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Changes in Family Finances from 1989 to 1992: Evidence from the Survey of Consumer Finances

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Using newly available data from the 1992 Survey of Consumer Finances along with previously available data from the 1989 survey, this article provides detailed evidence of the way family income and net worth changed over the three-year period. Although the processing of the 1992 data is not yet complete, the preliminary findings indicate some noteworthy changes in the income and net worth of families.

First, in a development that paralleled declines in interest rates over the period, families tended to shift their asset portfolios away from traditional deposits and toward mutual funds. Second, an important increase occurred in ownership of tax-deferred retirement accounts as well as in the median size of such accounts. Third, despite a decline in real family income over the period, the median ratio of debt payments to family income remained steady, largely because declining interest rates tended to lower payments. Finally, income and net worth for nonwhite and Hispanic families grew substantially relative to the comparatively low levels at which they started the period.

To a large extent, the findings from the survey reflect recent macroeconomic events and other, longer-term trends. In terms of macroeconomic changes, the period from 1989 to 1992 spanned a recession and an evolving expansion. In 1989, the U.S. economy was at the end of a long expansion, with a civilian unemployment rate of 5.4 percent; by 1992, the economy had started its recovery from the 1990–91 recession, but the unemployment rate stood at 7.5 percent.[1] Partially reflecting the effects of recession, the proportion of families headed by persons in blue-collar jobs declined as the proportion headed by persons who were not working rose. Concurrently, interest rates on three-month certificates of deposit fell from 7.7 percent to 3.1 percent while rates on long-term, fixed-rate mortgages declined less sharply, from 9.8 percent to 8.0 percent. At the same time, the Standard and Poor's 500 index of stock prices rose at an annualized rate of 7.1 percent, and real home prices leveled off or, in some areas, even declined. On average, consumer prices rose 4.2 percent per year over this period.

Several longer-term trends also affected family finances. The number and types of mutual funds available to consumers continued to grow as the cost of information processing declined. Continued easing of restrictions on interstate banking, the decline of the savings and loan industry, and the increase in the local presence of national mortgage lenders changed the types of institutions that families faced when obtaining loans. As the tax advantages of individual retirement accounts weakened, employers—responding to a variety of changes in legislation governing pensions—increasingly offered tax-deferred savings plans as a way for workers to accumulate savings for retirement.

A long-running demographic trend is the aging of the large post–World War II cohort. In the three-year period covered by this article, the proportion of families headed by persons between 45 and 54 years of age, a group largely composed of this "baby boom" generation, rose from 14.4 percent to 16.2 percent. A smaller increase also occurred in the fraction of families headed by persons aged 65 and more.

THE SURVEY OF CONSUMER FINANCES

The Survey of Consumer Finances (SCF) is intended to provide detailed information on the

1. The quarters selected for the aggregate figures were the fourth quarter of 1989 and the third quarter of 1992 because these quarters contained the midpoints of the survey field periods.

assets, liabilities, and demographic characteristics of U.S. families.[2] In its current form, the SCF has been conducted every three years since 1983. The information reported in this article derives from the 1989 and 1992 survey data. Analyses and descriptions of the earlier surveys have been published in previous issues of the *Federal Reserve Bulletin.*[3]

The sample design for the SCF is complex. Some assets, such as business assets and corporate stocks, are held in large part by a disproportionately small number of families. To provide a sufficient number of cases for the analysis of such variables, the survey oversamples wealthy families and uses weights to maintain the correct proportion of such families in the overall population. Because of the complexity of the sample, computing standard errors for the figures reported here is not possible at the current stage of data processing. However, the data have been carefully inspected for outliers and overly influential cases. Based on this information and on sampling error calculations from earlier surveys, the presentation in this article concentrates on results that are likely to be sustained by more formal significance tests. (See the appendix for a technical description of the survey.)

The Survey Research Center at the University of Michigan collected the data for the 1989 SCF, which was sponsored by the Federal Reserve in cooperation with the Department of the Treasury, the Department of Health and Human Services, the National Institute on Aging, the Small Business Administration, the General Accounting Office, the Comptroller of the Currency, and the Congressional Joint Committee on Taxation. The National Opinion Research Center at the University of Chicago collected the data for the 1992 survey, which was sponsored by the Federal Reserve in cooperation with the Department of the Treasury.

2. The term "family" as it is used in this article is close to the U.S. Bureau of the Census definition of "household." Both definitions include both married couples and single individuals. The appendix to this article discusses the technical definition of family used here.

3. For a discussion of the results from the last SCF, see Arthur Kennickell and Janice Shack-Marquez, "Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin,* vol. 78 (January 1992), pp. 1–18.

FAMILY INCOME

From an examination of patterns across demographic groups, two trends are apparent. Both the 1989 and the 1992 data show a tendency for income to rise with education (table 1). The surveys also show that family income initially rises with age and then declines after middle age.

Respondents reported their before-tax family income for the year preceding the survey. In real terms, the mean of this measure of family income declined about $1,300 between 1989 and 1992, while the median fell about $1,500.[4] Data from the Current Population Survey of the Bureau of the Census also show a decline in real median income over this period. Much of this change is likely due to cyclical factors. However, the trend growth rate in real median income was also low: an average of less than 1 percent per year over the ten years before 1992.

Changes in Income by Demographic Categories

When disaggregated by various demographic categories, the income data reveal large changes for some groups. Median income fell sharply for the group with heads between the ages of 35 and 44 and those 75 and older, but rose for all other age groups. The decline for the 35-to-44 group appears to reflect a disproportionate rise in unemployment among such families. The fall in median income for the 75-and-over group is likely a result of declining interest income from investments. The classification by the family head's level of formal education shows either a decline or no change in mean income for all groups and a rise in median income only for those with a college degree. Nonwhites and Hispanics experienced growth in both mean and median income, reflecting an increase in both the proportion of these families with an employed head

4. All dollar figures have been adjusted to 1992 dollars using the consumer price index (CPI) for all urban consumers.

and the proportion with heads in professional and managerial occupations.[5]

By work status, median income rose substantially for families headed by persons who were employed in a service occupation or self-employed. Median income fell for families headed by skilled blue-collar workers, a development due largely to the recession, and for families headed by retired persons. As mentioned earlier, the income data refer to the year prior to the survey date. This convention helps explain the otherwise puzzling rise in the mean and median of prior-year income for other families with heads who were not working, because this group includes some highly paid workers who lost their jobs because of the recession or restructuring.

5. As described in the appendix, the race–ethnicity variable used here differs from that used in Kennickell and Shack-Marquez, "Changes in Family Finances from 1983 to 1989."

Family Saving

An important determinant of changes in family wealth is saving out of current income. If families'

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

Thousands of 1992 dollars except as noted

Family characteristic	1989			1992			
	Mean	Median	Percentage of families	Mean	Median	Percentage of families who saved	Percentage of families
All families	**46.2**	**29.4**	**100**	**44.9**	**27.9**	**57.3**	**100**
Age of head (years)							
Less than 35	32.8	24.0	27.2	33.8	25.3	59.5	25.9
35–44	57.3	42.9	23.4	52.3	36.3	56.9	22.7
45–54	71.7	42.4	14.4	62.1	43.1	58.7	16.2
55–64	48.8	29.8	13.9	55.2	32.1	60.3	13.1
65–74	35.7	17.9	12.0	34.6	18.3	55.4	12.7
75 and more	26.4	15.5	9.0	27.3	13.5	47.8	9.4
Education of head							
0–8 grade	19.7	13.1	12.9	17.1	10.9	33.5	9.4
9–12 grade	24.6	17.9	11.4	20.9	15.4	43.7	10.7
High school diploma	33.6	25.3	32.1	32.9	24.8	56.7	29.6
Some college	46.6	33.4	15.1	39.6	28.8	59.5	17.7
College degree	80.6	47.7	28.5	74.4	48.3	67.9	32.6
Race or ethnicity of head							
White non-Hispanic	52.7	34.6	75.1	49.3	31.1	61.1	77.9
Nonwhite or Hispanic	26.4	16.7	24.9	29.3	18.6	44.0	22.1
Current work status of head							
Professional, managerial	71.0	51.5	16.9	71.3	51.5	70.0	17.2
Technical, sales, clerical	40.4	32.6	13.4	40.8	32.6	64.7	14.8
Precision production	47.1	44.1	9.6	39.7	32.6	64.6	7.0
Operators and laborers	32.8	28.6	10.6	32.0	26.9	56.6	9.8
Service occupations	23.9	17.9	6.6	28.7	19.6	51.5	6.2
Self-employed	102.9	44.6	11.2	88.8	50.7	58.8	11.6
Retired	26.3	16.1	25.0	26.5	14.5	47.9	25.7
Other not working	16.2	8.3	6.7	23.1	12.1	42.7	7.8
Current industry of head							
Manufacturing, mining, construction	52.2	41.1	20.5	53.0	40.3	62.5	18.4
Infrastructure, wholesale trade, FIRE[1]	71.9	46.5	12.4	64.5	40.3	63.8	11.4
Retail trade, services, agriculture	53.4	33.2	35.4	52.2	33.6	62.3	36.7
Not working	24.2	14.0	31.7	25.7	13.8	46.7	33.5
Housing status							
Owner	58.2	38.1	63.8	54.8	36.8	63.3	63.8
Renter or other	25.0	16.3	36.2	27.3	17.6	46.6	36.2

1. Infrastructure covers the transportation, communications, and utilities industries. FIRE covers the finance, insurance, and real estate industries.

consumption is less than their income, they add to their assets or pay down their debts; and if their consumption exceeds income, they decrease their net worth, either by drawing down existing assets or by borrowing. In the 1992 SCF, respondents were asked whether over the previous year they had spent more than their current income, about as much, or less. From this self-description, one can roughly distinguish families who were saving from those who were dissaving or borrowing.[6] Only about 57 percent of families reported that they had saved, according to this definition (table 1). The proportion who had saved rises steadily with income and education and tends to decline after age 65. The proportion of families who had saved was also relatively high among non-Hispanic whites and families with heads employed in professional, technical, or skilled blue-collar occupations.

Families reported many reasons for saving. The most frequently reported reason was to increase their liquidity, a general category that included many responses, the most specific of which were "saving for reserves against unemployment" and "saving in case of illness" (table 2).[7] In both 1989 and 1992, more than 41 percent reported that liquidity-related concerns were an important motivation for saving. At the same time, the proportion of families reporting retirement as a reason for saving rose nearly 3 percentage points to 26.6 percent in 1992. Much of this increase resulted from growth in the share of families with middle-aged heads. The proportion of families citing educational expenses as an important reason for saving also rose, again reflecting the larger share of families with middle-aged heads.

NET WORTH

As with family income, some clear patterns across demographic groups are apparent in the distribution of net worth, which is defined as total assets less total debts (table 3).[8] Mean and median net worth increase strongly with income and formal education. And like income, net worth rises with the age group of the head, peaking in late middle age and then declining. Between 1989 and 1992, real mean family net worth rose 11.7 percent, whereas the median remained about the same (around $52,000).[9]

When disaggregated over demographic categories, the distribution of net worth can be surprisingly variable, even over a three-year period. The most notable of such variations in this period is the rise in the mean and median net worth of nonwhites and Hispanics. The median for this group rose from $6,200 in 1989 to $11,900 in 1992. Over the same period, the net worth of other families declined from $77,100 to $72,200.[10] These changes parallel the income changes observed for these groups, but the changes in net worth were larger. In both 1989 and 1992, the distribution of net worth for nonwhites and Hispanics appears to be approximately bimodal, that is, the distribution shows concentrations of families around two different levels

6. This information is available only in the 1992 SCF. The underlying questions allow us to take into account the purchase of durables, which we treat as a type of saving. For a more detailed analysis of the saving data, see Arthur B. Kennickell, "Saving and Permanent Income," Working Paper (Board of Governors of the Federal Reserve System, Division of Research and Statistics, 1994).

7. Families were asked to report their reasons for saving even if they were not currently saving.

8. The measure of assets used here excludes families' future benefits under defined-benefit pension plans, defined-contribution plans from which neither withdrawals nor loans can be made, and future social security benefits.

9. Data from the 1988 and 1991 Survey of Income and Program Participation (SIPP) of the U.S. Bureau of the Census show a 12 percent decrease in real median net worth over that period.

10. Published figures from the SIPP do not allow us to construct the same race–ethnicity categories as those in the SCF. However, data from the 1988 and 1991 SIPP show no significant change in median net worth for blacks and a significant decline for whites.

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

Percent

Reason	1989	1992
Education	11.4	14.3
For the family	4.3	4.4
Buying own home	6.3	5.6
Purchases	13.0	10.2
Retirement	23.8	26.6
Liquidity	41.4	42.0
Investments	9.6	10.0
Other reasons	8.8	8.4

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

of net worth. One group of these families had net worth near zero, while another had net worth concentrated around a higher level. For non-Hispanic whites, the distribution appears to have only one concentration around a positive level of net worth. Indeed, if confined to families with $500 or more of net worth, the analysis shows that the median net worth of nonwhites and Hispanics remained fairly steady, at $30,400 in 1989 and $31,800 in 1992, while the median net worth of other families declined from $90,400 in 1989 to $87,000 in 1992. At the same time, the proportion of nonwhite and Hispanic families with less than $500 of net worth fell from 32.4 percent in 1989 to 25.3 percent in 1992, and the proportion of non-Hispanic whites with net worth of less than $500 held steady at about 8 percent. Thus, the rise in the overall net worth of nonwhites and Hispanics may be attributed largely to a movement of families out of the low-wealth group.

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

Thousands of 1992 dollars except as noted

Family characteristic	1989			1992		
	Mean	Median	Percentage of families	Mean	Median	Percentage of families
All families	**197.2**	**51.5**	**100**	**220.3**	**52.2**	**100**
Income (1992 dollars)						
Less than 10,000	24.4	1.7	16.9	44.3	3.9	17.6
10,000–24,999	77.5	26.0	26.1	73.0	23.4	28.0
25,000–49,999	118.9	58.7	30.5	144.3	58.3	27.8
50,000–99,999	225.3	127.4	19.6	283.8	139.6	19.3
100,000 and more	1,344.7	450.3	6.9	1,324.2	569.0	7.3
Age of head (years)						
Less than 35	60.4	8.4	27.2	60.2	10.4	25.9
35–44	156.0	63.1	23.4	157.0	46.3	22.7
45–54	308.1	103.9	14.4	304.5	97.1	16.2
55–64	304.5	100.6	13.9	371.0	133.3	13.1
65–74	306.4	80.5	12.0	369.8	103.6	12.7
75 and more	228.4	75.8	9.0	257.6	87.0	9.4
Education of head						
0–8 grade	75.2	25.2	12.9	75.2	21.1	9.4
9–12 grade	93.6	27.4	11.4	96.7	21.2	10.7
High school diploma	122.4	39.6	32.1	126.8	40.8	29.6
Some college	194.3	51.3	15.1	210.6	55.6	17.7
College degree	379.5	119.2	28.5	392.9	113.0	32.6
Race or ethnicity of head						
White non-Hispanic	237.9	77.1	75.1	256.0	72.2	77.9
Nonwhite or Hispanic	74.8	6.2	24.9	95.1	11.9	22.1
Current work status of head						
Professional, managerial	238.8	97.1	16.9	262.7	86.2	17.2
Technical, sales, clerical	90.0	37.3	13.4	125.3	45.4	14.8
Precision production	85.8	53.2	9.6	91.6	34.9	7.0
Operators and laborers	61.2	21.0	10.6	58.0	20.3	9.8
Service occupations	48.5	8.5	6.6	55.9	14.7	6.2
Self-employed	696.9	182.7	11.2	666.1	196.9	11.6
Retired	181.3	70.6	25.0	229.4	71.1	25.7
Other not working	56.8	0.7	6.7	64.2	4.0	7.8
Current industry of head						
Manufacturing, mining, construction	177.6	56.9	20.5	220.9	57.9	18.4
Infrastructure, wholesale trade, FIRE[1]	326.3	85.9	12.4	326.6	60.9	11.4
Retail trade, services, agriculture	201.4	41.8	35.4	213.8	49.0	36.7
Not working	155.0	47.5	31.7	191.2	47.9	33.5
Housing status						
Owner	283.7	109.0	63.8	317.1	108.5	63.8
Renter or other	45.0	2.2	36.2	49.9	3.7	36.2

1. Infrastructure covers the transportation, communications, and utilities industries. FIRE covers the finance, insurance, and real estate industries.

Results for other groups were mixed and in many instances reflected the macroeconomic events during the period. Across age groups, there were broad increases in net worth for families headed by persons aged 55 and above. Median net worth for families with more than $100,000 of income rose more than 26 percent, while mean net worth fell slightly for this group, suggesting that a relatively small number of very wealthy families experienced declines.

Mean and median net worth increased for families in the lowest income group. This rise appears to reflect, in part, a compositional shift in this group, with the recession temporarily pushing some families with a relatively high level of assets down into the lowest income group. Nearly 39 percent of families in this group reported having income below their usual level, a higher proportion than the 22.6 percent rate for families overall. The inclusion of this group with other low-income families partially accounts for the counterintuitive rise in median net worth for families headed by persons who were not working.

By definition, net worth may vary because of an increase or decrease in assets or in the level of debt. The decisions families make to hold particular assets and liabilities reflect their individual needs and risk assessments. Most of the remainder of this article discusses families' portfolio choices.

ASSETS

Continuing a trend observed since the 1983 SCF, an overall rise occurred in the share of financial assets in families' asset portfolios between 1989 and 1992. There were corresponding declines in the shares of primary residences and other nonfinancial assets.

Financial Assets

The composition of financial assets held by families changed substantially between 1989 and 1992 (table 4). The proportion of financial assets accounted for by mutual funds, retirement accounts, and stocks rose, with offsetting declines in holdings of transaction accounts, certificates of deposit, and bonds.

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

Percent

Financial asset	1989	1992
Transaction accounts	19.7	16.4
Certificates of deposit	10.4	7.9
Mutual funds (excluding money market funds)	5.0	7.2
Stocks	14.6	21.0
Bonds	11.0	7.7
Retirement accounts	18.8	22.7
Savings bonds	1.6	1.1
Cash value of life insurance	6.2	5.7
Other managed assets	6.6	6.4
Other	6.0	3.9
Total	100	100
MEMO		
Financial assets as a percentage of total assets	27.9	32.3

Transaction Accounts

The proportion of families with some type of transaction account—including checking, savings, and money market accounts—rose from 85.1 percent in 1989 to 87.5 percent in 1992, while the median value of such accounts increased about $100 (table 5). Account ownership increased most notably for families in the lowest income group, in part reflecting the effects of recession on the composition of this group. Account ownership also rose among families headed by persons between 55 and 64 years of age, nonwhites and Hispanics, and renters. Over this period, the proportion of families with deposits of more than $100,000 in institutions covered by deposit insurance—and thus potentially having some deposits not covered by federal deposit insurance—rose from 3.1 percent to 4.7 percent in 1992.[11]

Although the overwhelming majority of families has some type of transaction account, and the share

11. A detailed description of the changes in the arrangement of families' accounts may be found in Arthur B. Kennickell, Myron L. Kwast, and Martha Starr-McCluer, "Reducing Households' Deposit Insurance: Evidence and Analysis of Potential Reforms," Working Paper (Board of Governors of the Federal Reserve System, Division of Research and Statistics, 1994).

appears to be increasing, the proportion of families without such accounts—12.5 percent in 1992—is still substantial. For the most part, these families have low incomes and are nonwhite or Hispanic. The discussion in the box provides some information on the reasons some families have no such accounts.

Certificates of Deposit and Mutual Funds

Against the backdrop of a sharp decline in interest rates on deposits, the SCF data show a large decrease in the ownership of certificates of deposit—from 19.4 percent of families in 1989 to 16.6 percent in 1992—along with a strong offsetting rise in ownership of mutual funds—from 7.1 percent of families in 1989 to 11.2 percent in 1992.[12] For both assets, these changes were broadly distributed across demographic groups. For families with certificates of deposit, median holdings rose slightly, though sizable increases occurred in holdings for families in the groups with heads between 55 and 74 years of age, groups that also experienced large increases in net worth. In contrast, the value of mutual fund holdings rose for most groups and fell substantially only for families headed by persons aged 75 and over and for nonwhite and Hispanic families.

Stocks and Bonds

Overall, ownership of directly held stocks and bonds moved in opposite directions, with increases in ownership and median holdings of stocks and corresponding declines for bonds.[13] Families with incomes of $100,000 or more experienced large declines in ownership of both assets, though median holdings of owners rose substantially. The changes for this higher-income group suggest that families with relatively small holdings may have moved into other assets, such as mutual funds. Median holdings of stocks and bonds also rose for the remaining groups of families with incomes of more than $25,000. For families with heads in

12. The mutual fund figures do not include money market mutual funds or individual retirement accounts, Keogh accounts, or any type of pension plan invested in mutual funds. Further information on mutual funds is reported in Phillip R. Mack, "Recent Trends in the Mutual Fund Industry," *Federal Reserve Bulletin*, vol. 79 (November 1993), pp. 1001–12.

13. This discussion covers only stocks and bonds that are directly held by families outside mutual funds or individual retirement, Keogh, or pension accounts.

Why Families Do Not Have Checking Accounts

The proportion of families without any type of transaction account fell from 14.9 percent in 1989 to 12.5 percent in 1992, possibly because of banks' efforts to improve access to basic banking services. The survey asked families who had no transaction account why they did not have a checking account. In 1992, 20.1 percent of these families, up from 15.1 percent in 1989, reported that either bank service charges or minimum balance requirements deterred them from having a checking account (see table below). For families with less than $10,000 of income, these reasons were cited by 9.2 percent of the group in 1989 and 18.2 percent in 1992. Higher-income families were more likely to cite these reasons in both years.

More than 60 percent of families in 1989 and 1992 with incomes of less than $10,000 reported that they either did not write enough checks for an account to be worthwhile or that they did not have enough money. An underlying explanation for these responses may be that these families were too poor for a transaction account to be useful. Inconvenient hours or location were cited by a negligible fraction of families in both years.

Reasons reported by families without any type of transaction account for not having a checking account, 1989 and 1992

Percent

Response category	1989	1992
Do not write enough checks to make it worthwhile	33.5	28.3
Minimum balance is too high	7.7	8.1
Do not like dealing with banks	14.6	14.8
Service charges are too high	7.4	12.0
No bank has convenient hours or location	1.3	.3
Do not have enough money	24.6	22.0
Cannot manage or balance a checking account	4.5	4.4
Other	6.6	10.1
Total	100	100

5. Family holdings of financial assets, by selected characteristics of families and type of asset, 1989 and 1992

A. 1989 Survey of Consumer Finances

Family characteristic	Transaction accounts	CDs	Mutual funds	Stocks	Bonds	Retirement accounts	Savings bonds	Life insurance	Other managed	Other financial	All financial assets
	Percentage of families holding assets										
All families	**85.1**	**19.4**	**7.1**	**16.2**	**5.3**	**35.4**	**23.8**	**34.7**	**3.5**	**13.4**	**88.4**
Income (1992 dollars)											
Less than 10,000	52.4	6.5	*	*	*	2.6	3.8	12.4	*	8.3	57.6
10,000–24,999	81.0	20.7	2.9	8.9	1.8	14.9	14.5	24.8	2.7	12.1	86.0
25,000–49,999	95.0	20.6	6.9	14.0	5.3	43.7	27.6	39.0	2.5	14.8	97.7
50,000–99,999	98.6	23.2	12.3	27.7	6.9	62.5	43.8	51.7	6.2	12.9	99.6
100,000 and more	98.9	30.2	25.6	57.4	27.2	79.4	34.0	59.5	10.4	26.2	99.6
Age of head (years)											
Less than 35	79.9	8.5	2.2	10.9	1.6	26.6	25.4	24.5	2.6	14.3	84.3
35–44	86.2	15.8	7.9	16.9	4.1	47.8	32.8	41.3	2.9	14.2	90.3
45–54	87.4	21.7	9.2	20.7	5.3	49.8	22.2	39.2	3.2	14.9	90.7
55–64	84.8	20.7	9.7	18.6	8.4	42.4	18.9	40.8	3.3	14.3	86.9
65–74	89.2	31.2	9.3	17.1	10.8	27.6	18.1	36.9	5.6	11.1	90.9
75 and more	89.8	40.8	9.8	18.5	7.7	6.0	12.8	28.5	5.4	7.8	90.8
Race or ethnicity of head											
White non-Hispanic	92.3	24.3	9.2	20.2	6.7	42.0	27.9	39.0	4.3	14.3	94.7
Nonwhite or Hispanic	63.7	4.9	1.0	4.4	1.0	15.3	11.5	21.7	1.1	10.7	69.2
Current work status of head											
Professional, managerial	99.1	21.4	11.5	28.4	8.8	63.0	39.2	45.6	4.5	17.4	99.2
Technical, sales, clerical	93.6	14.1	5.6	16.0	3.0	45.9	30.7	32.5	4.4	13.2	97.0
Precision production	90.6	13.1	6.5	14.9	2.4	48.5	35.7	43.4	2.4	14.2	94.1
Operators and laborers	77.3	9.7	3.0	7.1	*	28.0	20.1	30.4	3.0	10.6	83.5
Service occupations	69.5	11.2	2.1	4.1	*	21.3	12.1	23.3	*	12.7	78.1
Self-employed	96.0	23.3	11.3	22.9	9.2	43.7	23.9	46.4	3.5	21.5	98.7
Retired	83.2	32.0	8.0	15.7	8.0	17.2	14.9	31.0	4.3	9.2	84.8
Other not working	42.1	4.4	1.2	5.1	*	5.3	4.1	11.2	.9	10.1	49.5
Housing status											
Owner	94.4	24.6	9.8	21.8	7.0	46.6	28.9	44.2	4.7	12.9	95.9
Renter or other	68.9	10.3	2.3	6.4	2.3	15.6	14.7	17.9	1.3	14.2	75.2
	Median value of holdings for families holding such assets (thousands of 1992 dollars)										
All families	**2.3**	**12.6**	**11.2**	**7.3**	**27.9**	**11.2**	**.6**	**3.4**	**22.3**	**2.8**	**12.0**
Income (1992 dollars)											
Less than 10,000	.6	14.5	*	*	*	1.7	.7	.9	*	1.0	1.2
10,000–24,999	1.1	14.5	11.2	5.6	27.9	4.2	.6	1.7	22.3	1.3	3.8
25,000–49,999	2.3	11.2	7.8	4.0	17.9	8.8	.6	2.7	27.9	2.2	11.3
50,000–99,999	4.5	11.2	8.9	5.6	11.2	14.5	.7	5.0	22.3	3.9	25.6
100,000 and more	19.3	27.9	30.2	22.1	44.7	50.3	1.1	8.9	44.7	22.3	160.9
Age of head (years)											
Less than 35	1.3	4.5	1.3	3.4	7.8	4.5	.5	2.2	17.9	.8	3.0
35–44	2.5	7.8	4.5	3.9	13.0	10.1	.6	3.6	13.4	2.8	15.5
45–54	2.9	11.2	11.2	5.6	11.2	14.5	.6	4.5	8.9	4.1	18.2
55–64	3.4	15.1	22.3	20.4	39.1	26.8	1.8	5.6	35.7	5.6	23.6
65–74	3.6	19.5	19.0	31.3	38.0	13.4	1.7	2.2	53.6	11.2	19.1
75 and more	4.9	30.2	33.5	19.0	31.3	27.9	3.4	2.2	35.7	11.2	28.7
Race or ethnicity of head											
White non-Hispanic	3.0	12.6	11.2	7.8	30.2	11.5	.7	3.4	27.9	3.4	16.8
Nonwhite or Hispanic	1.2	12.3	29.7	2.2	27.9	6.7	.4	2.0	8.9	.8	2.2
Current work status of head											
Professional, managerial	4.5	11.2	11.2	5.6	21.7	16.3	.6	4.5	34.6	2.2	23.5
Technical, sales, clerical	1.7	5.6	2.7	2.7	5.6	7.3	.4	2.2	39.1	1.3	7.4
Precision production	2.1	6.0	4.6	4.5	3.4	8.7	.6	3.4	3.9	2.2	12.2
Operators and laborers	1.1	11.2	3.4	2.9	*	8.9	.6	2.7	6.7	2.2	4.4
Service occupations	1.2	6.7	1.0	3.4	*	3.4	.5	.8	*	.3	2.2
Self-employed	5.0	16.8	29.7	10.9	39.1	23.5	.6	5.6	33.5	6.7	18.5
Retired	3.4	22.3	22.3	22.7	33.5	15.6	2.0	2.2	50.3	8.9	18.3
Other not working	.9	2.2	6.6	33.5	*	2.2	.7	1.1	11.2	.7	1.3
Housing status											
Owner	3.4	16.8	14.5	7.8	31.3	13.4	.7	3.4	22.3	5.0	20.1
Renter or other	1.2	7.8	2.2	5.6	13.0	4.5	.6	2.1	24.6	1.1	2.6

NOTE. * Fewer than five observations.

5.—Continued

B. 1992 Survey of Consumer Finances

Family characteristic	Transaction accounts	CDs	Mutual funds	Stocks	Bonds	Retirement accounts	Savings bonds	Life insurance	Other managed	Other financial	All financial assets
	Percentage of families holding assets										
All families	**87.5**	**16.6**	**11.2**	**17.8**	**4.7**	**39.3**	**22.7**	**35.3**	**4.3**	**11.4**	**90.7**
Income (1992 dollars)											
Less than 10,000	63.7	11.1	3.3	4.2	1.0	7.0	6.6	16.3	.9	9.7	70.2
10,000–24,999	83.7	15.1	5.7	8.8	1.9	21.6	13.3	26.4	2.4	10.7	88.1
25,000–49,999	95.4	17.1	11.8	18.2	3.7	45.2	27.9	40.9	4.7	11.5	98.2
50,000–99,999	98.7	22.2	18.5	31.0	6.9	70.7	39.5	48.1	6.8	12.1	99.3
100,000 and more	98.7	19.5	29.9	48.7	22.4	78.6	32.1	60.2	11.6	16.0	98.7
Age of head (years)											
Less than 35	82.5	7.4	5.8	11.1	1.4	29.7	22.8	26.2	1.9	13.1	86.8
35–44	86.9	9.0	10.8	20.7	3.1	47.3	29.4	35.6	3.3	12.0	90.9
45–54	89.2	15.1	10.5	19.2	6.5	52.9	25.4	40.4	6.0	11.6	93.1
55–64	90.7	21.2	16.6	23.0	5.0	53.4	21.4	44.1	6.0	10.8	92.9
65–74	89.8	31.7	16.5	19.0	9.2	36.7	14.1	38.6	6.3	11.8	91.7
75 and more	91.7	36.6	13.4	18.2	8.3	6.3	14.5	34.4	5.6	5.3	92.6
Race or ethnicity of head											
White non-Hispanic	93.1	19.3	13.5	21.3	5.7	44.0	26.1	38.8	5.2	12.3	95.6
Nonwhite or Hispanic	67.5	7.3	3.1	5.6	1.2	22.5	10.4	23.0	1.1	8.4	73.7
Current work status of head											
Professional, managerial	97.9	16.8	18.8	28.8	8.2	65.8	34.7	45.0	8.3	10.6	99.4
Technical, sales, clerical	93.6	12.9	10.0	18.4	2.6	50.7	30.9	38.1	2.9	12.8	96.8
Precision production	88.0	5.6	7.9	15.8	*	50.2	23.9	35.0	2.5	11.2	90.5
Operators and laborers	79.5	6.6	5.4	12.0	*	31.0	16.3	31.6	*	8.0	84.8
Service occupations	78.1	8.7	4.9	7.4	*	26.3	23.1	23.3	3.2	11.1	85.1
Self-employed	96.2	18.3	16.4	27.7	8.1	48.9	24.0	42.9	3.7	19.5	97.8
Retired	86.3	30.1	11.8	15.1	6.4	22.0	15.3	33.6	5.8	7.6	88.6
Other not working	60.5	5.2	2.2	4.2	1.0	12.7	9.3	17.6	.8	15.6	68.3
Housing status											
Owner	94.2	21.6	14.9	23.7	6.6	49.1	28.0	43.6	5.8	10.3	96.0
Renter or other	75.7	7.9	4.6	7.5	1.4	21.8	13.3	20.7	1.7	13.4	81.5
	Median value of holdings for families holding such assets (thousands of 1992 dollars)										
All families	**2.4**	**13.5**	**18.0**	**10.0**	**25.0**	**15.0**	**.7**	**4.0**	**25.0**	**2.8**	**13.1**
Income (1992 dollars)											
Less than 10,000	.7	7.0	15.0	10.0	15.7	9.0	.5	1.2	12.0	1.2	1.5
10,000–24,999	1.1	16.0	7.0	4.0	11.0	5.1	.5	2.8	20.0	2.0	3.9
25,000–49,999	2.3	13.0	15.0	5.0	25.0	10.0	.5	4.3	20.0	2.0	14.1
50,000–99,999	5.6	12.0	22.0	8.0	20.0	25.0	1.0	5.0	32.0	7.0	47.0
100,000 and more	25.5	28.0	30.0	40.0	51.0	66.0	1.2	10.5	95.0	40.0	184.0
Age of head (years)											
Less than 35	1.4	5.0	3.8	2.0	10.0	4.7	.4	2.8	20.0	1.0	4.2
35–44	2.2	5.0	18.0	5.0	19.3	9.8	.6	4.0	20.0	3.0	10.8
45–54	3.4	10.0	20.0	12.0	25.2	30.0	1.0	4.8	25.0	2.8	24.7
55–64	4.0	20.0	20.4	20.0	40.0	35.7	1.0	6.5	30.0	5.0	40.1
65–74	4.0	25.0	30.0	24.0	25.3	23.0	.9	4.0	40.0	9.8	30.2
75 and more	4.0	24.0	22.3	28.0	52.0	28.0	1.1	3.0	55.0	5.0	20.2
Race or ethnicity of head											
White non-Hispanic	3.0	13.5	18.0	10.0	25.0	17.0	.7	4.0	27.0	3.0	16.7
Nonwhite or Hispanic	1.0	12.0	18.0	4.1	35.0	7.0	.6	3.8	25.0	1.2	3.5
Current work status of head											
Professional, managerial	3.8	7.5	12.0	10.0	24.3	25.7	1.0	4.5	20.0	3.0	30.3
Technical, sales, clerical	2.0	10.0	10.0	8.0	10.0	9.6	.5	3.0	25.0	1.8	10.5
Precision production	2.0	2.3	6.3	4.8	*	8.9	.3	5.6	18.0	2.0	9.0
Operators and laborers	1.3	6.5	15.0	4.0	*	6.0	.5	3.8	*	1.3	4.6
Service occupations	.8	12.0	4.0	4.0	*	5.1	.7	5.0	2.2	.6	2.4
Self-employed	5.6	12.0	30.0	10.0	45.0	30.0	.6	6.5	95.0	7.0	23.0
Retired	3.0	22.0	28.0	15.0	30.0	20.0	1.0	3.5	40.0	6.0	17.1
Other not working	1.2	10.0	10.6	22.0	44.6	13.0	.5	3.5	6.0	2.0	3.0
Housing status											
Owner	3.6	15.0	20.0	10.0	25.0	20.0	.8	4.4	27.0	5.0	24.0
Renter or other	1.0	10.0	10.0	4.0	20.0	5.5	.5	3.0	20.0	1.6	3.0

NOTE. * Fewer than five observations.

professional or managerial occupations and for those with heads between 35 and 54 years of age or 75 and older, median holdings of stocks and bonds rose markedly.

Retirement Accounts

The rise in the share of financial assets in household portfolios was driven in part by the increase in holdings of retirement accounts—including individual retirement accounts, Keogh accounts, and employer-provided pension plans from which withdrawals can be made, such as 401(k) accounts. Continuing trends evident in earlier surveys, retirement accounts rose from 18.8 percent of total family financial assets in 1989 to 22.7 percent in 1992. Ownership of retirement accounts went up markedly for all groups, increasing overall from 35.4 percent of families to 39.3 percent. Median holdings of these assets rose 33.9 percent, and the gains were spread among most of the groups considered. The increase in the median value of holdings was particularly notable for the families with heads between 45 and 64 years of age, a group that traditionally has retirement as an important motive for saving.

Among families with at least one worker, the percentage having any type of pension was nearly unchanged at 55.9 percent in 1989 and 56.5 percent in 1992, while the percentage having 401(k)-like plans rose from 26.5 percent to 30.7 percent.[14] In contrast, coverage of worker families by conventional defined-benefit pension plans, that is, plans that offer a guaranteed income at retirement, declined over the three-year period from 48.8 percent to 45.1 percent. Much of the growth in ownership of 401(k)-like accounts took place among families who did not have other types of employer-provided pension plans, although the median value of the holdings in such accounts rose only for those who also had another type of plan.

Remaining Financial Assets

There were few notable changes in the holdings of the remaining financial assets. The overall proportion of families holding savings bonds fell slightly between 1989 and 1992, while the median value of holdings rose slightly. For life insurance that has a cash value, ownership and the median value of holdings rose somewhat. Other managed assets—including trusts, annuities, managed investment accounts, and other such assets—were not widely held in either year, though the proportion of families with these assets rose slightly over the three-year period. The percentage of families owning other financial assets—a diverse category covering such items as futures contracts, oil and gas leases, royalties, future proceeds from an estate, and loans to friends or relatives—fell between 1989 and 1992, although the median value of holdings was unchanged.

14. These figures include pensions from both current and previous jobs.

Nonfinancial Assets

Overall, the composition of nonfinancial assets held by families was largely unchanged between 1989 and 1992 (table 6). A slight decline in the share of nonfinancial assets accounted for by primary residences and vehicles was roughly offset by a gain in the share of investment real estate.

Ownership and the median value of nonfinancial assets tend to increase with income (table 7). These measures also tend to increase as the age of the family head increases until late middle age, when they begin to flatten out or decline, as the portfolio share of financial assets rises.

Primary Residence

The primary residence was the largest part of nonfinancial assets for families, accounting for

6. Distribution of amount of nonfinancial assets of all families, by type of asset, 1989 and 1992
Percent

Nonfinancial asset	1989	1992
Primary residence	44.1	43.5
Investment real estate	21.3	22.0
Business assets	27.0	27.2
Vehicles	5.4	4.9
Other nonfinancial assets	2.1	2.4
Total	100	100
MEMO		
Nonfinancial assets as a percentage of total assets	72.1	67.7

43.5 percent of these assets in 1992. Indeed, this share was about as large as that for all financial assets held directly by families. Between 1989 and 1992, the proportion of families who owned homes remained steady at 63.8 percent, while real median house values increased about 4.6 percent. In a continuation of earlier trends evident since at least 1983, increases in ownership and median house value were particularly pronounced for families headed by persons aged 75 and older, with smaller increases for the 65-to-74 age group. The recent increase may mirror both the effects of rising wealth and improving health among older people, who are thus better able to maintain a home, and slack in real estate markets in many areas, which may have led people to hold homes longer than they would otherwise have done.

Investment Real Estate

Overall, ownership and median holdings of investment real estate—which includes vacation homes, rental units, commercial property, vacant land, and all other real estate except a primary residence and property owned through a business—were unchanged. However, there were a few important shifts for some demographic groups. Families headed by persons aged 55 to 74 were more likely to have such property, and the median value of their holdings rose. Although the ownership rate of investment real estate for nonwhites and Hispanics declined somewhat, the median value of their holdings rose 18.4 percent.

Business Assets

Likely reflecting the increase in business formation that typically occurs at the beginning of an economic recovery, direct holdings by families of an equity interest in a business—including sole proprietorships, limited partnerships, other partnerships, subchapter S corporations, other corporations that are not publicly traded, and other private businesses—moved up 1.7 percentage points between 1989 and 1992. This increase was particularly notable for families headed by persons aged 55 to 64. Ownership for nonwhites and Hispanics rose from 6.7 percent of families in 1989 to 8.3 percent in 1992, compared with the movement from 15.3 percent to 16.8 percent for non-Hispanic whites. The median value of business assets of nonwhite and Hispanic families rose dramatically from $3,400 in 1989 to $55,000 in 1992, while the median for the other business owners moved down from $55,900 in 1989 to $50,000 in 1992. Because nonwhite and Hispanic business owners are a smaller proportion of the population than non-Hispanic white owners, however, the estimate of the median value of business holdings for non-whites and Hispanics is less precise than that for the rest of the population. The survey data also indicate substantial increases in median business values for families with $100,000 or more of income and for those headed by persons between the ages of 45 and 74.

Vehicles

Vehicles—including automobiles, motorcycles, vans, trucks, jeeps, sport utility vehicles, motorhomes, recreational vehicles, airplanes, and boats—are the most widely held nonfinancial asset, with 86.4 percent of families having had some type of vehicle in 1992.[15] This figure represents an increase of 2.8 percentage points over the level in 1989. Ownership jumped for households headed by persons aged 65 and over and for nonwhites and Hispanics, although overall the median value of holdings declined. The decline was most marked for families headed by persons younger than 55 and families with more than $50,000 of income. Underlying the overall vehicle trends, the types of vehicles selected by families changed, with the percentage of families owning a van, sport utility vehicle, or jeep rising from 11.0 percent in 1989 to 16.9 percent in 1992.

In recent years, vehicle leasing has become somewhat more common as a substitute for outright ownership. The SCF indicates that in 1989, 2.4 percent of families leased vehicles for personal use and that by 1992 that figure had risen to

15. This figure covers only personally owned vehicles. In 1992, 4.8 percent of families had at least one vehicle provided by their employer for their personal use.

7. Family holdings of nonfinancial assets, by selected characteristics of families and type of nonfinancial asset, 1989 and 1992

A. 1989 Survey of Consumer Finances

Family characteristic	Primary residence	Investment real estate	Business	Vehicles	Other non-financial	All nonfinancial assets
	Percentage of families holding assets					
All families	**63.8**	**20.0**	**13.2**	**83.6**	**11.9**	**89.1**
Income (1992 dollars)						
Less than 10,000	32.4	4.2	2.5	48.4	5.1	62.9
10,000–24,999	53.9	13.7	9.2	80.6	7.5	86.6
25,000–49,999	68.9	20.1	11.2	94.8	13.2	97.0
50,000–99,999	85.3	29.6	20.6	96.7	17.0	99.2
100,000 and more	94.1	54.0	42.1	94.4	24.2	99.5
Age of head (years)						
Less than 35	37.6	7.9	10.3	80.6	9.4	83.0
35–44	67.1	21.1	19.5	89.2	13.7	92.0
45–54	77.3	29.3	18.7	91.0	14.8	93.4
55–64	80.2	30.0	12.6	86.1	12.5	90.9
65–74	77.1	25.0	8.1	81.1	12.8	92.6
75 and more	69.6	16.3	4.4	66.1	7.8	85.8
Race or ethnicity of head						
White non-Hispanic	70.5	22.5	15.3	89.3	14.0	94.2
Nonwhite or Hispanic	43.5	12.3	6.7	66.7	5.4	73.8
Current work status of head						
Professional, managerial	73.0	26.2	9.3	94.8	16.6	97.2
Technical, sales, clerical	55.7	12.2	7.4	87.2	10.9	88.9
Precision production	71.2	19.2	8.6	96.8	11.9	98.2
Operators and laborers	56.0	14.4	6.4	87.1	7.6	89.5
Service occupations	42.9	12.8	4.6	75.4	7.3	79.4
Self-employed	74.1	38.1	69.7	94.7	21.0	98.6
Retired	72.5	20.1	3.7	74.5	9.3	87.3
Other not working	29.3	6.4	1.6	47.8	7.5	56.2
Housing status						
Owner	100.0	25.9	16.5	92.9	14.1	100.0
Renter or other	.0	9.6	7.3	67.3	8.0	70.0
	Median value of holdings for families holding such assets (thousands of 1992 dollars)					
All families	**78.2**	**48.0**	**50.3**	**7.7**	**7.8**	**74.5**
Income (1992 dollars)						
Less than 10,000	27.9	15.1	22.3	1.8	1.1	9.2
10,000–24,999	55.9	20.1	12.3	4.7	5.6	42.1
25,000–49,999	72.6	42.5	33.5	7.7	5.6	74.8
50,000–99,999	111.7	55.9	50.3	12.9	11.2	138.2
100,000 and more	223.4	148.8	156.4	17.9	23.5	369.8
Age of head (years)						
Less than 35	72.6	31.3	22.3	6.4	5.6	17.5
35–44	89.4	51.4	50.3	9.1	7.5	96.3
45–54	93.8	62.6	58.6	10.6	8.9	117.7
55–64	83.8	44.8	89.4	7.5	11.2	102.2
65–74	59.0	33.5	59.2	5.5	7.7	68.9
75 and more	55.9	43.6	78.2	4.4	9.3	56.8
Race or ethnicity of head						
White non-Hispanic	80.4	51.4	55.9	8.4	8.4	82.9
Nonwhite or Hispanic	55.9	38.0	3.4	4.8	5.6	31.0
Current work status of head						
Professional, managerial	117.3	58.1	61.4	9.5	8.9	118.2
Technical, sales, clerical	93.8	33.5	9.4	7.7	5.6	71.5
Precision production	71.5	22.3	5.6	9.5	5.6	72.0
Operators and laborers	55.9	24.6	86.0	6.8	5.6	41.6
Service occupations	78.2	22.3	33.5	6.1	4.5	34.9
Self-employed	111.7	80.4	62.6	11.3	15.6	199.9
Retired	61.4	39.4	76.0	5.1	7.3	65.6
Other not working	38.0	33.5	84.8	2.4	1.9	12.6
Housing status						
Owner	78.2	50.3	58.6	9.4	8.9	107.6
Renter or other	*	33.5	11.2	4.3	5.6	5.6

NOTE. * Fewer than five observations.

7.—Continued

B. 1992 Survey of Consumer Finances

Family characteristic	Primary residence	Investment real estate	Business	Vehicles	Other non-financial	All nonfinancial assets
	Percentage of families holding assets					
All families	**63.8**	**20.0**	**14.9**	**86.4**	**8.5**	**91.3**
Income (1992 dollars)						
Less than 10,000	38.8	5.9	3.6	55.8	5.0	67.8
10,000–24,999	54.2	12.3	8.4	88.2	5.7	92.2
25,000–49,999	68.8	20.3	14.1	93.9	8.2	97.5
50,000–99,999	84.2	30.6	23.6	96.9	11.3	99.1
100,000 and more	87.6	54.2	46.4	96.8	21.6	100.0
Age of head (years)						
Less than 35	37.0	8.4	11.3	84.8	8.1	86.7
35–44	64.1	17.1	20.1	89.3	9.3	93.0
45–54	75.5	26.6	18.9	92.5	10.1	94.5
55–64	77.9	35.8	19.2	87.2	6.7	93.1
65–74	78.9	26.7	11.3	86.3	7.9	92.0
75 and more	76.7	16.6	4.1	72.4	8.4	90.7
Race or ethnicity of head						
White non-Hispanic	69.5	22.5	16.8	90.6	9.9	94.9
Nonwhite or Hispanic	43.8	11.0	8.3	71.9	3.9	78.6
Current work status of head						
Professional, managerial	67.2	24.8	11.9	94.6	12.0	97.1
Technical, sales, clerical	62.0	16.2	10.2	91.9	7.3	94.3
Precision production	61.3	19.1	6.9	92.6	10.0	95.3
Operators and laborers	56.7	14.7	4.1	90.2	8.3	92.5
Service occupations	47.3	5.2	6.4	81.5	6.6	85.0
Self-employed	76.6	37.3	74.6	95.0	13.8	98.4
Retired	73.3	21.1	4.8	78.7	5.7	89.3
Other not working	33.5	6.5	2.5	64.4	5.4	68.4
Housing status						
Owner	100.0	26.0	19.1	93.3	9.7	100.0
Renter or other	.0	9.5	7.5	74.4	6.5	75.9
	Median value of holdings for families holding such assets (thousands of 1992 dollars)					
All families	**81.8**	**50.0**	**50.0**	**6.9**	**7.2**	**69.5**
Income (1992 dollars)						
Less than 10,000	40.0	33.0	29.0	2.4	1.5	20.6
10,000–24,999	50.0	21.0	20.0	4.3	5.0	34.3
25,000–49,999	75.0	45.0	55.5	8.1	5.0	71.5
50,000–99,999	115.0	65.0	25.0	11.0	12.0	140.3
100,000 and more	225.0	160.0	260.0	14.9	20.0	442.3
Age of head (years)						
Less than 35	69.0	40.0	19.3	5.9	3.5	16.6
35–44	90.0	38.5	45.0	7.6	8.5	82.3
45–54	95.0	70.0	100.3	8.6	11.3	101.5
55–64	85.0	55.0	92.0	8.3	10.4	114.2
65–74	70.0	60.0	80.0	5.6	11.0	79.0
75 and more	70.0	52.0	80.0	4.5	5.0	70.3
Race or ethnicity of head						
White non-Hispanic	85.0	52.0	50.0	7.4	7.5	79.7
Nonwhite or Hispanic	51.0	45.0	55.0	4.9	7.0	34.6
Current work status of head						
Professional, managerial	120.0	75.0	20.0	9.0	8.0	103.6
Technical, sales, clerical	83.0	45.0	10.0	7.5	7.0	67.5
Precision production	77.0	35.0	10.0	8.0	4.5	66.5
Operators and laborers	55.0	25.0	17.0	5.8	2.8	36.3
Service occupations	65.0	40.0	35.0	4.5	4.5	21.8
Self-employed	145.0	95.0	80.0	10.4	15.0	206.4
Retired	65.0	50.0	75.0	4.8	7.0	65.5
Other not working	54.0	30.0	31.8	4.2	9.0	20.3
Housing status						
Owner	81.8	53.0	70.0	8.5	10.0	108.9
Renter or other	*	50.0	19.3	4.2	4.0	5.1

NOTE. * Fewer than five observations.

3.0 percent.[16] Over this time, the prevalence of leasing rose particularly among families with high incomes. In 1992, 10.1 percent of families with incomes of $100,000 or more leased a vehicle for personal use, up from 4.8 percent in 1989. The increase in leasing by this group may partially offset the decline in the median value of vehicles owned by such families.

Other Nonfinancial Assets

The proportion of families owning other nonfinancial assets—a broad category including artwork, jewelry, precious metals, antiques, and other tangible assets—declined from 11.9 percent in 1989 to 8.5 percent in 1992. This decline was spread over most of the demographic groups considered. At the same time, among families owning such assets, the median value of holdings also fell, though changes by demographic groups were more mixed.

Unrealized Capital Gains

Unrealized capital gains are an important factor in changes in total assets. The survey offers some information on the distribution of unrealized capital gains on primary residences, investment real estate, businesses, and stocks and mutual funds held outside retirement accounts. The median net unrealized capital gain over all families, including those who did not have assets, declined from $10,600 in 1989 to $7,500 in 1992 (table 8). Shifts in the real value of homes accounted for most of this change. However, mean net gains rose slightly over the period. This rise reflected increases in unrealized gains on assets other than primary residences for a relatively small fraction of the population. By age groups, increases in mean net gains were concentrated among families headed by persons between 55 and 74 years of age, though the median rose only for those headed by persons aged 65 and over.

16. The SCF does not collect information on families' leasing of vehicles for business purposes.

8. Family unrealized capital gains, by selected characteristics of families, 1989 and 1992

Thousands of 1992 dollars

Family characteristic	1989		1992	
	Mean	Median	Mean	Median
All families	**79.0**	**10.6**	**82.4**	**7.5**
Income (1992 dollars)				
Less than 10,000	9.3	.0	14.9	.0
10,000–24,999	33.5	1.2	29.8	.5
25,000–49,999	48.3	12.8	47.3	8.0
50,000–99,999	84.9	38.5	98.0	30.7
100,000 and more	546.8	131.8	537.0	145.0
Age of head (years)				
Less than 35	24.0	.0	19.2	.0
35–44	60.2	11.9	59.8	5.0
45–54	131.5	37.4	112.3	18.0
55–64	121.3	33.0	144.2	32.0
65–74	120.5	28.6	153.1	30.2
75 and more	89.3	17.5	77.9	26.1

LIABILITIES

In terms of portfolio share, mortgages and other home-equity-based loans account for the largest part of families' borrowing—56.7 percent in 1989 and 63.3 percent in 1992 (table 9). Considering the prominence of housing in families' asset portfolios, the importance of mortgage debt is not surprising.

Families' Holdings of Debt

While total family debt as measured in the SCF fell from 15.9 percent of total assets in 1989 to 14.5 percent in 1992, the proportion of families actually borrowing and the median amount of total debt outstanding changed only slightly

9. Distribution of amount of debt of all families, by type of debt, 1989 and 1992

Percent

Type of debt	1989	1992
Home mortgage and home equity lines of credit	56.7	63.3
Installment loans	13.9	9.2
Credit card balances	2.3	2.8
Other lines of credit	1.0	.8
Investment real estate mortgages	24.5	22.0
Other debt	1.7	1.9
Total	100	100
MEMO		
Debt as a percentage of total assets	15.9	14.5

(table 10). The pattern of debt across demographic groups resembles that of nonfinancial assets, with borrowing and the median amount owed rising with income and initially with age, before declining after middle age. This correspondence is to be expected because much of borrowing is associated with the acquisition of nonfinancial assets, particularly homes. The largest change in overall indebtedness occurred in the group of families with incomes of $50,000 or more, for whom the percentage having any debt fell even though the median balance rose. Borrowing rose for families headed by persons aged 65 and over, a group that also experienced gains in net worth.

Mortgages

Although the proportion of families who were homeowners in 1992 was virtually the same as that in 1989, the overall percentage with mortgages—including traditional mortgages, home equity loans, and home equity lines of credit—fell about 1.3 percentage points. However, the median mortgage amount outstanding rose more than the median house value, by 15.8 percent as compared with 4.6 percent for house values. Substantial declines occurred in the prevalence of mortgages among families with more than $50,000 of income and among those in professional occupations, though the median amount owed by these groups moved up. This finding suggests that people with relatively small mortgage balances tended to pay them off over this period. Paralleling the decline in interest rates over the three-year period, the proportion of families who had ever refinanced their current mortgages rose from 10.8 percent in 1989 to 15.0 percent in 1992.

Before the Tax Reform Act of 1986, which phased out the tax deductibility of interest payments other than those for home mortgages, families primarily used mortgages to purchase homes, whereas they used other forms of consumer credit to support other types of consumption. Since 1986, consumers have had a strong incentive to shift toward borrowing secured by home equity. The survey offers some evidence of the prevalence of this type of borrowing. In both years, 6.7 percent of families had either a home equity line of credit or a second mortgage that they reported was not used for the purchase of their home, and such borrowing accounted for about 7 percent of the value of borrowing secured by home equity.[17] For at least two reasons, these figures likely understate the extent of secured borrowing to finance purchases other than homes. First, because money is fungible, it is difficult to determine how the money from a loan is ultimately used. Second, the survey did not ask respondents about how the funds from a first mortgage were used: They are assumed to have been used to purchase a home. However, when mortgages are refinanced, people may extract funds from their accumulated equity beyond what is needed to finance the balance on their existing mortgage. The rise in refinancing noted earlier underscores the potential importance of such borrowing.

Nonmortgage Installment Borrowing

The use of nonmortgage installment borrowing fell off sharply—from 50.1 percent of families in 1989 to 45.8 percent in 1992—and this decline was spread among most of the groups considered here. Modest increases occurred only among families with incomes between $10,000 and $25,000, those with heads under the age of 35, those with heads employed in service occupations, and renters. For those with installment loans outstanding, the amounts owed also tended to decline as the median amount outstanding on such loans fell almost 24 percent. Only those families headed by persons 65 to 74 years of age, a group that experienced a sizable increase in net worth, had an appreciable increase in the median amount owed. Notably, the decline in the percentage of families who borrowed to purchase vehicles and in the amount of such borrowing accounted for the majority of the decline in nonmortgage installment borrowing.

The share of families having credit cards—including bank-type cards (such as Visa, Mastercard, and Discover), store and gasoline company

17. For a more detailed discussion of home-equity-based borrowing, see Glenn B. Canner and Charles A. Luckett, "Home Equity Lending: Evidence from Recent Surveys," *Federal Reserve Bulletin*, vol. 80 (July 1994), pp. 571–83.

10. Family holdings of debts, by selected characteristics of families and type of debt, 1989 and 1992

A. 1989 Survey of Consumer Finances

Family characteristic	Mortgage and home equity	Installment	Credit card	Other lines of credit	Investment real estate	Other debt	All debt
	Percentage of families holding debts						
All families	**40.0**	**50.1**	**40.4**	**3.2**	**7.3**	**6.7**	**73.0**
Income (1992 dollars)							
Less than 10,000	6.4	30.6	13.4	*	*	5.3	45.2
10,000–24,999	23.4	39.7	29.1	2.3	1.4	5.5	60.0
25,000–49,999	44.4	59.8	53.1	2.1	6.8	5.4	82.9
50,000–99,999	71.4	65.5	59.0	7.5	11.8	8.5	92.9
100,000 and more	76.3	50.9	40.1	6.7	33.9	15.9	89.6
Age of head (years)							
Less than 35	33.5	60.2	44.6	4.4	2.5	6.6	79.7
35–44	59.1	68.5	52.5	4.8	11.0	9.1	89.5
45–54	59.2	59.8	50.5	4.2	13.4	8.6	85.8
55–64	38.7	39.2	32.9	1.3	10.3	7.4	72.3
65–74	21.1	22.8	26.9	.7	4.4	3.1	49.5
75 and more	6.7	10.2	10.0	*	1.2	1.9	21.9
Race or ethnicity of head							
White non-Hispanic	43.8	50.5	42.5	3.2	8.1	7.2	74.5
Nonwhite or Hispanic	28.5	48.9	34.1	3.2	4.7	5.2	68.5
Current work status of head							
Professional, managerial	63.5	64.8	59.1	4.8	14.3	10.2	93.8
Technical, sales, clerical	48.5	65.1	58.5	6.7	4.6	6.2	89.1
Precision production	56.1	66.9	61.2	2.6	6.7	7.9	90.5
Operators and laborers	36.9	59.4	42.2	3.8	4.3	9.0	81.9
Service occupations	29.4	45.9	38.6	*	3.2	*	66.7
Self-employed	53.4	56.3	34.6	5.2	16.9	9.9	82.7
Retired	17.1	22.9	17.8	.3	3.4	3.3	40.9
Other not working	19.3	40.4	20.7	*	2.5	5.4	59.1
Housing status							
Owner	62.7	52.1	44.9	2.9	9.5	7.0	79.1
Renter or other	.0	46.8	32.6	3.9	3.3	6.3	62.2
	Median value of holdings for families holding such debts (thousands of 1992 dollars)						
All families	**38.0**	**5.9**	**1.1**	**2.2**	**35.7**	**2.2**	**17.6**
Income (1992 dollars)							
Less than 10,000	7.3	1.4	.3	*	*	.6	1.5
10,000–24,999	14.6	3.5	.7	1.0	14.9	1.1	5.6
25,000–49,999	32.4	7.3	1.0	2.2	16.8	1.3	18.3
50,000–99,999	49.2	8.7	1.7	2.8	34.6	3.6	49.3
100,000 and more	83.8	11.6	2.2	11.2	76.0	5.6	118.4
Age of head (years)							
Less than 35	51.4	5.5	1.1	1.6	22.3	1.8	12.7
35–44	46.4	7.7	1.3	3.7	42.5	1.3	37.4
45–54	29.0	7.8	1.1	1.5	22.3	3.4	26.5
55–64	23.5	4.2	1.1	2.2	36.3	3.4	12.1
65–74	10.1	3.8	.6	2.2	16.8	2.2	5.6
75 and more	4.5	3.4	.2	*	20.1	5.6	2.4
Race or ethnicity of head							
White non-Hispanic	39.4	6.7	1.1	3.1	35.4	2.2	22.1
Nonwhite or Hispanic	31.0	3.4	1.0	1.6	38.0	1.1	8.0
Current work status of head							
Professional, managerial	53.6	8.4	1.7	2.8	39.1	2.6	46.7
Technical, sales, clerical	34.6	4.9	1.0	1.3	51.9	2.2	13.0
Precision production	39.1	6.3	1.1	4.5	16.5	1.8	27.3
Operators and laborers	27.5	5.4	.8	1.1	14.9	1.1	12.3
Service occupations	46.9	4.9	1.2	*	6.1	*	8.9
Self-employed	46.9	8.9	1.2	10.9	70.4	5.6	39.1
Retired	11.2	3.9	.6	.4	15.6	1.3	5.4
Other not working	14.5	2.2	.7	*	22.3	.3	3.4
Housing status							
Owner	38.0	7.7	1.1	3.4	35.7	3.0	37.5
Renter or other	*	3.6	.9	1.6	30.7	.9	3.5

NOTE. * Fewer than five observations.

10.—Continued

B. 1992 Survey of Consumer Finances

Family characteristic	Mortgage and home equity	Installment	Credit card	Other lines of credit	Investment real estate	Other debt	All debts
	Percentage of families holding debts						
All families	**38.7**	**45.8**	**43.4**	**2.5**	**8.3**	**8.7**	**73.3**
Income (1992 dollars)							
Less than 10,000	9.6	29.8	23.7	*	.6	5.2	47.5
10,000–24,999	21.8	46.8	43.2	1.5	3.5	6.4	69.5
25,000–49,999	47.4	54.6	54.8	2.9	7.3	10.7	82.5
50,000–99,999	66.1	50.2	49.0	4.3	13.5	10.1	84.6
100,000 and more	67.6	35.3	32.9	4.2	34.6	14.9	85.0
Age of head (years)							
Less than 35	30.6	62.1	52.6	2.9	4.8	6.5	82.1
35–44	55.5	58.2	50.3	3.3	9.3	12.6	86.5
45–54	61.8	48.6	48.4	2.8	14.5	10.3	85.8
55–64	40.0	38.0	36.7	2.3	13.8	10.8	69.2
65–74	18.3	22.9	30.2	1.1	5.4	5.4	51.9
75 and more	6.7	8.0	19.5	*	.7	4.5	30.2
Race or ethnicity of head							
White non-Hispanic	41.8	45.9	43.8	2.8	9.4	8.4	74.2
Nonwhite or Hispanic	27.9	45.4	41.9	1.4	4.3	9.9	70.2
Current work status of head							
Professional, managerial	55.3	56.7	50.0	4.6	12.7	12.7	87.6
Technical, sales, clerical	50.1	57.6	58.3	2.8	7.1	7.6	88.9
Precision production	49.0	62.4	53.2	2.3	9.0	9.5	86.1
Operators and laborers	42.8	58.3	54.6	2.6	6.8	11.2	79.6
Service occupations	29.0	56.6	46.3	3.0	*	6.3	78.4
Self-employed	57.7	45.9	47.2	3.6	20.5	12.1	84.8
Retired	16.3	21.1	24.9	.6	4.1	5.2	45.0
Other not working	19.7	42.1	30.4	*	2.9	6.5	65.0
Housing status							
Owner	60.7	44.0	45.7	2.1	10.5	9.5	78.1
Renter or other	.0	49.0	39.2	3.1	4.3	7.4	64.9
	Median value of holdings for families holding such debts (thousands of 1992 dollars)						
All families	**44.0**	**4.5**	**1.0**	**2.2**	**28.0**	**2.5**	**17.6**
Income (1992 dollars)							
Less than 10,000	16.0	1.6	.6	*	6.5	.7	2.0
10,000–24,999	17.4	2.7	.8	3.0	6.1	1.0	5.6
25,000–49,999	40.0	5.6	1.3	1.5	18.0	2.0	21.1
50,000–99,999	58.0	7.8	1.5	2.0	41.0	3.0	57.2
100,000 and more	103.0	10.8	3.9	18.0	75.0	6.0	131.0
Age of head (years)							
Less than 35	52.0	4.6	.9	1.6	18.0	1.2	10.2
35–44	54.0	5.0	1.3	1.8	28.0	3.0	33.3
45–54	42.0	5.0	1.7	5.0	49.5	3.0	30.9
55–64	28.0	3.9	1.0	4.0	34.7	3.0	20.8
65–74	17.0	4.2	.7	4.0	17.0	2.0	5.6
75 and more	15.0	3.1	.6	*	104.0	1.1	2.3
Race or ethnicity of head							
White non-Hispanic	45.0	5.0	1.0	2.0	29.0	2.9	21.1
Nonwhite or Hispanic	30.3	3.2	1.0	2.5	27.0	1.6	7.6
Current work status of head							
Professional, managerial	60.0	5.9	1.4	3.0	36.0	3.0	38.0
Technical, sales, clerical	46.0	5.1	1.0	1.2	15.0	2.0	20.8
Precision production	45.0	4.2	1.0	1.3	17.0	2.2	20.6
Operators and laborers	29.0	4.5	1.0	1.0	9.0	2.5	14.9
Service occupations	31.0	3.0	.8	2.0	*	1.5	7.0
Self-employed	72.0	6.7	1.6	4.0	82.0	5.0	57.3
Retired	17.0	3.1	.8	4.0	18.0	2.0	5.2
Other not working	27.0	2.6	.8	*	27.0	1.5	4.0
Housing status							
Owner	44.0	5.6	1.1	4.0	33.4	3.0	38.0
Renter or other	*	3.5	.9	1.2	18.0	1.0	3.7

NOTE. * Fewer than five observations.

cards, travel and entertainment cards (such as American Express and Diners Club), and other credit cards—rose from 69.9 percent in 1989 to 72.7 percent in 1992, with increases occurring in most demographic groups. This growth is almost entirely due to a surge in the share of families with bank-type credit cards. The proportion of card holders who reported that they normally pay off their bills in full each month increased somewhat from 50.4 percent to 52.3 percent.[18] Nonetheless, use of credit cards for borrowing increased substantially over this period, largely because of the rise in the number of card holders. In 1989, 40.4 percent of families had outstanding balances on credit cards, compared with 43.4 percent in 1992, though the median balance declined very slightly. One notable change was the increase in the use of cards by families with heads aged 55 and older. The rise in the use of credit cards was particularly large for the 75-and-over group, which had a simultaneous rise in the median balance. This change is surprising in light of earlier data showing consistently low levels of debt for this group. Credit card borrowing by higher-income families fell off, but median balances rose strongly for borrowers with incomes of $100,000 or more.

Other Borrowing

Overall, families decreased their use of lines of credit other than credit cards or home equity lines between 1989 and 1992. Over this time, the percentage of families with balances on credit lines fell from 3.2 percent to 2.5 percent. Declines in use were particularly large for higher-income families, though median balances rose sharply for households with $100,000 or more of income. Increases in use were notable only for families headed by persons aged 55 and older, a group with a particularly large increase in median balances as well.

Consistent with the moderate increase in families' holdings of investment real estate, the proportion of families having loans for such properties rose 1 percentage point. Changes in use over various demographic groups were mixed and generally small. The median amount owed on these loans fell 21.6 percent, but the change was unevenly spread over demographic groups. A substantial decline in median loan balances for families with heads between 35 and 44 years of age was partially offset by gains in the 45-to-54 group.

The prevalence of other borrowing—including loans on insurance policies, loans against pension accounts, and other unclassified loans—rose over the period. Loans against pension accounts grew as a share of other borrowing over the three-year period, from 8.2 percent in 1989 to 13.1 percent in 1992. At the beginning of this period, 0.8 percent of families had loans outstanding against pension accounts and the median balance was $3,350; three years later, the proportion with such loans had risen to 1.8 percent of families, but the median balance had dropped to $1,000.

Reasons for Borrowing

The SCF provides detailed information on the reasons families report for having taken out most loans.[19] Not unexpectedly, borrowing for home purchase—which includes first mortgages and all other loans reportedly used for home purchase—accounted for the largest share of families' debt outstanding, rising from 53.1 percent of all loan balances in 1989 to 58.6 percent in 1992 (table 11).

18. The share of card holders paying off their monthly balance refers only to store credit cards and to bank cards. The figures reported in the table refer to all types of credit cards.

19. In addition to first mortgages, the survey does not ask about purposes for loans against pension accounts, credit cards, loans against insurance policies, and miscellaneous loans. Credit cards are assumed to have been used for the purchase of goods and services.

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

Percent

Purpose of debt	1989	1992
Home purchase	53.1	58.6
Home improvement	2.0	1.9
Investment, excluding real estate	2.6	1.4
Vehicles	8.6	5.7
Goods and services	4.8	4.9
Investment real estate	25.8	22.4
Education	1.9	2.1
Unclassifiable loans against pension accounts	.1	.2
Other unclassifiable loans	1.1	2.7
Total	100	100

The shares of loans taken out for vehicle purchases and for investment declined markedly. Borrowing for real estate investment other than for primary residences also fell sharply. Despite the growth in employer-sponsored pension accounts noted earlier, the share of borrowing attributable to loans against such accounts rose only a bit. The share of borrowing for other goods and services was unchanged.

Choice of Lenders

Important changes occurred between 1989 and 1992 in the institutions from which consumers borrowed. Reflecting large numbers of failures of savings and loans, these institutions' share of total lending declined markedly, from 23.5 percent in 1989 to 18.9 percent in 1992 (table 12). Although other insured depositories—namely commercial banks, savings banks, and credit unions—absorbed some of this share, on balance the market share of all insured depositories fell slightly from 56.4 percent of lending to families in 1989 to 54.7 percent in 1992. Offsetting this decline was a notable increase in the share of loans made by finance companies. The shares of real estate lenders—mainly mortgage companies—brokerages, and credit card companies rose marginally.

Debt Burden

While total family borrowing was little changed over the 1989–92 period, typical interest rates on loans declined, tending to lower payments on loans. However, real family income also fell over the period. Thus, it is not clear a priori what the net effect of the interest rate and income changes was on families' ability to meet loan payments.

The survey data provide mixed evidence on the change in debt burden (table 13). On the one hand, the ratio of aggregate payments to total family income—the conventional measure of debt burden—moved down from 16.5 percent in 1989 to 15.1 percent in 1992, and the ratio computed using only the payments and incomes of families with debts also declined.[20] On the other hand, the median ratio for families with debts increased marginally.[21] Thus, the improvement in the aggregate ratio does not appear to reflect a decline in the debt burden of the typical family with debt. Rather, the decline in the aggregate ratio is attributable largely to families with incomes of $50,000 or more. Nevertheless, even for borrowers with incomes at such levels, the median ratio moved up slightly.

Another potential indicator of financial stress is the proportion of families with negative net worth, a figure that declined from 7.4 percent in 1989 to

12. Distribution of amount of debt of all families, by type of lending institution, 1989 and 1992
Percent

Type of institution	1989	1992
Commercial bank	29.7	31.8
Savings and loan	23.5	18.9
Credit union	3.2	4.0
Finance or loan company	9.4	12.9
Brokerage	3.0	3.9
Real estate lender	13.2	13.4
Individual lender	6.8	4.0
Other nonfinancial	1.9	2.5
Government	2.1	1.2
Credit and store cards	2.3	2.9
Loans against pension accounts	.1	.2
Other unclassifiable loans	4.8	4.3
Total	100	100

20. Unlike analyses in previous *Bulletin* articles, we include payments for all types of debt, not just installment debt. This change is intended to allow for the shift toward home-equity-based borrowing.

21. For families with mortgage debt, the median ratio moved up from 21.4 percent to 22.9 percent between 1989 and 1992.

13. Ratio of family debt payments to family income, by selected characteristics of families, 1989 and 1992
Percent

Family characteristic	1989		1992	
	Aggregate	Median	Aggregate	Median
All families	**16.5**	**15.1**	**15.1**	**15.4**
Income (1992 dollars)				
Less than 10,000	15.2	13.4	16.0	11.6
10,000–24,999	13.0	15.1	14.7	14.8
25,000–49,999	16.8	15.6	19.7	16.7
50,000–99,999	17.7	15.8	15.9	16.2
100,000 and more	16.5	12.6	11.8	13.7
Age of head (years)				
Less than 35	18.9	15.0	17.4	15.2
35–44	18.9	17.4	17.1	18.1
45–54	18.1	16.4	17.6	16.5
55–64	17.2	12.4	13.7	14.2
65–74	7.1	11.6	8.7	9.7
75 and more	2.6	8.5	3.6	2.6

7.1 percent in 1992. For the great majority of these families, the absolute level of negative net worth was fairly small, with median values of $2,400 in 1989 and $3,100 in 1992. In 1992, less than 0.5 percent of families had negative net worth of more than $25,000. For most families with negative net worth, their borrowing primarily consisted of education loans, credit card balances, and installment loans. Only a few families with negative net worth had large loans associated with businesses or properties.

SUMMARY

The most recent SCF provides detailed information on the finances of U.S. families over the period from 1989 to 1992. Real family income declined, largely reflecting the effects of recession as well as slow longer-term growth. Overall, families increased the share of financial assets in their portfolios, and among their financial assets, mutual funds appear to have displaced to some degree the importance of both deposits and directly held stocks and bonds. Retirement assets also became more commonly held and grew as a share of financial assets. Although debt fell slightly as a share of assets, the number of borrowers held steady. Some distributional shifts in holdings of debt occurred, but the median of the ratio of loan payments to income, a traditional measure of debt burden, was nearly unchanged among families with debts.

TECHNICAL APPENDIX

The questionnaires for the 1989 and 1992 SCF differ in only minor ways. In both years the survey gathered detailed information on the assets and liabilities of families as well as information on pension rights, employment history, marital history, other demographic characteristics, and attitudinal data.

