VOLUME 84 □ NUMBER 5 □ MAY 1998

FEDERAL RESERVE BULLETIN

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

Table of Contents

PUBLICATIONS COMMITTEE

Joseph R. Coyne, *Chairman* ☐ S. David Frost ☐ Griffith L. Garwood ☐ Donald L. Kohn ☐ J. Virgil Mattingly, Jr. ☐ Michael J. Prell ☐ Richard Spillenkothen ☐ Edwin M. Truman

The *Federal Reserve Bulletin* is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by S. Ellen Dykes, the Multimedia Technologies Center under the direction of Christine S. Griffith, and Publications Services supervised by Linda C. Kyles.

U.S. International Transactions in 1997

Lois E. Stekler, of the Board's Division of International Finance, prepared this article. Virginia Carper and Clarke Fauver provided research assistance.

The U.S. current account deficit widened further in 1997, reaching $166 billion. U.S. imports of goods continued to exceed exports by a substantial margin (table 1). However, goods trade accounted for only a small part of the deterioration in the current account balance last year. The shift of investment income from positive to negative (the first time since 1914) was the major contributing factor; it reflected the cumulative effect of deficits in the current account that have persisted since 1982 and the balancing net capital inflows. The financial crises in Asia in the second half of 1997 visibly affected U.S. capital flows but influenced the U.S. current account in only a limited way in that year. Their effect on the U.S. current account is likely to be more apparent in 1998.

The current account deficit in 1997 was almost as large as the record deficit in 1987; relative to the size of the U.S. economy, however, it was substantially smaller (2 percent of gross domestic product in 1997 versus 3.6 percent in 1987).

Major Economic Influences on U.S. International Transactions

The U.S. current and capital accounts in 1997 were shaped by a wide variety of factors. These included U.S. economic growth and exchange rate developments, the financial crises affecting many developing economies in Asia, and rates of economic growth in other developing and industrial countries.

U.S. Economic Growth and Exchange Rate Developments

The U.S. economy grew at a robust pace in 1997 (table 2). Aggregate demand (including the demand for imports of goods and services) was strong, and corporate profits (including the profits of U.S. affiliates of foreign companies) were high. Inflation nonetheless remained subdued, partly because of decreases in the prices of imported goods as a result of the appreciation of the dollar against many currencies and because of declines in prices on international commodity markets.

From December 1996 to December 1997 the dollar gained 12 percent in nominal terms against an average (weighted by multilateral trade weights) of the currencies of the other Group of Ten (G-10) countries (chart 1). The dollar appreciated in terms of the other G-10 currencies during the first half of 1997, as the continuing strength of U.S. economic activity raised expectations of further tightening of U.S. monetary conditions. Also, the dollar tended to rise in terms of the German mark and other continental European currencies because of concerns about the implications of the transition to the European Economic and Monetary Union and perceptions that monetary policy was not likely to tighten significantly in prospec-

1. U.S. current account balance, 1992–97

Billions of dollars

Item	1992	1993	1994	1995	1996	1997	Change, 1996 to 1997
Current account balance	**–56.4**	**–90.8**	**–133.5**	**–129.1**	**–148.2**	**–166.4**	**–18.2**
Trade in goods and services, net	–39.2	–72.3	–104.4	–101.9	–111.0	–113.6	–2.6
Goods, net	–96.1	–132.6	–166.2	–173.6	–191.2	–198.9	–7.7
Services, net	56.9	60.3	61.8	71.7	80.1	85.3	5.2
Investment income, net	18.0	19.7	9.7	6.8	2.8	–14.3	–17.1
Portfolio investment, net	–33.6	–36.0	–41.0	–53.2	–63.9	–82.0	–18.1
Direct investment, net	51.6	55.7	50.8	60.0	66.8	67.7	.9
Unilateral transfers, net	–35.2	–38.1	–38.8	–34.0	–40.0	–38.5	1.5

Note. In this and the tables that follow, components may not sum to totals because of rounding.

Source. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

2. Change in real GDP in the United States and abroad, 1995–97

Percentage change, year over year

Country	1995	1996	1997[1]
United States	2.0	2.8	3.8
Total foreign	2.7	3.6	4.2
Industrial countries' index[2]	2.3	2.2	2.9
Canada	2.2	1.2	3.8
Western Europe	2.7	2.2	2.9
Japan	1.4	4.1	.9
Developing countries' index[3]	3.5	6.0	6.2
Asia	7.7	6.9	6.0
Latin America	-3.4	4.5	6.4
Mexico	-6.2	5.1	7.0
Other Latin America	2.4	3.2	5.0

NOTE. Aggregate measures are chain-weighted by moving bilateral shares in U.S. exports of nonagricultural merchandise.

1. Data for 1997 are partly estimated.

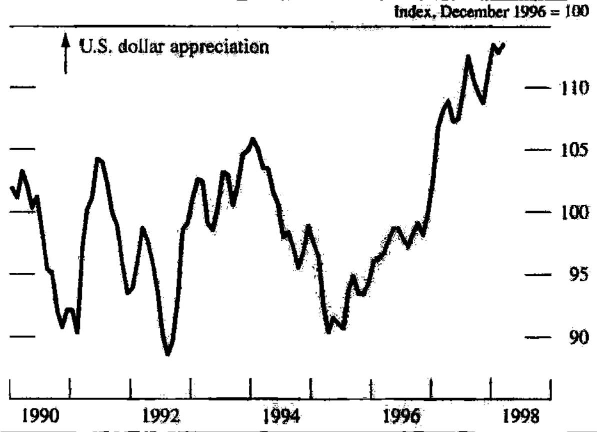
2. The industrial countries' index covers Australia and New Zealand in addition to Canada, Japan, and Western Europe. The index for Western Europe comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

3. The developing countries in the index for Asia are the Peoples Republic of China, Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand. The countries in "Other Latin America" are Argentina, Brazil, Chile, and Venezuela.

SOURCE. Various national sources.

tive member countries. In the first half of the year, the dollar fluctuated against the Japanese yen in response to varying indicators of the strength of the Japanese expansion. But in the second half, the yen depreciated in response to evidence of faltering economic activity and perceptions of fragility in the Japanese financial sector. The perceptions of fragility were heightened by concerns about the negative effect on Japan of the financial crises elsewhere in Asia. As will be discussed in greater detail, the dollar also

1. Weighted-average exchange rate of the dollar against currencies of the Group of Ten, 1990–97



NOTE. 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. Besides the United States, the Group of Ten consists of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, and the United Kingdom. The data are monthly.

appreciated strongly against the currencies of developing countries in the second half of 1997.

Robust U.S. economic growth and tax collections moved the federal government budget close to balance in 1997. In general, reducing government dissaving would tend to move the current account toward balance as well; however, the current account deficit has been widening. In terms of national income accounting identities, the growing U.S. current account deficit (and the related national income concept, negative net foreign investment) must reflect a growing gap between domestic investment and saving (chart 2). However, the statistical discrepancy in the national income accounts has shifted from a large positive value to a large negative value in recent years, obscuring whether increases in investment, or reductions in private savings, or both have been the counterpart to the growing current account deficits. In any case, the inflow of foreign savings, which has financed part of U.S. investment over the past decade and a half, has raised productive capacity relative to what it would have been but has required ongoing payments of investment income to foreigners.

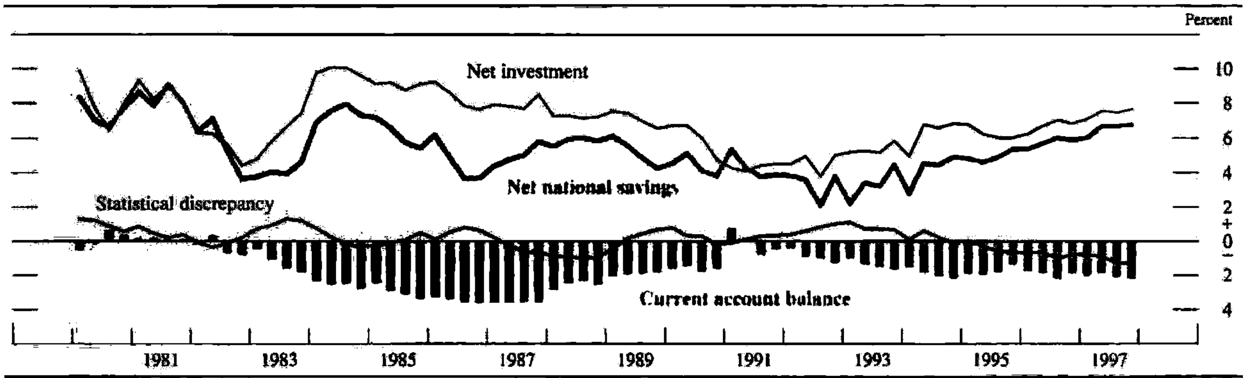
Asian Financial Crises

In July, strong downward pressure on the Thai baht marked the beginning of a series of Asian financial crises. Severe financial market pressures spread to other East Asian countries—most notably Indonesia and South Korea. These pressures appeared to have been triggered mainly by market concerns over substantial external deficits, possibly overvalued exchange rates, weak financial systems, sizable foreign-currency-denominated indebtedness, and government policy responses that were widely viewed as inadequate. The financial market pressures persisted despite the initiation of several financial assistance agreements led by the International Monetary Fund.

Several countries experienced sharp depreciations in their currencies. Between the end of June and the end of December, the Thai baht, Korean won, and Indonesian rupiah lost about half their value; the Indonesian rupiah continued to fall sharply in early 1998 (chart 3). The financial market turmoil in East Asia spread to Hong Kong and, to a lesser extent, Taiwan. However, the peg of the Hong Kong currency to the U.S. dollar has been successfully maintained, and the depreciation of the Taiwan dollar has been relatively small.

The turmoil in Asian financial markets was accompanied by sharp declines in stock prices, increases in interest rates, sharply reduced credit availability,

2. U.S. investment, savings, and current account balance as a percentage of GDP, 1980–97



NOTE. The statistical discrepancy is from the national income and product accounts (NIPA). The data are quarterly.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, NIPA, and U.S. international transaction accounts.

heightened uncertainty, and, in some cases, somewhat tighter fiscal policies in connection with international support packages. As a consequence, economic activity slowed markedly in several Asian developing economies in the second half of 1997; growth between the second and fourth quarters of 1997 for these economies as a group averaged only about 2¾ percent at a seasonally adjusted annual rate, or less than half the 6 percent or more of earlier periods (table 2). This slowdown is expected to continue into 1998.

Economic Growth in Other Developing and Industrial Countries

Financial markets in some Latin American countries also came under pressure as the Asian crises led investors to reassess the riskiness of their exposures. However, despite considerable pressure, both the Brazilian exchange rate regime and the peg of the Argentine peso to the dollar held. In Brazil, high domestic interest rates and the tightening of macroeconomic policy to support the exchange rate weakened domestic demand toward the end of the year. In Mexico, the recovery of economic activity from the recession following the 1994–95 crisis continued, although the peso weakened. On average, economic growth in Latin America (weighted by shares in U.S. exports) was robust in 1997 (table 2).

Economic growth in the industrial countries firmed in 1997 (table 2). Growth in Canada was particularly robust, and most of the European countries also showed some improvement. Japan was a notable exception, as the growth of real GDP stalled partly in response to sizable fiscal contraction. In addition, as mentioned earlier, crises in many of Japan's Asian trading partners in the second half of the year weakened the outlook for external demand and heightened concerns about the fragility of Japan's financial sector.

Developments in Trade in Goods and Services

In 1997 the overall U.S. trade deficit rose slightly in nominal terms from its 1996 level (table 1). A small increase in the deficit in trade in goods was almost matched by the increase in the surplus in services trade. However, because of differing price developments among the trade components, the trade deficit in terms of chained (1992) dollars continued to grow, and net exports subtracted about 0.6 percentage point from the growth of U.S. GDP between the fourth quarter of 1996 and the fourth quarter of 1997.

3. Dollar exchange rates for selected foreign currencies, January 1997–March 1998

NOTE. Dollars per unit of foreign currency. The data are daily.

3. U.S. international trade in goods and services, 1995-97

Billions of dollars

Item	1995	1996	1997	Dollar change	
				1995 to 1996	1996 to 1997
Balance on goods and services	**−102**	**−111**	**−114**	**−9.1**	**−2.7**
Exports of goods and services	**795**	**849**	**932**	**54.2**	**82.7**
Services	219	237	253	18.1	16.4
Goods	576	612	678	36.2	66.2
Agricultural products	57	62	58	4.3	−3.1
Nonagricultural goods	519	551	620	31.9	69.3
Capital goods	234	253	294	19.0	41.1
Aircraft and parts	26	31	41	5.0	10.4
Computers, peripherals, and parts	40	44	49	4.0	5.6
Semiconductors	34	36	39	1.6	3.0
Other capital goods	134	143	165	8.4	22.1
Consumer goods	64	70	77	6.0	7.4
Automotive products	62	65	73	3.0	8.4
Industrial supplies	146	148	158	2.0	10.1
Other nonagricultural exports	13	15	17	1.9	2.3
Imports of goods and services	**897**	**960**	**1,045**	**63.4**	**85.3**
Services	147	157	168	9.6	11.3
Goods	749	803	877	53.8	74.1
Oil and products	56	73	72	16.7	−.6
Non-oil goods	693	731	805	37.1	74.7
Capital goods	221	229	254	8.0	25.2
Aircraft and parts	11	13	17	2.0	3.6
Computers, peripherals, and parts	56	62	70	6.0	8.1
Semiconductors	39	37	37	−2.0	−.1
Other capital goods	115	117	131	2.0	13.6
Consumer goods	160	171	193	11.0	21.9
Automotive products	124	129	141	5.0	11.7
Industrial supplies	129	137	145	8.3	8.0
Foods and other non-oil imports	59	64	72	4.8	7.9

NOTE. Changes in this and subsequent tables may differ from those calculated from the data shown in the tables because of rounding.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

Exports

The value of U.S. exports of goods and services grew $83 billion in 1997, or about 10 percent, an acceleration from the 7 percent gain in 1996 (table 3). Exports of goods grew more rapidly than exports of services.

Goods Exports

Exports of goods to Latin America rose more than 20 percent, and the growth to Canada and Western Europe was also strong (table 4). In contrast, exports to Japan declined slightly, and those to developing countries in Asia grew moderately, although more rapidly than in 1996. The financial crises in Asian developing economies had little noticeable effect on U.S. exports of goods in 1997.

Capital goods accounted for substantially more than half of the increase in the value of U.S. exports of goods in 1997 (table 3). Smaller increases were reported for a broad range of other products, including industrial supplies, automotive products, and consumer goods. Although the quantity of agricultural exports remained high, their value declined, as agricultural prices fell from elevated levels reached early in the year.

Given the loss of export price competitiveness associated with the appreciation of the dollar against many currencies over the past two years (chart 4), the strength of U.S. exports of goods in 1997 was somewhat surprising. Sustained economic growth

4. U.S. exports of goods to its major trading partners, 1995-97

Billions of dollars

Importing region	1995	1996	1997	Percentage change, 1996 to 1997
Total	**576**	**612**	**678**	**10.8**
Industrial countries[1]	335	351	383	9.1
Canada	128	135	152	12.8
Western Europe	132	137	153	11.4
Japan	63	66	65	−2.0
Developing countries[2]	241	261	295	13.1
Asia	130	135	145	6.9
Latin America	96	109	134	22.7
Mexico	46	57	71	25.6
Other Latin America	50	52	62	19.8

1. The industrial countries include Australia and New Zealand in addition to Canada, Western Europe, and Japan.

2. The developing countries include Eastern Europe and Africa in addition to Asia and Latin America.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

4. Relative prices of exports and imports, 1989–97

NOTE. For exports, the index is the ratio of foreign prices to U.S. export prices of nonagricultural products, excluding computers and semiconductors. For imports, the index is the ratio of U.S. import prices of non-oil imports, excluding computers and semiconductors, to the U.S. GDP deflator. The data are quarterly.

in important U.S. export markets, particularly Latin America, Canada, and Western Europe, partly countered the loss of price competitiveness. However, even taking strong foreign economic growth into account, U.S. exports increased more than would have been expected based on estimated income and price elasticities. U.S. exporters probably benefited from the trend in Mexico and other Latin American countries away from policies that sheltered domestic producers from international competition.

The growth in the value of U.S. exports was largely the result of the rapid growth in the quantity of goods exported rather than increases in prices (table 5).

5. Change in the quantity of U.S. exports and imports, 1995–97

Percentage change, year over year

Type of export or import	1995	1996	1997
All exports	**11.1**	**8.3**	**12.4**
Services	7.4	5.5	5.1
Goods	12.6	9.5	15.4
Agricultural products	11.5	−1.8	1.6
Nonagricultural goods	12.7	10.8	16.9
Computers, peripherals, and parts	46.5	46.2	50.1
Semiconductors	76.8	47.1	40.5
Other nonagricultural goods	6.7	5.7	12.7
All imports	**8.9**	**9.1**	**14.2**
Services	6.1	5.5	9.5
Goods	9.5	9.9	15.1
Oil and products	−1.6	7.6	5.1
Non-oil goods	10.5	10.1	16.2
Computers, peripherals, and parts	42.5	33.4	44.0
Semiconductors	74.4	63.5	57.1
Other non-oil goods	5.3	5.4	12.0

NOTE. Quantities are measured in chained (1992) dollars.

SOURCE. U.S. Department of Commerce, national income and product accounts.

Growth in quantity was rapid not just for computers and semiconductors (for which price indexes adjusted for technological change and quality improvements—hedonic price indexes—declined rapidly) but also for other nonagricultural exports.

Services Exports

Exports of private services grew $16 billion, or about 7 percent (table 6). The largest dollar increase was in "other private services," a catchall category that included particularly large increases in U.S. receipts for business, professional, and technical services, and financial services. U.S. receipts of royalties and license fees and exports of "other private services" largely reflect the U.S. comparative advantage in services that depend heavily on technological expertise and contribute significantly to the net surplus in services trade enjoyed by the United States. Exports of traditional services like travel, passenger fares, and transportation continued to account for more than half of U.S. services exports in 1997, but the growth of these traditional exports was moderated by the appreciation of the dollar and the resulting decline in U.S. price competitiveness.

Imports

The value of U.S. imports of goods and services grew $85 billion in 1997 (about 9 percent), somewhat faster than the rate in 1996 (table 3). As on the export side, imports of goods grew more rapidly than imports of services. Imports were spurred by strong economic growth in the United States in 1997 together with a decline in the price competitiveness of U.S. goods (chart 4), largely as the result of the appreciation of the dollar against many currencies.

Oil Imports

Although the volume of oil imports increased about 5 percent from 1996 to 1997, their value fell slightly because of a 5 percent decline in the average price. Several factors contributed to the fall in oil prices and, at the time of this writing, have induced a further decline from levels prevailing at the end of 1997.

Changes in the prices of imported oil have tended to mirror changes in spot oil prices (West Texas intermediate) with a lag of several weeks (chart 5). Spot prices had risen quite sharply during the second half of 1996, from $18.54 per barrel in June to $25.39

6. Service transactions, 1994–97
Billions of dollars

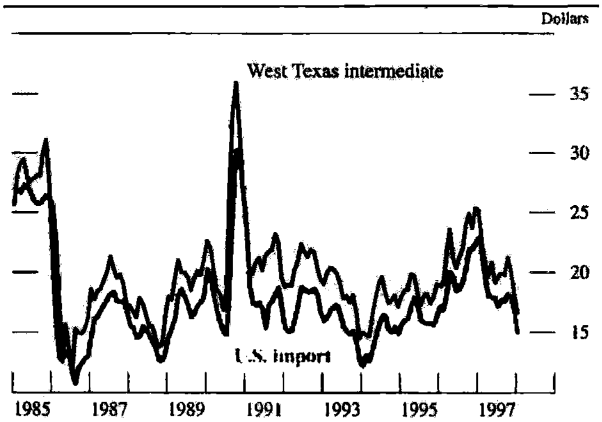
Item	1994	1995	1996	1997	Change, 1996 to 1997
Service transactions, net	62	72	80	85	5
Exports of private services	184	204	221	237	16
Travel	58	63	70	74	4
Passenger fares	17	19	21	22	1
Other transportation	25	27	27	28	1
Royalties and license fees	23	27	30	30	0
Other private services	61	67	74	83	9
Imports of private services	123	135	143	154	11
Travel	44	46	49	52	3
Passenger fares	13	14	16	17	1
Other transportation	27	28	28	30	1
Royalties and license fees	6	7	7	8	0
Other private services	33	39	43	48	5
U.S. government and military services, net	0	2	2	2	0

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

in December. Refiners—uncertain about the availability of crude oil supplies from Iraq and concerned about the effect that such supplies might have on the price of oil—tended to keep their stocks low.

With the oil industry operating at minimal, just-in-time inventory levels, oil prices reacted quite strongly to unanticipated shocks. Two such events in 1996—the delay in the startup of several North Sea fields and economic activity in the United States that was stronger than anticipated—drove oil prices up. Once Iraq began producing oil for export at the beginning of 1997, spot oil prices fell sharply, from an average of $25.17 per barrel in January to $19.72 in April. Spot prices traded in a range of $19 to $20 per barrel during the remainder of the year. Oil import prices averaged about $18.63 per barrel in 1997, about a dollar below the average for 1996. Spot prices fell during January and February of 1998 as a result of several developments: Saudi Arabia, Kuwait, and the United Arab Emirates raised production in line with increases in their OPEC quota; warmer-than-normal weather from El Niño softened demand for home heating oil; and the economic turmoil in East Asia reduced shipments to those emerging economies.

5. Oil prices per barrel, 1985–97



NOTE. The data are monthly.
SOURCE. *Petroleum Intelligence Weekly*, various issues; and U.S. Department of Commerce, Bureau of Economic Analysis.

The quantity of oil imports rose from an average of 9.4 million barrels per day in 1996 to 9.9 million in 1997 (table 7). An increase in U.S. consumption in the range of 0.4 million barrels per day accounted for most of the increase in the quantity of imports, as U.S. production has been little changed over the past four years.

Non-Oil Imports

The value of non-oil imports of goods increased $75 billion in 1997 (about 10 percent), up substan-

7. U.S. oil consumption, production, and imports, selected years, 1980–97
Millions of barrels per day

Item	1980	1985	1994	1995	1996	1997
Consumption	17.1	15.7	17.7	17.7	18.2	18.6
Production	10.8	11.2	9.4	9.4	9.5	9.4
Imports	6.9	5.1	9.0	8.8	9.4	9.9

SOURCE. U.S. Department of Energy, Energy Information Administration.

8. U.S. imports of non-oil goods from its major trading partners, 1995–97

Billions of dollars

Exporting region	1995	1996	1997	Percentage change, 1996 to 1997
Total	**693**	**731**	**805**	**10.2**
Industrial countries[1]	408	421	456	8.2
Canada	137	146	159	8.5
Western Europe	142	155	170	9.7
Japan	123	115	121	5.5
Developing countries[2]	286	309	349	12.9
Asia	189	199	222	11.5
Latin America	87	99	115	15.6
Mexico	57	67	78	16.7
Other Latin America	30	32	36	13.0

1. See table 4, note 1.
2. See table 4, note 2.

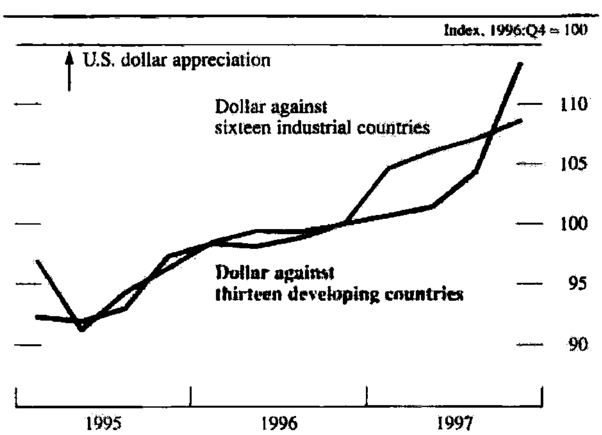
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

tially from 1996 (table 3). Large increases in imports of consumer goods as well as capital goods accounted for much of the increase; imports of automotive products also rose more than they had in 1996.

The industrial countries continued to account for more than half of U.S. non-oil imports in 1997. However, imports from developing countries continued to grow much faster than average (table 8). Growth of imports from Mexico was particularly strong, a development perhaps reflecting the continuing effect of the North American Free Trade Agreement on the pattern of U.S. trade.

As with exports, the increase in the value of non-oil imports largely reflected growth in quantity rather than higher prices (table 5). Rapid quality improvements in computers and semiconductors continued to push down their hedonic price indexes. However, the prices of core imports (goods imports excluding oil, computers, and semiconductors) also fell—about ¾ percent between the fourth quarter of 1996 and the fourth quarter of 1997; declines in world commodity prices played a role, but appreciation of the dollar was also a factor. The nominal exchange rate of the dollar against the currencies of thirteen developing economies (weighted by bilateral import shares excluding oil, computers, and semiconductors) appreciated 14 percent between the fourth quarter of 1996 and the fourth quarter of 1997; against the currencies of sixteen industrial countries, the dollar appreciated almost 9 percent during the same period (chart 6).

6. Nominal dollar exchange rate indexes, 1995–97



NOTE. The indexes are weighted by bilateral import shares, excluding oil, computers, and semiconductors. The industrial countries are Australia, Austria, Belgium, Canada, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The developing countries are Argentina, Brazil, Chile, Mexico, China, Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand. The data are quarterly.

Services Imports

Imports of private services rose $11 billion in 1997, an increase of more than 7 percent (table 6). Although imports of services that depend on technical expertise are much smaller than exports of such services, "other private services" accounted for about half the increase in value of service imports. U.S. expenditures on travel abroad also increased.

Developments in the Nontrade Current Account

The two major components of the current account other than trade in goods and services are net unilateral transfers and net investment income (table 1).

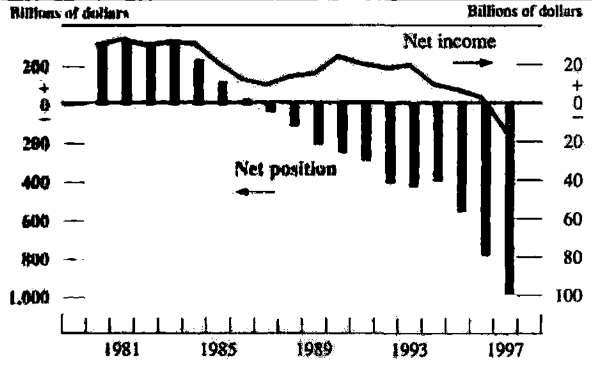
Net Unilateral Transfers

Net unilateral transfers include government grant and pension payments as well as net private transfers to foreigners. The deficit on unilateral transfers fell slightly from the 1996 level, to $39 billion. The 1996 level had been unusually large because of the deferring of transfers to 1996 during the budget impasse and government shutdown at the end of 1995 (table 1).

Net Investment Income

Net investment income is the difference between the amount that U.S. residents earn on their direct and

7. U.S. net international investment: Position and income, 1980–97



NOTE. The net position for each year is the average of the year-end positions for the current and previous years. The year-end position for 1997 was constructed by adding the recorded net portfolio and direct investment flows during 1997 to the recorded year-end position for 1996. The net position excludes U.S. gold holdings and foreign holdings of U.S. currency.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and Federal Reserve Board.

portfolio investments abroad (receipts) and the amount that foreigners earn on their direct and portfolio investments in the United States (payments).[1] Revised data indicate that net investment income turned negative in 1997 for the first time since 1914 (table 9). The data on investment income were revised in light of the results of the Benchmark Survey of U.S. Ownership of Foreign Long-Term Securities, discussed later. As a result of large and persistent U.S. current account deficits over the past decade and a half, foreign assets in the United States have grown more rapidly than U.S. assets abroad. However, net investment income remained positive (chart 7) long after the net investment position became negative because foreign direct investment in the United States has earned a far lower rate of return than U.S. direct investment abroad.

Net Direct Investment Income

Net direct investment income reported by U.S. and foreign corporations on Department of Commerce surveys rose little in 1997, as the dollar increase in payments about matched the increase in receipts (table 9).

The growth of income on U.S. direct investment abroad in 1997 was the product of both strong economic growth in many of the countries where the United States has substantial investments and continued large additions to holdings by U.S. investors. Direct investment receipts have tended to increase along with the growth of U.S. investments (chart 8), although they have varied with economic conditions abroad. Economic growth was strong in Latin America, Canada, and Western Europe in 1997, areas that account for the largest shares of U.S. direct investment abroad (table 10). In contrast, economic growth in Japan was anemic, and growth in the Asian developing economies fell sharply toward the end of the year. However, these Asian economies (including Japan) accounted for less than 15 percent of the stock of U.S. direct investment abroad at the end of 1996. Whereas income on investments in these Asian economies declined, particularly in the last half of 1997, favorable developments in the rest of the world kept receipts on direct investment up for the year.

Payments on foreign direct investment in the United States also increased substantially in 1997 as

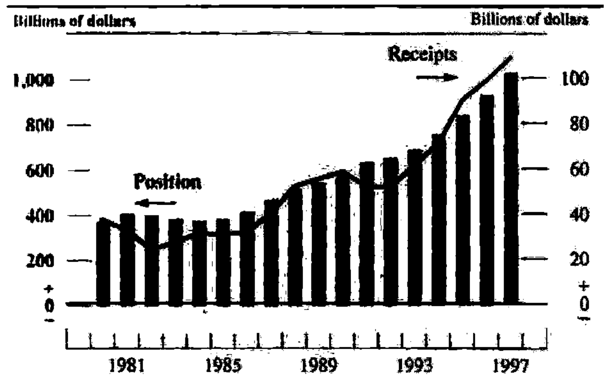
9. U.S. investment income, 1994–97

Billions of dollars

Item	1994	1995	1996	1997
Investment income, net	10	7	3	−14
Direct investment income, net	51	60	67	68
Receipts	71	90	99	109
Payments	20	30	32	42
Portfolio income, net	−41	−53	−64	−82
Receipts	84	107	108	127
Payments	125	160	171	209

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

8. U.S. direct investment abroad: Position and receipts, 1980–97



NOTE. The position for each year is the average of the year-end position for the current and previous years valued at current cost. The year-end position for 1997 was constructed by adding the recorded direct investment flows during 1997 to the recorded year-end position for 1996.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and Federal Reserve Board.

1. An investment is considered direct if a single owner acquires 10 percent or more of the voting equity in a company. All other U.S. claims on foreigners or foreign claims on the United States are included in the other category—portfolio investment.

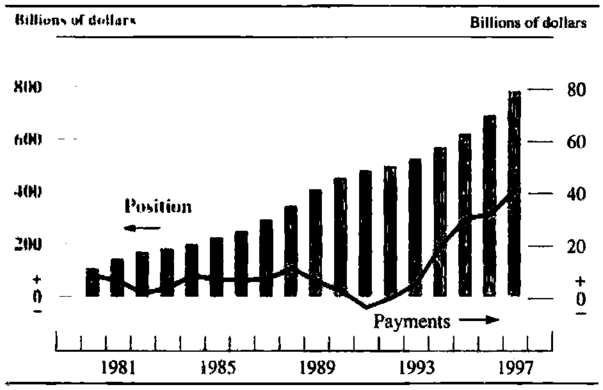
10. U.S. direct investment position abroad, by area, year-end 1996

Item	Billions of U.S. dollars	Percent
Total	**796.5**	**100**
Canada	91.6	11
Europe	399.6	50
United Kingdom	142.6	18
Latin America and the Caribbean	144.2	18
Asia	106.1	13
Japan	39.6	5
Other Asia	66.5	8
Australia and New Zealand	34.3	4
Other	20.7	3

NOTE. Valued at historical cost.

SOURCE. Department of Commerce, Bureau of Economic Analysis.

9. Foreign direct investment in the United States: Position and payments, 1980–97



NOTE. See note to chart 8.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and Federal Reserve Board.

a result of strong U.S. growth and high corporate profits. Direct investment payments have not always kept pace with the growth of foreign direct investment in the United States; between 1980 and 1993 the direct investment position increased sharply, but payments showed no upward trend (chart 9).

The rate of return on foreign direct investment in the United States remains low by any measure—far below the rate of return earned by U.S. direct investors abroad. Three measures of rates of return can be calculated. In each measure (shown in table 11), receipts or payments reported by direct investors are divided by estimates of the value of direct investment assets outstanding during the year. Historical cost is the price at which the assets were purchased; current cost adjusts the historical accounting values for inventories and plant and equipment to reflect movements in current replacement cost indexes; and market value adjusts the ownership position using general indexes of stock market prices. All attempts to estimate changes in the value of assets are imprecise and do not take into account developments that may be important to the value of specific investments.

As noted previously, the differential in rates of return between U.S. direct investment abroad and foreign direct investment in the United States has mitigated the effect of the negative U.S. net investment position on net investment income. Two important issues are whether these reported differentials are accurate and whether they are likely to persist. Numerous factors have probably contributed to the differential in reported rates of return. First, investments in many places overseas are more risky than investments in the United States, so some differential in rates of return should be expected. Moreover, many foreign investors who participated in the rapid increase in direct investment in the United States in the late 1980s had limited experience with foreign investments and made serious errors of judgment. Particularly ill-fated were Japanese investments in

11. Rates of return on direct investment, 1990–97

Percent

Measure used in calculating the rate of return	1990	1991	1992	1993	1994	1995	1996	1997
U.S. investment abroad								
Historical cost	14.5	11.6	10.7	11.5	11.8	13.3	13.1	12.8
Current cost	10.0	8.3	8.0	8.9	9.4	10.7	10.7	10.6
Market value	7.5	6.7	6.4	6.7	6.7	7.6	6.9	6.9
Foreign investment in the United States								
Historical cost	.8	−.8	.1	1.3	4.2	5.7	5.4	6.1
Current cost	.6	−.7	.1	1.1	3.5	4.9	4.6	5.3
Market value	.5	−.6	.0	.8	2.6	3.4	2.8	3.2

NOTE. The rates of return are calculated as follows: The numerator is direct investment receipts or payments, from the U.S. international transactions accounts. The denominator is the average of year-end figures for the current and previous year for the particular measure of the value of direct investment position shown. The positions for year-end 1997 are constructed by adding the recorded direct investment flows during 1997 to the recorded year-end positions for 1996.

For a discussion of the BEA's measure of "current cost" and "market value," see J. Steven Landefeld and Ann M. Lawson, "Valuation of the U.S. Net International Investment Position," *Survey of Current Business*, vol. 71 (May 1991), pp. 40–49.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts and U.S. international investment position.

U.S. commercial real estate. In addition, both U.S. and foreign corporations may succeed in using transfer prices to shift reported profits to countries with lower tax rates despite efforts by the Internal Revenue Service to limit this practice.

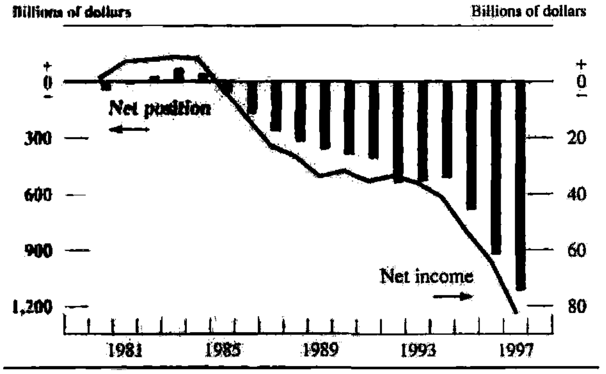
Net Portfolio Investment Income

Portfolio investment income consists of dividends and interest paid on a wide range of claims and liabilities. Receipts and payments are estimated by the Bureau of Economic Analysis (BEA) of the Department of Commerce based on estimates of holdings, dividend–payout ratios, and interest rates. Net portfolio income fell sharply in 1997, largely because of growing U.S. net international indebtedness (table 9). Over the past decade, the decline of net income has closely mirrored the growth of the negative net portfolio investment position (chart 10).

Results of the Benchmark Survey of U.S. Ownership of Foreign Long-Term Securities

The data on net portfolio investment income were revised in 1997 to take into account the newly available results of the Treasury Department's Benchmark Survey of U.S. Ownership of Foreign Long-Term Securities. These results indicated that official statistics had been significantly underestimating U.S. portfolio holdings of foreign equities and debt instruments with maturities longer than one year. As a result, the U.S. net international investment position was correspondingly less negative, and U.S. investment income slightly larger, than previously indicated.

10. Net portfolio investment: Position and income, 1980–97



NOTE. The net position for each year is the average of year-end positions for the current and previous years. The year-end position for 1997 was constructed by adding the recorded net portfolio investment flows during 1997 to the recorded year-end position for 1996.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis; and Federal Reserve Board.

The survey was long overdue. The previous survey of U.S. holdings of foreign securities was conducted during World War II. The data on international capital flows that are gathered regularly by the Treasury International Capital (or TIC) Reports cover only purchases and sales of securities, not holdings. For the past fifty years, the BEA has had to rely on estimates of the value of U.S. holdings based on cumulative capital flows since World War II and estimates of changes in values. Estimates of holdings made by this method are likely to be increasingly inaccurate as time elapses.

The results of the recent survey indicate that, at the end of March 1994, U.S. residents held $304 billion in foreign bonds and $567 billion in foreign equities (table 12). Issuers from Canada and the other industrial countries accounted for most of the bonds held by U.S. residents. Holdings of bonds issued by developing countries were very small, except for those

12. U.S. long-term securities, by country of issuer, March 31, 1994

Country or area	Bonds: Billions of U.S. dollars	Bonds: Percent	Equities: Billions of U.S. dollars	Equities: Percent	All securities: Billions of U.S. dollars	All securities: Percent
Total	304	100	567	100	870	100
Canada	68	23	40	7	108	12
Europe	129	42	270	48	399	46
United Kingdom	20	7	100	18	120	14
Latin America	34	11	57	10	92	11
Caribbean	8	3	23	4	31	4
Asia	40	13	151	27	191	22
Japan	32	10	99	18	131	15
Other Asia	9	3	51	9	60	7
Australia	10	3	17	3	27	3
Other	14	4	9	2	23	3

SOURCE. U.S. Department of the Treasury.

issued by four Latin American countries: Mexico, Argentina, Venezuela, and Brazil. About half of the long-term debt securities were denominated in U.S. dollars. Much smaller shares were accounted for by the yen, deutsche mark, and Canadian dollar, and the rest was spread across a wide variety of currencies. However, these results are of limited use in assessing the exchange rate exposure of U.S. investors because exposures may be hedged. Analysis of bond holdings by sector of issuer indicates that governments and international organizations constituted the largest category by far, accounting for more than 60 percent of the total. About one-third of reported holdings involved bonds issued by foreigners in the United States.

Industrial countries also accounted for the bulk of U.S. holdings of foreign equities. Two countries, the United Kingdom and Japan, together accounted for more than one-third of total U.S. holdings. However, holdings of equities issued by entities in developing economies were not negligible. Both Mexico and Hong Kong were among the top ten issuers. More than one-fourth of U.S. holdings was accounted for by American Depository Receipts (ADRs)—stocks that were specifically marketed to U.S. investors.

Comparison of the benchmark survey results for the end of March 1994 with the BEA's earlier end-of-year estimates for 1993 and 1994 indicate that the BEA had been underestimating U.S. holdings by substantial amounts (table 13). Possible explanations for these errors are numerous. First, TIC reporting of purchases and sales of securities may have contained errors and omissions. Over time, U.S. investors and their fund managers have increasingly transacted directly in foreign markets, thus bypassing the U.S. financial intermediaries that form the core of the TIC reporting system. To ensure adequate coverage, the TIC reporting system has had to continually expand its list of reporters, and at times, Treasury has been slow to do so. Even if the TIC Reports covered 95 percent of net purchases, the omitted investments would cumulate to substantial sums over an extended period.

13. U.S. holdings of foreign securities: Earlier BEA estimates and benchmark survey results, 1993–94

Billions of dollars

Item	Earlier BEA estimates, year-end		Benchmark survey results, end of March 1994
	1993	1994	
All foreign securities	551	556	870
Bonds	248	232	304
Equities	303	324	567

SOURCE. U.S. Department of Commerce and Department of the Treasury.

Second, the BEA's estimate of price changes may be inaccurate because the TIC Reports do not provide adequate information to identify with certainty the country of issue, currency, or term of the securities purchased. Moreover, the weights of various equities in U.S. portfolios may not mirror stock market price indexes that are readily available and used by the BEA.

The BEA raised its estimates of U.S. holdings of foreign securities at the end of 1994 more than $330 billion (about 60 percent) in light of the results of the benchmark survey. The BEA also revised its estimates of U.S. holdings from 1985 forward. The revisions to holdings of equities were much larger (both in dollar and percentage terms) than the revisions to holdings of bonds. Moreover, the benchmark survey results indicate that the BEA's methodology had produced large errors in the estimated distribution of bond holdings by country and currency. In particular, holdings of Japanese bonds were much larger than estimated, as were holdings of foreign-currency-denominated bonds.

Both the revision to the level of holdings and the change in composition had implications for the BEA's estimates of investment income for the period 1985 to the present. The BEA's revisions to investment income receipts in 1994 as a result of the benchmark survey amounted to an increase of about $10 billion. The revision to income was small relative to the revision to holdings for two reasons. First, the bulk of the revision in the estimated position involved estimated holdings of equities, and dividend–payout ratios for foreign stocks tend to be low. (Capital gains are excluded from investment income in these accounts.) Second, the survey indicated larger holdings of foreign-currency-denominated bonds than the BEA had previously estimated, particularly low-yielding, yen-denominated bonds.

The BEA made no revisions to the published data on capital flows as a result of the benchmark survey. The BEA could not determine whether the errors in the estimates of holdings were the result of unreported net purchases of foreign securities or errors in its estimates of valuation changes over the previous half a century; moreover, the BEA had no basis for determining the dates of unreported securities transactions.

CAPITAL ACCOUNT TRANSACTIONS

Foreign ownership of assets in the United States and U.S. ownership of assets abroad both rose significantly in 1997, an increase reflecting the continuing trend toward the globalization of financial markets as well as goods markets. Direct investment flows (both inward and outward) and private purchases of U.S. securities were particularly strong. Evidence of the gathering financial storm in Asia was apparent in U.S. capital flows mainly during the last quarter.

In 1997, in contrast to earlier years, increases in foreign official holdings in the United States did not play a major role in the capital flows that are the counterpart to the current account deficit (table 14). Foreign official assets in the United States rose $45 billion in the first three quarters of 1997, below the pace for 1996; the increases were concentrated in the assets of certain industrial countries and members of OPEC. In the fourth quarter, foreign official assets declined sharply; the declines were concentrated in assets of Asian countries and of several developing countries outside Asia that were experiencing exchange market pressures. For the year as a whole, foreign official holdings in the United States rose only $18 billion.

In contrast, increases in the assets of other foreigners in the United States in 1997 about equaled or surpassed previous records. Net purchases of U.S. stocks were particularly strong—a record $67 billion. Net purchases of U.S. Treasury bonds by private foreigners remained robust; more than $30 billion of U.S. Treasury securities were purchased in October alone, when developments in Asia led to a flight to quality. As the end of the year approached, however, some foreign private holdings of U.S. Treasury securities were liquidated. In addition, foreign direct investment in the United States amounted to a new high of $108 billion, as the strong pace of mergers and acquisitions across national borders continued.

U.S. direct investment abroad in 1997 also reached a record net outflow—$119 billion. U.S. net purchases of foreign securities in the first three quarters were $76 billion, a little below the pace for 1996; however, net purchases fell sharply in the fourth quarter, probably in reaction to the perceptions of higher risk arising from financial turmoil in Asia. Banks in the United States reported a large increase in net claims on foreigners in the first three quarters of the year, but these outflows were largely reversed toward the end of the year.

With net recorded capital inflows to the United States exceeding the large U.S. current account deficit in 1997, the U.S. international accounts recorded a large negative statistical discrepancy for the second year in a row (table 14). This negative discrepancy indicates that net payments in the current account or net outflows in the capital account have been unrecorded. For example, illegal drug imports would contribute to a negative discrepancy, as would unrecorded investments abroad by U.S. residents or overstated capital inflows. Although the statistical discrepancy in the U.S. accounts tended to be positive in the years before 1990, large negative discrepancies have become more common since then for reasons that are not well understood.

14. Composition of U.S. capital flows, 1993–97
Billions of dollars

Item	1993	1994	1995	1996	1997	Change, 1996 to 1997
Current account balance	–91	–134	–129	–148	–166	–18
Official capital, net	70	45	100	128	17	–111
Foreign official assets in the United States	72	40	111	122	18	–104
U.S. official reserve assets	–1	5	–10	7	–1	–8
Other U.S. government assets	0	0	–1	–1	0	1
Private capital, net	15	91	44	67	246	179
Net inflows reported by U.S. banking offices	56	100	–45	–88	–9	79
Securities transactions, net	–44	31	95	181	273	92
Private foreign net purchases of U.S. securities	102	91	196	290	352	62
Treasury securities	24	34	100	156	163	7
Corporate and other bonds	59	54	82	121	122	1
Corporate stocks	19	3	14	13	67	54
U.S. net purchases of foreign securities	–146	–60	–100	–108	–79	29
Stocks	–63	–48	–50	–59	–38	21
Bonds	–83	–12	–50	–49	–41	8
Direct investment, net	–27	–24	–19	–11	–12	–1
Foreign direct investment in the United States	49	46	68	77	108	31
U.S. direct investment abroad	–76	–69	–87	–88	–119	–31
Foreign holdings of U.S. currency	19	23	12	17	25	7
Other	11	–39	0	–32	–32	0
Statistical discrepancy	6	–3	–15	–47	–97	–50

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, U.S. international transactions accounts.

PROSPECTS FOR 1998

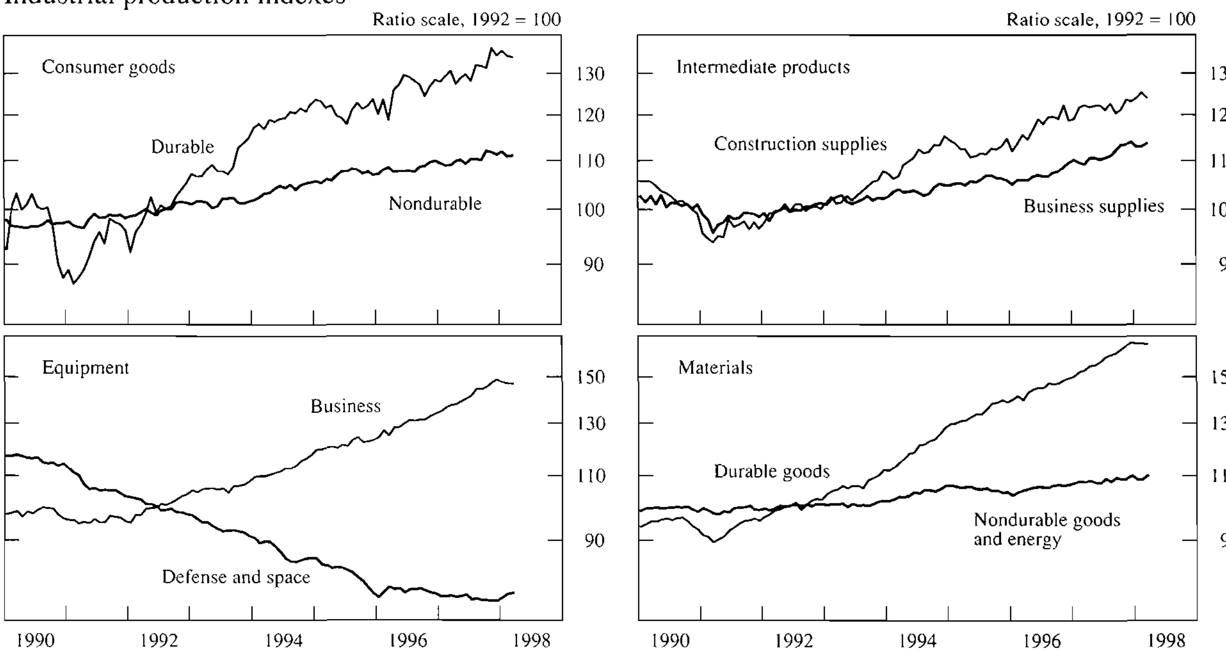
The fallout from the Asian crises is likely to have further consequences for U.S. international transactions in 1998. Until the economies of the countries directly affected begin to rebound, U.S. transactions with them, including exports of goods and services and the profits of direct investors, are likely to be depressed. The negative ramifications of the Asian crises for other trading partners may depress their demand for U.S. exports as well. The recent appreciation of the dollar and the associated loss in competitiveness of U.S. goods and services is also likely to continue to have a negative effect on the U.S. trade balance in 1998. On the other hand, continued strong growth in Latin America, Canada, and Western Europe, which account for the bulk of U.S. exports and direct investment, would tend to counteract the negative repercussions of Asian developments. □

Industrial Production and Capacity Utilization for March 1998

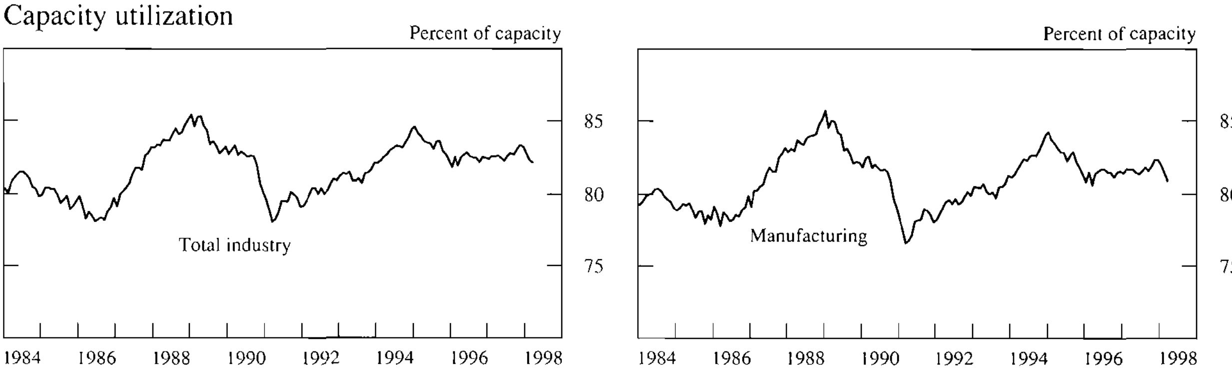
Released for publication April 17

Industrial production increased 0.2 percent in March; revised estimates of output now show declines of 0.2 percent in both January and February. The output of utilities jumped in March as temperatures throughout the country returned to more normal levels. The output of mines rose 0.2 percent, while production in manufacturing slipped 0.2 percent for the second consecutive month. At 127.7 percent of its 1992 average, total industrial production in March was 4.3 percent higher than it was in March 1997. For the first quarter as a whole, output grew about 1 percent at an annual rate. The rate of industrial capacity utilization decreased 0.1 percentage point in March, to 82.2 percent.

Industrial production indexes



Capacity utilization



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

Industrial production and capacity utilization, March 1998

Category	Industrial production, index, 1992 = 100								
	1997	1998			Percentage change				
					1997[1]	1998[1]			Mar. 1997 to Mar. 1998
	Dec.r	Jan.r	Feb.r	Mar.p	Dec.r	Jan.r	Feb.r	Mar.p	
Total	**127.9**	**127.7**	**127.5**	**127.7**	**.3**	**–.2**	**–.2**	**.2**	**4.3**
Previous estimate	127.9	128.0	128.1	. . .	.3	.1	.0	. . .	. . .
Major market groups									
Products, total[2]	121.0	121.2	120.9	120.9	–.1	.2	–.3	.0	3.4
Consumer goods	115.9	116.6	115.6	115.7	–.6	.6	–.9	.1	2.0
Business equipment	148.6	147.6	147.0	146.8	.8	–.7	–.4	–.1	6.8
Construction supplies	123.2	124.0	125.3	124.0	–.3	.6	1.1	–1.0	1.4
Materials	138.9	138.1	138.0	138.7	.9	–.6	.0	.5	5.6
Major industry groups									
Manufacturing	130.9	131.0	130.7	130.4	.4	.0	–.2	–.2	4.4
Durable	148.6	148.2	148.2	147.9	.6	–.3	.0	–.2	6.6
Nondurable	112.9	113.3	112.8	112.5	.2	.4	–.4	–.2	1.9
Mining	105.7	107.4	107.3	107.5	–.4	1.7	–.2	.2	.7
Utilities	114.3	110.0	110.1	115.4	–.9	–3.8	.1	4.8	5.3
	Capacity utilization, percent								MEMO Capacity, percentage change, Mar. 1997 to Mar. 1998
	Average, 1967–97	Low, 1982	High, 1988–89	1997	1997	1998			
				Mar.	Dec.r	Jan.r	Feb.r	Mar.p	
Total	**82.1**	**71.1**	**85.4**	**82.5**	**83.3**	**82.8**	**82.3**	**82.2**	**4.7**
Previous estimate	. . .	. .	. . .	. . .	83.2	83.0	82.7	. . .	. . .
Manufacturing	81.1	69.0	85.7	81.6	82.3	82.0	81.5	80.9	5.4
Advanced processing	80.5	70.4	84.2	79.7	80.5	80.2	79.5	79.1	6.3
Primary processing	82.4	66.2	88.9	86.1	86.3	86.0	85.7	85.2	3.4
Mining	87.5	80.3	88.0	90.6	89.4	90.8	90.6	90.8	.6
Utilities	87.3	75.9	92.6	87.0	89.9	86.4	86.4	90.5	1.2

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

MARKET GROUPS

The production of consumer goods remained flat, as declines of 0.4 percent in the output of durable consumer goods and of non-energy nondurable goods were offset by an increase of 3.3 percent in the output of energy goods, most notably sales of residential electricity and gas. The falloff was widespread within durable consumer goods. The output of automotive products and furniture declined again, and the production of household appliances dropped somewhat from the high level in February. Among non-energy nondurable consumer goods, the production of both clothing and paper products dropped more than 1 percent.

The output of business equipment slowed in the first quarter, edging down 0.1 percent in March after having dropped 0.7 percent in January and 0.4 percent in February. Nonetheless, the production of business equipment was still 6.8 percent above the level of a year ago. In March, continued strength in the production of computer and office equipment was more than offset by decreases in the assemblies of motor vehicles and aircraft and in the output of communications equipment.

The production of construction supplies declined 1.0 percent after having increased 1.1 percent in February; output remains well above its level at the end of last year. The output of materials increased 0.5 percent after two months of weakness, but the level of output in March was still slightly below the December level. While the production of durable and nondurable goods materials edged down, the output of energy materials increased sharply. Among durable goods materials, the output of parts for consumer goods, which had spiked up in the fourth quarter, dropped back, on balance, in the first quarter. Growth in the output of equipment parts, which include parts for high-technology equipment, has slowed recently.

Industry Groups

The output at durable and nondurable goods producers declined 0.2 percent. Within durables, increases in computer and office equipment, semiconductors, and instruments were offset by weakness elsewhere. In particular, the output of primary metals; stone, clay, and glass products; furniture and fixtures; and transportation equipment posted significant losses. Among nondurable industries, production fell in every major industry, except petroleum and chemical products.

The operating rate in manufacturing declined to 80.9 percent. Utilization rates in advanced-processing and primary-processing industries fell for the third consecutive month. The operating rate in advanced-processing industries in March was 1.4 percentage points below its long-run average, whereas the utilization rate in primary-processing industries was still significantly above its long-run average. □

Statements to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Foreign Operations of the Committee on Appropriations, U.S. Senate, March 3, 1998

The global financial system has been evolving rapidly in recent years. New technology has radically reduced the costs of borrowing and lending across traditional national borders, facilitating the development of new instruments and drawing in new players. Information is transmitted instantaneously around the world, and huge shifts in the supply and demand for funds naturally follow, resulting in a massive increase in capital flows.

This burgeoning global system has been demonstrated to be a highly efficient structure that has significantly facilitated cross-border trade in goods and services and, accordingly, has made a substantial contribution to standards of living worldwide. Its efficiency exposes and punishes underlying economic imprudence swiftly and decisively. Regrettably, it also appears to have facilitated the transmission of financial disturbances far more effectively than ever before.

Three years ago, the Mexican crisis was the first such episode associated with our new high tech international financial system. The current Asian crisis is the second.

We do not as yet fully understand the new system's dynamics. We are learning fast and need to update and modify our institutions and practices to reduce the risks inherent in the new regime. Meanwhile, we have to confront the current crisis with the institutions and techniques we have.

Many argue that the current crisis should be allowed to run its course without support from the International Monetary Fund (IMF) or the bilateral financial backing of other nations. They assert that allowing this crisis to play out, while doubtless having additional negative effects on growth in Asia, and engendering greater spillovers onto the rest of the world, is not likely to have a large or lasting impact on the United States and the world economy.

They may well be correct in their judgment. There is, however, a small but not negligible probability that the upset in East Asia could have unexpectedly large negative effects on Japan, Latin America, and eastern and central Europe that, in turn, could have repercussions elsewhere, including the United States. Thus, while the probability of such an outcome may be small, its consequences, in my judgment, should not be left solely to chance. We have observed that global financial markets, as currently organized, do not always achieve an appropriate equilibrium, or at least require time to stabilize.

Opponents of IMF support for member countries facing international financial difficulties also argue that such substantial financial backing, by cushioning the losses of imprudent investors, could encourage excessive risk-taking. There doubtless is some truth in that, though arguably it has been the expectation of governments' support of their financial systems that has been the more obvious culprit, at least in the Asian case. In any event, any expectations of broad bailouts have turned out to have been disappointed. Many if not most investors in Asian economies have to date suffered substantial losses. Asian equity losses, excluding Japanese companies, since June 1997, worldwide, are estimated to have exceeded $700 billion, at the end of January, of which more than $30 billion had been lost by U.S. investors. Substantial further losses have been recorded in bonds and real estate.

Moreover, the policy conditionality, associated principally with IMF lending, which dictates economic and financial discipline and structural change, helps to mitigate some of the inappropriate risk-taking. Such conditionality is also critical to the success of the overall stabilization effort. At the root of the problems is poor public policy that has resulted in misguided investments and very weak financial sectors. Convincing a sovereign nation to alter destructive policies that impair its own performance and threaten contagion to its neighbors is best handled by an international financial institution, such as the IMF. What we have in place today to respond to crises should be supported even as we work to improve those mechanisms and institutions.

Some observers have also expressed concern about whether we can be confident that IMF programs for countries, in particular the countries of East Asia, are likely to alter their economies significantly and permanently. My sense is that one consequence of this Asian crisis is an increasing awareness in the region that market capitalism, as practiced in the West, especially in the United States, is the superior model; that is, it provides greater promise of producing rising standards of living and continuous growth.

Although East Asian economies have exhibited considerable adherence to many aspects of free market capitalism, there has nonetheless been a pronounced tendency toward government-directed investment, using the banking system to finance that investment. Given a record of real growth rates of close to 10 percent per annum over an extended period of time, it is not surprising that it has been difficult to convince anyone that the economic system practiced in East Asia could not continue to produce positive results indefinitely. After the breakdown, an increasing awareness, bordering in some cases on shock, that their economic model was incomplete, or worse, has arguably emerged in the region.

As a consequence, many of the leaders of these countries and their economic advisers are endeavoring to move their economies much more rapidly toward the type of economic system that we have in the United States. The IMF, whatever one might say about its policy advice in the past, is trying to play a critical role in this process, providing advice and incentives that promote sound money and long-term stability. The IMF's current approach in Asia is fully supportive of the views of those in the West who understand the importance of greater reliance on market forces, reduced government controls, scaling back of government-directed investment, and embracing greater transparency—the publication of all the data that are relevant to the activities of the central bank, the government, financial institutions, and private companies.

It is a reasonable question to ask how long this conversion to embracing market capitalism in all its details will last in countries once temporary IMF support is no longer necessary. We are, after all, dealing with sovereign nations with long traditions not always consonant with market capitalism. There can be no guarantees, but my sense is that there is a growing understanding and appreciation of the benefits of market capitalism as we practice it—that what is being prescribed in IMF programs fosters their own interests.

The just-inaugurated president of Korea, from what I can judge, is unquestionably aware of the faults of the Korean system that contributed to his country's crisis; he appears to be very strenuously endeavoring to move his economy and society in the direction of freer markets and a more flexible economy. In these efforts, he and other leaders in the region with similar views have the support of many younger people, a large proportion educated in the West, who see the advantages of market capitalism and who will soon assume the mantle of leadership.

Accordingly, I fully back the Administration's request to augment the financial resources of the IMF by approving as quickly as possible U.S. participation in the New Arrangements to Borrow and an increase in the U.S. quota in the IMF. Hopefully, neither will turn out to be needed, and no funds will be drawn. But it is better to have it available if that turns out not to be the case and quick response to a pending crisis is essential.

Statement by Laurence H. Meyer, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, March 3, 1998

I welcome the opportunity to testify on behalf of the Federal Reserve Board on proposals in S. 1405 to allow the payment of interest on demand deposits and on the required reserve balances of depositories at the Federal Reserve. The Federal Reserve strongly supports these measures. We have commented favorably on such proposals on a number of previous occasions over the years, and the reasons for those positions still hold today. We also believe the legislation should include a provision to allow the Federal Reserve to pay interest on excess reserves.

These legislative proposals are important for economic efficiency: Unnecessary restrictions on the payment of interest on demand deposits and reserve balances distort market prices and lead to economically wasteful efforts to circumvent them.

Because of recent financial market innovations, the proposals are also important for monetary policy. Balances that depository institutions must hold at Federal Reserve Banks to meet reserve requirements pay no interest. Reserve requirements are now 10 percent of all transaction deposits above a threshold level. Requirements may be satisfied either with vault cash or with balances held in accounts at Federal Reserve Banks. Depositories have naturally always attempted to reduce such non-interest-bearing balances to the minimum. For more than two decades, some commercial banks have done so in part by sweeping the reservable transaction deposits of businesses into nonreservable instruments. These business sweeps not only avoid reserve requirements but also allow firms to earn interest on instruments that are, effectively, equivalent to demand deposits.

In recent years, developments in computer technology have allowed depositories to begin sweeping consumer transaction deposits into nonreservable accounts. In consequence, the balances that depositories hold at Reserve Banks to meet reserve requirements have fallen to quite low levels. These consumer sweep programs are expected to spread further, threatening to lower required reserve balances to levels that may begin to impair the implementation of monetary policy. Should this occur, the Federal Reserve would need to adapt its monetary policy instruments, which could involve disruptions and costs to private parties as well as to the Federal Reserve. However, if interest were allowed to be paid on required reserve balances and on demand deposits, changes in the procedures used for implementing monetary policy might not be needed.

The prohibition of the payment of interest on demand deposits was enacted in the depression atmosphere of the mid-1930s. At that time, the Congress was concerned that large money center banks might have earlier been bidding deposits away from country banks to make loans to stock market speculators, in the process depriving rural areas of financing. It is unclear whether the rationale for this prohibition was ever valid, and it is certainly no longer applicable today. Funds flow freely around the country, and among banks of all sizes, to find the most profitable lending opportunities, using a wide variety of market mechanisms, including the federal funds market. The absence of interest on demand deposits is no bar to the movement of funds from depositories with surpluses—whatever their size or location—to the markets where the funding can be profitably employed. In fact, small firms in rural areas are able to bypass their local banks and invest in money market mutual funds with transaction capabilities. Indeed, smaller banks complain that they are unable to compete for the deposits of businesses precisely because of their inability to offer interest on demand deposits.

The prohibition of interest on demand deposits distorts the pricing of transaction deposits and associated bank services. In order to compete for the liquid assets of businesses, banks set up complicated procedures to pay implicit interest on what are called compensating balance accounts. These accounts, which represent a sizable fraction of demand deposits, earn credits that can be used to pay for a firm's use of other bank services. Banks also spend resources—and charge fees—for sweeping the excess demand deposits of businesses into money market investments on a nightly basis. To be sure, the progress of computer technology has reduced the cost of such systems over time. However, the expenses are not trivial, particularly when substantial efforts are needed to upgrade such automation systems or to integrate the diverse systems of merging banks. Such expenses waste the economy's resources—they would be unnecessary if interest were paid on both demand deposits and the reserve balances that must be held against them.

The prohibition of interest on demand deposits also distorts the pricing of other bank products. Because banks cannot attract demand deposits through the payment of explicit interest, they often try to attract these deposits, aside from compensating balances, through the provision of services at little or no cost. When services are offered below cost, they tend to be overused—an additional waste of resources attributable partly to the prohibition of interest on demand deposits.

However, the potential gains in economic efficiency cannot be fully realized by paying interest on demand deposits alone. As has been demonstrated in the case of the consumer checking accounts, on which interest is paid, the absence of interest on the reserve balances that must be held against such transaction deposits has in itself provided strong enough incentive for banks to start sweep programs. The costs that banks incur to design and maintain the automation systems needed to implement such sweep programs are another instance of economic waste. The payment of interest on required reserve balances could remove the incentives to engage in such reserve avoidance practices.

In light of depositories' use of resources to try to circumvent reserve requirements, the reason for having such requirements might be questioned. Indeed, reserve requirements have been eliminated in a number of other industrialized countries. Let me review with you for a few moments the historical and current purposes served by reserve requirements.

Although the English word "reserves" might imply an emergency store of liquidity, required reserves cannot actually be used for this purpose because they represent a small and fixed fraction of a bank's transaction deposits. Reserve requirements have at times been employed as a means of controlling the growth of money. In the early 1980s, for example, the Federal Reserve used a reserve quantity procedure to control the growth of M1. For the most part, however, the Federal Reserve has looked to the price of reserves—the federal funds rate—rather than the quantity of reserves, as its key focus in implementing monetary policy.

Although reserve requirements no longer serve the primary purpose of monetary control, they continue to play an important role in the implementation of monetary policy in the United States. They do so by helping to keep the federal funds rate close to the target rate set by the Federal Open Market Committee. They perform this function in two ways: First, they provide a predictable demand for the total reserves that the Federal Reserve needs to supply through open market operations in order to achieve a given federal funds rate target. Second, because required reserve balances must be maintained only on an average basis over a two-week period, depositories have some scope to adjust the daily balances they hold in a manner that helps stabilize the federal funds rate. For instance, if the funds rate were higher than usual on a particular day, depositories could choose to hold lower reserve balances, and their reduced demand would help to damp the upward pressure on the funds rate. Later in the two-week period, they could make up the shortfall in their average holdings of reserve balances.

Depositories hold balances in their accounts at Federal Reserve Banks for reasons other than satisfying their two-week average requirements. Some balances are needed as a precaution against the chance that payment orders late in the day might leave a depository with an overdraft on its account, and the Federal Reserve strongly discourages overdrafts. On days when payment flows are particularly heavy and uncertain, or when the distribution of reserves is substantially displaced from normal, depositories tend to hold balances for precautionary purposes well above required levels.

Unlike the two-week average demands, these daily precautionary demands cannot help smooth the funds rate from one day to the next. They are also difficult to predict, making it harder for the Federal Reserve to determine the appropriate daily quantity of reserves to supply to the market. In the absence of reserve requirements, or if reserve requirements were very low, the daily demand for balances at Reserve Banks would be dominated by these precautionary demands, and as a result, the federal funds rate could often diverge markedly from its intended level.

An example of the volatility that can arise in the federal funds market because of a low level of required reserve balances occurred in early 1991. The Federal Reserve had reduced certain reserve requirements in late 1990 as a means of easing funding costs to banks during the credit crunch period. The cut in requirements reduced required balances at Reserve Banks for many depositories to below the balances needed for precautionary purposes, and the federal funds rate consequently became very volatile. On a typical day in that period, the funds rate strayed over a range of about 8 percentage points and missed the target for the average of daily rates by ½ percentage point. After a couple of months, stability returned to the federal funds market because depositories made improvements in their reserve management and because strong growth in deposits again boosted the level of required reserve balances above precautionary demands for many institutions.

Since that time, depositories have become much more adept at managing their reserve positions, and their need for precautionary balances on a typical day has declined considerably. In fact, they are now managing to operate with lower aggregate required balances at Reserve Banks than they had in early 1991, and the federal funds rate is nevertheless much more stable. A number of measures taken by the Federal Reserve have helped to foster stability, including improvements in the timeliness of account information provided to depositories, more frequent open market operations geared to daily payment needs, and improved procedures for estimating reserve demand. Another measure now being considered by the Federal Reserve Board is a shift to lagged reserve requirements, which would also contribute to some reduction in uncertainty about reserve demand.

The additional improvements in reserve management in recent years have been needed because required reserve balances have dropped substantially—from about $28 billion in late 1993 to about $9 billion in late 1997. This decline has not occurred because of further cuts in required reserve ratios by the Federal Reserve but because of the new retail sweep programs implemented by depositories. These programs use computerized systems to sweep consumer transaction deposits, which are subject to reserve requirements, into personal savings accounts, which are not. The spread of such retail sweep programs has not yet fully run its course, and considerable uncertainty shrouds its eventual outcome. We expect that the effects of future declines in required reserve balances on the volatility of the federal funds rate will not necessarily proceed gradually; the rather modest effects on volatility seen so far may not preclude a more outsized reaction as reserve balances fall even lower.

Heightened volatility in the federal funds rate is of concern for a number of reasons. To be sure, the transmission of volatility in the funds rate to volatility in longer-term rates is likely to be muted because of the averaging out of upticks and downticks in the overnight rate. However, even in the absence of much transmission to longer-term rates, increased volatility in the federal funds rate would affect other overnight interest rates, raising funding risks for most large banks, securities dealers, and other money market participants. Suppliers of funds to the overnight markets, including many small banks and thrift institutions, would face greater uncertainty about the returns they would earn. Market participants concerned about unexpected losses would incur additional costs in managing their funding to limit the heightened risks.

Countries that have eliminated reserve requirements do not generally experience a great deal of volatility in overnight interest rates because they are able to use alternative procedures for the implementation of monetary policy. One type of procedure, for instance, establishes a ceiling and a floor to contain movements of the overnight interest rate. The ceiling is set by a penalty interest rate on loans provided freely by the central bank through what is called a Lombard facility. The floor is established, in effect, by the payment of interest on excess reserves because no bank would lend to a private party at an interest rate below the rate it could earn on a risk-free deposit at the central bank. For the Federal Reserve to be able to set a similar interest rate floor, it would need authority to pay interest on excess reserves. As regards a ceiling on the funds rate, a change in the Federal Reserve's approach to the discount window would be necessary because we have no penalty interest rate and instead subject borrowing applications to an administrative review. Alternative means of establishing a ceiling could be considered.

If interest were allowed to be paid on both demand deposits and required reserve balances, adjustments in the procedures for implementing monetary policy might not be needed. Such interest payments would likely boost the level of transaction deposits substantially, as some business and household sweep programs were unwound, and as banks became more able to compete for the liquid funds of businesses. The increased transaction deposits could ensure that required reserve balances would remain above the level of daily precautionary needs for many institutions, thus helping to stabilize the federal funds rate, while also improving economic efficiency as previously noted.

The magnitude of the prospective responses to these measures is uncertain, however. Some corporations may not find the interest paid on demand deposits high enough to induce them to shift out of other liquid instruments. Also, some banks may retain consumer sweep programs in order to seek higher investment returns than the Federal Reserve would pay on reserve balances. If interest were allowed on required reserve balances, the Federal Reserve would likely pay a rate close to the rate available on an overnight repurchase agreement. Higher yields are, of course, available on investments of greater risk and longer maturities.

Because of the uncertainties involved, the Federal Reserve needs to be able to pay interest on excess reserves as well as on required reserve balances, and at differential rates to be set by the Federal Reserve. The ability to pay interest on excess reserves would provide an additional tool that could be used for monetary policy implementation, but one that might not need to be used, if interest on required reserve balances and demand deposits resulted in a sufficient boost to the level of those balances. Even if not used immediately, it is important that the Federal Reserve have the full range of tools available to other central banks, given the inventiveness of our financial markets and the need for the Federal Reserve to be prepared for potential developments that may not be immediately visible.

The payment of interest on reserve balances would tend to reduce the revenues received by the Treasury from the Federal Reserve, while the payment of interest on demand deposits would increase those revenues. Treasury revenues would be directly reduced by the payment of interest on existing reserve balances. However, there would be some offset to this direct revenue loss. The level of reserve balances would rise because of the interest payments, and the Federal Reserve would therefore be able to increase its holdings of government securities. The Federal Reserve, on average, would earn a higher yield on those securities than the rate it would pay on required reserve balances. On net, Treasury revenues are still likely to fall with the payment of interest on required reserve balances, but the recent declines in such balances have reduced that revenue loss to a historic low, roughly $100 million anually starting next year, according to a recent estimate by the Congressional Budget Office. Similarly, interest payments on demand deposits would increase the level of demand deposits, as well as the reserve balances held against them on which the Federal Reserve would also earn a positive interest rate spread. The size of this further offset to the Treasury's revenue loss on required reserve balances is subject to considerable uncertainty.

In the long run, the benefits of the proposed legislation will likely be distributed rather widely among bank customers. The biggest winners should be small businesses that currently earn no interest on their checking accounts. They will gain from the interest earned and from being able to relax procedures used to hold to a minimum the size of their checking account deposits. Larger firms will benefit as well, in part by saving on some sweep fees.

For banks, interest on demand deposits will increase costs, at least in the short run. Larger banks and securities firms may also lose some of the fees they currently earn on sweeps of business demand deposits. The higher costs to banks will be partially offset by interest on reserve balances, and over time, these measures should help the banking sector attract liquid funds in competition with nonbank institutions and direct market investments by businesses. Small banks, in particular, should be able to bid for business demand deposits on a more level playing field vis-à-vis both nonbank competition and large bank sweep programs. Moreover, large and small banks will be strengthened by fairer prices on the services they offer and by the elimination of unnecessary costs associated with sweeps and other procedures currently used to try to minimize the level of reserves.

In the early 1980s, the Congress decided to deregulate interest rates on all household deposits and to allow money market deposit accounts for businesses. It is now time to extend the benefits of deposit interest rate deregulation to the ordinary checking accounts of businesses. Eliminating price distortions on demand deposits and on required and excess reserve balances would spare the economy wasteful expenditure, increase the efficiency of our financial markets, and facilitate the conduct of monetary policy.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, March 4, 1998

Just last week I presented the Federal Reserve's semiannual report on economic conditions and the conduct of monetary policy. This morning, I will briefly review some aspects of that outlook before I turn to a more detailed discussion of coming budgetary challenges.

The exemplary performance of the U.S. economy in 1997 will be hard to match. Last year's combination of robust expansion of activity, healthy creation of new jobs, and a decline in inflation generated widespread benefits for our citizens. Many of those benefits have the promise to be long-lived: Our nation has been experiencing a higher growth rate of productivity—output per hour worked—in recent years, which is the ultimate source of rising standards of living.

There can be no doubt that domestic demand retained some of its considerable momentum going into this year. Production and employment have been on a strong uptrend in recent months. Confident households, enjoying gains in income and wealth and benefiting from the reductions in intermediate- and longer-term interest rates to date, should continue to increase their spending. Firms should find financing available on relatively attractive terms to fund profitable opportunities to enhance efficiency by investing in new capital equipment. By itself, this strength in spending would seem to presage intensifying pressures in labor markets and on prices. Yet, the outlook for total spending on goods and services produced in the United States is less assured of late because of storm clouds massing over the Western Pacific and heading our way.

With the crisis curtailing the financing available in foreign currencies, many Asian economies have had no choice but to cut back their imports sharply from the United States and elsewhere, a situation made worse by disruptions to their financial systems and economies more generally. American exports should be held down further by the appreciation of the dollar, which will make the prices of competing goods produced abroad more attractive, just as foreign-produced goods will be relatively more attractive to buyers here at home. As a result, we can expect a worsening net export position to exert a discernible drag on total output in the United States and the dollar prices of our non-oil imports to extend their recent declines. These lower import prices are apparently already making domestic producers hesitant to raise their own prices for fear of losing market share, further contributing to the restraint on overall prices.

