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Family Finances in the U.S.: Recent Evidence from the Survey of Consumer Finances

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Using data that have just become available from the 1995 Survey of Consumer Finances (SCF) along with data from the 1989 and 1992 versions of the survey, this article details recent changes in the income, net worth, assets, and liabilities of U.S. families. It also presents information on family saving, unrealized capital gains, debt payments, and institutional providers of credit. Its primary focus is on changes in family finances between the 1992 and 1995 surveys; however, selected 1989 survey data provide a broader context within which to interpret the more recent changes.[1]

Although the data from the 1995 survey are still preliminary, some findings appear particularly noteworthy. First, between the 1992 and 1995 surveys, both median family income and median family net worth rose in constant dollars. The former, however, remained below the level measured in 1989, whereas the latter returned to the 1989 level. Second, the ownership and the amount of holdings of publicly traded stock by families expanded greatly over this period. In 1995, more than 41 percent of families had direct or indirect stockholdings, compared with about 37 percent in 1992, and these assets accounted for about 40 percent of their total financial assets, compared with a little more than 34 percent in 1992. Finally, the survey provided little evidence of a serious rise in debt payment problems between 1992 and 1995, even though both the share of families with debt and the median amount of their debt rose.

Economic and Financial Backdrop

Between 1992 and 1995, changes in family finances were influenced by various macroeconomic events and long-term trends. Overall, the period was one of continuing economic expansion. In September 1992, as the U.S. economy was beginning to recover from the 1990–91 recession, the civilian unemployment rate was 7.6 percent.[2] By 1995, the fourth year of the expansion, the unemployment rate had fallen to 5.6 percent. Inflation was subdued over the period, with consumer prices rising at an average annual rate of 2.7 percent.

Conditions for families were also changing in the financial sector. Interest rates on deposits, which were very low in 1992, rose on net over the period; for example, the average rate on three-month certificates of deposit increased from 3.1 percent in 1992 to 5.8 percent in 1995. In contrast, interest rates on newly originated conventional mortgages declined from 9.7 percent in 1992 to 7.4 percent in early 1994 and then edged up to 7.6 percent in 1995. At the same time, the Standard and Poor's index of 500 stock prices increased at an annualized rate of 10.8 percent, and home prices rose at a moderate pace.

Several institutional trends were important for family finances over the period covered by the surveys. Two such trends may have accelerated the growth of holdings of financial assets, particularly stocks. First, the variety of mutual funds available to families continued to expand, as did the number of no-load funds. Second, employers increasingly offered tax-deferred saving plans as a way for workers to accumulate savings for retirement. Often such employer-provided plans offer an option that allows participants to invest in corporate equities. On the liability side of the balance sheet, growth in credit card holding was driven by increased marketing,

1. For a detailed discussion of the results from the 1989 and 1992 SCF, see Arthur B. Kennickell and Martha Starr-McCluer, "Changes in Family Finances from 1989 to 1992," *Federal Reserve Bulletin*, vol. 80 (October 1994), pp. 861–82.

2. All other aggregate statistics cited in this section are for September unless otherwise noted. This month was the midpoint of the periods during which interviews were conducted.

relaxation of credit standards, lower credit card interest rates, and usage-based incentive plans (for example, cash rebate programs).

A key demographic trend was the aging of the large post–World War II cohort. From 1992 to 1995, the proportion of families headed by persons between 45 and 54 years of age rose from 16.2 percent to 17.8 percent. The financial decisions of families with heads in this group are likely to be influenced by the cost of college education for their children and the need to save for their own retirement.

[illegible]

The SCF requests information on families' total cash income, before taxes, for the calendar year preceding the year of the interview (see box "The Survey of Consumer Finances"). Median and mean family income for 1994 (derived from the 1995 survey) had moved above the depressed levels of 1991 (from the 1992 survey) but had not yet moved back up to the pre-recession levels of 1988 (from the 1989 survey).[3] In addition, the percentage of families with incomes of more than $50,000 declined over this six-year period.

Some cross-sectional patterns hold generally across the three SCF surveys. Income is successively higher

3. If the PCE deflator is used instead of the CPI to adjust income to 1995 dollars, the overall decline since 1989 is a little less pronounced. Using this alternative index, median (mean) income is $31,400 ($49,200) in the 1989 survey, $28,800 ($43,100) in the 1992 survey, and $30,700 ($44,100) in the 1995 survey.

The Survey of Consumer Finances

The Survey of Consumer Finances (SCF) is a triennial survey sponsored by the Federal Reserve with the cooperation of the Department of the Treasury. It is designed to provide detailed information on U.S. families' balance sheets and their use of financial services, as well as on their pension rights, labor force participation, and demographic characteristics at the time of the interview. The survey also collects information on total family income, before taxes, for the calendar year preceding the survey. The term "family" as it is used here is more comparable to the U.S. Bureau of the Census definition of "household" than to Census's use of "family," which excludes single people. The appendix to this article provides a more detailed description of the SCF, including a more complete definition of this term.

The underlying statistical methodology of the surveys has been largely unchanged since 1989, and the questionnaires have been modified only slightly, mostly to reflect changes in the availability of financial services or in the financial behavior of families. Thus, the data since that time are comparable.

The need to measure financial characteristics imposes special requirements on the survey design. The survey must provide reliable information both on items that are broadly distributed in the population—for example, vehicle ownership—and on items that are highly concentrated in a relatively small part of the population—for example, investment real estate. To address this problem, the SCF employs a dual-frame sample design that includes a standard geographically based random sample and a special oversample of relatively wealthy families. Weights are used to combine information from the two samples for estimates of statistics for the full population.

This article draws principally upon the final data from the 1992 SCF and preliminary data from the 1995 SCF. Any differences between figures for 1992 reported here and those published earlier in the *Federal Reserve Bulletin* are attributable to additional statistical processing of the data. To provide a larger context, some information is also included from the final version of the 1989 SCF. The SCFs for 1992 and 1995 were conducted by the National Opinion Research Center at the University of Chicago (NORC) between July and December of each survey year. For the 1992 survey, 3,906 families were interviewed, and for the 1995 survey, 4,299 were interviewed.

All dollar figures in this article are adjusted to 1995 dollars using the consumer price index (CPI) for all urban consumers. Concerns about how accurately the CPI represents inflation for families have been discussed in the literature. If, as generally supposed, the index overstates the true degree of inflation, upward adjustments to past dollar amounts will appear too large, and trends in positive dollar amounts will be biased downward. An index sometimes proposed as an alternative to the CPI is the implicit price deflator for personal consumption expenditure (PCE), which is reported as a part of the national income and product accounts. Over 1989–95, price changes measured by the CPI and the PCE deflator differed by a relatively small amount.

To provide a measure of the significance of the developments discussed in this article, standard errors due to sampling are given for selected estimates for the 1992 and 1995 data. Space limits have precluded reporting such figures for all estimates. No standard errors are given for the 1989 estimates for technical reasons mentioned in the appendix. Although we do not directly address the statistical significance of the results, the article highlights findings that are significant or are interesting in a broader context.

for each age-of-head group through 45–54, and then it declines (table 1). Education and net worth are positively associated with income in each of the surveys.

Although only limited external information on assets and liabilities is available for comparison with SCF data at the level of demographic groups, data on household income for the preceding year are available from the Current Population Survey (CPS) of the Bureau of the Census. Like the SCF, the CPS shows an overall pattern of decline in median and mean household income between the 1989 and 1992 survey periods. In contrast to the SCF, in the CPS mean income rose between the 1992 and 1995 surveys to a level above that in the 1989 survey. Median income in the 1995 CPS declined further to a level slightly below the 1992 level.

Two changes in the CPS over the period considered here make comparing recent estimates from the two surveys difficult. First, the CPS dramatically increased the size of the maximum income values recorded in the survey. This change alone could cause some income statistics like the mean to increase even in the absence of real change. Second, the redesign of the CPS in 1994 substantially altered the survey questions and introduced computer-assisted

1. Before-tax family income for previous year, by selected characteristics of families, 1989, 1992, and 1995, and percentage of families who saved, 1992 and 1995

Thousands of 1995 dollars except as noted

Family characteristic	1989			1992				1995			
	Median	Mean	Percentage of families	Median	Mean	Percentage of families who saved	Percentage of families	Median	Mean	Percentage of families who saved	Percentage of families
All families	**31.8** (n.a.)	**49.8** (n.a.)	**100.0**	**29.1** (.8)	**43.5** (1.3)	**57.1**	**100.0**	**30.8** (.6)	**44.3** (1.3)	**55.0**	**100.0**
Age of head (years)											
Less than 35	25.8	35.4	27.2	26.8	33.1	59.3	25.8	26.7	31.9	56.4	24.8
35–44	46.3	61.8	23.4	39.1	50.8	57.1	22.8	39.1	48.3	54.1	23.2
45–54	45.7	77.4	14.4	45.5	61.5	59.0	16.2	41.1	64.8	57.6	17.8
55–64	32.1	52.7	13.9	31.6	53.3	59.0	13.2	36.0	52.9	58.5	12.5
65–74	19.3	38.6	12.0	19.3	31.4	53.8	12.6	19.5	37.0	49.6	11.9
75 and more	16.7	28.5	9.0	14.9	25.3	49.2	9.4	17.3	27.3	51.5	9.8
Education of head											
No high school diploma	16.7	23.8	24.3	13.4	19.0	38.3	20.4	15.7	21.9	42.7	19.0
High school diploma	27.3	36.2	32.1	25.8	32.7	56.9	29.9	26.7	35.2	50.9	31.6
Some college	36.0	50.3	15.1	30.5	40.3	59.5	17.7	29.8	39.9	54.2	19.0
College degree	51.4	87.0	28.5	48.6	70.8	67.8	31.9	46.3	70.4	67.5	30.5
Race or ethnicity of head											
White non-Hispanic	37.3	56.9	75.1	33.4	47.8	60.9	75.1	33.3	48.6	58.9	77.5
Nonwhite or Hispanic	18.0	28.5	24.9	20.1	30.3	45.6	24.9	21.0	29.5	41.8	22.5
Current work status of head											
Professional, managerial	55.5	76.6	16.9	50.9	69.8	68.9	16.8	54.4	72.7	67.9	15.9
Technical, sales, clerical	35.2	43.6	13.4	35.8	41.6	64.5	14.8	34.4	46.2	56.3	14.9
Precision production	47.6	50.9	9.6	36.1	43.4	65.6	7.0	41.1	43.8	60.0	8.2
Machine operators and laborers	30.9	35.4	10.6	29.1	34.1	57.6	10.0	32.9	35.6	60.9	13.1
Service occupations	19.3	25.8	6.6	21.3	28.7	51.5	6.2	21.1	27.2	50.2	6.6
Self-employed	48.1	111.0	11.2	48.6	82.2	59.2	10.9	39.0	79.0	62.3	9.7
Retired	17.3	28.4	25.0	16.5	24.9	48.0	26.0	17.5	27.3	46.1	25.0
Other not working	9.0	17.6	6.7	12.3	22.9	41.6	8.2	12.3	19.9	31.4	6.5
Housing status											
Owner	41.1	62.8	63.8	37.8	53.0	63.0	63.9	38.1	54.6	60.9	64.7
Renter or other	17.6	26.9	36.2	19.0	26.5	46.6	36.1	18.8	25.5	44.3	35.3
Net worth (1995 dollars)											
Less than 10,000	13.9	19.2	27.8	14.8	19.8	39.3	27.0	15.4	18.9	36.0	25.8
10,000–24,999	27.1	29.5	9.3	26.2	29.5	52.5	10.4	25.7	28.4	54.1	10.0
25,000–49,999	29.6	33.6	10.1	25.8	30.4	50.0	11.4	32.0	33.9	48.2	11.6
50,000–99,999	36.0	39.5	14.6	32.8	35.9	61.3	15.3	35.2	38.2	57.8	16.9
100,000–249,999	42.9	52.2	21.6	40.9	48.0	67.6	20.7	39.4	47.6	64.4	21.3
250,000 and more	72.0	128.4	16.5	70.0	106.5	78.6	15.2	68.4	111.6	78.2	14.4

NOTE. Dollars converted to 1995 values with the consumer price index (CPI) for all urban consumers. For definitions of family and family head, see appendix. Standard errors in parentheses (see appendix for details). The 1989 survey did not ask families whether they had saved in the preceding year.

data collection. According to some estimates, the redesign may have induced complex changes in measured income.[4]

Changes in Income by Demographic Categories

Between the 1989 and 1995 SCFs, median and mean income declined for families headed by persons in the 35 to 54 age groups. Median and mean income also declined for all educational groups, with the largest declines for the groups with at least some college education.[5] Other data in the survey suggest that one explanation for the incomplete recovery of the income of the group with a college degree may be that the fraction of the group not working in 1995 remained above the level of 1989.

Between the 1989 and 1995 surveys, median income rose somewhat for nonwhite and Hispanic families but fell for other families. In contrast to findings in other surveys, the proportion of families in the 1995 SCF that identified themselves principally as either nonwhite or Hispanic declined. This decline may reflect sampling error or other technical factors or may be simply a result of a change in the way respondents answer this question.[6]

After holding steady between the 1989 and 1992 surveys, the median income of families headed by machine operators and laborers (a group commonly referred to as unskilled blue-collar workers) rose in the 1995 survey, and that of families with self-employed heads fell. The increase in median income of machine operators and laborers was accompanied by an increase in the share of families with heads in such occupations, likely reflecting cyclical recovery. In contrast, the share of families with self-employed heads fell over the six-year period.

Gains in median and mean income between the 1992 and 1995 surveys were largely concentrated in the groups with net worth between $25,000 and $100,000. However, the only group for whom median and mean income were higher in 1995 than in 1989 was the group with net worth between $25,000 and $50,000.

Family Saving

Saving out of current income is an important determinant of changes in family wealth. Therefore, since 1992, the survey has asked respondents whether, over the preceding year, their family spent less than their income, more than their income, or about as much as their income. Despite the simplicity of this question, it appears to be a good indicator of families' saving behavior.[7] Deriving a reliable measure of the dollar amount of spending or saving would require substantial additional time from respondents and might adversely affect response rates.

Overall, the proportion of families reporting that they saved in the preceding year fell from 57 percent in 1992 to 55 percent in 1995 (a change that is consistent with the fact that saving rates generally decrease in expansions and increase in times of recession). Over this period, the aggregate personal saving rate as reported in the national income and product accounts fell from 5.9 percent to 4.7 percent. According to the SCF data, the share of families spending less than their income declined for most demographic groups. However, there were some interesting exceptions. A somewhat higher proportion of families with heads aged 75 and more were savers in 1995 than in 1992; this finding moderates the traditional tendency for the share of savers to decline with age. For both the group with less education than a high-school diploma and the group of machine operators and laborers, the proportion of savers rose, possibly as a result of the cyclical improvement in their incomes. Self-employed workers also showed an increased likelihood of saving in 1995. By net worth category, only the $10,000 to $24,999 group became more likely to save, altering only slightly the generally positive association between wealth and saving.

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4. See Paul Ryscavage, "A Surge in Growing Income Inequality?" *Monthly Labor Review*, vol. 118 (August 1995), pp. 51–61, for a discussion of the effects of various factors on the measured income distribution. A general description of the CPS redesign may be found in Anne E. Polivka, "Data Watch: The Redesigned Current Population Survey," *Journal of Economic Perspectives*, vol. 10 (Summer 1996), pp. 169–80.

5. Published data from the CPS show roughly similar changes over the six-year period for the groups without a college degree. For families with heads having at least a college degree, the CPS data indicate that median income declined slightly between 1989 and 1995 but, in contrast to the SCF estimates, that the mean income of this group rose over the period. In addition to the changes in the CPS noted earlier, a change between 1989 and 1992 in the education data collected in the CPS further complicates the comparison of income for the group with a college degree.

6. Data from the CPS, for example, indicate that the fraction of households that identified themselves as nonwhite or Hispanic increased from 1989 to 1995. The CPS gathers this information through a two-part question, asking first about racial identification and second about Hispanic origin. In the SCF, respondents are asked to choose the group with which they most identify from a list that includes "Hispanic" as a choice.

7. See Arthur B. Kennickell, *Saving and Permanent Income*, Finance and Economics Discussion Series 95-41 (Board of Governors of the Federal Reserve System, 1995), for a more detailed discussion of this variable.

As in the past, the most common reason for saving given in 1995 was to increase liquidity, a category that includes a variety of precautionary motives (table 2).[8] However, the data show some strong shifts in the motives for saving between 1989 and 1995. Families became progressively more likely to report saving for retirement—the increase perhaps reflecting the rising share of baby boom families in the population as well as the perceived uncertainty of future retirement benefits. The frequency of reporting of saving for education also continued to rise, a trend that is likely related to demographic shifts and continuing increases in the cost of college education.

2. Proportion of families citing selected reasons as most important for saving, 1989, 1992, and 1995

Percent

Reason	1989	1992	1995
Education	8.1	9.0	10.9
For the family	3.1	2.7	2.6
Buying own home	4.9	4.0	5.4
Purchases	7.9	5.2	7.7
Retirement	18.4	19.3	23.5
Liquidity	34.2	34.0	33.1
Investments	8.0	7.6	4.3
Other reasons	6.7	6.2	5.8

NOTE. Figures sum to more than 100 percent because some families cited more than one reason as most important.

NET WORTH

After falling between 1989 and 1992, both median and mean net worth rose. By 1995, median net worth had returned to virtually the same level as in 1989, but mean net worth had not fully recovered (table 3).[9] Median net worth rose 6.8 percent between 1992 and 1995. From 1992 to 1995, mean net worth rose 2.7 percent, but it was still down 5.0 percent from 1989.[10] Generally, a rise in median net worth that is larger than a rise in the mean suggests relatively less growth for wealthy families than for families in the middle of the wealth distribution.

Changes in Net Worth by Demographic Categories

When these changes in the overall distribution of net worth are disaggregated by demographic categories, the picture becomes more complex. Between 1992 and 1995, median net worth rose for groups with incomes of less than $25,000. These groups also had higher median net worth in 1995 than in 1989, as did the group with incomes of $100,000 or more. The patterns of increases at the top and bottom of the income distribution are similar for mean net worth. For families in the $25,000–49,999 income group, however, both median and mean net worth in 1995 were below the 1989 level, and the mean was below the 1992 level.

Changes in median and mean net worth differed across age-of-head groups. From 1992 to 1995, median net worth increased for families with heads less than age 55, while the mean for each of these groups held steady or declined. In contrast, median net worth hardly changed for families with heads aged 65 to 74, while the mean increased.

The data within each year show net worth rising with the level of education of the family head, but over 1992–95, both median and mean net worth moved up markedly only for the groups with education at the level of a high-school diploma or less. Over 1989–95, median and mean net worth rose only for the group with a high-school diploma.

The 1989 and 1992 surveys showed an appreciable increase in the median and mean net worth of nonwhite and Hispanic families, although their levels of net worth remained substantially below those of other families. The 1995 survey indicated that the median net worth of nonwhite and Hispanic families had changed little since 1992, whereas mean net worth had fallen below the level of 1989. For other families, mean and median net worth had risen from the depressed level of 1992 but still remained below the levels of 1989.

Over the six-year period, the changes in net worth by occupation classes show some similarity to the changes in family income. Median and mean net worth were higher in 1995 than in 1989 for families with heads who were in technical, sales, and clerical jobs; machine operators and laborers; service workers; and retired persons. In contrast, median and mean net worth were lower in 1995 than in 1989 for those in professional and managerial jobs, precision production jobs, and self-employment. For "others not working"—including unemployed workers, students, and homemakers—median net worth rose, and

8. All families were asked to report a saving motive regardless of whether they were currently saving.

9. The asset values reported in this article do not include any adjustments for future tax liabilities. For example, a family that sold its stock would be required to pay taxes on any increase in the value of the stock.

10. As with family income, the choice of the CPI or the PCE deflator to adjust the data makes little difference to the overall conclusions. If the data are adjusted to 1995 dollars using the PCE deflator, median (mean) net worth is $55,800 ($213,300) in 1989 and $52,200 ($197,600) in 1992.

3. Family net worth, by selected characteristics of families, 1989, 1992, and 1995

Thousands of 1995 dollars except as noted

Family characteristic	1989			1992			1995		
	Median	Mean	Percentage of families	Median	Mean	Percentage of families	Median	Mean	Percentage of families
All families	**56.5** (n.a.)	**216.7** (n.a.)	**100.0**	**52.8** (3.2)	**200.5** (15.6)	**100.0**	**56.4** (3.3)	**205.9** (14.0)	**100.0**
Income (1995 dollars)[1]									
Less than 10,000	1.6	26.1	15.4	3.3	30.9	15.5	4.8	45.6	16.0
10,000–24,999	25.6	77.9	24.3	28.2	71.2	27.8	30.0	74.6	26.5
25,000–49,999	56.0	121.8	30.3	54.8	124.4	29.5	54.9	119.3	31.1
50,000–99,999	128.1	229.5	22.3	121.2	240.8	20.0	121.1	256.0	20.2
100,000 and more	474.7	1372.9	7.7	506.1	1283.6	7.1	485.9	1465.2	6.1
Age of head (years)									
Less than 35	9.2	66.3	27.2	10.1	50.3	25.8	11.4	47.2	24.8
35–44	69.2	171.3	23.4	46.0	144.3	22.8	48.5	144.5	23.2
45–54	114.0	338.9	14.4	83.4	287.8	16.2	90.5	277.8	17.8
55–64	110.5	334.4	13.9	122.5	358.6	13.2	110.8	356.2	12.5
65–74	88.4	336.8	12.0	105.8	308.3	12.6	104.1	331.6	11.9
75 and more	83.2	250.8	9.0	92.8	231.0	9.4	95.0	276.0	9.8
Education of head									
No high school diploma	28.5	92.1	24.3	21.6	75.8	20.4	26.3	87.2	19.0
High school diploma	43.4	134.4	32.1	41.4	120.6	29.9	50.0	138.2	31.6
Some college	56.4	213.8	15.1	62.6	185.4	17.7	43.2	186.6	19.0
College degree	132.1	416.9	28.5	103.1	363.3	31.9	104.1	361.8	30.5
Race or ethnicity of head									
White non-Hispanic	84.7	261.4	75.1	71.7	237.8	75.1	73.9	244.0	77.5
Nonwhite or Hispanic	6.8	82.1	24.9	16.9	87.9	24.9	16.5	74.4	22.5
Current work status of head									
Professional, managerial	106.6	262.7	16.9	78.8	248.5	16.8	89.3	252.8	15.9
Technical, sales, clerical	40.9	98.9	13.4	48.0	105.4	14.8	43.3	109.3	14.9
Precision production	58.4	94.2	9.6	38.4	85.5	7.0	43.5	79.3	8.2
Machine operators and laborers	23.1	67.2	10.6	23.5	56.8	10.0	37.3	70.0	13.1
Service occupations	9.3	53.2	6.6	15.7	52.9	6.2	15.8	60.0	6.6
Self-employed	200.7	765.4	11.2	155.6	644.3	10.9	152.9	731.5	9.7
Retired	77.5	199.2	25.0	76.3	201.2	26.0	81.6	218.3	25.0
Other not working	0.7	62.9	6.7	5.5	68.5	8.2	4.5	60.4	6.5
Housing status									
Owner	119.9	311.7	63.8	106.1	289.6	63.9	102.3	295.4	64.7
Renter or other	2.4	49.4	36.2	3.6	42.7	36.1	4.5	42.2	35.3

NOTE. See note to table 1.

1. For the calendar year preceding the survey.

mean net worth declined. Changes for this group are likely dominated by cyclical variation in the composition of the group.

Median net worth moved down consistently for homeowners over the six-year period, whereas it moved in an opposite direction for renters. In 1995, mean net worth for both groups remained below the level of 1989. The results for homeowners do not appear to be driven by shifts in the level of home values, which generally rose over the period. Possible explanations could be the influx of new homeowners, an increase in the proportion of homeowners with mortgages, and a rise in the amount of mortgage debt owed.

ASSETS

According to the SCF, the share of financial assets in families' total asset holdings has risen steadily, from 28 percent in 1989 to 31 percent in 1992 to 34 percent in 1995 (table 4). By definition,

4. Distribution of amount of financial assets of all families, by type of asset, 1989, 1992, and 1995

Percent

Financial asset	1989	1992	1995
Transaction accounts	19.7	17.7	13.5
Certificates of deposit	10.4	8.2	5.5
Savings bonds	1.6	1.2	1.4
Bonds	11.0	8.5	5.5
Stocks	14.6	16.6	18.0
Mutual funds (excluding money market funds)	5.0	7.7	13.2
Retirement accounts	18.8	24.4	25.1
Cash value of life insurance	6.2	6.3	7.9
Other managed assets	6.6	5.5	5.7
Other	6.0	3.9	3.2
Total	100	100	100
MEMO			
Financial assets as a percentage of total assets	27.9	30.5	34.1

NOTE. In this and following tables, figures may not sum to totals because of rounding.

the share of nonfinancial assets—mainly vehicles, real estate, and businesses—fell correspondingly.

[illegible]

Substantial shifts in the composition of financial assets from 1992 to 1995 generally continued trends observed from 1989 to 1992. The share of financial assets held in transaction accounts and certificates of deposit, the traditional saving vehicles, fell sharply, from 30 percent in 1989 to 26 percent in 1992 to only 19 percent in 1995. At the same time, the share of tax-deferred retirement accounts, publicly traded stocks, and mutual funds in financial assets rose strongly, from 38 percent in 1989 to 49 percent in 1992 to 56 percent in 1995.

Although the proportion of families having at least some financial assets rose only slightly, ownership increased considerably for families earning less than $10,000 a year, for nonwhite and Hispanic families, and for families headed by precision production workers or machine operators and laborers (table 5). Overall, median financial assets rose a bit; this gain was shared by most demographic groups except families with heads aged 65 and older, for whom the median fell.[11]

[illegible]

From 1992 to 1995 the proportion of families having transaction accounts—checking, savings, and money market deposit accounts; money market mutual funds; and call accounts at brokerages—held steady, whereas the median holdings in such accounts fell a little. In 1995, families that had no transaction account were clustered mostly in lower-income and younger age groups. However, ownership rates for lower-income groups were substantially higher in 1995 than in 1989. The discussion in the box "Families without a Checking Account" gives some background on the reasons survey respondents gave for not having accounts.

For most demographic groups, the percentage of families having transaction accounts changed little between 1992 and 1995. However, ownership of such accounts increased substantially for families headed by machine operators and laborers, largely because of cyclical improvements for the group, and declined substantially for families with self-employed heads, largely because of a shift in the composition of the group. While median account balances declined slightly for most groups, there were three notable exceptions: the median declined markedly for

11. In discussing the dollar holdings of detailed components of net worth of the demographic groups considered in this article, we present only the median amounts held. In general, the median is a better indicator of typical holdings of an item than the mean, especially when ownership of the item is concentrated among a relatively small number of families.

Families without a Checking Account

The portion of families without any type of transaction account (checking, savings, and money market deposit accounts; money market mutual funds; and call accounts at brokerages) was about 13 percent in both 1992 and 1995—down from 15 percent in 1989.

More narrowly, the portion of families without a checking account fell continuously over the six-year period, from 18.9 percent in 1989 to 16.5 percent in 1992 to 15.1 percent in 1995. Among these families, 85.0 percent had incomes of less than $25,000 (48.4 percent had incomes of less than $10,000), 59.5 percent had heads under age 45 (36.9 percent had heads under 35), and 54.0 percent were nonwhite or Hispanic. The survey asked all such families the reason they did not have an account, and several interesting patterns appear in the responses (table below).

From 1989 to 1995, a declining portion of such families reported that they did not write enough checks to make an account worthwhile, although this reason remained the most commonly reported. A sharp increase in the expressed dislike of banks appears in 1995. The proportion reporting that they had insufficient money for an account remained approximately unchanged. At the same time, the proportion reporting that they could not manage or balance a checking account almost doubled. The importance of service charges as a reason declined in 1995, and reporting of minimum balance requirements as a reason was unchanged from 1992.

Reasons reported by families without a checking account for not having one, 1989, 1992, and 1995
Percent

Response category	1989	1992	1995
Do not write enough checks to make it worthwhile	34.3	30.4	27.1
Minimum balance is too high	7.6	8.6	8.6
Do not like dealing with banks	15.0	15.3	22.8
Service charges are too high	8.4	11.2	7.9
No bank has convenient hours or location	1.2	.9	1.2
Do not have enough money	21.8	20.9	20.5
Cannot manage or balance a checking account	4.6	6.4	8.6
Other	7.1	5.7	3.4
Total	100	100	100

5. Family holdings of financial assets, by selected characteristics of families and type of asset, 1992 and 1995

A. 1992 Survey of Consumer Finances

Family characteristic	Transaction accounts	CDs	Savings bonds	Bonds	Stocks	Mutual funds	Retirement accounts	Life insurance	Other managed	Other financial	Any financial asset
	Percentage of families holding asset										
All families	**87.0**	**16.7**	**22.3**	**4.2**	**16.9**	**10.4**	**37.9**	**34.8**	**4.0**	**10.8**	**90.3**
	(.7)	(.6)	(.8)	(.4)	(.9)	(.6)	(1.1)	(.9)	(.3)	(.4)	(.7)
Income (1995 dollars)											
Less than 10,000	59.2	8.0	5.1	*	3.6	2.6	5.0	14.9	*	9.5	65.7
10,000–24,999	83.5	17.0	11.6	2.0	7.5	4.9	19.8	25.2	2.6	9.3	87.7
25,000–49,999	94.3	17.0	26.4	2.9	16.4	11.4	41.6	40.9	3.8	11.7	97.4
50,000–99,999	98.4	21.0	39.9	6.0	28.9	15.3	67.4	46.6	6.3	10.2	99.3
100,000 and more	99.4	20.8	34.5	21.2	50.7	30.5	83.1	57.2	10.9	17.9	99.4
Age of head (years)											
Less than 35	81.6	7.6	22.8	1.4	10.7	5.2	29.5	25.6	1.7	12.6	85.9
35–44	86.9	9.0	29.3	2.6	19.4	10.0	46.8	36.1	3.0	11.1	91.0
45–54	89.1	15.9	25.1	5.4	18.6	9.4	50.0	38.3	5.4	11.3	92.7
55–64	90.2	20.2	19.3	4.8	21.6	15.9	50.5	42.2	5.1	10.7	92.6
65–74	88.7	31.0	13.8	7.5	16.0	14.1	34.1	39.2	5.7	10.0	91.0
75 and more	91.6	37.6	14.1	8.5	19.2	14.3	6.2	34.6	5.9	6.0	91.8
Race or ethnicity of head											
White non-Hispanic	92.9	19.6	25.8	5.2	20.4	12.7	43.3	38.3	4.9	11.8	95.4
Nonwhite or Hispanic	69.1	7.8	11.7	1.3	6.3	3.4	21.6	24.3	1.2	7.8	74.8
Current work status of head											
Professional, managerial	97.7	16.5	34.7	7.2	27.6	18.2	63.6	43.7	7.1	10.3	99.1
Technical, sales, clerical	93.7	13.4	30.4	2.6	18.4	9.1	49.8	38.9	3.2	11.8	96.7
Precision production	87.8	6.0	25.7	*	15.2	7.4	48.2	35.3	2.3	11.8	90.5
Machine operators and laborers	80.1	6.9	16.3	*	11.0	4.7	31.2	30.2	*	7.7	86.0
Service occupations	77.7	8.8	22.3	*	6.9	3.9	24.5	23.8	2.9	10.3	83.5
Self-employed	95.8	18.5	23.0	7.0	25.6	14.6	48.0	40.9	2.6	18.9	98.1
Retired	85.8	30.1	14.4	6.1	14.3	11.3	21.3	34.0	5.4	6.9	88.2
Other not working	59.8	5.0	10.2	1.1	4.8	2.3	12.8	16.9	1.6	15.1	67.0
Housing status											
Owner	93.7	21.4	27.2	5.9	22.2	13.6	47.2	42.9	5.2	9.6	95.5
Renter or other	75.1	8.3	13.5	1.3	7.5	4.5	21.4	20.4	1.7	13.0	81.1
	Median value of holdings for families holding asset (thousands of 1995 dollars)										
All families	**2.5**	**11.2**	**.7**	**32.6**	**8.7**	**17.4**	**15.2**	**3.3**	**21.7**	**2.7**	**12.0**
	(.1)	(1.0)	(.1)	(5.4)	(1.2)	(1.7)	(1.3)	(.2)	(5.3)	(.4)	(.9)
Income (1995 dollars)											
Less than 10,000	.5	6.5	.2	*	4.0	15.2	7.9	1.1	*	1.1	1.1
10,000–24,999	1.2	14.6	.5	14.1	4.3	7.6	5.8	1.7	17.4	2.3	4.1
25,000–49,999	2.3	11.2	.5	41.2	5.2	16.3	9.0	3.0	19.5	2.2	11.7
50,000–99,999	4.9	9.8	1.1	21.7	5.7	21.7	23.3	5.4	21.7	3.3	37.7
100,000 and more	20.3	21.7	1.1	97.6	38.0	32.6	55.6	11.4	71.2	27.1	197.5
Age of head (years)											
Less than 35	1.4	4.9	.4	10.9	2.2	2.7	5.4	2.0	21.7	1.1	4.0
35–44	2.2	5.4	.7	21.7	4.3	19.5	9.8	3.8	8.7	3.3	10.5
45–54	3.2	8.7	.9	43.4	11.3	16.3	28.2	4.9	21.7	5.4	20.0
55–64	3.3	16.3	1.1	54.2	14.1	23.9	30.4	7.3	43.4	5.4	29.9
65–74	3.9	21.7	.7	34.7	16.3	32.6	21.7	2.5	34.7	7.6	26.0
75 and more	4.3	23.9	1.2	38.0	27.1	22.8	30.4	2.1	21.7	5.4	22.3
Race or ethnicity of head											
White non-Hispanic	3.0	11.9	.7	32.6	8.7	17.4	16.3	3.3	24.1	3.1	16.3
Nonwhite or Hispanic	1.1	8.7	.6	32.0	6.5	18.4	10.9	3.5	9.8	1.4	3.4
Current work status of head											
Professional, managerial	3.7	7.1	1.1	38.0	8.1	16.3	21.9	4.3	21.7	3.3	25.8
Technical, sales, clerical	2.2	10.3	.5	16.3	6.8	10.9	10.9	3.3	43.4	2.2	10.9
Precision production	2.2	2.8	.3	*	4.0	5.1	11.1	4.1	11.4	2.2	9.9
Machine operators and laborers	1.3	7.6	.5	*	2.2	15.6	5.4	3.0	*	1.8	4.2
Service occupations	.9	16.3	.5	*	4.3	6.5	6.3	3.0	3.3	.6	2.6
Self-employed	5.4	10.9	.5	43.4	10.9	27.1	27.1	6.9	99.8	7.6	21.5
Retired	3.3	21.7	1.1	34.7	17.8	27.1	18.4	2.5	21.7	6.5	16.8
Other not working	1.1	7.1	.5	48.3	11.3	11.5	9.5	4.9	6.5	2.0	3.5
Housing status											
Owner	3.6	12.0	.8	32.6	10.9	19.5	19.0	3.8	21.7	5.4	22.8
Renter or other	1.1	8.1	.5	27.1	4.0	10.9	5.4	2.2	21.7	1.6	3.2

NOTE. See note to table 1 and note 1, table 3.

* Fewer than five observations.

5. Continued

B. 1995 Survey of Consumer Finances

Family characteristic	Transaction accounts	CDs	Savings bonds	Bonds	Stocks	Mutual funds	Retirement accounts	Life insurance	Other managed	Other financial	Any financial asset
	Percentage of families holding asset										
All families	**87.1** (.6)	**14.1** (.6)	**22.9** (.8)	**3.0** (.3)	**15.3** (.7)	**12.0** (.7)	**43.0** (1.0)	**31.4** (.9)	**3.8** (.4)	**11.0** (.4)	**90.8** (.5)
Income (1995 dollars)											
Less than 10,000	61.1	7.2	5.9	*	2.5	1.8	5.9	15.8	*	8.9	68.1
10,000–24,999	82.3	16.0	11.8	*	9.2	4.9	24.2	25.2	3.2	8.6	87.6
25,000–49,999	94.7	13.7	27.4	3.2	14.3	12.4	52.6	33.1	4.2	13.2	97.8
50,000–99,999	98.6	15.6	39.9	4.8	26.0	20.9	69.8	42.5	5.3	11.3	99.5
100,000 and more	100.0	21.1	36.3	14.5	45.2	38.0	84.6	54.1	8.0	15.2	100.0
Age of head (years)											
Less than 35	80.8	7.1	21.1	.5	11.1	8.8	39.2	22.3	1.6	13.5	87.0
35–44	87.4	8.2	31.0	1.6	14.5	10.5	51.5	28.9	3.4	10.5	92.0
45–54	88.9	12.5	25.1	4.6	17.5	16.0	54.3	37.5	2.9	13.0	92.4
55–64	88.2	16.2	19.6	2.9	14.9	15.2	47.2	37.5	7.1	9.0	90.5
65–74	91.1	23.9	17.0	5.1	18.0	13.7	35.0	37.0	5.6	10.4	92.0
75 and more	93.0	34.1	15.3	7.0	21.3	10.4	16.5	35.1	5.7	5.3	93.8
Race or ethnicity of head											
White non-Hispanic	92.4	16.5	26.2	3.7	18.2	14.5	47.0	33.5	4.7	11.7	94.7
Nonwhite or Hispanic	69.1	5.9	11.3	.6	5.5	3.5	29.2	24.4	1.0	8.5	77.4
Current work status of head											
Professional, managerial	97.4	16.1	36.8	4.6	26.1	21.3	70.3	39.1	5.7	11.6	98.9
Technical, sales, clerical	93.0	9.4	24.5	3.1	15.7	11.7	55.8	29.8	3.6	14.0	96.2
Precision production	88.9	7.3	26.2	*	12.4	9.7	48.5	29.0	2.5	9.9	93.5
Machine operators and laborers	84.3	8.2	24.0	1.1	9.0	6.9	47.3	30.1	1.2	10.9	91.5
Service occupations	76.6	5.5	14.0	*	4.0	5.2	24.3	26.1	2.9	10.2	83.3
Self-employed	91.3	18.6	26.0	5.4	18.8	18.2	47.8	41.5	3.1	15.6	94.3
Retired	86.4	23.1	15.1	3.9	16.9	11.0	24.2	31.2	5.4	7.6	88.2
Other not working	59.6	7.8	12.8	.1	5.1	4.6	16.0	13.3	2.7	11.7	66.4
Housing status											
Owner	94.8	17.1	28.4	4.1	19.3	15.6	52.2	38.1	4.9	9.3	96.3
Renter or other	73.0	8.6	12.8	.9	8.1	5.4	26.2	19.2	1.8	14.1	80.8
	Median value of holdings for families holding asset (thousands of 1995 dollars)										
All families	**2.1** (.1)	**10.0** (.6)	**1.0** (.3)	**26.2** (8.1)	**8.0** (1.1)	**19.0** (3.0)	**15.6** (1.0)	**5.0** (.4)	**30.0** (7.9)	**3.0** (.5)	**13.0** (1.2)
Income (1995 dollars)											
Less than 10,000	.7	7.0	.4	*	2.0	25.0	3.5	1.5	*	2.0	1.2
10,000–24,999	1.4	10.0	.8	*	5.7	8.0	6.0	3.0	19.7	2.0	5.4
25,000–49,999	2.0	10.0	.7	29.0	6.9	12.5	10.0	5.0	25.0	2.5	12.1
50,000–99,999	4.5	13.0	1.2	9.4	5.7	15.0	23.0	7.0	35.0	3.0	40.7
100,000 and more	15.8	15.6	1.5	58.0	30.0	48.0	85.0	12.0	62.5	23.0	214.5
Age of head (years)											
Less than 35	1.2	6.0	.5	2.0	3.7	5.0	5.2	3.4	3.8	1.0	5.3
35–44	2.0	6.0	1.0	11.0	4.0	10.0	12.0	5.0	10.8	2.0	11.6
45–54	2.7	12.0	1.0	17.0	10.0	17.5	25.0	6.5	43.0	5.0	24.8
55–64	3.0	14.0	1.1	10.0	17.0	55.0	32.8	6.0	42.0	9.0	32.3
65–74	3.0	17.0	1.5	58.0	15.0	50.0	28.5	5.0	26.0	9.0	19.1
75 and more	5.0	11.0	4.0	40.0	25.0	50.0	17.5	5.0	100.0	35.0	20.9
Race or ethnicity of head											
White non-Hispanic	2.5	10.0	1.0	26.2	8.6	20.0	17.5	5.0	30.0	4.0	16.9
Nonwhite or Hispanic	1.5	10.0	.5	27.0	5.0	7.8	9.6	5.0	1.8	1.5	5.2
Current work status of head											
Professional, managerial	3.3	10.0	1.0	17.0	9.3	15.5	23.0	7.0	21.0	3.0	32.1
Technical, sales, clerical	2.0	10.0	.8	13.0	5.0	11.0	11.4	5.0	10.3	1.8	12.7
Precision production	1.5	4.0	1.0	*	4.8	10.0	10.0	5.0	10.0	2.3	8.7
Machine operators and laborers	1.2	5.3	.6	3.8	1.3	6.0	7.6	6.0	30.0	1.1	6.7
Service occupations	1.2	8.0	.8	*	5.7	20.0	8.8	3.0	5.0	4.5	3.4
Self-employed	4.4	15.0	1.0	50.0	17.5	25.0	28.0	6.0	39.0	4.0	24.0
Retired	3.1	14.0	2.0	40.0	20.0	48.0	24.0	4.5	52.0	7.0	17.4
Other not working	.7	10.0	.4	225.0	2.4	37.0	10.0	3.5	26.0	5.0	3.4
Housing status											
Owner	3.0	10.0	1.0	36.3	10.0	20.0	20.0	6.0	30.0	5.0	22.3
Renter or other	1.2	8.0	.8	7.0	4.0	10.0	5.6	3.0	20.0	1.7	4.0

families with incomes of $100,000 or more and rose for families with heads aged 75 or more and for nonwhite and Hispanic families.

Ownership of certificates of deposit (CDs), another type of deposit traditionally considered a safe investment, declined broadly, continuing a trend observed since the 1989 survey. The median balances of holders of CDs fell more than 40 percent over 1989–95. Modest increases were registered for only a few demographic groups. The decreased popularity of CDs likely reflects the continuing low interest rates in a period when returns to other assets, particularly equities, were rising sharply.

Savings Bonds and Other Bonds

Overall, the percentage of families owning savings bonds and the median amount of their holdings rose slightly between 1992 and 1995. Increases in ownership were marked for families with heads aged 65 to 74 and for families with heads working as machine operators and laborers or in self-employed occupations.

In contrast, direct ownership of other types of bonds—that is, excluding bonds held either through mutual funds or as a part of a retirement account—fell from 4 percent of families in 1992 to 3 percent in 1995; the median holding also fell sharply, from $32,600 to $26,200. The declines in direct ownership and in median holdings were shared by most demographic groups. As with CDs, the fall in bond holdings is part of a longer trend that probably reflects a response to lower interest rates.

Publicly Traded Stocks

The percentage of families having direct ownership of publicly traded stocks—that is, owning stocks other than those held either through mutual funds or as a part of a retirement account—held steady from 1989 to 1992 and then fell for most demographic groups. The exceptional groups were families with incomes of $10,000 to $24,999 and those with heads aged 65 and older.

Moreover, for families that continued to hold stocks, the median value of holdings in 1995 was down a little from the 1992 level but identical to the corresponding 1989 figure. The decline in direct stockholding is part of a broader shift in the ways that families own stocks (see section "Holdings of All Types of Publicly Traded Stocks").

Mutual Funds

Continuing a very strong trend seen between 1989 and 1992, the 1995 results show expansion in the ownership of mutual funds of all types (not including money market funds and funds held as a part of a retirement account). The median value of holdings also continued upward. These changes are not surprising given the run-up in the stock market, the surge in the number of mutual funds available, and the intense marketing of funds.

Changes at a more disaggregated level are mixed. The ownership rate moved up for non-Hispanic whites but remained unchanged for other families. Ownership rates rose most strikingly at the top of the income distribution and for families with heads aged less than 55. Median holdings show a different picture, however, with older families and families at both the top and bottom of the income distribution showing the largest increases.

Retirement Accounts

The survey questions on retirement accounts cover Keogh accounts; individual retirement accounts; and employer-sponsored plans from which loans or withdrawals can be made, such as 401(k) accounts. Over 1989–95, the proportion of families owning these assets rose strongly, and the share of families' financial assets accounted for by retirement assets also rose. These assets complicate straightforward interpretation of families' portfolios because they may comprise holdings of stocks, bonds, mutual funds, real estate, limited partnerships, or virtually any other type of asset.

The percentage of families with retirement accounts grew in almost every demographic group between 1992 and 1995. Although some of these changes are not large, they continue a strong trend noted between 1989 and 1992. Median holdings of the demographic groups shown in the table moved in ways that have no obvious systematic interpretation. However, the median grew strikingly for families with incomes of $100,000 or more.

Other types of retirement plans, particularly defined-benefit plans, provide an annuity income in retirement based on workers' wages and years of service. Because these annuity benefits are difficult to value and frequently depend on complex assumptions about future work decisions, they are excluded from the asset figures reported here.[12]

In general, coverage by any type of employer-sponsored pension plan remained fairly constant over 1989–95: Around 40 percent of all families had coverage from a current job. However, the type of coverage has shifted considerably. The percentage of families participating in a 401(k)-type plan increased dramatically over the period, with 19 percent of families covered under such a plan in 1989 and 27 percent in 1995. At the same time, coverage by defined-benefit plans declined from 28 percent in 1989 to 19 percent in 1995. The shift toward 401(k)-type plans places a more obvious demand on workers to plan for their retirement.

Participation in 401(k)-type plans is voluntary. According to the 1995 SCF, slightly more than one-fourth of family heads who were eligible to participate in such a plan failed to do so in 1995. The data indicate that this choice is related strongly to income: Heads of families with incomes of less than $25,000 were less likely to participate than others. Interestingly, among the group of workers who chose not to participate in these plans, almost half were covered by a defined-benefit plan. Among participants in 401(k)-type plans, less than one-fourth were covered by a defined-benefit plan.

Cash Value Life Insurance

Cash value life insurance combines an investment vehicle with insurance coverage in the form of a death benefit. In recent years, policies normally referred to as "universal life" have added more complex investment elements to the traditional policy. The proportion of families that held cash value insurance declined between 1992 and 1995, continuing the downward movement between 1989 and 1992. This decline may reflect increased competition from the pure insurance coverage offered by term insurance as well as the attraction of other types of investments. For those holding cash value insurance, however, the median cash value rose overall and for most of the demographic groups shown—a trend that did not appear in the earlier data. The decrease in use together with the increase in median value suggests that families who have such insurance may be using it more intensively as an investment vehicle or may have held it for sufficient time to have accumulated large cash value.

Remaining Financial Assets

Ownership of other managed assets (personal annuities, trusts, and managed investment accounts) and other financial assets (a heterogeneous category including such items as oil and gas leases, futures contracts, royalties, proceeds from lawsuits or estates in settlement, and loans made to others) showed no important movements from 1992 to 1995, just as they had shown no systematic changes from 1989 to 1992. The overall median of other managed assets moved up, but the pattern of changes over demographic groups suggests no clear explanation for this finding. A strong upward shift in the share of such assets invested in stock suggests that the increase in the median may be due to asset appreciation. The median holding of other financial assets was little changed over the period.

Holdings of All Types of Publicly Traded Stocks

As noted earlier, families may hold stock many different ways—through direct ownership, through a mutual fund, through a retirement account, or through a trust or other type of managed investment account. Data from the three SCFs between 1989 and 1995 show that when all these types of ownership are combined, stock holding rose dramatically (table 6). The proportion of families owning stock through any means rose from 32 percent in 1989 to 37 percent in 1992 to 41 percent in 1995. The median equity holding also moved up, as did the share of stock in total financial assets. Moreover, all income and age groups saw a substantial increase in stocks as a share of financial assets; the shares doubled for families with incomes of less than $25,000.

Nonfinancial Assets

The counterpart to the strong growth in financial assets of families from 1989 to 1995 was the drop in the share of their assets held in nonfinancial forms (table 7). The composition of family nonfinancial assets changed as well, most notably in the decline in the share of such assets allocated to investment real estate and the rise in the shares of business assets

12. For a calculation of net worth that includes the value of annuity pension benefits, see Arthur B. Kennickell and Annika E. Sundén, "Pensions, Social Security, and the Distribution of Wealth" (Board of Governors of the Federal Reserve System, 1996).

6. Direct and indirect stock ownership, by selected characteristics of families, 1989, 1992, and 1995

Percent except as noted

Family characteristic	Families having direct or indirect stock holdings			Median value, among families with holdings (thousands of 1995 dollars)			Stock holdings' share of group's financial assets		
	1989	1992	1995	1989	1992	1995	1989	1992	1995
All families	**31.7**	**37.2**	**41.1**	**10.4**	**11.5**	**13.5**	**26.3**	**34.4**	**40.4**
Income (1995 dollars)									
Less than 10,000	2.3	6.9	6.0	35.0	5.9	4.0	10.0	15.2	21.1
10,000–24,999	13.1	19.4	25.3	9.2	4.3	5.0	10.3	18.6	24.6
25,000–49,999	33.1	41.6	47.7	5.5	7.6	8.0	20.3	25.4	33.0
50,000–99,999	54.0	64.1	66.7	10.4	14.6	21.3	25.6	35.1	39.9
100,000 and more	79.7	79.1	83.9	47.9	74.6	90.8	31.4	40.2	47.6
Age of head (years)									
Less than 35	23.3	28.3	38.5	3.7	3.8	5.4	25.4	25.6	32.4
35–44	40.5	42.2	46.7	6.3	8.1	9.0	25.6	30.8	41.4
45–54	40.2	47.3	49.3	12.3	14.4	24.0	29.9	39.4	44.2
55–64	34.2	44.8	41.4	18.6	25.3	20.0	28.4	37.3	45.3
65–74	26.1	31.9	34.0	25.8	21.7	25.0	26.2	34.4	34.3
75 and more	24.7	28.1	28.1	28.2	27.1	28.1	20.7	28.6	39.5

NOTE. See note to table 1 and note 1, table 3.

and vehicles. Nonetheless, the primary residence remained the largest single part of families' nonfinancial assets.

A few general patterns in ownership of the types of nonfinancial assets are considered here (table 8). Ownership rises with income; it also tends to rise with the age of family head and then may decline in the older age groups. Similar patterns are observed in the median holdings of these assets over income and age groups. Overall, the percentage of families in various groups owning some type of nonfinancial asset changed little between 1992 and 1995. At the same time, the median value of the holdings rose for almost all groups, with the principal exceptions of families at the top and bottom ends of the income distribution.

Vehicles

Ownership of vehicles (automobiles, motorcycles, vans, trucks, sport utility vehicles, motor homes, recreational vehicles, airplanes, and boats) fell somewhat from 1992 to 1995, but these items remained the most widely held nonfinancial assets. The decline in ownership was spread over most of the demographic groups, although ownership rose for families with incomes of less than $10,000 and those headed by machine operators and laborers and by service workers. In contrast, the median value of vehicles owned rose from $7,400 to $10,000 over the three-year period, and it rose for every group.

A part of the decrease in the percentage of families owning vehicles may be attributed to an increase in the percentage leasing vehicles, which rose from 3 percent in 1992 to about 5 percent in 1995. Most of the increase was concentrated among families with incomes of $25,000 or more. Among the group with incomes of $100,000 or more, the proportion of families leasing a vehicle surged from 10 percent in 1992 to 17 percent in 1995. Although the share of families leasing vehicles is fairly small, leased vehicles represented 35 percent of all new vehicles acquired by families in 1995, up from 22 percent in 1992.[13]

7. Distribution of value of nonfinancial assets of all families, by type of asset, 1989, 1992, and 1995

Percent

Nonfinancial asset	1989	1992	1995
Vehicles	5.4	5.5	6.9
Primary residence	44.1	45.7	45.9
Investment real estate	21.4	21.4	16.6
Business assets	27.0	25.7	29.0
Other nonfinancial assets	2.1	1.6	2.1
Total	100	100	100
MEMO			
Nonfinancial assets as a share of total assets	72.1	69.5	65.9

Primary Residence

Between 1992 and 1995, homeownership moved up slightly, continuing a trend from 1989–92. The median home value showed a similar pattern. Over

13. For additional evidence on vehicle leasing, see Ana Aizcorbe and Martha Starr-McCluer, *Vehicle Ownership, Vehicle Acquisitions, and the Growth of Auto Leasing,* Finance and Economics Discussion Series 96–35 (Board of Governors of the Federal Reserve System, 1996).

demographic groups, changes in ownership rates were mixed. For owners, the median house value generally rose for families with incomes of less than $100,000 and fell somewhat for higher-income families. This difference may partly reflect low rates of price appreciation for more expensive houses.

Investment Real Estate

Overall, ownership of investment real estate (vacation homes, rental units, commercial property, farm land, undeveloped land, and all other types of real estate except primary residences and property owned through a business) fell nearly 2 percentage points from 1992 to 1995. The 1992 figure in turn was nearly 1 percentage point lower than the 1989 level.

The decline in ownership was widespread. All income groups except the lowest were less likely to have investment real estate in 1995 than in 1992. By age groups, the decrease was concentrated among families with heads aged less than 65, and the change was especially striking for the 55 to 64 age group. The changes in median holdings showed no clear pattern between 1992 and 1995; however, increases for the groups with heads between the ages of 55 and 74 seem to continue a trend apparent since 1989.

Business Assets

The fraction of families owning business assets (sole proprietorships, limited partnerships, other types of partnerships, subchapter S corporations, other types of corporations that are not publicly traded, and other types of private businesses) fell slightly between 1989 and 1995. Ownership declined appreciably for families having incomes of $100,000 and more and for nonwhite and Hispanic families. In contrast, from 1989 to 1992, ownership of businesses rose for nonwhite and Hispanic families.

The median value of business assets fell sharply over the entire six-year period. The median declined between 1992 and 1995 for all age groups and for all income groups except those at each end of the income distribution. Median holdings declined markedly for families headed by self-employed workers, but the composition of this group may have changed between 1992 and 1995 through growth in the portion of the group consisting of "small-scale" entrepreneurs.

Other Nonfinancial Assets

For the remaining nonfinancial assets (a broad category of tangible assets including artwork, jewelry, precious metals, and antiques), ownership rates rose a bit between 1992 and 1995, while the median amounts of such assets rose more strongly. The median value of these assets rose particularly among older and lower-income families.

Unrealized Capital Gains

Along with saving out of current income, changes in the values of assets such as businesses, real estate, and stocks are a determinant of family wealth. Until these assets are sold, and thereby appear as part of family income, any gains are unrealized. To measure this part of wealth, the survey obtains information about changes in value from the time of purchase of a primary residence, investment real estate, businesses, publicly traded stock, and mutual funds. Despite the large increase in stock prices from 1989 to 1995, median and mean unrealized capital gains fell overall in the 1992 and 1995 surveys (table 9). The declines were apparently driven by substantial declines of unrealized gains in housing and businesses.

LIABILITIES

Family debt and family assets both rose strongly from 1989 to 1995. As a result, family debt as a proportion of assets (the leverage ratio) held fairly steady at about 16 percent over the period (table 10). Home mortgages and home equity borrowing as a share of total family debt grew strongly, however, probably because of wider home ownership and a continuing shift of debt into these tax-deductible forms. The share of credit card debt also grew strongly between 1992 and 1995, but it remained a small part of total family debt. Offsetting these increases was a strong decline in the share of borrowing for investment real estate. The share of installment borrowing declined between 1989 and 1992 and then rose slightly between 1992 and 1995.[14]

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14. The term "installment borrowing" in this article describes consumer loans that generally have fixed payments and a fixed term, such as a standard automobile loan. This usage contrasts with alternative usages that include most types of nonmortgage borrowing by households.

8. Family holdings of nonfinancial assets, by selected characteristics of families and type of asset, 1992 and 1995

A. 1992 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Investment real estate	Business	Other non-financial	Any nonfinancial asset
	Percentage of families holding asset					
All families	**86.2**	**63.9**	**19.3**	**11.9**	**8.3**	**91.0**
	(.6)	(.01)	(.9)	(.8)	(.5)	(.4)
Income (1995 dollars)						
Less than 10,000	52.3	37.4	3.7	3.2	5.2	65.5
10,000–24,999	85.4	55.6	13.0	7.2	4.6	90.3
25,000–49,999	94.5	67.1	18.4	11.0	9.0	97.6
50,000–99,999	97.6	82.1	29.4	16.2	10.0	99.1
100,000 and more	97.6	90.5	53.3	41.2	22.0	100.0
Age of head (years)						
Less than 35	84.1	36.9	8.2	8.5	8.2	86.1
35–44	89.0	64.5	16.5	15.9	9.4	92.6
45–54	93.1	75.4	25.2	15.8	9.7	94.5
55–64	87.0	77.7	35.3	16.0	6.3	93.0
65–74	85.9	79.3	25.1	8.5	6.5	91.6
75 and more	72.8	77.0	15.8	3.8	8.8	91.2
Race or ethnicity of head						
White non-Hispanic	90.7	68.9	21.9	13.5	9.7	94.8
Nonwhite or Hispanic	72.7	48.8	11.2	7.1	4.2	79.7
Current work status of head						
Professional, managerial	94.5	66.5	24.3	9.7	12.6	97.1
Technical, sales, clerical	91.7	62.5	16.5	6.6	7.5	94.0
Precision production	93.5	63.6	19.9	6.8	10.3	95.4
Machine operators and laborers	90.2	57.6	13.7	3.6	8.1	92.4
Service occupations	80.5	47.2	4.7	5.9	6.1	84.9
Self-employed	95.4	76.2	35.4	62.8	12.0	98.2
Retired	78.9	73.6	19.9	4.1	5.4	89.2
Other not working	64.0	35.0	7.9	2.2	5.7	69.0
Housing status						
Owner	93.3	100.0	24.9	14.8	9.3	100.0
Renter or other	73.7	0	9.4	6.8	6.7	75.2
	Median value of holdings for families holding asset (thousands of 1995 dollars)					
All families	**7.4**	**86.8**	**48.8**	**65.1**	**7.6**	**74.2**
	(.2)	(3.7)	(4.2)	(10.8)	(.9)	(3.3)
Income (1995 dollars)						
Less than 10,000	2.6	38.8	26.0	29.0	1.6	19.3
10,000–24,999	4.5	54.2	21.7	32.6	4.9	39.4
25,000–49,999	7.8	81.4	43.4	54.2	5.4	71.1
50,000–99,999	11.8	108.5	51.5	65.1	13.0	134.6
100,000 and more	17.8	217.0	130.2	260.4	27.1	391.0
Age of head (years)						
Less than 35	6.4	72.7	34.7	32.6	4.3	18.1
35–44	8.1	97.6	38.0	48.8	8.7	88.4
45–54	9.1	97.6	57.5	108.5	12.5	102.4
55–64	9.0	90.1	54.2	119.3	10.9	115.5
65–74	5.4	70.5	51.5	162.7	9.8	82.6
75 and more	4.8	75.9	54.2	86.8	7.1	75.5
Race or ethnicity of head						
White non-Hispanic	7.8	92.2	48.8	70.5	7.6	85.5
Nonwhite or Hispanic	5.3	54.2	48.8	48.8	9.2	40.4
Current work status of head						
Professional, managerial	9.4	121.5	70.5	54.2	8.7	108.1
Technical, sales, clerical	8.0	84.4	41.2	48.8	7.6	74.1
Precision production	8.2	81.4	32.6	13.6	5.4	69.2
Machine operators and laborers	6.4	60.8	27.1	19.0	3.3	40.0
Service occupations	5.5	52.1	54.2	32.6	5.4	26.0
Self-employed	11.8	135.6	83.5	97.6	16.3	195.4
Retired	4.9	70.5	46.7	65.1	6.0	70.9
Other not working	4.5	60.8	32.6	30.5	9.8	22.8
Housing status						
Owner	9.0	86.8	48.8	86.8	8.7	111.9
Renter or other	4.6	*	54.2	27.1	5.4	5.7

NOTE. See note to table 1 and note 1, table 3.

* Fewer than five observations.

B. 1995 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Investment real estate	Business	Other non-financial	Any nonfinancial asset
	Percentage of families holding asset					
All families	**84.2** (.7)	**64.7** (.03)	**17.5** (.8)	**11.0** (.6)	**9.0** (.5)	**91.1** (.5)
Income (1995 dollars)						
Less than 10,000	57.7	37.6	6.9	4.8	3.8	69.8
10,000–24,999	82.7	55.4	11.5	6.2	6.2	89.4
25,000–49,999	92.2	68.4	16.5	9.8	9.6	96.6
50,000–99,999	93.3	84.4	24.9	17.5	11.5	99.1
100,000 and more	90.2	91.1	52.3	32.1	22.6	99.4
Age of head (years)						
Less than 35	83.9	37.9	7.2	9.3	7.6	87.6
35–44	85.1	64.6	14.4	13.9	10.2	90.9
45–54	88.2	75.4	23.9	14.8	10.7	93.7
55–64	88.7	82.1	26.9	11.7	9.8	94.0
65–74	82.0	79.0	26.5	7.9	8.9	92.5
75 and more	72.8	73.0	16.6	3.8	5.4	90.2
Race or ethnicity of head						
White non-Hispanic	88.1	69.4	19.7	12.6	10.5	94.9
Nonwhite or Hispanic	71.1	48.2	10.2	5.4	3.5	78.1
Current work status of head						
Professional, managerial	90.8	71.1	24.6	11.8	14.5	96.7
Technical, sales, clerical	88.0	63.4	10.5	6.4	10.6	92.9
Precision production	93.4	66.9	16.2	7.3	9.0	97.2
Machine operators and laborers	91.9	61.2	14.0	5.1	6.5	93.8
Service occupations	83.8	50.5	8.6	3.5	2.0	86.9
Self-employed	85.7	73.9	32.1	58.0	16.1	96.1
Retired	76.6	70.3	18.6	2.9	5.6	88.3
Other not working	60.6	34.8	8.0	3.7	5.9	67.9
Housing status						
Owner	90.8	100.0	22.3	13.4	10.3	100.0
Renter or other	72.2	0	8.7	6.4	6.5	74.8
	Median value of holdings for families holding asset (thousands of 1995 dollars)					
All families	**10.0** (.3)	**90.0** (2.6)	**50.0** (3.8)	**41.0** (5.9)	**10.0** (.7)	**83.0** (2.8)
Income (1995 dollars)						
Less than 10,000	3.6	40.0	16.2	50.6	2.5	13.1
10,000–24,999	6.1	65.0	30.0	30.0	8.0	44.5
25,000–49,999	11.1	80.0	40.0	26.3	6.0	81.5
50,000–99,999	16.2	120.0	57.3	30.0	14.0	145.2
100,000 and more	22.8	200.0	130.0	300.0	20.0	319.3
Age of head (years)						
Less than 35	9.0	80.0	33.5	20.0	5.0	21.5
35–44	10.7	95.0	45.0	35.0	9.0	95.6
45–54	12.4	100.0	55.0	60.0	12.0	111.7
55–64	11.9	85.0	82.5	75.0	10.0	107.0
65–74	8.0	80.0	55.0	100.0	16.0	93.5
75 and more	5.3	80.0	20.0	30.0	15.0	79.0
Race or ethnicity of head						
White non-Hispanic	10.8	92.0	50.0	45.0	10.0	93.0
Nonwhite or Hispanic	7.7	70.0	33.5	26.3	8.0	42.1
Current work status of head						
Professional, managerial	12.4	130.0	57.3	15.0	10.0	133.5
Technical, sales, clerical	10.4	90.0	40.0	17.5	10.0	83.1
Precision production	12.2	78.0	37.5	30.0	5.0	72.9
Machine operators and laborers	10.8	68.0	36.0	24.0	8.0	57.9
Service occupations	7.2	69.0	17.5	80.2	10.0	35.8
Self-employed	12.0	120.0	100.0	71.0	8.0	175.6
Retired	7.3	76.0	45.0	90.0	10.0	78.0
Other not working	6.2	80.0	59.0	12.0	7.0	17.4
Housing status						
Owner	11.9	90.0	53.0	50.0	10.0	115.4
Renter or other	6.4	*	35.0	26.0	5.0	7.5

9. Family unrealized capital gains, by selected characteristics of families, 1989, 1992, and 1995
Thousands of 1995 dollars

Family characteristic	1989		1992		1995	
	Median	Mean	Median	Mean	Median	Mean
All families	**11.7**	**86.9**	**8.1**	**76.8**	**6.1**	**68.8**
Income (1995 dollars)						
Less than 10,000	†	9.7	†	14.6	†	18.9
10,000–24,999	.6	33.4	1.2	29.2	.2	26.2
25,000–49,999	12.3	52.1	6.7	46.6	7.0	34.6
50,000–99,999	36.8	86.3	26.1	86.8	27.0	63.1
100,000 and more	132.7	552.2	138.2	497.4	75.7	574.9
Age of head (years)						
Less than 35	†	26.4	†	16.1	†	12.0
35–44	13.1	66.2	5.4	58.7	4.5	39.8
45–54	41.1	144.8	19.5	112.4	18.8	96.0
55–64	36.2	133.2	31.5	142.3	30.0	133.5
65–74	31.4	132.6	32.5	122.7	30.1	112.6
75 and more	19.2	98.1	27.1	71.9	33.0	95.4

NOTE. See note to table 1 and note 1, table 3.
† Less than $50.

Families' Holdings of Debts

Overall, the proportion of families with debt rose slightly between 1989 and 1992 and then more substantially by 1995 (table 11). Following a similar pattern, the median amount of debt outstanding rose 15 percent from 1992 to 1995 after having been flat over the previous three years. The increases between 1992 and 1995 in both the prevalence of borrowing and the median amount of debt owed would normally be expected in a period of economic expansion. The increases were spread widely over demographic groups, with the salient exceptions of families in the highest income group and families with self-employed heads.

The prevalence of debt tends to increase with family income, but the sizes of the increases are fairly small as the level of income rises above $25,000. The median amount of debt owed shows much larger increases with income, likely because of borrowing associated with the acquisition of non-financial assets. By age group, the proportion of families borrowing varies only a little for the groups with heads younger than 65, but it falls off quickly after that. The drop-off in median borrowing in these older groups is even sharper. The age pattern is largely explained by the paying off of mortgages on primary residences.