The survey is intended to provide an adequate descriptive basis for the analysis of responses to core questions bearing on family assets and liabilities. To provide adequate coverage of the population for this purpose, the survey sample must represent both variables that are broadly distributed in the population, such as home ownership, as well as variables that are more narrow in their incidence, such as the holding of corporate bonds. To this end, the SCF employs a dual-frame sample. One part is a standard multistage area-probability sample, which provides good coverage of the widely held assets and liabilities. Because ownership of the more narrowly distributed variables is highly correlated with wealth, the second part of the SCF sample is a list design intended to oversample households that are more likely to be wealthy. The data used to design this second part of the sample derive from tax records, which are made available under strict rules governing confidentiality, the rights of the potential respondents to refuse participation in the survey, and the type of information that can be made generally available. Of the 3,143 completed cases in the cross-sectional part of the 1989 survey, 2,277 families were a part of the area-probability sample, and the remaining 866 were part of the list sample; the comparable figures for the 3,906 completed cases in the 1992 survey are 2,456 families from the area-probability sample and 1,450 from the list sample.[22]

The Survey Research Center of the University of Michigan collected the data for the 1989 survey between the months of August 1989 and March 1990. The National Opinion Research Center at the University of Chicago conducted the 1992 SCF between the months of June and November 1992. In both years, field interviewers performed most of the interviews in person, though about 10 percent were completed by telephone. In 1989, the response rate for the area-probability sample was slightly less than 70 percent, and the rate for the list sample was about 34 percent. For one stratum within the list sample that was likely to be very wealthy, the rate was about 10 percent. Response rates were slightly higher in 1992. Analysis of the data suggests that nonresponse is highly correlated with wealth. By the standards of other surveys, the response rates for the list sample are low, and were

22. The 1989 SCF also includes a longitudinal component. For a detailed description of the design of the sample for that survey, see Steven G. Heeringa, Judith H. Connor, and R. Louise Woodburn, "The 1989 Surveys of Consumer Finances Sample Design and Weighting Documentation," Working Paper (Institute for Social Research, Ann Arbor, Michigan, April 1994). The 1989 SCF represents 93.1 million families, and the 1992 survey represents 92.9 million families.

it not possible to make adjustments, the resulting data might be questionable. However, it is worth noting that differential nonresponse by wealthy families is very likely latent in all household surveys, though most surveys do not have a means of identifying this bias. In the construction of weights for the SCF, extensive analysis is conducted to devise systematic nonresponse corrections, and some external information is used to align the distribution of key characteristics in the survey to population totals, such as the geographic distribution of families.[23]

The processing of the data for this article included extensive graphical analysis to inspect the data for observations that would tend to have an overly influential effect on the estimates reported. As a result of this inspection, further adjustments were made to the weights of a small number of observations. Thus, even though it is not yet feasible to compute statistical confidence intervals for the results reported in this article, the key findings are likely to be robust.

Errors may be introduced into survey results at many stages. Sampling error, that is, expected variability in estimates, is present in any survey that is not a census. The standard error of estimates due to sampling may be reduced by increasing the size of the sample or by designing the sample to reduce variability, as is done in the SCF. Interviewers may also introduce errors, though SCF interviewers are given extensive project-specific training to minimize this problem. Respondents may introduce error by understanding a question in a different sense than that intended by the survey designers. For the SCF, extensive pretesting of questions tends to reduce the seriousness of this source of error. Also, editing routines have been developed to identify possible reporting and recording errors for further analysis. Nonresponse—either complete nonresponse to a survey or nonresponse to selected items within a survey—may be another important source of error. As noted previously, the SCF uses weighting adjustments to compensate for complete nonresponse. To deal with missing information on individual items, the SCF uses statistical methods to impute missing data.[24]

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

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

In the report on the 1989 SCF in the January 1992 *Federal Reserve Bulletin*, an error was made in the definition of the race or ethnicity classification used in several tables. The groups were labeled "non-Hispanic whites" and "nonwhites and

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23. For a description of the weighting design for the SCF, see Arthur B. Kennickell and R. Louise Woodburn, "Estimation of Household Net Worth Using Model-Based and Design-Based Weights: Evidence from the 1989 Survey of Consumer Finances" (1993); and Arthur B. Kennickell, Douglas A. McManus, and R. Louise Woodburn, "Weight Design for the 1992 Survey of Consumer Finances" (1994), Working Papers (Board of Governors of the Federal Reserve System, Division of Research and Statistics).

24. For a description of the imputation procedures used in the SCF, see Arthur B. Kennickell, "Imputation of the 1989 Survey of Consumer Finances: Stochastic Relaxation and Multiple Imputation," Working Paper (Board of Governors of the Federal Reserve System, Division of Research and Statistics, 1991).

25. For the details of this comparison, see Rochelle Antoniewicz, "A Comparison of the Household Sector from the Flow of Funds Accounts and the Survey of Consumer Finances," Working Paper (Board of Governors of the Federal Reserve System, Division of Research and Statistics, 1994).

Hispanics." In fact, owing to a coding error for the 1989 data, the latter group comprised only black families, and the former group comprised all other families. The 1983 data were correct as reported.

The data used here from the 1989 SCF derive from the final version of the dataset and for this reason may differ in some details from preliminary versions of the data reported earlier. The 1992 data represent the best estimates available at the current advanced stage of data processing. These preliminary data, in a form designed to protect the privacy of the respondents, should be available to the public after October 1994 from the National Technical Information Service, Federal Computer Products Center, 5285 Port Royal Road, Springfield, VA 22161 or (703) 487-4763. □

Private Mortgage Insurance

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Before extending a mortgage, lenders typically require borrowers to make a sizable down payment to reduce both the risk of default on the loan and the amount they stand to lose if a foreclosure is necessary. Moreover, borrowers often pay significant closing costs. Together, the down payment and closing costs can be substantial relative to the borrower's savings, particularly for first-time homebuyers and households with lower incomes.

Mortgage lenders usually require a down payment of at least 20 percent of the appraised value of a home. But they will accept smaller down payments if repayment of the mortgage is backed by a type of insurance, paid for by the borrower, known as mortgage guarantee insurance. Mortgage insurance for low-down-payment loans is available from the federal government, primarily through programs administered by the Federal Housing Administration and the Department of Veterans Affairs, and from the private sector.

Insurance on a mortgage comes into play when the homeowner defaults on the loan and the proceeds from the subsequent sale of the mortgaged property fail to cover the remaining debt plus the costs associated with the sale. In such a case, the mortgage insurer reimburses the lender for the shortfall, generally in full if the insurance is governmental but only up to certain limits if the insurance is private. Because insurers bear at least part of the risk of loss on home loans, they must carefully review the qualifications of prospective borrowers and the value of the collateral provided by the property being purchased.

Early forms of mortgage insurance arose in the private sector around the turn of the century and developed until the onset of the Depression. The private mortgage insurance industry then collapsed, and its function was assumed by the federal government, which was the only source of mortgage insurance from the mid-1930s through the late 1950s. Today, mortgages backed by government insurance continue to play a significant role in the home finance market, but mortgage insurance offered by the private mortgage insurance industry is also widely used by homebuyers and those refinancing their existing mortgages. Private mortgage insurance backed nearly 1.2 million single-family home loans extended in 1993, representing about 45 percent of all the insured mortgages granted that year (table 1).

This article reviews some of the history of the mortgage insurance industry, outlines the way the mortgage insurance business is conducted, examines the financial implications for a borrower choosing between governmental and private mortgage insurance, and discusses the disposition of recent applications submitted to private mortgage insurers. Little information has been available heretofore about the disposition of applications. This year, however, the private mortgage insurance industry released data on the disposition of the cases that private insurers acted on during the fourth quarter of 1993 and on the characteristics of the households in those cases (see box, "Data Disclosed by the Private Mortgage Insurance Industry"). The article summarizes the new information and draws some comparisons with data on applications for government insurance and with mortgage applications generally.

Private Mortgage Insurance: A Historical Perspective

The private mortgage insurance (PMI) industry can trace its origin to the early years of this century and the activities of title insurance companies in New York State.[1] The state legislature authorized the issuance of mortgage guarantee insurance in 1904, but the law permitted insurers to guarantee the payments only on mortgages owned by the institution that originated the loan. In 1911, New York amended the law to permit mortgage insurers to purchase and resell mortgages. To enhance their ability to sell mortgages to investors, insurers guaranteed the property title as well as the loan.[2]

Until the Depression, rising real estate values made it possible for most mortgaged properties that were in default to be sold without a loss. This experience reinforced a widely held perception that insuring mortgages was a low-risk business. But the sharp decline in real estate values in the early years of the Depression—together with the low capitalization, questionable business practices, and weak regulation of the PMI industry—resulted in the collapse of the industry.

Government efforts to revive the housing industry during the Depression led to the establishment by the Federal Housing Administration (FHA) of the Mutual Mortgage Insurance Fund to provide mortgage insurance on FHA loans.[3] After World War II, the federal government's role in providing insurance on mortgages expanded with the creation in the Veterans Administration (VA) of a mortgage insurance program for veterans.[4]

FHA and VA home loan insurance programs apply to a wide range of prospective homebuyers, but both programs have significant limitations. The FHA, for example, limits the size of the mortgages it will insure. The VA programs guarantee only a portion of the loan amount up to a congressionally established ceiling and are available only to veterans. In addition, the property and credit underwriting standards of both the FHA and VA exclude some prospective borrowers.

1. For a comprehensive history of the PMI industry, see Charles Rapkin and others, *The Private Insurance of Home Mortgages: A Study of Mortgage Guaranty Insurance Corporation,* Institute for Environmental Studies (University of Pennsylvania, 1967).

2. During the period preceding the Depression, the industry developed a business similar to the current one for mortgage-backed securities. The companies offered "participations," which involved the issuance of certificates to a group of investors who were entitled to receive periodic payments based on the interest income and principal repayments generated by the underlying mortgages. However, one significant difference between current and former market practices was that issuers of participations retained the right to substitute mortgages underlying a specific certificate so long as the substitute had the same face value as that of the original loan. The abuse of this right contributed to investor losses during the Depression.

3. Establishment of the Mutual Mortgage Insurance Fund was authorized by section 202 of title II of the 1934 National Housing Act. As the purposes of the act have expanded over the years, the FHA has added new insurance programs to its portfolio.

4. The Veterans Administration became the cabinet-level Department of Veterans Affairs (VA) on March 15, 1989. Technically, the VA offers loan guarantees rather than mortgage insurance, but the two forms of assurance are similar in function and both are referred to here as mortgage insurance. Other government agencies also provide home loan insurance but on a much smaller scale.

1. Distribution of insured mortgages on single-family homes, by type of insurance, 1982–93

Year	FHA		VA		Private		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1982	106,468	18.0	92,957	15.7	391,060	66.2	590,485	100
1983	395,048	27.9	285,696	20.2	736,777	52.0	1,417,521	100
1984	213,814	15.2	198,431	14.1	990,529	70.6	1,402,774	100
1985	380,012	28.9	193,178	14.7	741,208	56.4	1,314,398	100
1986	855,923	47.2	345,935	19.1	612,434	33.8	1,814,292	100
1987	1,218,614	55.5	451,125	20.6	524,334	23.9	2,194,073	100
1988	591,912	47.4	210,999	16.9	445,139	35.7	1,248,050	100
1989	595,237	51.2	182,559	15.7	385,429	33.1	1,163,225	100
1990	644,749	52.8	192,601	15.8	383,635	31.4	1,220,985	100
1991	567,386	44.1	186,205	14.5	532,525	41.4	1,286,116	100
1992	600,456	33.4	289,901	16.1	907,561	50.5	1,797,918	100
1993	994,881	37.5	457,693	17.3	1,198,307	45.2	2,650,881	100

NOTE. Excludes manufactured homes.

FHA Federal Housing Administration

VA Department of Veterans Affairs

1. Includes loans insured by FHA under sections 203(b) and 234 of the National Housing Act.

2. Includes loans for alteration and repair, which constitute a small proportion of the yearly totals.

SOURCES. Federal Housing Administration, Mortgage Insurance Companies of America, and Department of Veterans Affairs.

Data Disclosed by the Private Mortgage Insurance Industry

During 1994 the Federal Financial Institutions Examination Council (FFIEC) received and processed data from eight PMI companies regarding applications for insurance that they acted on in the fourth quarter of 1993. The FFIEC prepared disclosure reports for the PMI companies in formats similar to those created for financial institutions covered by the Home Mortgage Disclosure Act (HMDA).[1] The compilation was carried out under the auspices of the Mortgage Insurance Companies of America (MICA).[2] In asking the FFIEC to undertake the report preparation, MICA was responding to growing public and congressional interest in learning more about the activities of PMI companies as they relate to issues of fair lending, affordable housing, and community development.

To supply the data, each PMI company records data in a loan application register for each application for private mortgage insurance acted on in a given period. The information covers the action taken on the application (approved, denied, withdrawn, or file closed); the purpose of the mortgage for which insurance was sought; the race or national origin, the sex, and the annual income of the mortgage applicants; the amount of the mortgage; and the geographic location of the property securing the mortgage. The FFIEC compiled the data into disclosure statements summarizing the information for the public.

Disclosure statements for each PMI company are publicly available at its corporate headquarters and at a central depository in each MSA. In addition to a disclosure statement for each PMI company, the central depository has aggregate data for all of the companies active in that MSA. The PMI data can also be obtained by calling the Federal Reserve Board's HMDA Assistance Line at (202) 452-2016.

The initial report of PMI activity covered applications acted on during the fourth quarter of 1993. For 1994 and beyond, the PMI companies plan to submit data covering the full year.

1. For a comprehensive discussion of the requirements of HMDA and an assessment of the data, see Glenn B. Canner, Wayne Passmore, and Dolores S. Smith, "Residential Lending to Low-Income and Minority Families: Evidence from the 1992 HMDA Data," *Federal Reserve Bulletin*, vol. 80 (February 1994), pp. 79–108.

2. The costs to the FFIEC for receiving and processing the data, preparing disclosure statements and other reports, and dissemination of the data are being covered by the PMI companies through MICA.

The PMI industry re-emerged in 1957 with the establishment of the Mortgage Guarantee Insurance Corporation (MGIC). Throughout the 1960s and 1970s, the industry generally flourished because rising home values limited the incidence of, and losses from, mortgage defaults. In this environment, companies tended to focus more on growth and less on credit quality. In the 1980s, as house price inflation slowed—and prices fell in some areas—homeowners who could not make their mortgage payments often were unable to resolve their problems by selling their homes; instead, they defaulted on their mortgages. In addition, some PMI companies suffered substantial losses from fraud and inadequate risk diversification. Weak companies could not survive as independent entities, and industry consolidation followed. By the end of the 1980s, only half of the firms from the early 1980s remained.

In the past few years, tighter underwriting standards and an end to an excessive reliance on continuing increases in house prices to mitigate credit risk has brought the industry back to financial health.[5] Today, eight PMI companies are active (table 2).[6] The two largest, MGIC and GE Capital Mortgage Corporation, accounted for roughly 52 percent of the private mortgage insurance written and 62 percent of the outstanding dollar amount of private mortgage insurance in force in 1993.

Comparing the revenues and profitability of the PMI companies is complicated by differences in the products they offer and in the strategies they pursue. However, the ratio of premiums earned to total insurance in force is a measure of the average payment made by a borrower with PMI across different products and through time. Generally, companies that specialize in insuring mortgages with lower credit risks tend to have lower premiums than companies that insure products with a wider range of credit characteristics. Regardless of

5. The tighter underwriting practices of recent years have helped reduce the proportion of insured loans with loan-to-value ratios of greater than 90 percent, from 47.6 percent in 1985 to 32.4 percent in 1993. The share of other higher-risk loans, such as mortgages secured by condominiums and non-owner-occupied properties and mortgages that allow negative amortization, has also declined. See David M. Graifman, "Mortgage Insurance: The Party Continues," Standard and Poor's *Structured Finance* (May 1994), pp. 13–17.

6. A few other PMI firms exist, but they do not currently write new mortgage insurance. For additional information about the PMI industry, see *Mortgage Insurance Companies of America Factbook & Directory of Membership* (Washington: Mortgage Insurance Companies of America, 1994).

2. Characteristics of the private mortgage insurance (PMI) companies, year-end 1993

Company	Percentage of all PMI written in 1993	Total insurance in force (millions of dollars)	Ratio of premiums to total insurance in force (percent)[1]	Ratio of net income to total insurance (percent)[2]
Mortgage Guaranty Insurance Company	27.0	86,196	.35	.15
GE Capital Mortgage Insurance Corporation	24.9	148,845	.36	.10
PMI Mortgage Company	18.6	51,600	.46	.17
United Guaranty Corporation	12.8	42,479	.35	.16
Republic Mortgage Insurance Company	8.9	25,372	.35	.20
Commonwealth Mortgage Assurance Company	6.4	23,220	.35	.15
Triad Guaranty Insurance Corporation	1.2	3,000	.26	.11
Amerin Guaranty Corporation	.2	272	.12	-.91
Total	**100**	**380,984**	**.36**	**.14**

1. Premiums earned equals net premiums written plus change in premiums earned.
2. Net income equals net premiums earned plus net investment income, less expenses, less income tax, where expenses include losses, acquisition costs, underwriting, and operating expenses.
SOURCES. 1993 annual reports and annual statements of the companies and Standard and Poor's *Structured Finance* (May 1994).

the premiums charged, the rates of return in 1993, as measured by the ratio of net income to insurance in force, seem similar among the well-established firms.[7]

Overall, the re-emergence of the PMI industry has greatly expanded the opportunities for homebuyers to take out conventional mortgage loans with low down payments. PMI is now available on a wide variety of loan programs and may be used for the purchase of homes with values far exceeding the FHA loan limits.

The Business of Mortgage Insurance

Lenders that originate and hold mortgage loans or financial instruments derived from such loans face two distinct types of risk, interest rate risk and credit risk. Interest rate risk exists because market interest rates change over time. When market interest rates rise relative to the rate on an outstanding mortgage, the value of the mortgage falls. Lenders may protect themselves from interest rate risk in various ways, but such measures increase costs.

Credit risk is the possibility that borrowers may fail to repay their loan obligations as scheduled. In the case of default, the lender is able to take action against the borrower, for example by foreclosing on the property securing the loan. But foreclosure entails a variety of costs—unpaid interest from the time of delinquency through foreclosure, legal expenses, costs to maintain the property, and expenses associated with the sale of the property—and therefore even if the asset has not lost value, the lender may incur a loss.

Among the steps lenders can take to mitigate credit risk is the requirement that borrowers whose mortgages have high loan-to-value ratios obtain private mortgage insurance.[8] PMI reduces credit risk by insuring against losses associated with default up to a contractually established percentage of the claim amount (see box, "Claims under Private Mortgage Insurance"). Defaults on these loans

Claims under Private Mortgage Insurance

The claim amount on a defaulted loan generally includes the outstanding balance on the loan, delinquent interest payments, expenses incurred during foreclosure, costs to maintain the property, and advances the lender made to pay taxes and hazard insurance on the property. After foreclosing and taking title to a property, a lender may submit a claim to the mortgage insurer.[1] At this point, the PMI company has two options: (1) pay the full claim amount and take title to the property or (2) pay the lender the designated percentage of the coverage of the total claim amount as indicated in the policy and let the lender retain title to the property. The option selected by the PMI company will depend on its estimate of the potential value of the property net of sales expenses.

1. In some cases a formal foreclosure may be avoided, such as when a borrower voluntarily conveys title to the lender.

7. Amerin Guaranty Corporation is new to the PMI industry.

8. Some lenders will grant low-down-payment mortgages without insurance. Most often such mortgages are extended as part of an affordable housing program, although lenders may choose to self-insure other low-down-payment mortgages as well.

may result in a loss to the insurer; therefore PMI companies address credit risk in many ways in pursuing their business strategies:

- First, a PMI company may simply not insure a particular type of mortgage contract or a mortgage secured by a specific type of property, ceding that business to competitors.
- Second, in determining whether to insure a particular loan in a chosen line of business, PMI companies act as a review underwriter, evaluating both the creditworthiness of the prospective borrower and the adequacy of the collateral offered as security on the loan. They will deny insurance to prospective borrowers judged to impose undue credit risk on the insurer and lender; lenders, of course, are free to extend credit to such borrowers, but they must do so without the protection of PMI.
- Third, insurers may underwrite some mortgages more strictly than others and thus limit their exposure to losses.
- Fourth, they may charge a higher premium to insure riskier mortgages, although state regulation can limit or set the premiums charged for different types of mortgage insurance.
- Fifth, the PMI companies can limit the extent of their coverage of losses, either directly (by limiting the proportion of the mortgage insured) or by using reinsurance or pooling arrangements.
- Sixth, PMI companies can mitigate credit risk through credit counseling and early intervention once a borrower falls behind on payments.

In assessing the risk of the borrower, PMI companies evaluate both the ability and the willingness of the borrower to repay the mortgage loan. In determining the borrower's ability to repay, insurers examine sources of income, debt-to-income ratios, asset holdings, employment history, and prospects for income growth. Insurers gauge willingness to repay primarily by reviewing the borrower's credit history, including rent and utility payment records in some cases.

PMI companies also evaluate the characteristics of the property securing the mortgage. For example, because insurers generally perceive condominiums, manufactured homes, and properties with two, three, or four units as riskier sources of collateral than single-family detached dwellings, they usually treat them more stringently.

In addition, insurers consider the use of the property securing the mortgage. Dwellings to be used as vacation homes, second homes, or investment properties are generally underwritten to standards that are more strict than those for owner-occupied, primary residences. For example, the maximum loan-to-value ratio allowed for second homes is often lower than that for primary residences. In the extreme, some PMI companies have chosen not to offer insurance for particular uses of property, such as investment.

Furthermore, insurers examine the characteristics of the mortgage itself and adjust the price of insurance coverage accordingly. The loan-to-value ratio on the mortgage is a primary indicator of default risk; hence, the higher the ratio, the higher the premium.[9] Insurers also generally assess higher premiums on adjustable rate mortgages because these mortgages can potentially impose larger payment burdens on borrowers and because they have historically exhibited an inferior payment record.[10] Finally, insurers assess lower premiums on shorter-term mortgages because such mortgages result in a more rapid accumulation of equity by the borrower and therefore impose less risk of loss.

The PMI companies often use the credit underwriting guidelines of the two large government-sponsored mortgage agencies, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), when deciding whether to approve an application. Many lenders desire to sell their mortgages to these agencies, and both Fannie Mae and Freddie Mac require PMI before they will consider purchasing a low-down-payment mortgage. Thus, PMI companies have a strong motivation to assure lenders that mortgages insured by PMI companies conform to the standards set by these organizations.

9. Research has consistently found that mortgages with higher loan-to-value ratios default more frequently than those with lower ratios. See Roberto G. Quercia and Michael A. Stegman, "Residential Mortgage Default: A Review of the Literature," *Journal of Housing Research*, vol. 3 (1992), pp. 341–79.

10. In recent years, the ninety-day delinquency rate for adjustable rate mortgages purchased by Fannie Mae has been roughly 50 percent to 100 percent higher than the delinquency rate on fixed rate mortgages. See John M. Dickie, "Residential Delinquencies and Foreclosures: First Quarter 1994" (memorandum, U.S. Department of Housing and Urban Development, July 14, 1994).

When examining the risks described above, many PMI companies rely heavily on automated underwriting systems to identify and quickly approve applications that are acceptable for insurance. PMI employees further evaluate applications that fail the automated review. Computer automation of underwriting thus allows PMI companies to focus their efforts on applicants with marginal or unusual credit histories and other special circumstances and is generally perceived to have widened the availability of PMI.

A fundamental strategy of insurance underwriting is to diversify risk.[11] In the case of PMI companies, risk diversification means limiting geographic concentrations of insurance, dealing with numerous lenders, and restricting the insurance written for any one particular project. The importance of these tactics is illustrated by the large losses in the 1980s of PMI companies that had significant concentrations of insurance in "oil patch" states.

An integral part of the PMI business is the management of problem mortgages. Foreclosing on properties is both time-consuming and costly, and insurers attempt to avoid it. Insurers try to work with delinquent borrowers, mostly through lenders, but sometimes directly with borrowers. Insurers often stress counseling as a way of helping borrowers overcome payment difficulties. Insurers will try to determine the prospects for bringing the mortgage back to scheduled payments and may work out a plan with the borrower to do so. In some cases, however, encouraging borrowers to sell their properties may be the least costly method, for both insurer and borrower, of resolving problems.

SOURCES OF MORTGAGE INSURANCE

From the lender's perspective, the mortgage insurance provided both by private mortgage insurers and by government agencies such as the FHA and the VA reduces credit risk, but the level of protection varies. PMI companies typically limit coverage within a range of 20 percent to 25 percent of the claim when a mortgage defaults, whereas the FHA, for instance, covers 100 percent of the unpaid balance of the mortgage to the lender as well as some, but not necessarily all, of the costs associated with foreclosure and the sale of the property. For marginally qualified borrowers, some lenders might prefer the added protection afforded by FHA insurance and they may encourage borrowers to apply for these mortgages. Lenders may have other incentives to encourage applicants to apply for one loan program over another. For example, FHA-insured mortgages provide lenders with greater income from loan servicing than do the mortgages covered by PMI. On the other hand, the origination of mortgages insured by PMI often requires less paperwork.

From the perspective of homebuyers, the costs and availability of the insurance offered by FHA, VA, and private companies can differ markedly. The homebuyers' knowledge of these alternatives varies with their experience, their willingness to shop among lenders, and the extent of information provided by real estate agents and others. Real estate agents, as well as others, sometimes encourage homeowners to select one type of insured mortgage product over another.

Incentives for Using Government Insurance

Most households are able to purchase homes or refinance an existing mortgage without mortgage insurance and thus avoid the added cost of the insurance. Many households, however, lacking the assets necessary for a sizable down payment and closing costs, can qualify only for a mortgage with a high loan-to-value ratio and thus must purchase mortgage insurance. In addition, some households prefer making a small down payment toward a mortgage even if they have the funds for a larger down payment; they, too, are normally required by the lender to purchase mortgage insurance.

Households often choose mortgages backed by the FHA or the VA instead of mortgages backed by private insurers because the agencies will insure mortgages that require a considerably smaller amount of cash at closing and will use more liberal underwriting guidelines when evaluating the credit-

11. For further information about the risk diversification and monitoring practices of PMI companies, see Roger Blood, "Managing Insured Mortgage Risk," in Jess Lederman, ed., *The Secondary Mortgage Market: Strategies for Surviving and Thriving in Today's Challenging Markets*, rev. ed (Probus, 1992).

worthiness of the applicant.[12] For example, the FHA insures mortgages that require smaller down payments and, unlike PMI companies, the FHA allows the borrower to finance both closing costs and the mortgage insurance premium.[13] In addition, the FHA allows households to use gifts from others for the entire down payment. Generally, insurers backing conventional low-down-payment mortgages limit the proportion of the down payment that may be paid from gifts. Moreover, the FHA allows households to carry relatively more debt and still qualify for a mortgage, an underwriting practice that is often important to lower-income and first-time homebuyers.

Comparison of Costs

Comparing the costs to a homebuyer of purchasing a home with an FHA-insured mortgage relative to the costs of a mortgage backed by PMI is difficult. The initial fee for government insurance is higher than for PMI, but government agencies allow the borrower to finance this fee as part of the mortgage. Furthermore, the FHA refunds part of the initial premium when the borrower prepays the mortgage within a specified period. On the other hand, PMI in some circumstances can be dropped once the household has accumulated at least a 20 percent equity position in the property, whereas the household must prepay the mortgage to drop FHA insurance. The price of FHA insurance also does not vary by the size of the borrower's down payment, whereas the premium rate for PMI is lower for households making larger down payments.[14] Overall, households that have low debt payments relative to income and that are taking out mortgages with loan-to-value ratios between 80 percent and 95 percent are more likely to choose a mortgage backed by PMI.

12. The VA mortgage guarantee program is open only to veterans. It is usually the first choice of eligible households that can afford only a small down payment.

13. Recently, PMI companies have allowed part or all of the initial fees for insurance to be paid monthly.

14. However, the FHA discontinues the annual premium after a specified number of years for mortgages with loan-to-value ratios of less than 95 percent. For example, for FHA mortgages originated in 1993 that had a loan-to-value ratio of less than 90 percent, the FHA will discontinue the annual premium after seven years.

A calculation of the expenses incurred by a 1993 borrower purchasing a $100,000 home with the minimum required down payment (table 3) shows that the cash required at closing would be substantially greater for a mortgage with PMI ($8,250) than for one with FHA insurance ($4,615).[15] The lower cash outlays associated with the

15. In 1994 the FHA lowered its initial premium from 3 percent of the mortgage to 2.25 percent.

3. Generalized comparison of mortgage financing under FHA insurance and private mortgage insurance for a typical mortgage on a $100,000 house

Dollars except as noted

Item	FHA	PMI
Sales price of home	100,000	100,000
PLUS: Closing costs financed[1]	2,300	0
EQUALS: Acquisition cost	102,300	100,000
LESS: Minimum down payment[2]	4,615	5,000
EQUALS: Maximum mortgage amount (before initial mortgage insurance premium)	97,685	95,000
PLUS: Initial mortgage insurance premium financed[3]	2,931	0
EQUALS: Total financed	100,616	95,000
Loan-to-value ratio (percent)[4]		
FHA calculation	95.5	...
Actual	100.6	95
Cash required at closing		
Closing costs	0	2,300
Down payment	4,615	5,000
PMI[5]	...	950
Total	4,615	8,250
Total monthly payment[6]		
Years 1–10	778.97	735.87
Years 11–30	778.97	716.87

NOTE. ... Not applicable.

1. Assumed to be 2.3 percent of selling price, determined by calculating the ratio of the average closing costs to the average sales price of homes purchased in 1993 under the FHA section 203(b) home loan program.

2. Minimum FHA down payment equals 3 percent of the first $25,000 plus 5 percent of the remaining amount financed, excluding the initial mortgage insurance premium. Minimum down payment for PMI is 5 percent of the sales price.

3. Initial mortgage insurance premium is 3 percent of the maximum mortgage amount.

4. FHA loan-to-value is the maximum mortgage amount divided by the acquisition cost. Actual loan-to-value is the total amount financed divided by the sales price.

5. Initial premium of 1 percent of the maximum mortgage amount.

6. The mortgage in both the FHA and PMI cases is assumed to be for thirty years at 8 percent. The monthly payment is the sum of the loan payment (principal and interest) plus the monthly insurance premium, which under FHA is 0.5 percent (annual rate) of the maximum mortgage amount. The premium charged for PMI typically declines after a specified period; here it is assumed to be 0.49 percent (annual rate) of the maximum mortgage amount for the first ten years, and 0.25 percent (annual rate) thereafter.

FHA-insured mortgage mainly reflect the FHA's willingness to allow the borrower to finance the closing costs and the FHA insurance premium. As described in the example below, an FHA-insured mortgage will be more attractive to households with fewer assets.

The difference in the minimum down payments made under the two programs is relatively small, but financing the closing costs and the mortgage insurance premium means that the FHA borrower has less equity relative to the value of the home. In addition, the borrower's monthly housing expenses are higher for the FHA mortgage. The higher loan-to-value ratio and monthly housing expenses suggest that FHA borrowers may be more prone to default if they encounter financial difficulties.

Under the FHA insurance program, the borrower's initial cash outlays are lower, but the monthly payments are higher. If the borrower is constrained by the amount of available cash at closing, the FHA may be the only alternative. On the other hand, if the borrower has sufficient cash on hand and is concerned about the amount of debt to be carried and the higher monthly payment, then PMI may be preferable.

A comparison of two borrowers with equal incomes who both have sufficient cash to choose either an FHA-insured or PMI-backed mortgage ($8,250, shown in table 3) suggests that the household with PMI could accumulate greater wealth over the life of the mortgage (table 4). With the requirements for a smaller initial outlay of cash, the FHA program allows the borrower to place $3,635 of his or her savings in a savings account. However, with the smaller loan size associated with PMI and the consequently lower monthly payments, the PMI borrower is able to invest the monthly payment difference each month, also in a savings account. Summing up the net worth of each borrower at any particular time, the FHA borrower generally will carry greater mortgage debt (column 1 in table 4) but will also have the compounded earnings from the $3,635 savings account (column 3). The PMI borrower has a savings account that is accumulating faster, however, because of the lower monthly payments (column 2). Even counting the potential refunds from FHA as a source of wealth for the FHA borrower who chooses to sell the home (column 4), the PMI borrower still begins to accumulate greater wealth after only one year (column 5).[16]

Another major determinant of who uses PMI is the congressionally imposed limit on the size of a mortgage that can receive FHA insurance. The

16. The wealth advantage of the FHA borrower during the first year (shown in row 1 of table 4) reflects the lower cost of FHA insurance if the borrower holds the FHA-insured mortgage for only one year. This lower cost is a consequence of the FHA insurance refund policy. However, if to acquire the refund the FHA borrower incurs closing costs when taking out a conventional mortgage, the refund advantage may be lost.

In addition, the conditions placed on the PMI borrower's ability to drop the PMI insurance affect this cost advantage. Some lenders allow borrowers to drop PMI with minimal charges once sufficient equity has accumulated in the property; other lenders do not allow PMI to be dropped, forcing the PMI borrower to refinance in order to drop the insurance. If the PMI borrower must refinance, then the relative advantage of the FHA refund is maintained. Furthermore, PMI companies may refund part of the initial premiums if a mortgage is terminated within the first year.

4. Wealth accumulation under a PMI-backed mortgage compared with that under an FHA-backed mortgage
Dollars

Year mortgage is liquidated (end of period)	Mortgage debt of FHA borrower less that of PMI borrower	Accumulated savings of PMI borrower from investing monthly payment difference[1]	Accumulated savings of FHA borrower from investing $3,635 at closing[1]	Refund of FHA insurance premium	Wealth of PMI borrower less wealth of FHA borrower[2]
	(1)	(2)	(3)	(4)	(5)
1	5,574	527	3,780	2,759	-438
2	5,530	1,077	3,932	2,306	369
3	5,481	1,674	4,089	1,724	1,342
4	5,429	2,241	4,252	1,226	2,192
5	5,370	2,859	4,422	832	2,975
10	4,992	6,336	5,381	0	5,947
15	4,409	11,827	6,546	0	9,690
20	3,511	18,508	7,965	0	14,054
30	0	36,525	11,790	0	24,735

NOTE. These calculations are based on the mortgages shown in table 3.
1. Investment in a savings account yielding 4 percent.
2. Sum of columns 1 and 2 less columns 3 and 4.

limit varies by area, depending on whether the region is considered high-cost or low-cost. For high-cost areas, the limit in 1993 was 95 percent of the local median sales price up to a maximum of $151,725, whereas for low-cost areas the maximum was $67,500.[17] Unlike the FHA, PMI companies may insure mortgages of any size.

A person whose desired mortgage is within the size limits established for FHA loan programs may still have to choose PMI because of other restrictions associated with FHA loans. For example, the FHA limits the availability of insurance in projects with high proportions of rental units and does not provide insurance for most of the adjustable rate mortgage products offered in the conventional mortgage market. In addition, some housing developments are not approved for FHA insurance, and some loan programs for first-time homebuyers rely exclusively on conventional mortgages with PMI.

REVIEW OF 1993 PMI ACTIVITY

The eight private mortgage insurance companies recently made data publicly available that, for the first time, describes the disposition of applications for insurance by the characteristics of the mortgage borrower. These data are comparable to those supplied by mortgage lenders under the Home Mortgage Disclosure Act (HMDA). The PMI data cover applications for mortgage insurance acted on only during the fourth quarter of 1993. The companies limited their 1993 data to this quarter to allow themselves adequate time to develop procedures for receiving, tracking, and reporting activity in a manner consistent with the requirements of HMDA. Information about the PMI industry indicates that fourth-quarter activity accounted for nearly 30 percent of all 1993 PMI commitments written on home mortgage loans.[18] The nature of the fourth-quarter mortgages and their disposition may or may not be representative of the rest of the year.

17. The maximum mortgage limit of $151,725 became effective March 15, 1993. The FHA also establishes higher limits for properties with two, three, or four units and for properties in Alaska and Hawaii. For instance, in 1993 the single-family limit in Honolulu was $227,550. See 58 Fed. Reg. 13950, March 15, 1993.

18. When this article was written, the data described were still subject to revision. Final data, which are available to the public, may differ somewhat from the data used here.

For applications pertaining to properties in metropolitan statistical areas (MSAs), the PMI companies identified properties by census tract number. Lenders covered by HMDA, in contrast, currently identify property location by census tract only for loans in metropolitan areas where they have, or are deemed to have, a home or branch office.[19]

For the eight PMI companies, the Federal Financial Institutions Examination Council prepared disclosure statements detailing a company's activities for each MSA in which it had business. In total, the FFIEC prepared disclosure statements relating to 1,894 MSAs, an average of 237 MSAs for each PMI company. In contrast, the typical lender covered by HMDA in 1993 received a disclosure statement that included information on an average of only 3.7 MSAs.

Volume of Applications for PMI

In the fourth quarter of 1993, PMI companies acted on roughly 456,400 applications for insurance: 265,400 for insurance to back home-purchase mortgages on single-family properties and 191,000 to insure refinancings of existing mortgages (table 5).

19. That is, in the case of depository institutions, the HMDA rule for reporting property location is based on office location, whereas mortgage companies are deemed to have an office in an MSA if they receive applications for, or purchase, five or more loans in a given year on property in that MSA.

5. Distribution of applications for private mortgage insurance, by purpose and size of loan, 1993:Q4

Size of loan (dollars)	Home purchase		Home refinancing	
	Number	Percent	Number	Percent
Less than 50,000	21,920	8.3	8,671	4.5
50,000–74,999	46,159	17.4	34,257	17.9
75,000–99,999	51,454	19.4	37,390	19.6
100,000–149,999	83,794	31.6	63,880	33.4
150,000–199,999	39,328	14.8	29,768	15.6
200,000 or more	22,750	8.6	17,033	8.9
Total	265,405	100	190,999	100
MEMO				
Size conformance[1]				
Conforming	247,818	93.4	176,742	92.5
Nonconforming	17,587	6.6	14,257	7.5
Size statistic (dollars)[2]				
Mean	116,202		120,894	
Median	106,000		110,000	

1. Loans of less than $203,150 conform with size limits imposed on Fannie Mae and Freddie Mac.

2. For applications on which loan size was reported.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

Most applications dealt with mortgages of less than $150,000. The average size of the home-purchase mortgages was $116,200.

The mortgage size distribution and the average mortgage size for home-purchase mortgages are only slightly different from those for refinancings. This relationship is somewhat surprising because of the large proportion of first-time homebuyers in the home-purchase category; such homebuyers typically have lower incomes than other homeowners and consequently take out smaller loans than homeowners who are refinancing.

Characteristics of Applicants for PMI

In 1993, more than two-thirds of the PMI applicants seeking home purchase mortgages had incomes that exceeded the median for the MSA in which the property securing the loan was located (table 6). The distributions of PMI applicants by income differ between those seeking loans to purchase homes and those applying for insurance to refinance an existing loan. In particular, the proportion of insurance applicants in the highest income group (income greater than 120 percent of the median family income in their MSA) was significantly larger for refinancings than for home-purchase mortgages. Once again, this difference probably reflects the high proportion of first-time, and perhaps younger, homebuyers in the home-purchase category.

The racial and ethnic characteristics of PMI applicants were similar to those of mortgage applicants covered by the HMDA data. Most applicants for loans backed by PMI were white, and about half were seeking insurance for mortgages to be secured by properties located in neighborhoods in which the nonwhite and Hispanic population was less than 10 percent of the total.[20] Overall, about three-fifths of the applicants were seeking insurance to help buy a home or refinance mortgages on properties located in the non-central-city portion of MSAs.

20. About 23 percent of the PMI application records submitted to the FFIEC lacked data on race or ethnic origin. This proportion is much larger than that for HMDA records and reflects, according to industry representatives, the initial complications of starting a new data collection process.

6. Applications for private mortgage insurance, by purpose of loan, characteristics of applicant, and characteristics of census tract in which property is located, 1993:Q4

Characteristic	Home purchase		Home refinancing	
	Number	Percentage distribution	Number	Percentage distribution
Race or ethnic group of applicant				
American Indian/ Alaskan native	1,284	.6	974	.7
Asian/ Pacific Islander	6,800	3.3	6,402	4.5
Black	9,828	4.8	4,946	3.5
Hispanic	12,516	6.1	6,362	4.5
White	169,626	82.8	120,489	84.4
Other	700	.3	524	.4
Joint (white/ minority)	4,153	2.0	3,009	2.1
Total	204,907	100	142,706	100
Income of applicant (percentage of MSA median)[1]				
Less than 80	38,353	17.4	14,779	8.7
80–99	33,391	15.2	20,465	12.0
100–120	35,027	15.9	26,086	15.3
More than 120	113,504	51.5	108,750	63.9
Total	220,275	100	170,080	100
Racial composition of census tract (minorities as percentage of population)				
Less than 10	115,101	52.1	78,113	45.8
10–19	47,784	21.6	40,362	23.7
20–49	38,316	17.4	36,848	21.6
50–79	12,492	5.7	10,324	6.1
80–100	7,081	3.2	4,765	2.8
Total	220,774	100	170,412	100
Income of census tract[2]				
Low or moderate	25,780	11.7	16,281	9.6
Middle	110,653	50.1	85,751	50.3
Upper	84,425	38.2	68,384	40.1
Total	220,858	100	170,416	100
Location of census tract[3]				
Central city	85,198	38.6	62,497	36.7
Non-central-city	135,660	61.4	107,919	63.3
Total	220,858	100	170,416	100

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Low or moderate:* median family income for census tract less than 80 percent of median family income for MSA of tract. *Middle income:* 80 percent to 120 percent. *Upper income:* more than 120 percent.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

A Comparison of Applicants for PMI and for Government Insured Mortgages

The vast majority of mortgages insured by the FHA and VA have high loan-to-value ratios at the time of origination. For example, among all FHA single-family mortgages originated in 1993, 94 percent had a loan-to-value ratio exceeding 80 percent, and 78 percent had a ratio exceeding 90 percent.[21] The vast majority of mortgages backed by PMI also have high loan-to-value ratios, but the pool of FHA-insured mortgages includes many with loan-to-value ratios that exceed PMI limits. Because PMI companies, the FHA, and the VA all serve households applying for mortgages with low down payments, comparisons of the characteristics of the applicants applying for insurance under each program are appropriate.

We conducted such a comparison, using data on FHA and VA lending activity drawn from information filed for 1993 by lenders covered by HMDA. The comparisons are limited to applications for mortgages secured by properties in MSAs. In addition, the samples of applications used for the comparison was restricted to mortgages that fell within the size limits established by the FHA for single-family mortgages.

Our comparison indicates that the majority of applicants for both government-backed and privately insured home-purchase loans had incomes that were below the median family income for their MSA (table 7). Applicants for the government-backed programs, however, were relatively more likely to have modest incomes: for example, for home-purchase loans, 68 percent of FHA applicants and 65 percent of VA applicants had incomes that were below the median family income for their MSA, compared with 54 percent of the applicants for PMI.

A comparison between applicants of the different insurance programs based on neighborhood income finds a smaller difference. For example, 16 percent of the PMI applicants sought insurance for home-purchase mortgages for properties in low- or moderate-income census tracts, compared with 18 percent of the FHA applicants and 16 percent of the VA applicants. Thus, the insurance programs seem to have a similar distribution of applicants across neighborhoods grouped by income, but the FHA and the VA generally serve a lower-income clientele.

The distribution of applicants by racial or ethnic characteristics indicates that the FHA and VA received a higher proportion of requests for insurance from black applicants than did PMI companies, whereas the latter had a higher proportion of Asian applicants. Relative to the VA, the FHA and the PMI companies both had a larger proportion of Hispanic applications, a result that perhaps reflects a lower proportion of Hispanic veterans. The government insurance programs were also more likely to receive applications secured by properties in census tracts where minority residents exceeded 10 percent of the population and in census tracts in central cities.

Disposition of Applications for Mortgage Insurance

PMI companies approved most of the applications for insurance that they acted on during the fourth quarter of 1993—roughly 85 percent of applications for insurance to back home-purchase loans and 87 percent to back refinancings (table 8). The insurers denied about 12 percent of home-purchase applications and about 10 percent of refinancing applications; in a relatively small percentage of cases, applications were withdrawn by the lender or files were closed after additional information needed by the insurer to make a decision was not provided.

Most applications for PMI were approved in 1993, but the approval rate varied substantially across metropolitan areas. In particular, applications for insurance for home-purchase mortgages secured by properties located in all California MSAs and in most Florida MSAs had relatively high rates of denial. Denial rates in California were as high as 33 percent in some areas, including Los Angeles. In California, the aggressive pursuit of customers by mortgage originators and a weak housing market may have led to higher proportions of marginally qualified applicants for mortgage insurance. The explanations for high denial rates in Florida are less certain, but suggestions range from a high proportion of condominiums and second homes to a local economy that is prone to greater volatility in housing prices. In contrast, many MSAs in the Midwest—including Chicago, Detroit, and St. Louis—had denial rates well below the national average.

21. *FHA Trends of Home Mortgage Characteristics: Section 203(b) Mortgages Insured, U.S.A., Calendar Year 1993*, FHA Comptroller, Information Systems Division (Department of Housing and Urban Development, n.d.).

7. Distribution of applications for insured mortgages, by purpose of loan, type of insurance, characteristics of applicant, and characteristics of census tract in which property is located, 1993:Q4

Percent

Characteristic	Home purchase			Home refinancing		
	Private	FHA	VA	Private	FHA	VA
Race or ethnic group of applicant						
American Indian/ Alaskan native	.7	.5	.4	.8	.5	.7
Asian/Pacific Islander	3.3	1.9	1.2	3.5	2.0	1.2
Black	6.4	12.0	14.0	4.2	7.2	9.5
Hispanic	8.6	10.8	4.9	5.5	6.1	4.1
White	79.1	71.9	74.2	83.6	80.8	79.3
Other	.4	.5	.4	.4	.6	.4
Joint (white/minority)	1.6	2.5	4.9	2.0	2.8	4.9
Total	100	100	100	100	100	100
Income of applicant (percentage of MSA median)[1]						
Less than 80	31.2	46.3	41.9	13.9	30.6	24.5
80–99	22.9	21.5	23.5	17.8	17.7	16.9
100–120	18.5	14.3	16.1	20.2	16.0	17.2
More than 120	27.4	17.9	18.6	48.1	35.7	41.4
Total	100	100	100	100	100	100
Racial composition of census tract (minorities as percentage of population)						
Less than 10	52.0	40.3	36.6	47.7	39.4	35.9
10–19	20.0	23.1	24.4	22.1	26.7	26.8
20–49	17.0	24.0	29.8	20.4	24.0	28.1
50–79	6.7	7.8	6.5	6.3	6.5	6.7
80–100	4.4	4.7	2.8	3.4	3.4	2.6
Total	100	100	100	100	100	100
Income of census tract[2]						
Low or moderate	16.0	18.2	15.8	12.0	14.6	12.8
Middle	58.0	59.2	62.2	58.3	58.7	60.7
Upper	26.0	22.6	22.0	29.7	26.6	26.5
Total	100	100	100	100	100	100
Location of census tract[3]						
Central city	40.6	47.5	47.3	37.4	45.2	42.2
Non-central-city	59.4	52.5	52.7	62.6	54.8	57.8
Total	100	100	100	100	100	100

Note. Applications for government insurance are those submitted in the Aug.–Dec. period. In all cases, only applications that met the FHA single-family loan size limits and that pertained to properties in metropolitan statistical areas (MSAs) are counted.

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Low or moderate:* median family income for census tract less than 80 percent of median family income for MSA of tract. *Middle income:* 80 percent to 120 percent. *Upper income:* more than 120 percent.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

Multiple Applications

In general, the relatively high approval rates for PMI are to be expected; lenders submitting applications for insurance know the prospective borrower's credit circumstances and the credit underwriting guidelines used by the PMI companies.[22] However, unlike mortage lenders, who charge a fee to applicants, PMI companies do not charge for the submission of applications; consequently multiple PMI applications are potentially more common than multiple mortgage applications and may skew the statistics.

For example, if lenders submit the applications of only the marginally qualified applicants to more than one PMI firm, then denial rates may be inflated. If, on the other hand, lenders need quick approvals and low premiums to attract well-qualified applicants, then denial rates may be deflated because multiple applications for insurance would be more common for these borrowers.

Overall, only 4.1 percent of the applications in the 1993 data appear to have involved multiple applications (see box, "Multiple Applications"),

22. The approval rate for one PMI company, Amerin Guaranty Corporation, is 100 percent because the firm delegates the decision to approve an application for insurance to the lending institution. Thus, Amerin is notified about applications for insurance only when a lender has selected them as the insurance provider.

and they appear to be, for the most part, from applicants who are only marginally qualified. For example, among the multiple applications, the denial rate for insurance for home-purchase mortgages was about 49 percent, compared with 10 percent for all home-purchase applications excluding the multiple applications (the rate for all home-purchase applications, 11.9 percent, is shown in table 8).

Disposition by Applicant Income and Race

In general, income and its stability can be expected to affect an applicant's ability to qualify for mortgage insurance, although they are usually considered in relationship to the existing and proposed debt burden rather than as an absolute measure of creditworthiness. Other factors consider when evaluating creditworthiness include the size of the loan, assets available for down payment and closing costs, employment experience, and credit history. Nevertheless, on average, low-income households have fewer assets and lower net worth and experience more frequent employment disruptions than high-income households; this combination of factors often results in a denial of an application.

The 1993 fourth-quarter data indicate that the rates of approval and denial for PMI vary somewhat among applicants grouped by their income (table 8). For example, about 87 percent of the applicants for insurance for home-purchase loans whose incomes placed them in the highest income group were approved for insurance, compared with 79 percent in the lowest income group (income less than 80 percent of the median of their MSA). Approval and denial rates for applicants from middle-income groups were similar to those for the highest income group. The same patterns were found for applications for insurance on refinancings.

As examination of the racial or ethnic characteristics of applicants indicates that, compared with white applicants, greater proportions of Asian, black, and Hispanic applicants had their applications for private mortgage insurance turned down. For insurance for home-purchase loans, for example, 20.8 percent of Asian applicants, 23.3 percent of black applicants, 26.4 percent of Hispanic applicants, and 12.1 percent of white applicants were denied.[23] The rate of denial also generally increased as the proportion of minority residents in a neighborhood increased (table 9).

23. If multiple applications are removed from the sample, denial rates for all racial groups are lower: 17.9 percent for Asian applicants, 19.4 percent for black applicants, 22.2 percent for Hispanic applicants, and 10.3 percent for white applicants.

8. Distribution of applications for private mortgage insurance by purpose of loan, disposition, and characteristics of applicant, 1993:Q4

Percent

Characteristic	Home purchase					Home refinance				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Race or ethnic group of applicant										
American Indian/ Alaskan native	88.9	9.2	1.6	.3	100	88.5	8.8	2.0	.7	100
Asian/Pacific Islander	74.2	20.8	3.6	1.4	100	73.1	21.0	3.9	2.0	100
Black	72.2	23.3	3.1	1.4	100	79.8	16.8	2.5	.8	100
Hispanic	68.8	26.4	3.0	1.8	100	71.2	23.7	3.4	1.6	100
White	84.6	12.1	2.5	.8	100	87.0	9.7	2.5	.8	100
Other	73.4	23.3	1.9	1.4	100	75.6	20.0	2.7	1.7	100
Joint (white/minority)	77.7	18.7	2.7	.9	100	82.1	13.9	3.0	1.0	100
Income of applicant (percentage of MSA median)[1]										
Less than 80	79.2	17.8	2.2	.7	100	79.7	17.0	2.6	.7	100
80–99	85.0	12.1	2.3	.6	100	85.8	11.4	2.2	.6	100
100–120	86.1	10.9	2.3	.7	100	87.4	9.6	2.3	.7	100
More than 120	86.7	10.1	2.5	.8	100	87.8	8.7	2.7	.8	100
Total	84.8	11.9	2.4	.8	100	86.9	9.8	2.6	.8	100

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

Multiple Applications

Among the 456,404 applications for PMI acted on in the fourth quarter of 1993, 18,844, or 4.1 percent, appear to be multiple or "duplicate" applications. Multiple applications were identified by searching the mortgage insurance application data for records with identical census tracts, purpose of loan, race or ethnic status, applicant income, and loan size. For matches on applicant income and loan size, differences of $1,000 were allowed when identifying matches. In the overwhelming number of cases, a multiple match consisted of only two records, indicating that lenders typically did not submit a given application to more than two PMI companies.

Applications from Hispanics, blacks, and Asians—and from applicants not in the highest income category—were more likely to be sent to multiple PMI companies (compare table 6 with the table below). In addition, denial rates are substantially higher for all categories of applicants with multiple application records (compare table 8 with the table below).

Distribution and denial rate of PMI applications sent to more than one PMI company, by purpose of loan, characteristics of applicant, and characteristics of census tract in which property is located, 1993:Q4

Percent

Characteristic	Home purchase		Home refinancing	
	Percentage distribution	Denial rate	Percentage distribution	Denial rate
All applications sent to more than one company	100	48.9	100	45.5
Race or ethnic group of applicant				
American Indian/ Alaskan native	.1	77.8	.2	70.0
Asian/Pacific Islander	4.2	58.9	7.1	59.4
Black	7.2	65.5	3.8	65.6
Hispanic	11.4	62.2	7.2	68.8
White	74.8	45.9	79.5	42.2
Other	.2	60.0	.1	71.4
Joint (white/ minority)	2.0	61.4	2.1	54.9
Total	100	...	100	...
Income of applicant (percentage of MSA median)[1]				
Less than 80	22.4	56.9	11.7	62.2
80–99	16.8	47.9	14.5	48.7
100–120	17.7	44.6	17.6	43.1
More than 120	43.1	46.9	56.3	42.1
Total	100	...	100	...
Racial composition of census tract (minorities as percentage of population)				
Less than 10	39.9	40.9	33.2	31.0
10–19	23.9	48.3	23.8	44.5
20–49	22.5	54.9	29.1	54.3
50–79	8.9	63.2	8.9	61.7
80–100	4.7	64.8	5.1	67.6
Total	100	...	100	...
Income of census tract[2]				
Low or moderate	14.2	59.0	11.6	59.8
Middle	48.4	48.8	48.8	46.3
Upper	37.4	45.3	39.6	40.4
Total	100	...	100	...
Location of census tract[3]				
Central city	38.6	50.6	35.3	47.5
Non-central-city	61.4	47.9	64.7	44.5
Total	100	...	100	...
MEMO				
Number of applications sent to more than one company	12,387		6,457	

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Low or moderate:* median family income for census tract less than 80 percent of median family income for MSA of tract; *Middle income:* 80 percent to 120 percent; *Upper income:* more than 120 percent.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

Differences in denial rates for PMI applicants grouped by race or ethnicity reflect a variety of factors, including the proportion of each group with relatively low incomes. The data show that 17 percent of the white applicants for insurance on home-purchase loans had incomes of less than 80 percent of the median family income for their MSA (data not shown in tables). The comparable ratios were about 29 percent for blacks, 26 percent for Hispanics, and 17 percent for Asians. These differences in the distribution of applicants for insurance by income account for some of the differences in denial rates. However, within each income group, white applicants had lower rates of denial than Asians, blacks, or Hispanics (table 10).

The pattern of denial rates for PMI for home-purchase loans by race or ethnic characteristic differs from the pattern in HMDA data in one notable way. In the HMDA data, the denial rate for Asian applicants is usually close to that for whites; in the PMI data, it is much higher—about 21 percent for Asians versus 12 percent for whites (18 percent versus 10 percent excluding multiple applications). Part of the explanation of the disparity between PMI denials for Asians and for whites lies in the fact that proportionally more Asians than whites sought insurance in California. Considering only properties whose MSA location was reported, white and Asian applicants in California were both denied at about the same rate—30 percent for whites and about 31 percent for Asians; but 40 percent of all applications by Asians were for California properties, compared with only about 9 percent of applications by whites. Excluding the applications from California, the rejection rate was 14 percent for Asians and 10 percent for whites.

The difference in denial rates for PMI for white applicants as compared with Asian, black, and Hispanic applicants raises questions about the influence of race on the disposition of applications. The existence of racial discrimination cannot be determined, however, from the data submitted by the PMI companies—they provide little information about the characteristics of the properties that applicants seek to purchase or refinance and about the financial circumstances of the applicants that affect their expected mortgage payment performance. For example, the level of debt carried by applicants, their credit histories, and their employment experiences are not disclosed. Without this information and information about the specific underwriting standards used by PMI companies, the fairness of the decision process cannot be assessed.

AFFORDABLE HOUSING INITIATIVES

As noted earlier, the essential feature of mortgage insurance is that it allows homebuyers to acquire a house with a small down payment. Usually, homebuyers who can afford only a small down payment also have low or moderate incomes; in this sense, mortgage insurance promotes home ownership for such households.

Over the past several years, PMI companies have introduced new programs targeted at low- and moderate-income households.[24] Often these

24. PMI companies, like many government programs, do not use uniform definitions for low- or moderate-income households.

9. Distribution of applications for private mortgage insurance by purpose of loan, disposition, and characteristics of census tract in which property is located, 1993:Q4

Percent

Characteristic	Home purchase					Home refinance				
	Approved	Denied	With-drawn	File closed	Total	Approved	Denied	With-drawn	File closed	Total
Racial composition of census tract (minorities as percentage of population)										
Less than 10	89.3	8.1	2.1	.5	100	91.9	5.4	2.2	.5	100
10–19	84.1	12.6	2.5	.8	100	86.3	10.3	2.6	.9	100
20–49	79.5	16.9	2.6	1.0	100	81.3	14.7	2.9	1.0	100
50–79	74.0	21.8	2.9	1.2	100	76.0	19.3	3.3	1.4	100
80–100	70.9	24.3	3.5	1.3	100	71.5	23.6	3.3	1.6	100
Income of census tract[1]										
Low or moderate	78.9	17.5	2.7	.9	100	81.3	14.9	2.9	.9	100
Middle	85.4	11.7	2.3	.7	100	87.0	9.8	2.4	.7	100
Upper	86.4	10.5	2.4	.7	100	87.7	8.9	2.6	.8	100
Location of census tract[2]										
Central city	84.1	12.7	2.5	.7	100	86.3	10.4	2.5	.8	100
Non-central-city	85.6	11.4	2.3	.8	100	87.0	9.7	2.6	.8	100

1. *Low or moderate:* median family income for census tract less than 80 percent of median family income for MSA of tract. *Middle income:* 80 percent to 120 percent. *Upper income:* more than 120 percent.

2. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

programs involve other parties, including Fannie Mae and Freddie Mac and state housing finance authorities. Working with secondary market agencies through programs such as Fannie Mae's Community Home Buyers and Freddie Mac's Affordable Gold, the PMI companies expand their regular 95 percent loan-to-value ratio programs by allowing the borrower to use gifts and other nonborrower sources of funds as part of the down payment. These programs also use more flexible underwriting criteria. To offset the additional potential risk anticipated from such loans, borrowers are required to complete a homebuyer education course. Often the prepurchase counseling for homebuyers is undertaken with community groups and other nonprofit organizations.

State housing authorities generally issue tax-exempt bonds to fund mortgages with high loan-to-value ratios granted to first-time homebuyers. PMI companies issue a special form of mortgage insurance ("pool insurance") to enhance the credit quality of these bonds.

Another recent PMI industry initiative provides insurance for mortgages with 97 percent loan-to-value ratios. As with the programs described above, financial counseling is typically a mandatory component of these products. In addition, PMI companies use early intervention techniques in these programs for households that fall behind in their mortgage payments. Mortgages generated through these programs may be held in portfolio by the lender, whereas others may be sold into the secondary market.

10. Disposition of applications for private mortgage insurance, by purpose of loan and race of applicant by income, 1993:Q4

Percent

Applicant's MSA-relative income and race or ethnic group[1]	Home purchase					Home refinance				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Less than 80 percent										
American Indian/ Alaskan native	90.0	8.8	1.2	0	100	86.0	12.1	1.9	0	100
Asian/Pacific Islander	70.0	25.5	3.9	.6	100	59.8	34.3	3.9	1.9	100
Black	67.3	28.1	3.1	1.4	100	69.0	27.1	3.2	.7	100
Hispanic	64.6	31.6	2.8	1.1	100	58.3	36.8	3.6	1.2	100
White	79.2	17.9	2.1	.7	100	79.4	17.3	2.5	.7	100
Other	72.2	27.8	0	0	100	73.6	20.8	3.8	1.9	100
Joint (white/minority)	68.9	28.3	2.1	.7	100	65.0	27.7	5.1	2.2	100
80–99 percent										
American Indian/ Alaskan native	92.7	5.5	1.8	0	100	92.7	6.6	0	.7	100
Asian/Pacific Islander	77.5	18.5	2.9	1.0	100	71.3	24.9	3.1	.8	100
Black	72.8	23.0	3.2	1.0	100	78.4	17.1	2.6	1.8	100
Hispanic	68.4	27.4	3.0	1.2	100	68.3	28.0	2.4	1.3	100
White	85.2	11.8	2.3	.6	100	86.1	11.2	2.2	.6	100
Other	76.6	22.3	0	1.1	100	61.5	30.8	7.7	.0	100
Joint (white/minority)	75.0	20.8	3.5	.7	100	75.2	22.8	1.0	1.0	100
100–120 percent										
American Indian/ Alaskan native	87.8	10.1	1.6	.5	100	90.1	9.9	0	.0	100
Asian/Pacific Islander	76.9	19.0	2.9	1.2	100	72.9	21.7	3.6	1.8	100
Black	72.9	22.7	3.5	.9	100	78.2	17.6	3.5	.7	100
Hispanic	67.9	26.7	3.5	1.9	100	69.9	24.1	3.7	2.3	100
White	86.7	10.5	2.1	.6	100	87.8	9.3	2.2	.7	100
Other	76.5	21.6	2.0	0	100	83.9	14.5	1.6	0	100
Joint (white/minority)	78.3	17.3	3.4	1.0	100	83.2	15.4	1.0	.3	100
More than 120 percent										
American Indian/ Alaskan native	89.7	8.2	1.7	.4	100	87.5	8.5	2.8	1.2	100
Asian/Pacific Islander	74.3	20.2	3.9	1.6	100	75.0	18.7	4.2	2.1	100
Black	76.7	19.5	2.6	1.2	100	82.5	14.6	2.2	.7	100
Hispanic	72.6	22.5	2.9	2.0	100	76.0	19.1	3.5	1.4	100
White	86.5	10.2	2.6	.7	100	88.0	8.6	2.6	.8	100
Other	72.3	22.3	2.9	2.6	100	76.9	19.3	1.9	1.9	100
Joint (white/minority)	79.2	17.4	2.5	1.0	100	83.7	11.9	3.4	1.0	100

1. Income percentages are the percentage of the median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

SOURCE. Federal Financial Institutions Examination Council, preliminary data.

Finally, the industry is examining and modifying its traditional products to make them more attractive to all households, including low- and moderate-income households. For example, PMI companies have recently introduced monthly payment programs that allow the borrower to pay the initial premium over time rather than as a lump-sum advance payment. This type of initiative lowers the amount of funds the borrower needs at closing to acquire a house and thereby allows households with fewer assets to become homeowners.

Generally, affordable housing programs initiated or supported by PMI companies have not been available long enough to determine their risks and profitability or their impact on first-time homebuyers. In addition, many lenders are not yet familiar with the full range of products that PMI companies offer to promote homeownership.[25] However, insurance products associated with affordable housing initiatives are expected to contribute to the financial performance of the PMI companies by opening new markets as well as by supporting their traditional core businesses. An example of the latter effect is that some special programs encourage applications from borrowers who were unaware that they could qualify for mainstream insurance programs. But like the traditional PMI programs, the affordable housing initiatives also face competition from the FHA and from lenders who extend mortgages to low- and moderate-income homebuyers without requiring mortgage insurance. □

25. The Community Affairs staffs of the Federal Reserve Banks indicate that lenders generally are aware of the affordable housing initiatives of only the largest two or three PMI companies.

The Bank for International Settlements and the Federal Reserve

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On September 13, 1994, the Chairman of the Board of Governors of the Federal Reserve System assumed the seat on the Board of Directors of the Bank for International Settlements (BIS) designated for the central bank of the United States. The central bank of the United States has had the right to be represented on the BIS's Board of Directors since the BIS was established more than sixty years ago. For a variety of reasons, however, the Federal Reserve had, until this year, never exercised its right. The Federal Reserve Board's decision to assume representation on the BIS's Board was made in recognition of the increasingly important role of the BIS as the principal forum for consultation, cooperation, and information exchange among central bankers and in anticipation of a broadening of that role. Federal Reserve membership on the BIS Board marks a new chapter in the relationship of the Federal Reserve System with the BIS.

This article discusses the role of the BIS as an international monetary institution, summarizes the Federal Reserve's relationship with the BIS since that organization's founding, and provides background information on the organizational structure of the BIS and its financial operations.

THE BIS'S ROLE AS AN INTERNATIONAL MONETARY INSTITUTION

The Bank for International Settlements is an organization of central banks based in Basle, Switzerland. It was established in 1930, and thus is the oldest functioning international financial organization. The BIS was formed for the practical purpose of coordinating Germany's World War I reparations payments (hence the term "settlements" in the organization's name). However, its primary objectives, which have guided the Bank's activities since its inception and are reflected in its current role, were to promote cooperation among central banks and to provide additional facilities for international financial operations.

Over time, the BIS has evolved into a major international institution, providing an important forum for frequent consultation among central bankers on a wide range of issues. In recent years the BIS has broadened its role by, for example, mobilizing supplementary resources for the International Monetary Fund (IMF) and arranging bridge financing for some heavily indebted middle-income developing countries and, more recently, for some Eastern European countries.[1] The BIS has also broadened its contacts with central banks outside Europe.

Since the early 1960s, the BIS has hosted, nine or ten times each year, meetings of central bank governors of the Group of Ten (G-10) countries, which provide a forum for ongoing discussion of issues of common interest.[2] The BIS is also the site of periodic and ad hoc meetings of central bank officials in the subsidiary committees of the G-10 central bank governors—the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems (currently chaired by William J. McDonough, President of the Federal Reserve Bank of New York), the Euro-Currency Standing Committee, and the Gold and Foreign Exchange Committee.

The Basle Committee on Banking Supervision developed the international agreement on minimum capital standards for internationally active

1. The bridge financing consisted of short-term credits extended until credits became available from the IMF, the International Bank for Reconstruction and Development, and other sources.

2. The G-10 countries are Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States.

banks and continues to be the forum for designing a cooperative framework for supervision of international bank activities. Meetings of the Basle Committee are also attended by bank supervisors from G-10 countries who represent institutions other than the central banks. (Representing the United States, for example, are officials from the Comptroller of the Currency and the Federal Deposit Insurance Corporation as well as the Federal Reserve.)

The Committee on Payment and Settlement Systems has formulated principles and minimum standards for the operation and oversight of cross-border payment systems. Its ongoing efforts to find ways to reduce risk in payment systems are fundamental to international efforts to minimize the potential for systemic risk and to promote international financial stability.

The numerous studies on a wide range of international financial, banking, and payment system issues prepared by the subsidiary committees of the G-10 central banks provide comprehensive information for analyzing new developments and for addressing common financial, monetary, and supervisory issues facing central banks. For example, the Euro-Currency Standing Committee, which monitors and analyzes international financial markets in the context of concerns about systemic risk, has initiated a coordinated reporting system for international banking data and has conducted a series of studies of international interbank markets. Its most recent study of interbank relations, prepared by a working group chaired by a Federal Reserve staff member, is widely cited for having laid out for the first time some of the major international implications for central banks and market participants of the increased use of derivative instruments, and for having laid the foundation for subsequent discussions and studies of derivatives at national and international levels.

The BIS also organizes other specialized meetings of central bankers, such as periodic meetings of the Group of Computer Experts and the Group of Experts on Monetary and Economic Data Bank Questions, semiannual meetings of central bank economists and of coordinators of central bank technical assistance to Eastern Europe and the former Soviet Union, and periodic meetings of experts on monetary policy, money markets, and legal matters. These meetings enable central bank officials to draw on each other's experiences with policy, operational, statistical, and technical issues.

The various meetings held under the auspices of the BIS have become increasingly important to central banks in carrying out their missions in an interdependent world. The information, understanding, and analyses acquired at these meetings and through the statistical activities carried out under BIS auspices contribute to more effective and more efficient policies. The BIS has become increasingly useful to central banks throughout the world as a forum for collecting information, sharing insights, developing analyses, and cooperating on a wide range of policy-related matters.

The Federal Reserve's Relationship with the BIS

The Federal Reserve over the years has played an active role in the meetings of the G-10 central bank governors and of that group's subsidiary committees and in the other specialized meetings of central bankers held at the BIS. Participation in the activities held under the auspices of the BIS has helped the Federal Reserve in the implementation of U.S. monetary policy and in carrying out its responsibilities for the supervision and stability of the U.S. banking and financial system in today's global financial markets.

Although the Federal Reserve has been an active and continuing participant in meetings on a wide range of central bank-related matters that are discussed and analyzed under the auspices of the BIS, until this September its relationship with the BIS had been unique. The United States was the only country whose central bank had the continuous right, under the statutes of the BIS, to be represented on the BIS's Board of Directors that had chosen not to do so.

The question of whether or not the Federal Reserve should join the BIS's Board of Directors dates back to 1929, when the BIS was being formed. At that time, and in the 1930s, it was concluded that because one of the principal functions of the BIS was to handle Germany's war reparations, and because the United States was not a party to the reparations settlement with Germany, it was not appropriate for the Federal Reserve to join the BIS Board.

The issue of Federal Reserve representation on the BIS's Board of Directors was left in abeyance during the World War II period. During the war there were moves, supported by the U.S government, to liquidate the BIS, particularly because the new Bretton Woods institutions (the IMF and the International Bank for Reconstruction and Development) were viewed as the primary organizations for dealing with postwar international monetary affairs. After the war, the U.S. government reconsidered its position with regard to the BIS, acknowledging that the BIS was able to perform some functions that would be beneficial for the international monetary system that the new Bretton Woods institutions were not in a position to handle, for example, certain activities in connection with Marshall Plan aid to Western Europe.

During the 1950s and 1960s, the Federal Reserve Board considered the question of Federal Reserve representation on the BIS Board on several occasions. Although it was becoming more favorably inclined toward representation, it did not act, for several reasons. First, the Federal Reserve Board had lingering concerns that joining the BIS might be construed as an expression of preference for the BIS over the IMF. Second, it had reservations about the European character of the BIS. Third, there were concerns about the Federal Reserve becoming involved in the BIS's operations, especially in the gold market, a market that had important international economic policy implications at that time. The BIS's role in assisting South Africa in certain gold transactions was also a concern.

By the 1970s, the Federal Reserve Board had reached an informal consensus that the BIS had become a sufficiently important international monetary institution for the Federal Reserve to seek to be a full participant in its deliberations, and that representation on the BIS Board of Directors would enable the Federal Reserve to contribute to the evolution and policies of that organization. However, in the end, the consensus was not acted upon.

The question of Federal Reserve representation on the BIS Board was again considered in 1983–84 when, because of the BIS's increased role in international monetary affairs, the Congress requested the Secretaries of State and the Treasury and the Chairman of the Board of Governors of the Federal Reserve System to prepare a report for the Congress on the matter. That report, submitted in 1984, concluded:

> [We] see no urgent need to change the current relationship of the Federal Reserve with the BIS and the assumption by the Federal Reserve of the seat on the Board of Directors of the BIS that is reserved for the Governor of the central bank of the United States. In the absence of a strong case to change the current status of the United States relationship with the BIS, there are certain technical and policy reservations that militate against the Federal Reserve's becoming a member of the Board of Directors of the BIS. This matter obviously deserves to be reviewed periodically in light of evolving developments in the international monetary and financial system.

Previous technical and policy reservations about the Federal Reserve being represented on the BIS Board have substantially diminished in recent years.

For a number of years the BIS has been working cooperatively with, rather than as a competitor of, the IMF. For example, it has mobilized supplementary resources for the IMF and is working closely with the IMF in coordinating the technical assistance that is being provided by central banks to Eastern European countries and to the countries of the former Soviet Union.

With regard to the BIS's European orientation, in recent years the BIS has broadened its reach beyond Europe and has included representatives of central banks from Latin America and East Asia in some of its meetings. Also, to reflect its more global character, the BIS in July 1994 elected to its Board of Directors (effective September 13, 1994) the governors of the central banks of Canada and Japan; from 1945 until then, the Board had included only representatives of Western European central banks.

Ideological disagreements about the role of gold in the international monetary system have become muted since the early 1970s. Similarly, political concerns about South Africa's membership in the BIS and the BIS's assistance to South Africa in certain gold transactions have waned as the situation in that country has changed.

The end of the Cold War removed another reservation that the Federal Reserve had once had about being represented on the BIS Board and becoming involved in BIS's operations for central banks—namely, that the BIS was performing banking functions for some countries that at that time were part of the Eastern bloc. In the Cold War environment, the United States at times expressed disapproval of such financial relationships with these countries. With the end of the Cold War, this factor is no longer relevant in considering whether the Federal Reserve should exercise its right to be represented on the BIS Board. In fact, Federal Reserve representation on the BIS Board is fully consistent with the integration of Eastern European countries (and, over time, the countries of the former Soviet Union) into the global economy. For example, the BIS organizes semiannual meetings of coordinators of central bank technical assistance to Eastern Europe and the former Soviet Union and serves as a clearinghouse for information on technical assistance related to central banking that is being provided to these countries.

Given these developments, the Federal Reserve Board concluded that its previous reservations about joining the BIS's Board of Directors were no longer as powerful, and that the positive benefits of being represented on the BIS Board in helping to achieve the Federal Reserve's objectives have been enhanced. The United States is an active member of other international and regional financial organizations, and its non-membership status on the BIS Board of Directors was becoming an increasingly questionable anomaly.[3] By being represented on the BIS Board, the Federal Reserve will be able to play a more active role in shaping the future of the BIS and to further international monetary cooperation.

ORGANIZATIONAL STRUCTURE OF THE BIS

Membership and Shares

The BIS currently has thirty-three central banks as members (see box). The Reserve Bank of Aus-

3. The United States is a founding member of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development, the Organization for Economic Cooperation and Development (OECD), the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development. The Federal Reserve is a collaborating (associate) member of the Center for Latin American Studies (CEMLA), the Chairman of the Federal Reserve Board is the Alternate Governor of the IMF, and Federal Reserve officials participate actively in meetings of the OECD.