The key question going forward is whether the restraint building from the turmoil in Asia will be sufficient to check inflationary tendencies that might otherwise result from continued strength of domestic spending and tightening labor markets. The depth of the adjustment abroad will depend on the extent of weakness in the financial sectors of Asian economies and the speed with which structural inefficiencies in the financial and nonfinancial sectors of those economies are corrected. If, as we suspect, the restraint coming from Asia is sufficient to bring the demand for American labor back into line with the growth of the working-age population desirous of working, labor markets will remain unusually tight, but any intensification of inflation should be delayed, very gradual, and readily reversible. However, we cannot rule out two other, more worrisome possibilities. On the one hand, should the momentum to domestic spending not be offset significantly by Asian or other developments, the U.S. economy would be on a track along which spending could press too strongly against available resources to be consistent with contained inflation. On the other, we also need to be alert to the possibility that the forces from Asia might damp activity and prices by more than is desirable by exerting a particularly forceful drag on the volume of net exports and the prices of imports.

The robust economy has facilitated the efforts of the Congress and the Administration to restore balance in the unified federal budget. The deficit dropped to its lowest level in more than two decades in fiscal 1997, and both the Administration and the Congressional Budget Office (CBO) now expect the budget to remain essentially in balance over the next few years before moving to moderate surpluses by the middle of the next decade. I should caution, though, that while receipt growth remained robust through January, the prospects for fiscal 1998 as a whole remain uncertain until we have a tally of the final payments that will be included in April's tax returns.

As I have indicated to the Congress on numerous occasions, putting the unified budget into significant surplus would be the surest and most direct way of increasing national saving. In turn, higher national saving, by promoting lower real long-term interest rates, helps spur spending to outfit American firms and their workers with the modern equipment they need to compete successfully on world markets. We have seen a partial down payment of the benefits of better budget balance already: It seems reasonable to assume that the decline in longer-term Treasury yields last year owed, in part, to reduced competition—current and prospective—from the federal government for scarce private saving.

But much hard work remains to be done to ensure that these projected surpluses actually materialize and that the appropriate budgetary strategy is in place to deal with the effects on federal entitlement spending of the looming shift in the nation's retirement demographics. The baseline projections from the Office of Management and Budget (OMB) and the CBO provide a good starting point for assessing the budget outlook over the medium term: They are based on sensible economic and technical assumptions and thus offer a reasonable indication of how the budget is likely to evolve if economic conditions remain favorable and current budgetary policies remain in place. However, the experience of the past few years amply demonstrates that such forecasts are subject to considerable error. For evidence on that score, we need only look back to last winter. Even with fiscal 1997 already well under way, both the CBO and the OMB were overestimating that year's deficit by about $100 billion.

In retrospect, much of the error in last winter's deficit estimates fell on the inflow side, largely reflecting a surge in tax receipts that far exceeded estimates. This "tax surprise", which helped lift the receipts share of gross domestic product to a historical high, was not a new phenomenon. In the early 1990s, growth of receipts consistently fell short of expectations based on the trends in aggregate income and the tax laws then in place. Even after the fact, our knowledge about the sources of such surprises has not always been definitive. As a result, we must remain cautious about extrapolating recent favorable tax inflows into the future. We cannot rule out the possibility that the next few years will see a more rapid dissipation of the strength in receipts than either the OMB and the CBO have assumed, implying renewed deficits. Indeed, all else equal, had the 1997 surprise fallen on the other side—downward instead of upward—we would be confronted by nontrivial budget deficits at least through the beginning of the coming decade.

Moreover, the baseline projections assume that discretionary spending will be held to the statutory caps, which allow almost no growth in nominal outlays through fiscal 2002. Given the declining support for further reductions in defense spending, keeping overall discretionary spending within the caps is likely to require sizable, as yet unspecified, real declines in nondefense programs from current levels. Not surprisingly, many observers are skeptical that the caps will hold, and battles over appropriations in coming years may well expose deep divisions that could make the realization of the budget projections less likely. In addition, although last year's legislation cut Medicare spending substantially, experience has highlighted the difficulty of controlling this program, raising the possibility that the savings will not be so great as anticipated—especially if resistance develops among beneficiaries or providers.

These uncertainties underscore the need for caution as you move ahead on your work on the 1999 budget. There is no guarantee that projected surpluses over the next few years will actually materialize. However, we can be more certain that, absent action, the budgetary position will erode after the next decade as the baby boom generation moves into retirement, putting massive strains on the social security and Medicare programs. Without question, the task of stemming that erosion will become increasingly difficult the longer it is postponed. Indeed, especially in light of these inexorable demographic trends, I have always emphasized that we should be aiming for budgetary surpluses and using the proceeds to retire outstanding federal debt. In that regard, one measure of how much progress has been made in dealing with the nation's fiscal affairs is that serious discussion of such paydowns has begun to surface. Working down the stock of the federal debt would put further downward pressure on long-term interest rates, which would enhance private capital investment, labor productivity, and economic growth, preparing us to better confront the looming changes in retirement demographics.

Over the decades, our budgetary processes have been biased toward deficit spending. Indeed, those processes are strewn with initiatives that were viewed as having only a small projected budgetary cost at inception but which produced a sizable drain on the Treasury's coffers over time. As you are well aware, programs can be easy to initiate or expand but extraordinarily difficult to trim or shut down once a constituency develops that has a stake in maintaining them. Thus far, the President and the Congress have been quite successful, contrary to expectations, in placing, and especially holding, caps on discretionary spending. More recently, they have started to confront the budget implications of the surge in retirements that will occur early in the next century. But the good news of late on the budget has unleashed an outpouring of proposals that, if adopted, do not bode well for the maintenance of fiscal discipline. Although many of the individual budget proposals may have merit, they must be considered only in the context of a responsible budget strategy for the longer run.

In closing, I want to commend Chairman Kasich and the members of the committee for your insistence on fiscal responsibility and persistent efforts to bring the budget under control. The shrinking budget deficit and the prospect of surplus stand as testimony to your endeavors. But we must remember that projections of surpluses are based on an extrapolation of steady economic growth and subdued inflation in coming years. Achieving such a performance in these uncertain times, with the U.S. economy now subject to a fine balance of powerful forces of expansion and restraint, will provide policymakers with a considerable challenge. And, on your part, not succumbing to the temptation to commit prematurely future surpluses that exist only on paper, while, in addition, addressing the adverse effects of ongoing demographic changes to the budget over the longer run, will not be easy. However, if we meet these challenges, the increase in national saving and investment will almost surely pay off handsomely in the form of a more rapidly expanding standard of living for all Americans.

Statement by Laurence H. Meyer, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, March 10, 1998

The Board of Governors appreciates this opportunity to comment further on S. 1405, the Financial Regulatory Relief and Economic Efficiency Act of 1997. The members of this committee, and in particular Senators Shelby and Mack, are to be commended for the leadership role you have taken over the past several years in reducing unnecessary burdens on our nation's banking system. This committee has recognized that unnecessary regulatory burdens hinder the ability of banking organizations to compete effectively in the broader financial services marketplace and, ultimately, adversely affect the availability and prices to consumers of banking services and credit products.

This bill represents a further effort by this committee to eliminate unnecessary regulatory burdens. The Board believes that a number of sections of this bill accomplish that purpose, and it recommends their adoption. Several other provisions, however, appear inadvertently to have gone beyond the goal of regulatory relief and may result in changes to the law that were neither intended nor desired. In this testimony, I would like to highlight some of the provisions that the Board supports and some of the areas with which the Board has concerns. (Attached to this statement is an appendix containing several technical suggestions and comments on other provisions of the bill that are not discussed directly in my testimony.)[1]

The Committee's Past Successes

This committee has twice approved comprehensive legislation to ease regulatory burdens for financial institutions. As the Board stated at the time the committee was considering these prior legislative initiatives, the banking industry badly needed the type of regulatory burden relief embodied in the Community Development and Regulatory Improvement Act of

1. The attachment to this statement is available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551, or the Board's World Wide Web site, http://www.bog.frb.fed.us/

1994 (1994 Act) and in the Economic Growth and Paperwork Reduction Act of 1996 (1996 Act).

Before the passage of these two acts, the aggregate regulatory burden on our nation's banking organizations had become substantial. The Board supported the efforts of the committee and voiced its concern that obsolete and dysfunctional regulations were handicapping the ability of U.S. banking institutions to operate in increasingly competitive financial markets, both domestic and global. Taking heed of the calls for regulatory reform from the Board and others, this committee fashioned important legislation to revise anachronistic banking statutes that were imposing costs without providing commensurate benefits to the safety and soundness of financial institutions, consumer protection, or credit availability.

In the 1994 Act, the committee alleviated the paperwork burden for banking organizations seeking to gain federal approval to engage in certain transactions, enhanced the efficiency of the regulatory process by eliminating applications and other filing requirements, and streamlined examination and audit procedures. Two years later, with the support of the Board, the committee passed the 1996 Act, which, among other steps, permitted well-capitalized and well-managed institutions to commence previously approved nonbanking activities without filing an application. In the 1996 Act, the committee also passed important reforms to consumer protection statutes that alleviated the burdens imposed by these statutory provisions on financial institutions without undercutting the goals of the consumer protection laws.

Our Efforts at the Board

The Board has long recognized that regulatory burdens on our nation's financial institutions must be reduced. Consistent with the mandate of the Congress and this committee, the Board has sought to ensure that regulatory requirements are imposed only when they are needed to accomplish the statutory responsibilities of the Board. For example, within the past two years, the Board has substantially revised its Regulation Y (which primarily governs bank holding companies) and has proposed comprehensive revisions to its Regulation H (which governs membership of state banks in the Federal Reserve System) and its Regulation K (which governs international banking operations). These changes will make the Board's regulations simpler, less burdensome, and more transparent while still providing banking organizations with powerful incentives to maintain strong capital positions, preserve solid management, and serve the needs of their communities.

The efforts of the Board, coupled with the mandates of this committee, have had a bottom-line, practical effect: Fewer applications need to be filed with the Board; and banking organizations have saved substantial regulatory, legal, compliance, and other costs. In short, these changes have enhanced the competitiveness of banking organizations that are regulated by the Board and have benefited the customers of these financial institutions.

The Provisions of This Bill

S. 1405 contains some important additional reform provisions. As I stated before the committee last week, the Board strongly supports the provision in section 101 of this bill that would permit the Federal Reserve to pay interest on reserve balances that depository institutions are required to maintain at Federal Reserve Banks. Because required reserve balances do not earn interest, banks and other depository institutions employ sweeps and other costly procedures to reduce such balances to a minimum. These reserve avoidance techniques represent a waste of resources for the economy and could also potentially complicate the implementation of monetary policy. Allowing the Board to pay interest on required reserve balances would not only eliminate economic inefficiencies but also alleviate risks that could affect the future implementation of monetary policy. In addition, as I mentioned last week, the Board would support allowing the Federal Reserve the option to make payment of interest on "excess" reserves, which could be a useful tool for monetary policy.

The Board also strongly endorses the provision in section 102 that would permit all depository institutions to pay interest on demand deposits, including deposits made by businesses. As I explained more fully last week, the prohibition of interest on the demand accounts of businesses is an anachronism that no longer serves any public policy purpose. On the other hand, this prohibition imposes a burden both on banks and on those holding demand deposits, especially small businesses, which frequently do not have the resources to implement sophisticated cash management programs. Repeal of the prohibition would remove an unnecessary regulatory burden, enhance the competitiveness of depository institutions, and benefit bank depositors.

There are other parts of this bill, as well, that would relieve regulatory burden without giving rise to safety and soundness, supervisory, consumer protection, or other policy concerns. For example, section 203 would eliminate the outdated and largely redundant requirement in section 11(m) of the Federal Reserve Act, which currently sets a rigid ceiling on the percentage of bank capital and surplus that may be represented by loans collateralized by securities. Current national and state bank lending limits address concerns regarding concentrations of credit more comprehensively than section 11(m) but do so without the unnecessary constraining effects of this section of the Federal Reserve Act.

In another area, the alternative consumer credit disclosure mechanisms permitted by sections 401 and 402 will be less burdensome to creditors and just as helpful to consumers as the disclosure requirements embodied in current law. The Congress has already eliminated the requirement that creditors disclose a historical table for closed-end variable rate loans. Taking similar action with respect to open-end variable rate home-secured loans, and permitting creditors to make alternative disclosures to meet their obligations with regard to credit advertising under the Truth in Lending Act, would reduce regulatory burdens without sacrificing consumer protections.

The Board supports other sections of the bill as well. Section 304, which would eliminate the banking agency report on differences in capital and accounting standards, is a provision that would terminate a reporting requirement that is no longer necessary in light of the considerable progress the agencies have made (at this committee's direction in the 1994 Act) in conforming their capital and accounting standards. Section 109 would provide a uniform limit on loans by banks to their executive officers, thereby diminishing confusion among regulated institutions and reducing regulatory burden across institutions with different regulators. Section 306, which would eliminate the Thrift Depositor Protection Oversight Board, would save the government money by terminating an administrative board whose primary function, oversight of the Resolution Trust Corporation (RTC), ceased when the RTC closed in 1995. Moreover, as discussed in the appendix, section 502 would make an important change in the health benefits available to Federal Deposit Insurance Corporation and Board retirees.

A few other provisions of this bill, however, appear to go beyond the committee's goal of regulatory relief or represent such fundamental changes in the federal regulatory system as to warrant a fuller debate in the context of broad financial modernization legislation. The Board is concerned that these provisions, as currently drafted, may result in changes to the law that the committee did not intend and will have effects that the committee may not desire. Some of these changes may give certain entities unfair competitive advantages; other provisions appear to extend taxpayer subsidies in a manner that would not seem warranted.

Nonbank Banks

Several provisions of S. 1405 would eliminate a number of important limitations that have been applied to nonbank banks. For example, section 208 would greatly enhance the ability of nonbank banks to expand their banking operations by allowing them to acquire any undercapitalized bank. Section 116 would allow nonbank banks to permit their affiliates to incur overdrafts at the nonbank bank and would allow nonbank banks to incur overdrafts at the Federal Reserve on behalf of affiliates. This section also would remove restrictions in current law on the cross-marketing of products by nonbank banks and their commercial affiliates. Section 205 would allow nonbank banks to offer business credit cards even where these business loans are funded by insured demand deposits. Finally, section 117 would liberalize the divestiture requirements that apply when companies violate the nonbank bank operating limitations.

Eliminating restrictions on nonbank banks, at first glance, may have intuitive appeal. However, there are important reasons why the Board is concerned about these provisions. Nonbank banks—which, despite their popular name, are federally insured, national or state-chartered banks—came into existence by exploiting a loophole in the law. By means of this loophole, industrial, commercial, and other companies were able to acquire insured banks and to mix banking and commerce in a manner that was then, and remains today, statutorily prohibited for banking organizations. These companies also have avoided the comprehensive framework of prudential standards and supervisory examination and review under the Bank Holding Company Act that governs all other corporate owners of insured banks.

In 1987, in the Competitive Equality Banking Act (CEBA), the Congress closed the nonbank bank loophole. At that time, the Congress chose not to require the fifty-seven companies operating nonbank banks to divest these institutions. Instead, the Congress permitted the companies owning these banks to retain their ownership as long as they complied with a carefully crafted set of limitations on the activities of nonbank banks and their parents. In a unique statutory explanation of legislative purpose, the Congress stated in the CEBA that these limitations were necessary to prevent the owners of nonbank banks from competing unfairly with bank holding companies and independent banks. In addition, the Congress found that the restrictions were needed to address potential adverse effects, including conflicts of interest, that could result from the ownership of these insured banks by companies that, unlike bank holding companies, are not subject to federal supervision or regulation or to the federal proscription against mixing banking and commerce.

Fewer than twenty-five nonbank banks currently claim the grandfather rights accorded in the CEBA. The Board is concerned that removal of the limitations and restrictions that apply to nonbank banks would enhance advantages that this relative handful of organizations already possess over other owners of banks and would give rise to the potential adverse effects about which the Congress has in the past expressed concern. In addition, removal of these limitations would permit the increased combination of banking and commerce for a select group of commercial companies, creating potential disadvantages and inequities for all other companies, including banks and bank holding companies.

As this committee is aware, there is significant debate in the context of broader efforts to modernize our financial laws regarding whether it is prudent to remove the existing separations between banking and commerce. Because reform of the nonbank bank provisions raises fundamental questions regarding the mixing of banking and commerce, the Board believes that reform of the provisions governing nonbank banks should be considered within the framework of broad financial modernization rather than in the context of efforts to reduce regulatory burden.

Thrift Powers

S. 1405, as drafted, also would appear to expand the mixing of commerce and banking by owners of savings associations. In particular, section 107, which appears to have been intended to allow a savings and loan holding company (SLHC) to acquire a noncontrolling interest in a savings association, would also permit multiple SLHCs, with the approval of the Office of Thrift Supervision, to acquire more than 5 percent of the shares of any company, including any commercial firm. This would seem to expand the ability of multiple SLHCs to mix banking and commerce to an unlimited degree, a result that the sponsors of this bill may not have intended. The Board supports clarifying the language in the bill to ensure that the powers of multiple SLHCs are not unintentionally broadened and advocates retaining the current proscription against allowing multiple SLHCs to acquire a significant interest in a commercial company.

Daylight Overdrafts

Section 118 would require the Federal Reserve to make intraday credit, in the form of daylight overdrafts, available to the Federal Home Loan Banks. As it did in the last Congress, the Board strongly opposes this proposal, which would provide special treatment to the Federal Home Loan Banks over other government-sponsored enterprises (GSEs) and other lending institutions as well as over all depository institutions with access to central bank credit.

Section 118 would represent the first time that the Congress has mandated the availability and price of central bank credit. As such, this bill would serve as precedent for other GSEs to meet intraday liquidity needs with Federal Reserve credit at an administered interest rate instead of with the proceeds of obligations issued in the markets at competitive rates as contemplated by their statutory funding schemes.

In addition, section 118 would serve as a precedent for regularly extending Federal Reserve credit to institutions that are not subject to reserve requirements and therefore would grant the Federal Home Loan Banks access to that credit on terms more attractive than those available to depository institutions. For these reasons, the Board opposes extending the availability of routine daylight overdrafts to the Federal Home Loan Banks.

Price Discounts

Section 204 is intended to allow banks to discount the price of products and services that are offered in bundles to consumers. Current law prohibits banks from offering price discounts in most situations, even though this is a common practice in other industries and even though consumers benefit from receiving a price discount on the purchase of a combination of products and services.

In the past several years, the Board has utilized authority granted to it by the Congress to craft a number of exceptions to current law that allow banks to offer price discounts on bundled products. For example, the Board has allowed banks to offer discounts to customers that maintain a certain level of deposits at the bank so long as both the deposit accounts and the other bundled products are also separately available to the public. This type of price discounting both saves money for consumers who desire the bundled products and allows consumers who are not interested in purchasing the entire bundle of discounted services to purchase individual products or services separately at competitive prices.

Section 204, as currently drafted, would appear to go further than is necessary to allow this type of price discounting. The Board would support efforts to allow banks to offer price discounts to customers that choose to acquire multiple products or services from banks and their affiliates where the bundled products and services are also made available separately to customers at competitive prices.

Affiliations with Government-Sponsored Enterprises

A provision in section 113 would remove the current restriction on bank affiliations with GSEs. As worded, the section would appear to permit a bank or bank holding company to acquire control of any GSE and to permit any GSE to acquire an insured bank. This broad change, involving all GSEs, raises significant policy issues that the Board believes go beyond the scope of regulatory burden relief. For example, this change raises the questions: Is it desirable to allow a banking organization to exercise control over a GSE? Would a banking organization that affiliates with a GSE gain competitive advantages over its peers from the special tax and quasi-governmental status of the GSE? Would the secondary markets that rely on GSEs be affected if a single banking organization acquires control of a GSE? Conversely, is it appropriate to allow any GSE to acquire control of an insured bank?

These and other questions are raised by a statutory change that would affect all GSEs, but the Board understands that the provision in section 113 is intended to address an existing relationship involving a banking organization's ownership of shares of a single GSE. This situation may be better addressed with a narrower provision that does not raise concerns regarding control of GSEs more broadly.

CLOSING THOUGHTS

The Board applauds the efforts of the committee to continue to eliminate unnecessary government-imposed burdens. The committee's past successes in regulatory reform and relieving regulatory burdens on banking organizations, coupled with the efforts of the bank regulatory agencies, necessarily make the committee's task today a difficult one. The committee's substantial previous efforts have left fewer areas in banking law that require reexamination outside the context of comprehensive financial modernization. As a consequence, in some areas, S. 1405 attempts to resolve issues that are better addressed in broader legislation that would reform the financial services industry.

The Board has long endorsed financial modernization strategies that ensure regulatory equity for all participants in the financial services industry, that minimize the chances that federal safety net subsidies will be expanded into new activities and beyond the confines of insured depository institutions, and that guarantee adequate federal supervision of financial organizations. The Board would be pleased to work with the committee and its able staff to reach these goals. □

Announcements

Shift from Contemporaneous Reserve Requirements to a Lagged Basis

The Federal Reserve Board on March 26, 1998, voted to move from a system of contemporaneous reserve requirements to one in which reserves are maintained on a lagged basis. The change will go into effect with the reserve maintenance period beginning July 30, 1998.

The switch will make it easier for depositories to calculate their required reserve balances for the current maintenance period and will increase the accuracy of information on aggregate required reserve balances, which is needed by the Open Market Trading Desk to carry out its operations.

Under the lagged system, the reserve maintenance period for weekly reporting institutions will begin thirty days after the beginning of the two-week reserve computation period. Under the current system, the reserve maintenance period begins only two days after the beginning of the computation period.

Regulation E: Interim Rule

The Federal Reserve Board on March 13, 1998, published an interim rule to its Regulation E (Electronic Fund Transfers) that permits depository institutions to deliver disclosures electronically if the consumer agrees.

The interim rule is similar to a proposed rule that the Board published in May 1996, except that institutions need not provide paper copies of disclosures delivered electronically. Electronic disclosures remain subject to applicable timing, format, and other requirements of the regulation.

The Board is also publishing a proposed amendment to Regulation E that would reduce the time period for investigating errors that involve debit cards used in point-of-sale and foreign transactions. Comments are requested by May 15.

Regulation Z: Revisions to the Official Staff Commentary

The Federal Reserve Board on March 31, 1998, published revisions to its official staff commentary to Regulation Z (Truth in Lending). The official staff commentary applies and interprets the requirements of the regulation. The revisions are effective March 31. Compliance is optional until October 1, 1998.

The revisions provide guidance for open-end credit plans that increase rates triggered by late payments or by exceeding credit limits and that have deferred payment features. Proposed changes on how creditors may determine whether credit is an open-end plan or a closed-end transaction have been substantially modified in the final revisions.

Also, the update discusses issues such as the treatment of annuity costs in reverse mortgage transactions and transaction fees imposed on checking accounts with overdraft protection.

Issuance of Final Rule on Expansion of the Examination Frequency Cycle for Certain Financial Institutions

The Federal Reserve Board along with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision on March 30, 1998, issued a final rule to expand the examination frequency cycle for certain financial institutions. The rule is effective April 2, 1998.

Implementation of this final rule expands the eligibility for the eighteen-month examination cycle for well-managed banks that are rated 1 or 2 from the current asset size limit of $100 million to a new limit of $250 million.

The ruling implements section 306 of the Riegle Community Development and Regulatory Improvement Act of 1994 and section 2221 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996.

Clarification of Operating Standards Relating to Customer Disclosures of Section 20 Subsidiaries

The Federal Reserve Board on March 24, 1998, announced a clarification of the operating standards relating to customer disclosures of section 20 subsidiaries of bank holding companies. The clarification was effective March 27, 1998.

The Board is modifying the customer disclosure operating standard to make clear that a section 20 subsidiary operating *off* bank premises may satisfy the standard by providing a one-time disclosure in writing when an investment account is opened.

The clarification requires a section 20 subsidiary to provide in writing to each of its retail customers at the time an investment account is opened the same minimum disclosures and to obtain the same customer acknowledgment as described in the Interagency Statement on Retail Sales of Nondeposit Investment Products.

This clarification will relieve section 20 subsidiaries operating *off* the premises of depository institutions from providing oral disclosures to retail customers on a continuing basis.

Revisions to the Cash Access Policy on Shipments and Deposits in an Interstate Branching Environment

The Federal Reserve Board on March 6, 1998, announced revisions in its cash access policy on how cash shipments and deposits will be handled in an interstate branching environment. The revised policy provides flexibility to depository institutions to obtain cash services from any Reserve Bank office. The policy is effective May 4, 1998.

The original policy adopted in 1996 mandates greater consistency in Reserve Bank cash service levels than currently exists by providing a base level of free currency access to all depository institutions but with restrictions on the frequency and number of offices served.

Offices of depository institutions that meet minimum volume thresholds will be able to obtain more frequent access. Fees will be charged for additional access beyond the base service level.

Proposed Actions

The Federal Reserve Board on March 13, 1998, requested comment on a comprehensive review of two of its consumer protection regulations—Regulation B (Equal Credit Opportunity), and Regulation C (Home Mortgage Disclosure). Comments are requested by May 29.

The Federal Reserve Board on March 13, 1998, requested public comment on a proposal to permit the electronic delivery of disclosures for four of its consumer protection regulations. Comments are requested by May 15.

The regulations affected are Regulation B (Equal Credit Opportunity), Regulation M (Consumer Leasing), Regulation Z (Truth in Lending), and Regulation DD (Truth in Savings). These proposals to permit electronic disclosures correspond in approach to an interim rule that the Board also published on March 13, amending Regulation E (Electronic Fund Transfers). The Board also requested comment on proposed technical amendments to Regulations M and DD.

The Federal Reserve Board on March 10, 1998, requested comment on the benefits and drawbacks associated with its 1994 same-day settlement rule. The Board is also requesting comment on the implications of potential further rule changes to reduce legal disparities between the Federal Reserve Banks and private-sector banks in the presentment and settlement of checks. Comments are requested by July 17, 1998.

The Federal Reserve Board on March 31, 1998, announced an extension of time to receive public comments on its advance notice of proposed rulemaking concerning its margin regulations, Regulations T (Credit by Brokers and Dealers), U (Credit by Banks for Purchasing or Carrying Margin Stocks), and X (Borrowers of Securities Credit). The comment period is being extended from April 1, 1998, to May 1, 1998.

Availability of Transcripts of the 1992 Meetings of the Federal Open Market Committee

The Federal Reserve on March 11, 1998, made available for public inspection transcripts of meetings of the Federal Open Market Committee (FOMC) that were held during 1992. The package includes transcripts of eight regularly scheduled meetings and four telephone conference calls.

Procedures adopted by the FOMC provide for the public release of transcripts for an entire year with a five-year lag. Minutes of each meeting are issued with an approximate six-week lag, while decisions made at each meeting are announced on the day of the meeting.

The 1992 transcripts have been lightly edited to enhance readability and to redact confidential material such as information pertaining to individual foreign central banks and private businesses.

Copies of the transcripts are available from the Board's Freedom of Information Office, Room MP-500, Mail Stop 132, Board of Governors of the Federal Reserve System, Washington, DC 20551 (telephone at 202-452-3684).

PUBLICATION OF THE DECEMBER 1997 UPDATE OF THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

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

Control and Ownership

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

Nonbanking Activities

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

Management Information Systems

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

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

ISSUANCE OF THE 1998 *TRADING AND CAPITAL-MARKETS ACTIVITIES MANUAL*

The Federal Reserve Board on March 9, 1998, issued its 1998 *Trading and Capital-Markets Activities Manual* for examiners and banking organizations. The new manual represents a substantive revision and expansion of the *Trading Activities Manual* issued in March 1994.

The new manual compiles the latest Federal Reserve supervisory guidance on trading operations and related capital-markets banking activities. It details both sound management practices and key examination and review considerations for these operations and activities.

The manual provides in-depth discussions of a wide range of risk management issues encountered in trading and dealer operations, including revised and expanded presentations on market risk, counterparty credit risk, legal risk, financial reporting, accounting, and ethics.

Chapters on capital adequacy and settlement risk and a comprehensive subject index have also been added. A new section of the manual presents existing guidance on other capital-markets-related activities, including whole-bank interest rate risk management, investment and end-user activities, and secondary market credit activities and products such as securitization and credit derivatives.

The manual also includes profiles of thirty-five specific financial instruments commonly encountered in trading and capital-markets-related activities. Each profile contains a basic description of the instrument and discussions on topics such as the risks encountered, pricing conventions, accounting treatment, risk-based capital considerations, and bank-eligibility requirements.

Copies of the manual may be obtained for $50 from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Updates and supplements will be issued as needed in the spring and fall of each year. The price will be $20 annually. The manual was produced by staff members at the Board of Governors and at the Federal Reserve Banks of New York, Chicago, Minneapolis, and San Francisco.

CHANGES IN BOARD STAFF

The Board of Governors announced that Florence M. Young, Assistant Director in the Division of Reserve Bank Operations and Payment Systems, would retire on April 3. Ms. Young had served the Board since 1972.

Also, in the Division of Reserve Bank Operations and Payment Systems, the Board announced on April 6, 1998, the appointment of Marsha Reidhill as Assistant Director. Ms. Reidhill has been at the Board since November 1992. She received her B.S. in finance from Georgetown University and an M.A. in economics from the University of Texas. □

Legal Developments

Joint Final Rule—Expanded Examination Cycle for Certain Small Insured Institutions

The Board of Governors of the Federal Reserve System ("Board"), the Office of the Comptroller of the Currency ("OCC"), the Federal Deposit Insurance Corporation ("FDIC"), and the Office of Thrift Supervision ("OTS") (collectively, the "Agencies"), are adopting as a final rule their joint interim rule implementing section 306 of the Riegle Community Development and Regulatory Improvement Act of 1994 ("CDRI") and section 2221 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 ("EGRPRA"). Together, section 306 of CDRI and section 2221 of EGRPRA authorize the Agencies to increase the asset size of certain financial institutions that may be examined once in every 18-month period, rather than once in every 12-month period, from $100 million to a revised limit of $250 million. This final rule makes certain institutions that have $250 million or less in assets eligible for the 18-month examination schedule.

Effective April 2, 1998, 12 C.F.R. Parts 4, 208, 337, and 563 are amended as follows:

Part 4—Organization and Functions, Availability and Release of Information, Contracting Outreach Program

1. The authority citation for Part 4 continues to read as follows:

Authority: 12 U.S.C. 93a. Subpart A also issued under 5 U.S.C. 552; 12 U.S.C. 481, 1820(d). Subpart B also issued under 5 U.S.C. 552; E.O. 12600 (3 C.F.R., 1987 Comp., p. 235). Subpart C also issued under 5 U.S.C. 301, 552; 12 U.S.C. 481, 482, 1821(o), 1821(t); 18 U.S.C. 641, 1905, 1906; 31 U.S.C. 9701. Subpart D also issued under 12 U.S.C. 1833e.

2. In Subpart A, section 4.6 is revised to read as follows:

Section 4.6—Frequency of examination.

(a) *General.* The OCC examines national banks pursuant to authority conferred by 12 U.S.C. 481 and the requirements of 12 U.S.C. 1820(d). The OCC is required to conduct a full-scope, on-site examination of every national bank at least once during each 12-month period.

(b) *18-month rule for certain small institutions.* The OCC may conduct a full-scope, on-site examination of a national bank at least once during each 18-month period, rather than each 12-month period as provided in paragraph (a) of this section, if the following conditions are satisfied:

(1) The bank has total assets of $250 million or less;

(2) The bank is well capitalized as defined in Part 6 of this chapter;

(3) At the most recent examination, the OCC found the bank to be well managed;

(4) At the most recent examination, the OCC assigned the bank a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (copies are available at the addresses specified in section 4.14);

(5) The bank currently is not subject to a formal enforcement proceeding or order by the FDIC, OCC, or Federal Reserve System; and

(6) No person acquired control of the bank during the preceding 12-month period in which a full-scope, on-site examination would have been required but for this section.

(c) *Authority to conduct more frequent examinations.* This section does not limit the authority of the OCC to examine any national bank as frequently as the agency deems necessary.

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

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

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

2. In Subpart A, section 208.26 is revised to read as follows:

Section 208.26—Frequency of examination.

(a) *General.* The Federal Reserve examines insured member banks pursuant to authority conferred by 12 U.S.C. 325 and the requirements of 12 U.S.C. 1820(d). The Federal Reserve is required to conduct a full-scope, on-site examination of every insured member bank at least once during each 12-month period.

(b) *18-month rule for certain small institutions.* The Federal Reserve may conduct a full-scope, on-site examination of an insured member bank at least once during each 18-month period, rather than each 12-month period as provided in paragraph (a) of this section, if the following conditions are satisfied:

(1) The bank has total assets of $250 million or less;

(2) The bank is well capitalized as defined in subpart B of this part (section 208.33);

(3) At the most recent examination conducted by either the Federal Reserve or applicable State banking agency, the Federal Reserve found the bank to be well managed;

(4) At the most recent examination conducted by either the Federal Reserve or applicable State banking agency, the Federal Reserve assigned the bank a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (copies are available at the address specified in section 216.6 of this chapter);

(5) The bank currently is not subject to a formal enforcement proceeding or order by the FDIC, OCC, or Federal Reserve System; and

(6) No person acquired control of the bank during the preceding 12-month period in which a full-scope, on-site examination would have been required but for this section.

(c) *Authority to conduct more frequent examinations.* This section does not limit the authority of the Federal Reserve to examine any insured member bank as frequently as the agency deems necessary.

Part 337—Unsafe and Unsound Banking Practices

1. The authority citation for Part 337 continues to read as follows:

Authority: 12 U.S.C. 375a(4), 375b, 1816, 1818(a), 1818(b), 1819, 1820(d)(10), 1821(f), 1828(j)(2), 1831f, 1831f-1.

2. Section 337.12 is revised to read as follows:

Section 337.12—Frequency of examination.

(a) *General.* The Federal Deposit Insurance Corporation examines insured state nonmember banks pursuant to authority conferred by section 10 of the Federal Deposit Insurance Act (12 U.S.C. 1820). The FDIC is required to conduct a full-scope, on-site examination of every insured state nonmember bank at least once during each 12-month period.

(b) *18-month rule for certain small institutions.* The FDIC may conduct a full-scope, on-site examination of an insured state nonmember bank at least once during each 18-month period, rather than each 12-month period as provided in paragraph (a) of this section, if the following conditions are satisfied:

(1) The bank has total assets of $250 million or less;

(2) The bank is well capitalized as defined in section 325.103(b)(1);

(3) At the most recent FDIC or applicable State banking agency examination, the FDIC found the bank to be well managed;

(4) At the most recent FDIC or applicable State banking agency examination, the FDIC assigned the insured state nonmember bank a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (copies are available at the addresses specified in section 309.4 of this chapter);

(5) The bank currently is not subject to a formal enforcement proceeding or order by the FDIC, OCC, or Federal Reserve System; and

(6) No person acquired control of the bank during the preceding 12-month period in which a full-scope, on-site examination would have been required but for this section.

(c) *Authority to conduct more frequent examinations.* This section does not limit the authority of the FDIC to examine any insured state nonmember bank as frequently as the agency deems necessary.

Part 563—Operations

1. The authority citation for Part 563 continues read as follows:

Authority: 12 U.S.C. 375b, 1462, 1462a, 1463, 1464, 1467a, 1468, 1817, 1820, 1828, 3806; 42 U.S.C. 4106.

2. Section 563.171 is revised to read as follows:

Section 563.171—Frequency of examination.

(a) *General.* The OTS examines savings associations pursuant to authority conferred by 12 U.S.C. 1463 and the requirements of 12 U.S.C. 1820(d). The OTS is required to conduct a full-scope, on-site examination of every savings association at least once during each 12-month period.

(b) *18-month rule for certain small institutions.* The OTS may conduct a full-scope, on-site examination of a savings association at least once during each 18-month period, rather than each 12-month period as provided in paragraph (a) of this section, if the following conditions are satisfied:

(1) The savings association has total assets of $250 million or less;

(2) The savings association is well capitalized as defined in section 565.4 of this Chapter;

(3) At its most recent examination, the OTS found the savings association to be well managed;

(4) At its most recent examination, the OTS assigned the savings association a composite rating of 1 or 2, as defined in section 516.3(c) of this chapter;

(5) The savings association currently is not subject to a formal enforcement proceeding or order; and

(6) No person acquired control of the savings association during the preceding 12-month period in which a

full-scope, on-site examination would have been required but for this section.

(c) *Authority to conduct more frequent examinations.* This section does not limit the authority of the OTS to examine any savings association as frequently as the agency deems necessary.

FINAL RULE—AMENDMENT TO REGULATION B

The Board of Governors is amending 12 C.F.R. Part 202, its Regulation B (Equal Credit Opportunity). The Board is amending certain model forms in its Regulation B to reflect statutory amendments to the Fair Credit Reporting Act ("FCRA") disclosures contained in those forms. Creditors have the option of including the FCRA disclosures with the notice of action taken required under Regulation B. In addition, a technical revision has been made to Appendix A.

Effective April 30, 1998, 12 C.F.R. Part 202 is amended as follows:

Part 202—Equal Credit Opportunity (Regulation B)

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

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

2. Appendix A is amended by revising the second paragraph to read as follows:

APPENDIX A TO PART 202—FEDERAL ENFORCEMENT AGENCIES

* * * * *

National Banks, and Federal Branches and Federal Agencies of Foreign Banks

Office of the Comptroller of the Currency, Customer Assistance Unit, 1301 McKinney Avenue, Suite 3710, Houston, Texas 77010.

* * * * *

3. Appendix C is amended as follows:

a. By revising the second paragraph;
b. By revising Form C-1;
c. By revising Form C-2;
d. By revising Form C-3;
e. By revising Form C-4;
f. By revising Form C-5.

The revisions read as follows:

(Sample forms C-1 through C-5 begin on page 344.)

FORM C-1 -- SAMPLE NOTICE OF ACTION TAKEN AND STATEMENT OF REASONS

Statement of Credit Denial, Termination, or Change

Date: ___________

Applicant's Name: ______________________________

Applicant's Address: ____________________________________

Description of Account, Transaction, or Requested Credit:

____

Description of Action Taken:

____

____

PART I - PRINCIPLE REASON(S) FOR CREDIT DENIAL, TERMINATION, OR OTHER ACTION TAKEN CONCERNING CREDIT.
<u>This section must be completed in all instances</u>.

___Credit application incomplete

___Insufficient number of credit references provided

___Unacceptable type of credit references provided

___Unable to verify credit references

___Temporary or irregular employment

___Unable to verify employment

___Length of employment

___Income insufficient for amount of credit requested

___Excessive obligations in relation to income

___Unable to verify income

___Length of residence

___Temporary residence

___Unable to verify residence

___No credit file

___Limited credit experience

___Poor credit performance with us

___Delinquent past or present credit obligations with others

___Garnishment, attachment, foreclosure, repossession, collection action, or judgment

___Bankruptcy

___Value or type of collateral not sufficient

___Other, specify: ____

Form C-1, page 2

Part II DISCLOSURE OF USE OF INFORMATION OBTAINED FROM AN OUTSIDE SOURCE.
This section should be completed if the credit decision was based in whole or in part on information that has been obtained from an outside source.

___ Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

Name: ______________________________

____

Address: ______________________________

____

[Toll-free] Telephone number: ______________

___ Our credit decision was based in whole or in part on information obtained from an affiliate or from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to make a written request, no later than 60 days after you receive this notice, for disclosure of the nature of this information.

If you have any questions regarding this notice, you should contact:

Creditor's name: ______________

Creditor's address: ______________

Creditor's telephone number: ______________

NOTICE

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in appendix A).

FORM C-2-SAMPLE NOTICE OF ACTION TAKEN AND STATEMENT OF REASONS

Date

Dear Applicant:

Thank you for your recent application. Your request for [a loan/a credit card/an increase in your credit limit] was carefully considered, and we regret that we are unable to approve your application at this time, for the following reason(s):

Your Income:
___ is below our minimum requirement.
___ is insufficient to sustain payments on the amount of credit requested.
___ could not be verified.

Your Employment:
___ is not of sufficient length to qualify.
___ could not be verified.

Your Credit History:
___ of making payments on time was not satisfactory.
___ could not be verified.

Your Application:
___ lacks a sufficient number of credit references.
___ lacks acceptable types of credit references.
___ reveals that current obligations are excessive in relation to income.

Other: ____

The consumer reporting agency contacted that provided information that influenced our decision in whole or in part was [name, address and [toll-free] telephone number of the reporting agency]. The reporting agency is unable to supply specific reasons why we have denied credit to you. You do, however, have a right under the Fair Credit Reporting Act to know the information contained in your credit file. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency. Any questions regarding such information should be directed to [consumer reporting agency].

If you have any questions regarding this letter, you should contact us at [creditor's name, address and telephone number].

NOTICE: The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (Provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

FORM C-3 -- SAMPLE NOTICE OF ACTION TAKEN AND STATEMENT OF REASONS (CREDIT SCORING)

Date

Dear Applicant:

Thank you for your recent application for ____________________________. We regret that we are unable to approve your request.

Your application was processed by a credit scoring system that assigns a numerical value to the various items of information we consider in evaluating an application. These numerical values are based upon the results of analyses of repayment histories of large numbers of customers.

The information you provided in your application did not score a sufficient number of points for approval of the application. The reasons why you did not score well compared with other applicants were:

- Insufficient bank references
- Type of occupation
- Insufficient credit experience

In evaluating your application the consumer reporting agency listed below provided us with information that in whole or in part influenced our decision. The reporting agency played no part in our decision other than providing us with credit information about you. Under the Fair Credit Reporting Act, you have a right to know the information provided to us. It can be obtained by contacting: [name, address, and [toll-free] telephone number of the consumer reporting agency]. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

If you have any questions regarding this letter, you should contact us at

Creditor's Name: ________________________
Address: ____________________________
____
Telephone: ___________________________

Sincerely,

NOTICE: The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (with certain limited exceptions); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

FORM C-4 -- SAMPLE NOTICE OF ACTION TAKEN AND STATEMENT OF REASONS AND COUNTEROFFER

Date

Dear Applicant:

Thank you for your application for ______________. We are unable to offer you credit on the terms that you requested for the following reason(s): ____.

We can, however, offer you credit on the following terms: ________

____.

If this offer is acceptable to you, please notify us within [amount of time] at the following address: ______________________________.

Our credit decision on your application was based in whole or in part on information obtained in a report from [name, address and [toll-free] telephone number of the consumer reporting agency]. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

You should know that the federal Equal Credit Opportunity Act prohibits creditors, such as ourselves, from discriminating against credit applicants on the basis of their race, color, religion, national origin, sex, marital status, age because they receive income from a public assistance program, or because they may have exercised their rights under the Consumer Credit Protection Act. If you believe there has been discrimination in handling your application you should contact the [name and address of the appropriate federal enforcement agency listed in Appendix A.]

Sincerely,

FORM C-5 -- SAMPLE DISCLOSURE OF RIGHT TO REQUEST SPECIFIC REASONS FOR CREDIT DENIAL

Date

Dear Applicant:

Thank you for applying to us for ____________________.

After carefully reviewing your application, we are sorry to advise you that we cannot [open an account for you/grant a loan to you/increase your credit limit] at this time.

If you would like a statement of specific reasons why your application was denied, please contact [our credit service manager] shown below within 60 days of the date of this letter. We will provide you with the statement of reasons within 30 days after receiving your request.

Creditor's Name
Address
Telephone number

If we obtained information from a consumer reporting agency as part of our consideration of your application, its name, address, and [toll-free] telephone number is shown below. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. [You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency.] You have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency. You can find out about the information contained in your file (if one was used) by contacting:

Consumer reporting agency's name
Address
[Toll-free] Telephone number

Sincerely,

NOTICE

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

APPENDIX C TO PART 202—SAMPLE NOTIFICATION FORMS

* * * * *

Form C-1 contains the Fair Credit Reporting Act disclosure as required by sections 615(a) and (b) of that act. Forms C-2 through C-5 contain only the section 615(a) disclosure (that a creditor obtained information from a consumer reporting agency that played a part in the credit decision). A creditor must provide the 615(a) disclosure when adverse action is taken against a consumer based on information from a consumer reporting agency. A creditor must provide the section 615(b) disclosure when adverse action is taken based on information from an outside source other than a consumer reporting agency. In addition, a creditor must provide the 615(b) disclosure if the creditor obtained information from an affiliate other than information in a consumer report or other than information concerning the affiliate's own transactions or experiences with the consumer. Creditors may comply with the disclosure requirements for adverse action based on information in a consumer report obtained from an affiliate by providing *either* the 615(a) or 615(b) disclosure.

* * * * *

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), in order to move from the current system of contemporaneous reserve maintenance for institutions that are weekly deposits reporters to a system under which reserves are maintained on a lagged basis by such institutions. Under a lagged reserve maintenance system, the reserve maintenance period for a weekly deposits reporter will begin thirty days after the beginning of a reserve computation period. Under the current system, the reserve maintenance period begins only two days after the beginning of a reserve computation period.

Effective July 30, 1998, 12 C.F.R. Part 204 is amended as follows:

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 204.3, paragraph (c) is revised to read as follows:

Section 204.3—Computation and maintenance.

* * * * *

(c) *Computation of required reserves for institutions that report on a weekly basis.*

(1) Required reserves are computed on the basis of daily average balances of deposits and Eurocurrency liabilities during a 14-day period ending every second Monday (the computation period). Reserve requirements are computed by applying the ratios prescribed in section 204.9 to the classes of deposits and Eurocurrency liabilities of the institution. In determining the reserve balance that is required to be maintained with the Federal Reserve, the average daily vault cash held during the computation period is deducted from the amount of the institution's required reserves.

(2) The reserve balance that is required to be maintained with the Federal Reserve shall be maintained during a 14-day period (the "maintenance period") that begins on the third Thursday following the end of a given computation period.

FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control; Clarification to the Board's Section 20 Orders). The Board is clarifying one of the operating standards established in its decisions under the Bank Holding Company Act and section 20 of the Glass–Steagall Act permitting a nonbank subsidiary of a bank holding company to underwrite and deal in securities. The Board is modifying the customer disclosure operating standard to make clear that a section 20 subsidiary operating off bank premises may satisfy the standard by providing a one-time disclosure in writing when an investment account is opened.

Effective March 27, 1998, 12 C.F.R. Part 225 is amended as follows:

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

1. The authority citation for Part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(l), 3106, 3108, 3310, 3331-3351, 3907, 3908, and 3909.

2. Section 225.200 is amended by revising paragraph (b)(4)(i) to read as follows:

Section 225.200—Conditions to Board's Section 20 Orders

* * * * *

(b) *Conditions.* * * *

(4) *Customer disclosure.*

(i) *Disclosure to section 20 customers.* A section 20 subsidiary shall provide, in writing, to each of its retail customers,[1] at the time an investment account is opened, the same minimum disclosures, and obtain the same customer acknowledgment, described in the Interagency Statement on Retail Sales of Nondeposit Investment Products (Statement) as applicable in such situations. These disclosures must be provided regardless of whether the section 20 subsidiary is itself engaged in activities through arrangements with a bank that are covered by the Statement.

1. For purposes of this operating standard, a retail customer is any customer that is not an "accredited investor" as defined in 17 C.F.R. 230.501(a).

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Peoples Heritage Financial Group, Inc.
Portland, Maine

Order Approving Merger of Bank Holding Companies

Peoples Heritage Financial Group, Inc., Portland, Maine ("Peoples"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with CFX Corporation, Keene, New Hampshire ("CFX"), and to acquire CFX's subsidiary banks: CFX Bank, Keene, New Hampshire ("CFX Bank"); Orange Savings Bank, Orange, Massachusetts ("Orange Savings Bank"); and Safety Fund National Bank, Fitchburg, Massachusetts ("Safety Bank").[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 2980 (1998)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Peoples operates depository institutions[2] in Maine, New Hampshire, and Massachusetts, and CFX operates banks in New Hampshire and Massachusetts. Peoples is the third largest depository institution in New Hampshire, controlling $1.6 billion in deposits, representing approximately 12.3 percent of total deposits in depository institutions in the state ("state deposits"), and the 20th largest depository institution in Massachusetts, controlling $630.7 million in deposits, representing less than 1 percent of state deposits.[3] CFX is the fourth largest depository institution in New Hampshire, controlling $1.6 billion in deposits, representing approximately 11.8 percent of state deposits, and the 47th largest depository institution in Massachusetts, controlling $348.4 million in deposits, representing less than 1 percent of state deposits. On consummation of the proposal, and accounting for the proposed divestitures, Peoples would become the largest depository institution in New Hampshire and the 11th largest depository institution in Massachusetts.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act"),[4] allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met. For purposes of the BHC Act, the home state of Peoples is Maine, and CFX controls banks in New Hampshire and Massachusetts.[5] All of the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[6] In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

The BHC Act prohibits the Board from approving a proposal if it would result in a monopoly or if the effect of the proposal may be substantially to lessen competition in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly

1. Peoples would merge CFX Bank with and into its bank in New Hampshire, Bank of New Hampshire, Manchester, New Hampshire ("Manchester Bank"), and Orange Savings Bank and Safety Bank with and into its savings bank in Massachusetts, Family Bank, FSB, Haverhill, Massachusetts ("Family Bank"). Peoples's subsidiaries have requested approval for the proposed mergers from the Federal Deposit Insurance Corporation ("FDIC") and the Office of Thrift Supervision ("OTS") under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) (the "Bank Merger Act"), and the appropriate state bank regulators.

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

3. All state deposit data are as of June 30, 1997.

4. Pub. L. No. 103-328, 108 Stat. 2338 (1994).

5. A bank holding company's home state is that state in which the operation of the bank holding company's banking subsidiaries are principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

6. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Peoples is adequately capitalized and adequately managed, as defined by the Riegle-Neal Act, and CFX's banks have been in existence and operated for the minimum periods of time necessary to satisfy age requirements established by applicable state law. *See* N.H. Rev. Stat. Ann. ch. 384 (1997) (5 years); Mass. Ann. Laws ch. 167A § 2 (Law. Co-op. 1997) (3 years). Massachusetts imposes a 28 percent limitation on the amount of deposits in insured depository institutions that a banking organization may control through acquisition and New Hampshire imposes a 20 percent limitation, but permits state action to waive this maximum, up to 30 percent. On consummation of the proposal, accounting for all proposed divestitures, Peoples would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States. Peoples also would not exceed applicable state law deposit limitations as calculated under state law, and state banking authorities in New Hampshire and Massachusetts have advised the Board that the proposal is consistent with state law. All other requirements of section 3(d) of the BHC Act also would be met on consummation of the proposal.

outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.[7]

Peoples and CFX compete in the following banking markets: the Hillsborough, Manchester, and Concord banking markets, all in New Hampshire; the Boston, Massachusetts, banking market; and the Portsmouth/Dover/Rochester banking market.[8] Consummation of the proposal would be consistent with the Department of Justice Merger Guidelines ("DOJ Guidelines")[9] and prior Board precedent in the Boston and Portsmouth/Dover/Rochester banking markets.[10]

In order to mitigate the potential anticompetitive effects of the proposal in the Hillsborough, Manchester, and Concord banking markets, Peoples has committed to divest certain branches in those markets.[11] In the Hillsborough banking market, Peoples would divest CFX's only branch to an out-of-market competitor, and the concentration in this market, as measured by the HHI, would remain unchanged. In the Manchester banking market, Peoples proposes to divest two CFX branches with total deposits of $51.3 million to an out-of-market competitor. Accounting for the proposed divestiture, consummation of the proposal would be consistent with the DOJ Guidelines and Board precedent in this market.[12]

In the Concord banking market, Peoples proposes to divest two branches controlling $104 million in deposits to an out-of-market competitor. Accounting for the proposed divestiture, Peoples would become the largest depository institution in the Concord market, controlling $380.7 million in deposits, representing 34.3 percent of market deposits. The HHI would increase 210 points to 1841. Fourteen competitors would remain in the market after consummation, including three competitors other than Peoples that would each control more than 10 percent of market deposits and four additional competitors that would each control more than 5 percent of market deposits. Three *de novo* entries into the Concord banking market since 1992 also indicate that the market has characteristics that make it attractive for entry.

The Board believes that the proposed divestitures and the considerations discussed above mitigate the potentially adverse effects of the proposal. The Department of Justice also has reviewed the proposal and advised the Board that, in light of the proposed divestitures, consummation of the proposal would not likely have a significantly adverse competitive effect in the Hillsborough, Manchester, or Concord banking markets, or in any other relevant banking market.

For the reasons discussed in this order, and based on all the facts of record, the Board concludes that consummation of the proposal is not likely to result in any significantly adverse effects on competition or on the concentration of banking resources in the Hillsborough, Manchester, and Concord banking markets, or any other relevant banking market. Accordingly, the Board believes that competitive factors are consistent with approval of this proposal.

7. 12 U.S.C. § 1842(c)(1)(B). Market share data used to analyze the competitive effects of the proposal are as of June 30, 1997. These data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

8. The Hillsborough banking market is defined as the Hillsborough County towns of Deering, Hillsborough, and Windsor, and the town of Washington in Sullivan County, all in New Hampshire. The Manchester banking market is defined as the Manchester RMA and the towns of Chester, Deerfield, New Boston, Raymond, Raymond and Weare, all in New Hampshire. The Concord banking market consists of the Concord RMA and the towns of Andover, Barnstead, Bradford, Canterbury, Dunbarton, Henniker, Hill, Salisbury, Warner, Webster and Loudon, and the city of Franklin, all in New Hampshire. The Boston banking market is defined as the Boston MSA. The Portsmouth/Dover/Rochester banking market is defined as the Portsmouth/Dover/Rochester RMA and the towns of Brookfield, Epping, Fremont, Hampton Falls, Kensington, Middleton, New Durham, Northwood, Nottingham, Strafford, and Wakefield in New Hampshire, and the town of Lebanon, Maine.

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

10. On consummation of the proposal, Peoples would remain the eighth largest depository institution in the Boston banking market and control $1.35 billion in deposits, representing approximately 1.6 percent of total deposits in depository institutions in the market ("market deposits"). The HHI would increase by 1 point to 1447. Peoples would become the largest depository institution in the Portsmouth/Dover/Rochester banking market and control $835.6 million in deposits, representing 32.6 percent of market deposits. The HHI would increase by 265 points to 1680.

11. With respect to each market in which Peoples would divest branches, Peoples has committed to execute sales agreements with an out-of-market competitor prior to consummation of the acquisition of CFX, and to complete the divestitures within 180 days of consummation of the acquisition. Peoples also has committed that, in the event it is unsuccessful in completing any divestiture within 180 days of consummation of the proposal, it will transfer the unsold branch(es) to an independent trustee acceptable to the Board. The trustee will be instructed to sell the branches promptly to competitively suitable purchasers. *BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338 (1992).

12. The HHI in the Manchester banking market would increase by 194 points to 3081, and Peoples would remain the third largest depository institution in the banking market, controlling deposits of $492.3 million, representing 22.4 percent of market deposits. Nine competitors would remain in the banking market after consummation of the proposal, including three competitors, other than Peoples, that would each control more than 10 percent of market deposits.

Other Considerations

The BHC Act requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by Peoples. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Peoples, CFX, and their respective subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

Convenience and Needs Considerations

The Board has carefully reviewed the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including comments on the effects the proposal would have on the communities to be served by the combined organization. The Board has received a number of comments in favor of the proposal. Commenters supporting the proposal commended Peoples's participation in community and economic development efforts in northern central Massachusetts. In particular, commenters noted that, since 1991, Family Bank has played an active role in supporting and financing many community development projects that help meet the credit needs of low- and moderate-income ("LMI") individuals in the community of Haverhill, Massachusetts.

Several other commenters expressed concern that the proposal would have an adverse effect on an economically depressed area served by Orange Savings Bank in Massachusetts that is known as North Quabbin. Some of the commenters contended that the lending activities of Orange Savings Bank were inadequate to serve the credit needs of North Quabbin, particularly the credit needs of local small businesses.[13]

In reviewing the convenience and needs of the communities to be served, the Board notes that Peoples provides a full range of financial services through its depository institutions. Peoples has indicated that it intends to enhance and expand the banking services available to all of its CFX's customers through increased commercial and residential housing lending activities, and access to a larger network of banking offices with extended banking hours, a full-service commercial real estate department, and expanded municipal financial services. Peoples also intends to provide $3 million through its Community Mortgage Outreach Program for mortgage loans to LMI and minority families in the communities served by Orange Savings Bank, which includes the North Quabbin area, and Safety Bank, and to provide $1 million to establish a loan pool to be administered by an advisory board composed of North Quabbin community representatives.

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). As provided in the CRA, the Board has evaluated this factor in light of examinations by the primary federal supervisors of the CRA performance records of the relevant institutions. As noted, Peoples intends to merge CFX's banks into its depository institutions after consummation of the proposal. In this light, the Board has given substantial consideration to the existing record of Peoples as reflected in the CRA examinations of its subsidiaries, and the current programs and policies of Peoples that help meet the credit needs of all its service communities, including LMI neighborhoods.

CRA Performance Examinations. The Board has reviewed the examinations by the primary federal supervisor of the CRA performance records of the relevant institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its primary federal supervisor.[14]

Peoples's lead bank, Peoples Heritage Savings Bank, Portland, Maine, received an "outstanding" rating from its primary federal supervisor, the FDIC, at its most recent CRA examination, as of April 1996.[15] Family Bank, which would serve North Quabbin after consummation of the proposal, also received an "outstanding" rating at its most recent CRA examination from the OTS, as of July 1997.[16] All of CFX's banks were rated "satisfactory" or better at their most recent CRA performance evaluations by their primary federal supervisors.

CRA Performance Record of Family Bank. Examiners found that Family Bank's record of residential and commercial lending reflected a strong responsiveness to the credit needs of its communities. In addition to originating residential mortgages throughout its service communities, Family Bank offers the Community Mortgage Outreach

13. One commenter expressed concern that grants to the commenter's community organization from Orange Savings Bank would not be continued after consummation of the proposal. Such agreements are matters governed by private negotiations between the parties and are not required by the CRA. Accordingly, the Board's review of the proposal has focused on the programs and policies that Peoples has in place to serve the credit needs of its communities.

14. 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).

15. The bank has retained an "outstanding" CRA performance rating since 1978 when federal supervisors began examining insured depository institutions for CRA performance.

16. Manchester Bank's most recent CRA performance rating as of January 1995 was "satisfactory." Peoples acquired Manchester Bank in April 1996, and established a goal of improving its rating to "outstanding" in 1998.

Program specifically to assist LMI and minority borrowers in obtaining mortgage loans. The program features flexible underwriting criteria and Family Bank has made more than $6 million in loans since the program was established in 1994.

In addition, Family Bank assists in meeting the small business credit needs of its communities. Examiners noted that 23.8 percent of the volume of small business loans made by the savings bank during the period covered by the examination were originated in LMI census tracts. Family Bank originated $84.4 million in small business loans during this period which represented 61 percent of the total dollar amount of its outstanding commercial loans. The savings bank has been designated as a "Preferred Lender" by the Small Business Administration and has participated as a member of several loan pools designed to assist small businesses, including the minority micro-loan pool of Lawrence and the Cambodian-American League of Lowell, both in Massachusetts. Family Bank also has indicated that it intends to assign two experienced commercial lending officers with primary responsibility for North Quabbin, consistent with its approach of permitting lending decisions to be made locally.

Examiners also found that Family Bank actively supports community development activities. The bank made $5.2 million in loans to organizations involved in affordable housing, economic and community development, and neighborhood stabilization activities during the period covered by the examination.

Conclusion on Convenience and Needs. The Board has carefully considered all the facts of record, including the comments received, responses to those comments, and the CRA performance records of the insured depository institutions of Peoples and CFX, including relevant reports of examination and other supervisory information. Based on a review of the entire record and for the reasons discussed above, the Board concludes that convenience and needs considerations, including the CRA records of performance of the institutions, are consistent with approval of the proposal.

Conclusion

Based on all the facts of record, and for the reasons discussed above, the Board has determined that the application should be, and hereby is, approved. The Board's decision is specifically conditioned on compliance with all the commitments made in the application, including the proposed divestiture commitments discussed in this order. The commitments relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of CFX may not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later that 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 Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 18, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Regions Financial Corporation
Birmingham, Alabama

Order Approving Merger of Bank Holding Companies and Acquisition of Banks

Regions Financial Corporation ("Regions"), Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with First State Corporation, Albany, Georgia ("FSC"), and thereby acquire FSC's subsidiary banks: First Bank & Trust Company, Albany, Georgia ("FB&T-Albany"), and First Bank & Trust Company, Cordele, Georgia ("FB&T-Cordele").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 5805 (1998)). 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 the BHC Act.

Regions, with total consolidated assets of approximately $24 billion, operates banks in Alabama, Florida, Georgia, Louisiana, South Carolina, and Tennessee.[1] Regions is the largest commercial banking organization in Alabama, controlling deposits of approximately $8.8 billion, representing approximately 19.4 percent of total deposits in commercial banking organizations in the state ("state deposits"). It is the sixth largest commercial banking organization in Georgia, controlling deposits of approximately $3.8 billion, representing approximately 5.3 percent of Georgia state deposits. FSC is the 17th largest commercial banking organization in Georgia, controlling deposits of $373.7 million, representing less than 1 percent of Georgia state deposits. On consummation of the proposal, Regions would remain the sixth largest commercial banking organization in Georgia.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act"),[2] allows the Board to approve an application by a bank holding company to

1. All banking data are as of September 30, 1997.
2. Pub. L. No. 103-328, 108 Stat. 2338 (1994).

acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met. For purposes of the BHC Act, the home state of Regions is Alabama, and FSC controls banks in Georgia.[3] All of the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[4] In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive, Financial and Managerial Considerations

Regions and FSC do not compete in any banking market. Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

The Board also has considered the financial and managerial resources and future prospects of Regions, FSC, and their respective subsidiary banks in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by Regions. The Board notes that Regions is in satisfactory financial condition and would remain so after consummation of the proposal. Reports of examination assessing the managerial resources of Regions and its subsidiaries indicate that this factor is consistent with approval. Based on all the facts of record, the Board concludes that considerations related to the financial and managerial resources and future prospects of Regions, FSC, and their respective subsidiary banks are consistent with approval under the BHC Act, as are other supervisory factors the Board must consider under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the community to be served. The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").

CRA Performance Examinations. As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant institutions by their primary federal supervisors. An institution's most recent CRA performance evaluation is a particularly important consideration in the application 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.[5] The Board has reviewed the records of performance of the subsidiary banks of Regions and FSC in light of all the facts of record.

Regions's lead bank, which accounts for approximately 65 percent of the company's consolidated assets, received an "outstanding" rating from its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), at its most recent evaluation for CRA performance, as of September 1996. Regions's other banks each received a "satisfactory" or better rating from their primary federal supervisor at their most recent evaluation for CRA performance. In addition, FB&T-Albany and FB&T-Cordele received "outstanding" CRA performance ratings from the FDIC as of July 1996 ("July 1996 Examination") and January 1996, respectively.

Comments on Performance Record of FB&T-Albany. The Board did not receive comments on the CRA performance records of Regions's banks. The Board received comments generally contending that FB&T-Albany was inadequately serving the credit needs of low- to moderate-income ("LMI") census tracts and the credit needs of small businesses owned by African Americans.[6] Commenter also indicated that FB&T-Albany did not have a branch in an Albany census tract with a predominately minority population.

In the July 1996 Examination, examiners concluded that FB&T-Albany effectively assisted in meeting the credit needs of its communities by originating residential, small business and small farm loans, and that the bank's loans were reasonably dispersed throughout its delineated communities, including LMI neighborhoods. Examiners particularly commended the bank's efforts in assisting the credit needs of small businesses. As of July 1996, FB&T-Albany had $63 million outstanding in small business loans, including eight loans under programs sponsored by the Small Business Administration that totalled approximately $1.1 million. The bank also allocated $1 million for a loan program administered by the Albany Dougherty Inner City Authority for the purpose of providing loans at below-market rates to improve inner city businesses.

3. A bank holding company's home state is that state in which the operation of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

4. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Regions is adequately capitalized and adequately managed, as defined by the Riegle-Neal Act. FSC's banks have been in existence and continuously operated for the minimum period required under Georgia law. *See* Ga. Code Ann. § 7-1-628.3 (1997) (5 years). On consummation of the proposal, Regions would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Georgia. All other requirements of section 3(d) of the BHC Act also would be met on consummation of the proposal.

5. 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. *See* 54 *Federal Register* 13,742 and 13,745 (1989).

6. An individual ("Commenter") submitted comments on behalf of Business Research and Development & Associates and the Albany-Dougherty National Association for the Advancement of Colored People.

Examiners found no evidence of practices under the bank's loan policies and procedures that discouraged applications for the types of credit set forth in the CRA statement and no evidence of discriminatory or other illegal credit practices.[7] FB&T-Albany's branches also were found to be readily accessible to all areas of its delineated communities. Examiners favorably noted that the bank had six full-service branches in Albany and that four of the branches were in or near LMI areas.

Conclusion on Convenience and Needs. The Board has carefully considered the entire record in its review of the convenience and needs factor under the BHC Act.[8] Based on all the facts of record, including Commenter's submission and the relevant reports of examination, the Board concludes that considerations relating to convenience and needs, including the CRA performance records of the relevant institutions, are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.[9] The Board's approval of the proposal is specifically conditioned on compliance by Regions with all the commitments made in connection with this application. For purposes of this action, the commitments and conditions relied on in reaching this decision are deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 11, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

7. Although examiners noted technical violations of the Fair Housing Act, they concluded that the violations did not indicate any discriminatory practices and that bank was in compliance with the substantive provisions of anti-discrimination laws and regulations. Bank has initiated steps to correct the violations.

8. Commenter also alleges that FB&T-Albany does not have a sufficient number of African Americans on its board of directors and in management. The BHC Act does not authorize the Board to adjudicate disputes that arise in areas of employment discrimination. Under the regulations of the Department of Labor, FSC and FB&T-Albany are required to file reports with the Equal Employment Opportunity Commission ("EEOC") covering all employees, and the EEOC has jurisdiction for determining whether companies are in compliance with equal employment opportunity statutes. *See* 41 C.F.R. 60–1.7(a), 60–1.40.

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

Under its rules, the Board also may, in its discretion, hold a public hearing or meeting on an application to acquire a bank if necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 225.16(e). The Board has carefully considered Commenter's request in light of all the facts of record. In the Board's view, Commenter has had ample opportunity to submit his views, and has submitted written comments that have been carefully considered by the Board in acting on the application. Commenter's request fails to demonstrate why his written presentation does not adequately present his evidence, allegations, or views. Commenter also fails to indicate why a public meeting or hearing is necessary for the proper presentation or consideration of his views. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a hearing or meeting on the proposal is hereby denied.

Orders Issued Under Section 4 of the Bank Holding Company Act

Banco Bilbao Vizcaya, S.A.
Bilbao, Spain

Order Approving Notice to Engage in Certain Nonbanking Activities

Banco Bilbao Vizcaya, S.A., Bilbao, Spain ("BBV"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to engage in the following nonbanking activities through its wholly owned subsidiary, BBV LatInvest Securities Inc., New York, New York ("Company"):[1]

(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) Extending credit and servicing loans, in accordance with section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));

(3) Providing financial and investment advisory services, in accordance with section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));

(4) Providing securities brokerage services, in accordance with section 225.28(b)(7)(i) of Regulation Y (12 C.F.R. 225.28(b)(7)(i));

(5) Buying and selling all types of securities on the order of customers as a "riskless principal," in accordance

1. BBV previously received approval under section 4(c)(9) of the BHC Act to acquire Company and to engage temporarily in various nonbanking activities through Company. *See* Letter dated October 15, 1995, from Jennifer J. Johnson, Deputy Secretary of the Board, to Eileen P. Matthews, Esq.

with section 225.28(b)(7)(ii) of Regulation Y (12 C.F.R. 225.28(b)(7)(ii);
(6) Acting as agent in the private placement of all types of securities, in accordance with section 225.28(b)(7)(iii) of Regulation Y (12 C.F.R. 225.28(b)(7)(iii));
(7) Providing other transactional services, in accordance with section 225.28(b)(7)(v) of Regulation Y (12 C.F.R. 225.28(b)(7)(v)); and
(8) 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"), in accordance with section 225.28(b)(8)(i) of Regulation Y (12 C.F.R. 225.28(b)(8)(i)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (62 *Federal Register* 7231 (1997)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

BBV, with total consolidated assets of approximately $129.6 billion, is the second largest banking organization in Spain.[2] In the United States, BBV operates a branch and a representative office in New York, New York; two agencies in Miami, Florida; and a branch and an insured nonmember bank in San Juan, Puerto Rico. Company is 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 is a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is 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 that—subject to the framework of prudential limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects—underwriting and dealing in bank-ineligible securities is so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[3] The Board also has determined that underwriting and dealing in bank-ineligible securities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the activity derives no more than 25 percent of its gross revenues from underwriting and dealing in bank-ineligible securities over a two-year period.[4]

BBV has committed that Company will conduct its underwriting and dealing activities using the methods and procedures and subject to the prudential limitations established by the Board in the Section 20 Orders. BBV also has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities subject to the Board's revenue restriction. As a condition of this order, BBV is required to conduct its bank-ineligible securities activities subject to the revenue restrictions and Operating Standards established for section 20 subsidiaries ("Operating Standards").[5]

Activities Approved by Regulation

As noted above, BBV proposes that Company engage in providing credit and servicing loans; financial and investment advisory activities; securities brokerage, riskless principal, private placement, and other transactional activities; and bank-eligible securities underwriting and dealing activities. The Board has determined by regulation that each of these activities is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[6] BBV has committed that Company will conduct these activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations relating to each of the activities.

Proper Incident to Banking Standard

In order to approve this notice, the Board also must consider whether performance of the proposed activities is a proper incident to banking, that is, whether the activities proposed "can reasonably be expected to produce benefits

2. Asset data are as of September 30, 1997, and are based on exchange rates then applicable. Ranking data are as of June 30, 1997.

3. *See Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990); *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), *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), and *Amendments to Restrictions in the Board's Section 20 Orders*, 62 *Federal Register* 45,295 (1997) (collectively, "Section 20 Orders").

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

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

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

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."[7] 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.[8] The Board notes that BBV's capital ratios satisfy applicable risk-based standards under the Basle Accord and are considered equivalent to the capital levels that would be required of a U.S. banking organization. The Board also has reviewed the capitalization of BBV and Company in accordance with the standards set forth in the Section 20 Orders and finds the capitalization of each to be consistent with approval of the proposal. The Board has reviewed these factors in light of all the facts of record, including BBV's projection of the volume of Company's underwriting and dealing activities in bank-ineligible securities.

On the basis of its supervisory experience with BBV, the results of a recent infrastructure review of Company, the commitments provided in this case, and the proposed management of Company, the Board has determined that BBV and Company have established policies and procedures to ensure compliance with this order and the Section 20 Orders, including computer, audit, and accounting systems, internal risk management controls, and the necessary operational and managerial infrastructure. The Board also has reviewed other aspects of the managerial resources of the entities involved in the proposal, including the expected effect of the proposal on such resources. On the basis of the foregoing and all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval of the notice.

The Board expects, moreover, that consummation of the proposal would provide added convenience to BBV's customers and increase the level of competition among existing providers of these services. As noted above, BBV 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, including the Operating Standards. 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 interests, or unsound banking practices that would outweigh the public benefits of the proposal. 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 and Regulation Y—would likely result in any significantly adverse effects that would outweigh the public benefits of the proposal. Accordingly, the Board has determined that performance of the proposed activities by BBV 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 BBV, as well as the terms and conditions set forth in this order and in the Board's orders and regulations noted above, including the Operating Standards, the Board has determined that the notice should be, and hereby is, approved. Underwriting and dealing in any manner other than as approved in this order and the Section 20 Orders, as modified by the Modification Orders, is not authorized.

The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. In approving the proposal, the Board has relied on all the facts of record and all the representations and commitments made by BBV. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 23, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Commerce Bancorp, Inc.
Cherry Hill, New Jersey

Order Approving Notice to Engage in Nonbanking Activities

Commerce Bancorp, Inc. ("Commerce"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire A.H. Williams & Co.,

7. 12 U.S.C. § 1843(c)(8).

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).

Inc., Philadelphia, Pennsylvania ("Company"), and thereby engage *de novo* in the following activities:[1]

(1) Underwriting and dealing in, to a limited extent, certain municipal revenue bonds (including certain unrated municipal revenue bonds and private ownership industrial development bonds issued for traditional government services), 1–4 family mortgage-related securities, consumer receivable-related securities, and commercial paper (collectively, "bank-ineligible securities");

(2) Providing services that are usual in connection with making, acquiring, brokering, or servicing loans or other extensions of credit, pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));

(3) Leasing personal or real property or acting as agent, broker, or adviser in leasing such property, pursuant to section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3));

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

(5) Providing securities brokerage, private placement, and riskless principal services, pursuant to section 225.28(b)(7) of Regulation Y (12 C.F.R. 225.28(b)(7));

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

(7) Providing management consulting and employee benefits counseling services, pursuant to section 225.28(b)(9) of Regulation Y (12 C.F.R. 225.28(b)(9)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 4267 (1998)). 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.

Commerce, with total consolidated assets of approximately $4 billion, operates subsidiary banks in New Jersey and Pennsylvania.[2] Company is and, following consummation of the proposal, will continue to 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.*) ("1934 Act"), and is a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is and will remain subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the 1934 Act, the SEC, and the NASD.

1. After consummation of the proposal, Commerce would change the name of Company to Commerce Capital Markets, Inc.

2. Asset data are as of December 31, 1997.

Underwriting and Dealing Activities

The Board has determined—subject to the framework of prudential limitations to address the potential for conflicts of interests, unsound banking practices, or other adverse effects—that 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.[3]

The Board also has determined that conduct of these activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in underwriting and dealing activities derives no more than 25 percent of its gross revenues from underwriting and dealing in bank-ineligible securities over a two-year period.[4] Commerce has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities subject to the Board's 25-percent revenue limit.[5] As a condition of this order, Commerce also would be required to conduct its bank-ineligible securities activities subject to the Operating Standards for section 20 subsidiaries.[6]

Other Activities Approved by Regulation

The Board previously has determined by regulation that activities related to extending credit; leasing personal or real property; financial and investment advisory activities;

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

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

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

6. 12 C.F.R. 225.200. Company proposes to complete the underwriting of five issues of securities that are not within the scope of activities for which Commerce is seeking approval. Company agreed to perform these five underwritings prior to agreeing to be acquired under the proposal, and the underwriting of all these securities is expected to be completed within 120 days after consummation of the proposal. Company may complete these underwritings and must treat all revenue derived from any of these underwritings that are completed after consummation of the proposal as bank-ineligible revenue subject to the Board's revenue limitations.

securities brokerage, riskless principal, and private placement services; underwriting and dealing in bank-eligible securities; investment and trading as a principal; and management consulting are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[7] Commerce has committed that it will conduct each of these activities in accordance with the BHC Act, Regulation Y, and the relevant Board interpretations and orders.

Proper Incident to Banking Standard

In order to approve the proposal, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[8] 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.[9] The Board has carefully examined the financial resources, management expertise, and risk management policies of Commerce and its subsidiaries. Based on all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval.

The Board has carefully considered the competitive effects of the proposal. To the extent that Commerce and Company offer different types of products and services, the proposal would result in no loss of competition. In those markets in which Commerce's and Company's products and services overlap, such as municipal finance underwriting, there are numerous existing and potential competitors. Consummation of the proposal, therefore, would have a *de minimis* effect on competition in the market for these services, and the Board has concluded that the proposal would not result in any significantly adverse competitive effects in any relevant market.