10. Distribution of amount of debt of all families, by type of debt, 1989, 1992, and 1995
Percent

Type of debt	1989	1992	1995
Home mortgage and home equity loans and lines of credit	56.6	64.2	68.2
Installment loans	13.9	10.3	11.2
Other lines of credit	1.0	.7	.4
Credit card balances	2.3	2.8	3.7
Investment real estate mortgages	24.5	19.8	14.4
Other debt	1.7	2.2	2.2
Total	100	100	100
MEMO			
Debt as a percentage of total assets	15.9	16.3	16.0

Home Mortgages and Home Equity Borrowing

For homeowners, mortgages serve at least two purposes: a means of paying for the home and a substitute for other borrowing. Since the Tax Reform Act of 1986, which phased out the deductibility of non-mortgage debt, loans secured by home equity (traditional mortgages, home equity loans, and home equity lines of credit secured by a primary residence) have increasingly served as a source of tax-preferred funds. Declining interest rates between 1992 and 1995 gave families yet another incentive to refinance existing mortgages and obtain funds for other purposes at the same time.

The proportion of families borrowing through mortgage loans in 1995 was up slightly from the 1989 level, but the median amount outstanding rose about 30 percent over the six-year period. Over the same period, the median value of a primary residence rose only 4.8 percent; the much larger rise in the size of mortgage debt suggests that families were using more of their home equity for purchases or investments other than the purchase of their primary residence. Both the prevalence of mortgage borrowing and the median amount owed rose for most demographic groups.

Not included in the debt figures shown for mortgages are families that have a home equity line of credit that was not being used at the time of the survey. Home equity lines of credit became a less important source of credit between 1992 and 1995; both the proportion of families with such a credit line and the proportion using the line declined.

Installment Borrowing

The share of families using installment borrowing was lower in 1995 than in 1989. Such a decline during a period of strong growth in borrowing probably reflects a substitution to other types of financing, particularly mortgages, credit card debt, or automobile leasing.

The median amount of installment debt rose 22 percent between 1992 and 1995, and much of the increase was associated with borrowing for automobiles. The median amount of installment debt rose for most groups, with the exceptions of families with incomes of $100,000 or more and families with self-employed heads.

Borrowing on Other Lines of Credit

The use of personal lines of credit other than home equity lines declined from 1989 to 1995 for almost every demographic group. On the demand side, the decline may reflect a strong increase in the use of credit cards or a rise in mortgage refinancing. On the supply side, many lenders stopped offering unsecured lines. Changes in the dollar amount of this type of credit are difficult to evaluate because the instrument is so narrowly used.

Credit Card Borrowing

In 1989, 40 percent of families had an outstanding balance on some type of credit card—bank-type cards (such as Visa, Mastercard, Discover, and Optima), store and gasoline company cards, travel and entertainment cards (such as American Express and Diners Club), and other credit cards—after paying their most recent bill. The proportion of families with such debt rose over the six years, to 48 percent in 1995. This strong growth likely reflects, among other things, the decline in some credit card interest rates and the intensive marketing of cards by issuers in recent years.

From 1992 to 1995, the use of some type of credit card for borrowing and the median amount borrowed rose for almost all demographic groups. Exceptions are the groups of families with heads aged 65 or over. However, the declines for those families do not entirely reverse the increases observed for these groups between 1989 and 1992.

Much of the growth in credit card debt over the past several years has been in bank-type cards. Between 1992 and 1995, continuing a trend from 1989, the share of families having such cards rose (from 62 percent to 67 percent), as did the fraction of cardholders running a balance on them (from 53 percent to 56 percent). The median balance for those with positive balances rose almost 40 percent, from $1,100 in 1992 to $1,500 in 1995. At the same time, the median total credit limit on such cards jumped from $5,400 per cardholding family in 1992 to $9,000 in 1995. As a consequence, the median proportion of the credit limit used by those with balances fell from 28 percent in 1992 to 23 percent in 1995.

Investment Real Estate Debt

Reflecting in part the decline in the proportion of families having investment real estate, the percentage of families borrowing to finance such assets declined from 1992 to 1995 for most groups, whereas the median amount owed by families that had such loans moved up 8 percent. This divergence in prevalence and the amount owed suggests that the families that dropped out of the market were those with smaller holdings.

Other Debt

Other borrowing (loans on insurance policies, loans against pension accounts, borrowings on a margin account, and other unclassified loans) rose slightly overall between 1992 and 1995. The median amount of such debt fell 26 percent, however. This movement results largely from decreases in the amounts borrowed against employer-sponsored pension accounts and against the cash value of life insurance. The use of margin accounts and other loans was little changed.

11. Family holdings of debt, by selected characteristics of families and type of debt, 1992 and 1995

A. 1992 Survey of Consumer Finances

Family characteristic	Mortgage and home equity	Installment	Other lines of credit	Credit card	Investment real estate	Other debt	Any debt
	Percentage of families holding debt						
All families	**39.1**	**46.1**	**2.4**	**43.8**	**7.8**	**8.8**	**73.6**
	(.7)	(.9)	(.2)	(.9)	(.6)	(.5)	(.7)
Income (1995 dollars)							
Less than 10,000	9.9	30.5	*	23.3	.6	4.3	48.3
10,000–24,999	22.3	43.0	1.4	39.7	3.0	6.4	66.2
25,000–49,999	44.0	54.6	2.8	55.8	6.7	10.9	82.5
50,000–99,999	65.7	52.4	3.4	51.3	12.9	9.3	85.4
100,000 and more	74.2	39.8	5.8	34.0	32.5	17.5	88.8
Age of head (years)							
Less than 35	30.8	61.9	2.9	51.7	4.5	6.5	81.9
35–44	55.4	58.1	3.3	50.8	8.8	12.4	86.6
45–54	61.2	50.2	2.7	49.3	12.8	11.0	85.7
55–64	41.1	38.8	1.6	37.0	14.4	9.8	70.6
65–74	18.8	23.1	1.0	32.5	4.6	6.1	52.1
75 and more	8.7	8.2	*	20.4	.7	4.4	31.9
Race or ethnicity of head							
White non-Hispanic	41.9	46.4	2.7	44.1	8.9	8.4	74.4
Nonwhite or Hispanic	30.6	45.5	1.6	42.9	4.3	9.8	71.4
Current work status of head							
Professional, managerial	56.0	57.2	4.5	51.2	12.6	13.3	88.4
Technical, sales, clerical	50.7	56.9	2.6	59.5	6.5	7.6	88.7
Precision production	51.3	63.9	2.3	55.0	8.7	9.2	86.2
Machine operators and laborers	43.2	58.6	2.2	54.5	6.5	10.6	80.6
Service occupations	28.5	57.6	2.9	46.6	*	6.6	80.1
Self-employed	58.6	48.2	3.9	47.5	19.0	12.8	85.8
Retired	16.8	21.2	.6	25.2	3.7	5.3	45.4
Other not working	21.2	41.2	*	29.8	3.6	6.2	65.5
Housing status							
Owner	61.2	44.3	2.1	46.6	9.7	9.6	78.7
Renter or other	0	49.4	3.0	38.8	4.4	7.3	64.7
	Median value of holdings for families holding debt (thousands of 1995 dollars)						
All families	**47.4**	**5.0**	**2.2**	**1.1**	**26.0**	**2.7**	**19.5**
	(2.0)	(.2)	(.4)	(.1)	(4.6)	(.4)	(1.0)
Income (1995 dollars)							
Less than 10,000	15.2	2.1	*	.5	38.0	1.6	2.5
10,000–24,999	20.6	3.1	2.9	.9	6.5	1.1	6.3
25,000–49,999	42.3	5.7	1.5	1.2	16.3	2.2	19.3
50,000–99,999	60.8	8.1	2.0	1.6	27.1	3.3	59.3
100,000 and more	99.7	11.2	4.3	2.7	74.9	6.5	120.1
Age of head (years)							
Less than 35	55.3	5.0	1.3	1.0	14.2	1.5	11.5
35–44	59.7	5.4	2.0	1.3	27.1	3.3	39.1
45–54	43.4	5.1	5.4	1.6	36.9	3.3	31.3
55–64	32.6	4.8	4.3	1.1	29.5	3.3	22.6
65–74	18.4	4.3	4.3	.9	16.3	1.6	5.4
75 and more	30.4	3.4	*	.6	82.7	2.9	2.6
Race or ethnicity of head							
White non-Hispanic	48.8	5.5	2.2	1.1	26.6	3.3	23.9
Nonwhite or Hispanic	33.8	3.5	2.4	.9	19.5	2.2	9.7
Current work status of head							
Professional, managerial	65.1	6.2	3.3	1.5	35.8	3.3	42.4
Technical, sales, clerical	51.5	5.6	1.3	1.1	13.6	2.2	24.8
Precision production	47.7	5.0	1.4	1.1	15.2	3.3	25.3
Machine operators and laborers	28.1	5.2	1.1	1.1	9.8	2.2	16.3
Service occupations	32.9	3.8	2.2	.9	*	1.6	7.4
Self-employed	73.0	6.9	4.3	1.9	58.6	5.4	57.3
Retired	19.6	3.7	4.3	.8	19.5	2.2	6.2
Other not working	28.5	2.8	*	.8	29.3	2.7	5.1
Housing status							
Owner	47.4	6.1	3.0	1.2	29.5	3.3	41.2
Renter or other	*	4.0	1.3	1.0	17.5	1.5	4.2

NOTE. See note to table 1 and note 1, table 3.

* Fewer than five observations. †† Item held by less than 0.05 percent of the group.

1.—Continued

B. 1995 Survey of Consumer Finances

Family characteristic	Mortgage and home equity	Installment	Other lines of credit	Credit card	Investment real estate	Other debt	Any debt
	Percentage of families holding debt						
All families	**41.1**	**46.5**	**1.9**	**47.8**	**6.3**	**9.0**	**75.2**
	(.6)	(.8)	(.2)	(.8)	(.4)	(.6)	(.7)
Income (1995 dollars)							
Less than 10,000	8.9	25.9	*	25.4	1.6	6.6	48.5
10,000–24,999	24.8	41.3	1.4	41.9	2.5	8.7	67.3
25,000–49,999	47.3	54.3	2.0	56.7	5.8	8.5	83.9
50,000–99,999	68.7	60.7	3.2	62.8	9.5	10.0	89.9
100,000 and more	73.6	37.0	4.0	37.0	27.9	15.8	86.4
Age of head (years)							
Less than 35	32.9	62.2	2.6	55.4	2.6	7.8	83.8
35–44	54.1	60.7	2.2	55.8	6.5	11.1	87.2
45–54	61.9	54.0	2.3	57.3	10.4	14.1	86.5
55–64	45.8	36.0	1.4	43.4	12.5	7.5	75.2
65–74	24.8	16.7	1.3	31.3	5.0	5.5	54.5
75 and more	7.1	9.6	††	18.3	1.5	3.6	30.1
Race or ethnicity of head							
White non-Hispanic	43.5	46.4	2.1	47.5	6.9	9.1	75.8
Nonwhite or Hispanic	32.7	46.9	1.3	48.8	4.4	8.5	73.1
Current work status of head							
Professional, managerial	63.4	56.2	3.7	56.8	10.5	10.9	90.3
Technical, sales, clerical	51.4	61.1	2.0	60.1	4.1	12.3	88.6
Precision production	53.3	64.5	2.3	64.8	5.4	9.1	88.3
Machine operators and laborers	44.1	61.3	.9	56.9	6.8	9.5	86.0
Service occupations	34.6	50.3	*	53.1	2.2	9.0	82.6
Self-employed	51.3	45.6	3.6	44.9	15.4	10.0	81.9
Retired	19.0	18.4	.3	26.6	3.6	4.8	45.9
Other not working	17.9	42.8	*	38.7	2.7	9.8	65.0
Housing status							
Owner	63.6	46.0	1.5	51.4	7.9	8.7	80.2
Renter or other	0	47.5	2.6	41.2	3.5	9.5	66.2
	Median value of holdings for families holding debt (thousands of 1995 dollars)						
All families	**51.0**	**6.1**	**3.5**	**1.5**	**28.0**	**2.0**	**22.5**
	(2.1)	(.3)	(.7)	(.1)	(2.9)	(.2)	(1.2)
Income (1995 dollars)							
Less than 10,000	14.0	2.9	*	.6	15.0	2.0	2.6
10,000–24,999	26.0	3.9	3.0	1.2	18.3	1.2	9.2
25,000–49,999	46.0	6.6	3.0	1.4	25.0	1.5	23.4
50,000–99,999	68.0	9.0	2.2	2.2	34.0	2.5	65.0
100,000 and more	103.4	8.5	19.5	3.0	36.8	7.0	112.2
Age of head (years)							
Less than 35	63.0	7.0	1.4	1.4	22.8	1.5	15.2
35–44	60.0	5.6	2.0	1.8	30.0	1.7	37.6
45–54	48.0	7.0	5.7	2.0	28.1	2.5	41.0
55–64	36.0	5.9	3.5	1.3	26.0	4.0	25.8
65–74	19.0	4.9	3.8	.8	36.0	2.0	7.7
75 and more	15.9	3.9	††	.4	8.0	3.0	2.0
Race or ethnicity of head							
White non-Hispanic	54.0	6.4	3.5	1.5	29.0	2.0	27.2
Nonwhite or Hispanic	36.5	5.0	.8	1.2	25.0	1.5	12.2
Current work status of head							
Professional, managerial	79.0	8.2	2.5	2.2	26.3	2.7	65.1
Technical, sales, clerical	52.6	8.0	.6	1.7	25.0	1.6	30.1
Precision production	50.0	6.3	1.5	1.4	35.0	2.0	29.5
Machine operators and laborers	36.8	5.2	1.6	1.3	17.0	1.0	15.2
Service occupations	38.5	5.1	*	1.3	13.0	1.0	12.0
Self-employed	62.0	5.8	8.0	2.6	50.0	4.8	42.2
Retired	23.3	4.4	3.8	1.0	23.0	2.5	6.5
Other not working	45.0	5.0	*	.8	20.0	1.7	7.5
Housing status							
Owner	51.0	6.9	5.0	1.5	27.0	2.5	46.0
Renter or other	*	5.0	1.5	1.3	28.0	1.5	4.9

Reasons for Borrowing

The SCF provides detailed information on the reasons that families borrow money (table 12).[15] One subtle problem with the use of these data is that, even though money is borrowed for a particular purpose, it may only offset the use of other funds. For example, a family may have sufficient assets to purchase a home without using a mortgage, but it may choose not to do so in order to invest those other funds in another asset. Thus, trends in the data can only be suggestive of the underlying use of funds by families.

The survey shows that the proportion of total borrowing directly attributable to home purchase has risen dramatically—from 53 percent in 1989 to 65 percent in 1995—a rise nearly equaled by the size of the decline in borrowing for investment real estate. Borrowing for other investment also declined over the period. The share of credit attributable to vehicle borrowing shows a cyclical pattern. Other reasons for borrowing show little change over the period.

In 1995 the SCF for the first time gathered information on the use of the funds families obtained from refinancing their mortgages. Approximately 10 percent of all families with mortgages in 1995 had refinanced their current mortgage at some time. Among this group, the major uses reported for the funds were home improvements or repairs (42 percent of refinancers), payment of bills or bill consolidation (21 percent), investments (12 percent), education (5 percent), and vehicle purchases (4 percent).

15. For all but two of the types of loans covered by the 1995 SCF, respondents were queried about the use of the funds borrowed. It was deemed infeasible to ask the purposes for funds borrowed with credit cards. For purposes of the analysis here, credit card debt is included in the category "goods and services." The second exception was first mortgages that were taken out when a property was obtained. In this case, it was assumed that the funds were used for the purchase of the home. In the earlier surveys, questions were also not asked about the use of funds obtained from any other type of first mortgage and from borrowing against a pension account.

12. Distribution of amount of debt of all families, by purpose of debt, 1989, 1992, and 1995

Percent

Purpose of debt	1989	1992	1995
Home purchase	53.0	59.9	65.2
Home improvement	2.0	2.3	1.9
Investment, excluding real estate	2.6	1.6	.9
Vehicles	8.6	6.2	7.1
Goods and services	4.8	5.0	5.2
Investment real estate	25.8	20.5	15.3
Education	1.9	2.5	2.5
Unclassifiable loans against pension accounts	.1	.2	.2
Other unclassifiable loans	1.1	2.0	1.8
Total	100	100	100

13. Distribution of amount of debt of all families, by type of lending institution, 1989, 1992, and 1995

Percent

Type of institution	1989	1992	1995
Commercial bank	29.4	33.2	35.1
Savings and loan or savings bank	23.4	16.6	11.3
Credit union	3.3	4.0	4.2
Finance or loan company	9.6	13.5	21.0
Brokerage	2.9	3.3	1.9
Real estate lender	13.3	14.2	12.9
Individual lender	6.8	4.5	4.4
Other nonfinancial	1.3	1.5	.7
Government	2.0	1.9	1.7
Credit and store cards	2.3	3.0	3.7
Loans against pension accounts	.1	.2	.2
Other unclassifiable loans	5.4	4.2	2.9
Total	100	100	100

Choice of Lenders

As one might expect in light of the continuing restructuring of the financial services industry, large shifts occurred in consumers' borrowing patterns (table 13). With the ongoing contraction of the savings and loan industry, lending at savings and loans and savings banks as a share of total debt held by families declined between 1989 and 1995. Partly offsetting this decline was a surge in lending by finance companies that was particularly strong from 1992 to 1995. The market shares of banks and credit unions grew steadily from 1989 to 1995.[16]

Debt Burden

The ability of families to service their loans is determined by the size of the payments they are required to make and the amount of income or assets they have available to make those payments. As noted above, the surveys measured before-tax family income for the preceding calendar year. Between the 1992 and 1995 surveys, median and mean income moved up, and the amount borrowed rose. By the end of the period, most interest rates on newly originated

16. For evidence on similar changes in borrowing patterns for small businesses, see Rebel A. Cole, John D. Wolken, and R. Louise Woodburn, "Bank and Nonbank Competition for Small Business Credit: Evidence from the 1987 and 1993 National Surveys of Small Business Finances," *Federal Reserve Bulletin*, vol. 82 (November 1996), pp. 983–95.

loans were lower than they were at the start. Thus, it is not obvious how the ability of families to service their loans out of their current income has changed or, indeed, if it has.

On net, the survey indicates that the overall ratio of the total debt payments of all families to total family income—a common measure of "debt burden"—changed only slightly between 1989 and 1995 (table 14).[17] When this measure is computed separately for different income groups, families with incomes below $10,000 show an increase in debt burden between 1992 and 1995, and families with incomes of at least $100,000 show a large decrease. The ratio did not move appreciably for other families.

This aggregate measure may not adequately describe the typical debt burden of families with debt. A better indication of typical debt burden is the median ratio of debt payments to income computed for debtors alone. For all families with debt, this measure moved up by 1 percentage point from 1992 to 1995. For debtors with incomes below $50,000 the ratio rose, and for those with incomes of $100,000 and more it fell.

Two indicators of potential financial distress are the share of families with debt who have payments exceeding 40 percent of their income and the share who were late with their payments by sixty days or more at least once in the preceding year. The 1992–95 period saw little change in the proportion of highly indebted families (that is, those with payments exceeding 40 percent of their income), but the proportion of debtors who were late payers rose nearly 1 percentage point.[18]

SUMMARY

Data from the 1995 SCF provide a detailed view of recent changes in the income and net worth of families. Although median and mean family income reported in 1995 had risen above the cyclically depressed levels of the 1992 survey, neither measure had reached the level reported in 1989. Median net worth reported in 1995 also had returned to a level nearly the same as that in 1989. However, mean net worth remained below its 1989 level.

17. When calculated using macroeconomic data, this ratio declined from 16 percent at the time of the 1992 survey to a low of 15.3 percent in 1993. It had moved back up to 16.6 percent by the time of the 1995 survey. The ratio calculated from macroeconomic data uses an estimate of aggregate debt service payments. In contrast, the ratio calculated from SCF data uses information on debt service payments obtained directly from respondents. See Glenn B. Canner, Arthur B. Kennickell, and Charles A. Luckett, "Household Sector Borrowing and the Burden of Debt," *Federal Reserve Bulletin*, vol. 81 (April 1995), pp. 323–38. In the case of credit cards, the payment is estimated using an average market rate on credit cards.

18. The periodicity of the SCF obscures some important fluctuations in the frequency of payments problems. Industry data available on a monthly basis show a sharp drop in delinquency rates on consumer debt from 1992 through 1994. By the time of the 1995 survey, rates had increased to levels somewhat higher than those in 1992, and they have continued to rise since then.

The measure of late payments in the SCF differs conceptually from the aggregate delinquency rate in some important respects. Whereas the delinquency rate records late payments on each loan in a given period, the survey asks respondents whether they have been late or behind in any of their payments during the past year. Thus a person with three delinquent loans would be counted three times in the aggregate data but only once in the SCF.

14. Aggregate and median ratios of debt payments to family income, and shares of debtors with ratios above 40 percent and those with any payment sixty days or more past due, by selected family characteristics, 1989, 1992, and 1995

Percent

Family characteristic	Aggregate			Median			Ratios above 40 percent			Any payment sixty days or more past due		
	1989	1992	1995	1989	1992	1995	1989	1992	1995	1989	1992	1995
All families	**15.6**	**15.8**	**15.4**	**16.0**	**15.7**	**16.7**	**10.9**	**11.6**	**11.1**	**7.0**	**6.0**	**6.9**
Income (1995 dollars)												
Less than 10,000	16.2	17.1	21.1	19.3	13.2	15.1	25.6	28.9	26.9	21.4	11.1	8.0
10,000–24,999	12.7	16.5	16.1	17.2	14.7	17.8	13.9	16.0	16.9	11.8	9.2	11.4
25,000–49,999	16.7	17.0	17.2	16.0	16.0	16.9	10.6	9.7	8.5	4.2	6.2	7.8
50,000–99,999	17.4	16.0	16.7	16.1	16.9	16.8	5.7	4.7	4.3	4.0	2.1	2.4
100,000 and more	14.0	14.2	11.9	13.9	14.6	11.4	6.7	4.5	4.1	2.2	.5	1.4
Age of head (years)												
Less than 35	18.4	16.9	17.7	16.5	15.5	16.9	13.1	10.6	11.1	10.8	8.2	8.8
35–44	18.8	18.4	17.6	18.4	18.5	18.2	9.2	12.2	9.8	5.9	7.0	7.4
45–54	16.2	17.5	17.0	16.8	16.2	17.0	11.7	11.6	11.0	4.6	5.4	7.8
55–64	14.6	14.4	14.9	13.5	15.2	15.2	10.0	15.6	15.3	7.5	4.6	2.5
65–74	6.8	10.3	9.4	12.3	10.1	13.3	8.5	8.6	9.9	3.3	1.1	5.0
75 and more	2.6	4.6	3.8	8.8	3.1	3.8	11.2	9.6	9.5	1.1	2.1	4.2

NOTE. See note to table 1 and note 1, table 3.

Among families' assets, the relative importance of corporate equities and of retirement accounts rose steadily from 1989 to 1995. During this time, the home ownership rate rose about 1 percentage point, while median home values increased slightly. The median value of business assets declined sharply over the six-year period. Unrealized capital gains also fell over the six-year period, mostly because of substantial declines in the unrealized gains in homes and businesses.

Although the ratio of debts to assets changed only slightly over this period, two shifts in borrowing are particularly interesting. First, mortgage debt grew strongly as a share of family debt, likely reflecting the increase in the home ownership rate as well as refinancing related to declining mortgage interest rates between 1992 and 1995. Second, both the proportion of families using credit cards for borrowing and the median balances outstanding on cards rose markedly from 1989 to 1995.

Appendix: Survey Procedures and Statistical Measures

Since 1989, the questionnaires for the SCF have changed only slightly. Generally, changes have been introduced to gather additional information needed to understand other data in the survey—for example, the 1995 SCF introduced a question on uses of funds for mortgages that were taken out after the time a primary residence was purchased. Also, the major aspects of the sample design have been fixed over this time. Thus, the information obtained by the survey is comparable over 1989–95.

The survey is intended to provide an adequate descriptive basis for the analysis of family assets and liabilities. To address this requirement, the SCF combines two types of samples. First, a standard multistage area-probability design is selected to provide good coverage of characteristics, such as home ownership, that are broadly distributed in the population. Second, a special list sample is included to oversample wealthy families, who hold a disproportionately large share of such assets as noncorporate businesses and tax-exempt bonds. This list sample is drawn from a sample of tax records made available for this purpose under strict rules governing confidentiality, the rights of potential respondents to refuse participation in the survey, and the types of information from the interview that can be made generally available. Of the 3,906 completed interviews in the 1992 SCF, 2,456 families were from the area-probability sample and 1,450 were from the list sample; the comparable figures for the 4,299 interviews completed in 1995 are 2,780 families from the area-probability sample and 1,519 from the list sample.[19]

A very important factor in the ability to conduct surveys is the generosity of the public in giving their time for an interview. In the 1995 SCF, the average interview required 90 minutes. However, for some particularly complicated cases, the amount of time needed was substantially more than two hours.[20]

Data for the 1992 and 1995 surveys were collected by the National Opinion Research Center at the University of Chicago (NORC) between the months of June and December in each of the two years. The great majority of interviews were conducted in person, although interviewers were allowed to conduct telephone interviews if that was a better arrangement for the respondent. In the 1995 survey, one important change was the introduction of laptop computers for use in administering the questionnaire. This change increased the length of the interview somewhat, and it may also have had some effects on the quality of information collected.[21] Nonetheless, the effects of the change in the mode of questionnaire administration appear to be fairly small.

Errors may be introduced into survey results at many stages. Sampling error, the variability expected to occur in estimates based on a sample instead of a census, is a particularly important source of error. Such error may be reduced either by increasing the size of the sample or by designing the sample to reduce important types of variability; the latter course has been chosen for the SCF. Estimation of sampling error in the SCF is described further below.

Interviewers may introduce errors, though SCF interviewers are given lengthy project-specific training to minimize this problem. In addition, computer control of the 1995 survey greatly reduced technical errors made by interviewers. Respondents may introduce error by understanding a question in a sense different from that intended by the survey designers. For the SCF, extensive pretesting and other review of questions tend to reduce this source of error.

Nonresponse—either complete nonresponse to the survey or nonresponse to selected items within the

19. The 1992 SCF represents 95.9 million families; the 1995 SCF represents 99.0 million families.

20. The role of interviewers in this effort is normally not sufficiently recognized. Without the dedication and perseverance of the project field staff, the survey would not have been possible.

21. For more information on the effects of computer-assisted interviewing in the 1995 SCF, see Arthur B. Kennickell, "Using Range Techniques with CAPI in the 1995 Survey of Consumer Finances" (Board of Governors of the Federal Reserve System, 1996).

survey—may be another important source of error. As noted in more detail below, the SCF uses weighting adjustments to compensate for complete nonresponse. To deal with missing information on individual items, the SCF uses statistical methods to impute missing data.[22]

Response rates differ markedly in the two parts of the SCF sample. In both 1992 and 1995, about 70 percent of families selected for the area-probability sample actually completed interviews. The overall response rate in the list sample was about 34 percent. Detailed analysis of the data suggests that the tendency to refuse participation in an interview is highly correlated with wealth. The response rates for both samples are low by the standards of other major government surveys. However, unlike other surveys, which almost certainly also have differential nonresponse by wealthy families, the SCF sample frame provides a basis for adjusting for nonresponse by such families. To provide a measure of the frequency with which families similar to the sample families could be expected to be found in the population of all families, analysis weights are computed for each case to account for both the systematic properties of the design and for nonresponse. A major part of research by SCF staff is devoted to adjustments for nonresponse through the analysis weights for the survey.[23]

For this article, the weights were further adjusted to decrease the possibility that the results could be overly affected by a small number of observations. Such influential observations were detected using a graphical technique to inspect the underlying data. Most of the cases found were holders of an unusual asset or liability or were members of demographic groups for which such holdings were rare. Trimming the weights of such cases is likely to make the key findings in the article more reliable.

To estimate the standard errors due to sampling that are reported in the main part of this article, a replication technique was used. Replication methods draw samples from the set of actual respondents in a way that incorporates the important dimensions of the original sample design. In the SCF, a bootstrap procedure was used to select 1,000 sample replicates, and a new weight was computed for all the cases in each of the selected replicates.[24]

Comparable standard errors are not available for the 1989 survey. Weights for the 1989 SCF were computed using an earlier version of the methodology applied in 1992 and 1995. Although estimates using these 1989 weights are comparable to estimates from the later surveys, the difference in the weight construction is a source of variability in comparisons. An ongoing project computes weights for the 1989 SCF using exactly the same methodology as that applied in the later surveys. Corresponding bootstrap replicates and their weights will also be computed. A set of tables for the 1989 data reporting the major detailed estimates presented in this article for 1992 and 1995 will be published in a later issue of the *Federal Reserve Bulletin.*

Generally, the survey data correspond well to external estimates, when such information is available. Comparisons of SCF data with aggregate data from the Federal Reserve flow of funds accounts suggest that when proper adjustments are made to achieve conceptual comparability, these aggregate estimates and the SCF estimates for 1989 and 1992 are very close.[25] In general, only medians from the SCF can be compared with those of other surveys because of the special design of the SCF sample.

The definition of "family" used throughout this article differs from that typically used in other government studies. In the SCF, a household unit is divided into a "primary economic unit" (PEU)—the family—and everyone else in the household. The PEU is intended to be the economically dominant single individual or pair of individuals (who may be married or living as partners) and all other persons who are financially dependent on that person or those persons. In other government studies, for example, those of the Bureau of the Census, a single individual is not considered a family. As noted in the main text, the Census definition of household is closer to the SCF definition of family. The term "head" used in this article is an artifact of the organization of the data and implies no judgment about the structure of families. In a PEU containing only a single economically dominant individual, the head is taken to be that individual. In other PEUs, the head is taken to be the male in the core couple of the PEU or the older person in a same-sex couple.

22. See Arthur B. Kennickell, "Imputation of the 1989 Survey of Consumer Finances: Stochastic Relaxation and Multiple Imputation" (Board of Governors of the Federal Reserve System, 1991).

23. For a description of the weighting methodology, see Arthur B. Kennickell, Douglas A. McManus, and R. Louise Woodburn, "Weighting Design for the 1992 Survey of Consumer Finances" (Board of Governors of the Federal Reserve System, 1996). The weighting design for the 1995 survey is identical. A review of the 1995 weights will be available later in the year.

24. See Kennickell, McManus, and Woodburn, "Weighting Design," for details.

25. For the details of this comparison, see Rochelle Antoniewicz, "A Comparison of the Household Sector from the Flow of Funds Accounts and the Survey of Consumer Finances," *Review of Income and Wealth* (forthcoming).

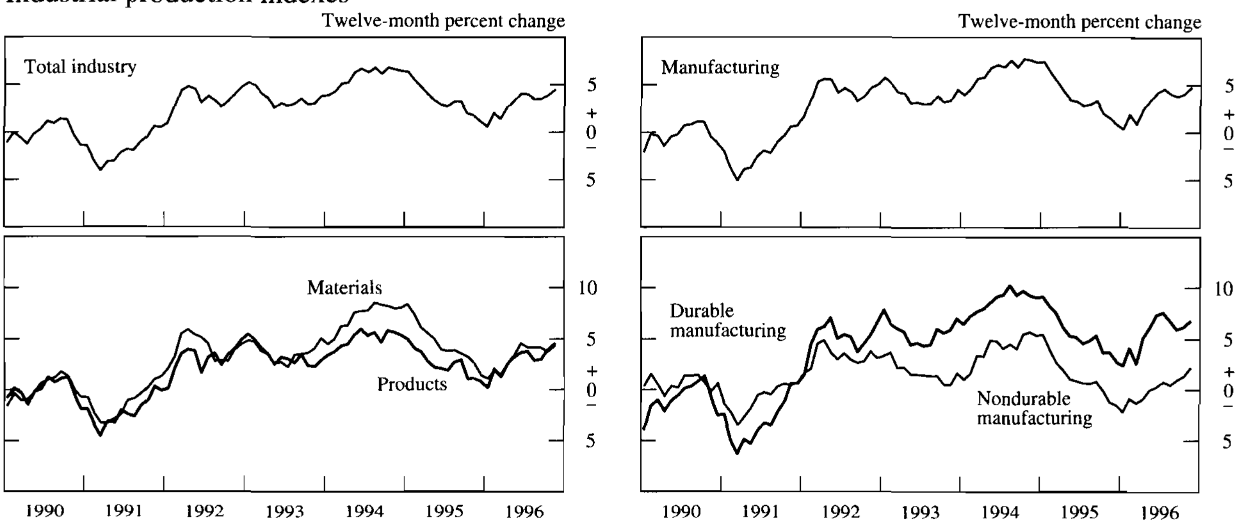
The data used in this article from the 1989 and 1992 SCFs are derived from the final versions of those surveys. Results reported in this article may differ in some details from earlier results based on the preliminary data from those surveys. The 1995 data used here represent the best estimates at the current advanced stage of data processing. Data from the 1995 SCF, in a form designed to protect the privacy of respondents, should be available in the first half of 1997 from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161, (703) 487-4763. □

Industrial Production and Capacity Utilization for November 1996

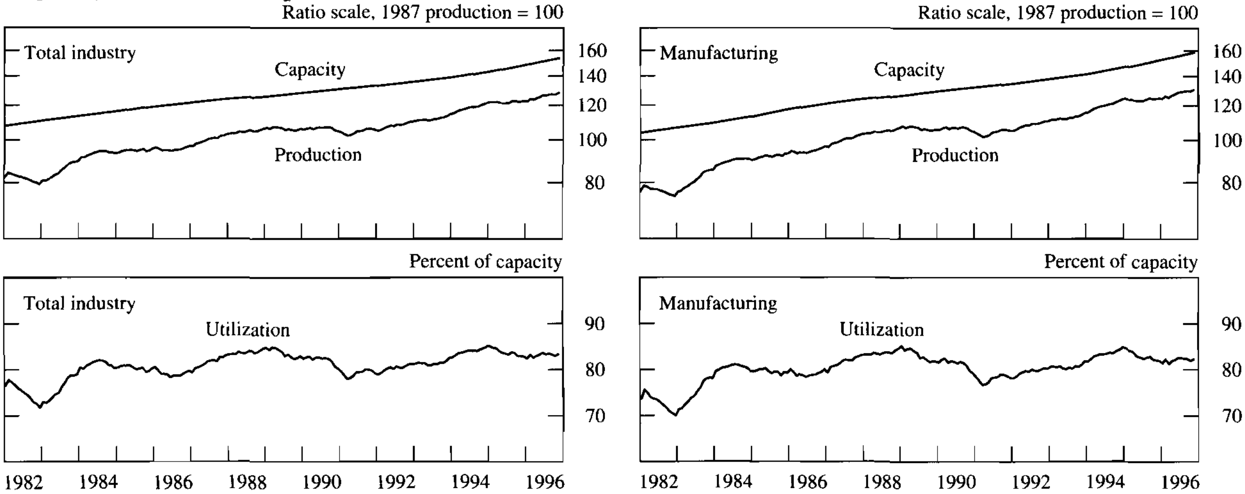
Released for publication December 16

Industrial production increased 0.9 percent in November after a revised decline of 0.2 percent in October. A rebound in the production of motor vehicles at strike-affected General Motors plants and in the production of related parts and materials accounted for about half of the gain. In addition, a 2.5 percent surge in utility output, in response to unusually cold weather, contributed 0.2 percentage point to overall IP growth. At 128.0 percent of its 1987 average, total industrial production in November was 4.4 percent higher than it was in November 1995. The utilization of industrial capacity increased 0.4 percentage point, to 83.3 percent, matching the most recent pre-strike level, attained in September.

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, November 1996

Category	Industrial production, index, 1987=100								
	1996				Percentage change				
					1996[1]				Nov. 1995 to Nov. 1996
	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	
Total	**126.9**	**127.1**	**126.9**	**128.0**	**.5**	**.1**	**−.2**	**.9**	**4.4**
Previous estimate	126.8	127.2	126.6	...	.4	.3	−.5	...	...
Major market groups									
Products, total[2]	122.7	123.0	123.0	124.1	.1	.3	.0	1.0	4.5
Consumer goods	116.5	116.6	116.3	117.8	−.7	.1	−.3	1.3	1.6
Business equipment	171.1	171.8	173.0	175.2	.4	.4	.7	1.3	11.7
Construction supplies	114.4	115.6	114.3	114.7	2.2	1.0	−1.1	.4	5.6
Materials	133.5	133.5	132.9	133.9	1.0	.0	−.4	.8	4.3
Major industry groups									
Manufacturing	129.2	129.6	129.4	130.4	.2	.3	−.2	.8	4.7
Durable	142.2	142.4	141.7	143.3	.6	.1	−.5	1.2	6.7
Nondurable	114.8	115.5	115.8	116.1	−.3	.6	.3	.3	2.1
Mining	102.7	102.7	102.0	102.1	1.8	−.1	−.6	.1	3.8
Utilities	125.6	123.9	124.4	127.4	2.4	−1.3	.3	2.5	1.6

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Nov. 1995 to Nov. 1996
	Average, 1967–95	Low, 1982	High, 1988–89	1995	1996				
				Nov.	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	
Total	**82.1**	**71.8**	**84.9**	**83.0**	**83.5**	**83.3**	**82.9**	**83.3**	**4.0**
Previous estimate	...	...	...	...	83.4	83.4	82.7	...	...
Manufacturing	81.4	70.0	85.2	82.0	82.4	82.3	81.9	82.2	4.4
Advanced processing	80.7	71.4	83.5	80.3	80.6	80.5	80.0	80.6	5.2
Primary processing	82.6	66.8	89.0	86.0	86.6	86.8	86.4	86.2	2.5
Mining	87.4	80.6	86.5	87.9	91.9	91.9	91.3	91.3	−.1
Utilities	86.9	76.2	92.6	92.5	91.6	90.4	90.6	92.7	1.4

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

1. Change from preceding month.

2. Contains components in addition to those shown.

r Revised.

p Preliminary.

When analyzed by market group, the data show that the aggregate output of consumer goods jumped 1.3 percent. Although the rebound in motor vehicles accounted for about two-fifths of this gain, the remaining increase resulted from an increase of 1.0 percent in the production of nondurable consumer goods. Growth in the amount of gas and electricity used for residential heat contributed a substantial portion of this increase, and the output of other nondurables rose 0.6 percent. Led by continuing weakness in the appliance segment, the production of consumer durables other than automotive products fell another 0.6 percentage point. This decrease marked the fifth consecutive monthly decline for this market group, and the index for other consumer durables is now 2.6 percent below its year-ago level.

The overall output of business equipment, which had posted sizable monthly gains since May, rose sharply, increasing 1.3 percent. Gains were particularly strong in the output of transit equipment, in which a bounceback in the production of motor vehicles was augmented by another substantial increase in the production of commercial aircraft and equipment. The output of information processing equipment, which had grown more than 1.0 percent per month during the previous three months, advanced at a more moderate rate of 0.7 percent in November. The output of industrial equipment edged up 0.2 percent, and the index for this segment now stands at about the same level as it did a year earlier. However, the output of other equipment, which had been weak most of the year, increased 1.1 percent after a revised gain of 1.9 percent in October; advances in farm and office equipment led the increases in both months.

After having fallen 1.1 percent in October, the index of construction supplies increased 0.4 percent; the index of business supplies edged up 0.1 percent after a revised gain of 0.5 percent in October. The aggregate output of industrial materials increased 0.8 percent. Within this aggregate, the production of durable goods materials advanced 1.0 percent, largely because of rebounds in the production of parts and materials used primarily by the motor vehicle industry. The output of nondurable materials slipped 0.1 percent; sizable increases in the output of paper materials and of containers were offset by comparable decreases in the production of chemical materials. The production of energy materials jumped 1.0 percent, led by a sharp gain in electricity generation.

When analyzed by industry group, the data show that factory output increased 0.8 percent after a revised 0.2 percent loss in October; the production of durable goods increased 1.2 percent, while that of nondurable goods rose 0.3 percent. The output of durable goods was buoyed not only by the resurgence of production in motor vehicles and parts but also by increases of 0.5 percent or more in the production of lumber, furniture and fixtures, fabricated metal products, computer and office equipment, electrical machinery, and aerospace and miscellaneous transportation. The only decrease in durable goods production was in primary metals, where the output of iron and steel dropped 2.6 percent.

Among nondurables, the indexes for food, tobacco, textile mill products, and paper all posted gains of 0.5 percent or more; the production of leather and of chemical products also advanced. On the negative side, the output of apparel products and of petroleum products dropped more than 1.5 percent; the production of rubber and plastics also declined.

The factory operating rate increased 0.3 percentage point, to 82.2 percent. The rate for advanced-processing industries, which include motor vehicles and parts, rose 0.6 percentage point, to 80.6 percent, after having fallen a similar amount in October; the rate for primary-processing industries declined 0.2 percentage point, to 86.2 percent. After having fallen 5.5 percentage points in October, the operating rate in motor vehicles and parts increased 4.4 percentage points, to 78.8 percent. The operating rate at mines remained unchanged, at 91.3 percent, while the rate at utilities increased 2.1 percentage points, to 92.7 percent.

This release and the history for all published series are available on the Internet at http://www.bog.frb.fed.us, the Board of Governors World Wide Web site.

1996 ANNUAL REVISION ANNOUNCEMENT

The Federal Reserve will publish revisions of its measures of industrial production (IP), capacity, capacity utilization, and industrial use of electric power on January 7, 1997. The revisions of IP, capacity, and capacity utilization will incorporate updated source data for recent years and will feature a change in the method of aggregating the indexes. From 1977 onward, the value-added proportions used to weight individual series will be updated annually rather than quinquennially. In addition, the IP indexes and the capacity measures will be rebased so that 1992 actual output equals 100. Capacity utilization, the ratio of IP to capacity, will be recomputed on the basis of revised IP and capacity measures.

The aggregate IP indexes will be constructed with a superlative index formula similar to that introduced by the Bureau of Economic Analysis as the featured measure of real output in its January 1996 comprehensive revision of the National Income and Product Accounts. At present, the aggregate IP indexes are computed as linked Laspeyres indexes, with the weights updated every five years. Because of the rapid fall in the relative price of computers and peripheral equipment, that periodic updating of weights is too infrequent to provide reliable estimates of current changes in output, capacity, and capacity utilization. With the publication of the revision, value-added proportions will be updated annually, and the new index number formula will be applied to all aggregates of IP, capacity, and gross value of product. For the most part, relative price movements among the 260 individual components of the IP index are likely to have little visible effect on total IP. However, the more frequent updating of the relative price of the output of the computer industry could lower overall IP growth in some years by as much as ½ percentage point; in other years, the updating of weights will have virtually no effect. Because the new index number formula will slow capacity growth as well as IP growth, the effect of the reaggregation on overall capacity utilization should be small.

The regular updating of source data for IP will include the introduction of annual data from the *1994 Annual Survey of Manufactures* and selected *1995 Current Industrial Reports* of the Bureau of the Census. Available annual data on mining for 1994 and 1995 from the Department of the Interior will also be introduced. Revisions to the monthly indicators for each industry (physical product data, production-worker hours, or electric power usage) and revised seasonal factors will be incorporated back to 1992. In addition, the benchmark index for semiconductor output will be revised back to 1977 to reflect a hedonic price index similar in concept to what is used for the computer industry.

The statistics on the industrial use of electric power will be revised back to 1972. These revisions stem from three basic sources. First, the new figures incorporate more complete reports received from utilities for the past few years. Second, an updated panel of reporters on cogeneration will be fully integrated into our survey of electric power use. Third, the levels of the monthly electric power series for manufacturing industries will be benchmarked to indexes derived from data published in the Census Bureau's annual surveys and censuses of manufactures. These indexes will also be revised so that 1992 electric power usage equals 100.

More detail on the plans for this revision is available on the Internet at http://www.bog.frb.fed.us. Once the revision is published, the revised data will be available at that site and on diskettes from the Board of Governors of the Federal Reserve System, Publications Services, 202-452-3245. The revised data will also be available through the Economic Bulletin Board of the Department of Commerce. For information about the Bulletin Board, call 202-482-1986. In addition to the data currently provided, the time series of implicit prices necessary for a user to aggregate IP and capacity under the new methodology will be provided. For information on these revisions, call the Industrial Output Section, 202-452-3151. □

Announcements

APPOINTMENTS OF CHAIRMEN AND DEPUTY CHAIRMEN OF THE FEDERAL RESERVE BANKS

The Federal Reserve Board announced on November 4, 1996, the appointment of Chairmen and Deputy Chairmen of the twelve Federal Reserve Banks for 1997.

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 a second as Deputy Chairman.

Following are the names of the Chairmen and Deputy Chairmen appointed by the Board for next year.

Boston

William C. Brainard, Chairman, Department of Economics, Yale University, New Haven, Connecticut, Chairman.

Frederick J. Mancheski, Chairman and CEO, Echlin, Inc., Branford, Connecticut, Deputy Chairman.

New York

John C. Whitehead, Chairman, AEA Investors, Inc., New York, renamed Chairman.

Thomas W. Jones, Vice Chairman, President, and COO, Teachers Insurance and Annuity Assn.— College Retirement Equities Fund, New York, renamed Deputy Chairman.

Philadelphia

Donald J. Kennedy, Business Manager, International Brotherhood of Electrical Workers, Local Union No. 269, Trenton, New Jersey, renamed Chairman.

Joan Carter, President and COO, UM Holdings Ltd., Haddonfield, New Jersey, renamed Deputy Chairman.

Cleveland

G. Watts Humphrey, Jr., President, GWH Holdings, Inc., Pittsburgh, Chairman.

David H. Hoag, Chairman and CEO, The LTV Corporation, Cleveland, Deputy Chairman.

Richmond

Claudine B. Malone, President, Financial & Management Consulting, Inc., McLean, Virginia, renamed Chairman.

Robert L. Strickland, Chairman, Lowe's Companies, Inc., Winston–Salem, North Carolina, renamed Deputy Chairman.

Atlanta

Hugh M. Brown, President and CEO, BAMSI, Inc., Titusville, Florida, renamed Chairman.

David R. Jones, President and CEO, Atlanta Gas Light Company, Atlanta, Deputy Chairman.

Chicago

Lester H. McKeever, Jr., Managing Partner, Washington, Pittman & McKeever, Chicago, Chairman.

Arthur C. Martinez, Chairman and CEO, Sears, Roebuck and Co., Hoffman Estates, Illinois, Deputy Chairman.

St. Louis

John F. McDonnell, Chairman, McDonnell Douglas Corp., St. Louis, renamed Chairman.

Susan S. Elliott, President and CEO, Systems Service Enterprises, Inc., St. Louis, renamed Deputy Chairman.

Minneapolis

Jean D. Kinsey, Professor, Consumption Economics, University of Minnesota, St. Paul, renamed Chairman.

David A. Koch, Chairman, Graco, Inc., Minneapolis, renamed Deputy Chairman.

Kansas City

A. Drue Jennings, Chairman, President, and CEO, Kansas City Power & Light Co., Kansas City, Missouri, renamed Chairman.

Jo Marie Danick, Area Managing Partner, Ernst & Young LLP, Denver, renamed Deputy Chairman.

Dallas

Roger R. Hemminghaus, Chairman, President, and CEO, Diamond Shamrock, Inc., San Antonio, Chairman.

Cece Smith, General Partner, Phillips–Smith Specialty Retail Group, Dallas, Deputy Chairman.

San Francisco

Judith M. Runstad, Partner, Foster Pepper and Shefelman, Seattle, renamed Chairman.

Gary G. Michael, Chairman and CEO, Albertson's, Inc., Boise, Idaho, Deputy Chairman.

Release of Report on Public Disclosure of Trading and Derivatives Activities of Banks and Securities Firms

The Federal Reserve Board announced on November 13, 1996, that a joint report on the public disclosure of trading and derivatives activities of banks and securities firms worldwide had been issued by the Basle Committee on Banking Supervision and the Technical Committee of the International Organisation of Securities Commissions (IOSCO).[1]

The joint report provides an overview of the disclosures about trading and derivatives activities in the 1995 annual reports of a sample of the largest internationally active banks and securities firms in the Group of Ten (G-10) countries and notes improvements since 1993. The analysis builds, in part, upon a framework used by the Federal Reserve in analyzing the trading and derivatives disclosures of major U.S. banking organizations.

In total, seventy-nine major banks and securities firms in the G-10 countries comprised the sample reviewed for the 1993–95 period, representing more than $13 trillion in total assets and more than $69 trillion in notional amounts of derivative instruments. Disclosures in the 1995 annual reports of two major securities firms in Hong Kong were also reviewed.

The analysis revealed that there have been general improvements as well as voluntary innovations in the annual report disclosures of a number of large internationally active banks and securities firms. In particular, there were notable improvements in quantitive disclosures about market risk in 1995 and 1994. However, despite encouraging advances in disclosure practices by a number of institutions in the G-10 countries, many institutions continued to disclose very little about their trading and derivatives activities.

In addition, the report includes recommendations made by the Basle Committee and IOSCO last year for further improvements in disclosures of qualitative and quantitative information about institutions' involvement in trading and derivatives activities, including their risk exposures and risk-management policies, and the earnings impact of these activities.

The report's recommendations draw on concepts developed in the *Discussion Paper on Public Disclosure of Market and Credit Risks by Financial Intermediaries* released by the Euro-currency Standing Committee of the G-10 central banks in September 1994 and also on concepts in the joint report of the Basle Committee and the IOSCO Technical Committee, *Framework for Supervisory Information About the Derivatives Activities of Banks and Securities Firms*, issued in May 1995.

1. The report is available on request to Publications Services, Board of Governors of the Federal Reserve System, Mail Stop 127, Washington, DC 20551.

Issuance of an Interpretation of Margin Regulations

The Federal Reserve Board on November 20, 1996, issued an interpretation of its margin regulations (Regulations G, T, and U) in response to the enactment of the National Securities Markets Improvement Act of 1996 (the Markets Improvement Act) and requested comment on amendments to its margin regulations to implement the statutory amendments to the Securities Exchange Act of 1934 (the Exchange Act). The Board's interpretation is effective immediately. Comment on the amendments is requested by December 31, 1996.

Under the Markets Improvement Act, the Board no longer has the authority to regulate certain loans to registered broker–dealers unless it finds that such rules are necessary or appropriate in the public interest or for the protection of investors.

The interpretation makes clear that the Board has not made such a finding and that provisions in its margin regulations for which the Board no longer has general authority are without effect.

The interpretation also reflects the statutory repeal of section 8(a) of the Exchange Act, as provided by the Markets Improvement Act.

Comments are solicited on amendments to the Board's margin regulations to implement the statutory amendments and further the policies behind their adoption.

Regulation O: Final Rule and Proposal

The Federal Reserve Board announced on November 4, 1996, a final rule and requested comment on a proposed rule concerning lending by member banks to their insiders under Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks). The final rule is effective immediately. Comments on the proposed rule were requested by December 9, 1996.

The final rule allows insiders of a bank and of the bank's affiliates to obtain loans under a companywide employee benefit plan. This amendment conforms the regulation to the Economic Growth and

Regulatory Paperwork Reduction Act of 1996. The final rule also simplifies the procedures for a bank board of directors to exclude executive officers and directors of affiliates from policymaking functions of the bank, and thereby from the restrictions of Regulation O.

The proposed rule would exclude executive officers and directors of an affiliate from all restrictions of Regulation O, provided that the executive officers or directors were not engaged in policymaking functions of the bank and the affiliate did not account for more than 10 percent of the consolidated assets of the bank's holding company. This proposal supersedes a similar proposal included in a proposed rule published by the Board on May 3, 1996. The new proposal is consistent with changes to the exemptive authority of the Board made by the Economic Growth and Regulatory Paperwork Reduction Act of 1996.

Decrease in the Net Transaction Accounts to Which a 3 Percent Reserve Requirement Will Apply in 1997

The Federal Reserve Board announced on November 21, 1996, a decrease from $52.0 million to $49.3 million in the net transaction accounts to which a 3 percent reserve requirement will apply in 1997.

The Board also changed from $4.3 million to $4.4 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent.

Additionally, the Board increased the deposit cutoff levels that are used in conjunction with the exemption level to determine the frequency and detail of deposit reporting required for each institution from $57.0 million to $59.3 million for nonexempt depository institutions and from $46.4 million to $48.2 million for exempt depository institutions.

Proposed Action

The Federal Reserve Board on November 15, 1996, requested public comments on proposed revisions to the official staff commentary to Regulation Z (Truth in Lending). Comments should be received by January 6, 1997.

Publication of the *Annual Statistical Digest, 1990–1995*

The *Annual Statistical Digest, 1990–1995* is now available. This six-year *Digest* is designed as a compact source of economic, and especially, financial data. The *Digest* provides a single source of historical continuations of the statistics carried regularly in the *Federal Reserve Bulletin*. As of this issue, the *Digest* has been changed from an annual publication to a quinquennial publication. The next issue is scheduled to be published in 2001 and will cover the years 1996 through 2000.

This issue of the *Digest* covers the years 1990 through 1995. It serves to maintain the historical series first published in *Banking and Monetary Statistics, 1941–1970*, and the *Digest* for 1970–79, for 1980–89, and yearly issues. A *Concordance of Statistics* will be included with all orders. The *Concordance* provides a guide to tables that cover the same material in the current six-year Digest, the two previous single-year issues, and the *Bulletin*.

Copies of the *Digest* at $25.00 each are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Revisions to Tables in the Statistical Appendix of the *Bulletin*

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 also 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. □

Minutes of the Federal Open Market Committee Meeting Held on September 24, 1996

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, September 24, 1996, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Boehne
Mr. Jordan
Mr. Kelley
Mr. Lindsey
Mr. McTeer
Mr. Meyer
Ms. Phillips
Ms. Rivlin
Mr. Stern
Ms. Yellen

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

Messrs. Hoenig, Melzer, and Ms. Minehan, Presidents of the Federal Reserve Banks of Kansas City, St. Louis, and Boston 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. Lang, Lindsey, Mishkin, Promisel, Rosenblum, Siegman, Simpson, Sniderman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Messrs. Madigan and Slifman, Associate Directors, Divisions of Monetary Affairs and Research and Statistics respectively, Board of Governors
Mr. Smith,[1] Assistant Director, Division of International Finance, Board of Governors

1. Attended portion of meeting relating to proposal to amend the Authorization for Foreign Currency Operations.

Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors
Ms. Pianalto, First Vice President, Federal Reserve Bank of Cleveland
Messrs. Beebe, Davis, Dewald, Eisenbeis, and Hunter, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Kansas City, St. Louis, Atlanta, and Chicago respectively
Messrs. Bentley, Hetzel, Ms. Krieger, and Mr. Rosengren, Vice Presidents, Federal Reserve Banks of New York, Richmond, New York, and Boston respectively
Mr. Weber, Senior Research Officer, Federal Reserve Bank of Minneapolis

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on August 24, 1996, were approved.

The Manager of the System Open Market Account reported on recent developments in foreign exchange markets. There were no open market transactions in foreign currencies for System account during the period since the meeting on August 20, 1996, and thus no vote was required of the Committee.

The Manager also reported on recent developments in domestic financial markets and on System open market transactions in U.S. government securities and federal agency obligations during the period August 20, 1996, through September 23, 1996. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic and financial outlook and the implementation of monetary policy over the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below, followed by the domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York.

The information reviewed at this meeting suggested that the expansion of economic activity had moderated appreciably from an elevated second-quarter pace. Growth in consumer spending had slowed noticeably, and higher mortgage rates seemed to be exerting some modest restraint on housing demand. While business demand for durable equipment remained strong, spending on nonresidential structures had weakened a little. Business inventory accumulation appeared to have picked up, although the level of inventories remained modest in relation to sales. Employment and production had continued to post sizable gains in recent months, but the increases were somewhat below those recorded earlier in the year. Consumer price inflation, excluding its food and energy components, had edged lower this year despite somewhat larger increases in labor compensation.

Private nonfarm payroll employment grew less rapidly over July and August than it had in the second quarter; aggregate hours worked by private production workers also expanded at a slower pace over the two-month period. Job growth in the services industries was somewhat lower over the two months compared with that of the second quarter. Manufacturing employment changed little on balance over the July–August period, and construction hiring was down considerably in August after a July increase that was a little above the pace of the second quarter. The civilian unemployment rate declined to 5.1 percent in August.

Industrial production also advanced somewhat less rapidly on average in July and August after having recorded strong gains in the previous few months; slower growth was evident in mining and utilities as well as in manufacturing. Smaller increases in the output of motor vehicles and parts accounted for part of the slowdown in the expansion of the manufacturing sector in August; in addition, the output of consumer goods other than motor vehicles remained sluggish, and the production of construction supplies declined significantly after having surged in the second quarter. Elsewhere in manufacturing, business equipment, notably its office and computing component, continued its robust expansion over July and August, and defense and space equipment extended the upturn that had begun in the second quarter. The rate of utilization of total industrial capacity was unchanged on balance from June to August and remained at a relatively high level.

Total retail sales rose slightly over July and August after having declined substantially in June. Decreased outlays at food stores, gas stations, and furniture and appliance stores in August were a little more than offset by a sharp pickup in sales at general merchandisers, apparel stores, and outlets for durable goods other than furniture and appliances. Housing starts rebounded in August from a July drop and for the two months were about unchanged on average from their second-quarter level; however, permits for single-family housing were unchanged in August and had fallen from their second-quarter level. Sales of existing homes weakened in June and July.

Demand for business equipment had remained strong in recent months. Shipments of nondefense capital goods declined in July, retracing part of a substantial second-quarter advance, but recent data on new orders pointed to further increases in business spending for durable equipment, notably office and computing equipment, in coming months. Nonresidential construction activity fell somewhat in July after having decreased a little in the second quarter.

Business inventory investment picked up sharply in July; most of the increase occurred at retail establishments. Manufacturing inventories rose somewhat, with the gain concentrated at manufacturers of producers' durable equipment. The stock–sales ratio for the sector was around its historical low. In the wholesale sector, inventories edged higher in July despite a substantial drop in stocks of farm products, and the inventory–sales ratio for the sector fell to the low end of its range over recent years. Retail stocks expanded considerably at both automotive dealers and non-auto establishments in July. Inventory–sales ratios edged higher in most retail categories, but they remained at relatively low levels.

The nominal deficit on U.S. trade in goods and services widened substantially in July from its June level and also from its average rate for the second quarter. Despite one-time service payments related to the Olympics and larger inflows of imported oil, imports edged down in July from the sharply increased rate recorded for the second quarter; the latter largely reflected the strength of the U.S. economy during the first half of the year. Exports fell considerably more in July than did imports; in addition to decreased exports in such categories as consumer goods, aircraft and parts, automotive products, and other industrial supplies, part of the measured decline may have reflected residual seasonality in the data. Available information suggested that, on balance, the economies of the major foreign industrial countries had strengthened in recent months. In Japan, a mild second-quarter pause after very rapid first-quarter growth had been followed by renewed expansion. Economic activity in Germany had rebounded sharply in the second quarter from a first-quarter contraction, and further expansion appeared to be in train. Although economic growth had been sluggish in Canada and the United Kingdom in the second quarter, recent indicators suggested a pickup in activity in those countries as well. By contrast, France and Italy had experienced little, if any, growth since early in the year.

Consumer price inflation remained moderate on balance over July and August; declines in energy prices offset higher food prices. Excluding food and energy, consumer prices recorded a somewhat smaller advance over the twelve months ended in August than over the previous twelve months. Producer prices of finished goods other than food and energy were unchanged on net over July and August, and this index rose at a significantly slower pace over the twelve months ended in August than over the preceding twelve months. Average hourly earnings of production or nonsupervisory workers rebounded in August, more than offsetting a small July decline. Over the year ended in August, this measure of labor costs increased considerably more than it had over the previous year.

At its meeting on August 20, 1996, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions but that included a bias toward the possible firming of reserve conditions during the intermeeting period. The directive stated that 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, somewhat greater reserve restraint would be acceptable and slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with moderate growth of M2 and M3 over coming months.

With incoming information generally confirming that economic growth was moderating and that price inflation remained subdued, open market operations were directed toward maintaining the existing degree of pressure on reserve positions throughout the intermeeting period. The federal funds rate generally remained close to the level expected with an unchanged policy stance, but most other market interest rates exhibited considerable volatility and rose somewhat on balance over the intermeeting interval. Despite the rise in many market interest rates, equity prices rebounded over the period, and most major market indexes reached record highs.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies appreciated slightly over the intermeeting period. The dollar's rise reflected in part the increase in U.S. long-term interest rates over the period. Declines in market rates abroad, both short- and long-term, also contributed to the dollar's strengthening. In Japan, newly released data led market participants to lower their assessments of the strength of that country's economic expansion and of the prospects of any near-term increase in official interest rates. In Germany, a reduction by the Bundesbank in its repo rate in late August and subsequent statements by Bank officials regarding possible additional declines in official rates appeared to foster market expectations that monetary policy might be eased further.

Growth of M2 and M3 picked up in August from sluggish rates in July but remained below the average increases over the first half of the year. A continuing, rapid runoff in the liquid deposit components of these aggregates was offset in part by solid gains in retail money market funds and small time deposits, whose yields had not declined in step with decreases in market interest rates in early August. For the year through August, both aggregates grew at rates in the upper portions of their respective annual ranges. Expansion in total domestic nonfinancial debt had been moderate on balance over recent months and had remained in the middle portion of its range.

The staff forecast prepared for this meeting, which differed little from that for the previous meeting, suggested that the expansion would slow to a rate around, or perhaps a little above, the economy's estimated growth potential. Expansion of consumer spending was forecast to rebound from the sluggish third-quarter rate in light of strong income trends, the favorable effect of the rise in the stock market this year on household wealth, and the generally ample availability of credit. Homebuilding was anticipated to slow somewhat in response to this year's increase in residential mortgage rates but to remain at a relatively high level in the context of sustained income growth and the still-favorable cash flow affordability of home ownership. The expansion of business investment in equipment and structures was projected to slow gradually in response to an easing of pressures on capacity, a prospective slackening in the growth of corporate cash flows, and the rise in long-term interest rates that had occurred this year. Only modest fiscal restraint was anticipated over the forecast period. Inflation, which had been boosted thus far in 1996 by adverse developments in food and energy markets, was projected to remain somewhat above that of recent years, given high levels of resource utilization and a noticeable step-up in labor compensation that would be reinforced by the legislated rise in the federal minimum wage.

In the Committee's discussion of current and prospective economic developments, members commented that the incoming information had been mixed since the August meeting but that on the whole it continued to suggest appreciable slowing in the economic expansion from a rapid and unsustainable pace in the second quarter. Data for many components of final demand, notably in the consumer sector, indicated that economic growth had moderated considerably in recent months. At the same time, supply-side data including employment and industrial production had remained relatively robust, contributing to uncertainty about underlying growth and suggesting that inventory accumulation had picked up during the summer. While the extent of the slowing in the overall expansion remained unclear, there were no indications of serious imbalances in the economy, and the members generally viewed further growth at a pace near that of the economy's potential as a likely prospect. They continued to be concerned, however, about the outlook for inflation, given the high level of production. In that regard, some commented that labor markets appeared to have tightened further in recent months and that wages were rising at a somewhat faster pace. Even so, the rate of price inflation had not picked up and the prospects were good that inflation would remain contained for some time. Whether the factors that had contributed to such a price performance would persist remained a key uncertainty in the economic outlook, and the members generally agreed that the risks continued to be tilted to some extent in the direction of rising price inflation over the forecast horizon.

In their discussion of the outlook for spending in key sectors of the economy, members commented that consumer expenditures were likely to pick up after their summer lull, though probably to a pace appreciably below that in the first half of this year. Favorable factors in the outlook for consumer spending included strong gains in employment and income, the wealth effect stemming from the rise that had occurred in the value of financial assets, and generally buoyant consumer sentiment. The improvement in the consumer sector would tend to be restrained, however, by the increase in consumer debt burdens and the probable satisfaction of much of the pent-up demands for consumer durables during the current expansion. Business fixed investment likewise was expected to provide considerable further stimulus to the economy. Expenditures for business equipment, notably for office and computing equipment, were expected to expand substantially further, and recent weakness in nonresidential construction might well prove to be temporary, judging in part from anecdotal reports of considerable strength in commercial real estate markets in many areas. On the whole, however, the completion of numerous capital spending programs in conjunction with slower projected growth in overall demand could be expected to temper the expansion of business investment over coming quarters. In the housing sector, recent developments were somewhat mixed, but they suggested on balance that housing activity had held up better than expected in the light of increased mortgage interest rates. It was suggested in this regard that the retarding effects of higher rates on fixed-rate mortgage contracts were being blunted to some extent by shifts toward adjustable rate mortgages. Even so, and consistent with the softening already observed in a number of areas, residential construction was thought likely to drift lower over time.

The outlook for inventory investment, as is typically the case, was very difficult to assess. The moderation in the expansion of final demand in recent months, together with still relatively robust growth in employment and production, suggested that inventory investment had picked up since the second quarter. The strength in inventories in July tended to confirm that assessment. However, assuming moderate economic growth in line with current forecasts, there was no reason to anticipate substantial further strengthening in inventory investment over coming quarters. Indeed, the recent rebuilding of inventories after little or no growth earlier in the year made rapid expansion less likely going forward. The members acknowledged, nonetheless, that inventory developments needed to be monitored with care, including such indirect signs as rising pressures on the prices of intermediate goods and tightening delivery schedules that might provide incentives for a rapid buildup. With capacity utilization already at high levels, relatively rapid growth in inventory investment, if it were superimposed on stronger-than-projected expansion in final demand, could portend serious pressures on resources and inflationary consequences for the economy.

In their comments about the outlook for inflation, members observed that the recent behavior of price inflation was a welcome though highly unusual development, given current pressures on resources. The statistical and anecdotal information provided evidence of increasingly tight labor markets that under similar conditions historically had been associated with considerable upward pressure on nominal labor compensation and, in turn, on prices. While wages, and probably total labor compensation, were rising more rapidly this year, the acceleration in the latter still appeared to be held down by worker insecurity and relatively subdued increases in the cost of benefits. Moreover, for a variety of reasons rising labor costs were not currently being passed through to prices, which by several key measures adjusted for their volatile food and energy components exhibited a steady or even a declining trend. Explanations tended to concentrate on the intense competition in many markets, which prevented firms from raising prices to absorb cost increases.