Member Central Banks of the Bank for International Settlements

Country	*Central bank*
Australia	Reserve Bank of Australia
Austria	Austrian National Bank
Belgium	National Bank of Belgium
Bulgaria	Bulgarian National Bank
Canada	Bank of Canada
Czech Republic	Czech National Bank
Denmark	National Bank of Denmark
Estonia	Bank of Estonia
Finland	Bank of Finland
France	Bank of France
Germany	German Bundesbank
Greece	Bank of Greece
Hungary	National Bank of Hungary
Iceland	Central Bank of Iceland
Ireland	Central Bank of Ireland
Italy	Bank of Italy
Japan	Bank of Japan
Latvia	Bank of Latvia
Lithuania	Bank of Lithuania
Netherlands	The Netherlands Bank
Norway	Central Bank of Norway
Poland	National Bank of Poland
Portugal	Bank of Portugal
Romania	National Bank of Romania
Slovakia	National Bank of Slovakia
South Africa	South African Reserve Bank
Spain	Bank of Spain
Sweden	Bank of Sweden
Switzerland	Swiss National Bank
Turkey	Central Bank of the Republic of Turkey
United Kingdom	Bank of England
United States	Federal Reserve System
Yugoslavia[1]	National Bank of Yugoslavia

1. The membership of the central bank of Yugoslavia is currently suspended pending a final determination of the legal status of the Yugoslav issue of the BIS's capital.

tralia, the Bank of Canada, the Federal Reserve System, the Bank of Japan, and the South African Reserve Bank are the only non-European central banks that are members. The membership includes most of the Eastern European countries (except Albania and the countries that have emerged from the former Yugoslavia[4]). The three Baltic states resumed their membership in June 1992. Russia and the other former Soviet republics have never been members.

Some 84 percent of the 473,125 shares of the BIS currently outstanding are owned by central banks; the remainder are held by private shareholders, mainly in Europe. The shares owned by private shareholders consist of the shares originally issued as part of the U.S. issue in 1930 that were not subscribed by the U.S. central bank and a portion of the original issue for Belgium and France to which the National Bank of Belgium and the Bank of France did not subscribe. Because the central bank of the United States decided not to subscribe to its share of the original capital subscription of the BIS, a United States banking group (composed of J.P. Morgan and Company, the First National Bank of New York, and the First National Bank of Chicago) subscribed or arranged for the subscription of these shares. Since that time, these "American" shares have been sold to other parties, mostly European.

The BIS declares an annual dividend, and all shares carry equal rights with regard to such dividends. However, the ownership of shares carries no right of voting or representation at annual general meetings and extraordinary general meetings of the BIS. The right of representation and voting, in proportion to the number of shares subscribed in each country, can be exercised only by the central bank of that country or its nominee; if the central bank does not nominate an institution, the BIS may designate a financial institution not objected to by the central bank of the country in question. Thus, in the past, whenever a general or extraordinary general meeting of the BIS was held, the BIS Board of Directors appointed Citibank N.A. of New York to exercise the right of voting all the "American" shares resulting from the original U.S. issue in 1930. In practice, Citibank exercised these voting rights by appointing the president or the general manager of the BIS to act as its proxy.

When the Federal Reserve assumed its ex officio seat on the BIS Board of Directors in September 1994, it was not required to make a financial outlay by purchasing shares of the BIS. However, starting with the annual general meeting in June 1995, the Federal Reserve will be entitled to vote the shares issued as part of the U.S. issue.

Board of Directors

According to current BIS statutes, the governors of the central banks of Belgium, France, Germany, Italy, the United Kingdom, and the United States are ex officio members of the BIS Board of Directors. Ex officio directors serve as long as they remain governors of their central banks. Following the Federal Reserve Board's decision to be represented on the BIS's Board, Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, assumed the ex officio seat for the United States on September 13, 1994.

BIS statutes also empower each ex officio director to appoint to the BIS Board of Directors another person of the same nationality, representing finance, industry, or commerce. Most of the current appointed members of the BIS Board are former officials of their respective country's central bank now serving as private citizens (four are former heads of their central banks). Appointed directors hold office for three years and are eligible for reappointment. Federal Reserve Board Chairman Alan Greenspan named William J. McDonough, President of the Federal Reserve Bank of New York, as the appointed director for the United States.

In addition to the six ex officio directors and the six directors appointed by the ex officio directors, BIS statutes provide for the election, by a two-thirds majority of the BIS Board members, of as many as nine directors from among the governors of the central banks of the countries that have subscribed to shares of the BIS, excluding the six central banks that are entitled to designate ex officio directors. Elected directors serve for three years and are eligible for reelection. The current members of the BIS Board of Directors are listed in the box.

4. The State Bank of Albania was a member for many years but withdrew its membership in 1977. The membership of the central bank of Yugoslavia is currently suspended pending a final determination of the legal status of the Yugoslav issue of the BIS's capital.

Board of Directors of the Bank for International Settlements, September 1994

Member	*Basis of membership*
Willem F. Duisenberg President, The Netherlands Bank *Chairman, Board of Directors of the BIS, and President of the BIS*	Elected
Carlo Azeglio Ciampi Former governor, Bank of Italy *Vice Chairman, Board of Directors of the BIS*	Appointed
Urban Backstrom Governor, Bank of Sweden	Elected
Bernard Clappier Former governor, Bank of France	Appointed
Antonio Fazio Governor, Bank of Italy	Ex officio
Edward A. J. George Governor, Bank of England	Ex officio
Alan Greenspan Chairman, Board of Governors of the Federal Reserve System	Ex officio
Lord Kingsdown [formerly Robin Leigh-Pemberton] Former governor, Bank of England	Appointed
Markus Lusser President, Swiss National Bank	Elected
William J. McDonough President, Federal Reserve Bank of New York	Appointed
Yasushi Mieno Governor, Bank of Japan	Elected
Helmut Schlesinger Former president, German Bundesbank	Appointed
Jean-Claude Trichet Governor, Bank of France	Ex officio
Hans Tietmeyer President, German Bundesbank	Ex officio
Gordon Thiessen Governor, Bank of Canada	Elected
Alfons Verplaetse Governor, National Bank of Belgium	Ex officio
Philippe Wilmes Member of the board of regents, National Bank of Belgium	Appointed

Financial Operations

As an international financial organization, the BIS performs a variety of banking, trustee, and agent functions, mainly for central banks and international organizations. The BIS accepts deposits of currencies and gold, primarily from central banks; in June 1994, about one hundred central banks held deposits at the BIS. In turn, the BIS places its assets in the money markets and on occasion makes loans to central banks. The BIS has performed the functions of trustee with regard to the outstanding indebtedness associated with the German post-World War I reparations agreements. It has also served as the depository for the secured loans of the European Coal and Steel Community and has exercised the functions of agent for the European Monetary Cooperation Fund. More recently, the BIS has become the agent for the collateral arrangements in connection with the Brazilian commercial bank debt restructuring and is acting as a sub-agent for the Federal Reserve Bank of New York in connection with the collateralized Venezuelan Brady bonds.

Before any financial operation in a given market or given currency is carried out by or on behalf of the BIS, the BIS Board must give the central bank or central banks directly concerned an opportunity to disapprove, in order to avoid disrupting national financial markets. If a central bank objects, the proposed operation does not take place.

Information about the banking functions performed by the BIS is included in the BIS's annual report, in the chapter that reviews the operations of the BIS's Banking Department. The following data provide some salient points concerning the financial operations of the BIS:

- As of March 31, 1994, the BIS's balance-sheet total stood at 65 billion gold francs, with the BIS's own funds (capital and reserves) at 1.8 billion gold francs.[5] The equivalents in U.S. dollars, with gold at the then-current market price, were $134 billion and $4.5 billion respectively.

5. The BIS uses the gold franc (equivalent to 0.29 gram of fine gold) as a unit of account for balance-sheet purposes. Assets and liabilities in U.S. dollars are converted at $208 per ounce of fine gold (equivalent to 1 gold franc = $1.94); all other items in currencies are converted into gold francs on the basis of market rates against the U.S. dollar.

• The preponderant share of deposits of currencies placed at the disposal of the BIS is derived from deposits of central banks. The proportion of central bank deposits of currencies to total deposits of currencies, always high, has increased over recent years and stood at 96 percent on March 31, 1994. The other 4 percent were mainly currency deposits by international institutions, with a minuscule amount from commercial banks.

• The proportion of central bank deposits of gold in relation to total deposits (gold and currencies) has declined steadily over time and amounted to nearly 7 percent at the end of March 1994, compared with 22 percent at the end of March 1984.

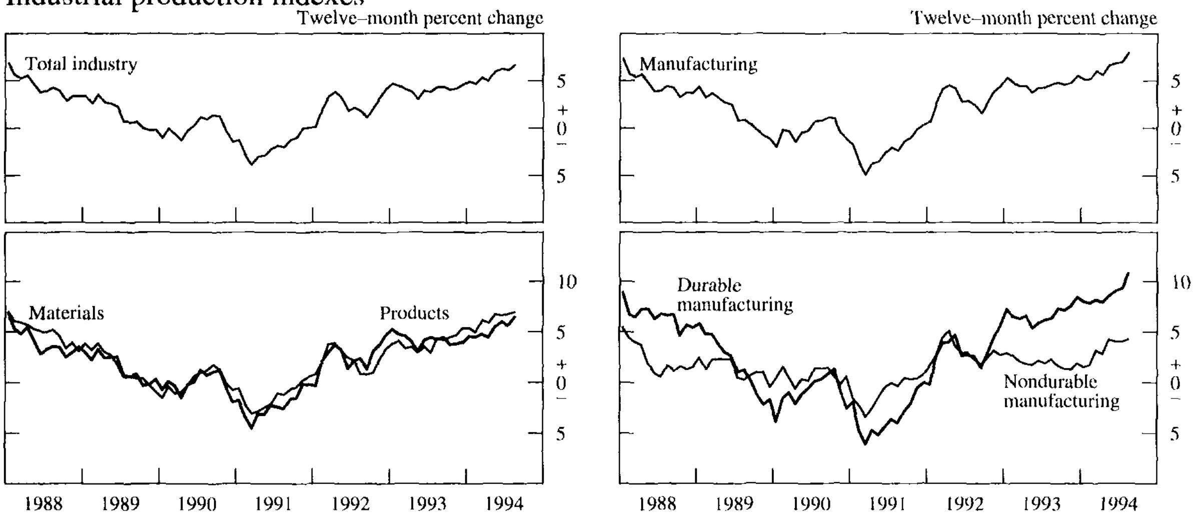
• For the financial year 1993–94, the BIS reported a profit of $268 million equivalent; of that amount, nearly $80 million equivalent was distributed as dividends, and the remainder was placed in various reserve funds. On March 31, 1994, total reserves of the BIS amounted to $3.4 billion equivalent. □

Industrial Production and Capacity Utilization for August 1994

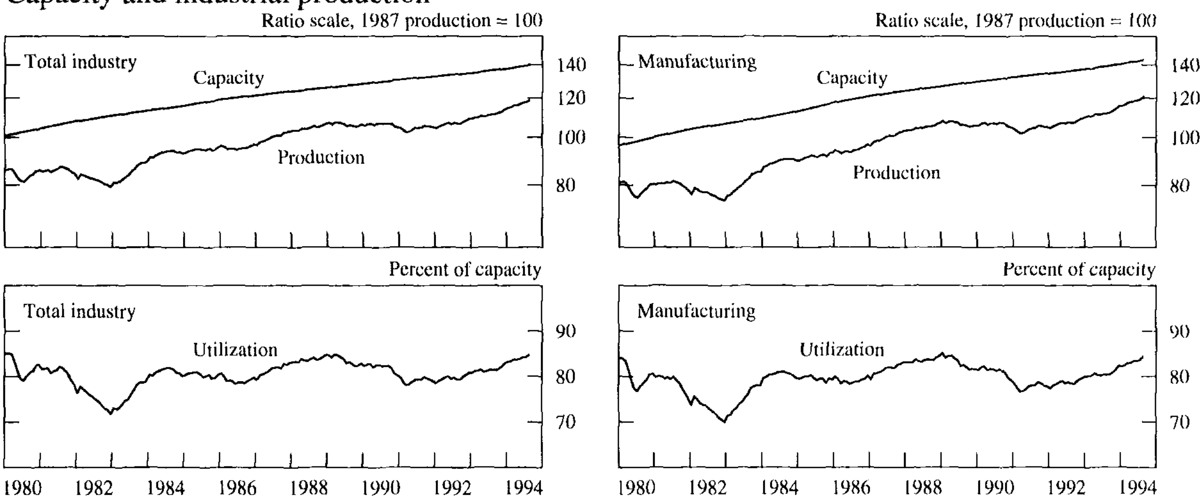
Released for publication September 16

Industrial production rose 0.7 percent in August after an upwardly revised increase of 0.3 percent in July; increases for May and June also are now larger than previously reported. A resurgence in assemblies of motor vehicles accounted for the acceleration of industrial production in August; gains in the output of machinery (including computers) and components used to make equipment and motor vehicles contributed most of the remaining growth. The demand for electricity, which had

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, August 1994

Category	Industrial production, index, 1987 = 100								
	1994				Percentage change				
					1994[1]				Aug. 1993 to Aug. 1994
	May[r]	June[r]	July[r]	Aug.[p]	May[r]	June[r]	July[r]	Aug.[p]	
Total	**116.6**	**117.3**	**117.7**	**118.5**	**.5**	**.6**	**.3**	**.7**	**6.7**
Previous estimate	116.3	116.9	117.2	...	.3	.5	.2	...	...
Major market groups									
Products, total[2]	115.3	116.1	116.6	117.5	.5	.7	.5	.8	6.5
Consumer goods	111.7	112.9	113.3	114.1	.5	1.1	.3	.7	5.1
Business equipment	147.3	148.2	150.1	152.6	.7	.7	1.3	1.6	13.2
Construction supplies	102.9	102.8	102.9	102.9	1.1	–.1	.1	.1	5.7
Materials	118.6	119.1	119.2	119.9	.6	.4	.1	.6	7.0
Major industry groups									
Manufacturing	118.5	118.8	119.4	120.6	.7	.3	.5	1.0	7.9
Durable	122.9	123.2	124.3	126.2	.3	.3	.8	1.5	10.8
Nondurable	113.1	113.3	113.5	113.8	1.1	.2	.1	.3	4.3
Mining	99.1	99.7	98.4	97.6	–.8	.6	–1.3	–.8	1.0
Utilities	114.7	119.5	118.0	116.5	.2	4.1	–1.2	–1.3	–1.6
	Capacity utilization, percent								MEMO Capacity, percentage change, Aug. 1993 to Aug. 1994
	Average, 1967–93	Low, 1982	High, 1988–89	1993	1994				
				Aug.	May[r]	June[r]	July[r]	Aug.[p]	
Total	**81.9**	**71.8**	**84.8**	**81.4**	**83.9**	**84.2**	**84.3**	**84.7**	**2.5**
Manufacturing	81.2	70.0	85.1	80.3	83.4	83.4	83.7	84.3	2.8
Advanced processing	80.6	71.4	83.3	78.7	81.5	81.7	82.1	82.8	3.5
Primary processing	82.2	66.8	89.1	84.1	87.9	87.5	87.4	87.7	1.3
Mining	87.4	80.6	87.0	87.0	89.6	90.2	89.0	88.3	–.5
Utilities	86.7	76.2	92.6	88.4	84.9	88.3	87.1	85.9	1.2

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

risen sharply in June, was down again. At 118.5 percent of its 1987 average, industrial production was 6.7 percent higher in August than it was a year earlier. The substantial growth in output boosted the utilization of total industrial capacity to 84.7 percent, up from 81.4 percent a year earlier.

When analyzed by market group, the data show that the output of consumer goods increased 0.7 percent; the production of automotive products, which had eased through July, rose 6.9 percent. In contrast, the output of other consumer durables, which had jumped in July, declined 0.6 percent as appliance output retreated a bit from a high level. The further decrease in the use of residential electricity and a small decline in the output of food held down the overall rise in consumer nondurables.

The output of business equipment rose 1.6 percent after an increase of 1.3 percent in July. In addition to the rebound in motor vehicles, the production of information processing equipment posted another strong gain; the output of industrial equipment, which had surged in July, advanced further. The recent strength in the index of industrial equipment has been fairly widespread among its components. The production of defense and space equipment rose 0.5 percent because of a rebound in tank production after the settlement of a strike. Apart from this gain, output in this sector continued its downtrend.

The output of construction supplies has been essentially flat since May after strong gains earlier in the year. The August increase of 0.6 percent in the output of materials was nearly all in durable materials; the latter increased 1.4 percent because of the ongoing strong growth in semiconductors and computer parts and a pickup in the production of parts for motor vehicles. The index for nondurable materials was about unchanged for a second month, and the index for energy materials declined because cooler weather in August reduced the output of electricity and because coal production eased.

When analyzed by industry group, the data show that manufacturing production rose 1.0 percent; the increase follows monthly gains that are now estimated to have averaged 0.5 percent per month from April to July. The output of motor vehicles and parts, which had dropped noticeably in July, rose nearly 9 percent; the increase accounted for slightly more than half of the increase in factory output. Gains in the production of lumber, metals, machinery, paper, printing, and petroleum contributed significantly to the increase in manufacturing output.

Factory utilization rose 0.6 percentage point, to 84.3 percent; this operating rate is 4.0 percentage points higher than last August and 3.1 percentage points higher than its long-term average. Utilization in advanced-processing industries, which has risen noticably over the past several months, was up 0.7 percentage point in August, bringing it to a level 2.2 percentage points above its long-term average. The utilization rate for primary processors turned up 0.3 percentage point last month after having edged lower in the preceding two months; nonetheless, it stands 5.5 percent higher than the 1967–93 average.

The output in mining and utilities fell for a second month in August because of declines in oil and gas well drilling, coal mining, and the generation of electricity. □

Statement to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, August 10, 1994

I thank the committee for this opportunity to reflect on some broader aspects of monetary policymaking. As requested, I intend to examine the role of forecasting and the use of economic statistics in making monetary policy.

There has never been a time when economic understanding was all-encompassing, activity was measured with unerring precision, and forecasting was flawless. The critical question facing the current generation of policymakers—and that appears to have motivated this hearing—is as follows: Has the pace of technology, which has substantially integrated world economies and brought many new products to market, significantly impaired our understanding of how the economic system works, how available data relate to the true economy, and how policy should be implemented?

Forecasting and Policymaking

Economists have always struggled to understand the effects of innovations in behavior, instruments, and institutions. Many analysts, despairing of reaching a usable understanding, have endeavored to substitute a "rule" for monetary policy to eliminate a need to analyze or to forecast economic developments. What has become increasingly clear is that no simple guide would enable us to put monetary policy on automatic pilot. In principle, such a rule might be relied upon more readily if there were only one ultimate policy objective, as would be the case if price stability were mandated. However, in this nation, the Federal Reserve Act specifies multiple objectives for monetary policy. Some analysts, even in the case of these multiple objectives, have advocated that the use of a single variable as an intermediate target would eliminate the need to forecast and enable monetary policymakers to automatically follow only one policy guide in their effort to stabilize the economy. But implicit in the use of any such potential target is the presumption that the past relationship of the variable to the economy would continue to hold, and that, itself, is a forecast.

The forecasting records of some of those proposed variables—including the financial aggregates M1, M2, and domestic nonfinancial debt—strongly suggest that following a rule involving just one target would be inadequate to steer the U.S. economy. Even more complex rules, involving multiple policy guides or automatic feedback from economic outcomes, would be insufficiently responsive to changing economic structures. For monetary policy purposes, there appears to be no recourse but to form a conceptual framework that identifies the various important forces influencing the future course of the economy and, hence, can be used in forecasting. In that process, money and credit aggregates play a substantial role and have proved over the years to be useful in framing the relevant conceptual understanding of the way that the U.S. economy functions.

In their efforts to understand the economy, analysts have tried to take advantage of new technology, including the manifold increase in computing power. Econometricians have devised complicated mathematical models that purport to describe relationships within the U.S. economy. Although these models serve many useful purposes, no matter how elaborate they may be, they are generally too simple to capture the evolving complexities of our economy. History teaches us that the underlying structure of the economy is in a continuing state of flux; current estimates of key parameters describing the basic relationships are based on past experience and need to be viewed skeptically when making policy for the future. As a consequence, alternative approaches to inferring the evolving structure of the economy are required.

The appropriateness of monetary policy will depend on how successful we are in understanding the complex forces that are currently driving the economy. In the process of reaching such an understanding, we do not rely on a single, point forecast of economic activity. Instead, recognizing the uncertainty around any given forecast, we endeavor to look at a range of forecasts and to form judgments of their relative probabilities. Based on those judgments, we implement policy to meet national economic objectives. But we also recognize the inevitability of errors in forecasts. Policymaking requires an assessment of the consequences of various policy alternatives should they prove to be wrong. We must ask ourselves: How difficult would it be to reverse policy mistakes and at what cost?

MEASUREMENT AND POLICYMAKING

When forming an assessment of the economy's structure, we have to recognize that the economic outcomes of human decisionmaking—spending, production, asset holdings, and prices—are measured imperfectly, adding noise and, in some instances, systematic biases to reported statistics. From the viewpoint of an analyst, such as myself, who has spent much of his career closely tracking the regular cycle of economic releases, the list of shortcomings in U.S. economic data is depressingly long. There are biases in aggregate price indexes, incomplete reporting of international transactions, a significant amount of mere interpolation in the service portion of our national income accounts, uneven coverage of the financial accounts of households and firms, and unreported economic activity.

Breakthroughs in computing hardware, software, and communication technologies may allow data collection to be more precise, but these and other innovations make the economy more difficult to measure. This results, in large part, because output of goods and services is increasingly becoming more conceptual than physical overtime. The part of the real value of output that reflects ideas rather than bulk has increased immeasurably this century. As a consequence, the units of output have become ever more difficult to identify. One ton of 99.7 percent pure aluminum is fairly well defined with respect to quantity and quality. A computer program is not. Clearly, unless output is unambiguously defined, the concept of price is vague. Moreover, the conceptualization of output is one of the factors that has been associated with substantial increases in the quality of goods and services. Measurement of the extent of that improvement, quite obviously, is problematic, and, in turn, has critical implications for aggregate price indexes. Any imprecision in those calculations of prices translates directly into uncertainty in the real values of output and productivity.

There are many hopeful signs that improvements in technology and advances in the practice of measurement are being reflected in improved economic statistics. For example, the development of the Employment Cost Index by the Bureau of Labor Statistics (BLS) has added importantly to our understanding of trends in labor costs. The BLS has also been able to raise significantly the response rate for the first estimate of monthly employment in its establishment survey, thereby improving noticeably the quality of that timely indicator of economic activity. Similarly, the development of hedonic estimates of price change for computing equipment by the Bureau of Economic Analysis has paid off in a better understanding of trends in real investment spending and inflation. Nonetheless, as I shall discuss later, more work needs to be done.

THE CONDUCT OF POLICY

Recognizing that economic understanding is imperfect and measurement is imprecise is not a reason to despair about conducting monetary policy. Imprecision in published data on the macroeconomy does not pose a crippling hardship. When there is systematic bias in reported statistics, we can take that into account as well. For example, most price indexes tend to overstate inflation. They generally lag behind in recognizing shifts toward lower-cost retailers; they are also slow to incorporate new goods and, thus, miss the typical price declines that are posted in the earliest phase of the product cycle.

We are careful to recognize that information on the state of the economy comes from a variety of sources of varying degrees of accuracy. Some data, such as motor vehicle assemblies and sales, provide full coverage and are quite accurate. Other data, such as estimates of U.S. currency held abroad, are subject to considerable error. Often before statistics from systematic samples on sales, employment, and prices are available, less accurate, so-called anecdotal information can be quite useful as a preliminary indicator of emerging trends. One important source of such information is the reports that are received from our Reserve Banks through their extensive contacts in their communities. In addition, we frequently tap trade groups and advisory councils for timely indications of what is going on out in the field. Such detailed readings of firm behavior are important, for example, in indicating when inflation pressures are beginning to mount.

The historical record shows that higher price inflation tends to surface only as the business cycle matures. Thus, by the time that aggregate price indexes reveal that inflation is on the upswing, many imbalances that are costly to rectify have developed already. Hence, information on firm behavior and signals from financial and commodity markets may warn about the development or easing of bottlenecks sooner than highly aggregative readings on unemployment, national income, prices, or the traditional monetary aggregates.

On balance, imprecision in the measurement of key economic magnitudes does complicate the job of policymaking. Making inferences about the future is always harder when readings on the economy are contaminated by measurement error. However, because of our ability to consult a variety of sources, the adverse effects of such mismeasurement are kept to a minimum. I am not aware that forecasting the U.S. economy is currently any more difficult or, for that matter, any easier than it was, say, several decades ago.

Course of Action

When considering steps to improve the measurement and interpretation of economic statistics, we must recognize that there are budget constraints. The staff members at the various agencies responsible for gathering and interpreting economic statistics are working hard and are making progress within those constraints. I can think of no better area for additional research than in the construction of price indexes, in part, because of the widespread extent of indexation in the federal government's accounts. Given the considerable body of research indicating that systematic biases may exist in measurement of price change in the Consumer Price Index, it will be an important task of staff members at the BLS to address this problem in coming years.

Another step to enhance data interpretation is to process information from futures, forward, and options markets intensively. Derivatives markets potentially provide central banks with new opportunities to gauge market sentiment as to the future movements of a variety of interest rates, equity prices, foreign exchange rates, and commodity prices and to measure the strength of those market convictions. Moreover, financial innovation holds the promise of opening new windows on economic behavior, particularly should markets develop in price-indexed debt or in futures on such items as home prices, gross domestic product, and the components of spending. As to futures markets, we must await the ingenuity of private parties in the financial sector. As to indexed debt, the Treasury could issue obligations that have interest and principal payments related to consumer prices.

Conclusion

Having reflected on forecasting and economic statistics in the conduct of monetary policy, I remain confident in just one prediction: Future Federal Reserve chairmen will tell your successors on this panel that economic forecasting is still uncertain and that the consequences of monetary policy vary over time. The U.S. economy is complex and evolving. Keeping pace with that change will require our continuing efforts to understand how the economy works and to adapt our data-gathering procedures accordingly. □

Announcements

MONETARY POLICY ACTIONS

The Federal Reserve announced on August 16, 1994, the following monetary policy actions:

- The Board of Governors approved an increase in the discount rate from 3½ percent to 4 percent, effective immediately.
- The Federal Open Market Committee agreed that this increase would be allowed to show through completely into interest rates in reserve markets.

These measures were taken against the background of evidence of continuing strength in the economic expansion and high levels of resource utilization. The actions are intended to keep inflationary pressures contained and thereby foster sustainable economic growth.

The Federal Reserve will continue to monitor economic and financial developments to gauge the appropriate stance of policy. But these actions are expected to be sufficient, at least for a time, to meet the objective of sustained, noninflationary growth.

In taking the discount rate action, the Board approved requests submitted by the boards of directors of the Federal Reserve Banks of Boston, New York, Richmond, Kansas City, and Dallas. The Board subsequently approved similar actions by the boards of directors of the Federal Reserve Banks of Chicago and St. Louis, also effective August 16; by the boards of directors of the Federal Reserve Banks of Cleveland and San Francisco, effective August 17; and by the boards of directors of the Federal Reserve Banks of Philadelphia, Atlanta, and Minneapolis, effective August 18. The discount rate is the interest rate that is charged depository institutions when they borrow from their District Federal Reserve Banks.

REGULATION DD: STAFF COMMENTARY

The Federal Reserve Board issued on August 3, 1994, an official staff commentary to Regulation DD (Truth in Savings). The commentary applies and interprets the requirements of the regulation and is a substitute for individual staff interpretations. It incorporates much of the guidance provided when the regulation was adopted and addresses additional questions raised since that time. The commentary was effective on August 3, 1994, but compliance is optional until February 6, 1995.

PROPOSED ACTIONS

The Federal Reserve Board on August 16, 1994, requested public comment on a proposal to modify the methodology for imputing clearing balance income to more closely parallel the practices of a private sector provider. Comments were requested by September 21, 1994.

On August 22, 1994, the Federal Reserve Board requested public comment on a proposed amendment to the Board's risk-based capital guidelines for state member banks and bank holding companies regarding the treatment of derivative contracts. Comments were requested by October 21, 1994.

The Federal Reserve Board on August 9, 1994, extended for thirty days, to September 9, 1994, its comment period on a proposal to provide an alternative to the current test used to measure whether a section 20 subsidiary is in compliance with the "engaged principally" criterion of section 20 of the Glass–Steagall Act. Comments were referred to Docket Number R-0841. (59 *Federal Register* 35,516 July 12, 1994.)

CHANGE IN BOARD STAFF

The Board of Governors announced the retirement of Levon H. Garabedian, Assistant Director, Division of Research and Statistics, effective September 2, 1994. □

Minutes of the Federal Open Market Committee Meeting Held on July 5–6, 1994

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., beginning on Tuesday, July 5, 1994, at 2:30 p.m. and continuing on Wednesday, July 6, 1994, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Blinder
Mr. Broaddus
Mr. Forrestal
Mr. Jordan
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. Parry
Ms. Phillips

Messrs. Hoenig, Keehn, and Melzer, Alternate Members of the Federal Open Market Committee

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

Mr. Conrad and Ms. Minehan, First Vice Presidents, Federal Reserve Banks of Chicago 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
Mr. Truman, Economist

Messrs. Beebe, Goodfriend, Lindsey, Promisel, Siegman, Simpson, and Ms. Tschinkel, Associate Economists

Ms. Lovett, Manager for Domestic Operations, System Open Market Account
Mr. Fisher, Manager for Foreign Operations, System Open Market Account

Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors
Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Struckmeyer and Ms. Zickler, Assistant Directors, Division of Research and Statistics, Board of Governors
Ms. Edwards[1] and Mr. Oliner,[1] Economists, Divisions of Monetary Affairs and Research and Statistics respectively, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Mr. Bennett, Ms. Browne, Messrs. Davis, Dewald, Lang, Rolnick, Rosenblum, and Scheld, Senior Vice Presidents, Federal Reserve Banks of New York, Boston, Kansas City, St. Louis, Philadelphia, Minneapolis, Dallas, and Chicago respectively
Messrs. Guentner and Sniderman, Vice Presidents, Federal Reserve Banks of New York and Cleveland respectively

Secretary's Note: Advice had been received that Alan S. Blinder had executed his oath of office as a member of the Federal Open Market Committee.

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on May 17, 1994, were approved.

The Manager for Foreign Operations reported on developments in foreign exchange markets and on

1. Attended portion of the meeting relating to the Committee's discussion of the economic outlook and its longer-run growth objectives for monetary and debt aggregates.

System open market transactions in foreign currencies during the period May 17, 1994, to July 5, 1994. The Committee ratified these transactions.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Broaddus, Forrestal, Kelley, LaWare, Parry, and Ms. Phillips. Votes against this action: Messrs. Jordan and Lindsey.

Messrs. Jordan and Lindsey dissented from this action, although they agreed that the foreign exchange transactions conducted during the intermeeting period were authorized under the Committee's rules. Their dissents were based on their strong reservations about the efficacy of sterilized intervention in most circumstances, including those prevailing during the intermeeting period. In their view, to the extent that repeated intervention failed to achieve stated or perceived objectives, questions would tend to arise about the credibility of monetary policy more generally.

The 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 May 17, 1994, to July 5, 1994. 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 recorded another substantial gain in the second quarter. Although consumer spending and homebuying apparently had increased at a slower pace, business spending on durable equipment remained quite strong and investment in nonresidential structures rebounded from a weather-depressed level in the first quarter. In addition, the rate of nonfarm inventory investment evidently had picked up in the second quarter. Levels of resource utilization had risen further: Factory operating rates were at relatively high levels, and the slack in labor markets had narrowed considerably over the first half of the year to what appeared to be very low levels. Increases in consumer and producer prices had remained moderate in recent months, but prices of many basic industrial materials had risen.

Nonfarm payroll employment advanced somewhat less rapidly in May after the brisk increases of recent months; however, the average workweek of production and nonsupervisory workers reached its highest level since 1987. The reduction in job gains was widespread by sector—including business services; finance, insurance, and real estate; manufacturing; and construction. Employment in transportation rebounded, reflecting the end of a Teamsters strike. The civilian unemployment rate, measured on the new basis introduced in January, declined sharply in May, to 6.0 percent; the decline might have been overstated as a result of seasonal adjustment problems, but even after correcting for these factors, the unemployment rate had fallen sharply since late 1993.

The rise in industrial production slackened in April and May after strong first-quarter gains. Much of the slowing was the result of capacity constraints that prevented normal seasonal increases in the production of motor vehicles. Growth of output of manufactured goods other than motor vehicles and parts was at a slightly less robust pace than in the first quarter but close to the rapid rate seen in 1993; business equipment and construction supplies continued to be areas of strength. The overall rate of utilization in manufacturing stayed at a high level in May, with most major industry groups operating at or near capacity. In addition to motor vehicles, capacity constraints were evident in the petroleum products and nonelectrical machinery industry groups and in some individual product lines in other industries.

Real personal consumption expenditures fell on balance in April and May after a strong advance earlier in the year, but the level of expenditures for the two months combined was a little above the first-quarter average. The recent slowdown in consumer spending in large part reflected reduced outlays for motor vehicles. Spending for durable goods other than motor vehicles increased over April and May at about the first-quarter pace. Outlays for nondurable goods were down on balance in April and May, while spending for services in May more than reversed a small April decline. Housing activity had rebounded from weather disruptions early in the year to a pace close to the elevated fourth-quarter rate. Single-family starts edged down in May after declining substantially in April but were still at a relatively high level. While the cash-flow affordability of home ownership had fallen since late last year, it remained at favorable levels in comparison with recent years. Multifamily starts in May were at their highest level in more than three years; most of the pickup occurred in the South, where vacancy rates had declined recently.

Shipments of nondefense capital goods other than aircraft and parts posted a further solid gain in May, although the upward trend appeared to have moderated in recent months. Sales of heavy trucks also were strong in April and May. Shipments of aircraft declined sharply in April (latest available data), retracing much of a March surge. Available data on orders for nondefense capital goods pointed to a continued strong uptrend in business spending on durable equipment. Nonresidential construction picked up in April and May from a weather-depressed slump in the first quarter.

Business inventories increased in April, more than reversing a March runoff; the overall pace of accumulation remained moderate, and buildups were largely concentrated in segments of the economy where market demand was robust. In manufacturing, inventories increased in April and May after a small drawdown in March. The rise in stocks was in line with shipments, and the ratio of stocks to shipments stayed at a very low level. In April (latest available data), wholesale inventories retraced most of the sizable March drawdown. The ratio of inventories to sales in this sector remained below the range that has prevailed in recent years. At the retail level, inventory stocks again edged higher; the inventory-to-sales ratio for this sector was well within the range observed over the past year.

The nominal deficit on U.S. trade in goods and services widened in April but was little changed from the average for the first quarter; over the first four months of 1994, the deficit was significantly larger than that recorded in the fourth quarter of last year. The value of exports of goods and services was down somewhat in April, retracing part of a sharp runup in March. The uptrend in exports since last fall has been led by shipments of machinery, especially to expanding markets in Asia. The value of imports of goods and services was about the same in April as in March; increases in consumer goods, machinery, and oil were offset by declines in other categories. The economies of all the major foreign industrial countries expanded in the first quarter of 1994. Growth resumed in Japan, western Germany, and France, while economic expansion continued at a healthy pace in the United Kingdom and Canada.

Broad indexes of consumer and producer prices had risen moderately through the first five months of the year. In May, the rise in the overall index of consumer prices continued to be held down by declines in energy prices. Excluding the food and energy components, the increase in consumer prices in the twelve months ending in May was smaller than that for the previous twelve months. Producer prices of finished goods continued to edge lower in May, reflecting further declines in prices of finished foods and energy goods. Producer prices for items other than food and energy increased at a faster rate in May, but the change over the twelve-month period ending in May was very small. At an earlier stage of processing, producer prices of crude materials other than food and energy registered another small decline in May, although the index was substantially higher in May than a year ago. Furthermore, prices of many basic industrial materials remained under upward pressure. Average hourly earnings of production or nonsupervisory workers increased by a larger amount in May than in April, but the rise over the twelve months ended in May was about the same as in the previous twelve months.

At its meeting on May 17, 1994, the Committee adopted a directive that called for increasing somewhat the degree of pressure on reserve positions, taking account of a possible increase in the discount rate. The directive did not include a presumption about the likely direction of any further adjustment to policy during the intermeeting period. The directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater 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 M2 and M3 over coming months.

Immediately after the conclusion of the May meeting, the Board of Governors approved a ½ percentage point increase in the discount rate, to 3½ percent, and the Committee permitted the full amount of the increase to pass through to interest rates in reserve markets. Thereafter, open market operations were conducted with a view to maintaining the less acommodative degree of reserve pressure sought by the Committee. After the policy change, the federal funds rate rose ½ percentage point, to 4¼ percent, and remained at about that level over the intermeeting period. Adjustment plus seasonal borrowing trended higher over the intermeeting period, reflecting the usual seasonal pickup in lending activity, and averaged close to anticipated levels.

Market interest rates on instruments with more than three-month maturities moved lower immediately following the announcement of the Committee's action, although some very short-term interest rates moved up. The commercial bank prime rate also was raised by ½ percentage point, to 7¼ percent. Market participants apparently interpreted the policy actions and the accompanying announcement as signaling that the System would not take further tightening actions as soon as they had anticipated earlier. Incoming data suggesting sluggish spending and subdued inflation tended to confirm these market assessments. Late in the intermeeting period, however, bond yields retraced their earlier declines, partly in association with a weakening dollar in foreign exchange markets and rising commodity prices. Most major indexes of equity prices rose early in the intermeeting period, but they then moved lower in sympathy with the declines in bond prices and the dollar and ended the period with small losses.

The trade-weighted value of the dollar in terms of the other G-10 currencies fell significantly further on balance over the intermeeting period. The renewed decline, which began toward the middle of June, occurred in response to indications of an improved economic outlook abroad, associated increases in foreign bond yields, and heightened concerns about possible increases in U.S. inflation. Developments suggesting less favorable prospects for progress in U.S.–Japanese trade negotiations also tended to strengthen the yen against the dollar.

The broad monetary aggregates were weaker than the Committee anticipated at the time of its previous meeting, with both M2 and M3 declining on average over May and June. The declines appeared to be related in part to the continuing appeal of capital market instruments. More generally, however, the rise in short- and long-term interest rates since the beginning of 1994, coupled with the reluctance of banks and other depository institutions to adjust their offering rates promptly, had produced a widening of the opportunity costs of holding deposits and had led households to move deposit monies into direct and indirect holdings of market instruments. For the year through June, both M2 and M3 were at the bottom of the Committee's ranges for 1994, and total domestic nonfinancial debt had expanded at a moderate rate in the lower half of its monitoring range.

The staff forecast prepared for this meeting suggested that the economy was operating at a level close to capacity and that the expansion would slow over the next several quarters to a rate generally in line with the growth of the economy's potential. To the extent that aggregate demand tended to expand at a pace that could foster higher inflation, it would not be accommodated by monetary policy, and pressures would be generated in financial markets that would restrain domestic spending. Consumer spending, which had been increasing faster than household income for some time, was expected to moderate as smaller gains in employment and income, coupled with higher interest rates and reductions in the value of household financial assets, exerted a restraining influence on consumption patterns. Business fixed investment was projected to continue at a brisk pace, although growth would be damped somewhat by the expected deceleration in economic activity, a growing shortfall of corporate cash flow relative to capital outlays, and higher financing costs. The effects of higher mortgage interest rates were expected to cause some slowing in the relatively robust pace of single-family homebuilding. The restraint on output growth exerted by weak export demand was expected to diminish because of the lower value of the dollar and the somewhat faster recovery now projected in economic activity abroad. The staff analysis suggested that, with the economy already operating close to its long-run potential, no further reduction in the core rate of inflation was likely over the forecast horizon.

In the Committee's discussion of current and prospective economic developments, members commented that the expansion continued to display considerable momentum, with business activity apparently still increasing at a pace above the economy's long-run growth potential. At the same time, indications of some slowing in aggregate demand had tended to increase over the past few months. The extent of that slowing remained subject to considerable uncertainty, especially in light of somewhat disparate data on employment and spending. Nonetheless, it was generally agreed that, in the context of appropriate fiscal and monetary policies, some moderation in economic growth to a pace closer to that of the economy's long-run potential was a reasonable expectation. Such a slowing seemed necessary to forestall a buildup of inflation pressures in the view of many members. A number of members emphasized that remaining margins of unemployed labor and other production resources, while difficult to assess, now appeared to be quite limited. Although views differed to some degree, the members generally concluded that the various factors affecting the course of inflation were likely to result, on balance, in little change, or perhaps a small rise, in inflation over the 1994–95 forecast horizon. Some members regarded the risks of a significant divergence from their forecasts of economic growth and inflation as fairly evenly balanced in either direction, but most believed that those risks were tilted to the upside.

In keeping with the usual practice at meetings when the Committee considers its long-run objectives for growth of the money and debt aggregates, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members provided specific individual projections of growth in real and nominal GDP, the rate of unemployment, and the rate of inflation for the years 1994 and 1995. The central tendency of the forecasts of the rate of expansion in real GDP for 1994 as a whole was 3 to 3¼ percent, a little below the rate of growth estimated for the first half of the year; for 1995, the projections had a central tendency of 2½ to 2¾ percent. With regard to the expansion of nominal GDP, the forecasts centered on growth rates of 5½ to 6 percent for 1994 and 5 to 5½ percent for 1995. The projections of more moderate growth in economic activity were associated with rates of unemployment in a range of 6 to 6¼ percent in the fourth quarters of both 1994 and 1995, about the same as the average unemployment rate in recent months. For the rate of inflation, as measured by the CPI, the projections had a central tendency of 2¾ to 3 percent for 1994 and 2¾ to 3½ percent for 1995; both ranges represented a slight increase from the average rate over the past year. Favorable developments in the food and energy sectors, which had held down overall inflation measures over the past several quarters, were not expected to continue and the drop in the dollar would be exerting upward pressures on prices in coming quarters.

Pursuant to a request from the Chairman of the Senate Banking Committee, the members considered extending their specific forecasts by an additional year. Many expressed reservations about the reliability and thus the usefulness of numerical forecasts extending relatively far into the future. Moreover, they were concerned about misunderstandings of specific long-range forecasts in relation to the Committee's goals and the ongoing formulation of monetary policy. The members concluded that, on balance, the Committee's policy intentions and expectations would be conveyed more effectively by the Chairman in his upcoming congressional testimony through a discussion of the important factors bearing on trends in economic growth, prices, and unemployment; the uncertainties involved in projecting such variables; and the role of monetary policy in achieving desired economic goals. Committee members noted that the Administration's medium-term outlook contained reasonable estimates of the trend growth in output.

In their review of developments in different parts of the country and sectors of the economy, members referred to indications of continuing growth in regional business activity ranging from relatively modest to quite robust across much of the nation; at the same time, some areas such as California continued to experience generally stagnant economic conditions. While solid growth seemed to characterize the overall economy, the members saw increasing signs of some slowing in many areas. Business and consumer sentiment generally remained quite positive, although a number of members commented on a new note of caution among some of their business contacts and some shaving of industry forecasts for the balance of the year.

Turning to the key consumer sector, members commented on various indications of some moderation in the growth of expenditures. Higher interest costs were cited by some business contacts as constraining purchases of consumer durables, but members also referred to the negative impact of persisting, highly visible cutbacks in workforces by some major business firms and of growing consumer debt. Some members also noted that supply constraints, such as limitations on the availability of some popular automobile models, had tended to curb the expansion in sales. Looking ahead, more moderate growth in consumer spending seemed likely; apart from the direct effects of higher interest rates on such spending, the prospectively less ebullient housing sector was likely to retard demands for household furnishings.

Business fixed investment was thought likely to continue to provide appreciable stimulus to the expansion, though to a diminishing extent in the context of slower overall growth in economic activity and higher financing costs. While spending for equipment was likely to moderate considerably from the extraordinarily rapid increases recorded over an extended period, ongoing business efforts to improve operating efficiencies would probably sustain substantial further growth in equipment outlays. Nonresidential construction expenditures were expected to post moderate increases after stagnating earlier; in this connection, a number of members observed that commercial vacancy rates were declining in various metropolitan areas and improved demand for space was likely to generate increased construction activity. Although higher interest costs could have some restraining effect, financing for such projects was more readily available than earlier. The outlook for inventory investment remained uncertain. Some buildup in inventories was occurring, but business firms were continuing to resist sizable increases and inventory-to-sales ratios remained at unusually low levels. Developments that might be expected to foster a faster buildup, such as some lengthening of order lead times and rising pressures on capacity in some industries, had not led to the strengthening in inventory investment that had characterized comparable stages of previous business cycle expansions.

Members observed that the outlook for exports appeared to have improved and that foreign trade, on net, probably would make a small contribution to economic growth over the next several quarters. Some noted that business contacts were reporting strong foreign demand for various U.S. products. As members had noted at previous meetings, the North American Free Trade Agreement appeared to have stimulated increased trade between Mexico and the United States, although it was still too early to gauge the extent of this development. More generally, the decline in the foreign exchange value of the dollar and a somewhat greater strengthening in the economies of major trading partners than was expected earlier had enhanced the prospects for appreciable growth in U.S. exports, and in the view of at least some members that growth might prove to be considerably greater than was currently projected.

Members remarked that uncertainties about remaining margins of slack in the economy, accentuated by the change in the household employment survey, and about potential levels of economic activity over the quarters ahead made it particularly difficult to assess the outlook for inflation. However, based on what seemed to be reasonable estimates of resource utilization levels and their own projections that the rate of economic growth would slow to a pace nearer the economy's growth potential, the members generally concluded that the rate of inflation, as measured by the CPI, might remain about unchanged or tilt slightly higher over the forecast horizon. This conclusion took into account the effects of the decline in the foreign exchange value of the dollar, the increase in oil prices on world markets, and the at-least-temporary rise in food prices. Some members observed that the overall behavior of prices had been somewhat more favorable than they would have predicted, given the strength of the expansion and the level of resource utilization. One explanation could be that increases in overall capacity and productivity stemming from business restructuring activities and investments in new equipment and facilities had been greater than expected. Comments from numerous business contacts around the country continued to indicate that despite the rising costs of many materials used in the production process, highly competitive markets rendered it very difficult or impossible to pass these higher costs through to prices of finished goods. At the same time, labor compensation increases had remained subdued despite indications of shortages of some types of labor in many parts of the country. Exceptions involving sizable wage increases continued to be cited for some industries, such as construction and trucking, that were operating at full capacity. Nonetheless, in the absence of an uptrend thus far in consumer price inflation and given continuing uncertainties about job prospects despite large job gains, wage pressures had remained restrained.

In keeping with the requirements of the Full Employment and Balanced Growth Act of 1978 (the Humphrey-Hawkins Act), the Committee at this meeting reviewed the ranges for growth in the monetary and debt aggregates that it had established in February for 1994 and it decided on tentative ranges for growth in those aggregates in 1995. The current ranges set in February for the period from the fourth quarter of 1993 to the fourth quarter of 1994 included expansion of 1 to 5 percent for M2 and 0 to 4 percent for M3. A monitoring range for growth of total domestic nonfinancial debt had been set at 4 to 8 percent for 1994.

In the Committee's discussion, which as in the past tended to focus on M2, all the members indicated that they were in favor of retaining the current ranges for M2 and M3 for 1994 and extending those ranges on a provisional basis to 1995. In their evaluation of appropriate growth ranges for 1994, the members anticipated that the projected moderation in the expansion of nominal GDP and the likelihood that funds would continue to be diverted from deposits to higher yielding market instruments would be reflected in relatively sluggish growth in M2 and M3 and further increases in their velocity—the ratio of nominal GDP to these monetary measures. In the circumstances, expected growth in M2 and M3 at rates around the lower end of their ranges would be consistent with the Committee's overall objective of fostering financial conditions that would promote sustainable economic growth and contain pressures on prices. Indeed, that objective might even imply a shortfall from current ranges, but a shortfall could be tolerated and explained if it reflected a greater-than-expected rise in velocities associated with an acceptable economic performance. While growth of the broad monetary aggregates might pick up somewhat next year, it probably would remain damped relative to income. In light of this prospect, and of the uncertainties about appropriate monetary growth in 1995, the Committee decided to carry forward the 1994 ranges, subject to a review early next year. The Committee noted that the current ranges, which had been reduced greatly over the years, could be viewed as long-run benchmarks for monetary growth consistent with maximum sustainable economic expansion in a noninflationary environment, if there were a return to more normal velocity behavior. The Committee recognized that considerable uncertainty about the behavior of velocity was likely to persist and that a broad range of financial and economic indicators, in addition to the monetary aggregates, would need to be monitored in determining the appropriate course for monetary policy.

In their review of the Committee's monitoring range for the growth of total domestic nonfinancial debt, the members agreed that the current range for 1994 should be retained. This view took into account staff projections indicating that the debt aggregate was likely to grow within its present range this year, albeit the lower half of that range. Considerable sentiment was expressed, however, for reducing the debt monitoring range for 1995. Debt growth was expected to remain relatively subdued in association with projections of a slower rate of expansion in nominal GDP. Lowering the range would underscore the Committee's view that rapid debt growth, should it materialize and be sustained, could have adverse implications for inflation and financial stability. Members emphasized, however, that action to adjust the debt range did not imply increased Committee emphasis on the debt aggregate, and most believed that the risks of any misinterpretation could be minimized by including an appropriate explanation in the report to the Congress.

At the conclusion of this discussion, the Committee voted to reaffirm the ranges for growth of M2 and M3 and the monitoring range for growth of total domestic nonfinancial debt that it had established in February for 1994. The following statement was approved for inclusion in the Committee's domestic policy directive:

> 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 reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 0 to

4 percent respectively, measured from the fourth quarter of 1993 to the fourth quarter of 1994. The Committee anticipated that developments contributing to unusual velocity increases could persist during the year and that money growth within these ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt was maintained at 4 to 8 percent for the year.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Broaddus, Forrestal, Jordan, Kelley, LaWare, Lindsey, Parry, and Ms. Phillips. Votes against this action: None.

For the year 1995, the Committee approved provisional ranges for M2 and M3 that were unchanged from the 1994 ranges. The Committee reduced the monitoring range for growth in total domestic nonfinancial debt by 1 percentage point from 1994 to a range of 3 to 7 percent. Accordingly, the Committee voted to incorporate the following statement regarding the 1995 ranges in its domestic policy directive:

For 1995, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1994 to the fourth quarter of 1995, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the associated monitoring range for growth of domestic nonfinancial debt at 3 to 7 percent for 1995. 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.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Broaddus, Forrestal, Jordan, Kelley, LaWare, Lindsey, Parry, and Ms. Phillips. Votes against this action: None.

In the Committee's discussion of policy for the intermeeting period ahead, most members endorsed a proposal to maintain an unchanged degree of pressure in reserve markets. The economy seemed to be slowing, although to an uncertain extent. Earlier policy tightening actions were being reflected in the sluggish behavior of money and reserves, although the extent of their effects on spending were still in question. Inflation was a concern, but direct evidence of additional pressures on costs and prices was quite fragmentary. In these circumstances, all but one of the members concluded that it would be prudent for the Committee to assess further developments before taking any action. One member believed that prompt further tightening was needed to avert the development of greater inflation.

In the discussion of the near-term course of policy, the members took account of the substantial weakness of the dollar in foreign exchange markets over the course of recent weeks. By itself, the drop in the dollar could put some pressure on resources and prices. However, the members agreed that these effects needed to be considered in the context of overall prospects for the economy and financial markets, and policy should not be focused narrowly on the dollar alone. In any case, given the negative sentiment in the foreign exchange markets, the effects on the dollar that would flow from a small change in policy were uncertain. Ultimately, the most effective support that monetary policy could provide for the dollar was to foster the objectives of sustainable economic growth and progress toward price stability.

With regard to possible changes in policy during the intermeeting period, a majority favored a change in the intermeeting instruction in the directive from symmetry to asymmetry toward restraint. Some of the members indicated that near-term developments were not likely to call for an adjustment to policy. Nonetheless, the risk of inflationary momentum in the expansion remained high, given an economy that appeared to be operating at or very close to full capacity, and they believed that the probable direction of the next policy move was likely to be in the direction of restraint. Some emphasized that such a move should be made promptly in response to information suggesting a greater potential for inflation. In the view of many though not all members, the costs of policy errors were asymmetrical at this point. The costs of reversing a policy stance that turned out to be slightly too tight would be limited to somewhat slower economic growth for a time; the expansion appeared to be so well established at this juncture that the risks of a greater economic adjustment were remote. On the other hand, a policy that turned out to be unduly stimulative would foster greater inflation and inflationary expectations that probably could be reversed only at the cost of considerable disruption in financial markets and the economy. It also was noted that an asymmetric directive would underscore the Committee's determination to resist greater inflation; the asymmetry could be viewed as a logical extension of the strategy adopted in February to move to a policy stance consistent with averting inflationary pressures in a firmly established expansion.

Some members indicated a preference for retaining a symmetric directive. These members did not rule out the possible need for further policy tightening, but they believed that the risks surrounding current forecasts were about evenly weighted in both directions. One member expressed strong reservations about the use of an asymmetric directive on the grounds that such language made intermeeting changes more likely and in the view of that member markets reacted more favorably when actions were taken and announced at regular meetings. However, all those favoring a symmetric directive with an unchanged policy stance could accept an asymmetric intermeeting instruction.

At the conclusion of the Committee's discussion, all but one of the members indicated that they could support a directive that called for maintaining the existing degree of pressure on reserve positions and that included a bias toward the possible firming of reserve conditions during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater reserve restraint would be acceptable 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 the broader monetary aggregates over coming months.

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 recorded another substantial gain in the second quarter, causing levels of resource utilization to rise further. Increases in nonfarm payroll employment have been relatively large on average in recent months; the civilian unemployment rate is reported to have declined to 6.0 percent in May. The rise in industrial production slackened in April and May, primarily because capacity constraints prevented normal seasonal increases in the production of motor vehicles. Growth in consumer spending has slowed in recent months after very large increases in February and March. Housing starts have rebounded from winter disruptions to a pace close to the elevated fourth-quarter level. Orders for nondefense capital goods point to a continued strong uptrend in spending on business equipment, while nonresidential construction has recovered from a weather-depressed level in the first quarter. The nominal deficit on U.S. trade in goods and services was larger in April than in March but about unchanged from the average for the first quarter. Increases in broad indexes of consumer and producer prices have remained moderate in recent months, though prices of many basic industrial materials have risen.

On May 17, 1994, the Board of Governors approved an increase in the discount rate from 3 to 3½ percent. Most market interest rates were up slightly on balance since the May meeting; declines in bond yields early in the intermeeting period were offset later by market reactions to a weakening dollar in foreign exchange markets and rising commodity prices. The trade-weighted value of the dollar in terms of the other G-10 currencies was down significantly further on balance over the intermeeting period, reflecting a sizable drop since early June.

M2 and M3 declined on average over May and June; for the year through June, both M2 and M3 are at the bottom of their ranges for 1994. Total domestic nonfinancial debt has continued to expand at a moderate rate in recent months.

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 reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1993 to the fourth quarter of 1994. The Committee anticipated that developments contributing to unusual velocity increases could persist during the year and that money growth within these ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt was maintained at 4 to 8 percent for the year. For 1995, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1994 to the fourth quarter of 1995, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the associated monitoring range for growth of domestic nonfinancial debt at 3 to 7 percent for 1995. 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 would 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 M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Forrestal, Jordan, Kelley, LaWare, Lindsey, Parry, and Ms. Phillips. Votes against this action: Mr. Broaddus.

Mr. Broaddus dissented because he believed that additional near-term tightening was necessary to contain inflation. The tightening actions implemented thus far this year were moderate by historical standards, and he doubted that they would prove sufficient to prevent higher inflation given the strength of the economic expansion, the minimal remaining margins of unemployed labor and other producer resources, and inflationary expectations that he feared might already be rising.

Before the conclusion of this meeting, the members discussed the desirability of announcing the outcome of a meeting when no action to change policy was taken. Views differed on this issue, but most of the members supported a proposal to provide a brief and informal indication that the meeting had ended and that there would be no further announcements. Since early February, a statement had been released after each meeting, all of which had involved policy changes; failure to take some step after this meeting to make clear that there was no change to announce would lead for a time to a heightened degree of uncertainty. With regard to future announcements, it was understood that this issue along with other public disclosure questions would be considered at a later meeting. The Committee's decision regarding announcements would then be made public.

It was agreed that the next meeting of the Committee would be held on Tuesday, August 16, 1994.

The meeting adjourned at 12:35 p.m.

Donald L. Kohn
Secretary

Legal Developments

Final Rule—Amendment to Regulation A

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks), to reflect its approval of an increase in the basic discount rate at each Federal Reserve Bank. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

Effective August 18, 1994, 12 C.F.R. Part 201 is amended as follows and the rate changes for adjustment credit were effective on the dates specified in section 201.51.

Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

Authority: 12 U.S.C. 343 *et seq.*, 347a, 347b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. Section 201.51 is revised to read as follows:

Section 201.51—Adjustment credit for depository institutions.

The rates for adjustment credit provided to depository institutions under section 201.3(a) are:

Federal Reserve Bank	Rate	Effective Date
Boston	4.0	August 16, 1994
New York	4.0	August 16, 1994
Philadelphia	4.0	August 18, 1994
Cleveland	4.0	August 17, 1994
Richmond	4.0	August 16, 1994
Atlanta	4.0	August 18, 1994
Chicago	4.0	August 16, 1994
St. Louis	4.0	August 16, 1994
Minneapolis	4.0	August 18, 1994
Kansas City	4.0	August 16, 1994
Dallas	4.0	August 16, 1994
San Francisco	4.0	August 17, 1994

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Bank of Montreal
Toronto, Canada

Bankmont Financial Corp.
Chicago, Illinois

Harris Bankmont, Inc.
Chicago, Illinois

Order Approving Acquisition of Banks and Formation of a Bank Holding Company

Bank of Montreal, Toronto, Canada ("Applicant"), and its subsidiary, Bankmont Financial Corp., Chicago, Illinois ("Bankmont Financial"), each a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire indirectly all the voting shares of the 13 subsidiary banks ("Suburban Banks") of Suburban Bancorp, Inc., Palatine, Illinois ("Suburban").[1] In connection with this proposal, Harris Bankmont, Inc., Chicago, Illinois ("Bankmont"), has applied under section 3 of the BHC Act to become a bank holding company by acquiring all the voting shares of the Suburban Banks.[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 27,020 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

1. The Suburban Banks are listed in the Appendix.
2. Under this proposal, Suburban would merge with and into Bankmont, a direct, wholly owned subsidiary of Applicant formed for this transaction. Applicant would then contribute the shares of Bankmont to Bankmont Financial, another direct, wholly owned subsidiary.

Applicant, with consolidated assets equivalent to approximately $90.3 billion, is the third largest banking organization in Canada.[3] In the United States, Applicant indirectly controls 13 banks in Illinois through Bankmont Financial and a third bank holding company that is a direct, wholly owned subsidiary of Bankmont Financial, Harris Bankcorp, Incorporated, Chicago, Illinois.[4] Applicant is the third largest commercial banking organization in Illinois, controlling deposits of $7.3 billion, representing 5.2 percent of all deposits in commercial banking organizations in the state. Suburban is the 16th largest commercial banking organization in Illinois, controlling deposits of $1.2 billion, representing less than 1 percent of all deposits in commercial banking organizations in the state. Upon consummation of this proposal, Applicant would remain the third largest commercial banking organization in Illinois, controlling deposits of $8.5 billion, representing approximately 6.1 percent of all deposits in commercial banking organizations in the state.

Competitive Considerations

Applicant and Suburban compete directly in the Chicago, Aurora, and Elgin, Illinois, banking markets.[5] Upon consummation of this proposal, all these markets would remain unconcentrated or moderately concentrated as measured by the Herfindahl–Hirschman Index ("HHI").[6] After considering the number of competitors that would remain in these markets, the relatively small increase in concentration as measured by the HHI,[7] and all other facts of record, the Board has concluded that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C § 2901 *et seq.* ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with 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 applications.[8]

The Board has received comments from two individuals ("Protestants") alleging that Applicant's lead bank subsidiary in the United States, Harris Trust and Savings Bank, Chicago, Illinois ("Bank"), discriminates against loan applicants and loan customers on the basis of race and gender.[9] Each Protestant claims

3. Asset, state deposit, and ranking data are as of March 31, 1994. National ranking data are as of December 31, 1992.

4. In addition, Applicant controls one bank in Arizona.

5. The Chicago banking market is approximated by Cook, Du Page, and Lake Counties, all in Illinois. The Aurora banking market is approximated by the southern three tiers of townships in Kane County; Plano, Bristol, Oswego, Fox, and Kendall townships in Kendall County; and Sandwich township in De Kalb County, all in Illinois. The Elgin banking market is approximated by Marengo, Seneca, Nunda, Riley, Coral, Grafton, and Algonquin townships in McHenry County; and the northern two tiers of townships in Kane County, all in Illinois.

6. 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 less than 1000 is considered unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anti-competitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

7. The HHI, based on market deposit data as of June 30, 1992, would increase in these banking markets as follows: Chicago (by 8 points to 584); Aurora (by 30 points to 1183); and Elgin (by 25 points to 1514).

8. 12 U.S.C. § 2903.

9. One commenter ("First Protestant") alleges that Bank imposed burdensome delays, conditions, and procedures in the loan application process that discouraged his attempts to refinance loans on two properties, and that Bank relied on inaccurate appraisal reports to deny or discourage loan applications. Bank has stated that it accepted applications for and approved both of First Protestant's loans even though each was below the minimum amount normally funded by Bank at the time. Bank noted that it processed the loan at a time when it was processing a large number of requests to refinance loans and stated that it imposes the same conditions and procedures on all mortgage customers with similar property.

The other commenter ("Second Protestant") alleges that Bank took unreasonable steps in foreclosing on a residential mortgage loan. Bank denied this allegation, and stated that it based its decision to proceed with a sheriff's sale based on Second Protestant's payment history and credit status, as well as its estimate of whether Second Protestant could obtain financing to repay her loan. Bank also states that the bankruptcy court in which Second Protestant filed for bankruptcy confirmed the fairness and reasonableness of the sale of the property arranged by Bank as mortgagee.

Based on all the facts of record, including relevant examination information, the Board concludes that the Protestants' comments do not warrant denial of these applications.

that data submitted by Bank under the Home Mortgage Disclosure Act ("HMDA") (12 U.S.C. § 2801 *et seq.*) show that Bank has a higher denial rate for African-American than for white mortgage loan applicants and that this disparity indicates discrimination on the part of Bank.

Record of Performance Under the CRA

In its consideration of the convenience and needs factor under the BHC Act, the Board has carefully reviewed the CRA performance records of Applicant, Suburban, and their respective subsidiary banks, as well as all comments received on these applications, Applicant's responses to those comments, and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[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] In this case, the Board notes that all of Applicant's subsidiary banks in the United States received either "outstanding" or "satisfactory" ratings at their most recent examinations for CRA performance. In particular, Bank received a "satisfactory" rating from the Federal Reserve Bank of Chicago at its most recent examination for CRA performance as of September 1993 ("1993 Exam"). The Board also notes that all of Suburban's subsidiary banks received either "outstanding" or "satisfactory" ratings at their most recent examinations for CRA performance.

B. HMDA Data and Marketing Efforts

The Board has carefully reviewed the 1992 and 1993 HMDA data reported by Bank in light of Protestants' comments that Bank's denial rates indicate that Bank discriminates against African Americans. These data indicate that in 1992, Bank made 86 HMDA-related loans to African-American residents in its delineated community, Cook County, representing 10.1 percent of the total HMDA-related loans Bank made in Cook County that year. On an aggregate basis in Cook County, all lenders made 7 percent of their HMDA-related loans to African Americans. In addition, Bank denied loan applications submitted by African Americans at the average rate for all lenders in Cook County. However, these data also indicate disparities in the rates of denials that vary by racial group.

The Board is concerned when an institution's record indicates disparities in lending to minority applicants and believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community and have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has engaged in illegal discrimination in lending.

The Board notes that the 1993 Exam found no evidence of prohibited discrimination or other illegal credit practices. That examination also found no evidence of practices intended to discourage applications for the types of credit listed in Bank's CRA statement.[12]

The record of these applications also indicates that Bank has undertaken a number of efforts to improve its record of lending to minority and low- and moderate-income credit applicants. For example, Bank (as well as other subsidiaries of Applicant) has established a "second look" procedure to ensure that mortgage applications from low- and moderate-income applicants obtain a fair review. Under this program, Bank may make a loan to a borrower who does not meet the standard underwriting criteria for a loan. Because these loans are not eligible for sale in the secondary market, Bank retains these loans in its own portfolio.

Bank also uses a variety of methods to market credit products to all segments of its community, including minority residents. Bank advertises in media with primarily minority audiences.[13] Bank also advertises specific credit products targeted to low- and moderate-income communities, including its Community Homebuyers Program, SBA-guaranteed loans, and home equity loans. Bank also engaged in an extensive direct

10. 54 *Federal Register* 13,742 (1989).
11. *Id.* at 13,745.

12. Applicant states that the credit staff of its bank subsidiaries receive annual anti-discrimination training focused on fair lending laws. Compliance officers in individual divisions and the compliance office for the entire Bank regularly conduct fair lending reviews of loan files.

13. Newspapers in which Bank advertises include *The Chicago Defender*, *La Raza*, and *The Extra*, and radio stations include WGCI and WVAZ. The record also indicates that Bank has increased its advertising, including advertising in minority media, by tripling the number of credit-related advertisements placed in print media from 1992 to 1993 and doubling the number of radio spots over the same period.

mail campaign to promote a new secured credit card product to expand consumer credit. More than one-quarter of customers enrolled as a result of the campaign were from minority census tracts.

The 1993 Exam also concluded that Bank's calling efforts target low- and moderate-income areas throughout its delineated community. Bank uses market research surveys, discussion groups, and formal calling programs with specific numerical goals to ascertain the credit needs of all segments of its community, including the African-American community. Under its calling program, Bank divides its market area into several sections and sets goals for and monitors the number of calls made in minority and low- and moderate-income census tracts within each section. In 1992, Bank created the position of Needs Ascertainment Manager ("NAM"). The NAM complements the efforts of other Bank staff by monitoring their calling efforts and initiating calling efforts where necessary.[14] Approximately one-half of the NAM's calls in the first half of 1993 were made in minority communities. In addition, Bank has a calling program directed at small businesses. During the first half of 1993, approximately one-third of the calls made under this program were to small businesses located in minority census tracts. Based on needs identified through these ascertainment efforts, Bank sponsored or participated in several home purchase or basic banking seminars and modified its low down payment mortgage product to make it more responsive to meeting identified housing needs.[15]

The record also indicates that Bank has improved its record of lending to African-American mortgage customers. HMDA data show that Bank increased the number of loan applications received from African-American loan applicants from 126 in 1992 to 235 in 1993. In addition, the denial rate for African-American loan applicants decreased over that time period. As a result, 17.3 percent of Bank's HMDA-related loans in Cook County were made to African-American borrowers in 1993. The record also indicates that Bank's market share among African-American borrowers for HMDA-related loans is nearly twice its overall market share.

C. Lending Programs

The record of these applications also indicates that Bank has developed several credit products specifically designed to meet the needs of low- to moderate-income customers in the areas of affordable housing, consumer credit, and small business loans. In the summer of 1992, Bank developed its Community Homebuyers Program. This product uses the Freddie Mac "Affordable Gold" program, which is actively marketed by Bank through newspapers and to realtors and mortgage originators. Bank made nine loans under this program in 1992, and increased this figure to 46 loans totalling $3.7 million during the first eight months of 1993. Bank also closed 27 loans totalling more than $18 million for the rehabilitation of multi-family housing in 1993. Bank also participates in numerous loan pools sponsored by not-for-profit organizations that provide community development funds and assistance. As of the end of 1993, Bank had committed more than $27 million to these pools.

Bank also participates in various government-guaranteed, government-insured, or government-subsidized loan programs for housing and small business. These include City of Chicago Department of Housing programs, Illinois Housing Development Authority programs, the State of Illinois Treasurer Linked Deposit program, New Homes for Chicago-Laverne and Pilsen, SBA programs,[16] and FHA/VA programs. Loans outstanding under these programs amounted to approximately $18.4 million as of September 1993, with an additional $12.4 million in loans approved but not yet closed.

Applicant also announced in April 1994 that its U.S. banking operations would open approximately one-third of 24 planned branches in the Chicago area in low- and moderate-income neighborhoods. In addition, Bank has announced a $305 million lending program for affordable housing, small business, and community revitalization over the next five years. Bank has targeted $100 million for residential mortgages and $50 million for multi-family and mixed-use mortgages. In connection with this new lending initiative, Bank announced plans to extend $2 million in Harris Foundation grants to community redevelopment organizations.

14. Bank also employs a CRA officer. The NAM's responsibilities are more specific than those of the CRA officer, who coordinates the overall CRA effort of Bank and ensures that products are developed to meet identified credit needs.

15. In particular, Bank expanded its Community Homebuyers Program, which offers 95 percent financing, to include 2-unit properties.

16. In 1993, Bank received the SBA's Illinois Minority Enterprise Development Week Private Sector Firm of the Year Award. Bank provided over $8 million in financing to small businesses through SBA programs.

Conclusion Regarding Convenience and Needs Factor

The Board has carefully considered all the facts of record in this case in reviewing the convenience and needs factor under the BHC Act. For the foregoing reasons, and based on all the facts of record in this case, including Protestants' comments, Applicant's responses to those comments, and the relevant reports of examination, the Board has concluded that convenience and needs considerations, including relevant CRA performance records, are consistent with approval of these applications.

Supervisory Considerations

In order to approve an application by a foreign bank to acquire a U.S. bank or bank holding company, the BHC Act and Regulation Y require the Board to determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor. *See* 12 U.S.C. § 1842(c)(3)(B); 12 C.F.R. 225.13(b)(5). The Board also must determine that the foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with applicable law. *See* 12 U.S.C. § 1842(c)(3)(A); 12 C.F.R. 225.13(b)(4).

The Board considers a foreign bank to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the bank's worldwide operations, including its relationship to any affiliate, to assess the bank's overall financial condition and its compliance with law and regulation.[17] 12 C.F.R. 211.24(c)(1). In making its determination on this application, the Board considered the following information.

The Office of the Superintendent of Financial Institutions ("OSFI") is the supervisory authority for Canadian banks that are licensed by the Canadian federal government and, as such, is the home country supervisor of Applicant. OSFI monitors the capital, earnings, assets, liquidity, operations/systems, and internal controls of Canadian banks. OSFI receives information on the worldwide operations of the banks it supervises, including their domestic and foreign branches and affiliates, through on-site examinations, review of external and internal audit reports, and monitoring periodic financial reports. The focus of OSFI's supervisory process is directed toward ensuring that the banks it supervises have sound internal controls. When OSFI assesses a bank's internal controls, it does so on a worldwide basis. OSFI considers that the most critical component of a bank's internal control process is the bank's internal audit division, and OSFI devotes a considerable amount of time to assessing the work of that division.

OSFI conducts annual on-site examinations of Applicant, and specific information on Applicant's domestic and foreign subsidiaries that has a material impact on Applicant's operations is analyzed. The scope of the on-site examination includes a review of the work of Applicant's external and internal auditors and a review of Applicant's compliance with applicable law. Asset quality is examined through a review of the level of "watch list" and non-performing loans, the adequacy of the loan loss reserve, and concentrations in the loan portfolio. Sample credit files are also reviewed as part of the examination process. OSFI also meets at least annually with Applicant's management responsible for compliance, whose mandate includes establishing compliance manuals and advising on compliance with law and regulations in all jurisdictions in which Applicant operates.

Each year, Applicant's shareholders appoint two qualified accounting firms as auditors to be used in alternate years. The qualification standards for auditors of Canadian banks are set by statute. OSFI relies on the reports of these auditors based on a detailed annual review of the external auditors' working paper files. OSFI communicates with Applicant's external auditors regularly, and OSFI examiners meet with Applicant's external auditors following the on-site portion of the OSFI examination.

Applicant's external auditors are required by statute to report annually to Applicant's senior management any transactions or conditions that the auditors believe are unsatisfactory and require corrective action. Included in the report is a list of loans that exceed one half of one percent of Applicant's capital that the

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

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

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

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

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

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

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

auditors regard as likely to result in a loss. All of Applicant's worldwide operations, both foreign and domestic, are subject to internal audits by Applicant. The results of these internal audits are made available to OSFI.

OSFI monitors Applicant through a quarterly analysis of Applicant's financial results, focusing on the operating results of Applicant's various divisions and on Applicant's capital, assets, liquidity, and earnings. Financial reports submitted by Applicant to OSFI are prepared on a consolidated basis and include the results of all domestic and foreign subsidiaries. Applicant's balance sheet and a report on its foreign exchange position are sent to OSFI monthly.

Transactions between Applicant and its affiliates must be reported to and approved by a statutorily mandated committee of Applicant, which, in turn, has reporting responsibilities to OSFI. Moreover, OSFI regulates and monitors transactions between Applicant and its directors, officers, and their affiliates to ensure that the transactions are on arm's-length terms and that the transactions do not exceed statutory limits.

Applicant's investment banking subsidiary, The Nesbitt Thomson Corporation, Ltd. ("Nesbitt"), is directly monitored by the Investment Dealers Association of Canada ("IDA"), a self-regulatory organization. Nesbitt is required to submit monthly and annual consolidated reports to IDA. IDA also conducts unannounced examinations. While there is no formal exchange of information between OSFI and IDA, OSFI has access to financial and other information concerning Nesbitt through the parent company.