The Board expects that the proposal would provide added convenience and efficiency to customers of Commerce and Company by expanding the range of products and services available to states and municipalities in the region Company would serve. As noted above, Commerce has committed that Company will conduct its bank-ineligible securities underwriting and dealing activities in accordance with the prudential framework described above. Under the framework and conditions described in this order, the Board concludes that the acquisition of Company by Commerce and the conduct by Commerce of the proposed limited 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 interests, or unsound banking practices that would outweigh the public benefits of the proposal. Similarly, the Board finds no evidence that Company's riskless principal, private placement, and other nonbanking activities—conducted under the framework and conditions established in this order and Regulation Y—would likely result in any significantly adverse effects that would outweigh the public benefits of the proposal. Accordingly, the Board has determined that performance of the proposed activities by Commerce is a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

Conclusion

On the basis of all the facts of record, the Board has determined that the notice should be, and hereby is, approved, subject to all the terms and conditions described in this order. The Board's approval of the proposal extends only to activities conducted within the limitations of this order, including the Board's reservation of authority to establish additional limitations to ensure that Commerce's activities are consistent with safety and soundness, avoidance of conflicts of interests, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in this order is not within the scope of the Board's approval and is not authorized for Commerce.

The Board's determination is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this notice, including the commitments discussed in this order, and the conditions set forth in this order and the above-noted Board regulations and orders. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 23, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

---

7. *See* 12 C.F.R. 225.28(b)(1), (3), (6), (7), (8)(i) and (ii), and (9).
8. *See* 12 U.S.C. § 1843(c)(8).
9. *See* 12 C.F.R. 225.26.

Dresdner Bank AG
Frankfurt, Germany

Oechsle International Advisors, L.P.
Boston, Massachusetts

RCM Capital Management, L.L.C.
San Francisco, California

Order Approving Notice to Engage in Nonbanking Activities

Dresdner Bank AG, Frankfurt, Germany ("Dresdner"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to engage *de novo* through its nonbanking subsidiaries, Oechsle International Advisors, L.P., Boston, Massachusetts, and RCM Capital Management, L.L.C., San Francisco, California (together, "Companies"), in acting as commodity pool operators ("CPOs") for private limited partnerships organized as commodity pools investing in assets in which a bank holding company is permitted to invest ("Partnerships").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 229 (1998)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Dresdner, with consolidated assets of approximately $358.8 billion, is the second largest banking organization in Germany.[1] In the United States, Dresdner operates branches in New York, New York, and Chicago, Illinois, and an agency in Los Angeles, California.[2] Dresdner also controls several subsidiaries that engage in various nonbanking activities in the United States.

Dresdner proposes that Companies provide administrative services and serve as investment advisor and sole general partner to Partnerships.[3] Companies would privately place Partnership interests with "accredited investors," as that term is defined in the rules of the Securities and Exchange Commission ("SEC").[4] In connection with providing investment advice to Partnerships, Companies would be registered as commodity trading advisors with the Commodity Futures Trading Commission ("CFTC") and the National Futures Association ("NFA"). Because Partnerships would hold positions in commodity futures contracts and would be controlled by Companies, Companies also must register as CPOs with the CFTC and the NFA. Companies would be subject to the record keeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 2 *et seq.*), the CFTC, and the NFA.

The Board previously has determined by order that acting as a CPO for and controlling a private limited partnership that invests solely in investments that a bank holding company is permitted to make directly are activities that are closely related to banking and therefore permissible for bank holding companies.[5] Dresdner has stated that all the investments of Partnerships would be permissible for a bank holding company to make directly.

In order to approve this proposal, the Board must determine that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[6] Previously, the Board has relied on a number of commitments that were offered by bank holding companies to address potential adverse effects that could arise from acting as general partner to private investment partnerships.[7] The Board has reviewed these commitments in the context of this notice.

Several of the commitments relied on by the Board in the past were offered to mitigate potential adverse financial effects associated with the proposed activities by limiting the exposure of the bank holding company to financial risks associated with the partnerships' activities and by requiring the maintenance of corporate separateness between the partnership and the bank holding company and its affiliates. To address these concerns, the Board has determined that in the event that a bank holding company reports its investment in a partnership on other than a consolidated basis, the bank holding company is required to include, when calculating its consolidated regulatory capital ratios, an amount of the assets in the denominator that is equal to all liabilities reported by the partnership. The Board also has determined that bank holding companies may not directly or indirectly guarantee the obligations of a subsidiary acting as general partner to the partnerships or enter into any guarantee, indemnity, or loss-sharing agreement or any similar arrangement intended to protect an investor in any partnership from any type of loss associated with an interest in the partnership.

The Board notes, furthermore, that transactions between Dresdner's subsidiary banks and Partnerships would continue to be governed by sections 23A and 23B of the

1. Asset and ranking data are as of December 31, 1996, and use exchange rates then in effect.

2. Dresdner Bank Lateinamerika AG, Hamburg, Germany, a wholly owned subsidiary of Dresdner, also operates an agency in Miami, Florida.

3. Dresdner previously has received approval to engage in private placement, investment advisory, and other transnational activities. *See* Letter dated June 23, 1997, from Jay Bernstein, Bank Supervision Officer, to Hartmut Grossman; *Dresdner Bank AG*, 82 *Federal Reserve Bulletin* 850 (1996). Dresdner also has received approval to provide administrative services to closed-end investment companies. *See Dresdner Bank AG*, 82 *Federal Reserve Bulletin* 676 (1996).

4. SEC Regulation D, 17 C.F.R. 230.501. Partnerships would not be registered as investment companies under the Investment Company Act of 1940 (15 U.S.C. § 80a-1 *et seq.*).

5. *See The Bessemer Group, Inc.*, 82 *Federal Reserve Bulletin* 569 (1996) ("*Bessemer*"); *Meridian Bancorp, Inc.*, 80 *Federal Reserve Bulletin* 736 (1994).

6. *See* 12 U.S.C. § 1843(c)(8).

7. *See Bessemer.*

Federal Reserve Act.[8] In addition, to ensure compliance with the Glass–Steagall Act, the Board will continue to rely on the restriction prohibiting partnerships controlled by bank holding companies from offering interests more than four times a year.[9]

In this case, the Board also has reviewed Dresdner's risk management systems and has concluded that they are adequate to address the financial risks associated with the proposed activities. The Board expects Dresdner to apply prudent risk and financial management policies to the proposed activities and maintain the legal separateness of the general partner from its bank holding company affiliates. Examinations of Dresdner would continue to check the adequacy of its systems for monitoring and assessing the financial risks associated with this activity.

As part of its evaluation of the public interest factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries and the effect the proposed transaction would have on such resources.[10] The Board also has reviewed other aspects of the financial condition and resources of Dresdner, including the effect of this proposal on the financial condition and resources of Dresdner. The Board notes that Dresdner's capital ratios meet applicable risk-based capital standards under the Basle Accord and are equivalent to the capital levels that would be required of a U.S. banking organization. Based on all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval.

The Board expects that the conduct by Dresdner of the proposed activities *de novo* would enhance market competition and provide greater convenience to Dresdner's customers. The Board also expects that the proposed transaction would benefit the public by increasing the number of commodity pools available to investors.

For the reasons discussed above, and in reliance on all the facts of record, including the commitments made by Dresdner and subject to the conditions in this order, the Board concludes that the conduct of the proposed activities by Dresdner is not likely to result in significantly adverse effects that would outweigh the public benefits of the proposal. Accordingly, the Board has determined that performance of the proposed activities by Dresdner is a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

Conclusion

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

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

By order of the Board of Governors, effective March 11, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

Commitments provided by Dresdner in connection with acting as general partner of private limited partnerships.

(1) Dresdner, directly or indirectly, will not guarantee the obligations of Partnerships or a subsidiary acting as general partner or commodity pool operator of Partnerships, and, directly or indirectly, will not enter into any guarantee, indemnity, or loss-sharing agreement or any similar arrangement intended to protect an investor in any Partnership from any type of loss associated with an interest in the Partnership.

(2) In the event that Dresdner reports its investment in Partnerships on other than a consolidated basis, Dresdner will include, when calculating its consolidated regulatory capital ratios, an amount of assets in the denominator equal

8. A number of the commitments offered by bank holding companies in past cases are addressed by applicable statutes and regulations, such as the limitations on inter-affiliate transactions set out in sections 23A and 23B of the Federal Reserve Act and the standards governing control or the definition of the activities under the BHC Act and Regulation Y. These commitments are unnecessary because they restate certain statutory and regulatory obligations and confirm Board interpretations that, by force of law, govern the activities of Dresdner and Partnerships. Many other commitments previously relied on by the Board in similar cases were restrictions that governed private placement activities. In connection with its recent revision to Regulation Y, the Board removed those restrictions from all bank holding companies conducting private placement activities.

9. The commitments relied on by the Board in this case are listed in the Appendix.

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

to all liabilities reported by the Partnership(s). The amount of this adjustment will be risk-weighted at 100 percent for purposes of calculating the risk-based capital ratios.
(3) Partnerships shall not offer interests more than four times per year unless the Board determines that more frequent issuances are consistent with the Glass–Steagall Act.

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

FirstMerit Corporation
Akron, Ohio

Order Approving the Merger of Bank Holding Companies

FirstMerit Corporation, Akron, Ohio ("FirstMerit"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with CoBancorp, Inc., Elyria, Ohio ("CoBancorp"), and thereby acquire CoBancorp's subsidiary bank, PremierBank & Trust, Elyria, Ohio ("PremierBank"). FirstMerit also has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire Jefferson Savings Bank, West Jefferson, Ohio ("Savings Bank"), and thereby engage in savings association activities.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 2980 (1998)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

FirstMerit is the tenth largest depository institution in Ohio, controlling $4.3 billion in deposits,[2] representing approximately 2.9 percent of total deposits in insured depository institutions in the state ("state deposits").[3] CoBancorp is the 28th largest depository institution in Ohio, controlling $571.7 million in deposits, representing less than 1 percent of state deposits. On consummation of the proposal, FirstMerit would become the seventh largest depository institution in Ohio, controlling $4.8 billion in deposits, representing approximately 3.3 percent of state deposits.

Competitive Considerations

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

FirstMerit and CoBancorp compete directly in the Ohio banking markets of Cleveland and Sandusky.[4] Consummation of the proposal would be consistent with the Department of Justice Merger Guidelines[5] and Board precedent in both banking markets.[6] Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in the Cleveland

1. FirstMerit proposes to merge PremierBank and Savings Bank with and into its wholly owned subsidiary bank, FirstMerit Bank, National Association, Akron, Ohio ("FirstMerit Bank"). The merger is subject to approval by the Office of the Comptroller of the Currency ("OCC") under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)). FirstMerit also has requested approval of an option to purchase up to 19.9 percent of the voting stock of CoBancorp if certain events occur. The option would expire on consummation of the proposal.

2. State deposit data are as of June 30, 1997, and market share data are as of June 30, 1996.

3. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Savings Bank would be acquired by a commercial banking organization under the proposal, Savings Bank's deposits are included at 100 percent in the calculation of the pro forma market shares. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

4. The Cleveland, Ohio, banking market is defined as Cuyahoga, Lake, Lorain, and Geauga Counties and the northern third of Summit County, including the townships of Sagamore Hills, Northfield Center, Twinsburg, Richfield, Boston, and Hudson Townships and the municipalities circumscribed by those townships; all of Medina County, except the townships of Homer, Harrisville, Westfield, Guilford, Wadsworth, and Sharon; the townships of Aurora and Streetsboro in Portage County; and the city of Vermillion in Erie County, all in Ohio. The Sandusky, Ohio, banking market is defined as all of Erie County, except the city of Vermillion.

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger Herfindahl–Hirschman Index ("HHI") is between 1000 and 1800 is considered moderately concentrated, and a market in which the post-merger HHI is above 1800 is considered highly concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other nondepository financial entities.

6. FirstMerit would become the fifth largest depository institution in the Cleveland banking market, controlling deposits of approximately $1.8 billion, representing approximately 6.0 percent of total deposits in depository institutions in the market ("market deposits"). The HHI for the market would increase by 14 points to 1363. In the Sandusky market, FirstMerit would remain the fourth largest depository institution, controlling deposits of approximately $48.7 million, representing approximately 7.7 percent of market deposits. The HHI for the market would increase by 13 points to 2371.

and Sandusky banking markets or any other relevant banking market.

Financial, Managerial, and Other Supervisory Factors

In addition, the BHC Act requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors. The Board has carefully considered the financial and managerial resources and future prospects of FirstMerit, CoBancorp, and their respective subsidiary banks, in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by FirstMerit. The Board notes that the bank holding companies and their subsidiary banks are well capitalized and are expected to remain so after consummation of the proposal. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of FirstMerit, CoBancorp, and their subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

Convenience and Needs Considerations

The Board also has carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including a comment by the Legal Aid Society of Lorain County, Inc., on behalf of a client ("Commenter"), contending that FirstMerit has made inadequate efforts to help meet the housing-related credit needs of low- and moderate-income ("LMI") individuals in Lorain County, Ohio, and that FirstMerit's proposed branch closings in Lorain County would adversely affect LMI and minority neighborhoods.

As noted, PremierBank and Savings Bank would be merged with and into FirstMerit Bank in connection with the proposal. In this light, the Board has given substantial consideration to the existing record of FirstMerit Bank, as reflected in its CRA performance evaluations and the policies and programs of FirstMerit Bank that help meet the credit needs of all its service communities, including LMI neighborhoods.

CRA Performance Examinations. The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[7] As provided in the CRA, the Board evaluates the convenience and needs factor in light of examinations of the CRA performance records of the relevant institutions by their primary federal supervisors. 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.[8]

The predecessor banks to FirstMerit Bank received "outstanding" CRA performance ratings from the OCC at their most recent examinations.[9] FirstMerit's remaining banks received "satisfactory" ratings from the OCC at their most recent examinations for CRA performance. In addition, PremierBank and Savings Bank received "outstanding" and "satisfactory" ratings, respectively, from their primary federal supervisors at their most recent examinations for CRA performance. Examiners found no evidence of prohibited discrimination or other illegal credit practices at the subsidiary depository institutions of FirstMerit or CoBancorp in these examinations.

Lending Record of FirstMerit Bank. FirstMerit Bank offers several programs to assist in meeting the housing-related credit needs of LMI and minority borrowers, including two affordable home mortgage products (the BEST I and BEST III programs) designed specifically for LMI borrowers and residences in LMI census tracts. Both programs feature flexible underwriting guidelines, closing cost assistance, and down payments as low as 5 percent.[10] FirstMerit also has invested $1 million in the Ohio Equity Fund for Housing, which financially supports the construction, rehabilitation and preservation of affordable housing throughout Ohio, including a family housing project in Lorain County.[11] In 1997, the bank committed $221,000 in financing for a group home for low-income individuals. In addition, FirstMerit Bank intends to participate with the City of Lorain in programs designed to provide home purchase and home improvement loans to LMI individuals.

FirstMerit Bank also engages in small business lending. In 1996, the bank originated 291 small business loans in Lorain County, totalling $28.5 million. Approximately 22 percent of the total dollar amount of these small business loans were made to businesses in LMI census tracts.

7. The Board also has traditionally considered records of performance under the CRA in proposals involving the acquisition of savings associations. *See Banc One Corporation,* 83 *Federal Reserve Bulletin* 602 (1997).

8. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement") provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process. *See* 54 *Federal Register* 13,742 and 13,745 (1989).

9. First National Bank of Ohio, Akron, Ohio, and EST National Bank, Elyria, Ohio, each received an "outstanding" rating from the OCC, as of April 1996. EST National Bank primarily served the Lorain County area.

10. Data in 1996 show that FirstMerit Bank's predecessor, EST National Bank, made approximately 21 percent of the loans it reported under the Home Mortgage Disclosure Act (12 U.S.C. 2801 *et seq.*) ("HMDA") in Lorain County to low-income individuals and approximately 25 percent to moderate-income individuals. Preliminary data for 1997 cited by FirstMerit show that approximately 38 percent of the bank's HMDA loans in Lorain County were to low-income individuals and approximately 19 percent were to moderate-income individuals.

11. FirstMerit Bank also has provided $2.6 million in permanent financing to this project.

FirstMerit Bank also participates in federal and state government-sponsored small business loan programs, including programs offered by the Small Business Administration, and the Ohio Link Deposit and Ohio Mini-Loan programs. The bank currently has outstanding 48 loans, totalling $4.4 million, under these government-sponsored loan programs in Lorain County. FirstMerit Bank also has provided financing to the Women's Development Center and the Elyria Downtown Development Fund.

FirstMerit has formed a Community Development Corporation ("CDC") that has made approximately $4 million in loans and investments in LMI communities over the last two years. The CDC also has participated in numerous community outreach programs and has provided interest-free financing to the Community Housing Corporation in Elyria, Ohio.

Branch Closings. FirstMerit has indicated that 20 branches would be closed or consolidated as a result of the proposal. Two of the branches to be closed or consolidated are in LMI census tracts and are operated by PremierBank.[12] One of the LMI branches is across the street from a FirstMerit branch that would continue to operate.

The other LMI branch would be merged with a FirstMerit branch that is within approximately 1.5 miles of the PremierBank branch to be closed. FirstMerit contends that this branch has significantly fewer transactions and a significantly smaller deposit base than the average for transactions and deposits at all other FirstMerit branches in Lorain County. FirstMerit notes, moreover, that the customers of the PremierBank branch to be closed would be able to obtain information on their accounts and apply for loans by telephone. The Board also notes that the branch closing policies of FirstMerit and PremierBank require consideration of community concerns before deciding to close a branch.

In addition to these factors, the Board has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate regulatory agency at least 30 days prior to closing a branch. The law does not authorize federal regulators to prevent the closing of any branch.[13]

Conclusion on Convenience and Needs Considerations. The Board has carefully considered all the facts of record, including the public comment received, responses to the comment, and the CRA performance records of the subsidiary banks of FirstMerit and CoBancorp, including relevant reports of examination. Based on a review of the entire record, and for the reasons discussed in this order, the Board has concluded that convenience and needs considerations, including the CRA performance records of the subsidiary banks of FirstMerit and CoBancorp, are consistent with approval.[14]

Nonbanking Activities

FirstMerit also has filed notice under section 4(c)(8) of the BHC Act to acquire Savings Bank and thereby engage in savings association activities. 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, and FirstMerit has committed to conduct this activity in accordance with Regulation Y and relevant Board interpretations and orders.[15] In making this determination, the Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act.

In order to approve the proposal, the Board also must determine that the performance of the proposed activity is a proper incident to banking, that is, that the proposed transaction, "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[16] As part of the Board's evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries, including any company to be acquired, and the effect the transaction would have on such resources.[17] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice under section 4 of the BHC Act for the reasons discussed above.

The Board also has carefully considered the competitive effects of the proposed acquisition of Savings Bank and, as discussed above, has concluded that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources

12. FirstMerit has indicated that the LMI branch discussed by Commenter would remain open after consummation of the transaction.

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

14. The Board has carefully reviewed Commenter's contentions that high fees discourage LMI individuals from using FirstMerit's banking products and services. As discussed above, FirstMerit provides a full range of credit products and banking services that assist in meeting the credit and banking needs of LMI individuals and these products include a "lifeline" checking product with no monthly fee for LMI individuals. In addition, there is no evidence in the record that the fees charged by FirstMerit are based on any factor that would be prohibited under law. Although the Board has recognized that banks help serve the banking needs of their communities by making basic services available at nominal or no charge, the CRA does not impose any limitation on the fees or surcharges for services.

15. *See* 12 C.F.R. 225.28(b)(4).

16. *See* 12 U.S.C. § 1843(c)(8).

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

in any relevant banking market. The Board expects, moreover, that the acquisition of CoBancorp by FirstMerit would provide added convenience to CoBancorp's customers and to FirstMerit's customers. Consummation of the proposal also is likely to result in increased operating efficiencies for the combined organization. Additionally, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies may make potentially profitable investment in nonbanking companies when, as in this case, those investments are consistent 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. Based on all the facts of record, the Board has determined that consummation of the proposal can reasonably be expected to produce public benefits that would outweigh any likely adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on the foregoing and all the other facts of record, the Board has determined that this transaction should be, and hereby is, approved subject to all the terms and conditions in this order. The Board's approval is specifically conditioned on compliance by FirstMerit with all the commitments made in connection with the proposal.

The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. 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.

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

By order of the Board of Governors, effective March 11, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

WesBanco, Inc.
Wheeling, West Virginia

Order Approving Acquisition of Bank Holding Companies, Merger of Banks and Establishment of Branches

WesBanco, Inc., Wheeling, West Virginia ("WesBanco"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under sections 3 and 4 of the BHC Act (12 U.S.C. §§ 1842 and 1843(c)(8)) to acquire Commercial BancShares, Inc., Parkersburg, West Virginia ("Commercial"), and Gateway Bancshares, Inc., McMechen, West Virginia ("Gateway"), and thereby acquire their banking and nonbanking subsidiaries listed in the Appendix.[1] WesBanco's lead bank, WesBanco Bank Wheeling, Wheeling, West Virginia ("WesBanco Wheeling"), also has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act (the "Bank Merger Act") (12 U.S.C. § 1828(c)) to merge with Commercial's subsidiary bank, The Bank of Paden City, Paden City, West Virginia, and Gateway's subsidiary bank, Bank of McMechen, McMechen, West Virginia, and under section 9 of the Federal Reserve Act ("FRA") (12 U.S.C. § 321) to establish branches at the current offices of these banks listed in the Appendix.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 2393 (1998)) and has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the bank mergers were requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the BHC Act, the Bank Merger Act, and the FRA.

WesBanco operates six banks in West Virginia and one bank in Ohio. WesBanco is the fifth largest commercial banking organization in West Virginia, controlling approximately $1.3 billion in deposits, representing approximately 6.7 percent of total deposits in depository institutions in the state ("state deposits").[2] Commercial controls seven banks in West Virginia and one bank in Ohio.[3] Commercial is the tenth largest depository institution in

1. WesBanco would merge Commercial and Gateway with and into its wholly owned subsidiary, CBI Holding Company ("CBI"), that would be formed solely for the purpose of effecting the acquisitions. In connection with this proposal CBI has applied to become a bank holding company.

2. State deposit data are as of June 30, 1997. In this context, depository institutions include commercial banks, savings banks, and savings associations.

3. In December 1997, the Federal Reserve Bank of Richmond, acting under delegated authority, approved Commercial's application to acquire Gateway. Although Commercial has not consummated the

West Virginia, controlling approximately $348.7 million in deposits, representing approximately 1.8 percent of state deposits. On consummation of the proposal, and taking into account all proposed divestitures, WesBanco would remain the fifth largest commercial banking organization in West Virginia, controlling deposits of $1.6 billion, representing approximately 8.3 percent of state deposits.

WesBanco is the 107th largest commercial banking organization in Ohio, controlling approximately $129.9 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state. Commercial is the 88th largest commercial banking organization in Ohio, controlling approximately $166.7 million in deposits, representing less than 1 percent of state deposits. On consummation of the proposal, WesBanco would become the 54th largest depository institution in Ohio, controlling $296.6 million in deposits, representing less than 1 percent of deposits in Ohio.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by Section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act"),[4] allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company, if certain conditions are met. For purposes of the BHC Act, the home state of WesBanco is West Virginia, and it proposes to acquire a subsidiary bank of Commercial in Ohio.[5] All of the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[6] In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

The BHC Act and the Bank Merger Act prohibit the Board from approving a proposal if it would result in a monopoly or if the effect of the proposal may be substantially to lessen competition in any relevant market unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.[7]

WesBanco and Commercial compete directly in three West Virginia banking markets: Parkersburg/Marietta, Wheeling, and Tyler/Wetzel.[8] Consummation of the proposal would be consistent with the Department of Justice Merger Guidelines ("DOJ Guidelines")[9] and prior Board precedent in the Wheeling and Marietta/Parkersburg banking markets.[10]

In order to mitigate the potential anticompetitive effects in the Tyler/Wetzel banking market, WesBanco has committed to divest one of Commercial's subsidiary banks in the market, Union Bank of Tyler County, which controls approximately $33.3 million in deposits, to an out-of-market purchaser.[11] After accounting for the proposed divestiture, WesBanco would become the largest depository

acquisition, the deposits of Gateway have been attributed to Commercial in the deposit data.

4. Pub. L. No. 103–328, 108 Stat. 2338 (1994).

5. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

6. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). WesBanco is adequately capitalized and adequately managed, as defined by the Riegle-Neal Act. Ohio law imposes no minimum period of existence and operation for an acquired bank. *See generally* Ohio Rev. Ann. § 1115.05 (Anderson 1996). On consummation of the proposal, WesBanco would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in West Virginia and Ohio. All other requirements of section 3(d) of the BHC Act also would be met on consummation of the proposal.

7. 12 U.S.C. §§ 1842(c)(1)(B) and 1828(c)(5)(B). Market share data used to analyze the competitive effects of the proposal are as of June 30, 1996. These data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

8. The Parkersburg/Marietta banking market is approximated by Wood, Pleasants, Ritchie, and Wirt Counties in West Virginia; and Washington County, Ohio. The Wheeling banking market is approximated by Marshall and Ohio Counties in West Virginia; and Colerain, Pease, Pultney, Mead, York townships and the eastern two-thirds of Richland township in Belmont County, in Ohio. The Tyler/Wetzel banking market is defined as Tyler and Wetzel Counties in West Virginia.

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

10. On consummation of the proposal, WesBanco would become the largest depository institution in the Parkersburg/Marietta banking market and control $343.5 million in deposits, representing 18.7 percent of total deposits in depository institutions in the market ("market deposits"). The HHI would increase 145 points to 1122. WesBanco would remain the largest depository institution in the Wheeling banking market and control $362.4 million in deposits, representing 21.7 percent of market deposits. The HHI would increase 69 points to 1096.

11. WesBanco has committed to execute a sales agreement with an out-of-market commercial banking organization prior to consummation of the proposal and to complete the divestiture within 180 days after consummation of the proposal. WesBanco also has committed that, in the event it is unsuccessful in completing the divestiture within 180 days of consummation, WesBanco will transfer any unsold office(s) to an independent trustee that is acceptable to the Board and that will be instructed to sell the office(s) promptly. *See BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338 (1992).

institution in the Tyler/Wetzel banking market, controlling deposits of approximately $82.6 million, representing 36 percent of market deposits. Concentration in the market, as measured by the HHI, would increase by 225 points to 2077.

Several mitigating considerations offset the proposal's effect on competition in the Tyler/Wetzel banking market. The proposal would not reduce the number of competitors in the market, and nine competitors would remain in the market after consummation. Two of the nine institutions are large regional banking organizations, and three of the nine institutions, including WesBanco, each would have a market share of at least 10 percent. Although measures of attractiveness of the Tyler/Wetzel market are mixed, the Board notes that there recently has been *de novo* entry by a commercial bank. The Board believes that these factors mitigate the potentially adverse effects of the proposal.

The Justice Department reviewed the proposal and advised the Board that, in light of the proposed divestiture, consummation of the proposal would not likely have any significantly adverse competitive effects in the Tyler/Wetzel banking market or any other relevant banking market. The OCC and FDIC also have not objected to the proposal.

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

Other Considerations

The BHC Act and the Bank Merger Act require the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by WesBanco. Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of WesBanco, Commercial and their respective subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act. In addition, considerations related to the convenience and needs of the communities to be served, including the records of performance of the institutions under the Community Reinvestment Act, are consistent with approval of the proposal.

WesBanco also has filed notice under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Commercial listed in the Appendix. The Board previously has determined by regulation that each of the activities described in the Appendix is closely related to banking within the meaning of section 4(c)(8) of the BHC Act, and WesBanco proposes to conduct these activities in accordance with Regulation Y.[12] In order to approve the proposal, the Board also must determine that the performance of the proposed activities is a proper incident to banking, that is, that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[13] As part of its evaluation of these factors, the Board considers the financial and managerial resources of the notificant and its subsidiaries, including any company to be acquired, and the effect the transaction would have on such resources.[14] As noted above, based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

Each of the markets for the nonbanking services affected by the proposal is unconcentrated, and there are numerous providers of each service. As a result, consummation of the proposal is expected to have a *de minimis* effect on competition for the services.

The Board expects, moreover, that the acquisition of Commercial by WesBanco would provide added convenience to Commercial's customers, and to the public by increasing operating efficiencies, improving convenience, and expanding the services available to customers of Commercial. Additionally, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies may make potentially profitable investments in nonbanking companies when those investments are consistent, as in this case, with the relevant considerations under the BHC Act, and from permitting banking organizations to allocate their resources in the manner they believe is most efficient. Accordingly, based on all the facts of record, the Board has determined that the proposal can reasonably be expected to produce public benefits that outweigh any adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

The Board also has considered the factors it is required to consider when reviewing applications for establishing branches under section 9 of the FRA and concludes that these factors are consistent with approval of WesBanco Wheeling's application to establish branches at the locations listed in the Appendix.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications and notice should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by WesBanco with all the commitments made in connection with these applications. For the purpose of this action, the commitments and conditions relied on by the Board in

12. *See* 12 C.F.R. 225.28(b)(1), (6), (7) and (11).
13. 12 U.S.C. § 1843(c)(8).
14. *See* 12 C.F.R. 225.26.

reaching its decisions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective March 2, 1998.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

A. Subsidiary Banks of Commercial

— *West Virginia*

Commercial Banking and Trust Company, Parkersburg;
Jackson County Bank, Ravenswood;
Farmers & Mechanics Bank of Ritchie County, Harrisville;
Union Bank of Tyler County, Middlebourne;
Community Bank, Pennsboro; and
The Bank of Paden City, Paden City.

— *Ohio*

The Dime Bank, Marietta.

B. Subsidiary Bank of Gateway

Bank of McMechen, McMechen, West Virginia.

C. Nonbanking Subsidiaries of Commercial

Commbanc Investment, Inc., Marietta, Ohio, engaging in financial and investment advisory activities pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)) and securities brokerage activities pursuant to section 225.28(b)(7)(i) of Regulation Y (12 C.F.R. 225.28(b)(7)(i)); and
Hometown Financial Co., Inc., Parkersburg, West Virginia, engaging in consumer lending pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1)) and the sale of credit-related insurance pursuant to section 225.28(b)(11)(i) of Regulation Y (12 C.F.R. 225.28(b)(11)(i)).

D. New West Virginia Branches of WesBanco Wheeling

4th and Main Streets, Paden City;
285 N. State Route 2, New Martinsville;
700 Marshall Street, McMechen;
613 Marshall Street, McMechen; and
43 Marshall Street, Benwood.

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
Deposit Guaranty Corp., Jackson, Mississippi	Victory Bancshares, Inc., Cordova, Tennessee Victory Bank and Trust Company, Cordova, Tennessee	March 6, 1998
First American Corporation, Nashville, Tennessee	Victory Bancshares, Inc., Cordova, Tennessee Victory Bank and Trust Company, Cordova, Tennessee	March 23, 1998

Section 4

Applicant(s)	Bank(s)	Effective Date
Norwest Corporation, Minneapolis, Minnesota	Automotive Financial Services, Inc., White Bear Lake, Minnesota	March 31, 1998

By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
BancFirst Corporation, Oklahoma City, Oklahoma	Lawton Security Bancshares, Inc., Lawton, Oklahoma	Kansas City	March 25, 1998
Cache Bank Financial Corporation, Greeley, Colorado	Cache Bank, Greeley, Colorado	Kansas City	February 23, 1998
Chambers Bancshares, Inc., Danville, Arkansas	Community Investment, Inc., Elkins, Arkansas Bank of Elkins, Elkins, Arkansas	St. Louis	March 18, 1998
Citizens Financial Corporation, Chicago, Illinois	Citizens Bank & Trust Company of Chicago, Chicago, Illinois	Chicago	February 27, 1998
Community Banks, Inc., Millersburg, Pennsylvania	The Peoples State Bank, East Berlin, Pennsylvania	Philadelphia	February 23, 1998
Community First Bankshares, Inc., Fargo, North Dakota	Community Bancorp, Inc., Thornton, Colorado Community First National Bank, Thornton, Colorado	Minneapolis	March 18, 1998
Community First Bankshares, Inc., Fargo, North Dakota	FNB, Inc., Greeley, Colorado First National Bank of Greeley, Greeley, Colorado Poudre Valley Bank, Fort Collins, Colorado	Minneapolis	March 17, 1998
Community First Bankshares, Inc., Fargo, North Dakota	Pioneer Bank of Longmont, Longmont, Colorado	Minneapolis	March 16, 1998
The Community Group, Inc., Dallas, Texas	The Delaware Community Group, Inc., Wilmington, Delaware United Community Bank, N.A., Highland Village, Texas	Dallas	February 26, 1998
CountryBanc Holding Company, Edmond, Oklahoma	First State Holding Company, Elkhart, Kansas The First State Bank of Elkhart, Elkhart, Kansas	Kansas City	February 24, 1998
Countryside Bancshares, Inc., Republic, Missouri	Countryside Bank, Republic, Missouri	St. Louis	March 2, 1998
Dakota Bancshares, Inc., Mendota Heights, Minnesota	Olivia Bancorporation, Inc., Olivia, Minnesota American State Bank of Olivia, Olivia, Minnesota	Minneapolis	March 2, 1998
The Delaware Community Group, Inc., Wilmington, Delaware	United Community Bank, N.A., Highland Village, Texas	Dallas	February 26, 1998
First Azle Bancshares, Inc., Employees Stock Ownership Plan, Azle, Texas	First Azle Bancshares, Inc., Azle, Texas First Bank, Azle, Texas	Dallas	March 24, 1998
First Capital Bancshares, Inc., Chillicothe, Ohio	Citizens National Bank, Chillicothe, Ohio	Cleveland	February 26, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The First Jermyn Corp., Jermyn, Pennsylvania	Upper Valley Bancorp, Olyphant, Pennsylvania	Philadelphia	March 10, 1998
First Place Financial Corporation, Farmington, New Mexico	Capital Bank, Albuquerque, New Mexico	Kansas City	March 4, 1998
First Savings Bank of Washington Bancorp, Inc., Walla Walla, Washington	Towne Bancorp, Woodinville, Washington	San Francisco	February 25, 1998
First United Bancshares, Inc., El Dorado, Arkansas	Republic Bancshares, Inc., Rayville, Louisiana First Republic Bank, Rayville, Louisiana	St. Louis	February 27, 1998
F&M Bancorporation, Inc., Kaukauna, Wisconsin	BancSecurity Corporation, Marshalltown, Iowa Security Bank, Marshalltown, Iowa Security Bank Jasper-Poweshiek, Kellogg, Iowa Story County Bank & Trust, Story City, Iowa	Chicago	February 19, 1998
F & M Bancorporation, Inc., Kaukauna, Wisconsin F & M Merger Corporation, Kaukauna, Wisconsin	Financial Management Services of Jefferson, Inc., Jefferson, Wisconsin Farmers & Merchants Bank of Jefferson, Jefferson, Wisconsin	Chicago	March 5, 1998
FMCB Holdings, Inc., Senoia, Georgia	Farmers and Merchants Community Bank, Senoia, Georgia	Atlanta	February 20, 1998
Forstrom Bancorporation, Inc., Clara City, Minnesota	First Valley Bankcorp, Seeley Lake, Montana First Valley Bank, Seeley Lake, Montana	Minneapolis	February 19, 1998
Glacier Bancorp, Inc., Kalispell, Montana	HUB Financial Corporation, Helena, Montana Valley Bank of Helena, Helena, Montana	Minneapolis	March 19, 1998
G V Bancorp Employee Stock Ownership Plan, Gunnison, Utah	G V Bancorp, Inc., Gunnison, Utah	San Francisco	March 5, 1998
G V Bancorp, Inc., Gunnison, Utah	Gunnison Valley Bank, Gunnison, Utah	San Francisco	March 5, 1998
Hibernia Corporation, New Orleans, Louisiana	Firstshares of Texas, Inc., Marshall, Texas Firstshares Intermediate Holding Company, Inc., Marshall, Texas First National Bank, Marshall, Texas	Atlanta	February 20, 1998
Hometown Bancshares, Inc., Carthage, Missouri	Hometown Bank, N.A., Carthage, Missouri	Kansas City	March 2, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
International Brotherhood of Boilermakers, Iron Ship Builders Blacksmiths, Forgers and Helpers, Kansas City, Kansas	Brotherhood Bancshares, Inc., Kansas City, Kansas Brotherhood Bank & Trust Company, Kansas City, Kansas	Kansas City	March 19, 1998
J, J & B Capital, L.P., Los Angeles, California Busby Holdings, Inc., Los Angeles, California	Founders National Bank of Los Angeles, Los Angeles, California	San Francisco	March 12, 1998
James River Bankshares, Inc., Suffolk, Virginia	First Colonial Bank, Hopewell, Virginia	Richmond	March 10, 1998
Krum Holdings, L.L.C., Krum, Texas Porter Holdings, Ltd., Krum, Texas	Farmers and Merchants State Bank, Krum, Texas	Dallas	March 19, 1998
Little Sioux Bancshares, Inc., Sioux Rapids, Iowa	First State Bank, Sioux Rapids, Iowa	Chicago	March 18, 1998
MainBancorp, Inc., Austin, Texas Maincorp Intermediate Holding Company, Inc., Wilmington, Delaware	First National Bancorporation, Ennis, Texas First National Bank of Ennis, Ennis, Texas	Dallas	February 20, 1998
Marshall Community Bancshares, Inc., Marshall, Missouri	Community Bank of Marshall, Marshall, Missouri	Kansas City	February 26, 1998
MBT Bancshares, Inc., Kansas City, Missouri	Missouri Bank and Trust Company, Kansas City, Missouri	Kansas City	February 26, 1998
National City Bancshares, Inc., Evansville, Indiana	Illinois One Bancorp, Inc., Shawneetown, Illinois Illinois One Bank, National Association, Shawneetown, Illinois	St. Louis	March 12, 1998
National City Bancshares, Inc., Evansville, Indiana	Vernois Bancshares, Inc., Mount Vernon, Illinois Bank of Illinois, Mount Vernon, Illinois	St. Louis	February 17, 1998
Ohnward Bancshares, Inc., Maquoketa, Iowa	Gateway State Bank, Clinton, Iowa	Chicago	March 4, 1998
The Peoples BancTrust Company, Inc., Selma, Alabama	Merchants & Planters Bancshares, Inc., Montevallo, Alabama Merchants & Planters Bank, Montevallo, Alabama	Atlanta	February 19, 1998
PSB BancGroup, Inc., Lake City, Florida	Peoples State Bank, Lake City, Florida	Atlanta	March 5, 1998
Shamrock Bancshares, Inc., Shamrock, Texas Shamrock Delaware Financial, Inc., Dover, Delaware	The First National Bank of Shamrock, Shamrock, Texas	Dallas	March 11, 1998
Southern Bancshares, Inc., Claxton, Georgia	The Claxton Bank, Claxton, Georgia	Atlanta	March 17, 1998
TransPecos Financial Corp., Iraan, Texas	Iraan State Bank, Iraan, Texas	Dallas	March 4, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Union Planters Corporation, Memphis, Tennessee	First National Bancshares of Wetumpka, Inc., Wetumpka, Alabama First National Bank of Wetumpka, Wetumpka, Alabama	St. Louis	March 11, 1998
Union Planters Corporation, Memphis, Tennessee Union Planters Holding Corporation, Memphis, Tennessee	Merchants Bancshares, Inc., Houston, Texas Gulf Southwest Nevada Bancorp, Inc., Houston, Texas Merchants Bank, Houston, Texas	St. Louis	March 18, 1998
Unity Bancshares, L.L.C., St. John, Missouri	St. Johns Bancshares, Inc., St. John, Missouri St. Johns Bank & Trust Company, St. John, Missouri	St. Louis	February 26, 1998
Zions Bancorporation, Salt Lake City, Utah	FP Bancorp, Escondido, California First Pacific National Bank, Escondido, California	San Francisco	March 12, 1998

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
1st Choice Financial Corporation, Greeley, Colorado	Choice Investment Corporation, Greeley, Colorado	Kansas City	March 25, 1998
City Holding Company, Charleston, West Virginia	Del Amo Savings Bank, F.S.B., Torrance, California	Richmond	March 17, 1998
Community Trust Financial Services Corporation, Hiram, Georgia	Piedmont Loan Company, Gainesville, Georgia	Atlanta	March 16, 1998
Concord EFS, Inc., Memphis, Tennessee	Digital Merchant Systems, Inc., et. al., Northfield, Illinois	St. Louis	March 2, 1998
Cornhusker Growth Corporation, Lincoln, Nebraska	Johnston Growth Corporation, Johnston, Iowa Johnston Charter Bank, Johnston, Iowa	Kansas City	February 20, 1998
DeWitt First Bankshares Corporation, DeWitt, Arkansas	To engage in the activities of extending credit and servicing loans	St. Louis	February 24, 1998
First Union Corporation, Charlotte, North Carolina	Mentor Investment Group, LLC, Richmond, Virginia	Richmond	March 13, 1998
First United Bancshares, Inc., El Dorado, Arkansas	EFT Network Services, L.L.C., Little Rock, Arkansas	St. Louis	February 17, 1998
Greater Community Bancorp, Totowa, New Jersey	1st Bergen Bancorp, Wood-Ridge, New Jersey	New York	February 19, 1998
Inland Northwest Bancorporation, Inc., Spokane, Washington	Hege Company, Inc., Spokane, Washington	San Francisco	February 27, 1998
Magna Group, Inc., St. Louis, Missouri	Charter Financial, Inc., Sparta, Illinois Charter Bank, S.B., Sparta, Illinois	St. Louis	March 2, 1998

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Midwest Bankers' Bancorporation, Inc., Jefferson City, Missouri	Missouri Trust Company, Jefferson City, Missouri	St. Louis	February 25, 1998
One Valley Bancorp, Inc., Charleston, West Virginia	FFVA Financial Corporation, Lynchburg, Virginia	Richmond	March 5, 1998

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Flag Financial Corporation, LaGrange, Georgia	Middle Georgia Bankshares, Inc., Unadilla, Georgia First Federal Savings Bank of LaGrange, LaGrange, Georgia Piedmont Mortgage Service, Inc., LaGrange, Georgia Pro Image, Macon, Georgia	Atlanta	March 13, 1998
Zions Bancorporation, Salt Lake City, Utah Val Cor Bancorporation, Inc., Cortez, Colorado	SBT Bankshares, Inc., Colorado Springs, Colorado State Bank and Trust of Colorado Springs, Colorado Springs, Colorado SBT Mortgage, LLC, Colorado Springs, Colorado	San Francisco	March 24, 1998

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
Community First Bank and Trust, Celina, Ohio	The Union State Bank, Payne, Ohio	Cleveland	March 4, 1998
F&M Bank-Blakeley, Inc., Ranson, West Virginia	F&M Bank-Keyser, Inc., Keyser, West Virginia F&M Bank-Martinsburg, Martinsburg, West Virginia	Richmond	February 25, 1998
F&M Bank-Richmond, Richmond, Virginia	Peoples Bank of Virginia, Chesterfield, Virginia	Richmond	March 11, 1998
First Banking Center-Burlington, Burlington, Wisconsin	First Banking Center-Albany, Albany, Wisconsin	Chicago	March 20, 1998
First Farmers Bank & Trust Company, Converse, Indiana	National City Bank of Indiana, Indianapolis, Indiana	Chicago	February 26, 1998
Isabella Bank and Trust, Mt. Pleasant, Michigan	Old Kent Bank, Grand Rapids, Michigan	Chicago	February 27, 1998

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
M&I Bank of Burlington, Burlington, Wisconsin	Advantage Burlington Interim Bank, FSB, Kenosha, Wisconsin	Chicago	February 25, 1998
M&I Bank of Racine, Racine, Wisconsin	Advantage Bank, FSB, Kenosha, Wisconsin	Chicago	February 25, 1998
M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin	Advantage Wisconsin Interim Bank, FSB, Kenosha, Wisconsin	Chicago	February 25, 1998
M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin	M&I Bank South, Janesville, Wisconsin	Chicago	February 25, 1998
M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin	M&I Bank of Burlington, Burlington, Wisconsin	Chicago	February 25, 1998
The Peoples Bank and Trust Company, Selma, Alabama	Merchants & Planters Bank, Montevallo, Alabama	Atlanta	March 24, 1998
Triangle Bancorp, Inc., Raleigh, North Carolina	Guaranty State Bancorp, Durham, North Carolina	Richmond	February 23, 1998
Triangle Bank, Raleigh, North Carolina	Guaranty State Bank, Durham, North Carolina	Richmond	February 23, 1998
Valley Independent Bank, El Centro, California	Palm Desert National Bank, Palm Desert, California	San Francisco	March 12, 1998

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.

Inner City Press/Community on the Move v. Board of Governors, No. 97–1514 (U.S. Supreme Court, filed March 12, 1998). Petition for *writ of certiorari* to review dismissal by the United States Court of Appeals for the District of Columbia Circuit of a petition for review of a Board order dated May 14, 1997, approving the application of Banc One Corporation, Inc., Columbus, Ohio, to merge with First USA, Inc., Dallas, Texas.

Logan v. Greenspan, No. 1:98CV00049 (D.D.C., filed January 9, 1998). Employment discrimination complaint.

Goldman v. Department of the Treasury, No. 1–97-CV-3798 (N.D. Ga., filed December 23, 1997). Declaratory judgment action challenging Federal Reserve notes as lawful money. On March 2, 1998, the Board filed a motion to dismiss the action.

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

Allen v. Indiana Western Mortgage Corp., No. 97–7744 RJK (C.D. Cal., filed November 12, 1997). Customer dispute with a bank.

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

Leuthe v. Office of Financial Institution Adjudication, No. 97–1826 (3d Cir., filed October 22, 1997). Appeal of district court dismissal of action against the Board and other Federal banking agencies challenging the constitutionality of the Office of Financial Institution Adjudication. Oral argument is scheduled for May 23, 1998.

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

Artis v. Greenspan, No. 97–5234 (D.C. Cir., filed September 19, 1997). Appeal of district court order dismissing employment discrimination action. On January 29, 1998, the Court of Appeals granted the Board's motion for summary affirmance of the District Court's dismissal of the complaint.

Artis v. Greenspan, No. 97–5235 (D.C. Cir., filed September 19, 1997). Appeal of district court order dismissing employment discrimination class action.

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

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

Clarkson v. Greenspan, No. 97-CV-2035 (D.D.C., filed September 5, 1997). Freedom of Information Act case. On January 20, 1998, the Board filed a motion to dismiss the action.

Banking Consultants of America v. Board of Governors, No. 97-2791 (W.D. Tenn., filed September 2, 1997). Action to enjoin investigation by the Board, the Office of the Comptroller of the Currency, and the Department of Labor. On January 23, 1998, the court granted the Board's motion to dismiss the action.

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

Wilkins v. Warren, No. 98-1320 (4th Cir. 1998). Appeal of District Court dismissal of action involving customer dispute with a bank.

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

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

Vickery v. Board of Governors, No. 97-1344 (D.C. Cir., filed May 9, 1997). Petition for review of a Board order dated April 14, 1997, prohibiting Charles R. Vickery, Jr., from further participation in the banking industry. Oral argument was heard on February 24, 1998, and on March 3, 1998, the court of appeals affirmed the Board's order.

Pharaon v. Board of Governors, No. 97-1114 (D.C. Cir., filed February 28, 1997). Petition for review of a Board order dated January 31, 1997, imposing civil money penalties and an order of prohibition for violations of the Bank Holding Company Act. Oral argument was held on December 8, 1997, and on February 10, 1998, the court of appeals affirmed the Board's order. On March 26, 1998, petitioner filed a motion for rehearing and rehearing *en banc.*

The New Mexico Alliance v. Board of Governors, No. 98-1049 (D.C. Cir., transferred as of January 21, 1998). Petition for review of a Board order dated December 16, 1996, approving the acquisition by NationsBank Corporation and NB Holdings Corporation, both of Charlotte, North Carolina, of Boatmen's Bancshares, Inc., St. Louis, Missouri. On January 21, 1998, the United States Court of Appeals for the Tenth Circuit ordered the petition transferred to the United States Court of Appeals for the District of Columbia Circuit. On March 23, 1998, 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. On January 17, 1997, the parties filed cross-motions for summary judgment.

Board of Governors v. Pharaon, No. 91-CIV-6250 (S.D. New York, filed September 17, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On September 17, 1991, the court issued an order temporarily restraining the transfer or disposition of the individual's assets. On March 16, 1998, the district court granted in part and denied in part the Board's motion for summary judgment.

Final Enforcement Orders Issued by the Board of Governors

Habib Bank AG Zurich
Zurich, Switzerland

The Federal Reserve Board announced on March 25, 1998, the issuance of an Order of Assessment of a Civil Money Penalty against the Habib Bank AG Zurich, Zurich, Switzerland, and Habib Bank's Branch in Los Angeles, California.

OmniBank
River Rouge, Michigan

The Federal Reserve Board announced on March 16, 1998, the issuance of a Prompt Corrective Action Directive against OmniBank, River Rouge, Michigan.

PanAmerican Bank
Miami, Florida

The Federal Reserve Board announced on March 9, 1998, the issuance of a Cease and Desist Order against the PanAmerican Bank, Miami, Florida.

Termination of Enforcement Actions

The Federal Reserve Board announced on March 20, 1998, the termination of the following enforcement actions:

The Bank of Versailles
Versailles, Missouri

Cease and Desist Order dated December 6, 1994—terminated February 26, 1998.

The Security State Bank of Pecos
Pecos, Texas

Cease and Desist Order dated October 17, 1995—terminated February 23, 1998.

Millennium Bank
San Francisco, California

Written Agreement dated June 8, 1992—terminated February 11, 1998.

Directors of Federal Reserve Banks and Branches

Regional decentralization and a combination of governmental and private characteristics are important hallmarks of the uniqueness of the Federal Reserve System. Under the Federal Reserve Act, decentralization was achieved by division of the country into twelve regions called Federal Reserve Districts and the establishment in each District of a separately incorporated Federal Reserve Bank with its own board of directors. The blending of governmental and private characteristics is provided through ownership of the stock of the Reserve Bank by member banks in its District, which also elect the majority of the board of directors, and by the general supervision of the Reserve Banks by the Board of Governors, an agency of the federal government. The Board also appoints a minority of each board of directors. Thus, there are essential elements of regional participation and counsel in the conduct of the System's affairs for which the Federal Reserve relies importantly on the contributions of the directors of the Federal Reserve Banks and Branches.

The following list of directors of Federal Reserve Banks and Branches shows for each director the class of directorship, the principal business affiliation, and the date the current term expires. Each Federal Reserve Bank has nine members on its board of directors: The member banks elect the three Class A and three Class B directors, and the Board of Governors appoints the three directors in Class C. Directors are chosen without discrimination as to race, creed, color, sex, or national origin.

Class A directors of each Reserve Bank represent the stockholding member banks of the Federal Reserve District. Class B and Class C directors represent the public and are chosen with due, but not exclusive, consideration to the interests of agriculture, commerce, industry, services, labor, and consumers; they may not be officers, directors, or employees of any bank. In addition, Class C directors may not be stockholders of any bank. The Board of Governors designates annually one Class C director as chairman of the board of directors of each District Bank and designates another Class C director as deputy chairman.

Each of the twenty-five Branches of the Federal Reserve Banks has a board of either seven or five directors, a majority of whom are appointed by the parent Federal Reserve Bank; the others are appointed by the Board of Governors. One of the Board's appointees is designated annually as chairman of the board of that Branch in a manner prescribed by the parent Federal Reserve Bank.

The names of the chairman and deputy chairman of the board of directors of each Reserve Bank and of the chairman of each Branch are published monthly in the *Federal Reserve Bulletin.*[1]

1. The current list appears on page A84 of this *Bulletin*.

DISTRICT 1—BOSTON

Term expires December 31

Class A

Marshall N. Carter	Chairman and Chief Executive Officer, State Street Bank and Trust Company, Boston, Massachusetts	1998
G. Kenneth Perine	President and Chief Executive Officer, National Bank of Middlebury, Middlebury, Vermont	1999
Edwin N. Clift	President and Chief Executive Officer, Merrill Merchants Bank, Bangor, Maine	2000

Class B

Robert R. Glauber	Adjunct Lecturer, John F. Kennedy School of Government, Harvard University, Cambridge, Massachusetts	1998
Stephen L. Brown	Chairman and Chief Executive Officer, John Hancock Mutual Life Insurance Company, Boston, Massachusetts	1999
Edward Dugger III	President and Chief Executive Officer, UNC Ventures, Inc., Boston, Massachusetts	2000

Class C

William C. Brainard	Professor of Economics, Yale University, New Haven, Connecticut	1998
William O. Taylor	Chairman and Chief Executive Office, Globe Newspaper Company, Boston, Massachusetts	1999
James J. Norton	President, Graphic Communications International Union, Washington, D.C.	2000

DISTRICT 2—NEW YORK

		Term Expires December 31
Class A		
Robert G. Wilmers	Chairman and Chief Executive Officer, Manufacturers and Traders Trust Company, Buffalo, New York	1998
George W. Hamlin IV	President and Chief Executive Officer, The Canandaigua National Bank and Trust Company, Canandaigua, New York	1999
Walter V. Shipley	Chairman and Chief Executive Officer, The Chase Manhattan Corporation, New York, New York	2000
Class B		
Ronay Menschel	President, Phipps Houses, New York, New York	1998
Ann Marie Fudge	Executive Vice President, Kraft Foods, Inc., and President, Coffee & Cereals Division, Tarrytown, New York	1999
Eugene R. McGrath	Chairman, President, and Chief Executive Officer, Consolidated Edison Company of New York, Inc., New York, New York	2000
Class C		
Peter G. Peterson	Chairman, The Blackstone Group, New York, New York	1998
John C. Whitehead	Former Chairman, Goldman, Sachs & Co., Inc., New York, New York	1999
Thomas W. Jones	Vice Chairman, Travelers Group, and Chairman and Chief Executive Officer, Smith Barney Asset Management, New York, New York	2000

BUFFALO BRANCH

Appointed by the Federal Reserve Bank		
Kathleen R. Whelehan	Regional President, Marine Midland Bank, Rochester, New York	1998
Louise C. Woerner	Chairman and Chief Executive Officer, HCR, Rochester, New York	1999
William E. Swan	President and Chief Executive Officer, Lockport Savings Bank, Lockport, New York	2000
Mark W. Adams	Owner and Operator, Adams Poultry Farm, Naples, New York	2000
Appointed by the Board of Governors		
Bal Dixit	President and Chief Executive Officer, Newtex Industries, Inc., Victor, New York	1998
Patrick P. Lee	Chairman and Chief Executive Officer, International Motion Control, Inc., Buffalo, New York	1999
Louis J. Thomas	Director, District 4, United Steelworkers of America, Cheektowaga, New York	2000

DISTRICT 3—PHILADELPHIA

Class A		
Albert B. Murry	President and Chief Executive Officer, Lebanon Valley National Bank, Lebanon, Pennsylvania	1998
David B. Lee	President and Chief Executive Officer, Omega Bank, N.A., State College, Pennsylvania	1999
Harry Elwell III	President and Chief Executive Officer, First National Bank of Absecon, Absecon, New Jersey	2000
Class B		
Howard E. Cosgrove	Chairman and Chief Executive Officer, Conectiv (Delmarva Power and Light Company), Wilmington, Delaware	1998
J. Richard Jones	President and Chief Executive Officer, Jackson-Cross Company, Philadelphia, Pennsylvania	1999
Robert D. Burris	President and Chief Executive Officer, Burris Foods, Inc., Milford, Delaware	2000

DISTRICT 3—PHILADELPHIA—Continued		*Term Expires December 31*
Class C		
Charisse R. Lillie	Partner, Ballard Spahr Andrews & Ingersoll, Philadelphia, Pennsylvania	1998
Joan Carter	President and Chief Operating Officer, UM Holdings Ltd., Haddonfield, New Jersey	1999
Glenn A. Schaeffer	President, Pennsylvania Building and Construction Trades Council, Harrisburg, Pennsylvania	2000
DISTRICT 4—CLEVELAND		
Class A		
David A. Daberko	Chairman and Chief Executive Officer. National City Corporation, Cleveland, Ohio	1998
Tiney M. McComb	Chairman and President, Heartland BancCorp, Gahanna, Ohio	1999
David S. Dahlmann	President and Chief Executive Officer, Southwest National Corporation, Greensburg, Pennsylvania	2000
Class B		
I.N. Rendall Harper, Jr.	President and Chief Executive Officer, American Micrographics Company, Inc., Monroeville, Pennsylvania	1998
David L. Nichols	Chairman and Chief Executive Officer, Mercantile Stores Inc., Fairfield, Ohio	1999
Michele Tolela Myers	President, Denison University, Granville, Ohio	2000
Class C		
David H. Hoag	Chairman and Chief Executive Officer, The LTV Corporation, Cleveland, Ohio	1998
Robert Y. Farrington	Executive Secretary–Treasurer, Ohio State Building and Construction Trades Council, Columbus, Ohio	1999
G. Watts Humphrey, Jr.	President, GWH Holdings, Inc., Pittsburgh, Pennsylvania	2000
CINCINNATI BRANCH		
Appointed by the Federal Reserve Bank		
Jean R. Hale	President and Chief Executive Officer, Community Trust Bank, N.A., Pikeville, Kentucky	1998
Judith G. Clabes	President and Chief Executive Officer, Scripps Howard, Cincinnati, Ohio	1999
Phillip R. Cox	President, Cox Financial Corporation, Cincinnati, Ohio	1999
Stephen P. Wilson	President and Chief Executive Officer, Lebanon Citizens National Bank, Lebanon, Ohio	2000
Appointed by the Board of Governors		
Thomas Revely III	President and Chief Executive Officer, Cincinnati Bell Supply Co., Cincinnati, Ohio	1998
George C. Juilfs	President and Chief Executive Officer, SENCORP, Newport, Kentucky	1999
Wayne Shumate	Chairman and Chief Executive Officer, Kentucky Textiles, Inc., Paris, Kentucky	2000
PITTSBURGH BRANCH		
Appointed by the Federal Reserve Bank		
Edward V. Randall, Jr.	President and CEO/Pittsburgh, PNC Bank, N.A., Pittsburgh, Pennsylvania	1998
Georgia Berner	President, Berner International Corp., New Castle, Pennsylvania	1999
Peter N. Stephans	Chairman and Chief Executive Officer, Trigon Incorporated, McMurray, Pennsylvania	1999
Thomas J. O'Shane	Chairman, President, and Chief Executive Officer, First Western Bancorp, Inc., New Castle, Pennsylvania	2000

DISTRICT 4—CLEVELAND—Continued — *Term Expires December 31*

PITTSBURGH BRANCH—Continued

Appointed by the Board of Governors

Gretchen R. Haggerty	Vice President–Accounting and Finance, U.S. Steel Group, USX, Pittsburgh, Pennsylvania	1998
Charles E. Bunch	Senior Vice President, Strategic Planning and Corporate Services, PPG Industries, Inc., Pittsburgh, Pennsylvania	1999
John T. Ryan III	Chairman, President, and Chief Executive Officer, Mine Safety Appliances Company, Pittsburgh, Pennsylvania	2000

DISTRICT 5—RICHMOND

Class A

George A. Didden III	Chairman and Chief Executive Officer, The National Capital Bank of Washington, Washington, D.C.	1998
J. Walter McDowell	President–North Carolina Banking, Wachovia Bank, N.A., Winston–Salem, North Carolina	1999
Elizabeth A. Duke	President and Chief Executive Officer, Bank of Tidewater, Virginia Beach, Virginia	2000

Class B

Craig A. Ruppert	President and Owner, The Ruppert Companies, Ashton, Maryland	1998
Wesley S. Williams, Jr.	Partner, Covington & Burling, Washington, D.C.	1999
James E. Haden	President and Chief Executive Officer, Martha Jefferson Hospital, Charlottesville, Virginia	2000

Class C

Robert L. Strickland	Retired Chairman, Lowe's Companies, Inc., Winston–Salem, North Carolina	1998
Jeremiah J. Sheehan	Chairman and Chief Executive Officer, Reynolds Metals Company, Richmond, Virginia	1999
Claudine B. Malone	President, Financial & Management Consulting, Inc., McLean, Virginia	2000

BALTIMORE BRANCH

Appointed by the Federal Reserve Bank

Jeremiah E. Casey	Chairman, First Maryland Bancorp, Baltimore, Maryland	1998
Morton I. Rapoport	President and Chief Executive Officer, University of Maryland Medical System, Baltimore, Maryland	1999
William L. Jews	President and Chief Executive Officer, Blue Cross Blue Shield of Maryland, Owings Mills, Maryland	2000
Virginia W. Smith	President and Chief Executive Officer, Union National Bank, Westminster, Maryland	2000

Appointed by the Board of Governors

Daniel R. Baker	President and Chief Executive Officer, Tate Access Floors, Inc., Jessup, Maryland	1998
George L. Russell, Jr.	Partner, Piper & Marbury L.L.P., Baltimore, Maryland	1999
Betty Bednarczyk	International Secretary–Treasurer, Service Employees International Union, Washington, D.C.	2000

CHARLOTTE BRANCH

Appointed by the Federal Reserve Bank

William H. Nock	President and Chief Executive Officer, Sumter National Bank, Sumter, South Carolina	1998
Laura M. Fleming	President and Chief Executive Officer, Founders Federal Credit Union, Lancaster, South Carolina	1999
Katharine W. McKee	Associate Director, Self-Help, Durham, North Carolina	2000
Cecil W. Sewell, Jr.	Chairman and Chief Executive Officer, Centura Bank, Rocky Mount, North Carolina	2000

DISTRICT 5—RICHMOND—Continued — *Term Expires December 31*

CHARLOTTE BRANCH—Continued

Appointed by the Board of Governors

James O. Roberson	President and Chief Executive Officer, Research Triangle Foundation of North Carolina, Research Triangle Park, North Carolina	1998
Dennis D. Lowery	Chief Executive Officer and Chairman, Continental Industrial Chemicals, Inc., Charlotte, North Carolina	1999
Joan H. Zimmerman	President, Southern Shows, Inc., Charlotte, North Carolina	2000

DISTRICT 6—ATLANTA

Class A

Waymon L. Hickman	Chairman and Chief Executive Officer, First Farmers and Merchants National Bank, Columbia, Tennessee	1998
Howard L. McMillan, Jr.	President and Chief Operating Officer, Deposit Guaranty National Bank, Jackson, Mississippi	1999
D. Paul Jones, Jr.	Chairman and Chief Executive Officer, Compass Bancshares, Inc., Birmingham, Alabama	2000

Class B

Suzanne E. Boas	President, Consumer Credit Counseling Service of Greater Atlanta, Atlanta, Georgia	1998
Juanita P. Baranco	Executive Vice President, Baranco Automotive Group, Lilburn, Georgia	1999
Maria Camila Leiva	Executive Vice President, Miami Free Zone Corporation, Miami, Florida	2000

Class C

David R. Jones	Chairman, AGL Resources Inc., Atlanta, Georgia	1998
John Wieland	President, John Wieland Homes, Inc., Atlanta, Georgia	1999
Paula Lovell	President, Lovell Communications, Inc., Nashville, Tennessee	2000

BIRMINGHAM BRANCH

Appointed by the Federal Reserve Bank

J. Stephen Nelson	Chairman and Chief Executive Officer, First National Bank of Brewton, Brewton, Alabama	1998
W. Charles Mayer III	Senior Executive Vice President, AmSouth Bancorporation, and President, Alabama Banking Group, AmSouth Bank, Birmingham, Alabama	1999
Roland Pugh	Chairman, Roland Pugh Construction, Inc., Northport, Alabama	2000
Hundley Batts, Sr.	Managing Agent, Hundley Batts & Associates Insurance Agency, Huntsville, Alabama	2000

Appointed by the Board of Governors

Patricia B. Compton	President, Patco, Inc., Georgiana, Alabama	1998
V. Larkin Martin	Managing Partner, Martin Farm, Courtland, Alabama	1999
D. Bruce Carr	Labor-Relations Liaison, Laborers' District Council of Alabama, Gadsden, Alabama	2000

JACKSONVILLE BRANCH

Appointed by the Federal Reserve Bank

Royce B. Walden	President, Walden Enterprises, Inc., Orlando, Florida	1998
William G. Smith, Jr.	President, Capital City Bank Group, Tallahassee, Florida	1999
Terry R. West	President and Chief Executive Officer, Jax Navy Federal Credit Union, Jacksonville, Florida	2000
Michael W. Poole	Principal, Poole Carbone Capital Partners, Inc., Winter Park, Florida	2000

DISTRICT 6—ATLANTA—Continued

Term Expires December 31

JACKSONVILLE BRANCH—Continued

Appointed by the Board of Governors

Judy Jones	President, J.R. Jones and Associates, Tallahassee, Florida	1998
Marsha G. Rydberg	Partner, Foley & Lardner, Tampa, Florida	1999
William E. Flaherty	Chairman and Chief Executive Officer, Blue Cross and Blue Shield of Florida, Inc., Jacksonville, Florida	2000

MIAMI BRANCH

Appointed by the Federal Reserve Bank

E. Anthony Newton	Past President and Chief Executive Officer, Island National Bank and Trust Company, Palm Beach, Florida	1998
D. Keith Cobb	Former Vice Chairman and Chief Executive Officer, Alamo Rent-A-Car, Inc., Ft. Lauderdale, Florida	1999
James W. Moore	President, Gulf Utility Company, Fort Myers, Florida	1999
Carlos A. Migoya	President, Dade/Monroe Counties, First Union National Bank of Florida, Miami, Florida	2000

Appointed by the Board of Governors

R. Kirk Landon	Chairman, American Bankers Insurance Group, Miami, Florida	1998
Mark T. Sodders	President, Lakeview Farms, Inc., Pahokee, Florida	1999
Kaaren Johnson–Street	Vice President of Minority Business Development and Urban Initiatives, Enterprise Florida, Coral Gables, Florida	2000

NASHVILLE BRANCH

Appointed by the Federal Reserve Bank

Dale W. Polley	President, First American National Bank, Nashville, Tennessee	1998
Leonard A. Walker, Jr.	Chairman, President, and Chief Executive Officer, First National Bank and Trust Company, Athens, Tennessee	1999
James E. Dalton, Jr.	President and Chief Executive Officer, Quorum Health Group, Inc., Brentwood, Tennessee	2000
John E. Seward, Jr.	President and Chief Executive Officer, Paty Lumber Company, Inc., Piney Flats, Tennessee	2000

Appointed by the Board of Governors

Frances F. Marcum	Chairman and Chief Executive Officer, Micro Craft, Inc., Tullahoma, Tennessee	1998
Michael E. Bennett	UAW Manufacturing Advisor, UAW Local 1853, Saturn Corporation, Spring Hill, Tennessee	1999
N. Whitney Johns	Chairman and Chief Executive Officer, Whitney Johns & Company, Nashville, Tennessee	2000

NEW ORLEANS BRANCH

Appointed by the Federal Reserve Bank

Howell N. Gage	Chairman and Chief Executive Officer, Merchants Bank, Vicksburg, Mississippi	1998
Howard C. Gaines	Chairman, First National Bank of Commerce, New Orleans, Louisiana	1999
Teri G. Fontenot	President and Chief Executive Officer, Woman's Health Foundation/Woman's Hospital, Baton Rouge, Louisiana	2000
David Guidry	President and Chief Executive Officer, Guico Machine Works, Inc., Harvey, Louisiana	2000

DISTRICT 6—ATLANTA—Continued

Term Expires December 31

NEW ORLEANS BRANCH—Continued

Appointed by the Board of Governors

Lucimarian Roberts	Community Advocate, Biloxi, Mississippi	1998
Glenn Pumpelly	President and Chief Executive Officer, Pumpelly Oil Inc., Westlake, Louisiana	1999
Jackie Ducote	President, Public Affairs Research Council of Louisiana, Baton Rouge, Louisiana	2000

DISTRICT 7—CHICAGO

Class A

Arnold C. Schultz	Chairman and Chief Executive Officer, Grundy National Bank, Grundy Center, Iowa	1998
Verne G. Istock	Chairman, President, and Chief Executive Officer, First Chicago NBD Corporation, Chicago, Illinois	1999
Robert R. Yohanan	Managing Director and Chief Executive Officer, First Bank & Trust of Evanston, Evanston, Illinois	2000

Class B

Donald J. Schneider	President, Schneider National, Inc., Green Bay, Wisconsin	1998
Migdalia Rivera	Executive Director, Latino Institute, Chicago, Illinois	1999
Jack B. Evans	President, The Hall–Perrine Foundation, Cedar Rapids, Iowa	2000

Class C

Arthur C. Martinez	Chairman and Chief Executive Officer, Sears, Roebuck & Co., Hoffman Estates, Illinois	1998
Robert J. Darnall	Chairman, President, and Chief Executive Officer, Inland Steel Industries, Inc., Chicago, Illinois	1999
Lester H. McKeever, Jr.	Managing Partner, Washington, Pittman & McKeever, Chicago, Illinois	2000

DETROIT BRANCH

Appointed by the Federal Reserve Bank

Richard M. Bell	President and Chief Executive Officer, The First National Bank of Three Rivers, Three Rivers, Michigan	1998
Denise Ilitch Lites	Vice Chairwoman, Little Caesars Enterprises, and President, Olympia Development, Inc., Detroit, Michigan	1999
Irma B. Elder	President, Troy Motors, Inc., Troy, Michigan	1999
David J. Wagner	Chairman, President, and Chief Executive Officer, Old Kent Financial Corporation, Grand Rapids, Michigan	2000

Appointed by the Board of Governors

Stephen R. Polk	Chairman and Chief Executive Officer, R.L. Polk & Co., Detroit, Michigan	1998
Florine Mark	President and Chief Executive Officer, The WW Group, Inc., Farmington Hills, Michigan	1999
Timothy D. Leuliette	President and Chief Operating Officer, Penske Corporation, Detroit, Michigan	2000

DISTRICT 8—ST. LOUIS

Class A

Douglas M. Lester	President and Chief Executive Officer, Sea Change Corp., Bowling Green, Kentucky	1998
W.D. Glover	Chairman and Chief Executive Officer, First National Bank of Eastern Arkansas, Forrest City, Arkansas	1999
Michael A. Alexander	Chairman and President, The First National Bank of Mount Vernon, Mount Vernon, Illinois	2000

DISTRICT 8—ST. LOUIS—Continued

Class B

		Term Expires December 31
Richard E. Bell	President and Chief Executive Officer, Riceland Foods, Inc., Stuttgart, Arkansas	1998
Joseph E. Glassner, Jr.	Executive Director, New Directions Housing Corp., Louisville, Kentucky	1999
Robert L. Johnson	Chairman and Chief Executive Officer, Johnson Bryce, Inc., Memphis, Tennessee	2000

Class C

John F. McDonnell	Former Chairman, McDonnell Douglas Corporation, St. Louis, Missouri	1998
Veo Peoples, Jr.	Peoples, LLC, St. Louis, Missouri	1999
Susan S. Elliott	President and Chief Executive Officer, Systems Service Enterprises, Inc., St. Louis, Missouri	2000

LITTLE ROCK BRANCH

Appointed by the Federal Reserve Bank

Mark A. Shelton III	President, M.A. Shelton Farming Company, Wabbaseka, Arkansas	1998
Mark Simmons	Chairman, Simmons Foods, Inc., Siloam Springs, Arkansas	1999
Ross M. Whipple	Chairman and Chief Executive Officer, Horizon Bancorp, Inc., Arkadelphia, Arkansas	1999
Lunsford W. Bridges	President and Chief Executive Officer, Metropolitan National Bank, Little Rock, Arkansas	2000

Appointed by the Board of Governors

Betta M. Carney	Chairman and Chief Executive Officer, World Wide Travel Service, Inc., Little Rock, Arkansas	1998
Janet M. Jones	President, The Janet Jones Company, Little Rock, Arkansas	1999
Diana T. Hueter	President and Chief Executive Officer, St. Vincent Health Systems, Little Rock, Arkansas	2000

LOUISVILLE BRANCH

Appointed by the Federal Reserve Bank

Orson Oliver	President, Mid-America Bank of Louisville & Trust Co., Louisville, Kentucky	1998
Larry E. Dunigan	Chairman and Chief Executive Officer, Holiday Management Corp., Evansville, Indiana	1999
Ronald R. Cyrus	Executive Secretary–Treasurer, Kentucky State AFL–CIO, Frankfort, Kentucky	1999
Aubrey W. Lippert	Chairman and Chief Executive Officer, Peoples First Corporation, Paducah, Kentucky	2000

Appointed by the Board of Governors

Roger Reynolds	President and Chief Executive Officer, The Reynolds Group, Inc., Louisville, Kentucky	1998
Joseph W. Prather	Chairman, Service First Warehouse and Distribution, Inc., Elizabethtown, Kentucky	1999
Debbie Scoppechio	Chairman and Chief Executive Officer, Creative Alliance, Inc., Louisville, Kentucky	2000

DISTRICT 8—ST. LOUIS—Continued

Term Expires December 31

MEMPHIS BRANCH

Appointed by the Federal Reserve Bank

Anthony M. Rampley	President and Chief Executive Officer, Arkansas Glass Container Corporation, Jonesboro, Arkansas	1998
Katie S. Winchester	President and Chief Executive Officer, First Citizens National Bank, Dyersburg, Tennessee	1999
John C. Kelley, Jr.	President, Memphis Banking Group, First Tennessee Bank, Memphis, Tennessee	1999
E.C. Neelly III	Chief Executive Officer, First American National Bank, Iuka, Mississippi	2000

Appointed by the Board of Governors

John V. Myers	President, Better Business Bureau, Memphis, Tennessee	1998
Mike P. Sturdivant, Jr.	Partner, Due West Plantation, Glendora, Mississippi	1999
Carol G. Crawley	Vice President & Regional Manager, Mid-America Apartment Communities, Memphis, Tennessee	2000

DISTRICT 9—MINNEAPOLIS

Class A

Dale J. Emmel	President, First National Bank of Sauk Centre, Sauk Centre, Minnesota	1998
Lynn M. Hoghaug	President, Ramsey National Bank and Trust Co., Devils Lake, North Dakota	1999
Bruce Parker	President, Norwest Bank Montana, Billings, Montana	2000

Class B

Dennis W. Johnson	President, TMI Systems Design Corporation, Dickinson, North Dakota	1998
Rob L. Wheeler	Vice President, Wheeler Mfg. Co., Inc., Lemmon, South Dakota	1999
Kathryn L. Ogren	Owner, Bitterroot Motors, Missoula, Montana	2000

Class C

James J. Howard	Chairman, President, and Chief Executive Officer, Northern States Power Company, Minneapolis, Minnesota	1998
David A. Koch	Chairman, Graco, Inc., Plymouth, Minnesota	1999
Ronald N. Zwieg	President, United Food & Commercial Workers, Local 653, Plymouth, Minnesota	2000

HELENA BRANCH

Appointed by the Federal Reserve Bank

Emil W. Erhardt	Chairman and President, Citizens State Bank, Hamilton, Montana	1998
Sandra M. Stash	Vice President, Environmental Services, ARCO Environmental Remediation L.L.C., Anaconda, Montana	1998
Richard E. Hart	President, Mountain West Bank, Great Falls, Montana	1999

Appointed by the Board of Governors

William P. Underriner	General Manager, Selover Buick Inc., Billings, Montana	1998
Thomas O. Markle	President and Chief Executive Officer, Markle's Inc., Glasgow, Montana	1999

DISTRICT 10—KANSAS CITY

Class A

William L. McQuillan	President, Chief Executive Officer, and Director, City National Bank, Greeley, Nebraska	1998
Dennis E. Barrett	President, FirstBank Holding Company of Colorado, Lakewood, Colorado	1999
Bruce A. Schriefer	President, Bankers' Bank of Kansas, N.A., Wichita, Kansas	2000

