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Recent Trends in the Mutual Fund Industry

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Mutual fund assets have grown more than twelvefold from 1980 to mid-1993 and by half in the last two years of that period. Most of this growth has come from net purchases of fund shares by the public, rather than from price appreciation, and it has lately reflected a choice by investors to move funds out of depository institutions. In 1992, the public made net purchases of $206 billion of mutual fund shares, while making net withdrawals from their deposits at banks and thrift institutions. In turn, mutual funds supplied about one-fourth of funds raised by the domestic nonfinancial sectors of the economy last year, while depository institutions provided only about one-tenth. In short, mutual funds are now a significant competitor of depository institutions for household savings and, with more than $1.8 trillion in assets, they are a major source of funds in the capital markets.

Several factors underlie the recent surge in mutual funds. One is the drop in rates on deposits—especially short-term deposits—to relatively low levels at a time when rising stock and bond prices have been generating higher returns. As a result, households seeking to maintain satisfactory returns on their savings have been drawn to capital market instruments, especially mutual funds, whose diversification and liquidity offer advantages over direct investments in securities. In addition, the benefits of economies of scale in the mutual fund industry have been shared with investors through a widening array of services provided by fund families. Finally, many funds have eliminated or substantially reduced the sales commissions, or loads, they charge to investors.

Corporations with access to the capital markets, including firms with lower credit ratings, have benefited from the expanded supply of investment dollars represented by the surge in mutual funds. State and local governments also have benefited, with inflows to tax-exempt mutual funds running at a record pace since the end of 1992. Moreover, in recent years, smaller corporations raising equity through initial public offerings, as well as established firms, have seen mutual funds purchase a significant portion of the new equity they have sold.

In response to the growth of the funds industry, banks have increased their participation in the provision of mutual fund services. For example, many banks sell mutual fund shares to their retail customers and, in some cases, act as an investment adviser to mutual funds and provide other related services. The increased involvement of banks has brought attention to their role in the sale of mutual fund shares, including their responsibility for ensuring that customers are made aware of the differences between mutual fund shares and insured deposits.

The expanding role of mutual funds has had at least two important implications for the performance and structure of the financial markets. By offering households more diversified investment opportunities and corporations a greater market for their financial instruments, mutual funds have improved the efficiency of financial intermediation by reducing transaction costs. And as intermediaries competing with banks and thrift institutions, mutual funds have contributed to the reduction of the role of these depositories as providers of credit in the intermediation process and consequently have affected the relationship between money and economic activity.

TYPES OF MUTUAL FUNDS

A mutual fund is a type of investment company. An investment company sells shares or certificates that represent an interest in a pool of financial assets; a mutual fund (technically an open-end company) is an investment company that continuously issues and redeems its shares. The price of such shares, apart from any brokerage commissions, equals the net asset value of the fund, determined by dividing the market value of the fund's assets, less any liabilities, by the number of outstanding shares. The net asset value is calculated daily as of the close of U.S. securities markets. Open-end funds must redeem their shares on demand at a value equaling the next calculated net asset value and mail proceeds within seven days.

Another type of investment company, the closed-end fund, does not redeem its shares but typically offers a fixed number of nonredeemable shares that are bought and sold on a stock exchange.[1] A third type of investment company is the unit investment trust. Unlike other funds, unit investment trusts hold a relatively fixed portfolio of securities that is not actively managed.

The greater liquidity of open-end funds has helped make them by far the most popular form of investment company. By mid-1993, open-end funds—the focus of this article—held assets of about $1.8 trillion (table 1), as compared with only $90 billion of assets in closed-end funds.

For the most part, the portfolio of a mutual fund consists of marketable securities, both domestic and foreign, such as corporate stocks and bonds, government bonds, municipal bonds, and money market instruments. An individual mutual fund, however, invests in a specific subset of securities defined by its stated investment objective. For example, a money market mutual fund invests in a diversified pool of short-term money market instruments, such as commercial paper, certificates of deposit, and U.S. Treasury bills. Long-term mutual funds are those that invest primarily in stock and bond securities. Because they use certain share valuation techniques based upon historical costs, money funds are allowed to report a constant $1 share value.[2] Stock and bond mutual funds, on the other hand, must report their share values at market prices; hence, investor accounts in these funds may show a gain or a loss on any given day, apart from any distributions.

1. Closed-end funds are well-suited for investment in less liquid securities, which may not be appropriate for the requirements of open-end mutual funds. In recent years, closed-end funds have been important purchasers of foreign stocks and bonds and of municipal bonds.

1. Net assets of the mutual fund industry, by fund type, end of period, selected years, 1960–93:H1
Billions of dollars

Period	Stock	Bond	Money market[1]	Total
1960	11.9	5.1	n.a.	17.0
1965	25.2	10.0	n.a.	35.2
1970	38.5	9.1	n.a.	47.6
1975	32.4	9.8	3.7	45.9
1980	41.0	17.4	76.4	134.8
1985	116.9	134.8	243.8	495.5
1990	245.8	322.7	498.4	1,066.9
1991	367.6	440.9	539.6	1,348.1
1992	475.4	580.9	543.6	1,599.9
1993:H1	581.6	673.7	549.8	1,805.1

1. Taxable and tax-exempt.
SOURCE. Investment Company Institute.

THE STRUCTURE AND REGULATION OF MUTUAL FUNDS

A mutual fund typically is organized as a business trust or corporation. The board of directors, elected by the shareholders of the fund, is responsible for overseeing the fund's operations. Among the board's duties is the selection, subject to shareholder approval, of an investment adviser to oversee the day-to-day management of the fund.[3]

Responsibilities of the investment adviser include making appropriate investments in line with the fund's investment policies and objectives and conducting economic and financial research. For these services, the adviser receives a fee based on a percentage of the fund's assets. Within certain limits, the adviser's fee income increases with the

2. The Securities and Exchange Commission has given money funds the authority to use either of two accounting techniques of share valuation: amortized cost and penny rounding methods. Under the amortized cost method, a money fund values its securities at historical cost, with any interest earned accrued daily over the life of the assets. By declaring these accruals as a daily dividend to its shareholders, the money fund is able to maintain a $1 price per share. Under the penny rounding method, a money fund rounds its net asset value per share to the nearest one cent to compute the current price of its shares. Most money funds use the amortized cost method of share valuation.

3. Under the Investment Company Act of 1940, which establishes the legal and regulatory framework for the mutual funds industry, at least 40 percent of a fund's directors must be unaffiliated with the investment adviser, with any registered broker–dealer, or with any other interested person.

amount of assets under management, an arrangement that gives the adviser an incentive to perform well and to attract new investors. In some cases, the adviser's compensation also varies with the fund's performance relative to some specified benchmark.

The board also retains an independent custodian to hold the fund's assets in trust (except occasionally in the case of a bank-advised fund) and selects a transfer agent to maintain shareholder ownership records and to process orders for sales and redemptions. Governed by the Investment Company Act of 1940, the custodial arrangement is designed to prevent misuse of the fund's assets by the investment adviser. The services provided by the custodian include settling securities transactions, receiving dividends and interest, and making payments for the fund's expenses. Typically, the custodian's compensation varies with the volume of assets under management.

The board also hires an underwriter to sell fund shares either directly to investors or indirectly through brokers.[4] Depository institutions may also sell shares to their customers. Shares in some funds are sold at a premium over the net asset value. This premium, or "front-end load," covers, where applicable, the underwriter's cost, the broker's commission, and other sales and promotional expenses incurred by the fund.[5]

In direct sales or marketing, the underwriter offers shares to investors through the mail, by telephone, or at fund offices. Direct marketers usually do not charge a load; some no-load and low-load funds, however, use annual fees to finance the distribution of their shares to the public.

The Investment Company Act of 1940 is one of several federal statutes governing mutual funds. One of the primary objectives of the act is the protection of investors against abuses, and it contains specific requirements that the mutual fund be operated in the best interests of the fund's shareholders. For example, the statute places restrictions on changing a mutual fund's investment policies without shareholder approval, provides that the adviser's compensation be approved by shareholders and annually approved by the board of directors, prohibits conflict-of-interest transactions between the fund and its affiliates, limits the mutual fund's use of financial leverage, and requires mutual funds to pay redemption proceeds within seven days except under extraordinary circumstances.

Other aspects of mutual fund operations are governed by three other federal statutes: (1) Pursuant to the Securities Act of 1933, mutual funds must provide investors with accurate information about its investment objective, yield, and operating procedures through a prospectus. (2) The Securities Exchange Act of 1934 requires the registration of brokers and dealers with the Securities and Exchange Commission (SEC) and sets certain requirements for the solicitation of shareholder votes and proxies in connection with shareholder meetings. (3) The Investment Advisers Act of 1940 requires the registration of all mutual fund advisers (other than banks or bank holding companies), prohibits fraudulent practices, and gives the SEC enforcement powers.

To determine if the regulatory requirements are met, the SEC reviews disclosure statements and conducts on-site examinations. The SEC reviews fund disclosures about operating plans, management structure, and financial condition. On-site examinations typically probe the funds' valuation techniques, investment activities, management functions, and sales and liquidations of shares.

The Role of Mutual Funds in the Financial System

Like other financial intermediaries, mutual funds channel savings to different forms of investments. To the saver, mutual funds offer several advantages over the closest, nonintermediary alternative—the direct purchase of stocks and bonds. First, by pooling the savings of many investors, mutual funds can afford to employ professional asset managers and analysts with investment expertise exceeding that of the typical small investor. Second, mutual funds allow small savers to invest in a diversified

4. About 59 percent of all sales of stock and bond fund shares in 1992 were brokered.

5. Back-end loads, in contrast, are charges paid by investors only on redemptions that occur within a specified period after purchase, expressed typically as a percentage of redemption proceeds. Such loads, which usually decline over time, are used to recoup advances to brokers and to discourage trading by investors.

portfolio, thus reducing their exposure to certain types of risk. Typically, the higher transactions costs and minimum purchase sizes encountered in direct investment make diversification difficult for the small investor. Finally, mutual funds offer investors a greater degree of liquidity than would be available through direct investments in the capital markets. For example, mutual funds offer a variety of convenient means for purchasing and redeeming shares, such as making fund investments and portfolio adjustments over the phone and (for money market funds and some bond funds) making redemptions by writing checks.

Mutual funds are distinct from other intermediaries, especially depository institutions, in the way they channel savings. In raising funds, mutual funds issue shares that represent an ownership interest. Shareowners assume all the market risk and credit risk of the fund's assets and share proportionally in all the gains and losses of the fund. Consequently, the return on the shareholder's investment fluctuates with general market conditions and the investment performance of the fund. Banks and thrift institutions, in contrast, primarily issue deposit liabilities with a fixed rate of interest. Most depositors are fully protected by deposit insurance and are not subject to any credit risk.

In supplying funds, mutual funds primarily specialize in marketable securities of firms that have access to the capital markets. Funds must confine their investments to marketable securities in order to meet investor redemptions in a timely manner.[6] Although depository institutions purchase marketable securities, their special role is in providing funds to borrowers who, because of their small size or the complexity or monitoring requirements of the debt contract, may lack access to the public securities markets.

Mutual funds actively compete with banks and thrift institutions for the balances of households and in supplying funds to borrowers. Such competition is limited, however, to those households that are willing to take on additional risk for higher expected returns and to those borrowers capable of financing their needs directly through the securities markets.

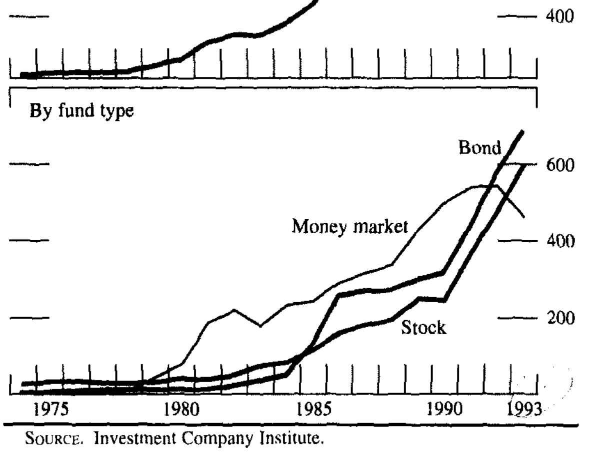
6. SEC guidelines permit a mutual fund to hold up to 15 percent of its net assets in illiquid securities.

THE DEVELOPMENT OF MUTUAL FUNDS

Offered in the mid-1920s, closed-end funds gained acceptance ahead of open-end mutual funds; in 1929 they accounted for 95 percent of industry assets. Open-end mutual funds, however, soon overshadowed them, and between 1940 and 1970 their assets grew more than a hundredfold, to about $48 billion. Throughout this period, they almost exclusively invested in equity, although bond funds also emerged and grew.

In the early 1970s, when volatile stock market conditions along with persistent inflation reduced the attractiveness of bond and equity funds, the industry created money market mutual funds. These funds met the desire of investors to benefit from money market rates, which were then above the level that federal regulation allowed depository institutions to offer on retail accounts, and the success of these funds spurred the development of other funds investing in fixed-income securities: Municipal bond funds were introduced in the mid-1970s, and mortgage-backed and government bond funds were started in the mid-1980s.

1. Net assets of the mutual fund industry, 1974–93



SOURCE. Investment Company Institute.

Mutual funds have continued to play an active role in equity markets, with holdings of equity funds growing from about $40 billion in 1970 to about $580 billion in the first half of 1993. Bond and money funds grew faster over this period, however (chart 1). As a result, the assets of stock funds declined from about 80 percent of industry assets to 34 percent between year-end 1970 and mid-1993, by which time bond funds accounted for about 40 percent of industry assets and money funds about 26 percent (chart 2).

Money Market Mutual Funds

Money market mutual funds grew rapidly in the late 1970s and early 1980s, when interest rates on money market instruments exceeded regulatory ceilings that applied to depository institutions.[7] Flows from depositories to money funds supported expansion of the commercial paper market, an important alternative to bank loans for businesses. The growth of money funds was interrupted temporarily in 1982, when banks and thrift institutions were permitted to offer money market deposit accounts, which were not subject to interest rate ceilings. Money funds resumed their growth in 1983, partly because they remained important to investors in their broader investment strategies. For example, brokerage houses include them as part of cash management accounts. In addition, mutual fund families offer money funds along with stock and bond funds as part of a menu of products that allows investors to switch between short- and long-term funds.

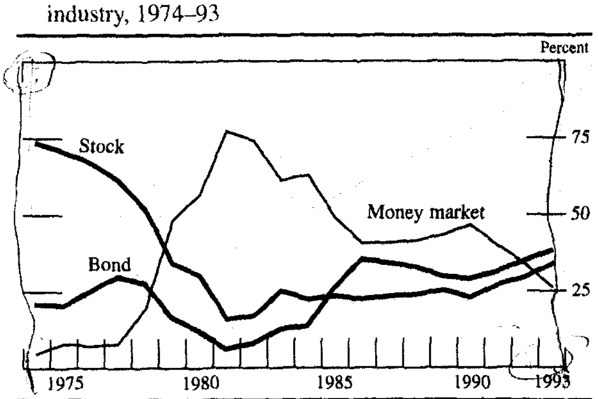
7. For a detailed history, see Timothy Q. Cook and J. G. Duffield, "Money Market Mutual Funds and Other Short-Term Investment Pools," in Timothy Q. Cook and R. K. LaRoche, eds., *Instruments of the Money Market*, 7th ed. (Federal Reserve Bank of Richmond, 1993), pp. 156–72.

Stock and Bond Funds

In the 1980s, the growth of assets in stock and bond funds was driven by heavy purchases of fund shares, rising stock prices, and lower interest rates (rising bond prices). During this period, investment companies expanded the number and variety of long-term funds they offered. The development of new financial instruments, such as securities backed by mortgages or other assets, and the increased ease of investing overseas spurred the diversification of fund types. Funds investing in specific industries also became popular. The number of long-term funds increased from about 450 at the end of 1979 to about 3,300 by mid-1993.

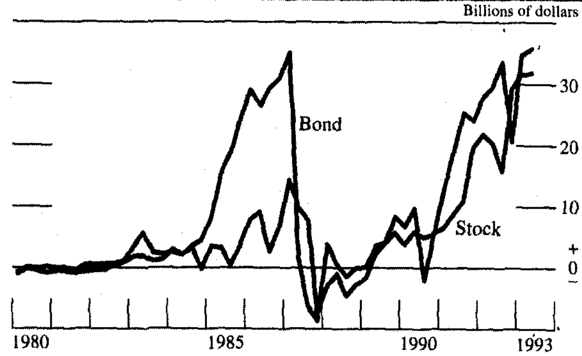
Inflows to bond funds surged dramatically during the 1985–86 period (chart 3), with the majority of new money going to municipal, mortgage-backed, and government bond funds. Investors withdrew from bond funds in early 1987, when bond prices fell because of an upward move in

2. Share of fund types in total net assets of the mutual fund industry, 1974–93



SOURCE. Investment Company Institute.

3. Net sales of stock and bond mutual funds, 1980–93[1]



1. Net sales are gross sales including reinvested dividends minus gross redemptions.

SOURCE. Investment Company Institute.

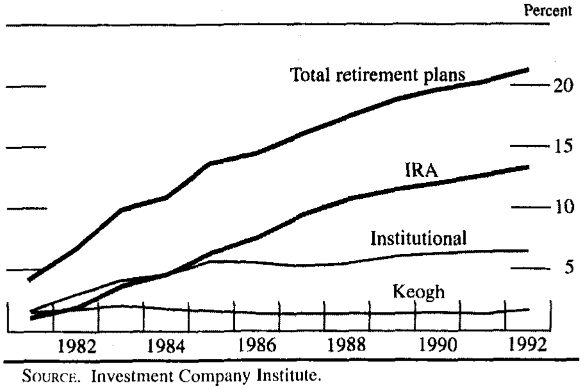
interest rates; as deposit rates fell in relation to bond yields in late 1990, investors began moving aggressively into bond funds again. Stock mutual funds grew during the bull market of the mid-1980s and then shrank in the aftermath of the stock market crash in October 1987. In 1989, with stock funds posting strong investment results, inflows resumed.

Retirement Assets

Some of the growth of mutual funds in the 1980s is attributable to their use as investment vehicles for retirement assets (chart 4). In 1982, U.S. tax laws created incentives for investors to open individual retirement accounts (IRAs) and Keogh accounts, which boosted investments in instruments, including mutual funds, that could be structured in the form of such accounts. The upward trend in the asset size of these retirement-oriented mutual fund accounts was interrupted in 1986, after the Congress enacted the Tax Reform Act of 1986, which reduced the number of households eligible to use IRA and Keogh accounts to defer taxes on current income.

In recent years, the share of mutual fund assets held by institutional retirement plans has increased. In addition, investments in IRA and Keogh mutual fund accounts have once again picked up with their use for lump sum distributions and rollovers from employee pension accounts that are liquidated because of a job change or plan termination.

4. Retirement assets as a share of total mutual fund assets, by type of plan, 1981–92



SOURCE. Investment Company Institute.

Sales Loads and Fees

The growth and development of the industry has been associated with a decline in sales loads.[8] Among the mutual funds charging a front-end load, the average load fell from 8.5 percent in 1970 to about 4.5 percent in 1992.[9] Over the same period, the market share of no-load funds increased from 6 percent to about 31 percent of industry assets.

As sales loads have declined, expenses charged to shareholders, as a proportion of assets (the expense ratio), has increased substantially, except in the case of tax-exempt bond funds (table 2). The rise in expense ratios has occurred, however, at the same time that industry assets have been increasing, and insofar as many fund expenses are fixed costs, the growth in industry assets would reduce these ratios. Moreover, mutual funds operate in a

8. In the 1970 amendments to the Investment Company Act of 1940, the Congress authorized the National Association of Securities Dealers (NASD) to prescribe sales loads, subject to SEC oversight, and in 1975 the NASD adopted an 8.5 percent maximum on front-end sales loads.

9. Back-end loads or contingent deferred sales loads (CDSL) are sometimes used in junction with 12b-1 fees as an alternative to front-end sales loads (12b-1 fees are those that can be assessed against fund assets to recover distribution expenses of the fund). For example, instead of charging a 6 percent front-end load, a mutual fund could recoup the same amount through a combination of an annual 1 percent 12b-1 fee and a CDSL of 6 percent that declines 1 percentage point per year until reaching zero after the sixth year.

2. Ratio of mutual fund expenses to fund assets, and 12b-1 component, by selected fund types, 1982 and 1992

Percent

Fund type	Expense ratio[1]		12b-1 fee ratio[2]	
	1982	1992	1982	1992
Equity	1.08	1.49	.08	.42
International and global	1.29	1.83	.06	.41
Bond	.89	.90	.20	.36
Taxable	.94	1.03	.26	.39
Tax-exempt	.81	.74	.13	.31

1. The sum of all expenses and fees, excluding loads (sales commissions), divided by industry assets.

2. For funds imposing such fees, the ratio of 12b-1 fees to assets. See text for definition of 12b-1 fees.

SOURCE. Lipper Analytical Services.

competitive market, which impedes them from charging fees that exceed competitive levels.[10]

Three factors may have contributed to the rise in the industry expense ratio. Before 1980, a mutual fund's investment adviser and underwriter typically incurred the costs of distributing the fund's shares. In 1980, the SEC adopted rule 12b-1, allowing mutual funds to use their assets to pay for sales commissions, sales literature, advertising, and other distribution expenses. Most no-load and low-load funds have adopted 12b-1 fees to finance their distribution expenses, and the fees have grown as a proportion of assets for funds imposing such fees (table 2).[11] Second, the number of small and international funds, which are more costly to operate, has grown. Third, mutual funds have expanded shareholder services that require costly computer, telephone, and shareholder accounting systems. These expenditures may have offset some of the gains achieved with economies of scale resulting from an increase in industry assets.

RECENT GROWTH OF THE INDUSTRY

Net sales of long-term mutual funds were a record $202 billion in 1992, up from $130 billion in 1991 and easily outpacing the previous record of $144 billion set in 1986 (chart 5).[12] During the first half of 1993, net sales amounted to $135 billion and at that rate will set another record.

10. According to the antitrust criteria of the Department of Justice, an industry with a Herfindahl index of less than 1,000 is considered unconcentrated. For the mutual fund industry as a whole, the Herfindahl index ranged from 500 in 1984 to 380 in 1992.

The Herfindahl index is calculated as the sum of the squares of market shares of all fund complexes in the market. The larger the index, which can range from zero to 10,000, the more concentrated the market.

11. In a rule that became effective in July 1993, the NASD limits the amount of 12b-1 fees that may be charged. The intent of the rule is to ensure that investors will not pay more than 7.25 percent of the purchase price of a mutual fund share when 12b-1 fees, front-end loads, and back-end loads are combined. Also, under the new rule, no fund that charges 12b-1 fees in excess of 0.25 percent can describe itself as a no-load fund.

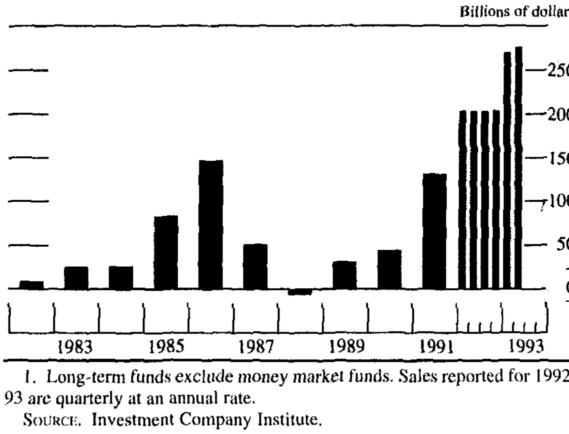
12. Net sales are gross sales plus reinvested dividends minus gross redemptions. Net sales of bond funds in 1992 were $115 billion, just under the record of $119 billion set in 1986. Net sales of stock funds were $87 billion in 1992, breaking the previous record of $46 billion set in 1991.

One reason for the surge in net sales has been the drop in deposit rates to low levels by historical standards and the accompanying steepening of the yield curve. Although both short-term and long-term rates have fallen since 1989, the decline in short-term rates has been more pronounced. The rate on the six-month Treasury bill fell from 8.8 percent in the spring of 1989 to 3.2 percent in the summer of 1993, and the yield on the thirty-year Treasury bond fell from 8.7 percent to 6.3 percent over the same period. Thus, the returns on long-term assets, such as stock and bond funds, became increasingly attractive relative to rates on deposits at banks and thrift institutions, which follow short-term market rates. In addition, the heavy inflows in recent years may have been aided by the reduced need of depositories to compete aggressively for funds. For example, weak loan demand may have reduced the need of banks to offer competitive rates on deposits. Moreover, competition for funds may have been further reduced by the resolution of failed thrifts, which typically had paid a premium to attract funds.[13] As a result, deposit rates may have been lower than the given decline in market interest rates would have otherwise produced.

The strong net sales of mutual funds may also reflect the high yields that some mutual funds have

13. As the Resolution Trust Corporation closed failed thrifts, it typically paid depositors directly and closed their accounts or sold the deposits to thrift institutions or banks that reset their rates, which in effect pushed average deposit rates down.

5. Net sales of long-term mutual funds, 1982–93[1]



1. Long-term funds exclude money market funds. Sales reported for 1992–93 are quarterly at an annual rate.

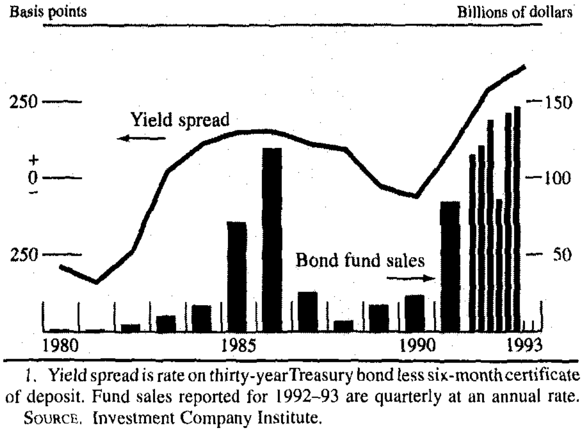
SOURCE. Investment Company Institute.

been able to advertise. One way that a mutual fund differentiates itself and attempts to attract potential investors is to publicize its superior investing skills based upon past performance.[14] Advertisements will often highlight holding-period returns, calculated according to SEC guidelines, relative to some benchmark, such as returns on the issues in the S&P 500 index of stock prices or against other funds with similar investment objectives. Although such advertisements include disclaimers that past performance is no guide to future performance, they may still be effective in convincing investors that the fund has superior investment skills and is likely to enjoy superior future returns. Funds that have strong recent performance tend to have strong inflows, even though most research has failed to show that money managers can persistently produce superior returns.[15] Thus, some of the inflows to mutual funds may reflect the actions of investors who base their expectations of a fund's future returns on the fund's past performance.

14. See Erik R. Sirri and Peter Tufano, "Buying and Selling Mutual Funds: Flows, Performance, Fees, and Services," Harvard Business School Working Paper 93-017 (1992). They show that the demand for mutual funds is weakly related to fees charged and strongly related to services provided and past performance.

15. See W. Sharpe, "Mutual Fund Performance," *Journal of Business*, vol. 39 (January 1966), pp. 119–38; M.C. Jensen, "The Performance of Mutual Funds in the Period 1945–1964," *Journal of Finance*, vol. 23 (May 1968), pp. 389–416; B. Lehmann and D. Modest, "Mutual fund Performance Evaluation: A Comparison of Benchmarks and Benchmark Comparisons," *Journal of Finance*, vol. 42 (June 1987), pp. 233–56; M. Grinblatt and S. Titman, "Mutual Fund Performance: An Analysis of Quarterly Portfolio Holdings," *Journal of Business*, vol. 62 (July 1989), pp. 393–416.

6. Net sales of bond funds and yield spread, 1980–93[1]



1. Yield spread is rate on thirty-year Treasury bond less six-month certificate of deposit. Fund sales reported for 1992–93 are quarterly at an annual rate.
SOURCE. Investment Company Institute.

The surge in purchases of shares in long-term funds is not unprecedented. In 1985 and 1986, investors shifted into bond funds when interest rates fell and the yield curve steepened. In fact, bond funds posted record net sales of $119 billion in 1986, slightly above the $115 billion of net sales in 1992 (chart 6). Inflows came to a halt in April 1987, when interest rates backed up sharply. Also during this period, the demand for bond funds for retirement purposes may have fallen when the Congress placed eligibility limitations on IRA contributions.

HOUSEHOLD OWNERSHIP OF MUTUAL FUNDS

The strong inflows to mutual funds reflect their popularity among households. According to preliminary data from the Federal Reserve Board's Survey of Consumer Finances, households shifted assets from deposits to mutual funds in the 1989–92 period; they held about 13 percent of their financial assets in long-term mutual funds at the end of 1992, up from about 10 percent in 1989, while their holdings of deposits and money funds fell from about 37 percent to 31 percent (table 3). Direct holdings of stocks, bonds, and "other" financial assets (not shown) also slightly increased during this period.[16]

The dispersal of ownership of long-term mutual funds also increased, from about 12 percent of households in 1989 to 15½ percent in 1992. The increase in new ownership was most heavily concentrated among households in which the head was between 55 and 64 years of age. These households apparently shifted assets away from bank deposits and money funds into long-term mutual funds. Their holdings of bank deposits and money fund shares fell from about 40 percent of their financial assets in 1989 to about 22 percent in 1992, while the share of long-term mutual funds in their portfolios rose from about 11 percent to 17 percent over the same period. Somewhat in contrast, the households in the 35–44 age group maintained the share of their financial assets in bank deposits and

16. "Other" financial assets include trusts, annuities, managed investment accounts, call accounts, deposits at uninsured institutions, and the cash value of life insurance.

money fund shares, at about 33 percent, over the 1989–92 period; the share of long-term funds in their portfolios did grow, however, from about 9½ percent to about 12½ percent, while the share of other financial assets declined.

MUTUAL FUNDS AS FINANCIAL INTERMEDIARIES

With their rapid growth, mutual funds have become increasingly important suppliers of debt and equity funds. Indeed, corporations with access to the reduced interest rates and elevated share prices of the capital markets have benefited from the surge in mutual fund assets: In recent years, mutual funds as a group have been the largest net purchaser of equities and a major purchaser of corporate bonds (table 4). Companies have repaid shorter-term debt—especially bank loans—and lowered the costs of long-term debt, while reducing overall balance sheet leverage. Such financial restructuring has been a particularly urgent priority for many of the firms that issued high-yield ("junk") bonds in the 1980s.

Mutual funds have been one of the major suppliers of credit in the high-yield bond market, as certain other institutional investors have pulled back from riskier investments. Recent legislation inhibits thrift institutions from investing in below-investment-grade corporate debt. And the public's concern about the financial health of life insurance companies has led most insurers to curtail their purchases of high-yield bonds and concentrate in high-grade securities. Consequently, flows to high-yield bond funds have played a more important role in the high-yield market than in the past, tending to boost bond prices (narrow yield spreads). Industry sources estimate that mutual funds, which purchased roughly 75 percent of new issuance of high-yield bonds in 1992, now hold about one-half of the stock of such bonds, up from about one-third in the 1980s.

Mutual funds also have increased their presence in the market for tax-exempt securities; they are now the largest net purchaser in that market (table 4) and are offsetting the reduced net purchases by households and the runoff at commercial banks. Banks have been net sellers of tax-exempt securities since passage of the Tax Reform Act of 1986, which significantly reduced the tax advantages for banks owning them. Households in the past several years have relied more heavily on mutual funds for their investments in municipal securities.

BANK-RELATED MUTUAL FUNDS

In response to the outflow of deposits, banks are increasingly participating in the mutual fund busi-

3. Proportion of households with selected characteristics that own long-term mutual funds and their allocation of financial assets in long- and short-term fund accounts, 1989 and 1992[1]

Percent

Household characteristic	Proportion of total financial assets				Proportion owning long-term mutual funds	
	Long-term mutual funds		Short-term mutual funds and bank deposits			
	1989	1992	1989	1992	1989	1992
All households	**9.8**	**13.2**	**36.7**	**30.7**	**11.8**	**15.5**
Age of head (years)						
Less than 35	3.6	5.2	37.5	41.3	6.1	8.4
35–44	9.6	12.4	33.5	33.6	14.3	18.7
45–54	10.8	14.0	33.0	23.0	14.6	18.0
55–64	10.9	17.2	41.0	22.1	14.9	22.2
65 or more	9.7	11.9	36.8	36.0	12.3	14.6
Annual income (dollars)						
Less than 30,000	4.1	7.7	60.5	51.4	4.9	5.7
30,000–49,999	8.6	17.0	42.9	35.5	12.5	19.9
50,000–99,999	11.0	13.1	36.9	30.2	26.2	28.4
100,000–199,999	12.2	14.2	33.2	23.0	42.6	41.8
200,000 or more	11.8	14.4	19.2	18.7	51.7	55.5

1. Preliminary data. In this table, long-term funds exclude all money market mutual funds except those in retirement accounts.

SOURCE. Federal Reserve Board, Survey of Consumer Finances.

4. Distribution of net purchases of equities, corporate bonds, and tax-exempt securities, by type of investor, selected years, 1980–93:H1
Billions of dollars

Type of investor	1980	1982	1984	1986	1988	1990	1991	1992	1993:H1 [1]	MEMO: Level, 1993:H1
					Equities					
Mutual funds [2]	-1.8	3.5	5.9	20.2	-16.0	14.4	44.6	67.2	118.6	562.7
Closed-end funds	-1.2	-.7	-.5	3.0	.6	.7	.3	-1.0	-1.2	19.9
Households [3]	-11.5	-31.8	-70.1	-135.2	-101.0	-27.2	-22.8	-15.9	-83.0	3,055.3
Depository institutions	-.6	-.5	-.2	.9	.5	-3.9	1.8	.4	.3	16.6
Insurance companies	3.5	5.1	-4.1	-2.4	.2	-12.6	-5.6	11.6	21.9	251.1
Pension funds	21.8	28.0	2.5	26.7	13.8	2.3	29.0	22.4	17.6	1,503.9
Foreign	4.2	3.7	-3.4	17.9	-2.9	-16.0	10.4	-5.8	8.2	315.1
Broker-dealers	.1	.9	-1.0	1.4	.2	-3.3	2.4	-.6	8.0	19.2
Total	**14.5**	**8.2**	**-70.9**	**-67.6**	**-104.7**	**-45.7**	**60.1**	**78.2**	**90.4**	**5,743.8**
					Bonds					
Mutual funds [2]	1.3	.2	3.6	26.8	14.2	13.6	12.8	28.4	66.7	162.2
Closed-end funds	.0	.4	-.4	1.4	9.4	-1.7	-1.9	1.9	.9	15.1
Households [3]	-13.8	-2.2	-10.6	35.9	-29.9	18.3	26.2	-.5	-67.6	119.4
Depository institutions	7.1	6.1	17.0	30.5	23.9	-14.7	4.7	6.9	18.6	185.1
Insurance companies	8.8	15.7	27.9	54.9	79.3	65.7	36.2	59.6	85.7	798.1
Pension funds	23.3	13.7	28.1	30.4	36.5	26.6	43.5	18.5	31.1	460.0
Foreign	9.2	15.7	15.6	39.1	15.9	5.3	16.2	18.5	24.2	255.5
Broker-dealers	.4	2.5	5.7	.3	9.8	-4.0	12.0	10.0	20.3	61.0
Total	**36.3**	**52.1**	**86.8**	**219.4**	**159.0**	**109.2**	**149.6**	**143.3**	**179.9**	**2,056.4**
					Tax-exempt securities					
Mutual funds [4]	2.0	10.9	12.6	59.3	12.3	29.8	34.2	40.7	53.9	295.8
Closed-end funds	.0	.0	.0	1.1	3.8	1.8	14.1	11.8	10.4	45.1
Households [3]	.8	31.2	31.7	-2.8	50.4	34.1	44.1	11.6	18.1	610.8
Depository institutions	12.7	4.3	12.2	-28.7	-22.5	-16.0	-14.8	-6.0	-1.4	98.9
Insurance companies	8.0	4.9	-3.2	15.6	7.8	5.5	-12.2	8.7	5.8	148.6
Other [5]	.5	1.8	5.4	1.3	2.0	2.2	4.2	-1.1	-25.3	24.8
Total	**23.9**	**53.1**	**58.7**	**45.7**	**53.7**	**57.4**	**69.6**	**65.7**	**61.4**	**1,224.0**

1. Annual rate.
2. Excludes money market mututal funds.
3. Includes nonprofit organizations and personal trusts administered by banks and nondeposit noninsured trust companies.
4. Includes money market mutual funds.
5. Pension funds, broker-dealers, nonfarm nonfinancial corporate business, and state and local government general funds.
SOURCE. Federal Reserve Board, flow of funds accounts.

ness through the advising of mutual funds and through the brokering of mutual fund shares. Banks and bank holding companies are prohibited from underwriting, distributing, or sponsoring mutual funds, according to interpretations of the Glass-Steagall Act of 1933 by the courts and federal regulatory agencies.[17]

17. *Investment Company Institute et al. v. Camp, Comptroller of the Currency, et al.*, 401 U.S. 617 (1971).

Nevertheless, several rule changes have made it possible for banks to increase their participation in the industry.[18] In 1972, the Federal Reserve Board authorized bank holding companies to act as mutual fund investment advisers, transfer agents, and custodians.[19] In an accompanying interpretation, the Board placed several restrictions on the activities of bank holding companies that advise mutual funds. For example, neither a bank holding company nor its bank or nonbank affiliates could promote any mutual fund, or provide investment advice to any customer investing in any mutual fund, for which it acted as an investment adviser. In addition, the Board cautioned bank holding companies from advising a mutual fund, unless the fund was located off the bank's premises. In 1992, the Board relaxed some of these restrictions. Provided that a number of disclosures are made to customers regarding the bank holding company's relationship to the mutual fund and the status of mutual funds as an uninsured investment product, the Board allowed a bank holding company or its subsidiary to provide investment advice and other brokerage services to customers investing in any bank-advised fund. In addition, the Board eliminated the location restriction.

A banking organization can participate in the mutual funds industry in several ways. One is through a proprietary mutual fund (a fund advised by the bank), with the shares brokered by the bank primarily to its customers. An unaffiliated third party, however, organizes the fund and an unaffiliated distributor underwrites the shares. In addition, a bank can sell shares of nonproprietary funds, for which it acts only as broker. Involvement in the brokerage of these funds can range from renting lobby space to an unaffiliated broker to selling fund shares through a brokerage firm affiliated with the bank. Although the bank is providing only brokerage services, it does earn fee income from sales commissions and enters the retail mutual funds market at a low initial expense.

Net assets of bank proprietary mutual funds, including both long-term and money market funds, are estimated to have increased from $31 billion at the end of 1987 to $162 billion at the end of the first quarter of 1993 (table 5). Money market funds account for the majority of bank-related mutual fund assets, but bank-related long-term funds have grown rapidly in the past several years and are about evenly split between stock and bond funds. Between 1987 and early 1993, banks increased their market share of total industry assets from 4 percent to nearly 10 percent (table 5). However, they have had much greater penetration in the money fund sector than in the stock and bond sectors. At the end of the first quarter of 1993, bank money funds accounted for about 20 percent of total money fund assets, whereas bank long-term mutual funds were only about 4 percent of total stock and bond fund assets.

IMPLICATIONS FOR THE INTERMEDIATION PROCESS

By providing savers with investment options and by participating in the market for securities, mutual funds compete with other financial intermediaries. Although some intermediaries may have been

18. See Melanie L. Fein, *Securities Activities of Banks* (Prentice-Hall, 1992), for a detailed account of the regulatory changes.

19. The Board's authorization was upheld by the Supreme Court against a challenge by the Investment Company Institute, the trade group for the mutual funds industry (*Board of Governors of the Federal Reserve System v. Investment Company Institute*, 450 U.S. 46 (1981).

5. Net assets of proprietary bank funds, end of period, selected years, 1987–93:Q1
Billions of dollars

Fund type	1987	1989	1991	1992	1993:Q1
Money market	28	45	83	102	113
Long-term	3	7	20	42	49
Total	**31**	**52**	**103**	**144**	**162**
MEMO					
Percentage of all mutual fund assets	4.0	5.3	7.6	9.0	9.5

SOURCE. Calculated from data provided by Lipper Analytical Services.

adversely affected by the rise of such competition, mutual funds have tended to make the financial system more efficient by reducing the transactions costs to households seeking saving alternatives and to borrowers issuing securities.

Clearly, the growth of the mutual funds industry has challenged the traditional role of banks. Mutual funds pose a competitive threat by offering saving instruments that have become more attractive alternative to bank deposits, given their liquidity and other characteristics. Recent experience also suggests that households are quite sensitive to changes in returns on bank deposits relative to those on mutual fund shares. Mutual funds are aggressively attempting to exploit the greater household awareness by offering new types of funds, additional shareholder services, and retirement products.

Mutual funds also challenge banks to the extent that bank borrowers can directly tap the capital markets. As mutual funds grow, they make securities markets accessible to many borrowers that were previously confined to bank loans—medium-sized businesses and individuals, who gain indirect access to the public market through asset securitization.

As investors, mutual funds have played an important role in the development of markets for securitized financial assets. Securitization began with mortgages in the 1970s and has since spread to other types of financial assets, such as automobile loans and credit card receivables.[20] Banks and other nonbank institutions have increasingly securitized such assets and sold them to various investors, including mutual funds. Securitization allows banks and thrift institutions to continue to originate loans by having mutual funds and other investors fund such loans.[21] This form of intermediation thus complements lending by depository institutions but also produces greater competition in the provision of financial services.

Asset quality problems, higher regulatory capital requirements, and cautious lending also have added to the downward trend in the amount of intermediation through banks in recent years. Accompanying this diminished role for depository institutions in the credit markets has been the slow growth in broad measures of the money supply. Such slowness is reflected in the velocity of M2, which is the ratio of gross domestic product to M2. In the past, decreases in short-term interest rates have lowered the opportunity cost of holding deposits, as deposit rates typically lagged the decline in market yields, thus causing the level of M2 to rise relative to output and its velocity to fall. In the past three years, however, the velocity of M2 has risen in the face of the general decline in market interest rates.[22]

OUTLOOK

The mutual fund industry will remain an important investment option for household savings and an important funding source for corporations and state and local governments that can directly tap the capital markets. Growth of the industry may subside as the yield curve flattens and inflows into long-term stock and bond funds slows. However, the introduction of new types of funds and services, the potential for the growth of funds marketed through banks, and the demographic forces that favor retirement products will tend to support industry growth. □

20. The securitization of loans to small and less creditworthy firms has been rather limited. Thus, banks cannot easily originate and sell such loans into the secondary markets and have accordingly retained the business of these borrowers, who typically cannot directly tap the capital markets to obtain financing. Recent regulatory changes have made it easier for banks and other financial intermediaries to issue securities backed by small business loans in the public markets, but banks still need to evaluate and monitor the creditworthiness of such borrowers

21. By securitizing, banks and thrift institutions save on capital costs, earn fee income from servicing the loans, and earn interest income from the spread between the borrowers' rate and the rate paid to the investors.

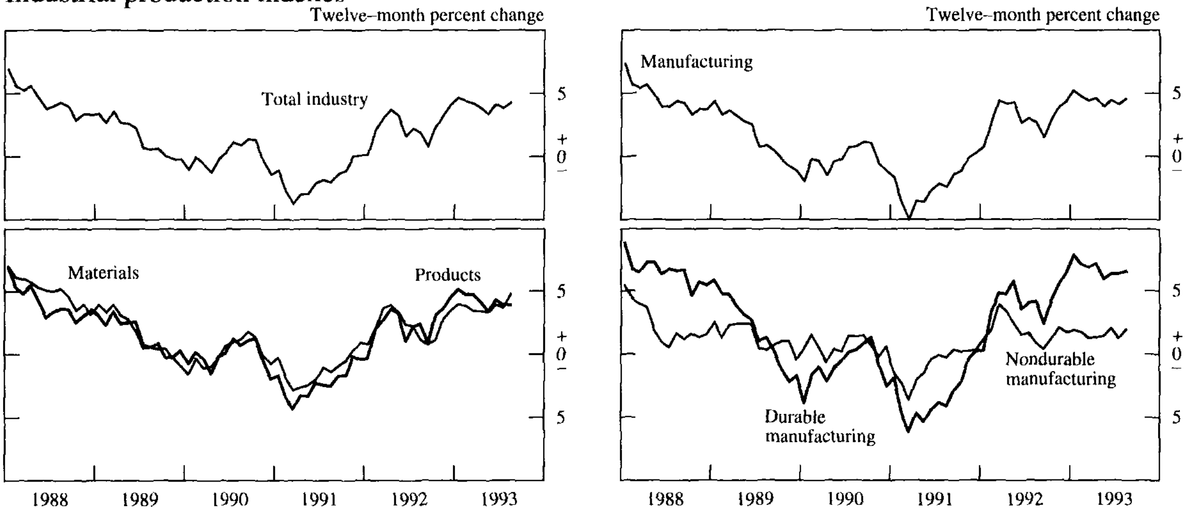
22. See Bryon Higgins, "Policy Implications of Recent M2 Behavior," Federal Reserve Bank of Kansas City, *Economic Review,* Third Quarter 1992, pp. 21–36; and John V. Duca, "The Case of the Missing M2," Federal Reserve Bank of Dallas, *Economic Review,* Second Quarter 1992, pp. 1–24.

Industrial Production and Capacity Utilization for August 1993

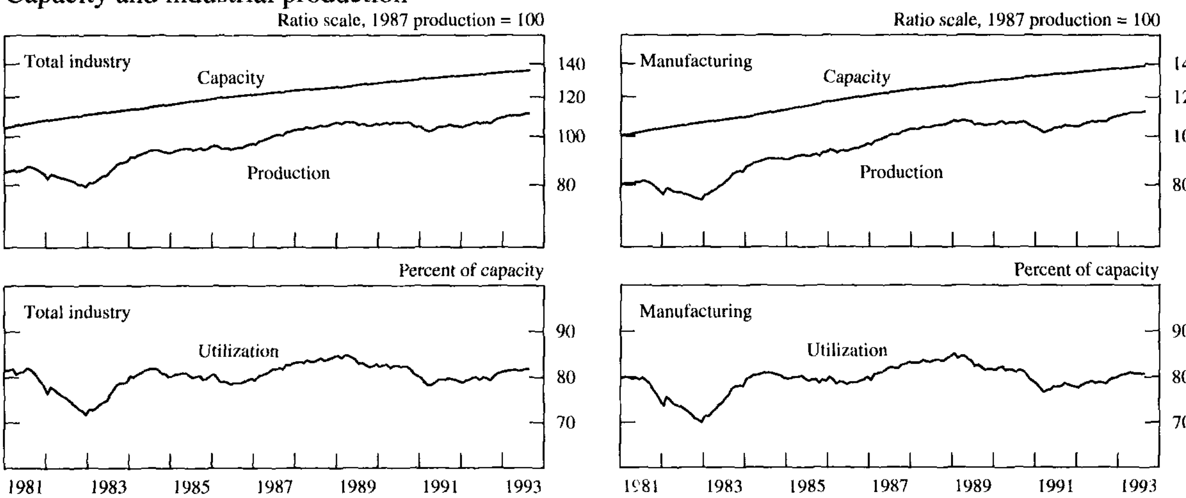
Released for publication September 16

Industrial production, which rose 0.4 percent in July, increased 0.2 percent in August. The production of business equipment and durable goods materials rose sharply. However, the production of defense and space equipment and of durable consumer goods declined further, and the output of energy materials decreased because of the continuing strike in the coal industry. At 111.1 percent of its 1987 annual average, total industrial production was 0.7 percentage point above its level in the

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization[1]

Category	Industrial production, index, 1987 = 100								
	1993				Percentage change				
					1993[2]				Aug. 1992 to Aug. 1993
	May[r]	June[r]	July[r]	Aug.[p]	May[r]	June[r]	July[r]	Aug.[p]	
Total	**110.2**	**110.4**	**110.9**	**111.1**	**–.2**	**.2**	**.4**	**.2**	**4.2**
Previous estimate	110.2	110.2	110.6	. . .	–.2	–.1	.4	. . .	. . .
Major market groups									
Products, total[3]	109.3	109.3	109.9	110.0	–.3	.0	.5	.2	3.9
Consumer goods	107.3	107.3	107.5	107.3	–.7	.0	.2	–.2	2.1
Business equipment	135.4	135.7	136.7	137.6	.5	.2	.7	.7	9.1
Construction supplies	97.7	96.7	97.6	97.8	1.3	–1.0	1.0	.2	3.9
Materials	111.6	112.0	112.5	112.7	.0	.4	.4	.2	4.7
Major industry groups									
Manufacturing	111.3	111.3	111.5	111.9	–.1	.0	.2	.3	4.5
Durable	114.9	114.5	115.2	115.6	–.1	–.3	.6	.4	6.6
Nondurable	106.9	107.3	107.0	107.2	–.1	.4	–.3	.2	1.9
Mining	97.3	97.5	97.2	96.3	.9	.2	–.3	–1.0	–.8
Utilities	112.1	114.9	118.7	118.7	–2.0	2.5	3.3	.0	7.5

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Aug. 1992 to Aug. 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				Aug.	May[r]	June[r]	July[r]	Aug.[p]	
Total	**81.9**	**71.8**	**84.8**	**79.7**	**81.5**	**81.5**	**81.8**	**81.8**	**1.6**
Manufacturing	81.2	70.0	85.1	78.7	80.7	80.6	80.7	80.8	1.8
Advanced processing	80.7	71.4	83.3	77.3	79.3	79.0	79.1	79.2	2.2
Primary processing	82.2	66.8	89.1	81.9	84.2	84.4	84.5	84.7	.9
Mining	87.4	80.6	87.0	86.4	87.2	87.5	87.3	86.5	–.9
Utilities	86.7	76.2	92.6	84.1	86.6	86.6	89.4	89.3	1.2

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

second quarter and 4.2 percent above its year-earlier level. For a second month, utilization of total industrial capacity remained at 81.8 percent, just above its level in the spring.

When analyzed by market group, the data show that the output of consumer goods decreased 0.2 percent, reversing the gain in July. Among consumer durable goods, the output of automotive products declined about ½ percent and was 8½ percent below its April level; the output of other durable consumer goods fell 1 percent as the production of appliances lost much of its July rise. The output of consumer nondurables was unchanged and has been flat, on balance, since late last year; the production of electricity for residential use, which surged in July, was little changed in August because of the continued above-normal demand for air conditioning.

The production of equipment rose more than ½ percent despite a further decline in output of defense and space equipment. Oil and gas well drilling, which has picked up recently, rose more than 8 percent. The output of business equipment advanced 0.7 percent, primarily because of the sustained uptrend in the production of information-processing equipment; the output of business equipment excluding computers rose only 0.1 percent in August and was 2¾ percent above the level of a year ago.

The output of construction supplies, which grew sharply in July, increased 0.2 percent. Over the past year, the production of construction supplies has risen about 4 percent, but it has changed little, on balance, since February. The output of industrial materials, which had been held back since May by strikes in mining, rose 0.2 percent in August.

Among the major components, the overall production of durable goods materials, which had been sluggish during the late spring and earlier summer months, rose 0.7 percent. The output of parts for equipment increased further, and the production of parts for consumer durables picked up. Also, the output of basic metals rose despite a strike in iron ore mining and a cutback in aluminum production. The production of nondurable materials, such as chemicals and paper, has changed little recently. The output of energy materials, which had been boosted in July by a spurt in electricity generation, fell back because of the further strike-related curtailments in coal mining.

When analyzed by industry group, the data show that within manufacturing, output increased 0.3 percent in August. Among durable manufacturing industries, the most notable increases occurred in machinery and steel. The gain in the output in nondurable manufacturing reflected mainly an increase in food. The utilization of manufacturing capacity, which was 80.8 percent in August, has inched up since June to a level near the upper end of the range that has prevailed for most of this year. The operating rate for advanced-processing industries edged up to 79.2 percent in August but was still 1.5 percentage points below its longer-run average; industries that remain at relatively low operating rates include transportation equipment and instruments. The rate for primary-processing industries, at 84.7 percent, also was only a bit above its July level but 2.5 percentage points above its long-term average, with most major industries operating at above average rates.

The output at mines fell 1.0 percent because of strikes in the coal and iron ore industries. The output at utilities, which had posted gains averaging nearly 3 percent in June and July, was unchanged. □

Statements to the Congress

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, September 9, 1993

I am here today to discuss the Small Business Loan Securitization and Secondary Market Enhancement Act (S.384), which seeks to increase the availability of credit to small businesses by facilitating the securitization of small business loans. The objective of this bill is extremely important, particularly given the problems that small businesses have had in obtaining adequate credit accommodation. Moreover, experience in other sectors of the credit markets in which securitization has taken place suggests that securitization of small business loans could yield similar benefits to banks and other financial institutions that originate and securitize these loans.

Accordingly, the Federal Reserve supports the objectives of S.384. Although we have not seen a final version of the bill, we believe, based on discussions with staff members of this committee, that many of its provisions will prove helpful in encouraging the development, through the securitization process, of a secondary market for small business loans. We also support the bill's approach of promoting this development by relying on the private sector rather than involving the government through yet another guarantee program.

Successful small businesses are vital to the well-being of the U.S. economy. Indeed, the use of the word "small" to describe this sector of the business community is, in a sense, misleading. In the aggregate, the volume of business activity generated by small and medium-sized firms accounts for approximately one-half of the employment and receipts in the nonfinancial, nonfarm business sector.

Small and medium-sized businesses have become increasingly important to the U.S. economy over the past two decades. Recent gains in employment have occurred largely in those industries that are dominated by such businesses, specifically retail trade and services. Given this experience, we believe that the prospect for future growth and prosperity depends importantly upon the vitality and performance of small and medium-sized businesses.

A key element in the success of smaller firms is their ability to obtain adequate credit accommodation. Traditionally, the commercial banking system has been the principal source of credit to smaller businesses, and the small business segment has contributed importantly to the earnings of banks.

Unfortunately, in recent years, many banks have had to deal with substantial loan-quality problems and have experienced significant losses. Consequently, after nearly a decade of aggressive lending—often on terms much more liberal than warranted by the credit standing of their borrowers—banks have been working to improve their balance sheets and many have tightened their lending standards. Although this development is clearly necessary, one adverse effect is that the ready availability of credit to small businesses may have declined.

In the past two years, banks have experienced improved asset quality and record profits. As a result, the banking system is in a position to increase lending activity. Banks are better able to play their traditional role in the financing of the economy, a development that should prove beneficial to the small business sector. Our surveys, in fact, have indicated that many banks have eased their loan standards somewhat in recent months, especially for smaller business borrowers. I should point out as well that our surveys also indicate that demand for credit remains slack.

Nonetheless, various reports suggest that some smaller businesses are having difficulty obtaining credit, especially in areas experiencing economic difficulty. Their problems may be, in part, caused by regulatory practices or perceptions of regulatory policies. Accordingly, the Federal Reserve and the other bank supervisory agencies have recently implemented several initiatives designed to facilitate the availability of credit to creditworthy borrowers. These initiatives are intended to result in increased credit availability to all borrowers. Some of these initiatives were particularly designed to benefit smaller business borrowers.

Specifically, in March, the federal supervisory agencies initiated a program to allow banks to establish a "basket" of loans that will be judged on the basis of performance and not be criticized on the basis of documentation deficiencies. The Federal Reserve believes that some small business loans that may not have been made because of a fear of regulatory criticism may now be extended in a manner consistent with safe and sound banking and with banks' traditional underwriting practices. Although not enough time has passed to permit a large number of these loans to be made, we understand that several banks currently have this opportunity under consideration. After the banking agencies have gained experience with the program, we will review whether sound, well-managed banks can be given even greater latitude to utilize the "basket."

Another important initiative is the agencies' proposal to increase from $100,000 to $250,000 the threshold amount below which real estate-related loans do not require appraisals under title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Raising the threshold should reduce the documentation burden and expense associated with loans to small businesses that are collateralized wholly or in part by property.

A possible avenue to increase credit availability to the small business sector (and the focus of Senate bill S.384) could be the expansion of opportunities to securitize small business loans. Although this approach is no panacea, it has been given increased consideration in recent years.

In a securitization, loans are placed in a pool and securities are issued that entitle the holders to the proceeds of the principal and interest payments flowing from the underlying loans. Originators of loans that are used in asset-backed securities could benefit from improved liquidity, enhanced fee income, and—to the extent that a true sale has occurred and the assets are removed from their balance sheets—less need for capital. Investors, on the other hand, acquire securities that require no management of the underlying loans on their part and yet provide an attractive return for instruments that pose, depending upon the nature of the credit enhancement, little or no credit risk.

Both sales and purchases of securitized pools, then, offer improved diversification and a greater selection of risk and return alternatives. Purchases of securities backed by loans may be particularly valuable to smaller banks that do not have the capability of geographically diversifying their lending or diversifying according to industrial sector.

Given the potential benefits to be gained from the securitization of small business loans and business loans generally, the Federal Reserve believes that it is important to give careful consideration to all proposals designed to promote and encourage the securitization of such loans. These potential benefits have been dramatically demonstrated by the impressive growth in the residential mortgage-backed securities market and the markets for securities based on auto loans and other consumer loans. It thus seems reasonable that small business lending could also benefit from securitization.

The nature of small business loans, however, differs substantially from the types of loans—such as residential mortgages, auto loans, and credit card receivables—that are currently securitized. These types of loans are relatively homogeneous, whereas small business loans tend to be quite heterogeneous in nature, in part, because of the natural diversity of small business enterprises and individually negotiated loan terms designed to suit the unique credit needs of each borrower. This diversity manifests itself in loans with widely different maturities and repayment terms, different degrees of documentation, and different amounts of information regarding the underlying financial positions of the obligors. This heterogeneity greatly complicates the process of predicting the future cash flows produced even by pools of the highest credit quality.

Also, small business loan pools may exhibit a diversity in credit quality, which, coupled with a diversity in documentation standards, greatly complicates the task of performing due diligence and reaching a judgment as to the overall quality of the pool. Finally, the lack of sufficiently broad and deep historical data on the performance of small business loans makes actuarial methods of estimating loan losses extremely difficult.

These difficulties, which in and of themselves represent barriers to successful widespread securitization of small business loans, tend to cause securities markets to require substantial credit enhancements on small business loan pools. At the same time, the special nature of small business loans makes it relatively difficult for banks to accurately assess the riskiness of issuing such credit enhancements. Thus, it is especially important to assure that banks maintain capital at a level commensurate with their risk exposure both to loans they have sold into pools and to the pools they have acquired. Capital should be held where risk exposure exists, and banks selling assets with substantial first-loss recourse continue to be exposed to risks related to the assets. Under such first-loss arrangements, a bank selling assets with recourse commits to cover any initial losses on loans that may occur up to a contractually agreed upon amount. This results in the selling bank being exposed to a possibly significant proportion of the potential losses on the transferred loans.

Another point that needs to be made regarding the securitization process is that banks are likely to select loans of higher quality for sale into loan pools and to retain loans of lower quality in their portfolios. Accordingly, if this process is repeated over time, it can lead to a significant decline in the credit quality of loans held on the balance sheet. If such deterioration does occur, the portfolios would be subject to greater supervisory scrutiny, and the capital held against these loans would have to be bolstered.

Under generally accepted accounting principles (GAAP)—or, more specifically, financial accounting standard (FAS) 77—which the bill as introduced proposed to utilize, a bank may remove from its balance sheet an asset sold with recourse even if it has retained the risk of ownership. This accounting standard treats the transfer of assets with recourse as a sale if the seller relinquishes the benefits of owning the asset, is reasonably able to estimate the expected losses to which it is still exposed under the recourse provision, and establishes a specific liability reserve equal to the amount of these expected losses. This treatment generates a strong incentive for banks to underestimate losses, and this weakness has caused some accounting professionals to criticize FAS 77. However, even if accurate loss estimates were used, this approach would still be of concern from a supervisory perspective because it does not take into account the possibility that actual losses may turn out to be substantially greater than expected losses. The role of capital is to serve as a buffer against such developments, and GAAP is silent on this aspect of risk exposure.

The banking agencies' rules attempt to establish policies to ensure that government-insured depository institutions will hold capital commensurate with their risk exposure in any transactions—including securitized transactions—that they engage in. Thus, unlike GAAP, the regulatory treatment of asset sales focuses on the retention of risk rather than the relinquishing of the benefits of ownership. Under this treatment, when a loan is transferred with recourse, the agencies have generally treated the transaction as a borrowing and required the transferor to maintain capital against the entire amount of the assets transferred.

In recent years, however, it has come to be recognized that this conservative approach does not fully take into account contractual limitations on the selling bank's recourse obligation and may not accurately reflect expectations or practices of the marketplace. Accordingly, the agencies, under the auspices of the Federal Financial Institutions Examination Council, have been reviewing existing recourse rules. They have concluded that these rules should be modified to reduce the capital charges for certain asset sales with limited recourse to make those charges more commensurate with the contractual credit risk to which the selling organization is exposed. We plan to issue a detailed proposal for public comment in the near future. Although the specifics of the new recourse rules are not yet concrete, the new guidelines that the Federal Reserve ultimately administers will be consistent with the basic supervisory principle that the capital held against transactions should be commensurate with their risk. I would note that although the existing regulatory guidance needs revision, its limitations have not precluded the development of substantial securitization markets for other types of loans.

As I said earlier, we support the overall objectives of S.384. The bill places a reliance on the private sector to develop the secondary market for small business loans, and we find that aspect of the bill attractive. It is imperative that we avoid adding to the already enormous volume of government liabilities by creating an additional government agency, or increasing the involvement of existing government agencies, in the securitization of small business loans.

One of the most important safety and soundness considerations is the amount of capital that is maintained to protect banking organizations from any risks associated with loan securitization. The bill as introduced contained capital provisions that in our view would not provide adequate protection to banks involved in securitization. Although we have not seen a final version of this bill, discussions between the staff members of this committee and the banking agencies have identified alternative approaches that represent some relaxation of current standards. These approaches could be acceptable so long as they are properly structured and accompanied by appropriate prudential and safety and soundness limitations. For example, we understand that, to encourage the securitization of small business loans, current drafts of the bill would give designated institutions permission to maintain capital against risk exposure arising from the sale of small business loans with first-loss recourse in an amount that is less than is required under the banking agencies' existing capital standards.

We also understand that important limitations that help mitigate safety and soundness concerns are incorporated in current drafts of the bill. First, the preferential treatment would be restricted to those institutions that, under current capital standards, are either well capitalized or are adequately capitalized and have the approval of their primary regulator. Second, there is a major limitation placed on the aggregate amount of retained recourse that is eligible for the preferential treatment. So long as these limitations are appropriately specified, we do not believe that the approach in the bill, as we understand it, would threaten safety and soundness conditions, although it may encourage securitization and the availability of credit to small business firms. Obviously, we would want to reserve final judgment on these safeguards and other provisions of the bill until we have had an opportunity to review the actual language of the bill and its consistency with the fundamental prudential principles underlying U.S. and international capital standards.

As I mentioned earlier, the banking agencies have under way a broad-based review of our capital standards for securitization and other recourse arrangements. We believe that rather than specifying detailed capital requirements for a select group of assets by statute, it would be preferable for the Congress to fashion legislation directing the agencies to develop appropriate capital standards for securitizing small business loans. This would enable the agencies to address small business loan securitization in a manner that would be consistent with the prudential framework for securitization more generally. Such an approach is preferable for economic efficiency and bank safety and soundness. It would also avoid the rigidities that result when technical and complex regulatory requirements are written into law. The agencies need flexibility to be able to adjust the rules to later experience in the market.

In view of the importance of credit availability to small and medium-sized businesses, we are committed to continuing to work with this committee, the other banking agencies, and the Administration in developing an approach that will remove any unnecessary impediments to securitization, while at the same time protecting the safety and soundness of the banking system. □

Statement by Lawrence B. Lindsey, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight, Investigations and the Resolution of Failed Financial Institutions of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 17, 1993

I appreciate the opportunity to appear before this subcommittee to discuss the Community Reinvestment Act (CRA) and the current efforts of the agencies to strengthen and improve its administration. This statute has become an extremely important part of the landscape of financial institution supervision in recent years. Across our nation it has affected the relationship of thousands of banks and thrift institutions with their communities—particularly low- and moderate-income neighborhoods. Both large and small institutions have struggled with the law's demands. Local groups have aggressively used the law—particularly in the applications process—to prompt commitments for increased lending to those who may have been overlooked before. The regulators have sought to enforce the law fairly and fully in the face of the enormous diversity that exists among America's communities and its financial institutions.

Our CRA efforts have seldom been made to the satisfaction of either the covered institutions or community groups, and the President has directed that the agencies conduct a thorough reexamination of our supervisory approach. This is a zero-based review that will take into account the views of all affected parties. In doing so, it is important to start from a common understanding of where we have come since the statute was enacted in 1977.

Although the total impact of the CRA is very hard to measure, I believe a fair assessment would have to conclude that it has generally made depository institutions more responsive to the needs of their communities. Of course, the level of effort has varied widely among institutions. Certainly it has not totally cured the ills and decline that plague many of our cities. That would be an unrealistic expectation. But the CRA has, in my view, been instrumental in opening channels of communication between banks and thrift institutions and previously underserved segments of their communities. New relationships have been established with community groups and individuals, new products have been designed and marketed, and many thousands of credit applications have been taken from those who previously had no banking relationship. Most important, I am convinced that thousands of loans have been made throughout the United States that would not have been made but for the CRA. I have personally traveled to many communities and toured numerous projects that are now helping to stabilize and revitalize communities as a result of the CRA. In addition, numerous witnesses from consumer and community organizations at recently held hearings have testified to the valuable contributions the CRA has made.

But exactly what is the overall level of that lending? I do not know, and I suspect that no one does. The community groups who track lending agreements with institutions point to more than $30 billion in commitments for new credit. Many of these commitments cover several years and therefore extend into the future. Moreover, I know of no overall assessment of the extent to which the commitments have been realized. Although formal commitments to community groups get considerable media attention, I suspect that most CRA-related activity goes on outside the high profile negotiated agreements that receive so much attention. My own belief is that the true impact of the CRA has far exceeded any number derived strictly from the formal commitments. If the figure is, for example, double the committed amount, it is a formidable amount indeed, and this fact should not be overlooked as we evaluate the CRA's effectiveness.

Whatever the degree of new lending attributable to the CRA, it has not been accomplished without numerous problems, which I will refer to later. But before doing that, an important point about the CRA is often lost in the debate about its flaws. If this federal statute has, in fact, had the considerable impact I have described, it is important to note that this has been accomplished without a huge appropriation of government dollars and without thousands of bureaucrats to administer the program. These matters, of course, are very significant and topical—as current as last week's announcement of a major campaign to "reinvent" government in ways that emphasize these very characteristics.

The CRA established a national goal and put considerable power in both supervisory agencies and the public to enforce it but left the details of how this goal would be accomplished to local communities and the depository institutions in them. The CRA counted on the unique economic needs, and the give and take in the local social and political scene, to define the specifics of the CRA program for each community. No one in Washington has yet been employed to decide how much or what type of CRA lending should be made in the individual communities you represent. To my way of thinking, that has been a considerable strength of the law. In any review of the CRA I believe we must acknowledge the value of this approach at the same time that we search for improvements.

But all is not perfect as you well know. The flexibility that I have referred to has come with a price. Bankers and many community groups alike complain that the standards are too vague. Our own examiners would be more comfortable as they go about their very difficult job of assessing compliance if the rules of the game were more precise. Despite the ever-increasing efforts of the agencies over the years to define more specifically the various levels of performance used in our rating system, we are constantly faced with questions about "how much is enough," what loans get the CRA credit, and exactly what "weight" different categories of loans will receive. Living with the current uncertainty makes bankers nervous, community groups dissatisfied with their ability to hold institutions accountable, and everyone concerned about assuring fair and consistent evaluations by the agencies. And believe me, no one would be happier than those in my agency who are charged with the day-to-day enforcement of the law if we were "going by the book."

Common agreement also appears that too much emphasis has been placed on paperwork and process as opposed to performance. There is undoubtedly some truth to this despite the agencies' efforts to ensure otherwise. But, it is important to keep in mind that, in some sense, the focus on process is a natural outgrowth of leaving the definition of an appropriate level of performance up to the needs of the community and the capacity of its institutions. Nevertheless, the concern about focusing on paperwork rather than results is widespread enough to require careful evaluation.

And, of course, there are other criticisms as well—that the CRA is "too much stick and too little carrot" and that we must search for more incentives to encourage good performance, that too many institutions receive satisfactory or better ratings, and that either too much or too little emphasis is given to the CRA in the context of application processing. Suffice it to say that there are numerous areas of controversy in which improvements may be desirable.

Thus, we have what to me is a rather confusing scene. On the one hand, we have an important national program that appears to have stimulated considerable lending and revitalization in low-income and minority communities. And it has done so in a period of great shortage of federal dollars and without the rules and red tape that bedevil so many government efforts. On the other hand, I do not know of any regulatory area in which there is such common agreement that all is not right and that some "reform" is necessary. My overall sense, however, is that in focusing so much on the imperfections of the CRA, we may have lost sight of its considerable benefits.

But surely we can do better. And, it was in response to widespread concern that the CRA can be improved that the President issued his charge to the agencies to rethink their administration of this law. In the President's CRA reform request, he asked the agencies to address several specific areas. These include the following:

- Developing new regulations and procedures that replace paperwork and uncertainty with greater performance, clarity, and objectivity
- Developing a core of well-trained CRA examiners
- Working together to promote consistency, and even-handedness, to improve public CRA performance evaluations, to institute more effective sanctions against financial institutions with consistently poor performance, and to develop more objective, performance-based CRA assessment standards that minimize the compliance burden on financial institutions, while stimulating CRA performance.

As you are aware, we are presently working with the other agencies to carry out the President's initiative. Working together, however, is nothing new to us in this area. To promote uniformity in the approach to the CRA, the Board, along with the other banking and thrift regulatory agencies, has worked through the Federal Financial Institutions Examination Council (FFIEC) for some time. For example, through the FFIEC the agencies developed a common approach to the regulation, interagency CRA examination procedures, a uniform format for CRA public disclosures, and other regulatory material. We have a common commitment to cooperation and uniformity, and I am confident that together we can meet the President's goals.

Initially, our focus is on ensuring wide public input. The Federal Reserve System, along with the Federal Deposit Insurance Corporation, the Office of the Controller of the Currency, and the Office of Thrift Supervision, is presently holding public CRA meetings across the United States to solicit comments on how to improve the CRA process. To date, we have heard the views of several hundred bankers, community groups, small business owners, as well as members of the general public. From these meetings, we have been told what is working with the CRA, what is not working, and what we need to consider to "fix" it. I can tell you that many of the stories I have heard—from bankers, small business owners, and community groups—have been compelling. The stories, however, point up as many differences in perspective between the various groups as they do common concerns.

For example, although many may agree that it is important to find new incentives to encourage better CRA performance, there is great disagreement about what they might be. Very understandably, banks that have sought and achieved an "outstanding" rating would like to see this rewarded with a "safe harbor" from protests. Community groups, to put it mildly, do not favor the idea. Although there is common concern about paperwork, there is a growing recognition that any movement toward more quantifiable standards may require more, not less, data, and this is not a happy thought for many. Likewise, concern about the disproportionate burden on small institutions has caused some to suggest a small institution exemption. Others find this untenable. The idea of more precision in the requirements has widespread support, but there are difficult and controversial issues when it comes to what the specific numbers might be or even the process by which they might be set. Moreover, there is widespread concern that in attempting to be precise we may fall into the credit allocation trap. In short, although there may be widespread agreement that the CRA requires some major repairs, there is very little agreement about the appropriate fix.

At this point, we are still gathering information, and it would be premature for us to offer any proposals. The Board, along with the other agencies, will continue this process of assessing the various arguments and concerns in an important public meeting in Chicago next week. Many of the issues that will be under consideration are dealt with in the several bills that you asked us to review in preparation for this testimony. Thus, I am not now in a very good position to express any views on the details of these legislative proposals.

Given the fact that the agency review of the CRA is so comprehensive and is only in midstream, I would counsel against proceeding with legislation until the results of the agency review can be evaluated. There may or may not be a constructive role for legislation at some point, but it seems premature to make that judgment now. It is also clear that some of the proposals for change in the bills are already within the authority of the agencies. Some provisions that do not affect the CRA directly, for example, dealing with the Bank Enterprise concept, may nevertheless be affected by how the agencies ultimately decide to recast the CRA. Thus, we will be in a much better position to provide meaningful thoughts on the various legislative proposals at a later date.

Finally, you have asked for information on the present status of the Federal Reserve System's CRA examination and enforcement. In general, the Board's involvement in the CRA encompasses consumer compliance examinations, community affairs efforts, and consideration of applications for bank expansion. I would like to tell you a little about these areas.

Compliance Examinations

The Board supervises approximately 1,000 state member banks for compliance with the CRA. The Board first established a specialized consumer compliance examination program in 1977. Through this program, the twelve Reserve Banks conduct on-site examinations of state member banks to determine compliance with consumer protection legislation, including the CRA, by using a cadre of specially trained examiners, as the President has suggested.

Examiners review twelve CRA assessment factors during the CRA examination. A bank's compliance with these factors, which are grouped into five rating categories, form the basis of the CRA rating assigned. Some of these factors require an evaluation of the bank's lending and investment within its community. Others require an evaluation of how the bank has decided to meet its community's credit needs—its CRA program. In addition, examiners weigh the bank's fair lending efforts and its capacity to help meet community credit needs.

Examination Improvements

Our consumer compliance schools for examiners devote considerable time to the CRA and related regulations, such as those covering fair lending and home mortgage disclosure. System compliance examiners currently receive CRA training from three separate schools. One of these, a more advanced compliance school, includes segments on community development lending. Another school, called "CRA Advanced Examination Techniques," provides examiners with a weeklong intensive course in the CRA. Over the past three years, virtually all of our consumer compliance examiners have completed this course. We are also taking steps to help our safety and soundness examiners understand the essentials of the community development market so that they can fairly assess the quality of a bank's reinvestment loans.