Based on all the facts of record, the Board concludes that Applicant is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has reviewed relevant provisions of Canadian law and has communicated with the appropriate government authorities about access to information regarding Applicant's operations. Applicant has committed that it will make available to the Board information on the operations of Applicant and any affiliate of Applicant that the Board deems necessary to determine and enforce compliance with the International Banking Act, the BHC Act, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited or impeded by law, Applicant has committed to cooperate with the Board in obtaining any necessary consents or waivers that might be required from third parties for disclosure. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Applicant has provided adequate assurances of access to any necessary information the Board may request.

Other Considerations

On the basis of all the facts of record, the Board has also concluded that the financial and managerial resources and future prospects of Applicant and Suburban and their respective subsidiaries, and all other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Based on the foregoing and all the other facts of record, the Board has determined that the applications should be, and hereby are, approved. Should any restrictions on access to information on the operations or activities of Applicant and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Applicant's U.S. operations or the compliance by Applicant or its affiliates with applicable federal statutes, the Board may require termination of any of Applicant's direct or indirect activities in the United States. The Board's approval is specifically conditioned on compliance with all the commitments made by Applicant in connection with these applications. 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 in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law against Applicant, its offices, and its affiliates.

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 Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 22, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Appendix

Subsidiary Banks to be Acquired

(1) Suburban National Bank of Palatine
(2) Suburban Bank of Barrington

(3) The State Bank of Woodstock
(4) Suburban Bank of Rolling Meadows
(5) Suburban Bank of Bartlett
(6) Suburban Bank of Cary-Grove
(7) Suburban National Bank of Elk Grove Village
(8) Marengo State Bank
(9) Suburban Bank of West Brook
(10) Suburban Bank of Hoffman-Schaumburg
(11) Suburban Bank of Oakbrook Terrace
(12) The State Bank of Huntley
(13) Suburban National Bank/Aurora

First Bank System, Inc.
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank Holding Company

First Bank System, Inc., Minneapolis, Minnesota, and its wholly owned subsidiary, Colorado National Bankshares, Inc., Denver, Colorado (together, "FBS"), both bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under sections 3(a)(3) and 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)) to acquire Green Mountain Bancorporation, Inc., Lakewood, Colorado ("Green Mountain"), and thereby indirectly acquire Green Mountain's subsidiary bank, Green Mountain Bank, Lakewood, Colorado.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 23,206 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

FBS, with total consolidated assets of approximately $26.7 billion, operates ten banks in seven states.[1] FBS is the largest commercial banking organization in Colorado, controlling approximately $6.5 billion in deposits, representing approximately 24 percent of the deposits in commercial banks in the state.[2] Green Mountain, with total consolidated assets of $30.8 million, is the 127th largest commercial banking organization in the state, controlling $24.8 million in deposits, representing less than 1 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal, FBS would remain the largest commercial banking organization in Colorado, controlling approximately $6.5 billion in deposits, representing approximately 24 percent of the total deposits in commercial banks in the state.

Competitive Considerations

FBS and Green Mountain compete directly in the Denver-Boulder banking market.[3] FBS is the largest depository institution in the market,[4] controlling deposits of $5 billion, representing 26.7 percent of total deposits in depository institutions in the market ("market deposits"). Green Mountain is the 54th largest depository institution in the Denver-Boulder banking market, with deposits of $24.8 million, representing less than 1 percent of market deposits. Upon consummation of this proposal, FBS would remain the largest depository institution in the Denver-Boulder banking market, controlling deposits of approximately $5 billion, representing 26.8 percent of market deposits. Based on all the facts of record, including the relatively small increases in market share and market concentration as measured by the Herfindahl–Hirschman Index ("HHI"),[5] the number of competitors remaining in the market, and other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition or the concentration of banking resources in the Denver-Boulder banking market or any other relevant banking market.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the

1. Asset data are as of March 31, 1994.
2. State deposit data are as of June 30, 1993.

3. The Denver-Boulder banking market is defined as the Denver RMA, plus all of Boulder County; the towns of Erie, Fort Lupton, Frederick and Keenesburg in Weld County; and the town of Parker in Douglas County.
4. When used in this context, depository institution includes commercial banks and savings associations. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).
5. The HHI for the Denver-Boulder banking market would increase by seven points to 1353. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository financial entities.

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 applications.[6]

The Board has received comments from the Denver Community Reinvestment Alliance ("Protestant") alleging that FBS's subsidiary bank, Colorado National Bank, Denver, Colorado ("CNB"), has failed to meet the credit needs of minorities and low- and moderate-income communities.[7] In particular, Protestant alleges that data filed under the Home Mortgage Disclosure Act ("HMDA") and the results of two reports prepared by a member organization of Protestant,[8] one of which was prepared with the help of a local television station, indicate that FBS and CNB have discriminated against minorities in extending credit. Protestant also alleges that CNB has inadequately marketed its services to minorities and low- and moderate-income communities.

In its consideration of the convenience and needs factor, the Board has carefully reviewed the entire CRA performance record of FBS, Green Mountain and their subsidiaries, all comments received regarding this application, including FBS's response to these comments, and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[9]

Record of CRA Performance

A. Evaluation of CRA Performance

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.[10] In this case, the Board notes that all of FBS's subsidiary banks received "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance. In particular, both FBS's lead bank, First Bank, N.A., Minneapolis, Minnesota, and CNB received "satisfactory" ratings from their primary regulator, the Office of the Comptroller of the Currency ("OCC"), at their most recent CRA examinations.[11] Green Mountain's subsidiary bank, Green Mountain Bank, also received a "satisfactory" rating at its most recent CRA examination, which was completed in April 1992.

B. Lending Practices

The Board has carefully reviewed the 1992 and 1993 HMDA data reported by FBS and CNB, in light of Protestant's comments. These data show some disparities in denial and origination rates in the Denver Metropolitan Statistical Area that vary according to the race of the homeowner. The data also show that CNB's 1993 origination and denial rates for minorities have improved over CNB's 1992 origination and denial rates, and are comparable to other financial institutions in the Denver market.[12] 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 applicants in low- and moderate-income and minority communities. 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 in making lending decisions.

The OCC's 1992 CRA performance examination of CNB found no evidence of any pattern or practice of discriminatory credit practices, or other practices designed to discourage credit applications.[13] The Board

6. 12 U.S.C. § 2903.

7. During the processing of this application, Protestant requested, and the Board granted, an extension of the comment period to allow it to analyze 1993 data filed by FBS and CNB under the Home Mortgage Disclosure Act.

8. These reports involved visits by several individuals to a few offices of FBS and CNB to inquire about applying for home mortgage and home equity loans. The minority testers reported that they received less favorable treatment than the non-minority testers.

9. 54 *Federal Register* 13,742 (1989).

10. 54 *Federal Register* 13,745 (1989).

11. CNB's most recent CRA examination was completed by the OCC in January 1992. FBS acquired CNB in 1993. First Bank, N.A.'s most recent CRA examination was completed in January 1993.

12. The 1992 and 1993 data used in this comparison are a combination of the following organizations' HMDA data: CNB, FBS Mortgage, Colorado National Mortgage, Central Bank National Association ("Central Bank"), and Bank Western National Association ("Bank Western"), all of Denver, Colorado. In 1993, FBS merged Central Bank and Bank Western into CNB.

13. The examination noted technical and procedural violations of the Fair Credit Reporting Act and the Board's Regulation B. The OCC evaluated the steps proposed by management to prevent recurrence of

also has carefully considered the preliminary results of a fair lending review of CNB conducted by the OCC, which takes into account Protestant's allegations.[14]

In addition, the Board has also considered affirmative steps taken by FBS and CNB to ensure that all customers and potential customers are treated equally in the lending process. For example, CNB has established a Fair Lending Office to give loan applicants and borrowers a forum to discuss their concerns about fair and equal treatment. CNB employees who are involved in the lending process are given formal training to increase their sensitivity to diversity and are given copies of CNB's Non-Discrimination Policy Statement. In addition, CNB and FBS Mortgage have in place a Second Look Program that assists in ensuring equal treatment of borrowers in the lending process by targeting declined applications for a second review. This program is designed to ensure that all decisions to deny loan applications were handled properly and to offer alternative credit products and resources to customers where appropriate.

FBS, through CNB and FBS Mortgage, has initiated several lending programs specifically designed to assist in meeting the housing-related credit needs of low- and moderate-income borrowers, and CNB, through its CRA Bonus Point Program, offers incentives to its loan originators to originate loans in low- and moderate-income areas. For example, FBS Mortgage offers an affordable housing product, Home Advantage, a specialized product for low- and moderate-income borrowers that features more flexible underwriting criteria. In 1993, FBS Mortgage originated 83 Home Advantage loans, totalling $4.9 million, through its Community Lending Office. The Community Lending Office opened in 1992 and is located in a low- and moderate-income neighborhood in northwest Denver. CNB also offers Accessibility Financing, a consumer and mortgage loan product with flexible underwriting criteria designed for people with physical disabilities. In addition, CNB offers down payment and closing cost assistance,[15] and sponsors an ongoing education program for individuals that includes such topics as budgeting and credit. In 1993, CNB made $17.3 million in loans related to affordable housing and economic development in low- and moderate-income neighborhoods.[16]

CNB also provides credit services tailored to meet the needs of small businesses located in low- and moderate-income communities. In 1993, CNB made 281 loans, totalling $15.3 million, to small businesses in low- and moderate-income neighborhoods. In 1992 and 1993, CNB was one of the largest SBA lenders in Colorado. In 1993, CNB originated at least 50 loans, totalling over $12 million, and in 1992, CNB originated 45 loans, totalling over $9 million. CNB also offers a nontraditional lending product to small businesses, First Opportunity, which has expanded underwriting guidelines designed to serve small business clients that are too new or too undercapitalized to qualify under standard underwriting guidelines.[17] In 1993, nine First Opportunity loans were approved, totalling over $425,000.[18]

C. Other Aspects of CRA Performance

CNB ascertains community credit needs in various ways, and at CNB's 1992 CRA examination, examiners noted that CNB targeted low- and moderate-income neighborhoods in its marketing programs and offered special credit products designed for low- and moderate-income households. The bank maintains regular contact with the community through its Community Advisory Board, which was established in 1993, and which is comprised of representatives from low- and moderate-income communities. CNB uses a variety of media to advertise its products and services, including outdoor advertising, newspapers and direct mail. CNB directs significant marketing efforts to minority and low- and moderate-income communities. In 1993, 27 percent of CNB's advertising budget was spent on media that specifically serves Denver's minority communities.

CNB also has increased by two the number of branches located in minority and low- and moderate-income communities in northwest Denver. In 1993, CNB opened a branch in Five Points, a low- and moderate-income area in northwest Denver, and it recently opened a full service branch in Montbello, a predominately minority, middle-income community, also in northwest Denver.

these violations by enhancing internal controls, and determined that these steps were sufficient to address these violations.

14. The OCC has indicated that it did not find evidence of any prohibited discriminatory lending practices or other illegal practices during its fair lending review of CNB.

15. In 1993, 91 borrowers received a total of $350,000 in down payment and closing cost assistance.

16. For example, CNB made a loan to a nonprofit community development corporation to acquire and renovate a 94-unit apartment complex for low-income housing and a loan to a housing authority to construct 32 housing units for migrant workers.

17. In addition, CNB sponsors educational programs for small businesses through the Colorado Black Chamber of Commerce and the Hispanic Chamber of Commerce.

18. CNB also is the largest investor in the Downtown Capital Corporation ("DCC"). DCC provides loans to small businesses that are unable to qualify for credit at financial institutions.

Conclusion On Convenience and Needs Factors

In considering the overall CRA performance records of FBS and Green Mountain, the Board carefully has evaluated the entire record, including the public comments in this case. Based on a review of the entire record, including the programs and record of performance discussed above, Protestant's comments, information provided by FBS, and relevant reports and examinations, the Board concludes that convenience and needs considerations, including the CRA performance records of FBS, Green Mountain, and their subsidiary depository institutions, are consistent with approval of this application. The Board expects CNB to continue progress in strengthening its performance in the areas discussed in this order, and to submit semiannual reports on its programs to the Federal Reserve Bank of Minneapolis during the next year. The Board will assess the success of CNB's continued efforts in connection with future applications by FBS to expand its deposit-taking facilities.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of FBS and Green Mountain, and their respective subsidiaries, are consistent with approval. Factors relating to the convenience and needs of the communities to be served and other supervisory factors the Board must consider under section 3 of the BHC Act also are consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.[19] The Board's approval of this proposal is expressly conditioned upon compliance with all the commitments made by FBS in connection with this application. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board 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 August 8, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Rurban Financial Corporation
Defiance, Ohio

Order Approving Applications to Acquire a Bank, and for Membership in the Federal Reserve System

Rurban Financial Corporation, Defiance, Ohio ("Rurban"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of The Citizens Savings Bank Company, Pemberville, Ohio ("Citizens"), and Pemberville Interim Bank, Pemberville, Ohio ("Bank"). As part of this proposal, Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) for membership in the Federal Reserve System.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 28,106 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act and in the Federal Reserve Act.

Rurban is the 29th largest commercial banking organization in Ohio, controlling approximately $285 million in deposits, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[2] Citizens is the 106th largest commercial bank in Ohio, controlling approximately $56 million in deposits, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this

19. Protestant also has alleged that CNB's hiring and promotion practices are discriminatory. The Board notes that, because CNB employs more than 50 people, serves as a depository of government funds, and acts as an agent in selling or redeeming U.S. savings bonds and notes, it is required by Department of Labor regulations to:

(1) File annual reports with the Equal Employment Opportunity Commission; and

(2) Have in place a written affirmative action compliance program which states its efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

See 41 C.F.R. 60–1.7(a) and 60–1.40.

1. Rurban proposes to establish Bank as a *de novo* subsidiary that will merge with Citizens immediately following Rurban's acquisition of Citizens. Bank will survive this merger and will operate under the name, "The Citizens Savings Bank Company." On June 30, 1994, the Federal Deposit Insurance Corporation approved this merger under section 18(c)(1) of the Federal Deposit Insurance Act. (12 U.S.C. § 1828(c)(1)).

2. Deposit data are as of March 31, 1994.

transaction, Rurban would become the 23d largest commercial banking organization in Ohio, controlling approximately $341 million in deposits, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Rurban and Citizens do not compete directly in any relevant banking market. Based on all the facts of record, the Board concludes that this proposal would not result in any significantly adverse effects on competition or concentration of banking resources in any relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Rurban and its subsidiaries and Citizens,[3] the convenience and needs of the communities to be served, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of Rurban's applications to acquire Citizens and Bank.

The Board also has considered the factors it is required to consider when reviewing applications for membership under section 9 of the Federal Reserve Act and section 208.5 of the Board's Regulation H,[4] and finds those factors to be consistent with approval. Bank appears to meet all the criteria for admission to membership, including capital requirements and considerations related to management character and quality.[5]

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

These transactions 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 the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 8, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

3. The Board has carefully considered comments from a shareholder of Citizens who alleges that conflicts of interest on the board of directors of Citizens resulted in the bank's sustaining a significant loss on an overdraft loan to a customer in violation of the bank's legal lending limit. Rurban was not involved in this matter. After a review of the information provided by the commenter, the policies put in place by Citizens to assure compliance with its lending limit, changes in the management of Citizens and other facts of record, the Board concludes that Protestant's comments do not warrant denial of this proposal.

4. *See* 12 U.S.C. §§ 322 and 1816; 12 C.F.R. 208.5.

5. *Id.*

Trans Financial Bancorp, Inc.
Bowling Green, Kentucky

Order Approving Merger of Bank Holding Companies

Trans Financial Bancorp, Inc., Bowling Green, Kentucky ("TFB"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)(5)) to merge with FGC Holding Company, Martin, Kentucky ("FGC"), and thereby indirectly acquire First Guaranty National Bank, Martin, Kentucky ("FGNB").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 24,432 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

TFB, with total consolidated assets of $1.5 billion, operates subsidiary banks in Kentucky and Tennessee.[1] TFB is the sixth largest commercial banking organization in Kentucky, controlling deposits of $808.8 million, representing 2.4 percent of total commercial bank deposits in the state. FGC is the 48th largest commercial banking organization in Kentucky, controlling deposits of $114.7 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, TFB would control $923.6 million in deposits, representing 2.7 percent of deposits in commercial banks in Kentucky, and would remain the sixth largest commercial banking organization in the state.

1. State deposit and market data are as of March 31, 1994, adjusted for the acquisition of Peoples Financial Services, Inc., Cookeville, Tennessee, which was consummated on April 22, 1994.

Competitive Considerations

TFB and FGC directly compete in the Pikeville, Kentucky, banking market.[2] TFB is the third largest banking or thrift organization ("depository institution") in the market, controlling deposits of $167.1 million, representing 14.5 percent of total deposits in depository institutions in the market ("market deposits").[3] FGC is the fifth largest depository institution in the market, controlling deposits of $114.7 million, representing 9.9 percent of market deposits. Upon consummation of the proposal, TFB would become the second largest depository institution in the Pikeville market, controlling deposits of $281.8 million, representing 24.5 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by 289 points to a level of 2526 as a result of the proposed acquisition.[4]

The Board believes that a number of factors indicate that the measurements reflected in the HHI overstate the competitive effects of this proposal. For example, upon consummation, seven depository institutions would remain in the market, including the largest competitor in the market, which controls 38 percent of market deposits, and a commercial bank subsidiary of a large multistate bank holding company (total assets of $84.5 billion), which controls approximately 17 percent of market deposits. The Pikeville, Kentucky banking market also has a number of features that make it attractive for entry. For example, Pike and Floyd Counties, which comprise the relevant banking market, are larger than any other rural market in the state, with a total population of 115,800 (1992 estimate), and Pike County is the third most populous of the 98 rural counties in Kentucky. In addition, the ratio of total deposits per banking office is significantly higher than the averages for both urban and rural counties in Kentucky.[5] A commercial banking organization entered the market *de novo* this year by chartering a thrift institution that accumulated over $7 million in deposits in fewer than three months of operation.

As in other cases, the Board also sought comments on the competitive effects of this proposal from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, none of whom objected to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects in the Pikeville banking market. On the basis of all the facts of record, and for the reasons discussed above, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Pikeville, Kentucky banking market or any other relevant banking market.

Financial, Managerial, and Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of TFB, FGC, and their subsidiary banks are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served and other supervisory factors the Board is required to consider under section 3 of the BHC Act also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this transaction is specifically conditioned on compliance with all the commitments made in connection with this application. These commitments are considered to be conditions imposed in writing in connection with the approval of this application, and, as such, may be enforced in proceedings under applicable law. The 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 St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 1, 1994.

2. The Pikeville, Kentucky banking market is approximated by Pike and Floyd Counties in Kentucky.

3. 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).

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating 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.

5. Total deposits per banking office for Pike and Floyd Counties are $30,400 compared to $26,800 for Kentucky MSA counties and $24,700 for Kentucky non-MSA counties. Deposits are as of June 30, 1992 for commercial banks only.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Trustmark Corporation
Jackson, Mississippi

Order Approving Merger of Bank Holding Companies

Trustmark Corporation, Jackson, Mississippi ("Trustmark"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with First National Financial Corporation ("First National"), and thereby acquire First National Bank of Vicksburg ("FNB"), both of Vicksburg, Mississippi.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 36,765 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Trustmark, with total consolidated assets of $4.4 billion, is the largest commercial banking organization in Mississippi, controlling deposits of $3.2 billion, representing approximately 15.6 percent of total deposits in commercial banking organizations in the state.[1] First National, with total consolidated assets of $304 million, is the 12th largest commercial banking organization in Mississippi, controlling deposits of $243.1 million, representing approximately 1.2 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Trustmark would remain the largest commercial banking organization in Mississippi, controlling deposits of $3.4 billion, representing approximately 16.8 percent of total deposits in commercial banking organizations in the state.

Trustmark and First National compete directly in the Jackson, Mississippi, banking market ("Jackson banking market").[2] Trustmark is the largest of 15 commercial banking or thrift organizations ("depository organizations") in the Jackson banking market, controlling deposits of $1.8 billion, representing approximately 44 percent of total deposits in depository organizations in the market ("market deposits").[3] First National is the 14th largest depository organization in the market, controlling deposits of $7.6 million, representing less than 1 percent of market deposits. Upon consummation of this proposal, Trustmark would remain the largest depository organization in the Jackson banking market, controlling deposits of $1.8 billion, representing approximately 44.2 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase 16 points to a level of 3209.[4]

Based on all the facts of record, including the relatively small increase in the HHI, the number of competitors that would remain in the Jackson banking market, and the attractiveness of that market, the Board has concluded that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Jackson banking market or any other relevant banking market.

Based on all the facts of record, the Board also has concluded that the financial and managerial resources and future prospects of Trustmark, First National, and their respective subsidiaries, and all other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

The Board also has considered the convenience and needs of the communities to be served. In its consideration of convenience and needs, the Board takes into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). Trustmark's subsidiary bank, Trustmark National Bank, Jackson, Mississippi ("Trustmark Bank"), received a CRA rating

1. Asset data are as of June 30, 1994. State deposit data are as of December 31, 1993.

2. The Jackson banking market is approximated by Hinds, Madison, and Rankin Counties, all in Mississippi.

3. Market deposit data are as of June 30, 1993. 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).

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

of "satisfactory" from the Office of the Comptroller of the Currency ("OCC"), its primary regulator, on April 22, 1994.[5] Trustmark has CRA policies and programs to ensure that it is meeting the credit needs of its communities, and its board of directors and senior management take an active role in formulating policies and reviewing CRA performance.

The Board notes that FNB, the organization proposed to be acquired, received a CRA rating of "needs to improve" from the OCC, as of January 18, 1994, and is subject to a Consent Order with the OCC ("Order"), and a related Consent Decree with the Department of Justice ("Decree"), regarding compliance with the Fair Housing Act (42 U.S.C. § 3601 *et seq.*), the Equal Credit Opportunity Act (15 U.S.C. § 1691 *et seq.*), and the Board's Regulation B (12 C.F.R. Part 202). FNB has implemented new programs and policies in the areas of lending procedures, loan review, employee, officer, and director training, testing, and customer assistance to address compliance with these statutory and regulatory requirements. The OCC and the Justice Department have informed the Board that FNB is in full compliance with the Order and the Decree. Trustmark has committed to assume the ongoing requirements of the Order and the Decree and to assure FNB's continued compliance with the Order and the Decree and related regulations and statutes after the acquisition. In addition, Trustmark has committed to institute its corporate CRA programs and policies at FNB following the proposed acquisition. The Board has determined, on the basis of all the facts of record, including the information provided by the OCC and the Justice Department, that considerations relating to the convenience and needs of the communities to be served also are consistent with approval. The Board expects Trustmark to strengthen FNB's CRA performance, and to assure FNB's full compliance with all applicable laws. In order for the Board to monitor progress in this area, Trustmark must submit copies of the quarterly reports mandated by the Order to the Federal Reserve Bank of Atlanta. The Board also will monitor progress and compliance in this area when considering future applications by Trustmark.

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

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

By order of the Board of Governors, effective August 29, 1994.

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

WILLIAM W. WILES
Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

SunTrust Banks, Inc.
Atlanta, Georgia

Order Approving an Application to Engage De Novo in Underwriting and Dealing in Certain Bank-Ineligible Securities on a Limited Basis, and Other Securities-Related Activities

SunTrust Banks, Inc., Atlanta, Georgia ("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 engage *de novo* through its subsidiary, SunTrust Capital Markets, Inc., Atlanta, Georgia ("Company"), in the following nonbanking activities:

(1) Underwriting and dealing in, to a limited extent, certain investment quality municipal revenue bonds, 1–4 family mortgage-related securities, consumer receivable- related securities, and commercial paper ("bank-ineligible securities");[1]

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

1. In connection with the proposal for Company to underwrite and deal in municipal revenue bonds, Applicant also has proposed that Company be permitted to underwrite and deal in certain municipal leases that are considered municipal securities for purposes of the Securities Exchange Act of 1934.

(2) Acting as agent in the private placement of all types of securities, and providing related advisory services;
(3) Purchasing and selling all types of securities as a "riskless principal" on the order of customers;
(4) Making, acquiring, and servicing loans and other extensions of credit for Company's account and for the account of others, pursuant to section 225.25(b)(1) of Regulation Y (12 C.F.R. 225.25(b)(1));
(5) Engaging in investment and financial advisory activities, pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4));
(6) Arranging commercial real estate equity financing, pursuant to section 225.25(b)(14) of Regulation Y (12 C.F.R. 225.25(b)(14));
(7) Providing discount and full-service brokerage services, pursuant to section 225.25(b)(15) of Regulation Y (12 C.F.R. 225.25(b)(15)); and
(8) Underwriting and dealing in obligations of the United States and other obligations that state member banks may underwrite and deal in under 12 U.S.C. §§ 335 and 24(7) ("bank-eligible securities"), pursuant to section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16)).

Notice of this application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 26,501 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of approximately $40.9 billion, is the second largest banking organization in Georgia.[2] Applicant operates banking subsidiaries in Alabama, Florida, Georgia, and Tennessee, and engages through other subsidiaries in various permissible nonbanking activities. Company has applied to register as a broker-dealer with the Securities and Exchange Commission ("SEC"), and has sought admission to the National Association of Securities Dealers, Inc. ("NASD"). Upon such registration with the SEC and admission to the NASD, Company would be subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

As noted, all the proposed activities except underwriting and dealing in bank-ineligible securities, and conducting private placement and "riskless principal" activities, have been determined by regulation to be closely related to banking for purposes of section 4(c)(8) of the BHC Act.[3] Applicant has committed that Company will conduct these activities in accordance with the limitations set forth in Regulation Y and the Board's orders relating to these activities.[4]

Underwriting and Dealing in Bank-Ineligible Securities

The Board previously has determined that, subject to the prudential framework of limitations established in previous decisions to address potential conflicts of interests, unsound banking practices, or other adverse effects, the proposed underwriting and dealing activities involving bank-ineligible securities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[5] Applicant has committed that, with one exception, Company will conduct the proposed underwriting and dealing activities using the same methods and procedures, and subject to the same prudential limitations, as were established by the Board in the Section 20 Orders.

Applicant has requested that the Board permit limited director interlocks between Company and its affiliated banks. Applicant proposes to establish up to two director interlocks between Company and its bank affiliates.[6] These directors would not be officers of the affiliated banks, and would not conduct the day-to-day business of the banks or handle individual bank transactions. Applicant has not proposed that any officer of Company be employed by any bank affiliate. Applicant also has committed to abide by the results of the Board's pending review of interlocks between section 20 subsidiaries and affiliated banks.

2. Asset and ranking data are as of June 30, 1994.

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

4. The Board notes that in order to address potential conflicts of interests arising from Company's conduct of full-service brokerage activities together with underwriting and dealing in bank-ineligible securities, Applicant has committed that whenever Company provides full-service brokerage services with respect to ineligible securities that it holds as principal, Company will inform its customers at the commencement of the relationship that, as a general matter, Company may be a principal or may be engaged in underwriting with respect to, or may purchase from an affiliate, those securities for which brokerage and advisory services are provided. In addition, at the time any brokerage order is taken, the customer will be informed (usually orally) whether Company is acting as agent or principal with respect to a security. Confirmations sent to customers also will state whether Company is acting as agent or principal. *See PNC Financial Corp.*, 75 *Federal Reserve Bulletin* 396 (1989).

5. *See Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. den.*, 486 U.S. 1059 (1988) ("Section 20 Orders").

6. These interlocks would represent less than a majority of the boards of Company and each affiliated bank.

The Board previously has permitted interlocks between a bank and an affiliated section 20 company.[7] In view of the limitations and commitments proposed by Applicant, the Board believes that Company would remain operationally distinct from its affiliated banks, and does not believe that the proposed interlocks are likely to result in conflicts of interests, unsound banking practices, or other adverse effects. Accordingly, the Board has concluded that Applicant's proposed modification to the prudential limitations should be permitted. The Board expects that Applicant will ensure that the framework established pursuant to the Section 20 Orders will be maintained in all other respects.

The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenues over any two-year period from underwriting and dealing in securities that a bank may not underwrite or deal in directly.[8] Applicant has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to the 10 percent revenue test established by the Board in previous orders.[9]

7. *See, e.g., Bank South Corporation*, 79 *Federal Reserve Bulletin* 716 (1993); *Banc One Corporation*, 76 *Federal Reserve Bulletin* 756 (1990).

8. *See Section 20 Orders*. Compliance with the 10 percent revenue limitation shall be calculated in accordance with the method stated in *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192, 196–197 (1989), as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989), the *Order Approving Modifications to the Section 20 Orders*, 79 *Federal Reserve Bulletin* 226 (1993), and the *Supplement to Order Approving Modifications to Section 20 Orders*, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). The Board notes that Applicant has not adopted the Board's alternative indexed-revenue test to measure compliance with the 10 percent revenue limitation on bank-ineligible securities activities, and, absent such election, Applicant will continue to employ the Board's original 10 percent revenue standard.

9. Applicant has indicated that, in connection with Company's proposed underwriting and dealing activities, Company intends to engage in related hedging transactions. The Board notes that Company may conduct activities that are necessary incidents to the proposed underwriting and dealing activities, provided that any activities conducted as a necessary incident to the bank-ineligible securities activities are treated as part of the bank-ineligible securities activities unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct such activities independently. Until such approval is obtained, any revenues from the incidental activities must be counted as ineligible revenues subject to the 10 percent revenue limitation set forth in the Section 20 Orders, as modified by the Modification Orders.

Private Placement and "Riskless Principal" Activities

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

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security from a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[10] "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, Company would not act as a "riskless principal" in selling securities at the order of a customer that is the issuer of the securities to be sold, or in any transaction where Company has a contractual agreement to place the securities as agent of the issuer. Company also would not act as a "riskless principal" in any transaction involving a security for which it makes a market.

The Board previously has determined that, subject to a number of prudential limitations that address the potential for conflicts of interests, unsound banking practices, and other adverse effects, the proposed private placement and riskless principal activities are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[11] The Board also has previously determined that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a "riskless principal," do not constitute underwriting or dealing in securities for purposes of section 20 of the Glass–Steagall Act, and, accordingly, that revenue derived from these activities is not subject to the 10 percent revenue limitation on bank-ineligible securities underwriting and dealing activities.[12] Applicant

10. *See* 17 C.F.R. 249.10b-10(a)(8)(i).

11. *See J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990) ("*J.P. Morgan* Order"); *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("*Bankers Trust* Order").

12. *See Bankers Trust* Order.

has committed that Company will conduct its private placement and riskless principal activities using the same methods and procedures, and subject to the same prudential limitations, as were established by the Board in the *Bankers Trust* Order, the *J.P. Morgan* Order.[13] These methods, procedures, and prudential limitations include the comprehensive framework of restrictions designed to avoid potential conflicts of interests, unsound banking practices, and other adverse effects imposed by the Board in connection with underwriting and dealing in bank-ineligible securities.[14]

Other Considerations

In every application under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the applicant and its subsidiaries and the effect of the proposal upon such resources.[15] Based on all the facts of this case, the Board concludes that financial and managerial considerations are consistent with approval of this application.

In order to approve this application, the Board also must determine that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework and conditions established in this and prior decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Moreover, the Board expects that the *de novo* entry of Company into the market for the proposed services would provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

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

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

By order of the Board of Governors, effective August 15, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

13. *See J.P. Morgan* Order; *Bankers Trust* Order. Among the prudential limitations detailed more fully in those Orders are that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and that Company will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal," Company will engage only in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold, will not act as "riskless principal" in any transaction involving a security for which it makes a market, nor hold itself out as making a market in the securities that it buys and sells as a "riskless principal." Moreover, Company will not engage in "riskless principal" transactions on behalf of any foreign affiliates that engage in securities dealing activities outside the United States, and will not act as "riskless principal" for registered investment company securities. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Applicant or any of its affiliates. With respect to private placement activities, Applicant has committed that Company will not privately place registered investment company securities or securities of investment companies that are advised by Applicant or any of its affiliates.

14. With respect to Company's riskless principal activities, Applicant has proposed that Company be permitted to enter bid or ask quotations, or publish "offering wanted" or "bid wanted" notices, on trading systems other than an exchange or the NASDAQ, provided that Company not enter price quotations on different sides of the market for a particular security without a separation of at least two business days between such quotations. The Board has previously permitted this practice in connection with riskless principal activities. *See Dauphin Deposit Corporation*, 77 *Federal Reserve Bulletin* 672 (1991).

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

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

Harvest Home Financial Corporation
Cheviot, Ohio

Order Approving Formation of a Bank Holding Company and Application to Engage in Lending Activities

Harvest Home Financial Corporation, Cheviot, Ohio ("Applicant"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of Harvest Home Savings Bank, Cheviot, Ohio ("Bank"). Applicant also has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage directly in making, acquiring or servicing loans or other extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 13,966 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Applicant is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank currently operates as an Ohio-chartered mutual savings bank and has applied to the Ohio Department of Commerce, Division of Savings & Loans/Savings Banks, to convert to an Ohio stock savings bank. Bank is the 187th largest depository institution in Ohio, controlling deposits of approximately $59.8 million, representing less than 1 percent of total deposits in depository institutions in the state.[1] Applicant and Bank do not compete directly in any banking market. Accordingly, consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

In every application under section 3 of the BHC Act, the Board is required to consider the financial and managerial resources and future prospects of the companies and banks concerned, and the convenience and needs of the community to be served. As noted above, Bank is a mutual savings bank, and before consummation of this proposal, Bank would become an Ohio-chartered stock savings bank. A nonmember state-chartered mutual savings bank, such as Bank, must notify the Federal Deposit Insurance Corporation ("FDIC"), and obtain the approval of the bank's state regulator, prior to converting to the stock form of ownership.[2] The FDIC has informed Bank that it will issue a non-objection letter with regard to the conversion, provided that Bank meets several conditions.[3] The Ohio Department of Commerce, Division of Savings & Loans/Savings Banks also has conditionally approved the proposed conversion. The Board has reviewed the facts of record, including Bank's revised business plan, and believes that Applicant's proposal is consistent with the factors the Board must consider under the BHC Act. Accordingly, based on all the facts of record and subject to fulfillment by Bank and Applicant of the conditions imposed by the FDIC and the Ohio Department of Commerce, Division of Savings & Loans/Savings Banks, the Board concludes that the financial and managerial resources and future prospects of Applicant and Bank, and the convenience and needs and other supervisory factors that the Board is required to consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Applicant also has applied for approval to engage in lending activities. The Board previously has determined that these activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y. Applicant proposes to conduct these activities pursuant to the requirements of the Board's regulations. The record in this case indicates that there are numerous providers of these 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 not be outweighed by the likely 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 this application.

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 expressly conditioned upon compliance with all the commitments made by Applicant in connection with these applications, and is conditioned upon Applicant

1. State deposit data are as of December 31, 1993.

2. The FDIC has published an interim rule governing these conversions and has requested public comment on a proposed rule that addresses concerns that arise in the context of mutual-to-stock conversions of state nonmember savings banks. 59 *Federal Register* 7194 (1994); 59 *Federal Register* 30,316 (1994).

3. The conditions include a satisfactory business plan and an updated appraisal that takes the subscription offering into consideration.

and Bank receiving all necessary approvals from all the relevant regulatory agencies, and compliance with the requirements imposed by the FDIC and the Ohio Department of Commerce, Division of Savings & Loans/Savings Banks. The determination on the nonbanking activities is subject to all the conditions in 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 evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of the subsidiary bank shall not be consummated before the thirtieth calendar day following the effective date of this order, and the banking and nonbanking transactions 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 August 10, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Northwest Equity Corp.
Amery, Wisconsin

Order Approving Formation of a Holding Company and Engaging in Lending Activities

Northwest Equity Corp., Amery, Wisconsin ("Northwest"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of Northwest Savings Bank, Amery, Wisconsin ("Bank"). Northwest also has applied, pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)), to engage directly in making, acquiring, or servicing loans or other extensions of credit pursuant to section 225.25(b)(1) of Regulation Y.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been duly published (58 *Federal Register* 65,597 (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 and 4 of the BHC Act.

Northwest is a non-operating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank is the 173d largest depository institution in Wisconsin, with deposits of $49.1 million, representing less than 1 percent of the total deposits in depository institutions in the state.[1] Northwest and Bank do not compete directly in any banking market. Accordingly, consummation of this proposal would not have a significantly adverse effect on competition in any relevant banking market.

In every application under section 3 of the BHC Act, the Board is required to consider the financial and managerial resources and future prospects of the companies and banks concerned, and the convenience and needs of the communities to be served. Bank currently is chartered in Wisconsin as a mutual savings bank, and before consummation of this proposal, it would become a Wisconsin-chartered stock savings bank. A nonmember state-chartered mutual savings bank, such as Bank, must notify the Federal Deposit Insurance Corporation ("FDIC") and obtain the approval of the bank's state regulator prior to converting to the stock form of ownership.[2] The FDIC has informed Bank that it will issue a non-objection letter with regard to the conversion, provided that Bank meets several conditions.[3] The Wisconsin State Commissioner of Savings and Loan also has approved the proposed conversion. The Board has reviewed the facts of record, including Bank's business plan, and believes that Northwest's proposal is consistent with the factors the Board must consider under the BHC Act. Accordingly, based on all the facts of record and subject to fulfillment of the conditions imposed by the FDIC and the Wisconsin State Commissioner of Savings and Loan, the Board concludes that the financial and managerial resources and future prospects of Northwest and Bank and the convenience and needs and other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.

1. All banking data are as of December 31, 1993.

2. The FDIC has published an interim rule governing these conversions and has requested public comment on a proposed rule that addresses concerns that arise in the context of mutual-to-stock conversions of state nonmember savings banks. 59 *Federal Register* 7194 (1994); 59 *Federal Register* 30,316 (1994).

3. The conditions include an updated appraisal that takes the subscription offering into consideration.

Northwest also has applied to engage in lending activities. The Board previously has determined that these activities are closely related to banking and generally permissible for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y (12 C.F.R. 225.25(b)(1)). Northwest proposes to conduct these activities in accordance with the Board's regulations. The record in this case indicates that there are numerous providers of these 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 not be outweighed by the likely public benefits of this proposal. Accordingly, the Board concludes that the balance of public interest factors that it is required to consider under section 4(c)(8) of the BHC Act is favorable, and consistent with approval of Northwest's application.

Based on the foregoing and other facts of the record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval of this transaction is expressly conditioned on compliance with all the commitments made by Northwest in connection with these applications, and on Northwest and Bank receiving all necessary approvals from all the relevant regulators, and compliance with the requirements imposed by the FDIC and the Wisconsin State Commissioner of Savings and Loan. The determination on the nonbanking activities is subject to all the conditions in 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 evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions will both be considered conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of the subsidiary bank shall not be consummated before the thirtieth calendar day following the effective date of this order, and the banking and nonbanking transactions 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 Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 10, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Northwest Illinois Bancorp, Inc. Freeport, Illinois

Order Approving the Acquisition of a Bank and an Application to Engage in Insurance Activities

Northwest Illinois Bancorp, Inc., Freeport, Illinois ("Northwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of Tri-State Bank & Trust Company, East Dubuque, Illinois ("TSBT"). Northwest also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Tri-State Insurance Agency, Inc. ("TSI"), and thereby engage in general insurance activities in towns of less than 5,000 in population pursuant to section 225.25(b)(8)(iii) of the Board's Regulation Y.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 30,587 (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 and 4 of the BHC Act.

Northwest is the 56th largest commercial banking organization in Illinois, controlling approximately $327.7 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.[1] TSBT is the 393d largest commercial banking organization in Illinois, controlling approximately $39.8 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposal, Northwest would become the 49th largest commercial banking organization in Illinois, controlling approximately $367.5 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.

Northwest and TSBT compete directly in the Jo Daviess County, Illinois banking market.[2] Northwest

1. Deposit data are as of June 30, 1993.
2. The Jo Daviess County banking market is approximated by Jo Daviess County, except Dunlieth Township.

is the second largest of the seven commercial banking organizations in the market, controlling deposits of $71.4 million, representing 24.4 percent of the total deposits in commercial banks in the market ("market deposits").[3] TSBT is the seventh largest depository institution in the market, controlling deposits of $12.5 million, representing 4.3 percent of market deposits. Upon consummation of the proposal, Northwest would become the largest commercial banking organization in the market, controlling total deposits of $83.9 million, representing 28.7 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase 210 points to 2109.[4]

Although this proposal would result in some increase in market concentration, several factors mitigate the competitive effects of this transaction. Six commercial banks would remain as competitors after consummation of this proposal. In addition, several aspects of the Jo Daviess County banking market make it an attractive market for potential competitors to enter. In terms of total bank deposits, Jo Daviess County is among the top third of rural Illinois counties. In addition, the market has experienced growth in total bank deposits and per capita income that exceed the average growth rates for other rural markets in the state. From 1988 to 1991, total bank deposits for the market have increased 13.5 percent and per capita income for the market has increased 15 percent.[5] In addition, the legal barriers to entry into the market remain low. Illinois permits statewide branching and allows bank holding companies from other states to enter on a reciprocal basis.[6]

Based on all the facts of record, including the number of remaining competitors and the attractiveness of the market, the Board concludes that consummation of the proposal is not likely to result in any significantly adverse effect in competition or the concentration of resources in the Jo Daviess County banking market or any other relevant market.

The Board also concludes that the financial and managerial resources and future prospects of TSBT, Northwest, and its subsidiary banks are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served and other supervisory factors the Board is required to consider under section 3 of the BHC Act also are consistent with approval.

Northwest also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire TSI, and thereby engage in general insurance agency activities in towns with a population not exceeding 5,000. The Board previously has determined that this activity is closely related to banking and generally permissible for bank holding companies under section 4(c)(8) of the BHC Act[7] and Regulation Y (12 C.F.R. 225.25(b)(8)(iii). Northwest proposes to conduct this activity in accordance with the Board's regulations. The record in this case indicates that there are numerous providers of this service, 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 Northwest's application to acquire TSI.

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 expressly conditioned upon compliance with all the commitments made by Northwest in connection with these applications. The determination as to the nonbanking activities are subject to all the conditions in the Board's Regulation Y, including those in sections 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 evasion of, the provision and purposes of the BHC Act and the Board's regulation and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in

3. No thrift institutions operate in the Jo Daviess County banking market.

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

5. The average increases in total bank deposits and per capita income for rural Illinois counties, during the 1988-1991 period, is 13.3 percent and 13.9 percent, respectively. Income data is from, *Survey of Current Business*, May 1993, "Local Area Personal Income", Table 2—Total Personal Income & Per Capita Personal Income by County.

6. 205 ILCS 5/5(15) and 10/3.071 (West Supp. 1994).

7. *See* 12 U.S.C. § 1843(c)(8)(C) and 12 C.F.R. 225.25(b)(8)(iii).

writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of the subsidiary bank shall not be consummated before the thirtieth calendar day following the effective date of this order, and the banking and nonbanking acquisitions 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, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 22, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Security State Agency of Aitkin, Inc.
Aitkin, Minnesota

Order Approving the Acquisition of a Bank and an Application to Engage in General Insurance Agency Activities in a Small Town

Security State Agency of Aitkin, Inc., Aitkin, Minnesota ("Security Agency"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Cook County State Bank, Grand Marais, Minnesota ("Cook County Bank"), a *de novo* bank. Security Agency also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage in general insurance agency activities on the premises of Cook County Bank in Grand Marais, a town with a population not exceeding 5,000, pursuant to section 225.25(b)(8)(iii) of Regulation Y (12 C.F.R. 225.25(b)(8)(iii)).

Notice of these applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 26,232 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Security Agency, with total consolidated assets of $52.8 million, controls one subsidiary bank in Minnesota.[1] Security Agency is the 126th largest commercial banking organization in Minnesota, controlling deposits of $48.1 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Cook County Bank, a *de novo* institution, would provide commercial banking services in the Cook County, Minnesota, banking market.[3] In view of the *de novo* status of Cook County Bank, and based on all the facts of record, the Board concludes that consummation of this proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market.

The Board received comments from a bank in Grand Marais ("Protestant"), alleging that Security Agency cannot adequately service the acquisition debt that will be incurred to capitalize Cook County Bank and build a facility for the bank. In addition, Protestant alleges that the proposed management for Cook County Bank is inadequate, and that Security Agency would not be able to provide sufficient management support.[4]

The Board has carefully reviewed Protestant's comments in light of all the facts of record, including confidential financial information and relevant reports of examination. The Board notes that Security Agency is in satisfactory financial condition and has sufficient financial resources to establish Cook County Bank as a *de novo* bank, and that its debt service projections and *pro forma* debt-to-equity ratio are reasonable and consistent with the Board's guidelines.

1. Asset data are as of March 31, 1994. Security Agency is the parent of Security State Bank of Aitkin, Aitkin, Minnesota ("Security Bank").

2. State deposit data are as of March 31, 1994.

3. The Cook County, Minnesota, banking market is approximated by Cook County, Minnesota.

4. Protestant also alleges that Security Agency's sole shareholder ("Principal") may have violated Board regulations by exercising significant influence over and participating in major policy decisions of Security Agency. Principal acquired his interest in, and ability to influence, Security Agency in accordance with the prior notice procedures under the Change in Bank Control Act (12 U.S.C. § 1817(j)), and has not changed his position at Security Agency in any way that would have required additional Board approval. Additionally, Protestant alleges that, in 1990, Principal engaged in a transaction that circumvented the loan policies of another bank, Whatcom State Bank, Ferndale, Washington ("Whatcom Bank"), of which he is the primary shareholder, and may have violated insider lending or other regulations. The Board has reviewed all the facts of record regarding this allegation, including relevant reports of examination and information received from the Federal Deposit Insurance Corporation ("FDIC"), Whatcom Bank's primary federal regulator, and the history of Principal's involvement in Whatcom Bank and Security Agency. The FDIC has indicated that Whatcom Bank's loan policies and compliance are satisfactory, and that the transaction identified by Protestant did not warrant supervisory action. Based on all the facts of record, the Board concludes that Protestant's allegations do not warrant denial of these applications.

The Board also has carefully reviewed the managerial resources of Security Agency and Cook County Bank in light of Protestant's allegations. The Board has reviewed relevant examination and inspection reports, and has considered the findings of the Minnesota Commissioner of Commerce ("Commissioner"), Cook County Bank's primary regulator, that Cook County Bank would be properly capitalized and managed.[5] The FDIC also has concluded that the managerial resources of Cook County Bank are consistent with approval of the bank's application for deposit insurance. Based on all the facts of record, including relevant examination reports, the managerial resources available to Security Agency, and Security Agency's business plans, the Board concludes that Protestant's comments do not warrant denial of these applications, and concludes that the financial and managerial resources and future prospects of Security Agency, Security Bank, and Cook County Bank are consistent with approval. 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 Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.

Security Agency also has applied, under section 4(c)(8) of the BHC Act, to engage in general insurance agency activities in Grand Marais, a town with a population not exceeding 5,000. The Board previously has determined by regulation that the proposed insurance agency activities are closely related to banking and permissible under section 4(c)(8) of the BHC Act.[6] Security Agency has committed that it will conduct these activities subject to the limitations in Regulation Y. The Board believes that Security Agency's proposal to engage in these activities on a *de novo* basis would enhance competition among existing providers of these 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. 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.

Based on all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by Security Agency with all the commitments made in connection with these applications.

The determinations as to the nonbanking activities are subject to all the conditions in 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 bank 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 commitments and conditions relied on by the Board in reaching its decision on these applications 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.

The banking acquisitions may not be consummated before the thirtieth calendar day following the effective date of this order, the banking and nonbanking acquisitions shall not be consummated later than three months after the effective date of this order, and Cook County Bank shall be open for business not later than six months after the effective date of this order. The later two periods may be extended for good cause by the Board or the Federal Reserve Bank of Minneapolis acting pursuant to delegated authority.

By order of the Board of Governors, effective August 8, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

5. Protestant's allegations were considered by a Minnesota Administrative Law Judge ("ALJ") in connection with Cook County Bank's charter application. After considering Protestant's comments, the Commissioner adopted the findings of the ALJ and approved Cook County Bank's charter.

6. *See* 12 C.F.R. 225.25(b)(8)(iii). *See also* 12 U.S.C. § 1843(c)(8)(C)(i).

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland Utrecht, The Netherlands

Order Approving Establishment of a Representative Office

Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland ("Bank"), Utrecht, The Netherlands, 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 Chicago, Illinois. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Chicago, Illinois (*Chicago Tribune*, March 24, 1994). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank is a cooperative entity that has been granted a license in the Netherlands to engage in a universal banking business. Bank, with total consolidated assets of approximately $131 billion,[1] is the second largest bank in the Netherlands. The Rabobank Group (the "Group") consists of Bank, which is the central institution;[2] Bank's subsidiaries; and approximately 650 local banks in the Netherlands ("Local Banks"). The Group provides a wide range of domestic and international financial services, with offices in 20 countries in Europe, Asia and elsewhere. The Local Banks are engaged primarily in local retail and business lending and deposit taking. In the Netherlands, Bank provides primarily wholesale banking services such as corporate banking and finance and private banking services. Bank's international banking activities are concentrated in the international agribusiness sector. Bank provides administrative and advisory services for the Local Banks, and supervises them under authority delegated by De Nederlandsche Bank, N.V. ("DNB"), the Dutch central bank. Bank's subsidiaries engage in a variety of domestic and international activities, including leasing, consumer finance, ship finance, factoring, and insurance.

Bank's operations in the United States include a branch in New York, an agency in Dallas, and representative offices in San Francisco and Des Moines. Bank also engages indirectly in permissible nonbanking activities in the United States.

The proposed representative office would engage solely in representational and administrative activities, including soliciting new business and acting as liaison between Bank and its U.S. customers. The proposed office would have no authority to make credit decisions or any other decisions relating to Bank's 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 the United States, has furnished to the Board 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 also may take into account additional standards as set forth in the IBA and Regulation K. 12 U.S.C. § 3105(d)(3)-(4); 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.[3] 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 certain considerations relating to supervision by home country authorities and financial factors.[4]

Bank is subject to supervision and regulation by DNB. The Board has previously determined, in connection with an application involving another bank in the Netherlands, that the Dutch bank was subject to home country supervision on a consolidated basis.[5] In this case, the Board has determined that Bank is supervised in its banking operations by DNB on the same terms and conditions as set forth in the earlier order.[6] In light of all the facts of record, the Board has determined that Bank is subject to comprehensive supervision or regulation by its home country supervisor on a consolidated basis.

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

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2). The Board notes that DNB has no objec-

1. Data are as of December 31, 1993, unless otherwise noted.
2. The Local Banks are members of Bank, which is a cooperative institution, and its sole shareholders.

3. *See* 58 *Federal Register* 6348, 6351 (1993).
4. *See Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993).
5. *See MeesPierson N.V.*, 80 *Federal Reserve Bulletin* 662 (1994).
6. Although, as noted above, Bank performs a supervisory function for the Local Banks under authority delegated by DNB, DNB supervises Bank on a consolidated basis, which includes the operations and activities of the Local Banks, and retains a direct supervisory role over the Local Banks through periodic examinations and other means.

tion to the establishment of the proposed representative office by Bank.

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 support the proposed representative office and has also 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 of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law. To the extent that the provision of such information to the Board is prohibited or impeded by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with the disclosure of certain information. In addition, DNB may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the conditions described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a 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 Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this order.[7] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its officers, and its affiliates.

7. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of Illinois to license representative offices of a foreign bank through its Commissioner of Banks and Trust Companies ("Commissioner"). The Board's approval of this application does not supplant the authority of the Commissioner to license the proposed representative office of Bank in accordance with any terms or conditions that the Commissioner may impose.

By order of the Board of Governors, effective August 18, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

Valley State Investments, Inc. Lamar, Colorado

Order Approving an Application to Acquire a Branch of a Savings Bank

Valley State Investments, Inc. ("Valley State"), and its bank subsidiary, Valley State Bank ("Valley Bank"), both of Lamar, Colorado, propose to acquire the Lamar branch of First Federal Savings Bank of Colorado, Lakewood, Colorado ("First Federal"), pursuant to section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3) ("FDI Act")), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388-2392 (1991)).

Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a Savings Association Insurance Fund member and any Bank Insurance Fund ("BIF") member, if the acquiring or resulting institution is a BIF-insured subsidiary of a bank holding company, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c) ("the Bank Merger Act")).[1] The proposed transaction also is subject to review under the Bank Merger Act by the Federal Deposit Insurance Corporation ("FDIC"), the primary federal regulator of Valley Bank.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). The time for filing comments has expired, and the Board has considered the application and all comments re-

1. 12 U.S.C. § 1815(d)(3)(E). These factors include considerations relating to competition, financial and managerial resources, and future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served. 12 U.S.C. § 1828(c).

ceived in light of the factors set forth in the Bank Merger Act and section 5(d)(3) of the FDI Act.

Valley State is the 66th largest depository institution in Colorado, controlling total deposits of $55.2 million, representing less than 1 percent of total deposits in depository institutions in the state.[2] The Lamar branch of First Federal controls deposits of $24.8 million, representing less than 1 percent of total deposits in depository institutions in the state. Upon consummation of the proposed transaction, Valley State would become the 46th largest banking organization in Colorado, controlling deposits of $80 million, representing less than 1 percent of total deposits in depository institutions in the state.

Competitive Considerations

Valley State and First Federal compete directly in the Lamar, Colorado banking market.[3] Valley Bank is the second largest depository institution in the market, controlling deposits of $55.2 million, representing approximately 21.2 percent of total deposits in depository institutions in the market ("market deposits").[4] The Lamar branch of First Federal controls deposits of $24.8 million, representing 4.8 percent of market deposits. Upon consummation of this proposal, Valley Bank would control $80 million in deposits, representing approximately 29.3 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for this market would increase 262 points to 2139.[5]

In considering the competitive factors in this case, the Board has considered comments by two Lamar residents ("Protestants"), who oppose this proposal because they believe that it is anticompetitive. A number of factors in this case, however, indicate that the increase in concentration levels in the Lamar banking market as measured by the HHI tend to overstate the competitive effects of this proposal. For example, eight depository institutions, five of which have market shares exceeding 9 percent, would continue to operate in the market following consummation of this proposal. The increase in concentration levels also does not take into account the substantial runoff of deposits from the Lamar branch of First Federal since June 30, 1993.[6] Finally, because Colorado permits interstate branching and interstate bank acquisitions by bank holding companies located in states that allow entry on a reciprocal basis, legal barriers to entry into this market are low.[7]

In accordance with the Bank Merger Act, the Board has sought comments from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the FDIC on the competitive effects of this proposal. The Attorney General has indicated that the proposal is not likely to have a significantly adverse effect on competition in any relevant banking market. Neither the OCC nor the FDIC has objected to the acquisition. Based on these and all the other facts of record, including Protestants' comments, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition or on the concentration of banking resources in any relevant banking market.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Valley State and its subsidiaries and First Federal are consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. Moreover, the record in this case indicates that:

(1) The transaction will not result in the transfer of any federally insured depository institution's federal deposit insurance from one federal deposit insurance fund to the other;

(2) Valley State and Valley Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

2. Deposit and market data are as of June 30, 1993. In this context, depository institutions include commercial banks, savings banks, and savings associations.

3. The Lamar banking market is approximated by Prowers, Baca, and Kiowa Counties, plus the town of McClave in Bent County, all in Colorado.

4. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of the Lamar branch of First Federal would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

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

6. The Lamar branch experienced a 20 percent drop in deposits from June 30, 1993 to March 31, 1994, compared with an increase in deposits at most other banks in the market during this period.

7. *See* Colo. Rev. Stat. §§ 11–6.4–103; 11–25–103 (1993).

(3) The proposed transaction would comply with the interstate banking provision of the Bank Holding Company Act (12 U.S.C. § 1842(d)) if First Federal was a state bank that Valley State was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. Approval of this application is conditioned on Valley State's compliance with the commitments made in connection with this application. This approval is further subject to Valley Bank obtaining the approval of the FDIC for the proposed transaction under the Bank Merger Act. For purposes of this action, the commitments and conditions relied on in reaching this decision are both deemed to be conditions imposed in writing by the Board in connection with the approval of this application, and, as such, may be enforced in proceedings under applicable law. This approval is limited to the proposal presented to the Board by Valley State, and may not be construed as applying to any other transaction.

This transaction may not be consummated before the thirtieth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board or the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 22, 1994.

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

JENNIFER J. JOHNSON
Deputy Secretary of the Board

Actions Taken Under the Federal Deposit Insurance Corporation Improvement Act of 1991

By the Secretary 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
Compass Bancshares, Inc., Birmingham, Alabama	First Heights Bank, F.S.B., Houston, Texas	Compass Bank, Houston, Texas	July 29, 1994
Trans Financial Bancorp, Inc., Bowling Green, Kentucky	Trans Financial Bank of Tennessee, F.S.B., Tullahoma, Tennessee	Trans Financial Bank Tennessee, N.A., Cookeville, Tennessee	August 24, 1994

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
Allied Bankshares, Inc., Thomson, Georgia	First Savings Bank, F.S.B., Thomson, Georgia	Allied Bank of Georgia, Thomson, Georgia	August 5, 1994
City National Bancorp, Inc., Fulton, Kentucky	Security Trust Federal Savings & Loan Association, Knoxville, Tennessee	The City National Bank of Fulton, Fulton, Kentucky	August 8, 1994
CNB Bancshares, Inc., Evansville, Indiana	First Federal Savings Bank of Kentucky, Madisonville, Kentucky Citizens Bank of Kentucky, N.A., Henderson, Kentucky	Citizens Bank of Kentucky, Madisonville, Kentucky	August 17, 1994
First Union Corporation, Charlotte, North Carolina	Cobb Federal Savings Association, Marietta, Georgia	First Union National Bank of Georgia, Atlanta, Georgia	August 12, 1994
First Union Corporation, Charlotte, North Carolina	Hollywood Federal Savings Bank, Hollywood, Florida	First Union National Bank of Florida, Jacksonville, Florida	August 19, 1994
Mission-Heights Management Company, Ltd., Houston, Texas Independent Bancorp, Inc., Channelview, Texas IBID, Inc., Wilmington, Delaware	First Heights Bank, F.S.B., Houston, Texas	Channelview Bank, Channelview, Texas	August 5, 1994
Sequoia Bancshares, Inc., Bethesda, Maryland	Sequoia National Bank, MD, Bethesda, Maryland	Sequoia National Bank, DC, Washington, D.C.	August 15, 1994

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
Old National Bancorp, Evansville, Indiana	Indiana State Bank of Terre Haute, Terre Haute, Indiana	August 18, 1994
Old National Bancorp, Evansville, Indiana	O.C.B. Bancorp, Paoli, Indiana	August 8, 1994

Section 4

Applicant(s)	Bank(s)	Effective Date
Signet Banking Corporation, Richmond, Virginia	Signet Credit Card Bank, Richmond, Virginia	August 4, 1994
Trans Financial Bancorp, Inc., Bowling Green, Kentucky	to engage in providing full service securities brokerage services	August 19, 1994

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
AJJ Bancorp, Inc., Elkader, Iowa	Central State Bank, Elkader, Iowa	Chicago	July 22, 1994
Allied Bankshares, Inc., Thomson, Georgia	Citizens Bank & Trust, Evans, Georgia	Atlanta	August 5, 1994
Allied Bancshares, Inc., Thomson, Georgia	Jefferson Bancshares, Inc., Louisville, Georgia	Atlanta	August 5, 1994
Ambank Company, Inc., Sioux Center, Iowa	Remsen Financial Services, Inc., Council Bluffs, Iowa	Chicago	July 22, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Atlantic Bancorp, Inc., Portland, Maine	Citibank (Maine), N.A., South Portland, Maine	Boston	August 12, 1994
Bank Investors Limited Partnership, Lafayette, Louisiana	Royal Bankgroup of Acadiana, Inc., Lafayette, Louisiana	Atlanta	August 5, 1994
Baylake Corp., Sturgeon Bay, Wisconsin	Kewaunee County Banc-Shares, Inc., Kewaunee, Wisconsin	Chicago	July 29, 1994
Big Sky Holding Company, Stanford, Montana	Basin State Bank, Stanford, Montana	Minneapolis	August 5, 1994
Bronte Bancshares - Delaware, Inc., Wilmington, Delaware	First National Bank in Bronte, Bronte, Texas	Dallas	July 26, 1994
Bronte Bancshares, Inc., Bronte, Texas	Bronte Bancshares - Delaware, Inc., Wilmington, Delaware First National Bank in Bronte, Bronte, Texas	Dallas	July 26, 1994
Cardinal Bancshares, Inc., Lexington, Kentucky	CNB Bank of Kentucky, Louisville, Kentucky	Cleveland	August 11, 1994
Central Texas Bankshare Holdings, Inc., Columbus, Texas	Hill Bancshares Holdings, Inc., Weimar, Texas Hill Bank & Trust Co., Weimar, Texas	Dallas	August 5, 1995
Chance Investments, Inc., Lafayette, Louisiana	Bank Investors Limited Partnership, Lafayette. Louisiana	Atlanta	August 5, 1994
Charter Bancorporation, Newport, Minnesota	First Buffalo Holding Company, Scottsdale, Arizona	San Francisco	August 5, 1994
Citizens State Bancshares, Inc., Lankin, North Dakota	Citizens State Bank of Lankin, Lankin, North Dakota	Minneapolis	August 12, 1994
Citizens State Bank Employee Stock Ownership Plan, Buffalo, Texas	Citizens State Bank, Buffalo, Texas	Dallas	August 5, 1994
CM Bank Holding Company, Lake Charles, Louisiana	Calcasieu Marine National Bank of Lake Charles, Lake Charles, Louisiana	Atlanta	August 19, 1994
Commerce Bancshares, Inc., Kansas City, Missouri CBI Security Corp., Kansas City, Missouri	Liberty Bancshares, Inc., Liberty, Missouri	Kansas City	July 27, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Community Bancorporation of New Mexico, Inc., Santa Fe, New Mexico	El Pueblo State Bank, Espanola, New Mexico	Kansas City	August 12, 1994
Community Bancshares, Inc., Joseph, Oregon	Bank of Wallowa County, Joseph, Oregon	San Francisco	August 17, 1994
Community First Bancorp, Inc., Glendive, Montana	Glendive Bancorporation, Inc., Glendive, Montana	Minneapolis	August 10, 1994
Community First Financial, Inc., Maysville, Kentucky	Community Independent Bancorp, Inc., Maysville, Kentucky Community Financial Bancorp, Inc., Maysville, Kentucky	Cleveland	July 29, 1994
Consolidated Equity Corporation, Purcell, Oklahoma	First American Bank and Trust Company, Purcell, Oklahoma American Interstate Bancshares, Inc., Woodward, Oklahoma	Kansas City	August 10, 1994
Denver Bankshares, Inc., Denver, Colorado	Bank of Denver, Denver, Colorado	Kansas City	August 10, 1994
DFC Acquisition Corporation Two, Kansas City, Missouri	First American Bancshares, Inc., Kansas City, Kansas	Kansas City	August 17, 1994
Dickinson Financial Corporation, Kansas City, Missouri	First American Bancshares, Inc., Kansas City, Missouri	Kansas City	August 17, 1994
D.L. Evans Bancorp, Burley, Idaho	D.L. Evans Bank, Burley, Idaho	San Francisco	August 5, 1994
First Banks, Inc., Clayton, Missouri	BancTEXAS Group, Inc., Dallas, Texas	St. Louis	July 26, 1994
First Bankshares, Inc., East Point, Georgia	First Bank of Georgia, East Point, Georgia	Atlanta	August 12, 1994
First of America Bank Corporation, Kalamazoo, Michigan First of America Acquisition Company, Park Ridge, Illinois	First Park Ridge Corporation, Chicago, Illinois First State Bank and Trust Company of Park Ridge, Park Ridge, Illinois First State Bank of Gurnee, Gurnee, Illinois	Chicago	August 3, 1994
First Capital Corporation, Fort Scott, Kansas	Kincaid Banc Agency, Inc., Kincaid, Kansas	Kansas City	August 12, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First National Bancorp, Inc., Farragut, Iowa	The First National Bank of Farragut, Farragut, Iowa	Chicago	August 5, 1994
First State Bancshares of Blakely, Blakely, Georgia	Bostwick Banking Company, Arlington, Georgia	Atlanta	July 25, 1994
Froid Bankshares, Inc., Froid, Montana	First State Bank of Froid, Froid, Montana	Minneapolis	August 16, 1994
FSB Financial Corporation, Francisco, Indiana	The Francisco State Bank, Francisco, Indiana	St. Louis	August 8, 1994
Hensley Investment Limited Partnership, Springfield, Missouri	Peoples Bank of Fordland, Fordland, Missouri Citizens Bank of the Ozarks, Camdenton, Missouri Peoples Bank of the Ozarks, Nixa, Missouri	St. Louis	August 8, 1994
Heritage Eagle Corp., Red Oak, Texas	Heritage Bank, Red Oak, Texas	Dallas	August 10, 1994
Heritage Oaks Bancorp, Paso Robles, California	Heritage Oaks Bank, Paso Robles, California	San Francisco	August 5, 1994
Jones Partners, Ltd., La Feria, Texas	Lower Rio Grande Valley Bancshares, Inc., La Feria, Texas First National Bank of La Feria, La Feria, Texas	Dallas	August 5, 1994
Lindale Delaware Corporation, Dover, Delaware	Lindale State Bank, Lindale, Texas	Dallas	August 11, 1994
Magna Group, Inc., St. Louis, Missouri	Goreville Bancorporation, Inc., Goreville, Illinois	St. Louis	August 17, 1994
Mercantile Bancorp, Inc., Quincy, Illinois	Perry Bancshares, Inc., Monroe City, Missouri	St. Louis	August 10, 1994
Merchants Capital Corporation, Vicksburg, Mississippi	Merchants Bank, Vicksburg, Mississippi	Atlanta	August 24, 1994
Norwest Corporation, Minneapolis, Minnesota	Bank of Scottsdale, Scottsdale, Arizona	Minneapolis	July 26, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Overton Financial Corporation, Overton, Texas Overton Delaware Corporation, Dover, Delaware Longview Financial Corporation, Longview, Texas Longview Delaware Corporation, Dover, Delaware	First State Bank, Van, Texas	Dallas	August 11, 1994
Overton Financial Corporation, Overton, Texas Overton Delaware Corporation, Dover, Delaware	Longview Financial Corporation, Longview, Texas	Dallas	August 11, 1994
Panhandle Aviation, Inc., Clarinda, Iowa	Bank Altoona, Altoona, Iowa	Chicago	August 8, 1994
PBT Bancshares, Inc., McPherson, Kansas	Nickerson Bankshares, Inc., Nickerson, Kansas	Kansas City	August 10, 1994
Peoples Bancorporation of Northern Kentucky, Inc., Crestview Hills, Kentucky	Peoples Bank of Northern Kentucky, Inc., Crestview Hills, Kentucky	Cleveland	July 15, 1994
Plains Bancshares, Inc., Dover, Delaware	Plains State Bank, Plains, Texas	Dallas	August 9, 1994
Plains State Financial Corporation, Plains, Texas	Plains Bancshares, Inc., Dover, Delaware Plains State Bank, Plains, Texas	Dallas	August 9, 1994
Regions Financial Corporation, Birmingham, Alabama	BNR Bancshares, Inc., New Roads, Louisiana	Atlanta	July 27, 1994
Richey Bancorporation, Inc., Glendive, Montana	Community First Bancorp, Inc., Glendive, Montana	Minneapolis	August 10, 1994
Royal Bankgroup of Acadiana, Inc., Lafayette, Louisiana	Bank of Lafayette, Lafayette, Louisiana	Atlanta	August 5, 1994
San Mateo County Bancorp, San Mateo, California	Mid-Peninsula Bank, Palo Alto, California	San Francisco	July 25, 1994
Security Capital Corporation, Batesville, Mississippi	Bank of Sardis, Sardis, Mississippi	St. Louis	August 22, 1994
SNB Bancshares, Inc., Macon, Georgia	Security National Bank, Macon, Georgia	Atlanta	July 29, 1994
Southeast Bancshares, Inc., Chanute, Kansas	Fall River State Bank, Fall River, Kansas	Kansas City	July 25, 1994
SouthTrust Corporation, Birmingham, Alabama	First Jefferson Corporation, Biloxi, Mississippi	Atlanta	August 10, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
SouthTrust Corporation, Birmingham, Alabama	Island Bank of Collier County, Marco Island, Florida	Atlanta	August 10, 1994
SouthTrust Corporation, Birmingham, Alabama	SouthTrust Interim National Bank, Crystal River, Florida Citrus National Bank, Crystal River, Florida	Atlanta	August 10, 1994
SouthTrust Corporation, Birmingham, Alabama SouthTrust of Florida, Inc., Jacksonville, Florida	University State Bank Corporation, Tampa, Florida	Atlanta	August 10, 1994
SouthTrust Corporation, Birmingham, Alabama SouthTrust USB, Inc., Birmington, Alabama	University State Bank Corporation, Tampa, Florida	Atlanta	August 10, 1994
SouthTrust of Mississippi, Inc., Biloxi, Mississippi	First Jefferson Corporation, Biloxi, Mississippi	Atlanta	August 10, 1994
Synovus Financial Corp., Columbus, Georgia TB&C Bancshares, Inc., Columbus, Georgia	Synovus Financial Corp. of Alabama, Jasper, Alabama State Bancshares, Inc., Enterprise, Alabama	Atlanta	July 25, 1994
The Templar Fund, Inc., Brentwood, Missouri Truman Bancorporation, Inc., Brentwood, Missouri	United States National Bank of Clayton, St. Louis, Missouri	St. Louis	July 27, 1994
Texas State Bancshares, Inc., Harker Heights, Texas	Heights Delaware Financial Corporation, Dover, Delaware Heights State Bank, Harker Heights, Texas	Dallas	August 16, 1994
Town Financial Corporation, Hartford City, Indiana	Pacesetter Bank of Hartford City, Hartford City, Indiana Pacesetter Bank of Montpelier, Montpelier, Indiana	Chicago	July 28, 1994
TSB Financial, Inc., Tremont, Illinois	Tremont Savings Bank, Tremont, Illinois	Chicago	August 11, 1994
Village Bancorp, Inc., Ridgefield, Connecticut	Liberty National Bank, Danbury, Connecticut	New York	July 29, 1994
Washington/Wilkes Holding Company, Washington, Georgia	The Peoples Bank, Crawfordville, Georgia	Atlanta	August 8, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Wintrust Investments, Lake Forest, Illinois	North Shore Community Bank & Trust Company, Wilmette, Illinois	Chicago	August 12, 1994

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Amcore Financial Inc., Rockford, Illinois	A/R Management, Ltd. Oconomowoc, Wisconsin	Chicago	August 12, 1994
Amcore Financial Inc., Rockford, Illinois	Professional American Collections, Inc., North Aurora, Illinois	Chicago	August 12, 1994
The Bank of Nova Scotia, Toronto, Canada Barclays PLC, *London, United Kingdom* Barclays Bank PLC, London, United Kingdom CS Holding, Zurich, Switzerland Deutsche Bank AG, Frankfurt, Germany The Fuji Bank, Limited, Tokyo, Japan The Long-Term Credit Bank of Japan, Limited, Tokyo, Japan The Nippon Credit Bank, Ltd., Tokyo, Japan	Government Pricing Information System, Inc., New York, New York	New York	July 20, 1994
Castle BancGroup, Inc., DeKalb, Illinois	Northern Illinois Finance Company, Sandwich, Illinois	Chicago	August 19, 1994
Commonwealth Bancshares, Inc., Shelbyville, Kentucky	First Security Trust Company, Miami, Florida	St. Louis	August 17, 1994
Community Bancs of Oklahoma, Tulsa, Oklahoma	to engage *de novo* in commercial credit, consumer finance and mortgage lending	Kansas City	August 11, 1994
J.P. Morgan & Co. Incorporated, New York, New York	Times Square Investment Limited Partnership, New York, New York	New York	August 22, 1994

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
KeyCorp, Cleveland, Ohio	State Home Savings Bank, F.S.B., Bowling Green, Ohio Society Interim Bank, F.S.B., Toledo, Ohio	Cleveland	July 20, 1994
Norwest Corporation, Minneapolis, Minnesota Norwest Financial Services, Inc., Des Moines, Iowa Norwest Financial, Inc., Des Moines, Iowa	Norwest Financial Guam, Inc., Des Moines, Iowa	Minneapolis	August 4, 1994
Old Kent Financial Corporation, Grand Rapids, Michigan	Michigan Capital Fund For Housing Limited Partnership I, Lansing, Michigan	Chicago	August 2, 1994
Osakis Bancshares, Inc., Osakis, Minnesota	to engage *de novo* in making loans for its own account	Minneapolis	July 22, 1994
Republic Bancorp Inc., Owosso, Michigan	Home Funding, Inc., Hopewell Junction, New York	Chicago	August 19, 1994
The Sanwa Bank, Limited, Osaka, Japan	Government Pricing Information System, Inc., New York, New York	San Francisco	July 20, 1994

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Clarence Talen Charitable Trust, Menomonie, Wisconsin	Menomonie Shares, Inc., Menomonie, Wisconsin	Minneapolis	August 16, 1994
Dunn County Bankshares, Inc., Menomonie, Wisconsin	Menomonie Acquisition Corporation, Amery, Wisconsin	Minneapolis	July 26, 1994

Sections 3 and 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
First American Bank Group, Ltd., Fort Dodge, Iowa	Agri Bancorporation, Webster City, Iowa Farmers Bank & Trust, Webster City, Iowa Hill Investment Company, Jewell, Iowa Farmers State Bank, Jewell, Iowa Story County Bancorporation, Jewell, Iowa American State Bank, Ames, Iowa First American Credit Corporation Company, Fort Dodge, Iowa Hill Land Company, Fort Dodge, Iowa	Chicago	August 12, 1994
First Commonwealth Financial Corporation, Indiana, Pennsylvania	United National Bancorporation, Chambersburg, Pennsylvania Unitas Mortgage Corporation, Carlisle, Pennsylvania	Cleveland	July 27, 1994
First Ozaukee Capital Corp., Cedarburg, Wisconsin	First Ozaukee Savings Bank, Cedarburg, Wisconsin	Chicago	August 19, 1994
IBS Financial Corp., Cherry Hill, New Jersey	Inter-Boro Savings and Loan Association, Cherry Hill, New Jersey	Philadelphia	August 23, 1994
Menomonie Acquisition Corporation, Amery, Wisconsin	First American Bank Wisconsin, Amery, Wisconsin	Minneapolis	July 26, 1994
Menomonie Shares, Inc., Menomonie, Wisconsin	Menomonie Financial Services, Inc., Menomonie, Wisconsin First Bank & Trust, Menomonie, Wisconsin Electronic Strategies, Inc., Menomonie, Wisconsin	Minneapolis	August 16, 1994
Otto Bremer Foundation, St. Paul, Minnesota Bremer Financial Corporation, St. Paul, Minnesota	to engage in insurance premium financing activities	Minneapolis	July 26, 1994

Sections 3 and 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Otto Bremer Foundation, St. Paul, Minnesota	Dunn County Bankshares, Inc., Menomonie, Wisconsin Bank of Menomonie, Menomonie, Wisconsin Premium Finance Corporation, Menomonie, Wisconsin	Minneapolis	July 26, 1994
The Summit Bancorporation, Chatham, New Jersey	Crestmont Financial Corp., Edison, New Jersey Crestmont Federal Savings and Loan Association, Chatham, New Jersey	New York	July 21, 1994
Talco, Inc., Menomonie, Wisconsin Clarence Talen Charitable Trust, Menomonie, Wisconsin Menomonie Shares, Inc., Menomonie, Wisconsin	Electric Strategies, Inc., Menomonie, Wisconsin	Minneapolis	August 16, 1994
Talco, Inc., Menomonie, Wisconsin	Menomonie Shares, Inc., Menomonie, Wisconsin	Minneapolis	August 16, 1994
Western State Agency, Inc., Devils Lake, North Dakota	Towner Bancorporation, Ltd., Towner, North Dakota McHenry Insurance Agency, Towner, North Dakota	Minneapolis	August 18, 1994

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
Merchants Bank, Vicksburg, Mississippi	Merchants Bank, N.A., Vicksburg, Mississippi	Atlanta	August 24, 1994
OMNIBANK Southeast, Denver, Colorado	OMNIBANK Arapahoe, Englewood, Colorado	Kansas City	August 4, 1994
SouthTrust Bank of West Florida, St. Petersburg, Florida	University State Bank, Tampa, Florida	Atlanta	August 10, 1994

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.