DISTRICT 10—KANSAS CITY—Continued — *Term Expires December 31*

Class B

Frank A. Potenziani	M & T Trust, Albuquerque, New Mexico	1998
Charles W. Nichols	Managing Partner, Davison & Sons Cattle Company, Arnett, Oklahoma	1999
Hans Helmerich	President and Chief Executive Officer, Helmerich & Payne, Inc., Tulsa, Oklahoma	2000

Class C

Jo Marie Dancik	Office Managing Partner, Ernst & Young LLP, Denver, Colorado	1998
Colleen D. Hernandez	Executive Director, Kansas City Neighborhood Alliance, Kansas City, Missouri	1999
Terrence P. Dunn	President and Chief Executive Officer, J.E. Dunn Construction Company, Kansas City, Missouri	2000

DENVER BRANCH

Appointed by the Federal Reserve Bank

Albert C. Yates	President, Colorado State University, Ft. Collins, Colorado	1998
C.G. Mammel	President and Chief Executive Officer, The Bank of Cherry Creek, N.A., Denver, Colorado	1999
Robert M. Murphy	Chairman and Chief Executive Officer, Sandia Companies, Albuquerque, New Mexico	2000
John W. Hay III	President, Rock Springs National Bank, Rock Springs, Wyoming	2000

Appointed by the Board of Governors

Peter I. Wold	Partner, Wold Oil & Gas Company, Casper, Wyoming	1998
Teresa N. McBride	President and Chief Executive Officer, McBride and Associates, Inc., Albuquerque, New Mexico	1999
Kathryn A. Paul	President, Kaiser Permanente, Denver, Colorado	2000

OKLAHOMA CITY BRANCH

Appointed by the Federal Reserve Bank

Betty Bryant Shaull	President-Elect and Director, Bank of Cushing and Trust Company, Cushing, Oklahoma	1998
Dennis M. Mitchell	Vice Chairman, Citizens Bank of Ardmore, Ardmore, Oklahoma	1998
William H. Braum	President, Braum Ice Cream Co., Oklahoma City, Oklahoma	1999
Michael S. Samis	President and Chief Executive Officer, Macklanburg–Duncan Co., Oklahoma City, Oklahoma	2000

Appointed by the Board of Governors

Barry L. Eller	Senior Vice President and General Manager, MerCruiser, Stillwater, Oklahoma	1998
Larry W. Brummett	Chairman, President, and Chief Executive Officer, ONEOK, Inc., Tulsa, Oklahoma	1999
Patricia B. Fennell	Executive Director, Latino Community Development Agency, Oklahoma City, Oklahoma	2000

OMAHA BRANCH

Appointed by the Federal Reserve Bank

Robert L. Peterson	Chairman, President, and Chief Executive Officer, IBP, Inc., Dakota City, Nebraska	1998
Bruce R. Lauritzen	President, First National Bank of Omaha, Omaha, Nebraska	1999
Frank L. Hayes	President, Hayes & Associates, L.L.C., Omaha, Nebraska	2000
H. H. Kosman	Chairman, President, and Chief Executive Officer, Platte Valley National Bank, Scottsbluff, Nebraska	2000

District 10—Kansas City—Continued

Term Expires December 31

Omaha Branch—Continued

Appointed by the Board of Governors

Gladys Styles Johnston	Chancellor, University of Nebraska at Kearney, Kearney, Nebraska	1998
Bob L. Gottsch	Vice President, Gottsch Feeding Corporation, Hastings, Nebraska	1999
Arthur L. Shoener	Management Consultant, Omaha, Nebraska	2000

District 11—Dallas

Class A

Dudley K. Montgomery	President and Chief Executive Officer, The Security State Bank of Pecos, Pecos, Texas	1998
Gayle M. Earls	President and Chief Executive Officer, Texas Independent Bank, Dallas, Texas	1999
Kirk A. McLaughlin	President and Chief Executive Officer, Security Bank, Ralls, Texas	2000

Class B

Julie S. England	Vice President, Semiconductor Group, Texas Instruments, Dallas, Texas	1998
Dan Angel	President, Stephen F. Austin State University, Nacogdoches, Texas	1999
Robert C. McNair	Chairman and Chief Executive Officer, Cogen Technologies Energy Group, Houston, Texas	2000

Class C

Roger R. Hemminghaus	Chairman and Chief Executive Officer, Ultramar Diamond Shamrock Corp., San Antonio, Texas	1998
James A. Martin	Second General Vice President, International Association of Bridge, Structural & Ornamental Iron Workers, Austin, Texas	1999
Ray L. Hunt	Chairman, President, and Chief Executive Officer, Hunt Consolidated, Inc., Dallas, Texas	2000

El Paso Branch

Appointed by the Federal Reserve Bank

Lester L. Parker	President and Chief Operating Officer, Bank of the West, El Paso, Texas	1998
James D. Renfrow	President and Chief Executive Officer, The Carlsbad National Bank, Carlsbad, New Mexico	1999
Melissa W. O'Rourke	President, Charlotte's Inc., El Paso, Texas	1999
Cecil E. Nix	Business Manager, IBEW, Local 460, Midland, Texas	2000

Appointed by the Board of Governors

Beauregard Brite White	Rancher, J.E. White, Jr. & Sons, Marfa, Texas	1998
Patricia Z. Holland-Branch	President and Chief Executive Officer, HB/PZH Commercial Environments, Inc., El Paso, Texas	1999
Gail S. Darling	Chief Executive Officer, Gail Darling, Inc., El Paso, Texas	2000

Houston Branch

Appointed by the Federal Reserve Bank

J. Michael Solar	Principal Attorney, Solar & Fernandes L.L.P., Houston, Texas	1998
Judith B. Craven	President, United Way of the Texas Gulf Coast, Houston, Texas	1999
Ray B. Nesbitt	President, Exxon Chemical Company, Houston, Texas	1999
John L. Adams	Chairman and Chief Executive Officer, Chase Bank of Texas, N.A., Houston, Texas	2000

DISTRICT 11—DALLAS—Continued		*Term Expires December 31*
HOUSTON BRANCH—Continued		
Appointed by the Board of Governors		
Edward O. Gaylord	Chairman, EOTT Energy Corp. and General Partner, EOTT Energy Partners L.P., Houston, Texas	1998
Peggy Pearce Caskey	Chief Executive Officer, Laboratories for Genetic Services, Inc., Houston, Texas	1999
Malcolm Gillis	President, Rice University, Houston, Texas	2000
SAN ANTONIO BRANCH		
Appointed by the Federal Reserve Bank		
Richard W. Evans, Jr.	Chairman and Chief Executive Officer, Frost National Bank, San Antonio, Texas	1998
Juliet V. Garcia	President, The University of Texas at Brownsville, Brownsville, Texas	1999
Douglas G. Macdonald	President, South Texas National Bank, Laredo, Texas	1999
Arthur Emerson	Vice President and General Manager, KVDA-TV 60 Telemundo, San Antonio, Texas	2000
Appointed by the Board of Governors		
Carol L. Thompson	President, The Thompson Group, Austin, Texas	1998
Patty P. Mueller	Vice President/Finance, Mueller Energetics, Corpus Christi, Texas	1999
H.B. Zachry, Jr.	Chairman and Chief Executive Officer, H.B. Zachry Company, San Antonio, Texas	2000
DISTRICT 12—SAN FRANCISCO		
Class A		
Warren K.K. Luke	Vice Chairman, President, and Chief Executive Officer, Hawaii National Bank, Honolulu, Hawaii	1998
E. Lynn Caswell	Vice Chairman, Monarch Bancorp, Laguna Hills, California	1999
John V. Rindlaub	Group Executive Vice President, Bank of America Northwest Group, Seattle, Washington	2000
Class B		
Stanley T. Skinner	Chairman and Chief Executive Officer (Retired), Pacific Gas and Electric Co., San Francisco, California	1998
Robert S. Attiyeh	Senior Vice President and Chief Financial Officer, Amgen, Inc., Thousand Oaks, California	1999
Krestine Corbin	President and Chief Executive Officer, Sierra Machinery, Inc., Sparks, Nevada	2000
Class C		
Cynthia A. Parker	Executive Director, Anchorage Neighborhood Housing Services, Inc., Anchorage, Alaska	1998
Gary G. Michael	Chairman and Chief Executive Officer, Albertson's, Inc., Boise, Idaho	1999
Nelson C. Rising	President and Chief Executive Officer, Catellus Development Corporation, San Francisco, California	2000
LOS ANGELES BRANCH		
Appointed by the Federal Reserve Bank		
Stephen G. Carpenter	Director, California United Bank, Encino, California	1998
John H. Gleason	Senior Vice President, Del Webb Corporation, Phoenix, Arizona	1999
Liam E. McGee	Group Executive Vice President, Bank of America, Los Angeles, California	2000
Linda Griego	Managing General Partner, Engine Co. No. 28, Los Angeles, California	2000

DISTRICT 12—SAN FRANCISCO—Continued

Term Expires December 31

LOS ANGELES BRANCH—Continued

Appointed by the Board of Governors

Anne L. Evans	Chairman, Evans Hotels, San Diego, California	1998
Lori R. Gay	President, Los Angeles Neighborhood Housing, Los Angeles, California	1999
Lonnie Kane	President, Karen Kane, Inc., Los Angeles, California	2000

PORTLAND BRANCH

Appointed by the Federal Reserve Bank

Gary T. Duim	Vice Chairman, U.S. Bancorp, Portland, Oregon	1998
Phyllis A. Bell	President, Oregon Coast Aquarium, Newport, Oregon	1999
Martin Brantley	President and General Manager, KPTV-12, Oregon Television, Inc., Portland, Oregon	1999
Thomas C. Young	President, Chairman, and Chief Executive Officer, Northwest National Bank, Vancouver, Washington	2000

Appointed by the Board of Governors

Carol A. Whipple	Proprietor, Rocking C Ranch, Elkton, Oregon	1998
Nancy Wilgenbusch	President, Marylhurst College, Marylhurst, Oregon	1999
Patrick Borunda	Executive Director, ONABEN—A Native American Business Network, Portland, Oregon	2000

SALT LAKE CITY BRANCH

Appointed by the Federal Reserve Bank

Roy C. Nelson	President, Bank of Utah, Ogden, Utah	1998
J. Pat McMurray	President, First Security Bank, N.A., Boise, Idaho	1999
Maria Garciaz	Executive Director, Salt Lake Neighborhood Housing Services, Salt Lake City, Utah	1999
R.D. Cash	Chairman, President, and Chief Executive Officer, Questar Corporation, Salt Lake City, Utah	2000

Appointed by the Board of Governors

Richard E. Davis	President and Chief Executive Officer, Salt Lake Convention & Visitors Bureau, Salt Lake City, Utah	1998
Nancy S. Mortensen	Vice President–Marketing Services, ZCMI, Salt Lake City, Utah	1999
Barbara L. Wilson	Regional Vice President, U.S. West, Boise, Idaho	2000

SEATTLE BRANCH

Appointed by the Federal Reserve Bank

Constance L. Proctor	Partner, Alston Courtnage Proctor & Bassetti, LLP, Seattle, Washington	1998
Tomio Moriguchi	Chairman and Chief Executive Officer, Uwajimaya, Inc., Seattle, Washington	1999
James C. Hawkanson	Managing Director and Chief Executive Officer, The Commerce Bank of Washington, N.A., Seattle, Washington	2000
Betsy Lawer	Vice Chair and Chief Operating Officer, First National Bank of Anchorage, Anchorage, Alaska	2000

Appointed by the Board of Governors

Helen M. Rockey	President and Chief Executive Officer, Brooks Sports, Inc., Bothell, Washington	1998
Boyd E. Givan	Senior Vice President and Chief Financial Officer, The Boeing Company, Seattle, Washington	1999
Richard R. Sonstelie	Chairman, Puget Sound Energy, Inc., Bellevue, Washington	2000

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

Reported by Banks in the United States

Reported by Nonbanking Business Enterprises in the United States

Securities Holdings and Transactions

Interest and Exchange Rates

SPECIAL TABLES

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1997				1997			1998	
	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.[r]	Feb.
Reserves of depository institutions[2]									
1 Total	−8.3	−14.3	−1.8	−1.3	−5.5	10.6	8.5	−21.2	−14.2
2 Required	−8.4	−15.0	−2.4	−4.1	−8.3	5.1	7.0	−24.5	−7.7
3 Nonborrowed	−7.2	−16.0	−3.4	.7	−1.2	13.7	4.1	−18.4	−10.3
4 Monetary base[3]	5.3	3.7	6.3	8.1	6.8	10.9	9.9	5.8	3.5
Concepts of money, liquid assets, and debt[4]									
5 M1	−1.4	−4.5	.3	.8	−1.9	8.2	7.6	−3.0	2.8
6 M2	5.1	4.4	5.4	6.8	5.9	7.3	6.8	7.2	9.3
7 M3	8.0	7.7	8.1	9.9[r]	8.5	11.7[r]	11.2[r]	10.7	8.5
8 L	7.0	8.4	7.1	9.5[r]	7.0[r]	13.2[r]	12.1[r]	13.6	n.a.
9 Debt	4.4[r]	5.0[r]	4.2[r]	5.8[r]	6.0[r]	6.5[r]	6.2[r]	5.9	n.a.
Nontransaction components									
10 In M2[5]	7.7	7.9	7.3	9.0	8.7[r]	7.0	6.5	10.9	11.6
11 In M3 only[6]	18.0	18.9	16.9	19.6[r]	16.9[r]	25.4[r]	24.9[r]	21.2	6.2
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	12.8	11.0	9.6[r]	16.3	17.3[r]	11.9	13.6	14.3	13.1
13 Small time[7]	2.9	5.6	7.1	3.1	2.5	5.6	1.0	.2	−.2
14 Large time[8,9]	19.4	24.1	17.2	14.0	6.6	22.6	19.9	8.7	29.8
Thrift institutions									
15 Savings, including MMDAs	.7	6.0	1.0	1.3	2.2	−.6	5.1	6.7	13.3
16 Small time[7]	.0	−2.9	−5.2	−3.5[r]	−1.0	−9.0[r]	.0[r]	4.2	−2.8
17 Large time[8]	13.5	4.3	9.8	5.3	1.4	11.5	11.4	29.6	2.7
Money market mutual funds									
18 Retail	14.7	13.5	16.0	15.6	10.2	14.4	4.8	22.9	28.0
19 Institution-only	18.4	18.0	19.7	22.0	22.9	7.6	34.5	14.7	12.3
Repurchase agreements and Eurodollars									
20 Repurchase agreements[10]	6.2	6.8	13.4	38.3[r]	55.1[r]	77.9[r]	9.3[r]	52.6	−25.9
21 Eurodollars[10]	35.8	32.2	19.5	12.4[r]	−9.6[r]	6.1[r]	51.5[r]	25.1	−34.4
Debt components[4]									
22 Federal	1.8	.4	−.6	.9	.5	.3	2.2	.0	n.a.
23 Nonfederal	5.4[r]	6.6[r]	5.9[r]	7.4[r]	7.8[r]	8.6[r]	7.6[r]	7.9	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1997	1998		1998						
	Dec.	Jan.	Feb.	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	469,563	468,720[r]	463,965	468,283	466,439[r]	465,383[r]	463,079	461,269	464,620	466,130
U.S. government securities[2]										
2 Bought outright—System account[3]	427,860	429,845	427,988	430,981	429,718	428,462	427,804	427,093	428,138	428,618
3 Held under repurchase agreements	7,197	4,155	2,720	3,433	1,920	2,896	739	274	2,799	5,743
Federal agency obligations										
4 Bought outright	685	685	678	685	685	685	685	682	675	675
5 Held under repurchase agreements	1,156	833	573	826	403	422	743	163	617	442
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	252	188	51	22	364	87	91	25	78	15
8 Seasonal credit	79	18	11	20	16	16	9	9	12	13
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	931	1,228[r]	440	690	1,792[r]	587[r]	949	937	368	134
11 Other Federal Reserve assets	31,404	31,769	31,505	31,626	31,543	32,228	32,060	32,087	31,934	30,489
12 Gold stock	11,049	11,046	11,047	11,046	11,046	11,044	11,046	11,046	11,047	11,049
13 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,602	25,644	25,703	25,634	25,648	25,662	25,676	25,690	25,704	25,718
ABSORBING RESERVE FUNDS										
15 Currency in circulation	475,661	474,085	471,834	475,243	472,553	470,160	469,301	470,576	473,053	472,853
16 Treasury cash holdings	230	224	227	228	227	219	221	223	227	229
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,107	6,507	4,969	5,253	9,148	6,976	5,696	5,062	4,969	4,400
18 Foreign	177	188	178	177	161	166	200	163	164	172
19 Service-related balances and adjustments	6,922	7,198	7,067	7,007	7,377	7,584	7,276	7,117	7,030	6,953
20 Other	354	421	395	252	329	343	374	422	404	371
21 Other Federal Reserve liabilities and capital	16,025	16,016	16,114	16,240	16,127	16,083	15,932	16,140	16,154	16,139
22 Reserve balances with Federal Reserve Banks[4]	10,938	9,971[r]	9,131	9,762	6,411[r]	9,759[r]	10,000	7,501	8,571	10,979

Factor	End-of-month figures			Wednesday figures						
	Dec.	Jan.	Feb.	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	490,034	463,567[r]	465,614	472,252	472,863[r]	473,654[r]	461,785	466,801	467,625	476,128
U.S. government securities[2]										
2 Bought outright—System account[3]	430,736	428,043	428,619	431,714	429,553	427,975	427,516	429,481	428,001	429,189
3 Held under repurchase agreements	21,188	800	3,645	5,465	6,271	8,978	0	1,915	4,302	12,080
Federal agency obligations										
4 Bought outright	685	685	675	685	685	685	685	675	675	675
5 Held under repurchase agreements	2,652	1,268	2,107	2,216	1,356	760	0	1,140	1,070	1,610
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	2,001	16	0	20	367	14	305	2	3	4
8 Seasonal credit	35	8	12	20	15	13	6	14	12	13
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	719	671[r]	−202	−245	2,446[r]	2,215[r]	1,404	1,053	3,379	1,116
11 Other Federal Reserve assets	32,020	32,077[r]	30,757	32,377	32,171	33,014	31,869	32,522	30,184	31,442
12 Gold stock	11,047	11,046	11,050	11,046	11,046	11,044	11,045	11,047	11,048	11,050
13 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,606	25,676	25,732	25,634	25,648	25,662	25,676	25,690	25,704	25,718
ABSORBING RESERVE FUNDS										
15 Currency in circulation	482,390	468,337	472,029	473,960	472,384	470,034	470,813	472,372	474,118	473,257
16 Treasury cash holdings	225	220	241	229	219	220	222	227	227	241
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,444	5,552	5,037	4,644	15,430	6,846	4,792	4,401	4,699	4,398
18 Foreign	457	215	243	157	161	158	164	152	170	194
19 Service-related balances and adjustments	6,954	7,276[r]	7,029	7,007	7,377	7,584	7,276	7,117	7,030	6,953
20 Other	900	343	349	337	330	334	411	402	405	374
21 Other Federal Reserve liabilities and capital	15,500	15,969	16,256	15,971	15,929	15,853	15,605	15,972	15,933	15,931
22 Reserve balances with Federal Reserve Banks[4]	24,017	11,576[r]	10,410	15,826	6,926[r]	18,531[r]	8,422	12,095	10,995	20,749

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	1995	1996	1997	1997					1998	
	Prorated monthly averages of biweekly averages									
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
1 Reserve balances with Reserve Banks[2]	20,440	13,395	10,673	10,489	9,742	9,990	10,559	10,673	9,733	9,390
2 Total vault cash[3]	42,094	44,379	43,970	42,379	43,056	41,730	42,114	43,970	46,672	42,562
3 Applied vault cash[4]	37,460	37,848	37,206	36,156	36,314	35,631	35,892	37,206	37,762	35,580
4 Surplus vault cash[5]	4,634	6,532	6,763	6,224	6,742	6,099	6,222	6,763	8,910	6,981
5 Total reserves[6]	57,900	51,243	47,880	46,645	46,056	45,621	46,451	47,880	47,495	44,970
6 Required reserves	56,622	49,819	46,196	45,392	44,761	44,225	44,834	46,196	45,714	43,452
7 Excess reserve balances at Reserve Banks[7]	1,278	1,424	1,683	1,253	1,295	1,396	1,617	1,683	1,780	1,518
8 Total borrowings at Reserve Banks[8]	257	155	324	598	438	270	153	324	210	58
9 Seasonal borrowings	40	68	79	385	368	227	115	79	18	12
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1997					1998				
	Nov. 5	Nov. 19	Dec. 3	Dec. 17	Dec. 31	Jan. 14	Jan. 28[r]	Feb. 11[r]	Feb. 25	Mar. 11
1 Reserve balances with Reserve Banks[2]	10,451	10,234	11,022	9,678	11,595	11,500	8,176	8,750	9,726	10,175
2 Total vault cash[3]	41,941	42,129	42,175	44,267	44,058	44,958	48,839	44,560	41,199	41,597
3 Applied vault cash[4]	35,718	35,817	36,068	36,965	37,692	37,976	37,827	36,462	34,892	35,558
4 Surplus vault cash[5]	6,224	6,312	6,108	7,302	6,366	6,982	11,012	8,098	6,307	6,039
5 Total reserves[6]	46,168	46,051	47,090	46,643	49,286	49,476	46,003	45,212	44,618	45,733
6 Required reserves	44,507	44,540	45,357	45,170	47,403	47,659	44,213	43,648	43,132	44,229
7 Excess reserve balances at Reserve Banks[7]	1,661	1,510	1,733	1,473	1,883	1,817	1,790	1,563	1,485	1,504
8 Total borrowings at Reserve Banks[8]	238	149	119	240	454	209	242	67	59	19
9 Seasonal borrowings	167	112	95	85	71	22	16	9	13	17
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 4/3/98	Effective date	Previous rate	On 4/3/98	Effective date	Previous rate	On 4/3/98	Effective date	Previous rate
Boston	5.00	2/1/96	5.25	5.50	3/26/98	5.55	6.00	3/26/98	6.05
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	5.50	3/26/98	5.55	6.00	3/26/98	6.05

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981—May 5	13–14	14
8	14	14

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981—Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
In effect Apr. 3, 1998	5.00	5.00

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

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

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

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorized transfers for the purpose of making payments to third persons or others. However, accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month (of which no more than three may be by check, draft, debit card, or similar order payable directly to third parties) are savings deposits, not transaction accounts.

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning January 1, 1998, for depository institutions that report weekly, and with the period beginning January 15, 1998, for institutions that report quarterly, the amount was decreased from $49.3 million to $47.8 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning January 1, 1998, for depository institutions that report weekly, and with the period beginning January 15, 1998, for institutions that report quarterly, the exemption was raised from $4.4 million to $4.7 million.

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

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to 1½ percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1½ years or more has been zero since Oct. 6, 1983.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1995	1996	1997	1997						1998
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	10,932	9,901	9,147	0	0	0	0	0	4,545	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	405,296	426,928	419,347	35,948	35,666	28,328	39,313	33,485	26,905	41,731
4 For new bills	405,296	426,928	418,997	35,948	35,666	28,328	39,313	33,485	26,905	41,731
5 Redemptions	900	0	0	0	0	0	0	0	0	2,000
Others within one year										
6 Gross purchases	390	524	5,748	0	0	644	0	1,462	1,947	0
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	43,574	30,512	43,473	4,359	7,487	1,596	3,193	5,231	1,748	3,447
9 Exchanges	−35,407	−41,394	−27,499	−1,087	−2,780	−2,382	−1,267	−4,126	−2,329	−400
10 Redemptions	1,776	2,015	0	598	0	0	416	0	0	478
One to five years										
11 Gross purchases	5,366	3,898	20,299	0	0	2,697	0	3,323	4,471	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−34,646	−25,022	−39,744	−4,359	−5,247	−1,596	−3,193	−4,883	−1,748	−3,447
14 Exchanges	26,387	31,459	20,274	1,087	1,170	2,382	1,267	1,651	2,329	0
Five to ten years										
15 Gross purchases	1,432	1,116	3,101	0	0	0	770	485	613	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−3,093	−5,469	−1,954	0	−2,240	0	0	31	0	0
18 Exchanges	7,220	6,666	5,215	0	880	0	0	1,295	0	400
More than ten years										
19 Gross purchases	2,529	1,655	5,827	0	0	0	648	954	1,214	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−2,253	−20	−1,775	0	0	0	0	−379	0	0
22 Exchanges	1,800	3,270	2,360	0	730	0	0	1,180	0	0
All maturities										
23 Gross purchases	20,649	17,094	44,122	0	0	3,341	1,418	6,224	12,790	0
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,676	2,015	1,996	598	0	0	416	0	0	2,478
Matched transactions										
26 Gross purchases	2,197,736	3,092,399	3,586,584	307,101	317,008	311,153	316,425	272,474	353,726	332,581
27 Gross sales	2,202,030	3,094,769	3,588,905	309,578	315,439	312,083	318,485	269,586	355,668	332,795
Repurchase agreements										
28 Gross purchases	331,694	457,568	810,485	44,087	54,561	77,109	75,323	73,618	97,932	45,543
29 Gross sales	328,497	450,359	809,268	53,217	50,340	74,960	78,157	73,064	87,160	65,932
30 Net change in U.S. Treasury securities	16,875	19,919	41,022	−12,205	5,790	4,560	−3,893	9,666	21,620	−23,080
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	0	0	0
33 Redemptions	1,003	409	1,540	287	179	105	215	26	0	0
Repurchase agreements										
34 Gross purchases	36,851	75,354	160,409	10,437	13,131	9,796	15,639	23,054	20,056	13,107
35 Gross sales	36,776	74,842	159,369	10,811	11,252	11,196	15,157	20,976	21,186	13,232
36 Net change in federal agency obligations	−928	103	−500	−661	1,700	−1,505	267	2,052	−1,130	−125
37 Total net change in System Open Market Account	**15,948**	**20,021**	**40,522**	**−12,866**	**7,490**	**3,055**	**−3,626**	**11,718**	**20,490**	**−23,204**

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

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities.

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

Millions of dollars

Account	Wednesday					End of month		
	1998					1997	1998	
	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25	Dec. 31	Jan. 31	Feb. 28
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,044	11,045	11,047	11,048	11,050	11,047	11,046	11,050
2 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
3 Coin	532	560	578	580	569	460	556	588
Loans								
4 To depository institutions	27	311	16	15	17	2,035	24	13
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	685	685	675	675	675	685	685	675
8 Held under repurchase agreements	760	0	1,140	1,070	1,610	2,652	1,268	2,107
9 **Total U.S. Treasury securities**	**436,953**	**427,516**	**431,396**	**432,303**	**441,269**	**451,924**	**428,843**	**432,264**
10 Bought outright[2]	427,975	427,516	429,481	428,001	429,189	430,736	428,043	428,619
11 Bills	194,841	194,382	196,348	194,869	196,057	197,123	194,909	195,488
12 Notes	173,727	173,727	173,726	172,401	172,400	174,206	173,727	172,400
13 Bonds	59,407	59,407	59,407	60,732	60,732	59,407	59,407	60,732
14 Held under repurchase agreements	8,978	0	1,915	4,302	12,080	21,188	800	3,645
15 **Total loans and securities**	**438,425**	**428,512**	**433,226**	**434,063**	**443,571**	**457,295**	**430,820**	**435,058**
16 Items in process of collection	8,180	8,235	8,000	14,170	7,199	7,800	5,185	4,488
17 Bank premises	1,274	1,274	1,277	1,277	1,276	1,272	1,273	1,275
Other assets								
18 Denominated in foreign currencies[3]	17,076	17,025	17,033	17,041	17,048	17,046	17,019	17,203
19 All other[4]	15,084	13,523	14,142	11,742	13,006	13,726	13,693	12,327
20 **Total assets**	**500,816**	**489,374**	**494,502**	**499,119**	**502,918**	**517,847**	**488,792**	**491,188**
LIABILITIES								
21 Federal Reserve notes	445,125	445,920	447,487	449,221	448,349	457,469	443,438	447,126
22 **Total deposits**	**33,767**	**20,985**	**24,700**	**24,226**	**32,440**	**37,639**	**24,937**	**23,155**
23 Depository institutions	26,426	15,618	19,746	18,951	27,475	30,838	18,826	17,525
24 U.S. Treasury—General account	6,846	4,792	4,401	4,699	4,398	5,444	5,552	5,037
25 Foreign—Official accounts	158	164	152	170	194	457	215	243
26 Other	334	411	402	405	374	900	343	349
27 Deferred credit items	6,071	6,864	6,343	9,740	6,198	7,239	4,449	4,652
28 Other liabilities and accrued dividends[5]	4,635	4,476	4,759	4,715	4,716	4,846	4,635	4,696
29 **Total liabilities**	**489,598**	**478,244**	**483,289**	**487,902**	**491,704**	**507,193**	**477,458**	**479,628**
CAPITAL ACCOUNTS								
30 Capital paid in	5,476	5,478	5,472	5,474	5,478	5,433	5,477	5,478
31 Surplus	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220
32 Other capital accounts	522	431	521	524	517	0	636	861
33 **Total liabilities and capital accounts**	**500,816**	**489,374**	**494,502**	**499,119**	**502,918**	**517,847**	**488,792**	**491,188**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	605,315	602,478	600,485	606,710	606,419	602,834	607,873	605,360
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	548,150	547,757	548,318	549,015	548,745	549,600	547,998	549,260
36 LESS: Held by Federal Reserve Banks	103,025	101,837	100,831	99,794	100,395	92,131	104,561	102,133
37 Federal Reserve notes, net	445,125	445,920	447,487	449,221	448,349	457,469	443,438	447,126
Collateral held against notes, net								
38 Gold certificate account	11,044	11,045	11,047	11,048	11,050	11,047	11,046	11,050
39 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	424,881	425,674	427,240	428,974	428,099	437,222	423,192	426,876
42 **Total collateral**	**445,125**	**445,920**	**447,487**	**449,221**	**448,349**	**457,469**	**443,438**	**447,126**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1998					1997	1998	
	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25	Dec. 31	Jan. 31	Feb. 28
1 **Total loans**	**27**	**311**	**16**	**15**	**17**	**737**	**24**	**62**
2 Within fifteen days[1]	25	307	5	10	12	734	21	56
3. Sixteen days to ninety days	2	4	11	5	5	3	2	6
4 **Total U.S. Treasury securities[2]**	**436,953**	**427,516**	**431,396**	**432,303**	**441,269**	**451,924**	**428,843**	**432,264**
5 Within fifteen days[1]	21,566	18,670	13,830	17,291	26,410	34,147	9,133	12,674
6 Sixteen days to ninety days	92,750	92,094	94,304	92,274	91,811	95,648	104,808	103,213
7 Ninety-one days to one year	138,887	132,653	139,163	138,959	139,269	137,886	131,151	132,599
8 One year to five years	94,136	94,484	94,484	94,305	94,305	95,028	94,136	94,305
9 Five years to ten years	41,306	41,306	41,306	39,841	39,841	40,906	41,306	39,841
10 More than ten years	48,308	48,308	48,308	49,633	49,633	47,094	48,308	49,633
11 **Total federal agency obligations**	**1,445**	**685**	**1,815**	**1,745**	**2,285**	**3,337**	**1,953**	**2,782**
12 Within fifteen days[1]	770	10	1,140	1,070	1,660	2,652	1,278	2,157
13 Sixteen days to ninety days	94	94	94	94	44	60	94	44
14 Ninety-one days to one year	150	150	150	150	150	192	150	150
15 One year to five years	151	151	151	151	151	153	151	151
16 Five years to ten years	255	255	255	255	255	55	255	255
17 More than ten years	25	25	25	25	25	25	25	25

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

2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

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

Billions of dollars, averages of daily figures

Item	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	1997 July	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.	1998 Feb.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	59.40	56.39	50.06	47.20	46.89	47.41	46.67	46.45	46.87	47.20	46.36[r]	45.82
2 Nonborrowed reserves[4]	59.20	56.13	49.91	46.87	46.48	46.82	46.23	46.18	46.71	46.87	46.15[r]	45.76
3 Nonborrowed reserves plus extended credit[5]	59.20	56.13	49.91	46.87	46.48	46.82	46.23	46.18	46.71	46.87	46.15[r]	45.76
4 Required reserves	58.24	55.11	48.64	45.51	45.68	46.16	45.37	45.06	45.25	45.51	44.58[r]	44.30
5 Monetary base[6]	418.18	434.23	452.47	480.58	464.46	467.02	469.68	472.35	476.64	480.58	482.91[r]	484.32
	Not seasonally adjusted											
6 Total reserves[7]	61.13	58.02	51.52	48.56	46.76	47.09	46.55	46.16	47.05	48.56	47.50	45.00
7 Nonborrowed reserves	60.92	57.76	51.37	48.23	46.35	46.49	46.11	45.89	46.90	48.23	47.29	44.94
8 Nonborrowed reserves plus extended credit[5]	60.92	57.76	51.37	48.23	46.35	46.49	46.11	45.89	46.90	48.23	47.29	44.94
9 Required reserves[8]	59.96	56.74	50.10	46.87	45.56	45.83	45.25	44.77	45.44	46.87	45.72	43.48
10 Monetary base[9]	422.51	439.03	456.72	485.47	465.55	467.24	468.63	470.70	476.94	485.47	484.42[r]	481.36
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	61.34	57.90	51.24	47.88	46.38	46.65	46.06	45.62	46.45	47.88	47.50	44.97
12 Nonborrowed reserves	61.13	57.64	51.09	47.56	45.97	46.05	45.62	45.35	46.30	47.56	47.29	44.91
13 Nonborrowed reserves plus extended credit[5]	61.13	57.64	51.09	47.56	45.97	46.05	45.62	45.35	46.30	47.56	47.29	44.91
14 Required reserves	60.17	56.62	49.82	46.20	45.18	45.39	44.76	44.23	44.83	46.20	45.71[r]	43.45
15 Monetary base[12]	427.25	444.45	463.49	491.92	472.58	474.01	475.32	477.28	483.50	491.92	491.62	488.43
16 Excess reserves[13]	1.17	1.28	1.42	1.68	1.20	1.25	1.30	1.40	1.62	1.68	1.78	1.52
17 Borrowings from the Federal Reserve	.21	.26	.16	.32	.41	.60	.44	.27	.15	.32	.21	.06

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	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	1997 Nov.	1997 Dec.	1998 Jan.	1998 Feb.
	Seasonally adjusted							
Measures[2]								
1 M1	1,150.7	1,128.7	1,082.8	1,076.0	1,069.2	1,076.0	1,073.3	1,075.8
2 M2	3,503.0	3,651.2	3,826.1	4,040.2	4,017.5	4,040.2	4,064.6[r]	4,096.1
3 M3	4,333.6	4,595.6	4,935.5	5,375.7[r]	5,325.8[r]	5,375.7[r]	5,423.7[r]	5,462.2
4 L	5,315.8	5,702.2	6,088.3[r]	6,619.6[r]	6,553.7[r]	6,619.6[r]	6,694.4	n.a
5 Debt	12,998.7[r]	13,699.2[r]	14,419.9[r]	15,153.5[r]	15,075.0[r]	15,153.5[r]	15,228.1	n.a.
M1 components								
6 Currency[3]	354.3	372.4	394.9	425.5	421.9	425.5	427.5	431.0
7 Travelers checks[4]	8.5	8.9	8.6	8.2	8.1	8.2	8.2	8.1
8 Demand deposits[5]	384.0	391.0	403.6	397.1	394.5	397.1	392.7	391.8
9 Other checkable deposits[6]	403.9	356.4	275.9	245.1	244.6	245.1	244.9	245.0
Nontransaction components								
10 In M2[7]	2,352.3	2,522.6	2,743.2	2,964.2	2,948.3	2,964.2	2,991.2[r]	3,020.2
11 In M3 only[8]	830.6	944.4	1,109.4	1,335.5[r]	1,308.3[r]	1,335.5[r]	1,359.1[r]	1,366.1
Commercial banks								
12 Savings deposits, including MMDAs	752.6	775.0	904.8	1,020.9	1,009.5	1,020.9	1,033.1[r]	1,044.4
13 Small time deposits[9]	503.2	575.8	594.5	621.6	621.1	621.6	621.7[r]	621.6
14 Large time deposits[10, 11]	298.7	345.4	413.2	495.8	487.7	495.8	499.4[r]	511.8
Thrift institutions								
15 Savings deposits, including MMDAs	397.3	359.7	366.9	376.5	374.9	376.5	378.6[r]	382.8
16 Small time deposits[9]	314.2	357.2	354.3	343.6	343.6[r]	343.6	344.8	344.0
17 Large time deposits[10]	64.7	74.2	78.0	85.2	84.4	85.2	87.3	87.5
Money market mutual funds								
18 Retail	385.0	454.9	522.8	601.6	599.2	601.6	613.1	627.4
19 Institution-only	203.1	253.9	310.3	376.2	365.7	376.2	380.8	384.7
Repurchase agreements and Eurodollars								
20 Repurchase agreements[12]	183.3	182.4	194.2	234.8[r]	233.0[r]	234.8[r]	245.1[r]	239.8
21 Eurodollars[12]	80.8	88.6	113.7	143.4[r]	137.5[r]	143.4[r]	146.4[r]	142.2
Debt components								
22 Federal debt	3,491.9	3,638.5	3,780.0	3,797.3	3,790.4	3,797.3	3,797.4	n.a.
23 Nonfederal debt	9,506.7[r]	10,060.7[r]	10,639.9[r]	11,356.2[r]	11,284.6[r]	11,356.2[r]	11,430.7	n.a.
	Not seasonally adjusted							
Measures[2]								
24 M1	1,174.4	1,152.4	1,104.9	1,097.5	1,074.3	1,097.5	1,078.7[r]	1,063.3
25 M2	3,523.4	3,672.0	3,845.4	4,059.1	4,019.9	4,059.1	4,066.4[r]	4,082.7
26 M3	4,353.2	4,615.2	4,953.4	5,392.9[r]	5,331.7[r]	5,392.9[r]	5,427.6[r]	5,459.9
27 L	5,344.6	5,732.7	6,116.3[r]	6,645.4[r]	6,564.8[r]	6,645.4[r]	6,696.1	n.a.
28 Debt	13,000.6[r]	13,699.8[r]	14,419.3[r]	15,153.5[r]	15,057.2[r]	15,153.5[r]	15,208.8	n.a.
M1 components								
29 Currency[3]	357.5	376.2	397.9	429.0	422.4	429.0	426.4	428.9
30 Travelers checks[4]	8.1	8.5	8.3	7.9	8.0	7.9	7.9	7.8
31 Demand deposits[5]	400.3	407.2	419.9	413.0[r]	399.8	413.0[r]	396.2	382.9
32 Other checkable deposits[6]	408.6	360.5	278.8	247.6	244.2	247.6	248.2	243.6
Nontransaction components								
33 In M2[7]	2,349.0	2,519.6	2,740.5	2,961.6	2,945.6[r]	2,961.6	2,987.7[r]	3,019.5
34 In M3 only[8]	829.7	943.2	1,108.0	1,333.8[r]	1,311.8[r]	1,333.8[r]	1,361.2[r]	1,377.2
Commercial banks								
35 Savings deposits, including MMDAs	751.7	774.1	903.3	1,019.0	1,009.2	1,019.0	1,028.9[r]	1,039.9
36 Small time deposits[9]	501.5	573.8	592.7	620.0	620.2	620.0	621.2	621.8
37 Large time deposits[10, 11]	298.9	345.8	413.6	496.3	493.4	496.3	491.9[r]	508.3
Thrift institutions								
38 Savings deposits, including MMDAs	396.8	359.2	366.4	375.8	374.8	375.8	377.0[r]	381.2
39 Small time deposits[9]	313.2	355.9	353.2	342.7	343.1	342.7	344.6	344.2
40 Large time deposits[10]	64.8	74.3	78.1	85.3	85.3	85.3	86.0	86.9
Money market mutual funds								
41 Retail	385.9	456.4	524.8	604.1	598.3	604.1	616.0	632.4
42 Institution-only	204.6	255.8	312.7	378.9	365.2	378.9	389.8	397.7
Repurchase agreements and Eurodollars								
43 Repurchase agreements[12]	179.6	178.0	188.8	228.2[r]	231.5[r]	228.2[r]	243.9[r]	239.8
44 Eurodollars[12]	81.8	89.4	114.7	145.0[r]	136.3[r]	145.0[r]	149.6[r]	144.5
Debt components								
45 Federal debt	3,499.0	3,645.9	3,787.9	3,805.8	3,792.1	3,805.8	3,792.5	n.a.
46 Nonfederal debt	9,501.6[r]	10,053.9[r]	10,631.3[r]	11,347.8[r]	11,265.1[r]	11,347.8[r]	11,416.3	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

7. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

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

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

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

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

12. Includes both overnight and term.

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

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1997					1998		1998			
	Feb.	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	Jan.[r]	Feb.	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Seasonally adjusted											
Assets												
1 Bank credit	3,839.4	3,970.9	3,995.9[r]	4,031.4[r]	4,077.4	4,111.9	4,159.5	4,188.4	4,174.3	4,175.7	4,187.4	4,199.1
2 Securities in bank credit	1,020.6	1,025.2	1,031.9	1,046.6	1,081.4	1,101.9	1,118.6	1,120.1	1,125.5	1,111.6	1,117.9	1,124.2
3 U.S. government securities	703.5	715.5	724.5	732.3	746.1	752.3	762.4	768.1	772.7	760.7	762.3	769.6
4 Other securities	317.1	309.6	307.4	314.3	335.3	349.7	356.2	352.0	352.8	350.9	355.6	354.5
5 Loans and leases in bank credit[2]	2,818.8	2,945.7	2,964.0[r]	2,984.8[r]	2,996.0	3,010.0	3,040.9	3,068.3	3,048.8	3,064.1	3,069.5	3,074.9
6 Commercial and industrial	793.2	825.6	837.6	843.7[r]	846.9	856.6	865.5	873.7	869.8	868.9	873.9	877.4
7 Real estate	1,141.1	1,205.5	1,214.1	1,220.1	1,227.6	1,227.8	1,230.3	1,244.5	1,235.5	1,244.6	1,243.8	1,245.8
8 Revolving home equity	85.9	94.3	95.5	96.4	97.3	98.3	98.7	99.1	99.1	99.2	99.1	99.0
9 Other	1,055.2	1,111.2	1,118.6	1,123.7	1,130.3	1,129.6	1,131.6	1,145.4	1,136.4	1,145.4	1,144.7	1,146.8
10 Consumer	520.5	518.8	515.1	509.3	509.3	508.6	505.4	502.2	502.6	502.0	500.7	502.4
11 Security[3]	82.8	93.3	94.5	104.1	97.5	97.2	117.2	117.4	115.6	120.8	119.0	116.4
12 Other loans and leases	281.2	302.6	302.7[r]	307.6[r]	314.6	319.8	322.5	330.5	325.2	327.7	332.2	332.9
13 Interbank loans	204.1	191.5	199.6	201.5	206.4	214.3	201.4	198.1	191.0	194.5	198.8	202.2
14 Cash assets[4]	230.0	259.0	255.0[r]	264.6[r]	274.5	263.2	262.1	265.4	257.8	267.6	275.4	256.4
15 Other assets[5]	262.5	278.8	278.8	288.9[r]	298.8	301.3	303.8	311.4	301.8	309.8	316.8	312.8
16 **Total assets[6]**	**4,479.9**	**4,643.3**	**4,672.7**	**4,729.7[r]**	**4,800.2**	**4,833.8**	**4,870.0**	**4,906.4**	**4,868.1**	**4,890.7**	**4,921.6**	**4,913.5**
Liabilities												
17 Deposits	2,892.4	3,029.8	3,045.8	3,061.0	3,107.3	3,117.5	3,120.1	3,155.9	3,138.1	3,143.5	3,171.6	3,149.0
18 Transaction	704.8	697.2	683.0	682.5	692.6	687.5	677.2	682.5	672.8	671.0	697.6	682.8
19 Nontransaction	2,187.6	2,332.6	2,362.9	2,378.5	2,414.7	2,430.0	2,442.8	2,473.5	2,465.4	2,472.5	2,474.1	2,466.2
20 Large time	542.8	603.1	618.4	617.1	636.3	646.2	645.4	660.2	649.3	656.1	662.0	665.5
21 Other	1,644.8	1,729.5	1,744.5	1,761.5[r]	1,778.4	1,783.8	1,797.4	1,813.2	1,816.1	1,816.4	1,812.1	1,800.7
22 Borrowings	737.5	744.9	767.2	806.6	826.4	830.0	841.1	847.6	837.4	853.8	847.9	838.0
23 From banks in the U.S.	305.6	277.8	285.5	293.8	304.3	311.6	296.9	301.5	294.8	312.2	299.0	292.0
24 From others	432.0	467.1	481.7	512.8	522.1	518.5	544.2	546.2	542.6	541.7	548.9	546.0
25 Net due to related foreign offices	218.3	210.5	212.0	193.0	193.7	203.6	219.3	206.7	216.9	213.2	211.2	195.3
26 Other liabilities	278.5[r]	273.8[r]	261.8[r]	277.9[r]	287.9	299.3	310.3	309.5	305.4	310.3	311.2	309.8
27 **Total liabilities**	**4,126.7[r]**	**4,259.0[r]**	**4,286.8[r]**	**4,338.6[r]**	**4,415.2**	**4,450.4**	**4,490.8**	**4,519.8**	**4,497.9**	**4,520.9**	**4,542.0**	**4,492.2**
28 Residual (assets less liabilities)[7]	353.2[r]	384.3[r]	385.9[r]	391.0[r]	384.9	383.4	379.2	386.5	370.2	369.9	379.6	421.4
	Not seasonally adjusted											
Assets												
29 Bank credit	3,832.2	3,972.1	3,997.5[r]	4,032.9[r]	4,080.9	4,106.8	4,156.0	4,180.3	4,173.5	4,171.0	4,178.1	4,179.6
30 Securities in bank credit	1,017.1	1,030.3	1,032.2[r]	1,046.5	1,079.9	1,083.8	1,107.8	1,116.1	1,120.7	1,108.9	1,113.0	1,115.5
31 U.S. government securities	702.2	718.2	725.7[r]	733.0	746.6	746.9	754.9	766.4	768.5	758.7	760.7	766.7
32 Other securities	315.0	312.1	306.5	313.5	333.3	336.9	352.9	349.7	352.2	350.1	352.3	348.8
33 Loans and leases in bank credit[2]	2,815.1	2,941.8	2,965.3[r]	2,986.4[r]	3,001.0	3,023.0	3,048.2	3,064.2	3,052.8	3,062.2	3,065.1	3,064.1
34 Commercial and industrial	792.9	821.4	831.8	839.7[r]	844.7	853.0	862.9	873.4	869.8	868.2	872.8	876.6
35 Real estate	1,138.0	1,207.2	1,217.4[r]	1,223.4[r]	1,232.1	1,233.2	1,232.6	1,241.2	1,235.2	1,244.1	1,239.9	1,239.8
36 Revolving home equity	85.5	94.6	96.2	97.0	97.8	98.4	98.7	98.6	98.8	98.9	98.7	98.3
37 Other	1,052.5	1,112.6	1,121.2[r]	1,126.4[r]	1,134.2	1,134.9	1,133.8	1,142.6	1,136.4	1,145.2	1,141.1	1,141.5
38 Consumer	521.2	519.2	517.3[r]	509.4	509.7	513.4	511.1	502.7	505.6	503.8	501.6	501.6
39 Security[3]	83.9	91.4	93.6	103.9	99.5	98.6	115.8	118.7	115.9	121.1	120.8	117.8
40 Other loans and leases	279.1	302.6	305.2[r]	310.0[r]	315.0	324.8	325.9	328.2	326.4	325.0	330.0	328.2
41 Interbank loans	208.5	187.1	194.1	196.3	211.0	223.5	210.9	202.2	200.9	200.9	203.5	199.5
42 Cash assets[4]	231.1	245.6	251.7[r]	265.5[r]	282.5	281.3	274.4	267.2	258.0	254.9	291.1	262.2
43 Other assets[5]	262.4	282.0	281.3	285.8[r]	297.3	301.4	304.4	310.9	307.2	309.2	315.1	310.2
44 **Total assets[6]**	**4,478.2**	**4,629.8**	**4,667.6**	**4,724.0[r]**	**4,814.7**	**4,856.0**	**4,889.2**	**4,903.8**	**4,882.8**	**4,879.3**	**4,931.0**	**4,894.5**
Liabilities												
45 Deposits	2,877.4	3,019.7	3,046.0	3,068.7[r]	3,125.1	3,147.8	3,122.8	3,140.5	3,129.2	3,122.1	3,161.2	3,125.4
46 Transaction	697.9	684.7	681.5	680.4	702.0	719.2	688.0	675.8	672.8	656.6	698.0	670.5
47 Nontransaction	2,179.6	2,335.0	2,364.5	2,388.2	2,423.1	2,428.6	2,434.7	2,464.7	2,456.4	2,465.5	2,463.2	2,454.9
48 Large time	542.3	602.2	613.7	624.5	640.8	644.4	644.0	659.8	648.7	657.4	659.3	665.7
49 Other	1,637.2	1,732.8	1,750.8	1,763.8[r]	1,782.3	1,784.2	1,790.8	1,804.9	1,807.8	1,808.0	1,803.9	1,789.3
50 Borrowings	722.1	749.7	770.5	796.8[r]	813.4	820.2	835.6	831.2	828.8	823.7	833.7	830.2
51 From banks in the U.S.	293.8	282.6	286.8	286.1	297.6	305.4	290.3	289.4	283.1	286.4	287.4	294.7
52 From others	428.3	467.2	483.7[r]	510.7[r]	515.7	514.8	545.2	541.8	545.7	537.3	546.2	535.5
53 Net due to related foreign offices	229.1	206.2	204.3	193.6	188.3	200.1	231.0	219.5	220.6	220.1	224.7	222.6
54 Other liabilities	280.5[r]	272.9[r]	262.2[r]	276.5[r]	292.0	294.5	306.9	311.2	306.7	313.2	311.9	311.3
55 **Total liabilities**	**4,109.1[r]**	**4,248.6[r]**	**4,282.9[r]**	**4,335.6[r]**	**4,418.8**	**4,462.5**	**4,496.3**	**4,502.4**	**4,485.3**	**4,479.0**	**4,531.5**	**4,489.6**
56 Residual (assets less liabilities)[7]	369.1[r]	381.2[r]	384.7[r]	388.4[r]	395.9	393.5	392.9	401.4	397.5	400.2	399.6	404.9
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	102.2	86.5	78.7	78.0	83.3	82.2	92.2	87.4	89.8	87.0	87.3	88.5
58 Revaluation losses on off-balance-sheet items[8]	98.9	89.6	81.8	81.4	85.5	85.8	95.4	90.0	92.9	89.6	89.7	91.4

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1997					1998		1998			
	Feb.	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	Jan.[r]	Feb.	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Seasonally adjusted											
Assets												
1 Bank credit	3,308.4	3,438.3	3,458.5[r]	3,487.5[r]	3,525.3	3,552.1	3,581.7	3,609.0	3,592.9	3,598.2	3,611.7	3,617.1
2 Securities in bank credit	843.2	847.3	849.5	865.3	885.6	902.0	919.3	922.6	921.9	915.5	922.5	929.0
3 U.S. government securities	618.8	629.8	636.7	646.0[r]	660.0	668.0	681.8	682.1	683.3	677.5	681.2	683.2
4 Other securities	224.4	217.5	212.8	219.4	225.6	234.0	237.5	240.5	238.5	238.0	241.3	245.8
5 Loans and leases in bank credit[2]	2,465.2	2,591.0	2,609.0[r]	2,622.2[r]	2,639.7	2,650.1	2,662.4	2,686.4	2,671.0	2,682.7	2,689.3	2,688.1
6 Commercial and industrial	576.1	605.9	615.5[r]	620.2[r]	624.3	632.9	639.1	647.0	643.2	644.3	647.5	649.7
7 Real estate	1,109.0	1,177.1	1,186.2[r]	1,192.4	1,200.7	1,201.4	1,203.2	1,217.7	1,208.4	1,217.7	1,216.9	1,219.0
8 Revolving home equity	85.9	94.3	95.5	96.4	97.3	98.3	98.7	99.1	99.1	99.2	99.1	99.0
9 Other	1,023.1	1,082.9	1,090.7	1,096.0	1,103.4	1,103.1	1,104.5	1,118.6	1,109.3	1,118.5	1,117.7	1,120.1
10 Consumer	520.5	518.8	515.1	509.3	509.3	508.6	505.4	502.2	502.6	502.0	500.7	502.4
11 Security[3]	43.1	51.0	51.5	57.8[r]	56.4	52.6	62.7	62.9	63.4	64.0	65.4	60.1
12 Other loans and leases	216.5	238.2	240.7[r]	242.5[r]	249.0	254.7	252.0	256.7	253.4	254.6	258.7	256.9
13 Interbank loans	183.2	173.5	181.7	181.5	183.2	183.6	174.0	173.8	167.3	167.9	173.3	177.6
14 Cash assets[4]	197.2	224.6	219.4[r]	229.7[r]	238.3	228.6	229.3	232.3	225.9	233.7	242.3	223.2
15 Other assets[5]	221.3	236.2	236.8	247.5[r]	253.9	259.5	259.3	269.3	260.0	267.8	274.9	270.1
16 **Total assets[6]**	**3,854.3**	**4,015.9**	**4,040.0**	**4,089.8[r]**	**4,144.1**	**4,167.2**	**4,187.8**	**4,227.6**	**4,189.5**	**4,211.1**	**4,245.5**	**4,231.1**
Liabilities												
17 Deposits	2,654.5	2,766.4	2,780.3	2,800.2[r]	2,835.2	2,839.5	2,844.1	2,864.7	2,860.0	2,853.9	2,877.5	2,853.2
18 Transaction	695.1	686.0	672.2	672.1	681.9	677.0	666.2	671.8	662.4	660.5	687.0	672.0
19 Nontransaction	1,959.3	2,080.4	2,108.1	2,128.1[r]	2,153.3	2,162.5	2,177.8	2,192.9	2,197.5	2,193.3	2,190.5	2,181.2
20 Large time	318.4	353.4	366.1	369.0	377.3	381.2	382.8	383.5	384.0	382.2	383.3	382.9
21 Other	1,640.9	1,727.0	1,742.0	1,759.1[r]	1,776.0	1,781.3	1,795.0	1,809.5	1,813.6	1,811.1	1,807.2	1,798.3
22 Borrowings	593.9	607.4	623.9	644.8	661.4	672.8	682.0	690.4	673.8	705.2	691.3	677.6
23 From banks in the U.S.	271.2	246.6	249.6	256.2[r]	273.8	283.9	271.7	274.5	265.5	288.7	272.4	263.5
24 From others	322.7	360.8	374.3[r]	388.6	387.6	388.9	410.3	415.9	408.2	416.4	418.9	414.1
25 Net due to related foreign offices	78.2	79.8	84.7	74.4	74.3	77.7	84.1	81.5	81.0	79.7	90.3	81.0
26 Other liabilities	178.2[r]	177.9[r]	167.7[r]	184.6[r]	190.9	201.0	212.3	212.8	209.9	211.4	213.6	214.2
27 **Total liabilities**	**3,504.8[r]**	**3,631.6[r]**	**3,656.6[r]**	**3,704.0[r]**	**3,761.8**	**3,791.0**	**3,822.4**	**3,849.5**	**3,824.6**	**3,850.1**	**3,872.7**	**3,826.0**
28 Residual (assets less liabilities)[7]	349.5[r]	384.3[r]	383.4[r]	385.8[r]	382.3	376.2	365.4	378.1	364.9	360.9	372.8	405.1
	Not seasonally adjusted											
Assets												
29 Bank credit	3,300.7	3,435.5	3,462.1[r]	3,490.4[r]	3,529.7	3,552.2	3,581.8	3,600.8	3,591.1	3,591.4	3,603.4	3,601.2
30 Securities in bank credit	838.9	848.9	851.4	865.3	884.8	891.8	913.4	918.1	917.1	911.6	917.3	922.2
31 U.S. government securities	615.7	630.9	638.9	647.4	660.9	665.2	673.3	678.8	677.0	673.9	678.5	679.9
32 Other securities	223.1	218.0	212.5	217.9	223.9	226.6	240.2	239.2	240.1	237.7	238.8	242.3
33 Loans and leases in bank credit[2]	2,461.8	2,586.7	2,610.6[r]	2,625.1[r]	2,644.9	2,660.5	2,668.4	2,682.8	2,674.0	2,679.9	2,686.1	2,679.0
34 Commercial and industrial	575.8	601.5	611.1	617.4[r]	622.3	628.8	636.6	646.7	643.0	642.9	647.0	649.3
35 Real estate	1,105.9	1,178.8	1,189.5	1,195.6	1,204.8	1,206.6	1,205.5	1,214.4	1,208.0	1,217.1	1,212.9	1,213.2
36 Revolving home equity	85.5	94.6	96.2	97.0	97.8	98.4	98.7	98.6	98.8	98.9	98.7	98.3
37 Other	1,020.4	1,084.2	1,093.3	1,098.6	1,106.9	1,108.2	1,106.8	1,115.8	1,109.2	1,118.2	1,114.2	1,114.8
38 Consumer	521.2	519.2	517.3[r]	509.4	509.7	513.4	511.1	502.7	505.6	503.8	501.6	501.6
39 Security[3]	44.2	49.1	50.6	57.6[r]	58.4	54.0	61.2	64.2	63.6	64.2	67.3	61.6
40 Other loans and leases	214.7	238.0	242.2[r]	245.1[r]	249.8	257.7	253.9	254.8	253.8	251.9	257.4	253.4
41 Interbank loans	187.6	169.1	176.1	176.3	187.8	192.9	183.5	177.9	177.1	174.3	177.9	174.8
42 Cash assets[4]	199.0	211.3	217.0[r]	230.4[r]	246.0	245.3	241.2	234.8	226.2	221.7	259.2	229.8
43 Other assets[5]	220.4	238.6	238.9	244.8	252.1	258.7	260.9	267.9	265.0	265.8	272.7	266.5
44 **Total assets[6]**	**3,851.9**	**3,997.8[r]**	**4,037.5[r]**	**4,085.6[r]**	**4,159.0**	**4,192.4**	**4,211.1**	**4,224.9**	**4,202.9**	**4,196.7**	**4,256.7**	**4,215.7**
Liabilities												
45 Deposits	2,642.6	2,758.5	2,781.4	2,799.9[r]	2,849.5	2,866.7	2,846.6	2,853.2	2,853.4	2,835.3	2,873.8	2,832.7
46 Transaction	687.9	673.8	670.2	670.0	691.4	707.9	677.0	664.9	662.1	645.9	687.1	659.5
47 Nontransaction	1,954.7	2,084.7	2,111.2	2,129.9	2,158.1	2,158.8	2,169.6	2,188.3	2,191.3	2,189.4	2,186.7	2,173.3
48 Large time	321.3	354.4	362.8	368.6	378.2	377.0	381.3	387.1	386.0	386.7	387.6	386.4
49 Other	1,633.4	1,730.3	1,748.3	1,761.3	1,779.9	1,781.8	1,788.3	1,801.2	1,805.3	1,802.8	1,799.1	1,786.8
50 Borrowings	585.0	607.1	626.3[r]	639.7	653.6	665.0	680.0	680.7	668.0	678.7	685.7	681.3
51 From banks in the U.S.	261.7	250.9	251.9	251.7[r]	267.2	277.2	264.2	264.3	253.6	263.8	263.2	269.8
52 From others	323.3	356.2	374.4	388.1[r]	386.5	387.8	415.8	416.4	414.4	415.0	422.5	411.5
53 Net due to related foreign offices	79.9	77.4	80.1	76.0	70.6	73.8	86.1	83.3	79.1	77.7	90.9	89.7
54 Other liabilities	177.7[r]	176.5[r]	168.3[r]	185.2[r]	194.3	197.7	209.9	212.1	209.2	211.0	213.0	213.1
55 **Total liabilities**	**3,485.2[r]**	**3,619.5[r]**	**3,656.1[r]**	**3,700.8[r]**	**3,768.0**	**3,803.2**	**3,822.5**	**3,829.4**	**3,809.7**	**3,802.7**	**3,863.4**	**3,816.8**
56 Residual (assets less liabilities)[7]	366.7[r]	378.2[r]	381.3[r]	384.8[r]	391.0	389.2	388.5	395.5	393.1	394.0	393.3	398.9
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	55.9	45.1	37.5	38.2	41.5	41.3	50.1	47.3	48.9	46.8	46.9	48.7
58 Revaluation losses on off-balance-sheet items[8]	50.9	46.5	40.0	41.3	43.6	44.2	52.9	49.5	51.6	48.8	48.8	51.2
59 Mortgage-backed securities[9]	243.6	256.4	259.3	265.0	273.8	279.1	287.5	291.9	292.5	292.2	288.5	292.9

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1997r					1998		1998			
	Feb.r	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Seasonally adjusted											
Assets												
1 Bank credit	1,984.2	2,039.7	2,051.1	2,076.2	2,097.2	2,113.1	2,140.5	2,161.8	2,150.7	2,153.6	2,164.3	2,169.2
2 Securities in bank credit	450.0	441.8	444.6	460.4	477.8	492.0	511.0	516.4	517.0	510.6	516.5	522.9
3 U.S. government securities	305.1	306.8	313.7	323.3	336.5	343.3	358.9	361.8	363.4	357.8	361.1	363.4
4 Trading account	16.2	20.6	23.4	25.2	26.5	29.4	29.6	28.0	28.3	27.7	28.9	27.3
5 Investment account	288.9	286.1	290.3	298.1	310.1	314.0	329.3	333.8	335.1	330.1	332.2	336.1
6 Other securities	144.9	135.0	130.9	137.2	141.3	148.6	152.0	154.6	153.6	152.8	155.4	159.5
7 Trading account	80.0	63.7	59.6	65.4	68.8	72.2	74.3	75.7	74.7	74.1	76.2	79.9
8 Investment account	64.9	71.4	71.3	71.8	72.5	76.5	77.7	78.9	78.9	78.7	79.1	79.6
9 State and local government	21.2	22.4	22.3	22.4	22.2	22.1	22.5	22.7	22.7	22.7	22.7	22.7
10 Other	43.7	48.9	49.0	49.4	50.3	54.4	55.2	56.2	56.2	55.9	56.4	56.9
11 Loans and leases in bank credit[2]	1,534.2	1,598.0	1,606.5	1,615.8	1,619.4	1,621.1	1,629.6	1,645.4	1,633.7	1,643.0	1,647.8	1,646.3
12 Commercial and industrial	407.4	426.8	434.6	438.3	439.9	446.7	451.5	457.0	454.4	454.5	457.2	459.4
13 Bankers acceptances	1.7	1.5	1.5	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2
14 Other	405.7	425.3	433.1	437.0	438.7	445.4	450.3	455.8	454.3	454.4	457.1	459.2
15 Real estate	625.9	647.3	648.9	649.7	650.4	646.9	645.0	652.7	647.1	654.0	651.3	652.5
16 Revolving home equity	61.0	66.1	67.1	67.6	68.0	68.8	69.2	69.3	69.2	69.4	69.4	69.2
17 Other	564.9	581.1	581.8	582.1	582.4	578.2	575.8	583.5	577.9	584.6	581.9	583.3
18 Consumer	307.6	305.1	302.9	299.7	297.2	294.6	293.4	291.9	291.3	291.9	290.6	293.0
19 Security[3]	38.4	46.3	46.6	52.6	51.3	47.3	57.5	57.6	58.0	58.8	60.2	54.7
20 Federal funds sold to and repurchase agreements with broker–dealers	23.0	30.0	29.7	35.4	35.1	31.1	41.2	42.1	42.6	43.7	45.8	37.7
21 Other	15.4	16.3	16.9	17.1	16.2	16.3	16.4	15.5	15.4	15.1	14.4	17.0
22 State and local government	11.6	11.3	11.3	11.2	11.1	11.1	11.1	11.0	11.1	11.1	11.1	10.7
23 Agricultural	9.1	9.2	9.3	9.5	9.7	9.8	9.5	9.4	9.5	9.5	9.5	9.3
24 Federal funds sold to and repurchase agreements with others	5.5	6.4	6.7	9.0	10.8	12.5	7.5	5.2	4.8	4.3	5.8	5.3
25 All other loans	62.6	69.3	68.9	67.6	69.5	71.0	71.0	75.6	73.5	74.8	76.8	75.6
26 Lease-financing receivables	66.1	76.3	77.3	78.2	79.4	81.3	83.1	85.0	83.9	84.0	85.4	85.7
27 Interbank loans	134.0	122.5	129.0	125.5	128.0	125.5	116.3	113.7	106.4	109.8	113.2	118.1
28 Federal funds sold to and repurchase agreements with commercial banks	84.6	74.9	81.7	78.8	82.3	81.4	74.4	66.0	63.1	62.0	65.7	69.1
29 Other	49.3	47.6	47.3	46.6	45.7	44.1	41.8	47.7	43.4	47.8	47.5	49.0
30 Cash assets[4]	133.8	153.5	148.1	160.4	166.5	158.3	159.7	160.1	155.6	161.1	167.3	153.0
31 Other assets[5]	172.7	173.2	175.7	184.1	187.7	195.1	195.5	203.0	196.2	201.4	205.9	205.7
32 **Total assets[6]**	**2,387.7**	**2,451.9**	**2,467.2**	**2,509.4**	**2,542.6**	**2,555.3**	**2,575.4**	**2,602.0**	**2,572.4**	**2,589.3**	**2,614.0**	**2,609.3**
Liabilities												
33 Deposits	1,481.3	1,517.4	1,525.5	1,534.4	1,554.6	1,557.5	1,551.5	1,561.1	1,560.0	1,550.9	1,569.0	1,555.0
34 Transaction	401.2	385.5	373.9	375.0	381.2	379.5	371.5	373.8	368.2	365.4	385.5	372.9
35 Nontransaction	1,080.1	1,132.0	1,151.5	1,159.4	1,173.5	1,178.0	1,180.1	1,187.3	1,191.8	1,185.5	1,183.5	1,182.1
36 Large time	167.8	191.8	202.1	203.4	209.8	211.8	212.1	212.8	213.2	211.6	211.9	213.0
37 Other	912.2	940.2	949.4	955.9	963.7	966.1	967.9	974.6	978.6	973.9	971.5	969.0
38 Borrowings	444.8	450.7	468.2	490.9	506.2	514.2	525.4	532.4	516.0	544.2	534.1	523.7
39 From banks in the U.S.	185.9	168.7	175.5	182.6	200.7	209.7	199.8	202.4	193.7	213.8	200.6	195.5
40 From others	259.0	282.1	292.7	308.2	305.5	304.5	325.6	330.0	322.3	330.4	333.5	328.2
41 Net due to related foreign offices	74.2	75.3	79.9	69.2	69.3	73.4	79.9	75.4	76.9	76.1	77.2	77.4
42 Other liabilities	154.3	150.8	139.6	156.8	162.4	172.2	184.7	185.1	182.2	183.7	186.7	186.0
43 **Total liabilities**	**2,154.7**	**2,194.3**	**2,213.2**	**2,251.3**	**2,292.6**	**2,317.2**	**2,341.5**	**2,354.0**	**2,335.1**	**2,354.9**	**2,367.1**	**2,342.1**
44 Residual (assets less liabilities)[7]	233.0	257.6	254.0	258.1	250.0	238.1	233.9	248.0	237.3	234.5	246.9	267.2

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1997	1997[r]					1998		1998			
	Feb.[r]	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Not seasonally adjusted											
Assets												
45 Bank credit	1,982.0	2,037.3	2,050.7	2,076.4	2,100.0	2,110.3	2,142.7	2,159.4	2,154.0	2,151.7	2,162.5	2,159.4
46 Securities in bank credit	447.3	445.1	446.0	461.3	478.5	482.1	506.5	513.5	514.7	507.7	513.4	517.2
47 U.S. government securities	303.4	309.5	315.3	325.7	339.1	341.0	351.6	359.8	359.2	354.8	360.2	361.1
48 Trading account	16.4	21.3	23.4	26.1	28.0	26.9	28.2	28.4	27.4	27.4	30.6	26.9
49 Investment account	287.0	288.2	292.0	299.6	311.1	314.0	323.5	331.4	331.8	327.4	329.6	334.1
50 Mortgage-backed securities	185.7	190.0	191.8	197.4	205.9	210.7	218.6	221.2	221.6	221.7	217.8	222.5
51 Other	101.3	98.2	100.1	102.1	105.2	103.3	104.9	110.2	110.1	105.7	111.8	111.6
52 One year or less	27.3	26.8	27.6	26.3	28.9	27.6	26.4	28.3	28.7	27.6	28.2	28.4
53 Between one and five years	58.4	50.0	49.8	52.7	53.5	53.3	52.2	51.4	53.4	50.9	51.8	50.2
54 More than five years	15.6	21.4	22.7	23.1	22.8	22.5	26.3	30.5	28.0	27.2	31.8	33.1
55 Other securities	143.9	135.7	130.7	135.7	139.4	141.2	154.9	153.7	155.6	152.9	153.2	156.2
56 Trading account	78.8	64.8	59.4	63.3	65.9	63.9	76.6	74.6	76.1	74.0	74.0	76.6
57 Investment account	65.0	70.9	71.3	72.3	73.5	77.2	78.3	79.1	79.4	78.9	79.2	79.5
58 State and local government	21.2	22.2	22.3	22.4	22.3	22.2	22.5	22.7	22.7	22.7	22.7	22.7
59 Other	43.8	48.7	49.0	50.0	51.2	55.1	55.8	56.4	56.8	56.2	56.5	56.8
60 Loans and leases in bank credit[2]	1,534.7	1,592.1	1,604.7	1,615.0	1,621.4	1,628.2	1,636.2	1,645.9	1,639.2	1,644.0	1,649.2	1,642.2
61 Commercial and industrial	407.4	423.6	431.2	436.2	438.6	443.1	449.0	457.0	454.5	453.7	457.0	459.1
62 Bankers acceptances	1.7	1.5	1.5	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.2	1.2
63 Other	405.7	422.1	429.7	434.8	437.3	441.8	447.8	455.8	453.3	452.5	455.8	457.9
64 Real estate	625.3	647.7	649.9	650.5	652.2	650.0	647.7	652.1	648.6	655.7	650.4	649.5
65 Revolving home equity	60.8	66.3	67.4	68.0	68.4	68.8	69.3	69.0	69.2	69.3	69.1	68.8
66 Other	347.9	361.4	361.1	359.2	359.2	356.6	356.3	360.1	356.8	363.6	358.4	357.5
67 Commercial	216.6	220.1	221.4	223.3	224.5	224.6	222.1	222.9	222.7	222.8	222.8	223.1
68 Consumer	307.5	305.6	304.3	299.2	296.9	298.6	298.2	291.7	293.1	292.3	290.6	291.8
69 Security[3]	39.4	44.5	45.8	52.4	53.0	48.5	56.0	58.7	58.0	58.8	61.9	56.3
70 Federal funds sold to and repurchase agreements with broker–dealers	23.3	28.5	29.3	35.5	36.5	31.3	39.5	42.5	42.4	43.2	46.5	38.1
71 Other	16.2	16.0	16.5	17.0	16.5	17.3	16.4	16.3	15.6	15.6	15.4	18.2
72 State and local government	11.6	11.4	11.4	11.3	11.1	11.1	10.9	10.9	11.0	11.0	11.0	10.7
73 Agricultural	8.9	9.5	9.6	9.6	9.7	9.7	9.4	9.1	9.3	9.2	9.2	8.9
74 Federal funds sold to and repurchase agreements with others	6.3	6.3	7.3	8.8	8.8	11.0	7.6	6.1	5.8	5.6	6.7	5.9
75 All other loans	61.6	68.1	68.5	68.7	71.7	74.6	73.0	74.4	74.2	72.9	76.2	73.4
76 Lease-financing receivables	66.8	75.4	76.6	78.2	79.4	81.5	84.4	85.8	84.8	84.9	86.3	86.5
77 Interbank loans	136.3	119.1	125.2	120.1	127.7	131.5	124.5	115.7	112.5	112.5	116.6	115.9
78 Federal funds sold to and repurchase agreements with commercial banks	86.6	71.8	78.6	73.7	82.4	85.1	79.5	67.7	67.7	64.2	68.4	67.4
79 Other	49.6	47.3	46.7	46.4	45.3	46.4	45.0	48.0	44.9	48.4	48.2	48.5
80 Cash assets[4]	136.4	142.7	147.3	159.9	171.4	171.2	169.4	163.4	156.4	153.0	183.0	159.4
81 Other assets[5]	170.4	175.5	177.4	181.7	185.2	193.5	196.0	200.2	197.6	198.8	201.8	201.1
82 **Total assets**[6]	**2,388.1**	**2,437.3**	**2,463.6**	**2,501.4**	**2,547.4**	**2,569.8**	**2,596.2**	**2,602.1**	**2,583.9**	**2,579.3**	**2,627.4**	**2,599.3**
Liabilities												
83 Deposits	1,479.3	1,512.2	1,524.3	1,531.8	1,561.2	1,571.7	1,557.3	1,559.4	1,559.7	1,545.1	1,575.2	1,546.2
84 Transaction	397.9	376.4	372.7	372.4	387.3	399.9	378.9	370.5	367.3	355.8	389.1	366.5
85 Nontransaction	1,081.4	1,135.7	1,151.6	1,159.4	1,173.9	1,171.8	1,178.4	1,188.9	1,192.4	1,189.3	1,186.1	1,179.7
86 Large time	170.0	193.1	199.1	202.6	210.3	208.7	212.0	215.7	215.3	215.3	215.5	215.4
87 Other	911.4	942.7	952.5	956.8	963.6	963.1	966.3	973.2	977.1	974.1	970.6	964.3
88 Borrowings	437.3	451.9	471.2	485.7	500.1	507.0	521.6	523.9	512.4	522.6	528.9	523.3
89 From banks in the U.S.	178.3	173.0	177.1	178.8	195.8	203.7	192.7	194.0	184.5	193.8	193.1	198.5
90 From nonbanks in the U.S.	259.0	278.9	294.1	306.9	304.3	303.3	329.0	329.9	328.0	328.7	335.9	324.7
91 Net due to related foreign offices	76.0	72.9	75.3	70.8	65.6	69.5	81.8	77.2	75.0	74.1	77.8	86.1
92 Other liabilities	153.4	149.3	140.6	157.5	166.0	169.5	182.1	184.0	181.1	182.6	185.8	184.5
93 **Total liabilities**	**2,145.9**	**2,186.3**	**2,211.5**	**2,245.8**	**2,292.9**	**2,317.6**	**2,342.8**	**2,344.4**	**2,328.2**	**2,324.3**	**2,367.7**	**2,340.1**
94 Residual (assets less liabilities)[7]	242.2	251.0	252.2	255.6	254.5	252.1	253.4	257.6	255.7	255.0	259.7	259.2
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	55.9	45.1	37.5	38.2	41.5	41.3	50.1	47.3	48.9	46.8	46.9	48.7
96 Revaluation losses on off-balance-sheet items[8]	50.9	46.5	40.0	41.3	43.6	44.2	52.9	49.5	51.6	48.8	48.8	51.2
97 Mortgage-backed securities[9]	206.5	208.2	210.0	215.7	224.1	228.9	237.2	240.9	241.4	241.1	237.7	242.1
98 Pass-through securities	139.7	143.1	144.6	149.3	154.2	157.2	162.1	164.4	164.8	164.1	161.6	166.3
99 CMOs, REMICs, and other mortgage-backed securities	66.8	65.1	65.4	66.4	70.0	71.7	75.1	76.5	76.7	77.0	76.1	75.8
100 Net unrealized gains (losses) on available-for-sale securities[10]	2.0	3.0	2.5	2.5	2.4	2.2	3.0	3.3	3.5	3.4	3.4	3.3
101 Offshore credit to U.S. residents[11]	32.1	34.0	34.1	34.2	34.4	34.2	35.5	36.2	37.4	36.5	36.3	35.6

Footnotes appear on p. A21.