Competitive pressures also were compelling firms to curb cost increases through improvements in their productivity performance. Widespread reports suggested major gains in productivity in numerous industries, induced in recent years by business restructuring and related activities and by large capital investments that had introduced increasingly productive equipment. Although currently available measures of productivity for the economy as a whole showed only weak gains, sectoral disaggregation of the data gave reasons to question the productivity measurements. Productivity had increased fairly sharply in manufacturing, and the slowdown in overall productivity since 1973 had been concentrated in the service areas of the economy. Indeed, measured productivity in noncorporate businesses—largely services—had displayed a negative trend for many years. This result was implausible and suggested considerable error in estimating output and prices for many services. Consequently, it was likely that actual productivity growth was higher than the current measures indicated. By the same token, the rate of price inflation was lower than had been reported, consistent with the findings of a number of studies of distortions in published price data.

The implications for the inflation outlook were not clear-cut. The key question was how long the favorable price behavior would persist. Advances in productivity had boosted profit margins, and high margins were helpful in that they could absorb some portion of any cost increases for a time. However, many business contacts indicated that they would resist squeezes in profit margins, and continued acceleration in costs would eventually feed through to greater price inflation whatever the rate of productivity growth. The behavior of costs and the ability of businesses to pass along any greater increases over time would depend on the extent to which the expansion would slow and how much associated pressure there would be in labor and product markets. In this connection, some members observed that even if the expansion were to slow to a sustained pace around the rate of increase of the economy's potential, price inflation could well trend at least modestly higher at current levels of resource utilization. Others did not disagree that the odds might be tilted marginally in that direction, but they continued to believe that a great deal of uncertainty surrounded the outlook for resource use and, in turn, the relationship between a given degree of pressure on resources and overall price changes. In sum, assuming economic growth generally in line with their forecasts, the critical question for some was when and how much inflation would rise; many others were not persuaded of the inevitability of such an outcome.

In the Committee's discussion of policy for the intermeeting period ahead, nearly all the members indicated that they could support an unchanged policy stance and the retention of a bias toward restraint in the directive. The members generally agreed that while the risks were greater that price inflation would rise than that it would fall, higher inflation was not a foregone conclusion and most believed that the uncertainties in the outlook made it prudent to hold monetary policy on a steady course and await further developments. The expansion appeared to be slowing substantially and broad measures of prices, adjusted for fluctuations in their food and energy components, still indicated a steady or even slightly declining inflation trend. In these circumstances, the Committee could wait for more information on the momentum of the expansion and the degree of pressure on resources and its implications for inflation. A delay in adjusting monetary policy was facilitated by its current positioning, which did not appear to be far from a desirable longer-term stance because any pickup in inflation was likely to be relatively small and gradual, and was further supported by the possibility of an excessive reaction in financial markets to a change in the direction of policy. A few members indicated that they could vote for some slight tightening in policy, although they did not feel any urgency about such a move. They observed that the decision was a close one for them, and in light of the uncertainties that were involved, they were willing to join the majority and wait for further evidence bearing on the outlook for inflation. With regard to possible intermeeting adjustments to policy, the members agreed that retaining an asymmetric directive that was biased toward restraint would be consistent with their assessments of the inflation risks in the economy. Accordingly, information suggesting that the odds on higher inflation had risen should be met with a prompt policy firming.

A differing view focused on the desirability of a prompt move toward restraint to curb what were seen as growing inflationary pressures in the economy. Tight labor markets were likely to exert continuing upward pressure on labor costs, barring unexpected weakness in the economy, and at some point those costs would begin to be passed through to prices. In the circumstances, it was important for policy to be forward-looking and to move promptly to head off intensifying inflationary pressures. Potentially, waiting could require more disruptive policy tightening actions later and could risk the credibility of the System's anti-inflation policy.

At the conclusion of the Committee's discussion, all but one of the members indicated that they could accept a directive that called for maintaining the existing degree of pressure on reserve positions and that included a bias toward the possible firming of reserve conditions 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 somewhat greater reserve restraint would be acceptable and slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with moderate growth of 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 growth in economic activity has moderated appreciably from an elevated second-quarter pace. Private nonfarm payroll employment grew less rapidly over July and August than in the second quarter, while the civilian unemployment rate declined to 5.1 percent in August. Industrial production increased somewhat less rapidly on average in July and August than in the prior few months. Total retail sales rose slightly over July and August after having declined substantially in June. Housing starts in July and August were unchanged on average from their second-quarter level. Demand for business equipment has remained strong, while spending on nonresidential structures has changed little on balance in recent months. The nominal deficit on U.S. trade in goods and services widened substantially in July from its average in the second quarter. Increases in labor compensation have been somewhat larger this year, but consumer price inflation, excluding its food and energy components, has edged lower.
>
> Most market interest rates have risen somewhat on balance since the Committee meeting on August 20, 1996. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies has appreciated slightly over the intermeeting period.
>
> Growth of M2 and M3 picked up in August, but they continued to expand at rates below those in the first half of the year. For the year through August, both aggregates are estimated to have grown at rates in the upper portions of their respective ranges for the year. Expansion in total domestic nonfinancial debt has been moderate on balance over recent months and has remained in the middle portion 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 January for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The monitoring range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 1997 the Committee agreed on a tentative basis to set the same ranges as in 1996 for growth of the monetary aggregages and debt, measured from the fourth quarter of 1996 to the fourth quarter of 1997. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.
>
> In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. 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, somewhat greater reserve restraint would or slightly lesser reserve restraint 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, Boehne, Jordan, Kelley, Lindsey, McTeer, Meyer, Mses. Phillips, Rivlin, and Yellen. Vote against this action: Mr. Stern.

Mr. Stern dissented because he believed that a modestly more restrictive policy was appropriate. In his view, historical precedents suggested that prolonged periods of taut labor markets were eventually associated with rising inflation. Given prevailing pressures on resources, especially labor, Mr. Stern was concerned about the distinct risk of an acceleration of inflation. Should this acceleration occur, he believed it would prove disruptive to the favorable performance of the economy, and he preferred to begin to address this risk promptly.

AMENDMENT TO AUTHORIZATION FOR FOREIGN CURRENCY OPERATIONS

At this meeting the Committee considered a proposal to replace the existing twelve-month maturity limit on the investment of foreign currency balances with an eighteen-month average duration limit. The proposal was designed to allow the Manager a wider choice of maturities and hence somewhat greater operational flexibility in the implementation of the System's primary portfolio objectives of liquidity with respect to investments in foreign government securities and limits on overall interest rate and credit risks. At the conclusion of their review, the Committee members voted unanimously to amend section 5 of the Authorization for Foreign Currency Operations to read as follows:

5. Foreign currency holdings shall be invested to ensure that adequate liquidity is maintained to meet anticipated needs and so that each currency portfolio shall generally have an average duration of no more than 18 months (calculated as Macaulay duration). When appropriate in connection with arrangements to provide investment facilities for foreign currency holdings, U.S. Government securities may be purchased from foreign central banks under agreements for repurchase of such securities within 30 calendar days.

Liquidity Management and the Maturity Structure of the SOMA Portfolio

The Committee also reviewed, on a preliminary basis, its current practices with regard to the maturity structure of the System Open Market Account (SOMA) portfolio of Treasury obligations. In its last such review, at its meeting on March 31, 1992, the Committee decided that the enhanced liquidity of the SOMA portfolio that had been achieved should be maintained but that net additions to System holdings should continue to be spread across all maturity areas. In the course of their discussion at this meeting, the members agreed that the primary objective in the management of the SOMA portfolio was to ensure a high degree of liquidity so that prompt and effective adjustments could be made without unduly affecting the market for Treasury securities.

It was agreed that the next meeting of the Committee would be held on Wednesday, November 13, 1996.

The meeting adjourned at 1:40 p.m.

Donald L. Kohn
Secretary

Legal Developments

Final Rule—Amendment to Regulation D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions), to decrease the amount of transaction accounts subject to a reserve requirement ratio of three percent, as required by section 19(b)(2)(C) of the Federal Reserve Act, from $52.0 million to $49.3 million of net transaction accounts. This adjustment is known as the low reserve tranche adjustment. The Board is increasing from $4.3 million to $4.4 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent. This action is required by section 19(b)(11)(B) of the Federal Reserve Act, and the adjustment is known as the reservable liabilities exemption adjustment. The Board is also increasing the deposit cutoff levels that are used in conjunction with the reservable liabilities exemption to determine the frequency of deposit reporting from $57.0 million to $59.3 million for nonexempt depository institutions and from $46.4 million to $48.2 million for exempt institutions. (Nonexempt institutions are those with total reservable liabilities exceeding the amount exempted from reserve requirements ($4.4 million) while exempt institutions are those with total reservable liabilities not exceeding the amount exempted from reserve requirements.) Thus nonexempt institutions with total deposits of $59.3 million or more will be required to report weekly while nonexempt institutions with total deposits less than $59.3 million may report quarterly, in both cases on form FR 2900. Similarly, exempt institutions with total deposits of $48.2 million or more will be required to report quarterly on form FR 2910q while exempt institutions with total deposits less than $48.2 million may report annually on form FR 2910a.

Effective December 17, 1996, 12 C.F.R. Part 204 is amended as follows. For depository institutions that report weekly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will apply to the reserve computation period that begins Tuesday, December 31, 1996, and the corresponding reserve maintenance period that begins Thursday, January 2, 1997. For institutions that report quarterly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will apply to the reserve computation period that begins Tuesday, December 17, 1996, and the corresponding reserve maintenance period that begins Thursday, January 16, 1997. For all depository institutions, the deposit cutoff levels will be used to screen institutions in the second quarter of 1997 to determine the reporting frequency for the twelve month period that begins in September 1997.

Part 204—Reserve Requirements of Depository Institutions (Regulation D)

1. The authority citation for Part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. In section 204.9 paragraph (a) is revised to read as follows:

Section 204.9 Reserve requirement ratios.

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve requirement[1]
Net transaction accounts:	
$0 to $49.3 million	3 percent of amount.
over $49.3 million	$1,479,000 plus 10 percent of amount over $49.3 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

[1] Before deducting the adjustment to be made by the paragraph (a) (2) of this section.

(2) *Exemption from reserve requirements.* Each depository institution, Edge or agreement corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1) of this section not in excess of $4.4 million determined in accordance with section 204.3(a)(3).

Final Rule—Amendment to Regulation O

The Board of Governors is amending 12 C.F.R. Part 215, its Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Loans to Holding Companies and Affiliates), which limits how much and on what terms a bank may lend to its own insiders and insiders of its affiliates, in order to permit insiders of a bank and of the bank's affiliates to obtain loans under company-wide employee benefit plans. This amendment conforms the regulation to the Economic Growth and Regulatory Paperwork Reduction Act of 1996, which was recently passed by Congress. Currently, participation in such plans is prohibited when loans under such plans are on terms not available to the general public.

The Board also is amending Regulation O to simplify the procedure for a bank's board of directors to exclude executive officers and directors of an affiliate from policymaking functions of the bank, and thereby from the restrictions of Regulation O.

Effective November 8, 1996, 12 C.F.R. Part 215 is amended as follows:

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

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

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

2. Section 215.2 is amended by revising paragraph (e)(2)(i) to read as follows:

Section 215.2—Definitions.

* * * * *

(e) * * *

(2) * * *

(i) The board of directors of the member bank adopts a resolution identifying (by name or by title) all persons authorized to participate in major policymaking functions of the member bank, and the executive officer of the affiliate is not included in the resolution and does not actually participate in such major policymaking functions; and

* * * * *

3. Section 215.4 is amended as follows:

a. Paragraph (a) introductory text, (a)(1) and (a)(2) are redesignated as paragraphs (a)(1) introductory text, (a)(1)(i) and (a)(1)(ii), respectively.
b. A heading is added to newly designed paragraph (a)(1); and
c. A new paragraph (a)(2) is added.

The additions read as follows:

Section 215.4—General prohibitions.

(a) *Terms and creditworthiness.*

(1) *In general.* * * *

(2) *Exception.* Nothing in this paragraph (a) shall prohibit any extension of credit made pursuant to a benefit or compensation program—

(i) That is widely available to employees of the member bank and, in the case of extensions of credit to an insider of its affiliates, is widely available to employees of the affiliates at which that person is an insider; and

(ii) That does not give preference to any insider of the member bank over other employees of the member bank and, in the case of extensions of credit to an insider of its affiliates, does not give preference to any insider of its affiliates over other employees of the affiliates at which that person is an insider.

Final Rule—Amendment to Regulation R

The Board of Governors is amending 12 C.F.R. Parts 218 and 250, its Regulation R (Relations with Dealers in Securities Under Section 32, Banking Act of 1933). The Board is rescinding Regulation R, which the Board believes is no longer necessary. The Board also is amending its regulations to remove an interpretation of section 32 of the Glass-Steagall Act, which the Board believes is no longer necessary. This interpretation explains the position of the Board regarding the application of the prohibitions of section 32 to bank holding companies.

Effective December 6, 1996, 12 C.F.R. Parts 218 and 250 are amended as follows:

Part 218

Section 218.101 through 218.113 [Redesignated as sections 250.400 through 250.412]

1. Sections 218.101 through 218.113 are redesignated, as set forth in the following table:

Old section	*New Section*
218.101	250.400
218.102	250.401
218.103	250.402
218.104	250.403
218.105	250.404
218.106	250.405
218.107	250.406
218.108	250.407
218.109	250.408
218.110	250.409
218.111	250.410
218.112	250.411
218.113	250.412

Section 218.114 [Removed]

2. Section 218.114 is removed.

Part 218 [Removed]

3. Part 218 is removed.

Part 250—Miscellaneous Interpretations

1. The authority citation for Part 250 is revised to read as follows:

Authority: 12 U.S.C. 78, 248(i) and 371c(e).

2. A new center heading is added immediately preceding the newly designated section 250.400 to read as follows: Interpretations of Section 32 of the Glass–Steagall Act

3. Section 250.413 is added to read as follows:

Section 250.413—"Bank-eligible" securities activities.

Section 32 of the Glass–Steagall Act (12 U.S.C. 78) prohibits any officer, director, or employee of any corporation or unincorporated association, any partner or employee of any partnership, and any individual, primarily engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, from serving at the same time as an officer, director, or employee of any member bank of the Federal Reserve System. The Board is of the opinion that to the extent that a company, other entity or person is engaged in securities activities that are expressly authorized for a state member bank under section 16 of the Glass–Steagall Act (12 U.S.C. 24(7), 335), the company, other entity or individual is not engaged in the types of activities described in section 32. In addition, a securities broker who is engaged solely in executing orders for the purchase and sale of securities on behalf of others in the open market is not engaged in the business referred to in section 32.

Final Rule—Amendment to Regulation S

The Board of Governors is amending 12 C.F.R. Part 219, Subpart B of its Regulation S (Reimbursement for Providing Financial Records; Recordkeeping Requirements for Certain Financial Records). Subpart B cross-references the substantive provisions of a joint rule adopted by the Board and the Department of the Treasury relating to the recordkeeping requirements for funds transfers and transmittals of funds under the Bank Secrecy Act. The amendment clarifies that Regulation S does not apply to any person or transaction or class of persons or transactions that the Treasury has exempted from the joint rule.

Effective December 20, 1996, 12 C.F.R. Part 219 is amended as follows:

Part 219—Reimbursement for Providing Financial Records; Recordkeeping Requirements for Certain Financial Records (Regulation S)

* * * * *

Subpart B—Recordkeeping and Reporting Requirements for Funds Transfers and Transmittals of Funds

1. The authority citation for Subpart B is revised to read as follows:

Authority: 12 U.S.C. 1829b(b)(2) and (3).

2. In section 219.21, the first word "Such" in the last sentence is revised to read "These" and a new sentence is added immediately preceding the last sentence to read as follows:

Section 219.21—Authority, purpose, and scope.

* * * This subpart does not apply to a particular person or class of persons or a particular transaction or class of transactions to the extent that the Treasury has determined that 31 C.F.R. 103.33(e) or (f) do not apply to that person, transaction, or class of persons or transactions. * * *

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

First Commercial Corporation
Little Rock, Arkansas

Arvest Bank Group, Inc.
Bentonville, Arkansas

TRH Bank Group, Inc.
Norman, Oklahoma

TRH Oklahoma, Inc.
Norman, Oklahoma

Order Approving the Establishment of a Bank Holding Company and the Acquisition of a Bank

First Commercial Corporation, Little Rock, Arkansas ("First Commercial"), and Arvest Bank Group, Inc., Bentonville, Arkansas ("Arvest"), have applied under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to acquire all the shares of The Oklahoma National Bank of Duncan, Duncan, Oklahoma ("Bank"), indirectly through TRH Bank Group, Inc. ("Bank Group"), and TRH Oklahoma, Inc. ("TRH"), both of Norman, Oklahoma.[1] First Commercial, Arvest and Bank Group are bank holding companies within the meaning of the BHC Act. TRH has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to become a bank holding company by acquiring all the shares of Bank. (First Commercial, Arvest, Bank Group, and TRH, collectively, are referred to as "Applicants" in this order.)

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (61 *Federal Register* 42,251 (1996)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

Bank Group is the 22d largest commercial banking organization in Oklahoma, controlling deposits of approximately $186 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Bank is the 120th largest commercial banking organization in Oklahoma, controlling deposits of approximately $51.9 million.[3] On consummation of this proposal, Bank Group would become the 17th largest commercial banking organization in Oklahoma, controlling approximately $237.9 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.[4]

Section 3(d) of the BHC Act, as amended by section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, 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.[5] These conditions are met in this case.[6] In view of all the facts of record, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Applicants and Bank do not compete in any banking market. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in any significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market. The Board also has determined that financial and managerial resources and future prospects of Applicants, their respective subsidiaries, and Bank, and considerations relating to the convenience and needs of the communities to be served, are consistent with approval of the applications, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

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

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

By order of the Board of Governors, effective November 6, 1996.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Bank of Boston Corporation
Boston, Massachusetts

Order Approving a Notice to Engage in Certain Nonbanking Activities

The Bank of Boston Corporation, Boston, Massachusetts ("Bank of Boston"), a bank holding company within the

1. First Commercial and Arvest each own 50 percent of the shares of Bank Group, and TRH is a wholly owned subsidiary of Bank Group. Bank Group also has applied under section 3 of the BHC Act to acquire indirectly through TRH all the shares of Bank.

2. Banking and state deposit data are as of June 30, 1995.

3. TRH is a shell company that is not engaged in any activities.

4. On consummation, First Commercial and Arvest, the 22d and 6th largest commercial banking organizations in Oklahoma, respectively, would become the 17th and 5th largest commercial banking organizations in Oklahoma, controlling approximately $237.9 million and $929.9 million in deposits in the state.

In connection with this proposal, the Board has received comments from First Baird Bancshares, Inc., Dallas, Texas ("Protestant"), maintaining that the National Bank Act provisions governing mergers and consolidations apply or should apply, as a policy matter, to this transaction. As structured, the transaction does not appear to be covered by the National Bank Act, which by its terms applies only to mergers and consolidations of national banks, because it involves the purchase by a holding company of shares of a bank. In light of all the facts of record, it appears that this transaction is subject to Oklahoma law rather than the National Bank Act, and that Applicants have complied with applicable Oklahoma laws.

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, 1996, or the date on which the company became a bank holding company, whichever is later. For purposes of the BHC Act, the home state of First Commercial and Arvest is Arkansas.

6. 12 U.S.C. § 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). First Commercial and Arvest are adequately capitalized and managed. Bank has been in existence and continuously operated for more than five years, the minimum period of time required under Oklahoma law. On consummation, neither First Commercial and its affiliates nor Arvest and its affiliates would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States or more than the applicable state limits on deposits in Oklahoma.

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 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to engage *de novo* in the following nonbanking activities on a worldwide basis through its wholly owned subsidiary, BancBoston Securities, Inc., Boston, Massachusetts ("Company"):

(1) Underwriting and dealing in, to a limited extent, all types of debt and equity securities, other than ownership interests in open-end investment companies;
(2) Acting as agent in the private placement of all types of securities, and buying and selling all types of securities on the order of customers as a "riskless principal";
(3) Making, acquiring and servicing loans and other extensions of credit, pursuant to section 225.25(b)(1) of Regulation Y (12 C.F.R. 225.25(b)(1));
(4) Providing investment and financial advisory services, pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4));
(5) Arranging commercial or industrial real estate equity financing, pursuant to section 225.25(b)(14) of Regulation Y (12 C.F.R. 225.25(b)(14));
(6) Underwriting and dealing in obligations of the United States and Canada, general obligations of U.S. states, Canadian provinces, and their political subdivisions, and other obligations in which state member banks may underwrite and deal under 12 U.S.C. §§ 335 and 24(7) ("bank-eligible securities"), pursuant to section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25 (b)(16));
(7) Providing full-service securities brokerage and related services, pursuant to section 225.25(b)(15) of Regulation Y (12 C.F.R. 225.25(b)(15));
(8) Acting as broker and agent and providing advisory services with respect to interest rate and currency swaps and swap derivative products, and swaps, swap derivative products and over-the-counter options linked to certain commodities, stock, bond or commodity indices, a specially tailored basket of securities selected by the parties, or particular equity securities; and
(9) Providing advisory services, including discretionary portfolio management services, with respect to futures and options on futures on financial and nonfinancial commodities.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (61 *Federal Register* 50,825 and 52,946 (1996)). 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.

Bank of Boston, with total consolidated assets of approximately $62 billion, is the 15th largest banking organization in the United States.[1] Bank of Boston operates subsidiary banks in Massachusetts, Connecticut, Florida, New Hampshire, and Rhode Island; controls a special purpose bank in Maine that provides cash management services; and engages, through other subsidiaries, in various permissible nonbanking activities. Prior to commencing the proposed activities, Company will be registered as a broker-dealer with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and will be a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company will be subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, the SEC, and the NASD.

Underwriting and Dealing in Bank-Ineligible Securities

The Board has determined—subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects—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.[2] Bank of Boston has committed that Company will conduct these underwriting and dealing activities using the same methods and procedures and subject to the same prudential limitations established by the Board in the Section 20 Orders.

Bank of Boston has requested that the Board permit its subsidiary banks, or subsidiaries thereof, (each "clearing affiliates") to perform certain clearing services for Company with respect to futures, options on futures, and options on United States government securities and certain money market instruments. Bank of Boston has committed that Company and its clearing affiliates will engage in these activities subject to the conditions and restrictions previously relied on by the Board in approving such activities.[3]

1. Asset and ranking data are as of September 30, 1996.

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

3. *See* Letter from Jennifer J. Johnson, Deputy Secretary of the Board, to John R. McCulloh, Counsel, First Chicago Corporation (April 21, 1995). Specifically, Bank of Boston has committed that it will provide each clearing affiliate with a written guarantee indemnifying the clearing affiliates against any losses that many arise from Company's nonperformance, and that all extensions of credit from the clearing affiliates to Company will be incidental to the clearing of futures, options on futures, and options transactions, fully secured by U.S. dollars or U.S. government securities deposited by Company with the clearing affiliates, and repaid within one hour. In addition, there will not be any employees in common between Company and the clearing affiliates; Company will remain separately incorporated, capitalized, and funded, and will be operationally distinct from the

The Board expects Bank of Boston to ensure that the framework established pursuant to the Section 20 Orders will be maintained in all other respects.

The Board has determined that the conduct of the securities underwriting and dealing activities proposed by Bank of Boston is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[4] Bank of Boston has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities subject to the 10-percent revenue test established by the Board in previous orders.[5]

Private Placement and "Riskless Principal" Activities

Private placement involves the placement of new issues of securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent of the issuer in soliciting purchasers and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933 and are offered only to financially sophisticated institutions and individuals and not to the public. Company would not privately place registered securities and would place securities only with customers that qualify as accredited investors.

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security for a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[6] A broker-dealer acting as a riskless principal is not obligated to buy (or sell) a security for its customer until after the broker-dealer executes the offsetting purchase (or sale) for its own account. Riskless principal transactions are understood in the industry to include only transactions in the secondary market. Thus, Company would not act as riskless principal in selling bank-ineligible securities at the order of a customer that is the issuer of the securities to be sold, or in any transaction in which Company has a contractual agreement to place the securities as agent of the issuer. Company would also not act as a riskless principal in any transaction involving a bank-ineligible security for which it or an affiliate makes a market.

The Board has determined by order that, subject to certain prudential limitations, the proposed private placement activities and riskless principal activities 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.[7] The Board also has determined that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a riskless principal, do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act. Accordingly, revenue derived from these activities is not subject to the 10-percent revenue limitation on bank-ineligible securities underwriting and dealing.[8]

Bank of Boston has committed that Company will conduct its private placement activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in *Bankers Trust* and *J.P. Morgan*, including the comprehensive framework of restrictions imposed by the Board in connection with underwriting and dealing in bank-ineligible securities, which were designed to avoid potential conflicts of interests, unsound banking practices, and other adverse effects.[9] Bank of Boston also has committed that Company will conduct its riskless principal activities subject to the limitations previously established by the Board.[10]

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clearing affiliates; and all services performed on behalf of Company, including extensions of credit, will be in accordance with the requirements of sections 23A and 23B of the Federal Reserve Act.

4. *See* Section 20 Orders. Compliance with the 10-percent revenue limitation shall be calculated in accordance with the method stated in *J.P. Morgan & Co. Inc.*, 75 *Federal Reserve Bulletin* 192 (1989), as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993), the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993), and the *10 Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 82 *Federal Reserve Bulletin* 1008 (1996). The Board notes that Bank of Boston has not adopted the Board's alternative indexed-revenue test to measure compliance with the 10-percent limitation on bank-ineligible securities activities, and, absent such election, Bank of Boston would continue to employ the Board's original 10-percent revenue test.

5. Company also may engage in activities that are necessary incidents to the proposed underwriting and dealing activities, provided that they are treated as part of the bank-ineligible securities activities. Unless Company receives specific approval under section 4(c)(8) of the BHC Act to conduct the activities independently, any revenues from the incidental activities must be counted as ineligible revenues subject to the 10-percent revenue limitation.

6. *See* SEC Rule 10b-10(a)(8)(i) (17 C.F.R. 240.10b-10(a)(8)(i)). As a registered broker-dealer, Company would conduct its riskless principal activities in accordance with the customer disclosure and other requirements of the federal securities laws.

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

8. *See Bankers Trust*.

9. Among the prudential limitations discussed more fully in *Bankers Trust* and *J.P. Morgan*, Bank of Boston has committed that Company will not privately place registered investment company securities or securities of investment companies that are sponsored or advised by Bank of Boston or any of its affiliates. In addition, Company will make no general solicitation or general advertising for securities it places.

10. *See The Bank of New York Company, Inc.*, 82 *Federal Reserve Bulletin* 748 (1996); *Order Revising the Limitations Applicable to Riskless Principal Activities*, 82 *Federal Reserve Bulletin* 759 (1996). Neither Company nor its affiliates will hold themselves out as making a market in the bank-ineligible securities that Company buys and sells as riskless principal, or enter quotes for specific bank-ineligible secu-

Other Activities

The Board previously has determined that a bank holding company may act as a broker or agent and provide advisory services with respect to various swap transactions, including commodity and index swaps based on specially tailored baskets of securities selected by the public and swaps and swap derivative products linked to particular equity securities.[11] The Board also has determined by regulation that bank holding companies may engage in lending, investment and financial advisory, commercial or industrial real estate equity financing, bank-eligible securities underwriting and dealing, and securities brokerage activities.[12] Bank of Boston has committed that Company will conduct these activities in accordance with the limitations set forth in Regulation Y, the Board's orders, and related interpretations relating to each of these activities.[13]

Proper Incident to Banking Standard

In order to approve this notice, the Board also must consider whether the performance of the proposed activities is a proper incident to banking, that is, whether the activities proposed "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."[14] As 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.[15] The Board has reviewed the capitalization of Bank of Boston and Company in accordance with the standards set forth in the Section 20 Orders and finds the capitalization of Bank of Boston and the proposed capitalization of Company to be consistent with approval of the proposal. The Board's determination concerning the proposed capitalization of Company is based on all the facts of record, including Bank of Boston's projections for Company's underwriting and dealing activities in bank-ineligible securities. On the basis of all the facts of record, and subject to the completion of a satisfactory infrastructure review, the Board concludes that financial and managerial considerations are consistent with approval of the notice.

As noted above, Bank of Boston has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities in accordance with the prudential framework established by the Board's Section 20 Orders. Under the framework and conditions established in this order and the Section 20 Orders, the Board concludes that Company's proposed limited conduct of bank-ineligible securities underwriting and dealing activities is not likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. Similarly, the Board finds no evidence that Company's private placement, riskless principal, and other activities—conducted under the framework and conditions established in this order—would likely result in any significantly adverse effects.

The Board expects, moreover, that the *de novo* entry of Company into the market for the proposed services would provide added convenience to Bank of Boston's customers, lead to improved methods of meeting customer financing needs, and increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Bank of Boston can reasonably be expected to produce public benefits that outweigh 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, and subject to the commitments made by Bank of Boston, as well as the terms and conditions set forth in this order and in the Board orders noted above, the Board has determined that the notice should be, and hereby is, approved. Approval of the proposal also is conditioned on compliance by Bank of Boston and Company with the commitments made in connection

rities in any dealer quotation system in connection with Company's riskless principal transactions, except that Company and its affiliates may enter bid or ask quotations, or publish "offering wanted" or "bid wanted" notices on trading systems other than NASDAQ or an exchange, if Company or the affiliate does not enter price quotations on different sides of the market for a particular security for two business days. That is, Company or its affiliate must wait at least two business days after entering a "bid" quotation on a security before entering an "ask" quotation with respect to the same security, and vice-versa. Company may not act as riskless principal for registered investment company securities or for any securities of investment companies that are advised by Bank of Boston or any of its affiliates. In addition, because Bank of Boston proposes that Company provide riskless principal services in combination with investment advisory services, Company must conduct its riskless principal activities in accordance with the limitations established by the Board for the full-service brokerage activities of bank holding companies. *See* 12 C.F.R. 225.25(b)(15).

11. *See, e.g., Caisse National de Credit Agricole, S.A.*, 82 *Federal Reserve Bulletin* 754 (1996); *Swiss Bank Corporation*, 81 *Federal Reserve Bulletin* 185 (1995).

12. *See* 12 C.F.R. 225.25(b)(1), (b)(4), (b)(14), (b)(15) and (b)(16).

13. To address the potential conflicts of interests arising from Company's conduct of both full-service brokerage activities and bank-ineligible securities underwriting and dealing activities, Bank of Boston has committed that Company will inform its brokerage customers at the commencement of the relationship that, as a general matter, Company may be a principal or may be engaged in underwriting with respect to, or may purchase from an affiliate, those securities for which brokerage and advisory services are provided. In addition, at the time any brokerage order is taken, Company will inform brokerage customers (usually orally) whether Company is acting as agent or principal with respect to a security. Confirmations sent to customers also will state whether Company is acting as agent or principal. *See, e.g., PNC Financial Corporation*, 75 *Federal Reserve Bulletin* 396 (1989); *Bankers Trust New York Co.*, 74 *Federal Reserve Bulletin* 695 (1988).

14. 12 U.S.C. § 1843(c)(8).

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

with the notice, the conditions referenced in this order, and the above-cited Board regulations and orders.

The Board's approval of the proposed underwriting and dealing activities is conditioned on a future determination by the Board that Bank of Boston and Company have established policies and procedures to ensure compliance with the conditions and restrictions previously relied on by the Board in approving these activities and the other requirements of 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 notification by the Board that this condition has been satisfied, Company may commence the proposed underwriting and dealing activities, subject to the other conditions of this order and the Section 20 Orders.

The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) (12 C.F.R. 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, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. In approving the proposal, the Board has relied on all the facts of record and all the representations and commitments made by Bank of Boston. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective November 12, 1996.

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

WILLIAM W. WILES
Secretary of the Board

First State Bancshares of Blakely, Inc.
Blakely, Georgia

Order Approving the Acquisition of a Savings Association

First State Bancshares of Blakely, Inc., Blakely, Georgia ("First State"), 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 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire First Southwest Bancorp, Inc. ("Southwest"), and its wholly owned subsidiary, First Federal Savings Bank of Southwest Georgia ("FFSB"), both of Donalsonville, Georgia, and thereby to engage in operating a savings association.

Notice of this proposal, affording interested persons an opportunity to submit comments, has been published (61 *Federal Register* 50,300 (1996)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

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 section 4(c)(8) of the BHC Act.[1] The Board requires savings associations acquired by bank holding companies to conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act and Regulation Y. Southwest and FFSB do not engage in any activities that are not permissible for bank holding companies under the BHC Act.

First State is the 138th largest depository institution in Georgia, controlling $69.8 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state.[2] Southwest is the 140th largest depository institution in Georgia, controlling deposits $69.6 million deposits. On consummation of the proposal and the proposed divestiture, First State would become the 64th largest depository institution in Georgia, controlling total deposits of $120.8 million, representing less than 1 percent of the total deposits in depository institutions in the state.[3]

Competitive Considerations

Under section 4(c)(8) of the BHC Act, the Board is required to consider whether a proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. First State's bank subsidiary, First State Bank of Blakely, Blakely, Georgia ("First State Bank"), and Southwest's thrift subsidiary, FFSB, compete directly in the Early County banking market.[4] The Board previously determined that the acquisition of Southwest by First State, without divestitures, would have significantly adverse competitive effects on the Early County banking market that were not outweighed by the public benefits that might have resulted from consummation of the proposal. On this basis, the Board denied First State's previous notice under section 4(c)(8) of the BHC Act to acquire Southwest.[5]

1. 12 C.F.R. 225.25(b)(9).
2. In this context, depository institutions include commercial banks, savings banks, and savings associations.
3. Deposit data are as of December 31, 1995.
4. The Early County banking market is approximately Early County, Georgia, except the town of Arlington, Georgia.
5. *First State Bancshares of Blakely, Inc.*, 82 *Federal Reserve Bulletin* 957 (1996).

In order to mitigate the adverse competitive effects of the proposed acquisition in the Early County banking market, First State and Southwest have committed to divest FFSB's only branch in Early County to an out-of-market competitor.[6] Accordingly, consummation of the proposal would not increase the concentration of banking resources in the Early County banking market. First State Bank also operates in Calhoun County, and FFSB also operates in Seminole and Miller Counties and has received approval to open a branch in Doughtery County, all in Georgia. Consummation of the proposal would not have a significantly anticompetitive effect in any of those markets. Based on all the facts of record, including the proposed divestiture, the Board has concluded that the proposal would not have a significantly adverse effect on competition in Early County or in any other relevant banking market.

Other Considerations

As part of its evaluation of the factors under section 4 of the BHC Act, the Board also has considered the financial condition and managerial resources of First State, Southwest, and their subsidiaries and the effect of the proposed transaction on these resources.[7] Based on all the facts of record, including relevant reports of examination, the Board concludes that financial and managerial resources are consistent with approval of this proposal.

For the reasons discussed above, and relying on all the commitments made in connection with this proposal and the conditions discussed in this order, the Board concludes that the proposal is not likely to result in decreased or unfair competition, conflicts of interests, unsound banking practices, undue concentration of resources, or other adverse effects. The Board expects, moreover, that the acquisition of Southwest by First State would result in greater efficiencies and economies of scale and, accordingly, would enable both institutions to offer increased services, to lower costs, and to provide added convenience to their customers. Accordingly, the Board has determined that the proposal can 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.

Based on the foregoing and all the facts of record, including the proposed divestiture, the Board has determined that the notice should be, and hereby is, approved. Approval of this notice is specifically conditioned on compliance by First State and Southwest with the divestiture and other commitments made in connection with this notice. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b) (12 C.F.R. 225.27 and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this transaction, the commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective November 6, 1996.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

South Central Texas Bancshares, Inc.
Flatonia, Texas

Order Approving Notice to Acquire Shares of a Savings Association

South Central Texas Bancshares, Inc., Flatonia ("South Central"), 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 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire 18.37 percent of the outstanding voting shares of Fayette Savings Association, La Grange ("Fayette Savings"), both in Texas.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (61 *Federal Register* 47,944 (1996)). 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.

South Central, with total consolidated assets of $79.3 million, operates two subsidiary banks in Texas, Flatonia State Bank, Flatonia, Texas ("Flatonia Bank"), and Central Texas Bank, Gonzales, Texas ("Central

6. First State has committed to execute a sales agreement to divest FFSB's office in Blakely, Early County, Georgia, before consummation of this proposal and to complete the divestiture within 180 days of consummation. First State also has committed that, if it is unsuccessful in completing the divestiture within 180 days of consummation, it will transfer the Blakely office to an independent trustee who will be instructed to sell the assets promptly. First State has signed a letter of intent to sell FFSB's Blakely office to an out-of-market competitor and expects a definitive purchase and assumption agreement to be executed shortly. First State has committed to submit to the Board an appropriate form of trustee agreement if the sale of FFSB's Blakely office is not consummated within 90 days after consummation of this proposal.

7. *See* 12 C.F.R. 225.24; *see also The Fuji Bank, Ltd.*, 75 *Federal Reserve Bulletin* 94 (1989).

Bank").[1] South Central is the 282d largest depository organization in Texas, controlling $66.6 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state.[2] Fayette Savings is the 399th largest depository organization in Texas, controlling $46.5 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state. On consummation of the proposal, South Central would become the 169th largest depository organization in Texas, controlling deposits of $113.2 million, representing less than 1 percent of total deposits in depository institutions in the state.

Although South Central's 18.37 percent voting interest would not give it absolute voting control over the operations of Fayette Savings, South Central intends to exercise a controlling influence over the management and policies of the thrift as Fayette Savings's largest shareholder, to seek representation on the Fayette Savings's board of directors, and to acquire up to 100 percent of the voting shares of Fayette Savings in the future.[3] In light of this, South Central has agreed to serve as a source of financial and managerial strength for Fayette Savings and has acknowledged its liability under the cross-guarantee provisions in the Federal Deposit Insurance Act ("FDI Act").[4]

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[5] 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(c)(8) of the BHC Act. South Central has committed that, should Fayette Savings engage in any activities that are impermissible for a bank holding company, South Central would, within two years of the commencement of those activities, reduce its interest in the voting shares of Fayette Savings to less than 5 percent or cause Fayette Savings to cease such impermissible activities by acquiring voting control of the association, unless South Central has received approval from the Federal Reserve System to engage in those activities. The Board concludes that the commitment provides reasonable assurances that the bank holding company would not engage in impermissible nonbanking activities through its investment in Fayette Savings.

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 proposal "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh unfair competition, conflicts of interests, or unsound banking practices."[6] As part of the Board's evaluation of these factors, the Board has carefully reviewed the financial and managerial resources of South Central, Fayette Savings, and their respective subsidiaries,[7] and the effect the transaction would have on such resources in light of all the facts of record.[8] These facts of record include confidential reports of examination and other supervisory information received from the primary federal supervisors of the organizations assessing their financial and managerial resources and compliance with consumer-related laws.[9]

The Board has carefully considered the comments of Fayette Savings contending that South Central may disrupt the management of Fayette Savings and act against the best interests of the institution. In reviewing cases similar to this proposal, the Board has indicated that the BHC Act contemplates proposals that would allow a bank holding company to acquire less than a majority of the voting

1. Consolidated asset data are as of June 30, 1996. Deposit data are as of June 30, 1995.

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

3. The Board has carefully considered comments from Fayette Savings contending, on the basis of certain public statements and financial information, that the shares of Fayette Savings that South Central proposes to acquire are currently controlled by South Central without the prior approval of the Board, in violation of the BHC Act. South Central denies this, and other facts of record do not support this allegation.

4. *See* 12 U.S.C. § 1815(e).

5. 12 C.F.R. 225.25(b)(9).

6. 12 U.S.C. § 1843(c)(8).

7. The Board has carefully considered comments from Fayette Savings alleging that, by making certain statements to the media regarding potential purchases of Fayette Savings shares, the management of South Central violated Texas law, federal securities laws and Office of Thrift Supervision ("OTS") regulations incorporating these laws. This matter has been reviewed by the Texas Savings and Loan Department and the OTS, and neither agency has determined that South Central's conduct constituted a violation as alleged by Fayette Savings. In addition, the Board has provided a copy of Fayette Savings's allegations to the Securities and Exchange Commission, which has express statutory authority to investigate and prosecute the type of federal securities law violations alleged by Fayette Savings.

Fayette Savings also questions whether an interlocking director with South Central would violate the Depository Institution Management Officials Interlocks Act (12 U.S.C. § 3210 *et seq.*) ("Interlocks Act"). In light of all the facts of record, including South Central's position as Fayette Savings's largest shareholder and its intent to exercise a controlling influence over the management and policies of Fayette Savings, South Central and Fayette Savings would be "affiliates" for purposes of the Interlocks Act; and, thus, an interlocking director would not be prohibited. *See* 12 U.S.C. § § 1841(d)(3), 3201(3)(A).

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

9. Fayette Savings questions why South Central's *pro forma* financial statements do not reflect the "goodwill" currently maintained by Fayette Savings. Staff has reviewed South Central's *pro forma* financial statements and determined that the proposed investment in Fayette Savings, which is reflected at cost, is consistent with generally accepted accounting principles. Fayette Savings also contends that South Central's application did not disclose certain information, including that Fayette Savings is authorized to engage in activities that are impermissible for a bank holding company, that two principals of South Central own shares of Fayette Savings, and that Fayette Savings's board of directors adopted a shareholder rights plan. The Board has reviewed these comments concerning the accuracy and disclosure of information in light of confidential reports of examination, relevant accounting principles, submissions from South Central, other information from supervisory agencies, and all other facts of record, and found no material omissions or inaccuracies by South Central occurred.

shares of a bank or bank holding company.[10] In this case, South Central would become the largest shareholder of Fayette Savings and has the capability to serve as a source of managerial and financial strength to Fayette Savings. South Central contends moreover, that the acquisition of the 18.37 percent block that has become available in this case is an important step in acquiring control of Fayette Savings. In addition, South Central states that it does not intend to disrupt the management of Fayette Savings and intends to serve as a source of managerial strength to Fayette Savings. The Board has considered the financial and managerial resources of South Central in light of relevant reports of examination, and other supervisory information. Based on all the facts of record, the Board concludes that the financial and managerial resources of the organizations involved in this proposal are consistent with approval.

Competitive Considerations

The Board has carefully reviewed the competitive effects of this proposal in light of all the facts of record, including comments from Fayette Savings that the proposal would have significant anticompetitive effects. South Central and Fayette Savings compete directly in the Colorado County, Texas,[11] banking market and the Fayette County, Texas, banking market.[12] Consummation of the proposal would not cause the levels of concentration as measured by the Herfindahl–Hirschman Index ("HHI") to exceed the Department of Justice merger guidelines in either of these banking markets,[13] and a large number of depository institutions would continue to operate in these markets.[14] The Department of Justice has reviewed the proposal and advised the Board that consummation of the proposal would not likely have any significantly adverse competitive effects. Based on these and all other facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the Fayette County or Colorado County banking markets or any other relevant banking market.

A. Record of Performance under the Community Reinvestment Act

In acting on a proposal to acquire a savings association under section 4(c)(8) of the BHC Act, the Board reviews the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[15] The Board has evaluated the record of performance of South Central's depository institutions and Fayette Savings in light of the CRA performance examinations by their primary federal supervisors. The Board also has carefully considered comments from Fayette Savings contending that South Central's record of lending within its

10. *See Hudson Financial Associates*, 72 *Federal Reserve Bulletin* 150 (1986); *City Holding Company*, 71 *Federal Reserve Bulletin* 575 (1985).

11. The Colorado County, Texas, banking market is approximated by Colorado County, Texas.

12. Fayette Savings contends that the Board should separately consider the competitive effects of the proposal in the city of Flatonia, Texas, which is within the Fayette County, Texas, banking market, and that the proposal would result in the monopolization of banking in Flatonia. The Board and the courts have found that the relevant banking market for analyzing the competitive effects of a proposal must reflect commercial and banking realities and should consist of the local area where the financial institutions involved offer their services and where local customers can practicably turn for alternatives. *See St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673, 674 (1982). The key question to be considered in making this decision "is not where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate." *United States v. Philadelphia National Bank*, 374 U.S. 321, 357 (1963); *United States v. Phillipsburg National Bank*, 399 U.S. 350, 364–65 (1969). In considering the appropriate market for analyzing the competitive effects of the proposal, the Board has considered all the facts of record, including commercial banking data, and demographic and economic factors, such as commuting patterns, media advertising, and newspaper subscription statistics. Interviews with banks in Fayette County were conducted to ascertain the scope of each institution's market area and the extent of its advertising throughout Fayette County, Texas. Based on all the facts of record, the Board concludes that Flatonia, Texas, is not the appropriate banking market in this case and that the Fayette County, Texas, banking market, which is approximated by Fayette County, Texas, is the appropriate banking market.

13. On consummation of the proposal, the HHI would not increase in the Colorado County banking market and would increase by 194 points to 1373 in the Fayette County banking market. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26.823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 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.

Market data are as of June 30, 1995, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Fayette Savings would be controlled by a commercial banking organization after consummation of the proposal, those deposits are included at 100 percent in the calculation of Applicant's *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

14. After consummation of the proposal, South Central would become the largest depository institution in the Fayette County banking market and the fifth largest depository institution in the Colorado County banking market. South Central would control approximately 21.5 percent of total deposits in depository institutions in the Fayette County banking market ("market deposits") and 5.2 percent of market deposits in the Colorado County banking market after consummation of the proposal. In addition, 10 depository institutions would remain in the Fayette County banking market and 7 depository institutions would remain in the Colorado County banking market after consummation of the proposal.

15. *See Norwest Corporation*, 76 *Federal Reserve Bulletin* 873 (1990).

community is inadequate,[16] and from two individual commenters alleging that South Central's subsidiary bank, Flatonia Bank, illegally discriminates against minorities in providing lending and banking services.[17]

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.[18] In addition, the Board considers an institution's policies and practices for compliance with applicable fair lending laws. The Board also takes into account information on an institution's lending activities that assist in meeting the credit needs of low- and moderate-income neighborhoods.

Performance Examinations. South Central's two subsidiary banks, Flatonia Bank and Central Bank, received "satisfactory" ratings from their primary federal supervisor, the FDIC, at their most recent CRA examinations, as of October 25, 1995 and April 1, 1996, respectively. Fayette Savings also received a "satisfactory" rating from its primary federal supervisor, the OTS, at its most recent CRA examination, as of October 13, 1995.

South Central's Record of Lending. FDIC examiners found no evidence of prohibited discrimination or other illegal credit practices at Flatonia Bank and Central Bank, and concluded that both institutions were in compliance with the substantive provisions of the fair lending laws. In the 1995 examination of Flatonia Bank, examiners specifically noted that the institution accepted credit applications from all segments of its community, and that a review of underwriting procedures and loan denials revealed no evidence of practices intended to discourage or pre-screen applicants or potential applicants on a prohibited basis. The 1996 examination of Central Bank concluded that the institution's fair lending policies, procedures, training programs, and internal assessment efforts were adequate. The FDIC examiners also concluded that Central Bank's delineated communities were reasonable and did not exclude any low- to moderate-income neighborhoods. In addition, the examiners noted that Central Bank regularly conducts a second review of all loan denials and an annual third review of loan denials to determine if any particular segment of its delineated community has a higher than average denial rate.

The FDIC examiners also determined that the distribution of Flatonia Bank's loan portfolio was commensurate with the economic composition and credit needs of its delineated community. The examiners noted that Flatonia Bank had a satisfactory loan-to-deposit ratio and geographic loan distribution record and that these factors showed adequate credit dispersion. They also noted that the volume and geographic dispersion of Flatonia Bank's loans exhibited the bank's satisfactory record of meeting its community credit needs. In addition, the FDIC examiners found that the board of directors of Flatonia Bank, through its active participation in community affairs and organizations, had identified housing credit as the primary credit need of its delineated communities, and had approved the funding of additional loans to meet this need. The 1995 examination of Flatonia Bank also noted that the bank offers checking accounts without monthly fees or service charges to all customers.

The 1996 examination of Central Bank found that the bank had demonstrated satisfactory lending performance with respect to its loan-to-deposit ratio, geographic distribution of loans, lending within its assessment area, and lending to individuals of different incomes and to businesses of different asset sizes.[19] In addition, the bank was found to offer credit counseling seminars for church groups, as well as for customers who previously were denied a loan. The FDIC examiners noted that this counselling program has resulted in some of these customers eventually being approved for loans by Central Bank. The examiners also noted that, in 1995, Central Bank developed a low-cost checking account for low-income individuals.

B. Conclusion Regarding CRA Considerations

The Board has carefully reviewed all the facts of record in considering the CRA performance record of South Central's subsidiary banks and Fayette Savings, including information provided by commenters to the proposal, South Central's responses, and results of the performance examinations of South Central's subsidiary banks and Fayette Savings. Based on this review, and for the reasons discussed in this Order, the Board concludes that considerations relating to the CRA are consistent with approval.

Conclusion

The Board also has carefully considered the contentions of Fayette Savings that the proposal would not result in any public benefits. The Board's consideration of public bene-

16. Specifically, Fayette Savings has alleged that Flatonia Bank and Central Bank do not have adequate records of providing loans in their market and that the ratio of loans to assets is below that of Fayette Savings.

17. One individual commenter alleges that Flatonia Bank illegally discriminated against her parents in a loan transaction. The comment has been provided to the Federal Deposit Insurance Corporation ("FDIC"), Flatonia Bank's primary federal supervisor, for consideration.

18. 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).

19. After considering the size, financial resources, and amount of loans originated and sold, the level of unfunded commitments to lend, the removal of certain restrictions on the lending activities of the bank, and other facts in this case, examiners found Central Bank's loan-to-deposit ratio to be satisfactory. Examiners commented favorably on the increase in loan originations during 1995, and noted that over 90 percent of the loans originated were within Gonzales County, Central Bank's CRA assessment area.

fits relating to a proposal necessarily involves a balancing process that takes into account the extent of the potential adverse effects resulting from the proposal. The proposal can reasonably be expected to produce notable public benefits by providing additional financial and managerial support for Fayette Savings through South Central's commitment to serve as a source of financial strength for Fayette Savings and South Central's responsibility under the cross-guarantee provisions of the FDI Act. The size of South Central's investment in Fayette Savings and its liability under the cross-guarantee provisions of the FDI Act also provide a significant financial incentive for South Central to act in the best interest of Fayette Savings.[20] As noted above, the CRA performance record of South Central is consistent with approval; and, as explained above, the potential adverse effects, including competitive, managerial, and other effects, are minimal. For these reasons, and in reliance on all the commitments made in connection with the proposal, the Board concludes that the potential for adverse effects, if any, under the factors required to be considered under section 4(c)(8) of the BHC Act would be outweighed by the public benefits.[21] Accordingly, 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.

Based on the foregoing and all other facts of record, including all the commitments made by South Central in connection with this proposal, and subject to the terms and conditions referenced in this Order, the Board has determined that the notice should be, and hereby is, approved.[22] The Board's determination is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(g) of Regulation Y (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, 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 South Central's compliance with the commitments made in connection with the notice, including the commitments and conditions discussed in this order. The commitments 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 proposal shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 18, 1996.

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

WILLIAM W. WILES
Secretary of the Board

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Hongkong Bank of Canada
Vancouver, British Columbia, Canada

Order Approving Establishment of Branches

Hongkong Bank of Canada ("Bank"), Vancouver, British Columbia, Canada, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish state-licensed branches in Portland, Oregon, and Seattle, Washington, and acquire a portion of the assets and liabilities of the existing Portland and Seattle branches of its affiliate bank, Hongkong Shanghai Banking Corporation, Limited ("HSBC"), Hong Kong. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA,

20. Fayette Savings contends that its shareholders could be adversely effected by the cross-guarantee provisions of the FDI Act. In light of South Central's financial resources, it appears unlikely that the Fayette Savings shareholders would incur any liability for losses at South Central or its subsidiaries and that such potential liability would be offset by the benefits from South Central's financial support for Fayette Savings. 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 these 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.

21. Fayette Savings and other commenters criticize the seller of the Fayette Savings shares and contend that Fayette Savings should remain as an independent financial institution. These comments do not relate to factors that the Board is required to consider under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

22. Fayette Savings requested that the Board hold a public hearing in order to address public statements made by South Central. Under the Board's rules, a hearing is required under section 4 of the BHC Act only if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.23(f). Fayette Savings does not identify disputed issues of fact that are material to the Board's decision. In addition, interested parties have had an ample opportunity to present their views, and Fayette Savings has submitted substantial written comments that have been considered by the Board. Fayette Savings's request fails to demonstrate why a written presentation would not suffice or to summarize the evidence that would be presented at a hearing or meeting. *See* 12 C.F.R. 662.3(e). The Board has carefully considered the proposal in light of all the facts of record, including Fayette Savings's comments on the issues discussed above, and, for the reasons discussed in this Order, has concluded that the factors that the Board must consider under section 4 of the BHC Act are consistent with approval. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or necessary to clarify the factual record in the notice, or otherwise warranted in this case. Accordingly, the request for a public hearing on the notice is hereby denied.

provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspapers of general circulation in Portland, Oregon (*Oregonian*, August 1, 1996), and Seattle, Washington (*Seattle Times*, August 1, 1996). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets equivalent to approximately $15 billion,[1] is the seventh largest banking organization in Canada. Bank operates 113 branches and has two subsidiaries in Canada. Bank's only operation outside Canada is a representative office in Hong Kong.

Bank and HSBC are indirectly owned by HSBC Holdings Plc ("Holdings"), London, England, a holding company that engages through subsidiaries in financial activities through more than 3,000 offices in 65 countries. HSBC, the main subsidiary bank of Holdings, operates branches in New York, New York; Chicago, Illinois; Portland, Oregon; and Seattle, Washington; and representative offices in Dallas and Houston, Texas. Holdings also directly owns all the outstanding shares of Midland Bank plc, London, England, which operates a branch in New York, New York, and, through HSBC Americas, Inc., a U.S. bank holding company, owns Marine Midland Bank, Buffalo, New York.[2] Holdings also engages through subsidiaries in other permissible nonbanking activities in the United States and abroad.

HSBC's branches in Portland and Seattle (the "Branches") are subject to the grandfather provisions of the IBA. Bank proposes to establish branches in Portland and Seattle by acquiring a portion of the assets and liabilities of the Branches.[3] The proposed transfer of HSBC's branches in Portland and Seattle to Bank is part of a continuing effort by Holdings to reorganize its commercial banking operations in North America. Bank proposes to acquire HSBC's branch operations in the Pacific Northwest to complement Bank's existing business conducted from its offices in Canada. Bank's proposed Portland and Seattle branches would engage in traditional commercial banking functions and would market their services to U.S. companies, including U.S. subsidiaries of Canadian companies, and to non-U.S. clients of the HSBC group that require assistance in the Pacific Northwest.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also generally must determine whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2) and (6); 12 C.F.R. 211.24(c)(1)). The Board also may take into account the additional standards set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

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

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[4]

The Board previously determined that other Canadian banking organizations are subject to comprehensive, consolidated supervision by their home country supervisor, the Office of the Superintendent of Financial Institutions ("OSFI"), in connection with their applications to establish U.S. offices.[5] In this case, the Board has determined that Bank is supervised on the same terms and conditions as these other Canadian banks. In addition, with respect to HSBC and its various banking and nonbanking affiliates,

1. All financial data are as of April 30, 1996.

2. Holdings also owns indirectly 40 percent of the total equity of Wells Fargo HSBC Trade Bank, N.A., San Francisco, California ("Trade Bank"), a bank operated as a joint venture with Wells Fargo & Company, San Francisco, California. *See Wells Fargo & Company, HSBC Holdings plc, HSBC Holdings BV, Marine Midland Bank, Inc.*, 81 *Federal Reserve Bulletin* 1037 (1995) (the "Trade Bank Order").

3. Bank would acquire approximately 80 percent of the assets and liabilities of HSBC's Seattle branch, and approximately 20 percent of the assets and liabilities of HSBC's Portland branch. The remaining assets and liabilities of the Branches, consisting of the trade finance business of the Branches, have been transferred to the Trade Bank. Upon completion of these transactions, HSBC would retain a representative office in Seattle, but would no longer have an office in Portland.

4. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; and

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

5. *See Bank of Montreal*, 80 *Federal Reserve Bulletin* 925 1994); *National Bank of Canada*, 82 *Federal Reserve Bulletin* 769 (1996); and *The Toronto-Dominion Bank*, 82 *Federal Reserve Bulletin* 1053 (1996).

the Board previously determined that HSBC is subject to comprehensive, consolidated supervision, and the Board has noted that there has been no material change in the nature of its supervision since that time.[6] Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.

The Board has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). The OSFI, which is Bank's primary supervisor, has consented to the establishment of the proposed branches.

Canada is a signatory to the Basle risk-based capital standards, and Canadian risk-based capital standards meet those established by the Basle Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branches. Bank has established controls and procedures for the proposed branches to ensure compliance with U.S. law, as well as controls and procedures for its other operations.

The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities about access to information. Bank and Holdings have committed to make available to the Board such information on the operations of Bank, Holdings and any of their affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information is prohibited or impeded by law, Bank and Holdings have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of certain information. In addition, subject to certain conditions, the OSFI and the Bank of England may share information on Bank's and the HSBC Group's operations, respectively, with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank and Holdings have provided adequate assurances of access to any necessary information the Board may request.

Bank's home state for purposes of the IBA is New York.[7] Bank proposes to establish branches in Portland and Seattle, outside its home state, in reliance on the grandfather rights of its affiliate bank, HSBC, to maintain and operate branches in those locations. Section 5 of the IBA governs the interstate branching operations of foreign banks. Section 5(b) provides that, notwithstanding the other restrictions of the IBA on interstate branching by foreign banks, a "foreign bank" may establish or operate outside its home state any state-licensed branch operating on July 27, 1978. 12 U.S.C. § 3103(b). The Branches each were operating on that date, and HSBC therefore is entitled to operate them on a grandfathered basis.

The IBA defines a "foreign bank" to include affiliates of a foreign bank. 12 U.S.C. § 3101(7). For purposes of the IBA's home state requirements, moreover, the Board treats a foreign banking group as a single foreign bank, regardless of how many foreign banks are within the group.[8] In this case, allowing Bank to assume the operation of HSBC's grandfathered branches would be consistent with the purposes of section 5 because it would not allow Holdings and the group of banks and companies it controls (the "HSBC Group") to extend its network of interstate branches beyond those in operation on July 27, 1978.[9] As noted, HSBC will no longer operate branches in Portland and Seattle after the completion of the proposed transactions. In this case, the state banking authorities of Oregon and Washington also have approved the proposed acquisition of the Branches and their operation by Bank. Accordingly, the Board has determined that Bank should be allowed to acquire the Branches and to operate them on a grandfathered basis notwithstanding their location outside Bank's home state, provided that HSBC terminates its own branch operations at such locations.

On the basis of all the facts of record, and subject to the commitments made by Bank and Holdings, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the proposed state-licensed branches should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank, Holdings, or any of their affiliates subsequently interfere with the Board's ability to determine the compliance by Bank, Holdings or their affiliates with applicable federal statutes, the Board may require termination of any of Bank's or its affiliates' direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and Holdings with all commitments made in connection with this application and with the conditions in this order.[10] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in

6. Trade Bank Order at 1039; *The Hongkong and Shanghai Banking Corporation Limited*, 81 *Federal Reserve Bulletin* 902 (1995).

7. For purposes of the IBA, the home state of HSBC is New York. Under the Board's Regulation K, foreign banks which are majority-owned by the same company are required to have the same home state. 12 C.F.R. 211.22(c). As a result of their common ownership by Holdings, Bank and HSBC both have New York as their home state.

8. 12 C.F.R. 211.22(c).

9. *See* Board Letter of March 2, 1981.

10. The Board's authority to approve the establishment of the proposed branches parallels the continuing authority of the states of Oregon and Washington to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Oregon, and its agent, the Oregon Department of Consumer and Business Services, or the State of Washington, and its agent, the Washington Department of Financial Institutions, to license the proposed branches of Bank in accordance with any terms or conditions that either state may impose.

proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, Holdings, their offices, and their affiliates.

By order of the Board of Governors, effective November 27, 1996.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

The Sumitomo Bank, Limited
Osaka, Japan

Order Approving Establishment of a Branch

The Sumitomo Bank, Limited, Osaka, Japan ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York, New York (*The New York Post*, July 19, 1996). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets equivalent to approximately $528 billion,[1] is the fourth largest banking organization in Japan and the fourth largest banking organization in the world. In the United States, Bank operates subsidiary banks in San Francisco, California, and Honolulu, Hawaii; branches in Los Angeles and San Francisco, California, Chicago, Illinois, and New York, New York; agencies in Atlanta, Georgia, and Houston, Texas; and representative offices at fifteen locations around the country. Bank also engages directly and through subsidiaries in other permissible nonbanking activities in the United States and abroad.

Bank proposes to consolidate the activities of its New York representative office and its regional administrative office in a state-licensed branch. The branch would limit its deposit-taking activities to those that are incidental to international or foreign business ("limited branch").[2]

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also generally must determine whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2) and (6); 12 C.F.R. 211.24(c)(1)). The Board may also take into account the additional standards set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

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

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[3]

In this case, with respect to the issue of supervision by home country authorities, the Board previously determined that Bank is subject to comprehensive, consolidated home country supervision and there has been no material change in the nature of its supervision since that time.[4]

The Board has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). In this regard, the Japanese Ministry of Finance ("MOF") has consented to the establishment of the proposed state-licensed limited branch.

Japan is a signatory to the Basle risk-based capital standards, and Japanese risk-based capital standards meet those established by the Basle Capital Accord. Bank's capital is in excess of the minimum levels that would be

1. All financial data are as of March 31, 1996.

2. Bank's home state under the IBA and Regulation K is California. Because Bank's proposed New York branch is outside Bank's home state, under the IBA it cannot engage in full service deposit activities and must limit its deposit taking to that of a corporation organized under section 25A of the Federal Reserve Act (the Edge Act) (12 U.S.C. § 611 *et seq.*).

3. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; and

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

4. *The Sumitomo Bank, Limited*, 82 *Federal Reserve Bulletin* 369 (1996).

required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed limited branch. Bank has established controls and procedures for the proposed limited branch in order to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Finally, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities about access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information is prohibited or impeded by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of certain information. In addition, subject to certain conditions, the MOF and the Bank of Japan may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a state-licensed limited branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's or its affiliates' direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with all commitments made in connection with this application and with the conditions in this order.[5] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices, and its affiliates.

