	101	15	8	139	79	55
4 **Total U.S. Treasury securities**[2]	**418,571**	**425,861**	**425,039**	**425,880**	**432,439**	**420,473**	**420,629**	**431,903**
5 Within fifteen days[1]	16,595	27,740	27,580	15,708	24,895	16,403	15,483	17,366
6 Sixteen days to ninety days	87,956	85,199	90,174	95,893	90,575	88,467	90,393	97,369
7 Ninety-one days to one year	138,846	138,813	133,174	137,439	137,254	141,248	140,643	137,454
8 One year to five years	91,357	90,291	90,292	90,894	92,328	91,956	90,291	92,328
9 Five years to ten years	38,429	38,430	38,430	39,756	40,292	37,658	38,429	40,292
10 More than ten years	45,389	45,389	45,389	46,190	47,094	44,741	45,389	47,094
11 **Total federal agency obligations**	**2,555**	**2,064**	**2,258**	**3,286**	**1,547**	**1,929**	**2,415**	**1,547**
12 Within fifteen days[1]	1,870	1,379	1,573	2,601	862	1,004	1,730	862
13 Sixteen days to ninety days	n.a	0	10	10	10	76	n.a.	10
14 Ninety-one days to one year	202	202	192	192	197	202	202	197
15 One year to five years	203	203	203	203	198	303	203	198
16 Five years to ten years	255	255	255	255	255	255	255	255
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.

2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

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

Billions of dollars, averages of daily figures

Item	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1997 Apr.	1997 May	1997 June	1997 July	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	60.55	59.40	56.39	50.06	47.43	47.05	47.11	46.89	47.41	46.67	46.45	46.87
2 Nonborrowed reserves[4]	60.46	59.20	56.13	49.91	47.17	46.81	46.74	46.48	46.82	46.23	46.18	46.71
3 Nonborrowed reserves plus extended credit[5]	60.46	59.20	56.13	49.91	47.17	46.81	46.74	46.48	46.82	46.23	46.18	46.71
4 Required reserves	59.48	58.24	55.11	48.64	46.42	45.81	45.83	45.68	46.16	45.37[r]	45.06	45.25
5 Monetary base[6]	386.88	418.48	434.52	452.67	458.24	459.60	461.40	464.21	466.46	469.35[r]	472.02	476.48
	Not seasonally adjusted											
6 Total reserves[7]	62.37	61.13	58.02	51.52	48.09	46.26	46.93	46.76	47.09	46.55	46.16	47.05
7 Nonborrowed reserves	62.29	60.92	57.76	51.37	47.83	46.02	46.56	46.35	46.49	46.11	45.89	46.90
8 Nonborrowed reserves plus extended credit[5]	62.29	60.92	57.76	51.37	47.83	46.02	46.56	46.35	46.49	46.11	45.89	46.90
9 Required reserves[8]	61.31	59.96	56.74	50.10	47.08	45.02	45.65	45.56	45.83	45.25	44.77	45.44
10 Monetary base[9]	390.59	422.51	439.03	456.72	458.17	458.29	461.81	465.55	467.24[r]	468.63[r]	470.67	476.90
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.86	61.34	57.90	51.24	47.88	46.00	46.61	46.38	46.65	46.06	45.62	46.45
12 Nonborrowed reserves	62.78	61.13	57.64	51.09	47.62	45.75	46.24	45.97	46.05	45.62	45.35	46.30
13 Nonborrowed reserves plus extended credit[5]	62.78	61.13	57.64	51.09	47.62	45.75	46.24	45.97	46.05	45.62	45.35	46.30
14 Required reserves	61.80	60.17	56.62	49.82	46.87	44.76	45.33	45.18	45.39	44.76[r]	44.23	44.83
15 Monetary base[12]	397.62	427.25	444.45	463.49	465.06	465.22	468.78	472.58	474.01	475.32[r]	477.25	483.46
16 Excess reserves[13]	1.06	1.17	1.28	1.42	1.01	1.24	1.28	1.20	1.25	1.30	1.40	1.62
17 Borrowings from the Federal Reserve	.08	.21	.26	.16	.26	.24	.37	.41	.60	.44	.27	.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 effect on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

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

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

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

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

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

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

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

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

Billions of dollars, averages of daily figures

Item	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1997 Aug.	1997 Sept.	1997 Oct.[r]	1997 Nov
	Seasonally adjusted							
Measures[2]								
1 M1	1,129.8	1,150.7	1,129.0	1,081 1	1,069.6	1,060.8	1,057.4	1,064.0
2 M2	3,486.6	3,502.1	3,655.0	3,819.3	3,940.5	3,960.0	3,975.8	3,998.8
3 M3	4,254.4	4,327.3	4,592.5	4,918.0	5,168.9	5,209.9[r]	5,245.0	5,293.2
4 L	5,167.8	5,308.4	5,697.6	6,069.2[r]	6,380.8[r]	6,426.0[r]	6,452.5	n.a.
5 Debt	12,457.0[r]	13,072.0[r]	13,768.0[r]	14,483.0[r]	14,891.1[r]	14,944.8[r]	15,007.8	n.a.
M1 components								
6 Currency[3]	322.2	354.4	372.6	395.2	412.1	415.4	418.0	421.9
7 Travelers checks[4]	7.9	8.5	8.9	8.6	8.3	8.1	8.1	8.2
8 Demand deposits[5]	385.2	384.1	391.1	402.6	402.0	390.6	386.4	391.0
9 Other checkable deposits[6]	414.5	403.8	356.5	274.8	247.2	246.7	244.8	243.0
Nontransaction components								
10 In M2[7]	2,356.8	2,351.4	2,526.0	2,738.2	2,871.0	2,899.3	2,918.4	2,934.8
11 In M3 only[8]	767.8	825.3	937.5	1,098.7	1,228.4	1,249.9[r]	1,269.2	1,294.4
Commercial banks								
12 Savings deposits, including MMDAs	785.2	752.4	776.0	903.9	966.7	982.2	995.3	1,005.2
13 Small time deposits[9]	468.3	503.2	576.0	592.0	615.0	618.3	620.8	623.6
14 Large time deposits[10, 11]	271.9	298 4	344.7	412.3	472.0	485.3	489.3	495.5
Thrift institutions								
15 Savings deposits, including MMDAs	434 0	397.2	361.1	367.1	374.8	374.5	374.9	374.9
16 Small time deposits[9]	314.3	314.3	357.7	353.7	347.5	345.9	345.7	343.1
17 Large time deposits[10]	61.5	64.7	75.1	79.2	85.2	85.6	85.3	85.8
Money market mutual funds								
18 Retail	354.9	384.3	455.2	521.5	567.0	578.3	581.8	588.0
19 Institution-only	209.5	198.5	246.9	299.3	329.2	338.9	345.3	346.4
Repurchase agreements and Eurodollars								
20 Repurchase agreements[12]	158.6	182.9	182.1	194.1	208.6[r]	205.7[r]	217.6	233.5
21 Eurodollars[12]	66.4	80.8	88.7	113.9	133.4[r]	134.4[r]	131.6	133.1
Debt components								
22 Federal debt	3,322.9	3,491.9	3,638.5	3,780.0	3,784.5	3,787.9[r]	3,789.6	n.a.
23 Nonfederal debt	9,134.2[r]	9,580.1[r]	10,129.5[r]	10,703.0[r]	11,106.6[r]	11,156.9[r]	11,218.2	n.a.
	Not seasonally adjusted							
Measures[2]								
24 M1	1,153.7	1,174.4	1,152.8	1,103.1	1,067.5	1,057.7	1,054.6	1,068.9
25 M2	3,506.6	3,522.5	3,675.3	3,837.7	3,944.0	3,952.4	3,965.3	4,000.9
26 M3	4,274.8	4,347.4	4,612.0	4,935.0	5,170.8[r]	5,197.1[r]	5,241.8	5,301.2
27 L	5,197.7	5,338 8	5,729.5	6,098.1	6,380.8[r]	6,407.4[r]	6,442.3	n.a.
28 Debt	12,459.4	13,073.9	13,768.6[r]	14,482.4[r]	14,846.2[r]	14,911.4[r]	14,971.8	n.a.
M1 components								
29 Currency[3]	324.8	357.5	376.2	397.9	413.4	414.2	417.3	422.4
30 Travelers checks[4]	7.6	8.1	8.5	8.3	8.8	8.4	8.2	8.0
31 Demand deposits[5]	401.8	400.3	407.3	418.9	400.6	389.6	386.5	396.0
32 Other checkable deposits[6]	419.4	408.6	360.8	278.0	244.8	245.5	242.6	242.5
Nontransaction components								
33 In M2[7]	2,352.9	2,348.1	2,522.6	2,734.6	2,876.5	2,894.7	2,910.7	2,932.0
34 In M3 only[8]	768.2	824.9	936.6	1,097.3	1,226.8	1,244.7[r]	1,276.5	1,300.3
Commercial banks								
35 Savings deposits, including MMDAs	784.3	751.7	775.3	902.9	970.0	983.2	994.7	1,007.1
36 Small time deposits[9]	466.8	501.5	573.8	589.8	615.0	617.5	620.0	622.0
37 Large time deposits[10, 11]	272.0	298.9	345.7	413.7	470.7	484.4[r]	495.2	501.6
Thrift institutions								
38 Savings deposits, including MMDAs	433.4	396.8	360.8	366.7	376.1	374.9	374.7	375.6
39 Small time deposits[9]	313.3	313.2	356.3	352.4	347.5	345.5	345.2	342.2
40 Large time deposits[10]	61.5	64.8	75.4	79.5	84.9	85.4	86.3	86.9
Money market mutual funds								
41 Retail	355.0	385.0	456.3	522.9	568.0	573.7	576.1	585.0
42 Institution-only	210.6	199.8	248.2	300.5	328.3	333.1	341.2	346.8
Repurchase agreements and Eurodollars								
43 Repurchase agreements[12]	156.6	179.6	178.0	188.8	210.5[r]	208.2[r]	221.0	232.0
44 Eurodollars[12]	67.6	81.8	89.4	114.7	132.3[r]	133.5[r]	132.9	132.9
Debt components								
45 Federal debt	3,329 5	3,499.0	3,645.9	3,787.9	3,774.4	3,780.4	3,774.4	n.a.
46 Nonfederal debt	9,130.0[r]	9,575.0[r]	10,122.7[r]	10,694.5[r]	11,071.8[r]	11,131.1[r]	11,197.5	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) savings deposits (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds (money funds with minimum initial investments of less than $50,000). Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more) issued by all depository institutions, (2) balances in institutional money funds (money funds with minimum initial investments of $50,000 or more), (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) Eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and Eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

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

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

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

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

12. Includes both overnight and term.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1997[r]							1997			
	Nov.[r]	May	June	July	Aug.	Sept	Oct.	Nov	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	Seasonally adjusted											
Assets												
1 Bank credit	3,742.4	3,901.9	3,922.1	3,957.4	3,971.0	3,996.0	4,031.0	4,075.7	4,059.6	4,071.2	4,061.5	4,098.6
2 Securities in bank credit	979.9	1,013.5	1,009.6	1,031.1	1,024.9	1,031.5	1,045.7	1,081.0	1,070.1	1,076.8	1,071.1	1,094.4
3 U.S. government securities	705.6	721.9	724.8	726.5	715.4	724.2	731.7	745.5	741.4	743.8	738.4	755.2
4 Other securities	274.3	291.6	284.8	304.5	309.5	307.3	314.0	335.5	328.6	333.0	332.8	339.2
5 Loans and leases in bank credit[2]	2,762.5	2,888.5	2,912.4	2,926.4	2,946.1	2,964.5	2,985.3	2,994.7	2,989.5	2,994.5	2,990.4	3,004.2
6 Commercial and industrial	773.9	808.4	813.8	817.0	825.6	837.7	844.5	847.2	841.4	844.2	846.4	852.5
7 Real estate	1,122.6	1,179.2	1,189.5	1,198.4	1,205.7	1,214.2	1,219.6	1,225.6	1,227.1	1,229.4	1,222.7	1,224.0
8 Revolving home equity	83.7	90.4	91.9	93.2	94.3	95.5	96.4	97.3	97.0	97.1	97.4	97.5
9 Other	1,038.8	1,088.8	1,097.6	1,105.3	1,111.4	1,118.7	1,123.2	1,128.3	1,130.2	1,132.3	1,125.3	1,126.5
10 Consumer	520.5	516.5	517.7	517.6	518.8	515.3	509.4	510.0	508.0	506.9	510.8	512.1
11 Security[3]	76.9	88.3	92.6	93.5	93.3	94.5	104.3	97.5	102.8	100.9	95.7	95.6
12 Other loans and leases	268.6	296.1	298.8	299.9	302.8	302.9	307.5	314.3	310.1	313.0	314.7	320.0
13 Interbank loans	211.7	217.6	190.3	184.6	191.5	199.6	201.4	206.0	194.8	207.0	191.1	222.2
14 Cash assets[4]	229.4	243.8	248.0	245.3	262.9	258.9	269.3	279.2	275.9	302.1	258.2	287.2
15 Other assets[5]	258.9	280.2	286.2	282.1	283.9	284.1	294.0	303.6	307.5	299.5	300.8	306.0
16 **Total assets[6]**	**4,385.8**	**4,587.2**	**4,589.9**	**4,612.6**	**4,652.5**	**4,682.0**	**4,738.9**	**4,807.7**	**4,780.9**	**4,823.0**	**4,755.0**	**4,857.1**
Liabilities												
17 Deposits	2,829.4	2,933.8	2,969.0	3,005.2	3,029.8	3,045.7	3,059.6	3,103.1	3,089.8	3,127.0	3,061.9	3,127.2
18 Transaction	719.5	689.3	693.2	689.7	696.8	682.5	681.7	692.2	681.5	716.3	664.3	716.9
19 Nontransaction	2,109.9	2,244.5	2,275.8	2,315.5	2,333.0	2,363.2	2,377.9	2,410.9	2,408.3	2,410.7	2,397.6	2,410.3
20 Large time	501.4	560.8	577.1	597.5	603.1	618.2	616.2	635.6	625.0	632.5	633.7	640.8
21 Other	1,608.5	1,683.7	1,698.7	1,717.9	1,729.9	1,745.0	1,761.7	1,775.3	1,783.3	1,778.2	1,763.9	1,769.4
22 Borrowings	708.6	762.1	730.1	730.3	744.9	767.0	807.7	828.4	816.4	829.0	817.9	843.4
23 From banks in the U.S.	299.1	301.9	270.2	266.1	277.8	285.4	295.2	306.2	297.8	300.6	302.6	315.2
24 From others	409.5	460.2	459.9	464.1	467.1	481.6	512.5	522.2	518.6	528.4	515.3	528.2
25 Net due to related foreign offices	237.9	234.1	229.6	216.6	210.5	212.0	192.8	193.6	195.8	190.7	199.7	189.9
26 Other liabilities	250.6	264.2	266.0	277.5	281.3	268.6	285.1	295.2	290.8	289.2	295.1	298.7
27 **Total liabilities**	**4,026.5**	**4,194.2**	**4,194.7**	**4,229.6**	**4,266.4**	**4,293.3**	**4,345.2**	**4,420.3**	**4,392.8**	**4,435.9**	**4,374.6**	**4,459.2**
28 Residual (assets less liabilities)[7]	359.3	392.9	395.3	383.0	386.1	388.7	393.8	387.4	388.1	387.2	380.4	397.9
	Not seasonally adjusted											
Assets												
29 Bank credit	3,746.6	3,906.5	3,925.9	3,953.4	3,972.2	3,997.5	4,032.5	4,079.2	4,073.9	4,074.4	4,066.3	4,093.7
30 Securities in bank credit	978.6	1,022.5	1,016.3	1,028.5	1,030.0	1,031.7	1,045.6	1,079.5	1,074.4	1,076.9	1,071.2	1,087.4
31 U.S. government securities	706.0	724.3	724.8	722.6	718.0	725.4	732.4	746.0	744.2	744.9	738.3	753.0
32 Other securities	272.6	298.2	291.5	305.9	312.0	306.3	313.2	333.5	330.2	332.1	332.9	334.3
33 Loans and leases in bank credit[2]	2,768.1	2,884.0	2,909.7	2,924.9	2,942.2	2,965.8	2,986.9	2,999.7	2,999.5	2,997.5	2,995.2	3,006.3
34 Commercial and industrial	772.1	815.2	817.2	818.2	821.4	831.9	840.5	845.0	841.4	841.0	845.0	850.0
35 Real estate	1,126.8	1,174.8	1,187.8	1,198.5	1,207.4	1,217.5	1,223.0	1,230.1	1,231.4	1,234.4	1,226.4	1,228.3
36 Revolving home equity	84.2	90.2	91.9	93.2	94.6	96.2	97.0	97.8	97.5	97.6	98.0	98.0
37 Other	1,042.7	1,084.6	1,096.0	1,105.3	1,112.8	1,121.3	1,126.0	1,132.2	1,133.9	1,136.7	1,128.4	1,130.3
38 Consumer	520.9	514.4	514.9	515.2	519.2	517.5	509.5	510.4	508.1	506.8	510.9	512.9
39 Security[3]	78.2	88.7	92.2	92.0	91.4	93.6	104.1	99.5	105.4	101.6	98.4	97.9
40 Other loans and leases	270.0	291.0	297.5	300.9	302.8	305.4	309.9	314.8	313.3	313.7	314.5	317.2
41 Interbank loans	216.0	213.2	187.7	182.3	187.1	194.1	196.2	210.6	198.8	212.7	196.4	220.7
42 Cash assets[4]	236.3	241.6	244.7	241.7	249.3	255.6	270.3	287.3	273.2	313.0	269.5	292.9
43 Other assets[5]	257.6	282.5	286.4	284.3	287.3	286.7	290.8	302.0	308.3	300.4	296.8	301.4
44 **Total assets[6]**	**4,399.9**	**4,587.3**	**4,588.0**	**4,604.9**	**4,638.8**	**4,677.0**	**4,733.2**	**4,822.3**	**4,797.4**	**4,843.7**	**4,772.2**	**4,851.7**
Liabilities												
45 Deposits	2,846.5	2,925.1	2,964.2	2,996.5	3,019.7	3,045.9	3,067.2	3,121.0	3,110.8	3,151.1	3,080.7	3,127.8
46 Transaction	729.7	679.4	687.5	683.4	684.3	681.0	679.7	701.7	686.6	725.6	676.7	718.0
47 Nontransaction	2,116.8	2,245.7	2,276.7	2,313.1	2,335.5	2,364.8	2,387.6	2,419.3	2,424.1	2,425.5	2,404.0	2,409.7
48 Large time	504.6	565.6	576.9	593.2	602.2	613.5	623.6	640.1	633.9	639.2	636.7	643.7
49 Other	1,612.2	1,680.1	1,699.8	1,719.9	1,733.3	1,751.3	1,764.0	1,779.2	1,790.2	1,786.3	1,767.2	1,766.1
50 Borrowings	698.5	772.4	750.5	744.7	749.8	770.3	797.9	815.4	811.0	817.3	802.6	822.8
51 From banks in the U.S.	293.0	310.5	283.9	274.9	282.6	286.7	287.5	299.5	293.1	298.4	293.3	304.3
52 From others	405.5	461.9	466.6	469.8	467.2	483.6	510.3	515.8	517.9	518.9	509.3	518.4
53 Net due to related foreign offices	234.9	236.5	219.9	212.9	206.2	204.3	193.4	188.2	184.6	186.6	187.5	198.6
54 Other liabilities	254.4	267.9	268.3	275.9	280.3	269.1	283.7	299.5	294.6	294.5	299.1	303.1
55 **Total liabilities**	**4,034.3**	**4,201.9**	**4,202.9**	**4,230.0**	**4,255.9**	**4,289.5**	**4,342.2**	**4,424.0**	**4,401.0**	**4,449.5**	**4,369.8**	**4,452.2**
56 Residual (assets less liabilities)[7]	365.7	385.4	385.2	374.9	382.9	387.5	391.0	398.2	396.3	394.1	402.4	399.5
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	65.6	81.4	76.0	84.2	86.1	78.3	77.7	83.1	81.1	84.7	83.7	80.9
58 Revaluation losses on off-balance-sheet items[8]	60.5	85.2	79.9	87.5	89.2	81.3	81.0	85.2	82.9	86.5	85.2	83.5

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1997[r]							1997			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	Seasonally adjusted											
Assets												
1 Bank credit	3,247.9	3,367.9	3,388.5	3,421.6	3,438.8	3,459.0	3,487.3	3,523.5	3,502.4	3,524.1	3,518.4	3,538.5
2 Securities in bank credit	821.6	840.5	836.4	851.3	847.4	849.5	864.9	885.1	875.0	885.0	883.4	889.6
3 U.S. government securities	619.3[r]	633.8	635.1	636.2	629.6	636.4	645.4	659.4	654.4	658.6	658.8	662.8
4 Other securities	202.3[r]	206.7	201.2	215.1	217.8	213.1	219.6	225.7	220.6	226.4	224.6	226.7
5 Loans and leases in bank credit[2]	2,426.3	2,527.4	2,552.2	2,570.3	2,591.4	2,609.5	2,622.4	2,638.4	2,627.4	2,639.1	2,635.0	2,649.0
6 Commercial and industrial	565.6[r]	590.3	595.6	598.9	605.9	615.5	621.0	624.7	619.8	624.0	623.8	628.0
7 Real estate	1,090.1[r]	1,148.7	1,160.0	1,169.9	1,177.3	1,186.3	1,191.9	1,198.6	1,199.3	1,202.4	1,195.8	1,197.4
8 Revolving home equity	83.7[r]	90.4	91.9	93.2	94.3	95.5	96.4	97.3	97.0	97.1	97.4	97.5
9 Other	1,006.4[r]	1,058.3	1,068.2	1,076.8	1,083.1	1,090.8	1,095.5	1,101.3	1,102.4	1,105.3	1,098.4	1,099.9
10 Consumer	520.5	516.5	517.7	517.6	518.8	515.3	509.4	510.0	508.0	506.9	510.8	512.1
11 Security[3]	41.9	45.5	47.8	50.0	51.0	51.5	57.7	56.3	56.0	57.5	56.3	57.4
12 Other loans and leases	208.2	226.4	231.0	233.9	238.4	240.8	242.5	248.7	244.2	248.3	248.2	253.9
13 Interbank loans	191.5	197.8	171.6	166.0	173.5	181.6	181.3	182.9	179.8	181.6	171.9	193.8
14 Cash assets[4]	198.6	210.3	212.9	211.7	228.5	223.3	234.5	243.0	239.1	265.0	221.5	252.4
15 Other assets[5]	223.1	241.7	245.6	239.6	241.4	242.1	252.7	259.1	264.0	255.2	256.2	260.0
16 **Total assets[6]**	**3,804.6[r]**	**3,961.5**	**3,962.3**	**3,982.4**	**4,025.5**	**4,049.7**	**4,099.3**	**4,151.9**	**4,128.7**	**4,169.4**	**4,111.6**	**4,188.0**
Liabilities												
17 Deposits	2,625.4	2,684.9	2,715.6	2,740.6	2,766.4	2,780.2	2,798.7	2,831.0	2,825.6	2,856.8	2,791.7	2,850.6
18 Transaction	709.3	678.4	682.6	679.1	685.6	671.7	671.3	681.6	671.0	705.3	653.7	706.0
19 Nontransaction	1,916.1	2,006.4	2,033.0	2,061.5	2,080.8	2,108.4	2,127.4	2,149.5	2,154.6	2,151.5	2,138.1	2,144.5
20 Large time	310.0	325.3	336.9	346.2	353.4	365.9	368.1	376.6	373.7	375.6	376.6	377.6
21 Other	1,606.1	1,681.1	1,696.1	1,715.4	1,727.4	1,742.5	1,759.3	1,772.9	1,780.9	1,775.8	1,761.5	1,767.0
22 Borrowings	583.0[r]	620.2	591.7	595.2	607.4	623.7	645.9	663.3	641.4	661.9	662.2	675.5
23 From banks in the U.S.	265.9[r]	269.0	239.8	235.9	246.6	249.5	257.6	275.7	258.6	268.8	276.6	286.4
24 From others	317.0[r]	351.1	351.8	359.4	360.8	374.1	388.3	387.6	382.8	393.2	385.6	389.2
25 Net due to related foreign offices	71.0	85.7	81.1	85.6	79.8	84.7	74.1	74.3	74.9	74.6	75.4	73.9
26 Other liabilities	171.0	175.7	177.1	182.6	185.7	174.9	192.1	198.5	197.0	194.8	197.4	200.3
27 **Total liabilities**	**3,450.4[r]**	**3,566.4**	**3,565.5**	**3,604.1**	**3,639.4**	**3,663.5**	**3,710.8**	**3,767.1**	**3,738.8**	**3,788.2**	**3,726.8**	**3,800.3**
28 Residual (assets less liabilities)[7]	354.3[r]	395.1	396.8	378.2	386.1	386.2	388.5	384.8	389.9	381.3	384.8	387.6
	Not seasonally adjusted											
Assets												
29 Bank credit	3,252.5	3,369.9	3,391.9	3,417.0	3,436.0	3,462.6	3,490.2	3,527.9	3,513.8	3,527.6	3,523.8	3,537.4
30 Securities in bank credit	820.6	844.7	842.3	849.8	849.0	851.4	864.9	884.3	877.2	884.6	883.4	886.0
31 U.S. government securities	619.8[r]	635.7	636.3	634.9	630.8	638.7	646.8	660.4	656.8	659.3	659.4	662.2
32 Other securities	200.8[r]	208.9	205.9	214.9	218.2	212.7	218.1	223.9	220.4	225.3	224.0	223.8
33 Loans and leases in bank credit[2]	2,431.9[r]	2,525.2	2,549.7	2,567.2	2,587.1	2,611.2	2,625.3	2,643.6	2,636.5	2,643.0	2,640.4	2,651.4
34 Commercial and industrial	563.9[r]	596.8	598.3	599.0	601.5	611.2	618.2	622.6	619.4	621.5	622.4	625.5
35 Real estate	1,094.0[r]	1,144.6	1,158.5	1,170.1	1,179.0	1,189.5	1,195.1	1,202.7	1,203.2	1,207.0	1,199.1	1,201.4
36 Revolving home equity	84.2[r]	90.2	91.9	93.2	94.6	96.2	97.0	97.8	97.5	97.6	98.0	98.0
37 Other	1,009.8[r]	1,054.4	1,066.6	1,076.9	1,084.4	1,093.4	1,098.1	1,104.9	1,105.7	1,109.3	1,101.1	1,103.4
38 Consumer	520.9	514.4	514.9	515.2	519.2	517.5	509.5	510.4	508.1	506.8	510.9	512.9
39 Security[3]	43.2	46.0	47.4	48.5	49.1	50.6	57.5	58.3	58.6	58.2	59.1	59.7
40 Other loans and leases	210.0	223.5	230.6	234.4	238.2	242.4	245.0	249.6	247.3	249.5	248.9	251.9
41 Interbank loans	195.8	193.4	169.1	163.8	169.1	176.1	176.2	187.5	183.8	187.3	177.1	192.3
42 Cash assets[4]	205.2	208.0	208.8	207.9	215.0	220.9	235.1	250.8	236.5	275.5	232.3	257.7
43 Other assets[5]	221.6	243.0	245.9	242.5	243.9	244.3	249.9	257.2	264.6	255.9	252.4	254.9
44 **Total assets[6]**	**3,818.7**	**3,958.0**	**3,959.3**	**3,974.7**	**4,007.2**	**4,047.2**	**4,095.0**	**4,166.8**	**4,142.1**	**4,189.8**	**4,129.0**	**4,185.5**
Liabilities												
45 Deposits	2,640.0	2,675.7	2,710.4	2,734.9	2,758.5	2,781.3	2,798.4	2,845.3	2,839.6	2,875.6	2,808.2	2,848.9
46 Transaction	719.5	669.1	677.0	672.8	673.4	669.8	669.2	691.0	676.2	714.7	666.1	707.1
47 Nontransaction	1,920.5	2,006.6	2,033.4	2,062.1	2,085.1	2,111.5	2,129.3	2,154.2	2,163.4	2,160.9	2,142.1	2,141.9
48 Large time	310.7	329.1	336.2	344.8	354.4	362.7	367.7	377.5	375.6	377.0	377.3	378.2
49 Other	1,609.8	1,677.5	1,697.3	1,717.4	1,730.8	1,748.9	1,761.5	1,776.7	1,787.8	1,783.9	1,764.8	1,763.6
50 Borrowings	576.3[r]	630.7	607.1	600.8	607.1	626.1	640.8	655.6	638.5	656.4	652.6	663.5
51 From banks in the U.S.	259.7[r]	278.0	251.9	242.9	250.9	251.8	253.1	269.1	255.3	266.3	267.4	275.7
52 From others	316.5[r]	352.6	355.3	357.9	356.2	374.3	387.7	386.5	383.3	390.2	385.2	387.7
53 Net due to related foreign offices	68.4	92.3	79.6	83.2	77.4	80.1	75.7	70.6	71.4	69.9	69.1	75.1
54 Other liabilities	174.1	176.7	178.4	183.1	184.2	175.5	192.7	202.1	201.1	199.0	201.1	203.4
55 **Total liabilities**	**3,458.7[r]**	**3,575.4**	**3,575.6**	**3,602.0**	**3,627.3**	**3,663.0**	**3,707.7**	**3,773.5**	**3,750.6**	**3,800.9**	**3,731.1**	**3,790.9**
56 Residual (assets less liabilities)[7]	360.0[r]	382.7	383.7	372.7	379.9	384.1	387.4	393.3	391.5	388.9	397.9	394.6
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	33.1	42.0	38.5	44.3	45.1	37.5	38.2	41.5	39.8	43.3	42.0	40.0
58 Revaluation losses on off-balance-sheet items[8]	28.9	43.4	40.2	45.9	46.5	40.0	41.3	43.6	41.9	45.2	43.6	42.4
59 Mortgage-backed securities[9]	238.4	248.8	250.4	254.3	256.0	258.6	263.4	272.1	271.5	271.3	270.3	273.6

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1997[r]							1997			
	Nov.[r]	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	Seasonally adjusted											
Assets												
1 Bank credit	1,918.4	1,984.2	1,995.1	2,013.4	2,016.1	2,027.3	2,052.7	2,073.7	2,059.4	2,079.2	2,067.5	2,084.3
2 Securities in bank credit	426.8	434.4	430.3	442.6	437.8	440.5	456.3	473.6	465.4	474.7	470.7	477.2
3 U.S. government securities	304.2	310.7	311.7	310.7	302.9	309.7	319.2	332.4	328.5	332.2	331.1	335.4
4 Trading account	21.6	18.7	22.2	23.7	20.6	23.3	25.2	26.3	26.2	25.9	25.5	27.9
5 Investment account	282.6	292.0	289.5	287.0	282.3	286.4	294.0	306.0	302.3	306.3	305.6	307.4
6 Other securities	122.6	123.8	118.6	131.9	134.9	130.8	137.1	141.2	136.9	142.5	139.5	141.9
7 Trading account	57.8	58.4	51.8	64.2	63.7	59.6	65.4	68.8	65.9	71.4	67.3	67.9
8 Investment account	64.8	65.4	66.8	67.7	71.3	71.2	71.8	72.5	70.9	71.0	72.2	74.0
9 State and local government	20.2	21.1	21.7	22.1	22.3	22.0	22.0	21.8	22.0	21.9	21.8	21.7
10 Other	44.6	44.3	45.1	45.5	49.0	49.2	49.8	50.7	49.0	49.2	50.4	52.2
11 Loans and leases in bank credit[2]	1,491.6	1,549.8	1,564.8	1,570.9	1,578.3	1,586.8	1,596.4	1,600.1	1,594.1	1,604.5	1,596.9	1,607.0
12 Commercial and industrial	397.7	414.2	417.7	418.7	423.5	431.4	435.9	437.4	433.5	437.4	436.6	440.0
13 Bankers acceptances	1.9	1.6	1.6	1.6	1.5	1.5	1.3	1.2	1.3	1.4	1.4	1.4
14 Other	395.8	412.6	416.1	417.1	422.0	429.9	434.6	436.2	432.3	436.1	435.4	438.8
15 Real estate	609.8	630.1	635.0	634.6	635.0	636.5	636.8	637.5	640.1	642.8	633.9	635.0
16 Revolving home equity	59.2	62.7	63.9	64.7	65.3	66.2	66.8	67.2	67.1	67.1	67.3	67.4
17 Other	550.6	567.4	571.1	569.9	569.8	570.3	570.0	570.2	573.0	575.6	566.7	567.6
18 Consumer	299.4	302.9	303.3	304.0	301.8	299.6	296.4	294.1	293.8	292.9	295.1	294.6
19 Security[3]	37.4	41.0	43.2	45.4	46.2	46.6	52.5	51.2	50.8	52.4	51.5	52.3
20 Federal funds sold to and repurchase agreements with broker–dealers	21.7	23.4	26.4	28.6	30.0	29.6	35.4	35.0	34.5	36.6	34.9	35.6
21 Other	15.7	17.6	16.8	16.9	16.3	16.9	17.1	16.2	16.3	15.8	16.6	16.6
22 State and local government	11.8	11.2	11.3	11.2	11.3	11.4	11.3	11.2	11.3	11.3	11.1	11.0
23 Agricultural	8.9	8.9	8.8	8.8	8.8	8.9	9.0	9.3	9.2	9.3	9.2	9.3
24 Federal funds sold to and repurchase agreements with others	6.0	5.8	6.5	7.4	6.3	6.6	8.9	10.7	7.4	8.6	12.6	14.3
25 All other loans	61.2	65.0	66.5	66.3	69.0	68.7	67.7	69.7	69.3	71.3	67.7	71.1
26 Lease-financing receivables	59.5	70.7	72.3	74.5	76.3	77.2	77.9	79.1	78.6	78.7	79.0	79.4
27 Interbank loans	146.8	150.0	121.8	115.5	121.5	128.0	124.5	127.0	123.2	125.5	120.1	136.5
28 Federal funds sold to and repurchase agreements with commercial banks	93.8	93.7	70.1	69.8	74.2	81.0	78.2	81.5	76.2	79.3	75.5	91.1
29 Other	53.0	56.3	51.7	45.7	47.3	47.0	46.3	45.4	47.0	46.2	44.6	45.4
30 Cash assets[4]	138.6	144.2	144.0	143.1	156.4	150.9	163.6	169.6	167.4	186.5	152.9	177.7
31 Other assets[5]	175.6	185.6	185.0	177.3	177.1	179.6	187.5	191.8	194.3	189.6	190.8	190.9
32 **Total assets**[6]	**2,342.0**	**2,427.4**	**2,409.1**	**2,412.6**	**2,434.5**	**2,449.5**	**2,491.9**	**2,525.7**	**2,507.9**	**2,544.3**	**2,495.2**	**2,553.1**
Liabilities												
33 Deposits	1,461.7	1,471.5	1,487.4	1,482.1	1,496.2	1,504.0	1,512.5	1,532.7	1,527.7	1,553.3	1,506.4	1,545.6
34 Transaction	409.0	378.3	381.4	375.5	379.8	368.4	369.2	375.9	369.0	395.2	356.2	391.5
35 Nontransaction	1,052.7	1,093.2	1,106.0	1,106.5	1,116.3	1,135.7	1,143.3	1,156.8	1,158.7	1,158.1	1,150.2	1,154.1
36 Large time	162.2	170.6	178.8	183.5	189.0	199.1	200.4	206.7	204.2	206.6	206.9	207.3
37 Other	890.5	922.6	927.2	923.1	927.4	936.5	942.9	950.1	954.5	951.5	943.3	946.8
38 Borrowings	431.0	469.3	440.0	439.0	448.1	465.8	489.7	505.1	486.0	504.0	503.3	518.3
39 From banks in the U.S.	178.9	183.2	159.3	158.7	168.7	175.5	182.8	200.7	186.0	194.6	200.4	211.3
40 From others	252.1	286.1	280.7	280.3	279.5	290.3	306.9	304.4	300.0	309.4	302.8	307.1
41 Net due to related foreign offices	68.8	81.5	77.3	80.8	75.3	79.9	69.0	69.3	69.4	69.2	70.9	68.9
42 Other liabilities	146.8	149.8	150.5	156.6	158.4	146.5	164.0	169.7	168.2	166.6	168.5	171.4
43 **Total liabilities**	**2,108.3**	**2,172.1**	**2,155.2**	**2,158.5**	**2,178.0**	**2,196.3**	**2,235.1**	**2,276.7**	**2,251.3**	**2,293.1**	**2,249.2**	**2,304.3**
44 Residual (assets less liabilities)[7]	233.7	255.3	253.9	254.1	256.5	253.2	256.7	249.0	256.5	251.3	246.0	248.8

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1996	1997[r]							1997			
	Nov.[r]	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	Not seasonally adjusted											
Assets												
45 Bank credit	1,921.4	1,986.4	1,997.6	2,008.4	2,013.6	2,027.0	2,052.8	2,076.5	2,068.7	2,080.9	2,071.9	2,080.8
46 Securities in bank credit	427.4	436.8	434.4	441.8	441.2	442.0	457.2	474.3	469.1	475.4	473.0	474.5
47 U.S. government securities	306.3	311.0	311.0	310.1	305.6	311.4	321.6	334.9	332.4	334.1	334.1	335.9
48 Trading account	22.9	18.9	20.8	22.6	21.3	23.4	26.1	27.8	27.8	27.3	28.1	28.0
49 Investment account	283.5	292.2	290.2	287.6	284.3	288.0	295.5	307.1	304.5	306.8	306.0	308.0
50 Mortgage-backed securities	174.6	187.6	187.8	189.2	188.2	190.0	195.6	204.0	203.6	202.9	202.3	205.6
51 Other	108.9	104.6	102.4	98.3	96.1	98.0	99.9	103.0	101.0	103.9	103.7	102.4
52 One year or less	30.7	27.9	27.9	26.3	26.2	27.0	25.7	28.2	27.2	29.0	28.1	28.2
53 Between one and five years	62.7	57.8	55.3	51.3	48.9	48.7	51.6	52.6	52.5	53.3	52.2	51.4
54 More than five years	15.5	18.9	19.2	20.8	21.0	22.2	22.6	22.2	21.2	21.6	23.4	22.8
55 Other securities	121.0	125.7	123.4	131.7	135.6	130.7	135.6	139.4	136.8	141.4	138.9	138.6
56 Trading account	55.4	60.6	57.0	64.9	64.8	59.4	63.3	65.9	65.0	69.5	65.6	63.4
57 Investment account	65.6	65.1	66.4	66.8	70.8	71.2	72.3	73.5	71.8	71.8	73.4	75.2
58 State and local government	20.3	21.2	21.8	21.7	22.0	22.0	22.0	21.9	22.0	22.0	21.9	22.0
59 Other	45.4	43.9	44.6	45.0	48.8	49.2	50.3	51.6	49.8	49.9	51.4	53.2
60 Loans and leases in bank credit[2]	1,494.0	1,549.6	1,563.2	1,566.6	1,572.4	1,585.0	1,595.6	1,602.1	1,599.6	1,605.4	1,598.9	1,606.3
61 Commercial and industrial	396.7	419.3	419.2	418.8	420.3	428.0	433.7	436.1	433.7	435.5	436.0	438.2
62 Bankers acceptances	2.1	1.5	1.6	1.5	1.5	1.5	1.4	1.4	1.3	1.4	1.4	1.4
63 Other	394.7	417.8	417.6	417.3	418.8	426.5	432.4	434.7	432.4	434.1	434.7	436.8
64 Real estate	611.4	627.4	633.6	634.3	635.5	637.6	637.7	639.2	641.9	645.2	635.1	636.2
65 Revolving home equity	59.5	62.6	63.9	64.7	65.5	66.6	67.2	67.7	67.5	67.5	67.7	67.8
66 Other	343.3	351.0	354.3	354.3	355.2	354.8	353.0	353.0	355.9	358.8	349.2	349.5
67 Commercial	208.6	213.8	215.4	215.3	214.8	216.1	217.4	218.5	218.5	218.9	218.1	218.9
68 Consumer	299.1	301.2	302.3	301.8	302.3	301.0	295.9	293.8	293.3	292.4	294.4	294.5
69 Security[3]	38.5	41.6	43.0	44.1	44.4	45.7	52.4	53.0	53.1	52.8	53.9	54.5
70 Federal funds sold to and repurchase agreements with broker–dealers	22.6	24.1	26.0	27.9	28.5	29.3	35.5	36.5	36.9	37.3	37.2	36.7
71 Other	15.9	17.5	17.0	16.2	15.9	16.4	16.9	16.5	16.2	15.5	16.7	17.8
72 State and local government	11.9	11.2	11.3	11.3	11.4	11.5	11.3	11.2	11.4	11.3	11.2	11.1
73 Agricultural	8.8	8.9	8.9	9.0	9.1	9.1	9.1	9.2	9.2	9.3	9.2	9.2
74 Federal funds sold to and repurchase agreements with others	5.1	5.9	6.6	7.6	6.2	7.2	8.7	8.7	6.7	7.3	9.9	10.6
75 All other loans	63.1	63.5	66.0	65.7	67.8	68.3	68.8	71.9	71.7	73.0	70.1	72.6
76 Lease-financing receivables	59.5	70.6	72.2	74.0	75.4	76.5	78.0	79.1	78.6	78.7	79.0	79.4
77 Interbank loans	146.3	149.0	122.1	115.9	118.1	124.2	119.1	126.6	120.8	125.7	120.1	133.2
78 Federal funds sold to and repurchase agreements with commercial banks	93.8	94.6	71.5	69.2	71.1	77.8	73.0	81.7	75.2	80.6	75.3	88.1
79 Other	52.5	54.4	50.6	46.7	47.0	46.4	46.1	45.0	45.6	45.0	44.8	45.1
80 Cash assets[4]	142.5	142.2	141.3	139.7	145.3	150.0	163.1	174.6	163.4	193.6	160.4	181.0
81 Other assets[5]	173.6	187.4	187.2	180.3	179.5	181.4	185.0	189.3	193.1	188.5	186.9	187.1
82 **Total assets**[6]	**2,346.4**	**2,428.3**	**2,411.4**	**2,407.5**	**2,419.7**	**2,445.9**	**2,483.7**	**2,530.6**	**2,509.6**	**2,552.3**	**2,503.0**	**2,545.7**
Liabilities												
83 Deposits	1,468.5	1,464.9	1,484.1	1,479.8	1,490.9	1,502.9	1,510.0	1,539.2	1,532.4	1,562.6	1,515.9	1,542.2
84 Transaction	415.5	372.2	377.4	371.5	370.8	367.1	366.6	382.0	369.3	400.8	365.9	393.4
85 Nontransaction	1,053.0	1,092.6	1,106.7	1,108.3	1,120.1	1,135.8	1,143.3	1,157.2	1,163.1	1,161.8	1,149.9	1,148.8
86 Large time	162.5	173.6	178.6	182.9	190.3	196.2	199.7	207.2	205.3	207.1	207.3	207.6
87 Other	890.6	919.0	928.1	925.4	929.8	939.6	943.7	950.0	957.8	954.7	942.6	941.2
88 Borrowings	425.8	475.9	451.7	444.6	449.3	468.8	484.5	499.0	484.9	500.3	496.0	506.3
89 From banks in the U.S.	174.5	189.7	168.3	164.2	173.0	177.1	178.9	195.9	184.0	193.1	194.0	202.3
90 From nonbanks in the U.S.	251.3	286.1	283.5	280.4	276.3	291.7	305.6	303.1	300.9	307.2	301.9	304.0
91 Net due to related foreign offices	66.2	88.1	75.8	78.4	72.9	75.3	70.6	65.6	65.9	64.5	64.7	70.1
92 Other liabilities	150.0	151.1	152.4	156.9	156.7	147.5	164.6	173.4	172.4	170.8	172.3	174.7
93 **Total liabilities**	**2,110.6**	**2,179.9**	**2,164.0**	**2,159.6**	**2,169.9**	**2,194.5**	**2,229.7**	**2,277.2**	**2,255.6**	**2,298.1**	**2,248.8**	**2,293.3**
94 Residual (assets less liabilities)[7]	235.8	248.3	247.4	247.9	249.8	251.4	254.1	253.4	254.0	254.2	254.1	252.3
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	33.1	42.0	38.5	44.3	45.1	37.5	38.2	41.5	39.8	43.3	42.0	40.0
96 Revaluation losses on off-balance-sheet items[8]	28.9	43.4	40.2	45.9	46.5	40.0	41.3	43.6	41.9	45.2	43.6	42.4
97 Mortgage-backed securities[9]	200.5	206.8	206.7	207.1	206.3	208.1	213.7	222.0	221.7	221.3	220.1	223.4
98 Pass-through securities	133.8	141.5	142.4	143.0	141.7	143.1	147.7	152.8	152.0	151.7	151.7	154.9
99 CMOs, REMICs, and other mortgage-backed securities	66.7	65.3	64.3	64.1	64.6	64.9	66.0	69.2	69.7	69.7	68.4	68.5
100 Net unrealized gains (losses) on available-for-sale securities[10]	2.4	2.1	2.6	3.1	3.7	3.3	3.9	3.6	3.9	3.5	3.6	3.6
101 Offshore credit to U.S. residents[11]	31.3	33.6	33.4	33.7	34.0	34.1	34.2	34.4	34.2	34.6	34.6	34.5