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

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1997[r]					1998		1998			
	Feb.[r]	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Seasonally adjusted											
Assets												
1 Bank credit	1,324.2	1,398.6	1,407.4	1,411.3	1,428.1	1,439.0	1,441.2	1,447.2	1,442.3	1,444.6	1,447.5	1,447.9
2 Securities in bank credit	393.2	405.5	405.0	404.9	407.8	410.0	408.3	406.2	404.9	404.9	406.0	406.1
3 U.S. government securities	313.7	323.0	323.0	322.7	323.4	324.6	322.8	320.3	319.9	319.6	320.0	319.8
4 Other securities	79.5	82.5	81.9	82.2	84.4	85.4	85.5	85.9	85.0	85.2	85.9	86.3
5 Loans and leases in bank credit[2]	931.0	993.0	1,002.5	1,006.4	1,020.3	1,028.9	1,032.9	1,041.0	1,037.4	1,039.7	1,041.5	1,041.8
6 Commercial and industrial	168.7	179.1	180.9	181.8	184.4	186.2	187.6	190.0	188.8	189.8	190.4	190.3
7 Real estate	483.2	529.9	537.4	542.7	550.3	554.4	558.3	564.9	561.3	563.8	565.6	566.5
8 Revolving home equity	24.9	28.1	28.4	28.8	29.3	29.5	29.5	29.8	29.8	29.8	29.8	29.8
9 Other	458.3	501.7	508.9	513.9	521.0	524.9	528.7	535.1	531.4	534.0	535.8	536.8
10 Consumer	212.9	213.7	212.2	209.6	212.1	214.0	212.0	210.3	211.3	210.2	210.1	209.4
11 Security[3]	4.6	4.7	4.9	5.2	5.1	5.2	5.1	5.3	5.4	5.2	5.3	5.4
12 Other loans and leases	61.6	65.7	67.1	67.1	68.4	69.1	69.8	70.5	70.6	70.8	70.2	70.1
13 Interbank loans	49.3	51.0	52.6	56.0	55.2	58.1	57.7	60.1	60.8	58.1	60.1	59.4
14 Cash assets[4]	63.3	71.0	71.3	69.3	71.8	70.4	69.7	72.2	70.3	72.7	75.0	70.2
15 Other assets[5]	48.6	63.1	61.1	63.4	66.3	64.4	63.8	66.2	63.8	66.4	68.9	64.4
16 **Total assets**[6]	**1,466.6**	**1,564.0**	**1,572.8**	**1,580.3**	**1,601.5**	**1,611.9**	**1,612.4**	**1,625.6**	**1,617.1**	**1,621.7**	**1,631.5**	**1,621.8**
Liabilities												
17 Deposits	1,173.2	1,249.0	1,254.8	1,265.8	1,280.6	1,282.0	1,292.5	1,303.7	1,300.0	1,303.0	1,308.5	1,298.2
18 Transaction	293.9	300.6	298.2	297.1	300.7	297.5	294.7	298.1	294.3	295.2	301.5	299.1
19 Nontransaction	879.2	948.4	956.6	968.7	979.8	984.6	997.8	1,005.6	1,005.7	1,007.8	1,007.1	999.1
20 Large time	150.6	161.6	164.1	165.5	167.5	169.4	170.7	170.7	170.8	170.6	171.4	169.9
21 Other	728.6	786.8	792.5	803.2	812.3	815.2	827.1	834.9	835.0	837.2	835.7	829.2
22 Borrowings	149.1	156.7	155.7	154.0	155.2	158.6	156.6	158.0	157.8	161.0	157.1	153.9
23 From banks in the U.S.	85.4	78.0	74.1	73.5	73.1	74.2	71.9	72.1	71.9	74.9	71.8	68.0
24 From others	63.7	78.7	81.5	80.4	82.1	84.4	84.7	85.9	85.9	86.0	85.3	85.9
25 Net due to related foreign offices	4.0	4.5	4.8	5.2	5.0	4.3	4.2	6.1	4.1	3.6	13.1	3.6
26 Other liabilities	23.9	27.1	28.0	27.7	28.4	28.8	27.5	27.7	27.6	27.7	26.9	28.2
27 **Total liabilities**	**1,350.1**	**1,437.2**	**1,443.4**	**1,452.6**	**1,469.2**	**1,473.8**	**1,480.9**	**1,495.5**	**1,489.5**	**1,495.3**	**1,505.6**	**1,483.9**
28 Residual (assets less liabilities)[7]	116.5	126.8	129.4	127.7	132.3	138.1	131.5	130.2	127.6	126.5	125.9	137.9
	Not seasonally adjusted											
Assets												
29 Bank credit	1,318.7	1,398.3	1,411.4	1,414.1	1,429.7	1,441.9	1,439.1	1,441.4	1,437.2	1,439.8	1,440.9	1,441.8
30 Securities in bank credit	391.6	403.7	405.4	403.9	406.3	409.6	406.9	404.6	402.4	403.9	403.9	404.9
31 U.S. government securities	312.3	321.4	323.6	321.7	321.8	324.2	321.6	319.0	317.8	319.1	318.3	318.8
32 Other securities	79.3	82.3	81.8	82.2	84.4	85.4	85.3	85.6	84.6	84.8	85.6	86.1
33 Loans and leases in bank credit[2]	927.2	994.6	1,006.0	1,010.1	1,023.5	1,032.3	1,032.2	1,036.8	1,034.8	1,035.9	1,037.0	1,036.9
34 Commercial and industrial	168.4	177.9	179.9	181.2	183.7	185.7	187.6	189.7	188.5	189.2	189.9	190.1
35 Real estate	480.6	531.1	539.6	545.0	552.6	556.6	557.9	562.3	559.4	561.5	562.6	563.7
36 Revolving home equity	24.7	28.3	28.8	29.0	29.4	29.6	29.4	29.6	29.6	29.7	29.6	29.5
37 Other	455.9	502.8	510.8	516.0	523.2	527.0	528.4	532.7	529.8	531.8	533.0	534.2
38 Consumer	213.7	213.6	213.0	210.2	212.8	214.8	212.9	211.0	212.5	211.5	211.0	209.8
39 Security[3]	4.7	4.6	4.8	5.1	5.3	5.4	5.3	5.5	5.6	5.4	5.4	5.3
40 Other loans and leases	59.7	67.3	68.8	68.5	69.2	69.8	68.6	68.4	68.8	68.3	68.1	68.0
41 Interbank loans	51.3	50.0	50.9	56.2	60.2	61.4	59.0	62.3	64.6	61.8	61.3	58.9
42 Cash assets[4]	62.6	68.6	69.7	70.5	74.6	74.2	71.8	71.4	69.8	68.7	76.2	70.4
43 Other assets[5]	50.0	63.1	61.6	63.1	66.9	65.2	64.9	67.8	67.4	67.1	70.9	65.4
44 **Total assets**[6]	**1,463.8**	**1,560.4**	**1,573.8**	**1,584.2**	**1,611.6**	**1,622.6**	**1,614.9**	**1,622.8**	**1,619.0**	**1,617.4**	**1,629.3**	**1,616.4**
Liabilities												
45 Deposits	1,163.3	1,246.3	1,257.1	1,268.1	1,288.3	1,295.0	1,289.3	1,293.9	1,293.7	1,290.2	1,298.6	1,286.5
46 Transaction	290.1	297.4	297.5	297.6	304.0	308.0	298.1	294.5	294.8	290.1	298.0	292.9
47 Nontransaction	873.2	949.0	959.6	970.6	984.2	987.0	991.2	999.4	998.9	1,000.1	1,000.6	993.6
48 Large time	151.3	161.3	163.7	166.0	168.0	168.3	169.3	171.4	170.7	171.4	172.1	171.1
49 Other	722.0	787.7	795.8	804.6	816.3	818.7	822.0	827.9	828.2	828.7	828.6	822.5
50 Borrowings	147.7	155.2	155.0	154.0	153.5	158.0	158.4	156.8	155.5	156.1	156.8	158.1
51 From banks in the U.S.	83.4	77.9	74.8	72.9	71.3	73.5	71.5	70.3	69.1	69.9	70.1	71.3
52 From others	64.2	77.3	80.3	81.1	82.2	84.5	86.8	86.5	86.4	86.2	86.7	86.8
53 Net due to related foreign offices	4.0	4.5	4.8	5.2	5.0	4.3	4.2	6.1	4.1	3.6	13.1	3.6
54 Other liabilities	24.4	27.2	27.7	27.7	28.3	28.3	27.8	28.2	28.2	28.4	27.2	28.6
55 **Total liabilities**	**1,339.3**	**1,433.2**	**1,444.7**	**1,455.0**	**1,475.1**	**1,485.6**	**1,479.7**	**1,484.9**	**1,481.5**	**1,478.4**	**1,495.7**	**1,476.7**
56 Residual (assets less liabilities)[7]	124.5	127.2	129.2	129.2	136.5	137.0	135.2	137.9	137.5	139.0	133.7	139.7
MEMO												
57 Mortgage-backed securities[9]	37.1	48.2	49.3	49.3	49.7	50.2	50.4	51.0	51.0	51.1	50.8	50.9

Footnotes appear on p. A21.

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

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1997					1998		1998			
	Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Seasonally adjusted											
Assets												
1 Bank credit	531.0	532.6	537.4	543.9	552.1	559.9	577.8	579.4	581.3	577.6	575.7	582.0
2 Securities in bank credit	177.4	177.9	182.4	181.3	195.8	199.9	199.3	197.5	203.6	196.1	195.4	195.2
3 U.S. government securities	84.7	85.8	87.8	86.4	86.1	84.3	80.6	86.0	89.3	83.3	81.1	86.5
4 Other securities	92.7	92.1	94.6	94.9	109.7	115.6	118.7	111.5	114.3	112.8	114.3	108.7
5 Loans and leases in bank credit[2]	353.6	354.7	355.0	362.6	356.3	359.9r	378.5	381.9	377.7	381.4	380.3	386.8
6 Commercial and industrial	217.1	219.7	222.2	223.6	222.6	223.8r	226.4	226.7	226.6	224.6	226.3	227.7
7 Real estate	32.0	28.3	27.9	27.7	26.9	26.5	27.0	26.8	27.1	26.9	27.0	26.7
8 Security[3]	39.8	42.2	43.0	46.3	41.1	44.6r	54.5	54.5	52.2	56.9	53.5	56.3
9 Other loans and leases	64.7	64.4	62.0	65.0	65.6	65.1r	70.5	73.8	71.8	73.1	73.5	76.1
10 Interbank loans	20.9	18.0	18.0	20.0	23.1	30.7r	27.5	24.3	23.8	26.6	25.6	24.7
11 Cash assets[4]	32.9	34.4	35.5	34.8	36.2	34.6r	32.7	33.1	31.9	33.8	33.1	33.2
12 Other assets[5]	41.2	42.6	42.0	41.4	44.9	41.8r	44.4	42.2	41.9	41.9	41.9	42.8
13 Total assets[6]	**625.7**	**627.4**	**632.7**	**639.9**	**656.0r**	**666.7r**	**682.2**	**678.7**	**678.6**	**679.7**	**676.1**	**682.4**
Liabilities												
14 Deposits	238.0	263.4	265.5r	260.9	272.1	278.0	276.0	291.2	278.1	289.7	294.1	295.8
15 Transaction	9.7	11.2	10.8	10.4	10.7	10.5	11.0	10.6	10.3	10.5	10.6	10.8
16 Nontransaction	228.3	252.2	254.8	250.5	261.4	267.4	265.0	280.5	267.8	279.2	283.5	285.0
17 Large time	224.3	249.7	252.3	248.1	259.0	265.0	262.6	276.7	265.4	273.9	278.6	282.5
18 Other	3.9	2.5	2.5	2.4	2.4	2.4	2.4	3.8	2.5	5.3	4.9	2.5
19 Borrowings	143.7	137.4	143.3	161.8	165.1	157.2r	159.1	157.2	163.6	148.7	156.7	160.5
20 From banks in the U.S.	34.4	31.2	35.9	37.7	30.5	27.7	25.2	26.9	29.2	23.4	26.6	28.5
21 From others	109.3	106.3	107.4	124.1	134.5	129.5r	133.9	130.3	134.4	125.2	130.1	131.9
22 Net due to related foreign offices	140.0	130.6	127.3	118.6	119.4	125.9	135.3	125.2	135.9	133.4	120.9	114.3
23 Other liabilities	100.3	96.0	94.1	93.4	97.0	98.3r	98.1	96.7	95.6	99.0	97.6	95.5
24 Total liabilities	**621.9**	**627.4**	**630.2**	**634.7**	**653.5**	**659.4r**	**668.4**	**670.3**	**673.3**	**670.7**	**669.3**	**666.1**
25 Residual (assets less liabilities)[7]	3.7	0.0	2.5	5.2	2.6	7.2	13.8	8.4	5.3	8.9	6.8	16.2
	Not seasonally adjusted											
Assets												
26 Bank credit	531.6	536.5	535.4	542.5	551.1	554.5	574.2	579.5	582.4	579.6	574.7	578.4
27 Securities in bank credit	178.3	181.5	180.7	181.2	195.1	192.0	194.4	198.0	203.6	197.3	195.7	193.3
28 U.S. government securities	86.4	87.3	86.7	85.6	85.7	81.7	81.6	87.5	91.5	84.9	82.2	86.8
29 Trading account	20.6	18.3	17.2	15.1	17.6	15.8	15.5	16.2	23.4	13.3	11.3	15.1
30 Investment account	65.8	68.9	69.5	70.5	68.1	65.9	66.1	71.3	68.2	71.6	70.9	71.7
31 Other securities	91.9	94.2	94.0	95.6	109.4	110.3	112.8	110.5	112.1	112.4	113.5	106.5
32 Trading account	63.2	61.4	61.4	62.5	69.6	70.3	72.4	72.1	74.7	73.1	73.7	69.8
33 Investment account	28.7	32.8	32.6	33.1	39.8	40.0	40.4	38.4	37.3	39.3	39.8	36.7
34 Loans and leases in bank credit[2]	353.3	355.1	354.6	361.3	356.0	362.5r	379.8	381.5	378.8	382.3	379.0	385.1
35 Commercial and industrial	217.1	219.9	220.7	222.2	222.4	224.2r	226.3	226.7	226.7	225.3	225.9	227.3
36 Real estate	32.1	28.4	28.0	27.8	27.3	26.6	27.0	26.9	27.2	27.0	26.9	26.7
37 Security[3]	39.8	42.2	43.0	46.3	41.1	44.6r	54.5	54.5	52.2	56.9	53.5	56.3
38 Other loans and leases	64.4	64.6	63.0	64.9	65.2	67.1r	71.9	73.5	72.7	73.1	72.6	74.8
39 Interbank loans	20.9	18.0	18.0	20.0	23.1	30.7r	27.5	24.3	23.8	26.6	25.6	24.7
40 Cash assets[4]	32.1	34.3	34.7	35.2	36.5	36.0	33.1	32.4	31.8	33.2	31.9	32.4
41 Other assets[5]	42.0	43.4	42.4	41.0r	45.2	42.7r	43.6	43.0	42.3	43.4	42.4	43.6
42 Total assets[6]	**626.3**	**632.1**	**630.2**	**638.5**	**655.7**	**663.6r**	**678.1**	**678.9**	**680.0**	**682.6**	**674.3**	**678.8**
Liabilities												
43 Deposits	234.8	261.2	264.6	268.8	275.7	281.0	276.2	287.3	275.8	286.7	287.4	292.7
44 Transaction	9.9	10.9	11.2	10.5	10.7	11.2	11.1	10.9	10.7	10.7	10.9	11.0
45 Nontransaction	224.9	250.3	253.3	258.3	265.0	269.8	265.1	276.4	265.1	276.0	276.5	281.7
46 Large time	221.0	247.8	250.8	255.8r	262.5r	267.3	262.7	272.7	262.7	270.8	271.8	279.2
47 Other	3.9	2.5	2.5	2.5	2.5	2.5	2.4	3.7	2.4	5.3	4.8	2.4
48 Borrowings	137.1	142.6	144.2	157.1	159.8	155.2	155.6	150.5	160.8	144.9	147.9	148.9
49 From banks in the U.S.	32.1	31.7	34.9	34.5	30.5	28.2	26.1	25.2	29.5	22.6	24.2	24.9
50 From others	105.0	110.9	109.3	122.6	129.3	127.0r	129.4	125.3	131.3	122.3	123.7	124.0
51 Net due to related foreign offices	149.2	128.7	124.1	117.6	117.6	126.3	145.0	136.2	141.5	142.4	133.8	132.9
52 Other liabilities	102.7	96.4	93.9	91.3	97.7	96.8r	97.0	99.1	97.4	102.2	98.9	98.2
53 Total liabilities	**623.9**	**629.0**	**626.8**	**634.8**	**650.8**	**659.3r**	**673.7**	**673.0**	**675.6**	**676.3**	**668.1**	**672.8**
54 Residual (assets less liabilities)[7]	2.4	3.0	3.4	3.7	4.9	4.3	4.3	5.8	4.4	6.2	6.2	6.1
MEMO												
55 Revaluation gains on off-balance-sheet items[8]	46.3	41.5	41.2	39.8	41.8	40.9	42.1	40.1	41.0	40.2	40.4	39.9
56 Revaluation losses on off-balance-sheet items[8]	48.0	43.1	41.8	40.1	41.9	41.6	42.5	40.4	41.3	40.8	41.0	40.1

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

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

The data for large and small domestic banks presented on pp. A17–19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

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

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S. government-sponsored enterprises, and private entities.

10. Difference between fair value and historical cost for securities classified as available-for-sale under FASB Statement No. 115. Data are reported net of tax effects. Data shown are restated to include an estimate of these tax effects.

11. Mainly commercial and industrial loans but also includes an unknown amount of credit extended to other than nonfinancial businesses.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1997					1998
	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**555,075**	**595,382**	**674,904**	**775,371**	**966,699**	**885,601**	**908,640**	**921,769**	**940,524**	**966,699**	**973,761**
Financial companies[1]											
2 Dealer-placed paper[2], total	218,947	223,038	275,815	361,147	513,307	437,340	475,792	483,489	483,475	513,307	509,950
3 Directly placed paper[3], total	180,389	207,701	210,829	229,662	252,536	253,934	235,030	237,544	249,781	252,536	254,926
4 Nonfinancial companies[4]	155,739	164,643	188,260	184,563	200,857	194,327	197,818	200,736	207,268	200,857	208,886
	Bankers dollar acceptances (not seasonally adjusted)[5]										
5 **Total**	**32,348**	**29,835**	**29,242**	**25,754**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By holder											
6 Accepting banks	12,421	11,783	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Own bills	10,707	10,462	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Bills bought from other banks	1,714	1,321	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Federal Reserve Banks[6]											
9 Foreign correspondents	725	410	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Others	19,202	17,642	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By basis											
11 Imports into United States	10,217	10,062	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Exports from United States	7,293	6,355	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 All other	14,838	13,417	n.a.	n.a.	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
1995—Jan. 1	8.50	1995	8.83	1996—Jan.	8.50	1997—Jan.	8.25
Feb. 1	9.00	1996	8.27	Feb.	8.25	Feb.	8.25
July 7	8.75	1997	8.44	Mar.	8.25	Mar.	8.30
Dec. 20	8.50			Apr.	8.25	Apr.	8.50
		1995—Jan.	8.50	May	8.25	May	8.50
1996—Feb. 1	8.25	Feb.	9.00	June	8.25	June	8.50
		Mar.	9.00	July	8.25	July	8.50
1997—Mar. 26	8.50	Apr.	9.00	Aug.	8.25	Aug.	8.50
		May	9.00	Sept.	8.25	Sept.	8.50
		June	9.00	Oct.	8.25	Oct.	8.50
		July	8.80	Nov.	8.25	Nov.	8.50
		Aug.	8.75	Dec.	8.25	Dec.	8.50
		Sept.	8.75				
		Oct.	8.75			1998—Jan.	8.50
		Nov.	8.75			Feb.	8.50
		Dec.	8.65			Mar.	8.50

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1995	1996	1997	1997		1998		1998, week ending				
				Nov.	Dec.	Jan.	Feb.	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.83	5.30	5.46	5.52	5.50	5.56	5.51	5.53	5.52	5.43	5.54	5.51
2 Discount window borrowing[2,4]	5.21	5.02	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Commercial paper[3,4,5,6]												
Nonfinancial												
3 1-month	n.a.	n.a.	5.57	5.53	5.78	5.46	5.47	5.47	5.46	5.47	5.46	5.49
4 2-month	n.a.	n.a.	5.57	5.59	5.71	5.44	5.44	5.43	5.43	5.43	5.44	5.47
5 3-month	n.a.	n.a.	5.56	5.60	5.67	5.42	5.42	5.40	5.41	5.41	5.42	5.44
Financial												
6 1-month	n.a.	n.a.	5.59	5.55	5.80	5.48	5.49	5.48	5.48	5.48	5.49	5.50
7 2-month	n.a.	n.a.	5.59	5.65	5.72	5.46	5.47	5.44	5.46	5.46	5.47	5.50
8 3-month	n.a.	n.a.	5.60	5.64	5.70	5.44	5.45	5.44	5.44	5.44	5.45	5.47
Commercial paper (historical)[3,5,6,7]												
9 1-month	5.93	5.43	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.93	5.41	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.93	5.42	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,7,8]												
12 1-month	5.81	5.31	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.78	5.29	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.68	5.21	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.81	5.31	5.54	5.66	5.75	5.48	5.46	5.47	5.47	5.45	5.45	5.48
16 6-month	5.80	5.31	5.57	5.63	5.68	5.45	5.41	5.44	5.42	5.39	5.38	5.44
Certificates of deposit, secondary market[3,10]												
17 1-month	5.87	5.35	5.54	5.61	5.88	5.53	5.53	5.53	5.52	5.53	5.53	5.55
18 3-month	5.92	5.39	5.62	5.74	5.80	5.54	5.54	5.53	5.53	5.53	5.53	5.56
19 6-month	5.98	5.47	5.73	5.78	5.82	5.56	5.55	5.54	5.53	5.54	5.54	5.58
20 Eurodollar deposits, 3-month[3,11]	5.93	5.38	5.61	5.71	5.79	5.53	5.53	5.51	5.52	5.52	5.53	5.54
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.49	5.01	5.06	5.14	5.16	5.04	5.09	5.06	5.05	5.07	5.06	5.16
22 6-month	5.56	5.08	5.18	5.17	5.24	5.03	5.07	5.06	5.04	5.04	5.08	5.11
23 1-year	5.60	5.22	5.32	5.17	5.24	4.98	5.04	5.01	4.99	5.01	5.02	5.14
Auction average[3,5,12]												
24 3-month	5.51	5.02	5.07	5.15	5.16	5.09	5.11	5.07	5.10	5.10	5.08	5.14
25 6-month	5.59	5.09	5.18	5.17	5.24	5.07	5.07	5.03	5.09	5.08	5.07	5.04
26 1-year	5.69	5.23	5.36	5.14	5.18	5.07	4.97	n.a.	4.97	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.94	5.52	5.63	5.46	5.53	5.24	5.31	5.28	5.26	5.28	5.28	5.42
28 2-year	6.15	5.84	5.99	5.71	5.72	5.36	5.42	5.40	5.35	5.39	5.38	5.54
29 3-year	6.25	5.99	6.10	5.76	5.74	5.38	5.43	5.43	5.38	5.41	5.38	5.55
30 5-year	6.38	6.18	6.22	5.80	5.77	5.42	5.49	5.48	5.44	5.47	5.45	5.60
31 7-year	6.50	6.34	6.33	5.90	5.83	5.53	5.60	5.60	5.58	5.59	5.55	5.69
32 10-year	6.57	6.44	6.35	5.88	5.81	5.54	5.57	5.63	5.59	5.57	5.50	5.63
33 20-year	6.95	6.83	6.69	6.20	6.07	5.88	5.96	5.96	5.96	5.96	5.90	6.00
34 30-year	6.88	6.71	6.61	6.11	5.99	5.81	5.89	5.89	5.89	5.89	5.84	5.94
Composite												
35 More than 10 years (long-term)	6.93	6.80	6.67	6.18	6.06	5.87	5.94	5.95	5.94	5.94	5.88	5.99
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.80	5.52	5.32	5.19	5.03	4.88	4.92	4.92	4.90	4.90	4.91	4.95
37 Baa	6.10	5.79	5.50	5.32	5.17	5.04	5.09	5.08	5.07	5.05	5.07	5.16
38 *Bond Buyer* series[15]	5.95	5.76	5.52	5.33	5.19	5.06	5.10	5.11	5.11	5.08	5.07	5.14
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.83	7.66	7.54	7.13	7.03	6.89	6.95	6.97	6.96	6.97	6.93	6.99
Rating group												
40 Aaa	7.59	7.37	7.27	6.87	6.76	6.61	6.67	6.70	6.68	6.69	6.62	6.71
41 Aa	7.72	7.55	7.48	7.07	6.99	6.82	6.88	6.89	6.87	6.89	6.84	6.92
42 A	7.83	7.69	7.54	7.15	7.05	6.93	7.01	7.02	7.02	7.02	6.96	7.04
43 Baa	8.20	8.05	7.87	7.42	7.32	7.19	7.25	7.28	7.27	7.27	7.20	7.28
44 A-rated, recently offered utility bonds[17]	7.86	7.77	7.71	7.24	7.10	6.97	7.02	6.96	7.07	6.99	7.00	7.08
MEMO												
Dividend–price ratio[18]												
45 Common stocks	2.56	2.19	1.77	1.65	1.62	1.62	1.55	1.61	1.57	1.55	1.54	1.53

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year for bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. Series ended August 29, 1997.
8. An average of offering rates on paper directly placed by finance companies.
9. Representative closing yields for acceptances of the highest-rated money center banks.
10. An average of dealer offering rates on nationally traded certificates of deposit.
11. Bid rates for Eurodollar deposits at approximately 11:00 a.m. London time. Data are for indication purposes only.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
14. General obligation bonds based on Thursday figures; Moody's Investors Service.
15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
18. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1995	1996	1997	1997							1998	
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	291.18	357.98	456.99	457.07	480.94	482.39	489.74	499.25	492.14	504.66	504.13	532.15
2 Industrial	367.40	453.57	574.97	578.57	610.42	609.54	617.94	625.22	615.65	623.57	624.61	660.91
3 Transportation	270.14	327.30	415.08	410.93	433.75	439.71	451.63	466.04	453.56	461.04	458.49	485.73
4 Utility	110.64	126.36	143.87	140.24	144.25	143.82	145.96	157.83	153.53	165.74	146.25	170.96
5 Finance	238.48	303.94	424.84	419.12	441.59	446.93	459.86	476.70	465.35	490.30	479.81	508.97
6 Standard & Poor's Corporation (1941–43 = 10)[2]	541.72	670.49	873.43	876.29	925.29	927.74	937.02	951.16	938.92	962.37	963.36	1,023.74
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	498.13	570.86	628.34	619.94	635.28	645.59	678.05	702.43	674.37	667.89	665.72	685.73
Volume of trading (thousands of shares)												
8 New York Stock Exchange	345,729	409,740	523,254	516,241	543,006	506,205	541,204	606,513	531,449	541,134	632,895	610,958
9 American Stock Exchange	20,387	22,567	n.a.	23,277	25,562	24,095	28,252	32,873	27,741	27,624	28,199	26,808
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**76,680**	**97,400**	**126,090**	**113,440**	**116,190**	**119,810**	**126,050**	**128,190**	**127,330**	**126,090**	**127,790**	**135,590**
Free credit balances at brokers[5]												
11 Margin accounts[6]	16,250	22,540	31,410	23,860	24,290	23,375	23,630	26,950	26,735	31,410	29,480	27,450
12 Cash accounts	34,340	40,430	52,160	41,840	43,985	42,960	43,770	47,465	45,470	52,160	48,620	48,640

Indicator	Margin requirements (percent of market value and effective date)[7]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.
2. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
3. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
4. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
5. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
6. Series initiated in June 1984.
7. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1997				1998	
	1995	1996	1997	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
U.S. budget[1]									
1 Receipts, total	1,351,830	1,453,062	1,579,292	174,772	114,898	103,481	167,998	162,610	97,952
2 On-budget	1,000,751	1,085,570	1,187,302	138,849	87,083	73,690	135,340	123,367	65,051
3 Off-budget	351,079	367,492	391,990	35,923	27,815	29,791	32,658	39,243	32,901
4 Outlays, total	1,515,729	1,560,512	1,601,235	124,831	150,866	120,830	154,359	137,231	139,701
5 On-budget	1,227,065	1,259,608	1,290,609	91,406	123,863	91,327	146,647	108,843	109,393
6 Off-budget	288,664	300,904	310,626	33,429	26,999	29,504	7,712	28,388	30,309
7 Surplus or deficit (−), total	−163,899	−107,450	−21,943	49,937	−35,964	−17,349	13,639	25,379	−41,750
8 On-budget	−226,314	−174,038	−103,307	47,443	−36,780	−17,637	−11,307	14,524	−44,342
9 Off-budget	62,415	66,588	81,364	2,494	816	287	24,946	10,855	2,592
Source of financing (total)									
10 Borrowing from the public	171,288	129,712	38,171	−18,318	6,315	29,108	−1,771	−24,807	30,565
11 Operating cash (decrease, or increase (−))	−2,007	−6,276	604	−31,545	23,360	483	−12,107	−8,422	24,027
12 Other[2]	−5,382	−15,986	−16,832	−74	6,289	−12,242	239	7,850	−12,842
MEMO									
13 Treasury operating balance (level, end of period)	37,949	44,225	43,621	43,621	20,261	19,778	31,885	40,307	16,280
14 Federal Reserve Banks	8,620	7,700	7,692	7,692	4,616	5,127	5,444	5,552	5,037
15 Tax and loan accounts	29,329	36,525	35,930	35,930	15,645	14,651	26,441	34,756	11,243

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

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

SOURCE. Monthly totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government*.

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1996	1997	1996		1997		1997	1998	
			H1	H2	H1	H2	Dec.	Jan.	Feb.
RECEIPTS									
1 **All sources**	**1,453,062**	**1,579,292**	**767,099**	**707,551**	**845,527**	**773,810**	**167,998**	**162,610**	**97,952**
2 Individual income taxes, net	656,417	737,466	347,285	323,884	400,435	354,072	69,060	95,798	42,209
3 Withheld	533,080	580,207	264,177	279,988	292,252	306,865	64,604	56,628	54,225
4 Nonwithheld	212,168	250,753	162,782	53,491	191,050	58,069	5,240	40,039	2,914
5 Refunds	88,897	93,560	79,735	9,604	82,926	10,869	784	870	14,941
Corporation income taxes									
6 Gross receipts	189,055	204,493	96,480	95,364	106,451	104,659	44,973	6,888	3,598
7 Refunds	17,231	22,198	9,704	10,053	9,635	10,135	936	2,481	2,769
8 Social insurance taxes and contributions, net	509,414	539,371	277,767	240,326	288,251	260,795	45,149	51,765	44,749
9 Employment taxes and contributions[2]	476,361	506,751	257,446	227,777	268,357	247,794	44,297	50,395	41,825
10 Unemployment insurance	28,584	28,202	18,068	10,302	17,709	10,724	425	1,036	2,589
11 Other net receipts[3]	4,469	4,418	2,254	2,245	2,184	2,280	427	333	335
12 Excise taxes	54,014	56,924	25,682	27,016	28,084	31,132	5,167	4,679	4,791
13 Customs deposits	18,670	17,928	8,731	9,294	8,619	9,679	1,416	1,387	1,454
14 Estate and gift taxes	17,189	19,845	8,775	8,835	10,477	10,262	1,498	1,808	1,500
15 Miscellaneous receipts[4]	25,534	25,465	12,087	12,888	12,866	13,347	1,671	2,768	2,420
OUTLAYS									
16 **All types**	**1,560,512**	**1,601,235**	**785,368**	**800,176**	**797,418**	**824,360**	**154,359**	**137,231**	**139,701**
17 National defense	265,748	270,473	132,599	139,402[r]	132,725[r]	140,873[r]	27,228[r]	20,927[r]	20,492
18 International affairs	13,496	15,228	8,076	8,532[r]	5,740[r]	9,420[r]	4,503[r]	740[r]	364
19 General science, space, and technology	16,709	17,174	8,897	8,260	8,939	10,040	1,899	1,498	1,404
20 Energy	2,844	1,483	1,356	695[r]	803[r]	411[r]	−267	291	−43
21 Natural resources and environment	21,614	21,369	10,254	10,307[r]	9,627[r]	11,106[r]	2,386[r]	1,636[r]	1,746
22 Agriculture	9,159	9,032	73	11,037[r]	1,465[r]	10,590[r]	2,875[r]	1,967[r]	329
23 Commerce and housing credit	−10,472	−14,624	−6,885	−5,899	−7,575	−3,526	−1,144	−403	−1,065
24 Transportation	39,565	40,767	18,290	21,512[r]	16,847[r]	20,414[r]	3,400[r]	2,574[r]	2,504
25 Community and regional development	10,685	11,005	5,245	5,498	5,674[r]	5,749[r]	843	783	669
26 Education, training, employment, and social services	52,001	53,008	25,979	27,524[r]	25,080[r]	26,851[r]	4,681[r]	5,042[r]	6,535
27 Health	119,378	123,843	59,989	61,595	61,808	63,552	11,159	11,162	9,735
28 Social security and Medicare	523,901	555,273	264,647	269,412	278,862[r]	283,109	50,500	46,929	46,810
29 Income security	225,989	230,886	121,186	107,631[r]	124,034[r]	106,353[r]	19,962[r]	20,133[r]	28,194
30 Veterans benefits and services	36,985	39,313	18,140	21,109	17,696	22,077	4,931	3,331	3,386
31 Administration of justice	17,548	20,197	9,015	9,583	10,643	10,212[r]	2,051	1,718	2,026
32 General government	11,892	12,768	4,641	6,546	6,623[r]	7,302[r]	2,504	836	108
33 Net interest[5]	241,090	244,013	120,576	122,573	122,654[r]	122,620	20,480	20,570	19,901
34 Undistributed offsetting receipts[6]	−37,620	−49,973	−16,716	−25,142	−24,234	−22,795	−3,629	−2,504	−3,394

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 1999*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1995	1996				1997			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**5,017**	**5,153**	**5,197**	**5,260**	**5,357**	**5,415**	**5,410**	**5,446**	**5,536**
2 Public debt securities	4,989	5,118	5,161	5,225	5,323	5,381	5,376	5,413	5,502
3 Held by public	3,684	3,764	3,739	3,778	3,826	3,874	3,805	3,815	3,847
4 Held by agencies	1,305	1,354	1,422	1,447	1,497	1,507	1,572	1,599	1,656
5 Agency securities	28	36	36	35	34	34	34	33	34
6 Held by public	28	28	28	27	27	26	26	26	27
7 Held by agencies	0	8	8	8	8	8	7	7	7
8 **Debt subject to statutory limit**	**4,900**	**5,030**	**5,073**	**5,137**	**5,237**	**5,294**	**5,290**	**5,328**	**5,417**
9 Public debt securities	4,900	5,030	5,073	5,137	5,237	5,294	5,290	5,328	5,416
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,900	5,500	5,500	5,500	5,500	5,500	5,500	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1994	1995	1996	1997	1997			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**4,800.2**	**4,988.7**	**5,323.2**	**5,502.4**	**5,380.9**	**5,376.2**	**5,413.2**	**5,502.4**
By type								
2 Interest-bearing	4,769.2	4,964.4	5,317.2	5,494.9	5,375.1	5,370.5	5,407.5	5,494.9
3 Marketable	3,126.0	3,307.2	3,459.7	3,456.8	3,504.4	3,433.1	3,439.6	3,456.8
4 Bills	733.8	760.7	777.4	715.4	785.6	704.1	701.9	715.4
5 Notes	1,867.0	2,010.3	2,112.3	2,106.1	2,131.0	2,132.6	2,122.2	2,106.1
6 Bonds	510.3	521.2	555.0	587.3	565.4	565.4	576.2	587.3
7 Inflation-indexed notes[1]	n.a.	n.a.	n.a.	33.0	7.4	15.9	24.4	33.0
8 Nonmarketable[2]	1,643.1	1,657.2	1,857.5	2,038.1	1,870.8	1,937.4	1,967.9	2,038.1
9 State and local government series	132.6	104.5	101.3	124.1	104.8	107.9	111.9	124.1
10 Foreign issues[3]	42.5	40.8	37.4	36.2	36.8	35.4	34.9	36.2
11 Government	42.5	40.8	47.4	36.2	36.8	35.4	34.9	36.2
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	177.8	181.9	182.4	181.2	182.6	182.7	182.7	181.2
14 Government account series[4]	1,259.8	1,299.6	1,505.9	1,666.7	1,516.6	1,581.5	1,608.5	1,666.7
15 Non-interest-bearing	31.0	24.3	6.0	7.5	5.8	5.7	5.6	7.5
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,257.1	1,304.5	1,497.2	1,655.7	1,506.8	1,571.6	1,598.5	1,655.7
17 Federal Reserve Banks	374.1	391.0	410.9	451.9	405.6	426.4	436.5	451.9
18 Private investors	3,168.0	3,294.9	3,411.2	3,393.4	3,451.7	3,361.7	3,388.9	3,393.4
19 Commercial banks	290.4	278.7	261.7	260.0r	282.3	265.7	261.6r	260.0
20 Money market funds	67.6	71.5	91.6r	87.8r	84.0	77.4	75.8r	87.8
21 Insurance companies	240.1	241.5	214.1	214.0r	214.3	216.0r	214.4r	214.0
22 Other companies	224.5	228.8	258.5	265.0	262.5	261.0	266.5	265.0
23 State and local treasuries[6,7]	540.2	421.5	363.7r	334.0r	348.0	345.3r	336.4r	334.0
Individuals								
24 Savings bonds	180.5	185.0	187.0	186.5	186.5	186.3	186.2	186.5
25 Other securities	150.7	162.7	169.6	168.4	168.9	169.1	168.6	168.4
26 Foreign and international[8]	688.6	862.2	1,131.8r	1,278.2r	1,192.0r	1,221.7r	1,266.8r	1,278.2
27 Other miscellaneous investors[7,9]	785.5	843.0r	733.2r	599.4r	713.2r	619.2r	612.6r	599.4

1. The U.S. Treasury first issued inflation-indexed notes during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Includes state and local pension funds.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Consists of investments of foreign balances and international accounts in the United States.
9. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

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

Millions of dollars, daily averages

Item	1997		1998	1997, week ending	1998, week ending							
	Nov.	Dec.	Jan.	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	43,506	38,244	39,909	29,390	42,416	40,994	37,381	38,845	42,516	38,754	40,062	38,841
Coupon securities, by maturity												
2 Five years or less	118,847	95,901	137,268	59,127	128,295	153,884	124,469	142,424	119,673	115,005	96,774	144,026
3 More than five years	68,164	54,749	72,617	30,326	79,357	92,992	64,302	73,818	84,007	85,646	81,756	80,096
4 Federal agency	48,097	43,015	46,606	38,475	46,582	48,175	50,166	41,499	45,650	38,861	44,391	47,470
5 Mortgage-backed	63,657	45,285	73,758	17,590	61,292	94,472	68,029	71,237	64,141	76,389	60,203	59,363
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	132,153	107,366	94,063	59,126	137,234	161,913	130,689	149,055	141,253	137,698	121,505	150,835
7 Federal agency	1,250	1,143	1,750	567	1,572	2,521	1,398	1,510	1,710	2,125	1,653	2,205
8 Mortgage-backed	19,089	13,748	16,441	6,110	19,908	28,462	26,718	24,645	21,494	24,869	20,000	19,274
With other												
9 U.S. Treasury	98,365	81,528	73,148	59,717	112,834	125,957	95,462	106,587	105,241	102,181	97,340	112,916
10 Federal agency	46,847	41,873	44,858	37,908	45,010	45,654	48,768	39,989	43,940	36,736	42,738	45,265
11 Mortgage-backed	44,569	31,538	33,042	11,480	41,384	66,010	41,311	46,592	42,647	51,520	40,203	40,089
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	262	404	165	352	226	367	138	120	258	401	77	225
Coupon securities, by maturity												
13 Five years or less	2,041[r]	2,534[r]	2,107	1,465	4,304	3,201	2,229	2,318	1,946	1,400	1,662	4,049
14 More than five years	16,939[r]	13,394[r]	11,345	5,783	17,724	20,089	13,888	17,318	15,655	13,897	15,610	18,522
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	1,674	1,831	2,173	640	1,807	4,799	3,061	2,099	2,856	2,588	1,878	2,885
19 More than five years	6,353[r]	4,487[r]	3,742	2,470	7,903	5,460	3,983	6,588	5,091	5,288	5,160	8,494
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	n.a.
21 Mortgage-backed	549	632	428	90	515	737	706	600	622	330	739	881

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending January 28, 1998.

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

Millions of dollars

Item	1997 Nov.	1997 Dec.	1998 Jan.	1997, week ending Dec. 31	1998, week ending Jan. 7	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	18,776	18,205	13,067	8,400	19,343	14,900	12,871	5,154	7,900	4,244	14,147
Coupon securities, by maturity											
2 Five years or less	−17,008	−21,352	−12,393	−19,785	−14,528	−13,393	−14,543	−7,108	−9,565	−6,257	−6,557
3 More than five years	−18,763	−16,759	−17,753	−16,484	−15,515	−15,037	−19,897	−20,561	−15,096	−21,399	−20,445
4 Federal agency	28,049	26,328	36,230	17,499	29,434	38,266	39,389	37,830	37,380	35,994	33,310
5 Mortgage-backed	37,409	44,132	46,945	42,503	46,366	48,880	49,783	42,751	47,110	57,244	52,185
NET FUTURES POSITIONS[4]											
By type of deliverable security											
6 U.S. Treasury bills	−3,141	−2,635	−3,541	−3,203	−3,182	−3,367	−3,448	−4,165	−4,027	−4,904	−4,891
Coupon securities, by maturity											
7 Five years or less	2,358	3,580	−1,715	1,768	−4,216	−1,979	−253	−410	−2,909	−2,667	−1,554
8 More than five years	−20,650	−27,083	−26,187	−29,043r	−29,805	−27,645	−27,138	−20,159	−21,845	−20,163	−22,654
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	2,234	−757	−586	−1,551	−652	−1,117	78	−653	−1,253	−1,027	−1,246
13 More than five years	3,838	3,224	3,003	2,831r	3,163	3,515	3,200	2,132	3,202	2,169	3,356
14 Federal agency	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
15 Mortgage-backed	74	869	782	1,001	1,222	841	203	860	−50	234	690
	Financing[5]										
Reverse repurchase agreements											
16 Overnight and continuing	328,976	304,385	324,675	306,496	322,402	337,041	324,835	314,422	350,352	329,281	374,844
17 Term	688,464	654,600	746,498	571,315	670,529	738,725	770,417	806,323	786,654	848,506	626,731
Securities borrowed											
18 Overnight and continuing	201,701	200,401	214,756	209,303	217,021	219,985	212,852	209,166	212,450	213,321	218,106
19 Term	94,469	92,672	88,880	85,073	87,774	89,083	89,364	89,298	84,324	82,349	76,158
Securities received as pledge											
20 Overnight and continuing	6,306	5,939	5,127	5,827	5,511	5,396	5,165	4,435	4,502	4,445	4,357
21 Term	99	286	n.a.	n.a.	137	n.a.	n.a.	166	165	261	267
Repurchase agreements											
22 Overnight and continuing	679,506	648,786	715,197	600,427	700,774	733,257	720,141	706,615	733,169	728,930	768,739
23 Term	629,143	586,741	656,432	528,672	579,576	650,443	677,327	718,382	701,852	744,488	550,147
Securities loaned											
24 Overnight and continuing	7,759	7,927	8,157	7,435	8,336	8,594	7,905	7,794	8,446	8,573	8,593
25 Term	3,828	4,591	4,645	6,244	4,745	4,871	4,493	4,471	4,430	4,113	3,481
Securities pledged											
26 Overnight and continuing	50,941	53,643	52,182	65,507	54,835	51,136	51,851	50,907	51,715	54,489	59,232
27 Term	2,741	3,566	5,019	4,956	4,694	4,682	4,642	6,057	5,235	4,703	1,087
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	14,645	13,891	14,467	10,563	18,077	15,341	12,957	11,494	11,896	10,541	7,304
MEMO: Matched book[6]											
Securities in											
31 Overnight and continuing	300,635	284,089	n.a.	287,031	306,066	324,775	313,439	n.a.	n.a.	n.a.	n.a.
32 Term	662,654	623,240	n.a.	530,605	643,071	697,823	717,775	n.a.	n.a.	n.a.	n.a.
Securities out											
33 Overnight and continuing	386,203	374,312	n.a.	357,812	409,321	421,397	413,707	n.a.	n.a.	n.a.	n.a.
34 Term	544,801	495,105	n.a.	436,403	506,290	557,999	578,296	n.a.	n.a.	n.a.	n.a.

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 January 28, 1998.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1994	1995	1996	1997	1997				
					Aug.	Sept.	Oct.	Nov.	Dec.
1 **Federal and federally sponsored agencies**	**738,928**	**844,611**	**925,823**	**1,022,609**	**980,501**	**983,599**	**1,003,177**	**1,014,907**	**1,022,609**
2 Federal agencies	39,186	37,347	29,380	27,792	27,484	27,392	27,356	27,500	27,792
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	3,455	2,050	1,447	552	1,326	1,326	1,295	1,295	552
5 Federal Housing Administration[4]	116	97	84	102	46	68	68	93	102
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	27,536	29,429	27,853	27,786	27,478	27,386	27,350	27,494	27,786
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	699,742	807,264	896,443	994,817	953,017	956,207	975,821	987,407	994,817
11 Federal Home Loan Banks	205,817	243,194	263,404	313,919	292,174	295,212	302,310	308,745	313,919
12 Federal Home Loan Mortgage Corporation	93,279	119,961	156,980	169,200	165,690	160,050	172,433	174,900	169,200
13 Federal National Mortgage Association	257,230	299,174	331,270	369,774	348,115	358,003	356,149	361,602	369,774
14 Farm Credit Banks[8]	53,175	57,379	60,053	63,517	61,091	61,612	61,093	61,093	63,517
15 Student Loan Marketing Association[9]	50,335	47,529	44,763	37,717	45,211	40,531	43,000	40,321	37,717
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]	**103,817**	**78,681**	**58,172**	**49,090**	**48,625**	**49,944**	**48,698**	**32,523**	**49,090**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	3,449	2,044	1,431	552	1,326	1,326	1,295	1,295	552
21 Postal Service[6]	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	3,200	3,200	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	33,719	21,015	18,325	13,530	14,300	13,895	13,530	13,530	13,530
26 Rural Electrification Administration	17,392	17,144	16,702	14,898	15,568	14,917	14,819	14,819	14,898
27 Other	37,984	29,513	21,714	20,110	17,431	19,716	19,054	2,879	20,110

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	1995	1996	1997	1997 July	Aug.	Sept.	Oct.	Nov.	Dec.	1998 Jan.	Feb.
1 **All issues, new and refunding**[1]	**145,657**	**171,222**	**214,693**	**17,786**	**17,401**	**21,499**	**21,898**	**20,207**	**21,342**	**16,770**	**21,306**
By type of issue											
2 General obligation	56,980	60,409	69,934	7,679	5,062	3,590	7,837	5,713	8,005	5,608	9,893
3 Revenue	88,677	110,813	134,989	9,061	11,518	17,909	14,061	14,494	13,337	11,162	11,413
By type of issuer											
4 State	14,665	13,651	18,237	1,984	1,352	1,278	2,392	509	1,702	1,268	2,420
5 Special district or statutory authority[2]	93,500	113,228	134,919	10,715	10,480	14,890	13,195	13,586	15,600	11,794	14,228
6 Municipality, county, or township	37,492	44,343	70,558	4,041	4,803	16,592	13,920	5,920	4,098	3,708	4,658
7 **Issues for new capital**	**102,390**	**112,298**	**127,928**	**9,279**	**8,915**	**10,158**	**12,981**	**12,979**	**13,487**	**9,696**[r]	**12,538**
By use of proceeds											
8 Education	23,964	26,851	31,860	2,701	2,781	1,943	2,647	2,973	2,981	2,338	3,525
9 Transportation	11,890	12,324	13,951	666	1,276	2,654	1,215	1,420	1,144	1,521	1,760
10 Utilities and conservation	9,618	9,791	12,219	1,182	576	907	1,402	1,217	683	598	687
11 Social welfare	19,566	24,583	27,794	1,789	1,481	2,305	2,341	4,090	2,940	1,540	2,903
12 Industrial aid	6,581	6,287	6,667	334	799	441	729	574	897	448	581
13 Other purposes	30,771	32,462	35,095	2,607	2,024	1,908	4,642	2,705	4,842	3,251	3,082

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	1995	1996	1997	1997 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1998 Jan.
1 **All issues**[1]	**673,779**	n.a.	n.a.	**83,890**	**67,305**	**52,117**	**85,001**[r]	**71,219**[r]	**58,350**	**63,992**[r]	**59,126**
2 **Bonds**[2]	**573,206**	n.a.	n.a.	**72,638**	**57,886**	**46,576**	**75,166**	**58,166**[r]	**46,543**	**55,973**[r]	**51,710**
By type of offering											
3 Public, domestic	408,804	465,489[r]	537,778	60,979	46,415	40,840	60,226	47,037	42,969	54,443[r]	41,062
4 Private placement, domestic[3]	87,492	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	76,910	83,433[r]	103,118[r]	11,660	11,471	5,736	14,941	11,199	3,574	1,530	10,648
By industry group											
6 Manufacturing	61,070	49,476[r]	47,064	3,748	8,480	5,087	3,534	4,668	2,152	2,976[r]	9,041
7 Commercial and miscellaneous	50,689	40,544[r]	42,480	2,771	4,466	3,196	4,330	7,982	1,166	1,978[r]	4,352
8 Transportation	8,430	5,722[r]	11,352	424	544	406	296	1,322	299	448	2,233
9 Public utility	13,751	9,498[r]	16,660	1,377	3,674	1,407	1,357	1,664	1,590	1,372	1,228
10 Communication	22,999	14,525[r]	12,055	576	1,304	278	1,829	342	1,586	923	2,160
11 Real estate and financial	416,269	429,157[r]	511,285	63,743	39,419	36,202	63,820	42,189[r]	39,750	48,276[r]	32,696
12 **Stocks**[2]	**100,573**	n.a.	n.a.	**11,252**	**9,419**	**5,541**	**9,835**[r]	**13,053**	**11,807**	**8,019**[r]	**7,416**
By type of offering											
13 Public preferred	10,917	33,208	29,814[r]	3,846	678	645	1,878[r]	1,824	1,060	3,578[r]	3,607
14 Common	57,556	83,052	82,392[r]	7,406	8,741	4,895	7,957[r]	11,229	10,747	4,441[r]	3,809
15 Private placement[3]	32,100	↑	↑	n.a.	n.a.	n.a.	n.a.	↑	↑	↑	↑
By industry group											
16 Manufacturing	21,545			1,627	1,056	836	1,294				
17 Commercial and miscellaneous	27,844	n.a.	n.a.	2,938	2,804	1,673	3,714	n.a.	n.a.	n.a.	n.a.
18 Transportation	804			272	563	139	472				
19 Public utility	1,936			1,046	483	48	405				
20 Communication	1,077			374	120	52	235	↓	↓	↓	↓
21 Real estate and financial	47,367	↓	↓	5,384	3,875	2,371	3,885[r]	6,583	5,449	5,257[r]	5,675

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

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

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

Millions of dollars

Item	1995	1996	1997 June	1997 July	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.	1997 Dec.[r]	1998 Jan.
1 **Sales of own shares**[2]	**871,415**	**1,149,918**	**112,318**	**125,710**	**114,358**	**116,021**	**126,824**	**110,231**	**150,133**	**147,994**
2 Redemptions of own shares	699,497	853,460	86,759	90,095	84,366	86,449	98,109	76,115	113,359	109,395
3 Net sales[3]	171,918	296,458	25,559	35,615	29,992	29,572	28,715	34,117	36,774	38,598
4 **Assets**[4]	**2,067,337**	**2,637,398**	**3,067,565**	**3,279,535**	**3,199,534**	**3,386,547**	**3,300,248**	**3,375,197**	**3,430,795**	**3,479,784**
5 Cash[5]	142,572	139,396	180,552	182,122	180,152	180,159	181,314	188,192	176,231	186,301
6 Other	1,924,765	2,498,002	2,887,013	3,097,413	3,019,382	3,206,388	3,118,934	3,187,005	3,254,564	3,293,483

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	1995	1996	1997	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4
1 Profits with inventory valuation and capital consumption adjustment	650.0	735.9	805.0	717.7	738.5	739.6	747.8	779.6	795.1	827.3	818.1
2 Profits before taxes	622.6	676.6	729.8	664.9	682.2	679.1	680.0	708.4	719.8	753.4	737.3
3 Profits-tax liability	213.2	229.0	249.4	226.2	232.2	231.6	226.0	241.2	244.5	258.2	253.6
4 Profits after taxes	409.4	447.6	480.3	438.7	450.0	447.5	454.0	467.2	475.3	495.2	483.7
5 Dividends	264.4	304.8	336.1	300.7	303.7	305.7	309.1	326.8	333.0	339.1	345.6
6 Undistributed profits	145.0	142.8	144.2	138.0	146.4	141.8	144.9	140.3	142.3	156.1	138.1
7 Inventory valuation	−24.3	−2.5	5.5[r]	−5.1	−5.4	−2.7	3.3	3.5	5.9	3.6	9.2[r]
8 Capital consumption adjustment	51.6	61.8	69.7	57.9	61.6	63.2	64.4	67.7	69.4	70.3	71.6[r]

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	1995	1996	1997[r]	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4
ASSETS										
1 Accounts receivable, gross[2]	607.0	637.1	663.5	626.7	628.1	637.1	648.0	651.6	660.5	663.5
2 Consumer	233.0	244.9	256.8	240.6	244.4	244.9	249.4	255.1	254.5	256.8
3 Business	301.6	309.5	318.8	305.7	301.4	309.5	315.2	311.7	319.5	318.8
4 Real estate	72.4	82.7	87.9	80.4	82.2	82.7	83.4	84.8	86.4	87.9
5 LESS: Reserves for unearned income	60.7	55.6	52.7	57.2	54.8	55.6	51.3	57.2	54.6	52.7
6 Reserves for losses	12.8	13.1	13.0	12.7	12.9	13.1	12.8	13.3	12.7	13.0
7 Accounts receivable, net	533.5	568.3	597.8	556.7	560.5	568.3	583.9	581.2	593.1	597.8
8 All other	250.9	290.0	312.4	258.7	268.7	290.0	289.6	306.8	289.1	312.4
9 **Total assets**	**784.4**	**858.3**	**910.2**	**815.4**	**829.2**	**858.3**	**873.4**	**887.9**	**882.3**	**910.2**
LIABILITIES AND CAPITAL										
10 Bank loans	15.3	19.7	24.1	17.7	18.3	19.7	18.4	18.8	20.4	24.1
11 Commercial paper	168.6	177.6	201.5	169.6	173.1	177.6	185.3	193.7	189.6[r]	201.5
Debt										
12 Owed to parent	51.1	60.3	64.7	56.3	57.9	60.3	61.0	60.0	61.6[r]	64.7
13 Not elsewhere classified	300.0	332.5	328.9	319.0	322.3	332.5	324.6	345.3	322.8[r]	328.9
14 All other liabilities	163.6	174.7	189.6	163.2	164.8	174.7	189.2	171.4	190.1[r]	189.6
15 Capital, surplus, and undivided profits	85.9	93.5	101.3	89.7	92.8	93.5	94.9	98.7	97.9[r]	101.3
16 **Total liabilities and capital**	**784.4**	**858.3**	**910.1**	**815.4**	**829.2**	**858.3**	**873.4**	**887.9**	**882.3**	**910.1**

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1995	1996	1997r	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.
				Seasonally adjusted					
1 **Total**	**682.4**	**762.4**	**810.6**	**796.9**	**799.0r**	**802.7r**	**805.7r**	**810.6r**	**812.4**
2 Consumer	281.9	306.6	326.9	322.7	322.6r	324.4r	323.7r	326.9r	325.6
3 Real estate	72.4	111.9	121 1	123.4	120.7	121.5	121.7	121.1r	122.1
4 Business	328.1	343.8	362.5	350.8	355.8r	356.8r	360.3r	362.5r	364.7
				Not seasonally adjusted					
5 **Total**	**689.5**	**769.7**	**818.3**	**791.4**	**795.3r**	**800.8r**	**806.9r**	**818.3r**	**813.6**
6 Consumer	285.8	310.6	330.9	322.4	323.3r	324.2r	325.4r	330.9r	327.0
7 Motor vehicles loans	81.1	86.7	87.0	88.4	88.5	86.8	86.0	87.0	87.4
8 Motor vehicle leases	80.8	92.5	96.8	98.3	96.1	95.9	96.4	96.8	94.6
9 Revolving[2]	28.5	32.5	38.6	33.5	34.9	34.7r	34.8r	38.6r	37.6
10 Other[3]	42.6	33.2	34.4	35.2	35.0	35.3	35.5	34.4	35.2
Securitized assets[4]									
11 Motor vehicle loans	34.8	36.8	44.3	38.3	39.7	42.6	42.5	44.3	42.8
12 Motor vehicle leases	3.5	8.7	10.8	8.9	10.0	9.9	11.0	10.8	10.7
13 Revolving	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 Other	14.7	20.1	19.0	19.7	19.0r	18.9r	19.2r	19.0r	18.7
15 Real estate	72.4	111.9	121.1	123.4	120.7	121.5	121.7	121.1r	122.1
16 One- to four-family	n.a.	52.1	59.0	59.1	56.6	58.5	59.4	59.0r	59.8
17 Other	n.a.	30.5	28.9	30.1	29.8	29.3	29.0	28.9	29.3
Securitized real estate assets[4]									
18 One- to four-family	n.a.	28.9	33.0	33.9	34.0	33.5	33.0	33.0	32.8
19 Other	n.a.	0.4	0.2	0.3	0.3	0.3	0.2	0.2	0.2
20 Business	331.2	347.2	366.2	345.6	351 4r	355.1r	359.8r	366.2r	364.4
21 Motor vehicles	66.5	67.1	63.5	65.2	67.4	61.2	62.0	63.5r	61.8
22 Retail loans	21.8	25.1	25.6	25.4	26.0	26.5	26.3	25.6	26.1
23 Wholesale loans[5]	36.6	33.0	27.7	30.4	31.8	25.0	25.8	27 7	25.7
24 Leases	8.0	9.0	10.2	9.4	9.6	9.7	9.8	10.2r	10.1
25 Equipment	8.0	9.0	10.2	194.9	199.0	198.5	198.9	204.0	204.6
26 Loans	8.0	9.0	10.2	51.3	51.9	50.3	49.6	51.7	51.2
27 Leases	8.0	9.0	10.2	143.6	147.1	148.2	149.4	152.3	153.4
28 Other business receivables[6]	8.0	9.0	10.2	53.0	53.1	54.7	54.0	51.1	52.0
Securitized assets[4]									
29 Motor vehicles	8.0	9.0	10.2	19.8	19.6	28.4	32.4	33.0	31.5
30 Retail loans	8.0	9.0	10.2	2.3	2.2	2.1	2.5	2.4	2.3
31 Wholesale loans	8.0	9.0	10.2	17.5	17.4	26.3	29.8	30.5	29.2
32 Leases	8.0	9.0	10.2	0.0	0.0	0.0	0.0	0.0	0.0
33 Equipment	8.0	9.0	10.2	10.3	9.6r	9.7r	9.9r	10.7r	10.4
34 Loans	8.0	9.0	10.2	4.1	3.6r	3.8r	4.1r	4.2r	3.9
35 Leases	8.0	9.0	10.2	6.2	6.0	5.8	5.8	6.5	6.5
36 Other business receivables[6]	8.0	9.0	10.2	2.4	2.6	2.7r	2.6r	4.0r	4.0

NOTE. This table has been revised to incorporate several changes resulting from the benchmarking of finance company receivables to the June 1996 Survey of Finance Companies. In that benchmark survey, and in the monthly surveys that have followed, more detailed breakdowns have been obtained for some components. In addition, previously unavailable data on securitized real estate loans are now included in this table. The new information has resulted in some reclassification of receivables among the three major categories (consumer, real estate, and business) and in discontinuities in some component series between May and June 1996

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

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown before deductions for unearned income and losses. Components may not sum to totals because of rounding.

2. Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1995	1996	1997	1997					1998	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	175.8	182.4	180.1	191.2	190.6	183.4	184.0	190.7	184.1	195.3
2 Amount of loan (thousands of dollars)	134.5	139.2	140.3	148.2	147.0	142.4	143.5	149.8	142.3	148.5
3 Loan-to-price ratio (percent)	78.6	78.2	80.4	79.8	79.3	80.1	80.8	81.0	80.5	78.6
4 Maturity (years)	27.7	27.2	28.2	28.2	28.3	28.1	28.6	28.2	28.5	28.0
5 Fees and charges (percent of loan amount)[2]	1.21	1.21	1.02	1.06	1.12	0.94	0.95	0.96	0.91	0.99
Yield (percent per year)										
6 Contract rate[1]	7.65	7.56	7.57	7.42	7.43	7.39	7.26	7.25	7.13	7.09
7 Effective rate[1,3]	7.85	7.77	7.73	7.59	7.61	7.54	7.40	7.40	7.27	7.24
8 Contract rate (HUD series)[4]	8.05	8.03	7.76	7.67	7.51	7.48	7.38	7.25	7.16	7.22
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.18	8.19	7.89	8.02	7.52	7.53	7.51	7.17	7.08	7.06
10 GNMA securities[6]	7.57	7.48	7.26	7.16	7.10	6.90	6.84	6.74	6.56	6.63
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	253,511	287,052	316,678	304,528	307,256	310,421	314,627	316,678	320,062	322,957
12 FHA/VA insured	28,762	30,592	31,925	31,193	31,847	32,080	31,878	31,925	31,621	31,650
13 Conventional	224,749	256,460	284,753	273,335	275,409	278,341	282,749	284,753	288,441	291,307
14 Mortgage transactions purchased (during period)	56,598	68,618	70,465	7,606	6,544	7,619	8,166	6,692	7,647	8,630
Mortgage commitments (during period)										
15 Issued[7]	56,092	65,859	69,965	5,960	7,573	9,190	5,123	6,275	12,199	10,587
16 To sell[8]	360	130	1,298	219	215	300	139	140	60	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	107,424	137,755	164,421	155,169	157,165	159,801	160,974	164,421	169,142	175,770
18 FHA/VA insured	267	220	180	190	186	183	180	180	180	180
19 Conventional	107,157	137,535	164,241	154,979	156,979	159,618	160,794	164,241	168,962	175,590
Mortgage transactions (during period)										
20 Purchases	98,470	125,103	117,397	9,808	10,362	12,175	11,152	15,975	13,120	13,610
21 Sales	85,877	119,702	114,260	9,187	9,727	11,713	10,832	14,587	12,702	12,481
22 Mortgage commitments contracted (during period)[9]	118,659	128,995	120,089	9,913	10,877	11,986	12,047	15,805	15,638	17,397

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	1994	1995	1996	1996	1997			
					Q4	Q1	Q2	Q3	Q4[p]
1	**All holders**	**4,392,093[r]**	**4,606,303[r]**	**4,929,430[r]**	**4,929,430[r]**	**4,986,602[r]**	**5,076,193[r]**	**5,176,094**	**5,277,185**
	By type of property								
2	One- to four-family residences	3,357,475[r]	3,533,295[r]	3,761,711[r]	3,761,711[r]	3,806,572[r]	3,870,145[r]	3,946,690	4,019,228
3	Multifamily residences	274,625[r]	287,297[r]	312,558[r]	312,558[r]	316,582[r]	323,069[r]	327,991	338,135
4	Nonfarm, nonresidential	677,022[r]	701,150[r]	768,027[r]	768,027[r]	775,795[r]	794,301[r]	811,657	829,476
5	Farm	82,971	84,561	87,134	87,134	87,653	88,678[r]	89,755	90,346
	By type of holder								
6	Major financial institutions	1,819,806[r]	1,894,420[r]	1,979,114[r]	1,979,114[r]	1,993,046[r]	2,033,655[r]	2,066,259	2,084,728
7	Commercial banks[2]	1,012,711[r]	1,090,189[r]	1,145,389[r]	1,145,389[r]	1,160,136[r]	1,196,517[r]	1,227,076	1,244,210
8	One- to four-family	615,861[r]	669,434[r]	698,508[r]	698,508[r]	708,802[r]	733,670[r]	752,011	762,421
9	Multifamily	39,346	43,837	46,675[r]	46,675[r]	47,618	49,124[r]	49,648	51,100
10	Nonfarm, nonresidential	334,953[r]	353,088[r]	375,322[r]	375,322[r]	378,474[r]	387,661[r]	398,619	403,712
11	Farm	22,551	23,830	24,883	24,883	25,242	26,061	26,798	26,977
12	Savings institutions[3]	596,191	596,763	628,335	628,335	626,381	629,062[r]	629,757	629,726
13	One- to four-family	477,626	482,353	513,712	513,712	513,393	516,521[r]	518,199	518,976
14	Multifamily	64,343	61,987	61,570	61,570	60,645	60,070[r]	60,335	59,527
15	Nonfarm, nonresidential	53,933	52,135	52,723	52,723	52,007	52,132[r]	50,878	50,870
16	Farm	289	288	331	331	336	338	344	353
17	Life insurance companies	210,904	207,468	205,390	205,390	206,529	208,077	209,426	210,792
18	One- to four-family	7,018	7,316	6,772	6,772	6,799	6,842	7,080	7,186
19	Multifamily	23,902	23,435	23,197	23,197	23,320	23,499	23,615	23,755
20	Nonfarm, nonresidential	170,421	167,095	165,399	165,399	166,277	167,548	168,374	169,377
21	Farm	9,563	9,622	10,022	10,022	10,133	10,188	10,358	10,473
22	Federal and related agencies	315,580	306,774	300,935	300,935	295,203	292,966	291,410	292,522
23	Government National Mortgage Association	6	2	2	2	6	7	7	8
24	One- to four-family	6	2	2	2	6	7	7	8
25	Multifamily	0	0	0	0	0	0	0	0
26	Farmers Home Administration[4]	41,781	41,791	41,596	41,596	41,485	41,400	41,332	41,195
27	One- to four-family	18,098	17,705	17,303	17,303	17,175	17,239	17,458	17,253
28	Multifamily	11,319	11,617	11,685	11,685	11,692	11,706	11,713	11,720
29	Nonfarm, nonresidential	5,670	6,248	6,841	6,841	6,969	7,135	7,246	7,370
30	Farm	6,694	6,221	5,768	5,768	5,649	5,321	4,916	4,852
31	Federal Housing and Veterans' Administrations	10,964	9,809	6,244	6,244	4,330	4,200	3,462	3,821
32	One- to four-family	4,753	5,180	3,524	3,524	2,335	2,299	2,810	3,091
33	Multifamily	6,211	4,629	2,719	2,719	1,995	1,900	652	730
34	Resolution Trust Corporation	10,428	1,864	0	0	0	0	0	0
35	One- to four-family	5,200	691	0	0	0	0	0	0
36	Multifamily	2,859	647	0	0	0	0	0	0
37	Nonfarm, nonresidential	2,369	525	0	0	0	0	0	0
38	Farm	0	0	0	0	0	0	0	0
39	Federal Deposit Insurance Corporation	7,821	4,303	2,431	2,431	2,217	1,816	1,476	724
40	One- to four-family	1,049	492	365	365	333	272	221	109
41	Multifamily	1,595	428	413	413	377	309	251	123
42	Nonfarm, nonresidential	5,177	3,383	1,653	1,653	1,508	1,235	1,004	492
43	Farm	0	0	0	0	0	0	0	0
44	Federal National Mortgage Association	174,312	176,824	174,556	174,556	172,829	170,386	168,458	167,722
45	One- to four-family	158,766	161,665	160,751	160,751	159,634	157,729	156,363	156,245
46	Multifamily	15,546	15,159	13,805	13,805	13,195	12,657	12,095	11,477
47	Federal Land Banks	28,555	28,428	29,602	29,602	29,668	29,963	30,346	30,598
48	One- to four-family	1,671	1,673	1,742	1,742	1,746	1,763	1,786	1,800
49	Farm	26,885	26,755	27,860	27,860	27,922	28,200	28,560	28,798
50	Federal Home Loan Mortgage Corporation	41,712	43,753	46,504	46,504	44,668	45,194	46,329	48,454
51	One- to four-family	38,882	39,901	41,758	41,758	39,640	40,092	40,953	42,629
52	Multifamily	2,830	3,852	4,746	4,746	5,028	5,102	5,376	5,825
53	Mortgage pools or trusts[5]	1,732,347[r]	1,866,763[r]	2,070,436[r]	2,070,436[r]	2,113,770[r]	2,153,812[r]	2,210,930	2,282,566
54	Government National Mortgage Association	450,934	472,283	506,340	506,340	513,471	520,938	529,867	536,810
55	One- to four-family	441,198	461,438	494,158	494,158	500,591	507,618	516,217	523,156
56	Multifamily	9,736	10,845	12,182	12,182	12,880	13,320	13,650	13,654
57	Federal Home Loan Mortgage Corporation	490,851	515,051	554,260	554,260	562,894	567,187	569,920	579,385
58	One- to four-family	487,725	512,238	551,513	551,513	560,369	564,445	567,340	576,846
59	Multifamily	3,126	2,813	2,747	2,747	2,525	2,742	2,580	2,539
60	Federal National Mortgage Association	530,343	582,959	650,780	650,780	663,668	673,931	690,919	709,582
61	One- to four-family	520,763	569,724	633,210	633,210	645,324	654,826	670,677	687,981
62	Multifamily	9,580	13,235	17,570	17,570	18,344	19,105	20,242	21,601
63	Farmers Home Administration[4]	19	11	3	3	3	2	2	2
64	One- to four-family	3	2	0	0	0	0	0	0
65	Multifamily	0	0	0	0	0	0	0	0
66	Nonfarm, nonresidential	9	5	0	0	0	0	0	0
67	Farm	7	4	3	3	3	2	2	2
68	Private mortgage conduits	260,200[r]	296,459[r]	359,053[r]	359,053[r]	373,734[r]	391,753[r]	420,222	456,787
69	One- to four-family[6]	208,500[r]	227,800[r]	261,900[r]	261,900[r]	271,100[r]	279,450[r]	299,400	318,000
70	Multifamily	14,925	21,279	33,689	33,689	35,607	38,992	41,973	48,261
71	Nonfarm, nonresidential	36,774	47,380	63,464	63,464	67,027	73,312	78,849	90,526
72	Farm	0	0	0	0	0	0	0	0
73	Individuals and others[7]	524,360[r]	538,347[r]	578,945[r]	578,945[r]	584,583[r]	595,761[r]	607,495	617,369
74	One- to four-family	370,356[r]	375,682[r]	376,493[r]	376,493[r]	379,327[r]	387,372[r]	396,169	403,526
75	Multifamily	69,306[r]	73,533[r]	81,560[r]	81,560[r]	83,354[r]	84,543[r]	85,861	87,823
76	Nonfarm, nonresidential	67,715[r]	71,291[r]	102,625[r]	102,625[r]	103,533[r]	105,279[r]	106,689	107,129
77	Farm	16,983	17,841	18,268	18,268	18,368	18,567[r]	18,776	18,891

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	1995	1996	1997[r]	1997[r] Aug.	Sept.	Oct.	Nov.	Dec.	1998 Jan.
	Seasonally adjusted								
1 **Total**	**1,094,197**	**1,179,892**	**1,234,596**	**1,222,234**	**1,224,466**	**1,234,803**	**1,229,828**	**1,234,596**	**1,237,483**
2 Automobile	364,231	392,370	415,337	403,154	406,219	410,431	408,647	415,337	417,707
3 Revolving	442,994	499,209	530,811	523,686	526,377	530,748	529,810	530,811	533,530
4 Other[2]	286,972	288,313	288,449	295,394	291,870	293,624	291,372	288,449	286,246
	Not seasonally adjusted								
5 **Total**	**1,122,828**	**1,211,590**	**1,268,055**	**1,220,589**	**1,227,314**	**1,234,298**	**1,237,378**	**1,268,055**	**1,247,529**
By major holder									
6 Commercial banks	501,963	526,769	515,208	516,176	507,549	507,181	508,276	515,208	501,085
7 Finance companies	152,123	152,391	160,022	157,152	158,428	156,867	156,375	160,022	160,167
8 Credit unions	131,939	144,148	153,667	149,791	150,669	151,486	151,770	153,667	152,190
9 Savings institutions	40,106	44,711	47,172	47,820	48,487	48,049	47,611	47,172	46,733
10 Nonfinancial business[3]	85,061	77,745	78,927	68,639	68,658	68,547	70,464	78,927	74,579
11 Pools of securitized assets[4]	211,636	265,826	313,059	281,011	293,523	302,168	302,882	313,059	312,775
By major type of credit[5]									
12 Automobile	367,069	395,609	418,861	405,740	409,812	414,950	412,870	418,861	415,939
13 Commercial banks	151,437	157,047	155,254	158,516	157,234	157,857	156,232	155,254	153,857
14 Finance companies	81,073	86,690	87,015	88,428	88,545	86,805	86,046	87,015	87,379
15 Pools of securitized assets[4]	44,635	51,719	64,952	52,427	55,991	60,648	60,379	64,952	63,068
16 Revolving	464,134	522,860	555,869	520,777	524,281	527,479	532,907	555,869	542,063
17 Commercial banks	210,298	228,615	219,826	217,466	209,269	209,544	212,726	219,826	208,500
18 Finance companies	28,460	32,493	38,608	33,543	34,925	34,717	34,789	38,608	37,585
19 Nonfinancial business[3]	53,525	44,901	44,966	37,578	37,685	37,479	38,865	44,966	41,917
20 Pools of securitized assets[4]	147,934	188,712	221,465	202,444	212,403	215,674	216,411	221,465	223,432
21 Other	291,625	293,121	293,325	294,072	293,221	291,869	291,601	293,325	289,527
22 Commercial banks	140,228	141,107	140,128	140,194	141,046	139,780	139,318	140,128	138,728
23 Finance companies	42,590	33,208	34,399	35,181	34,958	35,345	35,540	34,399	35,203
24 Nonfinancial business[3]	31,536	32,844	33,961	31,061	30,973	31,068	31,599	33,961	32,662
25 Pools of securitized assets[4]	19,067	25,395	26,642	26,140	25,129	25,846	26,092	26,642	26,275

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	1995	1996	1997	1997 July	Aug.	Sept.	Oct.	Nov.	Dec.	1998 Jan.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.57	9.05	9.02	n.a.	8.99	n.a.	n.a.	8.96	n.a.	n.a.
2 24-month personal	13.94	13.54	13.90	n.a.	13.84	n.a.	n.a.	14.50	n.a.	n.a.
Credit card plan										
3 All accounts	16.02	15.63	15.77	n.a.	15.78	n.a.	n.a.	15.65	n.a.	n.a.
4 Accounts assessed interest	15.79	15.50	15.55	n.a.	15.79	n.a.	n.a.	15.57	n.a.	n.a.
Auto finance companies										
5 New car	11.19	9.84	7.12	6.71	5.93	6.12	7.27	6.85	5.93	6.12
6 Used car	14.48	13.53	13.27	13.51	13.38	13.29	13.22	13.14	13.16	12.77
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.1	51.6	54.1	54.6	55.5	55.4	54.4	53.7	53.5	52.8
8 Used car	52.2	51.4	51.0	51.4	51.2	50.8	50.6	50.5	50.5	52.2
Loan-to-value ratio										
9 New car	92	91	92	94	93	93	92	91	92	92
10 Used car	99	100	99	99	99	99	101	99	99	98
Amount financed (dollars)										
11 New car	16,210	16,987	18,077	18,281	18,329	18,520	18,779	18,923	19,121	18,944
12 Used car	11,590	12,182	12,281	12,307	12,204	12,190	12,287	12,389	12,547	12,391