By order of the Board of Governors, effective November 6, 1996.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

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

INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (JULY 1, 1996-SEPTEMBER 30, 1996)

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin Volume and Page*
Banc One Corporation, Columbus, Ohio CoreStates Financial Corp, Philadelphia, Pennsylvania PNC Bank Corp., Pittsburgh, Pennsylvania KeyCorp, Cleveland, Ohio National City Corporation, Cleveland, Ohio	Electronic Payment Services, Inc., Wilmington, Delaware	July 1, 1996	82, 848
Banco Santander, S.A., Madrid, Spain	Banco Central Hispano Puerto Rico, Hato Rey, Puerto Rico	July 31, 1996	82, 833

Index of Orders—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin Volume and Page*
Bank of Boston Corporation, Boston, Massachusetts	BayBanks, Inc., Boston, Massachusetts BayBank, N.A., Boston, Massachusetts BayBank NH, National Association, Derry, New Hampshire	July 10, 1996	82, 856
Cambridge Bancorp, Cambridge, Massachusetts	Cambridge Investment Services of New Hampshire, Inc., Concord, New Hampshire	September 30, 1996	82, 1040
CBG Compagnie Bancaire Geneve, Geneva, Switzerland	To establish a representative office in Miami, Florida	July 29, 1996	82, 862
The Chase Manhattan Corporation, New York, New York Mellon Bank Corporation, Pittsburgh, Pennsylvania ChaseMellon Shareholder Services, L.L.C., Ridgefield Park, New Jersey	Wells Fargo Bank, N.A., San Francisco, California	September 30, 1996	82, 1041
China Construction Bank, Beijing, People's Republic of China	To establish a representative office in New York, New York	September 23, 1996	82, 1053
CNB Financial Corp., Canajoharie, New York	Central Asset Management, Inc., Canajoharie, New York	August 12, 1996	82, 952
Community Bank of Nevada, Las Vegas, Nevada	To establish a branch at 2887 South Maryland Parkway, Las Vegas, Nevada	August 28, 1996	82, 966
Dresdner Bank AG, Frankfurt, Germany	Kleinwort Benson Group plc, London, England	July 15, 1996	82, 850
First Merchants Corporation, Muncie, Indiana	Randolph County Bancorp, Winchester, Indiana Randolph County Bank, Winchester, Indiana	August 28, 1996	82, 942
First Southern Bancorp, Inc., Stanford, Kentucky	Lincoln Financial Bancorp, Inc., Stanford, Kentucky Lincoln Federal Savings Bank, Stanford, Kentucky	July 22, 1996	82, 854
First State Bancshares of Blakely, Inc., Blakely, Georgia	First Southwest Bancorp, Inc., Donalsonville, Georgia First Federal Savings Bank of Southwest Georgia, Donalsonville, Georgia	August 26, 1996	82, 953
Grupo Financiero Banamex Accival, S.A. de C.V., Mexico City, Mexico	Banco National de Mexico, S.A., Mexico City, Mexico Banamex USA Bancorp, Los Angeles, California California Commerce Bank, Los Angeles, California	September 9, 1996	82, 1047
Hibernia Corporation, New Orleans, Louisiana	CM Bank Holding Company, Lake Charles, Louisiana Calcasieu Marine National Bank of Lake Charles, Lake Charles, Louisiana	July 31, 1996	82, 838

Index of Orders—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin Volume and Page*
Hibernia Corporation, New Orleans, Louisiana	St. Bernard Bank & Trust Co., Arabi, Louisiana	July 31, 1996	82, 842
InterWest Bancorp, Inc., Oak Harbor, Washington	Central Bancorporation, Wenatchee, Washington Central Washington Bank, Wenatchee, Washington North Central Washington Bank, Omak, Washington	August 12, 1996	82, 944
KeyCorp, Cleveland, Ohio	Carleton, McCreary, Holmes & Co., Cleveland, Ohio Key Capital Markets, Inc., Cleveland, Ohio	August 14, 1996	82, 958
KeyCorp, Cleveland, Ohio Key Bancorp of New Hampshire, Inc., Bedford, New Hampshire	Key Bank, Bedford, New Hampshire	August 5, 1996	82, 946
Korea Development Bank, Seoul, Korea	To establish a state-licensed branch in New York, New York	August 23, 1996	82, 969
National Westminster Bank Plc, London, England	Greenwich Capital Holdings, Inc., Greenwich, Connecticut	September 19, 1996	82, 1044
NVE Bancorp, MHC, Englewood, New Jersey NVE Bancorp, Inc., Englewood, New Jersey	NVE Savings Bank, Englewood, New Jersey	July 15, 1996	82, 843
Perryton Bancshares, Inc., Perryton, Texas	Perryton National Bank, Perryton, Texas	July 22, 1996	82, 844
Shinhan Bank, Seoul, Korea	Marine National Bank, Irvine, California	August 19, 1996	82, 951
Texas Financial Bancorporation, Inc., Minneapolis, Minnesota First Bancorp, Inc., Denton, Texas First Delaware Bancorp, Inc., Dover, Delaware	Riverside National Bank, Grand Prairie, Texas	July 22, 1996	82, 845
The Toronto-Dominion Bank, Toronto, Canada	Waterhouse Investor Services, Inc., New York, New York Waterhouse National Bank, White Plains, New York	September 30, 1996	82, 1052
Union Planters Corporation, Memphis, Tennessee	Leader Financial Corporation, Memphis, Tennessee Leader Federal Bank of Savings, Memphis, Tennessee	August 5, 1996	82, 959

Index of Orders—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin Volume and Page*
Valley View Bancshares, Inc., Overland Park, Kansas	Industrial Bancshares, Inc., Kansas City, Kansas Industrial State Bank, Kansas City, Kansas International Bancshares, Inc., Gladstone, Missouri First Bank of Missouri, Gladstone, Missouri Mission Bancshares, Inc., Mission, Kansas The Mission Bank, Mission, Kansas One Security, Inc., Kansas City, Kansas Security Bank, Kansas City, Kansas	September 16, 1996	82, 1036

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
U.S. Bancorp, Portland, Oregon	Sun Capital Bancorp, St. George, Utah Sun Capital Bank, St. George, Utah	November 25, 1996

Section 4

Applicant(s)	Nonbanking Activity/Company	Effective Date
Bank of Boston Corporation, Boston, Massachusetts Fleet Financial Group, Inc., Boston, Massachusetts The Governor and Company of the Bank of Ireland, Dublin, Ireland The Royal Bank of Scotland Group plc, Edinburgh, United Kingdom The Royal Bank of Scotland plc, Edinburgh, United Kingdom	To engage in additional data processing activities through NYCE Corporation, Woodcliff Lake, New Jersey	November 21, 1996

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Effective Date
Citizens Financial Group, Inc., Providence, Rhode Island The Bank of New York Company, Inc., New York, New York The Chase Manhattan Corporation, New York, New York Citicorp, New York, New York HSBC Holdings PLC, London, England HSBC Holdings BV, Amsterdam, The Netherlands HSBC Americas, Inc., Buffalo, New York National Westminster Bank, PLC, London, England First Union Corporation, Charlotte, North Carolina First National of Nebraska, Inc., Omaha, Nebraska First National of Colorado, Inc., Omaha, Nebraska	Professional Career Services, Inc., Omaha, Nebraska	November 1, 1996

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
ADBANC, Inc., Ogallala, Nebraska	The First State Bank, Lodgepole, Nebraska	Kansas City	November 15, 1996
BancFirst Corporation, Oklahoma City, Oklahoma	Peoples State Bank, Tulsa, Oklahoma	Kansas City	November 7, 1996
Berco, Inc., Bennington, Kansas	Front Range Bancshares, Littleton, Colorado	Kansas City	November 15, 1996
Bluestem Development Corporation, Joy, Illinois	Joy Development Corporation, Davenport, Iowa Joy State Bank, Joy, Illinois	Chicago	October 24, 1996
Bridge View Bancorp, Englewood Cliffs, New Jersey	Bridge View Bank, Englewood Cliffs, New Jersey	New York	November 20, 1996
Carlinville National Bank Shares, Inc., Carlinville, Illinois	Lincoln Trail Bancshares, Inc., Taylorville, Illinois Palmer State Bank, Taylorville, Illinois	St. Louis	November 8, 1996
Century Bancorp, Inc., Thomasville, North Carolina	Home Savings, Inc., SSB, Thomasville, North Carolina	Richmond	November 12, 1996

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
City Holding Company, Charleston, West Virginia	The Old National Bank of Huntington, Huntington, West Virginia	Richmond	November 15, 1996
Crestar Financial Corporation, Richmond, Virginia	Citizens Bancorp, Laurel, Maryland	Richmond	November 21, 1996
Dent Bancshares, Inc., Dent, Minnesota	Farmers State Bank, Dent, Minnesota	Minneapolis	October 28, 1996
Destin Bancshares, Inc., Destin, Florida	Destin Bank, Destin, Florida	Atlanta	November 8, 1996
First Baird Bancshares, Inc., Baird, Texas First Baird Bancshares of Delaware, Inc., Dover, Delaware Weatherford Bancshares, Inc., Weatherford, Texas First Weatherford Bancshares, Inc., Weatherford, Texas	First Munday Bancshares, Inc., Munday, Texas First Munday Bancshares of Delaware, Inc., Munday, Texas First National Bank in Munday, Munday, Texas	Dallas	November 6, 1996
FirstBank Holding Company of Colorado Employee Stock Ownership Plan, Lakewood, Colorado	FirstBank Holding Company of Colorado, Lakewood, Colorado	Kansas City	November 15, 1996
First Commerce Bancorp, Inc., Logan, Utah	Nubanc Corp., Logan, Utah	San Francisco	October 22, 1996
First Financial Bancorp, Hamilton, Ohio	Farmers State Bancorp, Liberty, Indiana	Cleveland	November 8, 1996
First Financial Bancorp, Hamilton, Ohio	Hastings Financial Corporation, Hastings, Michigan National Bank of Hastings, Hastings, Michigan	Cleveland	November 14, 1996
First Manistique Corporation, Manistique, Michigan	UP Financial, Inc., Ontonagon, Michigan	Minneapolis	November 5, 1996
First State Bancorp, Inc., La Crosse, Wisconsin	First Bancorporation, Inc., Sparta, Wisconsin	Minneapolis	November 4, 1996
Glacier Bancorp, Inc., Kalispell, Montana	Missoula Bancshares, Inc., Missoula, Montana	Minneapolis	November 13, 1996
G.R. Bancorp, LTD., Grand Ridge, Illinois	The First National Bank of Grand Ridge, Grand Ridge, Illinois	Chicago	November 6, 1996
Independence Bancshares, Inc., Independence, Iowa	Southeast Security Bank, Mediapolis, Iowa	Chicago	November 18, 1996
Iroquois Bancorp, Inc., Auburn, New York	Cayuga Savings Bank, Auburn, New York Cayuga Bank, Auburn, New York	New York	October 30, 1996
MarTex Bancshares, Inc., Marshall, Texas	Heritage Texas Group, Inc., Pittsburgh, Texas	Dallas	October 30, 1996
MNB Bancshares, Inc., Malvern, Arkansas	The Malvern National Interim Bank, Malvern, Arkansas First National Interim Bank of Sheridan, Sheridan, Arkansas	St. Louis	October 29, 1996
Northern Plains Investment, Inc., Jamestown, North Dakota	Stutsman County State Bank, Jamestown, North Dakota	Minneapolis	November 7, 1996

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Norwest Corporation, Minneapolis, Minnesota	West Columbia National Bank, West Columbia, Texas	Minneapolis	November 19, 1996
Oak Park Bancshares, Inc., Overland Park, Kansas	Hillcrest Bancshares, Inc., Kansas City, Missouri The Olathe Bank, Olathe, Kansas	Kansas City	November 6, 1996
Old Kent Financial Corporation, Grand Rapids, Michigan	Seaway Financial Corporation, St. Clair, Michigan Commercial and Savings Bank of St. Clair County, St. Clair, Michigan Algonac Savings Bank, Algonac, Michigan	Chicago	November 20, 1996
Owenton Bancorp, Inc. Employee Stock Ownership Trust, Owenton, Kentucky	Owenton Bancorp, Inc., Owenton, Kentucky	St. Louis	November 4, 1996
Pacific Capital Bancorp, Salinas, California	South Valley Bancorporation, Morgan Hill, California South Valley National Bank, Morgan Hill, California	San Francisco	October 25, 1996
Paradigm Bancorporation, Inc., Houston, Texas	Paradigm Delaware Bancorporation, Inc., Dover, Delaware Woodcreek Bank, Houston, Texas	Dallas	November 6, 1996
Paradigm Delaware Bancorporation, Inc., Dover, Delaware	Woodcreek Bank, Houston, Texas	Dallas	November 6, 1996
Sanger Bancshares, Inc., Sanger, Texas	Sanger Intermediate Holding Company, Wilmington, Delaware Sanger Bank, Sanger, Texas	Dallas	November 7, 1996
Sanger Intermediate Holding Company, Inc., Wilmington, Delaware	Sanger Bank, Sanger, Texas	Dallas	November 7, 1996
The Sankovitz Family Limited Partnership, Waseca, Minnesota	Frankson Investment Corporation, Waseca, Minnesota	Minneapolis	November 7, 1996
Smoky Mountain Bancorp, Inc., Gatlinburg, Tennessee	BankFirst, Knoxville, Tennessee	Atlanta	November 8, 1996
TCB Delaware, Inc., Dover, Delaware	Brady National Bank, Brady, Texas	Dallas	October 25, 1996
TDI Financial Corporation, Chicago, Illinois	Security Chicago Corporation, Chicago, Illinois First Security Bank of Chicago, Chicago, Illinois	Chicago	October 25, 1996

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
TeamBanc, Inc., Paola, Kansas TeamBanc, Inc. Employees' Stock Ownership Plan, Paola, Kansas TeamBanc Acquisition Subsidiary, Inc., Paola, Kansas	Crown Bancshares, Inc., Bellevue, Nebraska	Kansas City	November 15, 1996
Texas Country Bancshares, Inc., Brady, Texas TCB Delaware, Inc., Dover, Delaware	The First National Bank of Ballinger, Ballinger, Texas	Dallas	October 25, 1996
United Community Bancshares, Inc., Eagan, Minnesota	Park Financial Corporation, St. Louis Park, Minnesota	Minneapolis	November 19, 1996
Upson Bankshares, Inc., Thomaston, Georgia	Bank of Upson, Thomaston, Georgia	Atlanta	October 25, 1996
Wilson Bank Holding Company, Lebanon, Tennessee	Community Bank of Smith County, Carthage, Tennessee	Atlanta	November 8, 1996

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Anita Bancorporation, Newton, Iowa	Rolling Hills Insurance Agency, L.C., Atlantic, Iowa	Chicago	November 19, 1996
Bancommunity Service Corporation, St. Peter, Minnesota	Security Shares, Inc., St. Peter, Minnesota	Minneapolis	November 7, 1996
Bank Austria AG, Vienna, Austria	Bank Austria Mortgage Corp., New York, New York	New York	October 31, 1996
Capitol Bancorporation, Inc., Britton, South Dakota Fulda Bancorporation, Inc., Britton, South Dakota	To engage *de novo* in consumer lending activities	Minneapolis	November 14, 1996
CCB Financial Corporation, Durham, North Carolina	CCB Services, Inc., Durham, North Carolina	Richmond	November 1, 1996
The Colonial BancGroup, Inc., Montgomery, Alabama	First Family Financial Corporation, Eustis, Florida First Family Bank, Eustis, Florida	Atlanta	November 5, 1996
Comerica Incorporated, Detroit, Michigan	Bankers Motor Acceptance Corporation, Newport Beach, California	Chicago	October 24, 1996
Commonwealth Commercial Corporation, Crittenden, Kentucky	The Bank of Crittenden, Crittenden, Kentucky	Cleveland	October 18, 1996
Fulton Financial Corporation, Lancaster, Pennsylvania	To engage in community development activities through an investment of $1.2 million in a limited partnership	Philadelphia	November 19, 1996
Klein Bancorporation, Inc., Chaska, Minnesota	To engage *de novo* in providing data processing services to commonly-owned insurance agencies	Minneapolis	October 30, 1996
MainStreet BankGroup Incorporated, Martinsville, Virginia	MainStreet Trust Company, N.A., Martinsville, Virginia	Richmond	November 19, 1996

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Norwest Corporation, Minneapolis, Minnesota	Central Federal Mortgage Company, State College, Pennsylvania	Minneapolis	November 5, 1996
Pioneer Bankcorp, Inc., Clewiston, Florida	Development Investments, Inc., Clewiston, Florida	Atlanta	October 25, 1996
Societe Generale, Paris, France	FIMAT Futures USA, Inc., New York, New York	New York	November 1, 1996
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding N.V., Amsterdam, The Netherlands ABN AMRO Bank N.V., Amsterdam, The Netherlands ABN AMRO North America, Inc., Chicago, Illinois LeasePlan North America, Inc., Chicago, Illinois	Chevron Credit Bank, National Association, Murray City, Utah	Chicago	November 8, 1996

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Prime Newco, Inc., Philadelphia, Pennsylvania	First Sterling Bancorp, Inc., Devon, Pennsylvania	Philadelphia	November 15, 1996

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Aliant Bank, Alexander City, Alabama	Elmore County Bank, Wetumpka, Alabama First Montgomery Bank, Montgomery, Alabama	Atlanta	November 15, 1996
Fifth Third Bank of Kentucky, Inc., Louisville, Kentucky	Fifth Third Savings Bank of Western Kentucky, F.S.B., Mayfield, Kentucky	St. Louis	November 1, 1996
The Fifth Third Bank of Northeastern Ohio, Cleveland, Ohio	Fifth Third Savings Bank of Northern Ohio, F.S.B., Kent, Ohio	Cleveland	November 1, 1996
The Fifth Third Bank of Northern Kentucky, Inc., Florence, Kentucky	Fifth Third Savings Bank of Northern Kentucky, F.S.B., Hebron, Kentucky	Cleveland	November 1, 1996

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Kent City State Bank, Kent City, Michigan	The Grant State Bank, Grant, Michigan	Chicago	November 8, 1996
Texas Bank, Weatherford, Texas	Bank of America Texas, N.A., Irving, Texas	Dallas	November 20, 1996

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.

Artis v. Greenspan, No. 1:96CV02619 (D.D.C., filed November 19, 1996). Employment discrimination action.

First Baird Bancshares, Inc. v. Board of Governors, No. 96–1426 (D.C. Cir., filed November 18, 1996). Petition for review of Board order dated November 6, 1996, approving applications of First Commercial Corporation, Little Rock, Arkansas, Arvest Bank Group, Inc., Bentonville, Arkansas, and TRH Bank Group, Inc., Norman, Oklahoma, to acquire all the shares of The Oklahoma National Bank of Duncan, Duncan, Oklahoma. On November 20, 1996, the Court denied petitioners' motion for a stay.

Snyder v. Board of Governors, No. 96–1403 (D.C. Cir., filed October 23, 1996). Petition for review of Board order dated September 11, 1996, prohibiting John K. Snyder and Donald E. Hedrick from further participation in the banking industry. On November 21, 1996, the Board moved to dismiss the petition.

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, and set a hearing on their motion for preliminary and permanent injunctive relief for December 17, 1996.

Clifford v. Board of Governors, No. 96–1342 (D.C. Cir., filed September 17, 1996). Petition for review of Board order dated August 21, 1996, denying petitioners' motion to dismiss enforcement action against them. On November 4, 1996, the Board filed a motion to dismiss the petition.

Artis v. Greenspan, No. 96-CV-02105 (D. D.C., filed September 11, 1996). Class complaint alleging race discrimination in employment.

Leuthe v. Board of Governors, No. 96–5725 (E.D. Pa., filed August 16, 1996). Action against the Board and other Federal banking agencies challenging the constitutionality of the Office of Financial Institution Adjudication.

Long v. Board of Governors, No. 96–9526 (10th Cir., filed July 31, 1996). Petition for review of Board order dated July 2, 1996, assessing a civil money penalty and cease and desist order for violations of the Bank Holding Company Act. The Board's brief in opposition to the petition was filed November 27, 1996.

Esformes v. Board of Governors, No. 96–1916 (S.D. Fla., filed July 12, 1996). Complaint challenging Board denial of administrative request for confidential supervisory information. Plaintiffs' motion for an expedited hearing was denied on August 1, 1996. On September 20, 1996, the Board filed a motion to dismiss or for summary judgment. On October 8, the plaintiffs moved for voluntary dismissal of the action.

Board of Governors v. Interamericas Investments, Ltd., No. 96–7108 (D.C. Cir., filed June 14, 1996). Appeal of district court ruling granting, in part, the Board's application to enforce an adminstrative investigatory subpoena for documents and testimony. On November 15, 1996, the court dismissed the action on appellants' motion.

Interamericas Investments, Ltd. v. Board of Governors, No. 96–60326 (5th Cir., filed May 8, 1996). Petition for review of order imposing civil money penalties and cease and desist order in enforcement case. Petitioners' brief was filed on July 26, 1996, and the Board's brief was filed on September 27, 1996. On August 20, petitioners' motion for a stay of the Board's orders pending judicial review was denied by the Court of Appeals.

Kuntz v. Board of Governors, No. 96–1137 (D.C. Cir., filed April 25, 1996). Petition for review of a Board order dated March 25, 1996, approving an application by CoreStates Financial Corp., Philadelphia, Pennsylvania, to acquire Meridian Bancorp, Inc., Reading, Pennsylvania. The Board's motion to dismiss was filed on June 3, 1996. On October 24, 1996, the court dismissed the action.

Kuntz v. Board of Governors, No. 96–1079 (D.C. Cir., filed March 7, 1996). Petition for review of a Board order dated February 7, 1996, approving applications by The Fifth Third Bank, Cincinnati, Ohio, and The Firth Third Bank of Columbus, Columbus, Ohio, to acquire certain assets and assume certain liabilities of 25 branches of NBD Bank, Columbus, Ohio. Petitioner has moved to consolidate the case with *Kuntz v. Board of Governors*, No. 95–1495. On April 8, 1996, the Board filed a motion to dismiss the action.

Henderson v. Board of Governors, No. 96–1054 (D.C. Cir., filed February 16, 1996). Petition for review of a Board order dated January 17, 1996, approving the merger of First Citizens BancShares, Inc., Raleigh, North Carolina, with Allied Bank Capital, Inc., Sanford, North Carolina. Petitioners' motion for a stay was denied on March 7, 1996. Oral argument on the merits is scheduled for January 17, 1996.

Research Triangle Institute v. Board of Governors, No. 1:96CV00102 (M.D.N.C., filed February 12, 1996). Contract dispute. On May 3, 1996, the Board filed a motion to dismiss the action.

Inner City Press/Community on the Move v. Board of Governors, No. 96-4008 (2nd Cir., filed January 19, 1996). Petition for review of a Board order dated January 5, 1996, approving the applications and notices by Chemical Banking Corporation to merge with The Chase Manhattan Corporation, both of New York, New York, and by Chemical Bank to merge with The Chase Manhattan Bank, N.A., both of New York, New York. Petitioners' motion for an emergency stay of the transaction was denied following oral argument on March 26, 1996. The Board's brief on the merits was filed July 8, 1996. The case has been consolidated for oral argument and decision with *Lee v. Board of Governors*, No. 95–4134 (2d Cir.).

Menick v. Greenspan, No. 95-CV-01916 (D. D.C., filed October 10, 1995). Complaint alleging sex, age, and handicap discrimination in employment. On October 30, 1996, the parties filed a stipulation of dismissal.

Kuntz v. Board of Governors, No. 95–1495 (D.C. Cir., filed September 21, 1995). Petition for review of Board order dated August 23, 1995, approving the applications of The Fifth Third Bank, Cincinnati, Ohio, to acquire certain assets and assume certain liabilities of 12 branches of PNC Bank, Ohio, N.A., Cincinnati, Ohio, and to establish certain branches. The Board's motion to dismiss was filed on October 26, 1995.

Lee v. Board of Governors, No. 95–4134 (2nd Cir., filed August 22, 1995). Petition for review of Board orders dated July 24, 1995, approving certain steps of a corporate reorganization of U.S. Trust Corporation, New York, New York, and the acquisition of U.S. Trust by Chase Manhattan Corporation, New York, New York. On September 12, 1995, the court denied petitioners' motion for an emergency stay of the Board's orders. The Board's brief was filed on April 16, 1996.

Beckman v. Greenspan, No. 95–35473 (9th Cir., filed May 4, 1995). Appeal of dismissal of action against Board and others seeking damages for alleged violations of constitutional and common law rights. The appellants' brief was filed on June 23, 1995; the Board's brief was filed on July 12, 1995.

Money Station, Inc. v. Board of Governors, No. 95–1182 (D.C. Cir., filed March 30, 1995). Petition for review of a Board order dated March 1, 1995, approving notices by Bank One Corporation, Columbus, Ohio; CoreStates Financial Corp., Philadelphia, Pennsylvania; PNC Bank Corp., Pittsburgh, Pennsylvania; and KeyCorp, Cleveland, Ohio, to acquire certain data processing assets of National City Corporation, Cleveland, Ohio, through a joint venture subsidiary. On April 23, 1996, the court vacated the Board's order. On July 31, 1996, the full court granted the Board's suggestion for rehearing en banc, and vacated the April 23 panel decision.

In re Subpoena Duces Tecum, Misc. No. 95–06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking predecisional supervisory documents sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. The Board filed its opposition on January 20, 1995. Oral argument on the motion was held July 14, 1995.

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 Orders Issued by the Board of Governors

Thomas P. Rogers
New York Branch of The Nippon Credit Bank, Ltd.
Tokyo, Japan

The Federal Reserve Board announced on November 18, 1996, the issuance of an Order to Cease and Desist and of Assessment of a Civil Money Penalty against Thomas P. Rogers, a former chief foreign exchange trader and institution-affiliated party of the New York branch of The Nippon Credit Bank, Ltd., Tokyo, Japan.

Edward F. Stempniewicz
New York Branch of Bank Austria A.G.
Vienna, Austria

The Federal Reserve Board announced on November 4, 1996, the issuance of an Order of Prohibition against Edward F. Stempniewicz, a former officer and institution-affiliated party of the New York Branch of Bank Austria A.G., Vienna, Austria.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Arab American Bank
New York, New York

The Federal Reserve Board announced on November 18, 1996, the execution of a Written Agreement between the Arab American Bank, New York, New York, and the Federal Reserve Bank of New York.

Financial and Business Statistics

DOMESTIC NONFINANCIAL STATISTICS—CONTINUED

Selected Measures—Continued

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

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1995	1996			1996[r]				
	Q4	Q1	Q2	Q3[r]	June	July	Aug.	Sept.	Oct.
Reserves of depository institutions[2]									
1 Total	-6.9	-7.9	-6.4	-16.4	-2.5	-20.3	-20.9	-21.1	-28.5
2 Required	-7.7	-8.5	-5.7	-16.6	-9.1	-18.8	-19.0	-23.3	-28.0
3 Nonborrowed	-6.4	-6.5	-7.6	-17.6	-8.3	-20.0	-20.3	-22.0	-26.8
4 Monetary base[3]	2.7	1.5	2.2[r]	5.9	5.7	7.6	6.3	4.5	3.5
Concepts of money, liquid assets, and debt[4]									
5 M1	-5.1	-2.7	-.7	-7.0	-.5	-9.1	-9.9	-8.7	-16.7
6 M2	4.1	5.7	3.8	2.7	5.3	1.6	3.7	3.1	3.6
7 M3	4.6	7.1[r]	5.5[r]	4.3	5.1	2.8	4.8	7.1	10.3
8 L	6.0	5.0	5.7[r]	4.8	6.2	3.4	6.5	8.2	n.a.
9 Debt	4.7	5.0	5.6	4.8	5.0	5.7	3.9	3.4	n.a.
Nontransaction components									
10 In M2[5]	8.4	9.4	5.7	6.8	7.7	6.2	9.4	8.0	11.9
11 In M3 only[6]	6.8[r]	12.7[r]	12.4[r]	10.7	4.7	7.4	9.2	21.9	35.2
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	13.1	22.6	12.7	11.5	12.3	9.6	17.5	10.2	20.3
13 Small time[7]	4.8	2.5	-2.9	3.3	.4	5.4	5.2	4.8	5.4
14 Large time[8,9]	19.5	8.0	17.6[r]	16.8	19.3	16.3	10.0	21.4	61.9
Thrift institutions									
15 Savings, including MMDAs	-2.8	-.3	8.1	-.2	2.9	-.7	-4.9	-1.0	3.9
16 Small time[7]	4.9	-2.3	-3.2	-.5	-3.1	-2.7	4.1	4.1	6.8
17 Large time[8]	8.4	6.4	-3.0	8.5	4.8	12.7	9.4	18.8	13.8
Money market mutual funds									
18 Retail	16.9	13.3	9.4	13.6	20.1	13.1	14.9	17.4	14.5
19 Institution-only	10.3	27.9	8.7	18.6	29.1	16.8	20.4	25.7	7.3
Repurchase agreements and Eurodollars									
20 Repurchase agreements[10]	-12.7[r]	3.4[r]	16.3[r]	-4.2	-52.0	-11.1	-5.6	19.4	18.5
21 Eurodollars[10]	-6.7	17.0	7.4	-.3	6.2	-17.2	7.5	21.1	56.0
Debt components[4]									
22 Federal	2.3	3.0	4.7	3.8	2.1	6.0	4.5	1.0	n.a.
23 Nonfederal	5.6	5.8[r]	5.9	5.1	6.1	5.6	3.7	4.2	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						
	1996			1996						
	Aug.	Sept.	Oct.	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	425,069	427,377	426,256	426,002	427,723	425,860	424,170	427,910	427,779	425,140
U.S. government securities[2]										
2 Bought outright—System account	385,637	387,118	386,942	386,917	387,577	386,255	387,293	387,116	387,020	386,640
3 Held under repurchase agreements	3,734	4,540	3,042	4,014	5,298	3,532	2,047	3,945	3,634	2,251
Federal agency obligations										
4 Bought outright	2,336	2,319	2,289	2,311	2,311	2,309	2,309	2,309	2,288	2,249
5 Held under repurchase agreements	899	824	1,434	237	86	1,003	538	1,624	1,782	1,652
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	17	95	50	15	20	240	16	158	4	5
8 Seasonal credit	311	310	212	311	323	302	246	213	197	181
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	460	595	706	549	241	579	391	907	1,136	409
11 Other Federal Reserve assets	31,674	31,577	31,581	31,648	31,867	31,640	31,329	31,638	31,718	31,753
12 Gold stock	11,050	11,050	11,049	11,050	11,050	11,050	11,050	11,049	11,049	11,049
13 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
14 Treasury currency outstanding	24,669[r]	24,739[r]	24,800	24,738[r]	24,752[r]	24,766	24,780	24,794	24,808	24,822
ABSORBING RESERVE FUNDS										
15 Currency in circulation	429,571[r]	431,635[r]	432,734	431,712[r]	430,235[r]	430,398	431,875	433,891	433,263	432,201
16 Treasury cash holdings	268	282	287	284	285	287	293	292	281	281
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,107	6,139	5,064	5,754	7,620	6,815	4,529	4,885	5,414	5,228
18 Foreign	186	176	174	173	170	190	168	178	166	182
19 Service-related balances and adjustments	6,360	6,379	6,656	6,288	6,500	6,539	6,481	6,799	6,659	6,668
20 Other	311	357	373	366	364	374	370	381	358	378
21 Other Federal Reserve liabilities and capital	13,993	14,088	13,883	14,059	14,334	13,921	13,511	13,834	14,139	14,146
22 Reserve balances with Federal Reserve Banks[3]	14,711	13,828[r]	12,653	12,873	13,734	12,870	12,492	13,211	13,075	11,643

Factor	End-of-month figures			Wednesday figures						
	Aug.	Sept.	Oct.	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	426,686	428,168[r]	430,610	426,652	431,689	422,784	429,753	427,170	434,727	426,878
U.S. government securities[2]										
2 Bought outright—System account	386,955	383,910	385,087	386,766	389,613	386,957	387,584	387,055	386,616	387,585
3 Held under repurchase agreements	4,374	7,014	7,830	4,910	7,170	1,355	6,196	1,255	9,332	2,680
Federal agency obligations										
4 Bought outright	2,336	2,309	2,247	2,311	2,309	2,309	2,309	2,309	2,260	2,247
5 Held under repurchase agreements	1,238	1,338	2,970	208	100	444	1,104	824	2,897	2,120
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	10	1,360	6	35	60	4	24	704	12	5
8 Seasonal credit	329	294	157	317	325	280	231	205	189	180
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	220	640	318	267	−4	432	742	3,395	981	106
11 Other Federal Reserve assets	31,224	31,302	31,997	31,837	32,115	31,002	31,564	31,422	32,440	31,954
12 Gold stock	11,050	11,050	11,049	11,050	11,050	11,050	11,049	11,049	11,049	11,049
13 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
14 Treasury currency outstanding	24,710[r]	24,766[r]	24,836	24,738[r]	24,752[r]	24,766	24,780	24,794	24,808	24,822
ABSORBING RESERVE FUNDS										
15 Currency in circulation	432,118[r]	430,394[r]	433,238	431,536[r]	430,882[r]	431,660	433,463	434,677	433,308	433,379
16 Treasury cash holdings	277	286	281	285	286	293	294	281	281	281
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,149	7,700	5,897	8,215	6,846	5,427	4,722	3,594	5,337	5,388
18 Foreign	171	265	176	165	165	183	165	165	168	165
19 Service-related balances and adjustments	6,262	6,539[r]	7,006	6,288	6,500	6,539	6,481	6,799	6,659	6,668
20 Other	293	368	363	371	369	379	363	366	364	330
21 Other Federal Reserve liabilities and capital	14,007	13,744	14,066	13,811	14,102	13,251	13,664	13,660	13,937	13,884
22 Reserve balances with Federal Reserve Banks[3]	13,887	14,406[r]	15,187	11,486	18,060	10,587	16,150	13,190	20,249	12,373

1. Amounts of cash held as reserves are shown in table 1.12, line 2.

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1993	1994	1995	1996						
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 Reserve balances with Reserve Banks[2]	29,374	24,658	20,440	19,181	16,753	16,590	15,392	14,761	13,688	12,796
2 Total vault cash[3]	36,818	40,378	42,088	40,889	41,146	41,979	42,773	42,517	43,639	42,913
3 Applied vault cash[4]	33,484	36,682	37,460	36,688	36,382	37,095	37,451	36,880	37,309	36,750
4 Surplus vault cash[5]	3,334	3,696	4,628	4,201	4,764	4,883	5,322	5,637	6,330	6,164
5 Total reserves[6]	62,858	61,340	57,900	55,869	53,135	53,686[r]	52,843	51,642	50,997	49,546
6 Required reserves	61,795	60,172	56,622	54,750	52,275	52,535	51,778	50,681	49,959	48,552
7 Excess reserve balances at Reserve Banks[7]	1,063	1,168	1,278	1,120	860	1,150	1,065	961	1,038	994
8 Total borrowings at Reserve Banks[8]	82	209	257	91	127	386	368	334	368	287
9 Seasonal borrowings	31	100	40	34	105	192	284	309	306	212
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									
	1996									
	July 3	July 17	July 31	Aug. 14	Aug. 28	Sept. 11	Sept. 25	Oct. 9[r]	Oct. 23	Nov. 6
1 Reserve balances with Reserve Banks[2]	16,735	16,050[r]	14,448[r]	14,940	14,613[r]	14,623	13,324	12,653	13,141	12,354
2 Total vault cash[3]	41,403	42,347	43,492	43,326	41,604	43,007	44,028	43,941	42,196	43,013
3 Applied vault cash[4]	36,712	37,320	37,740	37,604	36,114	37,083	37,505	37,258	36,267	37,022
4 Surplus vault cash[5]	4,692	5,027	5,752	5,722	5,490	5,924	6,523	6,683	5,929	5,991
5 Total reserves[6]	53,447	53,369	52,188[r]	52,544[r]	50,726	51,705	50,829	49,911	49,408	49,376
6 Required reserves	52,007	52,543	50,964	51,514	49,835	50,741	49,745	48,839	48,470	48,372
7 Excess reserve balances at Reserve Banks[7]	1,439	826	1,223	1,029	891	964	1,084	1,072	938	1,003
8 Total borrowings at Reserve Banks[8]	386	290	442	306	349	394	335	402	286	161
9 Seasonal borrowings	241	273	304	290	328	308	317	274	205	154
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.

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

Millions of dollars, averages of daily figures

Source and maturity	1996, week ending Monday								
	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30	Oct. 7	Oct 14	Oct. 21	Oct. 28
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	77,908	78,951	74,681	72,796	71,817	73,330	72,201	72,887	71,825
2 For all other maturities	16,122	15,767	16,053	14,397	15,154	15,306	16,965	16,168	16,576
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	15,321	15,949	15,802	18,816	15,419	15,857	19,483	15,192	14,466
4 For all other maturities	22,504	20,546	20,582	19,778	19,277	19,255	17,812	18,432	19,023
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	14,477	14,819	16,969	19,091	17,772	17,002	16,570	18,957	17,104
6 For all other maturities	35,117	34,640	34,492	36,713	36,037	36,853	37,152	35,978	36,034
All other customers									
7 For one day or under continuing contract	38,622	38,220	39,369	40,237	40,007	40,916	42,297	41,575	41,046
8 For all other maturities	14,129	14,166	13,721	13,480	13,730	14,084	14,588	14,137	14,134
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	72,693	71,494	65,199	64,451	64,758	62,470	59,218	62,154	62,221
10 To all other specified customers[2]	20,725	20,800	23,966	23,507	23,324	23,066	23,302	24,890	22,879

1. Banks with assets of $4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release. For ordering address, see inside front cover.
2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 12/6/96	Effective date	Previous rate	On 12/6/96	Effective date	Previous rate	On 12/6/96	Effective date	Previous rate
Boston	5.00	2/1/96	5.25	5.40	12/5/96	5.35	5.90	12/5/96	5.85
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	5.40	12/5/96	5.35	5.90	12/5/96	5.85

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
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
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 Dec. 6, 1996	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–$49.3 million[3]	3	1/2/97
2 More than $49.3 million[4]	10	1/2/97
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 2, 1997, for depository institutions that report weekly, and with the period beginning January 16, 1997, for institutions that report quarterly, the amount was decreased from $52.0 million to $49.3 million.

Under the Garn-St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning January 2, 1997, for depository institutions that report weekly, and with the period beginning January 16, 1997, for institutions that report quarterly, the exemption was raised from $4.3 million to $4.4 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	1993	1994	1995	1996						
					Mar.	Apr.	May	June	July	Aug.	Sept.
	U.S. TREASURY SECURITIES										
	Outright transactions (excluding matched transactions)										
	Treasury bills										
1	Gross purchases	17,717	17,484	10,932	0	88	0	3,311	0	0	0
2	Gross sales	0	0	0	0	0	0	0	0	0	0
3	Exchanges	332,229	376,277	398,487	30,556	32,218	40,467	31,726	32,368	34,271	32,791
4	Redemptions	0	0	900	0	0	0	0	0	0	0
	Others within one year										
5	Gross purchases	1,223	1,238	390	0	35	0	0	0	1,240	0
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shifts	31,368	0	0	0	3,511	5,107	0	2,807	2,780	2,371
8	Exchanges	−36,582	−21,444	0	0	−4,824	−5,448	0	−4,415	−3,580	−2,890
9	Redemptions	0	0	0	0	787	0	0	0	0	0
	One to five years										
10	Gross purchases	10,350	9,168	4,966	0	1,899	0	0	0	1,279	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shifts	−27,140	−6,004	0	0	−3,511	−4,049	0	−2,807	−1,409	−2,371
13	Exchanges	0	17,801	0	0	4,824	3,748	0	3,694	1,780	2,890
	Five to ten years										
14	Gross purchases	4,168	3,818	1,239	0	479	0	0	0	297	0
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shifts	0	−3,145	0	0	0	−1,058	0	0	−1,371	0
17	Exchanges	0	2,903	0	0	0	1,700	0	721	900	0
	More than ten years										
18	Gross purchases	3,457	3,606	3,122	0	1,065	0	0	0	900	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shifts	0	−918	0	0	0	0	0	0	0	0
21	Exchanges	0	775	0	0	0	0	0	0	900	0
	All maturities										
22	Gross purchases	36,915	35,314	20,649	0	3,566	0	3,311	0	3,716	0
23	Gross sales	0	0	0	0	0	0	0	0	0	0
24	Redemptions	767	2,337	2,376	0	787	0	0	0	0	0
	Matched transactions										
25	Gross purchases	1,475,941	1,700,836	2,197,736	251,623	253,482	259,135	248,534	267,438	265,397	234,992
26	Gross sales	1,475,085	1,701,309	2,202,030	251,086	251,510	259,595	249,277	268,975	264,536	238,036
	Repurchase agreements										
27	Gross purchases	475,447	309,276	331,694	31,602	48,869	30,688	43,048	46,151	45,202	36,014
28	Gross sales	470,723	311,898	328,497	27,706	50,345	27,404	41,666	37,779	56,286	33,374
29	Net change in U.S. Treasury securities	41,729	29,882	17,175	4,433	3,274	2,824	3,950	6,836	−6,508	−404
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	0	0	0	0	0	0	0	0	0	0
31	Gross sales	0	0	0	0	0	0	0	0	0	0
32	Redemptions	774	1,002	1,303	108	82	16	40	52	0	27
	Repurchase agreements										
33	Gross purchases	35,063	52,696	36,851	5,640	2,372	5,722	5,138	3,145	8,500	4,536
34	Gross sales	34,669	52,696	36,776	4,640	3,372	4,372	6,488	2,863	7,544	4,436
35	Net change in federal agency obligations	−380	−1,002	−1,228	892	−1,082	1,334	−1,390	231	956	73
36	**Total net change in System Open Market Account**	**41,348**	**28,880**	**15,948**	**5,325**	**2,192**	**4,158**	**2,560**	**7,066**	**−5,552**	**−331**

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

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

Millions of dollars

Account	Wednesday					End of month		
	1996					1996		
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Aug. 31	Sept. 30	Oct. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,050	11,049	11,049	11,049	11,049	11,050	11,050	11,049
2 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
3 Coin	595	607	610	609	616	550	596	621
Loans								
4 To depository institutions	284	254	909	201	185	339	1,654	162
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	2,309	2,309	2,309	2,260	2,247	2,336	2,309	2,247
8 Held under repurchase agreements	444	1,104	824	2,897	2,120	1,238	1,338	2,970
9 **Total U.S. Treasury securities**	**388,312**	**393,780**	**388,310**	**395,948**	**390,265**	**391,329**	**390,924**	**392,917**
10 Bought outright[2]	386,957	387,584	387,055	386,616	387,585	386,955	383,910	385,087
11 Bills	186,697	187,323	186,795	186,355	187,325	186,694	183,650	184,826
12 Notes	152,392	152,392	152,392	152,392	152,392	152,392	152,392	152,392
13 Bonds	47,869	47,869	47,869	47,869	47,869	47,869	47,869	47,869
14 Held under repurchase agreements	1,355	6,196	1,255	9,332	2,680	4,374	7,014	7,830
15 **Total loans and securities**	**391,350**	**397,448**	**392,353**	**401,305**	**394,817**	**395,242**	**396,226**	**398,296**
16 Items in process of collection	7,459	6,930	12,717	6,629	6,458	4,100	2,521	5,646
17 Bank premises	1,207	1,207	1,213	1,215	1,214	1,197	1,207	1,215
Other assets								
18 Denominated in foreign currencies[3]	19,486	19,494	19,502	19,510	19,518	20,036	19,484	19,511
19 All other[4]	10,387	10,932	10,867	11,822	11,352	9,997	10,679	11,442
20 **Total assets**	**451,251**	**457,385**	**458,030**	**461,857**	**454,742**	**451,890**	**451,481**	**457,498**
LIABILITIES								
21 Federal Reserve notes	407,781	409,583	410,774	409,389	409,453	408,235	406,510	409,304
22 **Total deposits**	**23,437**	**28,378**	**24,475**	**32,959**	**25,923**	**25,846**	**29,331**	**29,754**
23 Depository institutions	17,448	23,127	20,351	27,090	20,041	20,233	20,997	23,317
24 U.S. Treasury—General account	5,427	4,722	3,594	5,337	5,388	5,149	7,700	5,897
25 Foreign—Official accounts	183	165	165	168	165	171	265	176
26 Other	379	363	366	364	330	293	368	363
27 Deferred credit items	6,783	5,761	9,120	5,572	5,482	3,802	1,897	4,375
28 Other liabilities and accrued dividends[5]	4,431	4,411	4,271	4,531	4,475	4,585	4,515	4,598
29 **Total liabilities**	**442,431**	**448,133**	**448,640**	**452,451**	**445,333**	**442,468**	**442,252**	**448,031**
CAPITAL ACCOUNTS								
30 Capital paid in	4,535	4,532	4,533	4,530	4,565	4,520	4,535	4,565
31 Surplus	3,850	3,860	3,860	3,860	3,860	3,966	3,958	3,860
32 Other capital accounts	435	861	997	1,015	984	936	736	1,042
33 **Total liabilities and capital accounts**	**451,251**	**457,385**	**458,030**	**461,857**	**454,742**	**451,890**	**451,481**	**457,498**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	591,049	588,066	592,665	593,389	596,136	567,974	590,730	600,425
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	532,739	532,375	531,563	531,009	530,439	527,475	533,392	530,917
36 LESS: Held by Federal Reserve Banks	124,958	122,792	120,789	121,619	120,986	119,240	126,882	121,613
37 Federal Reserve notes, net	407,781	409,583	410,774	409,389	409,453	408,235	406,510	409,304
Collateral held against notes, net								
38 Gold certificate account	11,050	11,049	11,049	11,049	11,049	11,050	11,050	11,049
39 Special drawing rights certificate account	9,718	9,718	9,718	9,718	9,718	9,718	9,718	9,718
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	387,013	388,816	390,007	388,622	388,686	387,467	385,742	388,537
42 **Total collateral**	**407,781**	**409,583**	**410,774**	**409,389**	**409,453**	**408,235**	**406,510**	**409,304**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1996					1996		
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Aug. 31	Sept. 30	Oct. 31
1 **Total loans**	**284**	**254**	**910**	**201**	**185**	**373**	**1,654**	**186**
2 Within fifteen days[1]	62	62	827	187	167	512	1,508	171
3 Sixteen days to ninety days	222	192	82	16	18	43	145	15
4 **Total U.S. Treasury securities**	**388,312**	**393,780**	**388,310**	**395,948**	**390,265**	**386,955**	**383,910**	**385,087**
5 Within fifteen days[1]	14,921	19,860	15,436	18,995	18,935	3,250	7,494	11,135
6 Sixteen days to ninety days	89,725	90,454	93,933	94,169	88,745	92,893	91,276	83,090
7 Ninety-one days to one year	114,126	113,926	109,782	113,626	113,426	121,790	115,601	121,176
8 One year to five years	95,531	95,531	94,775	94,775	94,775	95,012	95,531	95,302
9 Five years to ten years	33,653	33,653	34,028	34,028	34,028	33,653	33,653	34,028
10 More than ten years	40,356	40,356	40,356	40,356	40,356	40,356	40,356	40,356
11 **Total federal agency obligations**	**2,753**	**3,413**	**3,133**	**5,157**	**4,367**	**2,336**	**2,309**	**2,247**
12 Within fifteen days[1]	544	1,254	887	3,064	2,274	322	335	154
13 Sixteen days to ninety days	567	796	943	806	806	564	566	806
14 Ninety-one days to one year	712	432	277	275	275	484	477	275
15 One year to five years	440	440	535	520	520	475	440	520
16 Five years to ten years	467	467	467	467	467	467	467	467
17 More than ten years	25	25	25	25	25	25	25	25

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

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

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

Billions of dollars, averages of daily figures

Item	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	1996 Mar.	1996 Apr.	1996 May	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	54.37	60.52	59.36	56.36	55.73	55.18	54.23	54.11	53.20	52.27	51.35[r]	50.13
2 Nonborrowed reserves[4]	54.24	60.44	59.16	56.11	55.71	55.09	54.10	53.73	52.83	51.94	50.98[r]	49.84
3 Nonborrowed reserves plus extended credit[5]	54.24	60.44	59.16	56.11	55.71	55.09	54.10	53.73	52.83	51.94	50.98[r]	49.84
4 Required reserves	53.21	59.46	58.20	55.09	54.59	54.06	53.37	52.96	52.13	51.31	50.31	49.14
5 Monetary base[6]	351.24	386.88	418.72	435.01	436.87	436.64	437.01	439.09[r]	441.88[r]	444.20[r]	445.86[r]	447.17
	Not seasonally adjusted											
6 Total reserves[7]	56.06	62.37	61.13	58.02	54.97	56.00	53.29	53.87	53.05	51.88	51.27	49.84
7 Nonborrowed reserves	55.93	62.29	60.92	57.76	54.95	55.90	53.16	53.48	52.69	51.55	50.90	49.55
8 Nonborrowed reserves plus extended credit[5]	55.93	62.29	60.92	57.76	54.95	55.90	53.16	53.48	52.69	51.55	50.90	49.55
9 Required reserves[8]	54.90	61.31	59.96	56.74	53.84	54.88	52.43	52.72	51.99	50.92	50.23	48.85
10 Monetary base[9]	354.55	390.59	422.51	439.03	434.86	437.12	436.13	439.89[r]	443.22[r]	444.58[r]	445.53[r]	445.42
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	56.54	62.86	61.34	57.90	54.88	55.87	53.14	53.69	52.84	51.64	51.00	49.55
12 Nonborrowed reserves	56.42	62.78	61.13	57.64	54.86	55.78	53.01	53.30	52.48	51.31	50.63	49.26
13 Nonborrowed reserves plus extended credit[5]	56.42	62.78	61.13	57.64	54.86	55.78	53.01	53.30	52.48	51.31	50.63	49.26
14 Required reserves	55.39	61.80	60.17	56.62	53.75	54.75	52.28	52.54	51.78	50.68	49.96	48.55
15 Monetary base[12]	360.90	397.62	427.25	444.45	440.77	442.96	442.17	445.95[r]	449.29[r]	450.77[r]	451.70[r]	451.89
16 Excess reserves[13]	1.16	1.06	1.17	1.28	1.14	1.12	.86	1.15	1.07	.96	1.04	.99
17 Borrowings from the Federal Reserve	.12	.08	.21	.26	.02	.09	.13	.39	.37	33	.37	.29

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	1992 Dec.	1993 Dec.	1994 Dec.	1995 Dec.	1996 July[r]	1996 Aug.[r]	1996 Sept.[r]	1996 Oct.
	Seasonally adjusted							
Measures[2]								
1 M1	1,024.4	1,128.6	1,148.7	1,124.9	1,108.2	1,099.1	1,091.1	1,075.9
2 M2	3,438.7	3,494.0	3,509.2	3,657.4	3,742.6	3,754.1	3,763.9	3,775.2
3 M3	4,187.1	4,249.6	4,319.2[r]	4,572.4[r]	4,732.7	4,751.8	4,779.8	4,820.9
4 L	5,075.6	5,164.5	5,302.9[r]	5,681.9[r]	5,851.4	5,883.1	5,923.1	n.a.
5 Debt	11,880.1	12,507.6	13,148.8	13,869.4	14,314.1	14,360.8	14,401.0	n.a.
M1 components								
6 Currency[3]	292.9	322.4	354.9	373.2	382.6	385.0	387.5	390.4
7 Travelers checks[4]	8.1	7.9	8.5	8.9	8.5	8.4	8.4	8.5
8 Demand deposits[5]	339.1	384.3	382.4	389.8	410.5	407.3	405.3	396.0
9 Other checkable deposits[6]	384.2	414.0	402.9	353.0	306.7	298.4	290.0	281.0
Nontransaction components								
10 In M2[7]	2,414.3	2,365.4	2,360.5	2,532.6	2,634.4	2,655.1	2,672.8	2,699.3
11 In M3 only[8]	748.5	755.6	810.0[r]	914.9[r]	990.1	997.7	1,015.9	1,045.7
Commercial banks								
12 Savings deposits, including MMDAs	754.1	785.0	751.9	775.0	844.9	857.2	864.5	879.1
13 Small time deposits[9]	509.3	470.3	505.3	578.3	577.6	580.1	582.4	585.0
14 Large time deposits[10, 11]	286.5	272.2	298.3	342.1	372.2	375.3	382.0	401.7
Thrift institutions								
15 Savings deposits, including MMDAs	433.0	433.8	397.0	359.5	368.6	367.1	366.8	368.0
16 Small time deposits[9]	361.9	317.6	318.2	359.4	351.7	352.9	354.1	356.1
17 Large time deposits[10]	67.1	61.5	64.8	75.1	76.2	76.8	78.0	78.9
Money market mutual funds								
18 Retail	356.0	358.7	388.1	460.3	491.6	497.7	504.9	511.0
19 Institution-only	199.8	197.9	183.7	227.2	252.9	257.2	262.7	264.3
Repurchase agreements and Eurodollars								
20 Repurchase agreements[12]	128.1	157.5	180.9[r]	179.4[r]	192.5	191.6	194.7	197.7
21 Eurodollars[12]	66.9	66.3	82.3	91.1	96.2	96.8	98.5	103.1
Debt components								
22 Federal debt	3,064.3	3,323.3	3,492.2	3,638.8	3,729.4	3,743.4	3,746.4	n.a.
23 Nonfederal debt	8,815.7	9,184.2	9,656.6	10,230.7	10,584.7	10,617.4	10,654.5	n.a.
	Not seasonally adjusted							
Measures[2]								
24 M1	1,046.0	1,153.7	1,174.2	1,150.7	1,108.3	1,095.0	1,088.6	1,075.3
25 M2	3,455.1	3,514.1	3,529.6	3,677.1	3,749.6	3,758.1	3,761.0	3,770.9
26 M3	4,205.1	4,271.2	4,340.9	4,593.4[r]	4,734.9	4,757.9	4,774.6	4,821.7
27 L	5,102.9	5,194.1	5,332.3	5,711.4[r]	5,848.6	5,886.3	5,907.7	n.a.
28 Debt	11,881.5	12,509.6	13,150.2	13,869.2	14,253.7	14,307.9	14,362.9	n.a.
M1 components								
29 Currency[3]	295.0	324.8	357.5	376.1	383.8	385.9	386.8	389.0
30 Travelers checks[4]	7.8	7.6	8.1	8.5	9.1	9.0	8.8	8.6
31 Demand deposits[5]	354.4	401.8	400.1	407.9	411.1	404.9	404.5	399.1
32 Other checkable deposits[6]	388.9	419.4	408.4	358.1	304.3	295.2	288.4	278.6
Nontransaction components								
33 In M2[7]	2,409.1	2,360.4	2,355.4	2,526.4	2,641.3	2,663.1	2,672.4	2,695.6
34 In M3 only[8]	750.0	757.1	811.4[r]	916.3[r]	985.3	999.8	1,013.6	1,050.8
Commercial banks								
35 Savings deposits, including MMDAs	752.9	784.3	751.6	775.0	847.4	860.3	866.9	881.0
36 Small time deposits[9]	507.8	468.2	502.3	574.3	580.0	581.5	582.5	584.2
37 Large time deposits[10, 11]	286.0	272.0	298.1	342.0	370.6	376.1	382.7	404.8
Thrift institutions								
38 Savings deposits, including MMDAs	432.4	433.4	396.9	359.5	369.7	368.4	367.8	368.8
39 Small time deposits[9]	360.9	316.1	316.3	356.9	353.1	353.8	354.1	355.6
40 Large time deposits[10]	67.0	61.5	64.8	75.1	75.9	76.9	78.1	79.5
Money market mutual funds								
41 Retail	355.1	358.3	388.2	460.6	491.1	499.1	501.1	506.0
42 Institution-only	201.1	199.4	185.5	229.4	250.2	256.9	258.0	262.6
Repurchase agreements and Eurodollars								
43 Repurchase agreements[12]	127.2	156.6	179.6	178.0[r]	193.1	192.7	195.7	199.6
44 Eurodollars[12]	68.7	67.6	83.4	91.9	95.5	97.2	99.0	104.3
Debt components								
45 Federal debt	3,069.8	3,329.5	3,499.0	3,645.9	3,708.3	3,730.9	3,736.1	n.a.
46 Nonfederal debt	8,811.7	9,180.1	9,651.2	10,223.3	10,545.4	10,576.9	10,626.9	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

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

Item	1994 Dec.	1995 Dec.	1996 Feb.	1996 Mar.	1996 Apr.	1996 May	1996 June[r]	1996 July[r]	1996 Aug.[r]	1996 Sept.[r]	1996 Oct.
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	1.96	1.91	1.91	1.85	1.88	1.88	1.89	1.90	1.91	1.91	1.93
2 Savings deposits[3]	2.92	3.10	2.98	2.91	2.91	2.89	2.87	2.88	2.86	2.82	2.84
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	3.79	4.10	3.99	4.02	4.01	4.03	4.08	4.13	4.17	4.11	4.11
4 92 to 182 days	4.44	4.68	4.45	4.49	4.51	4.51	4.55	4.59	4.60	4.61	4.60
5 183 days to 1 year	5.12	5.02	4.79	4.83	4.86	4.88	4.95	5.00	5.00	5.04	5.02
6 More than 1 year to 2½ years	5.74	5.17	4.89	4.94	5.03	5.10	5.18	5.25	5.25	5.29	5.27
7 More than 2½ years	6.30	5.40	5.10	5.19	5.28	5.36	5.46	5.50	5.50	5.54	5.52
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	1.94	1.91	1.84	1.83	1.84	1.81	1.80	1.81	1.81	1.83	1.90
9 Savings deposits[3]	2.87	2.98	2.92	2.86	2.85	2.84	2.86	2.88	2.86	2.83	2.80
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	3.80	4.43	4.26	4.37	4.42	4.49	4.54	4.64	4.64	4.60	4.64
11 92 to 182 days	4.89	4.95	4.77	4.76	4.77	4.83	4.91	5.01	5.06	5.12	5.08
12 183 days to 1 year	5.52	5.18	4.91	4.89	4.91	4.96	5.02	5.09	5.26	5.33	5.32
13 More than 1 year to 2½ years	6.09	5.33	5.10	5.15	5.23	5.26	5.35	5.41	5.59	5.62	5.60
14 More than 2½ years	6.43	5.46	5.24	5.24	5.32	5.38	5.51	5.60	5.80	5.82	5.79
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	304,896	248,417	242,930	218,500	228,551	208,570	201,037	204,980	190,696	190,633	189,375
16 Savings deposits[3]	737,068	776,466	784,035	827,561	805,419	839,319	838,385	835,033	860,719	853,226	860,416
17 Personal	580,438	615,113	623,110	661,686	639,848	668,788	667,802	662,465	683,081	675,378	681,355
18 Nonpersonal	156,630	161,353	160,925	165,875	165,572	170,531	170,583	172,568	177,638	177,848	179,061
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	32,265	32,170	35,719	35,426	34,117	30,383	31,483	31,690	32,907	32,617	32,354
20 92 to 182 days	96,650	93,941	97,219	97,230	96,168	95,911	94,654	93,941	91,235	91,290	91,328
21 183 days to 1 year	163,062	183,834	184,095	186,206	190,297	193,821	194,900	197,108	200,038	200,514	199,895
22 More than 1 year to 2½ years	164,395	208,601	210,493	209,051	208,571	208,932	209,390	208,906	209,618	211,727	213,681
23 More than 2½ years	192,712	199,002	198,922	199,267	198,236	198,922	198,935	198,224	199,755	198,426	199,058
24 IRA and Keogh plan deposits	144,155	150,546	149,965	151,517	151,396	151,652	151,690	150,873	151,048	151,327	151,313
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	11,175	11,918	11,597	11,671	11,461	11,715	11,255	10,889	10,682	9,756	9,848
26 Savings deposits[3]	70,082	68,643	67,614	67,215	66,729	67,630	66,938	66,854	67,431	67,888	67,884
27 Personal	67,159	65,366	64,524	64,152	63,486	64,121	63,642	63,557	63,927	64,419	64,334
28 Nonpersonal	2,923	3,277	3,090	3,063	3,243	3,510	3,296	3,296	3,504	3,470	3,550
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	2,144	2,001	2,131	2,145	2,182	2,349	2,229	2,368	2,316	2,538	2,499
30 92 to 182 days	11,361	12,140	13,247	13,499	13,931	13,955	13,725	13,587	13,440	13,481	13,303
31 183 days to 1 year	18,391	25,686	26,863	26,577	27,305	28,121	27,950	28,506	29,339	29,342	29,613
32 More than 1 year to 2½ years	17,787	27,482	26,945	25,959	25,704	25,444	25,513	26,132	26,199	27,096	27,976
33 More than 2½ years	21,293	22,866	21,819	22,671	22,547	22,661	22,593	22,563	22,477	22,359	22,169
34 IRA and Keogh plan accounts	19,013	21,321	20,845	20,766	20,697	20,683	21,116	21,051	21,052	21,136	21,129

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

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

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of deposit	1993[2]	1994[2]	1995[2]	1996					
				Mar.	Apr.	May	June	July	Aug.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	334,784.1	369,029.1	397,649.3	422,696.7	463,244.4	470,742.4	423,913.3	494,540.4	452,481.2
2 Major New York City banks	171,224.3	191,168.8	201,161.4	224,066.5	245,440.5	252,388.2	219,267.0	265,160.3	238,194.5
3 Other banks	163,559.7	177,860.3	196,487.9	198,630.2	217,803.9	218,354.2	204,646.3	229,380.1	214,281.8
4 Other checkable deposits[4]	3,481.5	3,798.6	4,207.4	4,942.7	5,281.2	5,703.6	5,183.2	5,865.7	6,750.1
5 Savings deposits (including MMDAs)[5]	3,497.4	3,766.3	4,507.8	6,283.1	7,357.1	7,132.9	7,198.9	7,453.9	7,728.3
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	785.9	817.4	874.1	881.0	970.0	987.3	865.1	1,029.4	940.6
7 Major New York City banks	4,198.1	4,481.5	4,867.3	5,608.2	5,884.3	6,032.3	4,921.9	6,080.9	5,841.9
8 Other banks	424.6	435.1	475.2	451.6	499.7	502.0	459.4	525.1	486.7
9 Other checkable deposits[4]	11.9	12.6	15.4	21.7	23.3	26.4	24.7	28.7	34.3
10 Savings deposits (including MMDAs)[5]	4.6	4.9	6.1	7.8	9.0	8.7	8.6	8.9	9.0
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	334,899.2	369,121.8	397,657.8	442,977.6	456,898.8	459,061.9	436,753.7	493,494.4	468,570.5
12 Major New York City banks	171,283.5	191,226.0	201,182.6	236,954.2	238,335.3	240,893.0	225,760.4	264,100.1	246,421.5
13 Other banks	163,615.7	177,895.7	196,475.3	206,023.4	218,563.4	218,168.8	210,993.3	229,394.3	222,149.0
14 Other checkable deposits[4]	3,481.7	3,795.6	4,202.6	4,990.4	5,580.9	5,479.7	5,332.4	5,754.2	6,697.8
15 Savings deposits (including MMDAs)[5]	3,498.3	3,764.4	4,500.8	6,444.7	7,690.2	7,061.9	7,375.0	7,580.0	7,736.0
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	786.1	818.2	874.6	947.0	956.6	980.2	903.0	1,028.0	992.2
17 Major New York City banks	4,197.9	4,490.3	4,873.1	6,060.5	5,774.9	5,963.5	5,188.2	6,127.2	6,289.4
18 Other banks	424.8	435.3	475.4	480.6	500.9	509.8	479.4	525.0	513.0
19 Other checkable deposits[4]	11.9	12.6	15.3	21.8	24.1	25.6	25.6	28.6	34.6
20 Savings deposits (including MMDAs)[5]	4.6	4.9	6.1	7.9	9.4	8.6	8.8	9.0	9.1

NOTE: Effective September 20, 1996, the Federal Reserve Board has discontinued the Survey of Debits to Selected Deposit Accounts (FR 2573); accordingly, this table has been discontinued.