Besides these schools, we have been concerned about providing examiners with better tools to help them get the job done. To this end, on behalf of the FFIEC, the Federal Reserve has developed a computerized system for analyzing the expanded data collected under the Home Mortgage Disclosure Act (HMDA). The system is extremely versatile and allows the data to be segmented by demographic characteristics such as race, gender, and income levels, or geographic boundaries. Examiners can now sort through vast quantities of data to focus attention on specific lending markets and draw comparisons between an individual HMDA reporter's performance and all lenders in the area. With these capabilities, examiners can more readily determine whether a bank is effectively serving all segments of its market, including low- and moderate-income and minority neighborhoods. We have been holding HMDA training sessions on how to use this system throughout the United States for our examiners, as well as those from other agencies.

System examiners also use HMDA data on a more "micro" level, as well. Recently, the Federal Reserve System developed a computerized model for using HMDA data in connection with the fair lending portion of the examination. This model allows examiners to match minority and nonminority pairs of applicants with similar credit characteristics, but different loan outcomes, for a more extensive fair lending review. Once the pairs are selected, examiners pull the credit files for the applicants to determine if discrimination played a part in the credit granting process. Although a comparison of minority and majority applicants has always been a part of the Federal Reserve's fair lending examination, we believe that this computerized selection process will enable examiners to focus their efforts and spend more time on the actual fair lending review of loan files.

The Federal Reserve has also developed the capability to map by computer the geographic location of a bank's lending products, including mortgage loans. This mapping includes demographic information for the bank's local community. We believe that this type of analysis and presentation will enhance our ability to assess a bank's CRA performance in meeting the credit needs of its local community, including minority areas. It should also be helpful in evaluating a bank's geographic delineation of its local CRA service area to ensure that it does not exclude low- and moderate-income neighborhoods.

Finally, I believe it is important to note that, in response to community concerns heard about the CRA and its enforcement, the agencies through the FFIEC have taken steps to try to improve the CRA over the past several years. For example, in June 1992, the FFIEC issued revised, uniform CRA examination procedures that clarify CRA examination policies. For example, they emphasize the importance of using numerical data in the public CRA evaluation to the extent that they are used in the assessment process to support the conclusions reached. When they are available, our examiners now routinely factor into their CRA assessments "hard data" derived from HMDA tables, the supervisory Call Reports, bank lending records, and other sources.

We have been mindful of the widely shared perception, often vocalized by bankers, that the CRA entails an undue amount of paperwork. In developing the new examination procedures in 1992, we endeavored to help reduce the amount of paperwork and documentation by emphasizing that institutions should retain for examiners' review only information that leaves an audit trail for CRA activities and related lending and that is useful to the institution's own management needs. We have emphasized to our examiners that CRA documentation will generally be less formal and less extensive in small and rural banks than it is in larger, urban banks. We want to reduce as much as possible the paperwork burden on bankers so that they can focus on the lending side.

Personnel resources allocated to CRA examination have increased significantly since 1989. Besides conducting examinations, our examiners and Reserve Bank staff members spend considerable time in follow-up to the examinations through correspondence, advisory visits, and educational activities directed to the industry as a whole. The frequency of CRA examinations by the Federal Reserve System has been maintained, despite the fact that CRA examinations have become a more demanding and time-consuming job for examiners.

For more than a decade, we have examined state member banks with a satisfactory or better record of past CRA performance every eighteen to twenty-four months. "Problem banks," or those with demonstrated weaknesses, are examined every six to twelve months. Since the public disclosure provisions became effective in 1991, the Federal Reserve has examined every bank it supervises at least once for CRA purposes, and many twice, and has presented its findings to the public. We believe that this process has proceeded relatively smoothly and has had a positive impact on financial institutions and their responses to their CRA obligations.

The Board has authorized its Division of Consumer and Community Affairs to hire an individual whose primary job responsibility will be to work in the area of fair lending enforcement. This person will help coordinate our efforts in this area and assist our examiners in analyzing the complex issues associated with detection of credit discrimination. We hope to have this person on board shortly.

Fair Lending Initiatives

In May of this year, the agencies sent a letter to the chief executive officer of each federally regulated bank and thrift institution in the United States. In this letter, the heads of the four agencies said that they expect all financial institutions to do their part to design programs to ensure access to credit on a nondiscriminatory basis. The letter urged special attention to eleven specific fair lending activities, including enhanced employee training, internal second review programs for loan applications that might otherwise be denied, participation in multilender mortgage review boards, and affirmative marketing and call programs.

Then, in June, the agencies undertook several fair lending initiatives to enhance our ability to detect lending discrimination at each of our institutions. In particular, these efforts include the following:

- Providing additional fair lending training to examiners
- Developing a fair lending seminar for industry executives
- Developing alternative discrimination detection methods
- Implementing referral procedures to the Department of Justice for violations of the Equal Credit Opportunity Act

• Improving the agencies' consumer complaint programs.

COMMUNITY AFFAIRS PROGRAM

The Board believes that ensuring fair access to credit can also be advanced by focusing on positive actions that a lender may take to address such concerns. Consequently, through its Community Affairs program, the Federal Reserve conducts outreach, education, and technical assistance activities to help financial institutions and the public understand and address community development and reinvestment issues. During 1992, resources devoted to Community Affairs activities at the Reserve Banks were increased to enable the Federal Reserve System to respond to the growing number of requests for information and assistance from banks and others on the Community Reinvestment Act, fair lending, and community development topics. Efforts were expanded to work with financial institutions, banking associations, governmental entities, businesses, and community groups to develop community lending programs that help finance affordable housing, small and minority business, and other revitalization projects. For example, the Federal Reserve Bank of Kansas City sponsored a conference for bankers on "Credit and the Economically Disadvantaged," focusing on barriers faced by minority borrowers and steps that banks can institute to ensure that credit is offered on an equitable basis. The Boston and the New York Reserve Banks cosponsored a conference on credit issues affecting economic development programs for Native Americans, especially those living on reservations. And, here at the Board, we recently held a meeting for Washington-area bankers that focused on successful programs in other parts of the United States. In this meeting, which was cosponsored by the Federal Reserve Bank of Richmond, bankers discussed the Delaware Valley Mortgage Plan and other successful models for multibank efforts to combat mortgage lending disparities in low-income and minority areas. These are but an example of a comprehensive community affairs program at work throughout the Federal Reserve System.

APPLICATIONS PROCESS

Applications for bank expansion that present CRA issues, such as those affected by poor CRA ratings or CRA protests, have grown more numerous in recent years. Since 1989, the Board has denied five applications in whole or in part based on CRA concerns. Although the Federal Reserve Board has denied few applications on CRA grounds, it should be kept in mind that it denies relatively few applications generally. In 1992, only six applications were turned down, one of them because of CRA deficiencies. This record does not, however, fully reflect the influence that the CRA has had. Institutions with poor CRA records often do not file an application with their supervisory agency. Others take concrete steps to address weaknesses in their CRA performance before filing an application. Still other applications are withdrawn if applicants anticipate an adverse finding after the agency's preliminary review. Through the applications process, just as through our examinations and community affairs program, we have sought to maintain a strong approach to CRA enforcement.

In conclusion, I appreciate the opportunity to appear before you today to testify on the important and complex issues regarding the Community Reinvestment Act. The Board shares your concerns about these issues and looks forward to working with the Congress and others to address this important topic. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 24, 1993

I appreciate the opportunity to speak to you today about the challenges that face banks in meeting the service and credit needs of low-income and minority communities. I commend the committee for holding this hearing in a local community in Prince George's County where questions pertaining to these factors have been raised.

It is our understanding that the committee is interested in developing a profile of current lending activity in a specific neighborhood in Prince George's County and then periodically reviewing the record for changes in bank credit and service delivery. As a starting point for analysis, we were furnished a list of thirty-nine census tracts and a list of banks and thrift institutions that were identified by the committee as having a branch or office located in these specific census tracts, or, as I will refer to it in the testimony, the "target area."

I toured the target area with the Director of Housing and Community Development for Prince George's County. During that visit we discussed demographics, housing, and other conditions in the county as a whole, and in the target area specifically. I saw many encouraging developments in some areas—and opportunities in others—which I will address later in this statement.

First, I would like to comment on some of the specific characteristics of the neighborhood. I will make some general observations about the overall Home Mortgage Disclosure Act (HMDA) data for the area. Then I will briefly discuss the banks for which the Federal Reserve is the primary regulator and that are located in the target area. Finally, I would like to acquaint the committee with some of the initiatives being undertaken by the financial institution regulators, and by the Federal Reserve specifically, to address credit availability for underserved areas.

Characteristics of Prince George's County

Prince George's County is an interesting area for this type of study because it has undergone some massive changes in population and demographics during the past ten years. The county estimates the 1992 population at roughly 750,000 people. This is an increase of 20,000 people just since the 1990 census and an increase of 85,000 in population since the 1980 census.

The county's population is 58 percent minority, including 50 percent black and 8 percent Hispanic, Asian, and other minorities. This represents a shift since 1980, when the majority of the county's population was white. The shift is a result of the out-migration of whites coupled with the in-migration of blacks, many of whom came from Washington, D.C., in search of better housing values and public school systems. Many of the blacks who have moved into the county represent middle- and upper-income families. Prince George's County has both the highest median income for a black population and the largest number of black-owned businesses of any county in the United States.

The thirty-nine census tracts that make up the target area of interest to the committee differ from the county over all in some demographic characteristics. The population of the target area is 159,000 and consists of 82 percent blacks and 3 percent Hispanic, Asian, and other minorities. Even though this area has a greater percentage black population than the county as a whole, the median income for the target area of $46,476 is very close to the county median of $49,031. However, the median home value for the target area of $111,779 is lower than the county median of $123,995. The percentage of owner-occupied units in the thirty-nine tracts (56.9 percent) is roughly equivalent to that in the county as a whole (56.2 percent).

During my tour of the target area, I observed that, as was expected, most of the older, lower-income housing is closest to the District line. Some of the residences in these areas are currently undergoing rehabilitation, and some of those rehabs are being financed by the county government. Others are being financed privately. Many other homes in the general area apparently could benefit from repair or improvement. The commercial areas in those neighborhoods are small retail strips. We did see several bank branches in certain commercial areas near the District line; however, there were also quite a few check-cashing operations and liquor stores that also frequently cash checks.

As you travel farther out Central Avenue toward Enterprise Road, there is a lot of new housing and commercial development. The housing stock reflects an upward shift in income, with recently built larger, more expensive homes. I was struck by the apparent diversity of income within the relatively small area of the thirty-nine targeted census tracts.

As indicated by the attached maps, we have plotted the locations of all the depository institutions with offices in the target area.[1] Six of these institutions have branches or offices along the narrow Central Avenue corridor. The largest number of branches (twelve) are clustered in the southwest area of the designated community. That southwest corner of the target area includes census tracts with a population that is 60 percent to 80 percent minority, and with median family incomes that fall in the range of 80 percent to 120 percent of the Metropolitan Statistical Area (MSA) median income ($54,173 in 1990). The remainder of the branches are scattered throughout the neighborhoods. The areas with the lowest income do not have many branches of banks or savings and loans.

HOME MORTGAGE LENDING

The best information available about the types and volume of credit extended in the neighborhoods that are the focus of these hearings is for residential lending. As a product of the data collected under the authority of the Home Mortgage Disclosure Act, we know both the types and volume of home loans applied for and granted in selected census tracts. We also know the race and income of the applicants and borrowers.

1. The attachments to this statement are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

For this hearing, on behalf of all the agencies here today, we examined the 1992 HMDA data, which are still being processed by the Federal Reserve Board. The HMDA reports are quite revealing, although I must caution that revisions to the data are still possible because we are just completing the final editing of the 1992 data. We will be happy to provide the committee with revised information if corrections are made.

The Federal Reserve used the preliminary 1992 HMDA data to prepare special reports showing the home lending activity of the depository institutions that have branches in the target neighborhoods besides a report showing the lending activity of all lenders covered by HMDA for these neighborhoods, including lenders, such as mortgage companies, that have no deposit-taking function.

The 1992 HMDA data show that the depository institutions with branches in the target neighborhoods received relatively few applications for credit to purchase or improve homes or refinance existing mortgages in these neighborhoods. When comparing the HMDA data and the maps showing the location of institution branches, it is somewhat surprising that, at least in the target area, branch location seems to have no relation to the number of housing-related loan applications.

According to the 1992 HMDA data, the depository institutions that have branches in the target area received fifteen applications for home purchase loans, nine of which were approved; ninety-eight applications for refinancing, fifty-six of which were approved; and 150 applications for home improvement loans, fifty-nine of which were approved. However, the HMDA data also reveal that approximately 190 lenders covered by HMDA with locations outside the target area—both depositories and mortgage companies—received loan applications pertaining to properties in the target area. These lenders with office locations outside the target area include eighty banks and thrift institutions, sixty-three mortgage company subsidiaries of banks and thrift institutions, and fifty independent mortgage companies. I should note that the HMDA data probably understate the total number of residential lenders active in these areas because some of the lenders extending credit in these neighborhoods either are exempt from HMDA because of the institution's size (less than $10 million in assets) or location (not in an MSA), or, because of a low volume of loans, are not required to report their lending in the Washington MSA by census tract.

In 1992, the roughly 190 other lenders active in the target neighborhoods received approximately 2,900 applications for home purchase loans, 1,900 of which were approved; 2,850 applications for refinancing, approximately 2,150 of which were approved; and roughly 700 applications for home improvement loans, 400 of which were approved.

One thing that is shown by the HMDA data is the disposition of housing-related applications. On a national basis, the denial rate for black applicants for conventional home purchase loans is about twice the rate for white applicants. However, in the target area, the black denial rate of 18.8 percent is actually lower than the white denial rate of 20.8 percent.

We also looked at the denial rates for other types of housing products extended by all lenders in the target area. Historically, the denial rates nationally for FHA and VA home purchase loans have been 26.4 percent for black and 16.3 percent for white applicants. In the target area, for 1992, these rates also reflect roughly an 8 percentage point difference and are 18.3 percent for black and 10.2 percent for white applicants. Refinancing and home improvement applications in the target area show denial rates very different from the national norms. Mortgage refinancing applications nationally have resulted in denial rates of 29.5 percent for black and 13.7 percent for white applicants. The target area, in 1992, experienced a 12.2 percent denial rate for black applicants and a 10.5 percent denial rate for white applicants, a significantly lower disparity than the national figures. Home improvement applications demonstrated a similar pattern. Whereas nationally the denial rates were 44.2 percent for black applicants and 21.1 percent for white applicants, in the target area the denial rates were 39.5 percent for black applicants and 38.7 percent for white applicants.

It is worth noting that although the local depository institutions accounted for a very small proportion of all the home purchase and home refinancing applications in the target neighborhoods, they were major players in home improvement loans, accounting for about 20 percent of total applications.

By examining the 1992 HMDA data we can learn something about the types of loans used by homebuyers in the targeted area for this review. In 1992, of the roughly 2,900 applications for home purchase loans, 61 percent were either for FHA-insured or VA-guaranteed loans; the remainder were for conventional loans. Among low- and moderate-income black applicants for home purchase loans, 75 percent applied for government-backed loans, while only 49 percent of white applicants with similar incomes sought government-backed credit. The reasons for these differences are not known.

State Member Banks in the Target Area

The Federal Reserve has primary regulatory responsibility for only two of the banks that appeared on the list supplied by the committee. These two banks together have a total of four branches or offices in the designated area. One of the banks became a member of the Federal Reserve just within the past year. That bank was last examined, for compliance with the Community Reinvestment Act (CRA), by its previous regulator, in 1989, before public disclosure of CRA ratings. Consequently, we do not have a public rating at this time. That bank is scheduled for a compliance examination, which will include a review of performance under the Community Reinvestment Act, by the Federal Reserve Bank of Richmond in November. Upon completion of that examination, we will be glad to send the committee a copy of the publicly disclosed CRA Evaluation Report.

The other state-member institution in the neighborhood was rated "satisfactory" in April 1993. The committee has already been sent a copy of that report. It is important to keep in mind that the evaluation of that bank is based on its entire delineated community, which encompasses a large area including, but not limited to, parts of Prince George's County.

Both state member banks offer a broad range of credit services, including loans for home improvement, refinancing, and purchase (including FHA and VA loans); loans for residential and commercial construction; loans for small business start-up, expansion, and operation; and general consumer loans.

One of the state member banks will cash government checks for noncustomers with proper identification. The other bank provides that service for customers only. Both banks have low-cost basic checking accounts with no minimum balance, one at a monthly cost of $3.00 and the other with a $4.00 monthly fee. These fees include six checks per month, with a $0.50 per check fee for any checks beyond the six.

The two state member banks located in the neighborhoods had no mortgage loan purchase applications, four applications for refinancing, of which one was approved and three denied, and twenty-five home improvement loan applications (nine approved, fourteen denied, and two withdrawn). However, these statistics do not tell the entire lending story for these institutions.

Both state member banks have mortgage company subsidiaries. In examining the HMDA data, we also looked at the target area lending activity by these subsidiaries. The mortgage company subsidiaries received a total of forty-five mortgage home purchase loan applications, of which forty were approved, three were denied, and two were withdrawn. There were ninety-nine applications for mortgage loan refinancing in the target area, of which seventy-three were approved, eight were denied, and eighteen were withdrawn.

Federal Reserve Initiatives

I would now like to discuss some of the initiatives in which the Federal Reserve Board is participating or initiating to increase credit availability in low-income and minority neighborhoods.

In response to concerns in the banking industry and among potential borrowers, in March the federal banking agencies issued a joint statement on credit availability that created a special category for small and medium-sized business and farm loans that could be made with less documentation than is normally required. The amount of such loans may not exceed 20 percent of a bank's capital. It was our hope at the time that banks would take advantage of this opportunity to increase the number of small business loans in communities such as the target area. However, it seems that only a few institutions are utilizing this basket, possibly because of slack demand.

On June 10, the agencies announced additional credit availability initiatives that included lessening paperwork and regulatory burdens for financial institutions to encourage them to make additional credit available. These initiatives included revised valuations of collateral, better coordination of bank examinations among the agencies, and guidance on use of classification categories in commercial examinations.

These initiatives also included guidance on fair lending and referred to an interagency letter issued in May. This interagency letter on lending discrimination was signed by the principals of all the federal banking regulatory agencies and was sent to the chief executive officers of all banks, savings and loan associations, and bank holding companies in the United States. It stressed the serious nature of violations of antidiscrimination laws and the importance of these issues to the regulatory agencies. The letter also included guidance to the financial institutions on steps that can be taken to ensure that they are complying with the relevant fair lending statutes and regulations. The recommendations included the use of second reviews for denied applications, mortgage review boards, and compensation programs in financial institutions that provide incentives to loan officers for loans made to low- and moderate-income minority applicants.

Further guidance to banks on discrimination issues is included in the Federal Reserve Bank of Boston's brochure "Closing the Gap." This creative pamphlet discusses discrimination and provides advice to banks on ways to have an effective program that serves the minority communities in a bank's delineated area. "Closing the Gap" is now in its third printing, and thousands of copies have been distributed to financial institutions and others throughout the United States.

The Federal Reserve is also emphasizing compliance with fair lending statutes by improving examiner training and examination techniques for these requirements. We have developed a special "HMDA data analysis system," which allows computer analysis of the raw information to facilitate a better understanding of the HMDA data. This enables our examiners to go beyond the normal HMDA tasks as they review lending activity in cases where the analysis indicates a possible problem. Although the data alone cannot provide evidence of discrimination, they may indicate areas that need further explanation or investigation by the examiners.

The HMDA data are also being used in a recently developed computer model that allows examiners to match minority and nonminority applicants with similar credit characteristics but different loan outcomes. Once the pairs are selected, the examiners will pull the identified files and determine the factors used in the credit process. This model is still being tested in several Reserve Bank Districts, but initial feedback shows great promise for use in fair lending examinations.

Besides the HMDA data, we now have a mapping program that allows us to analyze several variables and present them in an easy-to-read display. Some of the capabilities of this system are evident in the maps I have submitted that show the race, income, and housing loans in the target area.

Another major initiative currently being undertaken by the agencies is the Community Reinvestment Act reform project. The administration has requested that the regulatory agencies review CRA and revise it to base it less on process and paperwork and more on actual credit extended or performance. The agencies are working together on this project and are currently engaged in gathering wide public input from bankers and community groups. Two meetings have been held, one with industry trade associations and one with representatives of national community advocacy organizations. Additionally, principals of the agencies have held seven public hearings on CRA in locations throughout the country and gathered testimony from a wide variety of large and small banks and thrift institutions, community and other grass-roots organizations, and public officials.

In response to the recent series of articles on lending and banking services in the *Washington Post*, the Federal Reserve Board and the Federal Reserve Bank of Richmond invited the chief executives of the major financial institutions in the Washington metropolitan area to an information session at the Board. More than sixty local bankers attended this program.

The session featured a presentation on the Delaware Valley Mortgage Plan, an innovative bank consortium in Philadelphia that offers single-family housing loans to low- and moderate-income individuals and families. The plan has eleven bank and thrift participants that have committed to offer creative mortgage products to lower-income persons. They also commit to not reject applications until after a credit committee for the plan has an opportunity to explore other methods of approving the loan. The plan has made more than $270 million in mortgages to roughly 16,500 families since 1975. The President of the Federal Reserve Bank of Richmond has confirmed the support of Reserve Bank and Board staff for similar initiatives the local lenders may wish to pursue.

Among the goals established for the Community Affairs program at the Federal Reserve Bank of Richmond is the preparation of community profiles of all the metropolitan and major rural areas in the District. The first profile, currently being prepared, is for all of Prince George's County, including the target area that is the focus of these hearings. The profiles will describe the general credit needs of each area, with specific focus on low- and moderate-income neighborhoods and small businesses. The profiles will also identify various opportunities for financial institution investment. By providing demographic analysis and information on groups active in community development, the profiles should help financial institutions respond positively to community reinvestment challenges.

After completion of the Prince George's County profile, the Community Affairs office will sponsor a training seminar in community development finance for financial institutions, community groups, and public officials in the area. This seminar will promote public and private initiatives and opportunities in the county and be a prototype for action as additional profiles are completed.

In conclusion, I thank you for the opportunity to testify today on this particular neighborhood in Prince George's County as well as methods for addressing credit availability issues in other neighborhoods that include minority residents and small businesses. We recognize the importance of these issues and look forward to working with you to address them. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 28, 1993

I am pleased to appear before the committee this morning to discuss the implications of the proposed North American Free Trade Agreement (NAFTA) for the financial services industry and banking in particular.

Before I begin, let me state that the Federal Reserve supports the NAFTA without qualification. Its implementation will provide overall benefits to the people and the economy of the United States that will grow over time. The agreement will promote the economic and financial integration of the North American continent, a process already in progress. The NAFTA will solidify U.S. access to Canadian markets and provide significantly improved access for many U.S. firms to the substantial Mexican markets that will expand rapidly as the Mexican economy capitalizes on reforms instituted over the past decade. Moreover, the long-term beneficial effects for the United States of a stable, growing economy on our southern border are hard to overstate and may be more meaningful than any of the specific provisions in the agreement.

At this point, I will summarize briefly the provisions of the agreement as they relate to banking and other financial services. I will then turn to the other issues raised in your letter of invitation.

The financial services chapter establishes the rules governing treatment by each NAFTA country of the other countries' financial firms, investments in the financial sector, and cross-border service providers. The obligations set out in the financial services chapter, however, do not require any change in U.S. law or regulatory practice because the United States already follows its basic principles: market access, national treatment, and the right to nondiscriminatory or "most-favored-nation" (MFN) treatment.

With respect to market access, each country agrees to allow financial institutions of the other countries to establish and operate in its market through subsidiaries. In doing so, each country must grant to the financial firms of the other countries treatment that is no less favorable than what is granted to comparable domestic financial institutions. Thus, a Mexican or Canadian bank in the United States would be treated as a U.S. banking organization, and any nonbanking activities of affiliates of the banks will continue to be subject to the provisions of the Bank Holding Company Act. Treatment is considered no less favorable if it grants to the foreign firm equal competitive opportunities; that is, it does not disadvantage the foreign firm in its ability to provide financial services as compared with the ability of similar firms to provide the services. The financial services chapter also requires each country to provide MFN treatment for the firms of the other NAFTA countries, assuring that no NAFTA country may grant better treatment to firms from countries outside the NAFTA. U.S. banks and bank holding companies already operate subsidiary banks in Canada under these general principles. The main benefit to U.S. banks will be in their ability to establish subsidiaries in Mexico, a market essentially closed to all but one U.S. institution. Although Mexico will open its banking market only gradually, keeping market share limits at least until the year 2000, the NAFTA will allow several U.S. banks to form subsidiary banks and other financial firms and compete on a national treatment basis with banks and financial groups in Mexico.

The agreement will also allow each country to grandfather, or in the language of trade agreements "to reserve," certain provisions of existing law that do not conform to national treatment or MFN principles. Under this provision, the United States has reserved several provisions of federal law that limit the national treatment available to foreign banks or individuals. However, the degree of discrimination in these laws cannot be increased, and any future measures must conform to the national treatment and MFN principles.

Besides these basic requirements, the financial services chapter also requires each country to abide by the principle of "transparency" in its regulation of financial services. This requires that each country allow an opportunity for public comment on proposed measures in the financial services area and make available all requirements necessary for engaging in financial services activities in the country. The chapter also contemplates that any country may request consultations with another, including consultations with regulators, on any matter affected by the financial services chapter. In the Federal Reserve's view, this simply codifies existing practice.

From a supervisory standpoint, an essential feature of the NAFTA is that it provides a substantial "prudential carveout," that is, nothing in the services provisions of the NAFTA shall be construed to prevent a country from adopting or maintaining reasonable measures for prudential reasons. The chapter gives a nonexhaustive list of areas for prudential regulation, including the protection of consumers of financial services; the maintenance of the safety, soundness, integrity, or financial responsibility of financial market participants; and ensuring the integrity and stability of the financial system. We believe that prudential regulation as implemented in the United States is reasonable and could withstand scrutiny under this provision. In addition, the NAFTA provisions on services do not apply to a country's monetary and related credit policies or to exchange rate policies.

Under the NAFTA, a country would have the right to a hearing on whether another country is abiding by its obligations under the agreement. This so-called dispute settlement mechanism provides that panels, with participants usually drawn from standing rosters, would hear the dispute and render a final opinion on whether the measure at issue conforms to the NAFTA. If the panel finds that a country's law or regulation violates the NAFTA, the country may change the offending measure. If it does not, the complaining country has the right to suspend benefits to firms of the offending country that are commensurate with the harm suffered by the firms of the complaining country.

The financial services chapter contemplates that experts in financial services will be included on the roster of persons who hear disputes in the financial services area. Moreover, the financial services chapter also contemplates establishment of a Financial Services Committee to supervise the implementation of the NAFTA, to consider issues on financial services that are referred to it by another NAFTA country, and to participate in disputes in the investment area where a country claims the prudential or monetary policy carveout as a defense to the action at issue. In these cases, the decision of the Financial Services Committee will be final. Unlike other chapters of the NAFTA that allow a private party, such as an individual person or firm, to bring a dispute against another country, a dispute in financial services may only be brought by a government of a country.

In summary, the financial services chapter of the NAFTA incorporates the principles of MFN and national treatment that have long been applied in the United States with respect to foreign investment. The chapter establishes a government-to-government dispute settlement system that allows for the participation of persons knowledgeable about financial services. Significantly, the financial services chapter recognizes the importance of supervision and regulation of financial services and provides protections for prudential actions of regulators.

Let me now turn to the specific questions raised in your letter of invitation. The principles of national treatment and better access to all markets for all firms have long been supported by the Federal Reserve. When multilateral trade agreements began to be negotiated in the 1980s that would, for the first time, establish these principles as enforceable obligations to govern the provision of banking and other financial services, the Federal Reserve sought to assure that these negotiated obligations did not interfere with the legitimate objectives of prudential supervision and regulation. These views were shared with the Treasury Department as the U.S. negotiator for banking and securities services in the NAFTA process. At the Treasury's invitation, the Federal Reserve and other regulators provided technical assistance during the course of the negotiations on how proposed provisions of the NAFTA would affect U.S. banking and other laws. There was ongoing informal contact between Treasury and Federal Reserve officials about supervisory issues over the course of the NAFTA negotiations, and a member of the Board's staff attended many of the negotiating sessions.

The Federal Reserve's principal objective has been to assure that any agreement that might be negotiated contain a strong protection for the prudential actions of regulators, with respect to both individual institutions and the stability of the financial system itself. In addition, the Board believed that it was important that any system set up to review disputes in financial services should include the active participation of financial experts. The presence of financial experts in the dispute resolution process assures that persons with an understanding of the basis of the regulation of financial services will generally decide issues involving regulated financial entities. Finally, the Board believes that it is important that the financial services sector be protected from retaliatory measures resulting from disputes in other sectors. Because of the potential spillover effect into other areas, financial services, and the banking system in particular, should not be disrupted by potentially ill-considered actions resulting from disputes in other sectors.

The NAFTA contains provisions that satisfy the concerns of the Federal Reserve. A strong provision protects the actions of regulators. Financial experts will generally participate in settling disputes in financial services and must be included when prudential or monetary policy reasons are cited as the basis for the dispute. A Financial Services Committee will assist in implementation of the financial services chapter and retaliation across sectoral lines is limited. In sum, the NAFTA appears to protect the interests of prudential supervision in the U.S. market and of financial institutions while creating opportunities for U.S. banks and other financial firms in the Mexican market.

U.S. banks and bank holding companies have a long history of following their U.S. customers to foreign markets. When U.S. businesses began their substantial foreign expansion in the 1950s and 1960s, U.S. banks increased their foreign presence to continue to provide banking services to American commerce. As the Mexican economy opens under the NAFTA, there will be an increased demand for U.S. goods. American banks and securities companies will have opportunities to provide sophisticated financial services to U.S. companies, as well as to the Mexican firms that will increasingly need the types of innovative services at which U.S. financial services companies excel.

Of course, U.S. banks and bank holding companies will be subject to the same regulation of their Mexican operations by the Federal Reserve as currently apply to all of their other foreign operations, as well as the same supervision of their foreign operations through the regular reporting and examination process.

The NAFTA does not change in any way either the manner in which U.S. banks may make investments in foreign companies or the way that banks are regulated with respect to their activities outside the United States. As you know, the Board's Regulation K governs the international operations of member banks, bank holding companies, and Edge Act corporations. Permissible activities of foreign subsidiaries of these investors are listed in Regulation K and include banking, leasing, fiduciary activities, and securities and insurance activities within certain limits. Regulation K also requires that a U.S. bank or holding company provide forty-five days' prior notice to the Board before investing in any foreign company in an amount that exceeds the lesser of $25 million or 5 percent of its capital. The Board analyzes such proposals in light of the financial condition of the bank or holding company and for compliance with U.S. law. In this regard, the investing U.S. banking organization must provide relevant documentation on the investment. If issues are raised by the proposal, the Board may suspend the prior notice or deny the investment. All of these measures will be in effect with respect to investments in banks and other companies in Mexico.

After an investment has been made, the U.S. bank or bank holding company must provide detailed financial reports to the Federal Reserve for analysis to determine the condition of the foreign entity. This analysis is included in the ongoing performance monitoring of the bank or bank holding company. In addition, the Federal Reserve often conducts on-site examination of foreign subsidiaries of U.S. banks and bank holding companies. Of course, neither the NAFTA nor the Mexican and U.S. legislation to implement it have been passed. Nevertheless, the Federal Reserve has held discussions with regulators in Mexico concerning sharing of information, including possible on-site examinations of subsidiaries of U.S. banks. In this regard, I note that the Mexican authorities conduct on-site examinations of Mexican banks on a regular basis. In most of the large Mexican banks, the National Banking Commission has established and staffed permanent on-site examination offices for constant surveillance. We believe that we will be able to work cooperatively with the Mexican regulators to obtain necessary information on Mexican subsidiaries of U.S. banks, through examinations or other mechanisms, to assure that these investments would not pose any undue risk to the safety and soundness of the U.S. banks.

The subsidiaries in Mexico will be subject to the same restrictions that are currently in place with respect to any foreign subsidiary under Regulation K. Foreign companies owned by U.S. banks and bank holding companies are generally prohibited from engaging in any activities in the United States. Foreign subsidiaries of U.S. banks are not permitted to underwrite or deal in securities in the United States. Similarly, foreign subsidiaries are prohibited from underwriting insurance in the United States. Consequently, foreign affiliates of U.S. banks cannot be used to evade the nonbanking restrictions of U.S. law. These restrictions are monitored in the ongoing review of each banking organization. If a banking organization were to ignore such restrictions and conduct impermissible activities in the United States through a foreign company, the Board has enforcement authority to deal with such violations.

The NAFTA provision regarding cross-border services provides that no new restrictions shall be placed on cross-border activities that are permitted on the date the NAFTA enters into force. With respect to banking in the United States, this provision relates primarily to cross-border lending and deposit-taking. Currently, there are no restrictions in federal law preventing a foreign bank from advertising in the United States the services that the bank offers outside the United States. U.S. residents may place deposits with the foreign offices of foreign banks and also may, and do, borrow from the non-U.S. offices of foreign banks and other firms. Similarly, U.S. banks could lend cross-border to Mexican or Canadian residents or accept deposits from such residents. Of course, this provision is also subject to the prudential carveout, which allows reasonable measures to be taken to protect depositors or other users of financial services, even with respect to cross-border services.

The provision does not require that the cross-border service providers of the other countries be allowed to "do business" or "solicit" business, such as by advertising or setting up an office, in the country. Each country retains the right to define what is meant by "doing business" or "soliciting" under this provision. The cross-border provision also explicitly recognizes, without prejudicing any other type of prudential regulation, that registration requirements for instruments sold cross-border and for the cross-border providers themselves are reasonable prudential measures. Finally, the NAFTA countries have agreed that further consultations should be held no later than January 1, 2000, on further liberalizations in the cross-border area.

With respect to the Foreign Bank Supervision Enhancement Act of 1991, under which a foreign bank may not establish a branch, agency, or commercial lending company unless the Board finds that the foreign bank is subject to comprehensive supervision or regulation by home country authorities on a consolidated basis, you have asked whether Mexican banks are subject to comprehensive supervision and on what basis the Board made such determination. Several applications by Mexican banks are pending at the Board, and it would not be appropriate to comment on specifics before the applications have been presented for Board action. I can say that there have been very useful and informative discussions with the supervisory authorities in

Mexico on the programs that have been put in place in Mexico since the banks were reprivatized starting in 1991 and that these discussions are continuing to allow us to complete the record on the applications.

Let me also say that, as a general matter in determining whether a particular foreign bank is subject to consolidated supervision, the Board considers a broad range of information. We study the structure of the supervisory system; how it applies to the particular bank applicant; the extent of the information on the operations of the bank and its dealings with affiliates that are available to the supervisors, including the nature and frequency of reporting by the bank to its supervisors; whether there are audits required of or commissioned by the bank; the nature and scope of any examinations or inspections by the supervisors; the supervisory practices of the authorities with respect to the bank's operations; and any enforcement authority the supervisor may have. This type of information is under review in connection with the applications by Mexican banks. These standards would not be changed if the NAFTA were to be adopted.

As can be seen from this brief review, the NAFTA would not in any way diminish the ability of the United States to apply sound prudential standards to financial institutions from Mexico or Canada operating in the United States. Nor would it in any way affect the requirements imposed on U.S. banks in their operations outside the United States. The NAFTA provides no additional scope for a U.S. bank to underwrite securities or insurance in the United States; it cannot be used as a back door to engage in impermissible activities in the United States.

In sum, the NAFTA would provide substantial benefits to U.S. banks and other financial firms that are currently precluded from operating in Mexico. It could also stabilize and strengthen the Mexican economy while allowing the United States and U.S. firms to participate in the benefits to be reaped from such progress. Finally, because the entire regulatory scheme applicable to all foreign subsidiaries of U.S. banking organizations will also apply to any Mexican subsidiaries, we believe the NAFTA will do no harm to the safety and soundness of the U.S. financial system or its institutions. □

Announcements

APPOINTMENT OF CHAIRMEN AND DEPUTY CHAIRMEN OF THE BOARDS OF DIRECTORS OF THE FEDERAL RESERVE BANKS

The Federal Reserve Board announced on September 29, 1993, the appointment of Chairmen and Deputy Chairmen of the twelve Federal Reserve Banks for 1994.

Each Reserve Bank has a board of directors of nine members. The Board of Governors in Washington appoints three of these directors and designates one of its appointees as Chairman and a second as Deputy Chairman.

The Chairmen and Deputy Chairmen appointed by the Board for 1994 are the following:

Boston
Jerome H. Grossman, Chairman of the Board and Chief Executive Officer, New England Medical Center, Inc., Boston, renamed Chairman
Warren B. Rudman, Esq., Sheehan, Phinney, Bass, and Green, Manchester, N.H., renamed Deputy Chairman.

New York
Maurice R. Greenberg, Chairman and Chief Executive Officer, American International Group, Inc., New York City, Chairman
A Deputy Chairman will be selected later.

Philadelphia
James M. Mead, President, Capital Blue Cross, Harrisburg, Pa., Chairman
Donald J. Kennedy, Business Manager, International Brotherhood of Electrical Workers, Local Union No. 269, Trenton, N.J., Deputy Chairman.

Cleveland
A. William Reynolds, Chairman and Chief Executive Officer, Fairlawn, Ohio, renamed Chairman
G. Watts Humphrey, Jr., President, GWH Holdings, Inc., Pittsburgh, Pa., renamed Deputy Chairman.

Richmond
Henry J. Faison, President, Faison Associates, Charlotte, N.C., Chairman
Claudine B. Malone, President, Financial and Management Consulting, McLean, Va., Deputy Chairman.

Atlanta
Leo Benatar, Chairman of the Board and President, Engraph, Inc., Atlanta, Ga., Chairman
Hugh M. Brown, President and Chief Executive Officer, BAMSI, Inc., Titusville, Fla., Deputy Chairman.

Chicago
Richard G. Cline, Chairman, President, and Chief Executive Officer, NICOR, Inc., Naperville, Ill., renamed Chairman
Robert M. Healey, President, Chicago Federation of Labor and Industrial Union Council, AFL–CIO, Chicago, Ill., renamed Deputy Chairman.

St. Louis
Robert H. Quenon, Mining Consultant, St. Louis, Mo., renamed Chairman
John F. McDonnell, Chairman and Chief Executive Officer, McDonnell Douglas Corp., St. Louis, Mo., Deputy Chairman.

Minneapolis
Gerald A. Rauenhorst, Chairman of the Board and Chief Executive Officer, Opus Corp., Minneapolis, Minn., Chairman
Jean D. Kinsey, Professor, Consumption and Consumer Economics, Department of Agricultural and Applied Economics, University of Minnesota, St. Paul, Minn., Deputy Chairman.

Kansas City
Burton A. Dole, Jr., Chairman of the Board and President, Puritan-Bennett Corp., Overland Park, Kan., renamed Chairman
Herman Cain, President and Chief Executive Officer, Godfather's Pizza, Inc., Omaha, Neb., renamed Deputy Chairman.

Dallas
Cece Smith, General Partner, Phillips-Smith Specialty Retail Group, Dallas, Tex., Chairman
Roger R. Hemminghaus, Chairman, President, and Chief Executive Officer, Diamond Shamrock, Inc., San Antonio, Tex., Deputy Chairman.

San Francisco
James A. Vohs, Chairman and Chief Executive Officer (Retired), Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals, Oakland, Calif., renamed Chairman

Judith M. Runstad, Co. Managing Partner, Foster Pepper and Shefelman, Seattle, Wash., renamed Deputy Chairman.

Meeting of the Consumer Advisory Council

The Federal Reserve Board announced that the Consumer Advisory Council held a meeting on Thursday, October 28. The Council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

Adoption of an Interagency Policy Statement Regarding Branch Closings

The Federal Reserve Board announced on September 21, 1993, adoption of a joint interagency policy statement regarding branch closings by insured depository institutions.

The policy statement, which was effective September 21, 1993, provides guidance concerning the branch closing provisions of section 42 of the Federal Deposit Insurance Act, specifically the requirements that insured depository institutions adopt policies for branch closings and provide notices before closing any branch.

The statement contains the following guidelines:

- It defines a "branch" for purposes of section 42 as a traditional brick-and-mortar branch at which deposits are received, checks are paid, or money is lent, thereby excluding the closing of automatic teller machines (ATMs) and temporary branches from notice requirements of section 42.
- It provides that the relocation or consolidation of a branch is not a closing.
- It provides that a temporary interruption of service is not a closing.
- It makes clear that as long as a branch continues to meet the definition of "branch" under section 42, a downgrading of the services is not a closing.
- It allows each insured depository institution to devise a means of allocating customers among branches and provides guidance on how this can be done, instead of defining who is a customer of a branch and who must be notified of a proposed closing.
- It identifies the information to be included in the notice to customers and in the notice posting at the branch.
- It provides that no branch closing has occurred when an acquiring institution operates a branch temporarily under an option agreement with the Federal Deposit Insurance Corporation (FDIC) or Resolution Trust Corporation (RTC) if the acquiring institution decides not to exercise the option and refers the branch to the FDIC or RTC.

The policy statement was developed in consultation with the Office of the Comptroller of the Currency, the FDIC, and the Office of Thrift Supervision.

Issuance of a Final Rule on Filing Criminal Referrals

The Federal Reserve Board issued on September 3, 1993, a final rule amending its Regulations H (Membership of State Banking Institutions in the Federal Reserve System), K (International Banking Operations), and Y (Bank Holding Companies and Change in Bank Control), to require all domestic and foreign banking organizations supervised by the Board, including state member banks, bank holding companies, Edge corporations, and certain U.S. branches and agencies of foreign banks, to file criminal referrals on a broad range of suspected criminal activities. The final rule was effective October 8, 1993.

The rule was issued by the Board to enhance law enforcement agencies' ability to investigate and prosecute the matters reported in criminal referrals and to facilitate the implementation of a new interagency criminal referral database.

The final rule codifies existing Board criminal referral reporting guidelines, which have been in place since 1985, and requires that criminal referrals be made on a new standardized criminal referral form.

The form was developed by the bank regulatory agencies in cooperation with federal law enforcement agencies, including the Department of Justice, the Federal Bureau of Investigation, and the

U.S. Secret Service. It will be used by all federal financial institutions supervisory agencies and the institutions they regulate.

The new form will replace the various current referral forms used by the banking agencies and will be distributed to financial institutions in the United States, along with a computer software package enabling the preparation of the form on a personal computer.

RELEASE OF QUARTERLY TABLE OF ADJUSTMENT FACTORS FOR INTEREST INCOME FOR SECTION 20 COMPANIES

The Federal Reserve Board released on September 30, 1993, its quarterly table of factors to adjust interest income. These factors are to be used by section 20 companies that adopt the Board's alternative index revenue test to measure compliance with the 10 percent limit on bank-ineligible securities activities. The table of factors is available from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

PROPOSED ACTIONS

The Federal Reserve Board requested on September 3, 1993, public comment on proposed amendments to Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks). Comments were requested by October 12, 1993.

The Federal Reserve Board on September 14, 1993, requested public comment on an interagency notice revising risk-based capital standards to implement section 305 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) regarding interest rate risk. Comments were requested by October 29, 1993.

CHANGE IN BOARD STAFF

The Board announced that Deborah Danker, Assistant Director in the Division of Monetary Affairs, resigned, effective October 15, 1993. □

Minutes of the Federal Open Market Committee Meeting of August 17, 1993

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, August 17, 1993, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Angell
Mr. Boehne
Mr. Keehn
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. McTeer
Mr. Mullins
Ms. Phillips
Mr. Stern

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

Messrs. Hoenig, Melzer, and Syron, Presidents of the Federal Reserve Banks of Kansas City, St. Louis, and Boston respectively

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

Messrs. R. Davis, Promisel, Rosenblum, Scheld, Siegman, Simpson, and Slifman, Associate Economists

Ms. Greene, Deputy Manager for Foreign Operations
Ms. Lovett, Deputy Manager for Domestic Operations

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Stockton, Associate Director, Division of Research and Statistics, Board of Governors
Ms. Johnson, Assistant Director, Division of International Finance, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. Beebe, J. Davis, T. Davis, Dewald, Goodfriend, and Ms. Tschinkel, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Cleveland, Kansas City, St. Louis, Richmond, and Atlanta respectively

Messrs. McNees, Meyer, and Miller, Vice Presidents, Federal Reserve Banks of Boston, Philadelphia, and Minneapolis respectively

Ms. Meulendyke, Manager, Open Market Operations, Federal Reserve Bank of New York

By unanimous vote, the minutes for the meeting of the Federal Open Market Committee held on July 6-7, 1993, were approved.

Secretary's Note: Advice had been received of the election of William J. McDonough by the Board of Directors of the Federal Reserve Bank of New York as a member of the Federal Open Market Committee for the period commencing July 19, 1993, and ending December 31, 1993, and that he had executed his oath of office.

By unanimous vote, the Committee elected William J. McDonough as Vice Chairman of the Committee to serve until the first meeting of the Committee after December 31, 1993.

The Deputy Manager for Foreign Operations reported on developments in foreign exchange markets during the period since the July meeting. There were no System open market transactions in foreign currencies during this period, and thus no vote was required of the Committee.

The Deputy Manager for Domestic Operations reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period July 7, 1993, through August 16, 1993. By unanimous vote, the Committee ratified these transactions.

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

The information reviewed at this meeting suggested that economic activity was expanding at a moderate pace. The limited data available on spending in the third quarter presented a mixed picture but on balance pointed to continued expansion in consumption, business fixed investment, and homebuilding. Employment remained on an uptrend, and industrial production recently had firmed somewhat. After rising at a faster rate in the early part of the year, consumer prices had changed little and producer prices had fallen in recent months.

Total nonfarm payroll employment, after a small gain in June, expanded in July at a rate close to its average advance in earlier months of the year. The services industries, led by business services, provided half of the July increase. Elsewhere, considerable hiring was evident in wholesale and retail trade, and construction employment moved up after a small decline in June. In manufacturing, more jobs were lost, although at a slower rate than earlier in the year. The civilian unemployment rate dropped to 6.8 percent in July.

Industrial production recovered in July from small declines in May and June. Manufacturing output rose in spite of a sizable cutback in motor vehicle assemblies; utility production registered a strong weather-related gain; and mining output declined further. Within manufacturing, the production of consumer durable goods other than automobiles and trucks rebounded in July, and the output of business equipment advanced further. Total utilization of industrial capacity edged higher in July, reflecting a substantial gain at electric utilities; utilization of manufacturing capacity was unchanged.

Retail sales increased slightly further in July after a sizable rise in the second quarter. Spending on automobiles was down in July for a second straight month, but sales were strong at apparel, furniture and appliance, and general merchandise stores. Total housing starts, depressed by wet weather and floods in some areas of the country, were down somewhat in July; however, permit issuance moved up, suggesting that homebuilding activity remained in a mild uptrend. In addition, consumer surveys indicated that attitudes toward homebuying continued to be strongly positive during July, and builders' assessments of home sales improved substantially.

Business fixed investment increased in the second quarter at about the rapid pace of the first quarter. Spending for equipment remained strong, with solid increases in purchases of motor vehicles, computers, and a wide range of machinery and equipment. However, outlays for aircraft declined in the second quarter, retracing some of the substantial first-quarter rise. The limited information available for the third quarter pointed to some slowing of the growth of spending for equipment. In the second quarter, nonresidential building activity posted its largest advance in three years. Expenditures were up across a broad array of categories, with investment in institutional and public utilities structures being particularly strong.

Business inventories expanded moderately during the second quarter, and inventory accumulation was broadly in line with sales over the first half of the year. In manufacturing, stocks edged lower in June, reflecting a further decline in inventories held by aircraft producers. Outside of the aircraft industry, inventory changes were mixed. For manufacturing as a whole, the ratio of inventories to shipments fell in June to one of the lowest levels in recent years. In the wholesale trade sector, inventories expanded modestly in June, and with sales lower, the inventory-to-sales ratio for the sector increased slightly. Retail inventories, after changing little in May, rose slightly more than sales in June, and the stocks-to-sales ratio for the retail sector remained near the high end of its range for the past several years.

The nominal U.S. merchandise trade deficit was considerably smaller in May than the deficits recorded in March and April; however, the deficit for April and May combined was larger than the average rate for the first quarter. The value of exports rose slightly in May; increases in sales abroad of industrial supplies, machinery, and consumer goods offset declines in agricultural products, civilian aircraft, and motor vehicles and parts. A drop in the value of imports was spread across a wide range of products, particularly automotive products, consumer goods, and oil. The economic performance of the major foreign industrial countries was mixed in the second quarter. Output continued to decline in western Germany, and economic activity in Japan appeared to have stalled after modest growth in the first quarter. In contrast, economic recovery continued in Canada and the United Kingdom.

Producer prices of finished goods declined in July for a second consecutive month. Prices of finished foods edged lower, and prices of finished energy goods, particularly gasoline and fuel oil, fell significantly; excluding the food and energy components, producer prices edged up in July and to that point in the year had risen at a slightly lower rate than was recorded in 1992. At the consumer level, prices for nonfood, non-energy items were up slightly in both June and July and for the year to date had increased a little more slowly than last year. Hourly compensation for private industry workers rose in the second quarter at about the rate seen last year. Average hourly earnings of production or nonsupervisory workers were unchanged on balance over June and July, but for the year through July these earnings had increased at the same pace as in 1992.

At its meeting on July 6–7, 1993, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that retained a tilt toward possible firming of reserve conditions during the intermeeting period. Accordingly, the directive indicated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint would be acceptable or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with modest growth of the broader monetary aggregates over the third quarter.

Throughout the intermeeting period, open market operations were directed toward maintaining the existing degree of pressure on reserve positions. Two upward adjustments were made to expected levels of adjustment plus seasonal borrowing in anticipation of further increases in demand for seasonal credit. Borrowing averaged close to expected levels over most of the intermeeting interval, and the federal funds rate remained near 3 percent.

Money market interest rates were little changed on balance over the intermeeting period, while rates on intermediate-term U.S. Treasury obligations and on fixed-rate mortgages dropped slightly. Yields on long-term Treasury and corporate bonds were down by more, with the rate on the thirty-year Treasury bond falling below 6½ percent. Many market interest rates moved higher after Chairman Greenspan's congressional testimony on July 20, which was perceived by market participants as suggesting a greater likelihood of some tightening of monetary policy in the future. Subsequently, interest rates generally retreated in reaction to incoming economic data indicating subdued inflation pressures and to the passage of the deficit-reduction legislation. Major indexes of stock prices increased somewhat over the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies was about unchanged on balance over the intermeeting period. The dollar strengthened slightly against the German mark, but it rose by significantly more against most other European currencies in the Exchange Rate Mechanism in the aftermath of a widening of the margins within which participating currencies are allowed to fluctuate relative to each other. The widening, which was in response to massive selling pressures on the French franc and several other currencies, followed sharp increases in short-term interest rates in the affected countries. With exchange market participants continuing to focus on Japan's trade surplus, the dollar fell substantially against the yen.

M2 expanded only slightly in July after growing appreciably over the second quarter. The continued strength of inflows to bond and stock mutual funds suggested that households were still realigning their portfolios toward assets outside the monetary aggregates. Through July, M2 was estimated to have grown at a rate close to the lower end of the Committee's range for the year. M3 contracted slightly in June and July, owing in part to a substantial drop in institution-only money market mutual funds, whose returns had not kept pace with the increase in money market rates in late spring. In addition, depository institutions placed greater reliance on various nondeposit sources of funds, including the issuance of equity and subordinated debt. Through July, M3 had declined a little and was slightly below its annual range. Total domestic nonfinancial debt had expanded at a moderate rate in recent months, and for the year through June was estimated to have increased at a rate in the lower half of the Committee's monitoring range.

The staff projection prepared for this meeting suggested moderate growth in economic activity and modest reductions in margins of unemployed labor and capital through next year. The fiscal restraint stemming from the recent legislation and uncertainty about other government policies would act as a drag on the economy. On the other hand, lower interest rates were expected to contribute to further gains in spending on consumer durables, housing, and business fixed investment. Continued expansion also would be supported by further improvements in the availability of credit, a small boost to production over the next several quarters associated with rebuilding activity in areas of the Midwest affected by the recent floods, and a pickup in foreign demand resulting from some strengthening in economic activity abroad. The projected slack in labor and product markets, coupled with some tempering of inflation expectations, was expected to foster modest further reductions in wage and price inflation.

In the Committee's discussion of prospective economic conditions, members commented that recent developments had not materially altered the outlook for moderate and sustained growth in economic activity. Despite widespread indications of pessimistic consumer and business attitudes, overall consumer spending and business investment appeared to be reasonably well maintained. Likewise, the outlook for increased fiscal restraint associated with the recently enacted deficit-reduction legislation needed to be weighed against the favorable effects on spending of reduced interest rates in intermediate- and long-term debt markets, the improved balance sheets of consumers and businesses, and the indications of a somewhat better availability of loans from financial intermediaries. In an environment of moderate economic growth, the fundamentals bearing on the outlook for inflation were consistent with further disinflation, and the members drew some encouragement from consumer and producer price developments in recent months. Several cautioned, however, that recent price measures probably overstated the reduction in inflation, just as the surge in prices earlier in the year seemed to have overstated the underlying inflation trend. Members also referred to the persistence of inflationary expectations among business executives and consumers. Thus, while the rise in inflation appeared to have been arrested, any further progress toward price stability was likely to be limited over the quarters ahead.

Business contacts and other sources of information suggested little change since the July meeting in the pace or composition of economic activity in different parts of the country. Descriptions of economic performance varied from slow to moderate growth in most regions, though business activity probably continued to weaken in some major areas such as California. Despite sustained, if not ebullient, growth in sales to consumers and the relative strength in business investment spending in the first half of this year, business sentiment was widely described as cautious or negative even in some regions whose economies were outperforming the nation as a whole. According to business contacts, the recent enactment of deficit-reduction legislation had tended to mitigate concerns about the size of future federal deficits, but business executives were now focusing on the implications of higher taxes and many were expressing apprehension about further though still unannounced tax increases that might be associated with health care reform. Business sentiment and sales also were being affected adversely in many areas by cutbacks in defense contracts and closings of military installations and by the weakness in foreign demand for some products.

With regard to developments and prospects in key sectors of the economy, members noted that despite further survey indications of eroding consumer confidence, consumer expenditures had strengthened in recent months after a pause earlier in the year. The pickup had featured rising sales of motor vehicles, and while the latter had slipped recently, a number of special factors such as shortages of popular models at the end of the model year and the effects of flooding in some parts of the Midwest suggested the need to withhold judgment on any downward shift in the underlying demand for motor vehicles. Tourism was reported to have strengthened considerably in many areas this summer, though there were major exceptions. As had been true for an extended period, consumer attitudes continued to be inhibited by concerns about employment opportunities, especially given further reductions in defense spending, the ongoing restructuring and related downsizing of many business operations, and the continuing efforts by business firms to limit the number of their permanent employees in order to hold down the rising costs of health care and other nonwage worker benefits. Members noted, however, that the growth in employment thus far this year, while tending to involve many low-paying jobs, had greatly exceeded the rate of expansion in 1992. In the view of at least some members, appreciable further growth was likely as business firms found it increasingly difficult in an expanding economy to meet growing demands through outsourcing, temporary workers, and overtime work. Some members also noted that the newly legislated taxes on higher incomes would tend to curtail some consumer spending. The timing of that effect was uncertain; tax liabilities had already risen, but some payments on the added tax liabilities were not due until April of 1994 and 1995.

Members anticipated that building activity, notably housing construction, would provide some stimulus to the expansion. Although indicators of housing activity were somewhat mixed for the nation as a whole, sales of new and existing homes were brisk in many regions and even sales of second homes were reported to be improving in some areas. Prospective homebuyers continued to exercise considerable caution, but reductions in mortgage rates and generally improved affordability pointed to rising housing sales and construction over the quarters ahead. In the nonresidential sector, there was growing evidence of some strengthening in the construction of commercial and institutional structures, but overcapacity was likely to depress the construction of new office buildings for an extended period in most parts of the country. In some areas, infrastructure and other rebuilding associated with the recent floods was likely to stimulate some construction activity later this year.

With regard to the external sector of the economy, the members again noted a somewhat mixed picture. Exporters from some parts of the country continued to report relatively brisk sales abroad, but many domestic producers were expressing concerns about weak markets in key foreign nations. Against the background of more stimulative economic policies in a number of those countries, some overall strengthening in the major foreign economies was viewed as a reasonable expectation, but the overall growth in exports was likely to lag the anticipated expansion in imports over the projection horizon. The North American Free Trade Agreement now under consideration in the Congress was a topic of active discussion among business contacts, and the uncertain outcome of that treaty was a matter of concern in several parts of the country.

Members observed that the more favorable performance of key measures of prices in recent months had tended to relieve earlier concerns about a possible worsening in inflation. However, because the recent price indexes probably overstated the improvement in the trend rate of inflation, it was too early to determine whether they pointed to renewed disinflation. In any event, a number of fundamental factors appeared to have favorable implications for the inflation outlook, notably the prospect that some slack in labor and capital resources would persist in the context of projections that pointed to a relatively moderate rate of economic expansion. Members continued to cite reports from numerous business firms regarding their inability to raise prices because of the highly competitive markets in which those firms had to operate. Many business contacts also referred to the absence of significant increases—and indeed to occasional decreases—in the costs of their outside purchases. Oil price developments in world markets and the ongoing competition from foreign producers also were cited as favorable elements in the outlook for inflation. On the negative side, adverse weather conditions in recent months including severe floods in the Midwest appeared to have fostered some upward pressure on food prices, and higher taxes would raise gasoline prices in the fourth quarter. Perhaps of greater significance, business contacts and surveys of households indicated persisting expectations that inflation would rise at some point. In this connection, however, passage of the federal deficit-reduction legislation and the Committee's reaffirmation in its directive and in congressional testimony of its commitment to price stability seemed to have had a constructive effect on attitudes in financial markets and on long-term interest rates, and these developments could prove to be harbingers of more favorable inflation attitudes more generally.

In the Committee's discussion of policy for the intermeeting period ahead, the members agreed that recent developments pointed to the desirability of a steady policy course. While economic growth did not seem particularly robust, neither was it clear that a disinflationary trend had been reestablished. Many members observed that real short-term interest rates were at very low levels, indeed slightly negative by some calculations, and while real intermediate- and long-term interest rates were higher, it was apparent that monetary policy was in an accommodative posture. This conclusion was seen as reinforcing the view that monetary policy probably would have to move in the direction of restraint at some point to resist any incipient tendency for inflationary pressures to intensify. For now, the relatively slow economic expansion in the first half of the year, the fiscal restraint associated with the deficit-reduction legislation, other obstacles to economic growth, and the encouraging inflation statistics for recent months argued against any near-term policy adjustment.

Moreover, there was no compelling evidence that current monetary policy was fostering credit flows usually associated with speculative excesses or impending increases in price pressures. Growth in the broad measures of money and in the debt of nonfinancial sectors remained fairly damped despite indications of greater willingness to supply credit by banks, other financial intermediaries, and investors in securities markets. With regard to the monetary aggregates, low short-term interest rates undoubtedly were contributing to large shifts of funds from depository institutions, notably from components of M2 and M3 to stock and bond mutual funds and to other financial instruments, and thus to the sluggish behavior of the broad measures of money. In this connection, a staff analysis pointed to continuing slow growth in M2 over the near term and, on the assumption of little or no change in the degree of pressure on reserve positions, to growth for the year at a rate around the lower end of the Committee's range. Growth in M3 was likely to fall marginally below the Committee's range for the year. On the other hand, growth in M1 and various reserve measures was expected to remain relatively robust.

Turning to possible adjustments to policy during the intermeeting period ahead, the members endorsed a proposal to return to an unbiased intermeeting instruction that did not incorporate any presumption with regard to the direction of possible intermeeting policy changes. The members agreed that the probability of an intermeeting policy adjustment was relatively remote. Incoming data on economic activity and prices had reduced concerns that inflation and inflationary expectations might be worsening. The Committee retained its fundamental objectives of fostering economic expansion at a sustainable pace that was consistent with further progress over time toward stable prices. However, it now appeared less likely than at the time of the May and July meetings that the Committee needed to bias its consideration of responses to incoming information in the intermeeting period toward possible tightening in order to achieve those objectives. One member, while agreeing that a tightening move would not be appropriate under current circumstances, nonetheless believed that monetary policy had been overly stimulative for some time and that the Committee should move toward restraint at the first favorable opportunity.

At the conclusion of the Committee's discussion, all the members expressed a preference for a directive that called for maintaining the existing degree of pressure on reserve positions. They also indicated their support of a directive that did not include a presumption about the likely direction of any adjustment to policy during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with modest growth in M2 and little net change in M3 over the balance of the third quarter.

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

The information reviewed at this meeting suggests that economic activity is expanding at a moderate pace. Total nonfarm payroll employment increased in July at a rate close to its average advance in earlier months of the year, and the civilian unemployment rate declined to 6.8 percent. Industrial production turned up in July after posting small declines in May and June. Retail sales edged higher in July following a sizable rise in the second quarter. Housing starts were down somewhat in July, but permits moved up. Available indicators point to continued expansion in business capital spending. The nominal U.S. merchandise trade deficit declined in May, but for April and May combined it was larger than its average rate in the first quarter. After rising at a faster rate in the early part of the year, consumer prices have changed little and producer prices have fallen in recent months.

Short- and intermediate-term interest rates have changed little since the Committee meeting on July 6–7, while yields on long-term Treasury and corporate bonds have declined somewhat. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies was about unchanged on balance over the intermeeting period.

After expanding appreciably over the second quarter, M2 increased slightly further in July and M3 declined. For the year through July, M2 is estimated to have grown at a rate close to the lower end of the Committee's range for the year, and M3 at a rate slightly below its range. Total domestic nonfinancial debt has expanded at a moderate rate in recent months, and for the year through June it is estimated to have increased at a rate in the lower half of the Committee's monitoring range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in July lowered the ranges it had established in February for growth of M2 and M3 to ranges of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee anticipated that developments contributing to unusual velocity increases would persist over the balance of the year and that money growth within these lower ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt also was lowered to 4 to 8 percent for the year. For 1994, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1993 to the fourth quarter of 1994, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the monitoring range for growth of total domestic nonfinancial debt at 4 to 8 percent for 1994. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in M2 and little net change in M3 over the balance of the third quarter.

Votes for this action: Messrs. Greenspan, McDonough, Angell, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Mullins, Ms. Phillips, and Mr. Stern. Votes against this action: None.

Legal Developments

Final Rule—Amendment to Rules of Procedure

The Board of Governors is amending 12 C.F.R. Part 262, its Rules of Procedure. This regulation changes the publication requirements for notice of applications under the Federal Deposit Insurance Act for the merger, consolidation, or acquisition of assets or the assumption of liabilities, if the acquiring, assuming, or resulting bank will be a state member bank. In addition, the Board is making technical changes to the regulation.

Effective September 27, 1993, 12 C.F.R. Part 262 is amended as follows:

Part 262—Rules of Procedure

1. The authority citation for 12 C.F.R. Part 262 is revised to read as follows:

Authority: 5 U.S.C. 552, 12 U.S.C. 321, 1828(c), and 1842.

2. In section 262.3, paragraph (b)(1)(i)(D) is removed, and paragraphs (b)(1)(i)(E) and (F) are redesignated as paragraphs (b)(1)(i)(D) and (E), respectively, in paragraph (b)(2) the first sentence, the word "applicaition" is corrected to read "application", a new paragraph (b)(3) is added, and paragraph (j), introductory text, is revised to read as follows:

Section 262.3—Applications.

* * * * *

(b) * * *

(3) In the case of an application for a merger, consolidation, or acquisition of assets or assumption of liabilities, if the acquiring, assuming, or resulting bank is to be a State member bank, the applicant shall cause to be published notice in the form prescribed by the Board. The notice shall be published in a newspaper of general circulation in the community or communities in which the head office of each of the banks to be a party to the merger, consolidation, or acquisition of assets or assumption of liabilities is located. The notice shall be published on at least three occasions at appropriate intervals. The last publication of the notice shall appear at least thirty days after the first publication. The notice must provide an opportunity for the public to give written comment on the application to the appropriate Federal Reserve Bank for at least thirty days after the date of the first publication of the notice. Within seven days of publication of notice for the first time, the applicant shall submit its application to the appropriate Reserve Bank for acceptance, along with a copy of the notice. If the Reserve Bank has not accepted the application as complete within ninety days of the date of the first publication of the notice, the applicant may be required to republish notice of the application.

* * * * *

(j) * * * The following types of applications require procedures exclusive of, or in addition to, those described in paragraphs (i)(1) through (5) of this section.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Ralston Bancshares, Inc., Omaha, Nebraska ("Ralston"), and thereby indirectly acquire Ralston Bank, Ralston, Nebraska ("Bank").[1]

1. Norwest proposes to merge Ralston into Norwest and to merge Bank into Norwest Bank Nebraska, N.A., Omaha, Nebraska ("Norwest Nebraska"), a wholly owned subsidiary of Norwest. Norwest has separately applied to and received approval from the Office of the Comptroller of the Currency ("OCC") for the proposed merger under the Bank Merger Act (12 U.S.C. § 1828(c)).

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 33,444 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Norwest, with total consolidated assets of $47.8 billion, operates 86 banking subsidiaries located in 13 states.[2] Norwest is the third largest commercial banking organization in Nebraska, controlling deposits of approximately $1.8 billion, representing 9.3 percent of the deposits in commercial banks in the state.[3] Ralston is the 35th largest commercial banking organization in Nebraska, controlling $82.8 million in deposits, representing less than 1 percent of the deposits in commercial banks in the state. Upon consummation of the proposal, Norwest would remain the third largest commercial banking organization in Nebraska, controlling deposits of $1.9 billion, representing 9.7 percent of the total deposits in commercial banks in the state.[4]

Competitive Considerations

Norwest and Ralston compete directly in the Omaha-Council Bluffs banking market.[5] Norwest is the second largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $1.07 billion, representing 17 percent of total deposits in depository institutions in the market ("market deposits").[6] Ralston is the 11th largest depository institution in the market, controlling $85 million in deposits, representing 1.4 percent of market deposits. Upon consummation of this proposal, Norwest would remain the second largest depository institution in the market, controlling deposits of approximately $1.16 billion, representing 18.4 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 46 points to 1282.[7] Market concentration as measured by the HHI would increase slightly, and the market would remain moderately concentrated. In addition, 43 depository institutions would continue to compete in this market. Based on these and other facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition and the concentration of banking resources in the Omaha-Council Bluffs banking market or any other relevant banking market.[8]

Other Considerations

The Board concludes that the financial and managerial resources and future prospects of Norwest, its subsidiaries, and Ralston are consistent with approval.[9] The Board also concludes that considerations relating to the convenience and needs of the communities to be served and the other supervisory factors that the

2. Asset data are as of June 30, 1993.

3. State and market share data are as of June 30, 1992.

4. The Board previously has determined that the interstate banking statutes of Nebraska specifically authorize Norwest to acquire additional banking organizations in the state, subject to certain restrictions based on the volume of deposits and the number of banks it controls in the state. *See Norwest Corporation*, 70 *Federal Reserve Bulletin* 470 (1984). The Nebraska Director of Banking and Finance has informally advised the Board that this proposal satisfies these restrictions, as subsequently amended. *See Neb. Rev. Stat. § 8–904 (1990).*

5. The Omaha-Council Bluffs banking market is comprised of the Omaha-Council Bluffs RMA, Douglas County, Nebraska, less the portion west of the Elkhorn River, and Pottawatamie County, Iowa, less its two eastern tiers of townships.

6. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, 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).

7. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1200 and 1800 is considered moderately concentrated and above 1800 is considered highly concentrated. In highly concentrated markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository financial entities.

8. The Board has carefully considered a comment from an individual ("Commenter") alleging that this proposal would have substantially anti-competitive effects by reducing the availability of credit and other financial products and services in the Omaha-Council Bluffs banking market and throughout Nebraska. The Board continues to believe that the appropriate geographic market for reviewing the competitive effects of a bank acquisition proposal is local in nature and, in this case, the relevant banking market is the Omaha-Council Bluffs banking market. *See, e.g., SouthTrust Corporation*, 78 *Federal Reserve Bulletin* 710 (1992); *First Hawaiian, Inc., supra; United States v. Philadelphia National Bank*, 374 U.S. 321 (1963). Based on all the facts of record, and for the reasons discussed above, the Board concludes that this proposal would not substantially lessen competition for banking services, or result in an undue concentration of resources, in this or any other relevant banking market.

9. Commenter has expressed concern about the potential loss to the Federal Deposit Insurance Corporation and disruption to commerce in numerous markets that could result in the event of the failure or financial difficulty of Norwest. The Board has carefully considered this comment, and, based on all the facts of record, including review of relevant examination reports, and for the reasons discussed in this Order, concludes that these objections do not warrant denial of this application.

Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.[10]

Based on all the facts of record, including the commitments made by Norwest in connection with this application, the Board has determined that the application should be, and hereby is, approved.[11] The Board's approval of this proposal is expressly conditioned on compliance with the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching its decision are both deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the thirtieth 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 Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 7, 1993.

Voting for this action: Chairman Greenspan and Governors Mullins, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Governor Angell.

WILLIAM W. WILES
Secretary of the Board

10. Commenter also has alleged that the branches of Norwest Nebraska generally fail to meet the credit needs of their service communities under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") and, in particular, that the Hastings, Nebraska, branch fails to meet the credit needs of small businesses and manufacturers in that banking market. The Board notes that Norwest Nebraska received an "outstanding" rating from its primary federal regulator, the OCC, at its most recent examination for CRA performance as of April 30, 1992. In this regard, the OCC also has approved Norwest Nebraska's application to merge with Bank under the statutory factors in the Bank Merger Act, which require consideration of Norwest Nebraska's CRA performance.

The Board has reviewed the steps taken by Norwest Nebraska to ascertain local small business and manufacturing credit needs, the bank's outreach efforts, and the small business and agricultural lending activities of the bank in the Hastings community. In light of all the facts of record, including relevant examination reports, the Board does not believe that these comments warrant denial of this application.

11. Commenter has requested that the Board visit the communities served by Norwest Nebraska in order to assess directly the bank's CRA performance. Based on all the facts of record, including Commenter's submissions and relevant reports of examination, the Board does not believe that a visitation is necessary to clarify the factual record or otherwise warranted in this case, and, accordingly, denies this request.

Orders Issued Under Section 4 of the Bank Holding Company Act

Bank of Montreal
Montreal, Quebec, Canada

Bankmont Financial Corp.
New York, New York

Order Approving an Application to Engage in Futures Commission Merchant Activities

Bank of Montreal, Montreal, Quebec, Canada ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to act, through a wholly owned subsidiary, Harris Futures Corporation, Chicago, Illinois ("Company"),[1] as a futures commission merchant ("FCM") for unaffiliated customers in executing and clearing, and clearing without executing, futures and options on futures on non-financial commodities.[2] Company proposes to engage in these activities on the Chicago Board of Trade ("CBOT"), the Chicago Mercantile Exchange ("CME"), and the New York Mercantile Exchange ("NYMEX").[3]

Company does not propose to trade in the proposed derivative instruments for its own account for any purpose;[4] nor does Company propose to trade in the

1. Applicant controls Company through an intermediate subsidiary, Bankmont Financial Corp., New York, New York, that also is an applicant in this case.

2. Initially, Applicant proposes to conduct these FCM activities in futures and options on futures on heating oil, crude oil, corn, wheat, soybeans, cattle, and hogs. A complete list of the proposed contracts is set forth in the Appendix. Applicant must provide at least 20 days prior written notice to the Federal Reserve System before engaging in FCM activities with respect to additional contracts linked to physical commodities (unless the Board has approved the contracts for any other bank holding company under the BHC Act) to assure that such contracts are comparable to previously approved contracts.

3. Company is a clearing member of the CME and the CBOT, and will operate on the NYMEX through the use of omnibus trading accounts with non-affiliated FCMs that are clearing members of the NYMEX. Company is not currently a clearing member of the NYMEX, and must obtain the Board's approval before becoming a clearing member of NYMEX or any other commodities exchange. An omnibus account is an arrangement between a member clearing firm of an exchange and a nonmember firm that seeks to conduct business on that exchange, whereby the clearing firm executes and clears transactions for the nonmember firm and its customers. The omnibus account reflects all positions of the nonmember firm's customers, but is divided into separate segments for purposes of calculating margin requirements, reporting current holdings, and other matters. *See Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723, 724 n.4 (1993).

4. In those circumstances where a customer defaults on a contract after the termination of futures trading and Company is required to make or take delivery of the underlying commodity, or where Com-

physical commodities themselves. In addition, Company does not propose to, and will not, act as a commodities trading advisor,[5] or otherwise provide investment advice with regard to the proposed instruments. Company will provide the proposed FCM services only to institutional customers,[6] and will not provide such services to retail brokerage customers, locals, or market makers.[7]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 3950 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets equivalent to approximately $84.8 billion, is the 61st largest bank in the world, and the third largest bank in Canada.[8] In the United States, Applicant controls fifteen banks in Illinois, Arizona, and California,[9] operates three non-deposit trust companies in New York and Florida,[10] and owns a corporation organized pursuant to section 25(a) of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*) ("Edge Act").[11] Applicant also maintains branches in Chicago, Illinois, and New York, New York, an agency in Houston, Texas, and a representative office in Los Angeles, California. Applicant has received prior Federal Reserve approval to engage directly and through subsidiaries in a broad range of nonbanking activities.

Company is an FCM registered with the CFTC, and is, therefore, subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*) and the CFTC. Company, with a main office in Chicago, Illinois, and a branch office in London, England, is currently engaged in executing and clearing on major commodities exchanges futures and options on futures on financial commodities and certain broad-based and widely traded stock and bond indices.[12] Company does not trade for its own account, provide investment advisory services to its customers, or manage discretionary trading accounts.