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	1993	1994	1995	1996	1997	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**589.4**	**575.2**	**704.2**	**719.7**	**758.8**	**694.9**	**686.8**	**638.7**	**724.2**	**612.6**	**722.3**	**976.1**
By sector and instrument												
2 Federal government	256.1	155.9	144.4	145.0	23.1	62.7	163.2	126.9	81.2	−97.1	40.9	67.4
3 Treasury securities	248.3	155.7	142.9	146.6	23.2	60.5	166.3	130.2	82.6	−97.3	41.9	65.6
4 Budget agency securities and mortgages	7.8	.2	1.5	−1.6	−.1	2.2	−3.1	−3.3	−1.4	.2	−.9	1.7
5 Nonfederal	333.3	419.4	559.7	574.6	735.7	632.2	523.6	511.8	643.0	709.6	681.4	908.8
By instrument												
6 Commercial paper	10.0	21.4	18.1	−.9	13.7	9.2	−14.2	−24.1	7.2	20.3	14.5	12.8
7 Municipal securities and loans	74.8	−35.9	−48.2	2.6	70.2	32.8	−64.7	41.6	43.7	95.9	51.8	89.3
8 Corporate bonds	75.2	23.3	73.3	72.5	90.7	71.5	67.8	89.9	79.4	86.1	122.9	74.4
9 Bank loans n.e.c.	6.4	75.2	102.0	66.3	107.7	49.8	136.6	31.9	147.5	110.5	24.7	147.9
10 Other loans and advances	−18.9	34.0	67.2	33.8	65.9	47.3	63.0	3.9	31.2	20.3	73.5	138.3
11 Mortgages	125.1	176.5	208.4	311.7	333.8	306.9	253.3	330.0	263.1	316.6	340.9	414.4
12 Home	156.6	179.0	175.8	262.1	257.5	248.5	238.5	249.6	229.9	226.5	261.5	312.2
13 Multifamily residential	−6.6	2.0	10.7	17.8	21.0	17.6	12.0	27.6	10.8	21.3	15.1	36.6
14 Commercial	−25.9	−6.8	20.2	29.2	52.1	35.9	.7	51.2	20.4	64.6	60.0	63.2
15 Farm	1.0	2.2	1.6	2.6	3.2	4.9	2.2	1.6	2.1	4.1	4.3	2.4
16 Consumer credit	60.7	124.9	138.9	88.8	53.8	114.7	81.9	38.6	70.8	60.0	53.0	31.5
By borrowing sector												
17 Household	218.7	322.8	363.0	383.0	364.1	406.0	363.5	312.1	357.9	350.4	322.2	425.8
18 Nonfinancial business	52.3	141.9	245.7	190.3	311.7	204.9	220.4	159.9	244.5	279.1	317.3	405.9
19 Corporate	46.5	134.3	216.7	144.1	244.7	159.9	192.0	92.6	193.6	205.7	250.2	329.3
20 Nonfarm noncorporate	3.2	3.3	26.0	41.5	60.7	37.1	27.9	58.2	46.6	66.8	64.0	65.5
21 Farm	2.6	4.4	2.9	4.8	6.3	7.9	.6	9.2	4.3	6.7	3.1	11.1
22 State and local government	62.3	−45.3	−49.0	1.3	59.9	21.2	−60.3	39.8	40.6	80.0	41.8	77.0
23 Foreign net borrowing in United States	69.8	−14.0	71.1	70.5	51.5	36.1	105.7	87.9	26.3	56.4	87.8	35.5
24 Commercial paper	−9.6	−26.1	13.5	11.3	3.7	9.6	37.5	4.4	15.5	10.4	−11.6	.7
25 Bonds	82.9	12.2	49.7	49.4	41.3	11.2	60.2	78.5	11.0	34.3	94.6	25.3
26 Bank loans n.e.c.	.7	1.4	8.5	9.1	8.5	15.1	4.7	7.8	−.7	11.5	7.3	15.7
27 Other loans and advances	−4.2	−1.5	−.5	.8	−2.0	.1	3.4	−2.7	.5	.2	−2.5	−6.1
28 **Total domestic plus foreign**	**659.2**	**561.2**	**775.2**	**790.2**	**810.3**	**731.0**	**792.5**	**726.6**	**750.5**	**668.9**	**810.1**	**1,011.7**
						Financial sectors						
29 **Total net borrowing by financial sectors**	**293.6**	**464.3**	**448.4**	**536.3**	**614.3**	**721.7**	**436.8**	**644.8**	**325.9**	**661.0**	**536.7**	**933.8**
By instrument												
30 Federal government-related	165.3	287.5	204.1	231.5	213.4	301.4	222.9	252.8	105.7	286.2	161.0	300.6
31 Government-sponsored enterprise securities	80.6	176.9	105.9	90.4	99.0	126.9	80.0	123.3	−8.9	198.1	46.4	160.4
32 Mortgage pool securities	84.7	115.4	98.2	141.1	114.4	174.5	142.9	129.6	114.6	88.1	114.6	140.3
33 Loans from U.S. government	.0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0	0	.0
34 Private	128.3	176.8	244.3	304.9	400.9	420.3	213.9	392.0	220.2	374.8	375.6	633.1
35 Open market paper	−5.5	40.5	42.7	92.2	166.7	105.4	84.4	162.0	175.9	77.8	168.2	244.6
36 Corporate bonds	122.2	117.6	188.2	156.5	170.8	230.9	80.7	164.0	41.4	215.1	139.3	287.4
37 Bank loans n.e.c.	−14.4	−13.7	4.2	16.8	13.6	20.6	2.6	20.4	7.0	4.9	16.7	25.7
38 Other loans and advances	22.4	22.6	3.4	27.9	36.0	52.7	33.3	31.2	−20.1	63.0	37.5	63.3
39 Mortgages	3.6	9.8	5.9	11.4	14.0	10.8	12.9	14.3	16.0	14.0	14.0	12.0
By borrowing sector												
40 Commercial banking	13.4	20.1	22.5	13.0	46.5	44.5	14.7	26.8	13.7	79.7	32.0	60.7
41 Savings institutions	11.3	12.8	2.6	25.5	19.8	42.1	25.8	23.0	−16.8	31.9	22.3	41.7
42 Credit unions	.2	.2	−.1	.1	.1	−.2	.3	.3	−.2	.2	.2	3
43 Life insurance companies	.2	.3	−.1	1.1	.2	.3	−.4	2.0	.8	.1	.2	−.3
44 Government-sponsored enterprises	80.6	172.1	105.9	90.4	99.0	126.9	80.0	123.3	−8.9	198.1	46.4	160.4
45 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	174.5	142.9	129.6	114.6	88.1	114.6	140.3
46 Issuers of asset-backed securities (ABSs)	82.8	68.8	132.9	132.0	168.2	162.5	88.0	138.6	62.9	95.0	169.6	345.5
47 Finance companies	−1.4	48.7	50.2	45.9	48.7	67.8	30.7	43.8	7.2	123.8	−2.9	66.6
48 Mortgage companies	.0	−11.5	.4	12.4	4.8	16.0	1.7	12.1	5.9	5.0	3.6	4.9
49 Real estate investment trusts (REITs)	3.4	13.7	6.0	12.8	23.8	11.5	13.7	17.7	20.2	20.3	26.9	27.9
50 Brokers and dealers	12.0	.5	−5.0	−2.0	8.0	13.2	5.7	4.9	−2.9	34.9	−6.9	7.0
51 Funding corporations	6.3	23.1	34.9	64.1	80.7	62.7	33.7	123.0	129.4	−16.1	130.7	78.8

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

Transaction category or sector	1993	1994	1995	1996	1997	1996			1997			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
52 **Total net borrowing, all sectors**	**952.7**	**1,025.5**	**1,223.7**	**1,326.5**	**1,424.6**	**1,452.7**	**1,229.3**	**1,371.5**	**1,076.4**	**1,329.9**	**1,346.7**	**1,945.5**
53 Open market paper	−5.1	35.7	74.3	102.6	184.1	124.2	107.7	142.3	198.6	108.5	171.1	258.1
54 U.S. government securities	421.4	448.1	348.5	376.5	236.5	364.1	386.1	379.7	186.9	189.1	201.9	368.0
55 Municipal securities	74.8	−35.9	−48.2	2.6	70.2	32.8	−64.7	41.6	43.7	95.9	51.8	89.3
56 Corporate and foreign bonds	280.3	153.2	311.1	278.4	302.8	313.6	208.7	332.4	131.8	335.5	356.8	387.1
57 Bank loans n.e.c.	−7.2	62.9	114.7	92.1	129.7	85.5	143.8	60.1	153.8	126.8	48.7	189.4
58 Other loans and advances	−.8	50.3	70.1	62.5	99.8	100.1	99.7	32.4	11.7	83.6	108.5	195.6
59 Mortgages	128.7	186.2	214.2	323.1	347.8	317.7	266.1	344.4	279.1	330.6	354.9	426.4
60 Consumer credit	60.7	124.9	138.9	88.8	53.8	114.7	81.9	38.6	70.8	60.0	53.0	31.5
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**429.7**	**125.2**	**143.9**	**230.5**	**217.8**	**380.4**	**71.9**	**156.0**	**197.7**	**183.0**	**313.9**	**176.6**
62 Corporate equities	137.7	24.6	−3.5	−7.0	−41.2	75.9	−100.1	−20.3	−55.7	−57.9	10.2	−61.5
63 Nonfinancial corporations	21.3	−44.9	−58.3	−64.2	−79.9	.4	−127.6	−56.0	−78.8	−90.4	−60.4	−90.0
64 Foreign shares purchased by U.S. residents	63.4	48.1	50.4	58.8	38.0	70.1	32.7	42.3	47.0	53.0	62.2	−10.4
65 Financial corporations	53.0	21.4	4.4	−1.6	.7	5.4	−5.1	−6.7	−23.9	−20.6	8.4	38.8
66 Mutual fund shares	292.0	100.6	147.4	237.6	259.0	304.5	171.9	176.3	253.4	240.9	303.7	238.2

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.4. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1993	1994	1995	1996	1997	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**952.7**	**1,025.5**	**1,223.7**	**1,326.5**	**1,424.6**	**1,452.7**	**1,229.3**	**1,371.5**	**1,076.4**	**1,329.9**	**1,346.7**	**1,945.5**
2 Domestic nonfederal nonfinancial sectors	43.0	241.8	−85.7	−17.9	−115.2	311.1	−222.3	−158.5	−205.8	−66.3	−175.8	−13.0
3 Household	2.4	278.5	−1.8	5.1	101.7	274.9	−81.9	−22.8	−204.2	−30.0	−121.5	−51.0
4 Nonfinancial corporate business	9.1	17.7	2.4	13.5	5.3	37.4	−9.1	−5.9	58.0	−51.5	20.0	−5.3
5 Nonfarm noncorporate business	−1.1	.6	.3	.4	.7	.4	.4	.4	.5	.7	.8	.9
6 State and local governments	32.6	−55.0	−81.8	37.0	−19.6	−1.7	−131.7	−130.2	−60.2	14.5	−75.1	42.4
7 Federal government	−18.4	−27.5	−.2	−7.7	4.9	−.1	−7.1	−4.1	1.9	5.6	3.0	9.1
8 Rest of the world	129.3	132.3	273.9	409.3	316.4	268.9	485.3	532.2	367.3	303.0	402.7	192.5
9 Financial sectors	798.8	678.9	1,035.7	942.9	1,218.5	872.8	973.4	1,001.9	913.0	1,087.5	1,116.8	1,756.8
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	11.7	11.5	8.4	37.4	47.2	14.3	54.3
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	179.7	196.1	248.3	308.1	309.2	209.8	469.9
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	275.0	121.9	119.5	158.9	195.9	301.1	209.5	393.5
13 Foreign banking offices in United States	−9.8	11.2	75.4	63.3	39.6	50.7	71.1	80.5	104.0	1.1	−.6	53.8
14 Bank holding companies	.0	.9	−.3	3.9	5.4	5.4	4.8	10.5	2.2	5.1	−5.0	19.4
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	4.2	1.7	.7	−1.6	6.1	1.8	5.8	3.2
16 Savings institutions	−23.3	6.7	−7.6	19.9	−7.7	43.8	49.7	−47.9	−5.3	23.8	−42.1	−7.1
17 Credit unions	21.7	28.1	16.2	25.5	15.7	33.0	21.1	24.3	18.5	25.7	15.7	2.7
18 Bank personal trusts and estates	9.5	7.1	−18.8	3.9	9.2	4.2	7.8	7.2	8.2	8.9	9.4	10.3
19 Life insurance companies	100.9	66.7	99.2	72.5	121.1	.9	123.2	118.1	94.3	175.0	107.0	108.1
20 Other insurance companies	27.7	24.9	21.5	22.5	23.3	30.5	14.2	27.7	−.1	27.9	32.4	32.8
21 Private pension funds	49.5	45.5	61.4	46.5	66.9	46.9	41.3	31.0	52.4	58.5	66.2	90.5
22 State and local government retirement funds	22.7	22.3	27.5	45.9	48.3	60.4	45.5	41.9	3.6	39.2	90.6	59.7
23 Money market mutual funds	20.4	30.0	86.5	88.8	84.5	27.0	83.0	81.3	65.2	19.7	123.6	129.3
24 Mutual funds	159.5	−7.1	52.5	48.9	74.7	54.3	27.5	25.3	61.9	91.6	103.6	41.4
25 Closed-end funds	20.0	−3.7	10.5	2.2	.8	2.2	2.2	2.2	2.7	1.3	.3	−.9
26 Government-sponsored enterprises	87.8	117.8	84.7	92.0	95.0	114.7	81.4	137.9	45.1	119.2	55.5	160.1
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	174.5	142.9	129.6	114.6	88.1	114.6	140.3
28 Asset-backed securities issuers (ABSs)	80.2	61.7	111.1	101.8	129.8	135.7	62.0	89.6	39.3	80.2	107.0	292.7
29 Finance companies	−20.9	48.3	49.9	18.4	22.2	36.3	13.2	−6.2	44.9	1.9	65.2	−23.2
30 Mortgage companies	.0	−24.0	−3.4	8.2	6.7	−26.8	3.4	4.1	−.3	10.0	7.2	9.7
31 Real estate investment trusts (REITs)	.6	4.7	2.2	3.5	5.0	3.4	3.4	3.9	5.0	5.0	5.0	5.0
32 Brokers and dealers	14.8	−44.2	90.1	−15.7	15.9	−72.0	35.5	82.7	−14.5	−11.7	15.8	74.0
33 Funding corporations	−35.3	−16.2	−24.6	17.2	30.4	12.3	8.6	−7.6	31.9	−33.1	15.6	107.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**952.7**	**1,025.5**	**1,223.7**	**1,326.5**	**1,424.6**	**1,452.7**	**1,229.3**	**1,371.5**	**1,076.4**	**1,329.9**	**1,346.7**	**1,945.5**
Other financial sources												
35 Official foreign exchange	.8	−5.8	8.8	−6.3	.7	1.6	−26.6	.7	−17.6	.4	2.4	17.5
36 Special drawing rights certificates	.0	.0	2.2	−.5	−.5	.0	−1.8	.0	−2.1	.0	.0	.0
37 Treasury currency	.4	.7	.6	.0	.0	.0	2.3	−2.3	.4	.2	1.3	−1.9
38 Foreign deposits	−18.5	52.9	35.3	82.0	89.0	3.0	119.7	104.5	188.6	18.8	105.4	43.1
39 Net interbank transactions	50.5	89.8	9.9	−51.6	−40.2	−50.8	−97.2	17.6	−88.8	−43.7	−42.7	14.5
40 Checkable deposits and currency	117.3	−9.7	−12.7	15.8	41.1	3.9	105.9	−53.3	85.3	64.2	−49.2	64.3
41 Small time and savings deposits	−70.3	−39.9	96.6	97.2	98.5	−3.2	94.2	90.1	157.9	24.5	46.6	165.1
42 Large time deposits	−23.5	19.6	65.6	114.0	120.5	83.1	180.2	135.4	49.9	176.3	194.1	61.6
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	23.1	145.1	187.5	182.4	58.5	243.6	146.0
44 Security repurchase agreements	71.3	78.2	110.5	40.3	114.0	98.4	−15.9	83.3	32.8	193.7	115.9	113.6
45 Corporate equities	137.7	24.6	−3.5	−7.0	−41.2	75.9	−100.1	−20.3	−55.7	−57.9	10.2	−61.5
46 Mutual fund shares	292.0	100.6	147.4	237.6	259.0	304.5	171.9	176.3	253.4	240.9	303.7	238.2
47 Trade payables	52.0	93.7	105.2	68.1	75.7	116.9	−15.9	97.2	66.8	63.4	131.9	40.6
48 Security credit	61.4	−.1	26.7	52.4	103.8	−34.8	5.3	125.2	117.1	137.4	79.7	81.2
49 Life insurance reserves	36.0	34.5	44.9	43.6	57.0	31.4	59.2	66.7	39.8	77.5	62.8	48.0
50 Pension fund reserves	255.6	246.1	233.9	227.2	298.6	195.6	221.6	277.0	243.3	337.3	311.8	302.0
51 Taxes payable	11.4	2.6	4.6	14.0	20.1	7.6	12.5	16.6	30.4	1.8	29.9	18.1
52 Investment in bank personal trusts	.9	17.8	−49.7	12.5	26.4	11.8	19.2	19.8	23.5	26.3	28.9	26.9
53 Noncorporate proprietors' equity	24.6	59.0	39.5	22.6	15.8	19.6	44.5	5.9	22.6	19.7	19.7	1.2
54 Miscellaneous	345.6	250.8	462.9	490.7	544.1	415.3	413.4	656.5	587.8	633.3	406.6	548.8
55 **Total financial sources**	**2,318.0**	**2,084.3**	**2,694.7**	**2,925.1**	**3,364.6**	**2,755.4**	**2,566.9**	**3,355.8**	**2,994.4**	**3,302.3**	**3,349.2**	**3,812.6**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.5	−1.0	−.6	−1.0	1.3	−3.1	−.3	−.5	.8	−2.4
57 Foreign deposits	−5.7	43.0	25.7	55.8	68.3	26.6	86.3	37.3	178.0	−10.2	78.1	27.2
58 Net interbank liabilities	4.2	−2.7	−3.1	−3.3	−16.0	−22.5	−4.4	4.2	26.9	−24.4	−51.6	−15.0
59 Security repurchase agreements	46.4	69.4	36.1	31.9	52.1	100.1	−90.6	132.6	−104.6	178.6	6.2	128.3
60 Taxes payable	15.8	16.6	17.8	16.3	20.5	23.2	20.3	21.6	12.2	28.3	11.2	30.3
61 Miscellaneous	−190.1	−145.6	−110.6	−120.7	−283.0	−123.2	−240.1	19.0	−189.3	−321.4	−281.7	−339.8
Floats not included in assets (−)												
62 Federal government checkable deposits	−1.5	−4.8	−6.0	.5	−2.7	−6.6	27.1	−21.4	−9.4	16.1	2.1	−19.5
63 Other checkable deposits	−1.3	−2.8	−3.8	−4.0	−3.9	−5.0	−4.7	−3.7	−2.6	−4.8	−3.4	−4.8
64 Trade credit	−4.3	.3	−29.1	−33.9	−33.4	.2	−103.5	−42.7	15.2	−73.1	−17.2	−58.6
65 **Total identified to sectors as assets**	**2,454.5**	**2,111.1**	**2,768.2**	**2,983.6**	**3,563.4**	**2,763.6**	**2,875.4**	**3,212.0**	**3,068.4**	**3,513.7**	**3,604.6**	**4,066.9**

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

2. Excludes corporate equities and mutual fund shares

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1994	1995	1996	1997	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,013.0**	**13,717.2**	**14,436.9**	**15,194.1**	**14,065.4**	**14,241.9**	**14,436.9**	**14,602.1**	**14,727.9**	**14,913.9**	**15,194.1**
By sector and instrument											
2 Federal government	3,492.3	3,636.7	3,781.8	3,804.9	3,693.8	3,733.1	3,781.8	3,829.8	3,760.6	3,771.2	3,804.9
3 Treasury securities	3,465.6	3,608.5	3,755.1	3,778.3	3,665.5	3,705.7	3,755.1	3,803.5	3,734.3	3,745.1	3,778.3
4 Budget agency securities and mortgages	26.7	28.2	26.6	26.5	28.2	27.4	26.6	26.3	26.3	26.1	26.5
5 Nonfederal	9,520.7	10,080.4	10,655.1	11,389.2	10,371.6	10,508.8	10,655.1	10,772.3	10,967.3	11,142.7	11,389.2
By instrument											
6 Commercial paper	139.2	157.4	156.4	168.6	181.7	173.0	156.4	168.7	179.3	176.6	168.6
7 Municipal securities and loans	1,341.7	1,293.5	1,296.0	1,366.2	1,297.9	1,281.7	1,296.0	1,305.2	1,326.7	1,338.9	1,366.2
8 Corporate bonds	1,253.0	1,326.3	1,398.8	1,489.5	1,359.4	1,376.4	1,398.8	1,418.7	1,440.2	1,470.9	1,489.5
9 Bank loans n.e.c.	759.9	861.9	928.2	1,035.8	889.2	919.2	928.2	963.8	996.5	998.5	1,035.8
10 Other loans and advances	669.6	736.9	770.6	836.5	757.3	769.4	770.6	782.9	786.9	801.3	836.5
11 Mortgages	4,373.4	4,581.7	4,893.4	5,227.2	4,741.6	4,815.7	4,893.4	4,946.6	5,032.7	5,129.1	5,227.2
12 Home	3,357.5	3,533.3	3,761.7	4,019.2	3,633.7	3,704.1	3,761.7	3,806.6	3,870.1	3,946.7	4,019.2
13 Multifamily residential	268.4	279.2	300.7	321.6	290.8	293.8	300.7	303.4	308.7	312.5	321.6
14 Commercial	664.5	684.7	743.9	796.0	731.0	731.1	743.9	749.0	765.2	780.2	796.0
15 Farm	83.0	84.6	87.1	90.3	86.2	86.7	87.1	87.7	88.7	89.8	90.3
16 Consumer credit	983.9	1,122.8	1,211.6	1,265.4	1,144.5	1,173.5	1,211.6	1,186.4	1,205.0	1,227.3	1,265.4
By borrowing sector											
17 Household	4,482.5	4,850.7	5,204.6	5,571.5	4,991.3	5,101.0	5,204.6	5,240.0	5,340.5	5,439.4	5,571.5
18 Nonfinancial business	3,921.7	4,162.2	4,381.7	4,689.0	4,309.6	4,352.1	4,381.7	4,454.2	4,531.4	4,598.0	4,689.0
19 Corporate	2,657.7	2,869.2	3,042.4	3,282.8	2,993.7	3,028.4	3,042.4	3,104.9	3,160.4	3,209.7	3,282.8
20 Nonfarm noncorporate	1,121.8	1,147.9	1,189.3	1,250.1	1,167.8	1,174.1	1,189.3	1,200.9	1,217.6	1,233.0	1,250.1
21 Farm	142.2	145.1	149.9	156.2	148.2	149.5	149.9	148.3	153.4	155.4	156.2
22 State and local government	1,116.5	1,067.6	1,068.9	1,128.7	1,070.7	1,055.7	1,068.9	1,078.1	1,095.4	1,105.2	1,128.7
23 **Foreign credit market debt held in United States**	**371.8**	**442.9**	**513.4**	**558.8**	**462.6**	**490.2**	**513.4**	**517.8**	**531.6**	**548.7**	**558.8**
24 Commercial paper	42.7	56.2	67.5	65.1	54.5	65.8	67.5	69.3	71.3	64.3	65.1
25 Bonds	242.3	291.9	341.3	382.6	306.7	321.7	341.3	344.1	352.7	376.3	382.6
26 Bank loans n.e.c.	26.1	34.6	43.7	52.1	40.5	41.7	43.7	43.5	46.4	48.2	52.1
27 Other loans and advances	60.8	60.2	61.0	59.0	60.9	61.0	61.0	60.9	61.2	59.9	59.0
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**13,384.9**	**14,160.1**	**14,950.3**	**15,752.9**	**14,528.0**	**14,732.1**	**14,950.3**	**15,119.8**	**15,259.5**	**15,462.6**	**15,752.9**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**3,797.3**	**4,248.4**	**4,784.7**	**5,366.0**	**4,511.9**	**4,624.1**	**4,784.7**	**4,861.4**	**5,029.4**	**5,133.7**	**5,366.0**
By instrument											
30 Federal government-related	2,172.7	2,376.8	2,608.3	2,821.7	2,489.4	2,545.1	2,608.3	2,634.7	2,706.2	2,746.5	2,821.7
31 Government-sponsored enterprise securities	700.6	806.5	896.9	995.9	846.1	866.1	896.9	894.7	944.2	955.8	995.9
32 Mortgage pool securities	1,472.1	1,570.3	1,711.4	1,825.8	1,643.3	1,679.0	1,711.4	1,740.0	1,762.1	1,790.7	1,825.8
33 Loans from U.S. government	.0	.0	.0	.0	0	.0	.0	.0	.0	.0	.0
34 Private	1,624.6	1,871.5	2,176.4	2,544.3	2,022.5	2,079.0	2,176.4	2,226.7	2,323.2	2,387.2	2,544.3
35 Open market paper	441.6	486.9	579.1	745.7	517.3	538.6	579.1	623.0	642.5	684.7	745.7
36 Corporate bonds	983.9	1,172.0	1,328.5	1,466.3	1,265.2	1,288.8	1,328.5	1,334.4	1,390.7	1,396.0	1,466.3
37 Bank loans n.e.c.	48.9	53.1	69.8	83.4	63.9	64.2	69.8	71.3	72.9	76.5	83.4
38 Other loans and advances	131.6	135.0	162.9	198.9	146.8	155.1	162.9	157.9	173.7	183.0	198.9
39 Mortgages	18.7	24.6	36.0	50.0	29.2	32.4	36.0	40.0	43.5	47.0	50.0
By borrowing sector											
40 Commercial banks	94.5	102.6	113.6	141.0	104.6	107.7	113.6	115.3	125.7	130.0	141.0
41 Bank holding companies	133.6	148.0	150.0	168.6	148.4	149.1	150.0	151.6	161.1	164.6	168.6
42 Savings institutions	112.4	115.0	140.5	160.3	128.3	134.8	140.5	136.3	144.3	149.8	160.3
43 Credit unions	.5	.4	.4	.6	.3	.4	.4	.4	.4	.5	.6
44 Life insurance companies	.6	.5	1.6	1.8	1.2	1.1	1.6	1.8	1.8	1.9	1.8
45 Government-sponsored enterprises	700.6	806.5	896.9	995.9	846.1	866.1	896.9	894.7	944.2	955.8	995.9
46 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,643.3	1,679.0	1,711.4	1,740.0	1,762.1	1,790.7	1,825.8
47 Issuers of asset-backed securities (ABSs)	554.1	687.0	819.1	998.4	756.6	781.2	819.1	829.8	852.5	908.8	998.4
48 Brokers and dealers	34.3	29.3	27.3	35.3	24.6	26.1	27.3	26.6	35.3	33.6	35.3
49 Finance companies	433.7	483.9	529.8	554.5	506.3	513.7	529.8	528.4	557.8	532.7	554.5
50 Mortgage companies	18.7	19.1	31.5	36.4	28.1	28.5	31.5	33.0	34.3	35.2	36.4
51 Real estate investment trusts (REITs)	31.1	37.1	49.9	73.7	42.0	45.4	49.9	54.9	60.0	66.7	73.7
52 Funding corporations	211.0	248.6	312.7	373.8	282.0	291.0	312.7	348.6	350.0	363.4	373.8
					All sectors						
53 **Total credit market debt, domestic and foreign**	**17,182.2**	**18,408.5**	**19,735.0**	**21,118.9**	**19,039.9**	**19,356.2**	**19,735.0**	**19,981.2**	**20,288.9**	**20,596.3**	**21,118.9**
54 Open market paper	623.5	700.4	803.0	979.4	753.6	777.4	803.0	861.1	893.1	925.7	979.4
55 U.S. government securities	5,665.0	6,013.6	6,390.0	6,626.5	6,183.1	6,278.2	6,390.0	6,464.5	6,466.8	6,517.7	6,626.5
56 Municipal securities	1,341.7	1,293.5	1,296.0	1,366.2	1,297.9	1,281.7	1,296.0	1,305.2	1,326.7	1,338.9	1,366.2
57 Corporate and foreign bonds	2,479.1	2,790.3	3,068.7	3,338.4	2,931.3	2,986.8	3,068.7	3,097.2	3,183.6	3,243.2	3,338.4
58 Bank loans n.e.c.	834.9	949.6	1,041.7	1,171.3	993.7	1,025.0	1,041.7	1,078.6	1,115.7	1,123.1	1,171.3
59 Other loans and advances	862.0	932.1	994.5	1,094.4	965.0	985.4	994.5	1,001.7	1,021.8	1,044.2	1,094.4
60 Mortgages	4,392.1	4,606.3	4,929.4	5,277.2	4,770.8	4,848.1	4,929.4	4,986.6	5,076.2	5,176.1	5,277.2
61 Consumer credit	983.9	1,122.8	1,211.6	1,265.4	1,144.5	1,173.5	1,211.6	1,186.4	1,205.0	1,227.3	1,265.4

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	1994	1995	1996	1997	1996			1997			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,182.2**	**18,408.5**	**19,735.0**	**21,118.9**	**19,039.9**	**19,356.2**	**19,735.0**	**19,981.2**	**20,288.9**	**20,596.3**	**21,118.9**
2 Domestic nonfederal nonfinancial sectors	2,998.6	2,877.8	2,905.0	2,753.7	2,936.2	2,896.5	2,905.0	2,825.6	2,785.6	2,725.9	2,753.7
3 Household	1,941.9	1,904.9	1,964.5	1,826.9	1,934.5	1,941.3	1,964.5	1,911.7	1,873.7	1,829.4	1,826.9
4 Nonfinancial corporate business	289.2	286.8	291.0	296.3	285.7	273.8	291.0	281.8	272.3	277.1	296.3
5 Nonfarm noncorporate business	37.6	37.9	38.3	39.0	38.1	38.2	38.3	38.5	38.6	38.8	39.0
6 State and local governments	729.9	648.1	611.1	591.5	677.8	643.2	611.1	593.6	600.9	580.5	591.5
7 Federal government	204.4	204.2	196.5	201.4	199.2	197.5	196.5	196.9	198.3	199.1	201.4
8 Rest of the world	1,254.8	1,563.1	1,953.6	2,270.0	1,722.2	1,844.8	1,953.6	2,051.1	2,125.3	2,227.3	2,270.0
9 Financial sectors	12,724.3	13,763.4	14,679.9	15,893.8	14,182.3	14,417.4	14,679.9	14,907.6	15,179.7	15,443.9	15,893.8
10 Monetary authority	368.2	380.8	393.1	431.4	386.3	386.2	393.1	397.1	412.4	412.7	431.4
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	3,590.8	3,643.3	3,707.7	3,775.7	3,856.8	3,912.9	4,031.9
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.8	3,101.3	3,135.3	3,175.8	3,218.1	3,295.2	3,351.9	3,450.8
13 Foreign banking offices in United States	337.1	412.6	475.8	515.4	437.1	454.2	475.8	499.5	501.8	501.0	515.4
14 Bank holding companies	18.4	18.0	22.0	27.4	18.1	19.3	22.0	22.5	23.8	22.5	27.4
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	38.3	34.3	34.5	34.1	35.6	36.1	37.5	38.3
16 Savings institutions	920.8	913.3	933.2	925.5	932.7	945.2	933.2	931.9	937.8	927.3	925.5
17 Credit unions	246.8	263.0	288.5	304.2	276.9	282.6	288.5	291.2	299.2	303.6	304.2
18 Bank personal trusts and estates	248.0	229.2	233.1	242.3	229.4	231.3	233.1	235.2	237.4	239.7	242.3
19 Life insurance companies	1,482.6	1,581.8	1,654.3	1,775.4	1,596.7	1,627.0	1,654.3	1,680.2	1,724.1	1,750.4	1,775.4
20 Other insurance companies	446.4	468.7	491.2	514.4	480.7	484.2	491.2	491.2	498.1	506.2	514.4
21 Private pension funds	656.9	718.3	764.8	831.7	746.7	757.1	764.8	777.9	792.5	809.1	831.7
22 State and local government retirement funds	455.8	483.3	529.2	577.5	509.8	517.7	529.2	531.6	542.7	562.0	577.5
23 Money market mutual funds	459.0	545.5	634.3	718.8	594.7	606.6	634.3	659.0	656.5	678.7	718.8
24 Mutual funds	718.8	771.3	820.2	894.8	809.0	818.3	820.2	838.3	860.6	889.2	894.8
25 Closed-end funds	86.0	96.4	98.7	99.5	97.6	98.1	98.7	99.3	99.7	99.7	99.5
26 Government-sponsored enterprises	663.3	748.0	813.6	908.6	758.9	779.3	813.6	824.3	854.8	868.7	908.6
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,643.3	1,679.0	1,711.4	1,740.0	1,762.1	1,790.7	1,825.8
28 Asset-backed securities issuers (ABSs)	516.8	627.9	729.7	859.5	686.0	704.1	729.7	734.5	753.5	783.1	859.5
29 Finance companies	476.2	526.2	544.5	566.7	539.9	538.3	544.5	552.4	553.1	564.4	566.7
30 Mortgage companies	36.5	33.0	41.2	47.9	39.3	40.2	41.2	41.1	43.6	45.4	47.9
31 Real estate investment trusts (REITs)	13.3	15.5	19.0	24.0	17.2	18.0	19.0	20.3	21.5	22.8	24.0
32 Brokers and dealers	93.3	183.4	167.7	183.6	138.2	147.1	167.7	164.1	161.2	165.1	183.6
33 Funding corporations	109.3	87.3	104.5	130.3	108.1	113.9	104.5	122.5	112.0	112.3	130.3
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,182.2**	**18,408.5**	**19,735.0**	**21,118.9**	**19,039.9**	**19,356.2**	**19,735.0**	**19,981.2**	**20,288.9**	**20,596.3**	**21,118.9**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	61.4	54.3	53.7	46.3	46.7	46.1	48.9
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	10.2	9.7	9.7	9.2	9.2	9.2	9.2
37 Treasury currency	17.6	18.2	18.2	18.2	18.2	18.8	18.2	18.3	18.3	18.7	18.2
38 Foreign deposits	324.6	359.2	438.1	527.0	385.2	415.1	438.1	485.2	489.9	516.2	527.0
39 Net interbank liabilities	280.1	290.7	240.8	198.9	250.0	225.8	240.8	210.2	197.1	186.9	198.9
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.2	1,212.3	1,220.8	1,245.1	1,220.0	1,265.3	1,234.2	1,286.2
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,475.5	2,340.2	2,357.9	2,377.0	2,427.1	2,432.3	2,437.0	2,475.5
42 Large time deposits	411.2	476.9	590.9	711.4	511.1	557.2	590.9	606.0	646.7	696.1	711.4
43 Money market fund shares	602.9	745.3	891.1	1,048.7	809.5	838.1	891.1	950.8	952.4	1,005.1	1,048.7
44 Security repurchase agreements	549.5	660.0	700.3	814.3	692.0	687.6	700.3	713.3	765.1	792.5	814.3
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	3,013.5	2,129.9	2,211.6	2,342.4	2,411.5	2,719.6	2,977.0	3,013.5
46 Security credit	279.0	305.7	358.1	461.9	318.6	317.8	358.1	380.0	414.8	432.2	461.9
47 Life insurance reserves	505.3	550.2	593.8	650.8	562.3	577.1	593.8	603.7	623.1	638.8	650.8
48 Pension fund reserves	4,880.1	5,600.5	6,313.8	7,453.9	5,901.1	6,030.9	6,313.8	6,414.7	6,940.1	7,325.1	7,453.9
49 Trade payables	1,141.5	1,246.7	1,314.8	1,390.5	1,269.7	1,263.0	1,314.8	1,300.6	1,322.2	1,351.3	1,390.5
50 Taxes payable	101.4	106.0	120.0	140.1	113.4	117.9	120.0	133.2	128.9	137.5	140.1
51 Investment in bank personal trusts	699.4	767.4	872.0	1,050.7	811.7	829.0	872.0	890.4	969.7	1,035.2	1,050.7
52 Miscellaneous	5,402.7	5,792.0	6,163.8	6,441.0	5,943.3	6,031.6	6,163.8	6,344.1	6,276.2	6,394.0	6,441.0
53 **Total liabilities**	**37,341.4**	**40,762.9**	**44,378.5**	**48,859.7**	**42,379.7**	**43,120.4**	**44,378.5**	**45,146.0**	**46,506.6**	**47,829.3**	**48,859.7**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	22.0	21.2	21.4	20.9	21.1	21.0	21.1
55 Corporate equities	6,237.9	8,331.3	10,061.1	12,958.6	9,105.0	9,340.5	10,061.1	10,072.3	11,719.8	12,804.6	12,958.6
56 Household equity in noncorporate business	3,419.1	3,625.4	3,836.5	4,087.6	3,727.1	3,792.1	3,836.5	3,914.9	4,052.3	4,111.8	4,087.6
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.8	−7.4	−6.3	−6.0	−6.8	−6.9	−7.0	−6.8	−7.4
58 Foreign deposits	276.2	301.2	354.1	422.4	326.1	347.7	354.1	398.6	396.0	415.6	422.4
59 Net interbank transactions	−6.5	−9.0	−10.6	−28.3	−8.0	−11.6	−10.6	−1.6	−8.1	−22.1	−28.3
60 Security repurchase agreements	67.8	103.9	135.8	187.9	125.5	113.4	135.8	110.9	153.4	164.8	187.9
61 Taxes payable	48.8	60.8	73.2	93.2	61.0	67.7	73.2	70.6	72.5	82.3	93.2
62 Miscellaneous	−977.7	−1,092.2	−1,414.2	−1,631.2	−1,222.4	−1,300.4	−1,414.2	−1,382.7	−1,439.6	−1,448.0	−1,631.2
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−3.4	−1.7	−1.6	−9.7	−6.8	−7.8	−8.1
64 Other checkable deposits	38.0	34.2	30.1	26.2	31.8	23.1	30.1	25.6	27.9	19.5	26.2
65 Trade credit	−245.8	−274.9	−308.7	−353.2	−338.5	−377.8	−308.7	−363.8	−390.0	−419.9	−353.2
66 **Total identified to sectors as assets**	**47,820.7**	**53,620.4**	**59,446.2**	**67,225.5**	**56,268.0**	**57,419.8**	**59,446.2**	**60,313.1**	**63,501.4**	**65,989.1**	**67,225.5**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1995	1996	1997	1997							1998	
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.
1 **Industrial production**[1]	**114.5**	**118.5**	**124.5**	**123.5**	**124.5**	**125.2**	**125.6**	**126.5**	**127.5**[r]	**127.9**	**128.0**	**128.1**
Market groupings												
2 Products, total	110.6	113.7	118.5	117.6	118.1	119.2	119.1	120.2	121.2	121.1	121.3	121.3
3 Final, total	111.3	114.6	119.6	118.6	119.2	120.5	120.3	121.5	122.5	122.3	122.7	122.6
4 Consumer goods	109.9	111.8	114.4	113.5	113.9	114.6	114.5	115.9	116.7[r]	116.2	116.8	116.5
5 Equipment	113.8	119.6	128.8[r]	127.7	128.6	130.9	130.6	131.3	132.8[r]	133.3	133.2	133.5
6 Intermediate	108.3	110.8	115.1	114.7	114.6	115.3	115.2	116.3	117.3[r]	117.3	116.9	117.4
7 Materials	120.8	126.2	134.1[r]	133.0	134.9	134.9	136.1	136.7	137.7[r]	138.7	138.9	139.0
Industry groupings												
8 Manufacturing	116.0	120.2	127.0	126.1	126.9	127.9	128.0	129.1	130.4	130.9	131.3	131.3
9 Capacity utilization, manufacturing (percent)[2]	82.8	81.4	81.7	81.3	81.5	81.8	81.6	81.9	82.3	82.3	82.2	81.8
10 Construction contracts[3]	122.0	130.8	139.8[r]	143.0	140.0	139.0	139.0	138.0[r]	140.0[r]	140.0	135.0	134.0
11 Nonagricultural employment, total[4]	114.9	117.2	119.9	119.7	120.1	120.1	120.4	120.7	121.1	121.5	121.9	122.2
12 Goods-producing, total	98.3	99.0	100.3	100.2	100.2	100.4	100.4	100.6	100.9	101.3	101.9	102.0
13 Manufacturing, total	97.5	97.2	97.6	97.5	97.5	97.7	97.7	97.9	98.1	98.3	98.5	98.5
14 Manufacturing, production workers	99.0	98.4	98.9	98.8	98.8	98.9	99.0	99.2	99.5	99.7	99.9	99.9
15 Service-producing	120.2	123.0	126.2	126.0	126.5	126.5	126.8	127.2	127.6	127.9	128.2	128.6
16 Personal income, total	158.2	167.0	176.8	176.5	176.7	177.8	178.3	179.3	180.6	181.3	182.4	n.a.
17 Wages and salary disbursements	150.9	159.8	170.6	170.2	170.3	171.7	172.3	173.5	175.6[r]	176.3	177.5	n.a.
18 Manufacturing	130.4	135.7	142.0	141.0	141.1	142.1	142.8	144.4	145.7	146.4	146.4	n.a.
19 Disposable personal income[5]	158.7	166.2	174.4	174.1	174.3	175.2	175.8	176.6	177.7[r]	178.5	179.9	n.a.
20 Retail sales[5]	151.2	158.6	165.6	164.5	166.5	167.2	166.7	166.5	166.8	167.6	169.2	170.0
Prices[6]												
21 Consumer (1982–84=100)	152.4	156.9	160.5	160.3	160.5	160.8	161.2	161.6	161.5	161.3	161.6	161.9
22 Producer finished goods (1982=100)	127.9	131.3	131.8	131.6	131.3	131.7	131.8	132.3[r]	131.8	131.1	130.2	130.1

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 1997. The recent annual revision is described in an article in the February 1998 issue of the *Bulletin*. For a description of the aggregation methods for industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

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

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

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

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

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1995	1996	1997	1997						1998	
				July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.[r]	Feb.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	132,304	133,943	126,297	136,294	136,404	136,439	136,406	136,864	137,169	137,493	137,557
Employment											
2 Nonagricultural industries[3]	121,460	123,264	126,159	126,209	126,368	126,339	126,583	127,191	127,392	127,764	127,829
3 Agriculture	3,440	3,443	3,399	3,452	3,379	3,422	3,327	3,384	3,385	3,319	3,335
Unemployment											
4 Number	7,404	7,236	6,739	6,633	6,657	6,678	6,496	6,289	6,392	6,409	6,393
5 Rate (percent of civilian labor force)	5.6	5.4	4.9	4.9	4.9	4.9	4.8	4.6	4.7	4.7	4.6
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**117,191**	**119,523**	**122,257**	**122,440**	**122,492**	**122,792**	**123,083**	**123,512**	**123,866**	**124,241**	**124,551**
7 Manufacturing	18,524	18,457	18,538	18,514	18,555	18,553	18,590	18,634	18,674	18,719	18,717
8 Mining	581	574	573	574	573	576	574	572	574	574	572
9 Contract construction	5,160	5,400	5,627	5,625	5,637	5,642	5,650	5,682	5,747	5,839	5,880
10 Transportation and public utilities	6,132	6,261	6,426	6,443	6,289	6,473	6,497	6,495	6,478	6,529	6,563
11 Trade	27,565	28,108	28,788	28,823	28,864	28,902	28,970	29,132	29,196	29,241	29,271
12 Finance	6,806	6,899	7,053	7,058	7,068	7,082	7,108	7,132	7,151	7,163	7,190
13 Service	33,117	34,377	35,597	35,684	35,702	35,850	35,945	36,102	36,276	36,401	36,547
14 Government	19,305	19,447	19,655	19,719	19,804	19,714	19,749	19,763	19,770	19,775	19,811

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	1997				1997				1997			
	Q1	Q2	Q3	Q4^{r}	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4^{r}
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**121.9**	**123.3**	**125.1**	**127.3**	**147.8**	**149.6**	**151.3**	**153.0**	**82.5**	**82.4**	**82.7**	**83.2**
2 Manufacturing	124.2	125.7	127.6	130.1	152.3	154.3	156.3	158.3	81.6	81.5	81.6	82.2
3 Primary processing[3]	116.7	117.7	118.5	119.7	135.8	136.9	138.0	139.2	85.9	86.0	85.8	86.0
4 Advanced processing[4]	128.0	129.7	132.1	135.3	160.6	163.2	165.7	168.1	79.7	79.5	79.8	80.5
5 Durable goods	137.5	140.2	143.7	147.2	170.4	173.8	177.2	180.6	80.7	80.7	81.1	81.5
6 Lumber and products	113.5	116.4	114.9	114.7	137.3	138.6	140.0	141.3	82.7	84.0	82.1	81.1
7 Primary metals	120.9	123.8	125.5	127.7	134.7	136.0	137.2	138.5	89.8	91.0	91.5	92.2
8 Iron and steel	119.4	122.6	122.8	126.2	134.1	135.4	136.6	137.9	89.1	90.6	89.9	91.6
9 Nonferrous	122.7	125.3	128.8	129.5	135.2	136.4	137.7	138.9	90.8	91.8	93.5	93.2
10 Industrial machinery and equipment	163.9	168.2	173.9	177.7	193.3	199.0	204.4	210.0	84.8	84.5	85.1	84.6
11 Electrical machinery	216.4	226.6	236.6	246.0	264.4	276.7	289.1	301.9	81.9	81.9	81.9	81.5
12 Motor vehicles and parts	133.6	130.5	136.7	144.0	180.6	182.6	184.7	186.7	74.0	71.4	74.0	77.1
13 Aerospace and miscellaneous transportation equipment	89.9	92.8	95.6	98.6	122.7	123.4	124.1	124.8	73.3	75.2	77.1	79.0
14 Nondurable goods	110.3	110.7	111.1	112.6	133.6	134.3	135.0	135.7	82.6	82.4	82.3	82.9
15 Textile mill products	107.3	108.5	110.9	111.5	130.5	131.1	131.7	132.3	82.3	82.8	84.3	84.3
16 Paper and products	111.7	112.2	114.1	113.5	124.9	125.5	126.0	126.7	89.4	89.4	90.5	89.6
17 Chemicals and products	114.5	114.8	114.8	117.2	143.9	145.1	146.3	147.5	79.5	79.1	78.5	79.5
18 Plastics materials	126.8	127.6	130.6	131.4	136.3	138.1	140.0	141.9	93.0	92.4	93.3	92.6
19 Petroleum products	107.7	111.0	109.5	109.8	114.1	114.7	115.2	115.7	94.4	96.8	95.1	94.9
20 Mining	105.4	106.0	106.4	105.8	117.6	117.9	118.1	118.2	89.6	89.9	90.1	89.5
21 Utilities	110.8	111.7	114.0	115.7	125.8	126.3	126.7	127.1	88.1	88.5	90.0	91.0
22 Electric	111.5	111.3	114.2	115.7	124.2	124.6	125.0	125.4	89.8	89.3	91.4	92.3

	1973	1975	Previous cycle[5]		Latest cycle[6]		1997	1997				1998	
	High	Low	High	Low	High	Low	Feb.	Sept.	Oct.	Nov.^{r}	Dec.^{r}	Jan.	Feb.^{p}
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**82.6**	**82.7**	**83.0**	**83.3**	**83.2**	**83.0**	**82.7**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.7	81.6	81.9	82.3	82.3	82.2	81.8
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	86.1	85.7	85.7	86.2	86.1	86.0	85.6
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.7	79.7	80.2	80.6	80.6	80.5	80.1
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	80.9	81.0	81.1	81.8	81.7	81.3	80.9
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	83.2	80.7	80.1	82.8	80.5	79.8	80.4
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	90.2	91.5	92.3	93.1	91.4	92.1	91.2
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	89.4	90.8	91.9	92.1	90.6	91.8	91.2
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	91.4	92.5	92.8	94.4	92.5	92.7	91.4
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	84.8	84.2	84.8	84.6	84.4	84.2	83.6
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	82.2	81.0	80.9	82.0	81.6	81.1	80.6
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	73.8	76.2	75.0	78.1	78.2	77.0	75.1
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	73.3	77.9	78.2	78.5	80.5	81.1	81.2
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	82.6	82.3	82.8	83.0	83.0	83.2	83.0
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	82.0	84.5	84.5	85.1	83.5	84.7	84.1
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	89.5	90.1	89.2	89.7	89.9	88.7	88.4
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	79.6	78.8	79.3	78.9	80.1	80.2	80.4
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.9	93.6	91.2	93.0	93.7	...	...
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	94.7	95.4	96.2	93.8	94.6	95.1	94.6
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	90.1	90.1	89.6	89.7	89.2	90.6	90.2
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	87.7	90.8	92.0	90.7	90.3	87.4	88.1
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	89.4	92.5	94.3	91.5	91.0	89.3	90.1

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 1997. The recent annual revision is described in an article in the February 1998 issue of the *Bulletin*. For a description of the aggregation methods for industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

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

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

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1997 avg.	1997 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	1998 Jan.	Feb.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**124.5**	**122.1**	**122.5**	**123.1**	**123.3**	**123.5**	**124.5**	**125.2**	**125.6**	**126.5**	**127.5**	**127.9**	**128.0**	**128.1**
2 Products	60.5	118.5	116.5	116.9	117.2	117.7	117.6	118.1	119.2	119.1	120.2	121.2	121.1	121.3	121.3
3 Final products	46.3	119.6	117.2	117.9	118.0	118.6	118.6	119.2	120.5	120.3	121.5	122.5	122.3	122.7	122.6
4 Consumer goods, total	29.1	114.4	113.1	113.4	113.4	113.9	113.5	113.9	114.6	114.5	115.9	116.7	116.2	116.8	116.5
5 Durable consumer goods	6.1	131.3	129.4	130.7	127.4	128.8	129.8	128.1	132.1	131.9	131.4	136.5	134.7	135.9	135.3
6 Automotive products	2.6	129.9	128.5	129.0	122.3	124.6	126.7	120.3	131.6	132.8	131.2	138.4	133.8	132.6	131.0
7 Autos and trucks	1.7	136.5	135.1	135.6	124.4	127.6	130.3	120.2	137.6	140.9	139.7	147.8	142.7	139.6	136.7
8 Autos, consumer	.9	115.2	116.5	117.6	110.7	112.4	110.8	113.0	118.6	119.9	115.2	120.3	113.9	116.0	105.7
9 Trucks, consumer	.7	159.1	158.6	158.5	142.7	147.3	154.2	131.9	161.2	166.5	168.6	179.8	175.7	167.7	171.6
10 Auto parts and allied goods	.9	119.3	117.9	118.4	118.2	119.1	120.3	119.3	121.8	120.1	117.9	123.8	120.1	121.4	121.8
11 Other	3.5	132.4	130.1	132.0	131.4	132.1	132.3	134.4	132.5	131.1	131.5	135.0	135.4	138.5	138.8
12 Appliances, televisions, and air conditioners	1.0	168.6	164.1	166.9	164.2	166.5	165.4	174.8	169.8	166.0	169.4	177.2	178.6	185.4	189.5
13 Carpeting and furniture	.8	117.1	114.3	116.7	116.7	117.7	119.0	116.4	117.7	116.2	116.5	122.1	117.1	124.8	123.3
14 Miscellaneous home goods	1.6	120.0	119.1	120.3	120.3	120.2	120.3	122.1	119.8	119.4	118.6	119.2	122.1	121.2	120.9
15 Nondurable consumer goods	23.0	110.2	109.0	109.1	109.9	110.1	109.4	110.3	110.3	110.2	112.1	111.8	111.6	112.1	111.9
16 Foods and tobacco	10.3	109.3	109.2	110.0	109.1	108.9	108.1	109.6	108.9	108.6	109.7	110.7	110.1	112.1	111.6
17 Clothing	2.4	95.9	95.6	96.1	96.5	95.8	95.4	95.8	96.0	96.0	96.4	95.1	95.1	94.7	94.2
18 Chemical products	4.5	119.2	117.3	115.9	118.4	119.3	119.1	117.3	119.4	119.4	123.0	121.3	122.4	123.5	124.6
19 Paper products	2.9	109.4	107.1	107.8	108.2	108.9	109.8	110.8	109.8	110.1	111.3	111.7	110.1	109.9	107.9
20 Energy	2.9	111.5	108.3	107.3	111.9	112.8	109.7	112.4	112.8	112.4	116.2	113.9	114.5	110.9	111.7
21 Fuels	.8	109.3	106.6	108.2	109.6	111.3	111.5	108.8	111.0	110.8	112.0	106.7	109.3	110.4	110.2
22 Residential utilities	2.1	112.2	108.7	106.4	112.6	113.0	108.3	113.7	113.2	112.8	117.8	117.1	116.7	110.7	112.0
23 Equipment	17.2	128.8	124.6	125.8	126.0	126.8	127.7	128.6	130.9	130.6	131.3	132.8	133.3	133.2	133.5
24 Business equipment	13.2	141.9	136.5	137.5	137.9	139.0	140.2	141.6	144.6	144.4	145.5	147.5	148.4	147.5	147.3
25 Information processing and related	5.4	168.1	160.9	161.0	163.0	164.4	166.8	169.3	171.1	172.9	174.3	174.7	175.2	174.7	175.5
26 Computer and office equipment	1.1	385.1	341.5	348.8	358.4	365.3	375.8	391.6	407.1	414.6	420.3	427.3	433.5	446.2	454.1
27 Industrial	4.0	133.3	129.8	130.6	131.6	131.5	131.7	133.7	135.8	133.8	135.9	136.3	138.0	136.7	136.3
28 Transit	2.5	111.2	105.2	107.7	104.6	106.7	107.3	106.9	113.3	114.2	113.0	119.9	121.2	120.9	119.2
29 Autos and trucks	1.2	119.7	118.2	121.4	112.5	114.6	113.6	111.5	120.3	120.2	117.0	128.2	124.6	123.4	119.6
30 Other	1.3	135.0	130.8	132.6	134.4	135.2	136.3	136.3	137.9	135.1	137.5	137.3	136.0	133.8	134.5
31 Defense and space equipment	3.3	75.2	75.6	75.7	75.4	75.6	76.0	74.9	75.0	74.7	74.7	74.5	74.5	75.4	76.4
32 Oil and gas well drilling	.6	149.7	143.5	154.8	151.4	150.7	150.9	152.1	153.2	153.1	149.1	150.0	145.9	154.0	158.9
33 Manufactured homes	.2	139.1	140.7	139.4	142.9	141.9	139.1	143.5	139.5	137.2	136.9	138.1	132.4	144.0	..
34 Intermediate products, total	14.2	115.1	114.1	114.1	114.7	114.9	114.7	114.6	115.3	115.2	116.3	117.3	117.3	116.9	117.4
35 Construction supplies	5.3	121.7	121.7	122.3	121.8	122.2	122.2	121.2	122.7	120.4	121.3	123.6	122.8	123.8	124.3
36 Business supplies	8.9	111.1	109.6	109.2	110.6	110.6	110.2	110.6	111.0	112.2	113.4	113.5	114.1	112.9	113.3
37 Materials	39.5	134.1	131.0	131.3	132.5	132.4	133.0	134.9	134.9	136.1	136.7	137.7	138.7	138.9	139.0
38 Durable goods materials	20.8	158.2	152.2	153.0	155.1	155.4	156.9	159.3	160.3	161.3	163.2	165.0	166.4	167.7	167.8
39 Durable consumer parts	4.0	139.1	136.3	135.9	137.1	134.7	136.2	139.2	140.3	140.7	141.8	142.3	146.7	145.7	144.3
40 Equipment parts	7.6	221.9	206.1	210.0	213.4	216.7	220.0	224.6	227.6	229.6	233.3	237.9	240.7	244.8	247.1
41 Other	9.2	125.5	123.5	123.2	124.7	124.5	125.0	125.9	126.0	126.6	127.8	128.8	128.2	129.1	128.7
42 Basic metal materials	3.1	120.6	118.3	118.2	118.8	119.9	121.2	121.1	121.8	121.7	122.5	124.9	122.0	124.2	123.6
43 Nondurable goods materials	8.9	113.0	112.6	112.5	113.0	111.8	111.9	113.5	112.3	113.3	113.1	114.4	115.8	114.6	114.9
44 Textile materials	1.1	109.3	108.0	106.3	109.4	106.1	108.1	112.3	108.4	111.4	111.9	111.0	112.5	108.3	109.5
45 Paper materials	1.8	112.6	112.0	112.5	112.6	112.6	110.9	113.8	114.3	112.7	113.4	112.2	113.6	112.9	112.6
46 Chemical materials	3.9	115.2	115.0	114.8	115.4	113.8	113.8	115.1	113.9	115.6	115.0	116.5	118.9	119.0	119.2
47 Other	2.1	110.2	110.1	110.4	109.7	109.5	110.8	110.1	108.6	109.5	109.0	113.7	112.8	109.3	110.2
48 Energy materials	9.7	103.9	103.8	103.4	103.7	103.7	103.2	104.6	103.9	105.5	104.7	103.9	103.9	103.5	103.3
49 Primary energy	6.3	101.6	102.5	101.9	101.7	102.1	101.0	102.3	102.4	102.2	101.7	101.4	100.5	101.4	100.6
50 Converted fuel materials	3.3	108.3	106.2	106.2	107.6	106.8	107.3	109.0	106.8	111.8	110.6	108.6	110.4	107.5	108.3
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	124.4	121.9	122.3	123.2	123.4	123.6	124.8	125.1	125.4	126.5	127.2	127.7	127.9	128.1
52 Total excluding motor vehicles and parts	95.1	123.8	121.5	121.9	122.7	123.0	123.1	124.3	124.6	124.8	125.9	126.6	126.9	127.2	127.4
53 Total excluding computer and office equipment	98.2	121.9	119.8	120.2	120.7	120.9	121.1	122.0	122.6	122.9	123.8	124.8	125.1	125.2	125.2
54 Consumer goods excluding autos and trucks	27.4	113.2	111.8	112.1	112.8	113.1	112.5	113.5	113.4	113.0	114.6	115.0	114.7	115.5	115.4
55 Consumer goods excluding energy	26.2	114.8	113.7	114.2	113.6	114.0	114.0	114.1	114.9	114.7	115.9	117.0	116.4	117.6	117.2
56 Business equipment excluding autos and trucks	12.0	144.5	138.6	139.5	141.0	141.9	143.4	145.2	147.5	147.3	149.0	149.7	151.3	150.4	150.6
57 Business equipment excluding computer and office equipment	12.1	129.1	125.1	126.0	126.0	126.9	127.7	128.6	131.2	130.8	131.8	133.5	134.3	133.1	132.7
58 Materials excluding energy	29.8	143.7	139.6	140.1	141.6	141.4	142.5	144.6	144.8	145.8	147.0	148.6	150.0	150.4	150.6

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

Group	SIC[2] code	1992 pro-por-tion	1997 avg.	1997 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct	Nov.[r]	Dec.[r]	1998 Jan.	Feb.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**124.5**	**122.1**	**122.5**	**123.1**	**123.3**	**123.5**	**124.5**	**125.2**	**125.6**	**126.5**	**127.5**	**127.9**	**128.0**	**128.1**
60 Manufacturing	...	85.4	127.0	124.4	124.9	125.4	125.7	126.1	126.9	127.9	128.0	129.1	130.4	130.9	131.3	131.3
61 Primary processing	.	26.5	118.1	116.9	117.2	117.7	117.7	117.7	118.3	118.5	118.6	118.9	120.0	120.3	120.3	120.2
62 Advanced processing	..	58.9	131.4	128.1	128.6	129.2	129.6	130.2	131.2	132.5	132.7	134.1	135.5	136.2	136.7	136.8
63 Durable goods	.	45.0	142.3	137.8	138.7	139.5	140.1	141.2	142.4	144.3	144.4	145.5	147.7	148.4	148.8	148.9
64 Lumber and products	24	2.0	114.9	114.2	114.9	115.9	116.4	117.0	116.1	115.4	113.3	112.9	117.0	114.2	113.4	114.4
65 Furniture and fixtures	25	1.4	122.5	120.6	120.7	123.5	123.3	123.5	124.2	121.1	122.0	123.0	124.1	124.5	123.2	124.2
66 Stone, clay, and glass products	32	2.1	120.5	118.9	119.5	121.1	119.4	120.0	120.9	120.5	121.2	121.0	122.1	123.6	122.1	122.6
67 Primary metals	33	3.1	124.4	121.6	121.8	122.3	124.2	124.9	125.2	125.5	125.9	127.4	128.9	126.9	128.4	127.8
68 Iron and steel	331,2	1.7	122.7	119.9	119.6	121.2	123.9	122.6	122.2	121.8	124.5	126.4	127.0	125.3	127.5	127.1
69 Raw steel	331PT	.1	115.9	112.4	114.0	115.1	115.4	114.9	115.5	116.1	119.2	117.7	120.9	119.2	122.8	121.0
70 Nonferrous	333–6,9	1.4	126.4	123.5	124.5	123.5	124.6	127.7	128.8	129.9	127.7	128.6	131.1	128.8	129.6	128.6
71 Fabricated metal products	34	5.0	122.9	121.7	122.1	122.5	122.7	121.9	122.4	122.8	122.7	124.4	124.7	125.7	125.6	125.4
72 Industrial machinery and equipment	35	8.0	171.4	164.0	165.1	167.8	168.0	168.8	172.2	175.9	173.7	176.5	177.7	178.8	180.1	180.6
73 Computer and office equipment	357	1.8	381.8	336.6	344.2	354.1	361.4	372.3	388.5	403.9	412.0	418.0	425.7	432.4	445.6	453.7
74 Electrical machinery	36	7.3	231.5	217.4	220.8	223.7	226.3	229.7	235.5	236.8	237.5	240.8	247.4	249.9	252.1	254.4
75 Transportation equipment	37	9.5	115.6	111.4	112.3	110.7	110.8	113.0	112.2	117.0	118.8	118.3	121.6	123.4	123.0	121.6
76 Motor vehicles and parts	371	4.9	137.2	133.3	134.0	129.7	129.2	132.5	130.0	138.9	141.2	139.6	145.0	146.6	144.9	141.8
77 Autos and light trucks	371PT	2.6	128.3	127.2	127.8	117.8	120.6	122.4	115.0	129.5	132.3	130.4	137.7	132.5	130.6	126.2
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	94.4	89.9	91.0	92.0	92.7	93.8	94.6	95.5	96.8	97.3	97.9	100.6	101.6	101.8
79 Instruments	38	5.4	108.0	107.2	106.5	106.6	107.6	107.9	108.0	109.2	108.9	109.7	109.5	108.7	109.4	110.1
80 Miscellaneous	39	1.3	125.9	125.0	124.7	125.1	125.5	126.0	127.0	126.7	126.1	126.5	126.2	128.5	128.0	127.9
81 Nondurable goods	...	40.4	111.1	110.4	110.5	110.8	110.7	110.5	110.9	111.0	111.3	112.2	112.6	112.9	113.4	113.2
82 Foods	20	9.4	109.6	109.4	110.0	109.2	109.2	108.8	110.0	108.9	108.6	109.2	110.9	111.0	112.5	112.2
83 Tobacco products	21	1.6	112.7	113.0	114.2	113.0	111.5	109.0	110.5	112.5	112.0	118.8	115.9	110.1	112.3	111.7
84 Textile mill products	22	1.8	109.6	107.0	108.0	109.2	107.2	109.1	110.7	110.7	111.4	111.6	112.5	110.5	112.3	111.7
85 Apparel products	23	2.2	99.6	99.5	100.1	99.8	99.8	99.6	99.7	99.1	99.1	99.3	98.6	99.3	98.9	98.0
86 Paper and products	26	3.6	112.9	111.9	112.4	112.4	112.6	111.7	114.2	114.4	113.7	112.8	113.6	114.0	112.7	112.6
87 Printing and publishing	27	6.7	104.8	103.3	103.6	104.4	104.5	104.1	104.1	104.4	105.1	106.7	107.4	106.9	106.2	105.9
88 Chemicals and products	28	9.9	115.3	114.6	113.6	115.2	114.5	114.6	114.3	114.5	115.6	116.7	116.5	118.5	119.0	119.6
89 Petroleum products	29	1.4	109.4	108.0	108.0	110.1	111.4	111.3	108.9	109.7	110.1	111.2	108.6	109.7	110.4	109.9
90 Rubber and plastic products	30	3.5	126.4	125.0	125.5	124.4	125.4	125.6	126.0	127.9	127.6	127.4	129.6	129.2	129.8	129.4
91 Leather and products	31	.3	73.7	76.0	76.6	75.9	75.3	74.0	74.0	71.2	70.9	72.4	71.0	71.1	69.7	70.2
92 Mining	...	6.9	106.0	106.0	106.7	105.5	106.7	105.7	106.5	106.3	106.5	105.9	106.1	105.5	107.1	106.8
93 Metal	10	.5	106.9	106.2	106.4	105.3	105.9	109.9	105.2	106.0	105.3	111.1	113.2	103.6	106.4	106.2
94 Coal	12	1.0	109.9	110.4	107.0	105.4	115.9	107.4	112.1	107.7	109.5	109.6	111.2	117.4	116.0	109.1
95 Oil and gas extraction	13	4.8	103.2	102.8	104.3	103.8	103.4	102.9	103.9	104.1	104.3	103.1	102.6	101.4	103.4	104.1
96 Stone and earth minerals	14	.6	118.8	123.5	123.6	116.8	118.2	120.9	117.8	119.9	117.7	116.2	119.2	120.2	122.6	123.4
97 Utilities	...	7.7	112.6	110.3	109.6	112.5	111.8	110.9	113.8	113.0	115.1	116.9	115.3	114.9	111.3	112.3
98 Electric	491,493PT	6.2	113.1	111.0	110.6	112.7	110.4	110.7	113.8	113.1	115.7	118.1	114.7	114.2	112.1	113.3
99 Gas	492,493PT	1.6	111.4	107.9	105.4	111.5	117.1	111.9	113.5	112.5	112.7	111.9	117.8	117.3	108.1	108.5
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	126.4	123.9	124.3	125.2	125.5	125.7	126.7	127.2	127.3	128.4	129.4	129.9	130.5	130.7
101 Manufacturing excluding office and computing machines	...	83.6	124.1	121.8	122.2	122.7	122.9	123.2	123.9	124.8	124.9	125.9	127.2	127.6	128.0	127.9
				Gross value (billions of 1992 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	.	**2,001.9**	**2,373.3**	**2,344.1**	**2,355.4**	**2,353.4**	**2,365.8**	**2,365.3**	**2,368.4**	**2,402.0**	**2,396.9**	**2,416.1**	**2,442.2**	**2,436.7**	**2,442.2**	**2,440.6**
103 Final	...	1,552.1	1,856.0	1,827.3	1,838.7	1,832.9	1,844.4	1,844.6	1,849.1	1,879.3	1,875.6	1,890.6	1,911.0	1,906.5	1,914.7	1,910.9
104 Consumer goods	...	1,049.6	1,195.7	1,187.6	1,191.4	1,187.7	1,194.1	1,190.2	1,191.0	1,205.2	1,203.3	1,215.9	1,224.1	1,218.2	1,226.6	1,223.5
105 Equipment	..	502.5	660.0	639.2	646.8	644.8	649.8	654.1	657.8	674.0	672.3	674.5	686.9	688.5	688.2	687.5
106 Intermediate	.	449.9	518.1	517.0	517.2	520.6	521.7	521.0	519.9	523.7	522.2	526.5	532.3	531.2	528.9	530.8

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 1997. The recent annual revision is described in an article in the February 1998 issue of the *Bulletin*. For a description of the aggregation methods for industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1995	1996	1997[r]	1997 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	1998 Jan.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,333	1,426	1,442	1,442	1,432	1,402	1,414	1,397	1,460	1,487	1,440	1,482	1,526
2 One-family	997	1,070	1,056	1,060	1,053	1,049	1,030	1,027	1,065	1,087	1,061	1,071	1,133
3 Two-family or more	335	356	387	382	379	353	384	370	395	400	379	411	393
4 Started	1,354	1,477	1,474	1,480	1,404	1,502	1,461	1,383	1,501	1,529	1,523	1,540	1,543
5 One-family	1,076	1,161	1,134	1,134	1,095	1,132	1,144	1,076	1,174	1,124	1,167	1,130	1,218
6 Two-family or more	278	316	340	346	309	370	317	307	327	405	356	410	325
7 Under construction at end of period[1]	776[r]	820[r]	834	814[r]	815	828[r]	836[r]	834[r]	843[r]	853[r]	862	870	885
8 One-family	554	584	570	564[r]	565[r]	566	570[r]	567[r]	571	574[r]	575	578	589
9 Two-family or more	222[r]	235	264	250[r]	250[r]	262[r]	266	267	272[r]	279[r]	287	292	296
10 Completed	1,319	1,405[r]	1,407	1,457[r]	1,387[r]	1,307[r]	1,331[r]	1,335[r]	1,433[r]	1,384[r]	1,432	1,410	1,288
11 One-family	1,073	1,123[r]	1,122	1,155[r]	1,098[r]	1,097[r]	1,074[r]	1,062[r]	1,133[r]	1,063[r]	1,145	1,093	999
12 Two-family or more	247[r]	283	285	302	289[r]	210[r]	257[r]	273[r]	300[r]	321[r]	287	317	289
13 Mobile homes shipped	341	361	354	366	354	353	356	354	351	349	352	353	362
Merchant builder activity in one-family units													
14 Number sold	667	757	803	762[r]	764	810[r]	808[r]	799[r]	809[r]	805[r]	877	795	877
15 Number for sale at end of period[1]	374	326	286	291	289[r]	288	288	286	284[r]	284[r]	280	281	282
Price of units sold (thousands of dollars)[2]													
16 Median	133.9	140.0	145.9	150.0	141.0	145.0	145.9	144.0	146.3	141.5[r]	145.0	143.0	148.0
17 Average	158.7	166.4	175.8	179.5	170.7	179.4	175.5	170.7	177.5	172.9[r]	175.5	173.6	179.6
EXISTING UNITS (one-family)													
18 Number sold	3,812	4,087	4,215	4,040	4,190	4,120	4,180	4,280	4,300	4,380	4,390	4,370	4,370
Price of units sold (thousands of dollars)[2]													
19 Median	113.1	118.2	124.1	120.7	123.1	127.2	126.5	127.5	125.8	124.4	124.3	125.9	126.1
20 Average	139.1	145.5	154.2	150.4	153.1	158.4	157.6	159.1	155.4	154.7	155.0	157.5	156.8
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**534,463**	**567,179**	**600,034**	**596,907**	**595,763**	**594,195**	**603,002**	**603,684**	**605,748**	**611,805**	**611,343**	**614,574**	**619,146**
22 Private	407,370	435,929	461,375	457,604	459,882	456,927	464,326	465,236	468,822	469,567	470,272	474,704	480,103
23 Residential	231,230	246,659	259,640	259,917	259,662	257,277	258,803	259,958	263,799	265,717	267,489	271,015	273,755
24 Nonresidential	176,140	189,271	201,735	197,687	200,220	199,650	205,523	205,278	205,023	203,850	202,783	203,689	206,348
25 Industrial buildings	32,505	31,997	30,642	29,331	30,501	31,046	31,796	31,480	30,675	29,964	29,239	29,121	29,323
26 Commercial buildings	68,223	74,593	80,857	76,545	78,670	79,009	82,346	81,552	80,551	81,424	81,775	82,306	82,815
27 Other buildings	27,089	30,525	36,977	38,229	37,738	35,775	36,672	37,274	38,729	37,694	37,744	38,039	38,686
28 Public utilities and other	48,323	52,156	53,260	53,582	53,311	53,820	54,709	54,972	55,068	54,768	54,025	54,223	55,524
29 Public	127,092	131,250	138,660	139,304	135,882	137,268	138,676	138,448	136,926	142,238	141,071	139,870	139,043
30 Military	2,983	2,541	2,562	2,408	2,548	2,580	2,738	2,767	2,451	2,794	2,782	2,338	2,680
31 Highway	36,319	37,898	41,120	42,356	40,694	41,531	41,087	41,715	40,126	39,400	44,271	41,856	43,756
32 Conservation and development	6,391	5,807	5,475	5,134	5,242	4,952	5,002	5,469	6,177	4,899	5,264	5,917	5,131
33 Other	81,399	85,005	89,503	89,406	87,398	88,205	89,849	88,497	88,172	95,145	88,754	89,759	87,476

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, Feb. 1998[1]
	1997 Feb.	1998 Feb.	1997 Mar.	1997 June	1997 Sept.	1997 Dec.	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.	1998 Feb.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.0**	**1.4**	**1.5**	**1.5**	**2.3**	**1.5**	**.2**	**.1**	**.1**	**.0**	**.1**	**161.9**
2 Food	3.8	1.9	−.3	2.1	2.8	1.5	3	.1	.0	.3	.0	159.4
3 Energy items	7.8	−8.8	−1.4	−11.8	8.3	−7.7	−.2	.0	−1.8	−2.4	−2.2	103.2
4 All items less food and energy	2.5	2.3	2.2	2.6	1.7	2.4	.2	.1	.2	.2	.3	172.1
5 Commodities	1.0	.4	8	.6	−.3	.6	.1	.1	.0	.1	.2	142.7
6 Services	3.1	3.1	3.1	3.1	2.6	3.3	.3	2	.3	.2	.3	188.8
PRODUCER PRICES (1982=100)												
7 Finished goods	2.2	−1.6	−1.8	−3.0	1.2	−1.2	0[r]	− 1[r]	−.2	−.7	−.1	130.1
8 Consumer foods	2.4	−.1	.0	−3.5	−1.5	.9	.7[r]	−.4[r]	−.1	−.4	.4	133.6
9 Consumer energy	9.5	−11.0	−11.8	−13.0	6.0	−6.1	−.5[r]	−.2[r]	−.8	−3.7	−1.8	75.8
10 Other consumer goods	.7	.5	.6	−.6	1.7	.0	.1	−.1	.0	−.1	.1	145.8
11 Capital equipment	.4	−.7	.0	−.9	.6	−1.7	−.3[r]	.1[r]	−.2	−.1	−.1	137.9
Intermediate materials												
12 Excluding foods and feeds	1 1	−1.5	−1.3	−1.6	.6	−.6	.0	.2	−.3	−.5	−.2	124.3
13 Excluding energy	−.1	.0	.6	.3	.6	.0	−.1[r]	.1	−.1	−.1	−.1	134.2
Crude materials												
14 Foods	−3.5	−5.3	−4.1	−10.8	−5.0	3.3	1.1[r]	−.3[r]	.0	−3.3	−.7	105.1
15 Energy	18.5	−26.2	−75.5	11.3	21.8	1.0	11.5[r]	2.8[r]	−12.6	−7.3	−6.5	72.3
16 Other	−2.1	−5.0	12.5	−3.7	.3	−7.9	−.1[r]	−.5[r]	−1.4	−2.2	.1	151.0