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

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

2. Annual averages of monthly figures.

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

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

5. Money market deposit accounts.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages 1995 Oct.	1996 Apr.	1996 May	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	Wednesday figures 1996 Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Seasonally adjusted											
Assets												
1 Bank credit	3,588.2	3,670.2	3,674.8	3,681.9	3,688.2	3,678.4	3,692.6	3,719.6	3,725.1	3,718.3	3,717.9	3,715.5
2 Securities in bank credit	996.9	991.2	997.3	990.6	984.6	973.2	967.2	968.4	972.5	966.7	962.1	968.3
3 U.S. government securities	712.3	704.5	713.2	708.5	707.6	701.3	702.2	700.8	701.7	701.6	696.0	702.5
4 Other securities	284.6	286.8	284.0	282.1	277.0	271.9	265.0	267.5	270.8	265.1	266.1	265.7
5 Loans and leases in bank credit[2]	2,591.3	2,679.0	2,677.5	2,691.4	2,703.6	2,705.2	2,725.4	2,751.2	2,752.6	2,751.7	2,755.8	2,747.2
6 Commercial and industrial	709.4	732.6	735.3	738.5	743.0	744.4	759.0	770.4	768.1	770.9	772.0	771.1
7 Real estate	1,075.3	1,097.6	1,100.0	1,103.4	1,105.5	1,111.7	1,113.4	1,115.5	1,114.9	1,115.1	1,115.8	1,116.7
8 Revolving home equity	78.5	80.1	79.7	79.4	79.9	80.6	81.2	82.4	82.3	82.1	82.5	82.7
9 Other	996.8	1,017.5	1,020.3	1,024.1	1,025.6	1,031.1	1,032.2	1,033.1	1,032.6	1,033.0	1,033.3	1,034.0
10 Consumer	489.2	507.4	504.9	510.4	513.4	514.7	518.3	518.0	517.3	517.5	518.7	518.6
11 Security[3]	86.7	85.3	82.0	81.5	79.1	72.7	73.4	78.6	81.7	79.4	79.4	74.5
12 Other loans and leases	230.6	256.1	255.3	257.6	262.6	261.7	261.3	268.8	270.5	268.7	269.8	266.2
13 Interbank loans	192.9	210.8	210.7	208.4	197.3	198.3	205.0	199.7	197.0	195.5	210.2	194.4
14 Cash assets[4]	222.3	222.7	219.5	217.2	219.1	221.8	220.0	222.6	209.8	237.4	234.5	207.9
15 Other assets[5]	219.3	231.0	230.6	240.5	250.0	255.6	258.5	250.9	249.6	252.6	258.5	243.3
16 **Total assets**[6]	**4,165.9**	**4,277.6**	**4,278.6**	**4,290.7**	**4,297.0**	**4,296.6**	**4,318.6**	**4,334.9**	**4,323.5**	**4,345.8**	**4,363.2**	**4,303.1**
Liabilities												
17 Deposits	2,645.2	2,715.8	2,712.3	2,721.1	2,732.2	2,753.2	2,777.5	2,810.7	2,783.7	2,844.9	2,824.8	2,790.3
18 Transaction	778.3	769.4	755.1	750.0	741.9	734.1	725.6	719.6	701.3	744.7	729.0	703.6
19 Nontransaction	1,866.9	1,946.4	1,957.2	1,971.2	1,990.3	2,019.1	2,051.9	2,091.0	2,082.3	2,100.1	2,095.7	2,086.8
20 Large time	423.0	431.8	438.6	444.2	453.9	460.5	471.5	487.3	479.6	485.0	495.5	492.7
21 Other	1,443.9	1,514.6	1,518.6	1,527.0	1,536.4	1,558.7	1,580.4	1,603.7	1,602.7	1,615.1	1,600.3	1,594.1
22 Borrowings	687.0	718.1	721.9	713.3	705.9	717.9	718.8	683.3	674.1	683.0	698.4	672.3
23 From banks in the U.S.	299.7	302.9	307.3	303.3	295.0	300.1	303.5	294.5	289.4	291.5	311.2	286.0
24 From others	387.3	415.2	414.6	409.9	410.9	417.8	415.3	388.8	384.7	391.5	387.2	386.3
25 Net due to related foreign offices	257.8	255.5	256.9	257.2	253.6	244.4	248.9	243.8	253.5	237.4	241.3	245.0
26 Other liabilities	222.9	230.2	219.7	226.4	218.7	218.6	218.6	238.4	240.6	234.0	238.1	239.2
27 **Total liabilities**	**3,812.9**	**3,919.6**	**3,910.7**	**3,917.9**	**3,910.4**	**3,934.1**	**3,963.9**	**3,976.1**	**3,952.0**	**3,999.3**	**4,002.6**	**3,946.8**
28 Residual (assets less liabilities)[7]	353.0	358.0	367.9	372.8	386.6	362.5	354.7	358.8	371.6	346.6	360.5	356.3
	Not seasonally adjusted											
Assets												
29 Bank credit	3,590.1	3,671.2	3,672.3	3,679.0	3,681.4	3,677.6	3,696.7	3,718.5	3,717.2	3,722.0	3,709.2	3,722.1
30 Securities in bank credit	998.8	996.4	1,002.3	991.9	981.6	977.4	970.1	967.7	969.3	967.6	959.6	970.9
31 U.S. government securities	710.5	710.5	714.0	708.6	705.4	704.5	703.7	700.1	699.0	701.9	695.4	702.4
32 Other securities	288.3	285.9	288.3	283.2	276.2	272.9	266.4	267.6	270.3	265.6	264.2	268.5
33 Loans and leases in bank credit[2]	2,591.3	2,674.8	2,670.0	2,687.1	2,699.8	2,700.2	2,726.7	2,750.8	2,747.9	2,754.4	2,749.7	2,751.2
34 Commercial and industrial	705.5	738.5	740.8	741.4	744.1	741.1	754.0	765.8	763.5	766.1	766.2	767.4
35 Real estate	1,078.5	1,093.7	1,096.9	1,102.0	1,105.3	1,111.2	1,115.3	1,118.6	1,118.5	1,118.8	1,117.9	1,119.5
36 Revolving home equity	79.1	79.5	79.6	79.3	80.0	80.8	81.7	83.0	83.0	82.7	83.2	83.4
37 Other	999.4	1,014.2	1,017.3	1,022.7	1,025.3	1,030.4	1,033.5	1,035.6	1,035.5	1,036.1	1,034.7	1,036.1
38 Consumer	489.8	504.7	503.2	506.6	510.6	514.8	519.5	518.5	517.1	518.0	519.5	519.6
39 Security[3]	85.3	86.2	77.9	79.5	76.6	70.8	73.1	76.9	76.5	79.3	76.8	75.5
40 Other loans and leases	232.2	251.8	251.2	257.5	263.1	262.2	264.9	270.9	272.3	272.2	269.3	269.3
41 Interbank loans	192.1	207.8	204.3	204.5	194.5	192.9	199.5	197.8	196.8	196.0	201.9	194.8
42 Cash assets[4]	223.3	217.2	216.9	215.1	216.8	212.3	220.9	223.5	215.0	251.0	216.4	212.8
43 Other assets[5]	219.7	228.9	231.4	240.1	250.8	257.5	259.8	251.2	251.6	253.0	252.8	247.0
44 **Total assets**[6]	**4,168.6**	**4,268.1**	**4,267.8**	**4,281.4**	**4,286.3**	**4,282.7**	**4,319.0**	**4,333.3**	**4,323.0**	**4,364.2**	**4,322.5**	**4,319.0**
Liabilities												
45 Deposits	2,645.2	2,712.7	2,702.0	2,717.9	2,725.3	2,740.9	2,776.8	2,808.4	2,796.6	2,855.5	2,786.0	2,792.0
46 Transaction	778.6	768.4	742.8	743.5	734.8	720.4	724.7	718.0	708.9	756.4	695.8	708.6
47 Nontransaction	1,866.6	1,944.3	1,959.3	1,974.4	1,990.5	2,020.5	2,052.1	2,090.4	2,087.8	2,099.1	2,090.2	2,083.4
48 Large time	421.4	431.7	444.0	444.1	451.7	459.7	470.2	485.4	478.3	481.9	493.8	490.9
49 Other	1,445.2	1,512.7	1,515.3	1,530.4	1,538.8	1,560.8	1,581.9	1,605.0	1,609.5	1,617.2	1,596.4	1,592.5
50 Borrowings	688.3	706.2	717.3	721.8	714.6	709.1	711.1	674.0	667.9	674.1	678.9	668.8
51 From banks in the U.S.	292.7	300.8	303.8	305.4	293.1	288.8	288.1	284.5	289.8	280.0	286.9	280.4
52 From others	395.6	405.4	413.5	416.4	421.5	420.3	423.0	389.4	378.1	394.1	392.0	388.4
53 Net due to related foreign offices	258.9	255.8	259.1	249.5	251.8	243.4	245.1	245.2	249.4	238.6	247.9	250.1
54 Other liabilities	222.2	226.5	222.3	227.1	218.2	218.1	218.7	238.4	240.6	234.0	238.1	239.2
55 **Total liabilities**	**3,814.6**	**3,901.3**	**3,900.7**	**3,916.3**	**3,909.9**	**3,911.5**	**3,951.7**	**3,965.8**	**3,954.5**	**4,002.2**	**3,951.0**	**3,950.1**
56 Residual (assets less liabilities)[7]	354.0	366.9	367.1	365.1	376.4	371.3	367.3	367.4	368.4	361.9	371.6	368.9
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	68.3	69.2	68.0	66.7	68.5
58 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	58.2	59.2	57.9	56.8	58.0

Footnotes appear on page 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			
	1995	1996							1996			
	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Seasonally adjusted											
Assets												
1 Bank credit	3,148.6	3,212.0	3,214.9	3,215.0	3,221.3	3,212.8	3,228.0	3,236.4	3,238.7	3,237.6	3,234.3	3,233.3
2 Securities in bank credit	852.9	842.0	845.7	838.1	836.2	823.7	822.5	821.6	826.6	821.8	815.5	819.4
3 U.S. government securities	646.3	633.0	635.4	629.4	628.3	620.2	619.9	618.4	618.6	621.0	614.1	618.8
4 Other securities	206.5	209.1	210.3	208.7	207.9	203.5	202.6	203.2	208.0	200.8	201.3	200.6
5 Loans and leases in bank credit[2]	2,295.8	2,370.0	2,369.2	2,376.9	2,385.1	2,389.2	2,405.6	2,414.8	2,412.1	2,415.8	2,418.8	2,413.9
6 Commercial and industrial	531.5	545.9	548.2	548.4	550.6	552.7	560.5	563.2	561.8	564.0	564.6	562.8
7 Real estate	1,038.0	1,064.0	1,066.5	1,070.3	1,072.5	1,078.6	1,080.6	1,082.3	1,081.8	1,081.7	1,082.6	1,083.3
8 Revolving home equity	78.5	80.1	79.7	79.3	79.9	80.6	81.2	82.3	82.4	82.1	82.5	82.7
9 Other	959.6	983.9	986.8	990.9	992.6	998.0	999.4	999.9	999.5	999.6	1,000.1	1,000.7
10 Consumer	489.2	507.4	504.9	510.4	513.4	514.7	518.3	518.0	517.3	517.5	518.7	518.6
11 Security[3]	51.6	53.0	50.7	46.8	45.9	41.9	44.1	43.8	44.5	44.1	44.1	42.6
12 Other loans and leases	185.5	199.7	198.9	201.0	202.8	201.2	202.1	207.5	206.6	208.4	208.8	206.6
13 Interbank loans	167.2	187.9	187.4	184.1	178.0	181.4	185.5	181.1	178.3	181.1	189.1	175.0
14 Cash assets[4]	194.1	196.3	193.2	191.4	191.3	194.0	192.2	193.9	180.1	209.9	205.2	179.4
15 Other assets[5]	172.9	188.9	187.6	200.7	210.9	215.5	220.2	217.9	216.9	219.8	224.7	210.5
16 Total assets[6]	**3,626.1**	**3,728.1**	**3,726.3**	**3,734.1**	**3,744.1**	**3,746.2**	**3,768.3**	**3,771.6**	**3,756.3**	**3,790.5**	**3,795.4**	**3,740.4**
Liabilities												
17 Deposits	2,470.2	2,546.5	2,539.9	2,549.5	2,552.4	2,572.8	2,591.8	2,605.0	2,582.9	2,641.3	2,612.1	2,581.5
18 Transaction	769.1	759.0	744.3	739.3	731.3	723.7	716.1	709.0	691.5	733.6	717.1	693.7
19 Nontransaction	1,701.1	1,787.4	1,795.6	1,810.2	1,821.1	1,849.0	1,875.7	1,896.1	1,891.5	1,907.7	1,894.9	1,887.8
20 Large time	260.9	275.6	279.4	283.2	287.1	292.1	297.6	295.4	292.2	296.6	297.2	296.6
21 Other	1,440.2	1,511.8	1,516.2	1,527.0	1,534.0	1,557.0	1,578.1	1,600.6	1,599.3	1,611.1	1,597.7	1,591.2
22 Borrowings	571.4	588.1	585.6	583.1	581.1	586.2	597.0	567.6	558.9	567.3	581.6	558.0
23 From banks in the U.S.	268.1	264.4	270.2	270.6	264.2	264.6	269.9	260.6	253.9	257.2	276.9	253.8
24 From others	303.3	323.8	315.4	312.5	316.9	321.6	327.1	307.1	305.0	310.1	304.7	304.2
25 Net due to related foreign offices	92.7	85.4	88.8	80.6	78.0	73.9	74.0	78.7	84.8	76.7	80.5	76.5
26 Other liabilities	140.7	154.9	147.5	157.1	151.4	153.1	153.1	165.8	167.5	164.0	166.2	164.4
27 Total liabilities	**3,274.9**	**3,375.0**	**3,361.8**	**3,370.3**	**3,362.9**	**3,385.9**	**3,415.9**	**3,417.1**	**3,394.2**	**3,449.4**	**3,440.4**	**3,380.4**
28 Residual (assets less liabilities)[7]	351.2	353.1	364.5	363.8	381.2	360.3	352.5	354.5	362.1	341.2	355.1	360.0
	Not seasonally adjusted											
Assets												
29 Bank credit	3,153.3	3,214.7	3,215.3	3,215.3	3,213.5	3,209.7	3,230.5	3,238.5	3,239.4	3,243.2	3,229.8	3,238.7
30 Securities in bank credit	853.9	847.1	849.0	841.4	832.3	825.8	824.0	819.8	823.9	820.9	812.3	819.1
31 U.S. government securities	645.3	538.7	637.0	630.6	626.3	622.1	622.0	618.3	618.0	621.4	613.8	618.8
32 Other securities	208.6	208.4	212.0	210.8	206.0	203.6	202.0	201.5	205.9	199.4	198.5	200.4
33 Loans and leases in bank credit[2]	2,299.4	2,367.6	2,366.3	2,373.8	2,381.2	2,383.9	2,406.5	2,418.7	2,415.5	2,422.3	2,417.5	2,419.6
34 Commercial and industrial	529.0	551.8	553.6	550.9	550.6	548.5	556.3	560.8	559.2	561.5	561.2	561.1
35 Real estate	1,041.2	1,060.5	1,063.6	1,068.9	1,072.4	1,078.1	1,082.3	1,085.4	1,085.3	1,085.5	1,084.7	1,086.0
36 Revolving home equity	79.1	79.5	79.6	79.3	80.0	80.8	81.7	83.0	83.0	82.6	83.1	83.3
37 Other	962.1	981.0	984.0	989.6	992.4	997.3	1,000.6	1,002.4	1,002.4	1,002.8	1,001.6	1,002.6
38 Consumer	489.8	504.7	503.2	506.6	510.6	514.8	519.5	518.5	517.1	518.0	519.5	519.6
39 Security[3]	51.9	53.9	49.6	47.0	44.6	41.0	44.0	44.0	43.9	45.1	43.5	43.5
40 Other loans and leases	187.6	196.7	196.3	200.4	203.0	201.5	204.5	210.1	210.0	212.2	208.6	209.4
41 Interbank loans	164.6	185.8	180.8	182.1	175.3	176.5	179.4	177.9	177.1	179.8	178.5	174.5
42 Cash assets[4]	194.7	191.4	191.0	188.6	188.6	183.8	192.2	194.3	184.8	223.0	186.9	183.8
43 Other assets[5]	173.6	188.1	187.9	200.5	212.2	216.4	221.3	218.4	219.3	220.6	219.5	213.9
44 Total assets[6]	**3,629.6**	**3,723.1**	**3,718.1**	**3,729.3**	**3,732.5**	**3,728.9**	**3,765.6**	**3,771.7**	**3,763.1**	**3,809.0**	**3,757.1**	**3,753.4**
Liabilities												
45 Deposits	2,471.9	2,545.7	2,528.2	2,544.1	2,547.8	2,562.1	2,591.1	2,604.5	2,597.7	2,654.7	2,575.2	2,585.1
46 Transaction	769.2	758.5	732.7	733.1	724.1	710.2	714.5	707.1	698.8	745.1	684.1	698.3
47 Nontransaction	1,702.7	1,787.2	1,795.5	1,811.0	1,823.6	1,852.0	1,876.6	1,897.4	1,898.9	1,909.6	1,891.2	1,886.9
48 Large time	260.7	277.0	282.7	283.1	287.2	293.4	296.9	294.9	291.7	295.5	297.0	296.7
49 Other	1,442.0	1,510.2	1,512.8	1,528.0	1,536.4	1,558.5	1,579.6	1,602.5	1,607.2	1,614.2	1,594.1	1,590.2
50 Borrowings	574.8	575.9	584.1	587.3	584.0	575.5	587.5	560.8	556.1	559.4	564.4	558.3
51 From banks in the U.S.	262.7	263.8	268.7	270.8	260.8	253.7	254.7	252.8	257.3	246.9	256.2	249.6
52 From others	312.1	312.1	315.5	316.5	323.1	321.8	332.9	308.1	298.8	312.4	308.2	308.7
53 Net due to related foreign offices	92.0	85.8	93.8	79.3	76.9	72.2	70.8	77.9	78.3	74.0	84.6	80.3
54 Other liabilities	141.0	152.9	149.0	157.5	151.4	151.7	153.0	165.8	167.5	164.0	166.2	164.4
55 Total liabilities	**3,279.7**	**3,360.4**	**3,355.1**	**3,368.3**	**3,360.0**	**3,361.6**	**3,402.5**	**3,409.0**	**3,399.6**	**3,452.1**	**3,390.5**	**3,388.1**
56 Residual (assets less liabilities)[7]	349.9	362.7	363.0	361.0	372.5	367.3	363.1	362.7	363.5	356.9	366.5	365.2
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.4	34.3	32.0	31.2	31.6
58 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.9	31.0	28.2	27.9	27.7
59 Mortgage-backed securities[9]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	236.3	235.9	235.2	235.9	237.9

Footnotes appear on page 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			
	1995	1996							1996			
	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Seasonally adjusted											
Assets												
1 Bank credit	1,813.1	1,826.1	1,824.4	1,814.2	1,808.3	1,790.8	1,798.5	1,801.1	1,805.9	1,803.8	1,797.9	1,794.5
2 Securities in bank credit	451.8	432.3	434.1	425.4	421.3	408.6	406.7	406.3	411.2	406.9	400.4	403.8
3 U.S. government securities	323.1	303.3	303.9	296.5	293.3	285.1	284.2	284.0	284.2	287.0	279.8	284.0
4 Trading account	20.6	19.4	21.5	20.9	20.8	19.5	20.6	21.3	20.3	25.7	18.3	20.9
5 Investment account	302.6	283.9	282.4	275.6	272.5	265.6	263.6	262.7	263.9	261.3	261.5	263.5
6 Other securities	128.7	129.0	130.2	128.9	128.0	123.5	122.5	122.3	127.0	119.9	120.6	119.8
7 Trading account	59.3	58.4	59.9	58.4	59.6	57.7	57.1	55.7	60.7	53.5	53.6	53.2
8 Investment account	69.3	70.5	70.3	70.5	68.3	65.8	65.4	66.6	66.3	66.4	67.0	66.6
9 State and local government	22.1	21.3	21.0	20.6	20.6	20.5	20.3	20.2	20.2	20.1	20.3	20.3
10 Other	47.2	49.3	49.3	49.9	47.7	45.3	45.1	46.4	46.1	46.3	46.7	46.3
11 Loans and leases in bank credit[2]	1,361.3	1,393.8	1,390.3	1,388.8	1,387.0	1,382.3	1,391.8	1,394.8	1,394.7	1,396.9	1,397.5	1,390.7
12 Commercial and industrial	366.4	373.6	374.0	372.7	373.4	373.5	379.3	380.9	380.1	381.6	382.2	379.9
13 Real estate	555.5	561.8	559.1	558.1	554.8	555.7	554.4	552.6	553.4	552.9	552.4	551.8
14 Revolving home equity	51.7	52.3	52.2	51.8	52.1	52.3	52.4	52.5	52.6	52.2	52.6	52.7
15 Other	503.7	509.6	506.9	506.3	502.7	503.5	502.0	500.1	500.8	500.7	499.8	499.1
16 Consumer	269.1	274.7	276.0	279.3	279.6	279.8	282.1	279.1	279.1	279.5	279.2	278.8
17 Security[3]	46.3	47.4	45.4	41.5	40.8	36.8	38.9	38.7	39.5	38.9	38.9	37.6
18 State and local government	11.6	11.2	11.2	11.1	11.2	11.1	10.8	10.8	10.6	10.8	10.8	10.8
19 All other	112.5	125.0	124.6	126.1	127.3	125.4	126.3	132.6	131.9	133.1	133.9	131.8
20 Interbank loans	115.5	131.0	135.2	131.8	129.8	131.8	133.9	130.1	129.0	128.1	137.7	124.7
21 Cash assets[4]	130.7	128.9	127.0	124.7	126.7	128.3	127.1	127.9	118.6	138.9	137.2	116.7
22 Other assets[5]	123.5	139.7	138.9	150.1	155.0	159.1	162.1	158.9	159.6	160.6	163.3	152.1
23 **Total assets**[6]	**2,145.9**	**2,189.2**	**2,189.2**	**2,184.4**	**2,182.9**	**2,173.3**	**2,184.9**	**2,181.3**	**2,176.5**	**2,194.6**	**2,199.4**	**2,151.5**
Liabilities												
24 Deposits	1,296.2	1,335.1	1,331.8	1,332.2	1,336.6	1,340.6	1,344.8	1,350.7	1,338.9	1,371.6	1,358.3	1,333.1
25 Transaction	435.0	424.2	416.7	409.9	407.9	399.7	390.1	384.9	374.8	401.0	390.6	373.4
26 Nontransaction	861.2	910.9	915.1	922.3	928.7	940.9	954.7	965.9	964.1	970.6	967.7	959.8
27 Large time	122.1	127.4	130.4	134.3	136.3	139.3	145.3	151.9	149.5	153.4	153.1	152.2
28 Other	739.1	783.5	784.7	788.0	792.4	801.6	809.3	814.0	814.6	817.2	814.6	807.6
29 Borrowings	431.4	436.2	434.3	426.3	415.4	413.7	424.8	401.2	394.5	400.4	411.4	393.5
30 From banks in the U.S.	187.7	182.1	185.4	184.5	182.6	180.5	184.1	171.3	168.5	166.9	183.0	165.7
31 From others	243.6	254.1	248.9	241.8	232.9	233.2	240.8	229.9	226.0	233.5	228.3	227.8
32 Net due to related foreign offices	86.9	80.3	84.0	75.2	72.2	69.5	68.2	75.4	81.7	73.7	76.8	73.4
33 Other liabilities	111.8	126.3	118.3	128.8	122.3	124.9	126.5	141.1	142.7	140.2	141.0	139.3
34 **Total liabilities**	**1,926.3**	**1,977.9**	**1,968.4**	**1,962.6**	**1,946.5**	**1,948.7**	**1,964.3**	**1,968.4**	**1,957.8**	**1,986.0**	**1,987.4**	**1,939.4**
35 Residual (assets less liabilities)[7]	219.6	211.2	220.8	221.9	236.3	224.6	220.6	212.9	218.7	208.6	212.0	212.1
	Not seasonally adjusted											
Assets												
36 Bank credit	1,816.6	1,827.4	1,823.5	1,812.5	1,800.6	1,788.6	1,797.7	1,802.1	1,804.7	1,807.7	1,792.9	1,800.1
37 Securities in bank credit	455.1	433.5	435.2	426.4	418.0	412.1	408.4	406.6	410.3	407.8	399.3	405.9
38 U.S. government securities	324.4	305.3	303.6	295.4	291.7	288.4	286.4	285.9	285.3	289.2	281.5	286.5
39 Trading account	21.2	20.0	21.3	19.6	19.9	20.9	21.0	22.0	20.3	26.9	19.2	21.7
40 Investment acount	303.2	285.2	282.3	275.8	271.8	267.5	265.4	263.9	265.0	262.3	262.3	264.8
41 Other securities	130.7	128.2	131.6	131.0	126.4	123.7	122.0	120.6	125.1	118.6	117.8	119.4
42 Trading account	60.9	58.1	61.7	61.1	58.7	57.8	56.2	53.5	58.1	51.7	50.4	52.4
43 Investment account	69.8	70.1	69.9	69.9	67.7	65.9	65.8	67.1	66.9	66.9	67.4	67.0
44 State and local government	22.2	21.3	21.1	20.7	20.3	20.3	20.3	20.2	20.2	20.1	20.3	20.3
45 Other	47.6	48.8	48.8	49.2	47.4	45.6	45.5	46.9	46.8	46.8	47.1	46.8
46 Loans and leases in bank credit[2]	1,361.5	1,394.0	1,388.3	1,386.1	1,382.6	1,376.5	1,389.3	1,395.5	1,394.4	1,399.9	1,393.5	1,394.2
47 Commercial and industrial	364.6	377.8	377.6	373.8	373.2	370.6	376.2	379.2	378.2	380.0	379.4	379.2
48 Real estate	556.6	560.2	557.0	556.8	554.6	555.2	554.6	553.9	555.2	554.6	552.7	552.8
49 Revolving home equity	52.2	51.9	52.1	51.7	52.1	52.4	52.8	52.9	53.0	52.6	53.0	53.1
50 Other	504.5	508.4	504.9	505.2	502.5	502.8	501.9	500.9	502.1	502.0	499.7	499.6
51 Consumer	269.1	273.1	274.8	276.9	277.2	279.5	281.8	279.1	278.6	279.4	279.2	279.3
52 Security[3]	46.5	48.5	44.5	41.8	39.7	35.9	38.8	38.9	38.8	39.9	38.6	38.5
53 State and local government	11.7	11.2	11.2	11.1	11.2	11.2	10.9	10.9	10.8	10.9	10.9	10.9
54 All other	112.9	123.2	123.2	125.6	126.6	124.2	127.0	133.5	132.9	135.0	132.8	133.5
55 Interbank loans	111.9	128.9	131.7	132.9	129.6	127.6	129.3	126.0	124.3	126.2	128.3	124.0
56 Cash assets[4]	130.4	125.9	125.4	123.6	124.4	120.5	127.3	127.6	120.7	148.5	122.8	119.5
57 Other assets[5]	123.6	139.1	139.4	151.1	156.4	159.7	162.5	158.9	159.6	160.0	161.1	154.5
58 **Total assets**[6]	**2,145.9**	**2,185.1**	**2,183.7**	**2,183.7**	**2,174.4**	**2,159.7**	**2,180.0**	**2,178.0**	**2,172.8**	**2,205.9**	**2,168.6**	**2,161.7**
Liabilities												
59 Deposits	1,295.3	1,333.0	1,323.9	1,330.4	1,333.2	1,333.9	1,344.7	1,348.1	1,343.8	1,380.3	1,330.2	1,335.0
60 Transaction	433.8	423.7	408.8	407.0	402.4	389.9	390.2	382.3	376.1	409.1	366.1	376.4
61 Nontransaction	861.4	909.3	915.1	923.5	930.9	944.0	954.6	965.8	967.6	971.3	964.0	958.6
62 Large time	121.5	127.8	132.8	134.3	136.7	140.8	144.6	151.0	148.5	152.0	152.5	152.0
63 Other	739.9	781.5	782.3	789.1	794.1	803.1	810.0	814.8	819.1	819.3	811.5	806.6
64 Borrowings	434.6	427.5	430.7	429.1	421.0	408.9	418.8	396.8	392.6	396.8	399.0	393.7
65 From banks in the U.S.	184.4	181.6	182.9	183.9	181.9	174.7	173.7	166.7	171.6	161.9	169.2	163.0
66 From nonbanks in the U.S.	250.2	245.9	247.7	245.2	239.1	234.1	245.0	230.1	221.1	234.9	229.8	230.7
67 Net due to related foreign offices	86.2	80.7	89.2	74.1	71.2	67.8	65.0	74.5	75.4	70.7	80.8	76.9
68 Other liabilities	112.2	124.3	120.1	129.2	122.6	123.5	126.2	141.1	142.7	140.2	141.0	139.3
69 **Total liabilities**	**1,928.2**	**1,965.6**	**1,963.9**	**1,962.8**	**1,948.0**	**1,934.1**	**1,954.7**	**1,960.5**	**1,954.6**	**1,988.1**	**1,950.9**	**1,944.9**
70 Residual (assets less liabilities)[7]	217.7	219.6	219.8	220.8	226.5	225.6	225.3	217.5	218.2	217.9	217.6	216.8
MEMO												
71 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	33.7	34.3	32.0	31.2	31.6
72 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.9	31.0	28.2	27.9	27.7
73 Mortgage-backed securities[9]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	186.1	186.1	185.4	185.2	187.1

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			
	1995	1996							1996			
	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Seasonally adjusted											
Assets												
1 Bank credit	1,335.5	1,385.9	1,390.5	1,400.8	1,413.0	1,422.0	1,429.5	1,435.3	1,432.8	1,433.8	1,436.3	1,438.8
2 Securities in bank credit	401.1	409.8	411.6	412.7	415.0	415.1	415.8	415.2	415.3	415.0	415.0	415.6
3 U.S. government securities	323.2	329.7	331.4	332.9	335.0	335.1	335.8	334.4	334.4	334.0	334.3	334.8
4 Other securities	77.9	80.1	80.1	79.8	80.0	80.0	80.0	80.9	80.9	81.0	80.7	80.8
5 Loans and leases in bank credit[2]	934.5	976.2	978.9	988.1	998.0	1,006.9	1,013.7	1,020.0	1,017.5	1,018.8	1,021.3	1,023.2
6 Commercial and industrial	165.1	172.3	174.2	175.7	177.2	179.2	181.2	182.4	181.8	182.4	182.4	182.8
7 Real estate	482.6	502.1	507.4	512.2	517.7	522.9	526.1	529.6	528.5	528.8	530.3	531.5
8 Revolving home equity	26.7	27.8	27.5	27.5	27.8	28.3	28.7	29.8	29.7	29.9	29.9	30.0
9 Other	455.9	474.4	479.9	484.6	489.9	494.6	497.4	499.8	498.7	498.9	500.4	501.6
10 Consumer	220.1	232.7	228.9	231.1	233.8	234.9	236.2	238.9	238.2	238.0	239.5	239.9
11 Security[3]	5.3	5.5	5.3	5.3	5.1	5.2	5.2	5.1	5.0	5.2	5.1	5.0
12 Other loans and leases	61.4	63.6	63.2	63.9	64.3	64.8	65.0	64.1	64.0	64.4	64.0	63.9
13 Interbank loans	51.7	56.9	52.2	52.3	48.2	49.7	51.6	51.1	49.3	53.0	51.4	50.2
14 Cash assets[4]	63.4	67.4	66.2	66.7	64.7	65.7	65.1	66.0	61.5	71.0	68.1	62.7
15 Other assets[5]	49.4	49.2	48.7	50.6	55.9	56.4	58.1	59.0	57.3	59.2	61.4	58.4
16 **Total assets[6]**	**1,480.2**	**1,538.9**	**1,537.1**	**1,549.7**	**1,561.2**	**1,573.0**	**1,583.4**	**1,590.2**	**1,579.8**	**1,595.9**	**1,596.1**	**1,588.9**
Liabilities												
17 Deposits	1,174.0	1,211.4	1,208.1	1,217.2	1,215.8	1,232.2	1,247.0	1,254.3	1,244.0	1,269.7	1,253.8	1,248.3
18 Transaction	334.1	334.8	327.6	329.4	323.4	324.1	325.9	324.1	316.7	332.6	326.6	320.3
19 Nontransaction	839.9	876.6	880.5	887.9	892.4	908.1	921.1	930.2	927.4	937.1	927.2	928.0
20 Large time	138.8	148.3	149.0	148.9	150.7	152.8	152.3	143.5	142.6	143.3	144.1	144.4
21 Other	701.1	728.3	731.5	739.0	741.7	755.4	768.8	786.6	784.7	793.9	783.1	783.6
22 Borrowings	140.0	151.9	151.3	156.8	165.6	172.5	172.1	166.4	164.4	166.9	170.2	164.4
23 From banks in the U.S.	80.3	82.2	84.8	86.1	81.6	84.1	85.9	89.3	85.4	90.3	93.9	88.0
24 From others	59.7	69.7	66.5	70.6	84.0	88.4	86.3	77.2	79.0	76.6	76.3	76.4
25 Net due to related foreign offices	5.8	5.1	4.7	5.4	5.8	4.4	5.8	3.3	3.1	3.0	3.7	3.2
26 Other liabilities	28.9	28.6	29.2	28.3	29.1	28.2	26.6	24.7	24.8	23.8	25.3	25.1
27 **Total liabilities**	**1,348.7**	**1,397.1**	**1,393.4**	**1,407.7**	**1,416.4**	**1,437.2**	**1,451.6**	**1,448.7**	**1,436.3**	**1,463.4**	**1,453.0**	**1,441.0**
28 Residual (assets less liabilities)[7]	131.5	141.8	143.7	141.9	144.9	135.7	131.8	141.5	143.5	132.6	143.1	148.0
	Not seasonally adjusted											
Assets												
29 Bank credit	1,336.7	1,387.3	1,391.9	1,402.8	1,412.9	1,421.0	1,432.8	1,436.5	1,434.7	1,435.5	1,436.9	1,438.6
30 Securities in bank credit	398.8	413.6	413.8	415.0	414.3	413.6	415.6	413.3	413.6	413.0	413.0	413.2
31 U.S. government securities	320.9	333.4	333.5	335.3	334.6	333.7	335.6	332.4	332.8	332.2	332.3	332.3
32 Other securities	77.9	80.2	80.3	79.8	79.6	79.9	80.1	80.8	80.8	80.8	80.7	81.0
33 Loans and leases in bank credit[2]	937.9	973.6	978.0	987.7	998.6	1,007.4	1,017.2	1,023.2	1,021.1	1,022.4	1,023.9	1,025.4
34 Commercial and industrial	164.3	174.0	176.0	177.1	177.3	177.9	180.1	181.6	181.0	181.6	181.8	181.9
35 Real estate	484.5	500.3	506.6	512.1	517.8	522.9	527.7	531.5	530.2	530.8	532.1	533.2
36 Revolving home equity	26.9	27.6	27.5	27.6	27.9	28.4	29.0	30.0	29.9	30.0	30.1	30.2
37 Other	457.6	472.7	479.1	484.5	489.9	494.5	498.7	501.5	500.2	500.8	502.0	503.0
38 Consumer	220.7	231.6	228.4	229.7	233.4	235.3	237.7	239.4	238.5	238.6	240.2	240.3
39 Security[3]	5.4	5.5	5.1	5.2	4.9	5.1	5.1	5.1	5.2	5.2	5.0	5.0
40 Other loans and leases	63.0	62.3	61.9	63.7	65.2	66.1	66.6	65.7	66.3	66.3	64.9	64.9
41 Interbank loans	52.7	56.8	49.1	49.2	45.7	49.0	50.1	52.0	52.8	53.6	50.2	50.5
42 Cash assets[4]	64.3	65.5	65.6	65.0	64.2	63.3	64.9	66.7	64.0	74.5	64.1	64.3
43 Other assets[5]	49.9	49.1	48.5	49.4	55.8	56.7	58.8	59.5	59.8	60.6	58.4	59.3
44 **Total assets[6]**	**1,483.7**	**1,538.0**	**1,534.4**	**1,545.6**	**1,558.1**	**1,569.2**	**1,585.6**	**1,593.7**	**1,590.3**	**1,603.1**	**1,588.5**	**1,591.7**
Liabilities												
45 Deposits	1,176.6	1,212.7	1,204.2	1,213.7	1,214.6	1,228.2	1,246.4	1,256.4	1,253.9	1,274.4	1,245.0	1,250.2
46 Transaction	335.4	334.8	323.8	326.1	321.8	320.2	324.3	324.8	322.7	336.0	317.9	321.9
47 Nontransaction	841.3	877.9	880.4	887.6	892.8	908.0	922.0	931.5	931.2	938.3	927.1	928.2
48 Large time	139.2	149.1	149.8	148.8	150.5	152.6	152.4	143.8	143.1	143.4	144.5	144.7
49 Other	702.1	728.7	730.6	738.8	742.3	755.4	769.7	787.7	788.1	794.9	782.6	783.5
50 Borrowings	140.2	148.4	153.5	158.3	163.0	166.7	168.8	164.1	163.4	162.6	165.5	164.6
51 From banks in the U.S.	78.3	82.2	85.8	87.0	78.9	79.0	80.9	86.1	85.7	85.0	87.0	86.7
52 From others	61.9	66.2	67.7	71.3	84.0	87.7	87.8	78.0	77.8	77.5	78.5	77.9
53 Net due to related foreign offices	5.8	5.1	4.6	5.2	5.7	4.4	5.9	3.4	2.9	3.3	3.8	3.4
54 Other liabilities	28.9	28.7	28.9	28.3	28.9	28.2	26.8	24.7	24.8	23.8	25.3	25.1
55 **Total liabilities**	**1,351.5**	**1,394.8**	**1,391.2**	**1,405.4**	**1,412.1**	**1,427.5**	**1,447.8**	**1,448.5**	**1,445.1**	**1,464.1**	**1,439.6**	**1,443.2**
56 Residual (assets less liabilities)[7]	132.2	143.2	143.2	140.2	146.0	141.7	137.8	145.2	145.2	139.1	148.9	148.5
MEMO												
57 Mortgage-backed securities[9]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	50.3	49.8	49.8	50.7	50.7

Footnotes appear on page 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			
	1995	1996							1996			
	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Seasonally adjusted											
Assets												
1 Bank credit	439.6	458.2	459.9	466.9	466.9	465.6	464.6	483.2	486.4	480.7	483.6	482.2
2 Securities in bank credit	144.1	149.2	151.6	152.4	148.4	149.5	144.8	146.8	146.0	144.8	146.7	148.9
3 U.S. government securities	66.0	71.5	77.8	79.0	79.3	81.1	82.3	82.5	83.1	80.5	81.9	83.8
4 Other securities	78.1	77.7	73.7	73.4	69.1	68.4	62.5	64.4	62.9	64.3	64.8	65.1
5 Loans and leases in bank credit[2]	295.5	309.0	308.3	314.5	318.5	316.1	319.8	336.4	340.4	335.9	337.0	333.3
6 Commercial and industrial	178.0	186.7	187.2	190.0	192.4	191.7	198.5	207.1	206.2	206.9	207.4	208.4
7 Real estate	37.3	33.6	33.5	33.2	33.1	33.1	32.8	33.3	33.1	33.4	33.2	33.4
8 Security[3]	35.1	32.4	31.3	34.7	33.2	30.8	29.3	34.8	37.2	35.3	35.4	32.0
9 Other loans and leases	45.2	56.3	56.4	56.5	59.8	60.5	59.2	61.2	63.9	60.3	61.0	59.6
10 Interbank loans	25.7	23.0	23.3	24.3	19.3	16.9	19.6	18.5	18.7	14.4	21.1	19.4
11 Cash assets[4]	28.2	26.3	26.3	25.7	27.7	27.8	27.8	28.7	29.7	27.6	29.3	28.6
12 Other assets[5]	46.3	42.0	42.9	39.8	39.1	40.2	38.3	33.0	32.7	32.8	33.8	32.8
13 **Total assets**[6]	**539.8**	**549.5**	**552.3**	**556.6**	**552.9**	**550.4**	**550.2**	**563.3**	**567.3**	**555.3**	**567.8**	**562.7**
Liabilities												
14 Deposits	175.0	169.3	172.4	171.7	179.8	180.5	185.8	205.6	200.7	203.6	212.7	208.9
15 Transaction	9.2	10.3	10.8	10.7	10.6	10.3	9.6	10.7	9.9	11.2	11.9	9.9
16 Nontransaction	165.8	159.0	161.7	161.0	169.2	170.1	176.2	195.0	190.9	192.4	200.8	199.0
17 Large time	162.0	156.1	159.2	161.0	166.8	168.4	173.8	191.9	187.5	188.3	198.2	196.1
18 Other	3.7	2.8	2.5	0.0	2.4	1.7	2.3	3.1	3.4	4.0	2.6	2.9
19 Borrowings	115.6	129.9	136.3	130.2	124.9	131.7	121.8	115.7	115.2	115.8	116.8	114.3
20 From banks in the U.S.	31.6	38.5	37.1	32.7	30.8	35.5	33.6	33.9	35.5	34.3	34.3	32.2
21 From others	84.0	91.4	99.2	97.5	94.0	96.2	88.2	81.7	79.8	81.5	82.5	82.1
22 Net due to related foreign offices	165.1	170.0	168.1	176.6	175.6	170.5	174.9	165.1	168.7	160.7	160.8	168.5
23 Other liabilities	82.3	75.3	72.2	69.2	67.3	65.5	65.5	72.6	73.1	69.9	71.9	74.8
24 **Total liabilities**	**538.0**	**544.6**	**549.0**	**547.7**	**547.5**	**548.2**	**548.0**	**559.0**	**557.8**	**549.9**	**562.3**	**566.5**
25 Residual (assets less liabilities)[7]	1.8	4.9	3.4	9.0	5.4	2.2	2.2	4.3	9.5	5.4	5.5	−3.7
	Not seasonally adjusted											
Assets												
26 Bank credit	436.8	456.5	457.0	463.7	467.9	467.9	466.2	480.0	477.8	478.8	479.5	483.4
27 Securities in bank credit	144.9	149.3	153.3	150.4	149.2	151.7	146.0	147.9	145.4	146.7	147.3	151.8
28 U.S. government securities	65.2	71.8	77.0	78.0	79.0	82.4	81.7	81.8	81.0	80.5	81.6	83.6
29 Trading account	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.6	18.1	17.8	18.9	19.2
30 Investment account	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	63.2	62.8	62.7	62.7	64.4
31 Other securities	79.7	77.4	76.3	72.5	70.2	69.3	64.3	66.1	64.4	66.2	65.7	68.2
32 Trading account	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46.1	44.5	46.3	45.9	47.9
33 Investment account	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.0	19.9	19.9	19.8	20.3
34 Loans and leases in bank credit[2]	291.9	307.3	303.7	313.2	318.7	316.3	320.2	332.1	332.4	332.1	332.2	331.6
35 Commercial and industrial	176.5	186.7	187.1	190.5	193.5	192.6	197.7	205.1	204.3	204.6	205.0	206.3
36 Real estate	37.3	33.2	33.3	33.1	33.0	33.1	33.0	33.3	33.1	33.3	33.2	33.5
37 Security[3]	33.4	32.2	28.3	32.5	32.0	29.8	29.1	32.9	32.6	34.1	33.3	31.9
38 Other loans and leases	44.6	55.1	54.9	57.1	60.1	60.7	60.4	60.9	62.4	60.0	60.7	59.8
39 Interbank loans	27.5	22.0	23.4	22.4	19.2	16.4	20.2	19.8	19.7	16.1	23.4	20.3
40 Cash assets[4]	28.6	25.7	25.9	26.6	28.2	28.5	28.7	29.1	30.3	28.0	29.4	29.0
41 Other assets[5]	46.1	40.7	43.5	39.6	38.6	41.1	38.5	32.8	32.3	32.4	33.3	33.2
42 **Total assets**[6]	**539.0**	**545.0**	**549.8**	**552.1**	**553.8**	**553.9**	**553.5**	**561.6**	**559.9**	**555.2**	**565.5**	**565.6**
Liabilities												
43 Deposits	173.3	167.0	173.9	173.8	177.5	178.8	185.7	203.9	198.9	200.8	210.8	206.9
44 Transaction	9.4	9.9	10.1	10.4	10.6	10.3	10.2	10.8	10.0	11.3	11.7	10.3
45 Nontransaction	163.9	157.1	163.8	163.4	166.9	168.5	175.5	193.0	188.9	189.5	199.0	196.6
46 Large time	160.7	154.7	161.3	161.0	164.5	166.3	173.2	190.6	186.6	186.5	196.7	194.3
47 Other	3.2	2.4	2.4	2.4	2.4	2.3	2.3	2.5	2.3	3.0	2.3	2.3
48 Borrowings	113.5	130.3	133.2	134.4	130.6	133.6	123.6	113.2	111.8	114.8	114.5	110.5
49 From banks in the U.S.	29.9	37.0	35.1	34.5	32.2	35.1	33.5	31.8	32.6	33.1	30.7	30.7
50 From others	83.6	93.3	98.1	99.9	98.4	98.5	90.1	81.4	79.2	81.7	83.8	79.8
51 Net due to related foreign offices	166.9	170.0	165.3	170.2	175.0	171.2	174.3	167.2	171.0	164.6	163.3	169.8
52 Other liabilities	81.2	73.6	73.3	69.7	66.8	66.4	65.7	72.6	73.1	69.9	71.9	74.8
53 **Total liabilities**	**534.8**	**540.9**	**545.7**	**548.1**	**549.9**	**549.9**	**549.2**	**556.8**	**554.9**	**550.1**	**560.4**	**562.0**
54 Residual (assets less liabilities)[7]	4.1	4.1	4.1	4.1	4.0	4.0	4.2	4.7	5.0	5.0	5.0	3.6
MEMO												
55 Revaluation gains on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	35.9	34.9	36.1	35.5	36.9
56 Revaluation losses on off-balance-sheet items[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	29.3	28.2	29.6	28.9	30.3

NOTE. Tables 1.27 and 1.28 have been discontinued; some of the data from these two tables have been added to table 1.26. For a detailed explanation, see "Announcements," p. 31.

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. A19 and A20 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.

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.

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.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1996					
	1991	1992	1993	1994	1995	Apr.	May	June	July	Aug.	Sept.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**528,832**	**545,619**	**555,075**	**595,382**	**674,904**	**710,690**	**719,069**	**731,027**	**734,730**	**753,276**[r]	**757,155**
Financial companies[1]											
2 Dealer-placed paper[2], total	212,999	226,456	218,947	223,038	275,815	302,504	301,670	310,524	317,426[r]	329,026	336,833
3 Directly placed paper[3], total	182,463	171,605	180,389	207,701	210,829	211,833	221,463	223,236	222,583	230,318	226,599
4 Nonfinancial companies[4]	133,370	147,558	155,739	164,643	188,260	196,352	195,936	197,267	194,722	193,932[r]	193,724
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**43,770**	**38,194**	**32,348**	**29,835**	**29,242**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By holder											
6 Accepting banks	11,017	10,555	12,421	11,783	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Own bills	9,347	9,097	10,707	10,462	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Bills bought from other banks	1,670	1.458	1,714	1,321	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Federal Reserve Banks[6]											
9 Foreign correspondents	1,739	1,276	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	31,014	26,364	19,202	17,642	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By basis											
11 Imports into United States	12,843	12,209	10,217	10,062	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Exports from United States	10,351	8,096	7,293	6,355	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 All other	20,577	17,890	14,838	13,417	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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
1993—Jan. 1	6.00	1993	6.00	1994—Jan.	6.00	1995—July	8.80
		1994	7.15	Feb.	6.00	Aug.	8.75
1994—Mar. 24	6.25	1995	8.83	Mar.	6.06	Sept.	8.75
Apr. 19	6.75			Apr.	6.45	Oct.	8.75
May 17	7.25	1993—Jan.	6.00	May	6.99	Nov.	8.75
Aug 16	7.75	Feb.	6.00	June	7.25	Dec.	8.65
Nov 15	8.50	Mar.	6.00	July	7.25		
		Apr	6.00	Aug.	7.51	1996—Jan.	8.50
1995—Feb. 1	9.00	May	6.00	Sept.	7.75	Feb.	8.25
July 7	8.75	June	6.00	Oct.	7.75	Mar.	8.25
Dec. 20	8.50	July	6.00	Nov.	8.15	Apr.	8.25
		Aug	6.00	Dec.	8.50	May	8.25
1996—Feb. 1	8.25	Sept.	6.00			June	8.25
		Oct.	6.00	1995—Jan.	8.50	July	8.25
		Nov.	6.00	Feb.	9.00	Aug.	8.25
		Dec.	6.00	Mar.	9.00	Sept.	8.25
				Apr.	9.00	Oct.	8.25
				May	9.00	Nov.	8.25
				June	9.00		

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1993	1994	1995	1996				1996, week ending				
				July	Aug.	Sept.	Oct.	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.02	4.21	5.83	5.40	5.22	5.30	5.24	5.34	5.40	5.14	5.22	5.22
2 Discount window borrowing[2,4]	3.00	3.60	5.21	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Commercial paper[3,5,6]												
3 1-month	3.17	4.43	5.93	5.44	5.39	5.45	5.37	5.47	5.41	5.36	5.35	5.36
4 3-month	3.22	4.66	5.93	5.53	5.42	5.52	5.43	5.52	5.48	5.43	5.42	5.42
5 6-month	3.30	4.93	5.93	5.67	5.51	5.66	5.45	5.62	5.53	5.45	5.45	5.44
Finance paper, directly placed[3,5,7]												
6 1-month	3.12	4.33	5.81	5.33	5.28	5.33	5.25	5.33	5.28	5.25	5.24	5.24
7 3-month	3.16	4.53	5.78	5.43	5.31	5.38	5.31	5.35	5.31	5.29	5.32	5.31
8 6-month	3.15	4.56	5.68	5.44	5.33	5.40	5.28	5.38	5.32	5.27	5.27	5.27
Bankers acceptances[3,5,8]												
9 3-month	3.13	4.56	5.81	5.45	5.32	5.39	5.32	5.34	5.34	5.35	5.32	5.31
10 6-month	3.21	4.83	5.80	5.57	5.40	5.51	5.36	5.44	5.42	5.38	5.34	5.33
Certificates of deposit, secondary market[3,9]												
11 1-month	3.11	4.38	5.87	5.37	5.32	5.38	5.28	5.38	5.32	5.28	5.27	5.27
12 3-month	3.17	4.63	5.92	5.53	5.40	5.51	5.41	5.49	5.48	5.40	5.40	5.40
13 6-month	3.28	4.96	5.98	5.75	5.57	5.71	5.51	5.66	5.58	5.50	5.50	5.50
14 Eurodollar deposits, 3-month[3,10]	3.18	4.63	5.93[r]	5.49	5.41	5.49	5.41	5.48	5.49	5.41	5.41	5.38
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.00	4.25	5.49	5.15	5.05	5.09	4.99	4.98	4.91	4.98	5.00	5.00
16 6-month	3.12	4.64	5.56	5.30	5.13	5.24	5.11	5.13	5.08	5.10	5.11	5.13
17 1-year	3.29	5.02	5.60	5.52	5.35	5.50	5.25	5.40	5.30	5.26	5.26	5.26
Auction average[3,5,11]												
18 3-month	3.02	4.29	5.51	5.17	5.09	5.15	5.01	5.18	5.01	4.96	5.01	5.01
19 6-month	3.14	4.66	5.59	5.32	5.17	5.29	5.12	5.30	5.17	5.07	5.11	5.12
20 1-year	3.33	5.02	5.69	5.49	5.36	5.57	5.34	n.a.	n.a.	n.a.	5.34	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.43	5.32	5.94	5.85	5.67	5.83	5.55	5.72	5.61	5.57	5.55	5.56
22 2-year	4.05	5.94	6.15	6.27	6.03	6.23	5.91	6.12	5.99	5.94	5.91	5.93
23 3-year	4.44	6.27	6.25	6.45	6.21	6.41	6.08	6.29	6.16	6.10	6.08	6.09
24 5-year	5.14	6.69	6.38	6.64	6.39	6.60	6.27	6.48	6.35	6.30	6.28	6.29
25 7-year	5.54	6.91	6.50	6.76	6.52	6.73	6.42	6.62	6.50	6.45	6.43	6.44
26 10-year	5.87	7.09	6.57	6.87	6.64	6.83	6.53	6.73	6.61	6.55	6.54	6.55
27 20-year	6.29	7.49	6.95	7.14	6.97	7.17	6.90	7.07	6.95	6.92	6.92	6.92
28 30-year	6.59	7.37	6.88	7.03	6.84	7.03	6.81	6.95	6.85	6.83	6.83	6.83
Composite												
29 More than 10 years (long-term)	6.45	7.41	6.93	7.13	6.94	7.13	6.87	7.04	6.92	6.89	6.89	6.89
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	5.38	5.77	5.80	5.83	5.64	5.57	5.52	5.54	5.51	5.48	5.50	5.56
31 Baa	5.83	6.17	6.10	5.96	5.85	5.79	5.73	5.78	5.76	5.71	5.76	5.72
32 *Bond Buyer* series[14]	5.60	6.18	5.95	5.92	5.76	5.87	5.72	5.76	5.70	5.73	5.72	5.75
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	7.54	8.26	7.83	7.95	7.76	7.95	7.68	7.87	7.75	7.72	7.69	7.69
Rating group												
34 Aaa	7.22	7.97	7.59	7.65	7.46	7.66	7.39	7.58	7.46	7.43	7.40	7.39
35 Aa	7.40	8.15	7.72	7.82	7.63	7.82	7.58	7.75	7.64	7.61	7.59	7.58
36 A	7.58	8.28	7.83	7.97	7.77	7.95	7.70	7.88	7.76	7.74	7.71	7.70
37 Baa	7.93	8.63	8.20	8.35	8.18	8.35	8.07	8.27	8.14	8.10	8.08	8.07
38 A-rated, recently offered utility bonds[16]	7.46	8.29	7.86	8.07	7.87	8.06	7.83	7.96	7.77	7.87	7.82	7.86
MEMO												
Dividend–price ratio[17]												
39 Common stocks	2.78	2.82	2.56	2.28	2.22	2.20	2.11	2.16	2.13	2.13	2.10	2.09

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1993	1994	1995	1996 Feb.	1996 Mar.	1996 Apr.	1996 May	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	249.71	254.16	291.18	346.46	346.73	347.50	354.84	358.32	345.06	354.59	360.96	373.54
2 Industrial	300.10	315.32	367.40	435.92	439.55	441.99	452.63	458.30	438.58	444.91	459.69	473.98
3 Transportation	242.68	247.17	270.14	315.29	324.77	326.42	334.66	331.57	316.57	321.61	323.12	332.80
4 Utility	114.55	104.96	110.64	135.51	122.83	122.44	124.86	123.60	122.66	122.37	121.12	130.04
5 Finance	216.55	209.75	238.48	290.97	290.44	287.92	290.43	294.42	287.89	302.95	308.16	324.42
6 Standard & Poor's Corporation (1941–43 = 10)[2]	451.63	460.42	541.72	649.54	647.07	647.17	661.23	668.50	644.06	662.68	674.88	701.46
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	438.77	449.49	498.13	562.34	565.69	580.60	600.93	591.99	550.16	554.88	564.87	574.46
Volume of trading (thousands of shares)												
8 New York Stock Exchange	263,374	290,652	345,729	434,607	426,198	419,941	404,184	392,413	398,245	333,343	400,951	420,835
9 American Stock Exchange	18,188	17,951	20,387	27,107	22,988	24,886	28,127	23,903	21,281	17,916	19,449	18,780
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**60,310**	**61,160**	**76,680**	**77,090**	**78,308**	**81,170**	**86,100**	**87,160**	**79,860**	**82,980**	**89,300**	n.a.
Free credit balances at brokers[5]												
11 Margin accounts[6]	12,360	14,095	16,250	15,840	15,770	15,780	16,890	16,800	17,700	17,520	17,940	n.a.
12 Cash accounts	27,715	28,870	34,340	34,700	33,113	33,100	33,760	33,775	32,935	32,680	35,360	n.a.

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 other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1996					
	1993	1994	1995	May	June	July	Aug.	Sept.	Oct
U.S. budget[1]									
1 Receipts, total	1,153,535	1,257,737	1,355,213	90,122	151,995	103,893	99,996	157,668	99,950
2 On-budget	841,601	922,711	1,004,134	60,184	116,794	75,282	71,505	125,806	73,938
3 Off-budget	311,934	335,026	351,079	29,938	35,201	28,611	28,491	31,862	26,012
4 Outlays, total	1,408,675	1,460,841	1,519,133	143,173	117,654	130,749	141,828	122,242	140,209
5 On-budget	1,142,088	1,181,469	1,230,469	114,317	103,997	104,214	113,840	90,253	113,584
6 Off-budget	266,587	279,372	288,664	28,856	13,657	26,535	27,987	31,989	26,625
7 Surplus or deficit (−), total	−255,140	−203,104	−163,920	−53,051	34,340	−26,856	−41,831	35,426	−40,259
8 On-budget	−300,487	−258,758	−226,335	−54,133	12,797	−28,932	−42,335	35,553	−39,646
9 Off-budget	45,347	55,654	62,415	1,082	21,544	2,076	504	−127	−613
Source of financing (total)									
10 Borrowing from the public	248,619	185,344	171,288	20,633	−8,619	29,098	16,160	−5,892	15,588
11 Operating cash (decrease, or increase (−))	6,283	16,564	−2,007	43,809	−33,519	1,262	23,705	−31,159	18,592
12 Other[2]	238	1,196	−5,361	−11,391	7,798	−3,504	1,966	1,625	6,079
MEMO									
13 Treasury operating balance (level, end of period)	52,506	35,942	37,949	4,514	38,033	36,771	13,066	44,225	25,633
14 Federal Reserve Banks	17,289	6,848	8,620	3,757	7,701	6,836	5,149	7,700	5,897
15 Tax and loan accounts	35,217	29,094	29,329	757	30,332	29,936	7,917	36,525	19,736

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 1994	Fiscal year 1995	Calendar year 1994 H2	1995 H1	1995 H2	1996 H1	1996 Aug.	1996 Sept.	1996 Oct.
RECEIPTS									
1 **All sources**	**1,257,737**	**1,355,213**	**625,781**	**711,003**	**656,865**	**767,099**	**99,996**	**157,668**	**99,950**
2 Individual income taxes, net	543,055	590,244	273,315	307,498	292,393	347,285	46,105	68,672	54,000
3 Withheld	459,699	499,927	240,063	251,398	256,916	264,177	43,834	39,537	48,866
4 Nonwithheld	160,433	175,855	42,029	132,001	45,521	162,782	4,007	30,629	5,639
5 Refunds	77,077	85,538	8,787	75,959	10,058	79,735	1,737	1,495	505
Corporation income taxes									
6 Gross receipts	154,205	174,422	78,393	92,132	88,302	96,480	3,718	36,378	5,654
7 Refunds	13,820	17,418	7,747	10,399	7,518	9,704	644	1,274	4,792
8 Social insurance taxes and contributions, net	461,475	484,473	220,140	261,837	224,269	277,767	40,953	43,372	36,104
9 Employment taxes and contributions[2]	428,810	451,045	206,615	241,557	211,323	257,446	36,562	42,817	34,428
10 Unemployment insurance	28,004	28,878	11,177	18,001	10,702	18,068	3,994	206	1,330
11 Other net receipts[3]	4,661	4,550	2,349	2,279	2,247	2,254	397	348	346
12 Excise taxes	55,225	57,484	30,178	27,452	30,014	25,682	4,033	5,315	3,923
13 Customs deposits	20,099	19,301	11,041	8,848	9,849	8,731	1,807	1,604	1,432
14 Estate and gift taxes	15,225	14,763	7,067	7,425	7,718	8,775	1,566	1,698	1,547
15 Miscellaneous receipts[4]	22,274	31,944	13,395	16,211	11,839	12,087	2,459	1,902	2,081
OUTLAYS									
16 **All types**	**1,460,841**	**1,519,133**	**752,378**	**761,289**	**752,856**	**785,367**	**141,828**	**122,242[r]**	**140,209**
17 National defense	281,642	272,066	141,885	135,648	132,887[r]	132,600	26,000	19,738	22,284
18 International affairs	17,083	16,434	11,889	4,797	6,908	8,074	969	1,007	4,112
19 General science, space, and technology	16,227	16,724	7,604	8,611	7,970	8,897	1,526	1,689	1,447
20 Energy	5,219	4,936	2,923	2,358	1,992	1,355	153	563	−207
21 Natural resources and environment	21,064	22,105	11,911	10,273	11,384	10,238	1,821	1,913[r]	1,758
22 Agriculture	15,046	9,773	7,623	4,039	3,072	71	627	3,309	2,347
23 Commerce and housing credit	−5,118	−14,441	−4,042	−13,471	−3,941	−6,861	−1,678	1,559	−167
24 Transportation	38,066	39,350	21,835	18,193	20,725	18,291	3,583	3,537[r]	3,870
25 Community and regional development	10,454	10,641	6,283	5,073	5,569[r]	5,237	1,021	1,191	1,247
26 Education, training, employment, and social services	46,307	54,263	27,450	25,893	26,295	26,137	5,037	5,082	4,176
27 Health	107,122	115,418	54,147	59,057	57,111	59,957	10,352	10,004	10,378
28 Social security and Medicare	464,312	495,701	236,817	251,975	251,388	264,649	46,205	41,693	45,420
29 Income security	214,031	220,449	101,806	117,190	104,760	121,032	20,125	13,664	18,544
30 Veterans benefits and services	37,642	37,938	19,761	19,269	18,687	18,164	4,657	1,641	3,336
31 Administration of justice	15,256	16,223	7,753	8,051	8,091	9,021	1,460	1,382	1,311
32 General government	11,303	13,835	7,355	5,796	7,602	4,641	1,390	1,548	1,657
33 Net interest[5]	202,957	232,173	109,434	116,169	119,349	120,579	21,460	19,243	21,472
34 Undistributed offsetting receipts[6]	−37,772	−44,455	−20,066	−17,631	−26,995	−16,716	−2,880	−6,522[r]	−2,777

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 1997*; 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	1994		1995				1996		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**4,721**	**4,827**	**4,891**	**4,978**	**5,001**	**5,017**	**5,153**	**5,197**	**5,260**
2 Public debt securities	4,693	4,800	4,864	4,951	4,974	4,989	5,118	5,161	5,225
3 Held by public	3,480	3,543	3,610	3,635	3,653	3,684	3,764	3,739	n.a.
4 Held by agencies	1,213	1,257	1,255	1,317	1,321	1,305	1,354	1,422	n.a
5 Agency securities	29	27	27	27	27	28	36	36	35
6 Held by public	29	27	26	27	27	28	28	28	n.a.
7 Held by agencies	0	0	0	0	0	0	8	8	n.a.
8 **Debt subject to statutory limit**	**4,605**	**4,711**	**4,775**	**4,861**	**4,885**	**4,900**	**5,030**	**5,073**	**5,137**
9 Public debt securities	4,605	4,711	4,774	4,861	4,885	4,900	5,030	5,073	5,137
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,900	4,900	4,900	4,900	4,900	4,900	5,500	5,500	5,500

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	1992	1993	1994	1995	1995	1996		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**4,177.0**	**4,535.7**	**4,800.2**	**4,988.7**	**4,988.7**	**5,117.8**	**5,161.1**	**5,224.8**
By type								
2 Interest-bearing	4,173.9	4,532.3	4,769.2	4,964.4	4,964.4	5,083.0	5,126.8	5,220.8
3 Marketable	2,754.1	2,989.5	3,126.0	3,307.2	3,307.2	3,375.1	3,348.4	3,418.4
4 Bills	657.7	714.6	733.8	760.7	760.7	811.9	773.6	761.2
5 Notes	1,608.9	1,764.0	1,867.0	2,010.3	2,010.3	2,014.1	2,025.8	2,098.7
6 Bonds	472.5	495.9	510.3	521.2	521.2	534.1	534.1	543.5
7 Nonmarketable[1]	1,419.8	1,542.9	1,643.1	1,657.2	1,657.2	1,707.9	1,778.3	1,802.4
8 State and local government series	153.5	149.5	132.6	104.5	104.5	96.5	97.8	95.7
9 Foreign issues[2]	37.4	43.5	42.5	40.8	40.8	40.4	37.8	37.5
10 Government	37.4	43.5	42.5	40.8	40.8	40.4	37.8	37.5
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	155.0	169.4	177.8	181.9	181.9	183.0	183.8	184.2
13 Government account series[3]	1,043.5	1,150.0	1,259.8	1,299.6	1,299.6	1,357.7	1,428.5	1,454.7
14 Non-interest-bearing	3.1	3.4	31.0	24.3	24.3	34.8	34.3	4.0
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	1,047.8	1,153.5	1,257.1	1,304.5	1,304.5	1,353.8	1,422.4	
16 Federal Reserve Banks	302.5	334.2	374.1	391.0	391.0	381.0	391.0	
17 Private investors	2,839.9	3,047.4	3,168.0	3,294.9	3,294.9	3,382.8	3,347.3	
18 Commercial banks	294.4	322.2	290.1	278.3	278.3	283.8	285.0	
19 Money market funds	79.7	80.8	67.6	71.3	71.3	87.3	82.2	
20 Insurance companies	197.5	234.5	240.1	250.8	250.8	256.0	258.0	
21 Other companies	192.5	213.0	226.5	228.8	228.8	229.0	230.9	n.a.
22 State and local treasuries[5,6]	563.3	605.9	483.4	352.2	352.2	336.8	340.0	
Individuals								
23 Savings bonds	157.3	171.9	180.5	185.0	185.0	185.8	186.5	
24 Other securities	131.9	137.9	150.7	162.7	162.7	161.4	161.1	
25 Foreign and international[7]	549.7	623.0	688.7	862.1	862.1	930.2	958.6	
26 Other miscellaneous investors[6,8]	673.5	658.3	840.5	903.7	903.7	912.5	845.0	

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Includes state and local pension funds.
6. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
7. Consists of investments of foreign balances and international accounts in the United States.
8. 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	1996			1996, week ending								
	July	Aug.	Sept.	Sept. 4	Sept. 11	Sept 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	45,934	45,218	53,964	56,170	54,019	59,295	49,581	50,819	43,084	57,220	43,664	41,575
Coupon securities, by maturity												
2 Five years or less	92,815	91,717	101,720	100,599	95,349	108,974	98,959	105,597	97,239	90,604	104,279	98,278
3 More than five years	44,863	44,894	47,945	49,807	47,706	51,582	41,368	51,999	60,188	48,211	45,365	56,383
4 Federal agency	35,258	33,593	33,559	35,519	31,362	33,591	33,469	36,011	29,336	30,898	30,713	28,210
5 Mortgage-backed	34,569	35,793	39,470	34,219	63,451	36,515	21,814	37,357	63,617	36,951	29,804	29,510
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	106,573	106,811	118,528	116,945	118,229	128,047	111,151	116,513	116,899	111,875	110,756	113,359
7 Federal agency	664	713	796	697	933	826	604	905	926	865	833	719
8 Mortgage-backed	12,537	13,496	13,533	12,083	21,414	13,105	8,016	11,272	23,807	13,631	11,755	10,505
With other												
9 U.S. Treasury	77,040	75,018	85,100	89,631	78,845	91,805	78,757	91,902	83,613	84,161	82,552	82,877
10 Federal agency	34,593	32,880	32,763	34,822	30,429	32,765	32,865	35,106	28,410	30,033	29,881	27,491
11 Mortgage-backed	22,032	22,297	25,937	22,136	42,037	23,409	13,798	26,084	39,810	23,319	18,049	19,005
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	229	429	428	546	972	193	73	n.a.	n.a.	189	28	78
Coupon securities, by maturity												
13 Five years or less	1,607	1,649	1,710	2,982	2,003	1,713	1,161	1,286	1,095	832	975	1,063
14 More than five years	10,873	11,373	14,057r	14,372	15,658	15,990	10,848	13,306	12,559	11,173	9,707	13,339
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	1,898	2,194	3,555	2,053	3,328	2,410	5,657	3,341	3,890	3,825	1,659	3,114
19 More than five years	4,016	4,408	3,924	5,076	4,936	3,145	3,219	3,942	5,439	4,785	3,774	4,319
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	688	848	1,132	1,129	341	759	1,340	2,728	1,263	592	1,160	719

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

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

Millions of dollars

Item	1996			1996, week ending							
	July	Aug.	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct 16	Oct. 23
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	15,044	13,673	4,530	15,801	7,620	3,213	3,325	−5,285	−4,184	4,113	3,209
Coupon securities, by maturity											
2 Five years or less	−9,294	−3,839	−3,592	−6,217	−8,083	−2,870	22	−1,272	−1,113	−6,003	6,925
3 More than five years	−19,269	−14,771	−21,281	−18,857	−20,885	−21,048	−22,265	−22,724	−18,641	−16,180	−15,453
4 Federal agency	22,053	22,836	20,899	16,832	23,053	21,896	17,969	23,845	26,331	21,897	27,301
5 Mortgage-backed	38,241	36,468	36,981	34,550	35,138	38,513	37,390	38,786	37,679	39,210	39,250
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	−2,592	−4,401	−963	−3,352	−1,009	−224	−535	−622	−935	−1,311	−1,447
Coupon securities, by maturity											
7 Five years or less	−1,701	−473	1,741	2,501	2,134	2,693	753	632	1,009	1,423	268
8 More than five years	−13,999	−19,325	−7,520	−8,575	−5,893	−7,350	−7,957	−8,577	−10,030	−8,214	−11,002
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	−1,205	−647	−992	−522	−915	−1,109	−1,018	−1,275	−785	−1,678	−2,554
13 More than five years	2,650	2,759	−1,021	−2,542	−2,281	−702	672	−858	−518	−685	−2,424
14 Federal agency	0	0	0	0	0	0	0	0	0	0	0
15 Mortgage-backed	2,614	2,003	1,620	2,142	1,947	1,539	1,070	1,629	2,172	2,025	2,605
	Financing[5]										
Reverse repurchase agreements											
16 Overnight and continuing	260,875	280,269	269,777	280,478	274,380	272,331	251,905	276,218	240,183	270,797	246,917
17 Term	477,948	480,446[r]	450,345	424,900	460,411	450,714	454,690	450,007	498,531	475,818	512,144
Securities borrowed											
18 Overnight and continuing	181,614	179,112	187,938	178,612	185,212	191,774	194,426	184,764	184,142	184,313	179,717
19 Term	60,925	67,680	66,776	66,898	63,622	67,570	64,159	73,646	75,365	72,697	74,481
Securities received as pledge											
20 Overnight and continuing	4,636	4,034	4,067	4,065	4,253	3,943	3,989	4,090	4,047	4,151	3,406
21 Term	51	78	59	72	66	63	53	43	47	31	31
Repurchase agreements											
22 Overnight and continuing	554,486	580,621	569,666	580,223	565,807	576,726	546,867	588,660	566,086	583,589	574,134
23 Term	421,168	429,700[r]	391,841	362,530	399,657	395,454	400,288	387,463	434,487	421,972	459,694
Securities loaned											
24 Overnight and continuing	4,471	4,210	3,864	4,502	3,830	3,521	3,786	3,993	3,136	4,166	3,951
25 Term	3,258	3,541	3,567	3,495	3,574	3,597	n.a.	3,572	n.a.	n.a	n.a.
Securities pledged											
26 Overnight and continuing	38,698	41,671	44,798	43,127	42,761	41,084	51,004	45,498	43,289	44,173	42,334
27 Term	6,917	5,795	6,752	6,010	6,695	6,728	6,864	7,305	6,981	6,975	6,839
Collateralized loans											
28 Overnight and continuing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
29 Term	n.a	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a
30 Total	15,850[r]	20,493[r]	15,622	21,166[r]	16,434	13,243	15,026	14,216	13,309	14,381	15,042
MEMO: Matched book[6]											
Securities in											
31 Overnight and continuing	270,197	278,385	263,184	269,482	267,460	267,173	249,461	265,784	244,183	263,374	249,688
32 Term	467,911	476,457[r]	446,548	423,128	458,967	446,364	442,941	453,206	496,432	476,050	506,764
Securities out											
33 Overnight and continuing	363,148	369,543	359,617	363,172	356,988	358,125	344,910	383,133	361,673	377,347	355,765
34 Term	370,555	384,256	349,869	322,971	362,156	350,491	353,714	347,930	386,457	375,578	409,703