The Board has not previously approved the execution and clearance by bank holding companies of futures and options on futures on non-financial commodities. To date, the Board has limited its approval to acting as an FCM in the execution and clearance on major commodities exchanges of futures and options on futures on a variety of financial commodities, such as gold and silver bullion and coins, foreign exchange, government securities, certificates of deposit and money market instruments that banks may buy and sell for their own accounts, and stock and bond indices.[13]

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pany exercises its rights to liquidate a customer's account, Company is permitted to take those actions necessary to mitigate its damages, including acting for its own account in retendering or redelivering the commodity, entering into an exchange-for-physical transaction, or entering into an offsetting transaction in the cash market, provided these or other appropriate actions are taken as soon as practicable.

5. Under the Commodity Exchange Act, a commodity trading advisor includes, with certain exceptions, "any person who, for compensation or profit, engages in the business of advising others, either directly or through publications or writings, as to the value of commodities or as to the advisability of trading in any commodity for future delivery on or subject to the rules of any contract market, or who for compensation or profit, and as part of a regular business, issues or promulgates analyses or reports concerning commodities." 7 U.S.C. § 2.

6. *See* 12 C.F.R. 225.2(g).

7. Applicant anticipates that, following consummation of the proposal, approximately 10 percent of Company's business would be conducted on behalf of managed commodity funds (or commodity pools), which engage in speculative trading rather than trading for hedging purposes. Most of Company's customers engage predominantly in non-speculative trading. Managed commodity funds are regulated and supervised by the Commodity Futures Trading Commission ("CFTC") and the National Futures Association. None of the managed commodity funds would be owned, sponsored, or advised by, or otherwise affiliated with, Applicant. Company would trade on behalf of managed commodity funds only if those funds have acceptable draw down provisions. When a fund declines in value to a specific level of the initial value of the fund, the fund must cease its trading operations, pay its liabilities, and distribute its remaining assets to investors. For most funds, the draw down level is set at 30 to 70 percent of the initial fund value. All new customers will be subject to Company's existing credit analysis and criteria. With respect to managed commodity fund customers, Company will apply its current credit approval procedures to both the funds and their managers. Applicant has committed to provide the Federal Reserve System with prior notice of any significant change in Company's customer base.

8. Data are as of July 31, 1993.

9. The banks controlled by Applicant are: Harris Trust and Savings Bank, Chicago, Illinois; Harris Bank Argo, Summit, Illinois; Harris Bank Roselle, Roselle, Illinois; Harris Bank Hinsdale, N.A., Hinsdale, Illinois; Harris Bank Winnetka, N.A., Winnetka, Illinois; Harris Bank Naperville, Naperville, Illinois; Harris Bank Glencoe-Northbrook, N.A., Glencoe, Illinois; Harris Bank Wilmette, N.A., Wilmette, Illinois; Harris Bank Barrington, N.A., Barrington, Illinois; Harris Bank Libertyville, Libertyville, Illinois; Harris Bank St. Charles, St. Charles, Illinois; Harris Bank Batavia, N.A., Batavia, Illinois; Harris Bank Frankfort, Frankfort, Illinois; Harris Trust Bank of Arizona, Scottsdale, Arizona; and Harris Trust Company of California, Los Angeles, California.

10. The non-deposit trust companies operated by Applicant are: Bank of Montreal Trust Company, New York, New York; Harris Trust Company of New York, New York, New York; and Harris Trust Company of Florida, West Palm Beach, Florida. These non-deposit trust companies are operated pursuant to section 225.25(b)(3) of the Board's Regulation Y (12 C.F.R. 225.25(b)(3)).

11. The Edge Act corporation owned by Applicant is Harris Bank International Corporation, New York, New York.

12. *See Bank of Montreal*, 71 *Federal Reserve Bulletin* 970 (1985). Company currently engages in FCM activities on the CME, the CBOT, the Commodity Exchange, the London International Financial Futures and Options Exchange, the Marche a Terme International de France, and the Singapore International Monetary Exchange.

13. *See* 12 C.F.R. 225.25(b)(18); *J.P. Morgan & Co. Incorporated*, 71 *Federal Reserve Bulletin* 251 (1985); *Bankers Trust New York Corporation*, 71 *Federal Reserve Bulletin* 111 (1985); *Republic New York Corporation*, 63 *Federal Reserve Bulletin* 951 (1977); *Standard and Chartered Banking Group Ltd.*, 38 *Federal Register* 27,552 (1973). The proposed clearing without executing activities were recently approved by the Board in *Northern Trust Corporation*, 79

Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "closely related to banking or managing or controlling banks." The Board also must determine that the activity is a proper incident to banking. In judging whether the performance of an activity meets the proper incident to banking test, the Board must determine whether the proposed activity may be reasonably expected to produce public benefits that outweigh any possible adverse effects.

A particular activity may be deemed closely related to banking if it is demonstrated that:

(1) Banks generally provide the proposed services; or

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

(3) Banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form. *See National Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975).[14]

The Office of the Comptroller of the Currency ("OCC") has determined that national banks may engage in a broad range of FCM activities in all types of exchange-traded futures and options contracts, on both financial and non-financial commodities, for the accounts of customers, and for their own accounts for hedging purposes.[15] In making this determination, the OCC concluded that standardized futures and options on futures traded on commodities exchanges are financial instruments, regardless of the underlying commodity upon which a future or option is based. The OCC reasoned that the clearing process for any futures contract or option on a futures contract involves essentially an extension of credit because, upon the receipt of an executed order from a customer, the clearing broker supplies its own credit to an order on behalf of the customer, and transmits the order to the exchange clearing organization for settlement. The OCC also concluded that the execution, clearance, and advisory services provided by an FCM to its customers are essentially the same irrespective of whether the underlying commodities are financial or non-financial in nature.

On the basis of this authority, a number of national banks act as an FCM in the execution and clearance of futures and options on futures on a broad array of financial and non-financial commodities. The State of New York Banking Department also has permitted several New York-chartered banks to engage, to a limited extent, in FCM activities involving derivative instruments on non-financial commodities.

The Board previously has authorized bank holding companies to conduct FCM activities with respect to numerous instruments based on financial commodities. In most respects, acting as an FCM in connection with contracts involving non-financial commodities is operationally and functionally similar to conducting FCM activities with respect to derivative contracts involving financial commodities. In both cases, an FCM monitors customer credit risk and trading exposure; assesses and collects initial and maintenance margins from customers; and brokers, executes, and clears trades.

Moreover, acting as an FCM for derivative instruments involving non-financial commodities involves functions, skills, risk, and expertise that are substantially similar to those associated with the execution and clearance of financial futures and options contracts that previously have been approved by the Board. In this regard, the mechanics of executing and clearing trades (evaluating customer credit risk, receiving and recording orders, monitoring customer trading positions, transmitting orders to the appropriate exchange trading pits for execution, securing counterparties for the trades, completing trade execution slips, confirming and settling trades, and reconciling trading sheets) are operationally the same whether the commodity underlying the exchange-traded derivative instrument is financial or non-financial. The rules and regulations of the CFTC, as well as the rules, procedures, practices, capital requirements, and safeguards of the various commodities exchanges, govern both the execution and clearance of non-financial futures and options and the execution and clearance of financial futures and options.[16]

Federal Reserve Bulletin 723 (1993), and *The Sakura Bank, Limited*, 79 *Federal Reserve Bulletin* 728 (1993). Company proposes to conduct its clearing only activities subject to the same conditions and limitations set forth in these orders, including the use of "give-up agreements" by and among Company, Company's customers, and the nonaffiliated executing FCM, that would allow Company to refuse to clear trades that exceed specified risk parameters.

14. In addition, the Board may consider any other basis that may demonstrate that the proposed activity has a reasonable or close connection or relationship to banking or managing or controlling banks. *See* Board Statement Regarding Regulation Y, 49 *Federal Register* 806 (1984); *Securities Industry Association v. Board of Governors*, 468 U.S. 207, 210–11 n.5 (1984).

15. OCC Interpretive Letter No. 507 (May 5, 1990), and OCC Interpretive Letter No. 494 (Dec. 20, 1989).

16. In 1991, the Board permitted bank holding companies to provide investment advice with respect to trading futures contracts and options on futures contracts in non-financial commodities, such as agricultural and energy commodities. *See Swiss Bank Corporation*, 77 *Federal Reserve Bulletin* 126 (1991). In approving this activity, the Board found that the provision of investment advice with respect to investing in futures and options on futures on non-financial commod-

In 1981, the Board denied a proposal under another provision of the BHC Act and the Federal Reserve Act by a corporation organized pursuant to section 25(a) of the Federal Reserve Act to engage through a foreign FCM subsidiary in trading certain non-financial commodities futures on a foreign futures exchange.[17] In that case, the Board determined that there was an insufficient nexus between the proposed activity and other banking or financial activities of that time.[18] Since the Board's decision in that case, the OCC has permitted national banks to act as an FCM for derivatives on all types of non-financial commodities in the futures and options markets. The State of New York has granted similar approval to a small number of state-chartered banks.

Further, the Board has significantly expanded the FCM activities that are permissible for bank holding company subsidiaries, and has determined that providing investment advice to sophisticated institutional customers on futures and options on futures on non-financial commodities is an activity closely related to banking. Thus, the nexus between the proposed activity and the banking and financial activities currently provided by banks, bank holding companies, and their subsidiaries is more substantial than existed in 1981.

For these reasons, and based on all the facts of record, the Board believes that the proposed activity of acting as an FCM in the execution and clearance of futures and options on futures on non-financial commodities, as proposed by Applicant, is an activity that is closely related to banking for purposes of the BHC Act.[19] In order to approve this application, the Board also must determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

The Board notes that both Company and the commodities exchanges on which the proposed FCM activities would be conducted are subject to regulatory oversight by the CFTC. Company's trading and clearing activities also would be subject to regulation and review by the CFTC and the commodities exchanges. Applicant has committed to conduct the proposed activities subject to the same rules and procedures imposed by the Board on FCM activities in derivatives of financial commodities, including prohibitions on extending credit to customers for the purpose of meeting margin requirements, and on trading for the account of the bank holding company or any affiliate for purposes other than hedging.[20] In addition, in order to minimize risks associated with the delivery of non-financial commodities, Applicant has committed to take a number of steps in the event one of Company's customers has an open position in a contract after the termination of futures trading, and the customer is unable or unwilling to make or take delivery.[21]

Applicant currently provides banking and other financial services to producers, processors, and users of the agricultural and energy products underlying the proposed futures and options contracts, and Applicant has developed considerable experience in the markets for those commodities. In addition, Applicant has, for many years, provided a full range of credit, cash management, investment management, foreign exchange, and hedging products and services to businesses within the natural resources and agricultural industries. The proposed FCM services are intended to complement and expand these existing services. The Board expects that the *de novo* entry of Applicant into the market for the proposed services in the United States would provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of these services.

In every case involving a nonbanking acquisition under section 4 of the BHC Act, the Board must also consider the financial condition and resources of the

ities appeared to be the functional equivalent of providing advice with respect to futures and options on futures on financial commodities, and that exchange-traded futures and options on futures involving non-financial commodities were essentially financial instruments.

17. *Bankers International Corporation*, 67 *Federal Reserve Bulletin* 364 (1981).

18. The Board also concluded that neither the FCM nor the foreign exchange was subject to governmental oversight.

19. The Board has determined to seek public comment on a proposal to amend its Regulation Y to add this activity to its regulatory list of permissible nonbanking activities. In the interim, the Board has delegated authority to the Reserve Banks to act on applications to conduct these activities within the parameters set forth in this order.

20. *See* 12 C.F.R. 225.25(b)(18). Applicant also has committed that Company will not enter into any tying arrangements with any lending affiliates.

21. Among the steps Applicant will take are:

(1) Retendering the commodity (which involves placing the commodity up for delivery at the exchange involved without taking delivery of the commodity);

(2) Redelivering the commodity (which involves placing the commodity up for delivery at the exchange involved after taking delivery of the commodity);

(3) Offsetting the customer's open position through an exchange-for-physical transaction (which involves exchanging a cash position for a futures position) using the same procedures applicable to exchange-traded futures transactions (there is an established and relatively liquid market for exchange-for-physical transactions in most commodities);

(4) Offsetting the commodity in the cash market (which involves either selling the delivered commodity for cash, or purchasing the commodity to facilitate a delivery); and

(5) Seeking to avoid delivery through some other mechanism, such as the NYMEX's pre-matching system (which combines a notification system, the matching of counterparties, negotiation assistance, and cash-settlement procedures).

applicant and its subsidiaries and the effect of the proposal on these resources.[22] In this case, the Board notes that Applicant meets the relevant risk-based capital standards consistent with the Basle Accord, and has capital equivalent to that which would be required of a U.S. banking organization. Company reports capital in excess of the regulatory minima. In view of these and other facts of record, the Board has determined that the financial factors are consistent with approval of this application. The managerial resources of Applicant and its subsidiaries also are consistent with approval.

Based on the commitments made by Applicant regarding its conduct of the proposed activities, the limitations on the activities noted in this Order, and all the facts of record, the Board has determined that the performance of the proposed activities by Applicant could reasonably be expected to produce public benefits that would outweigh the possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to all the terms and conditions set forth in this Order, and in the above-noted Board regulations and orders that relate to these activities. The Board's determination is also subject to all of the terms and conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all of the commitments made in this application, including the commitments discussed in this order and the conditions set forth in this Order and in the above-noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective September 28, 1993.

22. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, LaWare, and Phillips. Absent and not voting: Governors Kelley and Lindsey.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Chicago Board of Trade:

Corn futures
Options on Corn futures
Wheat futures
Options on Wheat futures
Soybean futures
Options on Soybean futures

Chicago Mercantile Exchange:

Live Cattle futures
Options on Live Cattle futures
Feeder Cattle futures
Options on Feeder Cattle futures
Live Hog futures
Options on Live Hog futures

New York Mercantile Exchange:

No. 2 Heating Oil futures
Options on No. 2
Heating Oil futures
Light Sweet Crude Oil futures
Options on Light Sweet Crude Oil futures

NationsBank Corporation
Charlotte, North Carolina

Order Approving Application to Engage De Novo in Inventory Collateral Inspection Services

NationsBank Corporation, Charlotte, North Carolina ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied, pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), to engage *de novo*, through its wholly owned subsidiary, NationsCredit Commercial Corporation, Allentown, Pennsylvania ("Company"), in providing the following services to customers who make loans secured by inventory:

(1) Identifying inventory and determining its general condition, level of protection, and amount of use, as appropriate;

(2) Identifying inventory subject to a purchase money security interest under the Uniform Commercial Code;
(3) Identifying missing inventory and potential credit exposure as a result thereof; and
(4) Supporting the proper allocation of loan payments that are related to the aging or sale of inventory.

Company would provide inspection services only with respect to inventory that is pledged as collateral for a loan.[1] Applicant anticipates that its customers would include manufacturers or multi-state distributors of goods that provide the financing for the purchase of the goods; finance companies that provide purchase money inventory financing on a multi-state basis; and large regional banks that provide purchase money inventory financing to retailers on a multi-state basis. Applicant would provide these services throughout the United States.

Notice of this application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 41,092 (1993)). The time for filing comments has expired, and the Board has considered this application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of $122.9 billion, is the fourth largest banking organization in the United States.[2] Applicant operates subsidiary banks in eleven states and engages directly and through subsidiaries in a variety of permissible nonbanking activities.

In this case, Applicant proposes to provide collateral inspection services to third party lenders, but not in connection with loans made or serviced by Applicant. Applicant argues that this activity is identical to the collateral inspection services it performs for its own extensions of credit.

The Board has, by regulation, authorized bank holding companies to make, acquire, and service loans for the company's own account or for the account of others.[3] Banks inspect collateral for loans originated as part of their direct lending activities,[4] and bank holding companies currently inspect and survey collateral in connection with loans made or serviced by the bank holding company.[5] Bank holding companies have the necessary expertise to identify and survey loan collateral, and could apply this expertise to inspection services for other lenders on a stand-alone basis. Applicant would provide these services only in connection with an extension of credit either by Applicant or by a third party. The Board believes that collateral inspection services as proposed by Applicant are included within the activities authorized by section 225.25(b)(1) of the Board's Regulation Y.

The Board also is required to determine whether the performance of the proposed activity by Applicant is a proper incident to banking—that is, whether the proposed activity "can reasonably be expected to produce benefits, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Consummation of this proposal can reasonably be expected to result in public benefits by providing added convenience to Applicant's customers. In addition, this proposal can reasonably be expected to facilitate the entry of additional competitors into the inventory financing market, in particular smaller financial institutions and manufacturers that are unable or unwilling to perform for themselves the collateral inspections required to monitor these loans. This proposal therefore may increase the availability of inventory financing. There is also no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by the public benefits in this case.

The financial and managerial resources of Applicant and Company also are consistent with approval. Accordingly, on the basis of all the facts of record and commitments made by Applicant, the Board concludes that the public benefits that would result from approval of this application outweigh the potential adverse effects, and that the public interest factors it must consider under section 4(c)(8) of the BHC Act are consistent with approval.

Based on the foregoing and all the other facts of record, the Board has determined to, and hereby

1. Company does not propose at this time to appraise, repossess, or resell the collateral. These activities may be engaged in by a bank holding company. *See* 12 C.F.R. 225.25(b)(13) and (23).

2. Data are as of June 30, 1993.

3. Section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R 225.25(b)(1)).

4. *See, e.g.,* Office of the Comptroller of the Currency Interpretative Letter No. 185 (March 11, 1981) (national bank required to maintain collateral inspection reports on file to support exception from single borrower lending limits under the National Bank Act (12 U.S.C. § 84)).

5. Section 225.25(b)(1) of the Board's Regulation Y authorizes the servicing of loans of the type made by commercial finance and factoring companies, which companies routinely perform collateral inspection services. *See also The Fort Worth National Corporation,* 60 *Federal Reserve Bulletin* 382, 383 (1974) (approving the supervision and inspection of collateral pledged in connection with the origination and servicing of agricultural loans).

does, approve this application. This approval is specifically conditioned on compliance by Applicant with all the commitments and conditions made in connection with this application. The Board's determination also is subject to all of the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b) (12 C.F.R. 225.4(d) and 225.23(b)(3)), 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 it finds necessary to assure compliance with, or prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. All the commitments and conditions relied on in reaching this decision in this case are deemed to be conditions imposed in writing by the Board, and as such may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective September 13, 1993.

Voting for this action: Vice Chairman Mullins and Governors Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan and Governor Angell.

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

Banc One Corporation
Columbus, Ohio

Order Approving Acquisition of a Bank Holding Company

Banc One Corporation, Columbus, Ohio ("Banc One"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under sections 3 and 4 of the BHC Act to acquire Central Banking Group, Inc., Oklahoma City, Oklahoma ("CBG"), and thereby acquire indirectly Central Bank of Oklahoma City and Friendly Bank of Oklahoma City, both of Oklahoma City, Oklahoma.[1]

Banc One also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Central Financial Life Insurance Company, Inc., an Arizona reinsurance company ("Central Life"), and thereby engage in underwriting credit life, accident, and health insurance sold in connection with extensions of credit by CBG's subsidiary banks pursuant to section 225.25(b)(8) of the Board's Regulation Y (12 C.F.R. 225.25(b)(8)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 39,026 (1993)). The time for filing comments has expired, and the Board has considered all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act.

Banc One, with total deposits of approximately $59.4 billion, controls banking subsidiaries in Ohio, Indiana, Michigan, Wisconsin, Illinois, Texas, Colorado, Kentucky, and West Virginia.[2] Banc One does not currently control any banks in Oklahoma. CBG is the fifth largest commercial banking organization in Oklahoma, controlling deposits of $484.9 million, representing 1.9 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Banc One would become the fifth largest commercial banking organization in Oklahoma, controlling 1.9 percent of the total deposits in commercial banks in the state.

Banc One and CBG do not compete directly in any relevant banking markets. Based on all the facts of record, the Board concludes that the acquisition of CBG and its subsidiary banks by Banc One would not result in any significantly adverse effects on competition in any relevant banking market.

Douglas Amendment Analysis

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[3] For purposes of the Douglas Amendment, the home state of Banc One is Ohio.[4]

1. Banc One proposes to acquire CBG and its subsidiaries indirectly through its wholly owned subsidiary, Banc One Oklahoma Corporation, Oklahoma City, Oklahoma ("Banc One Oklahoma"). In this regard, Banc One Oklahoma also has applied pursuant to section 3 of the BHC Act to acquire CBG and thereby become a bank holding company, and to acquire CBG's nonbank subsidiary pursuant to section 4 of the BHC Act.

2. State deposit data are as of March 31, 1993, and include acquisitions approved by the Board as of that date.

3. 12 U.S.C. § 1842(d).

4. 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.

This proposal would represent the initial entry of an Ohio bank holding company into Oklahoma. In considering this proposal, the Board has analyzed the interstate banking statutes of Ohio and Oklahoma, and has concluded that Banc One is authorized under the laws of Oklahoma to acquire the subsidiary banks of CBG in Oklahoma.[5] Accordingly, the Board's approval of this proposal is not prohibited by the Douglas Amendment. Approval of the proposed transaction is conditioned, however, upon Banc One's satisfying the requirements of Oklahoma's interstate banking statute pertaining to shareholder approval and other requirements of the statute.[6]

Convenience and Needs Considerations

In acting upon an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[7]

In this regard, the Board has received comments from the Coalition of Neighborhoods ("Coalition") alleging that Banc One and its subsidiary bank, Banc One Cincinnati, N.A., Cincinnati, Ohio ("Bank One Cincinnati"), have generally not met the credit needs of minorities, women and low- and moderate-income individuals in the Cincinnati area.[8] In particular, the Coalition maintains that the bank's record of performance under the CRA is deficient when measured under a number of the assessment factors used by federal regulators to evaluate CRA performance in their examinations.[9] The Board also has received comments from the Main Street Business Association ("MSBA"), alleging that Banc One's subsidiary, Banc One Community Development Corporation, Columbus, Ohio ("Banc One CDC"), a community development corporation ("CDC"), has failed to invest in the Main Street commercial district and I-670 corridor section of Columbus, Ohio, which were identified as targeted investment areas in Banc One's application to form the CDC.

In its consideration of the convenience and needs factor, the Board has carefully reviewed the entire record of CRA performance of Banc One and CBG and their subsidiary banks, as well as all comments received regarding these applications, including Banc One's response to those comments, and all of the other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[10]

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[11] The Board notes that Bank One Cincinnati received a "satisfactory" rating from the Office of the Comptroller of the Currency ("OCC"), at its most recent examination for CRA performance as of July 20, 1993 (the "1993 OCC Examination"), and that Banc One's lead subsidiary bank in Ohio, Bank One, Columbus, N.A., Columbus, Ohio ("Banc One Columbus"), received an "outstanding" rating in April 1993 from the OCC.[12] In addition,

5. *See* 6 Okla. Stat. Ann. § 506 (1989); Ohio Rev. Code Ann. § 1101.05. Oklahoma's interstate banking statute permits an out-of-state bank holding company to acquire a bank in Oklahoma provided that the home state of the applicant permits Oklahoma-based bank holding companies to acquire banks in that state on a reciprocal basis, and certain other requirements, including shareholder notice and approval, are met.

6. The Oklahoma Bank Commissioner has indicated that the proposed acquisition would, assuming the various procedural and other statutory requirements are fulfilled, be permissible under the Oklahoma interstate banking statute.

7. 12 U.S.C. § 2903.

8. The Coalition believes that Banc One should not be permitted to expand its banking operations into states other than Ohio until Banc One has established with communities in Cincinnati a set of measurable guidelines for meeting this area's credit needs, and a process for monitoring Banc One's progress in abiding by these guidelines. In this regard, the Coalition has requested the Board to endorse written agreements with community groups, and require Banc One to make specific dollar commitments to community groups such as the Coalition.

9. The Coalition's comments provide specific suggestions on methods that examiners can use to improve their analysis of a bank's performance under these factors.

10. 54 *Federal Register* 13,742 (1989).

11. 54 *Federal Register* 13,742 (1989). The Board recently considered the record of performance of Banc One under the CRA. *See Banc One Corporation*, 79 *Federal Reserve Bulletin* 872 (1993).

12. In CRA examinations completed by the Federal Reserve Bank of Kansas City on May 3, 1993, Friendly Bank of Oklahoma City

all but two of Banc One's 78 subsidiary banks have received either "outstanding" or "satisfactory" ratings from their primary regulators in their most recent examinations of their CRA performance.[13]

B. CRA Record of Performance of Bank One Cincinnati

As noted above, one commenter alleges that Bank One Cincinnati has not taken sufficient steps to help meet the credit needs of all neighborhoods in its delineated community in the Cincinnati area. The Board has reviewed the CRA record of performance of Bank One Cincinnati in light of these comments.

Lending and Community Development Activities. Bank One Cincinnati offers a variety of conventional loan products that the OCC concluded in its 1993 examination were suited to the ascertained credit needs of the bank's community. In addition, the bank participates in government-insured and publicly-sponsored programs, including Federal Housing Administration mortgage loans, Farmer's Home Administration loans in rural areas, Ohio Housing Finance Agency loans for first time home buyers and Small Business Administration loans for small businesses.

The bank has also taken certain measures to increase the availability of mortgage financing for low- and moderate-income individuals, including hiring an officer specializing in affordable housing lending and developing the "Welcome Home" loan program. This program is designed to facilitate home ownership for low- and moderate-income individuals by reducing down payment requirements and closing costs, eliminating mortgage guaranty insurance, and employing flexible underwriting guidelines. As of June 30, 1993, 131 applications had been approved from low- and moderate-income borrowers, including 22 applications from African-American borrowers, for a total of approximately $7.8 million in housing loans.

In addition, Bank One Cincinnati formed a Small Business Banking Division in 1992 to promote lending to area firms with annual sales of less than $2 million. During the first half of 1993, Bank generated 71 applications from low- and moderate-income neighborhoods, and has made 30 of these loans. The bank has also introduced a revolving line of credit designed to meet the needs of small business borrowers.

Investments in local community development and redevelopment programs also constitute part of the bank's CRA performance record. Bank One Cincinnati personnel monitor community development and redevelopment programs through membership in organizations such as the Neighborhood Development Corporation Association of Cincinnati, the Brown/Clermont County Housing Coalition, and the Ohio Community Development Corporation Association. The bank has committed funds to the Cincinnati Equity Fund, a local consortium of corporations and financial institutions formed for the purpose of purchasing and rehabilitating housing units for low- and moderate-income individuals, and financing for redevelopment in the Roselawn neighborhood targeted for redevelopment by the City of Cincinnati.

Geographic Distribution of Loans/Branch Offices. The 1993 OCC Examination concluded that the geographic distribution of Bank One Cincinnati's credit extensions, applications, and denials reflected a reasonable penetration in all segments of the delineated community, including low- and moderate-income areas. In this regard, examiners found the areas with the highest market shares were the areas that Bank One Cincinnati had served the longest. Examiners found in the 1993 OCC Examination that Bank One Cincinnati's offices were reasonably accessible to all segments of its service community. In this regard, six of its thirty-eight full service branches are located in low- and moderate-income neighborhoods, and a majority of these branches offer Saturday hours. The 1993 OCC Examination concluded that the bank's record of opening, acquiring and closing banking locations has not adversely affected the level of services in low- and moderate-income areas.[14]

Other Aspects of CRA Performance. Bank One Cincinnati ascertains credit needs in many ways, in-

received an "outstanding" rating and Central Bank of Oklahoma City received a "satisfactory" rating.

13. The OCC has assigned a "needs to improve" rating to Bank One, Cleveland, N.A., Cleveland, Ohio ("Bank One Cleveland"). As required by the Board's Order in Banc One's acquisition of Valley National Corporation, Phoenix, Arizona, Banc One has submitted to the Board a copy of its plan to address weaknesses in Bank One Cleveland's CRA performance and its first quarterly progress reports with respect to this improvement plan. *See Banc One Corporation*, 79 *Federal Reserve Bulletin* 524 (1993). Several new loan products designed to assist in meeting the credit needs of low- and moderate-income borrowers, and new programs for analyzing the geographic distribution of the bank's loans were recently reviewed by the Board in connection with Banc One's acquisition of Colorado Western Bancorp, Inc., Montrose, Colorado. *See Banc One Corporation*, 79 *Federal Reserve Bulletin* 872 (1993).

Nicholas County Bank, Summersville, West Virginia received a "needs to improve" rating from the FDIC in December, 1991, prior to its acquisition by Banc One. *See Banc One Corporation*, 79 *Federal Reserve Bulletin* 872 n.13 (1993). The FDIC has indicated to the Board that it recently conducted a limited review of this bank's CRA program and procedures, and believes that this bank has strengthened its CRA program and addressed concerns raised by examiners at the 1991 examination.

The Board has considered information collected in the course of certain ongoing examinations of subsidiary banks of Banc One.

14. The Coalition alleges that Bank One Cincinnati has failed to establish branches in low- and moderate-income areas in Cincinnati while establishing branches in predominantly white middle- and upper-income neighborhoods in the city.

cluding calling programs, meetings with civic and community groups, and an annual review of demographic data in relation to its lending activities. The bank also receives input on credit needs and public initiatives from Community Advisory Committees made up of representatives from businesses, community groups and governmental agencies that meet on a quarterly basis.[15] The 1993 OCC Examination noted that these ascertainment efforts have resulted in the development of new products to meet specialized needs in the delineated community. For example, Bank One Cincinnati has created an Alternative Loan List of government assistance programs to assist women- and minority-owned businesses and participates in the Ohio MiniLoan programs.

Several aspects of Bank One Cincinnati's marketing programs are designed to ensure that all segments of the community, including low- and moderate-income areas, are informed of its products and services. In particular, the bank uses door hangers, bus bench ads, billboards, and advertising in publications and radio stations with large low- and moderate-income and minority audiences.[16] Bank One Cincinnati also has targeted its marketing efforts to better inform the community of the availability of its special affordable mortgage programs by participating in home ownership fairs and seminars and contacting realtors who serve low- and moderate-income areas.

C. HMDA Data

The Coalition alleges that data that Bank One Cincinnati is required to file under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") show that Bank One Cincinnati has not met the credit needs of its delineated service area, especially the needs of African-Americans in the sections of Hamilton County represented by the Coalition. These data indicate some disparities in approvals and denials of loan applications according to racial and ethnic group and income status in the areas served by Bank One Cincinnati. Because all banks are obligated to adopt and implement lending practices that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race, the Board is concerned when the record of an institution indicates disparities in lending to minority credit applicants. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

In examining Bank One Cincinnati, the OCC considered the bank's record of meeting community credit needs in light of the HMDA data filed by the bank for the years 1991 and 1992. The 1993 OCC Examination concluded that Bank One Cincinnati had not engaged in any illegal discriminatory credit practices. In this regard, Bank One Cincinnati's compliance officer reviews files of approved and denied consumer loan applications on a continuing basis as part of the bank's compliance program. The bank has established written policies, procedures and training that address illegal credit practices. The 1993 OCC Examination stated that equivalent levels of assistance were given to all applicants and underwriting standards were uniformly applied.

The OCC reviewed Bank One Cincinnati's record of lending in specific portions of the Cincinnati area, including Hamilton County, in light of claims by community advocates that the bank is not meeting the mortgage credit needs of low- and moderate-income individuals in these areas. In this regard, the 1993 OCC Examination states that Bank One Cincinnati should have been more aggressive in attempting to meet these credit needs when the bank entered Hamilton County in mid-1991. The 1993 OCC Examination concluded, however, that the geographic distribution of Bank One Cincinnati's credit extensions, applications, and denials reflected a reasonable penetration in all segments of the delineated community, including low- and moderate-income areas. The 1993 OCC Examination also indicated that certain factors may account for this weakness in Bank One Cincinnati's lending in this area. For example, the OCC noted that Bank One Cincinnati was aggressive in including low- and moderate-income areas within its delineated service area. Moreover, the OCC noted that management of Bank One Cincinnati has acknowledged the need to actively attempt to meet the credit needs of this area, and the bank has modified its marketing strategy to attract more mortgage applicants from these neighborhoods and has introduced the "Welcome Home" affordable housing product. As a result of these efforts, Bank One Cincinnati is receiving mortgage ap-

15. The Coalition disputes the value of these advisory committees and other policy development and implementation efforts by Bank One Cincinnati because no women or minorities serve on the bank's board of directors. The 1993 OCC Examination found that the bank's board was satisfactorily involved in monitoring and improving CRA performance, and in particular, both the bank's board and senior management focused on the bank's penetration in low- and moderate-income and minority areas within the delineated community.

16. The Coalition alleges that these efforts are insufficient because the bank does not use a sufficient number of black models and black-owned advertising agencies. The 1993 OCC Examination concluded that bank's marketing programs satisfactorily informed all segments of the delineated community about its products and services.

plications from more low- and moderate-income areas in Hamilton County.[17]

D. Banc One CDC

MSBA alleges that when Banc One sought approval to establish its CDC in 1987, Banc One represented that it would invest in public housing and economic revitalization projects in neighborhoods targeted by the City of Columbus ("Columbus") for rehabilitation, including the Main Street commercial district and the I-670 corridor. The MSBA alleges that Banc One CDC has failed to invest in these neighborhoods, and that Banc One CDC has sought to maximize its return on investment in publicly-subsidized housing developments instead of investing in economic development projects.[18]

The record indicates that the Banc One CDC supports the community development initiatives of all Banc One subsidiary banks, not just Banc One's activities in Columbus.[19] In some instances it serves as a catalyst for lending by Banc One subsidiary banks and in other cases, it provides technical support to subsidiary banks. Banc One CDC has made approximately $1.6 million of investments in projects involving Banc One Columbus, and Banc One CDC has worked closely with Bank One Columbus to identify viable projects for development. The record in this case also indicates that Bank One Columbus has made various investments in the Main Street area and I-670 corridor, and has established credit relationships with minority-owned businesses in these areas.[20]

Conclusion Regarding Convenience and Needs Factors

On the basis of all the facts of record, including the comments provided by the Coalition and MSBA, Banc One's response to these comments, and relevant reports of examination, the Board concludes that convenience and needs considerations, including the CRA performance records of Banc One, CBG and their subsidiary banks, are consistent with approval of these applications.[21] The Board will continue to monitor implementation of steps developed by Banc One and Bank One Cincinnati to improve this bank's CRA program, and take this review into account in future applications to establish a depository facility.

Other Considerations

The financial and managerial resources and future prospects of Banc One, Banc One Oklahoma, CBG, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, also are consistent with approval of this proposal.

Banc One also has applied, pursuant to section 4 of the BHC Act, to engage in underwriting credit life, accident and health insurance sold in connection with extensions of credit by CBG banks. As noted above, the Board has previously determined that these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y,[22] and Banc One proposes to conduct these activities in accordance with the Board's regulations.

17. The 1993 OCC Examination indicated that in 1991, the bank received no mortgage applications from 23 low- and moderate-income census tracts in Hamilton County, but that in 1992 the bank received mortgage applications from all but 10 of these census tracts.

18. The MSBA maintains that this failure constitutes a misrepresentation of the purpose for the subsidiary when it was approved to engage in community development activities under section 225.25(b)(6) of the Board's Regulation Y, and has requested a public evaluation of its activities. In this regard, the 1987 application cited the Main Street commercial district and the I-670 corridors in Columbus as examples of targeted neighborhoods, but did not limit the CDC's activities to those areas. The System's approval of this application did not require Banc One CDC to invest in any specific project. Banc One CDC is subject to regular examination by the Federal Reserve Bank of Cleveland, and its activities were found to be in compliance with the Board's regulations in its most recent examination as of year-end 1992. In light of all facts of record, the Board does not believe Banc One CDC's purpose was misrepresented in the application.

19. The Banc One CDC serves a twelve-state area, and as of September, 1993, this CDC has funded 45 projects in five states.

20. For example, Bank One Columbus has:

(1) Extended credit to seven organizations in the Main Street area in the last three years;

(2) Financed the acquisition and rehabilitation of a multi-family property under development by a Main Street community organization;

(3) Extended credit, in conjunction with Banc One Mortgage Corporation, to a limited partnership in connection with the acquisition and redevelopment of a warehouse on Main Street;

(4) Extended credit to several minority-owned businesses in the I-670 corridor; and

(5) Established a credit relationship with the I-670 Community Development Corporation to facilitate land acquisition and development by this organization.

21. The Coalition has requested a public hearing or meeting to collect information on whether Banc One Cincinnati engages in prohibited, discriminatory or other illegal credit practices. Section 3(b) of the BHC Act does not require the Board to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, the Oklahoma Bank Commissioner has not recommended denial of the proposal.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, the Coalition has had ample opportunity to present written submissions, and the Coalition has submitted written comments that have not identified material facts that are in dispute. Therefore, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case, and the request for a public hearing or meeting on this application is denied.

22. *See* 12 C.F.R. 225.25(b)(8).

The record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Banc One's application to acquire Central Life.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance with all of the commitments made by Banc One in connection with these applications and with the conditions referred to in this Order. For purposes of this action, the commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The determinations as to the nonbanking activities are subject to all of the conditions in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

The acquisition of CBG's subsidiary banks shall not be consummated before the thirtieth calendar day following the effective date of this Order, and the acquisition of CBG's subsidiary banks and nonbanking subsidiaries 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 Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 23, 1993.

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, Kelley, LaWare, and Phillips. Absent and not voting: Governor Lindsey.

JENNIFER J. JOHNSON
Associate Secretary of the Board

The Royal Bank of Scotland Group plc
Edinburgh, Scotland

The Royal Bank of Scotland plc
Edinburgh, Scotland

Citizens (U.K.) Limited
Edinburgh, Scotland

Citizens Financial Group, Inc.
Providence, Rhode Island

Order Approving Applications to Acquire and Retain a Federal Savings Association

The Royal Bank of Scotland Group plc, Edinburgh, Scotland ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire all the voting shares of The Boston Five Bancorp, Inc., Boston, Massachusetts ("Boston Five Bancorp"), and thereby indirectly acquire The Boston Five Cents Savings Bank, F.S.B., Boston, Massachusetts ("Boston Five"), a federal savings association.[1] As soon as practicable after the acquisition of Boston Five Bancorp, Applicant intends to convert Boston Five to a Massachusetts savings bank, which is a "bank" for purposes of the BHC Act. Accordingly, Applicant also has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1342(a)(3)) to retain control of Boston Five following the proposed conversion.[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 32,358, 35,004 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act.

1. Applicant's wholly owned subsidiaries, The Royal Bank of Scotland plc, Edinburgh, Scotland ("Royal Bank"), Citizens (U.K.) Limited, Edinburgh, Scotland, and Citizens Financial Group, Inc., Providence, Rhode Island ("CFG"), are also applicants to this proposal.

2. Applicant proposes to merge a newly formed acquisition subsidiary of CFG with and into Boston Five Bancorp, with Boston Five Bancorp surviving the merger. Boston Five Bancorp then would merge with and into CFG, with CFG surviving the merger. Following the conversion of Boston Five to a Massachusetts savings bank, Applicant would merge its existing Massachusetts savings bank subsidiary, Citizens Bank of Massachusetts, Plymouth, Massachusetts ("Citizens Bank"), with and into Boston Five, with Boston Five surviving the merger. Applicant also has applied under section 4(c)(8) of the BHC Act to acquire up to 15 percent of the shares of Boston Five Bancorp pursuant to a stock option agreement, which option would terminate upon consummation of this proposal.

Applicant, with total consolidated assets equivalent to approximately $56.1 billion, is the sixth largest banking organization in the United Kingdom.[3] In the United States, Applicant indirectly controls banks in Rhode Island, Connecticut, and Massachusetts. Applicant is the 36th largest banking organization in Massachusetts, controlling deposits of $416.9 million, representing less than one percent of all deposits in depository institutions in the state.[4] Through Boston Five, Boston Five Bancorp controls deposits of $1.6 billion in Massachusetts.[5] Upon consummation of the proposal, Applicant would become the seventh largest banking organization in Massachusetts, controlling deposits of $2.0 billion, representing approximately 2 percent of all deposits in depository institutions in the state.

Considerations Under Section 4 of the BHC Act

The Board has previously determined by regulation that owning, controlling, and operating a savings association are activities closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act, provided that any savings association acquired by a bank holding company must conform its direct and indirect activities to those permissible for bank holding companies.[6] Applicant has committed that it will not, as a result of this transaction, engage in any activities not permitted for bank holding companies under section 4(c)(8) of the BHC Act.[7]

Consummation of the proposal would bring new capital and financial strength to Boston Five, enable Boston Five to offer a broader array of banking services and products, increase competition in the markets currently served by Boston Five, and provide greater convenience to customers of both Applicant and Boston Five. The record indicates that Applicant's acquisition of Boston Five would not result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of this acquisition. Accordingly, and based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Applicant's acquisition of Boston Five.

Considerations Under Section 3 of the BHC Act

As noted above, upon consummation of the proposal, Applicant plans to convert Boston Five from a federal savings association to a state savings bank, which is a "bank" for purposes of the BHC Act.[8] Consequently, the Board must review the proposed transaction under section 3 of the BHC Act.

Citizens Bank and Boston Five compete directly in the Boston banking market.[9] Upon consummation of this proposal, the Boston banking market would remain unconcentrated.[10] The Board has carefully considered the competition offered by other depository institutions in this market and the number of competitors remaining in this market[11] as well as the level of

3. Asset and ranking data for Applicant are as of March 31, 1993.

4. State deposit and ranking data are as of December 31, 1992.

5. When Boston Five converted from a non-federally insured state-chartered savings bank to a federal savings association in 1983, the Federal Savings and Loan Insurance Corporation was no longer accepting new members, and the Savings Association Insurance Fund of the FDIC had not yet been established. Accordingly, since Boston Five converted to a federal thrift, its deposits have been insured by the Bank Insurance Fund of the FDIC pursuant to section 112 of the Garn–St. Germain Depository Institutions Act of 1982 (12 U.S.C. § 1464(o)(2)(A)).

6. *See* 12 C.F.R. 225.25(b)(9).

7. In this regard, Applicant has committed that it will divest all impermissible real estate investments currently held by Boston Five within two years of consummation of the proposal, and will not undertake any new impermissible projects or investments during this period.

8. *See* 12 U.S.C. § 1841(c)(1). The Board notes that Boston Five currently acts as agent in the sale of savings bank life insurance in Massachusetts, and, as a necessary predicate thereto, holds less than 5 percent of the voting stock in the Savings Bank Life Insurance Company of Massachusetts, a domestic stock life insurance company established by the Commonwealth of Massachusetts (collectively, "SBLI activities"). *See* Mass. Gen. Laws Ann. ch. 178A, §§ 2 and 4 (West Supp. 1993). Upon conversion of Boston Five to a state savings bank, Applicant would continue to engage through Boston Five in SBLI activities in accordance with Massachusetts law and section 24(e) of the Federal Deposit Insurance Act (12 U.S.C. § 1831a(e)). *See Merchants National Corporation*, 75 *Federal Reserve Bulletin* 388 (1989).

9. The Boston banking market is approximated by the Boston Ranally Metropolitan Area ("Boston RMA") minus the New Hampshire towns of Brentwood, Chester and Derry, plus the Massachusetts towns of Ayer, Berlin, Groton, Harvard, Pepperell and Shirley, and those portions of Bellingham, Carver, Lakeville, Middleboro and Plymouth not already included in the Boston RMA.

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

11. In this regard, depository institutions include commercial banks, savings banks, and savings associations, and market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *First Union Corporation*, 76 *Federal Reserve Bulletin* 83 (1990); *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989). Upon consummation of this proposal,

and change in market concentration[12] following consummation of this proposal. Neither the Office of Thrift Supervision nor the Federal Deposit Insurance Corporation has provided any objection to consummation of this proposal or indicated that the proposal would have any significantly adverse competitive effects. On the basis of these and other facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in the Boston banking market, or any other relevant banking market.

Under section 3 of the BHC Act, as amended by the Foreign Bank Supervision Enhancement Act of 1991,[13] the Board may not approve an application involving a foreign bank unless the bank is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country."[14] As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K.[15] The Board's Regulation K provides that a foreign bank may be considered subject to consolidated supervision if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank, including the relationship of the bank to its affiliates, to assess the foreign bank's overall financial condition and compliance with law and regulation.[16]

Royal Bank is subject to supervision and regulation by the Bank of England. The Board has previously determined, in orders approving applications under the International Banking Act (12 U.S.C. § 3101 *et seq.*) ("IBA"), that two other banks chartered in the United Kingdom are each subject to comprehensive supervision on a consolidated basis.[17] In this case, the Board has determined that Royal Bank is supervised in its banking operations by the Bank of England on the same terms and conditions as set forth in those prior orders.

The investment and insurance activities of Royal Bank and certain of Royal Bank's subsidiaries are also subject to supervision by self-regulatory organizations ("SROs") that act under authority delegated by the Department of Trade and Industry to the Securities and Investment Board ("SIB"). The SIB establishes general principles that the SROs apply to firms engaged in particular types of investment and insurance activities. These principles ensure that Royal Bank or the relevant subsidiary is fit and proper to perform the investment or insurance activities and conforms to certain prudential standards, such as minimum capital requirements.[18] Based on all the facts of record, the Board has determined that Royal Bank is subject to comprehensive supervision or regulation by its home country supervisors on a consolidated basis.

Section 3 of the BHC Act also requires the Board to disapprove any application involving any company that fails to provide the Board with adequate assurances that the company will make available to the Board such information on the operations or activities of the company and its affiliates that the Board determines to be appropriate to determine and enforce compliance with the BHC Act.[19] Applicant and Royal Bank have each committed that, to the extent permitted by law, each entity will make available to the Board such information on the operations of Applicant and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. If the disclosure of such information is prohibited by law or otherwise, Applicant and Royal Bank have each committed to cooperate with the Board to obtain any approvals or consents that may be needed to gain access to information requested by the Board.

The Board has reviewed the restrictions on disclosure of information in relevant jurisdictions in which Applicant and Royal Bank operate, and has communicated with certain government authorities concerning access to information. In light of the commitments provided by Applicant and Royal Bank and other facts of record, and subject to the conditions of this order, the Board has concluded that Applicant has provided

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Applicant would become the seventh largest of 216 depository institutions in the Boston banking market, controlling approximately 2.8 percent of total deposits in depository institutions in the market.

12. The HHI in the Boston banking market would decrease 15 points from 830 to 815 upon consummation of this proposal.

13. Pub. L. No. 102-242, § 201 *et seq.*, 105 Stat. 2286 (1991).

14. 12 U.S.C. § 1842(c)(3)(B).

15. *See* 12 C.F.R. 225.13(b)(5).

16. *See* 12 C.F.R. 211.24(c)(1)(ii).

17. *See Coutts & Co., AG*, 79 *Federal Reserve Bulletin* 636 (1993) (with respect to National Westminster Bank, plc); *Singer & Friedlander, Ltd.*, 79 *Federal Reserve Bulletin* 809 (1993) ("*Singer*").

18. The SROs which supervise these investment and insurance activities are the Securities and Futures Authority ("SFA"), the Investment Management Regulatory Organization ("IMRO"), the Life Assurance and Unit Trust Regulatory Organization ("LAUTRO"), and the Financial Intermediaries, Managers and Brokers Regulatory Association ("FIMBRA"). The Board considered the supervision by SFA and IMRO of the securities and investment activities of another U.K. bank in *Singer*, and has determined that these SROs supervise the relevant activities of Royal Bank and its subsidiaries on the same terms and conditions as set forth in *Singer*. LAUTRO and FIMBRA supervise the marketing of life insurance and related products by Royal Bank and its subsidiaries. This supervision requires compliance with rules that govern conflicts of interest, marketing, advertising, customer dealings, market operation, and resources. LAUTRO and FIMBRA ensure compliance with these rules by Royal Bank and its subsidiaries through reporting requirements, periodic inspections, and enforcement actions.

19. *See* 12 U.S.C. § 1843(c)(3); 12 C.F.R. 225.13(b)(4).

adequate assurances of access to any necessary information the Board may request.

The Board also considers the financial condition of a foreign bank involved in a section 3 application.[20] Royal Bank must comply with capital standards that conform to the Basle Accord, as implemented by the United Kingdom. Royal Bank's capital exceeds these minimum standards, and is equivalent to capital that would be required of a U.S. banking organization.

Based on the foregoing and all the facts of record, the Board has determined that the financial and managerial resources and future prospects of Applicant, Applicant's subsidiaries, and Boston Five, and the other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of the proposal. In addition, the convenience and needs of the communities to be served, the supervision of Royal Bank, and the Board's access to information, are all consistent with approval of Applicant's proposal.

Accordingly, the Board has determined that the applications should be, and hereby are, approved. The Board's determination is subject to all the terms and conditions set forth in this order and in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this application, including the commitments discussed in this Order, and the conditions set forth in this Order and in the above-noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

The acquisition of Boston Five Bancorp and the pre-conversion transactions that are the subject of Applicant's section 4 application 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 Boston acting pursuant to delegated authority. The conversion and post-conversion transactions that are the subject of Applicant's section 3 application shall not be consummated before the thirtieth 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 Boston acting pursuant to delegated authority.

20. *See* 12 C.F.R. 225.13(b)(1).

By order of the Board of Governors, effective September 13, 1993.

Voting for this action: Vice Chairman Mullins and Governors Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan and Governor Angell.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Federal Reserve Act

Barnett Bank of Naples
Naples, Florida

Order Approving the Establishment of a Branch

Barnett Bank of Naples, Naples, Florida ("Barnett Bank"), a state member bank, has applied, pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*), to establish a full-service branch office at 50 Bald Eagle Drive, Marco Island, Florida.

Notice of the application, affording interested persons an opportunity to submit comments, has been published. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 9 of the Federal Reserve Act.

Barnett Bank is a subsidiary of Barnett Banks, Inc., Jacksonville, Florida ("Barnett"), the largest banking organization in Florida. Barnett Bank has its main office in Naples, Florida, and operates branches in Naples and on Marco Island. The proposed branch will be located at the location of a former branch of First Florida, N.A., Tampa, Florida ("First Florida Bank"), acquired by Barnett as part of its acquisition of First Florida Banks, Inc., Tampa, Florida, in December 1992.[1] Barnett Bank closed two branches of First Florida Bank on Marco Island in March 1993, and currently serves its Marco Island customers from a single Barnett Bank branch opened before the First Florida acquisition.[2] Based on its actual experience in the Marco

1. *See Barnett Banks, Inc.*, 79 *Federal Reserve Bulletin* 44 (1993).

2. The Board has carefully considered comments filed by individuals ("Protestants") objecting to this proposal because, in their view, the closure of the Marco Island offices of First Florida Bank was designed to eliminate senior First Florida Bank employees. In response to these comments, Barnett Bank contends that the decision to close these offices was reached after considering the results of numerous studies and surveys that indicated that the community's banking needs could be effectively served by a single branch, and that the closure was in accordance with branch closing notice requirements.

Island banking market since the First Florida acquisition, Barnett Bank has determined that the demand for banking services is greater than previously anticipated and that establishment of this new office will permit Barnett Bank to better serve the current deposit and credit needs of customers on Marco Island.[3]

The Board has reviewed the factors it is required to consider in applications for the establishment and operation of branches under the Federal Reserve Act.[4] Based on all the facts of record, the Board believes that these factors, including the financial condition of Barnett Bank, the general character of its management, and the proposed exercise of corporate powers, are consistent with approval and the purposes of section 9 of the Federal Reserve Act. The Board also believes that Barnett Bank's efforts to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, are consistent with approval.[5]

Based on the foregoing, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by Barnett Bank with all the commitments made in connection with the application. For purposes of this action, these commitments and conditions are considered conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This branch shall be in operation no later than one year 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 September 7, 1993.

Voting for this action: Chairman Greenspan and Governors Mullins, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Governor Angell.

WILLIAM W. WILES
Secretary of the Board

3. Protestants believe that, as a condition for reopening the new office, Barnett Bank should be required to offer all former First Florida Bank employees their previous positions and to restore all lost wages and benefits. Barnett Bank has indicated that some former First Florida Bank employees affected by the branch closings were offered full-time employment with Barnett Bank, and that its policy is to consider all First Florida Bank employees displaced by these branch closures for vacant positions within Barnett, including positions at the new branch location. Based on all the facts of record, the Board does not believe that Protestants' comments warrant denial under the factors the Board must consider in applications involving the establishment of a branch.

4. *See* 12 U.S.C. § 322.

5. *See* 12 U.S.C. § 2901 *et seq.*

Orders Issued Under International Banking Act

Korea First Bank
Seoul, Korea

Order Approving Establishment of Representative Office

Korea First Bank, Seoul, Korea ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Seattle, Washington. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Seattle, Washington (*The Seattle Times,* August 27, 1992). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with $35.1 billion in consolidated assets,[1] is the fourth largest bank in Korea. Bank operates 298 branch offices in Korea and controls six domestic subsidiaries engaged in leasing, investment consulting, software development, merchant banking, venture capital, and commodity futures activities. Bank also operates branches in Osaka, Tokyo, London, and Singapore, and representative offices in Hong Kong, Frankfurt and Sydney, and owns subsidiaries in Vietnam, Germany, Hong Kong and London.

In the United States, Bank operates a wholly owned subsidiary bank, Korea First Bank of New York, New York, New York; three agencies located in New York, Los Angeles, and Orange County, California; and an insured branch in Chicago.

The activities of the proposed representative office would be limited to representational and administrative functions, such as soliciting new business or acting as liaison between Bank's head office and customers in the State of Washington, providing information regarding services offered by Bank to potential customers, and gathering and providing business and economic information. The proposed representative office would not accept any deposits or make any loans, make any business decision for the account of Bank, including contracting for any deposit or deposit-

1. Data are as of December 31, 1992, unless otherwise noted.

like liability on behalf of Bank, or otherwise transact any banking business.

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

The Board has previously stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office because representative offices do not engage in a banking business and cannot take deposits or make loans.[2] In evaluating an application to establish a representative office under the IBA and Regulation K, the Board will take into account the standards that apply to establishment of branches and agencies, subject to the following considerations. With respect to supervision by home country authorities, a foreign bank that proposes to establish a representative office must be subject to a significant degree of supervision by its home country supervisor. Among the factors the Board may consider are the extent to which there is regular review of a substantial portion of the bank's operations by the home country supervisor through examination, review of external audits, or a comparable method, submission of periodic reports relating to financial performance, and assurance that the bank itself has a system of internal monitoring and control that enables bank management to administer properly the bank's operations. The home country supervisor must also have indicated that it does not object to the establishment of the representative office in the United States.

A foreign bank's financial and managerial resources will be reviewed to determine whether its financial condition and performance demonstrate that it is capable of complying with applicable laws and has an operating record that would be consistent with the establishment of a representative office in the United States. If the financial condition of the foreign bank significantly differs from international norms, the foreign bank would be evaluated to determine whether such difference can be justified in the context of the operations of the applicant and the proposed representative office. All foreign banks, whether operating through branches, agencies or representative offices, will be required to provide adequate assurances of access to information on the operations of bank and its affiliates necessary to determine compliance with U.S. laws.

In this case, with respect to the issue of supervision by home country authorities, the Board has considered the following information. The Bank of Korea has primary authority over the supervision of commercial banks, including Bank, and certain special-purpose banks. The Superintendent of the Office of Bank Supervision and Examination (the "OBSE") within the Bank of Korea is the principal supervisory authority for Bank. The Ministry of Finance ("Ministry") has primary authority over the supervision of non-bank financial institutions and the international operations of all banking institutions. The Ministry has approved the establishment of the proposed representative office by Bank.

The OBSE performs annual, on-site examinations of Bank. An annual examination includes a review of Bank's compliance with Korean banking laws, regulations, and orders issued by the Monetary Board, adequacy of the internal control system, accounting procedures, asset quality, capital adequacy, risk exposure, and liquidity. Special examinations dealing with specific matters and/or specific branch offices, including foreign offices, are carried out when the OBSE determines that they are necessary, usually every two years. Bank is also required to file periodic financial reports with the OBSE. Based on all the facts of record, which include the information described above, the Board concludes that factors relating to the supervision of Bank by its home country supervisors are consistent with approval of the proposed representative office.

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

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. (*See* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, Bank has received the consent of the Ministry to establish the proposed representative office. In addition, the Ministry and OBSE may share information on Bank's operations with other supervisors, including the Board.

Given Bank's record of performance, its overall financial resources and compliance with Korean capi-

2. *See* 58 *Federal Register* 6348, 6351 (1993); *Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993).

tal requirements,[3] and its standing with its home country supervisors, the Board has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to operate the proposed representative office, and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent permitted by law. The Board has reviewed the restriction on disclosure of information in Korea, and has communicated with certain government authorities regarding access to information. In addition, Bank has committed to cooperate with the Board to obtain approvals or consents that may be required for the Board to gain access to information that it may request. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this Order, the Board has determined that the Bank's application to establish a representative office should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of the Bank's direct or indirect activities in the United States. Approval of this application is specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this Order.[4] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank and its affiliates.

By order of the Board of Governors, effective September 24, 1993.

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, Kelley, LaWare, and Phillips. Absent and not voting: Governor Lindsey.

JENNIFER J. JOHNSON
Associate Secretary of the Board

3. The Bank of Korea has required Korean banks to meet transitional risk-based capital standards until January 1, 1996, when Korean banks must be in conformance with the Basle minimum standards. For the period of January 1, 1994 to December 31, 1995, Korean banks must maintain a total risk-based capital ratio of at least 7.25 percent.

4. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of Washington to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Washington and its agent, the Washington Department of General Administration, Division of Banking, to license the proposed representative office of Bank in accordance with any terms or conditions that the State of Washington may impose.

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991

By the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board

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.

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
California Bancshares, Inc., Alameda, California	Amador Valley Savings and Loan Association, Pleasanton, California	Community First National Bank, Alameda, California	September 10, 1993
CNB, Inc., Lake City, Florida	Anchor Savings Bank, F.S.B., Hewlett, New York	Community National Bank, Lake City, Florida	September 15, 1993
CoreStates Financial Corp., Philadelphia, Pennsylvania	Cenlar Federal Savings Bank, Princeton, New Jersey	New Jersey National Bank, Princeton, New Jersey	August 30, 1993
Evergreen Bancshares, Inc., Tallahassee, Florida	Anchor Savings Bank, F.S.B., Hewlett, New York	Guaranty National Bank of Tallahassee, Tallahassee, Florida	September 1, 1993
First Citizens BancShares, Inc., Raleigh, North Carolina	Surety Federal Savings and Loan Association, FA, Morganton, North Carolina	First-Citizens Bank & Trust Company, Raleigh, North Carolina	August 27, 1993
First Community Bankshares, Inc., San Francisco, California	Hayward Branch of Homestead Federal Savings Association, Millbrae, California	Centennial Bank, San Francisco, California	September 17, 1993
The Merchants National Bank of Montgomery, Montgomery, West Virginia	Evergreen Federal Savings and Loan Association, Charleston, West Virginia	First Merchants Bancorp, Inc., Montgomery, West Virginia	September 17, 1993
Old Kent Financial Corporation, Grand Rapids, Michigan	First Federal Savings and Loan Association, Pontiac, Michigan	Old Kent Bank of Brighton, Brighton, Michigan	August 27, 1993
PNC Bank Corp., Pittsburgh, Pennsylvania	United Federal Savings Bank, State College, Pennsylvania	PNC Bank, National Association, Pittsburgh, Pennsylvania	September 7, 1993

FDICIA Orders—Continued

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding N.V., Amsterdam, The Netherlands ABN AMRO Bank N.V., Amsterdam, The Netherlands ABN AMRO North America, Inc., Chicago, Illinois LaSalle National Corporation, Chicago, Illinois	LaSalle Talman Bank, F.S.B., Chicago, Illinois	LaSalle Northwest National Bank, Chicago, Illinois LaSalle Bank Lake View, Chicago, Illinois LaSalle Bank, Westmont, Westmont, Illinois	September 15, 1993
None	Home Unity Federal Savings and Loan Association, Lafayette Hill, Pennsylvania	United Bank of Philadelphia, Philadelphia, Pennsylvania	August 27, 1993

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
FirstBank Holding Company of Colorado Employee Stock Ownership Plan, Lakewood, Colorado	FirstBank Holding Company of Colorado, Lakewood, Colorado	September 15, 1993
First Commercial Corporation, Little Rock, Arkansas	Texas Commerce Bank—Longview, N.A., Longview, Texas Stone Fort National Bank of Nacogdoches, Nacogdoches, Texas	September 3, 1993

Section 4

Applicant(s)	Bank(s)	Effective Date
Liberty National Bancorp, Inc., Louisville, Kentucky	First Federal Savings Bank, Hopkinsville, Kentucky	September 24, 1993

Sections 3 and 4

Applicant(s)	Bank(s)	Effective Date
First Security Corporation, Salt Lake City, Utah	Continental Bancorporation, Las Vegas, Nevada	September 16, 1993

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bailey Financial Corporation, Clinton, South Carolina	The Saluda County Bank, Saluda, South Carolina	Richmond	September 22, 1993
BancWest Bancorp, Inc., Austin, Texas	Community State Bank, Boling, Texas	Dallas	September 15, 1993
BANKFIRST Corporation, Inc., Brookings, South Dakota	BANKFIRST, Minneapolis, Minnesota	Minneapolis	September 2, 1993
CCB Financial Corporation, Durham, North Carolina	Central Carolina Savings Bank, Inc., Lenoir, North Carolina	Richmond	September 10, 1993
CCB Financial Corporation, Durham, North Carolina	Graham Savings Bank, Inc., SSB, Graham, North Carolina	Richmond	August 27, 1993
Commerce Bancshares, Inc., Kansas City, Missouri CBI Security Corp., Kansas City, Missouri	Lawrence County Bancshares, Inc., Aurora, Missouri	Kansas City	August 27, 1993
Community First Bankshares, Inc., Fargo, North Dakota	Rural American Bank of Greenwald, Greenwald, Minnesota	Minneapolis	September 17, 1993
Drummond Banking Company, Chiefland, Florida	Suwanee Valley Bancshares, Inc., Chiefland, Florida	Atlanta	September 23, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First National of Nebraska, Inc., Omaha, Nebraska	First National Bank, Norfolk, Norfolk, Nebraska	Kansas City	September 8, 1993
First National of Nebraska, Inc., Omaha, Nebraska	Larimer Bancorporation, Inc., Fort Collins, Colorado	Kansas City	September 22, 1993
F.N.B. Corporation, Hermitage, Pennsylvania	The Metropolitan Savings Bank of Youngstown, Youngstown, Ohio	Cleveland	September 10, 1993
Fortress Bancshares, Inc., Hartland, Wisconsin	Klossner Bancorporation, Inc., Houston, Minnesota	Chicago	September 16, 1993
Fort Ridgely National Bancorporation, Inc., Fairfax, Minnesota	First National Bank of Fairfax, Fairfax, Minnesota	Minneapolis	August 30, 1993
Magna Group, Inc., St. Louis, Missouri	Mega Bancshares, Inc., St. Ann, Missouri	St. Louis	September 8, 1993
Merchants & Farmers Bancshares, Inc., Eutaw, Alabama	Merchants & Farmers Bank of Greene County, Eutaw, Alabama	Atlanta	September 3, 1993
Meridian Bancorp, Inc., Reading, Pennsylvania	First Bath Corporation, Bath, Pennsylvania	Philadelphia	September 21, 1993
Mid Am Inc., Bowling Green, Ohio	AmeriFirst Bank, National Association, Xenia, Ohio	Cleveland	August 31, 1993
The National Bank of Indianapolis Corporation, Indianapolis, Indiana	The National Bank of Indianapolis, Indianapolis, Indiana	Chicago	September 10, 1993
National Penn Bancshares, Inc., Boyertown, Pennsylvania	Community Financial Bancorp, Inc., Philadelphia, Pennsylvania	Philadelphia	September 10, 1993
Norwest Corporation, Minneapolis, Minnesota	Winner Banshares, Inc., Winner, South Dakota	Minneapolis	September 17, 1993
Pioneer Bancorporation, Reno, Nevada	Pioneer Citizens Bank of Nevada, Reno, Nevada	San Francisco	September 9, 1993
Quick Bancorp, Inc., McClelland, Iowa	Peoples National Bank, Council Bluffs, Iowa	Chicago	September 10, 1993
Watford City Bancshares, Inc., Watford City, North Dakota	Fessenden Bancshares, Inc., Fessenden, North Dakota	Minneapolis	September 14, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Carolina First Corporation, Greenville, South Carolina	First Sun Mortgage Corporation, Columbia, South Carolina	Richmond	September 16, 1993
Central Bancshares of the South, Inc., Birmingham, Alabama	Central Bank of the South, F.S.B., Birmingham, Alabama	Atlanta	September 23, 1993
CNB Bancshares, Inc., Evansville, Indiana	Citizens Life Assurance Company, Phoenix, Arizona	St. Louis	September 10, 1993
First Texas Bancorp, Inc., Georgetown, Texas	First Texas Development Corporation, Georgetown, Texas	Dallas	August 30, 1993
Huntington Bancshares, Incorporated, Columbus, Ohio	First Bancorp Indiana, Inc., Lafayette, Indiana	Cleveland	September 16, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Magna Group, Inc., St. Louis, Missouri	City Bancorp, Inc., Murphysboro, Illinois The City National Bank of Murphysboro, Murphysboro, Illinois Carboro, Ltd., Murphysboro, Illinois	St. Louis	September 14, 1993

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
Vectra Bank, Denver, Colorado	Vectra Bank of Denver, Englewood, Colorado	Kansas City	September 3, 1993

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.

Richardson v. Board of Governors, et al., No. 93-C 836A (D. Utah, filed August 30, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. On September 20, 1993, the Board filed a motion to dismiss.

Kubany v. Board of Governors, et al., No. 93–1428 (D. D.C., filed July 9, 1993). Action challenging Board determination under the Freedom of Information Act.

Bennett v. Greenspan, No. 93–1813 (D. D.C., filed April 20, 1993). Employment discrimination action.

Ezell v. Federal Reserve Board, No. 93–0361 (D. D.C., filed February 19, 1993). Action seeking damages for personal injuries arising from motor vehicle collision. The case was dismissed by the court on July 30, 1993.

Amann v. Prudential Home Mortgage Co., et al., No. 93–10320 WD (D. Massachusetts, filed February 12, 1993). Action for fraud and breach of contract arising out of a home mortgage. On April 17, 1993, the Board filed a motion to dismiss.

Adams v. Greenspan, No. 93–0167 (D. D.C., filed January 27, 1993). Action by former employee under the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 concerning termination of employment.

Sisti v. Board of Governors, No. 93–0033 (D. D.C., filed January 6, 1993). Challenge to Board staff interpretation with respect to margin accounts. The Board's motion to dismiss was granted on May 13, 1993. On June 3, 1993, the petitioner filed a notice of appeal. Cross-motions for summary disposition were filed on August 13, 1993.

U.S. Check v. Board of Governors, No. 92–2892 (D. D.C., filed December 30, 1992). Challenge to partial denial of request for information under the Freedom of Information Act.

CBC, Inc. v. Board of Governors, No. 92–9572 (10th Cir., filed December 2, 1992). Petition for review of civil money penalty assessment against a bank holding company and three of its officers and directors for failure to comply with reporting requirements. Oral argument is scheduled for November 8, 1993.

DLG Financial Corporation v. Board of Governors, No. 392 Civ. 2086-G (N.D. Texas, filed October 9, 1992). Action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and seeking money damages on a variety of tort and contract theories. On October 9, 1992, the court denied plaintiffs' motion for a temporary restraining order. On March 30, 1993, the court granted the Board's motion to dismiss as to it, and also dismissed certain claims against the Reserve Bank. On April 29, the plaintiffs filed an amended complaint. The Board's motion to dismiss the amended complaint was filed on May 17.

Zemel v. Board of Governors, No. 92–1056 (D. D.C., filed May 4, 1992). Age Discrimination in Employment Act case. The parties' cross-motions for summary judgment are pending.

State of Idaho, Department of Finance v. Board of Governors, No. 92-70107 (9th Cir., filed February 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from Washington to Idaho. On June 4, 1993, the Court of Appeals denied the petition for review.

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

Final Enforcement Orders Issued by the Board of Governors

Bosshard Banco, Ltd.
Bangor, Wisconsin

The Federal Reserve Board announced on September 29, 1993, the issuance of an Order of Assessment of a Civil Money Penalty against Bosshard Banco, Ltd., Bangor, Wisconsin, and Jeff Gray, an institution-affiliated party of Bosshard Banco, Ltd.

Country Hill Bank
Lenexa, Kansas

The Federal Reserve Board announced on September 1, 1993, the issuance of a Prompt Corrective Action Directive by Consent against the Country Hill Bank, Lenexa, Kansas.

George W. Haigh
Toledo, Ohio

The Federal Reserve Board announced on September 9, 1993, the issuance of a Consent Order against George W. Haigh, the former Chairman of the board of directors and President of Trustcorp, Inc., Toledo, Ohio, a former registered bank holding company, and of Trustcorp's former subsidiary State member bank, the Trustcorp Bank, Ohio, Toledo, Ohio.

E.D. Vickery
Sammy Ditta
J.D. Gardner
John Ray Harrison
Fred Hornberger
Pasadena, Texas

The Federal Reserve Board announced on September 3, 1993, the issuance of Orders of Assessment of a Civil Money Penalty against E.D. Vickery, Sammy Ditta, J.D. Gardner, John Ray Harrison, and Fred Hornberger, institution-affiliated parties of the Texas Coastal Bank, Pasadena, Texas.

Written Agreements Approved by Federal Reserve Banks

Britton Bancshares, Inc.
Ellsworth, Kansas

The Federal Reserve Board announced on September 8, 1993, the execution of a Written Agreement among the Federal Reserve Bank of Kansas City and Britton Bancshares, Inc., Ellsworth, Kansas.

Citizens State Bank and Trust Company
Ellsworth, Kansas

The Federal Reserve Board announced on September 8, 1993, the execution of a Written Agreement by and among the Federal Reserve Bank of Kansas City, the Office of the State Bank Commissioner of the State of Kansas, and the Citizens State Bank and Trust Company, Ellsworth, Kansas, a subsidiary bank of Britton Bancshares, Inc.

First Bank of Philadelphia
Philadelphia, Pennsylvania

The Federal Reserve Board announced on September 29, 1993, the execution of a Written Agreement between the Federal Reserve Bank of Philadelphia and the First Bank of Philadelphia, Philadelphia, Pennsylvania.

Southeast Capital Corporation Employee Stock Ownership Plan
Idabel, Oklahoma

The Federal Reserve Board announced on Septemer 8, 1993, the execution of a Written Agreement among the Federal Reserve Bank of Kansas City, Southeast Capital Corporation, Idabel, Oklahoma, and Southeast Capital Corporation Employee Stock Ownership Plan, Idabel, Oklahoma.

Financial and Business Statistics

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Symbols and Abbreviations

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

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	1992		1993		1993				
	Q3	Q4	Q1	Q2	Apr.	May	June	July	Aug.
Reserves of depository institutions[2]									
1 Total	9.3	25.8	9.3	10.8	.7	36.5	5.1	9.4	9.8
2 Required	9.9	25.3	8.7	12.4	3.3	39.5	7.0	5.7	12.8
3 Nonborrowed	8.4	27.1	9.5	10.6	1.1	35.5	3.8	8.1	7.6
4 Monetary base[3]	10.5	12.6	9.1	9.8	7.6	13.8	10.9	9.5	11.5
Concepts of money, liquid assets, and debt[4]									
5 M1	11.7	16.8	6.6	10.5	8.9	27.4	7.2[r]	13.8[r]	10.5
6 M2	.9	2.7	−1.8	2.2	.7[r]	10.5	2.5[r]	1.9[r]	1.4
7 M3	.1	−.1	−3.7	2.6	3.3[r]	8.6[r]	.0[r]	−1.2[r]	.3
8 L	1.1	1.6	−2.4	3.5[r]	4.1[r]	10.0[r]	1.3[r]	−1.0	n.a.
9 Debt	5.7[r]	4.3	3.8[r]	4.6[r]	4.6[r]	4.8[r]	6.4	5.6	n.a.
Nontransaction components									
10 In M2[5]	−3.2	−2.7	−5.3	−1.3	−2.9	3.3	.4[r]	−3.3[r]	−2.6
11 In M3 only[6]	−3.5	−14.4	−13.1	4.4[r]	17.3[r]	−1.4[r]	−13.0[r]	−17.1[r]	−6.3
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	10.9	12.9	1.6	4.6	3.3	14.0	6.4	.8	7.0
13 Small time[7]	−17.4	−17.2	−7.9	−8.0	−11.2	−10.6	−10.5	−12.5[r]	−11.2
14 Large time[8,9]	−18.6	−18.4	−17.9	.5	21.7	3.0	−11.5	−20.7	2.2
Thrift institutions									
15 Savings, including MMDAs	9.2	8.7	−.2	.7	2.0	9.0	2.8	2.5	1.7
16 Small time[7]	−18.6	−21.7	−17.9	−10.1	−7.2	−8.3	−11.5	−12.0[r]	−9.2
17 Large time[8,9]	−14.9	−11.3	−17.3	−7.9	11.2	−14.7	−9.3	−1.9	−7.5
Money market mutual funds									
18 General purpose and broker–dealer	−7.4	−4.2	−10.1	−.4	−4.7	18.1	−1.1	−.7	−6.4
19 Institution-only	32.9	−19.4	−14.1	.5	−3.0	14.4	−27.8	−18.8	−10.5
Debt components[4]									
20 Federal	12.5[r]	6.7[r]	7.6[r]	10.4[r]	10.7[r]	10.2[r]	12.2[r]	7.4	n.a.
21 Nonfederal	3.4[r]	3.5[r]	2.5[r]	2.5[r]	2.4[r]	2.9[r]	4.3[r]	5.0	n.a.