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1997[r]							1997			
	Nov.[r]	May	June	July	Aug.	Sept	Oct.	Nov.	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	Seasonally adjusted											
Assets												
1 Bank credit	1,329.5	1,383.6	1,393.5	1,408.2	1,422.7	1,431.7	1,434.6	1,449.8	1,443.0	1,445.0	1,450.9	1,454.3
2 Securities in bank credit	394.8	406.1	406.1	408.7	409.6	409.0	408.6	411.5	409.7	410.4	412.7	412.3
3 U.S. government securities	315.1	323.2	323.5	325.6	326.7	326.7	326.2	327.1	325.9	326.4	327.6	327.5
4 Other securities	79.7	82.9	82.6	83.2	82.8	82.2	82.4	84.5	83.7	83.9	85.1	84.8
5 Loans and leases in bank credit[2]	934.7	977.5	987.4	999.4	1,013.2	1,022.7	1,026.0	1,038.3	1,033.3	1,034.6	1,038.1	1,041.9
6 Commercial and industrial	167.9	176.1	177.9	180.3	182.4	184.2	185.1	187.3	186.3	186.7	187.2	188.0
7 Real estate	480.4	518.6	525.0	535.4	542.3	549.8	555.1	561.2	559.2	559.6	561.8	562.4
8 Revolving home equity	24.6	27.7	27.9	28.5	29.0	29.2	29.6	30.1	29.9	30.0	30.2	30.1
9 Other	455.8	490.9	497.1	506.9	513.3	520.5	525.5	531.1	529.4	529.6	531.7	532.3
10 Consumer	221.1	213.6	214.4	213.6	217.0	215.7	213.0	216.0	214.2	214.1	215.7	217.5
11 Security[3]	4.5	4.6	4.6	4.6	4.8	5.0	5.2	5.1	5.2	5.1	4.8	5.2
12 Other loans and leases	60.9	64.7	65.5	65.6	66.7	68.1	67.6	68.8	68.4	69.2	68.5	68.8
13 Interbank loans	44.7	47.8	49.8	50.5	52.0	53.7	56.8	55.9	56.7	56.1	51.8	57.3
14 Cash assets[4]	60.0	66.1	68.9	68.6	72.1	72.5	70.9	73.4	71.7	78.6	68.6	74.7
15 Other assets[5]	47.5	56.1	60.6	62.3	64.3	62.5	65.2	67.3	69.7	65.6	65.4	69.1
16 **Total assets[6]**	**1,462.6**	**1,534.2**	**1,553.3**	**1,569.8**	**1,591.1**	**1,600.2**	**1,607.4**	**1,626.2**	**1,620.8**	**1,625.1**	**1,616.4**	**1,634.9**
Liabilities												
17 Deposits	1,163.7	1,213.4	1,228.3	1,258.5	1,270.2	1,276.1	1,286.2	1,298.3	1,297.9	1,303.5	1,285.3	1,305.0
18 Transaction	300.3	300.1	301.2	303.5	305.8	303.4	302.1	305.7	302.0	310.2	297.4	314.5
19 Nontransaction	863.4	913.2	927.0	955.0	964.4	972.8	984.1	992.7	995.9	993.3	987.9	990.5
20 Large time	147.8	154.7	158.1	162.7	164.4	166.8	167.7	169.9	169.5	169.0	169.7	170.2
21 Other	715.6	758.5	769.0	792.3	800.0	806.0	816.4	822.8	826.4	824.3	818.2	820.2
22 Borrowings	151.9	150.9	151.7	156.2	159.3	157.9	156.2	158.2	155.4	158.0	158.9	157.2
23 From banks in the U.S.	87.1	85.8	80.6	77.2	78.0	74.0	74.8	75.0	72.5	74.2	76.2	75.1
24 From others	64.9	65.1	71.1	79.1	81.3	83.9	81.4	83.3	82.9	83.7	82.7	82.1
25 Net due to related foreign offices	2.2	4.2	3.8	4.8	4.5	4.8	5.2	5.0	5.5	5.4	4.4	5.0
26 Other liabilities	24.2	25.8	26.5	26.1	27.3	28.4	28.1	28.8	28.8	28.2	28.9	28.8
27 **Total liabilities**	**1,342.0**	**1,394.3**	**1,410.3**	**1,445.6**	**1,461.4**	**1,467.2**	**1,475.6**	**1,490.3**	**1,487.5**	**1,495.1**	**1,477.6**	**1,496.0**
28 Residual (assets less liabilities)[7]	120.6	139.9	143.0	124.1	129.7	133.0	131.8	135.9	133.3	130.0	138.8	138.9
	Not seasonally adjusted											
Assets												
29 Bank credit	1,331.1	1,383.5	1,394.4	1,408.7	1,422.4	1,435.6	1,437.4	1,451.5	1,445.1	1,446.7	1,451.9	1,456.6
30 Securities in bank credit	393.2	407.9	407.9	408.0	407.8	409.4	407.6	410.0	408.1	409.2	410.4	411.5
31 U.S. government securities	313.4	324.7	325.3	324.8	325.2	327.3	325.2	325.4	324.4	325.3	325.3	326.3
32 Other securities	79.8	83.2	82.5	83.2	82.6	82.1	82.4	84.5	83.7	83.9	85.1	85.2
33 Loans and leases in bank credit[2]	937.9	975.6	986.5	1,000.7	1,014.7	1,026.2	1,029.7	1,041.5	1,037.0	1,037.6	1,041.5	1,045.1
34 Commercial and industrial	167.2	177.5	179.1	180.3	181.3	183.2	184.5	186.5	185.7	186.0	186.4	187.3
35 Real estate	482.6	517.1	524.9	535.8	543.5	552.0	557.4	563.5	561.3	561.8	564.0	565.2
36 Revolving home equity	24.7	27.6	27.9	28.5	29.1	29.6	29.8	30.2	30.1	30.1	30.3	30.2
37 Other	457.9	489.5	496.9	507.3	514.4	522.4	527.6	533.3	531.3	531.6	533.7	535.0
38 Consumer	221.8	213.1	212.6	213.4	216.9	216.5	213.6	216.6	214.8	214.5	216.5	218.4
39 Security[3]	4.7	4.4	4.4	4.5	4.7	4.9	5.2	5.4	5.5	5.4	5.1	5.3
40 Other loans and leases	61.6	63.4	65.5	66.8	68.3	69.7	69.0	69.5	69.6	69.9	69.4	69.0
41 Interbank loans	49.5	44.4	47.0	47.9	51.0	51.9	57.1	60.8	63.0	61.6	57.0	59.1
42 Cash assets[4]	62.7	65.9	67.5	68.1	69.7	70.9	72.0	76.2	73.1	82.0	71.9	76.7
43 Other assets[5]	48.0	55.6	58.6	62.3	64.3	62.9	64.9	68.0	71.5	67.4	65.5	67.8
44 **Total assets[6]**	**1,472.3**	**1,529.8**	**1,547.9**	**1,567.2**	**1,587.5**	**1,601.2**	**1,611.3**	**1,636.2**	**1,632.5**	**1,637.5**	**1,626.0**	**1,639.9**
Liabilities												
45 Deposits	1,171.4	1,210.8	1,226.3	1,255.1	1,267.6	1,278.4	1,288.5	1,306.0	1,307.1	1,313.0	1,292.4	1,306.7
46 Transaction	304.0	296.8	299.6	301.3	302.6	302.7	302.6	309.0	306.8	313.9	300.2	313.7
47 Nontransaction	867.4	914.0	926.8	953.8	965.0	975.7	985.9	997.0	1,000.3	999.0	992.2	993.1
48 Large time	148.2	155.5	157.6	161.8	164.1	166.5	168.1	170.3	170.3	169.9	170.0	170.6
49 Other	719.3	758.5	769.2	792.0	800.9	809.3	817.8	826.7	830.0	829.1	822.1	822.5
50 Borrowings	150.4	154.8	155.4	156.2	157.8	157.2	156.3	156.6	153.6	156.2	156.7	157.2
51 From banks in the U.S.	85.2	88.3	83.6	78.7	77.9	74.6	74.2	73.2	71.2	73.2	73.4	73.5
52 From others	65.2	66.5	71.8	77.5	79.9	82.6	82.1	83.4	82.4	83.0	83.2	83.7
53 Net due to related foreign offices	2.2	4.2	3.8	4.8	4.5	4.8	5.2	5.0	5.5	5.4	4.4	5.0
54 Other liabilities	24.1	25.6	26.0	26.3	27.5	28.0	28.1	28.6	28.7	28.2	28.8	28.6
55 **Total liabilities**	**1,348.1**	**1,395.4**	**1,411.6**	**1,442.4**	**1,457.4**	**1,468.5**	**1,478.0**	**1,496.3**	**1,494.9**	**1,502.8**	**1,482.3**	**1,497.6**
56 Residual (assets less liabilities)[7]	124.2	134.3	136.3	124.8	130.1	132.7	133.3	140.0	137.5	134.7	143.7	142.3
MEMO												
57 Mortgage-backed securities[9]	38.0	42.0	43.7	47.2	49.7	50.5	49.7	50.1	49.8	50.0	50.2	50.2

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1996	1997[r]							1997			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	Seasonally adjusted											
Assets												
1 Bank credit	494.6	534.1	533.5	535.8	532.2	537.0	543.7	552.2	557.2	547.1	543.1	560.1
2 Securities in bank credit	158.3[r]	173.0	173.3	179.8	177.5	182.0	180.8	195.9	195.0	191.7	187.7	204.8
3 U.S. government securities	86.3[r]	88.0	89.7	90.3	85.8	87.8	86.4	86.1	87.0	85.2	79.6	92.3
4 Other securities	72.0[r]	84.9	83.6	89.5	91.7	94.2	94.4	109.8	108.0	106.6	108.1	112.5
5 Loans and leases in bank credit[2]	336.2	361.1	360.3	356.1	354.7	355.0	362.9	356.3	362.1	355.3	355.4	355.3
6 Commercial and industrial	208.4[r]	218.2	218.1	218.0	219.7	222.2	223.6	222.6	221.6	220.2	222.6	224.5
7 Real estate	32.4	30.5	29.5	28.5	28.3	27.9	27.7	27.0	27.8	27.1	26.9	26.6
8 Security[3]	35.0	42.7	44.8	43.5	42.2	43.0	46.6	41.1	46.8	43.4	39.3	38.2
9 Other loans and leases	60.4[r]	69.7	67.8	66.0	64.4	62.0	65.0	65.6	65.9	64.7	66.5	66.1
10 Interbank loans	20.2	19.8	18.6	18.5	18.0	18.0	20.0	23.1	15.0	25.4	19.2	28.4
11 Cash assets[4]	30.9	33.6	35.1	33.6	34.4	35.5	34.8	36.2	36.8	37.0	36.7	34.9
12 Other assets[5]	35.8[r]	38.5	40.6	42.5	42.6	42.0	41.3	44.5	43.5	44.3	44.6	46.0
13 **Total assets[6]**	**581.2[r]**	**625.6**	**627.6**	**630.2**	**627.0**	**632.3**	**639.6**	**655.8**	**652.2**	**653.6**	**643.4**	**669.1**
Liabilities												
14 Deposits	204.0	248.9	253.3	264.6	263.4	265.6	260.9	272.1	264.2	270.2	270.2	276.6
15 Transaction	10.2	10.9	10.6	10.6	11.2	10.8	10.4	10.7	10.5	10.9	10.7	10.9
16 Nontransaction	193.8	238.0	242.8	253.9	252.2	254.8	250.5	261.4	253.7	259.3	259.6	265.7
17 Large time	191.4	235.5	240.2	251.4	249.7	252.3	248.1	259.0	251.3	256.9	257.1	263.3
18 Other	2.4	2.5	2.5	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4
19 Borrowings	125.7[r]	142.0	138.4	135.0	137.4	143.3	161.8	165.1	175.0	167.0	155.7	167.9
20 From banks in the U.S.	33.2[r]	32.9	30.4	30.3	31.2	35.9	37.7	30.5	39.2	31.8	26.0	28.8
21 From others	92.4	109.0	108.1	104.7	106.3	107.4	124.2	134.5	135.8	135.3	129.7	139.0
22 Net due to related foreign offices	166.9	148.4	148.5	130.9	130.6	127.3	118.6	119.4	120.9	116.1	124.3	115.9
23 Other liabilities	79.6	88.5	88.9	94.9	95.5	93.7	93.0	96.7	93.9	94.4	97.7	98.4
24 **Total liabilities**	**576.2[r]**	**627.8**	**629.2**	**625.4**	**627.0**	**629.9**	**634.4**	**653.2**	**654.0**	**647.7**	**647.9**	**658.8**
25 Residual (assets less liabilities)[7]	5.0[r]	−2.2	−1.6	4.8	0.0	2.5	5.2	2.6	−1.7	5.9	−4.4	10.3
	Not seasonally adjusted											
Assets												
26 Bank credit	494.1[r]	536.7	534.0	536.3	536.1	535.0	542.3	551.3	560.1	546.8	542.5	556.3
27 Securities in bank credit	158.0[r]	177.8	174.0	178.7	181.0	180.3	180.7	195.2	197.2	192.3	187.8	201.3
28 U.S. government securities	86.2[r]	88.5	88.4	87.7	87.3	86.7	85.6	85.7	87.4	85.5	79.0	90.8
29 Trading account	21.0[r]	18.0	17.8	17.0	18.3	17.2	15.1	17.6	18.0	16.2	13.4	21.9
30 Investment account	65.2	70.6	70.6	70.7	68.9	69.5	70.5	68.1	69.4	69.3	65.6	68.9
31 Other securities	71.8[r]	89.3	85.5	91.0	93.8	93.6	95.1	109.6	109.8	106.8	108.8	110.5
32 Trading account	49.9[r]	59.4	57.3	59.9	61.0	61.0	62.3	69.4	69.6	67.3	69.0	70.2
33 Investment account	21.9	29.9	28.2	31.1	32.8	32.6	32.8	40.1	40.2	39.5	39.8	40.3
34 Loans and leases in bank credit[2]	336.1	358.8	360.0	357.6	355.1	354.6	361.6	356.1	362.9	354.5	354.8	355.0
35 Commercial and industrial	208.2	218.4	218.9	219.2	219.9	220.7	222.2	222.4	222.0	219.6	222.5	224.5
36 Real estate	32.9	30.2	29.3	28.4	28.4	28.0	27.9	27.4	28.2	27.4	27.3	26.9
37 Security[3]	35.0	42.7	44.8	43.5	42.2	43.0	46.6	41.1	46.8	43.4	39.3	38.2
38 Other loans and leases	60.0[r]	67.5	67.0	66.5	64.6	63.0	64.9	65.1	66.0	64.1	65.6	65.3
39 Interbank loans	20.2	19.8	18.6	18.5	18.0	18.0	20.0	23.1	15.0	25.4	19.2	28.4
40 Cash assets[4]	31.1	33.6	35.9	33.8	34.3	34.7	35.2	36.5	36.6	37.5	37.3	35.3
41 Other assets[5]	36.0	39.5	40.5	41.7	43.4	42.4	40.9	44.8	43.8	44.4	44.4	46.5
42 **Total assets[6]**	**581.2**	**629.3**	**628.7**	**630.2**	**631.7**	**629.8**	**638.2**	**655.5**	**655.3**	**653.9**	**643.2**	**666.2**
Liabilities												
43 Deposits	206.6	249.4	253.8	261.6	261.2	264.6	268.8	275.7	271.2	275.5	272.4	278.8
44 Transaction	10.2	10.4	10.5	10.6	10.9	11.2	10.5	10.7	10.4	10.9	10.6	10.9
45 Nontransaction	196.4	239.0	243.3	251.0	250.3	253.3	258.3	265.0	260.7	264.6	261.9	267.9
46 Large time	193.9	236.5	240.7	248.5	247.8	250.9	255.9	262.6	258.3	262.2	259.4	265.4
47 Other	2.4	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.4	2.4
48 Borrowings	122.2[r]	141.8	143.3	143.9	142.6	144.2	157.1	159.8	172.5	160.9	149.9	159.3
49 From banks in the U.S.	33.3[r]	32.5	32.0	31.9	31.7	34.9	34.5	30.5	37.8	32.1	25.8	28.6
50 From others	88.9	109.3	111.3	112.0	110.9	109.3	122.6	129.3	134.7	128.7	124.1	130.7
51 Net due to related foreign offices	166.5	144.2	140.3	129.7	128.7	124.1	117.6	117.6	113.3	116.7	118.4	123.5
52 Other liabilities	80.2	91.2	89.9	92.8	96.0	93.5	91.0	97.4	93.5	95.5	98.0	99.7
53 **Total liabilities**	**575.5[r]**	**626.5**	**627.2**	**628.0**	**628.6**	**626.4**	**634.5**	**650.5**	**650.5**	**648.7**	**638.7**	**661.3**
54 Residual (assets less liabilities)[7]	5.7[r]	2.7	1.5	2.2	3.0	3.4	3.7	4.9	4.8	5.2	4.5	4.9
MEMO												
55 Revaluation gains on off-balance-sheet items[8]	32.5	39.3	37.6	39.9	41.1	40.8	39.5	41.6	41.3	41.4	41.6	40.9
56 Revaluation losses on off-balance-sheet items[8]	31.6	41.8	39.7	41.7	42.6	41.4	39.8	41.6	41.0	41.3	41.6	41.1

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

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

The data for large and small domestic banks presented on pp. A17–19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

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

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S. government-sponsored enterprises, and private entities.

10. Difference between fair value and historical cost for securities classified as available-for-sale under FASB Statement No. 115. Data are reported net of tax effects. Data shown are restated to include an estimate of these tax effects.

11. Mainly commercial and industrial loans but also includes an unknown amount of credit extended to other than nonfinancial businesses.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1997					
	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec	1996 Dec.	May	June	July	Aug.	Sept.	Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**545,619**	**555,075**	**595,382**	**674,904**	**775,371**	**855,178**	**864,758**	**889,494**	**885,601**	**908,640**	**921,769**
Financial companies[1]											
2 Dealer-placed paper[2], total	226,456	218,947	223,038	275,815	361,147	413,776	414,475	440,262	437,340	475,792	483,489
3 Directly placed paper[3], total	171,605	180,389	207,701	210,829	229,662	252,856	256,165	253,971	253,934	235,030	237,544
4 Nonfinancial companies[4]	147,558	155,739	164,643	188,260	184,563	188,546	194,119	195,260	194,327	197,818	200,736
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**38,194**	**32,348**	**29,835**	**29,242**	**25,754**						
By holder											
6 Accepting banks	10,555	12,421	11,783								
7 Own bills	9,097	10,707	10,462								
8 Bills bought from other banks	1,458	1,714	1,321								
Federal Reserve Banks[6]											
9 Foreign correspondents	1,276	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	26,364	19,202	17,642								
By basis											
11 Imports into United States	12,209	10,217	10,062								
12 Exports from United States	8,096	7,293	6,355								
13 All other	17,890	14,838	13,417								

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

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1995—Jan. 1	8.50	1995	8.83	1996—Jan.	8.50	1997—Jan	8.25
Feb. 1	9.00	1996	8.27	Feb.	8.25	Feb	8.25
July 7	8.75	1997	8.44	Mar.	8.25	Mar	8.30
Dec. 20	8.50			Apr.	8.25	Apr	8.50
		1995—Jan	8.50	May	8.25	May	8.50
1996—Feb. 1	8.25	Feb.	9.00	June	8.25	June	8.50
		Mar.	9.00	July	8.25	July	8.50
1997—Mar. 26	8.50	Apr	9.00	Aug	8.25	Aug.	8.50
		May	9.00	Sept	8.25	Sept	8.50
		June	9.00	Oct.	8.25	Oct.	8.50
		July	8.80	Nov.	8.25	Nov.	8.50
		Aug.	8.75	Dec.	8.25	Dec.	8.50
		Sept.	8.75				
		Oct.	8.75				
		Nov.	8.75				
		Dec.	8.65				

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	1994	1995	1996	1997				1997, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	4.21	5.83	5.30	5.54	5.54	5.50	5.52	5.50	5.60	5.50	5.51	5.49
2 Discount window borrowing[2,4]	3.60	5.21	5.02	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Commercial paper[3,4,5,6]												
Nonfinancial												
3 1-month	n.a.	n.a.	n.a.	n.a.	5.49	5.49	5.53	5.51	5.51	5.53	5.52	5.56
4 2-month	n.a.	n.a.	n.a.	n.a.	5.48	5.48	5.59	5.51	5.54	5.57	5.62	5.64
5 3-month	n.a.	n.a.	n.a.	n.a.	5.48	5.51	5.60	5.53	5.54	5.61	5.62	5.64
Financial												
6 1-month	n.a.	n.a.	n.a.	n.a.	5.51	5.50	5.55	5.52	5.54	5.55	5.55	5.55
7 2-month	n.a.	n.a.	n.a.	n.a.	5.51	5.50	5.65	5.52	5.58	5.66	5.69	5.70
8 3-month	n.a.	n.a.	n.a.	n.a.	5.51	5.55	5.64	5.58	5.59	5.65	5.66	5.66
Commercial paper (historical)[3,5,6,7]												
9 1-month	4.43	5.93	5.43	5.55	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	4.66	5.93	5.41	5.56	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	4.93	5.93	5.42	5.59	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,7,8]												
12 1-month	4.33	5.81	5.31	5.49	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	4.53	5.78	5.29	5.49	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	4.56	5.68	5.21	5.50	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	4.56	5.81	5.31	5.53	5.54	5.57	5.66	5.58	5.57	5.69	5.67	5.72
16 6-month	4.83	5.80	5.31	5.56	5.58	5.56	5.63	5.56	5.56	5.66	5.64	5.68
Certificates of deposit, secondary market[3,10]												
17 1-month	4.38	5.87	5.35	5.54	5.56	5.55	5.61	5.56	5.58	5.60	5.62	5.64
18 3-month	4.63	5.92	5.39	5.60	5.60	5.65	5.74	5.67	5.68	5.76	5.76	5.78
19 6-month	4.96	5.98	5.47	5.71	5.71	5.72	5.78	5.71	5.72	5.80	5.82	5.81
20 Eurodollar deposits, 3-month[3,11]	4.63	5.93	5.38	5.58	5.59	5.63	5.71	5.63	5.63	5.72	5.75	5.76
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	4.25	5.49	5.01	5.14	4.95	4.97	5.14	5.04	5.14	5.16	5.15	5.13
22 6-month	4.64	5.56	5.08	5.19	5.09	5.09	5.17	5.07	5.13	5.16	5.17	5.22
23 1-year	5.02	5.60	5.22	5.27	5.23	5.17	5.17	5.07	5.15	5.15	5.18	5.21
Auction average[3,5,12]												
24 3-month	4.29	5.51	5.02	5.13	4.97	4.95	5.15	4.97	5.12	5.16	5.17	5.15
25 6-month	4.66	5.59	5.09	5.17	5.11	5.09	5.17	5.08	5.13	5.16	5.17	5.20
26 1-year	5.02	5.69	5.23	5.28	5.30	5.20	5.14	n.a.	n.a.	5.14	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.32	5.94	5.52	5.56	5.52	5.46	5.46	5.35	5.44	5.44	5.46	5.50
28 2-year	5.94	6.15	5.84	5.94	5.88	5.77	5.71	5.65	5.71	5.71	5.70	5.73
29 3-year	6.27	6.25	5.99	6.06	5.98	5.84	5.76	5.73	5.77	5.76	5.73	5.77
30 5-year	6.69	6.38	6.18	6.16	6.11	5.93	5.80	5.78	5.81	5.81	5.79	5.82
31 7-year	6.91	6.50	6.34	6.29	6.20	6.05	5.90	5.93	5.95	5.92	5.86	5.88
32 10-year	7.09	6.57	6.44	6.30	6.21	6.03	5.88	5.90	5.92	5.88	5.84	5.86
33 20-year	7.49	6.95	6.83	6.65	6.56	6.38	6.20	6.27	6.27	6.22	6.15	6.15
34 30-year	7.37	6.88	6.71	6.58	6.50	6.33	6.11	6.22	6.20	6.12	6.05	6.06
Composite												
35 More than 10 years (long-term)	7.41	6.93	6.80	6.64	6.54	6.37	6.18	6.25	6.25	6.20	6.14	6.14
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.77	5.80	5.52	5.25	5.19	5.19	5.19	5.17	5.19	5.19	5.17	5.19
37 Baa	6.17	6.10	5.79	5.37	5.33	5.32	5.32	5.29	5.31	5.33	5.30	5.33
38 *Bond Buyer* series[15]	6.18	5.95	5.76	5.41	5.39	5.38	5.33	5.35	5.38	5.34	5.31	5.29
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	8.26	7.83	7.66	7.48	7.40	7.26	7.13	7.19	7.18	7.15	7.08	7.09
Rating group												
40 Aaa	7.97	7.59	7.37	7.22	7.15	7.00	6.87	6.93	6.93	6.89	6.83	6.83
41 Aa	8.15	7.72	7.55	7.40	7.34	7.20	7.08	7.13	7.13	7.09	7.03	7.04
42 A	8.28	7.83	7.69	7.46	7.39	7.27	7.15	7.22	7.21	7.16	7.11	7.11
43 Baa	8.63	8.20	8.05	7.82	7.70	7.57	7.42	7.49	7.47	7.44	7.38	7.38
44 A-rated, recently offered utility bonds[17]	8.29	7.86	7.77	7.67	7.58	7.44	7.24	7.27	7.29	7.24	7.19	7.20
MEMO												
Dividend–price ratio[18]												
45 Common stocks	2.82	2.56	2.19	1.65	1.65	1.61	1.65	1.68	1.64	1.70	1.63	1.63

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. Series ended August 29, 1997.
8. An average of offering rates on paper directly placed by finance companies.
9. Representative closing yields for acceptances of the highest-rated money center banks.
10. An average of dealer offering rates on nationally traded certificates of deposit.
11. Bid rates for Eurodollar deposits at approximately 11:00 a.m. London time. Data are for indication purposes only.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
14. General obligation bonds based on Thursday figures; Moody's Investors Service.
15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. 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.
18. 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	1994	1995	1996	1997								
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	254.16	291.18	357.98	416.72	401.00	433.36	457.07	480.94	482.39	489.74	499.25	492.14
2 Industrial	315.32	367.40	453.57	523.08	506.69	549.65	578.57	610.42	609.54	617.94	625.22	615.65
3 Transportation	247.17	270.14	327.30	372.37	366.67	395.50	410.93	433.75	439.71	451.63	466.04	453.56
4 Utility	104.96	110.64	126.36	132.38	126.66	140.52	140.24	144.25	143.82	145.96	157.83	153.53
5 Finance	209.75	238.48	303.94	387.19	364.25	392.32	419.12	441.59	446.93	459.86	476.70	465.35
6 Standard & Poor's Corporation (1941–43 = 10)[2]	460.42	541.72	670.49	792.16	763.93	833.09	876.29	925.29	927.74	937.02	951.16	938.92
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	449.49	498.13	570.86	593.64	554.13	584.06	619.94	635.28	645.59	678.05	702.43	674.37
Volume of trading (thousands of shares)												
8 New York Stock Exchange	290,652	345,729	409,740	495,994[r]	473,094	479,907	516,241	543,006	506,205	541,204	606,513	531,449
9 American Stock Exchange	17,951	20,387	22,567	19,232	19,122	19,634	23,277	25,562	24,095	28,252	32,873	27,741
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[4]	**61,160**	**76,680**	**97,400**	**100,160**	**98,870**	**106,010**	**113,440**	**116,190**	**119,810**	**126,050**	**128,190**	**130,690**
Free credit balances at brokers[5]												
11 Margin accounts[6]	14,095	16,250	22,540	22,930	22,700	22,050	23,860	24,290	23,375	23,630	26,950	26,760
12 Cash accounts	28,870	34,340	40,430	41,050	37,560	39,400	41,840	43,985	42,960	43,770	47,465	50,840

	Margin requirements (percent of market value and effective date)[7]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.
2. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
3. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
4. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
5. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
6. Series initiated in June 1984.
7. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1997					
	1994	1995	1996	June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	1,258,627	1,351,830	1,453,062	173,361	109,178	103,483	174,770	114,898	103,481
2 On-budget	923,601	1,000,751	1,085,570	135,922	79,599	70,902	138,847	87,083	73,690
3 Off-budget	335,026	351,079	367,492	37,439	29,579	32,581	35,923	27,815	29,791
4 Outlays, total	1,461,731	1,515,729	1,560,330	118,726	134,802	138,672	124,834	150,862	120,830
5 On-budget	1,181,469	1,227,065	1,259,872	105,267	107,049	109,810	91,404	123,863	91,327
6 Off-budget	279,372	288,664	300,458	13,459	27,753	28,862	33,429	26,999	29,504
7 Surplus or deficit (−), total	−203,104	−163,899	−107,268	54,635	−25,624	−35,189	49,937	−35,964	−17,349
8 On-budget	−258,758	−226,314	−174,302	30,655	−27,450	−38,908	47,443	−36,780	−17,637
9 Off-budget	55,654	62,415	67,034	23,980	1,826	3,719	2,494	816	287
Source of financing (total)									
10 Borrowing from the public	185,344	171,288	129,712	−11,147	−1,408	30,348	−18,318	6,315	29,108
11 Operating cash (decrease, or increase (−))	16,564	−2,007	−6,276	−34,387	23,748	15,435	−31,545	23,360	483
12 Other[2]	1,196	−5,382	−16,168	−9,101	3,284	−10,594	−74	6,289	−12,242
MEMO									
13 Treasury operating balance (level, end of period)	35,942	37,949	44,225	51,259	27,511	12,076	43,621	20,261	19,778
14 Federal Reserve Banks	6,848	8,620	7,700	16,368	5,014	4,700	7,692	4,616	5,127
15 Tax and loan accounts	29,094	29,329	36,525	34,891	22,496	7,376	35,930	15,645	14,651

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

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

SOURCE. Monthly totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government.*

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1995	1996	1995	1996		1997	1997		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**1,351,830**	**1,453,062**	**656,865**	**767,099**	**707,551**	**845,552**	**174,770**	**114,898**	**103,481**
2 Individual income taxes, net	590,244	656,417	292,393	347,285	323,884	400,435	78,199	60,680	46,596
3 Withheld	499,927	533,080	256,916	264,177	279,988	292,252	44,442	55,270	47,581
4 Nonwithheld	175,855	212,168	45,521	162,782	53,491	191,050	36,230	6,299	2,053
5 Refunds	85,538	88,897	10,058	79,735	9,604	82,926	2,474	889	3,040
Corporation income taxes									
6 Gross receipts	174,422	189,055	88,302	96,480	95,364	106,451	39,133	6,357	4,900
7 Refunds	17,418	17,231	7,518	9,704	10,053	9,635	1,795	3,103	987
8 Social insurance taxes and contributions, net	484,473	509,414	224,269	277,767	240,326	288,251	47,601	38,784	42,488
9 Employment taxes and contributions[2]	451,045	476,361	211,323	257,446	227,777	268,357	47,013	36,928	39,629
10 Unemployment insurance	28,878	28,584	10,702	18,068	10,302	17,709	247	1,443	2,526
11 Other net receipts[3]	4,550	4,469	2,247	2,254	2,245	2,184	342	414	334
12 Excise taxes	57,484	54,014	30,014	25,682	27,016	28,084	5,719	5,082	5,171
13 Customs deposits	19,301	18,670	9,849	8,731	9,294	8,619	1,590	1,802	1,354
14 Estate and gift taxes	14,763	17,189	7,718	8,775	8,835	10,477	1,849	2,198	1,510
15 Miscellaneous receipts[4]	28,561	25,534	11,839	12,087	12,888	12,866	2,474	3,097	2,450
OUTLAYS									
16 **All types**	**1,515,729**	**1,560,330**	**752,856**	**785,368**	**800,184**	**797,418[r]**	**124,834[r]**	**150,862[r]**	**120,830**
17 National defense	272,066	265,748	132,887	132,599	138,702	131,500[r]	21,076	26,374	17,883
18 International affairs	16,434	13,496	6,908	8,076	8,596	5,779	1,270	724	955
19 General science, space, and technology	16,724	16,709	7,970	8,897	8,260	8,939	1,543	1,586	1,606
20 Energy	4,936	2,836	1,992	1,356	704	801	598	−163	−68
21 Natural resources and environment	22,078	21,614	11,392	10,254	10,310[r]	9,688	2,071	1,710	1,566
22 Agriculture	9,778	9,159	3,065	73	10,977	1,433	3,202	2,983	1,425
23 Commerce and housing credit	−17,808	−10,646	−3,947	−6,885	−5,899	−7,575	917	−253[r]	−714
24 Transportation	39,350	39,565	20,725	18,290	22,211	18,046	3,818	3,913	3,014
25 Community and regional development	10,641	10,685	5,569	5,245	5,497	5,699	1,116	1,014	916
26 Education, training, employment, and social services	54,263	52,001	26,212	25,979	27,549[r]	25,227	5,804	4,289	4,517
27 Health	115,418	119,378	57,128	59,989	61,595[r]	61,808	10,773	11,905	9,870
28 Social security and Medicare	495,701	523,901	251,388	264,647	269,412[r]	278,817	43,731	49,471	42,864
29 Income security	220,493	225,989	104,847	121,186	107,602	123,874	13,735	20,292	14,694
30 Veterans benefits and services	37,890	36,985	18,678	18,140	21,109	17,697	1,833	5,234	1,864
31 Administration of justice	16,216	17,548	8,091	9,015	9,583[r]	10,643	1,467	1,584	1,747
32 General government	13,835	11,892	7,601	4,641	6,546[r]	6,574	1,440	1,460	713
33 Net interest[5]	232,169	241,090	119,348	120,576	122,572[r]	122,701	17,061	21,805	20,592
34 Undistributed offsetting receipts[6]	−44,455	−37,620	−26,995	−16,716	−25,142	−24,234	−6,630	−3,067	−2,613

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for receipts and outlays do not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Federal employee retirement contributions and civil service retirement and disability fund.

4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

5. Includes interest received by trust funds.

6. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCE. Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1998*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1995		1996				1997		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**5,001**	**5,017**	**5,153**	**5,197**	**5,260**	**5,357**	**5,415**	**5,410**	**5,446**
2 Public debt securities	4,974	4,989	5,118	5,161	5,225	5,323	5,381	5,376	5,413
3 Held by public	3,653	3,684	3,764	3,739	3,778	3,826	3,874	3,805	3,815
4 Held by agencies	1,321	1,305	1,354	1,422	1,447	1,497	1,507	1,572	1,599
5 Agency securities	27	28	36	36	35	34	34	34	33
6 Held by public	27	28	28	28	27	27	26	26	26
7 Held by agencies	0	0	8	8	8	8	8	7	7
8 **Debt subject to statutory limit**	**4,885**	**4,900**	**5,030**	**5,073**	**5,137**	**5,237**	**5,294**	**5,290**	**5,328**
9 Public debt securities	4,885	4,900	5,030	5,073	5,137	5,237	5,294	5,290	5,328
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,900	4,900	5,500	5,500	5,500	5,500	5,500	5,500	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1993	1994	1995	1996	1996	1997		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**4,535.7**	**4,800.2**	**4,988.7**	**5,323.2**	**5,323.2**	**5,380.9**	**5,376.2**	**5,413.2**
By type								
2 Interest-bearing	4,532.3	4,769.2	4,964.4	5,317.2	5,317.2	5,375.1	5,370.5	5,407.5
3 Marketable	2,989.5	3,126.0	3,307.2	3,459.7	3,459.7	3,504.4	3,433.1	3,439.6
4 Bills	714.6	733.8	760.7	777.4	777.4	785.6	704.1	701.9
5 Notes	1,764.0	1,867.0	2,010.3	2,112.3	2,112.3	2,131.0	2,132.6	2,122.2
6 Bonds	495.9	510.3	521.2	555.0	555.0	565.4	565.4	576.2
7 Inflation-indexed notes[1]	n.a.	n.a.	n.a.	n.a	n.a.	7.4	15.9	24.4
8 Nonmarketable[2]	1,542.9	1,643.1	1,657.2	1,857.5	1,857.5	1,870.8	1,937.4	1,967.9
9 State and local government series	149.5	132.6	104.5	101.3	101.3	104.8	107.9	111.9
10 Foreign issues[3]	43.5	42.5	40.8	37.4	37.4	36.8	35.4	34.9
11 Government	43.5	42.5	40.8	47.4	47.4	36.8	35.4	34.9
12 Public	.0	0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	169.4	177.8	181.9	182.4	182.4	182.6	182.7	182.7
14 Government account series[4]	1,150.0	1,259.8	1,299.6	1,505.9	1,505.9	1,516.6	1,581.5	1,608.5
15 Non-interest-bearing	3 4	31.0	24.3	6.0	6.0	5.8	5.7	5.6
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,153.5	1,257.1	1,304.5	1,497.2	1,497.2	1,506.8	1,571.6	1,598.5
17 Federal Reserve Banks	334.2	374.1	391.0	410.9	410.9	405.6	426.4	436.5
18 Private investors	3,047.4	3,168.0	3,294.9	3,411.2	3,411.2	3,451.7	3,361.7[r]	3,388.9
19 Commercial banks	322.2	290.4	278.7	261.7[r]	261.7[r]	282.3	265.7[r]	260.0
20 Money market funds	80.8	67.6	71.5	91.6	91.6	84.0	77.4	76.4
21 Insurance companies	234.5	240.1	241.5	214.1[r]	214.1[r]	214.3[r]	203.4[r]	192.0
22 Other companies	213.0	224.5	228.8	258.5	258.5	262.5	261.0	266.5
23 State and local treasuries[6,7]	609.2	540.2	421.5	363.7[r]	363.7[r]	348.0[r]	337.4[r]	333.5
Individuals								
24 Savings bonds	171.9	180.5	185.0	187.0	187.0	186.5	186.3	186.2
25 Other securities	137.9	150.7	162.7	169.6	169.6	168.9	169.1	168.6
26 Foreign and international[8]	623.0	688.6	862.2	1,131.8	1,131.8	1,215.4[r]	1,246.9[r]	1,292.4
27 Other miscellaneous investors[7,9]	655.0	785.5	843.0	733.2[r]	733.2[r]	689.8[r]	614.5[r]	613.3

1. The U.S. Treasury first issued inflation-indexed notes during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Includes state and local pension funds.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Consists of investments of foreign balances and international accounts in the United States.
9. 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.