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	1992	1993	1994	1995	1996				
					Apr.	May	June	July	Aug.
1 **Federal and federally sponsored agencies**	**483,970**	**570.711**	**738,928**	**844,611**	n.a.	**868,599**	**879,355**	n.a.	
2 Federal agencies	41,829	45,193	39,186	37,347	31,449	31,029	31,448	30,939	
3 Defense Department[1]	7	6	6	6	6	6	6	6	
4 Export-Import Bank[2,3]	7,208	5,315	3,455	2,050	2,015	2,015	1,853	1,853	
5 Federal Housing Administration[4]	374	255	116	97	56	56	62	62	n.a.
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
7 Postal Service[6]	10,660	9,732	8,073	5,765	300	n.a.	n.a.	n.a.	
8 Tennessee Valley Authority	23,580	29,885	27,536	29,429	29,072	28,952	29,465	28,956	
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	
10 Federally sponsored agencies[7]	442,141	523,452	699,742	807,264	832,823	837,570	847,807	854,461	861,564
11 Federal Home Loan Banks	114,733	139,512	205,817	243,194	242,437	243,389	249,240	251,169	253,847
12 Federal Home Loan Mortgage Corporation	29,631	49,993	93,279	119,961	136,185	141,248	143,363	146,534	148,729
13 Federal National Mortgage Association	166,300	201,112	257,230	299,174	306,361	305,050	308,385	310,503	312,374
14 Farm Credit Banks[8]	51,910	53,123	53,175	57,379	60,815	61.197	62,182	60,294	60.219
15 Student Loan Marketing Association[9]	39,650	39,784	50,335	47,529	47,052	46,735	44,718	46.053	46,459
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]	**154,994**	**128,187**	**103,817**	**78,681**	**66,079**	**64,931**	**63,654**	**62,233**	
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	7,202	5.309	3,449	2,044	2,009	2,009	1,847	1,847	
21 Postal Service[6]	10,440	9,732	8,073	5,765	300	n.a.	n.a.	n.a.	
22 Student Loan Marketing Association	4,790	4.760	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
23 Tennessee Valley Authority	6,975	6,325	3,200	3,200	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.	
Other lending[14]									
25 Farmers Home Administration	42,979	38,619	33,719	21,015	21,015	21,015	20.625	19,575	
26 Rural Electrification Administration	18,172	17,578	17,392	17,144	16,940	16,944	16.952	16,844	
27 Other	64,436	45.864	37,984	29,513	25,815	24,964	24,230	23,967	

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	1993	1994	1995	1996							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct
1 **All issues, new and refunding**[1]	**279,945**	**153,950**	**145,657**	**15,794**	**13,673**	**15,647**	**17,496**	**11,819**	**12,502**	**11,635**	**16,296**
By type of issue											
2 General obligation	90,599	54,404	56,980	4,944	5,145	5,491	6,709	4,158	4,104	3,488	5,610
3 Revenue	189,346	99,546	88,677	10,850	8,528	10,156	10,787	7,661	8,398	8,147	10,686
By type of issuer											
4 State	27,999	19,186	14,665	910	818	2,803	1,038	672	1,180	870	1,912
5 Special district or statutory authority[2]	178,714	95,896	93,500	10,522	10,097	10,313	10,722	7,597	8,432	8,096	10,435
6 Municipality, county, or township	73,232	38,868	37,492	4,362	2,758	2,531	5,736	3,550	2,890	2,669	3,949
7 **Issues for new capital**	**91,434**	**105,972**	**102,390**	**10,599**	**9,767**	**9,468**	**14,193**	**8,817**	**7,133**	**7,840**	**11,928**
By use of proceeds											
8 Education	16,831	21,267	23,964	1,896	2,241	2,840	3,396	2,200	2,320	1,521	2,656
9 Transportation	9,167	10,836	11,890	1,281	964	799	1,400	580	622	846	2,897
10 Utilities and conservation	12,014	10,192	9,618	981	613	1,375	972	693	409	785	1,388
11 Social welfare	13,837	20,289	19,566	2,724	1,796	1,633	3,086	2,589	2,412	2,041	1,450
12 Industrial aid	6,862	8,161	6,581	713	618	382	610	392	271	581	520
13 Other purposes	32,723	35,227	30,771	3,004	3,535	2,439	4,729	2,363	1,099	2,066	3,017

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	1993	1994	1995	1996							
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 **All issues**[1]	**769,088**	**583,240**	n.a.	**61,890**[r]	**55,792**	**49,029**	**69,220**[r]	**66,700**	**38,917**	**42,424**[r]	**57,816**
2 **Bonds**[2]	**646,634**	**498,039**	n.a.	**52,936**[r]	**48,363**	**36,333**	**55,814**[r]	**53,786**	**31,483**	**36,821**[r]	**51,301**
By type of offering											
3 Public, domestic	487,029	365,222	408,806	45,953[r]	41,526	30,574	46,745[r]	45,138	25,718	31,586[r]	42,648
4 Private placement, domestic[3]	121,226	76,065	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	38,379	56,755	76,910	6,984	6,837	5,759	9,069	8,648	5,765	5,235	8,653
By industry group											
6 Manufacturing	88,160	43,423	42,950	2,522	3,435	2,503	5,887	5,942	3,861	2,697	3,908
7 Commercial and miscellaneous	58,559	40,735	37,139	2,840	3,803	2,663	4,933	4,272	2,720	4,002[r]	3,155
8 Transportation	10,816	6,867	5,727	584	137	120	819	906	525	293	620
9 Public utility	56,330	13,322	11,974	965	788	444	691	1,144	1,046	129	229
10 Communication	31,950	13,340	18,158	2,641	2,253	724	1,097	2,231	647	1,375	829
11 Real estate and financial	400,820	380,352	369,769	43,385[r]	37,948	29,879	42,386[r]	39,292	22,684	28,325[r]	42,561
12 **Stocks**[2]	**122,454**	**85,155**	n.a.	**8,954**	**7,429**	**12,696**	**13,406**	**12,914**	**7,434**	**5,603**	**6,515**
By type of offering											
13 Public preferred	18,897	12,570	10,964	3,258	967	2,000	1,660	3,309	1,647	1,164	1,890
14 Common	82,657	47,828	57,809	5,696	6,462	10,696	11,746	9,605	5,787	4,439	4,625
15 Private placement[3]	20,900	24,800	↑	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	22,271	17,798		1,633	2,051	3,982	3,294[r]	2,649	1,740[r]	984	774
17 Commercial and miscellaneous	25,761	15,713	n.a.	2,512	3,597	4,125	5,103	6,629	2,549	2,070	2,957
18 Transportation	2,237	2,203		141	232	37	322	190	104	143	0
19 Public utility	7,050	2,214		809	319	149	297[r]	569	299	305[r]	253
20 Communication	3,439	494		140	100	144	1,205	837	1,073	51	54
21 Real estate and financial	61,004	46,733	↓	3,719	1,130	4,258	3,184[r]	2,039	1,668	2,050[r]	2,478

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	1994	1995	1996 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 Sales of own shares[2]	**841,286**	**871,415**	**90,370**	**93,856**	**101,310**	**96,501**	**88,115**	**93,053**	**86,225**	**84,171**
2 Redemptions of own shares	699,823	699,497	60,398	65,748	81,005	69,419	69,072	76,485	64,993	65,601
3 Net sales[3]	141,463	171,918	29,972	28,108	20,305	27,082	19,044	16,568	21,232	18,570
4 Assets[4]	**1,550,490**	**2,067,337**	**2,181,711**	**2,212,517**	**2,293,491**	**2,356,307**	**2,363,024**	**2,297,216**	**2,366,030**	**2,474,339**
5 Cash[5]	121,296	142,572	144,520	142,697	148,777	145,554	144,275	148,647	155,129	156,689
6 Other	1,429,195	1,924,765	2,037,191	2,069,820	2,144,713	2,201,752	2,218,749	2,147,337	2,210,901	2,317,651

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	1993	1994	1995	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
1 Profits with inventory valuation and capital consumption adjustment	464.4	529.5	586.6	570.9	560.0	562.3	612.5	611.8	645.1	655.8	n.a.
2 Profits before taxes	464.3	531.2	598.9	572.4	594.5	589.6	607.2	604.2	642.2	644.6	n.a.
3 Profits-tax liability	163.8	195.3	218.7	213.5	217.3	214.2	224.5	218.7	233.4	236.4	n.a.
4 Profits after taxes	300.5	335.9	380.2	358.8	377.2	375.3	382.8	385.5	408.8	408.1	n.a.
5 Dividends	197.3	211.0	227.4	218.5	221.7	224.6	228.5	234.7	239.9	243.1	245.2
6 Undistributed profits	103.2	124.8	152.8	140.3	155.5	150.8	154.3	150.8	168.9	165.1	n.a.
7 Inventory valuation	−6.6	−13.3	−28.1	−22.8	−51.9	−42.3	−9.3	−8.8	−17.4	−11.0	2.2
8 Capital consumption adjustment	6.7	11.6	15.9	21.3	17.4	15.0	14.6	16.5	20.4	22.3	23.8

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	1993	1994	1995	1994	1995				1996	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
ASSETS										
1 Accounts receivable, gross[2]	482.8	551.0	614.6	551.0	568.5	586.9	594.7	614.6	621.8	631.4
2 Consumer	116.5	134.8	152.0	134.8	135.8	141.7	146.2	152.0	151.9	154.6
3 Business	294.6	337.6	375.9	337.6	351.9	361.8	362.4	375.9	380.9	383.7
4 Real estate	71.7	78.5	86.6	78.5	80.8	83.4	86.1	86.6	89.1	93.1
5 LESS: Reserves for unearned income	50.7	55.0	63.2	55.0	58.9	62.1	61.2	63.2	61.5	65.1
6 Reserves for losses	11.2	12.4	14.1	12.4	12.9	13.7	13.8	14.1	14.2	14.9
7 Accounts receivable, net	420.9	483.5	537.3	483.5	496.7	511.1	519.7	537.3	546.1	551.4
8 All other	170.9	183.4	210.7	183.4	194.6	198.1	198.1	210.7	212.8	216.1
9 **Total assets**	**591.8**	**666.9**	**748.0**	**666.9**	**691.4**	**709.2**	**717.8**	**748.0**	**758.9**	**767.5**
LIABILITIES AND CAPITAL										
10 Bank loans	25.3	21.2	23.1	21.2	21.0	21.5	21.8	23.1	23.5	26.2
11 Commercial paper	159.2	184.6	184.5	184.6	181.3	181.3	178.0	184.5	184.8	183.0
Debt										
12 Owed to parent	42.7	51.0	62.3	51.0	52.5	57.5	59.0	62.3	62.3	61.0
13 Not elsewhere classified	206.0	235.0	284.7	235.0	254.4	264.4	272.1	284.7	291.4	301.8
14 All other liabilities	87.1	99.5	106.2	99.5	102.5	102.1	102.4	106.2	105.7	101.9
15 Capital, surplus, and undivided profits	71.4	75.7	87.2	75.7	79.7	82.5	84.4	87.2	91.1	93.6
16 **Total liabilities and capital**	**591.8**	**666.9**	**748.0**	**666.9**	**691.4**	**709.2**	**717.8**	**748.0**	**758.9**	**767.5**

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

2. Before deduction for unearned income and losses.

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

Millions of dollars, amounts outstanding, end of period

Type of credit	1993	1994	1995	1996					
				Apr.	May	June	July	Aug.[r]	Sept.
	Seasonally adjusted								
1 **Total**	**546,103**	**615,618**	**691,616**	**708,343**	**710,367**	**719,536**	**724,717**	**731,076**	**727,883**
2 Consumer	160,227	176,085	198,861	205,184	207,027	210,341	212,814	211,685	209,394
3 Real estate[2]	72,043	78,910	87,077	89,943	90,180	93,917	95,088	96,279	96,780
4 Business	313,833	360,624	405,678	413,216	413,160	415,278	416,815	423,112	421,709
	Not seasonally adjusted								
5 **Total**	**550,751**	**620,975**	**697,340**	**710,762**	**712,429**	**722,597**	**718,052**	**724,942**	**724,005**
6 Consumer	162,770	178,999	202,101	203,532	205,678	209,851	210,777	210,924	210,228
7 Motor vehicles	56,057	61,609	70,061	73,810	74,327	74,286	75,038	74,433	75,323
8 Other consumer[3]	60,396	73,221	81,988	79,489	80,435	80,344	81,311	81,148	80,623
9 Securitized motor vehicles[4]	36,024	31,897	33,633	30,476	31,435	34,826	33,731	34,636	32,814
10 Securitized other consumer[4]	10,293	12,272	16,419	19,757	19,481	20,395	20,697	20,707	21,468
11 Real estate[2]	71,727	78,479	86,606	89,975	90,182	93,100	95,336	96,952	96,650
12 Business	316,254	363,497	408,633	417,255	416,569	419,646	411,939	417,066	417,127
13 Motor vehicles	95,173	118,197	133,277	134,500	134,196	137,477	132,543	135,703	139,109
14 Retail loans[5]	18,091	21,514	25,304	27,954	27,151	29,032	28,373	28,404	28,872
15 Wholesale loans[6]	31,148	35,037	36,427	32,155	31,360	32,095	26,506	28,188	30,294
16 Leases	45,934	61,646	71,546	74,391	75,685	76,350	77,664	79,111	79,943
17 Equipment	145,452	157,953	177,297	178,507	178,151	178,983	177,949	176,423	174,767
18 Loans[7]	43,514	49,358	59,109	57,576	57,327	58,788	57,621	53,050	53,644
19 Leases	101,938	108,595	118,188	120,931	120,824	120,195	120,328	123,373	121,123
20 Other business[8]	53,997	61,495	65,363	69,193	68,112	67,210	66,548	70,706	69,591
21 Securitized business assets[4]	21,632	25,852	32,696	35,055	36,110	35,976	34,899	34,234	33,660
22 Retail loans	2,869	4,494	4,723	4,367	4,790	4,688	4,613	4,700	4,600
23 Wholesale loans	10,584	14,826	21,327	24,327	25,028	24,950	23,988	23,151	22,586
24 Leases	8,179	6,532	6,646	6,361	6,292	6,338	6,298	6,383	6,474

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

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

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

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

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

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

7. Beginning with the June 1996 data, retail and wholesale business equipment loans have been combined and are no longer separately available.

8. 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	1993	1994	1995	1996 Apr.	1996 May	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	163.1	170.4	175.8	175.2	179.5	180.1	194.0	184.8	187.1	183.9
2 Amount of loan (thousands of dollars)	123.0	130.8	134.5	133.2	137.6	139.4	144.2	141.1	141.7	139.0
3 Loan-to-price ratio (percent)	78.0	78.8	78.6	78.4	79.3	78.7	76.2	77.7	77.2	77.7
4 Maturity (years)	26.1	27.5	27.7	27.1	27.2	25.8	26.7	27.2	27.7	27.4
5 Fees and charges (percent of loan amount)[2]	1.30	1.29	1.21	1.17	1.16	1.31	1.25	1.38	1.28	1.11
Yield (percent per year)										
6 Contract rate[1]	7.03	7.26	7.65	7.57	7.61	7.75	7.80	7.85	7.77	7.76
7 Effective rate[1,3]	7.24	7.47	7.85	7.76	7.80	8.05	8.01	8.08	7.98	7.95
8 Contract rate (HUD series)[4]	7.37	8.58	8.05	8.22	8.34	8.37	8.28	8.45	8.23	8.01
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	7.46	8.68	8.18	8.52	8.57	8.55	8.56	8.58	8.56	8.00
10 GNMA securities[6]	6.65	7.96	7.57	7.63	7.81	7.91	7.84	7.68	7.85	7.53
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	190,861	222,057	253,511	263,809	267,330	270,042	272,458	275,133	278,003	279,544
12 FHA/VA insured	23,857	27,558	28,762	29,132	30,442	30,936	30,830	30,803	30,840	30,815
13 Conventional	167,004	194,499	224,749	234,677	236,888	239,106	241,628	244,330	247,163	248,729
14 Mortgage transactions purchased (during period)	92,037	62,389	56,598	5,339	6,720	5,421	5,345	5,360	5,353	4,235
Mortgage commitments (during period)										
15 Issued[7]	92,537	54,038	56,092	5,599	5,228	5,280	5,036	5,673	4,264	5,199
16 To sell[8]	5,097	1,820	360	0	13	0	0	0	53	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	55,012	72,693	107,424	119,520	121,058	123,806	125,574	127,345	129,426[r]	132,260
18 FHA/VA insured	321	276	267	216	212	209	205	201[r]	197[r]	195
19 Conventional	54,691	72,416	107,157	119,304	120,846	123,597	125,369	127,144[r]	129,229[r]	132,065
Mortgage transactions (during period)										
20 Purchases	229,242	124,697	98,470	12,740	12,385	10,266	9,934	9,643	8,687	9,538
21 Sales	208,723	117,110	85,877	11,958	11,904	9,969	9,496	8,994	8,167	8,797
22 Mortgage commitments contracted (during period)[9]	274,599	136,067	118,659	13,009	11,075	11,164	10,626	8,992	9,315	8,214

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	1992	1993	1994	1995			1996	
				Q2	Q3	Q4	Q1	Q2[p]
1 **All holders**	**4,091,827**	**4,266,657**	**4,472,693**	**4,581,594**	**4,657,832**	**4,706,654**	**4,775,361**	**4,859,561**
By type of property								
2 One- to four-family residences	3,036,251	3,225,371	3,429,616	3,521,129	3,587,678	3,626,772	3,682,227	3,749,867
3 Multifamily residences	274,234	270,796	275,304	280,429	284,276	287,935	291,979	296,888
4 Nonfarm, nonresidential	700,604	689,296	684,803	696,228	701,525	707,328	715,940	726,308
5 Farm	80,738	81,194	82,971	83,808	84,352	84,620	85,215	86,498
By type of holder								
6 Major financial institutions	1,769,187	1,767,835	1,815,810	1,868,175	1,895,285	1,888,977	1,894,809	1,916,216
7 Commercial banks[2]	894,513	940,444	1,004,280	1,053,048	1,072,780	1,080,373	1,087,216	1,099,554
8 One- to four-family	507,780	556,538	611,697	648,705	662,126	663,588	665,405	669,925
9 Multifamily	38,024	38,635	38,916	40,593	43,003	43,846	44,705	45,222
10 Nonfarm, nonresidential	328,826	324,409	331,100	340,176	343,826	349,109	353,174	359,845
11 Farm	19,882	20,862	22,567	23,575	23,824	23,829	23,931	24,561
12 Savings institutions[3]	627,972	598,330	596,199	599,745	604,614	596,789	595,908	606,163
13 One- to four-family	489,622	469,959	477,499	482,005	489,150	482,765	483,367	492,692
14 Multifamily	69,791	67 362	64,400	64,404	63,569	61,926	60,427	60,720
15 Nonfarm, nonresidential	68,235	60,704	54,011	53,054	51,604	51,809	51,814	52,433
16 Farm	324	305	289	282	291	288	300	317
17 Life insurance companies	246,702	229,061	215,332	215,382	217,892	211,815	211,686	210,499
18 One- to four-family	11,441	9,458	7,910	7,610	7,701	7,476	7,472	7,428
19 Multifamily	27,770	25,814	24,306	24,347	24,638	23,920	23,906	23,764
20 Nonfarm, nonresidential	198,269	184,305	173,539	173,830	175,910	170,783	170,681	169,670
21 Farm	9,222	9,484	9,577	9,596	9,643	9,636	9,627	9,637
22 Federal and related agencies	286,263	327,014	319,327	313,039	314,353	313,760	312,950	314,694
23 Government National Mortgage Association	30	22	6	7	2	2	2	2
24 One- to four-family	30	15	6	7	2	2	2	2
25 Multifamily	0	7	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,695	41,386	41,781	41,917	41,858	41,791	41,594	41,547
27 One- to four-family	16,912	15,303	13,826	13,217	12,914	12,643	12,327	11,982
28 Multifamily	10,575	10,940	11,319	11,512	11,557	11,617	11,636	11,645
29 Nonfarm, nonresidential	5,158	5,406	5,670	5,949	6,096	6,248	6,365	6,552
30 Farm	9,050	9,739	10,966	11,239	11,291	11,282	11,266	11,369
31 Federal Housing and Veterans' Administrations	12,581	12,215	10,964	10,098	9,535	9,809	8,439	8,052
32 One- to four-family	5,153	5,364	4,753	4,838	4,918	5,180	4,228	3,861
33 Multifamily	7,428	6,851	6,211	5,260	4,617	4,629	4,211	4,191
34 Resolution Trust Corporation	32,045	17,284	10,428	6,456	4,889	1,864	0	0
35 One- to four-family	12,960	7,203	5,200	2,870	2,299	691	0	0
36 Multifamily	9,621	5,327	2,859	1,940	1,420	647	0	0
37 Nonfarm, nonresidential	9,464	4,754	2,369	1,645	1,170	525	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	0	14,112	7,821	6,039	5,015	4,303	5,553	5,016
40 One- to four-family	0	2,367	1,049	731	618	492	839	840
41 Multifamily	0	1,426	1,595	1,135	722	428	1,100	955
42 Nonfarm, nonresidential	0	10,319	5,177	4,173	3,674	3,383	3,614	3,221
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	137,584	166,642	178,059	178,462	182,229	183,782	183,531	186,041
45 One- to four-family	124,016	151,310	162,160	162,674	166,393	168,122	167,895	170,572
46 Multifamily	13,568	15,332	15,899	15,788	15,836	15,660	15,636	15,469
47 Federal Land Banks	28,664	28,460	28,555	28,005	28,151	28,428	28,891	29,362
48 One- to four-family	1,687	1,675	1,671	1,648	1,656	1,673	1,700	1,728
49 Farm	26,977	26,785	26,885	26,357	26,495	26,755	27,191	27,634
50 Federal Home Loan Mortgage Corporation	33,665	46,892	41,712	42,055	42,673	43,781	44,939	44,674
51 One- to four-family	31,032	44,345	38,882	38,794	39,239	39,929	40,877	40,477
52 Multifamily	2,633	2,547	2,830	3,261	3,434	3,852	4,062	4,197
53 Mortgage pools or trusts[5]	1,433,183	1,562,925	1,717,991	1,759,039	1,795,041	1,853,632	1,894,711	1,946,036
54 Government National Mortgage Association	419,516	414,066	450,934	457,108	463,654	472,317	475,854	485,454
55 One- to four-family	410,675	404,864	441,198	446,862	453,114	461,472	464,675	473,963
56 Multifamily	8,841	9,202	9,736	10,246	10,540	10,845	11,179	11,491
57 Federal Home Loan Mortgage Corporation	407,514	447,147	490,851	498,216	503,370	515,051	524,327	536,671
58 One- to four-family	401,525	442,612	487,725	495,182	500,417	512,238	521,722	534,238
59 Multifamily	5,989	4,535	3,126	3,034	2,953	2,813	2,605	2,433
60 Federal National Mortgage Association	444,979	495,525	530,343	543,669	559,585	582,959	599,546	621,285
61 One- to four-family	435,979	486,804	520,763	533,091	548,400	569,724	585,527	606,271
62 Multifamily	9,000	8,721	9,580	10,578	11,185	13,235	14,019	15,014
63 Farmers Home Administration[4]	38	28	19	13	12	11	10	9
64 One- to four-family	8	5	3	2	2	2	1	1
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	17	13	9	6	5	5	5	4
67 Farm	13	10	7	5	5	4	4	4
68 Private mortgage conduits	161,136	206,159	245,844	260,033	268,420	283,294	294,974	302,616
69 One- to four-family[6]	139,637	171,988	194,145	202,658	207,679	214,635	219,392	221,380
70 Multifamily	6,305	8,701	14,925	17,281	18,903	21,279	24,477	26,696
71 Nonfarm, nonresidential	15,194	25,469	36,774	40,094	41,838	47,380	51,104	54,541
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	603,194	608,884	619,565	641,341	653,153	650,286	672,891	682,615
74 One- to four-family	447,795	455,560	461,130	480,234	491,050	486,140	506,798	514,507
75 Multifamily	64,688	65,397	69,601	71,051	71,898	73,237	74,015	75,090
76 Nonfarm, nonresidential	75,441	73,917	76,153	77,301	77,401	78,084	79,182	80,042
77 Farm	15,270	14,009	12,681	12,755	12,804	12,824	12,896	12,975

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	1993	1994	1995	1996[r]					
				Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted								
1 **Total**	**844,118**	**966,457**	**1,103,296**	**1,144,519**	**1,151,148**	**1,158,246**	**1,170,069**	**1,175,111**	**1,172,501**
2 Automobile	279,786	317,182	350,848	361,158	362,298	367,039	372,398	373,087	372,120
3 Revolving	287,011	339,337	413,894	437,862	443,451	445,104	452,097	454,625	455,618
4 Other[2]	277,321	309,939	338,554	345,499	345,399	346,102	345,574	347,399	344,763
	Not seasonally adjusted								
5 **Total**	**863,924**	**990,247**	**1,131,881**	**1,133,764**	**1,141,378**	**1,151,082**	**1,160,314**	**1,171,945**	**1,176,500**
By major holder									
6 Commercial banks	399,683	462,923	507,753	506,600	505,211	507,715	511,219	517,829	518,605
7 Finance companies	116,453	134,830	152,624	153,299	155,893	155,864	156,433	155,581	155,946
8 Credit unions	101,634	119,594	131,939	132,803	134,562	136,055	138,249	140,635	141,662
9 Savings institutions	37,855	38,468	40,106	41,145	41,617	41,089	42,100	42,200	43,000
10 Nonfinancial business[3]	77,229	86,621	85,061	73,744	74,638	72,018	71,148	71,021	68,576
11 Pools of securitized assets[4]	131,070	147,811	214,398	226,173	229,457	238,341	241,165	244,679	248,711
By major type of credit[5]									
12 Automobile	281,538	319,715	354,055	356,704	359,614	365,552	371,223	374,535	375,520
13 Commercial banks	122,000	141,895	149,094	150,060	150,524	152,921	154,639	155,984	155,443
14 Finance companies	56,057	61,609	70,626	73,810	74,327	74,286	75,110	74,433	75,323
15 Pools of securitized assets[4]	39,561	36,376	44,411	40,713	41,180	44,694	45,100	45,589	45,184
16 Revolving	302,201	357,307	435,674	431,144	437,581	440,229	445,715	451,664	455,552
17 Commercial banks	149,920	182,021	210,298	201,122	203,432	204,049	207,926	211,026	213,809
18 Nonfinancial business[3]	50,125	56,790	53,525	44,526	45,182	42,574	41,715	41,258	38,816
19 Pools of securitized assets[4]	80,242	96,130	147,934	161,396	164,509	168,844	170,966	174,026	177,406
20 Other	280,185	313,225	342,152	345,916	344,183	345,301	343,376	345,746	345,428
21 Commercial banks	127,763	139,007	148,361	155,418	151,255	150,745	148,654	150,819	149,353
22 Finance companies	60,396	73,221	81,998	79,489	81,566	81,578	81,323	81,148	80,623
23 Nonfinancial business[3]	27,104	29,831	31,536	29,218	29,456	29,444	29,433	29,763	29,760
24 Pools of securitized assets[4]	11,267	15,305	22,053	24,064	23,768	24,803	25,099	25,064	26,121

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	1993	1994	1995	1996						
				Mar.	Apr.	May	June	July	Aug.	Sept.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.09	8.12	9.57	n.a.	n.a.	8.93	n.a.	n.a.	9.11	n.a.
2 24-month personal	13.47	13.19	13.94	n.a.	n.a.	13.52	n.a.	n.a.	13.37	n.a.
Credit card plan										
3 All accounts	n.a.	15.69	16.02	n.a.	n.a.	15.44	n.a.	n.a.	15.65	n.a.
4 Accounts assessed interest	n.a.	15.77	15.79	n.a.	n.a.	15.41	n.a.	n.a.	15.64	n.a.
Auto finance companies										
5 New car	9.48	9.79	11.19	9.77	9.64	9.37	9.53	9.81	10.49	10.52
6 Used car	12.79	13.49	14.48	13.19	13.26	13.49	13.62	13.77	13.92	13.87
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.5	54.0	54.1	51.8	51.5	50.8	50.4	50.5	51.4	51.9
8 Used car	48.8	50.2	52.2	52.0	51.8	51.7	51.6	51.7	51.3	51.0
Loan-to-value ratio										
9 New car	91	92	92	91	91	91	91	91	92	91
10 Used car	98	99	99	98	99	99	100	100	100	100
Amount financed (dollars)										
11 New car	14,332	15,375	16,210	16,520	16,605	16,686	16,854	16,926	16,927	17,182
12 Used car	9,875	10,709	11,590	11,934	12,024	12,233	12,249	12,242	12,132	12,108

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	1991	1992	1993	1994	1995	1994	1995				1996	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**481.7**	**543.0**	**628.5**	**620.4**	**722.3**	**652.7**	**846.0**	**869.3**	**582.5**	**591.3**	**869.8**	**689.4**
By sector and instrument												
2 Federal government	278.2	304.0	256.1	155.9	144.4	166.8	247.8	184.7	86.0	59.3	239.9	62.4
3 Treasury securities	292.0	303.8	248.3	155.7	142.9	172.5	249.0	183.1	85.6	54.1	242.2	60.2
4 Budget agency securities and mortgages	−13.8	.2	7.8	.2	1.5	−5.7	−1.2	1.6	.4	5.1	−2.3	2.2
5 Nonfederal	203.5	239.0	372.3	464.5	577.8	485.9	598.2	684.6	496.5	532.1	630.0	627.0
By instrument												
6 Commercial paper	−18.4	8.6	10.0	21.4	18.1	30.7	12.3	39.1	13.9	7.2	42.2	15.4
7 Municipal securities	87.8	30.5	74.8	−29.3	−41.3	−53.5	−54.9	−2.2	−100.3	−7.6	−15.2	40.1
8 Corporate bonds	78.8	67.6	75.2	23.3	73.3	6.2	53.0	98.4	59.8	82.0	58.9	70.0
9 Bank loans n.e.c.	−40.9	−13.7	3.8	73.1	99.6	77.5	145.9	99.0	75.2	78.2	38.4	79.5
10 Other loans and advances	−48.5	10.1	−10.2	55.4	58.3	68.9	79.2	55.2	36.1	62.5	35.5	34.4
11 Mortgages	158.4	130.9	157.2	194.3	228.2	215.7	226.0	240.0	254.9	192.1	340.4	306.4
12 Home mortgages	173.6	187.6	187.9	202.4	196.7	221.9	199.2	207.7	221.4	158.7	292.9	245.9
13 Multifamily residential	−5.5	−10.4	−6.0	1.3	10.9	−4.2	2.8	14.2	13.7	12.8	14.4	17.7
14 Commercial	−10.0	−47.8	−25.0	−11.1	19.0	−3.4	22.4	16.3	17.7	19.5	30.8	37.6
15 Farm	.4	1.4	.5	1.8	1.6	1.4	1.6	1.7	2.2	1.1	2.4	5.1
16 Consumer credit	−13.7	5.0	61.5	126.3	141.6	140.5	136.7	155.1	156.9	117.7	129.7	81.1
By borrowing sector												
17 Household	183.8	198.4	254.6	368.7	380.6	399.1	366.1	401.2	414.9	340.2	435.9	391.0
18 Nonfinancial business	−61.9	19.5	55.5	139.3	242.9	155.0	286.3	292.3	185.1	207.9	206.6	199.1
19 Corporate	−53.0	34.1	46.5	124.3	208.5	139.4	239.0	258.8	155.0	181.3	166.4	157.3
20 Nonfarm noncorporate	−11.0	−16.0	7.0	12.1	32.8	16.4	46.6	30.5	26.5	27.6	40.1	34.8
21 Farm	2.1	1.3	2.0	2.8	1.6	−.8	.8	3.0	3.5	−1.0	.1	7.0
22 State and local government	81.6	21.1	62.3	−43.4	−45.7	−68.2	−54.2	−9.0	−103.5	−16.0	−12.5	36.8
23 Foreign net borrowing in United States	14.8	23.7	70.4	−15.3	69.5	45.5	61.8	43.1	95.5	77.4	43.8	34.9
24 Open market paper	6.4	5.2	−9.0	−27.3	13.6	5.9	37.9	−11.1	30.9	−3.4	−13.8	7.4
25 Bonds	15.0	16.8	82.9	12.2	48.3	39.1	13.9	51.2	55.2	72.7	47.9	11.4
26 Bank loans n.e.c.	3.1	2.3	.7	1.4	8.5	−.5	8.1	5.6	8.2	11.9	8.7	15.2
27 Other loans and advances	−9.8	−.6	−4.2	−1.6	−.8	1.1	1.9	−2.6	1.3	−3.9	1.1	.9
28 **Total domestic plus foreign**	**496.5**	**566.7**	**698.9**	**605.1**	**791.7**	**698.2**	**907.7**	**912.4**	**678.0**	**668.7**	**913.6**	**724.4**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**155.6**	**240.0**	**291.1**	**467.9**	**447.2**	**534.2**	**267.7**	**439.9**	**507.1**	**574.0**	**319.9**	**686.6**
By instrument												
30 U.S. government-related	145.7	155.8	164.2	288.6	205.1	316.1	86.7	196.5	227.7	309.6	143.8	302.0
31 Government-sponsored enterprise securities	9.2	40.3	80.6	176.9	106.9	249.0	62.9	127.2	101.5	136.1	37.4	132.9
32 Mortgage pool securities	136.6	115.6	83.6	116.5	98.2	67.1	23.8	69.3	126.2	173.5	106.5	169.1
33 Loans from U.S. government	.0	.0	0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	9.8	84.2	126.9	179.2	242.1	218.1	181.0	243.4	279.4	264.4	176.0	384.6
35 Open market paper	−32.0	−.7	−6.2	41.6	42.6	86.5	37.6	33.9	43.7	55.1	17.8	105.7
36 Corporate bonds	69.9	82.7	120.1	117.5	185.2	84.9	167.6	182.3	217.7	173.4	143.3	201.0
37 Bank loans n.e.c.	8.8	2.2	−13.0	−12.3	5.5	3.7	−5.0	20.7	7.9	−1.8	14.9	23.6
38 Other loans and advances	−37.3	−.6	22.4	22.6	3.4	38.1	−24.5	1.3	4.9	32.0	−5.5	48.6
39 Mortgages	.5	.6	3.6	9.8	5.3	4.9	5.2	5.2	5.2	5.6	5.5	5.8
By borrowing sector												
40 Commercial banking	−13.2	10.0	13.4	20.1	22.5	20.7	21.7	39.0	37.5	−8.2	−32.5	40.1
41 Savings institutions	−44.7	−7.0	11.3	12.8	2.6	36.1	−18.9	−7.2	5.1	31.5	10.9	40.2
42 Credit unions	.0	.0	.2	.2	−.1	.2	−.3	−.1	.1	.0	−.1	−.2
43 Life insurance companies	.0	.0	.2	.3	−.1	1.3	.0	.1	−.1	−.4	2.5	.3
44 Government-sponsored enterprises	9.1	40.2	80.6	172.1	106.9	249.0	62.9	127.2	101.5	136.1	37.4	132.9
45 Federally related mortgage pools	136.6	115.6	83.6	116.5	98.2	67.1	23.8	69.3	126.2	173.5	106.5	169.1
46 Issuers of asset-backed securities (ABSs)	54.0	58.5	83.3	68.5	132.8	62.8	67.6	113.2	166.4	183.9	132.4	127.2
47 Finance companies	17.7	−1.6	.2	50.2	51.6	53.0	80.2	52.0	19.8	54.3	47.1	54.8
48 Mortgage companies	−2.4	8.0	.0	−11.5	.4	1.1	−7.4	14.8	4.0	−10.0	10.0	16.0
49 Real estate investment trusts (REITs)	1.2	.3	3.4	13.7	5.4	6.3	5.2	5.2	5.2	6.0	5.9	6.5
50 Brokers and dealers	3.7	2.7	12.0	.5	−5.0	19.3	−29.5	−.1	2.1	7.7	−31.8	13.1
51 Funding corporations	−6.5	13.2	2.9	24.2	32.0	17.2	62.5	26.4	39.4	−.4	31.6	86.6

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

Transaction category or sector	1991	1992	1993	1994	1995	1994	1995				1996	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	All sectors											
52 **Total net borrowing, all sectors**	**652.1**	**806.7**	**990.0**	**1,073.0**	**1,238.9**	**1,232.4**	**1,175.4**	**1,352.3**	**1,185.1**	**1,242.7**	**1,233.5**	**1,411.0**
53 Open market paper	−44.0	13.1	−5.1	35.7	74.3	123.1	87.8	61.9	88.5	58.9	46.2	128.6
54 U.S. government securities	424.0	459.8	420.3	449.3	349.5	482.9	334.5	381.1	313.7	368.9	383.7	364.4
55 Municipal securities	87.8	30.5	74.8	−29.3	−41.3	−53.5	−54.9	−2.2	−100.3	−7.6	−15.2	40.1
56 Corporate and foreign bonds	163.6	167.1	278.2	153.0	306.8	130.1	234.5	331.9	332.6	328.2	250.1	282.4
57 Bank loans n.e.c	−29.1	−9.3	−8.5	62.2	113.5	80.7	149.0	125.3	91.3	88.3	61.9	118.3
58 Other loans and advances	−95.6	8.9	8.0	71.7	60.8	108.1	56.5	53.9	42.2	90.7	31.1	83.9
59 Mortgages	158.9	131.5	160.8	204.1	233.6	220.6	231.2	245.2	260.2	197.6	345.9	312.1
60 Consumer credit	−13.7	5.0	61.5	126.3	141.6	140.5	136.7	155.1	156.9	117.7	129.7	81.1
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**209.4**	**296.6**	**445.0**	**156.2**	**162.6**	**−79.5**	**48.9**	**152.3**	**207.0**	**242.3**	**282.8**	**411.4**
62 Corporate equities	62.2	87.5	121.2	27.3	−11.3	−64.3	−35.2	−12.8	5.0	−2.3	−4.9	73.1
63 Nonfinancial corporations	18.3	27.0	21.3	−44.9	−74.2	−118.0	−60.0	−71.3	−92.8	−72.8	−106.8	−16.8
64 Financial corporations	13.3	28.1	36.6	24.1	12.2	16.3	8.4	17.7	9.6	13.1	12.1	21.1
65 Foreign shares purchased by U.S. residents	30.7	32.4	63.4	48.1	50.7	37.4	16.4	40.8	88.2	57.4	89.8	68.9
66 Mutual funds	147.2	209.1	323.7	128.9	173.9	−15.2	84.1	165.0	202.0	244.5	287.6	338.2

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1991	1992	1993	1994	1995	1994	1995				1996	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**652.1**	**806.7**	**990.0**	**1,073.0**	**1,238.9**	**1,232.4**	**1,175.4**	**1,352.3**	**1,185.1**	**1,242.7**	**1,233.5**	**1,411.0**
2 Domestic nonfederal nonfinancial sectors	105.2	88.7	82.5	251.4	−89.1	260.5	14.9	−153.0	−51.3	−166.9	−21.8	85.1
3 Households	29.0	82.5	69.1	295.7	43.5	375.8	161.4	−111.7	203.9	−79.7	81.4	90.3
4 Nonfinancial corporate business	30.7	27.8	9.1	49.6	−5.8	50.0	−42.6	39.5	−52.4	32.3	−5.0	14.1
5 Nonfarm noncorporate business	−5.3	−.1	.6	.7	1.0	.9	.5	1.1	1.1	1.2	1.1	1.1
6 State and local governments	50.8	−21.5	3.7	−94.6	−127.7	−166.1	−104.4	−81.9	−204.0	−120.7	−99.2	−20.4
7 Federal government	10.5	−11.9	−18.4	−24.2	−21.3	−24.3	−13.1	−24.2	−24.0	−24.0	−20.0	−13.8
8 Rest of the world	13.3	98.4	128.5	133.2	271.8	209.0	246.6	320.2	361.6	158.8	343.9	269.7
9 Financial sectors	523.1	631.5	797.3	712.5	1,077.5	787.2	927.0	1,209.3	898.9	1,274.9	931.3	1,070.0
10 Monetary authority	31.1	27.9	36.2	31.5	12.7	25.5	18.4	16.7	−4.1	19.7	16.9	9.4
11 Commercial banking	80.8	95.3	142.2	163.4	265.9	179.8	333.0	319.4	244.8	166.2	121.7	191.2
12 U.S. chartered banks	35.7	69.5	149.6	148.1	186.5	178.4	178.7	222.4	227.0	118.1	80.5	125.5
13 Foreign banking offices in United States	48.5	16.5	−9.8	11.2	75.4	−4.5	153.5	86.6	25.6	36.1	44.2	58.6
14 Bank holding companies	−1.5	5.6	.0	.9	−.3	−2.4	−1.5	5.3	−9.6	4.6	−5.1	5.3
15 Banks in U.S. affiliated areas	−1.9	3.7	2.4	3.3	4.2	8.3	2.4	5.2	1.8	7.4	2.1	1.7
16 Savings institutions	−158.9	−79.0	−23.4	6.8	−7.5	5.6	17.6	−11.4	32.0	−68.4	−20.1	5.0
17 Credit unions	12.8	17.7	21.7	28.1	16.2	24.9	11.6	22.8	11.0	19.5	22.3	33.4
18 Bank personal trusts and estates	10.0	8.0	9.5	7.1	−18.8	1.4	−10.8	−20.6	−23.7	−20.2	−18.1	−12.3
19 Life insurance companies	86.5	78.5	100.9	66.3	99.2	76.7	135.2	135.5	72.9	53.3	48.7	117.2
20 Other insurance companies	30.0	6.7	27.7	24.9	21.5	30.4	20.8	20.9	21.9	22.3	23.6	23.7
21 Private pension funds	35.4	41.1	45.9	47.0	61.3	74.7	58.9	57.2	50.5	78.5	65.8	84.3
22 State and local government retirement funds	41.1	23.0	19.8	29.0	21.4	41.8	59.4	4.6	2.7	18.9	55.5	76.1
23 Money market mutual funds	32.7	4.7	20.4	30.0	86.5	52.8	56.4	134.4	30.0	125.1	175.0	18.4
24 Mutual funds	80.1	126.2	159.5	−7.1	52.5	−78.6	−13.4	23.4	58.0	141.9	67.5	82.1
25 Closed-end funds	12.8	18.2	11.0	−5.5	5.8	−10.0	3.5	6.4	8.4	5.0	−1.2	3.8
26 Government sponsored enterprises	15.1	68.8	90.2	119.1	88.9	171.4	21.9	93.0	50.0	190.5	39.4	134.6
27 Federally related mortgage pools	136.6	115.6	83.6	116.5	98.2	67.1	23.8	69.3	126.2	173.5	106.5	169.1
28 Asset-backed securities issuers (ABSs)	50.0	53.7	80.8	61.9	112.1	42.6	55.5	100.9	154.4	137.4	112.4	119.3
29 Finance companies	−9.2	7.5	−9.0	68.2	64.2	80.7	85.1	67.2	50.8	53.7	40.9	38.9
30 Mortgage companies	11.2	.1	.0	−22.9	−3.4	2.1	−14.4	29.9	7.3	−36.4	51.0	−16.4
31 Real estate investment trusts (REITs)	−.7	1.1	.6	4.7	1.8	.2	1.8	1.8	1.8	1.9	1.9	1.7
32 Brokers and dealers	17.5	−1.3	14.8	−44.2	90.1	−8.0	30.5	146.2	−1.8	185.6	−109.0	−75.9
33 Funding corporations	8.2	17.7	−34.9	−12.2	9.1	6.2	32.1	−8.3	5.7	7.0	130.6	66.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**652.1**	**806.7**	**990.0**	**1,073.0**	**1,238.9**	**1,232.4**	**1,175.4**	**1,352.3**	**1,185.1**	**1,242.7**	**1,233.5**	**1,411.0**
Other financial sources												
35 Official foreign exchange	−5.9	−1.6	.8	−5.8	8.8	−8.6	17.8	10.3	9.0	−1.9	−2.1	.0
36 Special drawing rights certificates	.0	−2.0	.0	.0	2.2	.0	.0	.0	8.6	.0	.0	.0
37 Treasury currency	.0	.2	.4	.7	.6	.7	.7	.7	.8	.0	.0	.0
38 Foreign deposits	−26.5	−3.5	−18.5	54.0	33.5	106.4	34.6	110.8	−29.5	18.2	85.0	8.7
39 Net interbank transactions	−3.4	49.4	50.5	89.7	10.1	108.5	−22.3	−4.5	−13.4	80.7	−90.3	−84.1
40 Checkable deposits and currency	86.3	113.5	117.3	−9.7	−12.8	−37.3	31.3	100.2	−113.1	−69.3	44.3	1.6
41 Small time and savings deposits	1.5	−57.2	−70.3	−40.0	96.5	−42.7	29.8	95.6	145.6	114.9	189.0	−10.2
42 Large time deposits	−58.5	−73.2	−23.5	19.6	65.6	36.2	108.8	74.4	80.2	−.9	43.0	85.4
43 Money market fund shares	41.6	4.5	20.2	43.3	142.3	81.1	74.2	221.1	122.9	151.1	244.0	4.1
44 Security repurchase agreements	−16.5	43.1	71.2	78.3	110.7	48.5	172.5	115.6	95.0	59.8	−23.7	70.4
45 Corporate equities	62.2	87.5	121.2	27.3	−11.3	−64.3	−35.2	−12.8	5.0	−2.3	−4.9	73.1
46 Mutual fund shares	147.2	209.1	323.7	128.9	173.9	−15.2	84.1	165.0	202.0	244.5	287.6	338.2
47 Trade payables	31.0	46.6	57.4	114.3	94.4	151.7	84.0	72.2	128.3	93.1	72.8	187.3
48 Security credit	51.4	4.6	61.4	−.1	26.7	32.7	−5.4	30.1	32.3	49.7	120.6	−48.3
49 Life insurance reserves	25.7	27.3	35.2	34.0	44.7	21.6	51.6	56.3	34.0	37.0	21.1	69.8
50 Pension fund reserves	198.2	238.6	247.3	248.0	241.9	294.0	268.1	286.7	213.9	199.0	243.6	208.1
51 Taxes payable	−7.4	9.7	5.2	3.2	1.3	4.1	12.0	1.0	2.4	−10.2	5.5	7.1
52 Investment in bank personal trusts	16.1	−7.1	1.6	18.8	−47.7	11.9	−44.3	−45.6	−63.9	−37.1	−47.3	−20.2
53 Noncorporate proprietors' equity	.5	16.7	3.4	23.5	42.9	18.5	30.6	42.3	54.9	43.6	40.6	30.0
54 Miscellaneous	278.2	280.3	358.9	260.8	500.1	363.1	316.0	484.8	396.9	802.6	542.0	280.7
55 **Total financial sources**	**1,474.0**	**1,793.0**	**2,353.5**	**2,161.9**	**2,763.3**	**2,343.3**	**2,384.5**	**3,156.5**	**2,497.0**	**3,015.3**	**3,004.4**	**2,613.0**
Liabilities not identified as assets (−)												
56 Treasury currency	−.6	−.2	−.2	−.2	−.5	−.2	−.2	−.4	−.3	−1.0	−1.1	−.9
57 Foreign deposits	−24.0	−2.8	−7.0	44.9	27.4	64.8	41.6	101.8	−55.7	21.9	61.1	44.5
58 Net interbank liabilities	26.2	−4.9	4.2	−2.7	−3.1	3.5	−.4	−.9	12.3	−23.6	10.9	−27.0
59 Security repurchase agreements	−9.5	3.6	34.3	31.5	2.5	84.4	66.2	−53.0	23.5	−26.8	−47.8	33.8
60 Taxes payable	−2.2	11.9	11.1	8.6	8.7	−.2	−7.5	31.0	9.3	2.2	−23.3	25.1
61 Miscellaneous	9.8	−.2	−133.8	−112.1	−13.2	−45.7	−264.2	51.6	−37.9	197.6	−195.6	−11.6
Floats not included in assets (−)												
62 Federal government checkable deposits	−13.1	.7	−1.5	−4.8	−6.0	−17.1	4.6	−18.6	3.8	−13.8	7.9	−11.3
63 Other checkable deposits	4.5	1.6	−1.3	−2.8	−3.8	−2.3	−3.6	−3.8	−3.2	−4.7	−3.8	−4.2
64 Trade credit	36.1	11.3	−3.6	−2.8	−23.7	−59.6	48.0	33.8	−55.6	−121.2	43.3	−21.2
65 **Total identified to sectors as assets**	**1,446.8**	**1,772.1**	**2,451.3**	**2,202.3**	**2,775.1**	**2,315.7**	**2,499.9**	**3,014.9**	**2,600.8**	**2,984.7**	**3,152.7**	**2,585.9**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1992	1993	1994	1995	1994	1995				1996	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**11,894.5**	**12,537.8**	**13,164.4**	**13,886.7**	**13,164.4**	**13,339.1**	**13,546.6**	**13,701.3**	**13,886.7**	**14,077.8**	**14,223.8**
By sector and instrument											
2 Federal government	3,080.3	3,336.5	3,492.3	3,636.7	3,492.3	3,557.9	3,583.5	3,603.4	3,636.7	3,717.2	3,693.8
3 Treasury securities	3,061.6	3,309.9	3,465.6	3,608.5	3,465.6	3,531.5	3,556.7	3,576.5	3,608.5	3,689.6	3,665.5
4 Budget agency securities and mortgages	18.8	26.6	26.7	28.2	26.7	26.4	26.8	26.9	28.2	27.6	28.2
5 Nonfederal	8,814.2	9,201.3	9,672.1	10,249.9	9,672.1	9,781.2	9,963.1	10,097.9	10,249.9	10,360.6	10,530.0
By instrument											
6 Commercial paper	107.1	117.8	139.2	157.4	139.2	149.8	162.9	163.3	157.4	174.2	181.7
7 Municipal securities and loans	1,302.8	1,377.5	1,348.2	1,307.0	1,348.2	1,335.4	1,331.7	1,309.9	1,307.0	1,304.7	1,311.3
8 Corporate bonds	1,154.5	1,229.7	1,253.0	1,326.3	1,253.0	1,266.3	1,290.9	1,305.8	1,326.3	1,341.0	1,358.5
9 Bank loans n.e.c.	672.2	676.0	749.0	848.5	749.0	782.8	810.8	824.4	848.5	856.0	879.2
10 Other loans and advances	686.5	676.3	738.0	796.3	738.0	762.0	775.8	781.2	796.3	809.4	817.7
11 Mortgages	4,088.7	4,260.0	4,454.4	4,682.6	4,454.4	4,494.0	4,560.2	4,635.2	4,682.6	4,749.9	4,832.7
12 Home mortgages	3,037.4	3,227.6	3,430.0	3,626.8	3,430.0	3,462.9	3,521.1	3,587.7	3,626.8	3,682.2	3,749.9
13 Multifamily residential	272.5	267.8	269.1	280.0	269.1	269.8	273.4	276.8	280.0	283.6	288.0
14 Commercial	698.1	683.4	672.3	691.2	672.3	677.8	681.9	686.4	691.2	698.9	708.3
15 Farm	80.7	81.2	83.0	84.6	83.0	83.4	83.8	84.4	84.6	85.2	86.5
16 Consumer credit	802.4	863.9	990.2	1,131.9	990.2	990.9	1,030.8	1,078.2	1,131.9	1,125.4	1,148.8
By borrowing sector											
17 Households	4,021.4	4,278.4	4,646.7	5,027.3	4,646.7	4,688.0	4,795.3	4,917.2	5,027.3	5,080.1	5,186.6
18 Nonfinancial business	3,696.8	3,764.8	3,910.6	4,153.5	3,910.6	3,991.0	4,071.0	4,106.6	4,153.5	4,213.0	4,270.1
19 Corporate	2,437.6	2,496.5	2,627.4	2,836.0	2,627.4	2,698.6	2,766.9	2,794.3	2,836.0	2,888.0	2,931.2
20 Nonfarm noncorporate	1,122.9	1,129.9	1,142.0	1,174.8	1,142.0	1,153.5	1,161.3	1,167.4	1,174.8	1,184.7	1,193.6
21 Farm	136.3	138.3	141.2	142.7	141.2	138.9	142.8	144.8	142.7	140.3	145.3
22 State and local government	1,095.9	1,158.2	1,114.8	1,069.1	1,114.8	1,102.2	1,096.8	1,074.1	1,069.1	1,067.5	1,073.3
23 **Foreign credit market debt held in United States**	**315.2**	**385.6**	**370.4**	**439.9**	**370.4**	**385.7**	**396.8**	**419.8**	**439.9**	**450.8**	**459.7**
24 Commercial paper	77.7	68.7	41.4	55.0	41.4	50.9	48.1	55.8	55.0	51.5	53.4
25 Bonds	147.2	230.1	242.3	290.6	242.3	245.8	258.6	272.4	290.6	302.5	305.4
26 Bank loans n.e.c.	23.9	24.6	26.1	34.6	26.1	28.2	29.6	31.6	34.6	36.8	40.5
27 Other loans and advances	66.4	62.1	60.6	59.7	60.6	60.8	60.5	60.0	59.7	60.0	60.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**12,209.7**	**12,923.4**	**13,534.8**	**14,326.6**	**13,534.8**	**13,724.7**	**13,943.4**	**14,121.1**	**14,326.6**	**14,528.6**	**14,683.5**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**3,025.0**	**3,321.5**	**3,794.6**	**4,244.4**	**3,794.6**	**3,861.5**	**3,971.9**	**4,096.3**	**4,244.4**	**4,322.6**	**4,494.3**
By instrument											
30 Federal government-related	1,720.0	1,884.1	2,172.7	2,377.9	2,172.7	2,196.2	2,247.1	2,300.1	2,377.9	2,416.6	2,493.5
31 Government-sponsored enterprises securities	443.1	523.7	700.6	807.5	700.6	716.3	748.1	773.5	807.5	816.9	850.1
32 Mortgage pool securities	1,272.0	1,355.6	1,472.1	1,570.3	1,472.1	1,479.9	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4
33 Loans from U.S. government	4.8	4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,305.1	1,437.4	1,621.9	1,866.5	1,621.9	1,665.3	1,724.8	1,796.2	1,866.5	1,906.0	2,000.8
35 Open market paper	394.3	393.5	442.8	488.0	442.8	454.1	462.8	473.6	488.0	491.9	518.5
36 Corporate bonds	738.4	858.5	973.5	1,158.7	973.5	1,012.3	1,056.4	1,112.7	1,158.7	1,191.2	1,240.0
37 Bank loans n.e.c	80.5	67.6	55.3	60.8	55.3	53.4	58.4	60.3	60.8	63.9	69.7
38 Other loans and advances	86.6	108.9	131.6	135.0	131.6	125.4	125.7	127.0	135.0	133.6	145.8
39 Mortgages	5.4	8.9	18.7	24.0	18.7	20.0	21.3	22.6	24.0	25.4	26.9
By borrowing sector											
40 Commercial banks	80.0	84.6	94.5	102.6	94.5	95.0	99.9	102.0	102.6	100.5	103.6
41 Bank holding companies	114.6	123.4	133.6	148.0	133.6	137.7	142.9	150.0	148.0	141.4	148.4
42 Savings institutions	88.4	99.6	112.4	115.0	112.4	107.7	105.9	107.2	115.0	117.8	127.8
43 Credit unions	.0	.2	.5	.4	.5	.4	.3	.4	.4	.4	.3
44 Life insurance companies	.0	.2	.6	.5	.6	.6	.6	.6	.5	1.1	1.2
45 Government-sponsored enterprises	447.9	528.5	700.6	807.5	700.6	716.3	748.1	773.5	807.5	816.9	850.1
46 Federally related mortgage pools	1,272.0	1,355.6	1,472.1	1,570.3	1,472.1	1,479.9	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4
47 Issuers of asset-backed securities (ABSs)	404.3	487.6	556.1	688.9	556.1	570.0	596.8	640.2	688.9	718.6	749.0
48 Brokers and dealers	21.7	33.7	34.3	29.3	34.3	26.9	26.8	27.4	29.3	21.4	24.6
49 Finance companies	390.4	390.5	440.7	492.3	440.7	456.7	467.2	471.9	492.3	499.8	511.0
50 Mortgage companies	30.2	30.2	18.7	19.1	18.7	16.9	20.6	21.6	19.1	21.6	25.6
51 Real estate investment trusts (REITs)	13.9	17.4	31.1	36.5	31.1	32.4	33.7	35.0	36.5	38.0	39.6
52 Funding corporations	161.6	169.9	199.3	233.9	199.3	221.1	230.0	239.9	233.9	245.6	269.5
	All sectors										
53 **Total credit market debt, domestic and foreign**	**15,234.7**	**16,244.8**	**17,329.4**	**18,570.9**	**17,329.4**	**17,586.2**	**17,915.3**	**18,217.4**	**18,570.9**	**18,851.2**	**19,177.8**
54 Open market paper	579.0	580.0	623.5	700.4	623.5	654.7	673.8	692.7	700.4	717.6	753.6
55 U.S. government securities	4,795.5	5,215.8	5,665.0	6,014.6	5,665.0	5,754.1	5,830.6	5,903.5	6,014.6	6,133.8	6,187.2
56 Municipal securities	1,302.8	1,377.5	1,348.2	1,307.0	1,348.2	1,335.4	1,331.7	1,309.9	1,307.0	1,304.7	1,311.3
57 Corporate and foreign bonds	2,040.1	2,318.3	2,468.8	2,775.6	2,468.8	2,524.4	2,605.9	2,690.9	2,775.6	2,834.8	2,903.9
58 Bank loans n.e.c.	776.6	768.2	830.4	943.9	830.4	864.4	898.8	916.3	943.9	956.7	989.4
59 Other loans and advances	844.2	852.1	930.1	991.0	930.1	948.2	962.1	968.2	991.0	1,003.0	1,023.9
60 Mortgages	4,094.1	4,269.0	4,473.1	4,706.7	4,473.1	4,514.0	4,581.6	4,657.8	4,706.7	4,775.4	4,859.6
61 Consumer credit	802.4	863.9	990.2	1,131.9	990.2	990.9	1,030.8	1,078.2	1,131.9	1,125.4	1,148.8

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	1992	1993	1994	1995	1994	1995				1996	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**15,234.7**	**16,244.8**	**17,329.4**	**18,570.9**	**17,329.4**	**17,586.2**	**17,915.3**	**18,217.4**	**18,570.9**	**18,851.2**	**19,177.8**
2 Domestic nonfederal nonfinancial sectors	2,672.4	2,747.8	3,029.6	2,905.3	3,029.6	2,995.5	2,946.8	2,953.3	2,905.3	2,874.3	2,867.1
3 Households	1,619.3	1,676.7	2,002.7	2,011.0	2,002.7	2,025.2	1,981.5	2,052.7	2,011.0	2,030.8	2,017.4
4 Nonfinancial corporate business	257.8	271.5	321.1	315.3	321.1	292.6	303.9	291.0	315.3	291.4	298.1
5 Nonfarm noncorporate business	38.1	38.8	39.5	40.4	39.5	39.6	39.9	40.2	40.4	40.7	41.0
6 State and local governments	757.2	760.8	666.3	538.5	666.3	638.1	621.6	569.4	538.5	511.4	510.6
7 Federal government	236.0	231.7	207.6	186.2	207.6	204.2	198.2	192.2	186.2	181.2	177.7
8 Rest of the world	1,023.0	1,147.0	1,254.9	1,561.1	1,254.9	1,323.3	1,400.9	1,492.4	1,561.1	1,653.6	1,718.6
9 Financial sectors	11,303.2	12,118.3	12,837.3	13,918.3	12,837.3	13,063.2	13,369.3	13,579.5	13,918.3	14,142.2	14,414.4
10 Monetary authority	300.4	336.7	368.2	380.8	368.2	367.1	375.7	370.6	380.8	379.6	386.3
11 Commercial banking	2,948.6	3,090.8	3,254.3	3,520.1	3,254.3	3,327.8	3,410.1	3,473.2	3,520.1	3,541.6	3,591.1
12 U.S. chartered banks	2,571.9	2,721.5	2,869.6	3,056.1	2,869.6	2,906.5	2,963.7	3,023.7	3,056.1	3,068.8	3,101.3
13 Foreign banking offices in United States	335.8	326.0	337.1	412.6	337.1	373.6	396.0	401.1	412.6	422.2	437.4
14 Bank holding companies	17.5	17.5	18.4	18.0	18.4	18.0	19.3	16.9	18.0	16.8	18.1
15 Banks in U.S. affiliated areas	23.4	25.8	29.2	33.4	29.2	29.8	31.1	31.5	33.4	33.9	34.3
16 Savings institutions	937.4	914.0	920.9	913.3	920.9	925.3	922.4	930.4	913.3	908.3	909.5
17 Credit unions	197.1	218.7	246.8	263.0	246.8	248.1	255.0	258.5	263.0	267.1	276.6
18 Bank personal trusts and estates	231.5	240.9	248.0	229.2	248.0	245.3	240.2	234.2	229.2	224.7	221.6
19 Life insurance companies	1,309.1	1,420.6	1,487.0	1,586.2	1,487.0	1,523.1	1,557.1	1,575.5	1,586.2	1,600.5	1,629.7
20 Other insurance companies	389.4	422.7	446.4	468.7	446.4	451.9	457.3	463.0	468.7	474.5	480.2
21 Private pension funds	571.7	617.6	664.6	725.9	664.6	679.3	693.6	706.2	725.9	742.3	763.4
22 State and local government retirement funds	417.5	437.3	466.3	487.7	466.3	480.7	482.1	481.8	487.7	501.1	520.6
23 Money market mutual funds	408.6	429.0	459.0	545.5	459.0	480.6	508.0	505.7	545.5	595.6	594.7
24 Mutual funds	566.4	725.9	718.8	771.3	718.8	719.3	724.8	739.2	771.3	792.4	812.5
25 Closed-end funds	67.7	78.6	73.1	78.9	73.1	74.0	75.6	77.7	78.9	78.6	79.6
26 Government-sponsored enterprises	457.8	548.0	667.1	756.0	667.1	671.9	695.9	708.4	756.0	765.2	799.5
27 Federally related mortgage pools	1,272.0	1,355.6	1,472.1	1,570.3	1,472.1	1,479.9	1,499.0	1,526.6	1,570.3	1,599.7	1,643.4
28 Asset-backed securities issuers (ABSs)	378.0	458.8	520.7	632.7	520.7	531.5	555.2	595.7	632.7	657.5	685.9
29 Finance companies	496.4	482.8	551.0	615.2	551.0	568.5	586.9	594.7	615.2	621.7	632.6
30 Mortgage companies	60.5	60.4	37.5	34.1	37.5	33.9	41.4	43.2	34.1	46.8	42.7
31 Real estate investment trusts (REITs)	8.1	8.6	13.3	15.1	13.3	13.8	14.2	14.7	15.1	15.6	16.1
32 Brokers and dealers	122.7	137.5	93.3	183.4	93.3	101.0	137.5	137.0	183.4	156.2	137.2
33 Funding corporations	162.5	133.6	129.2	140.9	129.2	140.3	137.4	143.1	140.9	173.4	191.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**15,234.7**	**16,244.8**	**17,329.4**	**18,570.9**	**17,329.4**	**17,586.2**	**17,915.3**	**18,217.4**	**18,570.9**	**18,851.2**	**19,177.8**
Other liabilities											
35 Official foreign exchange	51.8	53.4	53.2	63.7	53.2	64.1	67.1	65.1	63.7	62.1	61.4
36 Special drawing rights certificates	8.0	8.0	8.0	10.2	8.0	8.0	8.0	10.2	10.2	10.2	10.2
37 Treasury currency	16.5	17.0	17.6	18.2	17.6	17.8	18.0	18.2	18.2	18.2	18.2
38 Foreign deposits	267.7	271.8	324.6	361.4	324.6	333.3	361.0	353.6	361.4	382.7	384.9
39 Net interbank liabilities	138.5	189.3	280.0	290.8	280.0	272.8	265.9	267.3	290.8	266.1	241.8
40 Checkable deposits and currency	1,134.4	1,251.7	1,242.0	1,229.3	1,242.0	1,193.7	1,246.2	1,200.3	1,229.3	1,183.6	1,211.9
41 Small time and savings deposits	2,293.5	2,223.2	2,183.3	2,279.7	2,183.3	2,200.2	2,222.6	2,255.8	2,279.7	2,336.4	2,332.9
42 Large time deposits	415.2	391.7	411.2	476.9	411.2	441.2	456.3	477.5	476.9	490.6	508.6
43 Money market fund shares	539.5	559.6	602.9	745.3	602.9	634.0	678.5	702.7	745.3	816.9	809.5
44 Security repurchase agreements	399.9	471.1	549.4	660.1	549.4	603.4	629.3	655.5	660.1	665.0	679.2
45 Mutual fund shares	992.5	1,375.4	1,477.3	1,852.8	1,477.3	1,553.3	1,661.0	1,782.0	1,852.8	1,994.3	2,112.0
46 Security credit	217.7	279.0	279.0	305.6	279.0	269.5	277.9	286.2	305.6	326.9	316.0
47 Life insurance reserves	433.0	468.2	502.2	546.9	502.2	515.1	529.1	537.7	546.9	552.2	569.6
48 Pension fund reserves	4,055.1	4,471.6	4,691.4	5,426.6	4,691.4	4,885.7	5,084.4	5,298.1	5,426.6	5,559.2	5,714.6
49 Trade payables	995.1	1,053.3	1,167.6	1,262.0	1,167.6	1,160.2	1,180.5	1,213.9	1,262.0	1,252.0	1,299.8
50 Taxes payable	79.7	84.9	88.0	89.3	88.0	94.3	89.2	91.9	89.3	94.2	90.4
51 Investment in bank personal trusts	660.6	691.3	699.4	767.4	699.4	719.7	739.7	758.6	767.4	781.6	791.0
52 Miscellaneous	4,785.7	5,174.1	5,435.9	5,848.2	5,435.9	5,514.9	5,590.1	5,695.3	5,848.2	5,973.2	5,998.3
53 **Total liabilities**	**32,719.0**	**35,279.4**	**37,342.7**	**40,805.2**	**37,342.7**	**38,067.5**	**39,020.2**	**39,887.2**	**40,805.2**	**41,616.7**	**42,327.7**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	19.6	20.1	21.1	22.1	21.1	22.7	22.9	22.1	22.1	22.1	22.2
55 Corporate equities	5,462.9	6,278.5	6,293.4	8,345.4	6,293.4	6,835.8	7,393.0	8,013.8	8,345.4	8,820.5	9,181.0
56 Household equity in noncorporate business	2,458.3	2,476.3	2,565.1	2,642.6	2,565.1	2,572.4	2,599.3	2,607.1	2,642.6	2,657.0	2,665.0
Liabilities not identified as assets (−)											
57 Treasury currency	−4.9	−5.1	−5.4	−5.8	−5.4	−5.4	−5.5	−5.6	−5.8	−6.1	−6.3
58 Foreign deposits	217.6	232.6	278.7	309.2	278.7	289.1	314.5	300.6	309.2	324.4	335.6
59 Net interbank transactions	−9.3	−4.7	−6.5	−9.0	−6.5	−2.7	−2.9	.1	−9.0	−2.6	−8.0
60 Security repurchase agreements	43.0	77.3	108.8	111.3	108.8	130.4	109.8	129.9	111.3	103.3	102.7
61 Taxes payable	25.2	26.8	25.0	33.7	25.0	10.0	25.6	28.7	33.7	13.4	27.8
62 Miscellaneous	−514.0	−660.9	−733.1	−783.3	−733.1	−749.7	−699.7	−660.9	−783.3	−758.2	−773.2
Floats not included in assets (−)											
63 Federal government checkable deposits	6.8	5.6	3.4	3.1	3.4	4.2	2.0	.6	3.1	0	−3.4
64 Other checkable deposits	42.0	40.7	38.0	34.2	38.0	33.3	35.7	27.3	34.2	29.6	31.8
65 Trade credit	−251.1	−247.6	−251.3	−275.0	−251.3	−294.3	−304.5	−330.7	−275.0	−326.1	−347.5
66 **Total identified to sectors as assets**	**41,104.4**	**44,589.6**	**46,764.6**	**52,397.0**	**46,764.6**	**48,083.5**	**49,560.6**	**51,040.2**	**52,397.0**	**53,738.6**	**54,836.5**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1993	1994	1995	1996								
				Feb	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct
1 **Industrial production**[1]	**111.5**	**118.1**	**121.9**	**124.2**	**123.6**	**124.5**	**125.4**	**126.4**	**126.3**[r]	**126.8**	**127.2**[r]	**126.6**
Market groupings												
2 Products, total	110.0	115.6	118.3	120.7	120.0	120.8	121.3	122.3	122.5[r]	122.4	123.0[r]	122.7
3 Final, total	112.7	118.3	121.4	124.5	123.4	124.8	125.1	126.0	126.7	126.4[r]	126.8	126.3
4 Consumer goods	109.5	113.7	115.1	116.6	115.3	115.9	116.3	116.8	117.3[r]	116.4[r]	116.6	115.8
5 Equipment	117.5	125.3	131.4	137.3	136.5	139.2	139.2	140.8	142.0[r]	142.7[r]	143.4	143.5
6 Intermediate	101.8	107.3	109.0	109.3	109.6	108.6	110.1	111.3	109.9[r]	110.6[r]	111.7[r]	111.5
7 Materials	113.8	122.0	127.4	129.4	129.1	130.3	131.6	132.6	132.1[r]	133.6[r]	133.5[r]	132.6
Industry groupings												
8 Manufacturing	112.3	119.7	123.9	126.2	125.2	126.5	127.4	128.5	129.0	129.1	129.5[r]	128.9
9 Capacity utilization, manufacturing (percent)[2]	80.6	83.3	83.0	82.3	81.3	81.9	82.1	82.6	82.5	82.3	82.3[r]	81.6
10 Construction contracts[3]	105.1	114.2	118.3	114.0	127.0	130.0	128.0	125.0	126.0	128.0	121.0	n.a.
11 Nonagricultural employment, total[4]	108.6	112.0	115.0	116.3	116.5	116.6[r]	117.0	117.2[r]	117.5	117.8[r]	117.7	117.9
12 Goods-producing, total	94.6	96.9	98.1	98.3	98.1	98.1	98.3	98.4	98.3	98.5	98.3	98.3
13 Manufacturing, total	95.1	96.4	97.2	96.5	96.2	96.2	96.3	96.3	96.2	96.3	96.0	96.0
14 Manufacturing, production workers	95.3	97.5	98.7	97.8	97.4	97.5	97.5	97.5	97.4	97.5[r]	97.2	97.2
15 Service-producing	113.1	116.8	120.3	122.1	122.4[r]	122.6	123.0	123.3	123.6	123.9	123.9	124.2
16 Personal income, total	141.3	148.4	157.7	162.9	163.5	164.3	165.2	166.6	166.8	167.7	168.7	n.a.
17 Wages and salary disbursements	136.0	142.6	150.9	156.0	156.7	157.5	158.3	160.3	160.0	161.3	162.6	n.a.
18 Manufacturing	119.3	124.9	130.4	132.5	131.8	134.4	135.1	135.8	135.8[r]	136.8[r]	136.8	n.a.
19 Disposable personal income[5]	142.4	149.3	158.2	163.2	163.7	162.8	165.1	166.4	166.5[r]	167.3[r]	168.3	n.a.
20 Retail sales[5]	134.7	144.8	152.2	158.6	159.3	159.1	160.4	159.4	159.6	159.6[r]	160.8[r]	161.1
Prices[6]												
21 Consumer (1982–84=100)	144.5	148.2	152.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3
22 Producer finished goods (1982=100)	124.7	125.5	127.9	129.4	130.1	130.6	131.1	131.7[r]	131.5	131.9	131.6	132.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991–95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1993	1994	1995	1996[r]							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	129,200	131,056	132,304	133,655	133,361	133,910	133,669	134,181	133,885	134,340	134,574
Employment											
2 Nonagricultural industries[3]	117,144	119,651	121,460	122,664	122,726	122,971	123,228	123,382	123,635	123,833	124,169
3 Agriculture	3,115	3,409	3,440	3,487	3,368	3,491	3,382	3,502	3,421	3,535	3,457
Unemployment											
4 Number	8,940	7,996	7,404	7,504	7,266	7,448	7,060	7,297	6,830	6,971	6,948
5 Rate (percent of civilian labor force)	6.9	6.1	5.6	5.6	5.4	5.6	5.3	5.4	5.1	5.2	5.2
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**110,730**	**114,172**	**117,203**	**118,750**	**118,922**	**119,332**	**119,537**	**119,772**	**120,052**	**120,017**	**120,227**
7 Manufacturing	18,075	18,321	18,468	18,281	18,283	18,303	18,298	18,267	18,291	18,232	18,238
8 Mining	610	601	580	574	573	576	575	570	570	568	569
9 Contract construction	4,668	4,986	5,158	5,341	5,353	5,384	5,401	5,427	5,437	5,445	5,455
10 Transportation and public utilities	5,829	5,993	6,165	6,292	6,294	6,309	6,329	6,333	6,342	6,330	6,337
11 Trade	25,755	26,670	27,585	27,898	27,965	28,052	28,143	28,256	28,275	28,312	28,393
12 Finance	6,757	6,896	6,830	6,931	6,942	6,964	6,967	6,987	6,999	7,003	7,029
13 Service	30,197	31,579	33,107	34,039	34,117	34,285	34,378	34,448	34,532	34,588	34,707
14 Government	18,841	19,128	19,310	19,394	19,395	19,459	19,446	19,484	19,606	19,539	19,499