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

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

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

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

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

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

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

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

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

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1993			1993						
	June	July	Aug.	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	354,051	354,700r	356,230	355,871	357,374	351,104r	353,943	356,344	357,156	354,835
U.S. government securities[2]										
2 Bought outright—System account	312,928	313,725	314,668	311,945	313,429	313,911	313,941	313,139	314,821	315,522
3 Held under repurchase agreements	3,537	3,235	4,033	5,728	5,774	0	2,257	4,325	4,540	2,948
Federal agency obligations										
4 Bought outright	5,050	5,011	4,936	5,024	5,013	4,992	4,964	4,964	4,964	4,947
5 Held under repurchase agreements	220	278	207	369	643	0	59	346	237	158
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	55	16	119	5	14	11	9	375	32	7
8 Seasonal credit	143	211	235	203	218	224	220	218	236	247
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	466	490	435	678	326	290	415	595	493	344
11 Other Federal Reserve assets	31,652	31,734	31,597	31,919	31,957	31,677	32,079	32,382	31,832	30,662
12 Gold stock	11,056	11,057	11,057	11,058	11,057	11,057	11,057	11,057	11,057	11,057
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,695	21,731	21,778	21,726	21,733	21,741	21,748	21,762	21,776	21,790
ABSORBING RESERVE FUNDS										
15 Currency in circulation	342,775	346,485	348,211	347,781	346,415	345,573	346,540	348,417	348,799	348,221
16 Treasury cash holdings	469	414	385	425	408	405	386	385	386	386
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	8,781	6,266	5,764	6,822	6,065	5,435	5,934	5,661	5,675	5,970
18 Foreign	238	222	230	192	197	253	261	291	238	186
19 Service-related balances and adjustments	6,221	6,186	6,097	6,192	6,208	6,141	6,076	6,032	6,095	6,159
20 Other	284	274	281	294	273	259	255	291	294	268
21 Other Federal Reserve liabilities and capital	9,360	9,232	9,423	9,287	9,325	9,306	9,360	9,339	9,403	9,387
22 Reserve balances with Federal Reserve Banks[3]	26,694	26,428	26,692	25,680	29,292	24,548	25,954	26,763	27,116	25,121

Factor	End-of-month figures			Wednesday figures						
	June	July	Aug.	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	368,859	352,092	359,059	356,556	360,505	350,466r	357,544	356,612	359,567	354,759
U.S. government securities[2]										
2 Bought outright—System account	313,143	314,614	316,985	313,142	312,748	312,990	313,021	313,437	315,117	315,630
3 Held under repurchase agreements	15,056	0	4,790	5,852	8,918	0	6,399	5,022	7,675	2,825
Federal agency obligations										
4 Bought outright	5,032	4,964	4,839	5,013	5,013	4,964	4,964	4,964	4,964	4,839
5 Held under repurchase agreements	949	0	70	200	846	0	169	351	170	184
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	1,357	11	7	4	12	9	5	18	38	6
8 Seasonal credit	177	223	229	210	225	220	218	219	243	252
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	221	460	721	106	470	498r	328	23	429	293
11 Other Federal Reserve assets	32,924	31,819	31,418	32,029	32,273	31,785	32,439	32,579	30,931	30,728
12 Gold stock	11,057	11,057	11,057	11,057	11,057	11,057	11,057	11,057	11,057	11,057
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,711	21,748	21,804	21,726	21,733	21,741	21,748	21,762	21,776	21,790
ABSORBING RESERVE FUNDS										
15 Currency in circulation	344,123	346,113	349,165	347,425	345,944	345,753	347,498	348,856	348,730	348,109
16 Treasury cash holdings	432	386	383	408	408	386	385	386	387	383
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	28,386	5,818	7,975	7,097	6,787	5,747	7,280	4,662	6,650	6,202
18 Foreign	286	284	187	203	198	234	277	197	221	201
19 Service-related balances and adjustments	6,279	6,076	6,117	6,192	6,208	6,141	6,076	6,032	6,095	6,159
20 Other	297	232	272	471	262	233	289	301	261	280
21 Other Federal Reserve liabilities and capital	8,705	9,349	10,164	9,237	9,187	9,153	9,184	9,287	9,256	9,240
22 Reserve balances with Federal Reserve Banks[3]	21,136	24,658r	25,675	26,326	32,320	23,635r	27,379	27,728	28,818	25,050

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1993						
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	23,515	24,383	26,975	25,968	26,462	26,562[r]	26,568
2 Total vault cash[3]	31,789	32,510	34,535	33,914	33,293	32,721	33,462	34,106	34,535	34,516
3 Applied vault cash[4]	28,884	28,872	31,172	30,368	29,912	29,567	30,133	30,776	31,189	31,203
4 Surplus vault cash[5]	2,905	3,638	3,364	3,546	3,381	3,154	3,329	3,330	3,347	3,313
5 Total reserves[6]	59,120	55,532	56,540	53,882	54,296	56,541	56,101	57,238	57,750	57,771
6 Required reserves	57,456	54,553	55,385	52,778	53,083	55,445	55,104	56,328	56,661	56,816
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,155	1,104	1,213	1,096	996	911	1,089	955
8 Total borrowings at Reserve Banks[8]	326	192	124	45	91	73	121	181	244	352
9 Seasonal borrowings	76	38	18	18	26	41	84	142	210	234
10 Extended credit[9]	23	1	1	0	0	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending on date indicated									
	1993									
	Apr. 28	May 12	May 26	June 9	June 23	July 7	July 21	Aug. 4	Aug. 18	Sept. 1
1 Reserve balances with Reserve Banks[2]	27,586	25,228	26,396	26,543	26,352	26,579	27,489	25,251[r]	26,939	26,573
2 Total vault cash[3]	32,010	34,225	32,728	33,685	34,237	34,385	34,026	35,354	34,869	33,879
3 Applied vault cash[4]	28,960	30,816	29,455	30,391	30,897	31,032	30,772	31,883	31,483	30,693
4 Surplus vault cash[5]	3,050	3,409	3,273	3,294	3,341	3,354	3,255	3,471[r]	3,386	3,186
5 Total reserves[6]	56,546	56,044	55,851	56,933	57,248	57,610	58,261	57,133[r]	58,422	57,266
6 Required reserves	55,160	55,217	54,649	56,109	56,477	56,311	57,294	56,021	57,673	56,138
7 Excess reserve balances at Reserve Banks[7]	1,387	828	1,202	824	772	1,299	967	1,112	750	1,128
8 Total borrowings at Reserve Banks[8]	99	142	105	118	158	311	220	232	431	305
9 Seasonal borrowings	47	71	90	101	145	190	211	222	227	246
10 Extended credit[9]	1	1	0	0	0	0	0	0	0	0

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

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

Millions of dollars, averages of daily figures

	Source and maturity	1993, week ending Monday								
		July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
	Federal funds purchased, repurchase agreements, and other selected borrowings									
	From commercial banks in the United States									
1	For one day or under continuing contract	77,333	77,723	76,026	72,614	74,855	75,728	72,871	69,075	71,269
2	For all other maturities	11,669	12,618	13,407	13,549	13,557	13,880	13,175	12,567	12,520
	From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3	For one day or under continuing contract	18,306[r]	17,751	19,858	19,395	15,641	15,437	15,026	17,891	14,103
4	For all other maturities	17,843	20,809	20,483	18,974	19,524	20,420	22,755	22,720	25,095
	Repurchase agreements on U.S. government and federal agency securities									
	Brokers and nonbank dealers in securities									
5	For one day or under continuing contract	9,795	17,059	16,820	18,943	17,674	15,624	17,180	16,819	13,481
6	For all other maturities	28,988	45,566	44,578	44,287[r]	43,227	48,249	44,438	41,110	41,215
	All other customers									
7	For one day or under continuing contract	23,528	24,644	24,587	26,362	28,358	26,244	27,070	29,762	29,013
8	For all other maturities	14,270	14,172	14,520	14,312	14,649	14,267	14,357	14,730	14,833
	MEMO									
	Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9	To commercial banks in the United States	49,013	43,078	42,975	43,555	42,558	42,575	43,825	39,502	38,110
10	To all other specified customers[2]	27,332	30,529	30,192	29,535	28,326	27,033	31,094	27,852	28,986

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 10/1/93	Effective date	Previous rate	On 10/1/93	Effective date	Previous rate	On 10/1/93	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.10	9/30/93	3.05	3.60	9/30/93	3.55
New York		7/2/92			9/30/93			9/30/93	
Philadelphia		7/2/92			9/30/93			9/30/93	
Cleveland		7/6/92			9/30/93			9/30/93	
Richmond		7/2/92			9/30/93			9/30/93	
Atlanta		7/2/92			9/30/93			9/30/93	
Chicago		7/2/92			9/30/93			9/30/93	
St. Louis		7/7/92			9/30/93			9/30/93	
Minneapolis		7/2/92			9/30/93			9/30/93	
Kansas City		7/2/92			9/30/93			9/30/93	
Dallas		7/2/92			9/30/93			9/30/93	
San Francisco	3	7/2/92	3.5	3.10	9/30/93	3.05	3.60	9/30/93	3.55

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
29	10	10
July 28	10–11	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981—May 5	13–14	14
8	14	14
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
July 11	6	6

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1986—Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
In effect Oct. 1, 1993	3	3

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 on 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 on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit[2]	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$46.8 million	3	12/15/92
2 More than $46.8 million[4]	10	12/15/92
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 15, 1992, the exemption was raised from $3.6 million to $3.8 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar 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 checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 15, 1992, for institutions reporting quarterly, and Dec. 24, 1992, for institutions reporting weekly, the amount was increased from $42.2 million to $46.8 million.

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

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

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

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

	Type of transaction and maturity	1990	1991	1992	1993 Jan.	Feb.	Mar.	Apr.	May	June	July
	U.S. TREASURY SECURITIES										
	Outright transactions (excluding matched transactions)										
	Treasury bills										
1	Gross purchases	24,739	20,158	14,714	0	0	0	121	349	7,280	0
2	Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3	Exchanges	241,086	277,314	308,699	24,542	19,832	23,796	30,124	26,610	24,821	35,943
4	Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
	Others within one year										
5	Gross purchases	425	3,043	1,096	0	0	279	244	0	0	0
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shifts	25,638	24,454	36,662	561	2,892	4,303	1,950	4,108	4,002	0
8	Exchanges	−27,424	−28,090	−30,543	−1,202	−6,044	−2,602	−1,100	−4,013	−2,152	0
9	Redemptions	0	1,000	0	0	0	0	0	0	0	0
	One to five years										
10	Gross purchases	250	6,583	13,118	0	0	1,441	2,490	0	0	200
11	Gross sales	200	0	0	0	0	0	0	0	0	0
12	Maturity shifts	−21,770	−21,211	−34,478	−64	−2,617	−4,303	−1,630	−3,652	−4,002	666
13	Exchanges	25,410	24,594	25,811	882	4,564	2,602	800	3,245	2,152	0
	Five to ten years										
14	Gross purchases	0	1,280	2,818	0	0	716	1,147	0	0	0
15	Gross sales	100	0	0	0	0	0	0	0	0	0
16	Maturity shifts	−2,186	−2,037	−1,915	−497	−98	0	−320	−333	0	−666
17	Exchanges	789	2,894	3,532	0	1,000	0	300	468	0	0
	More than ten years										
18	Gross purchases	0	375	2,333	0	0	705	1,110	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shifts	−1,681	−1,209	−269	0	−177	0	0	−123	0	0
21	Exchanges	1,226	600	1,200	0	480	0	0	300	0	0
	All maturities										
22	Gross purchases	25,414	31,439	34,079	0	0	3,141	5,111	349	7,280	200
23	Gross sales	7,591	120	1,628	0	0	0	0	0	0	0
24	Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	0
	Matched transactions										
25	Gross sales	1,369,052	1,570,456	1,482,467	114,543	111,491	146,563	127,115	124,462	111,726	115,504
26	Gross purchases	1,363,434	1,571,534	1,480,140	116,510	113,349	143,049	128,924	123,227	113,095	117,192
	Repurchase agreements										
27	Gross purchases	219,632	310,084	378,374	34,768	28,544	37,815	30,197	33,987	53,051	41,190
28	Gross sales	202,551	311,752	386,257	42,231	25,889	33,714	36,953	28,640	43,342	56,246
29	Net change in U.S. Treasury securities	24,886	29,729	20,642	−5,497	4,513	3,728	163	4,461	18,357	−13,168
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	0	0	0	0	0	0	0	0	0	0
31	Gross sales	0	5	0	0	0	0	0	0	0	0
32	Redemptions	183	292	632	103	85	101	28	41	22	366
	Repurchase agreements										
33	Gross purchases	41,836	22,807	14,565	2,237	1,107	1,811	197	2,105	2,968	3,479
34	Gross sales	40,461	23,595	14,486	2,868	832	1,519	764	2,105	2,019	4,428
35	Net change in federal agency obligations	1,192	−1,085	−554	−734	190	191	−595	−41	927	−1,315
36	**Total net change in System Open Market Account**	**26,078**	**28,644**	**20,089**	**−6,231**	**4,703**	**3,918**	**−431**	**4,420**	**19,284**	**−14,483**

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

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

Millions of dollars

Account	Wednesday					End of month		
	1993					1993		
	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25	June 30	July 31	Aug. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,057	11,057	11,057	11,057	11,057	11,057	11,057	11,057
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	388	392	392	393	391	408	398	382
Loans								
4 To depository institutions	229	223	237	281	259	1,534	234	236
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	4,964	4,964	4,964	4,964	4,839	5,032	4,964	4,839
8 Held under repurchase agreements	0	169	351	170	184	949	0	70
9 **Total U.S. Treasury securities**	**312,990**	**319,420**	**318,459**	**322,792**	**318,455**	**328,199**	**314,614**	**321,775**
10 Bought outright[2]	312,990	313,021	313,437	315,117	315,630	313,143	314,614	316,985
11 Bills	151,941	151,673	152,088	152,618	152,782	151,796	153,366	153,936
12 Notes	123,572	123,872	123,872	124,661	125,011	123,870	123,772	125,211
13 Bonds	37,477	37,477	37,477	37,838	37,838	37,477	37,477	37,838
14 Held under repurchase agreements	0	6,399	5,022	7,675	2,825	15,056	0	4,790
15 **Total loans and securities**	**318,183**	**324,777**	**324,011**	**328,207**	**323,738**	**335,714**	**319,813**	**326,920**
16 Items in process of collection	5,006	6,225	5,266	5,728	4,680	5,522	4,958	7,560
17 Bank premises	1,043	1,043	1,044	1,045	1,044	1,041	1,043	1,044
Other assets								
18 Denominated in foreign currencies[3]	22,416	22,362	22,377	22,395	22,342	22,334	22,352	22,899
19 All other[4]	8,257	8,987	9,068	7,402	7,351	9,614	8,336	7,485
20 **Total assets**	**374,368**	**382,860**	**381,233**	**384,244**	**378,621**	**393,709**	**375,975**	**385,364**
LIABILITIES								
21 Federal Reserve notes	324,786	326,527	327,872	327,734	327,093	323,253	325,149	328,125
22 **Total deposits**	**35,824**	**41,505**	**39,405**	**42,356**	**37,845**	**56,693**	**37,062**	**40,368**
23 Depository institutions	29,610	33,660	34,245	35,224	31,163	27,724	30,725	31,931
24 U.S. Treasury—General account	5,747	7,280	4,662	6,650	6,202	28,386	5,818	7,975
25 Foreign—Official accounts	234	277	197	221	201	286	284	187
26 Other	233	289	301	261	280	297	232	272
27 Deferred credit items	4,605	5,644	4,668	4,898	4,443	5,059	4,415	6,707
28 Other liabilities and accrued dividends[5]	2,236	2,376	2,353	2,329	2,296	2,229	2,369	2,408
29 **Total liabilities**	**367,450**	**376,052**	**374,299**	**377,318**	**371,677**	**387,233**	**368,995**	**377,608**
CAPITAL ACCOUNTS								
30 Capital paid in	3,296	3,303	3,300	3,309	3,308	3,288	3,299	3,317
31 Surplus	3,054	3,054	3,054	3,054	3,054	3,038	3,054	3,054
32 Other capital accounts	568	451	580	564	583	150	628	1,385
33 **Total liabilities and capital accounts**	**374,368**	**382,860**	**381,233**	**384,244**	**378,621**	**393,709**	**375,975**	**385,364**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	311,303	314,855	324,505	325,011	325,654	314,236	316,176	332,238
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	389,104	389,770	390,313	391,195	391,823	385,553	389,182	391,822
36 LESS: Held by Federal Reserve Banks	64,319	63,243	62,442	63,461	64,729	62,301	64,034	63,697
37 Federal Reserve notes, net	324,786	326,527	327,872	327,734	327,093	323,253	325,149	328,125
Collateral held against notes, net:								
38 Gold certificate account	11,057	11,057	11,057	11,057	11,057	11,057	11,057	11,057
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	305,710	307,452	308,796	308,659	308,019	304,178	306,073	309,051
42 **Total collateral**	**324,786**	**326,527**	**327,872**	**327,734**	**327,093**	**323,253**	**325,149**	**328,125**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1993					1993		
	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25	June 30	July 30	Aug. 31
1 **Total loans**	**229**	**223**	**237**	**281**	**259**	**1,534**	**234**	**236**
2 Within fifteen days[1]	210	48	68	261	228	1,447	103	99
3 Sixteen days to ninety days	19	175	169	21	31	87	132	137
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days[1]	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**312,990**	**319,420**	**318,459**	**322,792**	**318,455**	**328,199**	**314,614**	**316,985**
10 Within fifteen days[1]	15,788	22,477	25,151	24,440	19,208	29,971	7,871	6,730
11 Sixteen days to ninety days	74,606	70,952	67,145	72,974	76,693	74,113	79,998	82,664
12 Ninety-one days to one year	100,516	104,396	104,567	101,238	98,065	101,750	104,466	102,812
13 One year to five years	71,041	70,456	70,456	72,039	72,389	70,660	71,241	72,679
14 Five years to ten years	20,940	21,040	21,040	21,707	21,707	21,606	20,940	21,707
15 More than ten years	30,099	30,099	30,099	30,394	30,394	30,099	30,099	30,394
16 **Total federal agency obligations**	**4,964**	**5,133**	**5,315**	**5,134**	**5,023**	**5,981**	**4,964**	**4,839**
17 Within fifteen days[1]	101	169	476	597	486	1,179	101	302
18 Sixteen days to ninety days	747	851	726	424	424	612	747	439
19 Ninety-one days to one year	1,087	1,084	1,099	1,099	1,157	1,132	1,087	1,142
20 One year to five years	2,156	2,156	2,226	2,226	2,168	2,181	2,156	2,168
21 Five years to ten years	732	732	647	647	647	736	732	647
22 More than ten years	142	142	142	142	142	142	142	142

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

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

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	40.49	41.77	45.53	54.35	54.67	54.92	55.17	55.20	56.88	57.12	57.57	58.04
2 Nonborrowed reserves[4]	40.23	41.44	45.34	54.23	54.50	54.88	55.07	55.12	56.76	56.94	57.32	57.68
3 Nonborrowed reserves plus extended credit[5]	40.25	41.46	45.34	54.23	54.50	54.88	55.07	55.12	56.76	56.94	57.32	57.68
4 Required reserves	39.57	40.10	44.56	53.20	53.41	53.82	53.95	54.10	55.88	56.21	56.48	57.08
5 Monetary base[6]	267.73	293.19	317.17	350.80	353.22	355.73	358.37	360.63	364.77	368.07	370.98	374.54
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.06	55.97	53.81	54.18	56.37	55.88	56.96	57.42	57.38
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	55.80	53.77	54.09	56.29	55.76	56.78	57.17	57.03
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.93	55.80	53.77	54.09	56.29	55.76	56.78	57.17	57.03
9 Required reserves[8]	40.85	41.40	46.00	54.90	54.71	52.71	52.96	55.27	54.88	56.05	56.33	56.43
10 Monetary base[9]	271.18	296.68	321.07	354.55	354.41	353.18	356.00	361.64	364.08	368.73	372.02	374.11
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	56.00	53.88	54.30	56.54	56.10	57.24	57.75	57.77
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	55.84	53.84	54.20	56.47	55.98	57.06	57.51	57.42
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	55.84	53.84	54.20	56.47	55.98	57.06	57.51	57.42
14 Required reserves	61.89	57.46	54.55	55.39	54.74	52.78	53.08	55.45	55.10	56.33	56.66	56.82
15 Monetary base[12]	292.55	313.70	333.61	360.90	360.88	359.56	362.59	368.18	370.46	375.19	378.48	380.54
16 Excess reserves[13]	.92	1.66	.98	1.16	1.26	1.10	1.21	1.10	1.00	.91	1.09	.96
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.17	.05	.09	.07	.12	.18	.24	.35

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

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

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

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

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

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

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

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

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

10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with 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 changes in reserve requirements (CRR), 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	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 May	1993 June	1993 July	1993 Aug.
				Seasonally adjusted				
Measures[2]								
1 M1	794.6	827.2	899.3	1,026.6	1,066.8	1,073.2[r]	1,085.5	1,095.0
2 M2	3,233.3	3,345.5	3,445.8	3,497.8[r]	3,507.2[r]	3,514.4[r]	3,519.9[r]	3,524.1
3 M3	4,056.1	4,116.7	4,168.1	4,167.3[r]	4,173.9[r]	4,173.9[r]	4,169.9[r]	4,170.9
4 L	4,886.1	4,966.6	4,982.2	5,044.4[r]	5,072.4[r]	5,077.7[r]	5,073.5	n.a.
5 Debt	10,030.7[r]	10,670.1[r]	11,141.9[r]	11,718.6[r]	11,910.4[r]	11,973.8[r]	12,030.0	n.a.
M1 components								
6 Currency[3]	222.7	246.7	267.2	292.3	304.0	306.8	309.6	312.5
7 Travelers checks[4]	6.9	7.8	7.8	8.1	8.2	8.0	7.9	7.8
8 Demand deposits[5]	279.8	278.2	290.5	340.9	359.1	360.6	365.8	370.8
9 Other checkable deposits[6]	285.3	294.5	333.8	385.2	395.5	397.9	402.3	403.8
Nontransaction components								
10 In M2[7]	2,438.7	2,518.3	2,546.6	2,471.1[r]	2,440.3[r]	2,441.2[r]	2,434.4[r]	2,429.2
11 In M3[8]	822.8	771.2	722.3	669.5[r]	666.7[r]	659.5[r]	650.1[r]	646.7
Commercial banks								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	764.9	769.0	769.5	774.0
13 Small time deposits[9]	534.9	610.3	601.5	506.9	492.7	488.4	483.3[r]	478.8
14 Large time deposits[10, 11]	387.7	368.7	341.3	290.2	281.6	278.9[r]	274.1	274.6
Thrift institutions								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	428.7	429.7	430.6	431.2
16 Small time deposits[9]	617.8	562.0	463.2	363.2	344.7	341.4	338.0	335.4
17 Large time deposits[10]	161.1	120.9	83.4	67.3	64.3	63.8	63.7	63.3
Money market mutual funds								
18 General purpose and broker–dealer	317.4	350.5	363.9	342.3	336.8	336.5	336.3	334.5
19 Institution-only	108.8	135.9	182.1	202.3	202.8	198.1	195.0	193.3
Debt components								
20 Federal debt	2,247.6[r]	2,490.7[r]	2,763.8[r]	3,068.4[r]	3,175.6[r]	3,207.9[r]	3,227.8	n.a.
21 Nonfederal debt	7,783.1[r]	8,179.4[r]	8,378.1[r]	8,650.2[r]	8,734.8[r]	8,765.9[r]	8,802.2	n.a.
				Not seasonally adjusted				
Measures[2]								
22 M1	811.5	843.7	916.4	1,045.8	1,057.6	1,072.7	1,084.2	1,088.6
23 M2	3,245.1	3,357.0	3,457.9	3,512.0[r]	3,491.6[r]	3,510.0[r]	3,516.4[r]	3,516.9
24 M3	4,066.4	4,126.3	4,178.1	4,179.3[r]	4,160.4[r]	4,169.0[r]	4,163.5[r]	4,168.7
25 L	4,906.0	4,988.0	5,004.2	5,068.9[r]	5,047.1[r]	5,064.6[r]	5,055.5	n.a.
26 Debt	10,026.5[r]	10,667.7[r]	11,141.0[r]	11,717.2[r]	11,878.7[r]	11,939.6[r]	11,988.5	n.a.
M1 components								
27 Currency[3]	225.3	249.5	269.9	295.0	304.4	307.4	311.0[r]	312.8
28 Travelers checks[4]	6.5	7.4	7.4	7.8	7.9	8.2	8.4	8.4
29 Demand deposits[5]	291.5	289.9	302.9	355.3	352.0	359.5	365.5	367.5
30 Other checkable deposits[6]	288.1	296.9	336.3	387.7	393.2	397.6	399.2	399.9
Nontransaction components								
31 In M2[7]	2,433.6	2,513.2	2,541.5	2,466.2[r]	2,434.0[r]	2,437.3[r]	2,432.2[r]	2,428.4
32 In M3[8]	821.4	769.3	720.1	667.3[r]	668.8[r]	659.0[r]	647.1[r]	651.8
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	766.0	772.3	772.2	774.6
34 Small time deposits[9]	533.8	610.5	602.0	507.7	490.5	486.5	483.3[r]	479.0
35 Large time deposits[10, 11]	386.9	367.7	340.1	289.1	283.3	280.4	273.7	275.7
Thrift institutions								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	429.3	431.5	432.1	431.5
37 Small time deposits[9]	616.2	562.1	463.6	363.8	343.1	340.1	337.9	335.5
38 Large time deposits[10]	162.0	120.6	83.1	67.1	64.7	64.2	63.7	63.6
Money market mutual funds								
39 General purpose and broker–dealer	315.7	348.4	361.5	340.0	335.1	333.3	332.0	331.8
40 Institution-only	109.1	136.2	182.4	202.4	203.0	194.3	191.8	193.3
Repurchase agreements and Eurodollars								
41 Overnight	77.5	74.7	76.3	74.8[r]	70.0[r]	73.5[r]	74.7[r]	76.1
42 Term	178.4	158.3	130.1	126.2[r]	140.2[r]	140.6[r]	140.4[r]	141.1
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,161.1	3,188.9	3,201.8	n.a.
44 Nonfederal debt	7,779.0[r]	8,176.3[r]	8,376.0[r]	8,647.4[r]	8,717.6[r]	8,750.7[r]	8,786.8	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 are available from the Money and Reserves Projection Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Debt data are based on monthly averages. This sum is seasonally adjusted as a whole.

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

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

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

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

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

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

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

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

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

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

Item	1991	1992	1992	1993							
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	2.33	2.32	2.27	2.21	2.15	2.12	2.09	2.06	2.01
2 Savings deposits[2]	4.30	2.88	2.88	2.85	2.80	2.73	2.68	2.65	2.61	2.59	2.55
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.90	2.86	2.81	2.75	2.72	2.70	2.68	2.67	2.66
4 92 to 182 days	4.41	3.16	3.16	3.13	3.08	3.03	2.99	2.98	2.98	2.97	2.96
5 183 days to 1 year	4.59	3.37	3.37	3.35	3.29	3.22	3.19	3.18	3.18	3.18	3.16
6 More than 1 year to 2½ years	4.95	3.88	3.88	3.88	3.83	3.74	3.66	3.64	3.64	3.64	3.62
7 More than 2½ years	5.52	4.77	4.77	4.72	4.59	4.52	4.47	4.47	4.44	4.43	4.40
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	2.45	2.40	2.37	2.32	2.25	2.21	2.14	2.09	2.07
9 Savings deposits[2]	4.97	3.20	3.20	3.17	3.14	3.05	2.98	2.93	2.88	2.83	2.80
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	3.13	3.06	3.01	2.95	2.91	2.87	2.86	2.80	2.80
11 92 to 182 days	4.92	3.44	3.44	3.38	3.35	3.28	3.23	3.19	3.17	3.15	3.12
12 183 days to 1 year	4.99	3.61	3.61	3.58	3.57	3.52	3.48	3.45	3.43	3.40	3.37
13 More than 1 year to 2½ years	5.23	4.02	4.02	3.94	3.89	3.83	3.86	3.76	3.79	3.74	3.73
14 More than 2½ years	5.98	5.00	5.00	5.02	4.97	4.89	4.84	4.78	4.74	4.74	4.73
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	286,541	277,271	279,944	287,811	280,073	283,863	287,325	284,358	287,601
16 Savings deposits[2]	652,058	738,253	738,253	733,836	742,952	747,809	745,038	753,441	754,756	757,612	761,786
17 Personal	508,191	578,757	578,757	579,701	585,189	591,388	586,863	591,211	592,508	593,534	593,139
18 Nonpersonal	143,867	159,496	159,496	154,135	157,764	156,422	158,175	162,230	162,247	164,078	168,647
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	38,474	38,256	36,738	35,459	34,675	33,304	31,783	30,715	30,190
20 92 to 182 days	158,605	127,831	127,831	128,083	128,209	125,630	122,136	119,281	115,441	112,442	109,489
21 183 days to 1 year	209,672	163,098	163,098	160,630	159,631	158,173	156,957	156,851	155,686	156,250	154,997
22 More than 1 year to 2½ years	171,721	152,977	152,977	151,905	151,798	147,798	146,830	144,870	145,080	143,509	141,220
23 More than 2½ years	158,078	169,708	169,708	169,371	172,362	177,558	178,657	179,994	179,122	180,856	181,565
24 IRA/Keogh Plan deposits	147,266	147,350	147,350	147,069	146,841	148,515	147,463	146,670	146,888	146,807	146,323
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	10,871	9,858	9,821	10,199	9,876	10,017	10,407	10,457	10,410
26 Savings deposits[2]	71,215	81,786	81,786	79,271	79,649	77,390	76,970	77,542	77,607	78,343	78,392
27 Personal	68,638	78,695	78,695	76,337	76,634	74,430	74,077	74,554	74,674	75,006	75,157
28 Nonpersonal	2,577	3,091	3,091	2,934	3,016	2,961	2,893	2,987	2,932	3,337	3,235
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	3,867	3,541	3,468	3,201	3,167	3,120	3,029	2,863	2,916
30 92 to 182 days	21,686	17,345	17,345	16,088	15,857	14,468	14,328	14,174	13,840	13,740	13,485
31 183 days to 1 year	29,715	21,780	21,780	20,627	20,301	19,074	18,778	18,571	18,463	18,407	18,089
32 More than 1 year to 2½ years	25,379	18,442	18,442	17,524	17,387	16,842	16,433	16,281	16,096	16,213	16,160
33 More than 2½ years	18,665	18,845	18,845	18,461	18,759	18,564	18,646	18,798	19,041	19,186	19,278
34 IRA/Keogh Plan accounts	23,007	21,713	21,713	21,320	21,260	20,089	19,969	19,896	19,870	19,929	19,810

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include IRA/Keogh deposits and foriegn currency denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.
2. Includes personal and nonpersonal money market deposits.
3. BIF-insured savings banks include both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1990[2]	1991[2]	1992[2]	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May[r]	1993 June
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,157.5	277,758.0	315,806.1	300,602.9	331,126.3	331,026.3	324,635.6	306,640.5	335,340.4
2 Major New York City banks	131,699.1	137,352.3	165,572.7	159,191.7	176,683.2	166,866.6	163,540.0	155,495.0	170,062.0
3 Other banks	145,458.4	140,405.7	150,233.5	141,411.3	154,443.1	164,159.7	161,095.5	151,145.5	165,278.5
4 Other checkable deposits[4]	3,349.0	3,645.5	3,788.1	3,292.5	3,601.4	3,572.6	3,586.5	3,328.0	3,658.9
5 Savings deposits (including MMDAs)[5]	3,483.3	3,266.1	3,331.3	3,032.3	3,363.3	3,562.8	3,523.3	3,436.1	3,637.4
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	797.8	803.5	832.4	746.5	817.3	811.3	792.4	722.8	791.5
7 Major New York City banks	3,819.8	4,270.8	4,797.9	4,154.7	4,525.8	4,129.1	4,120.9	3,852.9	4,197.5
8 Other banks	464.9	447.9	435.9	388.1	421.9	446.6	435.4	393.7	431.3
9 Other checkable deposits[4]	16.5	16.2	14.4	11.6	12.6	12.5	12.7	11.4	12.5
10 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.1	4.5	4.8	4.7	4.5	4.7
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,290.5	277,715.4	315,808.2	304,760.9	303,619.8	339,172.4	324,527.1	306,743.8	345,463.4
12 Major New York City banks	131,784.7	137,307.2	165,595.0	159,198.8	161,174.1	170,855.0	161,923.2	154,606.6	176,874.8
13 Other banks	145,505.8	140,408.3	150,213.3	145,562.0	142,445.7	168,317.4	162,603.9	152,137.2	168,588.6
14 Other checkable deposits[4]	3,346.7	3,645.6	3,788.1	3,596.2	3,296.7	3,630.2	3,807.1	3,243.2	3,684.1
15 Savings deposits, (including MMDAs)[5]	3,483.0	3,267.7	3,329.0	3,248.8	3,080.3	3,529.2	3,741.2	3,445.0	3,758.1
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	798.2	803.4	832.5	738.2	771.7	854.5	787.1	738.3	818.5
17 Major New York City banks	3,825.9	4,274.3	4,803.5	3,936.3	4,213.4	4,385.4	4,108.4	3,948.9	4,412.6
18 Other banks	465.0	447.9	436.0	390.9	401.1	470.2	436.0	404.2	441.4
19 Other checkable deposits[4]	16.4	16.2	14.4	12.4	11.6	12.6	13.0	11.2	12.6
20 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.4	4.1	4.7	5.0	4.5	4.9

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).
5. Money market deposit accounts.

1.24 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.[r]	1993 May	1993 June	1993 July	1993 Aug.
	Seasonally adjusted											
1 **Total loans, leases, and securities[2]**	**2,917.4**	**2,926.0**	**2,932.4**	**2,937.6**	**2,935.3**	**2,943.9**	**2,960.1[r]**	**2,971.0**	**2,992.2[r]**	**3,015.0[r]**	**3,037.9[r]**	**3,046.1**
2 U.S. government securities	640.6	647.3	651.4	657.1	656.5	666.2	680.2[r]	691.0	693.6[r]	703.8[r]	707.8[r]	714.1
3 Other securities	178.2	178.8	177.3	176.0	174.5	176.4	178.9[r]	180.4	181.0[r]	179.7[r]	181.2[r]	181.9
4 Total loans and leases[2]	2,098.6	2,099.8	2,103.8	2,104.6	2,104.4	2,101.3	2,101.1	2,099.6	2,117.6	2,131.5	2,148.8[r]	2,150.1
5 Commercial and industrial	601.2	600.8	600.5	597.6	598.0	596.7	593.1[r]	588.0	591.0[r]	592.7[r]	591.7[r]	590.9
6 Bankers acceptances held[3]	6.3	7.5	7.9	7.7	7.3	8.4	8.5	8.5	9.1	9.0[r]	9.6[r]	10.0
7 Other commercial and industrial	594.9	593.3	592.6	589.9	590.7	588.3	584.6[r]	579.5	582.0[r]	583.8[r]	582.1[r]	581.0
8 U.S. addressees[4]	583.6	582.6	582.3	580.2	581.2	578.8	574.9[r]	570.4	572.7[r]	575.1[r]	573.1[r]	572.0
9 Non-U.S. addressees[4]	11.3	10.7	10.3	9.7	9.6	9.5	9.7	9.1	9.3	8.7	9.0	9.0
10 Real estate	886.8	890.7	892.5	892.4	890.8	890.1	891.9[r]	892.3	898.1[r]	903.8[r]	906.9[r]	910.1
11 Individual	357.0	355.8	355.4	355.5	358.4	361.9	362.3	364.2	367.1[r]	368.3[r]	371.9	374.1
12 Security	64.0	64.7	64.2	64.8	63.5	62.8	64.3	62.6	69.0	71.9	82.1	80.4
13 Nonbank financial institutions	44.0	43.9	44.7	43.6	45.1	44.6	44.2	44.8	45.5	45.4	46.1	46.3
14 Agricultural	35.2	35.1	35.2	35.0	34.5	34.3	34.0	34.0	34.2	34.0	34.5	34.5
15 State and political subdivisions	25.8	25.4	25.1	24.8	24.2	23.8	23.7	23.3	23.5	23.5	23.7	23.6
16 Foreign banks	7.9	7.6	7.5	7.7	7.7	8.8	8.5	8.4	8.5	8.6	9.1	9.5
17 Foreign official institutions	2.5	2.4	2.8	2.8	2.9	3.2	3.2	3.2	3.1	3.3	3.3	3.2
18 Lease-financing receivables	31.0	30.8	30.9	30.9	30.4	30.6	30.6	30.7	31.0	31.3	31.7	31.8
19 All other loans	43.2	42.6	45.0	49.5	48.8	44.5	45.3	47.9	46.5[r]	48.7	47.9	45.8
	Not seasonally adjusted											
20 **Total loans, leases, and securities[2]**	**2,914.9**	**2,925.2**	**2,939.0**	**2,947.4**	**2,937.4**	**2,946.7**	**2,963.8[r]**	**2,972.6**	**2,987.2[r]**	**3,014.8[r]**	**3,026.1[r]**	**3,037.7**
21 U.S. government securities	638.7	645.1	654.1	655.8	656.9	669.8	685.9[r]	692.8	692.6[r]	701.6[r]	703.1[r]	712.4
22 Other securities	177.9	179.2	178.3	176.2	175.0	176.6	178.6[r]	179.8	180.5[r]	179.2[r]	180.1[r]	181.7
23 Total loans and leases[2]	2,098.3	2,100.9	2,106.6	2,115.4	2,105.5	2,100.3	2,099.4	2,099.9	2,114.1	2,134.0	2,142.8[r]	2,143.6
24 Commercial and industrial	597.6	598.4	600.8	600.6	596.4	595.9	596.3[r]	591.0	592.8[r]	594.5[r]	590.7[r]	587.2
25 Bankers acceptances held[3]	6.2	7.4	8.2	8.0	7.4	8.8	8.6	8.4	9.0	8.8[r]	9.3[r]	9.6
26 Other commercial and industrial	591.4	591.0	592.6	592.5	589.0	587.1	587.7[r]	582.6	583.8[r]	585.7[r]	581.4[r]	577.6
27 U.S. addressees[4]	580.3	580.7	582.8	583.0	579.5	577.5	578.2[r]	573.4	574.6[r]	576.2[r]	572.0[r]	568.3
28 Non-U.S. addressees[4]	11.1	10.3	9.8	9.5	9.5	9.5	9.5	9.2	9.2	9.5	9.3	9.3
29 Real estate	887.6	891.5	893.9	893.7	890.5	888.3	889.4[r]	891.2	898.2[r]	904.1[r]	907.2[r]	910.9
30 Individual	358.6	356.2	356.3	360.0	362.5	361.9	359.8[r]	361.6	365.3[r]	366.4[r]	369.6	373.5
31 Security	62.5	64.2	63.5	65.6	65.0	65.8	66.4	66.0	65.9	71.2	78.0	77.4
32 Nonbank financial institutions	43.5	43.5	45.0	45.6	45.3	44.5	43.9	44.2	44.9	46.0	45.8	46.1
33 Agricultural	36.7	36.1	35.2	34.8	33.6	32.9	32.6	33.2	33.8	34.5	35.3	35.7
34 State and political subdivisions	25.9	25.5	25.2	24.8	24.0	23.7	23.7	23.4	23.5	23.5	23.6	23.6
35 Foreign banks	8.1	7.8	7.8	8.2	7.8	8.6	8.2	8.1	8.3	8.4	9.2	9.2
36 Foreign official institutions	2.5	2.4	2.8	2.8	2.9	3.2	3.2	3.2	3.1	3.3	3.3	3.2
37 Lease-financing receivables	30.8	30.8	30.8	30.9	30.8	30.8	30.8	30.8	31.0	31.2	31.4	31.6
38 All other loans	44.6	44.4	45.4	48.6	46.6	44.6	45.0	47.4	47.3	50.8	48.9	45.3

1. All commercial banks include domestically chartered insured banks, U.S. branches and agencies of foreign banks, New York state investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered foreign banks. Data are prorated averages of Wednesday estimates for domestically chartered and foreign related institutions, based on weekly reports of a sample of domestically chartered insured banks and large branches and agencies and quarterly reports of all domestically chartered insured banks and all agencies, branches, investment companies, and Edge Act and agreement corporation engaged in banking.
2. Adjusted to exclude loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the fifty states and the District of Columbia.

1.25 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1992				1993							
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[r]	Aug.
	Seasonally adjusted											
1 Total nondeposit funds[2]	309.8[r]	303.9[r]	307.7[r]	311.4[r]	314.1[r]	317.4[r]	332.4[r]	342.7	340.9	353.1	378.5	389.3
2 Net balances owed to related foreign offices[3]	63.9	62.6	67.3	71.1	74.2	73.6	79.5	88.2	83.1	85.9	101.1	115.9
3 Borrowings from other than commercial banks in United States[4]	246.0[r]	241.3[r]	240.4[r]	240.3[r]	239.9[r]	243.9[r]	252.9[r]	254.5	257.8	267.1	277.4	273.5
4 Domestically chartered banks	154.0[r]	155.4[r]	154.8[r]	155.9[r]	156.8[r]	157.2[r]	162.1[r]	167.1	167.5	176.2	186.7	183.6
5 Foreign-related banks	91.9	85.9	85.6	84.4	83.1	86.6	90.8	87.4	90.3	90.9	90.7	89.8
	Not seasonally adjusted											
6 Total nondeposit funds[2]	304.4[r]	306.2[r]	313.0[r]	311.4[r]	312.9[r]	321.8[r]	337.4[r]	339.1	345.7	352.3	372.1	384.1
7 Net balances owed to related foreign offices[3]	61.6	63.8	68.9	75.2	76.8	75.4	80.2	85.3	85.2	84.0	97.8	112.1
8 Domestically chartered banks	−11.2	−13.4	−12.4	−15.0	−15.8	−10.6	−7.0	−9.5	−9.8	−15.4	−15.3	−13.6
9 Foreign-related banks	72.7	77.2	81.4	90.2	92.6	86.0	87.2	94.8	95.0	99.4	113.1	125.7
10 Borrowings from other than commercial banks in United States[4]	242.9[r]	242.4[r]	244.1[r]	236.2[r]	236.1[r]	246.4[r]	257.2[r]	253.8	260.5	268.3	274.4	272.0
11 Domestically chartered banks	152.8[r]	156.5[r]	159.2[r]	154.9[r]	153.7[r]	159.0[r]	165.0[r]	165.1	169.1	176.0	182.8	182.3
12 Federal funds and security RP borrowings[5]	149.0[r]	153.0[r]	155.1[r]	151.0[r]	150.1[r]	155.8[r]	161.7[r]	161.6	165.4	172.1	178.6	178.2
13 Other[6]	3.8	3.6	4.1	4.0	3.6	3.2	3.3	3.5	3.8	3.8	4.2	4.0
14 Foreign-related banks[6]	90.0	85.9	84.8	81.2	82.4	87.4	92.2	88.7	91.4	92.3	91.6	89.7
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	383.2	375.7	371.3	366.5	359.9	358.4	355.7	355.0	356.3	352.6	344.6	339.6
16 Not seasonally adjusted	383.6	374.9	371.1	365.5	358.0	358.0	356.5	354.2	357.9	354.1	344.3	340.8
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	24.1	21.5	20.7	20.4	25.6	23.6	18.8	24.2	19.1	26.1	30.1	29.3
18 Not seasonally adjusted	28.6	21.9	16.5	19.5	33.1	29.5	17.4	20.3	20.3	26.5	25.6	23.7

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York State investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered and foreign banks.
Data in this table also appear in the Board's G.10 (411) monthly statistical release. For ordering address, see inside front cover.
2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.
3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own international banking facilities (IBFs).
4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.
5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and on quarterly or annual data reported by other banks.
6. Figures are partly averages of daily data and partly averages of Wednesday data.
7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.
8. U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures

Millions of dollars

Account	1993								
	June 30[r]	July 7[r]	July 14[r]	July 21[r]	July 28[r]	Aug. 4	Aug. 11	Aug. 18	Aug. 25
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,170,422	3,193,103	3,173,971	3,172,442	3,165,334	3,203,890	3,181,702	3,184,957	3,166,469
2 Investment securities	842,040	838,903	838,948	840,890	839,224	849,097	846,803	848,652	842,834
3 U.S. government securities	676,910	674,086	673,674	674,550	674,614	683,168	680,548	683,019	678,193
4 Other	165,130	164,818	165,275	166,341	164,610	165,929	166,255	165,633	164,641
5 Trading account assets	34,717	43,279	42,598	41,383	41,986	47,543	44,520	48,855	44,490
6 U.S. government securities	19,384	28,008	28,208	27,224	27,185	31,725	29,251	32,205	28,179
7 Other securities	2,677	2,883	2,854	2,578	2,984	2,896	2,831	2,947	2,724
8 Other trading account assets	12,656	12,387	11,536	11,581	11,817	12,922	12,439	13,703	13,587
9 Total loans	2,293,666	2,310,922	2,292,425	2,290,169	2,284,124	2,307,250	2,290,379	2,287,450	2,279,145
10 Interbank loans	152,413	162,970	151,440	150,652	145,467	154,729	148,461	148,232	142,474
11 Loans excluding interbank	2,141,253	2,147,951	2,140,985	2,139,517	2,138,657	2,152,521	2,141,918	2,139,218	2,136,671
12 Commercial and industrial	595,748	595,211	589,423	590,028	587,313	592,202	589,480	588,110	583,669
13 Real estate	906,932	907,229	907,781	905,970	906,612	909,951	911,821	909,406	909,591
14 Revolving home equity	74,869	74,829	74,606	74,609	74,540	74,550	74,552	75,039	75,047
15 Other	832,063	832,400	833,175	831,361	832,072	835,400	837,268	834,367	834,544
16 Individual	367,959	367,467	368,250	369,833	371,606	372,262	371,858	373,771	374,221
17 All other	270,614	278,044	275,531	273,686	273,127	278,107	268,759	267,931	269,190
18 Total cash assets	216,456	240,993	211,848	207,371	202,740	212,622	206,195	209,810	203,212
19 Balances with Federal Reserve Banks	23,937	33,786	29,596	34,609	26,283	29,549	30,694	30,596	27,703
20 Cash in vault	33,259	32,462	33,936	32,904	33,288	30,535	32,690	33,007	33,393
21 Demand balances at U.S. depository institutions	29,491	34,046	30,031	29,100	29,800	30,970	28,762	29,585	29,395
22 Cash items	86,176	99,310	78,039	72,507	72,921	80,732	74,215	75,934	72,687
23 Other cash assets	43,592	41,390	40,245	38,252	40,448	40,836	39,835	40,688	40,035
24 Other assets	289,057	285,459	291,529	279,705	271,541	283,352	280,561	274,893	270,720
25 **Total assets**	**3,675,936**	**3,719,555**	**3,677,347**	**3,659,518**	**3,639,615**	**3,699,864**	**3,668,458**	**3,669,660**	**3,640,400**
Liabilities									
26 Total deposits	2,516,797	2,554,804	2,518,250	2,479,673	2,477,504	2,520,712	2,503,544	2,486,876	2,478,742
27 Transaction accounts	794,391	817,556	783,889	758,032	759,499	791,838	776,449	770,782	763,193
28 Demand, U.S. government	4,223	3,052	3,373	2,569	2,670	3,594	2,999	2,927	2,897
29 Demand, depository institutions	38,054	44,719	37,556	38,436	38,978	39,393	36,225	36,805	38,667
30 Other demand and all checkable deposits	752,113	769,785	742,960	717,026	717,852	748,851	737,225	731,050	721,629
31 Savings deposits (excluding checkable)	761,557	772,970	773,081	765,595	764,087	773,128	776,593	769,379	768,009
32 Small time deposits	617,749	617,558	615,650	614,184	613,536	614,240	612,168	610,953	609,578
33 Time deposits over $100,000	343,101	346,721	345,631	341,863	340,383	341,506	338,333	335,762	337,963
34 Borrowings	510,766	532,401	523,317	526,795	502,541	524,187	512,050	519,805	500,476
35 Treasury tax and loan notes	31,232	20,387	21,342	18,166	22,368	17,805	21,407	17,689	19,180
36 Other	479,534	512,014	501,975	508,629	480,173	506,382	490,643	502,116	481,296
37 Other liabilities	362,330	345,428	347,965	363,307	369,530	364,675	361,400	370,470	368,781
38 **Total liabilities**	**3,389,893**	**3,432,632**	**3,389,532**	**3,369,775**	**3,349,575**	**3,409,574**	**3,376,994**	**3,377,151**	**3,347,999**
39 Residual (assets less liabilities)[3]	286,043	286,923	287,815	289,743	290,040	290,290	291,464	292,508	292,401

Footnotes appear on following page.

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

Millions of dollars

Account	1993								
	June 30[r]	July 7[r]	July 14[r]	July 21[r]	July 28[r]	Aug. 4	Aug. 11	Aug. 18	Aug. 25
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,803,605	2,826,262	2,816,143	2,806,735	2,803,355	2,833,975	2,820,752	2,822,989	2,808,772
41 Investment securities	769,432	767,328	766,965	764,389	763,153	771,768	772,876	772,295	767,833
42 U.S. government securities	628,090	626,239	625,655	622,435	622,477	629,647	630,544	630,310	625,938
43 Other	141,342	141,089	141,310	141,955	140,676	142,121	142,332	141,985	141,895
44 Trading account assets	34,717	43,279	42,598	41,383	41,986	47,543	44,520	48,855	44,490
45 U.S. government securities	19,384	28,008	28,208	27,224	27,185	31,725	29,251	32,205	28,179
46 Other securities	2,677	2,883	2,854	2,578	2,984	2,896	2,831	2,947	2,724
47 Other trading account assets	12,656	12,387	11,536	11,581	11,817	12,922	12,439	13,703	13,587
48 Total loans	1,999,456	2,015,656	2,006,581	2,000,963	1,998,215	2,014,665	2,003,356	2,001,839	1,996,450
49 Interbank loans	128,202	140,103	131,566	130,491	126,189	134,010	127,645	127,571	124,870
50 Loans excluding interbank	1,871,254	1,875,554	1,875,014	1,870,472	1,872,027	1,880,655	1,875,711	1,874,268	1,871,580
51 Commercial and industrial	437,637	436,122	431,918	431,465	429,484	433,275	430,208	429,284	426,995
52 Real estate	858,966	859,254	860,400	858,463	859,011	862,525	864,682	862,501	861,305
53 Revolving home equity	74,869	74,829	74,606	74,609	74,540	74,550	74,552	75,039	75,047
54 Other	784,096	784,425	785,793	783,853	784,471	787,974	790,130	787,462	786,257
55 Individual	367,959	367,467	368,250	369,833	371,606	372,262	371,858	373,771	374,221
56 All other	206,693	212,710	214,447	210,712	211,927	212,593	208,963	208,712	209,059
57 Total cash assets	186,825	212,103	185,430	180,905	176,643	184,396	179,052	182,658	175,867
58 Balances with Federal Reserve Banks	22,963	32,836	28,940	33,442	25,695	28,616	30,018	29,767	27,139
59 Cash in vault	33,223	32,424	33,900	32,868	33,253	30,501	32,652	32,969	33,358
60 Demand balances at U.S. depository institutions	28,142	32,590	28,652	27,774	28,568	29,658	27,360	28,241	28,102
61 Cash items	83,436	96,372	75,873	70,379	70,959	78,102	71,965	73,996	70,536
62 Other cash assets	19,061	17,880	18,064	16,443	18,168	17,519	17,058	17,685	16,732
63 Other assets	182,296	183,725	185,157	180,136	177,301	186,684	185,197	179,915	175,126
64 Total assets	**3,172,726**	**3,222,089**	**3,186,730**	**3,167,777**	**3,157,299**	**3,205,055**	**3,185,001**	**3,185,562**	**3,159,765**
Liabilities									
65 Total deposits	2,358,107	2,399,935	2,366,820	2,330,077	2,330,941	2,372,824	2,358,638	2,343,652	2,333,094
66 Transaction accounts	782,247	804,610	772,710	746,418	749,386	780,536	765,795	760,406	752,493
67 Demand, U.S. government	4,223	3,051	3,372	2,568	2,669	3,594	2,999	2,927	2,897
68 Demand, depository institutions	35,359	41,756	35,170	35,662	36,457	36,756	33,879	34,393	36,302
69 Other demand and all checkable deposits	742,666	759,803	734,168	708,188	710,259	740,186	728,918	723,086	713,294
70 Savings deposits (excluding checkable)	756,918	768,255	768,331	760,920	759,487	768,462	771,893	764,728	763,353
71 Small time deposits	615,269	615,085	613,182	611,712	611,076	611,760	609,705	608,537	607,126
72 Time deposits over $100,000	203,673	211,985	212,597	211,027	210,992	212,066	211,245	209,981	210,122
73 Borrowings	386,744	399,933	398,360	411,409	398,969	403,550	398,726	413,321	393,248
74 Treasury tax and loan notes	31,232	20,387	21,342	18,166	22,368	17,805	21,407	17,689	19,180
75 Other	355,512	379,546	377,018	393,243	376,601	385,745	377,319	395,632	374,068
76 Other liabilities	144,863	138,328	136,764	139,578	140,380	141,421	139,202	139,110	144,051
77 Total liabilities	**2,889,713**	**2,938,196**	**2,901,945**	**2,881,063**	**2,870,289**	**2,917,795**	**2,896,566**	**2,896,084**	**2,870,394**
78 Residual (assets less liabilities)[3]	283,013	283,894	284,785	286,713	287,010	287,260	288,435	289,479	289,372

1. Excludes assets and liabilities of international banking facilities.
2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and agreement corporations, and New York State investment corporations majority owned by foreign banks. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.
3. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1993								
	June 30^r	July 7	July 14	July 21^r	July 28^r	Aug. 4	Aug. 11	Aug. 18	Aug. 25
ASSETS									
1 Cash and balances due from depository institutions	106,672	126,447	107,898	105,942	102,516	106,925	103,659	107,047	101,589
2 U.S. Treasury and government securities	287,648	295,026^r	295,158^r	292,640	292,736	302,136	300,574	304,744	296,879
3 Trading account	17,197	24,853	25,856	24,979	25,043	28,975	26,640	29,432	25,650
4 Investment account	270,451	270,173^r	269,302^r	267,661	267,693	273,161	273,934	275,312	271,229
5 Mortgage-backed securities[1]	84,402	86,119	85,043	84,465	85,101	87,573	87,348	86,794	86,231
All others, by maturity									
6 One year or less	45,331	44,612^r	46,423^r	46,145	46,346	47,964	48,114	50,883	50,269
7 One year through five years	70,198	71,344^r	70,375^r	71,544	72,082	70,480	70,694	70,573	69,923
8 More than five years	70,519	68,099	67,461	65,508	64,164	67,145	67,779	67,062	64,807
9 Other securities	56,239	56,315^r	56,505^r	56,412	55,656	56,898	57,049	57,322	56,843
10 Trading account	2,580	2,787	2,758	2,482	2,888	2,800	2,734	2,851	2,628
11 Investment account	53,659	53,529^r	53,747^r	53,930	52,768	54,098	54,315	54,472	54,216
12 State and political subdivisions, by maturity	19,387	19,292	19,311	19,314	19,406	19,467	19,574	19,744	19,752
13 One year or less	3,205	3,253	3,313	3,326	3,407	3,487	3,522	3,560	3,574
14 More than one year	16,181	16,038	15,998	15,988	15,999	15,980	16,052	16,184	16,178
15 Other bonds, corporate stocks, and securities	34,273	34,237^r	34,436^r	34,616	33,362	34,631	34,742	34,727	34,464
16 Other trading account assets	11,848	11,561	10,880	10,902	11,231	12,258	11,684	13,136	12,823
17 Federal funds sold[2]	83,847	98,575	96,085	96,349	91,752	91,587	85,317	87,870	86,848
18 To commercial banks in the United States	57,399	64,614	57,249	59,016	54,473	56,407	51,264	53,219	52,207
19 To nonbank brokers and dealers	20,479	27,231	31,263	31,704	31,664	30,389	30,081	30,338	30,391
20 To others[3]	5,969	6,730	7,573	5,630	5,615	4,791	3,972	4,314	4,250
21 Other loans and leases, gross	994,673	992,202^r	985,869^r	983,007	982,929	991,191	986,871	983,798	981,267
22 Commercial and industrial	276,563	275,510^r	272,018^r	272,117	270,359	273,718	271,274	270,313	268,351
23 Bankers acceptances and commercial paper	3,003	3,392	3,246	3,238	3,211	3,375	3,388	3,417	3,283
24 All other	273,560	272,118^r	268,772^r	268,879	267,148	270,343	267,886	266,895	265,068
25 U.S. addressees	271,724	270,462^r	267,139^r	267,289	265,604	268,740	266,249	265,256	263,480
26 Non-U.S. addressees	1,837	1,656	1,633	1,590	1,544	1,603	1,636	1,639	1,588
27 Real estate loans	400,461	401,814^r	401,863^r	399,843	399,938	402,714	404,297	401,695	400,282
28 Revolving, home equity	43,990	44,018	43,730	43,742	43,747	43,727	43,780	44,227	44,200
29 All other	356,470	357,796^r	358,133^r	356,101	356,191	358,987	360,517	357,468	356,083
30 To individuals for personal expenditures	188,283	187,965	188,293	188,905	189,601	189,708	189,489	190,477	191,113
31 To financial institutions	37,804	38,588	37,851	36,752	36,243	39,682	37,074	36,082	35,588
32 Commercial banks in the United States	14,261	14,102	13,941	14,298	14,376	14,580	13,823	13,865	13,504
33 Banks in foreign countries	2,670	2,945	2,828	2,618	2,343	4,242	2,516	2,168	2,415
34 Nonbank financial institutions	20,872	21,540	21,082	19,836	19,524	20,861	20,735	20,049	19,669
35 For purchasing and carrying securities	19,267	16,839	17,128	16,300	17,241	15,505	15,966	16,271	17,428
36 To finance agricultural production	5,797	5,827	5,859	5,856	5,856	5,852	5,833	5,804	5,780
37 To states and political subdivisions	13,737	13,754^r	13,665^r	13,694	13,863	13,664	13,688	13,707	13,679
38 To foreign governments and official institutions	1,460	1,507^r	1,428^r	1,395	1,390	1,285	1,336	1,142	1,210
39 All other loans[4]	26,385	25,532	22,895	23,251	23,509	24,084	22,956	23,379	22,890
40 Lease-financing receivables	24,916	24,865	24,871	24,893	24,929	24,981	24,959	24,927	24,946
41 LESS: Unearned income	2,113	2,121	2,140	2,150	2,150	2,096	2,104	2,053	2,048
42 Loan and lease reserve[5]	35,575	35,347	35,468	35,428	35,373	35,728	35,794	35,782	35,761
43 Other loans and leases, net	956,985	954,734^r	948,261^r	945,429	945,407	953,367	948,973	945,963	943,458
44 Other assets	167,812	168,742^r	173,611^r	167,935	165,469	173,089	171,231	167,315	162,883
45 **Total assets**	**1,671,051**	**1,711,400**	**1,688,398**	**1,675,609**	**1,664,767**	**1,696,259**	**1,678,488**	**1,683,397**	**1,661,323**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1993								
	June 30[r]	July 7	July 14	July 21[r]	July 28[r]	Aug. 4	Aug. 11	Aug. 18	Aug. 25
LIABILITIES									
46 Deposits	1,113,875	1,143,770	1,122,307	1,094,484	1,095,317	1,120,441	1,111,225	1,102,743	1,094,028
47 Demand deposits	290,227	301,635	283,657	265,977	269,611	280,691	274,039	274,219	269,278
48 Individuals, partnerships, and corporations	239,490	243,769	236,030	218,734	219,845	230,291	228,027	225,372	221,587
49 Other holders	50,737	57,865	47,627	47,243	49,766	50,401	46,012	48,848	47,691
50 States and political subdivisions	9,072	8,329	8,243	8,248	8,382	9,276	8,374	8,815	8,390
51 U.S. government	2,461	1,827	2,056	1,485	1,614	2,295	1,821	1,763	1,806
52 Depository institutions in the United States	21,916	26,166	21,154	21,443	22,584	22,478	20,248	21,249	22,670
53 Banks in foreign countries	5,454	5,730	5,404	5,452	5,242	5,315	5,289	4,608	5,182
54 Foreign governments and official institutions	769	2,692	581	684	615	801	716	721	627
55 Certified and officers' checks	11,065	13,122	10,190	9,931	11,328	10,236	9,564	11,691	9,016
56 Transaction balances other than demand deposits[4]	118,542	121,879	118,640	117,768	116,718	122,554	119,861	119,366	117,887
57 Nontransaction balances	705,106	720,256	720,011	710,739	708,988	717,196	717,325	709,158	706,863
58 Individuals, partnerships, and corporations	684,613	696,495	696,278	686,886	684,991	693,335	693,365	685,488	682,963
59 Other holders	20,492	23,761	23,732	23,853	23,997	23,861	23,960	23,670	23,900
60 States and political subdivisions	18,181	19,060	18,800	18,792	18,791	18,932	19,044	19,069	19,257
61 U.S. government	497	2,666	2,665	2,660	2,661	2,694	2,705	2,671	2,672
62 Depository institutions in the United States	1,488	1,719	1,944	2,082	2,230	1,922	1,898	1,614	1,658
63 Foreign governments, official institutions, and banks	326	317	322	319	315	313	312	317	313
64 Liabilities for borrowed money[5]	292,620	309,091	309,145	320,840	308,580	312,968	307,224	319,779	301,370
65 Borrowings from Federal Reserve Banks	1,260	157	0	0	0	0	0	30	0
66 Treasury tax and loan notes	27,482	17,984	18,564	15,350	19,190	15,094	18,417	15,400	16,524
67 Other liabilities for borrowed money[6]	263,878	290,950	290,581	305,490	289,391	297,874	288,807	304,349	284,846
68 Other liabilities (including subordinated notes and debentures)	114,309	107,834	106,199	108,665	109,482	110,490	107,890	107,812	112,612
69 **Total liabilities**	**1,520,804**	**1,560,695**	**1,537,650**	**1,523,988**	**1,513,380**	**1,543,900**	**1,526,339**	**1,530,335**	**1,508,009**
70 Residual (total assets less total liabilities)[7]	150,247	150,705	150,748	151,620	151,388	152,360	152,149	153,062	153,315
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,362,594	1,374,963[r]	1,373,306[r]	1,365,995	1,365,456	1,383,082	1,376,408	1,379,787	1,368,949
72 Time deposits in amounts of $100,000 or more	96,623	103,718	104,411	102,867	102,806	104,353	103,481	102,147	102,265
73 Loans sold outright to affiliates[9]	813	823	825	823	821	821	816	814	814
74 Commercial and industrial	411	425	404	402	402	402	401	400	400
75 Other	402	398	421	421	419	419	415	414	414
76 Foreign branch credit extended to U.S. residents[10]	22,643	22,327[r]	22,544[r]	22,473	22,022	21,834	21,667	21,949	21,566
77 Net owed to related institutions abroad	−9,646	−14,769[r]	−22,921[r]	−16,184	−13,476	−18,218	−20,856	−18,213	−8,660

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

NOTE. Data that formerly appeared in table 1.28, Assets and Liabilities of Large Weekly Reporting Commercial Banks in New York City, can be obtained from the Board's H.4.2 (504) weekly statistical release. For ordering address, see inside front cover.