National Title Resource Agency v. Board of Governors, No. 94-2050 (8th Cir., filed April 28, 1994). Petition for review of Board's order, issued under section 4 of the Bank Holding Company Act, approving the application of Norwest Corp., Minneapolis, Minnesota, to acquire Double Eagle Financial Corp., Phoenix, Arizona, and its subsidiary, United Title Agency, Inc., and thereby engage in title insurance agency activities and real estate settlement services (80 *Federal Reserve Bulletin* 453). The Board's brief was filed July 7, 1994.

Scott v. Board of Governors, No. 94-4117 (10th Cir.), filed April 28, 1994. Appeal of dismissal of action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes.

Beckman v. Greenspan, No. CV 94-41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. The Board's motion to dismiss was filed May 19, 1994.

DLG Financial Corp. v. Board of Governors, No. 94-10078 (5th Cir., filed January 20, 1994). Appeal of district court dismissal of appellants' action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and for money damages on a variety of tort and contract theories. The case was consolidated on appeal with *Board of Governors v. DLG Financial Corp.*, Nos. 93-2944 and 94-20013 (5th Cir., filed December 14, 1993 and December 31, 1993), an appeal of a temporary restraining order and a preliminary injunction obtained by the Board freezing assets of a corporation and an individual pending administrative adjudication of civil money penalty assessments by the Board. On August 15, 1994, the court of appeals affirmed both the asset freeze order obtained by the Board and the district court's dismissal of plaintiffs' claims.

Richardson v. Board of Governors, et al., No. 94-4020 (10th Cir.), filed January 14, 1994. Appeal of dismissal of action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. The Board's brief was filed June 3, 1994.

Scott v. Board of Governors, No. 94-0104 (D. D.C., filed January 21, 1994). Petition for review of a Board order approving the application of Society Corporation, Cleveland, Ohio, to merge with KeyCorp, Albany, New York (80 *Federal Reserve Bulletin* 253 (1994)). On July 29, 1994, the Board filed a motion to dismiss.

Board of Governors v. Oppegard, No. 93-3706 (8th Cir., filed November 1, 1993). Appeal of district court order ordering appellant Oppegard to comply with prior order requiring compliance with Board prohibition and civil money penalty orders. Oral argument was held June 16, 1994. On July 6, 1994, the Court of Appeals affirmed the district court order.

Jackson v. Board of Governors, No. CV-N-93-401-ECR (D. Nev., filed June 14, 1993). *Pro se* action for violation of a prisoner's civil rights. On November 26, 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. The Board's motion to dismiss was granted on July 19, 1994.

Bennett v. Greenspan, No. 93-1813 (D. D.C., filed April 20, 1993). Employment discrimination action. Trial is scheduled to commence on October 4, 1994.

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. The action was dismissed voluntarily on June 21, 1994.

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. The Board's motion for partial summary judgment was filed on January 4, 1994.

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.

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

Lombard Bank, Ltd.
Republic of Vanuatu

The Federal Reserve Board announced on August 15, 1994, the issuance of a Cease and Desist Order against Lombard Bank, Ltd., Republic of Vanuatu; Lombard Credit Corporation, Miami, Florida; and Ruy Delgado; Alvaro Machado; and Alex Laycayo.

His Excellency Ali Mohammed Al Shorafa
Abu Dhabi

The Federal Reserve Board announced on August 15, 1994, the execution of an Agreement with His Excellency Ali Mohammed Al Shorafa of Abu Dhabi, United Arab Emirates, and the issuance of an Order of Prohibition against Mr. Shorafa to settle potential claims arising from the "BCCI affair."

Termination of Enforcement Actions

The Federal Reserve Board announced on August 29, 1994, the termination of the following enforcement actions:

Colonial Bancshares, Inc.
Des Peres, Missouri

Michael Davis

Kenneth Tiemeyer

David Fairchild

John Weber

Cease and Desist Order dated July 13, 1993, terminated June 30, 1994.

FNB Rochester Corporation
Rochester, New York

Cease and Desist Order dated June 18, 1992, terminated June 27, 1994.

Wahoo State Bank
Wahoo, Nebraska

Written Agreement dated October 23, 1992, terminated August 5, 1994.

FWB Bancorporation
Rockville, Maryland

Written Agreement dated October 10, 1994, terminated August 16, 1994.

Georgetown Bancorp, Inc.
Georgetown, Kentucky

Written Agreement dated January 15, 1992, terminated August 19, 1994.

Written Agreements Approved by Federal Reserve Banks

Bangkok Metropolitan Bank, PCL
Bangkok, Thailand

The Federal Reserve Board announced on August 29, 1994, the execution of a Written Agreement among the Federal Reserve Bank of San Francisco, the California State Banking Department, the Bangkok Metropolitan Bank, PCL., Bangkok, Thailand, and Bangkok Metropolitan's San Francisco Agency.

Bank of St. Petersburg
St. Petersburg, Florida

The Federal Reserve Board announced on August 8, 1994, the execution of a Written Agreement among the Federal Reserve Bank of Atlanta, the State Comptroller and Banking Commissioner of the State of Florida, and the Bank of St. Petersburg, St. Petersburg, Florida.

Financial and Business Statistics

CONTENTS

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1993		1994		1994				
	Q3	Q4	Q1	Q2	Mar.	Apr.^r	May^r	June^r	July
Reserves of depository institutions[2]									
1 Total	12.5	14.2	3.1	−4.4^r	−3.5^r	−5.1	−8.4	−4.0	2.2
2 Required	12.4	14.1	2.5	−3.6	.0	−8.9	−3.8	−8.0	2.2
3 Nonborrowed	11.0	15.6	3.7	−5.4^r	−3.2^r	−6.4	−9.9	−6.7	−.3
4 Monetary base[3]	10.6	9.8	10.2	8.4	9.3	6.6	7.6	7.7	8.1
Concepts of money, liquid assets, and debt[4]									
5 M1	12.0	9.4	6.0	1.9^r	4.0^r	−1.4	1.9	3.7	7.6
6 M2	2.5	2.3	1.9^r	1.8^r	4.7	2.8	1.1	−2.4	4.7
7 M3	1.1^r	2.6	.2	.5^r	2.3^r	2.9	−.7	−.3	5.8
8 L	1.0	2.0^r	2.4^r	1.0	.0^r	4.7	−.2	−2.1	n.a.
9 Debt	6.0	5.0^r	5.8	5.0	5.4^r	4.9	4.8	5.2	n.a.
Nontransaction components									
10 In M2[5]	−1.6^r	−.8	.0^r	1.8^r	5.0	4.7	.8	−5.3	3.3
11 In M3 only[6]	−6.5^r	4.0	−8.6^r	−7.1^r	−11.2^r	4.0	−11.3	12.2	11.7
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	4.9	3.6	4.3	−3.3	−1.4	−3.0	−6.1	−7.7	−2.3
13 Small time[7]	−10.6	−7.4	−5.2	.1	−3.4	−2.6	6.2	6.7	5.7
14 Large time[8,9]	−7.7	−.4	−3.6	−3.3	−17.5	−3.1	19.6	.4	11.8
Thrift institutions									
15 Savings, including MMDAs	2.3	−.4	.5	.2	5.3	2.2	−2.2	−10.3	−9.5
16 Small time[7]	−14.0	−9.5	−11.5	−7.4^r	−7.3	−6.2	−7.4	−5.1	−.4
17 Large time[8,9]	−4.5	−6.7	−9.3	−7.6	−15.6	5.9	−27.5	6.0	14.0
Money market mutual funds									
18 General purpose and broker–dealer	−1.8	1.2	−.1	17.7	16.4	45.1	12.0	−19.1	14.0
19 Institution-only	−10.5	8.8	−26.7	−22.8	3.4	−2.7	−52.2	1.4	9.9
Debt components[4]									
20 Federal	9.2	5.5	7.1	5.2	9.0	2.9	4.2	6.8	n.a.
21 Nonfederal	4.8	4.9	5.3^r	4.9	4.0^r	5.7	5.1	4.7	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						
	1994			1994						
	May	June	July	June 15	June 22	June 29	July 6	July 13	July 20	July 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	382,772	387,308[r]	391,275	385,440	388,362	387,362[r]	394,190	394,215	390,874	386,916
U.S. government securities[2]										
2 Bought outright—System account	343,765	349,265	349,268	348,867	350,769	348,221	350,110	349,405	348,287	349,376
3 Held under repurchase agreements	1,376	880	3,163	0	0	1,705	5,652	5,179	3,031	0
Federal agency obligations										
4 Bought outright	4,019	3,955	3,915	3,955	3,952	3,938	3,920	3,920	3,920	3,911
5 Held under repurchase agreements	414	93	1,047	0	0	129	309	1,636	2,002	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	65	69	125	13	84	107	444	25	84	38
8 Seasonal credit	134	224	367	192	242	278	306	335	378	405
9 Extended credit	0	0	0	0	0	0	0	0	1	0
10 Float	398	605[r]	471	300	962	523[r]	701	807	406	299
11 Other Federal Reserve assets	32,600	32,218[r]	32,919	32,112	32,353	32,461[r]	32,748	32,907	32,765	32,887
12 Gold stock	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052
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	22,424	22,497[r]	22,560	22,490[r]	22,505[r]	22,519[r]	22,534	22,548	22,562	22,576
ABSORBING RESERVE FUNDS										
15 Currency in circulation	374,200	378,797[r]	383,384	378,641[r]	378,547[r]	379,139[r]	383,370	384,655	383,436	382,458
16 Treasury cash holdings	373	357	354	358	357	355	354	358	353	354
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,174	6,120	5,179	4,826	7,064	7,561	5,917	6,031	4,581	5,373
18 Foreign	185	192	200	176	172	182	320	185	173	182
19 Service-related balances and adjustments	6,089	5,889[r]	5,912	5,839	5,926	5,867[r]	6,138	6,055	5,791	5,815
20 Other	304	296	269	300	314	274	276	279	300	236
21 Other Federal Reserve liabilities and capital	10,426	10,781	11,232	10,756	10,712	10,758	11,746	11,581	10,872	10,780
22 Reserve balances with Federal Reserve Banks[3]	26,516	26,443	26,374	26,106	26,844	24,816[r]	27,673	26,689	27,000	23,364

Factor	End-of-month figures			Wednesday figures						
	May	June	July	June 15	June 22	June 29	July 6	July 13	July 20	July 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	386,797	396,529[r]	390,929	387,637	388,715	388,922[r]	395,026	393,342	391,304	388,079
U.S. government securities[2]										
2 Bought outright—System account	344,365	347,644	348,838	351,146	351,581	347,643	348,465	349,254	347,568	350,895
3 Held under repurchase agreements	4,405	10,059	2,770	0	0	3,979	5,182	4,198	4,337	0
Federal agency obligations										
4 Bought outright	3,977	3,920	3,900	3,952	3,952	3,920	3,920	3,920	3,920	3,900
5 Held under repurchase agreements	1,300	580	1,350	0	0	300	463	1,667	2,048	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	76	415	39	19	319	96	2,375	24	396	43
8 Seasonal credit	164	286	420	205	263	284	321	356	399	414
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	473	866[r]	−12	95	123	480[r]	1,523	951	−156	−180
11 Other Federal Reserve assets	32,038	32,760[r]	33,626	32,220	32,477	32,221[r]	32,778	32,972	32,793	33,008
12 Gold stock	11,052	11,052	11,052	11,053	11,052	11,052	11,052	11,052	11,052	11,052
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	22,461	22,534[r]	22,590	22,490[r]	22,505[r]	22,519[r]	22,534	22,548	22,562	22,576
ABSORBING RESERVE FUNDS										
15 Currency in circulation	377,939	382,159[r]	382,229	379,355[r]	379,096[r]	381,563[r]	385,161	384,823	383,576	383,285
16 Treasury cash holdings	361	353	352	357	356	353	359	354	347	352
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,675	9,356	3,683	5,530	6,682	6,435	6,958	5,275	5,823	5,602
18 Foreign	174	604	182	178	166	163	175	283	167	163
19 Service-related balances and adjustments	5,975	6,138[r]	5,707	5,839	5,926	5,867[r]	6,138	6,055	5,791	5,815
20 Other	278	286	244	307	393	270	295	233	267	217
21 Other Federal Reserve liabilities and capital	10,836	11,825	11,394	10,553	10,530	10,634	11,460	10,697	10,708	10,569
22 Reserve balances with Federal Reserve Banks[3]	27,091	27,412[r]	28,798	27,078	27,140	25,226	26,085	27,240	26,258	23,721

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									
	1991	1992	1993	1994						
	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 Reserve balances with Reserve Banks[2]	26,659	25,368	29,374	27,817	26,922	27,396	29,614	26,790	26,502[r]	25,996
2 Total vault cash[3]	32,509	34,542	36,812	37,907	36,295	35,585	35,215	35,892	36,898	37,635
3 Applied vault cash[4]	28,872	31,172	33,484	34,254	32,671	32,208	32,027	32,483	33,422	34,096
4 Surplus vault cash[5]	3,637	3,370	3,328	3,653	3,624	3,377	3,188	3,409	3,476	3,539
5 Total reserves[6]	55,532	56,540	62,858	62,072	59,593	59,605	61,641	59,273	59,924[r]	60,092
6 Required reserves	54,553	55,385	61,795	60,624	58,454	58,638	60,489	58,358	58,819[r]	58,985
7 Excess reserve balances at Reserve Banks[7]	979	1,155	1,063	1,448	1,140	967	1,151	915	1,105[r]	1,107
8 Total borrowings at Reserve Banks[8]	192	124	82	73	70	55	124	200	333	458
9 Seasonal borrowings	38	18	31	15	15	24	57	134	226	364
10 Extended credit[9]	1	1	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending on date indicated									
	1994									
	Mar. 30	Apr. 13	Apr. 27	May 11	May 25	June 8	June 22	July 6[r]	July 20	Aug. 3
1 Reserve balances with Reserve Banks[2]	27,434	29,641	30,212	26,702	26,848	26,816	26,473	26,239	26,908	24,703
2 Total vault cash[3]	34,667	35,434	34,748	36,447	35,320	36,209	37,227	37,012	37,179	38,557
3 Applied vault cash[4]	31,440	32,268	31,599	32,983	31,952	32,806	33,689	33,571	33,754	34,819
4 Surplus vault cash[5]	3,227	3,167	3,150	3,464	3,368	3,403	3,538	3,441	3,425	3,738
5 Total reserves[6]	58,874	61,909	61,810	59,684	58,800	59,622	60,162	59,810	60,662	59,522
6 Required reserves	58,013	61,012	60,350	58,871	57,881	58,531	59,264	58,330	59,902	58,177
7 Excess reserve balances at Reserve Banks[7]	861	897	1,460	814	919	1,092	898	1,480	760	1,345
8 Total borrowings at Reserve Banks[8]	68	125	114	170	216	218	266	568	412	458
9 Seasonal borrowings	32	40	64	102	141	176	217	292	357	413
10 Extended credit[9]	0	0	0	0	0	0	0	0	1	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	May 30	June 6	June 13	June 20	June 27	July 4	July 11	July 18	July 25
	1994, week ending Monday								
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	66,615[r]	67,500	67,573	65,141	65,682	75,243	71,526	66,841	63,557
2 For all other maturities	12,554[r]	12,187	12,150	12,166	12,446	12,512	12,351	13,241	12,684
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	20,452	20,999	22,330	24,392	23,238	21,605	24,687	22,767	25,010
4 For all other maturities	21,704	21,848	22,032	22,501	23,410	23,863	22,591	24,391	23,259
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	22,351	22,637	21,846	22,452	21,499	23,161	22,833	21,857	23,363
6 For all other maturities	34,067	33,957	35,588	33,263	31,207	31,677	31,790	34,445	33,408
All other customers									
7 For one day or under continuing contract	31,843	30,919	31,013	30,298	30,184	34,878	30,024	30,260	30,074
8 For all other maturities	16,442	16,620	16,842	17,076	16,695	16,063	15,889	15,814	16,628
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	50,351[r]	52,253	49,992	49,898	54,868	58,317	54,569	53,340	52,643
10 To all other specified customers[2]	23,592	23,430	20,999	21,942	19,863	23,581	21,466	23,025	23,194

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 9/2/94	Effective date	Previous rate	On 9/2/94	Effective date	Previous rate	On 9/2/94	Effective date	Previous rate
Boston	4.0	8/16/94	3.50	4.80	9/1/94	4.55	5.30	9/1/94	5.05
New York		8/16/94			9/1/94			9/1/94	
Philadelphia		8/18/94			9/1/94			9/1/94	
Cleveland		8/17/94			9/1/94			9/1/94	
Richmond		8/16/94			9/1/94			9/1/94	
Atlanta		8/18/94			9/1/94			9/1/94	
Chicago		8/16/94			9/1/94			9/1/94	
St. Louis		8/16/94			9/1/94			9/1/94	
Minneapolis		8/18/94			9/1/94			9/1/94	
Kansas City		8/16/94			9/1/94			9/1/94	
Dallas		8/16/94			9/1/94			9/1/94	
San Francisco	4.0	8/17/94	3.50	4.80	9/1/94	4.55	5.30	9/1/94	5.05

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
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 Sept. 2, 1994	3.5	3.5

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–$51.9 million	3	12/21/93
2 More than $51.9 million[4]	10	12/21/93
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. 21, 1993, the exemption was raised from $3.8 million to $4.0 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. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks. Accounts subject to such limits are 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. 21, 1993, for institutions reporting quarterly and weekly, the amount was increased from $46.8 million to $51.9 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1991	1992	1993	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May	1994 June
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	20,158	14,714	17,717	1,394	0	1,264	900	1,101	1,395	4,143
2 Gross sales	120	1,628	0	0	0	0	0	0	0	0
3 Exchanges	277,314	308,699	332,229	33,536	28,986	28,709	33,163	28,881	29,807	39,484
4 Redemptions	1,000	1,600	468	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	3,043	1,096	1,223	189	0	0	147	209	155	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	24,454	36,662	31,368	2,910	0	4,063	0	2,316	0	1,197
8 Exchanges	−28,090	−30,543	−36,582	−2,910	−639	−1,985	−3,605	−907	0	−3,192
9 Redemptions	1,000	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	6,583	13,118	10,350	2,619	0	0	1,413	2,817	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,211	−34,478	−27,140	−2,910	776	3,447	0	1,607	0	−1,197
13 Exchanges	24,594	25,811	0	2,910	639	1,145	3,605	907	0	3,192
Five to ten years										
14 Gross purchases	1,280	2,818	4,168	1,008	0	0	1,103	1,117	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,037	−1,915	0	0	−776	−616	0	709	0	0
17 Exchanges	2,894	3,532	0	0	0	550	0	0	0	0
More than ten years										
18 Gross purchases	375	2,333	3,457	826	0	0	618	896	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,209	−269	0	0	0	0	0	0	0	0
21 Exchanges	600	1,200	0	0	0	325	0	0	0	0
All maturities										
22 Gross purchases	31,439	34,079	36,915	6,035	0	1,264	4,181	6,140	1,550	4,143
23 Gross sales	120	1,628	0	0	0	0	0	0	0	0
24 Redemptions	1,000	1,600	468	0	616	0	0	440	0	0
Matched transactions										
25 Gross sales	1,570,456	1,482,467	1,475,085	137,645	132,872	124,125	155,950	120,393	137,458	133,939
26 Gross purchases	1,571,534	1,480,140	1,475,941	136,821	133,468	124,270	155,625	134,051	137,195	133,075
Repurchase agreements										
27 Gross purchases	310,084	378,374	475,447	33,751	25,818	33,693	38,490	19,741	21,517	10,059
28 Gross sales	311,752	386,257	470,723	29,577	29,348	37,425	38,115	25,041	17,112	4,405
29 Net change in U.S. Treasury securities	29,729	20,642	42,027	9,386	−3,550	−2,323	4,232	14,058	5,691	8,933
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	5	0	0	0	0	0	0	0	0	0
32 Redemptions	292	632	1,072	81	202	102	108	180	70	58
Repurchase agreements										
33 Gross purchases	22,807	14,565	35,063	2,211	2,600	3,277	3,160	728	4,195	580
34 Gross sales	23,595	14,486	34,669	1,615	3,106	3,636	3,170	878	2,895	1,300
35 Net change in federal agency obligations	−1,085	−554	−678	515	−708	−461	−118	−330	1,230	−778
36 **Total net change in System Open Market Account**	**28,644**	**20,089**	**41,348**	**9,901**	**−4,258**	**−2,784**	**4,114**	**13,728**	**6,921**	**8,155**

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		
	1994					1994		
	June 29	July 6	July 13	July 20	July 27	May 31	June 30	July 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	302	284	280	290	297	357	301	318
Loans								
4 To depository institutions	381	2,695	380	796	456	240	701	458
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	3,920	3,920	3,920	3,920	3,900	3,977	3,920	3,900
8 Held under repurchase agreements	300	463	1,667	2,048	0	1,300	580	1,350
9 **Total U.S. Treasury securities**	**351,622**	**353,647**	**353,452**	**351,905**	**350,895**	**348,770**	**357,703**	**351,608**
10 Bought outright[2]	347,643	348,465	349,254	347,568	350,895	344,365	347,644	348,838
11 Bills	168,575	169,398	170,186	168,802	172,130	165,297	168,576	170,072
12 Notes	138,686	138,686	138,686	138,384	138,384	138,686	138,686	138,384
13 Bonds	40,381	40,381	40,381	40,381	40,381	40,381	40,381	40,381
14 Held under repurchase agreements	3,979	5,182	4,198	4,337	0	4,405	10,059	2,770
15 **Total loans and securities**	**356,222**	**360,725**	**359,418**	**358,668**	**355,251**	**354,287**	**362,903**	**357,316**
16 Items in process of collection	4,998	9,272	6,044	5,339	4,621	2,412	4,537	3,809
17 Bank premises	1,061	1,062	1,062	1,063	1,063	1,058	1,061	1,063
Other assets								
18 Denominated in foreign currencies[3]	21,659	22,475	22,492	22,513	22,525	22,349	22,408	22,868
19 All other[4]	9,295	9,236	9,501	9,306	9,483	8,673	9,330	9,728
20 **Total assets**	**412,606**	**422,124**	**417,867**	**416,249**	**412,310**	**408,207**	**419,610**	**414,173**
LIABILITIES								
21 Federal Reserve notes	359,698	363,270	362,910	361,651	361,358	356,197	360,280	360,309
22 **Total deposits**	**37,732**	**39,963**	**39,194**	**39,065**	**35,940**	**39,306**	**43,604**	**38,682**
23 Depository institutions	30,864	32,535	33,404	32,809	29,957	33,186	33,358	34,573
24 U.S. Treasury—General account	6,435	6,958	5,275	5,823	5,602	5,675	9,356	3,683
25 Foreign—Official accounts	163	175	283	167	163	174	604	182
26 Other	270	295	233	267	217	278	286	244
27 Deferred credit items	4,541	7,431	5,066	4,824	4,444	1,868	3,901	3,787
28 Other liabilities and accrued dividends[5]	3,230	3,278	3,285	3,269	3,133	3,106	3,626	3,425
29 **Total liabilities**	**405,202**	**413,942**	**410,455**	**408,809**	**404,874**	**400,477**	**411,411**	**406,203**
CAPITAL ACCOUNTS								
30 Capital paid in	3,523	3,523	3,535	3,535	3,538	3,517	3,523	3,550
31 Surplus	3,401	3,401	3,401	3,401	3,401	3,401	3,401	3,401
32 Other capital accounts	481	1,258	476	504	497	811	1,275	1,018
33 **Total liabilities and capital accounts**	**412,606**	**422,124**	**417,867**	**416,249**	**412,310**	**408,207**	**419,610**	**414,173**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	381,850	382,609	386,280	391,234	392,681	372,886	382,449	395,105
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	426,742	428,339	430,652	432,691	434,581	420,983	427,534	435,668
36 LESS: Held by Federal Reserve Banks	67,044	65,069	67,742	71,040	73,223	64,787	67,254	75,359
37 Federal Reserve notes, net	359,698	363,270	362,910	361,651	361,358	356,197	360,280	360,309
Collateral held against notes, net:								
38 Gold certificate account	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052
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	340,628	344,200	343,840	342,581	342,288	337,126	341,210	341,239
42 **Total collateral**	**359,698**	**363,270**	**362,910**	**361,651**	**361,358**	**356,197**	**360,280**	**360,309**

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		
	1994					1994		
	June 29	July 6	July 13	July 20	July 27	May 31	June 30	July 31
1 **Total loans**	**381**	**2,695**	**380**	**796**	**456**	**240**	**701**	**458**
2 Within fifteen days[1]	340	2,438	96	731	400	155	549	228
3 Sixteen days to ninety days	40	258	284	65	57	85	152	230
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**	**351,622**	**353,647**	**353,452**	**351,905**	**350,895**	**344,365**	**347,644**	**348,838**
10 Within fifteen days[1]	22,360	17,342	21,087	20,919	20,124	10,423	4,966	7,706
11 Sixteen days to ninety days	81,653	83,653	79,795	79,294	83,030	88,120	81,476	89,041
12 Ninety-one days to one year	105,494	108,739	108,657	108,078	104,128	103,708	117,289	108,478
13 One year to five years	83,725	85,524	85,524	85,511	85,511	83,725	85,524	85,511
14 Five years to ten years	25,264	25,264	25,264	24,977	24,977	25,264	25,264	24,977
15 More than ten years	33,125	33,125	33,125	33,125	33,125	33,125	33,125	33,125
16 **Total federal agency obligations**	**4,220**	**4,383**	**5,587**	**5,968**	**3,900**	**3,977**	**3,920**	**3,900**
17 Within fifteen days[1]	465	468	1,687	2,164	111	266	165	111
18 Sixteen days to ninety days	490	690	700	604	607	386	490	607
19 Ninety-one days to one year	839	799	769	769	769	891	839	769
20 One year to five years	1,826	1,826	1,831	1,831	1,818	1,833	1,826	1,818
21 Five years to ten years	575	575	570	575	570	577	575	570
22 More than ten years	25	25	30	25	25	25	25	25

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

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

Billions of dollars, averages of daily figures

Item	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1993 Dec.	1994 Jan.	Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	41.77	45.53	54.34	60.48	60.48	60.60	60.76	60.59	60.33[r]	59.91[r]	59.71[r]	59.82
2 Nonborrowed reserves[4]	41.44	45.34	54.22	60.39	60.39	60.53	60.69	60.53	60.21[r]	59.71[r]	59.37[r]	59.36
3 Nonborrowed reserves plus extended credit[5]	41.47	45.34	54.22	60.39	60.39	60.53	60.69	60.53	60.21[r]	59.71[r]	59.37[r]	59.36
4 Required reserves	40.11	44.55	53.19	59.41	59.41	59.16	59.62	59.62	59.18[r]	59.00[r]	58.60[r]	58.71
5 Monetary base[6]	293.16	317.12	350.61	385.86	385.86	389.61	393.96	397.01	399.20[r]	401.73[r]	404.32[r]	407.04
	Not seasonally adjusted											
6 Total reserves[7]	43.07	46.98	56.06	62.37	62.37	62.04	59.53	59.50	61.40	58.97	59.56	59.66
7 Nonborrowed reserves	42.74	46.78	55.93	62.29	62.29	61.96	59.46	59.44	61.27	58.77	59.22	59.20
8 Nonborrowed reserves plus extended credit[5]	42.77	46.78	55.93	62.29	62.29	61.96	59.46	59.44	61.27	58.77	59.22	59.20
9 Required reserves[8]	41.40	46.00	54.90	61.31	61.31	60.59	58.39	58.53	60.25	58.06	58.45	58.55
10 Monetary base[9]	296.68	321.07	354.55	390.59	390.59	391.00	390.86	394.15	399.76	400.26	404.72[r]	408.16
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	59.12	55.53	56.54	62.86	62.86	62.07	59.59	59.61	61.64	59.27	59.92[r]	60.09
12 Nonborrowed reserves	58.80	55.34	56.42	62.78	62.78	62.00	59.52	59.55	61.52	59.07	59.59	59.63
13 Nonborrowed reserves plus extended credit[5]	58.82	55.34	56.42	62.78	62.78	62.00	59.52	59.55	61.52	59.07	59.59	59.64
14 Required reserves	57.46	54.55	55.39	61.80	61.80	60.62	58.45	58.64	60.49	58.36	58.82	58.99
15 Monetary base[12]	313.70	333.61	360.90	397.62	397.62	397.89	397.93	400.78	406.32	406.59	410.94[r]	414.38
16 Excess reserves[13]	1.66	.98	1.16	1.06	1.06	1.45	1.14	.97	1.15	.92	1.11	1.11
17 Borrowings from the Federal Reserve	.33	.19	.12	.08	.08	.07	.07	.06	.12	.20	.33	.46

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	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1994 Apr.	1994 May[r]	1994 June[r]	1994 July
	Seasonally adjusted							
Measures[2]								
1 M1	826.4	897.7	1,024.8	1,128.4	1,141.1[r]	1,142.9	1,146.4	1,153.7
2 M2	3,353.0	3,455.3	3,509.0	3,567.9[r]	3,591.8[r]	3,595.2	3,587.9	3,601.9
3 M3	4,125.7	4,180.4	4,183.1	4,232.0[r]	4,228.0[r]	4,225.5	4,224.5	4,244.8
4 L	4,974.8	4,992.9	5,057.2	5,134.4[r]	5,163.1[r]	5,162.4	5,153.2	n.a.
5 Debt	10,670.0[r]	11,144.1[r]	11,723.9[r]	12,318.5[r]	12,534.2[r]	12,584.6	12,639.6	n.a.
M1 components								
6 Currency[3]	246.7	267.1	292.2	321.4	334.8	337.6	340.3	343.2
7 Travelers checks[4]	7.8	7.7	8.1	7.9	8.1	8.1	8.1	8.2
8 Demand deposits[5]	277.9	290.0	339.6	384.8	388.9	385.8	386.6	389.6
9 Other checkable deposits[6]	294.0	332.8	384.9	414.3	409.3[r]	411.2	411.4	412.7
Nontransaction components								
10 In M2[7]	2,526.6	2,557.6	2,484.3	2,439.5[r]	2,450.6[r]	2,452.3	2,441.5	2,448.2
11 In M3[8]	772.7	725.2	674.1	664.1[r]	636.3[r]	630.3	636.7	642.9
Commercial banks								
12 Savings deposits, including MMDAs	582.1	665.5	754.6	785.3	788.2	784.2	779.2	777.7
13 Small time deposits[9]	611.3	602.9	508.7	468.5	461.6	464.0	466.6	468.8
14 Large time deposits[10, 11]	368.6	342.4	292.8	277.1	269.3	273.7	273.8	276.5
Thrift institutions								
15 Savings deposits, including MMDAs	338.3	375.6	429.0	430.2	432.5	431.7	428.0	424.6
16 Small time deposits[9]	563.2	464.5	361.8	317.1	307.0	305.1	303.8	303.7
17 Large time deposits[10]	120.9	83.4	67.5	61.8	61.2	59.8	60.1	60.8
Money market mutual funds								
18 General purpose and broker–dealer	355.5	370.4	352.0	348.8	361.5	365.1	359.3	363.5
19 Institution-only	135.0	181.0	201.5	197.0	177.0	169.3	169.5	170.9
Debt components								
20 Federal debt	2,490.7	2,763.8	3,068.4	3,327.6	3,383.6	3,395.4	3,414.5	n.a.
21 Nonfederal debt	8,179.3[r]	8,380.3[r]	8,655.5[r]	8,990.9[r]	9,150.6[r]	9,189.3	9,225.1	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	843.8	916.7	1,046.7	1,153.8	1,153.1[r]	1,132.8	1,142.6	1,151.6
23 M2	3,366.0	3,470.4	3,527.6	3,590.5[r]	3,609.1[r]	3,580.5	3,583.7	3,598.2
24 M3	4,135.5	4,191.9	4,198.3	4,251.3[r]	4,243.7[r]	4,216.5	4,221.1	4,237.8
25 L	4,997.2	5,018.0	5,087.7	5,169.3[r]	5,172.3[r]	5,139.2	5,142.7	n.a.
26 Debt	10,667.6[r]	11,141.4[r]	11,725.7[r]	12,320.9[r]	12,508.4[r]	12,555.3	12,606.9	n.a.
M1 components								
27 Currency[3]	249.5	269.9	295.0	324.9	334.4	337.4	340.6	344.8
28 Travelers checks[4]	7.4	7.4	7.8	7.6	7.8	7.9	8.3	8.8
29 Demand deposits[5]	289.9	303.1	355.1	402.6	390.3	378.8	383.5	388.9
30 Other checkable deposits[6]	297.0	336.3	388.9	418.6	420.6[r]	408.7	410.1	409.1
Nontransaction components								
31 In M2[7]	2,522.3	2,553.7	2,480.9	2,436.7[r]	2,456.0[r]	2,447.6	2,441.2	2,446.6
32 In M3[8]	769.5	721.6	670.6	660.9[r]	634.6[r]	636.0	637.4	639.6
Commercial banks								
33 Savings deposits, including MMDAs	580.8	664.0	752.9	783.9	790.6	784.8	781.9	779.6
34 Small time deposits[9]	610.5	601.9	507.8	467.6	461.2	463.0	466.2	469.8
35 Large time deposits[10, 11]	367.7	341.3	291.7	276.0	268.7[r]	276.0	275.6	276.2
Thrift institutions								
36 Savings deposits, including MMDAs	337.6	374.8	428.1	429.4	433.8	432.0	429.5	425.6
37 Small time deposits[9]	562.4	463.8	361.2	316.4	306.7	304.4	303.5	304.4
38 Large time deposits[10]	120.6	83.1	67.2	61.6	61.0	60.3	60.5	60.7
Money market mutual funds								
39 General purpose and broker–dealer	353.8	368.5	350.2	347.2	367.2	364.5	357.1	360.0
40 Institution-only	134.7	180.4	200.4	195.8	176.2	171.0	166.3	167.4
Repurchase agreements and Eurodollars								
41 Overnight	77.3	80.6	80.7	92.3[r]	96.5[r]	98.9	102.9	107.2
42 Term	158.3	130.1	126.8	143.8[r]	145.3[r]	144.4	149.7	151.2
Debt components								
43 Federal debt	2,491.3	2,765.0	3,069.8	3,329.5	3,376.8	3,379.7	3,394.5	n.a.
44 Nonfederal debt	8,176.3[r]	8,376.5	8,655.9[r]	8,991.5[r]	9,131.6[r]	9,175.6	9,212.4	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 Dec.	1992 Dec.	1993 Nov.[r]	1993 Dec.	1994 Jan.	Feb.	Mar.	Apr.	May	June[r]	July
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	1.89	1.86	1.84	1.82	1.82	1.81	1.83	1.82	1.83
2 Savings deposits[2]	4.30	2.88	2.48	2.46	2.46	2.43	2.43	2.45	2.50	2.54	2.57
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.64	2.65	2.65	2.68	2.76	2.87	2.99	3.08	3.17
4 92 to 182 days	4.41	3.16	2.92	2.91	2.90	2.94	3.02	3.13	3.28	3.36	3.44
5 183 days to 1 year	4.59	3.37	3.13	3.13	3.14	3.18	3.27	3.42	3.64	3.76	3.89
6 More than 1 year to 2½ years	4.95	3.88	3.54	3.55	3.56	3.61	3.69	3.87	4.12	4.26	4.39
7 More than 2½ years	5.52	4.77	4.28	4.29	4.31	4.35	4.46	4.67	4.89	5.02	5.15
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	1.95	1.87	1.89	1.88	1.83	1.86	1.86	1.88	1.89
9 Savings deposits[2]	4.97	3.20	2.65	2.63	2.62	2.64	2.63	2.65	2.67	2.69	2.67
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	2.73	2.70	2.69	2.69	2.71	2.72	2.77	2.84	2.98
11 92 to 182 days	4.92	3.44	3.03	3.02	3.03	3.04	3.08	3.13	3.21	3.41	3.53
12 183 days to 1 year	4.99	3.61	3.32	3.31	3.33	3.34	3.37	3.47	3.67	3.92	4.02
13 More than 1 year to 2½ years	5.23	4.02	3.69	3.66	3.72	3.76	3.85	3.96	4.12	4.38	4.56
14 More than 2½ years	5.98	5.00	4.60	4.62	4.61	4.66	4.75	4.85	5.08	5.24	5.35
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	297,406	305,223	293,806	295,573	297,496	293,888	292,797	290,220	290,658
16 Savings deposits[2]	652,058	738,253	770,652	766,413	771,559	776,204	779,340	771,869	773,170	767,539	765,767
17 Personal	508,191	578,757	598,216	597,838	606,615	611,725	615,875	611,720	612,648	608,132	605,893
18 Nonpersonal	143,867	159,496	172,435	168,575	164,944	164,479	163,465	160,149	160,522	159,407	159,874
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	30,023	29,455	29,312	29,578	29,539	29,467	29,950	28,763	28,645
20 92 to 182 days	158,605	127,831	110,095	110,069	109,110	109,444	107,407	105,615	104,400	102,439	100,390
21 183 days to 1 year	209,672	163,098	148,239	146,565	144,037	143,624	144,022	146,733	148,102	151,165	152,061
22 More than 1 year to 2½ years	171,721	152,977	140,305	141,223	141,204	141,006	139,946	139,313	140,764	144,686	147,204
23 More than 2½ years	158,078	169,708	182,152	181,528	182,193	181,240	180,973	181,977	180,381	181,843	182,911
24 IRA/Keogh Plan deposits	147,266	147,350	144,467	143,985	143,875	143,409	142,002	142,448	142,047	142,513	142,615
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	10,880	11,151	10,796	10,870	11,078	11,051	11,052	10,792	10,925
26 Savings deposits[2]	71,215	81,786	77,939	80,115	78,660	78,016	78,701	78,982	78,817	77,289	77,342
27 Personal	68,638	78,695	74,653	77,035	75,445	74,756	75,444	75,717	75,474	74,121	74,069
28 Nonpersonal	2,577	3,091	3,286	3,079	3,215	3,260	3,257	3,265	3,344	3,168	3,273
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	2,780	2,793	2,737	2,735	2,671	2,697	2,702	2,614	2,531
30 92 to 182 days	21,686	17,345	12,936	12,946	13,094	13,165	13,177	13,058	12,822	12,515	12,511
31 183 days to 1 year	29,715	21,780	17,193	17,426	17,418	17,436	17,511	17,504	17,444	17,310	17,592
32 More than 1 year to 2½ years	25,379	18,442	16,008	16,546	16,281	16,338	16,180	16,453	16,477	16,493	16,888
33 More than 2½ years	18,665	18,845	19,659	20,464	20,630	20,939	21,110	21,454	21,546	21,079	21,565
34 IRA/Keogh Plan accounts	23,007	21,713	19,393	19,356	19,395	19,474	19,447	19,860	19,772	19,511	19,757

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	1991[2]	1992[2]	1993[2]	1993	1994				
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,741.7	313,251.6	334,793.7	367,734.8	349,574.2	371,865.9	393,877.0	352,710.2	376,234.9
2 Major New York City banks	137,337.2	165,484.5	171,312.0	189,024.1	183,245.0	200,050.9	210,684.5	184,409.0	200,277.7
3 Other banks	140,404.5	147,767.2	163,481.7	178,710.7	166,329.2	171,815.0	183,192.5	168,301.2	175,957.2
4 Other checkable deposits[4]	3,643.1	3,781.5	3,486.8	3,809.5	3,426.9	3,785.2	3,882.2	3,573.9	3,868.2
5 Savings deposits (including MMDAs)[5]	3,206.4	3,310.6	3,507.3	3,933.6	3,595.3	4,056.9	3,918.6	3,458.4	3,530.6
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	803.7	826.0	786.5	826.9	771.4	823.3	873.6	778.6	833.9
7 Major New York City banks	4,267.1	4,794.5	4,200.6	4,550.0	4,268.2	4,674.4	4,798.4	4,233.3	4,714.9
8 Other banks	448.1	428.9	424.8	443.3	405.5	420.2	450.1	411.1	430.6
9 Other checkable deposits[4]	16.2	14.4	11.9	12.6	11.3	12.6	12.9	11.9	12.8
10 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	5.1	4.6	5.2	5.0	4.4	4.5
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,752.4	313,416.8	334,775.6	380,187.5	349,669.7	345,587.2	406,826.5	350,132.0	364,468.2
12 Major New York City banks	137,307.2	165,595.0	171,283.5	194,541.0	181,971.7	187,904.4	218,783.5	181,272.6	188,885.2
13 Other banks	140,445.2	147,821.9	163,492.1	185,646.4	167,698.0	157,682.8	188,043.0	168,859.5	175,583.0
14 Other checkable deposits[4]	3,645.2	3,784.4	3,485.2	3,888.9	3,745.4	3,480.4	3,889.2	3,782.0	3,685.4
15 Savings deposits (including MMDAs)[5]	3,209.2	3,310.0	3,505.8	4,066.4	3,780.8	3,616.8	3,882.8	3,633.8	3,567.4
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	803.6	826.3	786.5	820.6	759.5	783.2	923.4	771.4	823.3
17 Major New York City banks	4,269.0	4,803.5	4,197.9	4,387.8	4,047.8	4,319.0	5,140.2	4,228.8	4,449.3
18 Other banks	448.1	429.0	424.9	443.1	403.7	396.4	472.4	410.8	438.7
19 Other checkable deposits[4]	16.2	14.4	11.9	12.7	12.1	11.6	12.9	12.3	12.3
20 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	5.2	4.8	4.6	5.0	4.6	4.6

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.
Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. As of January 1994, other checkable deposits (OCDs) previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.
5. Money market deposit accounts.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1994[r]							1994[r]			
	July	Jan.	Feb.	Mar.	Apr.	May	June	July	July 6	July 13	July 20	July 27
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,060.7	3,124.3	3,138.2	3,165.7	3,191.8	3,196.2	3,204.7	3,238.1	3,227.5	3,238.7	3,239.2	3,244.3
2 Securities in bank credit	896.4	924.3	928.4	947.4	963.9	961.7	963.8	966.9	972.8	974.4	962.4	963.3
3 U.S. government securities	714.2[r]	731.9	730.9	745.3	756.0	749.1	749.9	749.4	755.3	752.8	744.1	748.3
4 Other securities	182.2[r]	192.4	197.5	202.2	207.9	212.6	213.9	217.4	217.5	221.5	218.3	215.1
5 Loans and leases in bank credit[2]	2,164.3	2,200.0	2,209.8	2,218.3	2,228.0	2,234.5	2,240.8	2,271.2	2,254.7	2,264.3	2,276.8	2,281.0
6 Commercial and industrial	590.6[r]	588.3	590.7	595.5	601.9	606.0	608.4	617.1	611.1	616.8	618.8	619.1
7 Real estate	916.8[r]	942.6	942.1	942.9	945.3	946.6	952.4	958.7	955.6	956.4	958.6	961.1
8 Revolving home equity	75.0	73.0	73.2	73.3	73.3	73.7	74.1	74.4	74.3	74.3	74.4	74.4
9 Other	841.8[r]	869.6	869.0	869.6	871.9	873.0	878.3	884.3	881.2	882.1	884.3	886.7
10 Consumer	375.3	394.2	397.9	402.4	408.7	411.9	415.1	422.7	420.8	421.4	422.5	423.9
11 Security[3]	83.0	81.0	82.2	83.3	76.9	77.4	76.1	77.8	73.4	76.2	80.7	81.3
12 Other	198.7[r]	193.9	196.8	194.2	195.2	192.6	188.7	194.9	193.8	193.6	196.1	195.6
13 Interbank loans[4]	161.0	154.4	155.4	148.7	150.0	161.9	163.2	166.4	170.7	158.4	173.0	165.7
14 Cash assets[5]	217.7	219.4	225.0	216.2	209.7	217.4	216.5	213.1	222.8	212.3	209.4	214.4
15 Other assets[6]	219.6[r]	215.9	212.3	206.9	207.8	210.7	207.6	211.9	209.1	216.2	211.5	209.6
16 **Total assets**[7]	**3,598.6[r]**	**3,656.3**	**3,673.6**	**3,680.5**	**3,702.0**	**3,728.8**	**3,734.4**	**3,771.4**	**3,772.1**	**3,767.5**	**3,774.9**	**3,775.9**
Liabilities												
17 Deposits	2,517.4	2,537.7	2,531.6	2,517.3	2,506.0	2,519.2	2,505.9	2,512.3	2,508.9	2,514.6	2,510.2	2,518.3
18 Transaction	788.1	815.7	817.5	813.5	800.5	812.4	809.2	810.5	814.9	813.0	805.7	812.6
19 Nontransaction	1,729.3	1,722.0	1,714.0	1,703.8	1,705.5	1,706.8	1,696.6	1,701.9	1,694.0	1,701.6	1,704.5	1,705.7
20 Large time	352.5	348.3	340.4	332.5	335.3	338.1	334.3	339.0	333.2	338.2	340.6	342.4
21 Other	1,376.8	1,373.6	1,373.6	1,371.3	1,370.3	1,368.7	1,362.4	1,362.9	1,360.8	1,363.5	1,363.9	1,363.2
22 Borrowings	529.8[r]	547.8	549.3	561.5	587.6	582.0	578.6	584.1	583.7	573.2	594.3	591.5
23 From banks in the U.S.	163.0[r]	153.3	154.4	147.9	150.2	163.3	161.3	167.9	173.2	160.0	174.5	166.4
24 From nonbanks in the U.S.	366.8	394.5	394.9	413.5	437.4	418.7	417.2	416.2	410.5	413.2	419.8	425.1
25 Net due to related foreign offices	105.9[r]	115.6	135.6	157.6	173.5	171.7	185.1	201.8	202.1	194.4	208.1	195.8
26 Other liabilities[8]	151.0[r]	151.2	151.7	143.1	142.8	145.9	141.1	145.5	145.8	149.5	143.7	144.0
27 **Total liabilities**	**3,304.1[r]**	**3,352.2**	**3,368.2**	**3,379.4**	**3,410.0**	**3,418.7**	**3,410.7**	**3,443.8**	**3,440.4**	**3,431.7**	**3,456.3**	**3,449.7**
28 Residual (assets less liabilities)[9]	294.5[r]	304.1	305.4	301.0	292.1	310.1	323.7	327.6	331.8	335.8	318.6	326.2
	Not seasonally adjusted											
Assets												
29 Bank credit	3,043.8[r]	3,125.2	3,136.7	3,164.4	3,190.2	3,185.3	3,199.6	3,221.3	3,217.7	3,221.4	3,218.5	3,221.4
30 Securities in bank credit	889.5[r]	920.1	928.2	950.6	964.8	957.6	960.1	960.2	964.8	965.3	954.9	957.7
31 U.S. government securities	708.7[r]	727.9	729.6	748.8	758.2	746.1	747.5	743.8	749.0	745.7	738.6	742.0
32 Other securities	180.9[r]	192.2	198.6	201.8	206.7	211.5	212.6	216.5	215.8	219.6	216.3	215.7
33 Loans and leases in bank credit[2]	2,154.3	2,205.1	2,208.5	2,213.7	2,225.4	2,227.7	2,239.5	2,261.1	2,252.9	2,256.1	2,263.6	2,263.7
34 Commercial and industrial	588.6	587.5	589.9	598.4	604.9	607.6	609.4	614.8	613.0	613.7	616.3	614.9
35 Real estate	916.9[r]	941.1	938.7	939.1	943.3	947.0	952.9	959.5	957.3	959.7	959.0	959.6
36 Revolving home equity	74.8	73.2	73.0	72.6	72.8	73.4	73.9	74.2	74.1	74.1	74.1	74.2
37 Other	842.1[r]	867.9	865.7	866.5	870.5	873.6	878.9	885.3	883.3	885.6	884.9	885.4
38 Consumer	372.9	398.6	399.1	399.6	405.5	410.6	413.2	420.1	417.2	418.3	419.9	422.0
39 Security[3]	78.1	83.3	86.8	85.5	79.6	73.4	74.3	72.6	69.0	71.4	74.0	75.1
40 Other	197.8[r]	194.5	193.8	191.1	192.1	189.1	189.7	194.1	196.4	193.1	194.3	192.1
41 Interbank loans[4]	156.4	158.6	156.0	148.4	151.4	157.1	160.7	161.8	171.9	155.5	162.1	159.5
42 Cash assets[5]	214.5	224.4	219.6	210.9	207.1	214.9	214.2	209.7	234.9	208.0	199.9	202.7
43 Other assets[6]	218.1[r]	218.3	211.8	205.5	204.6	208.0	205.1	210.2	211.6	212.5	207.7	206.6
44 **Total assets**[7]	3,573.2[r]	3,669.0	3,666.4	3,671.7	3,696.2	3,707.7	3,722.0	3,745.7	3,779.2	3,740.0	3,730.8	3,732.9
Liabilities												
45 Deposits	2,512.1	2,541.0	2,521.3	2,508.9	2,512.6	2,507.9	2,507.5	2,506.1	2,547.4	2,505.3	2,488.9	2,484.0
46 Transaction	780.6	825.3	808.4	802.0	808.8	801.0	807.6	802.5	849.2	801.1	783.6	779.9
47 Nontransaction	1,731.5	1,715.7	1,712.9	1,706.9	1,703.8	1,706.8	1,699.9	1,703.6	1,698.2	1,704.2	1,705.3	1,704.1
48 Large time	353.1	344.8	340.7	335.1	336.4	342.1	337.1	339.4	332.6	338.5	341.0	343.4
49 Other	1,378.4	1,370.9	1,372.1	1,371.8	1,367.3	1,364.8	1,362.7	1,364.3	1,365.6	1,365.7	1,364.3	1,360.7
50 Borrowings	524.0[r]	547.1	547.7	548.8	564.1	569.6	584.5	589.4	592.5	587.3	593.6	587.1
51 From banks in the U.S.	156.6[r]	158.6	155.9	148.4	151.4	157.1	160.7	161.8	171.9	155.5	162.1	159.5
52 From nonbanks in the U.S.	367.4	388.5	391.8	400.5	412.6	412.6	423.9	427.6	420.6	431.8	431.5	427.6
53 Net due to related foreign offices	99.5[r]	123.8	139.3	163.1	172.5	180.3	180.3	193.5	184.3	188.1	194.1	205.1
54 Other liabilities[8]	148.0	153.4	151.9	142.8	138.1	142.1	138.2	142.5	141.8	145.1	140.2	142.2
55 **Total liabilities**	**3,283.6[r]**	**3,365.3**	**3,360.2**	**3,363.6**	**3,387.3**	**3,399.9**	**3,410.5**	**3,431.6**	**3,466.0**	**3,425.8**	**3,416.7**	**3,418.4**
56 Residual (assets less liabilities)[9]	289.7[r]	303.7	306.2	308.1	308.9	307.8	311.5	314.1	313.3	314.2	314.0	314.5

Footnotes appear on last page.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1994[r]							1994[r]			
	July	Jan.	Feb.	Mar.	Apr.	May	June	July	July 6	July 13	July 20	July 27
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,713.1	2,793.4	2,802.0	2,827.6	2,842.5	2,848.8	2,858.2	2,880.7	2,879.1	2,878.9	2,879.7	2,884.3
58 Securities in bank credit	820.0[r]	846.3	849.6	868.6	876.2	873.0	871.8	875.7	880.4	881.6	871.4	873.8
59 U.S. government securities	662.6[r]	678.4	676.4	690.4	694.6	690.6	689.2	689.3	693.9	691.4	684.4	689.4
60 Other securities	157.4[r]	167.9	173.2	178.2	181.5	182.4	182.6	186.4	186.5	190.2	187.0	184.4
61 Loans and leases in bank credit[2]	1,893.0	1,947.1	1,952.4	1,959.0	1,966.4	1,975.8	1,986.5	2,005.0	1,998.7	1,997.3	2,008.3	2,010.5
62 Commercial and industrial	436.2	440.3	442.8	444.9	448.8	451.8	455.2	460.5	459.0	459.7	460.9	461.5
63 Real estate	867.9[r]	897.6	897.1	898.1	901.7	903.6	909.6	916.7	914.0	914.2	916.9	918.9
64 Revolving home equity	75.0	73.0	73.1	73.2	73.2	73.6	74.0	74.3	74.3	74.3	74.4	74.4
65 Other	793.0[r]	824.6	824.0	824.9	828.5	830.0	835.5	842.4	839.7	839.9	842.6	844.6
66 Consumer	375.3	394.2	397.9	402.4	408.7	411.9	415.1	422.7	420.8	421.4	422.5	423.9
67 Security[3]	54.0	54.5	54.5	55.5	49.5	51.3	49.7	46.7	45.6	44.8	48.8	48.4
68 Other	159.6[r]	160.5	160.1	158.1	157.6	157.2	156.8	158.3	159.3	157.2	159.2	157.9
69 Interbank loans[4]	139.3	135.2	130.1	125.3	124.2	133.3	133.8	135.9	136.5	132.5	140.0	134.5
70 Cash assets[5]	190.4	194.3	200.5	190.7	183.5	190.1	190.2	187.4	196.3	187.2	183.2	188.8
71 Other assets[6]	173.2[r]	171.3	165.6	160.6	161.6	160.6	157.6	159.4	157.6	161.9	159.0	158.7
72 **Total assets[7]**	**3,155.7**	**3,236.5**	**3,241.0**	**3,247.1**	**3,254.6**	**3,275.5**	**3,282.4**	**3,305.3**	**3,311.7**	**3,302.5**	**3,303.9**	**3,308.2**
Liabilities												
73 Deposits	2,363.4	2,382.1	2,382.5	2,376.7	2,363.8	2,376.2	2,368.6	2,370.9	2,371.8	2,374.6	2,366.1	2,373.5
74 Transaction	776.5	804.9	806.4	802.5	790.2	802.1	798.7	800.3	804.3	802.6	795.4	802.6
75 Nontransaction	1,586.9	1,577.2	1,576.1	1,574.2	1,573.6	1,574.1	1,569.9	1,570.6	1,567.5	1,572.0	1,570.6	1,570.8
76 Large time	216.9	210.5	209.1	208.0	208.4	209.8	210.0	211.2	208.5	211.3	211.2	212.4
77 Other	1,370.0	1,366.6	1,367.0	1,366.2	1,365.2	1,364.2	1,359.9	1,359.4	1,359.0	1,360.7	1,359.4	1,358.4
78 Borrowings	410.2	438.7	445.2	462.0	483.1	476.8	468.3	469.9	472.0	459.3	477.0	476.9
79 From banks in the U.S.	122.2	131.1	132.7	128.6	129.9	142.4	138.1	146.7	152.6	139.6	150.4	144.9
80 From nonbanks in the U.S.	288.1	307.6	312.5	333.3	353.1	334.3	330.2	323.2	319.4	319.7	326.6	332.0
81 Net due to related foreign offices	−14.1	3.3	2.5	13.2	21.1	22.3	32.7	45.0	40.6	43.0	50.1	46.1
82 Other liabilities[8]	109.2	109.0	108.6	101.3	101.8	102.8	99.1	100.0	101.6	102.4	97.9	99.1
83 **Total liabilities**	**2,868.7**	**2,933.2**	**2,938.8**	**2,953.3**	**2,969.8**	**2,978.0**	**2,968.7**	**2,985.9**	**2,986.0**	**2,979.2**	**2,991.0**	**2,995.6**
84 Residual (assets less liabilities)[9]	287.0	303.3	302.2	293.9	284.8	297.4	313.7	319.5	325.7	323.2	312.9	312.7
	Not seasonally adjusted											
Assets												
85 Bank credit	2,703.9[r]	2,786.4	2,798.1	2,822.4	2,843.2	2,844.0	2,857.0	2,872.4	2,875.6	2,872.1	2,867.0	2,871.6
86 Securities in bank credit	814.9[r]	839.8	848.8	869.2	878.4	870.5	871.0	871.0	875.5	876.0	865.4	868.8
87 U.S. government securities	658.5[r]	672.3	675.2	691.9	698.2	689.4	688.8	685.4	690.4	687.3	679.9	683.8
88 Other securities	156.4[r]	167.5	173.6	177.3	180.2	181.2	182.2	185.7	185.1	188.7	185.5	185.0
89 Loans and leases in bank credit[2]	1,889.0	1,946.6	1,949.3	1,953.2	1,964.8	1,973.4	1,986.0	2,001.4	2,000.1	1,996.0	2,001.6	2,002.8
90 Commercial and industrial	435.0[r]	437.8	442.0	446.8	451.5	454.5	456.2	459.1	460.0	458.1	458.8	458.8
91 Real estate	868.1[r]	896.2	893.5	894.3	899.9	904.0	910.3	917.5	915.7	917.6	917.0	917.7
92 Revolving home equity	74.7	73.1	72.9	72.6	72.7	73.3	73.9	74.1	74.0	74.0	74.0	74.1
93 Other	793.3[r]	823.0	820.6	821.7	827.2	830.7	836.4	843.4	841.6	843.6	843.0	843.5
94 Consumer	372.9	398.6	399.1	399.6	405.5	410.6	413.2	420.1	417.2	418.3	419.9	422.0
95 Security[3]	53.1	54.0	56.7	56.7	52.0	49.2	49.0	46.0	44.9	44.5	47.0	47.8
96 Other	159.9[r]	159.9	158.0	155.9	155.8	155.2	157.3	158.7	162.4	157.6	158.8	156.5
97 Interbank loans[4]	135.1	138.3	132.3	126.0	126.1	129.2	133.0	131.7	138.9	129.3	131.7	126.2
98 Cash assets[5]	187.5	199.5	195.5	185.9	181.7	188.6	187.7	184.2	208.9	182.9	174.5	177.1
99 Other assets[6]	172.8	172.4	164.9	159.8	159.3	159.0	156.6	159.0	161.7	160.1	156.5	156.7
100 **Total assets[7]**	3,139.8	3,239.1	3,233.2	3,236.5	3,253.3	3,263.4	3,276.8	3,290.1	3,328.1	3,287.0	3,272.4	3,274.4
Liabilities												
101 Deposits	2,356.8	2,387.0	2,371.4	2,365.3	2,369.3	2,361.7	2,366.2	2,363.6	2,409.2	2,365.0	2,343.1	2,338.1
102 Transaction	769.1	814.3	797.3	791.4	798.8	791.1	797.2	792.3	838.3	790.9	773.2	770.2
103 Nontransaction	1,587.7	1,572.8	1,574.1	1,573.9	1,570.6	1,570.6	1,569.0	1,571.3	1,570.8	1,574.1	1,569.9	1,567.9
104 Large time	216.6	209.0	209.1	207.4	207.7	210.4	209.4	210.8	207.2	210.7	210.9	212.4
105 Other	1,371.1	1,363.8	1,364.9	1,366.5	1,362.8	1,360.2	1,359.6	1,360.5	1,363.6	1,363.3	1,359.0	1,355.5
106 Borrowings	404.4	438.9	445.8	449.7	460.6	467.4	474.0	475.1	477.7	471.9	476.8	476.7
107 From banks in the U.S.	115.8	136.0	135.4	129.0	131.6	138.1	138.2	140.3	148.7	134.1	139.3	139.2
108 From nonbanks in the U.S.	288.6	303.0	310.4	320.7	329.0	329.4	335.8	334.8	329.0	337.8	337.5	337.4
109 Net due to related foreign offices	−14.3	3.0	5.4	16.0	20.6	31.1	32.9	43.5	33.2	40.5	47.2	51.6
110 Other liabilities[8]	107.1	110.3	108.1	101.3	98.1	99.6	96.5	98.1	592.5	587.3	593.6	587.1
111 **Total liabilities**	**2,853.9**	**2,939.2**	**2,930.8**	**2,932.4**	**2,948.7**	**2,959.9**	**2,969.7**	**2,980.3**	**3,019.2**	**2,977.2**	**2,962.8**	**2,964.2**
112 Residual (assets less liabilities)[9]	285.8[r]	299.9	302.4	304.1	304.5	303.5	307.1	309.8	308.9	309.8	309.7	310.2

Footnotes appear on following page.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1994								
	June 1	June 8	June 15	June 22	June 29	July 6	July 13	July 20	July 27
ASSETS									
1 Cash and balances due from depository institutions	146,103	103,790	130,236	106,464	107,736r	124,808	110,265	103,754	107,278
2 U.S. Treasury and government securities	312,363r	310,531r	312,414r	310,002r	308,644r	313,488	312,190	307,067	311,001
3 Trading account	25,362	24,030	24,660	21,900	20,971	24,211	23,141	21,513	22,735
4 Investment account	287,001r	286,502r	287,754r	288,102r	287,673r	289,277	289,048	285,554	288,266
5 Mortgage-backed securities[1]	89,546r	89,314r	89,108r	91,273r	91,130r	88,388	88,601	87,177	89,127
All others, by maturity									
6 One year or less	49,651r	50,322r	50,551r	50,084r	50,154r	50,277	49,947	48,775	47,650
7 One year through five years	76,806r	76,294r	77,980r	77,602r	77,881r	78,433	78,112	77,907	77,707
8 More than five years	70,998r	70,571r	70,115r	69,143r	68,508r	72,178	72,389	71,695	73,783
9 Other securities	92,465r	91,252r	91,875r	94,058r	95,977r	96,897	100,385	98,160	97,993
10 Trading account	1,980	1,947	1,878	1,902	2,009	1,811	1,768	1,697	2,123
11 Investment account	58,222r	58,176r	58,225r	57,933r	58,114r	57,943	58,125	58,881	58,754
12 State and political subdivisions, by maturity	21,659	21,640	21,654r	21,710r	21,505	20,899	21,012	21,183	21,280
13 One year or less	4,508	4,534	4,605r	4,643r	4,470	4,458	4,520	4,587	4,583
14 More than one year	17,152	17,106	17,049	17,067	17,035	16,441	16,492	16,596	16,697
15 Other bonds, corporate stocks, and securities	36,563r	36,535r	36,571r	36,224r	36,609r	37,045	37,113	37,698	37,474
16 Other trading account assets	32,263r	31,129r	31,772r	34,223r	35,854r	37,142	40,493	37,581	37,116
17 Federal funds sold[2]	96,279	97,544	101,158	93,807	96,773	96,662	90,280	97,349	94,029
18 To commercial banks in the United States	62,848	64,080	64,358	65,394	68,947	67,320	60,744	65,739	61,594
19 To nonbank brokers and dealers	27,376	27,610	31,307	23,411	22,609	22,991	23,370	25,330	26,211
20 To others[3]	6,055	5,854	5,493	5,002	5,218	6,351	6,166	6,280	6,225
21 Other loans and leases, gross	1,061,310	1,055,742	1,063,554r	1,062,858r	1,068,013	1,077,425	1,073,596	1,078,868	1,078,383
22 Commercial and industrial	293,487r	291,126r	293,608r	295,152r	294,502r	297,519	296,690	298,264	298,227
23 Bankers acceptances and commercial paper	3,131	3,182	3,264	3,067	3,150	2,916	2,936	2,920	2,942
24 All other	290,356r	287,944r	290,344r	292,085r	291,352r	294,603	293,753	295,344	295,285
25 U.S. addressees	288,497r	286,147r	288,580r	290,350r	289,618r	292,898	292,041	293,648	293,607
26 Non-U.S. addressees	1,860	1,797	1,764	1,735	1,735	1,705	1,712	1,696	1,678
27 Real estate loans	426,275	427,266	426,862	425,938r	428,798r	430,715	432,396	432,859	432,331
28 Revolving, home equity	44,259	44,233	44,380	44,496	44,625	44,676	44,740	44,998	45,010
29 All other	382,017	383,033	382,482	381,442r	384,173r	386,039	387,657	387,861	387,321
30 To individuals for personal expenditures	215,007r	213,345r	214,549r	216,376r	217,597r	218,239	218,592	219,965	221,080
31 To financial institutions	38,348	37,490	38,584	37,924	38,743	40,986	40,402	40,289	40,355
32 Commercial banks in the United States	18,072	17,395	18,601	18,781	19,505	20,936	21,094	21,259	21,788
33 Banks in foreign countries	3,168	3,001	3,131	2,969	2,799	3,187	2,766	2,656	2,405
34 Nonbank financial institutions	17,108	17,094	16,852	16,174	16,439	16,863	16,542	16,375	16,162
35 For purchasing and carrying securities	15,943	16,121	18,874	17,604	16,874	16,173	15,574	16,201	16,312
36 To finance agricultural production	6,279	6,292	6,328	6,355	6,440	6,508	6,539	6,514	6,574
37 To states and political subdivisions	11,807	11,748	11,738r	11,706r	12,042	11,865	11,827	11,750	11,801
38 To foreign governments and official institutions	1,014	977	952	1,075	1,009	1,192	1,082	1,116	1,025
39 All other loans[4]	25,593	23,741	24,391	22,892	24,069	26,164	22,326	23,609	22,306
40 Lease-financing receivables	27,556	27,637	27,669	27,836r	27,938r	28,065	28,167	28,303	28,372
41 LESS: Unearned income	1,623	1,622	1,635	1,645	1,636	1,626	1,645	1,669	1,660
42 Loan and lease reserve[5]	34,979	34,991	35,090	34,996	34,690	34,401	34,719	34,726	34,707
43 Other loans and leases, net	1,024,708	1,019,129	1,026,829r	1,026,217r	1,031,686	1,041,398	1,037,232	1,042,474	1,042,016
44 Other assets	161,088r	157,819r	161,536r	156,217r	158,232r	162,298	162,227	157,484	154,606
45 **Total assets**	**1,833,006r**	**1,780,066r**	**1,824,048**	**1,786,765r**	**1,799,048r**	**1,835,551**	**1,812,579**	**1,806,287**	**1,806,924**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1994								
	June 1	June 8	June 15	June 22	June 29	July 6	July 13	July 20	July 27
LIABILITIES									
46 Deposits	1,170,057	1,132,674	1,172,735	1,109,738	1,118,472r	1,163,066	1,134,943	1,124,583	1,121,529
47 Demand deposits	328,192	288,481	330,438	277,171	289,974r	321,541	293,276	284,033	284,698
48 Individuals, partnerships, and corporations	268,526r	243,091r	258,133r	232,334r	243,615r	268,943	248,938	241,172	239,334
49 Other holders	59,667r	45,390r	72,305r	44,837r	46,359r	52,598	44,338	42,861	45,365
50 States and political subdivisions	9,682	7,547	9,388	8,876	8,632	9,077	8,000	8,313	8,424
51 *U.S. government*	4,120	1,908	23,161	2,259	2,366	1,981	1,755	1,980	1,948
52 Depository institutions in the United States	30,579r	20,371r	24,892r	18,788r	19,258r	25,622	18,638	18,823	18,292
53 Banks in foreign countries	5,432	5,920	5,280	5,017	5,498	6,347	5,732	5,373	5,058
54 Foreign governments and official institutions	645	583	623	906	724	607	576	790	612
55 Certified and officers' checks	9,210	9,060	8,962	8,990	9,881	8,963	9,638	7,582	11,031
56 *Transaction balances other than demand deposits*[4]	125,954	125,768	126,148	121,593	121,265	127,385	123,757	123,563	122,303
57 Nontransaction balances	715,911	718,425	716,148	710,975	707,233	714,140	717,910	716,987	714,528
58 Individuals, partnerships, and corporations	692,580	694,911	693,063	688,144	685,756	692,935	695,887	694,769	691,885
59 Other holders	23,331	23,514	23,084	22,830	21,477	21,205	22,024	22,219	22,644
60 States and political subdivisions	18,298	18,702	18,193	17,958	17,378	17,130	17,437	17,548	17,692
61 *U.S. government*	2,571	2,551	2,522	2,500	2,151	1,986	2,305	2,309	2,391
62 Depository institutions in the United States	2,080	1,877	1,942	1,944	1,548	1,688	1,879	1,965	2,172
63 Foreign governments, official institutions, and banks	382	383	428	428	400	401	403	396	389
64 Liabilities for borrowed money[5]	346,327	335,784	337,125	362,774	362,801r	353,078	349,655	353,091	351,134
65 Borrowings from Federal Reserve Banks	0	0	0	0	0	2,241	0	250	0
66 Treasury tax and loan notes	11,442r	2,666	6,500	29,477r	33,360	6,502	6,826	7,472	9,804
67 Other liabilities for borrowed money[6]	334,885r	333,117r	330,624r	333,297r	329,441r	344,335	342,829	345,369	341,330
68 Other liabilities (including subordinated notes and debentures)	150,208r	145,638r	148,059	147,300r	151,017r	152,047	158,871	158,659	164,264
69 **Total liabilities**	**1,666,593r**	**1,614,096r**	**1,657,918**	**1,619,813r**	**1,632,290r**	**1,668,191**	**1,643,470**	**1,636,334**	**1,636,927**
70 Residual (total assets less total liabilities)[7]	166,413	165,970	166,130	166,953	166,757	167,361	169,109	169,954	169,997
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,481,496r	1,473,595r	1,486,042r	1,476,550r	1,480,954r	1,496,216	1,494,613	1,494,446	1,498,025
72 Time deposits in amounts of $100,000 or more	95,997	97,953	96,819	95,234	91,349	93,607	96,619	96,493	97,283
73 *Loans sold outright to affiliates*[9]	698	693	691	690	681	676	675	671	670
74 Commercial and industrial	328	328	328	328	328	327	326	326	327
75 Other	370	365	363	363	354	349	349	345	343
76 Foreign branch credit extended to U.S. residents[10]	22,395	22,341	22,218	22,104	22,044	22,539	22,065	21,972	22,409
77 Net owed to related institutions abroad	27,052r	23,608r	26,696	28,948	31,617	27,945	34,866	41,363	45,753