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	1995	1996			1995	1996			1995	1996		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**122.5**	**123.4**	**125.4**	**126.8**	**147.7**	**149.1**	**150.6**	**152.0**	**82.9**	**82.8**	**83.3**	**83.4**
2 Manufacturing	124.6	125.3	127.5	129.2	151.9	153.5	155.1	156.8	82.0	81.6	82.2	82.4
3 Primary processing[3]	117.1	116.7	118.6	120.0	136.1	136.9	137.8	138.6	86.1	85.2	86.1	86.6
4 Advanced processing[4]	128.1	129.4	131.7	133.5	159.5	161.5	163.5	165.6	80.3	80.1	80.5	80.6
5 Durable goods	134.2	136.0	139.5	142.1	164.2	166.7	169.4	172.1	81.7	81.6	82.4	82.6
6 Lumber and products	105.8	104.6	108.9	108.5	120.9	121.7	122.4	123.1	87.5	85.9	89.0	88.2
7 Primary metals	118.8	118.9	119.6	120.2	129.5	130.3	131.4	132.4	91.8	91.2	91.0	90.8
8 Iron and steel	121.3	122.6	122.7	123.8	133.5	134.4	135.7	137.0	90.9	91.2	90.4	90.4
9 Nonferrous	115.3	113.8	115.3	115.2	124.0	124.8	125.5	126.3	93.0	91.2	91.8	91.2
10 Industrial machinery and equipment	186.8	195.3	201.8	209.3	212.0	218.1	224.5	231.2	88.1	89.5	89.9	90.5
11 Electrical machinery	182.9	186.3	189.0	190.3	213.9	221.8	229.9	238.3	85.5	84.0	82.2	79.9
12 Motor vehicles and parts	140.5	132.6	145.9	151.3	179.2	181.3	182.9	184.6	78.4	73.2	79.8	81.9
13 Aerospace and miscellaneous transportation equipment	79.0	84.0	85.8	88.4	129.3	128.6	128.1	127.6	61.1	65.3	67.0	69.3
14 Nondurable goods	113.9	113.5	114.2	115.0	138.4	139.0	139.6	140.1	82.3	81.7	81.8	82.1
15 Textile mill products	109.4	106.4	109.4	110.5	132.8	133.7	134.2	134.8	82.4	79.6	81.5	82.0
16 Paper and products	118.1	114.6	119.3	119.8	133.9	134.9	135.8	136.8	88.2	85.0	87.8	87.6
17 Chemicals and products	126.4	126.9	127.3	129.2	156.5	157.5	158.5	159.5	80.7	80.6	80.3	81.0
18 Plastics materials	123.1	126.9	132.2	...	137.1	138.6	139.9	...	89.7	91.6	94.6	...
19 Petroleum products	107.7	109.7	110.0	110.8	116.6	116.8	117.1	117.3	92.4	93.9	93.9	94.5
20 Mining	98.2	98.7	101.2	102.6	111.9	111.9	111.8	111.8	87.8	88.2	90.5	91.8
21 Utilities	124.1	126.7	127.1	124.3	135.6	136.0	136.5	137.0	91.5	93.2	93.1	90.7
22 Electric	123.7	126.4	127.0	124.9	133.0	133.4	133.9	134.5	93.1	94.8	94.8	92.9

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1995	1996					
	High	Low	High	Low	High	Low	Oct.	May	June	July[r]	Aug.[r]	Sept.	Oct.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**83.0**	**83.3**	**83.7**	**83.4**	**83.4**	**83.4**	**82.7**
2 Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	82.2	82.1	82.6	82.5	82.3	82.3	81.6
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.0	77.9	86.1	86.4	86.8	86.6	86.6	86.5	86.0
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.1	80.5	80.5	80.8	80.8	80.6	80.5	79.8
5 Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	81.7	82.1	82.9	82.6	82.6	82.4	81.4
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.1	87.7	88.0	90.2	87.4	88.6	88.6	88.0
7 Primary metals	100.6	66.2	102.4	46.8	92.8	74.2	89.5	90.3	91.9	89.8	91.1	91.3	90.2
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.0	86.3	89.2	91.2	89.9	90.7	90.4	88.9
9 Nonferrous	92.9	61.3	90.5	62.2	88.7	75.2	93.6	91.6	92.7	89.7	91.6	92.4	91.8
10 Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	71.8	87.5	89.7	90.6	89.9	90.9	90.8	90.9
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	77.0	86.3	82.1	82.1	80.7	79.7	79.1	77.6
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	56.6	78.3	79.1	81.1	83.9	82.0	79.9	74.6
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	78.8	61.8	66.9	67.1	68.4	69.1	70.3	70.6
14 Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.3	82.7	82.0	82.0	82.3	81.8	82.0	81.8
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.8	83.9	81.0	82.7	83.5	81.7	80.8	81.3
16 Paper and products	96.9	69.0	94.2	82.0	94.8	86.7	89.7	88.0	87.7	89.1	86.9	86.9	87.1
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	79.0	81.1	80.6	80.7	81.4	80.7	80.8	80.4
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	89.4	94.5	95.8	94.7	94.9	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	84.6	91.8	93.8	94.2	93.4	94.7	95.3	96.1
20 Mining	94.4	88.4	96.6	80.6	86.5	86.1	87.8	89.8	91.9	90.3	92.6	92.5	91.6
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.1	89.8	94.1	92.6	89.6	91.1	91.3	91.3
22 Electric	99.0	82.7	88.3	78.7	94.8	86.7	93.1	96.1	94.5	91.4	93.5	93.8	93.7

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991–95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics, stone, clay, and glass, primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing, chemical products such as drugs and toiletries; agricultural chemicals; leather and products, machinery; transportation equipment, instruments; and miscellaneous manufactures.

5. Monthly highs, 1978–80; monthly lows, 1982.

6. Monthly highs, 1988–89, monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1995 avg.	1995 Oct.	1995 Nov.	1995 Dec	1996 Jan.	1996 Feb.	1996 Mar.	1996 Apr.	1996 May	1996 June	1996 July[r]	1996 Aug.[r]	1996 Sept.	1996 Oct.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**121.9**	**122.2**	**122.6**	**122.8**	**122.5**	**124.2**	**123.6**	**124.5**	**125.4**	**126.4**	**126.3**	**126.8**	**127.2**	**126.6**
2 Products	60.6	118.3	118.3	118.8	119.2	118.6	120.7	120.0	120.8	121.3	122.3	122.5	122.4	123.0	122.7
3 Final products	46.3	121.4	121.3	121.9	122.1	121.9	124.5	123.4	124.8	125.1	126.0	126.7	126.4	126.8	126.3
4 Consumer goods, total	28.6	115.1	114.9	115.9	115.7	114.6	116.6	115.3	115.9	116.3	116.8	117.3	116.4	116.6	115.8
5 Durable consumer goods	5.6	124.2	123.4	124.9	126.3	120.3	125.1	119.3	125.5	126.2	130.4	131.2	127.7	127.0	123.3
6 Automotive products	2.5	130.7	128.5	130.5	132.8	125.9	133.1	120.3	133.5	134.1	138.4	143.4	138.0	136.3	129.5
7 Autos and trucks	1.6	131.4	128.6	129.8	132.1	124.1	133.5	111.1	135.9	135.4	138.9	149.6	141.2	136.4	126.1
8 Autos, consumer	.9	103.1	100.2	100.2	99.5	92.8	99.7	77.0	104.1	106.2	110.4	116.1	111.1	107.4	91.8
9 Trucks, consumer	.7	181.7	179.1	182.8	190.6	180.4	194.4	173.1	192.7	187.3	189.2	209.3	194.7	188.0	188.1
10 Auto parts and allied goods	.9	127.8	126.7	130.2	132.7	128.1	130.7	137.2	127.2	129.9	136.0	129.3	129.8	134.6	134.8
11 Other	3.0	118.6	118.9	119.9	120.5	115.5	118.1	118.5	118.5	119.3	123.4	120.5	118.7	118.8	117.9
12 Appliances, televisions, and air conditioners	.7	135.5	140.1	145.3	141.9	132.2	137.5	138.3	139.7	138.9	151.4	145.4	137.6	139.8	138.7
13 Carpeting and furniture	.8	105.8	105.6	104.1	107.4	101.1	103.4	105.7	104.4	106.0	109.4	104.6	105.8	106.3	106.5
14 Miscellaneous home goods	1.5	118.2	116.9	117.6	118.3	116.2	117.7	116.9	117.1	118.2	118.7	118.4	117.6	116.5	114.9
15 Nondurable consumer goods	23.0	112.9	112.9	113.8	113.2	113.3	114.5	114.4	113.6	114.0	113.5	114.0	113.6	114.1	114.1
16 Foods and tobacco	10.3	111.3	111.1	110.9	110.6	110.6	112.0	112.3	112.2	112.0	111.7	112.1	111.1	111.9	111.9
17 Clothing	2.4	94.8	92.9	91.5	89.7	88.2	90.3	88.9	88.8	89.2	88.5	88.5	88.7	88.7	88.4
18 Chemical products	4.5	131.3	135.7	135.0	136.5	138.1	138.1	136.7	133.8	135.2	134.5	137.8	136.8	137.2	136.7
19 Paper products	2.9	106.6	106.6	108.4	106.3	104.9	106.0	105.8	106.1	107.2	106.3	108.2	108.5	109.0	108.7
20 Energy	2.9	116.5	113.1	121.1	119.5	121.0	122.6	123.9	121.8	121.8	121.6	117.4	119.2	119.3	120.2
21 Fuels	.9	108.8	107.3	108.2	108.6	108.6	111.8	112.2	111.5	111.7	111.6	111.1	112.2	111.5	113.9
22 Residential utilities	2.1	119.6	115.4	126.6	124.1	126.1	127.2	128.8	126.2	126.0	125.7	120.0	122.1	122.5	122.7
23 Equipment	17.7	131.4	131.5	131.4	132.3	133.7	137.3	136.5	139.2	139.2	140.8	142.0	142.7	143.4	143.5
24 Business equipment	13.7	155.7	156.5	156.9	158.4	160.5	164.8	162.7	166.3	166.0	168.6	170.3	171.0	172.3	172.6
25 Information processing and related	5.7	198.1	206.5	208.1	209.4	213.3	220.5	221.6	224.9	226.2	232.0	233.4	236.3	240.6	243.2
26 Computer and office equipment	1.4	373.5	402.9	417.8	431.7	442.9	463.3	476.0	491.1	505.0	522.0	540.0	553.4	570.0	582.0
27 Industrial	4.0	127.5	128.6	129.1	129.5	129.6	131.3	130.3	129.9	129.4	128.2	128.0	128.8	128.5	128.4
28 Transit	2.6	136.3	122.3	119.6	124.5	128.1	133.2	121.2	136.1	133.4	136.9	144.2	141.3	140.9	136.0
29 Autos and trucks	1.2	140.1	135.7	134.2	135.3	129.1	136.0	113.6	140.0	138.2	141.9	151.8	143.6	138.5	129.3
30 Other	1.4	123.2	120.9	121.4	121.7	122.1	123.5	122.5	122.1	121.1	123.3	123.3	121.8	121.0	122.5
31 Defense and space equipment	3.3	65.9	64.4	62.9	62.0	61.6	63.1	64.2	64.0	64.3	63.7	64.5	64.8	64.7	64.4
32 Oil and gas well drilling	.6	87.1	83.5	83.1	83.8	85.1	89.7	96.3	100.6	104.3	102.3	99.1	99.9	96.2	94.4
33 Manufactured homes	.2	152.7	158.9	161.8	164.4	158.1	157.8	168.2	170.7	170.4	172.4	164.8	173.7	172.3	..
34 Intermediate products, total	14.3	109.0	109.2	109.3	110.1	108.5	109.3	109.6	108.6	110.1	111.3	109.9	110.6	111.7	111.5
35 Construction supplies	5.3	108.2	108.3	108.7	110.5	107.2	109.3	111.5	109.2	111.0	113.9	112.0	113.5	114.5	114.3
36 Business supplies	9.0	109.6	109.9	109.9	110.0	109.6	109.5	108.6	108.4	109.6	109.8	108.7	108.9	110.0	110.0
37 Materials	39.4	127.4	128.1	128.4	128.4	128.5	129.4	129.1	130.3	131.6	132.6	132.1	133.6	133.5	132.6
38 Durable goods materials	20.8	141.5	143.9	145.3	144.8	145.8	147.3	145.5	147.3	148.8	150.5	150.3	152.5	152.2	150.6
39 Durable consumer parts	4.0	138.5	138.6	140.1	139.3	140.6	141.1	132.5	142.1	143.5	148.3	147.6	151.8	149.6	143.6
40 Equipment parts	7.5	163.0	169.4	171.0	170.8	171.7	176.3	176.8	177.2	179.0	180.9	181.1	183.0	183.0	183.4
41 Other	9.2	126.2	126.5	127.9	127.2	128.2	127.8	127.4	126.8	128.1	128.2	127.9	129.5	129.7	128.7
42 Basic metal materials	3.1	125.7	124.3	128.1	126.6	125.7	123.7	124.4	123.7	123.9	125.1	123.5	125.3	126.1	125.0
43 Nondurable goods materials	8.9	119.8	118.7	116.6	117.4	115.7	116.1	116.3	118.8	120.0	120.1	121.1	119.9	119.8	120.1
44 Textile materials	1.1	109.2	107.3	104.8	103.3	100.3	101.8	103.0	104.9	106.2	106.3	108.2	106.8	104.9	106.1
45 Paper materials	1.8	120.5	121.4	114.3	115.2	113.4	113.4	113.7	118.9	118.7	115.2	120.9	119.0	116.1	117.5
46 Chemical materials	3.9	124.4	122.9	122.7	121.9	121.8	121.3	121.6	123.6	125.8	126.8	127.0	127.1	127.1	127.3
47 Other	2.1	116.5	114.6	114.1	118.9	115.2	117.1	116.4	117.8	118.2	119.7	117.5	114.9	118.0	116.9
48 Energy materials	9.7	106.6	105.5	105.7	106.0	105.9	106.1	108.2	107.0	108.1	108.7	106.3	108.6	109.0	108.4
49 Primary energy	6.3	101.9	101.7	100.8	101.0	100.6	101.3	103.9	103.1	102.7	103.7	101.3	104.0	104.3	103.7
50 Converted fuel materials	3.3	116.0	113.1	115.4	116.2	116.6	115.5	116.7	114.9	118.9	118.7	116.2	117.8	118.2	117.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	121.5	121.9	122.3	122.5	122.4	123.8	123.9	124.1	125.0	126.0	125.6	126.4	126.8	126.6
52 Total excluding motor vehicles and parts	95.2	120.9	121.3	121.7	121.9	121.9	123.3	123.7	123.5	124.4	125.2	124.9	125.6	126.1	126.0
53 Total excluding computer and office equipment	98.2	118.2	118.1	118.4	118.5	118.0	119.5	118.7	119.5	120.2	121.1	120.8	121.2	121.3	120.6
54 Consumer goods excluding autos and trucks	27.0	114.0	114.0	115.0	114.7	114.0	115.5	115.6	114.6	115.1	115.4	115.2	114.7	115.3	115.2
55 Consumer goods excluding energy	25.7	114.9	115.1	115.3	115.3	113.9	115.9	114.3	115.2	115.7	116.3	117.3	116.0	116.3	115.3
56 Business equipment excluding autos and trucks	12.5	157.0	158.4	159.0	160.5	163.5	167.5	167.5	168.7	168.6	171.1	172.0	173.6	175.6	176.8
57 Business equipment excluding computer and office equipment	12.2	133.0	131.6	130.8	131.3	132.6	135.5	132.3	134.8	133.5	134.9	135.2	134.9	135.0	134.3
58 Materials excluding energy	29.7	134.9	136.2	136.6	136.4	136.6	137.8	136.6	138.6	140.0	141.2	141.4	142.5	142.3	141.3

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

Group	SIC code[2]	1992 proportion	1995 avg.	1995 Oct.	1995 Nov.	1995 Dec	1996 Jan.	1996 Feb.	1996 Mar.	1996 Apr.	1996 May	1996 June	1996 July[r]	1996 Aug.[r]	1996 Sept.	1996 Oct.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**121.9**	**122.2**	**122.6**	**122.8**	**122.5**	**124.2**	**123.6**	**124.5**	**125.4**	**126.4**	**126.3**	**126.8**	**127.2**	**126.6**
60 Manufacturing	..	85.4	123.9	124.4	124.5	124.8	124.5	126.2	125.2	126.5	127.4	128.5	129.0	129.1	129.5	128.9
61 Primary processing	...	26.6	117.6	117.0	117.1	117.3	116.7	116.3	117.1	117.5	118.5	119.7	119.8	120.0	120.2	119.6
62 Advanced processing	...	58.9	126.8	127.9	128.0	128.4	128.2	131.0	129.0	130.8	131.5	132.7	133.3	133.4	133.9	133.2
63 Durable goods	...	45.0	132.5	133.5	134.3	134.8	134.9	137.5	135.6	138.3	139.1	141.1	141.5	142.2	142.6	141.6
64 Lumber and products	24	2.0	104.5	105.7	104.8	106.9	103.1	103.3	107.5	108.4	107.7	110.6	107.4	109.0	109.3	108.7
65 Furniture and fixtures	25	1.4	111.6	110.9	109.8	109.3	109.3	110.5	107.7	108.9	112.1	111.9	109.8	110.7	111.2	111.4
66 Stone, clay, and glass products	32	2.1	104.1	104.5	104.9	104.3	105.5	104.1	102.9	103.6	105.0	105.8	108.8	106.4	106.0	106.3
67 Primary metals	33	3.1	119.2	115.7	120.8	120.0	121.5	117.1	118.0	119.2	118.6	121.0	118.6	120.6	121.2	120.0
68 Iron and steel	331,2	1.7	122.4	115.1	126.1	122.7	128.1	119.5	120.2	122.9	121.0	124 2	122.8	124.2	124.3	122.5
69 Raw steel	331PT	.1	114.7	111.3	116.4	118.0	113.9	112.5	114.9	112.9	113.2	115.7	112.9	114.5	114.3	112.4
70 Nonferrous	333–6,9	1.4	114.8	115.8	113.8	116.2	113.0	113.6	114.8	114.2	115.1	116.6	113.0	115.7	117.0	116.4
71 Fabricated metal products	34	5.0	113.9	114.0	114.5	115.0	115.6	117.0	116.1	115.5	116.7	117.3	117.2	118.1	118.6	117.3
72 Industrial machinery and equipment	35	8.0	177.8	183.8	186.5	190.1	191.9	196.1	197.8	199.0	201.2	205.2	205.8	210.0	212.0	214.5
73 Computer and office equipment	357	1.8	373.5	402.9	417.8	431.7	442.9	463.3	476.0	491.1	505.0	522.0	540.0	553.4	570.0	582.0
74 Electrical machinery	36	7.2	174.9	182.4	183.6	182.8	182.4	188.7	187.9	187.3	188.8	191.0	190.1	190.0	190.9	189.6
75 Transportation equipment	37	9.5	113.3	109.3	108.6	109.7	108.3	112.1	103.1	114.6	114.6	116.6	120.3	119.1	118.2	113.7
76 Motor vehicles and parts	371	4.8	141.9	139.7	140.7	141.2	135.5	141 1	121.3	144.3	144.7	148.7	154.5	151.3	148.0	138.6
77 Autos and light trucks	371PT	2.5	131.3	128.4	129.6	131.5	123.5	132.8	109.9	135.5	135.3	138.9	149.4	141.3	136.5	125.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.7	85.8	80.0	77.7	79.4	82.2	84.2	85.7	86.0	85.7	85.8	87.3	88.2	89.6	89.8
79 Instruments	38	5.4	110.7	111.4	111.5	109.7	111.0	113.4	112.9	112.8	112.4	113.7	112.3	113.5	113.4	114.1
80 Miscellaneous	39	1.3	122.7	122.2	123.3	123.5	122.1	124.0	124.0	122.6	123.0	124.4	124.1	124.1	124.1	122.3
81 Nondurable goods	.	40.5	114.3	114.3	113.7	113.8	113.1	113.8	113.6	113.5	114.4	114.6	115.2	114.7	115.1	114.9
82 Foods	20	9.4	115.3	115.4	114.8	114.8	114.8	116.0	115.6	115.4	115.6	115.1	115.8	114.4	115.1	115.5
83 Tobacco products	21	1.6	90.2	88.2	88.9	88.4	87.1	90.9	92.6	94.6	91.9	93.0	90.8	92.1	93.2	91.4
84 Textile mill products	22	1.8	112.6	111.1	108.9	108.3	104.1	106.2	109.0	108.2	108.8	111.1	112.4	110.1	109.0	109.8
85 Apparel products	23	2.2	95.7	93.3	92.4	91.5	89.2	90.9	89.7	90.4	90.8	90.9	90.1	90.8	90.4	89.1
86 Paper and products	26	3.6	119.8	119.7	116.2	118.2	114.9	113.5	115.5	118.9	119.5	119.4	121.5	118.9	119.1	119.7
87 Printing and publishing	27	6.8	99.4	98.9	99.3	98.8	97.9	98.7	96.7	96.3	97.7	97.2	97.2	97.3	98.0	98.1
88 Chemicals and products	28	9.9	125.0	126.7	126.0	126.5	127.1	127.1	126.5	126.0	127.7	128.1	129.7	128.8	129.2	128.8
89 Petroleum products	29	1.4	108.3	106.9	107.4	108.9	108.9	110.2	109.9	109.7	109.8	110.3	109.5	111.1	111.9	112.9
90 Rubber and plastic products	30	3.5	139.4	139.7	140.3	139.3	139.0	139.7	140.5	137.6	140.7	142.4	142.3	144.3	144.5	142.1
91 Leather and products	31	.3	81.3	79.7	78.2	76.8	75.6	77.1	76.7	76.2	75.6	76.3	75.4	74.8	74.2	75.2
92 Mining	...	6.9	99.9	98.2	98.3	98.1	97.1	98.0	101.1	100.4	100.5	102.8	100.9	103.5	103.4	102.4
93 Metal	10	.5	169.3	178.3	175.9	172.8	159.5	157.1	166.1	158.3	161.6	161.3	168.2	168.4	169.8	165.5
94 Coal	12	1.0	112.9	112.3	109.5	108.5	103.3	108.0	114.8	109.5	111.9	113.2	107.1	120.8	120.5	118.9
95 Oil and gas extraction	13	4.8	91.9	89.2	90.1	90.1	90.8	90.2	92.6	93.3	93.2	95.5	94.1	94.8	94.6	93.7
96 Stone and earth minerals	14	.6	112.3	112.4	110.9	112.4	108.9	117.2	117.4	115.6	112.7	118.0	114.6	116.2	116.8	117.9
97 Utilities	...	7.7	122.0	121.6	125.4	125.1	125.6	126.6	128.0	126.4	128.4	126.6	122.6	124.9	125.3	125.3
98 Electric	491,493PT	6.1	122.1	123.7	123.6	123.9	125.5	126.6	127.1	125.7	128.7	126.7	122.7	125.7	126.2	126.3
99 Gas	492,493PT	1.6	121.7	113.6	132.5	129.9	125.6	126.3	131.5	128.9	127.5	125.8	122.1	121.5	121.5	121.7
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.6	122.8	123.4	123.6	123.9	123.9	125.4	125.4	125.5	126.3	127.3	127.4	127.8	128.4	128.3
101 Manufacturing excluding office and computing machines	...	83.7	119.5	119.6	119.6	119.7	119.3	120.7	119.5	120.7	121.3	122.3	122.5	122.4	122.6	121.8
				Gross value (billions of 1992 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**2,002.9**	**2,245.6**	**2,240.3**	**2,255.8**	**2,265.7**	**2,248.9**	**2,293.1**	**2,269.5**	**2,300.3**	**2,307.8**	**2,327.6**	**2,334.3**	**2,328.4**	**2,334.3**	**2,324.4**
103 Final	...	1,552.2	1,748.7	1,741.9	1,756.8	1,761.9	1,753.0	1,794.2	1,766.8	1,801.5	1,804.4	1,817.1	1,831.0	1,821.8	1,822.4	1,812.9
104 Consumer goods	.	1,033.4	1,130.5	1,125.1	1,139.3	1,139.0	1,124.7	1,148.4	1,129.5	1,144.9	1,147.2	1,151.5	1,156.4	1,145.6	1,143.0	1,135.2
105 Equipment	...	518.8	618.3	616.7	617.5	622.9	628.4	645.8	637.3	656.6	657.1	665.6	674.7	676.2	679.4	677.7
106 Intermediate	...	450.7	496.9	498.4	499.0	503.8	495.9	498.8	502.7	498.8	503.4	510.5	503.3	506.6	511.8	511.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1995. See "A Revision to Industrial Production and Capacity Utilization, 1991–95," *Federal Reserve Bulletin*, vol. 82 (January 1996), pp. 16–25. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1993	1994	1995	1995	1996								
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,199	1,372	1,332	1,487	1,378	1,417	1,423	1,459	1,452	1,415	1,457	1,423	1,399
2 One-family	987	1,068	997	1,123	1,056	1,087	1,097	1,115	1,098	1,085	1,073	1,078	1,040
3 Two-family or more	213	303	335	364	322	330	326	344	354	330	384	345	359
4 Started	1,288	1,457	1,354	1,425	1,453	1,514	1,439	1,511	1,478	1,490	1,470	1,533	1,440
5 One-family	1,126	1,198	1,076	1,150	1,146	1,183	1,163	1,209	1,144	1,209	1,150	1,239	1,120
6 Two-family or more	162	259	278	275	307	331	276	302	334	281	320	294	320
7 Under construction at end of period[1]	680	762	776	800	803	800	816	826	826	829	823	824	836
8 One-family	543	558	547	569	569	565	581	591	590	596	592	596	599
9 Two-family or more	137	204	229	231	234	235	235	235	236	233	231	228	237
10 Completed	1,193	1,347	1,313	1,225	1,403	1,328	1,391	1,350	1,408	1,418	1,447	1,442	1,358
11 One-family	1,040	1,160	1,066	1,003	1,113	1,052	1,112	1,073	1,120	1,128	1,145	1,153	1,105
12 Two-family or more	153	187	247	222	290	276	279	277	288	290	302	289	253
13 Mobile homes shipped	254	304	340	352	352	341	364	378	369	372	372	369	352
Merchant builder activity in one-family units													
14 Number sold	666	670	665	683	743	784	713	740	734	733	785	820	816
15 Number for sale at end of period[1]	293	337	372	372	370	355	368	369	362	356	356	349	336
Price of units sold (thousands of dollars)[2]													
16 Median	126.1	130.4	133.4	138.6	131.9	139.4	137.0	140.0	136.4	140.0	143.5	136.5	137.5
17 Average	147.6	153.7	157.6	165.6	155.3	163.7	162.1	170.0	163.3	166.5	167.0	158.4	171.6
EXISTING UNITS (one-family)													
18 Number sold	3,800	3,946	3,801	3,870	3,720	3,940	4,200	4,200	4,280	4,160	4,150	4,140	4,030
Price of units sold (thousands of dollars)[2]													
19 Median	106.5	109.6	112.2	113.9	114.8	114.0	115.7	116.5	117.6	122.9	121.5	122.3	117.8
20 Average	133.1	136.4	138.4	138.7	141.2	138.7	140.1	141.9	144.4	150.2	149.6	149.9	144.7
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**482,737**	**527,063**	**547,079**	**555,701**	**558,952**	**544,577**	**556,983**	**564,623**	**558,481**	**563,122**	**558,613**	**562,669**	**573,429**
22 Private	362,587	400,007	410,197	417,191	418,896	411,248	419,726	424,233	418,120	423,106	418,578	424,615	426,434
23 Residential	210,455	238,873	236,598	243,104	242,474	238,558	245,881	248,013	247,486	246,909	244,618	244,325	244,072
24 Nonresidential	152,132	161,134	173,599	174,087	176,422	172,690	173,845	176,220	170,634	176,197	173,960	180,290	182,362
25 Industrial buildings	26,482	28,947	32,301	31,996	32,495	30,792	30,593	30,285	27,310	28,755	28,599	27,055	29,111
26 Commercial buildings	53,375	59,728	67,528	66,447	66,475	66,461	65,503	67,565	65,834	69,280	68,005	71,822	71,024
27 Other buildings	26,219	26,961	26,923	28,197	28,103	27,470	27,884	27,457	27,723	28,533	28,443	29,661	29,983
28 Public utilities and other	46,056	45,498	46,847	47,447	49,349	47,967	49,865	50,913	49,767	49,629	48,913	51,752	52,244
29 Public	120,151	127,056	136,884	138,510	140,056	133,329	137,257	140,390	140,361	140,016	140,035	138,053	146,995
30 Military	2,454	2,319	3,005	3,211	3,554	3,982	3,126	3,168	3,020	3,140	3,041	2,912	2,730
31 Highway	34,342	37,673	38,161	40,402	39,444	40,956	39,527	39,454	37,715	38,308	39,310	36,507	41,144
32 Conservation and development	5,908	6,370	6,389	6,014	5,352	5,455	5,811	5,956	5,756	6,004	5,498	5,351	5,348
33 Other	77,447	80,694	89,329	88,883	91,706	82,936	88,793	91,812	93,870	92,564	92,186	93,283	97,773

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, Oct. 1996[1]
	1995 Oct.	1996 Oct.	1995	1996[1]			1996					
			Dec.	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.8**	**3.0**	**2.4**	**4.0**	**3.1**	**2.6**	**.1**	**.3**	**.1**	**.3**	**.3**	**158.3**
2 Food	3.0	4.0	1.9	3.2	4.6	5.3	.7	.5	.4	.5	.6	155.4
3 Energy items	−1.2	5.7	1.9	15.8	8.4	−3.9	−2.2	−.4	−.6	.0	.7	110.5
4 All items less food and energy	3.0	2.6	2.2	3.5	2.2	2.7	.2	.3	.1	.3	.2	167.0
5 Commodities	1.6	1.1	1.7	2.6	−.3	.9	.0	.0	−.1	.4	.1	142.0
6 Services	3.7	3.2	2.5	3.4	3.9	3.2	.3	.3	.2	.2	.3	181.2
PRODUCER PRICES (1982=100)												
7 Finished goods	2.3	3.0	4.4	2.5	2.2	1.8	2[r]	−.1[r]	.3	.2	.4	132.5
8 Consumer foods	3.0	5.0	4.4	.6	5.9	5.2	1.8[r]	.0[r]	1.0	.2	.8	136.4
9 Consumer energy	.1	9.5	10.8	17.8	−.5	1.0	−2.4[r]	−.7[r]	.7	.2	1.9	84.5
10 Other consumer goods	2.7	1.0	3.4	−.3	2.2	.8	1[r]	.0[r]	.0	.2	−.1	144.9
11 Capital equipment	2.4	.4	2.9	.0	.6	1.2	.1[r]	.1[r]	−.1	.3	−.4	138.6
Intermediate materials												
12 Excluding foods and feeds	4.5	.0	−.6	−1.0	.0	.3	−.6	−.4	.2	.2	.1	125.8
13 Excluding energy	5.1	−1.6	−2.9	−3.5	.0	−.3	.0	−.3	.1	.1	−.1	133.6
Crude materials												
14 Foods	10.8	8.9	20.8	−4.1	60.1	−7.3	1.4[r]	2.3[r]	−.3	−3.8	−2.7	119.4
15 Energy	−4.7	23.6	33.9	52.8	−14.1	21.7	−6.8[r]	3.6[r]	.7	.6	1.5	82.7
16 Other	3.9	−7.8	−18.4	−10.6	−8.8	−2.6	−1.7[r]	−1.4[r]	.1	.6	.3	152.6

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	1993	1994	1995	1995		1996		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,553.0**	**6,935.7**	**7,253.8**	**7,309.8**	**7,350.6**	**7,426.8**	**7,545.1**	**7,616.0**
By source								
2 Personal consumption expenditures	4,454.1	4,700.9	4,924.9	4,957.9	4,990.5	5,060.5	5,139.4	5,164.1
3 Durable goods	530.7	580.9	606.4	615.8	612.8	625.2	637.6	633.9
4 Nondurable goods	1,368.9	1,429.7	1,485.9	1,491.2	1,494.2	1,522.1	1,544.7	1,543.8
5 Services	2,554.6	2,690.3	2,832.6	2,850.9	2,883.5	2,913.2	2,957.1	2,986.4
6 Gross private domestic investment	871.1	1,014.4	1,065.3	1,074.8	1,064.0	1,068.9	1,096.0	1,155.7
7 Fixed investment	850.5	954.9	1,028.2	1,036.6	1,046.2	1,070.7	1,088.0	1,113.3
8 Nonresidential	598.8	667.2	738.5	746.3	749.7	769.0	773.8	801.6
9 Structures	171.8	180.2	199.7	202.5	204.0	208.4	207.4	210.7
10 Producers' durable equipment	427.0	487.0	538.8	543.8	545.7	560.6	566.3	590.9
11 Residential structures	251.7	287.7	289.8	290.3	296.5	301.7	314.2	311.7
12 Change in business inventories	20.6	59.5	37.0	38.2	17.8	−1.7	8.0	42.4
13 Nonfarm	26.8	48.0	39.6	41.5	19.9	2.7	11.3	42.9
14 Net exports of goods and services	−62.7	−94.4	−94.7	−87.6	−67.2	−86.3	−99.2	−115.7
15 Exports	657.8	719.1	807.4	819.0	837.0	839.5	850.0	846.3
16 Imports	720.5	813.5	902.0	906.6	904.2	925.8	949.2	962.0
17 Government consumption expenditures and gross investment	1,290.4	1,314.7	1,358.3	1,364.6	1,363.4	1,383.7	1,408.8	1,412.0
18 Federal	522.6	516.4	516.6	516.8	507.7	518.6	529.6	524.5
19 State and local	767.8	798.4	841.7	847.7	855.7	865.1	879.2	887.6
By major type of product								
20 Final sales, total	6,532.4	6,876.2	7,216.7	7,271.5	7,332.8	7,428.6	7,537.1	7,573.7
21 Goods	2,401.4	2,534.4	2,662.2	2,688.8	2,698.0	2,749.3	2,782.0	2,787.1
22 Durable	1,014.3	1,086.2	1,147.3	1,167.2	1,166.4	1,192.1	1,219.1	1,226.8
23 Nondurable	1,387.2	1,448.3	1,515.0	1,521.6	1,531.7	1,557.1	1,562.9	1,560.3
24 Services	3,584.0	3,746.5	3,926.9	3,950.2	3,992.4	4,027.9	4,087.0	4,120.4
25 Structures	547.0	595.3	627.6	632.6	642.3	651.4	668.0	666.1
26 Change in business inventories	20.6	59.5	37.0	38.2	17.8	−1.7	8.0	42.4
27 Durable goods	15.7	31.9	34.9	29.2	27.3	12.3	9.9	25.4
28 Nondurable goods	4.9	27.7	2.2	9.1	−9.4	−14.0	−1.9	17.0
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,386.4**	**6,608.7**	**6,742.9**	**6,776.4**	**6,780.7**	**6,814.3**	**6,892.6**	**6,929.7**
NATIONAL INCOME								
30 **Total**	**5,195.3**	**5,501.6**	**5,813.5**	**5,861.4**	**5,927.4**	**6,015.3**	**6,118.7**	n.a.
31 Compensation of employees	3,809.5	4,009.8	4,222.7	4,247.7	4,301.1	4,344.3	4,420.9	4,489.6
32 Wages and salaries	3,095.3	3,257.3	3,433.2	3,454.0	3,501.1	3,540.2	3,606.5	3,665.8
33 Government and government enterprises	584.2	602.5	621.7	624.1	626.9	634.0	638.9	645.0
34 Other	2,511.1	2,654.8	2,811.5	2,829.9	2,874.2	2,906.1	2,967.5	3,020.8
35 Supplement to wages and salaries	714.2	752.4	789.5	793.7	800.1	804.1	814.4	823.8
36 Employer contributions for social insurance	333.3	350.2	365.5	367.8	369.8	375.0	380.4	385.1
37 Other labor income	380.9	402.2	424.0	425.9	430.2	429.1	434.0	438.6
38 Proprietors' income[1]	420.0	450.9	478.3	479.6	486.7	499.5	515.2	521.9
39 Business and professional[1]	388.1	415.9	449.3	451.5	454.9	461.1	469.4	473.5
40 Farm[1]	32.0	35.0	29.0	28.1	31.8	38.4	45.8	48.3
41 Rental income of persons[2]	102.5	116.6	122.2	120.9	125.8	126.9	124.5	127.0
42 Corporate profits[1]	464.4	529.5	586.6	612.5	611.8	645.1	655.8	n.a.
43 Profits before tax[3]	464.3	531.2	598.9	607.2	604.2	642.2	644.6	n.a.
44 Inventory valuation adjustment	−6.6	−13.3	−28.1	−9.3	−8.8	−17.4	−11.0	2.2
45 Capital consumption adjustment	6.7	11.6	15.9	14.6	16.5	20.4	22.3	23.8
46 Net interest	398.9	394.9	403.6	400.7	401.9	399.5	402.3	n.a.

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	1993	1994	1995	1995		1996		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,480.1**	**5,753.1**	**6,115.1**	**6,146.9**	**6,234.5**	**6,308.5**	**6,412.4**	**6,502.9**
2 Wage and salary disbursements	3,090.7	3,241.8	3,430.6	3,451.2	3,500.2	3,538.2	3,606.5	3,665.8
3 Commodity-producing industries	781.3	824.9	863.5	866.7	873.9	878.7	900.3	911.4
4 Manufacturing	593.1	621.1	648.4	650.1	654.7	654.8	671.8	678.6
5 Distributive industries	698.4	739.2	783.7	789.3	800.7	810.5	822.3	835.9
6 Service industries	1,026.7	1,075.2	1,161.6	1,171.1	1,198.6	1,215.1	1,244.9	1,273.5
7 Government and government enterprises	584.2	602.5	621.7	624.1	626.9	634.0	638.9	645.0
8 Other labor income	380.9	402.2	424.0	425.9	430.2	429.1	434.0	438.6
9 Proprietors' income[1]	420.0	450.9	478.3	479.6	486.7	499.5	515.2	521.9
10 Business and professional[1]	388.1	415.9	449.3	451.5	454.9	461.1	469.4	473.5
11 Farm[1]	32.0	35.0	29.0	28.1	31.8	38.4	45.8	48.3
12 Rental income of persons[2]	102.5	116.6	122.2	120.9	125.8	126.9	124.5	127.0
13 Dividends	186.8	199.6	214.8	215.8	221.7	226.6	229.3	231.5
14 Personal interest income	648.1	663.7	717.1	719.9	727.2	726.1	733.1	742.4
15 Transfer payments	910.7	956.3	1,022.6	1,029.9	1,041.4	1,063.0	1,075.6	1,085.9
16 Old-age survivors, disability, and health insurance benefits	444.4	472.9	507.4	510.7	516.1	529.9	536.3	542.3
17 LESS: Personal contributions for social insurance	259.6	278.1	294.5	296.2	298.8	301.0	305.8	310.2
18 EQUALS: Personal income	5,480.1	5,753.1	6,115.1	6,146.9	6,234.5	6,308.5	6,412.4	6,502.9
19 LESS: Personal tax and nontax payments	689.9	731.4	794.3	798.4	807.2	824.9	870.6	873.3
20 EQUALS: Disposable personal income	4,790.2	5,021.7	5,320.8	5,348.5	5,427.3	5,483.5	5,541.8	5,629.6
21 LESS: Personal outlays	4,575.8	4,832.3	5,071.5	5,106.6	5,144.7	5,218.1	5,300.7	5,327.6
22 EQUALS: Personal saving	214.4	189.4	249.3	241.9	282.6	265.4	241.1	302.0
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	24,734.3	25,349.8	25,628.8	25,726.7	25,684.5	25,753.3	25,990.0	26,071.1
24 Personal consumption expenditures	16,806.7	17,158.2	17,399.6	17,453.7[r]	17,459.8[r]	17,570.2	17,675.7	17,655.4
25 Disposable personal income	18,078.0	18,330.0	18,799.0	18,829.0	18,986.0	19,041.0	19,063.0	19,246.0
26 Saving rate (percent)	4.5	3.8	4.7	4.5	5.2	4.8	4.3	5.4
GROSS SAVING								
27 **Gross saving**	**935.5**	**1,056.3**	**1,151.8**	**1,168.6**	**1,220.6**	**1,217.9**	**1,244.5**	n.a.
28 Gross private saving	962.4	1,006.7	1,071.8	1,085.9	1,138.9	1,133.8	1,121.6	n.a.
29 Personal saving	214.4	189.4	249.3	241.9	282.6	265.4	241.1	302.0
30 Undistributed corporate profits[1]	103.3	123.2	140.6	159.6	158.4	171.8	176.3	n.a.
31 Corporate inventory valuation adjustment	-6.6	-13.3	-28.1	-9.3	-8.8	-17.4	-11.0	2.2
Capital consumption allowances								
32 Corporate	417.0	441.0	454.0	456.9	463.6	465.6	471.0	477.0
33 Noncorporate	223.1	237.7	225.2	224.7	233.4	229.1	233.2	237.1
34 Gross government saving	-26.9	49.6	80.0	82.7	81.7	84.1	122.9	n.a.
35 Federal	-187.4	-119.6	-87.9	-84.6	-80.7	-82.0	-54.1	n.a.
36 Consumption of fixed capital	68.2	70.6	73.8	73.8	73.8	73.2	72.6	72.3
37 Current surplus or deficit (−), national accounts	-255.6	-190.2	-161.7	-158.5	-154.5	-155.2	-126.7	n.a.
38 State and local	160.5	169.2	167.9	167.3	162.4	166.1	177.0	n.a.
39 Consumption of fixed capital	65.6	69.4	72.9	73.4	74.3	75.1	76.0	77.1
40 Current surplus or deficit (−), national accounts	94.9	99.7	95.0	93.9	88.1	91.0	101.0	n.a.
41 **Gross investment**	**993.5**	**1,090.4**	**1,150.9**	**1,161.5**	**1,173.9**	**1,167.9**	**1,187.0**	n.a.
42 Gross private domestic investment	871.1	1,014.4	1,065.3	1,074.8	1,064.0	1,068.9	1,096.0	1,155.7
43 Gross government investment	210.6	212.3	221.9	224.7	220.1	228.8	235.1	231.9
44 Net foreign investment	-88.2	-136.4	-136.3	-138.1	-110.2	-129.9	-144.2	n.a.
45 **Statistical discrepancy**	**58.0**	**34.1**	**-.9**	**-7.1**	**-46.7**	**-50.0**	**-57.5**	n.a.

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	1993	1994	1995	1995			1996	
				Q2	Q3	Q4	Q1	Q2[p]
1 Balance on current account	−99,937	−148,405	−148,156	−40,976	−37,688	−30,435	−34,869	−38,779
2 Merchandise trade balance[2]	−132,609	−166,121	−173,424	−47,927	−42,548	−38,026	−42,730	−46,830
3 Merchandise exports	456,832	502,463	575,940	142,983	144,984	149,422	150,028	153,316
4 Merchandise imports	−589,441	−668,584	−749,364	−190,910	−187,532	−187,448	−192,758	−200,146
5 Military transactions, net	881	1,963	3,585	859	1,120	978	489	835
6 Other service transactions, net	59,690	59,779	64,775	15,244	17,093	17,657	18,014	18,120
7 Investment income, net	9,742	−4,160	−8,017	−862	−4,361	−1,890	262	−1,604
8 U.S. government grants	−16,823	−15,816	−10,959	−2,381	−2,933	−2,799	−4,259	−2,274
9 U.S. government pensions and other transfers	−4,081	−4,544	−3,420	−967	−964	−731	−960	−1,025
10 Private remittances and other transfers	−16,736	−19,506	−20,696	−4,942	−5,095	−5,624	−5,685	−6,001
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−342	−341	−280	−179	252	−199	−152	−429
12 Change in U.S. official reserve assets (increase, −)	−1,379	5,346	−9,742	−2,722	−1,893	191	17	−523
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−537	−441	−808	−156	362	−147	−199	−133
15 Reserve position in International Monetary Fund	−44	494	−2,466	−786	−991	−163	−849	−220
16 Foreign currencies	−797	5,293	−6,468	−1,780	−1,264	501	1,065	−170
17 Change in U.S. private assets abroad (increase, −)	−192,890	−155,701	−297,834	−105,398	−37,954	−98,206	−68,615	−48,213
18 Bank-reported claims[3]	29,947	−8,161	−69,146	−41,236	8,476	−7,272	1,714	−5,149
19 Nonbank-reported claims	1,581	−32,804	−34,219	−22,904	7,500	−14,278	−12,707	...
20 U.S. purchases of foreign securities, net	−146,253	−60,270	−98,960	−23,011	−35,839	−32,539	−34,420	−20,081
21 U.S. direct investments abroad, net	−78,165	−54,466	−95,509	−18,247	−18,091	−44,117	−23,202	−22,983
22 Change in foreign official assets in United States (increase, +)	72,153	40,253	109,757	37,380	39,186	11,369	52,021	13,197
23 U.S. Treasury securities	48,952	30,745	68,813	25,208	20,489	12,984	55,600	−3,384
24 Other U.S. government obligations	4,062	6,077	3,734	1,326	518	764	52	1,258
25 Other U.S. government liabilities[4]	1,713	2,344	1,082	235	−71	1,249	−156	197
26 Other U.S. liabilities reported by U.S. banks[3]	14,841	3,560	32,862	7,662	18,478	−3,908	−3,264	13,841
27 Other foreign official assets[5]	2,585	−2,473	3,266	2,949	−228	280	−211	1,285
28 Change in foreign private assets in United States (increase, +)	178,843	245,123	314,705	78,041	79,630	87,860	47,450	67,118
29 U.S. bank-reported liabilities[3]	20,859	111,842	25,283	10,200	−21,542	32,765	−35,571	−3,862
30 U.S. nonbank-reported liabilities	10,489	−7,710	34,578	7,285	6,945	11,272	6,506	...
31 Foreign private purchases of U.S. Treasury securities, net	24,381	34,225	99,340	30,368	37,269	1,734	11,832	31,680
32 Foreign purchases of other U.S. securities, net	80,092	57,006	95,268	20,496	31,971	27,321	35,993	28,567
33 Foreign direct investments in United States, net	43,022	49,760	60,236	9,692	24,987	14,768	28,690	10,733
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	43,550	13,724	31,548	33,854	−41,533	29,420	4,148	7,629
36 Due to seasonal adjustment	...	...	...	−266	−7,407	1,153	6,279	−743
37 Before seasonal adjustment	43,550	13,724	31,548	34,120	−34,126	28,267	−2,131	8,372
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−1,379	5,346	−9,742	−2,722	−1,893	191	17	−523
39 Foreign official assets in United States, excluding line 25 (increase, +)	70,440	37,909	108,675	37,145	39,257	10,120	52,177	13,000
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−3,717	−1,529	3,959	−341	6,147	−1,435	−992	5,126

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	1993	1994	1995	1996 Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 Goods and services, balance	−72,037	−104,381	−105,064	−7,873	−9,396	−10,455	−8,190	−11,597	−10,302	−11,341
2 Merchandise	−132,607	−166,123	−173,424	−14,448	−15,584	−16,791	−14,620	−17,492	−16,423	−17,677
3 Services	60,570	61,742	68,360	6,575	6,188	6,336	6,430	5,895	6,121	6,336
4 Goods and services, exports	642,953	698,301	786,529	69,332	69,200	70,170	69,730	67,306	69,783	68,785
5 Merchandise	456,834	502,462	575,939	50,492	50,741	51,384	50,972	48,779	51,095	50,064
6 Services	186,119	195,839	210,590	18,840	18,459	18,786	18,758	18,527	18,688	18,721
7 Goods and services, imports	−714,990	−802,682	−891,593	−77,205	−78,596	−80,625	−77,920	−78,903	−80,085	−80,126
8 Merchandise	−589,441	−668,585	−749,363	−64,940	−66,325	−68,175	−65,592	−66,271	−67,518	−67,741
9 Services	−125,549	−134,097	−142,230	−12,265	−12,271	−12,450	−12,328	−12,632	−12,567	−12,385

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	1993	1994	1995	1996 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**73,442**	**74,335**	**85,832**	**84,212**	**83,710**	**83,468**	**83,455**	**85,099**	**76,781**	**75,509**	**75,558**
2 Gold stock, including Exchange Stabilization Fund[1]	11,053	11,051	11,050	11,053	11,052	11,051	11,050	11,050	11,050	11,050	11,050
3 Special drawing rights[2,3]	9,039	10,039	11,037	11,049	10,963	11,037	11,046	11,216	10,307	10,177	10,226
4 Reserve position in International Monetary Fund[2]	11,818	12,030	14,649	15,249	15,117	15,227	15,282	15,665	15,597	15,421	15,517
5 Foreign currencies[4]	41,532	41,215	49,096	46,861	46,578	46,153	46,077	47,168	39,827	38,861	38,765

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	1993	1994	1995	1996 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Deposits**	**386**	**250**	**386**	**191**	**166**	**160**	**182**	**166**	**171**	**265**	**176**
Held in custody											
2 U.S. Treasury securities[2]	379,394	441,866	522,170	573,435	573,924	578,608	572,839	580,277	590,367	609,801	619,987
3 Earmarked gold[3]	12,327	12,033	11,702	11,590	11,445	11,339	11,296	11,273	11,217	11,210	11,204

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	1994	1995	1996						
			Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **Total**[1]	**520,934**	**630,867**	**683,025**	**687,239**	**689,733**	**696,373**	**699,496**	**703,876**[r]	**719,396**
By type									
2 Liabilities reported by banks in the United States[2]	73,386	107,343	104,060	111,032	104,941	118,247	113,416	111,035[r]	116,167
3 U.S. Treasury bills and certificates[3]	139,571	168,534	198,382	186,638	188,321	187,171	186,061	189,726	182,122
U.S. Treasury bonds and notes									
4 Marketable	254,059	293,691	319,735	327,988	334,470	327,822	337,451	341,038	358,226
5 Nonmarketable[4]	6,109	6,491	6,199	6,238	5,903	5,941	5,980	6,018	6,057
6 U.S. securities other than U.S. Treasury securities[5]	47,809	54,808	54,649	55,343	56,098	57,192	56,588	56,059	56,824
By area									
7 Europe[1]	215,374	222,406	242,517	241,089	244,222	245,368	245,406	246,761	246,243
8 Canada	17,235	19,473	20,846	20,878	21,670	21,250	20,153	21,662[r]	21,351
9 Latin America and Caribbean	41,492	66,720	73,184	71,381	68,043	70,142	67,990	69,076[r]	69,273
10 Asia	236,824	310,966	335,006	341,148	343,206	346,103	350,747	354,266	369,474
11 Africa	4,180	6,296	6,584	7,388	7,173	6,997	6,910	6,722	6,944
12 Other countries	5,827	5,004	4,886	5,353	5,417	6,511	8,288	5,387	6,109

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	1992	1993	1994	1995		1996	
				Sept.	Dec.	Mar.	June
1 Banks' liabilities	72,796	78,259	89,308	102,220	109,647	107,514	111,651
2 Banks' claims	62,799	62,017	60,711	69,558	74,015	69,159	65,864
3 Deposits	24,240	20,993	19,661	25,768	22,696	22,208	20,876
4 Other claims	38,559	41,024	41,050	43,790	51,319	46,951	44,988
5 Claims of banks' domestic customers[2]	4,432	12,854	10,878	6,624	6,145	6,353	7,464[r]

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	1993	1994	1995	1996						
				Mar.	Apr.	May	June	July	Aug.	Sept.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**926,672**	**1,015,076**	**1,099,790**	**1,101,069**	**1,100,589**	**1,096,031**	**1,097,866[r]**	**1,088,880[r]**	**1,074,518**	**1,090,460**
2 Banks' own liabilities	626,919	718,671	753,652	730,448	735,749	723,534	731,335[r]	720,280[r]	703,738	723,637
3 Demand deposits	21,569	23,386	24,448	23,359	23,962	23,325	27,364[r]	24,989[r]	23,136	25,510
4 Time deposits[2]	175,106	186,512	192,702	193,623	191,999	181,016	189,699[r]	193,413[r]	196,079	191,923
5 Other[3]	111,971	113,215	139,965	138,321	146,589	144,051	149,070	144,504	129,629	148,490
6 Own foreign offices[4]	318,273	395,558	396,537	375,145	373,199	375,142	365,202[r]	357,374[r]	354,894	357,714
7 Banks' custodial liabilities[5]	299,753	296,405	346,138	370,621	364,840	372,497	366,531	368,600[r]	370,780	366,823
8 U.S. Treasury bills and certificates[6]	176,739	162,938	197,355	228,705	217,106	220,823	218,608	217,548	219,949	212,478
9 Other negotiable and readily transferable instruments[7]	36,289	42,539	52,250	40,483	44,823	49,655	51,463	56,345	55,552	57,702
10 Other	86,725	90,928	96,533	101,433	102,911	102,019	96,460	94,707[r]	95,279	96,643
11 Nonmonetary international and regional organizations[8]	10,936	8,606	11,039	9,512	11,311	11,994	12,158	11,742	12,675	14,272
12 Banks' own liabilities	5,639	8,176	10,347	8,594	10,485	11,207	10,914	10,545	12,084	13,672
13 Demand deposits	15	29	21	16	28	34	123	22	49	26
14 Time deposits[2]	2,780	3,298	4,656	3,563	4,024	3,442	4,052	3,747	4,738	5,461
15 Other[3]	2,844	4,849	5,670	5,015	6,433	7,731	6,739	6,776	7,297	8,185
16 Banks' custodial liabilities[5]	5,297	430	692	918	826	787	1,244	1,197	591	600
17 U.S. Treasury bills and certificates[6]	4,275	281	350	564	426	376	874	865	345	399
18 Other negotiable and readily transferable instruments[7]	1,022	149	341	298	400	390	370	330	246	201
19 Other	0	0	1	56	0	21	0	2	0	0
20 Official institutions[9]	220,821	212,957	275,877	302,442	297,670	293,262	305,418	299,477	300,761	298,289
21 Banks' own liabilities	64,144	59,935	83,396	88,603	91,617	81,909	91,914	83,783	81,463	85,808
22 Demand deposits	1,600	1,564	2,098	1,423	1,679	1,504	2,211	2,211	1,459	2,060
23 Time deposits[2]	21,653	23,511	30,716	32,470	36,652	32,671	38,929	36,841	37,097	34,255
24 Other[3]	40,891	34,860	50,582	54,710	53,286	47,734	50,774	44,731	42,907	49,493
25 Banks' custodial liabilities[5]	156,677	153,022	192,481	213,839	206,053	211,353	213,504	215,694	219,298	212,481
26 U.S. Treasury bills and certificates[6]	151,100	139,571	168,534	198,382	186,638	188,321	187,171	186,061	189,726	182,122
27 Other negotiable and readily transferable instruments[7]	5,482	13,245	23,603	14,970	19,065	22,661	25,835	29,262	29,281	30,051
28 Other	95	206	344	487	350	371	498	371	291	308
29 Banks[10]	592,171	678,612	691,661	667,354	665,516	662,376	654,325[r]	646,706[r]	635,245	650,339
30 Banks' own liabilities	478,755	563,697	568,083	540,272	537,453	533,059	530,625[r]	525,543[r]	512,062	525,817
31 Unaffiliated foreign banks	160,482	168,139	171,546	165,127	164,254	157,917	165,423	168,169	157,168	168,103
32 Demand deposits	9,718	10,633	11,758	10,971	11,468	10,663	12,380	11,809	11,107	12,759
33 Time deposits[2]	105,262	111,171	103,623	101,047	96,238	89,120	90,717	95,353	95,004	91,998
34 Other[3]	45,502	46,335	56,165	53,109	56,548	58,134	62,326	61,007	51,057	63,346
35 Own foreign offices[4]	318,273	395,558	396,537	375,145	373,199	375,142	365,202[r]	357,374[r]	354,894	357,714
36 Banks' custodial liabilities[5]	113,416	114,915	123,578	127,082	128,063	129,317	123,700	121,163[r]	123,183	124,522
37 U.S. Treasury bills and certificates[6]	10,712	11,264	15,872	15,967	16,801	17,584	18,241	18,091	18,670	18,556
38 Other negotiable and readily transferable instruments[7]	17,020	14,506	13,035	11,864	10,814	11,775	11,021	10,359	10,864	11,298
39 Other	85,684	89,145	94,671	99,251	100,448	99,958	94,438	92,713[r]	93,649	94,668
40 Other foreigners	102,744	114,901	121,213	121,761	126,092	128,399	125,965[r]	130,955[r]	125,837	127,560
41 Banks' own liabilities	78,381	86,863	91,826	92,979	96,194	97,359	97,882[r]	100,409[r]	98,129	98,340
42 Demand deposits	10,236	11,160	10,571	10,949	10,787	11,124	12,650[r]	10,947[r]	10,521	10,665
43 Time deposits[2]	45,411	48,532	53,707	56,543	55,085	55,783	56,001[r]	57,472[r]	59,240	60,209
44 Other[3]	22,734	27,171	27,548	25,487	30,322	30,452	29,231	31,990	28,368	27,466
45 Banks' custodial liabilities[5]	24,363	28,038	29,387	28,782	29,898	31,040	28,083	30,546	27,708	29,220
46 U.S. Treasury bills and certificates[6]	10,652	11,822	12,599	13,792	13,241	14,542	12,322	12,531	11,208	11,401
47 Other negotiable and readily transferable instruments[7]	12,765	14,639	15,271	13,351	14,544	14,829	14,237	16,394	15,161	16,152
48 Other	946	1,577	1,517	1,639	2,113	1,669	1,524	1,621	1,339	1,667
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	17,567	17,895	9,103	10,005	8,306	9,284	9,580	7,922[r]	8,276	10,466