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

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

Millions of dollars, daily averages

Item	1997			1997, week ending								
	Aug.	Sept.	Oct.	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	38,732	40,266	41,086	34,322	35,718	45,390	35,301	47,054	48,825	49,707	38,000	42,517
Coupon securities, by maturity												
2 Five years or less	117,232	110,548	132,174	112,531	120,504	110,289	100,156	192,569	143,998	109,318	110,315	125,279
3 More than five years	67,685	59,117	76,423	64,437	81,120	63,199	54,719	104,578	80,999	67,150	71,891	61,156
4 Federal agency	42,563	40,258	43,579	43,654	40,472	46,661	44,925	41,962	45,826	43,208	57,668	44,605
5 Mortgage-backed	47,848	48,520	58,174	48,547	74,356	66,377	38,808	54,051	64,854	85,206	62,243	48,623
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	127,179	120,687	145,596	121,448	136,848	128,397	114,862	199,706	155,495	127,443	128,119	133,112
7 Federal agency	1,299	1,513	1,377	1,540	1,497	1,474	980	1,445	1,625	1,020	1,263	1,258
8 Mortgage-backed	15,481	15,920	18,087	16,147	19,651	22,976	12,567	17,529	20,562	21,777	21,433	14,180
With other												
9 U.S. Treasury	96,471	89,244	104,088	89,842	100,494	90,480	75,315	144,494	118,328	98,732	92,088	95,841
10 Federal agency	41,264	38,745	42,202	42,114	38,974	45,187	43,945	40,517	44,201	42,188	56,405	43,347
11 Mortgage-backed	32,367	32,600	40,088	32,400	54,705	43,401	26,241	36,522	44,293	63,429	40,810	34,443
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	202	291	228	n.a.	n.a.	n.a.	73	316	398	378	235	90
Coupon securities, by maturity												
13 Five years or less	2,220	2,393[r]	1,848	1,552	1,802	1,893	1,492	2,280	1,829	1,477	1,655	3,012
14 More than five years	18,859	16,903[r]	21,358	17,306	23,141	18,984	15,405	29,308	18,687	16,547	17,078	17,300
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	2,150	1,768	2,274	1,489	2,266	2,436	2,640	2,361[r]	1,239	1,753	1,815	1,673
19 More than five years	6,122	5,063	6,825	4,467	7,905	5,273	5,410	9,631	4,932	6,641	9,182	4,596
20 Federal agency	0	0	0	0	0	0	0	n.a.	0	0	0	0
21 Mortgage-backed	548	898	614	1,561	941	316	224	527	1,109	461	533	364

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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	1997 Aug.	1997 Sept.	1997 Oct.	1997, week ending Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Nov. 5	Nov. 12	Nov. 19
						Positions[2]					
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	4,548	1,089	6,161	−2,149	3,269	7,029	9,187	3,481	16,196	15,222	14,518
Coupon securities, by maturity											
2 Five years or less	−27,559	−35,923	−31,681	−43,213	−33,684	−40,931	−41,684	−15,028	−9,799	−20,398	−23,948
3 More than five years	−16,447	−15,703	−21,634	−11,342	−14,619	−20,535	−25,981	−26,652	−22,406	−21,048	−16,801
4 Federal agency	31,886	32,961	34,843	35,281	37,509	35,318	34,486	33,917	28,125	26,904	28,932
5 Mortgage-backed	32,497	37,016	37,762	35,459	37,480	41,619	40,072	33,480	33,301	39,656	43,535
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	−841	−626	−1,334	−642	−666	−992	−1,294	−1,951	−3,188	−3,239	−3,351
Coupon securities, by maturity											
7 Five years or less	7,431	5,650	3,079	3,313	2,323	2,947	4,426	2,623	2,948	2,892	2,544
8 More than five years	−16,452	−22,372	−22,760	−29,076	−29,699	−21,858	−19,609	−19,595	−20,579	−17,632	−21,998
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
NET OPTIONS POSITIONS											
By type of deliverable security											
11 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
12 Five years or less	−433	2,024	2,573	2,371	2,829	2,265	2,925	2,187	2,995	2,516	2,611
13 More than five years	5,444	5,368	4,444	6,764	5,079	4,022	3,600	4,561	5,087	5,695	2,743
14 Federal agency	0	0	n.a.	0	0	0	0	n.a.	0	0	0
15 Mortgage-backed	1,000	361	369	1,200	168	474	260	434	442	3	−29
						Financing[5]					
Reverse repurchase agreements											
16 Overnight and continuing	298,973	303,186	323,078	331,565	327,762	310,889	327,978	318,992	342,255	314,346	364,330
17 Term	622,314	619,579	713,746	626,544	670,973	691,697	728,492	763,286	759,225	791,196	604,595
Securities borrowed											
18 Overnight and continuing	210,814	203,445	209,087	201,473	210,014	213,559	210,245	205,885	201,157	203,172	212,921
19 Term	93,092	92,992	96,609	95,694	97,084	96,843	96,604	96,348	95,513	98,066	93,321
Securities received as pledge											
20 Overnight and continuing	7,865	6,934	7,407	6,726	7,429	7,695	7,896	6,895	6,741	6,296	6,020
21 Term	102	78	88	70	68	94	98	92	94	93	107
Repurchase agreements											
22 Overnight and continuing	651,055	647,675	685,099	671,691	680,737	682,785	686,513	686,369	705,779	692,864	723,091
23 Term	569,029	540,310	642,512	543,715	596,159	614,047	659,224	700,376	692,756	712,372	548,386
Securities loaned											
24 Overnight and continuing	8,020	6,673	7,546	6,824	7,281	7,839	7,685	7,429	7,726	7,338	8,283
25 Term	5,014	3,314	3,365	3,594	3,647	3,344	3,286	3,193	3,215	3,328	3,488
Securities pledged											
26 Overnight and continuing	53,321	54,253	51,116	53,184	53,883	52,296	49,444	49,003	49,520	48,917	53,410
27 Term	2,332	5,818	4,190	6,193	4,334	4,147	4,166	4,022	3,509	3,470	1,964
Collateralized loans											
28 Overnight and continuing	0	0	0	0	0	0	0	0	0	0	0
29 Term	0	0	0	0	0	0	0	0	0	0	0
30 Total	16,343	13,724	15,354	12,996	15,241	17,759	16,891	12,426	13,373	12,382	15,153
MEMO: Matched book[6]											
Securities in											
31 Overnight and continuing	281,860	276,476	303,512	295,019	308,483	295,768	306,061	301,705	314,872	289,275	324,363
32 Term	602,540	602,147	686,424	619,814	654,977	671,487	706,074	710,028	730,684	760,316	582,528
Securities out											
33 Overnight and continuing	383,828	382,054	396,064	398,913	397,565	386,604	402,693	395,464	401,398	392,806	402,484
34 Term	483,264	462,807	552,735	471,605	518,013	535,353	573,882	581,174	602,116	628,303	475,738

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	1993	1994	1995	1996	1997				
					May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**570,711**	**738,928**	**844,611**	**925,823**	**974,331**	**972,731**	**977,877**	**980,501**	**983,599**
2 Federal agencies	45,193	39,186	37,347	29,380	28,011	27,646	27,738	27,484	27,392
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	5,315	3,455	2,050	1,447	1,357	1,357	1,326	1,326	1,326
5 Federal Housing Administration[4]	255	116	97	84	32	37	43	46	68
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]	9,732	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	29,885	27,536	29,429	27,853	28,005	27,640	27,732	27,478	27,386
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]	523,452	699,742	807,264	896,443	946,320	945,085	950,139	953,017	956,207
11 Federal Home Loan Banks	139,512	205,817	243,194	263,404	284,861	290,028	291,931	292,174	295,212
12 Federal Home Loan Mortgage Corporation	49,993	93,279	119,961	156,980	167,407	161,900	161,476	165,690	160,050
13 Federal National Mortgage Association	201,112	257,230	299,174	331,270	344,350	345,462	348,599	348,115	358,003
14 Farm Credit Banks[8]	53,123	53,175	57,379	60,053	61,384	62,075	61,874	61,091	61,612
15 Student Loan Marketing Association[9]	39,784	50,335	47,529	44,763	47,620	44,841	45,536	45,211	40,531
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**128,187**	**103,817**	**78,681**	**58,172**	**51,866**	**50,962**	**50,119**	**48,625**	**49,944**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	5,309	3,449	2,044	1,431	1,357	1,357	1,326	1,326	1,326
21 Postal Service[6]	9,732	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	4,760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	6,325	3,200	3,200	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	38,619	33,719	21,015	18,325	16,505	15,455	18,700	14,300	13,895
26 Rural Electrification Administration	17,578	17,392	17,144	16,702	15,674	15,679	15,564	15,568	14,917
27 Other	45,864	37,984	29,513	21,714	18,330	18,471	14,529	17,431	19,716

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1994	1995	1996	1997							
				Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.	Nov.
1 **All issues, new and refunding**[1]	**153,950**	**145,657**	**171,222**	**15,741**	**15,447**	**19,376**	**16,740**	**16,580**	**20,464**	**21,173**	**19,151**
By type of issue											
2 General obligation	54,404	56,980	60,409	6,224	5,741	6,145	7,679	5,062	3,590	7,837	5,713
3 Revenue	99,546	88,677	110,813	9,517	9,706	13,231	9,061	11,518	16,874	13,336	13,438
By type of issuer											
4 State	19,186	14,665	13,651	1,126	1,219	1,197	1,984	1,352	1,278	2,392	509
5 Special district or statutory authority[2]	95,896	93,500	113,228	11,124	9,666	13,810	10,715	10,480	14,890	13,195	14,810
6 Municipality, county, or township	38,868	37,492	44,343	3,491	4,562	4,369	4,041	4,803	3,629	5,586	3,832
7 **Issues for new capital**	**105,972**	**102,390**	**112,298**	**11,835**	**10,507**	**14,536**	**9,279**	**8,915**	**9,450**	**12,196**	**12,259**
By use of proceeds											
8 Education	21,267	23,964	26,851	3,264	2,844	3,498	2,701	2,781	1,943	2,647	2,973
9 Transportation	10,836	11,890	12,324	1,873	1,225	638	666	1,276	2,654	1,215	1,420
10 Utilities and conservation	10,192	9,618	9,791	425	1,608	1,615	1,182	576	907	1,402	1,217
11 Social welfare	20,289	19,566	24,583	1,929	1,291	4,438	1,789	1,481	2,305	2,341	4,090
12 Industrial aid	8,161	6,581	6,287	765	462	637	334	799	441	729	574
13 Other purposes	35,227	30,771	32,462	3,220	3,077	3,710	2,607	2,024	1,723	3,862	1,985

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

SOURCE. Securities Data Company beginning January 1990; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1994	1995	1996	1997							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues**[1]	**583,240**	**673,779**	n.a.	**62,411**	**43,956**	**54,750**	**83,890**[r]	**67,305**[r]	**50,759**[r]	**80,834**	**58,251**
2 **Bonds**[2]	**498,039**	**573,206**	n.a.	**54,632**	**37,672**	**46,738**	**72,638**[r]	**57,886**[r]	**45,218**[r]	**70,999**	**46,243**
By type of offering											
3 Public, domestic	365,222	408,804	386,280	45,886	29,797	38,594	60,979[r]	46,415[r]	40,328[r]	56,059	39,812
4 Private placement, domestic[3]	76,065	87,492	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a
5 Sold abroad	56,755	76,910	74,793	8,746	7,875	8,144	11,660[r]	11,471[r]	4,890	14,941	6,431
By industry group											
6 Manufacturing	43,423	61,070	41,959	3,060	2,276	2,355	3,748	8,480[r]	5,175	3,534	4,651
7 Commercial and miscellaneous	40,735	50,689	34,076	1,641	6,201	2,104	2,771[r]	4,466[r]	3,354	5,765	3,607
8 Transportation	6,867	8,430	5,111	324	257	6,566	424	544	406	296	1,322
9 Public utility	13,322	13,751	8,161	1,185	47	653	1,377	3,674	1,407	1,357	1,664
10 Communication	13,340	22,999	13,320	2,802	500	300	576	1,304	278	1,831	342
11 Real estate and financial	380,352	416,269	358,446	45,619	28,391	34,761	63,743[r]	39,419[r]	34,599[r]	58,217	34,656
12 **Stocks**[2]	**85,155**	**100,573**	n.a.	**7,779**	**6,284**	**8,012**	**11,252**	**9,419**[r]	**5,541**[r]	**9,835**	**12,008**
By type of offering											
13 Public preferred	12,570	10,917	33,208	2,740	1,952	2,055	3,846	678	645	1,878	1,204
14 Common	47,828	57,556	83,052	5,039	4,332	5,957	7,406	8,741[r]	4,895[r]	7,957	10,804
15 Private placement[3]	24,800	32,100	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a	n.a.	n.a.
By industry group											
16 Manufacturing	17,798	21,545	n.a.	1,136	847	1,594	1,627	1,056	836	1,124	1,977
17 Commercial and miscellaneous	15,713	27,844	n.a.	1,923	1,181	1,912	2,938	2,804	1,673	3,714	3,103
18 Transportation	2,203	804	n.a.	0	0	35	272	563	139	472	197
19 Public utility	2,214	1,936	n.a.	841	570	200	1,046	483	48	405	623
20 Communication	494	1,077	n.a.	0	25	0	374	120	52	235	261
21 Real estate and financial	46,733	47,367	n.a.	3,879	3,661	4,219	5,384	3,875	2,371[r]	3,885	5,847

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.

SOURCE. 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	1995	1996	1997 Apr.	May	June	July	Aug.[r]	Sept.	Oct.	Nov.
1 **Sales of own shares**[2]	**871,415**	**1,149,918**	**110,721**	**103,470**	**112,318**	**125,710**	**114,358**	**116,021**	**126,824**	**111,463**
2 Redemptions of own shares	699,497	853,460	100,188	76,337	86,759	90,095	84,366	86,449	98,109	76,138
3 Net sales[3]	171,918	296,458	10,532	27,133	25,559	35,615	29,992	29,572	28,715	35,325
4 **Assets**[4]	**2,067,337**	**2,637,398**	**2,782,077**	**2,952,609**	**3,067,565**	**3,279,535**	**3,199,534**	**3,386,547**	**3,300,248**	**3,372,911**
5 Cash[5]	142,572	139,396	177,979	182,004	180,552	182,122	180,152	180,159	181,314	188,363
6 Other	1,924,765	2,498,002	2,604,098	2,770,606	2,887,013	3,097,413	3,019,382	3,206,388	3,118,934	3,184,549

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	1994	1995	1996	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
1 Profits with inventory valuation and capital consumption adjustment	570.5	650.0	735.9	685.7	717.7	738.5	739.6	747.8	779.6	795.1	827.3
2 Profits before taxes	535.1	622.6	676.6	634.1	664.9	682.2	679.1	680.0	708.4	719.8	753.4
3 Profits-tax liability	186.6	213.2	229.0	215.3	226.2	232.2	231.6	226.0	241.2	244.5	258.2
4 Profits after taxes	348.5	409.4	447.6	418.8	438.7	450.0	447.5	454.0	467.2	475.3	495.2
5 Dividends	216.2	264.4	304.8	274.4	300.7	303.7	305.7	309.1	326.8	333.0	339.1
6 Undistributed profits	132.3	145.0	142.8	144.5	138.0	146.4	141.8	144.9	140.3	142.3	156.1
7 Inventory valuation	−16.1	−24.3	−2.5	.4	−5.1	−5.4	−2.7	3.3	3.5	5.9	3.6
8 Capital consumption adjustment	51.4	51.6	61.8	51.1	57.9	61.6	63.2	64.4	67.7	69.4	70.3

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	1994	1995	1996	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2[r]	1997 Q3
ASSETS										
1 Accounts receivable, gross[2]	543.7	607.0	637.1	613.7	626.7	628.1	637.1	647.2	650.7	656.8
2 Consumer	201.9	233.0	244.9	235.9	240.6	244.4	244.9	248.6	254.3	255.0
3 Business	274.9	301.6	309.5	303.5	305.7	301.4	309.5	315.2	311.7	313.1
4 Real estate	66.9	72.4	82.7	74.3	80.4	82.2	82.7	83.4	84.8	88.7
5 LESS: Reserves for unearned income	52.9	60.7	55.6	58.9	57.2	54.8	55.6	51.3	57.1	58.0
6 Reserves for losses	11.3	12.8	13.1	12.8	12.7	12.9	13.1	12.8	13.3	13.7
7 Accounts receivable, net	479.5	533.5	568.3	542.0	556.7	560.5	568.3	583.1	580.4	585.1
8 All other	216.8	250.9	290.0	255.0	258.7	268.7	290.0	289.9	307.1	310.5
9 **Total assets**	**696.3**	**784.4**	**858.3**	**796.9**	**815.4**	**829.2**	**858.3**	**873.0**	**887.5**	**895.6**
LIABILITIES AND CAPITAL										
10 Bank loans	14.8	15.3	19.7	15.4	17.7	18.3	19.7	18.4	18.8	19.3
11 Commercial paper	171.6	168.6	177.6	168.2	169.6	173.1	177.6	185.3	193.7	190.2
Debt										
12 Owed to parent	41.8	51.1	60.3	50.5	56.3	57.9	60.3	61.0	60.0	61.7
13 Not elsewhere classified	247.4	300.0	332.5	307.5	319.0	322.3	332.5	324.4	345.0	348.5
14 All other liabilities	146.2	163.6	174.7	165.6	163.2	164.8	174.7	189.1	171.3	177.2
15 Capital, surplus, and undivided profits	74.6	85.9	93.5	89.7	89.7	92.8	93.5	94.8	98.7	98.7
16 **Total liabilities and capital**	**696.3**	**784.4**	**858.3**	**796.9**	**815.4**	**829.2**	**858.3**	**873.0**	**887.5**	**895.6**

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 Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

	Type of credit	1994	1995	1996	1997					
					May	June	July[r]	Aug.[r]	Sept.[r]	Oct
					Seasonally adjusted					
1	**Total**	**607.3**	**682.4**	**762.4**	**776.6[r]**	**783.7[r]**	**789.5**	**796.9**	**801.2**	**802.7**
2	Consumer	244.4	281.9	306.6	319.3[r]	321.7[r]	323.3	322.7	322.6	324.3
3	Real estate	66.9	72.4	111.9	118.0	120.1	121.9	123.4	120.7	121.9
4	Business	295.9	328.1	343.8	339.3	342.0	344.3	350.8	358.0	356.4
					Not seasonally adjusted					
5	**Total**	**613.5**	**689.5**	**769.7**	**778.5[r]**	**787.7[r]**	**783.7**	**791.4**	**797.5**	**800.8**
6	Consumer	248.0	285.8	310.6	318.3[r]	321.8[r]	322.2	322.4	323.3	324.2
7	Motor vehicles loans	70.2	81.1	86.7	85.1	87.0	88.3	88.4	88.5	86.8
8	Motor vehicle leases	67.5	80.8	92.5	97.3	98.5	99.3	98.3	96.1	96.1
9	Revolving[2]	25.9	28.5	32.5	35.2[r]	34.9[r]	33.5	33.5	34.9	34.5
10	Other[3]	38.4	42.6	33.2	34.7	34.8	34.7	35.2	35.0	35.4
	Securitized assets[4]									
11	Motor vehicle loans	32.8	34.8	36.8	36.8	37.8	38.1	38.3	39.7	42.7
12	Motor vehicle leases	2.2	3.5	8.7	9.3	9.2	9.0	8.9	10.0	9.9
13	Revolving	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Other	11.2	14.7	20.1	19.9	19.7	19.4	19.7	19.0	18.9
15	Real estate	66.9	72.4	111.9	118.0	120.1	121.9	123.4	120.7	121.9
16	One- to four-family	n.a	n.a.	52.1	54.9	54.5	57.0	59.1	56.6	58.5
17	Other	n.a.	n.a	30.5	30.3	30.3	30.1	30.1	29.8	29.7
	Securitized real estate assets[4]									
18	One- to four-family	n.a.	n.a.	28.9	32.5	35.0	34.4	33.9	34.0	33.5
19	Other	n.a.	n.a.	0.4	0.3	0.3	0.3	0.3	0.3	0.3
20	Business	298.6	331.2	347.2	342.2	345.9	339.6	345.6	353.6	354.7
21	Motor vehicles	62.0	66.5	67.1	70.4	70.7	63.6	65.2	67.4	61.1
22	Retail loans	18.5	21.8	25.1	24.4	25.2	24.4	25.4	26.0	26.4
23	Wholesale loans[5]	35.2	36.6	33.0	36.6	36.3	29.9	30.4	31.8	25.0
24	Leases	8.3	8.0	9.0	9.3	9.3	9.3	9.4	9.6	9.7
25	Equipment	8.3	8.0	9.0	188.0	188.8	191.3	194.9	199.0	197.5
26	Loans	8.3	8.0	9.0	52.3	52.6	51.7	51.3	51.9	50.1
27	Leases	8.3	8.0	9.0	135.6	136.2	139.6	143.6	147.1	147.4
28	Other business receivables[6]	8.3	8.0	9.0	50.3	52.2	51.8	53.0	54.5	54.7
	Securitized assets[4]									
29	Motor vehicles	8.3	8.0	9.0	21.1	21.3	19.9	19.8	19.6	28.4
30	Retail loans	8.3	8.0	9.0	2.6	2.5	2.4	2.3	2.2	2.1
31	Wholesale loans	8.3	8.0	9.0	18.5	18.7	17.4	17.5	17.4	26.3
32	Leases	8.3	8.0	9.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Equipment	8.3	8.0	9.0	9.9	10.4	10.6	10.3	10.1	10.1
34	Loans	8.3	8.0	9.0	4.0	3.9	4.2	4.1	4.0	4.2
35	Leases	8.3	8.0	9.0	5.9	6.5	6.4	6.2	6.0	5.8
36	Other business receivables[6]	8.3	8.0	9.0	2.5	2.5	2.5	2.4	2.9	2.9

NOTE. This table has been revised to incorporate several changes resulting from the benchmarking of finance company receivables to the June 1996 Survey of Finance Companies. In that benchmark survey, and in the monthly surveys that have followed, more detailed breakdowns have been obtained for some components. In addition, previously unavailable data on securitized real estate loans are now included in this table. The new information has resulted in some reclassification of receivables among the three major categories (consumer, real estate, and business) and in discontinuities in some component series between May and June 1996.

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

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown before deductions for unearned income and losses. Components may not sum to totals because of rounding.

2. Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1994	1995	1996	1997 May	1997 June	1997 July	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	170.4	175.8	182.4	177.6	181.4	181.4	191.2	190.6	183.4	184.0
2 Amount of loan (thousands of dollars)	130.8	134.5	139.2	137.7	140.6	142.7	148.2	147.0	142.4	143.5
3 Loan-to-price ratio (percent)	78.8	78.6	78.2	80.0	79.9	81.2	79.8	79.3	80.1	80.8
4 Maturity (years)	27.5	27.7	27.2	28.2	28.0	28.7	28.2	28.3	28.1	28.6
5 Fees and charges (percent of loan amount)[2]	1.29	1.21	1.21	1.00	1.04	1.05	1.06	1.12	0.94	0.95
Yield (percent per year)										
6 Contract rate[1]	7.26	7.65	7.56	7.85	7.79	7.62	7.42	7.43	7.39	7.26
7 Effective rate[1,3]	7.47	7.85	7.77	8.01	7.95	7.78	7.59	7.61	7.54	7.40
8 Contract rate (HUD series)[4]	8.58	8.05	8.03	8.08	7.82	7.62	7.67	7.51	7.48	7.38
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.68	8.18	8.19	8.05	8.02	7.61	8.02	7.52	7.53	7.51
10 GNMA securities[6]	7.96	7.57	7.48	7.59	7.37	7.04	7.16	7.10	6.90	6.84
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	222,057	253,511	287,052	297,023	297,471	300,439	304,528	307,256	310,421	314,627
12 FHA/VA insured	27,558	28,762	30,592	31,437	31,198	31,065	31,193	31,847	32,080	31,878
13 Conventional	194,499	224,749	256,460	265,586	266,273	269,374	273,335	275,409	278,341	282,749
14 Mortgage transactions purchased (during period)	62,389	56,598	68,618	4,148	3,594	6,417	7,606	6,544	7,619	8,166
Mortgage commitments (during period)										
15 Issued[7]	54,038	56,092	65,859	1,704	6,196	6,956	5,960	7,573	9,190	5,123
16 To sell[8]	1,820	360	130	23	115	75	219	215	300	139
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	72,693	107,424	137,755	148,698	149,250	151,582	155,169	157,165	159,801	160,974
18 FHA/VA insured	276	267	220	202[r]	198[r]	194[r]	190[r]	186[r]	183	180
19 Conventional	72,416	107,157	137,535	148,496[r]	149,052[r]	151,388[r]	154,979[r]	156,979[r]	159,618	160,794
Mortgage transactions (during period)										
20 Purchases	124,697	98,470	128,566	8,195	8,884	8,374	9,917	10,496	12,648	11,836
21 Sales	117,110	85,877	119,702	7,596	8,321	7,757	9,187	9,727	11,713	10,832
22 Mortgage commitments contracted (during period)[9]	136,067	118,659	128,995	7,408	9,099	9,053[r]	9,914[r]	10,877	11,985	12,047

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	1993	1994	1995	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3p
1 **All holders**	**4,261,163r**	**4,462,828r**	**4,691,824r**	**4,940,719r**	**5,022,464r**	**5,080,733r**	**5,168,350**	**5,259,875**
By type of property								
2 One- to four-family residences	3,225,399r	3,424,395r	3,616,807r	3,792,994r	3,851,163r	3,899,042r	3,960,438	4,027,379
3 Multifamily residences	270,005r	274,922r	287,238r	304,532r	312,418r	315,091r	321,145	327,203
4 Nonfarm, nonresidential	685,021	680,540	703,218	756,462	771,749	778,947r	798,089	815,534
5 Farm	80,739	82,971	84,561	86,732	87,134	87,653r	88,679	89,759
By type of holder								
6 Major financial institutions	1,763,410	1,811,018	1,884,714	1,945,088	1,968,859	1,982,764r	2,023,400	2,055,789
7 Commercial banks[2]	940,603	1,003,923	1,080,483	1,112,914	1,135,133	1,149,854r	1,186,264	1,216,606
8 One- to four-family	556,660	611,092	663,715	678,565	692,180	702,616r	727,217	745,458
9 Multifamily	38,657	39,346	43,837	46,410	46,676	47,618r	48,752	49,231
10 Nonfarm, nonresidential	324,420	330,934	349,101	363,124	371,394	374,377r	384,234	395,116
11 Farm	20,866	22,551	23,830	24,815	24,883	25,242r	26,061	26,800
12 Savings institutions[3]	598,435	596,191	596,763	628,037	628,335	626,381r	629,059	629,757
13 One- to four-family	470,000	477,626	482,353	513,794	513,712	513,393r	516,713	518,409
14 Multifamily	67,366	64,343	61,987	61,308	61,570	60,645	60,102	60,370
15 Nonfarm, nonresidential	60,764	53,933	52,135	52,614	52,723	52,007	51,906	50,634
16 Farm	305	289	288	320	331	336	338	344
17 Life insurance companies	224,372	210,904	207,468	204,138	205,390	206,529	208,077	209,426
18 One- to four-family	8,593	7,018	7,316	6,190	6,772	6,799	6,842	7,080
19 Multifamily	25,376	23,902	23,435	23,155	23,197	23,320	23,499	23,615
20 Nonfarm, nonresidential	180,934	170,421	167,095	165,096	165,399	166,277	167,548	168,374
21 Farm	9,469	9,563	9,622	9,697	10,022	10,133	10,188	10,358
22 Federal and related agencies	326,040	315,580	306,774	302,793	300,935	295,203	292,966	290,786
23 Government National Mortgage Association	22	6	2	2	2	6	7	7
24 One- to four-family	15	6	2	2	2	6	7	7
25 Multifamily	7	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,386	41,781	41,791	41,575	41,596	41,485	41,400	41,332
27 One- to four-family	18,030	18,098	17,705	17,374	17,303	17,175	17,239	17,458
28 Multifamily	10,940	11,319	11,617	11,652	11,685	11,692	11,706	11,713
29 Nonfarm, nonresidential	5,406	5,670	6,248	6,681	6,841	6,969	7,135	7,246
30 Farm	7,012	6,694	6,221	5,869	5,768	5,649	5,321	4,916
31 Federal Housing and Veterans' Administrations	12,215	10,964	9,809	6,627	6,244	4,330	4,200	2,839
32 One- to four-family	5,364	4,753	5,180	3,190	3,524	2,335	2,299	843
33 Multifamily	6,851	6,211	4,629	3,438	2,719	1,995	1,900	1,996
34 Resolution Trust Corporation	17,284	10,428	1,864	0	0	0	0	0
35 One- to four-family	7,203	5,200	691	0	0	0	0	0
36 Multifamily	5,327	2,859	647	0	0	0	0	0
37 Nonfarm, nonresidential	4,754	2,369	525	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	14,112	7,821	4,303	4,025	2,431	2,217	1,816	1,476
40 One- to four-family	2,367	1,049	492	675	365	333	272	221
41 Multifamily	1,426	1,595	428	766	413	377	309	251
42 Nonfarm, nonresidential	10,319	5,177	3,383	2,584	1,653	1,508	1,235	1,004
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	165,668	174,312	176,824	175,472	174,556	172,829	170,386	168,457
45 One- to four-family	150,698r	158,766r	161,665r	161,072r	160,751r	159,634r	157,729	156,362
46 Multifamily	14,970r	15,546r	15,159r	14,400r	13,805r	13,195r	12,657	12,095
47 Federal Land Banks	28,460	28,555	28,428	29,579	29,602	29,668	29,963	30,346
48 One- to four-family	1,675	1,671	1,673	1,740	1,742	1,746	1,763	1,786
49 Farm	26,785	26,885	26,755	27,839	27,860	27,922	28,200	28,560
50 Federal Home Loan Mortgage Corporation	46,892	41,712	43,753	45,513	46,504	44,668	45,194	46,329
51 One- to four-family	44,345	38,882	39,901	41,149	41,758	39,640	40,092	40,953
52 Multifamily	2,547	2,830	3,852	4,364	4,746	5,028	5,102	5,376
53 Mortgage pools or trusts[5]	1,570,691	1,726,365	1,861,489	2,008,356	2,056,276	2,099,504r	2,134,312	2,178,530
54 Government National Mortgage Association	414,066	450,934	472,283	497,018	506,340	513,471	520,938	529,867
55 One- to four-family	404,864	441,198	461,438	485,073	494,158	500,591	507,618	516,217
56 Multifamily	9,202	9,736	10,845	11,945	12,182	12,880	13,320	13,650
57 Federal Home Loan Mortgage Corporation	447,147	490,851	515,051	545,608	554,260	562,894	567,187	569,920
58 One- to four-family	442,612	487,725	512,238	543,341	551,513	560,369	564,445	567,340
59 Multifamily	4,535	3,126	2,813	2,267	2,747	2,525	2,742	2,580
60 Federal National Mortgage Association	495,525	530,343	582,959	636,362	650,780	663,668	673,931	690,919
61 One- to four-family	486,804	520,763	569,724	619,869	633,210	645,324	654,826	670,677
62 Multifamily	8,721	9,580	13,235	16,493	17,570	18,344	19,105	20,242
63 Farmers Home Administration[4]	28	19	11	7	3	3	2	2
64 One- to four-family	5	3	2	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	13	9	5	4	0	0	0	0
67 Farm	10	7	4	3	3	3	2	2
68 Private mortgage conduits	213,925	254,218	291,185	329,360	344,894	359,468r	372,253	387,822
69 One- to four-family[6]	179,755	202,519	222,526	244,884	247,740	256,834	259,950	267,000
70 Multifamily	8,701	14,925	21,279	28,141	33,689	35,607r	38,992	41,973
71 Nonfarm, nonresidential	25,469	36,774	47,380	56,336	63,464	67,027r	73,312	78,849
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	601,023r	609,865r	638,848r	684,481r	696,395r	703,262r	717,672	734,769
74 One- to four-family	446,408r	448,027r	470,187r	476,075r	486,433r	492,248r	503,426	517,568
75 Multifamily	65,380r	69,602r	73,474r	80,193r	81,419r	81,864r	82,959	84,111
76 Nonfarm, nonresidential	72,943	75,253	77,345	110,023	110,275	110,782r	112,720	114,312
77 Farm	16,292	16,983	17,841	18,190	18,268	18,368r	18,568	18,778

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

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities and other sources

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1994	1995	1996	1997[r] May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted								
1 **Total**	**959,748[r]**	**1,094,197[r]**	**1,179,892[r]**	**1,209,533**	**1,211,741**	**1,215,606**	**1,221,742**	**1,222,404**	**1,233,097**
2 Automobile	327,863[r]	364,231[r]	392,370[r]	397,452	399,808	402,588	401,860	403,730	407,949
3 Revolving	365,514[r]	442,994[r]	499,209[r]	514,345	516,156	520,168	523,607	526,154	529,692
4 Other[2]	266,371[r]	286,972[r]	288,313[r]	297,736	295,777	292,849	296,276	292,520	295,457
	Not seasonally adjusted								
5 **Total**	**983,933[r]**	**1,122,828[r]**	**1,211,590[r]**	**1,199,345**	**1,205,034**	**1,208,717**	**1,220,086**	**1,225,234**	**1,232,560**
By major holder									
6 Commercial banks	458,777[r]	501,963[r]	526,769[r]	511,604	510,681	514,482	516,176	507,528	507,247
7 Finance companies	134,421	152,123	152,391	154,933	156,657	156,435	157,152	158,428	156,639
8 Credit unions	119,594	131,939	144,148	146,691	147,640	148,973	149,791	150,669	151,372
9 Savings institutions	38,468	40,106	44,711	46,275	46,483	46,691	47,400	47,107	47,314
10 Nonfinancial business[3]	86,621	85,061	77,745	67,736	67,973	67,579	68,556	68,520	68,401
11 Pools of securitized assets[4]	146,052	211,636	265,826[r]	272,106	275,600	274,557	281,011	292,982	301,587
By major type of credit[5]									
12 Automobile	330,198[r]	367,069[r]	395,609[r]	393,779	399,637	403,043	404,438	407,300	412,440
13 Commercial banks	143,517[r]	151,437[r]	157,047[r]	155,207	155,960	157,784	158,516	157,234	158,327
14 Finance companies	70,157	81,073	86,690	85,106	86,979	88,323	88,428	88,545	86,805
15 Pools of securitized assets[4]	36,689	44,635	51,719[r]	50,809	53,024	52,672	52,427	55,432	60,113
16 Revolving	383,187	464,134	522,860	509,630	511,427	515,034	520,698	524,059	526,429
17 Commercial banks	182,021	210,298	228,615	212,796	213,318	218,992	217,466	209,269	208,937
18 Finance companies	25,880	28,460	32,493	35,167	34,863	33,461	33,543	34,925	34,466
19 Nonfinancial business[3]	56,790	53,525	44,901	37,078	37,283	36,791	37,578	37,685	37,479
20 Pools of securitized assets[4]	96,130	147,934	188,712	195,800	196,806	196,456	202,444	212,403	215,674
21 Other	270,548[r]	291,625[r]	293,121[r]	295,936	293,970	290,640	294,950	293,875	293,691
22 Commercial banks	133,239[r]	140,228[r]	141,107[r]	143,601	141,403	137,706	140,194	141,025	139,983
23 Finance companies	38,384	42,590	33,208	34,660	34,815	34,651	35,181	34,958	35,368
24 Nonfinancial business[3]	29,831	31,536	32,844	30,658	30,690	30,788	30,978	30,835	30,922
25 Pools of securitized assets[4]	13,233	19,067	25,395	25,497	25,770	25,429	26,140	25,147	25,800

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises mobile home loans and all other loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Includes retailers and gasoline companies.
4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
5. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1994	1995	1996	1997 Apr.	May	June	July	Aug.	Sept.	Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.12	9.57	9.05	n.a.	9.20	n.a.	n.a.	8.99	n.a.	n.a.
2 24-month personal	13.19	13.94	13.54	n.a.	13.81	n.a.	n.a.	13.84	n.a.	n.a.
Credit card plan										
3 All accounts	15.69	16.02	15.63	n.a.	15.75	n.a.	n.a.	15.78	n.a.	n.a.
4 Accounts assessed interest	15.77	15.79	15.50	n.a.	15.72	n.a.	n.a.	15.79	n.a.	n.a.
Auto finance companies										
5 New car	9.79	11.19	9.84	8.56	7.80	7.64	6.71	5.93	6.12	7.27
6 Used car	13.49	14.48	13.53	13.29	13.48	13.55	13.51	13.38	13.29	13.22
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.1	51.6	52.8	53.2	53.3	54.6	55.5	55.4	54.4
8 Used car	50.2	52.2	51.4	51.2	51.3	51.3	51.4	51.2	50.8	50.6
Loan-to-value ratio										
9 New car	92	92	91	91	93	93	94	93	93	92
10 Used car	99	99	100	99	99	99	99	99	99	101
Amount financed (dollars)										
11 New car	15,375	16,210	16,987	17,620	18,060	18,171	18,281	18,329	18,520	18,779
12 Used car	10,709	11,590	12,182	12,195	12,261	12,239	12,307	12,204	12,190	12,287

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter.
3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1992	1993	1994	1995	1996	1996				1997[r]		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**539.9**	**619.6**	**594.0**	**698.2**	**714.2[r]**	**857.1[r]**	**695.7[r]**	**677.6[r]**	**626.3[r]**	**691.7**	**562.8**	**646.6**
By sector and instrument												
2 Federal government	304.0	256.1	155.9	144.4	145.0	227.3	62.7	163.2	126.9	81.2	−97.1	40.9
3 Treasury securities	303.8	248.3	155.7	142.9	146.6	229.6	60.5	166.3	130.2	82.6	−97.3	41.9
4 Budget agency securities and mortgages	.2	7.8	.2	1.5	−1.6	−2.3	2.2	−3.1	−3.3	−1.4	.2	−.9
5 Nonfederal	235.9	363.4	438 1	553.7	569.2[r]	629.9[r]	633.0[r]	514.4[r]	499.4[r]	610.5	659.9	605.6
By instrument												
6 Commercial paper	8.6	10.0	21.4	18.1	−.9	25.4[r]	9.2[r]	−14.2	−24.1[r]	7.8	21.4	15.5
7 Municipal securities and loans	30.5	74.8	−35.9	−48.2	1.3	−4.1	30.2	−65.2	44.2	23.2	76.5	40.4
8 Corporate bonds	67.6	75.2	23.3	73.3	72.5	60.9	71.5	67.8	89.9	79.4	86.1	122.9
9 Bank loans n.e.c.	−12.0[r]	6.4[r]	75.2[r]	102.0[r]	66.8[r]	47.5[r]	49 7[r]	136.2[r]	33.6[r]	147.6	105.4	25.8
10 Other loans and advances	5.7	−18.9	37.3	46.5	21.5[r]	20.4	33.9[r]	46.4[r]	−14.5[r]	15.5	4.0	51.0
11 Mortgages	131.5	155.3	191.9	223.1	319.2	359 9	323.7	261.6	331.6	267.5	308.7	307.4
12 Home	189.1	184.1	199.0	192.4	268.1[r]	316.9[r]	255.4	248.2[r]	251.6	242.0	217.8	223.1
13 Multifamily residential	−10.7	−6.0	1.7	10.4	17.7[r]	13.9[r]	18.4[r]	11.9[r]	26.8[r]	5.4	19.6	19.6
14 Commercial	−47.4	−23.9	−11.0	18.8	30.9	27.5	45.1	−.6	51.5	18.1	67.2	60.4
15 Farm	.5	1.0	2.2	1.6	2.6	1.6	4.9	2.2	1.6	2.1	4.1	4.3
16 Consumer credit	3.9[r]	60.7[r]	124.9[r]	138.9[r]	88.8[r]	119.9[r]	114.7[r]	81.9[r]	38.6[r]	69.6	57.8	42.7
By borrowing sector												
17 Household	191.1[r]	246.2[r]	343.7	354.9	362 9[r]	446.2[r]	378.1[r]	345.5[r]	281.6[r]	333.3	295.1	245.9
18 Nonfinancial business	23.7[r]	54.9	140.8	241.8	193.7[r]	176.0[r]	216.9[r]	219.7	162.0[r]	242.3	280.6	308.4
19 Corporate	39.6	49.1	135.3	213.7	147.9[r]	131.7[r]	172.2[r]	193.0[r]	94.6[r]	190.0	205.4	240.8
20 Nonfarm noncorporate	−16.4	3.2	2.2	26.6	43.4	44.2	38.5	29.2	61.5	48.1	67.6	63.2
21 Farm	.5	2.6	3.3	1.5	2.4	.1	6.2	−2.5	6.0	4.2	7.6	4.4
22 State and local government	21.1	62.3	−46.4	−42.9	12.7	7.7	38.0	−50.8	55.8	35.0	84.2	51.3
23 Foreign net borrowing in United States	24.1[r]	69.8[r]	−14.0[r]	71.1[r]	70.5[r]	52.3[r]	36.1[r]	105.7[r]	87.9[r]	26.2	56.3	82.2
24 Commercial paper	5.6[r]	−9.6[r]	−26.1[r]	13.5[r]	11.3[r]	−6.3[r]	9.6[r]	37.5[r]	4.4[r]	15.4	10.3	−11.6
25 Bonds	16.8	82.9	12.2	49.7	49.4	47.7	11.2	60.2	78.5	11.0	34.3	89.2
26 Bank loans n.e.c.	2.3	7	1.4	8.5	9.1	8.7	15.1	4.7	7.8	−.7	11.5	7.3
27 Other loans and advances	−.6	−4.2	−1.5	−.5	.8	2.3	.1	3.4	−2.7	.5	.2	−2.7
28 **Total domestic plus foreign**	**564.0[r]**	**689.3[r]**	**579.9[r]**	**769.2[r]**	**784.7[r]**	**909.5[r]**	**731.9[r]**	**783.3[r]**	**714.2[r]**	**718.0**	**619.1**	**728.7**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**240.2[r]**	**293.6[r]**	**464.3[r]**	**448.4[r]**	**536.3[r]**	**342.0[r]**	**721.7[r]**	**436.8[r]**	**644.8[r]**	**323.4**	**665.8**	**526.2**
By instrument												
30 Federal government-related	155.8	165.3	287.5	204.1	231.5	148.8	301.4	222.9	252.8	105.7	286.2	161.0
31 Government-sponsored enterprise securities	40.3	80.6	176.9	105.9	90.4	31 4	126.9	80.0	123.3	−8.9	198.1	46.4
32 Mortgage pool securities	115.6	84.7	115.4	98.2	141.1	117.4	174.5	142.9	129.6	114.6	88.1	114.6
33 Loans from U.S. government	.0	.0	−4.8	.0	.0	.0	0	.0	.0	.0	.0	.0
34 Private	84.4[r]	128.3[r]	176.8[r]	244.3[r]	304.9[r]	193.2[r]	420.3[r]	213.9[r]	392.0[r]	217.7	379.7	365.2
35 Open market paper	−1.1[r]	−5.5[r]	40.5[r]	42.7[r]	92.2[r]	17.1[r]	105.4[r]	84.4[r]	162.0[r]	175.9	77.8	168.2
36 Corporate bonds	84.8[r]	122.2[r]	117.6[r]	188.2[r]	156.5[r]	150.5[r]	230.9[r]	80.7[r]	164.0[r]	38.9	215.0	129.9
37 Bank loans n.e.c.	.7	−14.4	−13.7	4.2	16.8	23.4	20.6	2.6	20.4	7.0	9.9	15.6
38 Other loans and advances	−.6	22.4	22.6	3.4	27 9[r]	−5.5	52.7[r]	33.3[r]	31.2[r]	−20.1	63.0	37.5
39 Mortgages	.6	3.6	9.8	5.9	11 4	7.7	10.8	12.9	14.3	16.0	14.0	14.0
By borrowing sector												
40 Commercial banking	10.0	13.4	20.1	22.5	13.0[r]	−34.2	44.5[r]	14.7	26.8[r]	13.7	81.7	30.1
41 Savings institutions	−7.0	11.3	12.8	2.6	25.5[r]	11.0	42 1	25.8[r]	23.0[r]	−16.8	31.9	21.2
42 Credit unions	.0	.2	.2	−.1	.1	−.1	− 2	.3	3	−.2	.2	.2
43 Life insurance companies	.0	.2	.3	−.1	1.1	2.5	3	−.4	2.0	.8	.1	.2
44 Government-sponsored enterprises	40.2	80 6	172.1	105.9	90.4	31.4	126.9	80.0	123.3	−8.9	198.1	46.4
45 Federally related mortgage pools	115.6	84.7	115.4	98.2	141.1	117.4	174.5	142.9	129.6	114.6	88.1	114.6
46 Issuers of asset-backed securities (ABSs)	57.3	82.8	68.8	132.9	132.0[r]	138.9	162.5[r]	88.0[r]	138.6[r]	62.2	93.7	165.2
47 Finance companies	−3.1[r]	−1.4[r]	48.7[r]	50.2[r]	45.9[r]	41.4[r]	67.8[r]	30.7	43.8	6.4	124.6	.1
48 Mortgage companies	8.0	.0	−11.5	.4	12.4	20.0	16.0	1.7	12.1	5.9	10.0	2.6
49 Real estate investment trusts (REITs)	.3	3.4	13.7	6.0	12.8	8.2	11.5	13.7	17.7	19.1	18.6	23.2
50 Brokers and dealers	2.7	12.0	.5	−5.0	−2.0	−31.8	13.2	5.7	4.9	−2.9	34.9	−6.9
51 Funding corporations	16.2[r]	6.3[r]	23.1[r]	34.9	64.1[r]	37.2[r]	62.7[r]	33.7[r]	123.0[r]	129.4	−16.1	129.3