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities[1]

Millions of dollars, Wednesday figures

Account	1993								
	June 30[r]	July 7	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
ASSETS									
1 Cash and balances due from depository institutions	19,841	19,276	17,617	17,608	17,314	18,759	18,060	18,088	18,188
2 U.S. Treasury and government agency securities	31,572	30,861	31,093	33,698	33,644	34,469	32,277	34,084	33,723
3 Other securities	8,665	8,622	8,745	8,885	8,695	8,627	8,698	8,604	8,243
4 Federal funds sold[1]	27,808	29,773	26,116	27,996	25,871	28,304	25,063	23,876	21,958
5 To commercial banks in the United States	7,570	6,645	4,868	5,679	5,345	5,913	6,099	6,027	4,259
6 To others[2]	20,238	23,129	21,248	22,317	20,526	22,392	18,965	17,849	17,698
7 Other loans and leases, gross	163,669	162,234[r]	160,180[r]	160,079[r]	159,684	161,594	160,950	161,164	161,293
8 Commercial and industrial	97,889	98,237[r]	97,656[r]	98,092[r]	97,496[r]	97,984	98,480	98,327	96,759
9 Bankers acceptances and commercial paper	2,476	2,413[r]	2,508[r]	2,647[r]	2,675	2,779	2,774	2,857	2,730
10 All other	95,413	95,824[r]	95,148[r]	95,445[r]	94,822[r]	95,205	95,705	95,470	94,030
11 U.S. addressees	92,044	92,394[r]	91,776[r]	92,033[r]	91,590[r]	91,996	92,413	92,167	90,707
12 Non-U.S. addressees	3,369	3,430	3,373	3,412	3,231	3,209	3,293	3,303	3,322
13 Loans secured by real estate	31,387	31,317[r]	31,050[r]	31,057[r]	31,055[r]	30,870	30,778	30,662	31,505
14 To financial institutions	26,893	26,677	26,620	25,772	25,753	26,261	25,950	26,385	26,714
15 Commercial banks in the United States	5,871	5,974	6,034	5,375	5,171	5,419	5,327	5,321	5,273
16 Banks in foreign countries	2,026	2,059	1,979	2,136	2,067	2,203	2,066	2,261	2,160
17 Nonbank financial institutions	18,996	18,644	18,607	18,261	18,514	18,639	18,557	18,802	19,282
18 For purchasing and carrying securities	4,587	2,923[r]	2,178[r]	2,425	2,692	3,617	3,016	2,946	3,508
19 To foreign governments and official institutions	401	385	392	433	382	395	390	411	412
20 All other	2,511	2,695	2,284	2,301	2,306	2,467	2,337	2,433	2,394
21 Other assets (claims on nonrelated parties)	31,567	31,473	30,869	31,182	31,186	32,269	32,062	31,350	31,113
22 **Total assets**[3]	**314,806**	**311,098**[r]	**306,677**[r]	**307,402**[r]	**301,318**	**309,383**	**302,055**	**302,468**	**300,233**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	102,534	99,163[r]	97,513	96,819	95,563	95,274	93,629	93,261	94,332
24 Demand deposits[4]	4,951	5,129[r]	4,421	4,557	3,869	4,395	4,083	4,008	4,163
25 Individuals, partnerships, and corporations	4,057	3,565[r]	3,605	3,345	3,046	3,290	3,097	3,161	3,301
26 Other	895	1,564[r]	815	1,211	822	1,105	985	847	863
27 Nontransaction accounts	97,582	94,034	93,092	92,262	91,695	90,879	89,546	89,253	90,169
28 Individuals, partnerships, and corporations	67,568	64,839	64,408	64,241	63,978	62,969	61,237	61,017	62,124
29 Other	30,014	29,195	28,684	28,022	27,717	27,911	28,309	28,236	28,045
30 Borrowings from other than directly-related institutions	88,641	95,373	90,194	83,910	75,091	87,563	82,716	77,645	78,555
31 Federal funds purchased[5]	50,469	54,351	48,539	46,998	41,730	51,458	46,956	41,105	40,473
32 From commercial banks in the United States	18,793	20,072	15,175	11,620	12,013	16,309	13,249	9,770	12,960
33 From others	31,676	34,279	33,364	35,378	29,716	35,149	33,707	31,335	27,513
34 Other liabilities for borrowed money	38,172	41,022	41,655	36,912	33,361	36,106	35,760	36,540	38,081
35 To commercial banks in the United States	8,315	7,705	7,477	7,180	6,880	6,892	6,321	6,796	5,682
36 To others	29,858	33,318	34,177	29,731	26,481	29,214	29,439	29,744	32,399
37 Other liabilities to nonrelated parties	31,963	28,858[r]	28,749[r]	28,758[r]	30,126	31,202	29,389	29,241	29,494
38 **Total liabilities**[6]	**314,806**	**311,098**[r]	**306,677**[r]	**307,402**[r]	**301,318**	**309,383**	**302,055**	**302,468**	**300,233**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	218,272	218,871[r]	215,233[r]	219,604[r]	217,378	221,662	215,563	216,381	215,685
40 Net owed to related institutions abroad	59,984	58,845[r]	58,166[r]	69,961[r]	75,614	69,982	71,377	77,019	72,138

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1993					
	1988	1989	1990	1991	1992	Feb.	Mar.	Apr.	May	June	July
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**458,464**	**525,831**	**562,656**	**531,724**	**549,433**	**527,531**	**534,118**	**535,966**	**541,761**	**544,107**	**539,149**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	159,777	183,622	214,706	213,823	228,260	202,046	218,925	210,230	214,558	221,834	210,224
3 Bank-related (not seasonally adjusted)[3]	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	194,931	210,930	200,036	183,379	172,813	177,370	171,959	175,384	174,558	171,479	170,192
5 Bank-related (not seasonally adjusted)[3]	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	103,756	131,279	147,914	134,522	148,360	148,115	143,234	150,352	152,645	150,794	158,733
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**66,631**	**62,972**	**54,771**	**43,770**	**38,200**	**35,221**	**34,939**	**35,317**	**34,927**	**34,149**	**33,120**
By holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,561	9,878	11,036	10,688	11,096	11,568	11,422
9 Own bills	8,022	8,510	7,930	9,347	9,103	8,361	9,162	9,315	9,786	10,236	10,140
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,516	1,873	1,372	1,310	1,333	1,282
Federal Reserve Banks[7]											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	1,169	1,108	909	690	613	582
12 Others	56,052	52,473	44,836	31,014	26,364	24,175	22,795	23,720	23,141	21,967	21,116
By basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,212	11,126	11,129	10,746	10,274	10,066	10,149
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	7,547	7,304	7,629	7,809	7,650	7,673
15 All other	37,237	33,638	28,973	20,577	17,893	16,548	16,506	16,942	16,844	16,433	15,299

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

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1990— Jan. 1	10.50	1990	10.01	1991— Jan.	9.52	1992— May	6.50
8	10.00	1991	8.46	Feb.	9.05	June	6.50
		1992	6.25	Mar.	9.00	July	6.02
1991— Jan. 2	9.50			Apr.	9.00	Aug.	6.00
Feb. 4	9.00	1990— Jan.	10.11	May	8.50	Sept.	6.00
May 1	8.50	Feb.	10.00	June	8.50	Oct.	6.00
Sept. 13	8.00	Mar.	10.00	July	8.50	Nov.	6.00
Nov. 6	7.50	Apr.	10.00	Aug.	8.50	Dec.	6.00
Dec. 23	6.50	May	10.00	Sept.	8.20		
		June	10.00	Oct.	8.00	1993— Jan.	6.00
1992— July 2	6.00	July	10.00	Nov.	7.58	Feb.	6.00
		Aug.	10.00	Dec.	7.21	Mar.	6.00
		Sept.	10.00			Apr.	6.00
		Oct.	10.00	1992— Jan.	6.50	May	6.00
		Nov.	10.00	Feb.	6.50	June	6.00
		Dec.	10.00	Mar.	6.50	July	6.00
				Apr.	6.50	Aug.	6.00
						Sept.	6.00

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of twenty-nine large banks, rather than the date on which the first bank made a change in the rate. 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

Averages, percent per year; figures are averages of business day data unless otherwise noted

Item	1990	1991	1992	1993				1993, week ending				
				May	June	July	Aug.	July 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	8.10	5.69	3.52	3.00	3.04	3.06	3.03	3.03	3.10	2.98	3.06	2.98
2 Discount window borrowing[2,4]	6.98	5.45	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	8.15	5.89	3.71	3.11	3.19	3.15	3.14	3.15	3.16	3.15	3.15	3.11
4 3-month	8.06	5.87	3.75	3.14	3.25	3.20	3.18	3.22	3.22	3.20	3.17	3.14
5 6-month	7.95	5.85	3.80	3.20	3.38	3.35	3.33	3.39	3.39	3.37	3.30	3.27
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.05	3.12	3.08	3.08	3.09	3.10	3.09	3.08	3.03
7 3-month	7.87	5.71	3.65	3.07	3.16	3.12	3.13	3.14	3.16	3.13	3.12	3.11
8 6-month	7.53	5.60	3.63	3.07	3.16	3.15	3.16	3.19	3.17	3.17	3.16	3.15
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.06	3.16	3.12	3.10	3.13	3.12	3.10	3.09	3.08
10 6-month	7.80	5.67	3.67	3.13	3.28	3.26	3.23	3.29	3.27	3.24	3.22	3.20
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.07	3.13	3.10	3.09	3.10	3.10	3.09	3.09	3.09
12 3-month	8.15	5.83	3.68	3.10	3.21	3.16	3.14	3.17	3.17	3.15	3.13	3.14
13 6-month	8.17	5.91	3.76	3.20	3.36	3.34	3.32	3.39	3.37	3.34	3.30	3.27
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.12	3.21	3.17	3.14	3.19	3.18	3.13	3.13	3.13
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	2.96	3.07	3.04	3.02	3.06	3.06	3.02	3.00	3.00
16 6-month	7.46	5.44	3.54	3.07	3.20	3.16	3.14	3.21	3.21	3.14	3.11	3.10
17 1-year	7.35	5.52	3.71	3.23	3.39	3.33	3.30	3.43	3.40	3.33	3.26	3.24
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	2.96	3.10	3.05	3.05	3.10	3.10	3.05	3.03	3.02
19 6-month	7.47	5.49	3.57	3.07	3.23	3.15	3.17	3.24	3.25	3.18	3.12	3.12
20 1-year	7.36	5.54	3.75	3.13	3.40	3.42	3.30	3.44	n.a.	n.a.	n.a.	3.30
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.36	3.54	3.47	3.44	3.57	3.55	3.48	3.41	3.37
22 2-year	8.16	6.49	4.77	3.98	4.16	4.07	4.00	4.19	4.15	4.06	3.97	3.88
23 3-year	8.26	6.82	5.30	4.40	4.53	4.43	4.36	4.54	4.53	4.44	4.34	4.22
24 5-year	8.37	7.37	6.19	5.20	5.22	5.09	5.03	5.21	5.19	5.12	5.02	4.87
25 7-year	8.52	7.68	6.63	5.66	5.61	5.48	5.35	5.56	5.53	5.46	5.34	5.18
26 10-year	8.55	7.86	7.01	6.04	5.96	5.81	5.68	5.88	5.85	5.78	5.66	5.51
27 30-year	8.61	8.14	7.67	6.92	6.81	6.63	6.32	6.63	6.54	6.42	6.26	6.16
Composite												
28 More than 10 years (long-term)	8.74	8.16	7.52	6.68	6.55	6.34	6.18	6.37	6.30	6.24	6.19	6.08
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	6.96	6.56	6.09	5.47	5.35	5.27	5.37	5.34	5.38	5.40	5.37	5.33
30 Baa	7.29	6.99	6.48	5.88	5.80	5.74	5.84	5.80	5.85	5.87	5.84	5.82
31 *Bond Buyer* series[14]	7.27	6.92	6.44	5.73	5.63	5.57	5.45	5.65	5.61	5.45	5.40	5.35
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	9.77	9.23	8.55	7.78	7.66	7.50	7.19	7.50	7.40	7.28	7.13	7.04
Rating group												
33 Aaa	9.32	8.77	8.14	7.43	7.33	7.17	6.85	7.14	7.04	6.92	6.79	6.71
34 Aa	9.56	9.05	8.46	7.61	7.51	7.35	7.06	7.37	7.28	7.15	6.99	6.91
35 A	9.82	9.30	8.62	7.85	7.74	7.53	7.25	7.54	7.45	7.34	7.18	7.11
36 Baa	10.36	9.80	8.98	8.21	8.07	7.93	7.60	7.95	7.82	7.69	7.53	7.43
37 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	7.75	7.59	7.43	7.16	7.37	7.31	7.17	7.09	6.97
MEMO												
Dividend–price ratio[17]												
38 Preferred stocks	8.96	8.17	7.46	6.65	6.97	6.89	6.83	6.89	6.83	6.84	6.81	6.85
39 Common stocks	3.61	3.24	2.99	2.77	2.81	2.81	2.76	2.80	2.79	2.78	2.75	2.73

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

NOTE. 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	1990	1991	1992	1992	1993							
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	183.66	206.35	229.00	239.47	239.75	243.41	248.12	244.72	246.02	247.16	247.85	251.93
2 Industrial	226.06	258.16	284.26	290.77	292.11	294.40	298.75	292.19	297.83	298.78	295.34	298.83
3 Transportation	158.80	173.97	201.02	212.35	221.00	226.96	229.42	237.97	237.80	234.30	238.30	250.82
4 Utility	90.72	92.64	99.48	103.85	105.52	109.45	112.53	113.78	111.21	113.27	116.27	118.72
5 Finance	133.21	150.84	179.29	196.87	203.38	209.93	217.01	216.02	209.40	209.75	218.89	224.96
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	435.64	435.40	441.76	450.15	443.08	445.25	448.06	447.29	454.13
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	392.69	402.75	409.39	418.56	418.54	429.72	436.13	434.99	444.75
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	222,736	266,011	288,540	251,170	279,778	255,843	250,230	247,574	247,324
9 American Stock Exchange	13,155	12,486	14,171	16,523	17,184	18,154	16,150	15,521	20,433	17,753[r]	17,744[r]	19,352
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**28,210**	**36,660**	**43,990**	**43,990**	**44,020**	**44,290**	**45,160**	**47,420**	**48,630**	**49,550**	**49,080**	**52,760**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	8,970	8,980	9,790	9,650	9,805	9,560	9,820	9,585	9,480
12 Cash accounts	19,285	19,255	22,510	22,510	20,360	22,190	21,395	21,450	21,610	22,625	21,475	21,915
	Margin requirements (percent of market value and effective date)[5]											
	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. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. New series since June 1984.
6. These requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1990	1991	1992	1993					
				Mar.	Apr.	May	June	July	Aug.
U.S. budget[1]									
1 Receipts, total	1,031,308	1,054,264	1,090,453r	83,442r	132,115r	70,751r	128,586	80,639	86,745
2 On-budget	749,652	760,380	788,027r	57,248r	96,406r	44,629r	98,680	57,152	62,064
3 Off-budget	281,656	293,885	302,426	26,194	35,709	26,122	29,906	23,487	24,681
4 Outlays, total	1,252,691	1,323,785	1,380,637	127,417r	124,024r	107,714r	117,486	120,216	109,975
5 On-budget	1,027,626	1,082,098	1,128,321	103,179r	101,851	83,319r	103,493	96,251	85,108
6 Off-budget	225,065	241,687	252,316	24,237	22,174	24,395	13,994	23,965	24,867
7 *Surplus or deficit* (−), *total*	−221,384	−269,521	−290,184r	−43,974	8,091	−36,963	11,099	−39,577	−23,230
8 On-budget	−277,974	−321,719	−340,294r	−45,931	−5,445	−38,690	−4,813	−39,099	−23,044
9 Off-budget	56,590	52,198	50,110	1,957	13,535	1,727	15,912	−478	−186
Source of financing (total)									
10 Borrowing from the public	220,101	276,802	310,918	37,727	5,464	30,832	24,757	1,055	54,301
11 Operating cash (decrease, or increase (−))	818	−1,329	−17,305	−2,452	−18,945	20,196	−40,288	32,447	−12,652
12 Other[2]	465	−5,952	−3,429r	8,699	5,390	−14,065	4,432	6,075	−18,419
MEMO									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	21,551	40,496	20,300	60,588	28,141	40,793
14 Federal Reserve Banks	7,638	7,928	24,586	6,752	7,273	5,787	28,386	5,818	7,975
15 Tax and loan accounts	32,517	33,556	34,203	14,799	33,223	14,514	32,202	22,324	32,818

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, *all former off-budget entries are now presented on-budget.* Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance *their programs. The act has also moved two* social security trust funds, (federal old-age survivors insurance and federal disability insurance) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

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

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and 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						
	1991	1992	1991	1992		1993	1993		
			H2	H1	H2	H1	June	July	Aug.
RECEIPTS									
1 **All sources**	**1,054,264**	**1,090,453**^r	**519,165**	**560,318**	**540,479**^r	**593,733**^r	**128,586**	**80,639**	**86,745**
2 Individual income taxes, net	467,827	475,976^r	234,939	236,576	246,951^r	256,088^r	56,463	37,489	39,444
3 Withheld	404,152	408,352	210,552	198,868	215,591	210,066	36,198	36,396	36,751
4 Presidential Election Campaign Fund	32	30	1	20	10	25	4	2	0
5 Nonwithheld	142,693	149,430	33,296	110,995	39,284	113,482	21,774	2,759	3,928
6 Refunds	79,050	81,835^r	8,910	73,308	7,931^r	67,468	1,512	1,668	1,235
Corporation income taxes									
7 Gross receipts	113,599	117,949	54,016	61,682	58,022	69,044	25,627	3,848	2,422
8 Refunds	15,513	17,679	8,649	9,403	7,219	7,198	678	1,154	479
9 Social insurance taxes and contributions, net	396,011	413,689	186,839	224,569	192,599	227,177	38,405	32,284	36,657
10 Employment taxes and contributions[2]	370,526	385,491	175,802	208,110	180,758	208,776	37,738	30,156	31,447
11 Self-employment taxes and contributions[3]	25,457	24,421	3,306	20,434	3,988	16,270	3,139	104	0
12 Unemployment insurance	20,922	23,410	8,721	14,070	9,397	16,074	301	1,709	4,810
13 Other net receipts[4]	4,563	4,788	2,317	2,389	2,445	2,326	366	419	400
14 Excise taxes	42,430	45,570	24,429	22,389	23,456	23,398	4,565	4,214	4,295
15 Customs deposits	15,921	17,359	8,694	8,146	9,497	8,860	1,642	1,761	1,828
16 Estate and gift taxes	11,138	11,143	5,507	5,701	5,733	6,494	900	944	1,150
17 Miscellaneous receipts[5]	22,852	26,458^r	13,390	10,658	11,444^r	9,867	1,662	1,252	1,429
OUTLAYS									
18 **All types**	**1,323,785**	**1,380,637**	**694,345**	**704,266**	**723,365**	**673,860**	**117,487**	**120,216**	**109,975**
19 National defense	272,514	298,361	147,669	147,065	155,501	140,535	24,786	25,916	21,278
20 International affairs	16,167	16,106	7,691	8,540	9,911	6,565	1,024	1,241	493
21 General science, space, and technology	15,946	16,409	8,472	7,951	8,521	7,996	1,347	1,521	1,556
22 Energy	2,511	4,509	1,698	1,442	3,109	2,462	604	198	400
23 Natural resources and environment	18,708	20,017	11,130	8,594	11,467^r	8,588	1,605	1,421	1,487
24 Agriculture	14,864	14,997	7,418	7,526	8,881	11,824	824	206	171
25 Commerce and housing credit	75,639	9,753	36,534	15,615	−7,846	−15,112	−2,523	−2,014	−2,703
26 Transportation	31,531	33,759	17,074	15,651	18,421^r	16,077	3,273	3,250	3,270
27 Community and regional development	7,432	7,923	3,783	3,903	4,540	4,935	986	962	876
28 Education, training, employment, and social services	41,479	45,248	21,114	23,767	21,026^r	23,983	3,820	3,113	4,937
29 Health	71,183	89,570	41,459	44,164	47,232^r	49,882	8,981	8,023	8,632
30 Social security and Medicare	373,495	406,569	193,098	205,500	232,109	195,933	41,061	37,670	36,334
31 Income security	171,618	197,867	87,693	104,537	98,579^r	108,559	13,801	18,665	14,925
32 Veterans benefits and services	31,344	34,133	17,425	15,597	18,561	16,385^r	2,871	4,289	2,063
33 Administration of justice	12,295	14,450	6,574	7,435	7,238^r	7,463	1,131	1,350	1,122
34 General government	11,358	12,939	6,794	5,050	8,226^r	5,205	1,497	340	848
35 Net interest[6]	195,012	199,429	99,149	100,161	98,709^r	99,635	15,464	17,159	17,473
36 Undistributed offsetting receipts[7]	−39,356	−39,280	−20,436	−18,229	−20,914	−17,035	−3,065	−3,094	−3,187

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

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1994*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1991			1992				1993	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**3,563**	**3,683**	**3,820**	**3,897**	**4,001**	**4,083**	**4,196**	**4,250**	n.a.
2 Public debt securities	3,538	3,665	3,802	3,881	3,985	4,065	4,177	4,231	4,352
3 Held by public	2,643	2,746	2,833	2,918	2,977	3,048	3,129	3,188	n.a.
4 Held by agencies	895	920	969	964	1,008	1,016	1,048	1,043	n.a.
5 Agency securities	25	18	19	16	16	18	19	20	n.a.
6 Held by public	25	18	19	16	16	18	19	20	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,450**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**
9 Public debt securities	3,450	3,569	3,706	3,783	3,890	3,972	4,085	4,139	4,256
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,370

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

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

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

Billions of dollars, end of period

Type and holder	1989	1990	1991	1992	1992		1993	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**2,953.0**	**3,364.8**	**3,801.7**	**4,177.0**	**4,064.6**	**4,177.0**	**4,230.6**	**4,352.0**
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	4,061.8	4,173.9	4,227.6	4,349.0
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,677.5	2,754.1	2,807.1	2,860.6
4 Bills	430.6	527.4	590.4	657.7	634.3	657.7	659.9	659.3
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,566.4	1,608.9	1,652.1	1,698.7
6 Bonds	348.2	388.2	435.5	472.5	461.8	472.5	480.2	487.6
7 Nonmarketable[1]	986.4	1,166.2	1,327.2	1,419.8	1,384.3	1,419.8	1,420.5	1,488.4
8 State and local government series	163.3	160.8	159.7	153.5	157.6	153.5	151.6	152.8
9 Foreign issues[2]	6.8	43.5	41.9	37.4	37.0	37.4	37.0	43.0
10 Government	6.8	43.5	41.9	37.4	37.0	37.4	37.0	43.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	148.3	155.0	161.4	164.4
13 Government account series[3]	695.6	813.8	959.2	1,043.5	1,011.0	1,043.5	1,040.0	1,097.8
14 Non-interest-bearing	21.2	2.8	2.8	3.1	2.8	3.1	3.0	2.9
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	1,047.8	1,016.3	1,047.8	1,043.2	
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	296.4	302.5	305.2	
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,765.5	2,839.9	2,895.0	
18 Commercial banks	164.9	171.5	233.4	293.4	287.4	293.4	296.0	
19 Money market funds	14.9	45.4	80.0	80.6	79.8	80.6	77.6	
20 Insurance companies	125.1	142.0	168.7	190.3	185.6	190.3	194.0	
21 Other companies	93.4	108.9	150.8	192.5	180.8	192.5	199.3	n.a.
22 State and local treasuries	487.5	490.4	520.3	534.8	529.5	534.8	536.0	
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	150.3	157.3	163.6	
24 Other securities	98.7	107.6	125.8	131.9	130.9	131.9	134.1	
25 Foreign and international[5]	392.9	421.7	455.0	512.5	499.0	512.5	528.4	
26 Other miscellaneous investors[6]	520.7	674.5	691.1	746.6	722.1	746.6	766.0	

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

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

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

Millions of dollars, daily averages

	Item	1993			1993, week ending								
		May	June[r]	July	June 30	July 7	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
	IMMEDIATE TRANSACTIONS[2]												
	By type of security												
	U.S. Treasury securities												
1	Bills	41,654[r]	44,236	38,530[r]	47,620	41,568	36,212	34,723	42,248	38,473	36,642	38,359	43,128
	Coupon securities, by maturity												
2	Less than 3.5 years	53,470[r]	44,070	41,106[r]	42,376	39,191	32,744	39,286	51,700	43,909	53,289	50,165	57,205
3	3.5 to 7.5 years	44,116[r]	39,730	38,413[r]	41,320	32,899	31,226	42,158	47,378	35,633	33,711	42,549	44,158
4	7.5 to 15 years	21,115[r]	19,269	21,192[r]	21,189	19,449	21,096	22,148	20,201	25,006	29,867	28,630	23,261
5	15 years or more	16,129[r]	15,950	17,907[r]	16,190[r]	14,652	17,744	19,494	16,646	24,005	28,833	32,315	26,059
	Federal agency securities												
	Debt, by maturity												
6	Less than 3.5 years	6,074[r]	7,228	6,647[r]	9,423[r]	6,759	6,894	5,694	6,727	7,993	7,431	8,001	9,537
7	3.5 to 7.5 years	582[r]	624	605	559	541	636	789	492	478	440	575	517
8	7.5 years or more	359[r]	428	712[r]	529	488	743	473	1,085	743	651	612	639
	Mortgage-backed												
9	Pass-throughs	18,327[r]	17,002	19,563[r]	14,136	13,778[r]	28,814	19,670	17,026	14,078	23,813	24,340	15,200
10	All others[3]	3,073	2,949	3,266	3,664	2,697	4,057	3,044	3,463	2,486	2,850	3,106	2,842
	By type of counterparty												
	Primary dealers and brokers												
11	U.S. Treasury securities	110,416	100,173	97,397[r]	100,910[r]	89,398	84,300	97,930	113,932	103,464	116,188	117,729	120,938
	Federal agency securities												
12	Debt	1,019	1,147	1,073[r]	1,554	979	1,247	949	920	1,518	1,454	1,548	1,727
13	Mortgage-backed	9,389[r]	8,852	10,157[r]	7,145	6,714[r]	14,659	11,065	9,106	6,141	11,519	12,741	7,832
	Customers												
14	U.S. Treasury securities	66,067[r]	63,082	59,751[r]	67,785[r]	58,360	54,722	59,879	64,240	63,562	66,153	74,289	72,873
	Federal agency securities												
15	Debt	5,996[r]	7,134	6,891[r]	8,957[r]	6,809	7,026	6,007	7,384	7,697	7,068	7,640	8,966
16	Mortgage-backed	12,012	11,099	12,672	10,655	9,761	18,213	11,648	11,383	10,424	15,145	14,705	10,211
	FUTURES AND FORWARD TRANSACTIONS[4]												
	By type of deliverable security												
	U.S. Treasury securities												
17	Bills	2,600[r]	3,189	2,511[r]	2,314[r]	2,650	2,270	3,007	2,367	1,960	1,250	2,289	1,999
	Coupon securities, by maturity												
18	Less than 3.5 years	1,929	1,931	2,055[r]	1,638	2,124	1,885	2,286	2,091	1,675	2,334	2,190	2,367
19	3.5 to 7.5 years	1,747[r]	1,943	1,382[r]	1,502	1,114	1,123	1,185	1,710	2,234	1,106	1,603	2,274
20	7.5 to 15 years	3,054	2,990	2,751[r]	2,670	2,501	2,272	2,966	2,908	3,516	2,901	3,640	3,810
21	15 years or more	10,435[r]	9,228	11,588	8,283[r]	9,928	10,453	12,465	12,746	12,656	11,841	14,207	15,604
	Federal agency securities												
	Debt, by maturity												
22	Less than 3.5 years	149	222	86	199	26	208	54	53	64	137	65	28
23	3.5 to 7.5 years	75	54	105	104	113	34	134	130	128	50	192	161
24	7.5 years or more	15	84	23	98	7	17	14	23	94	19	4	7
	Mortgage-backed												
25	Pass-throughs	19,570	23,647	23,310	22,362	23,177	28,714	21,086	21,447	20,286	30,715	24,255	20,778
26	Others[3]	1,753	1,463	2,026	2,003	1,644	1,403	2,845	2,353	1,487	2,135	1,929	2,430
	OPTIONS TRANSACTIONS[5]												
	By type of underlying security												
	U.S. Treasury, coupon securities, by maturity												
27	Less than 3.5 years	1,127	1,002	1,512	790[r]	1,598	1,551	1,721	1,311	1,218	869	1,241	1,252
28	3.5 to 7.5 years	685	438	801	220	808	812	775	884	622	722	687	872
29	7.5 to 15 years	522	571	1,019	676[r]	1,013	1,042	828	1,239	903	1,209	913	1,229
30	15 years or more	1,202	799	2,503	752	1,816	3,512	1,343	2,981	3,062	3,075	2,324	2,472
	Federal agency, mortgage-backed securities												
31	Pass-throughs	460	600	533	671	853	533	479	344	496	591	499	572

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. Averages are based on the number of trading days in the period. 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. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed 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.

3. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to 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.

5. 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. In tables 1.42 and 1.43, "n.a." indicates that data are not published because of insufficient activity.

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and federal agency securities, mortgage-backed, other than pass-throughs—are no longer available because activity is insufficient.

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

Millions of dollars

Item	1993 May	1993 June	1993 July	1993, week ending June 30	July 7	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18
						Positions[2]					
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	7,999	4,999r	5,394	7,941	8,968	4,170	2,652	4,908	7,443	7,501	6,089
Coupon securities, by maturity											
2 Less than 3.5 years	10,311r	10,982	9,704	10,515	13,202	11,217	6,778	9,169	6,092	8,607	5,828
3 3.5 to 7.5 years	-19,908r	-16,778	-17,643	-14,235	-14,839	-17,558	-18,842	-19,275	-17,778	-21,026	-25,283
4 7.5 to 15 years	-10,225r	-10,051	-5,042	-5,448	-5,764	-4,115	-6,350	-4,118	-4,628	-1,023	-582
5 15 years or more	8,252r	11,817r	10,367	13,621r	11,248	13,652	10,276	8,546	5,103	4,778	9,028
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	5,384r	6,578r	7,924	5,808r	7,203	8,555	7,155	7,621	10,638	9,930	9,423
7 3.5 to 7.5 years	2,787r	2,192r	3,023	2,591	2,921	2,969	3,165	3,068	2,953	2,854	2,825
8 7.5 years or more	2,951r	2,916r	3,568	3,319r	3,602	3,644	3,455	3,549	3,616	3,580	3,778
Mortgage-backed											
9 Pass-throughs	29,356	36,731	37,760	30,596	27,987	40,975	42,297	41,327	34,151	44,214	49,801
10 All others[4]	27,158	26,354	25,204	27,997	27,817	25,601	24,298	23,573	24,101	22,447	23,431
Other money market instruments											
11 Certificates of deposit	3,681	3,280	2,673r	3,625	2,727	2,488	2,337	2,795	3,479	2,584	3,574
12 Commercial paper	6,066	6,950	6,669r	7,368	6,761	6,909	5,967	6,553	7,804	7,106	6,580
13 Bankers acceptances	862	1,048	1,114	1,152	1,286	1,273	940	935	1,168	1,211	1,399
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	-5,222	-5,751	-6,396	-8,531	-6,953	-6,306	-6,912	-5,912	-5,230	-5,999	-10,144
Coupon securities, by maturity											
15 Less than 3.5 years	-1,555r	-3,212r	-1,787	-2,154	-1,714	-1,926	-1,770	-1,733	-1,794	-2,548	-1,510
16 3.5 to 7.5 years	4,626	3,432r	4,012	3,098	3,033	4,348	4,212	4,397	4,146	4,176	5,341
17 7.5 to 15 years	4,410	2,013	4,208	1,187	887	1,469	6,635	6,365	7,657	8,657	5,790
18 15 years or more	-4,643r	-6,174r	-6,493r	-7,285	-5,482	-7,885	-5,054	-7,317	-7,044	-8,375	-9,372
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	-207r	38	4	-229	30	122	56	-186	-11	37	-172
20 3.5 to 7.5 years	-111	-33	-72	3	-11	19	-236	-42	-113	5	115
21 7.5 years or more	-85	85	33	190	-28	27	55	72	48	-3	32
Mortgage-backed											
22 Pass-throughs	-6,916	-15,024	-20,369	-12,916	-9,915	-24,769	-25,928	-23,459	-14,319	-27,181	-31,780
23 All others[4]	1,773	1,764	2,782	2,278	1,565	756	4,754	4,194	2,456	6,390	7,824
24 Certificates of deposit	-155,044	-149,595r	-178,596	-155,901	-169,169	-173,639	-179,462	-192,038	-178,774	-206,357	-202,067
						Financing[6]					
Reverse repurchase agreements											
25 Overnight and continuing	223,931	221,171	244,345r	213,645	235,842	247,901	248,270	238,908	259,418	248,234	259,657
26 Term	373,495	370,986	406,245r	329,050	383,677	414,509	404,744	417,346	417,217	435,607	379,961
Repurchase agreements											
27 Overnight and continuing	399,943	399,663	442,232r	382,980	443,644	426,213	456,672	436,307	456,448	432,247	478,250
28 Term	346,717	337,604	367,564r	295,376	345,353	371,666	366,221	384,658	373,062	404,766	345,608
Securities borrowed											
29 Overnight and continuing	123,353	129,101	128,685	120,678	123,247	127,851	127,866	134,784	131,003	133,048	136,896
30 Term	42,805	41,518	46,807	41,689	44,946	48,401	47,380	47,174	45,232	46,163	44,037
Securities loaned											
31 Overnight and continuing	5,055	4,774	5,355	5,058	5,200	4,721	4,937	6,383	5,776	5,634	5,219
32 Term	938	639	773	772	806	561	752	964	790	864	1,062
Collateralized loans											
33 Overnight and continuing	14,538	14,128	16,304	11,427	13,600	18,267	16,190	17,972	14,405	17,888	17,417
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	146,741	149,942	161,088	136,578	151,832	157,774	168,241	162,540	170,341	164,772	178,568
35 Term	321,698	317,835	351,971r	282,136	335,783	362,514	350,445	356,988	357,002	375,482	322,989
Repurchase agreements											
36 Overnight and continuing	210,160	206,698	224,024r	193,416	215,874	223,597	230,084	223,406	231,339	216,636	234,201
37 Term	257,391	254,497	276,056r	218,040	258,419	284,224	275,200	283,225	283,421	306,852	249,632

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; monthly figures are averages of weekly data.

2. Securities positions are reported at market value.

3. 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 of 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.

4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to 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.

6. 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.

7. 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. Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1989	1990	1991	1992	1993				
					Feb.	Mar.	Apr.	May	June
1 **Federal and federally sponsored agencies**	**411,805**	**434,668**	**442,772**	**483,970**	**494,739**	**494,656**	**0**	**0**	**0**
2 Federal agencies	35,664	42,159	41,035	41,829	42,115	42,051	42,619	42,738	42,218
3 Defense Department[1]	7	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	10,985	11,376	9,809	7,208	7,208	6,749	6,749	6,749	6,258
5 Federal Housing Administration[4]	328	393	397	374	237	259	263	271	283
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,445	6,948	8,421	10,660	10,660	10,440	10,440	10,440	10,182
8 Tennessee Valley Authority	17,899	23,435	22,401	23,580	24,003	24,596	25,160	25,271	25,488
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	375,428	392,509	401,737	442,141	452,624	452,605	0	0	0
11 Federal Home Loan Banks	136,108	117,895	107,543	114,733	113,347	115,272	117,363	120,172	127,289
12 Federal Home Loan Mortgage Corporation	26,148	30,941	30,262	29,631	44,490	41,183	47,903	46,555	35,572
13 Federal National Mortgage Association	116,064	123,403	133,937	166,300	163,538	165,818	165,135	170,768	176,527
14 Farm Credit Banks[8]	54,864	53,590	52,199	51,910	51,502	51,630	51,210	51,538	51,686
15 Student Loan Marketing Association[9]	28,705	34,194	38,319	39,650	39,822	38,776	38,209	37,967	38,884
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	0	0
17 Farm Credit Financial Assistance Corporation[11]	847	1,261	1,261	1,261	1,261	1,261	1,261	0	0
18 Resolution Funding Corporation[12]	4,522	23,055	29,996	29,996	29,996	29,996	29,996	0	0
MEMO									
19 **Federal Financing Bank debt**[13]	**134,873**	**179,083**	**185,576**	**154,994**	**147,464**	**146,097**	**140,807**	**137,215**	**132,953**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	10,979	11,370	9,803	7,202	7,202	6,743	6,743	6,743	6,252
21 Postal Service[6]	6,195	6,698	8,201	10,440	10,440	10,440	10,440	10,440	10,182
22 Student Loan Marketing Association	4,880	4,850	4,820	4,790	4,790	4,790	4,790	4,790	4,790
23 Tennessee Valley Authority	16,519	14,055	10,725	6,975	6,825	6,675	6,675	6,575	6,575
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	53,311	52,324	48,534	42,979	42,979	42,979	41,629	40,379	39,729
26 Rural Electrification Administration	19,265	18,890	18,562	18,172	18,036	17,966	18,008	17,970	17,895
27 Other	23,724	70,896	84,931	64,436	57,192	56,504	52,522	50,318	47,530

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. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown on line 17.
9. Before late 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1990	1991	1992	1993							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **All issues, new and refunding**[1]	**120,339**	**154,402**	**215,191**	**18,039**	**18,285**	**28,920**	**20,956**	**27,178**	**28,529**	**21,603**	**21,258**
By type of issue											
2 General obligation	39,610	55,100	78,611	4,840	6,963	8,254	8,272	9,452	8,415	7,713	6,065
3 Revenue	81,295	99,302	136,580	13,199	11,322	20,666	12,684	17,726	20,114	13,890	15,193
By type of issuer											
4 State	15,149	24,939	25,295	1,339	3,485	2,139	1,463	2,910	3,562	2,944	2,319
5 Special district or statutory authority[2]	72,661	80,614	129,686	12,706	10,146	19,804	9,923	15,441	18,132	10,043	10,632
6 Municipality, county, or township	32,510	48,849	60,210	3,994	4,654	6,977	9,570	8,827	6,835	8,616	8,307
7 **Issues for new capital**	**103,235**	**116,953**	**120,272**	**5,604**r	**4,775**r	**9,741**r	**4,941**r	**8,681**r	**11,208**r	**7,737**	**7,029**
By use of proceeds											
8 Education	17,042	21,121	22,071	1,033	1,264	1,482	833	1,596	2,208	1,723r	1,883
9 Transportation	11,650	13,395	17,334	829	131	2,111	699	813	772	653r	1,062
10 Utilities and conservation	11,739	21,039	20,058	894	423	538	806	955	1,629	922r	1,646
11 Social welfare	23,099	25,648	21,796	777	618	1,556	942	1,756	2,073	1,555	681
12 Industrial aid	6,117	8,376	5,424	337	69	765	134	601	1,042	429	212
13 Other purposes	34,607	30,275	33,589	2,005	2,131	3,264	1,971	3,665	3,046	2,455	1,545

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1990	1991	1992	1992	1993						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues**[1]	**340,049**	**465,243**	n.a.	**39,424**	**50,692**	**59,427**	**56,284**	**40,173**	**42,951**	**65,537**r	**50,882**
2 **Bonds**[2]	**299,884**	**389,822**	**471,125**	**33,375**	**45,458**	**49,367**	**47,446**	**33,922**	**34,253**	**55,743**r	**41,744**
By type of offering											
3 Public, domestic	188,848	286,930	377,681	31,835	41,575	47,084	42,243	30,718	30,924	51,146	39,700
4 Private placement, domestic[3]	86,982	74,930	65,853	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,054	27,962	27,591	1,540	3,884	2,283	5,203	3,204	3,329	4,597r	2,044
By industry group											
6 Manufacturing	51,779	86,628	81,998	4,232	9,393	8,150	8,137	6,234	3,690	8,397r	2,988
7 Commercial and miscellaneous	40,733	36,666	42,869	2,176	3,074	2,268	2,695	2,194	3,015	2,505	6,569
8 Transportation	12,776	13,598	9,979	611	316	248	1,067	123	685	948	607
9 Public utility	17,621	23,945	48,055	2,867	4,282	5,624	7,058	5,767	2,857	5,812	7,087
10 Communication	6,687	9,431	15,394	516	3,019	2,890	3,270	2,015	1,820	2,473	2,331
11 Real estate and financial	170,288	219,750	272,830	22,973	25,374	30,187	25,220	17,588	22,186	35,608r	22,162
12 **Stocks**[2]	**40,175**	**75,424**	**88,324**	**6,049**	**5,234**	**10,060**	**8,838**	**6,251**	**8,698**	**9,794**	**9,138**
By type of offering											
13 Public preferred	3,998	17,085	21,339	1,608	1,112	1,898	1,647	702	3,124	876	2,113
14 Common	19,442	48,230	57,119	4,441	4,122	8,161	7,191	5,549	5,574	8,918	7,025
15 Private placement[3]	16,736	10,109	9,867	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	5,649	24,111	22,723	1,468	722	2,616	1,741	1,387	1,413	1,982	1,776
17 Commercial and miscellaneous	10,171	19,418	20,231	2,226	1,688	2,021	2,488	1,564	2,836	2,025	2,485
18 Transportation	369	2,439	2,595	118	65	64	336	250	111	168	113
19 Public utility	416	3,474	6,532	92	310	350	743	412	753	893	495
20 Communication	3,822	475	2,365	126	0	0	7	30	279	65	n.a.
21 Real estate and financial	19,738	25,507	33,879	2,019	2,438	5,009	3,522	2,579	3,307	4,660	4,269

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

SOURCES. IDD Information Services, Inc., 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	1991	1992	1992 Dec.	1993 Jan.	Feb.	Mar.	Apr.	May	June[r]	July
1 **Sales of own shares**[2]	**463,645**	**647,055**	**70,618**	**71,607**	**60,676**	**69,080**	**66,766**	**60,504**	**68,373**	**72,577**
2 Redemptions of own shares	342,547	447,140	51,993	46,545	39,684	47,414	46,518	38,752	46,923	45,151
3 Net sales[3]	121,098	199,915	18,625	25,062	20,992	21,666	20,248	21,759	21,650	27,426
4 **Assets**[4]	**808,582**	**1,056,310**	**1,056,310**	**1,082,653**	**1,116,784**	**1,154,445**	**1,178,663**	**1,219,863**	**1,255,377**	**1,285,428**
5 Cash[5]	60,292	73,999	73,999	76,764	79,763	81,536	87,140	85,677	84,177	93,962
6 Other	748,290	982,311	982,311	1,005,889	1,037,021	1,072,910	1,091,523	1,134,186	1,171,200	1,191,466

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 new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1990[r]	1991[r]	1992[r]	1991[r] Q3	1991[r] Q4	1992[r] Q1	1992[r] Q2	1992[r] Q3	1992[r] Q4	1993 Q1[r]	1993 Q2
1 Profits with inventory valuation and capital consumption adjustment	380.6	369.5	407.2	359.0	378.8	409.9	411.7	367.5	439.5	432.1	443.3
2 Profits before taxes	365.7	362.3	395.4	362.0	373.5	404.3	409.5	357.9	409.9	419.8	431.6
3 Profits tax liability	138.7	129.8	146.3	132.5	133.4	147.0	153.0	130.1	155.0	160.9	167.4
4 Profits after taxes	227.1	232.5	249.1	229.5	240.1	257.3	256.5	227.8	254.9	258.9	264.3
5 Dividends	153.5	137.4	150.5	133.4	133.9	138.0	146.1	155.2	162.9	167.5	168.5[r]
6 Undistributed profits	73.6	95.2	98.6	96.1	106.1	119.3	110.4	72.7	92.0	91.4	95.8
7 Inventory valuation	-11.0	4.9	-5.3	-3.0	1.9	-4.6	-13.7	-7.8	4.9	-12.7	-13.0[r]
8 Capital consumption adjustment	25.9	2.2	17.1	.0	3.5	10.2	16.0	17.4	24.7	25.1	24.6[r]

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

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1991	1992	1993[1]	1992 Q1	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4[1]
1 **Total nonfarm business**	**528.39**	**546.60**	**585.20**	**534.85**	**541.41**	**547.40**	**559.24**	**564.13**	**579.79**	**598.91**	**597.98**
Manufacturing											
2 Durable goods industries	77.64	73.32	80.94	73.98	74.07	72.09	73.30	79.11	80.88	82.73	81.06
3 Nondurable goods industries	105.17	100.69	98.95	99.85	97.91	100.77	103.56	95.94	96.21	103.96	99.69
Nonmanufacturing											
4 Mining	10.02	8.88	9.29	8.92	9.20	8.98	8.47	8.89	9.10	9.65	9.52
Transportation											
5 Railroad	5.95	6.67	6.57	6.63	6.32	6.70	7.04	6.00	6.00	7.17	7.09
6 Air	10.17	8.93	7.25	8.76	9.65	9.69	7.60	7.30	6.54	8.35	6.82
7 Other	6.54	7.04	9.16	6.44	7.19	7.52	6.97	9.17	9.04	8.90	9.53
Public utilities											
8 Electric	43.76	48.22	52.11	46.11	48.35	48.17	49.57	49.92	50.51	54.81	53.20
9 Gas and other	22.82	23.99	23.54	22.89	24.29	24.01	24.50	23.59	24.04	23.06	23.46
10 Commercial and other[2]	246.32	268.84	297.39	261.27	264.46	269.46	278.24	284.21	297.46	300.26	307.62

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1990	1991	1992	1991		1992				1993
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
ASSETS										
1 Accounts receivable, gross[2]	492.3	480.6	482.1	485.2	480.6	475.6	476.7	473.9	482.1	469.6
2 Consumer	133.3	121.9	117.1	125.3	121.9	118.4	116.7	116.7	117.1	111.9
3 Business	293.6	292.9	296.5	293.7	292.9	290.8	293.2	288.5	296.5	289.6
4 Real estate	65.5	65.8	68.4	66.2	65.8	66.4	66.8	68.8	68.4	68.1
5 LESS: Reserves for unearned income	57.6	55.1	50.8	57.6	55.1	53.6	51.2	50.8	50.8	47.4
6 Reserves for losses	9.6	12.9	15.8	13.1	12.9	13.0	12.3	12.0	15.8	15.5
7 Accounts receivable, net	425.1	412.6	415.5	414.6	412.6	409.0	413.2	411.1	415.5	406.6
8 All other	113.9	149.0	150.6	136.4	149.0	145.5	139.4	146.5	150.6	155.0
9 **Total assets**	**539.0**	**561.6**	**566.1**	**551.1**	**561.6**	**554.5**	**552.6**	**557.6**	**566.1**	**561.6**
LIABILITIES AND CAPITAL										
10 Bank loans	31.0	42.3	37.6	39.6	42.3	38.0	37.8	38.1	37.6	34.1
11 Commercial paper	165.3	159.5	156.4	156.8	159.5	154.4	147.7	153.2	156.4	149.8
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	37.5	34.5	37.8	36.5	34.5	34.5	34.8	34.9	37.8	41.9
15 Not elsewhere classified	178.2	191.3	195.3	185.0	191.3	189.8	191.9	191.4	195.3	195.1
16 All other liabilities	63.9	69.0	71.2	68.8	69.0	72.0	73.4	73.7	71.2	74.2
17 Capital, surplus, and undivided profits	63.7	64.8	67.8	63.8	64.8	66.0	67.1	68.1	67.8	66.6
18 **Total liabilities and capital**	**539.6**	**561.2**	**566.1**	**550.5**	**561.2**	**554.6**	**552.7**	**559.4**	**566.1**	**561.7**

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

2. Before deduction for unearned income and losses.

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

Millions of dollars, amounts outstanding, end of period

Type of credit	1990	1991	1992	1993					
				Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted								
1 **Total**	**522,474**	**519,910**	**534,845**	**531,398**	**528,046**	**529,552**	**523,111**	**522,981**	**523,537**
2 Consumer	160,468	154,822	157,707	157,733	156,257	156,441	153,275	152,979	153,228
3 Real estate[2]	65,147	65,383	68,011	70,016	68,726	69,803	66,396	67,223	67,426
4 Business	296,858	299,705	309,127	303,649	303,062	303,308	303,440	302,778	302,883
	Not seasonally adjusted								
5 **Total**	**525,888**	**523,192**	**538,158**	**528,490**	**528,172**	**531,380**	**524,180**	**526,818**	**523,387**
6 Consumer	161,360	155,713	158,631	155,929	154,913	155,440	152,708	152,995	153,733
7 Motor vehicles	75,045	63,415	57,605	54,036	53,508	53,977	53,878	55,592	56,817
8 Other consumer[3]	58,213	58,522	59,522	58,651	58,346	58,546	55,433	55,737	56,259
9 Securitized motor vehicles[4]	19,837	23,166	29,775	32,860	32,904	32,527	33,174	31,642	30,787
10 Securitized other consumer[4]	8,265	10,610	11,729	10,383	10,155	10,390	10,223	10,023	9,870
11 Real estate[2]	65,509	65,760	68,410	69,216	68,135	69,356	66,150	67,230	67,649
12 Business	299,019	301,719	311,118	303,345	305,123	306,584	305,322	306,593	302,005
13 Motor vehicles	92,125	90,613	87,456	86,412	87,542	88,692	89,317	90,263	87,745
14 Retail[5]	26,454	22,957	19,303	17,881	16,961	17,228	16,513	16,995	17,561
15 Wholesale[6]	33,573	31,216	29,962	30,059	31,788	32,064	32,242	31,787	27,442
16 Leasing	32,098	36,440	38,191	38,472	38,792	39,400	40,562	41,481	42,743
17 Equipment	137,654	141,399	151,607	145,886	145,878	145,877	145,237	146,487	146,408
18 Retail	31,968	30,962	32,212	32,430	32,560	32,170	32,384	32,775	33,209
19 Wholesale[6]	11,101	9,671	8,669	8,318	8,656	8,642	8,556	8,482	8,224
20 Leasing	94,585	100,766	110,726	105,138	104,662	105,066	104,297	105,230	104,975
21 Other business[7]	63,773	60,900	57,464	55,962	56,153	56,144	54,487	53,987	53,243
22 Securitized business assets[4]	5,467	8,807	14,590	15,085	15,551	15,870	16,281	15,856	14,609
23 Retail	667	576	1,118	973	904	1,434	1,375	1,324	1,266
24 Wholesale	3,281	5,285	8,756	9,408	9,824	9,745	9,590	9,539	8,318
25 Leasing	1,519	2,946	4,716	4,704	4,823	4,691	5,316	4,993	5,025

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.
2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.
3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.
4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
5. Passenger car fleets and commercial land vehicles for which licenses are required.
6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.
7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1990	1991	1992	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	159.7	156.2	150.9	153.1	185.6	168.7	158.1
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	114.5	121.5	115.0	118.8	125.3	127.4	122.2
3 Loan-to-price ratio (percent)	74.8	75.0	76.6	75.4	79.3	78.5	79.5	75.3	77.8	78.4
4 Maturity (years)	27.3	26.8	25.6	23.8	26.9	24.9	26.9	25.4	26.2	26.4
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.43	1.50	1.23	1.43	1.32	1.28	1.21
Yield (percent per year)										
6 Contract rate[1]	9.68	9.02	7.98	7.52	7.22	7.26	7.14	7.02	6.99	6.86
7 Effective rate[1,3]	10.01	9.30	8.25	7.77	7.46	7.46	7.37	7.23	7.20	7.05
8 Contract rate (HUD series)[4]	10.08	9.20	8.43	7.63	7.59	7.51	7.59	7.33	7.31	7.02
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	10.17	9.25	8.46	7.55	7.57	7.56	7.59	7.52	7.51	6.89
10 GNMA securities[6]	9.51	8.59	7.77	7.02	6.79	6.77	6.79	6.75	6.55	6.43
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	159,766	161,147	163,719	166,849	171,232	174,674	177,992
12 FHA/VA insured	21,028	21,702	22,168	22,573	22,700	22,682	22,691	22,656	22,761	22,834
13 Conventional	92,302	101,135	120,664	137,193	138,447	141,037	144,158	148,576	151,913	155,158
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	4,118	4,730	6,761	7,526	9,131	7,854	8,176
Mortgage commitments (during period)										
15 Issued[7]	23,689	40,010	74,970	4,177	6,644	7,764	7,791	8,697	7,760	8,581
16 To sell[8]	5,270	7,608	10,493	221	0	112	30	323	458	2,585
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	20,419	24,131	29,959	32,454	35,421	38,361	39,960	42,477	43,119	44,396
18 FHA/VA insured	547	484	408	343	337	330	325	319	314	n.a.
19 Conventional	19,871	23,283	29,552	32,112	35,084	38,031	39,635	42,158	42,805	n.a.
Mortgage transactions (during period)										
20 Purchases	75,517	99,965	191,125	12,063	12,587	15,885	18,842	21,529	19,700	19,636
21 Sales	73,817	92,478	179,208	12,105	10,286	13,807	17,532	18,968	18,631	18,008
Mortgage commitments (during period)[9]										
22 Contracted	102,401	114,031	261,637	23,366	21,103	20,731	18,908	28,831	21,722	n.a.

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	1989	1990	1991	1992 Q2	1992 Q3	1992 Q4	1993 Q1[r]	1993 Q2[p]
1 **All holders**	**3,549,290[r]**	**3,761,262[r]**	**3,922,980[r]**	**3,981,827[r]**	**4,019,409[r]**	**4,041,590[r]**	**4,056,749**	**4,085,483**
By type of property								
2 One- to four-family residences	2,408,342[r]	2,615,344[r]	2,778,716[r]	2,856,601[r]	2,911,354[r]	2,953,464[r]	2,976,287	3,014,387
3 Multifamily residences	306,472[r]	309,326[r]	306,392[r]	304,792[r]	301,957[r]	294,959[r]	293,382	291,029
4 Commercial	754,000[r]	758,189[r]	758,739[r]	740,702[r]	726,273[r]	713,408[r]	707,041	699,994
5 Farm	80,476	78,403[r]	79,133[r]	79,733[r]	79,824[r]	79,759[r]	80,040	80,073
By type of holder								
6 Major financial institutions	1,931,537	1,914,315	1,846,726[r]	1,803,836[r]	1,793,492[r]	1,769,267[r]	1,751,941	1,758,285
7 Commercial banks[2]	767,069	844,826	876,100[r]	884,962[r]	891,445[r]	894,593[r]	890,672	910,867
8 One- to four-family	389,632	455,931	483,623[r]	493,199[r]	502,075[r]	507,830[r]	506,976	526,394
9 Multifamily	38,876	37,015	36,935[r]	37,724[r]	38,757[r]	38,027[r]	37,596	37,840
10 Commercial	321,906	334,648	337,095[r]	334,488[r]	330,705[r]	328,854[r]	326,128	326,033
11 Farm	16,656	17,231	18,447[r]	19,552[r]	19,908[r]	19,882	19,972	20,600
12 Savings institutions[3]	910,254	801,628	705,367	659,624	648,178	627,972	617,141	608,528
13 One- to four-family	669,220	600,154	538,358	508,545	501,604	489,622	480,398	473,949
14 Multifamily	106,014	91,806	79,881	74,788	73,723	69,791	70,656	69,408
15 Commercial	134,370	109,168	86,741	75,947	72,517	68,235	65,755	64,837
16 Farm	650	500	388	345	334	324	332	334
17 Life insurance companies	254,214	267,861	265,258	259,250[r]	253,869[r]	246,702[r]	244,128	238,890
18 One- to four-family	12,231	13,005	11,547	12,041[r]	11,779[r]	11,441[r]	11,316	11,071
19 Multifamily	26,907	28,979	29,562	29,226[r]	28,591[r]	27,770[r]	27,466	26,871
20 Commercial	205,472	215,121	214,105	208,665[r]	204,132[r]	198,269[r]	196,100	191,852
21 Farm	9,604	10,756	10,044	9,318[r]	9,366[r]	9,222[r]	9,246	9,095
22 Federal and related agencies	197,778	239,003	266,146	278,091	277,485	285,965	287,182	299,214
23 Government National Mortgage Association	23	20	19	23	27	30	45	45
24 One- to four-family	23	20	19	23	27	30	37	38
25 Multifamily	0	0	0	0	0	0	8	7
26 Farmers Home Administration[4]	41,176	41,439	41,713	41,628	41,671	41,695	41,630	41,669
27 One- to four-family	18,422	18,527	18,496	17,718	17,292	16,912	18,149	18,313
28 Multifamily	9,054	9,640	10,141	10,356	10,468	10,575	10,235	10,197
29 Commercial	4,443	4,690	4,905	4,998	5,072	5,158	4,934	4,915
30 Farm	9,257	8,582	8,171	8,557	8,839	9,050	8,313	8,245
31 Federal Housing and Veterans' Administrations	6,087	8,801	10,733	11,480	11,768	12,581	13,027	12,945
32 One- to four-family	2,875	3,593	4,036	4,403	4,531	5,153	5,631	5,635
33 Multifamily	3,212	5,208	6,697	7,077	7,236	7,428	7,396	7,311
34 Resolution Trust Corporation	0	32,600	45,822	44,624	37,099	32,045	27,331	21,973
35 One- to four-family	0	15,800	14,535	15,032	12,614	12,960	11,375	8,955
36 Multifamily	0	8,064	15,018	13,316	11,130	9,621	8,070	6,743
37 Commercial	0	8,736	16,269	16,276	13,356	9,464	7,886	6,275
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	99,001	104,870	112,283	122,939	126,476	137,584	141,192	151,513
40 One- to four-family	90,575	94,323	100,387	110,223	113,407	124,016	127,252	137,340
41 Multifamily	8,426	10,547	11,896	12,716	13,069	13,568	13,940	14,173
42 Federal Land Banks	29,640	29,416	28,767	28,775	28,815	28,365	28,536	28,592
43 One- to four-family	1,210	1,838	1,693	1,693	1,695	1,669	1,679	1,682
44 Farm	28,430	27,577	27,074	27,082	27,119	26,696	26,857	26,909
45 Federal Home Loan Mortgage Corporation	21,851	21,857	26,809	28,621	31,629	33,665	35,421	42,477
46 One- to four-family	18,248	19,185	24,125	26,001	29,039	31,032	32,831	39,905
47 Multifamily	3,603	2,672	2,684	2,620	2,591	2,633	2,589	2,572
48 Mortgage pools or trusts[5]	917,848	1,079,103	1,250,666	1,341,338	1,385,460	1,425,546	1,461,612	1,472,844
49 Government National Mortgage Association	368,367	403,613	425,295	422,922	422,255	419,516	421,514	413,166
50 One- to four-family	358,142	391,505	415,767	413,828	413,063	410,675	412,798	404,425
51 Multifamily	10,225	12,108	9,528	9,094	9,192	8,841	8,716	8,741
52 Federal Home Loan Mortgage Corporation	272,870	316,359	359,163	382,797	391,762	407,514	420,932	422,882
53 One- to four-family	266,060	308,369	351,906	376,177	385,400	401,525	415,279	417,646
54 Multifamily	6,810	7,990	7,257	6,620	6,362	5,989	5,654	5,236
55 Federal National Mortgage Association	228,232	299,833	371,984	413,226	429,935	444,979	457,316	465,220
56 One- to four-family	219,577	291,194	362,667	403,940	420,835	435,979	448,483	456,645
57 Multifamily	8,655	8,639	9,317	9,286	9,100	9,000	8,833	8,575
58 Farmers Home Administration[4]	80	66	47	43	41	38	44	45
59 One- to four-family	21	17	11	9	9	8	10	10
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	26	24	19	18	18	17	18	19
62 Farm	33	26	17	15	14	13	16	16
63 Private mortgage conduits	48,299	59,232	94,177	122,350	141,468	153,499	161,805	171,532
64 One- to four-family	43,325	53,335	84,000	105,700	123,000	132,000	137,000	145,000
65 Multifamily	462	731	3,698	5,796	5,796	6,305	6,662	7,410
66 Commercial	4,512	5,166	6,479	10,855	12,673	15,194	18,143	19,121
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	502,127[r]	528,841[r]	559,442[r]	558,562[r]	562,971[r]	560,812[r]	556,015	555,140
69 One- to four-family	318,782[r]	348,547[r]	367,546[r]	368,068[r]	374,984[r]	372,613[r]	367,072	367,378
70 Multifamily	84,228[r]	85,926[r]	83,778[r]	86,174[r]	85,942[r]	85,410[r]	85,561	85,947
71 Commercial	83,272[r]	80,636[r]	93,126[r]	89,456[r]	87,802[r]	88,217[r]	88,077	86,941
72 Farm	15,846	13,732[r]	14,992[r]	14,864[r]	14,243[r]	14,572[r]	15,304	14,874

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

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

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1990	1991	1992	1993					
				Feb.	Mar.	Apr.	May	June[r]	July
	Seasonally adjusted								
1 **Total**	**738,765**	**733,510**	**741,093**	**747,228**	**750,151**	**751,619**	**750,867**	**754,637**	**759,740**
2 Automobile	284,739	260,898	259,627	261,434	262,324	261,826	264,008	264,927	266,960
3 Revolving	222,552	243,564	254,299	258,384	259,661	260,968	261,520	262,604	265,409
4 Other	231,474	229,048	227,167	227,410	228,166	228,824	225,338	227,107	227,372
	Not seasonally adjusted								
5 **Total**	**752,883**	**749,052**	**756,944**	**745,374**	**743,153**	**745,882**	**745,356**	**751,028**	**755,914**
By major holder									
6 Commercial banks	347,087	340,713	331,869	330,060	329,764	331,649	333,314	335,191	339,600
7 Finance companies	133,258	121,937	117,127	112,686	111,854	112,523	109,311	111,330	113,076
8 Credit unions	93,057	92,681	97,641	98,785	99,778	101,534	103,019	104,766	105,347
9 Retailers	43,464	39,832	42,079	38,462	38,030	38,218	38,681	38,813	39,043
10 Savings institutions	52,164	45,965	43,461	41,976	41,695	40,378	40,079	39,864	39,801
11 Gasoline companies	4,822	4,362	4,365	4,148	4,080	4,280	4,486	4,567	4,668
12 Pools of securitized assets[2]	79,030	103,562	120,402	119,257	117,952	117,300	116,466	116,497	114,379
By major type of credit[3]									
13 Automobile	284,903	261,219	259,964	259,830	259,956	260,224	262,861	264,884	267,137
14 Commercial banks	124,913	112,666	109,743	111,005	111,287	111,351	113,322	114,724	116,752
15 Finance companies	75,045	63,415	57,605	54,036	53,508	53,977	53,878	55,592	56,817
16 Pools of securitized assets[2]	24,620	28,915	33,878	36,031	36,096	36,178	36,431	34,701	33,654
17 Revolving	234,801	256,876	267,949	257,440	256,233	257,308	258,410	260,265	262,587
18 Commercial banks	133,385	138,005	132,582	127,877	128,079	129,464	130,531	130,112	132,812
19 Retailers	38,448	34,712	36,629	33,110	32,681	32,838	33,254	33,328	33,505
20 Gasoline companies	4,822	4,362	4,365	4,148	4,080	4,280	4,486	4,567	4,668
21 Pools of securitized assets[2]	45,637	63,595	74,243	72,024	70,890	69,919	69,054	70,842	69,935
22 Other	233,178	230,957	229,031	228,105	226,964	228,350	224,085	225,878	226,190
23 Commercial banks	88,789	90,042	89,544	91,178	90,398	90,834	89,461	90,355	90,036
24 Finance companies	58,213	58,522	59,522	58,651	58,346	58,546	55,433	55,737	56,259
25 Retailers	5,016	5,120	5,450	5,352	5,349	5,380	5,427	5,485	5,538
26 Pools of securitized assets[2]	8,773	11,052	12,281	11,202	10,966	11,203	10,981	10,954	10,790

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

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

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

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

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1990	1991	1992	1993						
				Jan.	Feb.	Mar.	Apr.	May	June	July
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.78	11.14	9.29	n.a.	8.57	n.a.	n.a.	8.17	n.a.	n.a.
2 24-month personal	15.46	15.18	14.04	n.a.	13.57	n.a.	n.a.	13.63	n.a.	n.a.
3 120-month mobile home	14.02	13.70	12.67	n.a.	12.38	n.a.	n.a.	12.00	n.a.	n.a.
4 Credit card	18.17	18.23	17.78	n.a.	17.26	n.a.	n.a.	17.15	n.a.	n.a.
Auto finance companies										
5 New car	12.54	12.41	9.93	10.08	10.32	9.95	9.61	9.51	9.45	9.37
6 Used car	15.99	15.60	13.80	13.72	13.90	13.21	12.74	12.61	12.55	12.46
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.6	55.1	54.0	53.9	54.3	54.6	54.5	54.4	54.6	54.7
8 Used car	46.0	47.2	47.9	49.2	49.0	49.0	48.9	48.9	49.0	49.0
Loan-to-value ratio										
9 New car	87	88	89	90	91	90	90	91	91	91
10 Used car	95	96	97	97	98	98	98	98	98	98
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	13,975	13,849	14,013	14,021	14,146	14,296	14,430
12 Used car	8,289	8,884	9,119	9,472	9,457	9,641	9,731	9,829	9,912	9,996

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

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

3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989[r]	1990[r]	1991[r]	1992[r]	1991[r] Q3	1991[r] Q4	1992[r] Q1	1992[r] Q2	1992[r] Q3	1992[r] Q4	1993[r] Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**752.6[r]**	**723.0**	**631.0**	**475.5**	**581.5**	**500.0**	**411.4**	**603.0**	**584.6**	**611.3**	**526.9**	**400.2**
By sector and instrument												
2 U.S. government	155.1	146.4	246.9	278.2	304.0	379.5	272.5	323.8	352.9	299.1	240.1	229.6
3 Treasury securities	137.7	144.7	238.7	292.0	303.8	408.2	268.7	335.0	352.5	290.1	237.4	226.4
4 Agency issues and mortgages	17.4	1.6	8.2	−13.8	.2	−28.8	3.8	−11.2	.4	9.0	2.7	3.2
5 Private	597.5[r]	576.6	384.1	197.3	277.5	120.5	138.9	279.2	231.8	312.1	286.8	170.7
By instrument												
6 Tax-exempt obligations	53.7	65.3	57.3	69.6	65.7	68.8	77.6	68.0	76.6	75.8	42.4	62.1
7 Corporate bonds	103.1	73.8	47.1	78.8	67.3	81.6	60.2	76.3	77.8	61.3	53.7	75.0
8 Mortgages	279.6[r]	269.1	188.7	165.1	120.0	72.3	145.2	183.2	71.0	135.0	90.9	95.8
9 Home mortgages	219.6[r]	212.5	177.2	166.0	176.0	160.1	176.5	216.5	111.6	203.3	172.7	126.2
10 Multifamily residential	16.1[r]	12.0	3.4	−2.5	−11.1	−34.2	.2	11.6	−16.3	−11.1	−28.5	−5.6
11 Commercial	48.5[r]	47.3	8.9	.9	−45.5	−55.6	−28.6	−46.9	−24.6	−57.6	−53.0	−26.0
12 Farm	−4.6[r]	−2.7	−.8	.7	.6	2.1	−2.9	2.0	.4	.4	−.3	1.1
13 Consumer credit	50.1	49.5	13.4	−13.1	9.3	−20.4	−10.7	−9.8	−14.7	13.5	48.2	20.0
14 Bank loans n.e.c.	44.7[r]	36.4	4.2	−46.8	−4.7	−44.0	−53.7	−43.6	27.3	−24.3	22.0	−36.1
15 Open market paper	11.9	21.4	9.7	−18.4	8.6	−26.9	−5.0	2.5	−2.6	9.3	25.4	−24.2
16 Other	54.3[r]	61.0	63.6	−37.8	11.2	−10.9	−74.9	2.6	−3.5	41.5	4.2	−21.9
By borrowing sector												
17 State and local government	48.9	63.5	54.5	62.3	59.4	52.8	74.0	62.1	66.9	73.5	35.1	70.9
18 Household	300.1[r]	276.7	207.7	168.4	215.9	154.5	193.8	202.9	176.1	217.6	267.0	139.7
19 Nonfinancial business	248.4[r]	236.3	121.9	−33.4	2.2	−86.8	−129.0	14.2	−11.2	21.1	−15.3	−39.9
20 Farm	−10.0[r]	.5	1.8	2.4	.6	4.3	−4.6	2.1	3.2	−.5	−2.5	−1.5
21 Nonfarm noncorporate	57.2[r]	49.4	19.4	−24.5	−39.5	−81.5	−57.9	−21.7	−47.7	−37.5	−50.9	−28.8
22 Corporate	201.3[r]	186.5	100.7	−11.3	41.0	−9.6	−66.5	33.7	33.3	59.1	38.0	−9.6
23 Foreign net borrowing in United States	6.4	10.2	23.9	13.9	24.2	23.8	34.3	1.9	57.7	37.8	−.6	50.3
24 Bonds	6.9	4.9	21.4	14.1	17.3	15.6	18.5	4.9	21.9	20.3	22.2	75.6
25 Bank loans n.e.c.	−1.8	−.1	−2.9	3.1	2.3	1.4	6.5	1.5	14.1	3.9	−10.3	1.6
26 Open market paper	8.7	13.1	12.3	6.4	5.2	16.0	14.9	−8.0	27.8	13.1	−12.1	−21.7
27 U.S. government loans	−7.5	−7.6	−7.0	−9.8	−.6	−9.2	−5.6	3.6	−6.1	.5	−.4	−5.3
28 **Total domestic plus foreign**	**759.0[r]**	**733.1**	**654.9**	**489.4**	**605.7**	**523.7**	**445.6**	**604.9**	**642.3**	**649.1**	**526.3**	**450.5**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**239.9[r]**	**213.7**	**193.5**	**150.4**	**209.8**	**173.7**	**190.5**	**167.6**	**204.6**	**294.8**	**172.2**	**148.7**
By instrument												
30 U.S. government-related	119.8	149.5	167.4	145.7	155.8	161.7	150.4	126.8	195.2	169.3	131.8	165.8
31 Sponsored-credit-agency securities	44.9	25.2	17.1	9.2	40.3	20.6	32.6	11.5	48.3	67.7	33.6	32.2
32 Mortgage pool securities	74.9	124.3	150.3	136.6	115.6	141.1	117.9	115.3	146.9	101.6	98.4	133.6
33 Loans from U.S. government	.0	.0	−.1	.0	.0	.0	−.1	.0	.0	.0	−.1	.0
34 Private	120.1[r]	64.2	26.1	4.6	54.0	12.0	40.1	40.8	9.4	125.5	40.4	−17.1
35 Corporate bonds	49.0[r]	37.3	40.8	56.8	58.7	35.0	73.7	28.6	59.1	73.0	74.2	60.1
36 Mortgages	.3	.5	.4	.8	.0	1.3	1.2	−.4	−1.5	.0	2.0	.9
37 Bank loans n.e.c.	−3.8[r]	6.0	1.1	17.1	−4.8	26.0	3.8	22.0	−39.1	16.9	−19.2	−21.2
38 Open market paper	54.8	31.3	8.6	−32.0	−.7	−11.7	−9.9	1.1	−14.8	17.5	−6.5	−75.5
39 Loans from Federal Home Loan Banks	19.7	−11.0	−24.7	−38.0	.8	−38.6	−28.6	−10.4	5.8	18.1	−10.1	18.6
By borrowing sector												
40 Sponsored credit agencies	44.9	25.2	17.0	9.1	40.2	20.6	32.5	11.5	48.3	67.7	33.5	32.2
41 Mortgage pools	74.9	124.3	150.3	136.6	115.6	141.1	117.9	115.3	146.9	101.6	98.4	133.6
42 Private	120.1[r]	64.2	26.1	4.6	54.0	12.0	40.1	40.8	9.4	125.5	40.4	−17.1
43 Commercial banks	−3.0	−1.4	−.7	−11.7	8.8	−2.6	−9.5	3.2	5.5	12.1	14.5	5.4
44 Bank affiliates	5.2	6.2	−27.7	−2.5	2.3	−11.2	7.0	10.9	−9.2	6.6	.8	21.1
45 Savings and loan associations	19.9	−14.1	−29.9	−39.5	−4.7	−41.1	−25.1	−20.3	2.7	10.0	−11.2	10.0
46 Mutual savings banks	1.9	−1.4	−.5	−3.5	1.8	−5.5	−8.7	4.3	.3	8.3	−5.6	6.1
47 Finance companies	23.9[r]	27.4	24.0	18.6	−3.6	16.0	39.0	−35.6	−20.1	21.2	19.9	−33.1
48 Real estate investment trusts (REITs)	1.8[r]	1.3	1.0	1.6	.1	1.8	3.3	1.7	.3	.9	−2.7	−1.4
49 Securitized credit obligation (SCO) issuers	35.9[r]	20.0	35.4	43.7	42.8	47.4	38.6	27.5	45.6	58.2	40.0	45.8

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

Transaction category or sector	1988	1989[r]	1990[r]	1991[r]	1992[r]	1991[r]		1992[r]				1993[r]
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
50 **Total net borrowing, all sectors**	**998.8[r]**	**946.8**	**848.4**	**639.8**	**815.5**	**697.4**	**636.2**	**772.5**	**847.0**	**943.9**	**698.5**	**599.2**
51 U.S. government securities	274.9	295.8	414.4	424.0	459.8	541.1	423.0	450.6	548.1	468.5	372.0	395.3
52 State and local obligations	53.7	65.3	57.3	69.6	65.7	68.8	77.6	68.0	76.6	75.8	42.4	62.1
53 Corporate and foreign bonds	159.0[r]	116.0	109.2	149.6	143.3	132.2	152.4	109.8	158.8	154.6	150.1	210.8
54 Mortgages	280.0[r]	269.6	189.1	165.8	120.1	73.6	146.5	182.8	69.5	135.0	93.0	96.7
55 Consumer credit	50.1	49.5	13.4	−13.1	9.3	−20.4	−10.7	−9.8	−14.7	13.5	48.2	20.0
56 Bank loans n.e.c.	39.2[r]	42.3	2.4	−26.6	−7.2	−16.7	−43.4	−20.2	2.3	−3.4	−7.5	−55.7
57 Open market paper	75.4	65.9	30.7	−44.0	13.1	−22.6	.0	−4.5	10.3	39.9	6.8	−121.4
58 Other loans	66.6[r]	42.4	31.8	−85.6	11.4	−58.6	−109.3	−4.2	−3.8	60.0	−6.5	−8.7
	External corporate equity funds raised in United States											
59 **Total net share issues**	**−98.6[r]**	**−59.6**	**22.2**	**210.6**	**293.5**	**239.8**	**290.6**	**271.6**	**306.1**	**283.3**	**313.1**	**332.3**
60 Mutual funds	6.1	38.5	67.9	150.5	215.4	174.0	208.9	174.4	240.7	223.3	223.0	263.8
61 All other	−104.7[r]	−98.1	−45.7	60.1	78.2	65.8	81.7	97.2	65.3	60.0	90.1	68.5
62 Nonfinancial corporations	−129.5	−124.2	−63.0	18.3	26.8	19.0	48.0	46.0	36.0	11.0	14.0	27.0
63 Financial corporations	23.9[r]	8.8	9.9	11.2	20.8	12.2	10.0	22.1	18.2	14.2	28.6	9.5
64 Foreign shares purchased in United States	.9	17.2	7.4	30.7	30.6	34.6	23.7	29.1	11.2	34.8	47.5	31.9

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1988	1989	1990	1991	1992	1991		1992				1993
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**815.5**	**697.4**	**636.2**	**772.5**	**847.0**	**943.9**	**698.5**	**599.2**
2 Private domestic nonfinancial sectors	196.1	122.6	162.8	−16.1	69.1	−99.1	−70.7	136.6	93.4	−43.4	89.9	−174.4
3 Households	170.3	78.6	140.1	−49.7	40.2	−142.8	−123.3	119.3	52.1	−80.7	70.2	−144.7
4 Nonfarm noncorporate business	3.1	−.7	−1.7	−4.2	−2.4	−3.3	−2.6	−3.9	−2.7	−2.0	−1.0	−3.7
5 Nonfinancial corporate business	5.7	13.6	−5.3	4.3	36.3	26.9	11.0	25.1	36.8	46.5	36.9	−18.5
6 State and local governments	17.1	31.1	29.6	33.5	−5.0	19.9	44.2	−3.9	7.2	−7.1	−16.3	−7.5
7 *U.S. government*	*−10.6*	*−3.1*	*33.7*	*10.5*	*−11.9*	*−1.5*	*−20.0*	*15.2*	*−23.0*	*−26.7*	*−13.1*	*−24.1*
8 Foreign	108.6	84.4	82.1	25.6	100.0	27.4	41.3	94.4	138.9	79.3	87.6	74.6
9 Financial sectors	704.8	742.9	569.9	619.8	658.2	770.7	685.6	526.3	637.7	934.7	534.2	723.1
10 Sponsored credit agencies	33.2	−4.1	16.4	14.2	68.7	28.6	24.9	92.7	38.6	73.0	70.5	15.8
11 Mortgage pools	74.9	124.3	150.3	136.6	115.6	141.1	117.9	115.3	146.9	101.6	98.4	133.6
12 Monetary authority	10.5	−7.3	8.1	31.1	27.9	50.3	16.9	28.5	19.0	15.7	48.3	44.5
13 Commercial banking	156.5	177.2	125.1	84.3	94.8	69.1	120.4	85.1	72.7	148.0	73.3	86.4
14 U.S. commercial banks	126.4	146.1	94.9	39.2	69.8	16.7	56.9	76.3	13.3	123.5	66.0	100.4
15 Foreign banking offices	29.4	26.7	28.4	48.5	16.5	55.1	64.9	−.5	56.7	5.2	4.8	−12.5
16 *Bank affiliates*	*−.1*	*2.8*	*−2.8*	*−1.5*	*5.6*	*.6*	*.0*	*7.1*	*−.4*	*16.4*	*−.6*	*−4.3*
17 Banks in U.S. possession	.8	1.6	4.5	−1.9	2.9	−3.3	−1.5	2.2	3.2	3.0	3.0	2.9
18 Private nonbank finance	429.7	452.9	270.0	353.7	351.3	481.6	405.5	204.8	360.5	596.3	243.7	442.8
19 Thrift institutions	114.8	−86.6	−153.3	−123.0	−59.9	−180.4	−56.7	−104.6	−76.3	−43.6	−15.2	−27.2
20 Insurance	199.0	257.4	181.6	234.3	166.1	296.8	199.3	96.6	188.3	221.7	157.8	295.7
21 Life insurance companies	104.0	101.8	94.4	83.2	82.4	71.6	24.6	73.7	66.9	85.1	103.7	122.1
22 Other insurance companies	29.2	29.7	26.5	32.3	12.7	34.2	28.9	28.8	16.4	−2.8	8.3	8.9
23 Private pension funds	29.2	81.1	17.2	85.3	38.9	162.4	135.0	−33.8	77.0	103.9	8.4	122.3
24 State and local government retirement funds	36.6	44.7	43.5	33.5	32.2	28.7	10.8	27.8	28.0	35.6	37.4	42.4
25 Finance n.e.c.	115.9	282.2	241.7	242.3	245.2	365.2	263.0	212.8	248.5	418.2	101.1	174.3
26 Finance companies	38.1	32.0	28.4	−12.1	1.7	.1	−28.0	−5.3	−16.0	4.0	24.0	−34.0
27 Mutual funds	11.9	23.8	41.4	90.3	132.3	106.2	137.9	95.1	171.1	138.6	124.5	156.8
28 Money market funds	10.7	67.1	80.9	30.1	1.3	22.4	44.6	19.1	10.0	4.7	−28.4	−65.0
29 Real estate investment trusts (REITs)	.9	.5	−.7	−1.0	.6	−.6	−1.9	.3	2.6	−.3	−.1	2.9
30 Brokers and dealers	−8.2	96.3	34.9	49.0	40.2	135.8	50.5	−2.4	73.0	180.3	−90.2	79.5
31 Securitized credit obligation (SCOs) issuers	35.9	20.0	35.4	43.7	42.8	47.4	38.6	27.5	45.6	58.2	40.0	45.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
32 **Net flows through credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**815.5**	**697.4**	**636.2**	**772.5**	**847.0**	**943.9**	**698.5**	**599.2**
Other financial sources												
33 Official foreign exchange	4.0	24.8	2.0	−5.9	−1.6	−15.5	−5.0	3.5	−6.5	−8.5	5.1	3.4
34 Treasury currency and special drawing rights	.5	4.1	2.5	.0	−1.8	.4	.5	.1	.3	.2	−7.7	.3
35 Life insurance reserves	25.3	28.8	25.7	25.7	28.4	19.4	19.2	33.8	22.7	27.3	29.8	51.4
36 Pension fund reserves	140.1	309.7	158.1	358.8	228.4	450.6	419.6	118.0	191.6	301.3	302.9	371.7
37 Interbank claims	2.9	−16.5	34.2	−3.7	51.8	60.7	10.3	32.1	39.4	82.9	52.8	12.7
38 Deposits at financial institutions	278.6	284.8	98.1	48.2	9.3	36.4	48.5	−.7	4.6	175.3	−142.2	−4.6
39 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.7	107.9	102.8	86.4	108.2	201.2	95.1	30.1
40 Small time and savings deposits	121.6	100.4	59.0	16.7	−60.8	−39.8	8.7	−40.1	−81.8	−83.6	−37.7	−157.8
41 Large time deposits	53.1	13.9	−65.7	−60.8	−80.0	−81.2	−108.8	−72.9	−109.9	−52.9	−84.2	−.6
42 Money market fund shares	21.9	90.1	70.3	41.2	3.9	−3.9	30.5	44.4	27.5	−22.0	−34.1	−37.7
43 Security repurchase agreements	23.7	77.8	−24.2	−16.5	33.6	54.1	23.8	8.1	103.7	89.6	−67.1	180.3
44 Foreign deposits	15.2	−3.6	14.6	−8.2	−10.2	−.5	−8.4	−26.6	−43.2	43.0	−14.2	−18.8
45 Mutual fund shares	6.1	38.5	67.9	150.5	215.4	174.0	208.9	174.4	240.7	223.3	223.0	263.8
46 Corporate equities	−104.7	−98.1	−45.7	60.1	78.2	65.8	81.7	97.2	65.3	60.0	90.1	68.5
47 Security credit	3.0	15.6	3.5	51.4	4.2	80.6	118.0	−66.7	−4.9	82.8	5.5	39.7
48 Trade debt	89.6	59.4	32.1	−2.2	57.9	20.3	−16.3	79.8	56.5	57.8	37.5	28.6
49 Taxes payable	5.3	2.0	−4.5	−8.5	7.7	2.6	−3.3	8.5	6.1	6.5	9.9	9.7
50 Noncorporate proprietors' equity	−24.0	−31.1	−35.5	−12.5	−13.3	38.9	12.9	−21.9	7.1	−39.6	1.3	−15.9
51 Miscellaneous	199.2	292.1	98.2	169.9	203.9	93.1	256.4	103.2	284.8	214.4	213.3	255.9
52 **Total financial sources**	**1,632.0**	**1,883.8**	**1,306.5**	**1,501.3**	**1,676.4**	**1,775.8**	**1,798.4**	**1,374.0**	**1,774.9**	**2,072.2**	**1,484.7**	**1,674.2**
Floats not included in assets (−)												
53 U.S. government checking deposits	1.6	8.4	3.3	−13.1	.7	31.2	−88.2	11.3	−9.5	4.4	−3.6	.1
54 Other checkable deposits	.8	−3.2	2.5	2.0	1.6	.1	−5.5	13.8	2.0	−11.7	2.3	−21.8
55 Trade credit	−6.2	−1.9	2.5	8.1	21.7	21.9	−14.1	25.0	11.3	44.6	5.7	−11.8
Liabilities not identified as assets (−)												
56 Treasury currency	−.1	−.2	.2	−.6	−.2	−.2	−.1	−.4	−.1	−.3	−.1	−.1
57 Interbank claims	−3.0	−4.4	1.6	26.2	−4.0	19.5	16.6	8.2	−18.2	−5.3	−.6	9.3
58 Security repurchase agreements	−29.6	32.4	−31.5	5.2	31.1	52.3	66.7	−26.7	84.1	45.5	21.4	136.6
59 Taxes payable	6.3	2.3	.5	.4	6.7	8.9	.5	−7.6	7.0	23.8	3.7	−11.1
60 Miscellaneous	47.3	−77.8	−23.6	−32.1	−15.2	−157.2	−7.6	−60.3	−51.2	10.7	40.0	39.9
61 **Total identified to sectors as assets**	**1,614.8**	**1,928.2**	**1,351.0**	**1,505.2**	**1,634.2**	**1,799.2**	**1,830.2**	**1,410.7**	**1,749.5**	**1,960.5**	**1,416.0**	**1,533.2**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1989[r]	1990[r]	1991[r]	1992[r]	1991[r]		1992[r]				1993[r]
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,054.3**	**10,692.0**	**11,160.6**	**11,742.1**	**11,023.6**	**11,160.6**	**11,285.2**	**11,422.7**	**11,576.1**	**11,742.1**	**11,817.8**
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,687.2	2,776.4	2,859.7	2,923.3	2,998.9	3,080.3	3,140.2
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,669.6	2,757.8	2,844.0	2,907.4	2,980.7	3,061.6	3,120.6
4 Agency issues and mortgages	24.2	32.4	18.6	18.8	17.6	18.6	15.8	15.9	18.1	18.8	19.6
5 Private	7,803.1	8,193.9	8,384.3	8,661.8	8,336.4	8,384.3	8,425.5	8,499.4	8,577.2	8,661.8	8,677.6
By instrument											
6 Tax-exempt obligations	1,004.7	1,062.1	1,131.6	1,197.3	1,111.7	1,131.6	1,145.5	1,163.7	1,186.4	1,197.3	1,209.9
7 Corporate bonds	961.1	1,008.2	1,086.9	1,154.2	1,071.9	1,086.9	1,106.0	1,125.4	1,140.8	1,154.2	1,173.0
8 Mortgages	3,512.8	3,715.4	3,880.4	4,000.4	3,845.5	3,880.4	3,917.2	3,940.9	3,979.0	4,000.4	4,015.4
9 Home mortgages	2,380.5	2,580.6	2,746.6	2,922.6	2,703.8	2,746.6	2,791.7	2,825.5	2,880.7	2,922.6	2,945.1
10 Multifamily residential	304.3	305.5	303.0	291.9	302.9	303.0	305.9	301.8	299.0	291.9	290.5
11 Commercial	747.6	750.8	751.7	706.2	758.9	751.7	740.0	733.8	719.4	706.2	699.7
12 Farm	80.5	78.4	79.1	79.8	79.9	79.1	79.6	79.7	79.8	79.8	80.0
13 Consumer credit	799.5	813.0	799.9	809.2	790.1	799.9	777.6	776.9	784.5	809.2	793.9
14 Bank loans n.e.c.	750.8	747.8	701.0	696.3	710.3	701.0	686.3	694.7	686.8	696.3	683.9
15 Open market paper	107.1	116.9	98.5	107.1	107.0	98.5	110.4	112.0	108.2	107.1	114.6
16 Other	667.0	730.6	685.9	697.1	699.9	685.9	682.4	685.8	691.6	697.1	686.9
By borrowing sector											
17 State and local government	816.1	870.5	932.8	992.2	913.8	932.8	945.3	961.0	983.1	992.2	1,007.0
18 Household	3,371.4	3,594.8	3,762.7	3,976.0	3,703.4	3,762.7	3,782.6	3,836.6	3,898.7	3,976.0	3,979.4
19 Nonfinancial business	3,615.7	3,728.5	3,688.7	3,693.5	3,719.2	3,688.7	3,697.6	3,701.8	3,695.5	3,693.5	3,691.2
20 Farm	134.4	134.9	134.8	135.4	137.1	134.8	133.1	136.4	137.1	135.4	132.8
21 Nonfarm noncorporate	1,199.6	1,219.0	1,192.3	1,152.9	1,204.5	1,192.3	1,186.1	1,175.7	1,163.4	1,152.9	1,144.6
22 Corporate	2,281.7	2,374.6	2,361.6	2,405.3	2.377.7	2,361.6	2,378.5	2,389.7	2,394.9	2,405.3	2,413.9
23 **Foreign credit market debt held in United States**	**261.2**	**285.1**	**298.9**	**313.8**	**289.3**	**298.9**	**288.7**	**304.7**	**312.9**	**313.8**	**324.8**
24 Bonds	94.1	115.4	129.5	146.9	124.9	129.5	130.8	136.2	141.3	146.9	165.8
25 Bank loans n.e.c.	21.4	18.5	21.6	23.9	20.0	21.6	22.0	25.5	26.5	23.9	24.3
26 Open market paper	63.0	75.3	81.8	77.7	78.0	81.8	70.5	77.4	80.7	77.7	72.3
27 U.S. government loans	82.7	75.8	66.0	65.4	66.4	66.0	65.5	65.6	64.4	65.4	62.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,315.5**	**10,977.1**	**11,459.5**	**12,055.9**	**11,313.0**	**11,459.5**	**11,573.9**	**11,727.4**	**11,889.0**	**12,055.9**	**12,142.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,362.7**	**2,559.4**	**2,709.7**	**2,928.8**	**2,653.1**	**2,709.7**	**2,751.2**	**2,805.3**	**2,877.1**	**2,928.8**	**2,962.1**
By instrument											
30 U.S. government-related	1,247.8	1,418.4	1,564.2	1,720.0	1,522.9	1,564.2	1,590.3	1,641.6	1,683.5	1,720.0	1,755.8
31 Sponsored credit-agency securities	373.3	393.7	402.9	443.1	394.7	402.9	405.7	417.8	434.7	443.1	451.2
32 Mortgage pool securities	869.5	1,019.9	1,156.5	1,272.0	1,123.3	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.9	4.8	4.8	4.8	4.8	4.8	4.8
34 Private	1,114.8	1,140.9	1,145.6	1,208.9	1,130.3	1,145.6	1,160.9	1,163.7	1,193.6	1,208.9	1,206.3
35 Corporate bonds	509.1	549.9	606.6	665.4	588.2	606.6	613.8	628.6	646.8	665.4	680.4
36 Mortgages	4.0	4.3	5.1	5.1	4.8	5.1	5.0	4.6	4.6	5.1	5.4
37 Bank loans n.e.c.	50.9	52.0	69.1	64.2	66.3	69.1	72.7	63.1	67.3	64.2	56.9
38 Open market paper	409.1	417.7	385.7	394.3	387.0	385.7	393.2	390.5	394.6	394.3	378.7
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	83.9	79.1	76.3	76.9	80.2	79.9	85.0
By borrowing sector											
40 Sponsored credit agencies	378.3	398.5	407.7	447.9	399.5	407.7	410.5	422.6	439.5	447.9	456.0
41 Mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,123.3	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8
42 Private financial sectors	1,114.8	1,140.9	1,145.6	1,208.9	1,130.3	1,145.6	1,160.9	1,163.7	1,193.6	1,208.9	1,206.3
43 Commercial banks	77.4	76.7	65.0	73.8	66.2	65.0	63.8	66.2	69.0	73.8	73.1
44 Bank affiliates	142.5	114.8	112.3	114.6	110.6	112.3	115.0	112.7	114.4	114.6	119.9
45 Savings and loan associations	145.2	115.3	75.9	71.1	79.0	75.9	71.2	70.3	70.9	71.1	74.8
46 Mutual savings banks	17.2	16.7	13.2	15.1	15.2	13.2	13.5	14.3	16.2	15.1	15.7
47 Finance companies	350.4	374.4	393.0	389.4	381.5	393.0	382.2	377.4	382.7	389.4	379.1
48 Real estate investment trusts (REITs)	11.4	12.4	14.0	14.1	13.2	14.0	14.4	14.5	14.8	14.1	13.7
49 Securitized credit obligation (SCO) issuers	211.5	246.9	290.7	333.5	281.0	290.7	297.5	308.9	323.5	333.5	344.9
	All sectors										
50 **Total credit market debt, domestic and foreign**	**12,678.2**	**13,536.5**	**14,169.3**	**14,984.7**	**13,966.1**	**14,169.3**	**14,325.1**	**14,532.7**	**14,766.1**	**14,984.7**	**15,104.7**
51 U.S. government securities	3,494.1	3,911.7	4,335.7	4,795.5	4,205.2	4,335.7	4,445.2	4,560.1	4,677.6	4,795.5	4,891.2
52 State and local obligations	1,004.7	1,062.1	1,131.6	1,197.3	1,111.7	1,131.6	1,145.5	1,163.7	1,186.4	1,197.3	1,209.9
53 Corporate and foreign bonds	1,564.3	1,673.5	1,823.1	1,966.4	1,785.0	1,823.1	1,850.5	1,890.2	1,928.9	1,966.4	2,019.1
54 Mortgages	3,516.8	3,719.7	3,885.5	4,005.6	3,850.3	3,885.5	3,922.2	3,945.5	3,983.6	4,005.6	4,020.7
55 Consumer credit	799.5	813.0	799.9	809.2	790.1	799.9	777.6	776.9	784.5	809.2	793.9
56 Bank loans n.e.c.	823.0	818.3	791.7	784.5	796.6	791.7	780.9	783.3	780.6	784.5	765.2
57 Open market paper	579.2	609.9	565.9	579.0	572.0	565.9	574.1	579.9	583.6	579.0	565.5
58 Other loans	896.5	928.4	835.8	847.2	855.1	835.8	829.0	833.0	841.0	847.2	839.2