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	1994								
	June 1	June 8	June 15	June 22	June 29	July 6	July 13	July 20	July 27
ASSETS									
1 Cash and balances due from depository institutions	17,075	17,032	16,423	16,787	18,082	16,898	16,117	16,339	16,548
2 U.S. Treasury and government agency securities	38,693	39,618	40,042	39,806	40,295	39,969	39,513	39,870	39,578
3 Other securities	10,994	10,608	10,750	10,895	10,830	10,916	10,907	10,906	10,877
4 Federal funds sold[1]	27,294	27,435	23,898	26,416	29,026	29,026	28,972	30,220	31,660
5 To commercial banks in the United States	5,872	8,299	4,312	7,039	9,419	10,074	7,151	8,702	9,939
6 To others[2]	21,422	19,136	19,586	19,377	19,607	18,952	21,821	21,518	21,721
7 Other loans and leases, gross	156,391	155,440	155,902	155,067	155,925[r]	155,823	156,384	159,323	158,731
8 Commercial and industrial	99,225[r]	98,828[r]	99,027[r]	98,983[r]	99,088[r]	99,211	100,189	101,658	100,936
9 Bankers acceptances and commercial paper	3,315	3,246	3,255	3,279	3,250	3,286	3,480	3,530	3,457
10 All other	95,910[r]	95,582[r]	95,772[r]	95,704[r]	95,839[r]	95,925	96,709	98,128	97,480
11 U.S. addressees	92,153[r]	91,855[r]	91,919[r]	91,735[r]	91,884[r]	91,900	92,647	93,936	93,359
12 Non-U.S. addressees	3,757	3,727	3,853	3,969	3,955	4,025	4,061	4,192	4,121
13 Loans secured by real estate	27,689	27,674	27,579	27,646	27,206[r]	27,006	27,049	27,090	27,063
14 To financial institutions	22,182[r]	22,118[r]	21,979[r]	21,810[r]	22,178[r]	21,938	21,825	23,228	23,600
15 Commercial banks in the United States	5,206	5,532	5,392	5,444	5,509	4,903	4,748	5,109	5,199
16 Banks in foreign countries	1,873	1,840	1,647	1,639	1,684	1,826	1,819	1,772	1,784
17 Nonbank financial institutions	15,103[r]	14,747[r]	14,940[r]	14,727[r]	14,984[r]	15,209	15,258	16,346	16,617
18 For purchasing and carrying securities	3,260	2,878	3,350	2,798	3,524	3,705	3,166	3,391	3,235
19 To foreign governments and official institutions	469	404	396	358	351	366	548	338	328
20 All other	3,565	3,538	3,571	3,471	3,579	3,598	3,608	3,619	3,568
21 Other assets (claims on nonrelated parties)	34,181[r]	33,582[r]	32,245[r]	32,745[r]	33,725[r]	34,211	35,894	34,885	34,063
22 **Total assets**[3]	**306,578**[r]	**306,373**[r]	**302,195**[r]	**302,938**[r]	**308,870**[r]	**308,491**	**309,643**	**313,117**	**313,540**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	91,960	89,084	88,451	86,928	88,801	86,763	88,666	90,917	92,082
24 Demand deposits[4]	4,670	4,352	4,559	4,350	5,194	4,930	4,546	4,601	4,251
25 Individuals, partnerships, and corporations	3,697	3,501	3,579	3,524	4,103	3,987	3,580	3,351	3,387
26 Other	972	852	980	826	1,091	943	966	1,250	864
27 Nontransaction accounts	87,290	84,732	83,892	82,578	83,607	81,833	84,120	86,316	87,831
28 Individuals, partnerships, and corporations	57,149	55,477	55,092	54,285	54,823[r]	53,282	54,845	56,888	57,652
29 Other	30,141	29,254	28,799	28,293	28,784[r]	28,551	29,275	29,428	30,180
30 Borrowings from other than directly-related institutions	73,338[r]	76,351[r]	75,712[r]	73,960[r]	75,845[r]	78,925	79,747	79,840	76,387
31 Federal funds purchased[5]	36,255	39,093	38,465	36,331	36,586	39,029	38,941	41,090	37,562
32 From commercial banks in the United States	7,676	10,754	9,495	8,007	9,077	9,990	8,799	9,136	7,553
33 From others	28,579	28,339	28,970	28,324	27,508	29,039	30,143	31,954	30,009
34 Other liabilities for borrowed money	73,338[r]	76,351[r]	75,712[r]	73,960[r]	75,845[r]	78,925	79,747	79,840	76,387
35 To commercial banks in the United States	7,214[r]	7,125[r]	6,980[r]	7,005[r]	7,742[r]	7,388	7,512	7,432	7,024
36 To others	29,869	30,133	30,266	30,623	31,518	32,508	33,294	31,318	31,802
37 Other liabilities to nonrelated parties	29,856[r]	29,690[r]	28,746[r]	28,348[r]	29,989[r]	30,101	32,216	31,182	31,375
38 **Total liabilities**[6]	**306,578**[r]	**306,373**[r]	**302,195**[r]	**302,938**[r]	**308,870**[r]	**308,491**	**309,643**	**313,117**	**313,540**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	222,294	219,271	220,887	219,702	221,148[r]	220,757	223,878	226,508	225,709
40 Net owed to related institutions abroad	89,474[r]	88,592[r]	86,351[r]	92,481[r]	93,248[r]	91,053	87,160	89,603	91,614

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					1994					
	1989	1990	1991	1992	1993	Jan.	Feb.	Mar.	Apr.	May	June
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**525,831**	**562,656**	**528,832**	**545,619**	**555,075**	**559,413[r]**	**560,345[r]**	**557,768[r]**	**553,497[r]**	**559,569[r]**	**562,046**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	183,622	214,706	212,999	226,456	218,947	222,156[r]	223,549[r]	216,982[r]	207,180[r]	213,623[r]	214,313
3 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	210,930	200,036	182,463	171,605	180,389	182,075	186,318	194,527	199,803	197,812	198,147
5 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	131,279	147,914	133,370	147,558	155,739	155,182[r]	150,478[r]	146,259[r]	146,514[r]	148,134[r]	149,586
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**62,972**	**54,771**	**43,770**	**38,194**	**32,348**	**31,792**	**30,994**	**31,061**	**31,775**	**29,867**	**30,659**
By holder											
8 Accepting banks	9,433	9,017	11,017	10,555	12,421	11,410	11,258	11,727	11,643	11,533	12,334
9 Own bills	8,510	7,930	9,347	9,097	10,707	9,953	10,248	10,758	10,888	10,601	11,273
10 Bills bought from other banks	924	1,087	1,670	1,458	1,714	1,457	1,010	969	755	932	1,061
Federal Reserve Banks[7]											
11 Foreign correspondents	1,066	918	1,739	1,276	725	869	753	693	625	465	453
12 Others	52,473	44,836	31,014	26,364	19,202	19,513	18,983	18,641	19,507	17,869	17,872
By basis											
13 Imports into United States	15,651	13,095	12,843	12,209	10,217	10,649	10,707	10,554	10,834	10,396	10,625
14 Exports from United States	13,683	12,703	10,351	8,096	7,293	7,123	6,872	6,708	6,723	6,367	6,576
15 All other	33,638	28,973	20,577	17,890	14,838	14,020	13,414	13,800	14,217	13,104	13,458

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
1991—Jan. 1	10.00	1991	8.46	1992—Jan.	6.50	1993—May	6.00
2	9.50	1992	6.25	Feb.	6.50	June	6.00
Feb. 4	9.00	1993	6.00	Mar.	6.50	July	6.00
May 1	8.50			Apr.	6.50	Aug.	6.00
Sept. 13	8.00	1991—Jan.	9.52	May	6.50	Sept.	6.00
Nov. 6	7.50	Feb.	9.05	June	6.50	Oct.	6.00
Dec. 23	6.50	Mar.	9.00	July	6.02	Nov.	6.00
		Apr.	9.00	Aug.	6.00	Dec.	6.00
1992—July 2	6.00	May	8.50	Sept.	6.00		
		June	8.50	Oct.	6.00	1994—Jan.	6.00
1994—Mar. 24	6.25	July	8.50	Nov.	6.00	Feb.	6.00
Apr. 19	6.75	Aug.	8.50	Dec.	6.00	Mar.	6.06
May 17	7.25	Sept.	8.20			Apr.	6.45
Aug. 16	7.75	Oct.	8.00	1993—Jan.	6.00	May	6.99
		Nov.	7.58	Feb.	6.00	June	7.25
		Dec.	7.21	Mar.	6.00	July	7.25
				Apr.	6.00	Aug.	7.51

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1991	1992	1993	1994				1994, week ending				
				Apr.	May	June	July	July 1	July 8	July 15	July 22	July 29
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.69	3.52	3.02	3.56	4.01	4.25	4.26	4.19	4.38	4.30	4.30	4.28
2 Discount window borrowing[2,4]	5.45	3.25	3.00	3.00	3.24	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Commercial paper[3,5,6]												
3 1-month	5.89	3.71	3.17	3.81	4.28	4.36	4.49	4.47	4.53	4.55	4.44	4.46
4 3-month	5.87	3.75	3.22	4.05	4.57	4.57	4.75	4.70	4.78	4.80	4.69	4.73
5 6-month	5.85	3.80	3.30	4.40	4.92	4.86	5.13	4.99	5.12	5.18	5.07	5.16
Finance paper, directly placed[3,5,7]												
6 1-month	5.73	3.62	3.12	3.71	4.19	4.27	4.40	4.37	4.45	4.47	4.33	4.37
7 3-month	5.71	3.65	3.16	3.94	4.44	4.44	4.64	4.54	4.67	4.68	4.58	4.63
8 6-month	5.60	3.63	3.15	4.03	4.45	4.50	4.67	4.55	4.63	4.70	4.65	4.72
Bankers acceptances[3,5,8]												
9 3-month	5.70	3.62	3.13	3.96	4.45	4.45	4.65	4.64	4.72	4.69	4.59	4.61
10 6-month	5.67	3.67	3.21	4.27	4.77	4.73	5.01	4.92	5.04	5.05	4.96	5.01
Certificates of deposit, secondary market[3,9]												
11 1-month	5.82	3.64	3.11	3.75	4.23	4.30	4.45	4.43	4.49	4.50	4.40	4.40
12 3-month	5.83	3.68	3.17	4.01	4.51	4.52	4.73	4.71	4.78	4.78	4.65	4.70
13 6-month	5.91	3.76	3.28	4.38	4.90	4.85	5.15	5.08	5.19	5.20	5.07	5.16
14 Eurodollar deposits, 3-month[3,10]	5.86	3.70	3.18	4.00	4.51	4.51	4.74	4.71	4.76	4.80	4.64	4.73
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	5.38	3.43	3.00	3.68	4.14	4.14	4.33	4.16	4.28	4.37	4.30	4.39
16 6-month	5.44	3.54	3.12	4.09	4.60	4.55	4.75	4.61	4.74	4.79	4.70	4.80
17 1-year	5.52	3.71	3.29	4.57	5.03	4.98	5.17	5.18	5.19	5.18	5.10	5.22
Auction average[3,5,11]												
18 3-month	5.42	3.45	3.02	3.74	4.19	4.18	4.39	4.20	4.31	4.50	4.31	4.43
19 6-month	5.49	3.57	3.14	4.13	4.64	4.58	4.81	4.60	4.74	4.94	4.71	4.83
20 1-year	5.54	3.75	3.33	4.30	4.77	5.03	5.20	5.04	n.a.	n.a.	n.a.	5.20
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	5.86	3.89	3.43	4.82	5.31	5.27	5.48	5.47	5.49	5.49	5.41	5.51
22 2-year	6.49	4.77	4.05	5.55	5.97	5.93	6.13	6.14	6.15	6.17	6.05	6.14
23 3-year	6.82	5.30	4.44	5.99	6.34	6.27	6.48	6.46	6.50	6.53	6.39	6.48
24 5-year	7.37	6.19	5.14	6.52	6.78	6.70	6.91	6.89	6.95	6.97	6.83	6.89
25 7-year	7.68	6.63	5.54	6.80	7.01	6.91	7.12	7.11	7.18	7.19	7.04	7.08
26 10-year	7.86	7.01	5.87	6.97	7.18	7.10	7.30	7.27	7.34	7.36	7.23	7.26
27 20-year	n.a.	n.a.	6.29	7.40	7.54	7.51	7.67	7.67	7.74	7.74	7.62	7.60
28 30-year	8.14	7.67	6.59	7.27	7.41	7.40	7.58	7.55	7.63	7.64	7.53	7.52
Composite												
29 More than 10 years (long-term)	8.16	7.52	6.45	7.32	7.47	7.43	7.61	7.59	7.66	7.67	7.54	7.54
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.56	6.09	5.38	5.44	5.62	5.76	5.88	5.77	5.88	5.96	5.91	5.91
31 Baa	6.99	6.48	5.82	5.87	6.02	6.15	6.26	6.16	6.24	6.34	6.30	6.30
32 *Bond Buyer* series[14]	6.92	6.44	5.60	6.23	6.19	6.11	6.23	6.28	6.27	6.22	6.22	6.22
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	9.23	8.55	7.54	8.17	8.28	8.27	8.42	8.41	8.48	8.48	8.36	8.36
Rating group												
34 Aaa	8.77	8.14	7.22	7.88	7.99	7.97	8.11	8.11	8.18	8.17	8.06	8.05
35 Aa	9.05	8.46	7.40	8.08	8.19	8.17	8.31	8.31	8.37	8.37	8.26	8.25
36 A	9.30	8.62	7.58	8.22	8.32	8.30	8.44	8.43	8.50	8.50	8.38	8.38
37 Baa	9.80	8.98	7.93	8.52	8.62	8.65	8.80	8.80	8.87	8.86	8.75	8.74
38 A-rated, recently offered utility bonds[16]	9.32	8.52	7.46	8.20	8.37	8.30	8.45	8.49	8.57	8.42	8.45	8.27
MEMO												
Dividend–price ratio[17]												
39 Preferred stocks[18]	8.17	7.46	6.89	7.33	7.44	n.a.	n.a.	7.51	n.a.	n.a.	n.a.	n.a.
40 Common stocks	3.24	2.99	2.78	2.90	2.89	2.84	2.87	2.88	2.89	2.87	2.85	2.85

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 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. 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.
18. Data for the preferred stock yield was discontinued as of June 29, 1994.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1991	1992	1993	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May	1994 June	1994 July
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	206.35	229.00	249.71	255.93	257.73	262.11	261.97	257.32	247.97	249.56	251.21	249.29
2 *Industrial*	258.16	284.26	300.10	310.84	313.22	320.92	322.41	318.08	304.48	307.58	308.66	307.34
3 Transportation	173.97	201.02	242.68	262.96	268.11	278.29	276.67	265.68	250.43	244.75	246.64	244.21
4 Utility	92.64	99.48	114.55	115.08	114.97	112.67	116.22	107.72	105.04	102.89	103.27	102.73
5 Finance	150.84	179.29	216.55	214.08	216.00	218.71	217.12	211.02	208.12	211.30	215.89	210.91
6 Standard & Poor's Corporation (1941–43 = 10)[1]	376.20	415.75	451.63	462.89	465.95	472.99	471.58	463.81	447.23	450.90	454.83	451.40
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	360.32	391.28	438.77	472.41	465.95	481.14	476.25	465.72	437.01	437.54	436.08	430.10
Volume of trading (thousands of shares)												
8 New York Stock Exchange	179,411	202,558	263,374	277,886	259,457	313,223	307,269	311,096	301,242	269,812	265,341	250,382
9 American Stock Exchange	12,486	14,171	18,188	18,436	17,461	19,211	19,630	19,481	15,805	15,727	18,400	14,378
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**36,660**	**43,990**	**60,310**	**59,760**	**60,310**	**61,250**	**62,020**	**61,960**	**60,700**	**59,870**	**59,550**	**61,930**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,290	8,970	12,360	10,940	12,360	12,125	12,890	13,185	13,175	12,715	12,340	12,620
12 Cash accounts	19,255	22,510	27,715	23,560	27,715	26,020	25,665	26,190	24,800	23,265	27,995	25,790

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

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

1. 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					
				1994					
	1991	1992	1993	Feb.	Mar.	Apr.	May	June	July
U.S. budget[1]									
1 Receipts, total	1,054,272	1,090,453	1,153,226	72,874	93,108	141,326	83,546	138,124	84,827
2 On-budget	760,388	788,027	841,292	46,879	64,612	104,311	55,367	106,014	60,145
3 Off-budget	293,885	302,426	311,934	25,995	28,496	37,015	28,179	32,110	24,682
4 Outlays, total	1,323,793	1,380,856	1,408,484	114,440	125,423	123,872	115,600	122,923	118,025
5 On-budget	1,082,106	1,128,518	1,141,897	88,523	100,260	100,625	89,729	108,166[r]	93,163
6 Off-budget	241,687	252,339	266,587	25,918	25,163	23,247	25,871	32,290[r]	24,862
7 Surplus or deficit (−), total	−269,521	−290,403	−255,258	−41,566	−32,315	17,454	−32,054	14,850[r]	−33,198
8 On-budget	−321,719	−340,490	−300,605	−41,644	−35,648	3,686	−34,362	−2,152[r]	−33,018
9 Off-budget	52,198	50,087	45,347	77	3,333	13,768	2,308	−180[r]	−180
Source of financing (total)									
10 Borrowing from the public	276,802	310,918	248,619	31,633	26,511	−21,801	27,649	1,898	−3
11 Operating cash (decrease, or increase (−))	−1,329	−17,305	6,283	19,666	−6,461	−4,124	21,537	−23,797	30,706
12 Other[2]	−5,952	−3,210	356	−9,733	12,265	8,471	−17,132	7,049[r]	2,495
MEMO									
13 Treasury operating balance (level, end of period)	41,484	58,789	52,506	38,146	44,607	48,731	27,194	50,991	20,285
14 Federal Reserve Banks	7,928	24,586	17,289	4,886	6,181	7,965	5,675	9,356	3,683
15 Tax and loan accounts	33,556	34,203	35,217	33,259	38,426	40,766	21,519	41,635	16,603

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 1992	Fiscal year 1993	Calendar year 1992 H2	Calendar year 1993 H1	Calendar year 1993 H2	Calendar year 1994 H1	1994 May	1994 June	1994 July
RECEIPTS									
1 **All sources**	**1,090,453**	**1,153,226**	**540,484**	**593,212**	**582,054**	**651,944**	**83,546**	**138,124**	**84,827**
2 Individual income taxes, net	475,964	509,680	246,938	255,556	262,073	274,736	24,384	58,123	37,372
3 Withheld	408,352	430,211r	215,584	209,517	228,423r	225,387	35,706	37,724	35,360
4 Presidential Election Campaign Fund	30	28	10	25	2	63	12	9	6
5 Nonwithheld	149,342	154,989r	39,288	113,510	41,768r	117,928	5,359	21,985	3,793
6 Refunds	81,760	75,546	7,942	67,468	8,114	68,642	16,692	1,596	1,786
Corporation income taxes									
7 Gross receipts	117,951	131,548	58,022	69,044	68,266	80,536	3,847	29,812	4,581
8 Refunds	17,680	14,027	7,219	7,198	6,514	6,933	1,030	697	776
9 Social insurance taxes and contributions, net	413,689	428,300	192,599	227,177	206,176r	248,301	46,540	41,509	34,046
10 Employment taxes and contributions[2]	385,491	396,939	180,758	208,776	192,749	228,714	35,749	40,853	32,222
11 Self-employment taxes and contributions[3]	24,421	20,604	3,988	16,270	4,335	20,762	1,577	3,813	93
12 Unemployment insurance	23,410	26,556	9,397	16,074	11,010	17,301	10,426	290	1,399
13 Other net receipts[4]	4,788	4,805	2,445	2,326	2,417	2,284	364	366	424
14 Excise taxes	45,569	48,057	23,456	23,398	25,994	26,444	5,253	4,596	4,175
15 Customs deposits	17,359	18,802	9,497	8,860	10,215	9,500	1,620	1,711	1,782
16 Estate and gift taxes	11,143	12,577	5,733	6,494	6,617	8,197	1,342	1,068	1,060
17 Miscellaneous receipts[5]	26,459	18,273	11,458	9,879	9,227	11,164	1,589	2,003	2,587
OUTLAYS									
18 **All types**	**1,380,856**	**1,408,484**	**723,527**	**673,915**	**728,200**	**709,976**	**115,600**	**122,923**	**118,025**
19 National defense	298,350	291,086	155,231	140,535	146,177	133,739	19,509	24,197	22,147
20 International affairs	16,107	16,826	9,916	6,565	10,534	5,800	917	582	893
21 General science, space, and technology	16,409	17,030	8,521	7,996	8,904	8,502	1,415	1,596	1,236
22 Energy	4,500	4,319	3,109	2,462	1,641	2,036	325	261	464
23 Natural resources and environment	20,025	20,239	11,467	8,592	11,083r	9,179	1,519	1,670	1,635
24 Agriculture	15,205	20,443	8,852	11,872	7,335	7,451	1,112	320	309
25 Commerce and housing credit	10,083	−22,725	−7,697	−14,537	−1,724	−5,114	1,564	1,016	277
26 Transportation	33,333	35,004	18,425	16,076	20,375	16,772	2,869	3,151	3,226
27 Community and regional development	6,838	9,051	4,464	4,929	5,606	5,592	843	1,184	1,081
28 Education, training, employment, and social services	45,248	50,012	21,241	24,080	25,458r	18,976	3,841	3,797	2,948
29 Health	89,497	99,415	47,232	49,882	52,631	53,121	9,074	9,729	8,189
30 Social security and Medicare	406,569	435,137	232,109	195,933	223,735	232,777	37,955	43,367	39,297
31 Income security	196,958	207,257	98,382	107,870	103,209r	109,103	15,796	13,139	17,037
32 Veterans benefits and services	34,138	35,720	18,561	16,385	19,848	16,686	1,666	3,011	3,079
33 Administration of justice	14,426	14,955	7,238	7,482	7,448	7,718	1,277	1,136	1,440
34 General government	12,990	13,009	8,223	5,205	6,565	5,076	1,279	1,715	−13
35 Net interest[6]	199,421	198,811	98,692	99,635	99,963	99,844	17,671	15,880	17,956
36 Undistributed offsetting receipts[7]	−39,280	−37,386	−20,628	−17,035	−20,407	−17,308	−3,032	−2,827	−3,176

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, U.S. government contributions for employee retirement, and certain asset sales.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government,* and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1995.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1992			1993				1994	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**4,001**	**4,083**	**4,196**	**4,250**	**4,373**	**4,436**	**4,562**	**4,576**	
2 Public debt securities	3,985	4,065	4,177	4,231	4,352	4,412	4,536		
3 Held by public	2,977	3,048	3,129	3,188	3,252	3,295	3,382		
4 Held by agencies	1,008	1,016	1,048	1,043	1,100	1,117	1,154		
5 Agency securities	16	18	19	20	21	25	27	n.a.	n.a.
6 Held by public	16	18	19	20	21	25	27		
7 Held by agencies	0	0	0	0	0	0	0		
8 **Debt subject to statutory limit**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**	
9 Public debt securities	3,890	3,972	4,085	4,139	4,256	4,315	4,445	4,491	
10 Other debt[1]	0	0	0	0	0	0	0	0	
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,370	4,900	4,900	4,900	

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

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

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

Billions of dollars, end of period

Type and holder	1990	1991	1992	1993	1993		1994	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**3,364.8**	**3,801.7**	**4,177.0**	**4,535.7**	**4,411.5**	**4,535.7**	n.a.	
By type								
2 Interest-bearing	3,362.0	3,798.9	4,173.9	4,532.3	4,408.6	4,532.3	4,572.6	
3 Marketable	2,195.8	2,471.6	2,754.1	2,989.5	2,904.9	2,989.5	3,042.9	
4 Bills	527.4	590.4	657.7	714.6	658.4	714.6	721.2	
5 Notes	1,265.2	1,430.8	1,608.9	1,764.0	1,734.2	1,764.0	1,802.5	
6 Bonds	388.2	435.5	472.5	495.9	497.4	495.9	504.2	
7 Nonmarketable[1]	1,166.2	1,327.2	1,419.8	1,542.9	1,503.7	1,542.9	1,529.7	n.a.
8 State and local government series	160.8	159.7	153.5	149.5	149.5	149.5	145.5	
9 Foreign issues[2]	43.5	41.9	37.4	43.5	42.5	43.5	42.7	
10 Government	43.5	41.9	37.4	43.5	42.5	43.5	42.7	
11 Public	.0	.0	.0	.0	.0	.0	.0	
12 Savings bonds and notes	124.1	135.9	155.0	169.4	167.0	169.4	172.6	
13 Government account series[3]	813.8	959.2	1,043.5	1,150.0	1,114.3	1,150.0	1,138.4	
14 Non-interest-bearing	2.8	2.8	3.1	3.4	2.9	3.4	3.3	
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	828.3	968.7	1,047.8	1,153.5	1,116.7	1,153.5		
16 Federal Reserve Banks	259.8	281.8	302.5	334.2	325.7	334.2		
17 Private investors	2,288.3	2,563.2	2,839.9	3,047.7	2,983.0	3,047.7		
18 Commercial banks	171.5	233.4	294.0	316.0	313.3	316.0		
19 Money market funds	45.4	80.0	79.4	80.5	75.2	80.5		
20 Insurance companies	142.0	168.7	197.5	216.0	215.5	216.0		
21 Other companies	108.9	150.8	192.5	213.0	215.6	213.0	n.a.	n.a.
22 State and local treasuries	490.4	520.3	534.8	564.0	558.0	564.0		
Individuals								
23 Savings bonds	126.2	138.1	157.3	171.9	169.1	171.9		
24 Other securities	107.6	125.8	131.9	137.9	136.7	137.9		
25 Foreign and international[5]	458.4	491.8	549.7	623.3	592.3	623.3		
26 Other miscellaneous investors[6]	637.7	651.3	702.4	725.0	707.2	725.0		

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	1994 Apr.	1994 May	1994 June	1994, week ending June 1	June 8	June 15	June 22	June 29	July 6	July 13	July 20	July 27
	IMMEDIATE TRANSACTIONS[2]												
	By type of security												
	U.S. Treasury securities												
1	Bills	50,420	53,959	50,054	53,818	50,452	50,648	41,667	56,695				
	Coupon securities, by maturity												
2	Less than 3.5 years	56,202	64,646	47,905	52,536	49,432	42,344	52,200	46,717				
3	3.5 to 7.5 years	40,471	41,824	38,517	38,913	41,164	33,232	43,648	35,945				
4	7.5 to 15 years	29,625	33,634	24,119	24,255	28,622	23,099	22,888	21,841				
5	15 years or more	15,977	15,926	13,989	12,428	14,911	13,381	14,493	13,484				
	Federal agency securities												
	Debt, by maturity												
6	Less than 3.5 years	12,901	14,460	13,455	15,430	12,365	12,841	13,240	14,978				
7	3.5 to 7.5 years	504	526	503	572	630	320	474	573				
8	7.5 years or more	623	519	794	315	808	468	1,277	718				
	Mortgage-backed												
9	Pass-throughs	25,873	23,722	22,278	19,778	26,652	25,042	19,329	18,590				
10	All others[3]	3,053	2,400	2,084	1,867	2,308	2,223	2,140	1,709				
	By type of counterparty												
	Primary dealers and brokers												
11	U.S. Treasury securities	123,507	134,896	111,174	111,996	115,711	103,466	112,026	113,328				
	Federal agency securities												
12	Debt	2,143	1,916	2,048	1,786	1,710	1,926	2,431	2,178				
13	Mortgage-backed	13,076	11,232	10,879	9,970	11,094	12,688	10,421	9,496				
	Customers												
14	U.S. Treasury securities	69,188	75,091	63,410	69,952	68,870	59,237	62,870	61,354				
	Federal agency securities												
15	Debt	11,884	13,588	12,703	14,531	12,093	11,703	12,560	14,091				
16	Mortgage-backed	15,849	14,889	13,483	11,674	17,867	14,577	11,047	10,803				
	FUTURES AND FORWARD TRANSACTIONS[4]									n.a.	n.a.	n.a.	n.a.
	By type of deliverable security												
	U.S. Treasury securities												
17	Bills	3,904	3,715	3,746	1,942	3,866	4,513	4,555	2,409				
	Coupon securities, by maturity												
18	Less than 3.5 years	2,535	3,389	2,730	3,194	2,586	2,326	3,849	2,067				
19	3.5 to 7.5 years	1,941	2,373	2,373	2,166	2,265	2,085	3,298	1,886				
20	7.5 to 15 years	4,367	5,301	3,986	4,316	5,164	3,199	4,392	3,125				
21	15 years or more	12,689	12,982	11,634	10,848	11,618	10,138	13,059	11,880				
	Federal agency securities												
	Debt, by maturity												
22	Less than 3.5 years	105	59	205	80	64	320	317	146				
23	3.5 to 7.5 years	126	33	42	12	42	61	38	34				
24	7.5 years or more	35	39	191	22	68	183	283	263				
	Mortgage-backed												
25	Pass-throughs	22,207	19,060	17,318	13,645	19,545	25,616	13,788	11,057				
26	Others[3]	1,022	789	490	510	490	460	535	469				
	OPTIONS TRANSACTIONS[5]												
	By type of underlying security												
	U.S. Treasury, coupon securities, by maturity												
27	Less than 3.5 years	3,767	4,118	2,561	2,544	3,183	2,165	2,818	2,083				
28	3.5 to 7.5 years	877	762	729	574	1,243	418	679	606				
29	7.5 to 15 years	1,091	1,243	1,273	1,133	1,551	789	1,151	1,629				
30	15 years or more	1,654	2,343	2,005	1,917	2,240	2,138	2,139	1,522				
	Federal agency, mortgage-backed securities												
31	Pass-throughs	747	528	480	589	751	455	253	440				

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	1994 Apr.	1994 May	1994 June	1994, week ending June 1	June 8	June 15	June 22	June 29	July 6	July 13	July 20
					Positions[2]						
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	12,752	8,513	5,727	12,767	9,707	9,922	3,663	−1,391	n.a.	n.a.	n.a.
Coupon securities, by maturity											
2 Less than 3.5 years	−21,399	−12,383	−9,022	−8,228	−9,538	−10,448	−6,625	−9,589	n.a.	n.a.	n.a.
3 3.5 to 7.5 years	−26,208	−20,053	−15,369	−15,068	−15,933	−18,156	−12,145	−15,284	n.a.	n.a.	n.a.
4 7.5 to 15 years	−7,653	−9,990	−13,850	−11,072	−12,107	−13,105	−14,203	−16,381	n.a.	n.a.	n.a.
5 15 years or more	−3,026	−6,375	−6,041	−6,816	−5,884	−5,803	−6,124	−6,242	n.a.	n.a.	n.a.
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	8,667	8,982	11,205	10,318	8,754	14,472	10,919	10,800	n.a.	n.a.	n.a.
7 3.5 to 7.5 years	5,728	5,204	4,468	4,665	4,879	4,650	4,163	4,153	n.a.	n.a.	n.a.
8 7.5 years or more	5,276	4,630	4,323	4,120	4,452	4,390	4,239	4,240	n.a.	n.a.	n.a.
Mortgage-backed											
9 Pass-throughs	44,711	36,379	42,034	32,217	47,880	44,700	37,029	39,928	n.a.	n.a.	n.a.
10 All others[4]	33,965	34,307	34,176	35,347	36,017	34,108	33,358	33,052	n.a.	n.a.	n.a.
Other money market instruments											
11 Certificates of deposit	2,728	2,756	2,861	2,564	2,493	3,511	3,113	2,369	n.a.	n.a.	n.a.
12 Commercial paper	5,398	5,759	6,024	7,063	4,596	8,740	5,462	5,149	n.a.	n.a.	n.a.
13 Bankers acceptances	589	548	517	706	540	589	562	350	n.a.	n.a.	n.a.
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	2,133	−1,286	−5,244	−1,210	−4,384	−5,494	−8,531	−3,142	n.a.	n.a.	n.a.
Coupon securities, by maturity											
15 Less than 3.5 years	1,579	5	289	−10	−679	−658	1,768	766	n.a.	n.a.	n.a.
16 3.5 to 7.5 years	2,536	2,118	2,614	1,228	1,879	4,389	1,682	2,702	n.a.	n.a.	n.a.
17 7.5 to 15 years	7,992	5,277	1,228	4,469	1,955	580	179	1,735	n.a.	n.a.	n.a.
18 15 years or more	−7,551	−5,625	−2,976	−4,699	−3,576	−3,236	−2,950	−1,894	n.a.	n.a.	n.a.
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	79	9	105	55	−85	−168	286	393	n.a.	n.a.	n.a.
20 3.5 to 7.5 years	91	−27	7	−32	−11	4	−8	49	n.a.	n.a.	n.a.
21 7.5 years or more	−62	23	281	−12	82	159	495	430	n.a.	n.a.	n.a.
Mortgage-backed											
22 Pass-throughs	−32,719	−22,553	−29,914	−20,782	−35,875	−32,343	−25,556	−27,187	n.a.	n.a.	n.a.
23 All others[4]	7,039	1,052	−35	−991	−956	−182	809	324	n.a.	n.a.	n.a.
24 Certificates of deposit	−154,901	−148,150	−116,126	−128,274	−108,564	−122,652	−108,843	−122,708	n.a.	n.a.	n.a.
					Financing[6]						
Reverse repurchase agreements											
25 Overnight and continuing	275,469	282,976	258,155	272,112	269,352	263,715	252,777	244,783	n.a.	n.a.	n.a.
26 Term	396,537	377,460	400,429	372,344	403,069	403,414	399,332	399,913	n.a.	n.a.	n.a.
Repurchase agreements											
27 Overnight and continuing	447,713	469,689	450,891	465,177	463,032	470,896	448,108	419,488	n.a.	n.a.	n.a.
28 Term	376,304	351,134	375,461	339,352	374,865	374,335	376,367	381,437	n.a.	n.a.	n.a.
Securities borrowed											
29 Overnight and continuing	152,707	160,263	155,361	158,772	158,301	155,653	154,502	152,500	n.a.	n.a.	n.a.
30 Term	35,824	30,886	37,849	31,647	32,292	36,351	40,310	43,330	n.a.	n.a.	n.a.
Securities loaned											
31 Overnight and continuing	3,591	3,533	3,680	3,632	2,923	3,019	5,437	3,346	n.a.	n.a.	n.a.
32 Term	306	573	1,692	1,208	1,226	1,281	3,489	843	n.a.	n.a.	n.a.
Collateralized loans											
33 Overnight and continuing	24,153	21,179	25,349	21,886	24,869	28,071	25,600	23,350	n.a.	n.a.	n.a.
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	197,715	211,581	195,019	206,451	203,050	200,702	188,304	186,386	n.a.	n.a.	n.a.
35 Term	340,574	327,691	349,644	322,752	346,464	349,876	350,673	355,404	n.a.	n.a.	n.a.
Repurchase agreements											
36 Overnight and continuing	232,199	244,382	239,337	247,790	250,586	241,146	240,388	224,020	n.a.	n.a.	n.a.
37 Term	286,839	275,999	290,450	263,488	286,493	287,330	294,181	297,647	n.a.	n.a.	n.a.

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; 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	1990	1991	1992	1993	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May
1 **Federal and federally sponsored agencies**	**434,668**	**442,772**	**483,970**	**570,711**	**581,886**	**592,751**	**604,421**	**619,302**	**633,356**
2 Federal agencies	42,159	41,035	41,829	45,193	44,988	44,753	44,291	44,390	43,680
3 Defense Department[1]	7	7	7	6	6	6	6	6	6
4 Export-Import Bank[2,3]	11,376	9,809	7,208	5,315	5,315	5,315	4,853	4,853	4,853
5 Federal Housing Administration[4]	393	397	374	255	80	99	114	123	130
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,948	8,421	10,660	9,732	9,732	9,732	9,732	9,732	9,473
8 Tennessee Valley Authority	23,435	22,401	23,580	29,885	29,855	29,601	29,586	29,676	29,218
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	392,509	401,737	442,141	525,518	536,898	547,998	560,130	574,912	589,685
11 Federal Home Loan Banks	117,895	107,543	114,733	141,577	139,241	137,862	147,309	153,539	156,955
12 Federal Home Loan Mortgage Corporation	30,941	30,262	29,631	49,993	61,245	70,482	62,908	65,621	71,274
13 Federal National Mortgage Association	123,403	133,937	166,300	201,112	203,013	206,493	216,430	218,845	223,173
14 Farm Credit Banks[8]	53,590	52,199	51,910	53,123	52,621	52,839	52,433	52,672	52,534
15 Student Loan Marketing Association[9]	34,194	38,319	39,650	39,784	40,861	40,407	41,120	44,306	45,820
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**179,083**	**185,576**	**154,994**	**128,187**	**125,182**	**123,304**	**120,103**	**118,386**	**116,092**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,370	9,803	7,202	5,309	5,309	5,309	4,847	4,847	4,847
21 Postal Service[6]	6,698	8,201	10,440	9,732	9,732	9,732	9,732	9,732	9,473
22 Student Loan Marketing Association	4,850	4,820	4,790	4,760	2,760	1,760	0	0	0
23 Tennessee Valley Authority	14,055	10,725	6,975	6,325	6,075	6,075	6,075	6,075	4,675
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	52,324	48,534	42,979	38,619	38,619	38,619	38,209	37,839	37,124
26 Rural Electrification Administration	18,890	18,562	18,172	17,578	17,511	17,512	17,360	17,360	17,419
27 Other	70,896	84,931	64,436	45,864	45,176	43,667	43,880	42,533	42,554

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	1991	1992	1993r	1993 Dec.r	1994 Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues, new and refunding**[1]	**154,402**	**215,191**	**279,945**	**24,520**	**16,560**	**14,698**	**15,461**	**10,129**	**12,388**	**14,779r**	**12,450**
By type of issue											
2 General obligation	55,100	78,611	90,599	6,542	5,105r	4,365	7,371	3,469	4,029	5,556	7,110
3 Revenue	99,302	136,580	189,346	17,978	11,455r	8,553	8,090	6,660	8,359	9,223	5,340
By type of issuer											
4 State	24,939	25,295	27,999	1,265	1,235	921	3,302	1,013	1,158	1,733	4,686
5 Special district or statutory authority[2]	80,614	129,686	178,714	16,398	10,672	10,263	6,145	5,235	8,085	9,335	4,931
6 Municipality, county, or township	48,849	60,210	73,232	6,857	4,653	3,514	6,014	3,881	3,145	3,711	2,833
7 **Issues for new capital**	**116,953**	**120,272**	**91,434**	**9,543**	**5,558**	**8,774**	**10,114**	**8,147**	**9,125**	**9,726r**	**10,348**
By use of proceeds											
8 Education	21,121	22,071	16,831	1,254	1,573	2,292	1,859	2,102	1,933	1,945	1,147
9 Transportation	13,395	17,334	9,167	255	293	1,223	401	1,453	1,037	2,033	290
10 Utilities and conservation	21,039	20,058	12,014	1,430	480	243	540	707	423	856	694
11 Social welfare	25,648	21,796	13,837	1,570	825	1,660	1,670	1,502	2,099	1,275	1,458
12 Industrial aid	8,376	5,424	6,862	1,473	392	1,316	470	601	657	935	959
13 Other purposes	30,275	33,589	32,723	3,561	1,995r	8,774	5,174	1,782	2,976	2,682	5,800

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	1991	1992	1993	1993 Nov.	Dec.	1994 Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues**[1]	**465,246**	**559,827**	**764,509r**	**54,736**	**44,344**	**57,919r**	**47,105r**	**51,908r**	**34,750r**	**43,568r**	**42,983**
2 **Bonds**[2]	**389,822**	**471,502**	**641,498r**	**43,137**	**33,813**	**52,126r**	**39,343r**	**42,704r**	**29,319r**	**39,962r**	**36,629**
By type of offering											
3 Public, domestic	286,930	378,058	486,879r	39,448	32,232	46,682r	32,026r	40,130r	26,110r	32,787r	31,760
4 Private placement, domestic[3]	74,930	65,853	116,240	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,962	27,591	38,379	3,689	1,582	5,444	7,317	2,574	3,209r	7,175r	4,869
By industry group											
6 Manufacturing	86,628	82,058	88,002	3,334	3,068	4,785	3,586	2,421r	2,229r	2,352r	2,217
7 Commercial and miscellaneous	36,666	43,111	60,443	3,078	2,525	2,869	2,153	3,020	940r	2,396	3,054
8 Transportation	13,598	9,979	10,756	648	895	693	100	920	97	150	1,082
9 Public utility	23,944	48,055	56,272	1,763	2,336	2,466	1,768	1,632	546	1,021r	631
10 Communication	9,431	15,394	31,950	1,015	2,001	2,592	2,115	2,090	1,298	934	548
11 Real estate and financial	219,555	272,904	394,076r	33,299	22,989	38,721r	29,622r	32,621r	24,208r	33,110r	29,097
12 **Stocks**[2]	**75,424**	**88,325**	**124,153**	**11,599**	**10,531**	**5,793r**	**7,806**	**9,210**	**5,465**	**3,673**	**6,347**
By type of offering											
13 Public preferred	17,085	21,339	20,533	1,385	650	1,592	1,318	1,969	2,248	695	1,366
14 Common	48,230	57,118	90,559	10,209	9,881	4,135	6,488	7,241	3,218	2,978	4,981
15 Private placement[3]	10,109	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	24,111	22,723	22,271	2,169	2,267	1,564	1,807	2,891	2,669	↑	↑
17 Commercial and miscellaneous	19,418	20,231	25,761	3,061	1,970	1,516	1,682	1,547	785		
18 Transportation	2,439	2,595	2,237	221	162	78	703	980	106	n.a.	n.a.
19 Public utility	3,474	6,532	7,050	371	129	293	203	480	75		
20 Communication	475	2,366	3,439	1,074	1,603	n.a.	120	0	0	↓	↓
21 Real estate and financial	25,507	33,879	49,889	4,486	4,381	2,397	3,844	4,381	1,815	1,437	2,663

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

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

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

Millions of dollars

Item	1992	1993	1993		1994					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June
1 **Sales of own shares**[2]	**647,055**	n.a.	**72,865**	**89,775**	**98,679**	**78,032**	**87,381**	**71,164**	**65,179**	**65,333**
2 Redemptions of own shares	447,140	n.a.	51,306	62,764	61,829	56,235	73,395	61,925	55,036	56,068
3 Net sales[3]	199,915	n.a.	21,559	27,011	36,849	21,797	13,986	9,239	10,144	9,265
4 **Assets**[4]	**1,056,310**	n.a.	**1,416,841**	**1,510,047**	**1,572,907**	**1,561,705**	**1,500,745**	**1,510,827**	**1,529,478**	**1,509,505**
5 Cash[5]	73,999	n.a.	103,352	100,209	110,022	113,975	112,399	118,221	119,982	114,885
6 Other	982,311	n.a.	1,303,489	1,409,838	1,462,879	1,447,730	1,388,347	1,392,606	1,409,496	1,395,113

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	1991[r]	1992[r]	1993[r]	1992[r]		1993[r]				1994	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2
1 Profits with inventory valuation and capital consumption adjustment	390.3	405.1	485.8	363.2	432.5	442.5	473.1	493.5	533.9	508.2	547.3
2 Profits before taxes	365.2	395.9	462.4	359.5	413.5	432.7	456.6	458.7	501.7	483.5	523.1
3 Profits tax liability	131.1	139.7	173.2	124.6	148.6	159.8	171.8	169.9	191.5	184.1	201.5
4 Profits after taxes	234.1	256.2	289.2	234.9	264.8	273.0	284.8	288.9	310.2	299.4	321.6
5 Dividends	160.0	171.1	191.7	174.4	182.1	188.2	190.7	193.2	194.6	196.3	202.5
6 *Undistributed profits*	74.1	85.1	97.5	60.5	82.7	84.7	94.1	95.6	115.6	103.0	119.1
7 Inventory valuation	5.8	−6.4	−6.2	−7.3	2.1	−11.2	−10.0	3.0	−6.5	−12.3	−12.5
8 Capital consumption adjustment	19.4	15.7	29.5	10.9	16.9	21.0	26.5	31.7	38.8	37.0	36.8

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

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1992	1993				1994		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2[1]	Q3[1]
1 **Total nonfarm business**	**546.60**	**585.64**	**634.02**	**559.24**	**564.13**	**579.79**	**594.11**	**604.51**	**619.11**	**637.14**	**639.71**
Manufacturing											
2 Durable goods industries	73.32	81.33	90.12	73.30	79.11	80.88	81.99	83.35	86.98	92.42	90.86
3 Nondurable goods industries	100.69	97.84	101.49	103.56	95.94	96.21	100.18	99.04	99.06	102.54	101.21
Nonmanufacturing											
4 Mining	8.88	10.03	10.75	8.47	8.89	9.10	11.14	10.98	11.30	10.34	10.79
Transportation											
5 Railroad	6.67	6.23	6.79	7.04	6.00	6.00	5.91	7.01	6.69	6.07	7.10
6 Air	8.93	6.43	4.07	7.60	7.30	6.54	6.92	4.95	4.27	4.53	4.02
7 Other	7.04	9.22	10.50	6.97	9.17	9.04	8.88	9.78	10.94	9.50	11.04
Public utilities											
8 Electric	48.22	52.26	52.62	49.57	49.92	50.51	52.74	55.88	48.63	53.30	54.85
9 Gas and other	23.99	23.46	25.03	24.50	23.59	24.04	22.88	23.33	24.26	24.01	25.19
10 Commercial and other[2]	268.84	298.83	332.65	278.24	284.21	297.46	303.47	310.20	326.98	334.44	334.65

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	1991	1992	1993	1992		1993				1994
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
ASSETS										
1 Accounts receivable, gross[2]	480.6	482.1	476.1	473.9	482.1	469.6	469.3	467.6	476.1	488.1
2 Consumer	121.9	117.1	117.5	116.7	117.1	111.9	111.3	112.6	117.5	120.1
3 Business	292.9	296.5	290.1	288.5	296.5	289.6	290.7	287.8	290.1	299.0
4 Real estate	65.8	68.4	68.6	68.8	68.4	68.1	67.2	67.2	68.6	69.0
5 LESS: Reserves for unearned income	55.1	50.8	49.0	50.8	50.8	47.4	47.5	47.9	49.0	49.3[r]
6 Reserves for losses	12.9	15.8	11.0	12.0	15.8	15.5	13.8	11.1	11.0	11.5[r]
7 Accounts receivable, net	412.6	415.5	416.1	411.1	415.5	406.6	408.0	408.6	416.1	427.3[r]
8 All other	149.0	150.6	177.3	146.5	150.6	155.0	156.6	169.7	177.3	177.0[r]
9 **Total assets**	**561.6**	**566.1**	**593.4**	**557.6**	**566.1**	**561.6**	**564.6**	**578.3**	**593.4**	**604.3[r]**
LIABILITIES AND CAPITAL										
10 Bank loans	42.3	37.6	25.3	38.1	37.6	34.1	29.5	25.8	25.3	24.2[r]
11 Commercial paper	159.5	156.4	159.2	153.2	156.4	149.8	144.5	149.9	159.2	165.9
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	34.5	37.8	46.1	34.9	37.8	41.9	46.4	47.9	46.1	44.9[r]
15 Not elsewhere classified	191.3	195.3	199.9	191.4	195.3	195.1	195.8	198.1	199.9	205.3
16 All other liabilities	69.0	71.2	91.1	73.7	71.2	74.2	81.3	87.6	91.1	94.3
17 Capital, surplus, and undivided profits	64.8	67.8	71.7	68.1	67.8	66.6	67.1	68.9	71.7	69.7
18 **Total liabilities and capital**	**561.2**	**566.1**	**593.4**	**559.4**	**566.1**	**561.7**	**564.6**	**578.3**	**593.4**	**604.3[r]**

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	1991	1992	1993	1994					
				Jan.	Feb.	Mar.	Apr.	May	June
	Seasonally adjusted								
1 **Total**	**519,716**	**530,603**	**537,947**	**541,123**	**544,335**	**554,342**	**557,121**	**564,902[r]**	**566,850**
2 Consumer	154,951	157,075	162,057	161,846	161,446	163,493	163,763	165,126[r]	167,431
3 Real estate[2]	65,925	68,555	68,731	68,966	69,438	69,669	69,815	71,402	71,120
4 Business	298,840	304,972	307,159	310,312	313,451	321,180	323,543	328,374[r]	328,299
	Not seasonally adjusted								
5 **Total**	**523,354**	**534,934**	**542,700**	**541,316**	**542,894**	**553,810**	**558,208**	**562,600[r]**	**567,153**
6 Consumer	155,908	158,398	163,629	162,140	161,367	163,484	164,257	163,873[r]	166,384
7 Motor vehicles	63,415	57,605	55,274	56,509	56,963	57,797	59,458	56,614	56,932
8 Other consumer[3]	58,522	59,522	62,189	61,427	61,132	62,264	63,387	64,161	66,182
9 Securitized motor vehicles[4]	23,361	29,734	36,024	34,190	33,451	33,173	31,328	32,623	32,705
10 Securitized other consumer[4]	10,610	11,537	10,141	10,013	9,821	10,250	10,084	10,475[r]	10,566
11 Real estate[2]	65,760	68,410	68,577	69,385	69,446	69,005	70,114	70,920	70,628
12 Business	301,686	308,127	310,495	309,791	312,081	321,321	323,837	327,807[r]	330,140
13 Motor vehicles	90,613	87,456	90,172	88,377	90,668	95,719	97,727	99,311[r]	101,079
14 Retail[5]	22,957	19,303	16,024	16,965	17,514	19,162	19,632	19,790	19,955
15 Wholesale[6]	31,216	29,962	31,067	27,975	29,435	31,070	31,059	31,019	31,084
16 Leasing	36,440	38,191	43,081	43,437	43,720	45,487	47,036	48,501[r]	50,040
17 Equipment	141,399	151,607	148,858	147,915	147,425	149,721	151,150	154,568[r]	155,183
18 Retail	30,962	32,212	33,266	33,109	33,033	33,861	34,602	35,429	36,037
19 Wholesale[6]	9,671	8,669	8,007	7,996	7,972	8,281	8,295	8,403	8,404
20 Leasing	100,766	110,726	107,585	106,810	106,420	107,579	108,253	110,736[r]	110,742
21 Other business[7]	60,900	57,464	51,054	50,821	51,489	53,596	53,352	51,818[r]	52,422
22 Securitized business assets[4]	8,774	11,599	20,411	22,679	22,499	22,285	21,607	22,111	21,456
23 Retail	576	1,120	2,483	2,343	2,245	2,119	2,058	2,406	2,619
24 Wholesale	5,285	5,756	9,727	12,437	13,084	13,090	13,098	13,348	13,033
25 Leasing	2,913	4,723	8,201	7,899	7,170	7,076	6,451	6,357	5,804

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	1991	1992	1993	1994 Jan.	Feb.	Mar.	Apr.	May	June	July
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	155.0	158.1	163.1	168.1	157.9	167.8	166.1	171.6	172.6	166.0
2 Amount of loan (thousands of dollars)	114.0	118.1	123.0	127.9	124.1	131.0	127.6	132.2	130.0	129.0
3 Loan-to-price ratio (percent)	75.0	76.6	78.0	78.0	80.2	80.2	79.3	78.5	78.0	79.4
4 Maturity (years)	26.8	25.6	26.1	27.2	27.0	27.6	26.7	27.6	26.5	27.5
5 Fees and charges (percent of loan amount)[2]	1.71	1.60	1.30	1.18	1.16	1.20	1.16	1.45	1.30	1.35
Yield (percent per year)										
6 Contract rate[1]	9.02	7.98	7.02	6.77	6.67	6.81	7.13	7.20	7.41	7.50
7 Effective rate[1,3]	9.30	8.25	7.24	6.95	6.85	6.99	7.31	7.43	7.62	7.71
8 Contract rate (HUD series)[4]	9.20	8.43	7.37	7.13	7.54	8.31	8.56	8.61	8.72	8.64
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	9.25	8.46	7.46	7.05	7.59	8.57	8.63	8.63	9.03	8.65
10 GNMA securities[6]	8.59	7.71	6.65	6.45	6.72	7.40	7.93	8.05	8.01	8.23
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	128,983[r]	158,119[r]	190,861[r]	194,441	196,078	197,770	201,542	206,147	208,180	210,666
12 FHA/VA insured	21,796[r]	22,593[r]	23,857[r]	23,796	23,789	24,226	25,088	25,303	25,390	25,477
13 Conventional	107,187[r]	135,526[r]	167,004[r]	170,645	172,289	173,544	176,454	180,844	182,790	185,189
Mortgage transactions (during period)										
14 Purchases	37,202	75,905	92,037	7,919	5,427	5,820	6,677	7,238	4,386	4,628
Mortgage commitments (during period)										
15 Issued[7]	40,010	74,970	92,537	6,159	4,858	8,683	4,788	3,801	4,268	3,798
16 To sell[8]	7,608	10,493	5,097	664	525	136	90	281	1	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	26,809[r]	33,665[r]	55,012[r]	56,067	57,245	58,498	59,352	60,799	62,232	62,993
18 FHA/VA insured	460[r]	352[r]	321[r]	319	318	315	309	304	299[r]	296
19 Conventional	26,349[r]	33,313[r]	54,691[r]	55,747	56,928	59,184	59,043	60,495	61,933[r]	62,697
Mortgage transactions (during period)										
20 Purchases	99,965	191,125	229,242	22,611	17,840	15,970	14,589	10,629	8,341	6,535
21 Sales	92,478	179,208	208,723	21,253	16,719	14,486	14,175	10,228	8,097	6,338
Mortgage commitments (during period)[9]										
22 Contracted	114,031	261,637	274,599	31,393	12,880	22,533	22,765	9,586	7,252	5,820

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	1990	1991	1992	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1[p]
1 **All holders**	**3,762,872**	**3,924,782**	**4,049,256**	**4,059,221**	**4,108,890**	**4,166,286**	**4,208,512**	**4,247,007**
By type of property								
2 One- to four-family residences	2,616,288	2,780,044	2,959,558	2,975,768	3,034,781	3,096,443	3,146,832	3,189,641
3 Multifamily residences	309,369	306,410	295,417	294,045	291,272	290,679	290,553	289,273
4 Commercial	758,313	759,023	713,862	708,966	702,210	698,435	690,388	687,126
5 Farm	78,903	79,306	80,419	80,442	80,627	80,730	80,739	80,967
By type of holder								
6 Major financial institutions	1,914,315	1,846,726	1,769,187	1,753,045	1,765,176	1,769,014	1,766,633	1,747,288
7 Commercial banks[2]	844,826	876,100	894,513	891,755	910,989	922,596	940,253	937,966
8 One- to four-family	455,931	483,623	507,780	507,497	526,817	538,919	558,583	555,434
9 Multifamily	37,015	36,935	38,024	37,425	38,058	37,633	38,436	38,166
10 Commercial	334,648	337,095	328,826	326,853	325,519	325,201	322,373	323,120
11 Farm	17,231	18,447	19,882	19,980	20,595	20,843	20,862	21,245
12 Savings institutions[3]	801,628	705,367	627,972	617,163	612,458	609,563	598,348	584,352
13 One- to four-family	600,154	538,358	489,622	480,415	480,722	478,324	469,689	457,679
14 Multifamily	91,806	79,881	69,791	70,608	68,303	68,552	67,823	67,348
15 Commercial	109,168	86,741	68,235	65,808	63,111	62,367	60,531	59,029
16 Farm	500	388	324	332	322	320	305	297
17 Life insurance companies	267,861	265,258	246,702	244,128	241,729	236,855	228,032	224,970
18 One- to four-family	13,005	11,547	11,441	11,316	11,195	10,967	10,534	10,387
19 Multifamily	28,979	29,562	27,770	27,466	27,174	26,620	25,568	25,211
20 Commercial	215,121	214,105	198,269	196,100	194,012	190,061	182,553	180,001
21 Farm	10,756	10,044	9,222	9,246	9,348	9,206	9,376	9,371
22 Federal and related agencies	239,003	266,146	286,263	287,081	298,991	309,579	321,486	325,835
23 Government National Mortgage Association	20	19	30	45	45	43	22	20
24 One- to four-family	20	19	30	37	38	37	15	13
25 Multifamily	0	0	0	8	7	7	7	7
26 Farmers Home Administration[4]	41,439	41,713	41,695	41,529	41,446	41,424	41,386	41,209
27 One- to four-family	18,527	18,496	16,912	16,536	16,133	15,714	15,303	14,870
28 Multifamily	9,640	10,141	10,575	10,650	10,739	10,830	10,940	11,037
29 Commercial	4,690	4,905	5,158	5,187	5,250	5,347	5,406	5,399
30 Farm	8,582	8,171	9,050	9,156	9,324	9,533	9,739	9,903
31 Federal Housing and Veterans' Administrations	8,801	10,733	12,581	13,027	12,945	11,797	12,215	11,344
32 One- to four-family	3,593	4,036	5,153	5,631	5,635	4,850	5,364	4,738
33 Multifamily	5,208	6,697	7,428	7,396	7,311	6,947	6,851	6,606
34 Resolution Trust Corporation	32,600	45,822	32,045	27,331	21,973	19,925	17,284	14,241
35 One- to four-family	15,800	14,535	12,960	11,375	8,955	8,381	7,203	6,312
36 Multifamily	8,064	15,018	9,621	8,070	6,743	6,002	5,327	4,190
37 Commercial	8,736	16,269	9,464	7,886	6,275	5,543	4,754	3,739
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	104,870	112,283	137,584	141,192	151,513	160,721	166,642	172,343
40 One- to four-family	94,323	100,387	124,016	127,252	137,340	146,009	151,310	156,576
41 Multifamily	10,547	11,896	13,568	13,940	14,173	14,712	15,332	15,767
42 Federal Land Banks	29,416	28,767	28,664	28,536	28,592	28,810	28,460	28,181
43 One- to four-family	1,838	1,693	1,687	1,679	1,682	1,695	1,675	1,658
44 Farm	27,577	27,074	26,977	26,857	26,909	27,115	26,785	26,523
45 Federal Home Loan Mortgage Corporation	21,857	26,809	33,665	35,421	42,477	46,859	55,476	58,498
46 One- to four-family	19,185	24,125	31,032	32,831	39,905	44,315	52,929	55,942
47 Multifamily	2,672	2,684	2,633	2,589	2,572	2,544	2,547	2,556
48 Mortgage pools or trusts[5]	1,079,103	1,250,666	1,425,546	1,462,181	1,473,323	1,514,002	1,546,818	1,602,595
49 Government National Mortgage Association	403,613	425,295	419,516	421,514	413,166	415,076	414,066	423,446
50 One- to four-family	391,505	415,767	410,675	412,798	404,425	405,963	404,864	414,194
51 Multifamily	12,108	9,528	8,841	8,716	8,741	9,113	9,202	9,251
52 Federal Home Loan Mortgage Corporation	316,359	359,163	407,514	420,932	422,882	430,089	439,029	457,577
53 One- to four-family	308,369	351,906	401,525	415,279	417,646	425,154	434,494	453,407
54 Multifamily	7,990	7,257	5,989	5,654	5,236	4,935	4,535	4,170
55 Federal National Mortgage Association	299,833	371,984	444,979	457,316	465,220	481,880	495,525	507,376
56 One- to four-family	291,194	362,667	435,979	448,483	456,645	473,599	486,804	498,489
57 Multifamily	8,639	9,317	9,000	8,833	8,575	8,281	8,721	8,887
58 Farmers Home Administration[4]	66	47	38	34	32	30	28	26
59 One- to four-family	17	11	8	7	6	6	5	5
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	24	19	17	16	15	14	13	12
62 Farm	26	17	13	11	11	10	10	9
63 Private mortgage conduits	59,232	94,177	153,499	162,385	172,023	186,927	198,171	214,171
64 One- to four-family	53,335	84,000	132,000	137,000	145,000	158,000	164,000	177,000
65 Multifamily	731	3,698	6,305	6,665	7,407	7,991	8,701	9,481
66 Commercial	5,166	6,479	15,194	18,720	19,616	20,936	25,469	27,689
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	530,452	561,244	568,260	556,913	571,400	573,691	573,576	571,289
69 One- to four-family	349,491	368,874	378,739	367,632	382,637	384,510	384,060	382,938
70 Multifamily	85,969	83,796	85,871	86,026	86,235	86,512	86,565	86,597
71 Commercial	80,761	93,410	88,699	88,396	88,412	88,966	89,289	88,137
72 Farm	14,232	15,164	14,951	14,859	14,117	13,703	13,662	13,618

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	1991[r]	1992[r]	1993[r]	1994 Jan.	Feb.	Mar.	Apr.	May	June
	Seasonally adjusted								
1 **Total**	**728,398**	**729,932**	**795,573**	**800,912**	**805,787**	**817,173**	**827,288**	**838,748**	**849,634**
2 Automobile	260,574	257,890	281,504	283,453	284,388	287,912	292,738	296,566	301,199
3 Revolving	245,631	257,453	287,970	290,807	294,461	299,218	304,381	308,590	312,581
4 Other	222,193	214,590	226,099	226,651	226,938	230,043	230,168	233,593	235,854
	Not seasonally adjusted								
5 **Total**	**744,243**	**746,452**	**813,864**	**808,010**	**805,015**	**812,477**	**821,754**	**831,515**	**843,646**
By major holder									
6 Commercial banks	340,713	330,088	368,549	367,883	366,712	369,710	376,379	380,063	385,895
7 Finance companies	121,904	117,050	117,463	117,936	118,095	120,061	122,845	120,775	123,114
8 Credit unions	90,302	91,693	101,634	100,554	100,984	102,683	104,153	107,423	110,301
9 Savings institutions	41,373	37,049	38,078	38,328	38,578	38,828	39,078	39,255	39,400
10 Nonfinancial business	46,658	49,184	57,637	55,228	53,453	53,410	53,756	54,505	55,374
11 Pools of securitized assets[2]	103,293	121,388	130,503	128,081	127,193	127,785	125,543	129,494	129,562
By major type of credit[3]									
12 Automobile	261,046	258,572	282,291	282,418	283,429	287,476	291,352	295,066	300,411
13 Commercial banks	112,666	109,623	123,358	124,238	124,449	126,949	130,104	132,979	135,800
14 Finance companies	63,415	57,605	55,274	56,509	56,963	57,797	59,458	56,614	56,932
15 Pools of securitized assets[2]	28,588	33,888	39,490	37,426	36,599	36,613	34,531	35,836	35,817
16 Revolving	259,001	271,369	303,430	296,852	294,112	296,023	300,457	304,586	309,002
17 Commercial banks	138,005	132,966	149,527	145,673	144,274	145,701	149,265	149,972	153,027
18 Nonfinancial business	41,658	43,974	52,113	49,757	48,017	47,937	48,279	49,005	49,845
19 Pools of securitized assets[2]	63,333	74,931	79,887	79,444	79,597	79,768	79,927	82,064	82,076
20 Other	224,196	216,511	228,143	228,740	227,474	228,978	229,945	231,863	234,233
21 Commercial banks	90,042	87,499	95,664	97,972	97,989	97,060	97,010	97,112	97,068
22 Finance companies	58,489	59,445	62,189	61,427	61,132	62,264	63,387	64,161	66,182
23 Nonfinancial business	5,000	5,210	5,524	5,471	5,436	5,473	5,477	5,500	5,529
24 Pools of securitized assets[2]	11,372	12,569	11,126	11,211	10,997	11,404	11,085	11,594	11,669

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	1991	1992	1993	1993 Dec.	1994 Jan.	Feb.	Mar.	Apr.	May	June
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.14	9.29	8.09	n.a.	n.a.	7.54	n.a.	n.a.	7.76	n.a.
2 24-month personal	15.18	14.04	13.47	n.a.	n.a.	12.89	n.a.	n.a.	12.96	n.a.
3 120-month mobile home	13.70	12.67	11.87	n.a.	n.a.	11.56	n.a.	n.a.	11.60	n.a.
4 Credit card	18.23	17.78	16.83	n.a.	n.a.	16.06	n.a.	n.a.	16.15	n.a.
Auto finance companies										
5 New car	12.41	9.93	9.48	8.80	7.55	8.93	9.13	9.71	9.92	9.96
6 Used car	15.60	13.80	12.79	12.33	12.02	12.23	12.68	13.25	13.51	13.78
OTHER TERMS[3]										
Maturity (months)										
7 New car	55.1	54.0	54.5	54.0	52.9	54.4	54.0	53.8	53.5	53.3
8 Used car	47.2	47.9	48.8	48.3	50.0	50.3	50.1	50.0	50.6	50.0
Loan-to-value ratio										
9 New car	88	89	91	90	91	91	92	92	93	94
10 Used car	96	97	98	98	98	99	99	99	99	100
Amount financed (dollars)										
11 New car	12,494	13,584	14,332	15,097	15,330	14,904	14,821	15,067	15,194	15,180
12 Used car	8,884	9,119	9,875	10,349	10,434	10,449	10,427	10,477	10,606	10,656

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	1989	1990	1991	1992	1993	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**723.0**	**631.0**	**475.5**	**582.4**	**592.3**	**611.1**	**529.5**	**382.6**	**719.2**	**584.2**	**683.2**	**620.0**
By sector and instrument												
2 U.S. government	146.4	246.9	278.2	304.0	256.1	299.1	240.1	229.6	348.2	177.2	269.6	195.9
3 Treasury securities	144.7	238.7	292.0	303.8	248.3	290.1	237.4	226.4	344.1	160.9	261.9	197.2
4 Budget agency issues and mortgages	1.6	8.2	−13.8	.2	7.8	9.0	2.7	3.2	4.1	16.2	7.7	−1.3
5 Private	576.6	384.1	197.3	278.4	336.2	312.0	289.4	153.1	370.9	407.0	413.6	424.1
By instrument												
6 Tax-exempt obligations	65.3	57.3	69.6	65.7	60.4	75.8	42.4	62.4	67.2	48.3	63.9	60.5
7 Corporate bonds	73.8	47.1	78.8	67.5	75.3	61.7	54.0	85.7	75.7	72.6	67.4	51.0
8 Mortgages	269.1	188.7	165.1	120.8	155.4	134.8	94.0	74.9	171.5	206.7	168.6	184.0
9 Home mortgages	212.5	177.2	166.0	176.0	187.1	203.3	172.8	100.1	211.6	229.9	206.7	206.7
10 Multifamily residential	12.0	3.4	−2.5	−11.1	−6.3	−11.2	−27.8	−6.5	−12.0	−4.4	−2.3	−6.9
11 Commercial	47.3	8.9	.9	−45.5	−25.7	−57.8	−51.5	−18.9	−28.9	−19.2	−35.8	−16.7
12 Farm	−2.7	−.8	.7	1.3	.3	.6	.5	.1	.7	.4	.0	.9
13 Consumer credit	49.5	13.4	−13.1	9.3	49.0	13.5	48.3	19.2	22.9	60.7	93.3	49.5
14 Bank loans n.e.c.	36.4	4.2	−46.8	−5.6	4.7	−24.0	21.3	−39.7	31.7	6.9	20.0	36.7
15 Commercial paper	21.4	9.7	−18.4	8.6	10.0	9.3	25.4	−27.1	33.7	23.8	9.7	−27.4
16 Other loans	61.0	63.6	−37.8	12.1	−18.8	40.8	4.1	−22.3	−31.6	−11.9	−9.2	69.7
By borrowing sector												
17 Household	276.7	207.7	168.4	215.0	247.8	217.9	266.5	109.2	251.1	324.3	306.5	255.2
18 Nonfinancial business	236.3	121.9	−33.4	4.0	23.0	20.6	−12.2	−27.8	50.8	30.6	38.3	96.7
19 Farm	.5	1.8	2.4	1.2	1.9	−.2	−1.9	−2.7	3.1	4.4	2.7	3.8
20 Nonfarm noncorporate	49.4	19.4	−24.5	−39.4	−25.6	−37.3	−51.0	−32.7	−31.4	−24.1	−14.3	29.7
21 Corporate	186.5	100.7	−11.3	42.1	46.7	58.2	40.7	7.5	79.1	50.3	49.8	63.2
22 State and local government	63.5	54.5	62.3	59.4	65.4	73.5	35.1	71.7	69.1	52.1	68.8	72.2
23 Foreign net borrowing in United States	10.2	23.9	13.9	24.2	47.7	37.8	−.6	50.3	39.3	82.4	19.0	7.6
24 Bonds	4.9	21.4	14.1	17.3	60.5	20.3	22.2	75.6	42.4	84.5	39.3	43.8
25 Bank loans n.e.c.	−.1	−2.9	3.1	2.3	.7	3.9	−10.3	1.6	6.5	1.0	−6.3	6.1
26 Commercial paper	13.1	12.3	6.4	5.2	−9.0	13.1	−12.1	−21.7	−.6	−1.6	−12.0	−49.0
27 U.S. government and other loans	−7.6	−7.0	−9.8	−.6	−4.5	.5	−.4	−5.3	−9.0	−1.5	−2.0	6.7
28 **Total domestic plus foreign**	**733.1**	**654.9**	**489.4**	**606.6**	**640.0**	**649.0**	**528.8**	**432.9**	**758.5**	**666.6**	**702.2**	**627.6**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**213.7**	**193.5**	**150.4**	**216.4**	**239.0**	**304.1**	**174.8**	**145.4**	**131.5**	**385.7**	**293.2**	**408.7**
By instrument												
30 U.S. government-related	149.5	167.4	145.7	155.8	157.2	169.3	131.8	165.8	62.7	273.7	126.4	322.7
31 Government-sponsored enterprises securities	25.2	17.1	9.2	40.3	80.6	67.7	33.6	32.2	68.8	167.8	53.4	160.0
32 Mortgage pool securities	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	−6.1	105.9	73.0	181.9
33 Loans from U.S. government	.0	−.1	.0	.0	.0	.0	−.1	.0	.0	.0	.0	−19.2
34 Private	64.2	26.1	4.6	60.6	81.8	134.8	42.9	−20.3	68.8	112.0	166.8	86.0
35 Corporate bonds	37.3	40.8	56.8	65.3	70.8	81.2	79.4	54.6	55.7	97.3	75.7	81.8
36 Mortgages	.5	.4	.8	.0	3.8	.4	.0	.9	2.7	6.2	5.5	5.4
37 Bank loans n.e.c.	6.0	1.1	17.1	−4.8	−9.9	17.5	−19.8	−21.2	−5.9	−14.0	1.5	8.6
38 Open market paper	31.3	8.6	−32.0	−.7	−6.2	17.5	−6.5	−73.1	−17.3	−9.7	75.5	4.5
39 Loans from Federal Home Loan Banks	−11.0	−24.7	−38.0	.8	23.3	18.1	−10.1	18.6	33.5	32.3	8.6	−14.3
By borrowing sector												
40 Government sponsored enterprises	25.2	17.0	9.1	40.2	80.6	67.7	33.5	32.2	68.8	167.8	53.4	140.8
41 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	−6.1	105.9	73.0	181.9
42 Private	64.2	26.1	4.6	60.6	81.8	134.8	42.9	−20.3	68.8	112.0	166.8	86.0
43 Commercial banks	−1.4	−.7	−11.7	8.8	5.6	12.1	14.5	5.4	10.1	6.2	.8	7.0
44 Bank holding companies	6.2	−27.7	−2.5	2.3	8.1	6.6	.8	21.1	1.3	−2.2	12.2	4.1
45 Funding corporations	13.8	12.5	−13.6	1.6	−10.7	−7.7	−31.1	−51.9	8.2	−13.2	14.0	−22.2
46 Savings institutions	−15.1	−30.2	−44.5	−6.7	11.1	11.2	−14.4	7.9	17.7	18.4	.6	−9.0
47 Credit unions	.0	.0	.0	.0	.2	.0	.1	.0	.3	.3	.1	.1
48 Life insurance companies	.0	.0	.0	.0	.2	.2	−.2	.1	.6	−.1	.4	.0
49 Finance companies	27.4	24.0	18.6	−3.6	−5.0	21.2	19.9	−33.1	−38.6	16.0	35.8	56.2
50 Mortgage companies	3.0	−4.0	5.7	.1	4.0	14.4	−6.4	−10.4	15.9	2.4	8.0	−5.9
51 Real estate investment trusts (REITs)	1.3	1.0	1.6	.1	3.3	2.3	−5.1	−1.4	2.5	6.1	5.9	6.0
52 Issuers of asset-backed securities (ABSs)	28.9	51.1	51.0	58.0	64.9	74.3	64.8	41.9	50.7	78.1	89.0	49.7

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

Transaction category or sector	1989	1990	1991	1992	1993	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1
	All sectors											
53 **Total net borrowing, all sectors**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3**	**889.9**	**1,052.3**	**995.4**	**1,036.3**
54 U.S. government securities	295.8	414.4	424.0	459.8	413.3	468.5	372.0	395.3	410.9	450.9	396.0	537.8
55 Tax-exempt securities	65.3	57.3	69.6	65.7	60.4	75.8	42.4	62.4	67.2	48.3	63.9	60.5
56 Corporate and foreign bonds	116.0	109.2	149.6	150.1	206.6	163.3	155.6	215.9	173.8	254.4	182.4	176.7
57 Mortgages	269.6	189.1	165.8	120.8	159.2	135.3	93.9	75.7	174.2	212.9	174.1	189.4
58 Consumer credit	49.5	13.4	−13.1	9.3	49.0	13.5	48.3	19.2	22.9	60.7	93.3	49.5
59 Bank loans n.e.c.	42.3	2.4	−26.6	−8.1	−4.5	−2.5	−8.8	−59.3	32.3	−6.2	15.2	51.3
60 Open market paper	65.9	30.7	−44.0	13.1	−5.1	39.9	6.8	−121.9	15.7	12.5	73.2	−71.9
61 Other loans	42.4	31.8	−85.6	12.2	.0	59.3	−6.6	−9.1	−7.1	18.8	−2.6	43.0
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**−59.6**	**22.2**	**210.6**	**284.0**	**423.7**	**297.7**	**300.3**	**296.0**	**462.2**	**491.7**	**445.1**	**320.8**
63 Mutual funds	38.5	67.9	150.5	206.7	310.8	235.2	217.7	240.9	357.5	337.6	307.2	217.5
64 Corporate equities	−98.1	−45.7	60.1	77.3	112.9	62.5	82.6	55.1	104.7	154.1	137.8	103.3
65 Nonfinancial corporations	−124.2	−63.0	18.3	27.0	22.9	12.0	14.0	8.6	24.8	28.7	29.5	2.0
66 Financial corporations	8.8	9.9	11.2	19.6	25.1	15.7	21.1	14.5	25.9	26.7	33.2	30.0
67 Foreign shares purchased in United States	17.2	7.4	30.7	30.6	64.9	34.8	47.5	31.9	54.0	98.6	75.1	71.3