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

Transaction category or sector	1992	1993	1994	1995	1996	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997[r] Q1	1997[r] Q2	1997[r] Q3
	All sectors											
52 **Total net borrowing, all sectors**	**804.2[r]**	**982.9[r]**	**1,044.3[r]**	**1,217.7[r]**	**1,321.0[r]**	**1,251.5[r]**	**1,453.5[r]**	**1,220.1[r]**	**1,359.0[r]**	**1,041.4**	**1,284.9**	**1,255.0**
53 Open market paper	13.1	−5.1	35.7	74.3	102.6	36.2[r]	124.2	107.7	142.3[r]	199.2	109.5	172.0
54 U.S. government securities	459.8	421.4	448.1	348.5	376.5	376.1	364.1	386.1	379.7	186.9	189.1	201.9
55 Municipal securities	30.5	74.8	−35.9	−48.2	1.3	−4.1	30.2	−65.2	44.2	23.2	76.5	40.4
56 Corporate and foreign bonds	169.1[r]	280.3[r]	153.2[r]	311.1[r]	278.4[r]	259.1[r]	313.6[r]	208.7[r]	332.4[r]	129.3	335.4	341.9
57 Bank loans n.e.c.	−8.9[r]	−7.2[r]	62.9[r]	114.7[r]	92.6[r]	79.5[r]	85.5[r]	143.5[r]	61.8[r]	153.8	126.7	48.7
58 Other loans and advances	4.6	−.8	53.6	49.3	50.2[r]	17.2	86.7	83.0[r]	14.0[r]	−4.1	67.2	85.9
59 Mortgages	132.1	158.9	201.7	229.0	330.6	367.6	334.5	274.5	345.9[r]	283.5	322.7	321.4
60 Consumer credit	3.9[r]	60.7[r]	124.9[r]	138.9[r]	88.8[r]	119.9[r]	114.7[r]	81.9[r]	38.6[r]	69.6	57.8	42.7
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**293.9**	**422.1**	**124.8**	**145.1**	**236.6[r]**	**319.1**	**386.6**	**78.4**	**162.2[r]**	**201.8**	**211.3**	**310.5**
62 Corporate equities	103.4	130.1	24.1	−2.3	−1.0[r]	21.5	82.1	−93.5	−14.1[r]	−51.6	−49.7	13.5
63 Nonfinancial corporations	27.0	21.3	−44.9	−58.3	−64.2	−73.6	.4	−127.6	−56.0	−78.8	−90.4	−60.4
64 Foreign shares purchased by U.S. residents	32.4	63.4	48.1	50.4	58.8	90.1	70.1	32.7	42.3	47.0	53.0	62.8
65 Financial corporations	44.0	45.4	20.9	5.6	4.4[r]	5.1	11.6	1.5	−.4[r]	−19.8	−12.3	11.1
66 Mutual fund shares	190.5	292.0	100.6	147.4	237.6	297.6	304.5	171.9	176.3	253.4	261.0	297.0

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.4. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1992	1993	1994	1995	1996	1996				1997[r]		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**804.2[r]**	**982.9[r]**	**1,044.3[r]**	**1,217.7[r]**	**1,321.0[r]**	**1,251.5[r]**	**1,453.5[r]**	**1,220.1[r]**	**1,359.0[r]**	**1,041.4**	**1,284.9**	**1,255.0**
2 Domestic nonfederal nonfinancial sectors	117.9[r]	80.7[r]	258.2[r]	-86.5	-7.5[r]	-43.2[r]	321 9[r]	-184.6[r]	-124.0[r]	-257.4	-101.5	-244.2
3 Household	88.6[r]	40.0[r]	295.0[r]	-2.1	37.0[r]	-81.3[r]	288.4[r]	-21.9[r]	-37.3[r]	-226.7	-37.2	-259.0
4 Nonfinancial corporate business	27.8	9.1	17.7	-2.4	11.4[r]	31.7[r]	37.4[r]	-12.7[r]	-10.9[r]	71.0	-52.5	17.1
5 Nonfarm noncorporate business	-.1	-1.1	.6	.3	.4	.4	.4	.4	.4	.5	.7	.8
6 State and local governments	1 7	32.6	-55.0	-82.4	-56.2	6.0	-4.4	-150.4	-76.2	-102.2	-12.5	-3.1
7 Federal government	-11.9[r]	-18.4[r]	-24.2[r]	-21.0[r]	-19.8[r]	-19.3[r]	-13.5[r]	-23.9[r]	-22.5[r]	-12.9	-6.6	-8.5
8 Rest of the world	98.4	129.3	132.3	273.9	409.1	350.0	268.9	485.4	532.2	366.4	298.9	411.5
9 Financial sectors	599.8	791.3	677.9	1,051.3	939.2[r]	964.0[r]	876.3[r]	943.2[r]	973.3[r]	945.2	1,094.1	1,096.2
10 Monetary authority	27.9	36.2	31.5	12.7	12.3	17.5	11.7	11.5	8 4	37.4	47.2	14.3
11 Commercial banking	95.3	142.2	163.4	265.9	187.8	126.0	179.7	196.1	249.4	308.0	309.2	209.7
12 U.S.-chartered banks	69.5	149.6	148.1	186.5	119.6	78.3	121.9	119.5	158.9	195.9	301.1	209.5
13 Foreign banking offices in United States	16.5	-9.8	11.2	75.4	63.3	50.8	50.7	71.1	80.5	104.0	1.1	-.6
14 Bank holding companies	5.6	.0	.9	-.3	3.9	-5.1	5.4	4.8	10.5	2.2	5.1	-4.9
15 Banks in U.S.-affiliated areas	3.7	2.4	3.3	4.2	1.0	2.1	1.7	.7	-.6	6.0	1.8	5.7
16 Savings institutions	-79.0	-23.3	6.7	-7.6	19.9	34.1	44.7	49.7	-48.8	-5.3	23.8	-47.6
17 Credit unions	17.7	21.7	28.1	16.2	25.5	23.6	33.0	21.1	24.3	18.5	25.7	15.7
18 Bank personal trusts and estates	8.0	9.5	7.1	-18.8	3.9	-3.5	4.2	7.8	7.2	8.2	8.9	9.4
19 Life insurance companies	79.5	100.9	66.7	99.2	72.5	47.6	.9	123.2	118.1	94.3	172.5	133.2
20 Other insurance companies	6.7	27.7	24.9	21.5	22.5[r]	17.6[r]	30.5	14.2	27.7	3.9	27.9	17.3
21 Private pension funds	37.5	49.5	47.7	63.1	46.6	69.5	45.4	41.9	29.5	57.5	57.8	68.1
22 State and local government retirement funds	5.9	21.1	30.7	22.7	34.5	54.9	47.9	19.0	16.1	38.7	39.2	39.2
23 Money market mutual funds	4.7	20.4	30.0	86.5	88.8	164.1	27.0	83.0	81.3	65.2	19.7	123.6
24 Mutual funds	126.2	159.5	-7.1	52.5	48.9	88.5	54.3	27.5	25.3	61.9	103.6	102.0
25 Closed-end funds	18.2	14.4	-3.3	13.3	9.3	10.9	9.8	9.0	7.5	6.7	5.3	4.3
26 Government-sponsored enterprises	68.8	87.8	117.8	84.7	92.0	33.9	114.7	81.4[r]	137.9[r]	45.1	119.2	55.5
27 Federally related mortgage pools	115.6	84.7	115.4	98.2	141.1	117.4	174.5	142.9	129.6	114.6	88.1	114.6
28 Asset-backed securities issuers (ABSs)	53.1	80.2	61.7	111.1	101.8[r]	119.7	135.7	62.0	89.6[r]	38.7	78.9	102.6
29 Finance companies	.4	-20.9	48.3	49.9	18.4	30.3[r]	36.3	13.2[r]	-6.2[r]	44.9	1.9	46.9
30 Mortgage companies	.1	.0	-24.0	-3.4	8.2	51.8	-26.8	3.4	4.1	-3.4	6.5	5.9
31 Real estate investment trusts (REITs)	1.1	.6	4.7	2.2	3.0	3.4	3.4	3.4	2.0	2.0	3.4	3.4
32 Brokers and dealers	-1.3	14.8	-44.2	90.1	-15.7[r]	-109.0	-72.0	35.5	82.7[r]	-14.5	-22.7	36.9
33 Funding corporations	13.3	-35.6	-28.4	-8.6	18.0[r]	65.7[r]	21.2[r]	-2.4	-12.3[r]	22.8	-21.8	41.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**804.2[r]**	**982.9[r]**	**1,044.3[r]**	**1,217.7[r]**	**1,321.0[r]**	**1,251.5[r]**	**1,453.5[r]**	**1,220.1[r]**	**1,359.0[r]**	**1,041.4**	**1,284.9**	**1,255.0**
Other financial sources												
35 Official foreign exchange	-1.6	.8	-5.8	8.8	-6.3	-.9	1.6	-26.6	7	-17.6	.4	2.4
36 Special drawing rights certificates	-2.0	.0	.0	2.2	-.5	.0	.0	-1.8	0	-2.1	.0	.0
37 Treasury currency	.2	.4	.7	.6	.0	.0	.0	2.3	-2.3	.4	.2	1.3
38 Foreign deposits	-3.4	-18.5	52.9	35.3	82.0	100.8	3.0	119.7	104.5	188.6	18.8	79.3
39 Net interbank transactions	49.4	50.5	89.8	9.9	-51.6[r]	-76.1[r]	-50.8[r]	-97.2[r]	17.6[r]	-88.8	-43.8	-77.3
40 Checkable deposits and currency	113.5	117.3	-9.7	-12.7[r]	15.8	6.8	3.9	105.9	-53.4	85.3	64.2	-49.4
41 Small time and savings deposits	-57.3[r]	-70.3	-39.9[r]	96.6[r]	97.1	207.7	-3.2	94.2[r]	89.6[r]	157.9	24.5	44.0
42 Large time deposits	-73.2	-23.5	19.6	65.6	113.9	57.4	83.1	180.2[r]	134.8[r]	49.9	176.3	196.5
43 Money market fund shares	4.5	20.2	43.3	142.3	145.8	227.6	23.1	145.1	187.5	182.4	58.5	243.6
44 Security repurchase agreements	43.2[r]	71.3[r]	78.2[r]	110.5[r]	40.3[r]	-4.8[r]	98.4[r]	-15.9	83.3[r]	33.8	195.3	137.9
45 Corporate equities	103.4	130.1	24.1	-2.3	-1.0[r]	21.5	82.1	-93.5	-14.1[r]	-51.6	-49.7	13.5
46 Mutual fund shares	190.5	292.0	100.6	147.4	237.6	297.6	304.5	171.9	176.3	253.4	261.0	297.0
47 Trade payables	46.6	52.0	93.7	105.2	68.8[r]	74.1[r]	116.9[r]	-12.9[r]	97.0[r]	67.9	68.1	149.8
48 Security credit	4.6	61.4	-.1	26.7	52.4	114.0	-34.8	5.3	125.2[r]	117.1	137.4	46.7
49 Life insurance reserves	28.0	36.0	34.5	44.9	43.6	19.0	32.5	56.6	66.3	44.2	85.9	49.6
50 Pension fund reserves	230.3	254.7	253.2	241.1[r]	224.2[r]	224.7[r]	183.2[r]	215.8[r]	273.2[r]	260.5	313.6	313.1
51 Taxes payable	10.6[r]	11.4[r]	2.6[r]	4.6[r]	12.9[r]	19.4[r]	7.6[r]	7.8[r]	16.8[r]	28.6	1.1	9.5
52 Investment in bank personal trusts	-7.1	.9	17.8	-49.7	12.5	-.6	11.8	19.2	19.8	23.5	26.3	28.9
53 Noncorporate proprietors' equity	35.4[r]	11.4[r]	43.4[r]	27.8[r]	8.5[r]	6.5[r]	5.4[r]	31.1[r]	-9.0[r]	6.6	4.2	7.1
54 Miscellaneous	261.6[r]	351.9[r]	268.1[r]	477.9[r]	466.9[r]	477 6[r]	420.7[r]	393.1[r]	576.3[r]	518.4	667.2	569.2
55 **Total financial sources**	**1,781.2[r]**	**2,332.8[r]**	**2,111.2[r]**	**2,700.4[r]**	**2,883.9[r]**	**3,023.7[r]**	**2,742.4[r]**	**2,520.7[r]**	**3,249.1[r]**	**2,899.9**	**3,294.2**	**3,317.6**
Liabilities not identified as assets (−)												
56 Treasury currency	-.2	-.2	-.2	-.5	-1.0	-1.1	-1.0	1.3	-3.1	-.3	-.5	.5
57 Foreign deposits	-2.7	-5.7	43.0	25.7	57.1[r]	73.2	26.6	91.3	37.3[r]	183.0	-.2	56.6
58 Net interbank liabilities	-4.9	4.2	-2.7	-3.1	-3.3	9.3	-22.5	-4.4	4.2	26.9	-24.4	-51.5
59 Security repurchase agreements	4.8[r]	46.1	57.2[r]	55.0[r]	25.7[r]	27.6[r]	124.7[r]	-133.4[r]	83.9[r]	-120.5	139.3	20.9
60 Taxes payable	12.8[r]	15.8[r]	16.6[r]	17.8[r]	15.2[r]	.3[r]	23.2[r]	15.6[r]	21.8[r]	10.4	27.5	-8.4
61 Miscellaneous	-54.6[r]	-186.4[r]	-153 4[r]	-85.9[r]	-98.3[r]	-165.0[r]	-129.4[r]	-165.5[r]	66.5[r]	-104.0	-318.9	-80.9
Floats not included in assets (−)												
62 Federal government checkable deposits	.7	-1.5	-4.8	-6.0	.5	2.7	-6.6	27.1	-21.4	-9.4	16.1	2.1
63 Other checkable deposits	1.6	-1.3	-2.8	-3.8	-4.0	-2.8	-5.0	-4.7	-3.7	-2.6	-4.8	-3.4
64 Trade credit	11.4[r]	-4.3[r]	.3[r]	-29.1[r]	-34.8[r]	10.4[r]	.2[r]	-105.9[r]	-44.1[r]	18.9	-70.1	-3.1
65 **Total identified to sectors as assets**	**1,812.4[r]**	**2,466.0[r]**	**2,157.9[r]**	**2,730.3[r]**	**2,927.0[r]**	**3,069.0[r]**	**2,732.0[r]**	**2,799.2[r]**	**3,107.6[r]**	**2,897.6**	**3,530.2**	**3,384.8**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1993	1994	1995	1996	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997[r] Q1	1997[r] Q2	1997[r] Q3
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**12,486.9**	**13,087.1**	**13,785.3[r]**	**14,499.4[r]**	**13,981.0[r]**	**14,133.4[r]**	**14,307.6[r]**	**14,499.4[r]**	**14,656.7**	**14,770.4**	**14,937.7**
By sector and instrument											
2 Federal government	3,336.5	3,492.3	3,636.7	3,781.8	3,717.2	3,693.8	3,733.1	3,781.8	3,829.8	3,760.6	3,771.2
3 Treasury securities	3,309.9	3,465.6	3,608.5	3,755.1	3,689.6	3,665.5	3,705.7	3,755.1	3,803.5	3,734.3	3,745.1
4 Budget agency securities and mortgages	26.6	26.7	28.2	26.6	27.6	28.2	27.4	26.6	26.3	26.3	26.1
5 Nonfederal	9,150.4	9,594.8	10,148.5	10,717.7[r]	10,263.7	10,439.6[r]	10,574.5[r]	10,717.7[r]	10,826.9	11,009.8	11,166.5
By instrument											
6 Commercial paper	117.8	139.2	157.4	156.4	174.2	181.7	173.0	156.4	168.7	179.3	176.6
7 Municipal securities and loans	1,377.5	1,341.7	1,293.5	1,294.8	1,290.3	1,296.1	1,279.8	1,294.8	1,298.8	1,315.5	1,324.9
8 Corporate bonds	1,229.7	1,253.0	1,326.3	1,398.8	1,341.5	1,359.4	1,376.4	1,398.8	1,418.7	1,440.2	1,470.9
9 Bank loans n.e.c.	684.8[r]	759.9[r]	861.9[r]	928.6[r]	871.8[r]	889.3[r]	919.2[r]	928.6[r]	964.3	995.8	998.0
10 Other loans and advances	629.3	673.0	719.4	741.0[r]	728.8	736.4[r]	744.3[r]	741.0[r]	749.3	749.2	758.0
11 Mortgages	4,252.2	4,444.1	4,667.2	4,986.5[r]	4,744.0	4,832.2	4,908.3	4,986.5[r]	5,040.7	5,124.8	5,212.9
12 Home	3,225.4[r]	3,424.4[r]	3,616.8[r]	3,851.2[r]	3,682.8[r]	3,720.2[r]	3,793.0[r]	3,851.2[r]	3,899.0	3,960.4	4,027.4
13 Multifamily residential	267.0[r]	268.7[r]	279.1[r]	300.5[r]	282.6[r]	290.9[r]	293.8[r]	300.5[r]	301.9	306.8	311.7
14 Commercial	679.0	668.0	686.8	747.6	693.6	734.9	734.7	747.6	752.1	768.9	784.0
15 Farm	80.7	83.0	84.6	87.1	85.0	86.2	86.7	87.1	87.7	88.7	89.8
16 Consumer credit	859.0[r]	983.9[r]	1,122.8[r]	1,211.6[r]	1,113.2[r]	1,144.5[r]	1,173.5[r]	1,211.6[r]	1,186.4	1,205.0	1,225.2
By borrowing sector											
17 Household	4,203.9[r]	4,550.4[r]	4,910.5[r]	5,244.2[r]	4,970.0[r]	5,043.1[r]	5,148.3[r]	5,244.2[r]	5,273.8	5,361.0	5,441.4
18 Nonfinancial business	3,784.7[r]	3,929.0[r]	4,165.5[r]	4,388.3[r]	4,220.6[r]	4,315.9[r]	4,358.3[r]	4,388.3[r]	4,460.1	4,537.5	4,601.6
19 Corporate	2,528.3[r]	2,667.1[r]	2,875.6[r]	3,052.6[r]	2,922.3[r]	3,003.1[r]	3,038.1[r]	3,052.6[r]	3,114.0	3,169.1	3,215.8
20 Nonfarm noncorporate	1,118.5	1,120.7	1,147.3	1,190.7	1,158.3	1,167.9	1,174.6	1,190.7	1,202.6	1,219.5	1,234.7
21 Farm	137.9	141.2	142.7	145.1	140.0	145.0	145.5	145.1	143.5	148.8	151.1
22 State and local government	1,161.8	1,115.4	1,072.5	1,085.1	1,073.1	1,080.6	1,068.0	1,085.1	1,093.0	1,111.3	1,123.5
23 **Foreign credit market debt held in United States**	**385.8[r]**	**371.8[r]**	**442.9[r]**	**513.4[r]**	**453.6[r]**	**462.6[r]**	**490.2[r]**	**513.4[r]**	**517.8**	**531.6**	**547.3**
24 Commercial paper	68.8[r]	42.7[r]	56.2[r]	67.5[r]	52.5[r]	54.5[r]	65.8[r]	67.5[r]	69.3	71.3	64.3
25 Bonds	230.1	242.3	291.9	341.3	303.8	306.7	321.7	341.3	344.1	352.7	374.9
26 Bank loans n.e.c.	24.6	26.1	34.6	43.7	36.8	40.5	41.7	43.7	43.5	46.4	48.2
27 Other loans and advances	62.3	60.8	60.2	61.0	60.6	60.9	61.0	61.0	60.9	61.2	59.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**12,872.7[r]**	**13,458.9[r]**	**14,228.2[r]**	**15,012.9[r]**	**14,434.6[r]**	**14,596.0[r]**	**14,797.8[r]**	**15,012.9[r]**	**15,174.5**	**15,301.9**	**15,485.0**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**3,325.3[r]**	**3,797.3[r]**	**4,248.4[r]**	**4,784.7[r]**	**4,329.3[r]**	**4,511.9**	**4,624.1[r]**	**4,784.7[r]**	**4,860.7**	**5,030.0**	**5,131.7**
By instrument											
30 Federal government-related	1,885.2	2,172.7	2,376.8	2,608.3	2,414.0	2,489.4	2,545.1	2,608.3	2,634.7	2,706.2	2,746.5
31 Government-sponsored enterprise securities	523.7	700.6	806.5	896.9	814.4	846.1	866.1	896.9	894.7	944.2	955.8
32 Mortgage pool securities	1,356.8	1,472.1	1,570.3	1,711.4	1,599.7	1,643.3	1,679.0	1,711.4	1,740.0	1,762.1	1,790.7
33 Loans from U.S. government	4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,440.0[r]	1,624.6[r]	1,871.5[r]	2,176.4[r]	1,915.3[r]	2,022.5	2,079.0[r]	2,176.4[r]	2,226.0	2,323.8	2,385.2
35 Open market paper	393.4[r]	441.6[r]	486.9[r]	579.1[r]	490.9[r]	517.3[r]	538.6[r]	579.1[r]	623.0	642.5	684.7
36 Corporate bonds	866.2[r]	983.9[r]	1,172.0[r]	1,328.5[r]	1,205.7[r]	1,265.2	1,288.8[r]	1,328.5[r]	1,333.8	1,390.1	1,392.9
37 Bank loans n.e.c.	62.6	48.9	53.1	69.8	58.6	63.9	64.2	69.8	71.3	74.1	77.5
38 Other loans and advances	108.9	131.6	135.0	162.9[r]	133.6	146.8[r]	155.1[r]	162.9[r]	157.9	173.7	183.0
39 Mortgages	8.9	18.7	24.6	36.0	26.5	29.2	32.4	36.0	40.0	43.5	47.0
By borrowing sector											
40 Commercial banks	84.6	94.5	102.6	113.6[r]	100.5	104.6[r]	107.7[r]	113.6[r]	115.3	125.7	130.0
41 Bank holding companies	123.4	133.6	148.0	150.0	141.4	148.4	149.1	150.0	151.6	161.6	164.6
42 Savings institutions	99.6	112.4	115.0	140.5[r]	117.8	128.3	134.8[r]	140.5[r]	136.3	144.3	149.6
43 Credit unions	.2	.5	.4	.4	.4	.3	.4	.4	.4	.4	.5
44 Life insurance companies	.2	.6	.5	1.6	1.1	1.2	1.1	1.6	1.8	1.8	1.9
45 Government-sponsored enterprises	528.5	700.6	806.5	896.9	814.4	846.1	866.1	896.9	894.7	944.2	955.8
46 Federally related mortgage pools	1,356.8	1,472.1	1,570.3	1,711.4	1,599.7	1,643.3	1,679.0	1,711.4	1,740.0	1,762.1	1,790.7
47 Issuers of asset-backed securities (ABSs)	485.3	554.1	687.0	819.1[r]	717.3	756.6[r]	781.2[r]	819.1[r]	829.6	852.0	907.2
48 Brokers and dealers	33.7	34.3	29.3	27.3	21.4	24.6	26.1	27.3	26.6	35.3	33.6
49 Finance companies	385.1[r]	433.7[r]	483.9[r]	529.8	491.1[r]	506.3	513.7	529.8	528.2	557.8	533.5
50 Mortgage companies	30.2	18.7	19.1	31.5	24.1	28.1	28.5	31.5	33.0	35.5	36.2
51 Real estate investment trusts (REITs)	17.4	31.1	37.1	49.9	39.1	42.0	45.4	49.9	54.6	59.3	65.1
52 Funding corporations	180.3	211.0[r]	248.6[r]	312.7[r]	261.3[r]	282.0[r]	291.0[r]	312.7[r]	348.6	350.0	363.1
					All sectors						
53 **Total credit market debt, domestic and foreign**	**16,197.9[r]**	**17,256.2[r]**	**18,476.5[r]**	**19,797.6[r]**	**18,763.9[r]**	**19,107.8**	**19,421.9[r]**	**19,797.6[r]**	**20,035.2**	**20,332.0**	**20,616.7**
54 Open market paper	580.0	623.5	700.4	803.0	717.6	753.6	777.4	803.0	861.1	893.1	925.7
55 U.S. government securities	5,216.9	5,665.0	6,013.6	6,390.0	6,131.2	6,183.1	6,278.2	6,390.0	6,464.5	6,466.8	6,517.7
56 Municipal securities	1,377.5	1,341.7	1,293.5	1,294.8	1,290.3	1,296.1	1,279.8	1,294.8	1,298.8	1,315.5	1,324.9
57 Corporate and foreign bonds	2,326.0[r]	2,479.1[r]	2,790.3[r]	3,068.7[r]	2,851.1[r]	2,931.3	2,986.8[r]	3,068.7[r]	3,096.6	3,182.9	3,238.8
58 Bank loans n.e.c.	772.0[r]	834.9[r]	949.6[r]	1,042.1[r]	967.1[r]	993.8[r]	1,025.1[r]	1,042.1[r]	1,079.1	1,116.2	1,123.6
59 Other loans and advances	805.3	865.3	914.6	964.9[r]	923.0	944.1	960.4[r]	964.9[r]	968.1	984.1	1,000.9
60 Mortgages	4,261.2	4,462.8	4,691.8	5,022.5[r]	4,770.5	4,861.4	4,940.7	5,022.5[r]	5,080.7	5,168.4	5,259.9
61 Consumer credit	859.0[r]	983.9[r]	1,122.8[r]	1,211.6[r]	1,113.2[r]	1,144.5[r]	1,173.5[r]	1,211.6[r]	1,186.4	1,205.0	1,225.2

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	1993	1994	1995	1996	1996				1997[r]		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**16,197.9[r]**	**17,256.2[r]**	**18,476.5[r]**	**19,797.6[r]**	**18,763.9[r]**	**19,107.8**	**19,421.9[r]**	**19,797.6[r]**	**20,035.2**	**20,332.0**	**20,616.7**
2 Domestic nonfederal nonfinancial sectors	2,796.9[r]	3,087.9[r]	2,966.3[r]	3,003.9[r]	2,929.4[r]	3,017.1[r]	2,986.8[r]	3,003.9[r]	2,911.9	2,863.7	2,787.4
3 Household	1,703.5[r]	2,031.3[r]	1,994.0[r]	2,076.1[r]	1,971.1[r]	2,044.1[r]	2,056.5[r]	2,076.1[r]	2,017.7	1,977.9	1,899.2
4 Nonfinancial corporate business	271.5	289.2	286.8	298.2[r]	273.6	285.7	282.3[r]	298.2[r]	292.6	283.4	288.0
5 Nonfarm noncorporate business	37.0	37.6	37.9	38.3	38.0	38.1	38.2	38.3	38.5	38.6	38.8
6 State and local governments	784.9	729.9	647.5	591.3	646.8	649.1	609.9	591.3	563.3	563.7	561.4
7 Federal government	231.9[r]	207.8[r]	186.7[r]	166.9[r]	181.8[r]	178.5[r]	172.6[r]	166.9[r]	163.6	162.0	160.0
8 Rest of the world	1,147.8	1,254.8	1,563.1	1,953.5	1,656.5	1,722.0	1,844.6	1,953.5	2,050.8	2,123.9	2,228.1
9 Financial sectors	12,021.3	12,705.7	13,760.4	14,673.2[r]	13,996.1[r]	14,190.3[r]	14,417.8[r]	14,673.2[r]	14,908.9	15,182.4	15,441.2
10 Monetary authority	336.7	368.2	380.8	393.1	379.6	386.3	386.2	393.1	397.1	412.4	412.7
11 Commercial banking	3,090.8	3,254.3	3,520.1	3,707.9	3,541.6	3,590.8	3,643.3	3,707.9	3,776.0	3,857.1	3,913.1
12 U.S.-chartered banks	2,721.5	2,869.6	3,056.1	3,175.8	3,068.8	3,101.3	3,135.3	3,175.8	3,218.1	3,295.2	3,351.9
13 Foreign banking offices in United States	326.0	337.1	412.6	475.8	422.2	437.1	454.2	475.8	499.5	501.8	501.0
14 Bank holding companies	17.5	18.4	18.0	22.0	16.8	18.1	19.3	22.0	22.5	23.8	22.5
15 Banks in U.S.-affiliated areas	25.8	29.2	33.4	34.4	33.9	34.3	34.5	34.4	35.9	36.3	37.7
16 Savings institutions	914.1	920.8	913.3	933.2	921.8	933.0	945.4	933.2	931.9	937.8	925.9
17 Credit unions	218.7	246.8	263.0	288.5	267.0	276.9	282.6	288.5	291.2	299.2	303.6
18 Bank personal trusts and estates	240.9	248.0	229.2	233.1	228.3	229.4	231.3	233.1	235.2	237.4	239.7
19 Life insurance companies	1,416.0	1,482.6	1,581.8	1,654.3	1,596.2	1,596.7	1,627.0	1,654.3	1,680.2	1,723.5	1,756.3
20 Other insurance companies	422.7	446.4	468.7	491.2[r]	473.1[r]	480.7[r]	484.2[r]	491.2[r]	492.2	499.1	503.5
21 Private pension funds	611.4	659.2	722.3	768.8	739.6	751.0	761.4	768.8	783.2	797.7	814.7
22 State and local government retirement funds	423.4	454.1	476.8	511.3	491.9	505.0	506.3	511.3	522.5	533.6	540.0
23 Money market mutual funds	429.0	459.0	545.5	634.3	595.6	594.7	606.6	634.3	659.0	656.5	678.7
24 Mutual funds	725.9	718.8	771.3	820.2	795.9	809.0	818.3	820.2	838.3	863.5	891.7
25 Closed-end funds	82.0	78.7	92.0	101.3	94.8	97.2	99.5	101.3	103.0	104.3	105.4
26 Government-sponsored enterprises	545.5	663.3	748.0	813.6	755.8	758.9	779.3	813.6	824.3	854.8	868.7
27 Federally related mortgage pools	1,356.8	1,472.1	1,570.3	1,711.4	1,599.7	1,643.3	1,679.0	1,711.4	1,740.0	1,762.1	1,790.7
28 Asset-backed securities issuers (ABSs)	455.1	516.8	627.9	729.7[r]	653.3	686.0	704.1	729.7[r]	734.3	753.0	781.5
29 Finance companies	427.9	476.2	526.2	544.5	530.3	539.9	538.3	544.5	552.4	553.1	559.8
30 Mortgage companies	60.4	36.5	33.0	41.2	46.0	39.3	40.2	41.2	40.3	42.0	43.4
31 Real estate investment trusts (REITs)	8.6	13.3	15.5	18.5	16.3	17.2	18.0	18.5	19.0	19.9	20.7
32 Brokers and dealers	137.5	93.3	183.4	167.7[r]	156.2	138.2	147.1	167.7[r]	164.1	158.4	167.7
33 Funding corporations	117.9	97.3	91.3	109.3[r]	113.2	116.8	119.8	109.3[r]	124.8	116.9	123.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**16,197.9[r]**	**17,256.2[r]**	**18,476.5[r]**	**19,797.6[r]**	**18,763.9[r]**	**19,107.8**	**19,421.9[r]**	**19,797.6[r]**	**20,035.2**	**20,332.0**	**20,616.7**
Other liabilities											
35 Official foreign exchange	53.4	53.2	63.7	53.7	62.1	61.4	54.3	53.7	46.3	46.7	46.1
36 Special drawing rights certificates	8.0	8.0	10.2	9.7	10.2	10.2	9.7	9.7	9.2	9.2	9.2
37 Treasury currency	17.0	17.6	18.2	18.2	18.2	18.2	18.8	18.2	18.3	18.3	18.7
38 Foreign deposits	271.8	324.6	359.2	438.1	384.4	385.2	415.1	438.1	485.2	489.9	509.7
39 Net interbank liabilities	189.3	280.1	290.7	240.8[r]	266.6[r]	250.0[r]	225.8[r]	240.8[r]	210.2	197.0	178.2
40 Checkable deposits and currency	1,251.7	1,242.0	1,229.3	1,245.1	1,183.3	1,212.3	1,220.8	1,245.1	1,220.0	1,265.3	1,234.1
41 Small time and savings deposits	2,223.1[r]	2,183.2[r]	2,279.7	2,376.8	2,342.4[r]	2,340.2[r]	2,357.9[r]	2,376.8	2,427.0	2,432.1	2,436.2
42 Large time deposits	391.7	411.2	476.9	590.7	493.6	511.1	557.2[r]	590.7	605.8	646.6	696.6
43 Money market fund shares	559.6	602.9	745.3	891.1	816.9	809.5	838.1	891.1	950.8	952.4	1,005.1
44 Security repurchase agreements	471.3[r]	549.5[r]	660.0[r]	700.3[r]	666.0[r]	692.0[r]	687.6	700.3[r]	713.6	765.8	798.6
45 Mutual fund shares	1,375.4	1,477.3	1,852.8	2,342.4	1,997.0	2,129.9	2,211.6	2,342.4	2,411.5	2,720.9	2,981.1
46 Security credit	279.0	279.0	305.7	358.1[r]	326.9	318.6	317.8	358.1[r]	380.0	414.8	423.9
47 Life insurance reserves	470.8	505.3	550.2	593.8	555.0	563.1	577.2	593.8	604.8	626.3	638.7
48 Pension fund reserves	4,663.3	4,871.8	5,597.3	6,310.8[r]	5,771.6[r]	5,898.9[r]	6,018.2[r]	6,310.8[r]	6,397.3	6,916.6	7,296.2
49 Trade payables	1,047.8	1,141.5	1,246.7	1,315.5[r]	1,234.6[r]	1,269.7[r]	1,263.7[r]	1,315.5[r]	1,301.6	1,324.4	1,357.9
50 Taxes payable	98.8[r]	101.4[r]	106.0[r]	118.9[r]	116.2[r]	113.4[r]	116.7[r]	118.9[r]	131.6	127.1	130.7
51 Investment in bank personal trusts	691.3	699.4	767.4	872.0	793.7	811.7	829.0	872.0	890.4	969.7	1,035.2
52 Miscellaneous	5,106.5[r]	5,377.4[r]	5,781.0[r]	6,128.0[r]	5,943.3[r]	5,933.2[r]	6,016.3[r]	6,128.0[r]	6,297.5	6,238.4	6,393.4
53 **Total liabilities**	**35,367.7[r]**	**37,381.8[r]**	**40,816.7[r]**	**44,401.5[r]**	**41,745.8[r]**	**42,436.3[r]**	**43,157.7[r]**	**44,401.5[r]**	**45,136.4**	**46,493.6**	**47,806.5**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	20.1	21.1	22.1	21.4	22.1	22.0	21.2	21.4	20.9	21.1	21.0
55 Corporate equities	6,257.6	6,237.9	8,331.3	10,061.1	8,809.7	9,105.0	9,340.5	10,061.1	10,072.3	11,719.8	12,804.6
56 Household equity in noncorporate business	3,225.5[r]	3,423.9[r]	3,632.0[r]	3,856.1[r]	3,683.5[r]	3,744.3[r]	3,812.9[r]	3,856.1[r]	3,937.9	4,003.2	4,051.2
Liabilities not identified as assets (−)											
57 Treasury currency	−5.1	−5.4	−5.8	−6.8	−6.1	−6.3	−6.0	−6.8	−6.9	−7.0	−6.9
58 Foreign deposits	233.2	276.2	301.2	355.4[r]	319.5	326.1	348.9	355.4[r]	401.1	401.0	415.2
59 Net interbank transactions	−4.7	−6.5	−9.0	−10.6	−2.6	−8.0	−11.6	−10.6	−1.6	−8.1	−22.1
60 Security repurchase agreements	−1.4[r]	55.8[r]	110.8[r]	136.6[r]	121.7	149.1[r]	126.4[r]	136.6[r]	107.7	140.3	155.5
61 Taxes payable	40.8[r]	48.8[r]	60.8[r]	72.1[r]	45.8[r]	61.0[r]	66.5[r]	72.1[r]	69.1	70.8	75.5
62 Miscellaneous	−892.5[r]	−991.5[r]	−1,083.9[r]	−1,373.7[r]	−1,104.2[r]	−1,222.3[r]	−1,265.3[r]	−1,373.7[r]	−1,315.8	−1,379.9	−1,334.3
Floats not included in assets (−)											
63 Federal government checkable deposits	5.6	3.4	3.1	−1.6	.0	−3.4	−1.7	−1.6	−9.7	−6.8	−7.8
64 Other checkable deposits	40.7	38.0	34.2	30.1	29.6	31.8	23.1	30.1	25.6	27.9	19.5
65 Trade credit	−245.3[r]	−245.8[r]	−274.9[r]	−309.7[r]	−328.3[r]	−338.5[r]	−378.3[r]	−309.7[r]	−363.5	−388.4	−414.2
66 **Total identified to sectors as assets**	**45,699.5[r]**	**47,891.6[r]**	**53,665.6[r]**	**59,448.4[r]**	**55,185.8[r]**	**56,318.1[r]**	**57,430.3[r]**	**59,448.4[r]**	**60,261.5**	**63,387.7**	**65,802.9**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1994	1995	1996	1997 Mar.	Apr.	May	June	July^{r}	Aug^{r}	Sept.^{r}	Oct.	Nov.
1 **Industrial production**[1]	**109.2^{r}**	**114.5^{r}**	**118.5^{r}**	**122.5^{r}**	**123.1^{r}**	**123.3^{r}**	**123.5^{r}**	**124.5**	**125.2**	**125.7**	**126.4**	**127.3**
Market groupings												
2 Products, total	107.2^{r}	110.6^{r}	113.7^{r}	116.9^{r}	117.2^{r}	117.7^{r}	117.6^{r}	118.1	119.2	119.2	119.9	120.8
3 Final, total	107.5^{r}	111.3^{r}	114.6^{r}	117.9^{r}	118.0^{r}	118.6^{r}	118.6^{r}	119.2	120.5	120.4	121.1	122.1
4 Consumer goods	107.1^{r}	109.9^{r}	111.8^{r}	113.4^{r}	113.4^{r}	113.9^{r}	113.5^{r}	113.9	114.6	114.6	115.4	116.0
5 Equipment	108.1^{r}	113.8^{r}	119.6^{r}	125.8^{r}	126.0^{r}	126.8^{r}	127.7^{r}	128.6	130.9	130.8	131.3	132.9
6 Intermediate	106.3^{r}	108.3^{r}	110.8^{r}	114.1^{r}	114.7^{r}	114.9^{r}	114.7^{r}	114.6	115.3	115.4	116.1	116.7
7 Materials	112.3^{r}	120.8^{r}	126.2^{r}	131.3^{r}	132.5^{r}	132.4^{r}	133.0^{r}	134.9	134.9	136.2	136.9	137.9
Industry groupings												
8 Manufacturing	110.0^{r}	116.0^{r}	120.2^{r}	124.9^{r}	125.4^{r}	125.7^{r}	126.1^{r}	126.9	127.9	128.2	129.0	130.2
9 Capacity utilization, manufacturing (percent)[2]	82.5^{r}	82.8^{r}	81.4^{r}	81.6^{r}	81.6^{r}	81.4^{r}	81.3^{r}	81.5	81.8	81.7	81.8	82.3
10 Construction contracts[3]	117.7^{r}	122.0^{r}	130.6^{r}	136.0^{r}	141.0^{r}	144.0^{r}	143.0^{r}	139.0	138.0	138.0	135.0	125.0
11 Nonagricultural employment, total[4]	112.0	115.0	117.3	119.0	119.3	119.5	119.7	120.1	120.1	120.4	120.7	121.1
12 Goods-producing, total	96.9	98.1	98.3	100.0	100.0	100.1	100.2	100.2	100.4	100.4	100.6	100.9
13 Manufacturing, total	96.4	97.2	96.2	97.3	97.4	97.4	97.5	97.5	97.7	97.7	97.9	98.1
14 Manufacturing, production workers	97.5	98.7	97.5	98.6	98.6	98.7	98.8	98.8	98.9	99.0	99.2	99.4
15 Service-producing	116.8	120.3	123.3	125.1	125.5	125.7	126.0	126.5	126.5	126.8	127.2	127.6
16 Personal income, total	148.9	158.2	167.0	174.6	174.9	175.5	176.5	176.7	177.8	178.3	179.4	180.7
17 Wages and salary disbursements	142.6	150.9	159.8	168.1	168.2	168.7	170.2	170.3	171.7	172.3	173.5	175.4
18 Manufacturing	124.9	130.4	135.7	140.5	140.7	140.9	141.0	141.1	142.1	142.8	144.4	145.5
19 Disposable personal income[5]	149.7	158.7	166.2	172.5	172.8	173.2	174.1	174.3	175.2	175.8	176.7	178.0
20 Retail sales[5]	144.6	151.2	158.6	165.6	163.7	163.3	164.5	166.5	167.2	166.7	166.4	166.7
Prices[6]												
21 Consumer (1982–84=100)	148.2	152.4	156.9	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5
22 Producer finished goods (1982=100)	125.5	127.9	131.3	132.1	131.6	131.6	131.6	131.3	131.7	131.8	132.4	131.8