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

	Transaction category or sector	1989[r]	1990[r]	1991[r]	1992[r]	1991[r] Q3	1991[r] Q4	1992[r] Q1	1992[r] Q2	1992[r] Q3	1992[r] Q4	1993[r] Q1
	CREDIT MARKET DEBT OUTSTANDING[2]											
1	**Total credit market assets**	**12,678.2**	**13,536.5**	**14,169.3**	**14,984.7**	**13,966.1**	**14,169.3**	**14,325.1**	**14,532.7**	**14,766.1**	**14,984.7**	**15,104.7**
2	Private domestic nonfinancial sectors	2,096.4	2,246.8	2,205.8	2,280.8	2,198.3	2,205.8	2,211.7	2,219.0	2,212.2	2,280.8	2,228.3
3	Households	1,326.8	1,454.6	1,380.0	1,426.1	1,395.1	1,380.0	1,389.1	1,381.1	1,371.7	1,426.1	1,389.6
4	Nonfarm noncorporate business	56.5	54.9	50.7	48.3	50.9	50.7	49.3	48.7	48.1	48.3	47.0
5	Nonfinancial corporate business	181.2	175.8	180.1	216.4	169.6	180.1	180.0	192.6	199.5	216.4	204.5
6	State and local governments	531.9	561.5	595.1	590.0	582.8	595.1	593.3	596.6	592.9	590.0	587.3
7	U.S. government	205.4	239.1	247.0	235.1	252.9	247.0	251.2	246.3	239.2	235.1	229.5
8	Foreign	778.7	897.5	936.2	1,030.4	912.7	936.2	959.8	994.5	1,014.3	1,030.4	1,040.5
9	Financial sectors	9,597.7	10,153.1	10,780.3	11,438.5	10,602.2	10,780.3	10,902.4	11,072.9	11,300.3	11,438.5	11,606.5
10	Sponsored credit agencies	355.4	371.8	397.7	466.4	389.0	397.7	419.9	429.0	446.3	466.4	464.1
11	Mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,123.3	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8
12	Monetary authority	233.3	241.4	272.5	300.4	264.7	272.5	271.8	282.6	285.2	300.4	303.6
13	Commercial banking	2,647.4	2,772.5	2,856.8	2,951.6	2,821.3	2,856.8	2,864.5	2,887.6	2,928.2	2,951.6	2,960.9
14	U.S. commercial banks	2,371.9	2,466.7	2,506.0	2,575.7	2,492.1	2,506.0	2,517.3	2,525.2	2,560.0	2,575.7	2,594.6
15	Foreign banking offices	242.3	270.8	319.2	335.8	297.5	319.2	313.3	328.2	328.9	335.8	326.7
16	Bank affiliates	16.2	13.4	11.9	17.5	11.6	11.9	13.6	13.1	17.5	17.5	16.4
17	Banks in U.S. possession	17.1	21.6	19.7	22.5	20.0	19.7	20.2	21.0	21.8	22.5	23.3
18	Private nonbank finance	5,491.9	5,747.4	6,096.7	6,448.1	6,003.9	6,096.7	6,166.5	6,254.8	6,396.6	6,448.1	6,578.0
19	Thrift institutions	1,475.4	1,324.6	1,197.3	1,137.3	1,211.7	1,197.3	1,168.6	1,150.5	1,141.3	1,137.3	1,127.9
20	Savings and loan associations	1,088.9	945.1	804.2	727.5	826.1	804.2	771.1	748.8	737.9	727.5	720.8
21	Mutual savings banks	241.1	227.1	211.5	210.2	208.7	211.5	213.4	211.6	208.3	210.2	207.8
22	Credit unions	156.0	166.6	179.4	196.8	174.7	179.4	182.0	188.2	193.3	196.8	202.7
23	Insurance	2,320.7	2,473.7	2,708.0	2,874.1	2,666.0	2,708.0	2,736.4	2,788.0	2,843.3	2,874.1	2,953.0
24	Life insurance companies	1,022.0	1,116.5	1,199.6	1,282.0	1,201.4	1,199.6	1,222.3	1,243.6	1,264.7	1,282.0	1,317.3
25	Other insurance companies	317.5	344.0	376.3	389.0	369.1	376.3	383.5	387.6	386.9	389.0	391.2
26	Private pension funds	590.2	607.4	692.7	731.5	658.9	692.7	684.2	703.4	729.4	731.5	762.3
27	State and local government retirement funds	390.9	405.9	439.4	471.6	436.7	439.4	446.3	453.3	462.2	471.6	482.2
28	Finance n.e.c.	1,695.9	1,949.1	2,191.5	2,436.6	2,126.1	2,191.5	2,261.5	2,316.2	2,412.0	2,436.6	2,497.1
29	Finance companies	468.6	497.0	484.9	486.6	488.9	484.9	479.5	480.5	477.8	486.6	473.7
30	Mutual funds	307.2	360.2	450.5	582.8	421.4	450.5	478.8	522.0	557.5	582.8	626.6
31	Money market funds	291.8	372.7	402.7	404.1	389.5	402.7	424.0	413.5	408.8	404.1	404.5
32	Real estate investment trusts (REITs)	8.4	7.7	6.8	7.4	7.2	6.8	6.8	7.5	7.4	7.4	8.1
33	Brokers and dealers	142.9	177.9	226.9	267.1	214.3	226.9	226.3	244.6	289.6	267.1	287.0
34	Securitized credit obligation (SCOs) issuers	211.5	246.9	290.7	333.5	281.0	290.7	297.5	308.9	323.5	333.5	344.9
	RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35	**Total credit market debt**	**12,678.2**	**13,536.5**	**14,169.3**	**14,984.7**	**13,966.1**	**14,169.3**	**14,325.1**	**14,532.7**	**14,766.1**	**14,984.7**	**15,104.7**
	Other liabilities											
36	Official foreign exchange	53.6	61.3	55.4	51.8	52.9	55.4	52.7	54.4	55.4	51.8	54.5
37	Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.2	26.3	26.3	26.4	26.5	24.5	24.6
38	Life insurance reserves	354.3	380.0	405.7	434.1	400.9	405.7	414.2	419.8	426.7	434.1	447.0
39	Pension fund reserves	3,356.1	3,400.3	4,056.5	4,420.2	3,862.1	4,056.5	4,077.9	4,134.5	4,265.7	4,420.2	4,560.8
40	Interbank claims	32.4	64.0	65.2	116.8	60.9	65.2	64.6	70.8	103.7	116.8	111.4
41	Deposits at financial institutions	4,736.7	4,836.8	4,885.2	4,892.1	4,852.2	4,885.2	4,878.6	4,870.2	4,909.2	4,892.1	4,886.8
42	Checkable deposits and currency	888.6	932.8	1,008.5	1,131.0	948.3	1,008.5	984.3	1,032.3	1,071.6	1,131.0	1,093.4
43	Small time and savings deposits	2,277.4	2,336.3	2,353.0	2,292.2	2,352.9	2,353.0	2,351.3	2,325.8	2,303.7	2,292.2	2,261.6
44	Large time deposits	603.4	537.7	476.9	397.2	503.9	476.9	459.2	427.5	418.4	397.2	397.7
45	Money market fund shares	428.1	498.4	539.6	543.6	533.1	539.6	572.0	557.2	553.2	543.6	556.6
46	Security repurchase agreements	396.5	372.3	355.8	389.4	360.7	355.8	367.0	393.5	417.6	389.4	443.5
47	Foreign deposits	142.8	159.4	151.3	138.8	153.3	151.3	144.7	133.9	144.6	138.8	134.1
48	Mutual fund shares	566.2	602.1	813.9	1,050.2	744.2	813.9	860.4	928.3	971.2	1,050.2	1,155.7
49	Security credit	133.9	137.4	188.9	217.3	158.1	188.9	194.6	193.3	214.5	217.3	225.1
50	Trade debt	904.2	936.4	926.7	984.7	925.8	926.7	938.0	950.0	970.5	984.7	982.6
51	Taxes payable	81.8	77.4	68.9	76.6	70.0	68.9	73.1	70.7	74.5	76.6	81.3
52	Miscellaneous	2,591.1	2,732.4	2,884.3	3,052.8	2,832.7	2,884.3	2,891.2	2,951.9	3,023.6	3,052.8	3,086.1
53	**Total liabilities**	**26,015.5**	**27,300.7**	**29,143.0**	**30,924.9**	**28,533.6**	**29,143.0**	**29,409.7**	**29,815.8**	**30,418.2**	**30,924.9**	**31,345.6**
	Financial assets not included in liabilities (+)											
54	Gold and special drawing rights	21.0	22.0	22.3	19.6	21.8	22.3	22.0	22.7	23.2	19.6	19.8
55	Corporate equities	3,812.9	3,543.7	4,869.4	5,540.6	4,308.8	4,869.4	4,925.6	4,837.0	4,995.4	5,540.6	5,725.7
56	Household equity in noncorporate business	2,508.1	2,440.6	2,344.6	2,269.2	2,476.5	2,344.6	2,353.5	2,337.5	2,316.3	2,269.2	2,239.9
	Floats not included in assets (−)											
57	U.S. government checking deposits	6.1	15.0	3.8	6.8	19.8	3.8	.9	1.4	4.0	6.8	3.4
58	Other checkable deposits	26.5	28.9	30.9	32.5	23.6	30.9	29.5	32.6	23.3	32.5	22.2
59	Trade credit	−148.6	−146.0	−144.1	−121.8	−161.8	−144.1	−142.7	−151.1	−144.0	−121.8	−129.5
	Liabilities not identified as assets (−)											
60	Treasury currency	−4.3	−4.1	−4.8	−5.0	−4.7	−4.8	−4.9	−4.9	−5.0	−5.0	−5.0
61	Interbank claims	−31.0	−32.0	−4.2	−8.4	−4.7	−4.2	−1.8	−4.0	−4.3	−8.4	−5.2
62	Security repurchase agreements	13.7	−17.7	−12.5	18.6	−10.8	−12.5	−4.8	19.6	33.6	18.6	67.1
63	Taxes payable	20.6	17.8	15.5	28.5	15.6	15.5	10.4	18.9	24.0	28.5	27.9
64	Miscellaneous	−210.7	−213.4	−254.6	−265.7	−237.8	−254.6	−295.1	−293.7	−279.6	−265.7	−291.7
65	**Total identified to sectors as assets**	**32,685.1**	**33,658.6**	**36,749.2**	**39,068.7**	**35,701.5**	**36,749.2**	**37,119.2**	**37,394.2**	**38,101.1**	**39,068.7**	**39,641.7**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1990	1991	1992	1992	1993							
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July	Aug.
1 **Industrial production[1]**	**106.0**	**104.1**	**106.5**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.4**	**110.9[r]**	**111.1**
Market groupings												
2 Products, total	105.5	103.1	105.6	108.2	108.5	109.2	109.5	109.6	109.3	109.3	109.9[r]	110.0
3 Final, total	107.0	105.3	108.2	111.5	111.9	112.4	112.7	112.8	112.5	112.6	112.9[r]	113.1
4 Consumer goods	103.4	102.8	105.2	107.5	107.6	108.5	108.6	108.1	107.3	107.3	107.5[r]	107.3
5 Equipment	112.1	108.9	112.7	117.2	118.1	118.0	118.7	119.7	119.9	120.2	120.8[r]	121.6
6 Intermediate	101.2	96.5	97.6	98.3	98.2	99.3	99.6	100.0	99.7	99.6	100.6[r]	100.7
7 Materials	106.8	105.5	107.9	110.0	110.4	110.9	110.9	111.5	111.6	112.0	112.5[r]	112.7
Industry groupings												
8 Manufacturing	106.1	103.7	106.9	109.2	109.9	110.5	110.8	111.4	111.3	111.3	111.5[r]	111.9
9 Capacity utilization, manufacturing (percent)[2]	81.1	77.8	78.8	79.8	80.3	80.5	80.6	80.9	80.7	80.6	80.7[r]	80.8
10 Construction contracts[3]	95.3	89.7	95.1	90.0	100.0	95.0	94.0	94.0	91.0	104.0	98.0	n.a.
11 Nonagricultural employment, total[4]	107.3	106.2	106.4	107.0	107.1	107.4	107.5	107.7	107.9	108.0	108.2	108.2
12 Goods-producing, total	101.2	96.6	94.9	93.2	93.2	93.5	93.3	93.1	93.2	93.0	93.0	92.8
13 Manufacturing, total	100.6	97.1	95.8	94.3	94.4	94.5	94.4	94.0	93.8	93.5	93.5	93.2
14 Manufacturing, production workers	100.2	96.3	95.3	94.1	94.3	94.5	94.4	94.0	93.8	93.5	93.5	93.3
15 Service-producing	109.8	109.3	110.0	111.4	111.6	111.9	112.0	112.4	112.6	112.8	113.0	113.1
16 Personal income, total	122.9[r]	127.6[r]	135.3[r]	144.9[r]	137.4	138.1[r]	139.1[r]	141.1[r]	141.6	141.5	141.2	n.a.
17 Wages and salary disbursements	121.4[r]	124.5[r]	131.5[r]	144.3[r]	131.4[r]	131.6[r]	131.6[r]	135.6[r]	136.7	136.4	137.3	n.a.
18 Manufacturing	113.4[r]	113.7[r]	117.8[r]	132.9[r]	114.0[r]	114.5[r]	114.2[r]	118.7[r]	118.4	117.9	118.4	n.a.
19 Disposable personal income[5]	123.1[r]	128.6[r]	136.8[r]	146.0[r]	138.9[r]	139.6[r]	140.8[r]	142.5[r]	142.8	142.7	142.2	n.a.
20 Retail sales[6]	120.2	121.3	127.1[r]	131.9	132.0	131.9	130.5	133.0	133.9	134.6	135.0[r]	135.3
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	141.9	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8
22 Producer finished goods (1982=100)	119.2	121.7	123.2	123.8	124.2	124.5	124.7	125.5[r]	125.7	125.6	125.3	124.3

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. 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 from U.S. Department of Commerce, *Survey of Current Business*.
7. 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, 5,and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1993							
				Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population[1]**	**189,686**	**191,329**	**193,142**	**194,159**	**194,298**	**194,456**	**194,618**	**194,767**	**194,933**	**195,104**	**195,275**
2 Labor force[1]	126,424	126,867	128,548	128,598	128,839	128,926	128,833	129,615	129,604	129,541	129,852
3 Civilian labor force	124,787	125,303	126,982	127,083	127,327	127,429	127,341	128,131	128,127	128,070	128,370
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	114,879	115,335	115,483	115,356	116,203	116,195	116,262	116,729
5 Agriculture	3,186	3,233	3,207	3,191	3,116	3,082	3,060	3,070	3,024	3,039	2,980
Unemployment											
6 Number	6,874	8,426	9,384	9,013	8,876	8,864	8,925	8,858	8,908	8,769	8,661
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.1	7.0	7.0	7.0	6.9	7.0	6.8	6.7
8 Not in labor force	63,262	64,462	64,594	65,561	65,459	65,530	65,785	65,152	65,329	65,563	65,423
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment[3]**	**109,419**	**108,256**	**108,519**	**109,235**	**109,539**	**109,565**	**109,820**	**110,058**	**110,101[r]**	**110,312**	**110,273**
10 Manufacturing	19,117	18,455	18,192	17,936	17,954	17,935	17,863	17,827	17,771[r]	17,757	17,715
11 Mining	709	689	631	611	600	600	600	602	596	595	591
12 Contract construction	5,120	4,650	4,471	4,454	4,515	4,481	4,517	4,577	4,574[r]	4,596	4,588
13 Transportation and public utilities	5,793	5,762	5,709	5,719	5,725	5,724	5,720	5,719	5,711[r]	5,704	5,703
14 Trade	25,774	25,365	25,391	25,609	25,726	25,707	25,758	25,827	25,861[r]	25,911	25,902
15 Finance	6,709	6,646	6,571	6,578	6,577	6,574	6,585	6,588	6,590[r]	6,602	6,604
16 Service	27,934	28,336	29,053	29,573	29,665	29,756	29,977	30,099	30,175[r]	30,304	30,338
17 Government	4,305	4,355	4,403	18,755	18,777	18,788	18,800	18,819	18,823[r]	18,843	18,832

1. 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.
2. Includes self-employed, unpaid family, and domestic service workers.
3. 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 1984 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	1992		1993		1992		1993		1992		1993	
	Q3	Q4	Q1	Q2[r]	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**106.5**	**108.3**	**109.7**	**110.4**	**133.7**	**134.2**	**134.8**	**135.3**	**79.7**	**80.7**	**81.4**	**81.6**
2 Manufacturing	107.0	108.7	110.4	111.3	136.0	136.6	137.2	137.8	78.7	79.6	80.5	80.8
3 Primary processing[3]	103.7	104.7	106.4	107.2	126.4	126.6	126.8	127.1	82.1	82.7	83.9	84.3
4 Advanced processing[4]	108.5	110.6	112.3	113.3	140.6	141.3	142.1	142.9	77.2	78.3	79.0	79.3
5 Durable goods	108.3	110.8	113.6	114.8	141.9	142.6	143.4	144.1	76.3	77.7	79.2	79.6
6 Lumber and products	96.0	98.5	99.7	97.1	112.4	112.5	112.6	112.7	85.4	87.6	88.5	86.2
7 Primary metals	99.7	101.5	105.0	104.8	125.3	125.0	124.9	124.9	79.6	81.2	84.1	83.9
8 Iron and steel	103.5	105.0	109.1	109.1	130.4	129.9	129.8	130.0	79.4	80.8	84.1	84.0
9 Nonferrous	94.5	96.7	99.3	98.7	118.3	118.2	118.1	117.9	79.8	81.8	84.1	83.8
10 Nonelectrical machinery	126.8	132.4	137.1	144.0	160.6	162.1	163.7	165.5	79.0	81.7	83.8	87.0
11 Electrical machinery	120.9	124.0	127.1	129.4	151.3	152.6	154.1	155.7	80.0	81.2	82.5	83.1
12 Motor vehicles and parts	103.6	111.4	120.6	117.9	152.9	154.5	155.8	156.8	67.7	72.1	77.4	75.2
13 Aerospace and miscellaneous transportation equipment	99.5	97.7	95.7	93.4	135.7	135.8	135.7	135.5	73.3	72.0	70.5	68.9
14 Nondurable goods	105.4	106.1	106.5	107.0	128.7	129.1	129.6	130.1	81.9	82.1	82.2	82.3
15 Textile mill products	105.2	105.2	106.2	106.0	116.6	116.7	116.9	117.1	90.3	90.1	90.8	90.5
16 Paper and products	108.6	107.9	110.0	113.1	121.7	122.1	122.5	122.9	89.2	88.4	89.8	92.1
17 Chemicals and products	114.7	116.9	116.9	118.3	142.6	143.5	144.4	145.4	80.4	81.4	80.9	81.4
18 Plastics materials	110.5	106.6	111.7	113.1	128.3	128.8	129.5	130.5	86.2	82.8	86.2	86.7
19 Petroleum products	100.2	104.2	104.2	103.9	116.6	116.2	115.9	115.7	85.9	89.7	89.9	89.8
20 Mining	97.5	97.9	96.5	97.1	112.3	112.0	111.7	111.5	86.9	87.4	86.3	87.0
21 Utilities	110.9	114.7	116.0	113.8	131.4	131.8	132.2	132.5	84.5	87.1	87.8	85.9
22 Electric	110.6	114.3	115.2	114.7	127.9	128.5	129.0	129.4	86.4	89.0	89.3	88.6

Series	1973	1975	Previous cycle[2]		Latest cycle[3]		1992	1993					
	High	Low	High	Low	High	Low	Aug.	Mar.	Apr.	May[r]	June[r]	July[r]	Aug.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.3**	**79.7**	**81.6**	**81.7**	**81.5**	**81.5**	**81.8**	**81.8**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	78.7	80.6	80.9	80.7	80.6	80.7	80.8
3 Primary processing[3]	99.0	82.7	89.7	66.8	89.1	77.9	81.9	83.8	84.3	84.2	84.4	84.5	84.7
4 Advanced processing[4]	99.0	82.7	86.3	71.4	83.3	76.1	77.3	79.3	79.5	79.3	79.0	79.1	79.2
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	76.5	79.5	79.9	79.7	79.3	79.6	79.8
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	86.0	87.0	87.1	86.4	85.1	86.6	86.7
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	80.2	83.4	83.6	83.5	84.6	84.6	85.7
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	79.6	82.9	83.4	83.2	85.3	86.0	87.1
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	81.2	84.3	83.9	83.9	83.5	82.3	83.6
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	79.0	85.0	86.6	87.1	87.3	89.0	89.7
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	79.8	83.1	83.1	83.3	82.9	83.4	83.6
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	68.7	76.9	77.0	75.3	73.2	70.9	70.8
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	73.6	69.8	69.5	69.1	68.2	68.0	67.3
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	81.7	82.2	82.3	82.2	82.4	82.1	82.1
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	88.8	90.1	89.0	91.2	91.2	91.7	92.0
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	88.0	90.6	92.2	91.2	92.8	92.0	91.9
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	80.2	81.3	81.2	81.3	81.7	81.3	81.2
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	85.4	87.4	87.7	85.7	86.7	...	...
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	84.1	90.4	90.1	89.6	89.8	88.8	87.7
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	86.4	85.3	86.4	87.2	87.5	87.3	86.5
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	84.1	89.0	86.4	84.6	86.6	89.4	89.3
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	85.9	90.0	88.6	88.1	89.2	92.8	92.7

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, 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. 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; petroleum refining; rubber and plastics; stone, clay, and glass; and primary and fabricated metals.
4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.
5. Monthly highs, 1978 through 1980; 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	1987 proportion	1992 avg.	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May[r]	1993 June[r]	1993 July[r]	1993 Aug.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**106.5**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.4**	**110.9**	**111.1**
2 Products	60.8	105.6	105.9	105.3	107.1	107.8	108.2	108.5	109.2	109.5	109.6	109.3	109.3	109.9	110.0
3 Final products	46.0	108.2	108.9	108.1	110.1	111.0	111.5	111.9	112.4	112.7	112.8	112.5	112.6	112.9	113.1
4 Consumer goods, total	26.0	105.2	105.1	104.4	106.4	107.1	107.5	107.6	108.5	108.6	108.1	107.3	107.3	107.5	107.3
5 Durable consumer goods	5.6	102.5	101.9	100.9	104.1	105.7	107.9	110.9	111.3	111.5	112.2	110.8	107.8	107.7	106.8
6 Automotive products	2.5	99.4	99.5	97.3	103.1	104.1	108.7	112.7	111.9	111.2	112.1	109.7	105.4	103.3	102.6
7 Autos and trucks	1.5	96.9	96.0	93.5	101.5	102.9	111.7	116.8	114.6	113.4	114.3	110.1	105.0	100.3	99.2
8 Autos, consumer	.9	79.0	77.0	77.9	78.5	79.6	86.9	86.6	90.2	90.5	90.2	86.5	83.5	78.2	71.8
9 Trucks, consumer	.6	127.9	128.8	120.4	141.3	143.3	154.6	169.1	156.9	153.1	155.9	150.9	142.3	138.6	146.7
10 Auto parts and allied goods	1.0	103.7	105.3	103.7	105.9	106.0	103.8	105.8	107.4	107.5	108.5	109.1	106.1	108.3	108.4
11 Other	3.1	105.2	104.0	104.1	104.9	107.1	107.2	109.3	110.7	111.7	112.3	111.8	109.9	111.6	110.4
12 Appliances, A/C, and TV	.8	110.4	111.0	112.9	110.8	110.8	110.5	116.0	117.6	125.0	124.3	121.1	116.1	121.0	117.3
13 Carpeting and furniture	.9	99.9	97.7	98.2	98.5	103.7	105.4	105.5	106.7	104.5	106.2	108.9	108.1	109.4	109.8
14 Miscellaneous home goods	1.4	105.6	104.1	102.9	105.8	107.1	106.6	108.0	109.5	108.9	109.6	108.4	107.5	107.7	106.9
15 Nondurable consumer goods	20.4	105.9	106.0	105.3	107.1	107.5	107.4	106.7	107.7	107.7	106.9	106.3	107.1	107.4	107.4
16 Foods and tobacco	9.1	104.7	107.0	104.9	105.9	105.2	104.8	104.6	105.5	104.3	103.9	104.3	104.8	104.8	105.1
17 Clothing	2.6	95.0	94.0	94.3	94.5	95.9	96.0	95.7	95.0	94.6	94.9	94.2	94.0	94.0	94.2
18 Chemical products	3.5	118.7	116.5	118.5	121.1	123.3	121.7	122.4	121.1	123.7	123.1	122.6	123.0	123.5	123.1
19 Paper products	2.5	100.8	100.2	100.4	100.1	100.9	100.9	100.2	101.8	102.1	101.7	101.8	102.8	101.6	101.0
20 Energy	2.7	108.3	105.6	104.6	111.1	112.0	114.4	109.5	115.5	116.0	111.5	107.4	110.4	113.1	112.7
21 Fuels	.7	104.7	98.9	103.5	109.8	107.7	106.1	106.5	108.9	107.1	106.6	106.5	105.8	105.7	104.1
22 Residential utilities	2.0	109.6	108.2	105.1	111.6	113.6	117.5	110.7	118.0	119.5	113.4	107.7	112.2	116.0	116.0
23 Equipment	20.0	112.7	114.3	113.5	115.4	116.7	117.2	118.1	118.0	118.7	119.7	119.9	120.2	120.8	121.6
24 Business equipment	13.9	123.2	126.1	125.0	127.5	129.0	129.6	131.2	131.7	133.4	134.8	135.4	135.7	136.7	137.6
25 *Information* processing and related	5.6	134.7	138.5	138.2	142.2	142.9	143.2	144.4	146.1	149.1	150.6	153.5	155.4	158.3	160.7
26 Office and computing	1.9	168.3	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.3	209.5	216.5	222.0	228.5	234.5
27 Industrial	4.0	108.5	109.2	109.6	110.1	112.0	112.3	113.1	112.2	113.7	115.0	115.0	114.9	116.1	115.9
28 *Transit*	2.5	137.1	143.3	134.5	137.4	140.4	144.1	146.7	146.5	145.0	145.0	142.5	138.0	133.3	133.0
29 Autos and trucks	1.2	117.9	117.3	114.7	121.7	123.9	131.4	136.7	136.8	135.8	136.2	133.1	127.2	118.9	119.6
30 Other	1.9	104.7	105.6	107.3	108.8	110.7	109.2	112.6	113.4	114.9	117.5	116.2	117.7	118.3	119.1
31 *Defense and space equipment*	5.4	85.9	84.5	84.4	83.5	83.2	82.5	82.0	81.5	80.7	80.5	79.5	78.5	78.4	77.7
32 Oil and gas well drilling	.6	78.3	75.6	76.3	82.7	86.4	91.2	89.0	77.9	71.1	72.4	75.1	82.4	81.0	87.8
33 Manufactured homes	.2	99.7	96.9	100.9	110.4	118.5	128.6	129.4	127.1	116.2	114.9	112.1	113.6	118.5	118.6
34 Intermediate products, total	14.7	97.6	97.0	96.9	97.8	98.1	98.3	98.2	99.3	99.6	100.0	99.7	99.6	100.6	100.7
35 Construction supplies	6.0	93.8	94.1	93.0	94.7	95.1	94.5	94.8	97.5	96.4	96.4	97.7	96.7	97.6	97.8
36 Business supplies	8.7	100.1	99.0	99.5	99.9	100.0	100.8	100.5	100.5	101.8	102.5	101.0	101.5	102.5	102.6
37 Materials	39.2	107.9	107.6	107.4	108.1	109.3	110.0	110.4	110.9	110.9	111.5	111.6	112.0	112.5	112.7
38 Durable goods materials	19.4	108.9	108.9	107.6	109.7	111.1	111.9	113.3	114.2	114.1	114.9	114.8	115.0	115.4	116.2
39 Durable consumer parts	4.2	101.5	101.4	98.5	101.8	104.3	107.5	110.8	111.8	112.2	112.6	111.6	111.4	110.8	111.6
40 Equipment parts	7.3	116.5	117.1	116.2	118.3	119.3	119.7	120.4	121.0	121.3	122.7	123.5	124.2	125.1	126.4
41 Other	7.9	106.0	105.5	104.6	106.2	107.4	107.5	108.6	109.7	108.9	109.5	109.2	108.9	109.5	109.8
42 Basic metal materials	2.8	108.3	107.7	105.8	108.3	109.8	108.8	110.4	113.2	109.9	110.3	111.1	111.1	111.7	112.0
43 Nondurable goods materials	9.0	110.9	110.7	111.7	110.7	112.0	111.5	112.4	112.1	112.8	113.8	114.1	114.8	114.4	114.6
44 Textile materials	1.2	102.8	101.6	103.3	102.7	103.4	102.9	104.2	103.2	104.2	102.7	104.3	104.9	105.2	105.8
45 *Pulp and paper materials*	1.9	109.9	108.7	112.3	109.1	110.2	110.7	110.7	111.9	112.8	115.3	114.1	115.9	114.4	114.2
46 Chemical materials	3.8	114.2	114.5	114.5	114.4	115.6	114.6	114.9	114.6	115.6	116.1	117.2	118.6	118.0	118.2
47 Other	2.1	110.4	110.5	110.5	109.7	112.0	111.3	114.1	112.5	112.6	114.2	113.6	112.5	113.1	113.1
48 *Energy materials*	10.9	103.4	102.5	103.6	103.0	103.9	105.1	103.4	103.8	103.5	103.4	103.4	104.2	105.3	104.4
49 Primary energy	7.2	99.7	99.4	99.6	99.4	100.2	101.3	100.4	98.3	97.4	99.9	101.6	100.4	100.8	99.6
50 Converted fuel materials	3.7	110.6	108.7	111.4	110.0	111.1	112.4	109.1	114.6	115.4	110.3	106.8	111.7	114.1	113.8
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	106.6	106.7	106.3	107.4	108.4	108.6	108.9	109.5	109.7	110.1	110.0	110.4	111.0	111.2
52 Total excluding motor vehicles and parts	95.3	106.6	106.7	106.4	107.5	108.4	108.6	108.7	109.3	109.6	109.9	109.8	110.2	110.9	111.1
53 Total excluding office and computing machines	97.5	105.0	105.0	104.5	105.7	106.6	107.1	107.3	107.8	107.8	108.0	107.7	107.8	108.1	108.2
54 Consumer goods excluding autos and trucks	24.5	105.7	105.7	105.1	106.8	107.4	107.3	107.0	108.1	108.2	107.6	107.1	107.4	108.0	107.8
55 Consumer goods excluding energy	23.3	104.8	105.0	104.3	105.9	106.6	106.8	107.4	107.7	107.7	107.6	107.3	106.9	106.8	106.6
56 Business equipment excluding autos and trucks	12.7	123.7	126.9	125.9	128.0	129.5	129.5	130.7	131.3	133.2	134.6	135.6	136.5	138.2	139.2
57 Business equipment excluding office and computing equipment	12.0	115.7	118.1	116.1	118.1	119.7	120.1	121.0	120.6	121.6	122.2	121.8	121.2	121.2	121.3
58 Materials excluding energy	28.4	109.5	109.4	108.8	110.0	111.4	111.8	113.0	113.6	113.7	114.6	114.6	114.9	115.1	115.7

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

Group	SIC code[2]	1987 proportion	1992 avg.	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May[r]	1993 June[r]	1993 July[r]	1993 Aug.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**106.5**	**106.6**	**106.2**	**107.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.4**	**110.9**	**111.1**
60 Manufacturing	...	84.3	106.9	107.0	106.8	108.0	108.9	109.2	109.9	110.5	110.8	111.4	111.3	111.3	111.5	111.9
61 Primary processing	...	27.1	103.8	103.5	103.3	104.1	105.1	105.0	105.8	106.9	106.4	107.1	107.1	107.4	107.6	107.9
62 Advanced processing	...	57.1	108.3	108.7	108.4	109.9	110.7	111.3	111.9	112.2	112.9	113.4	113.3	113.1	113.4	113.7
63 Durable goods	...	46.5	108.1	108.5	108.1	109.8	110.9	111.8	112.9	113.8	114.1	115.0	114.9	114.5	115.2	115.6
64 Lumber and products	24	2.1	96.4	96.6	94.7	97.8	99.8	98.0	99.3	101.8	98.0	98.1	97.4	96.0	97.7	97.9
65 Furniture and fixtures	25	1.5	99.0	99.2	100.5	100.4	102.3	103.9	105.2	106.0	107.3	108.8	108.4	108.9	109.8	110.7
66 Clay, glass, and stone products	32	2.4	96.0	95.7	96.5	96.8	97.6	98.0	97.0	98.9	98.6	99.8	99.6	99.9	100.9	101.0
67 Primary metals	33	3.3	101.1	100.5	98.0	100.5	101.6	102.4	102.8	108.0	104.2	104.4	104.2	105.6	105.6	107.1
68 Iron and steel	331,2	1.9	104.7	103.8	102.0	104.1	103.6	107.4	107.0	112.9	107.6	108.4	108.1	110.9	111.9	113.4
69 Raw steel	...	.1	101.2	99.1	98.9	99.8	102.8	104.6	103.4	105.9	102.0	102.6	105.1	106.8	108.2	109.8
70 Nonferrous	333–6,9	1.4	96.1	96.1	92.4	95.6	98.7	95.7	97.1	101.4	99.4	98.9	98.9	98.4	97.0	98.4
71 Fabricated metal products	34	5.4	96.7	97.0	96.5	97.5	97.6	97.8	99.8	99.7	100.3	101.4	100.6	100.2	101.0	101.5
72 Industrial and commercial machinery and computer equipment	35	8.5	124.8	126.9	127.9	130.6	132.8	133.8	135.0	136.7	139.6	142.8	144.2	145.1	148.3	150.0
73 Office and computing machines	357	2.3	168.3	173.7	178.3	183.1	184.5	186.4	192.0	198.0	203.3	209.5	216.5	222.0	228.5	234.5
74 Electrical machinery	36	6.9	119.8	120.6	121.5	122.6	124.4	124.8	125.8	127.1	128.5	129.0	129.7	129.5	130.8	131.6
75 Transportation equipment	37	9.9	102.6	102.4	100.5	103.0	103.6	106.3	108.4	107.8	106.9	106.9	105.5	103.3	101.5	101.1
76 Motor vehicles and parts	371	4.8	104.8	105.0	102.6	108.0	109.9	116.2	120.9	120.7	120.1	120.4	118.1	115.0	111.6	111.6
77 Autos and light trucks	...	2.2	101.4	99.7	97.9	104.1	105.4	114.4	118.2	117.8	116.9	117.5	113.1	108.2	102.8	99.9
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	100.6	100.0	98.6	98.3	97.7	97.1	96.7	95.8	94.6	94.2	93.7	92.3	92.0	91.1
79 Instruments	38	5.1	104.2	104.3	103.7	103.7	103.6	103.3	103.0	102.2	103.3	102.6	102.5	102.3	102.3	101.9
80 Miscellaneous	39	1.3	109.7	109.1	108.7	110.5	111.4	111.8	110.9	111.9	112.6	114.3	113.1	112.0	112.2	112.4
81 Nondurable goods	...	37.8	105.4	105.2	105.2	105.8	106.4	106.0	106.4	106.4	106.6	106.9	106.9	107.3	107.0	107.2
82 Foods	20	8.8	106.0	106.3	105.6	106.8	106.4	106.2	105.9	106.9	106.7	106.7	106.7	107.2	107.1	107.9
83 Tobacco products	21	1.0	99.2	115.5	101.7	102.4	101.9	96.1	100.5	99.3	92.4	90.2	92.1	92.1	90.3	90.0
84 Textile mill products	22	1.8	104.7	103.5	105.1	103.5	106.0	106.0	106.9	106.2	105.4	104.2	106.9	106.9	107.5	107.9
85 Apparel products	23	2.3	92.3	91.3	91.5	91.7	92.9	92.7	93.1	92.5	92.1	92.0	91.2	90.9	91.0	91.1
86 Paper and products	26	3.6	108.2	107.1	109.5	107.3	108.2	108.3	108.6	110.4	111.1	113.1	112.1	114.2	113.3	113.4
87 Printing and publishing	27	6.5	95.0	93.5	94.1	94.5	94.2	94.7	94.7	94.0	94.7	95.6	94.7	94.9	94.5	94.3
88 Chemicals and products	28	8.8	115.0	114.4	115.2	116.2	117.7	116.7	116.8	116.2	117.6	117.8	118.1	119.1	118.7	118.8
89 Petroleum products	29	1.3	102.0	98.0	101.1	105.3	103.9	103.4	103.2	104.7	104.7	104.3	103.6	103.7	102.6	101.2
90 Rubber and plastic products	30	3.2	109.7	110.7	108.5	109.9	111.3	111.3	113.6	112.7	112.9	113.6	113.8	112.4	113.0	113.0
91 Leather and products	31	.3	92.6	92.0	93.8	95.1	96.6	96.7	97.1	99.0	99.1	100.1	98.2	96.9	98.0	99.3
92 Mining	...	8.0	97.6	97.0	97.1	97.6	97.8	98.2	98.3	95.9	95.3	96.4	97.3	97.5	97.2	96.3
93 Metal	10	.3	161.7	165.5	159.8	168.1	171.6	158.1	167.7	163.0	158.2	162.5	169.3	163.2	165.5	156.3
94 Coal	11,12	1.2	105.5	103.9	103.6	103.8	103.5	107.9	108.2	101.7	102.3	108.2	106.4	103.7	101.0	93.6
95 Oil and gas extraction	13	5.8	92.6	91.9	92.7	92.7	92.8	93.4	92.7	90.9	90.4	90.5	91.6	93.1	92.9	93.6
96 Stone and earth minerals	14	.7	93.8	93.8	91.9	93.6	94.4	92.6	93.8	95.2	93.4	92.3	94.0	91.7	93.3	93.9
97 Utilities	...	7.7	112.0	110.4	111.2	112.7	114.7	116.8	112.8	117.5	117.8	114.4	112.1	114.9	118.7	118.7
98 Electric	491,3PT	6.1	111.6	110.0	110.9	112.6	114.1	116.4	112.9	116.5	116.3	114.5	114.0	115.6	120.3	120.4
99 Gas	492,3PT	1.6	113.2	112.1	112.0	113.2	117.3	118.2	112.4	121.4	123.3	113.9	104.9	112.2	112.6	112.6
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	107.2	107.1	108.0	108.8	108.8	109.3	109.8	110.2	110.8	110.9	111.0	111.5	111.9
101 Manufacturing excluding office and computing machines	...	81.9	105.1	105.1	104.8	105.9	106.7	107.0	107.6	108.0	108.1	108.6	108.3	108.1	108.2	108.4
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,806.4**	**1,802.7**	**1,799.9**	**1,835.6**	**1,846.7**	**1,857.5**	**1,864.9**	**1,880.2**	**1,880.3**	**1,882.8**	**1,872.6**	**1,873.0**	**1,875.1**	**1,874.8**
103 Final	...	1,314.6	1,420.1	1,417.8	1,415.7	1,448.1	1,457.1	1,466.8	1,476.4	1,485.7	1,484.3	1,485.6	1,477.9	1,476.8	1,476.0	1,475.8
104 Consumer goods	...	866.6	913.0	908.1	905.1	928.4	931.6	936.3	940.0	949.4	946.1	943.6	936.1	935.8	934.2	931.0
105 Equipment	...	448.0	507.1	509.7	510.6	519.7	525.5	530.5	536.5	536.3	538.2	541.9	541.8	541.0	541.8	544.9
106 Intermediate	...	392.5	386.4	385.0	384.2	387.4	389.6	390.7	388.4	394.5	396.0	397.3	394.7	396.3	399.1	398.9

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.
A revision of the industrial production index and the capacity utilization rates was released in May 1993. See "Industrial Production, Capacity, and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.
2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1990	1991	1992	1992			1993						
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,111	949	1,095	1,141	1,136	1,196	1,157	1,141	1,034	1,101	1,121	1,115	1,162
2 One-family	794	754	911	954	963	1,037	972	957	871	925	919	925	977
3 Two-or-more-family	317	195	184	187	173	159	185	184	163	176	202	190	185
4 Started	1,193	1,014	1,200	1,226	1,226	1,286	1,171	1,180	1,124	1,206	1,248	1,248	1,227
5 One-family	895	840	1,030	1,079	1,089	1,133	1,051	1,036	987	1,059	1,107	1,079	1,063
6 Two-or-more-family	298	174	169	147	137	153	120	144	137	147	141	169	164
7 Under construction at end of period[1]	711	606	612	645	641	644	641	641	635	637	645	650	662
8 One-family	449	434	473	493	498	501	506	508	502	506	515	519	530
9 Two-or-more-family	262	173	140	152	143	143	135	133	133	131	130	131	132
10 Completed	1,308	1,091	1,158	1,137	1,229	1,227	1,136	1,241	1,108	1,222	1,129	1,159	1,066
11 One-family	966	838	964	964	1,002	1,016	980	1,049	995	1,075	987	982	926
12 Two-or-more-family	342	253	194	173	227	211	156	192	113	147	142	177	140
13 Mobile homes shipped	188	171	210	228	244	266	267	262	247	241	230	237	241
Merchant builder activity in one-family units													
14 Number sold	535	507	610	637	615	662	603	597	602	689[r]	641	662	629
15 Number for sale at end of period[1]	321	284	265	264	262	265	266	268	270	271	275	275	279
Price of units sold (thousands of dollars)[2]													
16 Median	122.3	120.0	121.3	125.0	128.9	126.0	118.0	129.4	125.0	127.0	129.9	122.0	124.9
17 Average	149.0	147.0	144.9	148.4	147.2	146.2	138.9	149.4	146.6	148.4[r]	151.7	143.8	143.3
EXISTING UNITS (one-family)													
18 Number sold	3,211	3,219	3,520	3,710	3,860	4,040	3,780	3,460	3,370	3,450	3,620	3,680	3,860
Price of units sold (thousands of dollars)[2]													
19 Median	95.2	99.7	103.6	103.4	102.7	104.2	103.1	103.6	105.1	105.8	106.5	109.3	108.5
20 Average	118.3	127.4	130.8	129.3	128.8	131.0	129.4	129.6	131.5	133.0	132.8	137.4	136.0
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**442,142**	**403,439**	**436,043**	**442,565**	**449,269**	**455,239**	**451,271**	**453,820**	**454,465**	**449,733**	**452,433**	**460,536**	**458,205**
22 Private	334,681	293,536	317,256	324,842	328,196	335,354	335,484	334,801	336,972	329,014	331,271	334,262	329,408
23 Residential	182,856	157,837	187,820	194,578	199,304	206,417	207,214	205,730	205,519	197,833	196,854	198,354	198,861
24 Nonresidential	151,825	135,699	129,436	130,264	128,892	128,937	128,270	129,071	131,453	131,181	134,417	135,908	130,547
25 Industrial buildings	23,849	22,281	20,720	19,400	19,246	19,961	19,600	20,484	22,152	19,498	20,210	19,408	19,740
26 Commercial buildings	62,866	48,482	41,523	41,691	41,143	39,602	41,414	42,317	41,323	42,302	42,271	43,273	39,423
27 Other buildings	21,591	20,797	21,494	21,418	21,517	20,900	21,123	21,564	21,484	22,508	23,284	23,842	23,861
28 Public utilities and other	43,519	44,139	45,699	47,755	46,986	48,474	46,133	44,706	46,494	46,873	48,652	49,385	47,523
29 Public	107,461	109,900	118,784	117,723	121,073	119,885	115,786	119,019	117,493	120,719	121,162	126,274	128,797
30 Military	2,664	1,837	2,502	3,032	2,557	2,394	2,621	2,703	2,586	2,399	2,362	2,247	2,324
31 Highway	32,108	32,026	34,929	33,408	37,698	33,411	30,648	33,009	33,413	34,534	34,385	37,794	37,519
32 Conservation and development	4,557	4,861	5,918	5,790	6,441	8,144	5,732	6,688	7,112	5,944	6,083	6,211	6,052
33 Other	68,132	71,176	75,435	75,493	74,377	75,936	76,785	76,619	74,382	77,842	78,332	80,022	82,902

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 17,000 jurisdictions beginning in 1984.

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, Aug. 1993[1]
	1992 Aug.	1993 Aug.	1992		1993		1993[1]					
			Sept.	Dec.	Mar.	June	Apr.	May	June	July	Aug.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.1**	**2.8**	**2.6**	**3.2**	**4.0**	**2.2**	**.4**	**.1**	**.0**	**.1**	**.3**	**144.8**
2 Food	1.5	2.0	3.2	1.4	2.6	1.4	.4	.4	−.4	.0	.3	140.8
3 Energy items	2.4	−.2	1.2	1.9	3.1	−3.8	.2	−1.0	−.2	.0	−.5	105.2
4 All items less food and energy	3.5	3.3	2.5	3.8	4.3	2.9	.4	.2	.1	.1	.3	152.6
5 Commodities	2.7	2.0	1.8	1.5	4.6	.6	.3	.0	−.1	.0	.3	134.8
6 Services	3.9	4.0	2.9	4.7	4.4	4.1	.4	.3	.2	.2	.3	162.8
PRODUCER PRICES (1982=100)												
7 Finished goods	1.6	.6	1.3	−.3	4.3	.6	.6[r]	−.1[r]	−.3	−.2	−.6	124.3
8 Consumer foods	.1	1.6	4.3	3.3	−1.6	1.3	1.4[r]	−.2[r]	−.9	−.1	.5	125.4
9 Consumer energy	1.8	−1.4	−3.5	−10.2	16.6	−3.5	.3	−.6	−.5	−1.0	−.8	79.1
10 Other consumer goods	2.3	.0	1.5	1.2	3.2	1.2	.5[r]	.1[r]	−.3	.1	−1.7	136.8
11 Capital equipment	1.9	1.8	1.2	.6	4.4	1.2	.2[r]	.0[r]	.2	.1	.2	131.2
Intermediate materials												
12 Excluding foods and feeds	1.2	.8	.7	−2.1	5.7	.3	.1[r]	−.3[r]	.3	−.2	.0	116.7
13 Excluding energy	1.1	1.3	1.3	−.3	4.7	−.3	.2[r]	−.3[r]	.1	.1	.2	123.8
Crude materials												
14 Foods	1.0	4.2	−4.8	5.1	1.9	−1.5	2.5[r]	.3[r]	−3.1	1.2	1.6	108.1
15 Energy	.9	−4.9	19.8	−17.8	−10.1	19.3	.4[r]	3.8[r]	.2	−4.9	−1.8	75.8
16 Other	3.8	6.2	2.2	1.9	24.3	10.9	1.3[r]	1.1[r]	.2	.6	−2.6	138.9

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	1990[r]	1991[r]	1992[r]	1992[r]			1993[r]	
				Q2	Q3	Q4	Q1	Q2
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,546.1**	**5,722.9**	**6,038.5**	**5,991.4**	**6,059.5**	**6,194.4**	**6,261.6**	**6,325.7**
By source								
2 Personal consumption expenditures	3,761.2	3,906.4	4,139.9	4,099.9	4,157.1	4,256.2	4,296.2	4,357.1
3 Durable goods	468.2	457.8	497.3	487.8	500.9	516.6	515.3	531.6
4 Nondurable goods	1,229.2	1,257.9	1,300.9	1,288.2	1,305.7	1,331.7	1,335.3	1,344.4
5 Services	2,063.8	2,190.7	2,341.6	2,323.8	2,350.5	2,407.9	2,445.5	2,481.1
6 Gross private domestic investment	808.9	736.9	796.5	799.7	802.2	833.3	874.1	873.0
7 Fixed investment	802.0	745.5	789.1	786.8	792.5	821.3	839.5	859.1
8 Nonresidential	586.7	555.9	565.5	566.3	569.2	579.5	594.7	616.1
9 Structures	201.6	182.6	172.6	174.5	170.8	171.1	172.4	177.1
10 Producers' durable equipment	385.1	373.3	392.9	391.7	398.4	408.3	422.2	439.1
11 Residential structures	215.3	189.6	223.6	220.6	223.3	241.8	244.9	243.0
12 Change in business inventories	6.9	−8.6	7.3	12.9	9.7	12.0	34.6	13.9
13 Nonfarm	3.8	−8.6	2.3	6.2	4.4	9.5	33.0	17.1
14 Net exports of goods and services	−71.4	−19.6	−29.6	−33.9	−38.8	−38.8	−48.3	−62.8
15 Exports	557.1	601.5	640.5	632.4	641.1	654.7	651.3	661.8
16 Imports	628.5	621.1	670.1	666.3	679.9	693.5	699.6	724.6
17 Government purchases of goods and services	1,047.4	1,099.3	1,131.8	1,125.8	1,139.1	1,143.8	1,139.7	1,158.4
18 Federal	426.5	445.9	448.8	444.6	452.8	452.4	442.7	448.3
19 State and local	620.9	653.4	683.0	681.2	686.2	691.4	697.0	710.1
By major type of product								
20 Final sales, total	5,539.3	5,731.6	6,031.2	5,978.6	6,049.9	6,182.5	6,227.1	6,311.8
21 Goods	2,178.4	2,227.0	2,305.5	2,278.4	2,308.6	2,365.6	2,362.9	2,390.8
22 Durable	933.6	934.3	975.8	963.2	978.4	1,008.3	1,003.5	1,034.1
23 Nondurable	1,244.8	1,292.8	1,329.6	1,315.1	1,330.2	1,357.3	1,359.3	1,356.7
24 Services	2,849.5	3,032.7	3,221.1	3,196.2	3,239.3	3,296.1	3,341.8	3,388.9
25 Structures	511.5	471.9	504.7	504.0	501.9	520.8	522.4	532.1
26 Change in business inventories	6.9	−8.6	7.3	12.9	9.7	12.0	34.6	13.9
27 Durable goods	−2.1	−12.9	2.1	16.7	5.7	−1.2	15.0	4.2
28 Nondurable goods	9.0	4.3	5.3	−3.8	4.0	13.2	19.5	9.7
MEMO								
29 **Total GDP in 1987 dollars**	**4,897.3**	**4,861.4**	**4,986.3**	**4,956.5**	**4,998.2**	**5,068.3**	**5,078.2**	**5,101.0**
NATIONAL INCOME								
30 **Total**	**4,491.0**	**4,598.3**	**4,836.6**	**4,814.6**	**4,800.8**	**4,975.8**	**5,038.9**	**5,090.4**
31 Compensation of employees	3,297.6	3,402.4	3,582.0	3,558.1	3,603.6	3,658.6	3,705.1	3,748.4
32 Wages and salaries	2,745.0	2,814.9	2,953.1	2,933.6	2,970.7	3,015.8	3,054.3	3,081.0
33 Government and government enterprises	516.0	545.3	567.5	566.9	569.7	574.2	584.1	586.6
34 Other	2,229.0	2,269.6	2,385.6	2,366.8	2,401.0	2,441.6	2,470.2	2,494.4
35 Supplement to wages and salaries	552.5	587.5	629.0	624.5	632.9	642.8	650.7	667.4
36 Employer contributions for social insurance	278.3	290.6	306.3	304.6	306.9	311.3	312.2	320.8
37 Other labor income	274.3	296.9	322.7	319.9	326.0	331.5	338.5	346.6
38 Proprietors' income[1]	363.3	376.4	414.3	411.1	408.1	431.2	444.1	438.2
39 Business and professional[1]	321.4	339.5	370.6	366.2	371.3	383.6	388.4	392.1
40 Farm[1]	41.9	36.8	43.7	44.9	36.8	47.6	55.7	46.1
41 Rental income of persons[2]	−14.2	−12.8	−8.9	−7.2	−18.5	−1.2	7.5	15.7
42 Corporate profits[1]	380.6	369.5	407.2	411.7	367.5	439.5	432.1	443.3
43 Profits before tax[3]	365.7	362.3	395.4	409.5	357.9	409.9	419.8	431.6
44 Inventory valuation adjustment	−11.0	4.9	−5.3	−13.7	−7.8	4.9	−12.7	−13.0
45 Capital consumption adjustment	25.9	2.2	17.1	16.0	17.4	24.7	25.1	24.6
46 Net interest	463.7	462.8	442.0	440.8	440.1	447.7	450.1	444.9

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	1990[r]	1991[r]	1992[r]	1992[r]			1993[r]	
				Q2	Q3	Q4	Q1	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,673.8**	**4,850.9**	**5,144.9**	**5,093.8**	**5,139.8**	**5,328.3**	**5,254.7**	**5,375.7**
2 Wage and salary disbursements	2,745.0	2,815.0	2,973.1	2,933.6	2,970.7	3,095.8	2,974.3	3,081.0
3 Commodity-producing industries	745.7	738.1	756.5	750.0	751.6	783.3	740.7	764.1
4 Manufacturing	555.6	557.2	577.6	571.2	573.3	602.0	559.7	579.9
5 Distributive industries	635.1	648.0	682.0	672.2	682.5	709.9	682.9	708.8
6 Service industries	848.3	883.5	967.0	944.6	966.8	1,028.4	966.6	1,021.6
7 Government and government enterprises	515.9	545.4	567.5	566.9	569.7	574.2	584.1	586.6
8 Other labor income	274.3	296.9	322.7	319.9	326.0	331.5	338.5	346.6
9 Proprietors' income[1]	363.3	376.4	414.3	411.1	408.1	431.2	444.1	438.2
10 Business and professional[1]	321.4	339.5	370.6	366.2	371.3	383.6	388.4	392.1
11 Farm[1]	41.9	36.8	43.7	44.9	36.8	47.6	55.7	46.1
12 Rental income of persons[2]	−14.2	−12.8	−8.9	−7.2	−18.5	−1.2	7.5	15.7
13 Dividends	144.4	127.9	140.4	136.0	144.9	152.3	157.0	157.8
14 Personal interest income	698.2	715.6	694.3	696.0	692.2	694.5	695.4	694.9
15 Transfer payments	687.6	769.9	858.4	852.4	866.1	877.4	894.4	905.5
16 Old-age survivors, disability, and health insurance benefits	352.0	382.3	413.9	412.0	416.6	420.8	433.1	435.0
17 LESS: Personal contributions for social insurance	224.9	237.8	249.3	248.1	249.8	253.3	256.6	264.0
18 EQUALS: Personal income	4,673.8	4,850.9	5,144.9	5,093.8	5,139.8	5,328.3	5,254.7	5,375.7
19 LESS: Personal tax and nontax payments	623.3	620.4	644.8	634.6	642.8	670.7	657.1	682.3
20 EQUALS: Disposable personal income	4,050.5	4,230.5	4,500.2	4,459.2	4,497.0	4,657.6	4,597.5	4,693.4
21 LESS: Personal outlays	3,880.6	4,029.0	4,261.5	4,221.3	4,277.3	4,377.9	4,419.7	4,480.8
22 EQUALS: Personal saving	170.0	201.5	238.7	237.9	219.6	279.7	177.9	212.6
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,593.0	19,237.9	19,518.0	19,430.4	19,536.7	19,754.1	19,744.4	19,781.1
24 Personal consumption expenditures	13,093.0	12,895.2	13,080.9	13,002.5	13,097.8	13,240.9	13,234.2	13,304.3
25 Disposable personal income	14,101.0	13,965.0	14,219.0	14,142.0	14,169.0	14,490.0	14,163.0	14,331.0
26 Saving rate (percent)	4.2	4.8	5.3	5.3	4.9	6.0	3.9	4.5
GROSS SAVING								
27 **Gross saving**	**722.7**	**733.7**	**717.8**	**715.5**	**727.0**	**718.8**	**762.0**	**756.4**
28 Gross private saving	861.1	929.9	986.9	987.7	1,016.5	969.4	1,024.8	983.5
29 Personal saving	170.0	201.5	238.7	237.9	219.6	279.7	177.9	212.6
30 Undistributed corporate profits[1]	88.5	102.3	110.4	112.6	82.3	121.7	103.7	107.4
31 Corporate inventory valuation adjustment	−11.0	4.9	−5.3	−13.7	−7.8	4.9	−12.7	−13.0
Capital consumption allowances								
32 Corporate	368.2	383.2	396.6	391.5	410.3	396.5	402.2	405.2
33 Noncorporate	234.5	242.8	261.3	245.7	304.3	251.5	261.0	258.4
34 Government surplus, or deficit (−), national income and product accounts	−138.4	−196.2	−269.1	−272.2	−289.5	−250.6	−262.8	−227.1
35 Federal	−163.5	−203.4	−276.3	−279.9	−290.7	−264.2	−263.5	−227.6
36 State and local	25.1	7.3	7.2	7.8	1.2	13.5	.8	.5
37 **Gross investment**	**730.4**	**743.3**	**741.4**	**739.1**	**742.7**	**750.9**	**796.5**	**778.1**
38 Gross private domestic	808.9	736.9	796.5	799.7	802.2	833.3	874.1	873.0
39 Net foreign	−78.5	6.4	−55.1	−60.6	−59.4	−82.4	−77.6	−94.9
40 **Statistical discrepancy**	**7.8**	**9.6**	**23.6**	**23.6**	**15.7**	**32.1**	**34.4**	**21.7**

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	1990	1991	1992	1992			1993	
				Q2	Q3	Q4	Q1[r]	Q2[p]
1 Balance on current account	−91,861	−8,324	−66,400	−18,253	−17,775	−23,687	−22,308	−26,934
2 Merchandise trade balance[2]	−109,033	−73,802	−96,138	−24,801	−27,612	−25,962	−29,309	−34,388
3 Merchandise exports	389,303	416,937	440,138	108,306	109,493	113,992	111,530	113,125
4 Merchandise imports	−498,336	−490,739	−536,276	−133,107	−137,105	−139,954	−140,839	−147,513
5 Military transactions, net	−7,834	−5,851	−2,751	−727	−617	−836	−145	23
6 Other service transactions, net	38,485	51,733	59,163	14,378	15,898	14,265	14,769	14,772
7 Investment income, net	20,348	13,021	6,222	907	1,703	−806	−37	−275
8 U.S. government grants	−17,434	24,073	−14,688	−3,234	−2,783	−5,883	−3,242	−2,578
9 U.S. government pensions and other transfers	−2,934	−3,461	−3,735	−1,118	−940	−846	−978	−975
10 Private remittances and other transfers	−13,459	−14,037	−14,473	−3,659	−3,424	−3,619	−3,366	−3,513
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,307	2,905	−1,609	−293	−305	−737	535	55
12 Change in U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,464	1,952	1,542	−983	720
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−192	−177	2,316	−168	−173	2,829	−140	−166
15 Reserve position in International Monetary Fund	731	−367	−2,692	1	−118	−2,685	−228	211
16 Foreign currencies	−2,697	6,307	4,277	1,631	2,243	1,398	−615	675
17 Change in U.S. private assets abroad (increase, −)	−44,280	−68,643	−53,253	−9,866	−12,445	−31,243	−11,910	−26,203
18 Bank-reported claims[3]	16,027	3,278	24,948	4,050	6,584	−3,481	28,055	4,743
19 Nonbank-reported claims	−4,433	1,932	4,551	1,294	−3,214	1,132	−4,774	...
20 U.S. purchases of foreign securities, net	−28,765	−44,740	−47,961	−8,276	−13,787	−17,405	−26,889	−20,180
21 U.S. direct investments abroad, net	−27,109	−29,113	−34,791	−6,934	−2,028	−11,489	−8,302	−10,766
22 Change in foreign official assets in United States (increase, +)	34,198	17,564	40,684	21,008	−7,378	5,931	10,929	17,839
23 U.S. Treasury securities	29,576	14,846	18,454	11,240	−323	−7,379	1,039	6,042
24 Other U.S. government obligations	667	1,301	3,949	1,699	912	874	710	1,082
25 Other U.S. government liabilities[4]	2,156	1,542	2,542	678	864	943	−395	191
26 Other U.S. liabilities reported by U.S. banks[3]	3,385	−1,484	16,427	7,466	−7,831	11,219	8,171	9,425
27 Other foreign official assets[5]	−1,586	1,359	−688	−75	−1,000	274	1,404	1,099
28 Change in foreign private assets in United States (increase, +)	70,976	65,875	88,895	23,442	33,828	32,914	14,789	20,453
29 U.S. bank-reported liabilities[3]	16,370	−11,371	18,609	−528	23,647	−1,171	−18,862	−2,462
30 U.S. nonbank-reported liabilities	7,533	−699	741	979	1,553	−2,717	2,057	...
31 Foreign private purchases of U.S. Treasury securities, net	−2,534	18,826	36,893	10,168	4,870	21,232	13,599	−411
32 Foreign purchases of other U.S. securities, net	1,592	35,144	30,274	10,453	2,730	12,478	9,394	15,000
33 Foreign direct investments in United States, net	48,015	23,975	2,378	2,370	1,028	3,092	8,601	8,326
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	30,820	−15,140	−12,218	−17,502	2,123	15,280	8,948	14,070
36 Due to seasonal adjustment	...	...	...	653	−6,754	1,222	5,814	816
37 Before seasonal adjustment	30,820	−15,140	−12,218	−18,155	8,877	14,058	3,134	13,254
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,464	1,952	1,542	−983	720
39 Foreign official assets in United States, excluding line 25 (increase, +)	32,042	16,022	38,142	20,330	−8,242	4,988	11,324	17,648
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,707	−4,882	5,857	−2,113	3,051	2,336	463	−940

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1993 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[p]
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	37,505	36,928	38,895	38,479	38,930	37,639	37,083
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	45,176	44,832	49,347	48,660	47,306	49,698	47,424
3 **Trade balance**	**−101,718**	**−66,723**	**−84,501**	**−7,672**	**−7,904**	**−10,453**	**−10,182**	**−8,376**	**−12,058**	**−10,340**

1. Government and nongovernment shipments of merchandise between foreign countries and the fifty states, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. Foreign Trade Zones. Data exclude (1) shipments among the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. affiliated insular areas, (2) shipments to U.S. Armed Forces and diplomatic missions abroad for their own use, (3) U.S. goods returned to the United States by its Armed Forces, (4) personal and household effects of travelers, and (5) in-transit shipments. Data reflect the total arrival of merchandise from foreign countries that immediately entered consumption channels, warehouses, or U.S. Foreign Trade Zones (general imports). Import data are Customs value; export data are F.A.S. value. Since 1990, data for U.S. exports to Canada have been derived from import data compiled by Canada; similarly, in Canadian statistics, Canadian exports to the United States are derived from import data compiled by the United States. Since Jan. 1, 1987, merchandise trade data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents.

Data in this table differ from figures for merchandise trade shown in the U.S. balance of payments accounts (table 3.10, lines 2 through 4) primarily for reasons of coverage. For both exports and imports, a large part of the difference is the treatment of military sales and purchases. The military sales to foreigners (exports) and purchases from foreigners (imports) that are included in this table as merchandise trade are shifted, in the balance of payments accounts, from "merchandise trade" into the broader category "military transactions."