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	1989	1990	1991	1992	1993	1992		1993				1994
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3**	**889.9**	**1,052.3**	**995.4**	**1,036.3**
2 Private domestic nonfinancial sectors	122.6	162.8	−16.1	65.3	−62.8	−105.4	87.0	−79.8	−82.4	−94.8	5.8	306.5
3 Households	78.6	140.1	−49.7	37.0	−67.9	−135.7	66.6	−83.9	−82.5	−110.7	5.4	260.4
4 Nonfarm noncorporate business	−.7	−1.7	−4.2	−2.4	−2.5	−2.0	−1.0	−3.7	−3.0	−2.2	−1.0	−4.4
5 Nonfinancial corporate business	13.6	−5.3	4.3	36.3	12.3	46.5	36.9	−4.0	10.6	42.7	.0	24.1
6 State and local governments	31.1	29.6	33.5	−5.7	−4.8	−14.1	−15.5	11.8	−7.5	−24.6	1.3	26.4
7 U.S. government	−3.1	33.7	10.5	−12.0	−18.6	−26.7	−13.3	−24.7	−28.5	−15.4	−5.9	−41.7
8 Foreign	84.4	82.1	25.6	100.8	128.2	78.1	87.8	74.0	93.4	138.3	207.2	112.8
9 Financial sectors	742.9	569.9	619.8	668.8	832.2	1,006.9	542.1	608.9	907.4	1,024.2	788.3	658.7
10 Government sponsored enterprises	−4.1	16.4	14.2	69.0	90.2	73.0	71.7	14.6	134.1	145.1	66.7	77.9
11 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	−6.1	105.9	73.0	181.9
12 Monetary authority	−7.3	8.1	31.1	27.9	36.2	15.7	48.3	44.5	32.6	28.2	39.5	51.5
13 Commercial banking	177.2	125.1	84.3	94.8	143.2	148.0	73.3	86.4	153.4	131.9	201.1	169.6
14 U.S. commercial banks	146.1	94.9	39.2	69.8	150.5	123.5	66.0	100.4	142.0	147.0	212.7	108.7
15 Foreign banking offices	26.7	28.4	48.5	16.5	−9.8	5.2	4.8	−12.5	−.7	−17.2	−8.7	50.2
16 Bank holding companies	2.8	−2.8	−1.5	5.6	−.1	16.4	−.6	−4.3	9.5	−.4	−5.1	8.6
17 Banks in U.S. affiliated areas	1.6	4.5	−1.9	2.9	2.6	3.0	3.0	2.9	2.6	2.5	2.3	2.1
18 Private nonbank finance	452.9	270.0	353.7	361.6	486.0	668.6	250.4	329.9	593.3	613.0	407.9	177.8
19 Thrift institutions	−86.6	−153.3	−123.0	−59.5	−13.3	−42.6	−15.0	−33.3	−5.2	10.3	−24.9	10.1
20 Insurance	257.4	181.6	234.3	177.9	192.4	261.4	161.6	257.0	172.9	261.6	78.1	65.9
21 *Life insurance companies*	101.8	94.4	83.2	82.4	109.5	85.1	103.7	122.1	108.0	117.1	90.6	119.6
22 Other insurance companies	29.7	26.5	32.3	12.7	9.4	−2.8	8.3	8.9	10.6	8.6	9.7	19.7
23 Private pension funds	81.1	17.2	85.3	37.3	40.2	99.9	8.4	118.0	11.1	91.9	−60.1	−104.9
24 State and local government retirement funds	44.7	43.5	33.5	45.5	33.3	79.2	41.2	8.0	43.2	44.0	37.9	31.5
25 Finance n.e.c.	282.2	241.7	242.3	243.2	306.9	449.7	103.8	106.2	425.7	341.1	354.7	101.9
26 Finance companies	32.0	28.4	−12.1	1.7	−5.4	4.0	24.0	−34.0	−22.8	8.1	27.2	64.9
27 Mortgage companies	6.1	−8.0	11.4	.1	−.4	28.9	−12.8	−50.3	64.9	−1.9	−14.2	−12.0
28 Mutual funds	23.8	41.4	90.3	123.7	164.0	156.9	119.2	130.2	193.4	168.4	163.9	45.5
29 Closed-end funds	6.3	.0	15.2	12.3	11.4	8.7	13.1	8.9	13.0	11.0	12.7	12.5
30 Money market funds	67.1	80.9	30.1	1.3	12.9	8.5	−26.1	−65.0	51.5	11.5	53.6	−46.3
31 *Real estate investment trusts (REITs)*	.5	−.7	−1.0	.4	.6	−.3	−.1	.2	.8	1.0	.2	.7
32 Brokers and dealers	96.3	34.9	49.0	40.2	57.1	180.3	−90.2	79.5	66.7	69.0	13.4	−37.9
33 Asset-backed securities issuers (ABSs)	27.7	49.9	49.0	55.5	63.6	72.0	59.2	41.4	49.6	80.9	82.5	50.3
34 Bank personal trusts	22.4	14.8	10.4	8.0	3.1	−9.3	17.3	−4.7	8.6	−7.0	15.5	24.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3**	**889.9**	**1,052.3**	**995.4**	**1,036.3**
Other financial sources												
36 Official foreign exchange	24.8	2.0	−5.9	−1.6	.8	−8.5	5.1	3.4	−4.0	1.7	2.2	6.0
37 Treasury currency and special drawing rights certificates	4.1	2.5	.0	−1.8	.4	.2	−7.7	.3	.4	.4	.7	.7
38 Life insurance reserves	28.8	25.7	25.7	27.3	50.6	41.5	26.3	53.6	39.5	59.5	49.6	49.6
39 *Pension fund reserves*	309.7	158.1	358.8	227.8	235.4	291.7	267.0	332.9	224.2	304.1	80.3	−65.8
40 Interbank claims	−16.5	34.2	−3.7	48.1	32.9	79.8	50.0	26.2	48.3	14.8	42.4	156.3
41 Deposits at financial institutions	284.8	98.1	48.2	9.3	85.7	174.1	−142.7	−.4	219.6	−14.6	138.3	33.7
42 Checkable deposits and currency	6.1	44.2	75.8	122.8	119.5	200.4	93.5	25.0	232.2	96.3	124.4	78.0
43 Small time and savings deposits	100.4	59.0	16.7	−60.8	−79.8	−83.6	−37.8	−155.9	−57.3	−73.0	−33.0	−24.5
44 Large time deposits	13.9	−65.7	−60.8	−80.0	−16.1	−52.9	−84.2	1.9	−17.5	−57.3	8.7	−31.8
45 Money market fund shares	90.1	70.3	41.2	3.9	15.8	−22.4	−32.9	−37.7	66.5	−15.8	50.3	−1.7
46 Security repurchase agreements	77.8	−24.2	−16.5	33.6	67.2	89.6	−67.1	180.3	17.6	78.7	−7.9	21.7
47 Foreign deposits	−3.6	14.6	−8.2	−10.2	−20.9	43.0	−14.2	−13.9	−21.9	−43.5	−4.2	−8.0
48 Mutual fund shares	38.5	67.9	150.5	206.7	310.8	235.2	217.7	240.9	357.5	337.6	307.2	217.5
49 *Corporate equities*	−98.1	−45.7	60.1	77.3	112.9	62.5	82.6	55.1	104.7	154.1	137.8	103.3
50 Security credit	15.6	3.5	51.4	4.2	61.9	82.8	5.5	39.7	38.3	77.2	92.6	13.4
51 Trade debt	59.4	32.1	−2.2	54.9	53.4	54.0	33.0	29.2	43.0	57.6	83.8	30.3
52 Taxes payable	2.0	−4.5	−8.5	7.9	3.7	6.7	10.3	3.4	9.3	−4.2	6.2	3.0
53 Noncorporate proprietors' equity	−31.1	−35.5	−12.5	−5.7	−18.5	−27.5	10.5	−10.1	−20.3	−8.4	−35.2	−103.4
54 Investment in *bank personal trusts*	23.1	21.5	29.8	−7.5	13.8	−55.4	−35.2	−27.7	24.8	32.4	25.7	17.1
55 Miscellaneous	292.1	98.2	169.9	195.7	281.7	202.6	211.8	190.4	423.7	177.8	335.0	188.3
56 **Total financial sources**	**1,883.8**	**1,306.5**	**1,501.3**	**1,665.5**	**2,104.7**	**2,092.8**	**1,437.9**	**1,515.2**	**2,398.9**	**2,242.4**	**2,262.3**	**1,686.2**
Floats not included in assets (−)												
57 U.S. government checkable deposits	8.4	3.3	−13.1	.7	−1.5	4.4	−3.6	.1	6.2	−6.4	−5.8	−5.9
58 Other checkable deposits	−3.2	2.5	2.0	1.6	−3.8	−11.7	2.3	−1.8	−1.4	−5.6	−6.3	−9.1
59 Trade credit	−1.9	2.5	8.1	18.5	17.7	40.2	1.2	−8.6	28.6	10.7	39.9	1.6
Liabilities not identified as assets (−)												
60 Treasury currency	−.2	.2	−.6	−.2	−.2	−.2	−.1	−.2	−.2	−.2	−.2	−.1
61 Interbank claims	−4.4	1.6	26.2	−4.9	4.2	−7.8	−1.7	11.4	−5.7	−16.5	27.7	−17.5
62 Security repurchase agreements	32.4	−31.5	5.2	31.1	69.3	43.5	23.4	154.9	14.1	66.7	41.4	−24.9
63 Taxes payable	2.3	.5	.4	6.9	−1.3	24.1	4.0	−17.4	21.2	−.1	−9.1	−18.7
64 *Miscellaneous*	−77.8	−23.6	−32.1	−21.1	−46.6	1.2	49.3	−77.2	−31.0	−61.3	−16.8	110.3
65 **Total identified to sectors as assets**	**1,928.2**	**1,351.0**	**1,505.2**	**1,632.8**	**2,067.0**	**1,999.2**	**1,363.1**	**1,454.1**	**2,367.2**	**2,255.0**	**2,191.5**	**1,650.7**

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	1990	1991	1992	1993	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,692.0**	**11,160.6**	**11,747.2**	**12,347.0**	**11,580.6**	**11,747.2**	**11,826.0**	**11,995.0**	**12,142.4**	**12,347.0**	**12,478.8**
By lending sector and instrument											
2 U.S. government	2,498.1	2,776.4	3,080.3	3,336.5	2,998.9	3,080.3	3,140.2	3,201.2	3,247.3	3,336.5	3,387.7
3 Treasury securities	2,465.8	2,757.8	3,061.6	3,309.9	2,980.7	3,061.6	3,120.6	3,180.6	3,222.6	3,309.9	3,361.4
4 Budget agency issues and mortgages	32.4	18.6	18.8	26.6	18.1	18.8	19.6	20.6	24.7	26.6	26.3
5 Private	8,193.9	8,384.3	8,666.9	9,010.5	8,581.7	8,666.9	8,685.8	8,793.8	8,895.1	9,010.5	9,091.1
By instrument											
6 Tax-exempt obligations	1,062.1	1,131.6	1,197.3	1,257.8	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,257.8	1,270.0
7 Corporate bonds	1,008.2	1,086.9	1,154.4	1,229.8	1,140.9	1,154.4	1,175.9	1,194.8	1,212.9	1,229.8	1,242.5
8 Mortgages	3,715.4	3,880.4	4,001.6	4,163.6	3,979.4	4,001.6	4,017.9	4,066.9	4,122.7	4,163.6	4,200.7
9 Home mortgages	2,580.6	2,746.6	2,922.7	3,115.8	2,880.8	2,922.7	2,944.8	3,003.8	3,065.4	3,115.8	3,158.6
10 Multifamily residential	305.5	303.0	291.9	286.0	298.9	291.9	290.7	287.7	286.6	286.0	284.3
11 Commercial	750.8	751.7	706.5	681.0	719.4	706.5	702.0	694.8	689.9	681.0	676.8
12 Farm	78.4	79.1	80.4	80.7	80.3	80.4	80.4	80.6	80.7	80.7	81.0
13 Consumer credit	813.0	799.9	809.2	858.3	784.5	809.2	793.7	802.3	821.7	858.3	849.9
14 Bank loans n.e.c.	747.8	701.0	695.6	700.3	686.2	695.6	683.0	691.8	691.5	700.3	707.5
15 Commercial paper	116.9	98.5	107.1	117.8	108.2	107.1	113.9	124.0	123.2	117.8	125.1
16 Other loans	730.6	685.9	701.6	683.0	696.1	701.6	691.5	688.3	681.2	683.0	695.3
By borrowing sector											
17 Household	3,594.8	3,762.7	3,978.0	4,231.8	3,900.1	3,978.0	3,981.2	4,054.5	4,143.4	4,231.8	4,264.9
18 Nonfinancial business	3,728.5	3,688.7	3,696.7	3,721.0	3,698.6	3,696.7	3,697.4	3,715.9	3,711.3	3,721.0	3,753.4
19 Farm	134.9	134.8	136.0	137.9	137.6	136.0	133.1	136.3	138.3	137.9	136.6
20 Nonfarm noncorporate	1,219.0	1,192.3	1,154.5	1,128.9	1,165.1	1,154.5	1,145.3	1,139.3	1,130.6	1,128.9	1,135.0
21 Corporate	2,374.6	2,361.6	2,406.1	2,454.3	2,395.8	2,406.1	2,419.1	2,440.3	2,442.4	2,454.3	2,481.8
22 State and local government	870.5	932.8	992.2	1,057.7	983.1	992.2	1,007.2	1,023.4	1,040.5	1,057.7	1,072.9
23 **Foreign credit market debt held in United States**	**285.1**	**298.9**	**313.8**	**361.6**	**312.9**	**313.8**	**324.8**	**336.3**	**355.6**	**361.6**	**361.8**
24 Bonds	115.4	129.5	146.9	207.3	141.3	146.9	165.8	176.4	197.5	207.3	218.3
25 Bank loans n.e.c.	18.5	21.6	23.9	24.6	26.5	23.9	24.3	25.9	26.2	24.6	26.2
26 Commercial paper	75.3	81.8	77.7	68.7	80.7	77.7	72.3	72.1	71.7	68.7	56.5
27 U.S. government and other loans	75.8	66.0	65.4	60.9	64.4	65.4	62.5	61.9	60.2	60.9	60.9
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,977.1**	**11,459.5**	**12,061.0**	**12,708.5**	**11,893.5**	**12,061.0**	**12,150.8**	**12,331.3**	**12,498.0**	**12,708.5**	**12,840.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,559.4**	**2,709.7**	**2,941.7**	**3,186.0**	**2,889.3**	**2,941.7**	**2,974.1**	**3,010.1**	**3,104.4**	**3,186.0**	**3,284.4**
By instrument											
30 U.S. government-related	1,418.4	1,564.2	1,720.0	1,877.1	1,683.5	1,720.0	1,755.8	1,774.5	1,842.2	1,877.1	1,952.1
31 Government-sponsored enterprises securities	393.7	402.9	443.1	523.7	434.7	443.1	451.2	468.4	510.3	523.7	563.7
32 Mortgage pool securities	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
33 Loans from U.S. government	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	.0
34 Private	1,140.9	1,145.6	1,221.7	1,308.9	1,205.8	1,221.7	1,218.3	1,235.6	1,262.2	1,308.9	1,332.3
35 Corporate bonds	549.9	606.6	678.2	749.0	658.3	678.2	691.8	705.8	730.1	749.0	767.0
36 Mortgages	4.3	5.1	5.1	8.9	5.1	5.1	5.4	6.0	7.6	8.9	10.3
37 Bank loans n.e.c.	52.0	69.1	64.2	54.3	67.5	64.2	56.9	55.8	52.4	54.3	54.5
38 Open market paper	417.7	385.7	394.3	393.5	394.6	394.3	379.2	375.9	373.2	393.5	400.1
39 Loans from Federal Home Loan Banks	117.1	79.1	79.9	103.1	80.2	79.9	85.0	92.1	98.9	103.1	100.4
By borrowing sector											
40 Government-sponsored enterprises	398.5	407.7	447.9	528.5	439.5	447.9	456.0	473.2	515.1	528.5	563.7
41 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
42 Private financial sectors	1,140.9	1,145.6	1,221.7	1,308.9	1,205.8	1,221.7	1,218.3	1,235.6	1,262.2	1,308.9	1,332.3
43 Commercial banks	76.7	65.0	73.8	79.5	69.0	73.8	73.1	76.6	77.9	79.5	79.0
44 Bank holding companies	114.8	112.3	114.6	122.7	114.4	114.6	119.9	120.2	119.7	122.7	123.7
45 Funding corporations	137.9	124.3	135.2	129.9	143.0	135.2	127.6	129.7	126.4	129.9	129.6
46 Savings institutions	139.1	94.6	87.8	99.0	89.2	87.8	90.3	93.4	96.8	99.0	97.6
47 Credit unions	.0	.0	.0	.2	.0	.0	.0	.1	.2	.2	.3
48 Life insurance companies	.0	.0	.0	.2	.0	.0	.0	.2	.1	.2	.3
49 Finance companies	374.4	393.0	389.4	384.4	382.7	389.4	379.1	369.8	373.9	384.4	396.4
50 Mortgage companies	7.3	13.0	13.0	17.0	14.6	13.0	10.4	14.4	15.0	17.0	15.5
51 Real estate investment trusts (REITs)	12.4	14.0	14.1	17.4	15.3	14.1	13.7	14.4	15.9	17.4	18.9
52 Issuers of asset-backed securities (ABSs)	278.3	329.4	393.7	458.6	377.5	393.7	404.2	416.9	436.4	458.6	471.0
	All sectors										
53 **Total credit market debt, domestic and foreign**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9**	**15,341.4**	**15,602.4**	**15,894.5**	**16,125.0**
54 U.S. government securities	3,911.7	4,335.7	4,795.5	5,208.8	4,677.6	4,795.5	4,891.2	4,970.9	5,084.7	5,208.8	5,339.8
55 Tax-exempt securities	1,062.1	1,131.6	1,197.3	1,257.8	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,257.8	1,270.0
56 Corporate and foreign bonds	1,673.5	1,823.1	1,979.5	2,186.1	1,940.6	1,979.5	2,033.5	2,076.9	2,140.5	2,186.1	2,227.8
57 Mortgages	3,719.7	3,885.5	4,006.7	4,172.6	3,984.5	4,006.7	4,023.3	4,072.9	4,130.3	4,172.6	4,211.1
58 Consumer credit	813.0	799.9	809.2	858.3	784.5	809.2	793.7	802.3	821.7	858.3	849.9
59 Bank loans n.e.c.	818.3	791.7	783.7	779.2	780.2	783.7	764.3	773.5	770.1	779.2	788.1
60 Open market paper	609.9	565.9	579.0	580.0	583.6	579.0	565.4	572.0	568.2	580.0	581.7
61 Other loans	928.4	835.8	851.7	851.8	845.5	851.7	843.7	847.0	845.1	851.8	856.6

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	1990	1991	1992	1993	1992		1993				1994
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9**	**15,341.4**	**15,602.4**	**15,894.5**	**16,125.0**
2 *Private domestic nonfinancial sectors*	2,246.8	2,205.8	2,288.3	2,251.9	2,209.1	2,288.3	2,266.3	2,227.9	2,208.2	2,251.9	2,312.1
3 Households	1,454.6	1,380.0	1,434.2	1,392.7	1,369.4	1,434.2	1,419.8	1,375.4	1,358.4	1,392.7	1,450.7
4 Nonfarm noncorporate business	54.9	50.7	48.3	45.8	48.1	48.3	47.0	46.3	45.6	45.8	44.4
5 Nonfinancial corporate business	175.8	180.1	216.4	228.8	199.5	216.4	208.1	214.9	220.9	228.8	226.6
6 State and local governments	561.5	595.1	589.4	584.6	592.1	589.4	591.5	591.4	583.4	584.6	590.4
7 U.S. government	239.1	247.0	235.0	216.4	239.2	235.0	229.2	223.0	218.6	216.4	206.3
8 Foreign	897.5	936.2	1,031.6	1,151.4	1,015.5	1,031.6	1,041.7	1,065.0	1,099.6	1,151.4	1,179.5
9 Financial sectors	10,153.1	10,780.3	11,447.8	12,274.8	11,319.0	11,447.8	11,587.7	11,825.4	12,075.9	12,274.8	12,427.1
10 Government-sponsored enterprises	371.8	397.7	466.7	551.0	446.3	466.7	464.1	496.7	532.0	551.0	570.5
11 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
12 Monetary authority	241.4	272.5	300.4	336.7	285.2	300.4	303.6	318.2	324.2	336.7	341.5
13 Commercial banking	2,772.5	2,856.8	2,951.6	3,094.8	2,928.2	2,951.6	2,960.9	3,003.2	3,040.2	3,094.8	3,125.8
14 U.S. commercial banks	2,466.7	2,506.0	2,575.7	2,726.2	2,560.0	2,575.7	2,594.6	2,633.8	2,674.7	2,726.2	2,748.3
15 Foreign banking offices	270.8	319.2	335.8	326.0	328.9	335.8	326.7	327.1	322.3	326.0	332.3
16 Bank holding companies	13.4	11.9	17.5	17.4	17.5	17.5	16.4	18.4	18.6	17.4	19.6
17 Banks in U.S. affiliated areas	21.6	19.7	22.5	25.1	21.8	22.5	23.3	23.9	24.5	25.1	25.6
18 Private nonbank finance	5,747.4	6,096.7	6,457.1	6,943.7	6,415.3	6,457.1	6,559.2	6,706.0	6,852.5	6,943.7	7,000.9
19 Thrift institutions	1,324.6	1,197.3	1,140.9	1,127.7	1,144.9	1,140.9	1,130.0	1,129.8	1,134.0	1,127.7	1,127.5
20 Insurance	2,473.7	2,708.0	2,874.9	3,067.3	2,854.5	2,874.9	2,943.9	2,992.3	3,057.5	3,067.3	3,086.9
21 Life insurance companies	1,116.5	1,199.6	1,282.0	1,391.5	1,264.7	1,282.0	1,317.3	1,349.5	1,378.6	1,391.5	1,426.5
22 *Other insurance companies*	344.0	376.3	389.0	398.4	386.9	389.0	391.2	393.8	396.0	398.4	403.4
23 Private pension funds	607.4	692.7	719.0	759.2	728.2	719.0	748.5	751.3	774.3	759.2	733.0
24 State and local government retirement funds	405.9	439.4	484.9	518.2	474.6	484.9	486.9	497.7	508.7	518.2	524.0
25 Finance n.e.c.	1,949.1	2,191.5	2,441.2	2,748.7	2,415.9	2,441.2	2,485.3	2,584.0	2,661.0	2,748.7	2,786.5
26 Finance companies	497.0	484.9	486.6	481.3	477.8	486.6	473.7	473.5	472.0	481.3	492.8
27 Mortgage companies	14.6	25.9	26.1	25.7	29.3	26.1	13.5	29.7	29.2	25.7	22.7
28 Mutual funds	360.2	450.5	574.2	738.2	550.2	574.2	611.4	659.9	703.6	738.2	754.3
29 Closed-end funds	37.1	52.4	64.6	76.0	61.3	64.6	66.9	70.1	72.8	76.0	79.1
30 Money market funds	372.7	402.7	404.1	417.0	408.2	404.1	404.5	403.9	400.6	417.0	422.2
31 Real estate investment trusts (REITs)	7.7	6.8	7.4	8.6	7.4	7.4	8.1	8.3	8.6	8.6	8.8
32 Brokers and dealers	177.9	226.9	267.1	324.2	289.6	267.1	287.0	303.6	320.9	324.2	314.7
33 Asset-backed securities issuers (ABSs)	269.1	318.1	379.9	443.5	365.1	379.9	390.2	402.6	422.9	443.5	456.0
34 Bank personal trusts	212.9	223.3	231.2	234.3	226.9	231.2	230.0	232.2	230.4	234.3	235.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9**	**15,341.4**	**15,602.4**	**15,894.5**	**16,125.0**
Other liabilities											
36 Official foreign exchange	61.3	55.4	51.8	53.4	55.4	51.8	54.5	53.9	55.6	53.4	56.4
37 Treasury currency and special drawing rights certificates	26.3	26.3	24.5	25.0	26.5	24.5	24.6	24.7	24.8	25.0	25.1
38 *Life insurance reserves*	380.0	405.7	433.0	483.5	426.4	433.0	446.4	456.2	471.1	483.5	495.9
39 Pension fund reserves	3,400.3	4,056.5	4,357.8	4,774.7	4,250.0	4,357.8	4,494.2	4,557.5	4,706.0	4,774.7	4,685.2
40 Interbank claims	64.0	65.2	113.1	146.3	100.7	113.1	111.1	118.1	137.6	146.3	177.9
41 Deposits at financial institutions	4,836.8	4,885.2	4,892.1	4,977.9	4,909.3	4,892.1	4,887.8	4,929.3	4,924.2	4,977.9	4,983.1
42 Checkable deposits and currency	932.8	1,008.5	1,131.0	1,250.5	1,072.0	1,131.0	1,092.2	1,169.1	1,182.6	1,250.5	1,225.0
43 Small time and savings deposits	2,336.3	2,353.0	2,292.2	2,212.4	2,303.7	2,292.2	2,262.0	2,242.2	2,223.0	2,212.4	2,215.2
44 Large time deposits	537.7	476.9	397.2	381.1	418.4	397.2	398.3	389.9	379.7	381.1	374.2
45 Money market fund shares	498.4	539.6	543.6	559.4	552.9	543.6	556.6	549.8	547.9	559.4	582.2
46 Security repurchase agreements	372.3	355.8	389.4	456.6	417.6	389.4	443.5	448.4	470.9	456.6	470.6
47 Foreign deposits	159.4	151.3	138.8	117.9	144.6	138.8	135.3	129.8	120.2	117.9	115.9
48 Mutual fund shares	602.1	813.9	1,042.1	1,429.3	965.6	1,042.1	1,134.6	1,225.8	1,342.4	1,429.3	1,503.1
49 Security credit	137.4	188.9	217.3	279.3	214.5	217.3	225.1	234.7	254.5	279.3	280.2
50 Trade debt	936.4	926.7	978.1	1,032.1	965.1	978.1	976.4	985.4	1,007.5	1,032.1	1,030.4
51 Taxes payable	77.4	68.9	76.8	80.5	74.6	76.8	79.9	77.9	79.3	80.5	83.6
52 Investment in bank personal trusts	509.9	596.7	619.1	643.9	610.9	619.1	622.5	629.1	632.8	643.9	634.4
53 Miscellaneous	2,732.4	2,884.3	3,053.7	3,273.7	3,026.7	3,053.7	3,069.9	3,160.3	3,216.1	3,273.7	3,365.8
54 **Total liabilities**	**27,300.7**	**29,143.0**	**30,862.1**	**33,093.9**	**30,408.2**	**30,862.1**	**31,251.8**	**31,794.3**	**32,454.4**	**33,093.9**	**33,446.2**
Financial assets not included in liabilities (+)											
55 Gold and special drawing rights	22.0	22.3	19.6	20.1	23.2	19.6	19.8	20.0	20.3	20.1	20.4
56 Corporate equities	3,543.7	4,869.4	5,540.6	6,120.7	4,995.4	5,540.6	5,721.3	5,741.9	6,006.6	6,120.7	5,961.9
57 Household equity in noncorporate business	2,440.6	2,344.6	2,274.5	2,228.3	2,320.3	2,274.5	2,259.8	2,261.0	2,252.6	2,228.3	2,179.3
Floats not included in assets (−)											
58 U.S. government checkable deposits	15.0	3.8	6.8	5.6	4.0	6.8	3.4	3.5	2.2	5.6	.3
59 Other checkable deposits	28.9	30.9	32.5	28.7	23.3	32.5	27.2	29.6	21.7	28.7	21.8
60 Trade credit	−146.0	−144.1	−128.5	−109.2	−149.6	−128.5	−135.7	−140.4	−139.1	−109.2	−114.1
Liabilities not identified as assets (−)											
61 Treasury currency	−4.1	−4.8	−4.9	−5.1	−4.9	−4.9	−5.0	−5.0	−5.1	−5.1	−5.2
62 Interbank claims	−32.0	−4.2	−9.3	−4.7	−5.0	−9.3	−5.6	−5.7	−7.8	−4.7	−7.4
63 Security repurchase agreements	−17.7	−12.5	18.6	88.0	33.1	18.6	72.1	79.3	100.5	88.0	96.7
64 Taxes payable	17.8	15.5	22.4	29.6	18.2	22.4	11.1	20.1	19.0	29.6	21.4
65 Miscellaneous	−213.4	−254.6	−254.9	−377.7	−273.2	−254.9	−309.5	−301.5	−342.3	−377.7	−317.8
66 **Total identified to sectors as assets**	**33,658.6**	**36,749.2**	**39,014.1**	**41,807.8**	**38,101.2**	**39,014.1**	**39,594.7**	**40,137.4**	**41,084.7**	**41,807.8**	**41,912.2**

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	1991	1992	1993	1993		1994						
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July
1 **Industrial production[1]**	**104.1**	**106.5**	**110.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.9**	**116.0**	**116.3**	**116.9**	**117.2**
Market groupings												
2 Products, total	103.2	105.7	110.2	112.1	113.0	113.6	114.2	114.7	114.7	114.9	115.4	115.7
3 Final, total	105.3	108.0	112.7	114.6	115.4	116.2	117.2	117.5	117.3	117.4	118.1	118.4
4 *Consumer goods*	102.8	105.7	108.7	109.7	110.1	110.9	111.6	111.9	111.2	111.3	112.3	112.7
5 Equipment	108.9	111.2	118.5	121.8	123.1	123.9	125.3	125.7	126.2	126.1	126.4	126.7
6 *Intermediate*	96.8	99.0	102.6	104.3	105.4	105.7	105.1	105.9	106.7	107.3	107.5	107.5
7 Materials	105.4	107.7	111.9	113.9	115.5	116.0	116.2	117.7	117.9	118.4	119.1	119.3
Industry groupings												
8 Manufacturing	103.7	106.8	111.7	114.0	115.4	115.6	116.1	117.2	117.7	118.1	118.3	118.7
9 Capacity utilization, manufacturing (percent)[2]	77.8	78.6	80.6	81.5	82.3	82.2	82.4	83.0	83.1	83.1	83.0	83.1
10 Construction contracts[3]	89.7	97.7	101.6[r]	105.0	102.0	103.0	107.0	110.0	103.0	108.0	105.0	109.0
11 Nonagricultural employment, total[4]	106.2	106.4	108.1	109.2	109.5	109.6	109.8	110.1	110.5	110.8	111.1	111.4
12 Goods-producing, total	96.6	94.9	93.1	94.4	94.4	94.5	94.5	94.8	95.3	95.3	95.5	95.6
13 Manufacturing, total	97.1	95.8	93.7	94.5	94.4	94.6	94.6	94.6	94.8	94.8	94.9	95.0
14 Manufacturing, production workers	96.0	94.5	93.7	94.8	94.9	95.1	95.3	95.4	95.7	95.7	95.9	96.0
15 Service-producing	109.4	110.5	112.8	114.0	114.3	114.4	114.6	115.0	115.4	115.7	116.1	116.4
16 Personal income, total	127.8[r]	135.6[r]	141.4[r]	144.2[r]	145.1[r]	144.2[r]	146.7[r]	147.5[r]	148.2	148.8	149.0	n.a.
17 Wages and salary disbursements	124.5	131.6[r]	136.2	139.1[r]	139.8[r]	141.4[r]	141.8[r]	142.4[r]	143.4	144.4	144.5	n.a.
18 Manufacturing	113.7	118.0[r]	120.0[r]	122.7[r]	123.5[r]	123.6[r]	124.6[r]	124.8[r]	124.8	124.8	125.2	n.a.
19 Disposable personal income[5]	128.8[r]	137.0[r]	142.5[r]	145.2[r]	146.1[r]	144.8[r]	147.5[r]	148.4[r]	148.1	149.6	149.7	n.a.
20 Retail sales[6]	121.1	126.9	135.2	139.6	141.1	139.3	141.9	144.5	143.1	143.0	144.2	144.1
Prices[7]												
21 Consumer (1982–84=100)	136.2	140.3	144.5	145.8	145.8	146.2	146.7	147.2	147.4	147.5	148.0	148.4
22 Producer finished goods (1982=100)	121.7	123.2	124.7	124.5	124.1	124.5	124.8	124.9[r]	125.0	125.3	125.5	126.0

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data 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	1991	1992	1993	1993	1994						
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	125,303	126,982	128,040	128,898	130,667	130,776	130,580	130,747	130,774	130,248	130,457
Employment											
2 Nonagricultural industries[3]	114,644	114,391	116,232	117,565	118,639	118,867	118,611	118,880	119,437	119,195	119,173
3 Agriculture	3,233	3,207	3,074	3,096	3,331	3,391	3,426	3,459	3,435	3,235	3,278
Unemployment											
4 Number	8,426	9,384	8,734	8,237	8,696	8,518	8,543	8,408	7,902	7,817	8,005
5 Rate (percent of civilian labor force)	6.7	7.4	6.8	6.4	6.7	6.5	6.5	6.4	6.0	6.0	6.1
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment[4]**	**108,256**	**108,519**	**110,171**	**111,610**	**111,711**	**111,919**	**112,298**	**112,699**	**112,951**	**113,307**	**113,566**
7 Manufacturing	18,455	18,192	17,804	17,942	17,968	17,970	17,980	18,007	18,009	18,036	18,042
8 Mining	689	631	599	618	616	612	609	606	603	605	602
9 Contract construction	4,650	4,471	4,571	4,738	4,744	4,745	4,806	4,893	4,907	4,923	4,948
10 Transportation and public utilities	5,762	5,709	5,710	5,792	5,793	5,803	5,816	5,759	5,843	5,846	5,860
11 Trade	25,365	25,391	25,849	25,907	25,914	25,968	26,039	26,165	26,190	26,317	26,397
12 Finance	6,646	6,571	6,605	6,769	6,771	6,776	6,781	6,791	6,787	6,800	6,801
13 Service	28,336	29,053	30,193	30,926	31,004	31,129	31,326	31,497	31,598	31,763	31,901
14 Government	18,402	18,653	18,841	18,918	18,901	18,916	18,941	18,981	19,014	19,017	19,015

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

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1987=100) 1993 Q3	1993 Q4	1994 Q1	1994 Q2[r]	Capacity (percent of 1987 output) 1993 Q3	1993 Q4	1994 Q1	1994 Q2	Capacity utilization rate (percent)[2] 1993 Q3	1993 Q4	1994 Q1	1994 Q2[r]
1 **Total industry**	**111.1**	**112.9**	**115.2**	**116.4**	**136.5**	**137.2**	**138.0**	**139.0**	**81.4**	**82.3**	**83.4**	**83.8**
2 Manufacturing	111.8	114.1	116.3	118.0	139.2	140.0	140.9	142.0	80.3	81.5	82.5	83.1
3 Primary processing[3]	107.7	109.9	110.7	112.9	128.3	128.6	129.0	129.5	83.9	85.5	85.8	87.2
4 Advanced processing[4]	113.8	116.1	118.9	120.4	144.4	145.4	146.6	148.0	78.8	79.9	81.2	81.4
5 Durable goods	114.2	118.1	121.0	122.5	145.4	146.3	147.6	149.1	78.5	80.7	82.0	82.2
6 Lumber and products	100.8	104.9	103.6	104.6	115.0	115.2	115.4	115.7	87.6	91.1	89.8	90.4
7 Primary metals	106.7	109.6	109.7	113.7	123.0	122.6	122.4	122.4	86.8	89.4	89.6	92.9
8 Iron and steel	112.3	115.6	114.8	120.9	126.9	126.3	126.0	126.0	88.6	91.5	91.1	95.9
9 Nonferrous	98.9	101.4	102.7	103.9	117.6	117.6	117.5	117.5	84.1	86.2	87.4	88.4
10 Nonelectrical machinery	147.2	152.7	158.8	164.0	175.7	178.2	181.7	186.2	83.8	85.7	87.4	88.1
11 Electrical machinery	129.7	132.6	136.4	141.9	155.7	157.7	160.3	163.3	83.2	84.1	85.1	86.9
12 Motor vehicles and parts	112.0	131.7	142.7	133.8	154.8	156.1	157.8	159.7	72.3	84.4	90.5	83.8
13 Aerospace and miscellaneous transportation equipment	87.4	85.2	82.5	81.8	133.2	132.8	132.2	131.4	65.6	64.2	62.4	62.2
14 Nondurable goods	108.9	109.2	110.5	112.5	131.6	132.1	132.7	133.4	82.8	82.6	83.2	84.3
15 Textile mill products	108.0	107.7	108.9	111.0	119.4	119.9	120.5	121.2	90.5	89.8	90.3	91.6
16 Paper and products	111.7	114.2	114.4	115.1	124.8	125.3	125.8	126.3	89.6	91.2	90.9	91.1
17 Chemicals and products	118.6	118.6	120.3	122.7	145.9	146.8	147.7	148.7	81.2	80.8	81.5	82.5
18 Plastics materials	111.5	114.4	117.6	...	131.1	132.0	133.0	...	85.1	86.6	88.4	...
19 Petroleum products	104.0	107.7	104.5	109.0	115.7	115.6	115.4	115.3	89.9	93.2	90.5	94.6
20 Mining	96.8	97.3	98.4	99.5	111.1	110.8	110.6	110.6	87.1	87.8	89.0	90.0
21 Utilities	117.5	115.6	119.9	116.6	134.0	134.3	134.7	135.2	87.8	86.1	89.0	86.3
22 Electric	118.0	114.8	118.2	118.3	131.2	131.7	132.2	132.8	89.9	87.2	89.4	89.1

Capacity utilization rate (percent)[2]

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1993 July	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May[r]	1994 June[r]	1994 July[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.8**	**78.1**	**81.3**	**83.3**	**83.8**	**83.7**	**83.7**	**83.9**	**83.9**
2 Manufacturing	88.9	70.8	87.3	70.0	85.1	76.7	80.3	82.4	83.0	83.1	83.1	83.0	83.1
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.1	78.0	83.8	85.3	86.3	86.9	87.5	87.2	87.1
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.3	76.0	78.9	81.2	81.6	81.5	81.3	81.3	81.5
5 Durable goods	88.8	68.5	86.9	65.0	83.9	73.8	78.3	82.0	82.2	82.4	82.2	82.0	82.1
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.2	86.7	89.1	89.0	89.8	91.0	90.4	89.9
7 Primary metals	100.6	66.2	102.4	46.8	92.9	74.4	85.8	87.9	90.7	93.5	93.4	91.8	92.2
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.2	88.1	88.5	93.0	97.0	96.4	94.5	94.6
9 Nonferrous	92.9	61.3	90.5	62.2	88.9	75.2	82.5	86.9	87.3	88.4	89.1	87.8	88.6
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	83.7	71.4	83.6	87.4	88.1	88.1	88.3	87.7	87.6
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	77.3	82.9	84.9	85.8	86.4	86.9	87.5	88.9
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	84.5	57.3	71.4	92.6	88.3	86.5	82.6	82.3	80.7
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.3	78.5	66.2	62.0	62.2	62.2	62.3	62.2	61.2
14 Nondurable goods	87.9	71.8	87.0	76.9	86.8	80.4	83.0	83.0	84.0	84.0	84.5	84.5	84.5
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.5	91.1	90.2	91.2	92.2	91.7	90.9	90.5
16 Paper and products	96.9	69.0	94.2	82.0	94.9	86.3	89.6	91.3	91.1	89.4	91.9	92.1	92.7
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	79.4	81.4	81.2	82.2	81.7	82.8	83.0	83.0
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	75.3	85.0	88.2	89.8	88.7	...	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	84.5	89.2	90.6	90.2	94.4	94.2	95.1	93.4
20 Mining	94.4	88.4	96.6	80.6	87.0	86.8	86.6	89.3	89.9	90.3	89.6	90.0	89.2
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.1	88.2	89.0	87.5	84.8	84.8	89.2	88.0
22 Electric	99.0	82.7	88.3	78.7	94.8	86.3	90.6	89.3	88.7	87.3	87.0	92.9	91.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

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

3. Primary processing includes textiles; lumber; paper; industrial chemicals; 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	1993 avg.	1993 July	Aug.	Sept.	Oct.	Nov.	Dec.	1994 Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**110.9**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.9**	**116.0**	**116.3**	**116.9**	**117.2**
2 Products	59.5	110.2	110.4	110.4	110.6	111.2	112.1	113.0	113.6	114.2	114.7	114.7	114.9	115.4	115.7
3 Final products	44.8	112.7	112.8	112.7	113.1	113.8	114.6	115.4	116.2	117.2	117.5	117.3	117.4	118.1	118.4
4 Consumer goods, total	26.5	108.7	108.9	108.6	108.5	109.2	109.7	110.1	110.9	111.6	111.9	111.2	111.3	112.3	112.7
5 Durable consumer goods	5.8	110.5	108.2	107.3	108.7	112.7	115.8	118.2	119.0	120.9	118.3	117.4	115.3	116.1	117.2
6 Automotive products	2.7	111.6	104.3	103.9	106.7	113.8	120.2	124.9	127.7	131.7	125.3	123.3	119.1	120.0	118.4
7 Autos and trucks	1.7	112.2	100.3	99.2	104.1	114.9	124.9	131.5	134.6	141.0	131.1	128.6	121.2	121.5	118.6
8 Autos, consumer	1.1	86.1	78.2	71.8	75.4	85.2	95.4	98.8	102.0	106.7	101.0	98.3	92.3	91.5	88.7
9 Trucks, consumer	.6	157.3	138.6	146.7	153.9	166.4	176.0	188.0	191.0	200.4	183.3	181.2	171.3	173.3	170.5
10 Auto parts and allied goods	1.0	110.6	111.0	111.8	111.1	111.9	112.3	113.9	116.3	116.2	115.4	114.3	115.6	117.4	118.1
11 Other	3.1	109.5	111.6	110.2	110.4	111.8	112.0	112.2	111.3	111.5	112.1	112.2	112.0	112.7	116.0
12 Appliances, A/C, and TV	.8	122.9	130.6	124.9	126.4	130.4	130.7	130.5	123.7	123.4	125.6	122.8	125.2	127.9	139.1
13 Carpeting and furniture	.9	102.2	103.8	103.2	102.4	104.1	102.5	102.8	104.0	105.5	104.5	106.9	104.7	103.4	103.6
14 Miscellaneous home goods	1.4	106.7	105.8	106.4	106.4	106.3	107.5	108.0	109.1	108.6	109.4	109.5	109.2	110.1	111.1
15 Nondurable consumer goods	20.7	108.2	109.1	109.0	108.4	108.2	107.9	107.9	108.6	109.0	110.1	109.4	110.1	111.2	111.5
16 Foods and tobacco	9.1	106.1	107.0	107.0	105.9	105.9	105.2	105.8	106.1	106.9	109.0	109.3	109.4	109.2	110.2
17 Clothing	2.6	94.9	95.2	94.3	93.3	93.3	94.3	95.1	93.8	94.4	95.8	96.5	96.6	95.7	95.5
18 Chemical products	3.6	122.5	123.9	123.7	124.1	122.6	122.3	122.0	121.6	123.3	125.4	123.7	125.6	127.4	129.1
19 Paper products	2.6	103.2	103.7	103.1	103.2	104.0	103.3	102.6	102.6	102.3	102.5	103.6	104.5	105.0	103.8
20 Energy	2.7	113.7	114.8	115.8	115.3	114.6	115.2	113.1	119.7	117.1	114.4	108.4	110.4	116.7	114.6
21 Fuels	.8	106.6	104.0	103.8	108.0	111.3	110.6	108.6	105.1	104.3	105.3	107.7	108.2	110.7	106.7
22 Residential utilities	2.0	116.5	119.0	120.4	118.2	115.9	117.0	114.9	125.4	122.1	117.9	108.7	111.3	119.0	117.7
23 Equipment	18.3	118.5	118.5	118.6	119.8	120.4	121.8	123.1	123.9	125.3	125.7	126.2	126.1	126.4	126.7
24 Business equipment	13.2	134.6	134.6	134.8	136.3	137.7	139.7	141.8	142.9	145.0	145.5	146.3	146.7	147.3	147.9
25 Information processing and related	5.5	155.8	158.1	158.2	160.6	162.0	164.5	167.2	170.1	173.5	175.2	175.6	177.3	178.6	180.5
26 Office and computing	1.9	223.1	226.5	230.6	234.8	241.8	248.6	256.1	261.5	269.5	272.1	273.4	275.0	277.6	279.3
27 Industrial	3.9	112.2	113.6	113.3	113.2	112.5	113.0	114.8	114.0	114.6	116.8	118.1	118.6	118.4	119.1
28 Transit	2.0	136.7	127.5	126.2	129.8	136.1	141.5	142.8	145.2	147.5	141.2	139.8	135.5	136.4	133.3
29 Autos and trucks	1.0	134.5	118.9	119.6	126.5	139.6	150.5	154.9	161.0	166.7	156.1	153.7	145.9	146.9	143.8
30 Other	1.8	115.6	116.2	119.1	119.1	119.4	119.3	120.8	119.4	120.7	121.4	124.5	125.8	125.4	126.7
31 Defense and space equipment	4.4	74.8	74.6	74.0	73.7	72.7	72.5	71.5	71.0	69.9	69.9	69.8	68.5	68.0	67.1
32 Oil and gas well drilling	.6	82.5	83.5	87.0	89.7	86.5	82.9	82.3	82.4	87.4	88.6	89.6	89.1	88.9	87.4
33 Manufactured homes	.2	118.9	115.8	115.5	120.7	123.4	130.4	141.1	145.3	139.7	143.6	136.2	135.9	138.1	140.2
34 Intermediate products, total	14.7	102.6	102.9	103.3	103.0	103.5	104.3	105.4	105.7	105.1	105.9	106.7	107.3	107.5	107.5
35 Construction supplies	5.9	96.8	96.4	97.3	97.8	98.6	99.5	101.3	100.5	98.9	99.7	101.8	102.5	102.4	102.3
36 Business supplies	8.8	106.5	107.3	107.2	106.4	106.7	107.5	108.1	109.2	109.3	110.0	109.9	110.6	110.9	111.0
37 Materials	40.5	111.9	111.7	112.1	112.2	112.8	113.9	115.5	116.0	116.2	117.7	117.9	118.4	119.1	119.3
38 Durable goods materials	20.5	115.5	115.1	115.6	116.5	117.5	119.1	121.5	122.2	121.9	124.1	125.2	125.4	125.7	126.5
39 Durable consumer parts	4.1	113.9	110.3	111.4	112.6	116.0	120.4	125.7	126.7	126.0	127.3	125.9	124.5	123.4	123.4
40 Equipment parts	7.4	123.4	123.8	124.7	126.0	127.0	127.5	128.6	130.7	131.6	133.9	135.9	137.1	138.8	140.6
41 Other	9.0	109.7	110.1	109.9	110.4	110.3	111.6	113.6	113.2	112.0	114.6	116.1	116.1	115.9	116.3
42 Basic metal materials	3.1	112.5	112.0	111.2	111.7	112.9	114.7	117.6	116.2	113.1	115.3	119.4	118.2	117.3	117.7
43 Nondurable goods materials	9.0	113.8	113.7	114.6	113.6	114.1	115.3	116.6	115.4	116.2	117.7	117.0	119.1	118.7	119.1
44 Textile materials	1.2	104.2	105.5	106.1	103.1	104.0	103.7	102.1	103.2	104.4	106.2	106.4	106.4	106.5	106.5
45 Pulp and paper materials	2.0	113.7	112.4	111.5	112.7	113.2	115.2	115.2	114.0	116.1	117.6	113.8	117.9	118.2	119.4
46 Chemical materials	3.8	116.9	116.9	118.6	117.1	117.2	119.1	119.9	119.7	120.4	121.6	122.2	124.7	123.4	123.4
47 Other	2.0	113.8	113.8	114.9	114.1	115.1	114.9	120.2	115.6	115.1	116.8	116.2	116.9	117.5	118.1
48 Energy materials	11.0	103.7	103.6	103.7	103.1	103.0	103.1	103.2	104.8	105.6	105.6	105.2	104.7	107.0	105.8
49 Primary energy	7.3	99.1	98.0	98.0	98.4	98.2	97.6	97.5	97.3	100.2	101.1	101.4	100.4	102.2	100.7
50 Converted fuel materials	3.7	112.7	114.4	114.9	112.3	112.6	113.8	114.5	119.6	116.1	114.4	112.5	113.1	116.5	115.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	110.6	111.0	111.2	111.2	111.5	112.2	113.2	113.7	114.0	115.2	115.4	115.9	116.5	116.9
52 Total excluding motor vehicles and parts	95.2	110.4	110.9	111.1	111.1	111.3	111.8	112.7	113.2	113.4	114.7	114.9	115.5	116.2	116.5
53 Total excluding office and computing machines	97.7	108.2	108.1	108.2	108.3	108.8	109.6	110.6	111.1	111.3	112.1	112.2	112.5	113.1	113.3
54 Consumer goods excluding autos and trucks	24.8	108.5	109.5	109.3	108.8	108.8	108.6	108.7	109.3	109.6	110.6	109.9	110.6	111.6	112.3
55 Consumer goods excluding energy	23.8	108.2	108.2	107.8	107.7	108.6	109.0	109.8	109.9	111.0	111.6	111.5	111.4	111.8	112.5
56 Business equipment excluding autos and trucks	12.8	134.6	136.0	136.1	137.2	137.5	138.7	140.6	141.3	143.2	144.6	145.7	146.8	147.3	148.3
57 Business equipment excluding office and computing equipment	11.3	119.7	119.2	118.7	119.8	120.2	121.3	122.5	123.0	124.1	124.3	124.9	125.1	125.3	125.9
58 Materials excluding energy	29.5	115.0	114.7	115.3	115.6	116.5	118.0	120.0	120.1	120.1	122.1	122.7	123.5	123.6	124.3

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

Group	SIC code[2]	1987 proportion	1993 avg.	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May[r]	1994 June[r]	1994 July[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**110.9**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.9**	**116.0**	**116.3**	**116.9**	**117.2**
60 Manufacturing	...	84.3	111.7	111.6	111.8	112.1	112.9	114.0	115.4	115.6	116.1	117.2	117.7	118.1	118.3	118.7
61 Primary processing	...	27.1	107.6	107.4	107.9	107.7	108.5	109.9	111.3	110.7	110.0	111.4	112.3	113.3	113.0	113.0
62 Advanced processing	...	57.1	113.7	113.6	113.6	114.2	115.0	116.0	117.4	117.9	119.0	119.9	120.2	120.4	120.7	121.4
63 Durable goods	...	46.5	114.3	113.7	113.9	115.0	116.2	118.0	120.1	120.4	120.9	121.7	122.5	122.5	122.6	123.3
64 Lumber and products	24	2.1	100.6	99.6	100.9	101.8	104.6	104.9	105.2	105.2	102.8	102.9	103.8	105.2	104.6	104.1
65 Furniture and fixtures	25	1.5	103.3	103.5	105.2	105.2	104.8	104.2	106.3	105.4	107.4	107.6	109.5	108.8	108.9	110.2
66 Clay, glass, and stone products	32	2.4	98.7	98.8	98.4	99.9	99.7	100.5	104.6	101.1	100.0	101.7	102.7	102.7	101.7	101.7
67 Primary metals	33	3.3	106.5	105.6	107.2	107.3	106.1	109.8	113.0	110.5	107.6	111.1	114.4	114.4	112.4	112.8
68 Iron and steel	331,2	1.9	111.6	111.9	112.8	112.4	113.3	114.4	119.1	115.8	111.5	117.2	122.2	121.5	119.0	119.1
69 *Raw steel*	...	.1	*105.7*	*106.9*	*106.3*	*105.9*	*107.2*	*106.2*	*110.9*	*102.0*	*105.8*	*106.0*	*105.3*	*105.7*	*106.3*	*103.0*
70 Nonferrous	333–6,9	1.4	99.5	97.0	99.4	100.3	96.2	103.5	104.5	103.3	102.1	102.6	103.8	104.7	103.2	104.1
71 Fabricated metal products	34	5.4	99.5	99.6	99.6	99.6	100.7	102.1	102.6	103.9	103.0	104.1	105.0	104.9	105.4	105.5
72 Industrial and commercial machinery and computer equipment	35	8.5	144.1	146.1	147.1	148.4	150.3	152.0	155.7	156.3	158.8	161.4	162.8	164.5	164.7	165.7
73 Office and computing machines	357	2.3	223.1	226.5	230.6	234.8	241.8	248.6	256.1	261.5	269.5	272.1	273.4	275.0	277.6	279.3
74 Electrical machinery	36	6.9	127.5	128.6	129.5	130.9	131.4	132.1	134.3	134.8	136.1	138.3	140.2	141.9	143.8	147.0
75 Transportation equipment	37	9.9	104.2	98.9	98.5	100.4	104.2	108.3	110.7	111.9	113.0	110.1	108.8	106.1	105.9	104.3
76 Motor vehicles and parts	371	4.8	120.7	110.2	110.6	115.1	124.1	132.4	138.5	142.1	146.1	139.9	137.5	131.9	132.0	130.0
77 Autos and light trucks	...	2.2	118.4	106.0	104.0	109.2	120.8	131.7	138.4	141.8	148.5	138.4	135.7	127.8	127.9	124.8
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	88.7	88.3	87.2	86.7	85.5	85.7	84.5	83.4	82.0	82.1	81.9	81.9	81.5	80.1
79 Instruments	38	5.1	104.0	104.8	103.2	104.0	102.7	102.4	102.3	103.7	104.1	104.4	104.5	104.3	105.1	106.8
80 Miscellaneous	39	1.3	109.3	108.8	108.8	110.3	109.6	110.1	110.3	110.7	109.9	111.1	112.1	111.8	111.5	113.5
81 Nondurable goods	...	37.8	108.7	109.1	109.2	108.5	108.8	109.1	109.7	109.6	110.1	111.7	111.8	112.7	112.9	113.1
82 Foods	20	8.8	108.6	108.8	109.6	109.0	109.0	108.4	109.0	109.2	110.1	112.2	111.8	111.8	111.8	112.9
83 Tobacco products	21	1.0	91.0	97.3	90.3	85.4	86.4	83.3	84.3	88.2	86.7	89.4	94.1	94.7	93.4	92.7
84 Textile mill products	22	1.8	107.8	108.5	108.8	106.6	107.7	108.0	107.4	107.8	108.7	110.1	111.5	111.1	110.3	110.0
85 Apparel products	23	2.3	93.1	93.6	93.2	92.1	92.1	92.6	93.1	92.4	92.9	94.2	94.6	95.1	94.9	94.9
86 Paper and products	26	3.6	112.3	111.7	112.1	111.4	112.7	114.5	115.5	113.5	114.9	114.8	112.8	116.1	116.4	117.4
87 Printing and publishing	27	6.5	101.3	101.6	100.9	101.1	101.6	101.7	101.9	101.7	102.3	103.6	103.9	104.1	104.2	103.8
88 *Chemicals and products*	28	8.8	*117.8*	*118.6*	*118.8*	*118.3*	*117.8*	*118.8*	119.3	119.3	119.9	121.7	121.2	123.1	123.6	123.9
89 Petroleum products	29	1.3	104.9	103.2	103.5	105.3	108.2	107.8	107.1	104.8	104.5	104.1	108.9	108.6	109.7	107.6
90 Rubber and plastic products	30	3.2	115.9	116.9	117.5	116.7	116.5	117.8	119.3	120.3	119.7	122.5	123.0	124.4	125.2	125.2
91 *Leather and products*	31	.3	*85.0*	*83.8*	*83.6*	83.5	83.9	83.5	85.1	84.8	83.1	85.1	86.0	84.4	82.5	81.9
92 Mining	...	8.0	97.3	96.4	96.6	97.4	98.0	96.9	96.9	97.0	98.8	99.5	99.9	99.1	99.5	98.6
93 Metal	10	.3	167.6	170.4	152.9	159.4	175.8	168.5	177.3	177.8	167.4	167.3	171.3	159.8	166.8	168.4
94 *Coal*	11,12	1.2	*103.8*	*100.9*	98.5	*104.4*	*104.4*	*101.1*	*104.7*	*104.0*	*114.4*	120.4	*119.8*	*113.2*	*115.0*	108.6
95 Oil and gas extraction	13	5.8	92.2	91.6	93.3	92.6	92.6	91.8	90.9	91.0	91.8	91.5	91.9	92.6	92.5	92.3
96 Stone and earth minerals	14	.7	93.8	92.7	94.1	94.5	94.1	98.2	93.9	94.9	97.1	96.3	96.9	99.5	97.5	99.6
97 Utilities	...	7.7	116.2	118.0	118.4	116.2	114.9	116.1	115.8	121.9	119.8	118.0	114.4	114.7	120.6	119.2
98 Electric	491,3PT	6.1	115.9	118.8	119.5	115.8	113.7	115.2	115.5	119.1	118.1	117.4	115.8	115.5	123.6	121.8
99 Gas	492,3PT	1.6	117.2	115.0	114.4	118.0	119.1	119.4	117.0	132.6	126.4	120.1	109.4	111.7	109.8	109.8
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	111.2	111.7	111.8	111.9	112.2	112.9	114.0	114.0	114.3	115.8	116.5	117.3	117.4	118.0
101 Manufacturing excluding office and computing machines	...	81.9	108.6	108.3	108.4	108.6	109.2	110.2	111.4	111.4	111.7	112.8	113.2	113.6	113.7	114.1
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,886.9**	**1,878.8**	**1,878.2**	**1,886.3**	**1,908.8**	**1,928.2**	**1,943.9**	**1,955.4**	**1,964.1**	**1,962.6**	**1,965.5**	**1,962.8**	**1,973.9**	**1,972.6**
103 Final	...	1,314.6	1,480.7	1,471.4	1,470.0	1,479.5	1,498.9	1,514.9	1,525.7	1,535.0	1,547.9	1,544.5	1,541.1	1,537.6	1,547.8	1,546.8
104 Consumer goods	...	866.6	944.1	939.2	937.3	940.2	953.1	960.2	963.7	968.7	974.0	972.4	967.4	966.4	975.6	974.9
105 Equipment	...	448.0	536.7	532.2	532.7	539.2	545.7	554.7	561.9	566.3	573.9	572.0	573.7	571.2	572.2	571.9
106 Intermediate	...	392.5	406.1	407.4	408.2	406.9	410.0	413.3	418.2	420.4	416.2	418.2	424.5	425.3	426.1	425.8

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1991	1992	1993	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.[r]	1994 May	1994 June
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	949	1,095	1,199	1,265	1,298	1,363	1,474	1,312	1,252	1,313	1,380	1,357	1,316
2 One-family	754	911	986	1,036	1,078	1,132	1,181	1,071	1,054	1,068	1,069	1,083	1,046
3 Two-or-more-family	195	184	213	229	220	231	293	241	198	245	311	274	270
4 Started	1,014	1,200	1,288	1,359	1,409	1,406	1,612	1,271	1,328	1,519	1,471	1,491	1,351
5 One-family	840	1,030	1,126	1,160	1,231	1,248	1,383	1,125	1,121	1,271	1,211	1,200	1,164
6 Two-or-more-family	174	169	162	199	178	158	229	146	207	248	260	291	187
7 Under construction at end of period[1]	606	612	680	678	686	699	713	716	720	732	740	748	750
8 One-family	434	473	543	544	551	564	574	577	578	585	585	582	584
9 Two-or-more-family	173	140	137	134	135	135	139	139	142	147	155	166	166
10 Completed	1,091	1,158	1,193	1,172	1,248	1,248	1,289	1,216	1,334	1,273	1,354	1,445	1,327
11 One-family	838	964	1,040	1,041	1,081	1,107	1,139	1,075	1,185	1,115	1,192	1,254	1,155
12 Two-or-more-family	253	194	153	131	167	141	150	141	149	158	162	191	172
13 Mobile homes shipped	171	210	254	254	260	283	308	316	301	308	290	292	292
Merchant builder activity in one-family units													
14 Number sold	507	610	666	738	723	766	817	642	697	722[r]	673	688	591
15 Number for sale at end of period[1]	284	266	294	288	291	294	294	296	298	298[r]	300	301	317
Price of units sold (thousands of dollars)[2]													
16 Median	120.0	121.3	126.1	129.4	125.0	130.0	125.0	126.0	129.9	132.3[r]	129.0	128.0	134.9
17 Average	147.0	144.9	147.6	150.1	146.9	152.5	146.4	153.4	150.7	152.8[r]	152.5	150.7	157.2
EXISTING UNITS (one-family)													
18 Number sold	3,219	3,520	3,800	3,990	4,030	4,120	4,350	4,250	3,840	4,070	4,120	4,110	3,960
Price of units sold (thousands of dollars)[2]													
19 Median	99.7	103.6	106.5	107.2	106.6	107.1	107.4	107.9	107.2	107.6	108.9	109.8	112.8
20 Average	127.4	130.8	133.1	133.6	133.0	133.1	133.7	134.6	133.3	134.4	135.5	136.6	140.9
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**403,644**	**435,355**	**466,365**	**470,756**	**477,807**	**490,176**	**499,931**	**488,469**	**485,894**	**496,042**	**500,453**	**507,178**	**507,993**
22 Private	293,536	316,115	341,101	342,491	350,164	360,386	367,271	363,852	361,895	371,681	377,629	381,187	381,800
23 Residential	157,837	187,870	210,455	211,452	216,559	222,351	228,549	229,775	233,322	236,767	238,800	241,053	240,742
24 Nonresidential	135,699	128,245	130,646	131,039	133,605	138,035	138,722	134,077	128,573	134,914	138,829	140,134	141,058
25 Industrial buildings	22,281	20,720	19,533	19,565	19,239	19,319	20,391	19,682	19,972	19,905	21,287	21,442	21,093
26 Commercial buildings	48,482	41,523	42,627	41,794	43,422	46,696	47,342	43,261	42,065	46,602	47,514	47,959	48,350
27 Other buildings	20,797	21,494	23,626	24,813	24,486	24,071	24,225	22,998	22,258	23,918	23,826	23,983	24,025
28 Public utilities and other	44,139	44,508	44,860	44,867	46,458	47,949	46,764	48,136	44,278	44,489	46,202	46,750	47,590
29 Public	110,107	119,238	125,262	128,264	127,642	129,790	132,659	124,617	123,999	124,361	122,824	125,991	126,193
30 Military	1,837	2,502	2,454	2,471	2,289	2,245	2,298	2,911	2,404	2,231	2,179	2,172	2,237
31 Highway	32,041	34,899	37,355	39,033	39,654	40,742	40,657	38,410	36,329	38,830	39,404	40,617	40,203
32 Conservation and development	5,010	6,021	5,976	6,294	6,301	5,218	5,230	5,707	6,731	5,206	5,685	5,494	4,527
33 Other	71,219	75,816	79,477	80,466	79,398	81,585	84,474	77,589	78,535	78,094	75,556	77,708	79,226

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, July 1994[1]
	1993 July	1994 July	1993[r] Sept.	1993[r] Dec.	1994[r] Mar.	1994[r] June	1994[r] Mar.	1994[r] Apr.	1994[r] May	1994[r] June	1994[r] July	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.8**	**2.8**	**2.0**	**3.3**	**2.5**	**2.5**	**.3**	**.1**	**.2**	**.3**	**.3**	**148.4**
2 Food	2.3	2.8	2.6	4.9	−1.1	2.8	.1	.1	.3	.3	.5	144.2
3 Energy items	−.2	.9	−4.2	1.2	4.7	−4.9	.4	−.4	−1.0	.1	1.8	106.8
4 All items less food and energy	3.2	2.9	2.1	3.4	2.9	3.1	.3	.2	.3	.3	.2	156.4
5 Commodities	1.8	1.8	.0	2.4	.6	4.2	.3	.1	.4	.4	.1	136.8
6 Services	3.9	3.4	3.5	3.7	4.2	2.4	.4	.2	.2	.2	.2	167.7
PRODUCER PRICES (1982=100)												
7 Finished goods	1.3	.6	−2.5	−.3	3.6	−.3	.2	.0[r]	−.1	.0	.5	126.0
8 Consumer foods	1.8	1.0	3.2	5.2	−.6	−5.8	.6[r]	−.5	−.9	.0	.5	126.2
9 Consumer energy	−1.0	.0	−7.4	−15.6	15.4	−2.6	−.3[r]	.1[r]	−1.0	.3	2.5	79.6
10 Other consumer goods	1.5	−.5	−6.4	1.5	2.0	1.5	.1	.0[r]	.4	−.1	.0	138.8
11 Capital equipment	1.9	2.4	2.2	.3	4.3	3.6	.2[r]	.4	.4	.1	.1	134.4
Intermediate materials												
12 Excluding foods and feeds	.9	1.8	−1.0	−.3	2.8	2.8	.2	.0	.2	.5	.6	118.8
13 Excluding energy	1.2	2.4	1.0	1.6	1.9	3.9	.2	.1[r]	.3	.6	.4	126.6
Crude materials												
14 Foods	2.4	−3.3	13.1	18.4	−4.5	−20.9	−1.1[r]	−1.2[r]	−3.4	−1.2	−2.1	104.0
15 Energy	−7.4	.1	−28.1	−22.1	10.1	26.9	5.0[r]	1.8[r]	1.0	3.3	−1.3	75.1
16 Other	9.7	8.8	−4.5	15.4	22.7	−2.1	.3[r]	−.1[r]	−1.1	.7	2.0	155.1

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1991[r]	1992[r]	1993[r]	1993[r]			1994	
				Q2	Q3	Q4	Q1[r]	Q2
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,724.8**	**6,020.2**	**6,343.3**	**6,299.9**	**6,359.2**	**6,478.1**	**6,574.7**	**6,683.6**
By source								
2 Personal consumption expenditures	3,902.4	4,136.9	4,378.2	4,347.3	4,401.2	4,469.6	4,535.0	4,584.8
3 Durable goods	456.6	492.7	538.0	531.2	541.9	562.8	576.2	581.5
4 Nondurable goods	1,257.8	1,295.5	1,339.2	1,334.2	1,340.2	1,355.2	1,368.9	1,376.3
5 Services	2,188.1	2,348.7	2,501.0	2,481.9	2,519.1	2,551.6	2,589.9	2,626.9
6 Gross private domestic investment	744.8	788.3	882.0	869.7	882.2	922.5	966.6	1,028.9
7 Fixed investment	746.6	785.2	866.7	851.1	868.3	913.5	942.5	967.3
8 Nonresidential	557.0	561.4	616.1	609.3	619.0	646.3	665.4	683.6
9 Structures	182.9	171.1	173.4	172.3	173.9	176.7	172.7	181.1
10 Producers' durable equipment	374.1	390.3	442.7	437.0	445.1	469.6	492.7	502.5
11 Residential structures	189.6	223.8	250.6	241.8	249.3	267.2	277.1	283.7
12 Change in business inventories	−1.8	3.0	15.4	18.6	13.9	9.0	24.1	61.6
13 Nonfarm	−1.2	−2.7	20.1	23.9	24.2	10.7	22.3	58.5
14 Net exports of goods and services	−19.9	−30.3	−65.3	−63.3	−77.0	−71.2	−86.7	−99.1
15 Exports	601.1	638.1	659.1	660.1	649.0	680.3	674.2	696.2
16 Imports	620.9	668.4	724.3	723.5	726.0	751.4	760.9	795.3
17 Government purchases of goods and services	1,097.4	1,125.3	1,148.4	1,146.3	1,152.9	1,157.2	1,159.8	1,169.0
18 Federal	445.8	449.0	443.6	445.2	442.7	439.8	437.8	438.8
19 State and local	651.6	676.3	704.7	701.2	710.2	717.4	722.0	730.2
By major type of product								
20 Final sales, total	5,726.6	6,017.2	6,327.9	6,281.4	6,345.4	6,469.2	6,550.6	6,621.9
21 Goods	2,225.7	2,292.0	2,390.4	2,377.6	2,381.9	2,452.6	2,489.1	2,493.9
22 Durable	934.2	968.6	1,032.4	1,030.6	1,026.8	1,072.9	1,098.2	1,102.2
23 Nondurable	1,291.5	1,323.4	1,358.1	1,347.0	1,355.1	1,379.7	1,390.9	1,391.6
24 Services	3,028.9	3,227.2	3,405.5	3,383.1	3,429.3	3,459.3	3,503.8	3,556.0
25 Structures	472.0	498.1	532.0	520.6	534.1	557.2	557.7	572.1
26 Change in business inventories	−1.8	3.0	15.4	18.6	13.9	9.0	24.1	61.6
27 Durable goods	−16.9	−13.0	8.6	3.7	14.9	9.0	20.6	40.5
28 Nondurable goods	15.1	16.0	6.7	14.8	−1.1	.0	3.5	21.2
MEMO								
29 **Total GDP in 1987 dollars**	**4,867.6**	**4,979.3**	**5,134.5**	**5,105.4**	**5,139.4**	**5,218.0**	**5,261.1**	**5,309.2**
NATIONAL INCOME								
30 **Total**	**4,608.2**	**4,829.5**	**5,131.4**	**5,094.0**	**5,138.5**	**5,262.0**	**5,308.7**	n.a.
31 Compensation of employees	3,404.8	3,591.2	3,780.4	3,761.1	3,801.7	3,845.8	3,920.0	3,979.3
32 Wages and salaries	2,816.0	2,954.8	3,100.8	3,085.1	3,115.9	3,148.4	3,208.3	3,258.5
33 Government and government enterprises	545.4	567.3	583.8	580.9	586.1	587.8	595.7	602.7
34 Other	2,270.6	2,387.5	2,517.0	2,504.2	2,529.8	2,560.7	2,612.6	2,655.8
35 Supplement to wages and salaries	588.8	636.4	679.6	676.0	685.9	697.4	711.7	720.8
36 Employer contributions for social insurance	289.8	307.7	324.3	324.6	327.0	330.6	338.5	342.4
37 Other labor income	299.0	328.7	355.3	351.4	358.8	366.8	373.2	378.4
38 Proprietors' income[1]	376.2	418.7	441.6	438.8	420.3	462.9	471.0	469.4
39 Business and professional[1]	339.5	374.4	404.3	399.4	404.5	418.5	423.8	431.8
40 Farm[1]	36.7	44.4	37.3	39.4	15.8	44.4	47.2	37.6
41 Rental income of persons[2]	−10.5	−5.5	24.1	23.4	26.3	30.3	15.3	33.1
42 Corporate profits[1]	390.3	405.1	485.8	473.1	493.5	533.9	508.2	n.a.
43 Profits before tax[3]	365.2	395.9	462.4	456.6	458.7	501.7	483.5	n.a.
44 Inventory valuation adjustment	5.8	−6.4	−6.2	−10.0	3.0	−6.5	−12.3	−10.3
45 Capital consumption adjustment	19.4	15.7	29.5	26.5	31.7	38.8	37.0	37.3
46 Net interest	447.4	420.0	399.5	397.6	396.7	389.1	394.2	n.a.

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1991[r]	1992[r]	1993[r]	1993[r]			1994	
				Q2	Q3	Q4	Q1[r]	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,860.3**	**5,154.3**	**5,375.1**	**5,364.5**	**5,395.9**	**5,484.6**	**5,555.8**	**5,652.8**
2 Wage and salary disbursements	2,816.1	2,974.8	3,080.8	3,085.1	3,115.9	3,148.4	3,208.3	3,258.5
3 Commodity-producing industries	738.4	757.6	773.8	776.4	781.4	791.0	801.9	811.5
4 Manufacturing	557.4	578.3	588.4	591.4	594.9	601.7	609.4	612.5
5 Distributive industries	648.0	682.3	701.9	704.0	709.6	712.6	728.6	742.7
6 Service industries	884.2	967.6	1,021.4	1,023.7	1,038.8	1,057.0	1,082.0	1,101.6
7 Government and government enterprises	545.5	567.3	583.8	580.9	586.1	587.8	595.7	602.7
8 Other labor income	299.0	328.7	355.3	351.4	358.8	366.8	373.2	378.4
9 Proprietors' income[1]	376.2	418.7	441.6	438.8	420.3	462.9	471.0	469.4
10 Business and professional[1]	339.5	374.4	404.3	399.4	404.5	418.5	423.8	431.8
11 Farm[1]	36.7	44.4	37.3	39.4	15.8	44.4	47.2	37.6
12 Rental income of persons[2]	−10.5	−5.5	24.1	23.4	26.3	30.3	15.3	33.1
13 Dividends	150.5	161.0	181.3	180.4	182.8	184.1	185.7	191.7
14 Personal interest income	695.1	665.2	637.9	636.6	634.1	627.7	631.1	644.0
15 Transfer payments	770.1	860.2	915.4	910.4	921.6	931.0	947.4	957.0
16 Old-age survivors, disability, and health insurance benefits	382.3	414.0	444.4	441.9	446.8	452.1	463.8	470.4
17 LESS: Personal contributions for social insurance	236.2	248.7	261.3	261.5	263.8	266.6	276.3	279.3
18 EQUALS: Personal income	4,860.3	5,154.3	5,375.1	5,364.5	5,395.9	5,484.6	5,555.8	5,652.8
19 LESS: Personal tax and nontax payments	623.7	648.6	686.4	685.9	695.4	707.0	723.0	746.2
20 EQUALS: Disposable personal income	4,236.6	4,505.8	4,688.7	4,678.6	4,700.5	4,777.6	4,832.8	4,906.7
21 LESS: Personal outlays	4,025.0	4,257.8	4,496.2	4,464.6	4,518.2	4,588.2	4,657.3	4,710.6
22 EQUALS: Personal saving	211.6	247.9	192.6	214.0	182.3	189.4	175.5	196.1
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,263.3	19,489.7	19,878.8	19,795.4	19,871.2	20,119.1	20,235.2	20,370.2
24 Personal consumption expenditures	12,898.9	13,110.4	13,390.8	13,335.0	13,425.1	13,518.9	13,639.8	13,647.8
25 Disposable personal income	14,003.0	14,279.0	14,341.0	14,351.0	14,338.0	14,451.0	14,535.0	14,606.0
26 Saving rate (percent)	5.0	5.5	4.1	4.6	3.9	4.0	3.6	4.0
GROSS SAVING								
27 **Gross saving**	**751.4**	**722.9**	**787.5**	**775.0**	**788.9**	**825.8**	**886.2**	n.a.
28 Gross private saving	937.3	980.8	1,002.5	986.6	989.9	1,011.4	1,037.3	n.a.
29 Personal saving	211.6	247.9	192.6	214.0	182.3	189.4	175.5	196.1
30 Undistributed corporate profits[1]	99.2	94.3	120.9	110.7	130.3	147.9	127.7	n.a.
31 Corporate inventory valuation adjustment	5.8	−6.4	−6.2	−10.0	3.0	−6.5	−12.3	−10.3
Capital consumption allowances								
32 Corporate	383.3	396.8	407.8	404.8	413.3	411.1	432.2	426.1
33 Noncorporate	243.1	261.8	261.2	257.2	264.1	263.0	301.8	272.1
34 Government surplus, or deficit (−), national income and product accounts	−185.9	−257.8	−215.0	−211.6	−201.0	−185.6	−151.1	n.a.
35 Federal	−202.9	−282.7	−241.4	−237.0	−224.9	−220.1	−176.2	n.a.
36 State and local	17.0	24.8	26.3	25.3	23.9	34.5	25.2	n.a.
37 **Gross investment**	**752.9**	**731.7**	**789.8**	**780.8**	**783.4**	**809.3**	**850.2**	n.a.
38 Gross private domestic	744.8	788.3	882.0	869.7	882.2	922.5	966.6	1,028.9
39 Net foreign	8.1	−56.6	−92.3	−88.9	−98.8	−113.2	−116.4	n.a.
40 **Statistical discrepancy**	**1.5**	**8.8**	**2.3**	**5.7**	**−5.5**	**−16.5**	**−36.1**	n.a.