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 1997. The recent annual revision is described in an article in the February 1998 issue of the *Bulletin*. For a description of the aggregation methods for industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For details about the construction of individual industrial production series, see "Industrial Production 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5 Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6 Based on data not seasonally adjusted Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1994	1995	1996	1997 Apr.	May	June	July	Aug.	Sept.	Oct	Nov.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	131,056	132,304	133,943	136,098	136,173	136,200	136,290	136,480	136,467	136,361	136,814
Employment											
2 Nonagricultural industries[3]	119,651	121,460	123,264	125,887	126,209	125,973	126,226	126,421	126,265	126,591	127,184
3 Agriculture	3,409	3,440	3,443	3,497	3,430	3,391	3,482	3,383	3,450	3,303	3,381
Unemployment											
4 Number	7,996	7,404	7,236	6,714	6,534	6,836	6,583	6,677	6,752	6,467	6,249
5 Rate (percent of civilian labor force)	6.1	5.6	5.4	4.9	4.8	5.0	4.8	4.9	4.9	4.7	4.6
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**114,172**	**117,203**	**119,549**	**121,671**	**121,834**	**122,056**	**122,440**	**122,492**	**122,792**	**123,079**	**123,483**
7 Manufacturing	18,321	18,468	18,282	18,495	18,498	18,518	18,514	18,555	18,553	18,591	18,635
8 Mining	601	580	570	573	576	574	574	573	576	574	573
9 Contract construction	4,986	5,158	5,405	5,599	5,628	5,622	5,625	5,637	5,642	5,650	5,679
10 Transportation and public utilities	5,993	6,165	6,318	6,421	6,431	6,434	6,443	6,289	6,473	6,500	6,509
11 Trade	26,670	27,585	28,178	28,651	28,656	28,713	28,823	28,864	28,902	28,958	29,087
12 Finance	6,896	6,830	6,977	7,019	7,029	7,034	7,058	7,068	7,082	7,106	7,125
13 Service	31,579	33,107	34,360	35,334	35,451	35,522	35,684	35,702	35,850	35,956	36,136
14 Government	19,128	19,310	19,459	19,579	19,565	19,639	19,719	19,804	19,714	19,744	19,739

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	1996[r]	1997[r]			1996[r]	1997[r]			1996[r]	1997[r]		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**120.4**	**121.9**	**123.3**	**125.2**	**146.1**	**147.8**	**149.6**	**151.3**	**82.4**	**82.5**	**82.4**	**82.7**
2 Manufacturing	122.4	124.2	125.7	127.6	150.4	152.3	154.3	156.3	81.4	81.6	81.5	81.7
3 Primary processing[3]	115.7	116.7	117.7	118.5	134.7	135.8	136.9	138.0	85.9	85.9	86.0	85.8
4 Advanced processing[4]	125.7	128.0	129.7	132.2	158.3	160.6	163.2	165.7	79.4	79.7	79.5	79.8
5 Durable goods	134.5	137.5	140.2	143.8	167.2	170.4	173.8	177.2	80.4	80.7	80.7	81.1
6 Lumber and products	112.3	113.5	116.4	115.0	135.8	137.3	138.6	140.0	82.7	82.7	84.0	82.2
7 Primary metals	121.0	120.9	123.8	125.4	133.4	134.7	136.0	137.2	90.7	89.8	91.0	91.4
8 Iron and steel	119.7	119.4	122.6	122.8	132.7	134.1	135.4	136.6	90.2	89.1	90.6	89.9
9 Nonferrous	122.7	122.7	125.3	128.5	134.0	135.2	136.4	137.7	91.5	90.8	91.8	93.3
10 Industrial machinery and equipment	159.6	163.9	168.2	174.1	188.1	193.3	199.0	204.4	84.9	84.8	84.5	85.2
11 Electrical machinery	207.7	216.4	226.6	236.9	253.1	264.4	276.7	289.1	82.0	81.9	81.9	82.0
12 Motor vehicles and parts	128.7	133.6	130.5	136.7	178.6	180.6	182.6	184.7	72.1	74.0	71.4	74.0
13 Aerospace and miscellaneous transportation equipment	87.5	89.9	92.8	95.6	122.5	122.7	123.4	124.1	71.5	73.3	75.2	77.0
14 Nondurable goods	109.7	110.3	110.7	111.1	132.9	133.6	134.3	135.0	82.5	82.6	82.4	82.3
15 Textile mill products	107.2	107.3	108.5	111.0	129.9	130.5	131.1	131.7	82.5	82.3	82.8	84.3
16 Paper and products	110.1	111.7	112.2	114.1	124.4	124.9	125.5	126.0	88.5	89.4	89.4	90.5
17 Chemicals and products	113.9	114.5	114.8	114.6	142.8	143.9	145.1	146.3	79.7	79.5	79.1	78.4
18 Plastics materials	125.6	126.8	127.6	130.6	134.3	136.3	138.1	140.0	93.5	93.0	92.4	93.3
19 Petroleum products	107.5	107.7	111.0	109.5	113.8	114.1	114.7	115.2	94.4	94.4	96.8	95.1
20 Mining	103.6	105.4	106.0	106.4	117.4	117.6	117.9	118.1	88.3	89.6	89.9	90.2
21 Utilities	112.8	110.8	111.7	113.9	125.4	125.8	126.3	126.7	90.0	88.1	88.5	89.9
22 Electric	112.5	111.5	111.3	114.2	123.7	124.2	124.6	125.0	90.9	89.8	89.3	91.4

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1996	1997					
	High	Low	High	Low	High	Low	Nov.	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**82.5**	**82.3**	**82.6**	**82.8**	**82.8**	**82.9**	**83.2**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.5	81.3	81.5	81.8	81.7	81.8	82.3
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	86.0	85.8	86.0	85.8	85.8	85.7	86.0
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.5	79.4	79.6	80.0	79.8	80.1	80.6
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.2	80.7	80.7	80.8	81.4	81.1	81.1	81.7
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	84.8	84.2	83.2	82.5	80.9	80.8	82.1
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	90.6	91.6	91.5	91.4	91.2	92.3	92.9
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	89.9	90.3	89.7	89.1	90.9	92.1	92.7
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	91.6	93.3	93.8	94.3	91.8	92.8	93.2
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	85.0	84.0	85.0	86.1	84.4	84.6	84.7
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	82.1	81.7	82.7	81.9	81.3	81.1	81.2
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	73.2	72.3	70.7	75.2	76.2	75.2	78.3
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	71.4	75.9	76.4	76.9	77.8	78.2	78.7
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	82.5	82.1	82.3	82.2	82.3	82.7	82.8
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	83.2	83.1	84.2	84.1	84.5	83.8	84.2
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	88.5	88.9	90.8	90.8	90.1	90.2	91.2
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	79.5	78.8	78.4	78.3	78.4	78.5	78.7
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.8	92.0	94.4	92.0	93.6	...	..
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	94.2	96.9	94.7	95.2	95.4	96.0	93.6
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	88.3	89.6	90.3	90.0	90.2	89.5	89.3
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	90.6	87.7	89.9	89.2	90.7	91.1	90.2
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	91.1	88.7	91.2	90.5	92.5	92.7	91.9

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 1997. The recent annual revision is described in an article in the February 1998 issue of the *Bulletin*. For a description of the aggregation methods for industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber, paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment; instruments; and miscellaneous manufactures.

5. Monthly highs, 1978–80, monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1996 avg.	1996[r] Nov.	1996[r] Dec.	1997 Jan.[r]	1997 Feb.[r]	1997 Mar.[r]	1997 Apr.[r]	1997 May[r]	1997 June[r]	1997 July[r]	1997 Aug.[r]	1997 Sept.[r]	1997 Oct.	1997 Nov.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**118.5**	**120.6**	**120.9**	**121.3**	**122.1**	**122.5**	**123.1**	**123.3**	**123.5**	**124.5**	**125.2**	**125.7**	**126.4**	**127.3**
2 Products	60.5	113.7	115.7	115.9	116.0	116.5	116.9	117.2	117.7	117.6	118.1	119.2	119.2	119.9	120.8
3 Final products	46.3	114.6	116.3	116.8	116.8	117.2	117 9	118.0	118.6	118.6	119.2	120.5	120.4	121.1	122.1
4 Consumer goods, total	29.1	111.8	113.1	113.6	113.2	113.1	113.4	113.4	113.9	113.5	113.9	114.6	114.6	115.4	116.0
5 Durable consumer goods	6.1	125.8	126.9	128.4	128.0	129.4	130.7	127.4	128.8	129.8	128.1	132.1	132.0	131 1	134.3
6 Automotive products	2.6	123.9	124.5	125 9	127.4	128.5	129.0	122.3	124.6	126.7	120.3	131.6	132.8	131.2	136.7
7 Autos and trucks	1.7	129.7	129.7	133.2	134.8	135.1	135.6	124.4	127.6	130.3	120.2	137.6	140.9	139.7	147.7
8 Autos, consumer	.9	116.1	117.0	112.3	114.5	116.5	117.6	110.7	112.4	110.8	113.0	118.6	119.9	115.2	120.3
9 Trucks, consumer	.7	145.0	147.5	159.1	160.0	158.6	158.5	142.7	147.3	154.2	131.9	161.2	166.5	168.6	179.7
10 Auto parts and allied goods	.9	114.7	116.0	114.3	115.5	117.9	118.4	118.2	119.1	120.3	119.3	121 8	120.1	118.0	119.7
11 Other	3.5	127.3	128.8	130.4	128.5	130.1	132.0	131.4	132.1	132.3	134.4	132.5	131.3	131.0	132.4
12 Appliances, televisions, and air conditioners	1.0	159.2	162.2	165.9	157.3	164.1	166.9	164.2	166.5	165.4	174.8	169.8	166.3	166.8	171.8
13 Carpeting and furniture	.8	114.5	117.3	114.5	114.1	114.3	116.7	116.7	117.7	119.0	116.4	117.7	116.5	116.4	118.1
14 Miscellaneous home goods	1.6	115.8	115.8	118.8	119.0	119.1	120.3	120.3	120.2	120.3	122.1	119.8	119 3	118.6	118.5
15 Nondurable consumer goods	23.0	108.3	109.7	109.9	109.4	109.0	109.1	109.9	110.1	109.4	110.3	110.3	110.3	111.4	111.5
16 Foods and tobacco	10.3	107.6	108.2	109.5	109.1	109.2	110.0	109.1	108.9	108.1	109.6	108.9	109.3	110.0	110.8
17 Clothing	2.4	97.9	97.3	95.9	96.5	95.6	96.1	96.5	95.8	95.4	95.8	96.0	96.1	96.6	96.2
18 Chemical products	4.5	113.7	117.4	118.1	118.0	117.3	115.9	118.4	119.3	119.1	117.3	119.4	118.1	120.1	121.0
19 Paper products	2.9	106.4	108.0	108.0	106.5	107.1	107.8	108.2	108.9	109.8	110.8	109.8	110.1	111.6	111.2
20 Energy	2.9	112.1	113.7	112.0	110.5	108.3	107.3	111.9	112.8	109.7	112.4	112.8	112.7	114.0	111.6
21 Fuels	8	106.8	107.5	106.3	105.7	106.6	108.2	109.6	111.3	111.5	108.8	111.0	110.8	112.0	107.1
22 Residential utilities	2.1	114.3	116.5	114.5	112.5	108.7	106.4	112.6	113.0	108.3	113.7	113.2	113.3	114.5	113.4
23 Equipment	17.2	119.6	121.8	122.4	123.1	124.6	125.8	126.0	126.8	127.7	128.6	130.9	130.8	131.3	132.9
24 Business equipment	13.2	129.7	133.0	134.0	134.9	136.5	137.5	137.9	139.0	140.2	141.6	144.6	144.5	145.3	147.5
25 Information processing and related	5.4	151.0	155.8	157.1	157.8	160.9	161.0	163.0	164.4	166.8	169.3	171 1	173.4	174.3	176.2
26 Computer and office equipment	1.1	287 0	319.6	325.4	333.8	341.5	348.8	358.4	365.3	375.8	391.6	407.1	419.0	427.2	434.9
27 Industrial	4.0	129.0	129.7	129.3	130.0	129.8	130.6	131.6	131.5	131.7	133.7	135.8	133.8	135.0	135.8
28 Transit	2.5	96.5	101.3	102.0	103.3	105.2	107.7	104.6	106.7	107.3	106.9	113.3	114.0	113.5	118.3
29 Autos and trucks	1.2	115.4	115.4	114.9	116.4	118.2	121.4	112.5	114.6	113.6	111.5	120.3	120.2	118.1	125.4
30 Other	1.3	121.1	123.6	129.0	129.7	130.8	132.6	134 4	135.2	136.3	136.3	137.9	135.2	137.1	137.8
31 Defense and space equipment	3.3	76.9	76.5	76.2	75.5	75 6	75.7	75.4	75.6	76.0	74.9	75.0	74.7	74.8	75.1
32 Oil and gas well drilling	.6	138.0	136.0	134.7	138.4	143.5	154.8	151.4	150.7	150.9	152.1	153.2	153.1	149.7	150.3
33 Manufactured homes	.2	142.3	140.2	128.0	137.7	140.7	139.4	142.9	141.9	139.1	143.5	139.5	137.2	141.3	
34 Intermediate products, total	14.2	110.8	113.7	113.0	113.5	114.1	114.1	114.7	114.9	114.7	114.6	115.3	115.4	116.1	116.7
35 Construction supplies	5.3	117.4	122.3	118.7	119.1	121.7	122.3	121.8	122.2	122.2	121.2	122.7	120.9	121.9	122.9
36 Business supplies	8.9	106.9	108.7	109.6	110.2	109.6	109.2	110.6	110.6	110.2	110.6	111.0	112.1	112.6	113.0
37 Materials	39.5	126.2	128.4	129.0	129.7	131.0	131.3	132.5	132.4	133.0	134.9	134.9	136.2	136.9	137.9
38 Durable goods materials	20.8	144.7	148.4	149.3	150.2	152.2	153.0	155.1	155.4	156.9	159.3	160.3	161.6	163.1	165.3
39 Durable consumer parts	4.0	134.7	135.5	134.3	136.2	136.3	135.9	137.1	134.7	136.2	139.2	140.3	141.8	142.5	145.0
40 Equipment parts	7.6	185.4	195.3	198.4	201.1	206.1	210.0	213.4	216.7	220.0	224.6	227.6	229.9	233.7	237.3
41 Other	9.2	121.1	122.5	122.9	122.6	123.5	123.2	124.7	124.5	125.0	125.9	126.0	126.6	127.3	128.5
42 Basic metal materials	3.1	115.3	117.4	117.8	116.7	118.3	118.2	118.8	119.9	121.2	121.1	121.8	121.7	122.2	123.2
43 Nondurable goods materials	8.9	108.3	110.4	111.4	111.6	112.6	112.5	113.0	111.8	111.9	113.5	112.3	113.1	113.2	113.7
44 Textile materials	1.1	106.6	108.2	106.1	107.0	108.0	106.3	109.4	106.1	108.1	112.3	108.4	111.4	110.7	111.2
45 Paper materials	1.8	106.8	109.3	110.8	110.4	112.0	112.5	112.6	112.6	110.9	113.8	114.3	112.7	114.6	115.3
46 Chemical materials	3.9	109.6	112.1	114.0	114.9	115.0	114.8	115.4	113.8	113.8	115.1	113.9	115.3	115.2	115.1
47 Other	2.1	107.6	108.6	109 0	107 7	110.1	110.4	109.7	109.5	110.8	110.1	108.6	109.6	108.7	110.2
48 Energy materials	9.7	103.5	103.0	102.7	103.6	103.8	103.4	103.7	103.7	103.2	104.6	103.9	105.4	105.2	104.7
49 Primary energy	6.3	102.1	100.3	100.4	101.2	102.5	101.9	101.7	102.1	101.0	102.3	102.4	102.2	101 7	101.3
50 Converted fuel materials	3.3	106.2	108.2	107.0	108.0	106.2	106.2	107.6	106.8	107.3	109.0	106.8	111.6	112 0	111.3
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	118.4	120.5	120.8	121.1	121.9	122.3	123.2	123.4	123.6	124.8	125.1	125.5	126.3	127.0
52 Total excluding motor vehicles and parts	95.1	117.9	120.1	120.5	120.7	121.5	121.9	122.7	123.0	123.1	124.3	124.6	124.9	125.7	126.4
53 Total excluding computer and office equipment	98.2	116.6	118.5	118.8	119.1	119.8	120.2	120.7	120.9	121.1	122.0	122.6	123.0	123.6	124.5
54 Consumer goods excluding autos and trucks	27.4	110.8	112.2	112.5	112.0	111.8	112.1	112.8	113.1	112.5	113.5	113.4	113.2	114.0	114.3
55 Consumer goods excluding energy	26.2	111.7	113.0	113.9	113.5	113.7	114.2	113.6	114.0	114.0	114.1	114.9	114.8	115.5	116.6
56 Business equipment excluding autos and trucks	12.0	131.4	135.1	136.3	137.1	138.6	139.5	141.0	141.9	143.4	145.2	147.5	147.4	148.6	150.1
57 Business equipment excluding computer and office equipment	12.1	120.3	122.4	123.2	123.8	125.1	126.0	126.0	126.9	127.7	128.6	131.2	130.9	131.4	133.3
58 Materials excluding energy	29.8	133.2	136.3	137.3	137.9	139.6	140.1	141.6	141.4	142.5	144.6	144.8	145.9	147.0	148.6

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

Group	SIC[2] code	1992 proportion	1996 avg.	1996r		1997										
				Nov.	Dec.	Jan.r	Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.r	Sept.r	Oct.	Nov.p
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.5**	**120.6**	**120.9**	**121.3**	**122.1**	**122.5**	**123.1**	**123.3**	**123.5**	**124.5**	**125.2**	**125.7**	**126.4**	**127.3**
60 Manufacturing	..	85.4	120.2	122.5	123.1	123.5	124.4	124.9	125.4	125.7	126.1	126.9	127.9	128.2	129.0	130.2
61 Primary processing	...	26.5	113.8	115.8	115.8	115.8	116.9	117.2	117.7	117.7	117.7	118.3	118.5	118.7	119.0	119.8
62 Advanced processing	..	58.9	123.3	125.9	126.7	127.2	128.1	128.6	129.2	129.6	130.2	131.2	132.5	132.9	133.9	135.5
63 Durable goods	..	45.0	131.7	134.9	135.3	136.1	137.8	138.7	139.5	140.1	141.2	142.4	144.3	144.6	145.5	147.6
64 Lumber and products	24	2.0	111.8	115.2	110.2	111.4	114.2	114.9	115.9	116.4	117.0	116.1	115.4	113.6	113.8	116.1
65 Furniture and fixtures	25	1.4	116.0	119.7	119.7	119.7	120.6	120.7	123.5	123.3	123.5	124.2	121.1	122.2	122.7	123.9
66 Stone, clay, and glass products	32	2.1	114.6	117.3	116.4	119.2	118.9	119.5	121.1	119.4	120.0	120.9	120.5	121.2	120.9	121.6
67 Primary metals	33	3.1	118.9	120.8	120.5	119.4	121.6	121.8	122.3	124.2	124.9	125.2	125.5	125.5	127.4	128.6
68 Iron and steel	331.2	1.7	117.6	119.3	118.0	118.8	119.9	119.6	121.2	123.9	122.6	122.2	121.8	124.5	126.5	127.8
69 Raw steel	331PT	.1	112.2	109.6	112.4	111.9	112.4	114.0	115.1	115.4	114.9	115.5	116.1	119.2	117.7	120.1
70 Nonferrous	333−6,9	1.4	120.4	122.7	123.5	120.0	123.5	124.5	123.5	124.6	127.7	128.8	129.9	126.8	128.5	129.5
71 Fabricated metal products	34	5.0	119.6	120.9	120.6	120.6	121.7	122.1	122.5	122.7	121.9	122.4	122.8	123.5	124.1	125.0
72 Industrial machinery and equipment	35	8.0	155.3	159.9	161.3	162.8	164.0	165.1	167.8	168.0	168.8	172.2	175.9	174.1	176.1	177.8
73 Computer and office equipment	357	1.8	281.6	313.8	319.9	328.6	336.6	344.2	354.1	361.4	372.3	388.5	403.9	415.7	423.9	431.6
74 Electrical machinery	36	7.3	199.3	207.7	210.5	211.1	217.4	220.8	223.7	226.3	229.7	235.5	236.8	238.4	241.1	245.2
75 Transportation equipment	37	9.5	106.5	108.8	109.1	110.9	111.4	112.3	110.7	110.8	113.0	112.2	117.0	118.7	118.5	122.0
76 Motor vehicles and parts	371	4.9	130.2	130.7	130.1	133.4	133.3	134.0	129.7	129.2	132.5	130.0	138.9	141.2	139.9	146.2
77 Autos and light trucks	371PT	2.6	123.2	123.1	125.0	126.7	127.2	127.8	117.8	120.6	122.4	115.0	129.5	132.3	130.4	137.6
78 Aerospace and miscellaneous transportation equipment	372−6,9	4.6	83.4	87.5	88.4	88.9	89.9	91.0	92.0	92.7	93.8	94.6	95.5	96.7	97.4	98.3
79 Instruments	38	5.4	105.1	105.9	106.3	105.9	107.2	106.5	106.6	107.6	107.9	108.0	109.2	109.1	109.6	110.9
80 Miscellaneous	39	1.3	118.8	120.7	123.4	124.0	125.0	124.7	125.1	125.5	126.0	127.0	126.7	126.1	126.3	125.7
81 Nondurable goods		40.4	108.0	109.6	110.3	110.2	110.4	110.5	110.8	110.7	110.5	110.9	111.0	111.3	112.0	112.4
82 Foods	20	9.4	107.3	108.2	109.0	109.3	109.4	110.0	109.2	109.2	108.8	110.0	108.9	109.4	110.3	111.2
83 Tobacco products	21	1.6	113.4	112.5	116.3	112.0	113.0	114.2	113.0	111.5	109.0	110.5	112.5	112.0	113.6	111.6
84 Textile mill products	22	1.8	106.7	108.0	105.9	107.0	107.0	108.0	109.2	107.2	109.1	110.7	110.7	111.4	110.7	111.4
85 Apparel products	23	2.2	102.2	101.2	100.0	100.5	99.5	100.1	99.8	99.8	99.6	99.7	99.1	99.1	99.7	99.6
86 Paper and products	26	3.6	107.9	110.1	111.7	110.8	111.9	112.4	112.4	112.6	111.7	114.2	114.4	113.7	114.0	115.6
87 Printing and publishing	27	6.7	101.5	103.1	103.2	103.2	103.3	103.6	104.4	104.5	104.1	104.1	104.4	105.1	106.4	106.4
88 Chemicals and products	28	9.9	110.5	113.5	114.9	115.2	114.6	113.6	115.2	114.5	114.6	114.3	114.5	115.0	115.5	116.1
89 Petroleum products	29	1.4	106.5	107.2	106.8	107.0	108.0	108.0	110.1	111.4	111.3	108.9	109.7	110.1	111.0	108.3
90 Rubber and plastic products	30	3.5	122.5	123.6	124.7	123.3	125.0	125.5	124.4	125.4	125.6	126.0	127.9	127.6	127.4	128.8
91 Leather and products	31	.3	78.3	76.5	77.7	76.5	76.0	76.6	75.9	75.3	74.0	74.0	71.2	70.9	72.1	72.7
92 Mining	.	6.9	103.9	103.6	102.9	103.7	106.0	106.7	105.5	106.7	105.7	106.5	106.3	106.5	105.8	105.6
93 Metal	10	.5	102.9	105.6	107.2	105.5	106.2	106.4	105.3	105.9	109.9	105.2	106.0	105.4	107.8	107.5
94 Coal	12	1.0	106.7	107.9	108.2	107.4	110.4	107.0	105.4	115.9	107.4	112.1	107.7	109.5	109.6	106.9
95 Oil and gas extraction	13	4.8	101.8	100.3	99.7	101.1	102.8	104.3	103.8	103.4	102.9	103.9	104.1	104.4	103.1	103.5
96 Stone and earth minerals	14	.6	115.6	120.1	115.6	115.0	123.5	123.6	116.8	118.2	120.9	117.8	119.9	117.8	117.6	117.0
97 Utilities	...	7.7	112.5	113.6	112.7	112.5	110.3	109.6	112.5	111.8	110.9	113.8	113.0	115.0	115.7	114.7
98 Electric	491,493PT	6.2	112.6	112.7	112.5	112.9	111.0	110.6	112.7	110.4	110.7	113.8	113.1	115.7	116.1	115.2
99 Gas	492,493PT	1.6	112.3	116.7	113.6	111.2	107.9	105.4	111.5	117.1	111.9	113.5	112.5	111.9	114.0	112.7
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	119.6	122.1	122.7	122.9	123.9	124.3	125.2	125.5	125.7	126.7	127.2	127.4	128.3	129.3
101 Manufacturing excluding office and computing machines	...	83.6	118.0	120.1	120.6	120.9	121.8	122.2	122.7	122.9	123.2	123.9	124.8	125.0	125.8	127.0
		Gross value (billions of 1992 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	.	**2,001.9**	**2,288.5**	**2,326.3**	**2,327.3**	**2,332.0**	**2,344.1**	**2,355.4**	**2,353.4**	**2,365.8**	**2,365.3**	**2,368.4**	**2,402.0**	**2,399.4**	**2,411.4**	**2,431.6**
103 Final	.	1,552.1	1,786.7	1,810.2	1,815.8	1,818.2	1,827.3	1,838.7	1,832.9	1,844.4	1,844.6	1,849.1	1,879.3	1,877.7	1,887.0	1,903.4
104 Consumer goods		1,049.6	1,174.6	1,185.5	1,188.6	1,185.8	1,187.6	1,191.4	1,187.7	1,194.1	1,190.2	1,191.0	1,205.2	1,204.7	1,211.9	1,217.4
105 Equipment	.	502.5	611.4	624.0	626.5	631.8	639.2	646.8	644.8	649.8	654.1	657.8	674.0	672.9	675.0	686.2
106 Intermediate	.	449.9	502.3	516.1	511.9	514.2	517.0	517.2	520.6	521.7	521.0	519.9	523.7	522.8	525.3	529.2

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 December 1997. The recent annual revision is described in an article in the February 1998 issue of the *Bulletin*. For a description of the aggregation methods for industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1994	1995	1996	1997 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,372	1,333	1,426	1,395	1,438	1,457	1,442	1,432	1,402	1,414	1,397	1,460	1,487
2 One-family	1,069	997	1,070	1,052	1,069	1,034	1,060	1,053	1,049	1,030	1,027	1,065	1,087
3 Two-family or more	303	335	356	343	369	423	382	379	353	384	370	395	400
4 Started	1,457	1,354	1,477	1,375	1,554	1,479	1,483	1,402	1,503	1,465	1,395	1,507	1,519
5 One-family	1,198	1,076	1,161	1,125	1,237	1,142	1,133	1,098	1,134	1,149	1,091	1,181	1,138
6 Two-family or more	259	278	316	250	317	337	350	304	369	316	304	326	381
7 Under construction at end of period[1]	755	775	819	818	821	814	812	815	829	837	836	843	853
8 One-family	584	554	584	573	574	566	563	564	566	571	569	572	578
9 Two-family or more	171	221	235	245	247	248	249	251	263	266	267	271	275
10 Completed	1,346	1,319	1,407	1,362	1,572	1,471	1,460	1,388	1,318	1,320	1,325	1,431	1,391
11 One-family	1,161	1,073	1,124	1,109	1,267	1,156	1,158	1,101	1,096	1,069	1,053	1,141	1,056
12 Two-family or more	185	246	283	253	305	315	302	287	222	251	272	290	335
13 Mobile homes shipped	305	341	362	339	353	353	372	356	356	358	357	354	348
Merchant builder activity in one-family units													
14 Number sold	670	667	757	822	826	825	765	764	802[r]	812	791	811	797
15 Number for sale at end of period[1]	340	374	326	308	300	287	291	288	288[r]	288	286	287	290
Price of units sold (thousands of dollars)[2]													
16 Median	130.0	133.9	140.0	145.0	143.0	148.0	150.0	141.0	145.0[r]	145.9	143.9	144.9	141.5
17 Average	154.5	158.7	166.4	171.9	171.1	172.7	179.5	170.7	179.4[r]	175.5	168.6	175.6	173.5
EXISTING UNITS (one-family)													
18 Number sold	3,967	3,812	4,087	3,910	4,230	4,160	4,060	4,250	4,150	4,180	4,310	4,310	4,390
Price of units sold (thousands of dollars)[2]													
19 Median	109.9	113.1	118.2	120.6	117.5	120.0	120.7	123.1	127.2	126.5	127.5	125.8	124.4
20 Average	136.8	139.1	145.5	149.6	144.7	147.5	150.4	153.1	158.4	157.6	159.1	155.4	154.7
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**518,644**	**534,463**	**567,179**	**577,116**	**592,365**	**593,908**	**596,907**	**595,763**	**594,195**	**602,322**	**602,289**	**604,837**	**605,520**
22 Private	398,646	407,370	435,929	444,391	452,037	452,728	457,604	459,882	456,927	463,510	463,694	466,553	466,445
23 Residential	238,423	231,230	246,659	246,661	251,402	253,974	259,917	259,662	257,277	258,843	259,976	263,730	265,635
24 Nonresidential	160,223	176,140	189,271	197,730	200,635	198,754	197,687	200,220	199,650	204,667	203,718	202,823	200,810
25 Industrial buildings	28,893	32,505	31,997	31,871	32,161	30,520	29,331	30,501	31,046	31,952	31,511	31,215	29,649
26 Commercial buildings	59,480	68,223	74,593	81,979	83,107	81,015	76,545	78,670	79,009	82,536	81,421	79,064	79,657
27 Other buildings	26,988	27,089	30,525	34,257	35,561	36,012	38,229	37,738	35,775	36,673	37,338	38,506	37,900
28 Public utilities and other	44,862	48,323	52,156	49,623	49,806	51,207	53,582	53,311	53,820	53,506	53,448	54,038	53,604
29 Public	119,998	127,092	131,250	132,725	140,328	141,180	139,304	135,882	137,268	138,813	138,595	138,284	139,075
30 Military	2,310	2,983	2,541	2,542	2,564	2,232	2,408	2,548	2,580	2,743	2,778	2,444	3,092
31 Highway	36,933	36,319	37,898	37,869	41,060	41,473	42,356	40,694	41,531	41,056	41,458	40,467	39,359
32 Conservation and development	6,459	6,391	5,807	5,807	5,727	6,114	5,134	5,242	4,952	4,989	5,576	6,000	4,175
33 Other	74,297	81,399	85,005	86,507	90,977	91,361	89,406	87,398	88,205	90,025	88,783	89,373	92,449

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Nov. 1997[1]
	1996 Nov.	1997 Nov.	1996	1997			1997					
			Dec.	Mar.	June	Sept.	July	Aug	Sept.	Oct.	Nov	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.3**	**1.8**	**3.3**	**1.8**	**1.0**	**2.5**	**.2**	**.2**	**.2**	**.2**	**.1**	**161.5**
2 Food	4.4	1.7	3.4	.3	1.5	3.4	.3	.4	1	.2	.2	158.5
3 Energy items	8.1	−.4	16.2	−2.8	−14.7	11.9	−.1	1 7	1.3	.1	− 2	110.7
4 All items less food and energy	2.6	2.2	2.4	2.4	2.4	1.7	.2	1	.2	2	.1	170.8
5 Commodities	1.1	.4	.9	1.1	.6	−.6	− 1	−.3	.2	1	.0	142.8
6 Services	3.2	2.9	3.1	2.7	3.5	2.4	3	.2	.2	3	.1	186.7
PRODUCER PRICES (1982=100)												
7 Finished goods	3.0	−.6	4.3	−3.3	−3.6	2.8	−.1	.3	.5	.1	−.2	131.8
8 Consumer foods	3.8	−1.2	2.4	−2.0	−3.2	.3	−.2	.2[r]	.1	.4	.1	134.5
9 Consumer energy	12.9	−3.4	26.2	−16.9	−15.1	12 4	.2[r]	1.2[r]	1.5	.1	.8	82.0
10 Other consumer goods	.8	.6	6	.6	−.6	1.7	−.2[r]	.1	.5	.1	−.1	145.7
11 Capital equipment	.3	−.2	− 6	0	−.9	.6	−.1	.0	.3	−.1	−.1	138.4
Intermediate materials												
12 Excluding foods and feeds	.3	−.1	2.2	−1.9	−1.9	1.0	−.1[r]	.1[r]	.2	.1	.1	125.6
13 Excluding energy	−1.3	.5	−.3	.6	3	.3	.1[r]	.0[r]	.0	.1	.1	134.4
Crude materials												
14 Foods	3.1	−6.4	−28.5	−2.8	−11 1	.7	.5[r]	.0[r]	−.3	.0	−.3	110.2
15 Energy	34.6	3.8	235.2	−75.5	11.3	15.5	−.1[r]	1.1[r]	2.6	10.7	5.0	95.4
16 Other	−6.5	1.6	−1.3	15.7	−4.9	−1.5	−1.0[r]	1.6[r]	−1.0	.3	−.7	154.1

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	1994	1995	1996	1996		1997		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,947.0**	**7,265.4**	**7,636.0**	**7,676.0**	**7,792.9**	**7,933.6**	**8,034.3**	**8,124.3**
By source								
2 Personal consumption expenditures	4,717.0	4,957.7	5,207.6	5,227.4	5,308.1	5,405.7	5,432.1	5,527.4
3 Durable goods	579.5	608.5	634.5	634.5	638.2	658.4	644.5	667.3
4 Nondurable goods	1,428.4	1,475.8	1,534.7	1,538.3	1,560.1	1,587.4	1,578.9	1,600.8
5 Services	2,709.1	2,873.4	3,038.4	3,054.6	3,109.8	3,159.9	3,208.7	3,259.3
6 Gross private domestic investment	1,007.9	1,038.2	1,116.5	1,149.2	1,151.1	1,193.6	1,242.0	1,250.2
7 Fixed investment	946.6	1,008.1	1,090.7	1,112.0	1,119.2	1,127.5	1,160.8	1,201.3
8 Nonresidential	660.6	723.0	781.4	798.6	807.2	811.3	836.3	872.0
9 Structures	184.5	200.6	215.2	217.7	227.0	227.4	226.8	232.9
10 Producers' durable equipment	476.1	522.4	566.2	580.9	580.2	583.9	609.5	639.1
11 Residential structures	286.0	285.1	309.2	313.5	312.0	316.2	324.6	329.3
12 Change in business inventories	61.2	30.1	25.9	37.1	31.9	66.1	81.1	48.9
13 Nonfarm	50.5	38.1	23.0	31.3	28.7	62.2	74.9	40.9
14 Net exports of goods and services	−90.9	−86.0	−94.8	−114.0	−88.6	−98.8	−88.7	−111.3
15 Exports	721.2	818.4	870.9	863.7	904.6	922.2	960.3	965.8
16 Imports	812.1	904.5	965.7	977.6	993.2	1,021.0	1,049.0	1,077.1
17 Government consumption expenditures and gross investment	1,313.0	1,355.5	1,406.7	1,413.5	1,422.3	1,433.1	1,449.0	1,457.9
18 Federal	510.2	509.6	520.0	521.6	517.6	516.1	526.1	525.7
19 State and local	802.8	846.0	886.7	891.9	904.7	917.0	923.0	932.3
By major type of product								
20 Final sales, total	6,885.7	7,235.3	7,610.2	7,638.9	7,761.0	7,867.4	7,953.2	8,075.3
21 Goods	2,520.2	2,637.9	2,759.3	2,760.7	2,795.0	2,838.4	2,854.9	2,903.2
22 Durable	1,072.5	1,133.9	1,212.0	1,216.3	1,233.5	1,248.0	1,275.3	1,305.3
23 Nondurable	1,447.6	1,503.9	1,547.3	1,544.4	1,561.5	1,590.4	1,579.6	1,597.9
24 Services	3,772.4	3,980.7	4,187.3	4,208.1	4,282.7	4,338.2	4,400.1	4,462.3
25 Structures	593.2	616.8	663.6	670.1	683.3	690.8	698.2	709.8
26 Change in business inventories	61.2	30.1	25.9	37.1	31.9	66.1	81.1	48.9
27 Durable goods	33.6	29.1	16.9	33.3	−1.1	31.8	46.8	18.6
28 Nondurable goods	27.7	1.1	9.0	3.9	33.0	34.3	34.4	30.3
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,610.7**	**6,742.1**	**6,928.4**	**6,943.8**	**7,017.4**	**7,101.6**	**7,159.6**	**7,214.0**
NATIONAL INCOME								
30 **Total**	**5,590.7**	**5,912.3**	**6,254.5**	**6,303.3**	**6,376.5**	**6,510.0**	**6,599.0**	**6,699.6**
31 Compensation of employees	4,012.0	4,215.4	4,426.9	4,461.0	4,520.7	4,606.3	4,663.4	4,725.2
32 Wages and salaries	3,254.0	3,442.6	3,633.6	3,664.0	3,718.0	3,792.7	3,842.7	3,897.3
33 Government and government enterprises	602.2	623.0	642.6	645.5	648.9	657.8	662.0	667.7
34 Other	2,651.8	2,819.6	2,991.0	3,018.4	3,069.0	3,134.9	3,180.8	3,229.6
35 Supplement to wages and salaries	758.0	772.9	793.3	797.0	802.7	813.6	820.7	827.9
36 Employer contributions for social insurance	353.0	366.0	385.7	388.6	393.6	401.3	405.6	410.2
37 Other labor income	405.0	406.8	407.6	408.4	409.1	412.3	415.1	417.7
38 Proprietors' income[1]	471.6	489.0	520.3	523.8	528.3	534.6	543.6	547.2
39 Business and professional[1]	434.7	465.5	483.1	483.7	487.9	494.4	500.0	506.3
40 Farm[1]	36.9	23.4	37.2	40.1	40.4	40.2	43.6	40.9
41 Rental income of persons[2]	124.4	132.8	146.3	148.0	149.2	149.0	148.7	148.0
42 Corporate profits[1]	570.5	650.0	735.9	739.6	747.8	779.6	795.1	827.3
43 Profits before tax[3]	535.1	622.6	676.6	679.1	680.0	708.4	719.8	753.4
44 Inventory valuation adjustment	−16.1	−24.3	−2.5	−2.7	3.3	3.5	5.9	3.6
45 Capital consumption adjustment	51.4	51.6	61.8	63.2	64.4	67.7	69.4	70.3
46 Net interest	412.3	425.1	425.1	430.9	430.6	440.5	448.1	451.8

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1994	1995	1996	1996		1997		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,791.8**	**6,150.8**	**6,495.2**	**6,541.9**	**6,618.4**	**6,746.2**	**6,829.1**	**6,906.9**
2 Wage and salary disbursements	3,240.7	3,429.5	3,632.5	3,662.8	3,716.9	3,791.5	3,841.6	3,896.1
3 Commodity-producing industries	824.4	864.4	909.1	917.2	927.8	942.9	952.8	961.4
4 Manufacturing	620.8	648.4	674.7	680.1	685.6	694.1	700.3	706.0
5 Distributive industries	741.4	783.1	823.3	829.0	840.6	856.8	867.0	880.8
6 Service industries	1,072.7	1,159.0	1,257.5	1,271.1	1,299.5	1,334.1	1,359.8	1,386.3
7 Government and government enterprises	602.2	623.0	642.6	645.5	648.9	657.8	662.0	667.7
8 Other labor income	405.0	406.8	407.6	408.4	409.1	412.3	415.1	417.7
9 Proprietors' income[1]	471.6	489.0	520.3	523.8	528.3	534.6	543.6	547.2
10 Business and professional[1]	434.7	465.5	483.1	483.7	487.9	494.4	500.0	506.3
11 Farm[1]	36.9	23.4	37.2	40.1	40.4	40.2	43.6	40.9
12 Rental income of persons[2]	124.4	132.8	146.3	148.0	149.2	149.0	148.7	148.0
13 Dividends	204.8	251.9	291.2	292.0	295.2	312.5	318.3	324.5
14 Personal interest income	668.1	718.9	735.7	742.7	749.8	757.2	766.1	772.6
15 Transfer payments	954.7	1,015.0	1,068.0	1,072.4	1,081.5	1,107.2	1,117.0	1,125.7
16 Old-age survivors, disability, and health insurance benefits	473.0	507.8	537.6	540.0	545.6	558.9	564.4	569.4
17 LESS: Personal contributions for social insurance	277.5	293.1	306.3	308.2	311.5	318.2	321.3	324.8
18 EQUALS: Personal income	5,791.8	6,150.8	6,495.2	6,541.9	6,618.4	6,746.2	6,829.1	6,906.9
19 LESS: Personal tax and nontax payments	739.1	795.1	886.9	897.3	922.6	955.7	979.2	998.0
20 EQUALS: Disposable personal income	5,052.7	5,355.7	5,608.3	5,644.6	5,695.8	5,790.5	5,849.9	5,908.9
21 LESS: Personal outlays	4,842.1	5,101.1	5,368.8	5,390.6	5,475.4	5,574.6	5,602.8	5,700.8
22 EQUALS: Personal saving	210.6	254.6	239.6	254.0	220.4	215.9	247.0	208.2
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	25,357.0	25,615.9	26,085.8	26,114.4	26,331.6	26,597.8	26,765.0	26,897.9
24 Personal consumption expenditures	17,207.2	17,459.3	17,748.9	17,744.2	17,847.8	18,045.2	18,053.9	18,255.7
25 Disposable personal income	18,431.0	18,861.0	19,116.0	19,161.0	19,152.0	19,331.0	19,439.0	19,518.0
26 Saving rate (percent)	4.2	4.8	4.3	4.5	3.9	3.7	4.2	3.5
GROSS SAVING								
27 **Gross saving**	**1,079.2**	**1,165.5**	**1,267.8**	**1,295.9**	**1,303.0**	**1,332.9**	**1,396.9**	**1,411.6**
28 Gross private saving	1,030.2	1,093.1	1,125.5	1,145.1	1,131.4	1,134.0	1,178.1	1,159.6
29 Personal saving	210.6	254.6	239.6	254.0	220.4	215.9	247.0	208.2
30 Undistributed corporate profits[1]	167.6	172.4	202.1	202.3	212.6	211.5	217.6	230.0
31 Corporate inventory valuation adjustment	−16.1	−24.3	−2.5	−2.7	3.3	3.5	5.9	3.6
Capital consumption allowances								
32 Corporate	412.3	428.9	452.3	455.5	462.0	467.4	472.6	478.0
33 Noncorporate	226.3	224.1	230.5	232.2	235.2	238.0	239.7	242.4
34 Gross government saving	49.0	72.4	142.3	150.8	171.6	198.9	218.8	251.9
35 Federal	−117.2	−103.6	−39.3	−28.3	−5.9	15.9	34.7	60.8
36 Consumption of fixed capital	69.5	70.9	71.2	71.2	71.3	71.4	71.5	71.6
37 Current surplus or deficit (−), national accounts	−186.7	−174.4	−110.5	−99.5	−77.1	−55.5	−36.8	−10.8
38 State and local	166.2	176.0	181.5	179.1	177.5	182.9	184.1	191.1
39 Consumption of fixed capital	69.4	72.9	76.2	76.5	77.2	78.2	79.2	79.7
40 Current surplus or deficit (−), national accounts	96.8	103.1	105.3	102.6	100.4	104.7	104.9	111.4
41 **Gross investment**	**1,093.8**	**1,137.2**	**1,207.9**	**1,216.4**	**1,243.5**	**1,268.6**	**1,323.4**	**1,308.4**
42 Gross private domestic investment	1,007.9	1,038.2	1,116.5	1,149.2	1,151.1	1,193.6	1,242.0	1,250.2
43 Gross government investment	206.0	213.4	224.3	223.6	225.3	223.3	227.4	227.1
44 Net foreign investment	−120.0	−114.4	−132.9	−156.4	−132.9	−148.4	−146.0	−168.9
45 **Statistical discrepancy**	**14.6**	**−28.2**	**−59.9**	**−79.5**	**−59.5**	**−64.3**	**−73.5**	**−103.2**