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	1995	1996	1997[r]	1996	1997			
				Q4	Q1	Q2	Q3	Q4[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**7,265.4**	**7,636.0**	**8,081.0**	**7,792.9**	**7,933.6**	**8,034.3**	**8,124.3**	**8,231.8**
By source								
2 Personal consumption expenditures	4,957.7	5,207.6	5,488.1	5,308.1	5,405.7	5,432.1	5,527.4	5,587.2
3 Durable goods	608.5	634.5	659.1	638.2	658.4	644.5	667.3	666.2
4 Nondurable goods	1,475.8	1,534.7	1,592.1	1,560.1	1,587.4	1,578.9	1,600.8	1,601.4
5 Services	2,873.4	3,038.4	3,236.9	3,109.8	3,159.9	3,208.7	3,259.3	3,319.6
6 Gross private domestic investment	1,038.2	1,116.5	1,240.9	1,151.1	1,193.6	1,242.0	1,250.2	1,277.8
7 Fixed investment	1,008.1	1,090.7	1,172.6	1,119.2	1,127.5	1,160.8	1,201.3	1,200.8
8 Nonresidential	723.0	781.4	845.4	807.2	811.3	836.3	872.0	861.9
9 Structures	200.6	215.2	229.9	227.0	227.4	226.8	232.9	232.5
10 Producers' durable equipment	522.4	566.2	615.5	580.2	583.9	609.5	639.1	629.4
11 Residential structures	285.1	309.2	327.2	312.0	316.2	324.6	329.3	338.9
12 Change in business inventories	30.1	25.9	68.3	31.9	66.1	81.1	48.9	77.0
13 Nonfarm	38.1	23.0	61.7	28.7	62.2	74.9	40.9	68.6
14 Net exports of goods and services	−86.0	−94.8	−100.8	−88.6	−98.8	−88.7	−111.3	−104.2
15 Exports	818.4	870.9	958.0	904.6	922.2	960.3	965.8	983.8
16 Imports	904.5	965.7	1,058.8	993.2	1,021.0	1,049.0	1,077.1	1,088.0
17 Government consumption expenditures and gross investment	1,355.5	1,406.7	1,452.7	1,422.3	1,433.1	1,449.0	1,457.9	1,470.9
18 Federal	509.6	520.0	523.8	517.6	516.1	526.1	525.7	527.4
19 State and local	846.0	886.7	928.9	904.7	917.0	923.0	932.3	943.5
By major type of product								
20 Final sales, total	7,235.3	7,610.2	8,012.7	7,761.0	7,867.4	7,953.2	8,075.3	8,154.7
21 Goods	2,637.9	2,759.3	2,875.4	2,795.0	2,838.4	2,854.9	2,903.2	2,905.2
22 Durable	1,133.9	1,212.0	1,283.0	1,233.5	1,248.0	1,275.3	1,305.3	1,303.5
23 Nondurable	1,503.9	1,547.3	1,592.4	1,561.5	1,590.4	1,579.6	1,597.9	1,601.7
24 Services	3,980.7	4,187.3	4,433.1	4,282.7	4,338.2	4,400.1	4,462.3	4,531.9
25 Structures	616.8	663.6	704.1	683.3	690.8	698.2	709.8	717.6
26 Change in business inventories	30.1	25.9	68.3	31.9	66.1	81.1	48.9	77.0
27 Durable goods	29.1	16.9	32.4	−1.1	31.8	46.8	18.6	32.5
28 Nondurable goods	1.1	9.0	35.9	33.0	34.3	34.4	30.3	44.6
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,742.1**	**6,928.4**	**7,189.6**	**7,017.4**	**7,101.6**	**7,159.6**	**7,214.0**	**7,283.3**
NATIONAL INCOME								
30 **Total**	**5,912.3**	**6,254.5**	n.a.	**6,376.5**	**6,510.0**	**6,599.0**	**6,699.6**	n.a.
31 Compensation of employees	4,215.4	4,426.9	4,703.5	4,520.7	4,606.3	4,663.4	4,725.2	4,819.2
32 Wages and salaries	3,442.6	3,633.6	3,878.5	3,718.0	3,792.7	3,842.7	3,897.3	3,981.2
33 Government and government enterprises	623.0	642.6	665.3	648.9	657.8	662.0	667.7	673.8
34 Other	2,819.6	2,991.0	3,213.2	3,069.0	3,134.9	3,180.8	3,229.6	3,307.4
35 Supplement to wages and salaries	772.9	793.3	825.0	802.7	813.6	820.7	827.9	837.9
36 Employer contributions for social insurance	366.0	385.7	408.4	393.6	401.3	405.6	410.2	416.6
37 Other labor income	406.8	407.6	416.6	409.1	412.3	415.1	417.7	421.4
38 Proprietors' income[1]	489.0	520.3	544.5	528.3	534.6	543.6	547.2	552.5
39 Business and professional[1]	465.5	483.1	503.7	487.9	494.4	500.0	506.3	514.2
40 Farm[1]	23.4	37.2	40.7	40.4	40.2	43.6	40.9	38.2
41 Rental income of persons[2]	132.8	146.3	148.0	149.2	149.0	148.7	148.0	146.4
42 Corporate profits[1]	650.0	735.9	n.a.	747.8	779.6	795.1	827.3	n.a.
43 Profits before tax[3]	622.6	676.6	n.a.	680.0	708.4	719.8	753.4	n.a.
44 Inventory valuation adjustment	−24.3	−2.5	5.7	3.3	3.5	5.9	3.6	9.6
45 Capital consumption adjustment	51.6	61.8	69.8	64.4	67.7	69.4	70.3	71.6
46 Net interest	425.1	425.1	n.a.	430.6	440.5	448.1	451.8	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	1995	1996	1997[r]	1996	1997			
				Q4	Q1	Q2	Q3	Q4[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,150.8**	**6,495.2**	**6,874.2**	**6,618.4**	**6,746.2**	**6,829.1**	**6,906.9**	**7,014.6**
2 Wage and salary disbursements	3,429.5	3,632.5	3,877.3	3,716.9	3,791.5	3,841.6	3,896.1	3,980.1
3 Commodity-producing industries	864.4	909.1	960.2	927.8	942.9	952.8	961.4	983.9
4 Manufacturing	648.4	674.7	705.9	685.6	694.1	700.3	706.0	723.4
5 Distributive industries	783.1	823.3	876.2	840.6	856.8	867.0	880.8	900.4
6 Service industries	1,159.0	1,257.5	1,375.5	1,299.5	1,334.1	1,359.8	1,386.3	1,421.9
7 Government and government enterprises	623.0	642.6	665.3	648.9	657.8	662.0	667.7	673.8
8 Other labor income	406.8	407.6	416.6	409.1	412.3	415.1	417.7	421.4
9 Proprietors' income[1]	489.0	520.3	544.5	528.3	534.6	543.6	547.2	552.5
10 Business and professional[1]	465.5	483.1	503.7	487.9	494.4	500.0	506.3	514.2
11 Farm[1]	23.4	37.2	40.7	40.4	40.2	43.6	40.9	38.2
12 Rental income of persons[2]	132.8	146.3	148.0	149.2	149.0	148.7	148.0	146.4
13 Dividends	251.9	291.2	321.5	295.2	312.5	318.3	324.5	330.7
14 Personal interest income	718.9	735.7	768.8	749.8	757.2	766.1	772.6	779.3
15 Transfer payments	1,015.0	1,068.0	1,121.1	1,081.5	1,107.2	1,117.0	1,125.7	1,134.7
16 Old-age survivors, disability, and health insurance benefits	507.8	537.6	566.7	545.6	558.9	564.4	569.4	574.1
17 LESS: Personal contributions for social insurance	293.1	306.3	323.7	311.5	318.2	321.3	324.8	330.4
18 EQUALS: Personal income	6,150.8	6,495.2	6,874.2	6,618.4	6,746.2	6,829.1	6,906.9	7,014.6
19 LESS: Personal tax and nontax payments	795.1	886.9	988.7	922.6	955.7	979.2	998.0	1,021.8
20 EQUALS: Disposable personal income	5,355.7	5,608.3	5,885.5	5,695.8	5,790.5	5,849.9	5,908.9	5,992.8
21 LESS: Personal outlays	5,101.1	5,368.8	5,660.8	5,475.4	5,574.6	5,602.8	5,700.8	5,764.9
22 EQUALS: Personal saving	254.6	239.6	224.7	220.4	215.9	247.0	208.2	227.8
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	25,615.7	26,085.8	26,837.1	26,331.6	26,597.8	26,765.0	26,897.9	27,095.7
24 Personal consumption expenditures	17,459.2	17,748.7	18,175.8	17,847.8	18,045.2	18,053.9	18,255.7	18,353.9
25 Disposable personal income	18,861.0	19,116.0	19,494.0	19,152.0	19,331.0	19,439.0	19,518.0	19,688.0
26 Saving rate (percent)	4.8	4.3	3.8	3.9	3.7	4.2	3.5	3.8
GROSS SAVING								
27 **Gross saving**	**1,165.5**	**1,267.8**	n.a.	**1,303.0**	**1,332.9**	**1,396.9**	**1,411.6**	n.a.
28 Gross private saving	1,093.1	1,125.5	n.a.	1,131.4	1,134.0	1,178.1	1,159.6	n.a.
29 Personal saving	254.6	239.6	224.7	220.4	215.9	247.0	208.2	227.8
30 Undistributed corporate profits[1]	172.4	202.1	n.a.	212.6	211.5	217.6	230.0	n.a.
31 Corporate inventory valuation adjustment	−24.3	−2.5	5.7	3.3	3.5	5.9	3.6	9.6
Capital consumption allowances								
32 Corporate	428.9	452.3	475.6	462.0	467.4	472.6	478.0	484.5
33 Noncorporate	224.1	230.5	241.2	235.2	238.0	239.7	242.4	244.7
34 Gross government saving	72.4	142.3	n.a.	171.6	198.9	218.8	251.9	n.a.
35 Federal	−103.6	−39.3	n.a.	−5.9	15.9	34.7	60.8	n.a.
36 Consumption of fixed capital	70.9	71.2	71.6	71.3	71.4	71.5	71.6	71.8
37 Current surplus or deficit (−), national accounts	−174.4	−110.5	n.a.	−77.1	−55.5	−36.8	−10.8	n.a.
38 State and local	176.0	181.5	n.a.	177.5	182.9	184.1	191.1	n.a.
39 Consumption of fixed capital	72.9	76.2	79.5	77.2	78.2	79.2	79.7	80.8
40 Current surplus or deficit (−), national accounts	103.1	105.3	n.a.	100.4	104.7	104.9	111.4	n.a.
41 **Gross investment**	**1,137.2**	**1,207.9**	n.a.	**1,243.5**	**1,268.6**	**1,323.4**	**1,308.4**	n.a.
42 Gross private domestic investment	1,038.2	1,116.5	1,240.9	1,151.1	1,193.6	1,242.0	1,250.2	1,277.8
43 Gross government investment	213.4	224.3	226.0	225.3	223.3	227.4	227.1	226.0
44 Net foreign investment	−114.4	−132.9	n.a.	−132.9	−148.4	−146.0	−168.9	n.a.
45 **Statistical discrepancy**	**−28.2**	**−59.9**	n.a.	**−59.5**	**−64.3**	**−73.5**	**−103.2**	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	1995	1996	1997	1996	1997			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	−129,095	−148,184	−166,446	−36,874	−39,916[r]	−37,795[r]	−43,114	−45,619
2 Merchandise trade balance[2]	−173,560	−191,170	−198,934	−48,190	−49,844[r]	−47,188[r]	−52,001	−49,901
3 Merchandise exports	575,871	612,069	678,348	157,846	162,341[r]	171,227[r]	170,255	174,525
4 Merchandise imports	−749,431	−803,239	−877,282	−206,036	−212,185[r]	−218,415[r]	−222,256	−224,426
5 Military transactions, net	3,866	3,786	3,830	1,295	437	1,048	1,398	947
6 Other service transactions, net	67,837	76,344	81,462	20,697	20,083[r]	20,470[r]	20,696	20,215
7 Investment income, net	6,808	2,824	−14,277	1,250	−2,015[r]	−3,270[r]	−4,137	−4,856
8 U.S. government grants	−11,096	−14,933	−11,688	−5,499	−2,109	−2,245	−2,231	−5,103
9 U.S. government pensions and other transfers	−3,420	−4,331	−4,075	−1,050	−988[r]	−1,033[r]	−1,031	−1,023
10 Private remittances and other transfers	−19,530	−20,704	−22,763	−5,377	−5,480[r]	−5,577[r]	−5,808	−5,898
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−549	−690	177	−284	−21	−268	461	5
12 Change in U.S. official reserve assets (increase, −)	−9,742	6,668	−1,010	−315	4,480	−236	−730	−4,524
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−808	370	−350	−146	72	−133	−139	−150
15 Reserve position in International Monetary Fund	−2,466	−1,280	−3,575	−28	1,055	54	−463	−4,221
16 Foreign currencies	−6,468	7,578	2,915	−141	3,353	−157	−128	−153
17 Change in U.S. private assets abroad (increase, −)	−296,916	−358,422	−426,105	−153,837	−132,756[r]	−90,760[r]	−110,427	−92,159
18 Bank-reported claims[3]	−75,108	−98,186	−151,076	−66,657	−62,026	−27,947	−30,602	−30,501
19 Nonbank-reported claims	−34,997	−64,234	−76,298	−26,115	−29,466	−3,984	−17,848	...
20 U.S. purchases of foreign securities, net	−100,074	−108,189	−79,287	−30,200	−14,510	−21,841	−39,214	−3,722
21 U.S. direct investments abroad, net	−86,737	−87,813	−119,444	−30,865	−26,754[r]	−36,988[r]	−22,763	−32,936
22 Change in foreign official assets in United States (increase, +)	110,729	122,354	18,157	33,097	28,891	−5,374	21,867	−27,227
23 U.S. Treasury securities	68,977	111,253	−7,019	33,564	23,289	−12,108	6,686	−24,886
24 Other U.S. government obligations	3,735	4,381	4,048	1,854	651	644	2,667	86
25 Other U.S. government liabilities[4]	744	720	539	160	478	654	−510	−83
26 Other U.S. liabilities reported by U.S. banks[3]	34,008	4,722	21,274	−4,270	7,698	4,536	12,391	−3,351
27 Other foreign official assets[5]	3,265	1,278	−685	1,789	−3,225	900	633	1,007
28 Change in foreign private assets in United States (increase, +)	340,505	425,201	672,340	161,482	153,391[r]	148,433[r]	161,425	209,090
29 U.S. bank-reported liabilities[3]	30,176	9,784	142,545	38,960	17,387	28,100	10,102	86,956
30 U.S. nonbank-reported liabilities	34,588	31,786	44,740	−2,912	15,210	−7,916	22,046	...
31 Foreign private purchases of U.S. Treasury securities, net	111,848	172,878	...	75,326	51,289	49,915	42,919	43,731
32 Foreign purchases of other U.S. securities, net	96,367	133,798	189,273	32,447	38,820	51,682	60,409	38,362
33 Foreign direct investments in United States, net	67,526	76,955	107,928	17,661	30,685[r]	26,652[r]	25,949	24,641
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−14,931	−46,927	−97,113	−3,269	−14,069[r]	−14,000[r]	−29,482	−39,566
36 Due to seasonal adjustment	...	...	...	2,669	7,287[r]	−1,485[r]	−8,489	2,683
37 Before seasonal adjustment	−14,931	−46,926	−97,113	−5,938	−21,356	−12,515	−20,993	−42,249
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−9,742	6,668	−1,010	−315	4,480	−236	−730	−4,524
39 Foreign official assets in United States, excluding line 25 (increase, +)	109,985	121,634	17,618	32,937	28,413	−6,028	22,377	−27,144
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	4,239	12,278	12,782	3,315	9,272	2,287	2,619	−1,396

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	1995	1996	1997[r]	1997[r]						1998
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 Goods and services, balance	−101,857	−111,040	−113,684	−9,919	−8,993	−10,996	−8,979	−8,904	−10,897	−12,044
2 Merchandise	−173,560	−191,170	−198,975	−16,867	−16,578	−18,557	−16,498	−15,741	−17,703	−18,796
3 Services	71,703	80,130	85,291	6,948	7,585	7,561	7,519	6,837	6,806	6,752
4 Goods and services, exports	794,610	848,833	931,370	77,681	78,867	78,104	80,067	78,661	79,352	77,283
5 Merchandise	575,871	612,069	678,150	56,683	57,264	56,308	58,388	57,524	58,414	56,296
6 Services	218,739	236,764	253,220	20,998	21,603	21,796	21,679	21,137	20,938	20,987
7 Goods and services, imports	−896,467	−959,873	−1,045,054	−87,600	−87,860	−89,100	−89,046	−87,565	−90,249	−89,327
8 Merchandise	−749,431	−803,239	−877,125	−73,550	−73,842	−74,865	−74,886	−73,265	−76,117	−75,092
9 Services	−147,036	−156,634	−167,929	−14,050	−14,018	−14,235	−14,160	−14,300	−14,132	−14,235

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1994	1995	1996	1997						1998	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[p]
1 **Total**	**74,335**	**85,832**	**75,090**	**66,120**	**66,640**	**67,148**	**68,036**	**67,112**	**69,954**	**70,003**	**70,628**
2 Gold stock, including Exchange Stabilization Fund[1]	11,051	11,050	11,049	11,051	11,050	11,050	11,050	11,050	11,050	11,046	11,046
3 Special drawing rights[2,3]	10,039	11,037	10,312	9,810	9,985	9,997	10,132	10,120	10,027	9,998	10,217
4 Reserve position in International Monetary Fund[2]	12,030	14,649	15,435	13,677	13,959	14,042	14,243	14,571	18,071	18,039	18,135
5 Foreign currencies[4]	41,215	49,096	38,294	31,582	31,646	32,059	32,611	31,371	30,809	30,920	31,230

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1994	1995	1996	1997						1998	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[p]
1 **Deposits**	**250**	**386**	**167**	**175**	**169**	**188**	**190**	**167**	**457**	**215**	**243**
Held in custody											
2 U.S. Treasury securities[2]	441,866	522,170	638,049	653,157	660,461	655,406	638,100	635,092	620,885	625,219	621,956
3 Earmarked gold[3]	12,033	11,702	11,197	10,793	10,793	10,793	10,793	10,793	10,763	10,709	10,705

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

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1995	1996	1997[r] July	Aug.	Sept.	Oct.	Nov.	Dec.	1998 Jan.[p]
1 **Total**[1]	**630,918**	**758,624**	**781,414**	**793,548**	**803,621**	**798,596**	**791,618**	**776,806**	**779,307**
By type									
2 Liabilities reported by banks in the United States[2]	107,394	113,098	129,797	128,628	138,176	153,704	147,746	134,846	140,903
3 U.S. Treasury bills and certificates[3]	168,534	198,921	161,270	165,453	161,610	153,283	150,102	148,301	145,609
U.S. Treasury bonds and notes									
4 Marketable	293,690	379,497	422,934	431,169	434,260	421,412	423,243	422,876	421,687
5 Nonmarketable[4]	6,491	5,968	5,804	5,841	5,879	5,919	5,955	5,994	6,033
6 U.S. securities other than U.S. Treasury securities[5]	54,809	61,140	61,609	62,457	63,696	64,278	64,572	64,789	65,075
By area									
7 Europe[1]	222,406	257,915	272,159	272,566	276,594	280,489	272,630	262,928	261,955
8 Canada	19,473	21,295	21,112	20,959	21,233	19,418	19,275	18,749	18,339
9 Latin America and Caribbean	66,721	80,623	93,117	94,262	94,754	90,190	94,135	97,310	96,697
10 Asia	311,016	385,484	380,702	390,584	394,551	391,541	390,203	381,172	385,949
11 Africa	6,296	7,379	8,882	8,934	10,218	9,812	9,542	10,118	10,213
12 Other countries	5,004	5,926	5,440	6,241	6,269	7,144	5,831	6,527	6,152

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	1994	1995	1996	1997 Mar.	June	Sept.	Dec.
1 Banks' liabilities	89,258	109,713	103,383	109,238	109,433	118,477	116,738
2 Banks' claims	60,711	74,016	66,018	72,589	84,623	89,568	82,729
3 Deposits	19,661	22,696	22,467	24,542	26,461	28,961	24,769
4 Other claims	41,050	51,320	43,551	48,047	58,162	60,607	57,960
5 Claims of banks' domestic customers[2]	10,878	6,145	10,978	10,196	10,265	10,210	8,476

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	1995	1996	1997[r]	1997						1998
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,099,549**	**1,162,148**	**1,278,116**	**1,200,323**	**1,192,443**	**1,198,563**	**1,225,798**	**1,240,240[r]**	**1,278,116**	**1,259,215**
2 Banks' own liabilities	753,461	758,998	878,019	807,103	788,607	797,480	824,419	833,966[r]	878,019	863,625
3 Demand deposits	24,448	27,034	32,076	27,655	27,107	28.332	33,551	35,690[r]	32,076	29,427
4 Time deposits[2]	192,558	186,910	193,483	189,352	190.465	187.475	193,424	191,772[r]	193,483	187,826
5 Other[3]	140,165	143,510	167,644	177,279	162,026	171,113	193,960	180,925[r]	167,644	184,745
6 Own foreign offices[4]	396.290	401,544	484.816	412,817	409,009	410,560	403,484	425,579[r]	484.816	461,627
7 Banks' custodial liabilities[5]	346,088	403,150	400,097	393,220	403,836	401,083	401,379	406,274	400,097	395,590
8 U.S. Treasury bills and certificates[6]	197,355	236,874	193,325	202,630	209,121	205,946	200,215	196,476	193,325	184,878
9 Other negotiable and readily transferable instruments[7]	52,200	72,011	93,604	88,057	89,096	90,686	95,108	99,882	93,604	96,950
10 Other	96,533	94,265	113,168	102,533	105,619	104,451	106,056	109,916	113,168	113.762
11 Nonmonetary international and regional organizations[8]	11,039	13,972	11,690	11,796	10,569	11,806	13,914	12.469	11,690	11,075
12 Banks' own liabilities	10,347	13,355	11,486	11,384	10,068	11,524	13,509	12,205	11.486	10.883
13 Demand deposits	21	29	16	86	217	771	36	43	16	75
14 Time deposits[2]	4,656	5,784	5,466	4,726	4,879	5,967	5,161	6,310	5,466	4,943
15 Other[3]	5,670	7,542	6,004	6,572	4,972	4,786	8,312	5,852	6.004	5,865
16 Banks' custodial liabilities[5]	692	617	204	412	501	282	405	264	204	192
17 U.S. Treasury bills and certificates[6]	350	352	69	47	166	53	148	46	69	85
18 Other negotiable and readily transferable instruments[7]	341	265	133	365	314	229	257	217	133	107
19 Other	1	0	2	0	21	0	0	1	2	0
20 Official institutions[9]	275,928	312,019	283,147	291,067	294,081	299,786	306,987	297,848[r]	283,147	286.512
21 Banks' own liabilities	83,447	79,406	101,430	102,366	99,111	105,354	118,054	109,938[r]	101,430	110.999
22 Demand deposits	2,098	1,511	2,312	1,711	2,198	1,745	2,034	1,891	2,312	1,499
23 Time deposits[2]	30,717	33,336	41,242	42,145	40,301	39,884	41,670	39,666	41,242	38.331
24 Other[3]	50,632	44,559	57,876	58,510	56,612	63,725	74,350	68,381[r]	57.876	71,169
25 Banks' custodial liabilities[5]	192,481	232,613	181,717	188,701	194,970	194,432	188,933	187,910	181,717	175,513
26 U.S. Treasury bills and certificates[6]	168,534	198,921	148,301	161,270	165,453	161,610	153,283	150,102	148.301	145.609
27 Other negotiable and readily transferable instruments[7]	23,603	33,266	33,211	26,878	29,349	32,315	35,236	37,374	33.211	29.614
28 Other	344	426	205	553	168	507	414	434	205	290
29 Banks[10]	691,412	694,835	816,129	734,459	730,322	723,002	733,017	765,524[r]	816,129	787,298
30 Banks' own liabilities	567,834	562,898	642,388	573,819	566,366	562,218	568,398	595,594[r]	642,388	617,501
31 Unaffiliated foreign banks	171,544	161,354	157,572	161,002	157,357	151,658	164,914	170,015[r]	157,572	155,874
32 Demand deposits	11.758	13,692	17,512	13,700	13,323	13,852	18,354	21,316[r]	17,512	15,974
33 Time deposits[2]	103,471	89,765	83,819	80,131	81,890	76,443	83,172	84,621[r]	83,819	80,141
34 Other[3]	56,315	57,897	56,241	67,171	62,144	61,363	63,388	64,078[r]	56,241	59,759
35 Own foreign offices[4]	396,290	401.544	484.816	412,817	409,009	410,560	403,484	425,579[r]	484,816	461,627
36 Banks' custodial liabilities[5]	123,578	131,937	173,741	160,640	163,956	160,784	164.619	169,930	173,741	169,797
37 U.S. Treasury bills and certificates[6]	15,872	23,106	31,915	28,642	30,629	30,012	33,085	32,995	31.915	27,607
38 Other negotiable and readily transferable instruments[7]	13,035	17,027	35,333	35,522	33,960	32,886	32,065	33,826	35,333	35,266
39 Other	94,671	91,804	106,493	96,476	99,367	97,886	99.469	103,109	106,493	106,924
40 Other foreigners	121,170	141,322	167,150	163,001	157,471	163,969	171,880	164,399	167.150	174,330
41 Banks' own liabilities	91,833	103,339	122,715	119.534	113,062	118,384	124,458	116,229	122.715	124,242
42 Demand deposits	10,571	11,802	12,236	12.158	11,369	11,964	13,127	12,440[r]	12.236	11,879
43 Time deposits[2]	53,714	58,025	62,956	62,350	63,395	65,181	63,421	61,175[r]	62,956	64,411
44 Other[3]	27,548	33,512	47.523	45.026	38,298	41,239	47.910	42.614	47,523	47,952
45 Banks' custodial liabilities[5]	29.337	37,983	44,435	43,467	44,409	45,585	47,422	48,170	44,435	50,088
46 U.S. Treasury bills and certificates[6]	12,599	14.495	13,040	12,671	12,873	14,271	13,699	13,333	13,040	11,577
47 Other negotiable and readily transferable instruments[7]	15,221	21,453	24,927	25,292	25,473	25.256	27,550	28,465	24,927	31,963
48 Other	1,517	2,035	6,468	5,504	6,063	6,058	6.173	6,372	6,468	6,548
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,103	14,573	16,046	16,453	16,040	15.872	15.485	16,553	16,046	17,038

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	1995	1996	1997r	1997 July	Aug.	Sept.	Oct.	Nov.	Dec.	1998 Jan.p
AREA										
50 **Total, all foreigners**	**1,099,549**	**1,162,148**	**1,278,116r**	**1,200,323**	**1,192,443**	**1,198,563**	**1,225,798**	**1,240,240r**	**1,278,116r**	**1,259,215**
51 **Foreign countries**	**1,088,510**	**1,148,176**	**1,266,426r**	**1,188,527**	**1,181,874**	**1,186,757**	**1,211,884**	**1,227,771r**	**1,266,426r**	**1,248,140**
52 Europe	362,819	376,590	420,290r	411,680	407,700	402,063	418,988	425,584r	420,290r	401,360
53 Austria	3,537	5,128	2,717r	3,257	3,404	2,691	2,679	2,319	2,717r	2,787
54 Belgium and Luxembourg	24,792	24,084	41,007r	45,291	46,063	43,436	46,067	46,258	41,007r	39,018
55 Denmark	2,921	2,565	1,514	2,289	1,736	2,867	2,359	2,157	1,514	1,625
56 Finland	2,831	1,958	2,246	1,814	1,751	2,163	1,997	1,969	2,246	2,177
57 France	39,218	35,078	46,607	43,464	41,213	43,065	45,057	45,653r	46,607	44,773
58 Germany	24,035	24,660	23,737	24,978	22,626	25,201	22,117	23,040	23,737	21,987
59 Greece	2,014	1,835	1,515	1,726	1,592	2,086	2,075	1,229	1,515	1,676
60 Italy	10,868	10,946	11,378	9,490	9,179	9,852	11,449	10,713	11,378	9,854
61 Netherlands	13,745	11,110	7,385	8,440	7,823	8,388	8,119	7,010	7,385	6,287
62 Norway	1,394	1,288	317	846	604	1,321	1,022	1,793	317	955
63 Portugal	2,761	3,562	2,262	2,075	1,931	1,958	1,888	1,987	2,262	1,515
64 Russia	7,948	7,623	7,968	13,604	13,216	12,784	11,722	6,938	7,968	5,573
65 Spain	10,011	17,707	18,989	15,158	15,203	17,796	21,934	20,921	18,989	19,413
66 Sweden	3,246	1,623	1,628	1,925	2,317	2,024	1,348	1,614	1,628	1,415
67 Switzerland	43,625	44,538	39,258	44,283	41,076	36,862	37,075	39,665	39,258	37,414
68 Turkey	4,124	6,738	4,054	6,594	5,933	4,736	4,661	4,218	4,054	3,659
69 United Kingdom	139,183	153,420	181,824	161,672	167,914	158,849	165,199	177,781	181,824	176,290
70 Yugoslavia[11]	177	206	239	267	244	243	233	234	239	292
71 Other Europe and other former U.S.S.R.[12]	26,389	22,521	25,645r	24,507	23,875	25,741	31,987	30,085	25,645r	24,650
72 Canada	30,468	38,920	28,341	30,445	27,629	29,592	30,282	30,921	28,341	29,034
73 Latin America and Caribbean	440,213	467,529	531,078r	500,824	496,658	502,648	501,854	499,265	531,078r	525,811
74 Argentina	12,235	13,877	20,193	17,100	18,033	16,643	17,557	18,214	20,193	19,213
75 Bahamas	94,991	88,895	112,216r	92,136	86,271	86,914	89,630	92,389	112,216r	112,907
76 Bermuda	4,897	5,527	6,911r	5,919	7,786	6,084	6,209	6,012	6,911r	6,266
77 Brazil	23,797	27,701	31,032r	28,340	31,567	33,575	31,675	32,609	31,032r	31,927
78 British West Indies	239,083	251,465	271,162r	265,291	268,485	273,570	270,004	263,770	271,162r	265,812
79 Chile	2,826	2,915	4,072	3,440	3,353	3,327	3,579	3,283	4,072	4,513
80 Colombia	3,659	3,256	3,630	2,652	2,587	2,657	3,395	3,266	3,630	3,535
81 Cuba	8	21	66	54	60	55	71	57	66	63
82 Ecuador	1,314	1,767	2,078	1,640	1,512	1,508	1,671	1,704	2,078	1,876
83 Guatemala	1,276	1,282	1,494	1,455	1,389	1,449	1,399	1,361	1,494	1,491
84 Jamaica	481	628	450	532	534	523	481	445	450	449
85 Mexico	24,560	31,240	33,971	34,779	30,804	32,640	32,748	32,668	33,971	33,224
86 Netherlands Antilles	4,673	6,099	5,078	10,986	8,286	7,566	6,059	4,987	5,078	5,777
87 Panama	4,264	4,099	4,239	4,424	3,805	3,835	4,107	4,291	4,239	3,911
88 Peru	974	834	893	958	1,006	904	917	907	893	875
89 Uruguay	1,836	1,890	2,382	2,392	2,070	1,997	2,184	2,247	2,382	2,201
90 Venezuela	11,808	17,363	21,601r	19,124	20,159	20,580	20,639	22,110r	21,601r	22,331
91 Other	7,531	8,670	9,610r	9,602	8,951	8,821	9,529	8,945r	9,610r	9,440
92 Asia	240,595	249,083	269,166r	227,759	231,017	234,560	242,074	255,000r	269,166r	274,165
China										
93 Mainland	33,750	30,438	18,228r	9,480	10,450	12,664	16,244	17,433r	18,228r	20,133
94 Taiwan	11,714	15,995	11,760r	13,464	11,803	13,460	15,207	13,586	11,760r	12,932
95 Hong Kong	20,197	18,789	17,722r	18,737	17,647	18,533	19,755	18,886	17,722r	17,952
96 India	3,373	3,930	4,567	4,555	4,474	4,451	5,131	4,913	4,567	5,331
97 Indonesia	2,708	2,298	3,554	2,817	3,737	2,810	4,568	3,092	3,554	2,911
98 Israel	4,041	6,051	6,283	5,180	5,202	4,534	4,200	3,745	6,283	7,192
99 Japan	109,193	117,316	143,401r	118,410	119,581	118,536	116,852	133,690r	143,401r	138,663
100 Korea (South)	5,749	5,949	12,955	8,928	9,646	9,327	8,597	9,982	12,955	11,699
101 Philippines	3,092	3,378	3,250	2,908	2,541	2,409	2,505	2,558	3,250	2,505
102 Thailand	12,279	10,912	6,501	5,262	4,956	6,545	6,988	5,824r	6,501	5,858
103 Middle Eastern oil-exporting countries[13]	15,582	16,285	14,959	14,306	15,325	14,279	14,436	14,017	14,959	16,059
104 Other	18,917	17,742	25,986r	23,712	25,655	27,012	27,591	27,274	25,986r	32,930
105 Africa	7,641	8,116	10,343	9,734	9,731	10,380	10,310	9,520	10,343	10,291
106 Egypt	2,136	2,012	1,663	1,921	1,973	2,050	1,742	1,836	1,663	1,949
107 Morocco	104	112	138	112	94	99	105	69	138	131
108 South Africa	739	458	2,158	1,697	1,694	2,047	2,028	1,615	2,158	1,685
109 Zaire	10	10	10	8	7	14	3	5	10	7
110 Oil-exporting countries[14]	1,797	2,626	3,060	2,981	3,211	3,280	3,194	2,948	3,060	3,470
111 Other	2,855	2,898	3,314	3,015	2,752	2,890	3,238	3,047	3,314	3,049
112 Other	6,774	7,938	7,208	8,085	9,139	7,514	8,376	7,481	7,208	7,479
113 Australia	5,647	6,479	6,304	6,782	7,917	6,391	7,284	6,283	6,304	6,383
114 Other	1,127	1,459	904	1,303	1,222	1,123	1,092	1,198	904	1,096
115 Nonmonetary international and regional organizations	11,039	13,972	11,690r	11,796	10,569	11,806	13,914	12,469	11,690r	11,075
116 International[15]	9,300	12,099	10,517r	10,341	9,434	10,634	11,943	10,926	10,517r	9,851
117 Latin American regional[16]	893	1,339	424r	794	579	708	1,277	1,053	424r	975
118 Other regional[17]	846	534	749	661	556	464	694	490	749	249

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	1995	1996	1997[r]	1997						1998
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Total, all foreigners**	**532,444**	**599,925**	**708,297**	**646,504**	**650,453**	**656,676**	**681,634**	**699,049[r]**	**708,297**	**702,931**
2 **Foreign countries**	**530,513**	**597,321**	**705,834**	**645,351**	**648,036**	**654,633**	**679,886**	**696,563[r]**	**705,834**	**700,014**
3 Europe	132,150	165,769	200,023	186,365	189,759	199,261	213,886	215,061[r]	200,023	204,732
4 Austria	565	1,662	1,354	1,690	1,739	1,371	1,913	2,034	1,354	1,917
5 Belgium and Luxembourg	7,624	6,727	6,755	8,094	8,124	7,847	8,347	7,461	6,755	5,714
6 Denmark	403	492	980	806	811	1,082	896	844	980	1,531
7 Finland	1,055	971	1,233	1,247	1,773	1,889	1,808	1,259	1,233	1,492
8 France	15,033	15,246	16,239	18,689	16,232	17,531	17,043	19,817[r]	16,239	21,482
9 Germany	9,263	8,472	12,676	8,351	8,685	11,724	11,617	13,245[r]	12,676	10,849
10 Greece	469	568	402	461	481	499	463	401	402	504
11 Italy	5,370	6,457	6,259	7,443	8,015	7,670	7,146	6,870	6,259	6,661
12 Netherlands	5,346	7,117	6,141	12,050	11,083	11,548	11,504	11,496	6,141	5,394
13 Norway	665	808	555	745	849	1,713	1,419	2,080	555	979
14 Portugal	888	418	777	439	732	563	615	695	777	655
15 Russia	660	1,669	1,248	2,098	2,192	1,927	2,054	2,207	1,248	1,297
16 Spain	2,166	3,211	2,941	6,496	6,175	5,431	6,624	6,338	2,941	6,925
17 Sweden	2,080	1,739	1,854	1,740	1,639	1,659	1,838	1,804	1,854	1,738
18 Switzerland	7,474	19,798	28,846	24,883	24,338	25,393	29,980	29,399[r]	28,846	28,514
19 Turkey	803	1,109	1,558	1,362	1,305	1,410	1,424	1,572	1,558	1,648
20 United Kingdom	67,784	85,234	103,143	84,162	90,226	93,825	102,405	100,870	103,143	99,279
21 Yugoslavia[2]	147	115	52	75	76	75	75	74	52	53
22 Other Europe and other former U.S.S.R.[3]	4,355	3,956	7,010	5,534	5,284	6,104	6,715	6,595	7,010	8,100
23 Canada	20,874	26,436	27,170	26,289	24,442	23,513	22,824	24,765	27,170	25,146
24 Latin America and Caribbean	256,944	274,153	343,752	300,339	298,786	302,528	303,877	317,478	343,752	345,572
25 Argentina	6,439	7,400	8,917	7,088	7,277	7,243	8,138	8,757	8,917	9,072
26 Bahamas	58,818	71,871	89,379	69,819	70,031	66,074	73,837	72,739	89,379	90,833
27 Bermuda	5,741	4,129	8,782	8,252	9,829	9,342	8,097	6,552	8,782	9,385
28 Brazil	13,297	17,259	20,900	18,879	19,249	19,422	20,127	20,382	20,900	21,625
29 British West Indies	124,037	105,510	146,257	134,438	128,373	133,778	133,310	141,801	146,257	146,658
30 Chile	4,864	5,136	7,913	5,686	5,919	6,235	7,189	7,783	7,913	7,910
31 Colombia	4,550	6,247	6,937	6,419	6,608	6,543	6,862	6,968	6,937	6,726
32 Cuba	0	0	0	0	0	0	0	3	0	0
33 Ecuador	825	1,031	1,311	1,165	1,199	1,218	1,307	1,292	1,311	1,390
34 Guatemala	457	620	886	679	689	764	760	787	886	863
35 Jamaica	323	345	424	359	375	374	364	405	424	422
36 Mexico	18,024	18,425	19,517	19,585	18,680	18,770	18,584	18,904	19,517	20,509
37 Netherlands Antilles	9,229	25,209	17,838	15,759	18,399	20,325	12,274	17,064	17,838	16,030
38 Panama	3,008	2,786	4,364	3,272	3,482	3,566	3,957	4,089	4,364	4,062
39 Peru	1,829	2,720	3,490	2,697	2,850	3,060	3,184	3,456	3,490	3,411
40 Uruguay	466	589	629	778	702	728	709	651	629	588
41 Venezuela	1,661	1,702	2,123	1,734	1,750	1,716	1,636	1,915	2,123	2,250
42 Other	3,376	3,174	4,085	3,730	3,374	3,370	3,542	3,930	4,085	3,838
43 Asia	115,336	122,478	125,020	122,517	124,927	120,807	129,589	129,760[r]	125,020	114,393
China										
44 Mainland	1,023	1,401	1,579	2,385	2,574	2,798	2,345	2,102	1,579	2,541
45 Taiwan	1,713	1,894	921	1,523	1,521	1,250	1,271	1,000	921	847
46 Hong Kong	12,821	12,802	13,995	12,247	13,188	13,573	15,343	15,156	13,995	14,552
47 India	1,846	1,946	2,200	2,184	2,110	2,086	2,360	2,501	2,200	2,306
48 Indonesia	1,696	1,762	2,611	2,524	2,579	2,713	2,698	2,774[r]	2,611	2,346
49 Israel	739	633	768	855	749	907	1,539	1,201	768	925
50 Japan	61,468	59,967	59,546	55,592	54,427	52,480	59,437	60,195	59,546	52,903
51 Korea (South)	13,975	18,901	18,118	21,274	21,690	19,978	19,922	19,253	18,118	14,427
52 Philippines	1,318	1,697	1,689	1,723	1,834	1,670	1,455	1,533	1,689	1,794
53 Thailand	2,612	2,679	2,259	2,825	2,641	2,479	2,317	2,180	2,259	2,164
54 Middle Eastern oil-exporting countries[4]	9,639	10,424	10,790	9,751	9,503	7,988	8,490	8,909	10,790	9,133
55 Other	6,486	8,372	10,544	9,634	12,111	12,885	12,412	12,956[r]	10,544	10,455
56 Africa	2,742	2,776	3,530	3,125	3,281	3,464	3,342	3,332	3,530	3,587
57 Egypt	210	247	247	267	288	251	245	282	247	279
58 Morocco	514	524	511	463	554	547	599	412	511	498
59 South Africa	465	584	805	493	489	655	557	743	805	702
60 Zaire	1	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	552	420	1,212	1,134	1,178	1,123	1,111	1,091	1,212	1,323
62 Other	1,000	1,001	755	768	772	888	830	804	755	785
63 Other	2,467	5,709	6,339	6,716	6,841	5,060	6,368	6,167	6,339	6,584
64 Australia	1,622	4,577	5,299	4,938	5,266	4,314	5,296	4,962	5,299	5,500
65 Other	845	1,132	1,040	1,778	1,575	746	1,072	1,205	1,040	1,084
66 Nonmonetary international and regional organizations[6]	1,931	2,604	2,463	1,153	2,417	2,043	1,748	2,486	2,463	2,917

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	1995	1996	1997	1997						1998
				July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.	Jan.[p]
1 **Total**	**655,211[r]**	**743,919[r]**	**858,031**	.		**826,669[r]**	..	..	**858,031**	...
2 Banks' claims	532,444	599,925	708,297	646,504	650,453	656,676	681,634	699,049	708,297	702,931
3 Foreign public borrowers	22,518	22,216	20,706	26,923	28,263	30,287	29,795	27,739	20,706	30,213
4 Own foreign offices[2]	307,427	341,574	431,677	370,506	370,599	374,443	400,200	409,314	431,677	415,528
5 Unaffiliated foreign banks	101,595	113,682	109,496	117,694	115,343	104,749	115,295	122,350	109,496	111,296
6 Deposits	37,771	33,826	29,789	36,006	35,436	29,509	30,358	32,373	29,789	29,287
7 Other	63,824	79,856	79,707	81,688	79,907	75,240	84,937	89,977	79,707	82,009
8 All other foreigners	100,904	122,453	146,418	131,381	136,248	147,197	136,344	139,646	146,418	145,894
9 Claims of banks' domestic customers[3]	122,767	143,994	149,734	.	..	169,993	..	.	149,734	.
10 Deposits	58,519	77,657	73,110	.	.	101,683	.	.	73,110	..
11 Negotiable and readily transferable instruments[4]	44,161	51,207	53,967	.	...	50,291	...	..	53,967	.
12 Outstanding collections and other claims	20,087	15,130	22,657	...	...	18,019	.	...	22,657	..
MEMO										
13 Customer liability on acceptances	8,410	10,388	9,587	...	.	10,854	.	.	9,587	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	30,717	39,661	34,166	38,213	45,342	38,171[r]	39,157	37,527	34,166	36,052

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]	1994	1995	1996	1997			
				Mar.	June	Sept.	Dec.[p]
1 **Total**	**202,282**	**224,932**	**258,106**	**276,025**	**271,894**	**282,234**	**276,578**
By borrower							
2 Maturity of one year or less	170,411	178,857	211,859	223,721	211,140	219,343	205,879
3 Foreign public borrowers	15,435	14,995	15,411	19,876	17,979	21,535	12,135
4 All other foreigners	154,976	163,862	196,448	203,845	193,161	197,808	193,744
5 Maturity of more than one year	31,871	46,075	46,247	52,304	60,754	62,891	70,699
6 Foreign public borrowers	7,838	7,522	6,790	8,835	11,220	8,752	8,528
7 All other foreigners	24,033	38,553	39,457	43,469	49,534	54,139	62,171
By area							
Maturity of one year or less							
8 Europe	56,381	55,622	55,690	74,888	69,233	69,213	58,407
9 Canada	6,690	6,751	8,339	10,423	10,320	8,460	9,917
10 Latin America and Caribbean	59,583	72,504	103,254	96,892	87,059	99,902	97,198
11 Asia	40,567	40,296	38,078	36,478	38,434	36,030	33,958
12 Africa	1,379	1,295	1,316	1,451	1,899	2,157	2,211
13 All other[3]	5,811	2,389	5,182	3,589	4,195	3,581	4,188
Maturity of more than one year							
14 Europe	4,358	4,995	6,965	9,512	11,835	11,198	13,240
15 Canada	3,505	2,751	2,645	2,934	3,164	3,832	2,512
16 Latin America and Caribbean	15,717	27,681	24,943	26,797	31,001	34,873	42,069
17 Asia	5,323	7,941	9,392	10,773	12,510	10,394	10,159
18 Africa	1,583	1,421	1,361	1,204	1,264	1,236	1,236
19 All other[3]	1,385	1,286	941	1,084	980	1,358	1,483

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.

2. Maturity is time remaining until maturity.

3. Includes nonmonetary international and regional organizations.

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

Billions of dollars, end of period

Area or country	1993	1994	1995	1996				1997			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.[p]
1 **Total**	**409.5**	**499.5**	**551.9**	**574.7**	**612.8[r]**	**586.2[r]**	**645.3[r]**	**647.6[r]**	**678.8[r]**	**712.3[r]**	**764.9**
2 G-10 countries and Switzerland	161.9	191.2	206.0	203.4	226.9[r]	220.0[r]	228.3[r]	231.4[r]	250.0[r]	247.7[r]	261.6
3 Belgium and Luxembourg	7.4	7.2	13.6	11.0	11.4	11.3	11.7	14.1	9.4	11.4	11.5
4 France	12.0	19.1	19.4	17.9	18.0	17.4	16.6	19.7	17.9	20.2	17.6
5 Germany	12.6	24.7	27.3	31.5	31.4[r]	33.9[r]	29.8[r]	32.1[r]	34.1[r]	34.7[r]	32.4
6 Italy	7.7	11.8	11.5	13.2	14.9	15.2	16.0	14.4	20.2	19.3	17.5
7 Netherlands	4.7	3.6	3.7	3.1	4.7	5.9	4.0	4.5	6.4	7.2	6.7
8 Sweden	2.7	2.7	2.7	3.3	2.7	3.0	2.6	3.4	3.6	4.1	3.3
9 Switzerland	5.9	5.1	6.7	5.2	6.3	6.3	5.3	6.0	5.4	4.8	7.2
10 United Kingdom	84.4	85.8	82.4	84.7	101.6	90.5	104.7	99.2	110.6	108.3	119.9
11 Canada	6.9	10.0	10.3	10.8	12.2	14.8	14.0	16.3	15.7	15.1	14.0
12 Japan	17.6	21.1	28.5	22.7	23.6	21.7	23.7	21.7	26.8	22.6	31.6
13 Other industrialized countries	26.5	45.7	50.2	61.3	55.5	62.1	65.7	66.4	71.7	73.8	65.5
14 Austria	.7	1.1	.9	1.3	1.2	1.0	1.1	1.9	1.5	1.7	1.5
15 Denmark	1.0	1.3	2.6	3.4	3.3	1.7	1.5	1.7	2.8	3.7	2.4
16 Finland	.4	.9	.8	.7	.6	.6	.8	.7	1.4	1.9	1.3
17 Greece	3.2	4.5	5.7	5.6	5.6	6.1	6.7	6.3	6.1	6.2	5.1
18 Norway	1.7	2.0	3.2	2.1	2.3	3.0	8.0	5.3	4.7	4.6	3.6
19 Portugal	.8	1.2	1.3	1.6	1.6	1.4	.9	1.0	1.1	1.4	1.1
20 Spain	9.9	13.6	11.6	17.5	13.6	16.1	13.2	14.4	15.4	13.9	12.3
21 Turkey	2.1	1.6	1.9	2.0	2.3	2.8	2.7	2.8	3.4	4.4	4.5
22 Other Western Europe	3.2	3.2	4.7	3.8	3.4	4.8	4.7	6.3	5.5	6.1	8.2
23 South Africa	1.1	1.0	1.2	1.7	2.0	1.7	2.0	1.9	1.9	1.9	2.2
24 Australia	2.3	15.4	16.4	21.7	19.6	22.8	24.0	24.4	27.8	28.1	23.2
25 OPEC[2]	17.6	24.1	22.1	21.2	20.1	19.2	19.7	21.8	22.3	22.9	26.3
26 Ecuador	.5	.5	.7	.8	.9	.9	1.1	1.1	.9	1.2	1.3
27 Venezuela	5.1	3.7	2.7	2.9	2.3	2.3	2.4	1.9	2.1	2.2	2.6
28 Indonesia	3.3	3.8	4.8	4.7	4.9	5.4	5.2	4.9	5.6	6.5	6.8
29 Middle East countries	7.6	15.3	13.3	12.3	11.5	10.2	10.7	13.2	12.5	11.8	14.4
30 African countries	1.2	.9	.6	.6	.5	.4	.4	.7	1.2	1.1	1.2
31 Non-OPEC developing countries	83.2	96.0	112.6	118.6	126.5	124.4	130.3	128.1	140.6	136.9	142.9
Latin America											
32 Argentina	7.7	11.2	12.9	12.7	14.1	15.0	14.3	14.3	16.4	17.1	18.8
33 Brazil	12.0	8.4	13.7	18.3	21.7	17.8	20.7	22.0	27.3	26.1	29.1
34 Chile	4.7	6.1	6.8	6.4	6.7	6.6	7.0	6.8	7.6	7.9	9.2
35 Colombia	2.1	2.6	2.9	2.9	2.8	3.1	4.1	3.7	3.3	3.4	3.7
36 Mexico	17.9	18.4	17.3	16.1	15.4	16.3	16.2	17.2	16.6	16.4	18.3
37 Peru	.4	.5	.8	.9	1.2	1.3	1.6	1.6	1.4	1.8	2.1
38 Other	3.1	2.7	2.8	3.1	3.0	3.0	3.3	3.4	3.4	3.6	4.3
Asia											
China											
39 Mainland	2.0	1.1	1.8	3.3	2.9	2.6	2.5	2.7	3.6	4.3	3.2
40 Taiwan	7.3	9.2	9.4	9.7	9.8	10.4	10.3	10.5	10.6	9.7	9.0
41 India	3.2	4.2	4.4	4.7	4.2	3.8	4.3	4.9	5.3	4.9	5.0
42 Israel	.5	.4	.5	.5	.6	.5	.5	.6	.8	1.0	1.2
43 Korea (South)	6.7	16.2	19.1	19.3	21.7	21.9	21.5	14.6	16.3	16.2	15.9
44 Malaysia	4.4	3.1	4.4	5.2	5.3	5.5	6.0	6.5	6.4	5.6	5.1
45 Philippines	3.1	3.3	4.1	3.9	4.7	5.4	5.8	6.0	7.0	5.7	5.7
46 Thailand	3.1	2.1	4.9	5.2	5.4	4.8	5.7	6.8	7.3	6.2	5.4
47 Other Asia	3.1	4.7	4.5	4.3	4.8	4.1	4.1	4.3	4.7	4.5	4.4
Africa											
48 Egypt	.4	.3	.4	.5	.5	.6	.7	.9	1.1	.9	.9
49 Morocco	.7	.6	.7	.7	.8	.7	.7	.6	.7	.7	.6
50 Zaire	.0	.0	.0	.0	0	.0	.1	.0	.0	.0	.0
51 Other Africa[3]	.8	.8	.9	.8	.8	1.0	.9	.9	.9	.9	.8
52 Eastern Europe	3.2	2.7	4.2	6.3	5.1	5.3	6.9	8.9	7.1	9.8	9.2
53 Russia[4]	1.6	.8	1.0	1.4	1.0	1.8	3.7	3.5	4.2	5.1	5.1
54 Other	1.6	1.9	3.2	4.9	4.1	3.5	3.2	5.4	2.9	4.7	4.0
55 Offshore banking centers	73.5	72.9	99.2	101.3	106.1	105.2	134.7	131.3	129.6	140.3	160.2
56 Bahamas	10.9	10.2	11.0	13.9	17.3	14.2	20.3	20.9	16.1	19.8	31.1
57 Bermuda	8.9	8.4	6.3	5.3	4.1	4.0	4.5	6.7	7.9	9.8	9.8
58 Cayman Islands and other British West Indies	18.4	21.4	32.4	28.8	26.1	32.0	37.2	32.8	35.1	45.7	52.3
59 Netherlands Antilles	2.8	1.6	10.3	11.1	13.2	11.7	26.1	19.9	15.8	21.7	14.7
60 Panama[5]	2.4	1.3	1.4	1.6	1.7	1.7	2.0	2.0	2.6	2.1	3.4
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
62 Hong Kong, China	18.8	20.0	25.0	25.3	27.6	26.0	27.9	30.8	35.2	27.2	32.3
63 Singapore	11.2	10.1	13.1	15.4	15.9	15.5	16.7	17.9	16.7	14.1	16.7
64 Other[6]	.1	.1	.1	.1	.1	.1	.1	.1	.3	.1	.1
65 Miscellaneous and unallocated[7]	43.6	66.9	57.6	62.6	72.7	50.0	59.6	59.6	57.6	80.8	99.1

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

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

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

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

Millions of dollars, end of period

Type of liability, and area or country	1993	1994	1995	1996			1997		
				June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**50,597**	**54,309**	**46,448**	**48,943**	**51,604**	**54,798**	**58,750[r]**	**55,184[r]**	**55,476**
2 Payable in dollars	38,728	38,298	33,903	35,338	36,374	38,956	39,944[r]	38,494[r]	39,583
3 Payable in foreign currencies	11,869	16,011	12,545	13,605	15,230	15,842	18,806[r]	16,690[r]	15,893
By type									
4 Financial liabilities	29,226	32,954	24,241	24,797	25,445	26,065	29,633[r]	26,864[r]	25,970
5 Payable in dollars	18,545	18,818	12,903	12,165	11,272	11,327	11,847[r]	11,203[r]	11,248
6 Payable in foreign currencies	10,681	14,136	11,338	12,632	14,173	14,738	17,786[r]	15,661[r]	14,722
7 Commercial liabilities	21,371	21,355	22,207	24,146	26,159	28,733	29,117	28,320	29,506
8 Trade payables	8,802	10,005	11,013	11,081	11,791	12,720	11,515	11,122	10,961
9 Advance receipts and other liabilities	12,569	11,350	11,194	13,065	14,368	16,013	17,602	17,198	18,545
10 Payable in dollars	20,183	19,480	21,000	23,173	25,102	27,629	28,097	27,291	28,335
11 Payable in foreign currencies	1,188	1,875	1,207	973	1,057	1,104	1,020	1,029	1,171
By area or country									
Financial liabilities									
12 Europe	18,810	21,703	15,622	16,387	16,086	16,195	20,081[r]	18,530[r]	18,019
13 Belgium and Luxembourg	175	495	369	498	547	632	769	238	89
14 France	2,539	1,727	999	1,011	1,220	1,091	1,205	1,280	1,334
15 Germany	975	1,961	1,974	1,850	2,276	1,834	1,589	1,765	1,730
16 Netherlands	534	552	466	444	519	556	507	466	507
17 Switzerland	634	688	895	1,156	830	699	694	591	645
18 United Kingdom	13,332	15,543	10,138	10,743	9,837	10,177	13,863[r]	12,968[r]	12,165
19 Canada	859	629	632	951	973	1,401	602	456	399
20 Latin America and Caribbean	3,359	2,034	1,783	969	1,169	1,668	1,876	1,279	1,061
21 Bahamas	1,148	101	59	31	50	236	293	124	10
22 Bermuda	0	80	147	28	25	50	27	55	64
23 Brazil	18	207	57	8	52	78	75	97	52
24 British West Indies	1,533	998	866	826	764	1,030	965	769	663
25 Mexico	17	0	12	11	13	17	16	15	76
26 Venezuela	5	5	2	1	1	1	1	1	1
27 Asia	5,956	8,403	5,988	6,351	6,969	6,423	6,370	6,015[r]	6,006
28 Japan	4,887	7,314	5,436	6,051	6,602	5,869	5,794	5,435	5,492
29 Middle Eastern oil-exporting countries[1]	23	35	27	26	25	25	72	39	23
30 Africa	133	135	150	72	153	38	29	29	33
31 Oil-exporting countries[2]	123	123	122	61	121	0	0	0	0
32 All other[3]	109	50	66	67	95	340	675	555	452
Commercial liabilities									
33 Europe	6,827	6,773	7,700	7,916	8,680	9,767	9,551	8,711	9,362
34 Belgium and Luxembourg	239	241	331	326	427	479	643	738	705
35 France	655	728	481	678	657	680	680	709	783
36 Germany	684	604	767	839	949	1,002	1,047	852	950
37 Netherlands	688	722	500	617	668	766	553	290	453
38 Switzerland	375	327	413	516	405	624	481	430	401
39 United Kingdom	2,039	2,444	3,568	3,266	3,663	4,303	4,165	3,827	3,834
40 Canada	879	1,037	1,040	998	1,144	1,090	1,068	1,136	1,150
41 Latin America and Caribbean	1,658	1,857	1,740	2,301	2,386	2,574	2,563	2,501	2,225
42 Bahamas	21	19	1	35	33	63	43	33	38
43 Bermuda	350	345	205	509	355	297	479	397	180
44 Brazil	214	161	98	119	198	196	201	225	233
45 British West Indies	27	23	56	10	15	14	14	26	23
46 Mexico	481	574	416	475	446	665	633	594	562
47 Venezuela	123	276	221	283	341	328	318	304	322
48 Asia	10,980	10,741	10,421	11,389	12,227	13,422	13,968	13,926	14,682
49 Japan	4,314	4,555	3,315	3,943	4,149	4,614	4,502	4,460	4,587
50 Middle Eastern oil-exporting countries[1]	1,534	1,576	1,912	1,784	1,951	2,168	2,495	2,420	2,984
51 Africa	453	428	619	924	1,020	1,040	1,037	941	929
52 Oil-exporting countries[2]	167	256	254	462	490	532	479	423	504
53 Other[3]	574	519	687	618	702	840	930	1,105	1,158

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

	Type of claim, and area or country	1993	1994	1995	1996			1997		
					June	Sept.	Dec.	Mar.	June	Sept.
1	**Total**	**49,159**	**57,888**	**52,509**	**60,195**	**59,092**	**63,642**	**66,202[r]**	**67,039[r]**	**68,646[r]**
2	Payable in dollars	45,161	53,805	48,711	55,350	55,014	58,630	60,226[r]	60,855[r]	62,030[r]
3	Payable in foreign currencies	3,998	4,083	3,798	4,845	4,078	5,012	5,976[r]	6,184[r]	6,616[r]
	By type									
4	Financial claims	27,771	33,897	27,398	35,251	34,200	35,268	38,647[r]	39,490[r]	39,945[r]
5	Deposits	15,717	18,507	15,133	19,507	19,877	21,404	20,250[r]	22,896[r]	21,837[r]
6	Payable in dollars	15,182	18,026	14,654	19,069	19,182	20,631	18,599[r]	21,405[r]	20,278[r]
7	Payable in foreign currencies	535	481	479	438	695	773	1,651[r]	1,491[r]	1,559[r]
8	Other financial claims	12,054	15,390	12,265	15,744	14,323	13,864	18,397[r]	16,594[r]	18,108[r]
9	Payable in dollars	10,862	14,306	10,976	13,347	12,234	12,069	15,381[r]	13,337[r]	14,795[r]
10	Payable in foreign currencies	1,192	1,084	1,289	2,397	2,089	1,795	3,016[r]	3,257[r]	3,313[r]
11	Commercial claims	21,388	23,991	25,111	24,944	24,892	28,374	27,555	27,549	28,701[r]
12	Trade receivables	18,425	21,158	22,998	22,353	22,454	25,751	24,801	24,858	25,110[r]
13	Advance payments and other claims	2,963	2,833	2,113	2,591	2,438	2,623	2,754	2,691	3,591[r]
14	Payable in dollars	19,117	21,473	23,081	22,934	23,598	25,930	26,246	26,113	26,957[r]
15	Payable in foreign currencies	2,271	2,518	2,030	2,010	1,294	2,444	1,309	1,436	1,744[r]
	By area or country									
	Financial claims									
16	Europe	7,299	7,936	7,609	10,498	9,777	9,282	11,176[r]	11,677[r]	13,758[r]
17	Belgium and Luxembourg	134	86	193	151	126	185	119	203	360
18	France	826	800	803	679	733	694	760	680	1,112
19	Germany	526	540	436	296	272	276	324	281	352
20	Netherlands	502	429	517	488	520	493	567	519	764
21	Switzerland	530	523	498	461	432	474	570	447	448
22	United Kingdom	3,585	4,649	4,303	7,426	6,603	6,119	7,937[r]	8,604[r]	9,150[r]
23	Canada	2,032	3,581	2,851	4,773	4,502	3,445	4,917	6,422	4,279[r]
24	Latin America and Caribbean	16,224	19,536	14,500	17,644	17,241	19,577	19,742	18,725	19,166[r]
25	Bahamas	1,336	2,424	1,965	2,168	1,746	1,452	1,894	2,064	2,442[r]
26	Bermuda	125	27	81	84	113	140	157	188	190[r]
27	Brazil	654	520	830	1,242	1,438	1,468	1,404	1,617	1,501
28	British West Indies	12,699	15,228	10,393	13,024	12,819	15,182	15,176	13,553[r]	12,947[r]
29	Mexico	872	723	554	392	413	457	517	497[r]	508
30	Venezuela	161	35	32	23	20	31	22	21	15
31	Asia	1,657	1,871	1,579	1,571	1,834	2,221	2,068	1,934	2,015
32	Japan	892	953	871	852	1,001	1,035	831	766	999
33	Middle Eastern oil-exporting countries[1]	3	141	3	9	13	22	12	20	15
34	Africa	99	373	276	197	177	174	182	179	174
35	Oil-exporting countries[2]	1	0	5	5	13	14	14	15	16
36	All other[3]	460	600	583	568	669	569	562	553	553
	Commercial claims									
37	Europe	9,105	9,540	9,824	9,842	9,288	10,443	9,863	9,603	10,486[r]
38	Belgium and Luxembourg	184	213	231	239	213	226	364	327	331
39	France	1,947	1,881	1,830	1,659	1,532	1,644	1,514	1,377	1,642[r]
40	Germany	1,018	1,027	1,070	1,335	1,250	1,337	1,364	1,229	1,395[r]
41	Netherlands	423	311	452	481	424	562	582	613	573
42	Switzerland	432	557	520	602	594	642	418	389	381
43	United Kingdom	2,377	2,556	2,656	2,658	2,516	2,946	2,626	2,836	2,904[r]
44	Canada	1,781	1,988	1,951	2,074	2,083	2,165	2,381	2,464	2,649[r]
45	Latin America and Caribbean	3,274	4,117	4,364	4,347	4,409	5,276	5,067	5,241	5,028[r]
46	Bahamas	11	9	30	28	14	35	40	29	22
47	Bermuda	182	234	272	264	290	275	159	197	128
48	Brazil	460	612	898	838	968	1,303	1,216	1,136	1,101[r]
49	British West Indies	71	83	79	103	119	190	127	98	98
50	Mexico	990	1,243	993	1,021	936	1,128	1,102	1,140	1,219[r]
51	Venezuela	293	348	285	313	316	357	330	451	418
52	Asia	6,014	6,982	7,312	6,939	7,289	8,376	8,348	8,460	8,576[r]
53	Japan	2,275	2,655	1,870	1,877	1,919	2,003	2,065	2,079	2,048[r]
54	Middle Eastern oil-exporting countries[1]	704	708	974	903	945	971	1,078	1,014	987[r]
55	Africa	493	454	654	688	731	746	718	618	764
56	Oil-exporting countries[2]	72	67	87	83	142	166	100	81	207
57	Other[3]	721	910	1,006	1,054	1,092	1,368	1,178	1,163	1,198[r]

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	1996	1997	1998 Jan. – Jan.	1997 July	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	590,714	963,888	90,130	85,138	84,953	80,546	106,674	85,150	90,995	90,130
2 Foreign sales	578,203	897,851r	83,877	74,715	76,820	75,428	105,668	80,133	85,671	83,877
3 **Net purchases, or sales (−)**	**12,511**	**66,037r**	**6,253**	**10,423**	**8,133**	**5,118**	**1,006**	**5,017**	**5,324**	**6,253**
4 **Foreign countries**	**12,585**	**66,177r**	**6,305**	**10,412**	**8,176**	**5,123**	**1,024**	**5,025**	**5,358**	**6,305**
5 Europe	5,367	59,041	6,623	6,108	4,391	5,296	5,910	5,318	5,832	6,623
6 France	−2,402	3,134	665	1,187	461	241	−80	−65	299	665
7 Germany	1,104	9,075	546	1,080	584	374	538	857	788	546
8 Netherlands	1,415	3,833	613	88	−118	820	757	579	409	613
9 Switzerland	2,715	7,845	683	922	557	−405	848	1,043	1,474	683
10 United Kingdom	4,478	22,215	2,741	1,167	2,170	3,559	2,444	1,875	1,232	2,741
11 Canada	2,226	−1,174	−254	−489	−286	−560	−520	−344	−304	−254
12 Latin America and Caribbean	5,816	5,264r	2,646	3,968	2,456	813	−4,091	−627	−1,224	2,646
13 Middle East[1]	−1,600	173	−166	−51	−64	32	79	16	21	−166
14 Other Asia	918	2,061	−2,693	686	1,545	−519	−508	888	1,071	−2,693
15 Japan	−372	4,780	−1,112	849	888	−313	229	709	551	−1,112
16 Africa	−85	471	34	99	2	94	80	−36	7	34
17 Other countries	−57	341	115	91	132	−33	74	−190	−45	115
18 **Nonmonetary international and regional organizations**	**−74**	**−140**	**−52**	**11**	**−43**	**−5**	**−18**	**−8**	**−34**	**−52**
BONDS[2]										
19 Foreign purchases	393,953	614,068r	57,381	62,627	62,605	50,762	57,972	53,036r	52,332	57,381
20 Foreign sales	268,487	477,891r	44,301	46,045	48,283	41,297	44,446	48,772r	43,153	44,301
21 **Net purchases, or sales (−)**	**125,466**	**136,177r**	**13,080**	**16,582**	**14,322**	**9,465**	**13,526**	**4,264r**	**9,179**	**13,080**
22 **Foreign countries**	**125,295**	**135,585r**	**13,048**	**16,568**	**14,254**	**9,464**	**12,999**	**4,352r**	**9,168**	**13,048**
23 Europe	77,570	74,049r	5,286	10,182	7,586	5,843	3,098	2,799	4,435	5,286
24 France	4,460	3,301	74	522	275	300	142	546	−67	74
25 Germany	4,439	2,742	289	1,606	34	638	120	165	−474	289
26 Netherlands	2,107	3,576	−433	−79	602	135	369	185	425	−433
27 Switzerland	1,170	547	760	−378	−304	−501	−109	1,212	593	760
28 United Kingdom	60,509	56,191r	4,018	7,284	6,577	4,109	2,111	−200	3,069	4,018
29 Canada	4,486	6,264	1,409	281	557	624	866	459	677	1,409
30 Latin America and Caribbean	17,737	34,821	5,469	3,283	2,110	1,265	3,712	3,884	7,220	5,469
31 Middle East[1]	1,679	1,656	78	−9	−44	−1	−183	199	142	78
32 Other Asia	23,762	17,023	420	2,700	3,916	1,591	5,634	−3,193	−3,520	420
33 Japan	14,173	9,360	−1,023	1,885	2,996	−613	5,207	−2,883	−3,758	−1,023
34 Africa	624	1,005	142	104	103	8	11	88	49	142
35 Other countries	−563	767r	244	27	26	134	−139	116r	165	244
36 **Nonmonetary international and regional organizations**	**171**	**592**	**32**	**14**	**68**	**1**	**527**	**−88**	**11**	**32**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−59,268	−38,700r	148	−7,532	−7,892	−170	−1,981	2,381r	1,861	148
38 Foreign purchases	450,365	719,150r	62,355	68,868	60,740	62,687	79,535	70,284r	64,328	62,355
39 Foreign sales	509,633	757,850r	62,207	76,400	68,632	62,857	81,516	67,903r	62,467	62,207
40 Bonds, net purchases, or sales (−)	−51,369	−46,148r	−3,744	−11,337	−4,852	−7,963	−739	−4,260r	−3,062	−3,744
41 Foreign purchases	1,114,035	1,471,878r	95,207	133,992	123,558	122,266	163,626	111,002r	115,302	95,207
42 Foreign sales	1,165,404	1,518,026r	98,951	145,329	128,410	130,229	164,365	115,262r	118,364	98,951
43 **Net purchases, or sales (−), of stocks and bonds**	**−110,637**	**−84,848r**	**−3,596**	**−18,869**	**−12,744**	**−8,133**	**−2,720**	**−1,879r**	**−1,201**	**−3,596**
44 **Foreign countries**	**−109,766**	**−84,792r**	**−3,507**	**−18,906**	**−12,673**	**−8,127**	**−2,555**	**−1,831r**	**−1,115**	**−3,507**
45 Europe	−57,139	−26,744r	−4,006	−10,412	−4,590	−5,501	−4,388	−2,229r	1,112	−4,006
46 Canada	−7,685	−3,715	841	−1,815	−1,451	−1,153	409	557	−78	841
47 Latin America and Caribbean	−11,507	−24,485	824	−2,421	−207	−112	1,899	−2,121r	−2,918	824
48 Asia	−27,831	−24,832r	−1,090	−3,938	−4,802	−707	892	1,684r	1,053	−1,090
49 Japan	−5,887	−9,996r	−428	−2,370	95	−183	1,828	2,261r	1,861	−428
50 Africa	−1,517	−3,090	−113	−72	−703	−273	−1,027	−174	−74	−113
51 Other countries	−4,087	−1,926r	37	−248	−920	−381	−340	452r	−210	37
52 **Nonmonetary international and regional organizations**	**−871**	**−56**	**−89**	**37**	**−71**	**−6**	**−165**	**−48**	**−86**	**−89**

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	1996	1997	1998 Jan.–Jan.	1997 July	1997 Aug.	1997 Sept.	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.p
1 **Total estimated**	**232,241**	**184,444r**	**6,363**	**2,949**	**23,966**	**16,045**	**16,530**	**16,114r**	**−9,259**	**6,363**
2 Foreign countries	234,083	184,016r	5,841	2,681	24,161	15,659	16,766	15,694r	−7,649	5,841
3 Europe	118,781	145,904r	18,460	12,032	19,029	20,022	22,916	10,363	102	18,460
4 Belgium and Luxembourg	1,429	3,427	304	298	92	138	357	384	161	304
5 Germany	17,980	22,471	−1,085	6,428	4,050	2,714	4,847	5,255	3,052	−1,085
6 Netherlands	−582	1,746r	403	378	882	−3	334	375	−1,525	403
7 Sweden	2,242	−464	82	2	583	16	302	−67	−124	82
8 Switzerland	328	6,028	2,419	344	−291	109	690	1,395	2,847	2,419
9 United Kingdom	65,658	99,139r	11,934	2,745	13,130	13,874	18,593	5,845	−1,746	11,934
10 Other Europe and former U.S.S.R.	31,726	13,557	4,403	1,837	583	3,174	−2,207	−2,824	−2,563	4,403
11 Canada	2,331	−805r	−1	719	−839	−414	−730	730	−2,132	−1
12 Latin America and Caribbean	20,785	−2,687	−3,619	−5,358	1,063	−769	−1,580	6,512	3,737	−3,619
13 Venezuela	−69	559	4	57	25	−691	11	397	−36	4
14 Other Latin America and Caribbean	8,439	−586	1,711	−1,266	−3,245	−2,880	−3,773	−723	2,485	1,711
15 Netherlands Antilles	12,415	−2,660	−5,334	−4,149	4,283	2,802	2,182	6,838	1,288	−5,334
16 Asia	89,735	39,035r	−8,231	−3,347	4,849	−4,614	−5,394	−1,002r	−10,359	−8,231
17 Japan	41,366	20,359	−6,384	2,612	−3,458	−2,782	4,160	−4,784	−7,860	−6,384
18 Africa	1,083	1,523	37	194	218	461	45	−82	268	37
19 Other	1,368	1,046r	−805	−1,559	−159	973	1,509	−827	735	−805
20 Nonmonetary international and regional organizations	−1,842	428r	522	268	−195	386	−236	420	−1,610	522
21 International	−1,390	552	445	14	−190	341	−74	451	−1,025	445
22 Latin American regional	−779	173	32	70	−117	−21	78	−24	−131	32
MEMO										
23 Foreign countries	234,083	184,016r	5,841	2,681	24,161	15,659	16,766	15,694r	−7,649	5,841
24 Official institutions	85,807	43,379r	−1,189	−2,413	8,235	3,091	−12,848	1,831r	−367	−1,189
25 Other foreign	148,276	140,637r	7,030	5,094	15,926	12,568	29,614	13,863r	−7,282	7,030
Oil-exporting countries										
26 Middle East[2]	10,232	7,116	−2,411	−2,251	3,455	52	−3,877	3,175	−1,506	−2,411
27 Africa[3]	1	−13	1	0	−7	0	0	0	0	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 Mar. 31, 1998 Percent	Rate on Mar. 31, 1998 Month effective	Country	Rate on Mar. 31, 1998 Percent	Rate on Mar. 31, 1998 Month effective
Austria	2.5	Apr. 1996	Germany	2.5	Apr. 1996
Belgium	2.75	Oct. 1997	Italy	5.5	Dec. 1997
Canada	5.0	Jan. 1998	Japan	.5	Sept. 1995
Denmark	3.5	Oct. 1997	Netherlands	2.5	Apr. 1996
France[2]	3.3	Oct. 1997	Switzerland	1.0	Sept. 1996

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1995	1996	1997	1997 Sept.	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.	1998 Feb.	1998 Mar.
1 Eurodollars	5.93	5.38	5.61	5.59	5.63	5.71	5.79	5.53	5.53	5.56
2 United Kingdom	6.63	5.99	6.81	7.19	7.24	7.52	7.60	7.49	7.46	7.47
3 Canada	7.14	4.49	3.59	3.66	3.83	4.02	4.61	4.68	5.02	4.93
4 Germany	4.43	3.21	3.24	3.24	3.51	3.68	3.67	3.51	3.45	3.44
5 Switzerland	2.94	1.92	1.58	1.36	1.73	1.91	1.56	1.27	.98	1.06
6 Netherlands	4.30	2.91	3.25	3.35	3.50	3.65	3.61	3.42	3.36	3.42
7 France	6.43	3.81	3.35	3.29	3.47	3.57	3.57	3.50	3.45	3.45
8 Italy	10.43	8.79	6.86	6.65	6.63	6.49	6.07	6.05	6.12	5.59
9 Belgium	4.73	3.19	3.40	3.55	3.76	3.72	3.61	3.47	3.53	3.61
10 Japan	1.20	.58	.58	.55	.52	.53	.78	.77	.84	.74