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1991	1992	1993	1993				1994
				Q1	Q2	Q3	Q4	Q1^p
1 Balance on current account	-6,952	-67,886	-103,896	-19,850	-25,602	-27,856	-30,587	-31,901
2 Merchandise trade balance[2]	-74,068	-96,097	-132,575	-29,191	-33,727	-36,488	-33,169	-36,965
3 Merchandise exports	416,913	440,361	456,866	111,664	113,787	111,736	119,679	118,012
4 Merchandise imports	-490,981	-536,458	-589,441	-140,855	-147,514	-148,224	-152,848	-154,977
5 Military transactions, net	-5,485	-3,034	-763	-105	-129	-87	-444	-391
6 Other service transactions, net	51,082	58,747	57,613	14,874	14,786	14,317	13,637	13,091
7 Investment income, net	14,833	4,540	3,946	1,855	668	2,015	-590	-367
8 U.S. government grants	23,959	-15,010	-14,620	-3,186	-2,730	-3,114	-5,591	-2,427
9 U.S. government pensions and other transfers	-3,461	-3,735	-3,785	-827	-985	-986	-987	-966
10 Private remittances and other transfers	-13,811	-13,297	-13,712	-3,270	-3,486	-3,513	-3,443	-3,876
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,900	-1,652	-306	488	-281	-192	-321	446
12 Change in U.S. official reserve assets (increase, −)	5,763	3,901	-1,379	-983	822	-545	-673	-59
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-177	2,316	-537	-140	-166	-118	-113	-101
15 Reserve position in International Monetary Fund	-367	-2,692	-44	-228	313	-48	-80	-3
16 Foreign currencies	6,307	4,277	-797	-615	675	-378	-480	45
17 Change in U.S. private assets abroad (increase, −)	-60,175	-63,759	-146,213	-12,164	-36,507	-34,915	-62,628	-56,325
18 Bank-reported claims[3]	4,763	22,314	32,238	28,601	5,595	7,335	-9,293	-9,062
19 Nonbank-reported claims	11,097	45	-598	-5,046	-87	4,838	-303	...
20 U.S. purchases of foreign securities, net	-44,740	-45,114	-119,983	-24,517	-24,340	-40,777	-30,349	-26,904
21 U.S. direct investments abroad, net	-31,295	-41,004	-57,870	-11,202	-17,675	-6,311	-22,683	-20,359
22 Change in foreign official assets in United States (increase, +)	17,199	40,858	71,681	10,968	17,492	19,259	23,962	11,353
23 U.S. Treasury securities	14,846	18,454	48,702	1,080	5,668	19,098	22,856	1,361
24 Other U.S. government obligations	1,301	3,949	4,062	665	1,082	1,345	970	50
25 Other U.S. government liabilities[4]	1,177	2,572	1,666	-438	158	1,121	825	1,096
26 Other U.S. liabilities reported by U.S. banks[3]	-1,484	16,571	14,666	8,257	9,485	-2,489	-587	9,636
27 Other foreign official assets[5]	1,359	-688	2,585	1,404	1,099	184	-102	-790
28 Change in foreign private assets in United States (increase, +)	80,935	105,646	159,017	5,804	34,337	52,675	66,200	71,774
29 U.S. bank-reported liabilities[3]	3,994	15,461	18,452	-19,995	3,459	27,618	7,370	34,118
30 U.S. nonbank-reported liabilities	-3,115	13,573	14,282	774	7,606	1,169	4,733	...
31 Foreign private purchases of U.S. Treasury securities, net	18,826	36,857	24,849	14,001	-622	3,474	7,996	9,243
32 Foreign purchases of other U.S. securities, net	35,144	29,867	80,068	9,590	15,025	17,445	38,008	20,340
33 Foreign direct investments in United States, net	26,086	9,888	21,366	1,434	8,869	2,969	8,093	8,073
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	-39,670	-17,108	21,096	15,737	9,739	-8,427	4,047	4,712
36 Due to seasonal adjustment	...	...	...	6,105	435	-6,643	103	5,719
37 Before seasonal adjustment	-39,670	-17,108	21,096	9,632	9,304	-1,785	3,944	-1,007
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	5,763	3,901	-1,379	-983	822	-545	-673	-59
39 Foreign official assets in United States, excluding line 25 (increase, +)	16,022	38,286	70,015	11,406	17,334	18,138	23,137	10,257
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	-4,882	5,942	-3,847	445	-869	-3,194	-229	-1,937

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	1991	1992	1993	1993	1994					
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[p]
1 Goods and services, balance	-28,472	-40,384	-75,725	-4,526	-7,780	-9,609	-6,875	-8,528	-9,517	-9,367
2 Merchandise	-74,068	-96,097	-132,575	-9,115	-11,971	-13,541	-11,450	-13,337	-14,271	-14,163
3 Services	45,596	55,713	56,850	4,589	4,191	3,932	4,575	4,809	4,754	4,796
4 Goods and services, exports	580,127	616,924	641,677	56,727	53,479	52,645	58,072	56,152	56,166	58,172
5 Merchandise	416,913	440,361	456,866	40,953	38,530	37,426	42,060	40,378	40,276	42,015
6 Services	163,214	176,563	184,811	15,774	14,949	15,219	16,012	15,774	15,890	16,157
7 Goods and services, imports	-608,599	-657,308	-717,402	-61,253	-61,259	-62,254	-64,947	-64,680	-65,683	-67,539
8 Merchandise	-490,981	-536,458	-589,441	-50,068	-50,501	-50,967	-53,510	-53,715	-54,547	-56,178
9 Services	-117,618	-120,850	-127,961	-11,185	-10,758	-11,287	-11,437	-10,965	-11,136	-11,361
MEMO										
10 **Balance on merchandise trade, Census basis**	**-66,723**	**-84,501**	**-115,568**	**-7,782**	**-10,850**	**-12,072**	**-9,583**	**-12,045**	**-12,885**	**-13,171**

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1991	1992	1993	1994						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**	77,719	71,323	73,442	74,243	75,766	76,809	76,565	74,420	75,732	75,443
2 Gold stock, including Exchange Stabilization Fund[1]	11,057	11,056	11,053	11,053	11,053	11,052	11,053	11,052	11,052	11,052
3 Special drawing rights[2,3]	11,240	8,503	9,039	9,070	9,295	9,383	9,440	9,522	9,731	9,696
4 Reserve position in International Monetary Fund[2]	9,488	11,759	11,818	11,906	11,974	12,135	11,899	11,841	12,184	12,183
5 Foreign currencies[4]	45,934	40,005	41,532	42,214	43,444	44,239	44,173	42,005	42,765	42,512

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1991	1992	1993	1994						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Deposits	968	205	386	257	190	454	171	174	604	181
Held in custody										
2 U.S. Treasury securities[2]	281,107	314,481	379,394	388,065	393,238	399,817	396,495	402,170	411,580	423,715
3 Earmarked gold[3]	13,303	13,118	12,327	12,302	12,238	12,145	12,104	12,065	12,065	12,056

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

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1991	1992	1993	1994					
			Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[p]
1 **Total**[1]	**360,530**	**398,816**	**468,786**	**478,554**	**477,939**	**479,381**	**465,339**	**473,880**	**486,906**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,967	69,648	78,546	77,998	79,787	74,681	76,492	79,840
3 U.S. Treasury bills and certificates[3]	92,692	104,596	150,900	146,940	143,222	148,707	140,653	134,568	141,338
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	211,791	216,075	220,120	215,069	214,429	225,682	228,271
5 Nonmarketable[4]	4,858	4,532	5,652	5,689	5,725	5,763	5,799	5,837	5,875
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	30,795	31,304	30,874	30,055	29,777	31,301	31,582
By area									
7 Europe[1]	171,317	191,708	209,143	216,698	210,655	217,448	212,799	215,826	223,417
8 Canada	7,460	7,920	9,505	10,084	9,844	8,328	8,121	8,725	10,191
9 Latin America and Caribbean	33,554	40,025	57,960	57,671	61,313	55,451	46,487	45,779	44,758
10 Asia	139,465	152,276	185,319	187,362	189,050	191,422	191,045	196,340	198,697
11 Africa	2,092	3,565	3,894	3,681	4,043	3,560	3,533	3,811	3,954
12 Other countries[6]	6,640	3,320	2,963	3,056	3,032	3,170	3,352	3,397	5,887

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	1990	1991	1992	1993			1994
				June	Sept.	Dec.	Mar.[r]
1 Banks' liabilities	70,477	75,129	72,796	75,221	81,225	77,627	85,545
2 Banks' claims	66,796	73,195	62,799	55,549	59,136	59,151	72,623
3 Deposits	29,672	26,192	24,240	20,464	20,930	19,379	18,118
4 Other claims	37,124	47,003	38,559	35,085	38,206	39,772	54,505
5 Claims of banks' domestic customers[2]	6,309	3,398	4,432	2,775	2,494	3,058	3,655

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	1991	1992	1993	1993	1994					
				Dec.	Jan.	Feb.	Mar.[r]	Apr.	May[r]	June[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**756,066**	**810,259**	**911,762**	**911,762**	**895,879**	**920,638**	**951,606**	**958,806[r]**	**960,582**	**988,180**
2 Banks' own liabilities	575,374	606,444	620,865	620,865	609,542	631,501	649,703	667,187[r]	665,453	684,505
3 Demand deposits	20,321	21,828	21,575	21,575	23,644	24,417	23,034	23,646[r]	27,878	24,557
4 Time deposits[2]	159,649	160,385	175,117	175,117	159,421	159,743	176,892	178,034[r]	183,023	184,647
5 Other[3]	66,305	93,237	109,957	109,957	129,411	136,096	112,463	124,531	123,542	116,646
6 Own foreign offices[4]	329,099	330,994	314,216	314,216	297,066	311,245	337,314	340,976[r]	331,010	358,655
7 Banks' custodial liabilities[5]	180,692	203,815	290,897	290,897	286,337	289,137	301,903	291,619[r]	295,129	303,675
8 U.S. Treasury bills and certificates[6]	110,734	127,644	176,430	176,430	170,694	166,980	173,425	167,920[r]	161,043	171,313
9 Other negotiable and readily transferable instruments[7]	18,664	21,974	36,078	36,078	37,329	41,892	41,748	38,151	48,705	49,913
10 Other	51,294	54,197	78,389	78,389	78,314	80,265	86,730	85,548	85,381	82,449
11 Nonmonetary international and regional organizations[8]	8,981	9,350	10,935	10,935	11,318	7,299	8,086	5,912	8,363	8,630
12 Banks' own liabilities	6,827	6,951	5,639	5,639	7,304	5,924	5,641	4,328	6,437	5,256
13 Demand deposits	43	46	15	15	172	320	209	26	35	31
14 Time deposits[2]	2,714	3,214	2,780	2,780	3,665	2,533	2,482	2,411	2,785	3,073
15 Other[3]	4,070	3,691	2,844	2,844	3,467	3,071	2,950	1,891	3,617	2,152
16 Banks' custodial liabilities[5]	2,154	2,399	5,296	5,296	4,014	1,375	2,445	1,584	1,926	3,374
17 U.S. Treasury bills and certificates[6]	1,730	1,908	4,275	4,275	3,497	1,321	2,097	1,358	857	2,825
18 Other negotiable and readily transferable instruments[7]	424	486	1,021	1,021	517	54	338	226	1,069	547
19 Other	0	5	0	0	0	0	10	0	0	2
20 Official institutions[9]	131,088	159,563	220,548	220,548	225,486	221,220	228,494	215,334	211,060	221,178
21 Banks' own liabilities	34,411	51,202	64,071	64,071	71,531	67,369	67,086	64,668	64,398	66,598
22 Demand deposits	2,626	1,302	1,601	1,601	1,631	1,406	1,758	1,504	1,435	2,030
23 Time deposits[2]	16,504	17,939	21,654	21,654	20,237	20,028	23,944	22,050	24,384	25,800
24 Other[3]	15,281	31,961	40,816	40,816	49,663	45,935	41,384	41,114	38,579	38,768
25 Banks' custodial liabilities[5]	96,677	108,361	156,477	156,477	153,955	153,851	161,408	150,666	146,662	154,580
26 U.S. Treasury bills and certificates[6]	92,692	104,596	150,900	150,900	146,940	143,222	148,707	140,653	134,568	141,338
27 Other negotiable and readily transferable instruments[7]	3,879	3,726	5,482	5,482	6,855	10,527	12,414	9,969	12,050	13,108
28 Other	106	39	95	95	160	102	287	44	44	134
29 Banks[10]	522,265	547,320	579,467	579,467	554,851	585,118	609,824	622,810[r]	626,292	643,736
30 Banks' own liabilities	459,335	476,117	474,602	474,602	451,239	479,177	497,732	514,759[r]	510,700	531,194
31 Unaffiliated foreign banks	130,236	145,123	160,386	160,386	154,173	167,932	160,418	173,783[r]	179,690	172,539
32 Demand deposits	8,648	10,170	9,719	9,719	11,031	11,986	10,707	11,785[r]	15,551	12,319
33 Time deposits[2]	82,857	90,296	105,192	105,192	87,788	92,401	104,776	107,550[r]	109,024	108,710
34 Other[3]	38,731	44,657	45,475	45,475	55,354	63,545	44,935	54,448	55,115	51,510
35 Own foreign offices[4]	329,099	330,994	314,216	314,216	297,066	311,245	337,314	340,976[r]	331,010	358,655
36 Banks' custodial liabilities[5]	62,930	71,203	104,865	104,865	103,612	105,941	112,092	108,051	115,592	112,542
37 U.S. Treasury bills and certificates[6]	7,471	11,087	10,707	10,707	9,832	11,051	11,007	10,079	11,405	10,834
38 Other negotiable and readily transferable instruments[7]	5,694	7,555	16,810	16,810	17,136	17,010	17,404	15,684	22,021	22,345
39 Other	49,765	52,561	77,348	77,348	76,644	77,880	83,681	82,288	82,166	79,363
40 Other foreigners	93,732	94,026	100,812	100,812	104,224	107,001	105,202	114,750[r]	114,867	114,636
41 Banks' own liabilities	74,801	72,174	76,553	76,553	79,468	79,031	79,244	83,432[r]	83,918	81,457
42 Demand deposits	9,004	10,310	10,240	10,240	10,810	10,705	10,360	10,331[r]	10,857	10,177
43 Time deposits[2]	57,574	48,936	45,491	45,491	47,731	44,781	45,690	46,023[r]	46,830	47,064
44 Other[3]	8,223	12,928	20,822	20,822	20,927	23,545	23,194	27,078	26,231	24,216
45 Banks' custodial liabilities[5]	18,931	21,852	24,259	24,259	24,756	27,970	25,958	31,318[r]	30,949	33,179
46 U.S. Treasury bills and certificates[6]	8,841	10,053	10,548	10,548	10,425	11,386	11,614	15,830[r]	14,213	16,316
47 Other negotiable and readily transferable instruments[7]	8,667	10,207	12,765	12,765	12,821	14,301	11,592	12,272	13,565	13,913
48 Other	1,423	1,592	946	946	1,510	2,283	2,752	3,216	3,171	2,950
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,456	9,111	17,567	17,567	17,509	17,929	19,209	17,961	26,385	27,075

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	1991	1992	1993	1993	1994					
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[p]
AREA										
1 **Total, all foreigners**	***756,066***	***810,259***	***911,762***	***911,762***	***895,879***	***920,638***	***951,606[r]***	***958,806[r]***	***960,582***	***988,180***
2 **Foreign countries**	**747,085**	**800,909**	**900,827**	**900,827**	**884,561**	**913,339**	**943,520[r]**	**952,894[r]**	**952,219**	**979,550**
3 Europe	249,097	307,670	376,532	376,532	368,666	393,566	399,542[r]	406,298[r]	405,197	411,530
4 Austria	1,193	1,611	1,917	1,917	2,567	2,159	2,515	2,719	3,309	3,578
5 Belgium and Luxembourg	13,337	20,567	28,627	28,627	29,395	30,617	31,827	32,043	32,612	25,264
6 Denmark	937	3,060	4,517	4,517	5,089	4,829	3,093	3,342	3,207	3,473
7 Finland	1,341	1,299	1,872	1,872	1,843	1,737	1,495	1,932	1,849	2,484
8 France	31,808	41,411	39,704	39,704	32,243	38,426	42,010	43,137	41,962	43,128
9 Germany	8,619	18,630	26,613	26,613	27,567	30,241	31,771	32,704	27,583	33,013
10 Greece	765	913	1,519	1,519	1,338	1,463	1,425	1,160	1,453	1,377
11 Italy	13,541	10,041	11,559	11,559	10,700	12,741	12,786	11,915[r]	13,015	13,017
12 Netherlands	7,161	7,365	16,031	16,031	17,532	17,083	17,686	16,330	18,496	18,449
13 Norway	1,866	3,314	2,966	2,966	2,533	2,340	2,429	2,537	3,278	4,018
14 Portugal	2,184	2,465	3,366	3,366	3,131	3,170	3,131	4,061	2,853	2,920
15 Russia	241	577	2,511	2,511	2,208	2,017	1,971	3,041	4,016	4,497
16 Spain	11,391	9,793	20,493	20,493	19,650	18,119	19,621[r]	18,319[r]	17,481	15,754
17 Sweden	2,222	2,953	2,572	2,572	2,301	2,528	1,451[r]	2,532	3,443	4,072
18 Switzerland	37,238	39,440	41,533	41,533	40,796	41,000	39,246[r]	40,988	40,164	37,957
19 Turkey	1,598	2,666	3,227	3,227	3,119	3,241	2,922	2,972	2,759	3,271
20 United Kingdom	100,292	111,805	133,763	133,763	130,801	148,139	150,652[r]	154,563[r]	159,841	163,460
21 Yugoslavia[11]	622	504	570	570	549	428	414	407	424	434
22 Other Europe and former U.S.S.R.[12]	12,741	29,256	33,172	33,172	35,304	33,294	33,097[r]	31,596[r]	27,452	31,364
23 Canada	21,605	22,420	20,227	20,227	20,588	23,200	21,430[r]	22,552[r]	25,948	25,455
24 Latin America and Caribbean	345,529	317,228	348,586	348,586	344,462	346,783	359,652[r]	362,639[r]	356,892	378,732
25 Argentina	7,753	9,477	14,477	14,477	14,485	14,435	14,017[r]	13,267[r]	13,471	13,753
26 Bahamas	100,622	82,284	72,964	72,964	71,547	72,430	77,457[r]	80,843[r]	79,265	85,809
27 Bermuda	3,178	7,079	7,824	7,824	7,741	6,697	6,183[r]	7,621[r]	8,110	8,975
28 Brazil	5,704	5,584	5,301	5,301	5,121	5,386	5,256[r]	4,878[r]	5,569	5,708
29 British West Indies	163,620	153,033	181,844	181,844	178,184	176,774	189,293[r]	193,645	187,134	203,901
30 Chile	3,283	3,035	3,183	3,183	3,551	3,726	3,573[r]	3,830[r]	3,284	3,523
31 Colombia	4,661	4,580	3,171	3,171	3,714	3,363	3,427	4,002	3,863	3,931
32 Cuba	2	3	33	33	34	30	38	9	11	11
33 Ecuador	1,232	993	880	880	888	858	822	844	840	812
34 Guatemala	1,594	1,377	1,207	1,207	1,257	1,230	1,169	1,155	1,135	1,143
35 Jamaica	231	371	410	410	387	421	419	495	526	475
36 Mexico	19,957	19,454	28,018	28,018	27,645	30,616	27,804	22,358	21,895	21,292
37 Netherlands Antilles	5,592	5,205	4,195	4,195	5,129	6,230	5,312[r]	5,035[r]	7,021	4,885
38 Panama	4,695	4,177	3,582	3,582	3,543	3,429	3,397[r]	3,514[r]	3,806	3,869
39 Peru	1,249	1,080	926	926	885	913	873	893	907	930
40 Uruguay	2,096	1,955	1,611	1,611	1,723	1,534	1,578[r]	1,522[r]	1,547	1,583
41 Venezuela	13,181	11,387	12,786	12,786	12,445	12,598	12,968	12,307	12,008	11,667
42 Other	6,879	6,154	6,174	6,174	6,183	6,113	6,066[r]	6,421[r]	6,500	6,465
43 Asia	120,462	143,540	144,656	144,656	140,062	139,562	152,458[r]	149,156[r]	152,105	148,728
China										
44 People's Republic of China	2,626	3,202	4,011	4,011	4,075	4,565	5,294	6,058	5,358	6,152
45 Republic of China (Taiwan)	11,491	8,408	10,633	10,633	9,959	9,475	9,306	8,696	9,817	8,375
46 Hong Kong	14,269	18,499	17,233	17,233	18,651	17,730	18,684[r]	19,090[r]	21,662	19,108
47 India	2,418	1,399	1,114	1,114	1,435	1,127	1,658	1,450	1,521	2,136
48 Indonesia	1,463	1,480	1,986	1,986	1,807	1,659	2,345	1,802	1,537	2,002
49 Israel	2,015	3,773	4,435	4,435	4,137	4,628	4,580	4,134[r]	3,460	3,762
50 Japan	47,069	58,435	61,483	61,483	58,606	60,112	66,403	62,274	63,031	64,114
51 Korea (South)	2,587	3,337	4,913	4,913	4,721	4,856	4,808	4,646	4,523	4,571
52 Philippines	2,449	2,275	2,035	2,035	1,907	1,820	2,542	2,616	2,588	3,150
53 Thailand	2,252	5,582	6,137	6,137	6,156	5,838	5,985	5,550	5,788	4,851
54 Middle Eastern oil-exporting countries[13]	15,752	21,437	15,824	15,824	13,129	11,919	13,305	13,655	14,895	14,373
55 Other	16,071	15,713	14,852	14,852	15,479	15,833	17,548	19,185	17,925	16,134
56 Africa	4,825	5,884	6,634	6,634	5,818	6,327	5,749[r]	5,813[r]	6,166	6,417
57 Egypt	1,621	2,472	2,208	2,208	1,959	2,058	1,659[r]	1,688[r]	1,984	1,999
58 Morocco	79	76	99	99	94	73	89	76	93	78
59 South Africa	228	190	451	451	214	294	285	331	230	290
60 Zaire	31	19	12	12	13	8	11	11	8	7
61 Oil-exporting countries[14]	1,082	1,346	1,303	1,303	1,186	1,433	1,139	983	1,057	1,204
62 Other	1,784	1,781	2,561	2,561	2,352	2,461	2,566	2,724	2,794	2,839
63 Other	5,567	4,167	4,192	4,192	4,965	3,901	4,689	6,436	5,911	8,688
64 Australia	4,464	3,043	3,308	3,308	3,807	2,511	3,006	2,991	2,796	5,804
65 Other	1,103	1,124	884	884	1,158	1,390	1,683	3,445	3,115	2,884
66 Nonmonetary international and regional organizations	8,981	9,350	10,935	10,935	11,318	7,299	8,086	5,912	8,363	8,630
67 International[15]	6,485	7,434	6,850	6,850	6,806	6,060	6,375	4,249	5,634	6,646
68 Latin American regional[16]	1,181	1,415	3,218	3,218	3,402	357	330	393	909	847
69 Other regional[17]	1,315	501	867	867	1,110	882	1,381	1,270	1,820	1,137

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other 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	1991	1992	1993	1993	1994					
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[p]
1 **Total, all foreigners**	**514,339**	**499,437**	**483,135**	**483,135**	**470,964**	**477,605**	**475,077[r]**	**476,334**	**472,608**	**475,486**
2 **Foreign countries**	**508,056**	**494,355**	**480,730**	**480,730**	**467,810**	**476,011**	**473,157[r]**	**475,150**	**470,882**	**473,524**
3 Europe	114,310	123,377	121,033	121,033	114,312	124,643	129,838[r]	124,818	123,622	119,619
4 Austria	327	331	413	413	720	598	489	420	486	416
5 Belgium and Luxembourg	6,158	6,404	6,535	6,535	5,169	6,327	6,775[r]	6,774	6,391	7,115
6 Denmark	686	707	382	382	507	600	612	896	1,332	539
7 Finland	1,907	1,418	598	598	699	725	570	647	669	699
8 France	15,112	14,723	11,490	11,490	11,705	11,033	11,481	11,398	13,092	13,718
9 Germany	3,371	4,222	7,683	7,683	7,364	7,966	8,164	9,374	8,303	7,208
10 Greece	553	717	679	679	653	669	736	720	682	661
11 Italy	8,242	9,047	8,876	8,876	8,950	8,477	7,658	6,370	6,749	6,127
12 Netherlands	2,546	2,468	3,063	3,063	3,877	2,821	2,945	2,575	3,272	2,988
13 Norway	669	355	396	396	738	777	531	598	605	615
14 Portugal	344	325	720	720	805	918	936	846	835	881
15 Russia	1,970	3,147	2,295	2,295	2,142	2,005	1,961	1,862	1,642	1,605
16 Spain	1,881	2,755	2,763	2,763	3,299	2,688	2,666	1,859	2,828	2,502
17 Sweden	2,335	4,923	4,100	4,100	3,704	3,608	3,443	3,313	3,420	3,411
18 Switzerland	4,540	4,717	6,567	6,567	7,177	4,535	8,606[r]	5,578	6,487	6,674
19 Turkey	1,063	962	1,287	1,287	1,118	1,565	1,559	1,546	1,324	1,210
20 United Kingdom	60,395	63,430	60,928	60,928	53,142	66,977	68,275[r]	67,442	63,227	61,158
21 Yugoslavia[2]	825	569	536	536	470	414	376	364	361	335
22 Other Europe and former U.S.S.R.[3]	1,386	2,157	1,722	1,722	2,073	1,940	2,055	2,236	1,917	1,757
23 Canada	15,113	13,845	18,408	18,408	19,103	16,864	16,989[r]	17,920	17,109	20,340
24 Latin America and Caribbean	246,137	218,078	223,977	223,977	226,236	226,467	220,298[r]	219,983	219,593	221,831
25 Argentina	5,869	4,958	4,425	4,425	4,569	4,459	4,662[r]	5,161	5,173	5,499
26 Bahamas	87,138	60,835	65,045	65,045	66,411	65,439	66,022[r]	66,239	64,974	64,078
27 Bermuda	2,270	5,935	8,032	8,032	10,234	9,969	8,342	8,837	6,591	6,276
28 Brazil	11,894	10,773	11,803	11,803	12,719	13,005	12,924[r]	11,457	11,985	11,346
29 British West Indies	107,846	101,507	97,930	97,930	94,355	95,230	92,252[r]	91,700	94,150	98,000
30 Chile	2,805	3,397	3,614	3,614	3,546	3,763	3,640	3,455	3,353	3,419
31 Colombia	2,425	2,750	3,179	3,179	3,241	3,053	3,057	3,263	3,229	3,363
32 Cuba	0	0	0	0	0	2	0	0	0	0
33 Ecuador	1,053	884	673	673	679	722	703	679	677	707
34 Guatemala	228	262	286	286	316	294	289	273	291	313
35 Jamaica	158	162	195	195	180	176	163	191	198	194
36 Mexico	16,567	14,991	15,843	15,843	16,516	16,902	16,210[r]	16,300	16,456	16,777
37 Netherlands Antilles	1,207	1,379	2,367	2,367	3,115	3,093	2,411	2,769	2,871	2,366
38 Panama	1,560	4,654	2,913	2,913	2,843	2,983	2,491[r]	2,539	2,341	2,181
39 Peru	739	730	651	651	693	726	751	807	901	908
40 Uruguay	599	936	951	951	793	742	532[r]	500	540	608
41 Venezuela	2,516	2,525	2,904	2,904	2,763	2,709	2,662	2,532	2,462	2,460
42 Other	1,263	1,400	3,166	3,166	3,263	3,200	3,187	3,281	3,401	3,336
43 Asia	125,262	131,789	110,684	110,684	101,551	101,661	99,013[r]	105,412	103,855	104,682
China										
44 People's Republic of China	747	906	2,299	2,299	881	842	796	843	802	784
45 Republic of China (Taiwan)	2,087	2,046	2,628	2,628	2,611	1,487	2,162[r]	1,817	2,024	1,948
46 Hong Kong	9,617	9,642	10,864	10,864	10,224	9,990	11,666	9,903	8,996	9,783
47 India	441	529	589	589	638	664	737	684	738	779
48 Indonesia	952	1,189	1,522	1,522	1,595	1,571	1,647	1,545	1,378	1,318
49 Israel	860	820	826	826	947	798	664	676	711	668
50 Japan	84,807	79,172	59,576	59,576	54,164	54,583	49,771	54,931	53,120	55,361
51 Korea (South)	6,048	6,179	7,556	7,556	7,373	7,518	7,502[r]	7,457	7,410	7,984
52 Philippines	1,910	2,145	1,408	1,408	1,132	1,183	1,307	925	914	654
53 Thailand	1,713	1,867	2,154	2,154	2,481	2,649	2,764	2,744	2,925	2,953
54 Middle Eastern oil-exporting countries[4]	8,284	18,540	14,398	14,398	12,903	13,190	14,153	16,387	18,323	16,598
55 Other	7,796	8,754	6,864	6,864	6,602	7,186	5,844	7,500	6,514	5,852
56 Africa	4,928	4,279	3,819	3,819	3,751	3,775	3,698	3,680	3,692	3,795
57 Egypt	294	186	196	196	203	227	205	206	219	281
58 Morocco	575	441	444	444	489	521	518	472	470	518
59 South Africa	1,235	1,041	633	633	581	558	565	557	575	555
60 Zaire	4	4	4	4	4	6	4	5	5	5
61 Oil-exporting countries[5]	1,298	1,002	1,128	1,128	1,169	1,197	1,210	1,207	1,211	1,239
62 Other	1,522	1,605	1,414	1,414	1,305	1,266	1,196	1,233	1,212	1,197
63 Other	2,306	2,987	2,809	2,809	2,857	2,601	3,321[r]	3,337	3,011	3,257
64 Australia	1,665	2,243	2,072	2,072	2,030	1,692	1,685[r]	1,859	1,369	1,489
65 Other	641	744	737	737	827	909	1,636	1,478	1,642	1,768
66 Nonmonetary international and regional organizations[6]	6,283	5,082	2,405	2,405	3,154	1,594	1,920	1,184	1,726	1,962

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other 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	1991	1992	1993	1993	1994					
				Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[p]
1 **Total**	**579,683**	**559,495**	**523,545**	**523,545**	...	...	**522,879**	...	...	...
2 Banks' claims	514,339	499,437	483,135	483,135	470,964	477,605	475,077	476,334	472,608	475,486
3 Foreign public borrowers	37,126	31,367	28,814	28,814	30,718	26,554	25,772	25,116	22,557	21,216
4 Own foreign offices[2]	318,800	303,991	286,819	286,819	275,549	273,763	280,898	280,435	284,513	289,300
5 Unaffiliated foreign banks	116,602	109,342	98,012	98,012	91,129	97,871	94,809	96,903	98,501	101,411
6 Deposits	69,018	61,550	46,885	46,885	40,664	45,813	44,177	47,971	50,323	50,645
7 Other	47,584	47,792	51,127	51,127	50,465	52,058	50,632	48,932	48,178	50,766
8 All other foreigners	41,811	54,737	69,490	69,490	73,568	79,417	73,598	73,880	67,037	63,559
9 Claims of banks' domestic customers[3]	65,344	60,058	40,410	40,410	...	...	47,802	...	...	...
10 Deposits	15,280	15,452	9,619	9,619	...	...	14,022	...	...	...
11 Negotiable and readily transferable instruments[4]	37,125	31,474	17,155	17,155	...	...	20,340	...	...	...
12 Outstanding collections and other claims	12,939	13,132	13,636	13,636	...	...	13,440	...	...	...
MEMO										
13 Customer liability on acceptances	8,974	8,655	7,871	7,871	...	...	7,570	...	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,024	36,213	22,724	22,724	21,622	21,294	21,931	21,737	20,447	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]	1990	1991	1992	1993			1994
				June	Sept.	Dec.	Mar.[r]
1 **Total**	**206,903**	**195,302**	**195,119**	**182,785**	**189,470**	**194,776**	**193,309**
By borrower							
2 Maturity of one year or less	165,985	162,573	163,325	154,276	161,925	166,226	166,443
3 Foreign public borrowers	19,305	21,050	17,813	17,962	21,211	17,447	15,904
4 All other foreigners	146,680	141,523	145,512	136,314	140,714	148,779	150,539
5 Maturity of more than one year	40,918	32,729	31,794	28,509	27,545	28,550	26,866
6 Foreign public borrowers	22,269	15,859	13,266	11,101	10,341	10,828	9,576
7 All other foreigners	18,649	16,870	18,528	17,408	17,204	17,722	17,290
By area							
Maturity of one year or less							
8 Europe	49,184	51,835	53,300	54,376	57,240	56,299	58,856
9 Canada	5,450	6,444	6,091	7,878	9,816	7,540	7,291
10 Latin America and Caribbean	49,782	43,597	50,376	48,532	51,559	56,622	58,717
11 Asia	53,258	51,059	45,709	38,649	37,619	40,274	35,987
12 Africa	3,040	2,549	1,784	1,712	1,916	1,783	1,611
13 All other[3]	5,272	7,089	6,065	3,129	3,775	3,708	3,981
Maturity of more than one year							
14 Europe	3,859	3,878	5,367	4,579	4,433	4,327	3,822
15 Canada	3,290	3,595	3,287	2,909	2,549	2,553	2,548
16 Latin America and Caribbean	25,774	18,277	15,312	13,674	13,353	13,877	13,341
17 Asia	5,165	4,459	5,038	4,808	4,732	5,412	4,705
18 Africa	2,374	2,335	2,380	2,050	2,049	1,934	2,001
19 All other[3]	456	185	410	489	429	447	449

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

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

Billions of dollars, end of period

Area or country	1990	1991	1992				1993				1994
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**320.1**	**343.6**	**351.7**	**358.7**	**344.5**	**346.5**	**361.0[r]**	**377.0**	**388.3[r]**	**403.7**	**492.7[r]**
2 G-10 countries and Switzerland	132.2	137.6	130.9	135.6	136.0	132.9	142.4	150.0	153.3	161.0	178.1[r]
3 Belgium and Luxembourg	.0[r]	6.0	5.3	6.2	6.2	5.6	6.1	7.0	7.1	7.4	7.9[r]
4 France	10.4	11.0	10.0	11.9	15.3	15.3	13.5	14.0	12.3	11.7	16.4
5 Germany	10.6	8.3	8.4	8.8	10.9	9.3	9.9	10.8	12.4	12.6	28.7
6 Italy	5.0	5.6	5.4	8.0	6.4	6.5	6.7	7.9	8.7	7.6	15.5
7 Netherlands	.0[r]	4.7	4.3	3.3	3.7	2.8	3.6	3.7	3.7	4.7	4.1
8 Sweden	2.2	1.9	2.0	1.9	2.2	2.3	3.0	2.5	2.5	2.5	2.8
9 Switzerland	4.4	3.4	3.2	4.6	5.2	4.8	5.3	4.7	5.6	5.9	6.3
10 United Kingdom	60.9	68.5	64.7	65.6	61.0	60.8	65.7	73.5	74.7	84.5	69.9[r]
11 Canada	5.9	5.8	6.5	6.5	6.3	6.3	8.2	8.0	9.7	6.6[r]	7.6[r]
12 Japan	24.0	22.6	21.1	18.7	18.9	19.3	20.4	17.9	16.8	17.4	18.8[r]
13 Other industrialized countries	22.9	22.8	21.4	25.5	25.0	24.0	25.4	27.2	26.0	24.6	41.2
14 Austria	1.4	.6	.8	.8	.7	1.2	1.2	1.3	.6	.4	1.0
15 Denmark	1.1	.9	.8	1.3	1.5	.9	.8	1.0	1.1	1.0	1.1
16 Finland	.7	.7	.8	.8	1.0	.7	.7	.9	.6	.4	1.0
17 Greece	2.7	2.6	2.3	2.8	3.0	3.0	2.7	3.1	3.2	3.2	3.8
18 Norway	1.6	1.4	1.5	1.7	1.6	1.2	1.8	1.8	2.1	1.7	1.6
19 Portugal	.6	.6	.5	.5	.5	.4	.7	.9	1.0	.8	1.2
20 Spain	8.3	8.3	7.7	10.1	9.7	8.9	9.5	10.5	9.3	8.9	12.3
21 Turkey	1.7	1.4	1.2	1.5	1.5	1.3	1.4	2.1	2.1	2.1	2.4
22 Other Western Europe	1.2	1.8	1.5	2.0	1.5	1.7	2.0	1.7	2.2	2.6	3.0
23 South Africa	1.8	1.9	1.8	1.7	1.7	1.7	1.6	1.3	1.2	1.1	1.2
24 Australia	1.8	2.7	2.3	2.2	2.3	2.9	2.9	2.5	2.8	2.3	12.7
25 OPEC[2]	12.8	14.5	15.8	16.2	15.9	16.1	16.6[r]	15.7[r]	14.8[r]	16.7	22.1
26 Ecuador	1.0	.7	.7	.7	.7	.6	.6	.6	.5	.5	.5
27 Venezuela	5.0	5.4	5.4	5.3	5.4	5.2	5.1[r]	5.5[r]	5.4[r]	5.1	4.7
28 Indonesia	2.7	2.7	3.0	3.0	3.0	3.0	3.1	3.1	2.8	3.2	3.0
29 Middle East countries	2.5	4.2	5.3	5.9	5.4	6.2	6.6	5.4	4.9	6.7	12.8
30 African countries	1.7	1.5	1.4	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.0
31 Non-OPEC developing countries	65.4	63.9	69.7	68.1	72.8	72.1	74.4	76.6	77.0	82.5	93.9[r]
Latin America											
32 Argentina	5.0	4.8	5.0	5.1	6.2	6.6	7.0	6.6	7.2	7.7	8.7[r]
33 Brazil	14.4	9.6	10.8	10.6	10.8	10.8	11.6	12.3	11.7	12.0	12.5
34 Chile	3.5	3.6	3.9	4.0	4.2	4.4	4.6	4.6	4.7	4.7	5.1
35 Colombia	1.8	1.7	1.6	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.2
36 Mexico	13.0	15.5	17.7	16.3	17.1	16.0	16.8	16.8	17.5	17.7	18.7
37 Peru	.5	.4	.4	.4	.5	.5	.4	.4	.3	.4	.5
38 Other	2.3	2.1	2.2	2.2	2.5	2.6	2.6	2.7	2.6	3.0	2.6
Asia											
China											
39 Peoples Republic of China	.2	.3	.3	.3	.3	.7	.6	1.6	.5	2.0	.8
40 Republic of China (Taiwan)	3.5	4.1	4.8	4.6	5.0	5.2	5.3	5.9	6.4	7.3	7.5
41 India	3.3	3.0	3.6	3.8	3.6	3.2	3.1	3.1	2.9	3.2	4.1[r]
42 Israel	.5	.5	.4	.4	.4	.4	.5	.4	.4	.5	.4
43 Korea (South)	6.2	6.8	6.9	6.9	7.4	6.6	6.5	6.9	6.5	6.7	13.9
44 Malaysia	1.9	2.3	2.5	2.7	3.0	3.1	3.4	3.7	4.1	4.4	5.2
45 Philippines	3.8	3.7	3.6	3.1	3.6	3.6	3.4	2.9	2.6	3.1	3.4
46 Thailand	1.5	1.7	1.7	1.9	2.2	2.2	2.2	2.4	2.8	3.1	2.9
47 Other Asia	1.7	2.0	2.3	2.5	2.7	2.7	2.7	2.6	3.0	2.9	3.1
Africa											
48 Egypt	.4	.4	.3	.5	.3	.2	.2	.2	.2	.4	.4
49 Morocco	.8	.7	.7	.7	.6	.6	.5	.6	.6	.6	.7
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	.7	.7	.6	.9	1.0	.8	.9	.8	.8	1.0
52 Eastern Europe	2.3	2.4	2.9	3.0	3.1	3.1	2.9	3.2	3.0	3.0	3.3
53 Russia[4]	.2	.9	1.4	1.7	1.8	1.9	1.7	1.9	1.7	1.6	1.5
54 Yugoslavia[5]	1.2	.9	.8	.7	.7	.6	.6	.6	.6	.6	.5
55 Other	.9	.7	.6	.6	.7	.6	.7	.7	.7	.9	1.4
56 Offshore banking centers	44.7	54.2	63.0	61.4	54.5	58.3	60.2[r]	58.0[r]	67.9[r]	72.5	80.3[r]
57 Bahamas	2.9	11.9	15.3	12.9	8.9	6.9	9.7[r]	7.1[r]	12.7[r]	12.6	15.4
58 Bermuda	4.4	2.3	3.9	5.1	3.8	6.2	4.1	4.5	5.5	8.1	8.4
59 Cayman Islands and other British West Indies	11.7	15.8	18.6	19.3	16.9	21.8	17.6	15.6	15.1	16.9	17.2[r]
60 Netherlands Antilles	7.9	1.2	1.0	.8	.7	1.1	1.6	2.5	2.8	2.3	2.7
61 Panama[6]	1.4	1.4	1.6	1.9	2.0	1.9	2.0	2.1	2.1	2.4	2.0
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.7	14.4	14.0	14.9	15.2	13.8	16.7	16.9	19.1	18.7	21.7
64 Singapore	6.6	7.1	8.5	6.4	6.8	6.5	8.4	9.3	10.4	11.2	12.7
65 Other[7]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1	.0
66 Miscellaneous and unallocated[8]	39.9	48.0	47.8	48.6	36.8	39.7	38.8	46.2	46.3	43.3	73.6[r]

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.
2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. As of December 1992, excludes Croatia, Bosnia and Hercegovinia, and Slovenia.
6. Includes Canal Zone.
7. Foreign branch claims only.
8. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type of liability and area or country	1990	1991	1992	1992	1993				
					Dec.	Mar.	June	Sept.	Dec.	Mar.
1	**Total**	**46,043**	**44,708**	**44,979**	**44,979**	**45,832**	**46,155**	**48,184**	**48,596**	**50,075**
2	Payable in dollars	40,786	39,029	37,250	37,250	37,870	37,002	39,286	37,857	37,894
3	Payable in foreign currencies	5,257	5,679	7,729	7,729	7,962	9,153	8,898	10,739	12,181
	By type									
4	Financial liabilities	21,066	22,518	23,098	23,098	23,670	24,497	26,161	27,507	28,564
5	Payable in dollars	16,979	18,104	16,754	16,754	17,152	16,910	18,680	18,152	18,458
6	Payable in foreign currencies	4,087	4,414	6,344	6,344	6,518	7,587	7,481	9,355	10,106
7	Commercial liabilities	24,977	22,190	21,881	21,881	22,162	21,658	22,023	21,089	21,511
8	Trade payables	10,683	9,252	9,777	9,777	9,915	9,614	9,456	9,007	9,510
9	Advance receipts and other liabilities	14,294	12,938	12,104	12,104	12,247	12,044	12,567	12,082	12,001
10	Payable in dollars	23,807	20,925	20,496	20,496	20,718	20,092	20,606	19,705	19,436
11	Payable in foreign currencies	1,170	1,265	1,385	1,385	1,444	1,566	1,417	1,384	2,075
	By area or country									
	Financial liabilities									
12	Europe	10,978	12,003	13,128	13,128	13,488	14,120	16,366	17,884	19,237
13	Belgium and Luxembourg	394	216	414	414	306	268	278	175	525
14	France	975	2,106	1,623	1,623	1,625	2,216	2,074	2,323	2,586
15	Germany	621	682	810	810	820	787	779	902	962
16	Netherlands	1,081	1,056	606	606	639	585	573	534	564
17	Switzerland	545	408	569	569	503	491	378	634	1,200
18	United Kingdom	6,357	6,528	8,430	8,430	9,035	9,118	11,694	12,712	12,477
19	Canada	229	292	544	544	604	492	663	859	508
20	Latin America and Caribbean	4,153	4,784	4,053	4,053	4,299	4,199	3,719	3,359	3,553
21	Bahamas	371	537	369	369	521	426	1,301	1,148	1,157
22	Bermuda	0	114	114	114	114	124	114	0	120
23	Brazil	0	6	19	19	18	18	18	18	18
24	British West Indies	3,160	3,524	2,860	2,860	2,970	2,951	1,600	1,533	1,613
25	Mexico	5	7	12	12	13	11	15	17	14
26	Venezuela	4	4	6	6	5	5	5	5	5
27	Asia	5,295	5,381	5,334	5,334	5,213	5,516	5,263	5,243	5,110
28	Japan	4,065	4,116	4,266	4,266	4,202	4,334	4,234	4,174	4,058
29	Middle East oil-exporting countries[2]	5	13	19	19	24	19	23	23	24
30	Africa	2	6	6	6	6	130	132	133	133
31	Oil-exporting countries[3]	0	4	0	0	0	123	124	123	124
32	All other[4]	409	52	33	33	60	40	18	29	23
	Commercial liabilities									
33	Europe	10,310	8,701	7,398	7,398	6,992	6,807	7,051	6,825	6,564
34	Belgium and Luxembourg	275	248	298	298	264	269	257	240	253
35	France	1,218	1,039	700	700	707	775	643	648	521
36	Germany	1,270	1,052	729	729	650	603	571	684	563
37	Netherlands	844	710	535	535	537	577	601	687	627
38	Switzerland	775	575	350	350	472	441	536	375	500
39	United Kingdom	2,792	2,297	2,505	2,505	2,119	2,186	2,319	2,051	2,133
40	Canada	1,261	1,014	1,002	1,002	1,005	942	847	883	1,039
41	Latin America and Caribbean	1,672	1,355	1,533	1,533	1,776	1,828	1,759	1,661	1,907
42	Bahamas	12	3	3	3	11	6	4	21	8
43	Bermuda	538	310	307	307	429	356	340	348	493
44	Brazil	145	219	209	209	236	226	214	216	211
45	British West Indies	30	107	33	33	34	16	36	26	19
46	Mexico	475	307	457	457	553	659	577	485	557
47	Venezuela	130	94	142	142	171	172	173	126	150
48	Asia	9,483	9,334	10,805	10,805	10,988	10,764	11,146	10,665	10,778
49	Japan	3,651	3,721	3,823	3,823	3,940	3,634	3,956	4,158	4,548
50	Middle Eastern oil-exporting countries[2,5]	2,016	1,498	1,889	1,889	1,796	1,815	1,968	1,525	1,535
51	Africa	844	715	568	568	675	665	641	463	489
52	Oil-exporting countries[3]	422	327	309	309	322	378	320	171	199
53	Other[4]	1,406	1,071	575	575	726	652	579	592	734

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	1990	1991	1992[r]	1992	1993				1994
					Dec.	Mar.	June	Sept.	Dec.	Mar.
1	**Total**	**35,348**	**45,262**	**42,312**	**42,312**	**46,442**	**42,203**	**42,781**	**43,115**	**42,798[r]**
2	Payable in dollars	32,760	42,564	39,526	39,526	43,337	38,850	39,333	39,805	39,272[r]
3	Payable in foreign currencies	2,589	2,698	2,786	2,786	3,105	3,353	3,448	3,310	3,526
	By type									
4	Financial claims	19,874	27,882	23,779	23,779	26,436	22,243	23,753	23,191	23,067
5	Deposits	13,577	20,080	15,136	15,136	16,576	11,758	13,361	13,049	13,621
6	Payable in dollars	12,552	19,080	14,313	14,313	15,461	10,799	12,366	12,215	12,722
7	Payable in foreign currencies	1,025	1,000	823	823	1,115	959	995	834	899
8	Other financial claims	6,297	7,802	8,643	8,643	9,860	10,485	10,392	10,142	9,446
9	Payable in dollars	5,280	6,910	7,724	7,724	8,939	9,373	9,472	9,150	8,382
10	Payable in foreign currencies	1,017	892	919	919	921	1,112	920	992	1,064
11	Commercial claims	15,475	17,380	18,533	18,533	20,006	19,960	19,028	19,924	19,731[r]
12	Trade receivables	13,657	14,468	15,976	15,976	17,652	17,477	16,050	16,980	16,893[r]
13	Advance payments and other claims	1,817	2,912	2,557	2,557	2,354	2,483	2,978	2,944	2,838[r]
14	Payable in dollars	14,927	16,574	17,489	17,489	18,937	18,678	17,495	18,440	18,168[r]
15	Payable in foreign currencies	548	806	1,044	1,044	1,069	1,282	1,533	1,484	1,563
	By area or country									
	Financial claims									
16	Europe	9,645	13,441	9,315	9,315	10,382	9,715	8,371	8,042	7,347
17	Belgium and Luxembourg	76	13	8	8	67	74	70	131	122
18	France	371	269	764	764	905	781	708	749	753
19	Germany	367	283	326	326	388	383	362	472	441
20	Netherlands	265	334	515	515	544	499	485	483	503
21	Switzerland	357	581	490	490	478	494	512	506	520
22	United Kingdom	7,971	11,534	6,236	6,236	6,968	6,550	5,227	4,538	3,916
23	Canada	2,934	2,642	1,714	1,714	2,011	1,795	1,617	1,851	2,534
24	Latin America and Caribbean	6,201	10,717	11,302	11,302	9,926	6,976	10,306	10,943	10,108
25	Bahamas	1,090	827	658	658	320	742	550	496	481
26	Bermuda	3	8	40	40	79	258	197	125	34
27	Brazil	68	351	686	686	592	590	590	599	567
28	British West Indies	4,635	9,056	9,297	9,297	8,310	4,692	8,134	8,645	8,049
29	Mexico	177	212	435	435	399	455	543	634	617
30	Venezuela	25	40	29	29	23	24	25	161	26
31	Asia	860	640	864	864	3,362	3,015	2,755	1,779	2,623
32	Japan	523	350	668	668	3,123	2,485	2,215	1,063	1,769
33	Middle East oil-exporting countries[2]	8	5	3	3	3	10	5	3	5
34	Africa	37	57	79	79	128	125	88	99	76
35	Oil-exporting countries[3]	0	1	9	9	1	1	1	1	0
36	All other[4]	195	385	505	505	627	617	616	477	379
	Commercial claims									
37	Europe	7,044	8,193	8,444	8,444	8,905	9,044	8,177	8,809	8,416[r]
38	Belgium and Luxembourg	212	194	189	189	170	173	163	183	171
39	France	1,240	1,585	1,537	1,537	1,492	1,504	1,429	1,932	1,820[r]
40	Germany	807	955	933	933	1,025	1,042	934	997	921[r]
41	Netherlands	555	645	552	552	734	565	408	415	351[r]
42	Switzerland	301	295	362	362	437	442	376	424	402
43	United Kingdom	1,775	2,086	2,094	2,094	2,360	2,554	2,287	2,239	2,147[r]
44	Canada	1,074	1,121	1,281	1,281	1,329	1,356	1,357	1,350	1,441
45	Latin America and Caribbean	2,375	2,655	3,043	3,043	3,473	3,454	3,063	3,196	3,445[r]
46	Bahamas	14	13	28	28	18	17	20	11	11
47	Bermuda	246	264	255	255	195	239	225	173	212
48	Brazil	326	427	357	357	836	788	407	460	406
49	British West Indies	40	41	40	40	17	43	39	70	58
50	Mexico	661	842	924	924	997	911	858	936	960[r]
51	Venezuela	192	203	345	345	349	317	286	295	309[r]
52	Asia	4,127	4,591	4,847	4,847	5,419	5,178	5,505	5,587	5,515[r]
53	Japan	1,460	1,899	1,900	1,900	2,158	1,858	2,502	2,126	2,285[r]
54	Middle Eastern oil-exporting countries[2]	460	620	693	693	773	673	456	656	617
55	Africa	488	430	554	554	463	515	493	492	494[r]
56	Oil-exporting countries[3]	67	95	78	78	75	98	107	71	90
57	Other[4]	367	390	364	364	417	413	433	490	420

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	1992	1993	1994 Jan.–June	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May[r]	1994 June[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	221,367	319,449	187,849	32,843	32,238	34,428	36,340	29,851	26,687	28,305
2 Foreign sales	226,503	297,913	183,766	28,362	28,965	30,709	37,079	31,653	25,111	30,249
3 **Net purchases or sales (−)**	**−5,136**	**21,536**	**4,083**	**4,481**	**3,273**	**3,719**	**−739**	**−1,802**	**1,576**	**−1,944**
4 **Foreign countries**	**−5,169**	**21,264**	**4,146**	**4,457**	**3,273**	**3,786**	**−737**	**−1,800**	**1,559**	**−1,935**
5 Europe	−4,927	10,615	8,367	2,415	2,951	3,447	379	802	1,209	−421
6 France	−1,350	−103	−393	61	119	190	−587	−83	210	−242
7 Germany	−80	1,647	2,711	266	1,170	440	332	252	398	119
8 Netherlands	−262	−603	565	183	169	210	−155	82	176	83
9 Switzerland	168	2,986	1,112	338	254	505	79	173	30	71
10 United Kingdom	−3,301	4,510	2,268	1,078	614	1,215	389	230	172	−352
11 Canada	1,407	−3,213	−114	−110	314	−284	−59	290	156	−531
12 Latin America and Caribbean	2,203	5,709	−1,081	1,058	948	910	−31	−1,862	−207	−839
13 Middle East[1]	−88	−311	−111	11	−100	−17	64	4	49	−111
14 Other Asia	−3,943	8,199	−3,443	965	−911	−379	−1,295	−1,191	476	−143
15 Japan	−3,598	3,826	−1,516	681	−800	−447	−117	−658	335	171
16 Africa	10	63	44	20	10	−17	13	33	−1	6
17 Other countries	169	202	484	98	61	126	192	124	−123	104
18 **Nonmonetary international and regional organizations**	**33**	**272**	**−63**	**24**	**0**	**−67**	**−2**	**−2**	**17**	**−9**
BONDS[2]										
19 Foreign purchases	214,922	283,725	164,357	28,395	24,607	22,271	30,607	29,756[r]	24,853	32,263
20 Foreign sales	175,842	217,481	132,185	17,427	19,418	18,263	25,147	27,407[r]	20,848	21,102
21 **Net purchases or sales (−)**	**39,080**	**66,244**	**32,172**	**10,968**	**5,189**	**4,008**	**5,460**	**2,349[r]**	**4,005**	**11,161**
22 **Foreign countries**	**37,964**	**65,706**	**31,895**	**10,901**	**5,205**	**3,977**	**5,373**	**2,364[r]**	**3,943**	**11,033**
23 Europe	17,435	22,055	15,115	3,118	2,742	2,764	2,870	412[r]	430	5,897
24 France	1,203	2,346	253	145	53	−57	32	181	−3	47
25 Germany	2,480	883	−184	−62	−101	90	−64	83	−244	52
26 Netherlands	540	−290	1,946	95	75	99	330	216	358	868
27 Switzerland	−579	−627	521	28	176	57	131	−123	136	144
28 United Kingdom	12,421	19,158	14,576	2,853	1,676	2,799	3,259	556[r]	796	5,490
29 Canada	237	1,653	675	319	23	−141	101	−16	286	422
30 Latin America and Caribbean	9,300	16,493	7,585	3,681	1,638	909	1,850	873[r]	762	1,553
31 Middle East[1]	3,166	3,257	1,124	383	161	−83	59	7	33	947
32 Other Asia	7,545	20,826	6,955	3,137	670	480	417	903	2,287	2,198
33 Japan	−450	11,569	3,094	2,477	−95	37	−363	523	1,575	1,417
34 Africa	354	1,149	23	119	−51	10	−10	55	10	9
35 Other countries	−73	273	418	144	22	38	86	130	135	7
36 **Nonmonetary international and regional organizations**	**1,116**	**538**	**277**	**67**	**−16**	**31**	**87**	**−15**	**62**	**128**
	Foreign securities									
37 Stocks, net purchases or sales (−)[3]	−32,259	−63,320	−29,297	−6,503	−5,860	−6,248	−6,457	−1,237[r]	−4,012	−5,483
38 Foreign purchases	150,051	246,011	202,916	31,135	32,432	38,374	37,032	33,079[r]	30,932	31,067
39 Foreign sales[3]	182,310	309,331	232,213	37,638	38,292	44,622	43,489	34,316[r]	34,944	36,550
40 Bonds, net purchases or sales (−)	−15,605	−61,023	−13,677	−8,158	−9,483	−4,532	6,139	−5,454[r]	−130	−217
41 Foreign purchases	513,589	839,118	489,608	79,334	84,223	85,903	118,931	68,164[r]	63,023	69,364
42 Foreign sales	529,194	900,141	503,285	87,492	93,706	90,435	112,792	73,618[r]	63,153	69,581
43 **Net purchases or sales (−), of stocks and bonds**	**−47,864**	**−124,343**	**−42,974**	**−14,661**	**−15,343**	**−10,780**	**−318**	**−6,691[r]**	**−4,142**	**−5,700**
44 ***Foreign countries***	**−51,274**	**−124,504**	**−43,098**	**−14,691**	**−15,386**	**−10,648**	**−295**	**−6,647[r]**	**−4,429**	**−5,693**
45 Europe	−31,350	−81,175	1,497	−4,351	−5,512	−3,568	8,122	−7[r]	−1,567	4,029
46 Canada	−6,893	−14,649	−4,737	−1,733	−2,741	−2,192	619	−316	485	−592
47 Latin America and Caribbean	−4,340	−9,549	−19,570	−4,566	−3,124	−327	−2,852	−6,602[r]	−2,161	−4,504
48 Asia	−7,923	−15,044	−18,333	−3,555	−3,171	−4,449	−6,598	565	−527	−4,153
49 Africa	−13	−185	−238	13	−60	18	−118	−28	−4	−46
50 Other countries	−755	−3,902	−1,717	−499	−778	−130	532	−259	−655	−427
51 **Nonmonetary international and regional organizations**	**3,410**	**161**	**124**	**30**	**43**	**−132**	**−23**	**−44**	**287**	**−7**

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	1992	1993	1994 Jan.–June	1993 Dec.	1994 Jan.	Feb.	Mar.	Apr.	May	June[p]
		Transactions, net purchases or sales (–) during period[1]									
1	**Estimated total**	**39,288**	**24,355**	**14,207**	**408**	**1,853**	**12,995**	**–1,318**	**–13,607**	**19,727**	**–5,443**
2	Foreign countries	37,935	24,159	14,836	597	1,592	12,884	–1,446	–12,879	19,676	–4,991
3	Europe	19,625	–2,712	6,408	400	114	3,552	2,281	–5,356	8,629	–2,812
4	Belgium and Luxembourg	1,985	1,218	136	–65	–63	128	269	–175	147	–170
5	Germany	2,076	–10,033	2,500	571	2,327	–1,055	–729	–465	2,279	143
6	Netherlands	–2,959	–515	267	–189	52	418	–971	187	21	560
7	Sweden	–804	1,421	512	–31	–4	229	34	–154	150	257
8	Switzerland	488	–1,511	2,203	–70	313	555	1,385	3	–211	158
9	United Kingdom	24,184	6,055	–3,405	–511	–1,888	2,455	688	–3,910	4,812	–5,562
10	Other Europe and former U.S.S.R.	–5,345	653	4,195	695	–623	822	1,605	–842	1,431	1,802
11	Canada	562	11,252	–1,018	846	32	168	357	–1,662	98	–11
12	Latin America and Caribbean	–3,222	–4,651	–7,953	–4,830	3,677	7,512	–3,428	–6,002	–2,652	–7,060
13	Venezuela	539	389	–315	56	–358	235	93	–146	–130	–9
14	Other Latin America and Caribbean	–1,956	–5,884	–14,569	–1,061	3,118	2,860	–4,204	–6,911	–2,708	–6,724
15	Netherlands Antilles	–1,805	844	6,931	–3,825	917	4,417	683	1,055	186	–327
16	Asia	23,517	20,939	18,099	4,029	–2,152	1,191	151	403	13,378	5,128
17	Japan	9,817	17,073	14,697	649	–3,074	–1,403	2,914	2,976	8,185	5,099
18	Africa	1,103	1,156	–227	115	–135	–120	–18	59	–29	16
19	Other	–3,650	–1,825	–473	37	56	581	–789	–321	252	–252
20	Nonmonetary international and regional organizations	1,353	196	–629	–189	261	111	128	–728	51	–452
21	International	1,018	–310	–420	124	455	1	173	–724	70	–395
22	Latin American regional	533	654	50	–1	7	116	–37	21	–111	54
	MEMO										
23	Foreign countries	37,935	24,159	14,836	597	1,592	12,884	–1,446	–12,879	19,676	–4,991
24	Official institutions	6,876	1,238	16,480	3,637	4,284	4,045	–5,051	–640	11,253	2,589
25	Other foreign[2]	31,059	22,921	–1,644	–3,040	–2,692	8,839	3,605	–12,239	8,423	–7,580
	Oil-exporting countries										
26	Middle East[2]	4,317	–8,543	–1,186	84	–1,518	900	33	144	–250	–495
27	Africa[3]	11	–5	0	–9	0	0	0	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 Aug. 31, 1994		Country	Rate on Aug. 31, 1994		Country	Rate on Aug. 31, 1994	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.5	May 1994	Germany	4.5	May 1994	Norway	4.75	Feb. 1994
Belgium	4.5	May 1994	Italy	7.5	Aug. 1994	Switzerland	3.5	Apr. 1994
Canada	5.6	Aug. 1994	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	5.0	May 1994	Netherlands	4.5	May 1994			
France[2]	5.0	July 1994						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1991	1992	1993	1994 Feb.	Mar.	Apr.	May	June	July	Aug.
1 Eurodollars	5.86	3.70	3.18	3.43	3.75	4.00	4.51	4.51	4.74	4.80
2 United Kingdom	11.47	9.56	5.88	5.15	5.12	5.14	5.13	5.13	5.15	5.47
3 Canada	9.07	6.76	5.14	3.89	4.45	6.07	6.38	6.50	6.28	5.71
4 Germany	9.15	9.42	7.17	5.78	5.73	5.48	5.07	4.95	4.86	4.89
5 Switzerland	8.01	7.67	4.79	4.04	3.99	3.96	3.94	4.21	4.17	4.21
6 Netherlands	9.19	9.25	6.73	5.19	5.23	5.22	5.04	4.95	4.84	4.88
7 France	9.49	10.14	8.30	6.18	6.11	5.89	5.52	5.44	5.51	5.46
8 Italy	12.04	13.91	10.09	8.42	8.36	8.07	7.76	8.04	8.39	8.88
9 Belgium	9.30	9.31	8.10	6.39	6.10	5.84	5.27	5.33	5.53	5.47
10 Japan	7.33	4.39	2.96	2.21	2.26	2.26	2.17	2.12	2.14	2.28

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	1991	1992	1993	1994 Mar.	1994 Apr.	1994 May	1994 June	1994 July	1994 Aug.
1 Australia/dollar[2]	77.872	73.521	67.993	71.087	71.565	72.433	73.291	73.409	74.010
2 Austria/schilling	11.686	10.992	11.639	11.896	11.948	11.651	11.446	11.027	11.010
3 Belgium/franc	34.195	32.148	34.581	34.862	34.979	34.108	33.514	32.315	32.240
4 Canada/dollar	1.1460	1.2085	1.2902	1.3644	1.3830	1.3808	1.3836	1.3826	1.3783
5 China, P.R./yuan	5.3337	5.5206	5.7795	8.7241	8.7251	8.6859	8.6836	8.6605	8.6072
6 Denmark/krone	6.4038	6.0372	6.4863	6.6296	6.6642	6.4857	6.3786	6.1581	6.1845
7 Finland/markka	4.0521	4.4865	5.7251	5.5436	5.4997	5.4194	5.4241	5.1996	5.1493
8 France/franc	5.6468	5.2935	5.6669	5.7647	5.8170	5.6728	5.5597	5.3702	5.3602
9 Germany/deutsche mark	1.6610	1.5618	1.6545	1.6909	1.6984	1.6565	1.6271	1.5674	1.5646
10 Greece/drachma	182.63	190.81	229.64	246.71	249.08	245.41	244.77	236.92	237.11
11 Hong Kong/dollar	7.7712	7.7402	7.7357	7.7268	7.7269	7.7262	7.7309	7.7265	7.7272
12 India/rupee	22.712	28.156	31.291	31.415	31.391	31.375	31.385	31.376	31.373
13 Ireland/pound[2]	161.39	170.42	146.47	143.40	143.42	147.12	149.54	152.79	152.22
14 Italy/lira	1,241.28	1,232.17	1,573.41	1,666.63	1,626.07	1,594.56	1,592.22	1,562.31	1,582.15
15 Japan/yen	134.59	126.78	111.08	105.10	103.48	103.75	102.53	98.44	99.94
16 Malaysia/ringgit	2.7503	2.5463	2.5738	2.7171	2.6887	2.6169	2.5942	2.5948	2.5633
17 Netherlands/guilder	1.8720	1.7587	1.8585	1.9006	1.9074	1.8597	1.8242	1.7585	1.7570
18 New Zealand/dollar[2]	57.832	53.792	54.127	57.093	56.908	58.347	59.121	60.063	60.119
19 Norway/krone	6.4912	6.2142	7.0979	7.3419	7.3680	7.1789	7.0686	6.8560	6.8331
20 Portugal/escudo	144.77	135.07	161.08	174.00	173.54	171.15	168.76	160.98	159.80
21 Singapore/dollar	1.7283	1.6294	1.6158	1.5819	1.5628	1.5464	1.5310	1.5137	1.5045
22 South Africa/rand	2.7633	2.8524	3.2729	3.4586	3.5789	3.6346	3.6318	3.6705	3.5968
23 South Korea/won	736.73	784.58	805.75	810.69	811.71	809.79	809.86	808.39	806.83
24 Spain/peseta	104.01	102.38	127.48	138.78	138.14	136.62	134.23	129.31	129.90
25 Sri Lanka/rupee	41.200	44.013	48.205	48.931	48.925	49.067	49.232	49.010	49.241
26 Sweden/krona	6.0521	5.8258	7.7956	7.9156	7.8850	7.7181	7.7968	7.7471	7.7420
27 Switzerland/franc	1.4356	1.4064	1.4781	1.4292	1.4383	1.4125	1.3727	1.3239	1.3184
28 Taiwan/dollar	26.759	25.160	26.416	26.414	26.389	26.792	27.018	26.658	26.419
29 Thailand/baht	25.528	25.411	25.333	25.325	25.268	25.212	25.137	24.977	25.021
30 United Kingdom/pound[2]	176.74	176.63	150.16	149.19	148.23	150.42	152.62	154.67	154.22
MEMO									
31 United States/dollar[3]	89.84	86.61	93.18	94.35	94.39	92.79	91.60	89.06	89.26

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).

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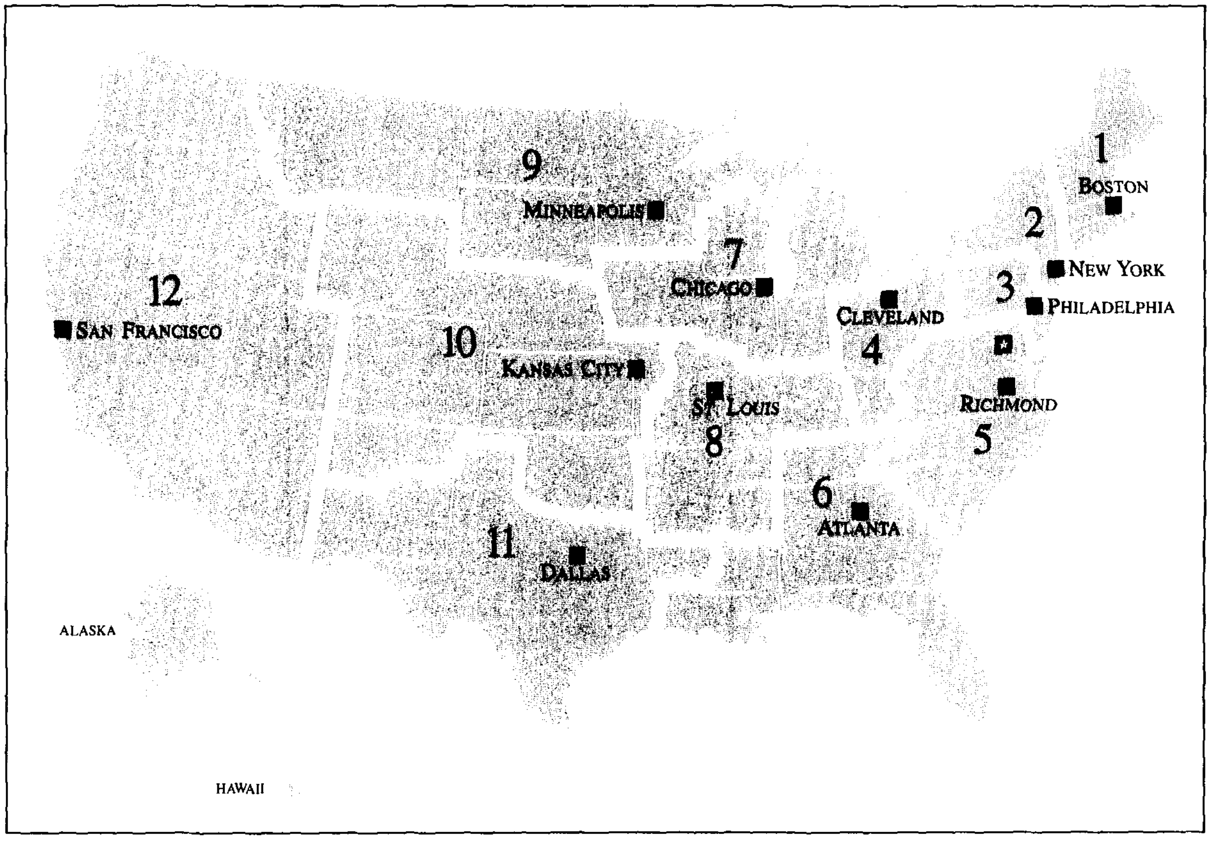
Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

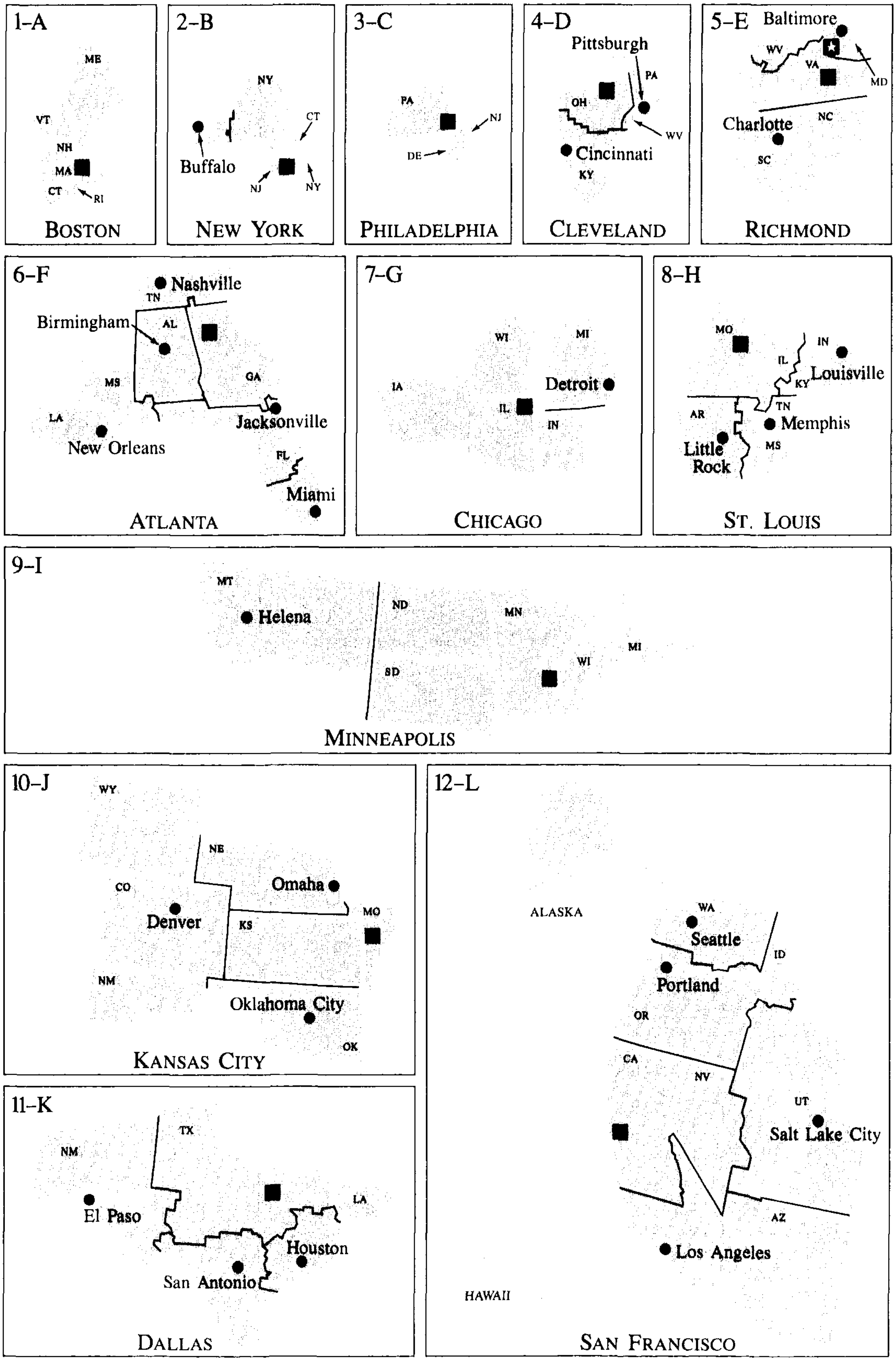
— Branch boundary

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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