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	1994	1995	1996	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3[p]
1 Balance on current account	−133,538	−129,095	−148,184	−42,833	−36,874	−39,972	−37,852	−42,156
2 Merchandise trade balance[2]	−166,192	−173,560	−191,170	−52,493	−48,190	−49,787	−47,134	−51,549
3 Merchandise exports	502,398	575,871	612,069	150,764	157,846	162,527	171,411	170,579
4 Merchandise imports	−668,590	−749,431	−803,239	−203,257	−206,036	−212,314	−218,545	−222,128
5 Military transactions, net	1,874	3,866	3,786	792	1,295	437	1,048	1,040
6 Other service transactions, net	59,902	67,837	76,344	19,185	20,697	20,050	20,441	20,878
7 Investment income, net	9,723	6,808	2,824	−1,370	1,250	−1,990	−3,247	−3,321
8 U.S. government grants	−15,671	−11,096	−14,933	−2,690	−5,499	−2,109	−2,245	−2,252
9 U.S. government pensions and other transfers	−4,544	−3,420	−4,331	−1,064	−1,050	−1,083	−1,128	−1,099
10 Private remittances and other transfers	−18,630	−19,530	−20,704	−5,193	−5,377	−5,490	−5,587	−5,853
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−352	−549	−690	162	−284	−21	−268	482
12 Change in U.S. official reserve assets (increase, −)	5,346	−9,742	6,668	7,489	−315	4,480	−236	−730
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−441	−808	370	848	−146	72	−133	−139
15 Reserve position in International Monetary Fund	494	−2,466	−1,280	−183	−28	1,055	54	−463
16 Foreign currencies	5,293	−6,468	7,578	6,824	−141	3,353	−157	−128
17 Change in U.S. private assets abroad (increase, −)	−165,510	−296,916	−358,422	−85,193	−153,837	−132,428	−90,431	−101,316
18 Bank-reported claims[3]	−4,200	−75,108	−98,186	−33,589	−66,657	−62,026	−27,947	−22,760
19 Nonbank-reported claims	−31,739	−34,997	−64,234	−17,294	−26,115	−29,466	−3,984	...
20 U.S. purchases of foreign securities, net	−60,309	−100,074	−108,189	−23,206	−30,200	−14,510	−21,841	−37,995
21 U.S. direct investments abroad, net	−69,262	−86,737	−87,813	−11,104	−30,865	−26,426	−36,659	−24,661
22 Change in foreign official assets in United States (increase, +)	40,385	110,729	122,354	24,089	33,097	28,891	−5,374	22,498
23 U.S. Treasury securities	30,750	68,977	111,253	25,472	33,564	23,289	−12,108	6,485
24 Other U.S. government obligations	6,077	3,735	4,381	1,217	1,854	651	644	2,663
25 Other U.S. government liabilities[4]	2,366	744	720	907	160	478	654	16
26 Other U.S. liabilities reported by U.S. banks[3]	3,665	34,008	4,722	−1,922	−4,270	7,698	4,536	12,705
27 Other foreign official assets[5]	−2,473	3,265	1,278	−1,585	1,789	−3,225	900	629
28 Change in foreign private assets in United States (increase, +)	256,952	340,505	425,201	134,540	161,482	153,347	148,389	147,042
29 U.S. bank-reported liabilities[3]	104,338	30,176	9,784	2,040	38,960	17,387	28,100	14,102
30 U.S. nonbank-reported liabilities	−7,710	34,588	31,786	20,610	−2,912	15,210	−7,916	..
31 Foreign private purchases of U.S. Treasury securities, net	57,674	111,848	172,878	50,798	75,326	51,289	49,915	43,494
32 Foreign purchases of other U.S. securities, net	56,971	96,367	133,798	35,115	32,447	38,820	51,682	60,770
33 Foreign direct investments in United States, net	45,679	67,526	76,955	25,977	17,661	30,641	26,608	21,076
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−3,283	−14,931	−46,927	−38,254	−3,269	−14,297	−14,228	−25,820
36 Due to seasonal adjustment	..	..	..	−7,830	2,669	7,059	−1,713	−8,560
37 Before seasonal adjustment	−3,284	−14,931	−46,926	−30,424	−5,938	−21,356	−12,515	−17,260
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	5,346	−9,742	6,668	7,489	−315	4,480	−236	−730
39 Foreign official assets in United States, excluding line 25 (increase, +)	38,019	109,985	121,634	23,182	32,937	28,413	−6,028	22,482
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−1,529	4,239	12,278	5,263	3,315	9,272	2,287	3,170

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

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

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

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

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

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1994	1995	1996	1997						
				Apr.	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Oct.[p]
1 Goods and services, balance	−104,416	−101,857	−111,040	−8,119	−9,189	−8,337	−9,744	−9,055	−11,228	−9,691
2 Merchandise	−166,192	−173,560	−191,170	−15,527	−16,363	−15,244	−16,848	−16,559	−18,538	−17,083
3 Services	61,776	71,703	80,130	7,408	7,174	6,907	7,104	7,504	7,310	7,392
4 Goods and services, exports	699,646	794,610	848,833	78,385	77,989	78,365	77,845	78,890	78,116	79,992
5 Merchandise	502,398	575,871	612,069	57,162	56,871	57,378	56,745	57,326	56,370	57,964
6 Services	197,248	218,739	236,764	21,223	21,118	20,987	21,100	21,564	21,746	22,028
7 Goods and services, imports	−804,062	−896,467	−959,873	−86,504	−87,178	−86,702	−87,589	−87,945	−89,344	−89,683
8 Merchandise	−668,590	−749,431	−803,239	−72,689	−73,234	−72,622	−73,593	−73,885	−74,908	−75,047
9 Services	−135,472	−147,036	−156,634	−13,815	−13,944	−14,080	−13,996	−14,060	−14,436	−14,636

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	1994	1995	1996	1997							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**74,335**	**85,832**	**75,090**	**65,873**	**68,054**	**67,813**	**66,120**	**66,640**	**67,148**	**68,036**	**67,112**
2 Gold stock, including Exchange Stabilization Fund[1]	11,051	11,050	11,049	11,051	11,051	11,050	11,051	11,050	11,050	11,050	11,050
3 Special drawing rights[2,3]	10,039	11,037	10,312	9,726	10,050	10,023	9,810	9,985	9,997	10,132	10,120
4 Reserve position in International Monetary Fund[2]	12,030	14,649	15,435	13,660	13,805	13,805	13,677	13,959	14,042	14,243	14,571
5 Foreign currencies[4]	41,215	49,096	38,294	31,436	32,935	32,935	31,582	31,646	32,059	32,611	31,371

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	1994	1995	1996	1997							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Deposits**	**250**	**386**	**167**	**169**	**176**	**178**	**175**	**169**	**188**	**190**	**167**
Held in custody											
2 U.S. Treasury securities[2]	441,866	522,170	638,049	668,536	662,747	652,077	653,157	660,461	655,406	638,100	635,092
3 Earmarked gold[3]	12,033	11,702	11,197	10,944	10,868	10,794	10,793	10,793	10,793	10,793	10,793

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	1995[r]	1996[r]	1997 Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Oct.[p]
1 **Total**[1]	**412,624**	**482,915**	**520,934**	**517,414**	**527,575**	**543,452**	**553,101**	**560,834**	**580,469**
By type									
2 Liabilities reported by banks in the United States[2]	54,967	69,721	73,386	74,495	80,590	84,381	86,042	85,302	91,891
3 U.S. Treasury bills and certificates[3]	104,596	151,100	139,571	133,014	134,341	141,716	146,417	154,575	154,517
U.S. Treasury bonds and notes									
4 Marketable	210,931	212,237	254,059	255,888	257,998	262,020	265,178	263,471	274,342
5 Nonmarketable[4]	4,532	5,652	6,109	6,137	6,095	6,135	6,174	6,209	6,245
6 U.S. securities other than U.S. Treasury securities[5]	37,598	44,205	47,809	47,880	48,551	49,200	49,290	51,277	53,474
By area									
7 Europe[1]	189,230	207,034	215,374	212,376	213,876	218,902	217,071	217,999	223,925
8 Canada	13,700	15,285	17,235	18,041	18,655	19,268	19,248	19,631	19,549
9 Latin America and Caribbean	37,973	55,898	41,492	37,368	42,565	40,014	42,653	45,011	50,573
10 Asia	164,690	197,702	236,824	240,019	244,550	256,845	266,089	270,519	278,767
11 Africa	3,723	4,052	4,180	4,335	4,066	4,583	4,200	4,281	4,427
12 Other countries	3,306	2,942	5,827	5,273	3,861	3,838	3,838	3,391	3,226

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue: Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

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

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

Millions of dollars, end of period

Item	1993	1994	1995	1996 Dec.	1997 Mar.	June	Sept.
1 Banks' liabilities	78,259	89,258	109,713	103,383	109,238	109,433	118,492
2 Banks' claims	62,017	60,711	74,016	66,018	72,589	84,665	89,568
3 Deposits	20,993	19,661	22,696	22,467	24,542	26,503	28,961
4 Other claims	41,024	41,050	51,320	43,551	48,047	58,162	60,607
5 Claims of banks' domestic customers[2]	12,854	10,878	6,145	10,978	9,357	11,292	10,210

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	1994	1995	1996	1997						
					Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
	BY HOLDER AND TYPE OF LIABILITY										
1	**Total, all foreigners**	**1,014,996**	**1,099,549**	**1,161,993**	**1,181,419**	**1,193,134**	**1,183,736**	**1,199,601**	**1,191,966**	**1,198,125**	**1,222,865**
2	Banks' own liabilities	718,591	753,461	758,998	796,344	812,513	801,237	806,686	788,435	797,042	821,486
3	Demand deposits	23,386	24,448	27,034	29,252	26,204	29,548	27,658	27,090	28,316	33,542
4	Time deposits[2]	186,512	192,558	187,956	183,860	184,347	187,766	190,144	191,335	188,263	193,930
5	Other[3]	113,215	140,165	142,464	161,607	162,470	165,333	176,087	161,000	169,923	192,433
6	Own foreign offices[4]	395,478	396,290	401,544	421,625	439,492	418,590	412,797	409,010	410,540	401,581
7	Banks' custodial liabilities[5]	296,405	346,088	402,995	385,075	380,621	382,499	392,915	403,531	401,083	401,379
8	U.S. Treasury bills and certificates[6]	162,938	197,355	236,874	221,387	207,894	205,792	202,630	209,121	205,946	200,215
9	Other negotiable and readily transferable instruments[7]	42,539	52,200	72,011	67,074	72,716	75,235	88,057	89,096	90,686	95,662
10	Other	90,928	96,533	94,110	96,614	100,011	101,472	102,228	105,314	104,451	105,502
11	Nonmonetary international and regional organizations[8]	8,606	11,039	13,972	13,059	12,547	13,952	11,796	10,569	11,806	13,674
12	Banks' own liabilities	8,176	10,347	13,355	12,787	12,332	13,496	11,384	10,068	11,524	13,269
13	Demand deposits	29	21	29	30	16	775	86	217	771	36
14	Time deposits[2]	3,298	4,656	5,784	5,238	4,857	6,669	4,726	4,879	6,017	5,031
15	Other[3]	4,849	5,670	7,542	7,519	7,459	6,052	6,572	4,972	4,736	8,202
16	Banks' custodial liabilities[5]	430	692	617	272	215	456	412	501	282	405
17	U.S. Treasury bills and certificates[6]	281	350	352	174	122	65	47	166	53	148
18	Other negotiable and readily transferable instruments[7]	149	341	265	98	88	383	365	314	229	257
19	Other	0	1	0	0	5	8	0	21	0	0
20	Official institutions[9]	212,957	275,928	312,019	305,270	305,439	289,080	290,658	293,910	299,974	306,974
21	Banks' own liabilities	59,935	83,447	79,406	86,808	92,845	97,025	101,957	98,940	105,542	118,041
22	Demand deposits	1,564	2,098	1,511	2,341	1,855	1,482	1,711	2,181	1,745	2,034
23	Time deposits[2]	23,511	30,717	33,336	33,428	36,627	39,694	41,936	40,147	40,073	41,660
24	Other[3]	34,860	50,632	44,559	51,039	54,363	55,849	58,310	56,612	63,724	74,347
25	Banks' custodial liabilities[5]	153,022	192,481	232,613	218,462	212,594	192,055	188,701	194,970	194,432	188,933
26	U.S. Treasury bills and certificates[6]	139,571	168,534	198,921	186,432	178,366	163,950	161,270	165,453	161,610	153,283
27	Other negotiable and readily transferable instruments[7]	13,245	23,603	33,266	31,883	33,976	27,676	26,878	29,349	32,315	35,236
28	Other	206	344	426	147	252	429	553	168	507	414
29	Banks[10]	678,532	691,412	694,835	710,231	718,282	727,606	734,444	730,323	722,765	730,800
30	Banks' own liabilities	563,617	567,834	562,898	579,775	591,027	575,768	573,804	566,367	561,981	566,181
31	Unaffiliated foreign banks	168,139	171,544	161,354	158,150	151,535	157,178	161,007	157,357	151,441	164,600
32	Demand deposits	10,633	11,758	13,692	14,451	12,686	14,800	13,700	13,323	13,851	18,351
33	Time deposits[2]	111,171	103,471	90,811	83,542	81,587	80,291	81,126	82,915	77,116	83,960
34	Other[3]	46,335	56,315	56,851	60,157	57,262	62,087	66,181	61,119	60,474	62,289
35	Own foreign offices[4]	395,478	396,290	401,544	421,625	439,492	418,590	412,797	409,010	410,540	401,581
36	Banks' custodial liabilities[5]	114,915	123,578	131,937	130,456	127,255	151,838	160,640	163,956	160,784	164,619
37	U.S. Treasury bills and certificates[6]	11,264	15,872	23,106	19,567	14,127	27,115	28,642	30,629	30,012	33,085
38	Other negotiable and readily transferable instruments[7]	14,506	13,035	17,027	16,693	18,918	28,866	35,522	33,960	32,886	32,527
39	Other	89,145	94,671	91,804	94,196	94,210	95,857	96,476	99,367	97,886	99,007
40	Other foreigners	114,901	121,170	141,167	152,859	156,866	153,098	162,703	157,164	163,580	171,417
41	Banks' own liabilities	86,863	91,833	103,339	116,974	116,309	114,948	119,541	113,060	117,995	123,995
42	Demand deposits	11,160	10,571	11,802	12,430	11,647	12,491	12,161	11,369	11,949	13,121
43	Time deposits[2]	48,532	53,714	58,025	61,652	61,276	61,112	62,356	63,394	65,057	63,279
44	Other[3]	27,171	27,548	33,512	42,892	43,386	41,345	45,024	38,297	40,989	47,595
45	Banks' custodial liabilities[5]	28,038	29,337	37,828	35,885	40,557	38,150	43,162	44,104	45,585	47,422
46	U.S. Treasury bills and certificates[6]	11,822	12,599	14,495	15,214	15,279	14,662	12,671	12,873	14,271	13,699
47	Other negotiable and readily transferable instruments[7]	14,639	15,221	21,453	18,400	19,734	18,310	25,292	25,473	25,256	27,642
48	Other	1,577	1,517	1,880	2,271	5,544	5,178	5,199	5,758	6,058	6,081
	MEMO										
49	Negotiable time certificates of deposit in custody for foreigners	17,895	9,103	14,573	15,130	15,030	15,771	16,453	16,040	15,872	15,485

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

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

Item	1994	1995	1996	1997						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
AREA										
50 **Total, all foreigners**	**1,014,996**	**1,099,549**	**1,161,993**	**1,181,419**	**1,193,134**	**1,183,736**	**1,199,601**	**1,191,966[r]**	**1,198,125**	**1,222,865**
51 **Foreign countries**	**1,006,390**	**1,088,510**	**1,148,021**	**1,168,360**	**1,180,587**	**1,169,784**	**1,187,805**	**1,181,397[r]**	**1,186,319**	**1,209,191**
52 Europe	390,869	362,819	376,590	380,617	382,253	395,718	411,680	407,700	401,813	418,558
53 Austria	3,588	3,537	5,128	3,003	3,231	3,252	3,257	3,404	2,691	2,679
54 Belgium and Luxembourg	21,877	24,792	24,084	19,243	21,256	41,286	45,291	46,063	43,436	45,992
55 Denmark	2,884	2,921	2,565	1,782	2,112	2,098	2,289	1,736	2,867	2,359
56 Finland	1,436	2,831	1,958	3,149	1,868	1,851	1,814	1,751	2,163	1,997
57 France	44,365	39,218	35,078	40,702	38,742	41,211	43,464	41,213	43,065	45,057
58 Germany	27,109	24,035	24,660	25,793	26,081	26,086	24,978	22,626	25,201	22,117
59 Greece	1,400	2,014	1,835	1,740	2,296	1,701	1,726	1,592	2,086	2,075
60 Italy	10,885	10,868	10,946	9,499	9,691	10,191	9,490	9,179	9,852	11,449
61 Netherlands	16,033	13,745	11,110	11,758	8,702	8,292	8,440	7,823	8,388	8,119
62 Norway	2,338	1,394	1,288	1,357	1,121	841	846	604	1,321	982
63 Portugal	2,846	2,761	3,562	3,010	2,712	2,582	2,075	1,931	1,958	1,888
64 Russia	2,726	7,948	7,623	7,863	9,582	12,302	13,604	13,216	12,784	11,722
65 Spain	14,675	10,011	17,707	17,697	15,027	16,274	15,158	15,203	17,796	21,934
66 Sweden	3,094	3,246	1,623	2,216	1,658	1,514	1,925	2,317	2,024	1,348
67 Switzerland	40,724	43,625	44,538	42,128	44,028	39,124	44,283	41,076	36,862	31,465
68 Turkey	3,341	4,124	6,738	6,585	6,757	6,545	6,594	5,933	4,736	10,261
69 United Kingdom	163,733	139,183	153,420	158,258	163,227	156,127	161,672	167,914	158,599	145,336
70 Yugoslavia[11]	245	177	206	266	324	228	267	244	243	19,781
71 Other Europe and other former U.S.S.R.[12]	27,770	26,389	22,521	24,568	23,838	24,213	24,507	23,875	25,741	31,997
72 Canada	24,768	30,468	38,920	40,331	38,441	37,970	30,444	27,628	29,592	30,281
73 Latin America and Caribbean	423,847	440,213	467,374	479,595	494,607	495,710	500,309	496,336	502,629	499,759
74 Argentina	17,203	12,235	13,877	14,224	16,486	18,229	17,100	18,033	16,643	17,557
75 Bahamas	104,014	94,991	88,895	105,465	100,935	90,166	92,136	86,271	86,914	87,669
76 Bermuda	8,424	4,897	5,527	7,450	6,358	5,358	5,919	7,786	6,084	6,209
77 Brazil	9,145	23,797	27,701	23,408	25,452	26,058	28,340	31,567	33,575	31,675
78 British West Indies	229,599	239,083	251,310	251,752	268,284	272,142	264,986	268,180	273,580	269,783
79 Chile	3,127	2,826	2,915	3,117	3,239	3,371	3,440	3,353	3,327	3,679
80 Colombia	4,615	3,659	3,256	3,165	2,776	2,836	2,652	2,587	2,657	3,395
81 Cuba	13	8	21	52	54	55	54	60	55	71
82 Ecuador	875	1,314	1,767	1,469	1,608	1,466	1,640	1,512	1,508	1,671
83 Guatemala	1,121	1,276	1,282	1,514	1,457	1,497	1,455	1,389	1,449	1,399
84 Jamaica	529	481	628	525	472	465	532	534	523	481
85 Mexico	12,227	24,560	31,240	27,855	28,223	32,611	34,579	30,804	32,640	32,748
86 Netherlands Antilles	5,217	4,673	6,099	5,486	3,755	6,134	10,986	8,286	7,566	6,059
87 Panama	4,551	4,264	4,099	3,711	4,026	3,976	4,424	3,805	3,835	4,107
88 Peru	900	974	834	881	1,117	919	958	1,006	904	917
89 Uruguay	1,597	1,836	1,890	1,753	2,062	2,153	2,392	2,070	1,997	2,184
90 Venezuela	13,986	11,808	17,363	18,968	18,899	19,187	19,114	20,159	20,570	20,619
91 Other	6,704	7,531	8,670	8,800	9,404	9,087	9,602	8,934	8,802	9,536
92 Asia	154,346	240,595	249,083	250,070	249,131	222,698	227,555	230,863[r]	234,392	241,911
China										
93 Mainland	10,066	33,750	30,438	28,575	29,429	7,283	9,480	10,450	12,652	16,232
94 Taiwan	9,844	11,714	15,995	14,664	12,442	12,363	13,464	11,803	13,331	15,067
95 Hong Kong	17,104	20,197	18,789	18,941	19,397	20,236	18,737	17,647	18,528	19,686
96 India	2,338	3,373	3,930	4,755	4,367	4,241	4,555	4,474	4,451	5,131
97 Indonesia	1,587	2,708	2,298	2,430	2,770	2,531	2,817	3,737	2,810	4,568
98 Israel	5,157	4,041	6,051	6,097	6,416	5,751	5,180	5,202	4,534	4,200
99 Japan	62,981	109,193	117,316	122,194	118,921	118,413	118,410	119,581[r]	118,536	116,852
100 Korea (South)	5,124	5,749	5,949	7,158	7,866	7,657	8,928	9,646	9,327	8,663
101 Philippines	2,714	3,092	3,378	2,340	2,387	2,469	2,908	2,541	2,409	2,505
102 Thailand	6,466	12,279	10,912	10,361	7,808	6,159	5,262	4,956	6,545	7,009
103 Middle Eastern oil-exporting countries[13]	15,494	15,582	16,285	14,214	14,425	12,946	14,112	15,201[r]	14,277	14,417
104 Other	15,471	18,917	17,742	18,341	22,903	22,649	23,702	25,625	26,992	27,581
105 Africa	6,524	7,641	8,116	8,986	9,821	9,970	9,734	9,731	10,379	10,306
106 Egypt	1,879	2,136	2,012	2,056	2,257	1,986	1,921	1,973	2,050	1,742
107 Morocco	97	104	112	130	91	65	112	94	99	105
108 South Africa	433	739	458	780	1,985	1,758	1,697	1,694	2,046	2,027
109 Zaire	9	10	10	4	9	17	8	7	14	3
110 Oil-exporting countries[14]	1,343	1,797	2,626	3,344	2,731	3,153	2,981	3,211	3,280	3,194
111 Other	2,763	2,855	2,898	2,672	2,748	2,991	3,015	2,752	2,890	3,235
112 Other	6,036	6,774	7,938	8,761	6,334	7,718	8,083	9,139	7,514	8,376
113 Australia	5,142	5,647	6,479	7,546	4,991	6,433	6,782	7,917	6,391	7,284
114 Other	894	1,127	1,459	1,215	1,343	1,285	1,301	1,222	1,123	1,092
115 Nonmonetary international and regional organizations	8,606	11,039	13,972	13,059	12,547	13,952	11,796	10,569[r]	11,806	13,674
116 International[15]	7,537	9,300	12,099	11,691	10,873	12,297	10,341	9,434[r]	10,634	11,703
117 Latin American regional[16]	613	893	1,339	1,050	1,435	1,071	794	579	708	1,277
118 Other regional[17]	456	846	534	318	239	584	661	556	464	694

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	1994	1995	1996	1997 Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1	**Total, all foreigners**	**485,432**	**532,444**	**599,685**	**640,974**	**632,547**	**651,435**	**646,597**	**650,427**	**656,658**	**682,647**
2	**Foreign countries**	**480,841**	**530,513**	**597,081**	**638,686**	**630,215**	**649,505**	**645,444**	**648,010**	**654,615**	**681,197**
3	Europe	124,124	132,150	165,555	183,035	196,157	192,392	186,365	189,760	199,261	213,886
4	Austria	692	565	1,662	1,541	1,440	1,394	1,690	1,739	1,371	1,963
5	Belgium and Luxembourg	6,923	7,624	6,727	8,054	8,017	8,159	8,089	8,117	7,840	8,297
6	Denmark	1,129	403	492	888	924	981	806	811	1,082	896
7	Finland	512	1,055	971	1,194	1,121	1,414	1,247	1,773	1,889	1,808
8	France	12,149	15,033	15,246	14,933	17,296	16,764	18,694	16,239	17,538	17,043
9	Germany	7,623	9,263	8,472	9,532	9,054	10,024	8,351	8,685	11,724	11,617
10	Greece	604	469	568	453	477	630	461	481	499	463
11	Italy	6,044	5,370	6,457	6,166	6,478	7,865	7,443	8,015	7,670	7,134
12	Netherlands	2,960	5,346	7,080	8,866	8,190	10,687	12,050	11,083	11,548	11,504
13	Norway	504	665	808	846	1,199	750	745	849	1,713	1,419
14	Portugal	938	888	418	326	306	468	439	732	563	615
15	Russia	973	660	1,669	1,799	1,881	2,020	2,098	2,192	1,927	2,054
16	Spain	3,536	2,166	3,211	6,301	5,854	6,811	6,496	6,176	5,431	6,624
17	Sweden	4,098	2,080	1,739	1,942	1,870	2,539	1,740	1,639	1,659	1,851
18	Switzerland	5,747	7,474	19,798	21,301	24,574	22,523	24,883	24,338	25,393	29,967
19	Turkey	878	803	1,109	1,216	1,306	1,392	1,362	1,305	1,410	1,424
20	United Kingdom	66,863	67,784	85,057	91,217	101,629	94,070	84,162	90,226	93,825	102,405
21	Yugoslavia[2]	265	147	115	78	79	75	75	76	75	75
22	Other Europe and other former U.S.S.R.[3]	1,686	4,355	3,956	6,382	4,462	3,826	5,534	5,284	6,104	6,727
23	Canada	18,490	20,874	26,436	33,727	31,613	35,916	26,289	24,441	23,513	22,814
24	Latin America and Caribbean	224,229	256,944	274,127	282,478	264,378	281,253	300,449	298,781	302,523	305,208
25	Argentina	5,854	6,439	7,400	6,884	7,251	7,293	7,088	7,277	7,243	8,139
26	Bahamas	66,410	58,818	71,871	68,219	65,546	66,804	69,819	70,031	66,074	73,839
27	Bermuda	8,533	5,741	4,103	8,132	6,603	7,112	8,252	9,829	9,336	8,089
28	Brazil	9,583	13,297	17,259	17,590	18,588	18,757	18,882	19,251	19,431	20,178
29	British West Indies	96,373	124,037	105,510	111,276	106,898	122,088	134,435	128,370	133,775	134,554
30	Chile	3,820	4,864	5,136	5,636	5,745	5,599	5,801	5,919	6,235	7,215
31	Colombia	4,004	4,550	6,247	6,026	6,041	6,324	6,419	6,609	6,543	6,862
32	Cuba	0	0	0	0	0	0	0	0	0	0
33	Ecuador	682	825	1,031	995	1,092	1,132	1,165	1,199	1,218	1,307
34	Guatemala	366	457	620	633	619	651	679	690	764	760
35	Jamaica	258	323	345	325	328	336	359	375	374	364
36	Mexico	17,749	18,024	18,425	20,292	19,168	19,201	19,585	18,680	18,770	18,719
37	Netherlands Antilles	1,404	9,229	25,209	25,235	14,759	14,016	15,759	18,399	20,325	12,139
38	Panama	2,198	3,008	2,786	3,243	3,347	3,183	3,272	3,482	3,566	3,968
39	Peru	997	1,829	2,720	2,473	2,580	2,597	2,697	2,851	3,060	3,188
40	Uruguay	503	466	589	682	735	705	778	702	728	709
41	Venezuela	1,832	1,661	1,702	1,561	1,710	1,801	1,734	1,750	1,716	1,636
42	Other	3,663	3,376	3,174	3,276	3,368	3,654	3,725	3,367	3,365	3,542
43	Asia	107,800	115,336	122,478	129,326	128,708	129,744	122,500	124,907	120,795	129,579
	China										
44	Mainland	836	1,023	1,401	2,201	2,168	2,023	2,370	2,588	2,786	2,338
45	Taiwan	1,448	1,713	1,894	1,532	1,500	1,851	1,523	1,521	1,250	1,271
46	Hong Kong	9,222	12,821	12,802	13,389	14,969	16,014	12,247	13,188	13,573	15,343
47	India	994	1,846	1,946	2,147	2,257	2,342	2,184	2,110	2,086	2,360
48	Indonesia	1,472	1,696	1,762	2,206	2,435	2,536	2,521	2,576	2,710	2,695
49	Israel	688	739	633	586	909	631	855	749	907	1,539
50	Japan	59,569	61,468	59,967	58,872	56,484	59,679	55,592	54,427	52,480	59,462
51	Korea (South)	10,286	13,975	18,901	20,802	20,864	20,606	21,274	21,690	19,979	19,897
52	Philippines	663	1,318	1,697	1,746	1,937	2,119	1,723	1,834	1,670	1,455
53	Thailand	2,902	2,612	2,679	3,233	3,069	3,187	2,825	2,641	2,479	2,317
54	Middle Eastern oil-exporting countries[4]	13,982	9,639	10,424	11,315	10,590	9,115	9,750	9,470	7,987	8,490
55	Other	5,738	6,486	8,372	11,297	11,526	9,641	9,636	12,113	12,888	12,412
56	Africa	3,053	2,742	2,776	3,282	2,847	3,273	3,125	3,280	3,463	3,342
57	Egypt	225	210	247	231	270	312	267	288	251	245
58	Morocco	429	514	524	478	463	465	463	554	547	599
59	South Africa	674	465	584	452	569	602	493	489	655	557
60	Zaire	2	1	0	1	0	0	0	0	0	0
61	Oil-exporting countries[5]	856	552	420	1,177	679	1,129	1,134	1,178	1,123	1,111
62	Other	867	1,000	1,001	943	866	765	768	771	887	830
63	Other	3,145	2,467	5,709	6,838	6,512	6,927	6,716	6,841	5,060	6,368
64	Australia	2,192	1,622	4,577	4,918	4,088	5,042	4,934	5,266	4,314	5,296
65	Other	953	845	1,132	1,920	2,424	1,885	1,782	1,575	746	1,072
66	Nonmonetary international and regional organizations[6]	4,591	1,931	2,604	2,288	2,332	1,930	1,153	2,417	2,043	1,450

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	1994	1995	1996	1997						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**601,814**	**655,211**	**743,700**	...	...	**813,672**	...	...	**826,651**	...
2 Banks' claims	485,432	532,444	599,685	640,974	632,547	651,435	646,597	650,427	656,658	682,647
3 Foreign public borrowers	23,416	22,518	22,241	29,176	27,264	29,394	26,918	28,258	30,282	29,485
4 Own foreign offices[2]	283,015	307,427	341,574	362,790	367,977	379,425	370,505	370,593	374,442	401,476
5 Unaffiliated foreign banks	110,410	101,595	113,505	116,071	113,013	119,527	117,674	115,329	104,737	115,340
6 Deposits	59,368	37,771	33,826	34,592	34,581	35,789	36,001	35,436	29,509	30,358
7 Other	51,042	63,824	79,679	81,479	78,432	83,738	81,673	79,893	75,228	84,982
8 All other foreigners	68,591	100,904	122,365	132,937	124,293	123,089	131,500	136,247	147,197	136,346
9 Claims of banks' domestic customers[3]	116,382	122,767	144,015	.		162,237	...	...	169,993	.
10 Deposits	64,829	58,519	77,673		.	94,591	...	.	101,683	.
11 Negotiable and readily transferable instruments[4]	36,111	44,161	51,207			50,301			50,291	...
12 Outstanding collections and other claims	15,442	20,087	15,135			17,345			18,019	
MEMO										
13 Customer liability on acceptances	8,427	8,410	10,372	.		11,437[r]	.	.	10,854	.
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	32,796	30,717	42,679	42,719	44,870	38,358	38,213	45,342	38,165	n.a.

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

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1993	1994	1995	1996	1997		
				Dec.	Mar.	June	Sept.[p]
1 **Total**	**202,566**	**202,282**	**224,932**	**257,866**	**275,945**	**271,863**	**282,171**
By borrower							
2 Maturity of one year or less	172,662	170,411	178,857	211,682	223,686	211,121	219,290
3 Foreign public borrowers	17,828	15,435	14,995	15,411	19,876	17,974	21,494
4 All other foreigners	154,834	154,976	163,862	196,271	203,810	193,147	197,796
5 Maturity of more than one year	29,904	31,871	46,075	46,184	52,259	60,742	62,881
6 Foreign public borrowers	10,874	7,838	7,522	6,815	8,861	11,220	8,752
7 All other foreigners	19,030	24,033	38,553	39,369	43,398	49,522	54,129
By area							
Maturity of one year or less							
8 Europe	57,413	56,381	55,622	55,513	74,886	69,233	69,213
9 Canada	7,727	6,690	6,751	8,339	10,404	10,320	8,460
10 Latin America and Caribbean	60,490	59,583	72,504	103,254	96,891	87,056	99,897
11 Asia	41,418	40,567	40,296	38,078	36,465	38,418	35,982
12 Africa	1,820	1,379	1,295	1,316	1,451	1,899	2,157
13 All other[3]	3,794	5,811	2,389	5,182	3,589	4,195	3,581
Maturity of more than one year							
14 Europe	5,310	4,358	4,995	6,928	9,474	11,835	11,198
15 Canada	2,581	3,505	2,751	2,645	2,953	3,154	3,822
16 Latin America and Caribbean	14,025	15,717	27,681	24,917	26,771	30,999	34,873
17 Asia	5,606	5,323	7,941	9,392	10,773	12,510	10,394
18 Africa	1,935	1,583	1,421	1,361	1,204	1,264	1,236
19 All other[3]	447	1,385	1,286	941	1,084	980	1,358

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Maturity is time remaining until maturity.
3. Includes nonmonetary international and regional organizations.

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

Billions of dollars, end of period

Area or country	1993	1994	1995 Sept.	1995 Dec.	1996 Mar.	1996 June	1996 Sept.	1996 Dec.	1997 Mar.	1997 June	1997 Sept.[p]
1 **Total**	**409.5**	**499.5**	**535.3**	**551.9**	**574.6**	**614.9[r]**	**587.6[r]**	**646.7[r]**	**649.2[r]**	**680.4[r]**	**712.0**
2 G-10 countries and Switzerland	161.9	191.2	203.0	206.0	203.4	229.0[r]	221.6[r]	229.7[r]	233.0[r]	251.8[r]	249.4
3 Belgium and Luxembourg	7.4	7.2	11.0	13.6	11.0	11.4	11.3	11.7	14.1	9.3	11.3
4 France	12.0	19.1	18.0	19.4	17.9	18.0	17.4	16.6	19.7[r]	17.9	20.1
5 Germany	12.6	24.7	27.5	27.3	31.5	33.5[r]	35.5[r]	31.4[r]	33.7[r]	35.8[r]	36.1
6 Italy	7.7	11.8	12.6	11.5	13.2	14.9	15.2	16.0	14.4	20.2	19.3
7 Netherlands	4.7	3.6	4.5	3.7	3.0	4.7	5.9	3.9	4.5	6.4	7.2
8 Sweden	2.7	2.7	2.9	2.7	3.3	2.7	3.0	2.6	3.4	3.6	4.1
9 Switzerland	5.9	5.1	6.6	6.7	5.2	6.3	6.3	5.3	6.0	5.4	4.8
10 United Kingdom	84.4	85.8	80.4	82.4	84.7	101.6	90.5	104.6	99.2	110.6[r]	108.8
11 Canada	6.9	10.0	12.9	10.3	10.8	12.2	14.8	14.0	16.3	15.7[r]	15.0
12 Japan	17.6	21.1	26.6	28.5	22.7	23.6	21.7	23.7[r]	21.7	26.8[r]	22.6
13 Other industrialized countries	26.5	45.7	50.5	50.2	61.3	55.5	62.1	65.7	66.4	71.7[r]	73.8
14 Austria	.7	1.1	1.2	.9	1.3	1.2	1.0	1.1	1.9	1.5	1.7
15 Denmark	1.0	1.3	1.8	2.6	3.4	3.3	1.7	1.5	1.7	2.8	3.7
16 Finland	.4	.9	.7	.8	.7	.6	.6	.8	.7	1.4	1.9
17 Greece	3.2	4.5	5.1	5.7	5.6	5.6	6.1	6.7	6.3	6.1	6.2
18 Norway	1.7	2.0	2.3	3.2	2.1	2.3	3.0	8.0	5.3	4.7	4.6
19 Portugal	.8	1.2	1.9	1.3	1.6	1.6	1.4	.9	1.0	1.1	1.4
20 Spain	9.9	13.6	13.3	11.6	17.5	13.6	16.1	13.2	14.4	15.4	13.9
21 Turkey	2.1	1.6	2.0	1.9	2.0	2.3	2.8	2.7	2.8[r]	3.4[r]	4.4
22 Other Western Europe	3.2	3.2	3.3	4.7	3.8	3.4	4.8	4.7	6.3	5.5	6.1
23 South Africa	1.1	1.0	1.3	1.2	1.7	2.0	1.7	2.0	1.9	1.9	1.9
24 Australia	2.3	15.4	17.4	16.4	21.7	19.6	22.8	24.0	24.4	27.8	28.1
25 OPEC[2]	17.6	24.1	22.7	22.1	21.2	20.1	19.2	19.7	21.8	22.2	22.1
26 Ecuador	.5	.5	.7	.7	.8	.9	.9	1.1	1.1	.9	1.2
27 Venezuela	5.1	3.7	3.0	2.7	2.9	2.3	2.3	2.4	1.9	2.1	2.2
28 Indonesia	3.3	3.8	4.4	4.8	4.7	4.9	5.4	5.2	4.9	5.6	6.5
29 Middle East countries	7.6	15.3	13.9	13.3	12.3	11.5	10.2[r]	10.7[r]	13.2	12.4	11.1
30 African countries	1.2	.9	.6	.6	.6	.5	.4	.4	.7	1.2	1.1
31 Non-OPEC developing countries	83.2	96.0	104.1	112.6	118.6	126.5[r]	124.2[r]	130.3[r]	128.1	140.5[r]	136.1
Latin America											
32 Argentina	7.7	11.2	10.9	12.9	12.7	14.1	15.0	14.3	14.3	16.4	17.0
33 Brazil	12.0	8.4	13.6	13.7	18.3	21.7	17.8	20.7	22.0	27.3[r]	25.9
34 Chile	4.7	6.1	6.4	6.8	6.4	6.7	6.6	7.0	6.8	7.6	7.9
35 Colombia	2.1	2.6	2.9	2.9	2.9	2.8	3.1	4.1	3.7	3.3	3.4
36 Mexico	17.9	18.4	16.3	17.3	16.1	15.4	16.1	16.2	17.2	16.6	16.1
37 Peru	.4	.5	.7	.8	.9	1.2	1.3	1.6	1.6	1.4	1.8
38 Other	3.1	2.7	2.6	2.8	3.1	3.0	3.0	3.3	3.4	3.4	3.6
Asia											
China											
39 Mainland	2.0	1.1	1.7	1.8	3.3	2.9	2.6	2.5	2.7	3.6	4.3
40 Taiwan	7.3	9.2	9.0	9.4	9.7	9.8	10.4[r]	10.3[r]	10.5	10.6	9.7
41 India	3.2	4.2	4.4	4.4	4.7	4.2	3.8	4.3	4.9	5.3	4.9
42 Israel	.5	.4	.5	.5	.5	.6	.5	.5	.6	.8	1.0
43 Korea (South)	6.7	16.2	18.0	19.1	19.3	21.7	21.9	21.5	14.6	16.3	16.2
44 Malaysia	4.4	3.1	4.3	4.4	5.2	5.3	5.5	6.0[r]	6.5	6.4[r]	5.6
45 Philippines	3.1	3.3	3.3	4.1	3.9	4.7	5.4	5.8	6.0	7.0	5.7
46 Thailand	3.1	2.1	3.9	4.9	5.2	5.4	4.8	5.7	6.8	7.3	6.2
47 Other Asia	3.1	4.7	3.7	4.5	4.3	4.8	4.1	4.1	4.3	4.7	4.5
Africa											
48 Egypt	.4	.3	.4	.4	.5	.5	.6	.7	.9	1.1	.9
49 Morocco	.7	.6	.9	.7	.7	.8	.7	.7	.6	.6	.7
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.1	.0	.0	.0
51 Other Africa[3]	.8	.8	.8	.9	.8	.8	1.0	.9	.9	.9	.9
52 Eastern Europe	3.2	2.7	3.4	4.2	6.3	5.1	5.3	6.9	8.9	7.1	9.6
53 Russia[4]	1.6	.8	.6	1.0	1.4	1.0	1.8	3.7	3.5	4.2	4.9
54 Other	1.6	1.9	2.8	3.2	4.9	4.1	3.5	3.2	5.4	2.9	4.7
55 Offshore banking centers	73.5	72.9	87.5	99.2	101.3	106.1[r]	105.2[r]	134.7[r]	131.3	129.6[r]	140.8
56 Bahamas	10.9	10.2	12.6	11.0	13.9	17.3	14.2	20.3	20.9	16.1[r]	19.8
57 Bermuda	8.9	8.4	6.1	6.3	5.3	4.1	4.0	4.5	6.7	7.9[r]	9.8
58 Cayman Islands and other British West Indies	18.4	21.4	25.1	32.4	28.8	26.1	32.0	37.2	32.8	35.1[r]	45.7
59 Netherlands Antilles	2.8	1.6	5.7	10.3	11.1	13.2	11.7	26.1	19.9	15.8	21.7
60 Panama[5]	2.4	1.3	1.3	1.4	1.6	1.7	1.7	2.0	2.0	2.6	2.6
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
62 Hong Kong, China	18.8	20.0	23.7	25.0	25.3	27.6[r]	26.0[r]	27.9[r]	30.8	35.2[r]	27.2
63 Singapore	11.2	10.1	13.3	13.1	15.4	15.9	15.5[r]	16.7	17.9	16.7[r]	14.1
64 Other[6]	.1	.1	.1	.1	.1	.1	.1	.1	.1	.3	.1
65 Miscellaneous and unallocated[7]	43.6	66.9	64.2	57.6	62.6	72.7	50.0	59.6[r]	59.6	57.6[r]	80.2