SOURCE. (U.S. Department of Commerce, Bureau of the Census), FT900, *U.S. Merchandise Trade*.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1990	1991	1992	1993 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**83,316**	**77,719**	**71,323**	**72,847**	**74,378**	**75,644**	**76,711**	**73,968**	**74,139**	**75,231**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,055	11,054	11,054	11,053	11,057	11,057	11,057
3 Special drawing rights[2,3]	10,989	11,240	8,503	8,651	8,787	8,947	9,147	8,987	8,905	9,133
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	12,021	12,184	12,317	12,195	11,926	12,083	12,118
5 Foreign currencies[4]	52,193	45,934	40,005	41,120	42,353	43,326	44,316	41,998	42,094	42,923

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	1990	1991	1992	1993 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 Deposits	369	968	205	296	317	221	193	286	284	357
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	329,183	326,486	339,396	345,060	343,672	343,378	356,671
3 Earmarked gold[3]	13,387	13,303	13,686	13,074	12,989	12,924	12,854	12,829	12,756	12,686

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 payable at face value in dollars or foreign currencies.
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.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1990	1991	1992	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July
ASSETS	All foreign countries									
1 **Total payable in any currency**	**556,925**	**548,999**	**542,545**	**543,902r**	**554,127r**	**547,425r**	**544,497r**	**548,893r**	**562,590r**	**551,189**
2 Claims on United States	188,496	176,487	166,798	169,756r	172,776r	172,132r	164,652r	162,355r	176,025r	163,793
3 Parent bank	148,837	137,695	132,275	134,696r	139,642r	139,016r	129,121r	127,126r	141,024r	127,474
4 Other banks in United States	13,296	12,884	9,703	9,570	9,249	9,073	10,830	9,169	9,498	8,993
5 Nonbanks	26,363	25,908	24,820	25,490	23,885	24,043	24,701	26,060	25,503	27,326
6 Claims on foreigners	312,449	303,934	318,071	314,736	317,473r	314,912	316,001r	321,065r	316,533r	316,589
7 Other branches of parent bank	135,003	111,729	123,256	116,325	115,991r	112,598	109,966r	111,314	111,708	104,948
8 Banks	72,602	81,970	82,190	81,716r	83,264r	84,819r	86,940r	88,188r	85,972r	88,648
9 Public borrowers	17,555	18,652	20,756	20,080r	19,934r	19,005r	18,577r	18,251	18,183	17,687
10 Nonbank foreigners	87,289	91,583	91,869	96,615	98,284	98,490	100,518r	103,312	100,670r	105,306
11 Other assets	55,980	68,578	57,676	59,410r	63,878r	60,381	63,844r	65,473r	70,032r	70,807
12 **Total payable in U.S. dollars**	**379,479**	**364,078**	**365,824**	**353,611r**	**361,729r**	**353,799r**	**345,053r**	**344,926r**	**355,298r**	**341,027**
13 Claims on United States	180,174	169,848	162,125	165,159r	168,245r	167,535r	160,120r	156,418r	169,502r	155,387
14 Parent bank	142,962	133,662	129,329	132,032r	137,122r	136,423r	126,760r	123,957r	137,711r	124,072
15 Other banks in United States	12,513	12,025	9,266	9,213	8,704	8,336	10,168	8,209	8,638	8,270
16 Nonbanks	24,699	24,161	23,530	23,914	22,419	22,776	23,192	24,252	23,153	23,045
17 Claims on foreigners	174,451	167,010	183,527	171,120	174,726	170,338	169,360r	170,475r	168,824r	166,883
18 Other branches of parent bank	95,298	78,114	83,117	77,606	77,681	75,871	73,049	73,068	73,014r	70,167
19 Banks	36,440	41,635	47,250	41,616	43,067	41,266	43,783r	44,920r	43,674r	44,262
20 Public borrowers	12,298	13,685	14,313	13,883	13,710	13,068	12,537	12,244	12,049	11,951
21 Nonbank foreigners	30,415	33,576	38,847	38,015	40,268	40,133	39,991r	40,243	40,087r	40,503
22 Other assets	24,854	27,220	20,172	17,332r	18,758r	15,926	15,573r	18,033r	16,972r	18,757
	United Kingdom									
23 **Total payable in any currency**	**184,818**	**175,599**	**165,850**	**164,160r**	**164,507r**	**162,122**	**163,193r**	**165,044**	**173,158**	**167,046**
24 Claims on United States	45,560	35,257	36,403	37,609	34,919	34,989	33,353	31,239	37,038	34,032
25 Parent bank	42,413	31,931	33,460	34,290	32,779	31,719	29,605	27,523	33,059	29,184
26 Other banks in United States	792	1,267	1,298	886	783	892	757	747	1,006	808
27 Nonbanks	2,355	2,059	1,645	2,433	1,357	2,378	2,991	2,969	2,973	4,040
28 Claims on foreigners	115,536	109,692	111,623	108,362	110,025r	106,944	108,963r	111,830	109,528	107,799
29 Other branches of parent bank	46,367	35,735	46,165	42,894	41,317	39,466	39,450r	41,458	40,130	37,164
30 Banks	31,604	36,394	33,399	33,513	36,206r	34,914	37,823r	37,282	36,848r	38,543
31 Public borrowers	3,860	3,306	3,329	3,059	2,542	2,531	2,513r	2,420	2,342	2,341
32 Nonbank foreigners	33,705	34,257	28,730	28,896	29,960	30,033	29,177r	30,670	30,208r	29,751
33 Other assets	23,722	30,650	17,824	18,189r	19,563r	20,189	20,877r	21,975	26,592	25,215
34 **Total payable in U.S. dollars**	**116,762**	**105,974**	**109,493**	**100,865r**	**99,761r**	**94,870**	**95,612**	**97,431**	**100,422**	**96,200**
35 Claims on United States	41,259	32,418	34,508	35,481	32,929	32,783	31,233	28,634	34,110	30,573
36 Parent bank	39,609	30,370	32,186	33,070	31,559	30,443	28,420	25,996	31,265	27,580
37 Other banks in United States	334	822	1,022	684	428	413	393	326	533	300
38 Nonbanks	1,316	1,226	1,300	1,727	942	1,927	2,420	2,312	2,312	2,693
39 Claims on foreigners	63,701	58,791	66,335	59,505	60,695	57,530	60,180	61,742	60,479	58,944
40 Other branches of parent bank	37,142	28,667	34,124	30,823	28,856	30,017	29,388	30,753	30,287	27,814
41 Banks	13,135	15,219	17,089	14,316	16,800	13,422	16,903	17,073	16,658r	17,590
42 Public borrowers	3,143	2,853	2,349	2,154	1,883	1,949	1,888	1,808	1,804	1,744
43 Nonbank foreigners	10,281	12,052	12,773	12,212	13,156	12,142	12,001	12,108	11,730r	11,796
44 Other assets	11,802	14,765	8,650	5,879r	6,137r	4,557	4,637	7,055	5,833	6,683
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**162,316**	**168,512**	**147,422**	**145,372r**	**151,647r**	**149,351r**	**144,524r**	**142,737r**	**148,814r**	**140,256**
46 Claims on United States	112,989	115,430	96,280	97,454r	103,308r	101,171r	97,339r	94,759r	101,941r	93,412
47 Parent bank	77,873	81,706	66,608	67,697r	74,297r	73,325r	67,700r	66,035r	73,855r	66,039
48 Other banks in United States	11,869	10,907	7,828	7,962	7,892	7,424	9,279	7,184	7,651	7,477
49 Nonbanks	23,247	22,817	21,844	21,795	21,119	20,422	20,360	21,540	20,435	19,896
50 Claims on foreigners	41,356	45,229	44,509	41,185	40,821	41,314	40,596r	41,378r	40,437r	39,609
51 Other branches of parent bank	13,416	11,098	7,293	7,041	7,311	6,650	6,873	6,999	7,009	6,772
52 Banks	16,310	20,174	21,212	18,464	17,440	18,797	17,816r	18,527r	18,117r	17,688
53 Public borrowers	5,807	7,161	7,786	7,564	7,422	7,188	6,690	6,527	6,334	6,185
54 Nonbank foreigners	5,823	6,796	8,218	8,116	8,648	8,679	9,217	9,325	8,977	8,964
55 Other assets	7,971	7,853	6,633	6,733	7,518	6,866	6,589r	6,600r	6,436r	7,235
56 **Total payable in U.S. dollars**	**158,390**	**163,957**	**142,861**	**140,810r**	**147,281r**	**145,111r**	**140,016r**	**138,067r**	**143,732r**	**135,701**

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]—Continued

Account	1990	1991	1992	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July
LIABILITIES	All foreign countries									
57 **Total payable in any currency**	**556,925**	**548,999**	**542,545**	**543,902[r]**	**554,127[r]**	**547,425[r]**	**544,497[r]**	**548,893[r]**	**562,590[r]**	**551,189**
58 Negotiable certificates of deposit (CDs)	18,060	16,284	10,032	12,320	11,871[r]	11,596	13,748	14,348	14,154	14,568
59 To United States	189,412	198,307	189,444	176,446[r]	184,627[r]	187,572[r]	176,747[r]	175,442[r]	186,374[r]	174,089
60 Parent bank	138,748	136,431	134,339	123,105[r]	124,595[r]	126,134[r]	119,752[r]	117,207[r]	129,486[r]	120,953
61 Other banks in United States	7,463	13,260	12,182	12,829	12,373	13,306	11,952	14,062	13,514	10,440
62 Nonbanks	43,201	48,616	42,923	40,512[r]	47,659	48,132	45,043[r]	44,173[r]	43,374[r]	42,696
63 To foreigners	311,668	288,254	309,704	321,097[r]	319,409[r]	312,417	316,661	322,140	318,956[r]	319,052
64 Other branches of parent bank	139,113	112,033	125,160	120,740[r]	119,601	115,535	113,845	115,189	115,725	108,784
65 Banks	58,986	63,097	62,189	67,843	70,086[r]	68,411	68,381	69,323	67,243[r]	71,491
66 Official institutions	14,791	15,596	19,731	23,654	21,469	18,312	21,326	22,271	22,466	23,147
67 Nonbank foreigners	98,778	97,528	102,624	108,860[r]	108,253[r]	110,159	113,109	115,357	113,522	115,630
68 Other liabilities	37,785	46,154	33,365	34,039[r]	38,220[r]	35,840	37,341[r]	36,963	43,106[r]	43,480
69 **Total payable in U.S. dollars**	**383,522**	**370,710**	**368,773**	**354,003[r]**	**363,528[r]**	**353,840[r]**	**344,532[r]**	**344,319[r]**	**357,116[r]**	**342,195**
70 Negotiable CDs	14,094	11,909	6,238	7,102	6,640	6,519	7,062	7,248	8,138	7,958
71 To United States	175,654	185,472	178,674	165,102[r]	172,695[r]	175,763[r]	164,380[r]	162,328[r]	172,708[r]	160,499
72 Parent bank	130,510	129,669	127,948	116,486[r]	117,700[r]	119,524[r]	112,736[r]	110,161[r]	121,922[r]	113,313
73 Other banks in United States	6,052	11,707	11,512	11,710	11,418	12,467	11,282	13,126	12,862	9,789
74 Nonbanks	39,092	44,096	39,214	36,906[r]	43,577	43,772[r]	40,362[r]	39,041[r]	37,924[r]	37,397
75 To foreigners	179,002	158,993	172,189	169,395[r]	170,527[r]	160,774	163,149	165,162	166,130[r]	163,475
76 Other branches of parent bank	98,128	76,601	83,700	79,705[r]	79,594	77,685	75,682	75,313	75,783	72,900
77 Banks	20,251	24,156	26,118	23,281	25,571	21,227	22,150	22,969	23,440[r]	23,631
78 Official institutions	7,921	10,304	12,430	14,067	14,034	10,762	12,627	12,653	12,951	12,868
79 Nonbank foreigners	52,702	47,932	49,941	52,342[r]	51,328[r]	51,100	52,690	54,227	53,956	54,076
80 Other liabilities	14,772	14,336	11,672	12,404[r]	13,666	10,784	9,941	9,581	10,140[r]	10,263
	United Kingdom									
81 **Total payable in any currency**	**184,818**	**175,599**	**165,850**	**164,160[r]**	**164,507[r]**	**162,122**	**163,193[r]**	**165,044**	**173,158**	**167,046**
82 Negotiable CDs	14,256	11,333	4,517	5,774	5,596[r]	4,753	5,414	5,644	6,566	6,364
83 To United States	39,928	37,720	39,174	32,770[r]	33,092	38,011	34,661	37,272	39,514	35,521
84 Parent bank	31,806	29,834	31,100	25,099	24,250	29,759	26,781[r]	28,095	30,410	27,183
85 Other banks in United States	1,505	1,438	1,065	1,742	1,633	1,192	1,110	1,652	1,097	850
86 Nonbanks	6,617	6,448	7,009	5,929[r]	7,209	7,060	6,770[r]	7,525	8,007	7,488
87 To foreigners	108,531	98,167	107,176	111,151[r]	110,285[r]	104,356	108,670	106,834	106,725[r]	105,949
88 Other branches of parent bank	36,709	30,054	35,983	35,376	35,143	33,424	33,545	31,437	32,275	28,408
89 Banks	25,126	25,541	25,231	25,965	27,227	23,985	26,082	27,184	25,848[r]	28,504
90 Official institutions	8,361	9,670	12,090	14,188	12,938	10,531	12,342	11,752	12,139	11,885
91 Nonbank foreigners	38,335	32,902	33,872	35,622[r]	34,977[r]	36,416	36,701	36,461	36,463	37,152
92 Other liabilities	22,103	28,379	14,983	14,465[r]	15,534[r]	15,002	14,448[r]	15,294	20,353[r]	19,212
93 **Total payable in U.S. dollars**	**116,094**	**108,755**	**108,214**	**100,531[r]**	**101,113[r]**	**95,892**	**94,159**	**96,152**	**98,465**	**93,360**
94 Negotiable CDs	12,710	10,076	3,894	4,770	4,444	3,765	4,214	4,392	5,462	5,197
95 To United States	34,697	33,003	35,417	28,535[r]	28,874	33,552	30,170	32,457	34,523	30,669
96 Parent bank	29,955	28,260	29,957	23,767	23,097	28,405	25,315[r]	26,631	28,747	25,753
97 Other banks in United States	1,156	1,177	709	1,063	1,097	707	676	1,311	847	637
98 Nonbanks	3,586	3,566	4,751	3,705[r]	4,680	4,440	4,179[r]	4,515	4,929	4,279
99 To foreigners	60,014	56,626	62,048	59,907[r]	59,414[r]	51,850	54,407	54,576	53,282[r]	52,336
100 Other branches of parent bank	25,957	20,800	22,026	20,807	20,516	19,516	18,958	17,449	17,691	16,198
101 Banks	9,488	11,069	12,540	9,740	10,359	6,702	8,327	9,065	8,305[r]	8,347
102 Official institutions	4,692	7,156	8,847	10,114	9,967	7,008	8,803	8,210	8,812	8,720
103 Nonbank foreigners	19,877	17,601	18,635	19,246[r]	18,572[r]	18,624	18,319	19,852	18,474	19,071
104 Other liabilities	8,673	9,050	6,855	7,319[r]	8,381	6,725	5,368	4,727	5,198[r]	5,158
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	**162,316**	**168,512**	**147,422**	**145,372[r]**	**151,647[r]**	**149,351[r]**	**144,524[r]**	**142,737[r]**	**148,814[r]**	**140,256**
106 Negotiable CDs	646	1,173	1,350	1,355	1,142	1,713	1,692	1,812	1,535	1,562
107 To United States	114,738	130,058	111,861	108,628[r]	111,201[r]	110,875[r]	106,560[r]	102,764[r]	109,128[r]	100,819
108 Parent bank	74,941	79,394	67,347	65,600[r]	62,808[r]	60,152[r]	60,033[r]	57,082[r]	64,508[r]	59,152
109 Other banks in United States	4,526	10,231	10,445	10,265	10,059	11,492	10,291	11,220	11,567	8,603
110 Nonbanks	35,271	40,433	34,069	32,763	38,334	39,231	36,236[r]	34,462[r]	33,053[r]	33,064
111 To foreigners	44,444	35,200	32,556	33,766	37,690	35,369	34,773	36,146	36,563	35,866
112 Other branches of parent bank	24,715	17,388	15,169	15,972[r]	18,056	18,015	17,462	18,626	18,927	18,104
113 Banks	5,588	5,662	6,422	6,350	7,967	6,476	6,219	6,123	6,382	6,954
114 Official institutions	622	572	805	932	1,036	858	905	1,052	1,025	897
115 Nonbank foreigners	13,519	11,578	10,160	10,512[r]	10,631	10,020	10,187	10,345	10,229	9,911
116 Other liabilities	2,488	2,081	1,655	1,623	1,614	1,394	1,499	2,015	1,588	2,009
117 **Total payable in U.S. dollars**	**157,132**	**163,789**	**143,150**	**141,212[r]**	**147,347[r]**	**144,700[r]**	**139,406[r]**	**137,712[r]**	**143,846[r]**	**135,569**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1991	1992	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May[r]	1993 June[r]	1993 July[p]
1 **Total**[1]	**360,530**	**398,672**	**411,802**	**413,220**	**409,997**	**413,459**	**424,080**	**427,331**	**426,566**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,823	63,792	66,454	62,994	62,608	68,978	72,479	66,979
3 U.S. Treasury bills and certificates[3]	92,692	104,596	111,540	113,594	113,547	113,293	120,192	119,860	128,843
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	207,573	203,209	202,552	205,262	201,838	201,078	196,203
5 Nonmarketable[4]	4,858	4,532	4,563	4,592	4,622	5,431	5,417	5,451	5,487
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	24,334	25,371	26,282	26,865	27,655	28,463	29,054
By area									
7 Europe[1]	171,317[r]	191,708	198,740[r]	201,930[r]	189,763[r]	187,858[r]	193,632	193,337	188,861
8 Canada	7,460	7,920	8,411	7,886	9,326	8,302	8,899	8,297	8,808
9 Latin America and Caribbean	33,554	40,015	41,388	42,502	44,509	49,070	48,168	48,562	53,801
10 Asia	139,465	152,142	156,205	154,009	157,932	159,775	164,732	169,324	168,731
11 Africa	2,092	3,565	3,705	3,866	3,919	3,782	3,782	3,621	2,844
12 Other countries[6]	6,640[r]	3,320	3,351[r]	3,025[r]	4,546[r]	4,670[r]	4,865	4,188	3,519

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

SOURCE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 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	1989	1990	1991	1992 Sept.	1992 Dec.	1993 Mar.	1993 June
1 Banks' liabilities	67,835	70,477	75,129	84,162	72,796	82,995	74,697
2 Banks' claims	65,127	66,796	73,195	72,164	62,789	64,077	55,166
3 Deposits	20,491	29,672	26,192	28,074	24,240	24,948	23,454
4 Other claims	44,636	37,124	47,003	44,090	38,549	39,129	31,712
5 Claims of banks' domestic customers[2]	3,507	6,309	3,398	3,987	4,432	2,625	3,234

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	1990	1991	1992	1993						
				Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**759,634**	**756,066**	**810,025**	**802,216**	**814,725**	**798,447**	**791,382**	**793,548**	**821,894**	**819,583**
2 Banks' own liabilities	577,229	575,374	606,210	592,754	606,005	586,505	581,554	574,786	598,574	591,095
3 Demand deposits	21,723	20,321	21,823	21,106	22,310	21,582	22,239	22,144	21,463	21,797
4 Time deposits[2]	168,017	159,649	160,374	150,062	147,284	143,999	147,948	147,924	151,957	151,336
5 Other[3]	65,822	66,305	93,840	103,910	106,262	97,064	101,099	104,469	108,477	108,780
6 Own foreign offices[4]	321,667	329,099	330,173	317,676	330,149	323,860	310,268	300,249	316,677	309,182
7 Banks' custodial liabilities[5]	182,405	180,692	203,815	209,462	208,720	211,942	209,828	218,762	223,320	228,488
8 U.S. Treasury bills and certificates[6]	96,796	110,734	127,649	133,799	135,300	137,062	138,016	144,129	144,059	153,267
9 Other negotiable and readily transferable instruments[7]	17,578	18,664	21,982	22,969	20,735	22,309	21,550	24,527	30,069	26,470
10 Other	68,031	51,294	54,184	52,694	52,685	52,571	50,262	50,106	49,192	48,751
11 Nonmonetary international and regional organizations[8]	5,918	8,981	9,350	11,099	11,538	9,295	10,731	8,934	9,130	9,467
12 Banks' own liabilities	4,540	6,827	6,951	7,837	8,884	6,037	5,834	6,481	6,070	6,277
13 Demand deposits	36	43	46	39	47	196	33	35	19	29
14 Time deposits[2]	1,050	2,714	3,214	2,702	2,311	2,722	1,687	2,989	3,407	3,000
15 Other[3]	3,455	4,070	3,691	5,096	6,526	3,119	4,114	3,457	2,644	3,248
16 Banks' custodial liabilities[5]	1,378	2,154	2,399	3,262	2,654	3,258	4,897	2,453	3,060	3,190
17 U.S. Treasury bills and certificates[6]	364	1,730	1,908	2,774	2,348	2,876	4,461	1,883	2,320	2,635
18 Other negotiable and readily transferable instruments[7]	1,014	424	486	488	306	382	433	564	740	549
19 Other	0	0	5	0	0	0	3	6	0	6
20 Official institutions[9]	119,303	131,088	159,419	175,332	180,048	176,541	175,901	189,170	192,339	195,822
21 Banks' own liabilities	34,910	34,411	51,058	59,577	62,687	59,491	59,187	63,502	62,737	61,577
22 Demand deposits	1,924	2,626	1,274	1,397	1,764	1,457	1,358	1,386	2,204	1,507
23 Time deposits[2]	14,359	16,504	17,823	18,685	18,996	18,747	18,981	21,627	19,353	18,528
24 Other[3]	18,628	15,281	31,961	39,495	41,927	39,287	38,848	40,489	41,180	41,542
25 Banks' custodial liabilities[5]	84,393	96,677	108,361	115,755	117,361	117,050	116,714	125,668	129,602	134,245
26 U.S. Treasury bills and certificates[6]	79,424	92,692	104,596	111,540	113,594	113,547	113,293	120,192	119,860	128,843
27 Other negotiable and readily transferable instruments[7]	4,766	3,879	3,726	4,054	3,648	3,411	3,284	5,332	9,602	5,297
28 Other	203	106	39	161	119	92	137	144	140	105
29 Banks[10]	540,805	522,265	546,556	522,700	530,365	520,891	511,808	503,475	525,586	517,258
30 Banks' own liabilities	458,470	459,335	475,340	453,849	462,769	451,813	445,570	436,591	459,680	450,345
31 Unaffiliated foreign banks	136,802	130,236	145,167	136,173	132,620	127,953	135,302	136,342	143,003	141,163
32 Demand deposits	10,053	8,648	10,168	9,903	10,974	10,495	10,883	11,386	9,914	10,713
33 Time deposits[2]	88,541	82,857	90,175	80,351	77,823	74,446	79,707	76,502	83,197	84,752
34 Other[3]	38,208	38,731	44,824	45,919	43,823	43,012	44,712	48,454	49,892	45,698
35 Own foreign offices[4]	321,667	329,099	330,173	317,676	330,149	323,860	310,268	300,249	316,677	309,182
36 Banks' custodial liabilities[5]	82,335	62,930	71,216	68,851	67,596	69,078	66,238	66,884	65,906	66,913
37 U.S. Treasury bills and certificates[6]	10,669	7,471	11,087	9,685	9,296	9,976	9,908	10,837	10,546	10,529
38 Other negotiable and readily transferable instruments[7]	5,341	5,694	7,568	7,708	6,692	7,957	7,360	7,407	7,751	9,060
39 Other	66,325	49,765	52,561	51,458	51,608	51,145	48,970	48,640	47,609	47,324
40 Other foreigners	93,608	93,732	94,700	93,085	92,774	91,720	92,942	91,969	94,839	97,036
41 Banks' own liabilities	79,309	74,801	72,861	71,491	71,665	69,164	70,963	68,212	70,087	72,896
42 Demand deposits	9,711	9,004	10,335	9,767	9,525	9,434	9,965	9,337	9,326	9,548
43 Time deposits[2]	64,067	57,574	49,162	48,324	48,154	48,084	47,573	46,806	46,000	45,056
44 Other[3]	5,530	8,223	13,364	13,400	13,986	11,646	13,425	12,069	14,761	18,292
45 Banks' custodial liabilities[5]	14,299	18,931	21,839	21,594	21,109	22,556	21,979	23,757	24,752	24,140
46 U.S. Treasury bills and certificates[6]	6,339	8,841	10,058	9,800	10,062	10,663	10,354	11,217	11,333	11,260
47 Other negotiable and readily transferable instruments[7]	6,457	8,667	10,202	10,719	10,089	10,559	10,473	11,224	11,976	11,564
48 Other	1,503	1,423	1,579	1,075	958	1,334	1,152	1,316	1,443	1,316
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,114	9,724	9,499	9,548	9,412	9,585	10,389	9,390

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

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

Item	1990	1991	1992	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July[p]
AREA										
1 **Total, all foreigners**	**759,634**	**756,066**	**810,025**	**802,216**	**814,725**	**798,447**	**791,382**	**793,548[r]**	**821,894[r]**	**819,583**
2 **Foreign countries**	**753,716**	**747,085**	**800,675**	**791,117**	**803,187**	**789,152**	**780,651**	**784,614[r]**	**812,764[r]**	**810,116**
3 Europe	254,452	249,097	308,418	303,751	304,752	293,412	298,984	313,834	324,951[r]	322,690
4 Austria	1,229	1,193	1,611	1,158	1,942	1,256	1,497	1,525	1,496	1,415
5 Belgium and Luxembourg	12,382	13,337	20,572	21,255	19,729	19,475	19,775	21,099	21,817	20,805
6 Denmark	1,399	937	3,060	1,885	2,835	1,536	1,229	2,464	3,088	3,983
7 Finland	602	1,341	1,299	1,862	2,049	2,297	2,265	2,185	2,580	2,873
8 France	30,946	31,808	41,459	34,285	32,457	31,712	31,087	33,825	33,744[r]	33,963
9 Germany	7,485	8,619	18,631	20,685	18,934	16,107	19,912	23,959	22,752	24,498
10 Greece	934	765	910	815	758	763	742	859	819	1,078
11 Italy	17,735	13,541	10,041	8,759	10,701	8,889	8,094	9,089	10,402	10,730
12 Netherlands	5,350	7,161	7,372	8,722	11,702	11,409	11,502	13,903	11,271	10,420
13 Norway	2,357	1,866	3,319	3,550	2,521	2,350	2,355	2,690	2,840	2,771
14 Portugal	2,958	2,184	2,465	2,518	2,508	2,489	2,476	2,674	2,764	2,894
15 Russia	119	241	577	436	497	535	726	847	1,129	1,217
16 Spain	7,544	11,391	9,796	14,904	17,233	15,735	14,055	13,588	15,484	16,593
17 Sweden	1,837	2,222	2,986	2,962	1,902	1,619	3,149	2,140	2,336	2,210
18 Switzerland	36,690	37,238	39,440	41,533	40,227	39,596	39,703	41,775[r]	40,557[r]	40,514
19 Turkey	1,169	1,598	2,666	2,533	2,862	2,520	2,664	2,761	2,497[r]	2,882
20 United Kingdom	109,555	100,292	112,454	106,739	105,510	106,394	109,553	106,638	116,035	115,169
21 Yugoslavia[11]	928	622	504	506	512	523	507	510	512	501
22 Other Europe and former U.S.S.R.[12]	13,234	12,741	29,256	28,644	29,873	28,207	27,693	31,303[r]	32,828[r]	28,174
23 Canada	20,349	21,605	22,746	21,467	22,898	25,040	22,302	21,331	20,051[r]	22,264
24 Latin America and Caribbean	332,997	345,529	316,020	313,754	321,062	318,718	316,594	303,587[r]	312,627[r]	311,919
25 Argentina	7,365	7,753	9,477	10,792	10,608	11,568	10,956	11,339[r]	11,289[r]	14,120
26 Bahamas	107,386	100,622	82,222	84,777	87,812	83,607	81,737	80,307[r]	80,673	73,391
27 Bermuda	2,822	3,178	7,079	6,319	6,508	6,269	6,135	5,297	6,074[r]	6,979
28 Brazil	5,834	5,704	5,584	5,321	5,304	5,462	5,463	5,338[r]	4,935[r]	5,424
29 British West Indies	147,321	163,620	151,886	147,375	150,063	151,243	147,408	138,887[r]	147,632[r]	147,618
30 Chile	3,145	3,283	3,035	3,638	3,420	3,325	3,479	3,520[r]	3,552[r]	3,934
31 Colombia	4,492	4,661	4,580	4,438	4,417	4,183	4,359	4,338[r]	4,404[r]	4,464
32 Cuba	11	2	3	2	3	3	2	2	3	5
33 Ecuador	1,379	1,232	993	945	886	928	919	951	915	878
34 Guatemala	1,541	1,594	1,377	1,311	1,311	1,382	1,352	1,323	1,397	1,304
35 Jamaica	257	231	371	294	279	309	293	289	341	341
36 Mexico	16,650	19,957	19,456	20,023	21,196	21,762	24,896	23,351	22,295	24,114
37 Netherlands Antilles	7,357	5,592	5,205	4,352	4,869	4,221	4,537	3,812	4,057	4,161
38 Panama	4,574	4,695	4,177	4,013	4,214	3,924	4,147	4,067	3,732	3,757
39 Peru	1,294	1,249	1,080	1,052	1,045	995	1,070	977	979	893
40 Uruguay	2,520	2,096	1,955	1,898	2,061	1,815	1,767	1,734[r]	1,767	1,767
41 Venezuela	12,271	13,181	11,387	11,106	10,984	11,446	11,511	11,644	12,237	12,369
42 Other	6,779	6,879	6,153	6,098	6,082	6,276	6,563	6,411[r]	6,345[r]	6,400
43 Asia	136,844	120,462	143,436	141,633	143,636	140,427	131,025	134,039[r]	143,573[r]	143,266
China										
44 People's Republic of China	2,421	2,626	3,202	3,114	3,007	2,957	3,527	3,008	2,885	2,728
45 Republic of China (Taiwan)	11,246	11,491	8,379	8,929	9,102	9,042	8,884	8,790	9,638	9,992
46 Hong Kong	12,754	14,269	18,509	17,588	19,543	17,041	16,353	15,832	16,212	16,417
47 India	1,233	2,418	1,396	1,323	1,377	1,399	989	1,341	1,312	1,050
48 Indonesia	1,238	1,463	1,480	1,392	1,460	1,871	1,464	1,861	2,132	1,688
49 Israel	2,767	2,015	3,775	3,389	3,371	3,930	3,763	3,163[r]	2,764	2,790
50 Japan	67,076	47,069	58,342	56,009	57,993	56,917	51,107	54,462[r]	62,784[r]	62,226
51 Korea (South)	2,287	2,587	3,336	3,444	3,488	3,337	3,591	3,929	3,849[r]	4,301
52 Philippines	1,585	2,449	2,275	2,350	2,746	2,774	2,785	2,458	2,933	3,122
53 Thailand	1,443	2,252	5,582	5,722	5,375	5,342	4,967	5,377	5,233	5,830
54 Middle Eastern oil-exporting countries[13]	15,829	15,752	21,446	19,877	19,897	19,718	19,687	19,272	20,325	18,407
55 Other	16,965	16,071	15,714	18,496	16,277	16,099	13,908	14,546	13,506[r]	14,715
56 Africa	4,630	4,825	5,884	5,913	6,364	6,508	6,438	6,477[r]	6,535[r]	5,742
57 Egypt	1,425	1,621	2,472	2,756	3,077	3,084	2,938	2,922	2,784	1,880
58 Morocco	104	79	76	88	92	87	151	144	181	200
59 South Africa	228	228	190	158	319	243	246	198	265	172
60 Zaire	53	31	19	25	17	13	14	16	15	25
61 Oil-exporting countries[14]	1,110	1,082	1,346	1,125	1,135	1,239	1,294	1,368	1,332	1,417
62 Other	1,710	1,784	1,781	1,761	1,724	1,842	1,795	1,829[r]	1,958[r]	2,048
63 Other	4,444	5,567	4,171	4,599	4,475	5,047	5,308	5,346	5,027[r]	4,235
64 Australia	3,807	4,464	3,047	3,502	3,388	4,013	4,056	4,449	4,078	3,253
65 Other	637	1,103	1,124	1,097	1,087	1,034	1,252	897	949[r]	982
66 Nonmonetary international and regional organizations	5,918	8,981	9,350	11,099	11,538	9,295	10,731	8,934	9,130	9,467
67 International[15]	4,390	6,485	7,434	7,864	8,857	6,251	7,590	5,388	5,612	5,908
68 Latin American regional[16]	1,048	1,181	1,415	2,327	1,738	2,021	2,223	2,412	2,318	2,077
69 Other regional[17]	479	1,315	501	908	943	1,023	918	1,134	1,200	1,482

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
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 Western 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 and country	1990	1991	1992	1993 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[p]
1 **Total, all foreigners**	**511,543**	**514,339**	**495,761**	**484,670**	**495,033**	**475,969**	**469,454**	**460,960[r]**	**483,634**	**472,825**
2 **Foreign countries**	**506,750**	**508,056**	**490,679**	**481,570**	**490,925**	**472,647**	**467,037**	**459,278[r]**	**481,554**	**471,518**
3 Europe	113,093	114,310	124,130	117,355	124,763	122,490	120,309	118,174	122,350	124,714
4 Austria	362	327	341	366	530	894	1,013	941	1,080	715
5 Belgium and Luxembourg	5,473	6,158	6,404	6,473	5,886	6,273	6,177	5,513	5,955	6,100
6 Denmark	497	686	707	705	785	682	645	628	721	835
7 Finland	1,047	1,907	1,419	1,275	1,226	1,010	998	885	1,225	1,007
8 France	14,468	15,112	14,847	14,012	14,670	13,235	13,141	11,614	11,818	11,833
9 Germany	3,343	3,371	4,229	5,544	5,370	5,725	5,322	6,089	6,236	7,747
10 Greece	727	553	718	670	668	583	618	596	564	513
11 Italy	6,052	8,242	9,048	8,716	8,466	8,418	8,724	8,218	9,250	8,053
12 Netherlands	1,761	2,546	2,497	2,927	3,279	2,676	2,607	3,278	2,764	3,269
13 Norway	782	669	356	649	750	645	714	676	789	823
14 Portugal	292	344	325	390	494	454	513	593	670	710
15 Russia	530	1,970	3,147	3,154	3,154	2,906	2,889	3,080	3,045	2,784
16 Spain	2,668	1,881	2,772	2,593	4,158	3,859	3,642	3,441	3,607	5,117
17 Sweden	2,094	2,335	4,929	5,340	5,155	4,809	4,509	4,229	4,062	5,129
18 Switzerland	4,202	4,540	4,722	4,493	4,971	4,348	4,355	4,735[r]	4,123	5,214
19 Turkey	1,405	1,063	962	1,071	1,041	943	1,285	1,508	1,584	1,504
20 United Kingdom	65,151	60,395	63,980	56,308	61,433	62,227	60,721	59,664	62,614	60,913
21 Yugoslavia[2]	1,142	825	569	571	567	553	551	550	548	547
22 Other Europe and former U.S.S.R.[3]	1,095	1,386	2,158	2,098	2,160	2,250	1,885	1,936[r]	1,695	1,901
23 Canada	16,091	15,113	14,185	16,465	14,972	18,287	16,977	16,393	16,684	17,869
24 Latin America and Caribbean	231,506	246,137	213,772	219,079	212,204	204,144	200,437	196,859[r]	213,272	208,799
25 Argentina	6,967	5,869	4,882	4,804	4,859	4,844	3,931	3,942	4,066	4,842
26 Bahamas	76,525	87,138	59,532	62,831	63,898	57,593	57,909	56,188[r]	60,005	56,885
27 Bermuda	4,056	2,270	5,934	6,797	2,851	3,910	5,609	3,089	4,319	8,578
28 Brazil	17,995	11,894	10,733	10,924	10,507	10,871	10,806	10,710[r]	12,319	10,886
29 British West Indies	88,565	107,846	98,738	101,614	96,324	93,856	88,964	89,835[r]	97,279	91,907
30 Chile	3,271	2,805	3,397	3,690	3,795	3,638	3,551	3,718[r]	3,641	3,864
31 Colombia	2,587	2,425	2,750	2,752	2,819	2,807	2,786	2,876[r]	2,846	2,886
32 Cuba	0	0	0	0	0	0	0	0	1	0
33 Ecuador	1,387	1,053	884	853	835	819	807	770	771	732
34 Guatemala	191	228	262	240	257	274	269	256	506	480
35 Jamaica	238	158	167	170	164	168	161	165	184	182
36 Mexico	14,851	16,567	15,049	15,216	15,988	15,115	15,534	14,967	15,424	15,373
37 Netherlands Antilles	7,998	1,207	1,379	1,735	1,938	2,098	1,971	2,354	3,011	3,172
38 Panama	1,471	1,560	4,474	2,024	2,307	2,541	2,311	2,260	2,384	2,326
39 Peru	663	739	730	735	708	650	691	675	657	651
40 Uruguay	786	599	936	895	844	846	787	778	904	807
41 Venezuela	2,571	2,516	2,525	2,409	2,485	2,558	2,495	2,542	2,803	3,001
42 Other	1,384	1,263	1,400	1,390	1,625	1,556	1,855	1,734[r]	2,152	2,227
43 Asia	138,722	125,262	131,296	121,777	131,494	120,066	122,296	120,983[r]	122,131	112,914
China										
44 People's Republic of China	620	747	906	774	892	939	1,388	881	1,898	860
45 Republic of China (Taiwan)	1,952	2,087	2,046	1,683	1,585	1,630	1,670	1,561[r]	1,840	1,549
46 Hong Kong	10,648	9,617	9,673	9,145	10,298	10,563	9,215	10,420[r]	9,747	10,637
47 India	655	441	529	532	549	443	549	489	438	470
48 Indonesia	933	952	1,189	1,323	1,292	1,469	1,432	1,386	1,503	1,283
49 Israel	774	860	820	877	809	896	1,057	814	777	733
50 Japan	90,699	84,807	78,647	74,631	79,791	67,761	71,584	71,908[r]	71,327	62,497
51 Korea (South)	5,766	6,048	6,180	6,073	6,753	6,938	7,048	7,152	7,421	7,605
52 Philippines	1,247	1,910	2,145	1,871	1,842	1,713	1,645	1,521	1,402	1,357
53 Thailand	1,573	1,713	1,867	1,796	1,737	1,678	1,794	1,763	1,865	2,006
54 Middle Eastern oil-exporting countries[4]	10,749	8,284	18,559	17,083	17,775	19,048	17,909	17,937	17,437	16,956
55 Other	13,106	7,796	8,735	5,989	8,171	6,988	7,005	5,151	6,476	6,961
56 Africa	5,445	4,928	4,289	4,262	4,147	3,907	3,767	3,661	3,808	3,854
57 Egypt	380	294	194	171	291	192	151	151	177	148
58 Morocco	513	575	441	421	403	396	396	420	416	437
59 South Africa	1,525	1,235	1,041	1,069	1,030	1,011	924	803	746	746
60 Zaire	16	4	4	3	3	3	3	3	3	4
61 Oil-exporting countries[5]	1,486	1,298	1,004	1,067	1,108	1,140	1,128	1,134	1,145	1,215
62 Other	1,525	1,522	1,605	1,531	1,312	1,165	1,165	1,150	1,321	1,304
63 Other	1,892	2,306	3,007	2,632	3,345	3,753	3,251	3,208	3,309	3,368
64 Australia	1,413	1,665	2,263	1,896	2,552	3,117	2,635	2,534	2,574	2,443
65 Other	479	641	744	736	793	636	616	674	735	925
66 Nonmonetary international and regional organizations[6]	4,793	6,283	5,082	3,100	4,108	3,322	2,417	1,682	2,080	1,307

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 and Eastern European countries not listed in line 23. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
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 Western 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

Claim	1990	1991	1992	1993						
				Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July[p]
1 **Total**	**579,044**	**579,683**	**555,799**	...	...	**527,858**	...	...	**532,105**	...
2 Banks' claims	511,543	514,339	495,761	484,670	495,033	475,969	469,454	460,960	483,634	472,825
3 Foreign public borrowers	41,900	37,126	31,245	32,972	30,349	33,631	30,266	29,580	29,407	32,199
4 Own foreign offices[2]	304,315	318,800	299,916	291,819	305,438	292,938	285,497	282,583	298,920	280,206
5 Unaffiliated foreign banks	117,272	116,602	109,788	101,868	102,737	97,073	97,837	94,719	94,000	93,215
6 Deposits	65,253	69,018	60,949	52,707	50,634	48,778	47,808	47,319	46,131	44,695
7 Other	52,019	47,584	48,839	49,161	52,103	48,295	50,029	47,400	47,869	48,520
8 All other foreigners	48,056	41,811	54,812	58,011	56,509	52,327	55,854	54,078	61,307	67,205
9 Claims of banks' domestic customers[3]	67,501	65,344	60,038	...	...	51,889	...	...	48,471	...
10 Deposits	14,375	15,280	15,452	...	...	12,000	...	...	12,600	...
11 Negotiable and readily transferable instruments[4]	41,333	37,125	31,454	...	...	27,283	...	...	22,436	...
12 Outstanding collections and other claims	11,792	12,939	13,132	...	...	12,606	...	...	13,435	...
MEMO										
13 Customer liability on acceptances	13,628	8,974	8,700	...	...	7,959	...	...	8,121	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	44,638	40,297	33,604	36,127	36,801	36,425	32,962	33,814	29,686	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.

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 Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1989	1990	1991	1992		1993	
				Sept.	Dec.	Mar.	June[p]
1 **Total**	**238,123**	**206,903**	**195,302**	**187,272**	**195,517**	**182,703**	**183,961**
By borrower							
2 Maturity of one year or less	178,346	165,985	162,573	155,072	163,873	152,704	155,609
3 Foreign public borrowers	23,916	19,305	21,050	17,739	17,689	21,140	17,942
4 All other foreigners	154,430	146,680	141,523	137,333	146,184	131,564	137,667
5 Maturity of more than one year	59,776	40,918	32,729	32,200	31,644	29,999	28,352
6 Foreign public borrowers	36,014	22,269	15,859	13,314	13,268	12,199	11,252
7 All other foreigners	23,762	18,649	16,870	18,886	18,376	17,800	17,100
By area							
Maturity of one year or less							
8 Europe	53,913	49,184	51,835	55,964	53,865	55,295	54,512
9 Canada	5,910	5,450	6,444	5,949	6,118	7,890	8,022
10 Latin America and Caribbean	53,003	49,782	43,597	45,241	50,316	45,154	49,416
11 Asia	57,755	53,258	51,059	40,664	45,726	37,910	38,815
12 Africa	3,225	3,040	2,549	2,183	1,784	1,680	1,713
13 All other[3]	4,541	5,272	7,089	5,071	6,064	4,775	3,131
Maturity of more than one year							
14 Europe	4,121	3,859	3,878	6,624	5,380	4,896	4,511
15 Canada	2,353	3,290	3,595	3,227	3,290	3,117	2,877
16 Latin America and Caribbean	45,816	25,774	18,277	15,111	15,159	14,387	13,631
17 Asia	4,172	5,165	4,459	4,853	5,015	5,033	4,796
18 Africa	2,630	2,374	2,335	2,107	2,390	2,130	2,048
19 All other[3]	684	456	185	278	410	436	489

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Maturity is time remaining to maturity.

3. Includes nonmonetary international and regional organizations.

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

Billions of dollars, end of period

Area or country	1989	1990	1991 June	1991 Sept.	1991 Dec.	1992 Mar.	1992 June	1992 Sept.	1992 Dec.	1993 Mar.	1993 June
1 **Total**	**340.9**	**320.1**	**322.3**	**338.4**	**343.6**	**349.8**	**357.4**	**343.9**	**344.4[r]**	**361.4[r]**	**378.3[r]**
2 G-10 countries and Switzerland	152.9	132.2	130.3	135.0	137.6	131.1	136.3	137.5	134.0	143.6[r]	149.7[r]
3 Belgium and Luxembourg	6.3	5.9	6.1	5.8	6.0	5.3	6.2	6.2	5.6	6.1	7.0
4 France	11.7	10.4	10.5	11.1	11.0	10.0	12.0	15.5	15.4	13.6	13.8
5 Germany	10.5	10.6	8.3	9.7	8.3	8.4	8.8	10.9	9.3	9.9	10.8
6 Italy	7.4	5.0	3.6	4.5	5.6	5.4	8.0	6.4	6.5	6.7	7.6
7 Netherlands	3.1	3.0	3.3	3.0	4.7	4.3	3.3	3.7	2.8	3.7	3.7
8 Sweden	2.0	2.2	2.5	2.1	1.9	2.0	1.9	2.2	2.3	3.0	2.5
9 Switzerland	7.1	4.4	3.3	3.9	3.4	3.2	4.6	5.2	4.8	5.3	4.7[r]
10 United Kingdom	67.2	60.9	59.5	65.6	68.5	64.8	65.9	61.9	61.4	66.3[r]	73.6[r]
11 Canada	5.4	5.9	8.2	5.8	5.8	6.6	6.7	6.7	6.6	8.6	8.1
12 Japan	32.3	24.0	25.1	23.5	22.6	21.1	18.7	18.9	19.3[r]	20.4	17.9[r]
13 Other industrialized countries	21.0	22.9	21.3	22.1	22.8	21.5	25.5	25.1	24.1	25.5	27.2
14 Austria	1.5	1.4	1.1	1.0	.6	.8	.8	.8	1.2	1.2	1.3
15 Denmark	1.1	1.1	1.2	.9	.9	.8	1.3	1.5	.9	.8	1.0
16 Finland	1.0	.7	.8	.6	.7	.8	.8	1.0	.7	.7	.9
17 Greece	2.5	2.7	2.4	2.3	2.6	2.3	2.8	3.0	3.0	2.8	3.1
18 Norway	1.4	1.6	1.5	1.4	1.4	1.5	1.7	1.6	1.2	1.8	1.8
19 Portugal	.4	.6	.6	.5	.6	.5	.5	.5	.4	.7	.9
20 Spain	7.1	8.3	7.1	8.3	8.3	7.7	10.1	9.8	9.0	9.5	10.5
21 Turkey	1.2	1.7	1.9	1.6	1.4	1.2	1.5	1.5	1.3	1.4	2.1[r]
22 Other Western Europe	1.0	1.2	1.1	1.3	1.8	1.5	2.0	1.5	1.7	2.0	1.8
23 South Africa	2.0	1.8	1.8	1.6	1.9	1.8	1.7	1.7	1.7	1.6	1.3
24 Australia	1.6	1.8	2.0	2.4	2.7	2.3	2.3	2.3	2.9	2.9	2.5
25 OPEC[2]	17.1	12.8	14.0	15.6	14.5	15.8	16.2	15.9	16.1	16.9	15.9
26 Ecuador	1.3	1.0	.9	.8	.7	.7	.7	.7	.6	.6	.6
27 Venezuela	7.0	5.0	5.3	5.6	5.4	5.4	5.3	5.4	5.2	5.3	5.6
28 Indonesia	2.0	2.7	2.6	2.8	2.7	3.0	3.0	3.0	3.0	3.1	3.1
29 Middle East countries	5.0	2.5	3.7	5.0	4.2	5.3	5.9	5.4	6.2	6.7	5.4
30 African countries	1.7	1.7	1.5	1.5	1.5	1.4	1.4	1.4	1.1	1.1	1.1[r]
31 Non-OPEC developing countries	77.5	65.4	64.4	64.7	63.9	69.7	68.1	72.9	72.2	74.3[r]	77.3
Latin America											
32 Argentina	6.3	5.0	4.6	4.5	4.8	5.0	5.1	6.2	6.6	7.0	6.6
33 Brazil	19.0	14.4	11.6	10.5	9.6	10.8	10.6	10.8	10.8	11.6	12.3[r]
34 Chile	4.6	3.5	3.6	3.7	3.6	3.9	4.0	4.2	4.4	4.6	4.5[r]
35 Colombia	1.8	1.8	1.6	1.6	1.7	1.6	1.6	1.7	1.8	1.9	1.9
36 Mexico	17.7	13.0	14.3	16.2	15.5	17.7	16.3	17.1	16.0	16.8	16.9
37 Peru	.6	.5	.5	.4	.4	.4	.4	.5	.5	.4	.4
38 Other	2.8	2.3	2.0	1.9	2.1	2.2	2.2	2.5	2.6	2.6	3.4
Asia											
China											
39 Peoples Republic of China	.3	.2	.6	.4	.3	.3	.3	.3	.7	.6	1.6
40 Republic of China (Taiwan)	4.5	3.5	4.1	4.1	4.1	4.8	4.6	5.0	5.2	5.3	5.9
41 India	3.1	3.3	3.0	2.8	3.0	3.6	3.8	3.6	3.2	3.1	3.1
42 Israel	.7	.5	.5	.5	.5	.4	.4	.4	.4	.5	.4
43 Korea (South)	5.9	6.2	6.9	6.5	6.8	6.9	6.9	7.4	6.6	6.5	6.9
44 Malaysia	1.7	1.9	2.1	2.3	2.3	2.5	2.7	3.0	3.0	3.3	3.7
45 Philippines	4.1	3.8	3.7	3.6	3.7	3.6	3.1	3.6	3.6	3.4	2.9
46 Thailand	1.3	1.5	1.7	1.9	1.7	1.7	1.9	2.2	2.2	2.2	2.4
47 Other Asia[3]	1.0	1.7	1.8	2.0	2.0	2.3	2.5	2.7	2.7	2.7	2.6
Africa											
48 Egypt	.4	.4	.4	.4	.4	.3	.5	.3	.2	.2	.2
49 Morocco	.9	.8	.7	.7	.7	.7	.7	.6	.6	.5	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.8	.8	.7	.7	.6	.9	1.0	.8	.9
52 Eastern Europe	3.5	2.3	2.1	1.8	2.4	2.9	3.0	3.1	3.1	2.9	3.2[r]
53 Russia	.7	.2	.4	.4	.9	1.4	1.7	1.8	1.9	1.7	1.9
54 Yugoslavia	1.6	1.2	1.0	.8	.9	.8	.7	.7	.6	.6	.6
55 Other	1.3	.9	.7	.7	.7	.6	.6	.7	.6	.7	.7[r]
56 Offshore banking centers	38.4	44.7	50.2	54.6	54.2	60.9	59.4	52.3	55.0	58.5[r]	57.7[r]
57 Bahamas	5.5	2.9	6.8	6.7	11.9	14.5	12.2	8.1	5.6	8.2[r]	6.9
58 Bermuda	1.7	4.4	4.2	7.1	2.3	3.9	5.1	3.8	6.2	4.1	4.5
59 Cayman Islands and other British West Indies	9.0	11.7	14.9	13.8	15.8	17.4	18.1	15.7	19.9	17.6	15.7[r]
60 Netherlands Antilles	2.3	7.9	1.4	3.9	1.2	1.0	.8	.7	1.1	1.6	2.5
61 Panama[4]	1.4	1.4	1.3	1.3	1.4	1.4	1.7	1.8	1.7	1.9	1.9
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.3	9.7	14.3	14.0	14.4	14.0	15.0	15.2	13.8	16.7	16.8
64 Singapore	7.0	6.6	7.2	7.7	7.1	8.5	6.4	6.8	6.5	8.4	9.3[r]
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	30.5	39.9	40.0	44.4	48.0	47.8	48.6	36.8	39.7[r]	39.5[r]	47.3[r]

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize 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. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

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.

4. Includes Canal Zone.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type of liability and area or country	1989	1990	1991	1991	1992				1993
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**38,764**	**46,043**	**43,453**	**43,453**	**44,193**	**44,109**	**45,184**	**43,144**	**44,111**[r]
2 Payable in dollars	33,973	40,786	38,061	38,061	38,735	37,616	36,792	35,739	36,074[r]
3 Payable in foreign currencies	4,791	5,257	5,392	5,392	5,458	6,493	8,392	7,405	8,037[r]
By type									
4 Financial liabilities	17,879	21,066	21,872	21,872	22,185	21,756	23,281	22,047	22,840[r]
5 Payable in dollars	14,035	16,979	17,760	17,760	17,957	16,714	16,546	15,700	16,189[r]
6 Payable in foreign currencies	3,844	4,087	4,112	4,112	4,228	5,042	6,735	6,347	6,651[r]
7 Commercial liabilities	20,885	24,977	21,581	21,581	22,008	22,353	21,903	21,097	21,271[r]
8 Trade payables	8,070	10,683	8,662	8,662	9,125	9,715	9,586	9,046	9,873
9 Advance receipts and other liabilities	12,815	14,294	12,919	12,919	12,883	12,638	12,317	12,051	11,398[r]
10 Payable in dollars	19,938	23,807	20,301	20,301	20,778	20,902	20,246	20,039	19,885[r]
11 Payable in foreign currencies	947	1,170	1,280	1,280	1,230	1,451	1,657	1,058	1,386
By area or country									
Financial liabilities									
12 Europe	11,660	10,978	11,805	11,805	12,349	12,728	13,767	12,530	12,995
13 Belgium and Luxembourg	340	394	217	217	174	194	256	434	299
14 France	258	975	2,106	2,106	1,997	2,324	2,785	1,608	1,610
15 Germany	464	621	682	682	666	634	738	740	751
16 Netherlands	941	1,081	1,056	1,056	1,025	979	980	606	639
17 Switzerland	541	545	408	408	355	490	627	569	503
18 United Kingdom	8,818	6,357	6,329	6,329	7,238	7,244	7,580	7,910	8,632
19 Canada	610	229	267	267	283	337	320	491	551
20 Latin America and Caribbean	1,357	4,153	4,404	4,404	4,092	3,373	3,462	3,515	3,624[r]
21 Bahamas	157	371	537	537	396	343	220	349	509[r]
22 Bermuda	17	0	114	114	114	114	115	114	114
23 Brazil	0	0	6	6	8	10	18	19	18
24 British West Indies	724	3,160	3,144	3,144	2,960	2,232	2,408	2,342	2,307[r]
25 Mexico	6	5	7	7	7	8	12	12	13
26 Venezuela	0	4	4	4	4	4	5	6	5
27 Asia	4,151	5,295	5,338	5,338	5,366	5,229	5,642	5,477	5,620[r]
28 Japan	3,299	4,065	4,102	4,102	4,107	4,136	4,609	4,451	4,648[r]
29 Middle East oil-exporting countries[2]	2	5	13	13	13	10	17	19	24
30 Africa	2	2	6	6	7	0	5	6	6
31 Oil-exporting countries[3]	0	0	4	4	6	0	0	0	0
32 All other[4]	100	409	52	52	88	89	85	28	44
Commercial liabilities									
33 Europe	9,071	10,310	8,126	8,126	7,666	7,309	6,879	6,704	6,640[r]
34 Belgium and Luxembourg	175	275	248	248	256	240	173	287	143
35 France	877	1,218	957	957	678	659	688	663	669
36 Germany	1,392	1,270	944	944	880	702	744	621	613
37 Netherlands	710	844	709	709	574	605	601	556	666
38 Switzerland	693	775	575	575	543	461	430	398	532
39 United Kingdom	2,620	2,792	2,310	2,310	2,445	2,404	2,262	2,250	2,135[r]
40 Canada	1,124	1,261	990	990	1,095	1,077	1,085	892	929
41 Latin America and Caribbean	1,224	1,672	1,352	1,352	1,701	1,803	1,496	1,586	1,620
42 Bahamas	41	12	3	3	13	8	3	6	18
43 Bermuda	308	538	310	310	493	409	338	293	437
44 Brazil	100	145	219	219	230	212	115	203	107
45 British West Indies	27	30	107	107	108	73	85	57	87
46 Mexico	323	475	304	304	375	475	322	444	385
47 Venezuela	164	130	94	94	168	279	125	130	167
48 Asia	7,550	9,483	9,330	9,330	9,890	10,439	11,006	10,787	10,840
49 Japan	2,914	3,651	3,720	3,720	3,549	3,537	3,909	3,994	4,007
50 Middle Eastern oil-exporting countries[2,5]	1,632	2,016	1,498	1,498	1,591	1,778	1,813	1,792	1,723
51 Africa	886	844	713	713	644	775	675	556	574
52 Oil-exporting countries[3]	339	422	327	327	253	389	335	295	236
53 Other[4]	1,030	1,406	1,070	1,070	1,012	950	762	572	668

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1989	1990	1991	1991	1992				1993
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**33,173**	**35,348**	**42,233**	**42,233**	**40,899**	**41,037**	**38,345**	**38,039**	**44,811[r]**
2 Payable in dollars	30,773	32,760	39,688	39,688	38,281	38,071	35,460	35,562	42,086[r]
3 Payable in foreign currencies	2,400	2,589	2,545	2,545	2,618	2,966	2,885	2,477	2,725
By type									
4 Financial claims	19,297	19,874	25,264	25,264	24,289	24,037	21,311	21,041	25,823[r]
5 Deposits	12,353	13,577	17,290	17,290	16,262	15,056	12,436	12,615	16,463[r]
6 Payable in dollars	11,364	12,552	16,415	16,415	15,076	13,717	11,353	11,826	15,407[r]
7 Payable in foreign currencies	989	1,025	875	875	1,186	1,339	1,083	789	1,056
8 Other financial claims	6,944	6,297	7,974	7,974	8,027	8,981	8,875	8,426	9,360[r]
9 Payable in dollars	6,190	5,280	7,094	7,094	7,305	8,277	7,868	7,688	8,634[r]
10 Payable in foreign currencies	754	1,017	880	880	722	704	1,007	738	726
11 Commercial claims	13,876	15,475	16,969	16,969	16,610	17,000	17,034	16,998	18,988[r]
12 Trade receivables	12,253	13,657	14,244	14,244	14,044	14,538	14,330	14,711	16,924[r]
13 Advance payments and other claims	1,624	1,817	2,725	2,725	2,566	2,462	2,704	2,287	2,064
14 Payable in dollars	13,219	14,927	16,179	16,179	15,900	16,077	16,239	16,048	18,045[r]
15 Payable in foreign currencies	657	548	790	790	710	923	795	950	943
By area or country									
Financial claims									
16 Europe	8,463	9,645	13,724	13,724	14,243	13,225	11,433	9,514	10,162[r]
17 Belgium and Luxembourg	28	76	13	13	12	25	16	8	6
18 France	153	371	314	314	279	788	811	776	905
19 Germany	152	367	335	335	285	377	319	399	364[r]
20 Netherlands	238	265	385	385	727	732	767	537	544[r]
21 Switzerland	153	357	591	591	682	780	602	507	478[r]
22 United Kingdom	7,496	7,971	11,445	11,445	11,669	8,789	7,915	6,130	6,833[r]
23 Canada	1,904	2,934	2,716	2,716	2,753	2,533	2,245	1,721	2,090[r]
24 Latin America and Caribbean	8,020	6,201	7,689	7,689	6,200	6,849	6,452	8,326	9,553[r]
25 Bahamas	1,890	1,090	758	758	493	523	1,099	618	320[r]
26 Bermuda	7	3	8	8	12	12	65	40	79
27 Brazil	224	68	144	144	143	134	396	496	592
28 British West Indies	5,486	4,635	6,304	6,304	5,124	5,759	4,449	6,530	8,101[r]
29 Mexico	94	177	212	212	212	244	239	286	235
30 Venezuela	20	25	40	40	34	32	26	29	23
31 Asia	590	860	675	675	642	975	727	846	3,263
32 Japan	213	523	385	385	380	728	481	683	3,066
33 Middle East oil-exporting countries[2]	8	8	5	5	3	4	4	3	8
34 Africa	140	37	57	57	60	57	71	79	128
35 Oil-exporting countries[3]	12	0	1	1	0	0	1	9	1
36 All other[4]	180	195	403	403	391	398	383	555	627
Commercial claims									
37 Europe	6,209	7,044	7,935	7,935	7,842	8,087	7,742	7,442	8,274[r]
38 Belgium and Luxembourg	242	212	192	192	181	255	172	184	167
39 France	964	1,240	1,542	1,542	1,560	1,561	1,739	1,392	1,397[r]
40 Germany	696	807	940	940	933	905	870	880	939
41 Netherlands	479	555	643	643	646	666	588	541	724
42 Switzerland	313	301	295	295	323	394	294	260	426
43 United Kingdom	1,575	1,775	2,084	2,084	2,082	2,169	1,973	1,799	2,282[r]
44 Canada	1,091	1,074	1,109	1,109	1,115	1,058	1,105	1,192	1,186[r]
45 Latin America and Caribbean	2,184	2,375	2,562	2,562	2,544	2,653	3,113	2,827	3,381[r]
46 Bahamas	58	14	11	11	11	9	7	18	18
47 Bermuda	323	246	263	263	272	291	245	237	195
48 Brazil	297	326	418	418	364	438	395	336	820[r]
49 British West Indies	36	40	41	41	45	32	43	39	17
50 Mexico	508	661	801	801	865	829	942	837	963[r]
51 Venezuela	147	192	202	202	206	251	302	317	336
52 Asia	3,570	4,127	4,558	4,558	4,343	4,456	4,300	4,649	5,289[r]
53 Japan	1,199	1,460	1,878	1,878	1,782	1,786	1,793	1,850	2,148[r]
54 Middle Eastern oil-exporting countries[2]	518	460	621	621	635	609	511	677	769[r]
55 Africa	429	488	418	418	418	422	430	540	453[r]
56 Oil-exporting countries[3]	108	67	95	95	75	73	60	78	75
57 Other[4]	393	367	387	387	348	324	344	348	405[r]

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction and area or country	1991	1992	1993 Jan.–July	1993 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	211,207	221,307	171,725	19,170	28,753	27,013	25,090	23,083	24,266	24,350
2 Foreign sales	200,116	226,428	166,044	19,353	25,980	24,548	25,417	22,299	23,439	25,008
3 **Net purchases or sales (–)**	**11,091**	**–5,121**	**5,681**	**–183**	**2,773**	**2,465**	**–327**	**784**	**827**	**–658**
4 **Foreign countries**	**10,522**	**–5,154**	**5,360**	**–178**	**2,683**	**2,308**	**–335**	**788**	**799**	**–705**
5 Europe	53	–4,912	2,192	52	2,271	975	–646	–621	399	–238
6 France	9	–1,350	–246	–25	223	–183	–154	–86	–66	45
7 Germany	–63	–65	598	91	97	103	141	4	83	79
8 Netherlands	–227	–262	–355	64	–11	68	32	35	–91	–452
9 Switzerland	–131	168	1,939	205	501	356	280	50	178	369
10 United Kingdom	–352	–3,301	–502	–350	1,135	476	–1,140	–689	195	–129
11 Canada	3,845	1,407	–2,081	–341	57	176	91	–132	–532	–1,400
12 Latin America and Caribbean	2,177	2,203	1,720	305	–235	410	246	509	72	413
13 Middle East[1]	–134	–88	–264	–92	–65	–13	7	56	–22	–135
14 Other Asia	4,255	–3,943	3,850	–123	593	763	2	910	1,073	632
15 Japan	1,179	–3,598	432	28	–624	250	–530	452	230	626
16 Africa	153	10	–34	4	27	2	–48	10	20	–49
17 Other countries	174	169	–23	17	35	–5	13	56	–211	72
18 **Nonmonetary international and regional organizations**	**568**	**33**	**321**	**–5**	**90**	**157**	**8**	**–4**	**28**	**47**
BONDS[2]										
19 Foreign purchases	153,096	215,041	151,461	17,220	21,934	25,223	20,850	19,336	24,135	22,763
20 Foreign sales	125,637	175,560	126,409	15,454	18,896	23,275	15,802	15,523[r]	16,853	20,606
21 **Net purchases or sales (–)**	**27,459**	**39,481**	**25,052**	**1,766**	**3,038**	**1,948**	**5,048**	**3,813[r]**	**7,282**	**2,157**
22 **Foreign countries**	**27,590**	**38,365**	**25,436**	**1,862**	**3,164**	**2,084**	**5,069**	**3,845[r]**	**7,245**	**2,167**
23 Europe	13,112	17,836	7,103	1,090	2,143	27	1,612	362[r]	2,726	–857
24 France	847	1,203	1,502	101	311	75	508	595	–12	–76
25 Germany	1,577	2,486	904	91	52	–57	811	230	–225	2
26 Netherlands	482	540	–452	–119	–133	–178	108	–7	–134	11
27 Switzerland	656	–579	–247	122	–38	11	–239	–219	–56	172
28 United Kingdom	8,931	12,836	5,117	334	2,376	–229	975	–303[r]	3,033	–1,069
29 Canada	1,623	237	797	–437	145	138	291	20	397	243
30 Latin America and Caribbean	2,672	9,300	5,956	419	482	490	632	1,262	1,770	901
31 Middle East[1]	1,787	3,166	1,738	300	248	263	463	115	202	147
32 Other Asia	8,459	7,545	9,265	305	149	1,216	2,082	2,062	2,089	1,362
33 Japan	5,767	–450	4,530	190	61	595	991	940	863	890
34 Africa	52	354	432	168	27	–10	0	21	2	224
35 Other countries	–116	–73	145	17	–30	–40	–11	3	59	147
36 **Nonmonetary international and regional organizations**	**–131**	**1,116**	**–384**	**–96**	**–126**	**–136**	**–21**	**–32**	**37**	**–10**
	Foreign securities									
37 Stocks, net purchases or sales (–)[3]	–31,967	–32,268	–30,279	–2,351	–1,571	–4,565	–4,022	–3,799[r]	–6,077	–7,894
38 Foreign purchases	120,598	150,022	119,110	12,732	15,055	17,447	19,292	16,460[r]	18,522	19,602
39 Foreign sales[3]	152,565	182,290	149,389	15,083	16,626	22,012	23,314	20,259[r]	24,599	27,496
40 Bonds, net purchases or sales (–)	–14,828	–18,277	–38,725	–5,107	–9,528	–4,629	–1,268	–541[r]	–7,083	–10,569
41 Foreign purchases	330,311	486,238	418,265	38,545	56,046	70,126	55,768	58,770[r]	70,377	68,633
42 Foreign sales	345,139	504,515	456,990	43,652	65,574	74,755	57,036	59,311[r]	77,460	79,202
43 **Net purchases or sales (–), of stocks and bonds**	**–46,795**	**–50,545**	**–69,004**	**–7,458**	**–11,099**	**–9,194**	**–5,290**	**–4,340[r]**	**–13,160**	**–18,463**
44 **Foreign countries**	**–46,711**	**–53,881**	**–68,650**	**–6,451**	**–11,237**	**–8,925**	**–5,569**	**–4,673[r]**	**–13,222**	**–18,573**
45 Europe	–34,452	–37,557	–51,527	–6,486	–6,669	–3,084	–3,255	–5,379[r]	–11,474	–15,180
46 Canada	–7,004	–6,635	–13,001	–161	–5,028	–3,034	–816	10[r]	–1,277	–2,695
47 Latin America and Caribbean	759	–2,298	278	195	25	68	–903	1,088[r]	461	–656
48 Asia	–7,350	–6,629	–3,306	–394	539	–2,477	–528	–185[r]	–380	119
49 Africa	–9	–2	–199	–7	3	–18	–18	–186	9	18
50 Other countries	1,345	–760	–895	402	–107	–380	–49	–21	–561	–179
51 **Nonmonetary international and regional organizations**	**–84**	**3,336**	**–354**	**–1,007**	**138**	**–269**	**279**	**333**	**62**	**110**

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. In a July 1989 merger, the former stockholders of a U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1991	1992	1993 Jan.–July	1993 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**19,865**	**39,288**	**1,155**	**439**	**–1,273**	**6,129**	**4,255**	**–1,159**[r]	**–5,710**	**–1,526**
2 Foreign countries	19,687	37,935	–288	–144	–2,166	5,577	4,416	–877[r]	–5,955	–1,139
3 Europe	8,663	19,625	–3,537	–600	–382	–3,826	1,517	–190[r]	1,473	–1,529
4 Belgium and Luxembourg	523	1,985	1,459	–59	45	622	–387	647	86	505
5 Germany	–4,725	2,076	–12,488	697	–1,632	–2,757	–1,382	–3,396	–1,100	–2,918
6 *Netherlands*	*–3,735*	*–2,959*	*4*	*–1,238*	*206*	*66*	*731*	*108*[r]	*–393*	*524*
7 Sweden	–663	–804	918	–54	258	–540	–100	649	673	32
8 Switzerland	1,007	488	–2,169	–199	–455	–1,569	–719	108	888	–223
9 United Kingdom	6,218	24,184	12,089	2,025	183	672	2,659	2,948	2,147	1,455
10 Other Europe and former U.S.S.R.	10,037	–5,345	–3,350	–1,772	1,013	–320	715	–1,254	–828	–904
11 Canada	–3,019	562	10,185	3,302	82	2,490	1,386	522	133	2,270
12 Latin America and Caribbean	10,285	–3,222	–9,239	–1,495	445	–537	–2,020	–3,880	–1,419	–333
13 Venezuela	10	539	391	–175	179	154	74	152	5	2
14 *Other Latin America and Caribbean*	4,179	–1,956	–4,982	–3,309	–1,656	–471	1,096	–1,863	711	510
15 Netherlands Antilles	6,097	–1,805	–4,648	1,989	1,922	–220	–3,190	–2,169	–2,135	–845
16 Asia	3,367	23,517	3,599	–1,136	–1,032	7,215	3,837	2,994[r]	–5,687	–2,592
17 Japan	–4,081	9,817	8,876	–743	804	3,457	3,348	3,291[r]	–301	–980
18 Africa	689	1,103	24	–33	–139	–66	67	–2	81	116
19 Other	–298	–3,650	–1,320	–182	–1,140	301	–371	–321	–536	929
20 Nonmonetary international and regional organizations	178	1,353	1,443	583	893	552	–161	–282	245	–387
21 International	–358	1,018	400	228	581	56	–228	–318	402	–321
22 Latin American regional	–72	533	590	270	235	1	16	–17	106	–21
MEMO										
23 Foreign countries	19,687	37,935	–288	–144	–2,166	5,577	4,416	–877[r]	–5,955	–1,139
24 Official institutions	1,190	6,876	–14,350	–2,980	–4,364	–657	2,710	–3,424[r]	–760	–4,875
25 Other foreign[2]	18,496	31,059	14,062	2,836	2,198	6,234	1,706	2,547[r]	–5,195	3,736
Oil-exporting countries										
26 Middle East[2]	–6,822	4,317	–5,942	–238	–1,855	811	114	–1,070	–2,443	–1,261
27 Africa[3]	239	11	2	8	0	0	–6	0	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on Sept. 30, 1993		Country	Rate on Sept. 30, 1993		Country	Rate on Sept. 30, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.25	July 1993	Germany	6.25	Sept. 1993	Norway	7.5	July 1993
Belgium	6.5	Sept. 1993	Italy	8.5	Sept. 1993	Switzerland	4.5	July 1993
Canada	4.90	Sept. 1993	Japan	1.5	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	8.25	Sept. 1993	Netherlands	5.5	Sept. 1993			
France[2]	6.75	July 1993						

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	1990	1991	1992	1993						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 Eurodollars	8.16	5.86	3.70	3.11	3.10	3.12	3.21	3.17	3.14	3.08
2 United Kingdom	14.73	11.47	9.56	5.91	5.90	5.91	5.83	5.88	5.79	5.88
3 Canada	13.00	9.07	6.76	5.59	5.43	5.29	4.91	4.48	4.58r	4.90
4 Germany	8.41	9.15	9.42	7.85	7.81	7.41	7.51	7.12	6.49	6.52
5 Switzerland	8.71	8.01	7.67	5.05	4.97	4.97	4.99	4.62	4.56	4.61
6 Netherlands	8.57	9.19	9.25	7.47	7.43	6.98	6.64	6.45	6.27	6.26
7 France	10.20	9.49	10.14	10.89	8.73	7.48	7.19	7.72	7.45r	7.07
8 Italy	12.11	12.04	13.91	11.26	11.41	10.74	10.18	9.42	9.20	9.05
9 Belgium	9.70	9.30	9.31	8.27	7.94	7.16	6.87	7.12	9.02r	9.82
10 Japan	7.75	7.33	4.39	3.26	3.22	3.24	3.23	3.22	3.02r	2.59

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	1990	1991	1992	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.[r]	1993 Sept.
1 Australia/dollar[2]	78.069	77.872	73.521	71.155	69.859	67.492	67.788	67.736	65.167
2 Austria/schilling	11.331	11.686	10.992	11.234	11.305	11.637	12.071	11.920	11.402
3 Belgium/franc	33.424	34.195	32.148	32.857	33.044	34.009	35.483	35.985	34.847
4 Canada/dollar	1.1668	1.1460	1.2085	1.2621	1.2698	1.2789	1.2820	1.3080	1.3215
5 China, P.R./yuan	4.7921	5.3337	5.5206	5.7202	5.7392	5.7504	5.7756	5.7906	5.8015
6 Denmark/krone	6.1899	6.4038	6.0372	6.1339	6.1751	6.3380	6.6531	6.8976	6.6336
7 Finland/markka	3.8300	4.0521	4.4865	5.6190	5.4847	5.5674	5.7852	5.8315	5.7868
8 France/franc	5.4467	5.6468	5.2935	5.3984	5.4180	5.5700	5.8464	5.9298	5.6724
9 Germany/deutsche mark	1.6166	1.6610	1.5618	1.5964	1.6071	1.6547	1.7157	1.6944	1.6219
10 Greece/drachma	158.59	182.63	190.81	217.90	218.12	225.45	234.77	237.64	232.56
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7306	7.7290	7.7362	7.7556	7.7515	7.7384
12 India/rupee	17.492	22.712	28.156	31.610	31.613	31.668	31.600	31.612	31.578
13 Ireland/pound[2]	165.76	161.39	170.42	152.75	151.65	147.47	140.83	139.05	143.40
14 Italy/lira	1,198.27	1,241.28	1,232.17	1,536.14	1,475.66	1,505.05	1,586.02	1,603.75	1,569.10
15 Japan/yen	145.00	134.59	126.78	112.41	110.34	107.41	107.69	103.77	105.57
16 Malaysia/ringgit	2.7057	2.7503	2.5463	2.5777	2.5661	2.5696	2.5672	2.5514	2.5475
17 Netherlands/guilder	1.8215	1.8720	1.7587	1.7942	1.8026	1.8559	1.9299	1.9062	1.8214
18 New Zealand/dollar[2]	59.619	57.832	53.792	53.904	54.290	53.949	54.900	55.261	55.157
19 Norway/krone	6.2541	6.4912	6.2142	6.7399	6.8027	6.9986	7.3179	7.3579	7.0829
20 Portugal/escudo	142.70	144.77	135.07	148.25	151.89	157.63	167.87	173.27	166.28
21 Singapore/dollar	1.8134	1.7283	1.6294	1.6228	1.6136	1.6175	1.6206	1.6100	1.5972
22 South Africa/rand	2.5885	2.7633	2.8524	3.1718	3.1787	3.2408	3.3518	3.3660	3.4135
23 South Korea/won	710.64	736.73	784.58	798.61	803.19	805.91	809.58	811.94	811.84
24 Spain/peseta	101.96	104.01	102.38	115.64	121.30	127.11	134.93	138.51	130.54
25 Sri Lanka/rupee	40.078	41.200	44.013	47.712	47.965	48.073	48.643	48.750	48.854
26 Sweden/krona	5.9231	6.0521	5.8258	7.4500	7.3271	7.4541	7.9802	8.0466	8.0170
27 Switzerland/franc	1.3901	1.4356	1.4064	1.4599	1.4504	1.4769	1.5147	1.4966	1.4182
28 Taiwan/dollar	26.918	26.759	25.160	25.987	25.978	26.267	26.682	26.950	26.931
29 Thailand/baht	25.609	25.528	25.411	25.251	25.234	25.214	25.331	25.191	25.196
30 United Kingdom/pound[2]	178.41	176.74	176.63	154.47	154.77	150.82	149.55	149.14	152.48
MEMO									
31 United States/dollar[3]	89.09	89.84	86.61	90.62	90.24	91.81	94.59	94.32	92.07

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest BULLETIN *Reference*

SPECIAL TABLES—Quarterly Data Published Irregularly, with Latest BULLETIN *Reference*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities[1]
Consolidated Report of Condition, June 30, 1993