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	1993	1994	1995	1996						
				Mar.	Apr.	May	June	July	Aug	Sept.[p]
AREA										
50 **Total, all foreigners**	**926,672**	**1,015,076**	**1,099,790**	**1,101,069**	**1,100,589**	**1,096,031**	**1,097,866[r]**	**1,088,880[r]**	**1,074,518**	**1,090,460**
51 **Foreign countries**	**915,736**	**1,006,470**	**1,088,751**	**1,091,557**	**1,089,278**	**1,084,037**	**1,085,708[r]**	**1,077,138[r]**	**1,061,843**	**1,076,188**
52 Europe	377,911	390,949	362,958	370,662	375,522	367,739	363,744	356,714[r]	356,225	350,790
53 Austria	1,917	3,588	3,537	2,848	3,477	3,624	3,209	3,002	4,683	6,017
54 Belgium and Luxembourg	28,670	21,877	24,842	25,584	27,572	25,955	20,856	22,093	25,155	22,285
55 Denmark	4,517	2,884	2,921	2,876	2,787	2,645	2,796	2,871	2,501	2,652
56 Finland	1,872	1,436	2,831	1,768	2,203	2,188	1,589	1,200	1,113	812
57 France	40,316	44,365	39,218	41,328	41,300	39,636	40,585	36,344	37,364	37,101
58 Germany	26,685	27,109	24,035	25,228	24,854	23,950	25,876	24,375[r]	23,128	23,599
59 Greece	1,519	1,400	2,014	1,965	1,714	1,665	1,690	1,811	1,722	1,852
60 Italy	11,759	10,885	10,868	11,469	10,172	11,039	12,103	12,785[r]	12,552	12,509
61 Netherlands	16,096	16,033	13,745	12,835	12,394	12,575	12,159	11,863	11,460	9,626
62 Norway	2,966	2,338	1,394	1,034	915	828	1,388	1,435	1,556	1,622
63 Portugal	3,366	2,846	2,761	2,843	2,529	1,858	1,401	1,784[r]	1,328	1,473
64 Russia	2,511	2,726	7,948	9,319	8,796	7,259	6,938	6,047	4,988	4,741
65 Spain	20,496	14,675	10,011	18,975	19,547	19,004	20,314	19,366	17,505	20,359
66 Sweden	2,738	3,094	3,246	2,256	3,943	2,410	2,693	2,738	1,592	1,815
67 Switzerland	41,560	40,724	43,625	39,081	36,803	37,097	39,006	39,626	39,073	42,225
68 Turkey	3,227	3,341	4,124	4,103	4,453	4,669	4,926	5,619	7,272	7,992
69 United Kingdom	133,993	163,813	139,272	144,136	146,627	146,335	143,780	138,486[r]	137,086	133,210
70 Yugoslavia[11]	372	245	177	143	145	146	217	208	207	214
71 Other Europe and other former U.S.S.R.[12]	33,331	27,770	26,389	22,871	25,291	24,856	22,218	25,061	25,940	20,686
72 Canada	20,235	24,768	30,468	31,498	31,283	33,176	33,391[r]	28,811[r]	30,722	33,199
73 Latin America and Caribbean	362,238	423,847	440,212	434,144	430,878	433,023	432,709[r]	437,682[r]	422,540	433,307
74 Argentina	14,477	17,203	12,235	11,984	14,116	11,649	13,579	12,501	13,320	11,989
75 Bahamas	73,820	104,014	94,991	88,162	85,749	86,278	85,227	93,324[r]	87,956	86,587
76 Bermuda	8,117	8,424	4,897	5,035	4,262	4,998	4,312	4,205	4,150	4,880
77 Brazil	5,301	9,145	23,797	21,558	20,222	20,105	25,902	23,183	24,518	23,857
78 British West Indies	193,699	229,599	239,083	240,950	239,169	243,260	234,391	233,128[r]	225,195	233,346
79 Chile	3,183	3,127	2,826	2,816	2,883	2,868	2,921[r]	2,833[r]	2,462	3,205
80 Colombia	3,171	4,615	3,659	3,593	3,726	3,393	3,642	3,329	3,263	2,889
81 Cuba	33	13	8	7	13	8	10	10	14	33
82 Ecuador	880	875	1,314	1,273	1,264	1,283	1,301	1,405	1,433	1,449
83 Guatemala	1,207	1,121	1,275	1,060	1,085	1,073	1,073	1,092	1,176	1,181
84 Jamaica	410	529	481	494	516	550	534	562	625	623
85 Mexico	28,019	12,227	24,560	24,575	23,328	23,212	24,775	26,314	24,401	26,811
86 Netherlands Antilles	4,686	5,217	4,672	4,402	5,272	4,722	5,162	5,531	3,614	5,295
87 Panama	3,582	4,551	4,265	4,025	3,887	3,846	3,878	3,852	3,994	3,950
88 Peru	929	900	974	962	1,081	1,064	1,013	1,029	1,077	936
89 Uruguay	1,611	1,597	1,836	1,908	1,748	1,757	1,769	1,836	1,799	1,751
90 Venezuela	12,786	13,986	11,808	13,253	14,242	14,645	14,899	15,261	15,029	15,596
91 Other	6,327	6,704	7,531	8,087	8,315	8,312	8,321[r]	8,287	8,514	8,929
92 Asia	144,527	154,346	240,698	241,922	237,708	235,910	239,289[r]	236,781[r]	238,542	243,670
China										
93 People's Republic of China	4,011	10,066	33,750	24,430	25,861	24,857	25,483	28,587	34,224	32,068
94 Republic of China (Taiwan)	10,627	9,844	11,714	15,513	14,953	14,598	16,621	16,100[r]	14,751	15,698
95 Hong Kong	17,132	17,104	20,303	20,187	18,378	18,606	18,227	17,775[r]	19,456	17,937
96 India	1,114	2,338	3,373	3,990	3,752	3,938	4,012	3,954	4,012	3,793
97 Indonesia	1,986	1,587	2,708	2,169	2,627	2,374	2,316[r]	2,561	2,161	2,204
98 Israel	4,435	5,157	4,041	5,315	5,420	5,090	5,168	4,444	4,364	4,134
99 Japan	61,466	62,981	109,193	117,325	111,635	111,500	113,800	112,783[r]	109,304	112,572
100 Korea (South)	4,913	5,124	5,749	5,875	5,900	5,703	6,674	5,620[r]	5,404	5,906
101 Philippines	2,035	2,714	3,089	2,336	2,467	2,897	2,970	3,041	2,539	3,429
102 Thailand	6,137	6,466	12,279	12,158	12,905	13,387	12,253	11,713	10,691	11,759
103 Middle Eastern oil-exporting countries[13]	15,822	15,494	15,582	13,741	14,895	14,234	13,379	12,947[r]	13,891	14,715
104 Other	14,849	15,471	18,917	18,883	18,915	18,726	18,386[r]	17,256[r]	17,745	19,455
105 Africa	6,633	6,524	7,641	7,109	7,832	7,404	7,509	7,558	7,259	7,439
106 Egypt	2,208	1,879	2,136	2,057	2,002	1,873	1,831	2,114	1,920	1,894
107 Morocco	99	97	104	65	114	113	115	133	121	78
108 South Africa	451	433	739	413	1,001	745	666	648	632	482
109 Zaire	12	9	10	9	8	16	6	13	6	6
110 Oil-exporting countries[14]	1,303	1,343	1,797	1,706	1,904	1,887	2,013	1,928	2,075	2,051
111 Other	2,560	2,763	2,855	2,859	2,803	2,770	2,878	2,722	2,505	2,928
112 Other	4,192	6,036	6,774	6,222	6,055	6,785	9,066	9,592	6,555	7,783
113 Australia	3,308	5,142	5,647	5,238	4,895	5,757	7,981	8,387	5,516	5,522
114 Other	884	894	1,127	984	1,160	1,028	1,085	1,205	1,039	2,261
115 Nonmonetary international and regional organizations	10,936	8,606	11,039	9,512	11,311	11,994	12,158	11,742	12,675	14,272
116 International[15]	6,851	7,537	9,300	7,938	9,967	10,572	10,824	10,303	10,988	12,490
117 Latin American regional[16]	3,218	613	893	794	482	649	527	831	1,024	1,193
118 Other regional[17]	867	456	846	780	862	773	807	608	663	589

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	1993	1994	1995	1996						
				Mar.	Apr.	May	June	July[r]	Aug.	Sept.[p]
1 **Total, all foreigners**	**488,497**	**483,270**	**532,751**	**531,842**	**527,801**	**519,789**	**536,239[r]**	**545,132**	**546,785**	**544,837**
2 **Foreign countries**	**486,092**	**478,679**	**530,820**	**528,028**	**525,085**	**516,295**	**533,210[r]**	**543,018**	**544,753**	**543,131**
3 Europe	123,741	123,408	132,150	138,802	135,493	134,459	146,180[r]	143,640	150,206	155,569
4 Austria	412	692	565	892	1,213	1,212	1,088	1,128	850	988
5 Belgium and Luxembourg	6,532	6,738	7,624	6,003	8,688	8,711	6,921	7,021	7,018	6,836
6 Denmark	382	1,129	403	698	543	482	432	319	230	408
7 Finland	594	512	1,055	1,782	1,305	1,282	1,013	1,629	1,296	1,375
8 France	11,822	12,146	15,033	13,740	11,604	11,954	11,768	10,571	11,568	12,266
9 Germany	7,724	7,608	9,263	9,260	8,647	8,099	11,831	9,497	7,559	8,660
10 Greece	691	604	469	507	622	554	563	527	433	397
11 Italy	8,834	6,043	5,370	5,871	5,702	6,172	5,721	6,023	6,542	5,869
12 Netherlands	3,063	2,959	5,346	5,585	6,346	5,618	6,546	6,360	6,565	6,956
13 Norway	396	504	665	1,016	793	933	1,243	1,397	1,342	1,199
14 Portugal	834	938	888	773	889	813	704	667	548	484
15 Russia	2,310	973	660	868	741	482	440	514	794	1,135
16 Spain	3,717	3,530	2,166	5,420	5,092	3,158	2,519	3,340	3,071	4,133
17 Sweden	4,254	4,098	2,080	2,206	3,534	2,526	2,799	2,802	2,725	2,976
18 Switzerland	6,605	5,746	7,474	4,841	6,370	8,713	12,145	9,520	9,262	10,930
19 Turkey	1,301	878	803	810	973	873	933	912	935	970
20 United Kingdom	62,013	66,874	67,784	73,717	68,999	69,557	75,813[r]	78,098	85,709	86,021
21 Yugoslavia[2]	473	265	147	120	208	204	164	159	87	87
22 Other Europe and other former U.S.S.R.[3]	1,784	1,171	4,355	4,693	3,224	3,116	3,537	3,156	3,672	3,879
23 Canada	18,617	18,490	20,874	18,040	22,061	20,885	22,246	23,985	25,136	25,335
24 Latin America and Caribbean	225,238	223,523	256,992	253,184	246,364	238,235	239,874[r]	253,372	249,523	239,882
25 Argentina	4,474	5,844	6,439	6,215	6,187	6,037	6,448[r]	6,598	7,062	6,881
26 Bahamas	63,353	66,410	58,818	66,156	55,497	56,383	60,608	59,627	62,295	61,824
27 Bermuda	8,901	8,481	5,741	4,829	5,031	2,993	3,620	3,590	3,052	3,640
28 Brazil	11,848	9,583	13,297	13,799	14,164	14,186	15,076[r]	15,197	15,155	15,340
29 British West Indies	99,319	95,741	123,924	113,249	118,609	110,780	102,669	100,886	99,187	101,778
30 Chile	3,643	3,820	5,024	4,540	4,587	4,350	4,388[r]	4,321	4,176	4,384
31 Colombia	3,181	4,004	4,550	4,542	4,512	4,511	4,538[r]	4,512	4,724	4,719
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	681	682	825	968	951	936	962[r]	897	932	965
34 Guatemala	288	366	457	465	473	461	452	463	476	507
35 Jamaica	195	258	323	332	335	345	359	346	335	339
36 Mexico	15,879	17,749	18,028	16,948	17,066	16,877	16,820	16,975	17,545	17,683
37 Netherlands Antilles	2,683	1,396	9,229	10,902	8,728	8,674	12,888	29,224	23,713	11,207
38 Panama	2,894	2,198	3,008	2,597	2,488	2,592	2,567	2,216	2,212	2,143
39 Peru	657	997	1,829	1,914	2,018	2,112	2,395[r]	2,568	2,463	2,540
40 Uruguay	969	503	466	623	578	602	623	589	563	530
41 Venezuela	2,910	1,831	1,661	1,559	1,377	1,279	1,390	1,402	1,728	1,513
42 Other	3,363	3,660	3,373	3,546	3,763	5,117	4,071[r]	3,961	3,905	3,889
43 Asia	111,775	107,079	115,569	111,429	115,037	116,490	118,374[r]	115,425	113,951	114,117
China										
44 People's Republic of China	2,271	836	1,023	2,439	3,405	2,857	2,141	1,344	2,033	1,700
45 Republic of China (Taiwan)	2,625	1,448	1,713	1,729	1,626	1,514	1,490	1,301	1,016	1,686
46 Hong Kong	10,828	9,161	12,915	15,555	15,339	14,745	15,997	13,822	12,468	13,883
47 India	589	994	1,846	1,869	1,787	1,786	1,794	1,785	2,118	1,975
48 Indonesia	1,527	1,470	1,696	1,619	1,539	1,563	1,562	1,744	1,582	1,653
49 Israel	826	688	739	665	642	615	620	658	667	576
50 Japan	60,032	59,151	61,461	52,776	54,627	54,613	54,005	53,454	54,580	52,308
51 Korea (South)	7,539	10,286	14,089	17,362	17,250	18,424	19,261	18,644	17,667	17,514
52 Philippines	1,410	662	1,350	1,202	779	838	1,298	1,274	1,213	1,267
53 Thailand	2,170	2,902	2,612	3,070	2,970	3,015	3,194	2,824	2,867	2,708
54 Middle Eastern oil-exporting countries[4]	15,115	13,748	9,639	7,145	7,252	8,976	8,348	9,480	9,489	10,316
55 Other	6,843	5,733	6,486	5,998	7,821	7,544	8,664[r]	9,095	8,251	8,531
56 Africa	3,861	3,050	2,768	2,908	2,767	2,715	2,741[r]	2,605	2,735	2,759
57 Egypt	196	225	210	247	225	217	198	216	221	241
58 Morocco	481	429	514	585	594	628	639	602	577	565
59 South Africa	633	671	465	567	493	468	515	441	512	572
60 Zaire	4	2	1	1	1	1	1	1	11	1
61 Oil-exporting countries[5]	1,129	856	552	516	501	478	474	470	462	429
62 Other	1,418	867	1,026	992	953	923	914[r]	875	952	951
63 Other	2,860	3,129	2,467	3,665	3,363	3,511	3,795[r]	3,991	3,202	5,469
64 Australia	2,037	2,186	1,622	2,645	2,620	2,333	2,513	3,172	2,592	3,784
65 Other	823	943	845	1,020	743	1,178	1,282[r]	819	610	1,685
66 Nonmonetary international and regional organizations[6]	2,405	4,591	1,931	3,814	2,716	3,494	3,029	2,114	2,032	1,706

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	1993	1994	1995	1996						
				Mar.	Apr.	May	June[r]	July[r]	Aug.	Sept.[p]
1 **Total**	**575,818**	**599,549**	**655,518**	**659,897**	.	.	**661,316**	.	..	.
2 Banks' claims	488,497	483,270	532,751	531,842	527,801	519,789	536,239	545,132	546,785	544,837
3 Foreign public borrowers	29,228	23,416	22,522	27,751	26,254	22,208	22,950	20,238	18,882	22,659
4 Own foreign offices[2]	285,510	283,183	307,509	298,122	299,438	301,887	307,792	298,847	300,149	311,335
5 Unaffiliated foreign banks	100,865	109,228	101,410	103,518	101,183	98,364	105,348	108,753	111,637	109,701
6 Deposits	49,892	59,250	37,658	42,153	37,662	35,588	33,998	36,145	39,338	35,719
7 Other	50,973	49,978	63,752	61,365	63,521	62,776	71,350	72,608	72,299	73,982
8 All other foreigners	72,894	67,443	101,310	102,451	100,926	97,330	100,149	117,294	116,117	101,142
9 Claims of banks' domestic customers[3]	87,321	116,279	122,767	128,055	..	.	125,077	..	..	...
10 Deposits	41,734	64,829	58,519	68,837	..	.	71,441	.	.	...
11 Negotiable and readily transferable instruments[4]	31,186	36,008	44,161	41,401	..	..	37,331	..	...	..
12 Outstanding collections and other claims	14,401	15,442	20,087	17,817	...	.	16,305	...	...	...
MEMO										
13 Customer liability on acceptances	7,920	8,427	8,410	9,031	.	.	9,335	.	..	..
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	29,150	32,796	30,717	32,913	32,384	34,258	31,136	32,270	33,527	32,970

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]	1992	1993	1994	1995		1996	
				Sept.	Dec.	Mar.	June
1 **Total**	**195,119**	**202,566**	**200,070**	**220,439**	**225,141**	**233,558**	**228,494**
By borrower							
2 Maturity of one year or less	163,325	172,662	168,359	182,006	178,785	193,742	185,976
3 Foreign public borrowers	17,813	17,828	15,435	14,192	15,015	19,567	14,847
4 All other foreigners	145,512	154,834	152,924	167,814	163,770	174,175	171,129
5 Maturity of more than one year	31,794	29,904	31,711	38,433	46,356	39,816	42,518
6 Foreign public borrowers	13,266	10,874	7,838	8,220	7,506	8,104	8,130
7 All other foreigners	18,528	19,030	23,873	30,213	38,850	31,712	34,388
By area							
Maturity of one year or less							
8 Europe	53,300	57,413	55,770	54,211	55,622	57,988	57,157
9 Canada	6,091	7,727	6,690	8,048	6,771	5,473	6,810
10 Latin America and Caribbean	50,376	60,490	58,877	71,325	72,396	84,240	78,490
11 Asia	45,709	41,418	39,851	42,767	40,312	40,317	38,282
12 Africa	1,784	1,820	1,376	1,285	1,295	1,326	1,279
13 All other[3]	6,065	3,794	5,795	4,370	2,389	4,398	3,958
Maturity of more than one year							
14 Europe	5,367	5,310	4,203	4,658	4,995	6,833	8,191
15 Canada	3,287	2,581	3,505	3,571	2,731	2,563	3,689
16 Latin America and Caribbean	15,312	14,025	15,717	20,264	27,845	19,525	19,519
17 Asia	5,038	5,606	5,318	7,385	8,052	8,490	9,088
18 Africa	2,380	1,935	1,583	1,406	1,447	1,474	1,435
19 All other[3]	410	447	1,385	1,149	1,286	931	596

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	1992	1993	1994			1995				1996	
			June	Sept.	Dec.	Mar.	June	Sept	Dec.	Mar.	June
1 **Total**	**344.7**	**407.7**	**486.1**	**486.4**	**497.4[r]**	**543.1[r]**	**528.8[r]**	**531.3[r]**	**551.9[r]**	**573.6[r]**	**607.8[r]**
2 G-10 countries and Switzerland	131.3	161.8	173.3	182.6	190.6	211.5	204.4	200.0	206.0	202.6[r]	222.3[r]
3 Belgium and Luxembourg	.0	7.4	8.6	9.6	7.0	10.2	9.4	10.7	13.6	11.0[r]	7.9[r]
4 France	15.3	12.0	18.6	20.7	19.1	19.9	19.9	18.0	19.4	17.9	18.0[r]
5 Germany	9.1	12.6	24.7	24.0	24.7	31.2	30.0	27.5	27.3	31.5	31.4
6 Italy	6.5	7.7	14.0	11.6	11.8	10.6	10.7	12.6	11.5	13.2	14.9
7 Netherlands	.0	4.7	3.4	3.4	3.6	3.5	4.3	4.4	3.7	3.0	4.7
8 Sweden	2.3	2.7	3.0	2.6	2.7	3.1	3.1	2.9	2.7	3.3	2.7
9 Switzerland	4.8	5.9	5.4	5.5	5.1	5.7	6.2	6.6	6.7	5.2	6.3
10 United Kingdom	59.7	84.3	64.9	78.4	85.8	90.1	87.1	80.3	82.4	84.8	101.6[r]
11 Canada	6.3	6.9	9.9	10.2	10.0	10.8	11.3	13.0	10.3	9.7	11.1
12 Japan	18.8	17.6	20.7	16.5	20.7	26.2	22.7	24.0	28.5	22.9	23.8[r]
13 Other industrialized countries	24.0	25.6	42.6	42.6	45.2	44.1	43.3	50.2	50.2	61.3	55.5
14 Austria	1.2	.4	1.0	1.0	1.1	.9	.7	1.2	.9	1.3	1.2
15 Denmark	.9	1.0	1.1	1.0	1.3	1.7	1.1	1.8	2.6	3.4	3.3
16 Finland	.7	.4	.8	.8	.9	1.1	.5	.7	.8	.7	.6
17 Greece	3.0	3.2	4.6	4.3	4.5	4.9	5.0	5.1	5.7	5.6	5.6
18 Norway	1.2	1.7	1.6	1.6	2.0	2.4	1.8	2.3	3.2	2.1	2.3
19 Portugal	.4	.8	1.1	1.0	1.2	1.0	1.2	1.9	1.3	1.6	1.6
20 Spain	8.9	9.9	12.6	14.0	13.6	14.1	13.3	13.3	11.6	17.5	13.6
21 Turkey	1.3	2.1	2.1	1.8	1.6	1.4	1.4	2.0	1.9	2.0	2.2
22 Other Western Europe	1.7	2.6	2.8	1.0	2.7	2.5	2.6	3.0	4.7	3.8	3.4
23 South Africa	1.7	1.1	1.2	1.2	1.0	1.5	1.4	1.3	1.2	1.7	2.0
24 Australia	2.9	2.3	13.7	15.0	15.4	12.6	14.3	17.4	16.4	21.7	19.7
25 OPEC[2]	15.8	17.4	21.6	21.7	23.9	19.5	20.3	22.4	22.1	21.2	20.1
26 Ecuador	.6	.5	.5	.4	.5	.5	.7	.7	.7	.8	.9
27 Venezuela	5.2	5.1	4.4	3.9	3.7	3.5	3.5	3.0	2.7	2.9	2.3
28 Indonesia	2.7	3.3	3.2	3.3	3.8	4.0	4.1	4.4	4.8	4.7	4.9
29 Middle East countries	6.2	7.4	12.4	13.0	15.0	10.7	11.4	13.6	13.3	12.3	11.5
30 African countries	1.1	1.2	1.1	1.1	.9	.7	.6	.6	.6	.6	.5
31 Non-OPEC developing countries	72.6	83.1	94.8	93.2	96.0	98.5	103.6	104.0	112.6	118.1[r]	126.1[r]
Latin America											
32 Argentina	6.6	7.7	9.8	10.5	11.2	11.4	12.3	10.9	12.9	12.7	14.1
33 Brazil	10.8	12.0	12.0	9.3	8.4	9.2	10.0	13.6	13.7	18.3[r]	21.7[r]
34 Chile	4.4	4.7	5.1	5.5	6.1	6.4	7.1	6.4	6.8	6.4	6.7
35 Colombia	1.8	2.1	2.4	2.4	2.6	2.6	2.6	2.9	2.9	2.9	2.8
36 Mexico	16.0	17.8	18.6	19.8	18.4	17.9	17.6	16.3	17.3	16.1	15.4
37 Peru	.5	.4	.6	.6	.5	.6	.8	.7	.8	.9	1.2
38 Other	2.6	3.1	2.7	2.8	2.7	2.4	2.6	2.6	2.8	3.1	3.1
Asia											
China											
39 Mainland	.7	2.0	.8	1.0	1.1	1.1	1.4	1.7	1.8	3.3	2.9
40 Taiwan	5.2	7.3	7.1	6.9	9.2	8.5	9.0	9.0	9.4	9.7	9.8
41 India	3.2	3.2	3.7	3.9	4.2	3.8	4.0	4.4	4.4	4.7	4.2
42 Israel	.4	.5	.4	.4	.4	.6	.7	.5	.5	.5	.6
43 Korea (South)	6.6	6.7	14.3	14.4	16.2	16.9	18.7	18.0	19.1	19.4	21.8
44 Malaysia	3.1	4.4	5.2	3.9	3.1	3.9	4.1	4.3	4.4	4.7	5.0
45 Philippines	3.6	3.1	3.2	2.9	3.3	3.0	3.6	3.3	4.1	3.9	4.7
46 Thailand	2.2	3.1	3.3	3.5	2.1	3.3	3.8	3.9	4.9	5.2	5.4
47 Other Asia	3.1	3.1	3.2	3.4	4.7	4.9	3.5	3.7	4.5	4.3	4.7
Africa											
48 Egypt	.2	.4	.5	.3	.3	.4	.4	.4	.4	.5[r]	.5[r]
49 Morocco	.6	.7	.7	.7	.6	.6	.9	.9	.7	.7	.8
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	0	.0	.0
51 Other Africa[3]	1.0	.8	1.0	.9	.8	.7	.6	.8	.9	.8	.8
52 Eastern Europe	3.1	3.2	3.2	3.0	2.7	2.3	1.8	3.4	4.2	6.2	5.0
53 Russia[4]	1.9	1.6	1.3	1.1	.8	.7	.4	.6	1.0	1.4	1.0
54 Yugoslavia[5]	.6	.6	.5	.5	.5	.4	.3	.4	.3	.3	.3
55 Other	.6	.9	1.4	1.5	1.4	1.2	1.0	2.3	2.8	4.5	3.7
56 Offshore banking centers	58.1	73.0	80.6	77.2	72.2[r]	84.8[r]	82.7[r]	86.9[r]	99.2[r]	101.5[r]	106.0[r]
57 Bahamas	6.9	10.9	13.3	13.8	10.2[r]	12.5	8.4	12.6	11.0	13.9	17.3
58 Bermuda	6.2	8.9	6.5	6.0	8.4	8.7	8.4	6.1	6.3	5.3	4.1
59 Cayman Islands and other British West Indies	21.5	18.0	23.8	21.5	20.8[r]	19.8[r]	24.2[r]	24.3[r]	32.2[r]	28.7[r]	26.0[r]
60 Netherlands Antilles	1.1	2.6	2.5	1.7	1.3	.9	2.4	5.5	9.9	10.7	13.0
61 Panama[6]	1.9	2.4	2.0	1.9	1.3	1.1	1.3	1.3	1.4	1.6	1.7
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	13.9	18.7	21.8	20.3	19.9	22.5	23.1	23.7	25.1	25.7	27.8
64 Singapore	6.5	11.2	10.6	11.8	10.1	19.2	14.8	13.3	13.1	15.4	15.9
65 Other[7]	.0	.1	.0	.0	.1	.0	.0	.1	.1	.1	.1
66 Miscellaneous and unallocated[8]	39.7	43.4	69.7	65.8	66.7	82.2	72.3	64.0	57.3	62.2[r]	72.3[r]

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

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

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

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

	Type of liability, and area or country	1992	1993	1994	1995				1996	
					Mar.	June	Sept.	Dec.	Mar.	June^p
1	**Total**	**45,511**	**50,597**	**54,309**	**50,187**	**49,973**	**47,673**	**46,448**	**49,907**	**48,971**
2	Payable in dollars	37,456	38,728	38,298	35,903	34,281	33,908	33,903	36,273	35,366
3	Payable in foreign currencies	8,055	11,869	16,011	14,284	15,692	13,765	12,545	13,634	13,605
	By type									
4	Financial liabilities	23,841	29,226	32,954	29,775	29,282	26,237	24,241	26,570	24,817
5	Payable in dollars	16,960	18,545	18,818	16,704	15,028	13,872	12,903	13,831	12,185
6	Payable in foreign currencies	6,881	10,681	14,136	13,071	14,254	12,365	11,338	12,739	12,632
7	Commercial liabilities	21,670	21,371	21,355	20,412	20,691	21,436	22,207	23,337	24,154
8	Trade payables	9,566	8,802	10,005	9,844	10,527	10,061	11,013	10,815	11,089
9	Advance receipts and other liabilities	12,104	12,569	11,350	10,568	10,164	11,375	11,194	12,522	13,065
10	Payable in dollars	20,496	20,183	19,480	19,199	19,253	20,036	21,000	22,442	23,181
11	Payable in foreign currencies	1,174	1,188	1,875	1,213	1,438	1,400	1,207	895	973
	By area or country									
	Financial liabilities									
12	Europe	13,387	18,810	21,703	17,541	18,223	16,401	15,622	16,950	16,434
13	Belgium and Luxembourg	414	175	495	612	778	347	369	483	498
14	France	1,623	2,539	1,727	2,046	1,101	1,365	999	1,679	861
15	Germany	889	975	1,961	1,755	1,589	1,670	1,974	2,161	1,850
16	Netherlands	606	534	552	633	530	474	466	479	444
17	Switzerland	569	634	688	883	1,056	948	895	1,260	1,156
18	United Kingdom	8,610	13,332	15,543	10,764	12,138	10,518	10,138	10,246	10,790
19	Canada	544	859	629	1,817	893	797	632	1,166	951
20	Latin America and Caribbean	4,053	3,359	2,034	2,065	1,950	1,904	1,783	1,876	969
21	Bahamas	379	1,148	101	135	81	79	59	78	31
22	Bermuda	114	0	80	149	138	144	147	126	28
23	Brazil	19	18	207	58	58	111	57	57	8
24	British West Indies	2,850	1,533	998	1,068	1,030	930	866	946	826
25	Mexico	12	17	0	10	3	3	12	16	11
26	Venezuela	6	5	5	5	4	3	2	2	1
27	Asia	5,818	5,956	8,403	8,156	8,023	6,947	5,988	6,390	6,351
28	Japan	4,750	4,887	7,314	7,182	7,141	6,308	5,436	5,980	6,051
29	Middle Eastern oil-exporting countries[1]	19	23	35	27	25	25	27	26	26
30	Africa	6	133	135	156	151	149	150	131	72
31	Oil-exporting countries[2]	0	123	123	122	122	122	122	122	61
32	All other[3]	33	109	50	40	42	39	66	57	40
	Commercial liabilities									
33	Europe	7,398	6,827	6,773	6,642	6,776	7,263	7,700	8,425	7,924
34	Belgium and Luxembourg	298	239	241	271	311	349	331	370	326
35	France	700	655	728	642	504	528	481	648	678
36	Germany	729	684	604	482	556	660	767	867	839
37	Netherlands	535	688	722	536	448	566	500	659	617
38	Switzerland	350	375	327	327	432	255	413	428	516
39	United Kingdom	2,505	2,039	2,444	2,848	2,902	3,351	3,568	3,525	3,266
40	Canada	1,002	879	1,037	1,235	1,146	1,219	1,040	959	998
41	Latin America and Caribbean	1,533	1,658	1,857	1,368	1,836	1,607	1,740	2,110	2,301
42	Bahamas	3	21	19	8	3	1	1	28	35
43	Bermuda	307	350	345	260	397	219	205	570	509
44	Brazil	209	214	161	96	107	143	98	128	119
45	British West Indies	33	27	23	29	12	5	56	10	10
46	Mexico	457	481	574	356	420	357	416	468	475
47	Venezuela	142	123	276	273	204	175	221	243	283
48	Asia	10,594	10,980	10,741	10,151	9,978	10,275	10,421	10,474	11,389
49	Japan	3,612	4,314	4,555	4,110	3,531	3,475	3,315	3,725	3,943
50	Middle Eastern oil-exporting countries[1]	1,889	1,534	1,576	1,787	1,790	1,647	1,912	1,747	1,784
51	Africa	568	453	428	463	481	589	619	708	924
52	Oil-exporting countries[2]	309	167	256	248	252	241	254	254	435
53	Other[3]	575	574	519	553	474	483	687	661	618

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	1992	1993	1994	1995				1996	
					Mar.	June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**45,073**	**49,159**	**57,888**	**52,218**	**58,051**	**53,424**	**52,509**	**55,394**	**58,829**
2	Payable in dollars	42,281	45,161	53,805	48,425	54,138	49,696	48,711	50,995	53,984
3	Payable in foreign currencies	2,792	3,998	4,083	3,793	3,913	3,728	3,798	4,399	4,845
	By type									
4	Financial claims	26,509	27,771	33,897	29,606	34,574	29,891	27,398	30,760	33,978
5	Deposits	17,695	15,717	18,507	17,115	22,046	17,974	15,133	17,595	18,364
6	Payable in dollars	16,872	15,182	18,026	16,458	21,351	17,393	14,654	17,044	17,926
7	Payable in foreign currencies	823	535	481	657	695	581	479	551	438
8	Other financial claims	8,814	12,054	15,390	12,491	12,528	11,917	12,265	13,165	15,614
9	Payable in dollars	7,890	10,862	14,306	11,275	11,370	10,689	10,976	11,278	13,217
10	Payable in foreign currencies	924	1,192	1,084	1,216	1,158	1,228	1,289	1,887	2,397
11	Commercial claims	18,564	21,388	23,991	22,612	23,477	23,533	25,111	24,634	24,851
12	Trade receivables	16,007	18,425	21,158	20,415	21,326	21,409	22,998	22,123	22,276
13	Advance payments and other claims	2,557	2,963	2,833	2,197	2,151	2,124	2,113	2,511	2,575
14	Payable in dollars	17,519	19,117	21,473	20,692	21,417	21,614	23,081	22,673	22,841
15	Payable in foreign currencies	1,045	2,271	2,518	1,920	2,060	1,919	2,030	1,961	2,010
	By area or country									
	Financial claims									
16	Europe	9,331	7,299	7,936	7,630	7,927	7,840	7,609	8,929	9,241
17	Belgium and Luxembourg	8	134	86	146	155	160	193	159	151
18	France	764	826	800	808	730	753	803	1,015	679
19	Germany	326	526	540	527	356	301	436	320	296
20	Netherlands	515	502	429	606	601	522	517	486	488
21	Switzerland	490	530	523	490	514	530	498	470	461
22	United Kingdom	6,252	3,585	4,649	4,040	4,790	4,924	4,303	5,568	6,169
23	Canada	1,833	2,032	3,581	3,848	3,705	3,526	2,851	5,269	4,773
24	Latin America and Caribbean	13,893	16,224	19,536	16,109	21,159	15,345	14,500	13,815	17,628
25	Bahamas	778	1,336	2,424	940	2,355	1,552	1,965	1,538	2,168
26	Bermuda	40	125	27	37	85	35	81	77	84
27	Brazil	686	654	520	528	502	851	830	1,019	1,242
28	British West Indies	11,747	12,699	15,228	13,531	17,013	11,816	10,393	10,088	13,008
29	Mexico	445	872	723	583	635	487	554	461	392
30	Venezuela	29	161	35	27	27	50	32	40	23
31	Asia	864	1,657	1,871	1,504	1,235	2,160	1,579	1,890	1,571
32	Japan	668	892	953	621	471	1,404	871	1,171	852
33	Middle Eastern oil-exporting countries[1]	3	3	141	4	3	4	3	13	9
34	Africa	83	99	373	141	138	188	276	277	197
35	Oil-exporting countries[2]	9	1	0	9	9	6	5	5	5
36	All other[3]	505	460	600	374	410	832	583	580	568
	Commercial claims									
37	Europe	8,451	9,105	9,540	8,947	9,200	8,862	9,824	9,776	9,812
38	Belgium and Luxembourg	189	184	213	199	218	224	231	247	239
39	France	1,537	1,947	1,881	1,790	1,669	1,706	1,830	1,803	1,658
40	Germany	933	1,018	1,027	977	1,023	997	1,070	1,410	1,335
41	Netherlands	552	423	311	324	341	338	452	442	481
42	Switzerland	362	432	557	556	612	438	520	579	602
43	United Kingdom	2,094	2,377	2,556	2,388	2,469	2,479	2,656	2,607	2,651
44	Canada	1,286	1,781	1,988	2,010	2,003	1,971	1,951	2,045	2,074
45	Latin America and Caribbean	3,043	3,274	4,117	4,140	4,370	4,359	4,364	4,151	4,340
46	Bahamas	28	11	9	17	21	26	30	30	28
47	Bermuda	255	182	234	208	210	245	272	273	264
48	Brazil	357	460	612	695	777	745	898	809	837
49	British West Indies	40	71	83	55	83	66	79	106	103
50	Mexico	924	990	1,243	1,106	1,109	1,026	993	870	1,021
51	Venezuela	345	293	348	295	319	325	285	308	313
52	Asia	4,866	6,014	6,982	6,200	6,516	6,826	7,312	7,100	6,883
53	Japan	1,903	2,275	2,655	1,911	2,011	1,998	1,870	2,010	1,877
54	Middle Eastern oil-exporting countries[1]	693	704	708	689	707	775	974	1,024	879
55	Africa	554	493	454	468	478	544	654	667	688
56	Oil-exporting countries[2]	78	72	67	71	60	74	87	107	83
57	Other[3]	364	721	910	847	910	971	1,006	895	1,054

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	1994	1995	1996 Jan. – Sept.	1996 Mar.	Apr.	May	June	July	Aug.	Sept.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	350,593	462,950	443,311	55,281	53,047	57,552	43,374	49,488	46,136	42,599
2 Foreign sales	348,716	451,710	433,447	54,450	48,774	56,068	42,361	52,142	44,071	42,550
3 Net purchases, or sales (−)	**1,877**	**11,240**	**9,864**	**831**	**4,273**	**1,484**	**1,013**	**−2,654**	**2,065**	**49**
4 Foreign countries	**1,867**	**11,445**	**9,900**	**877**	**4,129**	**1,479**	**1,013**	**−2,653**	**2,051**	**75**
5 Europe	6,714	4,912	6,058	1,377	1,429	−446	−308	−386	3,310	200
6 France	−201	−1,099	−823	661	−336	−306	−339	−188	−209[r]	−109
7 Germany	2,110	−1,837	1,011	86	174	−30	218	363	83	−85
8 Netherlands	2,251	3,507	1,518	208	237	−66	129	124	219	−13
9 Switzerland	−30	−2,283	2,350	566	618	−140	78	615	538	−123
10 United Kingdom	840	8,066	1,065	−241	345	229	−416	−1,490	2,551	475
11 Canada	−1,160	−1,517	784	−90	52	−394	81	31	−250	191
12 Latin America and Caribbean	−2,111	5,814	4,258	−318	808	1,298	42	−1,077	1,046	252
13 Middle East[1]	−1,142	−337	−1,553	−33	−6	−261	−114	−15	−179	−153
14 Other Asia	−1,234	2,503	360	−291	1,852	1,380	1,359	−1,347	−1,642	−575
15 Japan	1,162	−2,725	237	−749	1,446	73	802	−611	−791	104
16 Africa	29	2	−73	−44	31	6	−4	33	−33	−6
17 Other countries	771	68	66	276	−37	−104	−43	108	−201	166
18 Nonmonetary international and regional organizations	**10**	**−205**	**−36**	**−46**	**144**	**5**	**0**	**−1**	**14**	**−26**
BONDS[2]										
19 Foreign purchases	289,586	293,533	289,853	39,984	24,130	34,789	35,008	27,727[r]	32,084	36,744
20 Foreign sales	229,665	206,951	197,883	25,151	18,705	24,094	25,688	17,458[r]	20,870	24,583
21 Net purchases, or sales (−)	**59,921**	**86,582**	**91,970**	**14,833**	**5,425**	**10,695**	**9,320**	**10,269[r]**	**11,214**	**12,161**
22 Foreign countries	**59,036**	**87,036**	**91,774**	**14,745**	**5,394**	**10,690**	**9,305**	**10,152[r]**	**11,235**	**12,163**
23 Europe	37,065	70,318	56,227	6,521	3,922	7,114	4,876	6,267[r]	5,966	6,962
24 France	242	1,143	4,115	670	785	113	326	334	169	565
25 Germany	657	5,938	5,134	467	721	891	1	255	585	381
26 Netherlands	3,322	1,463	1,666	−66	−52	371	53	442	146	244
27 Switzerland	1,055	494	965	−38	−144	178	233	258	105	403
28 United Kingdom	31,642	57,591	38,610	4,724	2,239	4,217	3,706	4,566[r]	4,148	4,876
29 Canada	2,958	2,569	3,223	149	359	952	314	514	474	122
30 Latin America and Caribbean	5,442	6,141	14,806	7,200	60	1,166	770	1,811	1,272	1,144
31 Middle East[1]	771	1,869	501	13	122	205	218	205	201	65
32 Other Asia	12,153	5,659	16,950	864	1,094	1,279	3,140	1,186	3,243	3,681
33 Japan	5,486	2,250	9,017	278	135	537	1,912	905	2,583	1,963
34 Africa	−7	234	344	37	49	107	50	31	17	109
35 Other countries	654	246	277	−39	−212	−133	−63	138	62	80
36 Nonmonetary international and regional organizations	**885**	**−454**	**196**	**88**	**31**	**5**	**15**	**117**	**−21**	**−2**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−48,071	−50,291	−46,397	−10,345	−6,706	−3,167	−7,527	−3,639	−1,142[r]	−1,733
38 Foreign purchases	386,106	345,540	327,921	36,115	37,764	43,515	36,728	37,643	34,016[r]	31,195
39 Foreign sales	434,177	395,831	374,318	46,460	44,470	46,682	44,255	41,282	35,158[r]	32,928
40 Bonds, net purchases, or sales (−)	−9,224	−48,545	−27,635	−6,038	−153	−527	−1,887	−3,396	−5,215	−4,431
41 Foreign purchases	848,368	889,471	798,031	93,345	81,256	82,453	82,907	80,703	84,448	113,080
42 Foreign sales	857,592	938,016	825,666	99,383	81,409	82,980	84,794	84,099	89,663	117,511
43 Net purchases, or sales (−), of stocks and bonds	**−57,295**	**−98,836**	**−74,032**	**−16,383**	**−6,859**	**−3,694**	**−9,414**	**−7,035**	**−6,357[r]**	**−6,164**
44 Foreign countries	**−57,815**	**−98,031**	**−73,692**	**−16,387**	**−6,802**	**−3,585**	**−9,361**	**−7,098**	**−6,215[r]**	**−6,212**
45 Europe	−3,516	−48,125	−36,000	−4,508	−1,949	1,271	−8,356	−4,460	−5,298[r]	−6,080
46 Canada	−7,475	−7,952	−2,773	−1,865	614	−231	−472	829	856	222
47 Latin America and Caribbean	−18,334	−7,634	−10,748	−2,582	−1,190	−2,044	975	−2,181	−1,415	−1,277
48 Asia	−24,275	−34,056	−21,972	−5,756	−4,094	−2,260	−1,401	−1,174	−1,016[r]	971
49 Japan	−17,427	−25,072	−8,170	3,224	−950	−921	−1,229	231	486	2,456
50 Africa	−467	−327	−982	−436	−14	−32	−116	−53	−25	−49
51 Other countries	−3,748	63	−1,217	−1,240	−169	−289	9	−59	683	1
52 Nonmonetary international and regional organizations	**520**	**−805**	**−340**	**4**	**−57**	**−109**	**−53**	**63**	**−142**	**48**

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	1994	1995	1996 Jan.–Sept.	1996 Mar.	Apr.	May	June	July	Aug.	Sept.
1 **Total estimated**	**78,801**	**134,074**	**148,263**	**7,025**	**15,751**	**13,896**	**8,648**	**47,825**	**11,868**	**13,781**
2 Foreign countries	78,637	133,552	150,593	6,414	17,126	13,658	9,459	48,261	11,832	13,938
3 Europe	38,542	50,000	78,366	4,083	8,712	7,290	5,734	18,137	6,751	11,906
4 Belgium and Luxembourg	1,098	591	1,100	81	399	−153	221	−39	73	489
5 Germany	5,709	6,136	10,311	958	1,833	1,674	1,196	1,233	467	−264
6 Netherlands	1,254	1,891	−1,690	−1,597	−2,137	−757	1,067	694	−237	116
7 Sweden	794	358	2,200	372	286	342	−29	322	−282	431
8 Switzerland	481	−472	1,650	65	1,329	555	−842	395	−730	718
9 United Kingdom	23,365	34,778	44,299	2,270	6,070	2,987	5,190	10,911	7,271	6,779
10 Other Europe and former U.S.S.R.	5,841	6,718	20,496	1,934	932	2,642	−1,069	4,621	189	3,637
11 Canada	3,491	252	5,260	35	1,766	−669	−139	1,714	−1,140	−37
12 Latin America and Caribbean	−10,383	48,609	−4,073	−4,985	1,993	−1,167	1,524	23,991	−491	−19,359
13 Venezuela	−319	−2	−184	−44	4	−39	13	16	146	−45
14 Other Latin America and Caribbean	−20,493	25,152	4,093	−2,696	3,865	−2,195	−4,434	986	3,088	−1,547
15 Netherlands Antilles	10,429	23,459	−7,982	−2,245	−1,876	1,067	5,945	22,989	−3,725	−17,767
16 Asia	47,317	32,319	69,408	6,941	4,478	8,216	2,919	4,183	6,359	20,776
17 Japan	29,793	16,863	26,040	2,443	2,382	4,565	879	2,225	2,920	4,938
18 Africa	240	1,464	1,112	311	250	−48	22	−31	163	30
19 Other	−570	908	520	29	−73	36	−601	267	190	622
20 Nonmonetary international and regional organizations	164	522	−2,330	611	−1,375	238	−811	−436	36	−157
21 International	526	92	−1,355	647	−414	−9	−747	−395	−287	−52
22 Latin American regional	−154	261	−1,025	12	−1,008	9	7	−3	347	−90
MEMO										
23 Foreign countries	78,637	133,552	150,593	6,414	17,126	13,658	9,459	48,261	11,832	13,938
24 Official institutions	41,822	39,632	64,535	4,748	8,253	6,482	−6,648	9,629	3,587	17,188
25 Other foreign	36,815	93,920	86,058	1,666	8,873	7,176	16,107	38,632	8,245	−3,250
Oil-exporting countries										
26 Middle East[2]	−38	3,075	9,492	1,127	863	2,172	793	−219	323	4,969
27 Africa[3]	0	2	1	0	0	1	−1	0	−1	1

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 Nov. 30, 1996: Percent	Month effective	Country	Rate on Nov. 30, 1996: Percent	Month effective
Austria	2.5	Apr. 1996	Germany	2.5	Apr. 1996
Belgium	2.5	Apr. 1995	Italy	7.5	Oct. 1996
Canada	3.25	Nov. 1996	Japan	.5	Sept. 1995
Denmark	3.25	Apr. 1996	Netherlands	2.5	Apr. 1996
France[2]	3.2	Oct. 1996	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	1993	1994	1995[r]	1996 May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars	3.18	4.63	5.93[r]	5.36	5.46	5.49	5.41	5.49	5.41	5.38
2 United Kingdom	5.88	5.45	6.63	6.03	5.80	5.69	5.72	5.75	5.93	6.27
3 Canada	5.14	5.57	7.14[r]	4.82	4.87	4.76	4.30	4.10	3.54	3.05
4 Germany	7.17	5.25	4.43[r]	3.19	3.29	3.29	3.20	3.02	3.04	3.09
5 Switzerland	4.79	4.03	2.94	1.99	2.53	2.52	2.21	1.82	1.56	1.80
6 Netherlands	6.73	5.09	4.30[r]	2.61	2.81	2.99	2.90	2.70	2.82	2.92
7 France	8.30	5.72	6.43[r]	3.78	3.85	3.73	3.84	3.63	3.39	3.35
8 Italy	10.09	8.45	10.43[r]	8.88	8.73	8.72	8.77	8.42	7.99	7.40
9 Belgium	8.10	5.65	4.73	3.19	3.23	3.29	3.21	3.04	3.02	3.03
10 Japan	2.96	2.24	1.20	.62	.57	.67	.62	.53	52	.51

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	1993	1994	1995	1996 June	1996 July	1996 Aug.	1996 Sept.	1996 Oct.	1996 Nov.
1 Australia/dollar[2]	67.993	73.161	74.073	79.122	78.974	78.305	79.279	79.179	79.684
2 Austria/schilling	11.639	11.409	10.076	10.755	10.576	10.435	10.610	10.748	10.640
3 Belgium/franc	34.581	33.426	29.472	31.433	30.947	30.553	31.056	31.471	31.172
4 Canada/dollar	1.2902	1.3664	1.3725	1.3658	1.3697	1.3722	1.3694	1.3508	1.3381
5 China, P.R./yuan	5.7795	8.6404	8.3700	8.3424	8.3409	8.3379	8.3341	8.3299	8.3294
6 Denmark/krone	6.4863	6.3561	5.5999	5.8941	5.8014	5.7327	5.8057	5.8576	5.8053
7 Finland/markka	5.7251	5.2340	4.3763	4.6710	4.5812	4.4793	4.5421	4.5694	4.5512
8 France/franc	5.6669	5.5459	4.9864	5.1787	5.0881	5.0636	5.1307	5.1652	5.1156
9 Germany/deutsche mark	1.6545	1.6216	1.4321	1.5282	1.5025	1.4826	1.5080	1.5277	1.5118
10 Greece/drachma	229.64	242.50	231.68	241.75	237.65	237.00	239.67	239.76	238.38
11 Hong Kong/dollar	7.7357	7.7290	7.7357	7.7404	7.7379	7.7345	7.7328	7.7322	7.7323
12 India/rupee	31.291	31.394	32.418	35.100	35.667	35.800	35.870	35.804	35.892
13 Ireland/pound[2]	146.47	149.69	160.35	158.31	160.31	161.08	160.96	160.83	166.45
14 Italy/lira	1,573.41	1,611.49	1,629.45	1,542.30	1,526.82	1,516.62	1,520.48	1,523.82	1,513.66
15 Japan/yen	111.08	102.18	93.96	108.96	109.19	107.87	109.93	112.41	112.30
16 Malaysia/ringgit	2.5738	2.6237	2.5073	2.4967	2.4915	2.4933	2.5009	2.5074	2.5234
17 Netherlands/guilder	1.8585	1.8190	1.6044	1.7120	1.6862	1.6633	1.6905	1.7141	1.6958
18 New Zealand/dollar[2]	54.127	59.358	65.625	67.650	69.001	68.860	69.640	70.071[r]	70.975
19 Norway/krone	7.1009	7.0553	6.3355	6.5376	6.4465	6.4153	6.4613	6.4810	6.3554
20 Portugal/escudo	161.08	165.93	149.88	157.40	154.56	152.27	153.99	154.28	152.83
21 Singapore/dollar	1.6158	1.5275	1.4171	1.4090	1.4160	1.4124	1.4086	1.4124	1.4025
22 South Africa/rand	3.2729	3.5526	3.6284	4.3519	4.3963	4.5289	4.5489	4.5799	4.6577
23 South Korea/won	805.75	806.93	772.69	798.45	813.03	817.52	822.40	828.24	830.56
24 Spain/peseta	127.48	133.88	124.64	128.87	126.96	125.72	127.11	128.60	127.28
25 Sri Lanka/rupee	48.211	49.170	51.047	55.529	55.293	55.603	56.050	57.016	56.987
26 Sweden/krona	7.7956	7.7161	7.1406	6.6807	6.6394	6.6211	6.6427	6.6006	6.6269
27 Switzerland/franc	1.4781	1.3667	1.1812	1.2579	1.2320	1.2029	1.2343	1.2586	1.2752
28 Taiwan/dollar	26.416	26.465	26.495	27.674	27.573	27.496	27.500	27.532	27.522
29 Thailand/baht	25.333	25.161	24.921	25.354	25.355	25.289	25.407	25.474	25.459
30 United Kingdom/pound[2]	150.16	153.19	157.85	154.16	155.30	154.99	155.93	158.63	166.23
MEMO									
31 United States/dollar[3]	93.18	91.32	84.25	88.16	87.25	86.54	87.46	87.99	86.98

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*

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

A. Pro forma balance sheet

Millions of dollars

Item	Sept. 30, 1996		Sept. 30, 1995	
Short-term assets (Note 1)				
Imputed reserve requirement on clearing balances	590.0		440.2	
Investment in marketable securities	5,310.0		3,961.8	
Receivables	63.1		59.4	
Materials and supplies	11.4		9.2	
Prepaid expenses	29.1		35.4	
Items in process of collection	1,207.9		1,914.2	
Total short-term assets		7,211.6		6,420.2
Long-term assets (Note 2)				
Premises	386.0		355.7	
Furniture and equipment	149.9		165.1	
Leases and leasehold improvements	22.1		22.4	
Prepaid pension costs	276.0		233.2	
Total long-term assets		834.0		776.4
Total assets		**8,045.6**		**7,196.6**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	6,212.3		4,430.3	
Deferred-availability items	895.6		1,885.9	
Short-term debt	103.7		104.0	
Total short-term liabilities		7,211.6		6,420.2
Long-term liabilities				
Obligations under capital leases	2.3		3.8	
Long-term debt	184.4		162.0	
Postretirement/postemployment benefits obligation	187.7		173.4	
Total long-term liabilities		374.4		339.2
Total liabilities		**7,586.0**		**6,759.4**
Equity		459.6		437.2
Total liabilities and equity (Note 3)		**8,045.6**		**7,196.6**

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(1) SHORT-TERM ASSETS

The imputed reserve requirement on clearing balances held at Reserve Banks by depository institutions reflects a treatment comparable to that of compensating balances held at correspondent banks by respondent institutions. The reserve requirement imposed on respondent balances must be held as vault cash or as nonearning balances maintained at a Reserve Bank; thus, a portion of priced services clearing balances held with the Federal Reserve is shown as required reserves on the asset side of the balance sheet. The remainder of clearing balances is assumed to be invested in three-month Treasury bills, shown as investment in marketable securities.

Receivables are (1) amounts due the Reserve Banks for priced services and (2) the share of suspense-account and difference-account balances related to priced services.

Materials and supplies are the inventory value of short-term assets.

Prepaid expenses include salary advances and travel advances for priced-service personnel.

Items in process of collection is gross Federal Reserve cash items in process of collection (CIPC) stated on a basis comparable to that of a commercial bank. It reflects adjustments for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; adjustments for items associated with non-priced items, such as those collected for government agencies; and adjustments for items associated with providing fixed availability or credit before items are received and processed. Among the costs to be recovered under the Monetary Control Act is the cost of float, or net CIPC during the period (the difference between gross CIPC and deferred-availability items which is the portion of gross CIPC that involves a financing cost), valued at the federal funds rate.

(2) LONG-TERM ASSETS

Consists of long-term assets used solely in priced services, the priced-services portion of long-term assets shared with nonpriced services, and an estimate of the assets of the Board of Governors used in the development of priced services. Effective Jan. 1, 1987, the Reserve Banks implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions* (SFAS 87). Accordingly, the Federal Reserve Banks recognized credits to expenses of \$9.6 million in the third quarter of 1996, \$12.0 million in the second quarter of 1996, \$12.2 million in the first quarter of 1996, \$9.3 million in the third quarter of 1995, \$8.7 million in the second quarter of 1995, and \$7.2 million in the first quarter of 1995, and corresponding increases in this asset account.

(3) LIABILITIES AND EQUITY

Under the matched-book capital structure for assets that are not "self-financing," short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the fifty largest bank holding companies, which are used in the model for the private-sector adjustment factor (PSAF). The PSAF consists of the taxes that would have been paid and the return on capital that would have been provided had priced services been furnished by a private-sector firm. Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

B. Pro forma income statement

Millions of dollars

Item	Quarter ending Sept. 30, 1996		Quarter ending Sept. 30, 1995	
Revenue from services provided to depository institutions (Note 4)		196.8		182.4
Operating expenses (Note 5)		167.5		160.1
Income from operations		29.4		22.3
Imputed costs (Note 6)				
Interest on float	2.7		3.2	
Interest on debt	4.3		4.1	
Sales taxes	3.1		2.4	
FDIC insurance	0.0	10.1	.4	10.0
Income from operations after imputed costs		19.4		12.3
Other income and expenses (Note 7)				
Investment income on clearing balances	82.2		64.4	
Earnings credits	72.9	9.2	58.5	5.8
Income before income taxes		28.6		18.1
Imputed income taxes (Note 8)		8.5		5.6
Income before cumulative effect of a change in accounting principle		20.0		12.5
Cumulative effect on previous years from retroactive application of accrual method of accounting for postemployment benefits (net of $6.5 million tax) (Note 9)		...		...
Net income		**20.0**		**12.5**
MEMO				
Targeted return on equity (Note 10)		10.1		7.8
	Nine months ending Sept. 30, 1996		Nine months ending Sept. 30, 1995	
Revenue from services provided to depository institutions (Note 4)		586.9		547.5
Operating expenses (Note 5)		490.7		490.8
Income from operations		96.1		56.7
Imputed costs (Note 6)				
Interest on float	14.5		12.0	
Interest on debt	13.0		12.2	
Sales taxes	8.5		7.5	
FDIC insurance	0.0	35.9	5.8	37.4
Income from operations after imputed costs		60.2		19.2
Other income and expenses (Note 7)				
Investment income on clearing balances	229.4		189.8	
Earnings credits	206.9	22.4	168.7	21.1
Income before income taxes		82.6		40.4
Imputed income taxes (Note 8)		24.7		12.5
Income before cumulative effect of a change in accounting principle		57.9		27.9
Cumulative effect on previous years from retroactive application of accrual method of accounting for postemployment benefits (net of $6.5 million tax) (Note 9)		...		−14.6
Net income		**57.9**		**13.3**
MEMO				
Targeted return on equity (Note 10)		31.1		25.5

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(4) REVENUE

Revenue represents charges to depository institutions for priced services and is realized from each institution through one of two methods: direct charges to an institution's account or charges against its accumulated earnings credits.

(5) OPERATING EXPENSES

Operating expenses consist of the direct, indirect, and other general administrative expenses of the Reserve Banks for priced services plus the expenses for staff members of the Board of Governors working directly on the development of priced services. The expenses for Board staff members were $.7 million per quarter in the first three quarters of 1996 and 1995. The credit to expenses under SFAS 87 (see note 2) is reflected in operating expenses.

(6) IMPUTED COSTS

Imputed costs consist of interest on float, interest on debt, sales taxes, and the FDIC assessment. Interest on float is derived from the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include costs for checks, book-entry securities, noncash collection, ACH, and funds transfers.

Interest is imputed on the debt assumed necessary to finance priced-service assets. The sales taxes and FDIC assessment that the Federal Reserve would have paid had it been a private-sector firm are among the components of the PSAF (see note 3).

The following list shows the daily average recovery of float by the Reserve Banks for the third quarter of 1996 and 1995 in millions of dollars:

	1996	1995
Total float	476.2	391.2
Unrecovered float	1.0	4.6
Float subject to recovery	475.2	386.6
Sources of float recovery		
Income on clearing balances	47.5	38.5
As-of adjustments	277.1	174.1
Direct charges	69.8	66.2
Per-item fees	(80.7)	107.8

Unrecovered float includes float generated by services to government agencies and by other central bank services. Float recovered through income on clearing balances is the result of the increase in investable clearing balances; the increase is produced by a deduction for float for cash items in process of collection, which reduces imputed reserve requirements. The income on clearing balances reduces the float to be recovered through other means. As-of adjustments and direct charges are mid-week closing float and interterritory check float, which may be recovered from depositing institutions through adjustments to the institution's reserve or clearing balance or by valuing the float at the federal funds rate and billing the institution directly. Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the second quarters of 1996 and 1995.

(7) OTHER INCOME AND EXPENSES

Consists of investment income on clearing balances and the cost of earnings credits. Investment income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits granted to depository institutions on their clearing balances are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

(8) INCOME TAXES

Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see note 3).

(9) POSTEMPLOYMENT BENEFITS

Effective Jan 1, 1995, the Reserve Banks implemented SFAS 112, *Employers' Accounting for Postemployment Benefits.* Accordingly in the first quarter of 1995 the Reserve Banks recognized a one-time cumulative charge of $21.1 million to reflect the retroactive application of this change in accounting principle.

(10) RETURN ON EQUITY

Represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, as derived from the PSAF model (see note 3). This amount is adjusted to reflect the recovery of automation consolidation costs of $.9 million for the third quarter of 1996, $1.6 million for the second quarter of 1996, $1.2 million for the first quarter of 1996, $(.06) million for the third quarter of 1995, $1.7 million for the second quarter of 1995, and $.3 million for the first quarter of 1995. The Reserve Banks plan to recover these amounts, along with a finance charge, by the end of the year 2001.

Index to Statistical Tables

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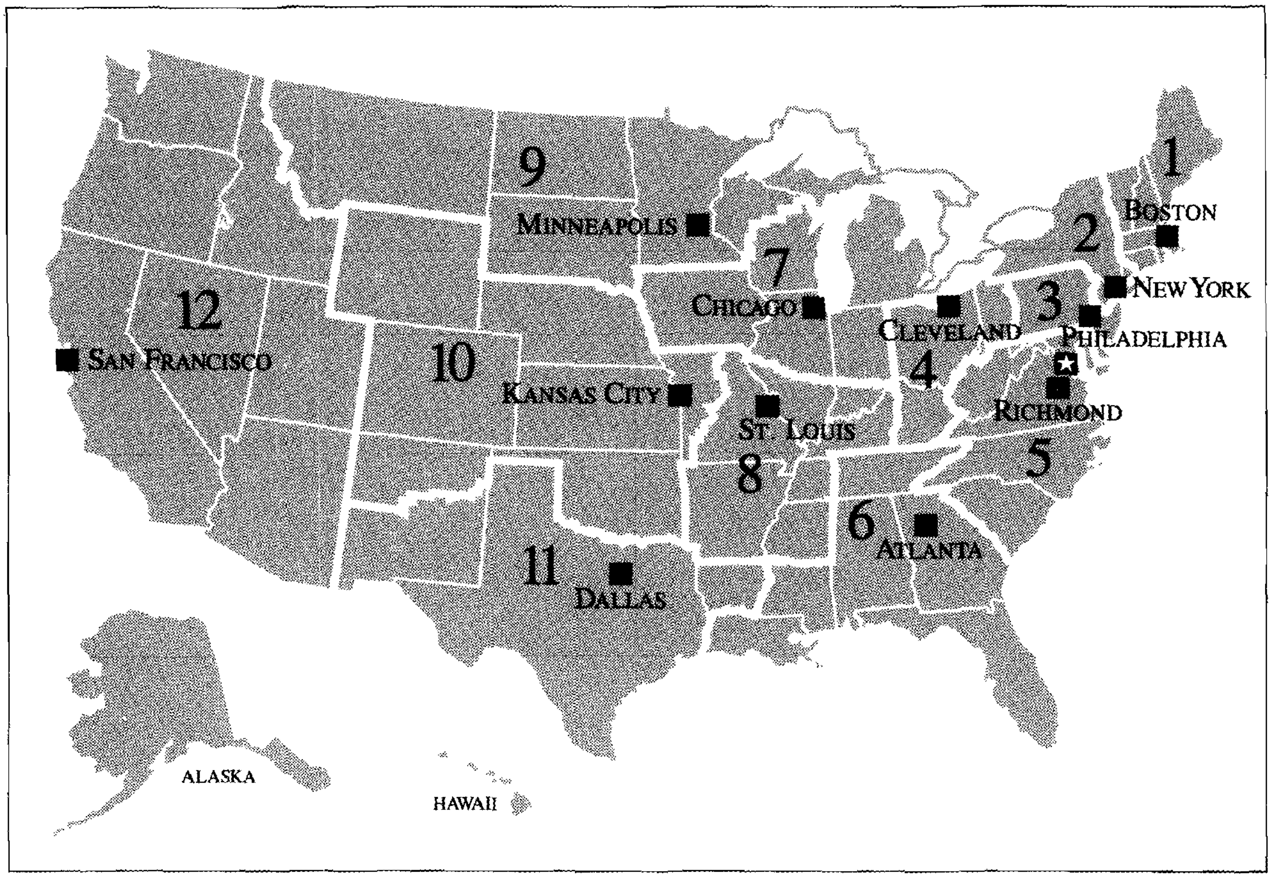

LEGEND

Both pages

■ Federal Reserve Bank city

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Facing page

• Federal Reserve Branch city

— Branch boundary

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The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

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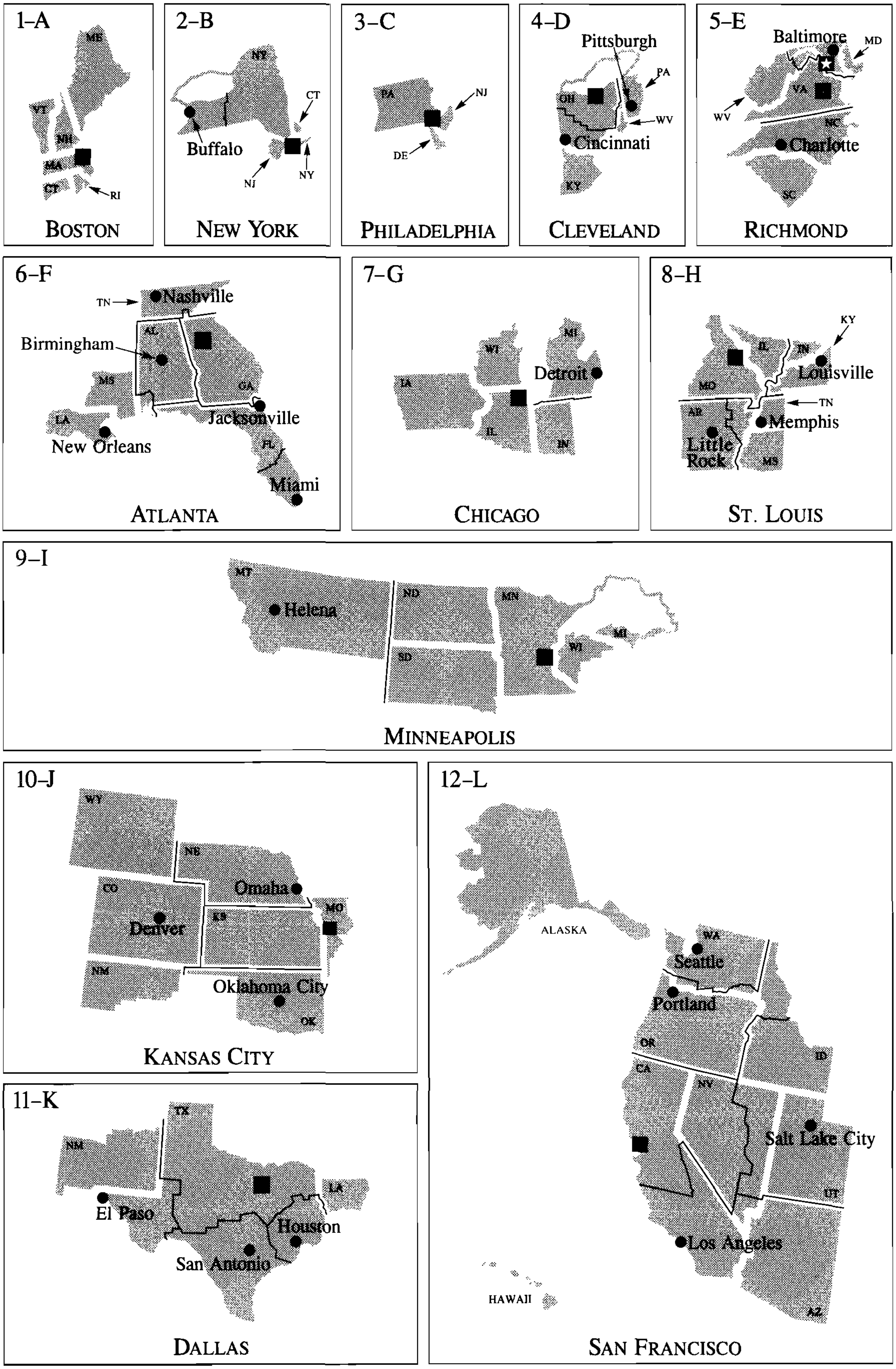
The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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