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. Includes Canal Zone.
6. Foreign branch claims only.
7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1993	1994	1995	1996				1997	
				Mar.	June	Sept.	Dec.	Mar.	June[p]
1 **Total**	**50,597**	**54,309**	**46,448**	**49,907**	**48,990**	**51,651**	**54,822**	**54,616**	**52,699**
2 Payable in dollars	38,728	38,298	33,903	36,273	35,385	36,421	39,003	39,361	37,842
3 Payable in foreign currencies	11,869	16,011	12,545	13,634	13,605	15,230	15,819	15,255	14,857
By type									
4 Financial liabilities	29,226	32,954	24,241	26,570	24,844	25,492	26,089	25,499	24,379
5 Payable in dollars	18,545	18,818	12,903	13,831	12,212	11,319	11,374	11,264	10,551
6 Payable in foreign currencies	10,681	14,136	11,338	12,739	12,632	14,173	14,715	14,235	13,828
7 Commercial liabilities	21,371	21,355	22,207	23,337	24,146	26,159	28,733	29,117	28,320
8 Trade payables	8,802	10,005	11,013	10,815	11,081	11,791	12,720	11,515	11,122
9 Advance receipts and other liabilities	12,569	11,350	11,194	12,522	13,065	14,368	16,013	17,602	17,198
10 Payable in dollars	20,183	19,480	21,000	22,442	23,173	25,102	27,629	28,097	27,291
11 Payable in foreign currencies	1,188	1,875	1,207	895	973	1,057	1,104	1,020	1,029
By area or country									
Financial liabilities									
12 Europe	18,810	21,703	15,622	16,950	16,434	16,133	16,242	15,970	16,099
13 Belgium and Luxembourg	175	495	369	483	498	547	632	769	238
14 France	2,539	1,727	999	1,679	1,011	1,220	1,091	1,205	1,280
15 Germany	975	1,961	1,974	2,161	1,850	2,276	1,834	1,589	1,765
16 Netherlands	534	552	466	479	444	519	556	507	466
17 Switzerland	634	688	895	1,260	1,156	830	699	694	591
18 United Kingdom	13,332	15,543	10,138	10,246	10,790	9,884	10,224	9,752	10,537
19 Canada	859	629	632	1,166	951	973	1,401	602	456
20 Latin America and Caribbean	3,359	2,034	1,783	1,876	969	1,169	1,668	1,876	1,279
21 Bahamas	1,148	101	59	78	31	50	236	293	124
22 Bermuda	0	80	147	126	28	25	50	27	55
23 Brazil	18	207	57	57	8	52	78	75	97
24 British West Indies	1,533	998	866	946	826	764	1,030	965	769
25 Mexico	17	0	12	16	11	13	17	16	15
26 Venezuela	5	5	2	2	1	1	1	1	1
27 Asia	5,956	8,403	5,988	6,390	6,351	6,969	6,400	6,347	5,961
28 Japan	4,887	7,314	5,436	5,980	6,051	6,602	5,846	5,771	5,412
29 Middle Eastern oil-exporting countries[1]	23	35	27	26	26	25	25	72	39
30 Africa	133	135	150	131	72	153	38	29	29
31 Oil-exporting countries[2]	123	123	122	122	61	121	0	0	0
32 All other[3]	109	50	66	57	67	95	340	675	555
Commercial liabilities									
33 Europe	6,827	6,773	7,700	8,425	7,916	8,680	9,767	9,551	8,711
34 Belgium and Luxembourg	239	241	331	370	326	427	479	643	738
35 France	655	728	481	648	678	657	680	680	709
36 Germany	684	604	767	867	839	949	1,002	1,047	852
37 Netherlands	688	722	500	659	617	668	766	553	290
38 Switzerland	375	327	413	428	516	405	624	481	430
39 United Kingdom	2,039	2,444	3,568	3,525	3,266	3,663	4,303	4,165	3,827
40 Canada	879	1,037	1,040	959	998	1,144	1,090	1,068	1,136
41 Latin America and Caribbean	1,658	1,857	1,740	2,110	2,301	2,386	2,574	2,563	2,501
42 Bahamas	21	19	1	28	35	33	63	43	33
43 Bermuda	350	345	205	570	509	355	297	479	397
44 Brazil	214	161	98	128	119	198	196	201	225
45 British West Indies	27	23	56	10	10	15	14	14	26
46 Mexico	481	574	416	468	475	446	665	633	594
47 Venezuela	123	276	221	243	283	341	328	318	304
48 Asia	10,980	10,741	10,421	10,474	11,389	12,227	13,422	13,968	13,926
49 Japan	4,314	4,555	3,315	3,725	3,943	4,149	4,614	4,502	4,440
50 Middle Eastern oil-exporting countries[1]	1,534	1,576	1,912	1,747	1,784	1,951	2,168	2,495	2,420
51 Africa	453	428	619	708	924	1,020	1,040	1,037	941
52 Oil-exporting countries[2]	167	256	254	254	462	490	532	479	423
53 Other[3]	574	519	687	661	618	702	840	930	1,105

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1993	1994	1995	1996				1997	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**49,159**	**57,888**	**52,509**	**55,406**	**60,195**	**59,092**	**63,642**	**64,343**	**65,540**
2 Payable in dollars	45,161	53,805	48,711	51,007	55,350	55,014	58,630	60,177	60,815
3 Payable in foreign currencies	3,998	4,083	3,798	4,399	4,845	4,078	5,012	4,166	4,725
By type									
4 Financial claims	27,771	33,897	27,398	30,772	35,251	34,200	35,268	36,788	38,006
5 Deposits	15,717	18,507	15,133	17,595	19,507	19,877	21,404	19,628	22,385
6 Payable in dollars	15,182	18,026	14,654	17,044	19,069	19,182	20,631	18,548	21,474
7 Payable in foreign currencies	535	481	479	551	438	695	773	1,080	911
8 Other financial claims	12,054	15,390	12,265	13,177	15,744	14,323	13,864	17,160	15,621
9 Payable in dollars	10,862	14,306	10,976	11,290	13,347	12,234	12,069	15,383	13,243
10 Payable in foreign currencies	1,192	1,084	1,289	1,887	2,397	2,089	1,795	1,777	2,378
11 Commercial claims	21,388	23,991	25,111	24,634	24,944	24,892	28,374	27,555	27,534
12 Trade receivables	18,425	21,158	22,998	22,123	22,353	22,454	25,751	24,801	24,851
13 Advance payments and other claims	2,963	2,833	2,113	2,511	2,591	2,438	2,623	2,754	2,683
14 Payable in dollars	19,117	21,473	23,081	22,673	22,934	23,598	25,930	26,246	26,098
15 Payable in foreign currencies	2,271	2,518	2,030	1,961	2,010	1,294	2,444	1,309	1,436
By area or country									
Financial claims									
16 Europe	7,299	7,936	7,609	8,929	10,498	9,777	9,282	9,317	10,189
17 Belgium and Luxembourg	134	86	193	159	151	126	185	119	203
18 France	826	800	803	1,015	679	733	694	761	681
19 Germany	526	540	436	320	296	272	276	324	281
20 Netherlands	502	429	517	486	488	520	493	567	519
21 Switzerland	530	523	498	470	461	432	474	570	447
22 United Kingdom	3,585	4,649	4,303	5,568	7,426	6,603	6,119	6,075	7,112
23 Canada	2,032	3,581	2,851	5,269	4,773	4,502	3,445	4,917	6,422
24 Latin America and Caribbean	16,224	19,536	14,500	13,827	17,644	17,241	19,577	19,742	18,725
25 Bahamas	1,336	2,424	1,965	1,538	2,168	1,746	1,452	1,894	2,064
26 Bermuda	125	27	81	77	84	113	140	157	188
27 Brazil	654	520	830	1,019	1,242	1,438	1,468	1,404	1,617
28 British West Indies	12,699	15,228	10,393	10,100	13,024	12,809	15,182	15,166	13,442
29 Mexico	872	723	554	461	392	413	457	517	498
30 Venezuela	161	35	32	40	23	20	31	22	21
31 Asia	1,657	1,871	1,579	1,890	1,571	1,834	2,221	2,068	1,938
32 Japan	892	953	871	1,171	852	1,001	1,035	831	770
33 Middle Eastern oil-exporting countries[1]	3	141	3	13	9	13	22	12	20
34 Africa	99	373	276	277	197	177	174	182	179
35 Oil-exporting countries[2]	1	0	5	5	5	13	14	14	15
36 All other[3]	460	600	583	580	568	669	569	562	553
Commercial claims									
37 Europe	9,105	9,540	9,824	9,776	9,842	9,288	10,443	9,863	9,595
38 Belgium and Luxembourg	184	213	231	247	239	213	226	364	327
39 France	1,947	1,881	1,830	1,803	1,659	1,532	1,644	1,514	1,377
40 Germany	1,018	1,027	1,070	1,410	1,335	1,250	1,337	1,364	1,229
41 Netherlands	423	311	452	442	481	424	562	582	613
42 Switzerland	432	557	520	579	602	594	642	418	385
43 United Kingdom	2,377	2,556	2,656	2,607	2,658	2,516	2,946	2,626	2,836
44 Canada	1,781	1,988	1,951	2,045	2,074	2,083	2,165	2,381	2,464
45 Latin America and Caribbean	3,274	4,117	4,364	4,151	4,347	4,409	5,276	5,067	5,230
46 Bahamas	11	9	30	30	28	14	35	40	28
47 Bermuda	182	234	272	273	264	290	275	159	197
48 Brazil	460	612	898	809	838	968	1,303	1,216	1,134
49 British West Indies	71	83	79	106	103	119	190	127	97
50 Mexico	990	1,243	993	870	1,021	936	1,128	1,102	1,138
51 Venezuela	293	348	285	308	313	316	357	330	450
52 Asia	6,014	6,982	7,312	7,100	6,939	7,289	8,376	8,348	8,460
53 Japan	2,275	2,655	1,870	2,010	1,877	1,919	2,003	2,065	2,060
54 Middle Eastern oil-exporting countries[1]	704	708	974	1,024	903	945	971	1,078	1,014
55 Africa	493	454	654	667	688	731	746	718	618
56 Oil-exporting countries[2]	72	67	87	107	83	142	166	100	81
57 Other[3]	721	910	1,006	895	1,054	1,092	1,368	1,178	1,167

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1995	1996	1997 Jan.–Oct.	1997 Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	462,950	623,760	817,116	70,267	82,604	87,060	89,271	84,953	83,080	105,289
2 Foreign sales	451,710	611,832	760,052	64,454	75,674	76,826	78,435	76,820	78,087	102,250
3 Net purchases, or sales (−)	**11,240**	**11,928**	**57,064**	**5,813**	**6,930**	**10,234**	**10,836**	**8,133**	**4,993**	**3,039**
4 Foreign countries	**11,445**	**12,002**	**57,162**	**5,833**	**6,949**	**10,245**	**10,825**	**8,176**	**4,998**	**3,057**
5 Europe	4,912	5,046	47,274	6,686	2,440	5,571	6,121	4,391	5,296	5,872
6 France	−1,099	−2,354	2,776	679	238	−602	1,188	461	241	−80
7 Germany	−1,837	1,104	7,415	648	601	857	1,080	584	374	527
8 Netherlands	3,507	1,389	2,793	378	382	126	80	−118	820	759
9 Switzerland	−2,283	2,710	5,345	810	184	1,036	920	557	−405	846
10 United Kingdom	8,066	4,119	18,718	3,274	218	2,565	1,180	2,170	3,559	2,444
11 Canada	−1,517	2,221	−600	141	27	35	−482	−286	−621	−519
12 Latin America and Caribbean	5,814	5,563	9,088	−1,987	2,912	2,380	4,363	2,456	749	−2,121
13 Middle East[1]	−337	−1,598	152	203	−246	164	−51	−64	32	79
14 Other Asia	2,503	906	183	713	1,541	2,246	684	1,545	−519	−408
15 Japan	−2,725	−372	3,519	1,294	1,763	1,121	849	888	−313	229
16 Africa	2	−81	499	−7	4	81	99	2	94	80
17 Other countries	68	−55	566	84	271	−232	91	132	−33	74
18 Nonmonetary international and regional organizations	**−205**	**−74**	**−98**	**−20**	**−19**	**−11**	**11**	**−43**	**−5**	**−18**
BONDS[2]										
19 Foreign purchases	293,533	423,149	522,441	42,663	44,749	58,904	63,814	62,836	50,028	57,787
20 Foreign sales	206,951	294,636	408,260	31,741	36,358	47,673	46,771	48,492	41,302	44,259
21 Net purchases, or sales (−)	**86,582**	**128,513**	**114,181**	**10,922**	**8,391**	**11,231**	**17,043**	**14,344**	**8,726**	**13,528**
22 Foreign countries	**87,036**	**128,342**	**113,512**	**10,926**	**8,483**	**11,099**	**17,029**	**14,276**	**8,725**	**13,001**
23 Europe	70,318	76,767	65,194	5,362	5,601	7,117	10,241	7,627	5,276	3,267
24 France	1,143	5,124	3,511	602	−4	90	520	745	300	384
25 Germany	5,938	5,164	2,768	30	145	−250	1,842	−123	610	111
26 Netherlands	1,463	2,470	2,685	67	978	154	−140	702	−12	369
27 Switzerland	494	1,063	−1,660	189	−54	4	−378	−417	−669	−186
28 United Kingdom	57,591	58,595	51,823	4,298	3,888	6,522	6,985	6,298	3,962	1,621
29 Canada	2,569	4,197	5,044	512	446	−98	313	557	624	866
30 Latin America and Caribbean	6,141	22,901	16,887	2,550	1,569	1,964	3,579	2,112	1,265	3,720
31 Middle East[1]	1,869	1,637	1,267	16	−179	16	−9	−44	−1	−183
32 Other Asia	5,659	22,570	23,367	2,185	874	1,800	2,699	3,895	1,419	5,438
33 Japan	2,250	13,499	15,676	1,229	399	1,618	1,884	2,975	−785	5,011
34 Africa	234	600	921	190	44	61	104	103	8	32
35 Other countries	246	−330	832	111	128	239	102	26	134	−139
36 Nonmonetary international and regional organizations	**−454**	**171**	**669**	**−4**	**−92**	**132**	**14**	**68**	**1**	**527**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−50,291	−57,122	−42,556	−4,089	−3,684	−5,529	−7,576	−7,582	24	−2,294
38 Foreign purchases	345,540	456,826	587,359	49,725	57,647	64,388	69,677	60,740	60,092	80,087
39 Foreign sales	395,831	513,948	629,915	53,814	61,331	69,917	77,253	68,322	60,068	82,381
40 Bonds, net purchases, or sales (−)	−48,405	−48,793	−38,237	5,720	−1,328	−13,006	−11,245	−4,510	−7,753	−801
41 Foreign purchases	889,541	1,118,678	1,267,834	117,761	127,985	123,406	139,887	123,375	122,266	161,623
42 Foreign sales	937,946	1,167,471	1,306,071	112,041	129,313	136,412	151,132	127,885	130,019	162,424
43 Net purchases, or sales (−), of stocks and bonds	**−98,696**	**−105,915**	**−80,793**	**1,631**	**−5,012**	**−18,535**	**−18,821**	**−12,092**	**−7,729**	**−3,095**
44 Foreign countries	**−97,891**	**−105,044**	**−80,871**	**1,617**	**−5,069**	**−18,551**	**−18,858**	**−12,021**	**−7,723**	**−2,930**
45 Europe	−48,125	−55,948	−27,365	5,732	377	−2,001	−10,423	−4,624	−5,321	−6,811
46 Canada	−7,812	−6,279	−4,467	−239	−841	−1,356	−1,816	−1,451	−1,060	26
47 Latin America and Caribbean	−7,634	−9,503	−17,901	−1,240	−1,286	−8,473	−2,374	473	19	2,235
48 Asia	−34,056	−27,745	−26,331	−3,650	−3,549	−5,865	−3,925	−4,791	−707	2,787
49 Japan	−25,072	−5,888	−13,913	−2,349	−2,878	−4,945	−2,350	105	−183	1,962
50 Africa	−327	−1,529	−2,666	−121	15	−588	−74	−704	−273	−874
51 Other countries	63	−4,040	−2,141	1,135	215	−268	−246	−924	−381	−293
52 Nonmonetary international and regional organizations	**−805**	**−871**	**78**	**14**	**57**	**16**	**37**	**−71**	**−6**	**−165**

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	1995	1996	1997	1997						
			Jan.–Oct.	Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total estimated**	**134,115**	**244,010**	**191,679**	**25,307**	**7,752**	**24,795**	**4,622**	**24,263**	**15,882**	**15,424**
2 Foreign countries	133,676	245,852	189,938	24,847	7,909	23,845	4,251	24,458	15,496	15,630
3 Europe	49,976	118,345	138,702	10,625	9,688	10,393	11,721	19,308	19,898	23,076
4 Belgium and Luxembourg	591	1,486	2,889	944	309	−37	298	92	138	357
5 Germany	6,136	17,647	14,907	−1,480	721	1,417	6,433	4,050	2,714	4,847
6 Netherlands	1,891	−582	2,958	1,412	194	−408	368	882	−3	295
7 Sweden	358	2,343	−134	−86	90	141	2	583	16	302
8 Switzerland	−472	327	2,091	1,029	−223	329	141	12	109	892
9 United Kingdom	34,754	65,381	96,273	6,482	6,951	4,922	2,723	13,130	13,874	18,590
10 Other Europe and former U.S.S.R.	6,718	31,743	19,718	2,324	1,646	4,029	1,756	559	3,050	−2,207
11 Canada	252	2,389	327	17	348	1,278	717	−839	−414	−728
12 Latin America and Caribbean	48,609	24,664	−7,263	1,101	−9,494	1,266	−3,555	1,063	−769	−2,848
13 Venezuela	−2	−69	198	−8	93	635	57	25	−691	11
14 Other Latin America and Caribbean	25,152	12,311	4,122	−2,937	2,005	2,787	527	−3,245	−2,880	−3,764
15 Netherlands Antilles	23,459	12,422	−11,583	4,046	−11,592	−2,156	−4,139	4,283	2,802	905
16 Asia	32,467	98,001	55,703	13,200	7,536	8,406	−3,266	4,867	−4,653	−5,424
17 Japan	16,979	41,390	33,102	6,604	7,657	5,972	2,612	−3,458	−2,782	4,160
18 Africa	1,464	1,085	1,332	−16	27	340	193	218	461	45
19 Other	908	1,368	1,137	−80	−196	2,162	−1,559	−159	973	1,509
20 Nonmonetary international and regional organizations	439	−1,842	1,741	460	−157	950	371	−195	386	−206
21 International	9	−1,390	1,219	467	−172	1,068	117	−190	341	−74
22 Latin American regional	261	−779	328	24	−2	−145	70	−117	−21	78
MEMO										
23 Foreign countries	133,676	245,852	189,938	24,847	7,909	23,845	4,251	24,458	15,496	15,630
24 Official institutions	39,631	86,161	41,523	7,102	3,377	10,055	−2,499	8,214	2,928	−12,844
25 Other foreign	94,045	159,691	148,415	17,745	4,532	13,790	6,750	16,244	12,568	28,474
Oil-exporting countries										
26 Middle East[2]	3,075	10,227	5,508	2,879	541	−1,735	−2,251	3,455	52	−3,877
27 Africa[3]	2	1	−13	1	−6	0	0	−7	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on Dec. 31, 1997		Country	Rate on Dec. 31, 1997	
	Percent	Month effective		Percent	Month effective
Austria	2.5	Apr. 1996	Germany	2.5	Apr. 1996
Belgium	2.75	Oct. 1997	Italy	5.5	Dec. 1997
Canada	4.5	Dec. 1997	Japan	.5	Sept. 1995
Denmark	3.5	Oct. 1997	Netherlands	2.5	Apr. 1996
France[2]	3.3	Oct. 1997	Switzerland	1.0	Sept. 1996

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	1995	1996	1997	1997						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	5.93	5.38	5.61	5.66	5.61	5.58	5.59	5.63	5.71	5.79
2 United Kingdom	6.63	5.99	6.81	6.63	6.93	7.12	7.19	7.24	7.52	7.60
3 Canada	7.14	4.49	3.59	3.30	3.57	3.67	3.66	3.83	4.02	4.61
4 Germany	4.43	3.21	3.24	3.05	3.06	3.19	3.24	3.51	3.68	3.67
5 Switzerland	2.94	1.92	1.58	1.25	1.43	1.39	1.36	1.73	1.91	1.56
6 Netherlands	4.30	2.91	3.25	3.14	3.17	3.33	3.35	3.50	3.65	3.61
7 France	6.43	3.81	3.35	3.30	3.27	3.31	3.29	3.47	3.57	3.57
8 Italy	10.43	8.79	6.86	6.85	6.87	6.85	6.65	6.63	6.49	6.07
9 Belgium	4.73	3.19	3.40	3.23	3.39	3.55	3.55	3.76	3.72	3.61
10 Japan	1.20	.58	.58	.60	.67	.58	.55	.52	.53	.78

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	1995	1996	1997	1997					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar[2]	74.073	78.283	74.368	74.199	74.036	72.310	71.971	69.526	66.187
2 Austria/schilling	10.076	10.589	12.206	12.620	12.946	12.568	12.360	12.182	12.510
3 Belgium/franc	29.472	30.970	35.807	37.040	38.011	36.876	36.266	35.737	36.748
4 Canada/dollar	1.3725	1.3638	1.3849	1.3775	1.3905	1.3872	1.3869	1.4128	1.4271
5 China, P.R./yuan	8.3700	8.3389	8.3193	8.3162	8.3187	8.3171	8.3135	8.3109	8.3099
6 Denmark/krone	5.5999	5.8003	6.6092	6.8317	7.0109	6.8001	6.6922	6.5937	6.7752
7 Finland/markka	4.3763	4.5948	5.1956	5.3164	5.5046	5.3455	5.2674	5.2217	5.3789
8 France/franc	4.9864	5.1158	5.8393	6.0511	6.2010	6.0031	5.8954	5.8001	5.9542
9 Germany/deutsche mark	1.4321	1.5049	1.7348	1.7939	1.8400	1.7862	1.7575	1.7323	1.7788
10 Greece/drachma	231.68	240.82	273.28	281.43	288.41	281.69	276.84	271.87	279.93
11 Hong Kong/dollar	7.7357	7.7345	7.7431	7.7454	7.7436	7.7440	7.7373	7.7314	7.7456
12 India/rupee	32.418	35.506	36.365	35.747	36.009	36.476	36.302	37.289	39.400
13 Ireland/pound[2]	160.35	159.95	151.63	149.45	145.34	148.06	146.92	150.30	145.33
14 Italy/lira	1,629.45	1,542.76	1,703.81	1,745.91	1,797.12	1,743.22	1,721.09	1,697.08	1,743.86
15 Japan/yen	93.96	108.78	121.06	115.38	117.93	120.89	121.06	125.38	129.73
16 Malaysia/ringgit	2.5073	2.5154	2.8173	2.5815	2.7589	3.0254	3.2972	3.3791	3.7907
17 Netherlands/guilder	1.6044	1.6863	1.9525	2.0201	2.0709	2.0116	1.9800	1.9524	2.0051
18 New Zealand/dollar[2]	65.625	68.765	66.247	66.097	64.211	63.604	63.556	62.420	59.137
19 Norway/krone	6.3355	6.4594	7.0857	7.4545	7.6224	7.3008	7.0807	7.0588	7.2630
20 Portugal/escudo	149.88	154.28	175.44	181.20	186.50	181.49	179.07	176.84	181.91
21 Singapore/dollar	1.4171	1.4100	1.4857	1.4521	1.4977	1.5164	1.5597	1.5820	1.6518
22 South Africa/rand	3.6284	4.3011	4.6072	4.5611	4.6856	4.6890	4.7145	4.8394	4.8706
23 South Korea/won	772.69	805.00	950.77	893.09	898.71	912.50	929.42	1,035.22	1,494.04
24 Spain/peseta	124.64	126.68	146.53	151.33	155.51	150.75	148.32	146.30	150.46
25 Sri Lanka/rupee	51.047	55.289	59.026	58.732	59.189	59.713	59.723	60.132	61.591
26 Sweden/krona	7.1406	6.7082	7.6446	7.8188	7.9886	7.6887	7.5765	7.5589	7.7977
27 Switzerland/franc	1.1812	1.2361	1.4514	1.4824	1.5128	1.4702	1.4516	1.4069	1.4393
28 Taiwan/dollar	26.495	27.468	28.775	28.032	28.824	28.731	29.696	31.794	32.502
29 Thailand/baht	24.921	25.359	31.072	30.274	32.399	35.256	37.543	39.092	44.309
30 United Kingdom/pound[2]	157.85	156.07	163.76	166.94	160.35	160.13	163.30	168.89	165.97
MEMO									
31 United States/dollar[3]	84.25	87.34	96.38	97.48	99.96	98.29	97.07	96.37	98.82

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—Data Published Irregularly, with Latest Bulletin *Reference*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, September 30, 1997

Millions of dollars except as noted

Item	Total	Banks with foreign offices[1]			Banks with domestic offices only[2]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets**[3]	**4,835,458**	**3,175,102**	**830,896**	**2,461,696**	**1,356,155**	**304,201**
2 Cash and balances due from depository institutions	315,926	237,794	75,333	162,461	63,450	14,682
3 Cash items in process of collection, unposted debits, and currency and coin		110,945	2,744	108,202	34,283	
4 Cash items in process of collection and unposted debits		n.a.	n.a.	83,248	22,466	
5 Currency and coin		n.a.	n.a.	24,953	11,817	
6 Balances due from depository institutions in the United States		41,531	10,553	30,978	18,927	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	70,568	61,915	8,653	2,402	
8 Balances due from Federal Reserve Banks		14,749	121	14,628	7,838	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		n.a.	n.a.	10,777	14,549	5,686
10 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	824,613	424,688	53,749	370,939	316,686	83,239
11 U.S. Treasury securities	153,810	70,165	3,250	66,916	63,612	20,033
12 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	137,403	35,636	86	35,550	71,177	30,590
13 Issued by U.S. government agencies	5,512	2,649	n.a.	n.a.	2,003	859
14 Issued by U.S. government-sponsored agencies	131,892	32,987	n.a.	n.a.	69,173	29,731
15 Securities issued by states and political subdivisions in the United States	75,433	22,612	201	22,411	38,890	13,931
16 General obligations	56,530	16,269	n.a.	n.a.	30,087	10,174
17 Revenue obligations	18,230	5,972	n.a.	n.a.	8,549	3,709
18 Industrial development and similar obligations	673	371	n.a.	n.a.	254	48
19 Mortgage-backed securities (MBS)	357,001	214,947	6,199	208,747	126,106	15,948
20 Pass-through securities	241,920	152,396	4,616	147,780	79,639	9,886
21 Guaranteed by GNMA	77,331	53,721	n.a.	n.a.	20,500	3,109
22 Issued by FNMA and FHLMC	162,473	97,223	n.a.	n.a.	58,507	6,743
23 Privately issued	2,117	1,451	8	1,443	632	34
24 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	115,080	62,551	1,584	60,968	46,467	6,062
25 Issued or guaranteed by FNMA, FHLMC or GNMA	93,576	50,165	1,445	48,719	37,677	5,734
26 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	2,065	684	n.a.	n.a	1,187	195
27 All other mortgage-backed securities	19,439	11,703	n.a.	n.a.	7,603	133
28 Other debt securities	76,616	66,621	42,703	23,918	8,662	1,333
29 Other domestic debt securities	n.a.	15,767	1,056	14,711	8,442	n.a.
30 Foreign debt securities	n.a.	50,854	41,648	9,207	220	n.a.
31 Equity securities	24,350	14,706	1,309	13,397	8,239	1,405
32 Investments in mutual funds and other equity securities with readily determinable fair value	8,552	5,575	640	4,935	2,568	409
33 All other equity securities	15,797	9,131	669	8,462	5,671	996
34 Federal funds sold and securities purchased under agreements to resell	264,678	211,548	85,295	126,254	39,396	13,733
35 Total loans and lease-financing receivables, gross	2,887,863	1,818,520	276,936	1,541,585	885,835	183,508
36 LESS: Unearned income on loans	4,254	1,779	837	942	1,766	709
37 Total loans and leases (net of unearned income)	2,883,609	1,816,741	276,099	1,540,642	884,068	182,799
38 LESS: Allowance for loan and lease losses	54,523	34,362	n.a.	n.a.	17,519	2,642
39 LESS: Allocated transfer risk reserves	39	39	n.a.	n.a.	0	0
40 EQUALS: Total loans and leases, net	2,829,047	1,782,341	n.a.	n.a.	866,549	180,157
Total loans and leases, gross, by category						
41 Loans secured by real estate	1,218,585	654,884	29,601	625,283	460,589	103,111
42 Construction and land development				39,171	38,398	7,912
43 Farmland				3,701	11,604	11,494
44 One- to four-family residential properties				400,084	249,684	53,264
45 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	64,761	28,622	2,658
46 All other loans				335,323	221,062	50,606
47 Multifamily (five or more) residential properties				20,678	16,861	2,260
48 Nonfarm nonresidential properties				161,649	144,043	28,180
49 Loans to depository institutions	82,436	78,498	23,979	54,519	3,793	145
50 Commercial banks in the United States	n.a	43,310	2,008	41,302	3,178	n.a.
51 Other depository institutions in the United States	n.a	8,339	132	8,206	383	n.a.
52 Banks in foreign countries	n.a.	26,850	21,838	5,011	232	n.a.
53 Loans to finance agricultural production and other loans to farmers	44,837	9,463	5	8,529	15,821	19,553
54 Commercial and industrial loans	760,900	588,293	149,491	438,801	142,195	30,412
55 U.S. addressees (domicile)	n.a.	462,230	28,322	433,908	141,595	n.a.
56 Non-U.S. addressees (domicile)	n.a.	126,063	121,170	4,893	600	n.a.
57 Acceptances of other banks	1,954	1,690	1,073	617	203	61
58 U.S. banks	n.a	307	9	297	n.a.	n.a.
59 Foreign banks	n.a	1,384	1,064	320	n.a.	n.a.
60 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	548,246	282,305	35,240	247,065	238,182	27,758
61 Credit cards and related plans	219,450	99,011	n.a.	n.a.	118,111	2,328
62 Other (includes single payment and installment)	328,796	183,295	n.a.	n.a.	120,071	25,430
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	19,007	11,374	5	11,369	6,742	890
64 All other loans	117,493	108,613	33,433	75,180	7,991	888
65 Loans to foreign governments and official institutions	n.a	8,000	7,241	760	24	n.a.
66 Other loans	n.a	100,612	26,193	74,420	7,967	n.a.
67 Loans for purchasing and carrying securities	n.a	n.a.	n.a.	18,659	1,574	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	55,760	6,393	n.a.
69 Lease-financing receivables	94,405	83,399	3,178	80,221	10,317	688
70 Assets held in trading accounts	294,537	293,548			953	1
71 Premises and fixed assets (including capitalized leases)	65,622	39,430			20,583	5,609
72 Other real estate owned	4,772	2,767		n.a.	1,566	439
73 Investments in unconsolidated subsidiaries and associated companies	5,392	4,994			360	38
74 Customers' liability on acceptances outstanding	18,877	18,654	n.a.		215	8
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.		36,313	n.a	n.a.
76 Intangible assets	58,643	45,441		n.a.	12,460	742
77 Other assets	153,352	113,897		n.a.	33,937	5,517

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, September 30, 1997

Millions of dollars except as noted

Item	Total	Banks with foreign offices[1]			Banks with domestic offices only[2]	
		Total	Foreign	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**4,835,458**	**3,175,102**	n.a.	n.a.	**1,356,155**	**304,201**
79 **Total liabilities**	**4,422,658**	**2,925,005**	**830,896**	**2,211,599**	**1,226,034**	**271,619**
80 Total deposits	3,283,293	2,018,090	506,898	1,511,192	1,005,010	260,193
81 Individuals, partnerships, and corporations	2,918,244	1,751,416	334,948	1,416,468	930,826	236,002
82 U.S. government	n.a.	n.a.	n.a.	3,639	934	193
83 States and political subdivisions in the United States	n.a.	n.a.	n.a.	46,160	54,210	19,982
84 Commercial banks in the United States	64,902	55,659	29,346	26,314	8,208	1,035
85 Other depository institutions in the United States	n.a.	n.a.	n.a.	2,915	1,072	1,275
86 Banks in foreign countries	n.a.	97,955	91,973	5,982	356	n.a.
87 Foreign governments and official institutions	n.a.	42,722	41,337	1,385	29	n.a.
88 Certified and official checks	17,187	9,161	1,038	8,123	6,334	1,691
89 Residual[4]	282,961	61,175	8,255	n.a.	n.a.	15
90 Total transaction accounts				397,143	245,141	74,100
91 Individuals, partnerships, and corporations				339,915	214,367	64,806
92 U.S. government				1,245	664	98
93 States and political subdivisions in the United States				17,196	16,473	6,972
94 Commercial banks in the United States				21,795	6,012	421
95 Other depository institutions in the United States				2,158	928	98
96 Banks in foreign countries				5,982	356	n.a.
97 Foreign governments and official institutions				727	5	n.a.
98 Certified and official checks				8,123	6,334	1,691
99 Residual[4]				n.a.	n.a.	13
100 Demand deposits (included in total transaction accounts)				348,579	164,922	38,528
101 Individuals, partnerships, and corporations				298,732	145,421	34,746
102 U.S government				1,203	620	88
103 States and political subdivisions in the United States				9,861	5,288	1,474
104 Commercial banks in the United States				21,795	6,011	420
105 Other depository institutions in the United States				2,156	916	95
106 Banks in foreign countries	n.a.	n.a	n.a.	5,982	327	n.a.
107 Foreign governments and official institutions				726	5	n.a.
108 Certified and official checks				8,123	6,334	1,691
109 Residual[4]				n.a.	n.a.	13
110 Total nontransaction accounts				1,114,050	759,869	186,093
111 Individuals, partnerships, and corporations				1,076,552	716,459	171,196
112 U.S. government				2,395	269	95
113 States and political subdivisions in the United States				28,964	37,737	13,010
114 Commercial banks in the United States				4,519	2,195	614
115 U.S. branches and agencies of foreign banks				0	0	n.a.
116 Other commercial banks in the United States				0	0	n.a.
117 Other depository institutions in the United States				757	2,185	1,177
118 Banks in foreign countries				205	1,001	n.a.
119 Foreign branches of other U.S. banks				0	0	n.a.
120 Other banks in foreign countries				0	0	n.a.
121 Foreign governments and official institutions				658	24	n.a.
122 Residual[4]				n.a.	n.a.	2
123 Federal funds purchased and securities sold under agreements to repurchase	406,882	326,041	65,331	260,710	77,345	3,496
124 Demand notes issued to the U.S. Treasury	31,504	26,520	0	26,520	4,770	214
125 Trading liabilities	191,425	191,319	n.a.	n.a.	106	0
126 Other borrowed money	315,949	198,279	39,289	158,990	112,919	4,751
127 Banks' liability on acceptances executed and outstanding	18,898	18,675	4,128	14,547	215	8
128 Notes and debentures subordinated to deposits	54,887	50,803	n.a.	n.a.	4,061	23
129 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	81,177	n.a.	n.a
130 All other liabilities	119,820	95,277	n.a.	n.a	21,610	2,934
131 **Total equity capital**	**412,800**	**250,097**	n.a.	n.a.	**130,121**	**32,582**
MEMO						
132 Total individual retirement (IRA) and Keogh plan accounts				80,498	61,130	14,266
133 Total brokered deposits				31,811	22,651	1,508
134 Fully insured brokered deposits				24,175	20,201	1,368
135 Issued in denominations of less than $100,000				4,853	3,394	1,060
136 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	n.a.	n.a.	19,322	16,806	308
137 Money market deposit accounts (MMDAs)				419,453	173,011	26,732
138 Other savings deposits (excluding MMDAs)				179,879	128,683	26,332
139 Total time deposits of less than $100,000				313,198	324,359	100,115
140 Total time deposits of $100,000 or more				201,519	133,817	32,914
141 All negotiable order of withdrawal (NOW) accounts				47,964	78,687	34,728
142 Number of banks	9,199	171		n.a.	2,802	6,226

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, September 30, 1997

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
1 **Total assets**	**4,122,053**	**3,261,484**	**2,428,512**	**832,971**	**860,569**
2 Cash and balances due from depository institutions	240,594	201,764	159,440	42,323	38,830
3 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	399,925	215,601	162,423	53,178	184,324
4 U.S. Treasury securities	83,645	43,222	29,973	13,249	40,423
5 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	101,767	49,071	37,728	11,342	52,696
6 Securities issued by states and political subdivisions in the United States	52,821	27,630	20,075	7,555	25,191
7 Mortgage-backed securities (MBS)	142,054	84,768	66,050	18,717	57,286
8 Pass-through securities	89,525	55,198	43,274	11,924	34,326
9 Issued or guaranteed by FNMA, FHLMC, or GNMA	88,859	54,694	42,930	11,764	34,165
10 Other pass-through securities	666	504	344	160	161
11 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	52,529	29,569	22,776	6,793	22,960
12 Issued or guaranteed by FNMA, FHLMC, or GNMA	43,412	26,437	20,667	5,770	16,975
13 All other mortgage-backed securities	9,118	3,132	2,109	1,023	5,985
14 Other debt securities	9,995	5,258	4,148	1,110	4,737
15 Equity securities	9,644	5,653	4,448	1,205	3,991
16 Investments in mutual funds and other equity securities with readily determinable fair values	2,977	1,337	1,062	275	1,640
17 All other equity securities	6,666	4,315	3,386	930	2,351
18 Federal funds sold and securities purchased under agreements to resell	179,384	150,342	93,647	56,695	29,041
19 Total loans and lease-financing receivables, gross	2,610,927	2,055,927	1,600,341	455,586	555,000
20 LESS: Unearned income on loans	3,417	1,863	1,464	399	1,554
21 Total loans and leases (net of unearned income)	2,607,510	2,054,064	1,598,877	455,187	553,446
Total loans and leases, gross, by category					
22 Loans secured by real estate	1,188,984	890,677	687,709	202,967	298,307
23 Construction and land development	85,481	58,958	45,961	12,997	26,523
24 Farmland	26,800	13,112	10,141	2,971	13,688
25 One- to four-family residential properties	703,032	550,212	421,757	128,455	152,820
26 Revolving, open-end loans, extended under lines of credit	96,041	80,615	65,301	15,314	15,426
27 All other loans	606,991	469,597	356,456	113,141	137,394
28 Multifamily (five or more) residential properties	39,799	28,564	22,451	6,112	11,235
29 Nonfarm nonresidential properties	333,872	239,831	187,399	52,433	94,040
30 Loans to depository institutions	58,457	57,283	51,564	5,718	1,174
31 Loans to finance agricultural production and other loans to farmers	43,903	23,411	19,071	4,340	20,492
32 Commercial and industrial loans	611,409	513,571	391,805	121,766	97,838
33 Acceptances of other banks	881	584	263	321	298
34 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	513,006	392,693	327,449	65,244	120,313
35 Obligations (other than securities) of states and political subdivisions in the United States	19,002	15,837	12,366	3,471	3,165
36 All other loans	84,059	78,465	47,665	30,800	5,594
37 Lease-financing receivables	91,226	83,407	62,449	20,958	7,819
38 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	36,313	34,539	10,646	23,893	1,774
39 Remaining assets	658,327	605,174	403,479	201,695	53,153
40 **Total liabilities**	**3,709,252**	**2,933,504**	**2,185,562**	**747,942**	**775,748**
41 Total deposits	2,776,395	2,124,614	1,610,599	514,016	651,781
42 Individuals, partnerships, and corporations	2,583,296	1,981,074	1,503,714	477,360	602,222
43 U.S. government	4,766	4,276	3,968	308	490
44 States and political subdivisions in the United States	120,351	83,242	59,847	23,395	37,109
45 Commercial banks in the United States	35,556	31,700	25,971	5,729	3,856
46 Other depository institutions in the United States	5,262	3,518	2,684	834	1,744
47 Certified and official checks	16,149	12,019	8,951	3,069	4,129
48 Banks in foreign countries, foreign governments, and foreign official institutions	8,974	7,529	4,349	3,180	1,445
49 Total transaction accounts	716,383	552,573	421,875	130,698	163,810
50 Individuals, partnerships, and corporations	619,089	474,570	362,996	111,574	144,518
51 U.S. government	2,007	1,729	1,476	253	278
52 States and political subdivisions in the United States	40,641	28,811	21,878	6,933	11,830
53 Commercial banks in the United States	28,229	26,290	21,185	5,105	1,939
54 Other depository institutions in the United States	3,184	2,583	1,954	629	602
55 Certified and official checks	16,149	12,019	8,951	3,069	4,129
56 Banks in foreign countries, foreign governments, and foreign official institutions	7,085	6,570	3,435	3,135	514
57 Demand deposits (included in total transaction accounts)	552,028	449,489	342,807	106,682	102,539
58 Individuals, partnerships, and corporations	478,899	386,883	295,350	91,533	92,016
59 U.S. government	1,911	1,671	1,429	242	240
60 States and political subdivisions in the United States	16,623	13,478	10,508	2,970	3,145
61 Commercial banks in the United States	28,225	26,289	21,184	5,105	1,937
62 Other depository institutions in the United States	3,167	2,581	1,952	629	587
63 Certified and official checks	16,149	12,019	8,951	3,069	4,129
64 Banks in foreign countries, foreign governments, and foreign official institutions	7,054	6,569	3,434	3,135	485
65 Total nontransaction accounts	2,060,012	1,572,041	1,188,724	383,318	487,971
66 Individuals, partnerships, and corporations	1,964,207	1,506,503	1,140,717	365,786	457,703
67 U.S. government	2,759	2,547	2,492	55	212
68 States and political subdivisions in the United States	79,710	54,431	37,969	16,462	25,279
69 Commercial banks in the United States	7,327	5,410	4,786	624	1,917
70 Other depository institutions in the United States	4,119	2,191	1,845	346	1,928
71 Banks in foreign countries, foreign governments, and foreign official institutions	1,889	959	914	45	930

4.22 DOMESTIC OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, September 30, 1997

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
72 Federal funds purchased and securities sold under agreements to repurchase	341,551	300,427	213,430	86,997	41,124
73 Demand notes issued to the U.S Treasury	31,504	29,045	16,862	12,183	2,459
74 Other borrowed money	276,660	222,444	174,716	47,728	54,215
75 Banks liability on acceptances executed and outstanding	14,770	14,488	9,736	4,752	282
76 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	81,177	70,581	50,819	19,762	10,596
77 Remaining liabilities	187,195	171,904	109,399	62,505	15,291
MEMO					
78 Trading assets at large banks[5]	79,949	79,642	38,660	40,983	306
79 U.S. Treasury securities (domestic offices)	12,507	12,453	7,379	5,075	53
80 U.S. government agency corporation obligations	2,355	2,284	1,939	345	71
81 Securities issued by states and political subdivisions in the United States	1,402	1,391	1,139	252	11
82 Mortgage-backed securities	6,487	6,478	838	5,639	10
83 Other debt securities	10,184	10,183	6,426	3,757	1
84 Certificates of deposit	1,869	1,869	592	1,277	0
85 Commercial paper	475	376	376	0	100
86 Bankers acceptances	1,348	1,308	753	555	40
87 Other trading assets	7,372	7,362	3,017	4,345	9
88 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	35,948	35,937	16,200	19,737	11
89 Total individual retirement (IRA) and Keogh plan accounts	155,894	114,938	89,676	25,262	40,955
90 Total brokered deposits	55,969	38,797	25,903	12,894	17,172
91 Fully insured brokered deposits	45,744	31,915	22,588	9,327	13,829
92 Issued in denominations of less than $100,000	9,307	6,707	3,356	3,351	2,600
93 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	36,437	25,209	19,232	5,977	11,228
94 Money market deposit accounts (MMDAs)	619,196	519,568	408,349	111,219	99,628
95 Other savings deposits	334,895	264,201	191,723	72,479	70,694
96 Total time deposits of less than $100,000	737,671	517,738	403,539	114,199	219,933
97 Total time deposits of $100,000 or more	368,249	270,534	185,113	85,421	97,716
98 All negotiable order of withdrawal (NOW) accounts	161,380	101,353	77,878	23,475	60,027
99 Number of banks	9,199	3,624	2,628	996	5,575

NOTE. The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs

2. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

3. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

4. "Residual" equals the sum of the "n.a." categories listed above it.