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1995	1996	1997	1997 Oct.	1997 Nov.	1997 Dec.	1998 Jan.	1998 Feb.	1998 Mar.
1 Australia/dollar[2]	74.073	78.283	74.368	71.971	69.526	66.187	65.659	67.436	66.965
2 Austria/schilling	10.076	10.589	12.206	12.360	12.182	12.510	12.765	12.735	12.851
3 Belgium/franc	29.472	30.970	35.807	36.266	35.737	36.748	37.536	37.417	37.696
4 Canada/dollar	1.3725	1.3638	1.3849	1.3869	1.4128	1.4271	1.4409	1.4334	1.4168
5 China, P.R./yuan	8.3700	8.3389	8.3193	8.3135	8.3109	8.3099	8.3094	8.3072	8.3076
6 Denmark/krone	5.5999	5.8003	6.6092	6.6922	6.5937	6.7752	6.9190	6.9089	6.9656
7 Finland/markka	4.3763	4.5948	5.1956	5.2674	5.2217	5.3789	5.5006	5.4999	5.5461
8 France/franc	4.9864	5.1158	5.8393	5.8954	5.8001	5.9542	6.0832	6.0744	6.1253
9 Germany/deutsche mark	1.4321	1.5049	1.7348	1.7575	1.7323	1.7788	1.8165	1.8123	1.8271
10 Greece/drachma	231.68	240.82	273.28	276.84	271.87	279.93	287.24	286.70	306.05
11 Hong Kong/dollar	7.7357	7.7345	7.7431	7.7373	7.7314	7.7456	7.7425	7.7412	7.7457
12 India/rupee	32.418	35.506	36.365	36.302	37.289	39.400	39.391	39.008	39.566
13 Ireland/pound[2]	160.35	159.95	151.63	146.92	150.30	145.33	138.19	137.71	136.73
14 Italy/lira	1,629.45	1,542.76	1,703.81	1,721.09	1,697.08	1,743.86	1,787.87	1,788.28	1,798.95
15 Japan/yen	93.96	108.78	121.06	121.06	125.38	129.73	129.55	125.85	129.08
16 Malaysia/ringgit	2.5073	2.5154	2.8173	3.2972	3.3791	3.7907	4.4093	3.8148	3.7442
17 Netherlands/guilder	1.6044	1.6863	1.9525	1.9800	1.9524	2.0051	2.0472	2.0432	2.0597
18 New Zealand/dollar[2]	65.625	68.765	66.247	63.556	62.420	59.137	57.925	58.286	57.260
19 Norway/krone	6.3355	6.4594	7.0857	7.0807	7.0588	7.2630	7.5007	7.5530	7.5830
20 Portugal/escudo	149.88	154.28	175.44	179.07	176.84	181.91	185.80	185.54	187.02
21 Singapore/dollar	1.4171	1.4100	1.4857	1.5597	1.5820	1.6518	1.7477	1.6509	1.6186
22 South Africa/rand	3.6284	4.3011	4.6072	4.7145	4.8394	4.8706	4.9417	4.9337	4.9745
23 South Korea/won	772.69	805.00	950.77	929.42	1,035.22	1,494.04	1,707.30	1,628.42	1,489.26
24 Spain/peseta	124.64	126.68	146.53	148.32	146.30	150.46	153.93	153.61	154.94
25 Sri Lanka/rupee	51.047	55.289	59.026	59.723	60.132	61.591	62.281	62.363	62.059
26 Sweden/krona	7.1406	6.7082	7.6446	7.5765	7.5589	7.7977	8.0193	8.0723	7.9670
27 Switzerland/franc	1.1812	1.2361	1.4514	1.4516	1.4069	1.4393	1.4748	1.4631	1.4900
28 Taiwan/dollar	26.495	27.468	28.775	29.696	31.794	32.502	34.117	32.948	32.517
29 Thailand/baht	24.921	25.359	31.072	37.543	39.092	44.309	52.983	45.987	41.348
30 United Kingdom/pound[2]	157.85	156.07	163.76	163.30	168.89	165.97	163.50	164.08	166.19
MEMO									
31 United States/dollar[3]	84.25	87.34	96.38	97.07	96.37	98.82	100.52	99.93	100.47

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, December 31, 1997

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
1 **Total assets**[3]	**4,980,275**	**4,286,306**	**3,302,317**	**2,608,348**	**1,367,255**	**310,703**
2 Cash and balances due from depository institutions	353,952	267,795	270,424	184,266	67,450	16,078
3 Cash items in process of collection, unposted debits, and currency and coin			120,583	118,465	36,658	
4 Cash items in process of collection and unposted debits			n.a.	88,329	23,723	
5 Currency and coin		n.a.	n.a.	30,135	12,935	n.a.
6 Balances due from depository institutions in the United States			48,831	35,741	18,997	
7 Balances due from banks in foreign countries and foreign central banks	n.a.		79,522	8,736	2,347	
8 Balances due from Federal Reserve Banks			21,489	21,324	9,448	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		31,674	n.a.	10,802	14,600	6,272
10 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	860,854	806,988	458,418	404,552	318,894	83,541
11 U.S. Treasury securities	150,642	148,627	70,943	68,929	60,886	18,813
12 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	145,072	144,990	37,653	37,570	75,754	31,666
13 Issued by U.S. government agencies	5,599	n.a.	2,661	n.a.	2,051	887
14 Issued by U.S. government-sponsored agencies	139,473	n.a.	34,991	n.a.	73,703	30,779
15 Securities issued by states and political subdivisions in the United States	76,643	76,430	22,621	22,408	39,875	14,147
16 General obligations	57,002	n.a.	16,045	n.a.	30,674	10,283
17 Revenue obligations	18,801	n.a.	6,014	n.a.	8,978	3,809
18 Industrial development and similar obligations	840	n.a.	562	n.a.	223	55
19 Mortgage-backed securities (MBS)	380,436	373,873	239,783	233,220	124,668	15,985
20 Pass-through securities	254,339	249,364	166,154	161,179	78,194	9,991
21 Guaranteed by GNMA	80,436	n.a.	57,074	n.a.	20,163	3,199
22 Issued by FNMA and FHLMC	171,960	n.a.	107,788	n.a.	57,419	6,753
23 Privately issued	1,943	1,943	1,293	1,293	612	38
24 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	126,096	124,509	73,628	72,041	46,474	5,994
25 Issued or guaranteed by FNMA, FHLMC or GNMA	102,329	102,329	58,183	58,183	38,482	5,664
26 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	2,078	n.a.	652	n.a.	1,233	193
27 All other mortgage-backed securities	21,689	n.a.	14,794	n.a.	6,759	137
28 Other debt securities	82,537	38,839	71,701	28,002	9,402	1,435
29 Other domestic debt securities	n.a.	n.a.	20,305	18,879	9,204	n.a.
30 Foreign debt securities	n.a.	n.a.	51,395	9,123	198	n.a.
31 Equity securities	25,524	24,229	15,718	14,422	8,310	1,496
32 Investments in mutual funds and other equity securities with readily determinable fair value	8,689	8,067	5,844	5,222	2,377	468
33 All other equity securities	16,836	16,162	9,874	9,200	5,933	1,029
34 Federal funds sold and securities purchased under agreements to resell	261,225	177,637	203,301	119,713	41,726	16,198
35 Total loans and lease-financing receivables, gross	2,954,288	2,670,564	1,882,469	1,598,745	886,238	185,580
36 LESS: Unearned income on loans	4,048	3,237	1,715	904	1,657	676
37 Total loans and leases (net of unearned income)	2,950,240	2,667,327	1,880,755	1,597,841	884,581	184,905
38 LESS: Allowance for loan and lease losses	54,340	n.a.	34,834	n.a.	16,875	2,631
39 LESS: Allocated transfer risk reserves	26	n.a.	25	n.a.	0	0
40 EQUALS: Total loans and leases, net	2,895,874	n.a.	1,845,895	n.a.	867,706	182,274
Total loans and leases, gross, by category						
41 Loans secured by real estate	1,235,471	1,207,331	670,108	641,968	459,881	105,482
42 Construction and land development		87,550		40,583	38,807	8,160
43 Farmland		26,977		3,792	11,608	11,577
44 One- to four-family residential properties		713,664		412,510	246,974	54,181
45 Revolving, open-end loans, extended under lines of credit	n.a.	98,047	n.a.	66,985	28,266	2,797
46 All other loans		615,618		345,525	218,709	51,384
47 Multifamily (five or more) residential properties		41,080		22,103	16,628	2,349
48 Nonfarm nonresidential properties		338,060		162,981	145,864	29,216
49 Loans to depository institutions	85,058	59,259	81,710	55,912	3,231	116
50 Commercial banks in the United States	n.a.	n.a.	41,904	40,922	2,609	n.a.
51 Other depository institutions in the United States	n.a.	n.a.	10,135	10,085	377	n.a.
52 Banks in foreign countries	n.a	n.a.	29,671	4,904	245	n.a.
53 Loans to finance agricultural production and other loans to farmers	44,701	43,912	10,095	9,307	15,584	19,021
54 Commercial and industrial loans	791,322	632,982	614,559	456,219	145,570	31,194
55 U.S. addressees (domicile)	n.a.	n.a.	479,828	450,058	144,887	n.a.
56 Non-U.S. addressees (domicile)	n.a.	n.a.	134,731	6,160	682	n.a.
57 Acceptances of other banks	1,990	881	1,693	584	208	89
58 U.S. banks	n.a.	n.a.	319	319	n.a.	n.a.
59 Foreign banks	n.a.	n.a.	1,373	265	n.a.	n.a.
60 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	555,041	519,856	290,725	255,539	237,169	27,147
61 Credit cards and related plans	230,210	n.a.	109,850	n.a.	118,667	1,693
62 Other (includes single payment and installment)	324,831	n.a.	180,875	n.a.	118,502	25,454
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	18,394	18,381	10,906	10,894	6,587	900
64 All other loans	122,553	91,346	113,525	82,318	8,117	911
65 Loans to foreign governments and official institutions	n.a.	n.a.	7,807	680	22	n.a.
66 Other loans	n.a.	n.a.	105,718	81,639	8,095	n.a
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	18,108	1,555	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	63,531	6,539	n.a.
69 Lease-financing receivables	99,759	96,616	89,148	86,005	9,892	719
70 Assets held in trading accounts	296,558		295,546		952	1
71 Premises and fixed assets (including capitalized leases)	66,583		40,087		20,710	5,786
72 Other real estate owned	4,430	n.a.	2,599	n.a.	1,419	412
73 Investments in unconsolidated subsidiaries and associated companies	5,628		5,183		405	40
74 Customers' liability on acceptances outstanding	17,208		16,985		215	8
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	53,911	n.a.	53,911	n.a.	n.a.
76 Intangible assets	61,456	n.a.	48,197	n.a.	12,434	824
77 All other assets	156,507	n.a.	115,682	n.a.	35,343	5,482

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued

Consolidated Report of Condition, December 31, 1997

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**4,980,275**	n.a.	**3,302,317**	n.a.	**1,367,255**	**310,703**
79 **Total liabilities**	**4,565,124**	**3,871,154**	**3,049,396**	**2,355,427**	**1,237,869**	**277,858**
80 Total deposits	3,399,218	2,873,180	2,112,934	1,586,897	1,018,875	267,408
81 Individuals, partnerships, and corporations	3,022,246	2,673,483	1,837,180	1,488,417	943,052	242,014
82 U.S. government	n.a.	6,676	n.a.	4,998	1,422	256
83 States and political subdivisions in the United States	n.a.	123,675	n.a.	47,822	55,051	20,802
84 Commercial banks in the United States	71,662	35,650	61,439	25,428	9,154	1,069
85 Other depository institutions in the United States	n.a.	7,708	n.a.	3,471	2,888	1,349
86 Foreign banks, governments, and official institutions	141,696	9,406	141,079	8,789	604	13
87 Banks	n.a.	n.a.	99,590	7,357	573	n.a.
88 Governments and official institutions	n.a.	n.a.	41,490	1,431	30	n.a.
89 Certified and official checks	17,414	16,581	8,805	7,972	6,704	1,905
90 Total transaction accounts		757,063		426,460	251,983	78,621
91 Individuals, partnerships, and corporations		656,510		367,679	220,261	68,570
92 U.S. government		3,281		2,049	1,072	161
93 States and political subdivisions in the United States		42,868		18,305	17,090	7,472
94 Commercial banks in the United States		26,000		19,971	5,623	406
95 Other depository institutions in the United States		3,406		2,580	729	97
96 Foreign banks, governments, and official institutions		8,418		7,904	504	9
97 Banks		n.a.		7,096	497	n.a.
98 Governments and official institutions		n.a.		808	7	n.a.
99 Certified and official checks		16,581		7,972	6,704	1,905
100 Demand deposits (included in total transaction accounts)		587,164		375,838	170,095	41,231
101 Individuals, partnerships, and corporations		510,998		323,912	149,932	37,154
102 U.S. government		3,172		1,998	1,024	150
103 States and political subdivisions in the United States		18,604		11,505	5,585	1,514
104 Commercial banks in the United States	n.a.	25,997	n.a.	19,971	5,622	404
105 Other depository institutions in the United States		3,397		2,578	725	94
106 Foreign banks, governments, and official institutions		8,415		7,902	504	9
107 Banks		n.a.		7,096	497	n.a.
108 Governments and official institutions		n.a.		806	7	n.a.
109 Certified and official checks		16,581		7,972	6,704	1,905
110 Total nontransaction accounts		2,116,116		1,160,437	766,892	188,787
111 Individuals, partnerships, and corporations		2,016,973		1,120,738	722,791	173,444
112 U.S. government		3,395		2,950	351	95
113 States and political subdivisions in the United States		80,808		29,517	37,961	13,329
114 Commercial banks in the United States		9,651		5,457	3,530	663
115 Other depository institutions in the United States		4,302		891	2,159	1,252
116 Foreign banks, governments, and official institutions		988		885	100	4
117 Banks		n.a.		262	76	n.a.
118 Governments and official institutions		n.a.		623	23	n.a.
119 Federal funds purchased and securities sold under agreements to repurchase	412,358	364,176	331,699	283,517	77,359	3,299
120 Demand notes issued to the U.S. Treasury	24,498	24,498	20,537	20,537	3,731	230
121 Trading liabilities	206,192	n.a.	206,089	n.a.	101	1
122 Other borrowed money	325,626	287,268	210,683	172,325	110,999	3,944
123 Banks' liability on acceptances executed and outstanding	17,319	13,685	17,097	13,462	215	8
124 Notes and debentures subordinated to deposits	61,779	n.a.	57,352	n.a.	4,400	28
125 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	103,977	n.a.	103,977	n.a.	n.a.
126 All other liabilities	118,134	n.a.	93,005	n.a.	22,188	2,940
127 **Total equity capital**	**415,151**	n.a.	**252,921**	n.a.	**129,385**	**32,845**
MEMO						
128 Trading assets at large banks[4]	296,271	91,647	295,515	90,890	757	
129 U.S. Treasury securities (domestic offices)		17,960		17,876	84	
130 U.S. government agency corporation obligations		2,024		1,701	323	
131 Securities issued by states and political subdivisions in the United States		1,230		1,158	72	
132 Mortgage-backed securities		5,909		5,793	116	
133 Other debt securities	n.a.	10,331	n.a.	10,269	62	
134 Certificates of deposit		1,317		1,317	0	n.a.
135 Commercial paper		119		83	35	
136 Bankers acceptances		1,317		1,313	4	
137 Other trading assets		9,536		9,482	54	
138 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	151,485	41,904	151,480	41,899	5	
139 Trading assets in foreign offices	95,043	0	95,043	0	0	
140 Total individual retirement (IRA) and Keogh plan accounts		152,057		77,639	60,120	14,298
141 Total brokered deposits		54,794		31,056	22,174	1,565
142 Fully insured brokered deposits		45,619		24,074	20,110	1,435
143 Issued in denominations of less than $100,000		10,078		5,267	3,656	1,156
144 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	35,540	n.a.	18,807	16,455	279
145 Money market deposit accounts (MMDAs)		651,192		445,716	177,798	27,678
146 Other savings deposits (excluding MMDAs)		344,736		185,806	132,749	26,181
147 Total time deposits of less than $100,000		741,309		319,599	320,783	100,928
148 Total time deposits of $100,000 or more		378,879		209,316	135,563	34,000
149 All negotiable order of withdrawal (NOW) accounts		166,818		50,008	80,272	36,538
150 Number of banks	9,128	9,128	167	n.a.	2,763	6,198

NOTE. Table 4.20 has been revised; it now includes data that was previously reported in table 4.22, which has been discontinued.

The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs.

2. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

3. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

4. Components of "Trading assets at large banks" are reported only by banks with either total assets of $1 billion or more or with $2 billion or more in the par/notional amount of their off-balance-sheet derivative contracts.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–6, 1998

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent) Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All consumer and industrial loans	6.87	124,225	693	351	37.8	10.8	30.9	74.5	Foreign
2 Minimal risk	6.10	12,286	1,743	157	36.0	1.9	67.4	81.3	Foreign
3 Low risk	6.32	32,793	1,436	328	38.6	8.4	47.5	67.7	Foreign
4 Moderate risk	7.04	41,859	579	444	35.9	15.5	19.8	78.6	Foreign
5 Acceptable risk	7.33	23,328	608	281	35.1	9.8	16.2	78.8	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	8.62	19,903	249	609	53.4	14.9	8.4	74.7	Prime
7 Minimal risk	7.19	711	372	369	22.7	4.9	44.7	69.8	Prime
8 Low risk	7.50	2,809	377	421	38.1	16.8	8.0	91.8	Prime
9 Moderate risk	8.60	7,687	204	863	60.6	19.7	10.7	93.8	Prime
10 Acceptable risk	9.57	4,149	174	637	70.5	17.0	8.1	95.2	Prime
11 Daily	6.27	49,265	1,796	113	33.9	9.5	32.9	62.2	Fed funds
12 Minimal risk	6.00	7,112	5,933	18	39.2	.5	73.1	72.8	Foreign
13 Low risk	5.98	15,773	6,769	37	47.6	9.9	54.0	52.5	Fed funds
14 Moderate risk	6.50	14,008	1,299	258	29.5	15.8	11.1	65.6	Fed funds
15 Acceptable risk	6.42	8,915	2,340	85	11.9	4.3	5.2	56.6	Fed funds
16 2 to 30 days	6.58	37,169	1,521	283	31.4	10.8	41.2	88.7	Foreign
17 Minimal risk	5.97	3,283	3,128	86	36.3	3.3	71.5	99.4	Foreign
18 Low risk	6.24	9,527	2,770	325	26.2	4.5	53.9	81 7	Foreign
19 Moderate risk	6.55	13,879	2,069	267	23.6	14.4	30.2	86.3	Foreign
20 Acceptable risk	7.19	6,625	1,545	230	38.2	12.2	30.5	92.8	Foreign
21 31 to 365 days	6.86	13,777	431	468	35.9	8.4	34.2	81.2	Foreign
22 Minimal risk	6.38	1,044	485	1168	23.7	4.6	30.5	91.9	Foreign
23 Low risk	6.58	3,605	468	300	21.3	5.4	43.7	71.8	Foreign
24 Moderate risk	7.00	4,350	398	394	35.9	12.5	35.1	80.5	Foreign
25 Acceptable risk	7.04	3,153	833	390	41.5	9.6	26.4	89.2	Foreign
				Months					
26 More than 365 days	8.33	3,354	252	86	74.8	3.7	13.2	62.3	Prime
27 Minimal risk	8.96	43	66	39	69.6	12.8	18.9	10.7	Other
28 Low risk	7.93	1,010	576	148	78.5	3.8	12.2	89.7	Prime
29 Moderate risk	8.46	1,643	317	62	73.9	2.0	11.1	45.2	Prime
30 Acceptable risk	8.89	367	197	56	69.7	2.0	33.8	81.7	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	9.70	3,074	3.1	155	83.9	29.6	4.3	76.7	Prime
32 100–999	8.64	11,111	3.2	93	69.2	22.6	14.4	87.6	Prime
33 1,000–9,999	7.24	34,334	2.9	81	38.7	13.2	29.3	82.6	Foreign
34 10,000+	6.33	75,707	2.6	47	30.8	7.2	35.2	68.7	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.08	22,039	3.1	153	67.3	20.3	9.4	79.4	187
36 Fed funds	6.14	33,767	2.8	9	22.8	5.4	29.5	46.5	7,273
37 Other domestic	6.16	13,294	2.5	14	9.2	28.1	27.8	74.8	2,972
38 Foreign	6.47	38,958	2.5	38	46.7	6.3	53.6	95.4	3,730
39 Other	6.95	16,167	2.7	161	30.7	5.8	10.1	75.2	387

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–6, 1998

B. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All consumer and industrial loans	7.05	59,650	934	434	31.9	12.5	12.1	72.6	Prime
2 Minimal risk	6.11	4,056	5,248	398	7.5	.7	36.3	88.9	Other
3 Low risk	6.22	11,774	2,978	300	21.6	17.4	19.6	74.1	Domestic
4 Moderate risk	7.12	24,649	896	590	37.3	14.1	10.0	76.8	Prime
5 Acceptable risk	7.63	10,316	562	352	38.5	7.6	7.7	74.0	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.33	14,516	477	584	47.4	9.8	7.0	69.3	Prime
7 Minimal risk	6.57	485	1,831	341	8.2	.8	32.0	59.0	Prime
8 Low risk	7.02	1,953	1,202	430	30.7	10.9	8.1	91.0	Other
9 Moderate risk	8.34	5,469	390	877	56.7	14.0	11.7	97.2	Prime
10 Acceptable risk	9.19	2,556	208	558	67.5	14.4	3.4	96.2	Prime
11 Daily	6.48	19,459	1,253	229	24.7	19.3	5.0	60.1	Fed funds
12 Minimal risk	5.98	1,427	6,134	51	.4	1.4	30.6	84.0	Other
13 Low risk	5.97	4,564	4,492	121	23.1	33.2	4.8	57.5	Domestic
14 Moderate risk	6.80	7,339	908	450	38.1	21.7	2.7	59.6	Domestic
15 Acceptable risk	6.65	3,690	1,483	110	16.7	4.8	1.8	41.6	Fed funds
16 2 to 30 days	6.61	17,433	1,522	316	23.1	10.4	19.8	85.9	Foreign
17 Minimal risk	5.99	1,382	9,873	162	17.6	.0	54.1	100.0	Domestic
18 Low risk	6.06	3,514	5,049	338	11.6	7.5	35.3	83.3	Domestic
19 Moderate risk	6.51	8,339	3,514	320	18.7	9.7	12.6	81.2	Foreign
20 Acceptable risk	7.38	2,722	1,566	328	34.8	5.6	12.8	91.1	Foreign
21 31 to 365 days	6.75	5,835	1,777	612	31.5	4.4	23.1	87.2	Foreign
22 Minimal risk	6.33	668	10,139	1660	1.8	*	13.7	96.7	Foreign
23 Low risk	6.16	1,377	3,514	306	22.5	.8	44.1	81.7	Foreign
24 Moderate risk	6.80	1,931	1,230	575	34.5	9.1	21.3	88.7	Foreign
25 Acceptable risk	7.61	1,059	1,432	593	45.3	3.6	20.0	84.3	Foreign
				Months					
26 More than 365 days	8.02	1,974	1,218	56	63.9	1.0	18.2	53.9	Prime
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	6.76	330	2,999	38	48.5	.0	29.0	73.8	Other
29 Moderate risk	8.24	1,346	1,996	62	68.4	.1	13.0	40.6	Prime
30 Acceptable risk	8.89	213	358	48	64.4	.2	41.0	92.5	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	9.45	1,126	3.4	41	80.7	39.2	5.5	91.1	Prime
32 100–999	8.71	5,851	3.3	52	68.1	20.9	9.2	90.0	Prime
33 1,000–9,999	7.51	17,161	3.0	50	39.5	12.4	12.7	76.6	Prime
34 10,000+	6.48	35,512	2.7	86	20.7	10.2	12.5	67.2	Domestic
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.89	14,446	3.2	132	63.7	13.9	9.2	73.2	313
36 Fed funds	6.14	9,712	3.0	8	19.4	16.4	1.8	42.6	7,774
37 Other domestic	6.13	10,863	2.5	13	8.7	23.7	18.5	73.4	5,405
38 Foreign	6.72	11,225	2.8	47	34.9	7.2	20.2	91.1	3,043
39 Other	6.76	13,405	2.7	120	22.9	3.8	9.5	77.5	1,242

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–6, 1998

C. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All consumer and industrial loans	8.12	11,902	114	837	64.6	15.9	18.9	74.7	Prime
2 Minimal risk	7.95	479	88	568	49.4	39.3	8.2	71.8	Prime
3 Low risk	7.38	3,797	230	1266	42.9	11.7	31.3	63.5	Prime
4 Moderate risk	8.69	3,337	81	665	71.7	22.9	16.5	75.6	Prime
5 Acceptable risk	8.40	2,339	140	659	91.4	6.2	19.7	91.4	Prime
By maturity/repricing interval[6]									
6 Zero interval	9.17	3,739	80	650	80.3	21.3	8.9	84.9	Prime
7 Minimal risk	8.23	74	51	525	55.8	23.8	4.8	77.8	Prime
8 Low risk	8.57	751	135	373	58.7	27.5	6.8	94.5	Prime
9 Moderate risk	9.21	1,614	71	739	82.9	24.1	7.2	80.0	Prime
10 Acceptable risk	9.69	874	84	814	96.8	9.2	18.5	88.3	Prime
11 Daily	7.22	2,466	254	209	31.1	9.6	45.8	52.6	Fed funds
12 Minimal risk	8.16	89	122	681	59.9	20.7	20.0	79.6	Prime
13 Low risk	6.20	1,378	2,103	48	3.4	.5	71.7	27.9	Fed funds
14 Moderate risk	8.15	341	168	399	51.6	21.0	34.5	63.2	Prime
15 Acceptable risk	8.56	138	174	475	83.0	5.6	4.8	90.8	Prime
16 2 to 30 days	7.35	2,057	233	254	47.2	15.0	19.7	85.4	Foreign
17 Minimal risk	6.87	151	269	138	22.0	66.0	5.2	89.3	Foreign
18 Low risk	6.71	473	271	147	40.2	4.4	19.2	61.0	Foreign
19 Moderate risk	7.44	505	165	362	44.1	24.5	29.1	86.7	Foreign
20 Acceptable risk	7.98	501	319	350	80.2	1.8	31.5	95.4	Foreign
21 31 to 365 days	7.64	2,231	83	385	73.8	16.4	15.4	72.3	Foreign
22 Minimal risk	8.41	129	64	686	60.1	37.4	7.9	58.8	Prime
23 Low risk	7.99	537	77	298	59.4	31.8	9.9	72.0	Foreign
24 Moderate risk	8.22	541	62	267	61.3	21.1	29.8	63.1	Other
25 Acceptable risk	6.82	669	260	476	94.4	1.7	16.5	98.2	Foreign
				Months					
26 More than 365 days	8.81	1,292	113	134	94.8	8.0	2.7	73.2	Prime
27 Minimal risk	9.82	33	51	47	85.9	11.7	*	12.8	Other
28 Low risk	8.50	651	421	207	96.9	5.9	.3	97.4	Prime
29 Moderate risk	9.51	285	63	60	98.3	11.2	2.5	64.3	Other
30 Acceptable risk	9.04	116	99	72	97.5	5.6	20.1	55.6	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	9.89	1,871	2.9	223	87.0	23.9	2.5	67.5	Prime
32 100–999	9.02	3,364	3.0	178	82.4	24.2	7.7	80.1	Prime
33 1,000–9,999	7.53	4,102	2.7	361	65.3	12.5	17.0	88.7	Foreign
34 10,000+	6.59	2,565	2.6	27	23.9	4.4	48.6	50.4	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.35	5,273	2.9	252	83.1	24.8	6.9	87.7	77
36 Fed funds	6.27	1,407	2.2	17	8.4	4.5	83.6	7.6	1,190
37 Other domestic	7.65	104	1.8	214	47.1	47.5	1.8	77.5	51
38 Foreign	6.73	2,605	3.0	80	55.7	9.9	22.8	97.7	1,579
39 Other	8.04	2,513	2.8	394	67.4	8.4	4.6	60.9	81

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–6, 1998

D. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All consumer and industrial loans	6.39	52,674	4,586	158	38.3	7.9	54.2	76.5	Foreign
2 Minimal risk	5.99	7,751	9,176	10	50.1	.2	86.4	78.0	Foreign
3 Low risk	6.15	17,222	7,164	144	49.2	1.6	70.1	64.3	Foreign
4 Moderate risk	6.49	13,873	3,801	149	24.8	16.2	37.9	82.6	Fed funds
5 Acceptable risk	6.81	10,673	3,299	132	19.4	12.7	23.6	80.6	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	9.89	1,648	595	903	45.4	44.8	19.0	99.3	Prime
7 Minimal risk	8.63	152	810	1021	52.6	4.7	92.3	100.0	Prime
8 Low risk	8.81	105	411	789	28.7	49.9	14.7	88.6	Prime
9 Moderate risk	9.35	604	610	1235	36.2	58.9	10.9	100.0	Prime
10 Acceptable risk	10.76	720	638	700	49.2	35.8	12.5	100.0	Prime
11 Daily	6.04	27,340	12,528	31	40.6	2.9	50.4	64.6	Fed funds
12 Minimal risk	5.97	5,595	24,058	2	48.8	.0	84.8	69.8	Foreign
13 Low risk	5.96	9,831	14,915	4	65.2	.4	74.4	53.6	Fed funds
14 Moderate risk	6.07	6,328	9,411	56	18.2	8.7	19.6	72.7	Fed funds
15 Acceptable risk	6.19	5,086	9,636	57	6.6	3.8	7.6	66.6	Fed funds
16 2 to 30 days	6.47	17,679	4,271	255	37.9	10.6	64.6	91.8	Foreign
17 Minimal risk	5.89	1,749	5,041	22	52.4	.5	91.0	99.9	Foreign
18 Low risk	6.31	5,540	5,552	333	34.3	2.6	68.6	82.5	Foreign
19 Moderate risk	6.53	5,035	3,942	171	29.7	21.3	59.6	94.8	Foreign
20 Acceptable risk	6.93	3,402	3,477	128	34.8	19.0	44.4	93.9	Foreign
21 31 to 365 days	6.67	5,712	2,985	354	25.5	9.0	52.4	78.5	Foreign
22 Minimal risk	5.45	246	3,467	87	63.7	*	87.7	96.3	Foreign
23 Low risk	6.48	1,691	4,499	296	8.3	.7	54.0	63.7	Foreign
24 Moderate risk	6.86	1,878	2,788	245	29.9	13.5	50.3	77.1	Foreign
25 Acceptable risk	6.71	1,424	3,046	202	13.8	17.7	35.7	88.7	Foreign
				Months					
26 More than 365 days	8.26	88	414	51	22.3	*	57.0	90.7	Prime
27 Minimal risk	*	*	*		*	*	*	*	*
28 Low risk	8.33	29	309	60	4.5	*	95.5	100.0	Foreign
29 Moderate risk	*	*	*		*	*	*	*	*
30 Acceptable risk	8.50	38	373	59	14.6	*	37.4	100.0	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN									
31 1–99	8.61	77	3.1	86	52.3	29.8	29.4	91.5	Prime
32 100–999	7.76	1,896	3.1	69	49.4	24.9	42.4	93.3	Foreign
33 1,000–9,999	6.80	13,071	2.9	36	29.3	14.4	54.5	88.7	Foreign
34 10,000+	6.17	37,630	2.5	13	40.9	4.7	54.8	71.4	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.68	2,321	3.2	48	53.4	48.1	16.4	99.1	625
36 Fed funds	6.12	22,648	2.8	9	25.1	1.4	36.3	50.6	10242
37 Other domestic	6.25	2,327	2.5	9	10.1	47.5	72.6	81.5	5501
38 Foreign	6.33	25,129	2.3	29	51.0	5.5	71.8	97.1	4919
39 Other	*	*	*	*	*	*	*	*	*

NOTE. This table has been revised to reflect several changes in the E.2 statistical release. First, business loan pricing information is now disaggregated by risk categories for most loans. Second, the previous disaggregation of loans by maturity categories has been replaced by a "maturity/repricing interval," which measures the period from the day the loan is made until it is next scheduled to reprice (for loans that reprice), or the period from the day the loan is made until it is scheduled to mature (for loans that do not reprice). Third, information on whether loans are callable or subject to prepayment penalties is now being collected and published. In addition to these new loan characteristics, the survey now includes gross business loan extensions of U.S. branches and agencies of foreign banks.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.13 percentage points. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities.

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking and Money Market Statistics Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Acceptable risk" may include a small volume of special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 8.55 percent for all banks; 8.50 percent for large domestic banks, 8.72 percent for small domestic banks; and 8.50 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1997

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**925,249**	**272,147**	**726,479**	**235,615**	**56,676**	**12,121**	**63,027**	**9,834**
2 Claims on nonrelated parties	784,794	128,373	610,090	109,383	53,691	6,116	62,951	3,432
3 Cash and balances due from depository institutions	104,953	67,681	98,144	63,820	2,090	1,454	2,378	1,461
4 Cash items in process of collection and unposted debits	3,636	0	3,476	0	16	0	28	0
5 Currency and coin (U.S. and foreign)	19	n.a.	14	n.a.	1	n.a.	1	n.a.
6 Balances with depository institutions in United States	60,104	33,169	55,383	30,519	1,735	1,200	1,659	949
7 U.S. branches and agencies of other foreign banks (including IBFs)	55,645	32,594	51,584	30,077	1,536	1,200	1,432	824
8 Other depository institutions in United States (including IBFs)	4,458	575	3,799	442	199	0	228	125
9 Balances with banks in foreign countries and with foreign central banks	38,470	34,512	36,791	33,301	262	254	623	512
10 Foreign branches of U.S. banks	1,286	1,058	1,177	1,005	0	0	23	23
11 Other banks in foreign countries and foreign central banks	37,184	33,454	35,614	32,296	262	254	600	489
12 Balances with Federal Reserve Banks	2,724	n.a.	2,479	n.a.	76	n.a.	67	n.a.
13 **Total securities and loans**	**484,457**	**51,991**	**346,045**	**38,107**	**48,651**	**4,180**	**47,495**	**1,423**
14 Total securities, book value	116,109	7,057	108,629	6,078	2,072	631	4,437	301
15 U.S. Treasury	28,021	n.a.	26,953	n.a.	88	n.a.	592	n.a.
16 Obligations of U.S. government agencies and corporations	39,797	n.a.	39,080	n.a.	198	n.a.	332	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	48,291	7,057	42,596	6,078	1,786	631	3,513	301
18 Securities of foreign governmental units	17,406	3,486	16,475	3,124	443	169	391	165
19 All Other	30,885	3,570	26,121	2,955	1,343	462	3,122	136
20 Federal funds sold and securities purchased under agreements to resell	71,603	5,962	62,454	5,000	904	370	5,976	485
21 U.S. branches and agencies of other foreign banks	10,975	3,904	9,874	3,343	448	260	440	300
22 Commercial banks in United States	15,715	720	14,397	720	290	0	599	0
23 Other	44,913	1,338	38,183	937	166	110	4,937	185
24 Total loans, gross	368,599	44,965	237,584	32,051	46,623	3,550	43,066	1,123
25 LESS: Unearned income on loans	251	32	168	22	44	1	8	1
26 EQUALS: Loans, net	368,348	44,934	237,416	32,028	46,579	3,549	43,058	1,122
Total loans, gross, by category								
27 Real estate loans	25,302	142	16,353	72	6,440	70	1,027	0
28 Loans to depository institutions	36,823	25,880	22,333	16,719	3,104	2,164	1,495	794
29 Commercial banks in United States (including IBFs)	9,353	5,414	5,922	3,697	1,967	1,169	627	215
30 U.S. branches and agencies of other foreign banks	7,300	4,916	4,353	3,218	1,784	1,161	355	205
31 Other commercial banks in United States	2,052	497	1,569	479	183	8	272	10
32 Other depository institutions in United States (including IBFs)	16	0	16	0	0	0	0	0
33 Banks in foreign countries	27,454	20,467	16,396	13,022	1,137	995	869	579
34 Foreign branches of U.S. banks	953	702	787	586	0	0	0	0
35 Other banks in foreign countries	26,502	19,764	15,609	12,436	1,136	994	869	579
36 Loans to other financial institutions	49,425	1,284	38,194	847	3,068	269	6,614	13
37 Commercial and industrial loans	232,766	15,430	141,323	12,469	32,812	1,006	32,523	314
38 U.S. addressees (domicile)	194,755	139	113,855	108	29,996	31	30,394	0
39 Non-U.S. addressees (domicile)	38,011	15,291	27,468	12,361	2,816	975	2,128	314
40 Acceptances of other banks	405	21	183	21	37	0	176	0
41 U.S. banks	29	0	19	0	3	0	0	0
42 Foreign banks	376	21	163	21	33	0	176	0
43 Loans to foreign governments and official institutions (including foreign central banks)	3,315	2,015	2,566	1,753	262	42	88	3
44 Loans for purchasing or carrying securities (secured and unsecured)	14,435	80	12,445	80	374	0	74	0
45 All other loans	5,381	113	3,792	89	526	0	719	0
46 Lease financing receivables (net of unearned income)	748	0	395	0	0	0	350	0
47 U.S. addressees (domicile)	748	0	395	0	0	0	350	0
48 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
49 Trading assets	89,113	488	75,504	486	115	0	4,546	2
50 All other assets	34,669	2,251	27,942	1,969	1,930	112	2,557	60
51 Customers' liabilities on acceptances outstanding	6,555	n.a.	4,649	n.a.	1,118	n.a.	516	n.a.
52 U.S. addressees (domicile)	4,309	n.a.	3,080	n.a.	956	n.a.	177	n.a.
53 Non-U.S. addressees (domicile)	2,247	n.a.	1,569	n.a.	161	n.a.	339	n.a.
54 Other assets including other claims on nonrelated parties	28,113	2,251	23,293	1,969	813	112	2,041	60
55 Net due from related depository institutions[5]	140,455	143,774	116,390	126,232	2,984	6,005	76	6,402
56 Net due from head office and other related depository institutions[5]	140,455	n.a.	116,390	n.a.	2,984	n.a.	76	n.a.
57 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	143,774	n.a.	126,232	n.a.	6,005	n.a.	6,402
58 **Total liabilities**[4]	**925,249**	**272,147**	**726,479**	**235,615**	**56,676**	**12,121**	**63,027**	**9,834**
59 Liabilities to nonrelated parties	760,522	247,229	645,978	216,506	22,065	11,231	39,949	9,482

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1997—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
60 Total deposits and credit balances	272,367	188,347	228,351	174,095	5,463	2,149	14,156	4,306
61 Individuals, partnerships, and corporations	205,972	11,643	169,516	6,591	4,087	529	12,485	102
62 U.S. addressees (domicile)	189,875	147	160,712	118	2,052	0	11,929	29
63 Non-U.S. addressees (domicile)	16,098	11,496	8,805	6,473	2,036	529	556	73
64 Commercial banks in United States (including IBFs)	32,295	35,019	27,433	33,284	531	325	1,085	1,050
65 U.S. branches and agencies of other foreign banks	19,144	30,435	17,437	28,863	248	289	639	950
66 Other commercial banks in United States	13,151	4,583	9,996	4,421	283	36	446	100
67 Banks in foreign countries	11,483	99,703	9,862	95,392	607	646	251	1,894
68 Foreign branches of U.S. banks	3,214	4,498	2,505	4,286	448	21	60	181
69 Other banks in foreign countries	8,269	95,205	7,357	91,106	159	624	191	1,714
70 Foreign governments and official institutions (including foreign central banks)	7,258	41,885	6,305	38,736	215	646	287	1,259
71 All other deposits and credit balances	15,014	96	14,928	92	11	3	45	1
72 Certified and official checks	345		306		13		4	
73 Transaction accounts and credit balances (excluding IBFs)	9,945		7,897		363		375	
74 Individuals, partnerships, and corporations	7,983		6,438		323		367	
75 U.S. addressees (domicile)	5,859		5,221		162		365	
76 Non-U.S. addressees (domicile)	2,124		1,216		161		2	
77 Commercial banks in United States (including IBFs)	28		22		1		0	
78 U.S. branches and agencies of other foreign banks	10		7		0		0	
79 Other commercial banks in United States	18		15		1		0	
80 Banks in foreign countries	906		550		21		1	
81 Foreign branches of U.S. banks	7		6		0		0	
82 Other banks in foreign countries	898		543		21		1	
83 Foreign governments and official institutions (including foreign central banks)	469		376		2		2	
84 All other deposits and credit balances	214		205		3		0	
85 Certified and official checks	345		306		13		4	
86 Demand deposits (included in transaction accounts and credit balances)	9,438		7,668		265		373	
87 Individuals, partnerships, and corporations	7,584		6,298		228		365	
88 U.S. addressees (domicile)	5,765		5,162		141		363	
89 Non-U.S. addressees (domicile)	1,819		1,136		87		2	
90 Commercial banks in United States (including IBFs)	21		16		0		0	
91 U.S. branches and agencies of other foreign banks	5	n.a.	2	n.a.	0	n.a.	0	n.a.
92 Other commercial banks in United States	16		14		0		0	
93 Banks in foreign countries	883		531		20		1	
94 Foreign branches of U.S. banks	7		6		0		0	
95 Other banks in foreign countries	876		524		20		1	
96 Foreign governments and official institutions (including foreign central banks)	455		372		1		2	
97 All other deposits and credit balances	150		144		2		0	
98 Certified and official checks	345		306		13		4	
99 Nontransaction accounts (including MMDAs, excluding IBFs)	262,422		220,454		5,100		13,781	
100 Individuals, partnerships, and corporations	197,989		163,079		3,764		12,118	
101 U.S. addressees (domicile)	184,016		155,490		1,889		11,564	
102 Non-U.S. addressees (domicile)	13,974		7,588		1,875		554	
103 Commercial banks in United States (including IBFs)	32,267		27,411		530		1,085	
104 U.S. branches and agencies of other foreign banks	19,133		17,430		248		639	
105 Other commercial banks in United States	13,133		9,981		282		446	
106 Banks in foreign countries	10,577		9,313		586		249	
107 Foreign branches of U.S. banks	3,207		2,499		448		60	
108 Other banks in foreign countries	7,370		6,814		138		189	
109 Foreign governments and official institutions (including foreign central banks)	6,788		5,929		213		285	
110 All other deposits and credit balances	14,800		14,722		8		45	
111 IBF deposit liabilities		188,347		174,095		2,149		4,306
112 Individuals, partnerships, and corporations		11,643		6,591		529		102
113 U.S. addressees (domicile)		147		118		0		29
114 Non-U.S. addressees (domicile)		11,496		6,473		529		73
115 Commercial banks in United States (including IBFs)		35,019		33,284		325		1,050
116 U.S. branches and agencies of other foreign banks		30,435		28,863		289		950
117 Other commercial banks in United States	n.a.	4,583	n.a.	4,421	n.a.	36	n.a.	100
118 Banks in foreign countries		99,703		95,392		646		1,894
119 Foreign branches of U.S. banks		4,498		4,286		21		181
120 Other banks in foreign countries		95,205		91,106		624		1,714
121 Foreign governments and official institutions (including foreign central banks)		41,885		38,736		646		1,259
122 All other deposits and credit balances		96		92		3		1

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1997—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
123 Federal funds purchased and securities sold under agreements to repurchase	114,418	20,623	103,792	16,997	1,828	778	6,398	2,123
124 U.S. branches and agencies of other foreign banks	11,164	4,977	8,263	3,398	933	428	1,376	760
125 Other commercial banks in United States	7,235	317	5,963	123	514	126	329	68
126 Other	96,019	15,329	89,566	13,475	381	224	4,692	1,295
127 Other borrowed money	92,409	35,540	63,950	22,933	10,935	8,208	9,894	2,981
128 Owed to nonrelated commercial banks in United States (including IBFs)	16,768	7,519	10,973	4,267	3,358	2,129	1,298	758
129 Owed to U.S. offices of nonrelated U.S. banks	6,135	976	4,828	625	799	299	212	10
130 Owed to U.S. branches and agencies of nonrelated foreign banks	10,632	6,542	6,145	3,642	2,559	1,830	1,085	748
131 Owed to nonrelated banks in foreign countries	25,173	23,033	16,017	14,280	6,048	5,932	2,081	2,006
132 Owed to foreign branches of nonrelated U.S. banks	1,361	1,240	499	421	641	629	165	165
133 Owed to foreign offices of nonrelated foreign banks	23,811	21,793	15,519	13,859	5,407	5,303	1,916	1,841
134 Owed to others	50,469	4,988	36,960	4,386	1,529	147	6,516	216
135 All other liabilities	92,982	2,720	75,791	2,482	1,689	96	5,194	72
136 Branch or agency liability on acceptances executed and outstanding	6,878	n.a	5,150	n.a.	1,115	n.a.	319	n.a.
137 Trading liabilities	61,421	154	49,841	153	94	0	3,978	1
138 Other liabilities to nonrelated parties	24,683	2,566	20,801	2,329	480	96	898	71
139 Net due to related depository institutions[5]	164,727	24,918	80,501	19,109	34,611	890	23,078	352
140 Net due to head office and other related depository institutions[5]	164,727	n.a.	80,501	n.a.	34,611	n.a.	23,078	n.a.
141 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	24,918	n.a.	19,109	n.a.	890	n.a.	352
MEMO								
142 Non-interest-bearing balances with commercial banks in United States	1,265	0	1,034	0	49	0	63	0
143 Holding of own acceptances included in commercial and industrial loans	4,761		3,341		960		328	
144 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	128,274		74,325		18,581		21,814	
145 Predetermined interest rates	78,254	n.a.	45,780	n.a.	9,145	n.a	17,240	n.a.
146 Floating interest rates	50,020		28,545		9,436		4,574	
147 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	103,640		66,357		14,115		10,642	
148 Predetermined interest rates	22,169		15,970		2,236		2,628	
149 Floating interest rates	81,471		50,387		11,878		8,014	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1997[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
150 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, excluding IBFs	262,154	n.a.	221,998	n.a.	3,276	n.a.	14,047	n.a.
151 Time deposits of $100,000 or more	253,369	n.a.	214,837	n.a.	3,199	n.a.	13,382	n.a.
152 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	8,785	n.a.	7,161	n.a.	77	n.a.	664	n.a.
	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
153 Immediately available funds with a maturity greater than one day included in other borrowed money	44,080	n.a.	31,611	n.a.	7,034	n.a.	3,275	n.a.
154 Number of reports filed[6]	463	0	234	0	98	0	36	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985. IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Index to Statistical Tables

References are to pages A3–A73 although the prefix "A" is omitted in this index

Federal Reserve Board of Governors and Official Staff

ALAN GREENSPAN, *Chairman*
ALICE M. RIVLIN, *Vice Chair*

EDWARD W. KELLEY, JR.
SUSAN M. PHILLIPS

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
THEODORE E. ALLISON, *Assistant to the Board for Federal Reserve System Affairs*
LYNN S. FOX, *Deputy Congressional Liaison*
WINTHROP P. HAMBLEY, *Special Assistant to the Board*
BOB STAHLY MOORE, *Special Assistant to the Board*
DIANE E. WERNEKE, *Special Assistant to the Board*

LEGAL DIVISION

J. VIRGIL MATTINGLY, JR., *General Counsel*
SCOTT G. ALVAREZ, *Associate General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
KATHLEEN M. O'DAY, *Associate General Counsel*
ROBERT DEV. FRIERSON, *Assistant General Counsel*
KATHERINE H. WHEATLEY, *Assistant General Counsel*

OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*
JENNIFER J. JOHNSON, *Deputy Secretary*
BARBARA R. LOWREY, *Associate Secretary and Ombudsman*

DIVISION OF BANKING SUPERVISION AND REGULATION

RICHARD SPILLENKOTHEN, *Director*
STEPHEN C. SCHEMERING, *Deputy Director*
HERBERT A. BIERN, *Associate Director*
ROGER T. COLE, *Associate Director*
WILLIAM A. RYBACK, *Associate Director*
GERALD A. EDWARDS, JR., *Deputy Associate Director*
STEPHEN M. HOFFMAN, JR., *Deputy Associate Director*
JAMES V. HOUPT, *Deputy Associate Director*
JACK P. JENNINGS, *Deputy Associate Director*
MICHAEL G. MARTINSON, *Deputy Associate Director*
SIDNEY M. SUSSAN, *Deputy Associate Director*
MOLLY S. WASSOM, *Deputy Associate Director*
HOWARD A. AMER, *Assistant Director*
NORAH M. BARGER, *Assistant Director*
BETSY CROSS, *Assistant Director*
RICHARD A. SMALL, *Assistant Director*
WILLIAM SCHNEIDER, *Project Director, National Information Center*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Staff Director*
LARRY J. PROMISEL, *Senior Adviser*
LEWIS S. ALEXANDER, *Associate Director*
DALE W. HENDERSON, *Associate Director*
PETER HOOPER III, *Associate Director*
KAREN H. JOHNSON, *Associate Director*
DAVID H. HOWARD, *Senior Adviser*
DONALD B. ADAMS, *Assistant Director*
THOMAS A. CONNORS, *Assistant Director*

DIVISION OF RESEARCH AND STATISTICS

MICHAEL J. PRELL, *Director*
EDWARD C. ETTIN, *Deputy Director*
DAVID J. STOCKTON, *Deputy Director*
MARTHA BETHEA, *Associate Director*
WILLIAM R. JONES, *Associate Director*
MYRON L. KWAST, *Associate Director*
PATRICK M. PARKINSON, *Associate Director*
THOMAS D. SIMPSON, *Associate Director*
LAWRENCE SLIFMAN, *Associate Director*
MARTHA S. SCANLON, *Deputy Associate Director*
PETER A. TINSLEY, *Deputy Associate Director*
DAVID S. JONES, *Assistant Director*
STEPHEN D. OLINER, *Assistant Director*
STEPHEN A. RHOADES, *Assistant Director*
JANICE SHACK-MARQUEZ, *Assistant Director*
CHARLES S. STRUCKMEYER, *Assistant Director*
ALICE PATRICIA WHITE, *Assistant Director*
JOYCE K. ZICKLER, *Assistant Director*
GLENN B. CANNER, *Senior Adviser*
JOHN J. MINGO, *Senior Adviser*

DIVISION OF MONETARY AFFAIRS

DONALD L. KOHN, *Director*
DAVID E. LINDSEY, *Deputy Director*
BRIAN F. MADIGAN, *Associate Director*
RICHARD D. PORTER, *Deputy Associate Director*
VINCENT R. REINHART, *Assistant Director*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*
GLENN E. LONEY, *Associate Director*
DOLORES S. SMITH, *Associate Director*
MAUREEN P. ENGLISH, *Assistant Director*
IRENE SHAWN MCNULTY, *Assistant Director*

LAURENCE H. MEYER
ROGER W. FERGUSON, JR.

EDWARD M. GRAMLICH

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*
GEORGE E. LIVINGSTON, *Senior Adviser to the Board*
DAVID L. SHANNON, *Senior Adviser to the Board*
JOHN R. WEIS, *Adviser*

MANAGEMENT DIVISION

S. DAVID FROST, *Director*
SHEILA CLARK, *EEO Programs Director*
STEPHEN J. CLARK, *Associate Director, Finance Function*
DARRELL R. PAULEY, *Associate Director, Human Resources Function*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
GEORGE M. LOPEZ, *Assistant Director*
DAVID L. WILLIAMS, *Assistant Director*

DIVISION OF INFORMATION RESOURCES MANAGEMENT

STEPHEN R. MALPHRUS, *Director*
MARIANNE M. EMERSON, *Assistant Director*
PO KYUNG KIM, *Assistant Director*
RAYMOND H. MASSEY, *Assistant Director*
EDWARD T. MULRENIN, *Assistant Director*
DAY W. RADEBAUGH, JR., *Assistant Director*
ELIZABETH B. RIGGS, *Assistant Director*
RICHARD C. STEVENS, *Assistant Director*

DIVISION OF RESERVE BANK OPERATIONS AND PAYMENT SYSTEMS

CLYDE H. FARNSWORTH, JR., *Director*
DAVID L. ROBINSON, *Deputy Director (Finance and Control)*
LOUISE L. ROSEMAN, *Associate Director*
PAUL W. BETTGE, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
EARL G. HAMILTON, *Assistant Director*
JOSEPH H. HAYES, JR., *Assistant Director*
JEFFREY C. MARQUARDT, *Assistant Director*
MARSHA REIDHILL, *Assistant Director*

OFFICE OF THE INSPECTOR GENERAL

BRENT L. BOWEN, *Inspector General*
DONALD L. ROBINSON, *Assistant Inspector General*
BARRY R. SNYDER, *Assistant Inspector General*

Federal Open Market Committee and Advisory Councils

FEDERAL OPEN MARKET COMMITTEE

MEMBERS

ALAN GREENSPAN, *Chairman*

WILLIAM J. MCDONOUGH, *Vice Chairman*

ROGER W. FERGUSON, JR.
EDWARD M. GRAMLICH
THOMAS M. HOENIG
JERRY L. JORDAN
EDWARD W. KELLEY, JR.
LAURENCE H. MEYER
CATHY E. MINEHAN
SUSAN M. PHILLIPS
WILLIAM POOLE
ALICE M. RIVLIN

ALTERNATE MEMBERS

EDWARD G. BOEHNE
ROBERT D. MCTEER, JR.
MICHAEL H. MOSKOW
ERNEST T. PATRIKIS
GARY H. STERN

STAFF

DONALD L. KOHN, *Secretary and Economist*
NORMAND R.V. BERNARD, *Deputy Secretary*
JOSEPH R. COYNE, *Assistant Secretary*
GARY P. GILLUM, *Assistant Secretary*
J. VIRGIL MATTINGLY, JR., *General Counsel*
THOMAS C. BAXTER, JR., *Deputy General Counsel*
MICHAEL J. PRELL, *Economist*
EDWIN M. TRUMAN, *Economist*
LYNN E. BROWNE, *Associate Economist*
STEPHEN G. CECCHETTI, *Associate Economist*
WILLIAM G. DEWALD, *Associate Economist*
CRAIG S. HAKKIO, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
LARRY J. PROMISEL, *Associate Economist*
MARK S. SNIDERMAN, *Associate Economist*
THOMAS D. SIMPSON, *Associate Economist*
DAVID J. STOCKTON, *Associate Economist*

PETER R. FISHER, *Manager, System Open Market Account*

FEDERAL ADVISORY COUNCIL

THOMAS H. JACOBSEN, *President*
CHARLES T. DOYLE, *Vice President*

WILLIAM M. CROZIER, JR., First District
DOUGLAS A. WARNER III, Second District
WALTER E. DALLER, JR., Third District
ROBERT W. GILLESPIE, Fourth District
KENNETH D. LEWIS, Fifth District
STEPHEN A. HANSEL, Sixth District
NORMAN R. BOBINS, Seventh District
THOMAS H. JACOBSEN, Eighth District
RICHARD A. ZONA, Ninth District
C. Q. CHANDLER, Tenth District
CHARLES T. DOYLE, Eleventh District
DAVID A. COULTER, Twelfth District

HERBERT V. PROCHNOW, *Secretary Emeritus*
JAMES ANNABLE, *Co-Secretary*
WILLIAM J. KORSVIK, *Co-Secretary*

CONSUMER ADVISORY COUNCIL

WILLIAM N. LUND, Augusta, Maine, *Chairman*
YVONNE S. SPARKS, St. Louis, Missouri, *Vice Chairman*

RICHARD S. AMADOR, Los Angeles, California
WALTER J. BOYER, Garland, Texas
WAYNE-KENT A. BRADSHAW, Los Angeles, California
JEREMY EISLER, Ocean Springs, Mississippi
ROBERT F. ELLIOT, Prospect Heights, Illinois
HERIBERTO FLORES, Springfield, Massachusetts
DWIGHT GOLANN, Boston, Massachusetts
MARVA H. HARRIS, Pittsburgh, Pennsylvania
KARLA IRVINE, Cincinnati, Ohio
FRANCINE C. JUSTA, New York, New York
JANET C. KOEHLER, Jacksonville, Florida
GWENN KYZER, Allen, Texas
JOHN C. LAMB, Sacramento, California
ERROL T. LOUIS, Brooklyn, New York
MARTHA W. MILLER, Greensboro, North Carolina
DANIEL W. MORTON, Columbus, Ohio
CHARLOTTE NEWTON, Springfield, Virginia
CAROL PARRY, New York, New York
PHILIP PRICE, JR., Philadelphia, Pennsylvania
DAVID L. RAMP, Minneapolis, Minnesota
MARILYN ROSS, Omaha, Nebraska
MARGOT SAUNDERS, Washington, D.C.
ROBERT G. SCHWEMM, Lexington, Kentucky
DAVID J. SHIRK, Eugene, Oregon
GAIL SMALL, Lame Deer, Montana
GREGORY D. SQUIRES, Milwaukee, Wisconsin
GEORGE P. SURGEON, Chicago, Illinois
THEODORE J. WYSOCKI, JR., Chicago, Illinois

THRIFT INSTITUTIONS ADVISORY COUNCIL

CHARLES R. RINEHART, Irwindale, California, *President*
WILLIAM A. FITZGERALD, Omaha, Nebraska, *Vice President*

GAROLD R. BASE, Plano, Texas
DAVID A. BOCHNOWSKI, Munster, Indiana
DAVID E. A. CARSON, Bridgeport, Connecticut
RICHARD P. COUGHLIN, Stoneham, Massachusetts
STEPHEN D. HAILER, Akron, Ohio
F. WELLER MEYER, Falls Church, Virginia
EDWARD J. MOLNAR, Harleysville, Pennsylvania
GUY C. PINKERTON, Seattle, Washington
TERRY R. WEST, Jacksonville, Florida
FREDERICK WILLETTS, III, Wilmington, North Carolina

Federal Reserve Board Publications

For ordering assistance, write PUBLICATIONS SERVICES, MS-127, Board of Governors of the Federal Reserve System, Washington, DC 20551, or telephone (202) 452-3244, or FAX (202) 728-5886. *You may also use the publications order form available on the Board's World Wide Web site* (http://www.bog.frb.fed.us). *When a charge is indicated, payment should accompany request and be made payable to the Board of Governors of the Federal Reserve System or may be ordered via Mastercard, Visa, or American Express. Payment from foreign residents should be drawn on a U.S. bank.*

BOOKS AND MISCELLANEOUS PUBLICATIONS

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1994. 157 pp.

ANNUAL REPORT, 1996.

ANNUAL REPORT: BUDGET REVIEW, 1995–96.

FEDERAL RESERVE BULLETIN. Monthly. $25.00 per year or $2.50 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $3.00 each.

ANNUAL STATISTICAL DIGEST: period covered, release date, number of pages, and price.

1981	October 1982	239 pp.	$ 6.50
1982	December 1983	266 pp.	$ 7.50
1983	October 1984	264 pp.	$11.50
1984	October 1985	254 pp.	$12.50
1985	October 1986	231 pp.	$15.00
1986	November 1987	288 pp.	$15.00
1987	October 1988	272 pp.	$15.00
1988	November 1989	256 pp.	$25.00
1980–89	March 1991	712 pp.	$25.00
1990	November 1991	185 pp.	$25.00
1991	November 1992	215 pp.	$25.00
1992	December 1993	215 pp.	$25.00
1993	December 1994	281 pp.	$25.00
1994	December 1995	190 pp.	$25.00
1990–95	November 1996	404 pp.	$25.00

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $30.00 per year or $.70 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $.80 each.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending— Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $5.00.

GUIDE TO THE FLOW OF FUNDS ACCOUNTS. 672 pp. $8.50 each.

FEDERAL RESERVE REGULATORY SERVICE. Loose-leaf; updated monthly. (Requests must be prepaid.)

Consumer and Community Affairs Handbook. $75.00 per year.
Monetary Policy and Reserve Requirements Handbook. $75.00 per year.
Securities Credit Transactions Handbook. $75.00 per year.
The Payment System Handbook. $75.00 per year.
Federal Reserve Regulatory Service. Four vols. (Contains all four Handbooks plus substantial additional material.) $200.00 per year.
Rates for subscribers outside the United States are as follows and include additional air mail costs:
Federal Reserve Regulatory Service, $250.00 per year.
Each Handbook, $90.00 per year.

FEDERAL RESERVE REGULATORY SERVICE FOR PERSONAL COMPUTERS. Diskettes; updated monthly.

Standalone PC. $300 per year.
Network, maximum 1 concurrent user. $300 per year.
Network, maximum 10 concurrent users. $750 per year.
Network, maximum 50 concurrent users. $2,000 per year.
Network, maximum 100 concurrent users. $3,000 per year.
Subscribers outside the United States should add $50 to cover additional airmail costs.

THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTI-COUNTRY MODEL, May 1984. 590 pp. $14.50 each.

INDUSTRIAL PRODUCTION—1986 EDITION. December 1986. 440 pp. $9.00 each.

FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. $10.00 each.

FINANCIAL SECTORS IN OPEN ECONOMIES: EMPIRICAL ANALYSIS AND POLICY ISSUES. August 1990. 608 pp. $25.00 each.

RISK MEASUREMENT AND SYSTEMIC RISK: PROCEEDINGS OF A JOINT CENTRAL BANK RESEARCH CONFERENCE. 1996. 578 pp. $25.00 each.

EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
A Guide to Business Credit for Women, Minorities, and Small Businesses
Series on the Structure of the Federal Reserve System
The Board of Governors of the Federal Reserve System
The Federal Open Market Committee
Federal Reserve Bank Board of Directors
Federal Reserve Banks
A Consumer's Guide to Mortgage Lock-Ins
A Consumer's Guide to Mortgage Settlement Costs
A Consumer's Guide to Mortgage Refinancings
Home Mortgages: Understanding the Process and Your Right to Fair Lending
How to File a Consumer Complaint
Making Deposits: When Will Your Money Be Available?
Making Sense of Savings
SHOP: The Card You Pick Can Save You Money
Welcome to the Federal Reserve
When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit
Keys to Vehicle Leasing

STAFF STUDIES: Only Summaries Printed in the BULLETIN

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–157 are out of print.

158. THE ADEQUACY AND CONSISTENCY OF MARGIN REQUIREMENTS IN THE MARKETS FOR STOCKS AND DERIVATIVE PRODUCTS, by Mark J. Warshawsky with the assistance of Dietrich Earnhart. September 1989. 23 pp.
159. NEW DATA ON THE PERFORMANCE OF NONBANK SUBSIDIARIES OF BANK HOLDING COMPANIES, by Nellie Liang and Donald Savage. February 1990. 12 pp.
160. BANKING MARKETS AND THE USE OF FINANCIAL SERVICES BY SMALL AND MEDIUM-SIZED BUSINESSES, by Gregory E. Elliehausen and John D. Wolken. September 1990. 35 pp.
161. A REVIEW OF CORPORATE RESTRUCTURING ACTIVITY, 1980–90, by Margaret Hastings Pickering. May 1991. 21 pp.
162. EVIDENCE ON THE SIZE OF BANKING MARKETS FROM MORTGAGE LOAN RATES IN TWENTY CITIES, by Stephen A. Rhoades. February 1992. 11 pp.
163. CLEARANCE AND SETTLEMENT IN U.S. SECURITIES MARKETS, by Patrick Parkinson, Adam Gilbert, Emily Gollob, Lauren Hargraves, Richard Mead, Jeff Stehm, and Mary Ann Taylor. March 1992. 37 pp.
164. THE 1989–92 CREDIT CRUNCH FOR REAL ESTATE, by James T. Fergus and John L. Goodman, Jr. July 1993. 20 pp.
165. THE DEMAND FOR TRADE CREDIT: AN INVESTIGATION OF MOTIVES FOR TRADE CREDIT USE BY SMALL BUSINESSES, by Gregory E. Elliehausen and John D. Wolken. September 1993. 18 pp.
166. THE ECONOMICS OF THE PRIVATE PLACEMENT MARKET, by Mark Carey, Stephen Prowse, John Rea, and Gregory Udell. January 1994. 111 pp.
167. A SUMMARY OF MERGER PERFORMANCE STUDIES IN BANKING, 1980–93, AND AN ASSESSMENT OF THE "OPERATING PERFORMANCE" AND "EVENT STUDY" METHODOLOGIES, by Stephen A. Rhoades. July 1994. 37 pp.
168. THE ECONOMICS OF THE PRIVATE EQUITY MARKET, by George W. Fenn, Nellie Liang, and Stephen Prowse. November 1995. 69 pp.
169. BANK MERGERS AND INDUSTRYWIDE STRUCTURE, 1980–94, by Stephen A. Rhoades. February 1996. 29 pp.
170. THE COST OF IMPLEMENTING CONSUMER FINANCIAL REGULATIONS: AN ANALYSIS OF EXPERIENCE WITH THE TRUTH IN SAVINGS ACT, by Gregory Elliehausen and Barbara R. Lowery, December 1997. 17 pp.
171. THE COST OF BANK REGULATION: A REVIEW OF THE EVIDENCE, by Gregory Elliehausen, April 1998. 35 pp.

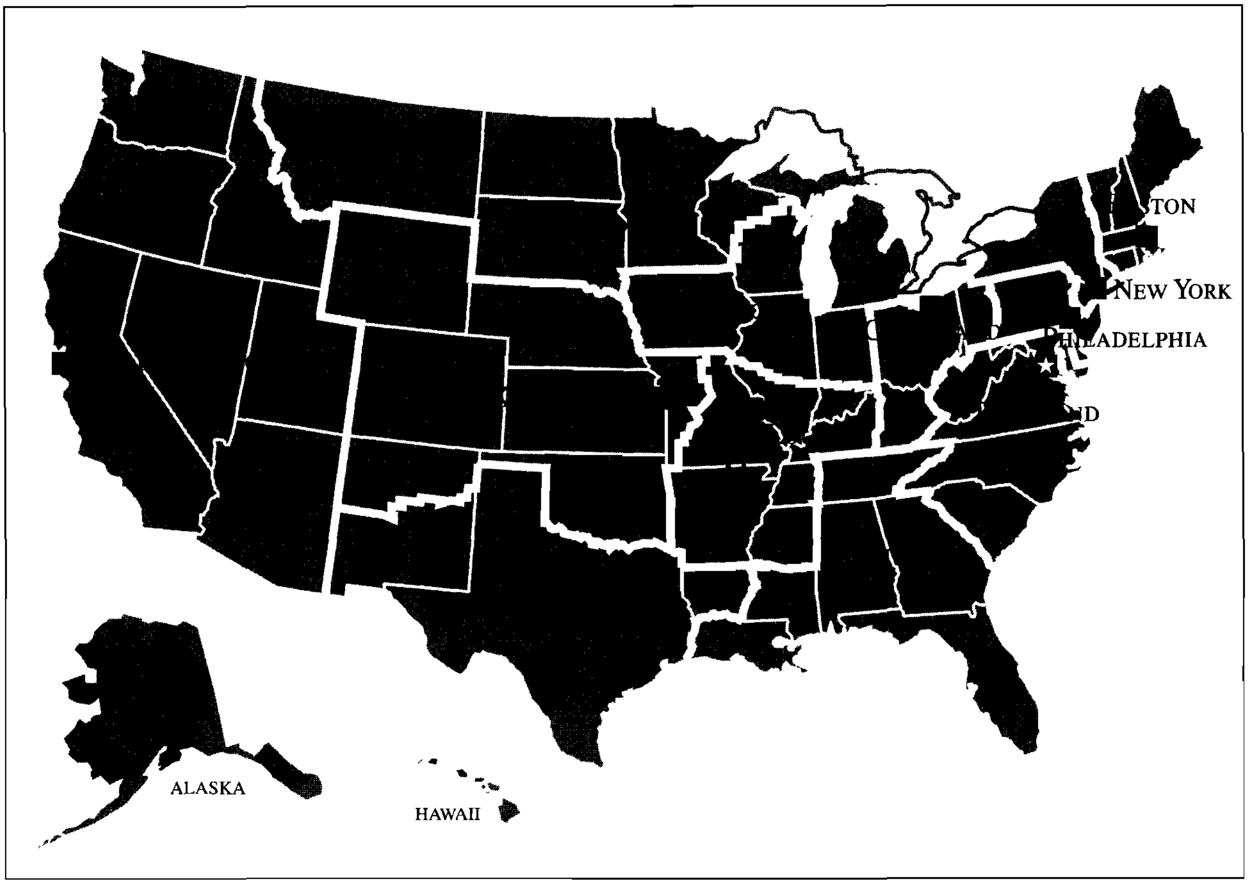
REPRINTS OF SELECTED Bulletin *ARTICLES*

Some Bulletin *articles are reprinted. The articles listed below are those for which reprints are available. Beginning with the January 1997 issue, articles are available on the Board's World Wide Web site* (http://www.bog.frb.fed.us) *under* **Publications**, Federal Reserve Bulletin articles.

Limit of ten copies

FAMILY FINANCES IN THE U.S.: RECENT EVIDENCE FROM THE SURVEY OF CONSUMER FINANCES. January 1997.

Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

• Federal Reserve Branch city

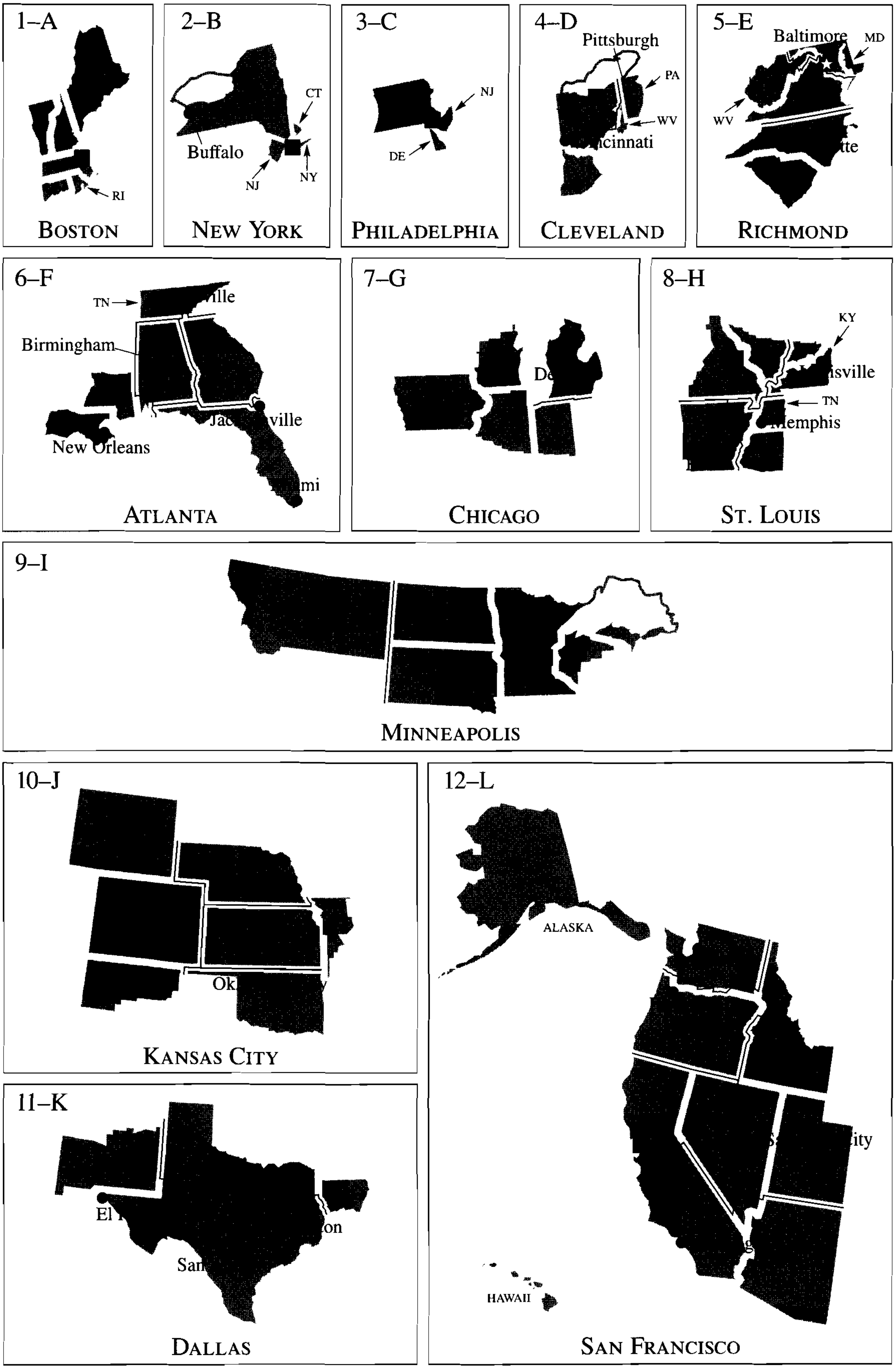
— Branch boundary

NOTE

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

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.


1–A
RI
BOSTON
2–B
CT
Buffalo
NJ
NY
NEW YORK
3–C
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
WV
CLEVELAND
5–E
Baltimore
MD
WV
RICHMOND
6–F
TN
Birmingham
ATLANTA
7–G
CHICAGO
8–H
KY
TN
ST. LOUIS
9–I
MINNEAPOLIS
10–J
KANSAS CITY
11–K
DALLAS
12–L
ALASKA
HAWAII
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	William C. Brainard William O. Taylor	Cathy E. Minehan Paul M. Connolly	
NEW YORK*	10045	John C. Whitehead Thomas W. Jones	William J. McDonough Ernest T. Patrikis	
Buffalo	14240	Bal Dixit		Carl W. Turnipseed[1]
PHILADELPHIA	19105	Joan Carter Charisse R. Lillie	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	G. Watts Humphrey, Jr. David H. Hoag	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	George C. Juilfs		Charles A. Cerino[1]
Pittsburgh	15230	John T. Ryan III		Robert B. Schaub
RICHMOND*	23219	Claudine B. Malone Robert L. Strickland	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore	21203	Daniel R. Baker		William J. Tignanelli[1]
Charlotte	28230	Dennis D. Lowery		Dan M. Bechter[1]
ATLANTA	30303	David R. Jones John F. Wieland	Jack Guynn Patrick K. Barron	James M. Mckee
Birmingham	35283	Patricia B. Compton		Fred R. Herr[1]
Jacksonville	32231	Judy Jones		James D. Hawkins[1]
Miami	33152	R. Kirk Landon		James T. Curry III
Nashville	37203	Frances F. Marcum		Melvyn K. Purcell
New Orleans	70161	Lucimarian Roberts		Robert J. Musso
CHICAGO*	60690	Lester H. McKeever, Jr. Arthur C. Martinez	Michael H. Moskow William C. Conrad	
Detroit	48231	Florine Mark		David R. Allardice[1]
ST. LOUIS	63166	John F. McDonnell Susan S. Elliott	William H. Poole W. LeGrande Rives	
Little Rock	72203	Betta M. Carney		Robert A. Hopkins
Louisville	40232	Roger Reynolds		Thomas A. Boone
Memphis	38101	Carol G. Crawley		Martha L. Perine
MINNEAPOLIS	55480	David A. Koch James J. Howard	Gary H. Stern Colleen K. Strand	
Helena	59601	William P. Underriner		John D. Johnson
KANSAS CITY	64198	Jo Marie Dancik Terrence P. Dunn	Thomas M. Hoenig Richard K. Rasdall	
Denver	80217	Peter I. Wold		Carl M. Gambs[1]
Oklahoma City	73125	Barry L. Eller		Kelly J. Dubbert
Omaha	68102	Arthur L. Shoener		Steven D. Evans
DALLAS	75201	Roger R. Hemminghaus James A. Martin	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso	79999	Patricia Z. Holland-Branch		Sammie C. Clay
Houston	77252	Edward O. Gaylord		Robert Smith, III[1]
San Antonio	78295	H. B. Zachry, Jr.		James L. Stull[1]
SAN FRANCISCO	94120	Gary G. Michael Cynthia A. Parker	Robert T. Parry John F. Moore	
Los Angeles	90051	Anne L. Evans		Mark L. Mullinix[1]
Portland	97208	Carol A. Whipple		Raymond H. Laurence[1]
Salt Lake City	84125	Richard E. Davis		Andrea P. Wolcott
Seattle	98124	Richard R. Sonstelie		Gordon R. G. Werkema[2]

*Additional offices of these Banks are located at Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

1. Senior Vice President.
2. Executive Vice President