Millions of dollars except as noted

	Item	Total	Banks with foreign offices[2]			Banks with domestic offices only[3]	
			Total	Foreign	Domestic	Over 100	Under 100
1	**Total assets[4]**	**3,540,292**	**1,967,935**	**463,082**	**1,592,564**	**1,228,533**	**343,824**
2	Cash and balances due from depository institutions	265,344	180,526	79,564	100,961	65,868	18,950
3	Cash items in process of collection, unposted debits, and currency and coin		76,191	1,874	74,317	36,074	
4	Cash items in process of collection and unposted debits		n.a.	n.a.	57,070	23,461	
5	Currency and coin		n.a.	n.a.	17,248	12,613	
6	Balances due from depository institutions in the United States	n.a.	29,094	20,053	9,041	16,485	n.a.
7	Balances due from banks in foreign countries and foreign central banks		60,678	57,503	3,176	2,436	
8	Balances due from Federal Reserve Banks		14,562	135	14,428	10,874	
	MEMO						
9	Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	n.a.	n.a.	n.a.	6,375	13,432	7,546
10	**Total securities, loans- and lease-financing receivables, net**	**2,941,869**	**1,526,908**	n.a.	n.a.	**1,103,357**	**311,604**
11	Total securities, book value	800,812	339,037	32,006	307,031	343,418	118,357
12	U.S. Treasury securities and U.S. government agency and corporation obligations	635,728	261,745	7,201	254,545	278,867	95,116
13	U.S. Treasury securities	n.a.	95,939	3,275	92,665	115,691	n.a.
14	U.S. government agency and corporation obligations	n.a.	165,806	3,926	161,880	163,176	n.a.
15	All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	170,332	86,079	3,595	82,484	65,548	18,705
16	All other	n.a.	79,727	331	79,396	97,628	n.a.
17	Securities issued by states and political subdivisions in the United States	72,530	19,282	572	18,710	36,458	16,790
18	Other domestic debt securities	n.a.	27,634	174	27,460	22,531	n.a.
19	All holdings of private certificates of participation in pools of residential mortgages	5,015	2,668	0	2,668	2,189	158
20	All other domestic debt securities	50,210	24,966	174	24,792	20,342	4,901
21	Foreign debt securities	n.a.	24,378	22,984	1,394	283	n.a.
22	Equity securities	12,669	5,997	1,074	4,923	5,280	1,392
23	Marketable	5,217	1,625	239	1,387	2,683	909
24	Investments in mutual funds	3,353	829	20	809	1,714	810
25	Other	1,905	797	219	578	987	121
26	LESS: Net unrealized loss	40	1	0	1	18	21
27	Other equity securities	7,451	4,372	836	3,536	2,596	483
28	Federal funds sold and securities purchased under agreements to resell	143,887	80,583	480	80,104	48,036	15,267
29	Federal funds sold	121,075	60,207	n.a.	n.a.	45,763	15,106
30	Securities purchased under agreements to resell	22,812	20,377	n.a.	n.a.	2,274	161
31	Total loans- and lease-financing receivables, gross	2,058,395	1,144,651	209,464	935,187	731,412	182,332
32	LESS: Unearned income on loans	7,402	2,804	903	1,901	3,414	1,183
33	Total loans and leases (net of unearned income)	2,050,993	1,141,846	208,561	933,285	727,998	181,149
34	LESS: Allowance for loan and lease losses	53,356	34,092	n.a.	n.a.	16,095	3,169
35	LESS: Allocated transfer risk reserves	467	467	n.a.	n.a.	0	0
36	EQUALS: Total loans and leases, net	1,997,170	1,107,288	n.a.	n.a.	711,902	177,980
	Total loans, gross, by category						
37	Loans secured by real estate	880,043	399,562	22,164	377,398	379,753	100,728
38	Construction and land development				36,938	26,729	5,885
39	Farmland				2,063	7,760	10,754
40	One- to four-family residential properties				216,339	208,466	54,876
41	Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	40,394	31,106	2,834
42	All other loans				175,945	177,360	52,042
43	Multifamily (five or more) residential properties				12,627	13,186	2,198
44	Nonfarm nonresidential properties				109,432	123,612	27,015
45	Loans to depository institutions	38,168	32,137	16,574	15,562	5,865	166
46	Commercial banks in the United States	n.a.	12,577	759	11,819	5,452	n.a.
47	Other depository institutions in the United States	n.a.	828	142	687	218	n.a.
48	Banks in foreign countries	n.a.	18,731	15,674	3,057	196	n.a.
49	Loans to finance agricultural production and other loans to farmers	35,571	5,233	214	5,019	11,602	18,736
50	Commercial and industrial loans	531,391	373,036	94,103	278,933	128,217	30,138
51	U.S. addressees (domicile)	n.a.	296,253	20,170	276,083	127,787	n.a.
52	Non-U.S. addressees (domicile)	n.a.	76,783	73,933	2,851	430	n.a.
53	Acceptances of other banks	2,375	1,896	1,442	454	358	121
54	U.S. banks	n.a.	816	480	336	n.a.	n.a.
55	Foreign banks	n.a.	1,080	962	118	n.a.	n.a.
56	Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	386,482	176,216	21,286	154,930	180,574	29,692
57	Credit cards and related plans	135,606	71,122	n.a.	n.a.	62,873	1,611
58	Other (includes single payment and installment)	250,876	105,094	n.a.	n.a.	117,701	28,081
59	Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	22,905	12,342	260	12,082	9,424	1,140
60	Taxable	1,569	985	119	865	540	45
61	Tax-exempt	21,336	11,357	141	11,216	8,883	1,095
62	All other loans	126,509	116,118	49,993	66,125	9,238	1,152
63	Loans to foreign governments and official institutions	n.a.	23,657	22,291	1,366	38	n.a.
64	Other loans	n.a.	92,461	27,702	64,759	9,200	n.a.
65	Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	19,517	2,296	n.a.
66	All other loans	n.a.	n.a.	n.a.	45,242	6,904	n.a.
67	Lease-financing receivables	34,952	28,111	3,428	24,683	6,382	459
68	Assets held in trading accounts	101,687	99,987	64,920	34,836	1,538	162
69	Premises and fixed assets (including capitalized leases)	54,121	29,291		n.a.	19,115	5,714
70	Other real estate owned	22,927	14,612		n.a.	6,800	1,514
71	Investments in unconsolidated subsidiaries and associated companies	3,210	2,797		n.a.	385	27
72	Customers' liability on acceptances outstanding	13,804	13,431	n.a.	n.a.	359	15
73	Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.		54,573	n.a.	n.a.
74	Intangible assets	16,556	9,829		n.a.	6,287	440
75	Other assets	120,774	90,553		n.a.	24,823	5,397

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities[1]—Continued
Consolidated Report of Condition, June 30, 1993

Millions of dollars except as noted

Item	Total	Banks with foreign offices[2]			Banks with domestic offices only[3]	
		Total	Foreign	Domestic	Over 100	Under 100
76 **Total liabilities, limited-life preferred stock, and equity capital**	**3,540,292**	**1,967,935**	n.a.	n.a.	**1,228,533**	**343,824**
77 **Total liabilities**[5]	**3,260,990**	**1,826,949**	**463,078**	**1,451,583**	**1,123,747**	**310,294**
78 Limited-life preferred stock	4	0	n.a.	n.a.	1	2
79 Total deposits	2,656,484	1,350,481	312,299	1,038,182	1,003,533	302,470
80 Individuals, partnerships, and corporations			189,350	963,066	935,824	277,712
81 U.S. government				2,874	1,901	474
82 States and political subdivisions in the United States				30,383	45,555	19,743
83 Commercial banks in the United States	n.a.	n.a.	n.a.	20,256	8,481	1,185
84 Other depository institutions in the United States				3,637	4,601	1,315
85 Banks in foreign countries				6,208	176	n.a.
86 Foreign governments and official institutions	26,503	25,459	1,044	38	n.a.	
87 Certified and official checks	20,867	11,917	1,203	10,713	6,956	1,995
88 All other[6]	n.a.	n.a.	96,286	n.a.	n.a.	45
89 Total transaction accounts				383,338	306,425	89,017
90 Individuals, partnerships, and corporations				327,767	272,836	78,458
91 U.S. government				2,514	1,572	352
92 States and political subdivisions in the United States				13,860	17,650	7,499
93 Commercial banks in the United States				19,070	6,012	520
94 Other depository institutions in the United States				2,717	1,255	166
95 Banks in foreign countries				5,881	127	n.a.
96 Foreign governments and official institutions				816	17	n.a.
97 Certified and official checks				10,713	6,956	1,995
98 All other				n.a.	n.a.	28
99 Demand deposits (included in total transaction accounts)				276,302	171,683	42,313
100 Individuals, partnerships, and corporations				225,910	149,258	37,485
101 U.S. government				2,277	1,521	344
102 States and political subdivisions in the United States				8,921	6,575	1,788
103 Commercial banks in the United States				19,070	5,993	515
104 Other depository institutions in the United States	n.a.	n.a.	n.a.	2,717	1,237	162
105 Banks in foreign countries				5,879	127	n.a.
106 Foreign governments and official institutions				813	17	n.a.
107 Certified and official checks				10,713	6,956	1,995
108 All other				n.a.	n.a.	24
109 Total nontransaction accounts				654,844	697,108	213,452
110 Individuals, partnerships, and corporations				635,300	662,988	199,255
111 U.S. government				360	329	122
112 States and political subdivisions in the United States				16,524	27,905	12,244
113 Commercial banks in the United States				1,185	2,469	666
114 U.S. branches and agencies of foreign banks				120	332	n.a.
115 Other commercial banks in the United States				1,066	2,136	n.a.
116 Other depository institutions in the United States				920	3,346	1,149
117 Banks in foreign countries				327	49	n.a.
118 Foreign branches of other U.S. banks				13	36	n.a.
119 Other banks in foreign countries				314	13	n.a.
120 Foreign governments and official institutions				228	22	n.a.
121 All other					n.a.	17
122 Federal funds purchased and securities sold under agreements to repurchase	257,723	186,597	427	186,170	67,723	3,404
123 Federal funds purchased	154,117	114,393	n.a.	n.a.	38,155	1,569
124 Securities sold under agreements to repurchase	103,606	72,203	n.a.	n.a.	29,567	1,835
125 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	25,729	5,957	362
126 Other borrowed money	152,197	122,704	48,540	74,164	27,986	1,507
127 Banks' liability on acceptances executed and outstanding	13,882	13,509	3,159	10,349	359	15
128 Notes and debentures subordinated to deposits	36,673	34,695	n.a.	n.a.	1,940	39
129 Net owed to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	33,139	n.a.	n.a.
130 All other liabilities	111,982	93,235	n.a.	n.a.	16,250	2,497
131 Total equity capital[7]	279,298	140,986	n.a.	n.a.	104,784	33,528
MEMO						
132 Holdings of commercial paper included in total loans, gross		782	222	560	1,005	n.a.
133 Total individual retirement (IRA) and Keogh plan accounts				63,127	66,285	17,270
134 Total brokered deposits				24,876	15,993	565
135 Total brokered retail deposits				17,421	13,465	535
136 Issued in denominations of $100,000 or less				984	3,212	473
137 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				16,437	10,253	62
138 Money market deposit accounts (savings deposits; MMDAs)				238,440	174,586	37,424
139 Other savings deposits (excluding MMDAs)				128,100	135,683	39,737
140 Total time deposits of less than $100,000				194,656	300	109,840
141 Time certificates of deposit of $100,000 or more				79,007	84,087	25,529
142 Open-account time deposits of $100,000 or more				14,640	2,789	922
143 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)				105,794	132,272	45,497
144 Total time and savings deposits	n.a.	n.a.	n.a.	761,880	831,850	260,157
Quarterly averages						
145 Total loans				899,036	712,338	177,639
146 Obligations (other than securities) of states and political subdivisions in the United States				12,727	9,245	n.a.
147 Transaction accounts in domestic offices (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)				107,961	134,385	46,918
Nontransaction accounts in domestic offices						
148 Money market deposit accounts				240,873	176,378	37,617
149 Other savings deposits				126,622	133,647	39,073
150 Time certificates of deposit of $100,000 or more				85,116	84,596	25,424
151 All other time deposits				217,907	306,623	111,461
152 Number of banks	11,161	208	n.a.	n.a.	2,869	8,084

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES Insured Commercial Banks with Assets of $100 Million or More or With Foreign Offices[1] Consolidated Report of Condition, June 30, 1993

Millions of dollars except as noted

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets**[4]	**2,821,097**	**2,202,254**	**1,692,398**	**509,856**	**618,843**
2 Cash and balances due from depository institutions	166,830	136,474	106,650	29,824	30,356
3 Cash items in process of collection and unposted debits	80,531	71,033	56,043	14,989	9,498
4 Currency and coin	29,860	24,291	19,607	4,684	5,569
5 Balances due from depository institutions in the United States	25,526	16,859	13,388	3,471	8,667
6 Balances due from banks in foreign countries and foreign central banks	5,612	4,277	3,638	639	1,335
7 Balances due from Federal Reserve Banks	25,301	20,014	13,974	6,040	5,287
8 **Total securities, loans- and lease-financing receivables (net of unearned income)**	**2,439,872**	**1,880,818**	**1,470,139**	**410,678**	**559,055**
9 Total securities, book value	650,449	493,807	366,914	126,893	156,642
10 U.S. Treasury securities	208,355	152,351	117,184	35,167	56,004
11 U.S. government agency and corporation obligations	325,056	255,526	188,817	66,709	69,530
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	148,032	121,265	89,230	32,035	26,767
13 All other	177,024	134,261	99,587	34,674	42,763
14 Securities issued by states and political subdivisions in the United States	55,167	38,290	27,227	11,063	16,877
15 Other domestic debt securities	49,991	39,053	26,591	12,461	10,938
16 All holdings of private certificates of participation in pools of residential mortgages	4,857	4,218	3,486	733	639
17 All other domestic debt securities	45,134	34,834	23,106	11,729	10,300
18 Foreign debt securities	1,677	1,187	1,110	76	491
19 Equity securities	10,202	7,401	5,984	1,417	2,801
20 Marketable	4,070	2,075	1,765	310	1,995
21 Investments in mutual funds	2,523	1,337	1,206	132	1,186
22 Other	1,565	745	565	180	821
23 LESS: Net unrealized loss	19	7	6	1	11
24 Other equity securities	6,132	5,326	4,219	1,107	806
25 Federal funds sold and securities purchased under agreements to resell[8]	128,140	106,558	85,995	20,563	21,582
26 Federal funds sold	45,773	30,420	26,083	4,337	15,353
27 Securities purchased under agreements to resell	2,274	1,325	1,114	210	949
28 Total loans and lease-financing receivables, gross	1,666,599	1,283,972	1,019,699	264,273	382,627
29 LESS: Unearned income on loans	5,316	3,519	2,469	1,050	1,796
30 Total loans and leases (net of unearned income)	1,661,283	1,280,453	1,017,230	263,223	380,830
Total loans, gross, by category					
31 Loans secured by real estate	757,151	563,009	454,049	108,960	194,142
32 Construction and land development	63,667	47,913	38,755	9,158	15,754
33 Farmland	9,823	5,798	4,859	940	4,025
34 One- to four-family residential properties	424,805	323,721	261,621	62,100	101,084
35 Revolving, open-end and extended under lines of credit	71,500	54,798	44,354	10,444	16,701
36 All other loans	353,305	268,922	217,267	51,655	84,383
37 Multifamily (five or more) residential properties	25,812	18,266	14,577	3,688	7,546
38 Nonfarm nonresidential properties	233,044	167,312	134,238	33,074	65,732
39 Commercial banks in the United States	17,270	13,885	10,173	3,712	3,385
40 Other depository institutions in the United States	904	717	642	75	187
41 Banks in foreign countries	3,253	3,019	1,382	1,637	234
42 Loans to finance agricultural production and other loans to farmers	16,621	11,272	9,732	1,540	5,349
43 Commercial and industrial loans	407,150	330,216	262,133	68,082	76,934
44 U.S. addressees (domicile)	403,869	327,247	259,677	67,571	76,622
45 Non-U.S. addressees (domicile)	3,281	2,968	2,457	512	312
46 Acceptances of other banks[9]	812	593	467	126	218
47 U.S. banks	498	350	231	119	148
48 Foreign banks	231	214	208	6	17
49 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	335,504	247,500	201,130	46,370	88,004
50 Credit cards and related plans	63,191	43,379	39,513	3,865	19,813
51 Other (includes single-payment and installment loans)	118,486	72,885	56,849	16,036	45,600
52 Loans to foreign governments and official institutions	1,404	1,392	808	584	12
53 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	21,505	17,488	12,611	4,877	4,018
54 Taxable	1,405	1,136	744	392	269
55 Tax-exempt	20,100	16,352	11,868	4,484	3,748
56 Other loans	73,960	68,922	45,835	23,087	5,038
57 Loans for purchasing and carrying securities	21,813	20,713	10,878	9,835	1,100
58 All other loans	52,147	48,209	34,957	13,251	3,938
59 Lease-financing receivables	31,066	25,960	20,738	5,222	5,105
60 Customers' liability on acceptances outstanding	10,488	9,815	7,191	2,625	672
61 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	54,573	48,565	21,172	27,393	6,008
62 Remaining assets	203,907	175,147	108,418	66,729	28,760

4.21 DOMESTIC OFFICES Insured Commercial Banks with Assets of $100 Million or More or With Foreign Offices[1]—Continued
Consolidated Report of Condition, June 30, 1993
Millions of dollars except as noted

	Item	Total	Members			Non-members
			Total	National	State	
63	**Total liabilities and equity capital**	**2,821,097**	**2,202,254**	**1,692,398**	**509,856**	**618,843**
64	**Total liabilities**[5]	**2,575,330**	**2,012,095**	**1,546,502**	**465,593**	**563,234**
65	Total deposits	2,041,715	1,567,543	1,235,971	331,572	474,172
66	Individuals, partnerships, and corporations	1,898,890	1,455,790	1,149,860	305,930	443,101
67	U.S. government	4,775	3,994	3,444	550	781
68	States and political subdivisions in the United States	75,939	55,945	43,816	12,129	19,993
69	Commercial banks in the United States	28,736	25,490	19,435	6,055	3,246
70	Other depository institutions in the United States	8,239	5,280	4,059	1,221	2,959
71	Banks in foreign countries	6,384	5,856	3,858	1,998	529
72	Foreign governments and official institutions	1,082	985	707	279	97
73	Certified and official checks	17,669	14,203	10,794	3,409	3,466
74	Total transaction accounts	689,763	548,044	429,616	118,429	141,718
75	Individuals, partnerships, and corporations	600,603	472,707	371,940	100,767	127,896
76	U.S. government	4,086	3,381	2,923	458	705
77	States and political subdivisions in the United States	31,510	24,490	19,116	5,374	7,020
78	Commercial banks in the United States	25,082	23,630	18,213	5,417	1,452
79	Other depository institutions in the United States	3,972	3,194	2,295	900	778
80	Banks in foreign countries	6,008	5,660	3,763	1,897	349
81	Foreign governments and official institutions	832	780	573	207	52
82	Certified and official checks	17,669	14,203	10,794	3,409	3,466
83	Demand deposits (included in total transaction accounts)	447,985	363,643	279,489	84,154	84,342
84	Individuals, partnerships, and corporations	375,169	300,192	231,486	68,707	74,976
85	U.S. government	3,798	3,108	2,665	442	691
86	States and political subdivisions in the United States	15,496	12,892	9,716	3,176	2,604
87	Commercial banks in the United States	25,063	23,630	18,213	5,417	1,433
88	Other depository institutions in the United States	3,953	3,181	2,281	899	773
89	Banks in foreign countries	6,006	5,660	3,763	1,897	347
90	Foreign governments and official institutions	830	778	572	207	52
91	Certified and official checks	17,669	14,203	10,794	3,409	3,466
92	*Total nontransaction accounts*	1,351,952	1,019,498	806,355	213,143	332,454
93	Individuals, partnerships, and corporations	1,298,288	983,083	777,920	205,164	315,204
94	U.S. government	689	613	521	92	76
95	States and political subdivisions in the United States	44,429	31,456	24,700	6,756	12,973
96	Commercial banks in the United States	3,654	1,860	1,222	638	1,794
97	U.S. branches and agencies of foreign banks	452	108	92	16	344
98	Other commercial banks in the United States	3,202	1,752	1,130	622	1,450
99	Other depository institutions in the United States	4,267	2,085	1,764	321	2,181
100	Banks in foreign countries	376	196	95	101	180
101	Foreign branches of other U.S. banks	49	14	14	0	35
102	Other banks in foreign countries	327	182	81	101	145
103	Foreign governments and official institutions	250	206	134	72	44
104	Federal funds purchased and securities sold under agreements to repurchase[10]	253,892	215,346	153,762	61,585	38,546
105	Federal funds purchased	38,343	29,268	24,421	4,847	9,075
106	Securities sold under agreements to repurchase	30,166	19,153	14,859	4,294	11,013
107	Demand notes issued to the U.S. Treasury	31,686	29,314	19,958	9,356	2,372
108	Other borrowed money	102,150	75,158	50,453	24,705	26,992
109	Banks liability on acceptances executed and outstanding	10,708	10,036	7,237	2,799	672
110	Notes and debentures subordinated to deposits	2,000	1,494	1,179	315	505
111	Net owed to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	33,139	23,736	20,968	2,768	9,403
112	Remaining liabilities	133,179	113,204	77,943	35,261	19,975
113	**Total equity capital**[7]	**245,767**	**190,158**	**145,896**	**44,263**	**55,609**
	MEMO					
114	Holdings of commercial paper included in total loans, gross	1,565	566	532	34	999
115	Total individual retirement (IRA) and Keogh plan accounts	129,411	99,812	79,983	19,829	29,599
116	Total brokered deposits	40,869	28,810	23,217	5,593	12,058
117	Total brokered retail deposits	30,886	21,642	17,855	3,787	9,244
118	Issued in denominations of $100,000 or less	4,196	2,841	2,608	233	1,355
119	Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	26,690	18,801	15,246	3,554	7,889
120	Money market deposit accounts (savings deposits; MMDAs)	413,026	327,583	258,876	68,707	85,443
121	Other savings accounts	263,783	198,436	146,799	51,637	65,347
122	Total time deposits of less than $100,000	494,619	365,010	297,768	67,242	129,609
123	Time certificates of deposit of $100,000 or more	163,095	114,679	95,070	19,609	48,416
124	Open-account time deposits of $100,000 or more	17,430	13,790	7,842	5,948	3,639
125	All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	238,066	182,111	148,135	33,976	55,955
126	Total time and savings deposits	1,593,730	1,203,899	956,482	247,418	389,830
	Quarterly averages					
127	Total loans	1,611,374	1,237,418	986,564	250,854	373,956
128	Obligations (other than securities) of states and political subdivisions in the United States	21,972	18,028	12,910	5,118	3,944
129	Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone preauthorized transfer accounts)	242,345	185,069	150,051	35,017	57,277
	Nontransaction accounts					
130	Money market deposit accounts	417,251	330,697	260,224	70,473	86,554
131	Other savings deposits	260,269	195,674	144,922	50,753	64,594
132	Time certificates of deposits of $100,000 or more	169,712	121,124	100,382	20,742	48,588
133	All other time deposits	524,530	389,758	312,651	77,107	134,772
134	Number of banks	3,077	1,637	1,332	305	1,440

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES Insured Commercial Bank Assets and Liabilities[1]
Consolidated Report of Condition, June 30, 1993

Millions of dollars except as noted

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets**[4]	**3,164,921**	**2,332,707**	**1,791,997**	**540,711**	**832,214**
2 Cash and balances due from depository institutions	185,780	143,851	112,338	31,513	41,929
3 Currency and coin	33,257	25,604	20,625	4,980	7,653
4 Non-interest-bearing balances due from commercial banks	27,353	15,546	11,889	3,657	11,807
5 Other	125,170	102,700	79,824	22,876	22,470
6 **Total securities, loans, and lease-financing receivables (net of unearned income)**	**2,754,646**	**1,999,981**	**1,561,006**	**438,976**	**754,664**
7 Total securities, book value	768,806	539,755	403,167	136,588	229,051
8 U.S. Treasury securities and U.S. government agency and corporation obligations	628,527	445,398	335,818	109,580	183,129
9 Securities issued by states and political subdivisions in the United States	71,958	44,216	31,760	12,457	27,741
10 Other debt securities	56,727	42,084	29,079	13,006	14,643
11 All holdings of private certificates of participation in pools of residential mortgages	5,015	4,305	3,543	762	710
12 All other	51,719	37,780	25,536	12,244	13,939
13 Equity securities	11,595	8,056	6,511	1,545	3,539
14 Marketable	4,979	2,434	2,073	361	2,545
15 Investments in mutual funds	3,333	1,677	1,497	180	1,656
16 Other	1,686	773	589	184	913
17 Less: Net unrealized loss	40	15	13	2	25
18 Other equity securities	6,616	5,622	4,438	1,184	994
19 Federal funds sold and securities purchased under agreements to resell[8]	143,407	112,748	90,642	22,106	30,659
20 Federal funds sold	60,878	36,540	30,671	5,869	24,338
21 Securities purchased under agreements to resell	2,435	1,395	1,173	222	1,040
22 Total loans and lease financing receivables, gross	1,848,931	1,351,456	1,070,010	281,446	497,475
23 Less: Unearned income on loans	6,499	3,978	2,814	1,164	2,521
24 Total loans and leases (net of unearned income)	1,842,432	1,347,478	1,067,196	280,282	494,954
Total loans, gross, by category					
25 Loans secured by real estate	857,879	600,177	481,641	118,536	257,702
26 Construction and land development	69,552	50,167	40,376	9,791	19,385
27 Farmland	20,577	9,145	7,467	1,677	11,432
28 One- to four-family residential properties	479,681	344,308	276,790	67,518	135,373
29 Revolving, open-end loans, and extended under lines of credit	74,334	55,988	45,154	10,834	18,346
30 All other loans	405,347	288,320	231,636	56,684	117,027
31 Multifamily (five or more) residential properties	28,010	19,091	15,202	3,889	8,918
32 Nonfarm nonresidential properties	260,059	177,466	141,805	35,661	82,593
33 Loans to depository institutions	21,594	17,708	12,250	5,458	3,886
34 Loans to finance agricultural production and other loans to farmers	35,356	17,461	14,523	2,938	17,896
35 Commercial and industrial loans	437,288	342,079	270,796	71,283	95,209
36 Acceptances of other banks	933	636	506	130	297
37 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	365,196	258,645	209,563	49,082	106,551
38 Credit cards and related plans	64,802	43,974	39,986	3,987	20,829
39 Other (includes single payment installment)	146,567	83,436	64,810	18,626	63,131
40 Obligations (other than securities) of states and political subdivisions in the United States	22,645	17,865	12,910	4,955	4,780
41 Taxable	1,450	1,152	754	397	299
42 Tax-exempt	21,195	16,714	12,156	4,558	4,482
43 All other loans	76,515	70,775	46,962	23,813	5,740
44 Lease-financing receivables	31,524	26,110	20,860	5,250	5,414
45 Customers' liability on acceptances outstanding	10,502	9,827	7,199	2,628	675
46 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	54,573	48,565	21,172	27,393	6,008
47 Remaining assets	213,993	179,048	111,453	67,594	34,945
48 **Total liabilities and equity capital**	**3,164,921**	**2,332,707**	**1,791,997**	**540,711**	**832,214**
49 **Total liabilities**[5]	**2,885,623**	**2,130,024**	**1,636,533**	**493,491**	**755,600**
50 Total deposits	2,344,184	1,682,358	1,323,722	358,636	661,827
51 Individuals, partnerships, and corporations	2,176,603	1,561,584	1,230,853	330,731	615,019
52 U.S. government	5,249	4,212	3,623	588	1,038
53 States and political subdivisions in the United States	95,682	62,856	49,300	13,557	32,826
54 Commercial banks in the United States	29,921	26,147	19,622	6,525	3,775
55 Other depository institutions in the United States	9,553	5,673	4,329	1,344	3,880
56 Certified and official checks	19,664	15,027	11,421	3,607	4,637
57 All other	7,511	6,859	4,574	2,285	652
58 Total transaction accounts	778,780	583,120	456,645	126,475	195,661
59 Individuals, partnerships, and corporations	679,060	503,650	395,957	107,692	175,411
60 U.S. government	4,438	3,537	3,052	485	901
61 States and political subdivisions in the United States	39,009	27,079	21,248	5,831	11,929
62 Commercial banks in the United States	25,602	24,101	18,266	5,835	1,501
63 Other depository institutions in the United States	4,138	3,268	2,355	913	870
64 Certified and official checks	19,664	15,027	11,421	3,607	4,637
65 All other	6,869	6,457	4,345	2,112	411
66 Demand deposits (included in total transaction accounts)	490,298	380,885	292,425	88,460	109,413
67 Individuals, partnerships, and corporations	412,654	315,303	243,060	72,243	97,351
68 U.S. government	4,142	3,262	2,793	469	880
69 States and political subdivisions in the United States	17,284	13,492	10,209	3,283	3,791
70 Commercial banks in the United States	25,579	24,097	18,262	5,834	1,482
71 Other depository institutions in the United States	4,116	3,253	2,340	912	863
72 Certified and official checks	19,664	15,027	11,421	3,607	4,637
73 All other	6,860	6,451	4,340	2,112	409
74 Total nontransaction accounts	1,565,404	1,099,238	867,077	232,161	466,166
75 Individuals, partnerships, and corporations	1,497,542	1,057,934	834,896	223,038	439,608
76 U.S. government	811	674	571	104	136
77 States and political subdivisions in the United States	56,673	35,777	28,051	7,725	20,896
78 Commercial banks in the United States	4,320	2,046	1,355	690	2,274
79 Other depository institutions in the United States	5,415	2,405	1,974	431	3,010
80 All other	643	402	229	173	241

4.22 DOMESTIC OFFICES Insured Commercial Bank Assets and Liabilities[1]—Continued
Consolidated Report of Condition, June 30, 1993

Millions of dollars except as noted

Item	Total	Members			Nonmembers
		Total	National	State	
81 Federal funds purchased and securities sold under agreements to repurchase[10]	257,296	216,854	154,792	62,062	40,441
82 Federal funds purchased	39,911	30,008	24,864	5,144	9,903
83 Securities sold under agreements to repurchase	32,002	19,921	15,447	4,474	12,081
84 Demand notes issued to the U.S. Treasury	32,048	29,442	20,057	9,385	2,607
85 Other borrowed money	103,657	75,654	50,834	24,820	28,003
86 Banks liability on acceptances executed and outstanding	10,723	10,048	7,245	2,802	675
87 Notes and debentures subordinated to deposits	2,039	1,506	1,185	321	533
88 Net owed to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	33,139	23,736	20,968	2,768	9,403
89 Remaining liabilities	135,676	114,162	78,697	35,465	21,514
90 **Total equity capital**[7]	**279,298**	**202,684**	**155,464**	**47,220**	**76,614**
MEMO					
91 Assets held in trading accounts[11]	36,536	35,040	19,341	15,699	1,496
92 U.S. Treasury securities	17,631	17,063	8,442	8,622	568
93 U.S. government agency corporation obligations	2,993	2,821	2,347	473	172
94 Securities issued by states and political subdivisions in the United States	1,521	1,469	899	570	53
95 Other bonds, notes, and debentures	1,634	1,611	747	864	23
96 Certificates of deposit	1,229	1,129	802	327	100
97 Commercial paper	21	21	21	0	0
98 Bankers acceptances	2,563	2,460	1,728	732	103
99 Other	8,257	8,244	4,173	4,072	12
100 Total individual retirement (IRA) and Keogh plan accounts	146,681	106,077	84,787	21,290	40,605
101 Total brokered deposits	41,433	28,984	23,346	5,638	12,450
102 Total brokered retail deposits	31,421	21,804	17,977	3,827	9,617
103 Issued in denominations of $100,000 or less	4,669	2,985	2,716	269	1,684
104 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	26,752	18,819	15,261	3,558	7,933
Savings deposits					
105 Money market deposit accounts (savings deposits; MMDAs)	450,450	342,662	270,352	72,310	107,787
106 Other savings deposits	303,520	214,231	158,665	55,566	89,289
107 Total time deposits of less than $100,000	604,459	403,948	327,515	76,433	200,512
108 Time certificates of deposit of $100,000 or more	188,624	124,301	102,461	21,840	64,323
109 Open-account time deposits of $100,000 or more	18,352	14,096	8,084	6,012	4,256
110 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	283,563	199,516	161,943	37,573	84,047
111 Total time and savings deposits	1,853,886	1,301,473	1,031,297	270,176	552,413
Quarterly averages					
112 Total loans	1,789,013	1,303,257	1,035,723	267,534	485,756
113 Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)	289,263	203,029	164,255	38,774	86,235
Nontransaction accounts					
114 Money market deposit accounts	454,868	345,871	271,779	74,092	108,998
115 Other savings deposits	299,342	211,234	156,637	54,597	88,108
116 Time certificates of deposit of $100,000 or more	195,136	130,721	107,772	22,949	64,415
117 All other time deposits	635,991	429,222	342,831	86,391	206,769
118 Number of banks	11,161	4,414	3,445	969	6,747

1. Effective March 31, 1984, the report of condition for commercial banks was substantially revised. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the March 31, 1984, Call Report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition. (2) Banks with assets of more than $1 billion report additional items. (3) The domestic offices of banks with foreign offices report far less detail. (4) Banks with assets of less than $25 million are excused from reporting certain detail items.

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.

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.

2. 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.

3. "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.)

4. 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).

5. Because the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) do not sum to the actual total (foreign).

6. The definition of "all other" varies by report form and therefore by column in this table.

7. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

8. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here; therefore, the components do not sum to totals.

9. Acceptances of other banks is not reported by domestic banks having less than $300 million in total assets; therefore the components do not sum to totals.

10. Only the domestic portion of federal funds purchased and securities sold under agreements to repurchase are reported here; therefore the components do not sum to totals.

11. Components are reported only for banks with total assets of $1 billion or more; therefore, components do not sum to totals.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1993[1]

Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
ALL BANKS									
1 Overnight[6]	11,279,618	6,477	*	3.86	.20	9.1	57.4	4.4	Fed funds
2 One month or less (excluding overnight)	6,064,366	892	16	4.10	.21	16.5	77.0	7.0	Other
3 Fixed rate	4,160,189	1,349	14	3.96	.34	11.8	76.6	8.3	Other
4 Floating rate	1,904,177	512	21	4.40	.25	26.7	78.0	4.2	Foreign
5 More than one month and less than one year	9,593,298	188	148	5.09	.17	50.4	85.0	8.7	Prime
6 Fixed rate	3,601,336	173	104	4.46	.28	44.2	75.9	13.1	Other
7 Floating rate	5,991,962	198	175	5.46	.19	54.1	90.4	6.1	Prime
8 Demand[7]	16,069,150	335	*	5.23	.18	58.6	67.6	5.9	Prime
9 Fixed rate	5,157,956	1,138	*	4.12	.29	23.1	74.7	2.8	Domestic
10 Floating rate	10,911,193	251	*	5.76	.18	75.4	64.2	7.4	Prime
11 **Total short-term**	**43,006,433**	**400**	**57**	**4.68**	**.17**	**37.8**	**70.1**	**6.3**	**Prime**
12 Fixed rate (thousands of dollars)	24,199,100	800	23	4.02	.28	17.8	67.2	6.0	Other
13 1–99	355,953	14	138	8.50	.16	76.6	40.1	3.3	Other
14 100–499	385,467	211	95	5.97	.11	65.4	56.1	4.9	Other
15 500–999	394,667	698	73	4.96	.18	48.8	80.9	9.0	Other
16 1,000–4,999	4,114,614	2,322	37	4.31	.16	32.1	75.6	5.5	Other
17 5,000–9,999	4,296,598	6,766	27	4.02	.05	16.1	64.0	5.8	Other
18 10,000 or more	14,651,802	21,805	13	3.76	.06	10.8	66.3	6.3	Other
19 Floating rate (thousands of dollars)	18,807,332	243	138	5.53	.20	63.7	73.9	6.6	Prime
20 1–99	1,461,769	25	194	7.40	.04	82.0	85.4	1.9	Prime
21 100–499	2,923,905	199	192	6.91	.06	78.1	91.0	4.2	Prime
22 500–999	1,357,665	671	197	6.59	.06	64.8	86.7	6.1	Prime
23 1,000–4,999	4,169,373	2,071	162	6.16	.09	64.4	83.8	15.6	Prime
24 5,000–9,999	1,899,662	6,833	101	5.12	.37	43.4	77.9	5.3	Prime
25 10,000 or more	6,994,959	23,002	98	4.08	.19	58.6	55.0	3.8	Fed funds
			Months						
26 **Total long-term**	**5,196,203**	**230**	**44**	**6.09**	**.16**	**65.3**	**78.0**	**4.2**	**Prime**
27 Fixed rate (thousands of dollars)	1,240,543	109	52	6.21	.30	66.1	64.7	5.3	Other
28 1–99	156,426	15	47	8.59	.22	88.0	24.7	.0	Other
29 100–499	146,591	216	45	7.36	.31	91.9	33.1	1.8	Other
30 500–999	107,643	625	29	7.75	.50	92.1	81.0	1.3	Other
31 1,000 or more	829,882	3,989	58	5.36	.49	54.0	75.7	7.5	Foreign
32 Floating rate (thousands of dollars)	3,955,660	355	41	6.05	.15	65.1	82.2	3.9	Prime
33 1–99	200,975	27	41	7.63	.17	87.3	65.8	2.1	Prime
34 100–499	523,547	212	38	7.00	.09	79.2	72.9	4.8	Prime
35 500–999	327,450	678	38	6.67	.10	71.9	84.2	9.7	Prime
36 1,000 or more	2,903,689	4,598	42	5.70	.28	60.3	84.8	3.2	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	10,929,264	8,871	*	3.77	3.75	8.2	56.2	4.6	6.00
38 One month or less (excluding overnight)	5,519,433	3,262	15	3.82	3.80	12.0	76.4	7.5	6.00
39 More than one month and less than one year	6,179,280	968	115	4.04	4.02	39.3	86.9	11.4	6.07
40 Demand[7]	9,314,337	3,316	*	3.95	3.92	46.4	53.7	1.6	6.01
41 **Total short-term**	**31,942,314**	**2,636**	**36**	**3.88**	**3.86**	**26.0**	**64.9**	**5.5**	**6.02**
42 Fixed rate	22,838,835	3,554	21	3.83	3.81	15.2	66.8	6.2	6.01
43 Floating rate	9,103,479	1,600	95	4.02	3.98	53.2	60.1	3.9	6.03
			Months						
44 **Total long-term**	**1,900,595**	**851**	**47**	**4.43**	**4.38**	**47.1**	**92.6**	**3.3**	**6.09**
45 Fixed rate	615,278	391	57	4.40	4.38	45.4	87.5	.6	6.16
46 Floating rate	1,285,317	1,943	42	4.45	4.38	48.0	95.1	4.5	6.05

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1993—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
LARGE BANKS									
1 Overnight[6]	8,054,846	7,334	*	3.95	.17	10.1	53.9	6.1	Other
2 One month or less (excluding overnight)	4,348,029	4,290	13	3.92	.19	11.5	88.9	7.8	Other
3 Fixed rate	3,264,232	6,201	12	3.83	.29	11.0	85.5	9.0	Other
4 Floating rate	1,083,797	2,225	18	4.20	.23	13.0	99.0	4.3	Prime
5 More than one month and less than one year	5,489,641	1,070	135	4.71	.13	38.6	88.2	11.8	Foreign
6 Fixed rate	2,349,759	2,540	87	4.18	.14	32.7	83.1	16.5	Other
7 Floating rate	3,139,882	747	171	5.11	.18	42.9	92.1	8.3	Prime
8 Demand[7]	11,157,833	669	*	4.86	.16	56.8	60.6	2.1	Prime
9 Fixed rate	3,870,585	3,283	*	4.01	.20	22.1	74.6	1.9	Domestic
10 Floating rate	7,287,248	470	*	5.30	.19	75.2	53.1	2.3	Prime
11 **Total short-term**	**29,050,349**	**1,214**	**45**	**4.44**	**.15**	**33.6**	**68.2**	**5.9**	**Fed funds**
12 Fixed rate (thousands of dollars)	17,539,423	4,704	18	3.97	.17	15.9	68.3	7.1	Other
13 1–99	21,285	27	95	6.77	.13	74.8	56.8	1.2	Prime
14 100–499	146,444	256	45	5.42	.24	53.2	74.2	4.2	Prime
15 500–999	231,944	691	59	5.12	.21	56.4	89.5	6.9	Domestic
16 1,000–4,999	2,544,422	2,368	33	4.48	.14	28.5	82.8	5.2	Other
17 5,000–9,999	2,908,010	6,710	24	4.09	.07	16.8	66.4	7.1	Other
18 10,000 or more	11,687,319	22,595	13	3.79	.07	11.6	65.1	7.6	Other
19 Floating rate (thousands of dollars)	11,510,926	570	131	5.15	.19	60.6	68.1	4.1	Prime
20 1–99	385,281	32	181	7.32	.10	80.6	90.3	.8	Prime
21 100–499	1,127,064	201	185	6.88	.09	73.1	92.5	2.7	Prime
22 500–999	712,368	671	172	6.55	.07	60.6	89.1	5.0	Prime
23 1,000–4,999	2,166,050	2,097	177	6.16	.17	54.9	86.6	4.8	Prime
24 5,000–9,999	1,464,952	6,969	106	5.33	.34	46.6	81.8	5.9	Prime
25 10,000 or more	5,655,211	23,045	104	4.04	.19	62.5	48.4	3.8	Fed funds
			Months						
26 **Total long-term**	**3,309,400**	**748**	**44**	**5.92**	**.12**	**57.5**	**85.6**	**5.3**	**Prime**
27 Fixed rate (thousands of dollars)	631,651	950	69	5.43	.22	61.2	81.5	10.3	Foreign
28 1–99	10,850	31	48	7.77	.12	85.7	28.3	.0	Prime
29 100–499	38,622	230	69	7.14	.14	81.7	47.0	6.7	Prime
30 500–999	24,904	648	45	6.82	.66	79.8	55.7	.0	Prime
31 1,000 or more	557,275	4,914	71	5.20	.39	58.5	86.1	11.2	Foreign
32 Floating rate (thousands of dollars)	2,677,748	712	38	6.04	.09	56.7	86.6	4.1	Prime
33 1–99	55,974	30	30	6.91	.12	81.5	76.9	4.2	Prime
34 100–499	255,387	237	35	6.85	.09	75.6	82.3	8.0	Prime
35 500–999	212,981	673	32	6.59	.11	67.6	88.9	8.0	Prime
36 1,000 or more	2,153,406	4,600	39	5.87	.24	52.7	87.1	3.3	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	7,706,951	9,648	*	3.82	3.80	8.7	52.0	6.4	6.00
38 One month or less (excluding overnight)	4,077,196	7,096	12	3.75	3.74	8.5	88.4	8.3	6.00
39 More than one month and less than one year	4,050,092	4,147	110	4.02	4.00	31.6	89.0	14.5	6.00
40 Demand[7]	7,715,302	5,918	*	3.90	3.86	51.7	48.2	1.2	6.00
41 **Total short-term**	**23,549,541**	**6,446**	**32**	**3.87**	**3.85**	**26.7**	**63.4**	**6.4**	**6.00**
42 Fixed rate	16,758,000	6,587	18	3.85	3.83	14.2	67.0	7.4	6.00
43 Floating rate	6,791,541	6,122	100	3.92	3.89	57.6	54.7	4.0	6.00
			Months						
44 **Total long-term**	**1,169,030**	**3,113**	**48**	**4.39**	**4.33**	**37.4**	**95.1**	**3.8**	**6.00**
45 Fixed rate	381,101	3,116	73	4.15	4.12	53.0	95.1	.7	6.00
46 Floating rate	787,930	3,112	36	4.51	4.44	29.9	95.1	5.3	6.00

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2-6, 1993[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	3,224,772	5,013	*	3.64	.35	6.8	66.2	.2	Fed funds
2 One month or less (excluding overnight)	1,716,337	297	24	4.55	.26	29.3	47.0	4.9	Foreign
3 Fixed rate	895,957	350	22	4.45	.42	15.1	44.1	5.6	Other
4 Floating rate	820,380	254	26	4.65	.28	44.7	50.1	4.1	Foreign
5 More than one month and less than one year	4,103,657	89	166	5.59	.20	66.1	80.6	4.6	Prime
6 Fixed rate	1,251,577	63	135	4.99	.34	65.8	62.4	6.8	Other
7 Floating rate	2,852,080	110	180	5.85	.22	66.3	88.5	3.5	Prime
8 Demand[7]	4,911,317	157	*	6.09	.20	62.7	83.5	14.5	Prime
9 Fixed rate	1,287,371	384	*	4.44	.40	26.0	75.1	5.6	Other
10 Floating rate	3,623,946	130	*	6.68	.16	75.7	86.5	17.7	Prime
11 Total short-term	**13,956,084**	**167**	**80**	**5.19**	**.19**	**46.7**	**74.1**	**7.1**	**Prime**
12 Fixed rate (thousands of dollars)	6,659,677	251	36	4.16	.30	22.7	64.2	3.2	Fed funds
13 1–99	334,668	14	140	8.61	.15	76.7	39.0	3.4	Other
14 100–499	239,023	191	122	6.31	.14	72.8	45.0	5.3	Other
15 500–999	162,723	707	90	4.74	.28	37.9	68.6	12.0	Other
16 1,000–4,999	1,570,192	2,250	43	4.03	.32	37.8	64.1	6.0	Other
17 5,000–9,999	1,388,589	6,885	36	3.87	.38	14.8	59.0	2.9	Fed funds
18 10,000 or more	2,964,483	19,163	12	3.66	.13	7.5	70.9	1.3	Fed funds
19 Floating rate (thousands of dollars)	7,296,406	128	145	6.12	.21	68.5	83.2	10.6	Prime
20 1–99	1,076,487	23	196	7.43	.05	82.5	83.6	2.2	Prime
21 100–499	1,796,841	197	195	6.92	.09	81.2	90.1	5.2	Prime
22 500–999	645,297	671	214	6.63	.07	69.4	84.1	7.2	Prime
23 1,000–4,999	2,003,323	2,044	140	6.17	.21	74.7	80.7	27.4	Prime
24 5,000–9,999	434,710	6,413	92	4.40	.19	32.8	64.4	3.4	Foreign
25 10,000 or more	1,339,748	22,825	84	4.25	.49	42.4	82.9	3.5	Foreign
			Months						
26 Total long-term	**1,886,803**	**104**	**43**	**6.37**	**.20**	**79.1**	**64.8**	**2.3**	**Prime**
27 Fixed rate (thousands of dollars)	608,891	57	35	7.02	.38	71.1	47.2	.2	Other
28 1–99	145,576	15	47	8.65	.23	88.1	24.4	.0	Other
29 100–499	107,968	211	37	7.44	.41	95.5	28.1	.0	Other
30 500–999	82,740	618	24	8.03	.71	95.9	88.6	1.6	Other
31 1,000 or more	272,607	2,881	30	5.67	.86	44.8	54.4	.0	Other
32 Floating rate (thousands of dollars)	1,277,912	173	47	6.06	.18	82.8	73.2	3.3	Prime
33 1–99	145,001	26	45	7.92	.17	89.5	61.5	1.2	Prime
34 100–499	268,160	193	40	7.14	.15	82.7	63.9	1.6	Prime
35 500–999	114,468	687	50	6.81	.22	79.9	75.4	12.7	Prime
36 1,000 or more	750,283	4,591	49	5.21	.35	82.0	78.4	2.8	Foreign
			Days	Loan rate (percent) Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	3,222,312	7,437	*	3.64	3.61	6.8	66.2	.2	6.00
38 One month or less (excluding overnight)	1,442,237	1,291	23	4.02	3.98	22.1	42.4	5.4	6.01
39 More than one month and less than one year	2,129,189	394	123	4.08	4.05	54.0	82.9	5.4	6.22
40 Demand[7]	1,599,036	1,062	*	4.19	4.18	20.7	80.4	3.5	6.08
41 Total short-term	**8,392,774**	**992**	**44**	**3.92**	**3.89**	**24.0**	**69.0**	**3.1**	**6.07**
42 Fixed rate	6,080,835	1,566	28	3.78	3.76	17.9	66.5	2.9	6.05
43 Floating rate	2,311,938	505	87	4.29	4.25	40.1	75.8	3.6	6.13
			Months						
44 Total long-term	**731,565**	**394**	**45**	**4.50**	**4.46**	**62.6**	**88.7**	**2.4**	**6.23**
45 Fixed rate	234,178	161	31	4.82	4.81	33.0	75.2	.6	6.42
46 Floating rate	497,387	1,218	51	4.35	4.30	76.5	95.1	3.3	6.14

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1993—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecure loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the survey. As of September 30, assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.
2. Average maturities are weighted by loan size; excludes demand loans.
3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.
4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.
5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate); the *federal funds* rate; *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates; and *other* base rates not included in the foregoing classifications.
6. Overnight loans mature on the following business day.
7. Demand loans have no stated date of maturity.
8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.
9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.
10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1993[1]

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**692,068**	**297,095**	**529,158**	**237,664**	**74,592**	**35,431**	**51,034**	**16,266**
2 Claims on nonrelated parties	601,391	172,394	452,439	141,542	67,981	14,806	50,713	11,093
3 Cash and balances due from depository institutions	132,999	105,655	113,214	87,372	8,977	8,436	9,147	8,799
4 Cash items in process of collection and unposted debits	2,705	0	2,563	0	10	0	109	0
5 Currency and coin (U.S. and foreign)	26	n.a.	18	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	84,841	62,701	73,607	52,551	5,596	5,103	4,894	4,696
7 U.S. branches and agencies of other foreign banks (including IBFs)	79,933	60,642	69,262	50,570	5,379	5,078	4,740	4,656
8 Other depository institutions in United States (including IBFs)	4,907	2,059	4,346	1,981	216	25	154	40
9 Balances with banks in foreign countries and with foreign central banks	44,737	42,954	36,423	34,821	3,338	3,334	4,133	4,102
10 Foreign branches of U.S. banks	590	546	411	368	132	131	44	44
11 Other banks in foreign countries and foreign central banks	44,147	42,408	36,011	34,453	3,206	3,202	4,089	4,058
12 Balances with Federal Reserve Banks	691	n.a.	603	n.a.	31	n.a.	10	n.a.
13 **Total securities and loans**	**377,058**	**56,055**	**260,890**	**44,730**	**52,936**	**5,603**	**36,241**	**1,952**
14 Total securities, book value	84,398	13,598	77,309	12,597	3,902	553	2,738	423
15 U.S. Treasury	31,024	n.a.	30,268	n.a.	363	n.a.	325	n.a.
16 Obligations of U.S. government agencies and corporations	17,984	n.a.	17,256	n.a.	532	n.a.	112	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	35,390	13,598	29,785	12,597	3,007	553	2,302	423
18 Federal funds sold and securities purchased under agreements to resell	42,118	4,457	40,309	4,028	951	320	364	50
19 U.S. branches and agencies of other foreign banks	14,021	3,738	12,761	3,458	753	230	244	50
20 Commercial banks in United States	3,186	7	2,963	7	35	0	17	0
21 Other	24,911	712	24,585	563	163	90	103	0
22 Total loans, gross	292,793	42,467	183,674	32,141	49,055	5,051	33,512	1,529
23 LESS: Unearned income on loans	134	10	92	8	21	1	10	0
24 EQUALS: Loans, net	292,660	42,457	183,582	32,133	49,034	5,050	33,502	1,529
Total loans, gross, by category								
25 Real estate loans	48,830	446	25,755	192	14,856	214	4,754	40
26 Loans to depository institutions	41,008	26,432	31,364	20,042	4,608	3,188	1,948	1,017
27 Commercial banks in United States (including IBFs)	19,469	9,656	14,370	6,964	3,420	2,113	1,388	541
28 U.S. branches and agencies of other foreign banks	17,036	9,350	12,552	6,711	3,315	2,085	1,026	541
29 Other commercial banks in United States	2,433	306	1,818	253	105	28	362	0
30 Other depository institutions in United States (including IBFs)	0	0	0	0	0	0	0	0
31 Banks in foreign countries	21,539	16,776	16,993	13,077	1,188	1,075	560	476
32 Foreign branches of U.S. banks	391	260	376	245	15	15	0	0
33 Other banks in foreign countries	21,147	16,516	16,617	12,832	1,173	1,060	560	476
34 Loans to other financial institutions	23,966	795	20,860	653	927	27	1,684	20
35 Commercial and industrial loans	163,241	11,214	92,621	8,257	28,094	1,499	24,368	403
36 U.S. addressees (domicile)	143,919	273	78,916	197	25,735	61	23,572	0
37 Non-U.S. addressees (domicile)	19,322	10,941	13,705	8,060	2,359	1,438	796	402
38 Acceptances of other banks	975	23	636	10	132	0	9	0
39 U.S. banks	422	0	342	0	30	0	0	0
40 Foreign banks	553	23	295	10	102	0	9	0
41 Loans to foreign governments and official institutions (including foreign central banks)	4,938	3,338	3,516	2,842	119	86	331	49
42 Loans for purchasing or carrying securities (secured and unsecured)	5,970	45	5,730	8	183	37	47	0
43 All other loans	3,864	174	3,191	137	136	0	371	0
44 All other assets	49,216	6,228	38,027	5,412	5,117	447	4,961	292
45 Customers' liabilities on acceptances outstanding	16,492	n.a.	11,811	n.a.	3,262	n.a.	809	n.a.
46 U.S. addressees (domicile)	11,805	n.a.	7,883	n.a.	2,851	n.a.	722	n.a.
47 Non-U.S. addressees (domicile)	4,687	n.a.	3,928	n.a.	411	n.a.	87	n.a.
48 Other assets including other claims on nonrelated parties	32,725	6,228	26,216	5,412	1,855	447	4,153	292
49 Net due from related depository institutions[5]	90,677	124,701	76,719	96,123	6,611	20,625	321	5,173
50 Net due from head office and other related depository institutions[5]	90,677	n.a.	76,719	n.a.	6,611	n.a.	321	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	124,701	n.a.	96,123	n.a.	20,625	n.a.	5,173
52 **Total liabilities**[4]	**692,068**	**297,095**	**529,158**	**237,664**	**74,592**	**35,431**	**51,034**	**16,266**
53 Liabilities to nonrelated parties	582,533	268,130	477,405	215,786	60,397	35,088	27,528	11,302

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1993[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
54 Total deposits and credit balances	153,288	197,017	135,496	179,149	4,369	8,945	4,767	3,674
55 Individuals, partnerships, and corporations	109,213	11,969	93,280	7,277	4,089	511	4,220	88
56 U.S. addressees (domicile)	94,755	222	85,030	222	2,356	0	3,040	0
57 Non-U.S. addressees (domicile)	14,458	11,747	8,250	7,055	1,733	511	1,180	88
58 Commercial banks in United States (including IBFs)	26,526	60,242	25,306	56,687	38	2,005	531	1,253
59 U.S. branches and agencies of other foreign banks	14,121	54,712	13,440	51,510	28	1,839	262	1,159
60 Other commercial banks in United States	12,405	5,530	11,866	5,177	10	166	268	94
61 Banks in foreign countries	8,052	105,268	7,854	96,848	33	5,518	3	2,289
62 Foreign branches of U.S. banks	3,910	4,642	3,889	4,322	0	179	0	141
63 Other banks in foreign countries	4,142	100,626	3,965	92,525	33	5,340	3	2,148
64 Foreign governments and official institutions (including foreign central banks)	3,366	19,423	3,025	18,222	180	911	2	45
65 All other deposits and credit balances	5,717	117	5,668	116	7	0	4	0
66 Certified and official checks	414		364		21		7	
67 Transaction accounts and credit balances (excluding IBFs)	8,184		6,712		282		309	
68 Individuals, partnerships, and corporations	6,060		4,838		222		295	
69 U.S. addressees (domicile)	4,378		3,789		175		290	
70 Non-U.S. addressees (domicile)	1,682		1,048		46		5	
71 Commercial banks in United States (including IBFs)	128		119		6		0	
72 U.S. branches and agencies of other foreign banks	32		29		1		0	
73 Other commercial banks in United States	97		90		5		0	
74 Banks in foreign countries	1,021		890		24		1	
75 Foreign branches of U.S. banks	3		2		0		0	
76 Other banks in foreign countries	1,018		888		24		1	
77 Foreign governments and official institutions (including foreign central banks)	430		387		3		2	
78 All other deposits and credit balances	131		114		7		3	
79 Certified and official checks	414		364		21		7	
80 Demand deposits (included in transaction accounts and credit balances)	7,557		6,380		233		296	
81 Individuals, partnerships, and corporations	5,601		4,645		184		282	
82 U.S. addressees (domicile)	4,186		3,676		150		277	
83 Non-U.S. addressees (domicile)	1,415		970		34		5	
84 Commercial banks in United States (including IBFs)	107	n.a.	103	n.a.	1	n.a.	0	n.a.
85 U.S. branches and agencies of other foreign banks	20		18		1		0	
86 Other commercial banks in United States	87		85		0		0	
87 Banks in foreign countries	930		804		24		1	
88 Foreign branches of U.S. banks	3		2		0		0	
89 Other banks in foreign countries	927		801		24		1	
90 Foreign governments and official institutions (including foreign central banks)	411		377		3		2	
91 All other deposits and credit balances	94		87		1		3	
92 Certified and official checks	414		364		21		7	
93 Nontransaction accounts (including MMDAs, excluding IBFs)	145,103		128,784		4,087		4,458	
94 Individuals, partnerships, and corporations	103,153		88,442		3,868		3,924	
95 U.S. addressees (domicile)	90,377		81,241		2,181		2,749	
96 Non-U.S. addressees (domicile)	12,777		7,201		1,687		1,175	
97 Commercial banks in United States (including IBFs)	26,397		25,187		32		531	
98 U.S. branches and agencies of other foreign banks	14,089		13,411		27		262	
99 Other commercial banks in United States	12,308		11,776		5		268	
100 Banks in foreign countries	7,031		6,964		9		2	
101 Foreign branches of U.S. banks	3,907		3,886		0		0	
102 Other banks in foreign countries	3,124		3,077		9		2	
103 Foreign governments and official institutions (including foreign central banks)	2,936		2,638		178		0	
104 All other deposits and credit balances	5,586		5,554		0		1	
105 IBF deposit liabilities		197,017		179,149		8,945		3,674
106 Individuals, partnerships, and corporations		11,969		7,277		511		88
107 U.S. addressees (domicile)		222		222		0		0
108 Non-U.S. addressees (domicile)		11,747		7,055		511		88
109 Commercial banks in United States (including IBFs)		60,242		56,687		2,005		1,253
110 U.S. branches and agencies of other foreign banks	n.a.	54,712	n.a.	51,510	n.a.	1,839	n.a.	1,159
111 Other commercial banks in United States		5,530		5,177		166		94
112 Banks in foreign countries		105,268		96,848		5,518		2,289
113 Foreign branches of U.S. banks		4,642		4,322		179		141
114 Other banks in foreign countries		100,626		92,525		5,340		2,148
115 Foreign governments and official institutions (including foreign central banks)		19,423		18,222		911		45
116 All other deposits and credit balances		117		116		0n.a.		0

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1993[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
117 Federal funds purchased and securities sold under agreements to repurchase	74,250	11,820	61,565	8,341	7,218	1,701	5,025	1,619
118 U.S. branches and agencies of other foreign banks	14,562	2,655	10,112	1,145	2,830	926	1,550	583
119 Other commercial banks in United States	14,743	306	10,181	117	2,720	179	1,726	5
120 Other	44,944	8,859	41,272	7,079	1,668	596	1,749	1,031
121 Other borrowed money	111,940	53,928	65,083	23,633	35,428	23,976	9,488	5,804
122 Owed to nonrelated commercial banks in United States (including IBFs)	41,929	21,064	17,157	4,829	19,379	13,852	3,980	2,152
123 Owed to U.S. offices of nonrelated U.S. banks	12,127	2,921	6,946	1,187	3,460	1,355	1,198	317
124 Owed to U.S. branches and agencies of nonrelated foreign banks	29,802	18,143	10,211	3,641	15,919	12,498	2,782	1,836
125 Owed to nonrelated banks in foreign countries	31,710	29,903	17,844	16,178	9,925	9,839	3,604	3,601
126 Owed to foreign branches of nonrelated U.S. banks	2,547	2,491	1,153	1,129	1,116	1,111	199	199
127 Owed to foreign offices of nonrelated foreign banks	29,163	27,412	16,691	15,049	8,808	8,728	3,405	3,402
128 Owed to others	38,301	2,961	30,081	2,627	6,124	285	1,903	50
129 All other liabilities	46,039	5,365	36,112	4,663	4,437	465	4,574	205
130 Branch or agency liability on acceptances executed and outstanding	17,566	n.a.	12,858	n.a.	3,225	n.a.	810	n.a.
131 Other liabilities to nonrelated parties	28,473	5,365	23,254	4,663	1,212	465	3,764	205
132 Net due to related depository institutions[5]	109,534	28,965	51,753	21,879	14,195	344	23,506	4,964
133 Net owed to head office and other related depository institutions[5]	109,534	n.a.	51,753	n.a.	14,195	n.a.	23,506	n.a.
134 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	28,965	n.a.	21,879	n.a.	344	n.a.	4,964
MEMO								
135 Non-interest-bearing balances with commercial banks in United States	1,200	0	948	0	110	0	49	0
136 Holding of commercial paper included in total loans	1,109		979		68		54	
137 Holding of own acceptances included in commercial and industrial loans	3,209		2,481		522		37	
138 Commercial and industrial loans with remaining maturity of one year or less	98,546		54,557		17,170		15,174	
139 Predetermined interest rates	61,600	n.a.	32,458	n.a.	11,185	n.a.	11,047	n.a.
140 Floating interest rates	36,946		22,099		5,985		4,127	
141 Commercial and industrial loans with remaining maturity of more than one year	64,695		38,065		10,924		9,194	
142 Predetermined interest rates	22,492		12,723		4,377		3,859	
143 Floating interest rates	42,204		25,341		6,548		5,335	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1993[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
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, including IBFs	149,310	↑	133,596	↑	4,869	↑	4,684	↑
145 Time CDs in denominations of $100,000 or more	111,463		100,610		2,820		2,585	
146 Other time deposits in denominations of $100,000 or more	26,339	n.a.	23,129	n.a.	933	n.a.	1,648	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	11,507	↓	9,857	↓	1,116	↓	451	↓

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
148 Market value of securities held	86,581	13,587	79,275	12,555	4,029	578	2,828	431
149 Immediately available funds with a maturity greater than one day included in other borrowed money	68,171	n.a.	33,547	n.a.	27,657	n.a.	5,624	n.a.
150 Number of reports filed[6]	569	0	267	0	131	0	51	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items. *IBF, international banking facility.*

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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REPRINTS OF SELECTED Bulletin *ARTICLES*

Some Bulletin *articles are reprinted. The articles listed below are those for which reprints are available. Most of the articles reprinted do not exceed twelve pages.* Limit of ten copies

Recent Developments in the Bankers Acceptance Market. 1/86.
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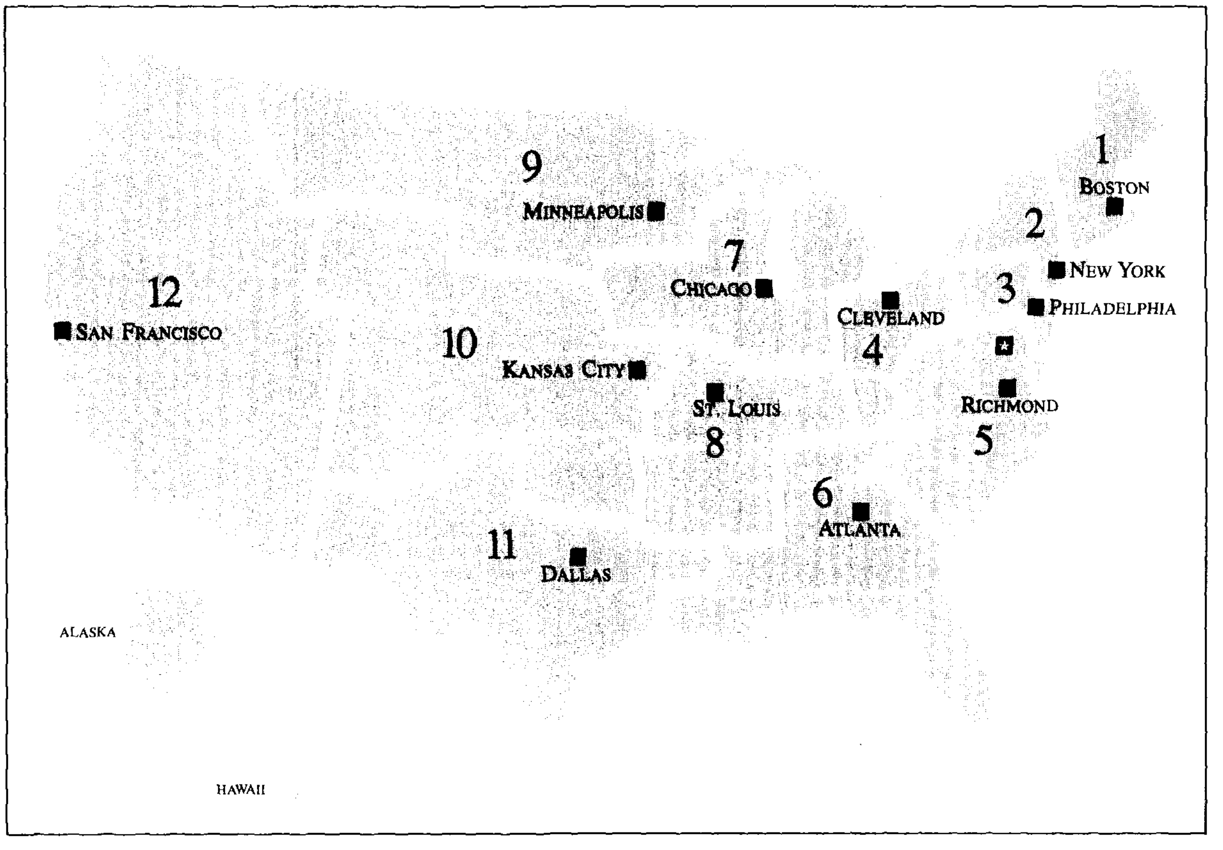
Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances. 1/92.
U.S. International Transactions in 1991. 5/92.

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

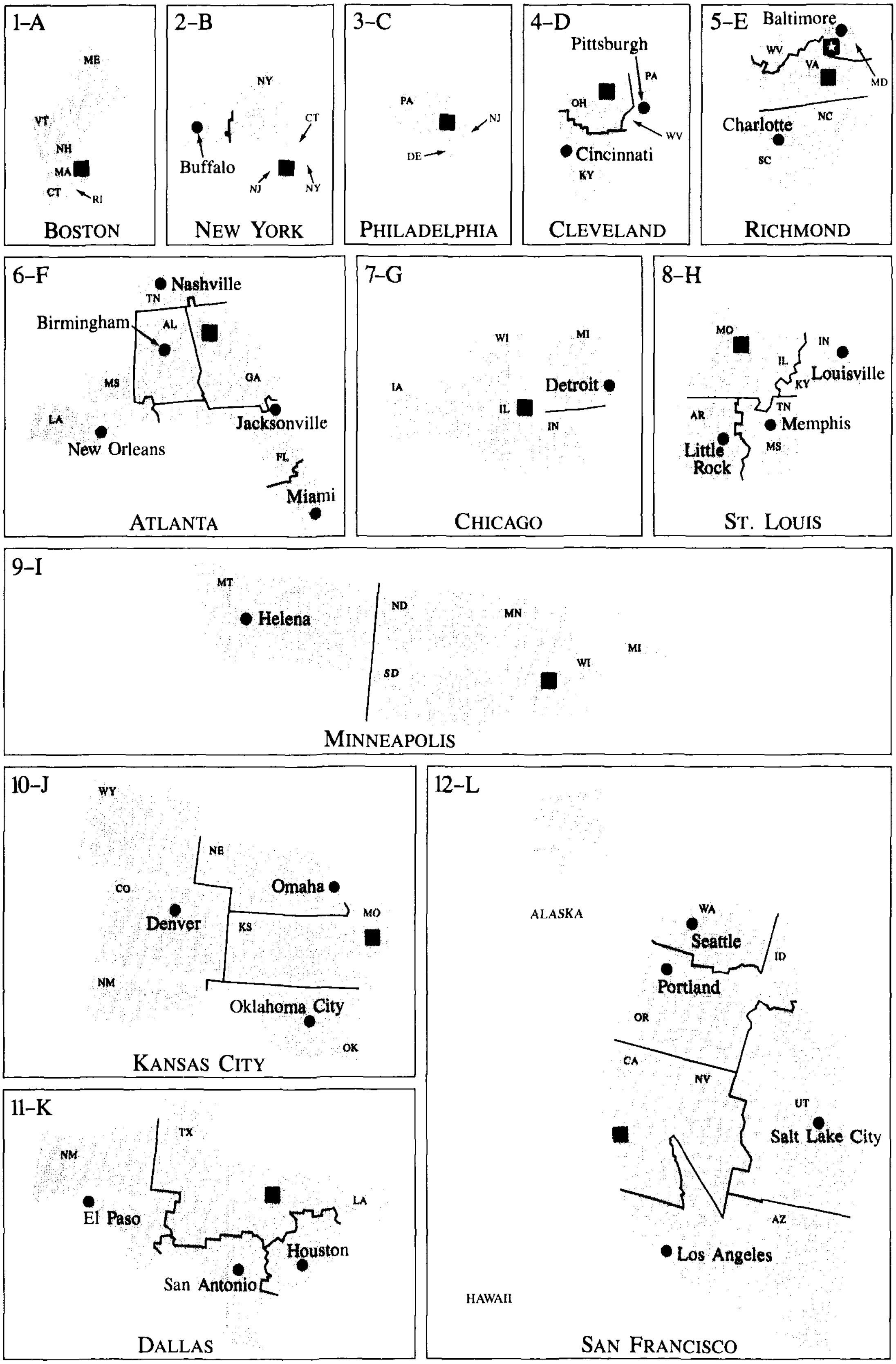
- • Federal Reserve Branch city
- — Branch boundary

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 December 1991.



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Buffalo
CT
NJ
NY
NEW YORK
3-C
PA
NJ
DE
PHILADELPHIA
4-D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5-E
Baltimore
WV
VA
MD
Charlotte
NC
SC
RICHMOND
6-F
Nashville
TN
Birmingham
AL
MS
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LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
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El Paso
Houston
San Antonio
DALLAS
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ALASKA
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Portland
OR
CA
NV
UT
Salt Lake City
AZ
Los Angeles
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	Jerome H. Grossman	Richard F. Syron	
		Warren B. Rudman	Cathy E. Minehan	
NEW YORK*	10045	Ellen V. Futter	William J. McDonough	
		Maurice R. Greenberg	James H. Oltman	
Buffalo	14240	Joseph J. Castiglia		James O. Aston
PHILADELPHIA	19105	Jane G. Pepper	Edward G. Boehne	
		James M. Mead	William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds	Jerry L. Jordan	
		G. Watts Humphrey, Jr.	Sandra Pianalto	
Cincinnati	45201	Marvin Rosenberg		Charles A. Cerino[1]
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart[1]
RICHMOND*	23219	Anne Marie Whittemore	J. Alfred Broaddus, Jr.	
		Henry J. Faison	Jimmie R. Monhollon	
Baltimore	21203	Rebecca Hahn Windsor		Ronald B. Duncan[1]
Charlotte	28230	Anne M. Allen		Walter A. Varvel[1]
Culpeper Communications and Records Center	*22701*			John G. Stoides[1]
ATLANTA	30303	Edwin A. Huston	Robert P. Forrestal	
		Leo Benatar	Jack Guynn	Donald E. Nelson[1]
Birmingham	35283	Donald E. Boomershine		Fred R. Herr[1]
Jacksonville	32231	Joan D. Ruffier		James D. Hawkins[1]
Miami	33152	R. Kirk Landon		James T. Curry III
Nashville	37203	James R. Tuerff		Melvyn K. Purcell
New Orleans	70161	Lucimarian Roberts		Robert J. Musso
CHICAGO*	60690	Richard G. Cline	Silas Keehn	
		Robert M. Healey	William C. Conrad	
Detroit	48231	J. Michael Moore		Roby L. Sloan[1]
ST. LOUIS	63166	Robert H. Quenon	Thomas C. Melzer	
		Janet McAfee Weakley	James R. Bowen	
Little Rock	72203	Robert D. Nabholz, Jr.		Karl W. Ashman
Louisville	40232	John A. Williams		Howard Wells
Memphis	38101	Seymour B. Johnson		John P. Baumgartner
MINNEAPOLIS	55480	Delbert W. Johnson	Gary H. Stern	
		Gerald A. Rauenhorst	Colleen K. Strand	
Helena	59601	James E. Jenks		John D. Johnson
KANSAS CITY	64198	Burton A. Dole, Jr.	Thomas M. Hoenig	
		Herman Cain	Henry R. Czerwinski	
Denver	80217	Barbara B. Grogan		Kent M. Scott
Oklahoma City	73125	Ernest L. Holloway		David J. France
Omaha	68102	Sheila Griffin		Harold L. Shewmaker
DALLAS	75201	Leo E. Linbeck, Jr.	Robert D. McTeer, Jr.	
		Cece Smith	Tony J. Salvaggio	
El Paso	79999	W. Thomas Beard, III		Sammie C. Clay
Houston	77252	Judy Ley Allen		Robert Smith, III[1]
San Antonio	78295	Erich Wendl		Thomas H. Robertson
SAN FRANCISCO	94120	James A. Vohs	Robert T. Parry	
		Judith M. Runstad	Patrick K. Barron	
Los Angeles	90051	Donald G. Phelps		John F. Moore[1]
Portland	97208	William A. Hilliard		E. Ronald Liggett[1]
Salt Lake City	84125	Gary G. Michael		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema[1]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.