5. Components of "Trading assets at large banks" are reported only by banks with either total assets of $1 billion or more or with $2 billion or more in the par/notional amount of their off-balance-sheet derivative contracts.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 3–7, 1997

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All consumer and industrial loans	6.85	134,783	787	321	33.4	22.7	33.2	75.7	Fed funds
2 Minimal risk	6.29	11,232	1,669	97	17.8	39.0	57.0	74.1	Fed funds
3 Low risk	6.27	37,479	1,806	204	25.7	11.5	36.8	64.3	Fed funds
4 Moderate risk	6.88	51,898	759	352	34.3	33.4	36.5	83.8	Foreign
5 Acceptable risk	7.79	18,455	539	588	49.6	12.6	17.8	95.9	Foreign
By maturity/repricing interval[6]									
6 Zero interval	8.26	20,806	280	530	49.8	19.0	11.4	80.2	Prime
7 Minimal risk	8.33	176	91	355	37.0	33.0	28.1	77.5	Prime
8 Low risk	7.02	3,534	615	426	26.1	10.1	13.2	92.6	Foreign
9 Moderate risk	8.26	8,029	237	569	54.1	25.5	8.2	93.7	Prime
10 Acceptable risk	8.98	4,536	209	711	65.7	19.7	9.0	97.2	Prime
11 Daily	6.22	59,874	3,141	53	19.5	33.5	41.7	67.5	Fed funds
12 Minimal risk	6.08	8,258	22,077	21	9.8	47.6	61.7	70.2	Fed funds
13 Low risk	6.06	20,367	7,648	35	22.5	14.8	37.7	51.1	Fed funds
14 Moderate risk	6.24	21,714	4,005	66	20.5	55.8	53.3	82.4	Fed funds
15 Acceptable risk	6.73	3,926	1,761	115	21.2	8.1	4.6	98.0	Fed funds
16 2 to 30 days	6.82	31,888	1,167	371	38.7	11.6	34.3	85.1	Foreign
17 Minimal risk	6.69	2,277	2,981	305	35.5	14.7	48.3	89.7	Foreign
18 Low risk	6.31	8,854	3,106	222	28.8	4.8	42.1	76.0	Foreign
19 Moderate risk	6.74	12,555	1,300	344	35.8	15.6	32.3	87.9	Foreign
20 Acceptable risk	7.59	5,035	1,082	615	54.4	11.0	27.2	95.6	Foreign
21 31 to 365 days	6.95	17,399	499	546	44.0	13.0	32.1	86.4	Foreign
22 Minimal risk	7.16	490	159	250	60.5	8.4	32.1	68.8	Foreign
23 Low risk	6.44	3,945	567	485	28.6	7.8	41.2	83.0	Foreign
24 Moderate risk	6.90	6,982	522	550	42.6	14.3	30.7	83.1	Foreign
25 Acceptable risk	7.54	4,110	1,064	651	51.0	10.6	28.4	95.2	Foreign
				Months					
26 More than 365 days	8.44	4,213	327	57	60.7	4.3	22.2	52.8	Prime
27 Minimal risk	8.64	22	42	35	90.5	13.4	*	25.1	Other
28 Low risk	7.44	622	284	66	70.1	5.6	43.0	40.2	Other
29 Moderate risk	8.56	2,495	486	53	57.2	4.4	20.3	45.0	Prime
30 Acceptable risk	8.84	717	640	63	56.0	3.3	21.4	83.0	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	9.66	2,865	3.1	145	83.0	36.3	5.0	78.2	Prime
32 100–999	8.76	11,169	3.2	99	71.8	25.5	14.9	87.9	Prime
33 1,000–9,999	7.25	34,516	3.0	62	40.8	15.1	31.1	83.6	Foreign
34 10,000+	6.35	86,232	2.5	65	23.8	25.0	37.4	70.9	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.07	21,499	3.2	173	68.5	22.8	10.1	77.8	193
36 Fed funds	6.09	43,980	2.4	6	12.9	37.1	42.0	55.5	10,876
37 Other domestic	6.17	12,759	2.5	23	10.1	33.0	31.2	79.0	2,703
38 Foreign	6.66	40,286	2.7	62	44.1	9.6	47.1	93.4	3,784
39 Other	6.97	16,260	2.8	156	33.9	9.1	7.6	81.1	401

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 3–7, 1997

B. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All consumer and industrial loans	7.09	60,462	952	458	33.9	19.6	9.1	72.7	Prime
2 Minimal risk	6.30	1,964	2,580	392	27.6	14.7	45.2	92.5	Domestic
3 Low risk	6.12	14,018	3,927	247	22.9	26.2	12.1	74.5	Domestic
4 Moderate risk	7.14	24,527	994	568	35.2	23.9	6 9	77.7	Foreign
5 Acceptable risk	8.29	8,670	524	817	55.9	9.4	7 8	95 4	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.18	13,803	430	513	45.1	15.4	9.2	73.9	Prime
7 Minimal risk	7.96	102	356	523	28.6	12.2	43.5	91.3	Prime
8 Low risk	6.79	2,028	1,444	449	21.8	11.6	10.9	91 1	Other
9 Moderate risk	8.03	5,360	384	529	51.4	22.8	8.5	95.2	Prime
10 Acceptable risk	8.92	2,845	251	734	58.4	13.4	7 4	98.4	Prime
11 Daily	6.43	19,871	1,959	147	22.6	34.4	6.2	56.8	Fed funds
12 Minimal risk	6.00	637	3,550	242	2.4	1	59.6	83.9	Domestic
13 Low risk	6.06	6,492	7,812	117	26.1	45.0	8.3	56.8	Domestic
14 Moderate risk	6.58	6,826	2,190	213	25.5	47.0	2.0	63.1	Domestic
15 Acceptable risk	7.73	933	659	347	55.6	17.4	8.8	95.6	Prime
16 2 to 30 days	6.86	17,125	1,151	437	35.8	12 1	10.0	86.8	Other
17 Minimal risk	6.27	1,036	6,080	456	41 7	25.9	36.5	99.8	Foreign
18 Low risk	6.01	3,961	6,138	250	22 5	9.2	15.5	87.4	Other
19 Moderate risk	6.79	7,130	1,668	455	30.0	13.2	6.0	86.2	Foreign
20 Acceptable risk	7.70	2,959	1,240	787	55.6	5.2	6.8	96.0	Other
21 31 to 365 days	6.77	6,307	1,766	666	30.6	10.0	11.0	89.9	Foreign
22 Minimal risk	6.55	181	1,961	486	34.1	*	46.9	82.6	Foreign
23 Low risk	5.53	1,282	2,565	264	11.3	7.8	23.9	94.3	Domestic
24 Moderate risk	6.68	2,960	1,533	858	28.3	12.5	6.3	85.6	Foreign
25 Acceptable risk	8.41	1,291	2,161	815	48.3	5.4	7.5	92.4	Foreign
				Months					
26 More than 365 days	8.38	3,107	2,032	52	51.0	1 4	19 1	54.1	Prime
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	6.98	200	2,683	38	14.2	*	4.4	90.7	Other
29 Moderate risk	8.42	2,182	3,100	50	51.3	2.0	22.9	41.1	Prime
30 Acceptable risk	8.88	586	1,367	65	61.5	0	14.1	84.0	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	9.40	1,127	3.4	42	83.6	40.4	5.7	93.0	Prime
32 100–999	8.79	6,010	3.3	38	68.6	21.6	8.1	90.3	Prime
33 1,000–9,999	7.50	17,498	3.0	76	39.5	13.6	11.4	78.4	Prime
34 10,000+	6.53	35,826	2.7	115	23.8	21.5	8.3	66.3	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.87	14,419	3.3	229	63.9	15.2	7.9	73.3	316
36 Fed funds	6.19	9,309	2.3	12	27.2	33 2	1.5	31 9	8,492
37 Other domestic	6.13	9,268	2.4	17	11.2	35.3	17.9	72.3	4,987
38 Foreign	6.80	13,673	2.9	103	30.2	18.8	11 7	89.5	3,566
39 Other	6.76	13,794	2.8	54	26.0	6.4	6.5	83.2	1,246

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 3–7, 1997

C. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Amount of loans (percent): Callable	Amount of loans (percent): Subject to prepayment penalty	Amount of loans (percent): Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All consumer and industrial loans	8.02	12,594	130	483	57.5	26.7	26.6	69.0	Prime
2 Minimal risk	8.53	546	96	244	70.8	27.9	11.2	55.7	Prime
3 Low risk	7.13	3,536	240	263	33.0	10.9	35.8	52.9	Fed funds
4 Moderate risk	8.25	4,292	108	572	57.4	28.2	34.3	64.7	Prime
5 Acceptable risk	8.60	2,318	156	591	91.3	30.9	18.8	93.9	Prime
By maturity/repricing interval[6]									
6 Zero interval	9.18	3,949	100	628	81.6	39.6	8.4	87.2	Prime
7 Minimal risk	8.86	72	44	130	48.6	63.9	7.2	57.1	Prime
8 Low risk	8.72	557	141	613	76.1	19.4	3.4	86.7	Prime
9 Moderate risk	9.26	1,642	87	773	74.4	39.0	6.9	85.0	Prime
10 Acceptable risk	9.19	1,175	123	604	93.7	39.1	16.0	93.0	Prime
11 Daily	6.49	2,996	432	73	13.4	7.0	67.9	26.8	Fed funds
12 Minimal risk	6.77	35	477	42	24.8	59.4	37.2	62.7	Fed funds
13 Low risk	6.20	1,610	1,541	17	5.1	1.3	69.8	25.0	Fed funds
14 Moderate risk	6.36	999	582	67	9.1	5.7	89.3	6.7	Fed funds
15 Acceptable risk	7.41	98	257	274	70.7	5.5	4.4	80.2	Foreign
16 2 to 30 days	7.89	2,010	212	301	58.0	27.3	26.9	83.2	Foreign
17 Minimal risk	8.79	242	473	299	76.2	24.4	6.9	63.4	Prime
18 Low risk	7.27	373	269	405	48.5	4.9	25.3	67.3	Foreign
19 Moderate risk	7.99	711	169	319	57.9	35.2	47.0	87.1	Foreign
20 Acceptable risk	8.36	355	221	339	85.0	39.5	18.7	96.4	Foreign
21 31 to 365 days	7.74	2,629	92	462	61.7	27.5	15.3	78.7	Foreign
22 Minimal risk	8.37	175	59	158	79.2	13.2	14.9	46.7	Domestic
23 Low risk	7.49	733	122	221	43.8	15.2	2.0	80.0	Foreign
24 Moderate risk	8.30	581	57	416	68.9	27.6	22.1	73.4	Other
25 Acceptable risk	7.58	553	228	680	97.4	6.3	31.4	97.1	Foreign
				Months					
26 More than 365 days	9.31	780	69	61	92.0	17.5	2.0	61.9	Other
27 Minimal risk	8.63	22	42	35	90.4	13.5	*	25.3	Other
28 Low risk	9.26	167	79	46	91.2	20.9	2.0	35.6	Other
29 Moderate risk	9.53	311	70	71	99.0	21.7	1.6	71.7	Other
30 Acceptable risk	9.28	63	101	48	64.8	36.5	4.4	85.0	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	9.90	1,668	2.9	218	84.0	33.9	3.4	67.5	Prime
32 100–999	9.19	3,530	2.9	231	84.8	33.7	10.8	80.3	Prime
33 1,000–9,999	7.62	3,811	2.8	80	53.7	29.3	19.2	86.8	Foreign
34 10,000+	6.41	3,585	2.7	64	22.1	13.7	60.4	39.7	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.54	4,869	3.0	71	82.3	40.7	6.9	81.5	78
36 Fed funds	6.13	2,505	2.5	15	6.1	6.3	90.2	8.0	2,201
37 Other domestic	6.77	570	1.7	186	33.9	69.4	.8	85.8	240
38 Foreign	6.92	2,525	2.9	92	49.9	10.2	27.5	95.1	1,613
39 Other	8.39	2,124	2.8	487	76.4	27.0	3.4	76.7	72

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 3–7, 1997

D. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All consumer and industrial loans	6.38	61,728	5,815	167	27.9	24.9	57.6	80.1	Fed funds
2 Minimal risk	6.15	8,722	33,479	20	12.3	45.1	62.6	71.1	Fed funds
3 Low risk	6.23	19,925	8,064	169	26.4	1.2	54.3	59.1	Foreign
4 Moderate risk	6.34	23,079	5,823	101	28.9	44.5	68.4	93.8	Fed funds
5 Acceptable risk	6.96	7,467	2,600	328	29.3	10.6	29.1	97.1	Foreign
By maturity/repricing interval[6]									
6 Zero interval	7.44	3,054	1,148	480	29.9	8.4	25.1	99.6	Foreign
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	6.51	949	2,479	273	5.9	1.5	23.8	99.1	Foreign
9 Moderate risk	7.88	1,027	1,019	466	36.3	18.3	8.9	99.8	Foreign
10 Acceptable risk	8.83	517	590	916	42.2	10.4	1 7	100.0	Prime
11 Daily	6.09	37,007	18,667	9	18.3	35.2	57.8	76.5	Fed funds
12 Minimal risk	6.09	7,586	62,623	1	10.3	51.5	62.0	69.1	Fed funds
13 Low risk	6.04	12,265	15,589	7	22.8	.6	49.1	51.5	Fed funds
14 Moderate risk	6.06	13,890	23,540	7	18.9	63.8	76.0	97.3	Fed funds
15 Acceptable risk	6.38	2,895	6,674	45	8.5	5.2	3.3	99.3	Fed funds
16 2 to 30 days	6.61	12,753	4,308	296	39.6	8.4	67.8	83.0	Foreign
17 Minimal risk	6.63	998	12,165	149	19.3	.8	70.6	85.5	Foreign
18 Low risk	6.51	4,520	5,517	183	32.7	.9	66.8	66.8	Foreign
19 Moderate risk	6.46	4,714	4,021	184	41.2	16.2	69.9	90.7	Foreign
20 Acceptable risk	7.24	1,721	2,591	395	46 0	15.2	64.1	94 8	Foreign
21 31 to 365 days	6.84	8,464	3,115	478	48.4	10.8	52.6	86.2	Foreign
22 Minimal risk	*	*	*	*	*	*	*	*	*
23 Low risk	6.65	1,930	4,174	734	34.4	5.0	67.5	76.6	Foreign
24 Moderate risk	6.85	3,441	2,942	292	50.4	13.6	53.2	82.4	Foreign
25 Acceptable risk	7.03	2,266	2,710	544	41.2	14.5	39.6	96.3	Foreign
				Months					
26 More than 365 days	6.95	325	4,383	91	78.6	*	100.0	18.8	Other
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
29 Moderate risk	*	*	*	*	*	*	*	*	*
30 Acceptable risk	8.12	68	1,081	60	*	*	100.0	73.1	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	8.23	71	3.1	46	51.6	26.2	31.0	95.6	Prime
32 100–999	7.71	1,629	3.1	38	55.2	21.9	48.9	95.3	Foreign
33 1,000–9,999	6.83	13,207	3.0	38	38.7	13.0	60.4	89.7	Foreign
34 10,000+	6.20	46,821	2.4	27	23.9	28.4	57.2	76.8	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.29	2,211	3.4	20	67.7	33.1	31.4	99.3	726
36 Fed funds	6.06	32,166	2.4	4	9.2	40.5	48.5	66.0	17778
37 Other domestic	6.19	2,921	2.9	10	2.1	18.7	79.3	99.1	6076
38 Foreign	6.55	24,088	2.6	36	51.4	4.4	69.3	95.5	4591
39 Other	*	*	*	*	*	*	*	*	*

NOTE. This table has been revised to reflect several changes in the E.2 statistical release. First, business loan pricing information is now disaggregated by risk categories for most loans. Second, the previous disaggregation of loans by maturity categories has been replaced by a "maturity/repricing interval," which measures the period from the day the loan is made until it is next scheduled to reprice (for loans that reprice), or the period from the day the loan is made until it is scheduled to mature (for loans that do not reprice). Third, information on whether loans are callable or subject to prepayment penalties is now being collected and published. In addition to these new loan characteristics, the survey now includes gross business loan extensions of U.S. branches and agencies of foreign banks.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.15 percentage points. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks.

3 Average maturities are weighted by loan amount and exclude loans with no stated maturities

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications

5. A complete description of these risk categories is available from the Banking and Money Market Statistics Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Acceptable risk" may include a small volume of special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 8.53 percent for all banks; 8.50 percent for large domestic banks, 8.61 percent for small domestic banks; and 8.50 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1997[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]**	**884,755**	**275,217**	**714,201**	**235,677**	**58,798**	**17,345**	**66,903**	**10,645**
2 Claims on nonrelated parties	751,683	132,191	595,066	113,879	54,833	7,172	64,826	3,055
3 Cash and balances due from depository institutions	102,788	68,732	95,424	63,860	3,095	2,384	2,562	1,599
4 Cash items in process of collection and unposted debits	3,618	0	3,472	0	25	0	62	0
5 Currency and coin (U.S. and foreign)	21	n.a.	13	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	59,232	32,710	54,756	30,250	1,849	1,212	1,872	1,030
7 U.S. branches and agencies of other foreign banks (including IBFs)	54,574	31,855	50,646	29,415	1,608	1,212	1,763	1,020
8 Other depository institutions in United States (including IBFs)	4,658	855	4,110	835	241	0	109	10
9 Balances with banks in foreign countries and with foreign central banks	39,449	36,022	36,814	33,610	1,183	1,172	617	569
10 Foreign branches of U.S. banks	874	675	817	633	0	0	23	23
11 Other banks in foreign countries and foreign central banks	38,575	35,348	35,997	32,977	1,183	1,172	594	546
12 Balances with Federal Reserve Banks	468	n.a.	370	n.a.	36	n.a.	10	n.a.
13 **Total securities and loans**	**477,704**	**51,633**	**346,621**	**38,793**	**48,207**	**4,593**	**49,114**	**1,397**
14 Total securities, book value	119,613	7,393	110,864	6,351	2,841	661	5,235	334
15 U.S. Treasury	31,948	n.a.	30,565	n.a	595	n.a.	670	n.a.
16 Obligations of U.S. government agencies and corporations	40,749	n.a.	39,862	n.a.	324	n.a.	371	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	46,916	7,393	40,437	6,351	1,922	661	4,194	334
18 Securities of foreign governmental units	15,955	3,657	15,006	3,251	472	192	412	191
19 All Other	30,961	3,736	25,431	3,100	1,450	469	3,782	143
20 Federal funds sold and securities purchased under agreements to resell	59,039	8,804	53,165	8,501	556	69	4,450	0
21 U.S. branches and agencies of other foreign banks	13,192	5,104	11,937	5,028	357	69	617	0
22 Commercial banks in United States	9,300	85	8,220	85	135	0	594	0
23 Other	36,548	3,615	33,009	3,389	64	0	3,239	0
24 Total loans, gross	358,331	44,270	235,913	32,465	45,414	3,933	43,884	1,063
25 LESS: Unearned income on loans	241	30	156	23	48	2	5	0
26 EQUALS: Loans, net	358,090	44,240	235,757	32,442	45,366	3,931	43,879	1,063
Total loans, gross, by category								
27 Real estate loans	27,009	327	18,071	88	6,746	238	1,071	0
28 Loans to depository institutions	37,397	26,596	25,692	18,280	3,963	2,496	1,124	694
29 Commercial banks in United States (including IBFs)	10,381	6,050	6,464	3,936	3,016	1,682	254	120
30 U.S. branches and agencies of other foreign banks	8,800	5,832	5,178	3,725	2,798	1,674	185	120
31 Other commercial banks in United States	1,580	219	1,286	211	218	8	69	0
32 Other depository institutions in United States (including IBFs)	18	0	18	0	0	0	0	0
33 Banks in foreign countries	26,999	20,545	19,210	14,344	946	814	870	575
34 Foreign branches of U.S. banks	1,147	911	965	741	0	0	0	0
35 Other banks in foreign countries	25,852	19,634	18,244	13,603	946	814	870	575
36 Loans to other financial institutions	42,712	612	35,763	415	3,008	35	3,300	60
37 Commercial and industrial loans	228,118	14,640	136,712	11,735	30,473	1,133	37,146	306
38 U.S. addressees (domicile)	192,667	135	110,328	116	27,662	17	35,383	0
39 Non-U.S. addressees (domicile)	35,451	14,505	26,384	11,619	2,811	1,117	1,763	306
40 Acceptances of other banks	458	31	281	31	53	0	109	0
41 U.S. banks	44	0	35	0	2	0	0	0
42 Foreign banks	415	30	246	30	51	0	109	0
43 Loans to foreign governments and official institutions (including foreign central banks)	3,322	1,867	2,780	1,740	254	30	138	3
44 Loans for purchasing or carrying securities (secured and unsecured)	13,294	81	12,351	81	373	0	77	0
45 All other loans	5,540	117	3,973	95	545	0	728	0
46 Lease financing receivables (net of unearned income)	481	0	290	0	0	0	191	0
47 U.S. addressees (domicile)	477	0	286	0	0	0	191	0
48 Non-U.S. addressees (domicile)	4	0	4	0	0	0	0	0
49 Trading assets	78,479	515	71,484	513	153	0	6,837	2
50 All other assets	33,674	2,506	28,371	2,212	2,822	125	1,863	57
51 Customers' liabilities on acceptances outstanding	8,698	n.a.	5,877	n.a.	1,946	n.a.	706	n.a.
52 U.S. addressees (domicile)	6,331	n.a.	4,119	n.a.	1,767	n.a.	362	n.a.
53 Non-U.S. addressees (domicile)	2,367	n.a.	1,758	n.a.	180	n.a.	344	n.a.
54 Other assets including other claims on nonrelated parties	24,976	2,506	22,494	2,212	876	125	1,158	57
55 Net due from related depository institutions[5]	133,072	143,027	119,135	121,798	3,965	10,174	2,077	7,591
56 Net due from head office and other related depository institutions[5]	133,072	n.a.	119,135	n.a.	3,965	n.a.	2,077	n.a.
57 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	143,027	n.a.	121,798	n.a.	10,174	n.a.	7,591
58 **Total liabilities[4]**	**884,755**	**275,217**	**714,201**	**235,677**	**58,798**	**17,345**	**66,903**	**10,645**
59 Liabilities to nonrelated parties	745,953	249,818	651,708	214,404	32,294	16,984	40,410	10,215

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1997[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
60 Total deposits and credit balances	267,367	189,186	237,161	173,341	5,966	3,314	14,074	6,296
61 Individuals, partnerships, and corporations	206,382	13,572	180,082	8,829	4,449	655	12,461	105
62 U.S. addressees (domicile)	188,945	477	169,710	449	2,185	0	11,886	25
63 Non-U.S. addressees (domicile)	17,436	13,094	10,372	8,380	2,265	655	575	80
64 Commercial banks in United States (including IBFs)	29,932	35,655	27,822	33,896	578	794	1,153	903
65 U.S. branches and agencies of other foreign banks	18,328	32,708	16,999	31,270	287	658	745	742
66 Other commercial banks in United States	11,604	2,947	10,823	2,626	291	136	408	161
67 Banks in foreign countries	10,280	97,328	9,029	91,604	700	1,218	400	3,470
68 Foreign branches of U.S. banks	2,901	3,738	2,359	3,255	516	134	25	233
69 Other banks in foreign countries	7,379	93,589	6,670	88,349	184	1,084	375	3,237
70 Foreign governments and official institutions (including foreign central banks)	6,729	42,411	6,287	38,802	214	638	11	1,817
71 All other deposits and credit balances	13,763	221	13,695	209	11	10	43	1
72 Certified and official checks	281		245		14		5	
73 Transaction accounts and credit balances (excluding IBFs)	9,666		7,961		408		314	
74 Individuals, partnerships, and corporations	7,833		6,434		357		295	
75 U.S. addressees (domicile)	5,523		4,928		213		292	
76 Non-U.S. addressees (domicile)	2,311		1,506		144		2	
77 Commercial banks in United States (including IBFs)	160		154		2		0	
78 U.S. branches and agencies of other foreign banks	89		88		0		0	
79 Other commercial banks in United States	71		66		2		0	
80 Banks in foreign countries	761		615		22		2	
81 Foreign branches of U.S. banks	3		2		0		0	
82 Other banks in foreign countries	758		613		22		2	
83 Foreign governments and official institutions (including foreign central banks)	411		313		2		11	
84 All other deposits and credit balances	220		200		11		1	
85 Certified and official checks	281		245		14		5	
86 Demand deposits (included in transaction accounts and credit balances)	9,167		7,757		306		303	
87 Individuals, partnerships, and corporations	7,413		6,291		267		283	
88 U.S. addressees (domicile)	5,402		4,860		186		281	
89 Non-U.S. addressees (domicile)	2,011		1,432		82		2	
90 Commercial banks in United States (including IBFs)	152	n.a.	148	n.a.	0	n.a.	0	n.a.
91 U.S. branches and agencies of other foreign banks	84		83		0		0	
92 Other commercial banks in United States	68		65		0		0	
93 Banks in foreign countries	737		592		20		2	
94 Foreign branches of U.S. banks	3		2		0		0	
95 Other banks in foreign countries	734		590		20		2	
96 Foreign governments and official institutions (including foreign central banks)	402		309		1		11	
97 All other deposits and credit balances	182		171		2		1	
98 Certified and official checks	281		245		14		5	
99 Nontransaction accounts (including MMDAs, excluding IBFs)	257,701		229,200		5,558		13,760	
100 Individuals, partnerships, and corporations	198,548		173,648		4,092		12,167	
101 U.S. addressees (domicile)	183,423		164,782		1,971		11,594	
102 Non-U.S. addressees (domicile)	15,126		8,866		2,121		573	
103 Commercial banks in United States (including IBFs)	29,772		27,668		576		1,153	
104 U.S. branches and agencies of other foreign banks	18,239		16,911		287		745	
105 Other commercial banks in United States	11,533		10,757		289		408	
106 Banks in foreign countries	9,519		8,414		678		398	
107 Foreign branches of U.S. banks	2,898		2,357		516		25	
108 Other banks in foreign countries	6,621		6,057		162		373	
109 Foreign governments and official institutions (including foreign central banks)	6,319		5,974		212		0	
110 All other deposits and credit balances	13,544		13,496		0		42	
111 IBF deposit liabilities		189,186		173,341		3,314		6,296
112 Individuals, partnerships, and corporations		13,572		8,829		655		105
113 U.S. addressees (domicile)		477		449		0		25
114 Non-U.S. addressees (domicile)		13,094		8,380		655		80
115 Commercial banks in United States (including IBFs)		35,655		33,896		794		903
116 U.S. branches and agencies of other foreign banks		32,708		31,270		658		742
117 Other commercial banks in United States	n.a.	2,947	n.a	2,626	n.a.	136	n.a	161
118 Banks in foreign countries		97,328		91,604		1,218		3,470
119 Foreign branches of U.S. banks		3,738		3,255		134		233
120 Other banks in foreign countries		93,589		88,349		1,084		3,237
121 Foreign governments and official institutions (including foreign central banks)		42,411		38,802		638		1,817
122 All other deposits and credit balances		221		209		10		1

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1997[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
123 Federal funds purchased and securities sold under agreements to repurchase	100,896	19,485	91,612	16,359	3,641	1,971	5,029	939
124 U.S. branches and agencies of other foreign banks	13,295	3,885	10,353	2,228	2,019	1,465	683	102
125 Other commercial banks in United States	11,182	187	9,284	84	937	86	915	16
126 Other	76,419	15,413	71,976	14,046	686	420	3,431	821
127 Other borrowed money	99,356	38,242	68,438	22,050	16,735	11,575	10,105	2,910
128 Owed to nonrelated commercial banks in United States (including IBFs)	20,094	8,499	11,425	3,694	6,161	3,701	1,122	607
129 Owed to U.S. offices of nonrelated U.S. banks	8,054	1,197	5,325	320	2,093	785	216	65
130 Owed to U.S. branches and agencies of nonrelated foreign banks	12,040	7,302	6,100	3,374	4,068	2,916	906	542
131 Owed to nonrelated banks in foreign countries	28,092	24,397	17,419	14,004	7,449	7,318	2,192	2,186
132 Owed to foreign branches of nonrelated U.S. banks	1,460	1,314	488	364	751	739	186	186
133 Owed to foreign offices of nonrelated foreign banks	26,633	23,083	16,932	13,640	6,698	6,579	2,007	2,000
134 Owed to others	51,169	5,346	39,594	4,352	3,125	557	6,791	116
135 All other liabilities	89,148	2,904	81,155	2,655	2,637	124	4,906	71
136 Branch or agency liability on acceptances executed and outstanding	8,961	n.a.	6,348	n.a.	1,948	n.a.	484	n.a.
137 Trading liabilities	57,744	96	53,997	95	145	0	3,597	1
138 Other liabilities to nonrelated parties	22,443	2,808	20,810	2,560	544	124	824	70
139 Net due to related depository institutions[5]	138,802	25,400	62,493	21,273	26,504	361	26,494	431
140 Net due to head office and other related depository institutions[5]	138,802	n.a.	62,493	n.a.	26,504	n.a.	26,494	n.a.
141 Net due to establishing entity, head office, and other related depository institutions[5]	n.a	25,400	n.a	21,273	n.a.	361	n.a.	431
MEMO								
142 Non-interest-bearing balances with commercial banks in United States	1,237	1	1,006	0	114	0	63	0
143 Holding of own acceptances included in commercial and industrial loans	4,360		2,887		1,197		174	
144 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	126,880		73,605		17,170		24,038	
145 Predetermined interest rates	76,247	n.a.	43,707	n.a.	8,215	n.a.	19,118	n.a
146 Floating interest rates	50,633		29,898		8,956		4,920	
147 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	100,283		62,641		13,093		12,863	
148 Predetermined interest rates	22,774		15,708		2,335		3,669	
149 Floating interest rates	77,509		46,934		10,757		9,193	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1997[1]—Continued

Millions of dollars except as noted

Item	All states[2] Total excluding IBFs[3]	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only	California Total excluding IBFs	California IBFs only	Illinois Total excluding IBFs	Illinois IBFs only
150 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, excluding IBFs	254,721	n.a	228,523	n.a	3,569	n.a	13,901	n.a
151 Time deposits of $100,000 or more	248,435	n.a	223,546	n.a	3,471	n.a	13,361	n.a.
152 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	6,286	n.a.	4,977	n.a	98	n.a.	540	n.a.
	All states[2] Total including IBFs	**All states[2] IBFs only**	**New York Total including IBFs**	**New York IBFs only**	**California Total including IBFs**	**California IBFs only**	**Illinois Total including IBFs**	**Illinois IBFs only**
153 Immediately available funds with a maturity greater than one day included in other borrowed money	45,953	n.a.	29,381	n.a.	10,835	n.a	3,219	n.a
154 Number of reports filed[6]	470	0	239	0	101	0	36	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Index to Statistical Tables

References are to pages A3–A75 although the prefix "A" is omitted in this index

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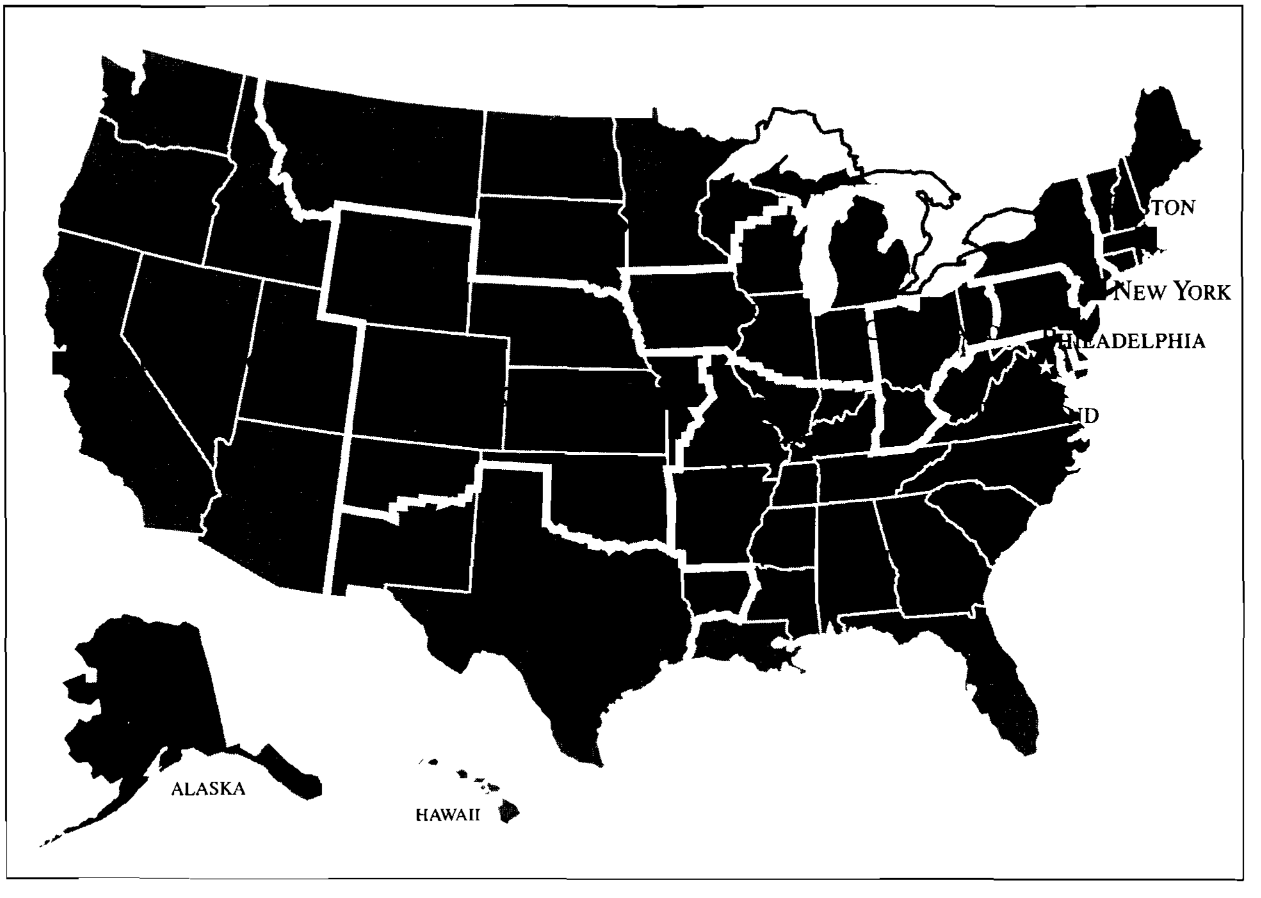

LEGEND

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

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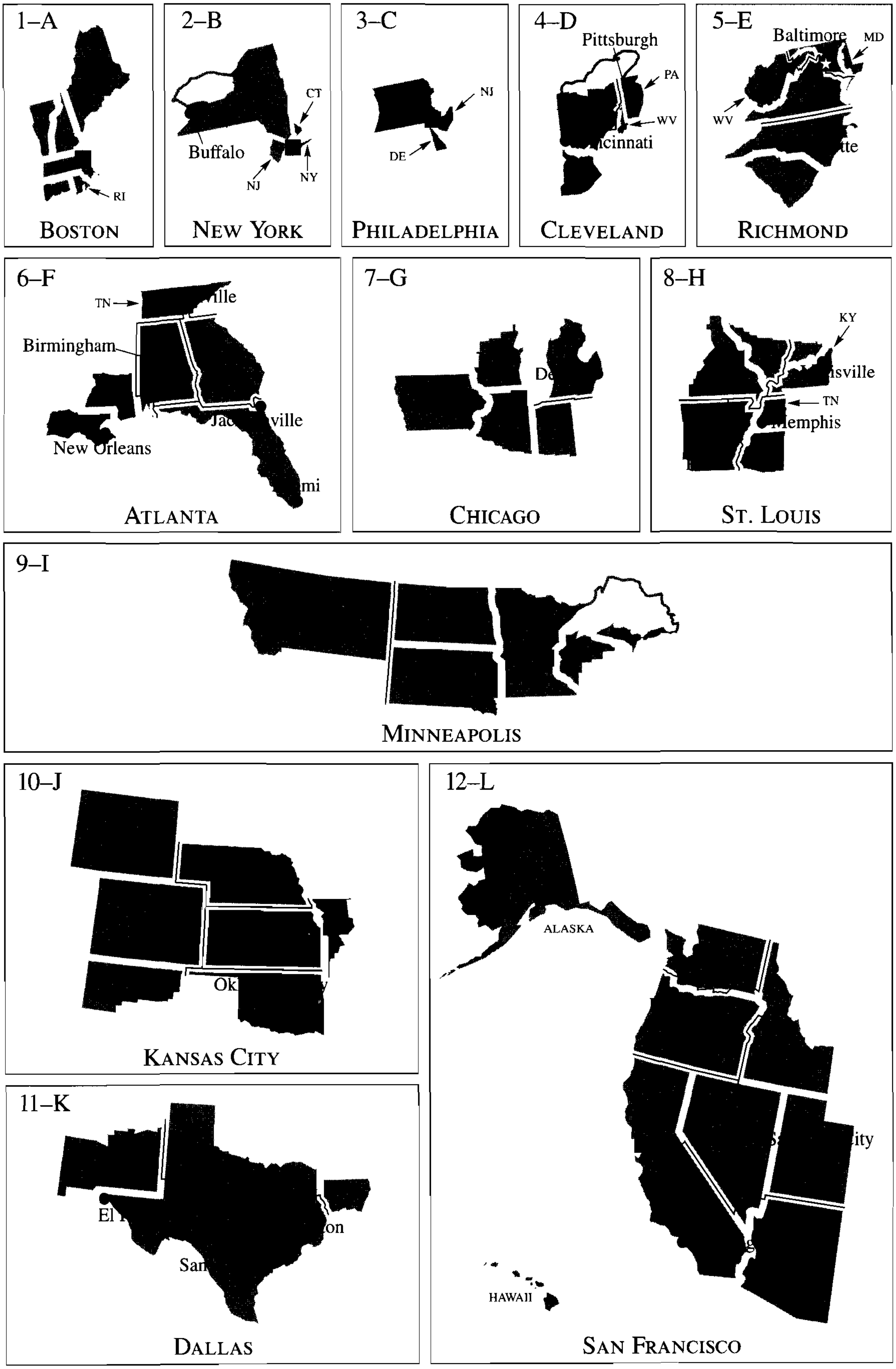
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